

**SHIRLEY COMMUNITY PRIMARY SCHOOL, CAMBRIDGE – SITE
CONSIDERATIONS**

To: Cabinet

Date: 5th July 2011

From: Executive Director: Children and Young People's Services
and Local Government Shared Services: Director Finance

Electoral division(s): East Chesterton, Cambridge

Forward Plan ref: 2011 / 030 **Key decision:** Yes

Purpose: Cabinet is asked to:

- a. Consider whether to continue to lease parts of the site occupied by the Shirley Community Primary School in Nuffield Road, Cambridge (currently known as the Shirley Upper School site) or to purchase those parts of the site where it currently has the option to do so; and
- b. Reconsider its earlier decision to declare the County Council-owned school site in Green End Road, Cambridge (currently known as the Shirley Lower School site) surplus to education requirements once it is vacated by the Shirley Community Primary School in the summer of 2011.

Recommendation: Cabinet is recommended to approve:

- a) The purchase of those areas of the Shirley Primary School site in Nuffield Road, Cambridge where the Council has an option to do so at a cost of £2,943,750;
- b) Purchase of the land outlined in Red and the Blue on the plan attached as Appendix 1 (Colour copies provided separately for Cabinet Members) to be funded through one of the two options identified in section 4.1.1, with the decision on which option to be pursued to be delegated to the Local Government Shared Services: Director Finance and Executive Director: Children and Young People's Services (CYPS) in consultation with the Cabinet members for Learning and Resources and Performance; and
- c) Retention of the County Council-owned school site in Green End Road, Cambridge for future education/school use.

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1.0 BACKGROUND

- 1.1 In 2005/6, the Council undertook a review of primary educational provision in East Chesterton in Cambridge. At the time, East Chesterton was served by Shirley Community Nursery and Infant School in Green End Road and St Andrew's Church of England (Aided) Junior School in Nuffield Road.
- 1.2 The review was prompted by a number of factors, but a key driver was the fact that, following an inspection by the Office for Standards in Education (OfSTED) undertaken in July 2005, St Andrew's Junior School had been placed in Special Measures for the second time.
- 1.3 At the conclusion of the review, following extensive consultation, the Council's preferred option was to close St Andrew's Junior School, and extend the age range of Shirley Community Nursery and Infant School to provide 420 places plus nursery for children in the 3-11 age range on the St Andrew's Church of England (Aided) Junior School site. The Shirley Community Nursery and Infant School site was not large enough to provide a primary school of this size.
- 1.4 Cabinet endorsed the review recommendations and on 28 February 2006 approved:
- the publication of the statutory notices required to give effect to the Council's preferred option
 - The relocation of the resulting Shirley Community Primary School to the St Andrew's (Aided) Junior School site in Nuffield Road, Chesterton on completion of the building work necessary to enable it to operate from a single site.
- 1.5 Cabinet also agreed that once the school had relocated, to the Nuffield Road site, the former Shirley Nursery and Infant School site in Green End Road would be declared surplus to education requirements.
- 1.6 The School Organisation Committee (SOC) for Cambridgeshire considered and gave approval to the published proposals on 25 May 2006.
- 1.7 St Andrew's Church of England (Aided) Junior School closed on 31 August 2006, and Shirley Nursery and Infant School became Shirley Community Nursery and Primary School on 1 September 2006. The school is now into its fourth academic year operating on a split-site basis. The sites are 0.28 miles apart.
- 1.8 The £8m capital project that will enable the school to move out of the site in Green End Road will be completed in July 2011.

2.0 MAIN ISSUES

Nuffield Road School Site, East Chesterton, Cambridge

- 2.1 The former St Andrew's Church of England (Aided) Junior School, including the playing fields, is owned by a local charity, the Old Schools of Cambridge Trust (the Trust). This is a long established faith based charity which supports a number of schools in Cambridge City with a Christian character and ethos.
- 2.2 The Council has had to negotiate and agree the terms for the occupation and use of the site by Shirley Community Primary School following the closure of St Andrew's Junior School with the Trust. Negotiations have been undertaken in the knowledge that safeguarding the school's long-term future, as well as the Council's major capital investment, would incur further significant cost. Prior to the commencement of these negotiations, the educational imperative for change and the need for the school to operate on a single site were judged to outweigh the additional costs involved.
- 2.3 The result of these negotiations was three separate lease agreements between the Council and the Trust. These are shown on the plan attached as **Appendix 1**. (Colour copies provided separately for Cabinet Members) The area outlined in:
- red shows the area formerly occupied by St Andrew's (Aided) Junior School, which has been rebuilt/refurbished
 - blue shows the new extension
 - green shows the playing field
- 2.4 The current rents paid on each lease and the rents paid to date since 1 September 2006 are summarised in the following table.

Lease area	Lease term	Current Rent Per Annum	Rent paid up to 31/08/2011
Red land	5 year lease ends 31 August 2011.	£113,000	£563,372
Blue land	47 years 8 months ends 31 August 2056.	£49,500	£128,348
Green land	50 year lease ends 31 August 2056.	£31,000	£182,000
	TOTALS	£193,500	£873,720

2.5 **The Red Land**

In addition to the lease agreement detailed above, the Council entered into a separate agreement to either purchase the Red land for £2 million on the expiry of the lease on 31 August 2011, or provide a suitable replacement school and site free of any restrictions that would otherwise affect its value. This was agreed by Cabinet in May 2006.

- 2.6 Since the commencement of the lease in 2006, changes to the regulations for the provision of new schools means that the Council can no longer provide the Trust with a replacement school and free site. The Trust would have to enter

into a competition, be judged against other potential promoters, and be awarded the project, in line with the requirements of the Education Act 2006.

2.7 The options now available to the Council are:

- to pay the Trust £2 million for the freehold of the Red land
- to agree terms for a new lease with the Trust

Unless either of these options is agreed with the Trust before 31 August 2011, ownership of the new school buildings erected on the site would revert to the Trust. Therefore, there is a pressing urgency to safeguard the Council and Shirley Primary School's interests.

2.8 **The Blue Land**

The Council has been offered the option (see paragraph 2.10) of purchasing a 999 year lease in place of the current lease. The Council has not been offered the option of purchasing the freehold because the Trust wishes to retain the future right to build on the Green land and the only way it could do so would be to have guaranteed access through the Blue land. The fact that future building on the Green land is dependent on the Council no longer requiring the Green land (the playing fields) for use in association with the school and the granting of planning permission for development, has not proved a sufficiently compelling argument to persuade the Trust to enter into negotiations for the freehold purchase of this land.

2.9 **The Green Land**

The lease of the Green land continues unaffected until 31 August 2056. The County has a statutory right to renew this lease. The Trust has no wish to sell the Green land at present.

2.10 The Board of Trustees of the Old Cambridge Schools Trust met on 10 June 2011 and agreed the following:

(i) **Red land.** For the 31st August deadline for purchase to be deferred by ten years, with the Council paying an annual rent of £113,000 subject to annual Retail Price Index (RPI) increase. At the end of the ten year extension, the Council to purchase the land at a price to be set as either:

- the higher of £2 million; **or**
- the market value as a school site (ignoring the improved buildings); **or**
- the redevelopment value of the site for a purpose for which planning permission might reasonably be expected to be granted.

(ii) **Blue land.**

Either:

The lease continues at a rent of £49,500 per annum plus RPI rent increases on 31st August 2011 and every five years thereafter until the lease ends in 2056; **or**

The lease continues on the above terms for a period of 10 years and then the Council pays a one-off sum for a 999 year lease to coincide with the date on which it purchases the Red land.

The price for the 999 year lease to be the higher of:

- £943,750 - the value of the earlier purchase option which expired in February 2011; **or**
- the market value of the land as a school (assuming no buildings have been erected) and disregarding the lease in place; **or**
- the redevelopment value of the site for a purpose for which planning permission might reasonably be expected to be granted.

(iii)Green land. The lease continues as per the current contract at an annual rent of £31,000 subject to RPI rent increase on 31/08/2011 and every five years thereafter until the lease ends in 2056.

2.11 The decision of the Council is a financial one that needs to consider the ongoing cost of the lease agreements, which will increase in line with inflation, compared to the cost of purchasing the Red land and a 999 year lease for the Blue land. A total cost of £2,943,750.

2.12 The purchase option has the merit of certainty of price and of gaining full control of the Red and Blue parts of the site, rather than being subject to lease restrictions and future negotiation for renewals or extensions. By deferring the purchase, the Council would run the risk that the Trustees would seek a higher amount to reflect increased market value as a school or for redevelopment. The financial aspects are dealt with in more detail in paragraph 4.1.

2.13 **Green End Road, former Infant School Site, East Chesterton, Cambridge**

In 2006, Cabinet gave approval to this site being declared surplus to education requirements once Shirley Community Primary School was relocated to the Nuffield Road site. The school will function solely from this site from September 2011.

2.14 Since this decision, continued house building in and around Cambridge coupled with a significant rise in the birth rate, has put a pressure on the availability of primary school places in the City. The Council has invested capital funding to expand the number of primary places available through the establishment of a new 420 place primary school at Gunhild Way and by extending a number of existing schools. The provision of additional places has to date largely, but not exclusively, focussed on the area of the City south of the river. However, the latest demographic forecasts based on available birth data from the National Health Service (NHS) suggest that additional primary school places will be required in the Shirley Primary School catchment area specifically, and in the north of the City generally, from September 2013, with a significant increase from 2014. A table outlining this information is set out in **Appendix 2**. The predicted deficits of 30 Reception places in 2013 and 87 places in 2014 are based on the 83% five year rolling average that the Council's Research Group uses for Cambridge. This trend based forecast is based on actual take up places in maintained schools.

2.15 The former Shirley Nursery and Infant School site and buildings at Green End Road are capable of supporting a primary school of 210 places (1FE or 30 reception places) with co-located early years and childcare provision. The demand for primary school places in the north of the City means that this site

could be fully utilised in the future.

- 2.16 There is clearly a need to revisit the original decision to declare this site surplus to educational use. The financial implications of such a decision are set out in section 4.1.

- 2.17 Cabinet will receive a report in the autumn detailing proposals for responding to the increased demand for primary school places in the north of the City.

3.0 ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING

3.1 Supporting and protecting vulnerable people when they need it most

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives in their communities

There is a need to provide a sufficient number of school places to meet demand and ensure that places are available, where possible, within walking and cycling distance of children's homes. Cambridge City is already an area where there are pressures on the supply of school places (paragraph 2.14) and these proposals will create additional capacity to provide for local need.

3.3 Developing the local economy for the benefit of all

There are no significant implications for this priority

3.4 Ways of Working

There are no significant issues for this priority

4.0 SIGNIFICANT IMPLICATIONS

4.1 Resource and Performance Implications

- 4.1.1 The Trust has maintained a position throughout all of the Council's negotiations that, as a charity, it has a legal obligation to achieve full consideration for the land in its ownership, whether it is leased or sold on to another party.

Nuffield Road School Site, East Chesterton, Cambridge

The following bullet points set out details of significant implications identified by officers:

- The annual rental on the Red and the Blue land available for purchase is £162,000.
- The Council could fund the purchase for the Red and Blue land in one of the following ways:

Option 1 - Full funding by prudential borrowing.

Funding the £2.9m of additional prudential borrowing that would be required to fund the acquisition of the Red and the Blue land would

involve £2.2m of borrowing costs over 20 years giving a total funding requirement of £5.1m. The current contribution toward the lease costs of the Red and the Blue land is £162,000. The current annual budget of £162,000 would be put toward the funding requirement and would, over 20 years, provide £3.25m; leaving £1.85m to be identified.

Option 2 - Part funding by prudential borrowing, part contribution from capital programme/slippage.

The preferred approach would be to further minimise the costs of borrowing and identify funding either through savings in the Children and Young People's Services (CYPS) or corporate capital programme or through deferring other capital schemes to deliver a £1m contribution towards the cost of purchase. Therefore, £1.9m of prudential borrowing would be required and would involve £1.36m of borrowing costs over 20 years giving a total funding requirement of £3.2m. The total funding requirement would be repaid over 20 years through the annual revenue lease budget of £162,000.

The only alternative option would be for the Council to purchase the Red and Blue land at a revised market value in ten years time in accordance with the deferment agreed by the Board of Trustees. The cost to the Council over this 10 year period would be, approximately, £2m. This would be in addition to the revised purchase price.

Cabinet is asked to delegate the decision on the funding mechanism to be used to the Local Government Shared Services: Director Finance and Executive Director: Children and Young People's Services (CYPS) in consultation with the Cabinet members for Learning and Resources and Performance.

Green End Road, Former Shirley Infant School Site, East Chesterton, Cambridge

The disposal of this site on the open market, having been declared surplus to education requirements, would have generated a capital receipt for the Council. The capital receipt, following marketing in October 2008 would have been in the region of £2.1m. The expectation at the time was that the resulting receipt would have been used to offset the capital costs of the Shirley Nursery and Primary School scheme. The capital receipt was originally planned in financial years 2009/10 and 2010/11 targets; due to current market conditions and the proposal to retain the site, the capital receipt is not factored into the Integrated Plan this year.

There will be a capital cost to creating a 210 place primary school with co-located early years and childcare provision on this site to open in September 2013.

In addition, some capital funding would be required to allow for the mothballing of the school buildings, site security and ongoing maintenance once the buildings had been vacated in August 2011.

There is no provision in the current CYPS five year capital programme to meet these costs. A review of the programme will be undertaken in the autumn as

part of the Integrated Planning Process. The review will be undertaken in consultation with the Cabinet members for Learning and Resources and Performance.

4.1 Statutory, Risk and Legal Implications

The following bullet points set out details of significant implications identified by officers.

Continuation of the legally binding lease agreements will expose the Council to a number of risks.

- Periodic rent reviews based upon RPI. Rent increases could be significant when the current level of the index is considered
- There is the potential that the market value or alternative use value of either the Red or Blue land could increase significantly if the Council delays purchase.

The offer made by the Trustees to sell the Blue land at the same time as the Red land is likely to be strictly time-limited and may, therefore, represent the only opportunity available to the Council to acquire the freehold control of this part of the site. When the lease of the Blue land expires in 2056 there is no statutory right to renew it. Therefore, the land and buildings would revert back to the Trust unless a new lease can be agreed.

4.2 Equality and Diversity Implications

There are no significant implications

4.3 Engagement and Consultation

The local member's views have been sought on the issues outlined. The response received is summarised below:

- Recognition of the changing demography in the north of the City and of the need, therefore, to reconsider the decision to declare the site in Green End Road as surplus to education requirements.
- There are long-standing issues with parking in the area around the Green End Road site, which have included serious incidents of anti-social behaviour.
- If the site is to continue to be used for education parking there needs to be an action plan in place to address the parking issues, specifically those affecting residents in Evergreens...

The Governing Body of Shirley Community Nursery and Primary School supports the acquisition of the site by the Council. Some of the clauses in the existing lease require them to seek the Trust's permission to run some of the extended school services that they wish to develop on the Nuffield Road site.

Source Documents	Location
<i>Shirley Community Primary School Report to Cabinet on 20/10/2009</i> <i>Note of Meeting with representatives of the Trustees on 8/4/2011</i> <i>Note of meeting of Trustees on 10/6/11</i> <i>Strategy and Estates briefing Note 7/6/2011</i>	<i>Room B202</i> <i>Castle Court</i> <i>Shire Hall,</i> <i>Cambridge</i>