

Finance and Resources Committee

10.00am, Thursday, 23 May 2019

200 Bonnington Road, Edinburgh – Proposed Disposal

Executive/routine	Routine
Wards	
Council Commitments	10

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves the sale of the former offices at 200 Bonnington Road to Platform on the terms and conditions as outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources; and
- 1.1.2 Notes that the property has been leased, on a temporary basis, to the Tram to Newhaven Project Team.

Stephen S. Moir

Executive Director of Resources

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200 Bonnington Road, Edinburgh – Proposed Disposal

2. Executive Summary

- 2.1 As part of the rationalisation of the Council estate, the offices at 200 Bonnington Road has been vacated with the service teams relocated principally to the North East Locality Office.
- 2.2 The property will be temporarily occupied, during the early contractor involvement phase, by the Tram to Newhaven project team.
- 2.3 Property developer Platform has secured a legal position for residential development on two adjoining sites and has made an offer to purchase the Council property.
- 2.4 This report seeks approval to dispose of the property to Platform on the terms and conditions outlined in the report.

3. Background

- 3.1 A key element of the Asset Management Strategy (AMS), approved at Finance & Resources Committee on 24 September 2015, is to create a fit for purpose, right sized estate. To achieve this, the Estate Rationalisation workstream has identified several buildings which could be released to reduce the size of the office estate.
- 3.2 One of those opportunities is the offices at Bonnington Resource Centre, 200 Bonnington Road. The building is situated on a site which extends to approximately 0.215 hectares (0.531 acres) as shown outlined in red on the attached plan as appendix 1.
- 3.3 Releasing the building would support the AMS objectives by:
 - reducing the size of the estate;
 - creating savings in property running costs to apply against AMS Estate Rationalisation targets; and
 - creating an opportunity for a capital receipt to apply against targets in the Investment Optimisation work stream;
- 3.4 The North East cluster teams are split over the locality in the Bonnington Centre, the Fort, Leith Community Treatment Centre and the North East local office in

Craigmillar. Due to the availability of vacant space, the Bonnington team has opted to co-locate with other teams in the North East locality office.

- 3.5 As this makes the offices at Bonnington surplus to operational requirements, the Tram to Newhaven Project Team has identified the Bonnington centre as being a suitable office for the early contractor involvement phase and has been granted occupation on a short term temporary basis from 1 April 2019.

4. Main report

- 4.1 To the north of the property, the former John Lewis depot has recently been marketed for residential development. The site, in part, adjoins the boundary of the Council property. Property developer, Platform, has secured preferred bidder status on that site and have also agreed terms for the purchase of a smaller site which also adjoins the Council property. The areas where Platform has secured an interest are shown outlined in blue on the attached plan at appendix 1.
- 4.2 Subsequently, due to their adjacent owner status, Platform has approached the Council with an offer to purchase the property at 200 Bonnington Road for the purposes of land assembly. This will permit the wider site to be master planned for what will be a residential led redevelopment of the wider area.
- 4.3 Provisional terms have been agreed with Platform as follows:
- Subjects: Former Bonnington Resource Centre, 200 Bonnington Road;
 - Purchaser: Platform;
 - Purchase Price: £1,350,000 inclusive of Council property costs and legal fees;
 - Leaseback: The Council will lease back the premises from the date of sale for £1 per annum to allow occupation by the Tram project team. This lease will end no later than 31 August 2020.
- 4.4 The offer is to purchase the property in its current condition with no deductions from the price for demolition and/or abnormal costs. In addition, Platform are prepared to purchase the property prior to planning permission being obtained for the residential led development of which it will form part.
- 4.5 The Council will lease back the property, at a nominal rent, to allow occupancy by the Tram Project Team with the Tram project liable for all occupation costs of the building. This will allow the Tram Project team to meet their contractual obligations in terms of the early contractor involvement phase.

5. Next Steps

- 5.1 Missives will be completed prior to the date of the Committee. The costs and risk for this will sit with Platform. The missive will be conditional on Committee approval and the sale of the property will complete shortly thereafter.

6. Financial impact

- 6.1 The Council instructed Jones Lang LaSalle to provide an independent valuation of the property to ensure that the offer received from Platform represented best value and included an uplift to reflect any marriage value realised from a sale to an adjacent proprietor. The valuation reported a figure of £1.1m.
- 6.2 The sale will produce a receipt of £1.35m, inclusive of costs, and added to the unconditionality of the offer creates a significant net return to the Council. The receipt will be decapitalised to create revenue savings credited to the ASM workstream.
- 6.3 Vacating the property will also produce a revenue saving of circa £107k per annum. Whilst the Council remains the tenant of the property these costs will be passed to the Tram Project Team effectively creating this saving from the date they took entry on 1 April 2019. The costs will be contained within the overall cost of the York Place to Newhaven project.

7. Stakeholder/Community Impact

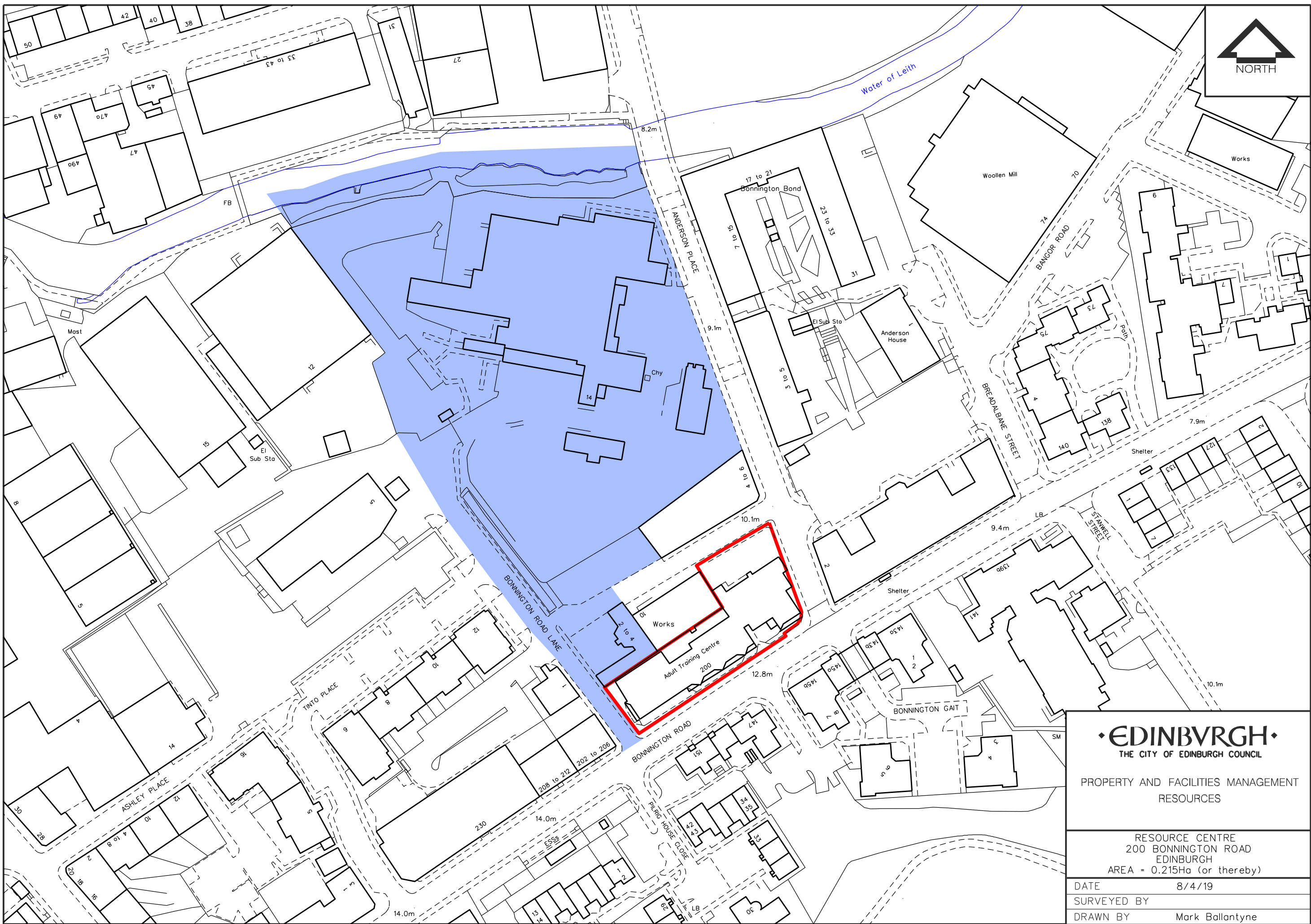
- 7.1 Ward elected members have been made aware of the recommendations of this report.

8. Background reading/external references

- 8.1 N/A.

9. Appendices

- 9.1 Appendix 1 – Location Plan



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PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
RESOURCE CENTRE 200 BONNINGTON ROAD EDINBURGH AREA = 0.215Ha (or thereby)	
DATE	8/4/19
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/2040a

SITE PLAN

SCALE 1:1250

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