

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2332

**Title: Bridport Road Enfield (North Middlesex Stage 1)**

### Executive Summary:

LocatED, the Department of Education agency responsible for school delivery via the Academies programme purchased a portion of the North Middlesex University Hospital site in 2016 for delivery of a new school. This did not proceed. LocatED are now seeking to dispose of the land. The Trust and LocatED jointly approached the GLA asking for assistance to meet their disposal and development objectives through the acquisition of the site for housing. Both LocatED and the Trust are seeking to complete the sale by the end of March 2019.

MD2396 approved receipt of £486m of additional funding from Government's Small Sites, Accelerated Construction, and Land Funds to assist in the acquisition of land, remediation and infrastructure to support the delivery of 8,000 housing completions in London by 2030, and delegated to the Executive Director of Housing and Land the power to approve allocation of this funding.

This DD seeks approval for expenditure to purchase the site for future disposal via the London Development Panel 2 (LDP).

### Decision:

That the Executive Director of Housing and Land approves, following the agreement of the Investment Committee and as per the delegation in MD2396, expenditure from the Land Assembly Fund budget for the purchase of the Bridport Road site in Enfield and the costs of subsequent preparatory work to facilitate the disposal of the site via the GLA's London Development Panel 2, up to the amounts as set out in section 3 of Part 2 of this Directors Decision and agrees receipt of any incomes arising from tenancies or other uses taking place within the site.

### AUTHORISING DIRECTOR

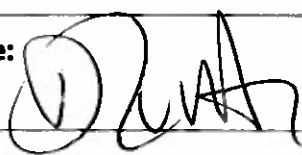
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** David Lunts

**Position:** Executive Director, Housing and Land

**Signature:**



**Date:**

27/03/19

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 The North Middlesex University Hospital (NNUH) is a medium-sized hospital, located in Edmonton within the London Borough of Enfield. It is the local acute hospital for the boroughs of Enfield and Haringey, which have a combined population of approximately 590,000, of whom the hospital serves about 300,000.
- 1.2 During 2015/2016, the Trust entered into discussions with the Education & Skills Funding Authority (ESFA) regarding a plot of land in the southeast corner of the site (Map in Appendix 1 to this report) for redevelopment as a free school. The Trust took the decision that it could meet the accommodation needs of the existing services on the site in a different way and took the decision to sell the land in March 2016.
- 1.3 Following a review, the ESFA (later renamed as LocatED) took the decision that given the proximity to the Accident & Emergency department, with over 100 ambulances attending daily, as well as other traffic and transport challenges, it would not progress with the development of the school on the site. It reached agreement with the Trust to permit the hospital services to remain on site by way of a lease, while it resolved what development would progress.
- 1.4 LocatED are required to dispose of unwanted assets within three years of purchase, which expires on 31<sup>st</sup> March 2019. Similarly, the Trust, who are the beneficiary of an overage clause, are focused on completing the sale before 31<sup>st</sup> March 2019 so that they have more freedom over how any such overage can be utilised under the existing healthcare ring-fencing requirements.
- 1.5 The CEO of North Middlesex Hospital approached the GLA with a view to GLAP purchasing the site for residential development.
- 1.6 MD2396 approved receipt of Government funding for small sites and delegated authority to the Executive Director of Housing and Land to agree its allocation.

#### *Site acquisition and disposal*

- 1.7 It is proposed the GLAP acquires the site on Bridport Road, contained within the grounds of the North Middlesex University Hospital and owned by the Ministry for Housing, Communities & Local Government through its agent, LocatED (an executive non-departmental public body sponsored by the Department of Education). The acquisition will follow a full Red Book Valuation based on the previous site appraisal conducted by Montagu Evans which determined that 206 residential units would likely be viewed favourably by planning – with cost assumptions taking into account the Mayor's aspirations laid out in the latest draft of the London Plan for the tenure of 50% of homes built on public land being affordable.
- 1.8 Subject to this approval, all parties have agreed to work in earnest to complete the purchase by 29<sup>th</sup> March 2019. It was also confirmed that whilst this date is everyone's preference, providing there is evidenced progress and a draft form of agreement in place, failure to meet this date will not result in the cessation of the purchase.
- 1.9 A meeting between the GLA, the Trust and LocatED in January 2019 confirmed that a two-stage development strategy aligned the objectives of all three parties. The first stage would see GLAP acquire the site from LocatED based on a joint valuation exercise and take over the management of the leaseback arrangement (currently in existence between LocatED and the Trust) to the Trust.

- 1.10 The second stage would see the Trust and the GLA explore options for developing a masterplan for the wider hospital site (Map attached as Appendix 2 to this report), incorporating an increased density of housing alongside replacement and additional hospital facilities. The site would then be taken to the London Development Panel 2 once planning had been obtained, with GLAP receiving a capital receipt proportionate to its interest (to be worked through in more detail with the Trust after the initial purchase of Bridport Road has been completed).
- 1.11 By purchasing the site, the Mayor would be able to help facilitate the delivery of enhanced health facilities with increased capacity alongside a substantial number of genuinely affordable homes in an area of critical need, recycling any uplift or financial gain back to helping achieve the Mayor's housing objectives.
- 1.12 It is anticipated that the Trust will be channelling resources in to improving existing publicly accessible car parking facilities to result in no net loss of useable spaces at the hospital complex.
- 1.13 GLAP will immediately take over the leaseback arrangements already in place to enable the Trust to continue its day to day activities whilst a comprehensive masterplan is developed. Provisions will be contained within the lease to ensure that the Trust conduct this work expeditiously, with rental payments increasing after a suitable period should no planning application have been made. The leaseback will include the relevant clauses to ensure the site is well maintained and returned with vacant possession.
- 1.14 The GLA will ensure it is heavily involved with, or leads on, the development of the a joint masterplan for the wider site or a standalone development on the site purchased by GLAP. The exact details of the arrangements for the masterplanning exercise will be determined once GLAP has ownership of the initial site. However, provisions will be included in the leaseback arrangement to ensure start on site for the residential units is achieved before the expiration of the current affordable housing grant funding programme in March 2022.
- 1.15 The Trust's estate development ambitions support the execution of its clinical strategy to help deliver the key enablers for the hospital and respond to the significant challenges ahead. In addition, the Trust would like to see key worker housing built on site to help tackle the recruitment and retention challenges it faces as an outer London NHS employer.

*Funding acquisition of the site and its subsequent disposal via the London Development Panel 2*

- 1.13 In addition to the necessary budget to acquire the site itself, GLAP will need to bring on board expert legal and other external advice, initially to acquire the site. Upon purchase of the site GLAP will require funds to cover the cost, or contribution towards the cost, of developing a masterplan and the subsequent costs associated with drawing up the necessary documentation, running a procurement exercise through LDP2 and finally disposing of the land.

*Funding acquisitions of additional plots within the wider hospital site*

- 1.14 Whilst the immediate priority is the acquisition of the Bridport Road site, future approval will be sought to utilise the Land Fund, subject to successful negotiations with the Trust, to purchase additional plots within the North Middlesex Hospital site should it enhance delivery of the GLA's housing objectives.

## **2. Objectives and expected outcomes**

- 2.1 LocatED will relinquish ownership of a site they cannot develop. The Trust will deliver enhanced health services with increased capacity. The GLA will deliver a minimum of 50% affordable housing at the optimum level of density. The comprehensive regeneration of a large proportion of the hospital site will bring many benefits to the local communities of Enfield and Haringey and increase much needed housing supply in London.

### 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 re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage or civil partnership status.
- 3.2. When considering the needs of the existing community and those that will be affected by the proposed development (both currently and in the future development scheme), any development activity will look to minimise disadvantages to all protected characteristic groups within society. This decision is therefore 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, which evidence indicates disproportionately affect specific groups, including Black and Minority Ethnic groups and women.
- 3.3. The delivery of high-quality housing will also promote improved health and wellbeing, given evidence of an association between poor housing conditions and poor health.

### 4. Risks and other issues

Potential Risk	Mitigation
Land value may increase or decrease with the wider housing market	Officers will carefully monitor the wider market trends and take professional advice on the appropriate time and market circumstances for disposal of the land to maximise the benefits to the community.
The increased development density may result in concerns and objections from the wider community	Through the development of the masterplan ongoing and detailed input from the wider community will be actively encouraged and sought. Continuous dialogue with the London Boroughs of Haringey and Enfield and the NHS Trust will seek to ensure healthcare and housing priorities are positively addressed through this scheme.
An ambitious affordable housing mix may result in a reduced residual land value	The initial offer will be based on a 50% affordable housing scheme. Detailed modelling will be undertaken of any additional affordable housing mixes proposed as part of the masterplan process to ensure GLAP's obligations under s333z (c) of the GLA Act to meet Best Consideration on disposals of land are met. This may include the use of Affordable Housing Grant to ensure the viability of the scheme.
Delays in securing consent or construction of the new health facilities means vacant possession of the full site is delayed	The likely scale of the scheme, and wider potential for market absorption means the homes delivered on the scheme will be released in phases, allowing time to achieve full vacant possession in accordance with a pre-agreed sequence with the Trust. Should there still be an issue, GLAP will ensure there are substantive penalties within the proposed

	lease back arrangements to ensure the Trust remain on target.
A market downturn or other issues cause cashflow issues and result in a halt to development	Whilst the wider housing market is highly sensitive to external factors, the market for affordable housing is much less so, and a scheme with a high level of affordable housing such as this is insulated against market downturns and can be re-phased to accommodate this should it be needed.

#### *Six assurances for healthcare sites*

- 4.1. The Mayor has stated that in order to gain his support for changes to NHS services in London the Government must provide six key assurances for the relevant sustainability and transformation plan (STP). These are:
- Patient and public engagement;
  - Clinical Support;
  - Impact on health inequality;
  - Impact on social care;
  - Hospital capacity; and
  - Sufficient investment.
- 4.2. Whilst technically the land is no longer healthcare land (as it was disposed to LocatED as surplus land by the Trust in 2016), the GLA are committed to working with the Trust to deliver improved healthcare facilities alongside additional affordable housing. This will be through a joint masterplanning exercise aiming to optimise healthcare and housing delivery across the land GLAP will acquire and adjacent hospital owned land by considering the land as one developable site.

#### *Delivering the Mayors Housing Strategy*

- 4.3. The acquisition of this site and a future disposal for residential development for a minimum of 50% affordable housing will help to deliver the ambitions of the Mayors Housing Strategy (adopted 2018).
- 4.4. Particularly, the delivery of high-quality affordable housing on this site will ensure the continued implement the following key areas of the Strategy:
- Building more homes for Londoners;
  - Delivering genuinely affordable homes;
  - High-quality homes and inclusive neighbourhoods.

### **5. Financial comments**

- 5.1 The decision is seeking approval for GLAP to purchase the Bridport Road site in Enfield and take over the management of the leaseback arrangement by March 2019 for residential development. The site is contained within the grounds of the North Middlesex University Hospital and owned by MHCLG through its agent, LocatED (an operational agency for the Department of Education).
- 5.2 The purchase will be funded from the Land Assembly Fund Budget and includes the cost of subsequent preparatory work to facilitate future disposal via the GLA's London Development Panel.
- 5.3 There are further financial comments in Part 2, including tax comments.

### **6. Legal comments**

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

- Promoting economic development and wealth creation in Greater London;
- Promoting social development in Greater London; and
- Promoting the improvement of the environment in Greater London;

and, 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 equality of opportunity for all people;
- Consider how the proposals will promote the improvement of 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; and
- Consult with appropriate bodies.

6.2 Sections 1 - 3 of this report indicate that the decision requested of the Director falls within the GLA's statutory powers.

## 7. Planned delivery approach and next steps

Activity	Timeline
Director's Decision to acquire site	February & March 2019
Subject to red book valuation offer made to LocatED	
Red book value confirmed	
Legal advisors commissioned through TFL to carry out due diligence	
Financial advisors commissioned to undertake necessary due diligence	
Estate inspections undertaken to carry out due diligence	
Dialogue with local authority entered into	
Site acquired	
Leaseback arrangement entered into with the Trust	
Masterplan process commences	April 2019
Start on site	March 2021

## Appendices and supporting papers:

Appendix 1 – LocatED owned land on Bridport Road

Appendix 2 – Wider hospital site

Appendix 3 – Compliance with the Mayors 6 Assurances

## 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 either be published 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:

The report contains sensitive information related to the purchase of premises and release prior to the completion of the purchase would likely impact on the GLA to complete the purchase on the proposed terms.

Until what date: 1<sup>st</sup> May 2019

## Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under 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:

Ed Richards has drafted this report in accordance with GLA procedures and confirms the following:

✓

### Assistant Director/Head of Service:

Neil Hook has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

### Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

### Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 25 March 2019.

## EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

*M. J. Ollé*

Date

27.3.19

## Appendix 1 – LocatED owned land on Bridport Road





## **Appendix 2 – Wider hospital site**

Perspective is from the north looking south.

Plot 1 is the LocatED site.

Plots 2-5 are for potential inclusion in a masterplanning exercise once GLAP has acquired the LocatED site



## Appendix 3 – Compliance with the Mayors 6 Assurances

A summary of how the Trust intends to meet the six assurances is as follows:

- **Patient and public engagement** – The Trust is also about to launch the development of its clinical strategy. This will be developed through both internal and external workshops – working with staff to help create the vision for developments over the next 5 years, while engaging externally with patients, patient groups, councillors, regulators and MPs, to ensure that the Trust continues to deliver high quality services that meet local need. The Trust intends to engage with Healthwatch Enfield and Healthwatch Haringey to facilitate external workshops with patient groups to help develop the content and narrative of the clinical strategy. Once in draft, the clinical strategy can be utilised as the framework for the masterplanning work to identify and evidence the services that are needed on site to improve the quality, outcomes and effectiveness of the hospital. As part of the masterplanning process, external workshops and engagement sessions will be held with patients and patient groups to again ensure and demonstrate how developments on the site will enhance the provision of services from the North Middlesex Hospital site.
- **Clinical Support** – The Trust has engaged with clinical leaders and the frontline staff through regular team briefings. The Trust has already undertaken a preliminary workshop with clinical leaders (30 staff) and other key external stakeholders (15 representing health & social care) presenting and evaluating the opportunities that this land presents. There is a clear and shared ambition to ensure the Trust works with partners to enhance the site and ensure this aligns with both the needs of patients and of staff. The Trust is in discussion with Clinical Commissioning colleagues from both Enfield & Haringey about how they might jointly change the model for primary care that is currently provided in the hospital. The Trust sees between 250 & 300 patients every day who might be seen in a different setting that is more appropriate for their treatment, which would reduce the cost of provision. This new model would also work to change behaviour within the local community and encourage individuals to attend primary care where they have an urgent rather than emergency need. In light of the significant recruitment and retention challenge, there is a significant opportunity to leverage this proposal to enhance the Trust's position as a local employer of choice, thereby improving the quality and continuity of care over time. The Trust recruits over 700 staff annually and while a large number already live in or around the local community, the Trust is regularly looking for additional either temporary or permanent accommodation for staff who wish to move into the area. The Trust already has a successful model with a local housing association whereby affordable housing is used as a recruitment incentive for clinical workers. Even with this available, the Trust continues to have a waiting list of approximately 100 staff looking for accommodation.
- **Impact on health inequality** – Early discussions have been held with CCGs and the STPs as to the viability of co-locating primary care services and community pharmacy within the redevelopment. While this proposal will of course be subject to detailed master planning, there is an evidence base to suggest that enhancing primary care infrastructure is a top priority for the hospital and its local partners. The Trust sees over 180,000 patients in the emergency department every year, but only 9-10% result in an inpatient admission – suggesting alternative models would improve early intervention and better population well-being. Other acute trusts in the locality will normally admit between 25% and 30% of their emergency department attendances – this suggests that the Trust may be seeing approximately 150 patients every day that could be seen in a more appropriate environment in primary care. The CCGs have already funded this capacity amongst General Practitioners.
- **Impact on social care** – The outline proposals, to be confirmed through the masterplan, envisage some incorporation of nursing/residential accommodation, that is supported by the local council (who is also the lead for adult social care for the STP). There is insufficient nursing and residential care in the boroughs of Haringey & Enfield currently, and this would provide supplementary capacity to address this deficit. This has been tentatively discussed at the STP

group and has garnered support. It would also support discharge to assess care models so that patients can be assessed fully as to whether placement in nursing/residential care is absolutely necessary or whether increased packages of care would be sufficient (with some further rehabilitation available alongside).

- **Hospital capacity** – The Trust regularly sees about 10% (45 to 60 patients) of its bed base occupied with patients who no longer require acute medical care but could continue their enablement and rehabilitation in a different environment. The Trust is working with system partners to develop new models of care where patients can be assessed against their future anticipated baseline activities of daily living in a non-acute hospital environment and where possible avoid placements in nursing and residential care homes. The proposed development would include capacity to support these new models. While the Trust does not believe that it will ever eradicate this issue, there is clearly potential to reduce the numbers of patients waiting. The Trust will then need to make a decision based on population growth should it wish to maintain the current bed base (approximately 450 adult general inpatient capacity), or if there is an opportunity to shrink. This will be very much influenced on ensuring that any reduction in beds does not compromise the flow out of the Emergency Department.
- **Sufficient investment** – The Trust is also very clear that investments and developments on the land are likely to be out of hospital services eg primary care, pharmacy, step-down capacity. In particular this will mean services provided by other organisations other than the acute Trust, however that will positively impact on the ability of the Trust to manage demand attending the hospital (particularly in the Emergency Department) as well as supporting discharge to the most appropriate environment in a timely way for inpatients. These initiatives are very much aligned with the objectives of the STP to support out of hospital care, and to connect up primary care provision. It is clear that the Trust does not have the capital resources available to fund the redevelopment of the site on its own. The Trust is, however, committed to working in partnership and shaping a solution through the masterplan which is commercially viable for other public and private sector partners to invest in.

The GLA will work with the trust to realise these assurances. If, as a matter of last resort, it is not possible to reach agreement over a jointly commissioned masterplan, the Trust will have at least 12 months' notice to vacate the existing site (as they would have been required to do under the LocatED lease) and re-provide the services delivered there using the land they own that is currently earmarked for potential joint development with the GLA.

