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| DECISION-MAKER: | CABINET | | |
| SUBJECT: | TRANSFER OF LAND AND BUILDINGS FROM SOUTHAMPTON CITY COUNCIL TO ST JOHN'S PRIMARY AND NURSERY SCHOOL | | |
| DATE OF DECISION: | 17 JUNE 2014 | | |
| REPORT OF: | CABINET MEMBER FOR EDUCATION AND CHANGE | | |
| <u>CONTACT DETAILS</u> | | | |
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| STATEMENT OF CONFIDENTIALITY |
| None |

BRIEF SUMMARY

St John's Primary and Nursery School is expanding from a 210 place school to a 420 place school which will necessitate the acquisition of additional buildings. This report is seeking permission to facilitate the necessary land and buildings transfers.

RECOMMENDATIONS:

- (i) to approve the leasehold transfer of the Eagle Warehouse from the Council to St John's Primary and Nursery School (the Regents Park Learning Trust) for;
- (ii) to approve the freehold transfer of the Mission Hall from the Council to St John's Primary and Nursery School (the Regents Park Learning Trust);
- (iii) to approve the freehold disposal of the Mission Hall on terms at less than Best Consideration in accordance with the Local Government Act 1972 General Consent 2003;
- (iv) to delegate authority to the Head of Property Services, following consultation with the Head of Education to determine the detailed terms and conditions pertaining to the above property transactions and all ancillary and associated matters.

REASONS FOR REPORT RECOMMENDATIONS

1. In response to the increased demand for primary school places in the City centre, St John's Primary School is expanding to become a 420 place primary school from September 2014. As there is very little space on the school site the expansion will be achieved using an SCC owned building, the Eagle Warehouse, which is opposite the school. Eagle Warehouse is currently occupied by Archaeology Services, who will need an alternative storage space.

2. Children's Services and Leisure Officers have agreed that Archaeology Services will vacate the Eagle Warehouse (French Street) and the Mission Hall (the latter is located on the school site) and relocate to the Melbourne Centre on Melbourne Street, which was previously occupied by the Pupil Referral Unit. This will allow the school to occupy the vacated buildings and provide them with the necessary space.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. If these moves did not happen it would make the expansion of the school almost impossible. This could result in the Local Authority (LA) being unable to meet its statutory duty of offering a school place to all those children that require one.
4. The LA could transfer the freehold of the Eagle Warehouse to the school, but given the historical significance of the building and the fact that it is outside of the current school site, it seems prudent for the LA to retain ownership of this building and lease it to the school.
5. The Mission Hall could be sold on the open market to generate a capital receipt but this would mean that the school could not expand their overall accommodation. Therefore this has been rejected.

DETAIL (Including consultation carried out)

6. The Eagle Warehouse is currently used to store archaeological artefacts and the Mission Hall is used as office space for Archaeology Services. While this has been appropriate in the past, due to the historical significance of both buildings, the increased demand for school places in the City centre has led to the exploration of converting council buildings near schools into teaching spaces. The proposal to convert the Eagle Warehouse, as part of the expansion of St John's was consulted on between September 2012 and January 2013, and approved in February 2013. Key stakeholders were consulted with and a consultation meeting was held at the school. The majority of responses were supportive of this proposal.
7. Consultation with those staff currently working at the Eagle Warehouse and the Mission Hall, about their relocation to Melbourne Street, has taken place.
8. The remodelling of the Eagle Warehouse into teaching space for the expansion of St John's Primary School will be undertaken in accordance with current Building Regulations and school building guidance, including the provisions of the Equality and Diversity Act 2012. In particular the building will be re-configured to provide 3 double and 1 single classroom spaces, some ancillary teaching spaces, toilet accommodation, a new main staircase and lift, a secondary staircase for means of escape in case of fire and staff work room. Given the historical importance of the Eagle Warehouse a leasehold, as opposed to freehold transfer, will ensure that the Council retains ownership of the building and could use it for a different purpose should it not be needed for school purposes in the future. The lease would be for 21 years. A freehold transfer would mean disposing of this asset at nil cost and has therefore been discounted.

The works to the Mission Hall include the following:

- Limited re-pointing of brickwork.
 - Repairing of windows to cure existing leaks.
 - Internal redecoration of the hall.
 - Repair of damp/defective areas of floor.
 - Recovering of the hall floor.
 - Replacing and rewiring the lighting.
 - Providing a fence to allow safe access to the building.
 - The school has made a request for pupil toilets in the Mission Hall and funding for this is being considered from the capital allocation provided to facilitate free school meals for years R, 1 and 2 pupils.
9. Repairs and maintenance obligations for the Eagle Warehouse will be as per our current arrangements for maintained schools. The school would be responsible for smaller maintenance items and the Local Authority would be responsible for large capital works (e.g. boiler replacement). This will be reflected in the terms and conditions of lease.
10. The conversion and occupation of Eagle Warehouse to a school annex after the Schools change in status to a Foundation Trust and does not require the transfer of the Freehold.
11. The requirement for this additional accommodation is predicated by the City's birth rate spike. Currently the demographic data provides 5 yearly trends. In this regard, the leasing of the building to Regents Park Learning Trust, provides flexibility in the school having possession for a medium term period (21 years) if the birth rate spike is set to continue enabling the school to sustain the form of entry. Additionally if there is a subsequent fall in numbers and therefore a reduction in the demand for places, the lease can be terminated by option to break linked to the change in pupil numbers, enabling the premises returned to the Council and reducing any burden on the school.
12. The Mission Hall is accessed from within the school grounds (which are within the freehold ownership of the School Trust), with rights of access reserved to the City Council. Whilst the access is limited, the building has beneficial use as the current offices and store for Archaeology Services. The building does have potential alternative uses and therefore has a capital value which is being forgone in a nil freehold Transfer to the Trust.
13. The Mission Hall has a Market Value of £200,000 this will be forgone in a freehold transfer at nil value.
14. The conversion of Eagle Warehouse to School annex is a function of the increase in Form of Entry of the school through the Local Authority's statutory function to provide sufficient Primary School places. The provision of this accommodation has been subject to £2.335 million capital investment works, the value of the building is within this capital investment. There is not any additional monetary value to be secured from the property and rental value is not attributable.

RESOURCE IMPLICATIONS

Capital/Revenue

15. The Education Capital Programme includes £2.335 M for the conversion of Eagle Warehouse into seven classrooms and supporting ancillary accommodation for St John's Primary School and £75,000 for repairs to the Mission Hall. The work to make the space useable for the school will commence once archaeology services have vacated it.
16. The Curator of Archaeology and the Collections Manager have estimated that it will cost up to £90,000 to relocate the collection from the Eagle Warehouse. It is proposed that this will be funded from the Education Revenue budget.
17. It is estimated that it could cost up to £60,000 to refurbish Melbourne Street to make it suitable to house the archaeology collection. Should this level of funding be required, a decision will be sought separately in accordance with Financial Procedure Rules.
18. The City Council will be forgoing a capital receipt of £200,000.

Property/Other

19. As explained above, we are seeking to implement the following moves:
 - Leasehold transfer of Eagle Warehouse to St John's Primary and Nursery School (the Regents Park Learning Trust);
 - Freehold transfer of the Mission Hall from SCC to St John's Primary School (the Regents Park Learning Trust).; and
 - Internal transfer (appropriation) of the Melbourne Centre from Children's Services to Leisure.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

20. The law provides that when a school becomes a foundation school (and joins a Trust), all land used for the purposes of the school before the change of status will transfer from the Local Authority to the Trust. The property transactions relating to the Trust arrangement for St John's have already been completed. Any additional site would transfer to the trust on a freehold basis under the Education Act provisions. However, it seems prudent to transfer the Eagle Warehouse via a lease as the site is of significant historical and archaeological interest and located on a separate site to the main school / has not previously been used in any way wholly or mainly for the purposes of the school (and therefore sits outside of the statutory test for transfer to the school). This will provide greater safeguards for the building. If the leasehold transfer is approved, it is intended that the school would be granted a full repairing and insuring lease for 21 years. This would mean that all liabilities would sit with the school. Eagle Warehouse will be appropriated to Local Government Act 1972 to enable the lease to the Trust will be granted under S123 Local Government Act 1972. The leasehold transfer of the school will be required to comply with the requirements of s.123 Local Government Act 1972 and the disposal by way of lease is deemed to fall within the terms of the General Disposal Consent made under that Act as, while potentially a disposal at an undervalue, the undervalue falls within the relevant financial

thresholds under the General Disposal Consent and assist the Council in meeting a pressing social and environmental need to provide sufficient school places while retaining a property interest in an asset of historical value to the City.

21. The Freehold transfer of the Mission Hall will be required to comply with the requirements of s.123 Local Government Act 1972 a nil value disposal is deemed to fall within the terms of the General Disposal Consent made under that Act as, while potentially a disposal at an undervalue, the undervalue falls within the relevant financial thresholds under the General Disposal Consent and assist the Council in meeting a pressing social and environmental need to provide sufficient school accommodation.

Other Legal Implications:

22. In order for the properties to be brought into educational use, they will require enabling works to comply with the requirements of the Equalities Act 2010, particularly with regard to the need to ensure accessibility for pupils, staff and visitors with disabilities.

POLICY FRAMEWORK IMPLICATIONS

23. The proposals in this report are compliant with the Council’s policy framework in relation to the planning of school places and meeting the educational needs of the City.

KEY DECISION? Yes

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| WARDS/COMMUNITIES AFFECTED: | Bargate |
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SUPPORTING DOCUMENTATION

Appendices

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| 1. | None |
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Documents In Members’ Rooms

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| 1. | None |
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Equality Impact Assessment

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| Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out. | Yes |
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

| Title of Background Paper(s) | Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable) |
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| 1. | None |