

# WEST NORTHAMPTONSHIRE COUNCIL CABINET

14<sup>TH</sup> SEPTEMBER 2021

Portfolio Holder for Finance – Councillor Malcolm Longley

Report Title	Variation to Agreement to Lease of Stable Block at Delapre Abbey
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## Contributors/Checkers/Approvers

MO	Catherine Whitehead	23 August 2021
S151	Martin Henry	27 August 2021
Other Director	Simon Bowers – Assistant Director Assets and Environment	26 August 2021
	Stuart Timmiss – Executive Director Place, Economy & Environment	26 August 2021
Communications	Sent to Communications	

## List of Appendices

None

## 1. Purpose of Report

- 1.1. This report seeks authority to vary the terms of an agreement to lease land at Delapre Abbey, Northampton, to facilitate the restoration and productive use of the 19<sup>th</sup> Century Stable Block.

## **2. Executive Summary**

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- 2.1 Delapre Abbey is an important historic asset in southern Northampton. Along with the parkland, it is owned by the Council. The Abbey itself is let on a long lease to the Delapre Abbey Preservation Trust (DAPT). Part of the Abbey complex, but not covered by the current lease, is the 19<sup>th</sup> Century Stable Yard.
- 2.2 The former Northampton Borough Council (NBC) entered into an agreement for lease (AfL) with the DAPT to allow the Trust to restore and manage the Stable Yard. Due to Covid-19 DAPT was unable to meet the longstop date in the AfL.
- 2.3 This report therefore seeks authority from Cabinet to vary the AfL by moving the longstop date 7<sup>th</sup> August 2022, making the term of the lease match that of the main lease and making other minor adjustments.
- 2.4 It is considered DAPT is best placed to take forward the restoration of the Stable Yard and put it to worthwhile uses. Doing so should also help DAPT remain viable and thus continue to secure the future of the Abbey. The risks to the Council of agreeing to the extension should be low.

## **3. Recommendations**

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- 3.1 That delegated authority be given to the Assistant Director Assets and Environment to vary the terms of the agreement for lease between the Council and the Delapre Abbey Preservation Trust relating to the 19<sup>th</sup> Century Stable Block, as set out in the report.

## **4. Reason for Recommendations**

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- 4.1 Agreeing to extend the longstop date in the Agreement for Lease and making the other changes would:
  - 4.1.1 Maximise the opportunity to see the plan for the Delapre Abbey site implemented, and also help sustain the Delapre Abbey Preservation Trust, thus securing important public benefits and community resources.
  - 4.1.2 Make it more likely that public expectations will be fulfilled.
  - 4.1.3 Minimise the risk of costs falling on the Council to restore and manage the 19<sup>th</sup> Century Stable Yard.

## 5. Report Background

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- 5.1 Delapre Abbey and park were acquired by the former Borough of Northampton in the 1940s. The Abbey building itself was let to Northamptonshire County Council for use as its archives centre until the 1990s (when that function was relocated to the current archive office at Wootton Hall Park). Since then there has been a lengthy period of review and consideration of the future of the important listed Abbey buildings.
- 5.2 The main Abbey buildings were substantially repaired and renovated in the later part of the previous decade, the work being funded in part by NBC, in part by English Heritage and in part by fundraising by the Delapre Abbey Preservation Trust (DAPT). They are now let to DAPT on a 125-year lease from 30<sup>th</sup> April 2019. The lease is at a peppercorn and subject to a landlord rolling break on 12 months' notice with the lease being outside the security of tenure provisions of the Landlord and Tenant Act 1954. WNC remains responsible for the structure of the property and 50% of the cost of the repair of the windows with the other repairing liabilities being the responsibility of the Trust. There are also licence agreements in place to DAPT in respect of the car park, Walled Garden, Eastern Garden and South Lawn.
- 5.3 Within the grounds, but outside the areas currently let to DAPT, is a 19<sup>th</sup> Century Stable Block. This is not listed, but is within the conservation area and adds to the setting of the Abbey. DAPT has approached WNC with a proposal to convert the property. Its current vision would see the creation either (or potentially a mix) of:
- Small creative business studios/workspaces. The units would be developed commercially to provide a small business complex generating income for the Abbey through rents, with a focus on creative workplace, with shared exhibition or retailing areas which are accessible to the public.
  - Niche retailing with a marketplace, a microbrewery and a café.
- 5.4 Either use of the 19<sup>th</sup> Century Stable Block could contribute well to the overall visitor offer of the Abbey. The Trust is continuing to work on its proposals and business plan. If this process ultimately produces materially different proposals fresh Member approval would be sought.
- 5.5 DAPT previously applied for planning permission (N/2013/0612) for various projects including the 19<sup>th</sup> Century Stable Block. Planning permission was given on 30<sup>th</sup> October 2013. This allowed for various works and "change of use of building to business studio/workshops (Class B1)."
- 5.6 While the other projects were completed, work was not commenced on the 19<sup>th</sup> Century Stable Block until further investigations were undertaken and a business plan developed. A planning consultant is currently investigating whether the current planning permission

is still valid, or a further permission would be required. If a further planning application is required, this would be submitted by DAPT at its own cost.

5.7 Agreement was reached with the NBC to enter into an Agreement for Lease on the 7<sup>th</sup> February 2020. This agreement would have required NBC to let the property to the Trust subject to certain conditions being met by the longstop date of 7<sup>th</sup> August 2021. These conditions included:

- The tenant having obtained satisfactory planning permission.
- The landlord having approved the tenant's works plans.
- The landlord having secured vacant possession of the property.

5.8 Due to the Covid-19 pandemic DAPT has experienced substantial delays in progressing this project and as such the conditions have not been met by the longstop date.

5.9 It is therefore proposed to agree an extension of the longstop date of the Agreement to lease by 12 months and to make the lease on the Stable Block to be co-terminus with the main Abbey lease (which is for 125 years from 30<sup>th</sup> April 2019) with the other terms unchanged. The key ones are:

- Peppercorn rent.
- Tenant to repair and insure (full repairing and insuring lease).
- Outside the security of tenure provisions of the Landlord and Tenant Act 1954 (no automatic right to renew).
- The lease to terminate if the main Abbey lease is terminated.

## **6. Issues and Choices**

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6.1 The stable block is no longer needed as stables and is currently unused except for storage. DAPT has identified how it can be brought back into beneficial use and enhance the visitor experience at Delapre Abbey. Unless the property is occupied or suitably managed, it is likely that the condition of the property would deteriorate and result in increased management cost for WNC.

6.2 WNC could refuse consent to the extension of the longstop date in the agreement to lease. This is not recommended as it as it would cause uncertainty and discourage DAPT from proceeding with their plans to bring the premises back into use. The vision for the 19<sup>th</sup> Century Stable Block is part of DAPT wider vision for Delapre Abbey which would be adversely impacted if the stables were not developed.

6.3 WNC could also consider whether to develop the site itself. However, no viable alternative uses other than those proposed by DAPT have been identified. The buildings are in a poor state of repair and would require substantial capital investment which has not currently

been provided for. In addition to this, any future use of the site would need to be sympathetic to the wider services offered at Delapre Abbey so as not to have a detrimental impact on overall viability.

- 6.4 WNC could let the stables as storage, but it is likely the income set against the cost of maintenance would not make this a financially viable option.

## **7. Implications (including financial implications)**

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### **7.1 Resources and Financial**

- 7.1.1 No income is currently being generated by the Stable Block but the liability for repair remains with WNC. Completion of the project would mean that DAPT would take on the management of the property and the responsibility for ongoing repair and maintenance. In addition, DAPT would look to undertake significant refurbishment works which will not only enhance the value of the asset but would also enhance the overall visitor experience of Delapre Abbey.
- 7.1.2 If the stables continue to be used for storage it is unlikely the income would meet the repairing liabilities. It is therefore likely that the disposal would be at best price (see below).
- 7.1.3 The Agreement for Lease does require the Council to seek to obtain vacant possession. It is possible, but unlikely, that this would involve material costs.
- 7.1.4 All the documentation has been drafted and the proposal to alter the terms via a Deed of Variation should not result in material legal costs.
- 7.1.5 The property is currently largely vacant and generates no income. It is estimated that the Market Rent for the property would be negligible and significant capital investment would be required to achieve this.

### **7.2 Legal**

- 7.2.1 Generally, the disposal would be authorised under Section 123 of the Local Government Act 1972. This requires that freehold disposals and all leasehold disposals of seven or more years in length must be on the best consideration reasonably obtainable (referred to in this report as “best price”). However, there is an exemption where the Secretary of State otherwise approves. Sometimes specific consent is needed, but often the necessary consent is given by the General Disposal Consent (England) 2003. This gives consent for disposals at up to £2 million less than the best price where the Council considers that the disposal will advance the economic, social or environmental well-being of the area or people in it. In this case, for the reasons given above, the disposal is probably a best price or if not, is close to it. If there is a need to rely on the General

Consent is reasonable for the Council to consider that the proposed use of the property would contribute to the social and economic wellbeing of both the immediate environs of the Abbey and also the wider area.

7.2.2 The Council must also comply with the subsidy control provisions of the UK – EU Trade and Cooperation Agreement, as applied into UK law by Section 29 of the European Union (Future Relationship) Act 2020. Disposing of assets at less than best price is a form of subsidy. However, it is considered that this case is not the kind or scale of subsidy likely to fall under the controls of the Agreement.

### 7.3 **Risk**

7.4 Agreeing an extension would carry very little risk to the Council because the Council's obligations are, generally, limited to making the property available to DAPT and, as with the main Abbey lease, possession can be recovered should problems arise in future with the overall project.

7.5 Not agreeing an extension to the longstop date would create uncertainty and potential increase costs for both parties. WNC would be required to continue to maintain the property with little prospect of income to mitigate the costs. The prospective community benefit would be lost and DAPT would be unable to fulfil its wider vision for the Abbey.

### 7.6 **Consultation**

7.6.1 There has been no specific consultation undertaken in relation to this proposal. However, the restoration and development of the Delapre Abbey site has been the subject to extensive planning, involving public consultation and engagement.

### 7.7 **Climate Impact**

7.7.1 No material impact on climate is anticipated as a result of this decision. Climate considerations would affect the Trust's detailed proposals.

### 7.8 **Community Impact**

7.8.1 The uses proposed would provide space for small business, create jobs and enhance the visitor experience at Delapre Abbey. It should therefore have a positive impact on the community.

## **8. Background Papers**

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8.1.1 None