

Extract from the Cabinet minutes – 3 December 2012

43. AN UPDATE REPORT ON WATFORD HEALTH CAMPUS

Cabinet received a report of the Health Campus Development Director seeking approval to establish a joint venture vehicle with Kier Project Investment Ltd. The report also outlined Kier's masterplan for the Campus development to be confirmed at financial close and reviewed options for the inclusion of the Farm Terrace allotments into the Health Campus.

The Mayor introduced the report and explained that it represented a key milestone in the delivery of the Health Campus. She added that it was of great credit to Watford that in this difficult economic climate, the Council had a scheme that would bring investment to Watford not only through the private sector in Kier but also through the Hertfordshire LEP. This demonstrated a great sign of confidence in the Town and the Council.

She said that whilst it gave her no pleasure to have to consider the future of the Farm Terrace Allotments, she was equally very clear that safeguarding the future redevelopment of the hospital was a very high priority.

Members were asked to note that a report containing commercially confidential information was to be considered in Part B of the Agenda and that decisions taken in Part A would only be in principle at this point and subject to the discussions in Part B.

She introduced Professor Hanahoe, Chairman of the West Herts Hospital Trust and Louise Gaffney, Director of Strategy & Infrastructure from the Trust. She then invited the Health Campus Development Director to give a short PowerPoint presentation. The presentation went through the master plan and covered issues such as the proposed governance arrangements; the reasons why the allotments should be included; alternative allotment provision; the proposal to create community gardens and the programme for the scheme.

Members were then invited to ask questions.

Councillor Rackett referred to land use and that fact that when the original plan had been considered at the Development Control meeting they had been advised that the road through Oxhey Park was a crucial dynamic. Now it was being said that the Farm Terrace Allotments were crucial. He was concerned that an increasing amount of green assets were being traded to support the scheme and asked for reassurance that the Council would not be asked for more parcels of land at a later stage.

Councillor Bell also spoke about land use and the fact that the scheme would still be considered viable without the use of Farm Terrace allotments albeit without the same level of comfort. He asked why Willow Lane allotments could not be used as an alternative as he could not see why the need to build a "surge ward" to the back of the Acute Assessment Unit should make any difference especially as the building was being carried out in phases.

In response to Councillor Rackett's point, the Managing Director explained that the scheme would bring more green space into use by utilising industrial and contaminated land. There would actually be a net increase in the amount of green space. Connectivity and access would also be enhanced. He added that the footprint for the plan was fixed with the exception of Farm Terrace allotments and that there were no plans to extend further. The scheme was about regeneration; it was not financially or profit driven.

In response to Councillor Bell's points, he said that without the Farm Terrace Allotments the scheme was "just viable" but that once the negative impact of risk factors were included the viability was negative, minus £1.3m, which resulted in a marginal scheme.

He invited the Health Campus Development Director to explain the situation relating to Willow Lane.

The Director advised that the proposal was to use Willow Lane for affordable housing. The Willow Lane site was not as valuable to the Hospital as it was on a slope and the earlier plan of moving down and towards Willow Lane was now not feasible due to the need to rebuild the hospital in phases and the location of a 'surge ward' to the back of WHHT's Acute Assessment Unit. To move down the slope it would have to move south easterly and occupy part of the allotment space.

Professor Hanahoe was invited to address the meeting. He explained that the Trust was a very large organisation catering for over half a million residents and substantial facilities were required to provide an effective service. Following a strategic re-structure of the Trust in 2006 the hospital's performance had improved dramatically particularly in respect of its acute management. The ongoing issue however, was trying to provide a 21st century hospital in 19th century facilities. When the building of the new Hospital was first proposed it was to be financed through PFI which was no longer available, hence the proposal now to develop the Hospital on a multi phased basis.

The plan included £7M to provide a new road from the motorway direct to the hospital and £3M for a combined heat and power plant. Infrastructure would be provided as needed and car parking underneath buildings. The hospital would, however, require a certain amount of de-canting whilst work was underway and this would not be possible without the facilities to move from one location to another. The footprint of the site without the allotments would make this very difficult and expensive and reduce the amount of flexibility required as the building work was taking place.

He concluded by advising that, once Foundation Trust status was achieved, there would be the facility for the Trust to borrow funds on the open market.

Councillor Dhindsa commented that, in his view, the consultation process had been very poor and patchy. He had attended the sessions and observed that residents had struggled to get the right information. Some information had only been obtained following the submission of a Freedom of Information request. He said that the allotment holders had asked to see the plans but these had not been forthcoming. He had also noted that Cabinet Members did not attend any of these meetings and that only one Cabinet Member had actually visited the site.

The Mayor responded that regular meetings had been held with the allotment holders. She added that there was a difference between listening and agreeing: Whilst it was important to listen to views it was not always possible to act on them.

Councillor Crout advised that anyone who was concerned about the level of consultation should refer to the minutes of the meetings which were very full and demonstrated that residents had had their say.

The Head of Community Services provided details of the number of meetings that had taken place with the allotment holders and stakeholders' group. She added that it had been made clear in the engagement process that there was no final master plan at that stage but that the purpose of the meetings was to ensure their views were fed in.

The Managing Director rebutted Councillor Dhindsa's view about consultation. He referred specifically to an exercise where allotment holders had been given the opportunity to study the proposals and discuss how use of the land could be revised along with the various planning options. Kier had also presented the master plan for discussion at a joint meeting.

The Mayor advised that the actual planning process would be much more detailed and that currently it was an evolving process. She added that the views of the allotment holders had been accounted for throughout.

Councillor Bell referred to the issue of borrowing for the Hospital and the fact that this could not happen until a Foundation Trust was established. He asked when that was likely to be and whether the Council was being asked to fund the NHS.

Professor Hanahoe stressed that this was not the case and that the application for Foundation Trust status was presently with the Department of Health. It was anticipated that this would be received in 2013. He added that the re-phasing of the Hospital and Campus scheme was not dependent on the Hospital achieving Trust status and if it were not achieved the Hospital would seek funding through other routes.

Councillor Rackett commented that it had been said the allotments were needed for financial reasons to make the scheme viable but now they were hearing that they were required for de-canting for the Hospital. He asked what other options would have been considered had the allotments not been available for this purpose.

Professor Hanahoe responded that it would not be possible for other NHS bodies to provide these facilities as there was a limited amount of land. If the allotment land were not available the scheme would be a lot more expensive and difficult to undertake.

In response to a question from Councillor Bell regarding the proportion of health facilities and other provision on the allotment site the Development Director advised that the ratio was 2/5 hospital and 3/5 rest of Campus.

The Managing Director added that whilst safeguarding the provision of a new hospital was crucial so was the rest of the scheme in terms of providing new homes and jobs.

Louise Gaffney advised that whilst re-using the existing structure could have been an option the aim was to develop new modern facilities and plan for the future.

Councillor Khan commented that the Master plan appeared to show houses on the allotment site but that Professor Hanahoe had now referred to its use for de-canting. He asked whether other land could be used for housing, such as the depot.

The Development Director explained that they were seeking to deliver a scheme for the Campus which was viable, well designed and fit for purpose. For example, they wanted a mix of housing - not just flats - and sustainable infrastructure and green space as recognised in the Council's Core Strategy.

Councillor Sharpe (Portfolio Holder for Planning) responded to the Councillor's question about other sites, specifically the Depot. The Depot was currently used for the refuse collection service so a replacement site would have to be found if this area were used for housing. The Council had used derelict sites for housing but there was not much land still available. He added that not developing housing as part of the Health Campus would compromise its viability. He also referred to the Council's Core Strategy and the fact that it had always been clear that the Campus site would involve housing. He reminded Members that the proposals had been discussed at the all party Planning Policy Panel.

Councillor Khan responded that the use of the Farm Terrace allotments had not been discussed at the Planning Policy Panel in the context of housing provision.

Councillor Rackett asked whether an independent Environmental Impact Assessment would be carried out to demonstrate that the Council had weighed up all the environmental concerns.

The Development Director confirmed that a full environmental assessment would be procured. He advised that the proposal to include community gardens had come out of the consultation exercise and was intended to enhance the bio diversity of the site.

Councillor Dhindsa spoke about the shortage of homes in Watford but commented that West Watford was already an overdeveloped area. There were problems with car parking, lack of gardens and green space. He considered that there were other sites which could be looked at. He also made the point that Paddock Road was too far for the Farm Terrace Allotment holders to transfer to.

The Mayor responded to Councillor Dhindsa's point about the provision of new housing. She referred to the Core Strategy and said that every ward took its share. Councillor Sharpe reminded the Councillor of a number of sites which the Council had developed in other wards over recent years including Cassio Metro, Willow Grange, Leggatts Campus, Water Board site etc. He added that there had been a series of all Member meetings to discuss the Councils' Planning Policy and it had always been made clear that the Campus site would include housing.

Councillor Meerabux expressed concern about the loss of the Farm Terrace allotments in terms of short and long term health care. He also commented on the

impact on the already declining insect population and on those residents who currently enjoyed a view overlooking the allotments. He stressed that in his view the allotments did have a health care value and once lost they would be gone forever.

The Mayor responded that this was why the provision of an alternative allotment site was important. She added that Watford was overprovided for in terms of allotment provision and that anyone who applied was likely to be allocated one. The Campus site would provide considerably more green space and provide areas which people could actually visit – unlike the allotments which were not used as public open space. Use of the allotments allowed for lesser density and would create a more attractive site for people to live, work and visit.

The Mayor stressed that if the scheme were not viable then Kier would walk away. She accepted that there were still many unanswered questions and that it was incumbent on her to make sure answers were given. She said that following a lot of soul searching she had concluded that using the allotments was the right thing to do, This was a unique, once-in-a-life-time opportunity to create homes, jobs and a new hospital for the town.

The Mayor again reminded Cabinet that these resolutions were being made in principle at this point subject to the discussions in Part B. (minute number 45)

RESOLVED:

that Cabinet:

1. agrees to the Council establishing a limited liability partnership (LLP) LABV, for the purpose of the regeneration of the Health Campus site, subject to the satisfactory conclusion of final negotiations with Kier. The LABV will be set up by the entering into a Members' Agreement under which the LABV will have two members, the Council and Kier, each with an equal 50% interest. It is further recommended:
 - to make a contract award to Kier once any necessary negotiations have concluded and commitments confirmed;
 - to issue standstill letters to both bidders who submitted a Best and Final Offer (BAFO) bid in compliance with the Public Contracts Regulations 2006 notifying them of the decision to award a contract to Kier;
 - that the LLP name to be proposed to Kier for agreement is the Watford Health Campus Partnership; and
 - that provision is made that WHHT, when it is a Foundation Trust, can become a member of the LABV, subject to the terms and conditions being reviewed by the Cabinet at the time of their application.
2. delegates to the Managing Director, in consultation with Portfolio Holder for Property, authority to agree the final form of legal agreements to be entered into by the Council (and by the LABV), including:
 - the Members' Agreement by which the Council and Kier will establish the LABV (including the governance arrangements for the LABV,

- financial arrangements, and business planning process);
 - the Development Agreement between The Council and the LABV by which Campus land will be drawn down for development by the LABV pursuant to the grant of exclusive rights of development to the LABV over Council owned land in the Campus;
 - the Campus Agreement between the LABV, Council and WHHT, by which the participation of WHHT in the Campus development is to be regulated and the joint commissioning and payment of Campus wide infrastructure (primarily the Access and Link Road) dealt with;
 - land equalisation between the Council and WHHT;
 - the Development Management Agreement to be entered into between the LABV and Kier, who will be providing the development management services to the LABV;
 - and all other associated agreements and documents by which the LABV is to be established and the Campus is to be delivered.
3. agrees that the masterplan as described in this report will be the basis for further work of the LABV and a firm foundation for the preparation of the LABV Business Plan. For such a Business Plan to be brought forward to the Cabinet for formal approval in 2013.
 4. authorises the Managing Director to agree the final form of the legal and commercial terms of the drawdown of Growing Places Funding in so far as they are consistent with the terms described in this report.
 5. confirms the appointment of the following Directors of the Partnership Board of the LABV:
 - Managing Director
 - Head of Strategic Finance
 - Head of Planning
 6. delegates to the Managing Director the appointment of Council representatives to the Operations Board of the LABV.
 7. decides that the whole of the Farm Terrace allotment site be appropriated for the Watford Health Campus scheme in view of the considerations and issues outlined within this report and that the relevant application to the Secretary of State for Communities and Local Government is made.
 8. proposes that space is included for community gardens within the amended proposed masterplan to enhance the overall offer of the Campus scheme and to retain the benefits of community gardening on the site.
 9. proceeds with the preferred option to relocate the Farm Terrace allotments. This to include all reasonable measures to enable allotment holders to be able to transfer to a new plot (following discussions with the Council) at the earliest possible opportunity and that the land at Paddock Road being allocated to allotments is formally designated as statutory allotments.

10. directs officers to prepare revised terms of reference for the Farm Terrace Group to work with the council on the details of the relocation including a framework for meeting individual requirements so that like for like re-provision is offered to existing Farm Terrace allotment holders where reasonable and possible to do so.
11. decides that relocation compensation for Farm Terrace allotment holders is offered, at a minimum as required under Section 10 of the 1922 Allotments Act, namely for any crops and manure applied upon the land, the value of manure applied and for disturbance, which equates to one year's rent, as well as allowing the removal of any crops or structures on the plot.
12. recommends to Council that the Council's proposed capital budget for 2013/14 give detailed consideration to provision for the allotment investment strategy.
13. directs the Campus team to work with volunteers from the Farm Terrace group to further develop the community garden concept, and report back to the Cabinet when the revised allotment strategy comes forward for agreement.
14. notes the conclusion from the Equality Impact Analysis (Appendix G).

ACTION: Health Campus Development Director

44. **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED:

that, under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business as it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during consideration of the item there would have been disclosure to them of exempt information as defined in Section 100(1) of the Act for the reasons stated in the reports.

45. **UPDATE ON WATFORD HEALTH CAMPUS (PART B REPORT)**

Cabinet received a report of the Health Campus Development Director providing further details on the commercial, legal and financial arrangements and an overview of the main areas that required work up to and after financial close that may affect the masterplan and/or financial viability.

The report also covered the funding of the site wide infrastructure and the land equalisation relationship with West Hertfordshire Hospitals NHS Trust (WHHT).

The Managing Director and the Health Campus Development Director responded to number of questions from Cabinet and non Cabinet Member present at the meeting.

RESOLVED

1. that Cabinet endorses the recommendations in the Part A report in light of the information within this report.
2. that the recommendations as set out in the Part B report be agreed.

ACTION: Health Campus Development Director