

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Infrastructure and Regeneration

Infrastructure, Regeneration and Economic Development Committee: 17 September 2014

Subject: New Lease of 3.16 acres of land (with Option to Purchase) to CrossReach at Auchentoshan Estate, Mountblow Road, Clydebank

1. Purpose

- 1.1** The purpose of this report is to advise Committee on recent negotiations held between officers of West Dunbartonshire Council and The Church of Scotland Social Care Council operating as 'CrossReach' in connection with a lease disposal of the Council owned land comprising the site of the former Day Centre at Auchentoshan Estate.
- 1.2** Authority is sought for the Executive Director of Infrastructure and Regeneration and the Head of Legal, Democratic and Regulatory Services to conclude a transaction with CrossReach on the terms outlined at 4.6 below.

2. Recommendations

- 2.1** It is recommended that Committee:
- (i) approve the disposal terms agreed between officers of Asset Management and CrossReach described at 4.6 below; and
 - (ii) authorise the Executive Director of Infrastructure and Regeneration and the Head of Legal, Democratic and Regulatory Services to conclude a lease with Option to Purchase with CrossReach subject to such legal conditions that are considered appropriate.
 - (iii) notes that any application for a specific land use and erection of any structures by CrossReach will be considered by the Planning Committee.

3. Background

- 3.1** The site to be leased comprises cleared land which previously housed the former Auchentoshan Day Centre at Auchentoshan Estate extending to 1.28 Hectares (3.16 acres) or thereby and as shown delineated bold on the Location Plan attached as Appendix 1.
- 3.2** The site is accessed by a private road leading from Mountblow Road, Clydebank, which in turn connects the A82 trunk road to the north with Dumbarton Road (A814) to the south.

- 3.3** The Day Centre which was owned and operated by the Council, closed in February 2009 and the service was relocated.
- 3.4** A report was submitted by the Executive Director of Housing, Environmental and Economic Development to the Housing, Environmental and Economic Development Committee on 2 September 2009 seeking approval for the sale of the former Auchentoshan Day Centre, Mountblow Road, Clydebank on the open market for development of a residential care home. The Committee agreed:-
- (i) that the Executive Director of Housing, Environmental and Economic Development be authorised to sell the former Day Centre at Auchentoshan Estate, Mountblow Road, Clydebank on the open market subject to a closing date for residential care home purposes; and
 - (ii) that the Head of Legal, Administrative and Regulatory Services be authorised to conclude the transaction subject to such legal conditions that are considered appropriate.
- 3.5** The property was thereafter extensively marketed and a closing date for offers called for 11 November 2010. Only one offer was received at closing date, that being from Cromford Sykes Limited (CSL). Their offer price was £530,077 which was based on a 90 bed care home use. During the diligence process it became apparent such a project could not be delivered on the site as envisaged and resulted in CSL withdrawing their initial offer and resubmitting at a revised price of £265,000. Officers were unable to agree terms with CSL. The property has remained available for purchase since that time, and despite several enquiries being received, no further formal offer to purchase or lease has been received until the current interest from CrossReach.
- 3.6** Following the closure of the Day Centre in February 2009, the property suffered from extensive vandalism and was subject of several arson incidents. As a result, the building became dilapidated, unsafe and a financial burden on the Council in terms of ongoing maintenance and security. The building was therefore demolished with a practical completion date of 30 May 2013. The total cost of demolition was in the order of £50,000. The Council received a payment from the insurers in the sum of £20,000 in respect of damage caused by the vandalism and fire incidents.
- 3.7** The property is listed as a 'Strategic Development Site' with the Council's Property and Land Asset Disposal Strategy 2013 – 2018 approved by the Housing, Environment and Economic Development Committee on 13 February 2013
- 3.8** Within the Progress Report and updating of Property and Land Asset Disposal Strategy 2013 - 2018 approved at the Infrastructure, Regeneration and Economic Development Committee on 18 June 2014, it was envisaged that a disposal of the property would be taken forward from 2015 onwards with care home being the most likely use.

- 3.9** Given extensive opposition from local residents, the prospect of obtaining a planning consent for residential use at this location or indeed any use other than care and/or educational would be difficult.
- 3.10** Following negotiations with officers of Asset Management, lease terms have been agreed, in principle, with The Church of Scotland Social Care Council who operate as CrossReach and intend to use the site as an educational establishment for children, youths and vulnerable groups.
- 3.11** CrossReach presently operate residential care facilities over two separate large campuses at Geilsland in North Ayrshire and Ballikinrain in Stirling. As a result of declining referrals, CrossReach are presently reviewing their operating model.
- 3.12** The proposed CrossReach school at Auchentoshan will be for up to 30 young people with additional support needs. All of the young people require support for learning due to an underlying problem which affects their ability to learn in a large classroom environment.
- 3.13** Most of the young people require intensive emotional support due to the trauma experienced in their family environments which has resulted in them being placed in residential care. Some have diagnosed learning difficulties, communication difficulties or are on the autistic spectrum. Others may have a brain injury resulting from early abuse or trauma.
- 3.14** There will be no residential element on the Auchentoshan site and the facility will operate for educational purposes only. The residential element will be provided off-site, in 8 leased houses to be separately secured by CrossReach. Some of the children CrossReach accommodate travel to local schools, however, this is not possible for all. This is the purpose for which the lease of the Council owned land at Auchentoshan is being sought.
- 3.15** The proposed school at Auchentoshan will be co-educational, for both primary and secondary education, and will offer a mix of core curricular subjects and vocational skills. Young people in the senior phase will have work experience or college placements provided off campus. Most of the young people will be aged between 7 and 16, however, the school will be registered for young people up to age 18. The operating hours will be in line with other educational facilities, with the core hours for education being delivered between 8.30am and 4.00pm.
- 3.16** Young people living in the off-site community houses will be transported to school and back each day by CrossReach staff. For those young people placed with CrossReach for day education only, they will either be brought to school, care of the Local Authority, or CrossReach will arrange for appropriate transport. It is not intended that children travel alone. Young people will remain in school over break periods unless accompanied by staff for a specific task.

- 3.17** CrossReach propose to erect new modular type buildings on the site on a temporary basis in order that they can assess the long term viability of both the project and location. It is intended the buildings will be used as educational classes and ancillary purposes. Any application for a specific land use and erection of any structures by CrossReach will require to be considered by the Planning Committee.

4. Main Issues

The Site

- 4.1** The main part of the site (and was previously occupied by the former Day Care building) is level and extends to approximately 2.09 acres and which then drops steeply to the south down to a level terrace extending to approximately 1.07 acres which is accessed by a rough roadway. The lower area accessed by stone steps from the upper terrace is included within the area to be leased and potentially sold.
- 4.2** Generally the site is unfenced and open apart from palisade fences to the east and south of the building. At other boundaries, there is a mixture of trees and low timber post and wire fencing.
- 4.3** The site itself is secluded within an extensive woodland area; both areas are subject to a Tree Preservation Order. Accordingly any significant trees within the development site will require to be retained.
- 4.4** Three residential dwellings border the site on the west and existing vehicle and pedestrian access rights to them must be retained. In addition, two woodland paths emerge at the north end of the site and access to the same must also be reserved.
- 4.5** The site property benefits from mains water, electricity and gas supplies to the site and building. The drainage system is via a private sewer leading generally south of the site, through Dalmuir Golf Course and joins the public sewer which also runs through the golf course and into Littleburn Place, Clydebank. Part of the drainage system from the Kilpatrick Nursery School and the 3 homes to the west of the site also link into the private sewer.

4.6 Heads of Terms

The main terms of disposal agreed between officers of Asset Management CrossReach, subject to the Committee's approval, can be summarised as follows:

Period of Lease: 5 years from the date of entry. There shall be a tenant break option at the third anniversary of the date of entry, subject to 6 months prior written Notice of intention to break.

At the expiry of the original lease, the tenant shall be granted a right to extend the lease on the same terms and conditions as the original lease including lease duration on the proviso the rent is no less than immediately prior, i.e. £30,000 per annum.

Annual Rent:	Year 1	£20,000
	Year 2	£25,000
	Year 3	£30,000
	Year 4	£30,000
	Year 5	£30,000

In the event the tenant exercises the break option at the third anniversary, there shall be a penalty payment of £7,500 paid by the Tenant to the Landlord.

Rent free period: Prior to commencement of the lease, a rent free period of 4 months shall be granted to CrossReach who will be granted a Licence for the 4 month period to permit investigations, formation of foundations, erection of buildings and associated access roads and footpaths for pedestrian and vehicles and any ancillary works associated with the use of the subjects. The period of lease will commence on the cessation of the rent free period.

Purchase Option: CrossReach will have an Option to Purchase the property at a price of £275,000 at any time during the original (and any extended) lease period on providing 3 months written notice of their intention to exercise the option.

Use: The Property shall be used by CrossReach for the purpose of a Care and Support facility for children, youths and vulnerable groups.

4.7 The Auchentoshan Estate access road from Mountblow Road is not adopted by the Local Authority and it is anticipated that CrossReach, either as tenant or purchaser, will be liable for a proportionate share of maintenance and repair costs accordingly.

4.8 In the event the Council sell their Title in the site, it is intended that servitude rights of access will be reserved by the Council in order to maintain and repair the drain leading from the nursery school and 3 homes. In addition, it is also intended that servitude rights will be created for the purchaser of the site to maintain the private sewer running through Dalmuir Golf Course.

Planning

- 4.9** The Adopted West Dunbartonshire Local Plan identifies the site for being suitable for public services. Within the Proposed Plan the site to be leased is shown to be within the green belt although it is identified as a care home opportunity for the upper section and green belt at the lower terrace. The Proposed Plan indicates that development in the green belt will be restricted to the uses and areas identified. Therefore the proposed use and development would require to be justified against the policies of both the adopted Local Plan and the Proposed Plan.
- 4.10** Planning consent has not yet been sought or obtained for the CrossReach proposal. It is an explicit suspensive condition of the terms agreed that it is the responsibility of the Tenant to ensure that all necessary statutory consents, including planning consent, are obtained in respect of the proposed use and for the erection of any structures at the Property.
- 4.11** It is anticipated that the CrossReach development and associated parking will be contained within the upper level of the site

CrossReach

- 4.12** CrossReach was launched in June 2005 and was previously known as the Church of Scotland Board of Social Responsibility. Under their new name, CrossReach continues the Church of Scotland's long tradition of providing care and support and have a long history in the field of social care. There are 31 members of the Social Care Council; 28 are appointed by The General Assembly with a Convener and 2 Vice Conveners.
- 4.13** CrossReach employs more than 2,000 staff and support some of the most vulnerable, predominantly young, people in Scotland. They have an annual expenditure of £51 Million. The majority of their funding comes from local authorities, but they also rely on donations and legacies to help continue our vital work. CrossReach reports each year to the Church of Scotland General Assembly.
- 4.14** CrossReach advise a number of new posts will be created as result of their proposal, with approximately 35-40 staff in any one day being located at the proposed new Auchentoshan facility. The staff will comprise a mixture of teaching staff, educational support and ancillary workers, all managed by an on-site Head Teacher.

5. People Implications

- 5.1** There are no personnel issues affecting this project other than time of staff in Asset Management and Legal, Democratic and Regulatory Services in concluding the transaction.

6. Financial Implications

- 6.1** CrossReach will have full maintenance and running cost liability for the leased area and any buildings constructed thereon for the duration of the lease. It has also been agreed that CrossReach will incur the Council's legal fees in concluding the transaction.
- 6.2** In terms of capital value, Asset Management are of the opinion the current Market Value of the property is £275,000. The Option to Purchase price has been agreed at this level.
- 6.3** In the event CrossReach exercise the Option to Purchase, the Council will receive a pre-determined price of £275,000 plus any rental income received up to the date of purchase. In the event CrossReach do not exercise the Option to Purchase, this would show a minimum rental income of £82,500 (including penalty payment) over 3 years to the tenant break option, or £135,000 over the 5 year lease term. Furthermore, if the Option to Purchase is not exercised, the site will be returned to the Council at the end of the lease, capable of future sale at prevailing market value.

7. Risk Analysis

- 7.1** There are no risks to the Council other than the transaction not concluding. In that case, the Council can seek an alternative purchaser/tenant for the site in due course on terms acceptable to the Council. CrossReach will bear the full extent of delivering the project.

8. Equalities Impact Assessment (EIA)

- 8.1** An Equalities Impact Screening has been carried out. There were no significant adverse issues identified. A copy of the Screening is attached at Appendix 2.

9. Consultation

- 9.1** Internal consultation has been undertaken previously between officers from Estates, Legal Services, Planning and Roads in respect of the disposal of the site. In the event Committee approves this report, further consultation will be required with Legal Services.

10. Strategic Assessment

- 10.1** By agreeing to this proposal the Council will assist in the improvement to the local economic growth and employability of the area; improve life chances for children and young people in the level of educational opportunities that are available.

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Date: 4 August 2014

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Appendices: Appendix 1 - Location Plan

Appendix 2 - EIA Screening

Background Papers: Sale of Former Auchentoshan Day Centre, Mountblow Road, Clydebank report approved by the Housing, Environment and Economic Development Committee on 2 September 2009;

Property and Land Asset Disposal Strategy 2013 - 2018 approved by the Housing, Environment and Economic Development Committee on 13 February 2013;

Progress Report and updating of Property and Land Asset Disposal Strategy 2013 - 2018 approved at the Infrastructure, Regeneration and Economic Development Committee on 18 June 2014; and

Crossreach Strategic Plan 2014-2016.

Wards Affected: Ward 5