

POLICY AND RESOURCES COMMITTEE

Wednesday, 7 October 2020



REPORT TITLE:	SITE OF ROCK FERRY HIGH SCHOOL - SALE TO A REGISTERED PROVIDER
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

This report seeks approval to the sale of part of the site of the former Rock Ferry High School, Rock Ferry at a revised sale price, following an earlier decision to sell at Cabinet on 20 January 2020.

The sale will support the Wirral Plan and its delivery through the generation of capital receipts and enabling a Registered Provider of social housing to develop 186 new affordable homes in the borough.

This matter affects the Rock Ferry Ward and is a key decision.

RECOMMENDATION/S

That the Director of Law and Governance, in consultation with the Director of Regeneration and Place, be authorised to negotiate and finalise a sale of part of the site of the former Rock Ferry High School, as defined at paragraph 3.3 of this report, to Torus62 Ltd (Registered Society No RS007826) for £1,200,000 plus a contribution of £1,500 towards the Council's costs.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.0 This sale will lead to an improvement in the housing offer available in Wirral by working with a registered provider to develop the site for affordable housing purposes and to generate a capital receipt from the sale of the land. The sale will result in the development of an extra care housing scheme, supported by funding from Homes England. The development will see 186 shared ownership and affordable rent residential units including houses, bungalows and apartments created on the site. Of these, more than 100 will be extra care units.
- 1.1 The sale will also reduce the void and security costs incurred in holding the asset.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council could leave the site in its current state. This is not considered to be a viable option as the site is costing on average over £200,000 a year to keep secure including rates and service charges.
- 2.2 The Council would declare the whole site surplus, meaning that all areas of the site could be released for housing but there are likely to be strong views locally against this as a proposal. Such step would require Secretary of State approval.
- 2.3 The Council could proceed with some other mixed use option for the site, although it is considered that the proposal for the sale of part of the site to Torus is the favoured option.

3.0 BACKGROUND INFORMATION

- 3.1 Rock Ferry High School was located in Highfield South, Rock Ferry and the site, which extends to approximately 8.3 Hectares, is shown thickly edged on the attached plan. In 2011 Rock Ferry High School and Park High School closed following a review of Secondary School provision in Birkenhead and came together on one site of the former Park High School under the newly formed University Academy of Birkenhead, now called the Birkenhead Academy. The school was closed in 2011 and the majority of buildings were subsequently demolished, with the exception of one detached building known as Ravenswood, which was retained due to its Grade II listed status.
- 3.2 Cabinet declared the property surplus to operational requirements on 7th November 2013 and granted approval for the disposal of the asset including the listed building, Ravenswood, in accordance with S123 of the Local Government Act 1972.
- 3.3 On 10th September 2015 Cabinet considered a further report setting out options for the site and the findings of public consultation. The resolution was to sell part of the site, which housed the former school buildings, for housing development. The site is shown shaded on the plan attached to this report as Appendix 1 and extends to approximately 4.65 Ha and that is the extent of the site that is proposed for sale for the purposes of this report.

- 3.4 Following that decision, officers liaised with residents and worked with a Registered Housing Provider, Torus62 Ltd (Torus) (then known as Liverpool Mutual Homes) to identify a suitable housing scheme. Torus was selected as the preferred Provider due to its funding allocation from Homes England which enabled it to develop an extra care housing scheme. Extra care housing has been identified as a key priority in Wirral's Housing Strategy.
- 3.5 Torus also has Homes England Strategic Partnership status which provides it with access to confirmed grant funding to develop additional new affordable homes. Torus has identified a market for this offer in Wirral.
- 3.6 The Council's Housing and Investment Team has worked with Torus and, in consultation with residents' groups and local ward members, is supportive of a scheme of 186 residential units comprising of 102 extra care homes for affordable rent, 19 shared ownership homes and 65 homes for affordable rent. This mix of units responds to the borough's affordable housing needs. The scheme includes the retention and refurbishment of the listed Ravenswood to individual units at affordable rent. The Council granted planning permission for the development of the extra care facility and the conversion of Ravenswood on 13 February 2020.
- 3.7 Completion of the proposed development will further support some of the key priorities in the Wirral Council Plan 2025 which focus on safe and pleasant communities, inclusive economy, and active and healthy lifestyles.
- 3.8 Based on the above proposal, Torus submitted an offer to purchase the site at £2,100,000. The Council's property consultants, Lambert Smith Hampton (LSH), appraised the offer at the time and considered that, based on the information provided, that it fairly reflected the land value base on that scheme. Cabinet approved the sale to Torus on these terms at its meeting of 20 January 2020 considering that the sale price could be justified on the basis of the benefits of the scheme in terms of social well-being for local residents having regard to the General Disposal Consent (England) 2003.
- 3.9 On undertaking further detailed investigation, Torus advised of revised costs for the refurbishment of the listed Ravenswood. The previous costs had been underestimated and were further affected as a result of significant fire damage to Ravenswood in March 2020. Having regard to these issues Torus reduced its offer to £1,200,000.
- 3.10 On receipt of the revised offer, LSH provided further opinion and, having regard to the foregoing, they are of the view that the revised offer of £1,200,000 is reasonable to deliver the agreed scheme. LSH has also provided a view on the open market value of the site which they believe to be in the region of £3,022,500. Having regard to LSH's opinion, the Council's Assets and Surveying Manager considers that the market value of the site is £3,022,500. This means that the Council will effectively be foregoing a receipt of £1,822,500 to secure the agreed scheme.
- 3.11 Under s123 of the Local Government Act 1972, except with the consent of the Secretary of State, the Council shall not dispose of land for a consideration less than the best reasonably obtainable. The Secretary of State has issued the General

Disposal Consent (England) 2003 (“the General Disposal Consent”) which applies where:

- a) the Council consider the purpose of disposal is likely to contribute to the achievement of any one or more the following in respect of any part of its area of any persons resident in its area (i) promotion or improvement of economic well- being; (ii) promotion or improvement of social well- being ;(iii) promotion or improvement of environmental well- being and in addition
- b) the difference between the best price as assessed in line with the guidance in the consent and the price to be paid is not in excess of two million pounds.

3.12 It is considered that that the terms of the disposal meet the terms of the General Disposal Consent because the disposal will enable the development of social housing, including shared ownership and units for affordable rent which will contribute towards the promotion or improvement of social well-being for residents within the local area. It is considered that the cost of foregoing of £1,822,500 capital receipt by the Council is outweighed by the social well-being benefits by virtue of the fact that the scheme will realise 186 residential units comprising of 102 extra care homes for affordable rent, 19 shared ownership homes and 65 homes for affordable rent.

3.13 The proposal to sell at £1,200,000 is within the threshold of this consent.

4.0 FINANCIAL IMPLICATIONS

4.1 The sale will generate a capital receipt of £1,200,000 plus a contribution towards the Council's costs. The value of the receipt reflects the added benefit as described in 3.13 above and once completed the Council will benefit from the additional Council Tax from 186 new units. Following the earlier January 2020 Cabinet report, an assumed receipt has already been included within the 2020/21 budget as approved at full Council on 2 March 2020. If the sale is not approved and the receipt not generated, this will result in a further pressure in the 2020/21 budget and savings will have to be found elsewhere within the Council's budgets to offset it.

4.2 The sale will enable Torus to access Shared Ownership & Affordable Homes Programme grant from Homes England of just over £7.5 million.

4.3 As a conditional requirement for the disposal of former school footprint and playing fields a beneficiary school project was submitted to the Department of Education (DfE). Riverside Primary School in Wallasey will, as a result of the capital receipt, receive investment for refurbishment.

4.4 Void costs to date have amounted to £952,000 including £316,000 of security costs since the closure of the school in 2011. The sale will have the added benefit of reducing the Council's ongoing void and security costs.

5.0 LEGAL IMPLICATIONS

5.1 The sale is in accordance with the Council's powers as described in para 3.12.

5.2 As a former school, in accordance with section 77 of the School Standards Framework Act 1998 and schedule 1 of the Academies Act 2010, the consent of the Education and Skills Funding Agency is required for a disposal. Such consent was granted on 2nd October 2017.

5.3 The reduction in market value will be compliant with the rules prohibiting State Aid provided that Torus enters into legally binding commitments to provide the social housing promised and provided that it can demonstrate that after taking into account its estimated future revenues and costs it needs the grant funding from Homes England and the reduction in market value to render the scheme viable. Final calculations will be made to determine compliance. Torus would be liable to repay any overpayment.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no IT or staffing implications arising from this report.

7.0 RELEVANT RISKS

7.1 Should the sale to Torus not proceed in a timely manner, it could jeopardise the ability to deliver this scheme, which is subject to Homes England timescales.

8.0 ENGAGEMENT/CONSULTATION

8.1 Officers have consulted with local residents on the proposals for this site. Torus has also undertaken several consultation events and meetings with residents to discuss its proposals and worked with residents to address where possible any matters raised.

9.0 EQUALITY IMPLICATIONS

9.1 There is no relevance to equality at this time.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The transaction will result in the development of this vacant site and derelict property with modern homes built to current energy efficiency standards.

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APPENDICES

Site plan

BACKGROUND PAPERS

Appraisal report on the offer and value.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – site of the former Rock ferry High School – Sale to a Registered Provider.	20 January 2020