

Report

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Report to:	Executive Committee
Date of Meeting:	16 November 2011
Report by:	Executive Director (Housing and Technical Resources)

Subject:	Property Transfer to Third Sector Organisations - Phase 2
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise the Executive Committee of the applications received in Phase 2 of the Property Transfer to Third Sector Organisations project.
- ◆ recommend actions in respect of the three properties included in Phase 2 of the project.

2. Recommendation(s)

2.1. The Executive Committee is asked to approve the following recommendation(s):-

- (1) that the Executive Director, (Housing and Technical Resources), be authorised to take forward negotiations in respect of the transfer of
- Eddlewood Sports Barn to Hamilton Gymnastics Club
 - John Hastie Museum to Strathaven Dynamos
 - Hunter House Museum to Calderwood Baptist Church
- (2) that subsequently, the negotiated terms and conditions of transfer will be reported to the Estates Committee for approval.

3. Background

- 3.1 At its meeting on 23 March 2011, the Executive Committee approved a pilot exercise, using five properties with known community interest, to establish criteria and procedures for managing requests for transfer of Council properties to Third Sector Organisations.
- 3.2 The outcome of the pilot was reported to the Executive Committee at its meeting on 6 July 2011 and the criteria for assessment of future applications approved.
- 3.3 A further three properties have been identified as potentially suitable for transfer to Third Sector organisations and have been taken forward as Phase 2 of the transfer project, namely
- Eddlewood Sports Centre, Hamilton
 - John Hastie Museum, Strathaven
 - Hunter House Museum, East Kilbride

- 3.4 There has been community interest in each of these properties since their closure at the beginning of 2011 and a marketing flyer was issued to all parties on the current property mailing list, all parties who had specifically expressed an interest in the properties and to Third Sector Organisations operating in South Lanarkshire. An advert was also placed in the local press and the Council's web site to give maximum exposure to the availability of the properties.
- 3.5 Interested parties were invited to complete and return an application form by 26 September 2011, expressing their interest in any of the properties and to provide additional information that they felt would support their application. A formal legal application was not required at this stage.
- 3.6 At a meeting on 30 September 2011 the Public Asset Transfer Group considered the applications received for each property, assessing them against the previously established criteria.

4. Application Assessments

4.1 Eddlewood Sports Barn, Hamilton

Two applications were received, one from an individual wishing to create a commercial sports academy and one from an established community based organisation, Hamilton Gymnastics Club, seeking to consolidate their disparate venues for classes and extend their activities and membership.

4.1.1 Property Assessment:

There are no title restrictions which would prohibit the Council from selling or leasing the property and no onerous burdens or conditions. The property is closed and surplus to operational requirements but requires investment. In planning terms, the property would be suitable for either of the uses proposed but has no development potential.

4.1.2 Gerry McCabe – Hamilton Football and Sports Academy

Organisational Assessment: The applicant, an individual with a sporting pedigree, has a vision to create a multi-sports facility but has not demonstrated any business experience, skills or capacity.

Project Assessment: The proposal to set up a sports academy requires a heavy initial capital outlay, but there is no detail on the source, reliability or timescales of the funding to achieve this. The proposed financial structure is anchored by the income generated from the lets of three multi-use sports pitches planned for an area which is outwith the offered property extents. The pitch area required is not surplus to the Council's operational requirements.

Overall Assessments: The application does not meet the criteria for public asset transfer and is based on the Council making available additional land which is not surplus to Council requirements.

4.1.3 Hamilton Gymnastics Club

Organisational Assessment: Hamilton Gymnastics Club has been established for five years. The Club have provided their constitution and their most recent accounts. The Club is undergoing application to become a Company Limited by Guarantee. The Club has a large current membership engaged by subscription and has waiting lists for most classes. The Club can evidence a level of financial and operational stability which has been achieved without external funding or sponsorship.

Project Assessments: The Club's Business Plan revolves around extending the current provision of gymnastic classes, in terms of both the range and number of classes, in one permanent base which is specifically fitted out for gymnastic purposes. The Club's objectives focus on achievement and these are clearly defined and challenging. The project would allow more people to have the opportunity to participate and allow promising athletes to be nurtured to national and international standard. Sports Scotland has provided a letter of support for the proposal.

Overall Assessment: Hamilton Gymnastic Club meets the organisational and project criteria for asset transfer. The Club already has links to South Lanarkshire Leisure and Culture and Education as well as the Scottish Gymnastic Association and delivers social and health benefits through sport. There are some risks associated with the Gymnastic Club's lack of business skills and these are acknowledged by the Club. These risks can be mitigated through the business planning process and advice and support being provided by the Business Gateway.

4.2 John Hastie Museum, Strathaven

A total of three applications were received. One application was from a property developer and two applications were from community based organisations; one from a local sporting club, Strathaven Dynamo AFC, wishing to create a central Club House for their activities and one from the newly formed Strathaven John Hastie Museum Trust Ltd, who wish to continue and expand on the museum use.

4.2.1 Property Assessment:

The intended uses of both community based applications are in accordance with the title condition on usage affecting the property. The facility is closed and surplus to operational requirements. The property is currently included in the lease to South Lanarkshire Leisure and Culture Trust and will have to be the subject of a renunciation. The building, surrounding walls and gate piers have category 'C' listed status and are in reasonable condition but require investment. The building has development potential for conversion to residential or office use.

4.2.2 Strathaven Dynamos AFC

Organisational Assessment: Strathaven Dynamo AFC is a Charitable Trust and registered as a Limited Company. The Club has been in existence since 1968 and has a large current membership engaged by subscription. The Club has provided its constitution, articles of association and its most recent accounts. The Club can evidence a level of financial and operational stability.

Project Assessment: The Club proposes to refurbish the property as a Club House for its activities with exhibition area, first aid room and meeting rooms. The business plan includes letting out of meeting rooms to other groups to supplement revenue income and the Club have evidenced how they would manage the property. Funding opportunities have been identified but funding has not been secured for refurbishment although money is available for immediate repairs.

Overall Assessment: Strathaven Dynamos meet the organisational and project criteria for asset transfer and are well established and financially stable. They have demonstrated an understanding of the financial and practical implications of running a property. The property would enable the Club to have a visible base within the community and continue to develop their sporting activities.

4.2.3 Strathaven John Hastie Museum Trust Ltd

Organisational Assessment: The Strathaven John Hastie Museum Trust Limited has been established for six months. The Trust is registered as a Company Limited by Guarantee and intends to apply for charitable status. The Trust, which has eleven Trustees, has not been able to provide their constitution or articles of association.

Project Assessment: The Trust's Business Plan is based on the desire to retain the property as a museum for the people of Strathaven and Avondale. The plan includes a number of extended and enhanced projects designed to increase visitor numbers and an initial marketing plan has been prepared. A number of funding opportunities have been identified however funding has not been secured.

Overall Assessment: The Trust meets the organisational criteria for asset transfer, however, the business plan places reliance on an ability to substantially increase the level of visitors to the property and, in the opinion of the Steering Group, based on national visitor figures, there is an overestimated of the associated projected income. Any income gap is expected to be met through sponsorship and donations which is a risk.

4.3 Hunter House Museum, East Kilbride

A total of four applications were received, two from property developers and two from community based organisations; East Kilbride Development Trust wishing to develop a museum/history centre and Calderwood Baptist Church requiring an additional church annexe and counselling centre.

4.3.1 Property Assessment:

The intended uses of both community based applications are in accordance with the title condition on usage affecting the property, the facility is closed and surplus to operational requirements. The property is currently included in the lease to South Lanarkshire Leisure and Culture Trust and will have to be the subject of a renunciation. The building has category 'A' listed status and whilst it is in reasonable condition it requires investment. The building has development potential for conversion to residential or office use.

4.3.2 East Kilbride Development Trust

Organisational Assessment: The Trust has been operating as a constituted community group for almost two years and is supported by the Development Trust Association Scotland. The Trust's objectives are community based and wide-ranging to promote social cohesion and benefit in the community. The Trust has already successfully managed two grant funded environmental projects but has not as yet taken on responsibility for a building.

Project Assessment: East Kilbride Development Trust envisages the primary function to be a museum/history centre the operation of which would be sustained by leasing some of the rooms for business, enterprise and community use. The Trust's vision is that Hunter House will become a multi-use community hub. The Trust proposal states that they wish to start a lease in June 2012 for one year and then have the option of purchase thereafter giving them time to develop their business case and secure funding.

Overall Assessment: East Kilbride Development Trust meets the organisational criteria for asset transfer and in principle the project is acceptable. However the Trust is not in a position to take on responsibility for the property immediately. The Council has no budget to service, secure and maintain the property, therefore, the risks associated with leaving the building unoccupied, particularly over the winter period, are excessive. The preference of a lease for a year and then a conditional purchase thereafter does not offer any certainty over the building's future and, whilst funding opportunities have been identified, funds have not been secured.

4.3.3 Calderwood Baptist Church

Organisational Assessment: The Church has been established for forty years and is a registered Scottish Charity. The Church has broad and inclusive church and community objectives and runs various projects in collaboration with Long Calderwood Primary School and Calderglen High School as well as providing counselling services for children and families from East Kilbride. The counselling service is carried out in partnership with Kerith Counselling and the Health Visitor group. The Church used accommodation within Hunter House for two years prior to the Museum closure.

Project Assessment: The Church has provided detailed architectural drawings of its proposed refurbishment of Hunter House which include creating counselling rooms, an event room, a café and a large seminar room. It is envisaged that Hunter House will provide a neutral, off-site counselling venue for children and families in a quality environment which will assist the counselling process. The Church already works in partnership with the Council and NHS Lanarkshire in social care and wellbeing.

Overall Assessment: The Church meets the organisational and project criteria for asset transfer. The Church already own two properties and can evidence sound governance in managing and operating these. A team of qualified professional and trades personnel who would be able to undertake repair and refurbishment work on the property immediately allowing the extension and improvement of community services for which there is demand.

5.0 **Recommendations**

5.1 There have been competing interests for each property in Phase 2 of the Property Transfer to Third Sector organisations project and it is recognised that considerable time and effort has been expended by all the organisations involved in putting together their applications.

5.2 Applying the assessment criteria developed by the Council and balancing the risks and benefits of each of the proposals, it is recommended that the Council transfer:-

- Eddlewood Sports Barn to Hamilton Gymnastics Club
- John Hastie Museum to Strathaven Dynamos
- Hunter House, East Kilbride to Calderwood Baptist Church

5.3 Further discussions will be undertaken to develop proposals with the approved organisations and to establish detailed terms and conditions of sale or lease, said terms will be reported to a future Estates Committee for approval.

6. **Employee Implications**

6.1. There are no employee implications

7. **Financial Implications**

7.1. The Council continues to be responsible for the costs associated with security, maintenance and insurance of the properties pending the development of terms and conditions for asset transfer.

7.2 There is the potential loss of receipts to the capital receipts programme if the terms and conditions of transfer are on the basis of less than full market value. However at this stage the Council is not committed to any concession in rent or sale price. The detailed terms and conditions and the extent of any loss of receipt will be reported to future Estates Committees.

7.3 The property developer interest in John Hastie and Hunter House Museums has been noted. As the properties have been identified as suitable for public asset transfer formal financial offers have not been requested and these interests will not be pursued. The existence of potential bids will be taken into account when considering the terms and conditions of transfer.

8. Other Implications

8.1. The assessment process has been structured to minimise the costs to organisations in expressing an interest in a property and discussions with groups to date have clearly stated that asset transfer is not guaranteed. There is however high community expectation associated with each of the proposals and there is a reputational risk arising from the subsequent disappointment if asset transfers do not proceed, despite the efforts to engage with all relevant parties. This risk will be mitigated through the development of guidance documents explaining the assessment process and criteria. In the meantime all organisations have been offered advice on their submissions prior to the submission date.

8.2 It is important that projects and transfer terms are developed in a reasonable timescale in order to minimise the risk of property deteriorating in terms of condition and value. The condition of the properties will be regularly monitored.

8.3 There are no significant issues in terms of sustainability in terms of the recommendations contained in this report.

9. Equality Impact and Consultation Arrangements

9.1 Consultation has taken place with the Community Resources, Planning, Roads, Property and Legal Services as well as Development Trust Scotland and Business Gateway.

9.2 An initial equality impact assessment has identified the need to monitor the implementation of the transfer assessment criteria and collect further information in respect of successful and unsuccessful applications for asset transfer to enable a full impact assessment to be undertaken. An action plan has been developed to do this and a full review will be carried out within 12 months.

Lindsay Freeland

Executive Director (Housing and Technical Resources)

12 October 2011

Link(s) to Council Objectives/Improvement Themes/Values

- Accountable, Effective and Efficient

Previous References

- Executive Committee report 6 July 2011

List of Background Papers

- Public Asset Transfer Steering Group Assessment Report

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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