

Cabinet – 2 July 2014

Sale of Site of Former Beechdale JMI School Site

Portfolio: Councillor A Andrew –
Deputy Leader and Regeneration and Transport

Service: Property Services

Wards: Birchills Leamore

Key decision: Yes

Forward plan: Yes

1. Summary

- 1.1 Beechdale JMI School has been closed, declared surplus to the Council's requirements and the buildings demolished.
- 1.2 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.
- 1.3 On 11December 2013, Cabinet approved the allocation of funds from the anticipated capital receipts identified from the sale of the Beechdale School and four other school sites to be expended on the works identified for the re-modelling of the Rushall Primary School and associated additional accommodation which will be required in the context of the review of the wider Education Development Centre 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 site.
- 1.5 Terms have been agreed in principle with a purchaser for the sale of the site at a price which delivers sales at a price which Asset Management officers are satisfied represents best consideration in accordance with section 123 of the Local Government Act 1972.

2. Recommendations

Subject to consideration of the confidential information in the Private session of the agenda, the Cabinet will be recommended to:

- 2.1 approve the disposal to a named party of the freehold interest in the land at the former Beechdale School shown edged in black on plan number EPMS 3464/10 **Appendix A**, extending to 4.7 acres (or thereabouts);

provided:

- i) Secretary of State consent is forthcoming under section 77 of the 1998 Act for the disposal;
 - ii) the sale price satisfies the requirement to achieve best consideration;
 - iii) the purchaser secures HCA funding in respect of the site;
 - iv) the site investigations are satisfactory;
 - v) the purchaser bears the Council's surveyor's fees and legal costs; and
 - vi) the transaction does not reach legal completion until the purchaser has obtained detailed planning permission from the Local Planning Authority for the proposed development.
- 2.2 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 interest in the site.
- 2.3 note that under section 77 of the 1998 Act a proportion of the proceeds of the sale is required to be reinvested and that Cabinet previously resolved that these funds should be allocated to the named project for Rushall Primary School. The proportion to be invested in Rushall Primary School from the disposal of Beechdale JMI School is 28.9% of the total net value of the whole School site.
- 2.4 further note that the first call on receipts not covered by Section 77 will be to complete work on the Education Development Centre as agreed by Cabinet in December 2013.

3. Report detail

- 3.1 Beechdale JMI School (the site) was closed and the students relocated to other local schools.
- 3.2 The school buildings have been demolished. Part of the site was sold in 2013 to Accord Housing Association. The remainder of the site, extending to 4.7 acres (or thereabouts) is shown edged in black on plan number EPMS 3464/10.
- 3.3 The Council has no alternative use for the site and, as such, the site has been declared surplus to the Council's requirements.
- 3.4 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 was granted in October 2012 for the disposal of the site.
- 3.5 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 the site. 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.

- 3.6 On 11 December 2013, Cabinet approved the allocation of funds from the anticipated capital receipts identified from the sale of the Beechdale School and four other school sites to be expended on the works identified for the remodelling of the Rushall Primary School and associated additional accommodation which will be required in the context of the review of the wider Education Development Centre site.
- 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 site at market value.
- 3.8 Terms have been agreed with the purchaser for the sale of the site, 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 and independent 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. Following the valuation from Lambert Smith Hampton, 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 site on the grounds that the agreed price represents 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 sale 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 site is surplus to requirements and the proposed transaction will deliver a disposal at best consideration.

- 4.2 The commitment to sell the site 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 the site will need to be obtained from the Local Planning Authority prior to the transaction reaching completion.
- 5.2 The offer is 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 offer represents best consideration for the site 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 site.
- 5.4 It is proposed to deal with the purchaser as a named party which is permitted by section 123 of the Local Government Act 1972 on the basis that the disposal delivers best consideration.

6. Financial implications

- 6.1 The capital receipt will be received in 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 The sale will be in accordance with the best consideration principles of section 123 Local Government Act 1972.
- 6.3 The agreed sale price for the site, 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 is at the net book value of the site.
- 6.4 As required by Section 77 of the 1998 Act, 28.9% of the value of the whole Beechdale School site will be reinvested in the named Rushall Primary School project. The first call on receipts not covered by Section 77 will be to complete work on the Education Development Centre as agreed by cabinet in December 2013. Any balance of the receipt will go to support the capital programme.
- 6.5 The proposed sale will facilitate the redevelopment of the land, bringing the site back into beneficial use.

7. Legal implications

- 7.1 Legal Services will prepare the required legal documentation for the sale.

- 7.2 Secretary of State for Education consent under section 77 of the 1998 Act will be required for the disposal of the site.
- 7.3 The future redevelopment of the site 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. This is permitted under section 123 of the Local Government Act 1972 which provides that the Council may dispose of land in any manner it wishes providing it obtains best consideration. As indicated previously, officers are satisfied that the sale represents 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 sale of the site will enable the regeneration of a derelict site which will deter antisocial behaviour and will release the Council from maintenance obligations.
- 8.2 The proposed redevelopment of the site will meet identified housing needs for affordable housing in the borough.

9. Staffing implications

- 9.1 The 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 site 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.

Background papers

Plan No EPMS 3464/10

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Simon Neilson
Executive Director Regeneration

July 2014



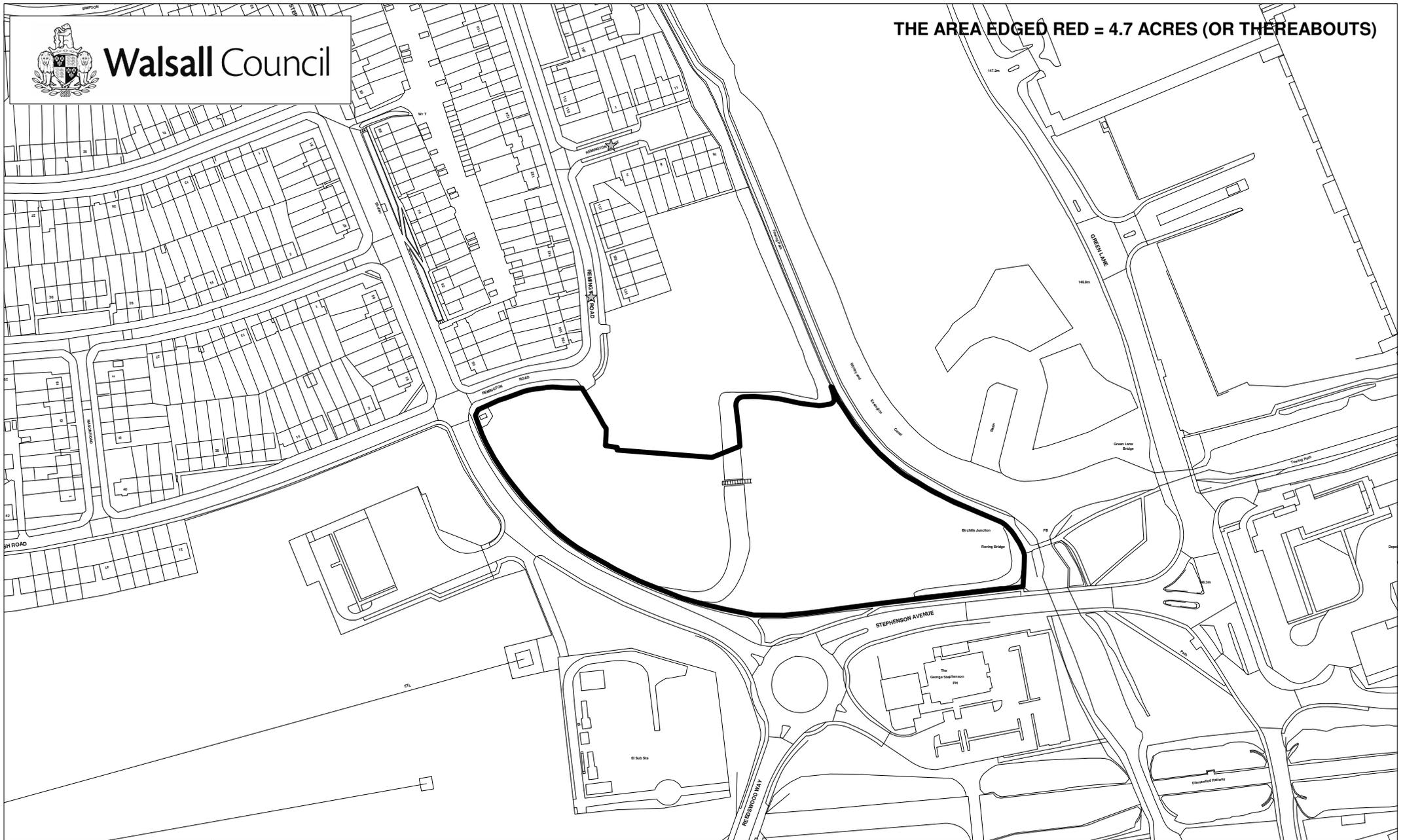
Councillor A Andrew
Portfolio Holder – Regeneration and
Transport

July 2014



Walsall Council

THE AREA EDGED RED = 4.7 ACRES (OR THEREABOUTS)



**ASSET
MANAGEMENT**
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**SITE ADDRESS:
FORMER BEECHDALE SCHOOL
REMINGTON ROAD, WALSALL**
DRAWING NO : EPMS 3464/10
DATE : 23/05/2014
DRAWN BY : KCL



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