

## North Ken Library – Bad Blood and Backroom Deals

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On 19th November 2015 the RBKC Cabinet approved the lease of the Grade II listed North Kensington Library building to Notting Hill Prep School for a period of 25 years. We know that this was a private deal between the two parties and that there was no competitive tendering process involving other bidders. According to the Key Decision Report the deal was discussed and approved by Cabinet in Part B of the meeting – it was therefore kept confidential and there are no publicly available minutes detailing the negotiations between the parties. We have submitted a Freedom of Information request to the Council asking for disclosure of the Part B information. However we fully expect them to refuse this request and we will then have to appeal to the Information Commissioner and can expect to wait several months for the outcome of that appeal.

In the meantime we have access to a good deal of useful information which is already in the public domain, some in published Council documents and some in the public records available on the Companies House website. On studying various Council documents our attention was drawn to the question of why the Council claims to have considered refurbishment for public use financially unviable while a relatively small business like Notting Hill Prep (annual profits £300,000-£500,000) clearly considered it affordable and an investment worth making. We could also see that, despite the Council's veto on refurbishment for public use, they willingly provided NHP with a generous subsidy, in the form of a full year rent free, estimated at approximately £365,000. It would appear from this that the Council was more than willing to pay most, if not all, of the cost of refurbishing the interior of the building for the benefit of NHP. This suggests a prejudice in favour of NHP and to the detriment of local residents, most of whom cannot afford the luxury of sending their children to a private school. It also suggests that the Council's claim that it couldn't afford to refurbish for public use may have been disingenuous.

We next discovered that the Council had also agreed to lease the Westway Information Centre to Notting Hill Prep. Unlike the Library building the lease of the WIC was subject to competitive tendering and to secure the lease NHP had to bid more than their competitors and more, it seems, than the estimated market rent. The RBKC Cabinet Member's report to the Housing and Property Scrutiny Committee (6th January 2016) further reveals that the NHP bid for the Library building was also higher (30%) than the estimated market rent. However, a study of the finances of NHP reveals that the average profits they declared over the previous ten years were considerably less than half a million pounds per annum. This is less than the combined annual rents they will pay for the Library and the Westway Information Centre. The ability of NHP to afford these rents for the next 25 years will therefore depend on a successful major expansion of their business.

**The Council, in leasing both of these premises to NHP is therefore gambling on the success of this expansion, and we would question whether this is a proper use of public resources, given the significant losses RBKC will incur should the NHP expansion plans fail.**

The North Kensington Library deal is just the latest attempt by NHP to expand their operation in the Lancaster Road area following their failed attempt in 2014 in a bitterly contested bidding war with the Alpha Plus Group for the lease of the Isaac Newton Centre. For many years the ISC had served the North Kensington community as a secondary school. More recently it provided teacher training and educational support services. However in 2014 it was leased for 25 years to the Alpha Plus Group and became Chepstow House Independent School, a direct competitor with Notting Hill Prep for the private education market that has emerged out of the creeping gentrification of North Kensington. Our readers might be interested to know that Alpha Plus is a subsidiary of Delancey Real Estate Asset Management founded by property baron James Ritblat. Alpha Plus runs a network of independent schools including several in Notting Hill and others in areas such as Chiswick, Putney, Hampstead and Westminster. The chairman of governors is Ritblat senior (Sir John Ritblat), a major donor to the Conservative Party and former chairman of British Land, one of the largest property development and investment companies in the United Kingdom.

The bidding war between Alpha Plus and Notting Hill Prep led ultimately to a major confrontation between NHP and the Council in which NHP expressed fears that the Alpha Plus expansion into the Lancaster Road area threatened their business and they accused the Council of having conducted an unfair tendering process which had favoured Alpha Plus to NHP's significant disadvantage. They presented a 2000 signature petition to the Cabinet and Corporate Services Scrutiny Committee in March 2014 and succeeded in having the Isaac Newton decision called in by the Scrutiny Committee and sent back to Cabinet for reconsideration. Unfortunately for NHP their best efforts ultimately proved fruitless as Cabinet simply rubber stamped the original decision reconfirming the lease agreement with Alpha Plus. Plus ça change.

The events outlined above may have significant implications for the private deal struck more recently (in 2015) between RBKC and Notting Hill Prep. Firstly they reveal that NHP and Alpha Plus are both seeking to expand in the Lancaster Road area – and there is no love lost between them, as revealed by the bad blood over Isaac Newton. Furthermore, they are both targeting the same demographic (ie middle class children of primary school age) and are therefore in direct competition with one another. Next, having lost out to Alpha Plus on the Isaac Newton deal, NHP have

instead leased alternative Council premises at the Westway Information Centre and the North Kensington Library. They thus appear to have stolen a march on Alpha Plus, but this may be just a temporary advantage as Alpha Plus is a much bigger company than NHP with significantly more money and corporate backing. If they should decide to counter NHP by expanding Chepstow School this could spell trouble for NHP and may threaten the success of NHP's expansion.

**This brings us back again to the questions we raised above – was it wise for the Council to gamble on the success of the NHP expansion, and was this a proper use of public resources, given the significant losses RBKC will incur should the NHP expansion plan fail?**