



Sale of former Southfields and Newry Schools

Decision to be taken by: City Mayor

Decision to be taken on: 21 September 2018

Lead director: Matthew Wallace

Useful information

- Ward(s) affected: Eyres Monsell
- Report author: Neil Gamble
- Author contact details: 37 2125
- Report version number plus Code No from Report Tracking Database: 1

1. Purpose of report

- 1.1 To seek approval to the sale of the combined sites of the former Southfields and Newry schools to promote the development of affordable housing and due to a linked sale to provide a site for a new free school.

2. Summary

- 2.1 The two schools closed down over 10 years ago and while the Newry element has been put to temporary use since then the buildings are beyond economic use.
- 2.2 The Council has been seeking to assist in the identification of sites for new free schools and a suitable location has been identified at Abbey Park Road. To release this site the current owner wishes to purchase a replacement residential site and the Southfields Newry site has been proposed. Terms have therefore been agreed for the Council to sell to them for affordable housing subject to them selling their land to Government for a new free school.
- 2.3 This arrangement will ensure that the redundant site at Southfields Newry is brought back into beneficial use, will secure new affordable homes for the city, secure demolition of liability buildings and provide a site for a free school towards meeting the city's current shortfall of school places and avoiding the Council having to use basic need funding to provide.

3. Recommendations

- 3.1 It is recommended that the combined sites of the former Southfields and Newry schools be sold to Grange Developments (Abbey Park) Limited (GDL) for £1 subject to the purchaser
 - i) achieving satisfactory planning consent for the development of the site for affordable housing of a tenure and mix agreed with the Director of Housing,
 - ii) securing funding and entering into an agreement with a Registered Social landlord for the purchase and subsequent management of the homes
 - iii) providing 100% nominations to the Council on first lets for homes for rent and 75% thereafter.
 - iv) commencing development of the site within 6 months of site purchase and completing development within 3 years with Council to have a right to buy back for £1 if this is not achieved.

- 3.2 The sale will also be conditional on GDL simultaneously selling 5 acres of land at Abbey Park Road at market value to Ministry for Housing, Communities and Local Government (MHCLG) for development of a new free school.

4. Report:

- 4.1 The Southfields and Newry schools as identified edged black on attached plan A were closed over 10 years ago on the opening of the Samworth Academy. The buildings have been largely vacant since then, other than for some temporary use of Newry, and they have been subject to vandalism and no longer in a condition to have any future economic use. The combined site amounts to approximately 3 acres (1.21 hectares).
- 4.2 In the light of increasing pupil numbers the Council has been working with Located on behalf of MHCLG to identify sites in the city to provide new free schools.
- 4.3 GDL own land at Abbey Park Road which they are proposing to develop for housing. The part of their holding indicated edged black on attached plan B amounts to approximately 5 acres (2.02 hectares) and has been identified as a good potential site for a free school.
- 4.4 GDL has made it clear that they would consider sale of the land to MHCLG to facilitate the school only on the basis that they can buy alternative land for residential development in the city and in particular for affordable housing as they have a registered provider identified and funding from Homes England. The Southfields Newry site has therefore been identified to meet this need and terms have therefore been agreed for two linked transactions to facilitate both the development of the free school and affordable housing on the terms as outlined below.
- 1) LCC to sell the freehold interest with vacant possession in Southfields Newry site to GDL at a sale price of £1 (exclusive of any VAT that may be payable) with the sale being conditional upon:
 - i) GDL being in receipt of a satisfactory planning consent for the development of the property as affordable housing of a tenure and mix agreed with LCC's Director of Housing. No appeal against a planning refusal will be allowed.
 - ii) GDL securing Homes England funding for the development and entering into an agreement with a registered provider for their purchase and subsequent management of the residential development to be built on the site.
 - iii) GDL being satisfied by site survey results.
 - iv) LCC approving plans as vendor.
 - v) JR challenge period being passed without challenge.
 - 2) The property will be sold as existing with structures standing.

- 3) LCC will require 100% nomination rights on first let for homes to rent and 75% thereafter.
 - 4) Following completion of the sale the development of the site is to be commenced within 6 months and completed within 3 years. Should the development not be completed within 3 years then LCC have a right to buy back at £1.
- 4.5 The sale will be further conditional that GDL simultaneously sell the land at Abbey Park Road to MHCLG for the construction of the free school. The sale is to be on the terms as outlined below:
- 1) GDL to sell the freehold interest with vacant possession in 5 acres of land at Abbey Park Road to MHCLG at market value with the sale being conditional upon:
 - i) GDL being in receipt of a satisfactory planning consent for the development of their retained land for residential development
 - ii) JR challenge period being passed without challenge
 - 2) MHCLG will be obligated to commence construction of the school development within a period of 12 months from the later of receipt of a satisfactory planning permission, or completion of the purchase and be completed within 5 years of completion of purchase. Should this not be achieved LCC will have a right to buy the site at the price paid by MHCLG which lasts for 9 months. If this right to buy is not taken up then GDL will have similar right to buy back at the price paid by MHCLG and will be required to undertake within a further 6 month period.
 - 3) The contract will permit MHCLG to assign the contract to a different Secretary of State or Government Department prior to completion without GDL consent as seller being required.
- 4.6 The Council's Framework for the Disposal of Property provides that the Council should normally dispose of property through open marketing other than in cases where specific exemptions are met. In this case the sale direct to GDL is proposed due to the purchasers' ability to link the purchase with the sale of their Abbey Park Road land to facilitate the free school development.
- 4.7 The sale for £1 is at less than best consideration. An independent valuer's report has been obtained which provides a market value for the site with buildings standing of £1,350,000 assuming that market housing provides the highest value. Under the General Disposal Consent the Executive is enabled to agree to sell property at less than best consideration where the foregone receipts are less than £2,000,000 and satisfied that the social, economic and environmental wellbeing benefits accruing from the sale justify the action. In this case such review of wellbeing can consider both the benefits of the provision of affordable housing and the free school. In addition the sale of the site will remove the ongoing liability to the Council in terms of managing the vacant premises, the risks arising from holding dilapidated buildings and the costs of demolition and site clearance.

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 Disposal of the combined sites of the former Southfields and Newry schools is proposed, to promote the development of affordable housing and linked to the sale of land at Abbey Park Road for a new free school. As the combined site is to be used wholly for affordable housing, and upon which the Council will have nomination rights, a nominal price of £1 is proposed.

The Council could however receive a significantly greater sum if the Southfields and Newry land were to be sold on the open market for commercial housing development. This approach would not however help to meet the need for affordable housing, and nor would it unlock the Abbey Park Road site for a free school.

Colin Sharpe, Head of Finance – ext. 37 4081

5.2 Legal implications

5.2.1. The Council is under a legal obligation to obtain the best consideration reasonably obtainable in the circumstances, under s.123 of the Local Government Act 1972 (as amended). The Council is also required to comply with its general fiduciary duty to ensure the best value in its land and property transactions. As explained in this report, the Council is permitted to dispose of land and property at less than best consideration in accordance with the 2002 General Disposal Consent for land and property, in circumstances where the Council thinks the disposal will contribute to the social, economic, or environmental well-being for the area in which the land/property is situated. Any disposal is subject to an undervalue of £2m.

5.2.2 Any disposal should also be compliant with the Council's Framework for the disposal of land and property. Given the terms of the proposed disposal as set out in this report, the disposal of these sites for the purpose both of facilitating the provision of a free school and affordable housing would appear to comply both with the 2002 Consent and the Council's Framework. However the Council should ensure that the premises are developed for the purpose of affordable housing, by including appropriate restrictions on use and disposal, in order to ensure compliance with the purposes of disposal under the 2002 Consent, and that the sale is conditional upon the disposal of the Abbey Park Road site.

John McIvor, Legal Services - ext. 37 1409

5.3 Climate Change and Carbon Reduction implications

5.3.1 The development of new housing and school facilities as a result of the proposed sale will generate carbon emissions by creating new demand for heating/cooling, lighting and power, as well as additional travel. It may also have implications for adapting to climate change – particularly in relation to any flood risk.

The Council can ensure that developments on these sites address climate change by applying Core Strategy Policy CS2. Policy CS2 requires Major Developments to provide on-site, or connect to existing, low carbon community/district heating systems where feasible, and to provide for an appropriate level of renewable energy generation, in addition to meeting the requirements of the Building Regulations in terms of energy efficiency. It also requires appropriate accessibility to sustainable travel options, and management of any flood risk issues.

Duncan Bell, Senior Environmental Consultant - ext. 37 2249

5.4 Equalities Implications

Hannah Watkins, Equalities Manager - ext. 37 5811

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None

6. Background information and other papers: None

7. Summary of appendices: Plans attached

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

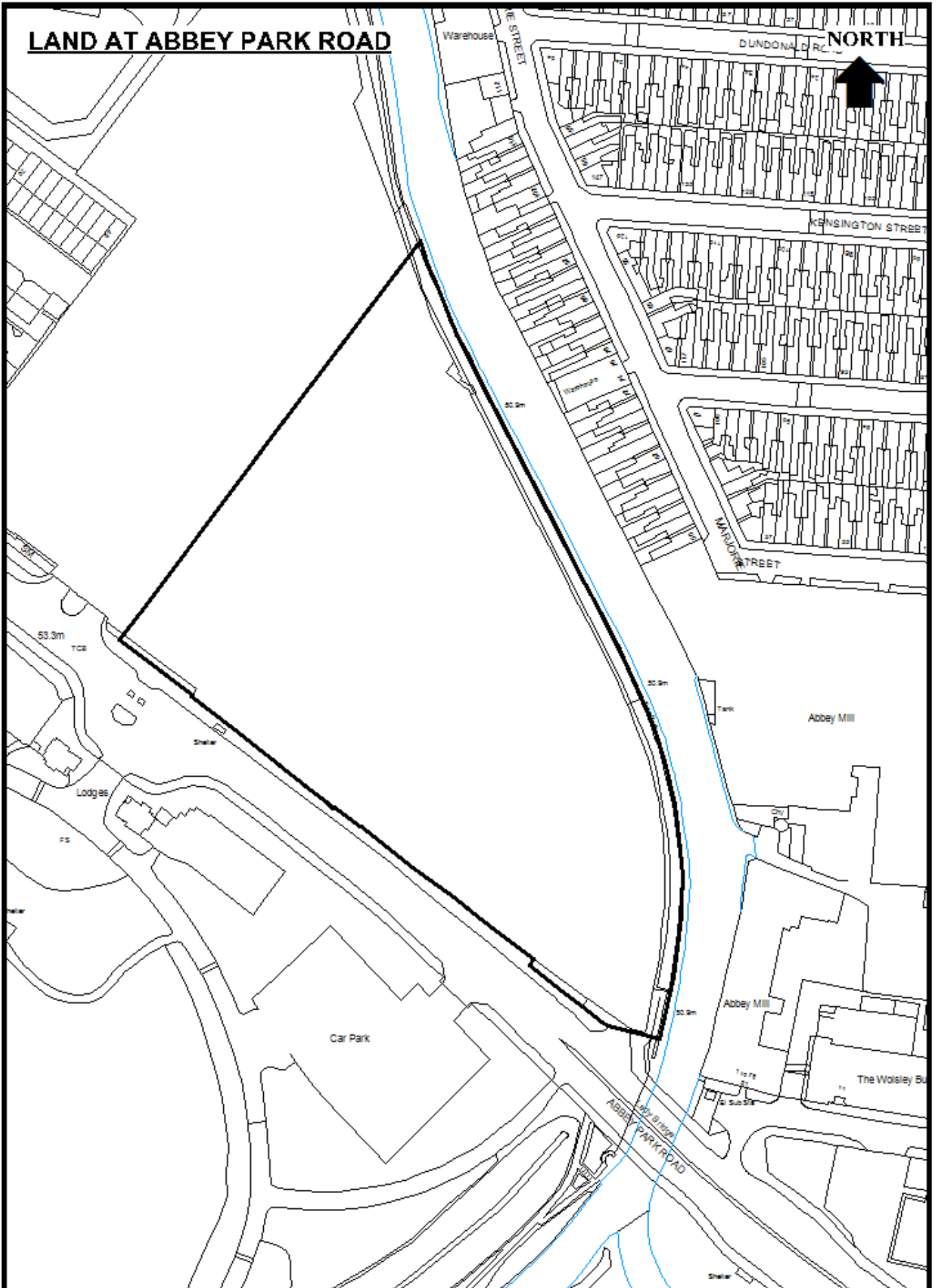
No

9. Is this a “key decision”?

No

LAND AT ABBEY PARK ROAD

NORTH



BASED UPON THE ORDNANCE SURVEY MAP WITH THE
SANCTION OF THE CONTROLLER OF THE STATIONERY
OFFICE. CROWN COPYRIGHT RESTRICTED.
LICENCE No. 100019264

DRAWN BY ...PC..... PLAN No. Ctee.471 NOT TO
CHECKED BY ...NJG..... DATE 15/05/2017 SCALE

DIRECTOR OF ESTATES &
BUILDING SERVICES
LEICESTER CITY COUNCIL