

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE
11 January 2019
Report by Deputy Chief Executive
WOODFARM EDUCATIONAL TRUST

PURPOSE OF REPORT

1. To consider the decision made by the Cabinet on 6 December 2018 regarding Woodfarm Educational Trust, which was called-in in terms of agreed procedures.

RECOMMENDATION

2. It is recommended that the committee consider the Cabinet's decision in light of the terms of the call-in notice and the additional information provided at the meeting.

BACKGROUND

3. On 6 December 2018 the Cabinet considered a report by the Director of Environment seeking approval to transfer ownership of the Woodfarm Educational Centre from the Council to the Woodfarm Educational Trust. A copy of the report is attached (see Appendix).

4. The report explained that on 29 October 2009 the Cabinet had agreed to lease the former Woodfarm Sports Centre ("the Centre") to Woodfarm Educational Trust (WET) for a period of 20 years on the basis that there would be an option to extend the lease from 20 to 125 years. It was clarified that subsequently, in 2012, the Cabinet had agreed to extend the lease of the Centre from 20 to 125 years on the basis that it would automatically revert to WET ownership at the end of the lease in return for which the Trust had made a payment of £170,000 to the Council.

5. The report highlighted that the existence of a lease (instead of outright ownership) was now, however, impacting upon WET's ability to raise funds for an extension to the property for which planning permission had been obtained. In view of this, the District Valuer had been requested to carry out a valuation report and considered that the Council's remaining landlord's interest at present, if sold to the tenant with a standard security containing similar multicultural centre use restrictions as applied within the current lease, was £20,000. The Cabinet was asked to approve the proposal to bring forward the date when ownership of the Centre would transfer from the Council to WET, subject to payment of the price and securing its future continuing use as a multicultural centre.

6. Having considered the report and following discussion, the Cabinet agreed:-

- (a) to bring forward the date when ownership of the Woodfarm Educational Centre reverted to Woodfarm Educational Trust in exchange for the payment of £20,000 and a Standard Security to secure the future use of the premises as a multicultural centre and to secure an uplift in value which would become payable to the Council should there be a future change of use; and
- (b) that delegated powers be granted to the Director of Environment, in consultation with the Chief Officer – Legal and Procurement to make the necessary arrangements.

7. In accordance with agreed procedures, the Cabinet decision notice was issued to all Elected Members later that day.

REPORT

8. On Monday, 10 December, a notice calling-in the Cabinet's decision was submitted. The notice was signed by Councillors Gilbert, Miller, McLean, Swift and Wallace, with Councillor Wallace being the lead signatory. The call-in notice listed a single reason for the call-in of the Cabinet's decision, this being that it does not represent Best Value. The alternative proposal to that agreed by the Cabinet listed on the call-in notice was that existing arrangements be retained.

9. In terms of the procedures for the consideration of a decision that has been called-in, Councillor Buchanan as the relevant Convener; Councillor Wallace as the lead signatory to the call-in; and relevant officers from the Environment Department, have been invited to attend the meeting to speak to the report, the Cabinet's decision and the call-in notice.

10. Having considered the report and having heard the evidence, the committee will reach a decision:-

- (1) If the committee agrees with the Cabinet's decision, the Cabinet's decision will be implemented immediately.
- (2) If the committee disagrees with the Cabinet's decision, a report, giving details of the committee's recommended changes and the reasons for them, will be prepared and submitted to the first available meeting of the Cabinet. In the event that a minority view in support of the Cabinet's decision has been expressed by members of the committee, this will be reflected in the report. The Chair of the committee will present the report to the Cabinet.
- (3) If, having heard from the Chair of the committee, the Cabinet accepts the committee's recommendations this will become the decision of the Cabinet. In these circumstances, the amended Cabinet decision cannot be the subject of a further call-in.
- (4) If, having heard from the Chair of the committee, the Cabinet is not prepared to accept the committee's recommendations, the matter will be referred to the next available meeting of the Council to decide whether either the Cabinet's original decision, or the committee's proposals, should be approved.

RECOMMENDATION

11. It is recommended that the committee consider the Cabinet's decision in light of the terms of the call-in notice and the additional information provided at the meeting.

EAST RENFREWSHIRE COUNCILCABINET6 December 2018Report by Director of EnvironmentWOODFARM EDUCATIONAL CENTRE**PURPOSE OF REPORT**

1. The purpose of this report is to seek Cabinet approval to transfer ownership of the Woodfarm Educational Centre from the Council to Woodfarm Educational Trust.

RECOMMENDATIONS

2. The Cabinet is asked to:

- (a) Agree to bring forward the date when ownership of the Woodfarm Education Centre reverts to Woodfarm Educational Trust in exchange for the payment of £20,000 and a standard security to secure the future use of the premises as a multicultural centre and to secure an uplift in value which would become payable to the Council should there be a future change of use; and
- (b) Delegate responsibility to the Director of Environment in consultation with the Chief Officer (Legal and Procurement) to make the necessary arrangements.

BACKGROUND AND REPORT

3. In October 2009 the Cabinet agreed to lease the former Woodfarm Sports Centre ("the Centre") to Woodfarm Educational Trust (WET) for a period of 20 years. This was on the basis that there would be an option to extend the lease from 20 to 125 years after a period of 3 years had elapsed on the basis of a grassum payment being made to the Council.

4. Entry to the Centre took place on 31 March 2010.

5. In 2012 the Cabinet subsequently agreed to extend the lease of the Centre from 20 years to a 125 year lease. This was on the basis that ownership of the facility would automatically revert to WET at the end of the 125 year lease term. In return, WET made a payment of £170,000 to the Council.

6. Since the lease for the facility was signed, WET have invested a considerable amount of money into the fabric of the building which was previously in a state of disrepair. In addition, steps have been taken to establish a facility which is now well embedded and highly regarded part of the local community.

7. The Council has since granted planning permission for the Centre to be extended, and the trustees are now raising the funds for this extension to proceed.

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8. However the existence of a lease (instead of outright ownership) is now impacting upon WET's ability to raise funds for the extension.

9. WET trustees have therefore asked the Council to consider bringing forward the date when ownership would transfer outright from the Council to WET from the end of the 125 year lease to now.

10. The conversion from the existing lease to outright ownership would assist WET to raise the funding to enable completion of the planned extension and further enhancements to this community facility.

11. At the expiry of the current 125 year lease the property will revert to WET as a result of the lease extension in 2012, with no further payment due to the Council.

12. The District Valuer was requested to carry out a valuation report to establish the value attributable to the immediate transfer of the title to WET. The District valuer has valued the benefit of an early direct and off-market transfer to WET at £20,000 subject to similar use restrictions being applied as presently exist in the lease.

13. The full potential residential development value of the site based upon no restriction on use is £450,000. This valuation, which takes account of both parties legal interests (the lease and WET's right to buy the building), produces respective split values of £167,500 for the Council and £282,500 for the tenant.

14. The current lease enables the Council to retain control over the permitted use of the building with clauses of restriction and a means to enforce any breach. Selling the landlord's interest would bring the lease to an end and remove that control and leave only Planning legislation to limit change of use.

15. However, the introduction of a standard security would provide the Council with a means to control a multicultural centre use restriction similar to that enjoyed with the lease. Any change in use would give rise to a further payment to the Council.

16. A standard security is a legal mechanism recorded in the land register which can secure obligations and restrictions of use over land and property since feudal reform in Scotland now prevents creation of burdens in title deeds (except in very limited circumstances).

17. It is important also to consider this proposal in the context of the Community Empowerment (Scotland) Act 2015.

18. The overall aim of the Act is to empower community bodies through the ownership or control of land and buildings and by strengthening their voices in decisions about public services.

19. In particular the Act gives community bodies a right to request to buy, lease, manage or use land and buildings belonging to local authorities, Scottish public bodies or Scottish Ministers.

20. The proposal is therefore in keeping with the spirit of the Act.

FINANCE AND EFFICIENCY

21. A payment of £170,000 has previously been made to the Council. The payment of a further £20,000 by Woodfarm Educational Trust would allow an earlier transfer date of the property to WET on an off market basis. The Council control over the use of the property will be retained through the registration of a standard security to protect the continuing use of the premises as a multicultural centre. Any change in use will require a share of the uplift in value being payable to the Council should the premises no longer be used as a multicultural centre in the future.

CONSULTATION AND PARTNERSHIP WORKING

22. The terms of this report have been discussed with representatives from within Environment and Legal Services. The Corporate Equalities Unit has also been consulted with regard to the equality implications of this report and are happy to support the recommendations.

IMPLICATIONS OF THE PROPOSALS

23. There are no equalities, sustainability, IT, state aid, staffing or other implications associated with this report.

CONCLUSIONS

24. The Cabinet is being asked to approve the proposal to bring forward the date when ownership of Woodfarm Educational Centre would transfer from the Council to Woodfarm Educational Trust subject to payment of the price and securing future continued use as a multicultural centre.

RECOMMENDATIONS

25. The Cabinet is asked to:

- (a) Agree to bring forward the date when ownership of the Woodfarm Education Centre reverts to Woodfarm Educational Trust in exchange for the payment of £20,000 and a standard security to secure the future use of the premises as a multicultural centre and to secure an uplift in value which would become payable to the Council should there be a future change of use; and
- (b) Delegate responsibility to the Director of Environment in consultation with the Chief Officer (Legal and Procurement) to make the necessary arrangements.

Director of Environment

Further information can be obtained from Phil Daws, Head of Strategic Services on 0141 577 3186, phil.daws@eastrenfrewshire.gov.uk

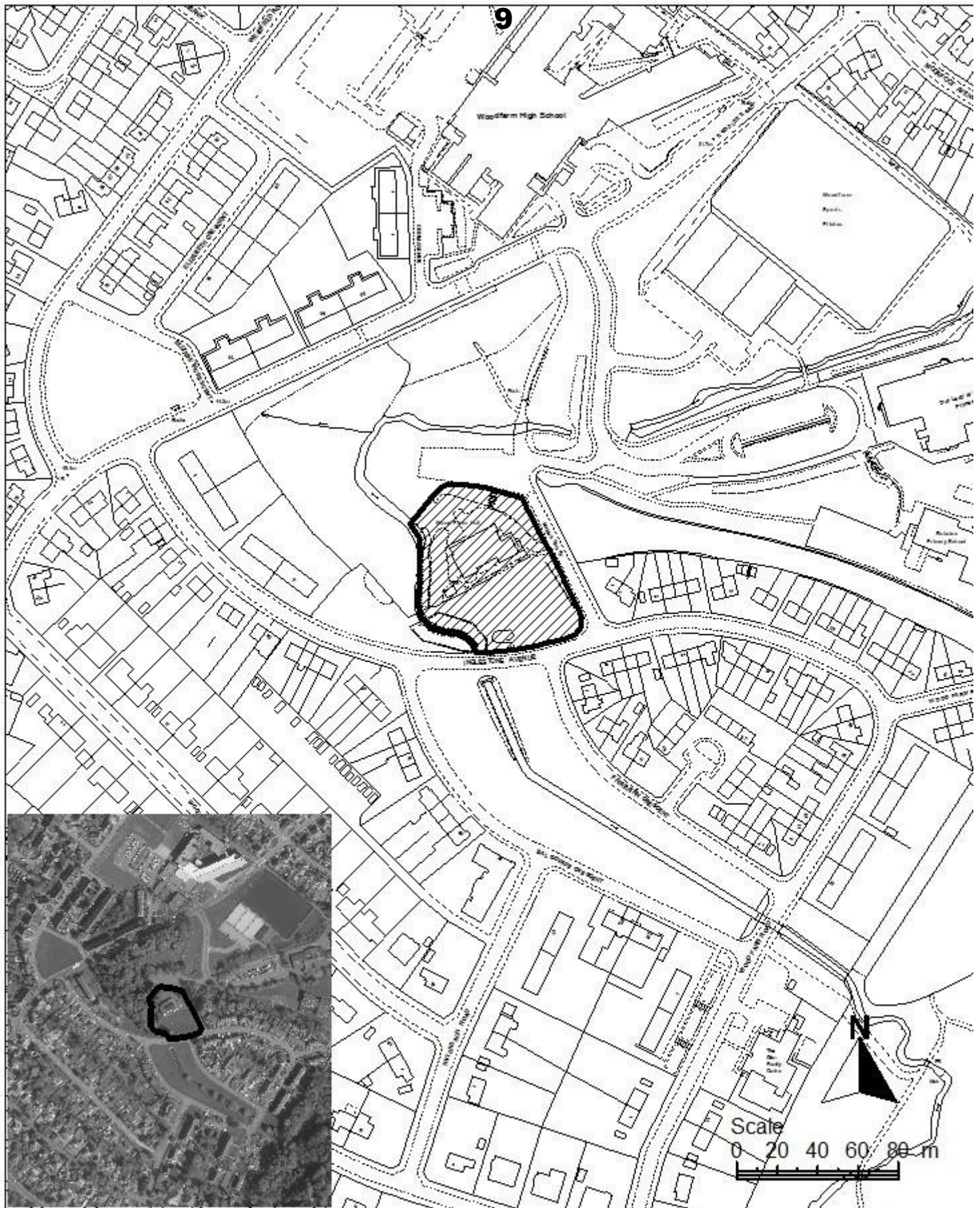
Convener contact details

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November 2018

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Woodfarm Educational Centre

Burns Grove, Thornliebank



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