



Glasgow City Council

Contracts & Property Committee

Report by Director of Regeneration and the Economy

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NITSHILL INDUSTRIAL ESTATE LEASE EXTENSION

Purpose of Report:

To obtain the approval of the Contracts & Property Committee to extend the current interposed lease over the Nitshill Industrial Estate.

Recommendations:

Committee are asked to agree to extend the current interposed lease over the Nitshill Industrial Estate by ten years with the incorporation of an additional unit.

Ward No: 3

Citywide:

Local members advised: Yes No

consulted: Yes No

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1.0 INTRODUCTION

- 1.1 The purpose of this report is to obtain the approval of the Contracts and Property Committee to extend the lease between Glasgow City Council and Strathcarron Estates Ltd by ten years and incorporate the former Land & Environmental Services Roads Depot into same. (Please refer to Appendix for definition)

2.0 BACKGROUND

- 2.1 Glasgow City Council identified Nitshill as an area in need of significant regeneration at the 26 October 2000 meeting of the Development & Regeneration Services Committee. A Joint Masterplanning Study was carried out with developer and landowner, Glenfinnan. Glenfinnan subsequently established Strathcarron Estates Ltd as a vehicle for delivering the Nitshill proposals. To this end a Framework Agreement was signed between the Council and Strathcarron dated 13 March 2007. The extent of the Agreement's objectives are illustrated on the attached map which forms part of the Agreement.

- 2.2. There follows a summary of documents signed between Glasgow City Council and Strathcarron:

- a) In 2003 Committee approve the formulation of a Local Development Strategy for Nitshill
- b) In 2005 Committee approved taking forward a Heads of Terms Agreement with Strathcarron Estates Ltd, the company Glenfinnan set up to carry Nitshill activities forward.
- c) In 2007 the Nitshill Framework Agreement is signed between GCC and Strathcarron setting out the improvement / development of the Industrial Estate and three other sites.
- d) In 2008 the ten year Interposed Lease over the industrial estate, excluding the Roads Depot, is signed.
- e) In 2009 the South Nitshill Agreement is signed covering the improvement of the estate and the redevelopment of the adjacent Nitshill school site.
- f) In 2009 an Indicative Nitshill Masterplan was approved.
- g) In 2012 Committee approved the transfer of a former housing office at 409 Nitshill Road to Strathcarron.

- 2.3 Strathcarron's performance at the industrial estate has been satisfactory. They have attracted tenants to two empty units. Currently one unit is unfilled. Their management costs are equitable with other agents. Where progress has been lacking is in improvement. Strathcarron see the Roads Depot as key to taking improvement forward and have held off until such a time as it is added to the management agreement.

- 2.4 The Council has a contractual arrangement with Strathcarron which, to date, has delivered housing on one of the sites and is making progress on another. The issue of Assignment to a third party is covered by the South Nitshill

Agreement of 1 October 2009 which requires such a step to be by agreement by both signatories.

- 2.5 With reference to the attached map, Site 1 is vacant land due for developing as twenty-five houses for sale. Site 2 is the industrial estate shown hatched. The unhatched red part has had sixty-six houses for sale built on it by Strathcarron Developments Ltd. Site 3 is a shopping arcade due for improvement. This Report concerns the hatched part of site 2.

3.0 NITSHILL INDUSTRIAL ESTATE

- 3.1 An interposed lease was signed between GCC and SEL on July 2008. It runs from 21 July 2008 until 20 July 2018 inclusive. It covers the units hatched blue on the map. These addresses are 55 Wiltonburn Road and 2, 7, 8, 12, 15, 30, 60, 70, 131 Woodhead Road plus the former Social Work Facility at 300 Nitshill Road. The Roads Depot at 91, 93 121 Woodhead Road and the salt store at 80 Woodhead Road were exempt from the lease as they were still in GCC usage.
- 3.2 The terms of the lease saw Strathcarron manage the estate for an administration fee of 6% of the rental income plus eligible expenses. The remaining 94% goes to City Property Glasgow (Investments) LLP.
- 3.3 LES Roads vacated the Roads Depot in February 2015, although the salt store on the other side of Woodhead Road will continue to be operational. Under the Nitshill Framework Agreement of 13 March 2007, Clause 10 states that the depot, when it becomes available, should be transferred to Strathcarron Estates Ltd, should they want it.
- 3.4 The Council, City Property and Strathcarron are in agreement that the Roads Depot should come under the same terms and conditions as the existing interposed lease. As the current arrangement has worked satisfactorily, the three parties would wish to see the current lease, which lapsed on 21 July 2018, revived for another ten years.
- 3.5 The Depot currently has a dilapidated building on it. Its future and the accompanying rates liability will be determined with City Property (Glasgow) LLP so that the site can form part of the new lease.

4.0 Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	Increased income from the Industrial Estate once the Depot is let.
<i>Legal:</i>	GCC Legal Services will provide the new Interposed Lease.
<i>Personnel:</i>	No direct personnel issues.
<i>Procurement:</i>	No procurement issues as Strathcarron is already

the Council's designated partner in this matter.

Council Strategic Plan: Economic Growth. The Council and SEL have agreed to co-operate with each other such improvement, regeneration, redevelopment of said area and to make available for those purposes, in whole or in part as appropriate, the respective subjects currently owned and/or which may be acquired by them

Equality Impacts:

EQIA carried out: No EQIA carried out as the Report does not relate to a new service, policy, strategy plan or significant change to same.

Outcome: No significant impact.

Sustainability Impacts:

Environmental: Bringing a vacant former Roads Depot into productive use.

Social: None

Economic: Increased rental income to the Council.

5.0 Recommendations

5.1 Committee are asked to agree to extend the current interposed lease over the Nitshill Industrial Estate by ten years with the incorporation of an additional unit.

APPENDIX

The Interposed Lease of 21 July 2008 to 20 July 2018 positioned Strathcarron between GCC as Head Landlord and the Ground Leaseholders at the Industrial Estate. The intention was that, over time, Strathcarron would obtain control of the ground leases and bring the land into the regeneration of Nitshill project.