

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2165

Title: St Ann's Hospital Site – valuer appointment

Executive Summary:

This decision seeks approval of expenditure of up to £50,000 to appoint property advisors through TfL's Framework to undertake a Red Book valuation and property due diligence of St Ann's Hospital site in London Borough of Haringey.

Barnet, Enfield and Haringey Mental Health Trust (BEHMHT) plan to dispose of two thirds of the St Ann's Hospital site in Haringey to help fund an upgraded hospital on the site. The GLA are exploring acquiring the site, which would be subject to a Mayoral Decision to agree these terms. Subsequently, onwards disposal would be through the London Development Panel 2, working with partners to increase the current proposed number of homes and level of affordable housing delivered on site.

Decision:

The Head of Area approves expenditure of up to £50,000 to undertake valuation work and due diligence for the potential acquisition of the St Ann's Hospital site in London Borough of Haringey.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Fiona Duncan

Position: Head of Area North East London,
Housing and Land

Signature: 

Date: 30/10/17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 This request relates to appointing a RICS registered valuer to undertake a valuation and due diligence required to support the potential acquisition of the St Ann's Hospital site in London Borough of Haringey (LBH). No previous approval has been sought for this site.
- 1.2 Barnet, Enfield and Haringey Mental Health Trust (BEHMHT) plan to dispose of two thirds of the St Ann's Hospital site to fund a replacement hospital on the remainder. The site has a current planning permission for 470 homes at 14% affordable housing.
- 1.3 GLA Officers are seeking permission to commission a valuation and due diligence. Once the valuation advice is received and if heads of terms can be agreed to acquire the site from the NHS Trust, a further approval of the terms will be sought from the Mayor.

Planning Application

- 1.4 The NHS Trust's initial plan proposed a development of 750 homes. However, following strong local opposition from the community, this number was reduced to 470 at 14% affordable by unit with the upgrade of existing health facilities (HGY/2014/1691). This opposition to the scheme catalysed the creation of St Ann's Redevelopment Trust (StART).

St Ann's Redevelopment Trust (StART)

- 1.5 StART is a Community Land Trust and registered as a Community Benefit Society which has an interest in the re-development and wants to keep the land in community ownership. They consider that they have wide community and political support to deliver a higher density scheme, of up to 800 units with over 50% affordable, because of the additional benefits their involvement brings. They have been advised by Igloo Regeneration and Macreanor Lavington.

Barnet, Enfield and Haringey Mental Health Trust

- 1.6 The NHS Trust intends to submit its Outline Business Case (OBC) to dispose of the site to NHS Improvement (NHS I) in September, with the expectation that the OBC will be approved in October. The NHS Trust intend to commence marketing of the site from November. A Full Business Case (FBC) would be developed between November and January 2018, and submitted for approval by NHS I in February 2018, for a land sale in March 2018.
- 1.7 The site is registered as an Asset of Community Value (ACV), which required the Trust to notify the Borough of its intention to market the site. A six-week period started from 8th August, in which a community group could register their interest as a potential bidder – triggering a six-month moratorium on the sale of the land. StART has registered its interest as a potential bidder in the ACV process.
- 1.8 The site is being marketed on EPIMS and there is 40 working days to register an interest in acquisition, which expires on the 31st October. GLA Officers have communicated to the Trust our principle interest in the site. The Trust still intends to go to the market in November but is happy to continue discussions in parallel, but do not want to delay marketing in case the GLA decide not to proceed with the purchase.

- 1.9 Initial work has been carried out by CBRE for the NHS Trust for permission granted for 800 at 35% affordable. However, the current s106 also requires payment by BEHMH to LB Haringey of 60% of any additional value over circa £39m (index linked and up to an equivalent of 50% affordable), within 6 months of receiving the land payment.

2. Objectives and expected outcomes

- 2.1 The valuation and due diligence advice commissioned for the site will assist in any decision making for acquisition. The site could be released to the London Development Panel 2 to procure a development partner for the delivery of new homes, with a significant proportion being affordable homes, as well as accommodating other appropriate uses.

3. Equality comments

- 3.1 In September 2017, the Mayor published the draft London Housing Strategy. The strategy commits to directly engaging with public sector land owners, and specifically the NHS, to bring forward sites for the development of housing.
- 3.2 The delivery of new and additional homes will help to implement Objectives 1, 2, 3 and 4 of the Mayor's Equalities Framework "Equal Life Chances for All" (June 2014) through the creation of new homes, housing products and well-designed housing schemes.
- 3.3 The acquisition of this site will contribute towards the ambitions set out in the consultation for the Mayor's vision for a diverse and inclusive city, in particular with reference to building more decent homes for Londoners.

4. Other considerations

- 4.1 As with any land purchase, there is a risk that the land value may go down, as well as up. Should the site be secured, efforts would be taken to dispose of the site expediently to minimise exposure to this risk. When disposal takes place, all efforts would be made to ensure that the expenditure incurred by the GLA (including holding and ancillary costs) are recouped.
- 4.2 A further risk is that GLA officers may be unable to agree a value with the NHS Trust.
- 4.3 The undertaking of this valuation will assist in minimising the risk to the GLA in disposing of the site if acquired.

5. Financial comments

- 5.1 This decision requests approval of revenue expenditure of up-to £50,000 to undertake valuation work and due diligence for the potential acquisition of the St Ann's Hospital site in London Borough of Haringey.
- 5.2 The expenditure is available from Housing & Land's Land and Property Programme budget and will be fully expended in 2017/18 financial year.

6. Legal Comments

- 6.1 There are no legal comments.

7. Planned delivery approach and next steps

Activity	Timeline
Procurement of a consultant from TfL's Framework to carry out a Red Book valuation of the site	Q3 2017/18
Redbook valuation of the site	Q3 2017/18
Mayoral decision to acquire site	Q4 2017/18

Appendices and supporting papers:

None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 either be published within one working day after approval 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:

The Part 1 contains confidential information relating to the site disposal process therefore should remain undisclosed until the site is disposed of to the GLA or another party.

Until what date: 30th April 2018

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:**Drafting officer:**

Sarah Coutts has drafted this report in accordance with GLA procedures and confirms that the Finance and –if relevant- Legal teams have commented on this proposal as required, and this decision reflects their comments.

Corporate Investment Board:

The Corporate Investment Board reviewed this proposal on 30.10.17

HEAD OF FINANCE AND GOVERNANCE:

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

Signature:



Date:

30.10.17

