

## **Report to the Cabinet**

**Report reference: C/067/2007-08.**

**Date of meeting: 12 November 2007.**



**Epping Forest  
District Council**

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**Portfolio: Leader of the Council.**

**Subject: Medical Centre - Merlin Way, North Weald Industrial Estate.**

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**Democratic Services Officer: Gary Woodhall (01992-564470).**

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### **Recommendations:**

- (1) That land at Merlin Way, North Weald Industrial Estate be sold to Primary Health Care Centres (North Weald) Ltd at a purchase price of £235,000 for the provision of a new medical centre on the terms reported by the Director of Corporate Support Services; and**
- (2) That the Director of Corporate Support Services be authorised to negotiate any amendments to the principal terms and conditions of the sale subject to approval by the Leader of the Council.**

### **Report:**

1. Following the then Executive Committee's resolutions at its meeting on 14 October 2002, relating to a residential development scheme on the former Parade Ground, sold by the Council in May 2006, an adjoining plot of land at Merlin Way, North Weald Industrial Estate was allocated for use as a medical centre. This plot, comprising an area of about 0.25 hectares/0.62 acres is in the position shown on the Ordnance Survey plan attached at Appendix 1. Vehicular access to the site will be obtained direct from Blenheim Way. However, this road will need to have been upgraded to highway standards by Crest Nicholson (purchasers of the former Parade Ground), as required by a Section 106 Town and Country Planning Act 1990 Legal Agreement, to permit this.
2. West Essex Primary Care Trust (PCT) have appointed Primary Health Care Centres (Developments) Ltd (PHCC) of St Albans, Hertfordshire, a specialist health care developer, to build a new medical centre on its behalf. To facilitate the development, it is proposed that the Council transfers the freehold interest in the land required direct to the healthcare developer and the completed building will be leased back to the PCT. It is understood that the project has been approved by the Strategic Health Authority for the allocation of the necessary funding.
3. The scheme provides for a two-storey medical centre with parking for about 25 vehicles. The building will be of conventional brick construction under a pitch-tiled roof. Internally, the accommodation includes four consulting rooms and a treatment room on the ground floor and three therapy rooms on the first floor, comprising a total net internal area of 6,300 square feet/587 square metres. Development of the northern part of the site is restricted by a large TPO protected tree.

4. The PCT and PHCC have provisionally agreed the principal terms of an occupational lease providing for a stepped rent during the first three years then subject to three year rent reviews and on a tenant internal repairing liability.

5. To satisfy the PCT's requirement that the District Valuer approves the principal terms of the transaction, the District Valuer's Health Care Property team, in its capacity as an 'External Valuer', has valued the site based on the proposed development and in accordance with the RICS Appraisal and Valuation Standards. Their freehold valuation of the site restricted to Class D1 medical centre use only is in the sum of £235,000.

6. PHCC have confirmed their agreement to pay a purchase price of £235,000 and for the inclusion of a covenant restricting the use to Class D1 health centre use only. However, following the results of site surveys on the adjoining land, they are concerned over the need for extra foundations, piling and higher than expected archaeological remediation. The latter concern originates from the Section 106 Legal Agreement for the Parade Ground which states *"No development shall take place until the applicant has secured the implementation of a programme of archaeological works in accordance with a written scheme of investigation, which has been submitted by the applicant and approved by the Planning Authority"*. They have a worst-case estimate for these works of £50,000. However, they are not willing to carry out detailed site surveys at their expense until the Cabinet has formally agreed heads of terms.

7. In this circumstance, it is recommended that the full purchase price be agreed but subject to review if the surveys reveal extraordinary site conditions and a subsequent increase in the actual development costs. If a review of the purchase price or other principal terms becomes necessary, it is recommended that the Director of Corporate Support Services be authorised to negotiate those revised terms in consultation with the Leader of the Council.

8. The developer's offer to purchase is also conditional upon the grant of a satisfactory planning consent for its proposed development.

9. PHCC advise that it is their usual practice to establish a new company for each new development scheme. Accordingly, they propose to complete this land purchase and scheme by PHCC Developments (North Weald) Ltd. This company's registered office is in Shenley, Hertfordshire.

#### **Statement in Support of Recommended Action:**

10. There is an identified need for better general practice health care provision in North Weald and the disposal of this plot for this purpose will serve the wider public interest. There does not appear to be any suitable alternative sites in the North Weald area for this facility.

#### **Other Options for Action:**

11. The proposed development is consistent with the then Executive Committee's resolution and the outline planning consent granted for the site. Disposal for an alternative use is not considered appropriate.

#### **Consultation Undertaken:**

12. The proposed development, land sale and lease back transaction has been negotiated by the PCT, PHCC and Council officers with assistance from the District Valuer on the land valuation and principal lease terms.

**Resource implications:**

**Budget provision:** Capital receipt of £235,000 from the land sale.

**Personnel:** Valuation and Estate Management Service and Valuation Office Agency.

**Land:** Land for Medical Centre (0.25 hectares/0.62 acres), Merlin Way, North Weald.

**Community Plan/BVPP reference:** FPMI – Maximise income/capital receipt.

**Relevant statutory powers:** Section 123 Local Government Act 1972 – best consideration for land and property assets; and Local Government Act 2000 – Section 2 promotion of the social well-being of their area.

**Background papers:** Property file EV/2425.

**Environmental/Human Rights Act/Crime and Disorder Act Implications:** N/A.

**Key Decision reference (if required):** N/A.