



# Delegated decision report

## **DECISION UNDER DELEGATED POWERS**

**DECISION CANNOT BE TAKEN BEFORE 10 OCTOBER 2023**

Title **DISPOSAL OF THE FORMER SANDHAM MIDDLE SCHOOL SITE, PEROWNE WAY, SANDOWN, ISLE OF WIGHT**

Report to **CABINET MEMBER FOR FINANCE, CLIMATE CHANGE AND BIOSPHERE**

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### EXECUTIVE SUMMARY

1. The site is the former Sandham Middle School site, Sandown which ceased education use in 2014 and is shown edged red in Appendix 1 attached.
2. The property has been offered on the open market and a number of bids were received. The recommended bid was the highest offer and would deliver new homes with the intention to provide more affordable housing than required by planning policy. The recommendation of this report is therefore to accept this offer and dispose of the site.

### RECOMMENDATION

3. That the Cabinet Member for Cabinet Member for Finance, Climate Change and Biosphere approves the offer received for the site from National Pride UK CIC (National Pride) as set out in the heads of terms attached as confidential Appendix 2 and delegates approval of the final terms to the Director of Corporate Services, in consultation with the Cabinet Member for Finance, Climate Change and Biosphere.

### CONFIDENTIAL / EXEMPT ITEMS

4. Appendix 2 is exempt from disclosure under Regulation 4(2)(b) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, on the grounds that there is likely to be disclosure of exempt information, as defined in Part 1 of Schedule 12A of the Local Government Act 1972 and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. This is because the information relating to the recommended bid has been submitted in confidence and is considered to be

commercially sensitive until the sale has completed so that sensitive information cannot be used by another party, particularly one of the other bidders, to better its own position.

## BACKGROUND

5. The site was formerly Sandham Middle School closed in 2011 and was subsequently used by Sandown Bay Academy as temporary accommodation. Due to declining numbers on roll at the Academy this agreement ceased in August 2014 and the site has not been used for education purposes since then. The site is shown edged red in Appendix 1 attached and extends to 2.4 hectares (5.9 acres). Due to various episodes of vandalism on the site it was decided that it would be safest to demolish the school buildings and so this was undertaken, the site is therefore now a cleared brownfield site and ready for redevelopment.
6. As part of the council's property management strategy, once sites are surplus to requirements they should be either re-used or disposed of to raise capital which is then reinvested as required.
7. Since 2014 various uses have been proposed for the site, but most recently it has been marketed to deliver housing. A formal marketing exercise was undertaken over a period of 10 weeks and a number of bids were received. The bid being recommended in this report was submitted by National Pride. It was the highest bid received, with the intention to provide more affordable housing units than is required by planning policy.
8. National Pride's indicative proposal is to redevelop the site to 74 residential dwellings. For this number of houses, 25 affordable housing units would be required (35%) under planning policy, whereas National Pride proposes to deliver 37 affordable housing units (50%). This offer is subject to an acceptable planning permission being granted.
9. It is important that the council accepts the highest offer received on the sale of this site because to use the site for any purpose other than education, a Department for Education consent to dispose of the site is required, and a key condition of this consent is that best consideration is achieved. This consent has been issued in draft to IWC by the Department for Education and is ready to sign. It is a key condition of the Department for Education consent that the full capital receipt is ring fenced for reinvestment in the local sports/education estate, on specific projects agreed with the Department for Education. Accordingly, the capital receipt will not directly benefit the corporate budget.
10. If this report is approved, a conditional contract can be signed. This will then become unconditional on the grant of an acceptable planning permission and contracts will complete shortly thereafter at which point the housing development can commence.

## STRATEGIC CONTEXT

11. Provision of affordable housing for Island Residents

The preferred bidder intends to provide more than the policy compliant number of affordable housing units required,, satisfying the corporate plan's aspiration to deliver affordable local homes for island families.

12. Responding to climate change and enhancing the biosphere

The development will be required to be built out according to the council's building regulation standards which will seek to achieve the necessary standards for the council's climate change aspirations.

13. Economic Recovery and Reducing Poverty

The provision of new housing will create more jobs on the island for the construction and maintenance of the properties and provide more and better quality much needed housing. This will contribute towards the council's aspirations to reduce poverty, as well as the council's regeneration ambitions, sustainable economic growth and skills development through construction apprenticeships.

Impact on Young People and Future Generations

14. As noted under Reducing Poverty above, the construction of new housing will offer an increased number of jobs in the construction industry, which will likely include apprenticeships, both during the construction of the dwellings and once they are completed through future maintenance. These are clearly positive benefits in terms of the impact on young people and future generations.

15. Capital investment received from the proposed sale will provide much needed investment in the education estate on the Island.

CONSULTATION

16. Sandown Town Council and the local member were consulted on the disposal of this site via a briefing held on 19 September 2023. No objection was received.

17. The Bay Church of England School (which incorporates The Bay CE School, the primary school, and The Bay School Secondary site) along with the local MP at the time have also been consulted, again with no objections received.

FINANCIAL / BUDGET IMPLICATIONS

18. A capital receipt will be received by the council's education department, to be spent on education assets as required by the Department for Education consent. This offer was the highest received following a full tendering exercise and therefore the council can be satisfied that best consideration has been achieved. The terms of the sale including the price to be paid for the site is set out in the confidential appendix 2, the agreed heads of terms.

19. By selling the freehold interest of this site, the council will save the revenue costs currently being incurred on site security, management and maintenance

of retaining ownership of this vacant site. This revenue cost is now minimal however following demolition of the school buildings.

### LEGAL IMPLICATIONS

20. The council has the power to dispose of property under Section 123 of the Local Government Act 1972, which requires local authorities to achieve 'best consideration' in any disposal.
21. Conditional Department for Education consent for the proposed sale has been offered and awaits our signature.
22. The legal entity purchasing the site will be a Special Purpose Vehicle formed by National Pride with Strategic Green Land.

### EQUALITY AND DIVERSITY

23. There are no adverse equality and diversity implications to approving this report.

### PROPERTY IMPLICATIONS

24. The council's property management strategy requires that surplus assets are either reused or let/sold at the earliest opportunity. Accordingly, this report seeks approval to dispose of the freehold interest of this site.
25. The benefits that will flow from this proposal include much needed housing.
26. Disposing of this site will mean that the council will no longer own the freehold interest in the site.

### OPTIONS

27. Option 1: That the Cabinet Member for Finance, Climate Change and Biosphere approves the offer received for the site from National Pride as set out in the heads of terms attached as confidential Appendix 2, and delegates approval of the final terms to the Director of Corporate Services, in consultation with the Cabinet Member for Finance, Climate Change and Biosphere.
28. Option 2: to decline the highest offer received for this site and re-market the site.
29. Option 3: to retain ownership of the site and consider alternative uses.

### RISK MANAGEMENT

30. Option 1: There is a risk that the preferred bidder withdraws prior to signing a conditional contract. However, this is always a risk when a sale is agreed, and this risk cannot be removed in its entirety. In order to mitigate this risk as much as possible, the council would progress the legal work as quickly as possible to ensure the sale continues at pace.

31. Option 1: There is a risk that once a conditional contract is signed, satisfactory planning permission may not be granted or one of the other conditions cannot be satisfied, such as a title issue, and therefore the contract falls away. This would be very unlikely to occur, due to the site being designated as brownfield and in a predominantly residential area. To accommodate this, this report also seeks authority to be delegated to the Director of Corporate Services, in consultation with the Cabinet Member for Finance, Climate Change and Biosphere to agree the final terms.
32. Option 1: a conditional contract is signed but a satisfactory planning permission is not granted and therefore the contract falls away. This is unlikely because the site is brownfield and in a predominantly residential area.
33. Option 2: There would be a substantial risk to the council if the highest offer received was not accepted, in both the loss of a capital receipt and the additional costs of any remarketing of the site. The current offer will almost certainly be lost as the preferred bidder would be highly unlikely to bid again if their bid were refused. A full tendering exercise has already been undertaken (this lasted for 10 weeks which is longer than the normal bid process). The council can be satisfied that the market has been fully tested and that it is highly unlikely that an alternative bidder would come forward with a higher offer.
34. Option 3: This option is a substantial risk to the council, not only in the loss of the highest offer for the site but also with the loss of delivery of much needed housing, including more affordable housing than is required under planning policy. In addition, retaining ownership of this site would result in the continuation of the current risks and responsibility for the council, including management of the site and associated security (vandalism and unauthorised access) and health and safety issues.

## EVALUATION

35. An evaluation of the offers received took place at Housing Members Board on 14 June 2023 which has informed the decision to select National Pride as the preferred bidder. Acceptance of this offer ensures that the council achieves best consideration on the sale of the site, much needed housing for the residents of the Isle of Wight and a considerable investment into the Isle of Wight school estate.

## APPENDICES ATTACHED

Appendix 1 - site plan

Appendix 2 – heads of terms - Exempt from publication

## BACKGROUND PAPERS

The proposed disposal of this site was presented to Housing Members Board on 16 May 2023 and was approved in principle subject to approval of this report. This

report and all information pertaining to it is exempt from disclosure under Regulation 4(2)(b) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, on the grounds that there is likely to be disclosure of exempt information, as defined in Part 1 of Schedule 12A of the Local Government Act 1972 and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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