

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Council: 27 February 2008

Subject: Renton Community Education Centre, Renton

1. Purpose

- 1.1 To provide a further update to Members in relation to progress with the disposal of Renton Community Education Centre.

2. Background

- 2.1 Following the Council decision on 14 February 2007 to transfer Renton Community Education Centre into community ownership, Legal Services commenced negotiations with the legal representatives acting for the Renton Community Development Trust.
- 2.2 As a result of the Trust's refusal to accept any restriction or burden in the title, a report was submitted to the Council meeting on 19 December 2007. This report sought a decision from Members on whether to proceed with the sale to the Trust or to terminate negotiations and put the Centre on the open market.
- 2.3 Following the Council's decision to proceed with the transfer, subject to including the possibility of the Council taking a second charge over the property, Legal Services have recommenced negotiations.

3. Main Issues

- 3.1 In consultation with the Estates Section, it has been agreed that the appropriate way forward is for a discount standard security in favour of the Council to be registered.
- 3.2 The effect of this discount standard security would be that in the event of the Trust disposing of the Centre, going into administration or being wound up within a specified time period, a proportion of the discount (being the difference between the current market value of £115,000 and the sale price of £1) would be repayable to the Council.

The amounts which will be repayable under the security are as follows:-

Date of Disposal	% of Discount repayable
0 – 15 years	100%
16-20 years	50%
20 years +	0%

- 3.3 In addition to the discount standard security, a ranking agreement is proposed which would allow the Trust to take out private funding to refurbish the Centre. This ranking agreement would mean the Council's Security ranking second after any charge taken by a commercial lender.
- 3.4 The above proposal has been put to the Trust's legal representatives and their response is awaited.
- 3.5 Once the proposal outlined in paragraph 3.2 is agreed by the Trust, Legal Services will seek confirmation from both the Scottish Executive and Audit Scotland that this is acceptable to them before proceeding with the disposal.

4. Personnel Issues

- 4.1 There are no personnel issues.

5. Financial Implications

- 5.1 The Council is disposing of a valuable asset for less than market value. If the Trust are agreeable to the proposal set out in paragraph 3.2 it would afford the Council a degree of protection in the event of any subsequent disposal of the Centre.

6. Risk Analysis

- 6.1 The proposals outlined in paragraph 3.2 above should limit, as far as reasonably possible, the risks involved in the transfer to the Trust.

7. Conclusion

- 7.1 A proposal on the way forward has been put to the Trust's legal representatives and their response is awaited.
- 7.2 A further report will be made to Council once the disposal has concluded.

8. Recommendation

- 8.1 **The Council is asked to note the content of this Report.**

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Chief Executive
Date: 14 February 2008

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Background Papers: Report to Council - 19 December 2007

Wards affected: 2