

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	23 May 2018
Report by:	Executive Director (Housing and Technical Resources)

Subject:	Disposal of Former Glengowan Primary School, Academy Street, Larkhall - Deduction for Abnormal Development Costs
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ request approval for the deduction in purchase price for the disposal of the former Glengowan Primary School, Academy Street, Larkhall to Rosewood Homes and Properties Limited for abnormal development costs

2. Recommendation(s)

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

- (1) that the purchase price for the former Glengowan Primary School, Larkhall extending to 0.4266 hectares (1.05 acres) or thereby, to be disposed of to Rosewood Homes and Properties Limited be reduced to the revised purchase price of £325,000 exclusive of VAT and in terms of the principal conditions contained in Section 4 of this report; and
- (2) that the Executive Director (Housing and Technical Resources), in consultation with the Head of Administration and Legal Services, be authorised to conclude all other matters pertaining to the disposal of the property and to enter into the necessary legal agreements on terms which are in the best interests of the Council.

3. Background

- 3.1. The Housing and Technical Resources Committee, at its meeting on 12 October 2016, approved the sale of the former Glengowan Primary School, Larkhall, as shown on the attached indicative plan, to Rosewood Homes and Properties Limited (Rosewood) for the sum of £515,000 exclusive of VAT. Rosewood intend converting the main C Listed school building into 16 flats and constructing a further 18 new flats in the grounds of the school, all for social rent, in conjunction with Clyde Valley Housing Association. Planning consent for the development was approved by the Planning Committee at its meeting of 13 February 2018 and the proposal is contained within the Council's Strategic Housing Investment Plan.
- 3.2. The offer and subsequent contract with Rosewood allows for the deduction from the purchase price of justifiable abnormal development costs that were not apparent at the time of the original offer. Rosewood Homes and Properties Limited have, therefore, carried out comprehensive site investigations and surveys and submitted details of abnormal costs totalling £190,000, detailed within section 3.3.

- 3.3. The main C listed former school building dates from the early 1900's and although operational until 2015, the condition of the building reflects its age, construction and almost 3 years vacancy. Comprehensive surveys carried out by the developer's consultants have determined that the building has suffered from historical water ingress resulting in major infestation of wet and dry rot within the building which will require the affected timbers to be removed. In addition, the existing roof requires to be re-slatted, roof timbers replaced, the central atrium requires strengthening and the majority of lintels supporting window and door openings in the building require replacement.

Rosewood also commissioned a site investigation report and following testing, concludes that there is a high concentration of gases in the soil requiring gas protection measures to be installed under the new build units and the existing school building. All of which would be considered abnormal development costs.

- 3.4. The total abnormal costs of the above items has been estimated by Rosewood Homes and Properties Limited as £365,180, however, following negotiations, these costs were reduced to £190,000 leaving a net disposal price for the site of £325,000. The reports and the revised costs have been scrutinised by the Council's Geo-technical Engineer and Chartered Building Surveyors and they have confirmed them as being fair and justifiable. Rosewood have stated that, without the reduction in purchase price, the project is unviable and they would be forced to withdraw from the contract to purchase.

4. Proposal

- 4.1. It is, therefore, proposed to dispose of the former Glengowan Primary School, Academy Street, Larkhall, extending to 0.4266 hectares (1.05 acres) or thereby, as shown on the attached indicative plan, to Rosewood Homes and Properties Limited subject to the following revised principal conditions:-

1. the purchase price to be the revised sum of £325,000 exclusive of VAT
2. the offer will be subject to funding from a registered social landlord.
3. the purchaser to meet the Council's reasonably incurred legal fees.

5. Employee Implications

- 5.1. There are no employee implications.

6. Financial Implications

- 6.1. Disposal of the property will generate a receipt of £325,000 (Three hundred and Twenty Five Thousand Pounds) for the Council's non housing programme in this financial year.

7. Other Implications

- 7.1. If the proposal did not proceed, the risk to the Council would be that the property would remain vacant and the Council would remain liable for the ongoing costs including maintenance, repairs, security and partial demolition. The condition of a C Listed property will continue to deteriorate. Not proceeding with this proposal would have implications on the supply of social housing units within the Council's Strategic Housing Investment Plan. Additionally, the capital receipt would not be available for the Council's non housing programme.
- 7.2. There are no implications for sustainability in terms of the information contained within the report.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. All necessary consultations with Planning, Roads, Housing and Legal Services have taken place and they are supportive of the proposal.
- 8.2. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.

Daniel Lowe

Executive Director (Housing and Technical Resources)

20 April 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Improve the availability, quality and access of housing
- ◆ Accountable, effective, efficient and transparent
- ◆ Achieve results through leadership, good governance and organisational effectiveness

Previous References

- ◆ Housing and Technical Resources Committee, 12 October 2016

List of Background Papers

- ◆ None

Contact for Further Information

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

Frank McCafferty, Head of Property Services

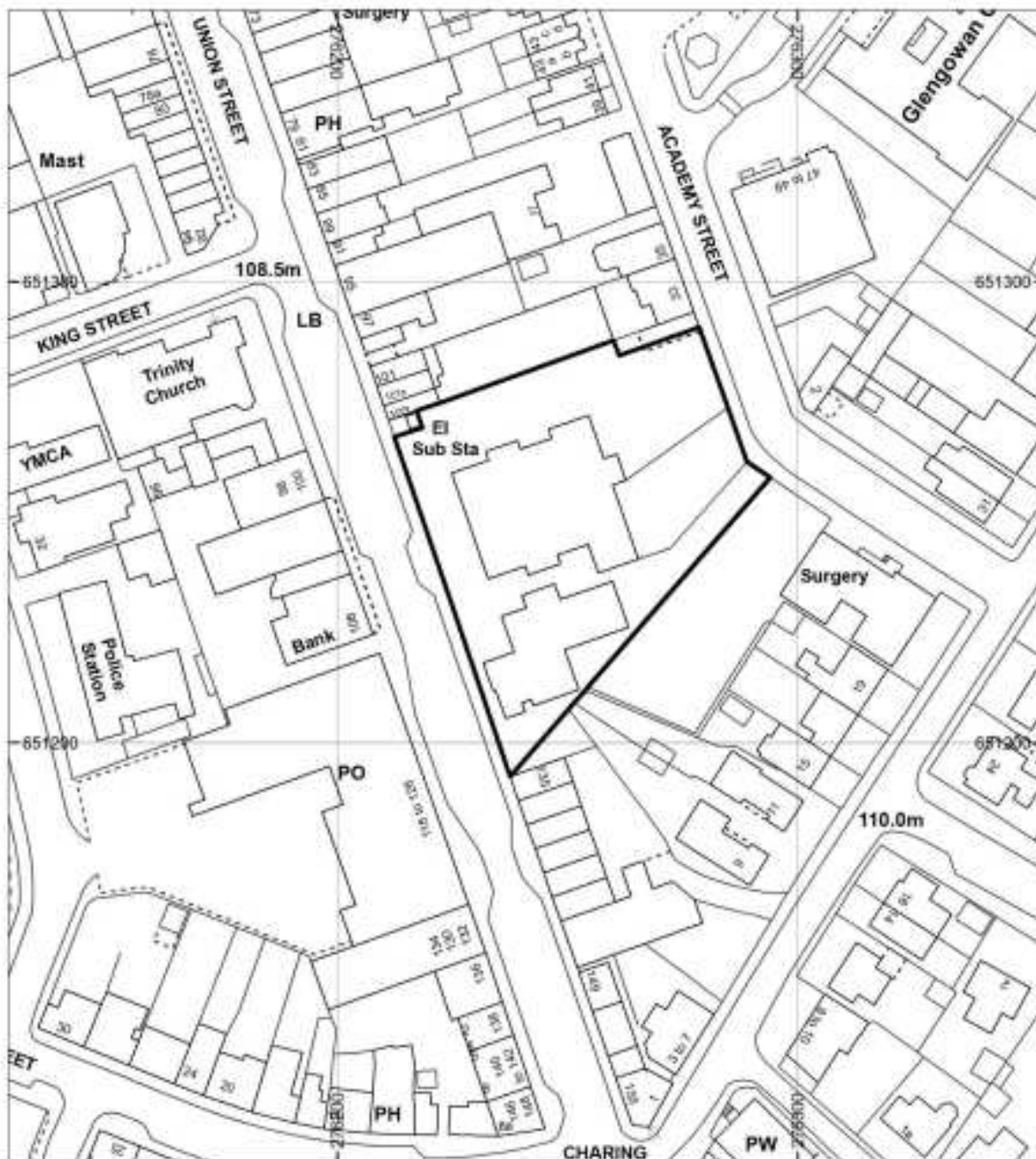
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LOCATION PLAN - For Committee Purposes Only
Former Glengowan Primary School
Academy Street, Larkhall



PROPERTY SERVICES



Contents outlined in Black 4266 square metres or thereby.