

Report

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| Report to: | Housing and Technical Resources Committee |
| Date of Meeting: | 5 February 2020 |
| Report by: | Executive Director (Housing and Technical Resources) |

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| Subject: | Acquisition of 13 St Vincent Place, Lanark |
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ request approval to acquire 13 St Vincent Place, Lanark for the Estates Portfolio

2. Recommendation(s)

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

- (1) that the terms and conditions for the acquisition of 13 St Vincent Place, Lanark, as set out in section 4 of this report, be approved
- (2) that the Executive Director (Housing and Technical Resources), in conjunction with the Head of Administration and Legal Services, be authorised to conclude all other matters pertaining to the acquisition of 13 St Vincent Place, Lanark and to enter into the necessary legal agreements on the terms which are in the best interests of the Council

3. Background

- 3.1. South Lanarkshire Council, under the auspices of Education Resources (Universal Connections) occupy the property at 13 St Vincent Place, Lanark.
- 3.2. The property is located within a range of 3 storey units with retail and commercial use on the ground floor and residential on the upper 2 floors. Lanark Universal Connections have converted all 3 floors to provide a facility with a total area of 215.23 m² (2,317 ft²).
- 3.3. The building at 13 St Vincent Place, Lanark is leased from Chesnutt Skeoch Ltd on a 25 year lease, expiring on 31 December 2019, however, the lease is continuing on tacit relocation while negotiations take place.
- 3.4. The current rental for the building is £22,500 per annum and should the lease end, the Council's dilapidations liability under the current lease is estimated to be in the region of £80,000. However, the property is in good condition and is considered suitable for Universal Connection purposes for the foreseeable future.
- 3.5. The landlord of the property is retiring and approached the Council to ascertain whether the Council would be interested in either acquiring the building or alternatively, entering into a new long term lease prior to the landlord selling on the open market.

- 3.6. Should the Council choose not to purchase of the property, the landlord would require Education Resources/ Universal Connections to enter into a new 10 year lease, failing which the service would require to move to alternative premises. In this scenario the rental level would be reviewed to £23,000 pa.
- 3.7. This opportunity has been discussed with Education Resources and consideration given to a number of options including relocating the service to alternative accommodation in the Lanark area, however, the option to remain at this property is operationally preferred due to the location of the property and the accommodation it provides.
- 3.7. Under the long lease option the Council would incur rental expenditure of a minimum of £230,000 excluding dilapidations and at the termination in 2030 have no asset. The proposal to purchase the property, therefore, represents best value to the Council.
- 3.8. The opportunity to purchase is not accounted for in the current capital programme. The Council has a Commercial Lease Portfolio managed by Property Services, known as the Estates Portfolio. There are funds held by the Estates Portfolio from previous legal land settlements which can meet the purchase price of £222,500. It is proposed therefore that the property is acquired by the Estates Portfolio and Education Resources remain in occupation.
- 3.9. The ownership of the property will allow the Council to control and appropriately phase any repairs and maintenance programme for the property which it would be unable to do if the property was in private ownership.
- 3.10. The property being originally converted from retail and residential properties has alternative use value and should, at some future date, Education Resources no longer require the property for service delivery, the subjects could either be sold or converted to residential and commercial use.

4. Proposal

- 4.1. It is proposed to acquire a building at 13 St Vincent Place, Lanark from Chesnutt Skeoch Ltd, subject to the following principal conditions:-
 - 1. The purchase price to be £222,500 exclusive of VAT.
 - 2. On completion of the acquisition, the existing lease will be terminated.
 - 3. There will be no ongoing dilapidations and repairs liability (circa £80,000) due to the landlord under the existing lease.
 - 4. Each party will be responsible for their own legal fees.
 - 5. Upon completion, the property will be subject to an internal tenancy agreement between Housing and Technical Resources (General Services) and Education Resources (Universal Connections), with rental income being internally transferred.

5. Employee Implications

- 5.1. There are no employee implications.

6. Financial Implications

- 6.1. There are funds held by Estates Portfolio from previous legal land settlements which will meet the purchase price of £222,500. There will be no liability for the £80,000 liability for dilapidations and the £22,500 pa rental will be retained within the Council.

6.2. Land and Buildings Transaction Tax will be applicable on the acquisition which is payable by the Council.

7. Climate Change, Sustainability and Environmental Implications

7.1. There are no climate change, sustainability or environmental implications in terms of the information contained in this report.

8. Other Implications

8.1. There are no implications for risk in terms of the information contained in this report.

9. Equality Impact Assessment and Consultation Arrangements

9.1. Consultation has been undertaken with Education Resources and Universal Connections, Finance and Legal Services regarding the proposals.

9.2. 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)

6 November 2019

Link(s) to Council Values/Ambitions/Objectives

♦ Accountable, effective, efficient and transparent

Previous References

♦ None

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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