

**Joint Report of:** Director of City Development and Director of Children's Services

**Report to:** Executive Board

**Date:** 11 February 2015

**Subject:** East Leeds Leisure Centre, Neville Road, Halton, Leeds 15.

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Temple Newsam		
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4.3		
Appendix number: 1		

### Summary of main issues

1. The proposal outlined in this report to sell the former East Leeds Leisure Centre will contribute to the Leeds City Council aim of committing to improving outcomes for children and young people. The Best Council Plan 2013-17 has, as one of its key objectives, to build "a child friendly city" by improving outcomes for children and families, with a focus on ensuring the best start in life, reducing the number of looked after children, NEETs (a young person who is "Not in Education, Employment, or Training") and attendance, raising educational standards, and ensuring enough school places as the City grows.
2. The subject property comprises the former East Leeds Leisure Centre and part of the former Whitebridge Primary School comprising a site of 2.137ha (5.3 acres) the extent of which is shown on the attached plan indicated A and B.
3. The leisure centre is a modern building of approximately 4,180 sqm (45,000sqft) gross internal area and the adjoining land, formerly part of the primary school now cleared of buildings is a gently sloping site comprising approximately 1.01ha (2.6 acres) of the whole site. Both properties are surplus to requirements and no operational reason has been identified to justify their retention. Parts of the leisure centre however are used on a part time basis by Youth Services, the community and for Ward Councillor surgeries.
3. There is considered to be negligible market demand for a purchase and use of the

leisure centre however the cleared site is suitable, in principle, for housing development. The residual area of the former school site is also suitable for housing development, in principle, subject to receipt of planning permission and undertaking flood risk and ground remediation works to the site to facilitate creation of a development platform.

The Council has been approached by a free school cooperative trust with an offer to purchase the overall site on a commercial basis to develop the site out as a new free school. A sale would see retention of the existing leisure centre building, (an aspiration of Ward Councillors) and new school places provision in the area, an aspiration of the Director of Children's Services. Community access and use of parts of the building would be available outside of school hours under the proposals advanced and requirements are currently being established for inclusion within any approved sale documentation.

## **Recommendations**

4. It is recommended that Executive Board:
    - i) approves the sale of the subject site on the terms reported in the confidential appendix for development as a new school to the Temple Newsam Partnership (a Cooperative Trust):
    - ii) notes the Head of Land and Property will be responsible for implementation as outlined in the report.
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## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek approval of Executive Board to the sale of the subject site to the Temple Newsam Partnership Cooperative Trust on the terms detailed in the confidential appendix to this report.

## **2 Background information**

- 2.1 The Council owns land and buildings at Neville Road, Halton Moor comprising a former leisure centre and part of a former school site. The land is surplus to operational requirements. The extent of the site is shown on the attached plan subdivided as A and B respectively.
- 2.2 The leisure centre is in good condition and would convert to provide educational accommodation as part of a more comprehensive development of the site. The leisure centre has been unused for a number of years however parts are used by Youth Services, the community and for Ward Councillor surgeries on a limited basis.
- 2.3 The Council has been approached by the Education Funding Agency (EFA), which is the executive arm of the Department for Education (DfE) on behalf of the Temple Newsam Partnership Cooperative Trust of Selby Road, Leeds LS15 with a request to acquire the subject site, A and B, to provide a new school by way of conversion of the existing buildings and new build accommodation to the adjoining land. This is to establish a new free school to provide two form entry school places for up to 1,020 children from age 4 to 16.

- 2.4 Following closure of the leisure centre no operational reasons have been identified to support retention of the property which continues to attract substantial holding costs and backlog maintenance costs. Vandalism of the asset is now taking place.
- 2.5 No identifiable general market demand is considered to exist for the leisure centre building and consequently optimum demand and market value is likely to be for development for housing, although the property lies within a challenging market area and has a number of costly technical issues to overcome including flood risk mitigation measures to part of the site and demolition of the leisure centre in order to facilitate development.
- 2.6 The Trust have offered to acquire the site on a commercial basis based on market value of the site for housing development supported by the EFA and terms for a proposed sale are detailed in the confidential appendix attached to this report.
- 2.7 A sale for the proposed school development would see the retention and re-use of the building, an aspiration held by Ward Members, alleviate the Council of substantial holding and backlog maintenance costs associated with the building, secure additional school places and realise market value for a site situated in an otherwise challenging development market area. The proposal would include for continued use outside of school hours by the community and for Ward Member surgery availability.

### **3 Main issues**

- 3.1 The subject property is no longer required for operational purposes and generates substantial annual holding costs with a substantial maintenance backlog works. These are detailed in the attached confidential appendix. The building is increasingly becoming the subject of vandalism with an increasing prospect of rising costs being needed to facilitate a reuse of the building creating a need for a disposal as soon as possible where opportunities present if the building is brought into a new use.
- 3.2 In the absence of any identifiable general market demand for the building the optimum alternative use for the whole site, in market value terms, is considered to be for residential development albeit within a challenging and low value market area and a site which is partially located within a Zone 2 flood risk zone. This designation which affects a significant part of area B necessitates ground works which will raise the level of the affected area and substantial costs needing to be incurred to demolish the existing buildings to allow for development.
- 3.3 Parts of the leisure centre are currently utilised by Youth Services, the community including a local football team and for surgeries by Ward Councillors.
- 3.4 The Cooperative Trust have a site requirement to provide a new two form entry school to provide 1,020 spaces and wish to acquire the subject property on a commercial basis. An initial intake of 60 pupils is targeted for a September 2015 opening from initial conversion works to the leisure centre building creating a very tight timeframe for any sale, obtaining planning consent and conversion works should Executive Board be minded to support the sale of the subject site to the Trust.
- 3.5 Their proposal would be to develop the site out in two phases, A and B, consisting initially of converting the leisure centre allowing for initial child entry by September 2015 followed by new build school development on the remainder of the site afterwards. The school would provide education for 5 to 11 year olds.

Should terms be approved for a disposal of the school a contract would be entered into followed by a planning application for the proposed use under a tight timescale to allow for the first phase of the development to be completed. This would allow initial school entrants to a first phase of the development involving conversion of the leisure centre and would be reflected in a two stage planning application and purchase completion as detailed in the confidential appendix.

- 3.6 The school have indicated that they are happy for continued community use of parts of the school, seeing the school as part of the local community, outside of school hours on a basis that would be agreed within a community user agreement forming part of any sale.
- 3.7 The Director of Children's Services has identified a shortage of school places within the locality and are not opposed to the sale of the property to support provision of new school places at this site. A sale would provide a solution to reuse an asset, alleviate the Council of substantial holding and backlog maintenance costs whilst generating market value which otherwise is unlikely to be available.
- 3.8 The options open to the Council are as follows:
- a) proceed with the disposal on the basis outlined in the confidential appendix and secure the benefits outlined in this report. This is the recommended option.
  - b) retain the property. This is not recommended in the absence of an identifiable reason to justify retention and would lead to continuing maintenance and holding cost.
  - c) attempt to dispose of the property on the open market for an alternative form of development. This is not recommended in view of likely poor commercial demand, would be unlikely to secure the reuse of the building and achieve a sale within a relatively short timeframe.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Ward members have been consulted and are supportive of a disposal for school purposes on the basis that the existing leisure centre building is retained and community access is retained. The Executive Member for Transport and the Economy and the Executive Member for Children and Families have been consulted and are supportive of a sale of the subject property to the trust for school provision. Ward members will be involved further in discussions around community access to the new school proposed.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 A disposal of the site for the use proposed will support education provision in the area by providing additional school places. An Equality Impact Screening Assessment has been undertaken and concludes that there is no adverse impact on equality, diversity, cohesion and integration characteristics and that in supporting school places provision enhances these characteristics.

### **4.3 Council Policies and City Priorities**

- 4.3.1 The proposals outlined in this report will contribute to the Council's aim of committing to improving outcomes for children and young people. The Best Council

Plan 2013-17 has, as one of its key objectives, to build “a child friendly city” by improving outcomes for children and families, with a focus on ensuring the best start in life, reducing the number of looked after children, NEETs (a young person who is “Not in Education, Employment, or Training”) and attendance, raising educational standards, and ensuring enough school places as the City grows.

#### **4.4 Resources and Value for Money**

4.4.1 The Council is required to seek to maximise the value it achieves from the sale of its land and property assets. The Council does have powers to dispose of those assets at less than best consideration however the proposed disposal to the trust is proposed on a commercial basis outside of any legislative framework governing transfer of sites for such projects. A sale on the basis outlined would avoid the expense to the Council of undertaking an open market sales exercise and will alleviate the Council of backlog maintenance and holding costs associated with holding the property any longer than necessary whilst generating a receipt from the asset.

#### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 A request has been received from the Trust in conjunction with the EFA for the Council to sell them the site A and B for the purposes of providing a free school.

4.5.2 The proposal constitutes a key decision and is therefore subject to call in. A key decision may, however be exempt from call in if the decision taker considers that the decision is urgent (i.e. that any delay would seriously damage the Council’s or the public’s interests). It is considered that this decision should be exempt from call-in as timetabling for the proposed opening of the first phase of the school is September 2015 creating a very tight deadline in which to finalise legal work associated with sale, obtaining planning consent, works procurement and completion of the conversion of the leisure centre.

#### **4.5.3 Best Consideration**

4.5.4 The price proposed for the property, in the opinion of the Head of Land and Property, represents the best consideration reasonably obtainable for the property, required pursuant to s123 of the Local Government Act 1972 and reflects local market conditions and development constraints and costs affecting the developability of the site.

#### **4.5.5 Public Interest**

4.5.6 The information contained in the appendix attached to this report relates to the financial or business affairs of a particular person or organisation, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the disposal of the property/land then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council’s commercial interests in relation to other similar transactions in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this

information at this point in time. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules.

#### **4.6 Risk Management**

- 4.6.1 Completion of a sale remains conditional on grant of planning permission for a change of use of the leisure centre and legal establishment under the General Permitted Development Order of development rights in respect of the new build element of the proposal and upon detailed site investigation survey. These conditions and the related risks are considered to be minimal and no greater than risks ordinarily associated with alternative development proposals such as for housing development.

#### **5 Conclusions**

- 5.1 It is concluded that a disposal to the Trust on the basis outlined in the confidential appendix should be approved as an optimum solution to an asset for which there is likely to be limited general market demand alleviating the Council of holding and maintenance costs, securing a commercial return from a sale of the site, supporting new school places provision within the locality and safeguarding a reuse of the existing building.

#### **6 Recommendations**

- 6.1 It is recommended that Executive Board;
- i) approves the sale of the subject site on the terms reported in the confidential appendix for development as a new school to the Temple Newsam Partnership (a Cooperative Trust);
  - ii) notes the Head of Land and Property will be responsible for implementation as outlined in the report.

#### **7 Background documents<sup>1</sup>**

- 7.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.