

# Report

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

Subject:	<b>Property Transfer to Third Sector Organisations: Jubilee Hall, Lesmahagow</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise the Executive Committee of the position with regards to the application by Lesmahagow Development Trust for the transfer of the former Jubilee Hall, 1 Wellwood Road, Lesmahagow.

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendations:-

- (1) that the application by Lesmahagow Development Trust for the transfer of the Jubilee Hall, Lesmahagow be refused.
- (2) that the future of the property be managed through the Council's normal Property Bulletin and disposal processes; and
- (3) that discussions continue with the Boxing Club with a view to identifying suitable alternative premises.

## 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 Lesmahagow Development Trust submitted an application which was considered by the Executive Committee at its meeting on 6 July 2011. There were concerns over the viability of the application and it was agreed that the applicants would be given an additional period of time to develop their proposals.
- 3.3 The Development Trust proposal was for the property to be transferred by the Council to the Trust who would then sublet the property to a newly formed organisation, Lesmahagow Amateur Boxing Club.
- 3.4 The initial assessment of the application highlighted concerns regarding the capacity of the Development Trust, which has been in existence for less than 2 years, to deliver a property based project and the viability and sustainability of the boxing club proposal.

#### **4. Current Position**

- 4.1. Since the initial assessment, Lesmahagow Development Trust has had the building inspected by various specialists, undertaken a further community consultation exercise and researched funding opportunities all with a view to developing a business model which would demonstrate the viability of the project.
- 4.2. At the present time, Lesmahagow Amateur Boxing Club is still not a constituted organisation and the business plan is not sufficiently developed to demonstrate that the Development Trust and the Boxing Club can viably operate from and sustain this property.
- 4.3. Their funding model does not demonstrate sufficient regular income to cover outgoings and the Trust and Club propose to supplement the income through fund raising events and potentially allowing other sporting organisations to use the facility.
- 4.4. Lesmahagow Development Trust have suggested that as an alternative to immediate Asset Transfer, the property is leased to them with permission to sublet to the boxing club, for a period of a year. This would prevent any further deterioration of the property whilst allowing the club to develop.
- 4.5. At its meeting on 5 October 2011 the Executive Committee agreed to continue consideration of the asset transfer of Jubilee Hall to establish if a one year lease of the Jubilee Hall was a viable proposal.

#### **5 Recommendation**

- 5.1. It is recognised that Lesmahagow Development Trust and the Lesmahagow Amateur Boxing Club have made considerable efforts to develop their proposals; however the business model relies on donations, sponsorship and subletting to make it financially viable which is considered to present an element of risk.
- 5.2. The Boxing Club, as an organisation, does not meet the criteria for Public Asset Transfer being neither constituted nor active at the present time. The Development Trust has suggested that they can reduce the risk for failure by acting as the intermediary and operating the building while the club becomes established. If the boxing club does fail then the Development Trust would remain the Council tenant and have no alternative business model for operating the building.
- 5.3. It is the Public Asset Steering Group's view that the proposed one year lease does not address the issues raised in the original assessment, namely that the Boxing Club cannot demonstrate a sustainable business model.
- 5.4. It is therefore recommended in paragraph 2 of this report that the application for asset transfer of Jubilee Hall by Lesmahagow Development Trust is refused.

#### **6 Future Proposals**

- 6.1. If the application is formally refused, the property will be transferred to the Corporate Land Bank and placed for sale on the open market.
- 6.2. Discussions are ongoing with the Boxing Club to identify alternative property solutions starting with lets of halls and schools to enable the club to become established prior to looking to the lease of a site or property at a future date, at costs which are more in line with the clubs financial position.

6.3 Discussions have commenced with the Lesmahagow Development Trust regarding the possible Public Asset Transfer of another property within Lesmahagow.

## **7. Employee Implications**

7.1. There are no employee implications.

## **8. Financial Implications**

8.1. There is potential for a future capital receipt from the sale of the property.

## **9. Other Implications**

9.1. The key risks concerned with this report are outlined in paragraph 5.1 of this report.

9.2 There are no significant issues in terms of sustainability in relation to the recommendations made in this report.

## **10. Equality Impact Assessment and Consultation Arrangements**

10.1 Consultation has taken place with the Community Resources, Planning, Roads, Regeneration, Property Services and Legal Services.

10.2 There is no requirement to carry out an Equality Impact Assessment

**Lindsay Freeland**

**Executive Director (Housing and Technical Resources)**

31 October 2011

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

- Accountable, Effective and Efficient

### **Previous References**

- Executive Committee report 5<sup>th</sup> October 2011

### **Contact for Further Information**

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

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