

# Finance and Resources Committee

10.00am, Friday, 1 February 2019

## Tower Street Depot – Proposed Disposal

Item number	8.2
Report number	
Executive/routine	Routine
Wards	13 - Leith
Council Commitments	<a href="#">C2.</a>

### Executive Summary

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The Depot Gateway Review presented to Finance and Resources Committee, on 4 December 2018, reported potential opportunities to reduce the number of depot sites from 19 to 6, delivering capital receipts and associated revenue benefits in line with council outcomes.

Tower Street Depot has been identified as being surplus to requirements. Barratt Homes Limited, who has a conditional contract on the adjoining site, has made a direct approach to the Council to purchase the Tower Street site.

This report seeks authority to dispose of the former depot site to Barratt Homes Limited on the main terms set out in the report.

## Tower Street Depot – Proposed Disposal

### 1. Recommendations

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- 1.1 That Committee:
  - 1.1.1 Approves the sale of the former depot site at Tower Street to Barratt Homes Limited on the terms and conditions outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

### 2. Background

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- 2.1 Tower Street Depot was a former railway goods yard and coal depot until the 1960s when the site was decommissioned. Traditionally this area of Leith was dominated by heavy industry with close links to Port of Leith activities. Over the passage of time residential development has gradually progressed towards the dockyard area.
- 2.2 The site extends to approximately 0.767 hectares (1.895 acres), as shown outlined in red on the attached plan, and was latterly used by the council for salt storage. At present, the site is occupied by NSL Ltd who operate the car compound on behalf of the Council. The relocation of the car compound is ongoing as part of the depot strategy.
- 2.3 The Depot Gateway Review report to the Finance and Resources Committee, on 4 December 2016, highlighted the direction of travel and the opportunities to rationalise the estate and where appropriate generate capital receipts for reinvestment assist. This process identified Tower Street as surplus to requirements.
- 2.4 Barratt Homes Limited (Barratt) has secured a purchase contract, conditional on planning permission, on the Travis Perkins site on Salamander Street which adjoins the Tower Street depot as shown on the attached plan.
- 2.5 Barratt has made a direct approach to the Council to acquire the Tower Street site for residential development and create an extension to their Salamander Street scheme.

### 3. Main report

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- 3.1 Tower Street Depot is technically difficult to develop in isolation due to the shape of the site and restricted access. To maximise returns the Council entered into direct negotiations with Barratt.
- 3.2 In order to ensure the Council is achieving best value the District Valuer was appointed to provide an independent valuation. This valuation confirmed that the negotiated purchase price represents market value. In addition, the report concluded that this figure would not be achieved if the Tower Street site was developed in isolation.
- 3.3 Barratt intend to submit a planning application to develop 93 units on the Tower Street site, of which 23 will be affordable tenure.
- 3.4 The provisionally agreed terms for the disposal of the property are as follows:
- |                 |   |
|-----------------|---|
| Purchaser:      | Barratt Homes Ltd;  |
| Price:          | £2,840,000 with a guaranteed minimum price of £1,350,000;   |
| Overage:        | Sales revenue overage will apply when the aggregate price exceeds the base value plus cost inflation;   |
| Conditionality: | i) The offer is conditional upon Barratt Homes Ltd completing their acquisition of Travis Perkins site;<br><br>ii) Planning permission being received for the proposed development;<br><br>ii) Satisfactory site investigation reports, settlement of abnormal costs and purification of suspensive conditions;<br><br>ii) Barratt Homes Main Board Approval; |
| Fees            | The purchaser is to meet the Council's reasonable legal fees and Property Costs of 2.5% of the purchase price.  |
- 3.5 The differential between the gross and minimum price reflects the potential for a significant level of abnormal costs due to ground conditions. These will be agreed between the parties, on an open book basis.

### 4. Measures of success

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- 4.1 A successful sale of the site will produce a capital receipt to contribute towards the upgrade of the depot estate.

- 4.2 A residential development of the site will contribute much needed homes, including affordable accommodation.

## **5. Financial impact**

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- 5.1 A guaranteed minimum capital receipt of £1.35 million will be paid in two equal instalments the first in financial year 2019/20 and the second 18 months later.
- 5.2 The capital receipt forms part of the business case for the depot review.

## **6. Risk, policy, compliance and governance impact**

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- 6.1 There is a risk that Barratt do not receive planning consent for the adjoining site and thereafter the Tower Street site. This will result in continued holding costs to the Council and a delay in realising the capital receipt.

## **7. Equalities impact**

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- 7.1 The proposal in this report to dispose of a former depot property for residential development does not have a significant additional impact on people, equalities, the economy and the environment.

## **8. Sustainability impact**

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- 8.1 The proposed development will incorporate sustainable methods of construction and will meet current building standards.

## **9. Consultation and engagement**

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

## **10. Background reading/external references**

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- 10.1 [Depots Gateway Review – Finance and Resources Committee, 4 December 2018.](#)

**Stephen S. Moir**

Executive Director of Resources

Contact: Graeme McGartland, Investments Senior Manger

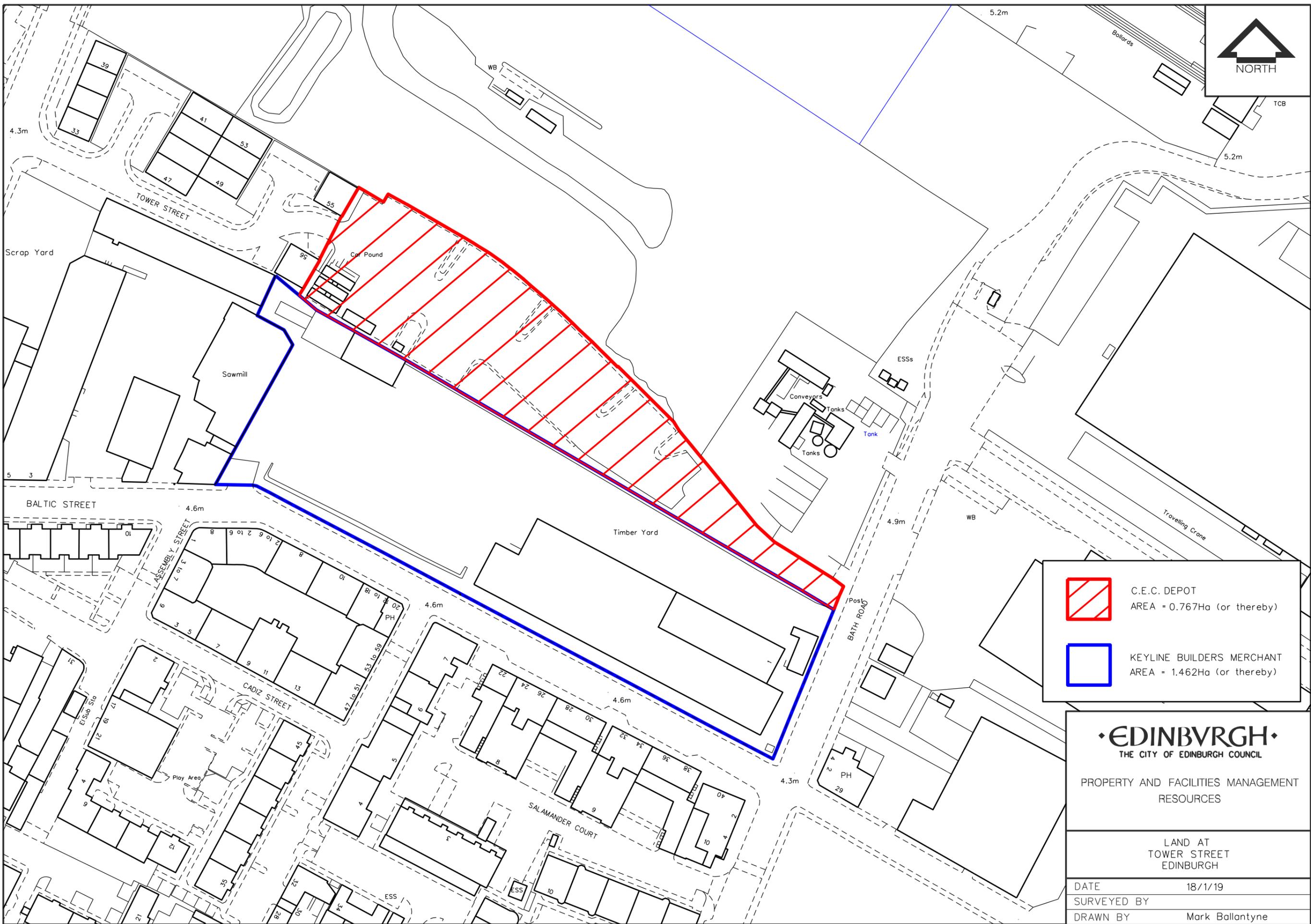
Property and Facilities Management Division, Resources Directorate

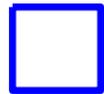
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## **11. Appendices**

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Appendix 1 – Location Plan



	C.E.C. DEPOT AREA = 0.767Ha (or thereby)
	KEYLINE BUILDERS MERCHANT AREA = 1.462Ha (or thereby)

**EDINBURGH**  
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT  
RESOURCES

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LAND AT  
TOWER STREET  
EDINBURGH

DATE	18/1/19
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1856a

SITE PLAN

SCALE 1:1250

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