



PSBP Capital Team
Operations Directorate
Department for Education
Fifth Floor, Sanctuary Buildings
20 Great Smith Street
London
SW1P 3BT

Jane West
Chief Operating Officer
London Borough of Havering
Town Hall, Main Road
RM1 3BB

2nd July 2019

Dear Jane,

Priority School Building Programme SCF London 1 – Capital Contribution relating to 1FE and Sports Hall works at The Royal Liberty School, Upper Brentwood Road, Romford, Essex RM12 6HJ.

I refer to the capital contribution letter entered into by the London Borough of Havering in relation to The Royal Liberty School on 21st September 2017 in respect of the School (the "Letter") and the Department for Education's (DfE) letter of 27 September 2018 which updated you as to the total cost of the Additional Works. Save as otherwise defined all defined terms in this letter shall have the same meaning as given to them in the Letter and this letter is supplemental to and in addition to the Letter.

The Letter confirmed London Borough of Havering's intention to provide a capital contribution for the Additional Works, subject to confirming and agreeing the final cost of the Additional Works with the DfE prior to an invoice being submitted for the Contribution.

As you are aware, the costs relating to the Additional Works are now higher than the original estimate in the Letter, and the reasons for this have been explained to you separately. Consequently, the revised and final cost of the Contribution is now confirmed as **£5,395,159** plus VAT excluding Technical Adviser fees.

It is understood that London Borough of Havering has an authorised budget of £5,200,000 plus VAT for the Additional Works. As discussed, the Department for Education will enter into the Contract for the agreed scope of the Additional Works but will continue to endeavour to identify savings to the agreed scope of the Additional Works to reduce the Contribution to £5,200,000 + VAT in line with the

currently agreed budget you have in place for the Additional Works. Any costs incurred to identify these savings will be payable by London Borough of Havering. If it is not possible to identify savings then the full amount of £5,395,159 + VAT will be payable by London Borough of Havering. Potential options have already been identified and these will be considered in greater detail as soon we enter into Contract, further supplementing the saving already introduced by the DfE of reducing the amount of indexation cost the London Borough of Havering would ordinarily would have had to fund.

The Additional Works will be invoiced up to the current agreed budget of £5,200,000 plus VAT in accordance with the invoicing arrangements set out in the Letter. It is noted that payment has already been taken for works undertaken in summer 2018 as part of this. In order to assist with your internal governance procedures, any remaining payment over and above £5,200,000 plus VAT will be invoiced in September 2020 as a single stage payment.

I should be grateful if you would please counter-sign this letter to confirm your agreement to pay £5,200,000 plus VAT and an invoice will then be submitted for this amount, less the amount already invoiced in September 2018 against the Purchase Order provided for payment. All other terms of the Letter remain unaltered.

Yours sincerely

Gemma Kirk

Project Director



I confirm acceptance on behalf of London Borough of Havering of the revised cost of the Contribution of **£5,395,159** plus VAT in respect of the Additional Works at the School, and confirm that the London Borough of Havering will pay the initial contribution of £5,200,000 plus VAT in accordance with the invoicing arrangements set out in the capital contribution letter (the Letter) entered into by the Department for Education and the London Borough of Havering dated 21st September 2017 and that any balance outstanding over and above this figure will be invoiced by the Department for Education and payable by the London Borough of Havering in September 2020.

Jane West

Chief Operating Officer and Section 151 Officer

CABINET

Subject Heading:

Royal Liberty Secondary school expansion – virement to increase funding allocation and approval to release funding to ESFA to progress works

Cabinet Member:

Councillor Robert Benham - Deputy Leader of the Council, Cabinet Member for Education, Children & Families

SLT Lead:

Tim Aldridge, Director of Children's Services

Report Author and contact details:

Pooneeta Mahadeo
School Organisation Manager
pooneeta.mahadeo@havering.gov.uk
01708 431092

Policy context:

The Council has a statutory duty to provide sufficient school places for the local population. In Havering the school age population is rising and this is projected to continue. The Council has to plan to meet the need and ensure permanent places are available on time.

Financial summary:

Costs of works required to provide additional places estimated at £5.2m, compared to £4m funding within the Existing School Expansion Capital Programme, funded from virement of £1.2m from the contingency within the DfE Basic Need Grant. Revenue implications of expanded schools will be funded from the schools delegated budget.

Is this a Key Decision?

Yes

When should this matter be reviewed?

September 2019

Reviewing OSC:

Children's services

The subject matter of this report deals with the following Council Objectives

Cabinet, 12 December 2018

Communities making Havering	<input checked="" type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

Place an X in the ☐ as appropriate

SUMMARY

Cabinet approved the Phase 4 School Expansion programme at their meeting on the 12 October 2016. The programme included an expansion of The Royal Liberty School from a 4 FE school to a 5 FE school from 1 September 2018.

The Local Authority undertook a non-statutory consultation for the expansion of Phase 4 secondary schools, all of which were academies, and following the consultation the Cabinet Member took the decision to approve these expansion proposals on the 29th August 2017. These were still subject to each of the schools making an application to the DfE with a business case, and the business case for the expansion of Royal Liberty was duly approved by the DfE in April 2018. Both the Cabinet report and the ED to implement had an estimate cost of £4m for The Royal Liberty expansion build works and funding of £4m was allocated to The Royal Liberty in the School Expansion Capital Programme, funded from the DfE Basic Need Grant. This was based on an estimate of costs through the feasibility carried out by the Education Asset Management team, in consultation with local Planners. The Council was aware that The Royal Liberty School is to be rebuilt as part of the Priority School Building Programme PSBP, and that the ESFA intended to enter into a Design and Build contract for carrying out design and construction work relating to the school. The Council used this opportunity to incorporate additional works to expand the school from its Published Admission Number (PAN) of 120, to a PAN of 150 (4FE to 5FE). The additional works to enable the additional pupils to be accommodated included a new 3 court sports hall and two new general teaching spaces.

The ESFA issued a section 151 letter in September 2017 requesting the Council to provide a capital contribution of £3,630,000 for the provision of the additional works associated with the expansion works. The Council acknowledges that this figure was an estimate only, and that the total cost of the additional works, and therefore the contribution, may be higher or lower than the estimate.

Costs are now expected to be £5.2m as shown in Appendix 1, mainly due to planning constraints.

However, this expansion has already been consulted on and approved by the ESFA based on the need for additional secondary school places in Havering from 2018/19. The school has been allocated 30 additional pupils in Year 7 for the September 2018 start. The LA has already spent £500,000 to carry out some internal remodelling works to enable the school to take the additional 30 pupils allocated this year.

Once the virement has been completed, authority is then also sought to release funding to the ESFA as they will be completing the expansion works on behalf of

the Council as part of a bigger scheme to improve the condition of the schools as part of the Priority Schools Build Programme (PSBP) phase 2.

RECOMMENDATIONS

- To vire funding of £1.2m from the DfE Basic Need Capital Grant - Phase 4 School Expansions contingency budget to the Royal Liberty expansion.
- To agree the release of funding to the ESFA (Education and Skills Funding Agency) to proceed with expansion build works.
- To review the feasibility process to ensure more accurate forecasting of costs.

REPORT DETAIL

As primary children move into the secondary sector, the number of Secondary age pupils (Years 7-11) in Havering schools is expected to rise significantly from 14,584 in 2015/16 to 18,224 in 2022/23. This will cause the current surplus of places in the secondary sector to be eroded and surpassed. Havering will exceed its Year 7 capacity from 2018/19 onwards and overall Secondary places (in all other year groups) from 2019/20 onwards. As, over the next seven years, there is a projected increase of 28% in Year 6 cohort.

For the 2018/19 intake, the Local Authority was projecting a deficit of 3FE in year 7 in the Central Planning area, and to meet the increased demand, Cabinet approved at the meeting on the 12 October 2016 the following expansions for 2018/19:

Central Planning area:

Expansion of Marshalls Park School from 6FE to 8FE.

Expansion of Royal Liberty School from 4FE to 5FE

The Local Authority completed the consultation for the expansion of the schools contained within the Phase 4 Expansion Programme. For the academies, whilst the Council does not formally take the decision to expand academies, the Cabinet Member took the decision to fund these expansion proposals on the 29th August 2017.

Both the Cabinet report and the ED to approve the Royal Liberty expansion included an estimated cost of £4m for the expansion build works, and funding of £4m was allocated to The Royal Liberty, funded from the DfE Basic Need Grant as part of the School Expansion Capital Programme. This was based on an estimate of costs through the feasibility carried out by the Education Asset Management

team, in consultation with the Planning Service. As the ESFA was already planning to conduct condition works at Royal Liberty as part of a successful PSBP2 (Priority Schools Building Programme), they were asked to deliver the expansion project as well. The original budget for the expansion was £4m, but is now estimated by the ESFA as £5.2m, amounting to a budget uplift of £1.2m.

Royal Liberty School is a Grade II* listed building. Formerly known as Hare Hall, the original building was built in 1768/9, with some extensions added in the late nineteenth century. The school complex is visible from Upper Brentwood Road, Hall Road, North Drive and South Drive.

A key consideration in expanding the school is recognising the significance the building has in heritage terms and how best to balance this significance against the need to provide additional school places. In assessing any planning application involving a heritage asset, the judgement for the Planning Service (in its role as Local Planning Authority) is whether a proposal results in harm to its significance. As a Grade II* building, works to it cannot be approved without input from Historic England, who will need to be content that the proposals meet the statutory requirement to protect the character and setting of the listed building.

The Education Asset Management team have engaged in pre-application discussions with the Planning Service to help inform the expansion of the school, particularly the construction of new Sports Hall.

The Planning Service has suggested revisions to the proposals to help protect the heritage value of the school building and minimise the harm to its significance. These revisions have brought additional costs which can be described as follows:

- £499,178.00 results from the request for an L-shaped building tucked into site boundary in order to protect the historic vista but also to respond to operation requirements of the school and requirements of Sport England of the former Hare Hall.
- £201,489.00 for brickwork and cladding.
- £16,543.00 for tree protection measures, necessary due to the relocation of the Sports Hall for the reasons outlined above.

The increase in costs for the expansion of Royal Liberty School does not represent best value for money. For this project the cost per place is over £25,000, and Havering is funded (through Basic Need Grant) at £21,525 for a secondary school place. However, the project has now progressed so far that to withdraw at this stage would have more serious implications for the Council's ability to provide sufficient secondary school places.

If the additional funding of £1.2 million is used for this project it will mean that no further secondary expansions will be possible from the Basic Need Grant. However, there are no other immediate plans for expansions, and therefore any surplus would have been rolled forward to the Phase 5 expansions.

REASONS AND OPTIONS

Reasons for the decision:

This decision is necessary to ensure there are sufficient school places in Havering to meet the rising pupil population.

1. The first year of expansion has already been implemented and the funding agreement approved on a PAN (Published Admission Number) of 150. The Academy has already determined its admission arrangements for the Academic Year 2019/20 on a PAN of 150. Parents will be applying for places between now and end of October with the knowledge that the school will take 150 pupils in Sept 2019. If this is withdrawn now we might lose some appeals for those children who applied and did not get a place, however would have got a place if the PAN is 150. The school could be forced to take over 120 without the additional accommodation in place.
2. The Council has already incurred costs for this project. £500,000 has been spent to do some refurbishing/remodelling works to accommodate the 30 additional pupils who have started this September. There are also some abortive costs to the ESFA which is estimated at £394,000 as shown below:

1. Abortive Pre-Construction Service Agreement costs: £260k
2. Abortive costs to the ESFA due to the need to re-design Hare Hall if 1FE is omitted £60k (4 weeks x 2 architects, 2 weeks x 1 structural engineer, 1 week M&E x 2 engineers. Plus WD 4 weeks coordination)
3. Abortive costs to the ESFA due to the need to re-design the temporary accommodation if 1FE is omitted £17k (3 weeks WD engagement with Elliott's and Planning Officer plus Elliott's redesign of temps)
4. Peppercorn rent £52k – this is the down payment the ESFA are looking to place next week to the temps providers to secure the existing temps units, which currently work for the school in combination with the sports hall being constructed at the same time.
5. Arcadis coordination fees to ESFA for all over the above - £5k

The Council would have spent approximately £1million just to provide a bulge class (30 additional pupils) for one year. This would work out at £30,000 per school place, which is still very high compared to what we are funded for an additional secondary school place.

Other options considered

Options were considered in the earlier Executive Decision report of 29th August 2017 and the circumstances set out haven't changed. This is attached as Appendix 2.

IMPLICATIONS AND RISKS

Financial implications and risks:

CAPITAL

Estimated Costs of Building Works to expand from 4 FE to 5	£ 5,200,000
Funded from DfE Basic Need Grant	
Capital Programme from Royal Liberty School	£4,000,000
Virement from Phase 4 Expansions Unallocated	£1,200,000
Total funding	£5,200,000

Legal implications and risks:

The Council is the Local Education Authority within the meaning of Section 12 of the Education Act 1996 and has a general responsibility for education under Sections 13 and 14 of the Act to ensure that there are sufficient schools and places for the local population. The Authority also has a power under Section 16 to provide and maintain primary and secondary education establishments and may assist any primary or secondary school which is not maintained by them. Such powers may be supplemented by other legislation notably the Council has a wide "general power of competence" under Part 1 Chapter 1 of the Localism Act 2011 enabling the council to arrange the funding set out in the report. The recommendations in this report are compatible with these statutory powers.

The Council is not overseeing the building project at the Royal Liberty as this is being undertaken by the ESFA and therefore there are no apparent procurement issues. Members are asked to note that the latest letter from the DfE at Appendix 1 indicates that the additional funding remains an estimate.

Human Resources implications and risks:

The human resources implications for the school to be proposed for expansion will be managed by the school itself. There is likely to be a need to recruit additional teaching and support staff and the academy will undertake the recruitment and selection process in accordance with the appropriate policies and procedures. There are growing difficulties in recruiting to teaching posts and therefore the academy will need to consider that additional resources and a longer recruitment timescale may be required to fill vacancies. The Havering Education HR service will provide support as appropriate and required to all academies that purchase relevant services.

Equalities implications and risks:

An Equality Impact Assessment (EIA) has been carried out for Phase 4 secondary school expansions and is attached as Appendix 3.

BACKGROUND PAPERS

Appendix 1 – The Royal Liberty School – 1FE LA works

Appendix 2 – Executive Decision 29 August 2017

Appendix 3 – EIA for Phase 4 secondary school expansions