

# STROUD DISTRICT COUNCIL

## STRATEGY AND RESOURCES COMMITTEE

THURSDAY, 5 OCTOBER 2023

<b>Report Title</b>	<b>Old Town Hall, The Shambles, Stroud</b>
<b>Purpose of Report</b>	To seek approval to market, and subsequently enter into, a long lease for the Old Town Hall, Stroud, whilst retaining the freehold of this valued historic grade II* listed building for Stroud and the wider area.
<b>Decision(s)</b>	<p><b>Strategy and Resources Committee RESOLVES to delegate authority to the Head of Property Services:</b></p> <ul style="list-style-type: none"><li>a) To invite expressions of interest from community interest groups in acquiring a long leasehold interest in the Old Town Hall, Stroud allowing a six-week period for these to be submitted.</li><li>b) At the end of the six week period, to offer a long leasehold interest in the property on the open market inviting bids from community and commercial organisations for a period of up to 6 months and following marketing to either:<ul style="list-style-type: none"><li>I. Report back to committee should any bids be received from community organisations, and seek approval to the preferred bidder or</li><li>II. If no bids are received from community organisations, in consultation with the Section 151 Officer and the Chair and Vice Chair of Strategy and Resources Committee, decide on the successful bidder, agree terms and enter into a lease for the building.</li></ul></li><li>c) Any lease will be subject to the continuing use of the hall by the public and the leases of the stores to Shambles market traders.</li></ul>
<b>Consultation and Feedback</b>	<ul style="list-style-type: none"><li>• A report was presented to Stroud Town Council on the 11 Sept and the feedback was that they wished to understand how the public access to the building could be secured through the lease, the length of the lease terms, and that this proposal would not dilute the spaces for hire available within the town centre. The Heads of Terms will be shared with the Town Council as the process progresses.</li><li>• Consultation has taken place with the Ward Councillor and adjoining Stroud Ward Councillors, some of whom attended the Town Council meeting.</li><li>• Consultation has taken place with the indoor and outdoor market and individuals who use the stores. The stores are used by all the market traders and are an important part of the functioning of the market.</li><li>• The views of those currently hiring the hall have been sought and many like the central location of the building and the car parking nearby with some raising issues about the acoustics.</li><li>• Any previously interested parties have also been given the opportunity to view the property.</li></ul>

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<b>Options</b>	Retain the Old Town Hall and continue to try to find tenants for the offices and to hire out the hall for community groups. This would require substantial investment to bring the property to a lettable standard and further investment to comply with the Council's 2030 Strategy.			
<b>Background Papers</b>	None			
<b>Appendices</b>	Appendix A – Location Plan			
<b>Implications (further details at the end of the report)</b>	Financial	Legal	Equality	Environmental
	Yes	Yes	No	Yes

## 1. INTRODUCTION

- 1.1 The council follows good practice in managing its property portfolio by regularly challenging why it retains ownership, how the property is performing and if it is fit for purpose.
- 1.2 The review of the Old Town Hall in Stroud has been highlighted in previous reports and the property's inclusion in the Zero Carbon, One Public Estate (OPE) project, as a pilot for retrofitting to reduce carbon emissions has also been reported.

## 2. THE BUILDING

### Location

- 2.1 The property, shown edged red on the plan at Appendix A, is a Grade II\* listed building, situated in the Shambles in the centre of Stroud, comprising part of the pedestrianised retail centre of the town and just off the High Street. Church Street car park is situated close by to the rear of the property. Surrounding properties include secondary retail businesses and St Laurence's Church and church rooms. There is a market outside the property in The Shambles on Mondays, Fridays and Saturdays.

### Description

- 2.2 The property dates, in part, to 1596 and comprises the original large hall and there is a 19<sup>th</sup> century extension to the north. Internally, the principal accommodation is arranged at ground floor as cellular offices, together with WCs including disabled facilities. To the first floor, served by a staircase leading up from the street and a wheelchair lift, there are further office rooms and WCs together with a large meeting hall and adjoining small kitchen. Externally to the ground floor there are 4 no. separate storerooms, which are accessed directly from The Shambles and are mainly currently used by the market traders.

## **The Challenges**

- 2.3 The offices on the first floor have been empty for some years, and the Covid pandemic impacted significantly on the use of the public meeting room/hall which dropped during this time and hasn't recovered. At the time of drafting the report only two of the ground floor rooms in the building are let to one business and market traders occupy some of the stores under the building. Overall the building has suffered a significant loss of income for some years and is in need of investment to continue to maintain its fabric, but also to refurbish it to modern standards. There is a budgeted loss of £26,000 this financial year.
- 2.4 The council does not have an operational need for the building apart from to ensure that the market traders have storage space and to ensure that the hall is available for public hire. The business, which leases two of the units, has requested to vacate the building at the end of September as they have alternative arrangements in place.
- 2.5 Whilst the property is an attractive building of historical importance to the town and in a good location in the town centre with ample parking available locally, there are several issues that have affected the council's ability to let the building and give it a viable future as follows:
- In a Conservation Area and Grade II\* listed (difficult to manipulate the space / make any alterations to the building)
  - Limited appeal to the private business market and has traditionally provided accommodation mainly to grant funded and charity organisations.
  - Challenging environment to work in (too hot in the summer and too cold in the winter, and exposed pipes) and acoustics are poor in the main hall.
  - Unusual spaces (prison, vaulted ceilings).
  - Most of the lettable space is on the first floor.
  - Expensive to maintain and heat and to deliver the retrofit required to meet our 2030 strategy.
- 2.6 To address the retrofitting of the building, the council included the building within its Zero Carbon Public Estate OPE project. Through this project it has obtained a Building Performance Evaluation report including whole life carbon assessments, which demonstrates the extent of work required to improve the energy efficiency and further work would be required to meet the council's 2030 commitments.
- 2.7 The hall (only) at the Old Town Hall was nominated by the Town Council and accepted as an Asset Of Community Value in September 2016 and this sits on the register for 5 years. Whilst the 5 years has now expired, consideration needs to be given as to how to proceed due to the clear strength of feeling locally about the value for the building for the community as well as the hall's (only) protection within the Neighbourhood Development Plan (NDP) for public enjoyment and community use.
- 2.8 There is a well-established and historical market immediately outside the building in the Shambles and the market stallholders use parts of The Old Town Hall for storage (and have done so historically). This needs to be protected in any lease.

## **3. THE PROPOSAL**

- 3.1 The council has had some interest in the whole building in the past and an approach has been made more recently, so there appears to be demand for using the property as a whole rather than the smaller office suites.

3.2 The interested party, which is a local business has viewed the Old Town Hall and they feel that this perfectly meets their requirements, and they have the funds to invest in the building to refurbish it whilst respecting its important heritage. They would be happy to continue to make the hall available for hire to the public.

This approach is of interest for various reasons:

- The continued use of the hall for ongoing community use brings added social value to any potential long lease.
  - It is an existing business in Stroud, and they wish to remain in Stroud and finding them a suitable building would retain this business in the town.
  - The proposed use of the building would bring people into the town centre at different times of the day and brings investment into the town centre which meets with the aims of the Council's Economic Development Strategy.
  - They have the funding to refurbish the building to respect its heritage.
- 3.3 The business has been made aware that, to offer any long lease, the council would need to seek Committee approval and the opportunity would need to be openly marketed, including the offering first of the opportunity to the community to seek expressions of interest, rather than dealing exclusively with one party.
- 3.4 It is intended to follow the process set out for Assets of Community Value (despite the Old Town Hall not now being registered) as this provides a transparent and useful framework for ensuring the community is consulted and has a say in the future of the building.
- 3.5 An independent valuation has been commissioned and this proposes a guide price of £315,000. Covenants imposed to retain public access to the meeting room could depress this value, depending upon how often the meeting room is made available and how this is viewed by any interested party. Retaining storage for market traders has less of an impact as it generates a useful income stream.
- 3.6 Interested parties will also be encouraged to set out their proposals with regard to refurbishing the property and improving its energy efficiency and social, environmental and economic factors will be included in the assessment of offers to capture the community use and the future energy efficiency of the building with a split of 40% price and 60% qualitative factors.

#### **4. CONCLUSION**

- 4.1 The council has been unable to find tenants for the property for some years as offices have been vacated and its high service charges and utility costs will undoubtedly be a factor in this. The work required to meet our 2030 commitments adds another significant cost due to the buildings age and listed building status.
- 4.2 If seems likely that the council can secure a new user for the building, whilst retaining some public stewardship to protect this important heritage asset, by offering the opportunity of a long lease. This could also facilitate more investment in the property and ensure a sustainable future, whilst retaining the community use of the hall and its links to the Shambles market.
- 4.3 It is therefore recommended that expressions of interest are sought from community groups following which a period of marketing will take place. Should no community groups come forward with an offer, it is proposed that officers agree terms with the successful

bidder and complete a lease to bring the building back into full use as soon as possible. Should an offer come forward from a community organisation then a further report would be presented to this Committee seeking approval to the recommended leaseholder.

## **5. IMPLICATIONS**

### **5.1 Financial Implications**

As noted in the report, the Council currently budgets for the Old Town Hall to make a loss of £26k. If a long lease is successfully granted then a saving can be introduced into the Medium-Term Financial Plan to represent a removal of the budgeted loss.

Any money received for the granting of the lease will be classed as a capital receipt. The guide price is £315k but the final figure received will be reported to members through the budget monitoring process. Capital receipts are held in the Capital Receipts Reserve and their use is restricted to either financing capital expenditure or the repayment of existing debt. Allocations of capital receipts are a decision for Council as part of the approval of the capital programme.

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### **5.2 Legal Implications**

- Under section 123 of the Local Government Act 1972, a local authority may grant a long lease of land held by it, although Secretary of State consent is required if the lease is granted for a consideration less than the best that can reasonably be obtained.
- As the intention is to offer a long leasehold on the open market, then it is likely that the Council will be able to demonstrate that the lease will be granted for the best consideration that can reasonably be obtained, so Secretary of State consent will not be required.
- It is noted that there are some storage rooms currently occupied by market traders. This report does not specify the basis on which those storage rooms are occupied and this should be looked at before the building is marketed and legal advice should be obtained. Any lease will need to be made subject to whatever rights of occupation the current market traders may have.
- It is noted that the meeting room was listed as an asset of community value, although the 5 years listing period has now expired. As the listing has now expired, there are no legal implications at present, but if a new application is received to list it which is successful, then the grant of the lease would be subject to a moratorium period under the provisions of the Localism Act 2011 and the Assets of Community Value (England) Regulations 2012 to allow community organisations to submit a bid to acquire the property. Legal advice should be sought immediately in the event that a new application is received to list the whole or any part of the building.
- As it is acknowledged that the property is of significant local interest, it has been agreed that in granting the long lease, the property will be dealt with in a similar way as it would if it were currently listed as an Asset of Community Value, including allowing a 6 week moratorium period from when a potential tenant is identified to allow local interest groups to submit a request to be considered as an alternative tenant, and if such a request is received within that time, a further 6 month moratorium period from when a tenant is identified to give local interest groups who have submitted a request a chance to prepare

their own bid for taking a lease of and managing the land and to make an appropriate offer.

- Consideration should be given as to how community interest groups will be made aware of the proposed lease of the property given that it is not currently listed on the ACV register.

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### **5.3 Equality Implications**

An EIA is not required because there are not any specific changes to service delivery proposed within this decision. The continued use of the hall by the public and the use of the stores for the Shambles market ensures that there is no change to service delivery.

### **5.4 Environmental Implications**

To achieve our 2030 commitments, the retrofit of the commercial properties owned by the Council needs to be addressed. The inclusion of the Old Town Hall and Ebley Mill in the Zero Carbon Public Estate project showed the council's commitment to addressing the issue for its key historic listed buildings. Through this project we have obtained a Building Performance Evaluation report including whole life carbon assessments, which demonstrates the extent of work required to improve the energy efficiency and further work would be required to meet the Council's carbon 2030 commitments. This report will be shared as part of the marketing of the offer.

When assessing the offers received a matrix will be used, including environmental factors, and how bidders will be proposing to address the retrofit of the building will be a key consideration.