



COUNCIL EXECUTIVE

PURCHASE OF GROUND LEASE 9 INCHMUIR ROAD, WHITEHILL INDUSTRIAL ESTATE, BATHGATE

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To seek Council Executive approval for the purchase of the ground lease of 9 Inchmuir Road, Whitehill Industrial Estate, Bathgate.

B. RECOMMENDATION

It is recommended that Council Executive:

1. Approves that the purchase of the ground lease at 9 Inchmuir Road, Whitehill Industrial Estate, Bathgate for £21,000 (twenty one thousand pounds); and
2. Authorises the Head of Finance and Property Services to negotiate any further terms and conditions or changes to those outlined in the report on the basis that these continue to represent the achievement of best value for the council.

C. SUMMARY OF IMPLICATIONS

I Council Values	Focusing on our customer's needs; being honest, open and accountable; and making best use of our resources
II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	Disposal of property governed by S74 (2) of the Local Government (Scotland) Act 1973 and the Disposal of Land by Local Authorities (Scotland) regulations 2010.
III Implications for Scheme of Delegations to Officers	None
IV Impact on performance and performance Indicators	The purchase and letting of this property will contribute towards the councils Commercial Property Portfolio (CPP) revenue budget targets.
V Relevance to Single Outcome Agreement	Our economy is diverse and dynamic and west Lothian is an attractive place for doing business.
VI Resources - (Financial, Staffing and Property)	Rental income as set out in the report will accrue to the councils revenue budget. The project will be managed within existing staff resources.
VII Consideration at PDSP	None.
VIII Other consultations	None

The local elected members for relevant wards have received a copy of this report for their information.

D. TERMS OF REPORT

D1 Background

The land at 9 Inchmuir Road comprises 0.519 Ha (1.28 Acres) and has been let on a ground lease from 18 September 1978 for a term of 99 years with expiry 17 September 2077. There are ten yearly rent reviews with the next one due in September 2019. The current rent is £14,000 per annum. The land is currently let to National Grid Property Holdings Limited (NGPH)

The land has been developed by the tenant to provide an office building of approximately 630sqm and a secure surfaced yard. The property is sub-let to National Grid Gas Plc (NGG) on a full repairing and insuring lease until 9 February 2021 at a rent of £35,000 per annum.

NGPH as part of a major rationalising of property assets has offered to surrender the ground lease to the council and sell the building and secure yard, subject to the lease remaining in place, for a purchase price of £21,000 plus VAT.

West Lothian has a limited supply of yards with premises and, whilst it is likely that NGG will ask to extend their lease beyond February 2021 should this not occur officers are of the opinion that re-letting or disposal should be reasonably straightforward.

The proposed acquisition will be funded from within the existing Commercial Property Portfolio resources and through the securing of the additional £35,000 per annum up to February 2021.

D2 Proposed Terms

The main terms of the purchase agreed in principle are:

- Premium Payable by the council - £21,000 plus VAT
- Legal Expenses – Each party to meet their own legal costs
- The lease to National Grid gas Plc will remain in occupation on the terms of the existing lease
- Date of Entry - 31 March 2019
- Any other terms considered appropriate and reasonable.

It is proposed to delegate authority to the Head of Finance and Property Services to carry out further negotiations with the seller in respect to the property, on the basis that any revised terms and conditions still represent best value for the council.

E. CONCLUSION

It is considered to be in the council's best interest to purchase the ground lease of 9 Inchmuir Road Whitehill Industrial estate in accordance with the terms and conditions set out in the report.

F. BACKGROUND REFERENCES

None

Appendices/Attachments: Appendix 1 – Location Plan

Contact Person: Tracey Thomson, Surveyor, Finance and Property Services
Tel: (01506) 281834 - Email: tracey.thomson@westlothian.gov.uk,

Donald Forrest
Head of Finance and Property Services

Date of meeting: 5 February 2019