

# **PERTH AND KINROSS COUNCIL**

## **Property Sub Committee**

**17 June 2019**

### **Disposal by Auction of Outdoor Centres at Kinloch Rannoch and Blackwater**

#### **Report by Executive Director (Housing & Environment) (Report No. 19/176)**

The purpose of this report is to seek approval for the disposal by auction of two Council owned outdoor centres located at Kinloch Rannoch and Blackwater, Bridge of Cally. Both have been identified as surplus to Council requirements.

## **1. BACKGROUND / MAIN ISSUES**

- 1.1 As part of the transfer programme of cultural and leisure services to Live Active Leisure (LAL), the Council approved the management transfer of two outdoor education centres at Kinloch Rannoch and Blackwater to LAL with effect from 1 April 2016 (Report No 15/438 refers). Both properties were leased to LAL on appropriate terms for leisure operations with clear apportionment of repair and maintenance responsibilities between the Council (as owner/landlord) and LAL (as tenant). This was to safeguard the Council's asset with the landlord maintaining the buildings. The leases contained clauses on specific performance by LAL and the use of the centres was governed by a Service Level Agreement with associated monitoring.
- 1.2 The financial year 2018/19 saw challenging trading conditions for LAL and the outdoor centres felt the impact of varying weather conditions (Beast from the East and the very long, hot summer) which affected the type of outdoor activities people undertook. Accordingly, LAL has now taken the difficult decision to withdraw from operating the outdoor centres and served notice to quit from both the centres.

## **2. DISPOSAL OF ASSETS**

- 2.1 Both properties are now considered to be surplus to Council requirements and in line with current corporate asset policies, the intention is to dispose of the buildings to optimise financial, management and service benefits by disposal of surplus property to realise funds for the Council's Capital Programme.
- 2.2 It is now proposed to bring the properties to auction to optimise market exposure as both properties present potentially attractive residential or redevelopment opportunities in rural locations. The Council has, in recent years, successfully used auctions for disposals, having gained countywide coverage and very competitive selling costs. It is proposed this approach is taken with these properties. Committee approval is required as the anticipated sale receipt of each asset will be in excess of the delegated authority level of £100,000.

- 2.3 Auction delivers a binding contract on the day of the auction and properties are placed with a reserve price below which the asset cannot be sold, securing Best Value. It is not an appropriate method of sale where the Council wishes to see the property used or developed in a particular way.
- 2.4 At the time of writing, there has not been any Community Asset Transfer interest received in relation to these properties. However, as the Community Empowerment (Scotland) Act 2015 strengthens the opportunities for incorporated community bodies to pursue asset transfer, this should be a consideration on the decision to auction these properties.

### **3. BEST VALUE**

- 3.1 The Local Government in Scotland Act 2003 requires the Council to make the best use of public resources, including land and property, and to be open and transparent in transactions.
- 3.2 The Council is required to demonstrate responsiveness to the needs of communities, citizens, customers and the other stakeholders where relevant in its assessment of best value. The aspects of this duty which are relevant to the proposals in this report are as follows:
- making the best use of land and property
  - being open and transparent in transactions
  - insuring sound financial controls are in place to minimise the risk of fraud and error
  - assessing the full financial consequences of decisions at an appropriate level before major financial decisions are taken or commitments entered into demonstrating responsiveness to the needs of communities, citizens, customers and other stakeholders, where relevant
- 3.3 The proposed approach in this report is considered to comply with the Council's requirement to fulfil its statutory duties in respect of Best Value and meet the Council's Corporate Plan 2018-22 strategic objectives.

### **4. CONCLUSION AND RECOMMENDATION**

- 4.1 The Committee is asked to approve these properties being brought forward for disposal at auction.

## Authors

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## Approved

Name	Designation	Date
Barbara Renton	Executive Director (Housing & Environment)	8 May 2019

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	<b>None</b>
Corporate Plan	<b>None</b>
<b>Resource Implications</b>	
Financial	<b>Yes</b>
Workforce	<b>None</b>
Asset Management (land, property, IST)	<b>Yes</b>
<b>Assessments</b>	
Equality Impact Assessment	<b>None</b>
Strategic Environmental Assessment	<b>None</b>
Sustainability (community, economic, environmental)	<b>Yes</b>
Legal and Governance	<b>Yes</b>
Risk	<b>Limited</b>
<b>Consultation</b>	
Internal	<b>Yes</b>
External	<b>None</b>
<b>Communication</b>	
Communications Plan	<b>None</b>

### 1. Strategic implications

- 1.1 This report supports the delivery of the Community Plan, Single Outcome Agreement and Corporate Plan objectives.

### 2. Resource implications

#### Financial

#### Revenue

- 2.1 The financial resource implications are in relation to a potential Council revenue saving of £14,650 per annum (3 year average) for maintenance of the properties and the capital receipt achieved which would accrue to the capital programme.

#### Capital

- 2.2 The capital receipt is anticipated to be in excess of £100,000 from each property.

#### Workforce

- 2.3 There are no direct workforce implications for the Council in the auction process which can be undertaken within current resources. The workforce implications in the closure of the centres will be dealt with directly by LAL management.

### Asset Management (land, property, IT)

- 2.4 There are no immediate implications in respect of asset management arising from the recommendations of the report.

## **3. Assessments**

### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

(i) Assessed as not relevant for the purposes of EqIA

### Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.3 The contents of this report have been considered under the Act and no further action is required as it does not qualify as a PPS and is therefore exempt.

### Sustainability

- 3.4 Under the provisions of the Local Government Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.5 The proposals and recommendation in this report will support sustainable development in the potential sale and re-use / redevelopment of the properties and reallocation of the capital resources.

### Legal and Governance

- 3.6 The Head of Legal and Governance has been consulted and is in agreement with the contents of this report.

### Risk

- 3.7 The direct risks associated with the proposed auction of the property are minimal as a reserve price will be set on both properties.

#### **4. Consultation**

##### Internal

- 4.1 The Head of Legal and Governance, the Head of Property Services, the Head of Finance and the Education and Community Services Senior Business & Resources Manager have been consulted and are in agreement with the contents of this report.

#### **2. BACKGROUND PAPERS**

- 2.1 Appendix 1 - Former outdoor centre Kinloch Rannoch
- 2.2 Appendix 2 - Former outdoor centre Blackwater, Bridge of Cally