

Report

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

Subject:	Proposed Assignment and Extension of Ground Lease of Unit 90, Camp Road, Shawfield Industrial Estate, Rutherglen
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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) for an assignment and extension of lease to be granted by the Council of ground at Unit 90, Camp Road, Shawfield Industrial Estate, Rutherglen.

2 Recommendation(s)

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

- (1) that the current ground lease to M Mercado (Glasgow) Limited (In Receivership) of Unit 90, Camp Road, Shawfield Industrial Estate, Rutherglen is assigned to Grampian & Argyll Trading (Scotland) Limited on the revised lease terms and conditions outlined in paragraph 5.1 below, and that the lease term be extended for a further 99 years from the existing lease expiry date.
- (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 Unit 90, Camp Road, Rutherglen comprises a level, rectangular and fully serviced site within Shawfield Industrial Estate which was laid out and developed circa 1960 by Rutherglen Burgh.
- 3.2 The site extends to a gross area of 2,401m²/0.59 acres or thereby, and is currently let to M Mercado (Glasgow) Limited for a term of 60 years until 31 March 2030. The tenant has erected a factory building on the site.
- 3.3 The existing ground lease provides for rent reviews at 10 yearly intervals and the current rental is £3,600 per annum. The next review is effective from 28 November 2009. The lease permits the tenant to use the premises for the storage distribution, warehousing and minor finishing works to rugs and carpets.

- 3.4 M Mercado (Glasgow) Limited was placed in Receivership on 6 December 2004. The Company is no longer trading, and the principal aim of the Receiver is to dispose of the Company's property assets which also comprise a further 4.8 acres within Shawfield Industrial Estate which are not the subject of this report.

4 Present Position

- 4.1 Following the marketing of the tenant's interest in the ground lease, the Receiver's Solicitors have requested Council consent to an assignation of the existing lease on the same terms and conditions to Grampian & Argyll Trading (Scotland) Limited, a local company whose lease has been terminated by its Landlord for re-development reasons and which will use the premises for the same purpose.
- 4.2 In terms of the lease, Council's consent to the assignation cannot be withheld unreasonably and the Council has no grounds for withholding consent.
- 4.3 However, the Receiver's solicitors have also requested an extension to the term of the ground lease until 31 March 2129 and changes to the irritancy provisions of the lease which, if granted, will provide the Council with the opportunity to vary existing clauses within the lease to the Council's advantage.
- 4.4 Consequent to the above, the rent review pattern has been reduced from 10 yearly to 5 yearly and the current rental increased from £3,600 per annum to £6,000 per annum from the date of assignation and extension.

5 Proposed Terms and Conditions

- 5.1 The revised head terms and conditions proposed for the assignation and extension of lease are:

Assignee:	Grampian & Argyll Trading (Scotland) Limited
Lease Expiry	31 March 2129
Rental	£6,000 per annum, exclusive of VAT and local rates, with effect from the date of assignation and extension
Irritancy	Lease revised to incorporate standard provisions to allow heritable creditors or liquidators etc protection in irritancy
Rent Reviews	5 yearly with effect from the date of assignation and extension
Legal Costs	The assignor/assignee shall be liable for all the Council's legal fees, expenses and outlays in connection with the granting of consent and completion of the assignation and extension of lease, together with any Stamp Duty Land Tax and Registration Dues payable thereon. A management fee of £350 is also payable

- 5.2 A satisfactory financial reference has been obtained on behalf of the prospective tenant.

6 Employee Implications

6.1 There are no employee implications regarding the proposal.

7 Financial Implications

7.1 There are no financial implications associated with the proposal.

8 Other Implications

8.1 There are no other implications associated with the proposal.

9 Consultation

9.1 There are no planning issues associated with the proposal.

Iain Urquhart
Executive Director (Enterprise Resources)

7 July 2005

Link(s) to Council Objectives

- Creating Successful Communities
 - The proposal will result in the relocation of a local business affected by redevelopment proposals.

Previous References

None

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:-

Mike Madden, Surveyor

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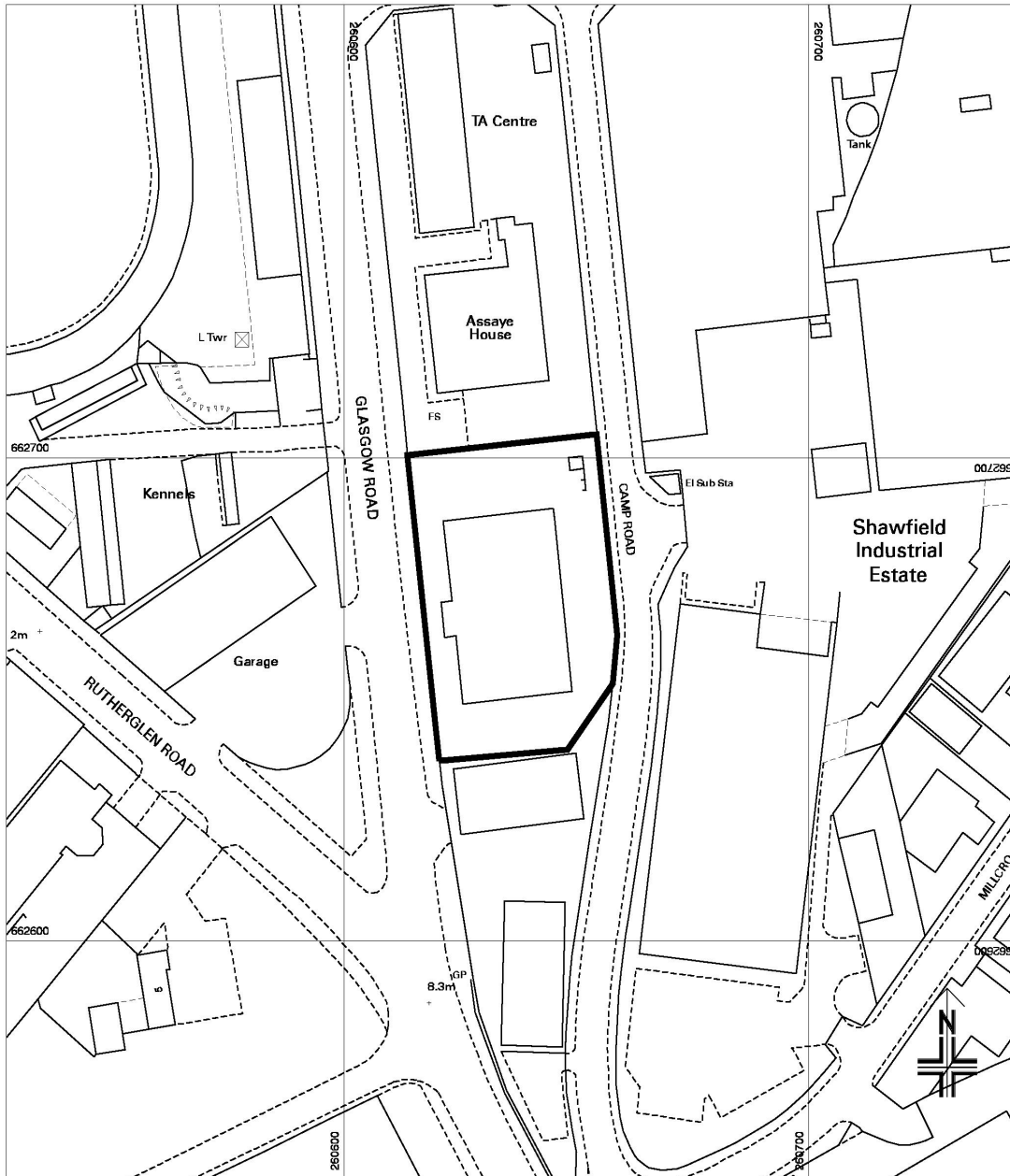
E-mail: michael.madden@southlanarkshire.gov.uk

LOCATION PLAN

Unit 90, Camp Road
Shawfield Industrial Estate, Rutherglen



ESTATES SERVICES



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