

Report for: Cabinet – 18 January 2022

Title: Welbourne Health Centre – approval to sign side agreements with the Haringey Clinical Commissioning Group and Healthlink

Report authorised by: Director of Housing, Regeneration and Planning

Lead Officer: Assistant Director Capital Projects and Property

Ward(s) affected: Tottenham Hale

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

1. Describe the issue under consideration

1.1 Practical completion of the Welbourne Health Centre has been delayed by initial archaeological works and then by the pandemic and is likely to occur in September 2022. The funding from the Clinical Commissioning Group (CCG) for the lease and fit out works is currently dependent on Healthlink Investments Limited (Healthlink) occupying the site to undertake the fit out in March 2022. However, this will be before the whole of the Welbourne development is completed by developer Argent Related and their contractor United Living.

1.2 As a result of the unforeseen delays to the original programme and to ensure that the funding requirements are met for this much needed health facility, Haringey Officers and colleagues at the NHS have been working hard to develop legal agreements to ensure that the funding for the centre is not lost. This technical solution requires the council, if the recommendations are agreed to enter into a number of lease agreements which are outlined in tables 1.1 and 1.2 in Paragraph 6.11 of this report.

1.3 To mitigate an increased risk profile for the Council, officers have negotiated a back stop date of December 2024, before any money outlined in table 1.3. (Paragraph 6.11) requires repaying. This date of December 2024 is 2 years later than the currently anticipated fitout completion date; to accommodate any further unforeseen delays. Furthermore, in the event that this situation occurs the council would hold a physical asset on a 999 year lease on the basis that the 125 lease granted to Healthlink Investments Limited would be surrendered back to the Council, which it could develop options to mitigate any financial impact. In the event that HealthLink Investments Ltd fail to deliver the site, there are cost increases, or the fitout does not meet NHS sign off requirements, but the wider building is practically complete prior to December 2024, then the council do not incur any of the repayment costs outlined in table 1.3 (Paragraph 6.17).

1.3 In 2015, the Haringey CCG commissioned a joint report with NHS England as part of the strategic premises plan. The report identified that, by 2025, there

was likely to be a need for a health facility which could provide services for approximately 25,000 patients. A Task and Finish Group was formed, comprising officers from the Council, NHS England and the CCG, local Councillors and Healthwatch Haringey. This led to the identification of the Council-owned site of the former Welbourne Community Centre as the most appropriate location and work was commenced to identify funding for this facility. The CCG subsequently secured funding for the facility with Healthlink being procured to take a lease from the Council and then to fit out the property and lease it to a GP Practice.

1.4 On 12th July 2016 Cabinet approved the decision to enter into a Strategic Development Partnership Agreement with Argent Related and on 21st March 2017 the council entered into a Development Agreement (“DA”) with TH Ferry Island Limited Partnership (“Argent Related”) the Council’s developer partner in respect of the core district centre area sites. The Development Agreement was entered into on 21 March 2017 and includes the redevelopment of the former Welbourne Centre site. The new development comprises 131 Council Homes and a health centre. The site is currently leased to Argent on a 999 year lease in order for them to undertake the development and is part of a development agreement.

1.5 On 11th December 2018 Cabinet agreed to acquire all of the affordable residential units from TH Ferry Island Limited (“Argent Related”) to be built by TH Ferry Island Limited Partnership under a Development Agreement dated 21st March 2017 on the Welbourne Centre site in Tottenham Hale. The development also includes a health centre area in shell and core to be provided to the Council.

1.6 On 19th March 2018 the Leader agreed to:

a) take a decision to dispose to Healthlink Investments Limited, following NHS colleagues completing a compliant tender, in accordance with their processes, which resulted in the selection of Healthlink Investments Limited to fit out the health centre and hold a lease of 125 years as part of a commercial deal between the parties. The council have carried out their own diligence checks on HealthLink Investments Limited.

b) A lease at a premium, peppercorn rent and at full repairing and insuring terms and based on agreed heads of terms attached in that report. The lease to commence from practical completion and following the lease back to the Council of the new health facility on a shell and core basis.

1.7 Healthlink Investments Limited are a company based in Essex who specialise in building and fitting out Health Centres for the NHS. They have been a Health specialist developing and investing buildings with the NHS over the last 25 years ranging from Primary Care Centres to Addiction Clinics and they have been appointed by the CCG to complete the fit out works at the Welbourne. Once the lease is completed and the fit out works undertaken Healthlink will lease the health centre to a GP Practice on a 20 year lease (with an option to extend by a further 16 years) plus an area to a Pharmacy.

1.8 All parties are working to allow Healthlink access to undertake the fit out from March 2022 with an anticipated completion of these works estimated by the end of 2022. This report sets out the details and risks with a recommendation to agree to the lease from Argent Related to the Council and to Healthlink be granted prior to completion of the building and the Council accept these risks as reflected within a side letter, and wider legal agreements with the CCG and Healthlink.

2. Cabinet Member Introduction

2.1 The Council is committed to supporting local residents' access to high quality health care facilities and access to primary care in the borough. As the chair of the Health and Wellbeing board, I am very familiar with our close work and advocacy with our local health partners across North Central London and in the clinical commissioning group to make sure residents can access the healthcare they need and want, now and in the future.

2.2 This project has been a while in the making – with proposals going back many years for a modern facility on the Welbourne site. The Council has sought to support health partners to deliver locally for residents, clear that whilst we do not control how health services are delivered, we have a role in helping make things happen. Council teams have worked within the parameters of the NHS' own structures and its relationships with organisations like Healthlink. The Council has also had to navigate some funding, technical and schedule challenges in order to help the NHS deliver the new health centre.

2.3 In recent times residents have raised both the issue of the need for greater access to primary healthcare and concerns over who delivers it – favouring local practices, embedded in the community, who understand their needs and priorities. This decision aims to support local practices to deliver for local people and provide a new much-needed modern facility.

3. Recommendations

Cabinet is asked to agree:

3.1 To take a long lease for a term of 999 years of the Health Centre area (in shell and core) from Argent Related prior to practical completion of the Welbourne site development; this lease will fall away after practical completion of the Welbourne Centre building as per table 1.1 paragraph 6.11 of the report.

3.2 To grant a lease of the Health Centre to Healthlink for a term of 125 years, prior to practical completion of the Welbourne site development and subject to Argent Related granting the Council a lease of the Health Centre unit as set out in 3.1 above.

3.3 To the payments of the rent as set out in table 1.3 of paragraph 6.17 of the report and the premium and fit out costs (in the event that the back stop date of December 2024 is not achieved) also as set out in table 1.3 of paragraph 6.17

of the report and subject to the council entering into such agreements with the CCG and Healthlink Investments Limited as required.

3.4 To give delegated authority to the Director of Housing, Regeneration and Planning, after consultation with the Cabinet Member for Health, Social Care and Wellbeing and the Cabinet Member for Finance and Transformation to agree the terms of each side letters/agreement and the final terms for the lease from Argent Related.

4. Reasons for decision

4.1 During the Council's public consultation on both the Tottenham Hale District Centre Framework and the Tottenham Area Action Plan (AAP), the provision of a new primary health care emerged as a clear priority for local residents. The Council identified the AAP-designated site, TH10 Welbourne Centre and Monument Way, as the preferred site for this new health facility. Therefore, this decision will enable the council and CCG to meet that identified requirement and provide a high quality primary health care facility for local residents.

4.2 On 21 March 2017, the Council entered into a Strategic Development Partnership (SDP) agreement with TH Ferry Island Limited Partnership (an Argent Related entity). The agreement contains an obligation for TH Ferry Island Limited Partnership to deliver a health care facility to shell and core standard. Subsequently the Haringey CCG has been awarded capital from capital funding from the NHS in order to support the development of the facility. The funding must be committed within the period ending in March 2022.

4.3 Planning consent was subsequently obtained for the development on the Welbourne site which includes 131 Council homes and a shell and core provision for a health centre. This is part of a wider consent for a number of other sites to be developed by Argent Related in the area. It will need to be delivered and occupied first which then allows Argent Related to occupy and dispose of the rest of their developments in Tottenham Hale covered by their planning consent. On 9 May 2019 the Council entered into an Agreement with Argent Related to acquire the 131 Council homes with practical completion due on 31st March 2022 although this is now likely to be September 2022.

5. Alternative options considered

5.1 The alternative is not to sign the side letters with the CCG and Healthlink. This would potentially result in the loss of the NHS funding and the Council holding a shell and core building with no health centre.

6. Background information

6.1 The Council has been working on providing a new health centre in Tottenham Hale for many years and committed to providing the location as part of the Welbourne site redevelopment in 2018. The Council have continued to work with the CCG in obtaining funding for leasing the building and for fitting out the facility. This forms part of a strategy of providing new health centres which has resulted in two new centres currently being fitted out in Green Lanes and Muswell Hill and a provision of facilities in Wood Green shopping City.

6.2 The NHS through their own procurement process identified Healthlink to take a long lease on the new premises in order for them to fit the building out. The NHS are funding the premium for the lease and Healthlink are funding the fit out works. They in turn will lease the building to a GP Practice for an initial period of 20 years extendable to 36 years. A Pharmacy will also be included in the building and leased separately.

6.3 Healthlink have been developing Health buildings for the NHS over the last 25 years. They have retained a number of buildings as investments and current projects include a new Medical Centre in Green Lanes, a new NHS Surgery and Social Services centre for the City of London Corporation, a new NHS Surgery in East London (Well Street E8), The Albion Centre Surgery in Whitechapel and a surgery, Library and day centre in Dagenham.

6.4 The NHS originally secured funding for the project through the NHS ETTF funding process. However, this was lost in 2021 when the NHS reviewed the project and did not consider it possible to undertake the spend by the end of March 2022. A separate budget has been subsequently identified for the funding of the acquisition of the lease to Healthlink. The fundamental condition for this is that the lease to Healthlink has to be granted by the Council and the fit out works have started by the end of March 2022. This means that the lease has to be granted prior to practical completion of the whole building.

6.5 Following the CCG report in 2015 and in recognition of the primary care deficit and the time that would be taken to complete the new building at the Welbourne Centre site, a temporary primary care facility was opened in August 2016 at Hale Village (Tottenham Hale Medical Practice), with a time-limited contract awarded by the CCG to the Lawrence House Surgery who were appointed to run the practice. It is planned to close this temporary site when the new Welbourne Centre facility opens.

6.6 During the Council's public consultation on both the Tottenham Hale District Centre Framework and the Tottenham Area Action Plan (AAP), the provision of a new primary health care facility emerged as a clear priority for local residents. The Council identified the AAP-designated site, TH10 Welbourne Centre and Monument Way, as the preferred site for this new health facility.

6.7 The CCG commissioned the local Healthwatch Haringey organisation, Public Voice, in collaboration with Bridge Renewal Trust, which is the key voluntary sector partner in the borough. They were commissioned to undertake two phases of engagement work around the new site. The first phase was to arrange a series of reference groups between July and October, to engage patients of the practice and other local residents, to provide their feedback on the practice move and the services they would like to see at the new site. Public Voice and Bridge Renewal Trust worked closely with the practices who will be moving.

6.8 It is clear from both the plans and the service model that the views of patients and residents has been considered when designing the building. The new GP practices and the CCG has also met with the ward councillors and there will be further engagement with patients of the GP practices, run by health colleagues, as part of any move or expansion to new premises.

6.9 A number of reports have been agreed by Cabinet over the last 4 years relating to this Council site in Tottenham Hale. Initially it was part of the Tottenham Hale strategic development plan agreed with Argent Related. The Development Agreement was entered into on 21 March 2017 with an obligation to build the health centre to shell and core. It was then agreed that they would build out the site for 131 new Council homes. On 19th March 2018 the Leader agreed to grant a long lease of the health centre to Healthlink who will fit out the building. Healthlink have agreed with the CCG to lease it in turn to Lawrence House GP practice . The lease will reflect the use of the building as a Health Centre including a Pharmacy.

6.10 The building is being procured by Argent Related through a contract with building contractor United Living. The timescales have been delayed due to some archaeological finds on the site at the start of the programme and the pandemic. Practical completion of the whole building is now likely to occur before the end of 2022. In order to ensure that the NHS funding is not lost this now means that the fit out works will have to take place in the Health Centre whilst the main building is being completed. The issues around this are being carefully managed on the basis that Healthlink are able to start their fit out works in March 2022 (in order to secure the funding). The lease to Healthlink needs to be granted in March 2022 in order to create a legal interest to Healthlink and secure the funding. Without it the funding will be lost.

6.11 The agreement with Healthlink also included a premium to be paid for the lease to the Council. This will be paid by the NHS to the CCG and then directly to the Council. This will be payable on the lease being granted and expected to be received in March 2022. The CCG/NHS will fund the lease premium of £2,800,000 plus costs of £200,000 totalling £3m. Healthlink will fund the fit out costs directly themselves on the basis that a rental will be paid to them for a 20 year lease (extendable by 16 years) by the Lawrence House GP Practice plus rental income from the Pharmacy. The Council will take a lease from Argent Related for 999 years in order to create an interest from which to then lease the health centre to Healthlink in March 2022. On practical completion of the building Argent will transfer its long leasehold interest back to the Council. Therefore, the Council will then as freeholder have a direct lease with Healthlink on the health centre. The following tables set out the leasing structure, which is a technical solution to meeting the grant funding requirements, as a result of unforeseen delays in the practical completion of the health centre shell and core. Table 1.1. shows agreements that will fall away, once practical completion of the full building in which the health centre shell and core resides, and the terms of 999 years are consistent with the existing development agreement between the council and Argent Related.

Table 1.1. to show lease arrangements from March 2022 to Practical Completion

Freehold	The Council		
Head lease – 999 years	Argent Related	From the Council	March 2017
Under lease – 999	The Council	From Argent	Proposed from

years		Related	March 2022
Sub Underlease- Health centre area only – 125 years	Healthlink	From The Council	Proposed from March 2022
Sub underlease	GP Practice	From Healthlink on completion of the fit out works (this is likely to be after Practical Completion of the whole building)	Proposed from January 2023

Table 1.2 to show lease arrangements from Practical Completion of the Whole building

Freehold	The Council		
Tenancy agreements on the Council homes	Tenants	From The Council	Proposed from September 2022
Head Lease on the Health Centre – 125 years	Healthlink	From The Council	Proposed from March 2022
Sub underlease – 20 years plus 16	GP Practice and Pharmacy	From Healthlink	Proposed from January 2023

6.12 The CCG procurement process selected Healthlink Investments Ltd as this was deemed the most cost efficient process by the CCG in terms of best value for the NHS to fund this project. Therefore, the CCG procurement process, has led to the recommendation and agreement by Haringey Council to offer a long lease to Healthlink.

6.13 Part of the funding requirements from the NHS is that there is a fall back position in the event that the building is not completed. This would provide a situation where the fit out of the Health Centre could have been completed but that it would not be able to operate as a Health centre as the main building was not practically complete.

6.14 The figures in table 1.3 reflect the sums the Council would be underwriting, in accordance with the form of side letters/agreement (attached in appendix A & B and to be entered into) in the event that practical completion of the main building has not taken place by December 2024. In the event that Healthlink fail to deliver the site, there are cost increases, or the fitout does not meet NHS sign off requirements, but the wider building is practically complete, then the council will not incur any of the repayment costs outlined in table 1.3 (Paragraph 6.17).

Risks

6.15 Time delays in the practical completion of the proposed health centre unit are generating a number of risks which the NHS are looking for the Council to underwrite. This approach was not foreseen when the project was originally commissioned as NHS funding had still not been secured and the archaeological process and COVID has caused significant delays in the on site delivery, as has been seen across the construction sector more widely.

6.16 This risk does represent a material change in the project for the Council. However, the provision of the health centre unit, which was a key determining factor in the original planning approval as health facilities are much needed in the area. In addition, the time between the expected practical completion date of end of 2022 and the date by which the side letters come into effect, December 2024, is considered a sufficient length of time to be able to remedy most problems and complete the building by December 2024.

Financial position

6.17 Table 1.1. shows the financial risk the Council are being asked to underwrite as a result of the current legally negotiated position.

Table 1.3 to show the financial payback in the event of the December 2024 back stop date not being achieved

Item	Amount	Comment
Capital receipt for the Unit	Up to £.3.833mm	This would be paid to the council by the CCG, but the CCG wish for this to be underwritten and paid

		back with costs (VAT/Stamp) amounting to £3.833m if the back stop date of December 2024 is not met and the building is not practically complete.
HealthLink fit out costs	Up to £4.35m	This is only required to be paid by the Council to Healthlink if the December 2024 date is not achieved, as they will have incurred the costs of the fit out.
Potential one off payments	Up to £8.183m	
Rental amount	Up to £.660m	The Council would incur the cost of rent from December 2022 (when the fit out is completed) until PC is achieved at £27.5k per month. This could be offset against liquidated and ascertained damages within the Council's legal agreement with Argent. The theoretical maximum of the rental guarantee is 24 months
Potential Total exposure	Up to £8.843m	

6.18 The above financial risk is profiled in the risk table in Appendix C, which highlights the key risks associated with this decision, including the key milestones within the programme. In the event that the Council pays this back to the CCG/Healthlink and at PC it will have a fully fitted Health Centre as an asset that could be leased to a health provider or for some other use.

6.19 Urgent discussions with Argent/United living are currently taking place to secure the commitment to the above dates and programme. Contractually, under the current agreement with Argent Related, the Council are not able to enforce these dates, without significant implications on wider schemes that are covered by the same agreement. However, in the spirit of the strategic

development partnership, commitment will be sought and given in the form of legal agreements. Should there be a material change in the programme dates Cabinet will be updated.

6.20 At present it is anticipated that the NHS fit out by Healthlink will be completed for the Health Centre by the end of December 2022. This is likely to be after practical completion of the whole building which is currently anticipated in September 2022. The risk of having to repay the premium and fit out costs is therefore assessed as low in the overall context of the project, compared to the very high risk of loss of external funding and therefore primary health care provision in the area

6.21 Argent Related are highly incentivised to complete the Welbourne development. Not only are they not able to occupy or dispose of their other developments in Tottenham Hale covered by the planning consent, but they are subject to liquidated and ascertained damages should PC be delayed under the development agreement. The Council can step in to complete the development in certain defined circumstances.

7. Contribution to strategic outcomes

7.1 The proposals in the report will contribute the following:

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

The new Health Centre will provide a much needed new facility which will support the health of the growing population in Tottenham Hale.

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

Finance

8.1 Recommendations of this report are to enter into a lease with Argent Related for the health centre for 999 years at a peppercorn rent and to then enter a lease with Healthlink for 125 years which generates a lease premium of £2.8m. Both of these transactions have been previously agreed. However, the lease of the health centre of the building and the lease of the health centre to Healthlink will be granted whilst the overall building is not practically complete. Despite this the lease premium of £2.8m will be payable at the point of the grant of the lease.

8.2 The delay to the delivery of the Welbourne has meant that the delivery of the health centre has been delayed. The CCG funding requirement is that Healthlink needs to be on site by 31st March 2022, at which time the building will not be practically complete. In order to enable Healthlink's start on site the Council is being asked to enter into side agreements as described in the report and as set out in the appendices.

8.3 In entering into these side agreements the Council is agreeing to underwrite the rental income due to Healthlink from the GP practice should the health centre not be capable of occupation from December 2022. It is estimated that the rental due to Healthlink is £0.0275m per month. This could potentially be offset through a liquidated and ascertained damages payment from Argent under the terms of the agreement with Argent for the delivery of the Welbourne. The theoretical maximum liability under the rent guarantee is £0.660m

8.4 The side agreements also provide for the Council to repay the £2.8m lease premium and associated costs to the CCG should the health centre not be operational by December 2024. These costs are estimated at £3.833m in total. The side agreements also provide for the Council to repay the development costs of the health centre to Healthlink should the health centre not be operational by December 2024. These costs are capped at £4.35m.

8.5 The entering into these arrangements therefore creates a potential liability of c £8.843m that may occur if the scheme's delivery is delayed. This uncertainty may need to be recognised in the Council's accounts for 2021/22.

Procurement

8.6 Strategic Procurement note the contents of the report. As this report is classed as a Land Transaction it does not have any procurement implications under the Public Contract regulation 2015.

Legal

8.7 The Council is being asked to grant the lease to the Health Centre prior to practical completion of the building. This is a requirement of the funding secured from the NHS/CCG. The funding is available but must be spent within the period set out in this report and a leasehold interest must also be in place to secure the funding. As a result of this funding requirement, the Council is having to take a 999 lease early of the health centre from Argent Related and prior to practical completion, this would allow it to grant a long lease to Healthlink. However, although Healthlink will be allowed to occupy the health centre for the purpose of the fit out works it will not be allowed to grant

occupation to the GPs until completion of the whole building. As a result, the Council is being asked to pay the rental income loss by Healthlink.

8.8 There are risks to the Council agreeing to the arrangements referred to in the recommendations. There is no guarantee that the development will be completed within the deadline set. This is because the building contract is between the Argent Related and United Living and not the Council. The longstop date for delivering the affordable housing units is 31 March 2022 but this is subject to extension should there be certain delays (i.e., where a relevant event occurs).

8.9 The recommendation is for the Council to take the lease of the health centre prior to practical completion from Argent Related. This would allow the Council to grant the long lease to Healthlink but carries with it the risk of an unfinished building. The Council can take the lease as it has the power under section 120 of the Local Government Act 1972 to acquire for the purposes of (a) any of its functions under that Act or any other enactment, or (b) the benefit, improvement or development of their area, whether situated inside or outside the Council's area.

8.10 As set out in this report the Council has on 21 March 2017 entered into an Agreement with TH Ferry Island Limited Partnership to develop various sites in the Tottenham Hale area. On completion of the building to be constructed on the Welbourne Centre site the Council will take a lease back from TH Ferry Island Limited Partnership of the floors comprising the health centre. The Council is disposing of the health centre through the granting of a sub underlease to be created out of the the Council's lease. That decision was taken by the Leader on 19th March 2018, but this was subject to practical completion having been achieved. The authority sought now is to change this, so the long lease is granted prior to practical completion of the whole development on the Welbourne site.

8.11 The Council has the power to dispose of the property in any manner it wishes under section 123 of the Local Government Act 1972 but must obtain best consideration otherwise the consent of the secretary of state is required.

8.12 The recommendation is also for the Council to repay both the premium to the NHS/CCG and the fit out costs to Healthlink if the whole building is not practically completed by the longstop date. If the Council repays the premium to the NHS/CCG then it must be a condition that the lease granted to Healthlink be surrendered/transferred back to the Council. If the Council pays back the fit out costs, then the Council will end up with a fully fitted property. The Council has the power under section 120 of the Local Government Act 1972 to acquire properties for the purposes of (a) any of its functions, or (b) the benefit, improvement or development of its area and therefore can acquire back the Health Centre unit,

Equality

8.12 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.

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

8.14 The proposal will enable a new health facility to be established in Tottenham Hale. We know that this is a locality in which individuals with protected characteristics are overrepresented as compared to the wider borough, London, and England. Significantly, the local area has a high proportion of residents with disabilities and long-term health conditions that adversely impact their ability to conduct day-to-day activities.

8.15 Results of previous consultation exercises suggest that primary healthcare facilities are a priority for local residents. This indicates that this is a currently under-served community. The proposal will therefore enable the Council to meet its Public Sector Equality Duty to eliminate discrimination.

9. Use of Appendices

Appendix A – Draft Side letter with the CCG
Appendix B – Draft Side letter with Healthlink
Appendix C – Risk Profile Table

10. Local Government (Access to Information) Act 1985

- a. Cabinet reports March 2018, December 2018, May 2020
- b. [Also list reasons for exemption or confidentiality (if applicable)]

Appendix A – DRAFT Side letter with the CCG

NHS North Central London Clinical Commissioning Group (“the CCG”)
15 Marylebone Road
London
NW1 5JD

NHS Commissioning Board (known as NHS England) (“NHSE”)
Quarry House
Quarry Hill
Leeds
LS2 7UE

Date 2021

Dear Sirs

DEVELOPMENT OF THE WELLBOURNE CENTRE, TOTTENHAM HALE, LONDON

1. DEFINITIONS

The following definitions apply in this letter:

Agreement for Underlease	means the agreement dated the date hereof in respect of the Property made between the Landlord and the Tenant
Building	The building known as the Wellbourne Centre, Tottenham Hale, London
Building Practical Completion Date	Means the date the building is practically completed under the Forward Funding Agreement
Building PC Date	[31 September 2022]
Capital Contribution	means the sum of [£3.8m] paid by the CCG or the NHSE to the Tenant being the premium for the Lease plus VAT, costs and disbursement
Forward Funding Agreement	means the agreement entered into between the Superior Landlord and TH Welbourne in respect of the development of the building (and wider areas)
Landlord	Healthlink Investments Limited (company number 03189744) of 109 Dorchester Avenue, Palmers Green, London, N13 5DY
Lease	means a lease of the Property for a term of 125 years
Property	Medical Centre, Welbourne Centre, Tottenham Hale, London as more particularly defined in the Underlease
Reimbursable Rent	means part of the Rent reimbursed to the Tenant by the CCG pursuant to the National Health Service (General Medical Services Premises Costs) Directions 2013, as amended

Rent	means the Rent as detailed in the Underlease being the initial sum of [£X] and then reviewed in accordance with the terms of the Underlease
Superior Landlord	The Mayor and Burgesses of the London Borough of Haringey of Civic Centre, High Road, Wood Green, London, N22 8LE
Tenant	[Lawrence House Practice]
Underlease	means the underlease to be granted by the Landlord to the Tenant pursuant to the Agreement for Underlease, the form of which is annexed to the Agreement for Underlease and which the Superior Landlord has consented to
Works PC Date	[the date the Fit Out Works are completed by the Landlord under the Agreement for Underlease

Capitalised terms shall have the meaning given in the Agreement for Underlease or Underlease (as applicable) unless otherwise defined in this letter.

2. BACKGROUND

- 2.1 The Superior Landlord has pursuant to the Agreement for Lease agreed to grant the Lease to the Landlord prior to Practical Completion (as defined in the Forward Funding Agreement) of the Building for the Premium.
- 2.2 Pursuant to the Agreement for Underlease, and following the grant of the Lease the Landlord shall grant the Underlease of the Property to the Tenant on [Practical Completion (as defined in the Agreement for lease)] of the [Fit-out Works], [which is expected to occur after the Building PC Date].
- 2.3 Notwithstanding paragraph 2.2 of this letter, the Underlease prohibits the Tenant from using and occupying the Property until the Building Practical Completion Date has been achieved pursuant to the Forward Funding Agreement, which is expected to occur by the Building PC Date.
- 2.4 The Tenant is responsible for the payment of the Rent pursuant to the terms of the Underlease from the Works PC Date, despite the fact that the Tenant is prohibited from using and occupying the Property until the Building Practical Completion Date and the Rent will during that period be reimbursed to the Tenant by the CCG
- 2.5 The Reimbursable Rent will be reimbursed by the CCG to the Tenant pursuant to the National Health Service (General Medical Services Premises Costs) Directions 2013, as amended.

3. SUPERIOR LANDLORD COMMITMENTS

- 3.1 In consideration of the sum of £1 (receipt of which is acknowledged), the Superior Landlord hereby confirms that:
 - 3.1.1 following completion of the Underlease, in the event that Practical Completion (as defined in the Forward Funding Agreement) of the Building has not occurred by 4pm on the Building PC Date and subject to the Works PC Date having been achieved prior to the Building Practical Completion Date), the Superior Landlord will pay to the CCG the Reimbursable Rent and any VAT due on the same for the period from the Works PC Date until :

the Building Practical Completion Date

and until paid to the CCG, any amount of the Reimbursable Rent outstanding shall at all times remain as a debt of the Superior Landlord owed to the CCG.

3.1.2 if the Building Practical Completion Date has not occurred by the Building PC Date, the Superior Landlord shall use its reasonable endeavor to ensure that Building Practical Completion Date occurs as soon as practicable after the Building PC Date and no later than 31 December 2024;

3.1.3 if the Building Practical Completion Date has not occurred by 4pm on 31 December 2024 the Superior Landlord shall pay to either to the CCG or the NHSE (as the case may be) the Capital Contribution and on payment of the Capital Contribution the Lease and Underlease shall terminate.

3.2 The payments referred to in paragraph 3.1.1 and 3.1.3 of this letter shall be made to such bank account as either the CCG or NHSE (as applicable) shall nominate and notify the Superior Landlord of in writing.

4. INTENTION TO BE BOUND

The parties intend this letter to be legally binding.

5. THIRD PARTY RIGHTS

No one other than a party to this letter, their successors, shall have any right to enforce any of its terms.

6. GOVERNING LAW

This letter and all disputes or claims (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

7. JURISDICTION

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this letter or its subject matter or formation.

The parties have all signed a copy of this letter by way of confirmation of their agreement to its terms.

Signed

.....

Name:

For and on behalf of the Mayor and Burgesses of the London Borough of Haringey

Signed

.....

Name:

For and on behalf of NHS North Central London Clinical Commissioning Group

Signed

.....

Name:

For and on behalf of NHS Commissioning Board (known as NHS England)

Appendix B – DRAFT Side letter with Healthlink

(“Healthlink”)

Healthlink Investments Limited
109 Dorchester Avenue,
Palmers Green
London N13 5DY

Date

2021

Dear Sirs

DEVELOPMENT OF THE WELLBOURNE CENTRE, TOTTENHAM HALE, LONDON

8. DEFINITIONS

The following definitions apply in this letter:

Agreement for Underlease	means the agreement dated the date hereof in respect of the Property made between the Landlord and the Tenant
Building	Wellbourne Centre, Tottenham Hale, London
Building PC Date	means the date the Building reaches Practical Completion
Capital Contribution	shall have the same meaning as in the NHS Side Letter
Fit- out Works	means the fit out works carried out to the Property in accordance with the Agreement for Underlease
Fit Out Costs	means the total Fit Out Works costs in the sum of £4.35m (inclusive of VAT)
Forward Funding Agreement	means the agreement entered into between the Superior Landlord and TH Welbourne in respect of the development of the Building (and wider areas)
NHS Side Letter	means the Side Letter between the CCG/NHSE and the Superior Landlord dated []
Landlord	Healthlink Investments Limited (company number 03189744) of 109 Dorchester Avenue, Palmers Green, London, N13 5DY
Practical Completion	shall have the same meaning as in the Forward Funding Agreement.
Property	Medical Centre, Welbourne Centre, Tottenham Hale, London as more particularly defined in the Underlease
Superior Landlord	The Mayor and Burgesses of the London Borough of Haringey of Civic Centre, High Road, Wood Green, London, N22 8LE
Tenant	[Lawrence House Practice]

Underlease means the underlease to be granted by the Landlord to the Tenant pursuant to the Agreement for Underlease, the form of which is annexed to the Agreement for Underlease and which the Superior Landlord has consented to

Works PC Date [31 December 2022]

Capitalised terms shall have the meaning given in the Agreement for Underlease or Underlease (as applicable) unless otherwise defined in this letter.

9. BACKGROUND

- 2.6 The Superior Landlord has pursuant to the Agreement for Lease agreed to grant the Lease to the Landlord prior to Practical Completion (as defined in the Forward Funding Agreement) of the Building for the Premium
- 2.7 Pursuant to the Agreement for Underlease, the Landlord shall grant the Underlease of the Property to the Tenant on [practical completion] of the Fit-out Works, which is expected to occur by the Works PC Date. The Fit-out Works is being paid for by the Landlord being an amount up to the Fit Out Costs
- 2.8 Notwithstanding paragraph 2.2 of this letter, the Lease and the Underlease prohibits the Tenant from using and occupying the Property until practical completion of the Building has been achieved pursuant to the Forward Funding Agreement,.
- 2.9 The Superior Landlord has agreed in the NHS Side Letter to repay to the CCG/NHS the Capital Contributions which was used by the Landlord to pay the premium for the Lease to the Superior Landlord and on payment of Capital Contributions the Landlord will terminate the Underlease and surrender the Lease to the Superior Landlord.
- 2.10 If the Underlease is terminated and the Lease is surrendered the Superior Landlord has agreed to repay an amount up to the Fit Out Costs to the Landlord .

3. SUPERIOR LANDLORD COMMITMENTS

- 3.3 In consideration of the sum of £1 (receipt of which is acknowledged), the Superior Landlord hereby confirms that:
- 3.3.1 if the Building PC Date has not occurred by 4pm on 31 December 2024 and the Superior Landlord has paid to the CCG or the NHSE the Capital Contribution as set out in the NHS Side Letter the Superior Landlord shall immediately terminate the Underlease and surrender the Lease in accordance with clause [] of the Lease and the Superior Landlord shall (subject to paragraph 3.1.2) on the day of surrender of the Lease pay an amount up to the Fit Out Costs as to the Landlord .
- 3.3.2 Prior to any payment under clause 3.1.1 the Landlord shall within at the request of the Superior Landlord provide on an open book basis such proof of all or any payments costs expenditure made in respect of the Fit Out Costs as the Superior Landlord shall require in order to determine the amount to be paid.
- 3.4 The payments referred to in paragraph 3.1.1 and 3 of this letter shall be made to such bank account as the Landlord (as applicable) shall nominate and notify the Superior Landlord of in writing.

4. INTENTION TO BE BOUND

The parties intend this letter to be legally binding.

5. THIRD PARTY RIGHTS

No one other than a party to this letter, their successors, shall have any right to enforce any of its terms.

6. GOVERNING LAW

This letter and all disputes or claims (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

7. JURISDICTION

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this letter or its subject matter or formation.

The parties have all signed a copy of this letter by way of confirmation of their agreement to its terms.

Signed

.....

Name:

For and on behalf of the Mayor and Burgesses of the London Borough of Haringey

Signed

.....

Name:

For and on behalf of []

Signed

.....

Name:

For and on behalf of NHS Commissioning Board (known as NHS England)

Appendix C – Risk Profile Table

Welbourne risk analysis																	
Practical Completion on Whole due Sept 2022																	
		2021				2022											
Timeline	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	2023	2024
Key events		Windows designed and ordered	Cabinet decision-taking on risks.	NHS authority subject to LBH decision for funding of lease	Funding for fit out obtained by	Leases granted. Argent to Council. Council to Healthlink						PC due on Whole of the building. PC estimated for Health area fit out					
Risks		Windows may be superfluous if the lease is not granted to Healthlink.				PC on Health area required. NHS outlay 100% risk. Windows not finished in time.							In the event PC does not occur on the whole building the Council pays rental to Healthlink. Mitigated by LADs to the Council from Argent until PC confirmed				PC not occurred by 24th December 2024. Lease premium and fit out costs plus costs repayable totalling £8.1m
Financial implications	Council	£400k				Premium paid to Council. £2.8m. However cannot be used until PC on whole and fit out works						On PC risk diminishes to zero for all parties.	Cost to the Council is £15k per month rental less £227 per day per unit LADs				Cost to Council £8.1m. If paid the Council retains a fitted out health facility plus pharmacy to lease or dispose of.
	NHS/Healthlink					Cost of lease £3.8m (inc. VAT and stamp) Cost of fit out £4.3m. Total £8.1m.											Cost of lease paid to NHS. Fit out costs paid to Healthlink
Key risk sections																	