



<b>Report for:</b>	Decision by the Leader – 10 July 2014	<b>Item Number:</b>	
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<b>Title:</b>	<b>Technopark: Acquisition of Leasehold Interest</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 to purchase the Head Leaseholder's interest in the Technopark site and to then sell the freehold to the Harris Federation for the purposes of creating an all through free school on the site.
- 1.2 This report sets out the final acquisition terms for the Technopark site for Member approval.

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

- 2.1 The acquisition of Technopark provides an excellent opportunity to secure new primary and secondary school places in an area of high demand, offering more choice for parents in the heart of Tottenham.

### **3. Recommendations**

- 3.1 To agree the revised terms for the acquisition of the Leasehold interest from Boistrous Holdings Ltd (Boistrous) for the Technopark site as is set out in the exempt, Part B, of this report.
- 3.2 To agree to the required adjustments to the Council's income and expenditure budgets to reflect the purchase of the Leasehold of Technopark.

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

#### **a) Use of Technopark site**

- 4.1 The Cabinet Report presented in January set out consideration of three options;



## Haringey Council

- Option 1 -Do nothing,
- Option 2 -purchase the head leaseholder interest only and
- Option 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.

### **b) Purchase arrangements**

4.3 Negotiations have been ongoing since the Cabinet report presented on 16 January 2014. Discussions with the agent acting on behalf of Boistrus provided further information to confirm that a Gibraltar based Special Purpose Vehicle had been set up when Boistrus Holdings Ltd purchased their leasehold interest in Technopark and that a loan was held against the asset. In light of this, two options were considered and proposed by Boistrus' agent for the purchase as follows:

- Option A:- Purchase the Company/Special Purpose Vehicle & redeem the loan
- Option B: - Purchase the Property Interest and pay Boistrus to end the loan

4.4 After due diligence investigations with legal and financial consultants, Option B has been selected as the preferred option for purchasing Technopark. This is because it is simpler and less risky for the Council, as the potentially variable costs of dissolving the company and redeeming the loan remain with Boistrus Holdings Ltd.

## **5. Background information**

5.1 Approval was granted by Cabinet on 16 January 2014:

- 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.
- 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.

5.2 Members were also asked to note that the sale of the freehold to Harris Federation is subject to the purchase deal being agreed with the Head Leaseholder (Boistrus Holdings Ltd).

5.3 Approval was granted by the Leader of the Council in March 2014 to authorise the sale of the Council's freehold interest (subject to the purchase of the head leasehold



interest by the Council) 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 represented a financially better option than a 'do nothing' scenario which maintains the current situation.

5.4 Heads of Terms have been agreed with the Education Funding Agency, working on behalf of the Harris Federation, and contracts are ready to exchange for sale of the Freehold interest. Completion of the sale is subject to the acquisition of the Head Leaseholder interest and Harris Federation securing a planning consent for the Technopark site. The Education Funding Agency is currently completing a Feasibility Study on their proposals for an all through school on the site and intend to submit a planning application later this year. A lease has been agreed with the Harris Federation for two Reception classes to open in Block 3 of Technopark from September 2014 until the main property deal has completed.

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

6.1 The financial modelling supporting the original Cabinet decision to acquire the Head Leaseholder interest and sell on the unencumbered freehold of the site to Harris has been updated to reflect the latest terms agreed on both the purchase and proposed sale of the asset.

6.2 The results are detailed in Section 4 of Part B of this report, and this confirms that the preferred option remains the best value for the Council overall. This is based on the assumption that the additional school place provision would otherwise represent a significant cost to the Council.

6.3 However, significant risks still remain:

6.3.1 The onward sale of the site to Harris is dependent on Harris obtaining vacant possession and planning approval. Therefore there is a risk that the sale will not proceed as proposed, with exchange planned for September 2014, and completion scheduled for February 2015.

6.3.2 The sale onwards (to Harris) may be delayed in which case the Council will continue to incur an income shortfall and will replace its 'leasing costs' with the borrowing costs associated with the purchase putting short term pressure on the Council's revenue finances.

6.3.3 In the event that the sale does not proceed at all the Council will incur the borrowing costs, suffer the loss of income and will also still be in a position of needing to provide the additional school places; in this scenario the council will need to review urgently its future intentions for the site to limit its exposure to on-going financial costs.

6.4 Members also need to be aware that the expected capital receipt from the sale of Technopark has been included in the financing assumptions behind the 2014/15 approved capital programme. Should the sale be delayed or not proceed, alternative financing will have to be found to support the approved programme, or alternatively future capital investment commitments will have to be reduced or deleted.



## **7. Head of Legal Services and legal implications**

- 7.1 The Council owns the freehold of the property known as the Technopark site. That freehold is subject to a long leasehold granted by the Council for a term of 99 years commencing on 15 May 1992 with the option to renew for two further terms of 99 years. Please refer to the exempt section of this report, Part B, for further details regarding the purchase price.
- 7.2 Members should note that the purchase will be subject to the tenancies subsisting at the time the contract for sale is entered into.
- 7.3 The Council has the power under section 120 of the Local Government Act 1972 to purchase the leasehold interest for the purposes of any of its function or the benefit, improvement or development of its area even if that land is not immediately required for that purpose.

## **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 sale of the freehold is subject to a deal being agreed with the Head Leaseholder which can now be completed should the recommendation in this report be agreed.
- 11.3 The revised terms for the acquisition of the Leasehold interest still represents a financially better option than a 'do nothing' scenario.

## **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