

 the low tax borough	London Borough of Hammersmith & Fulham CABINET 22 JULY 2013
DELIVERING THE SCHOOLS CAPITAL PROGRAMME	
Report of the Cabinet Member Children’s Services, and Cabinet Member for Education : Councillors Helen Binmore and Georgie Cooney	
Open Report	
Classification: For Decision	
Key Decision: Yes	
Wards Affected: All	
Accountable Executive Director: Andrew Christie, Tri-borough Executive Director of Children’s Services	
Report Author: Dave McNamara – Tri-borough Director of Finance & Resources (Children’s Services)	Contact Details: Tel: 020 (8753 3404) E-mail: (dave.mcnamara@lbhf.gov.uk)

1. EXECUTIVE SUMMARY

- 1.1. This report builds on the previous report set out in the School Organisation Strategy for Hammersmith & Fulham 2012/13. It identifies updated DfE capital grant allocations and makes recommendations for additional capital funding decisions in support of the Council’s key educational priorities:

2. RECOMMENDATIONS

- 2.1. That approval be given to the capital allocations to develop the priority schemes as follows:
- Sacred Heart High - subject to the outcome of targeted Basic Need Grant application to fund this project expand this outstanding school by 1FE, up to the sum of £8m
 - Wood Lane High School – proposals are being developed to expand provision at the school. Whilst no estimates are available at this stage it is recommended that a place-holder of £750,000 be identified at this stage.

- Queensmill Autistic Spectrum Disorder pilot unit at Fulham Boys College £50k
 - London Oratory School - additional Council funding of £700k up to £3.1m to address shortfall in school contribution to upgrade of teaching accommodation project
 - Holy Cross – additional Council funding of £390k. Overall project costs have been revised to reflect the complexity of project and stakeholder relationships.
 - Wormholt Primary School - additional Council funding of £50k to address budget shortfall of £250k from original bid costs. The school have committed to contribute £200k from internal budgets towards this shortfall
- 2.2. That approval be given to a release to Phoenix High School of £400k, in addition to the £175k previously approved, against the total condition need of £2,479k identified in the condition survey carried out by EC Harris in 2011. This will enable the school to address urgent health and safety works without any conflict with the school's future school vision as a longer term strategy.
- 2.3 That approval be given to establish a Planned Maintenance Programme in the value of £1,435,200.

3. REASONS FOR DECISION

- 3.1. The recommendations listed above will contribute to the Council meeting its identified key educational priorities.
- To meet the Council's statutory responsibility to provide school places to meet demand
 - The Schools of Choice agenda for expanding popular schools
 - Increase the percentage of resident children choosing the Borough's schools
 - The Special Schools Strategy

4. INTRODUCTION AND BACKGROUND

- 4.1 The Council has received confirmation of a Basic Need capital grant allocation of £8.492m for 2013-15, in addition to a capital maintenance grant of £1.626m. Following the receipt of the Hammersmith & Fulham basic need capital allocation for 2013-2015, a draft funding strategy was compiled to deliver Schools of Choice projects that were either not prioritised or had not previously been developed sufficiently to evaluate for funding in the 2012/13 capital programme.

5. PROPOSAL AND ISSUES

- 5.1. The following projects are proposed for Children's Services capital funding allocations:

	£000
Available funding to meet new commitments	25,487
New Commitments	
Sacred Heart High	8,000
Wood Lane Accommodation upgrade	750
Queensmill ASD pilot @ Fulham College	50
London Oratory additional funding	700
Holy Cross additional funding	390
Wormholt additional funding	50
Phoenix condition	400
Total additional funding required	10,340
Residual available budget	15,147

- 5.2 The proposed Sacred Heart High funding allocation will provide accommodation for an additional form of entry at this outstanding school.
- 5.3 The proposed Wood Lane funding allocation will provide additional accommodation required to enable the school to meet the needs of the current roll of 94 pupils in a school designed for 65, and expand further provision to deliver the curriculum in an inclusive and safe environment for teaching and learning.
- 5.4 The Council is keen to support the development of specialist locally provided SEN provision and it is proposed to allocate £50k to establish a Queensmill Autistic Spectrum Disorder pilot unit at Fulham Boys College.
- 5.5 The School Organisation Strategy of January 2013 awarded a contribution of £2,400,000 to The London Oratory School towards a £5 million project to upgrade teaching and learning spaces and improve opportunities for local children. The school have undertaken a further analysis of costs of the project and have identified additional costs. Given the scale of the school's contribution to the project it is proposed to increase the council's contribution by £700,000
- 5.6 The Holy Cross expansion and bi-lingual co-location with the French independent Lycee is a highly complex project with multiple stakeholder relationship issues and involves new build and refurbishment works to two sensitive sites, (one a listed building) and a site swap involving land transfers between the Council and the Diocese of Westminster. Basuto Road additional costs are attributable to

provision of temporary classroom to meet initial year of 2FE intake from September 2012 and additional construction costs as original budget assumed efficiencies of 2 storey accommodation, and tender inflation of 3%

5.7 Phoenix High School have developed an Education & Design brief to demonstrate how they are working with a longer term strategy in mind but initially they need approval on £400k worth of urgent health and safety schemes to deliver this summer as summarised below:

Roofs	Replace leaking copper great hall roof with copper backed felt and effect internal repairs, currently internal damage is causing ceiling to fall down	£170,000
Surfaces	Replace dangerous hard surfacing causing severe trip hazards in:- Main Playgroup Main Terrace Outside gyms 4,5 and 6 Administration car park	£145,000
P.E Faculty	Refurbishment of gym changing rooms, to remove health & safety issues with flooring, shower cubicles and toilets	£18,000
Whole School	Replacement of out-dated CCTV system, currently CCTV system is an analogue system that makes viewing of footage very unpredictable. Cost for replacing hardware on current system that will work in tandem with analogue and digital cameras.	£42,000
Access	Reconfiguration of back gate, to increase site security	£25,000
Total		£400,000

The requirements for these issues as a priority are far less than the £2.479m identified in the Stock Condition Surveys, but reflect the schools prioritisation on business critical aspects.

- 5.8 The draft Planned Maintenance Programme (Appendix 2) addresses landlords obligations to school sites in terms of service contracts, cyclical maintenance, and specific projects to address health & safety issues and keep school buildings wind and weather-tight. The anticipated budget of £1,435,200 is funded from schools Dedicated Support Grant and does not therefore constitute a commitment from the Children's Services Capital Programme.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. As part of the funding decision making process, projects considered for funding under this draft strategy have been discussed at Cabinet Member briefings, and the schools in question have been visited by Cabinet Members and/or Council officers to appraise the merit of the projects for funding.

7. CONSULTATION

- 7.1. There is no external consultation involved in the allocation of funding to these projects.

8. EQUALITY IMPLICATIONS

- 8.1. All proposed projects within this report were considered for funding under the Schools Organisation Strategy 2012/13 approved by Cabinet on 10 December 2012. As such, these projects are incorporated in the Equality Impact Assessment for that report.
- 8.2. Funding and delivery of the projects proposed within this report, is part of the Councils strategy to deliver its schools of choice agenda. This will have a positive impact on all the residents of Hammersmith and Fulham, with children of school age, as it is an integral part of an all-encompassing strategy for all learners in the borough. The new opportunities that these new and expanded schools will provide will improve the choices for more local children to attend local schools, regardless of race, gender, disability, sexual orientation or religious belief.

9. LEGAL IMPLICATIONS

- 9.1. There are no direct legal implications at this time. Officers should ensure that all individual procurements are carried out in accordance with the Council's contract standing orders and EU procurement rules.

9.2. Implications completed by: Catherine Irvine, Senior Solicitor (Contracts) tel 020 8753 2774

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. The Schools Capital Programme has a complex and diverse set of funding streams as set out below:

	£,000
PCP grant	1,131
Basic Needs Capital grant 2011-12	6,157
Additional Basic Needs Capital grant 2011-12	15,072
LA Basic Needs grant 2012-13	14,382
LA Maintenance 2012-13	1,917
LA Additional Basic Needs grant 2012-13	18,757
LA Basic Needs grant 2013-15	8,492
LA Maintenance 2013-14	1,626
Free Schools grant	2,566
Specific grants	5,759
Capital receipts from disposals	9,000
Capital receipts - Sands End	500
School Expansion Plan	1,055
Section 106	800
Other contributions - revenue planned maintenance & school	309
Lyric Theatre (other contributions)	9,440
Targeted Basic Need Allocation (tbc)	8,000
TOTAL FUNDING AVAILABLE	104,963

10.2. Previous allocations by the Cabinet total £79,476,000 leaving a balance of £25,487,000. The proposed allocation of resources would leave a further £15.147m as set out below.

<i>Total additional funding required</i>	10,340
<i>Available funding to meet new commitments</i>	
<i>Balance unallocated as above</i>	25,487
<i>Residual available budget</i>	15,147

VAT Implications

10.3. Except in special circumstances, the Council is only able to reclaim VAT relating to capital expenditure on Community Schools. Where projects relate to other schools the Council must be mindful of this. With specific regard to Voluntary Aided schools the HMRC have issued revised guidance which will need to be complied with.

- 10.4. In addition, where leases of land and buildings are involved as part of the project, the VAT implications must be explored due to the potential impact on the Council's partial exemption. The potential impact is determined by the nuances of each project and the nature of the consideration and therefore this should be reviewed on a case by case basis.

11. RISK MANAGEMENT

- 11.1. The Council regularly commissions conditions surveys and pupil place projections to ensure that resources are directed to appropriate projects.
- 11.2. The approach to risk management for projects arising from this strategy mirrors the corporate approach and, as such, inherent risks are identified and given a rating based on the potential impact of that risk multiplied by the likelihood of it happening. All risks are quantified by using a standard 5 x 5 form of measurement, therefore if a risk has a very high likelihood and a very high impact it will have a combined rating of 25. As part of the ongoing risk management strategy, mitigation is identified in the risk register.
- 11.3. A project specific risk register will be compiled by means of a risk workshop with input from key stakeholders. Ongoing risk management and monitoring of mitigation controls will be the responsibility of the project manager, in liaison with individual risk owners.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 12.1. The report seeks approval for further capital allocations to give effect to the Schools Organisation Strategy and Schools of Choice objectives. As such, there are no immediate procurement implications arising from the report's recommendations.
- 12.2. However, as specific projects are developed and taken forward, it is important to note a number of procurement-related points.
- 12.3. Firstly, the need to ensure compliance with statutory competition requirements where these apply; namely, the Public Contracts Regulations 2006 (as amended). The financial thresholds requiring mandatory competition are currently values estimated to be in excess of £4,348,350 for works, and values estimated in excess of £173,934 for services (which includes external architectural, consultancy and project management services).
- 12.4. Secondly, should the Council wish to commission any third-party support to assist with projects below these thresholds, the requirement to comply with the Council's Contracts Standing Orders in seeking competitive tenders will apply. There is a general requirement of being able to demonstrate that contracts have been awarded in an open, transparent and robust way.

- 12.5. However, should the Council wish to commission *3BM Ltd.* to provide consultancy and/or management services to assist in the development and delivery of specific projects, without first running a competitive exercise, this is provided for in section VI.2 of the OJEU notice concerning the creation of the Employee-Led Mutual. The OJEU notice refers to a wide range of educational and schools-related services covered by the Council's contract with *3BM Ltd.*, and notes that these can be commissioned by the Council or by local schools, subject of course to the Council or schools believing *3BM Ltd.* to be the Best Value option available to them.
- 12.6 Finally, in any future instance where H&F is the contracting authority and *3BM Ltd.* are acting on the Council's behalf as technical agents in carrying out a procurement, *3BM Ltd.* will need to ensure compliance with the 2006 Regulations (as amended) where they apply, as well as the Council's CSOs, or obtain prior approval to waive them.
- 12.7 Cabinet Member and Officer oversight of the overarching programme is provided by a Schools Capital Programme Delivery Board, on which the Director of Procurement and IT Strategy is represented.
- 12.8 Comments provided by: John Francis, Principal Consultant, H&F Corporate Procurement. 020-8753-2582.

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Condition Survey + Targeted need Application	Dave McNamara Ext. 3404	Children's Services