

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Housing, Environmental and Economic Development

**Housing, Environment and Economic Development Committee:
7 September 2011**

Subject: Proposed disposal of former Renton Early Education and Childcare Centre (EECC), Station Street, Renton

1. Purpose

- 1.1** The purpose of this report is to advise the Committee on the expressions of interest received from local community groups regarding the former Renton Early Education and Childcare Centre (EECC). In addition, the report details the outcome of the option appraisal of the proposals received and to seek consent to the proposed disposal of the property.

2. Background

- 2.1** At the Council meeting on 29 September 2010, a motion raised by Councillor Bollan was approved. The motion instructed that, subject to the former Renton EECC being surplus to the Council's requirements, an options appraisal be undertaken to assess the costs and benefits of transferring the building to Renton Community Development Trust (RCDT) at a reasonable value of (a) nil value or (b) less than market value.
- 2.2** On 6 April 2011, a report by the Executive Director of Housing, Environmental and Economic Development was approved by the Committee. The Committee agreed:-
- (1) that the Estates Section be instructed to contact Renton Community Development Trust (RCDT) and other community organisations in the Vale of Leven area to seek expressions of interest in the property; and
 - (2) that an options appraisal should be carried out on the submissions received from interested groups which should be reported back to the September 2011 meeting of the Committee for consideration and approval of the proposed disposal, if appropriate.
- 2.3** On 14 April 2011 details of the property and the information required from applicants was circulated to 92 community groups with interests in the Vale of Leven area seeking written expressions of interest in the property. The information requested from the groups included details of their aims and objectives, funding arrangements, details of the project and the benefits it could bring to the local area.

- 2.4** From this exercise two groups registered an interest and a closing date for receipt of proposals was set for 27 May 2011. A proposal was received from each of the two interested groups being West Dunbartonshire Muslim Education Society (WDMES) and Renton Community Development Trust (RCDT).
- 2.5** West Dunbartonshire Muslim Education Society (WDMES), who had previously purchased the former Renton Library when it was declared surplus, proposed a purchase price of £20,000. Their intended use of the property was as an educational / community centre.
- 2.6** Renton Community Development Trust (RCDT), who had initially raised the proposal that the property be sold for community use, proposed a purchase price of £25,000. Their intended use was to reopen the property as a nursery.

3. Main Issues

- 3.1** The Disposal of Land by Local Authorities (Scotland) Regulations 2010 came into effect on 1 June 2010. As this disposal is for an asset valued at more than £10,000 and the proposed purchase price is not more than 75% of the market value the Regulations make it clear that a full audit trail including option appraisal is required. Further detail on the Regulations was included in the appendices to the previous report to Committee on this issue dated 6 April 2011 which is available as a background paper.
- 3.2** As the proposed purchase price in both cases was below the market value of the property, under the terms of the Regulations, an option appraisal was carried out to assess the non financial as well as financial benefits of the proposals. This was carried out on 23 June 2011 by officers from Estates, Finance, Legal Services, Economic Development and Educational Services.
- 3.3** The option appraisal considered the proposals under four main categories. These were financial assessment, business plan / applicant status, WDC corporate priorities / disposal regulations and statutory / regulatory issues.
- 3.4** The outcome of the option appraisal was that the proposal from WDMES received a rating of 50/100. The proposal from the RCDT had a higher overall rating of 57/100 and is therefore recommended for approval. The option appraisal spreadsheets for both proposals is attached as Appendix 1.
- 3.5** Both submissions demonstrated that the groups had carefully thought about the services which they intended to provide and the local need and demand for those services. There was also a detailed assessment of the key social challenges in the local area and evidence of how the groups could support the Council's key priorities.

- 3.6** In addition both of the groups were well established with clear governance structures in place and neither proposal raised significant statutory or regulatory issues. However the option appraisal highlighted that the RCDT business plan was more structured and identified the service to be provided better than the WDMES proposal.
- 3.7** One area of concern in both proposals was in relation to the ongoing revenue cost of running the service, paying staff and repair and maintenance costs over the longer term. The groups demonstrated the initial capital finance was available for the purchase of the premises at the price offered, but the evidence to support the ongoing revenue costs was limited in both cases. However in both proposals it was noted that no funding would be required from the Council to support the projects.
- 3.8** Within the previous report to the Housing, Environment and Economic Development Committee on 6 April 2011 it was highlighted that there may be an issue as the provision of a nursery service could also be provided by the private sector. This could mean the proposal did not comply with the European Commission's State Aid rules. However this has been investigated by the Legal Services Section and it has been confirmed that this is not an issue as the proposal falls below the minimum level to qualify as State Aid.

4. People Implications

- 4.1** There are no significant people implications from this proposal other than the resources required by the Estates and Legal Services Sections to conclude the proposed disposal.

5. Financial Implications

- 5.1** The open market value of the former Renton EECC is included within the Council's accounts as an asset held for sale at £125,000. The proposal to dispose of the property for £25,000 will result in the loss to the Council of a General Fund capital receipt of approximately £100,000.

6. Risk Analysis

- 6.1** The main risks in concluding this proposal are that the sale does not conclude or is challenged by a third party. These risks have been mitigated by following a clear option appraisal process and by offering the property to a wide range of community groups.

7. Equalities, Health and Human Rights Impact Assessment (EIA)

- 7.1** An Equality Impact Assessment has been carried out as the disposal of property at less than market value using an option appraisal process is relevant under the Equality Act 2010. In the course of the Equality Impact Assessment no significant negative impacts were identified.

8. Strategic Assessment

8.1 A significant component of the option appraisal process was to assess how the proposals would address the Council's key themes within the Corporate Plan. The proposal from RCDT scored well in this section delivering employment, growing the local economy, promoting physical regeneration and reducing population decline. There were also environmental and educational benefits identified from the proposal and savings for the Council in terms of ongoing maintenance, repair and insurance of the property.

9. Conclusions and Recommendations

9.1 The former Renton EECC is vacant and surplus to the requirements of the Council. To progress a motion to transfer the property to Renton Community Development Trust (RCDT) at nil value or less than market value expressions of interest were sought from local community organisations. Proposals were received from two community groups and an options appraisal was completed to determine the best use of the property from which the proposal from RCDT was identified as the preferred option.

9.2 It is recommended that:

- (i) the Executive Director of Housing, Environmental and Economic Development be authorised to conclude negotiations with Renton Community Development Trust (RCDT) to dispose of the property for £25,000.
- (ii) the Head of Legal, Democratic and Regulatory Services be authorised to conclude the transaction subject to such legal conditions that are considered appropriate.

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Date: 8 August 2011

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Appendices: Appendix 1 - Option appraisal spreadsheets.

Background Papers: Background papers are retained within Estates Section's file including the report to the Housing, Environment and Economic Development Committee on 6 April 2011.

Wards Affected: 2