

## **WEST DUNBARTONSHIRE COUNCIL**

### **Report by Acting Executive Director of Housing, Environmental and Economic Development (Housing and Regeneration Services)**

**Housing, Environment & Economic Development Committee: 7 November 2007**

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**Subject: First and second Floors, Glencairn House, 95 High Street, Dumbarton**

#### **1. Purpose**

- 1.1** To seek a decision by the Committee on requests to lease the above property submitted by the Tulloch Trust and the Richmond Fellowship.

#### **2. Background**

- 2.1** Glencairn House comprises three floors. The property was occupied by the Council's Social Work Department until they were re-located on 10 December 2006.
- 2.2** The ground floor was occupied by Dumbarton Credit Union on 11 April 2007, leaving the remaining upper floors vacant. The Credit Union pay an annual rent of £8,000 per annum. The market rent for each of the remaining two floors is assessed as £5,000 per annum or £10,000 per annum in total.

#### **3. Main Issues**

- 3.1** The Estates Section has two interested parties, both of whom are charities, namely The Tulloch Trust and The Richmond Fellowship. Both charities currently occupy separate offices within the same building at 46/50 Cook Road, Haldane. Unfortunately, because of re-development of this building, both are being evicted imminently by their landlord, Cube Housing Association.
- 3.2** The Tulloch Trust wish to occupy both available floors to accommodate eighteen plus staff. The Chief Executive of the Tulloch Trust has viewed the accommodation on two occasions and has commented that it is ideal for their requirements. The Tulloch Trust have confirmed their interest in this property in writing. It is understood from representatives of the trust that they wish this property to be made available to them on a peppercorn rent basis.
- 3.3** The Richmond Fellowship have indicated that they wish to occupy one floor only to accommodate twelve staff and have a rental budget of £6,000 per annum available.
- 3.4** The Committee has the following options available to it.

### Option 1

Lease one floor to the Richmond Fellowship at the assessed market rent and seek to market the remaining vacant floor to another party.

### Option 2

Lease both available floors to the Tulloch Trust at:

- (a) a peppercorn rent; or
- (b) at a rent equal to the best alternative offer available, namely that from the Richmond Fellowship

### Option 3

Accept neither offer and continue to market the vacant property.

- 3.5** It will be appreciated that the building has previously been occupied by a single user. There are presently no separate toilets or staff rooms on the individual upper floors. The present electrical supply would require to be split. In these circumstances, from a property management point of view, it would be more straightforward to lease the upper two floors to one occupier rather than to two separate tenants.
- 3.6** Both bodies are recognised charities carrying out valuable work within the Community. All other things being equal, it would be preferable to let the property to one single user who would be in a position to occupy it fully and it may be considered that offering the property to the Tulloch Trust from this point of view would be the preferred option. On the other hand, the Tulloch Trust seek the property at a peppercorn rent while the Richmond Fellowship are in a position to pay the assessed market rent for one floor.
- 3.7** With respect to the leasing of properties at a peppercorn rent, it has frequently been the case in the past that charitable organisations have agreed to lease a property at market rent and then sought a grant to cover this amount from the Council through the normal grant awarding process. However, there are presently no funds available in the Grants Budget and it is questionable in any event whether this would be sustainable in this case in the longer term. In the event that the Council is of a mind to grant a lease at a peppercorn rent, or below market rent, the consent of the Scottish Government would be required. Whichever prospective tenant is chosen, then the lease would be on a full repairing and insurance basis. The Tulloch Trust have observed that the property is in need of some repair with respect to its internal condition. The Trust have indicated that they propose to make applications to funding bodies for up to £30,000 to seek the finance necessary to secure the upgrading of the property to meet their needs. Clearly this would be of benefit in securing the maintenance of the fabric of this important building.

#### **4. Personnel Issues**

4.1 There are no Personnel Issues.

#### **5. Financial Implications**

5.1 The assessed market rent of the property is £10,000 per annum. The Richmond Fellowship is in a position to pay the market rent for one floor only. The Tulloch Trust seek the property at a peppercorn rent with a consequential loss of potential income of £10,000 per annum to the Council.

#### **6. Risk Analysis**

6.1 In the event that one floor is let to the Richmond Fellowship, it may be difficult to let the remaining floor. In the event that the property remains unoccupied for a further period of time, there is risk of deterioration to the fabric.

#### **7. Conclusion**

7.1 Having regard to the above site, it is considered that the Tulloch Trust would be the preferred tenant. From an Estates point of view, it is considered that it would be preferable for the Tulloch Trust to pay the market rent of £10,000 per annum. However, the Tulloch Trust seek to lease the property at a peppercorn rent. Given that the Dumbarton Credit Union pay a market rent for the ground floor and the Richmond Fellowship have offered to pay a market rent for one floor, it might be considered that this would not be equitable and that the Trust should pay at least 50% rent (£5,000 per annum) noting that this would still require the consent of the Scottish Government.

#### **8. Recommendations**

8.1 That the Committee agrees to lease the upper two floors of Glencairn House, 95 High Street, Dumbarton to the Tulloch Trust at a rent of £5,000 per annum, based upon a full repairing and insuring lease.

8.2 That this proposal be referred for approval to the Scottish Government.



**Irving Hodgson**

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and Economic Development (Housing and Regeneration Services)**

**Date: 18 October 2007**

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**Background Papers:** None

**Wards Affected:** 3