

Cabinet – 30 April 2014

Sale of Former School Sites in Willenhall

Portfolio: Councillor Adrian Andrew, Deputy Leader, Regeneration and Transport

Service: Property Services

Wards: Willenhall South

Key decision: Yes

Forward plan: Yes

1. Summary

- 1.1 Lakeside Junior School and Clothier Street Junior School have been closed, declared surplus to the Council's requirements and the buildings demolished.
- 1.2 At its meeting on 24th April 2013, Cabinet approved the disposal of the freehold interest in the two sites and delegated authority to the Executive Director for Regeneration in consultation with the Portfolio Holder for Regeneration and Transport to approve the terms for the disposals.
- 1.3 Under section 77 of the Schools Standards and Framework Act 1998 (the 1998 Act), the Secretary of State requires that a proportion of proceeds from the sale of certain school sites are reinvested for education capital purposes. On 24th April 2013, Cabinet resolved that the full proceeds from the sale of these sites are ring fenced to invest in the improvement of the Primary School Estate. One significant named project is the re-modelling of the Rushall Primary School which will be required in the context of the review of the wider EDC site.
- 1.4 The proposed purchaser is submitting a bid to the Homes and Communities Agency (HCA) for grant funding for the development of affordable housing within the borough. The bid will be strengthened if the purchaser is able to submit named sites within their bid as this provides HCA with additional certainty that the allocated funding will be drawn down. Accordingly, the purchaser has approached the Council to negotiate the purchase of the two sites.
- 1.5 Terms have been agreed in principle with a purchaser for the sale of the two sites at a price which delivers sales at a price which Asset Management officers are satisfied represents best consideration in accordance with Section 123 Local Government Act 1972.

2. Recommendations

2.1 That Cabinet is recommended to approve the disposal to a named party of the freehold interests in:

- i) the land at the former Lakeside School shown edged in black on plan number EPMS 2808/2 **Appendix A**, extending to 17,341 square metres (or thereabouts); and
- ii) the land at the former Clothier Street School shown edged in black on plan number EPMS 2809/2 **Appendix B**, extending to 7,935 square metres (or thereabouts);

provided:

- i) Secretary of State consent is forthcoming under Section 77 of the 1998 Act for the disposals;
- ii) the sale prices satisfy the requirement to achieve best consideration;
- iii) the purchaser secures HCA funding in respect of the sites;
- iv) the site investigations are satisfactory;
- v) the purchaser bears the Council's surveyor's fees and legal costs; and
- vi) the transactions do not reach legal completion until the purchaser has obtained detailed planning permission from the Local Planning Authority for the proposed developments.

2.2 That Cabinet is recommended to delegate authority to the Executive Director for Regeneration in consultation with the Cabinet Portfolio Holder for Regeneration and Transport to approve the terms for the disposals of the freehold interests in the sites.

2.3 That Cabinet is reminded that the full proceeds of these sales have been allocated to be invested in the Primary School Estate, with the investment of the proportion of the proceeds as required by Section 77 of the 1998 Act in the named project for Rushall Primary School. The proportions to be invested in Rushall Primary School from the disposal of Lakeside School and Clothier Street School are 50% and 69% respectively.

3. Report detail

3.1 Lakeside Junior School and Clothier Street Junior School were closed and were re-established with Little London Junior School as the combined Fibbersley School on a single site.

3.2 Lakeside School has been demolished. The site, extending to 17,341 square metres (or thereabouts) is shown edged in black on plan number EPMS 2808/2.

3.3 Clothier Street School has been demolished. The site, extending to 7,935 square metres (or thereabouts) is shown edged in black on plan number EPMS 2809/2.

3.4 The Council has no alternative use for the sites and, as such, the sites have been declared surplus to the Council's requirements.

- 3.5 Under Schedule 1 of the Academies Act 2010 (the 2010 Act), consent is required from the Secretary of State for Education for the disposal of properties that have been used as a school in the last 8 years. Schedule 1 consent has been granted for the disposal of the sites.
- 3.6 In cases of the disposal of land previously used as playing fields, consent for the disposal is also required from the Secretary of State for Education under Section 77 of the Schools Standards and Framework Act 1998 (as amended) (the 1998 Act). Section 77 of the 1998 Act applies to the disposal of both sites. The procedure for making an application for consent under Section 77 requires the Council to undertake public consultation for a period of 6 weeks before the submission of the application. Applications to the Secretary of State are expected to be determined within a period of 16 weeks from receipt of the application following completion of the public consultation process.
- 3.7 The purchaser is submitting a bid for grant funding to HCA in respect of a package of proposed affordable housing developments within Walsall. The purchaser is able to submit a stronger bid to HCA if they are able to specify named sites within the bid. Accordingly, the purchaser has approached the Council to purchase the sites at market value.
- 3.8 Terms have been agreed with the purchaser for the sale of the Lakeside School and Clothier Street School sites, subject to detailed planning consent, site investigations, grant of consent by the Secretary of State under Section 77 of the 1998 Act and receipt of HCA grant funding. The Council's external valuer, Lambert Smith Hampton has certified that the agreed prices represent market value.
- 3.9 Under Section 123 Local Government Act 1972, a Local Authority can dispose of assets in any way it chooses, including to a named purchaser, as long as it is able to demonstrate that the disposal represents best consideration and there are appropriate grounds for the exclusion of the wider market. The purchaser has secured significant external grant funding which has been invested in the development of affordable housing schemes in the borough. Asset Management officers are satisfied that sales at these prices represent best consideration in accordance with Section 123 Local Government Act 1972.
- 3.10 Accordingly, it is proposed to transact with the purchaser as a named party in respect of the sale of the two sites on the grounds that the agreed prices represent best consideration, subject to planning permission being obtained from the Local Planning Authority. Consent under Section 77 of the 1998 Act will be required before the sales can be completed
- 3.11 Cabinet is being asked to approve the sales to a named party and to delegate authority for the approval of terms to the Executive director for Regeneration and the Portfolio Holder for Regeneration and Transport.

4. Council priorities

- 4.1 The Asset Management Plan requires the Council to make the most effective and efficient use of its land and property resources. The sites are surplus to requirements and the proposed transactions will deliver disposals at best consideration.
- 4.2 The commitment to sell the sites to the purchaser will strengthen their bid for HCA grant funding, and the proposed sale will deliver the development of affordable housing to address the known need for housing in the borough.

5. Risk management

- 5.1 Planning permission for the proposed development on both sites will need to be obtained from the Local Planning Authority prior to the transaction reaching completion.
- 5.2 The offers are conditional on site investigations. There is a risk that the results of the site investigations will lead to a reduction in the purchase price, however, Asset Management officers are satisfied that the offers represents best consideration for both sites gross of abnormal costs arising from ground conditions.
- 5.3 Secretary of State for Education consent under Section 77 of the 1998 Act will be required for the disposal of the sites.
- 5.4 It is proposed to deal with the purchaser as a named party which is permitted by s123 Local Government Act 1972 on the basis that the disposals deliver best consideration.

6. Financial implications

- 6.1 The capital receipts will be received in both cases following the grant of detailed planning permission by the Local Planning Authority and grant of consent by the Secretary of State under Section 77 of the 1998 Act.
- 6.2 Each sale will be in accordance with the best consideration principles of Section 123 Local Government Act 1972.
- 6.3 The agreed terms for the sales of the sites, subject to detailed planning consent, site investigations, grant of consent by the Secretary of State under Section 77 of the 1998 Act and receipt of HCA grant funding are equal to the net book values of the sites hence there will be no profit or loss on disposal of these assets.
- 6.4 The proposed sales will facilitate the redevelopment of the land, bringing the sites back into beneficial use.

7. Legal implications

- 7.1 Legal Services will prepare the required legal documentation for the sales.
- 7.2 Secretary of State for Education consent under section 77 of the 1998 Act will be required for the disposal of the sites.
- 7.3 The future redevelopment of the sites will be required to be in accordance with the development plans for the borough (The Black Country Core Strategy and Walsall's Unitary Development Plan).
- 7.4 It is proposed to deal with the purchaser as a named party which is permitted under s123 Local Government Act 1972 as long as the sales represent disposals at best consideration. As indicated previously, officers are satisfied that the sales represent best consideration in this instance. A failure to obtain best consideration would leave the Council vulnerable to challenge by way of judicial review.

8. Property implications

- 8.1 The sales of the sites will enable the regeneration of two derelict sites which will deter antisocial behaviour and will release the Council from maintenance obligations.
- 8.2 The proposed redevelopment of the sites will meet identified housing needs for affordable housing in the borough.

9. Staffing implications

- 9.1 Each sale will be carried out by Surveyors within Asset Management. Legal Services will deal with the appropriate legal documentation.

10. Equality implications

- 10.1 The policies of the borough's development plans support future developments in ways that will encourage beneficial impacts. The development of the sites for affordable housing will provide much needed residential accommodation within the borough.

11. Consultation

- 11.1 Consultation has been undertaken with ward councillors, legal services, finance, HRD, planning and building control, housing, strategic regeneration and development and delivery.
- 11.2 Legal Services have provided information on the Council's freehold title in each site.

Background papers

Plan No EPMS 2808/2
Plan No EPMS 2809/2

Author

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Valuation Surveyor

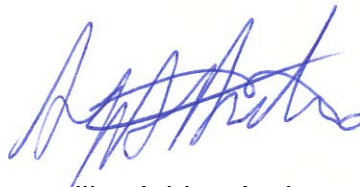
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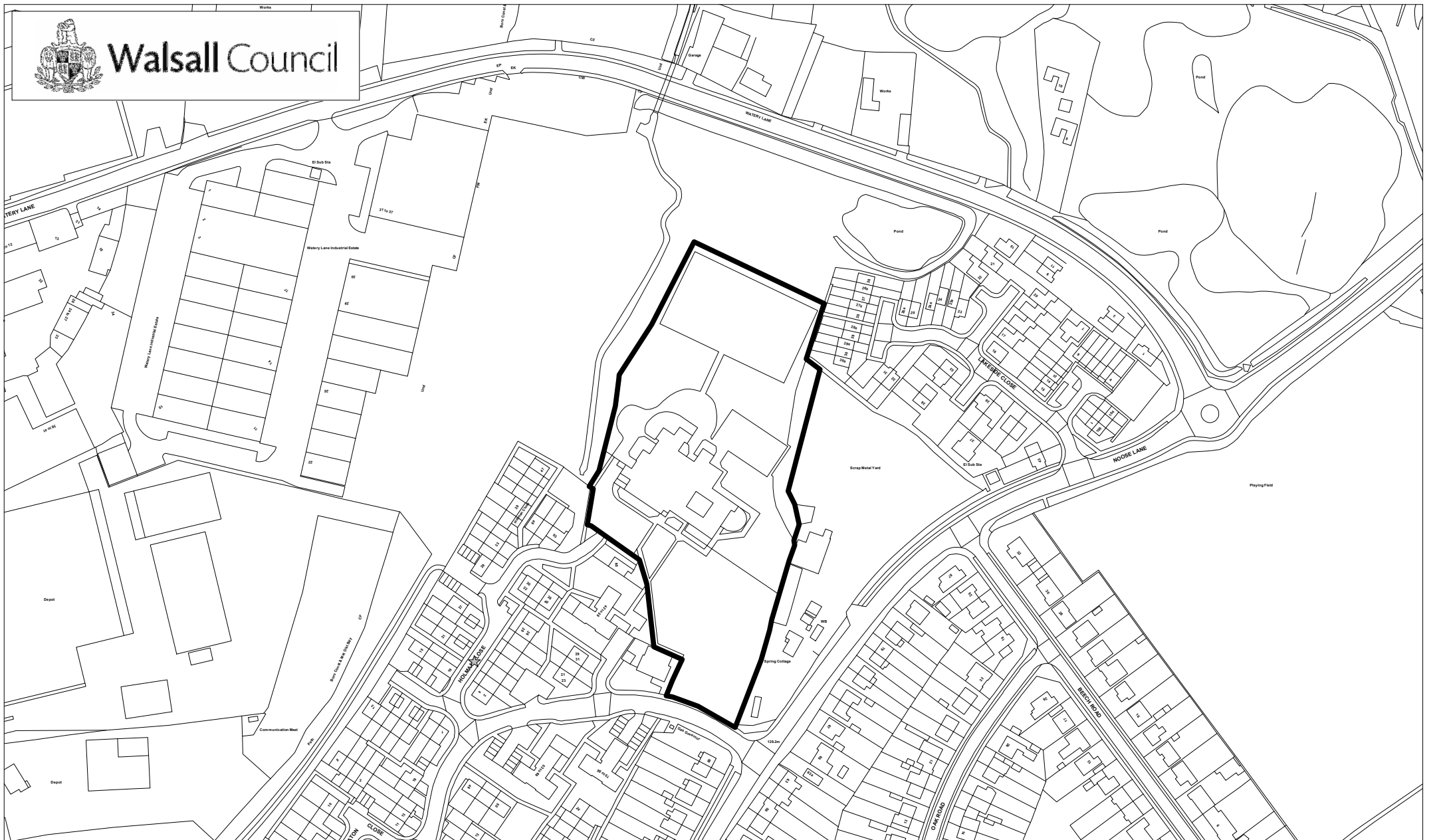
Simon Neilson
Executive Director
Regeneration

22 April 2014



Councillor Adrian Andrew
Deputy Leader
Portfolio Holder – Regeneration and
Transport

22 April 2014



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SITE ADDRESS:
LAKE SIDE SCHOOL
HOLMAN CLOSE, WILLENHALL

DRAWING NO : EPMS 3808/2
DATE : 19/03/2014
DRAWN BY : KCL



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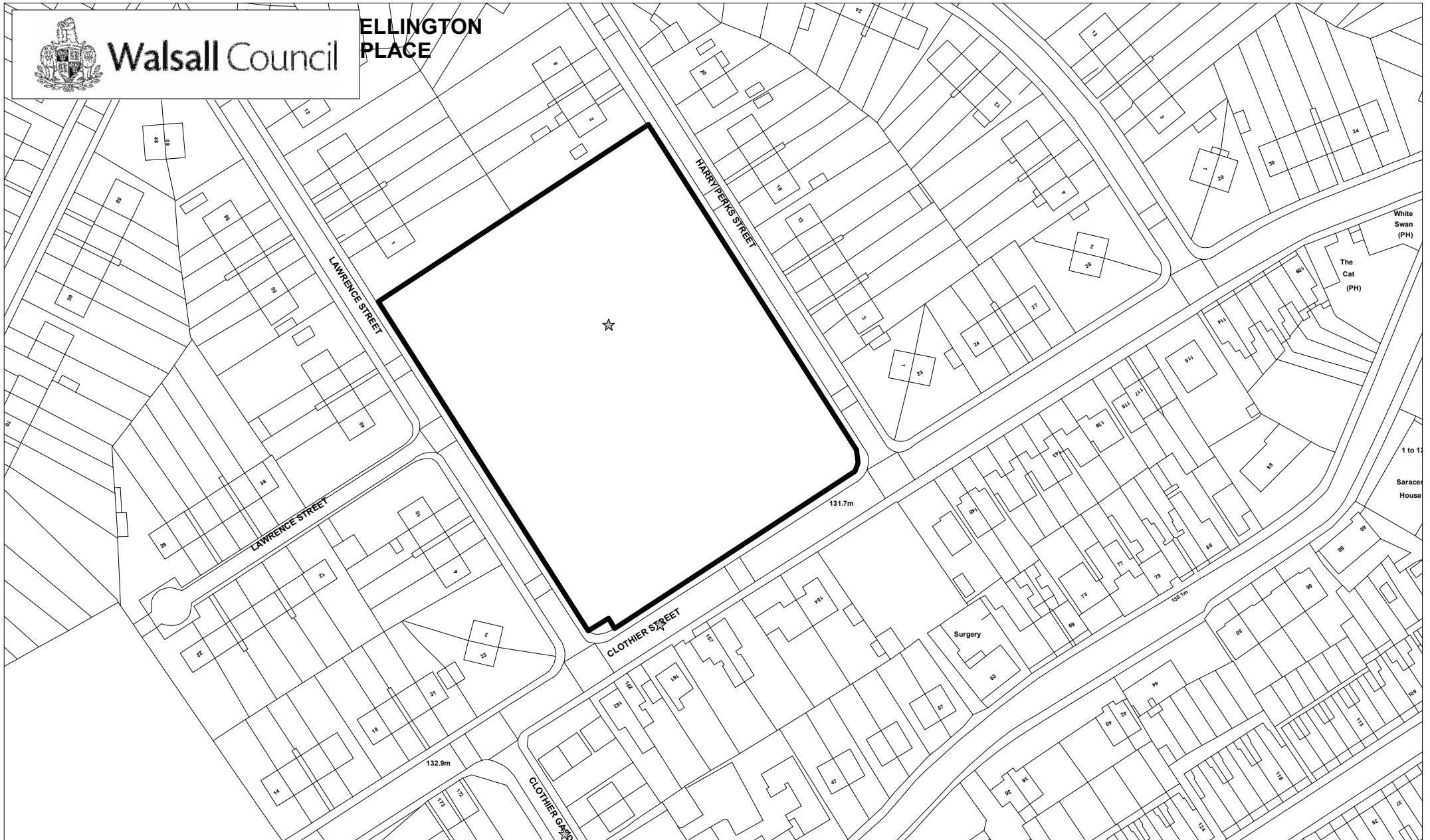
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Walsall Council

ELLINGTON
PLACE



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SITE ADDRESS:
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WILLENHALL

DRAWING NO : EPMS 3809/2
DATE : 19/03/2014
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