

Report

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Report to:	Estates Committee
Date of Meeting:	13 December 2005
Report by:	Executive Director (Enterprise Resources)

Subject:	Proposed Sale of Land at Station Road, Carluke
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1 Purpose of Report

1.1 The purpose of the report is to:-

- ◆ report on the abnormal development costs that have been identified by the proposed purchasers of the site at Station Road, Carluke.
- ◆ seek authority for a reduction in disposal price to reflect the additional ground works required and the change in market conditions for residential properties since the initial marketing of the site.
- ◆ note the action taken in terms of Standing Order No 36(c) to authorise the conclusion of this transaction.

2 Recommendation(s)

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

- (1) that the reduction in purchase price from £1,300,000 to £1,110,000 exclusive of VAT, in view of additional abnormal costs and the revised sales projections for the sale of the site at Station Road, Carluke to Scott Building Services be agreed.
- (2) that the Executive Director (Enterprise Resources) in consultation with the Head of Legal Services (if appropriate) be authorised to conclude all matters and enter into the necessary legal agreements on terms which are in the best interest of the Council to complete the sale of the subjects.
- (3) that in view of the requirement to progress this matter as soon as possible 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 is asked to authorise the sale of the site to Scott Building Services in order that the transaction completes as soon as possible be noted.

3 Background

3.1 The Estates Committee at their meeting on 21 September 2004 approved the proposal to sell the development site at Station Road, Carluke shown on the accompanying indicative plan to Scott Building Services for the sum of £1,440,000 (gross) subject to the conclusion of site investigations, with the proviso that the proposed sale would be subject to a minimum receipt of £1.3 million to allow for justifiable abnormal site works.

- 3.2 Following initial investigations, Scott Building Services submitted documentation supporting costs in excess of £150,000 reflecting the required abnormal site works. It was therefore agreed that the site would be sold on the basis of £1.3 million as per Committee authority. However, as a consequence of more extensive site investigations and unforeseen requirements imposed by Scottish Water to facilitate drainage of the site, additional site works, estimated in the order of £90,000 have been identified.
- 3.3 The developer has subsequently made representations that the site price was based upon completed house sales prices, projected at a time when the residential market in the area was particularly buoyant, and has supplied revised anticipated sales figures showing a drop of £285,000 in total for the range of houses detailed in the Planning Consent. Having considered these projected sales prices, Scott Building Services have confirmed that, whilst they remain fully committed to the development of the site, they would consider the project to be financially unviable at £1.3 million.
- 3.4 Having given consideration to the revised projected sales figures and the additional ground works required, partly as a consequence of demands made by Scottish Water, it has been provisionally agreed that the price for the site to be paid by Scott Building Services should be reduced to £1,110,000. It should be noted that this figure remains substantially above the next best financial offer.

4 Proposal

- 4.1 It is proposed therefore to dispose of the site at Station Road, Carluke, extending to 1.95 acres or thereby as shown on the enclosed indicative plan to Scott Building Services at the revised purchase price of £1,110,000 exclusive of VAT. As stated, these figures remain higher than the gross figures offered by the under bidders for the site which would also be subject to deductions for abnormal costs.

5 Employee Implications

- 5.1 There are no employee implications.

6 Financial Implications

- 6.1 Disposal of the site will generate a net capital receipt of £1,110,000 for the Council's non housing programme.

7 Other Implications

- 7.1 There are no other implications.

8 Consultation

- 8.1 All necessary consultation with Roads, Planning and Legal Services have taken place.

Iain Urquhart
Executive Director (Enterprise Resources)

23 November 2005

Link(s) to Council Objectives

- Creating Successful Communities
- Living in the Community
- Managing Resources

Previous References

- Estates Committee – 21 September 2004
Report – Sale of Site at Station Road Carluke

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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LOCATION PLAN - For Committee purposes only

Former Children's Home
39 Station Road, Carluke



ESTATES SERVICES



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