St Edmund's Catholic Church

Parish Finance and Fabric Committee
PARISH HALL ARRANGEMENTS ST. EDMUND'S SCHOOL 10 April 2025

Background
On 13 February, members were informed that Deacon Paul Raynes, Diocesan Director of Operations & Finance, had reviewed parish recommendations on the school's future rent for the parish hall. He presented several property valuations, selecting the lowest, and proposed an annual rent of £7,000. The treasurer's report (attached) examined his valuation, rent calculations, and suggested adjustments. It recommended that the parish continue to advocate for a £9,000 annual rent.

In an email dated 6 February 2025, Peter Pazitka of the academy company agreed that £7,000 is a fair rent and requested its application from the start of the summer term on 22 April 2025. In response, Helen Bates of the Diocesan Schools Service requested that an operating agreement between the company, school, and parish be drafted after the parish replies to Rev Paul.

Discussion
A formal reply from the parish to Rev Paul, on his suggestions of a fair rent, is presently unknown and not recorded.

No discussions with the academy company/school have taken place on an operating agreement. It is not possible that a satisfactory agreement on boundaries, maintenance, cleaning, utilities and parish use can be developed before 22 April 2025.

Financial Implications
If accepted, the £2,000 reduction in annual hall rent will impact the parish's future finances. Additionally, ongoing operational costs remain uncertain, as no agreement has been made with the academy company. This rent reduction should be factored into future financial planning, especially regarding maintenance and utility expenses in any potential agreement. Careful consideration is needed in negotiating an operational agreement for shared use of the hall to protect parish interests..

Budget Implications
The 2025 budget projects £12,300 in hall rental income (£9,000 from Bungay and £3,300 from Harleston). If the Diocese's proposed rent is accepted, this drops to £10,300. Currently, the school pays £661 quarterly under the existing lease and this has been paid up to 30 June 2025. If the revised £7,000 annual rent takes effect from 1 July, annual hall rental income will fall to £6,800 this year, potentially requiring spending cuts to avoid a deficit.

Recommendation
It is recommended that:

- *A formal response on the agreed future annual rent be submitted to the Diocesan Director of Operations & Finance.*
- *Negotiations with the academy company and school for a shared-use operating agreement begin as soon as possible.*
- *A formal start date for the new rent be agreed with the academy company and school.*

Neil Mayhew (Treasurer)

Outlook

RE: St Edmunds, Bungay - shared hall arrangements: Agenda for 11th November

From Paul Raynes <Paul.Raynes@rcdea.org.uk>
Date Wed 05/02/2025 13:52
To Helen Bates <helen.bates@rcdea.org.uk>; Treasurer St Edmundsrc Bungay <treasurerstedmundsrc@outlook.com>; sueallen33 <sueallen33@proton.me>; Kim Payne <kpayne@sjbcmat.org.uk>; Samantha Barlow <samantha.barlow@cpswv.org>; Peter Pazitka <ppazitka@sjbcmat.org.uk>; Simon Blakesley <simon.blakesley@rcdea.org.uk>

Dear all,

I am very conscious that we undertook at this meeting to come up with a suggested rental figure for the hall, reflecting a new approach under which the school would have first use of the hall except on Sundays, and also catching up on 12 years of inflation since the current rent was set, reflecting a realistic valuation of the hall, and the parish's contribution of electricity through the solar panel arrangements. The current rent is £2,644 a year. The parish's suggestion was that this should rise to £9,000. Peter drew attention to the rules on related party transactions which require that charges should be at cost (which on my understanding, unless the Treasury have changed the rules since my day, means economic cost/cost of capital).

The insurance valuation for the hall is £790,000. At a rental yield of 4.1% (the current regional average), that would give a rent of £32,390 a year. Other market based valuation methods suggest the hall might be worth £400,000, giving £16,400. At the bottom of the scale, the Building Cost Information Service gives a rebuild cost of £227,000, which at 4.1% yield gives £9,307 rent a year. On the other hand, it is probably not a realistic scenario to suggest that the parish could achieve those figures – certainly not the higher ones - under an alternative scenario of purely commercial lettings. If we simply updated the existing rent by the RPI since 2013, we'd get £4,120. I think the fairest approach, consistent with the idea of economic cost but factoring in affordability, would be to roughly average (i) a market yield based on the lowest valuation of the building and (ii) an RPI uprating. To my mind, that gives a fair rent figure of £7,000.

Paul

The Rev Paul Raynes
Director of Operations and Finance
Diocese of East Anglia

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From: Helen Bates <helen.bates@rcdea.org.uk>
Sent: 05 November 2024 10:29

From: Helen Bates <helen.bates@rcdea.org.uk>
Sent: 06 February 2025 14:21
To: Peter Pazitka <ppazitka@sjbcmat.org.uk>; Paul Raynes <Paul.Raynes@rcdea.org.uk>; Kim Payne <kpayne@sjbcmat.org.uk>; Samantha Barlow <samantha.barlow@cpswv.org>; Simon Blakesley <simon.blakesley@rcdea.org.uk>
Cc: finance.stedmunds@cpswv.org <finance.stedmunds@cpswv.org>
Subject: RE: St Edmunds, Bungay - shared hall arrangements: Rent payable

Hi Peter,

I will assume that once Paul has heard back from the parish, that you will draw up an operating agreement between the Trust/school and the parish, which will detail arrangements for matters such as maintenance, cleaning, utilities, etc. Let me know if you need any help from me on this, otherwise I will assume you have this in hand.

Regards,

Helen

From: Peter Pazitka <ppazitka@sjbcmat.org.uk>
Sent: 06 February 2025 09:08
To: Paul Raynes <Paul.Raynes@rcdea.org.uk>; Helen Bates <helen.bates@rcdea.org.uk>; Treasurer St Edmundsrc Bungay <treasurerstedmundsrc@outlook.com>; sueallen33 <sueallen33@proton.me>; Kim Payne <kpayne@sjbcmat.org.uk>; Samantha Barlow <samantha.barlow@cpswv.org>; Simon Blakesley <simon.blakesley@rcdea.org.uk>
Cc: finance.stedmunds@cpswv.org
Subject: St Edmunds, Bungay - shared hall arrangements: Rent payable
Dear Paul,
Thank you for your e-mail. We find the proposed rent figure fair and accept it on behalf of the school and the Trust.
If everyone is in agreement, I suggest the new rent is applied from the beginning of the summer term, after the Easter break.
Regards,
Peter

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St Edmund's Catholic Church

Parish Finance and Fabric Committee
PARISH HALL ARRANGEMENTS ST. EDMUND'S SCHOOL 13 February 2025

Background:
In November 2024, a committee report outlined discussions between representatives from the Academy, Diocesan Schools Service, Diocesan Finance & Operations, and the parish. The parish made the following recommendations:

1. The school manages the property operationally, with an annual rent of £9,000.
2. The parish to keep ownership of the property under 'Stable Patrimony' of Canon Law.
3. The parish to use on Sundays and after 4:30 PM on weekdays, year-round.

Deacon Paul Raynes, Diocesan Director of Operations & Finance, has responded with several property valuations. He recommends an annual rent of £7,000, opting for the lowest valuation.

Discussion:
- Property Valuation:
  - The insurance value of the property is £790,000.
  - Rev. Paul suggests market-based valuation methods place it at around £400,000.
  - However, he recommends a low rebuild valuation (BICS) of £227,000, but this differs significantly from market and insurance values.
- Rebuild Cost Estimate:
  - The available BICS calculator, which estimates rebuilding costs for residential properties, is not directly applicable to the hybrid hall property. However, for the 154m² hall it suggests rebuilding costs of £288,000 (two-storey) or £272,000 (single-storey). Using an average of £280,000, applying a 4.1% yield results in an estimated annual rent of £11,480.
- Current Rent:
  - The current annual lease rent is £2644. Rev. Paul suggests this should now be £4,120 (adjusted for RPI since March 2013).
  - The present lease agreement covers hours from 9:00 AM to 3:15 PM. The school now extends its use of the hall from 8:30 AM to 4:15 PM (a 24% increase) and has indicated they will require 7:30 AM to 4:30 PM in the future. This represents a 44% increase in the original lease hours. Given this, the lease rent since 2013, factoring in both RPI and the increased usage, should be updated to £6,002.
- Future Rent:
  - A revised rent, based on Rev. Paul's valuation method and RPI adjustment, is suggested at £8,740, but this is low for commercial property (£5.28 per ft²). Commercial non-retail property in the area may rent for £8-£9 per ft².
- Additional Factors:
  - The rent also includes 4,700 kWh of solar generation annually (worth £1,800) and space for storage outside school hours.

Budget Implications:
The 2025 budget expects £12,300 from hall rents, including £9,000 from Bungay and £3,300 from Harleston. If the Diocese's suggested rent is accepted, the parish will face a significant income reduction in the future.

Recommendation:
It is recommended that the parish's proposed annual rent for the academy's use of the hall remains at £9,000.

Neil Mayhew (Treasurer)