



Joint Report of the Director of Neighbourhoods & Housing and the Director of Development

Executive Board

Date: 16 August 2006

Subject: the former Royal Park Primary School

Electoral Wards Affected:
Hyde Park & Woodhouse

Specific Implications For:

Ethnic minorities

Women

Disabled people

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the re

EXECUTIVE SUMMARY

1. The report seeks a decision from Executive Board regarding the marketing of this property for refurbishment or redevelopment as a mixed use development with the Council retaining an operational presence in the form of a library and some community space and retaining the freehold in the property but with no restriction as to the make-up of the scheme other than would be required through the planning process.
2. This approach would require Members to rescind the decision made at the Executive Board meeting of 12 November 2003.
3. Since that time, the gap between the estimated cost of refurbishment of the present building solely for Council use and the identified funding sources has increased from £351,000 to a current figure of £1,255,000.

1.0 The Purpose Of This Report

- 1.1 This report seeks Executive Board's view on the marketing of the Royal Park property for refurbishment or redevelopment by the private sector, with no restriction as to the make-up of the scheme other than would be required through the planning process, but with the Council requiring the provision by the developer of a library and some community space for its own purposes.

2.0 Background Information

- 2.1 Executive Board, in November 2003, approved in principle the retention of the Royal Park building for Council purposes with some space for community use following the closure of the school in September 2004.
- 2.2 The Executive Board report gave the refurbishment estimate at £1.701m, whilst potential contributions to the scheme amounted to £1.350m. The shortfall, of £351,000 was to be funded from mainline Capital Programme resources.
- 2.3 Since that time, with the exception of the potential to move Burley Library and some youth office staff from Headingley Community Centre Annex, other possible users (and therefore funders) have withdrawn, reducing capital contributions by £270,000 to £1.08m.
- 2.4 A number of other possibilities have been looked at. These include:-
- i. potential use by community organisations: no funding identified;
 - ii. potential conversion of first floor for residential retaining ground floor for community space including a library: tested by a housing association – not considered viable;
 - iii. Independent Living accommodation: not considered suitable;
 - iv. relocation of the Teaching and Learning Service: not considered suitable;
 - v. private sector residential conversion retaining the current building: tested with a developer - not considered viable, but a mixed use scheme incorporating and potentially enhancing the Council's community requirements within a new building and with parking on the site was considered viable.
- 2.5 Costs have been updated and are now estimated at £2.335m, including the capital contribution that is required by Education Leeds: an increase of £634,000 over the figure reported in November 2003. This leaves a total funding gap of £1,255m.
- 2.6 In all of these circumstances, a solution has not been found that results in the retention of the building by the Council at a cost which officers feel would represent value for money.

3.0 Options

- 3.1 In considering further options, officers have sought to continue to provide a focal point for community support in a deprived neighbourhood and reaffirm the Council's commitment to this principle.
- 3.2 In light of the current position there are three main options to consider. These are:
- i. to seek approval for a further £904,000 in mainline Capital Programme funding for the original scheme. This would secure the refurbishment and retention of the building but there are no identified occupiers, other than the library and possibly Youth Services. The revenue costs of maintaining the whole building would be significant and, without additional occupiers bringing revenue funding, these costs would fall entirely on these two services.

- ii. the retention of the building by the Council and its preservation and protection until such time as a sufficient range of Council and community uses and funding streams can be identified. This would require long term measures against building deterioration and more substantial physical measures to protect against unauthorised entry, damage and the possible public Health & Safety risks. It would still be necessary make good the forecast £250,000 receipt for Education Leeds to finance their expenditure on the Primary School Review proposals.
- iii. to try to dispose of the building for refurbishment. This could be enforced through the grant of a long leasehold interest, with the Council retaining the freehold interest and having the use of a library and some community space. However, private sector and housing association developers have considered the building and advised that such development is not viable. As such, therefore, any such disposal involving retention of the existing buildings is likely to constitute a less than best disposal. However, retaining the building was the original preference of Executive Board. There is still local community identification with this building and its enhancement may serve to increase local support and use of it.
- iv. marketing of the site for refurbishment or redevelopment, with retention of Council interest through the freehold of the land, with guidance as to the general form of redevelopment required. The guidance would require the incorporation of the library and other community space outlined in this report.

3.3 Best consideration would be achieved through the marketing of the property for refurbishment or redevelopment, which is Option 3.2 iv. If any other marketing option, i.e. solely for refurbishment, was selected, then the transaction would be likely to represent a less than best disposal.

3.4 Similarly, a disposal of the building with any conditions attached in respect of the requirement for the developer to exclude any elements which would be acceptable in planning terms, such as student housing or a modern convenience store, would represent a disposal at less than best consideration and would, therefore, be subject to approval by the Executive Board.

4.0 Ward Member consultation

4.1 The property is in the Hyde Park & Woodhouse ward but, at the time of the original Executive Board report, was in the Headingley ward. Accordingly, Members for both Hyde Park & Woodhouse and Headingley wards have been consulted. They have been advised of the changing circumstances and have accepted that it is not feasible to deliver the original aspirations and are supportive of marketing the property for refurbishment to include a library and some community space. They feel there is no lack of convenience shopping in the area and this should be excluded as should student housing.

4.2 Ward Members are not supportive of any options which would involve the demolition of the property even if such a disposal required the provision of a library and some community space.

5.0 Implications For Council Policy and Governance

- 5.1 The option to change the focus of the development at Royal Park to a private sector development which includes an element of Council and community use would still comply with the Corporate Plan for 2005-08. The relevant theme would be that all communities are thriving and harmonious places where people are happy to live. This would be achieved through the provision of a modern library, other community facilities, and good quality residential or retail development.

6.0 Legal and Resource Implications

- 6.1 The originally envisaged scheme, costing some £1,701,000, would have made a significant call, £351,000, upon the Council's flexible capital resources. The latest estimate for a similar scheme to that originally proposed implies that the call upon these resources would increase by a further £904,000 to a total of £1,255,000.
- 6.2 Marketing of the property for a commercially funded refurbishment or redevelopment would limit the cost to the Council to that related solely to the provision of a library and any other community space specified. In addition, the capital that could be raised through the disposal of surplus assets already identified may enable the new scheme to be cost neutral to the Council.

7.0 Best Consideration

- 7.1 The Director of Development advises that the method of disposal set out in 3.2 iv above is the method most likely to result in the Council achieving the best consideration that can reasonably be obtained under section 123 of the Local Government Act 1972 (or under the Housing Act 1985).
- 7.2 The Council does have powers, where land is not held for housing accommodation purposes (as in this instance), to dispose of land and buildings for less than best consideration under the 2003 General Consent
- 7.3 There are strict limitations on the application of this General Consent. In particular, the purpose for which the property is being sold must be likely to contribute to the achievement/promotion of the economic, social or environmental well-being of the area and the value of any discount must be no more than £2m. The unrestricted value of the site is estimated to be £715,000 based upon the value achieved by the Council in the disposal of a similar site in the vicinity. The estimate is on the basis of a cleared site net of the cost of demolition.
- 7.4 If Members are minded to support the retention and refurbishment (by the private sector) of the existing buildings on site, then this would constitute a less than best disposal and Members would need to be satisfied that the economic, social and environmental benefits justified taking a reduced capital receipt. The following may be factors which Members would wish to consider:
- i. Notwithstanding the fact that the buildings are not listed or in a conservation area, Members may be of the view that the architecture of the property is worthy of retention and complements the street scene.
 - ii. Members may consider that the current building provides more of a focus and landmark for the community, giving a greater sense of community than would a

new build alternative even if that new building alternative included space for Council and community use.

8.0 Conclusions

- 8.1 Officers cannot recommend that the original proposal for the retention of the building by the Council should be pursued. The costs of such a scheme are rising and no real demand for operational property, other than the library, by any Council department can be identified.
- 8.2 However, should Members of the Executive Board still wish to maintain a community element on this site, it is considered that many of the benefits of the original proposals can be achieved through the marketing of the site with a requirement being placed upon the developer to provide the community element. Officers are of the view, following the investigative work that has been undertaken, with a Housing Association and a private sector developer, that it is unlikely that any viable proposals will come forward if there is a requirement for the retention and refurbishment of the building.
- 8.3 Officers are mindful that the building has now been vacant for over two years, since the closure of the school, and there is a high risk that this period could be extended substantially if it were decided to market it, at this stage, solely on the basis of refurbishment
- 8.4 On this basis option 3.2 IV would maximise the likelihood that viable development proposals would be submitted. It does not rule out the opportunity for refurbishment proposals to be submitted but would avoid the necessity for further marketing should such proposals not be received. All proposals could then be judged against how well they met the Council's objectives for a library and some community space as well as against their financial aspects.
- 8.5 Such a disposal would not be for less than best consideration as the total receipt would be made up of the value attributable to the library and the community space as well as any capital sum itself. Further, the disposal would not represent a less than best disposal because there would be no restrictions imposed upon the content of the scheme other than would arise through the planning process.
- 8.6 Members may conclude, after consideration of matters such as those detailed at paragraph 7.4, that there are economic, social environmental benefits resulting from the retention of the existing school buildings which would justify a less than best disposal.
- 8.7 At this point in time, officers can only make Members aware that the marketing of the property with a requirement to retain the buildings would, if a desirable proposal was received, at some point in the future require a decision to dispose for less than best consideration.

9.0 Risk Assessment

- 9.1 There is a risk that marketing the property in the manner for refurbishment alone would result in no viable offers being received, as this is the basis of all of the advice that has been received so far.
- 9.2 Marketing the property for refurbishment or redevelopment would be likely to minimise the period during which the future of the building would remain uncertain and during

which the Council would be exposed to financial and Health & Safety risks despite the efforts that have been made to limit these.

10.0 Recommendations

- 10.1 That Executive Board notes the work that has been undertaken to test the viability of implementing the proposals considered at the November 2003 Executive Board meeting.
- 10.2 That Members should rescind the decision made at the meeting of 12 November 2003.
- 10.3 That Executive Board selects an option for marketing of the property for refurbishment as in 3.2 iii above or for refurbishment or redevelopment as in 3.2 iv above with each of these options including a library and community space.
- 10.4 That Executive Board should note, in the event that Option 3.2 iii is selected or if the use restrictions requested by Ward Members are supported, that pursuance of any resulting proposal would require the Council to use its powers under the 2003 General Consent to dispose of the property at less than best consideration.

Background information:

Executive Board report Primary School Review (Hyde Park area) July 2003

Executive Board report Royal Park Primary School Site 12 November 2003