REPORT TO: **POLICY & RESOURCES COMMITTEE ON 17 NOVEMBER 2009**

SUBJECT: **FIELD AT RIVERSIDE, WEST ROAD, ELGIN**

BY: **HEAD OF ESTATES SERVICES**

1. REASON FOR REPORT

1.1 To request that Committee consider proposals, including the disposal of land held on the Elgin Common Good Account, to facilitate the development of a Business Park in Elgin.

1.2 This report is submitted to Committee in terms of Section A(51) of the Council's Administrative Scheme relating to land and buildings permanently surplus to the Council's needs.

2. RECOMMENDATION

2.1 It is recommended that Committee:-

i) declare surplus to requirements the field at Riverside, West Road, Elgin extending to 4.11 hectares as shown outlined black, hatched and identified as area 1 on APPENDIX 1;

ii) authorise the termination of the grazing lease over the field at Riverside, West Road, Elgin extending to 4.11 hectares as shown outlined black, hatched and identified as area 1 on APPENDIX 1;

iii) authorise the Head of Estates Services to negotiate provisional terms for the disposal of the field at Riverside to Highlands & Islands Enterprise at a purchase price to be determined by the District Valuer and to report back to this Committee to consider the provisionally agreed terms of sale; and

iv) authorise the Head of Estates Services to negotiate a variation of the current lease of the Riverside Caravan Park (shown outlined black, hatched and identified as area 2 on APPENDIX 1) to recover vacant possession of those areas required by Highlands and Islands Enterprise for the construction of a roundabout and service road to assist the development of a business park on the adjacent land.

3. BACKGROUND

3.1 The Elgin Town Council purchased the field shown as area 1 on **APPENDIX 1** as part of Morriston Farm in 1893. The asset is currently held on the Elgin Common Good Account and is let on a Short Term Horse Grazing Lease at a current rental of £500 per annum. The current lease does not benefit from any protection under Agricultural Holdings legislation and accordingly early entry could be obtained, by the Council, with no compensation payable to the tenant on the termination of the lease.

3.2 The field at Riverside shown as area 1 on **APPENDIX 1** is designated as a business park site (BP2) in the Moray Local Plan 2008. The Plan states that the site would be suitable for promotion of a business park in the short term. The development of a business park in Elgin is a key project identified in the Moray 2020 Economic Development Programme, with Highlands and Islands Enterprise being identified as the lead organisation.

3.3 The development of the field at Riverside would require major infrastructure works, including a new roundabout at the junction of West Road and Morriston Road and a new service road to the proposed business park and Riverside Caravan Site. The new roundabout and service road could form part of an Elgin Bypass should the route agreed have its western terminus at West Road. It is expected that the cost of these initial infrastructure works would exceed £1m and with development of the Business Park likely to be phased over several years any return on this initial investment would be similarilly delayed. Accordingly the site is unlikely to generate interest in the short term from private developers, however, once the initial infrastructure works have been put in place by Highlands and Islands Enterprise the site would be in a more economically developable form and likely to attract investment from the private and public sector, interested in smaller serviced sites within the Business Park.

3.4 The Riverside Caravan Park, shown as area 2 on **APPENDIX 1**, would be required, in part, for construction of the infrastructure works needed to service the business park and accordingly it would be necessary to vary the existing lease, reducing the leased area to exclude the land required for the roundabout and service road. The extent of the area required from the caravan site would be determined in due course as part of the development's design, but it is expected to have no significant effect on the operation of the caravan site. The lease has a break option should part of the site be required for a bypass and as the proposed roundabout and access road could form part of a future Southern Bypass it is anticipated that the tenants would co-operate with a lease variation in order to circumvent use of the break option (now or in the future), which could jeoparidse their security of tenure. In addition the proposed roadworks would improve access to the caravan site.

3.5 It would be proposed that the Head of Estates Services be authorised to negotiate provisional terms of sale with Highland and Islands Enterprise, at a price to be determined by the District Valuer, in accordance with Scottish Government policy/procedures.

4. <u>SUMMARY OF IMPLICATIONS</u>

(a) Single Outcome Agreement/Service Improvement Plan

The recommendations contained in this report support the aims of National Outcome 2 and Local Priority 9 (Economic Development) of the Single Outcome Agreement.

(b) Policy and Legal

None.

(c) Resources (Financial, Risks, Staffing and Property)

Financial/Risks
Highlands and Islands Enterprise are seeking to purchase the Council's land in the current financial year. The capital receipt would be determined by the District Valuer and credited to the Elgin Common Good Account. The costs of obtaining a valuation from the District Valuer would be met equally by the Elgin Common Good Fund and Highlands and Islands Enterprise.

There would be a reduction in income to the Elgin Common Good Account of £500 per annum as a consequence of terminating the current grazing lease.

Staffing
There are no staffing implications.

Property
The property implications are contained within the body of this report.

(d) Consultations

Alasdair McEachan, Principal Solicitor (Commercial & Conveyancing) and the Chief Financial Officer have been consulted and their comments are contained within this report.

Elgin Ward Members, Councillors J A Divers has been consulted, but made no comment.

Elgin Ward Members, Councillors J G Russell, M Shand, J Sharp, G Leadbitter and B Jarvis have been consulted and shall be able to advise Committee of their views at the meeting.

5. CONCLUSION

5.1 It is anticipated that the sale of this asset would generate a capital receipt, which would more than offset the loss of income to the Elgin

Common Good Account. The proposed sale would facilitate investment by Highlands and Islands Enterprise in the Elgin West Business Park, which it is anticipated would attract further public and private investment and help generate substantial economic development benefits for the people of Elgin and Moray generally.

Author of Report:	Alex Burrell, Estates Surveyor
Background Papers:	
Ref:	AB/JB/EL/600/5/rep091117