

PRIME MINISTER

Gwyneth Dunwoody has demanded an oral statement tomorrow about the sale of the old St. George's Hospital site.

I understand that Geoffrey Finsberg gave a Written Answer today on this subject. The sale is complicated by a provision requiring a part of the site to be offered back to the Grosvenor Estate on the basis of the valuation applying at the time the Estate originally acquired it. It is a technicality which is now being sorted out.

The Business managers first offered Mrs. Dunwoody a meeting with Mr. Finsberg to sort this out. She refused and continued to demand a statement. We have therefore agreed that there should be a statement tomorrow morning, in the course of which the Government spokesman will make it clear that the Government regard this as an abuse of the statement procedure.

This is the second time Mrs. Dunwoody has done this on a Friday - the earlier one being on infected Indian bandages.

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MP.

21 January 1982



PRIME MINISTER

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Disposal of St. George's Hospital Site

The House was very thinly attended when Mr. Finsberg made his statement this morning, in response to the demands by Mrs. Dunwoody, which were reported to you last night.

The Pre-emption Clause which lies at the root of the problem dates back to the 1760s. The Grosvenor estate have an entitlement to re-purchase their share of the site, should it cease to be used for medical purposes. Mr. Finsberg made it plain that the Department had accepted senior legal advice on the matter, and had no intention of attempting to wriggle out of the commitment.

Mrs. Dunwoody was full of long-winded righteous indignation, but did not much impress the two dozen Members present. From the Government benches, Robert McCrindle and Neil Thorne supported Mr. Finsberg's handling of the matter. On the Opposition side, Andrew Bennett, Nigel Spearing and Chris Price all believed that there was a political point to be scored, even if Mrs. Dunwoody had missed it. But none of them succeeded in undermining Mr. Finsberg's defence of the position.

I see that the Evening Standard has written this up as a Parliamentary row. As there is an active pressure group against the closure of the hospital, the issue may not die down immediately.

*MD*

22 January, 1982



## St. George's Hospital

**The Under-Secretary of State for Health and Social Security (Mr. Geoffrey Finsberg):** With permission, Mr. Speaker, I should like to make a statement to the House about the Government's decision to honour the pre-emption clause on part of the old St. George's hospital site in London.

In summary, the nature of the land holding is that half the St. George's site is vested freehold in the Secretary of State for Social Services. Another third, together with the medical school portion—representing a sixth—are held freehold subject to certain provisions in the conveyance restricting the use that can be made of the site to hospital and medical school and requiring that, if the use ceases, an offer back—that is, a pre-emption right—must first be made to the Grosvenor Estates from which the site was originally acquired in 1767 and held since at a virtual peppercorn before it can otherwise be disposed of.

My right hon. Friend the Secretary of State is convinced that there is no further Health Service requirement for the site.

As I said in my written answer to my hon. Friend the Member for Brentwood and Ongar (Mr. McCrindle) yesterday, we have studied carefully the legal advice available to us and are certain that there is no other course of action open to us.

As has been made clear on more than one occasion, the proceeds of the Government's share of the development will be an addition to the capital resources of the National Health Service. My right hon. Friend has therefore concluded that the best course of action is to dispose of the site for the best commercial price which can be obtained—within the restrictions imposed by the covenant.

**Mrs. Gwyneth Dunwoody (Crewe):** That was a most extraordinary statement. I had hoped that the Minister intended to clarify exactly what is happening to the St. George's hospital site. Instead, he has given the House less information than was contained in his written answer yesterday.

I have a number of questions to put to the Minister. First, he said that the Government had no intention to contest the right of Grosvenor Estates to buy back the freehold of part of the former site at the price originally paid. Is he suggesting that the price will be that at which the site was acquired in 1767?

Secondly, what estimate has the Under-Secretary received of how much the site will be worth now that it has been given planning permission? Is it not true that the site, of which the Department holds more than half, will be worth millions, being in the centre of one of the largest and most lucrative commercial development areas in any capital city? If that is so, why is the Minister not prepared to go to court? Why did he say

"even if the application were to succeed, it could only be on the basis that compensation would have to be paid commensurate with the rights so extinguished."?—[*Official Report*, 21 January 1981; Vol. 16, c. 167.]

Is not this Government of business men prepared to accept that it is holding a most valuable asset that could be used for the nation either in the National Health Service—I notice that the Minister has not consulted the new district health authorities which are soon to come into operation—or in other Departments, but is prepared to

hand back one of the richest estates in Britain, an absolutely priceless asset apparently, without so much as a murmur in defence of the national interest?

**Mr. Finsberg:** The hon. Lady's first question showed clearly her total failure to understand the situation. My hon. Friend the Minister for Health made the situation crystal clear in the House. Grosvenor Estates has conveyed for a peppercorn the section of the site which we are discussing. We have taken the highest possible legal advice. The Government are prepared, first, to accept that and, secondly, being a Government of honour we do not propose to try to find a back door to avoid doing the correct and honourable thing.

I do not propose to make an estimate of costs. If the hon. Lady understood anything about commerce, she would know that one does not reveal one's hand before the negotiations have even started. The hon. Lady fails to comprehend what she was told by my hon. Friend. He said that when planning permission had been obtained—and at the moment the Westminster city council has given outline planning permission in principle—when the whole planning issue is settled and we know the maximum development value we shall start negotiating, bearing in mind our substantial interest in the balance of the site. To do anything else would be sheer stupidity, and the Government are not prepared to behave like that.

**Mr. R. A. McCrindle (Brentwood and Ongar):** Leaving aside the fact that Grosvenor Estates is involved—which tends to make the matter emotive, particularly among the Opposition—does the Minister agree that it is proposed that a substantial amount of capital should be released and redeployed within the Health Service. While the present impasse continues, that money will continue to be locked up?

**Mr. Finsberg:** My hon. Friend is right. There could be additional resources for the National Health Service. So long as we are doing nothing, we are spending £100,000 a year on security to look after an empty, unwanted building.

**Mr. Andrew F. Bennett (Stockport, North):** Will the Minister renew the campaign that was launched to save the hospital from closure? Is he convinced that all the people who advised the Health Service that the hospital should be closed were aware of the covenants involved in the possible sale of the hospital?

**Mr. Finsberg:** The answer to the first question is "No". The answer to the second is that I cannot tell what is in other people's minds.

**Mr. Clement Freud (Isle of Ely):** Does the Minister accept that, apart from the financing of the site, a great deal of money for St. George's hospital was provided by private individuals and charitable causes? When he achieves the best commercial price, will he consider giving back to those charities and private individuals some of the money which he will realise from the sale?

**Mr. Finsberg:** The hon. Gentleman has made that suggestion before. The Government wish to examine it without commitment. Without seeing the exact details it would be wrong to make a commitment. Since Grosvenor Estates let the nation and the Health Service the site at a virtual peppercorn for 200 years, the slurs cast on the organisation can be seen in their true light as being based on envy, jealousy and malice.



**Mr. Neil Thorne** (Ilford, South): I am glad that my hon. Friend has expressed the Government's gratitude to Grosvenor Estates for allowing free use of the land for so long. When negotiations arising out of the planning permission take place, will my hon. Friend try to ensure that any historic building value or historic building content of the site is taken into account? Is he aware that often such projects are held up for many years as a result of an historic building content and therefore the best intentions can be frustrated for a long time? Sometimes the value that could be attributed to the site is less than was originally expected.

**Mr. Finsberg:** I am grateful to my hon. Friend. The issue concerns Governments of both parties. The proposals which have received outline planning approval in principle include in particular something that will restore the original superb Wilkins building—a listed building—to its original proportions. That hurdle, which often arises rather late, has been overcome at an early stage.

**Several Hon. Members rose—**

**Mr. Speaker:** Order. I propose to call the three hon. Members who have been rising to put questions.

**Mr. Nigel Spearing** (Newham, South): Will the Minister confirm that what he says means that we are talking not simply about part of the site, as he insisted a few moments ago, but the whole of it? Does the outline planning permission, which I believe has been obtained, refer to reconstruction developments or modification of the existing building? Can he give the square footage that is now available? Have the Government, in their financial interest, been in touch with prospective developers, buyers or tenants of the site of which they are part owners?

**Mr. Finsberg:** The site has three components. The first is in the freehold ownership of the Secretary of State. The second is the subject of the pre-emption. The third is the occupation of the medical school and is subject to the indentical pre-emption clause. What has been done is to examine the site as a whole. It would be almost impossible to carry out a proper scheme which demolished part of the Wilkins facade—

**Mr. Spearing:** The facade?

**Mr. Finsberg:** —the whole Wilkins site. That runs across both sections.

My answer to the hon. Gentleman's other point is that the proposals, if they receive final approval in detail and then go ahead, would involve both reconstruction and new building. Reverting to what was said by my hon. Friend

the Member for Ilford, South (Mr. Thorne), the important point is that the building is in the centre of London and has the historic application of the Wilkins and grade 2 listing. That has been taken care of. I cannot give offhand the exact square footage, but I will write to the hon. Gentleman with that detailed information.

**Mr. Spearing:** And the other point?

**Mr. Finsberg indicated assent.**

**Mr. Michael English** (Nottingham, West): The principal beneficiary of the Grosvenor Estates trust is, I think, a young man who is probably the richest of the hon. Gentleman's parliamentary colleagues in another place. Will this sudden accrual of further wealth to him be subject to tax—tax that could well be put to profitable use in the Health Service?

**Mr. Finsberg:** I am sure that the hon. Gentleman, who has been an hon. Member longer than I, knows that he must address that question to my right hon. and learned Friend the Chancellor of the Exchequer.

**Mr. Christopher Price** (Lewisham, West): May I assure the hon. Gentleman that some of us are not envious or jealous of or malicious towards the Grosvenor Estates but simply wish that public assets which have been used for a long time for that purpose shall be devoted to public purposes rather than restricted to private purposes? Will he undertake that, when this transaction is completed, he will make a statement to the House making clear what financial advantages have accrued to the Grosvenor Estates as a result of this transaction?

**Mr. Finsberg:** I assure the hon. Gentleman that my allegations of malice were addressed to the hon. Member for Crewe (Mrs. Dunwoody), who attacked the Grosvenor Estates. When the transaction is completed, the Government will wish to make known all the facts available to show the benefit to the taxpayer and the National Health Service. It would not be our business to disclose any advantage to a private individual. The manner of disclosure must be a matter for my right hon. Friend the Leader of the House, but the facts will be made available.

**Mr. Speaker:** I believe—I speak from memory—that "Erskine May" states that it is wrong to impute malice to any hon. Member. The English language is rich. Other words can be found to convey feelings.

**Mr. Finsberg:** If I was wrong, I withdraw the word unreservedly, particularly as I had a Welsh father.

**Mr. Speaker:** I am very much obliged—and I congratulate the hon. Gentleman.