

# **Maybole Pathfinder Feasibility Study**

## **FINAL REPORT**

### **Summary Document**

On Behalf of:

**May-Tag Ltd and South Ayrshire  
Council**



May 1st, 2010



The European Agricultural Fund  
for Rural Development:  
Europe investing in rural areas



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## 1.0 Background and Context

The purpose of this report is to carry out a feasibility study in relation to the potential for asset transfer, and the long term management and development, of sport, leisure and social facilities presently being operated within the Town of Maybole, South Ayrshire.

These facilities are at present managed by either South Ayrshire Council or a local community based committee or sports club. The common factor each facility has is that the land upon which it operates, in all cases, is owned by South Ayrshire Council. (1).

The *strategic* objectives of the study are as follows:

1. To determine whether there is sufficient interest between both parties to proceed with a Stage 2 business, legal and fiscal due diligence analysis, and
2. To provide a basis for agreement on a new model of community partnership between the people of Maybole and South Ayrshire Council.

The *specific* objectives of the study are as follows, to:

1. Carry out a detailed stakeholder consultation and provide a Consultation Plan in relation to a Stage 2 process.
2. Provide a statistical overview of the existing usage performance of the portfolio on an individual and collective basis.
3. Provide a statistical overview of the existing financial performance of the portfolio on an individual and collective basis.

4. Carry out a conditions audit of the existing portfolio and comment on the potential for more sustainable use of assets.
5. Comment on potential ownership and partnership models.
6. Provide advice in relation to potential revenue and capital finance modelling.
7. Provide guidance and due diligence requirements on Stage 2 of the process.
8. Make recommendations relating to objectives 1-7.

As part of the initial proposal to the Council, the local Maybole community stakeholder group identified the following asset portfolio which should be included within the scope of this feasibility study:

- Maybole Town Hall
- Maybole Swimming Pool
- All football and rugby pitches at Carrick Academy (including all weather pitches)
- Maybole 9 hole Golf Course and clubhouse
- Maybole Memorial Park Bowling Green and clubhouse
- Football pitches and changing facility at Glebe Park
- Ladywell Stadium
- Skate Board Park.

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## 2.0 Executive Summary

We have structured each section of this study in terms of objectives – methodology – findings and recommendations. A summary document is available which captures these results and is taken directly from this feasibility study.

This study provides 14 recommendations relating to our overall findings, in line with both best practice in terms of transferring assets, and input from local stakeholders. Our key strategic recommendation, however, for the purposes of this executive summary, is as follows:

**A Stage 2 business case and due diligence study should be carried out taking into account the findings and recommendations of the Stage 1 feasibility.**

Key consultative findings this second stage piece of work should adhere to are as follows:

- Prioritise the business planning case.
- Ensure 'legal title' and ownership diligence is carried out.
- Ensure existing management structures are both protected and assisted.
- Allow for democratic representation in any future governing body.
- Design a training programme in terms of community capacity and capability.

- Carry out a 'whole town' strategy and consultation.

For the purposes of this executive summary we have captured the key findings from each section of this report as follows:

### 2.1 Consultation

We carried out 30 face to face meetings with key community stakeholders and representatives from South Ayrshire Council. Using a standard template we asked those consultees who had an active involvement within the operation of specific assets to provide information relating to usage, financial performance, and asset condition. As well as utilising the interviews as a means of gathering data, we asked all of those consulted their opinion on the following topics: the concept of asset transfer; reservations they may have; should a further stage 2 process proceed; further consultation required; and opinion re: any future organisational structure.

In relation to the general concept of **community asset ownership and management** there was a strong consensus (95%) that this would be a positive move.

In relation to **reservations**, the strongest reservation (90%) related to financial viability. There was strong opinion that any community company which may evolve from this process would require significant assistance in its early years in terms of financial support and organisational capacity and capability training.

In relation to **the need for a Stage 2 study**, there was 95% consensus that this should proceed, with a clear emphasis on answering many of the issues which have been raised to date.

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In terms of **further consultation**, there was a strong feeling amongst some 75% of those interviewed that a 'full town' consultation be designed and rolled out as part of any Stage 2 process.

Finally, in relation to any **future organisational structure, and where assets would be best placed if transferred**, the following opinions prevailed:

1. 90% of those who expressed an opinion would wish to see a democratically elected and representative community company which had community representation as a majority (as opposed to Council/external majority ownership).
2. The majority of those who expressed an opinion stated that any future organisation would have to have a strong business focus in order to add value to the assets; access investment; develop a co-ordinated marketing strategy to increase usage; and decrease the existing income and expenditure revenue gap.
3. There was a strong feeling amongst those interviewed, who expressed an opinion, that moving all assets from the Council immediately into a new governing Trust would be the wrong approach. The phrase 're-arranging the furniture' was used often. Rather, there was strong opinion that any new asset company should concentrate on development; guidance; accessing investment; and strategic direction. If assets had to be transferred at all, they should move to the individual community groups themselves so long as there was clear viability proven and the individual community groups wished this. There was a realisation, however, that where the new Trust was the only viable option in

terms of title ownership or leasing of assets, this would be acceptable and appropriate.

4. Individual community groups wished their independence maintained. This came across very strongly. None of those interviewed were against being represented on a new sports body, so long as their existing roles were not diluted. Rather, there was strong opinion that any new governing body should add value to their existing operations through support and guidance, as well as co-ordinating marketing and accessing inward capital and revenue finance.
5. A common statement made was that stakeholders need to be realistic in terms of time scales and expectations. It was stated often that this should be seen as a long term process, phased over 5 year intervals, with key targets and milestones identified.

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## 2.2 Usage Audit

We gathered the usage information from the individual facilities from two sources:

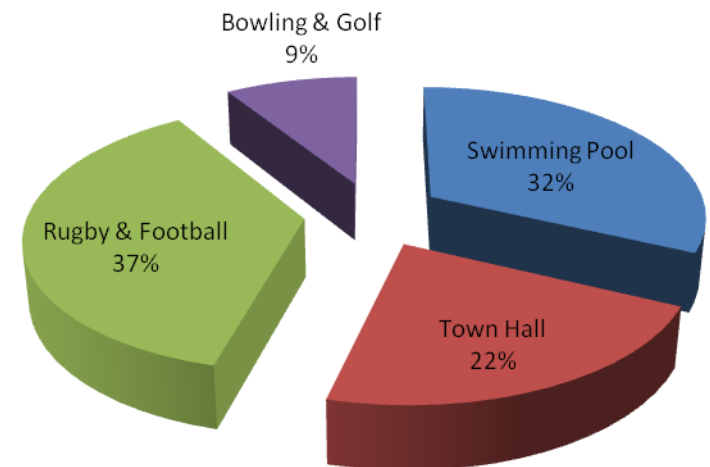
1. South Ayrshire Council, through the responsible officers, provided us with audited usage figures based on generated income.
2. Individual local management committees, who are involved within the running of each facility, provided us with their own throughput of individuals which would not be captured within the Councils own record keeping.

**There was a collective use of the whole Maybole portfolio of some 111,100 individuals per annum.**

This can be broken down as follows:

- The swimming pool accounted for 32% (35,000) of all users.
- The town hall accounted for 22% (24,000) of all users.
- The total number of users using the pitch facilities for football and rugby purposes was 37% of all users, which are some 40,696 users per annum.
- Bowling and golf accounted for some 9% of total usage.

### Maybole Facilities Usage



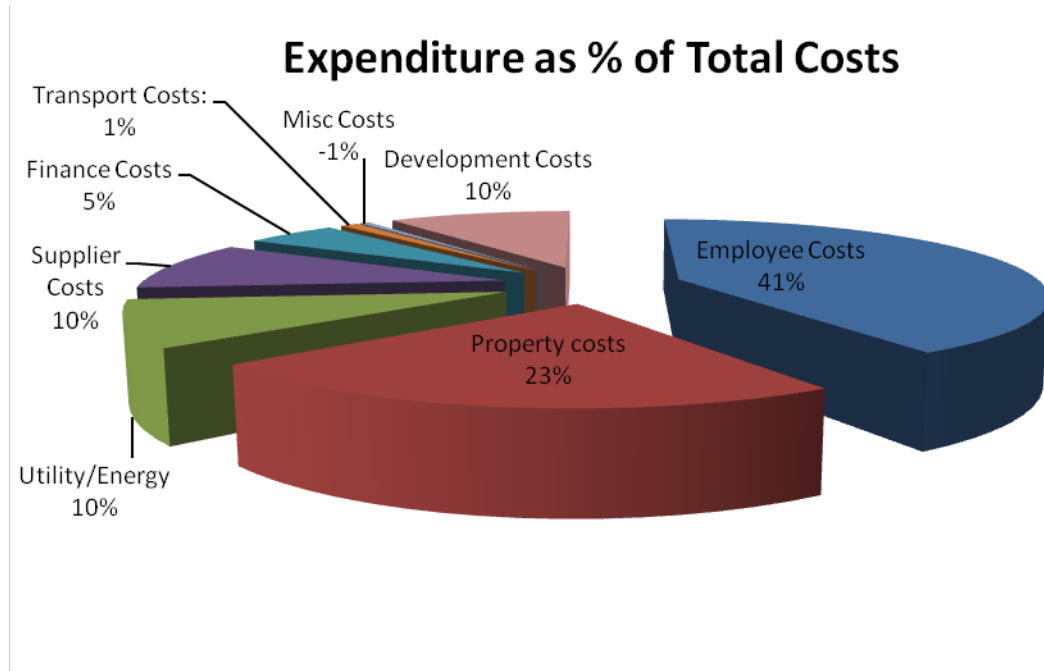
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### 2.3 Financial Audit

Across the whole portfolio, there were expenditure costs totalling £591,145 with generated income of £200,255, resulting in a net deficit, or cost to the Local Authority in real terms, of £390,890.

The collective costs of running the portfolio at 2008/09 costs was some £591,145. This can be broken down as follows:

- Employee Costs: £240,000 (41%)
- Property costs: £134,000 (23%)
- Utility/Energy Costs: £56,000 (9.5%)
- Supplier Costs: £58,500 (10%)
- Finance Costs: £33,600 (5%)
- Transport Costs: £6,700(1%)
- Misc Costs: £4,600 (0.5%)
- Development Costs: £57,000 (10%)

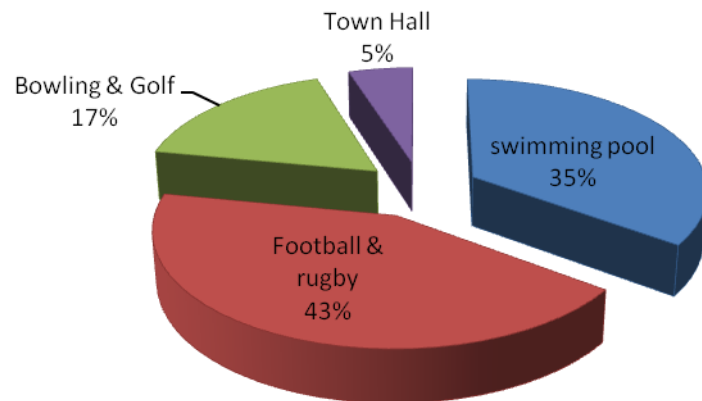


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The collective income of the portfolio at 2008/09 costs was some £200,205. This can be broken down and analysed as follows:

- Development income of £78,000
- Trading income of £122,205
- The swimming pool accounted for 35% of all income.
- The football facilities at Carrick, Ladywell and Glebe accounted for 43% of all income generated - £86,517
- Bowling and Golf accounted for £33,377 or 17% of all income.
- The town hall accounted for 5% of all income generated.

### Income per asset as % of total generated



In terms of assessing the viability of transferring the portfolio into community ownership, from a purely financial perspective, there would of course be no viability with deficit costs standing at some £390,000 per annum. However, in terms of proving best value; sustainability; and an increase in usage with associated health and fitness improvements, there requires a much more detailed and robust approach to business planning than this feasibility study has within its remit. We would, however, comment on any future financial planning process as follows:

- In order to prove added value in terms of asset transfer, there has to be an aspiration, along with a robust business planning approach, to reduce this deficit figure.
- Deficits can be reduced through a number of measures, primarily through increased usage and as such income; reducing overheads; and more efficient management.
- Income generated at a local level is, in our opinion, near its maximum in terms of local population and spend ability, linked with the quality and availability of facilities on offer.
- Increased usage and income opportunity, therefore, lies substantially within the external market place, and will require a strategic and co-ordinated 'Maybole' marketing approach.
- Improvements in revenue and management systems will require to be put in place in the context of a capital funding and investment programme aimed at improving and developing some facilities.



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## 2.4 Asset Condition and Environmental Audit

We carried out a visual inspection of each asset and spoke with key representatives where possible in relation to the condition of the asset. We also accessed existing energy usage figures when available as part of our initial environmental audit.

The results of our analysis are as follows in terms of the individual assets:

### Maybole Assets Condition Ranking

Asset	Score (Condition+Energy)	Rank
Maybole Town Hall	5+1=6	5
Maybole Swimming Pool	8+4=12	1
All football and rugby pitches at Carrick Academy (including all weather pitches)	7+4=11	2
Maybole 9 hole Golf Course and clubhouse	1+1=2	8
Maybole Memorial Park Bowling Green and clubhouse	6+4=10	3
Football pitches and changing facility at Glebe Park	3+2=5	6
Ladywell Stadium	2+2=4	7
Skate Board Park	5+4=9	4

In terms of overall property condition, we would comment as follows:

- The property which is in worst condition in terms of our key criteria is the Golf Club, followed by Ladywell stadium and the changing facilities at Glebe Park.
- The properties in best condition are the swimming pool, followed by the pitch and changing facilities at Carrick Academy and the Maybole Bowling Club.
- In terms of energy efficiency, the more modern facilities such as the swimming pool and Carrick Academy performed better than older properties which had very little energy efficiency through either heat use and/or poor building fabric.

## 2.5 Asset Transfer Options and Modelling

There were a number of areas of clear consensus which emerged from the consultation, which we would comment on as follows:

- Any new vehicle should be democratic and representative of existing community sports and leisure bodies.
- Elected councillors and individuals with specific skills should be represented on the Board.
- 'Community' representatives should hold the majority of positions within any new body.

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- Training should be provided in terms of capacity and capability of any new elected members and should be ongoing in terms of best governance.
- Assets should, where applicable, not be held by any new corporate body, but rather the individual sports clubs themselves. If this was legally not applicable, assets should then fall within the new corporate body.
- The new body should have clear and specific strategic roles, such as: Development; Capital Investment; Support; Marketing.

Taking into account the opinions expressed within the consultation process; the situation prevalent to Maybole and South Ayrshire Council, and best practice across the UK, we would suggest the following model, itemised within the following table, would provide a best fit at present subject to our recommendations made within this section:

Maybole Sports and Leisure Community Development Trust (MSDT)

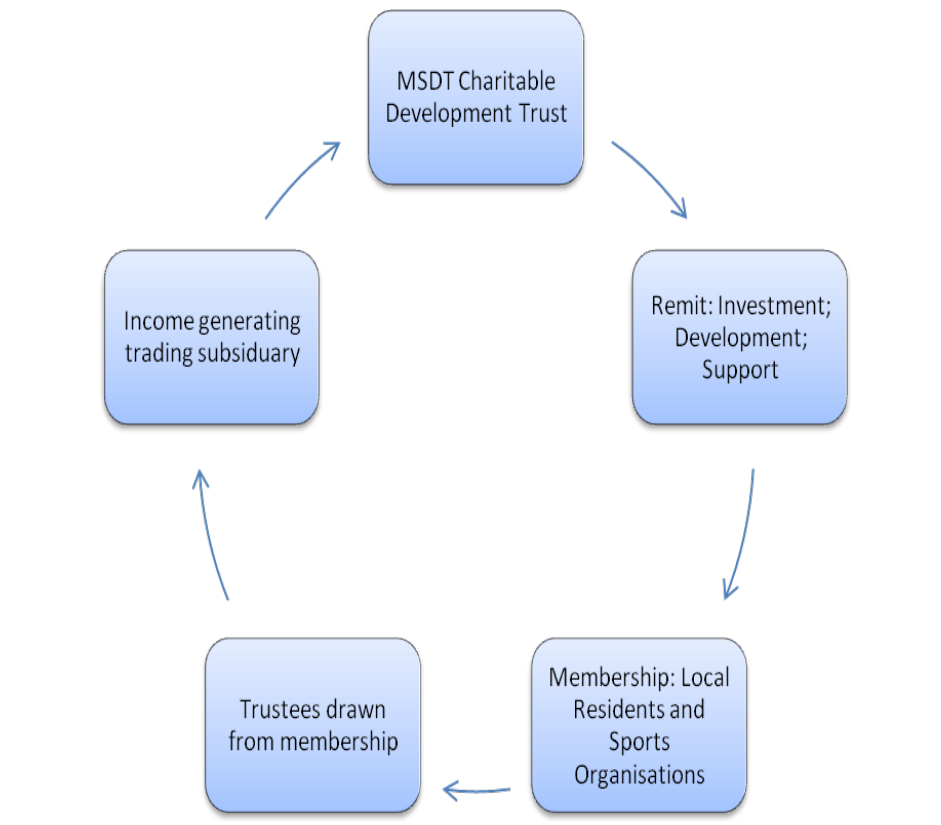
Trust Assumption	Descriptor & Issues
Legal	MSDT should be a charitable body, in the format of either a Sports Trust or Community Development Trust.
Membership	Membership will be open to all residents of Maybole and surrounding districts (to be defined), as well as organised community sports and leisure groups.
Elected Trustees	Trustees will be elected from the membership. Trustee make up will be: <ol style="list-style-type: none"> <li>1. 60% from community sports and leisure groups.</li> <li>2. 20% from other community representatives.</li> <li>3. 20% from South Ayrshire Council.</li> </ol>
Remit	To be the strategic organisation responsible for investing and developing sports and leisure facilities within the town of Maybole.
Asset Lock	All asset disposal and development will be subject to charitable legislation and the

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	objectives of the Trust.
Capital Receipts	Can only be re-invested within the objectives of the sports and leisure trust.
Step-In Rights	Will be required by South Ayrshire Council.
Asset Ownership	Should be held by Trust only where local ownership is not permissible or required.
Commercial Trading	Should be carried out if required by subsidiary wholly owned social enterprise.

The following schematic represents the assumptions shown within the above table.

**Maybole Community Sports and Leisure Trust (MSDT)**



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## **2.6 Capital and Revenue Funding Options**

As part of the business planning process, there should be developed a capital and revenue funding strategy in terms of 'early years' development support and potential capital investment streams. Clarification should also be sought from South Ayrshire Council as to whether prudential borrowing offers any potential scope in being part of this capital investment strategy.

## **2.7 Stage Two Due Diligence – Pre Asset Transfer**

There are a number of phases and outputs which will require delivery in order to satisfy both partners that an actual asset transfer should proceed. Some of these phases may work in parallel, but all will require to be assessed and pass scrutiny in order for both parties to be satisfied that due diligence has been carried out.

Based on the recommendations made within this study, as well as our experience in processing asset transfer projects, we have provided the following programme, with specified milestones and outputs, which encompasses the work required within a Stage 2 pre asset transfer process. As can be seen from our indicative programme, we have allowed a period of 12 months to carry out this schedule of works.

Table 9.1 – Stage 2 Draft Programme

Time Frame (Months)

Principle Output	Secondary Outputs	1	2	3	4	5	6	7	8	9	10	11	12
1. Business Planning													
	1.1 Funding Strategy												
	1.2 Marketing Strategy (inc comparator analysis)												
	1.3 Business Plan per asset												
	1.4 Assessment												
2. Consultation Plan													
	2.1 Assessment												

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Principle Output	Secondary Outputs	1	2	3	4	5	6	7	8	9	10	11	12
3. Property Assessments													
	3.1 Valuations												
	3.2 Conditions Survey												
	3.3 Energy Study												
4. Legal Due Diligence (*)													
	4.1 Title Report												
	4.2 Key diligence issues (*)												
	Assessment												
5. Project Management													
6. Community Training Programme													