

Gloucester City Council

Meeting:	Council	Date:	11th November 2013
	Cabinet		11th November 2013
Subject:	Llanthony Secunda Priory		
Report Of:	Chief Executive		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Julian Wain, Chief Executive		
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Appendices:	A) Cabinet report – 11th September 2013		
	B) Overview and Scrutiny call-in decision – 14th October 2013		
	C) List of heritage assets		
	D) S.106 agreement		
	E) Transfer document		
	F) Option agreement		
	G) Llanthony Secunda Priory Trust’s position statement		

1.0 Purpose of Report

- 1.1 To receive the called in decision on the release of covenants relating to Llanthony Secunda Priory (LSP) from Overview and Scrutiny Committee, and to agree a way forward on this matter.

2.0 Recommendations

- 2.1 Council is asked to **RESOLVE:**

- a) Which of the options at paragraph 3.8 Council wishes to approve;
- b) To discharge the 2004 Section106 agreement;
- c) That authority be delegated to the Chief Executive and the Head of Legal and Policy Development, in consultation with Leader to negotiate and sign any documents necessary to effect the decision of Council.

and to **RECOMMEND** to Cabinet:

- d) Which parts of the Option agreement should be removed and whether or not such removal is conditional on changes being made to the Trust’s Memorandum and Articles of Association;
- e) What amendments should be made to the Transfer agreement;

- f) That the Trust's reasonable legal fees in effecting any necessary changes to the relevant documents be paid by the Council;
- g) That authority be delegated to the Chief Executive and the Head of Legal and Policy Development, in consultation with the Leader to negotiate and sign any documents necessary to effect the decision of Council.

2.2 Cabinet is asked to **RESOLVE**, subject to consideration of any views expressed by Council:

- a) Which parts of the Option agreement should be removed and whether or not such removal is to be conditional on changes being made to the Trust's Memorandum of Articles of Association;
- b) What amendments should be made to the Transfer agreement;
- c) That the Trust's reasonable legal fees in effecting any necessary changes to the relevant documents be paid by the Council;
- d) That authority be delegated to the Chief Executive and the Head of Legal and Policy Development, in consultation with the Leader to negotiate and sign any documents necessary to effect the decision of Cabinet.

3.0 Background and Key Issues

3.1 On 11th September Cabinet received a report recommending the removal of restrictive covenants contained within the transfer agreement (attached at Appendix E) and the S.106 agreement relating to LSP (attached at Appendix D). The Cabinet report is attached as Appendix A. Cabinet agreed the report in the terms set out below:

- 1) The restrictive covenants be removed in accordance with the request from the Llanthony Secunda Priory Trust (LSPT).
- 2) Planning Committee be requested to vary the S.106 agreement relating to the property.
- 3) The resolutions in (1) and (2) above be subject to agreeing a provision for continuing public access to the property and that the City Council shall have the continued right to nominate a Trustee.

3.2 However, the decision was called in by Councillor Hilton with the requisite number of supporters. The call-in was heard by Overview and Scrutiny Committee on 14th October and the matter referred to Council. The call-in decision is attached as Appendix B.

3.3 The call-in has been referred to Council as Overview and Scrutiny Committee was of the view that the decision of Cabinet on 11th September 2013 was contrary to the policy set by Council when it decided to transfer the Priory site to the LSPT in 2006, in particular, the Council decision to secure reversion of the site to the Council if the Trust failed. It was also suggested that Cabinet had insufficient information on which to reach the decision it reached.

- 3.4 Article 4 of the Constitution does not specifically identify decisions in relation to the Priory land as being reserved to Council and decisions in relation to the site are not therefore considered by the Council's Monitoring Officer to be part of the Council's Policy Framework. Any decisions which are not reserved to Council are for the Executive to take (i.e. Cabinet, individual Cabinet Members or Officers acting under delegated powers).
- 3.5 However, it is not clear from the Council report and minutes of the decision in 2006 to transfer the land to the Trust whether or not Council intended to reserve any future decisions on this matter itself and it appears to be in the public interest to have the matter widely debated. This is one of the reasons why the Chief Executive and the Monitoring Officer concluded that the call-in request was valid.
- 3.6 Since the call-in, matters have moved on and further advice has been obtained. Further information is now available, the Trust's position has been updated and alternative options are being presented.
- 3.7 The Council's role on call-in is to consider whether or not Cabinet's decisions are in accordance with the budget and policy framework and Council normally has a number of options in relation to call-in. These are to:
- 3.7.1 Agree with Overview and Scrutiny Committee that the decision taken by Cabinet was contrary to the Council's policy framework and then either:
- a) amend the Council's policy to encompass the decision made by Cabinet, in which case the original Cabinet decision stands; or
 - b) require Cabinet to reconsider the matter in accordance with the policy framework;
- 3.7.2 Disagree with Overview and Scrutiny that the Cabinet decision was contrary to the policy framework and endorse the decision taken by Cabinet; or
- 3.7.3 Disagree with Overview and Scrutiny that the Cabinet decision was contrary to the policy framework and refer the decision back to Cabinet with Council's comments.
- 3.8 The complication in this particular case is that Council is not now just being asked to consider a call-in of Cabinet's decision, but is also being asked to consider additional information and options and the revised position of the Trust. For this reason, the advice of the Monitoring Officer is that Council has the following options in this particular case:
- 3.8.1 If Council is of the view that its decision in 2006 amounted to a 'policy' decision, then it can either
- a) amend its policy position to encompass the original decision taken by Cabinet, or
 - b) amend its policy position to allow for the updated requests being made by the Trust and refer the matter back to Cabinet to take a decision in light of the amended policy position.

3.8.2 If Council is of the view that its decision in 2006 did not amount to a 'policy' decision, it can still refer the decision back to Cabinet with its comments in light of the current information.

3.9 Discharge of the S.106 agreement would ordinarily fall within Planning Committee's Terms of Reference. However, Council can choose to exercise these powers itself and, in the case of the current matter, it would be helpful for Council to consider the S.106 aspect at the same time as it considers the land aspect, as both are interlinked. The Council's Planning Code of Practice requires that Members are trained in planning before they determine planning applications. Whilst the discharge of a S.106 agreement is arguably not a 'planning application', it would be advisable for relevant Members to receive appropriate planning training and this will be arranged in advance of the meeting.

4.0 Matters for Consideration

4.1 Llanthony Secunda Priory

4.1.1 The Priory lies to the south of the city centre, adjacent to the Gloucester and Sharpness Canal next to Gloucestershire College, and in the midst of the Gloucester Quays mixed use regeneration scheme. It was established by Augustinian monks fleeing from their attacked priory in Wales, and has had a rich and varied history from times of prosperity to times of misuse and neglect. The Council acquired the site in 1975 and held it until 2007, protecting the site from almost certain destruction and investing significant sums in repairs and protection measures, but without achieving significant enhancement, regeneration or any lasting solution.

4.1.2 For much of the time that the Council held the Priory it was constrained by its context, as it was surrounded by low grade and unsightly land uses which made it an unlikely site for heritage or amenity purposes. However, the biggest difficulty was that the Council could not raise the major capital investment required to restore the buildings, particularly as some grant sources were denied to it as a local authority.

4.1.3 The surviving buildings are of national significance and include the grade 1 Mediaeval two-storey roofed 'Range' between Outer and Inner Courts. The building is known as the 'Priory Lodgings' and has an attached Grade 2 Listed Victorian Farmhouse. This is the central focal heritage building in the site. In addition, there are five sets of Grade 1 listed remains, all protected as a scheduled ancient monument. The full list of heritage assets is attached at Appendix C.

4.2 The S.106 agreement

4.2.1 As members are aware much change and regeneration has been effected in the area of the Priory in recent years, the most significant of which was the building of the new college. Planning permission for this was granted in September 2004 and it was considered that the development would enhance the setting of the listed buildings and the scheduled ancient monument. In October 2004, a S.106 agreement was entered into between Gloscat, as they were then known, British Waterways Board (BWB), and the

Council (acting as both Local Planning Authority and Land owner). Gloscat was the developer of the land and British Waterways Board was the owner of the land, for the purposes of the S.106 agreement. This S.106 agreement, which was intended to begin the process of bringing the priory back into use, is attached at Appendix D.

- 4.2.2 There are three significant and relevant parts to the agreement. Part 1 gives the Council the right to hire college facilities built on the land for a minimum of 12 days per annum (toilet, car parking, surveillance etc).
- 4.2.3 Under Part 2, the Council permits BWB to use the Priory grounds for educational and recreational purposes, in a manner sensitive to the character of the Priory for so long as the college development is occupied for educational purposes and grants a right to BWB to pass and repass over Priory grounds.
- 4.2.4 Part 3 commits BWB to using reasonable endeavours to work with the Council to secure a management agreement comprised of a strategy between BWB and the Council, for beneficial use of the Priory for the citizens of Gloucester and the future use and preservation of the Priory.
- 4.2.5 Since the S.106 agreement was entered into, Gloscat has become bound by the S.106 agreement obligations relating to BWB.

4.3 The establishment of the Trust

- 4.3.1 Council agreed to sell the land to the Trust in February 2006, resolving to keep a budget to sustain the Trust in the early years and for a covenant to be imposed so that, if the Trust failed, ownership of the site and grounds would revert to the Council.
- 4.3.2 The Trust was incorporated as a company in February 2007 and, in May, correspondence between Council officers and the Trust clearly shows that the Council was of the view that it must have a “guaranteed executive two person presence on the Trust at all times” and that it was agreed that this would consist of an elected Member and a senior Council officer.
- 4.3.3 The Trust’s objects were changed in May of that year to read as follows:
 - The objects of the Trust are to preserve for the benefit of the people of Gloucestershire and of the nation the historical architectural and constructional heritage that may exist in and around Gloucestershire in buildings (including any structure or erection and any part of a building) of particular beauty or historical architectural or constructional interest.
 - In particular to manage, restore and preserve for the benefit of the public Llanthony Secunda Priory in the City of Gloucester.
 - To advance the education of the public in the historical, architectural and constructional heritage in Gloucester, in particular the Llanthony Secunda Priory building.

- 4.3.4 The Trust was granted charitable status in June 2007. The Trust is a charitable trust, established as a company limited by guarantee.
- 4.3.5 Following the flooding of July that year, the Council meeting of 26th July 2007 was cancelled, so the Chief Executive used his urgency powers to take a decision that:
- 1) The freehold of Llanthony Secunda Priory be transferred to the Trust and a 'perpetuity' of 21 years for reversion to the Council be agreed.
 - 2) To support the provision stating that the Council will have an option not an obligation to buy back the priory in the event of the Trust's failure.
 - 3) To endorse and note the appointment of Councillor Martyn White and Philip Staddon as Directors of the LSP Charitable Trust.
- 4.3.6 This decision was subsequently endorsed by Council in September and the land transferred and the option agreement completed in November 2007. A small dowry was provided for the first few years.

4.4 The transfer document and the option agreement

- 4.4.1 A copy of the transfer document and option agreement is at Appendix E and F.
- 4.4.2 The property was transferred subject to, and with the benefit of, the 2004 S.106 agreement (Appendix D). The LSPT covenanted with the Council to observe and perform the S.106 obligations insofar as they related to the property and to indemnify the City Council against claims for breach of those obligations. In terms of the Council's use of the property, the transfer required the LSPT to allow the Council to make use of the property for a minimum of 12 days and a maximum of 20 days per annum. The LSPT also covenanted not to use the property for any purpose other than the preservation of an historical building and site including culture education and recreational access for the public.
- 4.4.3 The Council, by the terms of the option agreement, has an option to repurchase the property at a price of one pound if certain trigger events take place. These trigger events are:
- insolvency of the Trust;
 - a failure to keep the property clean and tidy;
 - a deterioration in the condition of the property;
 - removal and non-replacement of the City Council's Directors.

Additionally, the Trust cannot transfer, lease, agree to lease, charge mortgage or grant easements within the perpetuity period (21 years).

4.5 The Trust Board

4.5.1 The current trustees are:

- Jeremy Williamson
- Sir Henry Elwes, KCVO
- Sarah Gilbert
- Paul Toleman
- Elizabeth Griffiths
- Graham Howell
- Philip Staddon
- Martyn White
- Peter Evans
- Ian Stainburn

4.6 Progress of the restoration

4.6.1 LSPT has matured and achieved some success. It has to date invested around £350,000 and removed a number of grade 1 Listed buildings from the national 'at risk' register. It has undertaken some extensive site clearance work around the heritage structures and around the pond. It has developed strong links with neighbours, both businesses and residents, as well as the College. There has been significant local volunteer input.

4.6.2 The Trust has now developed a major heritage project for which it seeks funding, in particular, from the Heritage Lottery fund. The project proposes the restoration and reuse of the main range which would then be let to Gloscol to use the space for a variety of learning activities. The rent for this would provide the core funding for maintenance of the site in the longer term.

4.6.3 An interpretation centre would be developed in the stable block in which it is proposed to develop a programme of events, including commercial hires, the revenue from which will further support the site's running costs and activities.

4.7 The request for release of the obligations and the rationale

4.7.1 The Trust believes that, in order for the project to succeed, they need to be released from the obligations of the 2004 S.106 agreement and the transfer and option agreements.

4.7.2 As far as the S.106 agreement is concerned, while it made sense at the time, the events obligation has not been used, and the Council has never called on the use of Gloscol facilities for events. Events that have taken place at the Priory have been put on by the Trust. The obligation predates the establishment of the LSPT which wishes to have exclusive use of the grounds for events, in order to generate funds for its activities. Finally, the proposal to grant Gloscol a new lease of the restored mediaeval range complex signals a new chapter in the life of the Priory and will provide the Trust significant income. It is proposed to grant a new deed of easement to allow Gloscol access across the Priory.

4.7.3 In the transfer, the restrictive covenant that prevents, amongst other things, the grant of a lease, prevents the securing of income to sustain running costs in future. Secondly, the option agreement is difficult for LSPT from the perspective of prospective tenants, may be unattractive to other potential funders and could in itself prevent the securing of mortgages or grants against the property. Given the maturity and success to date of the Trust, this does feel at this time an unnecessary provision. Finally, the Trust originally requested the removal of the Council's right to nominate trustees or directors. However, by the time of the Cabinet decision they had already conceded this point while noting that it was important to have the right balance of skill sets on the Trust.

4.7.4 Your officers advised, and continue to advise that the Trust's case is sensibly based and that there is no need for these restrictions at this point in time.

4.8 The requirements of members at Overview and Scrutiny Committee

4.8.1 The discussion at Overview and Scrutiny Committee, confirmed by subsequent conversations with Group Leaders, indicates that the three areas where Scrutiny still required agreement with the Trust were:

- 1) The maintenance of public access to the Priory Grounds.
- 2) The continued right of the Council to appoint Directors.
- 3) Most importantly, the opportunity for the Priory to revert to the Council in the event of the Trust failing.

4.9 Charity Law

4.9.1 External legal advice has been sought from Veale Wasbrough Vizards LLP on how charity law interacts with the restrictions in the Option agreement, in particular the option for transfer of the Priory land back to the Council if a Trigger Event occurs and the restriction on selling, leasing or otherwise disposing of the Priory land. A number of scenarios are set out below to explain the consequences of potential decisions on this matter.

4.9.2 **If the Option remains in place and there is a Trigger Event**

- 1) The Option would be in place until 2028. If a Trigger Event within the definition in paragraph 1.1.9 of the Option Agreement during this period, the Council could seek to exercise the Option.
- 2) Part 7 of the Charities Act 2011 (the "2011 Act") would apply to the disposal of the Property by the Trust. Guidance issued by the Charity Commission in CC28 indicates that the grant of an option is not in itself a disposal of land but is rather an agreement to dispose. The disposal does not take place unless and until the option is exercised and a sale is completed. However, the Guidance indicates that Trustees should normally comply with the requirements in Part 7 before granting the option. If they do not do so, it will not usually be possible to comply with

these requirements when the time comes to complete following the exercise of the option, and it will then be necessary to obtain an Order from the Charity Commission before the sale can be completed. There is no suggestion that the Charity Commission was involved at the time of the Option Agreement and it therefore appears that no consent was obtained to the grant of the Option.

- 3) If the Council were to seek to exercise the Option, the Trustees of the Trust would need to comply with the restrictions in Part 7 of the 2011 Act. Part 7 provides that if the disposal is to a 'connected person', the disposal can only take place if it is authorised by an Order of the Charity Commission. The definition of 'connected person' under the 2011 Act includes "a person who is the donor of any land to the charity." On the basis that the transfer of the Property to the Trust would be treated as a gift of land to the Trust, the Council would be a 'connected person' for these purposes so that a transfer of the Property to the Council following the exercise of the Option could only take place if it was first authorised by an Order of the Charity Commission. This would be the case even if the Council were to pay full value for the Property.
- 4) The Option Agreement provides at paragraph 3 that the Trust "shall not transfer, agree to transfer, lease, agree to lease, charge, mortgage or grant any easement or otherwise deal with or dispose of the Property during the Option Period." This means that during the Option Period, the Property could not be sold to meet the liabilities of the Trust if it were to be dissolved. After the expiry of the Option Period, or if the Option is removed, there would be no such restriction so that the Property could potentially be sold to meet the liabilities of the Trust. The provisions in the Option Agreement and the Transfer to the Council, including in particular the restrictions on use (clause 11.4 of the Transfer), may mean that it would be difficult for the Trust to sell the Property to a person to be used for commercial purposes.

4.9.3 If the Option agreement is removed

- 1) If the Option is removed and the Trust becomes insolvent, the Trust would be wound up in accordance with its Memorandum and Articles of Association. The dissolution clause in the Memorandum and Articles of Association of the Trust provide that:

"If the Trust is dissolved, the assets (if any) remaining after provision has been made for its liabilities must be applied in one of more of the following ways:

- (a) By transfer to one of more other bodies established for exclusively charitable purposes within the same as or similar to the Objects [of the Trust].*
- (b) Directly for the Objects or charitable purposes within or similar to the Objects [of the Trust].*
- (c) In such other manner consistent with charitable status as the Commission approve in writing in advance."*

- 2) It is clear from the wording of the dissolution clause that assets are to be applied first in meeting the liabilities of the Trust. After the expiry of the Option Period, or if the Option were removed, there would be no such restriction, so that the Property could potentially be sold by the Trust as long as they could comply with the restrictions on disposal of land in Part 7 of the 2011 Act. In essence, these restrictions mean that they would need to obtain a qualified surveyor's report and having considered that report be satisfied that the proposed terms were the best that could reasonably be obtained.
- 3) The Option Agreement provides that the Trust "shall not transfer, agree to transfer, lease, agree to lease, charge, mortgage or grant any easement or otherwise deal with or dispose of the Property during the Option Period." This means that during the Option Period, the Property could not be sold to meet the liabilities of the Trust if it were to be dissolved. After the expiry of the Option Period, or if the Option agreement is removed there would be no such restriction so that the Property could potentially be sold to meet the liabilities of the Trust.

4.9.4 If the Option agreement remains in place and the Trust is solvent but is wound up

- 1) If the Trust was solvent on winding-up, so that there was no need for the Property to be sold to meet the liabilities of the Trust, the restriction on disposal in the Option Agreement as referred to in paragraph 4.9.2 (4) above would mean that the Property could only be sold or transferred during the Option Period if the Council were to agree to the sale or transfer in question.

4.9.5 If the Option agreement is removed and the Trust is solvent but is wound up

- 1) If the Trust was solvent on winding-up, so that there was no need for the Property to be sold to meet the liabilities of the Trust, the Trust would be wound up in accordance with its Memorandum and Articles of Association and its assets applied as set out in paragraph 4.9.3(1) of this report.

4.9.6 Removal of the restriction on disposal in clause 3 of the Option Agreement

- 1) From the Council's perspective, the risk in removing the restriction on disposals completely is that the Trust could not only enter into a lease with Gloucestershire College (the "**College**"), but could sell other parts of the Property or mortgage the Property.
- 2) The Option Agreement containing this restriction could be amended by supplemental agreement so as to allow the lease to the College to be granted. Careful thought would need to be given to consequential changes needed to the Option Agreement, particularly in relation to the definition of "the Option" in paragraph 1.1.2. Consideration could also be given to amending this provision so as to allow other disposals if the Council gave prior written consent to the disposal in question.

4.9.7 **Position regarding rights of the Council to appoint Trustees of the Trust**

- 1) There is no provision in the Memorandum and Articles as they stand that gives any right to the Council to appoint or nominate any persons to be Trustees of the Trust. The Memorandum and Articles provide for one-third of the Trustees to retire by rotation at each AGM and for persons to be appointed at the AGM to fill vacancies arising. The Trustees have a power to co-opt Trustees, but a co-opted Trustee only holds office until the next AGM.
- 2) The Trust's negotiating position indicates that the Trust would be prepared to amend the Memorandum and Articles so as to provide that the Council would have the right to nominate one Trustee (see paragraph A of the Position Statement). Such an amendment would need to be approved by a special resolution of the members of the Trust.
- 3) The Trust Articles could, however, be amended at some point in the future by a further special resolution of the members of the Trust to take out the Council's right to appoint a Trustee. A special resolution is a resolution passed either (a) at a general meeting by 75% of the members voting on the resolution in person or by proxy or (b) by way of written resolution by 75% of the members.
- 4) There are mechanisms that could potentially be used to prevent the provision in the Articles regarding the appointment of a Trustee by the Council being amended, such as the use of a member's agreement or the use of entrenched provisions under section 22 of the Companies Act 2006. The Council would need to be a member of the Trust for any of these mechanisms to be used. The Trust's Articles currently provide for an 'open' membership, i.e that membership is open to any individual or organisation interested in promoting the objects who (i) applies to the Trust in the form required by the Trustees (ii) is approved by the Trustees and (iii) signs the Register of Members or consents in writing to become a member either personally or (in the case of a member organisation) through an authorised representative.

4.9.8 **Other points to note**

- 1) The restrictions in Part 7 of the 2011 Act do not apply where the transfer is to a charity with the same or very similar charitable objects for less than the best price that can reasonably be obtained. If therefore the Council or a third party were to establish a charity with the same or very similar objects to those of the Trust, a transfer of the Property from the Trust to the new charity could take place without the need to first obtain an order of the Charity Commission.
- 2) There are a number of considerations to bear in mind when a local authority holds property as charity trustee, both at the stage of registering that charity with the Charity Commission and also on a

longer term basis in terms of the management and administration of the charity.

- 3) The Trust's Negotiating Position suggests that the Option in the Option Agreement should be removed, but does then indicate that one approach would be for the option to only fall away if and when a successful Round 2 HLF bid was made by the Trust. If a position that is acceptable to both parties in relation to the Option can be reached, appropriate amendments could be made to the Option Agreement.
- 4) The Transfer contains a provision restricting the use of the Property, providing that:

"The Transferee will not use the Property for any purpose other than the preservation of a historical building and site including cultural education and recreational access for the public."

It is likely that the legal advisers to the College would request that this wording be amended prior to the grant of any lease to the College by the Trust to make it clear that the use of part of the Property by the College was a permitted use.

4.10 Subsequent negotiations and the Trust's current position

- 4.10.1 A meeting was held on Tuesday 22nd October between officers representing the Council, the Trust and a legal representative on behalf of the College. At that meeting, it was agreed that the right to public access would be enshrined in the memorandum and articles of the company and the right to appoint directors would be contractually agreed, providing such appointment would be in consultation with the Trust. The right to appoint directors which had been in dispute at Scrutiny was conceded. The 2004 S.106 agreement could therefore be removed and all aspects of the transfer agreement relating to the Council's right to hold events at the Priory could also be removed, if Council was so minded. The Council proposed retaining the Council's option to repurchase in the event of the Trust's failure and the Trust representatives went off to consider their position with regard to the Council having the option to repurchase.
- 4.10.2 Following mature reflection, the Trust has arrived at a negotiation position a copy of which is attached at Appendix G.
- 4.10.3 In essence, the Trust confirms its agreement to have a nominated trustee by the Council, with discussion and consultation on the appropriate skill sets. The Trust would however, prefer to move to one trustee rather than two.
- 4.10.4 There is no difficulty with the right to public access and it is proposed to put this on the title deeds.
- 4.10.5 On the matter of the reversion, the Trust has continued difficulties with this and believes that the reversion may not be in accordance with charity law and the Trust's legal obligations under charity law. The Council has taken external legal advice on this issue and the advice is set out in paragraph 4.9

above. By way of compromise, the Trust is suggesting that the option should be offered until such time as financial security is attained. This would be defined by the Trust as and when they have obtained a successful Round 2 HLF pass. Their current application is for a Round 1 pass, and the typical time that will elapse to Round 2 is 18 months to 2 years. By the time this is obtained, the Trust should also have signed a long lease on the Priory which will guarantee a secure income for maintenance purposes. Your officers believe that this should be part of the definition and I understand this would be acceptable to the Trust.

4.10.6 Your officers would recommend this to you as a sensible and effective solution.

5.0 Financial Implications

5.1 There are no direct financial implications in the report as a result of the current debate. However, it is possible that financial implications would arise for the Council should the Council come into possession of the Priory.

5.2 In the position statement at Appendix F, the Trust has asked the Council to consider paying the Trust's reasonable legal fees to make the necessary changes to the title documents and Trust Memorandum and Articles, if the Council agrees to the Trust's proposals.

6.0 Legal Implications

6.1 The subject of this report is the legal implications concerning possible release of covenants and these are covered at length in the body of the report.

7.0 Risk & Opportunity Management Implications

7.1 The risks that are most critical at this point are:

- 1) That the trustees resign and wind up the Trust and hand the property back to the Council.
- 2) The HLF bid fails which may result in the same outcome.
- 3) In the longer term, it is possible that the Trust might fail.

8.0 People Impact Assessment (PIA)

8.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact; therefore a full PIA was not required.

9.0 Other Corporate Implications

Community Safety

9.1 None specific to the report.

Sustainability

9.2 None specific to the report.

Staffing & Trade Union

9.3 None specific to the report.