

Report for: Cabinet 13th October 2020

Title: 54 Muswell Hill – to lease the ground and upper two floors to The Muswell Hill Practice to be used as a Health Centre for the local community

Report authorised by : Director of Housing, Regeneration and Planning

Lead Officer: Assistant Director Capital Projects and Property (Interim)

Ward(s) affected: Muswell Hill

**Report for Key/
Non Key Decision:** Key

1. Describe the issue under consideration

1.1 This report seeks Cabinet approval to grant a 25 year lease of the Council's leasehold property at 54 Muswell Hill to the Muswell Hill Practice for the purposes of providing a GP practice in the Muswell area.

1.2 Currently the Muswell Hill area is the top priority in the North London area to find a solution to the existing health provision and the Council has been assisting the Clinical Commissioning Group (CCG) in finding a site for GP services in this area for some time. Currently the Council's leasehold property at 54 Muswell Hill is the only available site in the Council's control in this area that is suitable and matches the CCG requirements.

1.3 In October 2018 Cabinet approved the granting of a lease for the ground floor to three local GP practices for a term of 25 years and to fit out the accommodation as a Health Centre which would be funded through the Council's capital programme. The decision was subject to delegated authority to agree final terms to the Director of Housing, Regeneration and Planning after consultation.

1.4 However, following this decision, the CCG revised the area required for the facility. Initially their requirement went up to 1300 sqm with the accommodation at 54 Muswell Hill not being large enough. The CCG have subsequently found a solution for two of the GP practices on another site in the area and have requested that the Council lease the whole of the site (ground and two upper floors) to one GP practice (The Muswell Hill Practice) in order to provide a new health facility in the centre of Muswell Hill. This is subject to obtaining funding from the NHS. The current facility used by The Muswell Hill practice is located

in a residential building and is not ideally suited for the provision of Primary Care services.

1.5 The proposal is subject to the CCG obtaining NHS funding through the Estates and Technology Transformation Fund (ETTF) scheme in order to lease the property from the Council on a shell and core basis for 25 years at a premium and rental.

2. Cabinet Member Introduction

2.1 I am very pleased to bring this report to Cabinet today which recommends agreeing to lease the Council's property at 54 Muswell Hill to The Muswell Hill Practice. This will allow us to support our health colleagues in ensuring our communities have a very good quality local GP practice in an area where there would otherwise be a shortage. We have been working with the Haringey and Islington CCG and the NHS to help plan future care and health services in the borough. The leasing of the building for health purposes will provide a new modern health facility for this part of the Borough and also ensures the Council retains its interest in this asset.

3. Recommendations

3.1 Cabinet is recommended to agree:

- a) To grant an under lease of 54 Muswell Hill (shown edged red on the plan attached in Appendix A) to The Muswell Hill Practice for a term of up to 25 years for a premium and/or rental income that would represent best consideration as set out in Part B to this report and as set out in the draft Heads of Terms attached and set out in Part B to this report. The costs of the transaction to the Council are set out in Part B to this report.
- b) To give delegated authority to the Director of Housing Regeneration & Planning after consultation with the Cabinet Member for Finance and Strategic Regeneration to agree the final terms for the lease including the premium and/or rental amount that would represent best consideration.

4. Reasons for decision

4.1 The long lease of 54 Muswell Hill was acquired by the Council on 14th July 2017 to support the provision of GP services in this area. At the time of the 2018 Cabinet decision it had also been intended to include a small number of shared ownership residential units in this property. However, the structure and fire protection issues following Grenfell has made the residential units difficult to implement, and at the same time the CCG see a solution to their own medical services needs in taking a lease on the whole building rather than part of it as originally proposed. From the Council's perspective, this ensures a beneficial public use of this asset supporting health partners in local service delivery and secures a capital receipt for the Council whilst enabling the Council to maintain a long term interest in the property.

5. Alternative options considered

5.1 The alternative option is not to lease the building to The Muswell Hill Practice. However, this would mean that the existing Muswell Hill Practice would continue to not be DDA compliant and undersized for the current patient list.

5.2 In this option the building at 54 Muswell Hill would remain vacant until either a solution to the residential use of the upper floors is found and the ground floor let separately or the whole of the building is let for another use.

6. Background information

6.1 The Council has been working with the Haringey and Islington NHS Clinical Commissioning Group (CCG) to review the sites from which health and social care is delivered across both Haringey and Islington. This is part of the Council's wider objective of securing the highest standard of health and care for its residents by working collaboratively with the rest of the public sector. The Council's aim is to ensure that all residents have access to high quality care by further integrating primary care with social care and community and hospital health services.

6.2 The current Muswell Hill GP practice, currently operates out of a residential property in Muswell Hill. The premises are significantly undersized for their patient list and fails to comply with the Disability Discrimination Act and the Equality Act and are also not compliant with infection control standards. The GPs and CCG have spent two years considering various options for relocation of the GPs premises with this proposal being the optimum solution.

6.3 The granting of a new 25 year lease of the ground and two upper floors of 54 Muswell Hill to The Muswell Hill Practice for a new health facility will provide a new modern facility capable of serving up to 25,000 patients from one site.

6.4 The Council acquired the new build leasehold property at 54 Muswell Hill on 14th July 2017 as part of the land swap approved by Cabinet in October 2015. The property was acquired for general fund purposes. The two upper floors had been proposed to be part of an affordable housing project previously agreed by the Cabinet, although they have not been transferred to the HRA as they could not be completed due to fire legislation following the Grenfell tragedy.

6.5 The whole of the Council's interest being the ground floor and two upper floors of the building will be leased to The Muswell Hill Practice for a 25 year term providing premises to be used for the delivery of high quality, accessible primary care in Muswell Hill. This joint working with the CCG is a pioneering approach to integrated primary health and part of a wider approach to collaborating with the CCG and NHS on co-location and property requirements. The development will complement the existing, larger health centre in Hornsey (Hornsey Central Neighbourhood Health Centre), which hosts a number of Whittington Health community services, as well as a large GP practice and the Haynes Dementia Hub. These two locations together will support the Council's

ambitions to deliver high quality integrated health and care services in the West of Haringey.

6.6 This report seeks authority for the Council to grant a lease of the ground floor space and two upper floors at 54 Muswell Hill as a primary care facility to The Muswell Hill GP Practice for a term of 25 years. An agreement for lease will be entered into so the fit out works can be carried out first and the lease will be granted on practical completion of the works. A target date for occupation by the GPs is Autumn/Winter 2021. This is an alternative to the original proposal approved by Cabinet in October 2018 to lease the ground floor of the building only but failed as the premises were subsequently not considered to be big enough to accommodate the three practices. The Council are working directly with the GP practice and the CCG to ensure that the project costs and lease costs are covered by the CCG through ETTF funding.

6.7 The CCG have applied for ETTF funding for the fit out works and payment of the rental premium and rental so the agreement for lease will be subject to these conditions and should the funding be forthcoming The Muswell Hill Practice will be responsible for funding the fit out and lease. The funds available are restricted to £3m which will need to cover the fit out works and initial rental premium. The period will be set by the funds available based on the agreed rental value which will be reported at the Cabinet meeting. Therefore, the final heads of terms will include a premium covering part of the 25 year lease with a break clause allowing the GPs to continue the lease through a rental payment or break the lease. This will be subject to a delegated decision as set out in the recommendations.

6.8 The Council's advisers Carter Jonas are in the process of negotiating a premium and rental with the District Valuer acting for the Muswell Hill Practice with a figure to be agreed. This will be based on a market value and provide a premium representing best consideration to the Council for the 25 year lease based on shell and core on full repairing and insuring terms. The draft heads of terms are set out in Appendix B. This will be funded through ETTF funding (should the CCG be successful) together with the fit-out costs and the lease will be granted once the fit out is completed. The lease will include a service charge and will reflect the same terms as those set out in the 999 year lease held by the Council. The lease will be granted in line with the Council's acquisition and disposals policy which is contained within the Asset Management Plan. This is on the basis that the lease would support the Borough Plan's priorities and supports working in partnership with the NHS in supporting the Community.

6.9 The lease includes 6 car spaces on the site the value of which are included in the agreed premium.

6.10 The agreement for lease will also be subject to obtaining planning consent for a change of use on the upper floors to D1 use and also to the GPs obtaining ETTF funding. The decision on the funding by the NHS is due in December this year. Should this be forthcoming the works will be carried out from April 2021 with completion expected in the Autumn/Winter of 2021 at which point the lease will be completed. The agreement for lease will include a long stop date and milestones for the fit out works to be completed and the lease granted.

6.11 The risks in the proposal are principally for the NHS funding to be made available through the NHS ETTF fund which will be confirmed if successful in December 2020. The cost of the fit out works will also have a bearing on the funds available for the initial premium although once the period covered by the premium expires an annual rental will be payable by The Muswell Hill Practice. The CCG are working with The Muswell Hill Practice to secure funding through a business case and setting up the agreement with the Council to provide a lease and manage the fit out is key to this. Obtaining Cabinet approval to the lease forms a key part to the business case. An agreement for lease will be required subject to funding being obtained in order for the GPs to manage the fit out. Any additional costs will need to be funded by the GPs/NHS.

6.12 There is a risk that the NHS ETTF funding will not be secured by the CCG on behalf of The Muswell Hill Practice. In this case the Council will look to lease the ground floor for a commercial use and the upper floors will be reviewed in terms of potential for resolving the residential use or for other uses.

7. Contribution to strategic outcomes

7.1 The proposal will support the key elements for People and Place in the Borough Plan –

People - our vision is a Haringey where strong families, strong networks and strong communities nurture all residents to live well and achieve their potential

Place - a place with strong, resilient and connected communities where people can lead active and healthy lives in an environment that is safe, clean and green.

7.2 The new facility will bring a state-of-the-art Health facility funded through NHS ETTF funding to the residents in Muswell Hill through The Muswell Hill Practice.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance

8.1 The decision to lease the property will generate a capital receipt (to be agreed with the District Valuer) from which costs of £0.05m will need to be deducted. In addition, a service charge will be payable by the tenant which is composed of a capped charge at approximately £1k per annum for soft facilities management and a charge reflecting the cost for hard facilities management

8.2 Finance comments are reported in Part B to this report.

Procurement

8.3 There are no procurement ramifications for the Lease of Council property to facilitate the health centre; property is outside the remit of the Public Contract Regulations 2015 ('the Regulations')

8.4 Funding will be provided by the NHS for the lease and kit of out of the building there is , therefore, limited risk to the Council in approval, with the added benefit of capital receipts and a state of the art health centre for the local populace

Legal [Name and title of Officer completing these comments]

8.5 The Council has power under section 123 of the Local Government Act 1972 to grant the lease proposed in this report. The Council must obtain best consideration for the lease.

8.6 Members should note that the granting of the lease will be subject to funding being obtained from the NHS by the CCG.

Equality

8.7 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

8.8 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

8.9 The proposal will enable provision of a GP practice in the Muswell Hill area. The average age of residents of Muswell Hill ward is higher than the Haringey and London averages. Older residents are more likely to live with disabilities and/or long-term health conditions. As a universal service, the new health facility will deliver benefits to residents with these protected characteristics, as well as residents with other protected characteristics.

9. Use of Appendices

Appendix A – Plan of the site

Appendix B – Heads of terms

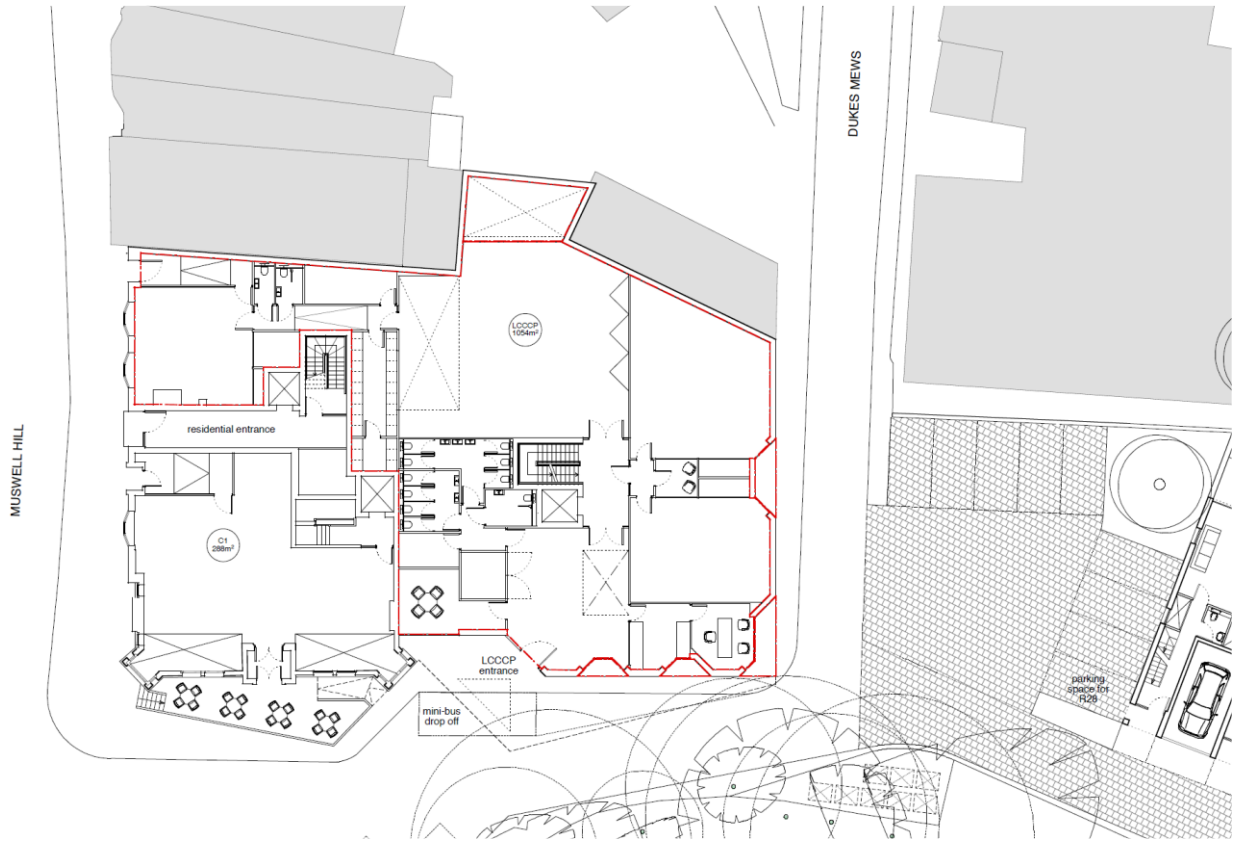
10. Local Government (Access to Information) Act 1985

This report contains exempt and non exempt information. Exempt information is contained within Part B and **is not for publication**. The exempt information is under the following category (identified in amended schedule 12A of the Local

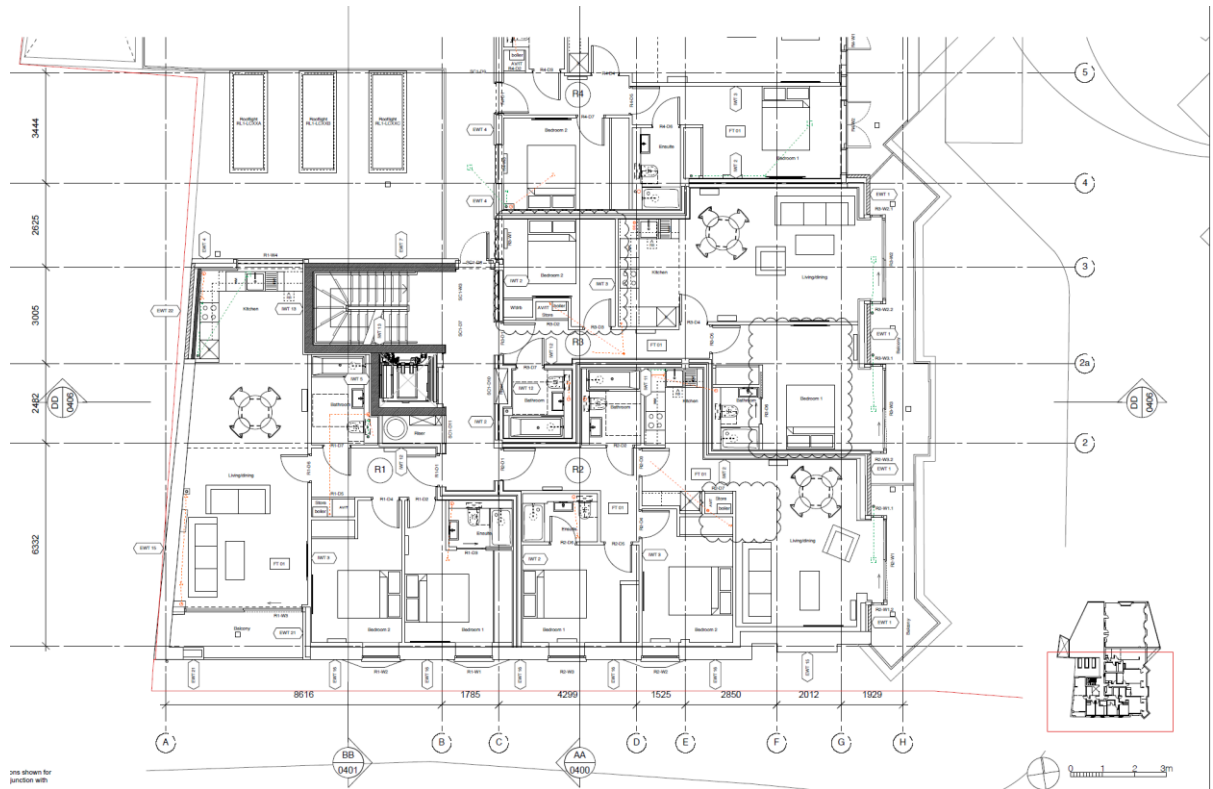
Government Act 1972): S. (3) Information relating to financial or business affairs of any particular person (including the authority holding that information).

Appendix A – Plans

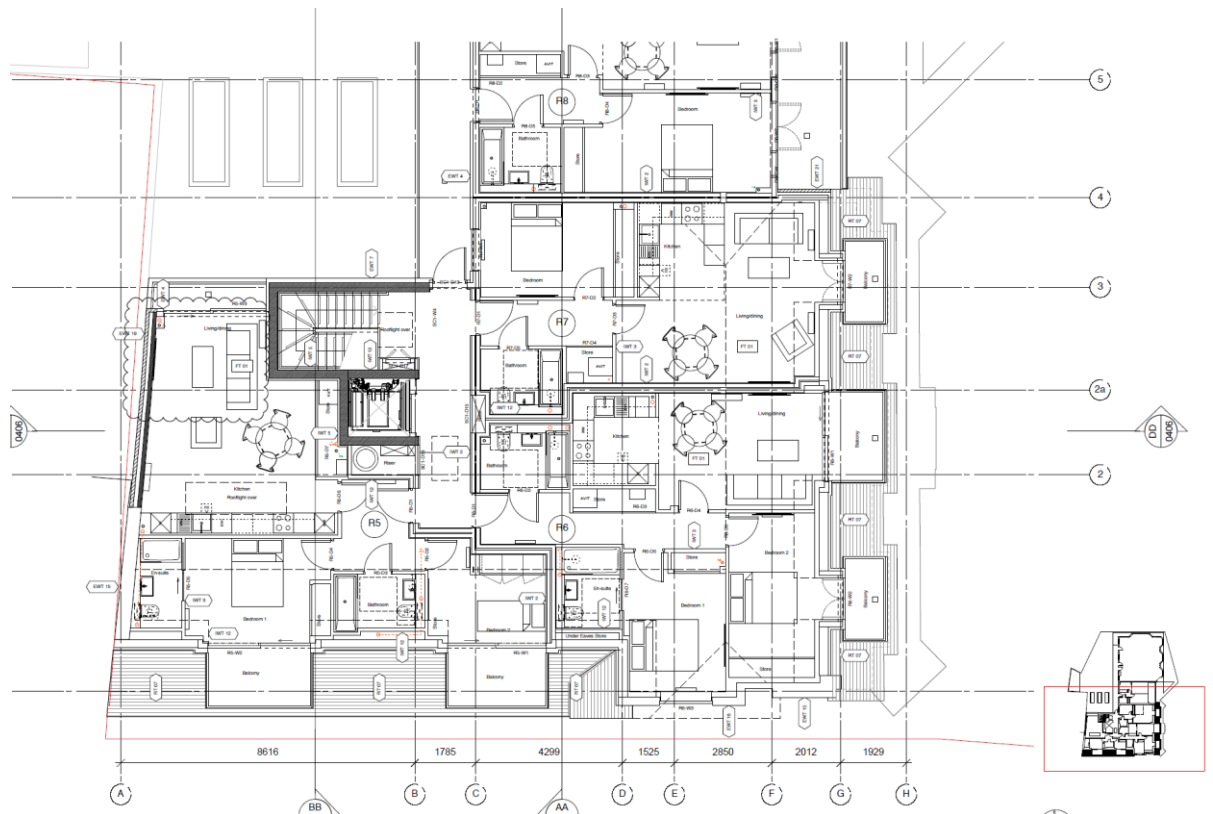
Ground floor plan



First floor plan



Second floor plan



Appendix B – Draft Heads of Terms

The draft heads of terms are set out in Part B to this report.