



Homes  
England

Date: 4 September 2020

Our Ref: RFI3073

Tel: 0300 1234 500

Email: infogov@homesengland.gov.uk

Making homes happen

██████████  
By Email Only

Windsor House  
Homes England – 6<sup>th</sup> Floor  
50 Victoria Street  
London  
SW1H 0TL

Dear ██████████

**RE: Request for Information – RFI3073**

Thank you for your recent email, which was processed under the Freedom of Information Act 2000 (FOIA).  
You requested the following information:

*Would you please provide the following*

*Homes England entered a Lease with the Kings School ( The Foundation ) dated 10th August 2018 . The rent was £240,000 Inclusive of VAT*

*Would you kindly clarify*

- 1 . The basis of the Valuation - was it considered the Open Market Rental Value (in accordance with the definitions issued by the RICS)*
- 2 . The Comparable Information used to determine the valuation. The Rateable Value of the Facility ( the Govts estimate of the open market rental value as at 1st April 2015) is £257, 500 .*
- 3 . Whether the Tenant was considered a special purchaser (the definition issued by the RICS)*
- 4 . The reason for agreeing a rent inclusive of VAT ?*

*As HE provided details of the rent , the methodology / comparables used could not be considered confidential .*

*It is noted that Homes England acquired the site for £21,000,000*

*Would you kindly clarify if this Valuation was*

- (1) at the level*
- (2) below the level*
- (3) above the level*

*Of the Independent Valuation Report commissioned by Homes England*

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Email: [infogov@homesengland.gov.uk](mailto:infogov@homesengland.gov.uk)

We wrote to ask for clarification regarding the last point in your request and you provided the following:

*To clarify the valuation refers to the Value (Valuation Figure) given to the site in the independent valuation report commissioned by Homes England dated November 2017.*

*I do not want to know the figure in the report but whether the sum Homes England paid for the site was*

- 1. Higher than the Valuation figure*
- 2. Lower than the Valuation figure*
- 3. At the same level as the Valuation figure*

#### **Response**

We can confirm that we do hold some of the requested information. We will address each of your points in turn.

#### ***1 . The basis of the Valuation - was it considered the Open Market Rental Value (in accordance with the definitions issued by the RICS)***

The valuation was undertaken by Jones Lang LaSalle (JLL) on behalf of Homes England. The Valuation Advice report produced is attached to this response as Annex A.

Please note that we have redacted information contained within Annex under the following exemption:

#### **Section 40 – Personal information**

We are withholding information on the grounds that it constitutes third party personal data and therefore engages section 40(2) of the FOIA.

To disclose personal data, such as names, contact details, addresses, email addresses and personal opinions could lead to the identification of third parties and would breach one or more of the data protection principles.

Section 40 is an absolute exemption which means that we do not need to consider the public interest in disclosure. Once it is established that the information is personal data of a third party and release would breach one or more of the data protection principles, then the exemption is engaged.

The full text in the legislation can be found on the following link;

<https://www.legislation.gov.uk/ukpga/2000/36/section/40>



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**2. The Comparable Information used to determine the valuation . The Rateable Value of the Facility (the Govts estimate of the open market rental value as at 1st April 2015) is £257, 500 .**

This information is contained within the JLL Valuation Report provided as Annex A.

**3. Whether the Tenant was considered a special purchaser (the definition issued by the RICS)**

The tenant was not considered a special purchaser under this definition.

**4. The reason for agreeing a rent inclusive of VAT?**

I am able to confirm that Homes England does not hold the information detailed in your request. This is because there is no recorded information that falls within the scope of this question.

In order to conclude that the information is not held, we have searched with our Development team who would have the requested information if held.

The FOIA does not oblige a public authority to create information to answer a request if the requested information is not held. The duty under section 1(1) is only to provide the recorded information held.

The full text of section 1 in the legislation can be found here:

<https://www.legislation.gov.uk/ukpga/2000/36/section/1>

**To clarify the valuation refers to the Value (Valuation Figure) given to the site in the independent valuation report commissioned by Homes England dated November 2017.**

**I do not want to know the figure in the report but whether the sum Homes England paid for the site was**

**1. Higher than the Valuation figure**

**2. Lower than the Valuation figure**

**3. At the same level as the Valuation figure**

We can confirm that the sum paid by Homes England for the site was lower than the valuation figure in the independent valuation report (2).

**Right to Appeal**

If you are not happy with the information that has been provided or the way in which your request has been handled you may request an internal review by writing to;

The Information Governance Team  
Homes England – 6<sup>th</sup> Floor  
Windsor House  
50 Victoria Street  
London  
SW1H 0TL



Homes  
England

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Email: [infogov@homesengland.gov.uk](mailto:infogov@homesengland.gov.uk)

Or by email to [infogov@homesengland.gov.uk](mailto:infogov@homesengland.gov.uk)

You may also complain to the Information Commissioner however, the Information Commissioner does usually expect the internal review procedure to be exhausted in the first instance.

The Information Commissioner's details can be found via the following link

<https://ico.org.uk/>

Please note that the contents of your request and this response are also subject to the Freedom of Information Act 2000. Homes England may be required to disclose your request and our response accordingly.

Yours sincerely,

**The Information Governance Team**

For Homes England

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Homes and Communities Agency  
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110 Birchwood Blvd  
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Warrington  
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Our ref

Direct line

S40(2)

S40(2)@eu.jll.com

S40(2)

12 January 2017

Dear S40(2)

**Kings School, Fence Avenue, Macclesfield, SK10 1LS**

### **Instructions**

Thank you for your instruction dated 28<sup>th</sup> November 2017 to provide valuation advice in respect of the above mentioned property for leasing purposes.

Our valuation has been prepared in accordance with the RICS Valuation – Global Standards, 2017 and the RICS Valuation – Professional Standards, January 2014, as amended, published by the Royal Institution of Chartered Surveyors and on the basis of Market Value as defined in the attached in Appendix 2. We have acted as External Valuers.

The report is subject to HCA's Property Pane Framework contract that has been entered in to by JLL.

We do not have a conflict of interest in providing you with this advice.

This advice has been prepared by S40(2). We confirm that the personnel responsible for this valuation are qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards and are RICS Registered Valuers.

No allowances have been made for any expenses of realisation, or taxes (including VAT) which might arise in the event of a disposal and the property has been considered free and clear of all mortgages and other charges which may be secured thereon.

### **Special Assumptions**

We have made no Special Assumptions.

### **Valuation Date**

The Valuation date is 14<sup>th</sup> December 2017.



## The Property

Kings School, Fence Avenue, Macclesfield, SK10 1LS

## Accommodation

In accordance with your instruction we have not measured the property and have relied upon the floor areas you have provided us with. We set out below the floor areas for each unit:

Building No.	Use/Description	Floor Area (sq m)	Floor Area (sq ft)
1	Junior School Building	564	6,071
2	The Gables	190	2,045
3	All Weather Sports Pitch	11,400	122,708
3a	Infant School	534	5,744
4	Tennis Court	3,600	38,750
5	Sports Hall and CDT	708	7,621
6	Canteen and Restaurant	606	6,523
7	Gym Building	675	7,266
8	Assembly and Drama	517	5,565
9-11	Main Front Building	3,147	33,874
12	Junior Division Building	2,061	22,184
13	Concrete and Tarmacadam Surfaces	8,644	93,043
14	Play Area		
15	Reminder of Retained Land	3,636	39,137
		<b>36,282</b>	<b>390,531</b>

## Tenure

We have not had sight of the register of title but understand that the property is held freehold.

We have assumed that there are no encumbrances or unduly onerous or unusual easements, restrictions, outgoing or conditions, likely to have an adverse effect upon the value of the property, and we have assumed that a good and marketable title is held, other than those mentioned below.

We would recommend that the information regarding tenure is verified by your legal advisors and, furthermore, we would stress that the above assumptions regarding tenure should not be relied upon until they have been confirmed as being accurate by your legal advisors.

## Location

Macclesfield is a market town and civil parish in Cheshire, England. The town is approximately 19 miles south of Manchester and 40 miles west of Sheffield. The town resides on the River Bollin, a tributary of the



River Mersey and is close to the county borders of Greater Manchester to the north, Derbyshire to the east and Staffordshire to the south. It is near the towns of Stockport to the north, Buxton to the east, and Congleton to the south. The population of Macclesfield at the 2011 census was 52,044.

Macclesfield benefits from a rail station and is located on the Stafford to Manchester section of the West Coast Main Line providing frequent services to Manchester Piccadilly (25 minutes), Stoke and London Euston (1 hour 47 mins) by Virgin Trains and to Birmingham New Street and beyond provided by Cross County.

Macclesfield is also served by a number of good road links from the north, south and west. The town is therefore considered a satellite town to Swindon. According to the latest Census figures, the population of Macclesfield at the 2011 census was 52,044.

### **Situation**

Kings School is an independent school for day pupils. The school serves pupils from South Manchester, Stockport, Cheshire, Derbyshire and High Peak. The school has three sites, two of which house different Divisions of the school, the third being a sporting and conferencing facility.

#### **1.1.1 Cumberland Street Site**

This is in the centre of Macclesfield and is home to the Senior Boys Division and the Sixth Form. It is located close to Sainsbury's and entrances are located on Cumberland Street and Pownall Street. There is also a car park on Westminster Road.

#### **1.1.2 Fence Avenue Site**

This is on the eastern side of Macclesfield and is where the Infant & Junior Division along with the Senior Girls' Division are located. Fence Avenue can be accessed from both Hurdsfield Road and Buxton Road. This is subject to our valuation.

#### **1.1.3 Derby Fields**

This comprises 26 acres of playing fields located on Alderley Road on the edge of Prestbury. It has its own Pavillion and Conference suite and supports 6 rugby pitches and 3 cricket squares.

### **Description & Accommodation**

As mentioned above, the Fence Avenue site is comprised of the Infant and Junior Division along with the Senior Girls' Division. The site houses a number of buildings of the following specification:



#### **1.1.4 The Gables**

Two-storey, period building which currently houses the music school. The specification of the property includes: strip florescent lighting, electric heating/storage heaters, solid carpet flooring and period features throughout.

#### **1.1.5 Infant Early Years**

This unit was developed in the mid 90s with the build extended in the early 2000s. The property comprises a single storey portakabin unit and specification includes: electric heating, strip florescent lighting, solid carpet floors.

#### **1.1.6 Lower Juniors**

This property was developed in the late 60s/early 70s. The specification of the property includes brick/blockwork elevations, carpeting throughout, florescent strip lighting, exposed piping, gas central heating and a pitched lattice frame roof.

#### **1.1.7 Additional Portakabin**

Developed in the early 2000s the internal specification includes electric heating, florescent strip lighting and carpeting throughout. The property measures 1,144 sq ft and is currently being used as a library.

#### **1.1.8 Upper Juniors (Junior Division Building GF/Block 10)**

Built in the 1960s the specification of this three-storey, pre cast concrete framed building includes gas central heating, suspended ceilings, perimeter trunking, a mix of lino and carpet flooring throughout and brickwork elevations.

#### **1.1.9 Sports Hall**

Built in the 70s of steel portal frame and brick work construction the specification includes gas fired air conditioning, heating and ventilation, strip florescent lighting and lino throughout.

#### **1.1.10 Design and Technology**

The accommodation is comprised of brick work construction with the internal specification including tiled floor, strip florescent lighting, single glazing, extraction, oil powered heating and electricity sockets in the ceiling.





#### 1.1.11 Gymnasium

The gym was originally built in the 1950s and comprises steel portal frame, brick work elevations and includes wooden flooring and strip florescent lighting. Furthermore, the building is single glazed with floor to ceiling height windows.

#### 1.1.12 Canteen and Restaurant

Comprised of brickwork elevations the canteen specification includes a fully fitted kitchen with lino flooring throughout.

### Valuation

#### Market Rent

We note the HCA are seeking to acquire the site in March / April 2018 and will provide a leaseback of the property for the school until 31<sup>st</sup> December 2020 with a rolling tenant only break allowing the school to vacate with two months' notice in the event that there are delays with the construction of their new facility.

We have assume that an institutionally acceptable lease without onerous lease terms is granted.

We have considered the Market Rent based upon accounts supplied and also on a comparable transactional basis.

Comparable evidence is limited as the vast majority of independent schools are held freehold. Where there are school sites which are held leasehold the rentals achieved are not always through arms-length transactions due to connected parties. Comparable evidence is also limited by the nature and extent of different sites and by the operations carried out by the schools themselves. Preference has therefore been given to financial information available for the subject school

The finance information for the school is consolidated and doesn't differentiate between the two main school elements. The school is also a charity and profit generation is not their main objective and therefore this distorts what can be afforded as a Market Rent.

Having regard to their accounts net income for the last year ending July 2017 after expenditure and before transfers and investment gains provides a sum of £1,323,000 for the whole school. This can be compared to a sum of £1,022,000 for the 2016 financial year. Taking the average and adding back financial costs we derive an EBITDAR of £1,250,000 for the whole school. On a pro rata split between the two sites based upon pupil numbers a figure of £600,000 is produced. Taking 40% of this sum as a potential rent we derive a sum of **£240,000 pa**. The percentage adopted represents an industry norm. It's considered to be reasonable and affordable figure to adopt without impacting on the ability of the school to operate.



In the event the lease extends beyond 2020 then we would recommend that a rent review provision is included.

Yours sincerely

S40(2) [REDACTED]  
[REDACTED]  
For and on behalf of  
Jones Lang LaSalle Limited



## Appendices

<b>Appendix 1</b> .....	Letter of Instruction
<b>Appendix 2</b> .....	General Terms and Conditions
.....	General Principles
.....	Definition of Market Value
.....	Definition of Market Rent
<b>Appendix 3</b> .....	Photos