

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	5 June 2019
Report by:	Executive Director (Housing and Technical Resources)

Subject:	Acquisition of 5 Quay Road North, Rutherglen
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ request approval to acquire the current Land and Fleet Services' depot at 5 Quay Road North, Rutherglen

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 5 Quay Road North, Rutherglen, set out in Section 4 of this report, be approved; and
- (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 5 Quay Road North and to enter into the necessary legal agreements on terms which are in the best interests of the Council

3. Background

- 3.1. Land and Fleet Services currently provide grounds maintenance and street cleansing operations in the Rutherglen and Cambuslang area from a depot located at 5 Quay Road North, Rutherglen.
- 3.2. The building at 5 Quay Road North is leased from SMG Investments Limited (in administration) and the rear yard, known as Seath Road, is leased from Kirkmanse Limited. Both leases are due to expire in September 2019.
- 3.3. Land and Fleet Services have confirmed that they no longer require the rear yard area known as Seath Road, therefore, the owners, Kirkmanse Limited, have been notified of our intention to quit this lease in September 2019.
- 3.4. The current rental for the building at 5 Quay Road North is £59,500 per annum, with the cost of dilapidations, due under the current lease, being estimated to be in the region of £133,000 to £214,000.
- 3.5. The landlord of this building entered administration in October 2018 and the administrator approached the Council to ascertain whether the Council would either enter into a long term lease or have an interest in acquiring the building.

- 3.6. Consideration has been given to a number of options, including moving the service to alternative lease accommodation in the Rutherglen area, however, the option to acquire the building and to remain in occupation of the existing facility is considered to be the preferred option.

4. Proposal

- 4.1. It is proposed to acquire the building at 5 Quay Road North, Rutherglen, extending to 1,286 sq m or thereby, from SMG Investments Limited (in administration), c/o Johnston Carmichael, subject to the following principal conditions:-

1. the purchase price to be the sum of £350,000 exclusive of VAT
2. on completion of the acquisition the existing lease will be brought to an end and there will be no ongoing dilapidations or repairs liabilities due under the existing lease
3. each party will be responsible for their own legal fees

5. Employee Implications

- 5.1. There are no employee implications.

6. Financial Implications

- 6.1. Acquisition of the property will be funded from:-

- ♦ £155,000 currently held in reserve for dilapidation works to the building
- ♦ £195,000 from the Zero Waste Fund Programme

- 6.2. Land and Buildings Transaction Tax will be applicable on the acquisition, estimated at £9,500, which is payable by the Council.

7. Equality Impact Assessment and Consultation Arrangements

- 7.1 Consultation was carried out with Community and Enterprise Resources and Finance and Legal Services regarding the proposal.
- 7.2. 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)

30 April 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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