



Report of : Chief Asset Management Officer

To : Executive Board:

Date: 22 July 2009

Subject: SOUTH LEEDS ACADEMY

Electoral Wards Affected:

**MIDDLETON PARK
CITY & HUNSLET
BEESTON & HOLBECK**

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

Executive Summary

This report seeks to obtain Members approval to the granting of a lease of the former South Leeds High School to the South Leeds Academy Trust, sponsored by the School Partnership Trust, for use as an Academy, in accordance with the Council's policy on disposals at less than best consideration.

The purpose of this report is to seek Member agreement to the proposed Heads of Terms for the leasehold disposal at nil consideration of South Leeds High School to the South Leeds Academy Trust, Academy scheme.

On 16 July 2008 Executive Board agreed to the consideration of the South Leeds Academy Trust's expression of interest in establishing an Academy to serve the South Leeds area. Executive Board subsequently agreed the closure of South Leeds High School at its meeting of 4 March, with closure to take place on 31 August 2009.

In order for the Department for Children Schools and Families (DCSF) to approve the Academy it will require confirmation that the Council has agreed to transfer the building and site to the South Leeds Academy Trust. The key elements of the Heads of Terms are as follows:

1. 125 year lease at a peppercorn rental.
2. The lease to be limited to use as a non profit making academy.
3. If during the duration of the lease the premises cease to be used as an Academy, the premises will revert to the Council.

The building is currently subject to a PFI agreement with Investors in the Community (Leeds) Ltd, which commenced in September 2006 for a period of 25 years. Any occupation of the school by the South Leeds Academy Trust will be subject to the PFI agreement that is currently in place.

Executive Board are requested to agree the disposal of South Leeds High School to the South Leeds Academy Trust for a proposed Academy on a 125 year lease at nil consideration.

1.0 Purpose of This Report

1.1 The purpose of this report is to seek approval to the Heads of Terms for the leasehold disposal at nil consideration of South Leeds High School for the Academy scheme to South Leeds Academy Trust who are the Council's selected operator for an Academy at this school.

2.0 Background Information

2.1 On 4 March 2009 Executive Board received a report from the Chief Executive of Education Leeds updating members on proposals for the establishment of an Academy in South Leeds.

(a) The Executive Board decided that, noting that there were no responses to the statutory notice and having regard to the following four key reasons, approval be given to the unconditional closure of South Leeds High School on 31st August 2009:-

- The need to accelerate improvement, recognising that there has been improvement, but that there is a need to see this impact faster on the achievements of young people.
- An academy would bring extra capacity (both professional expertise and other resources) to sustain improvement into the medium term.
- In the School Partnership Trust (SPT) we have a local partner committed to sustaining and building upon South Leeds High School's contribution to the wider education community of Leeds.
- SPT's knowledge and expertise involving local colleges, our universities, local health and social care services, the police and local businesses to improve opportunities and outcomes for young people is needed in South Leeds.

(b) That the PFI development costs that will be incurred by the City Council arising from the closure of South Leeds High School and establishment of an Academy be noted.

2.2 The proposed Academy at South Leeds High School is sponsored by the South Leeds Academy Trust. Funding for the school comes directly from the Department for Children, Schools and Families, (DCSF). The City Council's contribution is made by providing the school building as shown on the attached plan.

2.3 The Academy scheme is being developed by the sponsors with the intention of the school opening as an Academy in September 2009.

- 2.4 The Executive Board on 4 March 2009 approved the closure of South Leeds High School on 31 August 2009 and the opening of an Academy operated by the Trust utilising the former South Leeds High School building on a 125 year lease. The land and buildings to be transferred is shown outlined on the attached plan.

3.0 Proposals

- 3.1 In order for the DCSF to approve the Academy, it will require confirmation that the Council has agreed to transfer the building and site to the Trustees of the South Leeds Academy. The proposed draft Heads of Terms to be granted to the sponsors are summarised below:-

Draft Heads of Terms

1. Lease: The party to the lease will be the South Leeds Academy Trust, established by the School Partnership Trust to operate the South Leeds Academy.
2. Demise: All the land and buildings within the area edged black on the attached plan.
3. Term: 125 year lease to commence on 1 September 2009.
4. Consideration: The consideration payable for the grant of the lease will be nil. The annual rental during the duration of the lease will be at a peppercorn (if demanded).
5. Use: The premises will be limited for use as an Academy with extended school use in accordance with the 'every child matters agenda'.
6. Termination: If during the period of the lease the subject site ceases to be used as an Academy the premises will revert to the Council.
7. Repair The lessee will be responsible for the repair and maintenance of the premises, subject to the terms and conditions of the existing PFI contract between the Council and Investors in the Community (Leeds) Ltd, until its expiry.
9. Alienation: The lessee will not assign the tenancy, sub let nor part with possession of the whole or any part of the demise.
10. Legal Costs: Each party will be responsible for their own legal costs arising from the transaction.

The building is currently subject to a 25 year PFI agreement with Investors in the Community (Leeds) Ltd, which started in 2005 and expires in 2033. Any occupation of the school by the Academy will be subject to the PFI agreement that is currently in place and the lease and other documentation will provide for the contractor's continued access and service provision along with property insurance, with the Academy Trust named as an additional insured party.

4.0 Links to Corporate Priorities

4.1 The proposals outlined in this report will impact at the “Narrowing the Gap” and “Going up a League” agendas. Academies in Leeds have the potential to contribute to the ambitious targets to meet key priorities within the Children and Young People’s Plan and the work on the Local Area Agreement.

5.0 Power to Dispose

5.1 The proposed disposal at nil consideration is the Council's contribution to the delivery of the Academy scheme which is consistent with the educational policies and objectives of the Council.

5.2 The premises for disposal comprise the current South Leeds High School which was built under the Combined Secondary Schools Project. The building is subject to a PFI agreement with Investors in the Community (Leeds) Ltd, which expires in 2033.

5.3 The premises are currently valued at £14.5 million in the asset register. Whilst the building will be leased by the Trust ownership will remain with the Council and the building will be required to operate as a school serving the South Leeds area. The Academy will be dependent on funding from the DCSF, should funding be withdrawn or the Academy cease to operate, the buildings and land will revert to the Council. The Trust will also be required to operate under the existing PFI agreement and to be responsible for the repair and maintenance of the building at the expiry of the PFI agreement. The use of the land and premises by the Trust as an Academy would represent value for money for the Council and as such would not have less than best implications, as it is a statutory function of the Council to provide education for children in Leeds. If the school were to be marketed as a school potentially for a private provider, but still subject to the PFI contract, the value of the land and premises would be £1,600,000. However, as explained above, this is not an option available to the Council due to the requirement to continue to provide education to 1225 children in the catchment area.

5.4 The Council’s current policy on disposal at less than best consideration was approved by Executive Board on 12 January 2000. The condition of the policy are such that the proposed disposal requires Executive Board approval.

6.0 Financial Implications

6.1 The report of the Chief Executive of Education Leeds to the Executive Board on 4 March 2009 detailed the financial implications for the Council of the proposed Academy. The Council’s continued responsibility for the payment of the Unitary Charge Bill, under the Combined Secondary School’s Project (South Leeds High School was built as part of this project) was highlighted in the report and noted by the Executive Board.

7.0 Risk Assessment

7.1 In terms of the leasehold disposal of the premises required for the Academy the risks associated with the scheme not proceeding, subsequent closure or material change in the use of the property will be covered in the terms of disposal.

8.0 Recommendation

- 8.1 Executive Board are requested to agree the disposal of South Leeds High School for the proposed Academy on a 125 year lease at nil consideration and authorise the Director of City Development to agree the final terms in paragraph 3 above.

9.0 BACKGROUND REPORTS

- 9.1 Executive Board 4 March 2009.
Executive Board 3 December 2008.