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| <b>Committee/Meeting:</b><br>Cabinet   | <b>Date:</b><br>1 December<br>2010 | <b>Classification:</b><br>Unrestricted  | <b>Report No:</b> |
| <b>Report of:</b><br><br>Acting Corporate Director, Children,<br>Schools & Families<br><br><b>Originating officer(s)</b> Pat Watson, Head<br>of Building Development |                                    | <b>Title:</b><br><br>Proposed Mulberry & Bigland Green<br>Centre<br><br><b>Wards Affected:</b> Shadwell |                   |

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| <b>Lead Member</b>          | Cllr Oliur Rahman, Cabinet Member for Children's<br>Services     |
| <b>Community Plan Theme</b> | A Prosperous Community   |
| <b>Strategic Priority</b>   | Priority 3.1: Support lifelong learning opportunities<br>for all |

## **1. SUMMARY**

- 1.1 This report explains the background to the proposed development and seeks approval to the grant of a lease for the purposes of developing the Centre.

## **2. DECISIONS REQUIRED**

Cabinet is recommended to:-

- 2.1 Approve the proposed collaboration agreement to be entered into by the governing bodies of Mulberry School for Girls, Bigland Green Primary School and the Council (paragraph 6.4);
- 2.2 Approve the proposed terms of the lease outlined in paragraphs 6.9 – 6.12 including a service level agreement detailing the services to be provided in lieu of rent;
- 2.3 Approve the arrangements for the leaseback of part of the Centre for use as children's centre provision;
- 2.4 Authorise the Acting Corporate Director, Children, Schools & Families, the Director of Development & Renewal and the Assistant Chief Executive (Legal Services) to execute all necessary documents including the collaboration agreement, the lease, service level agreement and, when the centre is completed, the leaseback of part of the Centre for the children's centre provision on the terms proposed.

### **3. REASONS FOR THE DECISIONS**

- 3.1 Proposals have been developed in partnership by Mulberry School for Girls, Bigland Green Primary School and the Directorate of Children, Schools & Families. In order for the development to proceed, it is proposed that the land identified should be leased to the Richard Street Education Trust as set out in the report. Cabinet Authority is sought for the proposed terms of the lease.

### **4. ALTERNATIVE OPTIONS**

- 4.1 The proposed development is an innovative partnership proposal. It may be possible for it to proceed without the grant of a lease, but a lease is recommended in order to provide a secure basis for the success of the Trust and the operation of the proposed centre.

### **5. BACKGROUND**

- 5.1 Mulberry School for Girls and Bigland Green Primary School occupy adjoining sites in Shadwell. The schools have developed close working over time to deliver wider services to the local community. A need was identified for additional accommodation to support family learning activities and allow the services to be extended. This coincided with the LA's identification of the need for additional children's centre services in this area.
- 5.2 A collaborative project has been developed to provide a new building on part of the Bigland Green School site which will provide new facilities for a children's centre, for family learning and for a theatre space. The principal source of the capital costs is to be provided by the accumulated surplus balance of Mulberry School for Girls with a contribution from the LA's children's centre programme (Sure Start capital grant) and some s. 106 funds identified for providing improvements to education facilities.

### **6. BODY OF REPORT**

#### Proposed development

- 6.1 The school governing bodies and the LA have worked hard together to develop the proposal to meet the needs of services associated with the local community. The business plan has shown that there is considerable demand for education and training which cannot be provided within the schools. Mulberry and Bigland Green Schools are trusted environments for parents in the local area and are strongly identified with excellent education achievement. Parental engagement has been shown as a key contributor to educational attainment of school pupils. This combination of services will provide excellent opportunities for parental engagement at all phases, starting with the children's centre.

- 6.2 It is proposed that the new centre will enable the delivery of children's centre services, family learning activities and will provide specialist curriculum space, principally for Mulberry School, with a theatre (Mulberry is a specialist arts school). The contribution of £300,000 capital funding proposed from the children's centre programme is proposed as good value for money as standalone facilities of equal quality could not be provided within the same funds.
- 6.3 The proposals for the new centre have been developed in collaboration and planning permission has been obtained. The land identified for the building falls almost entirely within the site of Bigland Green Primary School, apart from a small area which is part of the Mulberry School site. In respect of this latter area, agreement has been reached with the PFI contractor for Mulberry School to enable the development to proceed. (It is not proposed that the facilities management services to the centre will be provided by the PFI contractor).
- 6.4 A competitive tender process has been carried out and it is proposed that the construction should start from early 2011. The LA and the governing bodies of the two schools have prepared a collaboration agreement to facilitate the development. This will enable Mulberry School governing body to enter into the construction contract on behalf of all three parties. The LA has been involved in the detailed development of the scheme and the tender process and is satisfied that the construction proposals meet the needs of the children's centre services.

#### Operation and running of the centre

- 6.5 The governing bodies have prepared a business plan for the operation and running of the centre. This shows how the running costs will be met and the arrangements for the management and operation of the centre. The LA will contribute towards the shared running costs in respect of the children's centre use and the schools will contribute in relation to their use. Some income will be raised by letting the accommodation outside of the normal day for the schools and children's centre.
- 6.6 For the purposes of the long term operation of the centre and the delivery of the services, the governing bodies propose to establish the Richard Street Education Trust. The objects of the Trust are:
- the advancement of education;
  - the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;
  - the advancement of citizenship or community development;
  - the advancement of arts, culture, heritage or science; and
  - the advancement of health or the saving of lives;

These objects will be delivered through the operation and provision of a centre which will provide facilities, support and activities for the

students and parents of Mulberry School for Girls and Bigland Green Primary School, and the inhabitants of Tower Hamlets and surrounding areas.

- 6.7 The governing bodies are in the process of establishing the charitable Trust as they believe this will assist them with further fund raising. The Trustees will be three governors of each school. The Trust will establish a subsidiary trading company for the operation of the centre. This will be a company limited by guarantee and will be responsible for the day to day operation and will report to the Trust. All surpluses from the company will be covenanted to the Trust. Sufficient governors from each school have put themselves forward to become trustees.
- 6.8 The governing bodies requested that the LA should lease the land identified for the new facilities to the Trust for the purposes of the centre. The benefit of this approach is to define the accommodation as separate from both schools and to support its independence from the LA in promoting fund-raising and other activities in the long term.
- 6.9 Officers have proposed Heads of Terms for the lease. This involves the lease for the land being entered into by Mulberry School and Bigland Green School governing bodies to enable to construction work to start. Once the Richard Street Education Trust has been established and when the building has been completed, the lease will be assigned to the Trust. The proposed term is for 25 years (plus one year to allow for the construction period) and is conditional on the LA entering into a lease back of part of the building in order to provide children's centre and associated services. On expiry of the lease, it could be renewed or the land and building could revert to the Council.
- 6.10 Officers are satisfied that the proposals for the Richard Street Education Trust provide a sound basis for the proposed lease arrangements and for the sustainable operation of the centre.
- 6.11 An external firm of consultants was engaged to provide a formal valuation of the site and they advise that the annual rental value for the proposed lease is as set out in Appendix 2. It is proposed that this rent will be satisfied by the delivery of services to be detailed in a Service Level Agreement initially between the Governing Bodies and the Council but the Governing Bodies will be able to transfer this agreement to the Trust by means of a deed of novation.
- 6.12 In December 2009 Cabinet adopted an approach to be used in exercising its well being powers in lease transactions. This allows the Service Director to assess the financial and non-financial benefits of this kind of proposal to consider if these are equal to or exceed the value of the rental. In this case, the value of services to be provided (excluding the children's centre related services) are considered to be in excess of the proposed rent. It is proposed that a schedule to the lease should be included which will be a service level agreement. This will allow for the minimum services to the agreed value to be confirmed and provide a mechanism for these to be kept under review during the term of the lease to ensure that the value is maintained and that services can be modified to reflect changing needs locally.

6.13 The well being powers are engaged when the proposal can be shown to fulfil the objectives of the Council's Community Plan. This proposal does so by supporting the objectives of A Prosperous Community and A Healthy Community. The centre will:

- provide opportunities for parents of pupils at both schools to engage in learning activities. The schools have been able to demonstrate a high level of take up for courses already offered and the new facilities will allow a greater range. The courses offered and proposed focus on developing skills, fitness and confidence. These will also help support the objective of removing barriers to employment
- a further strand of work to support achievement in schools is to expand opportunities for parental engagement and learning so that parents and carers get involved in their children's learning and learn with them. The proposed activities of the centre are strongly focussed on this purpose. Parental engagement has been shown to be highly effective in supporting achievement at school. The centre will continue with parenting skills education.
- allow wider curriculum experience for the Mulberry School girls with the new theatre which will be equipped to a high standard, allowing improved performance facilities as well as opportunities to learn about technical aspects of staging. These facilities will also be available for hire to the community.

A Healthy Community – promote healthy lifestyles

- the Centre will offer fitness and healthy cookery courses.

## **7. COMMENTS OF THE SERVICE HEAD, ASSET MANAGEMENT**

7.1 As referred to above in paragraph 6.11, an external firm of consultants has estimated the annual rental value of the site as set out in Appendix 2.

## **8. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

### **Capital funding**

8.1 The total capital cost of the project is £3.6m, funded £3.1m from Mulberry School's accumulated surplus balances and £0.5m from the Council. The collaboration agreement will cap the Councils' contribution to the £0.5m indicated. This has 2 components, as follows:

- Cabinet in October 2009 approved the adoption of a capital estimate of £0.300m funded from Sure Start Capital Grant as part of the children's centre programme towards this development. This funding will be lost if it is not committed by March 2011.

- Subject to a decision of the Planning Contributions Overview Panel (PCOP) in November 2010, a sum of £0.200m may be identified from s. 106 resources received to provide education benefits which can be applied to the capital funding of this project.

8.2 In the event of the PCOP not agreeing to the allocation of the £0.200m for this project, Mulberry School for Girls and Bigland Green Primary School would need to be advised, and the Collaboration Agreement would need to be amended to reflect the lower contribution from the local authority. The schools would need to scale back their plans to operate with the lower level of capital resource, or they would need to seek additional funding from elsewhere. There would be no obligation on the authority to find this shortfall.

**N.B. note for pre-agenda meeting – it is anticipated that the outcome of the PCOP decision will be known by the time of the meeting and an update can be given to the meeting. The final Cabinet version of the report to be amended accordingly.**

#### **Revenue funding**

- 8.3 A business plan has been provided illustrating how the running costs could be met with contributions from both schools and the Local Authority (ie £0.320m from Sure Start for the children's centre services). The Local Authority's obligations in providing support from SureStart will be limited to the availability of this on-going funding stream. So, in the event of Sure Start funding being reduced in future years, this could result in less service provision at this new facility.
- 8.4 The business plan assumes some charging for courses and the intention to raise funds to develop the services delivered. There is the opportunity to raise income by letting out the specialist theatre space. The business plan will be the responsibility of the Trust to implement and keep under review.
- 8.5 The report indicates that the services (principally for family learning and support) provided by the Trust will be equivalent to at least the £30k valuation of the annual lease value of the land. These services will be set out in the Service Level Agreement with the schools, which may be transferred to the Trust. The continued provision of the services would be a condition of the peppercorn rent.

#### **9. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

- 9.1. A local authority requires the consent of the Secretary of State for Education to dispose of land used for the purposes of a school. By virtue of Schedule 35A to the Education Act 1996, the Secretary of State may give a general class consent for such disposals. The Secretary of State has done so in the Academies General Disposal and Appropriation Consent (No1) 2003. The 2003 consent applies to

community schools (despite the title) and permits disposals in order to provide facilities for or consisting of a Family Learning Centre.

9.2. This consent is subject to the local authority providing the Secretary of State with:-

- (a) details of the location area (in square metres) of the land disposed of
- (b) details of the total site area of the school or former school
- (c) the date or proposed date of the disposal
- (d) an explanation as to why the local education authority thinks the proposed disposal is covered by the general consent.

9.3. The Council has well being powers under Section 2 of the Local Government Act 2000. These include the powers to promote or improve the economic and social well being of the area. In exercising these powers the Council must have regard to the Community strategy. These considerations are set out in paragraph 6.13 above.

9.4. Using the well being powers, the Council is entitled to regard the services being provided at the Centre representing the consideration for the lease. These will be secured through a service level agreement and it is the officers' opinion that they represent in excess of the amount assessed in Appendix 2 as the market value rental of the lease.

## **10. ONE TOWER HAMLETS CONSIDERATIONS**

10.1. This development will enable the expansion of education opportunities on the local area. The centre will provide significant new facilities for children's centre services and family learning as well as specialist curriculum accommodation for Mulberry School. These will support increased education attainment. The Mulberry and Bigland Green Centre will support work to reduce inequality by providing additional education and training opportunities for residents, especially in the Shadwell area, and assist in addressing child poverty and worklessness by promoting education opportunities.

## **11. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

11.1. The design of the building and materials proposed to be used have taken account of sustainability and energy efficiency.

## **12. RISK MANAGEMENT IMPLICATIONS**

12.1. The project is being managed by the two schools in collaboration with the LA. The LA is represented on both the project team and the project board. The LA's financial contribution has been set and it has been made clear that this will not be exceeded.

**13. CRIME AND DISORDER REDUCTION IMPLICATIONS**

13.1. There are no specific implications arising.

**14. EFFICIENCY STATEMENT**

14.1. The Council is using its assets efficiently by using its resources in partnership with other stakeholders.

**15. APPENDICES**

Appendix 1 site plan

Appendix 2 valuation details (Exempt)

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**Local Government Act, 1972 Section 100D (As amended)  
List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”

Name and telephone number of holder and address where open to inspection.

**Heads of terms of collaboration agreement**

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