Disposal of part of the former Lennox Castle Hospital site, Lennoxtown

Recommendation

The Group is asked to formalise the decision to enter into a contract with Celtic Football Club for the disposal of 19.45 hectares consisting part of the former Lennox Castle Hospital.

Attachments

Attached to this paper are the following:

1. Independent Valuers’ report (Inglis & Partners)
2. Legal Adviser’s report (McClure Naismith)
3. Property Advisers’ report (Pollock & Buchan)
4. Formal offer, Minute of Agreement and Disposition

Background

The disposal of surplus land at the former Lennox Castle Hospital is subject to two contractual agreements; the Mactaggart & Mickel Agreement, and the Tripartite Agreement. The former is the mechanism for the disposal of the Lower Site and the latter, the framework which regulates the relationship between the NHS, East Dunbartonshire Council and Lennoxtown Initiative.

The development of the site required that outline planning consent was granted. The planning application for outline consent was considered by the Council, and the Council is now minded to grant consent subject to conditions. This application conformed with the recently Adopted Local Plan which shows a residential development on the Lower Site and the Upper Site identified for ‘greenbelt compatible’ use. Mactaggart & Mickel are seeking to achieve detailed consent for the first phase of the residential development on the Lower Site through an application which is with the Council.

The parties to the Tripartite Agreement acknowledged that the Upper Site would be developed in line with the Local Plan and that any prospective use would come as a result of actively pursuing a development proposal. Given the importance of the receipt from the Lower Site to the NHS and Lennoxtown Initiative, the focus of attention and effort has been channelled towards the granting of outline consent for the whole site.

It is within this context that the draft offer from Celtic Football Club to purchase circa 40 acres of the Upper Site to develop a training facility was received. The NHS did
not initiate this offer, but discussions followed an approach by the Club and the submission of a formal draft offer in January 2005. There followed a series of detailed discussions with the club and its project management and legal representatives.

**Proposed Purchase**

The proposed use by Celtic allows a significant part of the upper site to be developed for a use which is compatible with the Adopted Local Plan, and which will see a compatibility with the proposed residential development. It was clear from the many development proposals which were examined over the past five years that the development of the upper site was always likely to be problematic, both in terms of the planning authority's development plans and the ability to attract a suitable user. The disposal of the site will free the NHS of the liabilities and security issues associated with a significant portion of the derelict and vacant site, and, in the view of the Property Adviser, could enhance the opportunities and values on the remainder of the site.

The proposal by Celtic FC is to develop a football academy and training facility on the upper site on an area of 19.45 hectares. The site has been independently valued by Inglis and Partners at £480,000 and a copy of this valuation is attached. The offer by Celtic to purchase the site for £493,000 is therefore consistent with the valuation, and with the appropriate clawback and other protections, is in a form which is acceptable to the advisory team. In this respect, the reports of McClure Naismith and Pollock & Buchan are attached.

As can be seen in the legal advisers' report, there are a number of suspensive conditions to be purified prior to settlement. For the NHS, key to this is securing the formal approval of Mactaggart & Mickel as the developers of the lower site. The advisory team have been in discussion with the developer and when detailed layout plans are available from Celtic, these will form the basis of in-depth discussions with the house builder. The deadline for this approval is 30 August, but as the club have not yet submitted plans to the NHS for discussion with Mactaggart & Mickel, this timescale will have to be amended with the approval of Celtic.

Having been satisfied that the terms of the legal offer presented an opportunity to see the successful reuse and redevelopment of the site with community benefit, that the price was in line with the independent valuation and that the legal framework was in place to protect future NHS interests, members of the Group were consulted and they confirmed approval to proceed, with the decision being formalised at the next meeting. On this basis, McClure Naismith was instructed to conclude the legal agreement on behalf of the NHS. This was done on 30 June 2005 and a copy of the documents is attached. Accordingly, the Group is asked to formalise the decision and instruction to McClure Naismith to conclude the legal matters on behalf of the NHS.