

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE - 5 JUNE 2001

SURPLUS PROPERTY AT NETHERTON BUSINESS CENTRE, KILMARNOCK

Report by Director of Development Services

1 PURPOSE OF REPORT

- 1.1 To request Committee to declare the Netherton Business Centre, Kilmarnock surplus to its requirements for the purpose of disposal.

2 BACKGROUND

- 2.1 The Centre was jointly developed by Scottish Development Agency (now Scottish Enterprise) and Kilmarnock and Loudoun District Council and was opened in 1984 to provide 12 workshop units.
- 2.2 The Centre is currently let to 5 different tenants with one vacant unit which is currently under offer. Some of the tenants are now well established in the Centre and have been in occupation since it opened.
- 2.3 The current rent roll is £36,300 per annum and the Council currently receives a 50% share of this, i.e. £18, 150 per annum.
- 2.4 Under the terms of the agreement between Scottish Enterprise and East Ayrshire Council, the Council is responsible for the management of the Centre and all costs associated with this.
- 2.5 Also, the Council is liable for all repairs to keep the premises wind and water tight and, the roof at the property is known to be problematic and in need of expenditure every year.
- 2.6 The Council initially received an approach from a tenant who is interested in purchasing the units he currently occupies. Following further discussions with all other tenants, purchasers for all units in the Centre have been identified.

3 PURPOSE OF ORIGINAL INVESTMENT

- 3.1 The Netherton Business Centre was established as part of the Kilmarnock Venture partnership programme to support economic regeneration in the town. Its purpose was to assist new small businesses to find suitable premises at start-up and in the initial phases of expansion. For this reason common services were provided and the premises were to be maintained by the landlords.

3.2 With the passage of time the original purpose is no longer being effectively achieved and the landlords have been left with responsibilities which are onerous to discharge. The existing tenants are wishing to consolidate their business activities within the centre and carry out improvement works.

4 FINANCIAL IMPLICATIONS

4.1 It is anticipated that a capital receipt in the region of £300,000 could be received for the property, with the proceeds being shared on an equal basis between Scottish Enterprise National and the Council.

4.2 There will obviously be a consequential loss of rental income as a result of the disposal.

5 POLICY IMPLICATIONS

5.1 It is normal Council policy to advertise property for sale on the open market unless there are special reasons to do otherwise.

6 LEGAL IMPLICATIONS -Nil

7 RECOMMENDATIONS

7.1 That Committee declare Netherton Business Centre, Kilmarnock surplus to requirements and authorise the Director to make arrangements for its disposal, including its disposal to existing tenants.

Stephen Chorley
Director of Development Services
L3009529/SCI AMG/PM/J R
30 May 2001

LIST OF BACKGROUND PAPERS

Nil

For information held on file contact Angela Graham on 6265.

Implementation Officer: Angela Graham

AGENDA