
Subject:	DISPOSAL OF THE GUILDHALL AND MARKET SQUARE, SANDWICH
Meeting and Date:	Cabinet – 2 July 2018
Report of:	Roger Walton, Director of Environment and Corporate Assets
Portfolio Holder:	Councillor Trevor Bartlett, Portfolio Holder for Property Management and Environmental Health
Decision Type:	Key Decision
Classification:	Unrestricted

Purpose of the report: To transfer the ownership of The Guildhall and Market Square, Sandwich to Sandwich Town Council and to terminate the 'Sandwich Agreement'.

- Recommendation:**
- (1) To approve the freehold transfer of ownership of The Guildhall and Market Square, Sandwich to Sandwich Town Council.
 - (2) To agree to the termination of the 'Sandwich Agreement'.
 - (3) To agree to confirm that the ownership of 2 Market Place rests with Dover District Council.
 - (4) To delegate to the Director of Environment and Corporate Assets, in consultation with the Portfolio Holder for Property Management and Environmental Health, the negotiation of both the terms and conditions associated with the proposed transfer.
 - (5) To delegate to the Director of Environment and Corporate Assets, in consultation with the Head of Museums and Tourism and the Portfolio Holder for Community Services, the agreement of arrangements regarding the future ownership and custody of the contents of The Guildhall.
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1. Summary

- 1.1 Both The Guildhall and Market Square in Sandwich are owned by Dover District Council with The Guildhall being leased to Sandwich Town Council ('Town Council') under terms set out within what is known as the 'Sandwich Agreement'.
- 1.2 The Town Council has over recent years been actively working with partners to develop plans for the Guildhall and its surrounds as part of the New Vision for Sandwich project which seeks to reinvigorate the 16th century Guildhall as a heritage asset to the town.
- 1.3 These plans have already seen improvements to Sandwich Museum (located within the Guildhall) to house the Magna Carta and include proposals to create a more

suitable storage space, an accessible research room and a learning and engagement space. An application for funding was submitted to the Heritage Lottery Fund for round one consideration on 19th February 2018 and is due to be determined in early June.

- 1.4 Plans have also been developed to refresh the Market Square outside the Guildhall through improvement in the public realm to create a more attractive townscape to act as a draw for residents and tourists alike and thus bring more jobs and prosperity to the town. Following on from a public consultation event in February, funding for these works is being sought from the Coastal Community Fund.
- 1.5 As their plans start to take shape, the Town Council has now indicated that they would like to acquire the freehold of the Guildhall premises and Market Square, to enable them to take full control of the project and the long term management of these historic assets.
- 1.6 This report seeks the Cabinet's agreement to the proposed transfer of ownership.

2. Introduction and Background

- 2.1 The Guildhall, Sandwich is a Grade 2* listed building, dating back to 1579 and modified at various intervals during the succeeding years. In 1812 it was encased in yellow brick. In 1912 it was restored and the south-west wing added. Still further enlarged in 1933 and an addition built in 1973 at right angles across the square. Nothing before the 1812 encasement is now visible from the exterior, of brick and imitation timbering, but the interior contains much of the original work, particularly the panelling of the court room which dates from 1607 and paintings forming part of the council chamber walls depicting the battle of the "Glorious 1st of June".
- 2.2 The building was transferred into the ownership of Dover District Council, when local government was reorganised in 1974 and is currently leased to Sandwich Town Council under terms set out in the rather complex 'Sandwich Agreement' (Agreement).
- 2.3 These terms see the property being leased for 99 years with effect from 1 April 1974 to 31 March 2073, with Sandwich Town Council being responsible for all outgoings & repairs & maintenance. The Agreement includes provisions for Dover District Council to have right to exclusive use of an area (now the former cloakroom) for which it pays a sum equivalent to 9.75% of the costs of repairs, maintenance, lighting heating & other expenses.
- 2.4 The rent currently payable by the Town Council to DDC is the annual net income from a number of properties as scheduled in the agreement or in the event that Sandwich Town Council disposes of any of these properties, then the interest on the sum equivalent to the sale proceeds is paid.
- 2.5 The properties listed within the schedule to the Agreement and their current status is as follows:

Property	Description	Status
Land at St.George's Lees (Plots 1-4)		Sold
23 Wantsume Lees		Sold
33 Moat Sole		Sold
Site of 11A & 13 Peter Street	Small areas of open space	Land Unregistered
Clinic Moat Sole		Sold

2 Market Street	Retail Unit	Title held by DDC
Causeway Tip, Ash Road	Former municipal tip	Land unregistered other than NW section acquired in 1992 by KCC for drainage to A257.

- 2.6 The Agreement, as drafted, assumes that these properties are each owned by Sandwich Town Council and leased to Dover District Council. However, the Land Registry records state that 2 Market Street is owned by Dover District Council.
- 2.7 This property is currently leased by Dover District Council to GW Finn, for an annual rent of £4,200, which is retained by DDC. Whilst it is quite likely that the Land Registry entry is an error, it is proposed that should Cabinet agree to the proposed transfer that this property would remain in the Council's ownership.
- 2.8 The annual rent payable under the terms of the Agreement varies from year to year but currently sees the District Council typically paying c £9k per annum (the 9.75% proportion due) less c£1.1k as the calculated interest on the sold properties. The £4,200 rent from 2 Market Place does not feature in this calculation but is retained by DDC outside this arrangement.
- 2.9 The Market Square, Sandwich is also within the ownership of Dover District Council other than a small strip of land to the east designated as highway land. The area is used by the Sandwich market on a weekly basis although the Council derives no income from this.
- 2.10 Given that Sandwich Town Council is bringing forward major plans to regenerate this area, it is proposed that this area of land also be transferred to the Town Council.
- 2.11 The principle of assets being managed by local communities where appropriate was highlighted by the Quirk Review in 2008, "Making Assets Work", which identified clear benefits from local community groups owning or managing assets, as a means of empowering communities.
- 2.12 As noted above Sandwich Town Council as a statutory local government body, is well placed to manage the building and its' immediate surrounds given that it has had responsibility for all outgoings & repairs & maintenance under the terms of the lease for more than 30 years.
- 2.13 Following the recent closure of the Sandwich Area Office, Dover District Council now has no operational requirements for space within the Guildhall and, as the Town Council is now seeking to make more intensive use of the whole building to support the New Vision for Sandwich Project; the proposed transfer of ownership has much to commend it.
- 2.14 Should Cabinet agree to the proposals in principle then officers will engage with the Town Council on more detailed discussions regarding the terms of the transfer and the arrangements regarding the future ownership of the contents of the Guildhall.

3. Financial Implications

- 3.1 The Council's Estate Valuation Manager (who holds an RICS Membership) has prepared a valuation of the properties which comprise the constituent parts of the Sandwich Agreement, which is included at Appendix B.
- 3.2 The Valuation sets out the following points:

1. Guildhall: Capital Value including forecourt £332,500
2. Income from sold properties: Capital Value of £10,000
3. 2 Market Street, Capital Value of £72,000
4. Remaining unsold sites: Nominal value only.

- 3.3 As regards revenue costs, as noted above, the amounts payable in accordance with the Agreement vary from year to year but currently see the District Council paying c£9k per annum (the 9.75% proportion due) less c£1.1k as the calculated interest on the sold properties. All payments due under this arrangement would cease should Cabinet agree to the transfer and termination of the Sandwich Agreement.
- 3.4 In addition there are potential liabilities associated with the ongoing maintenance obligation in relation to the Market Square
- 3.5 In summary therefore the proposal sees the Council transferring an asset, which has an assessed open market value of £332,500 in return for which the Council will cease paying the sum of £9k per annum currently being paid payable to the Town Council under the terms of the 'Sandwich Agreement'.
- 3.6 The proposal for consideration is that the Sandwich Agreement is simply terminated and the freehold of the Guildhall and Market Square be transferred to Sandwich Town Council without payment by either party.
- 3.7 In so far as these proposals involve the disposal of the freehold of the Guildhall and the Market Square there is a requirement under section 123 Local Government Act 1972 that the disposal must be at the best consideration reasonably obtainable unless the Secretary of State consents to a disposal at a lesser value. This is a disposal at less than the best consideration.
- 3.8 Consent of the Secretary of State may be given specifically or generally. By the Local Government Act 1972 general disposal consent (England) 2003 (annexed to DCLG Circular 06/03) the Secretary of State has granted consent for any disposal of land where the difference between the unrestricted value of the interest to be disposed of and the consideration accepted ("the undervalue") is £2,000,000 or less provided that:- *"the local authority considers that 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 or any part of its area, or of all or any persons resident or present in its area;"*

- (i) *the promotion or improvement of economic well-being;*
- (ii) *the promotion or improvement of social-well being*
- (iii) *the promotion or improvement of environmental well being*

- 3.9 It is considered that the criteria mentioned in (i) and (iii) are met by virtue of the factors mentioned in paragraph 1.4 of this report.

4. Identification and Evaluation of Options

- 4.1 There are two Options available to Cabinet:

Option 1; To agree to transfer the freehold of The Guildhall, and Market Square, Sandwich to Sandwich Town Council and terminate the Sandwich Agreement.

Option 2; To take no action.

- 4.2 Option 1 is the preferred option because this recognises that the Council no longer has any operational use for the building and that the transferring the freehold will allow the Town Council to make more intensive use of the whole building as the New Vision for Sandwich Project is taken forward. The proposal also offers Dover DC a small financial saving.

5. Resource Implications

- 5.1 As noted above, the proposed transfer will result in a small annual saving of £9k to the Council.
- 5.2 The table below summarises the current position and the position after transfer:

	Current Position	After Transfer
Annual Rent paid by DDC to STC	£9.0k	Nil
Interest paid by STC to DDC on past property sales	(£1.1k)	Nil
Rent on 2 Market Street	(£4.2k)	(£4.2k)
Annual Saving to DDC	-	£9.0k
Assets		
The Guildhall & Market Square- ownership	DDC	STC
- value	£332.5k	£332.5k

6. Corporate Implications

- 6.1 Comment from the Section 151 Officer: "Accountancy has been consulted and has no further comment to add." (DL)
- 6.2 Comment from the Solicitor to the Council: "The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make." (HR)
- 6.3 Comment from the Equalities Officer: "This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>. (KM)

7. Appendices

- 7.1 Appendix A: Site Plan of Guildhall indicating area which it is proposed is to be transferred.
- 7.2 Appendix B: Sandwich Agreement Valuation Report: January 2018

8. Background Papers

- 8.1 None.

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