



1) Mrs Butler

2) Prime Minister - for information

Sir K. Storer told me that he had supported the Minister's decision but I am surprised

to see x/.

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Prime Minister

ST GEORGE'S HOSPITAL, HYDE PARK CORNER

When we met last week, I undertook to look again at the circumstances and precedents for our seeking a second opinion after the District Valuer had recommended acceptance of the offer of £6 million for St George's Hospital from Grosvenor Estates.

I can confirm that we know of no precedent for adopting this procedure and I think it unlikely that we would do so again for the reasons I shall outline below.

Nonetheless, I believe the decision was justified. On receipt of the District Valuer's recommendation, my officials examined the proposal and concluded that, while the figure of £6 million might have been the best which the District Valuer could persuade Grosvenor Estates to offer, it did not, on the face of it, represent the full market value of the site. This assessment - while not being one on which we would have been justified in resting finally - was sufficiently well founded to lead the Accounting Officer to conclude that "Ministers would be most unwise to rush to complete a sale for £6 million without seeking further professional advice (ie over and above that of the District Valuer)".

In the light of this advice it was decided that a second opinion should be obtained from Richard Ellis and Partners. This second opinion was provided within a month and gave us sufficient grounds to believe that the original assessment made by the Department was correct. At this point, it seems to me that we would have behaved quite improperly had we not proceeded to reopen negotiations.



As to whether this is a procedure we would want to follow in the future, I think it is necessary to recognise that we have now changed practice in this area. I think it most unlikely that, if we were in the same situation again, we would ask the District Valuer to act for us. It is practically certain now that we would involve a private agent from the start, particularly in such a special case as this. This is consistent with our objective of encouraging the National Health Service to be more active and more imaginative in realising its surplus assets following the Report of the Ceri Davies Inquiry into under-used and surplus property in the NHS. I have now set up a National Property Advisory Group with members drawn both from the private and public sectors, to advise us on issues such as this.

As I told you when we met, we have had a more positive response from Grosvenor to our latest offer to them. I am now rather more hopeful that this will enable us to reach a satisfactory conclusion to the negotiations before too long.

16 May 1984

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National Health Jan 82



St Georges Hospital

10 MAY 1984



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17 May 1984

ST. GEORGE'S HOSPITAL, HYDE PARK CORNER

The Prime Minister was grateful for your Secretary of State's minute of 16 May on this subject which she has seen and noted. I am enclosing a copy of the letter which she has written to the Duke of Westminster, on the lines agreed.

E. E. R. BUTLER

Steve Godber, Esq.,
Department of Health and Social Security.

69