

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.