

Report for: Cabinet 20th October 2015

Item number:

Title: Sale of the former Greenfields School, Coppetts Road and purchase of part of 54/56 Muswell Hill, London N10

Report authorised by : Director of Regeneration, Planning and Development

Lead Officer: Jon McGrath, Assistant Director Corporate Property and Major Projects

Ward(s) affected: Fortis Green and Muswell Hill

I

Report for Key/

Non Key Decision: Key decision

1. Describe the issue under consideration

- 1.1 The Peter Rigby Trust (PRT) who operate as the London Centre for Children with Cerebral Palsy (LCCCP) are currently leasing the former Greenfields school site in Coppetts Road and shown edged red on the plan attached at Appendix A ("Greenfield Site") from the Council and have indicated that they would like to purchase the site and remain there permanently.
- 1.2 They have in return offered to sell to the Council a long lease of premises to be constructed which is part of a redevelopment site known as the Green Man pub close to the roundabout in Muswell Hill. The property is shown edged red on the plan attached at Appendix B ("PRT Property") is currently part of a development agreement between PRT and Scarsec Developments with construction work currently ongoing and due for completion in September 2016.
- 1.3 The PRT Property when completed would provide approximately 900sqm of accommodation across three floors (500sqm at ground floor and 200sqm each at first and second) built out to shell and core.
- 1.4 Following discussion with the developer it has been agreed that the upper floors could be converted to shared ownership housing providing 6 one bed units. This would be subject to planning and agreement on the fit out costs.

2. Cabinet Member Introduction

- 2.1 The sale of the former Greenfields School site provides an opportunity for the Council to acquire a site in the heart of Muswell Hill which will provide 6 affordable housing units and ground floor accommodation which will be available for use by the Council and the community.

3. Recommendations

3.1 Members are asked:-

- a) To declare the Greenfield Site shown edged red on the plan attached (Appendix A) surplus to requirements.
- b) To authorise an option to dispose of the Greenfield Site to The Peter Rigby Trust for a sum as set out in Part B of this report and based on the Heads of Terms attached (Appendix C).
- c) To agree to the acquisition of PRT Property shown edged red on the attached plan in Appendix B from the Peter Rigby Trust based on a 999 year lease for a sum as set out in Part B of this report and based on the Heads of Terms attached at Appendix C.
- d) To agree to the conversion of the upper floors of the PRT Property immediately on completion of the acquisition subject to planning into 6 one bed flats available for shared ownership affordable housing and that the ground floor will be available for Council use.
- e) To note the expected cost of the fit out of the proposed 6 one bed flats set out in 6.25 to be funded from existing budgets.
- f) To note that the fit out costs of the ground floor are as set out in 6.25, and agree that this funding be identified as part of the ongoing capital strategy work.

4. Reasons for decision

- 4.1 The decision will provide a continued Educational use at Coppetts Road and the Council will acquire a site in central Muswell Hill which will provide 6 affordable Housing units and a Council and community building on the ground floor supporting the Council's Housing and community strategy.

5. Alternative options considered

Not to sell Coppetts Road and not to purchase the long lease

- 5.1 The option of not selling the Council site in Coppetts Road to the Peter Rigby Trust will result in the opportunity for the long lease available with the PRT Property not being available to the Council. Therefore the affordable Housing and ground floor D1 use would not be available.

6. Background information

- 6.1 The London Centre for Children with Cerebral Palsy (LCCCP) was founded (as The Peter Rigby Trust) in 1963 to support young disabled people. From 1988, the organisation focussed on cerebral palsy and has since been supporting children by nurturing their skills and teaching pupils to develop independence so they can lead the fullest lives possible. They now work

with children aged from birth to 14 years old and run an independent school for three to 11 year olds which also provides training for parents and professionals.

- 6.2 PRT currently lease the Greenfield Site from the Council and operating it as a school (LCCCP) on a short term lease. They have subsequently requested that they stay on site permanently as the site is ideal from an educational point of view for the children attending. The site is designated for Educational use.
- 6.3 PRT have vacated their previous base at the rear of a development site at 54/56 Muswell Hill where they have an agreement with the site developer Scarsec Developments to provide a new centre within the footprint of the former Green Man pub as part of a larger residential scheme and when completed to shell and core this will be the PTP Property. The basis of the agreement is for 900sq metres across three floors on a 999 year peppercorn lease. The development is due to be completed in September 2016.
- 6.4 PRT have approached the Council as they wish to remain on the Greenfield Site permanently. The site works well for their operation and better supports their long term aspirations for service delivery. They have offered to purchase the freehold of the former Greenfield Site on the basis that the Council take on the 999 year lease of the PRT Site once practical completion has occurred. This would be on the basis that there is nil consideration payable on the land sale and purchase.

Proposed Land sale of the former Greenfields School site, Coppetts Road

- 6.5 PRT has temporarily moved to the former school site in Coppetts Road adjacent to Muswell Hill Playing Fields (Plan attached in Appendix A). The Council has leased the site to PRT expiring in May 2017 and at a rent as set out in Part B of this report. This was originally based on PRT moving back to their new facility at Muswell Hill once completed. PRT have undertaken major works to the building totalling the sum set out in Part B of this report and a new 25 year lease is now agreed with a rent to reflect this investment (5 years rent free). The lease is on commercial terms.
- 6.6 PRT have requested the opportunity to purchase the freehold interest in the Greenfield Site subject to the Council taking their 999 year lease in the PRT Property when completed in September 2016.
- 6.7 The transaction would be conditional on the development agreement between PRT and Scarsec Developments which provides for practical completion in September 2016. At this point the Council would take over the lease from PRT granted by the developer Scarsec Developments and PRT would have the option to purchase the Greenfield Site. The sale would require the consent of the Secretary of State for Education.

Proposed acquisition of a Long Lease at 54/56 Muswell Hill

- 6.8 The PRT Site is close to the centre of Muswell Hill. The site provides more opportunities in terms of potential use by the Council and is a more useful and central location. This could include Housing and some form of community use for local residents, education, and health or library provision.
- 6.9 The developer has indicated that they will approve an assignment of the lease to the Council and are willing to agree to a wider use of the ground floor for D1 use and conversion of the upper two floors to residential use. This would provide 900 sqm on three floors in total.
- 6.10 The Council will take on the 999 year lease agreed between the developer and PRT once practical completion takes place. The residential units will then be fitted out and the ground floor will become available for a Council use. There will be 8 car spaces included on site.
- 6.11 PRT will retain a small presence in the building and will lease back a room on the ground floor and a disabled car space on site.
- 6.12 The developer will provide the ground floor in shell and core and the Council will need to fit out the accommodation once completed. This has been estimated at a sum set out in Part B of this report.
- 6.13 Heads of terms for the land transaction are set out in Appendix C of this report.

Planning and Housing Issues

- 6.14 Priority 5 of the Council's Corporate Plan for 2015-18 is to 'Create homes and communities where people choose to live and are able to thrive'; under this overall aim there is a specific objective to 'Achieve a step change in the number of new homes being built', with a particular commitment to supporting low- and middle-income residents to get on the housing ladder.
- 6.15 The Council's draft Housing Strategy (currently subject to public consultation) expands on these commitments. It articulates the Council's desire to promote innovative types of affordable housing. The Muswell Hill site provides an opportunity to provide shared ownership affordable housing for middle – income residents.
- 6.16 The Local Plan: Strategic Policies document was adopted by Council in March 2013, which sets out the strategic vision and objectives that the Council will seek to achieve through its planning decisions in the period 2011-2026. In order to deliver the objectives of the Plan to deliver new homes, jobs, economic growth and improve our social infrastructure, significant sites will need to be developed across the borough

- 6.17 The development at Muswell Hill currently has planning consent for a school on the ground and upper floors which form part of the long lease. The Council is proposing to convert the upper floors into one bed residential units and a change of use will be required under planning to change the use to D1 and residential above. The assignment of the lease to the Council is subject to planning.
- 6.18 The Head of Development Management and Planning Enforcement has agreed that the principle of the Change of Use from Education to Housing is acceptable given that the school is relocating permanently elsewhere. Whether it is possible to acceptably convert the existing school building as granted consent to residential from the point of view of quality of residential accommodation provided and impact on amenity of neighbours will need to be the subject of discussion through formal pre-application and application stage. Changes may need to be made but it is considered that this will be possible.
- 6.19 In order to build the two floors of affordable Housing a planning consent will be required by the Council in conjunction with the developer in order to change the existing planning consent from D1 to residential. This will be through the formal process described in paragraph 6.19. The units will be fitted out by the developer as set out in paragraph 6.24.
- 6.20 The rest of the development has planning consent for and will provide 28 private housing units including 3 one bed flats, 17 two bed flats, 2 three bed flats and 6 four bed town houses in three blocks.
- 6.21 The conversion of the upper floors to residential will be accessed through the stair core to the private flats and will be fitted out under the housing design guide and compliant with all new building regulations.
- 6.22 The affordable housing will be completed once the shell and core is completed and will become available in 2017. The demand for these units is likely to be high due to the location and affordability.
- 6.23 The residential units will be fitted out to a good standard by the developer and will be funded through the approved HRA newbuild budget where there is sufficient available funding to accommodate the 6 x 1 bed units. Borough officers will have the opportunity to input into design drawings prior to planning submission to ensure high quality standards. The low cost home ownership (LCHO) dwellings are likely to be marketed on a Shared Ownership basis where the purchaser buys a share with a mortgage and rents the other share from the Council. The new homes would be marketed at levels affordable to households within the GLA recommended LCHO household income range of £71,000.
- 6.24 With the open market value of approximately £480,000 per unit the minimum income level to cover a 25% initial equity purchase, rent on the unsold equity (2.75%) and service charge outgoings has been calculated at £62,357. Should the value at completion of the dwelling increase to £500,000, then the income requirement is £64,723 (still within the £71,000 affordability threshold). These figures assume housing outgoings at no more than 40% of net income. Muswell Hill is an area of high demand for

home ownership and these affordable dwellings should prove very popular in this location.

- 6.25 The Developer has indicated that they would prefer not to accept affordable rent on the development due to the design, shared entrance and facilities on site. Council officers will continue to discuss the type of affordable housing to be provided as part of the continuing negotiations with the developer.

Budget Requirements

- 6.26 The budget requirements will be for the fitting out of the property in the PRT Property. This has been estimated as set out in Part B of this report for the ground floor accommodation including professional and legal costs and a further sum as set out in Part B of this report for the residential units above.

Best consideration

- 6.27 PRT have agreed with the Council that the sale of Coppetts Road and purchase of the lease at Muswell Hill will be at nil land cost subject to best consideration. Both parties will be responsible for their own costs.
- 6.28 The District Valuer has undertaken valuations on both sites the details of which are set out in Part B of the report. The sale of the Coppetts Road site offers best consideration to the Council in the terms of the proposed deal.
- 6.29 On the basis that the ground floor is changed to Council use with the upper floors converted to residential units (and both are fitted out) is valued as set out in Part B of this report. This is subject to the consent for a change of use from the developer (which has been agreed) and obtaining planning consent.

Benefits to the Council

- 6.30 This transaction would provide to the Council the following benefits:
- Increases the supply of affordable homes in the borough by providing 6 new low cost home ownership flats
 - A more appropriate base for LCCCP to carry out its operation at Coppetts Road
 - A continued Educational use on site in line with the current designation
 - Well located and new flexible accommodation for the Council in terms of potential use and service provision and affordable shared ownership housing in Muswell Hill
 - Added value and wider options to the community through the acquisition of the site and in terms of location, service provision and value.

7. Contribution to strategic outcomes

- 7.1 The recommendations in this report are related to a number of Council wide corporate policies and priorities and will help deliver the Council's priorities as set out in the Corporate Plan 2015-2018: building a stronger Haringey together and in the draft Housing Strategy. In particular, the low cost home ownership homes in this proposed development will support delivery of the Council's target for affordable housing in the Borough.

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

Finance and Procurement

- 8.1 The effective swap of land and property is considered to be good value as both sites have a similar value and hence the transaction satisfies best consideration guidelines.
- 8.2 The Council has the option to dispose of the site at market value and thus use the receipts to support the Council's wider priorities and objectives. However, the proposed swap will meet the Council's priorities by increasing the supply of affordable housing in a cost effective manner and enable the Council to gain usage of a community building in a prime Town Centre location.
- 8.3 The cost of fit out of the Shared Ownership units can be funded from existing budgets identified for the New Build programme as agreed as part of the 2015-16 budget process. The final cost of the fit-out would need to modelled against the ongoing value of the Housing to the Council before contract exchange.
- 8.4 The budget for the cost of the fit out of the ground floor will need to be identified before the land exchange is completed and the appropriate source of funding will be dependent on the subsequent usage of this space. It would be appropriate to make an initial budget allocation as part of the ongoing capital strategy work, but for this expenditure to only be committed once the ultimate usage is known.
- 8.5 Although the Council will not receive a rent for the Coppetts Road site once it is disposed, there is no net impact on the budget in the short-term as any additional rental period would have been rent free for 5 years.
- 8.6 The Corporate Procurement Unit notes the recommendations in this report and that there is no input from procurement required.

Legal

- 8.7 The Council has the power to acquire land for the purposes of any of its function.

- 8.8 The Greenfield Site is held for education purposes and must obtain best consideration. To dispose the Greenfield Site the consent of the Secretary of State is required under the Education Act 2011 because there has been a school on the site in the past 8 years and also if any part of it is a playing field (under Section 77 of the Schools Standards and Framework Act 1998)
- 8.9 Members should note that the Academies Act 2010 gives the Secretary of State the discretion to make a transfer scheme in relation to land. So where the local authority holds a freehold or leasehold interest in land that a school occupies, the Secretary of State may on request make a scheme in relation to land that essentially necessitates the transfer of such land.
- 8.10 The Contract to acquire and dispose would be conditional on the PRT Property reaching practical completion and planning permission being obtained for the residential units. The disposal of the PRT Property to the Council may need Charity Commission consent being obtained by the Peter Rigby Trust first. The fit out works will be included in the Contract. Legal services have been consulted on the Heads of Terms attached.

Equality

- 8.11 The Council is subject to the Public Sector Equalities Duty (“PSED”) set out in section 149 of the Equalities Act 2010 which obliges the Council in performing its functions “to have due regard to the need to:
- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it”
- 8.12 The protected characteristics under the legislation are age, sex, ethnic origin, sexual orientation, disability, religion or belief, pregnancy or maternity and gender reassignment, marriage and civil partnership.
- 8.13 In this proposal the equalities implications are positive, with no negative risks apparent. There are no council services or staff to consider and it is expected that the proposal will have a positive impact on equalities – in terms of enabling a disability charity to better carry out its work, enabling the construction of more affordable housing with the potential to increase diversity in Muswell Hill, and the possibility of a community centre/service centre on the site with the potential to improve community cohesion. The last point is dependent on specific proposals for that space, and those proposals will be subject to an EqlA when the time comes.
- 8.14 The charity is responsible for ensuring that remaining at the new site is in the best interests of their service users, and that their enthusiasm for the proposal is taken as evidence that the site is beneficial to their service users.

9. Use of Appendices

- Appendix A – Plan of Coppetts Road site.

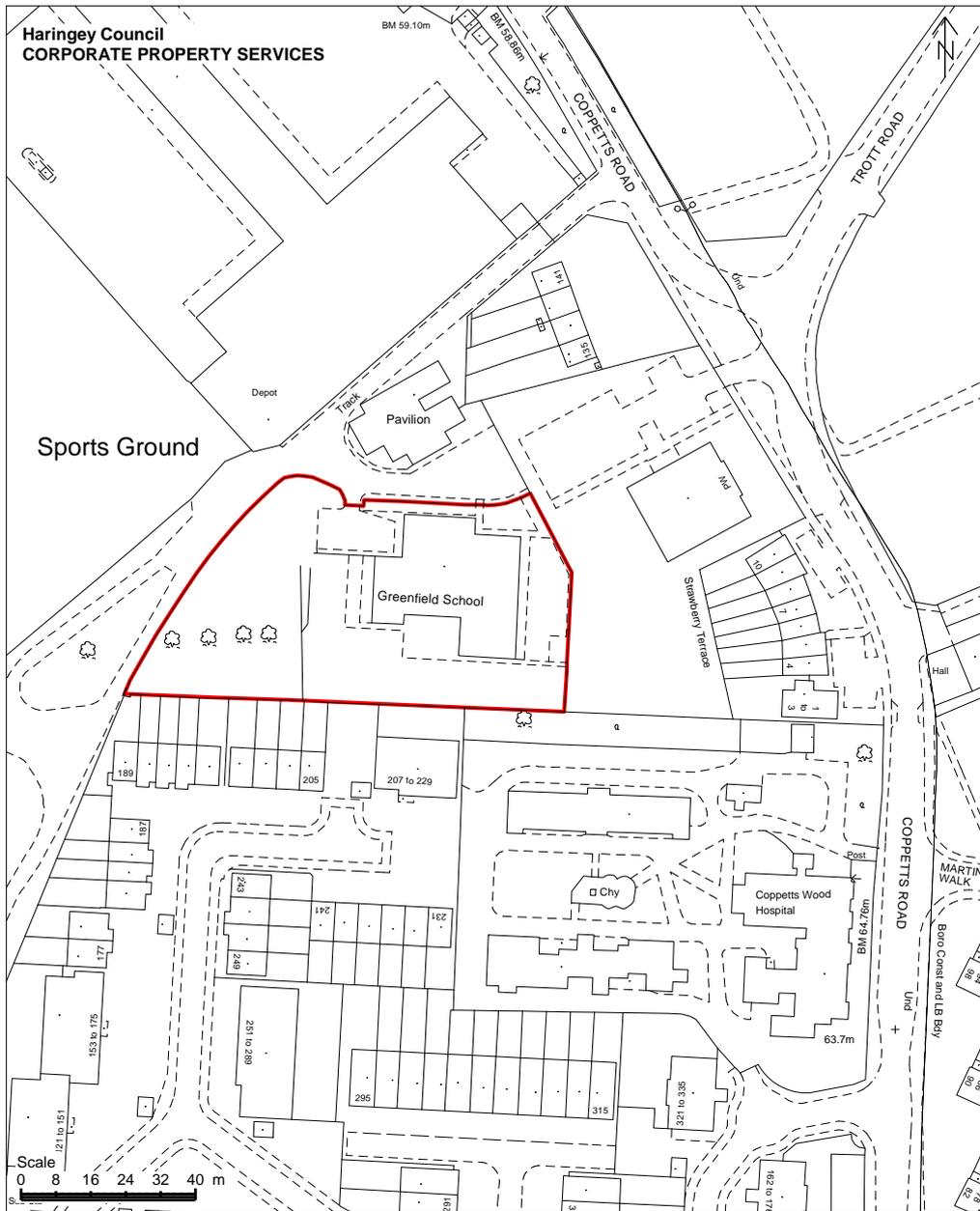
- Appendix B – Plan showing 54/56 Muswell Hill

10. Local Government (Access to Information) Act 1985

10.1 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 – Coppetts Road site



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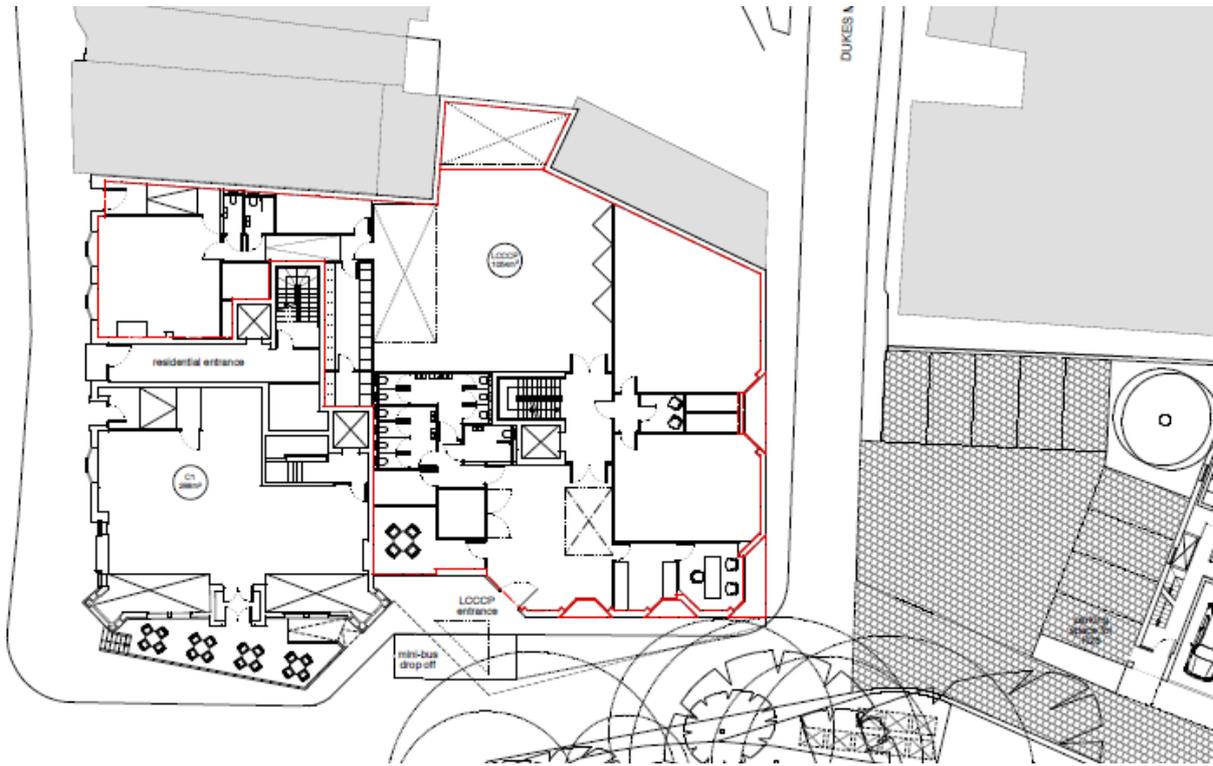
Greenfield School site
Coppetts Road
LONDON
N10 1JP

CPM no. 0523 Commercial file ref
 Overlay : Educ - Schools
 Plan produced by Janice Dabinett on 01/10/2014

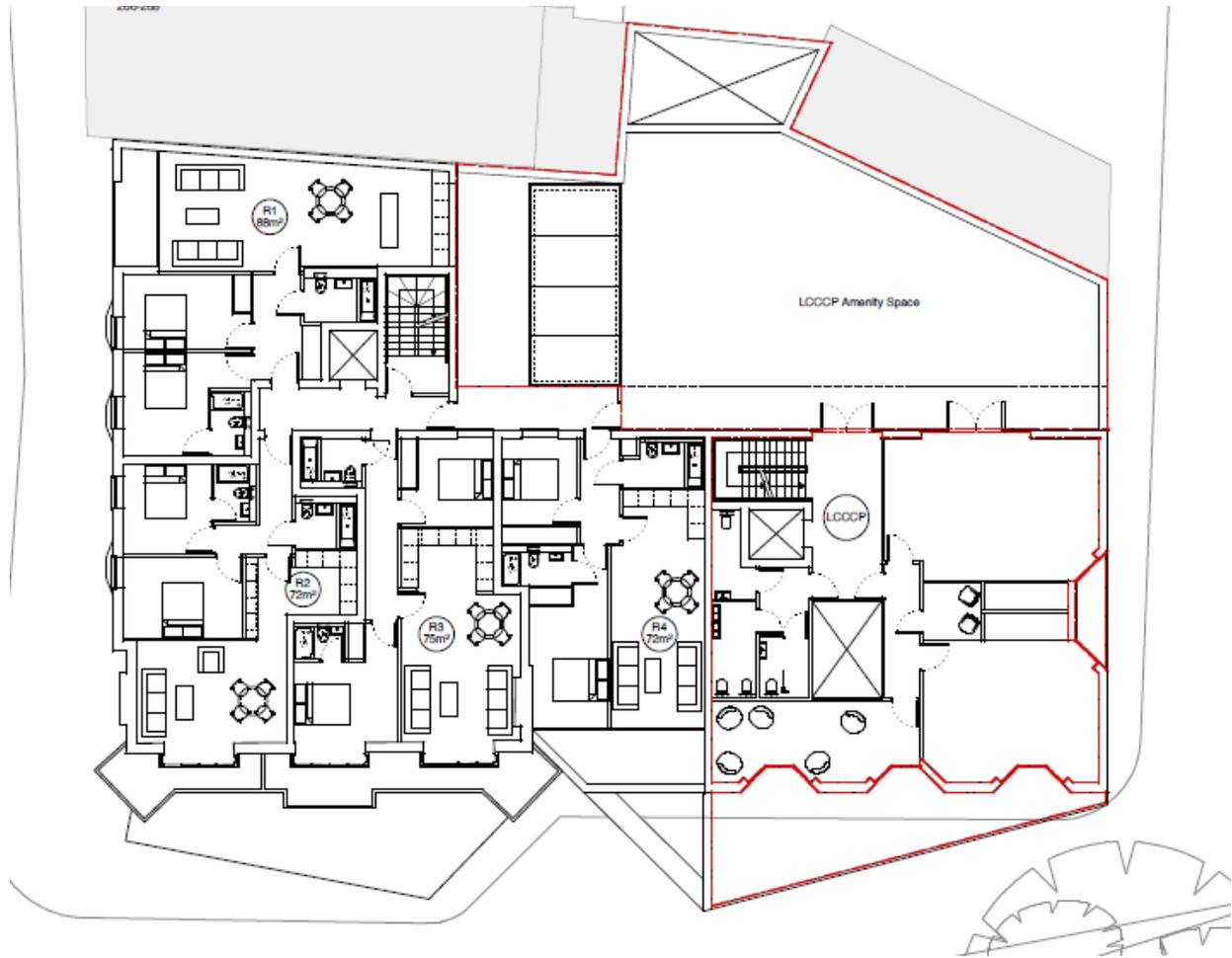
Deed packet no. : HD14
 Title no. : Freehold UNREGISTERED
 Site area (hectares) : 0.4149 ha
 Scale 1:1250
 BVES Drawing no. A4 0605e

Appendix B – 54/56 Muswell Hill

Ground Floor – Indicative



First floor – Indicative



Second Floor – Indicative



APPENDIX C – Heads of Terms

These heads of terms are produced to confirm the agreement in principle made between the Peter Rigby Trust (“PRT”) and the London Borough of Haringey (“Haringey”) on 2nd September 2015.

It has been agreed that:

1. Haringey will grant a lease of Coppetts Road, Muswell Hill (“Coppetts Road”) for 25 years to PRT by 11 September 2015 in the form of the lease discussed and agreed in a meeting between all parties on 2nd September 2015. Solutions to car parking allocation will be investigated. A deed of surrender will be entered into in respect of the existing lease at Coppetts Road;
2. Subject to the approval of Scarsec Development LLP (“Scarsec”), PRT will on practical completion of the property at 54/56 Muswell Hill (“Muswell Hill”) pursuant to the agreement for surrender of the lease dated 15 December 2014 made between Scarsec (1) and PRT (2) direct Scarsec to grant the lease of Muswell Hill directly to Haringey;
3. Haringey and PRT will agree to enter into an agreement for sale in respect of the sale of Muswell Hill from PRT to Haringey and the sale of Coppetts Road from Haringey to PRT as soon as possible. The sale of Coppetts Road for a consideration value tbc
4. The sale of Muswell Hill will be conditional upon practical completion being obtained for the property by Scarsec to PRT and a leaseback to PRT of a ground floor office to be designated as a community space, with kitchenette, toilet and shower and car park space. The parties will aim to agree the documentation by mid-October at the latest with the aim to exchange the agreements for sale (subject to funding by PRT) by end of October;
5. Point 3 will be subject to Haringey’s cabinet approval which will be applied for on 20th October 2015 with an aim to achieve a response by 30th October 2015;
6. Haringey will obtain a valuation of both Coppetts Road and Muswell Hill by mid September.