

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide members of the Area Committee with an update on property related projects concluded and ongoing in the Mid Argyll, Kintyre & the Islands area.

2.0 RECOMMENDATIONS

- 2.1 That the members:-

- 2.1.1 Note and consider the content of this update report on property related projects in the Mid Argyll, Kintyre & the Islands area.

3.0 INTRODUCTION

- 3.1 The purpose of this report is to provide members of the Area Committee with an update on property related projects concluded and ongoing in the Mid Argyll, Kintyre & the Islands area.

4.0 RECOMMENDATIONS

- 4.1 That the members:-

- 4.1.1 Note and consider the content of this update report on property related projects in the Mid Argyll, Kintyre & the Islands area.

5.0 BACKGROUND

- 5.1 As part of the 'One Council' approach to property matters the Estates & Property Development (Estates) team have progressed a number of property related projects. This report outlines some of the successful outcomes and also a selection of the ongoing projects within the MAKI area:

- 1) Kilmory Business Park, Lochgilphead

The council has an ambition to create new commercial space on land held in its ownership at Kilmory Home Farm and have been working in partnership with adjacent landowner, M & K Macleod to develop a new Business Park . Following the development and approval of a masterplan in 2018 the council sought funding to support the development of the infrastructure to service the site and recently secured £650,000 from the Regeneration Capital Grant Fund (RCGF) to unlock the 5.9 hectare site to build a new business hub.

Funding contributions will also be made by Highlands and Islands Enterprise (HIE) and the council. Officers have produced and agreed a Memorandum of Understanding (MoU) to develop the site with M& K McLeod and work is underway to complete a programme to initially submit a planning application then build out the infrastructure on the site. We are anticipating construction to commence later this year.

The business park will create new commercial lease sites for local and incoming businesses and create opportunities for business to grow and investment whilst creating long term income to the Council that will be reinvested into Council priorities. It is not the intention to sell off sites of the new business park as this would undermine long term investment and also be contrary to grant funding conditions.

2) Kilmory Showground, Lochgilphead

Following the unsuccessful community asset transfer request for Kilmory Woodlands the council undertook to work with the groups involved to develop their projects. From this an area of ground at Kilmory Showground was identified as a potential location for Mid Argyll rugby club. Accordingly Estates have been working with the Social Enterprise Team to facilitate this proposal in consultation with Mid Argyll Agricultural Society.

3) 73 Chalmers Street, Ardrishaig

The former Building Standards office had been vacant for a number of years after it was declared surplus. It was decided to promote it more actively for lease leading to a sufficient level of interest to allow a closing date to be set for 30th April 2021. At the time of writing 2 offers have been received and following their assessment it is hoped that terms can be agreed to allow a lease to be concluded and another small business supported.

4) Oakfield, Tarbert

Working with ACHA the Estates team have completed the sale of ground and arrangement of access rights to allow for the development of affordable housing while maintaining access to the core path network.

5) Front Street, Inveraray

After the ground floor office was vacated by Visit Scotland and the first floor office marriage rooms were closed the Estates Team marketed the ground floor for lease. This led to a suitable offer from a local gift shop operator who took occupation in February 2020 trading as 'The Courtyard'. At the same time an interest was received through the community asset transfer process from Argyll TSI to lease the 1st floor office. Terms for this have also been agreed with entry to be taken when some outstanding works have been completed.

6) Witchburn Road, Campbeltown

Following the demolition of the former Finance offices the site has been advertised seeking expressions of interest. However there has been limited demand for the initially identified use for residential plots but in the meantime there has been some demand for commercial uses particularly from small craft distillery businesses as part of the whisky industry's growing interest in the wider Campbeltown area. To progress with the development of the site it is considered that some site investigation work would be beneficial as there are a number of challenges with the topography, ground conditions, listed structures, access and services issues.

Accordingly Estates are currently seeking to progress these investigations which will provide more reliable information for both residential and commercial development of the site to maximise the value. If commercial development of the site is ultimately progressed this will require to be the subject of future reports as the funding for the

initial demolition of part of the site was from the Housing Revenue Account.

7) MacKinnon House, Campbeltown

This purpose built tourist information office was vacated by Visit Scotland and was marketed for lease by Estates. Several offers were received and terms were concluded with an experienced café operator. The operator successfully traded as 'Tea on the Quay' until the pandemic interrupted their trade but they are now gearing up to reopen as the restrictions ease.

8) Back Road, Port Ellen, Islay

A member of the Estates team identified an area of ground at Back Road, Port Ellen as a commercial opportunity and undertook the research and investigations required to allow it to be marketed. Several offers were received and a sale was concluded in January 2021 with a neighbouring occupier to develop car parking, garden and amenity space to support their adjacent self-catering units.

9) Port Ellen school house, Islay

Port Ellen school house was declared surplus by Education and was circulated to community partners as part of the disposal process. There was initial interest from ACHA and South Islay Development group however their proposals were ultimately not able to be progressed.

Subsequently the property was openly marketed but this was during the lockdown restrictions when visits to the island were limited and only video viewings were available. This led to a single offer being received which was then withdrawn. Accordingly it is proposed to remarket the property this summer when it is hoped there will be more travel allowed as the property is considered to be an attractive opportunity despite it being of non-standard construction.

10) Ramsay Hall, Port Ellen, Islay

South Islay Development group (SID) have submitted an 'Expression of Interest' for Ramsay Hall in respect of a proposal to use it to provide a child care facility for the local area. Estates are working with the Social Enterprise team, the Leisure Trust and colleagues in Education to assess the suitability of the property for this use to support SID in the development of this proposal.

11) Killarow House, Bowmore, Islay

Killarow House, Bowmore is currently an operational office and staff are based there. However, due to the pandemic it is an office that is temporarily closed with staff being asked to either work from home (as per national guidance) or if they have a personal or operational requirement to be in an office work from local 'hub' office a few miles down road at Jamieson Street in Bowmore. All offices are subject to a review as outlined in the Council's Budget decision and the 'Our Modern Workspace' Programme has been launched – staff survey is currently underway.

Islay Development Initiative (IDI) have submitted an 'Expression of Interest' for Kilarrow House in respect of a proposal to acquire it for the development of community / local enterprise space and housing to support local people.

Communications with IDI have been clear to outline that the council does not have plans to market or dispose of the property and therefore do not wish to release it. If it does become surplus at some point in the future it is considered to be a building that could fulfil other functions that could benefit the Council due to its size, location and market conditions. Our Architects have commenced a feasibility study looking at conversion of the main building and grounds considering options such as residential accommodation, leisure / holiday lets and other commercial uses. This is similar to the strategy being deployed at Lorn House in Oban. The site is large with a number of different buildings within the curtilage and we will require to consider a range of options including for the stable block, grounds and modular annex.

In the meantime Estates have assisted IDI to secure a short term Licence for the modular annex and will continue to work with the group to develop their proposals to be considered at the appropriate time.

12) Wind Farm access routes, Kintyre

Recently a number of enquires have been received from companies developing wind farms on and around the Kintyre peninsula. The companies have been assessing the road infrastructure to ensure that they have space to move the large turbine components to their required destinations. This process has identified some areas of council ground where the companies require to formalise over-sailing rights and the Estates team are working with them to ensure that the agreements do not prejudice the council and also where appropriate generate an income stream for the council.

6.0 IMPLICATIONS

- 6.1 Policy – None.
- 6.2 Financial – The disposal of assets will generate capital receipts however there may be initial expenditure during the marketing and assessment stages to ensure that the properties are marketable.
- 6.3 Legal – The terms and conditions of any property transactions are intended to be delegated to the Executive Director with responsibility for Legal Services.
- 6.4 HR – Any staff impacts of property projects will be assessed as part of the individual project.
- 6.5 Fairer Scotland Duty
- 6.6 Equalities – Individual projects will be assessed for equalities issues.
- 6.7 Socio economic Duty – None
- 6.8 Islands – Projects which impact on island communities will be individually assessed for impacts.

6.9 Risk – Properties being marketed may not be sold or the potential receipts may be reduced by site constraints. There could also be reputational risk from delays in disposals caused by unanticipated factors or from complaints from other parties affected by the developments.

6.10 Customer Service – None

**Douglas Hendry, Executive Director with responsibility for Commercial Services
Councillor Alastair Redman, Policy Lead – Business, Regeneration and Commercial
Development**

Ross McLaughlin, Head of Commercial Services

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For further information contact:

David Allan
Estates & Property Development Manager
The Helensburgh and Lomond Civic Centre
38 East Clyde Street
Helensburgh
G84 7PG
david.allan@argyll-bute.gov.uk
01436 657 620