

Meeting	Finance and Investment Committee
Date and Time	17 March 2016
Location	Pacific Quay, Glasgow
Title of Paper	Sale of the Former Police Station and House at Tarbert, Isle of Harris, Western Isles
Item Number	5.4
Presented By	Head of Physical Resources
Recommendation to Members	For Approval
Appendix Attached:	Appendix 1 - Site Plan Appendix 2 - HHP Offer and Valuation Appendix 3 - Local Housing Strategy Narrative

PURPOSE

To invite members to:

1. Consider an offer received from Hebridean Housing Association of £90,000 for the former Police property at Tarbert, Isle of Harris.
2. If the Members are minded to dispose of the property to the Hebridean Housing Association, to instruct the Head of Estates and the Interim Head of Legal Services to obtain approval to this disposal from the Scottish Government and on receipt of this approval, to accept the offer from the Hebridean Housing Association, on behalf of the Scottish Police Authority for the property as detailed within this report, subject to clawback protection.

This paper is being submitted to the Committee in accordance with Section 9 of the Scheme of Administration.

1. BACKGROUND

- 1.1 The Police function at Tarbert, Isle of Harris, was co-located into a Western Isles Council, Service Point in the village in 2013. The old police station and house was then agreed to be declared surplus to requirement by the SPA Finance and Investment Committee on the 26 November 2013.
- 1.2 The property was put through the Scottish Government TRAWL process, where an urgent need for accommodation in the village was identified by NHS Western Isles, who wished to collocate their Surgery Function, for a temporary location, while their existing premises were renovated. Given the limited accommodation within the locality and the Scottish Government policies promoting co-location/shared use of public assets, the SPA Finance and Investment Committee at its meeting on 30 September 2014 agreed to a short term let for this purpose.

- 1.3 This lease ran from 01/11/14 to 31/03/15, following which the Western Isles Council took over the lease for a 6 month period to facilitate a community enterprise scheme.
- 1.4 The property became vacant on 30/09/15 and was again trawled which resulted in a £90,000 offer for this property being received from the Hebridean Housing Association.
- 1.5 No other offers have been received as part of the TRAWL process.

2. FURTHER DETAIL ON REPORT TOPIC

- 2.1 A recent independent market valuation by Messrs Graham and Sibbald has placed a figure of £115,000 on the property. The offer from Hebridean Housing Association is therefore £25,000 less than this Market Valuation.
- 2.2 The Hebridean Housing Association propose to clear the existing building and build eight affordable housing units on the site. The units will be for rent only and will not be resold through Shared Equity or First Time Buyer schemes. Under this development model of providing affordable housing in rural areas, the maximum Capital Sum available to be paid for the SPA property is £90,000.
- 2.3 The provision of affordable housing in the Isle of Harris has been particularly hampered by the availability of potential sites and the Comhairle Nan Eilean Siar, in conjunction with their delivery partner Hebridean Housing Association, have identified the Isle of Harris as a priority area for Affordable Housing. Appendix 3 is a narrative from the Housing Association explaining the local housing strategy, market conditions and financial restrictions they operate under.
- 2.4 The Hebridean Housing Association, will provide community benefits through this development in the form of Apprenticeships, Return to Work and community improvement schemes.
- 2.5 The Hebridean Housing Association are also members of the Local Community Planning Partnership, at which the lack of affordable housing in rural areas of the Western Isles are considered to be a major issue, and a priority for the Partnerships to resolve
- 2.6 The Hebridean Housing Association already work with Police Scotland in particular for the provision of housing for Officers in the Southern Isles. The Association currently lease 5 such houses to the SPA for occupation by police officers.
- 2.7 This paper is being presented in order that the Committee can consider the following two options:

Option 1 - Agree to disposal of the property to the Hebridean Housing Association for £90,000, recognising the community benefits of the Association providing eight affordable housing units on the site. The HHA has confirmed that it is not in a position to increase this sum.

Option 2 - Decide to place the property for disposal on the open market.

3. FINANCIAL IMPLICATIONS

- 3.1 The current independent valuation for the property on behalf of Police Scotland by Messrs Graham and Sibbald is £115,000.
- 3.2 The current offer from the Hebridean Housing association is £90,000 based on the funding available from the Scottish Government for Affordable Housing site acquisition.
- 3.3 The property has not been tested on the open market, as the TRAWL process has just been completed.
- 3.4 The property has a value in the Fixed Asset Register of £125,000 and an offer of £90,000 will represent a loss of £35,000 on this book value.
- 3.5 If members are minded to approve Option 1, there is a potential risk if the Housing Association were to sell on to a third party at profit without carrying out development. While there is no intention of the Housing Association to sell on the property, a clawback provision has been agreed that any sale over a 5 year period that generates a sale price in excess of £90,000 will require the Association to repay the additional difference to the SPA during this period.

4. PERSONNEL IMPLICATIONS

- 4.1 There are no personnel implications as a consequence of this report.

5. LEGAL IMPLICATIONS

- 5.1 The Scottish Public Finance Manual Guidance (SPFM) identifies that to achieve value for money for surplus assets organisations should either:
 1. Dispose of an asset at less than Market Value to deliver wider public benefits consistent with the principles of Best Value.
 2. Obtain the best possible price on the open market.
- 5.2 Where an Asset is sold at less than Market Value approval is required from the Scottish Government and this will be sought if Option 1 is approved.
- 5.3 If Option 1 is approved, the Interim Head of Legal Services will be required to conclude a sale agreement with Hebridean Housing Association.

6. REPUTATIONAL IMPLICATIONS

- 6.1 If Option 1 is approved, it will provide evidence of the SPA supporting partners to provide affordable housing for the local community.

7. SOCIAL IMPLICATIONS

7.1 There are no social implications as a consequence of this report.

8. COMMUNITY IMPACT

8.1 The sale of this property will have a major community impact in terms of the provision.

9. EQUALITIES IMPLICATIONS

9.1 There are no equalities implications as a consequence of this report.

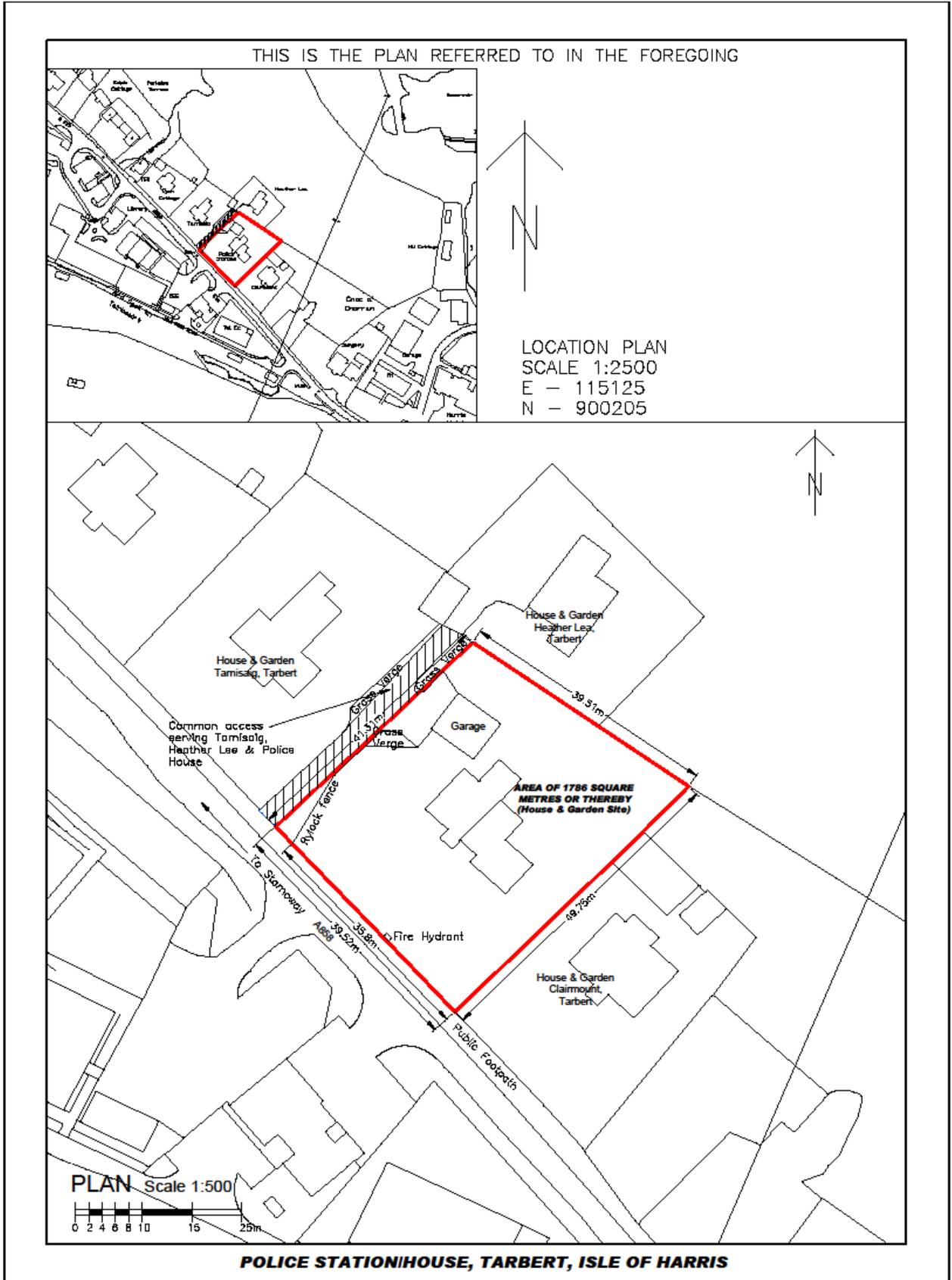
10. ENVIRONMENTAL IMPLICATIONS

10.1 The sale will reduce the overall public sector footprint and CO₂ emissions.

RECOMMENDATIONS

Members are requested to:

1. Consider an offer received from Hebridean Housing Association of £90,000 for the former Police property at Tarbert, Isle of Harris.
2. If the Members are minded to dispose of the property to the Hebridean Housing Association, to instruct the Head of Estates and the Interim Head of Legal Services to obtain approval to this disposal from the Scottish Government and on receipt of this approval, to accept the offer from the Hebridean Housing Association, on behalf of the Scottish Police Authority for the property as detailed within this report, subject to clawback protection.





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ALLT080801

26 February 2016

Richard Macdonald
Estates Department
Police Scotland
Highlands & Islands Divisional HQ
Old Perth Road
Inverness
IV2 3SY

Dear Richard

TARBERT POLICE HOUSE

I would confirm on behalf of HHP that we offer to purchase the above at a price of £90,000 (Ninety Thousand Pounds). This is in line with the valuation provided by Torrance Partnership, a copy of which has previously been provided to you.

I await your response.

Yours sincerely

Angus Lamont
Chief Executive



EILEAN SIAR

COMHAIRLE NAN

Sandwick Road, Stornoway. HS1 2BW

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E-mail	iwatson@cne-siar.gov.uk
Writer	Iain Watson 01851822691
Our Reference	
Your Reference	
Date	01 March 2016

Dear Richard

DISPOSAL OF POLICE HOUSE, TARBERT, ISLE OF HARRIS

I understand that the disposal of the former Police House in Tarbert will be considered at the next meeting of Police Scotland Board.

I hope the following background information relating to housing need in Harris will be of use.

Local Housing Strategy

One of the key objectives of Comhairle nan Eilean Siar's Local Housing Strategy is to maximise opportunities for the development of new affordable homes throughout the Outer Hebrides. The Comhairle is also committed to supporting vulnerable rural communities by targeting 35% of all new affordable homes to rural areas.

Funding constraints have made this objective challenging, with each housing development requiring a carefully structured funding package involving financial support from the Scottish Government, Hebridean Housing Partnership and the Comhairle. Despite this partnership approach towards funding, many developments are unable to go ahead due to the very tight margins involved in providing affordable housing.

An equally challenging constraint, particularly in rural areas, is the limited availability of suitable land. Despite a seemingly readily available supply of land throughout the islands, suitable housing sites are limited and hard to come by, as many lack access to services, suffer from physical constraints, or are too costly to develop within the funding envelope.

For example, despite a number of site investigations and Feasibility Studies to find suitable housing sites, Harris has not had an affordable housing development since 2011.

Market Conditions

Unless a household has resources to build or buy a property, housing opportunities are limited in the Isle of Harris. This is particularly an issue for young couples. There is a very limited Private Rented Sector throughout the Outer Hebrides, with very few renting opportunities in Harris. The local housing market does not support speculative building, nor is it able to support rented housing as a commercial venture. This means social housing is the only option available to many aspiring households, but is constrained by the limited supply in and around Tarbert.

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With this in mind, Tarbert has been identified within the Comhairle's Strategic Housing Investment Plan (2015-20) as an area requiring affordable housing.

Funding

The majority of the funding for affordable housing comes from the Scottish Government through the Affordable Housing Supply Programme. The SG sets benchmarks for the maximum amount of grant available per unit. Currently, for Island Authorities this is £84,000 per unit. Although this figure has recently been increased, it is still challenging to deliver new affordable homes within this benchmark, given the costs involved in developing housing in remote areas.

Please let me know if you require any further information.

Yours sincerely

A handwritten signature in black ink that reads "Iain Watson". The signature is written in a cursive style with a vertical line to the left of the name.

Iain Watson
Housing Services Manager
Housing Services Team
Development Department

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