

# Report

14

Report to:	<b>Estates Committee</b>
Date of Meeting:	<b>31 May 2005</b>
Report by:	<b>Executive Director (Enterprise Resources)</b>

Subject:	<b>Proposed Relaxation (Variation) of the Current Letting Restriction in the Palace Grounds Retail Park Ground Lease from Two Electrical Retailers to Three</b>
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## 1 Purpose of Report

1.1 The purpose of the report is to:-

- ◆ note the action taken in terms of Standing Order No 36(c) to the proposed variation of the terms of the Ground Lease granted to Equitable Life of land extending to 7.336 hectares (18.13 acres) or thereby, at Palace Grounds, Hamilton for the development of the Palace Grounds Retail Park.

## 2 Recommendation(s)

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

- (1) the proposal to vary the terms of the Ground Lease granted to Equitable Life at Palace Grounds, Hamilton, for the development of the Palace Grounds Retail Park.
- (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 action taken by the Executive Director, Enterprise Resources in consultation with the Chair and an ex-officio Member be noted.

## 3 Background

- 3.1 Ground extending to 7.336 hectares (18.13 acres) or thereby, was leased to the Equitable Life Assurance Society Limited in October 1998 for the construction of the Palace Grounds Retail Park in Hamilton. In August 2002, the Ground Lease was assigned to the Hercules Unit Trust, which is managed by Pillar PLC.
- 3.2 In terms of the Ground Lease, the number of electrical retailers was limited to two, based on independent market advice given at that time, and as a means of protecting other town centre retailers. Standard Life, as the owner of a significant part of the Centre, including the Regent Shopping Centre, sought and was given certain rights over occupancy of the units within the proposed Retail Park in the form of a Minute of Agreement dated 26 October 1998.

- 3.3 In terms of the Minute of Agreement with Standard Life, their consent, and that of their successors in title to the Regent Centre, is required in respect of any proposed variation to the permitted number and type of users specified in the Retail Park Ground Lease.

#### **4 Proposal**

- 4.1 Pillar have now requested that the Council and Standard Life relax the current letting restrictions at the Retail Park to allow a third electrical retailer to occupy the currently vacant unit 7. This is the only vacant unit at the Retail Park at present. It has been vacant for a long period and the Council is keen to assume full occupancy to maximise job creation.
- 4.2 Pillar have received interest from Currys Electrical Retailers to occupy unit 7 and as Currys only operate from Retail Parks, there is no conflict with any existing unit within the town centre. To accommodate Currys however it will be necessary to amend the Ground Lease by relaxing the current restriction to allow the third electrical retailer to operate at the Retail Park.
- 4.3 The Council has therefore sought the approval of Standard Life prior to granting the relaxation and Standard Life have now confirmed in writing that after discussions with Pillar directly, they are satisfied that the relaxation can be granted.
- 4.4 A formal Minute of Variation will be required between the parties.

#### **5 Employee Implications**

- 5.1 There are no employee implications.

#### **6 Financial Implications**

- 6.1 There are no financial implications.

#### **7 Other Implications**

- 7.1 There are no other implications associated with the proposal.

#### **8 Consultation**

- 8.1 Consultation has taken place with Standard Life regarding proposed relaxation of the letting restriction.

**Iain Urquhart**  
**Executive Director (Enterprise Resources)**

20 April 2005

#### **Link(s) to Council Objectives**

- ◆ Creating Successful Communities - Progressing Key Town Centre Improvements

#### **Previous References**

- ◆ Estates Committee – 26 August 2003

## **List of Background Papers**

None

## **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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