

THE HIGHLAND COUNCIL

Resources Committee – 1 October 2008

Agenda Item No.	
Report No.	

Property Disposals Requiring Scottish Ministers' Consent

Report by the Director of Housing and Property

Summary

Members are invited to approve property disposals at below market value, subject to receipt of Scottish Ministers consent.

1. Background

- 1.1 The lease or transfer of property which proposes a disposal to a third party at below market value requires Scottish Ministers consent in terms of Section 74 of the Local Government (Scotland) Act 1973.

2. Lease Transactions

2.1 Lease of Tigh Corraigh, Isle of Eigg

- 2.2 Tigh Corraigh is a single storey unit of domestic scale sited within a low density housing settlement at Cleadale on the Isle of Eigg. It was built in 1996 to serve as a day centre for the elderly and also as a nursery. The premises have been empty since August 2007 when the nursery moved to the refurbished school. The day centre ceased operating some time before this as the number of elderly persons accessing the lunch club slowly dwindled to zero.

- 2.3 The Isle of Eigg Heritage Trust is a company limited by guarantee, and a registered Scottish charity, set up in 1997 to secure the Island's future and to provide its small population with the opportunity to grow under their own initiatives and efforts. The Trust has three members: Eigg Residents' Association, The Highland Council and The Scottish Wildlife Trust.

- 2.4 The Housing and Social Work Committee on 21 May 2008 agreed to the proposal to lease Tigh Corraigh to the Isle of Eigg Heritage Trust for a period of 10 years. This arrangement is intended to allow the Trust to offer accommodation to those who are new to the Island or those considering settling there whilst ensuring that the centre remains available to the Council's Social Work Services should social services need to be reintroduced on the Island at a time in the future.

- 2.5 It is proposed to lease the premises to the Isle of Eigg Heritage Trust for a term of 10 years, at a nominal rent of £1 per annum with the option for the Council to break the lease at any time on the serving of 12 months written notice in the event that the premises are required as a social work day care centre, nursery or lunch club in the

future. As this is the only public facility on the north end of the Island this ensures that it is retained in the long-term in order to again serve in the delivery of Social Work services.

- 2.6 The Isle of Eigg Heritage Trust will grant three Short Assured Tenancy Agreements on a single room basis with shared facilities. Tenants will either be people who are new to the Island or those considering settling there. This will allow new people time to experience island life before considering settling there. Similarly, local young people could have some experience of independent living before starting out on their own.
- 2.7 As the lease is below the market rent of £6,000 (six thousand pounds) per annum set by the District Valuer, the offer of lease would be subject to the consent of the Scottish Government under s.74(2) of the Local Government (Scotland) Act 1973.

3. Sales Transactions

3.1 Disposal of the Kinlochleven Visitor Centre

- 3.2 The Kinlochleven Visitor Centre ("The Aluminium Story" building) is located within the village of Kinlochleven and until recently housed the tourist information centre, service point and library. The library and service point are now incorporated within the new PPP School, leaving the tourist information point as the sole use of the building.
- 3.3 The Kinlochleven Community Trust (KCT) is a company limited by guarantee with charitable status. KCT is the successor to the Kinlochleven Land Development Trust which was set up to implement the regeneration of Kinlochleven as an outdoor tourism and small business centre in a joint venture between the local community, Lochaber Enterprise and The Highland Council.
- 3.4 At the Ward Business Meeting on 18 August 2008 Councillors representing Ward 22 (Fort William and Ardnamurchan) agreed to progress the disposal of the property to KCT through Resources Committee and in the interim period approved the granting of a temporary licence to occupy to KCT so as to enable the visitor centre to remain open subject to obtaining Resources Committee approval and Scottish Ministers' Consent under s.74(2) of the Local Government (Scotland) Act 1973.
- 3.5 It is proposed that the Council dispose of the premises to the Kinlochleven Community Trust for nil consideration with the Trust continuing to provide a tourist information point retaining the existing Aluminium Story facilities. It is also envisaged that the existing village Post Office will relocate to the premises from its present location which is no longer fit for purpose with no disabled access.
- 3.6 KCT places emphasis on community engagement and consultation and has agreement for the proposal from the Kinlochleven Community Council. KCT will retain the premises in community ownership in perpetuity and rental income from the Post Office as tenant will be used to deliver further benefits to the community. The Trust has finalised the preparation of a 5 year development plan in order to take forward their proposals.
- 3.7 As the disposal is below the market value in the order of £25,000 (twenty five

thousand pounds) the proposed disposal will be subject to the consent of the Scottish Government under s.74(2) of the Local Government (Scotland) Act 1973.

3.8 Disposal of part of the site of Helmsdale Community centre

- 3.9 Members are also asked to consider the disposal of part of the site of Helmsdale Community Centre.
- 3.10 The site is required to be sold outright as part of a previously agreed sale of Council land to the Helmsdale Community Centre Association. It is proposed that the site is disposed of at nil value, the same terms as previously agreed.
- 3.11 The site forms the part of the Community Centre grounds as undefined but it is understood it extends to some 0.22 acres or thereby. The site is already occupied by the Helmsdale Community Centre and the disposal would regularise the matter of the land ownership, which was originally agreed by the Area Manager's office.
- 3.12 Legal Services have identified the subject site as having been missed from the original transaction which was instigated by the then Area Administrator and also the then Area Manager.
- 3.13 ECS consulted Ward Members who are supportive of the intentions. The owning service also raised no objections to the transfer of this area of land which would finalise the previous transfer of the Community Centre.
- 3.14 As the disposal is below the market value in the order of £5,000 (five thousand pounds) the proposed disposal will be subject to the consent of the Scottish Government under s.74(2) of the Local Government (Scotland) Act 1973.

4. Resource Implications

- 4.1 The Highland Council will forego potential rental income of £6,000 per annum on the lease of Tigh Corraigh, Isle of Eigg, or a capital receipt in the region of £120,000.
- 4.2 The Highland Council will be relieved of the upkeep cost of the building with repair and maintenance obligations passing to the tenant together with all other outgoings including utility bills, charges, taxes and assessments associated with the premises.
- 4.3 The Highland Council will forego a potential capital receipt for the Kinlochleven Visitor Centre in the region of £25,000.
- 4.4 There are no staff resource implications as existing staff have transferred through to the new PPP School in either the library or service point.
- 4.5 The market value of the part of the site of Helmsdale Community Centre is £5,000 and it is proposed that it will be disposed of outright to the Helmsdale Community Centre Association for nil consideration in order to regularise the original proposals, with the group meeting the Council's reasonable costs of the transaction in line with the Council's policy.

5. Recommendations

5.1 Members are invited to approve

1. the lease of Tigh Corraigh (the former Cleadale Centre) to the Isle of Eigg Heritage Trust for a term of 10 years, with the option for the Council to break the lease at any time on the serving of 12 months written notice in the event that there is an identified need for the premises required for the delivery of Social Work services for the young and/or the elderly on the Island. The annual rent will be £1 (one pound) with the tenant responsible for all upkeep, repair, maintenance and other outgoings including utility bills associated with the lease. The lease is subject also to any other terms and conditions to be agreed by the Director of Housing and Property in consultation with owning Service.
2. the disposal of the Kinlochleven Visitor Centre ("The Aluminium Story") to the Kinlochleven Community Trust for nil consideration with the purchaser assuming all responsibility for the premises. The proposal will safeguard the provision of a tourist information point within the village together with community benefits with the relocation of the village Post Office. The disposal is subject also to any other terms and conditions to be agreed by the Director of Housing and Property in consultation with the owning Service.
3. the disposal of part of the land adjacent to the Helmsdale Community Centre to the Helmsdale Community Centre Association at nil consideration.

5.2 Members are further invited to agree that the Director of Housing and Property seeks consent for these transactions from the Scottish Ministers under Section 74(2) of the Local Government (Scotland) Act 1973 for disposal at below market value.

Signature:

Designation: **Director of Housing and Property**

Date: 12 September 2008

Author/Ref: Allan Maguire, Head of Housing Development and Estates, 01463 702528