

Birmingham City Council

Report to Cabinet

Date: 25th June 2019



Subject: TAKE A SURRENDER BACK OF LEASE AT 46-48
STOUR STREET, LADYWOOD BIRMINGHAM B18 7AJ

Joint Report of: Director for Education and Skills - Dr Tim O'Neill
Director, Inclusive Growth - Waheed Nazir

Relevant Cabinet Member: Cllr Jayne Francis - Education, Skills and Culture
Cllr Ian Ward - Leader of the Council

Relevant O &S Chair(s): Cllr Kath Scott - Education and Children's Social Care
Cllr Tahir Ali - Economy and Skills
Cllr Sir Albert Bore - Resources

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Ladywood		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 006537/2019		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 To seek approval to take a surrender back of the lease for the buildings and land at 46-48 Stour Street, Ladywood, Birmingham, B18 7AJ from South and City College Birmingham (SCCB) attached at **Appendix 1**.
- 1.2 The lease was granted by Birmingham City Council (BCC) for a period of 125 years on 21 December 2006. Council seeks an early surrender and has agreed to pay SCCB a premium of £1.85m to be funded through the Basic Need Grant.
- 1.3 In line with the Schools Capital Programme, approved by Cabinet on 26th March 2019, the building is required to enable sufficient school places within the City.

2 Decision Recommended

- 2.1 Authorise the surrender of the lease from SCCB back to BCC on the terms set out in **Appendix 2** and release SCCB from any potential clawback from the SRB6 grant funding as described in 7.3.3 of this report.
- 2.2 Authorise the City Solicitor to negotiate, execute and complete all necessary documentation to give effect to the above recommendations.

3 Background

- 3.1 The Local Authority has a statutory duty to ensure that there are sufficient pupil places, secure diversity in the provision of schools and increase parental choice through planning and securing additional provision (Section 14, Education Act 1996 and Education and Inspections Act 2006).
- 3.2 BCC granted a 125 year lease to South Birmingham College (Now SCCB) for the buildings and land at 46 – 48 Stour Street, Ladywood, B19 in 2006 to deliver a vocational training skills centre. The building was constructed in 2007 using Single Regeneration Budget (SRB6). As part of the merger between City and South Birmingham colleges, the newly formed South and City College rationalised their estate declaring the Stour Street site surplus to their requirements in 2016. They have since secured and maintained the property to a good standard.
- 3.3 An options appraisal will be carried out to identify the most suitable future use for this building including creating additional Special Education Needs and Disability (SEND) places to meet current gap in provision where we are reliant on out of city provision. We are also mindful that participation rates for the 16-18 cohort are below the national average at 90.7% compared to 92% nationally. Lower participation rates are an indication of structural and systemic gaps in provision both geographically, at curriculum level and pathway.
- 3.4 An early feasibility has indicated that the building is suitable for both post 16 and special school places. The cost of developing a provision of this size and quality would be in excess of circa £15m.

- 3.5 SCCB are keen to work with BCC to ensure that the property can continue to be used for education purposes and have secured in principal SCCB Board approval to surrender the lease back to the Council on the recommended terms.
- 3.6 It is to be noted that should the Council not take a surrender of the lease SCCB have an agreement with the University of Wales to provide a satellite operation.

4 Options considered and Recommended Proposal

- 4.1 The Stour Street building offers high quality technical provision in specific vocational trades such as construction, engineering, warehousing and automotive. The option of recreating this provision in an existing Council owned building or as an extension of an existing school would cost in the region of £15m. It is therefore proposed that we take the surrender of the lease for the SCC building.

5 Consultation

- 5.1 The Leader, Cabinet Members for Education, Skills & Culture and the Directors of Neighbourhoods and Education and Skills are aware of the proposals and are supportive of the recommendations in the report being presented for Cabinet decision. The Ward Members for Ladywood were consulted on 30th May 2019 in relation to the proposals, for which no adverse comments have been received. Officers from City Finance, Legal & Governance and Birmingham Property Services have been involved in the preparation of this report. SCCB have been consulted on the recommendations contained in this report.

6 Risk Management

- 6.1 If the proposal doesn't go ahead then the City Council would fail to meet its statutory obligation to ensure that there are sufficient school places, secure diversity in the provision of schools and increase parental choice through planning and securing additional provision.
- 6.2 The opportunity to secure the property for the Councils own use will be lost if the offer to surrender the lease back to the Council is not taken.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 Acquiring the building will enable the Local Authority to meet its statutory duty to provide sufficient secondary and special school places in safe and compliant school buildings. This will support the Council Priorities:
- A great city to grow up in and make the best use of our unique demography
 - Create a safe and secure city for our children to learn and grow in', by ensuring the provision of school places in safe, suitable school buildings,
 - Enable children to benefit from a great education offer.

7.2 Legal Implications

- 7.2.1 This report facilitates the discharge of the Authority's duty contained within Section 14 of the Education Act 1996, by which the Authority has a responsibility to secure that sufficient schools are available.
- 7.2.2 The power to acquire, dispose and manage assets in land and property is contained in Section 120 and 123 of the Local Government Act 1972.

7.3 Financial Implications

- 7.3.1 The surrender premium is £1.85m, which will be funded through the Basic Need Grant the Council receives from the Department for Education (DfE) to provide additional school places.
- 7.3.2 Any further refurbishment costs will also be funded through the Basic Need grant and further reports will be brought forward in line with BCC approval Gateways.
- 7.3.3 SCCB received SRB6 grant funding in the sum of £4m towards the cost of the construction of the College in 2007, the grant funding agreement contained an out-put monitoring period of 10 years that has now expired and a restriction period of 20 years in favour of the Council that prevents SCCB from disposing of the property. As part of this agreement to take surrender back, the Council will be required to waive the restriction period.
- 7.3.4 Each party is to bear its own legal and surveyors costs in this matter.

7.4 Procurement Implications (if required)

- 7.4.1 Not applicable

7.5 Human Resources Implications (if required)

- 7.5.1 Not applicable

7.6 Public Sector Equality Duty

- 7.6.1 A Full Equality Analysis (EA0001202) was carried out in May 2016 for the Schools' Capital Programme 2018–2019. The outcomes from the consultation demonstrate that proposed capital developments support positive outcomes for children, young people, their families and carers. No negative impact on people with Protected Characteristics was identified. It was concluded that sufficiency of educational places and opportunities for all children and young people contributes to providing positive life chances, and supports a positive approach to Safeguarding in Birmingham actively reducing the number of children and young people out of school helps to mitigate risk to their safety and wellbeing.

8 List of Appendices accompanying this Report (if any):

- Appendix 1 - Outline of the land and buildings at 46 – 48 Stour Street
- Appendix 2 - Heads of Terms for Surrender back to the Council

9 Background Documents

- 9.1 Schools Capital Programme 2019-20 - Cabinet 26th March 2019
- 9.2 School Place Planning Requirements - 2018/19 to 2024/25
- 9.3 Officers files save as to confidential information