



St John's Parish Hall – update June 2024

Summary

- **St John's has offered a 99-year peppercorn (£10pa) lease for St John's Parish Hall in Meads village to the Meads (Eastbourne) Community Centre (MECC) charity. This would give MECC full security of tenure for the next 99 years in exchange for repairing, maintaining and operating the Hall for the benefit of the community.**
- **MECC have asked St John's to transfer the freehold of the Hall to them free of charge. The clear advice to us from specialist ecclesiastical lawyers is that we cannot do this and we would be in breach of Charity Law if we did so.**
- **MECC have subsequently offered £20,000 for the freehold.**
- **In any sale situation, the current Hall trustees are duty bound to obtain the best value they can, which could only be tested through an open market sale.**
- **A recent independent valuation of the Parish Hall puts a value of £225,000-£250,000 on the Hall and site, on the assumption that it continues to have community usage.**
- **We continue to believe that a 99-year peppercorn lease is the right way forward to secure the Hall for the community, while honouring the trust that was established by the original 1912 agreement. Any decision to sell can only be made by the current trustees and no one else.**

Background

The site on which St John's Parish Hall in Meads Village stands has been in the ownership of the church since 1850. The site was originally gifted to the church by the Earl of Burlington under the School Sites Act for building a church school for the village. The school was subsequently moved to a different site and a new Indenture in 1912 reaffirmed the granting of the site to the Vicar of St John's Parish and other local trustees for use as a Sunday School, for other religious instruction, for meetings connected with the Parish or the work of the Vicar and for any clerical, religious, charitable or benevolent purpose connected with the Parish. The additional stipulation was that no use of the site should be contrary to the principles of the Church of England and it should be in furtherance of the designs of the National Society for Promoting the Education of the Poor. The sole management and control of the site was vested in the Incumbent Vicar, who was given the power to appoint future Trustees.

The First World War intervened and so a new Parish Hall was not built until 1926, following fundraising by parishioners. Since that time the Vicar, Churchwardens and other members of St John's church have cared for and managed the Parish Hall. After St John's was badly

damaged by bombing during the Second World War, the church moved into the Parish Hall for a period of about 15 years. Over the years, church use of the Hall has gradually reduced and it has been used increasingly for a variety of community purposes. The responsibility for maintaining and running the Hall has however remained with St John's to this day.

In 2003 legal ownership of the Hall was vested in the Chichester Diocesan Board of Finance under the Incumbents and Church Wardens (Trusts) Measure 1964. This act was passed subsequent to the Charities Act 1960 to prevent the misadministration of trusts established in church buildings for charitable purposes and thus parish halls across the country were subject to this order. The legislation provided for the local Incumbent Vicar and Churchwardens or Parochial Church Councils to continue with their management responsibilities, with the Diocese being a Custodian Trustee. The Land Registry title shows the Chichester Diocesan Board of Finance as the proprietor under title number ESX267727, dated 13th May 2003. The Vesting Declaration of 6th May 2003 names the Vicar and Churchwardens of St John's as Managing Trustees.

For a number of years St John's has been subsidising the day to day running of the Parish Hall, as well as incurring capital costs for repairs to the building. This has become increasingly onerous as the Hall has aged and so in November 2022 we called a public meeting with the local community to discuss the future of the Hall. It was made clear at this meeting that the status quo of the Hall remaining St John's financial responsibility in this way was not an option and two potential solutions were presented – to transfer the running and maintenance of the Hall to a new community charity, or to consider a sale of the Hall. There was a clear wish expressed in the meeting and in subsequent forums to find a solution to allow the Hall to continue operating for the benefit of the community.

Almost immediately following this meeting we began exclusive discussions with the Meads Community Association (MCA) with the aim of enabling a community solution to be found. The proposal was for a new community charity to be established, separate from the MCA, and for a long lease to be granted to this charity at a peppercorn rent, in return for the new charity taking on the responsibility to maintain the building and run day to day activity. A small project team was set up under the auspices of the MCA and an extended period of due diligence and business planning by this team began, which was completed at the end of October 2023. At the same time steps were being taken to create a new Charitable Incorporated Organisation (CIO) and to find Trustees for this CIO.

Given the restrictions of the 1912 agreement, St John's approached the Charity Commission about writing an 'Albemarle Scheme' to allow a change of use, so that a lease could be granted. This is a tried and tested mechanism which has been used over many years by church halls up and down the country and is explained in Charity Commission guidance CC18 – Use of church halls for village hall and other charitable purposes. St John's also approached the Compton Estate about their willingness to release the covenants contained in the 1912 agreement and they indicated they would be happy to do this once a lease was in place. The Charity Commission provided St John's with a draft Albemarle Scheme in

November 2023. The draft scheme was shared with the MCA project team and Heads of Terms for a lease were agreed. The lease which has subsequently been drafted would give full security of tenure to the leaseholder for the next 99 years in exchange for their commitment to maintain and operate the Hall for the community.

At the end of 2023 St John's was informed that four trustees had been appointed to the new CIO, to be named the Meads (Eastbourne) Community Centre (MECC) and that the process of registration with the Charity Commission was in hand. This was completed in January 2024. An application to the Community Ownership Fund, administered by the Department for Levelling Up and Communities, for a substantial taxpayer funding package to repair and refurbish the Hall, to be supported by an element of matched funding by the local community, was submitted at the end of January and we were delighted to hear from MECC in March that this application had been successful and that up to £450,000 would be made available to repair and manage the Hall, on the condition that £100,000 in local matched funding was raised. These funds need to be spent within 12 months of the grant being made, ie by the end of March 2025. **Importantly, full ownership of the Hall was not a condition of the grant being made, but a lease of more than 15 years with reasonable break clauses would suffice.**

St John's appointed lawyers to scrutinise the Albemarle Scheme and to draft a lease and these were sent to MECC on 8th March 2024, with a view to having an agreement in place by Easter or shortly after. To date we have received no comments on the lease from MECC. The MECC trustees have taken a different stance from the previous MCA project team, with whom Heads of Terms for a lease had been agreed. They have requested that the current Hall trustees gift the freehold of the Hall and site to MECC and they provided a legal argument from Cripps to support this.

Although we believed that a long lease was (and is) the most appropriate way of transferring the Hall, using a method set out by the Charity Commission that has been deployed many times by parish halls all over the country, after prayerful consideration we informed MECC that we would be willing to explore whether a free transfer of the freehold could be possible. St John's own lawyers (Winckworth Sherwood) are both ecclesiastical and charity law specialists and they have given very clear legal advice to St John's that such a transfer could not be made under Charity Law, reminding the current Hall trustees of their potential personal liability in the event of any breach of the law. Winckworth Sherwood are also the legal Registrar for the Diocese of Chichester and they advised us that they would give the same advice to the Diocese, whose approval would be required as the legal owner of the site.

At the same time as notifying MECC about our legal position, we commissioned an independent valuation of the Hall and site. This valuation took into account the current state of the building and also the challenges that would be posed by applying for a change of use, putting a value of between £225,000 and £250,000 on the Hall site on the basis of continued community usage.

MECC have been unwilling to accept the validity either of the valuation or of the legal advice that St John's received. They have subsequently offered a sum of £20,000 for the freehold, which cannot be considered as it is so far away from the independent valuation.

Given the short timeframe for using the Community Ownership Fund grant, MECC have submitted a planning application to Eastbourne Borough Council for planned repair works to the Hall. We have given support in principle but made the point that this is dependent upon reaching an agreement for the transfer of the Hall, which we do not yet have.

We are aware that MECC have recently published an open letter to the community seeking their support to purchase the freehold. We believe that this would be an entirely unnecessary additional fundraising burden on the community, when the lease we are offering achieves the aims that were set out in the original November 2022 meeting of maintaining community use of the Hall for future generations, at no cost to the community. Any decision to sell has to be made by the current Hall trustees, not MECC.

Questions & Answers

Why would it not be possible to gift the Hall to MECC?

When the Parish Hall was gifted to St John's in 1912, an ecclesiastical trust was created to operate the Hall in accordance with the 1912 agreement. Although in practical terms the use of the Hall has widened considerably over the last 100 years, this trust still exists and cannot just be overridden. The MECC is not an ecclesiastical trust and this precludes gifting the freehold.

The Charity Commission guidance contained in the document CC18 – Use of church halls for village halls and other charitable purposes – sets out clearly how churches should go about disposing of property that is no longer needed exclusively for church purposes. One way is to request the Charity Commission to write a scheme to allow a change of use and to agree a lease with a new entity. Another way, if the church has no further use at all for the property and therefore the trusts can be said to have failed, is to consider selling the Hall on the open market.

St John's does have a small ongoing use of the Hall for its outreach work and the Parish Hall site is what is known as 'designated land', which would make any sale of the Hall complicated and require Charity Commission approval. The Hall trustees, which are the Vicar and Churchwardens, would have to ensure that any decision to sell is in the best interests of the Parish Hall charity and that they are complying with the statutory requirements of the Charity Act. The site is a significant church asset, which has been supported financially and maintained by the church for over 100 years.

For all these reasons and given the need to proceed quickly, we believe a 99-year peppercorn lease is the right and only viable option.

Why can't you ask the Compton Estate to just write a new agreement?

It is not possible to just override the current agreement for all the reasons already mentioned. The site and the ecclesiastical trust created by the 1912 agreement are subject to charitable law. The church has already approached the Charity Commission about writing an Albemarle Scheme to allow a lease and the Commission has given us a draft Scheme. So a new agreement is not necessary and we know that the Compton Estate will work with us to release the restrictive covenants once a lease has been agreed.

What is the detail of the lease agreement you are working on?

The Heads of Terms, which we agreed many months ago with the MCA project team, proposed a lease for an initial period of 35 years at a peppercorn rent (£10pa). This period of 35 years was in line with Charity Commission guidance. After discussion with the Charity Commission, the proposal is for the lease period to be extended up to 99 years upon the commitment by the leaseholder to spend a substantial sum on repairs. The church would continue to have a limited, reserved use without charge (this being a Charity Commission requirement). The Heads of Terms specified a break option for both parties, but on St John's side we have said we are willing to forego a break option in order to give full security of tenure to MECC.

With a lease, what is to stop St John's from just taking the building back once it has been refurbished?

As mentioned above, the draft lease grants security of tenure for MECC and the only break option will rest with MECC if they cannot make the new community centre work in a financially sustainable way.

What is the residual use that the church has for the Hall?

St John's runs a valuable community outreach service, Coffee Pot+, every Friday morning in the Hall. This is an opportunity for people from the Parish, particularly those who live on their own, to come together for social contact, enjoying a paperback library, jigsaw club, computer training and advice and other services. Lunch is also available from 12 noon for a modest cost. Although Coffee Pot+ moved temporarily to the church when the Parish Hall was closed for a few weeks at the end of last year, the central village location is ideal for this activity. There may be other very occasional uses of the Hall by the church, but these will be minimised to allow the MECC every opportunity to maximise income from hiring the Hall.

Why has St John's not done more to repair the Hall?

As already mentioned, as the Hall has aged it has become more and more onerous to do the substantial repairs that are needed. We also have the church building itself to maintain and we have spent substantial funds in recent years on repairs to the church roof, tower and other improvements inside and outside. We have continued to fund small repair work at the Hall and we have been subsidising the Hall's day to day operations in recent years, so funds

available for more substantial repairs have been very limited. We have recently paid for a new fire alarm system (installation of this equipment kindly provided pro bono by Don Foster) and we have underwritten the materials costs of other recent safety works done by community volunteers in the event that an agreement with the MECC does not go ahead. We have also paid all the legal costs of drafting the lease. The public meeting we held in November 2022 was an opportunity to be honest with our local community about the financial pressures and to seek a different way forward, given the limited use that we as a church now make of the Hall.

What will happen if an agreement cannot be reached with MECC?

We have now been negotiating on an exclusive basis for 18 months with MCA initially and subsequently MECC since it was established. We sincerely hope that an agreement will still be reached. But if we cannot conclude a lease agreement with MECC, then we will look again at all other options for the Hall. Our position however has not changed since November 2022 and the status quo is not an option.

June 2024