

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 26 OCTOBER 2021

PROPERTY SALE – UNIT 4 BROOMFIELD INDUSTRIAL ESTATE, MONTROSE

REPORT BY ALISON SMITH, INTERIM DIRECTOR OF VIBRANT COMMUNITIES AND SUSTAINABLE GROWTH

ABSTRACT

This report relates to the sale of a vacant commercial property, Unit 4 Broomfield Industrial Estate, Montrose, which comprises a 18,622 sq ft industrial building.

1. RECOMMENDATIONS

It is recommended that the Committee:-

- (i) agrees to the sale of a vacant property at Unit 4 Broomfield Industrial Estate.
- (ii) Notes that the transaction will be conditional upon the following:-
 - a) Detailed legal terms and conditions being agreed by Angus Council
 - b) A detailed legal contract for the sale of the property being negotiated and documented.

2. ALIGNMENT TO THE ANGUS COUNCIL PLAN

This report contributes to the following priority contained within the Angus Council Plan 2021 – 2024:

Priority 1 Economy: We want Angus to be a 'go-to' area for business:-

- spend council money locally where we can help to grow our local economy
- support the creation of local, paid, and lasting job opportunities for our citizens
- make Angus a low-carbon, sustainable area
- support business and economic growth by improving the physical and digital infrastructure

Priority 4 Our Council: We want Angus Council to be efficient and effective:-

- develop a commercial approach where appropriate, to make the most of our limited resources

3. PROPOSALS

- 3.1 Angus Council's Commercial Property Portfolio held on the Economic Development account includes a number of large industrial units at Broomfield Industrial Estate, Montrose. Currently these are fully occupied, with the exception of Unit 2 & 4 Broomfield Industrial Estate. Unit 4 was vacated, in November 2020, by National Oilwell Varco and was immediately advertised on the open market for rental.

Unit 4 Broomfield Industrial Estate is part of a former aircraft hangar of timber and corrugated iron construction. The Unit has two original hanger doors providing access to the unit to a large open floor space with a concrete surface. The interior of the unit is in good condition for its age. A small block work building within the warehouse provides a toilet and wash hand basin. There is a single and three-phase electricity supply.

- 3.2 The property is category A listed and will require substantial refurbishment and maintenance in the medium term. This property, together with Angus Council's other commercial property holdings was identified in the Land and Property Report 2021- 2030 which was approved by committee on 18 March 2021 as being suitable for freehold disposal.

As a result, the property was formally declared surplus and Property consulted internally to establish if any other service had a desire for this property which they did not.

During initial discussions with the tenant, they asked if we would consider an offer to purchase the property. As we have an obligation to consider all purchase offers on our properties, we agreed to consider their offer.

- 3.3 The sale of any property asset is governed by Angus Council Financial Regulations Section 17.

The standing orders provide further guidance on procedural matters relating to the disposal of land and property matters, point 9: -

"Procedures for disposal of land/property held on the Economic Development Account. Almost by definition, all land/property held on the Economic Development Account could be considered as being on the market and available for disposal. There is therefore no need for further advertising/marketing in the event of an application to purchase being received. After the application has been recorded, the Chief Executive is to consider the appropriateness of any disposal and if deemed acceptable the request is to be referred to the Infrastructure Service to provisionally agree a selling price. If agreement cannot be reached then currently the matter ends, but if agreement can be reached then a report is to be made to the Policy and Resources Committee. Thus, with the recommendation being made by one directorate, the disposal price provisionally agreed independently, and the final decision made by committee, the disposal can be tracked and shown to be open and above board".

- 3.4 In the event we receive an offer to purchase a property we consult and are advised of the subject's Open Market Value by Angus Council's senior qualified Chartered Surveyor in order Angus Council follow Best Value protocol.

An Open Market Value which is defined as the price that the subject will sell for between a willing seller and willing purchaser, taking cognisance of the property's use (including planning) , physical condition and location. It assumes there are no legal encumbrances on the title and the property is sold with vacant possession (no one has a lease over it). It assumes a reasonable time for marketing. The value quoted is determined by recent market transactions which are deemed to be comparable in size and nature of the subject.

Once we have an Open Market Value, we make an offer to the prospective purchaser. As stated above, this property has been identified in our options appraisal of Angus Council's Commercial Property Portfolio as one which we would recommend disposing of in the short term. Given these factors and the current economic situation, we believe that this offer represents good value for the Council.

- 3.5 The business made a verbal offer and thereafter we agreed a Heads of Terms offer to buy the property. Once an offer is received, we consult with Angus Council's senior Chartered Surveyor and agree a recommendation before presenting the report to committee.

4. FINANCIAL IMPLICATIONS

Angus Council will receive the agreed purchase price of for the sale of Unit 4 Broomfield Industrial Estate, exclusive of any costs involved.

5. OTHER IMPLICATIONS

Not applicable.

6. EQUALITY IMPACT ASSESSMENT

Equality Impact Assessment Screening document attached in appendix 3

7. CONSULTATION

- 7.1 The Director of Infrastructure and Director of Legal and Democratic Services have been consulted in the preparation of this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

REPORT AUTHOR: MERLYN DUNN, MANAGER - ECONOMIC DEVELOPMENT
EMAIL DETAILS: DUNNM@ANGUS.GOV.UK

List of Appendices:

- Appendix 1 EXEMPT- Commercial Details of the proposed sale
- Appendix 2 - Location and Description of property
- Appendix 3 - Equality Impact Assessment Screening