

## **Item: 8**

**Asset Management Sub-committee: 31 January 2019.**

**Stromness Community Development Trust.**

**Joint Report by Executive Director of Corporate Services and Executive Director of Education, Leisure and Housing.**

### **1. Purpose of Report**

To consider leasing the play park at South End, Stromness, to enable development of an improved play park.

### **2. Recommendations**

The Sub-committee is invited to note:

#### **2.1.**

That Stromness Community Development Trust proposes to upgrade the South End Play Park, at a total estimated cost of £72,000.

#### **2.2.**

That, in order to secure LEADER funding, the Stromness Community Development Trust requires a six year lease of South End Play Park.

#### **2.3.**

That South End Play Park is an operational asset managed by the Education, Leisure and Housing service.

#### **2.4.**

That the Council will remain responsible for play park maintenance using the existing revenue budget allocation for South End Play Park supplemented by an annual contribution from Stromness Community Development Trust during the lease.

**It is recommended:**

#### **2.5.**

That Stromness Community Development Trust be offered a lease of the South End Play Park, for a period of six years, at a nominal rent of £1 per annum, subject to:

- Stromness Community Development Trust securing the full funding package to enable the proposed project to be completed.
- Such other terms and conditions determined by the Solicitor to the Council.

## **3. Proposed Play Park Development**

### **3.1.**

Stromness Community Development Trust proposes to redevelop the existing play park at South End, Stromness as indicated in the proposed design image included in Appendix 1 to this report. The proposed upgrade of existing facilities will greatly enhance the play opportunities and community benefit in the area and the proposal fits with the objectives of the Council's Play Area Strategy. The South End Play Park was identified as a priority one facility in need of immediate upgrade.

### **3.2.**

The project value is budgeted at £72,000 and applications for financial support from the Council's Community Development Fund and from LEADER have been submitted.

### **3.3.**

The Trust will deliver the proposed project and once the work is completed on site the Council will take responsibility for maintenance of the play park and play equipment utilising the existing play park's revenue maintenance budget. It is anticipated that there will be no increase on revenue costs following completion of the development.

### **3.4.**

It is proposed that Stromness Community Development Trust will make an annual contribution to the maintenance and upkeep of the play park during the requested lease. The level of annual contribution towards maintenance costs has not yet been agreed with the Trust.

## **4. Request to Lease**

### **4.1.**

Stromness Community Development Trust requests to lease South End Play Park, Stromness for the purposes of developing an improved play park. The Trust requests a lease of six years to satisfy LEADER requirements.

### **4.2.**

South End Play Park is an operational asset managed by the Education, Leisure and Housing service.

### **4.3.**

Although a market rental valuation of the play park has not been obtained, it is likely to be less than £600 per annum. The proposed lease at £1 per annum is not on commercial terms but rather recognition of the wider benefits to the community from the Trust's plans to improve the play park.

#### **4.4.**

Council policy is that where a lease is agreed on soft terms, the relevant service provides financial support to offset the lost rental income. In this case rental income would go to the Education, Leisure and Housing service and will be cost neutral.

#### **4.5.**

It is recommended that, in order to secure inwards investment in this important community facility, the request to lease the play park for six years be approved.

#### **4.6.**

If the recommendation in this report is approved, Stromness Community Development Trust will be asked to secure all the appropriate funding they require prior to lease commencement. At the end of the lease period it is unlikely that Stromness Community Development Trust will have any interest in renewing the lease agreement for a further period.

### **5. Links to Council Plan**

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority of Quality of Life - to work with partners to provide opportunities to make Orkney an attractive location of young people to live, work and study. In addition, this priority concerns everyday matters which contribute to quality of life.

### **6. Links to Local Outcomes Improvement Plan**

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priority of Living Well.

### **7. Financial Implications**

#### **7.1.**

A formal valuation of the play park site has not been requested but it is understood to be low value based on existing use.

#### **7.2.**

Any lease for a nominal or peppercorn rate of £1 per annum is considered to be soft terms.

#### **7.3.**

Further consideration may need to be given to the ability of the Service to commit to maintaining this facility for the duration of the proposed six year lease period and beyond, in light of increasing financial pressures and uncertainty that the Council is having to manage.

## **8. Legal Aspects**

### **8.1.**

Section 74 of the Local Government (Scotland) Act 1973 (as amended) provides that the Council cannot normally dispose of land (which includes leasing land) for less than the best consideration that can reasonably be obtained unless the best consideration is less than £10,000 or the proposed consideration is more than 75% of the best consideration. If neither exception applies the Council must follow the appraisal procedure set out in the Disposal of Land by Local Authorities (Scotland) Regulations 2010. However, it is noted from section 4.3 above that, although an open market rental valuation has not been obtained, it is considered likely that it would be less than £600 per annum in which case the cumulative rent would fall below the £10,000 threshold and the appraisal procedure would not be required.

### **8.2.**

The Council must show that it is securing best value when considering land transactions.

## **9. Contact Officers**

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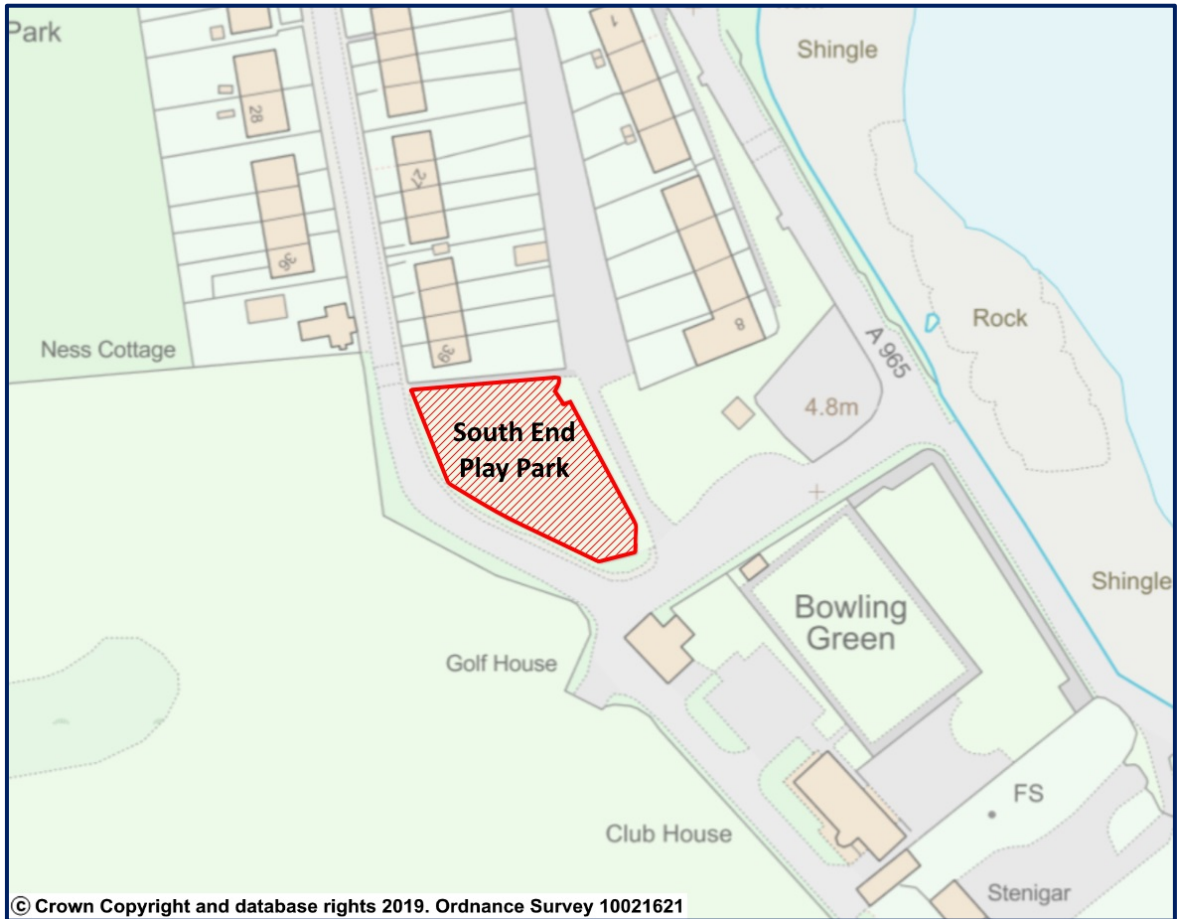
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## **10. Appendix**

Appendix 1: Location Plan.

**Appendix 1**  
**South End Play Park, Stromness**



Location Plan - Not to Scale

**Impression of the Proposed Play Park Development**

