

Old School Update for Parish Council meeting on 11th November 2010

Decision time, a project summary

The various detailed transactions related to the purchase of the Old School are now almost complete and details are given below. Completion of the project cannot take place until signed agreement and simultaneous completion of each part can be made. It is expected that 10 days will be sufficient for these final steps.

In essence the proposal is for the Parish Council (PC) to purchase a 999 year lease of the premises from the Diocese of Bristol and to give Sherston Old School Community Interest Company (SOSCIC) a sub lease for [150] years and charge them with the task of converting the premises for commercial and community use. By this means PC will retain control of the premises but will use the particular expertise of SOSCIC to carry out the works and administer the project. SOSCIC will also be able to involve the community directly by offering membership of SOSCIC in return only for a nominal payment in the event of SOSCIC becoming insolvent.

The total initial costs are estimated at £703,000, comprising £363,000 for purchase of the premises, £200,000 for renovations, £90,000 for professional fees and a contingency of £50,000. This sum is met by the loan of £250,000 from the Public Works Loans Board (PWLB), the grant of £50,000 from NWDC, a Performance Reward Grant of £65,000 from Wiltshire Council, a development gain benefit of £8,000, other grants of £10,000 and grants from the Eleanor Barton Trust and Sam Thompson Fund totalling £370,000. The funds received are expected to total £753,000 and include £50,000 for any further contingencies.

The contributions received from the Sam Thompson Fund and the Eleanor Barton Trust are particularly generous and will be publicly recognised. In particular, as you will see explained in detail below, the Sam Thompson Fund has granted an additional £30,000 to the project taking its total overall contribution to £120,000.

The initial phase is to acquire the premises, make them wind and water tight, install central services and renovate an agreed area for occupation as soon as possible by Sherston Post Office and Stores. This first phase will enable the project to be self-sustaining. Phase 2, the renovation of the remaining parts of the premises and the letting of those areas, will only proceed once the viability of that second phase (funding, costing and tenant availability) is determined.

SOSCIC will make regular payments to PC sufficient to cover the repayments of the PWLB loan.

An in depth consultation in May 2008 balloted 1,300 villagers of whom 722 replied and 691 of those (95%) were in favour. From these figures, showing a statistically high return and an overwhelming majority in favour, it is clear that the project has strong public support.

Related to the project and forming part of the completion documents are new leases from Wiltshire Council of the 'school field' to the Village Hall (VH) for [125] years and of the allotments to the PC for [20] years.

1. Public Works Loans Board (PWLB)

Funds of £250,000 have been borrowed from PWLB at a fixed interest rate of 4.19%. Repayments of £5,990.94 will become due on 26th April 2011 and six monthly thereafter for 50 years. Total payments over the life of the project will be approximately £600,000.

Worth noting is that funds borrowed today from PWLB would attract interest of 5.16%, repayments would be £6,998 per half year and the total repayable over 50 years would be almost £700,000.

2. Parish Council (PC) 999 year lease from Diocese of Bristol

The price of the lease is now £363,000. The long lease includes a provision that the site cannot be developed for residential purposes without agreement from the Diocese of Bristol.

The valuation prepared for PC by Fielder & Jones was of £323,000 and this was the initial contract price. At the same time VH was to pay £40,000 for a lease of the school field. After negotiations involving Wiltshire Council it was decided that the price of the Old School premises would be increased to £363,000 and the price payable by VH would be reduced to £nil. The Sam Thompson Fund, which was to provide VH with the £40,000, kindly agreed to re-allocate that sum from VH to SOSCIC. In turn SOSCIC agreed to increase the amount of premium it would pay from £100,000 to £140,000 and by this means PC is to receive the extra funding necessary for the increase in price.

The lease will be available for inspection in due course.

3. PC grants to SOSCIC a [150] year lease to develop and administer the premises

SOSCIC will pay PC an initial premium of £140,000 (increased from £100,000 as detailed in 2 above) and a payment of £12,000 pa for [50] years [and thereafter a peppercorn of £1 pa].

Over the [50] years SOSCIC will pay a total of £[740,000] to PC.

The lease will be available for inspection in due course.

4. Lease to Post Office and Stores (PO) from SOSCIC

Heads of Terms have been signed but an Agreement for Lease to which is attached the detailed lease terms are still awaiting agreement and signature. No significant problems are anticipated and agreement is anticipated in the near future.

Heads of terms are available for inspection on request.

5. PC and VH to agree exchange of a parcel of land at the rear of the Old School playground for a right of access over the driveway to VH

Vehicular access to the Old School playground is a vital element of being able to develop the premises. In particular PO requires such access.

This access can only be via the driveway to VH and, at this time, VH retains those rights.

Agreement between VH and PC has been reached in principle to exchange a right of access over the driveway to PC for a parcel of land at the rear of the Old School playground but details can only be decided once planning approval (see 6 below) has been given.

6. Planning permission

The plans for development of the Old School are without planning approval. It is PC that will make the application, thus giving approval to the head leaseholder and, incidentally, taking advantage of lower fees payable by Parish Councils. Application will be made once completion of the transactions has been achieved.

Meetings with the Wiltshire Council planning department suggest that options related to the wall running along the driveway between VH and Old School playground are an important matter of contention. It will certainly be necessary to break into that wall and possibly remove a section of it if vehicular access to the rear of the Old School is to be possible.

Cllr Thomson is aware of the issues and PC and the board of SOSIC are confident that planning approval will be obtained without too much delay.

Nevertheless there is a risk remaining at completion that planning permission may be refused or limited such that vehicular access to the rear of the Old School will not be possible. In those circumstances other alternatives would have to be sought.

7. Funding of £370,000 received by SOSIC from Sam Thompson Fund and Eleanor Barton Trust

The donation from Sam Thompson Fund has been increased by £30,000. The original offer was of £50,000, increased by the £30,000 now given and by the £40,000 re-directed from VH (see 2 above) giving a total donation from the Fund of £120,000. This is extremely generous of the trustees of the Fund and PC and SOSIC will meet with the trustees to decide how and in what manner this generosity is to be recognised.

Funding from the Eleanor Barton Trust of £250,000 has also been gratefully received.

Burges Salmon solicitors have drawn up Funding Agreements related to these funds and, in making their donations, the trusts have acted in accordance with the advice given to them by that firm.

8. Performance Reward Grant of £65,000

This grant has been received.

9. VH obtains a [125] year lease of the school field

A lease giving VH a [125] year lease of the land at the back of the village hall, the 'school field', has been agreed.

It is a condition of the grant monies from Sam Thompson Fund and Eleanor Barton Trust that this lease is completed at the same time as the other transactions related to the Old School and SOSIC has given an undertaking not to use any of their monies until that time.

The lease is available for inspection.

10. PC obtains a [20] year lease of the allotments site

A lease giving PC a [20] year lease of the allotments site has been agreed.

It is a condition of the grant monies from Sam Thompson Fund and Eleanor Barton Trust that this lease is completed at the same time as the other transactions related to the Old School and SOSIC has given an undertaking not to use any of their monies until that time.

The lease is available for inspection.

11. Financial model

The financial model of the transaction is attached.

12. Architects plans of Old School re-development

The draft plan will be available in hard copy at the meeting.

13. Publicity and membership of SOSIC

SOSIC will, in due course, be open to membership by anyone prepared to contribute a nominal sum should the company become insolvent.

Volunteers are needed to join the project team, especially for publicity, and will be actively sought.

14. Decision

PC is asked to consider the transactions, publish the minutes of tonight's meeting without delay, and meet again at a special meeting as soon as possible to approve PC's part of the arrangements.