

Agenda Item	7
Report No	CP/5/22

HIGHLAND COUNCIL

Committee: Communities and Place

Date: 23 February 2022

Report Title: Community Asset Transfer Requests

Report By: Interim Executive Chief Officer, Communities and Place

1. Purpose/Executive Summary

- 1.1 The Community Empowerment (Scotland) Act introduces a right for community bodies to request to own, lease or use public sector assets at a discount on market value through a process known as Community Asset Transfer. Once a formal request is submitted, Local Authorities have 6 months to assess the application against a range of potential community benefits and determine whether to grant the request.
- 1.2 Following the Council's recent changes to governance of CATs, requests such as the two contained within this report, will ordinarily go to Area Committee for a decision by local Members. In this case, both Area Chairs have agreed the request should be decided upon by strategic committee, due to timing for undertaking the assessment.
- 1.3 This report asks members to consider and agree recommendations on Community Asset Transfer (CAT) requests received. Following assessment, the report seeks:
- Approval for sale of the **Lochcarron Playgroup Cabin** for £1,000 to **Lochcarron Leisure Centre**;
 - Approval of sale of **Land South West of Neil Gunn Place, Dunbeath** for £1, to **Dunbeath and District Centre**.

2. Recommendations

- 2.1 Members are asked to **agree** the following Community Asset Transfer requests:

Sale of the **Lochcarron Playgroup Cabin** for £1,000 to **Lochcarron Leisure Centre**.
Terms of the transfer would include:

- Lochcarron Leisure Centre covers all reasonably incurred property and legal costs, fees and outlays associated with the asset transfer process – both the Council's and its own.
- The transfer is subject to a statutory consultation with Council housing tenants in Lochcarron given that the land is HRA land.

- A right of pre-emption will be applied to the property: in the event the property is sold or otherwise disposed of, or should Lochcarron Leisure Centre cease to be a Community Transfer Body as defined by the Community Empowerment (Scotland) Act 2015, the Council will seek the option of first right of refusal to re-acquire the asset for the original value of £1,000.
- Any transfer will be subject to existing burdens/conditions in the Council's title to the property (e.g. 3rd Party access rights, etc.). The Council may also impose further burdens/conditions if they consider this expedient (e.g. economic development burdens, etc). The Council will only transfer/lease property for which it has title to do so; and
- Any other terms to be agreed by the Executive Chief Officer Communities and Place in consultation with the Chair of Communities and Place Committee.

2.2 Approval of sale of **Land South West of Neil Gunn Place, Dunbeath** for £1, to **Dunbeath and District Centre**. Terms of the transfer would include:

- Dunbeath and District Centre covers all reasonably incurred property and legal costs, fees and outlays associated with the asset transfer process – both the Council's and its own.
- Any transfer will be subject to existing burdens / conditions in the Council's title to the property (e.g. 3rd Party access rights, etc.). The Council may also impose further burdens / conditions if they consider this expedient (e.g. economic development burdens, etc). The Council will only transfer property for which it has title to do so.
- Evidence of Planning approval for the proposed development.
- Evidence of funding in place for the proposed development to proceed.
- Noting the work required in identifying appropriate funding and planning permissions required, this offer of sale will remain in place for a period of 5 years
- Any other terms to be agreed by the Executive Chief Officer Communities and Place in consultation with the Chair of Communities and Place Committee

3. Implications

3.1 **Resource implications:** the recommendations, if agreed, would mean the Council foregoes a potential capital receipt of circa. £15,000 for the sale of the Lochcarron Nursery Cabin and a potential capital receipt of £100,000, which is the estimated value of the land at Dunbeath.

3.2 The Lochcarron Nursery Cabin is no longer required by the Council. As noted at 4.9, the property was marketed prior to the community interest being registered and a number of provisional offers made for the property of up to £15,000. As the assessment demonstrates, the proposal from the community provides for significant community benefits which are considered to outweigh the potential capital receipt.

3.3 The proposal from Dunbeath and District Centre sets out a long term vision of what the community wishes to achieve. As the assessment sets out, there are significant community benefits predicted as a result of this transfer which are considered to outweigh any potential capital receipt. There are no current proposals for this land besides that from the Dunbeath and District Centre.

3.4 An officer Asset Transfer officer group including representatives from Legal, Finance, Property and Communities and Place has considered and scrutinised the CAT Requests and supporting evidence. The requests are recommended to proceed as the

wider community benefits would outweigh market rental receipts or potential income from operation of the sites by the Council. Benefits are outlined in the report.

- 3.5 **Legal implications:** Community Asset Transfer (CAT) is a legislative process set out in the Community Empowerment Act. Public bodies have the right to refuse a CAT application on the grounds that greater community benefit will arise from current or alternative use. However, community bodies have the right of review, first to the public body and then by appeal to Scottish Ministers.
- 3.6 **Community Impacts** (Equality, Poverty and Rural): Demonstrating community support for the proposed CAT is a crucial element to each asset transfer request. This is set out in each of the CAT assessments below. There are not considered to be any adverse implications from the CAT requests contained in the paper.
- 3.7 One of the Council's key strategic priorities within its Corporate Plan is:
Work to invigorate local democracy and put our communities at the heart of the design and delivery of services at a local level. We will also develop the capacity of communities to decide and deliver their local priorities.
This is supported by a number of outcomes targeted at increasing engagement, increasing and encouraging community led and run services and involving more people in local decision making. The CAT programme contributes to this strategic priority.
- 3.8 **Climate Change / Carbon Clever and Gaelic Implications** - There are not considered to be any implications associated with this transfer.
- 3.9 **Risk implications:** although any CAT assessment considers sustainability, there are risks that any group could fail in the future or choose to dispose of the transferred asset. The proposed right of pre-emption set out for the Lochcarron Nursery Cabin and the 5 year option for the Dunbeath and District Centre on the land transfer, have been proposed to mitigate these risks. In addition, the Community Empowerment Act provides a clause which stipulates how dissolution must be dealt with to ensure any transferred asset remains in community hands, for the benefit of the community, in the event of an organisation ceasing to exist.

4. **Sale of the Lochcarron Playgroup Cabin for £1,000 to Lochcarron Leisure Centre**

4.1 **Background**

Ownership of the former Playgroup Cabin has been requested by Lochcarron Leisure Centre. Lochcarron Leisure Centre is a Community Company with charitable status. It was set up to promote the construction of an indoor sports, leisure and fitness facilities for the communities of south west Ross. The Lochcarron community originally fundraised to purchase the Playgroup Building in the late 1980's and it was a community owned asset for a number of years being sold to the Council for £1,000 in 2019.

- 4.2 The Playgroup Building is now surplus to requirement since the nursery was moved into the school. The building and land it sits on was marketed for sale at offers over £5,000. The Leisure Centre Company had previously indicated an interest in purchasing the building but this had not been registered and the building was marketed for sale in October 2021. The closing date for offers was delayed to enable the community group to submit an asset transfer request.

The proposal is to convert the portacabin which is situated beside the playing field to provide an indoor fitness centre for all members of the community to use.

Summary of CAT Assessment

4.3 Community Benefit: strong

There are several key aspects to community benefit that would result from the proposed asset transfer:

- Provision of an indoor fitness facility has been identified previously by the community as a high priority. This would support increasing mental as well as physical well-being. There is no nearby indoor fitness facility.
- There is also a strong indication that GPs would refer patients under the “Activity on Prescription” scheme
- Local sports clubs have indicated they would use the facility.

Community benefit is assessed as: strong.

4.4 Capacity to deliver: strong

- The Board members of LLC include professionals with experience as teachers, doctors, health care managers, technicians, sportsmen and chairs of other limited companies.
- The group have taken advice from local contractors on the costs of converting the building for its new use and have already sought legal advice on the transfer. They are confident that sufficient capital to fund the required building conversion can be found.
- They have also discussed with and taken advice from the manager of a similar facility at Torridon Community Centre.

Capacity to deliver is assessed as: strong

4.5 Community support: strong

- A number of letters of support have been provided by residents and the local GP practice.
- Local Members are supportive of the community’s aspirations

Community support is assessed as: strong

4.6 Sustainability: moderate

The group has a track record of raising funds of between £4,000 - £5,000 annually. They would intend building a paid membership base as well as holding fund-raising events to sustain the provision. Beyond the initial outlay, estimated annual running costs are £2,000 and estimated first year revenue £4,000.

Sustainability is assessed as: moderate

4.7 Resourcing: moderate

The proposal to convert the building is estimated at around £34,000. The organisation has approximately £10,000 of its own cash assets and is confident of achieving the additional funds to undertake the project.

Resourcing is assessed as: moderate

4.8 Overall Summary

This is a solid application from a community based organisation which has the potential to deliver strong physical and mental health benefits to the community. It proposes to provide a facility which the community currently does not have. It sits adjacent to the

public park and other outdoor facilities. The development costs are modest and the group has a track record of fundraising.

4.9

It should be noted that during the period the building was commercially marketed a number of offers were received, up to the value of £15,000. This was considered alongside the community asset transfer request but on balance, benefits to the community from the proposed transfer were considered to outweigh the potential capital receipt.

4.10

The title investigation has highlighted that the land the building sits on and that would be part of the sale is HRA land. This would require a formal consultation with Council tenants in Lochcarron prior to progressing any transfer. The recommendation and accompanying conditions reflect this.

4.11

In recognition that the land is HRA, and that the funds for the property were raised by the community, a right of pre-emption is proposed on the property to ensure that in the event the property is sold or otherwise disposed of, or should Lochcarron Leisure Centre cease to be a Community Transfer Body as defined by the Community Empowerment (Scotland) Act 2015, the Council will seek the option of re-purchasing the asset for the original value of £1,000.

4.12

The proposal has been evaluated and the scores suggest that the request should be **agreed:**

Community Benefit: strong

Capacity to deliver: strong

Community support: moderate - strong

Sustainability: moderate

Resourcing: strong - moderate

4.13 **Recommendation:**

Sale of the **Lochcarron Playgroup Cabin** for £1,000 to **Lochcarron Leisure Centre**. Terms of the transfer would include:

- Lochcarron Leisure Centre covers all reasonably incurred property and legal costs, fees and outlays associated with the asset transfer process – both the Council's and its own.
- The transfer is subject to a statutory consultation with Council housing tenants in Lochcarron given that the land is HRA land.
- A right of pre-emption will be applied to the property: in the event the property is sold or otherwise disposed of, or should Lochcarron Leisure Centre cease to be a Community Transfer Body as defined by the Community Empowerment (Scotland) Act 2015, the Council will seek the option of first right of refusal to re-acquire the asset for the original value of £1,000.
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- Any other terms to be agreed by the Executive Chief Officer Communities and Place in consultation with the Chair of Communities and Place Committee.

5. **Approval of the sale of Land South West of Neil Gunn Place, Dunbeath for £1, to Dunbeath and District Centre.**

5.1 Background

5.2 The Dunbeath and District Centre have requested sale of land south west of Neil Gunn Place in Dunbeath to develop a new health and wellbeing centre for Dunbeath. The land is located next to the current Centre provision and the Health Centre. The estimated value of the land is £100,000. The land is currently unused grassland area and there are no current plans for its use or development.

5.3 The Centre is a company limited by guarantee with charitable status. It has 285 registered users providing a range of health and wellbeing activities. The current building has limited space and they wish to expand to enable more groups to operate, generate income and recruit staff rather than relying on volunteers. It is proposed the new facility would enable multiple services to run at one time.

Summary of CAT Assessment

5.4 Community Benefit: Very strong

There are several key aspects to community benefit that would result from the proposed asset transfer:

- Enable improved facilities for the local community
- Enable multiple services/groups to operate at one time which currently cannot happen
- The application highlights the significant increase in usage over the past 18 months highlighting need within the community
- The aim is for the new facility to be revenue generating which would support the recruitment of staff and employment in the area
- The present building will be repurposed to provide accommodation for families with special needs either as a holiday let or as a residential property, both ideas will bring a revenue stream to support the new centre building.
- The new centre will enhance the facility's ability to engage with social prescribing and will work with the adjacent GP surgery

Community benefit is assessed as: Very Strong

5.5 Capacity to deliver: Very Strong

- The centre has demonstrated capacity to plan, fundraise and deliver projects
- The centre was built by the community and has been successfully managed by the Centre 1992.
- From October 2021, the centre now has a full time manager whose remit will include taking forward the development of a new purpose-built health and wellbeing centre for south east Caithness.
- The board of directors have a wide range of skills with the chairperson having been a lead in the development and build of the Inspire (PTL) Ltd building on the Beach Boulevard in Aberdeen.
- The Centre currently has 285 registered users supported by 28 volunteers including 7 trustees, 1 full-time and 3 part-time members of staff.

Capacity to deliver is assessed as: very strong.

5.6 Community support: strong

- The local GP practice supports the proposal as does the local church. A number of letters of support were also received along with the proposal.

- 52 responses were received during the public notification period, the majority of responses welcomed the proposal.
- 10 representations were received which did not support the proposal which highlighted concerns about the awareness of the proposal in the community and planning related concerns. The latter would be addressed as part of the planning process.
- The Dunbeath Community Council does not support the proposals. Their preference is for the land to be used for sheltered housing.
- Local Members are supportive of the proposal.

Community support has been assessed as: strong

5.7 **Sustainability: Very strong**

- The current centre has been operating since 1992. It has 285 registered users supported by 28 volunteers including 7 trustees, 1 full-time and 3 part-time members of staff.
- The rationale behind the proposal is to increase the capacity of the centre and enable the centre to run multiple services at any one time, some of which could be charged for, creating important revenue streams.
- The expansion of services as a result of the proposal will support revenue generation to support sustainability and recruitment of staff.
- The Centre currently has a Service Level Agreement (SLA) with NHS Highland for £29,308 as core funding for the in-house meals served in the centre.
- The Centre anticipates a 20% increase in the number of pre-covid in house meals it will be able to provide.

Sustainability is assessed as: very strong

5.8 **Resourcing: moderate**

- The Centre has a business plan for progressing its proposals, including indicative costs and future income/expenditure projections.
- It has allocated sums to cover relevant legal fees associated with the transfer.
- Project design costs are estimated at £53,000 and funding has been identified to support this from a number of sources. This would take the project to stage three planning.
- At present construction costs are estimated to be around £1m but would be subject to a detailed cost plan and subject to a future, separate tender.

Resourcing is assessed as: moderate

5.9 **Overall Summary**

The proposal would bring significant benefit to the small community of Dunbeath providing key facilities within the local community. The proposal would support the sustainability of the centre and access to facilities for a greater number of individuals.

5.10 The proposal is an ambitious one and significant funds are required to realise the ambition. For this reason, it is proposed the conditions of transfer include evidence of appropriate funding and required planning permission being in place. The offer of the transfer will remain in place for 5 years to enable the group to progress.

5.11 The proposal has been evaluated and the scores suggest that the request should be **agreed:**

Community benefit: very strong

Capacity to deliver: very strong
Community support: strong
Sustainability: very strong
Resourcing: moderate

5.12 Recommendation

Approval of sale of **Land South West of Neil Gunn Place, Dunbeath** for £1, to **Dunbeath and District Centre**. Terms of the transfer would include:

- Dunbeath and District Centre covers all reasonably incurred property and legal costs, fees and outlays associated with the asset transfer process – both the Council's and its own.
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- Evidence of Planning approval for the proposed development.
- Evidence of funding in place for the proposed development to proceed.
- Noting the work required in identifying appropriate funding and planning permissions required, this offer of sale will remain in place for a period of 5 years
- Any other terms to be agreed by the Executive Chief Officer Communities and Place in consultation with the Chair of Communities and Place Committee

Designation: ECO Communities and Place

Date: 9-2-22

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