



Report of the Director of City Development

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Scrutiny Board City Development

Date: 20th November 2007

Subject: School Disposals

Electoral Wards Affected: Citywide

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1 Purpose of the Report

- 1.1 To provide the City Development Scrutiny Board with an overview of the process for the disposal of surplus school buildings by the Council, including considerations for retention and alternative use.

2 Background

- 2.1 During the past 7 years, large parts of the school portfolio have undergone transformational change through the delivery of a number of new build and refurbishment projects. In total the Council has developed 7 new secondary schools, 21 new primary schools as well as major refurbishments in more than 28 sites.
- 2.2 This programme has been financed through a number of funding streams including PFI credits and DfES capital. In addition and with specific reference to this report, between 2003/04 and 2006/07 £12.4m of capital receipts from the sale of surplus school buildings has been re-invested in the school estate. There are Education sites to the value of £40.4m due for disposal between 2007/08 and 2010/11 of which a substantial proportion (over £30m) is supporting investment in schools. In the main this is in respect of the Primary School review, Primary School PFI schemes and the Combined Secondary School PFI programme. In the majority of cases, for schools operational reasons, the re-investment in schools takes place before receipts are realised and this cash flow effect results in additional borrowing costs for the Council until sites are disposed of. A schedule of school buildings sold since 2003/4 and the values achieved is detailed in Appendix 1.
- 2.3 The significant investment in the school portfolio has helped to make substantial improvements in the quality of the learning environment as part of Education Leeds' vision for all Leeds schools to be good improving and inclusive schools serving and supporting local communities.

2.4 In a number of instances, the changes made to the school estate have been precipitated by school organisational reviews which have resulted in the closure and/or merger of schools. This process has often resulted in school buildings being closed and declared surplus to education requirements.

3 Main Points

3.1 There are three primary processes that impact on the disposal of surplus school buildings, namely:

- School closure proposal process
- Asset Planning process
- Managing vacant buildings

3.1.1 **School closure proposal process** - This process is well developed and includes a number of key stages.

3.1.2 The first formal stage is a report to Executive Board seeking permission to consult on a proposal to close or to amalgamate one or more schools.

3.1.3 Subject to Executive Board approval, a formal consultation process is implemented. A consultation document is developed outlining the reasons for the proposal, the process, the timeline and how to comment. This stage usually lasts for 6 weeks. It is often at this stage that any aspirations for ongoing community/Council use of the school building are first muted and in response to ongoing concerns regarding the impact of school re-organisation and closure on communities, Education Leeds commissions a 'Community Impact Assessment' as part of the process.

3.1.4 If permission is granted by Executive Board then a statutory notice is published, again for 6 weeks, after which all representations are passed to the decision-maker.

3.1.5 Traditionally, the final decision-maker has been the School Organisation Committee, who would have received all the paperwork within a month of the end of the statutory notice period, and then taken up to a further two months to reach a decision. The decision-maker has recently become Executive Board following new legislation, but at the time of writing, Executive Board has not yet dealt with any proposals.

3.1.6 Usually, Education Leeds plan for this process to be completed during the Spring Term, so normally there is some 5 to 6 months between the decision to close and the closure taking place.

3.1.7 The process outlined above is managed by Education Leeds on behalf of the City Council. Importantly, the Council's Asset Management Service does not undertake any work on the potential disposal of a school building until the school closure proposal process has been completed and the Schools Organisation Committee (now Executive Board) has finally approved a school closure. The Asset Management Service waits until this final stage has been concluded to ensure that the Council is not seen to prejudge the outcome of the process. It is considered inappropriate for Council officers to undertake any pre-marketing work until the final decision to close a school has been made.

- 3.1.8 **Asset Planning Process** - Once a final decision has been made to close a school, the building is formally declared surplus to requirements by Education Leeds. As part of this process the responsibility for the vacant building is passed to the Asset Management Service, who manage the building during this interim period. Once it is known that the building is due to become surplus, the Asset Management Service will review local asset requirements identified in Service Asset Management Plans to ascertain whether an operational requirement for a building in that locality has been identified. As a double check, Asset Management will also liaise again with Services to determine whether the surplus building has the potential to meet the needs of another service, or the Council's service partners.
- 3.1.9 If any potential uses for the surplus building are identified by a particular Council service then a decision to progress with any proposal will depend on the strength of the business case put forward by the service that is championing/sponsoring the proposal. A key part of the business case will be the assessment of how any community proposals would assist the Council in delivering its key activities as defined in the Council Plan. The Council receives many requests for (cheap/free) accommodation from third parties but the community outputs being offered are often not seen as significant in the context of the opportunity cost to the Council.
- 3.1.10 If the retention and/or remodelling of the surplus building requires a key/major decision to be made, which may include an unfunded injection into the Capital Programme, this will be considered by Executive Board. Due to funding pressures on the Council's Capital Programme and current overprogramming of £43.6m, Executive Board in August 2007 agreed a policy for managing unfunded injections and/or the removal of sites from the Capital Receipts Programme. The agreed policy is as follows:
- No new injections to the capital programme will be made without identifying new resources or taking an existing scheme out
 - Existing schemes will be managed within current budgets, making no further call on Leeds resources
 - Capital receipts from sites on the existing disposal programme cannot be diverted to other projects and initiatives
 - The disposal programme is kept under review with a view to seeking to identify any additional disposal sites that can be included"
- 3.1.11 If there are no suitable requirements for Council use agreed, the Asset Management Service will progress with the disposal of the premises. It may already be the case that the sale of the building is required to finance any legitimate decanting arrangements associated with the school reorganisation in question. As identified in paragraph 2.2, £12.4m of receipts from School disposals have been reinvested into the school estate between 2003/4 and 2006/7. Often the Council has to spend capital to effect the school reorganisation before the receipt is realised. Consequently, the Council has to finance the cost of this cash flow requirement.
- 3.1.12 The Asset Management Service will progress the marketing and disposal of the school building in line with the Executive Board decision. The Asset Management Service will notify the Ward Members that they are progressing the disposal of the building and invite their comments before proceeding. In addition, should a planning statement or planning brief be required, Ward members will be consulted on the draft proposals.

3.1.13 **Managing Vacant Buildings** – The Asset Management Service takes responsibility for the management of surplus buildings prior to their disposal, or alternative use. In undertaking this function consideration is given to the risk exposure faced by the Council in managing the premises. Surplus school sites often present a considerable risk to the Council due to the fact that they can attract vandalism, anti-social behaviour, theft and arson. In the past, there have been incidences of arson attacks to vacant school buildings, which have significant health and safety and financial implications to the Council. Due to the severity of the risk exposure faced consideration is given on a case-by-case basis to the demolition of the premises as the most effective method of mitigating the risk exposure faced. Factors that will influence this decision include:

- The health and safety of people in the local vicinity of the school site.
- The prevalence for vandalism and anti-social behaviour on the site to date.
- The heritage value of the surplus building.
- The potential for the existing building to be brought back into use.
- The extent of any asbestos in the premises, which is expensive to manage if subject to vandalism and/or arson.

3.1.14 If, subject to consideration of the factors outlined above, the demolition of the surplus buildings is considered to be the most appropriate course of action to manage the risk exposure the Council, Ward Members will be advised of this proposal and their comments invited before proceeding. This consultation process gives Ward Members the opportunity to raise any concerns about a demolition proposal, which informs the decision maker before any final demolition proposal is implemented. In addition, prior to any building or site being marketed Ward Members' comments on the proposal will again be invited.

3.1.15 This process helps to update Ward Members on the planned disposal, particularly as past experience has shown that if Ward Members are not informed in advance of the community, then this could cause them some embarrassment locally. Whilst comments are invited on the disposal, this process is not, as it is sometimes envisaged, seeking permission to progress, since the decision has already been made by Executive Board and Officers are charged with completing the proposal. It does, however, give Ward Members a final opportunity to make any representations they may wish to make as part of the democratic process, before a property/site is marketed.

4 Conclusions

4.1 Due to the Council progressing with a number of school reorganisations in recent years, there has been an increase in the supply of surplus school buildings. Often the sale of the School building is required to finance the investment requirements of the agreed school reorganisation. However, through the consultation and service asset management planning processes outlined, there are opportunities to identify whether there is a service need to retain the asset for Council use, or for use by the community. Any decision taken to retain the asset for another purpose will be made on the strength of the business case put forward by the sponsoring Council service including the contribution to meeting corporate objectives and the capital and revenue consequences of the proposal.

5 Recommendation

5.1 Members of the City Development Scrutiny Board are asked to note the contents of this report and are invited to comment on the information presented.