

Finance and Resources Committee

10.00am, Thursday, 4 March 2021

St Crispin's School, Watertoun Road, Edinburgh – Proposed Disposal

Executive/routine	Routine
Wards	Ward 15 Southside/Newington
Council Commitments	2, 10, 28

1. Recommendations

- 1.1 That Committee approves the appointment of Cala Homes as preferred bidder for the disposal of the St Crispin's School site on Watertoun Road on the terms and conditions outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

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2. Executive Summary

- 2.1 St Crispin's school is currently being replaced as part of the "Wave 3 Schools" programme as approved by Council on 18 December 2008. Part of the capital receipt achieved from the sale of the existing school is allocated to the funding package for the new facility. To avoid holding costs for the existing school when vacated, and to coincide with completion of the new school, marketing commenced in October 2019. At the closing date, on 29 January 2020, 26 bids were received.
- 2.2 This report seeks approval to select Cala Homes as preferred bidder for the site, on the terms and conditions outlined in the report.

3. Background

- 3.1 On 18 December 2008, the Council approved, as part of the "Wave 3 Schools" programme, a new St Crispin's School. To contribute to the funding of the new facility, £4.5m was allocated from the capital receipt from the sale of the existing school.
- 3.2 The existing school was built in the 1960s and was considered beyond its economic life. It is located on Watertoun Road, within the Blackford area of the city, as shown outlined in red on the attached plan.
- 3.3 To minimise future vacant property holding costs when the new school is completed, marketing commenced in the autumn of 2019.
- 3.4 The marketing exercise produced 23 notes of interest, the majority from residential developers and a number from care home developers.
- 3.5 At the closing date, on 29 January 2020, 26 bids were received. Bids were submitted by 21 different parties with some electing to submit multiple offers depending on density or conditionality on receiving planning permission.

4. Main report

- 4.1 All bids were analysed against criteria including the level of receipt, density, design and deliverability. This exercise produced a shortlist of 13 bids, which were considered to merit further consideration to be taken forward for community consultation.
- 4.2 The factors considered in the Best Value analysis depend on the nature of each disposal. In this instance, apart from the calculation and timing of the net capital receipt and purchaser's ability to fund the transaction, other factors considered included previous track record of the developer, planning risk, proposed timescale and confirmation that the developer had full understanding of the likely Section 75 planning agreement obligations.
- 4.3 Using these factors the bids were reduced to a net price basis. The shortlist of 13 bids scored against net price and allocated a descending score from 13 to 1.
- 4.4 A consultation session was held in the City Chambers with representatives of the local resident's association, and local elected members, where the shortlisted developer layouts and proposals were anonymously discussed. To evaluate the community engagement session, the representatives of the association each scored the thirteen bids against the following 3 themes:
- Design Layout
 - Development Mix
 - Community Impact
- 4.5 The scores were aggregated, and the bids given a descending score from 13 to 1.
- 4.6 A two third weighting was applied to the score from the Council scoring process and one third to the scores from the community representatives.
- 4.7 By combining the two weighted figures, Cala Homes has emerged as the preferred bidder. Cala came out top of the evaluation of the adjusted net price and second in the community evaluation. The scoring is summarised in the table below:

Developer	Net price ranking	2/3 weighting	Community ranking	1/3 weighting	Total
Cala (Offer 3)	13	4.329	12	8.004	12.333
Offer 8	8	2.664	13	8.671	11.335
Offer 4	9	2.997	10	6.67	9.667
Offer 1	11	3.663	8	5.336	8.999
Offer 13	1	0.333	11	7.337	7.67
Offer 2	12	3.996	5	3.335	7.331
Offer 12	2	0.666	9	6.003	6.669
Offer 6	6	1.998	7	4.669	6.667
Offer 10	5	1.665	6	4.002	5.667
Offer 5	10	3.33	2	1.334	4.664
Offer 7	7	2.331	3	2.001	4.332
Offer 11	4	1.332	4	2.668	4
Offer 9	3	0.999	1	0.667	1.666

- 4.8 A follow-up session was arranged with residents and ward members were the feedback and scoring results were discussed.
- 4.9 The principal terms of the offer from Cala Homes are as follows:
- Price: £7,063,078 subject to a minimum guaranteed net price of £5,454,681 payable in three tranches, at completion, 12- and 18-months post completion;
 - Overage: Will be payable to the Council where average sales exceed a rate specified in the contract or if planning is secured for an increased density;
 - Development: 64 residential units including 16 onsite affordable homes;
 - Conditions: Planning permission, satisfactory Title and site investigations, Cala to undertake community consultation (to the satisfaction of the Council); and,
 - Costs: Developer to meet Council legal and property costs.
- 4.10 It is expected that the current proposal by Cala Homes will not be exactly what is ultimately developed on the site. The final proposal design may change to reflect any site constraints revealed from intrusive site investigations and/or detailed planning requirements that are unknown at this stage. Consequently, the gross price offered by Cala Homes may alter from the initial bid submitted. This is to be expected in disposals of this nature and would be the same for any party who had submitted a bid.
- 4.11 The development density classifies this site as a “major application” and as such Cala Homes are required to undertake statutory community engagement and reflect the outcomes in their proposal. In addition, it has separately been made clear to Cala that it is expected that community consultation will be undertaken in advance of any planning submission.

5. Next Steps

- 5.1 Following Committee approval, Legal Services will be instructed to conclude the conditional sale contract with Cala Homes. Cala will then proceed their due diligence including with further community consultation prior to submitting a planning application for the proposed development

6. Financial impact

- 6.1 A guaranteed minimum capital receipt of £5,454,681 will be received and paid in three equal tranches commencing in financial year 2021/22 and a further two payments in financial years 2022/23 and 2023/24.

- 6.2 From the receipt, £4.5m has been approved as a contribution towards the construction of the new school facility. The remaining receipt will be considered as a general fund capital receipt and go towards the annual £3m target for capital receipts as set out in the 2021-2031 Sustainable Capital Budget Strategy.

7. Stakeholder/Community Impact

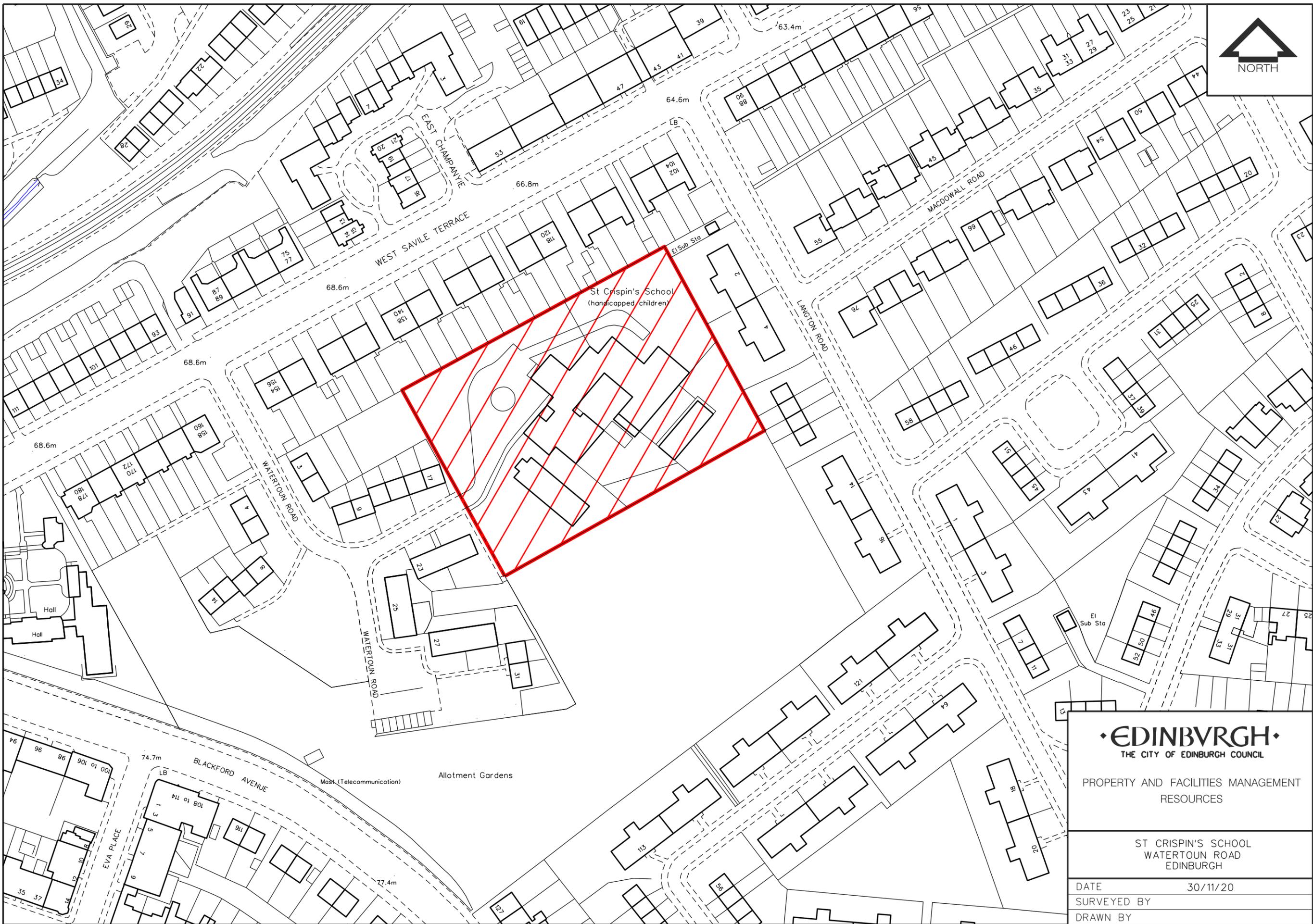
- 7.1 Ward members and representatives of the local community have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 [Wave 3 Schools - Report to Council 18 December 2008](#)

9. Appendices

- 9.1 Appendix 1 – Location Plan



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PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

ST CRISPIN'S SCHOOL
WATERTOUN ROAD
EDINBURGH

DATE 30/11/20

SURVEYED BY

DRAWN BY

SCALE 1:1250 @ A3 SIZE

NEG. NO. A3/1974

SITE PLAN

SCALE 1:1250

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