



<b>Report for:</b>	<b>Leader's Decision – 14 March 2014</b>	<b>Item Number:</b>	
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<b>Title:</b>	<b>Technopark: Sale of Freehold</b>
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<b>Report Authorised by:</b>	<b>Lyn Garner, Director Regeneration, Planning &amp; Development</b>
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<b>Lead Officer:</b>	<b>Laura Bridges, Property Review Programme Manager</b>
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<b>Ward(s) affected:</b> <b>Tottenham Hale</b>	<b>Report for Key/Non Key Decisions:</b> <b>Key Decision</b>
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## **1. Describe the issue under consideration**

1.1 Approval was granted by Cabinet on 16 January 2014:

1.1.1 For the Council to purchase the Head Leaseholder's interest in the Technopark site for a consideration not exceeding the purchase price detailed in the exempt section, Part B, of this report with delegated authority for the Section 151 Officer and the Director of Regeneration, Planning and Development Reduction to agree the final terms of the acquisition, following consultation with the Cabinet Member for Finance, Employment and Carbon Reduction.

1.1.2 To sell the freehold of the Technopark site to the Harris Federation, subject to the purchase of the head lease, for a consideration no less than the sale price detailed in the exempt section, Part B, of this report for the purpose of creating an all through free school on the site. This approval is with delegated authority for the Section 151 Officer and Director of Regeneration, Planning & Development and Lead Member to agree the final terms of the sale, following consultation with the Cabinet Member for Finance, Employment and Carbon Reduction.

1.2 Members were also asked to note that the sale of the freehold to Harris Federation is subject to the deal being agreed with the Head Leaseholder.

1.3 Negotiations are ongoing with both the Head Leaseholder and the Education Funding Agency (EFA) on behalf of the Harris Federation.



## **Haringey Council**

1.4 Heads of Terms have now been agreed with Harris Federation, however there is a discrepancy between the Cabinet report decision on the sale price and the final price set out in the agreed Heads of Terms.

1.5 This report requests approval to authorise sale of the freehold to the Harris Federation for an adjusted price as is set out in the exempt section, Part B, of this report on the basis that this price still represents a financially better option than a 'do nothing' scenario which maintains the current situation.

### **2. Cabinet Member introduction**

2.1 The Cabinet Member comments remain unchanged from the January Cabinet report or by the recommendations made in this report, but for ease of reference are repeated below.

2.2 This is an excellent opportunity to provide school places in an area of demand, offering more choice for parents in the heart of Tottenham.

2.3 The Harris Federation bring a high class educational offer and £30m investment into the borough.

2.4 The loss of employment use is disappointing but we will seek to reprovide this in other locations in the borough as is set out in the Tottenham Strategic Regeneration Framework.

### **3. Recommendations**

3.1 To agree to change the approval to sell the freehold for the Technopark site to the Harris Federation for a revised sale price, set out in the exempt, Part B, of this report on the basis that this price still represents a financially better option than a 'do nothing' scenario which maintains the current situation.

3.2 To note that the recommended maximum purchase price for the Head Leasehold interest, as is set out in the exempt section, Part B, of this report remains unchanged.

3.3 To note that the sale of the freehold to Harris Federation is subject to the deal being agreed with the Head Leaseholder for which negotiations are ongoing.

### **4. Alternative options considered**

4.1 The Cabinet Report presented in January set out consideration of three options; 1 - Do nothing, 2 - purchase the head leaseholder interest only and 3- purchase the head leaseholder interest and sell freehold for educational use.

4.2 The third option – purchase the head leaseholder interest and sell the freehold for educational use was recommended and approved by Cabinet on 16 January 2014.

4.3 As the revised sale price still represents a financially better option than a 'do nothing' scenario no further alternative options have been considered.

### **5. Background information**



## **Haringey Council**

- 5.1 A third party valuation was undertaken by the District Valuer (DVS) that reported a market value for Technopark based on alternative use. The Education Funding Agency made an offer to purchase the freehold based on this valuation which was referenced in the January 2014 Cabinet Report.
- 5.2 Subsequent to the Cabinet decision, discussions and negotiation have been completed to agree the final heads of terms for sale of the freehold for Technopark.
- 5.3 The Education Funding Agency, as a public sector body, have to follow regulations to ensure they pay 'best consideration' for any purchases of land or property linked to valuation of the site. Their final figures and own due diligence would not allow them to reach the previous offer cited in the January Cabinet Report and consequently a reduced offer price was made. This has been accepted on the basis that the price still represents a financially better option than a 'do nothing' scenario.

### **6. Comments of the Chief Finance Officer and financial implications**

- 6.1 The CFO confirms that the acquisition of the lease and onward sale for education use at the revised sale price set out in Part B of this report still represents a financially better option than a 'do nothing' option. Details are included in Part B of the report. All other CFO comments remain unchanged from the January cabinet, but for ease of reference are repeated below.
- 6.2 The CFO confirms that the Technopark facility runs at a loss which is an annual cost to the Council.
- 6.3 Financial modelling and risk sensitivity analysis has been undertaken to consider the various options available to the Council and to consider the relevant costs of the preferred future option compared to the current position.
- 6.4 In weighing up the financial implications of the options, it is also relevant to consider the costs of pupil place provision and how these are normally provided by the Council. Where the Council undertakes to provide additional primary places either by expanding its own existing community provision, or by funding the establishment of a new academy, the costs of providing new places must be borne by the Council, either from its own resources, or by using its annual capital allocations from the DfE.
- 6.5 The full results of this analysis are set out in Part B to the January Cabinet report, but overall the conclusion is that the option to buy out the Head Lease and sell the site on for educational provision is financially beneficial to the Council, and provides an economic solution to the cost of providing new school places in the east of the borough.
- 6.6 The true deficit position at Technopark is also partially concealed by the fact that Council services are currently occupying parts of the site. However, as the Council consolidates its own occupation of property and reduces costs overall via the Smart Working programme, this will expose a deteriorating operating position for Technopark if it is unable to replace Council occupancy with new third party tenants.

### **7. Assistant Director of Corporate Governance and Legal Implications**



**Haringey Council**

7.1 The Council has the power to dispose of the Technopark site under section 123 of the Local Government Act 1972 but must obtain best consideration otherwise it must seek the consent of the secretary of state.

**8. Equalities and Community Cohesion Comments**

8.1 This report prompts no additional comments to those included in the January 2014 Cabinet Report on Technopark.

**9. Head of Procurement Comments**

9.1 The Head of Procurement notes the current contents and recommendations within this report and that there is no current procurement process included.

**10. Policy Implication**

10.1 The recommendations in this report remain consistent with the January Cabinet Report for Technopark which confirmed that the recommended option was related to a number of Council wide corporate policies and priorities and will help deliver the Council outcomes and priorities as set out in the Corporate Plan 2013-2015: a better council.

**11. Reasons for Decision**

11.1 Cabinet have already approved the principle to purchase the head leaseholder interest and sell the freehold for educational use.

11.2 The revised sale price still represents a financially better option than a 'do nothing' scenario.

11.3 The Education Funding Agency are restricted in the offer price they can make for land or property to ensure they comply with best consideration.

**12. Use of Appendices**

Appendix A: Exempt information.

**13. Local Government (Access to Information) Act 1985**

Appendix A: Local Government (Access to Information) Act 1985 – Part B

**COUNCILLOR CLAIRE KOBER**

**DATE**

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