

REPORT TO THE MEETING OF THE EXECUTIVE 3 MARCH 2021**PORTFOLIO: COMMERCIAL, BUSINESS, LOCAL ECONOMY & LEISURE****REPORT FROM ASSISTANT DIRECTOR, ASSETS & COMMERCIAL****SUBJECT: LEASE OF FORMER CROWN HILL PUBLIC CONVENIENCE****1 DECISION BEING RECOMMENDED**

- 1.1 To publicly market the leasehold opportunity of the Council owned asset known as the former Crown Hill Public Convenience (edged red on the plan set out in appendix 1) for commercial use.
- 1.2 To delegate authority to the Assistant Director, Assets & Commercial, in consultation with the Portfolio Holder for Commercial, Business, Local Economy & Leisure, to review the expressions of interest resulting from the marketing exercise and finalise the terms of the lease with the successful applicant.

2 KEY DECISIONS DOCUMENT REFERENCE No: 7/20**3 REASON/S FOR RECOMMENDATION**

- 3.1 The former Crown Hill Public Convenience is a vacant building occupying a modest footprint in a prominent location immediately adjacent to Rayleigh High Street and presents a regeneration and commercial opportunity for the Council.
- 3.2 The vacant asset is surplus to the requirements of the Council. The new public conveniences to the north of the site were developed two years ago with a life expectancy of circa twenty years.
- 3.3 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 is the case for the former Crown Hill Public Convenience as new Public Conveniences have been built adjacent to the asset, hence the recommendation to lease the asset. The granting of a lease would also support the objectives of the Business Plan to 'Maximise our Assets'.

4 SALIENT INFORMATION

- 4.1 Change of use was granted on 6 December 2018. The Planning Notice is reference: 18/00644/FUL and includes the following uses: A1-3, A5 and B1 (these use classes have since been replaced in September 2020 by Class E

and Sui Generis, respectively, which will apply from 31 July 2021). This broad potential use will assist in the marketing of the asset.

- 4.2 The Council has received enquiries regarding the asset indicating there is interest in the opportunity to lease the asset.
- 4.3 The timing of the marketing of the asset to maximise the level of interest will need to be carefully considered, given the COVID-19 pandemic. At the time of writing all non-essential businesses are closed in line with Government guidelines. This would be agreed in consultation with the Portfolio Holder for Commercial, Business, Local Economy & Leisure.
- 4.4 The asset will require refurbishment works to enable it to be used for commercial purposes. It is proposed that the tenant will fund and complete these works which we estimate will cost in the region of £35,000, but it should be noted this will vary greatly depending on scale and specification of fit out. It is further proposed that a commensurate rent-free period would be negotiated with the tenant to recognise the tenant's investment in the asset. Professional advice will be sought on this point.
- 4.5 The Council currently receives no revenue from the asset and retains all maintenance responsibility.
- 4.6 The Council commissioned a red book valuation of the asset which is appended (Exempt Appendix 2). This sets out a range of potential rental the Council may receive dependant on the type of use. It should be noted that in the current market any such valuation can only be seen as an indication of potential value. Professional advice received indicates that the asset should be marketed at c£12,000 p.a. as a guide.
- 4.7 This lease would 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.
- 4.8 It is proposed that the asset be marketed via expressions of interest being sought. This would enable the market to be tested with interested parties setting out their proposed use and fit out. Business Plans would be submitted with any expression of interest to enable the viability of the proposal to be considered.

5 HEADS OF TERMS

- 5.1 The heads of terms of the lease to be negotiated are as follows:
 - 7-year lease term or multiples thereof
 - Break clause on the third anniversary

- Rent review on the third anniversary
- Repair and maintenance: Tenant to keep the demised property in good condition and repair
- The Council will continue to take responsibility for external repairs,
- All utilities costs to be borne by the tenant
- Tenant to be responsible for internal maintenance and cleaning
- Council to insure and recharge tenant
- Tenant to provide Public Liability Insurance
- No security of tenure.

6 ALTERNATIVE OPTIONS CONSIDERED

- 6.1 That the asset remains closed and in its current condition. This would not maximise the asset or provide an opportunity to generate a rental income through commercial use of the asset.

7 RISK IMPLICATIONS

- 7.1 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.
- 7.2 The Council will ensure that any liabilities it retains under the lease are properly managed through periodic inspection of the leased asset.
- 7.3 The Council would retain the capital risk of the building under the proposed Heads of Terms.

8 CRIME AND DISORDER IMPLICATIONS

- 8.1 Bringing the asset into more regular occupation will reduce the risk of vandalism and other antisocial behaviour.

9 RESOURCE IMPLICATIONS

- 9.1 The vacant asset is surplus to the requirements of the Council and it is estimated that it will cost in the region of £35,000 to bring it into alternative use. Combined with the location of the asset it is therefore felt that it is most suitable for commercial development and will deliver best value to the Council in that capacity.
- 9.2 The proposal to offer a rent-free period to a tenant in return for the required investment to refurbish the asset will minimise the upfront cost to the Council

and the risk of voids. It will also reduce the liability associated with maintaining the asset.

- 9.3 After the expiry of a rent-free period the asset would contribute towards the Council's revenue budget, with an estimated achievable lease income of c£12,000 p.a.

10 LEGAL IMPLICATIONS

- 10.1 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 The draft Heads of Terms for the lease are set out above in paragraph 5.1.

11 EQUALITY AND DIVERSITY IMPLICATIONS

- 11.1 An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) 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.



LT Lead Officer Signature: _____

Assistant Director, Assets & Commercial

Background Papers:-

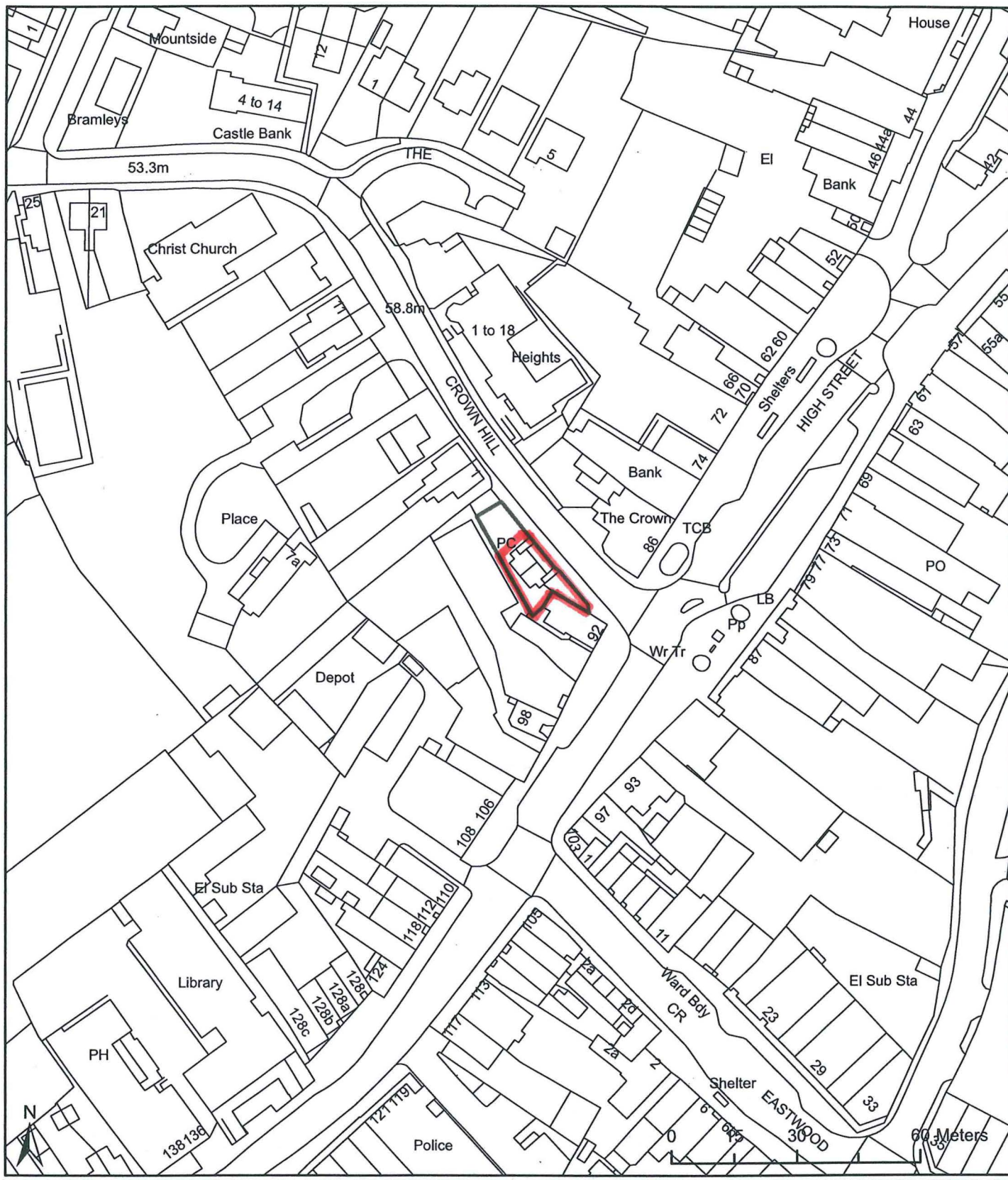
None.

For further information please contact Calvin Ajudua on:-

Phone: 07971 181506

Email: Assetmanagement@rochford.gov.uk

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



Title: Public Toilets Crown Hill Rayleigh



Legend



Area of Coverage. Freehold RAY 003

On-Line at www.rochford.gov.uk

Scale 1:1,250

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