
ARGYLL AND BUTE COUNCIL

OBAN, LORN
AND THE ISLANDS AREA COMMITTEE
9TH DECEMBER 2016

CUSTOMER SERVICES
COMMUNITY SERVICES
DEVELOPMENT AND INFRASTRUCTURE

THIRD SECTOR ASSET TRANSFER – BALEMARTINE PLAYING FIELD

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise the Committee of an unsolicited enquiry from the Balemartine Residents Association to take on a long term lease of the Balemartine Schoolhouse playing field.
- 1.2 The playing field is owned by the Council and held by Community Services under Education.

RECOMMENDATIONS

- 1.3 That the Committee agrees to recommend to the Council that the Balemartine Schoolhouse playing field is leased to the Balemartine Residents Association on the basis of a 21 year lease at a rental of £1 per annum.
- 1.3 It is further recommended that the Committee agrees to delegate to the Executive Director of Customer Services authority to agree the terms of the lease to the lease to the Third Sector.

THIRD SECTOR ASSET TRANSFER – BALEMARTINE PLAYING FIELD

2. INTRODUCTION

- 2.1 The purpose of this report is to advise the Committee of an unsolicited enquiry from the Balemartine Residents Association to take on a long term lease of the Balemartine Schoolhouse playing field.

3. RECOMMENDATIONS

- 3.1 That the Committee agrees to recommend to the Council that the Balemartine Schoolhouse playing field is leased to the Balemartine Residents Association on the basis of a 21 year lease at a rental of £1 per annum.
- 3.1 The Committee agrees to delegate to the Executive Director of Customer Services authority to agree the terms of the lease to the lease to the Third Sector.

4. DETAIL

- 4.1 Balemartine Residents Association has requested the acquisition by means of a long lease of the Balemartine Schoolhouse playing field, all as shown by the attached photographs. The site is owned by the Council and is held by Community Services under Education.
- 4.2 The area is currently used as an amenity area and the service has no future plans for the development of the asset.
- 4.3 In accordance with the Council's Third Sector Asset Transfer Policy, Community Services were consulted in respect of the request from Balemartine Residents Association and it was agreed, in principle, that the asset requested could be made available for transfer to the third sector.
- 4.4 The site has been assessed by the District Valuer as having a market rental value of £260 per annum.
- 4.5 A Business Case in respect of the disposal of the asset has been prepared by Community Services, a copy of which is attached for Members information. The Business Case has been scored in terms of the Council's Asset Transfer Policy by the Finance Manager and has a high score of 91.

- 4.6 As a result of this Business Case, it has been determined that the assets should be made available for disposal by means of a 21 year lease to the Third Sector at a discounted rental of £1 per annum. In determining this price it has been taken in to account that the asset is not currently being used by the service on Tiree and that the proposals by the Community group to establish a community garden will enhance the amenity area.
- 4.7 Should Members be agreeable to the site being leased to the Balemartine Residents Association then the matter will require to be referred to the Council for their agreement as the transfer is at less than market value.
- 4.8 The Council requires to comply with the requirements of the Disposal of Land by Local Authorities (Scotland) Regulations 2010 and the related Scottish Government Guidance. The regulations require that local authorities, before deciding in favour of a disposal at less than best consideration, appraise and compare the costs and other disbenefits and benefits of the proposal. In relation to the specific requirement of the Council's decision Regulation 4 of the 2010 Regulations provides as follows:

4.-(1) The circumstances in which a local authority may dispose of land for a consideration less than the best that can reasonably be obtained are that –

(a) the local authority is satisfied that the disposal for that consideration is reasonable, and

(b) the disposal is likely to contribute to any of the purposes set out in paragraph (2), in respect of the whole or part of the area of the local authority or any persons resident or present in its area.

(2) Those purposes are the promotion or improvement of –

(a) economic development or regeneration;

(b) health;

(c) social well-being; or

(d) environmental well-being.

The required evaluation has been undertaken by Community Services in terms of the business case referred. They have concluded that the disposal is: reasonable; and likely to contribute to economic development and regeneration in accordance with the business case referred to.

CONCLUSION

- 5.1 Given that the subjects have been declared by Community Services as being available for transfer to the Third Sector it is recommended that the Committee agree to recommend to the Council that the Balemartine Schoolhouse playing field is leased to the Balemartine Residents Association on the basis of a 21 year lease at a rental of £1 per annum.

- 5.2 It is further recommended that the Committee agree that delegate to the Executive Director of Customer Services authority to agree the terms of the lease to the Third Sector.

6. IMPLICATIONS

- 6.1 The implications for the Oban Lorn and Isles Committee are as outlined in the table below.

Policy	None
Financial	Potential rental income of £21 over 21 years and £6250 savings over 25 years.
Legal	Disposal by long lease would be in accordance with the Council's Third Sector Asset Transfer Policy. The Disposal of Land by Local Authorities (Scotland) Regulations 2010.
HR	None
Equalities	None
Risk	None
Customer Service	None

Douglas Hendry, Executive Director of Customer Services, Ann Marie Knowles,
Executive Director of Community Services
Pippa Milne, Executive Director Development and Infrastructure

15 November 2016

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ARGYLL & BUTE COUNCIL

OUTLINE BUSINESS CASE FOR SERVICE DEVELOPMENT PROJECTS

DEPARTMENT

Community Services

SERVICE

Education

Asset Group:

Project Name:

Balemartine Playing Field

1. Executive Summary:

Introduction and context including description of problem/challenge/business requirement; description of do nothing option and why it is not acceptable; description of do minimum option; and description of preferred option if this is not do minimum.

Request by Balemartine Residents Association for a long term lease under the Third Sector Asset Transfer Process of the Balemartine Schoolhouse Playing Field in order that the Group can improve the playing field by creating it into a useable green space for a community garden for local people to have access to play and learn. The Education Service do not currently utilise the space and have no plans to do so in the future.

The do nothing option would see the playing field remain unused with the Council potentially occurring annual maintenance costs. An opportunity would be missed to turn the disused playing field into an aesthetically pleasing community garden that could be accessed by locals.

The transfer option would be to commit a long term lease of the schoolhouse playing field to the Balemartine Residents Association or such other third sector group as may wish to develop the playing field which can present an acceptable business case. The lease would enable the Group to undertake a development plan for the playing field and improve the aesthetics of the area. The District Valuer (DV) has suggested a Market Value of £27,500 for the land should it be sold as a development opportunity. The DV has stated a rental figure for the site at £260 per annum on the basis of a 21 year lease with a five yearly break clause.

A peppercorn rent of £1 is being suggested as the asset is not currently used by the service on Tiree. The area is currently used as an amenity area and our understanding is that the proposals by the community group would only enhance the amenity area. The service has no future plans for the development of the asset as it stands and a peppercorn rent would reflect the communities capacity to lease and develop the asset to benefit the wider community. A break clause would be included in the lease to allow the Council to break from the lease agreement should any material change for either party or a more strategic use for this piece of land be considered by the Council at a future date.

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OUTLINE BUSINESS CASE FOR SERVICE DEVELOPMENT PROJECTS

DEPARTMENT Community Services **SERVICE** Education

Asset Group: _____

Project Name: **Balemartine Playing Field**

2. Impact on Council Plans:
This section should demonstrate links to Council's Corporate Plan; the Service Plan; Area Plans; Corporate Strategies; and compliance with legal and national priorities.

Corporate Plan 2013-2017 - The proposed long term lease of the community garden contributes to the outcomes of the Corporate Plan through;

Corporate Objective 2 - Working together to realise the potential of our communities.

Corporate Objective 3 - Working together to realise the potential of our area.

Community Plan and Single Outcome Agreement - The proposed long term lease of the community garden would contribute to the outcomes of the Community Plan and Single Outcome Agreement through;

Outcome 6 - People live in safer and stronger communities

National Priorities. - The proposed long term lease of the community garden contributes to the Scottish Government's national priorities through;

National Priority 4 - Safer & Stronger Communities

3. Affordability:
Show that the project is an acceptable and prudent investment for the Council and that ongoing costs can be sustained; Capital Costs are affordable; ongoing revenue costs are affordable; provide information on external funding for the project.

The proposed long term lease has no capital costs associated with it. The Council would receive annual income from the lease.

There will be a cost associated with staff time to progress the long term lease to conclusion although such costs are applicable to all lease agreements to a greater or lesser degree.

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OUTLINE BUSINESS CASE FOR SERVICE DEVELOPMENT PROJECTS

DEPARTMENT Community Services **SERVICE** Education

Asset Group: _____

Project Name: **Balemartine Playing Field**

4. Deliverability/Work Schedule:

Show that project can be delivered successfully in respect of timescale; management arrangements; and what are the residual or knock on consequences.

The Council has all the relevant professional disciplines within the Council to progress the lease to conclusion. Long term leases of assets have been successfully managed previously and no issues are anticipated. The lease will be managed by the Estates Services and will be progressed by the Estates Services, Governance & Law and the Social Enterprise Team.

The lease will be progressed in accordance with indicative timescales within the third sector disposal procedures and in accordance with the requirements and/ or limitation of the Balemartine Residents Group and such funding as they may require to obtain.

5. Risk Log:

This section should set out foreseen risks as they affect Impact on Council Plans as well as on asset condition and suitability; affordability; deliverability. Indicate action aimed at mitigating these risks and highlight whether any contingency plans are likely to be needed. Provide a summary of three cost and timetabling scenarios - optimistic, realistic, and pessimistic - relating to the project (see 6a below).

See Risk Log Worksheet which sets out the chance, impact and mitigating actions re the following:-

Risks to the Council are as follows:-

* Risk of the Balemartine Residents Association potentially folding and the Council assuming responsibility of the asset prior to the 21 year lease meeting its conclusion.

The Council's Social Enterprise Team will assist the Balemartine Residents Association with their application and the preparation of a business plan.

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OUTLINE BUSINESS CASE FOR CAPITAL PROJECTS - COST PLAN

DEPARTMENT Community Services · **SERVICE** Education

Asset Group:

Project Name: Balemartine Playing Field

Nature of Expenditure (delete as appropriate)

Replacement/Cost Saving/Carbon Management/Expansion

Details of asset being replaced if any:-

N/A

Disposal of Asset

Market Value Based on valuation carried out by DVS Property Specialists.

For the long lease option, as opposed to outright acquisition - the District Valuer has provided a rental valuation for the ground. The figure provided is £100 per annum on the basis of a 25 year lease.

Removal costs (estimate) Estimated

Marketing costs (estimate)

Other costs

Net Market Value of Asset

Revenue Costs

Maintenance Cost

Energy Cost

Other Running Cost

Total Revenue Cost

Capitalised Revenue Costs (10 years)

Total Net Market Value of Asset

total rental income over 21yr
21.00 lease for commercial let
0.00 less - Total disposal costs

less - maintenance cost
6250 savings over 25 yrs
0 25yrs

-6229.00 income less costs
-249.16 divided by 21 yr lease
Suggest a pepper corn rent £1 P.A. for the asset

suggested annual rental (with the option for inflation increases built in to the 0 contract)

ARGYLL AND BUTE COUNCIL

BUSINESS CASE LIFE CYCLE COST CALCULATION

ASSET DESCRIPTION Balemartine Playing Field

	Note	£	
Initial Cost or Purchase Price	1	<input type="text" value="0.00"/>	Based on valuation by DVS.
Commissioning or Installation Cost		<input type="text" value="n/a"/> incl	
Maintenance Cost per Annum	2	<input type="text" value="0.00"/> * £0	
Energy Cost per Annum	2	<input type="text" value="0.00"/> n/a	
Other Running Costs per Annum	2	<input type="text" value="0.00"/> n/a	
Useful Life (Years)		<input type="text" value="21.00"/>	
Discount Rate		<input type="text"/>	
Residual Value		<input type="text" value="0.00"/>	
Total Life Cycle Cost		<input type="text"/>	
Life Cycle Cost Per Annum		<input type="text"/>	

Notes:

1. Where Initial Cost is calculated over a construction period see Data Sheet
2. For analysis of costs see Data Sheet
3. For the long lease option, as opposed to outright acquisition - the District Valuer has provided a rental valuation for the ground. The figure provided is £260 per annum on the basis of a 21 year lease.

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BUSINESS CASE LIFE CYCLE COST CALCULATION - PRESENT VALUE

ASSET DESCRIPTION

Balemartine Playing Field

£

Initial Cost or Purchase Price	<input type="text" value="0.00"/>	Based on valuation by DVS - or £100 per annum rental.
Commissioning or Installation Cost	<input type="text"/>	
Maintenance Cost per Annum	<input type="text" value="0.00"/>	
Energy Cost per Annum	<input type="text" value="0.00"/>	Estimated
Other Running Costs per Annum	<input type="text" value="0.00"/>	Estimated
Residual Value	<input type="text" value="0.00"/>	
Present Value Life Cycle Cost	<input type="text"/>	

LIFE CYCLE COST CALCULATION WORKSHEET

1. Construction Cost of Asset

2. Construction Period (months)

3. Discount Rate

4. Present Value

5. Construction Period in Years

6. Maintenance Cost per annum Analysis

Planned Repairs

Emergency Repairs

Abnormal Repairs

Cleaning

Total Maintenance Cost per Annum

7. Energy Costs per annum Analysis

- Oil
- Gas
- Electric
- Other

--

Total Energy Cost per annum

0

8. Other Running Costs per annum Analysis

--

Total Other Running Costs per annum

0

Argyll & Bute Council -

			RISK ASSESSMENT					
Ref	Category	Risk Description	Chance	Impact	Score	Risk Level	Risk Lead	Mitigating Action
1	strategic & financial	No strategic risk. On-going grounds maintenance liability.	3	1	3	Red/ Green/ Amber		Disposal to community group.
2	operational	The ground is no longer operated as a play area.	1	1	1	Red/ Green/ Amber		N/A
3	statutory	Planning/Building Standards Conditions	1	5	5	Red/ Green/ Amber		Community Group may need to obtain consents to develop the site.
4	project	Unforeseen technical difficulties	1	5	10	Red/ Green/ Amber		Community group recommended to have a ground investigation study undertaken depending on their plans.
5	project	Higher than predicted construction costs and time	3	5	15	Red/ Green/ Amber		Community group to appoint a suitably qualified Project Manager.
6	project	Poor contractor performance	2	4	8	Red/ Green/ Amber		Community group may need to vet prospective contractors and ensure they have appropriate experience and indemnity insurance.
7	project	Level of contingencies / design risk	1	4	4	Red/ Green/ Amber		Community group to appoint suitably qualified Project Manager/ Architect.

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BUSINESS CASE APPRAISAL WEIGHTING AND SCORING MATRIX

DEPARTMENT

Community Services

SERVICE

Education

PROJECT

Balemartine Playing Field

Assessment	Features of Strong Projects	Features of Weak Projects	Issues to Consider	Score	Weight	Weighted Score
Impact: The project will make explicit contributions to the Council's plans and strategies and will ensure compliance with external requirements				Max. 10 Min. 0		
Impact on Corporate Plan	Clear links to corporate plan that demonstrate how the project will contribute to strategic objectives.	Links are not clear and the relationship to strategic objectives is vague.	To encourage active and caring communities. To encourage a growing sustainable economy in Argyll & Bute. Etc.	10	3.000	30.00
Impact on Service Plans	Clear links to service plans that demonstrate how the project will contribute to service priorities.	Links are not clear and the relationship to service priorities is vague.	What service priorities does this impact on? e.g. Streetscene; performance culture; recycling etc.	10	0.400	4.00
Impact on Area Plans	Clear links to area plans that demonstrate how the project will contribute to area priorities.	Links are not clear and the relationship to area priorities is vague.	What Area priorities does this affect? e.g. Rothesay waterfront/centre; Helensburgh town centre; Jura transport initiative; Dunoon marine gateway; Oban action plan; etc.	10	0.400	4.00
Impact on Corporate Strategies	Clear links to identified corporate strategies that demonstrate how the project contributes to these.	Links are not clear and the contribution of the project is vague.	Consider relationship with:- Asset Management Strategy; ICT Strategy; Customer First Strategy; Transport Strategy; Any other overarching Council strategy.	10	0.400	4.00
Impact on Carbon Management Plan	Clear links to identified Carbon Management Plan that demonstrate how the project contributes to the Plan.	Links are not clear and the contribution of the project is vague.	Identifies improvements to assist in the achievement of Corporate targets to reduce carbon footprint	0	0.400	0.00
Impact on Compliance with Legal and National Priorities.	Compliance and national priorities clearly identified and the relationship of the project clearly demonstrated.	Vague reference to compliance issues and national priorities without specific identification of relationships.	Sustainability; Equality; Health & Safety; Environmental etc.	10	0.400	4.00
Affordability: The project is an acceptable and prudent financial investment for the Council and the Council can sustain the ongoing running costs.						
Capital costs are affordable	Net capital costs are low.	Net capital costs are high.	Points awarded on scale basis: Net cost less than £100k = 10 pts £100k to £250k = 9 points; £251k to £500k = 8 points; £501k to £750k = 7 points; £751k to £1m = 6 points; £1 to £1.5m = 5pts; £1.5m to £2m = 4pts; £2m to £2.5m = 3pts; £2.5m to £5m = 2pts; £5m to £10m = 1pt; Over £10m. = 0 pts.	10	1.00	10.00
Ongoing revenue costs are affordable	Net revenue costs are low	Net revenue costs are high.	No impact on revenue costs equals 5 points. Increase by 1 point for every 10% decrease in revenue costs. Decrease by 1 point for every 10% increase in revenue cost.	10	1.00	10.00
External funding leveraged by the project	Significant external funding leveraged in	No external funding leveraged in.	No external funding equals 0 points. Increase of 1 point for each 10% of external funding i.e. 41-50% of external funding equals 5 points.	0	0.50	0.00
Deliverability: The project can be delivered successfully.						
Timescales for delivery	The timescale for delivery is clearly stated and is acceptable.	The timescale for delivery is not clearly stated or is unacceptable.	Land acquisition; planning permission; environmental issues; level of staff input; tendering requirements.	10	0.42	4.20
Management arrangements to deliver project	The management arrangements for the project are clearly stated and are acceptable.	The management arrangements for the project are not clearly stated or are unacceptable.	Project Manager and Project Team identified and named. Extent of discussions with all parties involved	10	0.42	4.20
Residual/knock on consequences	The residual or knock on consequences of the project are clearly stated and are acceptable.	The residual or knock on consequences of the project are not clearly stated or are unacceptable.	Is the project self contained to one service? Have impacts on other services been identified and discussed?	10	0.41	4.10

Risk: Progressing the project does not expose the Council to unacceptable risk.						
What are impact risks	The risks of not making the intended impact as outlined above have been identified and are assessed as limited.	The risks of not making the intended impact as outlined above have not been identified or are assessed as significant.	What risks have been identified? How has this been carried out - is it a robust process? Are the risks significant or unpredictable?	10	0.25	2.50
What are delivery risks	The timescale, management arrangements and residual or knock on consequences have been robustly constructed and the related risks are clearly identified and are limited.	The timescale, management arrangements and residual or knock on consequences have only been compiled on a vague basis or not clearly identified or there are significant or unpredictable risks.	What risks have been identified? How has this been carried out - is it a robust process? Are the risks significant or unpredictable?	10	0.25	2.50
What are affordability risks	Robust estimates of capital and revenue cost have been made and external funding is secured. Risks have been clearly identified and assessed.	Only preliminary estimates of capital and revenue cost have been made and external funding is anticipated rather than secured. No clear assessment has been made of the financial impact of risks.	What risks have been identified? How has this been carried out - is it a robust process? Are the risks significant or unpredictable?	10	0.25	2.50
Risk Management arrangements	Robust strategies and arrangements to identify, manage and control risk developed.	No clear arrangements to manage risk	Has the approach to risk management been documented? Does it appear robust?	10	0.25	2.50
What are the risks of not proceeding with the project.	An assessment of these has been made and evidenced and there is significant risk of not proceeding with the project.	No assessment made or only vague references or limited risk of not proceeding with the project.	Have the risks been specified? What process has been used to identify them? Has this risk been assessed robustly?	10	0.25	2.50
Total Score (Maximum=100)						91

ARGYLL & BUTE COUNCIL

ASSET MANAGEMENT STRATEGIC BOARD

BUSINESS CASE RATING

Balemartine Playing Field

			Matrix Score
1	Executive Summary	Brief statement of what is proposed.	N/A
2	Impact on Council Plans	Corporate Plan	
		Service plans	
		Area Plans	
		Corporate Strategies	
		Carbon Management Plan	
		Compliance with National and Legal Priorities.	46.00
3	Affordability	Capital Costs	
		Ongoing Revenue Costs	
		External Funding	20.00
4	Deliverability	Timescales for deliverability	
		Management arrangements to deliver project	
		Residual/knock on consequences	12.50
5	Risk	Impact risks	
		Delivery risks	
		Affordability risks	
		Risk Management arrangements	
		Risk of not proceeding with project	12.50
	Total Matrix Score		91
Rating			

Calculation of Rating:

- 4 = matrix score of 80-100%
- 3 = matrix score of 70-79%
- 2 = matrix score of 60-69%
- 1 = matrix score of less than 60%

Comments

This is a well written business case which sets out the business requirements, the associated risks and how these will be mitigated.

Prepared by: Peter Cupples

Reviewed by:



Map of Proposed Balemartine Community Garden Site

School House boundary (fenced in)

Dis-used land and Proposed Community Garden site









Balemartine Schoolhouse



