

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 04/09/2023

Subject: Community Schools Programme Decant Works and Mobilisation

Report of: Councillor Alex Sanderson, Cabinet Member for Children and Education

Responsible Director: Jacqui McShannon, Strategic Director of Children's Services

Report author: Peter Haylock, Operational Director of Education and SEND

SUMMARY

As part of the Community Schools Programme, decant sites are required to accommodate schools in the programme during their rebuilding. The vacant site on Mund Street, formerly used by Fulham Boys, has been identified as the proposed decant site for Avonmore Primary school. This report recommends the setting up of a budget of £862,730 on the refurbishment of the site. It is recommended that this funding be derived from School Condition Allocation grant (£55,660), through the General Fund borrowing (£777,070) and Section 106 revenue contributions (£30,000).

RECOMMENDATIONS

1. To approve the setting up and draw down of a budget of £807,070 (including £30,000 from S106 and £777,070 from general fund borrowing) to refurbish the Mund Street site and specific costs directly related to the decant process for Avonmore.
 2. To approve the allocation of £55,660 of School Condition Allocation (SCA) capital grant to support works associated with the specific educational requirements of Avonmore Primary school.
 3. To delegate the decision to commit this additional expenditure for the former Fulham Boys Mund Street site to the Director of Education, in consultation with the Director of Children's Services, the Director of Finance and with the Cabinet Member for Children and Education.
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Wards Affected: Avonmore & Brook Green, North End

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	<i>The availability of the site as a decant location will be essential to delivery of the Community Schools Programme.</i>

Creating a compassionate council	The site will provide high quality, educational facilities for the pupils of Avonmore
Doing things with local residents, not to them	Significant consultation has taken place on the CSP
Being ruthlessly financially efficient	The decant supports the delivery of the Community Schools Programme
Taking pride in H&F	Provision of high quality educational facilities for local children and young people.
Rising to the challenge of the climate and ecological emergency	The new build at Avonmore creates the opportunity to significantly reduce the school's carbon footprint.

Financial Impact

1. The total cost of the project is estimated at £862,730. The breakdown of project costs is set out below in Table 1. Of the total cost, £807,070 is expected to be spent on refurbishment works at the Mund Street site and specific costs directly related to the decant process for Avonmore.

Table 1: Summary of project costs

Budget item	Mund St (Education Capital Grants) (£)	Mund St (Community Schools Programme) (£)	Mund St. Total (£)
Essential refurbishment and repairs to structure and fabric of the buildings (Incl. allowance for inflation and contingency)	11,660	594,070	605,730
Professional fees and other associated costs	4,000	143,000	147,000
ICT, telephony and essential fixtures and fittings	40,000	40,000	80,000
Decant costs (Revenue)	0	30,000	30,000
Total	55,660	807,070	862,730
Funded by:			
General Fund borrowing	0	777,070	777,070
School Condition Allocation grant	55,660	0	55,660
Target S106 revenue contributions (Decant costs that cannot be capitalised)	0	30,000	30,000

2. £55,660 of the total cost is expected to be spent on associated works at Avonmore Primary School. This will be funded as qualifying expenditure from the School Condition Allocation grant monies (from the total available of £5.96m).
3. The proposed budget contains estimated allowance of £30,000 for decant costs which are revenue in nature and therefore will not be capitalisable. Contributions

from S106 or revenue budgets up to this amount will be required to finance these costs.

4. The report is seeking an approval for £777,070 capital budget within Community Schools Programme funded by the general fund borrowing. This will result in additional revenue costs of borrowing of estimated £52,608¹ per annum. These additional revenue pressures will need to be included in the MTFS and budget for 2024/25 MTFS.
5. The current project appraisals for Avonmore Schools and Mund Street sites assume the budget of £750,000 for these costs. Although the proposed budget of £777,070 is higher than £750,000 assumed in the appraisals, the increase of £27,070 does not have a significant impact on the projects' viability and their NPV remains positive. However, should the tendering process for the refurbishment works result in much higher costs than anticipated, this will have an impact on overall viability of the Avonmore and Mund Street development schemes.

Anjeli Chadha, Principal Accountant, 16 May 2023

Reviewed by Tony Burton Head of Finance Children's services & Education and

Ariana Murdock, Finance Manager Corporate Finance, 19 May 2023

Verified by Sukvinder Kalsi, Director of Finance, 26 June 2023

Legal Implications

This report recommends creating a budget of £862,730 from the Schools Condition Allocation Grant and the Community Schools Programme for the refurbishment of Mund Street so that it can be used for pupils decanted from Avonmore Primary School and that the subsequent expenditure be approved by the Directors of Education, Children's Services and Finance in consultation with the Cabinet Member for Children's Services. Virements within Departments at this level of spend must be approved by the Cabinet (4.1 Financial Regulations).

The commitment of the expenditure on the refurbishment works ie the procurement and decision to award specific contracts must comply with the Council's Contract Standing Orders.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 16th May 2023

Background Papers Used in Preparing This Report

None

¹ Estimated cost of borrowing calculated using PWLB interest rate of 4.77% (as at 16 May 2023) and Minimum Revenue Provision (MRP) rate of 2%

DETAILED ANALYSIS

Proposals and Analysis of Options

1. In March 2019, Cabinet approved the Community Schools Programme (CSP) and an associated budget to progress the project to LBHF Governance Gateway 2 – Planning (RIBA Stage 3) The approved budget did not include the associated costs for refurbishment of a suitable temporary facility or the decant process itself.
2. The Mund Street site previously used by Fulham Boys Academy forms an important components of the Council’s CSP strategy as a decant education site to facilitate the rebuild of a new sustainable school but needs significant refurbishment to enable its use as part of the CSP. The current approved CSP budget commitment does not account for refurbishment of the site or associated decant costs and therefore a new budget is required to bring the Mund Street site back to an acceptable standard suitable for educational use.
3. Advice from the Development Team in the Economy Department indicates that, based on the current designs the schemes viability continues to demonstrate acceptable financial performance against the Council’s financial hurdles (i.e. NPV & IRR).
4. Mund Street is a council owned general fund site and building (an Economy Department asset) and was previously let to Fulham Boys academy until 2021. It is currently leased to property guardians. The site is identified as the proposed decant site for Avonmore primary school as part of the CSP.
5. A condition survey (in 2021) has identified £425,000 of essential works on the Mund St. site to bring the fabric of the building back to an acceptable standard for educational use, including:
 - Specialist surveys (e.g. asbestos, drainage) and the resulting works identified, leading to the need for a significant level of contingency funding within the project
 - ICT and telephony costs
 - professional fees,
 - fixtures and fitting
 - decant costs
 - Inflation
 - Contingency
6. A proposed budget for the project, including additional estimated costs identified in para 5 is summarised in table 1 and includes 10% contingency and a 15% uplift for inflation.
7. This subject site is owned, maintained and managed by H&F and after having recently been reacquired in December 2019. The site has been identified, in collaboration with the Asset Strategy team, and other H&F colleagues, as having redevelopment potential for the provision of new affordable housing. As a result, the site and an initial budget was recommended and approved by Cabinet on, 7th July 2020, to progress development proposals up to and including planning and

procurement (RIBA Stages: 1, 2, 3 & 4), which would facilitate the delivery of approximately 100 new sustainable homes.

8. The current viabilities for both the Mund street redevelopment and CSP proposals, accommodate an element of on-cost assumptions associated with the delivery of required enabling refurbishment and decant costs – to facilitate the rebuild of Avonmore school site itself as a vacant site.
9. For costs directly incurred because of the CSP process, including refurbishment to the fabric of the building and decant costs - funding from within the CSP budget is appropriate. For additional capital costs that are specific to the requirements of Avonmore Primary School but relate to educational suitability rather than condition related works, School Condition Allocation (SCA) capital grant provided by the DfE is appropriate.

Option 1: Do nothing – not recommended

10. The site would not be useable as an education an educational facility in its current condition and not undertaking the required refurbish works will put at risk the delivery of the CSP, due the lack of available decant site.

Option 2: Approve refurbishment and associated budget to refurbish – recommended

11. This option will support the delivery of the CSP.

Reasons for Decision

12. The site requires significant refurbishment to bring the condition of the buildings and wider school site to a suitable standard for educational use and is therefore essential for the successful delivery of the CSP.

S106 Implications

The report seeks £30,000 in S106 funding to cover the cost of decanting pupils from Avonmore Primary School while the school is be rebuilt. S106 funding has been secured from the Centre House development (planning ref 2018/03058/FUL) (S106 ref AKA 955) as part of the Regeneration Contribution that includes funding initiatives within the LBHF Schools Redevelopment Programme. The contribution is sufficient to cover the £30,000 in S106 being sought.

Matthew Paterson, Assistant Director of Spatial Planning, 26 June 2023

Equality Implications

13. There are no equality implications arising from this decision. The school admissions process will be in line with the School Admissions Code.

Risk Management Implications

14. The report recommends using a vacant site at Mund Street to provide decant accommodation for Avonmore Primary School, along with the approval of funding for the associated refurbishment and decant along with additional works required at Avondale Primary School. The refurbishment will bring the condition of the buildings and wider school site to a suitable standard for educational use and is essential for the successful delivery of the Community Schools Programme. This is in line with Council objectives as set out in the report.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 16 May 2023

Climate and Ecological Emergency Implications

15. The project provides a significant contribution to achieving net zero through providing a decant location whilst Avonmore's new building is constructed to a modern and highly energy efficient design, including, for example provision of Air Sourced Heat pump heating and LED lighting throughout.

Approved by Hinesh Mehta, Head of Climate Change, 15 June 2023

Consultation

16. The CSP has been coproduced and developed in collaboration with the schools, including the new school designs and associated decant arrangements. This has been complimented by consultation with residents and the wider community on the emerging CSP proposals.

LIST OF APPENDICES

None