
A separate report is submitted in the private part of this agenda in respect of this item as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972.

Cabinet

26th November 2015

Name of Cabinet Member:

Cabinet Member for Business, Enterprise and Employment - Councillor Maton
Cabinet Member for Education – Councillor Kershaw

Director Approving Submission of the report:

Executive Director - Place

Ward(s) affected:

Westwood

Title: Land Registry, Leigh Court, Torrington Avenue, Coventry – Terms of Disposal

Is this a key decision?

Yes

The proposal in this report will result in financial implications exceeding £1m.

Executive Summary:

This report seeks approval to the sale of the Council's freehold interest in the site of the Land Registry offices on Torrington Avenue, Coventry.

The site is subject to a ground lease from the Council from 1945. The lease expires in 2044

The Council had previously agreed to sell the freehold of this site in 2011 although this did not proceed to completion, and subsequently re-affirmed the decision to sell in 2013 as part of the decision to sell poor performing property assets to pay down debt and release revenue savings to support the delivery of Council services.

The Government has approved the establishment of Finham Park 2 Free School on the western side of the City. The school opened in temporary accommodation in September of this year in the existing Finham Park site in Green Lane. The Education Funding Agency (EFA) has been seeking a permanent site for the Free School and the Land Registry building meets the Free School (EFA) requirements for a new school.

The Government has given Permitted Development Rights for a permanent change of use of office premises to state funded school premises without the need for planning permission subject to prior approval of the Local Planning Authority. The only grounds that need to be satisfied are those of noise, contamination, transport and highways.

Subject to Cabinet approval terms have been agreed with the Department of Communities and Local Government for the sale of the Council's freehold interest in the site.

Recommendations

1. Cabinet are requested to approve the disposal of the Council's freehold interest in the site of the Land Registry Offices at Torrington Avenue.
2. Approve that the proceeds be allocated to the Strategic Property Review target to reduce debt servicing costs in accordance with the Council's Medium Term Financial Strategy, which provides that Prudential borrowing should be repaid from capital receipts as they are generated.
3. Delegate to officers within Resources Directorate (Legal Services) to prepare and complete documentation for the freehold sale and collect the agreed purchase sum.

List of Appendices included:

Site Plan

Background papers:

None

Other useful papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Land Registry, Leigh Court, Torrington Avenue, Coventry – Terms of Disposal

1. Context (or background)

- 1.1 The Land Registry Building on Torrington Avenue is constructed on land leased from the Council in 1945 on a 99 year lease. The lease expires in 2044. The user provisions contained in the lease permits the premises to be used for Government purposes only. Terms for the disposal of the freehold to the Land Registry had previously been approved by Cabinet in 2011, although the transaction was never completed.
- 1.2 The site is shared with the Job Centre, which is unaffected by the proposal below.
- 1.3 The ground leases at Torrington Avenue (including the Land Registry) were identified in the Commercial Property - Ground lease disposals report approved by Cabinet on 10th December 2013 and Council on 14th January 2014. The approval of individual terms of the freehold disposals was delegated to the Assistant Director - Property Asset Management. The report also approved that the savings realised through debt reduction are allocated against savings targets for the Strategic Review of Property - Fundamental Service Review.
- 1.4 The Government has approved the establishment of Finham Park 2 Free School on the western side of the City. The school opened in September 2015 in temporary accommodation on the existing Finham Park site in Green Lane.
- 1.5 The EFA has been searching for a permanent site for the Free School. The Land Registry building is under occupied and the building meets the Free School/EFA requirements for a Free School. The building comprises 11,000 sq m of offices over 3 floors with 268 parking spaces. Under the terms of the lease a Free School does not constitute a permitted government use.
- 1.6 The Land Registry will move out of the building and are believed to be moving to the QCAD building at the Butts, so no jobs will be lost to Coventry.
- 1.7 Agents for the EFA have agreed terms with the Council's agent to purchase the Council's freehold interest in the site of the Land Registry building.
- 1.8 Although approval of individual terms has been delegated to Officers, as the Land Registry building is to be used for the Finham Park 2 Free School, Cabinet Member for Business, Enterprise and Employment has directed that the terms of this disposal be reported to Cabinet for approval.
- 1.9 The Government has given Permitted Development Rights for a permanent change of use of office premises to state funded school premises without the need for planning permission subject to prior approval of the Local Planning Authority. The only grounds that need to be satisfied are those of noise, contamination, transport and highways.
- 1.10 In school place planning terms, the establishment of a Free School in this location will impact on the operation and intake of the nearby schools of Westwood, Tile Hill Wood and Woodlands Academies and the WMG Academy for Young Engineers.

2. Options considered and recommended proposal

- 2.1 The sale of the Council's freehold interest in the site of the Land Registry building on Torrington Avenue follows a previous resolution by Cabinet to dispose of ground leased assets where there is no strategic reason or financial justification for retention. The capital receipt will be used to pay off debt thus realising an annual revenue benefit as part of Strategic Property Review targets to the Medium Term Financial Forecast.
- 2.2 The terms agreed for this disposal have been negotiated by the Council's appointed agent. They have confirmed that the consideration represents the best that can be obtained in the current market, thus satisfying the Council's obligations under Section 123 of the Local Government Act 1972 to obtain the best price reasonably obtainable.
- 2.3 Not to dispose of the freehold interest is an option for the Council. From a financial position this is not recommended as this would result in a loss of a capital receipt and no revenue benefit as there will be no reduction in debt servicing costs.
- 2.4 Not to dispose of the freehold interest would mean that the building could not be used as a Free School as this use is not permitted under the terms of the current ground lease to the Land Registry.

3. Results of consultation undertaken

- 3.1 Under Section 9 of the 2010 Academies Act the Secretary of State must take into account what the likely impact of establishing the additional school will be on maintained schools, academies, institutions within the further education sector and alternative provision in the area in which the additional school is (or is proposed to be) situated. The DFE wrote to the Council on 7th January 2015 inviting comments on the proposal.
- 3.2 Free schools are legally Academies and as such subject to the consultation requirements set out in Section 10 of the 2010 Academies Act and therefore should 'consult such persons as the person thinks appropriate' on 'whether the arrangements should be entered into.'
- 3.3 In this case, the 'Academy arrangements' refer to the Funding Agreement which the Academy Trust needs to enter into with the Secretary of State, before a Free School can open. This is essentially a form of contract, which sets out the conditions under which a Free School will be funded by the Education Funding Agency (EFA).
- 3.4 The Section 10 Finham Park 2 consultation ran from 8 December 2014 until 30 January 2015 inclusive and provided an opportunity for key stakeholders to feedback via the website and through attendance at 'drop in' sessions. All responses received were considered by the Trust directors, which were then submitted to the Secretary of State in order to allow her to consider as she drew up the Funding Agreement for the school.
- 3.5 The City Council responded that additional secondary Year 7 places were not required until September 2018 and the short to medium term impact on three neighbouring schools – Tile Hill Wood, Woodlands and Westwood – which are academies. It was further noted that should the proposal be approved, then the Governing Bodies of each of the schools would need to prepare a plan to effectively manage/mitigate the impact of a reduced intake over the next 4 years because it was the City Council's view that they will continue to be an essential part of school provision in the south west of the city. The response also acknowledged the high quality of provision that the current

Finham Park School provides and partnership working with the Local Authority in supporting other schools to raise standards.

- 3.6 The Cabinet Member for Education also considered a report on 10th March 2015 which again set out the Council's position with regards to the proposal in response to an e-petition which stated that "We require the council to provide information in support of this petition regarding the negative impact Finham Park 2 will have on surrounding schools, the council will then supply this information to the Secretary of State under Section 9 of the Academies Act 2010."

4. Timetable for implementing this decision

Subject to Cabinet approval the agreed terms provide for completion of the sale by 29th February 2016.

5. Comments from the Executive Director of Resources

5.1 Financial implications

- 5.1.1 This report proposes to use disposal proceeds to offset current debt and or future debt repayments.
- 5.1.2 The estimated net annual return will contribute towards the FSR "Strategic Review of Property" target and the approved Council budget.

5.2 Legal implications

- 5.2.1 Officers have verified that the capital receipt represents the best value reasonably obtainable and satisfies the Council's requirements set out in section 123 of the Local Government Act 1972. The Council's appointed agent also confirms that the consideration meets best value under Section 123.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

- 6.1.1 The savings outlined will contribute to the Council maintaining a balanced budget into the medium term thus preserving services for the people of Coventry.
- 6.1.2 In the long term, the establishment of Finham Park 2 will assist the City Council to fulfil its statutory responsibilities regarding the provision of school places.

6.2 How is risk being managed?

- 6.2.1 The proposals contained within this report are to mitigate against the risks of the Council being unable to maintain a balanced budget.

6.3 What is the impact on the organisation?

- 6.3.1 The impact to the organisation will be minimal but it will generate additional work for officers within Place and Resources Directorates.

6.4 Equalities / EIA

6.4.1 An equality impact assessment is a process designed to ensure that a policy project or service does not discriminate against any disadvantaged or vulnerable people. Section 149 of the Equality Act 2010 imposes an obligation on Local Authorities to carry out an equality impact assessment when the local authority is exercising a public function.

6.4.2 An equality impact assessment has not been undertaken by officers as the proposal set out in this report relates to the granting of or the creation of a legal interest in the land and does not constitute a change in service delivery policy or the exercise of a public function.

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

There are no implications for any partner organisations.

Report author(s):**Name and job title:**

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Enquiries should be directed to the above person.

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Lara Knight	Governance Services Co-ordinator	Resources	28 th October	29 th October
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Finance: Mark Williams	Lead Accountant - Business Partner	Resources	19 th October	20 th October
Legal: Julie Sprayson	Property Lawyer Place Team	Resources	19 th October	20 th October
Tracy Miller	Head of Planning	Place	19 th October	
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