

<b>Committee:</b>  <b>OVERVIEW AND SCRUTINY</b>	<b>Date:</b>  <b>2 December 2008</b>	<b>Classification:</b>  <b>Unrestricted</b>	<b>Report No.</b>	<b>Agenda Item No.</b>
<b>Report of:</b> <b>Assistant Chief Executive</b>  <b>Originating Officer(s):</b> <b>Amanda Thompson</b> <b>Team Leader, Democratic Services</b>			<b>Title:</b> <b>Cabinet Decision Called-in:</b> Disposal of Grenfell School Site, now known as the Madani School, Myrdle Street, E1  <b>Wards:</b> Whitechapel	

## 1. SUMMARY

- 1.1 The attached report of the Interim Corporate Director, Development and Renewal was considered by the Cabinet on 5 November 2008 and has been "Called In" by Councillors Archer, Briscoe, Golds, Jones and Snowdon. This is in accordance with the provisions of Part Four of the Council's Constitution.

## 2. RECOMMENDATION

- 2.1 That the Committee consider the contents of the attached report, review the Cabinet's provisional decisions arising and decide whether to accept them or refer the matter back to Cabinet with proposals, together with reasons.

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### Local Government Act, 1972 Section 100D (As amended)

### List of "Background Papers" used in the preparation of this report

Brief description of "background paper"

**Cabinet report – 5 November 2008**

Name and telephone number of holder  
and address where open to inspection

**Amanda Thompson**  
**02073644651**

### **3. THE CABINET'S PROVISIONAL DECISION**

3.1 After considering the attached report the Cabinet provisionally agreed:-

1. That the sale of the freehold interest in the former Grenfell School site, Myrdle Street E1, indicated on the map attached at Appendix A of the report (CAB 067/089), to Madani school for the sum of £1.33 million (representing an undervalue of £320,000) pursuant of the Council's well-being powers as set out in clauses 5 and 6 of the report (CAB 067/089) be approved subject to the sale being completed no later than 31<sup>st</sup> March 2009; and
2. That the Service Head Corporate Property be authorised in consultation with the Assistant Chief Executive (Legal) and the Lead Member for Resources and Performance to finalise all terms necessary to complete the sale.

### **4. REASONS FOR THE 'CALL IN'**

- 4.1 This report asked the Cabinet to confirm the sale of the freehold interest in the Grenfell School site to the Madani Girls School for £1.33m. The Madani School is a secondary independent girls school for 11 to 18 year olds and has been leasing the property from the Council since 2001 on a seven year lease that is due to expire this year. The school attracts pupils from across East London and approximately 30% are resident in Tower Hamlets.
- 4.2 In 2004 the school entered into negotiations with the Council to acquire the freehold interest in the property to ensure its long term future by enabling it to raise funds for the running of the school. In line with this the Cabinet agreed on the 5<sup>th</sup> May 2004 to sell the freehold for £1.33m that represented market value at the time and this was confirmed as reasonable by the District Valuer, based on the restrictions for education use that would be contained in the covenants that apply to the sale.
- 4.3 Since that time the value of the property has increased to £1.65m and there has been a marked change in the policy of the council when dealing with the selling of a property for below market value in exchange for community benefit. The Councils current policy is to grant a long lease rather than sell the freehold as this enables the Council to control the use and ensure the benefits achieved.
- 4.4 The school site is also in need of repairs to ensure that the site is fully compliant with the health and safety requirements. The majority of this maintenance work is unavoidable and will be required to be undertaken immediately requiring considerable funding to achieve. This funding will be over and above the sum need for the purchase of the freehold.

- 4.5 We are concerned about the sale of the freehold for several reasons. First and foremost we are concerned that the Cabinet has agreed to sell a Council asset to a private school at a considerable undervalue of £320,000. This, in effect, is the Council helping to subsidise private education within the borough at the expense of council taxpayers and we do not believe that this is good value. Along with being a private school the Madani School is also characterised by an Islamic ethos and is geared to meet the need of one section of the Tower Hamlets Community. It is, therefore, exclusionary of the vast majority of Tower Hamlets residents by virtue of sex, religion and race and we feel that this breaches the Council's One Tower Hamlets policy. Given this we feel that the more appropriate course of action would be to enter into negotiations with the school for a long lease, of around 99 years, as this would be in line with current Council policy, would allow the Council to ensure that benefits are achieved and that the school will have the freedom to raise any funds it may need.
- 4.6 We are also concerned that the school is currently operating in a building that does not meet with the required health and safety needs for a school. The report makes clear that the building will require significant funding to be brought up to standard and we are unaware of any corresponding financial ability for the school to meet these costs. We feel that it would be unwise to go forward with this sale without being sure that the repair costs could be met in a reasonable timeframe.
- 4.7 Finally, we are concerned that only 30% of the students are resident within the borough and the Council will be subsidising a school that does not significantly benefit the residents of this borough. We understand that the school is moving towards becoming a mainstream Voluntary Aided School but that this has not yet been achieved. When this does happen then the funding per pupil will follow the child and will enter this borough and will then be able to be classed as a benefit. We feel that only when this school has achieved this status should the Council consider transferring the freehold of this site.

## **5. ALTERNATIVE COURSE OF ACTION PROPOSED:**

The Call In members therefore suggest the following alternative course of action for consideration:-

- a) That this issue should be sent back to the Cabinet for it to consider the option of granting a long lease, in line with Council policy, for the school with an option to buy the freehold for a nominal amount in the future;
- b) That officers ascertain what financial resources over and above the purchase price the school has to meet the urgent maintenance requirements and that any granting of a lease or sale of a freehold be delayed until this money is available;

- c) That the market value of the property of £1.65m be set as the sale price to ensure that the council tax-payers are not subsidising exclusionary private and religious education within this borough with a negative result on community cohesion;
- d) That officers produce a report outlining the time frame and steps needed for the school to achieve Voluntary Aided Status.

## **6. CONSIDERATION OF THE “CALL IN”**

**6.1** The following procedure is to be followed for consideration of the “Call In”:

- (a) Presentation of the “Call In” by one of the “Call In” Members followed by questions.
- (b) Response from the Lead Member/officers followed by questions.
- (c) General debate followed by decision.

**N.B. – In accordance with the Overview and Scrutiny Committee Protocols and Guidance adopted by the Committee at its meeting on 6 June, 2007, any Member(s) who presents the “Call In” is not eligible to participate in the general debate.**

**6.2** It is open to the Committee to either resolve to take no action which would have the effect of endorsing the original Cabinet decisions, or the Committee could refer the matter back to the Cabinet for further consideration setting out the nature of its concerns and possibly recommending an alternative course of action.