



City of Westminster

# Public Document Pack

## Committee Agenda

Title:

**Concurrent Meeting of the Housing, Finance and Corporate Services Policy and Scrutiny Committee and the Children, Young People and Customer Services Policy and Scrutiny Committee**

Meeting Date:

**Thursday 3rd September, 2015**

Time:

**7.00 pm**

Venue:

**Rooms 5, 6 & 7 - 17th Floor, City Hall, 64 Victoria Street, London, SW1E 6QP**

Members:

**Housing, Finance and Corporate Services Policy and Scrutiny Committee**

**Councillors**

Brian Connell (Chairman)  
Antonia Cox  
Peter Freeman  
Adnan Mohammed  
Gotz Mohindra  
Adam Hug  
Vincenzo Rampulla  
Jacqui Wilkinson

**Children, Young People and Customer Services Policy and Scrutiny Committee**

**Councillors**

Andrew Smith (Chairman)  
Rita Begum  
Iain Bott  
Ruth Bush  
Melvyn Caplan  
Peter Cuthbertson  
Nick Evans  
Robert Rigby

**Co-opted Members of the Children, Young People and Customer Services Policy and Scrutiny Committee**

**Elected voting representatives**

Aki Turan, Parent Governor  
Annie Ee, Parent Governor

**Co-opted voting representatives**

Brenda Morrison, Church of England Diocese Representative  
Louise McCullough, Roman Catholic Diocesan Board Representative

**Co-opted non-voting representatives**

Smita Bora, Principal of Westminster Academy  
Darren Guttridge, Headteacher, Edward Wilson Primary School



**Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda**

**Admission to the public gallery is by ticket, issued from the ground floor reception at City Hall from 6.00pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.**



**An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Mick Steward, Head of Committee and Governance Services.**

**Tel: 020 7641 3134; email: [msteward@westminster.gov.uk](mailto:msteward@westminster.gov.uk)  
Corporate Website: [www.westminster.gov.uk](http://www.westminster.gov.uk)**

**Note for Members:** Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Head of Legal & Democratic Services in advance of the meeting please.

## **AGENDA**

### **PART 1 (IN PUBLIC)**

#### **1. MEMBERSHIP**

- 1.1 The Head of Committee and Governance Services to report any changes to the membership.
- 1.2 To appoint a Chairman for the concurrent meeting.

#### **2. DECLARATIONS OF INTEREST**

To receive declarations by Members and Officers of the existence and nature of any personal or prejudicial interests in matters on this agenda.

#### **3. CALL IN OF THE ACTIVE QUEEN'S PARK PROJECT - ENABLING THE RE-DEVELOPMENT OF MOBERLY AND JUBILEE SPORTS CENTRE**

Report of the Head of Committee and Governance Services in consultation with the Director of Community Services.

(Pages 1 - 42)

**Charlie Parker**  
**Chief Executive**  
**26 August 2015**



City of Westminster

## Committee Report

<b>Date:</b>	<b>3 September 2015</b>
<b>Classification:</b>	<b>For General Release</b>
<b>Title:</b>	<b>Call-in of: The Active Queen's Park Project – Enabling the Re-Development of Moberly and Jubilee Sports Centre</b>
<b>Report of:</b>	<b>Head of Committee and Governance Services</b>
<b>Financial Summary:</b>	<b>The report, the subject of this call-in sets out the financial details</b>
<b>Report Author and Contact Details:</b>	<b>Mick Steward, Head of Committee and Governance Services</b> <b>Email: <a href="mailto:msteward@westminster.gov.uk">msteward@westminster.gov.uk</a></b>

### 1. Executive Summary

- 1.1 On 13<sup>th</sup> August 2015 Councillor Steve Summers, Cabinet Member for Sports, Leisure and Customer Services and Councillor Tim Mitchell the Cabinet Member for Finance and Corporate Services made the following executive decisions in respect of the Active Queen's Park Project – Enabling the Re-development of Moberly and Jubilee Sports Centres.

The Cabinet Members agreed to delegate authority to the Executive Director for City Management & Communities and the Executive Director of Growth, Planning and Housing and in consultation with the Director of Law to:

- Agree to additional Council capital expenditure of £1.815m financed by revenue savings agreed with the service to meet the Council's share of the financial viability gap for the project as detailed in Section 5 of the report, attached as Appendix B.
- Finalise the "post planning appraisal" for the project including a reduced land value payment to the Council as detailed within Sections 5 and 6 of the report attached as Appendix B.
- Finalise the variations to the Development Agreement to reflect the change to the scope of the project (including the 2 previous bullet points) and to address the legal implications as detailed within Section 6 of the report attached as Appendix B.
- Implement measures to save £99k in revenue expenditure in sports and leisure budgets in order to fund the finance costs of additional capital expenditure required to meet the viability gap, from marketing and communications and improved financial performance of the leisure estate.

- Action the recommendations in the Cabinet Member Report dated 6<sup>th</sup> September 2013 insofar as these have not yet been progressed.

1.2 Three Queen's Park Ward Members (Councillors Paul Dimoldenberg, Patricia McAllister and Barrie Taylor) have subsequently exercised their right to request that the decision be "called-in" for scrutiny by the Committees.

## 2. Recommendations

2.1 That the Committees review the decision outlined in paragraph 1.1 above and agree one of the following options:

- (a) to endorse the decision made by the Cabinet Member.
- (b) To refer the matter back to the Cabinet Member, or one of them, for reconsideration, after having set out in writing the nature of the Committee's concerns.
- (c) To refer the matter to a full meeting of the Council.

## 3. Background

3.1 On the 7 August 2015 Councillors Steve Summers, Cabinet Member for Sports, Leisure and Customer Services and the Cabinet Member for Finance and Corporate Services made the decisions in respect of the Active Queen's Park Project – Enabling the Re-development of Moberly and Jubilee Sports Centres as set out in the recommendations.

3.2 On 7<sup>th</sup> August 2015 notice of this decision was published in accordance with the Council's Constitution. (See Appendix B (i)).

3.3 On 13<sup>th</sup> August 2015 a valid Ward Member call-in from Councillors Paul Dimoldenberg, Patricia McAllister and Barrie Taylor was received. They have indicated that they wish to better understand the finances of the project and also the Save the Jubilee Campaign is about to launch alternative proposals and the Ward Members wish these alternative plans to be considered by Members.

The options available to the Committees are:

**Option A:** Endorse the decision taken by the respective Cabinet Members.

**Option B:** Refer the decision back to the Cabinet Members. They, the Cabinet Members, should then reconsider the decision having regard to the views of the Policy and Scrutiny Committee within 10 working days, amending the decision or not, adopting a final decision.

**Option C:** If the matter is referred to full Council, the Constitution states that the Proper Officer shall include it on the agenda of the next possible meeting. The next possible Council meeting is on Wednesday 11 November 2015.

If the Council does not object to a decision which has been made, then no further action is necessary and the decision will be effective from the date of the Council meeting. However, if the Council does object, it has no locus to make decisions in respect of any executive decision unless it is contrary to the policy framework, or contrary to or not wholly consistent with the budget. Unless that is the case (it is not the case in respect

of this particular decision), the Council will refer any decision to which it objects back to the Cabinet Member, together with the Council's views on the decision. The Cabinet Member shall choose whether to amend the decision or not before reaching a final decision and implementing it. The Cabinet Member should reconsider the matter within 10 working days of the Council request.

- 3.4 It should be noted that the P&S Committees are not obliged to take the same decisions.

Response to the issues raised through the call-in

- 3.5 The Director of Community Services advises that several formal decisions have been taken regarding the 'Active Queens Park' project as the scheme has evolved and progressed. The early Cabinet Member reports considered the principles of the project (e.g. the overall financial model, the response to consultation feedback etc) and approved recommendations to proceed with the scheme.
- 3.6 A summary of the previous decisions taken regarding or affecting the project, which are not the subject of this call-in, are provided in the table below.

Date	Decision
February 2012	<b>Approval of the award of a contract</b> for the redevelopment of the Jubilee & Moberly sites, and the creation of an Olympic Legacy Sports facility - report to Cabinet Members for Strategic Finance and Built Environment (Confidential Report).
August 2012	<b>A formal response to the consultation</b> regarding proposals for a new Moberly Sports Centre- report to Cabinet Member for the Built Environment
August 2013	<b>Securing the surrender of the lease on land currently occupied by 12 derelict and vacant affordable housing units managed by Genesis Housing, adjacent to the Jubilee Centre.</b> Investment in Regeneration within Queens Park area – report to Cabinet Member for Housing and Property and Cabinet Member for Finance and Customer Services (Confidential Report).
February 2015	<b>Council's Medium Term financial Plan (MTP) and agreed budget</b> approved by Full Council.

- 3.7 The report which is the subject of this call in (please refer to Appendix B (ii)) concerns a particular issue regarding the implementation of the Active Queens Park project and sought approval from the Cabinet Member to agree to additional Council capital expenditure of £1.815m to enable the previously agreed project to proceed.

**The Finances of the Project**

- 3.8 The Director of Community Services advises that the financial information to support to the decision of the Cabinet Members is as set out in Appendices A and B (ii).
- 3.9 Finance Officers have assessed the overall financial implications contained within the report in detail and have approved the proposals.

3.10 In terms of the key issues concerning the finances for the project, as noted in the Cabinet Member report (Appendix B):

- since the last Cabinet Member decision regarding this project (September 2013) there have been increases in the cost of the development in relation to build cost inflation, HS2 (additional structural design requirements) and a Community Infrastructure Levy (CIL) payment to LB Brent.
- although a significant level of cost pressures have been mitigated through projected rising sales values of the new residential accommodation, there remains a financial viability gap which needs to be met before the project can proceed.
- following lengthy negotiations, the Developer has agreed to fund the majority of this financial viability gap and has agreed to reduce their developer's profit. This accounts for 69% of the overall financial viability gap.
- there is a net deficit of £1.815m which needs to be met by the Council if the project is to proceed. Given the corporate pressures for capital funding, the cost of new capital expenditure needs to be met by services. There is an expected net annual impact of £60k per annum which will be met through marketing and communication savings and improved financial performance of the leisure estate.
- the latest financial appraisal provided by the Developer has been independently assessed through the formal Local Government Act 1972 Section 123 process which has confirmed that more benefit is transferring to the Council than to the Developer and therefore demonstrates this is providing Value for Money. This has also been reviewed by the Council's legal advisers on the project, Pinsent Masons. The project therefore satisfies the legal requirement to obtain the best consideration reasonably obtainable when the Council disposes of land.
- £600,000 per annum revenue savings are forecast to be realised by closing the existing (cost generating) sports facilities and developing and opening the new facilities, which are forecast to be at least cost neutral. The planned revenue savings arising from the closure of the existing facilities, after all the revenue impacts of the scheme have been accounted for, form part of the Council's Medium Term financial Plan (MTP) and agreed budget which was approved by Full Council on 23<sup>rd</sup> February 2015. If the scheme was not to proceed, given the associated savings form part of the Council's agreed budget, alternative savings proposals would need to be found which would be likely to have a detrimental effect on the Council's sports and leisure offer.

### **Alternative proposals from the Save the Jubilee campaign**

3.11 The alternative proposals from the Save the Jubilee Campaign have not been submitted to or seen by officers. It should, however, be noted that as part of an 18 month consultation, several alternative options have been considered and changes to the proposals were made as a result of feedback from the consultation process. This was formally considered by the Cabinet Member at the time in August 2012 following the consultation period.

3.12 One of the alternative options raised through the consultation process concerned locating new sports facilities on the Jubilee Site. This option was highlighted in the 2012 Cabinet Member report but was discounted due to the overall sporting benefits being provided through the proposed project, because of the site constraints at Jubilee

which would limit an enhanced sports facility from being delivered (due to planning and physical site restrictions) and because such a proposal would not be financially sustainable.

- 3.13 The changes made to the project, which responded to feedback from the consultation, were noted in the Cabinet Member report (Appendix B (ii)) and include:
- **Introducing a new community sports facility at the Jubilee site** as part of the development proposals.
  - **Addressing transport and highways issues.** Adjustments include making a number of changes and improvements to address the current transport issues in and around the Moberly site including a new Pedestrian crossing, proposing a new location for mini bus parking and a weight restriction for larger vehicles on Kilburn Lane.
  - **Improving the design and reducing the height of buildings.** Changes include revising the height and design of the proposed buildings including a reduction in height of the apartment block at the Jubilee site, at the end of Caird St and reducing the Moberly building facing Chamberlayne and Bannister Roads.
  - **Introducing new and improved free to access facilities at Queens Park Gardens** to mitigate the loss of the free outdoor games area at Jubilee.
  - **Building a new community use synthetic football pitch at St Augustine's school** in liaison with the existing hirers of the bookable football pitch at Moberly – these users are very pleased with the replacement pitch at St Augustine's.
  - **Including the 12 new affordable homes** owned by Genesis Housing as part of the development which will enable the delivery of 12 new replacement affordable homes (7 shared ownership and 5 social rent) back to Genesis promoting a mix of affordable housing options in the Queens Park area.
- 3.14 Queens Park Community Council and the Save the Jubilee Campaign Group have been fully engaged throughout process and the Director of Community Services has noted that Officers are keen that this continues. The Council's Chief Executive has recently written to the Community Council in response to their request that the Council considers alternative proposals regarding the Jubilee Centre and stressed that the Community Council has a very important role to play regarding the project to ensure the potential benefits for local residents are maximised. In his response, the Chief Executive confirmed that a formal decision, which will enable the project to proceed, is expected to be made by the Cabinet Members concerned imminently and that officers were not in a position to delay the project any further via a fundamental review of the proposition given the progress already made and as funding and legal commitments are in place. The Chief Executive noted that officers welcomed the opportunity to enter into an open dialogue with the Community Council regarding possible options and priorities for the management arrangements of the new facility and to shape an activity programme and overall offer which meets the needs of residents.
- 3.15 The Director of Community Services has noted that, although alternative proposals from the Save the Jubilee campaign have yet to be received, there are a number of significant issues which the Council would encounter if alternative proposals were to be considered, which are summarised below:

- **A significant improvement in the quality of sports and leisure facilities would not be realised.** This is a fundamental part of the rationale for the project which will deliver a 37% increase in sports facility provision as well as a significant increase in quality of facilities. The existing facilities are in a poor state of repair and require major investment.
- **The agreed Medium Term financial Plan (MTP) savings would not be delivered.** As noted in the report, £600,000 per annum revenue savings are forecast to be realised by closing the existing (cost generating) sports facilities and developing and opening the new facilities, which are forecast to be at least cost neutral. These planned revenue savings form part of the Council's Medium Term financial Plan (MTP) and agreed budget which was approved by Full Council on 23<sup>rd</sup> February 2015. If the scheme was not to proceed, given the associated savings form part of the Council's agreed budget, alternative savings proposals would need to be found which would be likely to have a detrimental effect on the Council's sports and leisure offer.
- **The Council is already formally committed to the scheme.** Following a significant programme of consultation (which included detailed discussions with the Campaign Group and other local stakeholders), the project is well advanced and:
  - the Development Agreement has been exchanged
  - planning permissions have been secured for all four sites
  - the acquisition of the dilapidated Genesis properties has been agreed by the parties
  - works at Queens Park Gardens and St Augustine's have already been delivered
  - design and contractual work for the next phase of work is being progressed and 'phase 1' of the works programme, which includes the redevelopment of the entire Moberly site and the land occupied by the dilapidated houses owned by Genesis Housing and the squash courts and Games Area on the Jubilee site, are due to commence later this year, subject to the implementation of this Cabinet Member decision.
- **Alternative management arrangements are unlikely to have a significant positive impact on the net operational cost of the Jubilee facility.** During the past 10 years, the Jubilee facility has been managed by several respected and highly experienced leisure management operators including the private sector (Cannons Health and Fitness), a trading charity (Nuffield Health) and a social enterprise (GLL). The Moberly Centre was also operated in house until 2012. Due to the poor quality and mix of the facilities, the net operational cost of Jubilee and Moberly has remained consistently high irrespective of the type of management operator and this is highly unlikely to change unless a major transformation of the facilities is delivered.
- **Any alternative proposals for Jubilee would still not address the net cost of the existing Moberly Centre.** The proposed project will dramatically improve both the quality and financial cost of both Moberly and Jubilee Sports Centres. This would not be the case if alternative options for Jubilee were pursued.
- **If further delays are experienced, the net cost of the scheme will increase adding further cost pressures for the Council.** The Developer has confirmed that build cost inflation is rising which will increase the overall cost of the project if there are further delays. The Developer has agreed a significant reduction in developer's profit and has taken the burden of the majority of financial mitigation required on the understanding that the project would progress swiftly.



- **The costs of developing the current scheme to this point would be aborted.**
- **The new affordable homes would either not be delivered at all through this project, or would be delayed.** Phase 1 of the project at the Jubilee site will allow the demolition of the 12 dilapidated Genesis homes which adjoin the Jubilee site. Any delays in delivering this aspect of the project would lead to further frustrations from local residents who have raised concerns about the negative visual impact and anti-social and behavior issues around the existing derelict Genesis properties. The delivery of the new affordable homes is contingent on the project proceeding in its current form.

#### **4. Financial Implications**

- 4.1 These are set out in the report at Appendix B (ii). The City Treasurer will attend the meeting.

#### **5. Legal Implications**

- 5.1 The legal implications in respect of the award of the contract are set out in the report at Appendix B. These are exempt from public disclosure. Officers from Legal Services will attend the meeting.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact: Mick Steward;  
7641 3134; [msteward@westminster.gov.uk](mailto:msteward@westminster.gov.uk)**

#### **BACKGROUND PAPERS**

None.

#### **Appendices**

- A. Public Briefing Note issued with the formal Decision Notice.
- B. The report, including the recommendations: The Active Queen's Park Project – Enabling the Re-development of Moberly and Jubilee Sports Centre.



## Public Briefing Note

<b>Title:</b>	<b>The Active Queens Park Project- enabling the redevelopment of Moberly and Jubilee Sports Centres</b>
<b>Ward Affected:</b>	<b>Queens Park</b>
	<b>Richard Barker</b> <b>Director of Community Services</b>

### 1. Summary

The 'Active Queens Park' project concerns the redevelopment of the Council's Jubilee and Moberly Sports Centre sites.

Following a programme of consultation, the Council has entered into a Development Agreement with Willmott Dixon Regen (WDR) who have been engaged to design and build a range of new high quality sports and leisure facilities and 156 new homes across the two sites.

The Active Queens Park project will deliver:

- **A £26m sports centre at the Moberly site.** The new facilities will include a 25m main pool, teaching pool with moveable floor, health and fitness suite, 8 court sports hall, spa, boxing club, multi-activity room, community room and café.
- **A £2.3m community sports facility at the Jubilee site** including a 3 court sports hall and community room suitable for a variety of activities.
- **A new synthetic football pitch facility at St Augustine's School.** These works have already been delivered and will replace the existing bookable outdoor football pitch at the Moberly site.
- **Improvements to the free-to-access pitches in Queens Park Gardens.** Improvements include the installation of floodlights and new fencing which will enable longer hours of use and will accommodate greater volume of users and a wider variety of activities, a new outdoor gym and improvements to the existing Games Area. These works have also been delivered and seek to mitigate for the loss of the existing free to use Games Area at the Jubilee site.

- **12 new replacement affordable homes** on the Jubilee site built to meet London Design Guide standards.

The proposed facilities represent over £28m investment in new sports facilities and a 37% increase in sports provision for the area compared with the existing facilities. This is a significant improvement in services for an area which experiences high levels of inactivity and health inequality. The need for a new high quality facility at the Moberly site has been recognised by both Westminster and Brent planning authorities, the GLA, Sport England and key National Governing Bodies of Sport.

£600,000 per annum revenue savings are forecast to be realised by closing the existing (cost generating) sports facilities and developing and opening the new facilities, which are forecast to be at least cost neutral. The planned revenue savings arising from the closure of the existing facilities, after all the revenue impacts of the scheme have been accounted for, form part of the Council's Medium Term financial Plan (MTP) and agreed budget which was approved by Full Council on 23<sup>rd</sup> February 2015. If the scheme was not to proceed, given the associated savings form part of the Council's agreed budget, alternative savings proposals would need to be found which would be likely to have a detrimental effect on the Council's sports and leisure offer.

The project will be delivered by the Council's appointed Development Partner (WDR) who will build 156 homes which will fund the investment in new sports and leisure facilities. All homes will be built to meet the London Design Guide requirements.

Since the last Cabinet Member decision concerning this project (made in August 2013), significant progress has been made and phase 1 of the development is ready to commence.

However, a number of additional cost pressures have been incurred and there is a financial viability gap. Council Officers and the Developer have worked together to identify a mitigation strategy to overcome the financial viability gap and following a number of negotiation discussions, the Developer has agreed to significantly reduce its developer's profit in order to fund the majority of the financial mitigation required. The reduction in developer's profit offered by the Developer equates to 69% of the overall financial viability gap which needs to be closed.

The financial viability gap has now been balanced subject to an approval of Council capital expenditure of £1.815m. This is the total expected net capital cost to the Council of the scheme. The cost of borrowing will be met by the service. The expected net annual impact of £60k per annum will be met through marketing and communication savings and improved financial performance of the leisure estate.

The financial appraisal provided by the Developer has been independently assessed through the formal Local Government Act 1972 Section 123 process which demonstrates the scheme is providing Value for Money to the Council.

The Cabinet Members have agreed to delegate authority to the Executive Director for City Management & Communities and the Executive Director of Growth, Planning and Housing and in consultation with the Director of Law to:

- Agree to additional Council capital expenditure of £1.815m financed by revenue savings agreed with the service to meet the Council's share of the financial viability gap for the project. The cost of borrowing will be met through marketing and communications saving and improved financial performance of the leisure estate.

- Finalise the 'post planning appraisal' for the project including a reduced land value payment to the Council.
- Finalise the variations to the Development Agreement to reflect the change to the scope of the project (including the 2 previous bullet points) and to address the legal implications.
- Action the decisions in the Cabinet Member Report dated 6<sup>th</sup> September 2013 in so far as these have not yet been progressed.

## 2. Background

In September 2012, the Cabinet Member for the Built Environment agreed a recommendation to implement the next steps taking forward development proposals for Moberly and Jubilee to the planning stage. These proposals sought to consolidate the two existing sports centres and partner with a private developer (WDR) to deliver a new sports centre on the existing Moberly site at no cost to the Council. Under the original proposals part of the Moberly site and the whole Jubilee site would be utilised for new residential accommodation through a mixed use development which would fund the cost of the new sports centre at Moberly.

However the report noted that in response to concerns identified during the consultation regarding the loss of the Jubilee Sports Centre, the Council and the Developer were assessing the opportunities to retain a community sports offer on the Jubilee site. It was noted in the report that the delivery of a community sports facility (with a 3 court sports hall and flexible meeting/activity space) could be achieved at no additional net cost by including the adjoining land occupied by Genesis Housing Association (who own 12 affordable homes that require investment due to their dilapidated state).

In August 2013 a further report was considered entitled "Investment in Regeneration within Queens Park area" and delegated authority to acquire on behalf of the Council, 12 derelict affordable housing properties adjacent to Jubilee Sports Centre in the possession of Genesis Housing Association. This acquisition enabled the development of community sports facilities on the Jubilee site.

### *The Development Agreement with Willmott Dixon Regen- a summary*

- The Council is the freeholder of the Moberly and Jubilee Sports Centre sites and has entered into a Development Agreement with the Developer in relation to the redevelopment of the sites.
- The Moberly site is to be redeveloped for mixed use, including a new £26m leisure centre, a small retail unit and residential development in the same building above the leisure centre and also stand alone residential development on the same site.
- Once the new leisure centre at Moberly is open, the Council will vacate the existing Jubilee Centre and hand over the Jubilee site to the Developer for mixed development including a new community sports facility and residential development in the same building, stand-alone residential development and 12 replacement affordable homes.
- The necessary planning permissions have been obtained and the Developer will build 156 new homes across the two sites which includes a mix of new

townhouses and apartments. The sale of these new homes will fund the majority of the costs of the development, including the new community sports facilities.

- At Moberly, the Council is to retain the freehold interest in the 'airspace' which will comprise the leisure centre. The whole of the rest of the mixed use building and curtilage, including all structural parts, is demised to the Developer under a mixed use lease. The Developer is responsible for the maintenance of the mixed use building.
- Two leases will be in place for the Jubilee site and the Developer will be the tenant for the row of townhouses and the apartment building, which will include the replacement 12 affordable homes (which will be sold to and managed by Genesis Housing). A lease back to the Council will also be in place for the area within the Jubilee apartment building occupied by the new community sports centre.
- The leases will be for a term of 250 years from completion.
- Now that planning permissions have been obtained, under the requirements of the Development Agreement, WDR have run an updated financial appraisal (the 'Post Planning Appraisal') which shows the anticipated sales values and all costs of the development. Once the Post Planning Appraisal has been agreed (which is subject to the financial mitigations noted within this briefing), the costs of development and anticipated sales values become the risk of WDR.

### **3. Progress with the Project and Key Issues**

Since the Cabinet Member decision in August 2013, significant progress with the project has been made:

- Planning permissions and associated legal agreements for all four sites have been secured.
- The improved facilities at St Augustine's School and Queens Park Gardens (which form part of the wider project) have been delivered.
- Vacant possession of all 12 of the existing dilapidated Genesis homes has been achieved.
- The detailed designs and cost plans for the new facilities and homes on the Moberly and Jubilee sites have progressed and phase 1 of the development is ready to commence following a mobilisation period.

However, a number of additional cost pressures have been incurred since the last Cabinet Member report in 2013 which include:

- Community Infrastructure Levy (CIL) costs
- Build cost inflation – which has been running at 1.5% per quarter.
- Additional costs arising from the detailed design process including the finalised structural solution to accommodate a HS2 tunnel which is proposed to be located under part of the Moberly site.

Although a significant level of cost pressures have been mitigated through projected rising sales values of the new residential accommodation, there is a financial viability gap which needs to be met before the project can proceed.

Officers and WDR have worked together to identify a Mitigation Strategy in accordance with the Development Agreement to overcome the financial viability issues. The aim is to agree a Mitigation Strategy that is acceptable to both parties to enable satisfaction of the planning and viability conditions in the Development Agreement, to enter into a Deed of Variation to the Development Agreement reflecting that strategy, to enable the Development Agreement to go unconditional and construction works to start on site at earliest opportunity once the remaining conditions precedent are discharged. The viability gap has been met through a combination of measures affecting both the developer and the Council including increase in sales values, reduction in developer costs, value engineering works and reduction in land value to the Council.

As noted, the Developer has agreed to significantly reduce its developer's profit in order to fund the majority of the financial mitigation required. This leaves the Council with a pressure of £1.815m.

The Developer's appraisal has been independently assessed through the formal Local Government Act 1972 Section 123 process which has confirmed that more benefit is transferring to the Council than to the Developer and therefore demonstrates this is providing Value for Money.

#### *The LB Brent Community Infrastructure Levy issue*

On 13<sup>th</sup> March 2015, LB Brent issued a letter and report rejecting the Council's application for relief from their Community Infrastructure Levy (CIL) which was submitted in February 2015 after the related planning decision notice was issued by LB Brent.

The proposal to seek discretionary relief from the LB Brent CIL was made transparent from the outset and discussed with the relevant Brent Officers on several occasions. The intention was also made explicit to the Brent Planning Committee when the scheme was considered for approval.

It is the view of Officers and the Developer that the application for discretionary relief from LB Brent CIL was robust and that the project satisfies the requirements for exceptional circumstances relief under the CIL regulations.

However, whilst Officers and the Developer are frustrated and disappointed by the decision made by Brent, it is understood that this decision cannot be overturned and the associated costs (£1.6m) must be met through the project.

#### *A Judicial Review (JR) Challenge*

The Judicial Review period in respect of the planning decision (made by Westminster) for the redevelopment of the Jubilee Sports Centre site expired in January 2015. However a challenge was lodged by the court on 17<sup>th</sup> March 2015.

A Court Order was released on 17<sup>th</sup> June 2015 confirming that leave to bring JR proceedings in respect of the Council's decision to grant planning permission for redevelopment of the above site **has been refused**. A comprehensive ruling was made in the Council's favour. The judge who considered the application found that the consultation on the application was thorough and that the procedures to be followed by the Planning Sub Committee were followed.

The decision notice in respect of the planning decision (made by Brent) for the Moberly Sports Centre development was published on 04/02/15 and the Judicial Review period ran until 18/03/15. No challenges have been submitted to date.

#### **4. Financial Implications**

There is a net cost to the Council of £1.815m for the project due to the cost pressures mentioned above, this funding will need to be approved and allocated within the Council's capital programme. Given the corporate pressures for capital funding, the cost of new capital expenditure will be met by the service. There is an expected net annual impact of £60k per annum which will be met through marketing and communication savings and improved financial performance of the leisure estate.

The latest financial appraisal provided by the Developer has been independently assessed through the formal Local Government Act 1972 Section 123 process which has confirmed that more benefit is transferring to the Council than to the Developer and therefore demonstrates this is providing Value for Money.

Redeveloping the two poor quality and ageing sports centres and replacing them with new, efficient, high quality and well-designed facilities will generate an expected annual saving to the Council of £600,000 p.a. from existing revenue. If the scheme was not to proceed, given the associated savings form part of the Council's agreed budget, alternative savings proposals would need to be found which would be likely to have a detrimental effect on the Council's sports and leisure offer.

#### **5. Consultation & Timescales**

An extensive 18 month programme of consultation was implemented and a number of significant changes to the original proposals have been made in response to feedback. Changes include:

- **Introducing a new community sports facility at the Jubilee site** as part of the development proposals.
- **Addressing transport and highways issues.** Adjustments include making a number of changes and improvements to address the current transport issues in and around the Moberly site including a new Pedestrian crossing, proposing a new location for mini bus parking and a weight restriction for larger vehicles on Kilburn Lane.
- **Improving the design and reducing the height of buildings.** Changes include revising the height and design of the proposed buildings including a reduction in height of the apartment block at the Jubilee site, at the end of Caird St and reducing the Moberly building facing Chamberlayne and Bannister Roads.
- **Introducing new and improved free to access facilities at Queens Park Gardens** to mitigate the loss of the free outdoor games area at Jubilee.
- **Building a new community use synthetic football pitch at St Augustine's school** in liaison with the existing hirers of the bookable football pitch at Moberly – these users are very pleased with the replacement pitch at St Augustine's.

- **Including the 12 new affordable homes** owned by Genesis Housing as part of the development which will enable the delivery of 12 new replacement affordable homes (7 shared ownership and 5 social rent) back to Genesis promoting a mix of affordable housing options in the Queens Park area.

Timescales

It is anticipated that phase 1 works will commence in Winter 2015.

Phase 1 works include the redevelopment of the entire Moberly site and the development of the residential block (including the replacement affordable homes) off Bruckner Street on the Jubilee site.

Phase 1 works will take approximately 22 months so Phase 2 works (the redevelopment of the remainder of the Jubilee Sports Centre site) will commence in Autumn 2017. With the exception of the squash courts and the outdoor Games Area which will close to facilitate phase 1 works in accordance with the planning permission for the Jubilee site, Jubilee Sports Centre will not close until the new facility at Moberly is complete and operational to ensure continual service provision across the area.

The key activities and outline timescales are noted in the table below.

Action	Timescale
Formal Cabinet Member approval	July 2015
To enter into a Deed of Variation to the Development Agreement	Autumn 2015
To obtain agreement for all pre-commencement planning conditions	Autumn 2015
To obtain approval from the Secretary of State to appropriate the land pursuant to Section 122 of the Local Government Act 1972	Autumn 2015
Willmott Dixon to finalise and secure funding	Autumn 2015
Finalise and enter into the related design and build contracts	Autumn 2015
Moberly site to close	Winter 2015
Phase 1 works to commence	Winter 2015

**If you have any queries about this Project please contact:**

[activequeenspark@westminster.gov.uk](mailto:activequeenspark@westminster.gov.uk)



## WESTMINSTER CITY COUNCIL

### STATEMENT OF DECISION

**SUBJECT: THE ACTIVE QUEENS PARK PROJECT- ENABLING THE RE-DEVELOPMENT OF MOBERLY AND JUBILEE SPORTS CENTRES.**

Notice is hereby given that the Cabinet Member for Sports, Leisure and Customer Services and the Cabinet Member for Corporate and Finance have made the following executive decision on the above mentioned subject for the reasons set out below.

#### Summary of Decision

1. That the report and other background papers to this report be exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A, Part 1, paragraph 3 as amended, in that they contain information relating to the financial or business affairs of the Council and financial information which is commercially sensitive to the Council's development partner (WDR).
2. The Cabinet Members agreed to delegate authority to the Executive Director for City Management & Communities and the Executive Director of Growth, Planning and Housing and in consultation with the Director of Law to:
  - Agree to additional Council capital expenditure of £1.815m financed by revenue savings agreed with the service to meet the Council's share of the financial viability gap for the project as detailed in section 5 of this report.
  - Finalise the 'post planning appraisal' for the project including a reduced land value payment to the Council as detailed within sections 5 and 6 of this report.
  - Finalise the variations to the Development Agreement to reflect the change to the scope of the project (including the 2 previous bullet points) and to address the legal implications as detailed within section 6 of this report.
  - Implement measures to save £99k in revenue expenditure in sports and leisure budgets in order to fund the finance costs of additional capital expenditure required to meet the viability gap, from marketing and communications and improved financial performance of the leisure estate.
  - Action the recommendations in the Cabinet Member Report dated 6<sup>th</sup> September 2013 in so far as these have not yet been progressed.

NB: A Briefing Note, setting out further information about the decision is available at <http://committees.westminster.gov.uk/documents/s14440/Briefing%20on%20Moberly%20Jubilee%20Redevelopment.pdf>

## **Reasons for Decision**

Approved the recommendations contained within the report to enable the Active Queens Park project to commence which will realise a significant capital investment in new sports facilities within the Queens Park area and will support the achievement of the Council's agreed Medium Term Financial Plan (MTP) savings and agreed budget, which was approved by Full Council on 23<sup>rd</sup> February 2015, through the delivery of the associated revenue savings.

**Charlie Parker, Chief Executive,  
Westminster City Hall,  
64 Victoria Street  
LONDON SW1E 6QP**

**Publication Date:** 7 August 2015

**Implementation Date:** 15 August 2015, 5pm

**Reference:** CMfSL&CS/6/2015  
CMfF&CS/9/2015

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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**City of Westminster**

# Committee Report

**Date:** 3 September 2015

**Classification:** For General Release

**Title:** Response to the Submission from the QPCC and the Save the Jubilee Sports Centre

**Report of:** Director of Community Services

**Financial Summary:** The report which is the subject of this call-in and titled 'The Active Queen's Park Project – Enabling the Re-Development of Moberly and Jubilee Sports Centre' sets out the financial details

**Report Author and Contact Details:** Richard Barker, Director of Community Services  
Email: [rbarker@westminster.gov.uk](mailto:rbarker@westminster.gov.uk)

## **1. Executive Summary**

- 1.1 In advance of the planned Call-in meeting of the Policy and Scrutiny Committees, representatives from Queens Park Community Council (QPCC) submitted their outline alternative proposals in respect of the development and management of Jubilee Sports Centre.
- 1.2 Officers received the architectural and outline business plan proposals from QPCC on 26<sup>th</sup> August 2015. The proposals have been reviewed by both Officers and a specialist sports and leisure consultant.
- 1.3 This report provides a summary response to the alternative proposals submitted by QPCC.

## **2. Summary of QPCC proposals**

- 2.1 The architectural statement submitted by QPCC provides an overview of their proposed building enhancements which would retain the existing pool and sports hall and re-plan the remaining spaces at Jubilee Sports Centre. The proposals include:
  - A new café
  - A new spa (located in the existing squash court area)

- An extended / relocated studio for dance classes
- A consolidation and expansion of the gym into existing staff accommodation (a circa 65m<sup>2</sup> increase to 325m<sup>2</sup>)
- A relocated squash court
- A relocated soft play facility

2.2 From the information provided, it appears that the facilities will be largely refurbished/ relocated as opposed to significantly extended with the spa being the only additional activity area.

### 3. Summary of Concerns Regarding the Proposal

3.1 Whilst Officers appreciate the time and effort the QPCC has invested in these proposals, there are a number of key issues and concerns which prevent the Council from taking forward these alternative proposals.

#### General issues arising from the alternative proposal

3.2 The general issues from considering alternative proposals are outlined in the main Committee Report (titled 'Call-in of: The Active Queen's Park Project – Enabling the Re-Development of Moberly and Jubilee Sports Centre') and key issues include:

- **A significant improvement in the quality of sports and leisure facilities would not be realised.** This is a fundamental part of the rationale for the Active Queens Park project which will deliver a 37% increase in sports facility provision as well as a significant increase in the quality of facilities. The existing facilities are in a poor state of repair and require major investment. As previously noted, the QPCC proposals do not include the Moberly site and focus mainly on a refurbishment and relocation of facilities as opposed to a significant expansion and a spa is the only additional activity area.
- **The agreed Medium Term financial Plan (MTP) savings would be risked.** As noted in the main report, £600,000 per annum revenue savings are forecast to be realised by closing the existing (cost generating) sports facilities and developing and opening the new facilities, which are forecast to be at least cost neutral. These planned revenue savings form part of the Council's Medium Term financial Plan (MTP) and agreed budget which was approved by Full Council on 23<sup>rd</sup> February 2015. If the scheme was not to proceed, given the associated savings form part of the Council's agreed budget, alternative savings proposals would need to be found which would be likely to have a detrimental effect on the Council's sports and leisure offer.
- **The new affordable homes would either not be delivered at all through this project, or would be delayed.** Phase 1 of the project at the Jubilee site includes the demolition of the 12 dilapidated Genesis homes which adjoin the Jubilee site. Any delays in delivering this aspect of the project would lead to further frustrations from local residents who have raised concerns about the negative visual impact and anti-social and behavior issues around the existing



derelict Genesis properties. The delivery of the new affordable homes is contingent on the project proceeding in its current form.

- **The Council is already formally committed to the scheme.** Following a significant programme of consultation (which included detailed discussions with the Campaign Group and other local stakeholders), the project is well advanced and:
  - three formal Cabinet Member decisions have already been taken in order to advance the project to this stage. Previous reports have considered the overall principles of the project and the consultation report also considered alternative options
  - the Development Agreement has been exchanged
  - planning permissions have been secured for all four sites
  - the acquisition of the dilapidated Genesis properties has been agreed by the parties
  - works at Queens Park Gardens and St Augustine's have already been delivered
  - design and contractual work for the next phase of work is being progressed and 'phase 1' of the works programme, which includes the redevelopment of the entire Moberly site and the land occupied by the dilapidated houses owned by Genesis Housing and the squash courts and Games Area on the Jubilee site, are due to commence later this year, subject to the implementation of this Cabinet Member decision.
  
- **If further delays are experienced, the net cost of the scheme will increase adding further cost pressures for the Council.** The Developer has confirmed that build cost inflation is rising which will increase the overall cost of the project if there are further delays. The Developer has agreed a significant reduction in developer's profit and has taken the burden of the majority of financial mitigation required on the understanding that the project would progress swiftly.
  
- **The costs of developing the current scheme to this point would be aborted.**
  
- **Alternative management arrangements are unlikely to have a significant positive impact on the net operational cost of the Jubilee facility.** During the past 10 years, the Jubilee facility has been managed by several respected and highly experienced leisure management operators including the private sector (Cannons Health and Fitness), a trading charity (Nuffield Health) and a social enterprise (GLL). The Moberly Centre was also operated in house until 2012. Due to the poor quality and mix of the facilities, the net operational cost of Jubilee and Moberly has remained consistently high irrespective of the type of management operator and this is highly unlikely to change unless a major transformation of the facilities is delivered.
  
- **Any alternative proposals for Jubilee would still not address the net cost of the existing Moberly Centre.** The proposed Active Queens Park project will dramatically improve both the quality and financial cost of both Moberly and Jubilee Sports Centres. This would not be the case if alternative options

for Jubilee (only) were pursued (albeit Officers acknowledge that representatives from QPCC have recognised this issue in their submission and have also offered to develop an alternative proposal for the Moberly Centre).

Specific concerns regarding the outline QPCC proposal

3.3 As noted, Officers received the architectural and outline business plan proposals from QPCC on 26<sup>th</sup> August 2015 (i.e. after the main report to the Committee was circulated). The proposals have been reviewed by both Officers and a specialist leisure consultant.

3.4 In addition to the general concerns noted above and in the main papers, having considered the QPCC proposals, there are a number of specific concerns which are summarised below:

- **Deliverability.** The QPCC alternative proposals promote a relatively modest redesign of the existing Jubilee Centre which it estimates would require a capital investment of circa. £1.6m. However, although potential sources of external funding are highlighted, funding has not been secured to deliver the proposals. Furthermore, the proposal does not include any ‘core’ capital funding which could be used to ‘lever’ or match external funding. This clearly represents a major risk in terms of deliverability.
- **Financial Sustainability.** The sustainability of the alternative proposal relies on achieving a substantial increase in income from a relatively modest capital investment alongside a reduction in staffing budgets which is against a staff structure that is already relatively lean. A summary of the QPCC financial proposals against the latest audited accounts from the existing centre is provided in **Figure 1** below.

	Existing Jubilee SC- 2013/14	Proposal- Year 5 Projection	Variance
	£	£	%
<b>Income</b>	<b>746,162</b>	<b>1,422,416</b>	<b>90.6%</b>
Staffing Expenditure	608,075	507,814	-16.5%
Operational Expenditure (inc. marketing)	494,356	425,847	-13.9%
<b>Total expenditure</b>	<b>1,102,431</b>	<b>933,661</b>	<b>-15.3%</b>

**Figure 1-** summary of QPCC financial projections against the audited accounts from the existing Jubilee Centre

Officers and the appointed leisure consultant are concerned that there is no evidence to suggest that projected income levels in the QPCC proposal could be achieved given the modest capital investment and limited increase in

income generating activity facilities. The proposals through the Active Queens Park project will deliver a transformational change through the provision of a range of new high quality facilities which represents a 37% increase compared with the existing Jubilee and Moberly Centres combined. The proposed mix of facilities will ensure a financially sustainable position and is supported by key National Governing Bodies of Sport and Sport England who recognise the sporting and financial benefits.

Officers and the appointed leisure consultant also have a number of specific concerns regarding the QPCC income and expenditure projections which include:

#### Income

- The projected direct debit gym income (given the capacity of the gym)
- The projected level of additional membership payments income
- The projected level of Sports Academy income – with no related coaching costs
- The projected level of additional income from aerobics studio over and above membership income
- The projected level income from outdoor courts

#### Expenditure

- The modest level of staffing resource to support income projections
- The reduced repairs and maintenance budget for reactive, planned and lifecycle maintenance
- The relatively low budget for equipment replacement costs, particularly fitness and ICT
- The lack of budget for insurance costs, irrecoverable VAT costs and business rates costs
- The lack of budget for the costs for any loan repayments

Whilst it is recognised that there is an allocation of 'other expenditure' of £135k in year 5, this is not believed to be sufficient to account for all the items detailed above.

- **Quality of service offer.** As noted, the QPCC proposal includes a significant reduction in staffing budgets in particular. The proposed staffing structure includes the use of apprentices, however best practice is to employ apprentices over and above the required staffing complement to provide genuine training opportunities as opposed to reduce expenditure. The 'staff costs as a percentage of income' ratio in the QPCC proposal is 36%, which is considered very difficult to achieve for a 'wet and dry' centre such as Jubilee and the industry average figure is approximately 67%. It is felt that the proposal to reduce staffing resources would have a negative impact on service quality.
- **A limited improvement in the sports and leisure offer.** As noted, the QPCC proposal includes an overall refurbishment as opposed to a significant expansion and improvement in quality. The inclusion of the spa is the only

additional activity area and the relatively modest increase in the gym facility (a 65m<sup>2</sup> increase to 325m<sup>2</sup>) is significantly less than the proposed gym facility in the new Moberly Centre (circa 490m<sup>2</sup>).

- **The proposal doesn't address the building fabric issues.** Whilst Officers agree with the QPCC that the pool tank is in a good condition, major work would still need to be undertaken to the pool plant equipment including the pool filters, dosing systems, heat exchangers and ancillary heating plant as well as to the roof and fabric of the building, in order maintain the facility. In 2011 an independent building consultant provided a lifecycle maintenance plan to the Council and this identified that in order to operate the Moberly and Jubilee buildings over a 20 year period the cost to the Council would be circa. £1.8m. This is likely to have increased in the last 4 years due to build cost inflation.
- **The claims of mismanagement.** The Council and Greenwich Leisure Limited (GLL) refute the claims made by the QPCC that the Jubilee Sports Centre has been mismanaged. It should be noted that a number of experienced leisure contractors have managed the facility on behalf of the Council over the past 10 years and have been unable to significantly improve its financial position which is largely due to the poor mix of facilities on offer within an evolving and competitive market.

GLL operates a robust reception entry system whereby customers must either produce a valid membership card to the receptionist, who will verify the membership, or pay for their individual activity. The reception area is secured with gates which are only activated to allow entry once a valid transaction has occurred and the customer is let into the facility to enjoy their chosen activity. This arrangement is consistent across all the Council's sports and leisure centres, including Jubilee.

The contractual arrangements between the Council and the appointed operator (whereby the contractor retains all income and is responsible for all operational expenditure) incentivise the contractor to deliver strong financial performance which includes robust entry arrangements for customers.

#### 4. **Financial Implications**

4.1 These are no financial implications associated with this report.

#### 5. **Legal Implications**

5.1 These are no legal implications associated with this report.

#### 6. **Conclusion**

6.1 This report provides a response to the recent alternative proposal for the development and management of the Jubilee Sports Centre submitted by QPCC.

- 6.2 Whilst the interest and enthusiasm from the QPCC is welcomed, there are a number of significant issues highlighted in this report which mean alternative proposals cannot be considered. The Council has already formally committed to the development and a number of significant milestones have already been achieved.
- 6.3 As noted in the main report, Queens Park Community Council and the Save the Jubilee Campaign Group have been fully engaged throughout process and Officers are keen that this continues. Officers welcome the opportunity to enter into an open dialogue with the Community Council regarding possible options and priorities for the management arrangements of the new facility and to shape an activity programme and overall offer which meets the needs of residents.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact: Richard Barker;  
7641 2693; [rbarker@westminster.gov.uk](mailto:rbarker@westminster.gov.uk)**

## **BACKGROUND PAPERS**

None.

## **BACKGROUND PAPERS**

None

## **Appendices**

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