

	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">12 OCTOBER 2015</p>
<p>LEASING OF FORMER PETERBOROUGH SCHOOL BUILDING, CLANCARTY ROAD</p>	
<p>Report of the Cabinet Member for Children and Education – Councillor Sue Macmillan</p>	
<p>Open Report</p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt financial information.</p>	
<p>Classification - For Decision Key Decision: Yes</p>	
<p>Wards Affected: Parson's Green and Walham</p>	
<p>Accountable Executive Director: Andrew Christie - Executive Director of Children's Services</p>	
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1. EXECUTIVE SUMMARY

- 1.1. On the 14th July 2008 Cabinet approved the lease of part of the former Peterborough Primary School site to the French Government, initially for use as a primary school (the Ecole Marie d'Orliac), and shortly thereafter to include bilingual provision in conjunction with Holy Cross Roman Catholic (RC) Primary School.
- 1.2. This report seeks approval to vary that lease to reflect changing arrangements and to establish a supplemental lease to reflect the relocation of Queensmill School, the incremental growth of the bilingual provision and the need of Holy Cross to have exclusive access to certain rooms as it, too, grows to 2 forms of entry (FE).

2. RECOMMENDATIONS

- 2.1 To delegate authority to the Director of Children's Services in conjunction with the Director for Building & Property and the Head of Legal Services to complete the grant of a supplemental lease on the terms outlined in this report or on such other terms as officers deem necessary. This will reflect the changed and additional uses of the available accommodation given the growth and development of the bilingual provision, now known as "Fulham Bilingual".
- 2.1. That officers negotiate a variation to the existing lease to reflect the mutually-agreed changes in allocation of the accommodation currently and imminently to be used by the Ecole;

3. REASONS FOR DECISION

- 3.1. The reason for the recommendation relates to the size of the transaction and the fact that it is proposed to offer the lease at a rate below market rent in order to reflect the operational and social benefits of the partnership with the Ecole.

4. INTRODUCTION AND BACKGROUND

- 4.1. Peterborough School was a one form entry primary school in Fulham that shared its site with Queensmill School, a special school for pupils with autistic spectrum disorder.
- 4.2. Peterborough Primary School closed at the end of the summer term of 2008, Queensmill special school remaining on part of the site. The French Government expressed an interest in leasing part or all of the site, and Cabinet on 14th July 2008 approved a report recommending that part of the site formerly occupied by Peterborough School be leased to the French, initially solely for use as an école with an option to take a lease of the remainder of the building after the relocation of Queensmill School.
- 4.3. The Council was keen to use this partnership as a catalyst to develop a Primary Bi-lingual offer in the Borough and subsequently in partnership with Holy Cross RC Primary School. The bi-lingual provision opened alongside the E'cole in 2010 with each school administering entry for 1 form of entry, although the education is provided in mixed classes of children admitted by each of the 2 schools.
- 4.4. The recommendations were seen, in summary, to offer the following benefits to the local community and its families:
 - The use of vacant facilities to continue to provide high quality teaching and learning and thus to manage assets effectively;
 - To support both the need for additional provision and to meet parental preference more nearly not only for French education but also both for bilingual education partly supported by the oversubscribed Holy Cross;
 - To strengthen community cohesion;

- To consolidate the local environmental, economic and social well-being of the area;
- To support the Council's value for money agenda, a prior study having demonstrated the cost effectiveness of leasing as opposed to site disposal.

4.5. In the interim period, as the bilingual provision has become embedded, successful and popular and the need for Holy Cross to complete its expansion to 2FE, significant discussion and public consultation has taken place about the most appropriate use of both the Peterborough and Basuto Road sites. Original proposals included both a site exchange and split site French and bilingual education, with substantial remodelling taking place on both sites.

4.6. That programme was ultimately shown not only to be complex and not universally popular; but also not to be financially viable. Further consultation revealed the appropriateness of Holy Cross remaining at Basuto Road, with remodelling on that site and exclusive use of a small number of rooms at the Peterborough site and shared use of others. It showed the benefits of both the Ecole and Fulham Bilingual remaining on the Peterborough site, with a smaller capital works requirement. It is on this basis that the proposals above are based.

5. PROPOSAL AND ISSUES

The Supplemental Lease Proposal

5.1 The broad heads of terms for a supplemental lease to the French Government for the Ecole, complementing and substantially mirroring its existing lease that was granted further to earlier Cabinet authority of 14 July 2008, have been virtually agreed and are attached at Appendix 1 (contained in the exempt report on the exempt Cabinet agenda). Both parties' lawyers have accordingly largely agreed a lease (subject to contract and Council authority). The lease term will be practically 18 years, to expire on the same date as the existing lease, subject to break clauses serving both parties. On lease expiry, the French Government will not have a statutory right to apply for a new lease. In accordance with the present lease, the Council will be responsible for structural and external repairs and decoration.

5.2 The initial rent (not yet agreed) will reflect market rental value without disregarding the existing lease. Thereafter, the rent will be increased yearly in proportion to increases in the Retail Price Index.

5.3 The French Government will also contribute to other property outgoings under a service charge.

6. OPTIONS AND ANALYSIS OF OPTIONS

School Place Planning and Site Alternatives

- 6.1. There is a demonstrable need in this area to supply sufficient school places, and the School Organisation Plan, approved by Cabinet, supports both the need to continue to deliver the incremental increase at Holy Cross of 1FE per annum. It also supports the increase in bilingual provision, meeting both demand and need. There are no known viable alternatives which would deliver the same outcomes.
- 6.2. The position reported in 2008, namely that leasing premises rather than disposal is cost effective, still pertains, and the Council's negotiations will seek to achieve the most appropriate terms for the supplemental lease.

Comments from Building and Property Management

- 6.3 The main terms of the proposed lease are outlined in section 5 above ("The Supplemental Lease Proposal") and in Appendix 1 (contained in the exempt report on the exempt Cabinet agenda). After varying the Lycee's existing lease and granting it a supplemental lease, approximately three quarters of the building's usable premises will be leased to the Ecole. The remainder will be retained by the Council albeit mostly for use for bi-lingual schooling.
- 6.4 As a result of varying the Ecole's existing lease (required to revise the rooms allocated to it), the reserved rent will be reduced in proportion to the reduction in floor area. The resulting loss of rent will be more than made up by the receipt of rent for the supplemental lease because more premises are being leased under the latter than are being surrendered under variation of the existing lease plus the rent (per sq ft) will be greater than the rent reserved (per sq ft) under the existing lease.

7. CONSULTATION

- 7.1 There has been ongoing dialogue with the 2 school communities through:
 - Twice termly strategic Management Committee meetings chaired by the Director of Schools, with the French Cultural Attache as Vice Chair. Attendees include the Heads of the Ecole, Holy Cross and the Lycee and representatives of the Roman Catholic Diocese;
 - Monthly meetings of the more operational Bilingual Working Group, Chaired by the Education Capital Projects Manager and attended by both Heads and the Diocese;
 - Community consultations such as that held at Holy Cross on 1st May 2015 to discuss possible developments at Basuto Road;
 - Updates to the Cabinet Member for Children and Families.

8. EQUALITY IMPLICATIONS

- 8.1. The above proposals, if agreed and implemented, would:
 - Improve children's access to popular, high quality education in accordance with parental preference;

- Lead to improvements to disabled access to both sites via the associated remodelling and refurbishments;
- Improve access by a significant proportion of the local community to appropriate local education;
- Support improved community cohesion as a result not only of simply making such provision available; but also by educating those of both French and English cultural heritages together.

9. LEGAL IMPLICATIONS

- 9.1. Grant of the supplemental lease would be pursuant to the general power to dispose of land under Section 123 Local Government Act 1972. That requires (for leases exceeding 7 years) that the Council secure the best consideration reasonably obtainable.
- 9.2. Consent for the disposal under the supplemental lease will not need to be sought from the Secretary of State for Education.
- 9.3. Implications verified/completed by: (Rachel Silverstone , Property Solicitor 0208 753 2210)

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. Whilst the final terms have not yet been finalised the proposals are to uplift the terms of the original lease and apply them to the supplemental area to be occupied as the Fulham Bilingual School continues to grow to its full-size. Once established income will increase year on year through the application of inflation.
- 10.2. The occupation of the site is complex and this is reflected in establishing the legal form by which the site will be managed but all negotiations have been intended to support the expansion of the state-maintained side of the Fulham bilingual, administered by Holy Cross, and to protect the Council's interest.
- 10.3. The Council will receive general fund income from E'cole whilst Holy Cross will contribute to the running costs of the site through the income that it receives through the Dedicated Schools Grant. Income that the Council receives will be used to discharge its landlord responsibilities and will be accounted for within Children's Services.
- 10.4. Implications verified/completed by: Dave McNamara Director of Finance & Resources (Children's Services) 020 8753 3404

11. IMPLICATIONS FOR BUSINESS

- 11.1 There are no implications for local business in regard to the recommendation of the report.

12. RISK MANAGEMENT

- 12.1 The Children's Services Department identify, record and review risk following corporately established guidelines. Alternate models for the delivery of educational services are noted on the Council's Strategic Risk Register, risk number 14.
- 12.2 Implications verified by: Michael Sloniowski, Shared Services Risk Manager.

13. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 13.1 There are no procurement or IT implications relating to the recommendations of this report.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

LIST OF APPENDICES (contained in the exempt report on the exempt Cabinet agenda)

Appendix 1: Draft Memorandum of Terms: Supplemental Lease