Glasgow City Council
Executive Committee
Report by Director of Development and Regeneration Services
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Proposed Sale of Council's Feuhold Interest at 231 Shawbridge Street and Renunciation of Existing Long Lease and Grant of New Monthly Missive of Let of 9 Shawbridge Arcade

Purpose of Report:
1. 231 Shawbridge Street - Proposed Sale of Council's Feuhold Interest
2. 9 Shawbridge Arcade - Proposed Renunciation of Existing Long Lease and Grant of New Monthly Missive of Let

Recommendations:
1. That the Executive Committee approves the sale of the Council’s feuhold interest in the subjects at 231 Shawbridge Street on the terms and conditions outlined in this report.
2. That the Executive Committee approve the renunciation of the existing long lease and grant of new monthly missive of let in respect of the subjects at 9 Shawbridge Arcade on the terms and conditions outlined in this report.

Ward No(s): Citywide:
Local member(s) advised: Yes No Consulted: Yes No

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1. **INTRODUCTION**

1.1 The subjects at 231 Shawbridge Street and 9 Shawbridge Arcade comprise two public houses both held on long leases by Kelvinbridge Ltd, details as follows:-

1.1.1 231 Shawbridge Street – long lease terminating at 2033. Current rental £9,400 per annum, next review August 2008.

1.1.2 9 Shawbridge Arcade – long lease terminating at 2029. Current rental £14,200 per annum, next review October 2009. The tenant has the right to renew the lease for a further period of 40 years from the date of termination.

2. **BACKGROUND**

2.1 As part of the wider regeneration proposals for the Pollokshaws area the Council is considering the possible demolition of the Shawbridge Arcade which is now both physically and functionally obsolete. The Council’s strategy in this regard has been to seek to negotiate the surrender of long leases within the Arcade in order to minimise any compensation that might be required in the event of the Arcade being demolished. The public house at 9 Shawbridge Arcade is one of only four long leases still remaining and the opportunity has presented itself to enable the Council to terminate the existing lease but retain the tenant on a short term missive of let.

3. **PRESENT POSITION**

3.1 The opportunity has arisen as a result of Kelvinbridge Ltd’s desire to purchase the Council’s feuhold interest in the other public house which it operates at 231 Shawbridge Street and after lengthy negotiations the following terms and conditions have been agreed:-

3.1.1 The Council shall dispose of its feuhold interest to Kelvinbridge Ltd at 231 Shawbridge Street.

3.1.2 In return Kelvinbridge Ltd shall renounce their existing lease of the subjects at 9 Shawbridge Arcade and be granted a new monthly missive at a rental of £1,180 per month.

3.1.3 The respective transactions shall be carried out at nil consideration.

3.1.4 Each party shall bear its own costs in respect of this matter.

3.1.5 The transactions shall be subject to all other usual and necessary clauses.

4. **OBSERVATIONS**

4.1 Kelvinbridge Ltd appointed Christie & Co, Valuers to carry out valuations of their respective interests based on their acquisition of the Council’s interest at Shawbridge Street and the sum Kelvinbridge Ltd would be due from the Council if it had to compulsorily acquire 9 Shawbridge Arcade. These valuations showed a net loss to Kelvinbridge Ltd of some £30,000 which they were seeking as a capital sum from the Council in order for both transactions to proceed. Kelvinbridge Ltd was also seeking payment of all its fees incurred in the transaction.
4.2 This approach is not unreasonable and would in fact have applied if compulsory purchase powers had been invoked. It was pointed out however that the Council whilst keen to secure the renunciation of the lease at Shawbridge Arcade might not require to do so for some time (dependent on the timing of the redevelopment proposals) and the Council would not therefore be prepared to pay a capital sum in this regard.

4.3 It was finally accepted that the opportunity arose at this time for both parties to achieve their aims through negotiation with Kelvinbridge Ltd subsequently agreeing to the terms and conditions outlined earlier in this report.

4.4 The sale of the Council’s interest at 231 Shawbridge Street will have very little impact on the wider regeneration proposals, however the surrender of the long lease of the premises within Shawbridge Arcade will benefit the Council when the regeneration plans come to fruition.

4.5 The Council will also have the benefit of a short term lease in the interim whereby the tenant shall remain in occupation and the Council shall continue to receive an income from the property.

5. SERVICE IMPLICATIONS

Financial: The Council’s rent roll shall reduce by some £23,600 per annum.

Legal: The Property Law Section of the Chief Executive’s Department shall be required to conclude the documentation.

Personnel: N/A

Environmental: N/A

Service Plan: Objective 5 – Property Optimisation

Development and Regeneration Services
TD
27 February 2007