



The Scottish Parliament  
Pàrlamaid na h-Alba

## **RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE**

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Dear John,

### **BEST VALUE IN THE DISPOSAL OF LOCAL AUTHORITY ASSETS**

During the Rural Affairs, Climate Change and Environment Committee's consideration of Part 4 of the Community Empowerment (Scotland) Bill<sup>1</sup> the Committee heard from stakeholders on the issue of best value in the disposal of Local Authority assets. As these issues affect matters in the portfolio of the Cabinet Secretary for Rural Affairs, Food and Environment and matters in the portfolio of the Cabinet Secretary for Social Justice, Communities and Pensioners' Rights, I have also written to Richard Lochhead MSP and to Alex Neil MSP.

The Committee received oral evidence that suggested that in the disposal of assets local authorities are always required to obtain best value (under the Local Government in Scotland Act 2003) and that normally means market value. The Committee heard concerns that some local authorities' interpretation of best value might hinder a number of aspects of the proposed legislation.

The Committee explored the activity of other public sector bodies and heard that there has been less movement of other public sector assets into community ownership than was hoped, and less movement in comparison with the activity of local authorities, as, according to the Scottish public finance manual, other public sector bodies have to achieve the best financial return from their assets.

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<sup>1</sup> Community Empowerment (Scotland) Bill:  
[http://www.scottish.parliament.uk/S4\\_Bills/Community%20Empowerment%20\(Scotland\)%20Bill/b52s4-introd.pdf](http://www.scottish.parliament.uk/S4_Bills/Community%20Empowerment%20(Scotland)%20Bill/b52s4-introd.pdf)

The Committee also heard that Glasgow City Council had bonded some of its land to Barclays Bank, which may mean that it would be difficult to release that land for communities. The Committee was concerned that the same situation might exist in other local authority areas and we wrote to all local authorities in Scotland<sup>2</sup> to ask for confirmation of their policy and practice in relation to the holding and disposal of their land-holdings and their approach to best value. We received 25 responses<sup>3</sup>.

**The Committee understands that local authorities can dispose of assets at less than market value under the Disposal of Land by Local Authorities (Scotland) Regulations 2010<sup>4</sup>. We also understand that local authorities can treat the public interest as having a value, and theoretically the issue should not be an obstacle. However, from our review of the local authority responses, it is clear that many of them consider the best value of the land they hold to be the financial value that can be obtained rather than the wider value to the community. The Committee is concerned that this approach might hinder some communities that may wish to access land held by local authorities and other public bodies.**

In written evidence to the Committee, the Royal Town Planning Institute Scotland suggested that clarity was needed in the definition of best value and best public benefit in terms of the disposal of public land. It stated that this should not only be about financial value, but should also take into consideration social, community and environmental aspects, particularly in terms of the transfer of land to community or voluntary organisations.

**In the Committee's report<sup>5</sup> on Part 4 of the Community Empowerment (Scotland) Bill, we recommended that the Scottish Government give consideration to what more can be done to address the issue of best value, best public benefit and, the approach taken by local authorities and other public sector bodies. It appears to the Committee that there is a requirement to change the mind-set of many local authorities and public sector bodies on these issues to reflect the fact that their role is that of custodian, holding assets on behalf of the public.**

**We would welcome your urgent consideration of what further could be done by way of amendments to the Community Empowerment (Scotland) Bill at stage 2 to address the issue of best value, best public benefit and the practical impact of the approach taken by local authorities and other public sector bodies and to extend the provisions of the Disposal of Land by Local Authorities (Scotland) Regulations 2010, to ensure that there is a pre-disposition that sales of publicly owned land to communities will be at less**

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<sup>2</sup> Letter from Convener to local authority chief executives: [http://www.scottish.parliament.uk/S4\\_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/2014.12.12 - Convener to Local Authorities CE Bill.pdf](http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/2014.12.12_-_Convener_to_Local_Authorities_CE_Bill.pdf)

<sup>3</sup> Responses to letter from local authorities: <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/82153.aspx>

<sup>4</sup> Disposal of Land by Local Authorities (Scotland) Regulations 2010: <http://www.legislation.gov.uk/ssi/2010/160/contents/made>

<sup>5</sup> RACCE Committee Report on Part 4 of the Community Empowerment (Scotland) Bill: <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/86067.aspx>

than market value. There may also be merit in including related provisions within the proposed land reform bill.

The Committee also suggested that the Scottish Government consider reviewing the Scottish public finance manual and we would welcome your view on this. In addition we would welcome a commitment from you to provide further guidance to local authorities and to other public sector bodies in relation to their assets, their consideration of best value, and the related support to communities seeking to acquire public land. In particular there is a need to provide both specific guidance on discounting the value of assets and to establish a presumption in favour of sales to communities at a nominal price. The Committee considers that there is also a requirement for clear additional guidance in relation to valuation where a disposal to a community is likely to contribute to the promotion or improvement of: economic development or regeneration; health; social well-being or environmental well-being.

In our report on Part 4 of the Community Empowerment (Scotland) Bill we also recommended that the Scottish Government give consideration to an appropriate mechanism to adjudicate in cases where there are suggestions that local authorities and other public sector bodies may be seeking to frustrate local communities and we would welcome your view on this.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Gibson', with a stylized flourish at the end.

Rob Gibson MSP  
Convener

c.c. Clerks to the Finance Committee