



# LAND TRANSACTION APPRAISAL

**REGION: NORTH**

**SUBJECT: LAND AT CARBISDALE CASTLE**

Form initiated by: [REDACTED]

Date: 06/10/2023

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Recirculation Date  
(if appropriate):

## A. Type of Transaction:

	Acquisition
✓	Disposal
	Deed of Servitude
	Demolition
	Lease
	Wayleave
	Other

## B. Executive Summary:

Sale of 3ha of the FLS landholding to the owner of the adjoining Carbisdale Castle, which has virtually no curtilage, to provide additional privacy for the Castle and provide full control in order to undertake stabilisation work and manage the services to the Castle.

As a private treaty sale the price paid and public benefits delivered (inward investment and jobs) will need assessed in the context of the Scottish Public Finance Manual.

Local public opinion is divided and this needs to be weighed against the proposed benefits to the local and wider economy and the preservation of an iconic building that can only happen if it is managed sustainably.

### Recommendation:

It is acknowledged that the proposal will see 3 ha of public land transferred to private ownership and while there is clearly a degree of dissent within the immediate community, there is support for the proposal within the wider area and on balance the authors view is that this project should be supported for the twin prongs of greater

good in supporting the preservation of a notable building and benefits to the local economy.





According I recommend this LTA is approved and the land sold at the sum of [REDACTED] which has been verified as being at least as much as can be achieved on the open market.

Purchaser should meet FLS's professional costs.

Given the potential local sensitivity the Minister should be briefed.

Update 08/12/23 RW - Having now received professional advice of the value of the property I now recommend that the land is sold for a sum of not less than [REDACTED]

### C. Property Details:

1. Property:	Land at Carbisdale Castle
2. Location:	Culrain, Argay, Highland
3. Grid Reference:	NH 5742 9540
4. Description:	<p><u>Description</u></p> <p>The land that is subject to this proposal is part of the 2331 ha Invercharron Forest Block in North Region. The purchase request relates to land immediately surrounding Carbisdale Castle.</p> <p>Approx 75% of this is mixed broadleaf with the remainder being regen by prescription following 2005/2007 felling.</p> <p>Note – further minor amendments may be required to the disposal boundary to accommodate/rationalise future management.</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"><div style="text-align: center;"> Carbisdale wide area location.pdf</div><div style="text-align: center;"> Carbisdale local view.pdf</div><div style="text-align: center;"> Carbisdale Proposal 3.pdf</div><div style="text-align: center;"> ROS7570 - Title Plan (A0 Viewing Ve</div></div> <p><u>Background – land</u></p> <p>Circa 245 ha which formed the land an policies surrounding Carbisdale Castle was transferred to FLS (and predecessors) from the Scottish Youth Hostels Association (SYHA) in a number of transactions from 1948 to 1961. The car park area was transferred in 1999. Deed of rectification tidied up the fringes and gaps in Title in 2011.</p>

### Background – Castle

SYHA retained the Castle, a loch within the wider forest (originally the Castles water supply) and other relatively minor areas of land to the south of the forest. Over time maintenance of the Castle became more onerous and it suffered significant water damage in 2010/11. Despite spending £2m on repairs the burden of ownership was too onerous and SYHA closed the facility.

In 2014 FES were approach by a prospective purchaser of the Castle who wish to turn it into a high class destination hotel. The investor requested the purchase of 44 ha of woodland to facilitate the proposed developments. The LTA in relation to this request was approved in early 2015 however despite the promise of inward investment and job creation the proposed sale to the Castle was frustrated for a number of reasons including a (now lapsed) registration of Community Interest in associated lands. The property was then sold to an investment group in Sept 2016.



LTA  
(Completed).doc

The Castle was put up for sale again in April 2021 and purchased by [REDACTED] in October 2022. The Castle has since undergone considerable investment with substantial further investment planned.

[REDACTED] has a background in property and investment management and having qualified in law is an international Barrister specialising in cross-border litigation, high net worth divorce cases, clients working within the creative industry and dispute resolution.

### The Proposal

Since purchasing the property in 2022 the owner has launched the Lady Carbisdale Charitable Trust for the Preservation of the Castle recognising its historic importance and place in the local economy. Early estimates of stablisation and refurbishment cost are iro £20m. Already considerable sums have been invested in the fabric of the Castle to bring it to a habitable standard. Twelve people have been employed for the daily work at the castle, with contractors employed in ongoing maintenance to the fabric of the building. The property is already running as a luxury destination attracting high value visitors and generating work and income for the local economy. There are future plans for developing this model further.

The prospective purchaser has supplied the document embedded below which outlines plans to develop the Castle to provide 23 guest suites and increase employment to 24 members of staff once fully operational in 2024. Longer term plans include the addition of a spa, which would bring further employment opportunities.



Carbisdale Castle  
Recruitment.pdf

The Castle is perhaps unique among historic buildings in that it owns virtually no adjacent land. This results in a number of difficulties, in particular –

- High wealth paying guests using such a facility would normally expect a degree of privacy. Although little or no public access is taken to the lands that are subject to this acquisition request ownership of this area would assure the desired privacy.
- The Castle is set on a promontory which slopes down steeply on to broken ground. Cracks in the fabric of the building are extensive and while work is ongoing, stabilisation works are likely to be costly and require access to, and possibly structures on, FLS land adjacent to the Castle
- Managing the services to the Castle

#### Public benefits

The acquisition of Carbisdale castle by the current owner represents an opportunity for the conservation and rehabilitation of a historic asset at a time when many historic buildings are in decline and require considerable input from the public purse. The owner has developed a business model that relies on inward investment, but which benefits the local community, providing long term opportunities for local businesses and employment.

To fully realise these benefits, greater control and access to the immediate area around the castle is required. In the short term this is to provide access for the architectural stabilisation works, but in the longer term to develop the aesthetic setting for the castle and further develop its visitor appeal. The intention is that this will secure long term public benefit in terms of local economic regeneration and the conservation of an important historic building.

There is no evidence of current public access taking of the requested area due to its rugged terrain and dense undergrowth and sale of this modest parcel is unlikely to detract from the wider public asset.



Carbisdale  
acquisition proposa

██████████ has set up a community trust with the aim of opening the castle to local events when possible and the intention that any profits beyond those required to improve and maintain the castle are directed to community good.

UPDATE 08/12/23 RW – comprehensive professionally produced Business Plans for both Carbisdale Castle and Lady Carbisdale Community Interest Company have been provided. These are marked as Confidential but are available to senior officers on request.

In brief:

The Carbisdale Castle document provides details of the market sector, employment, supplier and financial returns

Lady Carbisdale CIC – this sets out the Visions and Organisational Values, which include the employment of a full time project officer in year one.

#### Access

Carbisdale Castle own the access road from the public road. This is a tarmac road up until the entrance into the Castle itself. This is also a forest road via an acquired right. This is not the principle operation route used by FLS.

Although no longer promoted by FLS the Castle drive is also the primary public access route into the forest and this leads to an FLS owned car park. Access is then taken either by continuing up the castle drive/forest road or via a track that crosses through land owned by ██████████.

#### Community Matters

Carbisdale Castle is located close to the small close knit village of Culrain, with elements the community having a sense of ownership over the castle and being wary of development due to failed previous attempts. At the time of the previous attempted sale a Community Right to Buy application was submitted and accepted by Scottish Government. The proposals in that application were never progressed and that RtoB has now lapsed.

When ██████████ first approached FLS in March 2023 she provided a note of support signed by 18 community members.

It is understood that relationships between ██████████ and some members of the community have since deteriorated. This has been partially fueled by ██████████ lack of understanding of SOAC and attempts to restrict access on a small loch the Castle owns within the wider forest. Additionally it is understood that there is an entirely unrelated title dispute between ██████████ an prominent member of the community relating to land that is claimed by both parties.

FLS provided ██████████ original proposal to Culrain and District Hall Committee and Ardgay Community Council for comment. This proposal included the car park area and was rejected by CDHC. A pared down V2 proposal was then submitted to CDHC and ADCC. This was again rejected by CDHC with 18 against the proposal and 8 in favour. ADCC support that position at a regular CC meeting . ██████████ attended the CC meeting where it was indicated that a V3 proposal (the current proposal) may find

more favour. Unfortunately CDCC have stated they will not engage further with FLS on this matter. ADCC is now in the pre-election period and unable to comment further. During the course of this consultation the author was given sight of email comments from the CDHC consultation process. Whilst some of the concerns expressed are no doubt genuine others appear to be objecting to the proposal due to matters not directly relating to the proposed sale or matters that are now negated by the third and final proposal.

There is broad support across the wider community and [REDACTED] has provided a dossier containing extensive letters/emails/signature of supports. This includes support from both [REDACTED] and a letter from [REDACTED]. Due to concerns of further local discord this dossier is marked Confidential but can be made available to senior FLS officers on request. The author has also been sent directly another 9 emails of support.

Opinions in the area are clearly divided and objections by some in the local community will have to be weighed against wider outputs such as preservation of a historic asset and benefits to the local economy.

Update 29/11/23 RW

An EGM of ADCC was held on 21/11/23 to discuss the proposed land sale (as per the Proposal 3 plan). [REDACTED] was invited to present her business proposals. In a follow up email from the CC to FLS the CC stated that [REDACTED] failed to demonstrate with sufficient clarity what economic benefit the sale of land will provide to the community, or justification as to why this piece of land is deemed essential to her project. This detail has previously been made available to FLS and is included in this LTA however [REDACTED] allegedly took the view that she did not need to explain this further.

The email further states that the community has significant concerns regarding access to core paths, forest walks and loch, and fears [REDACTED] would put barriers for the community and the wider public to exercise their outdoor access rights. It has been made clear to the community on a number of occasions that there are no core paths or evidence of public access taking (due to the inhospitable terrain) in the area considered for disposal.

The Meeting also expressed that an exchange for the loch area within [REDACTED] ownership may be more desirable – [REDACTED] has ruled this out due to future plans.

Despite a motion being proposed in favour of the disposal this was not supported at a vote of those present.

According to the CC email, *following the meeting [REDACTED] expressed anger at the outcome, and spoke with abusive language toward the community council members - who felt physically threatened - and then towards the members of the community*

*in general.* It is understood that the Police were called and a women was given a recorded warning.

Following the meeting, FLS received a letter from Councillor Baird, who had attended the meeting in his capacity as a Highland Councillor. This is embedded below.



Baird Signed Letter  
22 Nov 23.pdf

Sadly it appears that relationships between [REDACTED] and elements of the community have reached rock bottom and it is difficult to see how they recover from here.

#### Scottish Public Finance Manual.

The SPFM states

*Sale by private treaty (i.e. between two parties without competitive bidding) should be exceptional other than for sales to sitting tenants or where the relevant Accountable Officer, in consultation with the relevant Finance Business Partner (or equivalent), is prepared to defend it as a deliberate concession. The following guidance applies to those exceptional cases:*

- *in opting for a private treaty method of sale, professional advice, in writing, must be taken.*
- *the private treaty approach should normally only be adopted when written professional advice indicates a clear advantage over an open market sale. Examples may include a tenant prepared to pay above the market value or an adjoining proprietor requiring the property for expansion. In such circumstances the sale should only be concluded where the professional adviser states in writing that the price finally agreed is at least equal to the best price achievable on the open market.*
- *it may be necessary or desirable to break off negotiations even at an advanced stage. Discussions should always avoid moral commitment and make it clear that the Scottish Ministers retain the right to resile from the negotiations until the bargain is formally concluded. All correspondence should contain a disclaimer compliant with the Requirements of Writing (Scotland) Act 1995.*

This proposal clearly falls under the auspices of the SPFM and that has been communicated clearly to [REDACTED]. If we are to agree to this sale we must consider the reasons for the request and I am of the view that [REDACTED] has made a strong case to be treated as a Special Purchaser as an adjoining landowner requiring the land to protect and expand a business that will generate jobs and inward investment.

A verbal offer price of [REDACTED] has been made for 3 ha on mix broadleaf woodland and natural regen. Whist this has still to be tested by professional advisors I believe this will prove to be at least as good as any offer that could be obtained on the open market.

<p>5. Finance: Set out current/estimated Open Market Value/Book Values; estimated income/expenditure and changes over time: sale price/purchase price; other FLS savings or costs resulting from the proposal:</p>	<p>Offer price of [REDACTED].</p> <p>Advice to be taken from professional advisors as to whether this is acceptable under terms of the SPFM and their recommendation is awaited.</p> <p><b>08/12/23</b></p> <p><b>Advise from FLS's professional adviser is that the property is worth [REDACTED] on the open market and the sum of [REDACTED] is insufficient to offer the clear advantage over an open market sale that is required under the terms of the SPFM.</b></p> <p><i>The advise notes that access to this land is vital to Carbisdale Castle for its future and its addition will be beneficial to the business and would increase value of the overall ownership.</i></p> <p><i>Having considered the above, we (Bell Ingram) would suggest a private sale premium reflecting marriage value to Carbisdale Castle could be in the region of [REDACTED]</i></p>
<p>6. Area (in hectares):</p>	<p>3 ha</p>
<p>7. Buildings:</p>	<p>Nil</p>
<p>8. Environmental designation, including flora, fauna and any archaeological interest:</p>	<p>archaeological interest is outwith the NFaL</p>

**D.1. PESTEL Analysis:**

<p><b>Political:</b></p>
<p>As a sale of public land to a high wealth private individual this may well attract political attention, particularly as community opinions are divided.</p> <p>The proposal has the support of the local Councillor and the investment to date has been welcomed by the local MP.</p>
<p><b>Environmental:</b></p>



There are no natural environment considerations however sale of this land will help secure an iconic Scottish Castle and landmark that is out with the NFaL

**Social:**

The proposal as it now stands does not impinge on access to the wider forest

**Communities**

The immediate community is clearly divided on this proposal. However have declined to comment of the final sale plan which negates earlier access concerns and a number of objections are not directly related to this particular land sale.

It should be borne in mind that a community group may attempt to block any sale by submitting a Community Right to Buy application

**Technological:**

There are no technological issue affecting the residual estate however there is evidence of subsidence to the Castle that can only be rectified through access to the disposal area.

**Economic:**

Preservation of the Castle and expansion of the accommodation offering to high wealth individuals offers the prospect of substantial inward investment and job creation.

**Income:**

The SPFM determines that FLS must obtain a price in excess of that which would be expected in an open market sale – the offer price meets that criteria.

**Legal:**

In early discussions the purchaser noted that there may have been a clause in the earlier disposal of the Estate from Salvesen to the SYHA (The Salvesen Gift) that prevented the Castle being sold separately from the grounds. Having asked Harper Macleod to review previous sales and split offs they cannot locate any restrictions on future sales in any Salvesen split offs to the SYHA and therefore effect on the title acquired by FC.

Possible conflict with the Crichele Down rules were also brought up however these are not relevant for 2 reasons.

A) If there was any requirement to offer back it would be to SYHA not [REDACTED]

B) There is an exemption under CD for non-agricultural land which becomes surplus, and available for disposal more than 25 years after the date of acquisition

**Conclusion of PESTEL analysis:**

This is unlikely to be a straight forward case and may well raise interest at local and political levels due to both the characters in the local community, should we approve the disposal and [REDACTED] legal background, should we reject the approach.

In either case it is recommended that a Ministerial Briefing note be prepared.

**D.2. Pre-purchase consultation comments (Acquisition only): N/A**

Scottish Forestry:  
N/A

RPID: N/A  
Local farming context:  
District farming context:  
Summary and recommendations:

Any comments or observations on opportunities for mixed use (farming and forestry) on this property?






Other site specific advice:

**E. Comments and Authorisation:**

Comments may be added to support your decision.	Support Yes/No	Date and initials
<b>1. Regional Manager Comments:</b> The Region would support this disposal in principle on the basis that the pared back proposal of the of 3ha of mixed woodland immediately to the N, E and S boundaries of the castle provides a small curtilage which would help facilitate the stabilization works required to protect the building into the future and to provide some privacy where there is currently	Yes	9/11/23 [REDACTED]

<p>none. We do note that [REDACTED] has invested in the building already and whilst already providing some employment within the local area has further plans to expand the opportunities available. However, we do know that this has been an extremely sensitive topic within the local community and whilst there appears to be an increasing level of support we would want to be absolutely sure that it still remains. I note the comments regarding CDCC and ADCC but believe we should approach them one last time to gauge support before progressing this further. FLS should also not be left with any liabilities on the steep slopes below the castle and above the public road therefore the final agreed line of disposal area must reflect that if it does not currently do so. We have previously considered an excambion with the loch area above the castle and it may be worth exploring that unless that option is fully closed; an excambion may help FLS justify the sale of the areas immediately adjacent to the castle. I also fully agree that given the interest and sensitivity that a ministerial briefing is entirely appropriate.</p>		
<p><b>2. Commercial Development Manager:</b>  This proposal is clearly from a Special Purchaser in valuation terms; the addition of the 3ha to the existing landholding will reflect a very high Marriage Value to the overall property. Not only is this land integral to the future expansion of the business, but the proposal will also result in buying out of the forestry access down the main drive, which could have an enormous negative effect on the 5* tourism destination.</p> <p>On this basis there will be a very clear advantage over the market value of the property and thus I see this as being compliant with the terms of the SPFM. I note that [REDACTED] is offered but suggest this is far below the actual value of the land to this Special Purchaser. I note that professional advisors will be engaged, however I am aware of a similar scenario in the Highlands where significantly higher values have been achieved and this comparable would value the 3ha at nearer [REDACTED]. I support this LTA on the basis that a price reflective of the full marriage value is paid.</p>	<p>Yes, although price should reflect the full Marriage Value to the property</p>	<p>16/11/23  [REDACTED]</p>
<p>3. Agricultural Adviser:</p>	<p>N/A</p>	
<p><b>4. Head of Renewables:</b>  No renewable interest, so no material comment.</p>	<p>N/A</p>	<p>14/11/23  [REDACTED]</p>

As a general observation, the benefit to FLS and the wider public from this transfer of Scottish Ministers land into private commercial ownership seems unclear.		
<b>5. Senior Landscape Architect:</b>	N/A	14/11/23 ■
<p><b>6. National Community Adviser/Community Asset Transfer Manager:</b></p> <p>I note that Argday Community Council did not support the latest proposal at its EGM on 21 November. SG Land Reform have advised that it is likely that an CRtB application would necessarily be a late application, which has more stringent criteria. FLS can demonstrate it has been engaged in negotiations for some time, which are in the public domain, and the community has not yet approached SG to register an interest. The community body that successfully registered the previous interest was dissolved in 2018.</p> <p>There appears to be clear public benefit in terms of removing a potential liability and the potential significant marriage value. However, the direct benefits to the local community are less clear. The latest article in the <a href="#">Northern Times</a> suggests that there may be room for negotiation on additional community benefit, e.g. giving up another piece of land more commonly used by the public or use of the facilities.</p> <p>I would therefore support the recommendation including the briefing, subject to the comments by the RM on the potential ex-cambion, and the CD Manager on the marriage value.</p>	Yes	27/11/23 ■
7. Buildings & Capital Works Manager:	N/A	
8. National Utilities Manager:	N/A	
9. Specialist Staff / Board Member Comments on sensitive/ complex cases, where required:	N/A	
<p><b>9.1 FLS Archaeologist:</b> <i>(While the castle is not within the NFaL, views on the historic importance of the Castle are requested)</i></p> <p>Carbisdale Castle is an early 20<sup>th</sup> century Baronial mansion, designated as a 'B' listed building (<a href="#">LB7165</a>). As a listed building, the conservation ethos is towards keeping the</p>	Yes	05/12/23 ■

<p>building in use. Without investment, the condition of the building will continue to deteriorate. I support the recommendation subject to the comments by Regional Manager, Commercial Development Manager and National Community Adviser.</p>		
<p><b>10.1 Recommendation by LAPM:</b></p> <p>I am perhaps one of the few remaining with FLS (and in this LTA circulation) involved in the previous proposal in 2014. The issues raised in this latest LTA are familiar. One thing is certain, the lack of curtilage to the castle means that there will be ongoing requests for additional land during periods of ownership or at times of (or following) sales. Additional land is effectively essential to the future of the castle. We now have an opportunity to reach an agreement and draw a line under it so that we can refocus Regional management time.</p> <p>This latest proposal is much more discrete than those that went before and will result in minimal impact to FLS, Community and the retained woodland. Notwithstanding objections from a small part of the Community, I consider it would be reasonable to proceed subject to agreeing best value financial terms. If others would like any additional insight into the 2014 case please let me know.</p>	<p>Yes</p>	<p>11/12/23  </p>
<p><b>10.2 Recommendation by Head of LT&amp;D:</b></p> <p>Our professional advice is that the marriage value is in the range of , as opposed to the OMV of  to . The proposed purchaser has been made aware that the price must reflect marriage value' which then meets the criteria set out in the SPFM for sale by private treaty.</p> <p>The other factors outlined above (e.g. local business opportunities, employment, heritage restoration, inward investment) are recognized as a benefit to the public good.</p> <p>There appears to be MP, councilor and public support for the proposal. However, there are also some local objections/concerns (some of which have been unfounded as per comments above). I believe that the public benefits outweigh any concerns raised.</p> <p>In addition, the higher price from marriage value is beneficial for the public purse.</p>	<p>YES</p>	<p>18/12/23  </p>

<p><b>11. Recommendation by Director of Commercial Development:</b></p> <p>Per LAPM comments, I think this request made by the castle owner is now for a relatively modest land area which can be directly linked to essential improvements for securing the structural integrity and surrounding grounds for the castle on an area of land which has very limited attraction for retention by FLS and virtually inaccessible for the locals.</p> <p>We will receive a premium for the land given the updated agent advice. With the property becoming an upmarket hotel with local employment opportunities there are local economic benefits however clearly there is some local contention/concern that these benefits are still, in their view, limited.</p> <p>Whilst I think this will be seen as somewhat contentious, and no doubt the Minister will need to be briefed (there is clearly a division within the community between those for and against) I think there is a good case for progressing with the sale as recommended within the higher value range indicated.</p>	<p>Yes</p>	<p>19/12/23</p> <p>■</p>
<p><b>12. Decision by Chief Executive: (CE approval required as this would be a private treaty sale).</b></p> <p>I am content with the proposal as now presented and the value seems better set. Given the background there is clearly a risk that the sale is derailed but I am content with the approach we are taking and the reasoning behind it.</p>	<p>Yes</p>	<p>19/12/23</p> <p>■</p>