

**MINUTE**  
**of**  
**AUDIT & SCRUTINY COMMITTEE**

**Minute of Meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 11 January 2019.**

**Present:**

|                                       |                            |
|---------------------------------------|----------------------------|
| Councillor Stewart Miller (Chair)     | Councillor Annette Ireland |
| Councillor Barbara Grant (Vice Chair) | Councillor Jim McLean      |
| Provost Jim Fletcher                  | Councillor Jim Swift       |
| Councillor Charlie Gilbert            |                            |

Councillor Miller in the Chair

**Attending:**

Andy Cahill, Director of Environment; Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Kofi Tordzro, Corporate Equality Manager; John Wilson, Senior Estates Surveyor; Linda Hutchison, Clerk to the Committee; and Ron Leitch, Committee Services Officer.

**Also attending:**

Councillors Tony Buchanan (Leader); and Gordon Wallace.

**REQUEST TO RECORD PROCEEDINGS**

**747.** Council Miller intimated that a request had been received to audio record the meeting. The request was approved.

**DECLARATIONS OF INTEREST**

**748.** There were no declarations of interest intimated.

**WOODFARM EDUCATIONAL TRUST**

**749.** Under reference to the Minute of the meeting of the Cabinet of 6 December 2018 (Page 655, Item 719 refers) when it had been agreed to bring forward the date when ownership of the Woodfarm Educational Centre (“the Centre”) reverted to Woodfarm Educational Trust (WET) in exchange for a payment of £20,000 and a standard security to secure the future use of the premises as a multicultural centre and also an uplift in value which would become payable to the Council should there be a future change of use; and delegated powers had been granted to the Director of Environment, in consultation with the

Chief Officer – Legal and Procurement, to make the necessary arrangements, the committee considered a report by the Deputy Chief Executive on the proposals as submitted to the Cabinet. The Cabinet decision to approve the proposals as outlined in the report had been called in for further scrutiny on the grounds that the proposal did not represent Best Value. The alternative proposal specified in the call-in notice was that the existing arrangements be retained. A copy of the report considered by the Cabinet was appended to the report.

The report explained that on 29 October 2009 the Cabinet had agreed to lease the Centre to 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. Subsequently, in 2012 the Cabinet had agreed to extend the lease to 125 years on the basis that it would automatically revert to WET's ownership at the end of the lease in return for which WET had made a payment of £170,000 to the Council. It had been highlighted to the Cabinet that the existence of a lease, as opposed to the Trust having outright ownership of the Centre, was however impacting on 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 had 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 had approved the proposal to bring forward the date when ownership of the Centre would transfer from the Council to WET, subject to payment of this sum and to securing the Centre's future use as a multicultural centre.

The lead signatory to the call in, Councillor Wallace, spoke against the Cabinet decision, but commented first on inroads made by WET locally and how they got on well with their neighbours. Regarding the call in, he referred to some residents' concerns raised with him in his Ward and the associated importance of communication, transparency and ensuring Best Value was secured.

Whilst providing further background information, Councillor Wallace commented on various Best Value issues, such as the statutory duty that fell to local authorities to secure this; and as referred to Community Empowerment (Scotland) Act 2015 (CES Act) guidance notes pertaining to the disposal of or letting property which highlighted that the impacts of different options, both financial and non-financial, should be balanced. He also commented on some findings on decision-making and community engagement referred to in the East Renfrewshire Council – Best Value Assurance Report (BVAR) published by Audit Scotland in 2017, and recommendations within that report on Elected Members have a more transparent and active role in scrutiny. Councillor Wallace also referred to enhancing engagement with communities and partners, such as associated with implementation of the CES Act.

Against the background of the District Valuer's report of 2018 which, based on no restrictions on use, considered the full potential residential development value of the site under discussion to be £450,000, Councillor Wallace queried if securing payments totalling £190k from WET represented Best Value even taking account of the wider community benefits arising from the operation of the Centre. He emphasised that the facility was currently operating well, adding that any complaints made had been minor, such as about car parking. Councillor Wallace acknowledged that under the current lease ownership of the property would ultimately transfer to WET, adding that some people had not felt the need to be concerned about the potential future use of the building given the lease was not due to end for many years.

Councillor Wallace quoted aspects of the District Valuer's 2018 report pertaining to the transfer of ownership of the property, following which he itemised characteristics of Best Value arrangements referred to in guidance associated with the Local Government Act 2003 he considered might be pertinent to the call in. For example, he referred to sound

governance at a strategic, financial and operational level; and sound management of resources. Having commented further on the CES Act, he highlighted aspects of guidance in Audit Scotland's Best Value Toolkit pertaining to asset management and reiterated the importance of transparency and ensuring that the decision made by the Cabinet about the Centre was not erroneous. In conclusion, he stated he was representing not only residents but also WET which was a good neighbour and did not wish to encounter any unpleasantness.

Councillor Buchanan expressed surprise regarding the call in, referring to discussions on associated reports about the property over a number of years none of which had been questioned to the best of his recollection. He commented that the £450,000 valuation was based on no restrictions on use, that the property served the community and that he supported the Cabinet's decision. Councillor Buchanan highlighted, amongst other things, that WET had grown over time, used the Centre for community benefit and had been a good neighbour, adding that since the initial lease was signed WET had invested considerable funds in the fabric of the property and that accepting the Cabinet proposal would allow it to move on. Having reiterated that WET would have ultimately owned the property in any case and referred the small annual rental income payed to the Council at present, he expressed concern that other aspects were being brought into discussions in the absence of concerns having been expressed previously. He considered the Council to be achieving Best Value, and to have acted consistently with the CES Act, even before it had come into force.

Councillor Grant raised a potential concern regarding the possible future sale of the site by WET to a third party, asking about the protection of the authority's interests in such circumstance in terms of an uplift, including in the event of the site being sold for a nominal amount. Councillor Buchanan, supported by the Director of Environment and the Senior Estates Surveyor, clarified the extent to which protection was provided by the standard security on the future use of the Centre, any change of use or a financial uplift; and referred to Best Value and best consideration issues that would be explored in future as necessary. Councillor Buchanan confirmed he had sought such assurances himself and that it had been ensured that WET fully understood the terms of the standard security.

Having commented that it was unclear why a further £20,000 payment was being requested from WET given improvements the Trust had made to the property already themselves, Provost Fletcher referred to some controversy regarding the original proposal regarding the Hall around 2008 in view of the group involved which he had hoped was for the past, also expressing disappointment that the Cabinet decision had been called in. He considered the action taken by the Council thus far on the property, including regarding the grassum at one stage, to be correct. He expressed the opinion that the action taken had been exemplary, including from a community empowerment perspective, and referred to the protections arranged in the authority's interests through the standard security.

Provost Fletcher also referred to the scale of funds WET had raised and invested in the building thus far to improve it and the further intended investment in it by the Trust, reiterating views expressed by Councillor Buchanan about the Centre being, busy, well-run and meeting growing community needs. He stated that he had not thought that a future Administration would wish to end WET's use of the property, but that he could understand why the Trust was seeking further assurances. Provost Fletcher added that it could be arguable that the Trust was right to be concerned referring to the call in and the political composition of those supporting it, and suggesting that if another type of client group had been involved the same issues might not have arisen.

Councillor Miller expressed disappointment that Provost Fletcher had sought to introduce both religious and political matters into the discussion, emphasising that the call in concerned Best Value only. Councillor Swift also took firm exception to the comments made by Provost Fletcher.

Having heard Councillor Swift query the validity of the argument made by WET that leasing rather than owning the property was impacting on its ability to raise funds for an extension, which Councillor McLean also queried given the extensive length of time remaining on the current lease, Councillor Swift also raised and questioned the disparity between the valuation of the approximately 1.26 acre site by the District Valuer at £450,000 and comments made by a former Environment Department Head of Service to the effect that land for housing development in the Eastwood side of the authority attracted £1m. per acre. He acknowledged that the authority would secure an uplift under the standard security if the site was sold, but only a proportion of this.

In response, the Senior Estates Surveyor referred to land value fluctuations over time, clarifying that each land valuation was done on its own merits taking account of issues such as topography and road frontage. He confirmed that the grassum had related to the extension of the lease, whereas the current proposal allowed WET to control the property, that additional benefit having been valued at £20,000. He commented on a range of related issues, including the current annual rental paid by WET to the authority. Having commented that WET were exemplary tenants and referred to the benefits brought by them to East Renfrewshire and the local community, Councillor Swift referred to benefits to the authority of the current lease.

Councillor Buchanan referred to land values in East Renfrewshire as amongst the highest in Scotland and to the District Valuer taking this into account, following which he commented that the raising of funds was a matter for WET itself to deal with. He added that if the Trust could raise funds under better terms if it had ownership of the property, pursuing that seemed reasonable. Thereafter he reiterated that the standard security addressed concerns regarding the future use of the Centre and financial benefits to the Council arising from any future sale of the site expressing the view again that Best Value had been secured.

Councillor Ireland questioned the rationale for the call in, commenting that clarification on most of the issues raised during discussion had already been provided in the report. Councillor Swift clarified that his primary concern centred on the Council retaining control of the green site concerned and that this could be beneficial to the area also.

The Director of Environment also referred to the protections afforded by the standard security and, whilst commenting further, explained that he had simply responded to a request made by WET to advance the purchase of the property. In response to that he had considered it appropriate to involve the District Valuer to seek a professional valuation given subjectivity that could surround land valuations. He confirmed he had accepted at face value the argument made by WET about their problem raising funds which he thought was linked to Sharia law. Related issues discussed were the extent of the funds WET had already spent on improvements to the Centre and those they intended to spend on an extension and car parking.

Having heard Provost Fletcher reiterate why WET could be concerned regarding the call in, Councillor Wallace emphasised that the basis of the issues he had raised had been concerns raised with him. He expressed disappointment regarding Provost Fletcher's comments and what was being insinuated, arguing in favour of both open discussion and asking questions in the light of comments made about decision making and such issues in the 2017 BVAR. Having added that scrutiny was the responsibility of all Elected Members, not just those serving on the Audit and Scrutiny Committee, he highlighted that he had made

clear the benefits of WET to the local community earlier in the meeting. Councillor Ireland considered this comment rather unfair, expressing the opinion that criticisms in the BVAR had been addressed.

Councillor Miller concurred that the existence of a 125 year lease should not curtail the ability of WET to obtain finance, citing as a comparator the Council's ability to raise funds for developments in Rouken Glen Park in respect of which a long lease was in place. Having commented on the potential for sites to be sold in excess of their valuation, he added that on one hand the Council was struggling to identify sites for extending nursery provision and on the other appearing to sell assets at less than their full market value. During related discussion the Director of Environment commented on funds being sought by WET from banks but also the local Muslim community.

The Corporate Equality Manager summarised the Council's responsibilities under equalities legislation; referred to community engagement, including the importance of being seen to do this; and whilst referring to Best Value commented on partnership working between the Council and WET, welcoming account being taken of financial and non-financial Best Value considerations regarding the issue under discussion. Whilst commenting on risk related matters, he referred to his role representing both the Council and the Trust's interests, how WET was not necessarily engaging with a particular party but rather the Council as a whole, and more generally confusion and unwitting problems that could be created if it appeared that the Council was bringing a party back to the table when a decision made was based on independent advice. He referred to the value of WET, and the need for care to be taken regarding communications.

Speaking more generally, Councillor Grant argued that the current Cabinet model did not necessarily encourage in-depth discussion when reports were considered by the Cabinet or the full airing of views to the extent they had been at this meeting. She indicated that although the Cabinet had not necessarily looked at the issue in the same depth at its meeting compared to the Audit and Scrutiny Committee, she now felt value for money was being achieved and was happy to support the Cabinet decision. Provost Fletcher considered it regrettable that the matter had been called in, supporting the Cabinet decision also.

Councillor Miller welcomed that Councillor Wallace had brought the matter to the committee's attention and thanked officers for the clarification and additional information provided. Councillor Wallace referred to the importance of having courage to have open discussion, expressing the view that what had happened at this meeting was a step forward.

The committee, having considered the report and taken account of the additional information and comments provided, agreed to accept the Cabinet decisions:-

- (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.

CHAIR

