



# Cabinet Report

Purpose: For Decision

## ISLE OF WIGHT COUNCIL

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| Date      | <b>14 MARCH 2024</b>  |
| Title     | <b>SALE OF THE FORMER WESTON ACADEMY, WESTON ROAD, TOTLAND</b>  |
| Report of | <b>DEPUTY LEADER AND CABINET MEMBER FOR HOUSING AND FINANCE</b> |

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### Executive Summary

1. Weston Primary School closed in 2014 as part of the council's restructure of its education estate, and then became Weston Academy which also subsequently closed. The site has therefore been declared surplus and marketed for sale. This report summarises this marketing process and recommends a sale to the preferred bidder.
2. If approved, the former Weston Academy site will be sold to the preferred bidder.

### Recommendation

3. To sell the former Weston Academy site to the preferred bidder based on the offer attached at exempt Appendix 2, to pay the preferred bidder the BLRF grant available for this site, and to delegate approval of the final terms of the sale to the Deputy Leader and Cabinet Member for Housing and Finance.

### Confidential / Exempt Items

4. A schedule of the financial offers is attached as an exempt Appendix 2. The appendix is deemed to be exempt from publication by virtue of paragraph 3 of part 1 of the schedule 12A of the Local Government Act 1972 (as amended) as it "relates to the financial and business affairs of any particular person" (including the authority holding that information), which can be harmed if the public are made aware of bidders current financial position and future business plans. Also, once bid detail is publicly available new, "spoiler" bids could be submitted which the council must consider under best consideration legislation, and if bids are continually made public in this way a bidding war takes place which may result in an unsuccessful outcome, with some bidders withdrawing their bid. Finally, if sites are marketed on the basis that bid information is to be made public, it is likely that interested parties may choose not to bid due to not wishing commercially sensitive information to be made public. Therefore, to protect the council's interests and achieve the best

outcome from disposing of its sites, it is imperative that the bidding process is well managed and offers a level of confidentiality to bidders. Accordingly the public interest in maintaining the exemption outweighs the public interest in disclosing it.

## Background

5. Weston Primary School closed in 2014 as part of the council's restructure of its education estate. The site then re-opened as Weston Academy, which also subsequently closed. Since then IWC has wanted to dispose of this site, but numerous issues affected its development viability which the council lacked the necessary budget to resolve. A site plan is attached as Appendix 1 showing the site edged red.
6. In 2021, the council was awarded £195,265 of Brownfield Land Release Fund (BLRF) Self and Custom Build (S&CB) grant (where the purchasers of the new dwellings are involved in their construction/design) to fund site infrastructure and preparation costs. The site was consequently marketed for sale in June 2022, but a combination of the wording of the grant conditions and whether a new access could be created from Weston Road to enable re-development meant that the council did not proceed with a sale. The council therefore requested a variation of the grant conditions which was approved, and the site was re-marketed in August 2023.
7. Bids were received which are set out in exempt Appendix 2. The number of houses proposed ranges from eleven to sixteen, and financial offers range from £1 plus overage paid at a later date, to £420,000.
8. There is risk associated with overage, because the amount of overage to be paid is unknown at the point the site is sold, therefore this type of offer is unattractive to the council. The highest offer of £420,000 is not being recommended because it does not propose to build affordable housing on-site.
9. The preferred bid is from Strategic Green Land, and the offer recommended for acceptance is £400,000, subject to planning permission. This is the preferred bid because it was the highest offer received which also provides affordable housing on-site, and it proposes to deliver the most residential units.
10. The preferred bid proposes to:
  - Retain the original stone schoolhouse and much of the Victorian school buildings.
  - Satisfy the grant conditions, enabling the £195,265 grant to be invested in the site.
  - Delivers 16 much needed new residential units, four of which will be affordable, with any commuted affordable housing payment also being made as required to satisfy affordable housing planning policy. The preferred bidder's proposal is to transfer the completed affordable units to a registered social landlord who will engage with the council's housing department regarding the occupation of these units.
  - Deliver lower priced housing, ideal as starter homes.
11. The council will need to enter into a separate grant agreement with the purchaser to enable transfer of the grant monies when grant conditions have been satisfied. The BLRF provides capital funding for land remediation and small scale infrastructure to local authorities across England, to bring local authority owned sites forward for

housing. The grant conditions for this site are that eleven units must be Self and Custom Build and be delivered within agreed timescales which will be a requirement of the grant agreement between the purchaser and the council.

## Corporate Priorities and Strategic Context

12. **Provision of affordable housing for Island Residents** - the preferred bid offers four units of affordable housing for local people, and a further commuted payment if required under planning policy.
13. **Responding to climate change and enhancing the biosphere** - A climate and sustainable development impact assessment has been undertaken and is detailed below. This demonstrates the impacts of the proposed decision to the environmental and socio-economic conditions of the Island. The wheel is made up of two different distinct sections. The outer wheel focuses on socio-economic factors, which could impact communities across the Island. The inner wheel focuses on the delivery of net zero emissions to meet the councils 2030 target. There are 17 outer socio-economic segments and 6 inner environmental segments, and these are scored from 1 (long-lasting or severe negative impact) to 5 (long-lasting or extensive positive impact). Overall, the assessment demonstrates no long-lasting or severe negative impacts if the proposed option is approved.



14. **Economic Recovery and Reducing Poverty** – the preferred bidder intends to use local suppliers and contractors as much as possible, aiding economic recovery and therefore reducing poverty across the Island. The provision of sixteen much needed new houses/flats in West Wight, including four affordable units, will contribute towards reducing the number of children in poverty. The site will be regenerated which will in turn create benefits, such as the development of skills, as goods and services will be required to build out and maintain the properties.
15. **Impact on Young People and Future Generations** – developing this site for housing will create demand for goods and services on the Island which in turn will improve the economic situation for Islanders and island business and encourage

skills to be developed benefiting young people and future generations.

16. **Corporate Aims** – the preferred bid satisfies the council's aspirations and priorities to work together openly with our communities to support and sustain our economy, environment and people.

## Consultation and Engagement

17. The local member and Parish Council were consulted on this proposal. Their response was that the Parish Council has no objection in principle on the basis that all efforts are made to avoid if possible, or at least minimise, the effect on the existing Weston Road parking provision.

## Financial / Budget Implications

18. Childrens Services are currently funding the management, maintenance and security costs of owning this surplus site which costs around £3,600 per annum. These revenue costs will not be incurred once the site is sold.
19. Due diligence has been undertaken to ensure that the preferred bidder is able to deliver its proposal. A Red Book Valuation can be undertaken as part of this process, but usually only when the market hasn't been fully tested with a thorough advertising campaign, as the site's current market value would then need to be proven. On this occasion, two marketing exercises have been undertaken and the highest offer (that delivers affordable housing) is being recommended. If a valuer was instructed to do a Red Book Valuation, they would only base their valuation on market evidence if it exists, and the councils marketing agent has the best evidence on this occasion: full market testing following two advertising campaigns. The council also marketed the site with the benefit of £195,265 of grant and a Red Book Valuation would ignore this.
20. A capital receipt will be received on the sale of this site for a prioritisation decision by the Section 151 officer on the deployment of the funding within the capital programme, taking into account any DfE restrictions or ringfencing on the use of the receipt where they exist and are relevant.
21. The disposal costs associated with the sale of this site will be funded by the capital receipt where possible, for example the marketing agent's fees and legal fees.
22. The council's Section 151 Officer is content that the recommended preferred bidder (Option 1) provides best consideration for the Council since it provides:
  - A certain return above the minimum of the alternative bidder (which is subject to risk)
  - The delivery of the of affordable housing units on site (as opposed to off-site)
  - That the Council will have nomination rights to those affordable housing units which are not provided for within the alternative bid(s)
  - Overall lower risk in terms of financial consideration and the delivery of affordable housing that will positively impact on the Council's Housing List.
23. The successful bid proposes to satisfy the grant conditions.

## **Legal Implications**

24. 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.
25. The council and the purchaser will also sign a separate grant agreement which will allow the council to transfer the grant funding to the purchaser once specified conditions have been satisfied.
26. The BLRF agreement contains obligations on the part of the council. The grant payments may be reduced, suspended or terminated or may need to be repaid if the funding agreement terms are not complied with.

## **Equality and Diversity**

27. Both the school and academy closed many years ago and the children who were previously at these establishments were relocated to other sites at that time. An Equality Impact Assessment has been undertaken on the sale of this closed site and no adverse issues were identified. The Equality Impact Assessment is available on request.

## **Property Implications**

28. 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.
29. The benefits that will flow from this proposal include much needed housing, including affordable housing, and the regeneration of an attractive and unoccupied/redundant site for Totland.
30. Once sold, the council will no longer own the freehold interest in this site.

## **Section 17 Crime and Disorder Act 1998**

31. There will be Crime & Disorder benefits to selling this site for redevelopment, because at present the site is a closed and deteriorating school site which previously attracted vandalism, and which the council has worked hard to prevent. By demolishing many of the more modern buildings and redeveloping the site to housing the potential for vandalism will be greatly reduced.

## **Options**

32. Option 1: To sell the former Weston Academy site to the preferred bidder based on

the offer set out within exempt Appendix 2, and to pay the preferred bidder the BLRF grant available for this site.

33. Option 2: to decline all offers received for this site and re-market the site.
34. Option 3: retain ownership of the site and consider alternative uses.

## **Risk Management**

35. With Option 1, there is a risk that planning permission for the proposed scheme may not be granted, but this is a risk for all bids. The council has managed this risk as best as possible by working closely with planning colleagues.
36. A further risk with Option 1 is that part of the grant has been transferred and the purchaser does not complete the development. The council will include measures in the grant agreement with the purchaser to minimise this risk as far as possible, for example including the council's ability to withhold payments or require payments to be returned to the council.
37. Regarding Option 2, if the council chooses to decline all offers and re-market the property, the risk is that the current bids will fall away and less attractive bids will be received instead. The council is satisfied that it has undertaken a thorough and comprehensive marketing campaign to ensure the market was fully tested, and the highest offer (that delivers affordable housing) is being recommended for acceptance. There are also tight timescales to achieve as part of the grant conditions and if the council chooses to remarket the site it will not be possible to meet these. Accordingly, there seems to be no good reason for the council to re-market this property.
38. Regarding Option 3, the former Weston Academy site is surplus to educational requirements because it closed as a school since 2008 and then subsequently closed as an academy therefore it is no longer needed for operational or education use.
39. The council has signed a funding agreement with the grant body to access the grant which imposes conditions on the council. These conditions will be replicated in the grant agreement between the council and the purchaser to ensure that they are satisfied before the council transfers the funds to the purchaser. If the purchaser does not satisfy the obligations of the grant agreement with the council, the council will not be able to satisfy its obligations in its agreement with the grant body. In this situation, as the council will have already sold the site at this point, the council may be required to return the grant although we have been informed by the grant body that this has never happened in the past.

## Evaluation

40. The site has been thoroughly marketed and therefore the council is satisfied that best consideration has been achieved. The recommended bid was the highest financial offer received which also provides affordable housing on site and proposes the most residential units of all bids received. Other bids received would not satisfy the council's statutory obligation to achieve best consideration. The preferred bid also proposes to satisfy the BLRF S&CB grant conditions which include tight timescales for delivery, which means the site cannot be remarketed or the sale delayed. Accordingly, this report recommends accepting the preferred bid as set out in exempt Appendix 2, paying the preferred bidder the BLRF grant available for this site, and delegating approval of the final terms of the sale to the Deputy Leader and Cabinet Member for Housing and Finance.

## Appendices Attached

41. Appendix 1: site plan
42. Appendix 2: schedule of bids and recommended preferred bidder – EXEMPT FROM PUBLICATION

## Background Papers

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