

EAST RENFREWSHIRE COUNCILCABINET12 March 2020Report by Director of EnvironmentPROPOSED SALE OF LEASED GROUND AT
SPIERSBRIDGE WAY, THORNLIEBANK**PURPOSE OF REPORT**

1. The purpose of the report is to seek Cabinet approval for the proposed sale of two areas of Council owned ground leased to Spiersbridge Property Developments Limited.

RECOMMENDATION

2. The Cabinet is asked to approve the proposed sale of two leased areas of Council owned ground to its tenant Spiersbridge Property Developments Limited and delegate to the Director of Environment, in consultation with the Chief Officer – Legal and Procurement to finalise negotiations and conclude the sale.

BACKGROUND AND REPORT

3. The first area of ground leased by the Council to Spiersbridge Property Developments Limited (SPDL) extends to some 1.6 hectares or thereby for 125 years from 1 March 2004 until 28 February 2129. SPDL developed the Spiersbridge Business Park at Spiersbridge Way, Thornliebank on this plot at a rental of £30,500 per annum (Plot 1 on Appendix 1). The Spiersbridge Council property (rented by the Council from SPDL and occupied by the Environment Department) is located on this plot.

4. The second area of ground was leased to accommodate further possible development of the business park. This extends to 1.53 hectares or thereby and the lease runs for 124 years from 23 May 2005 until 28 February 2129 at a rental of £11,000 per annum (Plot 2 on Appendix 1).

5. In terms of these ground leases the tenant (SPDL) has the option to purchase after the 8th anniversary of the date of entry and on each anniversary date thereafter. This option to purchase is an inalienable right which cannot be denied.

6. In 2019 SPDL formally notified the Council, as ground lease landlord, of its intention to exercise its option to purchase. This requires the landlord's interest in the two ground leases to be valued subject to the terms set out within the leases and a value agreed. In the absence of agreement an arbiter is to be appointed to determine value.

7. SPDL appointed an agent to negotiate on its behalf and the Council appointed the District Valuer to value its landlord's interest and pursue negotiations in close liaison with the Council.

8. The District Valuer had deemed a figure of £665,000 to be at a level which would be capable of robust defence in the event of this matter going to arbitration.

Following complex negotiations and successive increased offers from SPDL an amount of £665,000 (Six Hundred and Sixty Five Thousand Pounds) for the sale has been provisionally agreed with them subject to Council approval.

CONSULTATION

9. There has been consultation within the Environment Department.

PARTNERSHIP WORKING

10. The proposed sale of the land has no partnership working implications associated with this report.

IMPLICATIONS OF THE PROPOSAL

11. This proposal will have no negative impact on staffing, legal, IT or equalities. There will however be an adverse financial impact on the Council with regard to rental loss as set out in paragraph 14.

CONCLUSIONS

12. The Council's sale of the leased ground under the terms of each ground lease will secure, in total, a capital receipt of £665,000 (Six Hundred and Sixty Five Thousand Pounds).

13. The proposed sale is subject to the following provisional terms and conditions:

- Spiersbridge Property Developments Limited being the purchaser.
- The ground being that described within the two ground leases covering the site of Spiersbridge Property Developments Limited's Spiersbridge Business Park Spiersbridge Way, Thornliebank.
- In accordance with the council's standard requirements, the purchaser agreeing to meet the council's reasonable legal, surveyor's and District Valuer's fees incurred in concluding the proposed sale.
- The date of sale, under the leases' option to purchase provisions, together with all other appropriate terms and conditions being a matter for negotiation between the respective parties' solicitors.

FINANCE AND EFFICIENCY

14. The sale of the Council's landlord's interest under the tenant's option to purchase will result in a capital receipt of £665,000 (Six Hundred and Sixty Five Thousand Pounds) being secured by the Council. However, this will result in the loss of annual rental of £30,500 for Plot 1 and £11,000 for Plot 2 to the Council (i.e. a total of £41,500).

RECOMMENDATION

15. The Cabinet is asked to approve the proposed sale of two leased areas of Council owned ground to its tenant Spiersbridge Property Developments Limited and delegate to the Director of Environment, in consultation with the Chief Officer – Legal and Procurement to finalise negotiations and conclude the sale.

Director of Environment

Further information can be obtained from Andrew Corry, Head of Environment (Operations) 0141 577 3458.

Convener contact details

Councillor Tony Buchanan
Leader of the Council

Office: 0141 577 3107
Mobile: 07976 360398

BLANK PAGE

Appendix 1



GMP:s

Ground leases Spiersbridge Property Developments

Plot 1 is 1.6 hectares. Plot 2 is 1.53 hectares



MAP REFERENCE: NS5459SE

DATE: 24/01/2020

1:2500 (@A4)

BLANK PAGE