

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	19 June 2024
Report by:	Executive Director (Housing and Technical Resources)

Subject:	Disposal of Land at Eaglesham Road, Jackton
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1. Purpose of Report

1.1. The purpose of the report is to: -

- ◆ seek approval for the disposal of the site, currently held under option at Eaglesham Road, Jackton to Cala Management Limited (or assignees or nominees)

2. Recommendation(s)

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

- (1) that the option site at Eaglesham Road, Jackton, extending to 6.21 hectares (15.34 acres), or thereby, as shown on the attached plan, be disposed of to Cala Management Limited (or assignees or nominees) for the sum of £2,250,000 exclusive of VAT, and in terms of the principal conditions contained in Section 4 of this report, subject to the ratification by the District Valuer of the principles of deductible costs adopted by the Council as referred to in paragraph 3.8: 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 disposal of the site and to enter into the necessary legal agreements on terms which are in the best interests of the Council

3. Background

- 3.1. The Council own an area of land, extending to 7.30 hectares (18.04 acres), or thereby at Eaglesham Road, Jackton. The site is the subject of an Option agreement with Cala Management Limited, the owner of the adjoining land which is part of the East Kilbride Community Growth Area.
- 3.2. Following a marketing exercise an Option agreement was concluded on 14 December 2004 with Cala Management Limited, for a term of 40 years for the disposal of the land at 100% of the market value, subject to the deduction of abnormal costs.
- 3.3. As part of the Section 75 Planning agreement for the Community Growth Area, various affordable housing sites were identified, including an area held within the option site. As a result, the area to be sold to Cala Management Limited excludes this area, shown hatched on the plan, which will be retained by the Council for future provision of affordable housing. Therefore, the area to be sold extends to 6.21 hectares (15.34 acres) or thereby and provides a Net developable area of 4.73

hectares (11.68 acres). As part of the agreement, Cala will provide an adoptable access and services to the boundary of the site to be retained by the Council.

- 3.4. Planning consent was granted at the Planning Committee on 30 April 2024 for 126 dwellinghouses comprising 89 detached dwellings, 12 semi-detached dwellings and 25 terraced dwellings, with associated roads, infrastructure, and landscaping.
- 3.5. As a landowner within the Community Growth Area the Council is liable for a proportionate share of the enabling works to bring the site forward. The total cost of this is projected at £21,895,891, of which the Council's share is £2,521,879 with a substantial majority of the works having already been completed and paid for. As part of the option, Cala have incurred these costs, and they are a valid deduction from the land value for the site as, without the enabling works, the land would not have been a consented residential site.
- 3.6. While there are still provisional sums for a small number of future items within the enabling works, it is agreed that this will not reduce the price. Should these works not proceed or cost less than the professional estimates, the missives will include an agreement to ensure that the Council will receive any additional sums not spent on these items.
- 3.7. In addition to the enabling works, due to the difficult topography of the site, the presence of a watercourse and the adjacent protected tree belt, there are substantial site-specific abnormal development costs, mainly associated with nonstandard foundations, earthworks, and retention. These works have been costed at a total of £5,795,740. Detailed evidence and engineering reports for these costs were provided by Cala and were assessed by Consultancy Services and it has been confirmed that the costs and rates submitted have been benchmarked and compared to current expected market rates, and are in line with the figures we would expect to see for these elements of work and the abnormal costs represent value for money.
- 3.8. The gross land value of £835,000 per net developable acre has been agreed for the 11.68 acres giving the site a gross land value of £9,752,800. Following the deduction of the Council's share of the enabling costs (£2,521,879) and site-specific costs ((£5,795,740) the residual land value arrived at is £1,435,181. Following detailed negotiations, a provisional agreement has been reached for a price of £2.25 million, subject to ratification by the District Valuer of the principle of deductible costs adopted by the Council.

4. Proposal

- 4.1. It is proposed to dispose of the Option site at Eaglesham Road, Jackton, extending to 6.21 hectares (15.34 acres) or thereby, as shown on the attached indicative plan, to Cala Management Limited (or assignees or nominees)) subject to the following principal conditions: -
 1. The purchase price will be £2,250,000, exclusive of VAT, subject to ratification by the District Valuer of the principles of deductible costs as referred to at 3.8 above.
 2. The purchaser will be responsible for payment of the Council's legal fees.
 3. As part of the missives for this transaction there will be a provision terminating the previous option right, over the remaining land within the Council's ownership.
 4. The missives will include an agreement to ensure that the Council will receive any additional sums not spent on proposed enabling works.
 5. The purchasers will provide services and acceptable access to the land retained by the Council for future development.

6. Date of entry will be on the conclusion of missives or such other date to be agreed between the parties.

5. Employee Implications

5.1. None

6. Financial Implications

6.1. Disposal of the property will generate a receipt of £2,225,000 (Two million, two hundred and twenty-five thousand pounds) for the Council's General Service account in the current financial year.

7. Other Implications

7.1. The risk of not proceeding with this proposal would have adverse implications for the Council. A capital receipt for the Council's non-housing programme would fail to materialise and the aspirations of the Community Growth Area would not be fully met.

8. Climate Change, Sustainability and Environmental Implications

8.1. There are no issues in relation to climate change, sustainability and environment contained within this report.

9. Equality Impact Assessment and Consultation Arrangements

9.1. All necessary consultations with Planning, Housing, Roads, and Legal Services have been undertaken.

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.

Stephen Gibson

Executive Director (Housing and Technical Resources)

15 May 2024

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient, and transparent
- ◆ Fair, open and sustainable

Previous References

- ◆ Executive Committee dated 10 February 2005
- ◆ Planning Committee dated 30 April 2024

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

Gardenhall Option Site
East Kilbride



HOUSING AND TECHNICAL



