



Report of the Director of City Development

Report to Executive Board

Date: 19 September 2018

Subject: Disposal of Middleton Park Complex to the Ministry for Housing, Communities and Local Government

Are specific electoral wards affected? If yes, name(s) of ward(s): Middleton Park	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: 10.4(3) Appendix number: 3 & 5	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary of main issues

1. Middleton Park Complex is occupied by Highways and Transportation staff, the Leedswatch service and two tenants that provide childcare services. There are over 300 staff based on site and over 80 children regularly attend childcare.
2. Leeds has witnessed significant pressure on new school places at primary intake caused by the rising birth rate. We are now about to witness this pressure arriving across the secondary estate and this report focusses on the requirement in Inner South Leeds for an eight form entry secondary school to be open for year 7 students by September 2020.
3. On 12th April 2017 The Department for Education approved 131 new free schools across the country including the Laurence Calvert Academy Free School, an eight form entry secondary school proposed for Middleton. Following an extensive site search, the council owned Middleton Park Complex has been identified as the only site that meets the location and size requirements for such a school.
4. The Ministry for Housing, Communities and Local Government have proposed to purchase the required area of the site, with the potential to also purchase part of the site that is being retained for the Leedswatch service, should that service relocate in the future. Given the requirement to relocate services, MHCLG will also fund a disturbance payment.

5. Some of the occupiers will be able to be retained on the site however the South Leeds Family Childcare will be relocated to a new modular building to be placed at the former housing office at 100 Middleton Park Grove. The total costs of locating and installing the modular building are £0.4m.
6. The Council is also working on a decant strategy for the Highways and Transportation staff and further details on this will be brought back for Executive Board consideration pending the outcome of that review.

Recommendations

7. Executive Board is recommended to:
 - 7.1 Approve the heads of terms as detailed at Appendix 3 for the disposal of the Middleton Park complex to the Ministry for Housing, Communities and Local Government to allow the construction of a new school for the recently approved Laurence Calvert Academy Free School.
 - 7.2 Delegate authority to the Director of City Development to negotiate the final freehold disposal terms.
 - 7.3 Approve the purchase and installation of a new modular unit for South Leeds Family Childcare at 100 Middleton Park Grove.

1. Purpose of this report

- 1.1 The purpose of this report is to seek Executive Board approval for the disposal of part of the Middleton Park Complex to the Ministry for Housing, Communities and Local Government to provide land for the new Laurence Calvert Academy Free School.

2. Background information

- 2.1 Middleton Park Complex (identified on the plan at Appendix 1) sits within Middleton Park ward on the site of the former Middleton Park High School, which closed in 1997 with the pupil roll merging with Cockburn High School. The site continued to be used by the school for the next two years before closing in 1999.
- 2.2 Since the school closed the site has mainly been used to accommodate council staff and is currently occupied by Highways & Transportation alongside LeedsWatch and two childcare tenants, Daisy Chain and South Leeds Family Childcare. There are over 300 staff based on site and Approximately 80 children regularly attend childcare.
- 2.3 As is the case across the country, there is a significant pressure on new school places in Leeds caused by the rising birth rate across the city. The associated learning places pressure has been dealt with at primary level, but there is now an increasing pressure on place sufficiency across the secondary estate and how this need will be met is under consideration by the council and various partner agencies. Whilst there is pressure across the city, this report focusses on the local requirement within Inner South Leeds and specifically Middleton Park ward for a new additional eight form entry secondary school, with year 7 places needed by September 2020.
- 2.4 On 12th April 2017 the Department for Education approved 131 new free schools across the country, including the Laurence Calvert Academy, an eight form entry secondary school proposed for Middleton, sponsored by the Cockburn Multi-Academy Trust. The Education and Skills Funding Agency (ESFA) is now tasked with delivery of this new school, and provision of year 7 places by 2020. The free school approval for the Laurence Calvert Academy is the ideal route through which this demand can be met by partner agencies and relieve pressure from the Council, which has the statutory responsibility to provide learning places.
- 2.5 Following an extensive site search carried out by JLL for the ESFA using established government BB103 area guidelines for mainstream schools, the council owned Middleton Park Complex has been identified as the only site that is both in the identified geographical area of need and large enough to accommodate a new secondary school (2.5ha). The site's location also provides additional benefit, being adjacent to Middleton Park playing fields and leisure centre, both of which offer the opportunity to accommodate the internal and external sporting requirements of a new secondary school to support curriculum delivery.
- 2.6 Given that the Council retains a statutory duty to ensure a sufficiency of school places, it is in our best interest to assist the ESFA in the site acquisition of the Middleton Park Complex and identify potential decant solutions for the existing staff and current site users in a timely manner to allow the delivery of the new school places from September 2020.

3. Main issues

- 3.1 The Ministry for Housing, Communities and Local Government (MHCLG) would be the government department purchasing the land on behalf of the Education and Skills Funding Agency (ESFA). To meet their timetable for opening the school they require vacant possession by 31st March 2019 or 30th September 2019 for a cleared site. This has burdened the council with a very short timescale to identify suitable alternative accommodation for the services and tenants currently based with Middleton Park Complex.
- 3.2 Boundaries have been agreed with MHCLG's agents and a plan of these is attached at Appendix 2. The red line shows the area which will be purchased by MHCLG. The blue line shows an area which MHCLG will have an option to purchase should LeedsWatch relocate. The green line shows land which will be retained by the council.
- 3.3 The blue line is the part of the existing building which will be retained for the LeedsWatch service. Due to the complex technical nature of LeedsWatch's equipment, officers have negotiated with the agents an option that sees LeedsWatch remaining on site. The remainder of the building will be demolished around them and a new exterior wall made. Should LeedsWatch relocate at a point in the future, MHCLG will have an option to purchase that land.
- 3.4 The green line identifies the former William Gascoigne building and associated parking. The building is occupied by Daisy Chain Nursery and will be retained in council ownership, allowing Daisy Chain to remain on site.
- 3.5 South Leeds Family Childcare are based within the red line boundary and will therefore no longer be able to use the building. They provide a valuable service to families in the local area and there would be a pressure on childcare if they were unable to operate. Officers have been working to identify suitable alternative accommodation within the local area. The best solution is for them to move into a new modular building on the site of the former housing office at 100 Middleton Park Grove. The total costs of purchasing modular unit, installation and fees will be approximately £0.4m. South Leeds Family Childcare will pay the same level of rent as they currently pay until 2020 when their current lease would have expired. From that point on they will pay the appropriate market rent for the building.
- 3.6 The biggest relocation issue for the council is finding suitable accommodation for the 290 Highways and Transportation staff. There is an option to extend the lease at a building which would accommodate these staff in a suitable location and within the prescribed timescale. A further report will be submitted to October's Executive Board meeting detailing the outcome of this work and the recommended solution.
- 3.7 To deliver this much needed school within the timescales required will require the building to be vacated and the services based within to move elsewhere. If we cannot meet this challenge, the burden of providing these school places will ultimately fall to the council without financial support from ESFA. There would therefore be no capital receipt and no help towards relocation costs. Furthermore, the council would have to fund the costs of building the school, which would be at least £20m. Even if that financial position was to be considered acceptable, unfortunately the property searches carried out by both JLL and council officers have identified no other suitable alternatives, so we would have to use the land at Middleton Park complex to provide the school anyway.

- 3.8 Heads of terms have been prepared by ESFA and officers have negotiated some amendment. The current heads of term are attached at confidential Appendix 3. Executive Board is asked to note that the terms are subject to planning consent being granted.
- 3.9 ESFA have requested vacant possession by 31st March 2019 so they can undertake demolition works. However, there would be a risk to the council in terms of a third party's contractor working alongside a live site that includes cabling to the city's CCTV infrastructure and includes a requirement for an external wall to be made good for the retained building. In order to mitigate those risks the council have offered to carry out the demolition works and recharge the costs back to the ESFA. The heads of terms include a capped charge of £1.35m for demolition. Should the Council determine that they are no longer able to carry out the demolition works, there is a position set out within the Heads of Terms whereby the Council can step back and allow the ESFA to progress the demolition by themselves.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Executive Members for Children & Families, Learning Skills and Employment, Transport, Regeneration and Planning and Middleton Park ward members have been informed of the proposals for the new school and are supportive.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An EDCI screening has been carried out and is attached at Appendix 4. The screening shows no impacts on any of the protected characteristics.

4.3 Council policies and best council plan

- 4.3.1 Working with the ESFA to enable the new Laurence Calvert Academy Free School to be built on the site of the current Middleton Park Complex and thereby provide education for secondary school age children in Inner South Leeds in a purpose built, modern school is in line with the Best Council Plan 2018/19-2020/21 priorities of "improving educational attainment and closing achievement gaps for children and young people vulnerable to poor learning outcomes" and "helping young people into adulthood, to develop life skills and be ready for work".

4.4 Resources and value for money

- 4.4.1 The land within the red line boundary that will be required for the new school has been independently valued and this is the amount MHCLG will pay for the land.
- 4.4.2 The valuation also valued the land within the blue line which in the short term at least is being retained for LeedsWatch. Should LeedsWatch relocate and vacate this part of the site, MHCLG will have the right to purchase it at an agreed amount.
- 4.4.3 The details of the amounts offered can be found in confidential appendix 5.
- 4.4.4 To vacate the site, South Leeds Family Childcare will need to be relocated. The estimated cost of the solution for them is £0.4m.

- 4.4.5 If the leased in building is the preferred solution, then capital costs of around £0.5m will be incurred for furniture and ICT works. Other options are being considered to reduce these costs.
- 4.4.6 ESFA have offered the council a relocation cost settlement in addition, to be drawn down in arrears.
- 4.4.7 ESFA have offered a capped contribution of £1.35m towards the demolition works which will cover the costs incurred by the council to demolish the property and make the site good, including the exterior wall for the retained building.

4.5 Legal implications, access to information, and call-in

- 4.5.1 The only legal implications foreseen will be around negotiating the final details of the property transactions, these being the disposal of the freehold to MHCLG and potentially extending a lease in of premises.
- 4.5.2 The information contained in confidential appendices 3 and 5 relate to the financial or business affairs of the council. It is considered it is not in the public interest to disclose this information at this point in time because it is considered that the release of such information would or would be likely to prejudice the council's commercial interests in relation to this or other similar transactions in that prospective purchasers of this or other similar properties would have 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 any 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.
- 4.5.3 The report's recommendations are subject to call in.

4.6 Risk management

- 4.6.1 A risk register has been kept and is discussed at monthly project board meetings. At present the highest risks are:
- Failure to deliver the site will result in an estimated £20m+ cost for the council in 2020/21 when a school would have to be built as part of the council's statutory duty to provide school places for every child in the city. This risk is being mitigated by developing a suitable alternative option that will see the school delivered at no cost to the council, other than costs incurred from relocating the staff and partner organisations currently based at Middleton Park complex.
 - Loss of communications or electrical supply during demolition and construction works causing disruption to the CCTV systems. This risk will be mitigated by mapping and marking the existing supplies prior to works commencing. There is also an onsite back up generator already in place.

5. Conclusions

- 5.1 There is a requirement for an eight form entry secondary school in Inner South Leeds. The only site which has been identified to accommodate the new school is

the Middleton Park Complex. To deliver a new build school on this site will require the relocation of 290 Highways and transportation staff as well as a nursery.

- 5.2 If Executive Board agrees to dispose of the land, heads of terms have been prepared by ESFA (subject to planning consent being granted) to dispose of the building plus an option to be exercised at a future date should LeedsWatch relocate, as well as a contribution towards relocation costs. ESFA are also prepared to fund the council to carry out the demolition works up to a cap of £1.35m.
- 5.3 If the terms are not agreed then there will be no solution to the pressure of the required places in Inner South Leeds. This basic need provision is the council's statutory responsibility and the council would have to find a suitable alternative. Given the detailed searches that have already been carried out, the only suitable site is Middleton Park Complex. In this scenario the council would receive no funding from ESFA and would have to fund the construction costs of the new school, estimated to be at least £20m.
- 5.4 South Leeds Family childcare will relocate to a new modular building to be located at 100 Middleton Park Grove at an estimated cost of £0.4m.

6. Recommendations

- 6.1 Executive Board is recommended to:
- 6.2 Approve the heads of terms as detailed at Appendix 3 for the disposal of the Middleton Park complex to the Ministry for Housing, Communities and Local Government to allow the construction of a new school for the recently approved Laurence Calvert Academy Free School.
- 6.3 Delegate authority to the Director of City Development to negotiate the final freehold disposal terms.
- 6.4 Approve the purchase and installation of a new modular unit for South Leeds Family Childcare at 100 Middleton Park Grove.

7. Background documents¹

- 7.1 None

¹ 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.