

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet		Date	7 December 2021	
Title	Proposal to purchase land adjacent to Mainway				
Report of	Director for Communities and the Environment				
Purpose of Report					
<p>To seek in principle support from Members for the acquisition of the redundant former Skerton High School subject to full due diligence and seek to negotiate terms of purchase with Lancashire County Council for subsequent approval.</p> <p>The acquisition of the School site plays an important component opportunity as to how best to deliver a comprehensive regeneration proposal for the Mainway estate for which a detailed option report is being finalised.</p>					
Key Decision (Y/N)	Y	Date of Notice	8 th November 2021	Exempt (Y/N)- Appendix 1 and 2	Y

Report Summary

In March 2021, Cabinet approved a course of action to pursue a detailed option appraisal to identify the most appropriate way to bring the regeneration of the Mainway Estate forward. It was acknowledged that not doing so would mean that many of the homes on Mainway would not be habitable in 3-5 years' time, and that the estate as a whole required wholesale intervention.

The work, which has involved stakeholders and residents, is being concluded and a detailed options report will be presented to Cabinet in February 2022.

As part of that work, the redundant element of the former Skerton High School, adjacent to Mainway, was identified as a key opportunity to enhance the regeneration impact of Skerton East Ward. Engagement with Lancashire County Council is now established with a clear willingness, in principle, to transfer the redundant parts of the former school site to Lancaster City Council for a capital consideration in compliance with best value principles. Other detailed physical and legal due diligence on the land and buildings is currently underway.

There will be an ongoing educational facility within the retained area of the site (the Chadwick Centre Pupil Referral Unit) by Lancashire County Council and a clear operational and logistical structure is being worked through. The main school closed in 2014/15 and therefore is within the 10-year statutory period that requires a S77 approval for disposal under the Schools Standards and Framework Act 1998 . Any acquisition will naturally be conditional on this being successfully granted.

Recommendations of Councillors

- (1) That Cabinet approve, in principle, the purchase of the redundant area of the former Skerton High School, that purchase being conditional on:
 - a) Consent by the Secretary of State for the relevant school land transactions
 - b) Satisfactory Legal title
 - c) Satisfaction of physical due diligence to be undertaken on the land and buildings to be transferred.
 - d) Clarity on how the ongoing educational facility (the Chadwick Centre) on the retained Lancashire County Council land will operate and that all safeguarding measures have been addressed.
 - e) Terms of Purchase – yet to be agreed, although an anticipated purchase figure is detailed at Appendix 1.

- 1) A detailed paper being brought back to Cabinet addressing all the above for consideration and approval in due course.

Relationship to Policy Framework

Council Priorities:

- A Sustainable District –Climate Emergency: The design and master planning will seek to ensure that the properties are resilient to a changing climate and are fit for a zero-carbon future.
- An Inclusive and Prosperous Local Economy – through the creation of jobs and training and opportunities for local companies. The reduction of blight key location, and provision of affordable, suitable housing which enables access to employment and reduces poverty. Ensuring money is spent locally.
- Happy and Healthy Communities – proposals contribute to the well-being of tenants, tackle health inequalities and provide quality housing and green space.
- A Co-operative, Kind and Responsible Council – working in partnership and truly listening to tenant voices through consultation has supported the future designs of the estate.

Local Plan - Contributes towards the provision of housing to meet a locally identified need and opportunities to increase the choice and supply of social housing.

Housing Strategy – will link directly to the Homes Strategy for Lancaster district 2020-2025

Conclusion of Impact Assessment(s) where applicable

Climate

Wellbeing & Social Value

Digital

Health & Safety

Equality

Community Safety

The proposals set out in the report will have positive impacts particularly on climate change, equality, wellbeing/social value.

The potential acquisition of the school site will enhance the overall delivery capacity and vision for Mainway, increasing housing numbers, types of housing, local community amenity facilities and open space.

Details of Consultation

Specialist development and regeneration advice is currently being provided by Anderton Gables. Additional support is being provided by Trowers and Hamlin LLP and Savills Housing Finance Consultancy to ensure the process for a potential transfer is aligned with wider financial appraisal considerations and the structure of how an enlarged regeneration of Mainway is delivered, fully considered, and reported on.

Legal Implications

As in any land acquisition it is important that due diligence checks are made with regards to the property and the title documents. Legal services and/or external solicitors will need to be involved in the due diligence checks. If legal issues affecting the purchase arises from enquires/investigation then further legal advice may be needed on these issues.

Financial Implications

There are no direct financial implications associated with approving the purchase in principle, as per recommendation (2), a further report to Cabinet will follow with greater detail. However, the approved budget does not yet allow for any significant purchase or development costs relating to the regeneration of the Mainway estate. The full implications cannot be substantiated at this juncture, and further decisions on the future delivery of the scheme as a whole need to take place, including any options for transfer to a special purpose vehicle / LATCo.

In March 2021, Cabinet approved the use of up to £300K from the HRA Business Support Reserve in order to allow the next phase of the Mainway Project to proceed. Costs relating to the necessary due diligence and extended design concepts incorporating the Skerton School site can be managed from within this £300K, at this stage. The balance on the Business Support Reserve as of 31 March 2021 was £7.910M (subject to audit). Allowing for approved use, including property conversions to be carried out over the next three financial years, £6.751M is available to be called upon (prior to any decision on the regeneration of Mainway and subject to the 2022/23 budget setting process).

Other Resource or Risk Implications

The opportunity to acquire the redundant school site has arisen from ongoing discussions between Elected Members and Officers of the City and County Council.

There is a clear understanding of the potential the site offers in terms of delivering joint aspirations for the area.

A risk exists that should Lancaster City Council not pursue the purchase of the site then Lancashire County Council may seek to offer it on the open market.

Being able to change the whole perception, aspiration and social economic mix of Skerton East, improves substantially by bringing the school site into the main regeneration proposals.

Whilst increasing the overall quantum of money to deliver the combined sites, working with development partners would mitigate risk, reduce overall exposure, bring in commercial expertise, whilst at the same time deliver more homes, a greater mix of homes for young and old, for single residents and families. It provides a scale that can then warrant community and neighbourhood amenity. The proposed February 2022 report will consider this as well as further ongoing resident and stakeholder engagement and consultation in detail.

Section 151 Officer's Comments

This paper is clearly only seeking an in principle decision to allow officers to continue negotiations and will form part of a series of papers in the new financial year seeking a decision on the acquisition of the site, as well as future regeneration of the Mainway site and surrounding area. However, it is worth noting at this point the significant impact this site has on the viability of several of the current options available for the Mainway development. Any future papers will need to clearly articulate the risks around the s77 consent and consider aspects such as site valuation, the impact of the expected 12-18 month timescale, the potential to report back to Cabinet on a substantially different proposal as well as how that area would be redeveloped, financed, and ultimately delivered.

Currently there is no provision for the purchase of this site within the Council's Budget & Policy Framework and so as referenced by the Monitoring Officers in his comments any decision that falls outside of the Budget & Policy Framework would need Full Council approval.

Monitoring Officer's Comments

Cabinet will only be able to make the final decision if the overall transaction sits within the Budget & Policy Framework. This will only be apparent after the suggested due diligence checks contemplated by this paper. Any decision that falls outside of the Budget & Policy Framework would need Full Council approval.

Contact Officer	Jo Wilkinson
Tel	Tel: 01524 582762
Email	jowilkinson@lancaster.gov.uk

Links to Background Papers

1.0 Introduction

- 1.1 On the 23rd March 2021, Lancaster City Council's Cabinet approved the next stage of the Mainway Vision and a body of work to evaluate all the options for the regeneration of the estate. It also acknowledged an extensive consultation process had been undertaken with 70% of tenants in favour of change.
- 1.2 An Options / Business plan is now being prepared to be presented back in February 2022 to enable Cabinet to understand the different solutions for the delivery of the regeneration proposals and agree any onward capital, borrowing and revenue implications.
- 1.3 Throughout summer 2021 discussions with Lancashire County Council have progressed regarding the former Skerton High School site which sits adjacent to the Mainway estate. The school once a key community asset has (aside from the neighbouring Chadwick Centre in the former Infants School) been unused since its closure circa six and a half years ago. This paper seeks an 'in principle' agreement to progress and agree Heads of Terms with Lancashire County Council for the purchase of the site with an anticipated 'up-to-price' detailed at Appendix A. Having the opportunity to bring the former Skerton High School site into the current masterplan provides the opportunity for a far more integrated way to regenerate this area of the City as well as a once in a generational opportunity to shape the development of our District.

2.0 Skerton High School

2.1 The main school closed in 2014/15 after being declared surplus to requirements for educational use within Lancaster. In September 2021, the Department for Education issued revised guidance for involving the Secretary of State in land transactions. Due to the timescales the potential disposal by the County Council falls under the remit of Schools Standards and Framework Act 1998, which imposes restrictions on the disposal of educational land, coupled with additional restrictions imposed by the Academies Act 2010. Therefore acquisition of the school site is subject to a Section 77 application and subsequent approval by the Secretary of State. That application can be made by Lancashire County Council as soon as they have fulfilled certain criteria including consultation exercises, including engagement with local schools¹ to ensure there is no unfulfilled educational need from the Skerton site.

2.2 There is no definitive timeframe on how quickly such an application the DfE or the Secretary of State will consider the application and approve the transfer and whilst a 12–18-month timeframe would not be uncommon it should be acknowledged that dependent upon the matters to be considered this could be extended. In the interim period however, it is feasible to conditionally exchange contracts, once terms have been agreed, conditional on that approval, to secure the site.

¹ Local schools which will require consultation will include primary schools within a half mile radius and secondary schools and academies within a one mile radius of the site.

3.0 Site Particulars

3.1 An initial indicative purchase price can be found in Appendix 1.

3.2 The draft site plan identifying the redundant parcel of land for transfer and the area of land to be retained by Lancashire County Council for ongoing Educational facilities by the Chadwick Centre can be found in Appendix 2 together with an indicative idea of the external area which needs to be retained to meet Statutory needs. These plans will need to be amended once the indepth calculations have been completed and the consultation and other matters under the section 77 application have been addressed.

3.3 Details of what could be included within the Skerton High School site boundary is currently being explored and will be detailed within the full options paper proposed for February 2022.

4.0 Options and Options Analysis (including risk assessment)

Option 1: Acquire the redundant Skerton High School site
Advantages: Integrating the school site into the Mainway proposals, increases Housing numbers; improves housing mix; delivers community amenity; provides playing fields for wider community and sports group use; improves access to and from Mainway for pedestrian / cycle and vehicles – linking the riverside to Ryelands and beyond. Enhanced placemaking and creates a real opportunity to reverse the cycle of decline and make Skerton East a place to live with one of aspiration. Acquiring the site establishes the control need to deliver this transformational opportunity rather than allowing the site to go to a third party who may not deliver anything on the site that meets the core priorities of the Council. The Delivery of the school site and Mainway will be undertaken with strategic partners who will provide expertise and capacity and help mitigate the risks of development and debt exposure.
Disadvantages: None known.
Risks: There are restrictions on the title and potential issues with the buildings – such as voids in the ground & asbestos etc. All of these are being fully investigated prior to acquisition. Abnormal costs associated with any such matters will be worked through with Lancashire County Council as part of the finalisation of terms of purchase.

The school transfer will be conditional on Secretary of State's approval – which is not guaranteed.

Option 2:

Do not acquire the School site

Advantages:

Not pursuing the acquisition will reduce the scale of the project.

Disadvantages:

Leaving the site as a redundant site, should Lancashire County Council not do anything with it, will impact on the ambitious and huge place making investment being proposed for Mainway.

Should Lancashire County Council decide to dispose of the site on the open market, Lancaster City Council is then open to a risk of who buys it, what they might seek to deliver on it and significantly reduce the social, environmental and community benefits having control over the site provides.

Risks:

Not having control of the school site directly undermines the potential investment in Mainway.

4. Officer Preferred Option (and comments)

4.1 The officer preferred option is Option 1. This is the only option that gives the Council control over the wider site and allows the Council the opportunity to then influence the significant social, environmental and economic gains possible. It has the choice at that point to deliver development proposals directly or with chosen partners, who can meet the wider Council priorities and ensure any subsequent development maximise the opportunity this site provides for the community of East Skerton.