

HERTFORDSHIRE COUNTY COUNCIL

CABINET

MONDAY 16 DECEMBER 2002 AT 2.00 PM

Agenda Item No.

2

PROPERTY DISPOSAL – HATFIELD, HOWE DELL SCHOOL

Report of the Corporate Director (People and Property)

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Executive Member :- David Beatty

Local Members:- Frank Clayton, Rosie Sanderson and George Wenham

1. Purpose of report

To seek agreement to

- A part self - financing replacement asset scheme for the approved relocation of Howe Dell Primary School, Hatfield (together with the provision of a new Child Care Unit and new Community Centre) to a new development at the former Hatfield Aerodrome site Hatfield.
- The sale of the existing school site.
- The grant of a long lease of the Community Centre to Welwyn Hatfield Council (WHC) on terms to be agreed.

2. Summary

- 2.1 The strategy of the relocation of Howe Dell School from its current location in Old Rectory Drive Hatfield to a new site on the Hatfield Aerodrome site Hatfield as a replacement asset scheme was first approved by the Education Committee on 1 December 1999.
- 2.2 Implementation of the scheme was dependent on feasibility studies relating to the release for sale of the current building, and on cabinet approval.
- 2.3 The scheme is at a concept design and pre-detailed design stage. The design will be commissioned to embrace sustainability principles and there is the opportunity to include exemplar features in both construction and curricular terms that will make this a beacon development for education and environmental purposes.

- 2.4 The scheme will be fully funded, principally by way of contributions from the s106 Agreement made 29 December 2000 and partly from the anticipated capital receipt from the sale of the existing Howe Dell School.
- 2.5 The freehold of a site having an area of 6.5 acres will be acquired from Arlington Securities at a nil consideration in accordance with the provisions of the s106 Agreement. Six acres of this is available to be used for the replacement school and Community Centre. The remaining half acre is allocated for the Child Care Unit.

3.0 Conclusion

- 3.1 The Cabinet is invited to consider the principal of a part self-financing scheme, together with appropriate management arrangements for the commitment of funds and the programme of disposal of the existing Howe Dell School.
- 3.2 To assist with management of the scheme, approval to the details of the budgets for capital expenditure, to the timing of the investment in the new accommodation and land sale (Freehold and leasehold) decisions could be delegated to the Corporate Director (People and Property) in consultation with the Executive Members for Resources, Environment and Children Schools and Families.

4.0 Background

The existing Howe Dell school disposal site is shown edged black on the attached drawing EM 10117 Rev 2. The site has an area of 2.405 Ha (5.942 ac) and contains the Grade 11 listed former Rectory and grounds. Access is via Old Rectory Drive an adopted highway.

The proposed disposal site excludes that area of the existing school shown hatched black on the drawing. This is Urban Open Land and therefore cannot be developed. Furthermore, it is required to meet statutory playing field requirements for nearby Bishops Hatfield Girls School if it is to satisfy the standards for a 4FE school.

Consent to the sale of school playing fields will need to be sought.

The earliest date that the new School building together with the Child Care Unit and Community Centre could be completed is September 2004 but this timetable is dependant on the necessary S.106 funding being available and construction of the new buildings at the new site.

The scheme will provide 1.5 Forms of Entry Primary school (2FE core, +11 classrooms), Child Care Unit, Community Centre and the associated fittings, furniture and equipment for both the school and the Child Care unit.

The proposed Child Care Unit on the new school site could be managed by the school as a result of new DFES regulation or it could be leased to a Child Care provider (subject to LEA decisions).

It is intended that a long lease of the proposed Community Hall will be granted to WHC, or at their preference, to Hatfield Town Council at a peppercorn rent and otherwise under terms to be agreed.

5.0 Design for Sustainability

The Council have employed consultant Architects Ruddle Wilkinson who specialise in buildings incorporating sustainability principles. They have been working closely with the school, the local Council and other relevant officers on the concept design stage of the project. Their Stage C Concept report raised a number of interesting financial, functional and operational sustainability issues that, it was felt needed to be developed further. It was agreed that it would be valuable to pursue a range of practical sustainable features in more detail before proceeding with the Stage D Scheme Design.

Additional work on this aspect set out a number of sustainable benefits that it was felt were integral to the scheme and could be contained within existing budgets and some further sustainable options that were highly recommended subject to additional funding being available.

The Report has been discussed with the Director of Environment who strongly supports all the sustainable options put forward and has advised on grant funding that might be available.

Detail of the proposed sustainability features together with their estimated cost are included in **Appendix A** (*circulated to Members only and not published as it contains exempt information*). Also detailed is the estimated annual running cost saving for each feature and the anticipated grant availability for certain features.

It is recommended that the County Council takes up the opportunity to fully embrace the sustainability features recommended by Ruddle Wilkinson and by the Director of Environment.

8.0 Proposed actions

- Transfer to the County Council of the new site as an obligation under the terms of the s106 Agreement made 29 December 2000.
- Gain planning permission for the new school as a 1.5 FE primary school (with the planned capacity to go to 2FE with the provision on the site of mobile accommodation to cater for temporary increased demand if required) with Child Care Unit and Community Centre.

- Construction, fitting out and furnishing of the new School, Child Care Unit and Community Centre on it's new site.
- Complete feasibility on the possibilities for residential development and conversion on the existing site with access from Old Rectory Drive.
- Investigate s77 issues regarding the proposed move and obtain the necessary consents.
- Sell the existing school subject to detailed planning consent.

9.0 Service Property Strategy

Under the Service Property Strategy this scheme has high priority because it is concerned with the management of the supply of primary school places in an area where significant housing development is taking place and where movement of a school will reduce enduring surplus places in a more settled area of Hatfield.

10.0 Planning Aspects

The existing Howe Dell School is a Grade 2 listed building standing in landscaped grounds with an adjacent playing field. The site is of archaeological interest and provides habitat for three protected species – great crested newts, pipistrelle bats and long eared bats.

The playing field area is designated as Urban Open Land in the adopted District Plan. The District Plan Review Revised Deposit Version (July 2002) identifies:

- Further open space as Urban Open Land
- The remainder of the site, including the main building for 10 dwellings.

Discussions are continuing with the local planning authority over a suitable scheme for conversion of the listed building and additional development within the grounds. Depending on the size of the development, a proportion of affordable housing units may need to be provided. Any development scheme will need to be carefully designed in view of the heritage, archaeological and nature conservation interests present.

11.0 Self Financing Aspects

The criteria for self-financing schemes are that they may be funded from disposal receipts and within the asset replacement capital control regime if: -

- The proposed scheme is estimated to be robustly self-financing.
- Change cannot be achieved within the budget guideline.
- There is a real impediment to beneficial release of resources.

- The cash flow effect can be accommodated within the capital controls limits as they affect the whole of the council and,
- Disposal receipts revert to the “Pool” if external funding is achieved later.

Properly monitored, this partly self - financing scheme would meet these criteria.

The most likely market demand for the existing school is for conversion and redevelopment for new housing. That is a relatively stable demand and has provided the County Council with a robust basis for self-financing schemes.

12.0 Financial Implications

- 12.1 The estimated costs of the scheme to HCC and the proposed funding are set out in Table 1.

Table 1

	£'000	Total
Cost Profile		
Primary School	3948	
Child Care Unit	820	
Community Centre	400	
Sustainability extras	169	
Expenditure		5337
Funded by		
HCC s106 contributions	3809	
WHC	400	
Capital receipt	1128	
		5337

- 12.2 The s106 sums relate to Agreements entered into on 29 December 2000 with Arlington Securities and other developers, which provide for indexation of these contributions. Table 1 shows the contributions indexed to the 4th Quarter 2002 resulting in an increase of over £1,000,000 from the original s 106 contributions.
- 12.3 The estimated costs shown are based on a Category C estimate indexed to the 4th Quarter 2002.
- 12.4 WHC is to fund the capital costs of building the Community Hall. There is a s106 contribution in respect of this part of the development, which is to be paid to them. They propose to fund the shortfall by contributions from Housing Associations involved in the development of the adjoining land. The WHC funding in Table 1 is inclusive of all their sources of fund.

- 12.5 The costs quoted include £169K relating to additional sustainability features explained in Appendix A (*circulated to Members only and not published as it contains exempt information*).
- 12.6 The s106 sums will be triggered by the provisions of the s106. It is possible that the contributors might chose to pay their contributions earlier. It is also possible that the extrapolated indexation figures may alter over time. These elements must be carefully monitored. The scheme will not commence until the s106 contributions have been received and, if necessary, the scheme will be tailored to meet the available funding.
- 12.7 When originally proposed to Education Committee on 1 December 1999 it was “expected that proceeds from the eventual disposal of the current Howe Dell buildings and site will need to be allocated towards the costs of providing the new school.” At the time this receipt was estimated at a minimum of £750,000. The receipt from the sale of the existing Howe Dell School is now estimated to exceed £1.3m (Category B estimate) subject to detailed planning permission from WHC for residential conversion and residential new build.
- 12.8 Since that time, the proposed scheme has grown, the sustainability agenda has come to the fore and building costs have risen. Fortunately, both the s106 sums, through indexation, and the potential value of the available capital receipt have also risen making it possible to consider the scheme within the available funding.
- 12.9 If the scheme is approved, the possibility of grant funding for the Child Care Unit furniture and equipment and for the sustainability features will be pursued and any grant obtained will be offset against the call on the Howe Dell capital receipt.
- 12.10 The s106 sums are anticipated to be paid over during the 2003 / 2004 financial year.
- 12.11 Work on the new school will commence following receipt of the s106 sums, and is likely to be completed in the 2004 / 2005 financial year.
- 12.12 The existing Howe Dell school is proposed to be sold in the 2003 / 2004 financial period with the County Council taking a leaseback until the new school is completed - currently estimated in September 2004. A phased series of payments may be arranged to cover cash flow on the new school.
- 12.13 The lease by HCC of the Child Care Unit and Community Centre elements of the new school to a commercial child care provider and WHC respectively, will be exempt supplies. The VAT incurred by HCC on expenditure attributable to the leasing of these elements of the school, will need to be included in the County Council’s S33 Refund Calculation. The VAT attributable to the leases will include a proportion of the VAT incurred on the construction costs. Detailed calculations will be required in

order to establish the exact amount of VAT which will be attributable towards HCC's 5% limit, but based on current proposals this will be in excess of £225,000. With planning, namely spreading the construction cost over 2 financial years, this amount of VAT can be accommodated within the 5% limit. However, the scheme will still impact on HCC's ability to undertake further capital projects on which VAT is incurred and which generate exempt income.

With regard to the freehold disposal of the existing Howe Dell School site by HCC, this will also be an exempt supply. Although the VAT incurred by HCC on expenditure attributable to disposal of the site will need to be included in the County Council's S33 Refund Calculation, the impact on HCC's 5% limit should not be significant.

- 12.14 It should be possible to organise the project to avoid any significant cash flow implications for the Council. However, if this does not come to fruition, any cash flow impact will need to be contained within the Children Schools and Families capital programme.
- 12.15 Any surplus from the capital receipt for the existing Howe Dell school, over the £1.116m input to the scheme, will be returned to the capital receipt pool.
- 12.16 In other similar circumstances when existing schools have relocated to new sites, arrangements have been made to provide transport for existing pupils on roll, particularly those who would have a longer or more difficult journey following the site transfer. Further assessment of the logistics and options available is needed in this case and the outcome will be reflected as part of the process of framing the CSF budget for 2004/05 and subsequent years.