

<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">4 MARCH 2019</p>	
<p>COMMUNITY SCHOOLS PROGRAMME – APPROVAL OF SCHOOL RENEWAL STRATEGY AND PROCUREMENT OF INCLUSIVE DESIGN TEAM</p>	
<p>Report of the Cabinet Member for Economy and the Arts – Councillor Andrew Jones and Cabinet Member for Children and Education - Councillor Larry Culhane</p>	
<p>Open report with exempt appendix</p> <p>Appendix A is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>	
<p>Consultation</p> <p>The development of this report has been informed by consultation with governing bodies and headteachers across the school community in Hammersmith and Fulham</p>	
<p>Wards Affected: Ravenscourt Park, Avonmore and Brook Green</p>	
<p>Accountable Directors: Jo Rowlands, Strategic Director of Growth and Place, and Steve Miley, Director of Children’s Services</p>	
<p>Report Author: David Burns, Assistant Director (Growth)</p>	<p>Contact Details: Tel: 02087531203 E-mail: david.burns@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

1.1. This report sets out the rationale for a self-funding programme to renew the borough’s primary school estate, creating fit for purpose 21st century schools that:

- help to improve educational outcomes,

- support thriving neighbourhoods, and
 - help to meet the funding challenge facing our school community.
- 1.2. Since the Building School for the Future programme was halted in 2010, capital for investment in the Community School estate has been minimal, with no significant central government investment to rebuild or refurbish Community Schools. This means that many of our children are being taught in buildings that are beyond their anticipated life span. In the absence of a national programme, the Council, in collaboration with headteachers and governing bodies across the borough has identified the potential to renew a number of the borough's primary schools. The funding to rebuild and provide modern and fit for purpose school buildings would be generated from a better utilisation of existing school sites, including, developing a mix of genuinely affordable housing and private housing
 - 1.3. The leadership of Flora Gardens Primary School in Ravenscourt Park ward and Avonmore Primary School in Avonmore and Brook Green ward have been in discussion with the Council over how best to renew their estate to improve outcomes for their pupils. Initial feasibility work suggests potentially viable schemes which would enable us to build new schools, using contemporary design, that supports richer curriculum delivery, improving educational outcomes and experience for the borough's children.
 - 1.4. The housing built to fund the school development would be mixed-use development, 50% of which would be genuinely affordable.
 - 1.5. This report provides authority and budget provision to appoint a design team to develop briefs and progress to planning stage.
 - 1.6. Further schools across the borough will also have potential for renewal. Work is ongoing to develop proposals with headteachers and governing bodies. The report also outlines the potential from the wider programme and sets out work to progress this.

2. RECOMMENDATIONS

- 2.1. That Cabinet approves the strategic case for a school renewal programme which has three core aims:
 - to re-provide modern, fit for purpose schools to support the borough's ambition to give children the best start in life;
 - to support the funding of education in Hammersmith and Fulham including the future repair and planned maintenance requirements across the school community; and
 - to fund school development through the creation of badly needed affordable housing which will help maintain the borough's vibrant social mix.
- 2.2. That Cabinet approves Flora Gardens Primary School and Avonmore Primary Schools being the first projects within this programme and that further work be

undertaken to produce a business case and proceed to planning application stage as appropriate.

- 2.3. That Cabinet approve the procurement strategy to appoint a design team, client design advisor, and cost consultant for the re-provision of Flora Gardens Primary School and Avonmore Primary School as set out in the exempt Appendix A, and delegate the decision as to which of the two recommended frameworks to use to the Strategic Director for Growth and Place.
- 2.4. That Cabinet approves associated budget of up to £2,534,757 required for the initial business case, design and survey costs.
- 2.5. That Cabinet approves the design and survey costs of up to £2,534,757 will be funded from grants, developer contributions and reserves and delegates identification and approval of funding to the Strategic Director of Finance and Governance in consultation with the Cabinet Member for Finance and Commercial Services.
- 2.6. That Cabinet approves the initial allocation of £506,000 of the total £2,534,757, from unallocated capital grant balances to fund design and survey costs to RIBA stage 1 (outline scheme plan).
- 2.7. That Cabinet delegates the decision to commit expenditure to progress from RIBA stage 1 (outline scheme plan) to RIBA stage 3 (developed design) to the Strategic Director for Growth and Place, in consultation with the Strategic Director for Finance and Governance and the Strategic Director for Children's Services.
- 2.8. To delegate the award of the contract for design services to the Strategic Director for Growth and Place in consultation with the Cabinet Member for the Economy and the Arts.
- 2.9. That Cabinet notes the recommended approach to stakeholder and resident engagement in the design process.

3. REASONS FOR DECISION

- 3.1. Enables the Council to renew school buildings and help improve Children's educational outcomes in the absence of any coherent and funded central government approach to the school estate.
- 3.2. The decisions establish the strategic rationale for the wider school renewal programme, providing a policy framework that anchors future collaboration between the Council and the wider school community in a set of common objectives.
- 3.3. The decisions are required to allow the Council to tender the appointment of a multi-disciplinary design team for professional consultants to move forward a detailed design for the two schools to allow the Council to submit a planning application and determine final business cases for each scheme.

4. PROPOSAL AND ISSUES

4.1. The 2018-2022 Business Plan sets out clear priorities around improving and supporting schools in the face of ongoing funding reductions. This requires creative approaches to bridge the gap. The Industrial Strategy aims to promote a model of inclusive growth which recognises the key role of schools in equipping residents with the skills and capability to benefit from the dynamism of our local economy. Learning spaces that facilitate the borough's children acquiring the skills necessary to compete successfully in the future knowledge economy will be critical.

4.2. Hammersmith and Fulham has high performing and popular schools, with results at primary stage the fourth best in the country. To maintain and further accelerate standards for education in the borough, improvement in our school estate will be necessary. Much of the current estate is not fit for purpose, with post-war prefabricated buildings that do not match our ambition for excellence in teaching, learning and pupil wellbeing. As well as reducing future maintenance burdens, improving the physical environment benefits children's education by:

- Providing environments that contribute to improving children's self-esteem and self-worth
- Improving the flexibility of classroom space to meet new expectations around an agile curriculum, in line with the emerging OFSTED framework
- More creative use of play space to support healthy school outcomes
- Aiding teacher recruitment and retention, by providing modern fit for purpose working environments
- Improving inclusion, by designing sufficient space and facilities for learners requiring extra support

4.3. There are a range of factors which go into making a successful school, from strong leadership, to the quality of teaching and learning, but there is strong evidence on the link between capital investment, well-designed school estates, and educational outcomes. Research, summarised by the Chartered Institute of Building Engineers (CABE) shows that:

- 'well-designed' school buildings are associated with an uplift of 11% in test scores;
- modernised buildings have a strong influence on staff morale, pupil motivation, and effective learning time;
- ageing school buildings in a poor state of repair cannot meet modern teaching and learning methods effectively; and
- 9 in 10 teachers believe school design is important, and 1 in 5 teachers have considered quitting because of the condition of school buildings.

4.4. Building new school premises provides an opportunity to improve overall community usage, designing in features that allow greater and more varied occupancy for all residents. This includes making use of the schools as

community assets, ensuring they are accessible outside of the school day and in holidays.

- 4.5. Badly needed affordable housing can also support our approach to attracting and retaining the best teachers, with some units earmarked for key worker housing.
- 4.6. There are also opportunities to redesign back-office spaces to support efficiencies and improvement to how school support services are organised.

The revenue and capital challenge for our school community

The future outlook for capital investment in Hammersmith and Fulham schools is poor. Government spending on school building fell by 60% between 2010 and 2016, with the cancellation of over 700 Building Schools for the Future (BSF) projects, and the entire £7 billion Primary Capital Programme. A replacement Priority School Building Programme (PSBP) was established in 2011, aimed at improving school buildings in the very worst conditions, but is heavily oversubscribed and there is no realistic prospect of accessing this fund in the near future. At the same time, Hammersmith's stock condition surveys show a funding gap for school maintenance of circa £17m, after assumed investment of £13.9m from existing balances and anticipated school capital allocation. Government investment is not matching pupil need or local ambition to provide the very best education for our children.

The strategic opportunity from a school renewal programme

- 4.7. Elsewhere in London, local authorities and school leaders have responded to the absence of capital funding from central government by leveraging local land values for investment in school estates. Broadly, this has involved the intensification of the use of the school estate where high land values mean that construction of housing can fund a renewal or refurbishment of school buildings. Equally, innovative local authorities have sought to use land and property holdings to address revenue challenges, capturing the income or capital receipt from development by developing assets directly or through wholly owned companies and benefiting from the resulting revenue streams and capital this has created. This has required local authorities, through company vehicles, to take on some risk and consequent reward from private sale and to utilise their borrowing capacity.
- 4.8. In Hammersmith and Fulham, the primary school estate comprises two broad categories of school, Victorian London Board Schools which are compact, often listed or of architectural interest, and expensive to maintain with little potential to re-develop; and, secondly, post-war builds which use land poorly, carry substantial maintenance liabilities, are not well configured for teaching and learning. The latter have major redevelopment potential.
- 4.9. The programme strongly supports the strategic objectives set out in the School Organisation Plan to make our schools the first choice for parents by enhancing the education environment. The potential benefits to the borough and to the

Council presented by renewal of the estate, funded by development of homes is substantial. The core drivers for the programme compromise a mixture of strategic and financial drivers. These are summarised below:

Strategic drivers

- The potential to renew key community assets so that they are modern, fit-for-purpose schools which can support improved teaching and learning outcomes; and
- Leveraging Council land to increase the supply of affordable homes, contributing to London Plan targets and the administration's commitment to delivery 1,500 new genuinely affordable homes.

Financial drivers

- Lower life-cycle maintenance costs of re-provided schools to reduce costs;
- Avoidance of major planned maintenance;
- The potential for cash receipts to invest across the wider school estate, subject to viability and business case; and
- The potential for future income to help support a level of education funding which matches our ambition for young people by retaining new assets for private and intermediate rent.

4.10. To achieve these rewards, the Council will need to establish its appetite towards private sales risk and to the utilisation of its capacity to borrow. Any company vehicle established, or re-purposed from existing vehicles, will need robust underpinnings with strong governance and financial controls. The Council will also need to ensure it has sufficient capacity and capability in its development function, and that support functions such as finance, legal and procurement are able to provide support and analysis to enable effective decision making with a clear are sufficiently mature in their understanding of risk, reward, and process.

4.11. These strategic issues are being considered as part of the development of a wider Asset and Growth Strategy. This is in the early stages of development, reviewing opportunities from General Fund and HRA land to bring forward additional housing and income-generating assets. The Strategy will report to Cabinet in the summer of 2019.

Flora Gardens Primary School

4.12. Flora Garden's Primary School is a one form entry school located by Ravenscourt Park station. The existing school was built in 1960 after the original building was damaged by a bomb during the war. There is a children's centre within the south-eastern centre of the site which was built in 2008. The wider site abuts the Flora Gardens Estate, including a former laundry building which is now in use as a Tenant and Resident Association (TRA) hall (though not currently accessible or Disability Discrimination Act compliant).

4.13. Following dialogue with the school, the Council has commissioned feasibility work from architects in order to establish the potential financial viability of a

scheme. In accordance with the Council's development gateway process, this initial work does not establish financial viability or detailed design parameters for a scheme, or whether there are legal issues around the title to the land which could affect future use proposals. It does however give sufficient confidence about a future financial and strategic business case to enable the Council to commit funds to a process which will enable a viable scheme, meeting the requirements of the Council and the Governing Body, to be submitted for approval.

- 4.14. Engagement with the Governing Body has established an initial set of priorities for the school. The development of a detailed design brief incorporating some or all of these requirements will require a process of collaboration to further define the school's vision, working with pupils, staff and other local stakeholders to understand the relationship between the building's design, teaching and learning aims, and the school's ethos. It will also establish what is financially feasible, and the inherent trade-offs between space for educational use, and the housing component which will provide the funding for the re-provision of the school.
- 4.15. The Council is strongly committed to the principles of inclusive design and recognises the need for strong support to the school to support it to further define its requirements. Subject to further scoping, the Council and the schools will consider the appointment of an individual lead consultant who can act as a Client Design Advisor (CDA), providing independent advice to the school and the Council. The lead consultant will be jointly chosen with the leadership of Flora Gardens and will have experience with complex school building projects and the ability to work with staff, governors, pupils and the local community to define their needs and aspirations, and to ensure they are fully achievable. This model of advice has been evidenced to support excellence in design and maximise educational outcomes.
- 4.16. The engagement process will also include discussion with Tenants and Residents Association (TRA) for the Flora Gardens estate on the basis that the existing tenants' hall may be able to be re-provided as part of the wider scheme. A nearby Children's Services facility, the Haven on Dalling Road, will also be considered and relevant stakeholders consulted so that the maximum benefit can be achieved by looking at all local community assets.

Avonmore Primary School

- 4.17. Avonmore Primary School is a one form entry school located in the east of the borough. The existing school site comprises a post war single storey flat roof school building, with single aspect classrooms and remains unaltered from its original design. The wider site includes a two storey Victorian school keeper's cottage, a single storey early years block, and a single storey portacabin overflow classroom.
- 4.18. Following discussions between the school and the Council, the Council has commissioned feasibility work to establish if there is a potentially viable scheme which would help further the objectives of the school. As with Flora Gardens,

initial modelling demonstrates there is sufficient land value to make a scheme potentially viable, and to give the Council confidence to commit funds to enable the school and the local authority to work together to develop development of a planning brief. These will incorporate the same principles of inclusive design and co-production described above in relation to Flora Gardens.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. There are options with regard to progressing the schemes in principle and the wider programme, and in relation to the way in which design services are procured. The options in relation to procurement are set out in the exempt appendix A. The options about proceeding in principle with the initial schemes and the wider programme are considered below.

Option 1 – do nothing

- 5.2. This option is not preferred. Our school estate features a number of prefabricated buildings, built after the second world war. These buildings are past their intended life span and make it harder for our schools to deliver an excellent education. Without the Community Schools Programme another generation of Hammersmith and Fulham children will miss the opportunity to be educated in modern, fit-for-purpose schools. Schools will also experience greater financial pressures with money diverted from teaching resources into maintaining and repairing buildings.
- 5.3. It would also mean that the Council and the wider school community would not benefit from income generated through market rent of homes built, and an opportunity to provide badly needed additional affordable homes in the borough would not be taken. Conversely, the Council would avoid the potentially abortive costs of design work which may not result in a viable scheme reaching planning or construction stage.

Option 2 – progress in principle with the schemes, subject to a gateway process to manage financial risk

- 5.4. This is the preferred option. There is a clear need for re-provision of the schools, with governors and the local authority clear about the potential educational benefits of modernised schools as well as the financial benefits of avoiding investment in existing planned maintenance and reductions in future running costs.
- 5.5. Management of financial and development risk will be through a gateway process which enables the Council and schools to review feasibility and the financial case before committing additional investment. This is set out briefly below, with stages 1-3 requiring Cabinet decisions:

Gateway 0	Feasibility Stage	Identification of the Opportunity
Gateway 1	Strategic Outline Business Case	Approval to procure and appoint consultant team
Gateway 2	Outline Business case	Approval to submit planning application
Gateway 3	Final Business Case	Approval to enter into contract
Gateway 4	Completion	Review at both completion and final account, to include lessons learned

- 5.6. There is sufficient evidence to proceed to gateway 1 and approve initial budgets to progress towards a planning application. Any future costs and risk would be managed through additional approvals, in line with the Council's Constitution and Financial Regulations.
- 5.7. In order to manage the risk of potentially abortive costs, the Council will determine the viability of progressing to RIBA stage 3 (a comprehensive design enabling submission of a planning application) when an outline design has been developed (outline design is RIBA stage 1). This decision will be taken by the Director of Growth and Place in consultation with the Strategic Director for Finance and Governance and the Strategic Director for Children's Services.
- 5.8. Indicative planning would suggest a planning application and outline business case could be submitted to the Council for each individual scheme in September 2020.

6. CONSULTATION

- 6.1. Representatives from the Council and the borough's school have discussed the potential for a school renewal programme at a number of School Partnership meetings at the end of 2018 and in January 2019. Leadership teams and governing bodies have been consulted on the opportunity on specific sites.
- 6.2. A Client Design Advisor (CDA) role will ensure the final plans meet their needs and are agreeable to the school, and achieve the project objectives of improving educational outcomes for children.
- 6.3. Requirements for further formal consultation under the Education Acts will also need to be complied with.
- 6.4. Statutory consultation of residents effected by the proposed schemes is built into the planning process, but the Council envisages an inclusive design process which actively involves all interested parties at the earliest possible stage. This can form part of the required consultation under the Housing Act 1985, S.105, which requires the Council to consult with secure tenants who are likely to be substantially affected by matters of housing management

(defined to include the provision of amenities - such as the communal hall at Flora Gardens Estate and any proposal to expand the estate).

7. EQUALITY IMPLICATIONS

- 7.1. It is not anticipated that this strategic approach to renewing the borough's school estate, or the procurement strategy for design works, will have any direct negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010.
- 7.2. *Implications completed by Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.*

8. LEGAL IMPLICATIONS

- 8.1. This report is seeking approval for a new programme of school renewal which will also see provision of housing and aims to provide the Council with a revenue stream or capital receipt. The report describes steps taken to establish initial feasibility at two schools and seeks approval for this work to be taken further as part of the programme.
- 8.2. The service department are recommended to commission Legal Services as soon as possible to investigate title to the land at the two schools, to check ownership, the existence of any restrictive covenants and the purpose for which the land is held.
- 8.3. There are also statutory consultation requirements under both the Education Acts and section 105 of the Housing Act 1985, in addition to planning application consultation.
- 8.4. The report also seeks approval for the Procurement Strategy in the exempt Appendix A. It is a requirement of Contract Standing Order 8.12 that Cabinet approves the Procurement Strategy and Business Case for all procurements exceeding £100,000 in value.
- 8.5. The proposed procurement exceeds the EU threshold for services so will need to be procured in accordance with the EU rules. Here it is proposed to use one of two frameworks – as the decision as to which will be more appropriate has not yet been taken, it is proposed to delegate the choice of this to the Strategic Director.
- 8.6. Legal Services will also need to review both frameworks to ascertain if there are any issues around their use, for example to ensure that they were established in compliance with the EU rules and that the proposed use is not outside the scope of services for which the framework was established.
- 8.7. Assuming that the proposed call-off from the selected framework and award of contract happens before any Brexit date, then the call-off will be unaffected. If however this does not happen before Brexit, and there is no withdrawal agreement setting up a transition period, then the Cabinet Office has indicated

that there will be UK regulations to explain how to deal with procurements that have started before Brexit but not completed. However, where use is made of an existing framework, the impact is expected to be minimal.

- 8.8. The Cabinet Member is able to approve the award of contracts up to £5m in value pursuant to Contract Standing Order 17.3, provided that the price of the recommended tenderer is not more than 10% above or below the estimated value set out in the Procurement Strategy.
- 8.9. *Implications completed by Deborah Down, Senior Associate, tel. 020 7405 4600.*

9. FINANCIAL IMPLICATIONS

- 9.1. Pump Priming investment of £506,000 is available from remaining uncommitted and non ring-fenced Children's Services capital balances. It is expected that this capital funding would be repaid upon the realisation of benefits of this regeneration scheme to be made available for future children's or education capital investments.
- 9.2. The initial investment funding available would fund activity up to RIBA stage 1, which is approximately 20% of total proposed budget. This report approves expenditure up to the £506,000 available funding across both schemes within scope.
- 9.3. Expenditure or commitments above the £506,000 level would require a decision report of the Strategic Director of Growth and Place in consultation with the Strategic Director of Finance and Governance and the Director of Children Services and following a gateway review before RIBA stage 2 and subject to evidence of a continuing business case. The procurement process and appointment will need to reflect the ability to terminate the contracts should the schemes not progress through the gateway process.
- 9.4. Financing of further expenditure would need to be identified as part of subsequent gateway and decision processes, but would be expected to come from existing council resources, grant funding, developer contributions, reserves or borrowing.
- 9.5. The initial investment of £506,000 represents an opportunity cost in the medium term as other potential capital initiatives foregone. In the case that RIBA stage 1 costs are abortive, the capital funding would not be available for future investment. This risk is balanced against the significant opportunity set out in this report.
- 9.6. It should be noted that the regeneration proposals, should they proceed, will result in significant cost avoidance in terms of planned and reactive maintenance, health and safety and other capital works at both schools sites

9.7. *Financial Implications reviewed by Tony Burton, Head of Finance Children's and Education, tel. 020 8753 5405. Implications verified by Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.*

10. IMPLICATIONS FOR BUSINESS

- 10.1. It is proposed that established relevant frameworks and DPS arrangements are utilised to select design services to ensure high quality and to proceed at pace. Opportunities for local SMEs are likely to be created in future phases.
- 10.2. *Implications completed by Alben Karameros, Economic Development, tel. 020 8753 8583.*

11. COMMERCIAL IMPLICATIONS

- 11.1. The value of the procurement is over the statutory threshold for services. Therefore, full procurement regulations apply. However, the preferred options propose calling off from an established Dynamic Purchasing System and an established framework agreement, both having met the criteria of being OJEU compliant.
- 11.2. The recommendations are also compliant with the Council's Contracts Standing Orders (CSOs).
- 11.3. The procurement and legal teams will need to confirm the terms and conditions before the call off process, to ensure compliance with Council's terms and conditions.
- 11.4. Social value will be evaluated as part of the awarding criteria and will constitute 10% of the Quality Assessment (70%).
- 11.5. A Privacy Impact Assessment (PIA) must be conducted and signed by the relevant officers before starting the procurement exercises, to ensure compliance with GDPR policies.
- 11.6. The call off and the evaluation process shall be conducted on the Council's e-tendering portal.
- 11.7. A Directors Decision report must be approved for awarding the contract following the procurement exercise, in accordance with recommendation 2.5.
- 11.8. *Implications completed by Andra Ulianov, Procurement Consultant, tel. 0208 753 2284.*

12. IT IMPLICATIONS

- 12.1. There are no apparent IT implications resulting from the proposal in this report
- 12.2. *Implications verified/completed by: Karen Barry, Strategic Relationship Manager, tel. 0208 753 3481.*

13. RISK MANAGEMENT

13.1. *Strategic* risks are addressed in sections 4 of the report that also identify issues with the condition of the properties and significant revenue challenges with funding the Council's ambition for the education of young people in Hammersmith and Fulham. The opportunity here is to realise the potential education benefits of a modernised school as well as the financial benefits of avoided investment in planned maintenance and reduced running costs that may result in potential health and safety issues.

13.2. There are a number of programme risks associated as follows:

- Risk that architect will not be appointed
- Risk of challenge by consultants not on the DPS
- Risk of tender price being unaffordable
- Risk of delay
- Wider risks within the programme which will be the subject of discussion and decision at later stages e.g. sales risk, rental risk etc.

13.3. *Implications verified by: Michael Sloniowski, Risk Manager, tel. 0208 753 2587*

14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None

LIST OF APPENDICES:

Exempt Appendix A - Procurement Strategy for Design Team for Flora Gardens Primary School and Avonmore Primary School