**DORNOCH COMMON GOOD**

**PROPOSAL TO DISPOSE, BY LEASE, AND CHANGE OF USE OF COMMON GOOD LAND AT DORNOCH LINKS TO ROYAL DORNOCH GOLF CLUB (RDGC) AND TO CHANGE THE USE OF THE BOWLING CLUB TO IMPROVE ACCESS AND CHANGE THE USE OF THE TENNIS COURT FOR BOWLING AND CAR PARKING**

**REPRESENTATIONS AND RESPONSES**

1. **Number of responses received**

The public consultation period ended on 12 March 2021 with a total of 31 responses having been received. Responses were received from both local residents and visitors/members from other countries. These responses are broken down as follows:

* 27 were fully supportive
* 2 raised only concerns and made no comment regarding support/objection
* 2 were generally supportive in principle but raising some issues.

1. **Representations, questions, and issues distilled from the responses received**
2. **Supportive comments received**

The types of supportive comments received can be summarised in the following examples:-

* The new proposals will help safeguard the future of Dornoch as a town and the golf club. The success of the Golf Club is intrinsically linked to the economic wellbeing of Dornoch itself.
* The plans for the new clubhouse have been thoroughly thought through with community consultation and involvement at each step. It will enhance Royal Dornoch’s profile resulting in more visitors which will benefit local jobs and businesses.
* The golf club is a wonderful amenity for the town and whole Highland area. It is the biggest generator of employment either directly or indirectly in the area.
* Proposal will result in significant community benefit by increasing funds into the Common Good whilst also protecting RDGC in the event that as situation such as the current pandemic occurs again, and their numbers fall below point of financially breaking even.
* RDGC will be investing up to £100k in a new sports facility to compensate for loss of tennis court as part of golf club development which will benefit the community.
* RDGC is one of the top golf courses in the world and is a great accolade for Scottish golf and the Highlands. The proposed new clubhouse will enhance this image and continue to encourage visitors nationally and internationally to the area.
* The new agreement fairly balances the interests of the town and the golf club. It is substantially more lucrative for Dornoch yet also allows RDGC to continue to prosper.
* The proposal does not change the original intent of the lease which has worked harmoniously for many years. A new clubhouse will be able to be more energy efficient materials which will benefit the environment.
* The proposal represents sound financial judgement for the Highland Council, the Dornoch community and RDGC.
* It is great to see a lease proposal that will benefit the Common Good, RDGC and the community of Dornoch – the Common Good will gain from increased rent which can be used to benefit the community, RDGC gain from being able to build a new clubhouse and the community will benefit from the contribution to funding towards the new sports facility at Dornoch Academy.

1. **Objections or issues raised for response**

4 representations were received that raised issues that require responses from the Council. The issues raised are summarised in the table below.

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| **Questions/issues/concerns** | **Council’s suggested response** |
| There is no worked out proposal for replacement of tennis courts   * Who will be responsible for upkeep & who will pay for it? * What will facility be? * What happens if costs are over or under £100k? | * Highland Council will take on responsibility for maintenance of the facility once complete. * The facility will be a multi sports pitch. * Golf Club has offered to pay for a facility with a cost of up to £100k, there will be a competitive tendering process to find a suitable contractor willing to carry out the work for an agreed price. |
| What is rationale for rental proposed?   * Is the value of the lease £50k or £25k? * Has £50k been divided in to 2 parts – 1 for most of land & 1 for proposed new clubhouse to incentivise RDGC to sign lease? * If RDGC decide not to “break turf” & build clubhouse, will the lease remain at £25k for next 99 years? | * The valuation of a leasehold asset is not calculated just on rental figures. An estimated capital value to the Dornoch Common Good Fund for the golf course once the new lease is in place is £625,000. The rental value is based on a negotiation and reflects both the current lease and opportunity going forward. * The split of the rent into 2 parts was the result of lengthy negotiations and was required as an incentive for the golf club in agreeing lease terms. * There is nothing specific that confirms this, but it is likely that the rent would remain at £25k if the new clubhouse is not built. |
| Maps are too small to see full area lease will include. | It is accepted that the full image is quite small however, it is still possible to form an understanding of the area to be contained within the new lease footprint.  If required, the Council Estates team can provide full size versions of the plan. |
| Given there is a pandemic & first rental payment is not due to be made until Dec 2023, can the decision be delayed for a year to allow Dornoch community to engage in a proper communal discussion about the future of our common good land? | The consultation concerns land already rented to RDGC with the new lease proposed actually resulting in a reduction to the area covered in the current lease plan. The time allowed for the consultation was extended from 8 weeks to 12 weeks to allow for the fullest possible community involvement.  Going ahead with the consultation now will allow a decision to be made and, if approved, will allow RDGC to begin to make appropriate plans for commencement of the works proposed. The delaying of first rent payment is not uncommon in commercial leasing and, in this case, reflects both the situation that has occurred with restrictions and also acknowledges RDGC plans to fund works from their available reserves. |
| Concerns that Dornoch & wider area community are effectively being asked to underwrite the financial risk of the proposed new clubhouse due to the staged payment structure and its link to the requirement for RDGC to break even financially each year. This seems to take no account of the club’s financial reserves and, as a result, seems an inappropriate basis for a lease renewal. | The Dornoch Common Good Fund is not underwriting the development of the clubhouse. The costs of developing the clubhouse will be in excess of RDGC’s current cash reserves and the lease negotiations have agreed, in principle, to flexible terms to take account of the risks being taken by RDGC. The existing lease is due to run until 2072 with a rent of £150 per year and no break clause so can only end if parties agree or there is a significant breach of lease terms.  The proposed new lease resulting from prolonged negotiations will see Dornoch Common Good benefitting significantly from a major increase in income. During negotiations the Common Good interests were represented by a Chartered Surveyor. |
| It would be useful to include an artist impression of the proposed new clubhouse to let people understand the likely visual impact. | The consultation relates to the proposal for disposal by lease of the land and change of use. Any comments relating to the details of the new clubhouse will be dealt with under the formal planning process. However, it is understood that RDGC have released images of the proposed design online. |
| Why is lease rental not calculated on a £ per acre basis in the same way as for the caravan park? | The caravan park lease was not calculated on the basis of a rate per acre. Valuers often use rates per acre to help compare rents of comparable properties. However, there is very limited evidence of Golf Clubs being let on the open market in Scotland, most golf courses that have been let have generally been at very low rents. |
| If the base rent is to be implemented in July 2021 why does payment not start until January 2023? | It is common in commercial leases to agree rent free periods at the start of the lease. In general, these are to allow the tenant to develop the property for intended purpose. It is understood that the new clubhouse will cost several million pounds and the rent free period was agreed to assist RDGC with cash flow. |
| Rental should always be in advance – why is the rental here proposed to be in arrears? It would be more appropriate to have the rental payable quarterly in advance. | The tenant requested this during negotiation. The point was conceded as it would have no material impact on the income generated over the course of the lease. The Dornoch Common Good fund has significant cash reserves and does not spend money quickly after receipt. Therefore, it was determined that this was a reasonable concession. |
| Rent reviews should state “upwards only”. | The rent review will be upwards only. |
| If it is to be a 99 year lease, it should be non-assignable. | To prohibit assignation completely is a highly restrictive and onerous clause and would have a significant detrimental impact on the marketability of the asset for lease and future rent reviews. Highland Council on behalf of the Common Good will have the right to refuse an assignation provided the refusal is reasonable. |
| Concerns regarding ongoing impact of Covid if new strains continue to appear and vaccines are not as robust. The proposal has built in some safeguards with rental delay and levels set to whether financial breakeven is achieved, but if the situation continues for a longer period will there be any provision to review the arrangements? | The current pandemic had an impact on negotiations and the proposal was agreed in light of this. The parties are able to modify the lease terms by mutual agreement however, it is not envisioned that this will be required. |