

Finance and Resources Committee

2.00pm, Thursday, 18 August 2016

Proposed sale of site at Ardmillan Terrace, Edinburgh

Item number	8.8
Report number	
Executive/routine	Routine
Wards	7 - Sighthill/Gorgie

Executive summary

The Council and NHS Lothian (NHSL) are undertaking a joint disposal of Springwell House. Due to complex title issues associated with the site of the neighbouring Breast Screening Clinic, there has been a delay in completion of the sale. Provisional agreement has been reached for the sale of the Breast Screening Clinic site to the NHSL which will allow the sale of Springwell House to complete.

This report seeks authority to dispose of the Breast Screening Clinic site to NHSL on the main terms set out in the report.

Links

Coalition pledges	P41
Council priorities	CP2 , CP3
Single Outcome Agreement	SO2

Proposed sale of a site at Ardmillan Terrace, Edinburgh

Recommendations

- 1.1 That Committee:
 - 1.1.1 Approves the disposal of the Breast Screening Clinic site, Ardmillan Terrace, to NHSL on the main terms outlined in the report and on other terms to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 Springwell House, shown coloured pink on the attached plan, is jointly owned by the Council and NHSL and in mid-2013 it was marketed for sale. The Council undertook the marketing on behalf of the joint owners and the property is under offer for conversion to residential at a purchase price of £2.027m split 60/40 in the Council's favour.
- 2.2 The original extent of the Council's title to Springwell House site is shown edged red on the attached plan.
- 2.3 In the early 1990s, a rationalisation of the site was undertaken to reflect different uses across the site and in September 1993 the Property Sub-Committee of the Policy and Resources Committee approved the disposal, by the then Lothian Regional Council, of a site for a Breast Screening Clinic, the medical centre and a number of car parking spaces to the Lothian Health Board, predecessor to NHSL. The aggregate sale price was £45,000.
- 2.4 The site now comprises four elements; Springwell House itself, the medical centre, owned and occupied by a GP surgery (shown coloured yellow on the attached plan), public toilets, owned by the Council and currently vacant (shown coloured blue on the attached plan) and the site of the Breast Screening Clinic, owned by the Council but occupied by NHSL (shown coloured green on the plan).
- 2.5 During the negotiation of the legal documentation for the sale of Springwell House it was discovered that the sale of the site of the Breast Screening Clinic was never completed, although title of the medical centre and car parking areas did transfer. It is not known why the sale of the Breast Screening Clinic site did not settle and there is no record of the £45,000 purchase price having been paid to the former Lothian Regional Council or its successor.

- 2.6 NHSL has not been willing to progress the sale of Springwell House until the issue of the Breast Screening Clinic site has been resolved. NHSL has requested that the transfer now be undertaken but has insisted that the original price, agreed in 1993, of £45,000 be the transfer value.
- 2.7 Neither NHSL nor the Council can find details of how the £45,000 was arrived at but there is some evidence to indicate that it was based on residential development value as at 1993.
- 2.8 An independent valuation of the Breast Screening Clinic site as at September 2015, is £525,000. This is based on current development value of the site.
- 2.9 The Council's position has been predicated on achieving best value and accordingly the Council proposed that an up-to-date market value be the basis of transfer rather than 1993 values. Given the material difference in approach negotiations became protracted.
- 2.10 During this time no further progress with the sale of Springwell House has been possible and its condition is deteriorating.

Main report

3.1 NHSL are not prepared to accept the sale of Breast Screening Clinic site based on current valuation and the disposal of Springwell House is now at risk. Consequently, in an attempt to unlock the impasse, it is proposed that the original price of £45,000 be subject to an indexation uplift and that the development value due to the Council be protected through a clawback agreement.

3.2 Accordingly, provisional agreement has been reached with NHSL on a sale of the site subject to the following main terms:

- Purchaser:** NHS Lothian.
- Price:** £45,000 increased in line with RPI index from 13 September 1993 to the date of sale. This figure is likely to be in excess of £82,000.
- Clawback Agreement:** A clawback agreement would be entered into for a period of 10 years from December 2015. This agreement would entitle the Council to 100% of any uplift in value on a sale by NHS Lothian within the clawback period.
- Timescale:** The sale would take place at the same time as the joint sale of Springwell House.
- Council Costs:** Each party to meet their own legal fees and costs. NHS Lothian to pay the Council's Corporate Property Cost (CPC) capped at £2,000.
- Springwell House:** It is an essential condition of the sale that NHS Lothian progress with the disposal of Springwell House.

Measures of success

- 4.1 The joint disposal of Springwell House would be achieved upon the disposal of the Breast Screening Clinic site to NHS Lothian.
- 4.2 This agreement would remove the liability for a deteriorating vacant building.

Financial impact

- 5.1 A capital receipt of £45,000 increased in line with RPI on the date of sale, linked to the Wester Hailes Healthy Living Centre development, to be secured in 2016/17.
- 5.2 The sale will also enable the sale of Springwell House to be completed. The receipt from Springwell House is also linked to the Wester Hailes Healthy Living project.

Risk, policy, compliance and governance impact

- 6.1 The proposed disposal will formalise the title position. There is a risk, as in any disposal, that the sale does not complete, leaving Springwell House vacant and deteriorating. NHS Lothian has indicated that it will not complete the sale of Springwell House without an agreement on the transfer of title of the Breast Screening Clinic site.

Equalities impact

- 7.1 By selling this land to NHS Lothian, the right to legal security will be enhanced by the transfer of the legal title to the current occupiers of the site.
- 7.2 As the sale is an off market transaction, there is a potential infringement of the rights of interested parties. Given the complications in title, it is unlikely that another purchaser would be interested. In any event, any potential impact is considered to be proportionate and justifiable given the much greater impact on the potential loss of the Clinic facility if the land was sold to another.
- 7.3 The sale would result in the development of a vacant deteriorating listed building. Redevelopment would supply a beneficial use providing homes in the local area. This will enhance the right to physical security
- 7.4 Conversion to residential is the likely use for Springwell House – this enhances the right to participation, influence and voice.

Sustainability impact

- 8.1 The disposal of this land will have no impact on sustainability because the sale will formalise the existing position.

Consultation and engagement

- 9.1 The title issues show unclear ownership. NHS Lothian as the affected other party has been fully involved throughout the negotiations.

Background reading/external references

[1993 Committee Report](#)

Hugh Dunn

Acting Executive Director of Resources

Contact: Debbie Scott, Estates Surveyor

E-mail: debbie.scott@edinburgh.gov.uk | Tel: 0131 529 5928

Links

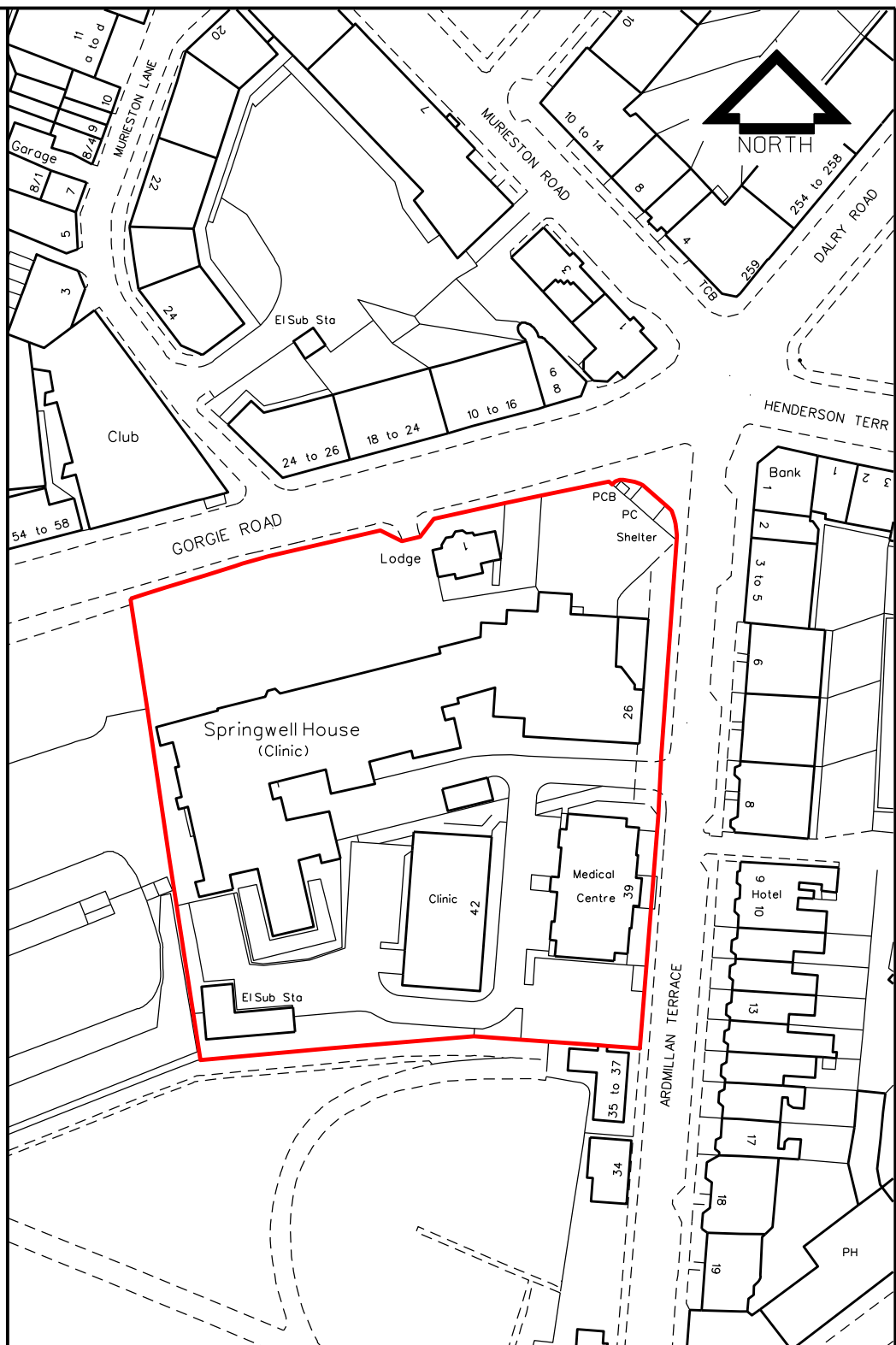
Coalition pledges	P41 - Take firm action to resolve issues surrounding the Council's property services.
Council priorities	CP2 - Improved health and wellbeing: reduced inequalities. CP3 - Right care, right place, right time.
Single Outcome Agreement	SO2 – Edinburgh's communities are safer and have improved health and well being, with reduced inequalities in health.
Appendices	Appendix 1 - Location Plan



SPRINGWELL HOUSE SHOWN COLOURED PINK	PUBLIC TOILETS SHOWN COLOURED BLUE
BREAST CLINIC SHOWN COLOURED GREEN	MEDICAL CENTRE SHOWN COLOURED YELLOW

RIGHT OF ACCESS SHOWN HATCHED BLACK

SITE PLAN SCALE 1:500



LOCATION PLAN SCALE 1:1250

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
Ownerships 26 Ardmillan Terrace Edinburgh	
DATE	28/06/2016
SURVEYED BY	FM/NR
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT 2372/A3/1317 D

THIS MAP IS REPRODUCED FROM ORDNANCE SURVEY MATERIAL WITH PERMISSION OF ORDNANCE SURVEY ON BEHALF OF THE CONTROLLER OF HER MAJESTY'S STATIONARY OFFICE CROWN COPYRIGHT. UNAUTHORISED REPRODUCTION INFRINGES CROWN COPYRIGHT LICENCE NUMBER 100023420. CITY OF EDINBURGH 2016 AND MAY LEAD TO PROSECUTION OR CIVIL PROCEEDINGS.