

SCOTTISH POLICE  
AUTHORITY

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|----------------------------------|---------------------------------------|
| <b>Meeting</b>                   | <b>SPA Board Public Session</b>       |
| <b>Date</b>                      | <b>24 February 2017</b>               |
| <b>Location</b>                  | <b>Stirling Court Hotel, Stirling</b> |
| <b>Title of Paper</b>            | <b>Sale of Chambers Street</b>        |
| <b>Item Number</b>               | <b>14.1</b>                           |
| <b>Presented By</b>              | <b>Gordon Downie</b>                  |
| <b>Recommendation to Members</b> | <b>For Approval</b>                   |
| <b>Appendix Attached</b>         | <b>Yes</b>                            |

**PURPOSE**

To invite members to:

1. Note and consider the offers received for the property at 7-8 Chambers Street, Edinburgh as detailed in the Request for Authority to the Finance and Investment Committee Meeting on 14 December 2016.
2. Approve the recommendation that the Offer from Messrs Pinsent Masons, on behalf of the University Court of the University of Edinburgh, is the best offer received and to authorise and instruct the Head of Estates and the Interim Head of Legal Services to accept this offer on behalf of the Scottish Police Authority and to negotiate and conclude Missives and complete the sale of the property.

This paper is submitted in line with the SPA Governance Framework

## **1. BACKGROUND**

- 1.1 The Finance and Investment Committee, at its meeting on 14 December 2016, considered and recommend to the SPA Board that the offer from Messrs Pinsent Masons, on behalf of the University Court of the University of Edinburgh is the best offer received and should be recommended to the SPA Board for acceptance.
- 1.2 The property comprises a four storey building, with a basement. The building is a substantial stone built building and is located within Edinburgh City Centre in the same street as properties occupied by the University of Edinburgh, the Sheriff Court and the National Museum of Scotland.
- 1.3 In accordance with the Scottish Public Finance Manual (SPFM), the property was placed in the Trawl. After no interest was expressed under this process it was placed for sale on the open market by the City of Edinburgh Council's Estates Department on behalf of the SPA in early October 2016. A copy of the Property Particulars is attached (Appendix 1). After a considerable amount of viewings and noted interests being expressed in the property, a closing date for offers of 16 November 2016 was set.

## **2. FURTHER DETAIL ON REPORT TOPIC**

- 2.1 Twenty offers were received for the property at the closing date. Details on the two highest offers are detailed in this Section. Members are referred to the Paper to the Finance and Investment Committee, considered at its meeting on 14 December 2016, for further details on all offers received.
- 2.2 The highest offer received from Chamber Street Chambers Limited for the property, in the sum of £3,257,000, is conditional on a number of suspensive conditions including the receipt of detailed planning consent for a change of use. The Offer is also conditionally subject to a full detailed site investigation survey being obtained, satisfactory to the Purchaser. The City of Edinburgh Council's Estates Department's advice is that the process for the planning consent on this listed building could easily take 18 months. There would be an ongoing risk that the purchaser could withdraw from the transaction or, seek a reduction from this headline price, or a planning risk of not achieving this consent, which could push this timescale out further. The annual ongoing costs of Chambers Street remaining vacant (void rates mainly) is estimated to be c£72,300.
- 2.3 By comparison, the second offer from Messrs Pinsent Masons, on behalf of the University Court of the University of Edinburgh is in the sum of

£3,200,000 and is only £57,000 (1.78%) lower than the highest offer and is not conditional on the receipt of planning or survey. There are no significant unusual suspensive conditions in relation to the offer. Further the City of Edinburgh Council's Estates Department advise that, in a covering letter to the Offer, the University Court of the University of Edinburgh confirms that it has approved the transaction and funding is available to proceed without further approvals being required. As the sale to this offerer is not subject to planning, it is expected to conclude in early 2017/18. Given these factors, it is the recommendation of Police Scotland/City of Edinburgh Council's Estates Department that the offer from Messrs Pinsent Masons, on behalf of the University Court of the University of Edinburgh represents Best Value and should be accepted.

- 2.4 Edinburgh Council's Estates Department advise that the inclusion of a clawback clause in any contract with the University Court of the University of Edinburgh is not commercially viable. The property has been exposed on the open market and a very full capital offer price has been offered. Whilst the Sales Particulars indicated a clawback clause might be imposed, because of the structure of the offer from Messrs Pinsent Masons, on behalf of the University Court of the University of Edinburgh received such a clause is extremely unlikely in this instance to result in additional income.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 This sale will generate a significant Capital Receipt of £3,200,000, which will support the SPA's Capital Programme in 2017/18.
- 3.2 The net book value of this property is £678,644, which is based on the last depreciated replacement cost valuation carried out by City of Edinburgh Council on 1 April 2014. The property will be revalued in the asset register based on market valuation.
- 3.3 The ongoing annual recurring revenue costs of this building, based on full occupation, which are estimated to be c£72,300, will be saved. Part of this saving will be achieved in 2016/17 as the property was vacated in October, 2016 (void rates relief, reduced utility, no utility cost October 2016-March 2017).

### **4. PERSONNEL IMPLICATIONS**

- 4.1 There are no personnel implications as a consequence of this report. Staff in the property have been previously relocated.

## 5. LEGAL IMPLICATIONS

- 5.1 The Interim Head of Legal Services will be required to conclude Missives for the disposal of the property and agree the terms of an appropriate Disposition in favour of the purchaser should the Authority agree to the disposal and settle the sale of the property.

## 6. REPUTATIONAL IMPLICATIONS

- 6.1 An early disposal of this vacant property to achieve such a significant capital receipt will demonstrate good estate management practices.

## 7. SOCIAL IMPLICATIONS

- 7.1 There are no social implications as a consequence of this report.

## 8. COMMUNITY IMPACT

- 8.1 The sale of this property will bring this empty property into use by the University of Edinburgh who also own other property adjacent to and in the vicinity of Chambers Street.

## 9. EQUALITIES IMPLICATIONS

- 9.1 There are no equalities implications as a consequence of this report.

## 10. ENVIRONMENTAL IMPLICATIONS

- 10.1 It is estimated that the disposal of this property will reduce annual CO2 emissions by 117 tonnes.

## RECOMMENDATIONS

Members are requested to:

1. Note and consider the offers received for the property at 7-8 Chambers Street, Edinburgh as detailed in the Request for Authority to the Finance and Investment Committee Meeting on 14 December 2016.
2. Approve the decision of the Finance and Investment Committee Meeting on 14 December 2016 that the Offer from Messrs Pinsent Masons, on behalf of the University Court of the University of Edinburgh, is the best offer received and to authorise and instruct the Head of Estates and the Interim Head of Legal Services to accept this offer on behalf of the Scottish Police Authority and to negotiate and conclude Missives and complete the sale of the property.

NOT PROTECTIVELY MARKED

SPA Board public Session  
Sale of Chambers Street  
24 February 2017

NOT PROTECTIVELY MARKED

### Location

The property is situated within Edinburgh's Old Town on a prominent corner position within the eastern section of Chambers Street at its junction with Guthrie Street. Chambers Street lies approximately 1/4 mile south of the Royal Mile.

Within easy walking distance are all the main tourist attractions within the Old Town, with a huge variety of shops, restaurants, cafes and hotels within the immediate vicinity. The University of Edinburgh, Waverley Station, Princes Street Gardens, Greyfriars Kirk and the Grassmarket are also nearby, offering a fantastic central location in which to live, work or indeed explore the city.

### Description

This former police training school was erected circa 1887, and is of cast-iron column & beam construction with a polished ashlar sandstone facade.

The property is arranged over five levels from basement to third floor mansard attic level, extending in rectangular form to a total gross internal area of 14,445 sq.ft. (1,324 sq.m.). The internal condition is 'tired' and laid out as office and training room accommodation. There is no passenger lift.

### Accommodation

|           | sq.m  | sq.ft. |
|-----------|-------|--------|
| Third     | 280   | 3,014  |
| Second:   | 291   | 3,132  |
| First:    | 293   | 3,154  |
| Ground:   | 280   | 3,014  |
| Basement: | 198   | 2,131  |
| Totals:   | 1,342 | 14,445 |

### Planning

Totals:

1,342 **sq.m**

14,445 **sq.ft**

The property is category C listed and was designed by Messrs Lessels & Cousins, in the Scots Jacobean Style. As it is located within the Old Town Conservation Area and World Heritage Site, any refurbishment or alteration will be subject to planning and listed building policies & guidance with respect to these important designations. It

may be possible for change of use to residential, student accommodation or hotel use, subject to the appropriate planning & listed building consents. It should be noted the property is currently in Office use.

Please note, copies of the Edinburgh City Local Plan are available on-line and at the Planning Reception Desk, City of Edinburgh Council, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG.

### **Energy Performance Certificate**

The property has been assessed and given a G rated EPC.

### **Rateable Value**

NAV/RV: £118,000 (Office)

### **Terms**

The property will be sold by way of disposition and associated deed of conditions containing such reservations, burdens and conditions as the Police Solicitor may consider necessary to protect the Authority's interest. These may include reservations regarding minerals, services, etc and provisions regarding maintenance, insurance, uses, etc.

### **Offers**

Offers are invited for the Scottish Police Authority's heritable interest, with the benefit of vacant possession. Offers must be submitted by the closing date. A clawback agreement may be required depending on the structure of the offer received. In order for the Council to fully assess and evaluate offers, on behalf of their client, bids must include:

- a Gross Price,
- b Schedule of abnormal costs (if necessary),
- c Schedule of Section 75 contributions (if necessary),
- d Detailed timescales for purification of suspensive conditions, e Net Price,
- f Guaranteed Minimum Price, if different than (e),
- g Proposed layout drawings and schematics, providing full & detailed schedule of accommodation,
- h Supporting financial information confirming how both the purchase price and total development costs will be financed.

### **Fees**

The purchaser will pay the Police Authority's reasonably incurred legal costs plus the Council's Corporate Property Charge of 2.5% of the net purchase price (Capped at £50,000).

### **VAT**

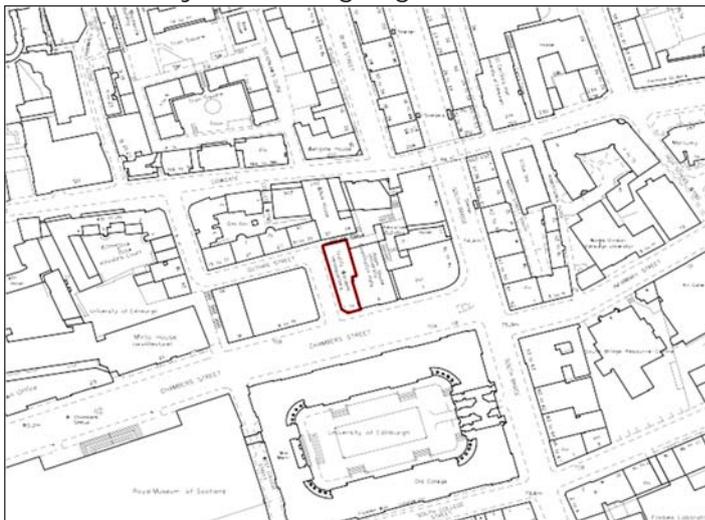
We understand the property is not registered for VAT purposes and therefore VAT will not apply on the purchase price.

### **Viewing and Further Information**

For more information on this excellent city centre redevelopment opportunity, please contact: Robbie O'Donnell, Senior Estates Surveyor on 0131 529 6560, email: robbie.o'donnell@edinburgh.gov.uk / Frances Maddicott 0131 529 5828.

### Details for submitting offers

- 1 Notes of interest should be registered with the Council's surveyor using the contact details above in order that interested parties may be advised of a closing date.
- 2 When a closing date is set all offers must be received by 12 Noon on the closing date. The Council will not accept late offers under any circumstances.
- 3 Offers must be submitted in an offer envelope available from this Department upon request.
- 4 Offers by hand are preferred and must be delivered to the Planning and Building Standards Counter, Waverley Court, where a receipt will be provided.
- 5 Offers by post will only be accepted by prior arrangement and Recorded Delivery is recommended. Postal offers should be addressed to Corporate Property, The City of Edinburgh Council, Waverley Court, Level G4, 4 East Market Street, Edinburgh EH8 8BG.
- 6 It is the responsibility of the person submitting the offer to seek confirmation that their offer has been received by Corporate Property and it is recommended that this be done at least 24 hours prior to the closing date.
- 7 Offers received electronically, by fax or email will **not** be accepted.
- 8 Offers must be submitted in accordance with the above instructions and failure to do so will result in offers not being accepted.
- 9 The Council, on behalf of its client, does not bind itself to accept the highest or any offer, and the ultimate decision will be by the Scottish Police Authority.
10. Prior to submitting an offer you are strongly recommended to take appropriate professional advice.
11. Depending on the level and quality of offers received, the Council, on behalf of its client, may shortlist the bidders and thereafter invite those selected to submit a final offer at a second closing date.
12. The successful bidder will require to provide sufficient proof of identity within a reasonable timeframe prior to entering into any legal agreement in order to comply with money laundering regulations.



13. A Declaration of Non-Involvement in Serious Organised Crime, will have to be completed and submitted with any offer, whether it's by an individual, limited company or LLP.

You can get this document on tape, in Braille, large print and various computer formats if you ask us. Please contact ITS on 0131 242 8181 and quote reference number 12-0913. ITS can also give information on community language translations. For additional copies in English, please phone 0131 316 5070.

Council's surveyor



These particulars do not form any part of any contract and none of the statements in them regarding the property is to be relied upon as a representation of fact. Any intending purchaser must satisfy themselves by inspecting or otherwise, as to the correctness of each of the statements contained in these particulars.

In accordance with the terms of the Requirements of the Writing (Scotland) Act 1995, these particulars are neither intended to create nor be relied upon as creating any contractual relationship or commitment. Any contract shall only be entered into by way of an exchange of missives between respective solicitors