

**STROUD DISTRICT COUNCIL**  
**STRATEGY AND RESOURCES COMMITTEE**  
**THURSDAY, 23 NOVEMBER 2023**

<b>Report Title</b>	Kingshill House, Dursley			
<b>Purpose of Report</b>	To seek approval to enter into a new lease of Kingshill House with Kingshill House Ltd on the proposed Heads of Terms.			
<b>Decision(s)</b>	<b>The Committee RESOLVES to approve the grant of a new lease of Kingshill House to Kingshill House Ltd on the terms set out at Appendix A of this report.</b>			
<b>Consultation and Feedback</b>	Consultation has taken place with the Strategic Director of Resources and the Leader of the Council.			
<b>Report Author</b>	Jill Fallows, Property Manager Tel: 01453 766321 Email: jill.fallows@stroud.gov.uk			
<b>Options</b>	(i) Enter into a new lease with Kingshill House Limited and take on the additional repairing liabilities.  (ii) Complete a full review of the asset with a view to exploring alternative options for its use on expiry of the current lease			
<b>Background Papers</b>	None			
<b>Appendices</b>	Appendix A – Proposed Heads of Terms			
<b>Implications (further details at the end of the report)</b>	Financial	Legal	Equality	Environmental
	Yes	Yes	No	No

**1. BACKGROUND**

- 1.1 Kingshill House is a Georgian Grade II\* listed mansion constructed in the early 1700's. Formerly a family home, the site includes a 16<sup>th</sup> century cottage and outbuildings. The house was used as offices by SDC but for over 20 years it has operated as an arts centre providing the community with classes and workshops. It also offers room hire for general use and social events. The property is on the register for Assets of Community Value. The house is run by a charity, Kingshill House Ltd which has a 25-year full repairing and insuring lease with effect from October 1999 at a rental of £5 per annum. This lease is due to expire in October 2024. The council has supported the charity over many years through capital (ad hoc) and revenue (core grant) contributions and advice.
- 1.2 At its meeting of the Strategy & Resources Committee on 20<sup>th</sup> April 2023 committee resolved to note that a community asset transfer of Kingshill house was no longer feasible and delegated authority to the Head of Property Services to enter into negotiations with Kingshill House Ltd with a view to agreeing Heads of Terms for a revised lease of Kingshill House. It also resolved that no lease would be entered into until such time as the Heads of Terms have been reported to and approved by the Strategy and resources Committee.
- 1.3 Additional short-term support from the council has enabled Kingshill House Ltd to continue to operate, allowed time for it to explore other sources of revenue funding and finalise its business plan. Kingshill House has had a positive summer with many classes selling out.

The trust is continuing to strengthen and broaden the trustee body with the appointment of 2 new trustees as well as working to engage volunteers and others to broaden the base of community interest in the house. A surplus cashflow is anticipated by the end of the financial year.

## **2. THE PROPOSAL**

- 2.1 Terms for a new lease have been offered to the trust. The trust is happy to agree to the terms and conditions proposed except for the lease term and the repairing obligations. The length offered was for five years and the repairing obligation was full repairing and insuring, as per the original lease.
- 2.2 The trust would prefer a 10-year lease, rather than the 5-year term offered, to help seek other funding from grant givers and potential sponsors and to allow a realistic timescale for development of potential strategic collaboration with other local bodies in and around Cam and Dursley. Taking Section 123 of the Local Government Act 1972 into consideration, officers are willing to recommend a 7-year lease with a mutual break clause on the 5th anniversary of the term.
- 2.3 A listed building of this nature needs a significant amount of money spent on it to keep and maintain the fabric of the building in good repair and condition. The trust commissioned a planned maintenance programme in 2021 which identified a significant investment over a 10-year period to maintain the fabric and structure of the building.
- 2.4 The trust has made it clear that is unable to continue to take responsibility for the full internal and external repair and maintenance of Kingshill House. Whilst it can manage routine repairs and day to day maintenance, it recognises that it doesn't have the resources or the expertise to continue to maintain the roof and structure of a Grade ii\* listed building.
- 2.5 Officers therefore recommend that the council takes responsibility for structural repairs and maintenance in the new lease. £100K is earmarked for Kingshill House in the capital programme and officers recommend that this is spent on priority works and investigations to continue to protect the structure and fabric of the building. If the council agrees to be responsible for the structural repairs and maintenance, budget provision will need to be made for ongoing cyclical maintenance. Officers also recommend that provision is made in the lease to enable either party to walk away should there be an item of significant expenditure.
- 2.6 If members do not approve the terms for a new lease the building will revert to the District Council as freeholder when the current lease expires and further consultation on the options for the long-term future of the building will take place. If the condition of the building deteriorates this will have an impact on its value.

## **3. CONCLUSION**

- 3.1 Short term support given by the council has helped the trust to continue to operate, and has been recognised as such by the trust, and a robust business plan is now in place. Officers recommend that the council enters a new lease with Kingshill House Ltd on the terms shown at Appendix A of this report. By taking on responsibility for the repair and maintenance of the structure of the building the council will ensure the future of the Grade ii\* is safeguarded and will enable Kingshill House Ltd to continue to offer a programme of

cultural, artistic and community activities and events. If members approve the proposed terms, budgetary provision will need to be made for an ongoing planned maintenance programme.

## **4. IMPLICATIONS**

### **4.1 Financial Implications**

The changed repairing obligation in the lease places a greater obligation on the Council to meet repair costs and these must be included within appropriate budgets. As set out earlier in the report there is an existing budget of £100k available with further sums for cyclical maintenance to be included in the upcoming Medium Term Financial Plan.

As the freeholder owner of the listed building the responsibility to maintain the building would fall on to SDC if no new lease was agreed.

The Budget Strategy recently approved by Council includes an assumption that the annual revenue grant of £10k per annum to Kingshill House is maintained.

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### **4.2 Legal Implications**

The following bullet points set out details of significant implications identified by officers:

The Council may under the provisions of section 123 of the Local Government Act 1972 dispose of land in any manner it wishes. However, consent of the Secretary of State is required for any disposal, other than a short tenancy (defined as a lease for a term of 7 years or less), at less than the best consideration that can reasonably be obtained. It is noted that the lease in this case would be for a nominal rent of £1, so would be granted at less than best consideration and consent would be required if it were to be granted for a term of more than 7 years. It is stated that Kingshill House Ltd would prefer to take a lease for a term of 10 years.

In most cases, a specific consent from the Secretary of State would be needed. However, the Local Government Act 1972 General Disposal Consent (England) 2003 permits disposals for less than best consideration in the following circumstances:

(a) The local authority considers the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole of any part of its area, or of all or any persons resident or present in its area:

- (i) the promotion or improvement of economic wellbeing;
- (ii) the promotion or improvement of social wellbeing;
- (iii) the promotion or improvement of environmental wellbeing.

(b) The difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed two million pounds.

The use of the main building as an arts centre for community classes and workshops would most likely be considered to contribute to the improvement of the social wellbeing of residents in the Council's area and if the property were to be let solely for this purpose then it would fall within the provisions of the General Consent, provided that the difference

between the consideration and the value does not exceed two million pounds. However, the use of the cottage for residential purposes probably would not fall within the scope of the General Consent and therefore specific consent would likely be required for a lease of more than 7 years.

The alternative would be to grant a 7-year lease rather than a 10-year lease, and this is what is now being considered by the Council. A 7-year lease would be a short tenancy for the purposes of s123 of the Local Government Act 1972 and Secretary of State consent would not be required even where the lease is being granted for less than best consideration.

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#### **4.3 Equality Implications**

An EIA is not required because there are not any specific changes to service delivery proposed within this decision.

#### **4.4 Environmental Implications**

There are no significant implications within this category.