

	ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER 3 August 2015
Title	Stonegrove Regeneration – Church and Community Centre A. Transfer of land for the Church and Community Centre to the London Diocesan Fund B. Completion of an occupational lease with Stonegrove Community Trust C. Completion of a Community Trust Deed and other Agreements relating to the management and operation of the Community Centre and Church D. Surrender of the St Peter’s church hall and vicarage lease E. Transfer of the new Parsonage to the London Diocesan Fund
Report of	Regeneration Manager and Regeneration Property Officer
Wards	Edgware
Status	Public
Enclosures	Plans: 12407_70_03-D Community Centre Plan 12407_70_04-D Conveyance Plan For Parsonage
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<h2>Summary</h2>	
<p>On 18th June 2007 Cabinet approved the Council entering into The Principal Development Agreement (PDA) with Barratt Evolution LLP (BEL), for the regeneration of the Stonegrove and Spur Road Estates. This was subsequently varied by Deeds of Variation on 25 March 2008 and 30th June 2011.</p> <p>Resolution 3 of the decision of Cabinet on 18th June 2007 stated that, subject to the final terms of the Principal Development Agreement and legal arrangements being approved by the Cabinet Member for Regeneration and Development under Delegated Powers; that the necessary legal documentation be completed in order for the scheme to proceed.</p>	

The regeneration of the estate includes a requirement in the PDA, and under a Section 106 Agreement, that BEL construct a new Community Building and Church. The Community building is a new facility that will be operated by the Stonegrove Community Trust (SCT) under the terms of a Community Trust Deed between the Council and the Trust.

Part of the land for the final phase of the regeneration is owned or leased by the London Diocesan Fund (LDF). This land includes a long lease (at a peppercorn rent) of St. Peter's church hall and the freehold of the existing vicarage. To avoid acquisition of this land under a Compulsory Purchase Order a land swap was agreed with the LDF.

The PDA and the s106 Agreement requires Barratts to build a new parsonage and, on completion, the PDA requires the Council to transfer the land for the parsonage and the church to the LDF in consideration of the LDF transferring the freehold of the vicarage.

The LDF's loss of St Peter's church hall is being compensated through the grant of a 999 year lease to the LDF of the new community building and church, in accordance with the terms of the PDA.

In order to maximise the use of the new community facilities the church and community buildings have been constructed together on the site shown outlined in red on the attached plan 12407_70_03-D Community Centre Plan (with such minor or inconsequential amendments as may be necessary to give effect to the transaction). This will reduce the running costs and maximise amount of space available for community usage. Planning consent has been granted for this building which is already under construction.

The parties have all agreed to amend the plan in the PDA to reflect what is being built and the PDA allows the plan to be varied.

Because of the inter-relationship between the various agreements and leases the parties will need to complete an Agreement for Lease that will place obligations on the parties to complete the documents needed at the appropriate time.

This DPR requests authority for the Council to enter into the Agreement for Lease, and subsequently complete two occupational 998 year leases, one to the LDF for the church area and one to the Community Trust for the community centre. Each lease is at a peppercorn rent on internal repairing and insuring terms with a service charge to cover the cost of maintenance of common parts. In addition to the occupational leases to compensate the LDF for the loss of its lease of the church hall authority is requested to enter into an overriding 999 year lease of the building with the LDF, under which they will take on full responsibility for both managing and maintaining the whole building. The Council will retain the Freehold interest.

The Community Trust (CT) will operate the community centre under the terms of a Community Trust Deed to be granted by the Council, the terms of which maintain the principles set out in the PDA and the Council's objectives to maintain a community centre for the estate. Authority to complete this Deed is also requested.

The full cost of the construction of the church and community centre building and all legal costs are reimbursed to the Council by BEL under the terms of the PDA. There are no

financial implications for the Council in completing the leases, land transfers and other agreements which all form part of the Council's obligations under the PDA.

Decisions

That in accordance with the resolution of the Cabinet on 18th June 2007 The Council agrees to enter into the legal agreements necessary to complete the transfer of the church and community centre building and the parsonage, together with all other consequential agreements and variations to the PDA set out in paragraph 1/10/1 below.

1. WHY THIS REPORT IS NEEDED

- 1.1 The council is working with its Development Partner, Barratt Evolution LLP (BEL) to deliver the Regeneration Scheme at Stonegrove.
- 1.2 The Stonegrove Regeneration Agreement became unconditional on the 27th November 2009 and sets out the proposed development to be constructed over 8 Phases.
- 1.3 Under the terms of the Principal Development Agreement and to meet the requirements of the Section 106 Agreement, BEL must construct a new Community Building and Church, within an agreed budget and to an agreed minimum area.
- 1.4 The Community building is a new facility that will be operated by the Stonegrove Community Trust (SCT) under the terms of a Community Trust Deed between the Council and the Trust.
- 1.5 Part of the land for the final phase of the regeneration is owned or held under long lease by the London Diocesan Fund (LDF). This land includes land around St Peters church hall leased by the Council under a long lease at a peppercorn, together with the existing vicarage. The PDA and the s106 Agreement requires BEL to build a new parsonage, church and Community Centre and, on completion the PDA requires the Council to transfer the freehold of the land for the parsonage and the Church to the LDF in consideration of the LDF surrendering up its existing freehold and long lease interests.

1.6 There is no financial payment either way as the LDF is being compensated for its existing interests by the freehold of the Parsonage and the 999 year lease of the Church and Community Centre building, in accordance with the terms of the PDA.

1.7 The Combined Church and Community Centre

1.7.1 In order to maximise the use of the new community facilities the church and community buildings have been constructed together on the site shown on the attached plan 12407_70_03-D Community Centre Plan. This will reduce the management costs and maximise amount of space available for community usage and planning consent has been granted for the revised proposals.

1.7.2 The parties have all agreed to amend the plans in the PDA to reflect what is being built and the PDA allows the plan to be varied. This includes an amendment to the handover of land under the development stage works licence for the final phase.

1.8 Required Lease/Ownership Structure

1.8.1 Freehold

1.8.1.1 The PDA assumed that the Council would be transferring the freehold of the church and community buildings but, in order to maintain control over the future development of the land it has been agreed by all parties (the Council, the LDF and Barratt Evolution LLP) that the freehold will be retained by the Council.

1.8.2 Occupational Leases for the Church and the Community Centre

1.8.2.1 The Council will be granting two occupational 998 year leases, one to the LDF for the church area and one to the Community Trust for the community centre. Each lease is at a peppercorn rent on internal repairing and insuring terms with a service charge to cover the cost of maintenance of common parts.

1.8.3 Reversionary Lease

1.8.3.1 Following the grant of the occupational leases the Council will grant a reversionary, overriding 999 year head-lease of the building to the LDF. Under this the LDF will take on full responsibility for both managing and maintaining the whole building. The Council will retain the Freehold interest.

1.8.4 Community Trust Deed

1.8.4.1 The Community Trust (CT) will operate the community centre under the terms of a Community Trust Deed to be granted by the Council, the terms of which maintain the principles set out in the PDA and the Council's objectives to maintain a community centre for the estate.

1.8.5 Service Level Agreement

1.8.5.1 The LDF and the Community Trust have agreed a Service Level Agreement (SLA) between themselves under which the CT will manage the building on behalf of the LDF. The Council does not need to be party to this Agreement.

1.9 Management of the Community Centre

1.9.1 The Council does not wish to be involved in the management or operation of the community facilities on the estate and it has been agreed that the social housing partner, Family Mosaic (FM), will take on long term responsibility for monitoring the Community Trust. If difficulties arise, they must step in and either work to remedy the problems or identify and install a suitable new operator with the same safeguarded community objectives.

1.9.2 In the event that FM are unable to find any suitable replacement, as a last resort, the Council can take control of the space itself as it will retain a long lease interest in the community centre.

1.10 Legal Documents

1.10.1 The council will retain the freehold interest in the land, but, to complete the transfer and set up the necessary lease structure, the following documents will need to be completed:

1.10.1.1 The Agreement for Lease committing all parties to entering into the necessary documentation.

1.10.1.2 A 998 year occupational-lease of the new church accommodation will be granted by the Council to the LDF.

1.10.1.3 A 998 year lease from the Council to the Stonegrove Community Trust of the Community Centre within the building.

1.10.1.4 Overriding lease of the whole building to be granted by the Council to LDF (subject to the two occupational leases) following completion of the two occupational

leases.

- 1.10.1.5 The Council to transfer the freehold of the new parsonage to LDF as set out on the attached plan 12407_70_04-D Conveyance Plan For Parsonage subject to such minor variations as may be required.
 - 1.10.1.6 Multi-party Community Trust Deed setting out the terms of funding for the management of the Community Trust.
 - 1.10.1.7 Rent Charge Deed relating to payments for the community heating system, initially between The Council and BEL, but the obligations for which will be passed back to LDF/SCT.
 - 1.10.1.8 The Council to take back a surrender of the existing church and vicarage from the LDF.
 - 1.10.1.9 The existing PDA to be varied to incorporate the revised arrangements for the provision of the community centre and church within a single building.
 - 1.10.1.10 Future funding for the community centre to be secured by a rent charge against the freehold interest in the blocks of flats on the estate.
 - 1.10.1.11 Service level agreement between LDF and CT.
 - 1.10.1.12 The Council to grant an easement relating to a school access gate.
 - 1.10.1.13 Any other ancillary documents as may be necessary to give effect to the transaction.
- 1.10.2 The occupational leases cannot be granted until the building is complete and the Overriding, head-lease will be granted simultaneous with the surrender of the LDFs existing leasehold interests, transfer of their land and the LBB transfer of the land for the new Parsonage.

1.11 This DPR is seeking authority for the Council:

- 1.11.1 To enter into the necessary Agreements set out in 1.10.1 above.
- 1.11.2 To substitute plans in the PDA and make consequential minor amendments to the PDA consequential to the substitution of the plans.

1.11.3 Upon completion of the Church and Community Centre Building and the new Parsonage to accept the surrender of the land leased to the LDF on the estate and, in consideration of this to transfer the freehold of the new Parsonage as shown on plan 12407_70_04-D Conveyance Plan For Parsonage (subject to such amendment as may be required following completion of the construction), appended hereto, to the LDF

1.11.4 To accept the surrender of the lease of St Peter's church hall.

2. REASONS FOR DECISIONS

- 2.1 Under the terms of the Principal Development Agreement for the Stonegrove and Spur Road estates the Council is required to transfer the land required to complete the development in accordance with the terms of the development Agreement.
- 2.2 This decision enables the Council to enter into the Agreement for Lease which is required to trigger the obligation for BEL to construct the Church, Community Centre and new Parsonage in accordance with the terms of the Principal Development Agreement.
- 2.3 The execution of the Agreement for Lease commits the Council to the transfer of the land through the grant of the 999 year Overriding Lease and to grant the leases to permit occupation of the building by the LDF and the Community Trust.
- 2.4 The land swap agreement with the LDF requires the Council to complete the transfer of the completed new church and the Parsonage buildings before the LDF surrender their interest in the remaining land and transfer it to enable BEL to complete the regeneration. The grant of the Overriding Head-lease and the transfer of the freehold of the Parsonage pursuant to the Agreement for Lease is required to satisfy this condition of the agreement with the LDF.
- 2.5 The Council committed to provide a new Community Centre as part of the regeneration of the estate. The local community is to operate and manage this centre in accordance with the principles set down by the Council following community consultation as part of the planning process. The Community Trust deed is required to document these terms and to ensure continued observance of the principles into the future.
- 2.6 The granting of the occupational leases to the Community Trust and the LDF pursuant to the obligations under the Agreement for Lease is required to permit the occupation of the Community Centre and the Church.

- 2.7 The substitution of the revised plan for the Community Centre and Church Building is required to regularise the revised layout of the buildings as now agreed between all the parties and for which planning consent has been granted.
- 2.8 The substitution of the phasing plan is required to permit the split of the final development phase allowing the council's development partner to undertake works in the final phase before the surrender of the LDF's long leasehold interest in part of the final phase.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 3.1 This decision implements earlier member decisions and delivers the parties' obligations under the Development Agreement. There are no alternative options under the delegated authority.

4. POST DECISION IMPLEMENTATION

- 4.1 Following the decision the Council's Solicitors, HB Public Law will complete the documents set out in 1.10.1 above, the substitution of the revised plans in the PDA together with the consequential changes to the PDA wording to reflect the approved revisions.
- 4.2 On completion of the Church and Community Centre Building the council will complete the grant of the two occupational 998 year leases and then grant the overriding 999 year lease to the LDF.
- 4.3 Immediately following 4.2 and in accordance with the obligations in the Agreement for Lease the Council will accept the surrender of the LDF's long leasehold interest in St Peter's Church hall and the LDF will convey the freehold of the Vicarage to Barratt Evolution LLP in accordance with the terms of the Principal Development Agreement.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Stonegrove Regeneration Scheme supports the Corporate Plan 2013-2016 priority 'To maintain the right environment for a strong diverse local economy' and the strategic objective under this priority is to sustain Barnet by 'promoting growth, development and success across the borough'.

5.1.2 The scheme also supports the corporate priorities and the Sustainable Community Strategy 2010-2020 through the following core values:

‘Sharing opportunities for success’ and ‘choice and responsibility’ – the new development will provide good quality homes. The development will also offer more choice by providing a number of different housing options, such as shared equity, shared ownership and private homes for sale to residents and those in the wider community

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 Finance

5.2.1.1 The full cost of the construction of the church and community centre building are met by Barratt Evolution under the terms of the PDA and the s106 Agreement.

5.2.1.2 All legal costs are reimbursed to the Council by BEL under the terms of the PDA. There are no financial implications for the Council in completing the leases, land transfers and other agreements which all form part of the Council’s obligations under the PDA.

5.2.1.3 All outgoings are met by the Community Trust and the LDF. However, the Council would be liable for part of the occupational costs if it takes possession in the event of a failure of the Trust and if Family Mosaic are unable to find a suitable alternative operator. In this case the Council would either operate the centre itself and offset the costs by the income received or seek proposals from operators.

5.3 **Legal and Constitutional References**

5.3.1 The council has the power to enter into the regeneration agreements and associated land disposals and charges of land in accordance with a number of statutory powers including s1 of the Localism Act 2011 and s123 of the Local Government Act 1972.

5.3.2 Appropriation of land from one purpose to another was a function of the Council’s Executive. Under the approval granted by the Cabinet Resources Committee, 4 April 2012 (Item/Decision 6 – Date of publication 12/04/2012 & Date of coming into force 19/04/2012) the appropriate Chief Officers were authorised, Subject to any relevant

consents of the secretary of state being obtained, to appropriate to planning purposes, the Housing, Highway, education and any land held for any other purpose of the Council, within the regeneration area, prior to the disposal of such lands.

- 5.3.3 In accordance with the decision of Cabinet, 18th June 2007 (Item/Decision 11 – Date of publication 16/09/2014), authority was delegated to the Strategic Director, Growth & Environment, to complete the necessary legal documentation in order for the scheme to proceed. Following an internal restructure it was resolved by a decision of the chief executive dated 19th December 2014 (published on 22nd February 2015) that the responsibilities of the Strategic Director for Growth and Environment are discharged by the Strategic Director for Commissioning.

5.4 Risk Management

- 5.4.1 The risk of the Community Centre failing and leaving the Council with the running costs of the Centre has been mitigated through agreement with Family Mosaic that, in such circumstances, they will have an obligation to find an appropriate alternative operator to fulfil the agreed function of the Stonegrove Community Trust.

- 5.4.2 The running costs of the Community building are part funded through on-going annual capital payments by Barratts agreed under the PDA. This income has been ring-fenced and secured through a Rent Charge Deed under which the Community Trust has a charge against the ground rents from a number of properties on the new estate.

5.5 Equalities and Diversity

- 5.5.1 The Council is committed to improving the quality of life and wider participation for all in the economic, educational, cultural, social and community life of the borough. The Stonegrove and Spur Road Regeneration Scheme will provide a mix of affordable and private sale properties. The new mixed tenure housing will improve the community cohesion in an area with a highly diverse population. It will provide increased choice and opportunity for Barnet residents. This supports the overall aim of the Council's Equalities Policy and the Council's duties under the Equality Act 2010.
- 5.5.2 The Stonegrove and Spur Road (SGSR) regeneration will deliver 937 new homes, 389 affordable and 548 private for sale which should assist in fostering community cohesion. The delivery of the regeneration scheme is being conducted in consultation with the SGSR Partnership Board which represents the interests of the residents on the Estates.

5.6 Consultation and Engagement

5.6.1 The Council together with its Regeneration Agreement partners have now met on several occasions to agree the proposals outlined in this DPR.

5.6.2 Stakeholders and community representatives including the Stonegrove Community Trust, The London Academy, Family Mosaic Housing Association, the London Diocesan Fund and the Council have worked together to develop the proposed lease structure to ensure delivery of all key objectives.

6. BACKGROUND PAPERS

6.1 Cabinet, agenda item of meeting held on 18th June 2007

<http://barnet.moderngov.co.uk/Data/Cabinet/200706181900/Agenda/Document%2014.pdf>

6.2 Published Decisions of Cabinet, meeting held on 28th June 2007

<http://barnet.moderngov.co.uk/Data/Cabinet/200706181900/Agenda/Document%201.pdf>

7. DECISION TAKER'S STATEMENT

7.1 *I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.*

8. OFFICER'S DECISION

I authorise the following action

8.1 That in accordance with the resolution of Cabinet, 18 June 2007, authority is given to:

8.1.1 Enter into the following legal Agreements

- 8.1.1.1 The Agreement for Lease committing all parties to entering into the necessary documentation.**
- 8.1.1.2 A 998 year occupational-lease of the new church accommodation will be granted by the Council to the LDF.**
- 8.1.1.3 A 998 year lease from the Council to the Stonegrove Community Trust of the Community Centre within the building.**
- 8.1.1.4 Overriding lease of the whole building to be granted by the Council to LDF (subject to the two occupational leases) following completion of the two occupational leases.**
- 8.1.1.5 The Council to transfer the freehold of the new vicarage to LDF.**
- 8.1.1.6 Multi-party Community Trust Deed setting out the terms of funding for the management of the Community Trust.**
- 8.1.1.7 Rent Charge Deed relating to payments for the community heating system, initially between The Council and BEL, but the obligations for which will be passed back to LDF/SCT.**
- 8.1.1.8 The Council accepting a surrender of the existing church and vicarage from the LDF.**
- 8.1.1.9 Amendments to the existing PDA to incorporate the revised arrangements for the provision of the community centre and church within a single building and the variation to the final phase handover.**
- 8.1.1.10 Rent Charge deed to secure future funding for the community centre.**
- 8.1.1.11 Service level agreement between LDF and CT.**
- 8.1.1.12 An Easement relating to a school access gate.**

8.1.1.13 The transfer of the Council's freehold of the Parsonage to the London Diocesan Fund.

8.1.1.14 Any other ancillary documents as may be necessary to give effect to the transaction.

Signed: Strategic Director – Commissioning

Date: 3 August 2015