

## Greater Glasgow NHS Board

### Board Meeting

Tuesday, 22nd October 2002

Board Paper 02/71

Chief Executive, Greater Glasgow Primary Care NHS Trust

## Disposal of land at the Former Lennox Castle Hospital

### Recommendation

Members are asked to:

Approve the Greater Glasgow Primary Care NHS Trust's proposal to enter into an agreement with East Dunbartonshire Council and Lennoxtown Initiative in relation to the disposal of the Trust's landholding at the former Lennox Castle Hospital, Lennoxtown on the basis explained within this paper.

#### 1. Introduction

The Trust, is now seeking to enter into an agreement with East Dunbartonshire Council and the Lennoxtown Initiative, a community based initiative formed to lead the regeneration of Lennoxtown, to pool surplus land holdings which are currently owned by the Trust and the Council in the Lennoxtown area. The objective of the pooling arrangement is to maximise the proceeds of the disposal of the former Lennox Castle Hospital site within the context of the Lennoxtown Initiative.

The purpose of this paper is to explain the background to the proposed agreement. In addition, it seeks the approval of the Greater Glasgow NHS Board to the Trust entering into an agreement with East Dunbartonshire Council and Lennoxtown Initiative on this basis.

#### 2. Summary of Key Points

The decision to close Lennox Castle Hospital presented the Trust with a number of difficult challenges. These were:

- i. Managing a large former hospital site with derelict buildings. These would either require to be demolished at a cost of £1.9M or secured on an ongoing basis to minimise attendant Health and Safety and public safety risks
- ii. The disposal of a site where East Dunbartonshire Council's planning position did not favour development of the site. Previous attempts to market the site had met with limited success.
- iii. The requirement to repay Bridging Finance of £1.475M made available by the Scottish Executive to provide community facilities as part of the hospital closure programme from prospective capital receipts.
- iv. Working with the Lennoxtown community to minimise the devastating effect the closure of the hospital had on the local economy.

In recognition of these problems, the Trust has worked in partnership with East Dunbartonshire Council, Scottish Enterprise Dunbartonshire and the local community to develop a proposal which will achieve the following mutual benefits:

- i. The lower part of the Lennox Castle Hospital site will be promoted for residential development which will be in line with East Dunbartonshire Council's Draft Local Plan
- ii. Potential receipts should be sufficient to fund £1.9M demolition costs

- iii. Potential receipts should be sufficient to repay the £1.475M Bridging monies to the Scottish Executive
- iv. Potential receipts should be sufficient to fund up to £1M for a new integrated health facility which may be part of a larger centre, integrated with social services and other agencies
- v. The balance of receipts will allow the NHS to contribute to the wider socio-economic agenda of a community which has been, for decades, dependant on the Hospital for employment and economic health

### **3. Background**

In 1998, the Secretary of State approved the closure of Lennox Castle Hospital. At that time the Lennox Castle Task Force was established to ameliorate the impact of the hospital closure on the local community. The Task Force completed its work in April 2002, following the closure of the hospital.

However, it was always clear to the partner agencies, East Dunbartonshire Council, Scottish Enterprise, Dunbartonshire and the Trust that the regeneration of Lennox town would be a long term process, and through the Task Force, it was agreed that a successor body should be created within Lennox town to take this forward.

This led to the formation of the Lennox town Initiative as a company limited by guarantee, with charitable status to lead the regeneration process. The Initiative is headed by a Board, with membership drawn from the local community and the three main statutory agencies, East Dunbartonshire Council, Scottish Enterprise, Dunbartonshire and the Primary Care Trust.

Through the Lennox Castle Task Force, the Trust made a commitment that the net proceeds from the disposal of the Lennox Castle Hospital site would be made available to the Lennox town Initiative for the delivery of the regeneration package, This was done on the basis that the redevelopment of the site and the regeneration of Lennox town are inextricably linked. This approach is not dissimilar to that adopted by the Trust and East Dunbartonshire Council through Kirkintilloch's Initiative. The Trust's commitment was subject to the Trust meeting the liabilities associated with site closure and service re-provision.

The Lennox town Initiative is seeking the socio-economic regeneration of Lennox town through the implementation of a number of projects over the next five years. This includes the provision of a Primary Care facility to develop the services through the replacement of the existing facilities at Lennox town Clinic.

The Trust is seeking to make the former hospital site safe by demolishing the vacant buildings, thereby minimising the potential Health and Safety risks.

To secure the funding required to achieve these objectives, the Trust, East Dunbartonshire Council and Lennox town Initiative agreed to pool a range of surplus land holdings, including the Lennox Castle Hospital site with a view to maximising potential capital receipts.

The Trust has discussed the principle of entering into a tripartite agreement with East Dunbartonshire Council and Lennox town Initiative regarding the proposed use of potential capital receipts arising from the disposal of the Lennox Castle Hospital site with the Scottish Executive, and has received informal confirmation that it should proceed with the development of a detailed agreement.

During the last three months, the Trust has worked with East Dunbartonshire Council and Lennox town Initiative to draft a detailed agreement. This is provided at Appendix 1. A summary of the key points is set out within Section 5 below.

#### 4. The Lennoxtown Initiative proposals

Since the hospital closure was announced, the Trust has explored the potential development opportunities for the site with limited success, on account of the planning constraints. However, an approach by Mctaggart & Mickel, the developer who owns the adjacent site at Hole Farm, presented the Trust with a unique opportunity to unlock the potential for the hospital site to be developed for residential development. During the last year the Trust has worked with the developer to negotiate an agreement for the disposal of the lower part of the Hospital site. This agreement is close to being finalised. Simultaneously, the Trust has worked with East Dunbartonshire Council and Lennoxtown Initiative to reach agreement on the disposal of the upper part of the site on the basis that this will be developed for Greenbelt Compatible Leisure use. This disposal is embraced by the Tripartite Agreement.

In the meantime, the Trust has received an allocation of Bridging Funding from NHS Greater Glasgow to allow it to proceed with the demolition and site clearance works at an early date on account of Health and Safety considerations. This will be reimbursed to NHS Greater Glasgow from the capital receipt from the disposal of the lower site.

#### 5. Overview of detailed agreement

##### Key Points

- a. Total estimated receipts are £7M - £8.5M. Of this, £3.5M - £5M is forecast to be released from the disposal of the lower site at Lennox Castle Hospital after deduction of all demolition, site clearance and security costs. Demolition and site clearance costs are estimated at a total of £1.9M.

In 2000 the Trust was allocated £1.475M of Bridging Finance from the Scottish Executive for the establishment of three community facilities at Leverndale Hospital, Netherton and Overton Court to facilitate the closure of the Hospital on the understanding that this was repaid out of capital receipts. This would require to be paid from the net receipts of £3.5M - £5M. The Agreement commits the Trust to exploring the scope for retention of the £1.475M with the Scottish Executive. In the event that the Scottish Executive agrees to waive the requirement to repay the bridging monies, then these funds will be made available to the Initiative.

- b. Receipts, net of the deductions noted above, will be fully allocated to projects which includes capital expenditure of £3.9M. Capital projects include the provision of a primary care facility to replace and develop the services currently provided at Lennoxtown Clinic at a maximum cost of circa £1M.

Forecast receipts from the disposal of the upper site are minimal on the basis of the Greenbelt Compatible Leisure planning use designation for this part of the site. Any receipts generated from this use will accrue to Lennoxtown Initiative. In the unlikely event that the upper site is developed for a use other than Greenbelt Compatible Leisure use, then the receipts will be shared on the basis of a formula contained within the Agreement.

- c. The Agreement provides for East Dunbartonshire Council to have a 17 year option on the upper site which it can only exercise on behalf of Lennoxtown Initiative.
- d. Mctaggart & Mickel will surrender development rights on their land at Hole Farm in order to develop the lower site at the Hospital. In the unlikely event that Hole Farm is developed in the future, the net receipt from that development will be divided between the developer (one third) and Lennoxtown Initiative (two thirds).
- e. The application of capital receipts from the disposal of Lennox Castle Hospital remains subject to the Trust obtaining approval from the NHS Glasgow Board and the Scottish Executive.

- f. The Lennox Castle Hospital site will remain in the Trust's ownership until it is disposed of. Disposal will be in accordance with the NHS property transactions Handbook.
- g. Funding for projects will be approved by the Lennoxtown Initiative Board which meet the following criteria
  - i. The project is in accordance with the Lennoxtown Strategy and Action Plan
  - ii. The project is financially sound and funding for the project is identified and available, and
  - iii. The project is deliverable
- h. Project proposals will be assessed by the Initiative's Project Development Team, of which the Trust is a member, prior to being submitted to the Lennoxtown Initiative Board for approval.

## 6. Conclusion

This proposal is a further example of partnership working involving a community-led initiative, the NHS and a local authority which can achieve significant benefits. The NHS will benefit from minimising the risks associated with a large vacant hospital site, participating in the reinvestment and regeneration of a local community who have been dependant for many decades on the NHS for economic investment in the area, and providing a capital receipt for the replacement of out-dated existing facilities in Lennoxtown.