

RECORD OF DECISION APPENDIX

REPRESENTATIONS FROM CLLR GEOFF BRODIE TO CLLR STUART HUTCHINSON (CABINET MEMBER FOR CORPORATE RESOURCES)

From: Geoff Brodie

Sent: 27 June 2018 13:33

To: Beresford, Jennifer

Subject: Re: Intended Notice of Decision - Disposal of Land Forming part of the Former Barton Primary School, Newport

Jenn

My representation against this proposed delegated decision.

I am opposed to the proposal to rescind the special purchaser status of the Phoenix Trust because:

I have always welcomed the Trust's interest in taking on the Barton site as it would have helped avoid further house building in an area that has had the lion's share of all housebuilding on the Island in recent years - nearly 500 new properties in the last 7 years. It would also protect a green space (school field) in an area of high housing density;

I am disappointed that the associated report makes no reference to the fact that the Phoenix Trust is a Charitable Interest Company and provides day care services for over 90 adults with learning difficulties;

They approached the Council in February 2016, not eighteen months ago, but 28 months ago;

They made an offer of £200,000 in July 2016 for the entire site. If that was unacceptable it should have been formally rejected. It wasn't;

They made an offer of £175,000 in July 2017 to reflect the reduced site available and the deteriorating condition of the building. If that was unacceptable why has it taken 12 months to formally reply;

The continued use of the former Children's Centre building for Medina House School significantly restricts the land available for redevelopment. Medina House School will need continued access to the car park for an unspecified number of years. I would have thought that this would impact upon any development value;

Whilst the building isn't listed it is of local significance and interest to my community. I am keen to see it preserved in any future usage. This is not mentioned in the report;

Whilst the Phoenix Trust can't offer full market value, they were clear on this from the outset. They did say they would work with the local and wider Newport community to ensure use of the Barton School buildings. This has not been referenced in the report;

They also spoke to senior staff from the Learning Disability Service, who were keen to relocate with us. They advised officers of this, but again no reference in the report;

Paragraph 21 of the report in March 2017 that gave them special purchaser status did make reference to "the social impact as part of any final agreement". There are precedents of the Council selling sites / buildings at below market value in order to meet corporate priorities;

Phoenix trustees have told me they are disappointed at the way they have been treated by the IW Council. The new administration has been in office since May 2017 (some since Jan 2017) and their officers have seemingly messed them around, wasting time effort and money. The Council has spent money regarding site security, referenced in the report, and for utilities etc. If the answer was always going to be no, this should have been communicated twelve months ago.

I trust Cllr Hutchinson will take all of this into account.

Regards

Geoff Brodie

IW Councillor for Newport East

RESPONSE FROM CLLR STUART HUTCHINSON (CABINET MEMBER FOR CORPORATE RESOURCES) TO CLLR GEOFF BRODIE

From: Stuart Hutchinson

Sent: 05 July 2018 10:00

To: Brodie, Geoff

Cc: Baker, Jonathan; Beresford, Jennifer

Subject: Barton site; delegated decision to terminate Preferred Purchaser status.

Hi Geoff,

As you have made formal representation about the sale of this site , although we have corresponded before, it is deserving of a formal reply.

I have sympathy with the desire of Phoenix Project to expand and to relocate services, which is why, after taking office following the resignation of almost the whole of the previous administration's Executive, I took the decision, at Phoenix's request, to grant them preferred purchaser status as soon as was practicable, in March 2017. The detailed rationale for the grant of that status was set out in the justification for that decision. The granting of PPS and its subsequent withdrawal is part of the same decision set and reiterating the original arguments seemed to me to be unnecessary. Throughout the period of the negotiations we have always had in mind the reasons for the status.

In terms of the timescale for the decision, I cannot of course speak for the previous administration, but as they were initially approached in February 2016 and subsequently received an offer, it must have been deemed unacceptable otherwise a decision to sell would have been made between then and when the administration changed about a year later. I don't know why Phoenix then specifically asked for PPS status, it would seem unlikely that they were simply hoping that the unacceptable offer would become acceptable.

The usual reason for the granting of PPS status is to lock out other purchasers whilst negotiations take place, and also to give time for the purchaser to assemble the funding for the purchase. When seeking to acquire a freehold asset of this value, and in a different town, a charity would ordinarily put together a business plan and seek funding from several sources; commonly a mortgage against the value of the property, supported by assets they hold, including cash reserves, and through a fund raising drive. Clearly I'm not party to their plans or the action they were taking to raise funding, but it would seem surprising if their plan did not include that and relied solely upon the hope of being

able to purchase new premises at a fraction of market value with an offer even lower than their original one, especially when they were already aware that their first offer had not been acceptable.

I would have been content to allow the preferred purchaser status to continue for several months more if it was likely that funding was in train and more time was needed. As it is, they will have had two years in which to do this, which is not unreasonable. It is Phoenix that has asked for a formal decision to be made at this point to bring closure to the process.

As is set out in the decision report, we agreed with Phoenix as part of a transparent process, that a proper assessment of site value should be available and that to be fair to both parties we should each seek an independent site valuation. Professional Valuers will always take into account the various constraints on a site such as those you mention. In this instance, Phoenix's own valuation was the highest. As you know, when DfE agree to release an education site they seek the value to be put back into the education estate and the receipt from the sale is earmarked for future education capital development.

I could have justified a sale at the lower valuation, but not at less than half. So whilst having sympathy with Phoenix's aspirations, I cannot agree to give them what is effectively a grant of hundreds of thousands of pounds to run the same service from a different site (even though it offers future growth potential) the loss of which money would be to the detriment of the Education service.

It is that consideration, and the request for closure, that drives this decision.

It's perhaps worth pointing out that the loss of PPS and decision not to sell at the offer price received does not prevent Phoenix from bidding in future as and when the site is marketed and with the same social value elements being considered.

Kind regards,
Stuart

Stuart Hutchinson
Ward Councillor: West Wight
Deputy Leader Isle of Wight Council
Cabinet Member for Corporate Resources