

REPORT OF THE STRATEGIC ASSET MANAGEMENT SERVICE
REPORT TO: INNER NORTH WEST AREA COMMITTEE
DATE: 10 DECEMBER 2009

SUBJECT: ROYAL PARK SCHOOL	
Electoral Wards Affected: Hyde Park and Woodhouse Headingley	Specific Implications for: Ethnic Minorities <input type="checkbox"/> Women <input type="checkbox"/> Disabled People <input type="checkbox"/>

1.0 INTRODUCTION

1.1 The purpose of this report is to update Members of NW Area Committee with progress on seeking a development partner for the restoration of the former Royal Park School within a defined timetable.

2.0 BACKGROUND

2.1 A copy of the report to Executive Board on 14 October 2009 and the minutes of the meeting are attached at appendices A and B.

3.0 CURRENT POSITION

- 3.1 The community activists who recently took unauthorised occupation of the building claimed the right to do so in order to protect the building from deterioration which may lead to its demolition. Legal action was necessary to regain possession of the building in order to progress the marketing of it and to protect both the trespassers and the Council from health and safety and financial risks. Following the issue of the necessary court orders, the trespassers were evicted on 3 December.
- 3.2 Regarding repair works to the building, it was explained to the occupiers that while the Council appreciates the offer of repairing the roof and other work, we have to decline it as any work has to be done by approved contractors while the building is the Council's responsibility. Any agreement to allow an organisation to remain in possession and carry out repairs to the property during the marketing period would prejudice the outcome of the tendering process described below.
- 3.3 Therefore following the eviction, measures have been put in place to re-secure the building and make it weathertight in a cost effective way before the winter period. Subject to a successful marketing exercise, the sale process described below is expected to be completed by May next year when the selected developer would commence a refurbishment scheme to restore the building.

3.4 The Council's objective since the closure of this property as a school has been to seek a development partner to bring about the restoration of the building, its subsequent maintenance and uses which offer benefits to the community. To that end, the attached report was considered by the Council's Executive Board on 14 October 2009 and officers have been instructed to invite unconditional best and final financial offers from potential development partners with the capacity to deliver a scheme which can satisfy the Council's objectives.

3.5 Account has been taken of the lengthy time which has already elapsed since closure of the school, during which efforts have been made to find a viable outcome for the property. Therefore the detailed procedure outlined below is purposely designed to clarify all the criteria necessary to understand whether a developer has the overall resources and business planning to deliver a successful restoration project within a period which is acceptable to the Council.

3.6 On receipt of confidential tenders by 4th January, officers will evaluate the potential to achieve those objectives and make recommendations upon which Members of the Executive Board will reach a final decision on 10 March 2010.

3.7 Tenders

- Given that the Council is seeking a contractually binding solution and previously interested parties already have full knowledge of the property and fairly advanced proposals, they have been invited to submit their best and final financial offer as a formal tender, which will be contractually binding once accepted in writing by the Council. This means that the registered freehold interest in the property will be conveyed after payment of the purchase price balance 56 days after acceptance of the tender.
- For absolute transparency, an advert has also been placed in the local property press inviting interest from any other interested parties who have not previously been involved, however they will still be required to comply with the following requirements and closing date of this tender in the same way.
- Tender packs have been issued to all previously interested parties and a number of developers who have responded to the advert.
- The tender documents need to be completed, signed and returned by 4th January and include:
 - i. tender pro-forma
 - ii. contract of sale
 - iii. deposit guarantee agreement
 - iv. Banker's Draft
 - v. Business plan
 - vi. Proof of funding
 - vii. Proof of support from other organisations on which reliance is placed
- All bidders need to satisfy themselves that they are professionally advised as to the condition of the property, its legal title, terms of the contract, legal and financial implications and the uses which would be acceptable in town planning terms, as the discovery of any further defects, problems in gaining planning permission, title or any other issues would not give rise to the reduction in price tendered.

- Internal inspections of the property will be permitted by appointment and subject to use of appropriate health and safety clothing. Copies of the pre-contract enquiries, local land charge searches and the energy performance certificate will also be available on request.
- In securing a financially sustainable enterprise which will bring about the restoration of the building, its subsequent maintenance and uses which offer benefits to the community, the Council will require a condition of the sale requiring that the building is refurbished to a standard to be approved by the Council within two years.

3.8 Deposit guarantee

- The Council is seeking to secure the future of the building by inviting evidence of financial commitment, therefore all tenders must be accompanied by a deposit guarantee in the form of a Banker's Draft made out to Leeds City Council equal to 10% of the tendered price, along with a signed copy of the deposit guarantee agreement. The deposit guarantee payment of the successful tenderer, will become the contract deposit on acceptance of the tender, when the contract for sale becomes binding. The deposit guarantee monies of unsuccessful bidders will be refunded within 28 days of the Executive Board meeting along with interest paid at 1% above Bank of England base rate for each day that the Council has benefited financially from the funds.
- The deposit guarantee agreement, which tenderers are required to sign, is evidence of their financial commitment and provides that if any tenderer withdraws from the acquisition for any reason before a contract for sale becomes binding, the Council will withhold any expenses which it has incurred before returning the balance.

3.9 Business Plan

- In order to identify schemes which achieve the Council's objective to bring about the restoration of the building, its subsequent maintenance and uses which offer benefits to the community as part of a commercial or social enterprise, bidders must provide a robust business plan covering a minimum period of 3 years. The purpose of the business plan is to show what the proposal involves, how it will be delivered and whether it will become financially sustainable over the medium term. Where possible, it should include the following elements :
 - i. Details of the purchaser's legal status and copies of the organisation's articles, constitution, annual reports over the last three years;
 - ii. Details of partners' legal status and copies of the organisation's articles, constitution, annual reports over the last three years;
 - iii. Up to date accounts for your own and all partner organizations;
 - iv. Details of skills, experience and knowledge within the organisation's and partner organisation's management structure to deliver the refurbishment project and to develop and manage the business enterprise to be carried out at the premises afterwards;
 - v. Details of professional advice taken in formulating the project and subsequent business proposals;
 - vi. Details of salaried and / or volunteer staffing arrangements necessary to run the enterprise;

- vii. Timetable for refurbishment and refitting of the building, including phases where appropriate;
 - viii. Estimated capital costs of refurbishment and refitting of the building;
 - ix. Breakdown of all necessary capital expenditure into main elements;
 - x. Means of procuring the refurbishment and other works to the building;
 - xi. Breakdown of all necessary capital funding sources, including evidence of applications, commitment or approvals over the refurbishment period;
 - xii. Detail of the financial contribution or guarantees to be provided by any partner organisations;
 - xiii. Details of the proposed range of uses and the target users of the building;
 - xiv. Market research showing level of demand for services / occupiers demand
 - xv. Analysis of income projections by market, service and time
 - xvi. Letters of support from potential customers, particularly any commercial / contract customers
 - xvii. Marketing plan linked to income projection
 - xviii. 5 year cashflow forecast including sensitivity analysis, to illustrate best case, worst case and realistic case scenarios
 - xix. Details of the fallback position should income projections not be met.
- Each of these items should be addressed and explained in the narrative of the business plan. It should be noted in this respect that the Council can make no commitment to lease any of the space within the building or offer any capital or revenue grant support. Any additional information can also be submitted as appropriate.

3.10 Proof of Funding

- The Council requires that bidders ensure that full evidence is provided from a bank or other financial institution of their ability to complete the purchase including payment of all fees, taxes etc before the projected completion date in May 2010, including the additional financial capacity to fund the full cost of the refurbishment within the period defined in the business plan.

3.11 Proof of support from other organisations on which reliance is placed

- Where significant elements of the business plan assumptions rely upon partner organisations to deliver the proposals or other organisations are involved as users of services or occupiers of space in the building, written support is required where possible.

3.12 Evaluation of Tenders

- The evaluation of tenders will be scored on the basis of 70% towards the financial purchase price tendered and 30% on the basis of ability to raise the capital finance for refurbishment and the sustainability of a robust 3 year business plan. As described above the Council's Executive Board will make the final decision on 10 March.
- Notwithstanding the outcome of any assessment, the Council will not be bound to accept the highest or indeed any offer submitted if it is felt that none of the tenders will deliver the its objectives .

4.0 RESOURCE IMPLICATIONS

- 4.1 These detailed requirements are purposely designed to clarify all the criteria necessary for the Council to understand whether a developer has the overall resources and business planning to deliver and sustain a successful restoration project within an acceptable period.
- 4.2 It is also intended to assist the parties to carry out a self-assessment of their own financial and human resource readiness to take it on independently or whether to seek partnerships where resources are lacking.

5.0 REPORT TO EXECUTIVE BOARD

5.1 The report will also take into account:

- Links to corporate priorities
- Equality and diversity issues
- Consultations
 - i. Views expressed by Ward and local elected Members,
 - ii. Area Committee and the Area Delivery Plan;
 - iii. Views expressed by members of the local community;
 - iv. Availability of community facilities in the local area;
- Appraisal of options open to the Council
- Risk assessment

6.0 RECOMMENDATION

6.1 It is recommended that this progress report be noted.

**EXECUTIVE BOARD MINUTES
WEDNESDAY, 14TH OCTOBER, 2009**

The Former Royal Park Primary School

The Director of City Development submitted a report on the current position with regard to the former Royal Park Primary School and on the preferred options for the future.

The report identified the following six possible options:

- i Traditional marketing of the refurbishment opportunity
- ii Convert to Council use
- iii Deal exclusively with one interested party or invite best and final offers
- iv Community Asset Transfer
- v Disposal by way of auction
- vi Immediate demolition of the main school buildings and the retention of the site until such time as the property market improves

Following consideration of Appendix 4 to the report designated as exempt under Access to Information Procedure Rule 10.4(3) which was considered in private at the conclusion to the meeting it was

RESOLVED –

- (a) That the withdrawal of the preferred developer be noted.
- (b) That the decision made at the meeting held on 22nd August 2007 be rescinded.
- (c) That this Board declines the Royal Park Community Consortium's request that no action be taken for a period of six months to allow the consortium time to develop funding applications which might, subsequently, lead to the lease or transfer of the ownership of the property.
- (d) That this Board notes the negotiations that have taken place with the two organisations seeking to acquire the property, at market value, and refurbish it for subsequent use, instructs that the Director of City Development invites unconditional best and final financial offers from these two organisations in accordance with the terms of the report including business plans illustrating the ability of the bidder to guarantee the long term sustainability of the building, the latter representing 30% of the marks in any assessment, notwithstanding the outcome of any assessment, the bidders be advised that the Council will be under no obligation to accept either of the offers and that the purchaser must demonstrate the financial capacity not only for the purchase but also to address the very substantial cost of the refurbishment that would be required.
- (e) That the decision at (d) above shall not preclude the consideration of a bid from another party submitted in the same terms as those detailed above.



Agenda Item:
Originator: John Ramsden
/ Brian Lawless

**Appendix 4 of this report is Exempt/Confidential under
Access to Information Procedure Rules 10.4 (3)**

Report of the Director of City Development

Executive Board

Date: 14 October 2009

Subject: The Former Royal Park Primary School

Electoral Wards Affected:
Hyde Park & Woodhouse

Ward Members Consulted

Specific Implications For:

- Equality and Diversity
- Community Cohesion
- Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the re

EXECUTIVE SUMMARY

The report advises Executive Board of the withdrawal of the preferred developer from the negotiations in respect of the disposal of this property and its refurbishment as a mixed-use scheme comprising age-related residential care accommodation and a new library and community space for the Council.

It also advises of the deteriorating condition of the building and the risks to the Council and others that arise from this.

It recommends that Executive Board should rescind the decision made at the meeting of 22 August 2007 in relation to the selection of a preferred developer and the nature of the development.

It draws to the attention of Executive Board four separate proposals from third parties for the future use of the building:

- a. A financial offer for the property with the intention to use it as a faith school
- b. Two financial offers for the property with the intention to use it as a nursery and flexible community space. One of these offers has not been substantiated and cannot, therefore, be recommended
- c. A proposal from a local community consortium that the building be passed to it for conversion for community use. This group has requested that the Council defer taking a decision on the building until it has had 6 months to firm up its proposals and funding. This course of action cannot be recommended

The report advises that two of the financial offers already received do constitute best consideration for the building, but that Members are recommended to invite both of the parties to submit best and final financial offers for the property along with a business plan indicating how they will ensure the continued protection of the building. The two parties have already provided some initial evidence of their ability to finance the purchase and the refurbishment of the building and have given details of their intended use of the building. However, the parties would be asked to explain their proposals more fully at the same time as submitting their best and final offers. The parties have been advised that the Council requires a substantial non-returnable deposit of 20% of the offer should a best and final offer from be accepted from one of them. The bidding parties will be advised that the Council is under no obligation to accept either offer. Should this course of action not deliver a disposal of the property, then officers will bring a further paper to this Board advising on the options.

The confidential section of the report details the issues surrounding the valuation of the property and the preliminary offers that have been made. It advises that the Head of Property Services confirms that in his opinion the terms offered to the Council represent the best consideration that can reasonably be obtained under section 123 of the Local Government Act 1972 (or under the Housing Act 1985), but that unconditional best and final offers should be invited along with business plans for the running of the building.

1.0 The Purpose Of This Report

- 1.1 This report is for Executive Board to consider proposals received by the Council for the future use of Royal Park former Primary School and to advise Members of the recommended way forward.

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 planned closure of the school in September 2004. This was in response to the wish from the local community to preserve the building because of its perceived contribution to the local streetscape and the place it was felt to have in the history of the area. A viable scheme where the Council would utilise all of the floorspace in the building ultimately proved to be undeliverable.
- 2.2 In August 2006, Executive Board approved the marketing of the property for refurbishment, by way of a long lease, subject to the retention of the building itself and the Council having use of part of the refurbished building for a library and some community space. The marketing specifically excluded the conversion of the building for student housing or any major retail use.

2.3 In August 2007, Executive Board approved the selection of Rushbond PLC as the preferred developer.

3.0 The current position

3.1 On 13 October 2008, the Council received formal notification from the preferred developer that it was unable to move the scheme forward because of an absence of potential residential partners/occupiers of the age-related residential care element of the project and because of the current economic down turn generally.

3.2 The Council has no operational interest other than potentially using part of the property as a library. The Library Service is reviewing its provision in the area. Burley Library is in very poor condition and alternative accommodation is required. The Royal Park site provides a solution but the service is not committed to it and would continue to seek a suitable location in this area.

3.3 It should be noted that no operational requirement exists for any additional Council-managed community space in the area and that the inclusion of such space in the original marketing was a response to the requirements of local interest groups.

3.4 Members should note, therefore, that given that the Council has no preferred use for the building, the assessment of any proposals should focus upon obtaining best consideration for the building and that any business plan for the operation of the building would guarantee its sustainability in the longer term.

3.5 There now appear to be six possible options:

- i Traditional marketing of the refurbishment opportunity
- ii Convert to Council use
- iii Deal exclusively with one interested party or invite best and final offers
- iv Community Asset Transfer
- v Disposal by way of auction
- vi Immediate demolition of the main school buildings and the retention of the site until such time as the property market improves

4.0 Option Appraisal

4.1 Traditional marketing of the refurbishment opportunity

4.1.1 Officers do have to advise that, in the current economic conditions, it is extremely unlikely that any other commercial developer will come forward with an acceptable financial offer and with refurbishment proposals which meet the aspirations of the Council as expressed in the decision of Executive Board in August 2006.

4.1.2 It is felt to be equally unlikely that any developer would come forward with proposals for the refurbishment of the property solely for residential use if use as student or similar types of housing use were excluded through the Council deciding to exercise its well-being powers to limit the use of the property.

4.1.3 Even if the property were to be marketed without any requirement for the retention of the building, it is certainly possible that, in the current market conditions, no commercial developer would come forward. It is the case that, in this economic climate, even quite attractive development opportunities are failing to find developers and this is evidenced by the lack of success that the Council has achieved in its efforts to dispose of other former school premises and sites across the city in recent months.

4.1.4 The Council could, if Executive Board so decides, market the property again, in a traditional manner. The problem with this option is that even if there was interest from commercial developers such disposal methods take a considerable amount of time to conclude. In the meantime, the building would continue to deteriorate.

4.1.5 Accordingly, this option is not recommended.

4.2 **Convert to Council use**

4.2.1 The possibilities of converting the property for office use by the Council were fully explored, and discounted, at quite an early stage. The Council's developing strategy for office premises does not support the use of such unsuitable, limited capacity properties even if the technical, planning and cost difficulties could be overcome.

4.2.2 Initially it was proposed that the Council should itself occupy part of the building for library use but a current review of library services in the area does mean that this is not necessarily the case now.

4.2.3 Accordingly, this option is also not recommended.

4.3 **Deal exclusively with one interested party or invite best and final offers**

4.3.1 Four, unsolicited, expressions of interest in the acquisition of the building have been received following an awareness that the preferred developer has withdrawn.

4.3.2 The first interest is in respect of the possible refurbishment of the first floor of the property for educational purposes, as a faith school for girls aged between 11 and 16.

4.3.3 It was felt to be reasonable to allow the group expressing this interest to carry out an internal inspection of the property and to supply information about floor areas etc. This was done on a "Without Prejudice" basis as officers have no authority to undertake negotiations with anyone other than the previously selected preferred developer.

4.3.4 The interest has now been withdrawn because of the professional advice that was received by the group in respect of the cost of bringing the building back into educational use.

4.3.5 The second joint expression of interest has come from two local organisations, the Al Hassan Education Centre and the Muslim Association of Leeds 11, for a similar faith school use. Once again, an inspection of the property has taken place. Arrangements were made for officers to meet this association to examine if there is an immediate way forward which would generate a capital receipt for the Council, secure the future of the building and eliminate the Health & Safety risks which it creates. This meeting resulted in an offer being made for the freehold acquisition of the property at a price which officers can confirm represents market value.

4.3.6 This proposal is to refurbish the first floor of the property for educational use to GCSE level. Currently, many pupils from this community travel to schools outside the area either on a daily basis or as boarders. This proposal would allow those pupils to be educated locally.

4.3.7 It is proposed that the remainder of the building would be used as education and conference facilities, gymnasium, community internet café, community halls etc and perhaps as a library, subject to the Library Service having such a requirement.

- 4.3.8 Fuller details of the proposal from the Al Hassan Education Centre and the Muslim Association of Leeds 11 are given in Appendix 1.
- 4.3.9 The Association has demonstrated its financial capacity to acquire the property, but proof of funds to carry out the refurbishment and to maintain the fabric of the building requires further investigation.
- 4.3.10 The third approach has come from another local organisation, New Horizons (represented by Mr Abid Hussain and Mr Arshad Hanif), for the use of the building as a nursery and a range of community uses such as recreation, youth club, lettings to community groups, office space for local organisations, conference rooms etc. A building inspection has taken place and an offer has been received for the freehold acquisition of the property at a price which officers can confirm represents market value. The nature of the use proposed by New Horizons is very similar to many of the aspirations that were expressed by the local community at the time of the closure of the former primary school. Once again, while proof of funds for acquisition has been provided, further investigation of proof of funds to carry out the refurbishment and to maintain the fabric of the building is required.
- 4.3.11 The fourth expression of interest has come from a private individual who claims to have support of the Muslim Association of Leeds 6 and who proposes a nursery and community use. Officers currently have little information to confirm the robustness of this bid.
- 4.3.12 In the light of the apparent ability of both the Al Hassan Education Centre and Muslim Association of Leeds 11 group and New Horizons to proceed quickly and to offer what they see as the market value of the property, the opportunity of dealing with the disposal on a one-to-one basis with one or other of these organisations is open to the Council.
- 4.3.13 The nature of the proposals from these two groups is broadly similar although the New Horizons proposal does not include a faith school and does, therefore, give more space to other community uses.
- 4.3.14 Given that both groups have submitted bids which represent market value, it is not felt appropriate to negotiate exclusively with one group. The two parties have previously provided initial evidence of their ability to finance the purchase of the building and of the details of their proposed uses of the building. Both groups have also been required to provide proof of funds for refurbishment. The uses proposed by the two groups are broadly similar, so far as the extent of the use of the building for community purposes is concerned, but the proposal from the Muslim Association of Leeds 11 proposes that the first floor of the building should be used for the establishment of a faith school providing a full educational facility to GCSE level. In neither case does the Council currently have sufficient information to establish whether the proposed use of the building would generate sufficient net income to maintain the fabric of the building in the medium to long term. Accordingly, an element of the assessment of any proposals should relate to the robustness of the business plans. It is recommended that Executive Board should instruct officers to invite each of these parties to submit best and final unconditional offers for the property along with appropriate business plans for the use of the building. It is also recommended that the bidders be advised that the scoring of the latter will represent 30% of the marks in any assessment of the submissions. The bidders would also be advised that, notwithstanding the outcome of any such assessment of the proposals, the Council will not be obligated to accept either offer.

- 4.3.15 The groups were advised that a substantial deposit, of 20% of the offer price, is required by the Council should Executive Board determine to accept one or other of the offers. This deposit would be non-returnable in the event of the failure of the selected purchaser to pay over the balance of the purchase sum within 8 weeks of the date of this Executive Board decision. The groups have been advised that they should ensure that their offers are made in the light of the current condition of the property and that defects discovered subsequent to the date of the Executive Board will not be a sufficient reason for withdrawal and the return of the deposit. Also, there will be no guarantees given regarding acceptable uses of the building in the planning context. For its part, the Council will not be able to condition the disposal of the building in terms of future uses, or to guarantee retention of the building under any redevelopment.
- 4.3.16 Each of the groups has been advised that they should not place any reliance upon the Council itself occupying any part of the building following refurbishment. Any such proposal, for example for space as a library, could be considered by the Council but this would only be as a completely separate transaction following the completion of the freehold disposal of the property.
- 4.3.17 The organisations discussed above have submitted financial information in support of their proposals which is contained in the confidential section of this report. The information contained in that section relates 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 as it could undermine the method of disposal, should that come about and affect the integrity of disposing of the property/site. 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 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.

4.4 Community Asset Transfer

- 4.4.1 A grouping of local community interest groups, the Royal Park Community Consortium (RPCC), did seek the transfer of the property, along with both capital and revenue funding from the Council at the time of the school's closure. This interest has emerged once again on the premise that members of the consortium are capable of refurbishing the property on an incremental basis. It is not clear how this could, in practice, be achieved. Even if the necessary skills are available to the consortium, there would be very substantial capital requirements in respect of the mechanical and electrical infrastructure.
- 4.4.2 It seems likely that, if the Council were to agree to lease or transfer the ownership of the property to the consortium, there would be subsequent requests for financial support towards the cost of refurbishing and running the building even if the RPCC were to be successful in raising the initial £1,000,000 which the group feels to be necessary. Officers advise that such a sum would be inadequate and applications to any funding bodies are unlikely to be successful in current circumstances and against the limited revenue which could be generated.

- 4.4.3 Understandably, there is only limited evidence from the consortium of the current funding availability as its request is for a period of time to allow it to investigate potential sources of the necessary funding.
- 4.4.4 Further details of the consortium's proposals are provided at Appendix 3.
- 4.4.5 Initially, the consortium requested a three month delay before the Council made any decision as to the future of the property – to allow it to attempt to raise the funding necessary to support the cost of refurbishment – but that request has now been amended to a six-month period.
- 4.4.6 This extended delay contrasts with the proposal outlined in 4.3 above where early disposal is envisaged.
- 4.4.7 This option is not recommended because of the Health & Safety risks that would arise during any period of further delay and because of the high probability that the RPCC would not succeed in raising sufficient capital to meet the cost of refurbishment. Officers feel that the RPCC has underestimated, to a considerable degree, the costs that will be incurred during the necessary refurbishment of the building (although it is noted that a community-based supporter has offered to assist RPCC through dedicating the receipts from the disposal of two properties to the project).
- 4.4.8 It should be noted that the Inner North West Area Committee, meeting on 5 February this year, received a deputation on behalf of the Royal Park Community Consortium. It was resolved that the deputation be noted and that the Area Committee supports the efforts of the Royal Park Community Consortium to save the building, requests the Executive Board to give the Consortium six months to come up with a business plan for its redevelopment and in the meantime takes immediate steps to secure the building from any further deterioration.
- 4.4.9 Each of the other two parties seeking to acquire the property have made contact with the RPCC seeking to establish some measure of support for their proposals but, understandably, the consortium does not wish to offer any such support at this stage although agreement was reached with one of these parties that the building should be retained for community use.
- 4.5 Disposal by way of auction**
- 4.5.1 It would be possible to test the market for the disposal of the property as it stands by entering it into an early auction. There is an approved planning brief to guide subsequent development.
- 4.5.2 As has been evidenced earlier in the report, there is a degree of interest in the property, although not from commercial developers.
- 4.5.3 It would be very difficult to impose any condition upon a purchaser at auction regarding future use of the building or retention of the building itself. The wish to ensure the retention of the building has been a key feature of all of the discussions since the time of the original closure of the primary school. This is no different to the previously discussed "best and final offers" option which similarly offers no cast iron guarantees regarding retention of the building. However, the best and final offers route does offer some comfort, albeit not binding upon the bidder, in this regard.
- 4.5.4 On balance, disposal by auction is not recommended as it does not offer sufficient comfort with regard to the retention of the building.

4.6 Immediate demolition

- 4.6.1 It is recognised that this course of action would be very regrettable after all of the efforts of the Council and the local community to see the building preserved because of the physical contribution it does make to the local environment and because of the place it holds in the history of the local community.
- 4.6.2 However, officers advise that without an early disposal of the building there is no real alternative to demolition.
- 4.6.3 It would be possible to demolish the main school buildings at an estimated cost of £140,000 whilst seeking to dispose of the free-standing former caretaker's house.
- 4.6.4 It is unlikely that there would be any development interest in the cleared site at the moment and the Director of Environment and Neighbourhoods has confirmed that there is no priority need for affordable housing on the site at this time. Therefore the cleared site could be soiled and grassed to make it presentable until a local community or development need has emerged.
- 4.6.5 Demolition is a course of action which, regrettably, may need to be revisited should an early disposal of the site via best and final offers not prove to be achievable.

5.0 The Library Service

- 5.1 The Library Service is reviewing its options in this area and is not committed, exclusively, to the Royal Park site although it should be noted that the existing Burley Library is in very poor condition and some alternative location is required quite quickly. It should be noted that no operational requirement exists for any additional community space in the area and the inclusion of such space in the original marketing was a response to the pressure from local interest groups.

6.0 Ward Member Consultation

- 6.1 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 advised of the changing circumstances, that is, the withdrawal of the preferred developer.
- 6.2 Ward Members were not previously supportive of any proposal which would involve the demolition of the former school.
- 6.3 Ward Members do remain supportive of uses for the whole building that would meet the local aspiration for it to contribute to the life of the community and, in particular, the provision of space within the building for community use.
- 6.4 Ward Members have raised no objections to the proposed re-use of the school for educational purposes although they have asked that particular attention should be paid to the highway implications that would arise. The organisations seeking to acquire the property have committed themselves to discussions with the appropriate officers in this regard.
- 6.5 All of the Ward Members have advised that their position is that the Council should look for an outcome that as far as possible meets the aspirations for the retention of the building and the maximum community use thereafter. Whilst they continue to support the aspirations of the Royal Park Community Consortium, they accept that the Council needs to find a solution that is sustainable with funding available not only

for the acquisition of the building from the Council but, more importantly, to ensure its sustainable future.

7.0 Implications For Council Policy and Governance

7.1 The provision of community facilities within any development scheme would contribute to the “Harmonious Communities” theme.

8.0 Legal and Resource Implications

8.1 The cost of maintaining security at the building is estimated at £9,000 for the current financial year with the cost of repairs estimated at a further £1,000. Since August 2005, a total cost of more than £21,000 has been incurred in respect of security and maintenance.

8.2 Currently, the Council is not incurring any costs in respect of National Non-Domestic Rating as the rateable value was reduced to just £1 following the closure of the school. This will remain the case unless and until the property is reoccupied.

8.3 The capital that might be raised through the disposal of the caretaker’s house could contribute towards the estimated £140,000 cost of demolition of the main school building should that prove to be the only remaining option following the seeking of best and final offers.

8.4 The information contained in Appendix 4 relates 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 as it could undermine the method of disposal, should that come about and affect the integrity of disposing of the property/site. 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 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.

9.0 Conclusions

9.1 Officers cannot recommend that the original proposal for the retention of part 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. Alternative solutions for the library could be found and at least part-funded through a first call upon the receipt that would be generated through the disposal of the current Burley Library.

9.2 On the basis of information currently available, and in the light of the limited financial resources available to the Royal Park Community Consortium, the length of time which would be taken for it to seek the £400,000 it feels is the minimum necessary to fund the refurbishment of the property, and the high degree of risk that such resources would not be achieved, it is proposed that the request from the consortium should be declined. Officers advise that this estimated cost is substantially below the likely cost of the refurbishment required to properly preserve the property.

- 9.3 Officers are mindful that the building has now been vacant for over four 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 again solely on the basis of refurbishment.
- 9.4 Given the fact that two initial financial offers which both represent market value have been received officers do not believe that it is appropriate to enter into one-to-one negotiations with only one party.
- 9.5 It is therefore recommended that both interested parties are asked to submit best and final financial offers along with business plans for the operation of the building.
- 9.6 Should the disposal option discussed above at 9.5 be unsuccessful officers will bring a further report to this Board.

10.0 Risk Assessment

- 10.1 There is a risk that marketing the property again for refurbishment alone would result in no viable offers being received especially in the current market. Given the advice received in respect of current market conditions, there is no certainty at all that any such offer would be received even if the requirement that the building should be preserved were to be removed.
- 10.2 There would also be the risks arising from seeking to secure the building against continuing unauthorised access and damage.
- 10.3 There is the risk that the cost of maintaining security and undertaking repairs to the external fabric of the building will rise above the estimate of £10,000 for the current financial year.
- 10.4 There is a risk that disposing of the property by way of auction would not secure its early refurbishment and that it would remain as a deteriorating feature of the local scene.
- 10.5 There is a risk that disposing of the property to any organisation or individual would not secure its early refurbishment unless the Council requires that the intending purchaser can demonstrate its commitment to delivering a completed scheme. On this point, the willingness of two of the parties to offer substantial non-returnable deposits as part of their unconditional offers does afford some comfort. Similarly, the robustness of any business plans submitted may also offer further comfort.
- 10.6 There is a risk that, even though the interested parties have been required to explain their refurbishment and future use proposals, an unconditional freehold disposal will not guarantee that the property is, in fact, retained and refurbished as proposed, or actually used for the stated purpose. Executive Board is advised that this risk cannot be avoided through the imposition of conditions in the disposal. Rather, the Council will have to rely upon the assurances that have been given and the fact that the two groups are charitable organisations whose aims are not concerned with property development. However, if Members have any concerns in this regard following receipt of the submissions then they will not be obligated to accept either offer and the two bidding parties will be advised of this when submissions are requested.
- 10.7 In terms of community management of the building, there is the risk that granting a 6 month period for the RPCC to develop funding applications would lead to this period being extended subsequently because of the difficulties in securing early grant approvals, even when such applications have a high chance of success. It is not considered that applications for the RPCC's proposals have a high chance of success within any reasonable time frame.

11.0 Recommendations

- 11.1 That Executive Board notes the withdrawal of the preferred developer.
- 11.2 That Executive Board rescinds the decision made at the meeting of 22 August 2007.
- 11.3 That Executive Board declines the Royal Park Community Consortium's request that no action be taken for a period of six months to allow the consortium time to develop funding applications which might, subsequently, lead to the lease or transfer of the ownership of the property.
- 11.4 That Executive Board notes the negotiations that have taken place with the two organisations seeking to acquire the property, at market value, and refurbish it for subsequent use. It is recommended that the Director of City Development be instructed to invite unconditional best and final financial offers from these two organisations along with business plans illustrating the ability of the bidder to guarantee the long term sustainability of the building, the latter representing 30% of the marks in any assessment. Notwithstanding the outcome of any assessment, the bidders will be advised that the Council will be under no obligation to accept either of the offers. This recommendation also includes the proviso that the purchaser must demonstrate the financial capacity not only for the purchase but also to address the very substantial cost of the refurbishment that would be required.

Background papers:

City Development (Asset Management Service) file

Environment & Neighbourhoods file

The proposal from the Al Hassan Education Centre (charity number 1116016) and the Muslim Association of Leeds 11 (charity number 508738)

The proposal is to create a mixed-use scheme comprising the following:

1. The creation of a faith school on the top floor providing a full educational facility to GCSE level.
2. The lower floor will be utilised for the following purposes:
 - i. Library: in this regard, it is suggested that the Council should confirm its earlier intention to occupy space for a library. (Officers should advise that the Library Service is currently reviewing its library services delivery strategy for the area and it is not certain that the Royal Park building would be required)
 - ii. A range of education/conference and meeting rooms
 - iii. A gymnasium and healthy living centre
 - iv. A community internet café
 - v. Community halls for functions and social occasions
 - vi. ESOL classes

The two organisations point to their considerable experience working with the community and in particular with:

- i. West Yorkshire Police Neighbourhood Policing Team
- ii. The Area Management Team
- iii. PCT and Health Authorities
- iv. Local Councillors
- v. Youth Service
- vi. Other local faith groups

In particular, the Al Hassan Education Centre

- i. Has extensive relationships with the Council in various projects
- ii. Already participates in a re-building project in Kashmir with the Council for which the Council has donated a sum of £50,000
- iii. Has worked with the Council helping children with difficulties in the core school subjects
- iv. Is currently involved with Bankside Primary School
- v. Has, for the last three years, been the out-of-hours Registrar to register deaths in Leeds within the Muslim community
- vi. Has recently successfully secured a substantial amount of lottery funding for a healthy living centre in the Harehills area

The proposal is for these two organisations to acquire the unencumbered freehold of the property, at the price given in the confidential part of this report. Their solicitors have confirmed that they are in a position to proceed very quickly and can pay an immediate deposit at exchange of contracts. The balance of the of the purchase price can be provided from existing resources available to the two charities without further borrowing.

**The proposal from New Horizons
(Abid Hussain and Arshad Hanif)**

The proposal is to create a mixed-use scheme comprising the following:

1. A youth club
2. Facilities and accessible venues for community groups
3. Nursery
4. Recreation activities – gymnasium, sports club and other social activities for the local community
5. Office space – for letting to local organisations
6. Conference room

It is proposed that local organisations would be invited to nominate representatives to a running committee (although an appointed manager would be responsible for day-to-day decisions).

Funds would be made available to renovate and bring floorspace into use in a steady and worthwhile timeframe.

The organisation's bankers have confirmed that it would be well within the organisations financial means to undertake a project running into seven figures.

The Leeds Muslim Council and the Leeds Grand Mosque have confirmed its full support for New Horizons in acquiring the property.

Other local organisations and businesses have also confirmed their support and desire to establish operations with the building.

The proposal is for New Horizons (represented by Mr Abid Hussain and Mr Arshad Hanif) to acquire the unencumbered freehold of the property, at the price given in the confidential part of this report. Their solicitors have confirmed that they are in a position to proceed very quickly and can pay an immediate deposit at exchange of contracts. The balance of the purchase price can be provided from existing resources.

Outline Bid from the Royal Park Community Consortium to Leeds City Council to Refurbish the Royal Park School Building for use as a Community/ Resource/ Learning/Skills Centre

Introduction

When the decision to close Royal Park School was taken, there was strong local opposition. The school closed in July 2004. A promise was made that the building would be retained for community use; the building is at the heart of Hyde Park, literally and spiritually. People not only valued it as a school, but as a hub of activities based on local need. The building is not only the sum of its use and history; it is part of our heritage, a beautiful symbol of Victorian architecture, which belongs to us in Hyde Park. It is a building to admire and it needs to be loved and used again by its community.

Background Information

A consortium of local community, statutory and voluntary sector groups, who wanted to see the building in community use, was formed in 2003; it consulted with organisations in the area who wanted to rent office space for their projects and submitted an expression of interest to Leeds City Council, identifying those groups which were interested in renting the community space promised for use by the community. By this time several schemes for use by council services had fallen through, but Burley Library was now part of the plan for the building as was a designated amount of community space.

On 12 December 2006, the Royal Park Community Consortium (hereafter referred to as RPCC) held its first public consultation meeting which was well attended. By this time seven bids were all ready being considered by the council. The meeting decided a bid should be made by the RPCC. This was submitted in April 2007; it was an outline bid with no funding identified. It was submitted again in August 2007 before the Executive Board of the council met to consider all the entered bids on 22 August. At this meeting, a preferred bidder was chosen from four put before the board; this was Rushbond who planned to build 80 assisted living spaces for older residents. The plan included some community space and accommodation for Burley Library.

RPCC kept in touch with the council and were assured the contact between Rushbond and the council was being worked out. In October 2008 we found out at the Leeds NW Area Committee meeting that Rushbond had withdrawn. At a subsequent meeting with council officers, we were told that there were no other plans for the building and 'an end date' would be recommended to the Executive Board.

The core group of the RPCC decided to re-submit our bid (all ready voted for at a public meeting) but with more detail, costings for refurbishment and possible sources of funding identified. A public meeting of the RPCC will be held on Thursday 5 February at the Burley Lodge Centre.

Consultation

RPCC have held regular public meetings over the last two years. The core group of 5-6 people have had frequent planning meetings and meetings with local councillors and other interested parties during this time.

A community consultation regarding the use of community space in the building was carried out by the Area Committee in October 2007. Although it only referred to a small space and

not the whole building, it provided some indication of what local people wanted; this included IT facilities, meeting rooms, sports/ fitness facilities and a crèche.

Profile of the neighbourhood

This just a very brief description as this data is widely available (reference: An Overview of Hyde Park/Burley Road, Leeds - Andrew Clark, University of Leeds, April 2007). Hyde Park is a densely populated area. The population is largely white but with significant South Asian community and other smaller BME communities. The proportion of young people aged 20-29 is much larger and the number of children aged 0-16 is much smaller than the average for Leeds. It is apparent that Hyde Park is an area in need of further regeneration; our plan for the Royal Park building would help towards this end.

Our Vision for the Centre

Our plan for Royal Park is that it will offer something different from other centres; it will be community led and residents will be encouraged to contribute to its development. We will need local people to contribute their skills voluntarily and envisage that there will be opportunities to develop personal and work-related skills. We envisage that at least two projects with their own funding will be based in the building initially - see scheme below. The centre will be at the heart of the community and contribute to its regeneration and growth. The plan for Burley Library to be based there would be beneficial for the library and the other community activities; people using the library would be able to access the other facilities and vice versa; they would complement each other.

There are two other centres in the neighbourhood, The Cardigan Centre and Burley Lodge Centre (for the purposes of this bid we have not considered facilities attached to places of worship, as many, but not all of their services are aimed at specific groups) where services are available to all local residents. We do not want to duplicate these and would seek to liaise with them to ensure that the Royal Park Space is complementary to them. We would also seek to work with the two local educational centres, Park Lane at Brudenell and Swarthmore.

Details of the project

Organisations which want to be based in the building

HP Source - a locally based organisation. They carry out environmental projects

Which benefit the community and train volunteers in construction skills. Volunteers can gain accredited qualifications. HP Source have their own funding. They have expressed an interest in renting space in the Royal Park building and would be an ideal fit for our plans. More information is available on their website: www.hydeparksource.org

Clothcat Studios

Clothcat run music courses - using music technology, sound engineering and open mic nights. Courses take place at various local venues but they would like a permanent base. They have funding from WEA.

Oblong Resource Centre

Oblong supports many community-based projects in and around Leeds 6. Working with volunteers is part of its structure. It has IT facilities and expertise. Oblong is interested in space at RP, but at this time has identified another suitable space for its work.

Café - we have yet to assess viability and condition of the kitchen. A cafe would encourage people into the centre and could spark off other activities such as cooking classes. We would consult with All Hallows café on opening times which is open twice a week. We would also consult with Burley Lodge and Swarthmore who have experience of running a café.

Groups/ individuals who want to rent space

5-a-side football training - would welcome the use of a permanent venue (hall).

Pyramid of Arts - working on arts projects with people who have learning disabilities. They need outdoor working space and would like to use the playground.

Swarthmore - need more space for education/ leisure classes.

Scrap - a commercial venture using re-cycled materials for arts projects.

Theatre Group - needs rehearsal and performance space.

The RPCC also proposes to work with a wide range of other partners, businesses and voluntary groups.

These and other groups would provide revenue for the centre.

Capital/ Funding

We are asking the council to lease the building to RPCC on a 99 year lease. A reduced rental to be negotiated whilst the project is established (2 years), an incremental increase over years 2 to 10 to a market rent less any discounts for the assistance the project would contribute to the community in promoting its social value (to be assessed annually) and then, during years 11 to 99, a three yearly review of rent to market value less similar discounts

Funding

We are investigating the provision of capital funding to begin the refurbishment of the building. Since we had so little time and were waiting for over a year when we thought Rushbond would be signing a contract with the council, we are asking that we are given three months from this date to secure initial funding for the refurbishment.

Possible funding streams

Biffaward - up to £50,000 - grant for providing or improving community spaces

Big Lottery Fund - no funding streams at the moment but in February they will announce new ones.

Charles Hayward Foundation - up to £20,000 - funding for capital costs for community centres.

We anticipate that the total cost of refurbishing the building would be around £1,000,000 and are still investigating other sources of capital funding.

Costings

We would seek funding to have a structural engineer's report carried out - Estimate approx. £1000. We know of a Structural Engineer who may carry this out for no cost.

Replace sinks and toilets = 10 hours volunteer labour

10 toilets - £20 x 10 = £200

4 washbasins - £15 x 4 = £60

Replace/ repair windows - to identify costs

Central Heating System

Replace boiler with bio- fuel boiler - approx. cost £40,000 Grants are available for installation.

Status of RPCC

At the public meeting on 5 February we will propose that the RPCC constitutes itself as a charitable trust and/or a company limited by guarantee. After taking legal advice, it has decided to become a company limited by guarantee and this process is now underway.