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REPORT TO THE MEETING OF THE EXECUTIVE 19 JANUARY 2023

PORTFOLIO: STRATEGIC PLANNING & ASSETS

REPORT FROM DIRECTOR, ASSETS & INVESTMENT

**SUBJECT: LEASE OF PART OF FAIRVIEW PAVILION AND  
FENCED OPEN AREA, FAIRVIEW PLAYING FIELD, VICTORIA  
ROAD, RAYLEIGH**

**1 DECISION BEING RECOMMENDED**

- 1.1 To sign a new lease for the Council owned asset, part of a sports pavilion and open area, located at Fairview Playing Field, Victoria Road, Rayleigh (edged red on the map annexed hereto as Appendix 1) to Trudge Fitness Limited as gymnasium and fitness centre use.
- 1.2 To delegate authority to the Director, Assets & Investment, in consultation with the Portfolio Holder for Strategic Planning & Assets, to finalise the terms of the lease with Trudge Fitness Limited.

**2 KEY DECISIONS DOCUMENT REFERENCE No: 10/22**

**3 REASON/S FOR RECOMMENDATION**

- 3.1 The asset is currently leased to the same Trudge Fitness Limited and operated as Studio 35, a commercially run gymnasium near Rayleigh.
- 3.2 The Council's Disposal Framework (2018) sets out that an asset will be deemed surplus to requirements if it does not meet at least one of the objectives outlined in the Council's Asset Strategy in its current condition and use. This asset is not currently considered surplus to requirements and therefore disposal is not proposed at this point.
- 3.3 In line with the Council's Business Plan objectives to Maximise our Assets and Enable Communities, officers have proactively sought bringing the asset into use to the benefit of the community.
- 3.4 Trudge Fitness Limited is providing commercial services and activities on the site while also being responsible for maintaining the property in good working order.

**4 PROPOSED HEADS OF TERMS**

- 4.1 The proposed main heads of terms of the lease are as follows:-

- 7-year lease term
- Rental of £9,900 per annum (10% increment compared with the current rental of £9,000 p.a.)
- Break clause on the 3rd anniversary
- Rent review on every 3 years throughout the lease tenure; rent review will be subject to a new valuation based on the market value on each review.
- Landlord to insure the building and recharge tenant. Tenant to insure all stock, equipment and other contents on the demised premises.
- All utilities costs are apportioned between the tenant and the Council
- Tenant to be responsible for internal maintenance and cleaning
- Tenant to provide Public Liability Insurance
- No security of tenure.

## **5 ALTERNATIVE OPTIONS CONSIDERED**

### **5.1 Lease the asset to an alternative tenant**

Looking for another tenant to replace Trudge Fitness is not a viable option as it would generate a rental void period which jeopardises the cash inflow of the Council. Also, it will cause disruption to the residents who have subscribed as members to the gymnasium.

### **5.2 Dispose of the asset**

As outlined above, the asset is not surplus to requirements and therefore is not currently under consideration for disposal.

### **5.3 Rochford District Council takes over operation of the asset**

This is not a recommended option as the Council already has a tenant who is effectively operating from this site.

## **6 RISK IMPLICATIONS**

6.1 All leases carry a risk of tenant forfeiture and/or potential damage to the fabric of the asset. This will be mitigated by site inspections to ensure the tenant meets their requirements under the terms of the lease.

6.2 The Council will ensure that any liabilities it retains under the lease are properly managed through periodic inspection of the leased asset.

6.3 The Council would retain the capital risk of the building under the proposed Heads of Terms.

**7 CRIME AND DISORDER IMPLICATIONS**

- 7.1 Any vacant building can attract anti-social behaviour; upkeeping the building back into occupation will have a positive effect in this regard.

**8 ENVIRONMENTAL IMPLICATIONS**

- 8.1 None.

**9 RESOURCE IMPLICATIONS**

- 9.1 The Pavilion and open space could potentially attract a rent of c£9,900p.a., which represents a 10% increment from the current rental income. As the tenant is responsible for covering the costs of apportioned utilities, insurance and maintaining internally the building, the rental income is direct revenue to the Council.

**10 LEGAL IMPLICATIONS**

- 10.1 This lease will be negotiated with due regard to the Council's Disposal Framework (2018) and Lease Policy (Amended 2018). Under section 123 of the Local Government Act 1972, Local Authorities are under a legal obligation to secure best consideration for use of their assets, unless a lower value can be justified because of the benefits to the economic, environmental or social well-being of the community.
- 10.2 Upon expiry of the lease there will not be an automatic renewal; there is no security of tenure (right to renew).

**11 EQUALITY AND DIVERSITY IMPLICATIONS**

- 11.1 An Equality Impact Assessment (EIA) has been completed and found there to be no negative impact on protected groups as defined under the Equality Act 2010.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.



CLT Lead Officer Signature:

**Phoebe Barnes (Director of Assets & Investment)**

**Background Papers:**

None.

For further information please contact Phoebe Barnes, Director of Assets & Investment on:-

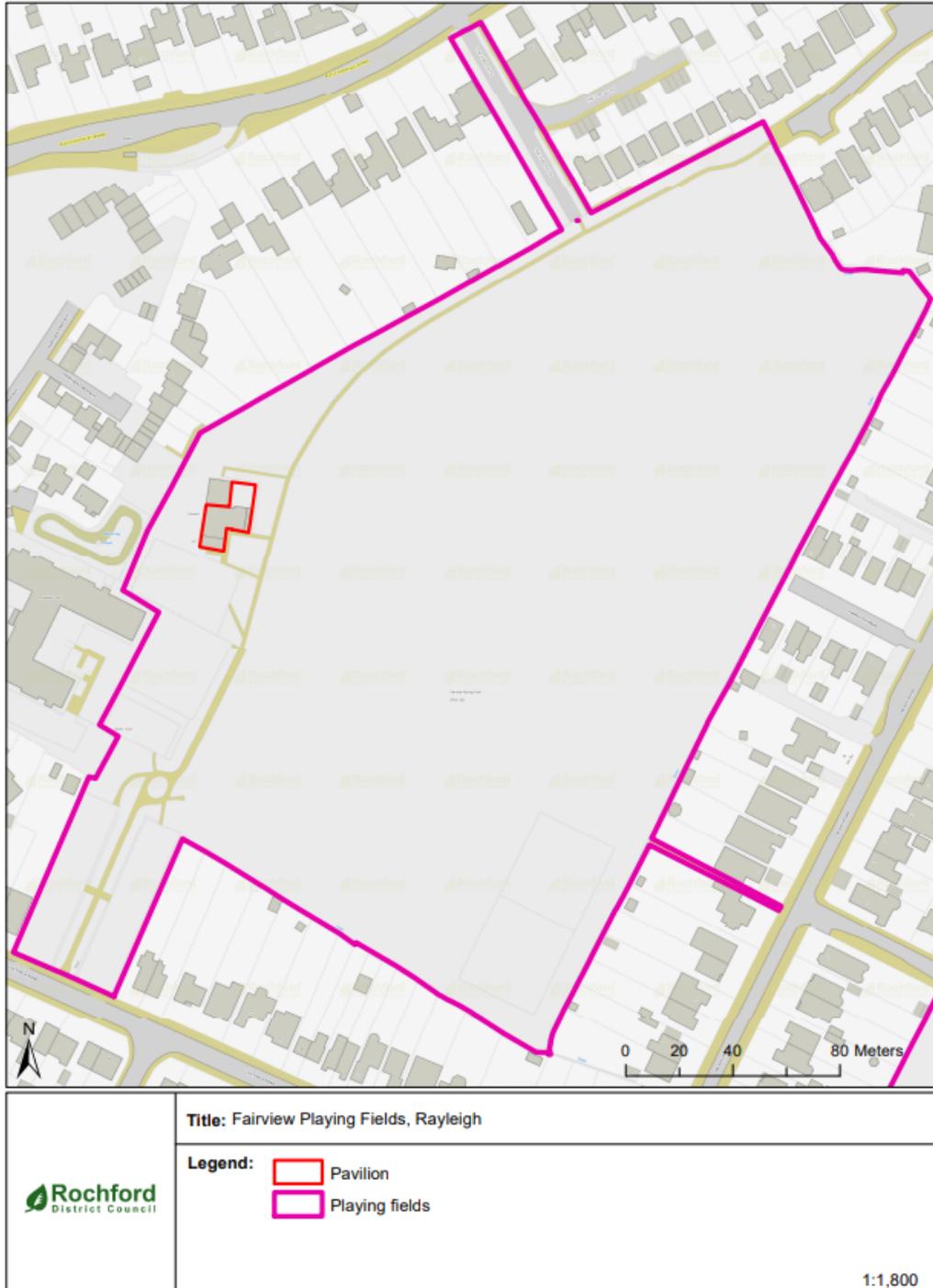
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If you would like this report in large print, Braille or another language please contact 01702 318111.

APPENDIX 1

Part of Fairview Pavilion and Open Space



For Identification Only