

CYNGOR SIR POWYS COUNTY COUNCIL

**FOR DECISION BY THE PORTFOLIO HOLDERS FOR LEARNING AND
LEISURE & CORPORATE GOVERNANCE AND ASSETS**

Date

**REPORT AUTHOR: Gareth Jones
Senior Manager: Central Support Services (Schools)**

**SUBJECT: Llanwddyn Former School and Associated District
Heating System**

REPORT FOR: Decision

Summary

The former Ysgol Efyrrwy Primary School in Llanwddyn closed in 2009 and apart from some occasional use by the local community has remained out of use. It is therefore proposed that the school is declared surplus and is offered for sale.

In addition it is proposed that the biomass heating system, which provides heating for the school along with the community centre and with some 30 residential properties on the adjacent Abertridwr Estate, is included in the sale.

Proposal

An options report for the Ysgol Efyrrwy Primary School and heating system was prepared between January and March 2011. The report sets out in some detail the various interests and issues related to the school and the heating system. These are summarised below:

The former school

The school closed in 2009 and the options report concluded that it should be declared surplus and sold. The school is directly connected to the community centre and together they are a listed building. A lease exists between PCC and the Trustees of the Community Centre which permits use of parts of the school by the local community. This includes use of the former dining room and kitchen, use of the library by the local playgroup and other occasional uses for example in connection with the Lake Vyrnwy half marathon. Discussions have commenced to rationalise these arrangements whilst providing for the needs of the local community.

A restrictive covenant exists which restricts the use of the land occupied by the school to educational purposes. Negotiations have been opened with Severn Trent Water to lift this covenant.

The fabric of the school and the grounds is deteriorating. Basic maintenance is being carried out but is considered to be an unnecessary use of Council funds.

The heating system

The biomass heating system was installed at the school in 2005. This heating system provides heating for the former school, the community centre and some 30 residential properties on the adjacent Abertridwr Estate. This system is operated by Dulas Wood Energy Ltd (Dulas) on behalf of the Council but has suffered from a number of operational and billing difficulties. A number of failures of the system have occurred largely due to third party issues made worse by the remote location from maintenance personnel.

The options report concluded that the unit cost of heat from the system was significantly higher than comparable systems and a number of areas of inefficiency were identified. It was noted that some of these inefficiencies could be improved subject to further investment.

A number of problems have arisen in relation to billing users of the system. This has resulted in a number of unissued and unpaid bills and considerable officer time has been expended.

The biomass system was originally funded by WAG (now WG) under the annual Housing Renewal Area Support Grant. WG has previously heralded the system as a good example of collaboration in the provision of renewable heating. It was allegedly the first such system in Wales. Initial consultation with WG has been undertaken and only a limited, uncommitted response has been returned.

The provision of heating to residential property is not a function the council would normally provide and it is considered that District Heating System should be included in the sale of the former school.

The Vyrnwy Estate

The former school is surrounded by the Vyrnwy Estate currently owned by Severn Trent Water. The whole estate is currently for sale as a number of lots. The sale period is lengthy and has been extended on a number of occasions. The latest information is that preferred bidders have been selected and a 3 month consultation period will now commence. The consultation is a statutory requirement connected to part of the estate which is a SSSI (Site of Special Scientific Interest).

The sale of the estate is significant because (1) a number of houses connected to the district heating system are included in the residential lot of the Vyrnwy Estate sale and (2) interest in the school has been expressed by some potential bidders subject to their success in the sale process.

Options for selling the school

The options report considered a range of options including:

- Sale of the school with or without the heating system
- Closure of the Heating System
- Continuing with the current arrangements for the Heating System

The Community Council has also been consulted to consider the possibility that the school and/or the heating system is transferred to them to become a community run asset.

The Community Council advised they would not wish to take over the school or heating system as a community run asset. They indicated that if the preferred bidder for the Vyrnwy Estate residential lot is not interested in purchasing the school and heating system they may wish to reconsider their position. (Minutes of the relevant Community Council meeting are expected to be provided in due course)

It is therefore recommended that the school together with the heating system is offered for sale as soon as the Vyrnwy Estate preferred bidders are announced.

Commercial interest in the school and heating system is expected to be limited. An initial valuation for the school alone placed it at about £60k. This is based upon residential conversion which would be subject to removal of the restrictive covenant, which could cost a sizeable proportion of the sale amount.

The heating system is unlikely to enhance the property value. More likely the sale value would be reduced to help fund a purchaser's investment plans for the biomass system; however a number of avenues exist for a purchaser to explore whether any grant funding can be secured.

A possible option for selling the school and heating system would be to include it as part of a managed package within the residential lot of the Severn Trent Water sale of the Vyrnwy Estate. This option has been discussed favourably with Severn Trent Water and will need to be explored further before a firm conclusion could be reached.

Corporate Improvement Plan

Sale of the school would relieve the Council of a surplus asset.

Inclusion of the heating system in a sale would release staff time to concentrate on the delivery of Council services.

Options Considered/Available

If the sale is unsuccessful then other avenues as set out in the Options Report will need to be investigated further.

Preferred Choice and Reasons

Sale of the school would relieve the Council of a surplus asset and provide an opportunity for the building to be put to good use.

It is hoped that a purchaser would be able to support local jobs in providing fuel etc for the heating system, better manage the system and seek funding for improving its efficiency.

Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc

Sale of the school would provide an opportunity for the listed building to be fully maintained and put to good use.

The heating system burns sustainable wood chips which being a by-product of commercial forestry could be locally sourced and chipped.

Children and Young People's Impact Statement - Safeguarding and Wellbeing

The proposal will have no discernable impact.

Local Member(s)

The local member, Cllr Simon Baynes supports the proposals.

Other Front Line Services

The Schools Service supports the proposal to sell the school and considers that management of the heating system would best rest with the individual or organisation with responsibility for the premises.

No other front line services will be affected directly.

Support Services (Legal, Finance, HR, ICT, BPU)

Finance Officer: The Principal Accountant for Community Skills and Learning comments that the Authority is currently holding a significant level of debt with regard to the Heating system as both the Community Hall Committee and householders are disputing the charges raised against them. The capital receipt realised should the sale go ahead would be used to support the Authorities Capital programme, current policy provides 30% to the service area and 70% for corporate decision.

Legal Officer: Subject to (a) obtaining clarification from the Welsh Government as to whether the grant would have to be repaid in the event of a sale of the property and (b) ensuring that the sale would not be in breach of the restrictive covenant in favour of Severn Trent Water, there are no legal concerns with the proposal

PCC Mechanical Engineer: Responded with no comments.

It is not considered applicable to seek comments from HR, ICT and BPU.

Local Service Board/Partnerships/Stakeholders etc

The proposal has been discussed with the Community Council. Local organisations will be advised of the sale and will be able to participate if they so choose.

Communications

The local media will be interested in the sale and it is proposed that a press release will be prepared to publicise the planned sale.

Statutory Officers

The Monitoring Officer said the proposals need to follow the normal procedures for disposal of Council Assets and advice from Legal Services obtained as necessary.

The Section 151 Officer said the continued operation of the heating system by the County Council is an inefficient use of resources and is unlikely to be in the best interests of the residents. For these reasons, he is supportive of the recommendations.

The Director of Education said he is supportive of the sale of the school and for this to include the operation of the heating system if possible. He would be concerned to ensure that the community do not receive a reduced heating service.

Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Future Status of the Report

(This section must be completed if the report is a confidential/exempt report)

Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

Recommendation:	Reason for Recommendation:
1. Declare the former school at Llanwddyn surplus to the Council's needs.	To enable the sale of the school to proceed.
2. Agree to the sale of the former school, with or without the associated heating system, subject to a suitable offer(s) being received.	To dispose of a surplus asset and relieve the council of the administrative burden and operational issues associated with the heating system.

3. Enter into discussions with Severn Trent Water to explore inclusion of the school and heating system within the sale of the Vyrnwy Estate (Lot 4) Residential & commercial portfolio and proceed with a joint sale if agreement can be reached.	To provide greater clarity and certainty for potential buyers and thereby improve the commercial position for the council. This option would also assist in removing some potential issues of detail regarding licences and the restrictive covenant.
4. Issue a press release in due course, giving advance notice of the sale.	To give notice to interested parties in advance of the sale, without the sales details themselves becoming stale while we await the outcome of the sale of the Vyrnwy Estate.

Relevant Policy (ies):			
Within Policy:	Yes	Within Budget:	Yes

Relevant Local Member(s):	Cllr Simon Baynes
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Person(s) To Implement Decision:	Nigel Baldwin / Gareth Jones / David Williams
Date By When Decision To Be Implemented:	1st Oct 2011

Contact Officer Name:	Tel:	Fax:	Email:
David Williams	01597 826681	N/A	david.williams1@powys.gov.uk

Background Papers used to prepare Report:

Llanwddyn School Options Report - March 2011