

# Finance and Resources Committee

10.00am, Tuesday, 25 April 2023

## Westfield House, 5 Kirk Loan, Edinburgh – Community Asset Transfer

Executive/routine Wards Council Commitments	Routine 6 – Corstorphine/Murrayfield
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### 1. Recommendations

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- 1.1 That the Finance and Resources Committee approves the disposal of Westfield House, 5 Kirk Loan, Edinburgh and determines the purchase price in addition to other terms set out in this report.

**Paul Lawrence**

Executive Director of Place

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## Westfield House, 5 Kirk Loan, Edinburgh – Community Asset Transfer

### 2. Executive Summary

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- 2.1 This report proposes the disposal of Westfield House to Corstorphine Community Centre (CCC) 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

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#### Westfield House

- 3.1 Westfield House was originally occupied by the Council by virtue of a 25-year lease from July 1993. On [16 March 2010](#), an opportunity to acquire the landlords' interest was presented and approved by the Finance and Resources Committee. The purchase price of £2.85m reflected the market value at that time, which included the remaining term of the lease to a local authority tenant.
- 3.2 Over time, the services operating in the building were relocated and the building closed in 2021.

#### Corstorphine Community Centre

- 3.3 CCC are a registered Scottish Charitable Incorporated Organisation (SCIO). They originally owned and occupied a building at Kirk Loan that burnt down in 2013. The original plan was to rebuild that property, but the insurance payment was insufficient to meet the capital costs. A request was made for the Council to fund the shortfall (£750,000) and this was considered by the Finance and Resources Committee on [4 December 2018](#) and [5 March 2020](#). As the funding was not secured, CCC amended their strategy to sell the former building at Kirk Loan and focus on a CAT for Westfield House.
- 3.4 The strategy was for CCC to take Westfield House on a temporary lease pending a future CAT. This lease and wider strategy were considered and agreed by the Finance and Resources Committee on [16 June 2022](#). The building is now leased to CCC on a monthly basis at a peppercorn rent.

- 3.5 CCC are now in a position to proceed with the CAT, which is the purpose of this report.

## 4. Main report

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- 4.1 CCC submitted a CAT request for the purchase of Westfield House, which was processed in accordance with Council policy with a Stage 1 Panel granting approval to proceed to Stage 2 on 19 March 2021. CCC subsequently worked up a detailed business plan, consulted with the community on their proposals and submitted a CAT request under Part Five of the Community Empowerment (Scotland) Act 2015 to purchase the property which was validated on 1 December 2022.
- 4.2 The stage 2 request was assessed by the Operational Estates Team using the CAT policy scoring matrix. The result was a strong/very strong submission.
- 4.3 On completion of the CAT, CCC propose to deliver the following community benefits:
- 4.3.1 To offer a wider range of programmes and activities than previously organised by and/or tailored for all community and specific groups of people (young people, new parents, retirees, people with physical and mental health issues etc);
  - 4.3.2 To operate accessible and fit-for-purpose premises for the use of the local community;
  - 4.3.3 To tackle inequality and disadvantage in its many forms;
  - 4.3.4 To encourage and promote health and wellbeing within the community;
  - 4.3.5 To promote and facilitate social interaction within/for disadvantaged groups;
  - 4.3.6 To provide opportunities for volunteering;
  - 4.3.7 To promote and host local initiatives (e.g. environmental and clean-up campaigns); and
  - 4.3.8 To provide opportunities for learning new and sharing of skills.
- 4.4 Further information is provided via a link to the full business case in section 8 of this report.
- 4.5 The Stage 2 panel met on 10 March 2023 and the following outcome was agreed by the panel:
- OUTCOME: The panel thanks CCC for the quality of their presentation and the comprehensive paperwork submitted in respect of their community asset transfer request for the purchase of Westfield House.
- The panel recommends that Finance and Resources committee approve the proposal and that the sale price for Westfield House is decided by the committee.*
- 4.6 The provisionally agreed terms for the disposal are as follows:
- 4.6.1 Purchaser: Corstorphine Community Centre;

- 4.6.2 Price: to be determined by Committee; and
- 4.6.3 Costs: each party to meet their own costs.
- 4.7 The applicant obtained an opinion on market value of Westfield House in the amount of £1.6m. The market value figure has been independently assessed by one of the Council's framework registered valuers.
- 4.8 Given CCC's alignment to Council commitments and the significant community benefit the scheme will offer on completion, it is recommended that Committee, in line with previously approved CATs, considers a discount from the market value that reflects the community benefit.
- 4.8 There is no formal guidance on what discount rate is applied and every CAT needs to be considered by Committee on its own merits. However, for guidance, Committee has previously approved seven completed CATs and, setting aside the sale of Gilmerton Dykes Bothy for £5,000, discounts have ranged between 11 and 57%, with a mean of 32%. This proposed CAT is however the first Council asset worth over £1m to be considered and which is subject to outstanding debt.
- 4.9 CCC formally offered a purchase price of £960,000 through the CAT process and, following further discussions, increased the offer to £1.1m, which is a 31% reduction on the market value. The assumption is that the purchase price will be funded by the Scottish Land Fund, who will only fund up to a maximum of £1m. The receipts from the sale of the former building at Kirk Loan will be used to significantly refurbish the building.
- 4.10 On the assumption of a discount, the proposed sale 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:
- 4.10.1 It appraises and compares the costs and dis-benefits of the proposal with the benefits;
- 4.10.2 It satisfies itself the proposed consideration for the disposal in question is reasonable; and
- 4.10.3 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.
- 4.11 The proposals align with Council commitments and contributes to these criteria therefore a proposed discount is justifiable and acceptable in this instance.

## **5. Next Steps**

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- 5.1 Should 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 CCC 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 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**

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- 6.1 A capital receipt will be received in financial year 2023/24. This will be used to mitigate the outstanding borrowing against the asset which, as at 31 March 2023, is £1.899m. The difference between the purchase price and the outstanding debt will be a cost to the Council.
- 6.2 While the asset was acquired for £2.85m in 2010, the value reflected that there was a lease in place to a strong covenant (the Council) who were paying an annual rent of £225,000. The current market value is predicated on an empty 1970's office building in need of investment or its redevelopment value.
- 6.3 The disposal will save approximately £115,000 per annum in property budgets related to Non Domestic Rates (NDR) and utility costs.

## **7. Stakeholder/Community Impact**

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- 7.1 Consultation was undertaken through the CAT advisory panel. The panel consisted of various stakeholders, councillors and community groups which ensured broad analysis and guidance and eventual approval of the application.
- 7.2 As part of the CAT Stage 2 Business Case Submission, CCC have consulted widely in the community with regards to the future use of their building. Detail on the consultations undertaken can be found in the CCC Business Case which is available for reading using the link at 8.1 below.
- 7.3 Ward members have been made aware of the recommendations of the report.

## **8. Background reading/external references**

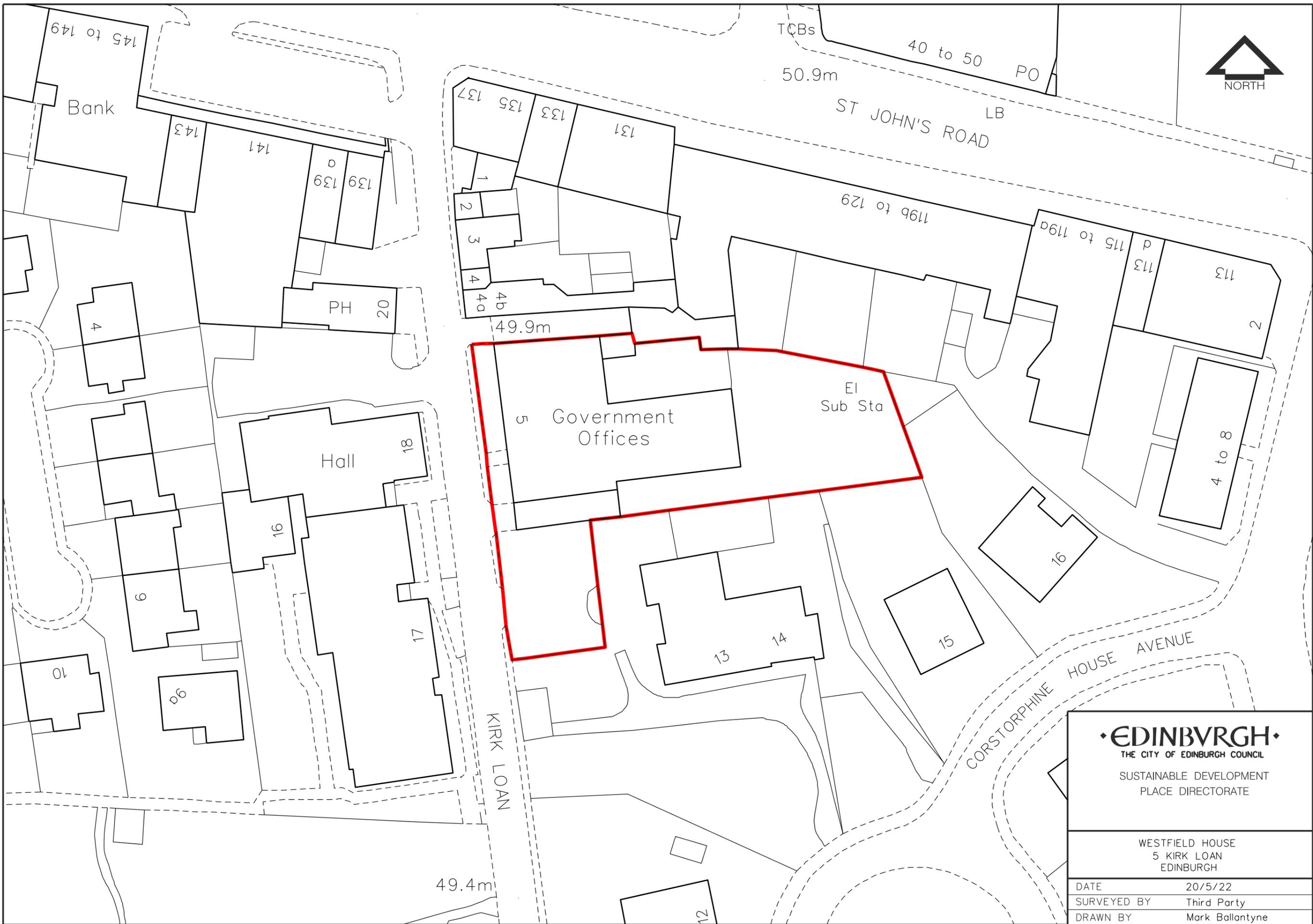
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- 8.1 [CAT Stage 2 Submission](#): Westfield House
- 8.2 [Community Asset Transfer Policy](#): Community Asset Transfer Policy

## **9. Appendices**

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- 9.1 Appendix 1 – Location plan.



SITE PLAN

SCALE 1:500

<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
SUSTAINABLE DEVELOPMENT PLACE DIRECTORATE	
WESTFIELD HOUSE 5 KIRK LOAN EDINBURGH	
DATE	20/5/22
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/1445