



Mass & Co

Chartered Surveyors

Our Ref: MPB md

2 October 2015

C Gill Esq
Shenfield Scout Hut
Chelmsford Road
Shenfield
CM15 8RQ

Dear Chris

Shenfield Scout Hut, Chelmsford Road, Shenfield CM15 8RQ

I have pleasure in enclosing herewith my market rental valuation report in respect of the aforementioned property together with my account for your kind attention.

I trust that the report is satisfactory for your purposes but please do not hesitate to contact me if any matters require clarification.

I understand that it is the Council's intention to grant a 35 year full repairing and insuring lease at a rent of £100 per annum which is significantly less than the reported market rental value of £14,400 per annum. You have asked me to provide a view as to the likely amount of under value.

The shortfall in rent between the market rent and the contractual rent will be £14,300 per annum.

There is no direct comparable evidence of sales of properties of this nature, but having regard to the general market we would apply a yield of 8% which if applied to the level of discount for the term of the lease (35 years) results in a capital value and consequential under value of £165,000 (One hundred and sixty five thousand pounds) (rounded).

I trust that this is satisfactory for your purposes.

Yours sincerely

Mark P Burton BSc FRICS
RICS Registered Valuer
Mass & Co

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at the above address, where a list of Directors is held.



**Shenfield Scout Hut
Chelmsford Road
Shenfield
Cm15 8RQ**

Report on Market Rental Value



Mark Burton BSc FRICS

**Mass & Co
25 High Street
Brentwood
Essex CM14 4RG**

2 October 2015



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Chartered Surveyors

Our Ref: MPB/cal

2 October 2015

C Gill Esq
Interim Strategic Asset Manager
Brentwood Council
Town Hall
Ingrave Road
Brentwood
CM15 8AY

Dear Sir

SHENFIELD SCOUT HUT, CHELMSFORD ROAD, SHENFIELD, CM15 8RQ

1.0. Introduction

- 1.01. We refer to our letter of 22 July 2015 wherein we set out the terms upon which Mass & Co could advise you in connection with the current market rental value of Shenfield Scout Hut, Chelmsford Road, Shenfield CM15 8RQ (hereinafter referred to as "the Property").
- 1.02. We understand that as the landlord, you are in negotiation with the current tenant who is holding over under the terms of two leases. You intend to grant a new 25 year lease and you require advise as to the appropriate rent payable.
- 1.03. In preparing this annual rental report we have undertaken a brief inspection and measured survey of the Property and had regard to copy leases provided by you and the tenant.
- 1.04. In accordance The RICS Valuation - Professional Standards 2014 this advice is excluded from the provisions and requirements of the Standards.

2.0. Description

- 2.01. You are fully conversant with the Property and it is not therefore our intention to unnecessarily dwell upon a descriptive narrative.
- 2.02. The Property faces roughly south and any descriptions are taken from the outside facing the front as if from the road.

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- 2.03. The Property comprises a single storey structure currently occupied as a meeting hall for the local scout group. It provides adequate facilities for this function.
- 2.04. The building has four principal elements.
- 2.05. The front portion comprises a steel framed building with concrete panel elevations and facing brick to the front elevation. The pitched roof has been replaced in recent years with what we understand to be a guaranteed, insulated Kingspan profiled roof covering which was not visible from ground level. The roof drains to metal box gutters.
- 2.06. To the left hand flank there are double timber entrance doors/fire escape. There is a single timber fire escape door to the front elevation.
- 2.07. Adjacent to the right hand flank of the main hall there is a single storey toilet block providing both male and female facilities. Although not inspected externally we understand this to have a flat roof which again we were advised was recently re-clad.
- 2.08. Beyond the main hall and wc's there is an original structure which comprises a small hall with storage areas off together with a troop room and kitchen. This element is at a higher level than the main hall and there are a number of steps leading up to it. It is of brick construction set beneath a pitched timber framed roof with tile covering. There is an entrance door to the left hand flank.
- 2.09. The final element of the building comprises storage areas of block construction rendered externally with timber boarded roof over with felt covering.
- 2.10. The height to eaves in the main hall is approximately 2.74m rising to 3m at the ridge. An exposed grid suspended ceiling system follows the roof line and incorporates recessed lights supplemented by a number of surface mounted fittings. The floor is solid with vinyl tile covering. The internal walls are lined and painted. Space heating is provided by two gas fired heaters.
- 2.11. The toilet facilities are tiled and reasonably presented. Hot water is provided from a gas boiler positioned within the kitchen.
- 2.12. The kitchen has a range of base and wall units with vinyl tiles over a timber floor.
- 2.13. The small hall, storage area and troop room are all in reasonable order having a timber floor structure, plastered walls and heating provided by high level wall mounted electric heaters.
- 2.14. The storage area has an exposed concrete floor and exposed block walls and is in basic order suitable for use. There is a manually operated roller shutter door to the left hand flank.
- 2.15. We were unable to gain access to the right hand external flank of the building.
- 2.16. The building is positioned on a site that slopes down to Shenfield Road. It is approached from a concrete path with steps leading from Shenfield Road to the left hand flank of the site. Between the building and Shenfield Road there is a greensward. Save for the concrete apron to the left

hand side and an over grown area to the right-hand flank, the building covers the majority of the site.

- 2.17. In general terms, the Property has been maintained to a good standard by the current tenants in keeping with its use. As with any building of this nature there will be continuing requirements for maintenance particularly to the original structure but subject to adhering to a planned maintenance programme the structures will continue to provide suitable facilities for many years to come.
- 2.18. Photographs of the Property are included at **Appendix I**.

3.0. Location

- 3.01. Shenfield is part of the conurbation of Brentwood. It is located approximately 1.6 kilometres to the north east of Brentwood town centre. It serves predominantly as a dormitory town for commuters to London and surrounding towns such as Chelmsford and Basildon. This is facilitated by easy access to the A12 and M25 and rail services to London Liverpool Street.
- 3.02. The Property lies on the north side of Chelmsford Road (A1023) almost at its junction with Hutton Road (A129) at Tabors Corner.
- 3.03. The Property lies beyond Shenfield town centre. It fronts one of the main access roads into Brentwood town centre and neighbouring uses include residential, retail and leisure.
- 3.04. Courage Playing Fields abut the boundaries to the lefthand side and rear.
- 3.05. Within Chelmsford Road to the front of the property there is a bus stop.
- 3.06. There is permit and time limited parking within Hutton Road but otherwise parking is difficult.
- 3.07. A copy of a plan prepared by your office showing the extent of the property is included at **Appendix II**.

4.0. Accommodation

- 4.01. We have undertaken a measured survey of the Property in accordance with the RICS Code of Measuring Practice. The gross internal floor areas are set out below.

DESCRIPTION	SQ.FT	SQ.M
Gross Internal Floor Area	2,914	270.7
Net Internal Floor Area	2,633	244.6
Site area taken from the lease plans	4,824	448.1

4.02. There is no on-site parking.

5.0. Rateable Value

5.01. From internet enquiries made of the VOA web site we understand the Property to be entered in the current Valuation List as:

Description:	Hall and Premises
Rateable Value:	£4,450

6.0. Town Planning, Highways and Environmental

6.01. A simple internet search of Brentwood Borough Councils Planning Website does not reveal any form of planning history relating to the Property.

6.02. We would expect the current use to fall within either Class D1 (non-residential Institutions) or D2 (assembly and leisure) of the Town and Country Planning (Use Classes) Order 1987, as amended.

7.0. Tenure

7.01. We have been provided with copies of the following documents:

- i. Lease dated 16 December 1959 (the 1959 Lease)
- ii. Deed dated 29 September 1981 supplemental to the 1959 Lease (the 1981 Lease)
- iii. Lease dated 27 July 1998 (the 1998 Lease)

7.02. We have assumed that there has not been any subsequent documentation that has varied the lease terms in any way.

7.03. The broad terms of the 1959 Lease are set out below. We stress that these details are not exhaustive and are produced to compliment this report and will necessarily involve paraphrasing, condensing and use of generic terms.

Date:	16 December 1959
Parties:	Urban District of Brentwood (Landlord) Boy Scout Association Trust Corporation (Tenant)

Term:	21 Years from 1 January 1960. Expiring 31 December 1980.
Demise:	Parcel of land extending to 0.094 acres delineated on the lease plan.
Rights:	Right of way from Shenfield Road
Rent:	£5.00 per annum
Insurance:	Tenant to insure
Repair:	Tenant to keep exterior and interior of authorised buildings in good tenable repair.
Alterations:	Subject to landlord's consent.
Alienation:	Absolute bar.
Use:	Camping ground and headquarters for purpose of Boy Scouts Movement.
Landlords Covenants:	Allow quiet enjoyment
Rent Review:	Not applicable

- 7.04. The 1981 Lease is supplemental to the 1959 Lease. It is for a term of 21 years from 1 January 1980 at a rent of £10.00 per annum but otherwise on the same terms.
- 7.05. The 1998 Lease demises an area of land to the rear of and of equivalent width to the main site and having a depth of 12 feet. It is for a term of 7 years from 1 April 1988 at a rent of £30.00 per annum. The use is restricted to 'normal activities of a Scout Group'. The remaining terms mirror the 1959 and 1981 Lease.
- 7.06. The 1998 Lease is supplemental to a Deed of Trust dated 16 January 1982. We have not been provided with a copy this Deed and have assumed that regard to it would not materially impact on our advise.

8.0. General Observations on the Leases

- 8.01. The leases are drawn on fairly standard commercial terms.
- 8.02. The user and alienation provisions restrict the current and future occupation to the current use. The market recognises that these restrictions will have a depressing effect upon the rent although the measure of this effect is not easily quantifiable.
- 8.03. We understand that you have not served S.25 Notice under the Landlord and Tenant Act 1954 ('the Act') to terminate the contractual tenancies. As a consequence the tenant is 'holding over' under the terms of the expired leases.

- 8.04. The general rule drawn from S.32 of the Act is that the property to be comprised in a new lease is that property comprised in the current tenancy. It is understood that the parties wish to enter into a lease (or leases) of the same property (or properties) subject to agreement of terms and rent.
- 8.05. S.32 of the Act indicates that if either party fail to agree on the duration of the new term the length of the new tenancy is to be determined by the Court to be such length as is reasonable in all circumstances, subject to the proviso that the Court cannot grant a lease of more than 15 years. We understand that each party would like to commit to a 25 year term.
- 8.06. In default of agreement between the parties, S.34 of the Act (as amended) guides the Court to determine the rent which, having regard to the tenancy, other than those relating to rent, the whole might reasonably be expected to let in the open market by a willing lessor, subject to disregards relating to tenant's occupation, goodwill and improvement.
- 8.07. We understand that all of the structures on site comprise tenant's improvements completed more than 21 years ago. As such we are of the opinion that the rent payable should reflect the benefit of all of the structures (34(2)(a) of the Act)
- 8.08. Under S.34(3) the Court has the power to order the inclusion of a rent review clause. The current tenancy does not have provision for reviewing the rent and we would not expect the new tenancy to include one. The market recognises that rent review cycles that are longer than the market norm will have an inflation effect on the rent although the measure of this effect is not easily quantifiable. It is generally accepted practice that the rent should be increased by ½% per year that the review period is greater than the norm. As we would expect a five year review pattern here we are of the opinion that the rent should be increased by 10%.

9.0. General Market Conditions

- 9.01. There is a limited of evidence relating to lettings of properties of this nature within the Borough.
- 9.02. There is evidence of properties with similar uses being available to the market within Essex. There are similar properties in East London where demand particularly for faith based organisations is very strong.
- 9.03. In preparing our advice we have had regard to the following evidence:

Ardleigh Green Baptist Church, 165 Ardleigh Green Road, Hornchurch

The property was acquired jointly by London Borough of Havering (LBH) and Ardleigh Green Family Centre (which was funded by Veolia) in March 2015 at a price of £360,000. The building has a net area of 2,497 square feet. The purchase price equates to £144 per square foot. We are advised that the difference between the net and gross floor areas was small.

LBH simultaneously granted a 20 year full repairing and insuring lease to Ardleigh Green Family Centre in respect of its proportion of the ownership (69.4%). The headline rent equates to

£7.00 per square foot on the net area although only an 'equitable rent' equating to 1/3rd of the market rent is actually charged. The lease does not allow alienation and the use is restricted.

Greig Hall, Stamford Road, Dagenham, RM9 4HB

Having been utilised as a children's day nursery this hall was let in August 2014 on full repairing and insuring terms restricted by a schedule of condition to a faith group for a term of five years. The use is restricted and the tenant is unable to assign the lease or sublet. There is a mutual option break after two years subject to giving six months notice.

The gross internal area is 3,966 square feet. The rent is £25,000 per equating to **£6.30 per square foot** on the gross area and £7.41 on the net area.

Keys Hall, Eagle Way, Brentwood

A 25 year lease was granted by the Council to Recoil Twisters Trampoline Club from June 2011. The lease incorporates five yearly break clauses. The initial rent until 23 June 2016 was £15,000 per annum at which time the base rent increased to £25,000 per annum. This base rent reflects **£3.65 per square foot**.

We understand that the tenant spent £360,000 (£52.50 per square foot) in repairing and refurbishing the property. The rent is considered to be at the lower end of the range of potential values which we assume to reflect the condition of the property and the tenant's obligation to undertake works to put the property into repair.

Brights Avenue, Rainham Essex, RM13 9NN

This property comprises a former day care centre which was let for a further D1 use for a term of five years from August 2013 on full repairing and insuring terms subject to a Schedule of Condition. The premises have a gross internal area of 1,934 sq ft and were let at a rent of £15,000 per annum reflecting **£7.76 per square foot**. The use and alienation provisions are restricted.

The Barn, Tooks Farm, Great Warley, Brentwood

This comprises a single storey property having a net internal area of 1,683 sq ft with the benefit of nine parking spaces. It was let as a children's day care nursery for a term of 20 years from 25 January 2013. The rent of £24,000 per annum reflects **£14.26 per square foot**. The rent is subject to five yearly RPI increases capped at 4% annually.

Harold Hill Christian Centre, Gooshays Drive, Harold Wood, RM3

This property was let for a term of ten years from June 2012 at a rent of £27,000 per annum to Bright Futures Nursery Limited. The lease excludes the security of tenure provisions of the Landlord & Tenant Act 1954. The property has a gross internal area of 3,043 sq ft. The rent equates to **£8.87 per square foot**.

Rear of 7 Victoria Road, Romford, RM1

This comprises a two storey building extending to 2,080 sq ft with four parking spaces. It was let to Over The Rainbow Limited as a children's day care nursery for a term of ten years from 1 April 2014 at a rent of £31,250 per annum reflecting **£15.02 per square foot** on the gross internal area.

The property comprises a former two storey framed industrial unit and has been refurbished for an office use but subsequently let as a children' day nursery. The parking spaces have been converted to a play area and additional parking spaces were taken under a separate license.

Scout Hut, King Georges Playing Fields, Brentwood

This comprises a former pavilion and storage facility within King Georges Playing Field and has recently been let by the Council to 3rd Brentwood Scout Group. A 35 year full repairing and insuring lease has been granted subject to a photographic schedule of condition at a rent of £2,800 per annum without review reduced to £100.00 per annum for so long as the scout group uses the property. There are absolute restrictions on assignment, underletting and use. The tenant has the ability to break on the 10th the 25th and 30th anniversaries.

It is the intention of the scout group to extend the property. We understand that as let it comprised a timber building plus garage having a total area of 778 square feet. The headline rent reflects **£3.60 per square feet** on an overall basis.

10.0. Rental Valuation

- 10.01. The Property comprises two adjacent sites upon which the Tenant has constructed purpose built facilities for use by the local Scout Troop.
- 10.02. The structures are more than 21 years old and we are of the opinion that they comprise improvements that should be reflected in the annual rent.
- 10.03. The permitted use of the Property is very restricted. Much of the evidence similarly reflects restricted user and alienation provisions nevertheless, we are of the opinion that a further allowance is warranted.
- 10.04. There remains strong demand for children's day nurseries. The Property is well positioned and of suitable size for this use although the lack of outside space and on-site parking will impact on demand.
- 10.05. If made available to the wider market we are of the opinion that interest will be drawn from faith based groups particularly if available on a freehold basis.
- 10.06. Evidence of lettings with restricted uses indicate rents of between £3.60 and £7.76 per square foot.
- 10.07. The lowest rents were achieved at the Council owned properties, Keys Hall and Scout Hut, King George's Playing Field. The higher rents have been achieved for properties of similar size in the open market but within the M25.
- 10.08. Although we do not have full details relating to the agreement at Scout Hut, King George's Playing Field it is nevertheless persuasive evidence having regard to the use and general terms. We understand the buildings to be of inferior quality. Further, we understand that the building required to be extended, for which it has planning, to make it viable. As such we would expect a

higher rent per square foot for the Property despite it being significantly larger. The rent is also fixed throughout the term which is unusual but consistent with the proposal for the Property.

- 10.09. We have assumed that the two current leases will be replaced by a single lease for the entire Property.
- 10.10. Having regard to the general evidence we are of the opinion that a rent of £4.50 per square foot applied to the gross internal floor area would be appropriate.
- 10.11. To reflect the twenty five year term without rent review we have made an addition of 10% (see 8.08 above)
- 10.12. Having regard to the nature of the Property, its location and the proposed lease terms we are of the opinion that the current market annual rental value on the basis of a statutory renewal under the Landlord and Tenant Act 1954 is fairly represented by the sum of:

£14,400 (fourteen thousand four hundred pounds) per annum exclusive

- 10.13. We understand that a number of Local Authorities discount market rents by as much as 90% to arrive at 'equitable rents' when letting to local community groups. We were not instructed to make such an adjustment

11.0 Strategy

- 11.01. We understand that neither party has sought to terminate the current tenancies but that there is a willingness to both grant and take a new twenty five year lease on similar terms subject to agreement of the rent.
- 11.02. For the reasons set out herein we are of the opinion that the Council should receive rent reflective of the structures currently on site.
- 11.03. It is logical to include each of the current demises in a single lease.
- 11.04. We can only suggest that negotiations continue on an open basis with a view to reaching agreement to take surrenders of the current leases and grant a new lease.

12.0 Limitations and Confidentiality

- 12.01. The information contained herein has been offered on the understanding it is treated in the strictest confidence. It has been collated in connection with the request for Mass & Co to advise in respect of the forthcoming lease renewal. It may be disclosed to another advisor, however, neither the whole nor any part of this document or any reference thereto may be included in any published document, circular or statement or published in any way.

12.02. Further, we request that the report should not be disclosed under the Freedom of Information Act 2000 (sections 41 and 43(2)) or under the Environmental Information Regulations.

13.0 Summary

13.01. We trust our report covers all items of relevance to your decision making but if any matters require clarification please do not hesitate to let us know.

13.02. We look forward to receiving your further instructions.

Yours faithfully



Mark P Burton BSc FRICS

RICS Registered Valuer

Mass & Co

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Appendix I
Photographs



View from Shenfield Road



Rear elevation



Main Hall



Small Hall

Appendix II
Location Plan

NOTES

Localism & Partnership
Adrian J Tidbury
Asset & Technical Manager

Contract
Shenfield Scout
Association

Title
Land Valuation

Drawn By AJT
Scale 1:500 @ A3
Date March 2013

Checked
Revisions

Drawing No.
T/AJT/3887



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