

# Finance and Resources Committee

10.00 a.m, Thursday, 14 January 2016

## Ground at Manse Road, Kirkliston – Proposed Lease

<b>Item number</b>	8.3
<b>Report number</b>	
<b>Executive/routine</b>	Executive
<b>Wards</b>	1 - Almond

### Executive summary

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1<sup>st</sup> Kirkliston Scouts Group has approached the Council to acquire land at Manse Road, Kirkliston to develop a Community Activities Hall.

The Group has prepared a feasibility study to support the proposal.

Heads of Terms have been provisionally agreed for the grant of a 125 year ground lease of the site to the Group, with an option to purchase.

This report seeks authority to grant a 125 year ground lease, to 1<sup>st</sup> Kirkliston Scouts Group, on the terms set out in the report.

### Links

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<b>Coalition pledges</b>	<a href="#">P17</a> , <a href="#">P42</a>
<b>Council outcomes</b>	<a href="#">CO1</a> , <a href="#">CO2</a> , <a href="#">CO10</a>
<b>Single Outcome Agreement</b>	<a href="#">SO1</a> , <a href="#">SO2</a> , <a href="#">SO3</a>

## Ground at Manse Road, Kirkliston – Proposed Lease

### Recommendations

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That Committee:

- 1.1 Approves the lease, and option to purchase, of land to 1<sup>st</sup> Kirkliston Scouts Group, in accordance with the terms set out in this report, and on such other terms and conditions to be agreed by the Acting Executive Director of Resources.

### Background

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- 2.1 1<sup>st</sup> Kirkliston Scouts Group currently operates from a site on the outskirts of Kirkliston, which it leases from a private company. The existing hall is in a dilapidated condition and continues to deteriorate despite repairs being undertaken by the Group. Due to increasing demand from the continued expansion of Kirkliston, the Group has also outgrown the current premises.
- 2.2 The Group's Board has been working on a proposal to develop a new facility on a vacant Council site on Manse Road, in the centre of Kirkliston. The site, held on the Housing Revenue Account, extends to approximately 0.067 hectare (0.16 acre) and is shown outlined in red on the attached plan.

### Main report

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- 3.1 1<sup>st</sup> Kirkliston Scouts Group has prepared a feasibility study, which outlines its proposals for the site. The Group has utilised the services of several professional consultants in the preparation of the study including architects, quantity surveyors and engineers. Site investigations and a topographical survey of the site have also been undertaken.
- 3.2 The Group has presented a fully designed and costed scheme for the new building which comprises a large hall, cafe, storage/office space and an outdoor play area. It is anticipated that the facility will be used by a number of local organisations including Brownies, dance groups, breakfast and after school clubs.
- 3.3 The projected cost of the construction work is £547,000. Local fund raising initiatives have been taking place, and an application will be made for Lottery Funding.

- 3.4 A new charitable legal entity will be formed based on a joint venture between the Scouts and the other user groups.
- 3.5 The Group has approached the Council to lease the site on a negotiated basis. Following discussions between the Group and the Council, Heads of Terms have now been provisionally agreed with the main terms as detailed below:
- Tenant: 1<sup>st</sup> Kirkliston Scout Group (or legal charitable entity to be created within which the Scout Group remain a principal partner).
  - Method of Disposal: 125 year ground lease with tenant option to purchase.
  - Price: rent £1 per annum.
  - Option Price: £40,000 exclusive.
  - Development: The construction of a Community Hall and related facilities.
  - Conditionality : The lease will be conditional on the Group receiving:
    - a) Funding
    - b) Planning and other necessary consents.
  - Tenant Option to Purchase: Can be exercised at any time during the lease. The purchase price during first five years of lease is £40,000, subject to annual upward review to CPI from the fifth anniversary of the date of entry of the lease.
  - Overage Provision: Payable to the Council in the event that the property is sold within three years of the completion of the option to purchase. The Council to receive 50% of the amount by which any sell on price exceeds the option price.
  - Fees: The tenant will pay the Council's reasonably incurred legal and surveyor fees.

## Measures of success

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- 4.1 A vacant site will brought back into beneficial use with a development that will bring social, health and welfare benefits to the local community.

## Financial impact

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- 5.1 Throughout the duration of the lease the Group will have the option to purchase the land at £40,000. This value will increase annually, after the fifth anniversary of the date of entry, in line with the Consumer Price Index (CPI), from the effective date of the lease until the option to purchase is exercised.
- 5.2 The price of £40,000 represents market value of the site, taking the potential uses and size into consideration.

- 5.3 The site would attract limited interest if placed on the market for rent due to the size, location and potential uses.

## **Risk, policy, compliance and governance impact**

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- 6.1 As the site is held on the Housing Revenue Account, Scottish Government consent will be required for any disposal.
- 6.2 Planning advice has been sought by the Group as part of the feasibility study and permission will be required prior to the lease being put in place.

## **Equalities impact**

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- 7.1 The development of the site for a community facility will provide social, health and welfare benefits to the local population. This will improve the standard of living along with individual, family and social life.
- 7.2 The development will remove a gap site which will enhance physical and legal security to the surrounding residents.
- 7.3 The redevelopment of the property will have a temporary adverse effect on the surrounding area, however this will be mitigated as much as possible by any contractor.
- 7.4 The disposal by way of an off market transaction will prevent other developers from making a bid to purchase the site. This will be offset by the development of a facility that will be of benefit to the local community. In addition, the size and location of the site prevent a large scale development for an alternative use, such as residential, being undertaken.

## **Sustainability impact**

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- 8.1 The redevelopment of the property will be to modern standards and will comply with current building regulations to minimise impact to the environment.

## **Consultation and engagement**

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- 9.1 The building has been through the normal consultation process internally prior to being declared surplus. Housing and Regeneration has been consulted and is fully supportive of the proposal.
- 9.2 Local elected members have been consulted on the recommendations of the report and are supportive of the proposal.

## **Background reading/external references**

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N/A

### **Hugh Dunn**

Acting Executive Director of Resources

Finance and Resources Committee – 14 January 2016

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## Links


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<b>Coalition pledges</b>	P17 – Continue efforts to develop the city’s gap sites and encourage regeneration. P42 – Continue to support and invest in our sporting infrastructure.
<b>Council outcomes</b>	CO1 – Our children have the best start in life, are able to make and sustain relationships and are ready to succeed. CO2 – Our children and young people are successful learners, confident individuals and responsible citizens making a positive contribution to their communities. CO10 – Improved health and reduced inequalities.
<b>Single Outcome Agreement</b>	SO1 – Edinburgh’s Economy delivers increased investment, jobs and opportunities for all. SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health. SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential.
<b>Appendices</b>	Location Plan.

**ASSET MANAGEMENT  
LOCATION PLAN**

ADDRESS  
10/1 MANSE ROAD  
KIRKLISTON  
DISUSED PLAY AREA

DRAWN BY : A.Powers  
DATE : June 2005  
ASSMAN NUMBER : 651  
SCALE : 1:1250 @ A3

 AREA - 0.067 Ha  
0.16 Ac  
AREA TAKEN FROM ORDNANCE SURVEY

