

HERTFORDSHIRE COUNTY COUNCIL

**CABINET
MONDAY 11 FEBRUARY 2002 AT 2.00 P. M.**

HITCHIN BRITISH SCHOOLS TRUST – GRANT REQUEST

Agenda Item No.

4

Report of the Corporate Director (People and Property)

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Executive Member:- David Beatty

1. Purpose of report

To consider a request, from the Hitchin British Schools Trust, for grant aid.

2. Summary

- 2.1 The County Council sold the Old British School, Hitchin to the Hitchin British Schools Trust in 1994, with the purchase price to be paid in stages.
- 2.2 The Trust has been successful in gaining wide recognition of the importance of this historic building, with some fundraising and with stabilising the condition of the buildings and part renovation. However it is unable to attract the further funding required to complete the project.
- 2.3 In particular the Trust has been unable to seek help from the National Lottery not all of the instalments of the purchase price have been paid. The Trust has requested the County Council's assistance to clear the debt arising from the purchase.
- 2.4 The County Council and North Hertfordshire District Council own residential development land, adjoining the Old British School, which was once used in association with the Old School. Owing to the particular physical configuration of the individual land ownership's there is particular additional financial benefit from a joint sale, as compared with individual joint sales. That additional value is known as 'marriage value' and is shared between the sellers. The additional capital receipts arising can be considered to be windfall gains arising from the co-operation on joint sale.
- 2.5 Subject to a successful joint sale of that land, it would be possible to consider the provision of grant to the Trust funded from the Council Council's share of the windfall gain.

3. Conclusion

There is an opportunity for the County Council and North Hertfordshire District Council to consider making grants to the Hitchin British Schools Trust

funded from capital receipts arising from ‘marriage value’ in a proposed joint sale of adjoining lands.

4. Background

- 4.1 The Old British School, Hitchin, is a collection of Grade II and Grade II* listed buildings. They were originally malt houses and were bought in 1810 by William Wilshere. He founded a school for the “sons of the labouring poor”. Further buildings were added in 1837 and 1853. The buildings were used by the British Schools Trust for education until 1925 when the property was transferred to the County Council.
- 4.2 The property was sold to the newly formed Hitchin British Schools Trust in 1994, with the purchase price to be paid in stages. The Trust intended renovation as a living educational museum. The buildings include Lancastrian and galleried classrooms. The Lancastrian classroom is believed to be the last remaining example of its type in the world and the galleried classroom one of only four.
- 4.3 Over the years the Trust has sought publicity for its fund-raising activities and marketing its facilities and has been successful in gaining wide recognition of the importance of this historic building. The Trust has partly renovated the property which is open to visitors and school parties as an educational museum but now finds itself unable to attract the further funding required to complete the project.
- 4.4 In particular it has been unable to seek help from the National Lottery In particular the Trust has been unable to seek help from the National Lottery not all of the instalments of the purchase price have been paid. The Trust has requested the County Council’s assistance and wishes to achieve a position where the debt arising from purchase is fully expunged.
- 4.5 The County Council has been in a position to invoke the guarantee for some years. North Hertfordshire District Council has indicated that calling in the guarantee would give them financial difficulty, with the possible need for them to then foreclose and sell the property giving further and wider difficulty.
- 4.6 Adjoining the Old British School there are lands fronting Storehouse Lane and Kershaws Hill that are owned by Hertfordshire County Council and North Hertfordshire District Council. They were once allotments and associated with the Old British School.
- 4.7 These lands have been allocated for residential development in the Local Plan and the County and District Councils have been working together to establish a development scheme with a view to a joint sale. The District Council has resolved to grant planning permission for residential development, subject to a planning obligation regarding affordable housing. The property is being marketed, on behalf of the two Councils, and arrangements for a split of the

proceeds are being agreed.

- 4.9 Owing to the physical configuration of the separate ownership's, there is a benefit to the eventual residential development, and to the receipts that will be available from the joint sale, that would not be available from separate sales. This benefit is known as 'marriage value', and the extent of receipts beyond those that would be received from separate sales can be viewed as windfall receipts.
- 4.10 It would be possible, subject to a successful joint sale with North Hertfordshire District Council, to consider use of the windfall part of the receipt to provide further grant assistance to the Hitchin British Schools Trust. That would assist them to resolve their debt arising from purchase of the property, and allow them to seek further funding for the project.

5. Financial Implications

- 5.1 The Hitchin British Schools Trust has yet to pay instalments totalling £108,000 on purchase of the Old British School property. Interest is payable on the outstanding sum and at 31 March 2002 this would amount to approximately £85,518. At that date the total debt would be approximately £193,518.
- 5.2 North Herts District Council has guaranteed the sums owing consequent on the Trust's purchase.
- 5.3 The County Council's planned capital receipts include those arising on sale of its land at Storehouse Lane, Hitchin. This land adjoins land at Kershaws Hill, Hitchin which North Hertfordshire District Council intends to sell.
- 5.4 There is a possibility of additional receipts arising from a joint sale of the County Council's land with the North Hertfordshire District Council land, but that is contingent upon the County Council being able to agree such a joint sale and on the sale being successful.
- 5.5 If a joint sale can be achieved the exceptional additional receipts could be used to fund a grant to the Hitchin British Schools Trust.
- 5.6 The estimated value of exceptional additional capital receipts from a joint sale are well in excess of one half of the figure of total debt mentioned at paragraph 5.1 above.