

MUNICIPAL YEAR 2015/2016 REPORT

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY:

JOINT REPORT OF:

Directors of:

Finance, Resources and
Customer Services and Schools
and Children's Services and

Contact officers:

Gary Barnes Tel: 0208-379 4250 email: gary.barnes@enfield.gov.uk
Keith Crocombe Tel: 0208-379 3020 email: keith.crocombe@enfield.gov.uk

Part: 1

KD - 4183

**Acquisition of Land at Chase Farm
Hospital, Lavender Hill, Enfield, EN1**

WARD: Chase

Cabinet Members consulted:
Cllrs Orhan & Stafford

1. EXECUTIVE SUMMARY

- 1.1 The need for additional primary school places in the North Central planning area was identified in the July 2014 Cabinet report on school places as one additional Form of Entry (FE) required in September 2015 then a further 2 FE by September 2019 to maintain enough surplus capacity to support parental choice. The extra 2FE will be a direct result of the housing development at Chase Farm.
- 1.2 A parcel of 3.87 acres (1.57ha) has been identified within the specified area for acquisition to provide a three Form Entry primary school.
- 1.3 The availability of this parcel of land at Chase Farm Hospital represents a unique opportunity for the Council to address an identified need for additional school places and to plan for the school to be integrated with new housing provision.
- 1.4 Pursuant to the Report KD4065 presented to Cabinet on the 11th March 2015 approval was obtained to acquire a freehold parcel of land from the Royal Free London NHS Foundation Trust (RFLNFT)
- 1.5 The Royal Free London NHS Foundation Trust gained outline planning permission for the whole development at Chase Farm which included a 3FE Primary school on the 23rd October 2015.
- 1.6 Terms are now substantially agreed between the two respective parties and this report proposes the deal as approved by Cabinet which delegated authority to the Cabinet Members for Finance and Education, Children's Services and Protection in conjunction with the Directors of Finance, Resources and Customer Services and Schools and Children's Services to approve the final terms and structure of the transaction in accordance with the Council's Property Procedure Rules.

- 1.7 The purchase of this site will ensure the Council can continue to meet the statutory duty to provide sufficient places to meet anticipated demand for school places.
- 1.8 It is proposed to acquire the site to add to the operational Schools' education portfolio.

2. RECOMMENDATION

Cabinet Members for Finance and Education, Children's Services and Protection in conjunction with the Directors of Finance, Resources and Customer Services and Schools and Children's Services

- 2.1 Approves the Council's acquisition of the freehold interest in the parcel of land owned by the Royal Free London NHS Foundation Trust (as shown at Appendix 1) on the terms detailed within the Part 2 report and further approves the total acquisition budget also detailed within the Part 2 report and;
- i) Approves the release of funds from the SCS Capital Programme to an upper limit as detailed within the Part 2 report for the acquisition of land and related costs and disbursements
 - ii) Agrees that the SCS Capital Programme will be updated at the next quarterly capital monitor to take account of the value of the land purchase
 - iii) Approves the Council to enter into a Leaseback arrangement with the RFLNFT on part of the land for a period of 48 months as shown at appendix 2
 - iv) Delegates authority to the Director of Finance, Resources and Customer Services to approve the final Heads of Terms.
 - v) Delegates authority to the Assistant Director (Legal and Governance Services) to approve the legal contracts for the acquisition and various licences the Council will require to enter into with RFLNFT for the design and build of the school.

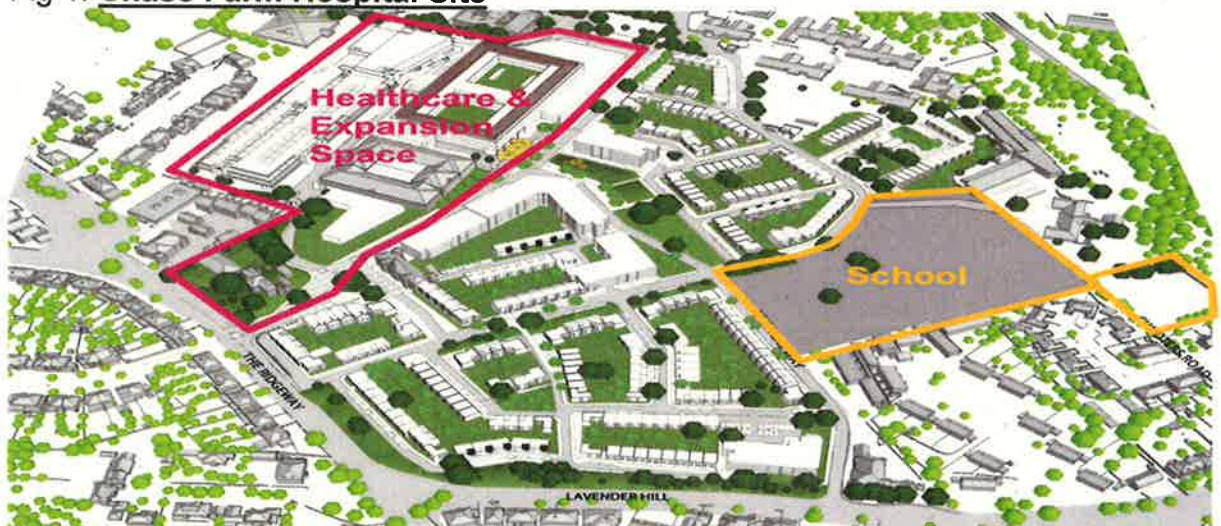
3. BACKGROUND

- 3.1 The Royal Free London NHS Foundation Trust (RFLNFT) are freehold owners of the 39.39 acre (15.94 ha) Chase Farm Hospital Site, in respect of which they have gained an outline planning permission for a development.
- 3.2 The RFLNFT received outline planning permission on the 23rd October 2015 which included a proposal for a Three Form Entry (3FE) primary school.

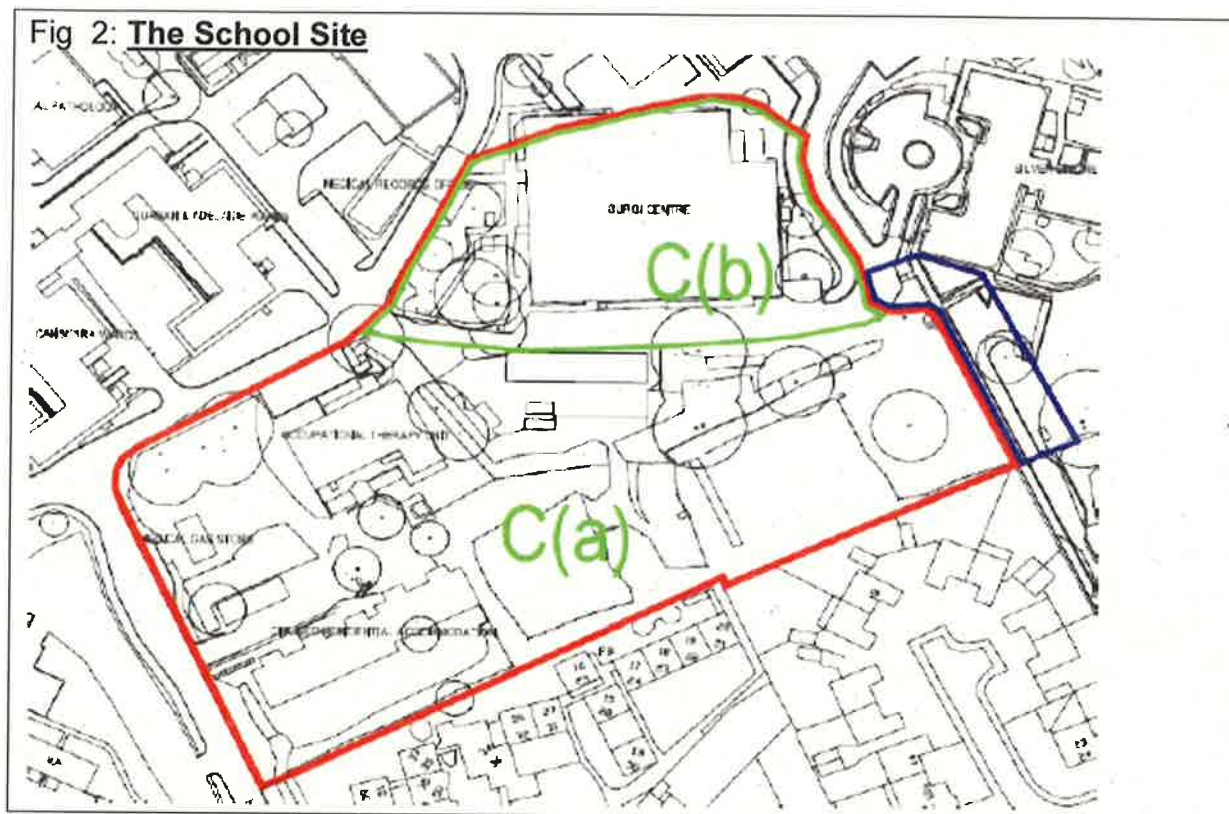
- 3.3 The outline planning permission will provide as part of the redevelopment, new health care facilities that will be consolidated onto a smaller footprint with a development of 32,000sqm of new hospital facilities; as a result there will no longer be a need to occupy the whole Chase Farm site. The majority of the surplus land will be released for housing development (up to 500 units), the proceeds of which will be used to meet the capital costs of the new hospital and ensure that services are placed on a sustainable financial footing.
- 3.4 A Delegated Authority decision, KD3599, gave authority to commence negotiations with the Trust to enable the Council to acquire the land; this decision was based on a previous Cabinet Paper that was presented on the 23rd of July 2014 which considered Report No.15 – The Strategy and Approach to Delivering Pupil Places. The report highlighted the requirement for an additional 1FE Primary School in the North Central Enfield Pupil Place Planning Area delivered by September 2015. A further form of entry will be required by 2017 and another by 2019. These figures are subject to review as they do not take into account some other large housing developments yet to be submitted for planning approval.
- 3.5 On the 11th March 2015 Cabinet approved the acquisition of the land at Chase Farm Hospital. This report requires the approval of Directors and Cabinet Members of the final terms that have been agreed between the Council and RFLNFT as detailed within the Part 2 report, for the purchase of the site including the price and structure of the transaction including a leaseback of part of the site.
- 3.6 The Cabinet Paper identified that after feasibility for the expansion of two schools in the Chase Ward the end result was that there were no viable options. Both sites required additional land acquisitions to increase available space to make the expansions feasible, and the negotiations to acquire the said land proved unsuccessful. The Council's education strategy identifies a significant increasing need for the provision of school places in this area and this proposal to acquire the land at Chase Farm Hospital will enhance the education portfolio and will provide the flexibility in the future to meet increases in demand.

Location:

Fig 1: Chase Farm Hospital Site



- 3.7 The School Site is located within the current Chase Farm Hospital some 1.8 miles north-east of Enfield Town Centre. The 3.87 acre (1.57ha) site is shown on the previous page set in the context of the wider Chase Farm site (Figure.1)
- 3.8 The plan below titled the School Site shows it divided into 2 parts; C(a) and C(b).



- 3.9 On part C(b) there is a hospital building called the "Surgicentre" for which the RFLNFT require continued use for a limited period. It has been agreed that following the Council's acquisition of the site, parcel C(b) is to be leased back to RFLNFT at a peppercorn rent until 1 September 2019 with the right for the freeholder to extend the term if required. The future use of this part would be external play space for the new 3FE primary school.
- 3.10 The valuation approach, methodology and financial justification for recommending the acquisition of School Site is detailed within the Part 2 Report.
- 3.11 The Council's appointed Valuers, Bilfinger GVA have carried out site appraisals with valuations including negotiations with the RFLNFT and their agents direct in conjunction with Strategic Property Services and are detailed within Part 2 Report.
- 3.12 The acquisition conforms to the Council's Property Procedure Rules and the Part 2 report will demonstrate the Council has obtained Best Value under s120 of the Local Government Act (LGA) 1972.

Strategic Need

- 3.13 As detailed in the previous report to Cabinet on the 11th March 2015, KD 4065.

4. PROPOSAL

- 4.1 To purchase the freehold interest in the School Site as per the Heads of Terms agreed with the RFLNFT as detailed in Part 2 of this report and to enter into a short term leaseback arrangement outside the Landlord and Tenant Act 1954 of the Site 'C(b)' as depicted in Figure 2 at a peppercorn rent for a period not exceeding 48 months.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Not trying to acquire the land is considered a lost opportunity to add flexibility to the education portfolio.
- 5.2 Officers have considered using other education facilities owned by the Council for expansion to try and increase the number of forms of entry. Many of these are too small and on restricted sites and some sites were earmarked for other types of development. Several sites not in the Council's ownership were also considered, but many of these were too costly given their residential potential or the land owner was unwilling to enter into formal discussions with the Council.

6. REASONS FOR RECOMMENDATIONS

- 6.1 This is the only viable site now and in the future that could support a 3FE Primary School that will come forward in this Pupil Planning Area to satisfy the need.
- 6.2 This is a rare opportunity in the Enfield property market. The acquisition will mean that there will be a sufficient supply of pupil places to match the anticipated demand within the North Central Pupil Planning Area for several years to come.
- 6.3 The acquisition of the Chase Farm School Site (s) will satisfy the requirements for space standards as set out within the guidance set by the Department for Education (BB103).

7. KEY RISKS

See Part 2.

8. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

8.1 Financial Implications

See Part 2.

8.2 Legal Implications

- 8.2.1 The Council has powers under section 120 of the Local Government Act 1972 to acquire land by agreement for any of the Council's functions. In addition, the general power of competence under section 1 of the Localism Act 2011 gives the Council power to enter into this proposed transaction.
- 8.2.2 When considering an acquisition of land the Council must act in accordance with its Property Procedure Rules. These include a requirement that advice must have been obtained that the property to be acquired represents value for money and is suitable for its intended purpose.
- 8.2.3 The proposed short term lease back of the "Surgicentre" must be contracted out of the Landlord and Tenant Act 1954 in order that the Council can be certain of gaining possession at the required time.

8.3 Property Implications

- 8.3.1 As embedded in this report.
- 8.3.2 External consultants (Bilfinger GVA) have undertaken valuations that estimate the market value of the land. These independent development appraisals state the maximum that should be paid for the freehold interest in the land.
- 8.3.3 Our Agents, GVA, have also conducted negotiations on our behalf over the past 5 months upon the instructions of Strategic Property Services.
- 8.3.4 A further Independent Valuation was undertaken by DTZ on behalf of both parties to ascertain a market valuation as the Council and RFLNFT had come to an impasse in negotiations over market value.
- 8.3.5 The Council is of the opinion that the acquisition is in line with the Council Property Procedure Rules and the Council have obtained best value under s20 of the LGA (1972); thus the valuation received confirms the price offered for the land.
- 8.3.6 Once acquired the site will need to be made secure and buildings demolished as part of a wider redevelopment scheme.
- 8.3.7 The Leaseback will have a provision for the Council and their agents to enter upon the leased back land to the RFLNFT to undertake surveys leading up to and during the construction phases of the school.
- 8.3.8 Assignable warranties and letters of reliance will be made available to the Authority for reports and expert submissions relating to the Outline Planning Permission granted 14/04574/OUT of the Chase Farm development. These can be then relied upon by the Council to submit a detailed planning application for the site.
- 8.3.9 Full due diligence of the site and surrounding area has been undertaken with no major abnormal results reported back. The Council's Environmental consultants have come back with detailed report on the findings of both AECOM and Curtin's Consulting with a cost estimate to remediate the site fully with a removal of soft

spots and deleterious materials across the site and then importing a granular fill over the site topped with an upgraded gas retardant membrane.

9. PERFORMANCE MANAGEMENT IMPLICATIONS

The purchase of The School Site will assist in the delivery of the Council's education policy and improvement action being taken in this Pupil Planning Area.

10. EQUALITIES IMPACT ASSESSMENT

The proposed purchase will not cause a change to policy, budgets or service delivery and therefore an Equalities Impact Assessment is not considered necessary.

11. PUBLIC HEALTH IMPLICATIONS

In the short term after acquisition, the school site will need to be made secure including any buildings. An approved contractor will need to be appointed to demolish the buildings due to the asbestos prevalent in these types of properties. All health and safety precautions should be undertaken by the contractor, including eventual disposal.

In the longer term the School will deliver through efficiencies and secure by design a safe and secure environment to educate the young persons of Enfield.

12. IMPACT ON COUNCIL PRIORITIES

12.1 Fairness for All

The purchase of the land will increase flexibility in the education portfolio.

12.2 Growth and Sustainability

The purchase of the land will lead to increased flexibility of the education portfolio and service demand for pupil places for years to come.

12.3 Strong Communities

Improving educational outcomes assists in the creation of a stronger community, including the new community being developed with the Chase Farm site.

13. HR IMPLICATIONS

13.1 Delivering this school development scheme within the tight time constraints together with various other complex projects and schemes in the pipeline will require additional resources, initially will be met from within existing sources, however specialist areas where delivery is concerned may need to be met from external sources.

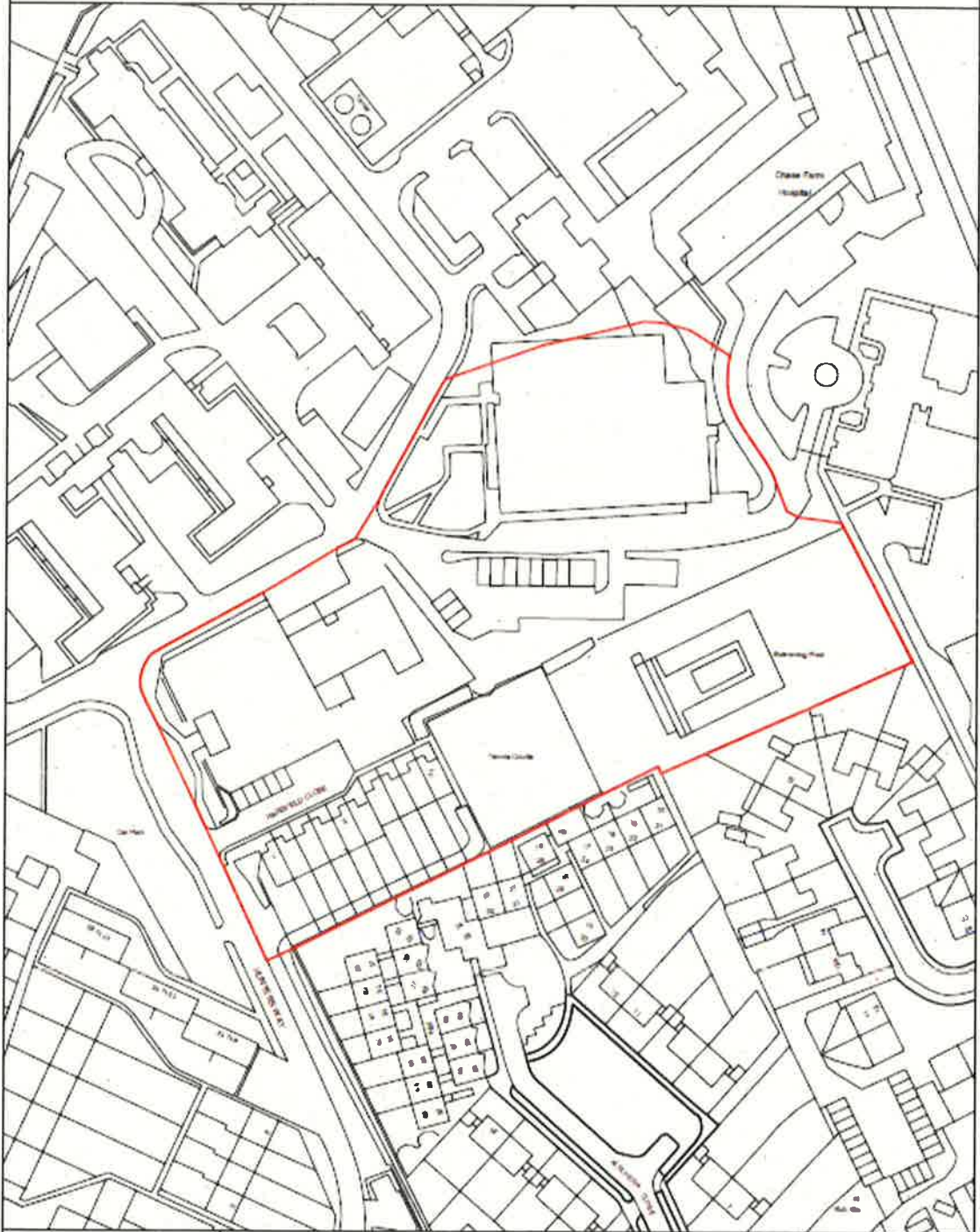
13.2 As the projects(s) evolve there will be a requirement at different stages for further skill sets to complete various tasks, this could be achieved either through the Strategic Partnership Co-Sourcing agreement or through another short term agreement.

BACKGROUND PAPERS

See Part 2.

Appendix 1 – The Site

Chase Farm Hospital - Site



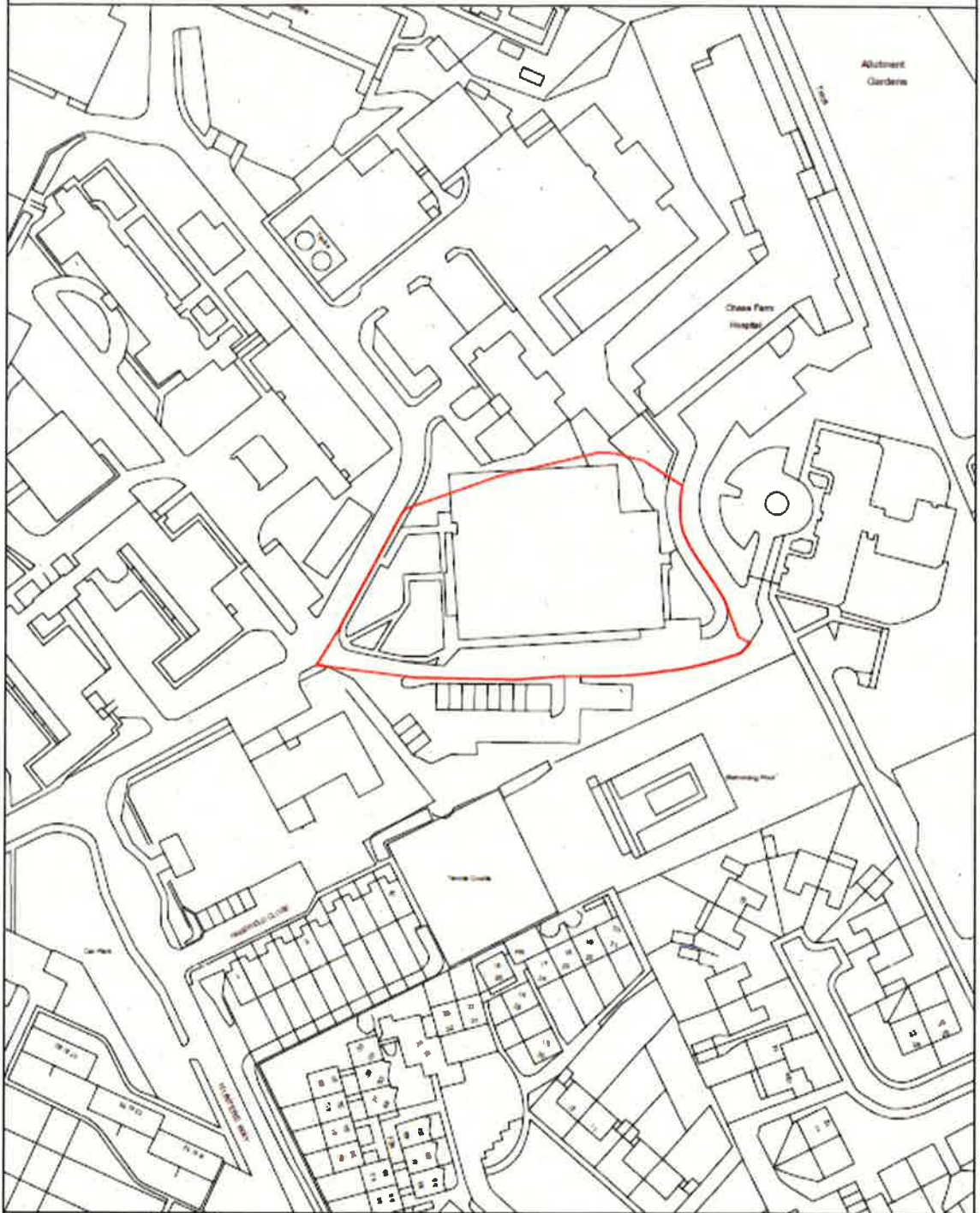
This map is reproduced from Ordnance Survey
material with the permission of Ordnance Survey
on behalf of the Controller of Her Majesty's
Stationary Office. © Crown copyright.
Unauthorised reproduction infringes Crown
copyright and may lead to prosecution or
civil proceedings. London Borough of Enfield
020 899 0000.

Scale:- 1:1250
Paper Size:- A4
Date:- 22nd October 2015
Map Produced By Asset Information Team/SB



Appendix 2- The Leaseback Area

Chase Farm Hospital area C(b)



This map is reproduced from Ordnance Survey
material with the permission of Ordnance Survey
on behalf of the Controller of Her Majesty's
Stationery Office. © Crown copyright.
Unauthorised reproduction infringes Crown
copyright and may lead to prosecution or
civil proceedings. London Borough of Enfield
2014/2015

Scale:- 1:1250
Paper Size:- A4
Date:- 22nd October 2015
Map Produced By Asset Information Team/SB

NORTH

