

FALKIRK COUNCIL

Subject: ASSETS SURPLUS TO OPERATIONAL REQUIREMENTS
Meeting: POLICY & RESOURCES COMMITTEE
Date: 17TH NOVEMBER 2009
Author: DIRECTOR OF COMMUNITY SERVICES

1.0 INTRODUCTION

- 1.1 The purpose of this report is to seek approval for the attached schedule of properties to be declared surplus to operational requirements for disposal.

2.0 SURPLUS LAND

- 2.1 The Policy & Resources Committee at its meeting on 14th August 2007 approved “*Better Assets, Better Services*”, the draft Corporate Asset Management Plan. The Plan includes an objective to secure operational efficiencies through asset realisation such as the disposal of land and property that is surplus to operational requirements. The Schedule attached to this report identifies that the following properties be declared surplus to operational requirements and recommends action to dispose of these assets.

- Maddiston Primary School & Torwood School
- Land to the South of 1 Avon Street, Dunipace
- 6 & 8 Dundas Street, Grangemouth

3.0 RECOMMENDATION

- 3.1 It is recommended that the Committee agrees to declare the properties noted on the attached schedule surplus to operational requirements and authorise their disposal on the terms set out in the report.

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Director of Community Services

9th November 2009.

Contact Officer: Douglas Duff. Tel: 0905.

LIST OF BACKGROUND PAPERS

1. Asset Management Files.

Anyone person wishing to inspect the background papers listed above should telephone 01324 590982 and ask for Alan Urquhart.



Falkirk Council

Better Assets
Better Services

Corporate Asset Management Plan 2008-11

Schedule of Assets Surplus to Operational Requirements

**Report to Policy & Resources Committee
Tuesday 17th November 2009**

Schedule of Disposal Subjects

1. MADDISTON PRIMARY SCHOOL & TORWOOD SCHOOL

1.1 Introduction

Maddiston Primary School has been rebuilt on a nearby site and opened in the new premises in January 2008. Now that the new school is open and operational, the former Maddiston Primary School site and buildings are no longer required.

The replacement Maddiston Primary and the new Kinnaird Primary School in Larbert include additional support wings that replace Torwood School.

Pupils and staff have now relocated from Torwood School to the new facilities and the site and buildings in Torwood are no longer required.

Both sites (detailed below) are held on Education Services account. Following the planned relocations, these sites are now surplus to operational requirements.

1.2 Maddiston Primary School

The former school property at Parkhall Dive, Maddiston, is shown hatched on the attached plan.

The property covers 1.11 hectares (2.75 acres) and is made up of three buildings:-

- The original stone building, built over 100 years ago.
- A timber built annexe.
- A brick built kitchen.

The main building and timber annexe are in a poor condition.

1.3 Torwood School

The current school property runs adjacent to the A9 in Torwood village and is accessed from Glen Road. The property is shown hatched on the attached plan.

The property covers 0.68 hectares (1.68 acres) and comprises a single storey building constructed about 50 years ago. The building is in structurally good condition.

1.4 Consultation

In line with normal procedure the Director of Education Services has consulted Local Members on this proposal. Subsequently, Members were advised that Education Services has no planned use for either of these sites, recommended that they be declared surplus to operational requirements and that Education Services had been advised that the capital receipts for both sites have been factored into the current general capital programme approved by Council.

The Director of Development Services advises that the Torwood site is identified in the Falkirk Council Local Plan (Finalised Draft) as housing opportunity H.TOR1 and that the Maddiston site is suitable for housing development, subject to detailed planning consent being obtained.

Although there is no Service requirement for the buildings, the Director of Corporate & Neighbourhood Services has indicated that, subject to their transfer consistent with the Council's obligations in terms of best value and financial regulations, both sites might provide opportunities to deliver affordable housing as reported to Housing & Social Care Committee on 1st September 2009.

The sites are, therefore, included in the detailed evaluation of affordable housing opportunities currently being undertaken by Corporate & Neighbourhood Services which will require to be concluded prior to any marketing taking place.

1.5 Conclusion

The schools on the sites detailed above and shown on the attached plans have been replaced through the provision of new primary schools and from that point of view the sites are surplus to the operational requirements of Education Services. The sites are planned to generate a capital receipt for the General Services account and may provide an opportunity for affordable housing.

1.6 Recommendation

It is recommended that Policy & Resources Committee:-

- (i) approves that the former Maddiston Primary School and Torwood School properties, both held on the Education Services account, be declared surplus to operational requirements; and**
- (ii) authorises the Director of Community Services to market these sites for disposal to ensure the Council obtains best value once an investigation of affordable housing options have been concluded and market conditions are favourable.**

2. LAND TO THE SOUTH OF 1 AVON STREET, DUNIPACE

2.1 Introduction

Approval is sought for the disposal of land immediately south of 1 Avon Street, Dunipace. The area of land is held on Development Services (Roads Account) and is hatched on the attached plan.

2.2 Background

The land forms the embankment to the rear of the heel kerb on Barnego Road and is immediately adjacent to 1 Avon Street, Dunipace, the property owned and occupied by Mr C Collier. Prior to construction of a residential property on this site it was occupied by a shop and the embankment was retained on the Roads Account for visibility purposes and protection of the integrity of the public road. Mr Collier has approached Falkirk Council with a view to purchase the land as garden ground to improve amenity and privacy for his property.

2.3 Consultation

The area of land in question is small; the issues regarding retention on the Roads Account related to visibility and integrity of the public road. Details of the proposals submitted by Mr Collier have been discussed with Road Network, Road Services and Engineering Design. There is agreement that, with conditions attached to the sale of the land, the visibility and integrity of the public road structure could be preserved in perpetuity and the land can be maintained by the owner of 1 Avon Street. Mr Collier's application to purchase the land for garden ground is, therefore, supported.

The Local Members have been consulted and have raised no objections to the proposed sale, subject to complying with any planning requirements. The proposed change of use from public open space to private garden ground would require planning consent.

2.4 Conclusion

The land detailed above and shown on the attached plan is now considered to be surplus to requirements and, as such, has the potential to generate a small capital receipt from its sale and reduce Falkirk Council's maintenance liability.

2.5 Recommendation

That the Policy and Resources Committee agrees that the land held on the Development Services Account be declared surplus to operational requirements and that negotiated disposal to Mr Collier be initiated.

3. 6 & 8 DUNDAS STREET, GRANGEMOUTH

3.1 Introduction

The purpose of this report is to seek Committee approval to dispose of two ground leases at 6 and 8 Dundas Street, Grangemouth. A plan showing the location of the property is attached as an Appendix.

3.2 Background

In 2006, A Miller Electrical Ltd bought the local plumbing business of James W Bennie & Son and began to diversify the business by selling and fitting bathrooms and kitchens. In order to do this the company has invested over £300,000 in new offices and a showroom at 6 Dundas Street, which has improved the appearance of Dundas Street. As a result of this investment the company has grown considerably, with turnover increasing from £600,000 to £1.7 million and employment rising by 16 to 42 employees.

The office and showroom was built on land owned by Falkirk Council at 6 & 8 Dundas Street, Grangemouth. In order to enable this development the ground was leased to A. Miller Electrical Ltd for 125 years in 2007 with a grassum payment of £50,000 in lieu of an annual rent. The grassum payment represents the capital value of the ground and the annual rent stated in the lease is £1, if asked.

By granting a long ground lease to A Miller Electrical Ltd, it was able to secure finance from the Bank to assist with the development of the offices and showroom. However, following the credit crunch the company has been advised that this is no longer the case as the Bank is now unwilling to lend funds secured by leasehold property.

A Miller Electrical Ltd has recently purchased the property at 16 Dundas Street from Falkirk Council in a transaction which was approved by Policy & Resources Committee in February this year. This purchase enabled the company to create a new storage facility at 16 Dundas Street which has freed up room for additional showroom space at 6 & 8 Dundas Street.

3.3 Proposal

Despite the economic downturn the company has plans for further expansion and requires to borrow £200,000 to fund these plans. It plans to extend its bathroom showroom capacity which will cater specifically for special needs customers and clients. The company has tried to secure this funding from the bank by using the property at 6 & 8 Dundas Street as security but this has been rejected as the property sits on a long ground lease.

Council officers have investigated this change in policy with High Street bank representatives and can confirm that this change of bank lending policy appears to apply to the main High Street banks. This change in policy would have implications for future ground lease transactions and it is intended to raise this further with the banking sector and other Councils.

In order for A Miller Electrical Ltd to secure funding and proceed with its business expansion it requires to have outright ownership of the property and has requested that

the Council disposes of its title to the company. The financial plan submitted by the company has been checked by Business Support officers and can confirm that the proposals appear valid and realistic. By agreeing to do this the Council would be assisting a forward looking local business to grow and will enable the creation of 4 new jobs as well as supporting 3 new apprenticeships.

As A Miller Electrical Ltd has effectively paid a capital value for the ground by way of a grassum there is little value left in the ground lease itself, however there is clearly a benefit to the company in securing outright ownership of the property and the company will pay a premium of £5,000 to reflect this. Notwithstanding the change in bank policy it is considered that this proposal is justified on the basis of the investment planned and economic benefits that will result.

3.4 Implications

Financial

There are no ongoing financial implications to the Council

Legal

The proposal will be subject to the conclusion of formal missives of sale.

Planning

There are no planning issues.

Consultation

Local members have been consulted in connection with the proposal and have not raised any issues.

3.5 Recommendations

It is recommended that Committee:-

- (i) Approves the disposal of the long ground leases at 6 & 8 Dundas Street, Grangemouth to A Miller Electrical Ltd for a premium of £5,000, subject to the conclusion of missives; and**
- (ii) Agrees that the change in banking policy with respect to lending to occupants of leased property be raised further with the banking sector and other Councils.**