

Policy and Sustainability Committee

10.00am, Thursday, 20 August 2020

15a Pennywell Court and 15 Pennywell Court, Edinburgh, EH4 4TZ – Community Asset Transfer

Executive/routine Wards Council Commitments	Executive 1 Almond 2, 10, 15, 33, 34, 35 and 46
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1. Recommendations

- 1.1 That Committee:-
- 1.1.1 Approves the disposal of 15a Pennywell Court and part of 15 Pennywell Court to North Edinburgh Arts (NEA) on the terms outlined in the report and on such other terms and conditions to be agreed by the Executive Director of Resources; and,
 - 1.1.2 Notes that the Council's future interests in the wider regeneration proposals will be protected by a proposed Development Agreement with NEA should Committee agree to the Community Asset Transfer.

Stephen S. Moir

Executive Director of Resources

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15a Pennywell Court and 15 Pennywell Court, Edinburgh, EH4 4TZ – Community Asset Transfer

2. Executive Summary

- 2.1 This report seeks authority to dispose of 15a Pennywell Court and part of 15 Pennywell Court to North Edinburgh Arts (NEA) on terms as specified in the Community Asset Transfer (CAT) 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 15a Pennywell Court is occupied by North Edinburgh Arts. The land is leased from the Council on a peppercorn rent of £1 per annum until 2032 and the building occupied by NEA is owned by them. They wish to purchase the Council's leasehold interest in order to access other funding opportunities that are not currently available to them. The site is shown outlined in red in Appendix 1.
- 3.2 15 Pennywell Court is owned by the Council and currently houses Muirhouse Library. NEA wish to purchase part of this site (essentially a 5 wide metre strip to the south side of the site, shown as hatched in Appendix 1) as part of their asset transfer request. NEA would like to purchase this area to allow the implementation of their expansion plans and create a flagship entrance to the new community hub building; the current entrance configuration not being very prominent. This strip primarily comprises a small part of the land occupied by the current library. The Council's future interest would be protected by a proposed Development Agreement with NEA should Committee agree to the Community Asset Transfer.
- 3.3 NEA propose to fund the purchase of the properties with grant funding from the Scottish Land Fund (SLF). Timescales for applications are tight, with the last opportunity to apply for funding on 31 August 2020, with funds requiring to be expended by 31 March 2021.
- 3.4 The asset transfer request is different to what was originally proposed by the applicant. The current request has resulted from discussions between the applicant and the Council. Broad agreement has been reached between officers and North

Edinburgh Arts which is considered to provide the best possible outcome for the community including the delivery the Council's previously approved decisions and minimising funding and deliverability risks. This was reported and approved by the Policy and Sustainability Committee, on 23 July 2020, under report Regeneration Capital Grant Fund – Update on Pipeline Projects.

4. Main report

- 4.1 NEA runs a purpose built creative and community venue. It has been operating from its Muirhouse base, though serving the whole of North Edinburgh, (Forth, Almond and Inverleith Wards) for over 20 years. Open for around 52 hours each week, the building incorporates two arts studios, a 96-seat theatre, recording studio, gallery, offices and a café with children's play area leading onto a large community run garden, with a craft/making space beyond.
- 4.2 NEA identifies itself as offering local people "a place to relax, explore, learn, meet, share, volunteer and have fun in". The centre is therefore much more than an arts centre, although art and creativity are vital to the identity of the place. Over 30 hours of creative workshops are on offer each week, most with a family focus, alongside a wide range of other events including exhibitions, dance shows, circus skills workshops, community theatre, poetry readings and film clubs.
- 4.3 NEA is keen to secure the land currently leased to ensure it is held in community ownership for the long term. This increase in control would allow for an increased opportunity to securing development funding. Discussions have been ongoing between officers and NEA and broad agreement has been reached for future development on the site and adjacent library site.
- 4.4 In summary, the key elements of this agreement are to work together, through a partnership agreement, to deliver a Council funded community and neighbourhood hub which promotes culture, learning, work and well-being in and around the town centre.
- 4.5 The community and neighbourhood hub include the following:
- The development of the town centre and MacMillan Square as a centre for culture, learning and economic activity;
 - The development of an early years centre to promote learning and development for children below school age and their families;
 - A refurbished and redesigned North Edinburgh Arts centre promoting culture and arts in the community;
 - A new feature legacy building to be developed on the library site proving a re-provisioned library, gallery, workspace and homes;
 - Managed shared spaces that would include the courtyard between the early years centre and North Edinburgh Arts, shared entrance connecting the square to the early years centre, North Edinburgh Arts and the library and workspace.

- 4.6 NEA submitted a CAT request under Part Five of the Community Empowerment (Scotland) Act 2015 to purchase the property at 15a Pennywell Court. In accordance with Council policy on Community Asset Transfers, a panel was convened to consider NEA's expression of interest. The panel's recommendation was for NEA to develop their stage 2 (Sustainable Business Case) submission, which involves submitting a business case, valuation, development plans, and evidencing need through community consultation.
- 4.7 The stage 2 application was received in May, comprising both 15a and 15 Pennywell Court, and the proposal was assessed by the Operational Estates Team using the Community Asset Transfer policy scoring matrix. This proposal saw North Edinburgh Arts delivering the community building. The result was a strong submission. Subsequent discussions between officers and NEA, set out in the report to Policy and Sustainability Committee on 23 July, agreed that the Council would deliver the community building and the CAT application was revised accordingly. The revised application under consideration for the reduced area of land continues to be scored as a strong submission.
- 4.8 The Stage 2 application was considered by the panel on 5 August and it was decided via a unanimous vote to recommend that Committee considers approval of the application.

- 4.9 The terms provisionally agreed for the disposal of 15a Pennywell Court are as follows:

Purchaser:	North Edinburgh Arts
Price	£130,000
Fees	The purchaser is to meet the Council's reasonable legal and administration fees

- 4.10 The terms provisionally agreed for the disposal of part of 15 Pennywell Court are as follows:

Purchaser:	North Edinburgh Arts
Price	£20,000
Fees	The purchaser is to meet the Council's reasonable legal fees and administration fees
Agreement	The applicant is to enter into a Development Agreement with the Council prior to completion of the community asset transfer.

5. Next Steps

- 5.1 Should the Committee approve the transfer request, a decision notice will be issued in accordance with the terms of the Community Empowerment (Scotland) Act 2015, setting out the terms noted above and inviting NEA to offer to purchase the property on the agreed terms. The applicant is then afforded a minimum statutory period of at least six months in which to make their offer.
- 5.2 Should the Committee determine to reject the asset transfer request or significantly alter the terms of the 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 Should the transfer proceed, a capital receipt of £150,000 will be received. The receipt would be received in financial year 2020/2021.
- 6.2 The applicant obtained an opinion on market value of 15a Pennywell Court in the amount of £130,000. The market value figure has been verified by one of the Council's RICS registered valuers. The amount offered by the applicant is market value and the proposed sale price is considered acceptable.
- 6.3 In respect of 15 Pennywell Court (Muirhouse Library), an opinion on market value and value on the entire site, assuming a cleared site, was obtained. The market value of the existing library building, and site is £270,000, and the cleared site value is £110,000. The applicants wish to purchase a strip comprising 18% of the site. On this basis, the offer of £20,000 is considered reasonable. The development agreement will address the wider strategy for Macmillan Square with the detail to be developed in due course. Once detailed designs have been agreed there is a small risk that the area of transfer could reduce and, if so, the purchase price would also reduce pro rata.
- 6.4 An asset transfer at less than market value is justified when 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 NEA Business Case evidences the range of Council Commitments that will be met.
- 6.5 The proposed 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.

6.6 The proposals align with Council commitments and contributes to these criteria therefore the proposed sale price is considered justifiable.

7. Stakeholder/Community Impact

- 7.1 Consultation was undertaken through the CAT advisory panel. The panel consisted of various stakeholders – two local members (two others were unable to participate due to a conflict of interest), the North West Locality Manager and Council officials from housing and operational estates.
- 7.2 As part of the CAT Stage 2 Business Case Submission, NEA have consulted widely in the community with regards to the future use of their property. Detail on the consultations undertaken can be found in the NEA Business Case which is available for reading using the link at 8.1 below.
- 7.3 Considerable effort was made by the applicant to carry out participative community engagement. The aim was to ensure that proposals for community asset transfer and development were community-led and addressed a real need. Consultants were commissioned to carry out this work and around 400 people have contributed to the consultation. The results showed that there was particular agreement that the project would bring the community together (50% strongly agreed and a further 45.1% agreed); that it would secure the future of NEA as a vibrant community-led arts and performance venue (53.1% strongly agreed; 43.2% agreed); and would help people feel less isolated (56.8% strongly agreed; 38.3% agreed).
- 7.4 The ward members have been informed of the recommendations contained within this report.
- 7.5 The impact on sustainability has been considered. There is no negative impact on the environment as the result of the proposed sale.

8. Background reading/external references

8.1 CAT Stage 2 Submission:

<https://www.edinburgh.gov.uk/downloads/download/14494/download-north-edinburgh-arts---15a-pennywell-court-and-15-pennywell-court>

8.2 Community Asset Transfer Policy:

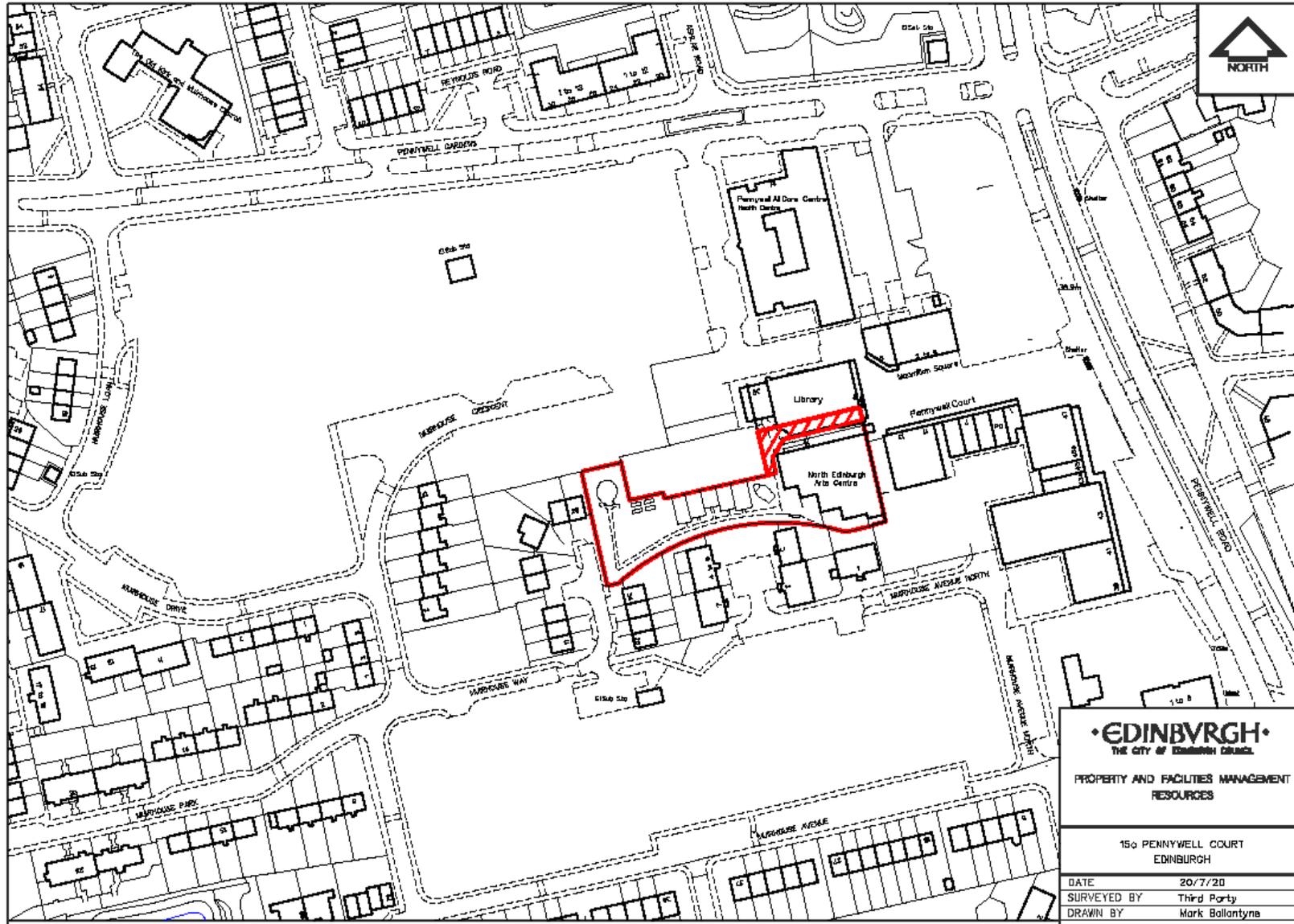
<https://www.edinburgh.gov.uk/downloads/download/14374/community-asset-policy>

8.3 Report to Policy and Sustainability Committee 23 July 2020

<https://democracy.edinburgh.gov.uk/documents/s24843/6.9%20-%20Regeneration%20Capital%20Grant%20Fund%20Update.pdf>

9. Appendices

9.1 Location Plan



EDINBURGH
 THE CITY OF EDINBURGH COUNCIL
 PROPERTY AND FACILITIES MANAGEMENT
 RESOURCES

150 PENNYWELL COURT
 EDINBURGH

DATE	20/7/20
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/2252(150)

SITE PLAN

SCALE 1:1250

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