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## Report of the Chief Asset Management Officer

### Executive Board

Date: 11 June 2008

Subject: Bentley Primary School

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#### Electoral Wards Affected:

Weetwood

Yes

Ward Members consulted  
(referred to in report)

#### Specific Implications For:

Equality and Diversity  Y

Community Cohesion  Y

Narrowing the Gap  Y

Eligible for Call In

Yes

Not Eligible for Call In

(Details contained in the report)

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## EXECUTIVE SUMMARY

1. Bentley Primary School is a surplus asset within the capital receipts programme and arrangements are in hand to sell it by auction this autumn. The estimated value is contained in the exempt report to protect the Council's interests for commercial reasons. The capital receipt has been factored into the Council's capital programme to support the expenditure on the Primary School Review programme.
2. The Muslim Society of Leeds (MSL) has met twice and corresponded with officers and local Members to seek support for its proposal to develop and run the Bentley Primary School building for community purposes and pay for its purchase over a seven year period.
3. MSL has developed a business plan, but because the management capacity of the MSL Board is limited, it is not considered to have the necessary depth of detail or analysis to address the risks involved with an enterprise of this nature.
4. Officers and local Members feel that there are sufficient community facilities in the area of the former school and have recommended that MSL considers a smaller project in areas of greater need and the potential to partner with other organisations with greater range of experience and skills at their disposal.
5. A schedule of the key criteria for a strategic evaluation of the proposal taking into account the service, business, financial, asset and risk implications for the Council is

set out in appendix 2, upon which basis a corporate officer recommendation concludes that the MSL request should not be supported.

## **1.0 Purpose Of This Report**

1.1 The purpose of this report is to consider a deputation which was delivered to Council on 9 April 2008, the content of which is attached at appendix 1.

## **2.0 Background Information**

2.1 The deputation from the Muslim Society of Leeds (MSL) was to request the purchase of Bentley Primary School for provision of community facilities. MSL had attended consultation meetings with Area Management officers and local Members on 2 January and 29 February 2008, but their current proposal was not supported.

2.2 Bentley Primary School was declared surplus for educational purposes as part of the Primary Schools Review and closed in summer 2006. Since then, part of it has been made available for relocation of the further education activities of Park Lane College from the old buildings of Carr Manor High School to make way for the new High School development on that site. Negotiations with Park Lane College are still continuing about the basis of its continued occupation of one building to the rear of the Bentley Primary School site. The remaining land and buildings, labelled as 'Vacant' on the attached plan, is surplus to Council requirements and it is planned to offer that for sale by auction in September / October this year.

2.3 The proposal to create a new Bentley Community Centre was submitted by the Muslim Society of Leeds (MSL).

In brief, a three year business plan has been prepared which proposes to convert the former Bentley Lane Primary School into a community facility, providing the following facilities:-

- six offices;
- ten community rooms;
- one ITC training room;
- one conference room; and
- crèche facilities.

2.4 These facilities would be hired out to generate revenue. The business plan relies upon this revenue to cover its costs and create profit, which would be used to purchase the property from the council over a 7 year period. MSL wish to enter into one to one negotiations with the Council regarding the sale of the school.

## **3.0 Main Issues**

### **3.1 Strengths of the proposal**

3.1.1 The plan seeks to develop services to improve economic, social, health and recreational conditions for people both locally and across the city.

## **3.2 Weaknesses of the proposal**

### **3.2.1 Start up costs**

- The business plan identifies some alterations to the building, including installation of automatic doors at the main entrance and CCTV, however costs for these improvements are not provided and no allowance for other improvements, repairs, equipment or other expenditure is made, nor has funding been secured.
- It is stated that the opening balance of the centre's accounts would be £0, and that refurbishment grants will be sought once the premises are secured by MSL, however failure to obtain such grants is not identified within business plan's risk assessment. MSL submitted audited accounts for 2007, with an opening balance of £150 and a closing balance of £179.48.

### **3.2.2 Revenue and cost projections**

- The plan details a monthly revenue projection of £12,710 based on a pricing structure with no evidence to support whether this level of usage would be achievable.
- Monthly costs for the centre are estimated to be £7,158, but they do not include regular repayments to the council for purchase of the property, bank charges that may be incurred or a salary for the Centre Manager. It is also assumed that usage of the centre will be at an optimum level from day one, which is totally unrealistic.

### **3.2.3 Need for community facilities**

- There is an under utilised Council owned community centre and a number of community accessible facilities in the near vicinity, available at nil or low rates. Therefore the need for a new facility has not been demonstrated and this would also undermine both its own business plan income projections and those of the other facilities.
- The location is not in an area of deprivation and therefore it will be automatically more difficult to access funding streams such as LEGI, National Lottery etc.

### **3.2.4 Capacity of the organisation**

- The MSL Board has only two members and it is not believed that they have the capacity or experience to deliver a sustainable project.
- A meeting on 29<sup>th</sup> February with officers and local Members concluded whereby MSL were asked to consider one or a combination of the following opportunities:
  - To develop a smaller project in other locations more suitable to their proposal
  - To partner with an organisation having a structure with greater capacity to deliver such a scheme,
  - or to revise and improve their business plan for the Bentley Lane site.

#### **4.0 Implications For Council Policy And Governance**

4.1 There are not considered to be any implications for Council policy or governance.

#### **5.0 Legal And Resource Implications**

5.1 Bentley Primary School is a surplus asset within the capital receipts programme and arrangements are in hand to sell it by auction this financial year. The estimated value is contained in the confidential report, which is referred to in paragraph 5.2 below, to protect the Council's interests for commercial reasons. The capital receipt has been factored into the Council's capital programme to support the expenditure on the Primary School Review programme.

5.2 The information contained in the Appendix 3 attached to this report relates to the financial affairs of the Council. It is considered that since the proposed means of disposal will be through inviting offers for the property by public auction, then it is not in the public interest to disclose this information at this point in time as this could undermine this method of inviting bids and affect the integrity of disposing of property by this process. 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 about the nature and level of offers 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.

5.3 The contribution that this makes to the Council's capital programme has to be considered in the light of the Executive Board decision of August 2007 Capital Receipts in the existing capital receipts programme cannot be diverted to other projects and initiatives without identifying new resources or taking an existing scheme out of the capital programme. In this instance there is no recommendation to remove the property from the capital receipts programme on service grounds. Moreover, the request from MSL to purchase the property is over a seven year period and the submitted business plan does not indicate how the payments could be funded.

5.4 The request does not carry any direct legal implications as it proposes a sale at market value, to be paid for over seven years. However, given the weakness of the business plan, the realistic assessment is that the MSL would be unable to afford the sale price and would follow up with a request to sell at less than best consideration, in reliance of the Council using its statutory powers in that respect.

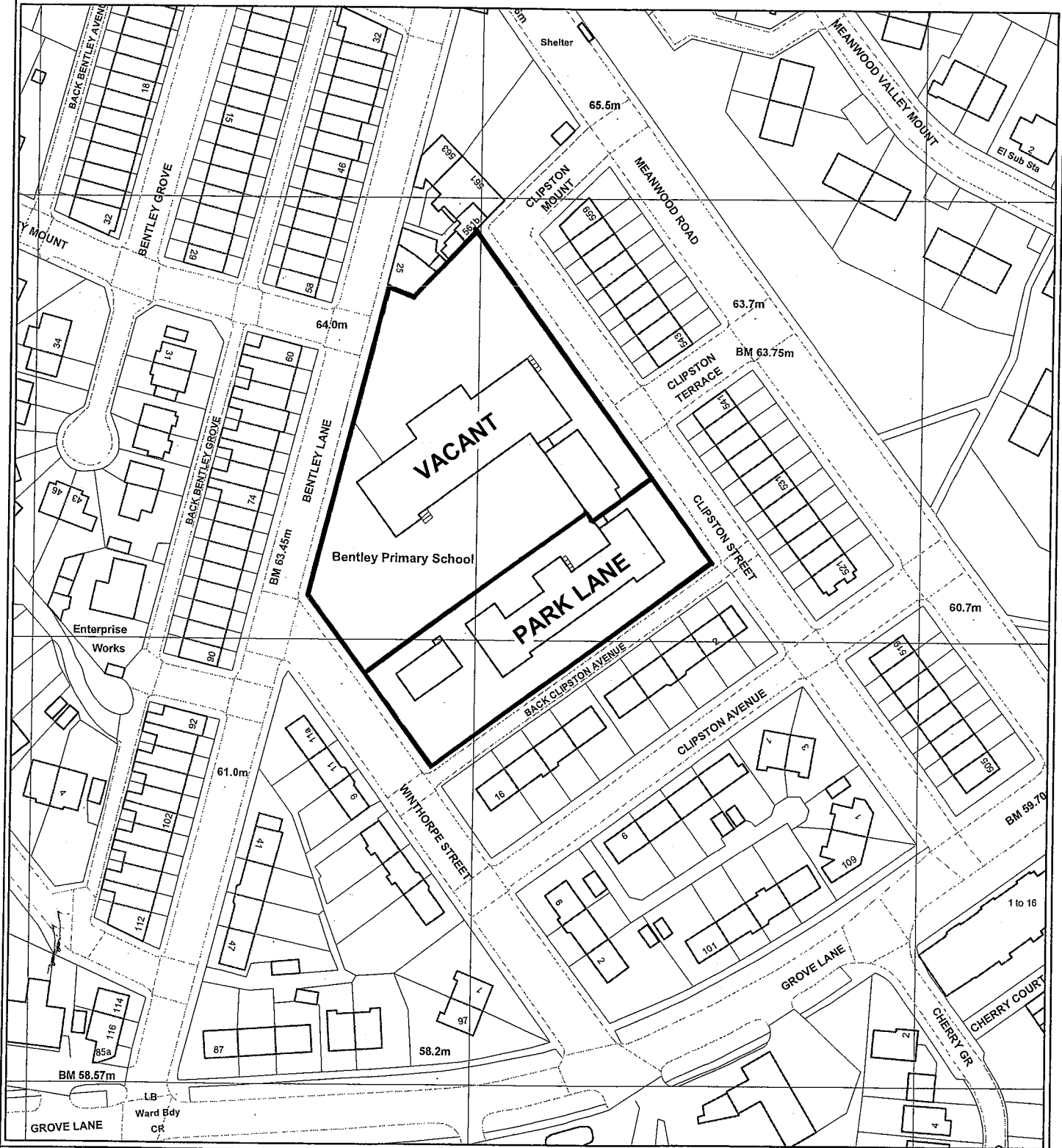
## **6.0 Conclusions**

- 6.1 From a service viewpoint, neither officers, nor local Councillors are convinced of the need for a further community facility in this area, or have confidence in MSL's ability to deliver this project based on both their lack of previous experience and the weakness of their business plan. Given this, neither felt that they could recommend that the Council enter into one to one sale negotiations with MSL.
- 6.2 The capital receipt from sale of the property in this financial year has been factored into the Council's capital programme to support the expenditure which has been committed on the Primary School Review programme. It has not been possible to identify new resources or an existing scheme which could be taken out of the capital programme to make good the capital shortfall.
- 6.3 A schedule of the key criteria for a strategic evaluation of the proposal taking into account the service, business, financial, asset and risk implications for the Council is set out in appendix 2, upon which basis the following corporate officer recommendation concludes that the MSL request should not be supported.

## **7.0 Recommendations**

- 7.1 It is recommended that:
  - 7.1.1 the request from the Muslim Society of Leeds to acquire the former Bentley Primary School for community purposes be noted, but
  - 7.1.2 the proposed sale on the open market in support of the Council's capital programme should proceed as soon as possible this financial year.

**BENTLEY LANE PRIMARY SCHOOL  
MEANWOOD  
LEEDS LS6**



**Leeds**  
CITY COUNCIL

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PREP BY ANNA GINNAW  
DATE 04/08/2006  
OS No SE2836NE  
Scale 1:1,250



**PLAN No 10017**

## Muslim Society of Leeds (MSL) deputation to Leeds City Council

I would like to start with a brief introduction to the Muslim Society of Leeds. MSL was initiated in January 2003, although members of the organisation met regularly prior to this it wasn't until January of 2003 that this was done formally under a constitution. Members met primarily to improve the lives of men women and children in their locality and whereby identifying barriers and initiating activities and programmes to address these problems.

MSL contacted Mike Ross in Leeds City Council Development Department in June of 2006 to enquire about the former Bentley Lane Primary School. It was informed that the building had been disposed of and the Development department were looking to sell the building on the open market in the spring/summer of 2007 as panel approval for this had already been granted. In order to get preferred bidder status MSL would require a sponsoring Leeds City council department to support its proposal. It was at this point the MSL put together a business plan to realize its objectives for the Bentley Lane Primary School Site and submitted this to the North West Area Management Committee to look at our proposal. We proposed to turn the building into part community centre and part learning facility as outlined in the business plan for the site.

This was submitted to the area officer, namely Dayle Lynch who informed us that the whole area committee would require seeing this to be able to pass judgement, incidentally Dayle Was not aware at that point if we were even approaching this through the correct channels despite having told her that this is the way we have to progress, from Mike Ross.

We contacted Dayle many times to ask her if the area committee would require anything else to get a favourable decision, the only thing she asked for was a community survey gauging local opinion of the proposal. This was submitted to Dayle just before Christmas of 2006.

November had passed, so had December, January, February, March April, before we had received a response. Six months on I received an Email from A person by the name of Richard Brown. On it said that the local councillors were not willing to support the proposal because the local councillors did not believe the cash flow forecast was achievable.

All the while we were being told by development department that council is about to market the building anytime. In the summer of 2007 we had been informed that the council wanted to auction the premises, but not the whole site just the part of the building that was vacant, the other being occupied by Parklane College, as the college had user rights to the area the occupied. The council was in process of finding money to split the services as the building had been one when it was originally built and that this would be achieved by December of 2007.

We approached the area councillors in December of 2007 to ask why they believed that figures don't add up. Following a meeting in January of 2008 between ourselves and Sue Bentley and Judith Chapman and Dayle., the area officer it was agreed that we will proceed with this again and that the only thing they require is an amended cash flow forecast. This was provided a week later, from this point they started demanding things like constitution, management structure of the organisation, minutes, we would keep on providing they would keep on demanding. We haven't got a problem in providing such information; we ask why are they demanding these now, why not year and half earlier, have the requirements changed.

We took the opportunity to speak to Councillor Jennings also, in the initial meeting with him he couldn't recall the proposal even being presented to area committee, he took a copy of the business plan and on initial thought he liked what he was hearing. In subsequent meetings however the mood had changed, it was comments like are you two man band were starting to surface.

We got a final decision in February of 2007 that the local councillors were not willing to support the proposal because they believed that the figures forecast were rather optimistic. In this meeting a lot of praise was being levied at the Headingley Development Trust's proposal further up the road, after a bit of detective work we came to know that they had received money from the area committee to put together a business plan and development worker was assigned to help them put it together, we on the other hand were being told that if we were a credible organisation then we would not even have to ask the councillors what we require, but we should be putting it in front on their faces. Not only that the area committee granted them £100K for refurbishment. Ironically their initial business case was failed by the development department. Prior to this meeting we did ask for minutes of the meeting to be provided to us so we can respond to the concerns of officers and elected members, this was declined more over the concerns highlighted had been addressed in the business plan had they read it in the first place. We showed these to an elected MP and was disgusted by the nature of the concerns, we are at this moment in time seeking legal advice because of the severity of the allegations made.

We spoke to Leader of the Libdem 's group Councillor Richard Brett, who informed us the he will look into the case and hold a meeting, this he did only he failed to do any form of investigation of the matter from our perspective, he took every thing as gospel from Sue Bentley but our side of the story had been ignored. As suspected he dictated what he had to say with out even giving a thought to what we were saying, indeed to what we have been saying all along. In the end he referred us to the local government ombudsman.

The latest on the situation is that Leeds City Council is willing to sell the single story building to Parklane College.



**KEY CRITERIA FOR A STRATEGIC EVALUATION OF PROPOSALS TAKING INTO  
ACCOUNT THE RISK IMPLICATIONS FOR THE COUNCIL**

| Evaluation process for requests or proposals to transfer ownership or management of community assets              | Level of support<br>(N/K – not known) |            |            |
|---|---------------------------------------|------------|------------|
|   | High                                  | Med        | Low        |
| <b>1. Sponsoring Service evaluation - Measure of service benefit</b>  | <b>High</b>                           | <b>Med</b> | <b>Low</b> |
| Confidence in Feasibility study   |                                       |            | X          |
| Support for Corporate Plan goals  |                                       |            | X          |
| Support for Service Plan goals  |                                       |            | X          |
| Identified area based service need  |                                       |            | X          |
| Ability to monitor service delivery   |                                       |            | X          |
| Complementarity with other Council or community initiatives / accessibility for other local services / activities |                                       |            | X          |
| Potential for partnership working with other agencies Cross cutting initiatives                                   |                                       |            | X          |
| Level of community support (where consultation carried out)   |                                       |            | X          |
| District Partnership support (where appropriate)  |                                       |            | X          |
| Area Committee support (where appropriate)  |                                       |            | X          |
| <b>2. Business Plan</b>   | <b>High</b>                           | <b>Med</b> | <b>Low</b> |
| Feasibility study – level of confidence in delivery   |                                       |            | X          |
| Robust business plan / income generation  |                                       |            | X          |
| Short / medium / long term financial viability  |                                       |            | X          |
| LCC support for revenue implications / grant subsidy / service commissioning / SLA funding                        |                                       |            | X          |
| Third party capital funding / leverage  |                                       |            | X          |
| Third party revenue funding / leverage  |                                       |            | X          |
| Level of enterprising ability   |                                       |            | X          |
| <b>3. Financial evaluation - impact on LCC</b>  | <b>High</b>                           | <b>Med</b> | <b>Low</b> |
| Option appraisal / opportunity cost / capital value of asset  |                                       |            | X          |
| Impact on LCC capital programme though capital receipts programme or ringfencing arrangements                     |                                       |            | X          |
| Risk assessment   |                                       |            | X          |
| <b>4. Asset evaluation – Extent to which proposal is suitable for asset</b>                                       | <b>High</b>                           | <b>Med</b> | <b>Low</b> |
| In line with Asset Management Plan?   |                                       |            | X          |
| Contributes to regeneration of the area   |                                       |            | X          |
| <b>a. Existing use:</b>   |                                       |            |            |
| Building - Condition category   |                                       | X          |            |
| Building - Condition survey – backlog maintenance   |                                       |            | X          |
| Suitability / accessibility / DDA   |                                       | X          |            |
| Existing use – level of utilisation   |                                       |            |            |
| Proposed use - level of utilisation   |                                       | X          |            |
| Energy efficiency   |                                       |            | X          |
| <b>b. Vacant land or buildings:</b>   |                                       |            |            |
| Competing uses for vacant land or buildings   |                                       |            | X          |
| Alternative development potential   |                                       |            | X          |

|   |             |            |            |
|---|-------------|------------|------------|
| Extent of refurbishment / development required  |             | X          |            |
| Third party funding / leverage  |             |            | X          |
| Ability to commit to development timescales   |             |            | X          |
| Avoids cross subsidy / relaxation of clawback   |             |            | X          |
| Willingness to accept development agreement / agreement for lease pending completion of development                                       |             |            | N/K        |
| Whole life costing  |             |            | X          |
|   |             |            |            |
| <b>5. Organisational evaluation – Capacity to deliver the proposal</b>  | <b>High</b> | <b>Med</b> | <b>Low</b> |
| Strength of existing constitutional / charitable / legal status / governance measures   |             |            | X          |
| Willingness / ability to gain required broad legal status   |             |            | N/K        |
| Strength of existing skills / capacity to manage the project effectively  |             |            | X          |
| Willingness / ability to undertake and benefit from skills capacity building  |             |            | N/K        |
| Strength of existing development support  |             |            | X          |
| Willingness / ability to undertake and benefit from further development support   |             |            | N/K        |
|   |             |            |            |
| <b>6. Overall Risk Assessment</b>   | <b>High</b> | <b>Med</b> | <b>Low</b> |
| <b>Risk to delivery of proposal</b>   |             |            |            |
| Availability of a robust business plan with a realistic probability of the enterprise becoming financially sustainable within three years |             |            | X          |
| Level of organisational capacity in management committee  |             |            | X          |
| Access to professional support and large pool of volunteers   |             |            | X          |
| Ability to raise necessary capital funding  |             |            | X          |
| Organisational ability to manage and fund the upkeep of the asset effectively   |             |            | X          |
| Organisational policy on open access to all sectors of community  |             |            | N/K        |
| <b>Risk to Council</b>  |             |            |            |
| Alignment with LCC strategic outcomes and corporate planning objectives   |             |            | X          |
| Alignment with LCC service planning objectives  |             |            | X          |
| Alignment with LCC capital affordability and value for money (capital receipts programme)   |             |            | X          |
| Alignment with LCC service revenue affordability and value for money  |             |            | X          |
| Avoidance of State Aid or other funding restrictions  |             |            | X          |
| Conflict between competing organisations for use of asset   |             |            | X          |