GREATER**LONDON**AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3284

Appointment of a Development Partner for North Middlesex University Hospital

Executive summary:

In 2019, the Mayor purchased 1.37 hectares of land at the North Middlesex University Hospital (NMUH) site using the Mayor's Land Fund, approved by Director Decision (DD) 2332. A further 0.4 hectares was purchased from the North Middlesex University Hospital NHS Trust in 2022, as approved by DD2506. GLA Land and Property Ltd has since undertaken an open-market, two-stage restricted procurement exercise to identify a development partner to redevelop the site.

Following this exercise, Countryside Properties (UK) Ltd (Countryside) was evaluated as the highest-scoring bidder. Subject to this decision, it will be selected as the preferred development partner for the NMUH site. Countryside's proposal will deliver a high-quality scheme comprising 284 new homes, of which 100 per cent will be affordable (50 per cent social rent and 50 per cent shared ownership). The scheme will also provide a new 3,000m² office building to be leased back to the NHS Trust; a 1,500m² central park; a nursery; and a community café.

This MD seeks endorsement from the Mayor to appoint Countryside as the preferred development partner. The Executive Director of Housing and Land will finalise and approve the final form of the associated Development Agreement and ancillary agreements required to deliver the scheme. On practical completion of the development, a 999-year headlease for the site will be transferred to Countryside.

Decision:

That the Mayor approves:

1. the selection of Countryside Properties (UK) Ltd as the preferred development partner for the GLA Land and Property Ltd North Middlesex University Hospital site
2. entry into the Development Agreement on terms materially as set out in this decision, for disposal of the land on a 999-year headlease, which will signal the closure of the procurement process.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:

Date: 14/8/24

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

Site history and acquisition

1.1. The GLA Land and Property Ltd (GLAP) site at North Middlesex University Hospital (NMUH) is in Edmonton, within the London Borough of Enfield. It is the local acute hospital for the boroughs of Enfield and Haringey.

1.2. In 2015 and 2016, the North Middlesex University Hospital NHS Trust (the Trust) entered into discussions with LocatED (a non-executive departmental public body sponsored by the Department for Education) regarding a 1.37-hectare plot of land in the southeast corner (see map at Appendix 1) for redevelopment as a free school. Following a review, LocatED decided not to progress with the development of the school on the site and sought to dispose of the unwanted asset.

1.3. On 27 November 2018, Mayoral Decision (MD) 2396 approved £486m of funding as part of the government's Small Sites, Accelerated Construction and Land Assembly Funds (the Land Fund), from the Ministry of Housing, Communities and Local Government (MHCLG) to help unlock and accelerate housing delivery in London. This MD provided a standing delegation to the Executive Director of Housing and Land, in consultation with the Deputy Mayor for Housing, to approve, via Director Decision (DD) forms, the allocation of the funding in accordance with the terms associated with the programmes, and in pursuit of the Mayor's housing ambitions.

1.4. In March 2019, in line with the delegation provided for MD2396, capital expenditure was obtained to acquire the 1.37-hectare site on Bridport Road, in the southeast corner of NMUH as approved by DD2332.

1.5. Under DD2332, the Trust and the GLA explored options for developing a masterplan for the wider hospital site. This was done with a view to incorporating an increased density of housing on any surplus land identified on the site, as well as replacing, and supplementing hospital facilities. As part of the master planning work, an opportunity arose for GLAP to purchase an additional 0.4-hectare site to the north of the existing Bridport Road GLAP site (see map at Appendix 1 for the location of the two sites).

1.6. In 2022, GLAP completed the acquisition for the additional 0.4-hectare site that sits adjacent to the Bridport Road site, as approved by DD2506. Together it forms the site, edged in red on the plan in Appendix 1.

1.7. Included in the terms of the additional land acquisition was the delivery of a new 3,000m² office space that will be leased back to the Trust. The Trust will lease the office space from GLAP's selected development partner on terms that were pre-agreed between GLAP and the Trust, as part of the 0.4-hectare land acquisition.

Procurement process

1.8. In December 2020, GLAP launched the existing GLAP site (excluding the additional 0.4-hectare site) to the London Development Panel 2 (LDP2) to find a development partner for the site, with three bidders submitting a response. The second stage of procurement, the invitation to tender (ITT), was paused in 2021 to allow the additional land acquisition to complete.

1.9. Upon completion of acquisition in 2022, and following the period between the launch of the LDP2 procurement and limited remaining bidder interest from the LDP2, officers sought to undertake soft market testing (SMT) for the site prior to launching the ITT.

1.10. The SMT identified good market interest in the site from small-to-medium-sized developers not on the LDP2. In June 2022, it was agreed that the LDP2 procurement would stop, and a new procurement would be launched to the open market using a two-stage restricted procurement procedure:

- Stage 1: standard selection questionnaire (SQQ) to short list to three or four bidders. This tested technical and financial capability, and asked other mandatory pass/fail questions.

- Stage 2: ITT to evaluate each shortlisted bidders' approach to developing the site, including their financial offer.

1.11. In January 2023 GLAP launched the SSQ, and received responses from eight organisations. In July 2023, following evaluation of the SSQ, three bidders were shortlisted to ITT stage.

Setting the specification for the development

1.12. The following vision was established for the site:

"The development will optimise the capacity of the site by taking a design-led approach to deliver a mixed-use residential-led development, incorporating a 3,000m² new office space to be leased back to the NHS Trust and an optimised number of homes with at least 50 per cent of these homes being genuinely affordable. The scheme will be integrated with the wider hospital site, demonstrating how high quality, net zero-carbon homes can be delivered on NHS sites and how these developments can incorporate innovative methods of design and construction. The new homes will prioritise the health and well-being of residents, addressing the evidence that links poor quality housing conditions with poor health."

1.13. Using this vision, a series of minimum requirements and ambitions for the site were established. These are explored further at paragraphs 1.14 to 1.19, below.

Affordable homes

1.14. The Mayor's key priority on this site is to deliver a high number of genuinely affordable homes. To deliver this, a minimum level of affordable housing for the site was fixed at 50 per cent. The affordable homes must be Social Rent, London Living Rent or Shared Ownership.

1.15. Recognising the importance of providing homes for NHS key workers, it was required that the development partner would work with their Registered Provider partner to ensure that the Trust has nomination rights, with the option of first refusal for 10 London Living Rent homes on the site.

Sustainability

1.16. The scheme should reflect the Mayor's ambitions to tackle climate change. The development proposals were required to be net-zero carbon (including both the residential and commercial elements). This must include at least a 35 per cent reduction in on-site carbon dioxide emissions against Part L 2021 of the Building of the Regulations, of which there must be at least 10 per cent reduction from energy-efficiency measures.

Design

1.17. The scheme should deliver exemplary design and architecture of distinction befitting the context, and in accordance with the planning policy framework, including the Mayor's London Plan 2021 and the associated London Plan Guidance documents (as may be updated from time to time). As well as meeting all applicable Building Regulations and other legislative requirements in place when registering the relevant Building Regulations application, the development proposals (including the residential and commercial elements) must comply with the required building safety standards, sustainability standards and design standards as set out in the Affordable Homes Programme 2021-26.

1.18. A development proposal must be submitted to an independent design review panel as part of the planning process.

New office

1.19. The development is required to deliver 3,000m² of commercial office space that will be leased to the Trust. This must be delivered within the first phase of the development, to allow the Trust to vacate their existing headquarters and move into the new office, freeing up the second phase of the site for development.

Evaluation of the bids

1.20. An evaluation methodology was provided as part of the supporting documentation issued with the ITT. This set out how the tenders would be assessed, including the evaluation criteria to be applied to each part of the bid. This was reviewed and approved by TfL's procurement team, acting as the procurement agent for the GLA. This methodology set out the marking structure (see Appendix 2 for the Evaluation Criteria).

1.21. Burges Salmon was engaged, alongside TfL Legal, to provide expert legal and procurement advice throughout the development of the ITT and assessment process.

1.22. Montagu Evans was engaged to provide commercial advice throughout the development of the ITT; and to assist with appraisal of the financial responses.

1.23. The evaluation process and scoring of tender submissions was overseen by TfL Procurement.

1.24. Following a careful assessment of the tender using the evaluation criteria (Appendix 2), Countryside was assessed as the highest-scoring bidder.

1.25. On that basis, this Decision seeks Mayoral endorsement to appoint Countryside to enter into a Development Agreement (DA) to deliver the scheme as described in their tender submission.

2. Objectives and expected outcomes

2.1. The purpose of the Land Fund (MD2396) was to help unlock and accelerate housing delivery in London. The redevelopment of this site, particularly the levels of affordable housing proposed, will contribute towards this.

2.2. In accordance with Countryside's bid, and subject to obtaining full planning consent, the development will deliver (in addition to the minimum requirements):

- 284 new homes, all of which will be affordable, comprising 50 per cent social rent and 50 per cent shared ownership homes
- homes with entirely dual aspect and well-ventilated spaces to support the health of future residents
- net zero-carbon homes, using the Enfield district heating network
- a new nursery and community café that will reuse the portico and materials of the existing Trust headquarters, creating a link between the hospital campus and new residents
- a new central park that provides 1,500m² of play and green space for the new and wider community
- a new office building providing 3,000m² of office space built through a modular factory manufactured system

- new access to the site from Somerset Road and public realm improvements to the site entrances
- low-rise flats and terraced housing along the eastern boundary to preserve privacy and enhance security for the existing Somerset Road houses
- as many family-sized homes as possible at the ground floor, allowing these to have their own front doors and gardens
- a combination of one-to-four-bedroom homes.

2.3. GLAP will enter into a conditional DA with Countryside, which is responsible for obtaining planning permission for the site. Once planning is achieved and GLAP is satisfied that Countryside has sufficient funding for the construction works, a 'building lease' of the land will be granted. Countryside will then proceed to build out the site under the building lease.

2.4. When the development of each phase is complete, including all landscaping and public realm works, and all relevant obligations under the DA and building lease have been met, GLAP will transfer a 999-year headlease for that phase to Countryside. Once the full development is complete, the 999-year headlease for the whole site will be transferred to Countryside, with GLAP retaining the freehold.

2.5. For the affordable housing and the new office, the long headlease shall be granted following verification from the employer's agent that the foundations for the relevant block and/or freehold home have been constructed in accordance with the DA; and that a course of bricks has been laid above ground level, achieving 'golden brick'.

3. Equality comments

3.1. Under section 149 of the Equality Act 2010 (the Equality Act), as a public authority, the GLA must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation; and to advance equality of opportunity, and foster good relations, between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage or civil partnership status.

3.2. This site will increase housing supply and delivers 284 genuinely affordable homes. This decision is therefore expected to have positive impacts on the community as it allows more people to access the affordable homes they need. This is particularly important to the area as the Upper Edmonton ward where the site is located was ranked amongst the most deprived wards in England with respect to barriers to housing and services. This ranking measures the physical and financial accessibility of housing and local services including affordability and homelessness (English indices of deprivation 2019, published by the MHCLG on 26 September 2019).

3.3. This decision is expected to have positive impacts on persons with a protected characteristic under the Equality Act, as increasing the supply of housing in London will help to address problems such as overcrowding and homelessness. Evidence indicates that these problems disproportionately affect specific groups, including Black and Minority Ethnic groups and women.

3.4. The site also delivers strong environmental outcome, by delivering a net zero-carbon scheme. This will have a positive impact on the local community through reducing fuel poverty and keeping bills down.

3.5. The procurement also included a requirement for bidders to demonstrate their approach and commitment to enhancing and promoting equality, diversity and inclusion (EDI) through their development of the site. To do this, bidders were asked to set out six tangible actions they would take during the delivery of the project, based around the following three themes:

- Organisational equality, diversity and fairness: promoting best practice in employment within the bidder's own organisation, by ensuring workers are treated and paid fairly; tackling discrimination and bias; and advancing EDI to make every employee feel valued.

- Sustainable and diverse supply chains: ensuring that environmental, social and economic sustainability is promoted throughout the bidders' activities and supply chains; and encouraging diversity through procurement activities for the development of the site. This should include consideration of bidders' approach to involving local practices in the design and/or construction of the scheme; and ensuring a diverse base of suppliers. This includes voluntary, community and social enterprise organisations; micro, small and medium-sized enterprises; and diverse-owned businesses. A diverse-owned business is one that is more than 50 per cent owned by women, ethnic minorities, people with disabilities or LGBTQ+ people.

- Working together with Londoners: ensuring that the scheme delivered at the site is inclusive and designed to meet the needs of the local community. This is done by encouraging social integration and maximising opportunities to bring social value to the local community, especially under-represented groups, or those that face significant housing-related inequalities.

3.6. Countryside's proposal includes a strong EDI action plan that includes, but is not limited to:

- a commitment to support apprenticeships and skills development through the contract

- EDI data monitoring at the commencement of the project

- EDI employment targets and commitments within supplier contracts

- a commitment to pay the London Living Wage as a minimum requirement throughout its supply contract specification, which is audited regularly by their EDI adviser for compliance

- a commitment to establish an EDI and Community Board, responsible for the oversight of EDI, social value and engagement strategy.

4. Other considerations

Key risks and issues

4.1. In bringing forward proposals for the site, GLAP has looked to understand and mitigate risk relating to the redevelopment of the site. The table below reflects some of the key risks that have been identified, and the strategies undertaken to mitigate them:

Key risk	**Mitigation strategy**
Legal risks/an unsuccessful bidder challenges the decision not to proceed with them as the successful bidder	• There is always a risk that one of the bidders brings a challenge under the Public Contracts Regulations 2015. • The GLAP team has taken the advice of TfL Procurement, TfL Legal and Burges Salmon on all elements of the procurement. This is to mitigate the risk of a procurement challenge being brought successfully. The process followed was in accordance with TfL Procurement and legal advice to ensure compliance with the award criteria in the procurement strategy and evaluation strategy, as summarised in section 1 of this MD. • See further comments on this risk in section 2 of this MD.
DA cannot be agreed	A form of DA was issued as part of the ITT; this will be tailored to the winning bid, where necessary. Countryside has signed a Form of

	Tender as part of the ITT response, confirming that it will enter into this agreement on the terms issued.
The selected scheme by Countryside fails to secure planning permission in time to enable start on site by March 2026	• The planning strategy was evaluated during the evaluation stage. • Countryside has agreed to enter into a Planning Performance Agreement with the local planning authority to ensure there are regular targeted pre-apps during the design phase. • Stakeholder engagement to commence early.
Delays in constructing the new office for the Trust, meaning vacant possession of the second phase of the site is delayed	• Hold regular meetings with the developer to ensure the programme is progressing, and any delays are identified early. • Countryside's proposed build method for the office is via Portakabin, a modular building solution enabling the delivery of the new office within a shorter programme than traditional build methods.
A market downturn or other issues cause cashflow issues, halting development	• Ongoing monitoring of market conditions. • Careful analysis of financial assumptions underpinning the financial offer.
Countryside undertakes works not in line with the proposals in its tender	• Due diligence via the procurement exercise gives comfort that the bidder can meet the terms of its offer to GLAP. • The DA contains provisions for repossession of the site in the event of any break or default on payment. • The DA also contains provisions and penalties should the bidder not comply with the agreed delivery approach. However, given the project governance structure put in place for the development, this issue is considered unlikely to arise.

Link to Mayoral strategies and priorities

4.2. The regeneration of a large portion of the hospital sites will bring many benefits to the local community of Enfield; and increase the much-needed affordable housing supply in London.

4.3. The selected proposal by Countryside will deliver 284 high-quality homes at NMUH, with 100 per cent affordable housing. This proposal reflects, and at times exceeds, the key Mayoral strategies and priorities that were embedded into the GLAP procurement approach to the site. This includes the London Housing Strategy, which set out a policy for the GLA to take a more interventionist approach in London's land market. This approach was taken to accelerate the speed of building; and to deliver more homes, with a focus on delivering more affordable homes. The delivery of 100 per cent affordable homes on the site, exceeds the Mayor's strategic target, as set out in policy H5 of the London Plan, of delivering 50 per cent affordable housing on public land.

4.4. Countryside's proposal also ensures all new homes will be net zero-carbon, aligning with the London Plan policy for new major developments to be net zero-carbon as set out in the London Plan 2021.

4.5. Alongside the land acquisition, the Trust and the GLA jointly commissioned a masterplan for the wider hospital site. This was done with a view to incorporating an increased density of housing on any surplus land identified on the site, as well as replacing, and supplementing, hospital facilities. This collaborative approach, working jointly with the Trust through the masterplanning work, links to the Mayor's objective to work with other public-sector landowners to release more land for housing (London Housing Strategy, 2018). It also meets the Mayor's wider objectives to ensure more intensive and better use of hospital sites. This is to facilitate the improvement of facilities, and the creation and release of surplus land for other priorities (London Plan, 2021).

Conflicts of interest

4.6. All bidders were required to sign a Conflict of Interest Declaration. No relationships were disclosed that could potentially result in an actual or perceived conflict of interest.

4.7. All evaluators and supporting subject matter experts signed a Declaration of Interest form. While all bidders are known to the evaluators (including in relation to projects where bidders are development partners on land currently or previously owned by the Mayor), appropriate steps have been taken to ensure any potential conflicts have been mitigated. This has included limiting communication between evaluators and bidders.

4.8. There are no known conflicts of interest for those involved in the drafting or clearance of this decision form.

5. Financial comments

5.1. This decision requests approval to select Countryside as the preferred development partner for the GLAP site at NMUH; and to enter into a DA for the disposal of the land.

5.2. The financial implications of appointing Countryside as the development partner are set out in Part 2 of this MD.

6. Legal comments

6.1. The GLA/GLAP has been advised by Burges Salmon and TfL Legal throughout this procurement; and will continue to be so advised in relation to the fine tuning of the DA and other scheme documents.

6.2. Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything that he considers will further one or more of the principal purposes of the GLA as set out in section 30 (2). These are:

- promoting economic development and wealth creation in Greater London
- promoting social development in Greater London
- promoting the improvement of the environment in Greater London.

6.3. In formulating the proposals in respect of which a decision is sought, officers confirm they have complied with the GLA's related statutory duties to:

- pay due regard to the principle that there should be an equality of opportunity for all people
- consider how the proposals will promote the improvement of the health of persons in Greater London, promote the reduction of health inequalities between persons living in Greater London, contribute towards the achievement of sustainable development in the United Kingdom and contribute towards the mitigation of or adaptation to climate change in the United Kingdom
- consult with appropriate bodies.

6.4. Sections 1 to 3 of Part 1 of this report indicate that the Mayor has the power to proceed to make the decisions as requested within this report.

7. Planned delivery approach and next steps

Activity	Timeline
Notification of procurement outcome	Early August 2024
10-day procurement standstill period ends	August 2024
DA signed	September 2024
Submit planning application	May 2025
Start on site	March 2026
Practical completion of phase 1	July 2028
Practical completion of phase 2	January 2030

Appendices and supporting papers:
Appendix 1 – Site plan
Appendix 2 – ITT Evaluation Criteria

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note**: This form (Part 1) will be published either within one working day after it has been approved or on the defer date.

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason: to allow GLAP to notify bidders of the outcome, the standstill period to pass and for the Development Agreement to have been exchanged by the parties before the decision is published.

Until what date: 30 November 2024

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? YES

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: Neala Gautam and Grace Richardson have drafted this report in accordance with GLA procedures and confirms the following:	✓
Sponsoring Director: Tim Steer has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
Mayoral Adviser: Tom Copley has been consulted about the proposal and agrees the recommendations.	✓
Advice: The Finance and Legal teams have commented on this proposal.	✓
Mayoral Delivery Board This decision was agreed by the Mayoral Delivery Board on 29 July 2024.	

INTERIM CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Anna Casbolt

pp. Anna Casbolt, Assistant Director, Financial Services.

Date

30 July 2024

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

D. Bellamy

Date

30 July 2024