



Delegated decision report

DECISION UNDER DELEGATED POWERS

DECISION CANNOT BE TAKEN BEFORE 29 JUNE 2018

Title	DISPOSAL OF LAND FORMING PART OF THE FORMER BARTON PRIMARY SCHOOL, NEWPORT
Report of	DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE RESOURCES

EXECUTIVE SUMMARY

1. The Isle of Wight Council was approached some 18 months ago by the Phoenix Trust, hereafter referred to as “the Trust”, with a view to purchasing buildings and land that forms part of the of the former Barton Primary school site in Newport, in order to relocate and expand their services. To provide some security and reassurance for them whilst valuations and finance were arranged, the council agreed in March 2017 that the Trust would be granted special purchaser status.
2. Two independent valuations have indicated a potential value for the site for development for residential purposes in excess of £400,000. Any Department of Education approval to dispose of the site requires the investment of evidenced full value of any sale in the education estate on the Island.
3. Following discussions with the Cabinet member for Resources regarding the *very substantial* gap between the Phoenix Trust offer of £175,000 and the defined value of the site, further negotiations have been held with the Phoenix Trust to explore whether an increased offer might be tabled or other value from disposal of their existing site, currently leased to the NHS trust might be concluded.
4. Neither of these actions has produced a way forward and the Phoenix Trust have requested a formal decision be made on their offer.
5. Because of the great disparity between the offer and the site value, the offer is considered unacceptable.

BACKGROUND

6. The council's Cabinet accepted the Trust as a potential special purchaser in March 2017.
7. A site plan is attached at Appendix A. The land to be sold is approximately 0.74 hectares in area and is outlined in red on the plan. The land coloured blue is the Early Years Centre which will be retained by the council for education purposes. The Trust have also requested that, under the terms of the sale, it is granted right of first refusal to purchase this additional land at market value if it becomes available in the future.
8. The original former school building is of traditional red brick construction and, although not listed, is considered to be a non-designated heritage asset. It is thought that the site could be suitable for residential redevelopment subject to further planning enquiries.
9. Barton Primary School was relocated during the summer of 2016 to the former Downside Middle School, now the site of the new Barton Primary School and East Newport Children's Centre. The former site was declared redundant and identified for sale in the capital disposal programme.
10. Following the school reorganisation, Downside Middle School was closed and the building reused as a Community and Learning Centre. The buildings and site were retained due to the possible future demand for additional school places from the Pan Meadows housing development.
11. Recent investment has provided for a school, children's centre and community centre at the former Downside site which will be key to achieving the community legacy from the Pan Meadows development and assist with the integration of the old and new communities.
12. The capital funding spend to date for the improvements to the former Downside school is shown in Table 1.

Spend funded from:	£
S106	729,228
Condition grant	821,014
Universal infant free schools meals	50,000
Corporate funding (capital receipts)	247,275
Total spend	1,847,516

The Department for Education approval for disposal of the Barton site is predicated on the basis that any receipt from the former site is put back into the provision of the education estate on the Isle of Wight. £247,275 Isle of Wight Council funding has already been invested in the adaptations needed at the Downside site.

13. More recently, Children's Services have identified additional demand as a result of a number of high needs children and families moving to the Island that cannot be met within existing resources. Unless provision can be made on the Island it would result in significant revenue costs that have not been budgeted for. Given the proximity of this site to Medina House it was considered that the only practical way of delivering these service needs was to retain the Early Years Centre and capital funding was allocated to make the necessary adaptations. The council decided to retain the Early Years Centre which forms part of the larger former Barton Primary School site.
14. Under the council's special purchaser protocol the Trust funded one of two valuations carried out by two Royal Institute of Chartered Surveyors registered valuers to determine the open market value of the remainder of the site.
15. The independent valuation commissioned by the Council estimated a value of £400,000. The valuation for the Trust estimated a value of £500,000. The likely actual value is somewhere between the two figures.
16. The Trust have offered a figure of £175,000 for the site and have suggested they would need to seek further mortgage finance and grant funding to the circa £412,000 to change the building for their own use.

STRATEGIC CONTEXT

17. The council's Corporate Plan 2017-2020 key objectives are:
 - Creating opportunities for all
 - Delivering economic growth and prosperity
 - Preserving our environment
 - Planning for our future needs
 - Protecting our community
 - Providing sound financial management
18. The conditions for disposal applied by the Department for Education require the investment of the evidenced value of any potential capital receipt in the education estate on the Isle of Wight. Disposal below valuation would require the council to identify from its own resources the gap between the Trust's offer and the confirmed valuation (minimum gap of £225,000) in addition to foregoing any refund contribution towards its £247,275 investment to improvements at Downside school.
19. The gap between the Trust's best offer and market value does not therefore support the council's objective of delivering sound financial management and also produces a significant deficit in terms of education funding.

CONSULTATION

20. The local member is aware of the Trust's interest in the site and has been involved in discussions between the council and the Trust regarding the proposal, and is supporting the Trust's intention to purchase the site.

FINANCIAL / BUDGET IMPLICATIONS

21. The council needs to benefit from a capital receipt to be determined by market valuation and a best value consideration to achieve this. The receipt is also required to contribute to investment in the education estate on the Isle of Wight.
22. The current holding costs of the buildings are approximately £10,000 per annum.

CARBON EMISSIONS

23. This site has been vacant since the opening of the new Barton Primary School, at Furlongs. While occupied it is estimated the site consumed 265,000 kWh (65t CO₂) of energy. Its disposal will have a positive impact on the council's Carbon footprint.

LEGAL IMPLICATIONS

24. The council has the power to dispose of property under section 123 of a Local Government Act 1972 which requires it to achieve 'best consideration' in any disposals and in this case subject to the permission of the Secretary of State.
25. The council currently holds the property on a freehold basis
26. The disposal is subject to Department for Education consent releasing the site for this purpose.

EQUALITY AND DIVERSITY

27. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The provision of additional care facilities on this site may contribute to the council's equality and diversity obligations under the act.

SECTION 17 CRIME AND DISORDER ACT 1998

28. The property is vacant and subject to regular security inspections. Returning the premises to active use will reduce any risk of future vandalism.
29. The provision of community activities at the site may help contribute to the provision of diversionary activity to help prevent local low level crime.

OPTIONS

30. Subject to Department for Education's approval to release the site three potential options have been considered:
31. Option 1 - To sell the council's freehold interest in the subject land to the Phoenix Trust as a special purchaser, at a price of £175,000, informed by formal valuations.
32. Option 2 - To advertise the land on the open market with a view to seeking best price for the sale of the freehold
33. Option 3 – To assess the potential to bring forward a development scheme for the site with the council potentially acting as the developer, or in partnership with a third party, to achieve the target valuation for education re-investment and a further ongoing return for the council.

RISK MANAGEMENT

34. With regard to Option 1 the sale would be at £175,000 as proposed by the Trust following an assessment of best consideration and the formal valuation. This would involve disposing at an under value and not achieving the best value possible thereby not achieving sufficient return to reinvest in education provision.
35. In terms of Option 2 the main risks relate to the potential time involved in marketing and disposing of the site and resulting holding costs and there being no guarantee of achieving the market valuation. Any subsequent sale will also be the subject to a separate decision making process
36. In terms of Option 3 the main risks are connected to the nature of the site and the form of potentially viable/deliverable development may not provide the necessary returns.

EVALUATION

37. The site of the portion of the former Barton Primary School to be sold is now redundant and surplus to service requirements and continues to attract holding costs to the council. The proposed purchase by the Trust as a special purchaser would not represent best value in producing a capital receipt, which is identified as necessary in making a contribution to the investment in the education estate on the Isle of Wight.

RECOMMENDATION

- 38. To rescind the special purchaser status of the Phoenix Trust.
- 39. To assess the potential to bring forward a development scheme for the site with the council potentially acting as the developer, or in partnership with a third party, to achieve the target valuation for education re-investment and a further ongoing return for the council.
- 40. In the absence of the identification of a viable development scheme to advertise the land on the open market with a view to seeking best price for the sale of the freehold.

APPENDICES ATTACHED

- 41. Appendix A - site plan

BACKGROUND PAPERS

- 42. None.

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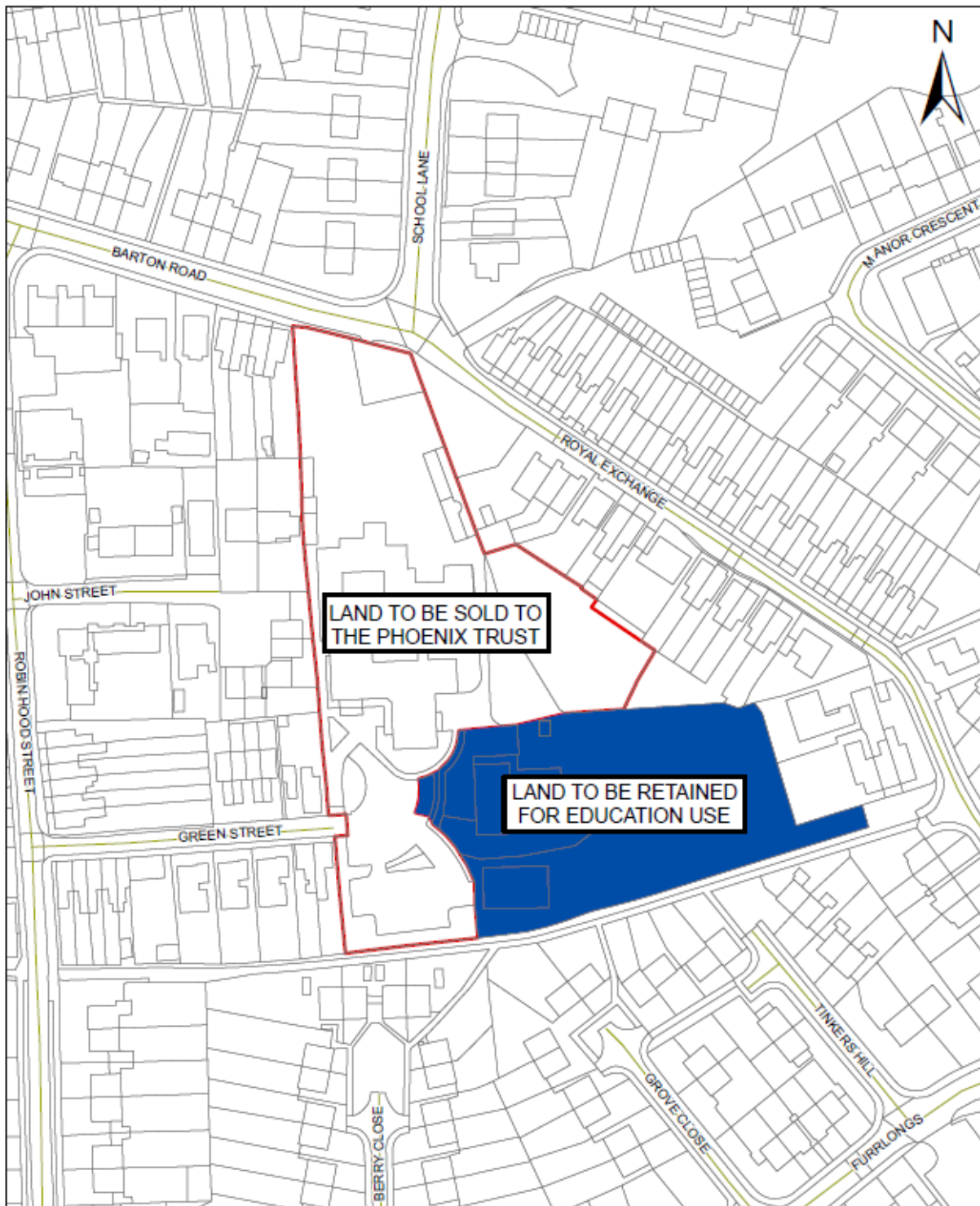
Decision

Signed

Date

APPENDIX A

Former Barton Primary School, Green Street, Newport [Scale 1:1250 @ A4]



0 5 10 20 30 40
Meters

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