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Land Reform, Rural and Islands Policy

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Ms Catriona Waugh
Trustee for The Festival Inns Limited
SSAS
7 Hermand Crescent
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Case number: SD00004
Date 27 October 2026

Dear Ms Waugh,

NOTICE BY THE SCOTTISH MINISTERS UNDER SECTION 60 OF THE LAND REFORM (SCOTLAND) ACT 2016: DECISION ON THE APPLICATION BY NORTH QUEENSFERRY COMMUNITY TRUST FOR ALBERT COMMUNITY GROUP LIMITED, AS THIRD-PARTY PURCHASER, TO BE GRANTED CONSENT TO EXERCISE THE RIGHT TO BUY LAND AT THE ALBERT HOTEL, MAIN STREET, NORTH QUEENSFERRY, INVERKEITHING KY11 1JG

Case Number: SD00004

Notice under section 60 of the Land Reform (Scotland) Act 2016 ("the Act") is enclosed.

Following the appeal by North Queensferry Community Trust, and the subsequent reconsideration of the application by North Queensferry Community Trust to apply for Albert Community Group Limited, as third-party purchaser, to be granted consent to exercise the right to buy land consisting of The Albert Hotel, Main Street, North Queensferry, Inverkeithing KY11 1JG**.** Scottish Ministers have decided **to grant** consent to Albert Community Group Limited to exercise The Community Right to Buy Land to Further Sustainable Development in relation to the land at The Albert Hotel, Main Street, North Queensferry, Inverkeithing KY11 1JG**.**

The enclosed Notice sets out the reasons for Scottish Ministers' decision. **The decision date is 27 October 2026**

I apologise for the delay in reaching this decision. Since the decision relates to a compulsory purchase, and given the complexities of the application, it was important to take time to thoroughly consider the application.

In accordance with section 60(1) of the Act, a copy of the enclosed Notice is being sent to the landowner, community body and the Trustees for The Festival Inns Limited SSAS. In terms of section 60(1)(f) of the Act, Scottish Ministers will send a copy of the enclosed Notice to the Keeper of the Register of Applications by Communities to Buy Land to be included in that Register.

Your attention is drawn to the notes contained in the Notice which provide information about the effect of Scottish Ministers' decision and on rights of appeal against the decision.

Yours sincerely,

Dave Thomson

On behalf of Scottish Ministers

Notice under section 60 of the Land Reform (Scotland) Act 2016 of Scottish Ministers' Decision

Decision

1. The Scottish Ministers ("Ministers") have received the application by North Queensferry Community Trust ("NQCT") for The Albert Community Group Limited ("ACG"), as third party purchaser, to be granted consent to exercise the right to buy The Albert Hotel, Main Street, North Queensferry, Inverkeithing KY11 1JG in terms of Part 5 of the Land Reform (Scotland) Act 2016 ("the Act").

2. Having reconsidered the information provided, Ministers have decided to **grant consent** to The Albert Community Group Limited to exercise a right to buy in relation to the land that forms the subject of the application. The decision is dated 27 October 2026 ("the decision date"). This notice states the reasons for that decision.

Procedural background and scope

3. Ministers previously refused consent on 17 March 2025 and NQCT appealed that decision. Sheriff Robertson remitted for reconsideration:

a. the financial viability of NQCT's proposals in the business plan presented by NQCT including consideration of any response from NQCT;
b. whether the articles of association of ACG provide sufficient evidence of continuing community control in the event that ACG become the owner of the hotel; and
c. the impact, if any, such reconsideration has on whether the sustainable development conditions are met in terms of section 56(2)(a), (b), (c)(i) and (ii) and (d) of the Act.

4. Ministers have confined this reconsideration to those matters. They have considered the business plan, the owner's comments, NQCT's further representations, ACG's articles and the other material previously before them.

Statutory framework

5. Under section 54 of the Act, the right to buy may be exercised by a nominated third party purchaser only with Ministers' consent to the community body's written application. Under section 56, Ministers may consent only if the statutory requirements are met, including each of the sustainable development conditions in section 56(2). Section 59 permits Ministers to make consent subject to conditions.

Financial viability of proposals

6. The original decision's financial viability concern was directed principally to staffing levels and operational viability. Ministers have therefore reconsidered the proposed staffing model and NQCT's response to the concerns about rotas, task coverage and leave.

7. The business plan proposes a lean staffing model. It does not expressly allocate responsibility for overnight hotel cover, management cover throughout opening hours, guest room cleaning or all annual leave and sickness cover. It also provides limited detail about the extent to which paid staff and volunteers would undertake functions requiring particular training or experience. Ministers accept that further paid staffing may be required and that the associated costs would reduce the forecast surpluses, particularly in the first year.

8. NQCT explains that the figures are indicative averages rather than a final rota; the small scale and intended layout of the premises permit flexible working across functions; the business would use a larger number of part-time staff than the FTE figure alone suggests; volunteers may supplement, rather than replace, core staff; and opening patterns can respond to demand.

9. Ministers accept that a business which has not yet begun operating cannot reasonably be expected to have a final rota. They also accept that part-time and flexible working may provide greater practical coverage than the FTE figure alone suggests. Ministers do not assume, however, that volunteers will always be available, can replace necessary paid staff or can undertake functions requiring particular training, licensing or experience. Volunteer support is therefore treated as a supplementary mitigation, not as the basis of the staffing model.

10. Ministers have also considered NQCT's evidence that the revenue assumptions are cautious and that, in years two to five, the forecasts contain material headroom for staffing expenditure to increase before the business becomes EBITDA and cashflow negative. This supports NQCT's position that additional staffing costs would reduce the forecast surpluses but would not necessarily make the operation loss making.

11. Ministers recognise that the financial headroom is materially lower in the first year than in years two to five and that year one is therefore the period of greatest operational risk. They have considered that the staffing and opening arrangements may be adjusted in response to actual demand and have assessed the operation's viability over the forecast period as a whole. Although the first year position reduces the margin for additional staffing expenditure, Ministers are not satisfied that the potential requirement for additional staffing in that year is likely, by itself, to make the operation financially unsustainable over the forecast period.

12. Ministers have given some weight to NQCT's statement that the plan drew on hospitality and community pub expertise and was reviewed by a Plunkett Foundation adviser. The underlying review has not been produced, so Ministers have not treated that statement as determinative. Ministers have instead assessed the explanations and figures placed before them.

13. The plan carries operational risk and would require further detailed planning before the business opens. The statutory question, however, is not whether success is certain or whether Ministers would have designed the staffing model differently. It is whether, on the evidence, the proposed operation is sufficiently viable to support the likelihood judgements required by section 56.

14. NQCT has now addressed the specific staffing concerns identified in the original decision and has explained the available operational flexibility and financial headroom. Ministers accept those explanations. They are satisfied that the staffing assumptions do not render the proposal unworkable and that the business plan is capable of supporting the proposed operation. Ministers therefore conclude that the operational viability concern no longer prevents the section 56(2) conditions from being met.

Continuing community control

15. ACG's current articles contain features relevant to community control, including community-based ordinary membership, community member voting rights, elected directors, a three-quarters community membership requirement and special resolution safeguards. However, ACG presently has a small membership and intends to convert from a company limited by guarantee to a community benefit society. The current articles are therefore of limited assistance in determining the governance arrangements that would apply after transfer.

16. Ministers are not presently able to assess final society rules because those rules have not yet been registered. That uncertainty can be addressed by conditions under section 59. The conditions require ACG to convert within four months, define the community objectively, maintain at least 10 members, ensure that at least three quarters are community members and place control of the society with community members. They also require objective evidence that conversion has taken legal effect and written Ministerial confirmation before transfer.

17. The requirement to have at least 10 members demonstrates participation beyond the current small group. The three-quarters threshold ensures a predominantly community membership. The control requirement ensures that the relevant community, rather than non-community members or a small unelected group, retains ultimate control. Ministers consider those requirements sufficient and proportionate to secure continuing community control.

18. ACG is a nominated third party purchaser, not the applicant Part 5 community body. Ministers have therefore not required its rules to reproduce every statutory requirement applying to a Part 5 community body, including a power to exercise the Part 5 right to buy. The conditions are confined to the governance safeguards needed to address continuing community control.

Application of the section 56(2) conditions

19. Ministers have reconsidered the application and business plan, including the financial forecasts and the benefits claimed for the relevant community; the owner's written comments, particularly those concerning staffing and operational viability; NQCT's subsequent response and clarifications; ACG's current articles and stated intention to convert to a community benefit society; and the other application material relevant to the likely benefits of transfer, the practicability of achieving those benefits by other means and the likely consequences if consent is not granted.

20. The business plan is the main evidence of the proposed operating model and the outcomes NQCT expects it to deliver. Ministers recognise that it was prepared before acquisition, restoration and commencement of trading – indeed, before the application was made. It is therefore necessarily prospective and cannot establish with certainty that each forecast or anticipated benefit will be achieved. Ministers nevertheless accept the plan as a credible starting point where its assumptions are explained, internally consistent and supported by the financial projections.

21. Ministers agree that the owner has identified genuine omissions and apparent inconsistencies in the staffing model. In particular, the owner questions whether the proposed staffing complement is sufficient to operate a pub, restaurant and hotel; whether adequate provision has been made for management, front-of-house duties, cooking, cleaning, overnight hotel requirements, annual leave and sickness absence; and whether reliance on flexible working and volunteers is realistic. The owner also challenges the assumptions concerning the manager's role, staff salaries, room rates and the financial effect of employing additional staff.

22. NQCT responds that the staffing figures are high level averages rather than a final rota; that the full-time equivalent figure may represent a larger number of part-time employees; that staff would undertake flexible roles within a relatively small operation; that volunteers would supplement rather than replace the core paid workforce; and that opening hours and staffing arrangements would be adjusted in response to demand. NQCT also disputes the owner's assumptions about room rates and management salary costs and refers to publicly available information which it considers supports the figures used in the plan.

23. Ministers are persuaded by parts of NQCT's response. In particular, they accept that a business which has not yet begun trading cannot reasonably be expected to have a final rota and that a full-time equivalent figure does not disclose the total number or working patterns of the staff who may be engaged. Ministers also accept that some functions may reasonably be combined in a small operation and that hours and opening patterns may be adjusted in light of actual demand.

24. Ministers do not, however, accept NQCT's response without qualification. It does not provide a detailed allocation of every management, hotel, housekeeping, overnight, leave and sickness function. Its description of the manager's role is not entirely consistent, since it rejects the owner's characterisation of the manager as undertaking several operational roles while also stating that the manager is likely to spend a significant proportion of time working at front of house. Ministers are also not prepared to place significant reliance on NQCT's statement that the plan was reviewed by an adviser from the Plunkett Foundation because the review itself has not been provided.

25. Ministers are nevertheless satisfied that those limitations do not demonstrate that the proposed operation is unworkable. They accept NQCT's broader explanation that detailed staffing arrangements would ordinarily be settled closer to commencement of trading. They are also satisfied that the financial forecasts provide some capacity, particularly in years two to five, for staffing expenditure to increase before the business would become EBITDA or cashflow negative. This does not eliminate the operational

risk, especially in the first year, but it provides some resilience if additional paid hours are required.

26. As regards continuing community control, Ministers have considered ACG's current articles but do not regard them as conclusive evidence of the governance arrangements that would apply following transfer. ACG intends to replace those articles by converting to a community benefit society, in part so that it can raise funds through community shares. Ministers are satisfied that the proposed section 59 conditions can resolve the remaining uncertainty. They require the future rules to contain defined membership and community-control safeguards and require those arrangements to be legally in force and independently evidenced before any transfer pursuant to the consent may be effected.

27. The original decision proceeded on the basis that Ministers were not satisfied that the financial viability and community control concerns had been resolved. On reconsideration, Ministers have had the benefit of NQCT's specific response to the staffing criticisms and have considered whether community control can be secured through conditions. Ministers now find that the staffing concerns represent a genuine delivery risk but do not make the proposal insufficiently viable for the purposes of section 56. They are also satisfied that the remaining uncertainty about community control can be addressed through conditions under section 59.

Section 56(2)(a) the transfer of land is likely to further the achievement of sustainable development in relation to the land

28. The business plan proposes that the hotel be restored and operated as a community pub, restaurant, hotel and flexible community space. NQCT says this would bring a closed building back into productive use; create employment and hospitality training opportunities, including flexible and part-time work; provide visitor accommodation which it considers is not presently available in the same format and at the same price point within North Queensferry; attract visitors and encourage them to remain longer and spend within the village; support local suppliers, particularly for fresh food; provide a venue for community, social and cultural activity; and generate surpluses for reinvestment in the business or application for community benefit.

29. Ministers accept that restoring and productively reusing the closed hotel would contribute directly to regeneration. They are also satisfied that a functioning hospitality operation is capable of supporting local employment, training, visitor activity and supply chains, and that the proposed community space is capable of contributing to social wellbeing. These are not merely general aspirations: they are connected to a defined proposal for the use of this particular building. Ministers do not, however, treat the projected scale or timing of every outcome as certain.

30. The owner's central argument is that those outcomes depend on the business being capable of operating and that the proposed staffing level is insufficient. Ministers agree that this identifies a genuine risk. If the operation were materially under resourced, the business might be unable to provide the services or generate the benefits described in the plan.

31. Ministers accept that the plan does not provide a final rota and does not expressly allocate every management, hotel, cleaning, overnight, leave and sickness function. They also acknowledge that employing further staff would increase operating costs and could reduce the projected surplus, particularly in the first year.

32. Ministers are nevertheless persuaded by NQCT's explanation that the figures are indicative staffing averages rather than a fixed staffing ceiling; that a larger number of part-time employees may sit behind the full-time equivalent figure; that some roles may be combined within a relatively small operation; that volunteers would supplement rather than replace core staff; and that opening and staffing arrangements may respond to actual demand. Ministers also accept that the later year forecasts provide some capacity to absorb higher staffing costs.

33. Ministers do not find that NQCT has established that the business will succeed or that no additional staffing will be required. That is not the statutory test. The question is whether the transfer is likely to further sustainable development. Having considered both parties' positions, Ministers are satisfied that the staffing concern creates a manageable delivery risk but does not establish that the operating model is unworkable or that the anticipated outcomes are merely speculative.

34. Ministers are also satisfied that the section 59 conditions secure the community control arrangements on which the proposed model depends. They therefore conclude that the proposal is sufficiently viable for the identified economic, regeneration and social wellbeing outcomes to be likely. The transfer is likely to further the achievement of sustainable development in relation to the land, and section 56(2)(a) is met.

Section 56(2)(b) the transfer of land is in the public interest

35. Ministers have considered the public interest by balancing the expected public benefits against the compulsory nature of the transfer, the owner's objections and the risk that the proposal may not deliver all the intended outcomes. Ministers are satisfied that bringing a closed building back into productive use, supporting local regeneration, employment, training and visitor activity, and providing a community-controlled venue and services are public benefits. Those outcomes extend beyond the private interests of NQCT or ACG and are capable of contributing to the economic development, regeneration and social wellbeing of the relevant community.

36. Ministers also recognise the strength of the owner's interest in retaining the land and the significance of a transfer without the owner's agreement. They agree that the staffing omissions create a risk that the anticipated public benefits may not be fully realised. They have therefore required more than a statement of aspiration and have examined whether NQCT's operating assumptions provide a sufficiently credible basis for the proposal.

37. For the reasons given under section 56(2)(a), Ministers accept that the staffing model is not free from risk but are satisfied that it is capable of supporting the proposed operation. They do not accept that the absence of a final rota demonstrates that the business is unlikely to operate. Ministers have not relied on acquisition funding or restoration funding concerns in reaching this conclusion.

38. Ministers have separately considered the risk that ownership could pass to an entity without enduring community control. ACG presently has a small membership and proposes to replace its existing articles through conversion to a community benefit society. Without further safeguards, Ministers would not be satisfied that continuing community control had been demonstrated.

39. Ministers are satisfied that the section 59 conditions answer that concern. Before the right may be exercised, ACG must convert to a community benefit society; define the relevant community objectively; have at least 10 members; ensure that at least three quarters of its members belong to that community; and place control of the society with community members. The conversion and rules must be legally in force and independently evidenced, and Ministers must confirm compliance in writing before any transfer pursuant to the consent may be effected.

40. Those requirements convert ACG's stated intention into enforceable prerequisites to the exercise of the right. Ministers are therefore convinced that continuing community control can be secured if the transfer proceeds.

41. Balancing the owner's interests and the residual operational risk against the expected economic, regeneration and social benefits, and taking account of the community control safeguards, Ministers conclude that the public benefits justify the compulsory transfer. The transfer is in the public interest and section 56(2)(b) is met.

Additional considerations required by section 56(10)

a. Section 56(10)(a) requires Ministers, in determining whether the transfer is in the public interest, to take into account in particular any information provided by the owner under section 55(2)(a) about the likely impact of the proposal on the owner, including the present and intended use of the land. The owner has not identified a distinct personal or financial impact beyond the loss of the land through a compulsory transfer and the interruption or displacement of its own intended redevelopment. Ministers accept that those are significant matters. They have considered the owner's stated intention to return the property to hotel and bar use, its hospitality experience, its criticism of NQCT's business model and its position that a commercially operated business would provide a more sustainable use. Ministers are not, however, satisfied that the owner has demonstrated a sufficiently developed or certain alternative proposal which would deliver the same community-controlled benefits. Those matters do not alter Ministers' conclusion that the transfer is in the public interest.

b. Section 56(10)(b) requires Ministers to consider the likely effect of granting or not granting consent on land use in Scotland. The direct effect is local: granting consent would enable a closed hotel to pass into community ownership and return to mixed hospitality and community use, whereas refusal would leave the land with the present owner and preserve the possibility of private redevelopment. Ministers recognise that this is an early use of the Part 5 right involving a third party purchaser and may demonstrate to other communities and owners how the statutory scheme may operate. They do not treat any

possible precedent or encouragement effect as decisive. Their conclusion rests on the circumstances and evidence relating to this land and community.

c. Ministers have also considered section 56(4). No evidence has been provided which enables Ministers to conclude that regard to guidance issued under section 44 materially assists in resolving the remitted issues. Ministers therefore do not rely on section 56(4) in concluding that the sustainable development conditions are met.

Section 56(2)(c)(i) the transfer of land is likely to result in significant benefit to the relevant community to which the application relates

42. NQCT's business case lists the following as potential benefits.

Benefits	Outcome
Visitors will be attracted to North Queensferry and be more inclined to spend longer in the village	North Queensferry economy will benefit from greater visitor numbers
Community will have access to a relaxed space for use by community groups	Members of the local community will be brought together, enhancing community cohesion and combatting loneliness
Pub will provide opportunities for the employment and training of people in the local community	Employment prospects will be enhanced within the community and reduce the likelihood of individuals needing to travel outside of the village for work increasing the sustainability of the local economy
Pub will provide an opportunity for local artists, musicians and writers to collaborate and showcase their work	The creative energy of the local community will be stimulated and shared more widely than currently possible
Pub will use local suppliers, particularly for fresh food ingredients	Food miles will be limited and local producers will have an additional outlet for their goods
Hotel rooms will provide accommodation of a format and price point not currently available within North Queensferry	Accommodation options for visitors to North Queensferry will be enhanced, and many may be encouraged to stay within the community for longer, further benefiting the local economy
Pub will operate as a self-sustaining, viable business	Any surplus from the operation of the pub will be reinvested into community causes
Renovation of the building will provide opportunities for local craftspeople and trades to develop their skills working on a listed building	Traditional construction skills will be further developed, enhanced and preserved by working on the project
Opportunities for training and skills development in hospitality services.	Employment and development opportunities for local, particularly young people. Also, for flexible, part-time employment during the busy season.

Section 56(12) requires Ministers, in determining what constitutes significant benefit for section 56(2)(c), to consider the likely effect of granting consent on the lives of the persons comprising the relevant community by reference to economic development, regeneration, public health, social wellbeing and environmental wellbeing. Ministers have considered each factor below. They do not consider that every factor must independently disclose a significant benefit. The question is whether, after considering all five factors, the likely benefit to the community is significant.

Economic development

43. In relation to economic development, NQCT relies on employment and training opportunities, use of local suppliers, provision of visitor accommodation, increased visitor numbers and spending, and the potential generation of trading surpluses. The business plan also identifies opportunities for flexible and part-time employment, including for younger members of the community.

44. The owner says that the scale and likelihood of those benefits are overstated because they depend on an inadequately staffed business. The owner also challenges some of the salary and room rate assumptions. Ministers accept that the precise number of jobs, level of visitor spending and amount of trading surplus cannot presently be predicted with confidence. They therefore do not rely on exact financial projections or on the proposition that a particular level of surplus will be available for distribution.

45. Ministers are nevertheless satisfied that a functioning pub, restaurant and hotel would require paid staff, purchase goods and services, provide accommodation and generate additional activity within the village. NQCT has directly answered the criticisms of the salary and room rate assumptions and has identified operational flexibility and financial headroom. Ministers accept that a positive economic contribution is likely, although its precise scale and timing remain uncertain.

Regeneration

46. Ministers are convinced that restoring and productively reusing the closed hotel would provide a direct and tangible regeneration benefit. The proposal concerns the whole building and would establish a continuing community function within it.

Social wellbeing

47. In relation to social wellbeing, NQCT relies on the provision of a locally controlled pub, restaurant and flexible venue for meetings, events and cultural or social activity. Ministers accept that a community venue is capable of strengthening local participation and providing opportunities which are not confined to customers of the commercial operation.

Public health and environmental wellbeing

48. Ministers are not satisfied that any general claim of public health benefit has been sufficiently evidenced, and they do not rely on it. Any environmental benefit arising

from local supply chains, reduced travel or reuse of the building is positive but supporting rather than decisive.

49. Ministers acknowledge the owner's point that any trading surplus may need to be retained within the business rather than distributed for wider community purposes. They accept that the availability and amount of distributable surplus are uncertain. They do not, however, agree that significant community benefit depends on the distribution of profit. Reinvestment which maintains the community asset and its services may itself benefit the community.

50. The staffing concern reduces the confidence with which the precise scale and timing of the claimed benefits can be predicted. It does not, for the reasons already given, make those benefits merely possible or remote. The section 59 conditions also satisfy Ministers that the society pursuing and controlling the project will remain under community control.

51. Ministers therefore conclude that the restoration of the hotel, the anticipated economic activity and the provision of a community-controlled hospitality and social venue together constitute a package of benefits for the defined community. Considered cumulatively, those benefits are significant. The transfer is likely to result in significant benefit to the relevant community, and section 56(2)(c)(i) is met.

52. In summary, Ministers are convinced that the likely regeneration and social wellbeing benefits are significant and that a positive economic effect is likely, although its precise scale cannot be predicted. No material public health benefit has been demonstrated, and the environmental wellbeing effect is positive but limited. The absence of a demonstrated benefit under every heading does not displace the cumulative significance of the benefits which Ministers have accepted. Having considered all five matters required by section 56(12), Ministers remain satisfied that section 56(2)(c)(i) is met.

Section 56(2)(c)(ii) the transfer of land is the only practicable, or most practicable, way of achieving that significant benefit

53. Ministers have defined the significant benefit at the same level of specificity as under section 56(2)(c)(i): community ownership and control of The Albert Hotel; restoration and productive reuse of the whole building; its operation as a pub, restaurant and hotel; provision of flexible community, social and cultural space; and the associated local employment, training, supply chain, visitor and regeneration outcomes.

54. Ministers do not define the benefit merely as access to a pub, hotel accommodation or meeting space. They accept that individual elements might be available elsewhere, but that would not necessarily provide community ownership and control of this building or deliver the combined package of benefits identified above.

55. The owner refers to other possible outcomes, including redevelopment of the property. There has also been disagreement about whether the building could have been leased to the community. Ministers have considered those matters but are not

persuaded that either represents an evidenced and practicable means of achieving the same significant benefit.

56. The possibility of redevelopment is not supported by sufficiently developed information to establish when it would occur, what use would result or what economic, regeneration and social outcomes it would deliver for the relevant community. More fundamentally, private redevelopment would not provide community ownership or continuing community control and has not been shown to deliver the same package of benefits.

57. Ministers accept that a lease might permit some activity within the building, and they do not treat community ownership as a benefit in the abstract. They consider it relevant because the proposed long term community, social and cultural functions, community accountability and reinvestment model depend on control of the whole property. A lease or private hospitality operation has not been shown to provide equivalent security, control or ability to implement that combined model.

58. Ministers therefore conclude that transfer to ACG, subject to the section 59 conditions, is the most practicable way of achieving the significant benefit identified under section 56(2)(c)(i). Section 56(2)(c)(ii) is met.

Section 56(2)(d) not granting consent to the transfer of land is likely to result in harm to that community

59. In determining what constitutes harm to the community, Ministers must consider the likely effect of not granting consent on the lives of the persons comprising that community with reference to economic development, regeneration, public health, social wellbeing and environmental wellbeing. They have not assumed that refusal would cause harm merely because it would prevent NQCT's proposal, frustrate a proposal supported by members of the community or leave the anticipated benefits of transfer unrealised.

60. Ministers have assessed NQCT's proposal on its own merits. They have not compared the relative merits of NQCT's proposal and the owner's proposals, nor asked which proposal is stronger or preferable. The owner's intentions are relevant only insofar as they inform the factual question of what is likely to happen to the property, and what effect that is likely to have on the community, if consent is not granted.

61. They have instead considered what is likely to happen if consent is not granted. The owner's position, as recorded in the sheriff's judgment, is that they acquired the hotel in 2012. The property was subsequently leased to two tenants who attempted to operate it as a hotel with a bar and restaurant. Both operations failed. The hotel ceased trading in 2017 and the owner was unable to secure a further tenant. A planning application for residential conversion was refused, and a later application to reconfigure the hotel, public house and restaurant was withdrawn following NQCT's application under Part 5.

62. Ministers accept the withdrawal of the later planning application does not establish that the owner has abandoned its proposal. The unresolved Part 5 application is likely to have affected the owner's willingness to incur further development expenditure. Successful owner-led redevelopment could return the building to productive use and deliver economic, regeneration and social benefits. Community ownership is not the only model capable of producing such benefits.

63. Ministers recognise that the owner was not required to prepare or submit a business plan equivalent to NQCT's and draw no adverse inference from the absence of such a document. They have instead considered the evidence available about the owner's intentions alongside the history of the property. The property has produced no continuing hospitality-related economic activity since 2017.

64. That history does not establish that a future owner-led operation would fail but it is relevant to the likely position if consent is refused. Ministers therefore accept that owner-led restoration remains possible but treat continued closure or underuse as the likely counterfactual. This is a finding about the probable consequence of refusal, not a comparison between the relative merits of the owner's and NQCT's proposals.

65. NQCT has provided a business plan, financial forecasts and further explanations addressing the owner's staffing criticisms. Ministers recognise that substantial restoration is required and do not assume that NQCT would complete that work sooner than the owner.

66. The business plan forecasts a surplus from the first year and increasing surpluses over the following four years. NQCT calculates that staffing costs in years two to five could increase by more than 35% before the business became EBITDA and cashflow negative. It illustrates that this could permit staffing to increase from 5.8 to at least 8 full-time equivalent posts. It also relies on part-time and flexible working, as well as volunteer support. Ministers accept that supplementary volunteer support at peak periods is more prevalent and available in a community-owned enterprise than in a commercially run business. They do not assume that volunteers can replace necessary paid staff. They also accept that further staffing may be required, particularly for hotel and housekeeping functions, and that the first year offers less financial resilience. The evidence, however, does not establish that the likely additional costs would eliminate the forecast surpluses or make the operation persistently loss making.

67. The community enterprise need not maximise profit or achieve the return sought by a commercial investor. It must of course be capable of meeting its operating costs, maintaining adequate cashflow and retaining reasonable financial resilience. Ministers are now satisfied that NQCT's proposal meets that standard. The staffing concerns remain a delivery risk but do not render the proposal economically unviable.

68. Ministers have also considered the statutory ballot. Approximately 78% of those eligible returned ballot papers, with approximately 98% of those voting supporting the proposed acquisition. This does not prove commercial success, but it demonstrates substantial support for the acquisition and an identified local interest in the proposed community uses.

69. Ministers have assessed NQCT's proposal on its own merits and found it sufficiently viable. They have considered the owner's intentions only to determine the likely position if consent is refused. On the evidence before them, Ministers are not satisfied that productive hospitality or community use is otherwise likely to resume within a reasonably foreseeable period.

Economic development

70. Continued closure or underuse would prolong the absence of employment, hospitality training, local purchasing, visitor accommodation and additional visitor spending. Ministers accept that the number of jobs and scale of expenditure cannot be predicted precisely. They are nevertheless satisfied, having found the operation sufficiently viable, that those opportunities are real rather than speculative.

71. Ministers accept that those benefits could also arise from a future owner-led reopening. The question, though, is not whether an owner-led operation could in principle produce benefits, but whether refusal is likely to result in productive economic use resuming within a reasonably foreseeable period. The available evidence does not establish that it would. Ministers therefore conclude that refusal is likely to prolong the absence of economic activity associated with the property and adversely affect economic development.

Regeneration

72. Ministers accept that restoration under either ownership model could provide regeneration benefits and do not regard regeneration as exclusive to community ownership. They have not compared which restoration proposal is stronger. Their finding is that, if consent is refused, the evidence does not establish that restoration and productive reuse are likely within a reasonably foreseeable period. Refusal is therefore likely to prolong the building's closure or underuse and adversely affect regeneration.

Public health

73. Neither party has identified a distinct or sufficiently evidenced public health effect arising from refusal. Ministers are not satisfied that not granting consent is likely to cause harm to the community under this heading and do not rely on public health in reaching their conclusion under section 56(2)(d).

Social wellbeing

74. NQCT says that refusal would deprive the community of a locally controlled venue for informal social contact, meetings, events and community activity, for which the ballot demonstrates substantial support. Ministers accept that a privately operated hotel or bar might provide a place for customers to meet and therefore contribute to social wellbeing. They do not compare the relative merits of those possible uses. On the evidence, however, productive hospitality or community use is not shown to be likely to resume within a reasonably foreseeable period if consent is refused. Ministers

therefore conclude that refusal is likely to prolong the present absence of those social functions and adversely affect social wellbeing.

Environmental wellbeing

75. Any environmental effects identified in the application, including reuse of the existing building, local supply chains and possible reductions in travel, are indirect and not quantified. Some of those effects might also arise from private redevelopment. Ministers are not satisfied that refusal is likely to cause material environmental harm and do not rely on environmental wellbeing as a decisive factor.

76. Ministers have therefore identified likely harm under economic development, regeneration and social wellbeing, but not a demonstrated material harm under public health or environmental wellbeing. Section 56(12) requires consideration of all five matters; it does not require harm to be established under each heading. Ministers are satisfied that the adverse effects they have accepted, considered cumulatively and in the context of this community, amount to likely harm for the purposes of section 56(2)(d).

77. Assessing those effects cumulatively, Ministers conclude that not granting consent is likely to result in harm to the relevant community. Section 56(2)(d) is met.

Change from the original decision

78. Ministers recognise that these conclusions differ from those in the decision of 17 March 2025. The conclusions have changed because Ministers have now considered NQCT's specific response to the staffing and operational criticisms, made the financial evaluations outlined above, and concluded that continuing community control can be secured through binding conditions under section 59 rather than demonstrated solely through ACG's present articles or a memorandum of understanding.

79. Those revised findings affect each of the statutory tests. Once Ministers are satisfied that the proposal is financially viable and that community control can be secured, the sustainable development conditions prove capable of being met.

Conclusion

80. Ministers have reconsidered the remitted issues and reached the following findings:

a. the remaining financial viability issue concerns staffing and operational assumptions;
b. NQCT's further evidence sufficiently addresses those concerns for Ministers to conclude that the proposal is operationally viable for the purposes of section 56;
c. the uncertainty about continuing community control can be addressed by targeted conditions under section 59; and
d. on those findings, each condition in section 56(2)(a), (b), (c)(i), (c)(ii) and (d) is met.

Conditions imposed under section 59

81. Ministers therefore consent to the application made under section 54 of the Act subject to the following conditions:

> The Albert Community Group Limited, incorporated under the Companies Acts (registered number SC743087) and having its registered office at 4th Floor Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN, shall, not later than the date falling four months after the consent date (as defined in section 64(2) of the Act):
>
> (1) convert into a community benefit society under section 115 of the Co-operative and Community Benefit Societies Act 2014 ("the 2014 Act");
>
> (2) adopt rules which contain:
>
> > (a) a definition of the community to which the society relates, by reference to one or more postcode units, one or more types of area specified in regulation 6 of the Right to Buy Land to Further Sustainable Development (Eligible Land, Specified Types of Area and Restrictions on Transfers, Assignations and Dealing) (Scotland) Regulations 2020, or both;
> >
> > (b) provision that the society must have not fewer than 10 members;
> >
> > (c) provision that at least three quarters of the members of the society are members of the community; and
> >
> > (d) provision under which the members of the society who consist of members of the community have control of the society;
>
> (3) submit to the Scottish Ministers evidence that the special resolution required for the conversion, together with the Financial Conduct Authority's certificate, has been registered by the Registrar of Companies in accordance with section 115 of the 2014 Act.
>
> Compliance with conditions (1) to (3) within that period is a condition of the Scottish Ministers' consent to the application made under section 54 of the Act.
>
> If conditions (1) to (3) are not fulfilled within that period, the right to buy may not be exercised by ACG and no transfer of the land pursuant to that consent may be effected.
>
> No transfer of the land pursuant to that consent may be effected unless and until the Scottish Ministers have confirmed in writing that they are satisfied that conditions (1) to (3) have been fulfilled.

Reasons for the conditions

82. Conversion is required because ACG has stated that this is the governance form it intends to adopt. Requiring conversion before transfer ensures that Ministers rely on arrangements that are legally in force, rather than a future intention.

83. The definition of community identifies objectively the persons by whom community control is to be exercised. The minimum membership of 10 demonstrates participation beyond a small group. The three-quarters threshold secures predominantly community membership, and the control provision ensures ultimate control rests with community members. Together, these are the minimum targeted safeguards Ministers consider necessary to address continuing community control.

84. Registration of the special resolution and the Financial Conduct Authority's certificate provides objective evidence that conversion has taken legal effect and that the required rules are in force. Ministerial written confirmation ensures compliance is verified before a transfer pursuant to the consent is effected.

85. The four-month period is reasonable and proportionate. The required steps are within ACG's control and are not dependent on valuation or settlement. The period provides time to complete conversion while ensuring that the purchaser's identity, legal form and governance are settled sufficiently early to avoid complications in missives and conveyancing and to allow Ministers to review the evidence before the ordinary six-month settlement point.

86. Sections 54 and 59 provide respectively that the right may be exercised only with Ministerial consent and that consent may be made subject to conditions. If timely compliance is not established, the basis on which consent is granted is absent. The right may therefore not be exercised and no transfer pursuant to that consent may be effected.

87. Taken together, the conditions are tailored to the identified concern. They do not require ACG to become a Part 5 community body or reproduce requirements unrelated to continuing community control.

International Covenant on Economic, Social and Cultural Rights

89. In reaching their decision under section 56 of the Act, Ministers have had regard to the International Covenant on Economic, Social and Cultural Rights adopted and opened for signature, ratification and accession by General Assembly resolution 2200A (XXI) of 16 December 1966 as in force in relation to the United Kingdom for the time being.

Effect of Scottish Ministers' Decision

90. Any owner, creditor or other person authorised to transfer, or take any action with a view to transferring, the land that forms the subject of the application for consent is prohibited from taking such action from the date that the application appeared as pending in the Register of Applications by Community Bodies to Buy Land.

91. Exceptions to the prohibition can be found under regulation 8 of the Right to Buy Land to Further Sustainable Development (Eligible Land, Specified Types of Area and Restrictions on Transfers, Assignations and Dealing) (Scotland) Regulations 2020.

92. Any right of pre-emption, redemption or reversion otherwise exercisable over the land that forms the subject of the application and any right or interest in land conferred under Part 2 of the Land Reform (Scotland) Act 2003 (the community right to buy) is suspended from the date that the application appeared as pending in the Register of Applications by Community Bodies to Buy Land.

*The prohibition and suspension referred to end on the earlier of:

• the day after the expiry of the time period specified in section 69(7) of the Act (appeals) for lodging an appeal against Ministers' decision on an application made under section 54 of the Act, but only if no appeal is lodged within the appeal period; or
• the day on which the sheriff issues a decision in an appeal under section 69(10) of the Act, but only if the outcome of the appeal is that the Part 5 community body's application is refused consent.

*A Part 5 community body may, by virtue of section 69(3) of the Act (appeals), appeal to the sheriff against a decision by Ministers not to consent to an application by a Part 5 community body made under section 54 of the Act.

An appeal under section 69 of the Act must be lodged within 28 days of the Decision Date.

*The owner or tenant who has incurred loss or expense in complying with the procedural requirements of Part 5 of the Act, where consent has not been granted is, by virtue of section 67(4) of the Act (compensation), entitled to compensation from Ministers of such amount as Ministers may determine.