

Report

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

Subject:	Proposed Sale of Land at Westburn Drive, Cambuslang
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1 Purpose of Report

1.1 The purpose of the report is to:-

- ◆ report on the Heads of Terms that have been agreed in connection with the disposal of plots 2,3,4 and 5 of the Cambuslang Investment Park (CIP -3)

2 Recommendation(s)

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

- (1) that the disposal of plot 3 at CIP -3 extending to some 3.18 acres or thereby to Burley Developments Ltd. for the sum of £381,600 exclusive of VAT be authorised
- (2) that the disposal of plots 2, 4 and 5 at CIP -3 extending to 6.59 acres or thereby to Greggs plc for the sum of £730,000 exclusive of VAT be authorised
- (3) that the grant of servitude rights to Scottish Power Generation Ltd over Phase 1 of CIP -3 to access and service Phase 2 of CIP -3 for the sum of £330,000 be authorised
- (4) that the net proceeds of disposals and servitude payments (after deduction of overage payment) are to be split equally between the Council and Scottish Enterprise Lanarkshire as joint funders of the project.
- (5) that the Executive Director (Enterprise Resources) be authorised to conclude all matters and enter into the necessary legal agreements on terms which are in the best interests of the Council to complete the disposal of the above plots

3 Background

3.1 The Enterprises Resources Committee of 12 December 2001 approved proposals to develop a strategic industrial site at Clydesmill, Westburn Drive, Cambuslang.

3.2 14 acres of land were acquired by the Council. The aim of the project was to create serviced industrial plots that could be sold on to companies for owner occupied development (see plan attached). The target market was identified as expanding local companies, companies being displaced by the completion of the M74 project and inward investors. The offers to purchase have been received from two companies affected by the M74 project.

- 3.3 The works have comprised flood mitigation, the construction of an access road and the installation of public utilities. Difficulties related to the capacity of the Scottish Water sewerage network have meant that the Council will have to construct a package sewage treatment plant. Tenders have been invited for these works for construction during 2005.
- 3.4 The Council is also under an obligation to make an overage payment to Kelvinside Industrial Business Space Ltd (KIBS) as the party from whom the Council acquired the unremediated / unserviced lands at Westburn Drive, Cambuslang – in the sum of £89,175.
- 3.5 The project has been jointly funded by Scottish Enterprise Lanarkshire and the Council with grant aid from the European Regional Development Fund. The net proceeds of disposals (after deduction of overage payment) are to be split equally between the Council and SEL.
- 3.6 Phase 2 of CIP -3 will be on land currently owned by Scottish Power Generation Ltd. (SPG). SLC will grant servitude rights over Phase 1 in favour of SPG to allow access to Phase 2 together with connection rights to various utility and service media connections.

4 Proposals

- 4.1 It is proposed, therefore, to dispose of the lands at CIP -3 as outlined in plan attached known as:

- Plot 3 extending to 3.18 acres or thereby to Burley Developments Ltd. for the sum of £381,600 exclusive of VAT and
- Plots 2,4 and 5 extending to 6.59 acres or thereby to Greggs plc for the sum of £730,000 exclusive of VAT
- Grant servitude rights in favour of SPG as detailed at paragraph 3.6 above at the consideration of £330,000

50% of all the above which is payable to SEL.

- 4.2 The capital receipt to the Council is calculated as follows:

- £381,600 (Burley) + £730,000 (Greggs) = £1,111,600
- less KIBS overage £ 89,175
- Net proceeds of disposals £1,022,425
- Add back SPG servitude £ 330,000
- £1,352,425
- Split 50/50 between SEL and the Council £ 676,212.50

- 4.3 From this amount a sum of £325k will be required to fund extra-ordinary sewerage costs associated with Phases 1 and 2 of the project.
- 4.4 The resultant net capital receipt to the Council, after deduction of the aforementioned overage payment as detailed in paragraph 3.4 above, payment to SEL and the extra-ordinary sewerage costs, is therefore £351,212.50 less payment of fees to the Council's external professional advisors.

5 Employee Implications

5.1 There are no employee implications.

6 Financial Implications

6.1 Disposal of the aforementioned plots will generate a capital receipt of £351,212.50, less payments to the Council's professional external advisors, for reinvestment in the Council's capital programme

7 Other Implications

7.1 There are no other implications.

8 Consultation

8.1 All necessary consultations with Roads & Transportation, Planning & Building Control, Estates and Legal Services have taken place. In addition, extensive consultation and reports have been obtained from the Council's consultants, Ironside Farrar and FG Burnett, Chartered Surveyors, Glasgow.

Iain Urquhart

Executive Director (Enterprise Resources)

17 May 2005

Link(s) to Council Objectives

Fourcast – Creating Successful Communities

Previous References

Enterprise Resources Committee, 12 December, 2001

Enterprise Resources Committee, 30 May, 2001

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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