

Notice of Meeting

Leader Decisions

**Date & time**

Tuesday, 9 June
2015 at 4.00 pm

Place

Committee Room C,
County Hall, Kingston
upon Thames, Surrey
KT1 2DN

Contact

Anne Gowing
Room 122, County Hall
Tel 020 8541 9122

Chief Executive

David McNulty

anne.gowing@surreycc.gov.uk

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This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Anne Gowing on 020 8541 9122.

Leader

Mr David Hodge

AGENDA

1 DECLARATIONS OF INTEREST

To receive any declarations of disclosable pecuniary interests from Members in respect of any item to be considered at the meeting.

Notes:

- In line with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, declarations may relate to the interest of the member, or the member's spouse or civil partner, or a person with whom the member is living as husband or wife, or a person with whom the member is living as if they were civil partners and the member is aware they have the interest.
- Members need only disclose interests not currently listed on the Register of Disclosable Pecuniary Interests.
- Members must notify the Monitoring Officer of any interests disclosed at the meeting so they may be added to the Register.
- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest.

2 PROCEDURAL MATTERS

2a Members' Questions

The deadline for Member's questions is 12pm four working days before the meeting 3 June 2015.

2b Public Questions

The deadline for public questions is seven days before the meeting 2 June 2015.

2c Petitions

The deadline for petitions was 14 days before the meeting, and no petitions have been received.

3 LINGFIELD GUEST HOUSE TRUST

To agree the transfer of control of the Guest House Lingfield, a charity registered with the Charity Commission (number 207424) to a Company Limited by Guarantee which has the maintenance conservation and enhancement of the Guest House at the heart of its activities, and to provide for the Council's intention to continue to use the Guest House building to accommodate a library open to the general public, becoming a community partnered library from June 2016.

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David McNulty
Chief Executive

Published: Monday, 1 June 2015

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SURREY COUNTY COUNCIL

LEADER OF THE COUNCIL

DATE: 9 JUNE 2015

LEAD OFFICER: SUSIE KEMP – ASSISTANT CHIEF EXECUTIVE

SUBJECT: LINGFIELD GUEST HOUSE TRUST



SUMMARY OF ISSUE:

To agree the transfer of control of the Guest House Lingfield, a charity registered with the Charity Commission (number 207424) to a Company Limited by Guarantee which has the maintenance conservation and enhancement of the Guest House at the heart of its activities, and to provide for the Council's intention to continue to use the Guest House building to accommodate a library open to the general public, becoming a community partnered library from June 2016.

RECOMMENDATIONS:

It is recommended that the Leader of the Council:

1. Agrees to Surrey County Council (SCC) transferring its trusteeship of the Guest House Lingfield to "Lingfield Guest House Trust Limited" a Company Limited by Guarantee to be incorporated with the sole purpose of acting as corporate trustee to the Guest House Trust.
2. Delegates authority to the Assistant Chief Executive to sign on behalf of SCC authorising the above transfer.
3. Agrees that all assets, in relation to the Guest House Lingfield, including the Trust fund of £549,474 (subject to variation as described in paragraph 10) that SCC holds, are transferred to the new Trust and that the agreed directors are appointed all subject to the grant of the lease.
4. Confirms that the library will transfer to a Community Partnered Library arrangement from June 2016 onwards.

REASON FOR RECOMMENDATIONS:

To give local people an opportunity to provide for more efficient and effective use of the Trust's resources, facilitate more local and direct involvement with the Lingfield Guest House building and thereby benefit the charity.

DETAILS:**Background**

1. Lingfield Guest House is a 15th century, oak timbered building which was bequeathed to SCC in 1954 and became home to the Lingfield Library Centre a year later. The Guest House, so named because it was originally used for visitors to the nearby (monastic) College of Lingfield, was restored in 1898 and retains many of its original features. Particularly noteworthy is the Hall which forms the centre of the building and opens to the roof. It is notable as one of the oldest surviving buildings in the county.
2. The Guest House contains a collection of artistic and antiquarian objects including four tapestries, thought to be Flemish in origin, which hang in the Hall. It also houses the Hayward Memorial Local History Centre. It is a Grade II* listed building by English Heritage. Lingfield library is also accommodated in the Guest House. The property includes a residential flat, which is currently leased to a tenant at a rent of £15,540 per annum. This lease will expire on 26 June 2016.
3. The Guest House was left to SCC on trust by Mr Arthur Baldwin Hayward on the basis that the property be used only for specific purposes as identified in his Will. These include use as a public library or museum for manorial or other records of local or county interest and village industries and in general for antiquities which may have local or county interest. The management of the building, its contents and the trust fund are exclusively the responsibility of SCC as the corporate trustee but it is supported by the Lingfield Guest House Advisory Committee.
4. "The Guest House, Lingfield" is a registered charity (number 207424). The "Activities" of the Trust are in accordance with the terms of the bequest and are registered with the Charity Commission as being: "specialised care and maintenance of a grade II* listed building dated 1474. Investments of the funds held in trust for the preservation of the Guest House, to enable the future maintenance, restoration and enhancement of the building. Provision of space within the Guest House to house a public library for Lingfield in accordance with the terms of the bequest".
5. As corporate trustee the council has given its officers responsibility for day to day decisions regarding maintenance of the Guest House, guided by the Advisory Committee, and subject to the stability of the Trust Fund to pay for it. The charitable funds of "The Guest House, Lingfield" are invested by SCC Finance.
6. The Leader of the Council took a decision in October 2012 to increase local control of the Trust. Following this decision, a great deal of consultation and discussion has taken place with proposed directors. As a consequence, officers are now confident that SCC and the proposed director body are in a position to formalise the arrangement for a new Trust.
7. As identified in the report to the Leader of the Council in October 2012, the local community are very supportive of this move to formalise the arrangements of a new Trust.

The Proposed transfer

8. SCC, as sole trustee, will transfer its trusteeship of the Guest House, Lingfield to “Lingfield Guest House Trust Limited” a Company Limited by Guarantee to be incorporated with the sole purpose of acting as corporate trustee to the Guest House Trust. The Council will, on incorporation of Lingfield Guest House Trust Limited, and subject to the grant of the lease to SCC referred to below, vest the assets held by it on behalf of the Trust in this new trustee.
9. The Trust fund amount of £549,474 to be transferred to Lingfield Guest House Trust Limited is the total funds recorded on the balance sheet of Lingfield Guest House Trust, as at 31 March 2015. This is comprised:
 - £3,800 original valuation of the freehold property
 - £480,693 of investments held and managed by BlackRock, and
 - £64,981 cash balance held by SCC.
10. The actual amount that will be transferred is subject to variation pending the accounts being audited. The final amount to be transferred will also depend on the transactions between 1 April 2015 and the actual date of the new Trust being set up.
11. Lingfield Guest House Trust, a company limited by guarantee, will hold the assets of the Trust on trust for the purposes registered with the Charity Commission, which are:
 - a charitable trust for the specialised care and maintenance of a grade II* listed building dated 1474
 - the investment of the funds held in trust for the preservation of the Guest House, to enable the future maintenance, restoration and enhancement of the building and;
 - the provision of space within the Guest House to house a public library for Lingfield or other uses in accordance with the terms of the bequest.
12. Lingfield Guest House Trust and its directors will take on the full responsibilities of the Trust on its establishment including full administration of the Trust.

Governance of the Lingfield Guest House Trust Limited

13. “Lingfield Guest House Trust Limited” will be a Company Limited by Guarantee. There will be a minimum of six and a maximum of ten company directors. The directors of the company will be appointed to serve an initial term of either three years or five years with no director serving a term longer than six years in aggregate. However, in exceptional circumstances, the board of directors of Lingfield Guest House Trust Limited can overrule this as long as it is determined that it is in the best interests of the Lingfield Guest House.
14. The new directors have been selected through an open recruitment process.
15. At the end of the term of three years of its appointed founding director, SCC will not have the right to nominate another director. Dormansland and Lingfield Parish Councils will continue to have a right to nominate directors who will be appointed provided that the trustees in office at the time of the nomination raise no reasonable objection to the nomination. Other than those directors nominated in

accordance with the above, all new appointments will be made following a recruitment process carried out in accordance with the then current Charity Commission guidance on good practice.

16. Directors will be particularly mindful to ensure that they have access to advice on the management of historic buildings and their care and conservation and to put in place a mechanism for seeking advice on all significant structural issues. Additionally, the prospective directors have an identified chartered surveyor specialising in period buildings that they are able to seek advice from. This individual was not able to commit fully due to time constraints but is willing to be contacted on a consultancy basis.
17. A list of the founding directors along with a short biography for each are included below.

Ian Jones

18. Ian has been a Lingfield resident since 1991. He is Chairman of the RH7 History Group and trustee at William Buckwell Almshouses, Lingfield. Ian is also a Director at Lingfield and Dormansland Community Centre and Chairman of Pennies from Heaven Distribution. Ian was Chief Executive at the Employment Tribunals Agency 1997-2000 and Director at Office of Manpower Economics between 2007 and 2010.

Peter Francis

19. Peter was born in Reigate, brought up in Sanderstead and has lived in Lingfield for 44 years, close to the Guest House. He is a Fellow of the Institute of Chartered Accountants and started his career as an audit manager for KPMG after qualification in 1966. Peter then worked for over 20 years with a large UK multinational as group financial controller, group tax manager and group treasurer, for various periods in each position. Peter has extensive international experience in statutory and management accounting. Peter has also been Director and company secretary of Lingfield and Dormansland Community Centre since it was formed in 1998.

Martin Cundey

20. Martin has been involved with the village of Lingfield since 1968 when he set up his Estate Agency business. Consequently, he has an intimate knowledge of the village and its buildings. Martin lives in a listed building himself and appreciates the special nature of The Guest House and its history. He is acutely aware of the importance of properly maintaining the property and managing it in a way so it can continue its useful community function. Martin also feels that the Guest House should be used and appreciated as a heritage for future generations. Moreover, he believes that he possesses the skills and knowledge to make a useful contribution towards its long term well-being

Joanna Unsworth

21. Joanna moved to Lingfield in January 1973 as a child and attended Lingfield First School, Lingfield Middle School and then Oxted County School. She attended Sheffield Hallam University and obtained a degree in Accounting and Management Control. Joanna went on to work at Creasey & Sons Chartered Accountants in Tunbridge Wells and then at Giant UK Services Ltd in London. In

April 1999, Joanna began work for Levy & Co in Lingfield and became a partner in May 2005. In 2008 Joanna left to spend 6 months travelling around southern Europe. On her return, she set up her own business, initially as a sole trader and then as a Limited Company, Unsworth's Accountancy Services Ltd. Joanna is a fellow of the Association of Chartered Certified Accountants (ACCA) having graduated in August 1998 and obtaining her practicing certificate in May 2005.

22. The above have all been selected through an open recruitment process. In addition to this there will be a director nominated by SCC, one by Dormansland Parish Council and one by Lingfield Parish Council.

Surrey County Council – director nomination

23. Mr Michael Sydney is the director nominated by SCC. Michael was elected to Tandridge District Council in May 2002. He was Chairman of Surrey Hills Area of Outstanding Natural Beauty Joint Advisory Committee in 2005 and is a present Member of High Weald Area of Outstanding Natural Beauty. He is also the Council's representative on The Citizens Advice Bureaux (East Grinstead) and Lingfield Community Wildlife Area Management Committee Tandridge.

Dormansland Parish Council – director nomination

24. Janet Bateson is the director nominated by Dormansland Parish Council. Janet graduated with a BA History Degree in 1983 and became a teacher in Principles of History Research for W.E.A. in East Yorkshire. Janet was also a member of the Council of Yorkshire Architectural and York Archaeological Society 1979-1985 and carried out research projects for this Society. Janet moved to Surrey in 1985 and worked for the British Museum between 1987 and 1999.
25. Janet retired to spend time on local history research and published *Around Lingfield at War: Wartime Experiences in S.E. England 1939-1945* in 2010. Janet is currently involved in local history research projects with RH7 history group on a voluntary basis as well as carrying out the role of Secretary of the Hayward History Centre in Lingfield Library.

Lingfield Parish Council – director nomination

26. Rita Russell is the director nominated by Lingfield Parish Council. Rita has been a resident of Lingfield for 34 years and a Guest House Lingfield Advisory Committee member since 2000. She lives in a cottage 20 years younger than the Guest House and so has experience of a listed building and its upkeep.

Lease to Surrey County Council (the Tenant)

27. Simultaneously with the transfer of the Trust to Lingfield Guest House Trust Limited (the Landlord), SCC will take a lease of the ground floor library accommodation for a term of seven years.
28. There will be a right for either party to terminate the lease on 12 months' notice, expiring at any time after the second anniversary of the grant of the lease. This right may only be exercised in exceptional circumstances. It is the Council's intention, in principle, to continue to provide a library service, which will be operated as a community partnered library, from the Lingfield Guest House.

29. The terms of the lease are laid out at Annex 1 to this report within the Heads of Terms agreed between SCC and the prospective directors.

Community Partnered Library

30. In July 2012, the Cabinet decided that Lingfield library would, along with nine other libraries, become a community partnered library. There is nothing in the terms of the bequest from Mr Haywood that compromise or complicate this separate decision.
31. However, it has been agreed, that SCC will continue to provide a directly managed library until June 2016 to allow time for the arrangements for a community partnered library to be set up and for adjustment to the new Trust arrangements.

CONSULTATION:

32. SCC Legal Services have sought specialist external legal advice on this matter and have also been in contact with the Charity Commission in order to ascertain the capacity that exists to vary and amend the arrangements laid down in the bequest by Mr Haywood.
33. The matter has been discussed with the Leader of the Council and the Cabinet Member for Community Services (now the Cabinet Member for Wellbeing and Health). The Cabinet Member for Localities and Community Wellbeing has also been informed.
34. The Local Member has been consulted and is supportive of the proposals.
35. Since the last related decision by the Leader of the Council in October 2012 there has been ongoing wider consultation with outside/ local bodies concerning this proposal. This has confirmed the local desire to transfer the assets to a locally governed Trust.

RISK MANAGEMENT AND IMPLICATIONS:

36. The Advisory Committee has indicated that these new arrangements would enable the Trust to operate on a more efficient basis in the future. However, as with all historic buildings, unforeseen liabilities may occur which will have to be absorbed by the Trust's resources.
37. With the proposed change in the operating arrangements, there is a risk that the new Trust management may not at all times in the future include directors with a full range of specialist and technical knowledge and skills that are currently supplied by SCC to supervise the building and schemes of works with professional indemnity. The Charity Commission recommend a constitution that appoints trustees based on role descriptions covering the range of skills needed, for example administration; building /technical; financial management and fund raising; strategy; PR and publicity. This may conflict with a locally focused appointment strategy and officers are therefore proposing that directors have specialist historical knowledge. This requirement will be fulfilled by the appointment of Janet Bateson and Martin Cundey as directors and their ability to draw on the expertise of both an expert builder and chartered surveyor respectively.

38. Local people replacing the corporate trustee role of SCC may not wish to expose themselves to the personal liability and responsibility attached to being a Trust director for Lingfield Guest House and to the inherent responsibilities they incur in doing so. Directors will need to be made aware of their personal liability in relation to their roles acting as directors and are likely to wish to acquire insurance to protect their personal position.
39. Under these revised arrangements the Trust will be responsible for all its own costs, including contingencies and their financial implications; of immediate concern to the directors will be the imposition of VAT, which is currently recoverable by the Council. There will be no ongoing additional liability from SCC and the Leader of the Council will wish to assure himself that the proposals are sufficiently robust to enable a continuity of library service delivery.

Financial and Value for Money Implications

40. All assets SCC holds, including the Trust Fund, in relation to Lingfield Guest House and the ongoing liabilities will be transferred to the new company.
41. Currently, as sole corporate trustee, SCC is able to fully recover the cost of VAT incurred by the Trust. Going forward under the new trust arrangements, VAT will not be recoverable due to their charitable status.
42. SCC will pay the reasonable legal costs associated with the incorporation of Lingfield Guest House Trust Limited and its appointment as trustee, including vesting of assets into the name of the new trustee as appropriate.
43. SCC will pay the reasonable legal costs of Lingfield Guest House Trust Limited for the grant of a lease to SCC on the terms set out at Annex 1 to this report.
44. SCC currently makes a discretionary payment of £13,200 per annum to the Trust. Upon transfer this will cease and be replaced with a rental agreement of £13,200 for use of the Guest House as a Library. The cost of which will increase annually in line with the Retail Price Index.

Section 151 Officer Commentary

45. The section 151 Officer (Director of Finance) confirms that all material financial and business issues have been considered/ addressed within the report.
46. Attention is drawn to the inability of the new Trust to recover VAT leading to increased costs. This will need to be offset by efficiencies through operating the Trust locally.

Legal Implications – Monitoring Officer

47. SCC is currently the sole trustee of the Guest House, Lingfield and its duties and powers are exercised by the Cabinet. The proposal contained in this report would transfer the responsibility of the Guest House to a newly created company limited by guarantee and the Council's powers and responsibilities as Corporate Trustee would cease. A Scheme of the Charity Commissioners may be necessary to effect the transfer.

48. Along with those responsibilities, all assets of the Trust would vest in the newly incorporated trustee and so in order to remain able to operate a public library out of the Guest House, or to allow its occupation by a community partnered library supported by SCC, it will be necessary to lease back library accommodation from the Trust.

Equalities and Diversity

49. A full equalities impact assessment has been carried out when the Cabinet made the decision for the Lingfield library to become a community partnered library in 24 July 2012. Given that this is effectively only a change in the management arrangements of the building which houses the library, it is not considered there are equalities implications which need to be addressed.
50. It should be noted that due the nature of the historic building there are limitations on full compliance with Disability Discrimination Access requirements (for universal access).

WHAT HAPPENS NEXT:

51. Officers will establish whether a Scheme of the Charity Commission is necessary as described in paragraph 47 of this report.
52. A date will be set for the legal transfer of the Guest House Lingfield, a charity registered with the Charity Commission (number 207424) to a Company Limited by Guarantee.
53. The approved recommendations will be carried out by the Assistant Chief Executive on behalf of SCC.

Contact Officer:

Samantha Voyle, Tel: 020 8541 8604

Consulted:

Michael Sydney, Local Member for Lingfield,
the Charity Commission

Annexes:

Annex 1 – Lingfield Guest House Trust memorandum of understanding between SCC and prospective trustees

Sources/background papers:

Will of Arthur Baldwin Hayward
Decision taken by the Leader of the Council on 15 October 2012

Annex 1

The Lingfield Guest House Trust (LGHT) – memorandum of understanding between Surrey County Council (SCC) and the prospective directors

Overall purpose

The overall purpose of this project is for Surrey County Council to transfer the control of the Guest House Lingfield, a charity registered with the Charity Commission (number 207424) to a Company Limited by Guarantee which has the maintenance conservation and enhancement of the Guest House at the heart of its activities, and to provide for the Council's current intention to continue to use the Guest House building to accommodate a library open to the general public, albeit through a community partnered model.

Proposed transfer

1. SCC, as sole trustee, will transfer its trusteeship of the Guest House Lingfield to "Lingfield Guest House Trust Limited" a Company Limited by Guarantee to be incorporated with the sole purpose of acting as corporate trustee to the Guest House Trust. The Council will, on incorporation of Lingfield Guest House Trust Limited, and subject to the grant of the lease referred to below, vest the assets held by it on behalf of the Trust in Lingfield Guest House Trust Limited as the new trustee.
2. Lingfield Guest House Trust Limited will hold the assets of the Trust on trust for the purposes registered with the Charity Commission, which are: a charitable trust for the specialised care and maintenance of a grade II* listed building dated 1474, the investment of the funds held in trust for the preservation of the Guest House, to enable the future maintenance, restoration and enhancement of the building and the provision of space within the Guest House to house a public library for Lingfield or other uses in accordance with the terms of the bequest. Lingfield Guest House Trust and its directors will take on the full responsibilities of the Trust on its establishment.

Governance of the Lingfield Guest House Trust Limited

3. "Lingfield Guest House Trust Limited" will be a Company Limited by Guarantee. There will be a minimum of six and a maximum of ten company directors. The founding directors will be:
 - Ian Jones
 - Peter Francis and
 - Martin Cunday,
 recently selected through an open recruitment process and
 - one director nominated by SCC - Michael Sydney
 - one director nominated by Dormansland Parish Council - Janet Bateson
 - one director nominated by Lingfield Parish Council - Rita Russell.

4. The directors of the company will be appointed to serve a term of either three years or five years (split to be agreed but preferably equal/similar numbers of each), with no director serving a longer term than six years in aggregate. In exceptional circumstances, the board of directors of Lingfield Guest House Trust Limited can overrule this in the best interest of the Lingfield Guest House.
5. At the end of the term of three years of its appointed founding director, SCC will not have the right to nominate another director. Dormansland and Lingfield Parish Councils will continue to have a right to nominate directors who will be appointed provided that the directors in office at the time of the nomination raise no reasonable objection to the nomination. Other than those directors nominated in accordance with the above, all new appointments will be made following a recruitment process carried out in accordance with the then current Charity Commission guidance on good practice. Such guidance is currently available on <https://www.gov.uk/government/publications/finding-new-trustees-cc30/finding-new-trustees>.
6. Directors will be particularly mindful to ensure that they have access to advice on the management of historic buildings and their care and conservation and to put in place a mechanism for seeking advice on all significant structural issues.

Lease to Surrey County Council (the Tenant)

7. Simultaneously with the transfer of LGHT to Lingfield Guest House Trust Limited (the Landlord), SCC will take a lease of the ground floor library accommodation for a term of seven years. There will be a right for either party to terminate the lease on 12 months' notice, expiring at any time after the second anniversary of the grant of the lease but this right may only be exercised in exceptional circumstances - it is the Council's intention in principle to continue a library service, which will be a community partnered library, in the Guest House for 7 years at least. The lease will be granted on the following terms:

Rent:	Initially £13,200 per annum (increased annually thereafter in line with RPI) payable quarterly in advance, inclusive of business rates (if payable), utilities, insurance, repairs and landlord's services (including cleaning, safety and security equipment). This will be based on the current operating hours totalling 21.5 hours. Any increase in opening hours will be subject to agreement with the Landlord.
Use:	Public library.
Alterations:	The Tenant will be strictly prohibited from undertaking structural alterations. Non-structural alterations will be permitted with the Landlord's prior written consent.
Repairs:	The Landlord will be responsible for keeping the premises including Landlord's fixtures and fittings in good repair and condition, internally, externally and structurally.

The Landlord will be responsible for keeping the premises in good decorative order.

The Landlord will be responsible for keeping the landlord's mechanical and electrical installations in good repair and condition.

The Tenant will keep the premises tidy.

The Tenant will make good any damage caused to the premises caused a result of its negligence.

- Insurance:** The Landlord will maintain a buildings insurance policy to the full reinstatement value of the premises.
- Indemnity:** The Tenant will indemnify the Landlord against any claims, actions or losses arising directly from the Tenant's occupation of the premises and must also take out a policy of Public Liability Insurance to the value of £5,000,000 per claim.
- Alienation:** The Tenant will be prohibited from assigning the lease. The Tenant may, on request to the Trustees whose consent will not be unreasonably withheld or delayed grant a licence or lease for the occupation/use of the library space, restricted to library opening hours and by a community partnered library group.
- 1954 Act:** The lease will be contracted out of the security of tenure provisions found in s24-28 of the Landlord & Tenant Act 1954, Part II. This means that the Tenant will not have a right to renew the lease once it has expired.
- Rights:** The Tenant will be granted the following additional rights:
1. To use the shared toilet and kitchen facilities on the ground and first floors respectively.
 2. A right of pedestrian access over the common parts of the building.
- Reservations:** The Landlord will reserve the following rights over the demised premises:
1. A right to inspect the demised premises upon giving no less than 48 hours notice, except in an emergency, when no notice will be required
 2. A right to enter the premises to provide the Landlord's services, with minimum disruption to the tenant.
 3. A right of access through the Library premises in connection with any separate use of areas of the building not demised to the Tenant. The Landlord will not permit access to any part of the premises by any other person or body, excepting the Flat, unless under supervision by the Landlord or the Landlord's representative.

Costs

8. SCC will pay the reasonable legal costs associated with the incorporation of Lingfield Guest House Trust Limited and its appointment as trustee, including vesting of assets into the name of the new trustee as appropriate, in accordance with the agreed terms set out above.
9. SCC will pay the reasonable legal costs of Lingfield Guest House Trust Limited for the grant of a lease to SCC on the terms set out above.