

South Ayrshire Council

**Report by Head of Property and Risk
to Leadership Panel
of 15 March 2016**

Subject: Proposed Extension of Ground Lease at Ladywell Avenue, Grangestone Industrial Estate, Girvan

1. Purpose

- 1.1 The purpose of this report is to seek consent to extend the term of the existing ground lease in favour of Land Energy Girvan Ltd for a further 15 years from 2021 to 2036 and increase the area occupied under the lease.

2. Recommendation

2.1 It is recommended that the Panel:

- 2.1.1 approves the extension the ground lease to Land Energy Girvan Ltd for a further 15 years from 2021 to 2036;**
- 2.1.2 approves the increase in the area occupied under the lease to Land Energy Girvan Ltd by a further 10,200 sqm or thereby as shown highlighted on the plan comprising Appendix 1, at the revised level of rent to £8,000 per annum and otherwise on the existing terms and conditions; and**
- 2.1.3 grants delegated authority to the Executive Director – Resources, Governance and Organisation to conclude a Minute of Variation to the terms of the existing lease to reflect these changes.**

3. Background

- 3.1 Land Energy Girvan Ltd opened their wood pellet, boiler and biomass business in the former Chilton Textile factory on the Grangestone Industrial Estate, Girvan in 2011. The ground is held in private ownership.
- 3.2 In order to provide adequate storage of timber to ensure continuity of manufacture a 10 year ground lease was agreed with the Council on 28 August, 2011 over an adjoining area of land which extends to 17,900 sqm as shown in Appendix 1. The passing rent is currently £4,500 per annum and there are 3 yearly rent reviews. The rent will be reviewed on 28 August 2017.

- 3.3 In order to achieve their expansion aims the company have approached the Council with a view extending their current ground lease by an additional 15 years to May 2036 which would bring it in line with the lease of their factory premises.
- 3.4 The company has also requested that an additional area of land be included within the existing lease. The additional area extends to 10,200 sqm or thereby and is shown highlighted on the plan in Appendix 1. The total area the tenants would lease from the Council therefore would equate to 28,100 sqm or thereby.
- 3.5 The tenants have provisionally agreed to accept a revised rent of £8,000 per annum for the lease of 28,100 sqm to coincide with the completion of the Minute of Variation extending the lease.
- 3.6 It should be noted that the lease of this additional area of land will result in all the Council's non-operational land and buildings at Grangestone Industrial Estate being leased out.
- 3.7 The development on the current leased ground has planning permission. The Council's Planning Service has confirmed that the erection of new facilities on the additional land will require planning permission. . The proposed extended area for lease lies within the Grangestone Industrial Estate where the local development plan encourages new business or industrial development. Any new development proposals on the extended lease area will require to be screened as to whether the proposals require Environmental Assessment and environmental implications will be considered through the planning application process.

4. Proposals

- 4.1 Land Energy Girvan Ltd are proposing a production capability upgrade which will support the long term future of the plant and increase the number of local people employed. In order to achieve this they require an extension to the current lease together with an additional area of land.
- 4.2 It is proposed to conclude a Minute of Variation to the terms of the existing lease which extends the current lease by a further 15 years from 2021 to 2036 and increases the area occupied by 10,200 sqm. in addition to the 17,900 sqm of land they currently lease thereby equating to a total of 28,100 sqm. To reflect these changes it is proposed that the annual rent be increased to £8,000.
- 4.3 Delegated authority is required for the Executive Director - Resources, Governance and Organisation to conclude the Minute of Variation on these terms.

5. Legal and Procurement Implications

- 5.1 The recommendations in this report are consistent with legal requirements. Legal Services will be required to draft the formal documentation.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 The rental income stream to the Council will be extended for an additional 15 years and increased by an additional £3,500 per annum.

7. Human Resources Implications

- 7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1. Development proposals that the lease may bring forward for the site will require to be considered by the Council as planning authority. The agreement to the lease is made without prejudice to the planning considerations of the proposals. .

8.2 *Risk Implications of Rejecting the Recommendations*

- 8.2.1 There is a risk that the Council would not supporting its strategic objective of 'Maximise the potential of our local economy' and within that the outcome 'Businesses and social enterprises are supported to set up, thrive and expand'.

9. Equalities

- 9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 2.

10. Sustainable Development Implications

- 10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.
- 10.2 Any development proposals that come forward for the site will be screened as to whether an Environmental Assessment is required.

11. Options Appraisal

- 11.1 An option appraisal has not been carried out in relation to this proposal.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to the Council strategic objective of 'Maximise the potential of our local economy' and within that to the outcome 'Businesses and social enterprises are supported to set up, thrive and expand'. It also contributes to the Council strategic objective of 'Maximise the potential of our environment' and within that to the outcome 'We work towards a sustainable, low carbon future'; and the Council strategic objective 'Ensure assets are fit for purpose' through improved asset management planning.

13. Results of Consultation

- 13.1 There has been no public consultation in relation to the contents of this report.
- 13.2 Consultation has taken place with Councillor Robin Reid, Portfolio Holder for Resources and Performance and the contents of this report reflect any feedback provided.

14. Next Steps for Decision Tracking Purposes

- 14.1 If the recommendations above are approved by Members, the Head of Property and Risk will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

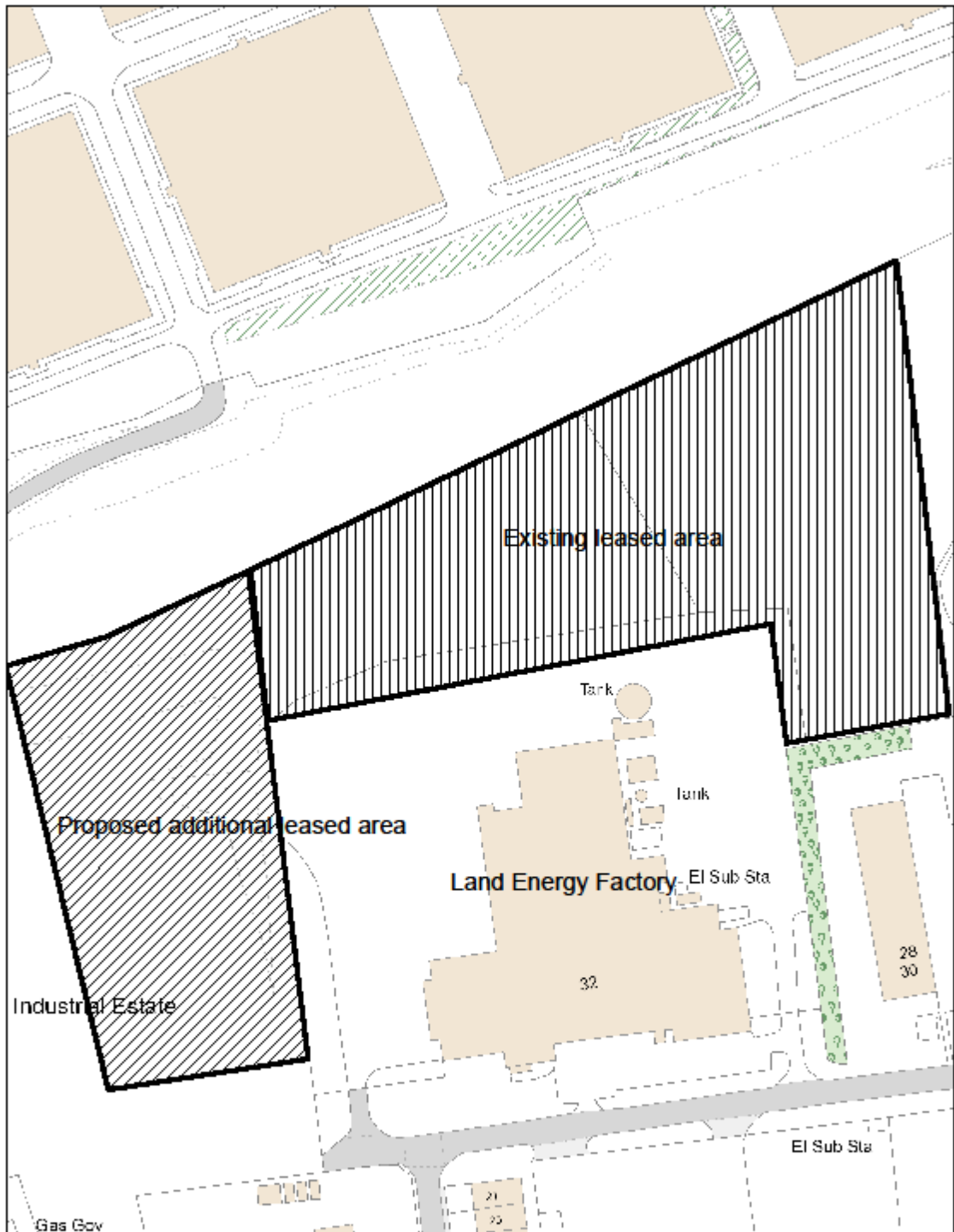
Implementation	Due date	Managed by
The Minute of Variation to the lease will be concluded	30 September 2016	Head of Property and Risk

Background Papers **None**

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Date: 4 March 2016



Location Plan, Land Energy Girvan, Ladywell Avenue, Girvan

Scale 1:1500



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South Ayrshire Council Equalities Scoping Template

1. Policy details

Policy Title Proposed Extension of Ground Lease at Ladywell Avenue, Grangestone Industrial Estate, Girvan	Lead Officer Donald Gillies
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2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community, Groups of People or Themes	Negative Impacts	Positive impacts
The whole community of South Ayrshire	No	No
People from different racial groups, ethnic or national origin.	No	No
Women and/or men (boys and girls)	No	No
People with disabilities	No	No
People from particular age groups for example Older people, children and young people	No	No
Lesbian, gay, bisexual and heterosexual people	No	No
People who are proposing to undergo, are undergoing or have undergone a process to change sex	No	No
Pregnant women and new mothers	No	No
People who are married or in a civil partnership	No	No
People who share a particular religion or belief	No	No
Thematic Groups: Health, Human Rights, Rurality and Deprivation.	No	No

3. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes	Level of Negative and/or Positive Impact (high, medium or low)
Eliminate discrimination and harassment faced by particular communities or groups	-
Promote equality of opportunity between particular communities or groups	-
Foster good relations between particular communities or groups	-
Promote positive attitudes towards different communities or groups	-
Increase participation of particular communities or groups in public life	-
Improve the health and wellbeing of particular communities or groups	-
Promote the human rights of particular communities or groups	-
Tackle deprivation faced by particular communities or groups	-

4. Summary Assessment

Is a full Equality Impact Assessment required? (A full EIA must be carried out on all high and medium impact policies)		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
Rationale for decision: The proposal does not have a significant negative or positive impact on any particular group			
Signed :	Donald Gillies	Head of Service	
Date:	11 February 2016	Copy to equalities@south-ayrshire.gov.uk	