

Report of:	Helen Watson, Executive Director of Children’s Services and James Bromiley, Strategic Director of Finance, Governance and Support. Cllr Janice Brunton-Dobson, Executive Member for Education and Skills and Councillor Nicky Walker, Executive Member for Finance and Governance.
-------------------	---

Submitted to:	Executive Sub-Committee for Property [23 January 2019]
----------------------	--

Subject:	Discovery Special Academy – Sale of land at Sandy Flatts Lane
-----------------	---

Summary

Proposed decision(s)
That the Executive Sub-Committee for Property approves the sale of the subject land to the Buyer for the sum of £727,600 [plus fees] to enable the construction of a new school for pupils with special educational needs. That the Strategic Director of Finance, Governance and Support should have Delegated Authority to authorise any variation from this price in accordance with the Asset Disposal Policy.

Report for:	Key decision:	Confidential:	Is the report urgent? ¹
Decision to dispose of Council held property.	Yes – exceeds the £150K threshold.	No	No.

Contribution to delivery of the 2018-22 Strategic Plan		
Business Imperatives	Physical Regeneration	Social Regeneration
The proposal to dispose of the subject land will generate a capital receipt for the Council and help underpin its Medium Term Financial Plan.	The development of the subject land for special school use will generate significant inward investment and bring a vacant and underused Council asset into far more positive future use.	The delivery of the proposed special school will ensure that Middlesbrough pupils with special educational needs receive the best possible educational opportunity locally – reducing travel distances for those children and their families.

Ward(s) affected

The site is located in the Kader Ward. Ward members have been consulted and have been supportive of the proposal.

What is the purpose of this report?

1. The purpose of the report is to consider the proposal to dispose of part the Council's freehold interest in land at Sandy Flatts Lane, and seek approval to proceed with the sale of the property to enable the construction of a new school for pupils with special educational needs.

Why does this report require a Member decision?

2. The proposal relates to the disposal of an asset deemed to be surplus, at a value in excess of the £150K threshold.

Report Background

3. On 13 June 2018, the Executive Sub-Committee for Property considered a report setting out the case for the disposal of land at the former Nature's World, Sandy Flatts Lane to enable the development of a new special free school.
4. The school would be operated by Tees Valley Education Trust (TVEd), following its successful application to the Government's Free School Programme, and cater for up to 84 children aged 4-11 with complex and significant learning, communication, physical and medical needs.
5. The report set out the financial, legal and strategic benefits to the Council of facilitating the establishment of the school and the benefits to students and their families. In particular, the school would provide more local places to meet increasing demand, thereby avoiding having to commission out-of-area places with increased placement and transport costs.
6. The Executive Sub-Committee for Property agreed that the site be made available for disposal via private treaty, as the only means available of achieving the establishment of the school.

Establishment of Discovery Special Academy

7. Following the decision of 13 June, Council officers agreed draft Heads of Terms for the sale of the subject land, subject to an independent valuation of the site. As a result of this process agreement, the Regional Schools Commissioner (RSC), on behalf of the Secretary of State for Education, signed a funding agreement with TVEd securing the establishment of the school.
8. The school opened in temporary accommodation on the sites of Brambles and Pennyman primary schools on 1 September 2018.
9. There are currently 29 children on the school's roll, 24 of whom are Middlesbrough residents. A further six Middlesbrough pupils are expected to be admitted by the end of the academic year.
10. The Education and Skills Funding Agency (ESFA) are currently making arrangements to supply sufficient temporary accommodation on the Brambles site to meet the school's needs for the next two academic years. This will allow the school to operate from a single location until the planned opening date of the new

accommodation, which the ESFA have targeted as September 2021, subject to the sale of part of the Nature's World site identified below.

Land at the former Nature's World

11. Shown edged on the plan attached at Appendix A, the site is a vacant parcel of grassed land previously used as recreational open space within the former Natures World site, situated immediately to the north.
12. The subject land is situated within the Kader Ward of Middlesbrough, in an area of the town typically characterised by a mix of leisure, recreation and residential land uses.
13. Measuring approximately 4.50 Acres [1.82 Ha], the subject land has its own access from, as well as significant frontage to Sandy Flatts Lane.
14. The subject land was removed from the demise forming Natures World following a spate of vandalism and anti-social behaviour. An Asset Disposal Business Case confirming the status of the land as surplus to operational Council requirements is attached as Appendix C of this report.
15. Following the approval granted by Executive Sub-Committee for Property on 13 June 2018, the Valuation Office Agency (VOA) was jointly instructed by the Council and the ESFA to value the subject site.
16. The valuation has been supported by information supplied by the ESFA and Officers within the Council's Planning Service and Valuations & Estates Team. Officers have had the opportunity to challenge the assumptions and basis on which the value has been arrived at by the VOA.
17. The VOA has produced their valuation based on independent planning advice, prepared in conjunction with the Council's Planning Service, which assessed the site based on its future suitability for residential development. This assessment considered the balance of risk/benefit and the timescales to achieve this [@ 3 Years], solely for the purposes of determining a value. On this basis, the VOA is of the opinion that the market value of the site is £727,600 plus fees.
18. Assuming an allowance for abnormal site development costs and the application of a discount to reflect the premature planning status of the land, Officers are of the view that the valuation provided by the VOA represents best consideration.

What decision(s) are being asked for?

19. That the Executive Sub-Committee for Property approves the sale of the subject land to the Buyer for the sum of £727,600 [plus fees] to enable the construction of a new school for pupils with special educational needs.
20. That the Strategic Director of Finance, Governance and Support should have Delegated Authority to authorise any variation from this price in accordance with the Asset Disposal Policy.

Why is this being recommended?

21. In order to meet the Council's requirements to generate capital receipts and bring a vacant, unused parcel of land into far more beneficial use in the future.
22. The disposal would facilitate the construction of the Discovery Special Academy, creating additional special school capacity to assist the Council in its statutory duty to ensure there are sufficient places to meet rising demand.

23. Without an appropriate site on which to locate the new school, its delivery would not be possible. TVEd is currently the only trust with the Secretary of State's approval to establish a new special school in Middlesbrough.
24. The proposal supports delivery of the Council's Medium term Financial Plan.

Stakeholder Engagement

25. Officers have engaged with the Friends of Natures World, the group of volunteers that maintain the adjoining Nature's World gardens. Feedback on the proposal has been positive and the school has started to build links with the work of the volunteers.
26. Ward Members have been consulted. Feedback has been positive, acknowledging the benefits of the site for use by a school and in particular the transport links, quiet location and the educational value of the adjacent Natures World site.
27. Ward Members have emphasised the opportunities the subject land affords the school to build links with the community.
28. Members will be consulted further on any subsequent proposal made as part of the normal planning process.
29. The proposal received general press coverage in June 2018.

Other potential decisions and why these have not been recommended

Re-use for operational purposes

30. No Council operational service requirement has been identified.

Other uses

31. Although the site is capable of being used for other purposes, future use for the development of a special school is preferred.
32. Use of the subject land for any other purpose would leave the Discovery Special Academy with no site on which to develop a permanent school building.

Do nothing

33. The property would remain in its present state.
34. Whilst the subject land would be retained for potential Council use in the future, the liability and responsibility for maintaining and holding the property would remain with the Council in the interim.

Impact(s) of recommended decision(s)

Legal

35. The property would be disposed of freehold with vacant possession in accordance with standing protocol.
36. The Buyer has submitted a conditional offer for the subject land – the implications of this being that any resulting transaction would be subject to a delayed delivery timeframe for exchange and legal completion.
37. Assuming that the proposed disposal can be progressed without obstruction, or delay, the transaction as proposed should reach exchange of contracts within 3 months of notification of Council approval.

38. The Buyer will apply for planning permission and legally complete the transaction upon the grant of a satisfactory planning consent, subject to a longstop date of 18 months from the date that planning consent is granted.
39. The decision would assist the Council in meeting its statutory duty, under Section 14 of the Education Act 1996, to ensure there are sufficient school places to educate pupils with Special Educational Needs.

Financial

40. The land disposal as proposed would be at a figure equivalent to best consideration, with the output price having being produced by a jointly appointed independent valuer following a full and proper assessment of site value for the purposes of residential development.
41. The subject parcel of land is currently held on the Council's Asset Register as part of the adjacent Natures World property, at a site value of £211,488 [financial year 2016/2017].
42. The land value of £727,600 is at a level far in excess of the asset value reported in Paragraph 41 above, at a figure that can be further boosted if the notional value to the Council of the long-term service benefits, and cost savings associated with the new school, below, are also taken into account.
43. As previously detailed in the report of 13 June 2018, the establishment of a new, local school of the nature provided by Discovery Special Academy would avoid upwards pressure on the Council's High Needs budget to provide out of area school placements and transport.
44. The Council would receive a capital receipt plus fees without the need to incur any further marketing costs.
45. The disposal of the site would remove the Council's liability for any future maintenance costs while it remains unused.

Policy Framework

46. The proposals do not require any change to the Council's existing policy framework.
47. The decision aligns to the Mayor's Vision by:
 - a) Facilitating fair access to secure, well paid jobs and meaningful training by working with local schools and other partners to ensure that local people have access to the best education to enable them to achieve the right qualifications and skills;
 - b) Ensuring safer, independent lives for our young people - ensuring our children are protected;
 - c) Strengthening our town through bold and innovative regeneration.

Equality and Diversity

48. A Level 1 (Initial Screening) Impact Assessment (IA) accompanies this report attached at Appendix B.
49. The impact assessment identified that the proposal would have a positive impact on the local community and would not represent a concern to equal rights, disability discrimination or the impingement of human rights.
50. The decision being sought aims to positively affect educational outcomes for young people aged 4-11, in particular those with Special Education Needs and Disabilities,

reducing the need for these children to travel greater distances to schools outside of the town to access appropriate education.

Risk

51. The recommendations included in the report would help to address the following risks included in the Children's Services risk register:

O4-010 - If there are insufficient services in place to meet SEND needs from 0-25 this will impact on high needs funding and lead to increased costs as the Council has to source services from outside the area.

O4-014 - If the Council is not able to secure funding for schools from developers or Council funding grants then this will put pressure on corporate capital resources or the Council will fail in its duty to secure sufficient school places.

Actions to be taken to implement the decision(s)

52. Subject to Executive Sub-Committee approval, the Council moves to:

- a. Formally appoint the Buyer as preferred bidder.
- b. Proceed with the disposal of the subject property for the sum of £727,600 [plus fees] to enable the construction of a new school for pupils with special educational needs.
- c. Confirm a timeframe for delivery requiring the Buyer to:
 - a. Exchange contracts within 3 months of notification of Council approval;
 - b. Submit a planning application;
 - c. Legally complete the transaction upon the grant of a satisfactory planning consent;
 - d. Use their reasonable endeavours to obtain a satisfactory planning permission as soon as is possible, subject to a longstop date of 18 months from the date that planning consent is granted.
- d. Grant the Strategic Director of Finance, Governance and Support delegated authority to authorise any variation from the price stated in paragraph 52(b) in accordance with the Asset Disposal Policy.

Appendices

Appendix A – Site Plan – Land at Nature's World, Sandy Flatts Lane

Appendix B – Impact Assessment Level 1 – Initial Screening Assessment

Appendix C – Asset Disposal Business Case

Background papers

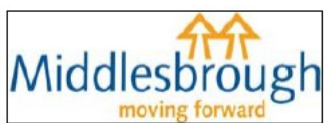
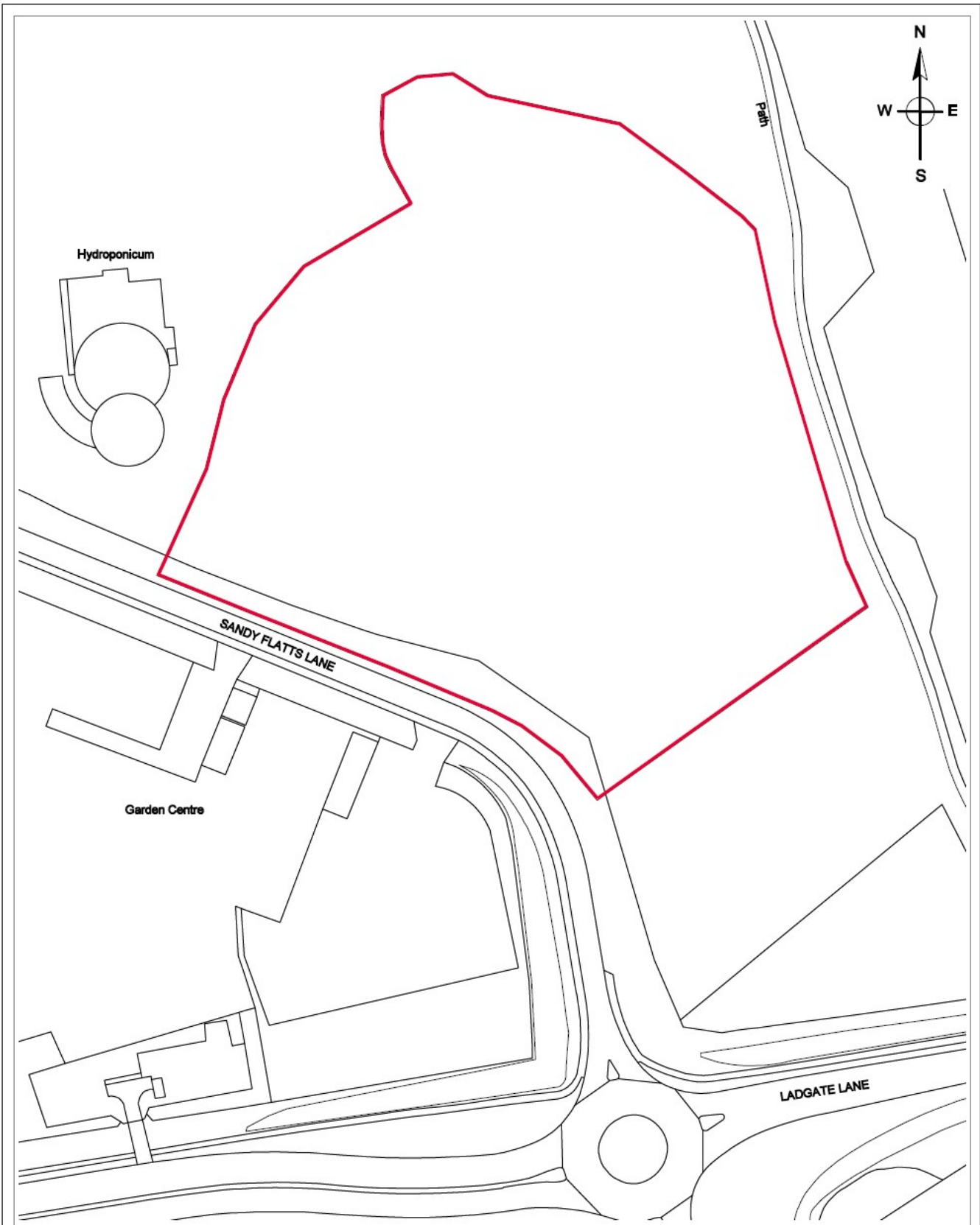
The following reports were used in the preparation of this report:

Body	Report title	Date
Executive Sub-Committee for Property:	Potential Site for the Discovery Special Academy	13 June 2018

Contact: Andrea Williams, Director of Education

Email: andrea_williams@middlesbrough.gov.uk

Site Plan - Land at Natures World, Sandy Flatts Lane



VALUATION & ESTATES

NATURES WORLD LAND
SANDY FLATTS LANE
ACKLAM

Scale: 1:1250

Date: 25th MAY 16

Drawn: JMS

Drg No: VAL 5729

Impact Assessment Level 1 – Initial Screening Assessment

Subject of assessment:	Possible site for Discovery Special School			
Coverage:	Service specific to Children's Services			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input checked="" type="checkbox"/>	Revision of an existing approach:	<input type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>
Description:	<ul style="list-style-type: none"> • Key aims, objectives and activities – to facilitate the establishment of a new Special Free Schools for up to 84 pupils aged 4-11 with significant learning, communication, physical and medical needs. • Statutory drivers – the Council has a statutory duty to secure the provision of suitable education provision for young people, including the provision of sufficient school places to meet demand, under the Education Act 1996 • Differences from any previous approach – The establishment of new special school provision in Middlesbrough would allow the Council to commission more local school places and avoid having to places pupils in out-of-area school provision. This would be the first Free school established in Middlesbrough. Middlesbrough Council no longer has the power required to establish a new school itself – all new schools have to be Free schools. • Key stakeholders and intended beneficiaries – <ul style="list-style-type: none"> • Pupils and Parents of Pupils with Special Educational Needs; • Local ward members; • Tees Valley Education Trust; • Education and Skills Funding Agency; • Department for Education. • Intended outcomes – <ul style="list-style-type: none"> • The establishment of an additional 84 school places in a new school setting in Middlesbrough; • Meet the needs and preferences of pupils with Special Educational Needs; • Improve educational standards by ensuring that pupils with Special Educational Needs can secure a places in a high quality setting • Reduce the requirement to secure school placements in out-of-area provision, reducing travel times for students and avoiding increasing costs of provision for Middlesbrough Council; • Securing a capital receipt to be re-invested into the Council's capital programme. 			

Live date:	Discussions around the potential sale of the land would start immediately. The DfE and TVEd, in partnership, would be established in temporary accommodation in September 2018 subject to Heads of Terms on the site being agreed. The ESFA would aim to complete the construction of the new school accommodation in 2019.
Lifespan:	There is no end date to the proposal and the changes are intended to be permanent.
Date of next review:	Conditional upon successful negotiations with the ESFA a further report would be brought to Executive Sub-Committee for Property, in line with Council's Asset Disposal Policy, to agree the final sale via private treaty. The proposed new-build scheme would be subject to the normal planning process.

Screening questions	Response			Evidence
	No	Yes	Uncer tain	
<p>Human Rights Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>There is no evidence to suggest that the decision would negatively impact upon any individual's human rights. The decision does facilitate these rights including:</p> <ul style="list-style-type: none"> the right to an education. <p>The proposal will positively impact on this right, increasing education provision in the local area.</p> <p>Evidence used to inform this assessment includes analysis of projected demand and the local provision of places, alongside feedback from schools and parents in Middlesbrough.</p>
<p>Equality Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:-</p> <ul style="list-style-type: none"> eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it. <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low. <p>The Act requires that the needs of people with a disability are considered and that steps should be taken to take these into account. As this proposal relates to children with SEND, it is particularly relevant to the equality duties and the protected characteristics of age and disability. The proposal would have a positive impact on this group, increasing the availability of SEND school places within the borough, ensuring that more appropriate placements can be made and reducing the number of children required to travel greater distances to placements outside the borough</p> <p>Evidence used to inform this assessment includes analysis of projected demand and the local provision of places, alongside feedback from schools and parents in Middlesbrough.</p>

Screening questions	Response	Evidence			
<p>Community cohesion</p> <p>Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<table border="1"> <tr> <td data-bbox="663 236 741 411" style="background-color: #90EE90;">☒</td> <td data-bbox="741 236 819 411" style="background-color: #FFD700;">☐</td> <td data-bbox="819 236 902 411" style="background-color: #FFD700;">☐</td> </tr> </table>	☒	☐	☐	<p>The decision is a part of a larger piece of work being driven by the Council's educational partners to meet the needs of young people with SEND. No negative impact is anticipated. The proposal would impact positively on community cohesion, increasing the availability of school places in the town.</p> <p>Evidence used to inform this assessment includes analysis of projected demand and the local provision of places, alongside feedback from schools and parents in Middlesbrough.</p>
☒	☐	☐			

Assessment completed by:		Head of Service:	
Date:	22 May 2018	Date:	22 May 2018

Asset Disposal Business Case

Asset Disposal Business Case:

Name of Asset:	Land At Natures World, Sandy Flatts Lane, Middlesbrough TS5 7YN
Asset Register Number:	12053/011 & 22053/011
Current Use:	Open Space
Valuation at Current Use:	£211,488 [4.5 Acres @ £46,997 Per Acre]
Reason for Disposal:	<p>Sale of @ 1.82 Ha [4.50 Ac] of surplus land for development, in order to meet the Borough's Local Plan Framework education requirement.</p> <p>To facilitate the establishment of a new Special Free School for up to 84 pupils aged 4-11 with complex and significant learning, communication, physical and medical needs. Delivery of the school would assist the Local Authority in meeting its statutory duty to ensure there are sufficient school places, in a specialist discipline where demand currently outstrips supply.</p> <p>Tees Valley Education Trust (TVEd) has secured approval from the Secretary of State for Education to establish the school subject to securing a suitable site in Middlesbrough. Middlesbrough Council has been identified as the main commissioner of places, and Middlesbrough's young people the main beneficiaries.</p> <p>TVEd, having been selected by the Secretary of State for Education, are the only trust able to deliver this school in partnership with the Education and Skills funding Agency.</p> <p>The school would enable more Middlesbrough pupils with Special Educational Needs to be provided for in a local education setting run by a high-quality provider.</p>

Asset Disposal Stream (Please Select):

Generate Capital Receipt	v [02]
Stimulate Economic Activity	v [03]
Support Communities	v [01]

(In the event of more than one stream being relevant please rank in order of importance)

Officer requesting Disposal:

Name:	
Position:	

Could the asset be disposed of for an alternative use that may give greater benefits to the Council?

(To be completed by Valuation and Estates):

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

If yes please outline potential use:

The site has the potential to be used for other purposes but no particular purpose has been established. No alternative use is identified in the Local Plan. While the Council is aware of the potential of the site, no further studies of its future use have been undertaken. Without these preparations there is insufficient information to give confidence in the likelihood of being able to dispose of the site for other purposes. It is therefore not possible to compare the benefits of any alternative with the proposed use by a school.

Estimated Value at Alternative Use:	N/A
-------------------------------------	-----

Key factors to be considered when assessing potential disposals:

1.	Potential fulfilment of the Borough's Local Plan Framework education requirement
2.	Compliance with V&E tender criteria, guidance and requirements
3.	Potential education service budget saving as a result of generating third party provision

Any additional financial factors to be considered other than immediate capital receipt:

As currently proposed, the transaction to dispose of the asset will deliver:

- Third party capital investment into Middlesbrough's education infrastructure at an estimated @ £3.2 million to provide a school facility of the proposed nature and size;
- Onward annual revenue investment into the school and associated employment of teaching staff, specialist support staff and contracted services;
- Avoidance of future increased costs to the High Needs Budget, arising from the ability to commission places in a local, publicly maintained special school rather than out-of-area provision, independent school settings, or mainstream school settings with targeted specialist one-to-one support;
- Avoidance of increased specialist transport costs as a result of there being insufficient local provision to meet demand;
- A sustainable and viable development scheme capable of regenerating the subject site whilst also stimulating economic activity in this specific micro-location.

As the DfE's chosen partner, only TVEd is able to establish and operate the proposed school development. If the Council's objective is to see a school delivered on this site, then the sale of the land must be via private treaty with the ESFA/Secretary of State for Housing, Communities and Local Government as the only partners able to deliver this.

Preferred Method of Marketing (to be completed by Valuation & Estates):

Formal / Informal Offers	
Private Treaty	v
Auction	
Community Asset Transfer Process	

Approved to proceed:

		Date:
		22/5/18

Method for Final Approval:

Estimated Value:	Approval Required:	Authorised:	Date:
Less than £50,000	Head of Financial Planning and Support		
Between £50,00 and £100,000	Strategic Director of Finance, Governance and Support		
More than £150,000	Executive Property Sub Committee		