

14 December 2004

David Hastie
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FILE	
COPY TO	
ACTION	

Dear David

APPOINTMENT OF ADVISERS: FORMER LENNOX CASTLE HOSPITAL

Further to our recent conversation regarding the potential disposal of part of the former Lennox castle Hospital, I thought it would be helpful to seek guidance on the appointment of advisers. By way of background, the Tripartite Agreement which regulates the relationship between the NHS, East Dunbartonshire Council and the Lennoxtown Initiative deals with the disposal of the Upper Site at Lennox Castle and the disbursement of the receipts achieved in the disposal of the Upper and Lower sites. This agreement seeks to achieve a 'greenbelt compatible leisure use for the Upper site. The NHS has been approached by a company who wish to develop such a use which will bring immeasurable benefits to the village and community in terms of boosting the economy, leisure and retail interest in the area. While the Lennoxtown Initiative has the ability to request the Council to exercise the option to purchase the site on their behalf, the site, at this stage is still in the ownership of the NHS and the disposal agreement would be between the NHS and the company proposing to develop the site.

We will be receiving a Heads of Terms offer this week and we require to appoint both legal and property advisers to act on behalf of the NHS, albeit that the Initiative are the recipients of the receipts as regulated by the Tripartite Agreement. It would be our intention to appoint McClure Naismith as legal advisers on the basis of their knowledge of the legal issues associated with the site as a whole, the development of the Lower site and the Tripartite Agreement in particular. In addition they, in liaison with the Central Legal Office, acted on behalf of the NHS in dealing with the issuing of Notices under the Feudal Reform Act, to protect the NHS interests. Such is their formal and acquired knowledge of the site and its complex legal issues that there would be of significant added value in appointing them to act in relation to this matter. However, it would be my intention to seek a fee quotation from them in advance of an appointment, and to compare this to the market rates which other transactions attract.

In a similar way, it would be the intention to appoint Pollock & Buchan as property advisers, given their extensive knowledge of the site and having acted in the disposal of White and Campsie Houses. In addition, Pollock & Buchan were appointed directly by the Lennox Castle Task Force to act as property adviser in the marketing of the site and subsequently in the negotiations with Mactaggart & Mickel to develop the Lower Site disposal agreement. Again, it would be my intention to seek a fee quotation from them and to compare this to the market rates which other transactions attract prior to any appointment. By way of comparator, I would be appointing an Independent Valuer and will be able to assess the level of fee proposed by Pollock & Buchan relative to this separate appointment. This appointment and instruction to act as Independent Valuer will be made following an open tender process to which I intend inviting four firms to tender.

Having recognition that this acquisition would be off-market, then the purchaser has already intimated that they would meet the cost of all professional fees properly and reasonably incurred, including these legal and property fees.

I hope this background is helpful and I look forward to your comments.

Yours sincerely

A handwritten signature in black ink, appearing to read "Tom", with a long horizontal stroke above the first letter.

Tom Campbell
Chief Executive