

Finance and Resources Committee

10.00am, Thursday 5 March 2020

4 Duncan Place – Community Asset Transfer

Executive/routine	Routine
Wards	13 – Leith
Council Commitments	2 , 7 , 31 , 33 , 34 , 35 , 39 , 40 , 46 , 51 , 52

1. Recommendations

- 1.1 That Committee approves the disposal of part of the former Resource Centre at 4 Duncan Place to the Duncan Place community group on the terms as specified in the Community Asset Transfer request and on such other terms and conditions to be agreed by Executive Director of Resources.

Stephen S. Moir

Executive Director of Resources

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Property and Facilities Management Division, Resources Directorate

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4 Duncan Place – Community Asset Transfer

2. Executive Summary

- 2.1 This report seeks authority to dispose of part of the former Resource Centre located at 4 Duncan Place Edinburgh to the Duncan Place community group on the terms as specified in the Community Asset Transfer request which are outlined in this report. The proposed sale is a Community Asset Transfer under Part Five of the Community Empowerment (Scotland) Act 2015.

3. Background

- 3.1 The former Resource Centre building at Duncan Place housed a community centre and the gym hall and nursery accommodation for Leith Primary School. Following a succession of issues with the condition of the building, the facility was closed in September 2014 to allow intrusive surveys to be carried out.
- 3.2 On 9 December 2014, the Education, Children and Families Committee considered the outcome of the surveys and approved that the building should be demolished, and further work carried out to establish the options for replacement.
- 3.3 On 6 October 2015, the Education, Children and Families Committee approved that, due to the listed building status of part of the property, that part of the building should be retained. Committee also approved that a working group be set up to take forward discussions with the Duncan Place Management Committee, now renamed Duncan Place, to progress the possibility of a community asset transfer of the part of the building that would be retained. The location and floor plans for this part are contained within appendices 9.1 and 9.2.
- 3.4 A working group was formed to take the project forward with Duncan Place with a remit to work together in applying for substantial external grant funding to renovate and upgrade the building to a condition suitable for occupation as a community facility.
- 3.5 On 12 June 2018, the Finance and Resources Committee noted the outcomes of the capital funding package; that construction work had commenced; and approved the principle of a Community Asset Transfer to assist Duncan Place in further revenue grant funding applications.

3.6 Duncan Place submitted a formal Community Asset Transfer request to purchase the building on 14 November 2019. The purpose of this report is to finalise the approval of the Community Asset Transfer.

4. Main report

- 4.1 The decision of Committee, on 12 June 2018, facilitated the award of Big Lottery revenue funding of £425,270 to Duncan Place. This will be used to furnish the building, employ a Development Manager and cover building running costs and staff wages for the first five years of operation. The annual grant funding reduces year on year so that after year five Duncan Place receives no outside assistance, with the business case projecting that it will be self-financing by that time. The funding was conditional upon the asset transfer being for the heritable interest of the building.
- 4.2 Progressing on from the Working Group, Duncan Place submitted a formal Stage 2 [Community Asset Transfer](#) request under Part Five of the Community Empowerment (Scotland) Act 2015 to purchase the property. In accordance with Council policy on Community Asset Transfers, a panel comprising of elected members, council officials, third-party business leaders and the applicants was convened to consider the request. Prior to the panel meeting, the proposal was assessed using the Community Asset Transfer policy scoring matrix, which resulted in a strong, to very strong submission.
- 4.3 The request is to transfer the heritable interest of the building to Duncan Place at nil value. Scottish Government Guidance on community asset transfers clarifies that Local Authorities have a duty to secure Best Value for public money and can sell, or lease, at less than market value where there are wider public benefits to be gained from a transaction. In making a case for the transfer of an asset at less than market value, the Best Value themes must be evident and positive outcomes for a more prosperous and fairer Scotland should be the result. The matters which the relevant authority must consider include the following types of benefit:
- Economic development;
 - Regeneration;
 - Public health;
 - Social wellbeing;
 - Environmental wellbeing;
 - Reducing inequalities of outcome from socio-economic disadvantage; and
 - Any other benefits that might arise through the alternative use of the asset.
- 4.4 An asset transfer at less than market value is justified when these additional benefits empower communities and align with local and national priorities to enable the delivery of Best Value across the public sector as a whole. The benefits should also contribute to the authority's policy objectives and local priorities. The Duncan

Place Business Case evidences a wide range of Council Commitments that will be met as referenced in the header of this report.

- 4.5 Following the Government Guidance to address a transfer request at nil value, an independent joint valuation was carried out by Ryden Chartered Surveyors. Based on the asset being 'locked' for a community use, the value of the refurbished and upgraded property was placed at £750,000. Without the refurbishment grants being available and this listed property remaining in a near derelict condition, not only would the Council's liabilities and running costs have remained, but the value of the asset would be significantly lower.
- 4.6 The Guidance suggests that expert opinion may need to be sought to assess effectively the financial implications, the Best Value considerations and/or the proposed benefits. Duncan Place therefore commissioned an independent Social Impact Assessment of their planned activities to quantify the social worth of their proposals. Improvements in education & skills, employment & economy, health, housing, social services and a reduction in crime were all evaluated, resulting in an estimated saving to statutory services of £7,212,320 when taken over a period of ten years. The Social Impact Assessment Diagram is found at Appendix 9.3 and full details of the assessment are available in the Business Plan submitted with the Asset Transfer request. The predicted savings to statutory services arising from the Duncan Place proposals over a period of just ten years significantly exceeds the market value of the property. The transfer of this asset to Duncan Place for a nil purchase price demonstrates best use of the asset as well as achieving significant savings and best value to the Council, it's partners and to other authorities.
- 4.7 Compared with costs of maintaining other buildings whilst temporarily empty, the cost to the Council of retaining 4 Duncan Place in its previously un-occupiable condition is likely to have been in the region of £40,000 per annum.
- 4.8 In the event that the project does not meet its objectives, or it is discontinued or wound up, the future use and ownership of the building is determined by Section 80(2)(b) of Part Five of the Community Empowerment (Scotland) Act 2015. The intent being that should Duncan Place be wound up, a similar community or charitable use should continue with the building, failing which the asset reverts to the Scottish Ministers or to such charity as the Scottish Ministers may direct. Under the Guidance there is also the opportunity to protect the discount given on the purchase price whereby the authority can recover the property if it is no longer used by the community body for the agreed purpose or the body is wound up.
- 4.9 In summary, the terms proposed for the disposal of the property are as follows:
- | | |
|------------|--|
| Purchaser: | Duncan Place |
| Price | £nil |
| Fees | The purchaser is to meet the Council's reasonable legal fees and Property and Facilities Management's administration fee |

- 4.10 The Stage 2 Community asset transfer request was presented to the panel on 19 December 2019, and having considered the submission, decided via a unanimous vote to recommend the asset transfer request for approval.
- 4.11 Notwithstanding the justification above, the particular history of this project merits consideration. The instruction from Education, Children and Families Committee, on 15 October 2015, to set up a working group had the specific intent of achieving the outcomes detailed in this report.

5. Next Steps

- 5.1 Should Committee approve the transfer request, a decision notice will be issued in accordance with the Community Empowerment (Scotland) Act 2015, setting out the terms noted above and inviting Duncan Place to submit a legal offer to purchase the property on the terms detailed in their asset transfer request. The applicant is then afforded a minimum statutory period of at least 6 months in which to make their offer. Duncan Place can progress their legal offer more rapidly than this if they choose and it is understood that they are in the position to expedite this sooner than the six months timeline.
- 5.2 Should Committee be minded to reject the asset transfer request, the applicant has a statutory right to have the decision reviewed by the Council and, should the review be unsuccessful, a subsequent right of appeal to Scottish Ministers.

6. Financial impact

- 6.1 Without significant Council investment, the property could have lain derelict and unusable for some time, incurring security and vacant property costs as well as ongoing maintenance liabilities for the Council. Opportunities to dispose of a derelict listed building of this size and type in this location on the open market would prove challenging, with the physical listed attributes limiting significantly the capital receipt obtainable from a sale.
- 6.2 The property has been fully refurbished principally using externally sourced grants which were available for bringing buildings meeting certain qualifying criteria back into beneficial use and occupation. These grants would not have been obtainable by the Council in isolation or for refurbishing the building for a commercial use. Without these funds this listed building which was deemed 'at risk', would have remained a liability and in a near derelict condition, requiring considerable Council investment to bring it back into use.
- 6.3 Successfully applying for capital grant funding of £1,464,750 and Lottery revenue funding of £425,270 has rescued this listed building from becoming a derelict liability, returning it to a beneficial use with significant potential social worth.
- 6.4 The proposed nil sale price has also been considered in relation to The Disposal of Land by Local Authorities (Scotland) Regulations 2010, which provides that where the disposal (or lease) is for a consideration less than the best that can reasonably

be obtained, a Local Authority can dispose of the asset, provided it follows certain steps:

- It appraises and compares the costs and dis-benefits of the proposal with the benefits;
- It satisfies itself the proposed consideration for the disposal in question is reasonable; and
- It determines that the disposal is likely to contribute to the promotion or improvement of any one of: economic development or regeneration, health, social well-being, or environmental well-being, of the whole or any part of the area of the local authority or any person in the local authority area.

6.5 The Duncan Place proposals align with many Council commitments and contributes to these criteria therefore the proposed sale price is justifiable.

7. Stakeholder/Community Impact

- 7.1 Duncan Place has consulted widely in the community with regards to the future uses and services to be provided in the building. Results of the consultations form an important part of the Stage 2 CAT Business Case Submission which is available for reading using the link at 8.1 below.
- 7.2 Stakeholders involved in the working group and the CAT Panel comprised elected members, the chair of Leith Links Community Council, the North East Locality Manager and council officers involved with the project.
- 7.3 The ward members were actively involved in the Working Group and took a leading role in the CAT Panel.
- 7.4 An Integrated Impact Assessment was previously carried out and the outcomes reported to committee on 12 June 2018. A positive impact will result for many varied community and disadvantaged groups who intend making use of the building. A negative impact for the Council, community groups and other local groups would result if the project does not proceed.
- 7.5 The impacts on climate change were also reported earlier to committee, the outcomes being that the proposals will increase the city's resilience to climate change, helping to achieve a sustainable Edinburgh, as a result of reduced carbon emissions arising from the SEEP2 energy efficiency improvement works.

8. Background reading/external references

- 8.1 [Stage 2 Community Asset Transfer Request and Business Plan with Additional Documents](#)
- 8.2 [CEC Community Asset Transfer Policy](#)
- 8.3 [Community Empowerment \(Scotland\) Act 2015](#)
- 8.4 [Education, Children and Families Committee 9 Dec 2014](#)
- 8.5 [Education, Children and Families Committee 6 Oct 2015](#)

8.6 [Education Children and Families Committee 22 May 18 - Business Bulletin](#)

8.7 [Finance and Resources Committee 12 June 2018](#)

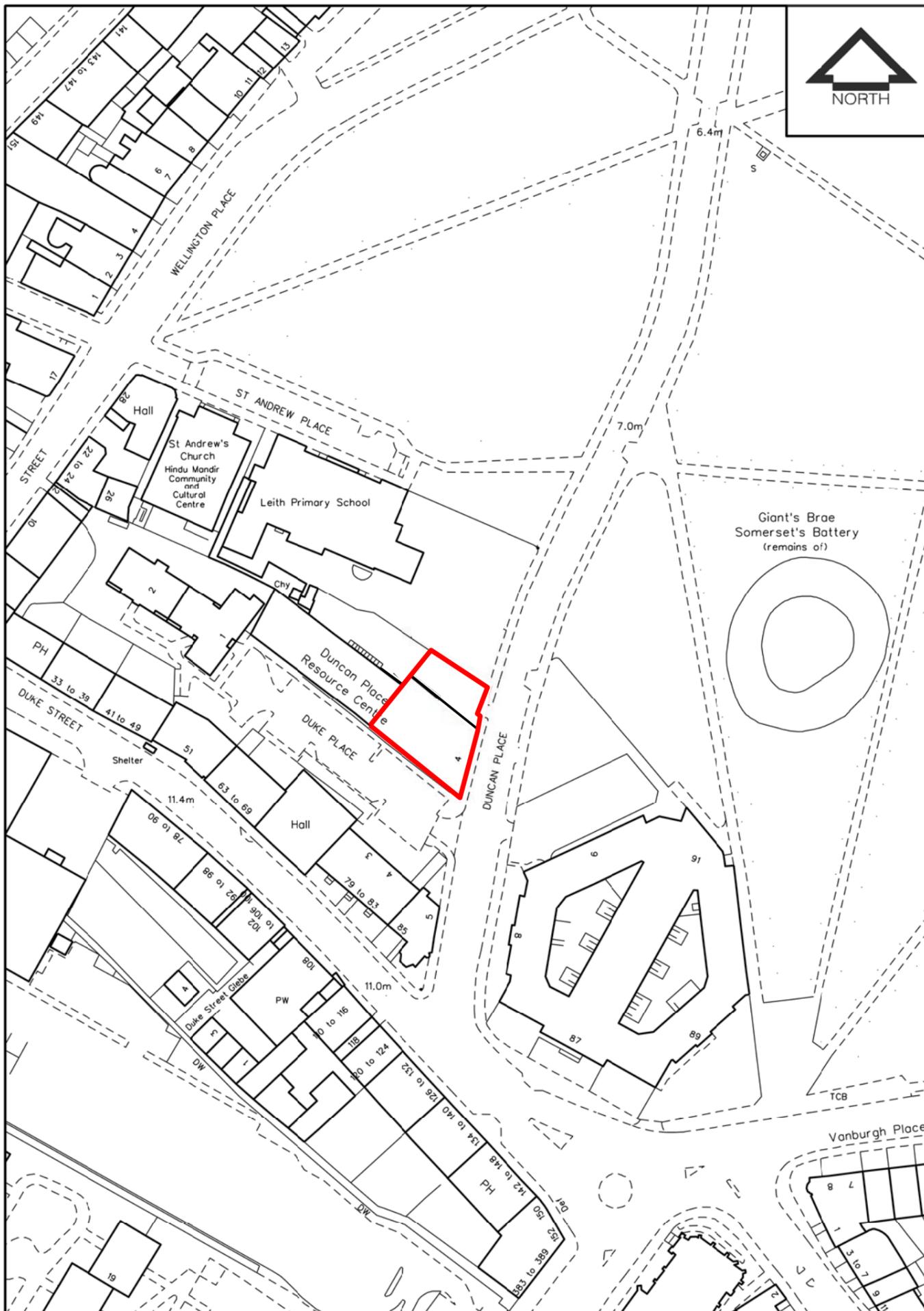
8.8 Duncan Place website: <http://duncanplace.org>

9. Appendices

9.1 Location Plan

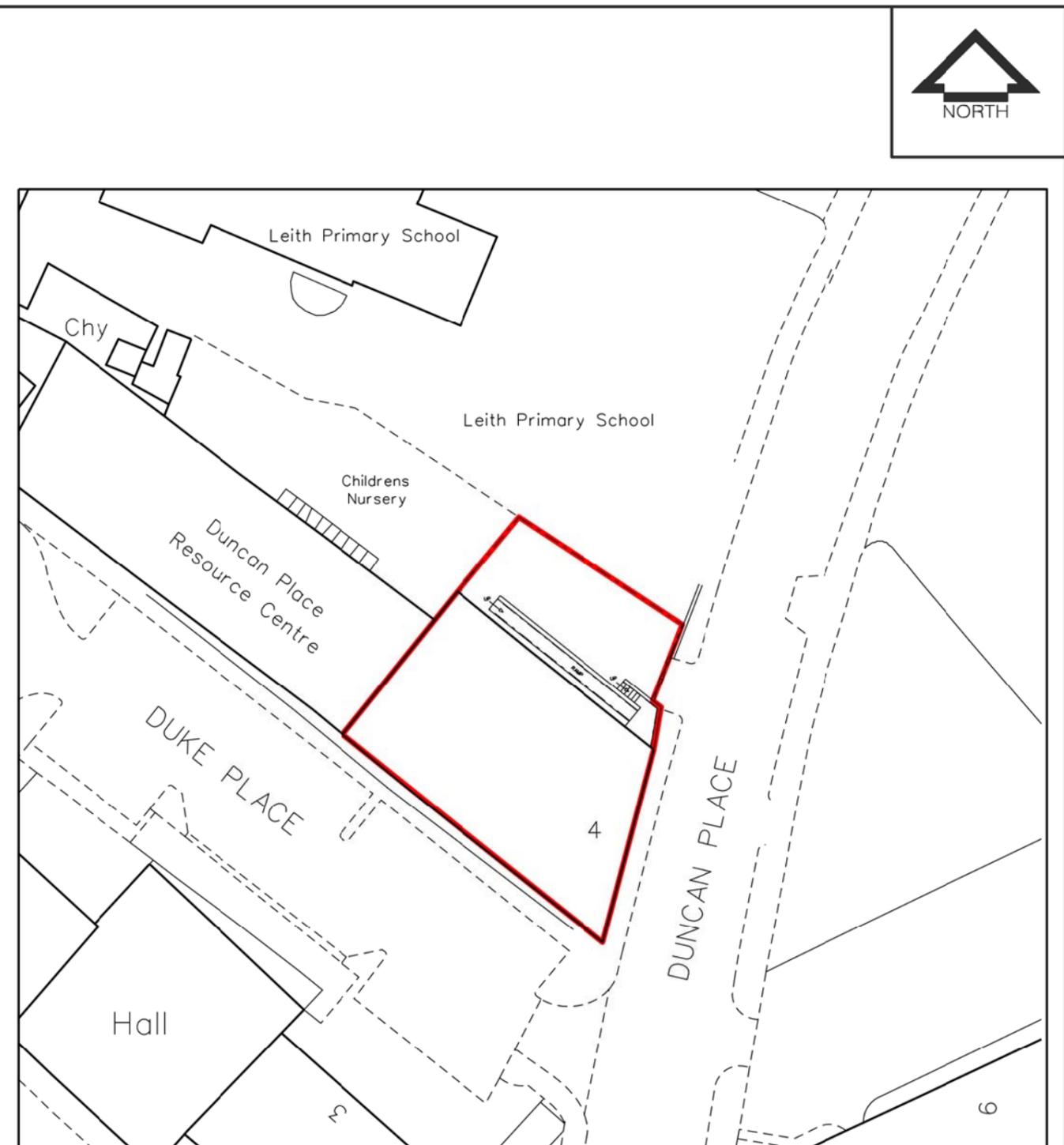
9.2 Duncan Place Floor Plans

9.3 Social Impact Assessment Diagram



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

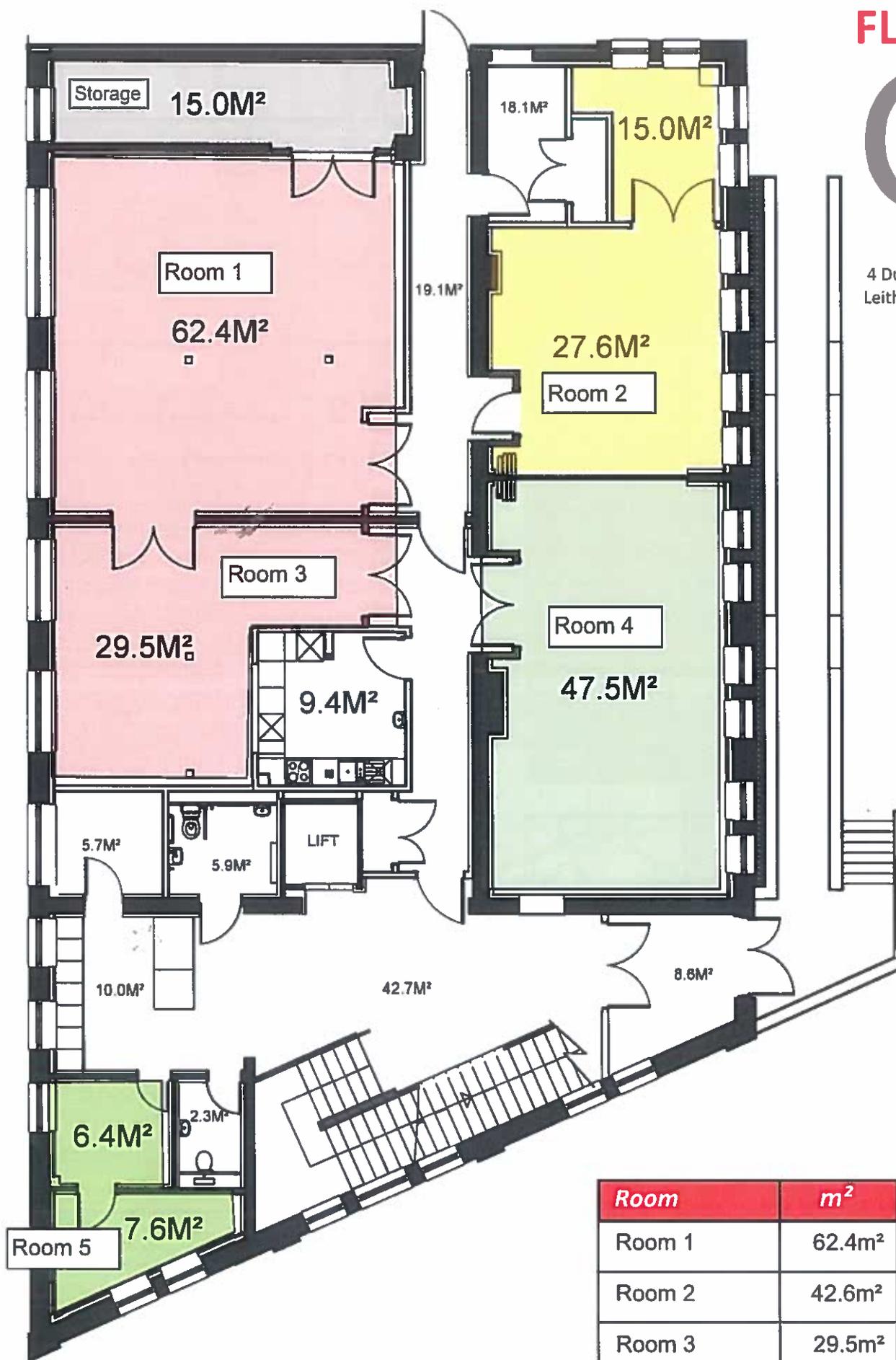
4 DUNCAN PLACE
EDINBURGH

DATE	28/11/19
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/2201

FLOOR

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4 Duncan Place
Leith, EH6 8HW

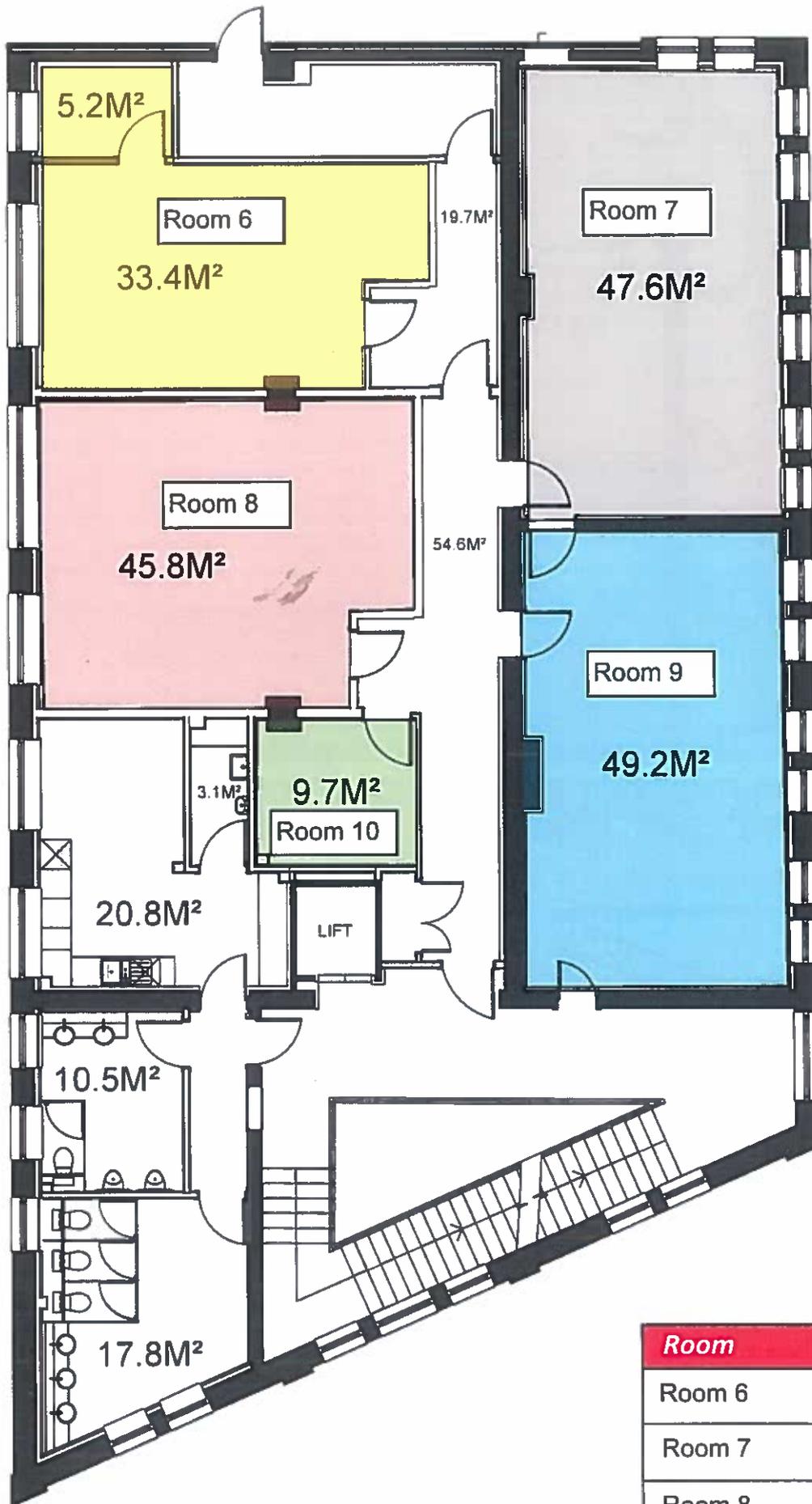


Room	m ²	f ²
Room 1	62.4m ²	671.7f ²
Room 2	42.6m ²	297.1f ² 438.5
Room 3	29.5m ²	317.5f ²
Room 4	47.5m ²	511.3f ²
Room 5	14.0m ²	150.7f ²

FLOOR

1

4 Duncan Place
Leith. EH6 8HW

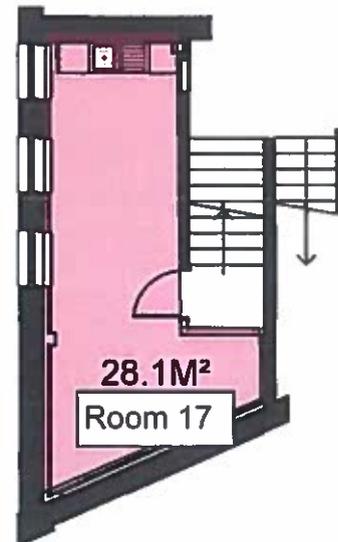
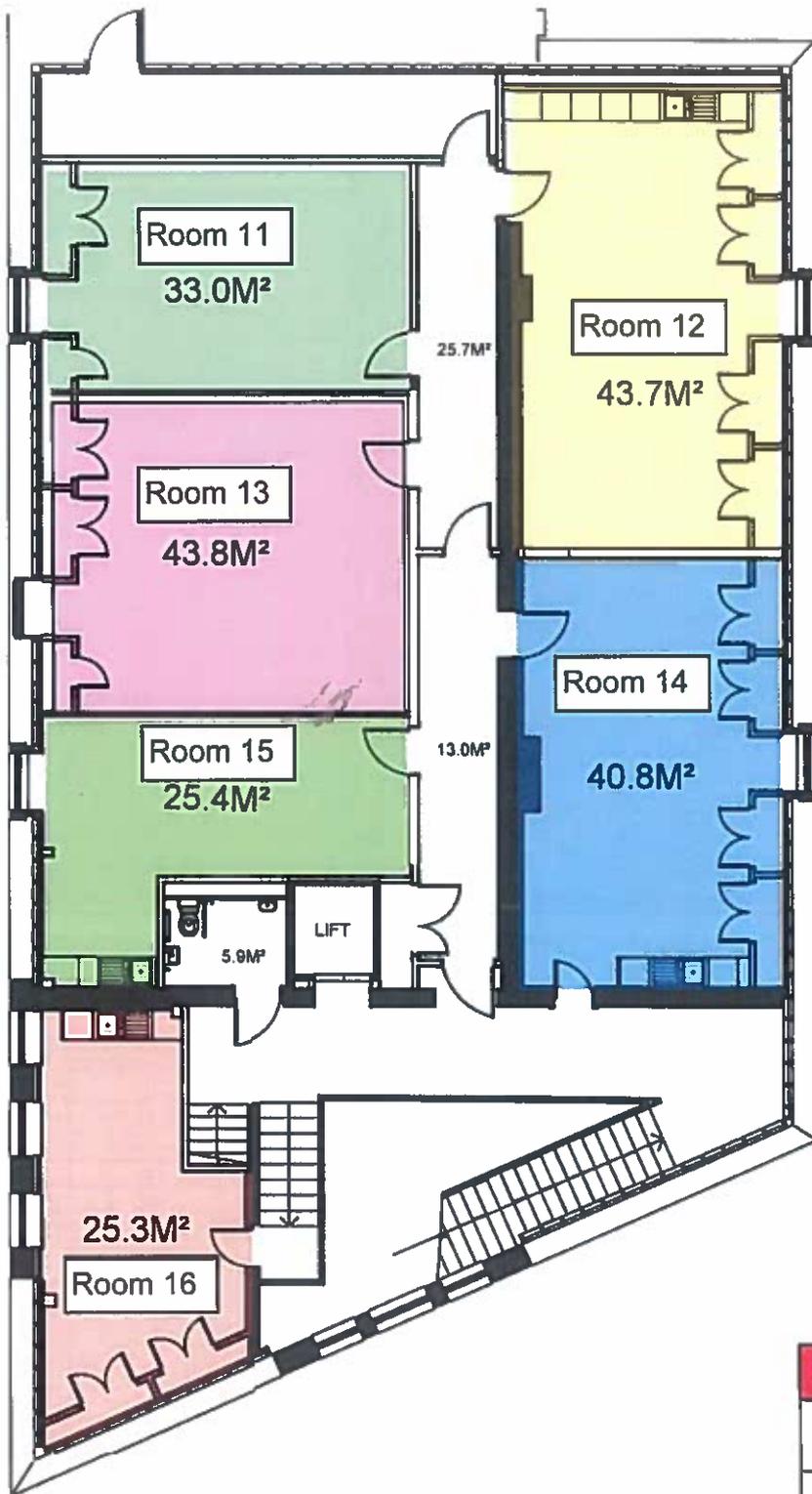


Room	m ²	f ²
Room 6	38.6m ²	415.5f ²
Room 7	47.6m ²	512.4f ²
Room 8	45.8m ²	486.5f ²
Room 9	49.2m ²	529.6f ²
Room 10	9.7m ²	104.4f ²

FLOOR

2

4 Duncan Place
Leith, EH6 8HW



mezzanine rooms		
Room 16	25.3m ²	272.3f ²
Room 17	28.1m ²	302.5f ²

Room	m ²	f ²
Room 11	33.0m ²	355.2f ²
Room 12	43.7m ²	470.4f ²
Room 13	43.8m ²	471.5f ²
Room 14	40.8m ²	439.2f ²
Room 15	25.4m ²	273.4f ²

Duncan Place and any property agents give notice that: (I) the particulars are set out as a general outline only for the guidance of intending purchasers or lessees, and do not constitute, nor constitute part of an offer or contract; (II) all descriptions, dimensions, references to condition and necessary permissions for use and occupation, and other details are given in good faith and are believed to be correct but any intending purchaser or tenants should not rely on them as statements or representations of fact but satisfy themselves by inspection or otherwise as to the correctness of each of them; (III) no person in the employment of Duncan Place and any property agent have any authority to make or give any representation or warranty whatsoever in relation to this property. Date of preparation of details: May 2019.

