

Report

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Report to:	Estates Committee
Date of Meeting:	27 June 2006
Report by:	Executive Director (Enterprise Resources)

Subject:	Clyde Gateway Project – Acquisition of Five Ground Leases from Mercado Glasgow Ltd. (in receivership) at Shawfield Industrial Estate, Rutherglen
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1 Purpose of Report

1.1 The purpose of the report is to:-

- ◆ seek approval in terms of Standing Order No. 36(c) to acquire the five Ground Leases held by Mercado Glasgow Ltd. (in receivership) at the Shawfield Industrial Estate, Rutherglen

2 Recommendation(s)

2.1 The Committee is asked to approve the following recommendation(s):-

- (1) that acquisition of five ground leases from Mercado Glasgow Ltd. at Shawfield Industrial Estate, Rutherglen, be approved for the sum of £1.8m plus costs;
- (2) that the Executive Director (Enterprise Resources) in consultation with the Head of Legal Services, if appropriate, is authorised to conclude the necessary legal agreements on behalf of the Council;
- (3) that in view of the requirement to progress this matter as soon as possible, and in terms of Standing Order No. 36(c), the Executive Director (Enterprise Resources) in consultation with the Chair and ex-officio Member be authorised to take appropriate action.

3 Background

3.1 Clyde Gateway is a partnership between Glasgow City Council, Scottish Enterprise and South Lanarkshire Council and has been identified by the Scottish Executive in their national regeneration statement as the national regeneration priority project for Scotland. The Clyde Gateway project will be formally launched and Partnership Agreement signed on the 19 June, 2006.

3.2 The project Master Plan identifies major regeneration opportunities within South Lanarkshire to the north of the proposed extension to the M74 in Shawfield and Farme Cross. Shawfield is zoned as a major new employment area to be redeveloped as a Business Park.

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- 3.3 Currently, Shawfield is a mixed use area, the majority of which is poor quality industrial units. There is evidence of some chromium contamination in the area. The extent of this contamination, and the cost of the remedial works, is the subject of a consultancy exercise commissioned by the Partnership. The cost of this exercise will be shared among the partners, with the Council's share being approximately £90,000 (total cost £250k).
- 3.4 Due to the contamination and poor image of the area, public sector intervention is required through the Partnership to acquire, remediate and sell onto private sector developers large parts of Shawfield to deliver the outputs and jobs envisaged in the Master Plan.
- 3.5 An opportunity to purchase a key site with three warehouses in the centre of Shawfield Industrial Estate has arisen. These units were occupied by Mercado Glasgow Ltd. (carpet wholesalers) under five Ground leases from the Council. Mercado entered into receivership in December 2004. The receivers invited the Council and others to bid for the five Occupational Leases at offers over £1.8m and set a closing date of the 24 May, 2006. This purchase will allow the Council to regain complete control of this important site and market the feuhold to maximise value when the remediation works (funded by Scottish Enterprise) are completed.
- 3.6 The Council is the preferred bidder after making a provisional offer of £1.8m, subject to Committee approval and vacant possession. Four other bids were submitted. The Receiver is entitled to revert to another bidder if the Council does not purify our bid by securing expedited Committee approval by the 20 June, 2006.

4 Employee Implications

- 4.1 There are no employee implications.

5 Financial Implications

- 5.1 It is intended to fund this acquisition of £1.8m plus costs (VAT, Stamp Duty, Registration Fees) from resources secured from the Executive through Vacant and Derelict Land Fund in 2006/07 and 2007/08.

6 Other Implications

- 6.1 None.

7 Consultation

- 7.1 The Scottish Executive were consulted on this proposed purchase.

Iain Urquhart
Executive Director (Enterprise Resources)

15 June 2006

Link(s) to Council Objectives

- The Council's Community Regeneration Statement prioritises the improvement of environmental quality and the remediation of vacant and contaminated sites for productive land uses.

Previous References

None.

List of Background Papers

- Vacant and Derelict Land Delivery Plan

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:- Jim McCaffer, Head of Regeneration Services

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