

Report

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Report to:	Estates Committee
Date of Meeting:	23 August 2005
Report by:	Executive Director (Enterprise Resources)

Subject:	Proposed Sub-lease of Lower Ground Floor of the Precinct Development, Main Street, Cambuslang
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1 Purpose of Report

1.1 The purpose of the report is to:-

- ◆ Seek approval for the sub-leasing of part of the proposed new office and civic facility at Cambuslang Main Street to Trillium (Prime) Property GP Ltd. for Jobcentre Plus.

2 Recommendation(s)

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

- (1) that a sub-lease is granted for part of the lower ground floor of the new office facility at Cambuslang Main Street to Trillium (Prime) Property GP Ltd for Jobcentre Plus on the main sub-lease terms as set out in paragraph 4.
- (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 Background

- 3.1 The Executive Committee on 28th April, 2004, approved the Council entering into an unconditional Development Agreement with its selected preferred developer (AWG Development Limited) for the re-development of the north side of Cambuslang Main Street.
- 3.2 As part of that Agreement, AWG Development Ltd. is to construct and lease back to the Council an office and civic facility within which are to be accommodated: a library, Registrars and Licensing, Q & A (and other housing functions) and facilities for two external public agencies, namely Jobcentre Plus and the Greater Glasgow Health Board.
- 3.3 The office and civic facility, including the health facility, are due to be completed and ready for occupation at the end of December 2005.

4 Sublease Proposal

- 4.1 The lower ground floor of the building is to be used by The Department for Work and Pensions (DWP) for Jobcentre Plus. In 1998, the DWP signed an agreement, transferring the ownership and management of almost all its estate to Land Securities Trillium. As per the agreement, the sub-lease will be in the name of Trillium (Prime) Property GP Ltd.
- 4.2 After extensive discussions and negotiations with Trillium (Prime) Property GP Ltd., detailed Heads of Terms for a sub-lease of the lower ground floor have been agreed.
- 4.3 The key features of the sub-lease agreement can be summarised as follows:
- 1) The lease will be for a period of 20 years less 22 days to coincide with the term of the head lease of the whole building to the Council;
 - 2) The Council will repair the outside of the building, recovering a share of the cost from Trillium through a service charge. Trillium will repair the inside of its part of the building;
 - 3) This part of the building is to be used by The Department for Work and Pensions for Jobcentre Plus and will extend to around 244m² (2,626 ft²), approximately 8.13% of the total floor area.
 - 4) The rent will be £31,148, subject to downward adjustment if the building area constructed is smaller than proposed.
 - 5) As an incentive, Trillium shall be granted a nine month rent-free period to run from the commencement of the sub-lease.
 - 6) Trillium have the ability to break the sub-lease on 31st March 2018
 - 7) The rent will be reviewed upward only every 5 years
 - 8) The Council will recover part of the insurance premiums from Trillium
 - 9) Trillium will pay the rates for its part of the building
 - 10) The sub-lease will be in the name of Trillium (Prime) Property GP Ltd

5 Employee Implications

- 5.1 There are no employee implications.

6 Financial Implications

- 6.1 AWG Development Ltd. will fund the full capital cost of £10.5m. for the construction of the development and will provide to the Council an office development constructed to an agreed shell specification.
- 6.2 The Council has contracted to lease the 3,400m² (36,700ft²) of office development for an agreed annual rental of £455,000, of which £31,148 per annum will be recoverable from Trillium.
- 6.3 All of the expenditure can be met from approved Council capital and revenue budgets and anticipated external contributions as approved by the Executive Committee on the 28th April 2004.

7 Other Implications

- 7.1 None

8 Consultation

- 8.1 Consultations with Planning, Regeneration Services and Legal Services within Enterprise Resources have been supportive of the proposal.

Iain Urquhart
Executive Director (Enterprise Resources)

2 August 2005

Link(s) to Council Objectives

- The re-development of Cambuslang Town Centre through the creation of additional commercial retail and residential opportunities is a priority initiative identified in "Fourcast". This proposal is an important element of that initiative providing investment in Cambuslang Town Centre, creating construction jobs and full and part-time retail jobs and a successful and attractive town centre.

Previous References

- Executive Committee 28th April 2004
- Executive Committee 20th August 2003

List of Background Papers

- Location Plan

Contact for Further Information

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

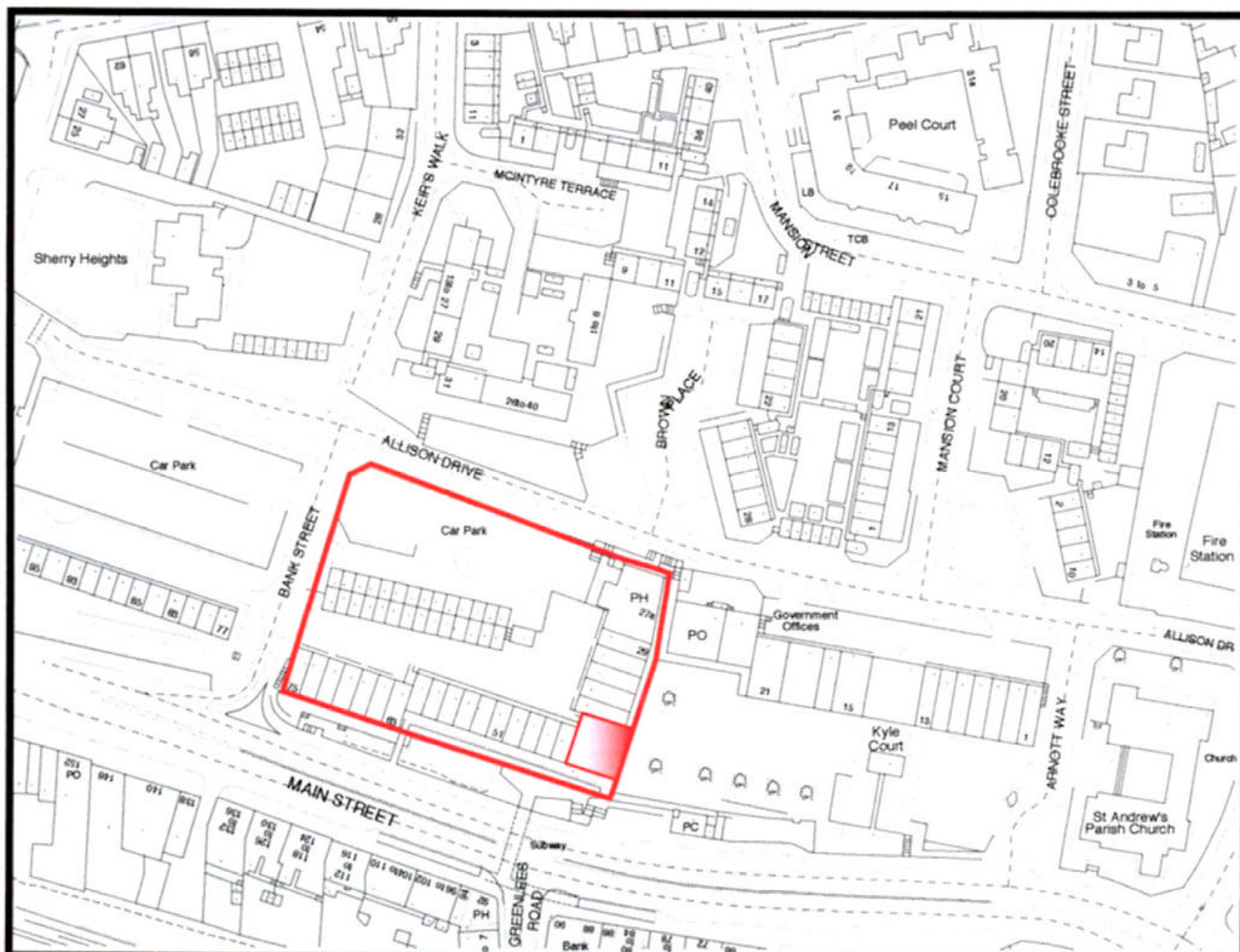
David Goodfellow, Surveyor
Ext: 5189 (Tel: 01698 455189)
E-mail: david.goodfellow@southlanarkshire.gov.uk

Angela Rowley, Physical Regeneration Manager
Ext: 5922 (Tel: 01698 455922)
E-mail: angela.rowley@southlanarkshire.gov.uk

PLAN 1

Precinct Development Location Plan

CAMBUSLANG



KEY

- Site Boundary
- JC+ Lease

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