

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

Proposed sale of site at Ardmillan Terrace, Edinburgh

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| 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.

The original report for the proposed sale was continued by Committee, on 18 August 2016, to allow the proposed sale value to be reconsidered by the Council and NHSL.

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

Links

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| Coalition Pledges | P41 |
| Council Priorities | CP2 , CP3 |
| Single Outcome Agreement | SO2 |

Proposed sale of a site at Ardmillan Terrace, Edinburgh

1. Recommendations

That Committee:

- 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.

2. 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 has proved impossible to establish 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 On 18 August 2016, the Finance and Resources Committee considered a report recommending the sale of the Breast Screening Clinic, but continued the report to allow further consideration of the transfer value.

3. Main report

- 3.1 Neither NHSL nor the Council can find details of how the £45,000 was arrived at but there is evidence to indicate that it was based on residential development value as at 1993. An independent valuation of the Breast Screening Clinic site, as at September 2015, is £525,000, based on current development value of the site.
- 3.2 Further discussions have taken place between senior officials from the Council and NHSL. There is clear evidence that the intention of the parties was to transfer the asset in 1993 and NHSL have been in occupation and maintaining the building since that time. Consequently, it is proposed to honour the 1993 position, however the Council will receive interest on the purchase price from that time and impose a clawback on a future sale should the asset be sold within 10 years.
- 3.3 The main terms and conditions of the sale are:
- **Purchaser:** NHS Lothian;
 - **Price:** £45,000 increased in line with RPI index from 13 September 1993, to the date of sale. This figure will 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; and
 - **Council Costs:** Each party to meet their own legal fees and costs. NHS Lothian to pay the Council's property costs capped at £2,000.

4. Measures of success

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

5. Financial impact

- 5.1 A capital receipt of £45,000 increased in line with RPI on the date of sale, to be secured in financial year 2016/17.
- 5.2 .

6. 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. NHS Lothian have agreed to complete the sale of Springwell House separately to the Breast Screening Clinic site, however, it is proposed that the transfer of the Breast Screening Clinic site continues on the terms and conditions detailed in this report.

7. 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.
- 7.1 Conversion to residential is the likely use for Springwell House – this enhances the right to participation, influence and voice.

8. Sustainability Impact

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

9. 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.

10. Background reading/external references

- 10.1 [1993 Committee Report](#)

Hugh Dunn

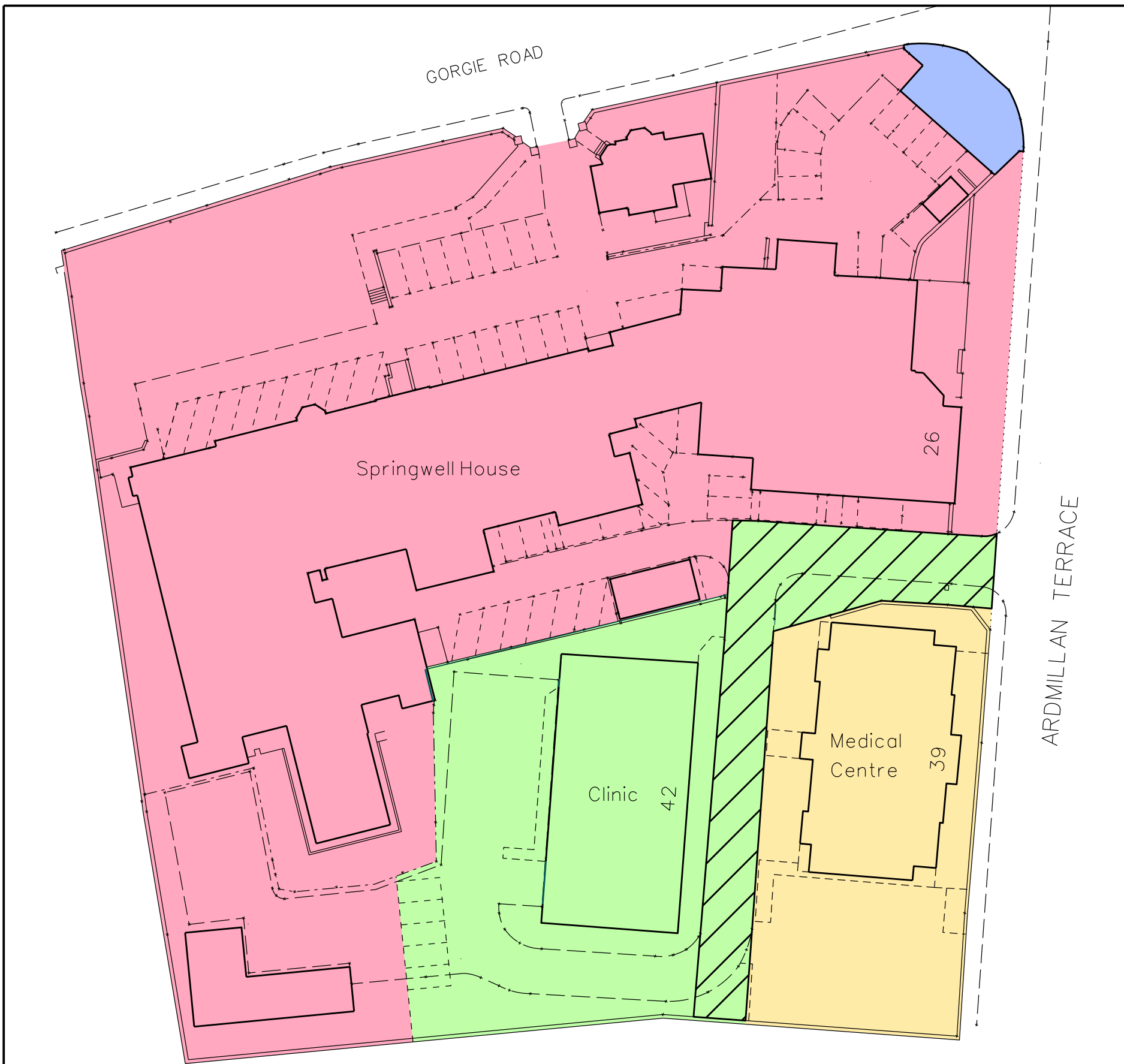
Acting Executive Director of Resources

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11. Links

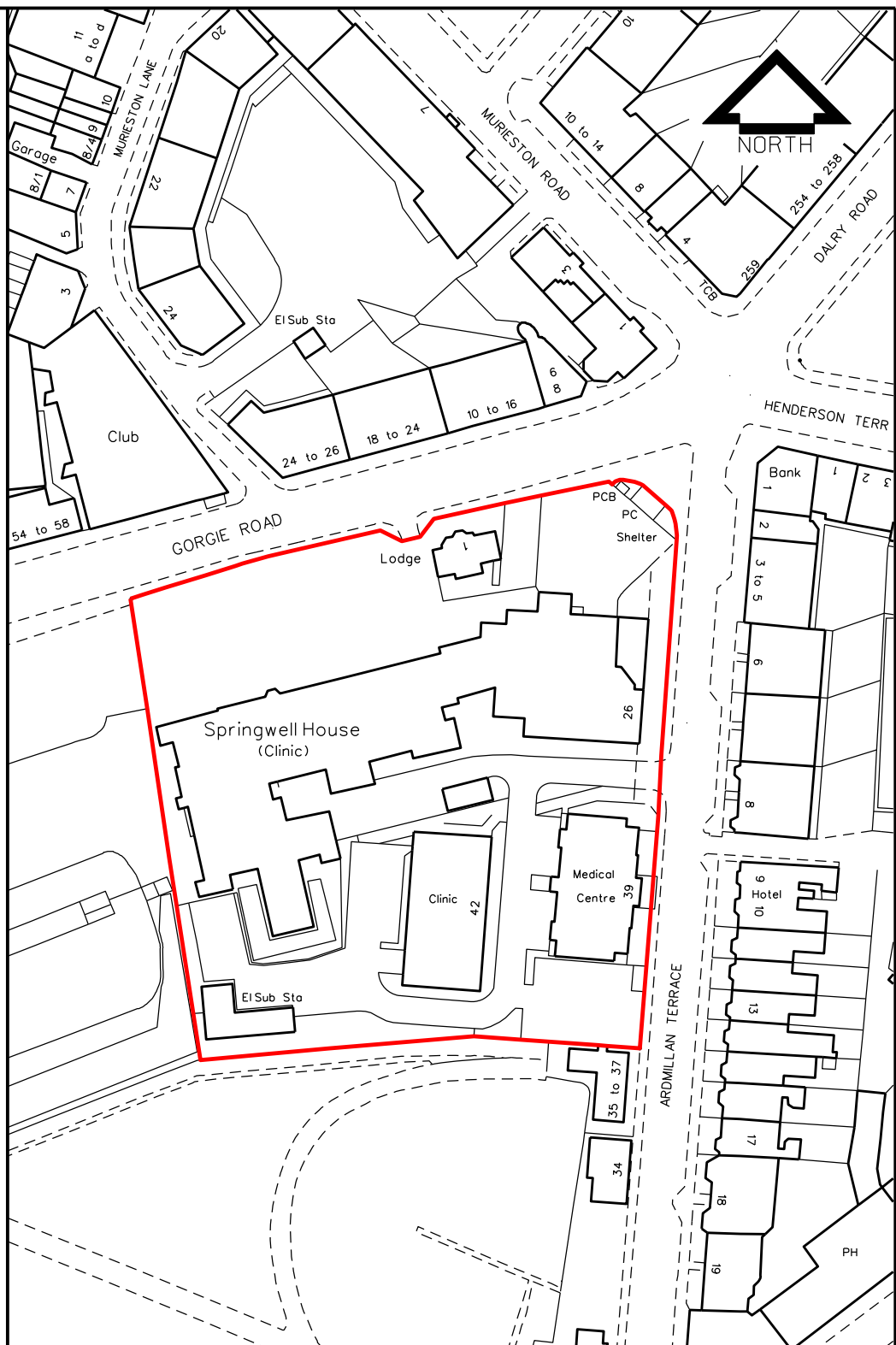
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| Coalition Pledges | P41 - Take firm action to resolve issues surrounding the Council's property services. |
| Council Priorities | CP2 - Improved health and wellbeing: reduced inequalities. CP3 - Right care, right place, right time. |
| Single Outcome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



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| 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



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| • 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 |