

**STROUD DISTRICT COUNCIL**  
**STRATEGY AND RESOURCES COMMITTEE**

**THURSDAY, 20 APRIL 2023**

<b>Report Title</b>	<b>Kingshill House, Dursley</b>			
<b>Purpose of Report</b>	To update Committee on the Community Asset Transfer of Kingshill House, Dursley and seek approval to enter negotiations to consider potential terms for a new lease.			
<b>Decision(s)</b>	<b>The Committee RESOLVES:</b> <b>a) To note the current position in respect of Kingshill House</b> <b>b) To note that a Community Asset Transfer is no longer feasible</b> <b>c) To delegate authority to the Head of Property Services to enter into negotiations with Kingshill House Limited with a view to agreeing Heads of Terms for a revised Lease of Kingshill House;</b> <b>d) That no Lease shall be entered into until such time as the Heads of Terms have been reported to and approved by the Strategy and Resources Committee.</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 Email: <a href="mailto:jill.fallows@stroud.gov.uk">jill.fallows@stroud.gov.uk</a>			
<b>Options</b>	<ol style="list-style-type: none"> <li>1. Enter into negotiations for a new lease.</li> <li>2. Do not enter into negotiations for a new lease with Kingshill House Ltd and wait until the lease expires.</li> <li>3. Complete a full review of the asset with a view to exploring alternative options for its use.</li> </ol>			
<b>Background Papers</b>	None			
<b>Appendices</b>	None			
<b>Implications (further details at the end of the report)</b>	Financial	Legal	Equality	Environmental
	Yes	Yes	No	No

**1. INTRODUCTION / 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 which 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 Kingshill House is a surplus asset, i.e. the Council has no operational use for it. A listed building of this nature needs a significant amount of money spent on it to maintain and keep the fabric of the building in good repair.

- 1.3 The building is subject to a restrictive covenant to only use the building as offices or other users considered suitable by the Council. The Covenant states that it cannot be disposed of without the consent of RA Lister and Company Ltd, the previous owners, however our legal advice is that it is highly unlikely that the covenant is now enforceable.
- 1.4 Community Services and Licensing Committee appointed Councillor Trevor Hall as a member representative to the Board of Directors for Kingshill House Ltd who reports back regularly to the Committee on trust activities.

## **2. CURRENT POSITION**

- 2.1 Members will be aware that officers have been working closely with Kingshill House Ltd towards a Community Asset Transfer (CAT) for several years but there were delays because of the impact of the Covid 19 Pandemic upon their financial situation. There were also changes to the Board of Trustees and senior staff. Following discussions with the Chair and Vice Chair of Strategy and Resources and senior officers last year, additional time was given for the Trust to finalise their business plan. Whilst they have gone some way to achieving this, officers are still waiting for a fully costed long term plan.
- 2.2 The Council currently provides Kingshill House Ltd with a general revenue grant to support their operational activities. This has been reducing on a sliding scale as part of a funding package that was agreed as part of the CAT. This is currently £10k pa for 22/23 reducing to £5k in 23/24. The Council has also released £17k over and above grant funding to assist with urgent repair costs (drains) this financial year.
- 2.3 Kingshill House Ltd recently approached the Council and asked it to consider additional grant funding towards their revenue costs. Councillors have been considering additional resource as part of the budget setting process which was reported to Strategy and Resources in February. A freeze in the grant reduction has been agreed and it will remain at £10k per annum from now on. An additional £20k grant has also been agreed with £10K payable in 22/23 and £10k in 23/24 with the decision on when to release further support lying with the Section 151 Officer in consultation with the Chair of Strategy & Resources Committee. £10K of this has just been approved as urgent support based on the Trust's most recent cashflow forecast (£5K, 1<sup>st</sup> instalment of annual grant and £5K emergency support).
- 2.4 In view of the challenges currently facing Kingshill House Limited and the absence of a fully costed long term business plan officers do not believe that the Trust is in a position to take on the freehold interest of the property and the Trust is no longer seeking a transfer.
- 2.5 The grant funding will enable the Trust to continue to operate and allow time for it to explore other sources of revenue funding. No additional funding from the Council will be considered without a fully costed long term business plan. If short term support helps and a robust business plan is in place, officers' recommendation would be to grant a new short-term lease to the Kingshill House Limited in 2024 rather than a Community Asset Transfer.

## **3. CONCLUSION**

- 3.1 Kingshill House Ltd has been running Kingshill House and providing valuable community facilities successfully for over 20 years now, albeit with the Council's ongoing support. This is an impressive achievement bearing in mind the size and condition of this listed building when the original Trust took it on.

- 3.2 However, the Trust requires additional revenue funding to help with cash flow pressures, without which there is a risk of closure. Under the circumstances a Community Asset Transfer of the freehold is not realistic for the foreseeable future.
- 3.3 If the Council is able to offer short term support it is hoped that Kingshill House Limited will continue to operate and the grant of a new lease in 2024 could be considered instead, although the Trust is likely to require on-going funding together with support to maintain the structure and fabric of the building. Any additional funding request would be subject to a further report to Committee.
- 3.4 It is recommended that officers enter negotiations to consider potential terms for a new short-term lease of Kingshill House subject to a further report to a future meeting of the Strategy and Resources Committee.
- 3.5 Should the Trust fail or chose to cease trading or if the parties are unable to agree terms for a new lease, the building would revert to the District Council as freeholder and further consultation on the options for the long-term future of the building would take place.

## **4. IMPLICATIONS**

### **4.1 Financial Implications**

There are no financial implications of this decision. Any potential new lease arrangements would be considered by the committee by a later date with full financial implications.

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### **4.2 Legal Implications**

Before further funding is given to Kingshill House Limited, advice should be sought from One Legal to ensure compliance with the Subsidy Control Act 2022. This Act regulates the giving of financial assistance by public bodies. Provided that the use of the building is for community purposes then there should not be a subsidy to which the Act applies. A grant agreement will need to be prepared by One Legal setting out the obligations for use of the grant and to secure repayment if the grant terms are not met.

The current lease is one which benefits from rights to re-new the tenancy under the Landlord and Tenant Act 1954 and there are limited grounds to oppose such renewal. This would not however prevent the negotiation of terms for an entirely new lease which may be more suitable to the purposes of the Trust going forward. The grant of a new lease would have to be considered in the context of the above legislation, the legislative provisions relating to disposals at an under-value and the covenants on the title to the property.

One Legal

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### **4.3 Equality Implications**

There are not any specific changes to the facilities already provided within this decision; Kingshill House Ltd would continue to provide the same activities and facilities if a new lease is granted.

### **4.4 Environmental Implications**

There are no significant implications arising from this report.