

DIRECTORATE

Children & Families

SUBJECT

Purchase of the Berridge Centre to refurbish as part of the Forest Fields Primary & Nursery School.

DECISION<sup>2</sup>

This is not a key decision because the cost is below the financial threshold of £1 million capital and the decision will not have a significant effect on communities in two or more wards.

SUBJECT TO CALL-IN : NO

Agree the amount of £534,000 (five hundred and thirty four thousand pounds only) to purchase the Berridge Centre for the expansion of Forest Fields Primary & Nursery School by sealed bid before the 5<sup>th</sup> August 2010.

OPTIONS CONSIDERED

A number of options were considered for this proposal including refurbishment and re-build of the existing Forest Fields site. Due to the confined nature of the Forest Fields site however, no other options have been considered acceptable for the expansion of Forest Fields Primary & Nursery School. The confined nature of the existing building and the works to expand the school to a 630 place primary would mean a high level of disruption to education and learning. Therefore all other options were not considered acceptable.

REASONS FOR DECISION(S)

The purchase of the Berridge Centre would enable an extra 210 places to be created for the expansion of Forest Fields Primary & Nursery School, which would alleviate the expansion in pupil numbers in this area.

The decision is not subject to the standard call-in procedure due to the urgency of the decision. A decision is required to enable the City Council to enter into a sealed bid auction for the purchase of the Berridge Centre by 5<sup>th</sup> August 2010. If this decision were subject to call-in the proposals would not be approved until after the auction was completed. Any failure to purchase the Berridge Centre would mean that the re-organisation proposals for the expansion of Forest Fields Primary and Nursery School could not go ahead.

The Chair of the Overview and Scrutiny Committee and opposition spokespersons have been consulted around this decision and have agreed that the decision is not subject to call-in.

AFFECTED WARDS

Berridge

**THE DECISION IS NOT VALID UNTIL PUBLISHED BY COMMITTEE SERVICES. THIS FORM SHOULD BE SENT TO COMMITTEE SERVICES WITHIN 2 WORKING DAYS OF LAST SIGNATURE.**

**PLEASE REFER TO SEPARATE DETAILED GUIDANCE ON THE INTRANET (COMMITTEE ONLINE) ON HOW TO COMPLETE THIS FORM BEFORE SUBMITTING TO DECISION TAKER.**

## ADVICE SOUGHT

	Yes	No
Legal	<input checked="" type="checkbox"/> See Annex B	<input type="checkbox"/>
Finance	<input checked="" type="checkbox"/> See Annex A	<input type="checkbox"/>
Human Resources	<input type="checkbox"/>	<input type="checkbox"/>
Equality and Diversity	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>

DECLARED OFFICER/ <sup>4</sup>  
MEMBER INTERESTS

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DISPENSATION BY  
STANDARDS COMMITTEE

DATE:	DISPENSATION REF:
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BACKGROUND PAPERS <sup>5</sup>

Executive Board 20/07/10
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EXEMPT/CONFIDENTIAL  
REPORT

<p>YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p> <p><b><u>REASON FOR EXEMPTION AND PUBLIC INTEREST TEST</u></b></p> <p>This appendix is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person, including the City Council and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p> <p>It is not in the public interest to disclose this information because knowledge of the City Council's interest in the property could have the effect of inflating the purchase price, either to the detriment of public finance, or losing the purchase.</p>
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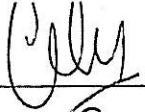
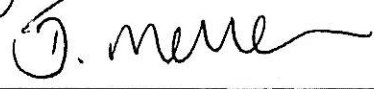
DETAILS OF CONSULTATION  
UNDERTAKEN <sup>6</sup>

	Yes	No	N/A	Name and Date
Executive Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Cllr Mellen, 22/07/10
Ward Councillors	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Area Committee	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other Council Bodies	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Corp. Directors Affected	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Ian Curryer., 23/07/10
Trades Unions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Others (Specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<u>Reasons for not consulting</u>				
Those not consulted are not directly affected by this decision.				

## CONTACT PERSON

Andy Downing – Director of Schools and Learning	CONTACT NO 50606
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AUTHORISED SIGNATORY<sup>7</sup>

CHIEF OFFICER:		DATE: 4.8.10
PORTFOLIO HOLDER(S):		DATE: 4.8.10
	Date Published: 4 August 2010	Last Date for Call-in: n/a
RELEVANT OVERVIEW AND SCRUTINY SELECT COMMITTEE Updated 09/06/08		

| Comments of Glen O'Connell, Director of Legal and Democratic Services  
Tel. (0115) 91 54179

- 1 In the particular circumstances of this case, the non-disclosure of the whole portfolioholder decision is appropriate at least until the sealed bid deadline has expired, as any knowledge of the City Council's potential interest could have the effect of inflating the price.
- 2 The sealed bid process is likely to involve the City Council in submitting a bid which can become legally binding upon acceptance by the vendor, as in an auction. The City Council must, therefore, have confidence that the condition of the land (and buildings if relevant) is suitable for its proposed use, and that there are no impediments, such as covenants, restrictions, easements and wayleaves, which may constrain its future use of the land. Appropriate land survey, and estates and legal advice should be taken before committing to the bid.
- 3 Given the general uncertainty over schemes, there is a risk that the land could be acquired and, then, the scheme not proceed. This risk needs to be recognised and the potential for any alternative development, which could enable the City Council to recover its purchase cost, considered, in order to give reassurance that the purchase price may not be at an unrealistic premium which reflects our urgent need to acquire it for our particular use, rather than its default market value.

## **Financial Observations – PHD Purchase of Berridge Centre**

**Prepared by: Jo Smith, Accountant, Financial Accounting**  
**Tel (0115) 91 63652**

### **Pressure**

The pressure for the reorganisation of Forest Fields Primary was included in the capital report to Exec Board in July 2010; this report referred to a reorganisation of Forest Fields/Hyson Green schools at a cost of £17.242m, within the total pressures of £21.836m.

The latest business case refers to a preferred option 3 at a total cost of £11.661m and included within this sum is £0.534m for the purchase of Berridge Centre, for which a PHD has now been prepared for approval.

The Exec Board 20 July report recommended our intention to fund potential pressures associated with the Primary School reorganisation process and to note that approval to commit capital funds will be sought by presentation of further reports that provide detailed, project specific costs and financing options.

As yet the business case has not been submitted to Board and there is no approval in the programme for this scheme.

The Berridge Centre is being marketed by Savilles and is subject to a sealed bid process and a known third party is also interested in this site.

### **Funding**

Unsecured funding has been identified of c.£10.563m to fund the total pressures of £21.836m. However, this remains fragile until the Government spending review is announced and the surplus assets have been sold. The overall funding gap for the Primary reorganisation is c£11.183m.

The latest gap reported at Capital Outturn is c.£10.575m. Funds to finance the acquisition of the property have not been specifically identified and this action would, therefore, increase this shortfall to £11.075m.

Current forecasts suggest there will be secured funds carried forward of c.£11.5m into 2011/12, which are currently committed to schemes within the Education/BSF block. However, it may be possible to substitute funds for the acquisition using these resources and then replace £0.534m with grant/capital receipts in 2011/12. In the worst case we would need to prudentially borrow for this sum in the short term and this would have a revenue impact of £40k pa.

### **Strategic Pause**

Given the current situation, were this purchase to be approved, it would remain as uncommitted until the review is completed. Any delay resulting from this process may jeopardise the acquisition of the property. The key risk is that the sealed bids deadline is 5<sup>th</sup> August and any delay would jeopardise

the preferred option for reorganisation. Therefore, a decision is required as to whether we commit to the purchase of the property and seek further approval to incorporate the Scheme in to the programme at a later date.