

**HEADS OF TERMS: LEASEHOLD ACQUISITION FS1008 Rugeley John Taylor School****125 YEAR LEASE AT PEPPERCORN WITHOUT PREMIUM – Developer Procuring the works with a development agreement**

Although these heads of terms are not intended to be legally binding, once agreed, they will be distributed within the Department for Education (DfE) and will inform the production of a number of documents between the school and the Secretary of State for Education (SoS). It will therefore not be possible to agree variations to the commercial terms set out below once the heads of terms are agreed between the parties. In addition, a number of the provisions relate to policy requirements of the DfE. Any derogation from the heads of terms would be considered on a case by case basis and the terms of other transactions would not necessarily be relevant.

**Background/Structure**

Rugeley Power Limited owns the freehold interest in land known as the former Power Station Rugeley, Rugeley WS15 1NZ. It is proposed to complete a Masterplan of comprehensive redevelopment of the entire site for housing with other ancillary uses. It is proposed that part of this land will be the permanent site for a new all through Free School operated by the John Taylor Multi Academy Trust (Trust).

Rugeley Power Limited have entered into a s106 agreement with Staffordshire County Council, Cannock Chase District Council and Lichfield District Council whereby at practical completion of the school the Freehold of the school site transfers to Staffordshire County Council. The timescale for construction of the all through school option set out in the s106 agreement has been brought forward and it is accepted by the parties that in order for the DfE to commit to provide funding towards the construction of the school there needs to be certainty that on practical completion of the construction that the Rugeley Power Limited will immediately offer the school site to the Staffordshire County Council who will accept the transfer of the freehold which is offered to them so that the lease can simultaneously be granted to the operating school trust.

Rugeley Power Limited have agreed to enter into a Development Agreement with the SoS for the delivery of the Free School and will at Practical Completion transfer the land to Staffordshire County Council who in turn will simultaneously grant a 125 year lease at a peppercorn to the Trust on terms detailed below.

Staffordshire County Council will on completion of the lease to the Trust pay to the Procuring Agent the sum of £1,000,000 pursuant to a Capital Contribution Letter.

<b>1. LANDLORD</b>	Staffordshire County Council 1 Staffordshire Place Stafford Staffordshire ST16 2DH
<b>2. LANDLORD'S SOLICITOR</b>	Staffordshire Legal Services, Staffordshire County Council, 1 Staffordshire Place, Tipping Street, Stafford, ST16 2LP  Attn: Imran Razaq <a href="mailto:imran.razaq@staffordshire.gov.uk">imran.razaq@staffordshire.gov.uk</a>
<b>3. TENANT</b>	John Taylor Multi Academy Trust Dunstall Road Barton-under-needwood DE13 8AZ

<b>4. PROCURING AGENT</b>	Secretary of State for Education c/o Department for Education, 5 <sup>th</sup> Floor, Sanctuary Buildings, Great Smith Street, London SW1P 3BT	
<b>5. PROCURING AGENT'S SOLICITOR</b>	Womble Bond Dickinson (UK) LLP of St Ann's Wharf, 112 Quayside, Newcastle upon Tyne, NE1 3DX (marked for the attention of John Booth) <a href="mailto:John.booth@wbd-uk.com">John.booth@wbd-uk.com</a> .	
<b>6. DEVELOPER</b>	Rugeley Power Limited Level 20 25 Canada Square London E145 LQ	
<b>7. DEVELOPER'S SOLICITOR</b>	TBC	
<b>8. PROPERTY</b>	<p>All that land as shown outlined in red on the attached plan being part of title number SF436495. Together with a permanent right of way over the temporary access road shown coloured brown on the attached plan.</p> <p>A Land Registry compliant plan is attached showing the extent of the lease demise outlined in red.</p>	
<b>9. FORM OF LEASE</b>	<p>DfE Model 125 year peppercorn Free School Lease save where amended only in accordance with the agreed Heads of Terms</p> <p>Up-to-date version also available on GOV.uk website (<a href="https://www.gov.uk/government/publications/free-schools-utcs-and-studio-schools-model-lease">https://www.gov.uk/government/publications/free-schools-utcs-and-studio-schools-model-lease</a> )</p>	
<b>10. TENANT'S RIGHTS</b>	<b>10.1</b>	The Tenant will benefit from the rights contained in the Transfer to the Landlord. The form of transfer is to be approved by the Tenant.
<b>11. PREMIUM</b>	Nil premium is payable for the 125 year lease rent is a peppercorn.	
<b>12. TENANT'S BREAK CLAUSE</b>	In the 25 <sup>th</sup> 50 <sup>th</sup> 75 <sup>th</sup> 100 <sup>th</sup> years for the benefit of the Tenant.	
<b>13. SERVICES AND SERVICE CHARGE</b>	<b>13.1</b>	For the avoidance of doubt the Tenant will not pay a service charge or contribution to the upkeep of common areas outside the boundary of the redline plan.
<b>14. INSURANCE</b>	The Tenant will insure the Property from completion of the grant of the lease. Where the Tenant is a member of the Risk Protection Arrangement such risks as are covered by the Risk Protection Arrangement.	

	The Developer will insure the property between exchange of contracts and transfer of the freehold to Staffordshire County Council.	
<b>15. S106 OBLIGATIONS</b>	Subject of the Developer agreeing to the vary the transfer , the draft transfer from the Developer to the Council will be amended to broaden the indemnity from the Developer to the Council against any liability that may arise from obligations contained in the s106 agreement or the subsequent unilateral undertaking. Such indemnity needs to also cover obligations in so far as they relate to the wider site and not just the property. A reciprocal indemnity will be contained in the lease.	
<b>16. EXCHANGE &amp; COMPLETION OF THE PROPERTY AGREEMENTH</b>		
	<b>16.1</b>	The Landlord and Procuring Agent will endeavour to exchange the Property Agreement by 6 December 2021
	<b>16.2</b>	Completion of the Lease will take place following satisfaction of all the Conditions Precedent for Completion of the Property Agreement.
	<b>16.3</b>	Provision of a s151/capital contribution letter addressed to the DfE by the Landlord.
<b>17. CONDITIONS PRECEDENT FOR EXCHANGE OF THE PROPERTY AGREEMENT</b>	<b>17.1</b>	Satisfactory completion of title investigation;
	<b>17.2</b>	Receipt of satisfactory survey results;

<b>18. CONDITIONS PRECEDENT FOR THE COMPLETION OF THE PROPERTY AGREEMENT AND GRANTING OF THE LEASE</b>	<b>18.1</b>	Practical Completion Certificate being Issued by the Developer for the Building of an ATS school in accordance with the s106 Agreement
	<b>18.2</b>	Land Transferred from the Developer to the Landlord on PC of the construction of the School in accordance with the provisions of the s106 Agreement which the Landlord will be obliged in the Agreement for Lease to enforce. The Landlord will be obliged to accept a transfer of the Property from the Developer in the timescale required for the opening of the school in September 2023 but for the avoidance of doubt, the Landlord will not be obliged to accept the freehold transfer until the outstanding obligations on the part of the Developer contained in Schedule 5 part 2 in the S.106 Agreement have been satisfied.
	<b>18.3</b>	Granting of the Lease by the Landlord to the Trust.
	<b>18.4</b>	The Target Date for the granting of the Lease will be 1st September 2023.
	<b>18.5</b>	The long-stop date for the satisfaction of the Condition Precedent for the completion of the Property Agreement will be 1 <sup>st</sup> March 2026.
<b>19. REVERSE PREMIUM ON COMPLETION OF THE LEASE</b>		£1,000,000 exclusive of VAT is payable by the Landlord to the Procuring Agent on completion of the lease.
<b>20. COSTS</b>		Each party is responsible for its own legal and professional costs in connection with this transaction.
<b>21. O &amp; M</b>		The Landlord will provide (provided that such information is received by the Landlord from the Developer or the Freeholder) DfE staff, or their representatives access to and obtain a copy of the site's health and safety files and the Operational and Maintenance Manuals including Planned, Preventative Maintenance Schedules and full site drawings and schematics. This information will include, but not limited to the 5 year electrical certificate, the asbestos management plan, survey, register and risk assessment, the L8 Water Risk Assessment including all associated documentation (i.e. 5 year water temperature records) and the Fire Risk Assessment.