

Item No.

<b>Decision taker</b>	<b>Date</b>	<b>Title of Report</b>
<b>CABINET URGENCY COMMITTEE</b>	24 <sup>th</sup> May 2004	Westminster and Paddington Academies: North Wharf Road school site and funding issues
<b>CLASSIFICATION</b>		<b>Report of</b>
<b>For General Release</b>		Director of Environment & Leisure Director of Education
<b>Wards Involved</b>	Westbourne, Harrow Road, Queens Park	
<b>Policy Context</b>	Civic Renewal: City Investment; Education Guarantee	
<b>Financial Summary</b>	There are no direct financial implications arising from this report	
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## 1 Summary

- 1.1 This report arises out of Cabinet decisions made on 19<sup>th</sup> April 2004 to proceed with the Westminster and Paddington Academies subject to progress on certain reserved matters to be discussed at a future Cabinet Urgency Committee. The key issues for consideration are in relation to the potential disposal of the North Wharf Rd school site, completion of the DfES funding agreements for the two Academies and, to a lesser extent, progress on site assembly (**Appendix 3**) and planning issues (**Appendix 4**).
- 1.2 This report sets out the position on the above issues. It also provides an update on the proposed housing improvements at Westbourne Green (**Appendix 5**) and the financial position.

## 2 Recommendations

- 2.1 To note the progress made since the previous Cabinet meeting on 19th April.
- 2.2 In the event that Members consider that adequate assurance has been received from DfES in respect of the disposal of the North Wharf Road site and the funding agreement for the Westminster Academy, to confirm the decisions made at the previous Cabinet meeting on 19th April (listed at **Appendix 2 b**)), including the continuation of works to complete the new Harrow Road Health Centre and Stowe Club on the site of the existing Stowe Club

### 3 Background

- 3.1 The Secondary Schools Review is a key part of the “Education Guarantee” programme within Civic Renewal. It also forms a key part of the City Council’s School Organisation Plan. Cabinet has considered regular progress reports at key stages.
- 3.2 On 4<sup>th</sup> March 2004, School Organisation Committee (SOC) met and approved the proposal from Westminster City Council, as education authority, to cease to maintain North Westminster Community School (NWCS) and agreed that NWCS be closed with effect from 31<sup>st</sup> August 2006. This approval is conditional on the subsequent approval of the Secretary of State for Education and Skills to the opening, from 1<sup>st</sup> September 2006, of the proposed Westminster and Paddington Academies, and the completion of funding agreements.
- 3.3 The Westminster Academy, to be built on the Westbourne Green site, is to be sponsored by Chelsfield plc. The Paddington Academy, to be constructed on the existing NWCS site in Oakington Road, is to be sponsored by the United Learning Trust. In addition to their core role as providers of high quality secondary education, both Academy schemes involve provision of a range of extended school and community facilities, in line with national policy for the Academies Programme.
- 3.4 Both Academies require a number of existing occupiers of the sites to be relocated and, in the case of the Westminster Academy, a lease to be granted from Transport for London in order to secure an adequate site for the development. Management of relocation is the Council’s responsibility.
- 3.5 On 19<sup>th</sup> April 2004, Cabinet provisionally approved the recommendations set out in the following four complementary reports regarding Westminster and Paddington Academies:
- Report 1: Background and General Approvals
  - Report 2: Westbourne Green Consultation Response
  - Report 3: Site Assembly Issues
  - Report 4: Contract award and funding approval to construct a new Harrow Road Health Centre and Stowe Club
- 3.6 The recommendations in these reports related to the granting of leases for the land required for the Academy to the Academy Trustees; approval of expenditure and contract award to construct a new Harrow Road Health Centre and Stowe Club, in order to vacate the Westminster Academy site; and taking key actions forward in response to the public consultation exercise at Westbourne Green. These are listed at **Appendix 2 b)**.
- 3.7 At a meeting between Council officers and the Academies Unit of the DfES and Chelsfield on 4<sup>th</sup> May, the two key issues were discussed, as set out in sections 4 and 5 below.

## **4 Release of North Wharf Road Community School Site by DfES**

- 4.1 It has become apparent that the City Council has to commit considerable capital resources to enable the Academies programme to go ahead. Much of the capital expenditure to enable the Academies programme has to take place before any potential receipt is received from the sale of the North Wharf Road site and is therefore dependent upon being financed in the short-term from within the Council's existing capital programme. Section 6 of this report provides a financial update.
- 4.2 Ministerial consent to dispose of the existing educational land at North Wharf Road under Section 77 of the School Standards and Framework Act 1998 and Schedule 35A of the Education Act 1996 will release funds for a range of education investment projects and regeneration projects at Westbourne Green. These include the likely requirement of DfES, attached to any formal consent, that an earmarked sum from any capital receipt equivalent to the playing fields proportion of the site be allocated to school sport and the re-provision of the Harrow Road Health Centre to facilitate vacation of the proposed Westminster Academy site. The City Council has also made public statements that a significant proportion of the housing investment earmarked for the Brindley Estate at Westbourne Green is also dependent upon the receipt. Progress on the housing improvement initiative is set out in **Appendix 5**.
- 4.3 A Ministerial decision on North Wharf Road was said by the DfES not to be possible before 24<sup>th</sup> May due to the 'purdah' period surrounding the local elections. Nevertheless, provided the DfES were satisfied that risks to the Westminster Academy schedule were adequately contained, DfES would seek to provide a letter of comfort to the City Council in respect of North Wharf Road release before this meeting. Such a letter dated 18<sup>th</sup> May was received on 19<sup>th</sup> May and is attached as **Appendix 1**.

## **5 Academy Funding Agreements**

- 5.1 The Academies' funding agreements (between the DfES and the Academy Trusts) require as a pre-condition to completion either outline planning permission or a letter of comfort from the City Council in lieu of such an approval. A letter of comfort to Chelsfield and DfES, setting out the City Council's position in relation to the Westminster Academy proposals, was sent on the basis of the planning brief adopted by Planning and Development Committee in March 2004. A planning application is expected to be submitted in mid-June 2004, with a view to being reported to Planning and City Development Committee in September 2004.
- 5.2 The DfES letter of 18<sup>th</sup> May states that the funding agreement will be finalised by the end of the summer term 2004 so that work to vacate the proposed Westminster Academy site can continue.
- 5.3 In respect of the Paddington Academy, outline planning permission was conditionally approved on 29<sup>th</sup> April and negotiations surrounding the lease are well advanced. It has not therefore been necessary to provide the

assurances that have been necessary for Westminster Academy. Whilst the funding agreement for each Academy is an independent document, they are linked for practical purposes in that the SOC decision on the closure of NWCS is conditional upon both agreements being signed.

## **6 Financial Update**

- 6.1 At the Cabinet meeting on 19th April, projected costs amounting to £18m were reported for the clearance of the Westbourne and Oakington Road sites and the re-provision of sports facilities at Westbourne Green. It is anticipated that these costs may be offset against proceeds arising from disposal of the North Wharf Road site.
- 6.2 The current capital programme includes an item for the Westbourne Green developments totalling £9.3 million based on provisional estimates available in the spring of 2003. There is further provision in the existing capital programme of £24m for the overall Secondary Schools Review for the period to March 2007. The capital programme is currently under review and will need to accommodate the additional advance funding for site assembly for both Westminster and Paddington Academies as reported to Cabinet in April.
- 6.3 Separate Cabinet Member and Cabinet approvals have been obtained for the major elements of the project, namely the development of Lisson Grove to house the Housing Assessment and Advice Centre and the new HRHC and Stowe Club on the site of the existing Stowe Club.
- 6.4 Extensive and ongoing discussions with Chelsfield and the DfES have identified the potential for additional costs which may arise from any extended delay in the vacation of the current HRHC site. There is currently provision within the estimated cost of the Westminster Academy site clearance of £750k for any such delay which would be subject to further Cabinet approval at that time. The full extent of the risk is now believed to be up to £1.03m (an additional £280k) although this should be considered a cap and would require full cost justification from the sponsor.
- 6.5 Discussions are also continuing with Chelsfield and the DfES regarding the nature, quality and capacity of the community sports provision. This problem arises because of standards being employed by the DfES in relation to Academies which differs from the City Council and Sports Council standards. Reconciling these approaches may lead to further costs which would need to be appropriately allocated between all parties. £1.5m is currently the City Council's cap on the provision of Community Sports provision on the Westminster Academy site. The outcome of these discussions will be subject to a separate report to Cabinet.
- 6.6 Since the Cabinet meeting on 19<sup>th</sup> April, there have been no significant variations to the total costs of £18m for site assembly and for new sports facilities. Negotiations are ongoing with TfL regarding lease arrangements which may have revenue implications of up to £25,000 per annum. Once finalised this impact will need to be reflected within budget options moving forward.

- 6.7 Any future variations and approvals will be subject to Cabinet or Cabinet Member approval, as will the specific authorisations for expenditure on the particular elements of the project.

## **7 Legal Implications**

- 7.1 Were there to be any delays to the timetable, which would inevitably postpone the opening of the Academies, it would be necessary to request the School Organisation Committee to modify the agreed proposals to close NWCS. The retention of the North Wharf Road site for up to a year for the Westminster Academy would be a possible containment action.
- 7.2 The City Council has entered into the contract to demolish the existing Stowe Club and work to strip out the interior has already commenced. Completion of the legal documentation with the HRHC and the Paddington Development Trust (or other management body) will however commit the City Council to provide that new facility, subject to planning permission being granted. This documentation is expected to be completed, on programme, in the coming weeks.
- 7.3 **Appendix 3** deals with site assembly issues generally. In respect of the current state of negotiations with the GPs at HRHC, legal documentation was sent out on 20<sup>th</sup> April and replies have been received dated 13<sup>th</sup> May 2004. The replies deal with many matters which officers believe already been resolved between the parties and so it is unfortunate that matters have not progressed more speedily. Matters with the Stowe Trustees are significantly further advanced with the surrender of the lease agreed between the parties and awaiting completion pending the Stowe Trustees setting out what covenants they will require in the new lease to maintain the Stowe tradition in the likely event that it will not be the Trustees who take the new lease, but a management organisation such as Paddington Development Trust.

## **8 Next Steps**

- 8.1 The updated timetable for the two Academies is shown at **Appendix 2 a)**.

## **9 Conclusions and Reasons for Decisions**

- 9.1 Following the decision of Cabinet on 19<sup>th</sup> April, officers have addressed all outstanding issues with the DfES and the Academy sponsors. Significant progress has been made on all of these issues.
- 9.2 Written confirmation from Ministers on the disposal of North Wharf Road is still awaited although some measure of comfort has been received in the letter of 18<sup>th</sup> May. This letter also sets out the timescale for the finalising of the Westminster Academy funding agreement. Notwithstanding the further comfort from Ministers, in the light of all the discussions that have and are

taking place with all parties, the recommendations put before Cabinet in April remain valid.

- 9.3 Although it is not yet possible to identify all costs, the amounts under discussion are within approved programmes and a number of contract awards have been approved. Additional reports will be submitted for approval as soon as appropriate and Cabinet will be advised at the earliest opportunity of any significant variations to recently reported estimates.
- 9.4 The recommendations set out in the report of 19th April remain the best and indeed only way to achieve the City Council's overall aim of delivering this key element of the Education Guarantee towards the secondary sector. This approach also offers the most realistic opportunity to dispose of the North Wharf Road site and bring forward the regeneration of the Westbourne Green area.

### **Appendices**

Appendix 1: DfES letter dated 18<sup>th</sup> May 2004

Appendix 2: a) Academy timescales  
b) Recommendations provisionally approved by Cabinet on 19<sup>th</sup> April

Appendix 3: Site Assembly

Appendix 4: Planning process update

Appendix 5: Housing Improvements Update

### **Background papers**

Report of the Director of Environment and Leisure and Director of Education to the Cabinet 19<sup>th</sup> April 2004 on **Westminster and Paddington Academies Report 1: Background and General Approvals**

Report of the Director of Environment and Leisure and Director of Education to the Cabinet 19<sup>th</sup> April 2004 on **Westminster and Paddington Academies Report 2: Westbourne Green Consultation Response**

Report of the Director of Environment and Leisure and the Acting Director of Education to the Cabinet 24<sup>th</sup> March 2003 on **A Way Forward for Westbourne Green**

Report of the Director of Education to the Cabinet 23<sup>rd</sup> February 2004 on **Secondary School Review – an update**

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT KATE REDMOND ON 020 7641 5980; EMAIL ADDRESS kredmond@westminster.gov.uk; FAX NUMBER 020 7641 2644.
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## Appendix 2 a): Academy timescales

Date	Item	Applicable to		Notes
		Paddington Academy	Westminster Academy	
March 2004	School Organisation Committee decision on NWCS closure	*	*	Essential items for Academy funding agreement
April 2004	Planning & Development Committee 29/4/04: Outline planning permission	*		
May 2004	WCC letter of comfort submitted to DfES [substitute for outline planning permission]		*	
	Letter of comfort to WCC from DfES received re North Wharf Road release			
June 2004	Target date: Academies funding Agreements	*	*	All Academy building works dependent on this
	Chelsfield submits detailed planning application		*	
July 2004	Confirmation from DfES of disposal of NWR site			Needed for WG regeneration, housing improvements and education initiatives
August 2004	Planning & City Development Committee: Detailed planning permission	*		
September 2004	Planning & City Development Committee: Detailed planning permission		*	
October 2004	WCC provides vacant possession of most of Westbourne Green site		*	To allow build to begin
	WCC grants lease to Academy Trustees	*	*	
December 2004	WCC provides 'vacant' site at Oakington Road (other site users relocated)	*		To allow build programme to begin
January 2005	Academy build programme begins	*	*	
March 2005	Harrow Road Health Centre moves to new building		*	Re build programme
August 2006	NWCS closes	*	*	Pupils will transfer to Academies
September 2006	Academies open to pupils	*	*	

## **Appendix 2 b): Recommendations provisionally approved by Cabinet on 19<sup>th</sup> April relating to Paddington and Westminster Academies**

### **Report 1: Background and General Approvals**

In relation to Westminster Academy:

- (i) Note that the part of the Westminster Academy site in the Council's ownership, which is held as Housing land, is disposed of as it is no longer required for this purpose
- (ii) That, subject to the completion of the funding agreement between the Department for Education and Skills (DfES) and the Academy sponsors, the City Council grants a 125 year lease to the Academy Trustees of the area required for the Westminster Academy
- (iii) That, for the purpose of granting the Academy lease, the City Council enters into a lease with Transport for London, for 125 years plus one day, of the relevant land required for the Academy on terms to be negotiated by the Head of Property
- (iv) That the Directors of Legal and Administrative Services, Environment and Leisure and Education, be given delegated authority to enter into legal agreements and do everything else as may be required including undertaking any statutory procedures and obtaining or determining any consents to secure the necessary land and other rights, financial contributions towards establishing community use, the future maintenance, management and use of the Academy site and relocate existing occupiers to secure the implementation of the Westminster Academy and to give effect to the above recommendations

In relation to Paddington Academy:

- (v) That, subject to the completion of the funding agreement between the DfES and the Academy sponsors, the City Council grants a 125 year lease to the Academy Trustees of the area required for the Paddington Academy
- (vi) That the Directors of Legal and Administrative Services, Environment and Leisure and Education, be given delegated authority to enter into legal agreements and do everything else as may be required including undertaking any statutory procedures and obtaining or determining any consents to secure the necessary land and other rights, financial contributions towards establishing community use, the future maintenance, management and use of the Academy site and relocate existing occupiers to secure the implementation of the Paddington Academy and to give effect to the above recommendations

## **Report 2: Westbourne Green Consultation Response**

- (a) To note Regenfirst Ltd's report of the results of the public consultation exercise at Westbourne Green
- (b) To approve the recommendations for taking key actions forward in response to the public consultation exercise and in line with and subject to the overall project requirements

## **Report 3: Site Assembly Issues (Confidential)**

- 1 That Cabinet authorises the Cabinet Member for Economic Development and Transport, in his capacity as Lead Member for the Westbourne Green Regeneration project, to consider options for land assembly for the Westminster Academy to achieve the vacant possession of the necessary site; and make any decisions consequent on the consideration of those options in consultation with the Cabinet Member for Finance and Support Services

## **Report 4: Funding Approval and Contract Award to construct a new Harrow Road Health Centre and Stowe Club (Confidential) (excluding contract information)**

- A That capital expenditure be approved for the development of the new Health Centre and Stowe Club
- B That subject to obtaining all necessary planning and other permissions and consents, contracts for the construction works to build the new building be awarded

## **Appendix 3: Site Assembly**

### **1 Westminster Academy**

#### **1.1 Harrow Road Health Centre relocation**

- 1.1.1 A detailed planning application for a new Harrow Road Health Centre (HRHC) and Stowe Club, agreed by both parties, was submitted on 7<sup>th</sup> May. This followed some weeks of intensive negotiations on the designs with the HRHC and the Primary Care Trust (PCT). These issues have now been resolved to enable the submission of an agreed application. As part of this process, a further scheme design has also been completed (providing for the HRHC without additional services proposed to be provided by the PCT) which has also been submitted as an alternative application to contain the risk of any further difficulties between the parties.
- 1.1.2 Draft legal documentation to cover surrender and re-grant of a lease was provided to the HRHC's legal advisors on 20<sup>th</sup> April and replies were made dated 13<sup>th</sup> May.

#### **1.2 Stowe Club redevelopment**

- 1.2.1 Agreement for the surrender of the existing lease on the Stowe Club has been reached with the Trustees. The Stowe Trustees do not intend to take a lease of the new centre and the likelihood is that the lease will be granted directly to the managing organisation, such as the Paddington Development Trust (PDT) who are keen to maintain their involvement with the Club and the area.
- 1.2.2 The existing Club was successfully vacated by 17<sup>th</sup> May and suitable temporary accommodation has been found for all former occupiers. As stated above a detailed/reserved matters application for the redevelopment of the Club has been submitted and is expected to be determined in late June 2004. This follows the approval of the outline scheme on 25 March 2004. At that time the Planning and Development Committee was concerned over certain detailed design issues, external materials and rights of light. These issues have been dealt with in the detailed scheme. Preparatory works for the demolition of the existing Club are due to commence during the week beginning 17<sup>th</sup> May, a contract having been let for this work subsequent to the Cabinet's decision on 19 April.

#### **1.3 Other site assembly issues**

- 1.3.1 The majority of the site, and all of the area required for the Academy building, is within the ownership of the Council. Part of the land required for the school sports and community facilities is under and adjoining the Westway and is in the ownership of TfL. The City Council therefore requires a lease from TfL in order to bring together the areas required for these facilities to the Academy.

1.3.2 The heads of terms have been agreed with TfL, which will enable a sublet of the site to the Academy as well as the right to let local voluntary or charitable use of the site.

1.3.3 Legal documentation is awaited from TfL and whilst it is anticipated that this will be completed in time for a lease to be granted to the Academy trustees, progress with TfL has been slow.

## **2 Paddington Academy**

### **2.1 Windmill Montessori Nursery**

2.1.1 Plans to move to the basement of Maida Vale Library are at an advanced stage and have been agreed with the nursery's proprietors. Heads of Terms for the new lease have been agreed in principle, on similar lines to the existing lease, solicitors have been instructed and are making progress but as yet no legal documentation has been finalised. Landlord's consent is required for conversion works and a sub-lease will need to be granted, but these are not expected to be controversial.

### **2.2 Marylands Family Centre**

2.2.1 The design for new accommodation at Third Avenue, Queen's Park, has been agreed with the Family Centre providers. Legal documentation is not yet in place, but there is an understanding on both sides that lease terms will be comparable with the lease on the existing accommodation. Works at Third Avenue also require consent of Westminster Play Association (WPA) (see paragraph 2.3.1 below).

### **2.3 Westminster Play Association**

2.3.1 WPA needs to vacate the Marylands Road site. The facility is not to be specifically reprovided, but play spaces will be reallocated to other sites in accordance with Westminster's approved play strategy. WPA is holding over on the terms of an expired lease. Solicitors have been instructed to serve the relevant notice to recover vacant possession if no agreement can be reached on surrender of occupation. WPA is the current occupier of the Third Avenue premises, which will be converted and extended to accommodate both WPA and the Family Centre. The design has been agreed with both parties, but lease documentation needs to follow to give legal certainty.

2.3.2 Currently, adequate timescales exist for all works associated with Oakington Road relocations. However, the programme will be monitored and any delays carefully assessed in terms of the effect on the overall programme.

## **Appendix 4: Planning process update**

### **1 Westminster Academy**

- 1.1 Meetings with Chelsfield, their architects and other planning advisors have been continuing and Chelsfield is expected to submit an application in mid-June. The footprint of the building is largely decided and the only remaining design issue to deal with is that of the sports hall and changing facilities and the required network of footpaths across the site. The application will be in accordance with the adopted planning brief for the site.
- 1.2 At the meeting on 4 May, DfES requested a letter of comfort in respect of the planning position in respect of the Academy proposal. Officers have agreed to provide such a letter on receipt of the necessary information.

### **2 Paddington Academy**

- 2.1 The outline planning application for the Paddington Academy was conditionally approved on 29<sup>th</sup> April 2004. A detailed application now has to be submitted addressing all the matters raised by the Planning and City Development Committee.

## **Appendix 5: Housing Improvements Update**

### **Consultation**

- 1 Initial consultation with tenants and lessees of the City Council and tenants of Stadium Housing Association commenced in January 2004 with a series of events at the Warwick and Brindley towers. Over a third of residents gave their views on the current management of the Estates and the type of works they would like to see carried out. 68% of residents like Westbourne Green as a place to live and 70% were happy with their homes. Estate security, the concierge service, ground maintenance and cleaning services were rated highly. The top five dislikes were lifts, play facilities, kitchens, bathrooms and external appearance of the blocks.

### **Management of Brindley Estate**

- 2 CityWest Homes Ltd is seeking to provide a single housing management and maintenance service to all tenants and lessees of the City Council and Stadium Housing Association on the Brindley Estate. The proposed arrangements would deal with current problems as well as providing a uniform service for all residents across the Estate. These arrangements are planned to be put in place in June 2004.

### **Major works and transfer ballot for Brindley Estate**

- 3 CityWest Homes Ltd cannot fund all the improvements that residents want, such as improved lifts, new double glazed windows, works to stop water penetration and improved appearance of the blocks. To bridge the funding gap for the three Brindley tower blocks, the City Council is aiming to bring forward the transfer ballot of City Council tenants to Stadium Housing Association from 2009 to 2004. This transfer would enable Stadium Housing Association to carry out the entire package of works to the three blocks at the same time as the City Council's package of regeneration proposals is carried out across the Westbourne Green area, which includes major works to the Warwick Estate tower blocks.
- 4 As part of the recent consultation, more than 130 residents were asked whether they were happy for the Council to bring forward the transfer ballot and major works. Over 50% of those responding were City Council tenants, 62% of whom were in favour of bringing the ballot forward.
- 5 The ballot is intended to take place towards the end of this year, which, if it were successful, would mean that the three Brindley tower blocks would be transferred to Stadium Housing Association in April 2005.

### **Future consultation**

- 6 The recent consultation has identified the main priorities for the Estates. Going forward, monthly consultation events will be carried out in order to gain feedback on the designs and explain the programme for works.