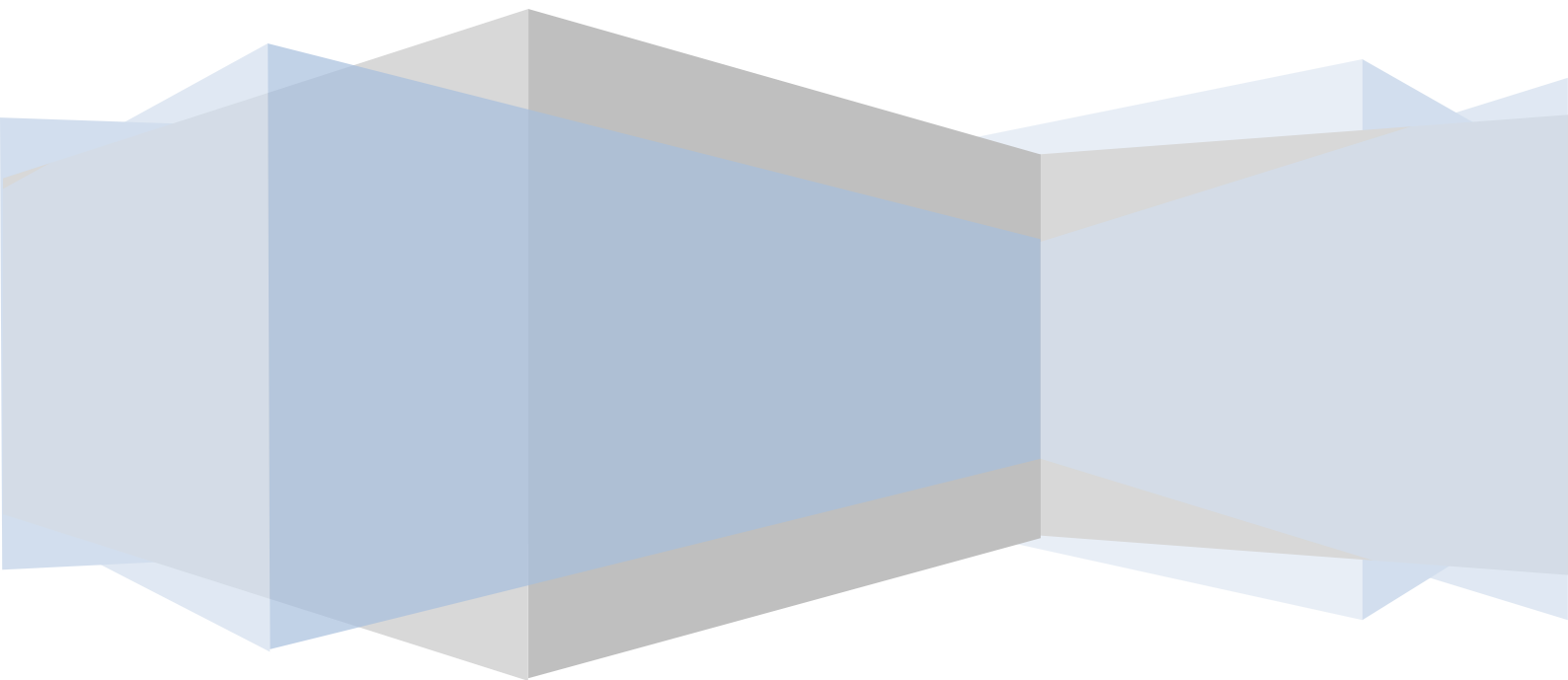


Maybole Pathfinder Feasibility Study FINAL REPORT

**May-Tag Asset Transfer Study in Partnership with
South Ayrshire Council**



May 1st, 2010



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



The Scottish
Government



THIS PROJECT IS BEING PART-FINANCED BY THE SCOTTISH GOVERNMENT AND
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SECTION ONE

1.0 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 in terms of 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.

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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.

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.

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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.

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.

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%)

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.

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.

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

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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.
- 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.

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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"> 1. 60% from community sports and leisure groups. 2. 20% from other community representatives. 3. 20% from South Ayrshire Council.
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 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.

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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.

SECTION TWO

2.0 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.

(1) We draw a distinction between 'asset operating facilities' and 'land assets' as there requires full legal and title deed due diligence to be carried out in order to determine where operating and land assets lie at present in terms of ownership. This issue is commented on in greater detail within this study through our analysis and recommendations

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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

1.1 What is Asset Transfer?

Asset transfer refers to local communities' ability to acquire land and buildings, either at market value or at a discount, in order to deliver services that meet local needs. It is seen as one way in which local authorities (in particular) can support the development of social economy organisations, and thereby meet their wider strategies for renewal and improved delivery of local services.

Transferring assets to community organisations can help a local authority achieve its strategic policy aims through the way it manages its land and property assets. As well as transferring control, the local authority will also perform an important strategic role in 'mapping' the assets it owns, whether or not it manages them, and evaluating their viability and current level of maintenance. One important factor when making the decision to transfer assets will be the local authority's need to meet its fiduciary duty to manage its assets in a way that makes best use of resources. Local authorities face particular pressure to realise market value for their assets as a means of reducing pressure on council tax levels. However, this needs to be balanced against the high value for money often achieved through third sector organisations delivering services to client groups the authority finds difficult to access.

1.2 Benefits and Risks of community ownership

Community benefits

These include ability to plan, create wealth, accumulate income and generate a surplus for the community, as well as restore – often iconic – buildings and deliver social, economic and environmental benefits. Redevelopment of one building can provide a catalyst for other inward investment and other local multipliers derived through local purchasing and employment.

External stakeholders

Transfer of an under-utilised or dormant asset can provide the opportunity to lever more resources into a neighbourhood, so creating enhanced value and strengthening a local community. It can also provide a channel for user and community communication and a

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more accessible and responsive base from which to deliver services. Asset transfer can also provide a source of capital receipts, lower ongoing costs and a substantial advance to neighbourhood regeneration plans.

Organisational benefits

Such benefits range from building the organisation's confidence by achieving greater financial sustainability to achieving security for the organisation through having a tangible physical asset that cannot easily be taken away. Greater financial sustainability can help a community organisation to escape the short-term nature of grant dependency and become a more creative partner in joining up service delivery at a local level. Many organisations improve their own capacity and effectiveness through the process of taking on and developing physical assets.

Wider sustainable community plan objectives

An asset transfer is an agreement entered into voluntarily by both parties. For local authority to choose to forgo the financial benefits of market disposal, it is necessary to show that disposal of land and property assets to the third sector, often at below market value, will result in demonstrable added value and benefits by contributing to sustainable community plan objectives.

Risks and capacity building

Asset transfer to the third sector will not represent the optimum solution in all cases. Not every building or piece of land will be an asset for community enterprise, as some will represent liabilities, creating a drain on resources and generating too little income. In any case a proposal to take over and manage an asset should be accompanied by a robust business plan assessed as achievable by people with experience of such projects. Such business plans will need to take into account financial, organisational and administrative considerations.

Asset transfer does not necessarily need to be outright. It might start as a local management arrangement, progress to a leasehold arrangement and eventually lead to freehold sale or transfer. Such a process may help to manage risk, although the opportunity to own assets often provides a spur and focus for community organisational development.

Another area of concern to the local authority will be how to ensure that access to a transferred public asset is not curtailed and that its value is retained by the community. This can be dealt with by insisting that the asset is only transferred to an organisation with an 'asset lock', which ensures that the value of the asset (whether or not it is sold on) cannot be privately appropriated, and by ensuring that the terms of the transfer explicitly specify minimum access levels.

National Policy Context

The Local Government Act 2000 introduced the power for local authorities to promote economic, social and environmental well-being. This set out the role of local authorities in community leadership which in part involved integrating and joining up the work of various

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agencies at the local level, usually within the framework of Community Planning. Building strong relationships with community groups can help local authorities to fulfil this role.

The Local Government White Paper “*Strong and Prosperous Communities*”, October 2006, signalled opportunities for communities to manage and own local public buildings. It highlighted the role asset management or ownership can play in empowering communities as well as a means of securing external investment.

Subsequently the Quirk review, “*Making Assets Work - Community Management and Ownership of Public Assets*”, May 2007, concluded that transferring public assets to communities leads to more responsive services that meet local people's priorities and creates more confident empowered communities with greater civic spirit.

In Scotland, the success of the National lottery ‘Growing Community Assets’ is likely to be replicated, with the policy support of the Scottish Government, in some form once the details of a new programme are announced. More recently, new funding programmes including the Scottish Investment Fund and the Social Enterprise Fund have included the better utilisation of assets as a potentially key component in allowing community enterprises to increase their capacity; capability; and financial sustainability.

In summary there is now a high level of support and recognition from Government that the asset transfer and management of community facilities can provide more responsive services that meet local people’s priorities and can also create more confident and empowered communities and increase the number of sustainable community/voluntary sector groups.

Scottish Government Policy Context

The following extract is taken from the existing and ongoing research being carried out by the Development Trust Association Scotland on behalf of the Scottish Government: PROMOTING ASSET TRANSFER a review of local authority policy and practice in Scotland by Development Trusts Association Scotland. December 2009.

Introduction

This paper reflects the interim findings which have emerged from the review of local authority policy and practice on the transfer of assets to community groups. Every local authority chief executive was invited to participate in the review. All 32 local authorities engaged positively with the review which was conducted through a series of face to face or telephone interviews with council officers.

The two year programme has three components:

The first is the review of current policy and practice on asset transfer across Scotland which is intended amongst other things to highlight examples where local authorities have

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successfully transferred assets to community groups and where local authorities have developed a transfer strategy.

The review is the first part of a three part, two year programme of work on asset transfer funded by the Scottish Government. The programme is part of the follow-up to the Community Empowerment Action Plan (CEAP) which was published by the Scottish Government and COSLA in March 2009. CEAP contained a number of references to community ownership of assets and its role in the process of community empowerment. The full CEAP can be read or downloaded at:

<http://www.scotland.gov.uk/Publications/2009/03/20155113/0>

To provide some context to the findings below, it is helpful to have some general facts about council assets in Scotland. Audit Scotland in their 2009 report “Asset Management in local government” reported that:

- i. Total council assets in 2007/08 were valued at around £26bn comprising council housing (£8bn), schools (£7.1bn), investment properties (£1.2bn), sports centres and pools (£0.9bn), offices and admin buildings (£0.7bn) and other buildings (£3.2bn)*
- ii. Councils spent around £1.1bn a year on running costs in 2007/8, the second biggest item of revenue expenditure after staff costs.*
- iii. Of 12,400 property assets, councils reported 27% in poor or bad condition, 23% are not sufficiently suited for the services being delivered from them and 14% fail in both respects.*
- iv. Almost two-thirds of councils reported that the property maintenance backlog is increasing (23 councils could quantify the backlog which amounted to £1.4bn of which £376m was urgent).*
- v. Councils are required to obtain “best consideration” in the sale of their assets, normally interpreted as market value.*
- vi. Councils can apply to the Scottish Government for permission to sell assets at less than market value in certain circumstances, and where this is for public benefit.*

More recent legislation enables Ministers to make regulations that councils must follow when selling assets. The Scottish Government has consulted on the issue of new regulations but has not issued them. The full report is available at http://www.audit-scotland.gov.uk/docs/local/2009/nr_090507_asset_management_councils.pdf

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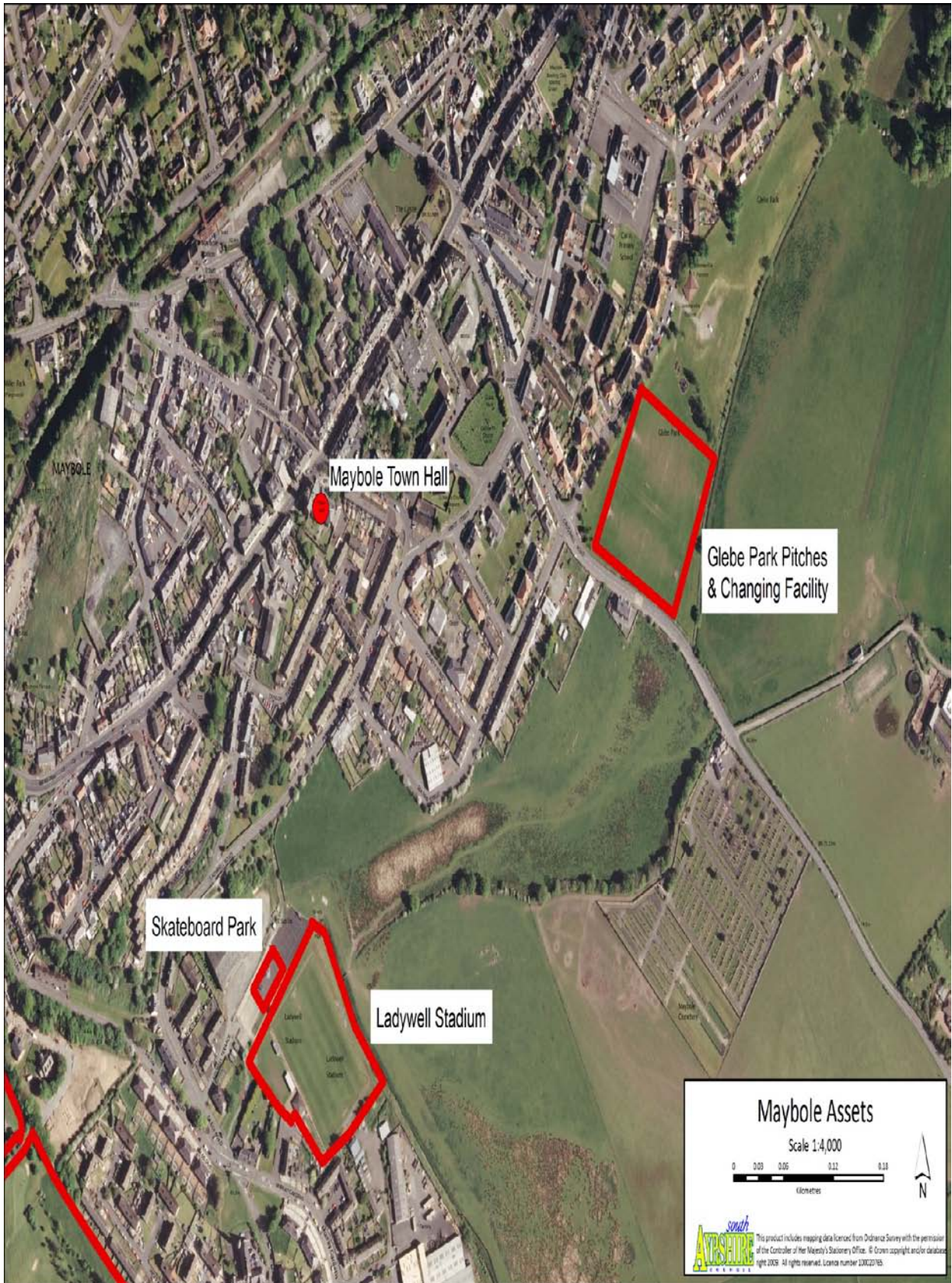
Another Audit Scotland report mentioned in a number of the review interviews was “Following the public pound” published in 2004. Its main purpose was to highlight the importance of principles involved in following the public pound at a time when councils may be reviewing existing approaches and considering options for new ways of delivering services in response to their statutory duties, powers and freedoms under the Local Government Scotland Act 2003 including Best Value and Community Planning. To ensure that public funds are used properly, to maintain accountability, and to ensure that value for money is secured, the report concluded that it must be possible to trace the funds from the point at which they leave the council to the point at which they are ultimately spent by the receiving organisation. In relation to asset transfers, councils are required to ensure transparency and consistency in the disposal of land and property assets. There should be measurable links to council service delivery objectives to underpin good asset management.

In light of this report, the Accounts Commission stated that it had concerns about councils’ funding of arm’s length bodies, and particularly about the lack of reliable information on the position. The report is available at:

http://www.audit-scotland.gov.uk/docs/local/2003/nr_040311_following_public_pound.pdf

The following maps show the location of the various assets within Maybole this study relates to.





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1.1 Feasibility Study Methodology and Format

The feasibility study was carried out over a three month period from November 2009 to February 2010, and consisted of both desk top analysis and face to face consultation with key stakeholders from both the Maybole community and South Ayrshire Council. The principle purpose of this methodology and process was to achieve the following outputs in relation to the studies objectives. Both the objectives, outputs, and where they can be found within the study document are shown within Table 1.

Table 1: Study Objectives and Outputs

Objective	Output
1. Carry out a detailed stakeholder consultation and provide a Consultation Plan in relation to a Stage 2 process.	1. We have provided within section three of this study details relating to those consulted and we have recorded their opinion. We have provided advice in relation to a further Consultation Plan within appendix 1 of the study.
2. Provide a statistical overview of the existing usage performance of the portfolio on an individual and collective basis.	2. We have provided an analysis of usage performance of each asset and the portfolio as a whole within section four . We have provided detailed usage statistics within appendix 3 of this study.
3. Provide a statistical overview of the existing financial performance of the portfolio on an individual and collective basis.	3. We have provided an analysis of usage performance of each asset and the portfolio as a whole within section five . We have provided detailed financial analysis, on an income and expenditure basis, within appendix 3 of this study
4. Carry out a conditions audit of the existing portfolio. Comment on the potential for more sustainable use of assets.	4. We have provided an analysis of the present condition of assets within section six as well as advice in relation to further sustainability issues. We have provided detailed condition survey reports for each asset which can be seen within appendix 2 of the study.

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5. Comment on potential ownership and partnership models.	5. We have provided potential ownership models within section seven based on both the consultation process and UK best practice. We have provided policy context in terms of Scottish Government policy within appendix 4 of the study.
6. Provide advice in relation to potential revenue and capital finance modelling.	6. We have provided sustainability modelling in terms of revenue and capital investment targets within section eight .
7. Provide guidance and due diligence requirements on Stage 2 of the process.	8. We have provided a check list of requirements in terms of asset transfer best practice within section nine of this study.
8. Make recommendations relating to objectives 1-7.	9. We have provided recommendations at the end of each section in relation to which actions are required should the project progress to a second stage.

SECTION THREE

3.0 Consultation

3.1 Specific Objective

The specific objective of the consultation process was to: *carry out a detailed stakeholder consultation and provide a Consultation Plan in relation to a Stage 2 process.*

3.2 Methodology and Format

We carried out 30 face to face meetings with key community stakeholders and representatives from South Ayrshire Council. We met with and consulted with the following groups in relation to this study:

Maybole Town Hall
Maybole Swimming Pool
All football and rugby pitches at Carrick Academy
Maybole Memorial Park Bowling Green
Glebe Park
Ladywell Stadium
Skate Park
Maybole Community Council
Maybole Community Association
Maybole Sports Association
Maybole Amateur FC
Maybole Junior FC
Carrick Colts
Maybole Amateur Swimming Club
Carrick Academy
Carrick Rugby Club
Maybole Indoor Bowling Club
Maybole Men's Golf Club
Maybole Ladies Golf Club
Maybole Men's Health Forum
Maybole Ladies Health Forum
May-Tag Ltd
Maybole Labour Party
Maybole Crime Prevention
Carrick Centre
Maybole Castle

The format of the consultation process was both quantitative and qualitative. 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,

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and asset condition. Appendix 2 of this study provides detailed information from these interviews which assisted in the production of final usage and financial analysis.

As well as utilising the interviews as a means of gathering data, we asked all of those consulted their opinion on the following topics:

1. What is your opinion on the concept of asset transfer and community management?
2. What are your reservations in terms of any asset transfer proposal?
3. Would you wish to see further business and due diligence take place in terms of a Stage 2 study?
4. Would you wish to see greater consultation in terms of a Stage 2 process?
5. What are your ideas in relation to any future organisational structure and the ownership of specific assets?

3.3 Findings

In terms of recording organisations and individual opinions, we advised participants that all comments would be personally non-attributable and confidentiality would be maintained. In the spirit of openness, we feel this is the most appropriate methodology at this early stage of consultation to allow participants to speak frankly.

Having collated and recorded opinion, we would comment as follows:

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. There was also very strong consensus that this would have to be caveated with the following due diligence:

1. Any asset transfer would have to be financially sustainable within a prescribed time frame, ideally over 10 years.
2. Any Asset transfers should be phased within an agreed framework between the Council and the community. It was not felt feasible to transfer all assets at once, with a more conservative and financially prudent approach being proposed by the majority of consultees.
3. There was a strong feeling amongst participants that a more localised form of management would reap rewards in terms of increasing usage and attracting capital investment.
4. There was very strong opinion that any asset transfer should have a business focus from the outset, and should be co-ordinated in terms of other Maybole wide projects such as the By-pass, the Carrick Centre and the Castle. This we deemed important in terms of increasing

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usage and as such income and economic development from external users through co-ordinated marketing and non duplication of services.

5. There was a strong feeling amongst those interviewed that there was potential for two sport asset clusters being developed. One based around Carrick academy, and the other around the bowling; swimming; golf facilities. The concept of 'centres of excellence' in terms of football, rugby and golf was mentioned by a number of consultees.

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 support. Other comments included:

1. There was a minority feeling that the process would undermine the democratic process through the diluting of the roles and responsibilities of elected members, and as such Council services provided. There was also, however, a majority feeling that elected members must be represented on any future company.

2. 50% of those interviewed had reservations about how any future community company would function. Who would prioritise investment? How would people be elected? How would democracy be maintained?

3. There were questions asked by some 50% of participants as to the reasons behind the Local authority wishing to engage within asset transfer. Those interviewed felt there were potential issues in terms of Council transferring liabilities as opposed to assets.

4. There was only one participant who wished the status quo to remain. However, this was balanced with a willingness to participate in future discussions, and be represented on the Board of any new organisation, so long as their independence was maintained.

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. Other key findings included:

1. 90% of those who were delivering activity wished due diligence to be carried out in terms of present asset ownership through title analysis. This related particularly to organisations who felt the assets were in fact at present owned by the people of Maybole and held in Trust by the Council.

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 were owned**, the following opinions prevailed:

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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). There was very strong opinion that community organisations that operated existing sports and leisure facilities should be equally represented on any Board. There was also strong opinion that elected Councillors should all be represented.

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 to a 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.

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 participants 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.

3.4 Recommendations

The following recommendation relates to the findings of the consultation process which reflected the majority opinion from those interviewed.

Recommendation 3.4.1

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

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
- Develop a 'cluster' based approach to the regeneration of facilities.
- Transfer assets at a local level so long as added value is proven through the business planning process.

Recommendation 3.4.2

A whole town consultation should be designed and carried out in relation to the asset transfer proposal, incorporating other local factors which may influence and inform people's decision making, such as employment; transport; economic benefits; social benefits etc which may be affected by asset transfer, and should be incorporated within a production of a Maybole Town Strategy.

We provide details within appendix 1 of this report what this type of consultation will entail.

SECTION FOUR

4.0 Usage Audit

4.1 Specific Objective

The specific objective of the usage analysis was to: Provide a statistical overview of the existing usage performance of the portfolio on an individual and collective basis.

4.2 Methodology and Format

We gathered the usage information from the individual facilities through 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 Council's own record keeping.

Where applicable, we carried out a visual audit of any records kept from local committees in terms of their membership numbers and throughput. Our secondary source was that of face to face interviews which substantiated usage in line with facilities opening hours or annual 'seasons' i.e. golf season; bowling season; etc.

Appendix three of this study provides our detailed usage figures for year 2008/09 on both an individual asset basis as well as a collective basis. It should be noted that there will of course be a large element of duplication of usage within these figures. This, in terms of analysing local community use of facilities is perfectly acceptable and in fact a positive result.

With a local population in Maybole of some 5,000 residents (we were able to ascertain external use of some facilities through confirmation of visiting football and rugby sports teams for example. Other figures, however, such as golf or swimming visitors are unavailable).

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

Our specific analysis of findings is as follows:

4.3 Findings

The collective number of people using the facilities during year 2008/09 was some 111,100. This can be broken down as follows:

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- 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.

A full breakdown and analysis of the asset usage figures can be seen within appendix three of this study.

Table 4.1 Breakdown of Users per facility as %

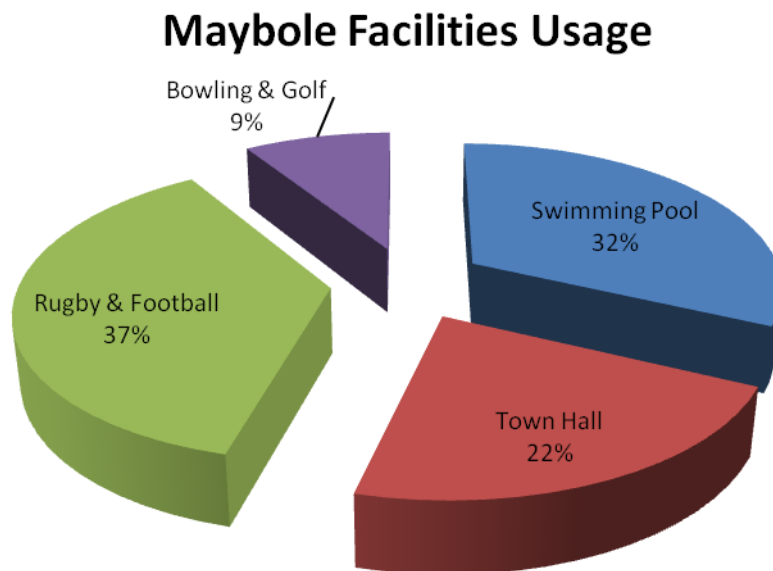


Table 4.2 Breakdown of users per 1,000 of the local population

Facility Cluster	No of users per 1,000
Swimming Pool	7,000
Town Hall	4,800
Football & Rugby	8,139
Bowling & Golf	1,999

In relation to our consultation process, we asked those participating in the running and management of their facilities how they felt usage numbers could be increase/improved. We would comment on our findings as follows:

Carrick Academy Football & Rugby: Usage could be improved within a number of areas, although this would be determined by the availability of facilities due to the existing high demand. The area where there was strong growth potential was amongst local primary school children. Forging a stronger relationship through training and organised games is an area not fully developed at present. The main restrictions in allowing this to happen were seen as follows:

1. Need to develop a structure and system of primary school football which involved voluntary input from both teachers and parents.
2. Need to provide more facilities in terms of changing/shower/toilet rooms not necessarily within the existing school building where they are located at present.
3. There is demand for a second rugby facility within Maybole, particularly for youth training usage and to improve numbers. Maximum use of Rugby park facilities has been reached, with training and games being played out with the town in some cases.

Swimming: It was stated that there could be increased swimming usage if there was a stronger organised usage by primary and secondary schoolchildren. This would have to be balanced against the need to provide ‘public’ access to the pool. The main restrictions in allowing this to happen were seen as follows:

1. Need to develop a structure and system of school swimming which involved voluntary input from both teachers and parents.

Junior Football: Usage could be improved through improved facilities. There were clear indicators that the quality of facilities was not adding any value in terms of increasing

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football quality, nor improving spectator comfort. The main restrictions in allowing this to happen were seen as follows:

1. The quality of the existing infrastructure, including the football park itself, was seen as having a restricted shelf life, and as such the ability to invest within the facilities was seen as unattainable.
2. There are no formal relationships with other football groups within the town, which was seen as an area which could be improved upon in order to improve spectator use in the future as well as potentially sharing facilities and knowledge.

Bowling: In terms of increasing usage, the Club stated it was working hard to increase its membership as well as attracting younger players to the game. The main restrictions to this were:

1. Financial in terms of marketing the club. It was felt that more could be done with a very small amount of investment in order to put in place and manage increased membership. There was a strong opinion that the rates and insurance levels they presently pay to the Council were high, (10% of total financial turnover) and would be better utilised by being re-invested within the Club.

Town Hall: It was noted that the Hall was being used to only 50% of its capacity. Whilst there was realism that 100% occupancy was not feasible, there was a strong opinion that the hall's usage could be improved. The main restrictions for allowing this to happen were as follows:

1. Cost. The Hall is perceived as expensive to let.
2. Facilities. There are a number of smaller rooms in the basement area as well as the upstairs chambers and courts which are used for group meetings, although it was felt these were unattractive and not particularly fit for purpose.
3. Marketing. The hall is the largest and only facility of its size within Maybole and surrounding area. It was felt usage could be improved as a 'large venue' social facility, through greater marketing and increased events.

Golf: The number of golfers and members of the club could be greatly improved through improved facilities; better management; and inward investment. The main restrictions at present in terms of achieving this are:

1. Facilities are very poor and not fit for purpose.
2. Access to the course relies on 'trust' with many users not paying for access. Stronger course management would be required.

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3. The course, which is 9-hole, should ideally be extended to an 18-hole course to attract greater local and external visitor use.

Amateur/Youth Football: Usage could be improved through improved facilities. There were clear indicators that the quality of facilities was not seen as adding anything in terms of increasing football usage and quality. The main restrictions in allowing this to happen were seen as follows:

1. The quality of the existing infrastructure, particularly the changing facilities, was seen as having a restricted shelf life, and as such the ability to invest within the facilities was seen as unattainable.
2. The use of grass parks for football was restricted due to inclement weather and park surface damage due to over usage. There was little scope to increase the number of games on the existing parks without damaging the playing surface.
2. There are no formal relationships with other football groups within the town, which was seen as an area which could be improved upon in order to improve spectator use in the future as well as potentially sharing facilities and knowledge.

4.4 National Comparators

National comparators are available throughout the UK in terms of usage and performance of sport and leisure facilities. The benchmarking of such performance is a useful indicator in terms of both investment decisions at a strategic level as well as highlighting areas of under use and assisting in identifying why these underlying trends exist. For example, low income; depopulation; transport costs; poor infrastructure; fees; staff costs; etc.

National comparators in relation to sports and leisure facilities tend to follow specific sports or use, for example:

- Swimming
- Golf
- Indoor sports and leisure facilities
- Sports pitches

In terms of making national and even regional comparators within Maybole, this has proven difficult due to the lack of accurate statistics, primarily due to the fact that only the swimming pool, for example, is wholly managed by the Council, with all other facilities involving various forms of community management and financing. In terms of the swimming pool, however, we are able to make the following comparators (Table 4.1) between the Maybole facility and those throughout South Ayrshire and nationally across Scotland.

Table 4.3 Attendances per 1,000 of the population – swimming pools

	2004/05	2005/06	2006/07	2007/08
Maybole (08/09 figures)	n/a	n/a	n/a	6,993
South Ayrshire	3,382	3,202	3,290	3,493
Scotland average	3,889	3,463	3,476	n/a

Compared to an overall decline in attendances throughout Scotland during this period, South Ayrshire’s attendances have increased. Moreover, the performance of the Maybole pool usage outstrips the regional and national average attendance and use by some **100%**. However, recent research carried out on behalf of South Ayrshire presented the following findings in relation to pool performance indicators across the region:

- *Low income per square metre*
- *Low visits per square metre*
- *Very low cost recovery*
- *Very high subsidy levels*
- *Very high staff costs as % of income*
- *Low number of swim visits per square metre compared to the high-end performance benchmark*
- *Very low income per square metre.*

“Overall the swimming pools perform poorly against the benchmarks. Most areas of concern relate to low levels of income being generated and high staff costs as a % of earned income”.

Sports & Leisure Consultancy Report 2008.

The use of comparators can be seen are, therefore, as useful and required analysis when organisations are deciding on management and investment issues. In terms of sports pitch strategies, which would be particularly applicable to Maybole and any future asset transfer discussions, there are guidelines on usage and management of sports pitches provided by Sports Scotland. The use of Sports Scotland Facilities Planning Model (FPM) is a particularly necessary tool in terms of both Local Authority strategies for sports pitch provision, as well as being required when revenue or capital funding is being proposed to the national sports agency.

In terms of sports pitch strategies and FPMs, the following definition is taken form Sports Scotland guidelines and policy documents. A copy of the FPM guidance note is shown within appendix 4 of this report:

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“Many local authorities will be aware that Sport Scotland has developed a Facilities Planning Model (FPM) as a planning tool to inform decisions about the provision of community sports facilities. Indeed a number of authorities have commissioned Sport Scotland to run the model to assist with facility planning for their areas. The Government’s planning advice for sport, physical recreation and open space (National Planning Policy Guideline 11) advises councils to take account of the FPM in assessing levels of provision of sports facilities appropriate for their area.

The FPM provides an objective assessment of the relationship between the likely demand for sports facilities in an area and the actual supply. It takes into account the distribution of the local population and its demographic structure, as well as the capacity and availability of facilities in the area and their catchment areas.

Using this data, the model is able to distribute demand from the study area to available facilities on the basis of catchment areas, linking people (demand) to facilities (supply) in terms of realistic travel patterns. It then identifies “unmet demand” – that is, demand which cannot be accommodated by existing facilities. This may be because existing facilities are full to capacity, or because there is demand arising from out with their catchment areas.

The Model provides an objective input to the planning process, assisting with important decisions on the provision, upgrading and replacement of sports facilities. The data which it provides can help develop a strategic approach to the provision of facilities but it must be used with other information as part of a comprehensive approach to developing sport in the community”.

Source: Sports Scotland FPM guidance note: 2009.

4.6 Recommendations

The following recommendations relate to the potential for increasing usage within the existing portfolio:

Recommendation 4.4.1

The Stage 2 process should research and deliver a Maybole sports, leisure and cultural marketing strategy with the purpose of increasing usage of existing facilities both internally within Maybole as well as towards the external market place. This should be carried out as an integral part of the Stage 2 business planning process, and should be seen as a ‘whole town’ marketing study, including other specific interest groups such as the Carrick Centre, the By-Pass and the Castle.

Recommendation 4.4.2

The Stage 2 process should investigate the scope for creating a football and rugby ‘cluster’ group aimed at investigating ways in which the existing football and rugby groups can, jointly, improve usage; improve/share facilities; improve management and communication structures. The ultimate aim of this group should be to investigate the potential for the creation of a football and rugby centre of excellence based within Maybole, and specifically Carrick Academy.

Recommendation 4.4.3

The Stage 2 process should develop a comparator analysis in terms of utilising existing support such as Sports Scotland Facilities Management Planning toolkits. Comparators should also be made in terms of non-pitch based sport and leisure facilities, such as the swimming; golf; bowling and the use of the Town Hall as a social facility.

SECTION FIVE

5.0 Financial Audit

5.1 Specific Objective

The specific objective of the financial analysis was to: Provide a statistical overview of the existing financial performance of the portfolio on an individual and collective basis.

5.2 Methodology and Format

We gathered the financial performance information in relation to the individual facilities through two sources:

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

Where applicable, we carried out a visual audit of any records kept from local committees in terms of their financial position. Our secondary source was that of face to face interviews which substantiated income and expenditure in line with facilities opening hours or annual 'seasons' i.e. golf season; bowling season; etc.

Appendix three of this study provides our detailed financial figures for year 2008/09 on both an individual asset basis as well as a collective basis.

5.3 Findings

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.

In terms of crudely analysing these headline figures against the usage analysis and the underlying Maybole population, the following results can be shown:

- Total income generated equates to 34% of total expenditure costs.
- Total income generated equates to £40 spend per person per annum within Maybole as a whole.
- Total income generated equates to £1.78 per asset user per annum.
- Net expenditure costs equate to £78 per person per annum within Maybole, and £3.40 per person per annum across the whole of South Ayrshire.

- Net expenditure costs equate to £3.48 per asset user per annum.

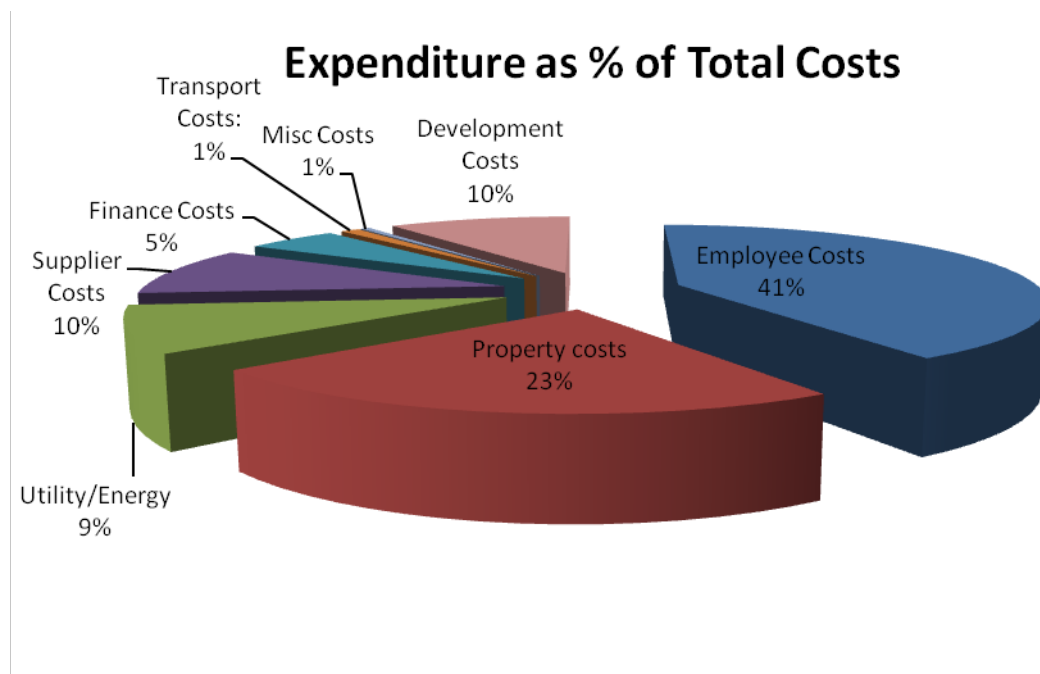
We would comment on specific expenditure and income details within the following analysis:

Expenditure

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%)

Table 5.1 Portfolio Expenditure by cost Heading



A full and detailed analysis of costs and income per individual asset can be seen within appendix 3 of this study. In terms of analysis, the following individual asset statistics are applicable:

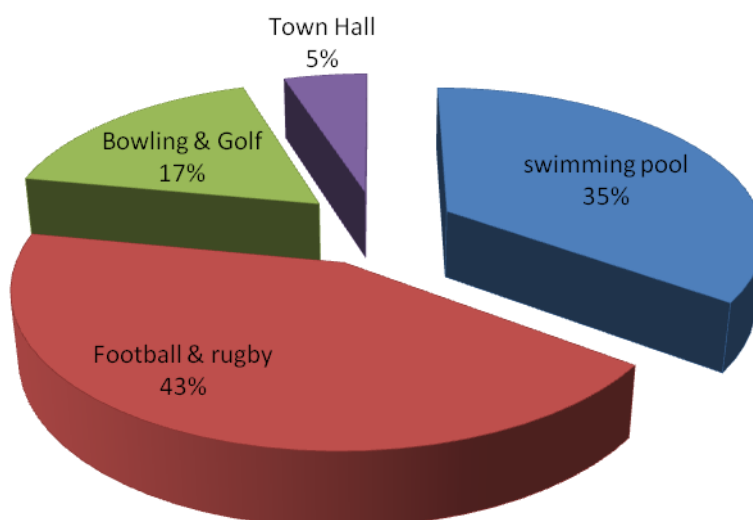
- The swimming pool accounted for 55% of the whole portfolios running costs.
- The town hall accounted for 22% of the whole portfolios running costs.
- The swimming pool and town hall accounted for 81% of the whole portfolios employee costs.
- The golf club accounted for 22% of the whole portfolios employee costs.
- Development (grants and investment) costs were 10% of the whole portfolio costs.

Income

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



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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 provide more information in relation to financial planning within section 8 of this report. For the purposes of this section, however, we would comment on the 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.

5.4 Recommendations

Recommendation 5.4.1

The Stage 2 process should deliver a detailed business case, which, at a minimum, should include the following:

- A 10-year business plan should be produced which will identify a clear and realistic strategy covering income and expenditure targets and KPIs, on an annual basis, with an underlying objective of closing the existing deficit levels.
- The 10-year business plan should incorporate within it, business and development plans for **each asset involved in the asset transfer process**, clearly providing a strategy which relates to capital investment requirements; increased usage; increased income.
- The business plan should analyse the potential in relation to using VAT and National Non Domestic Rate (NNDR) savings to fund borrowing to re-invest in facilities infrastructure.
- The 10- year business plan should have incorporated within it all other associated marketing; consultation; organisational management and due diligence reports as recommended through this report.

SECTION SIX

6.0 Asset Condition and Environmental Audit

6.1 Specific Objective

The specific objective of this section was to: carry out a conditions audit of the existing portfolio. Comment on the potential for more sustainable use of assets.

6.2 Methodology and Format

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 where available as part of our initial environmental audit. Appendix two of this study provides more detailed analysis of our findings.

Utilising a standard property template, we assessed and ranked each asset according to a scoring system based on the following criteria:

Table 6.1 Asset Condition Scoring Matrix

Scoring Criteria	Score
Asset in good condition with no obvious immediate capital investment required.	7-10
Asset in reasonable condition with relatively little capital investment required.	5-7
Asset in poor condition with medium term requirement to fully assess its capital investment requirements.	3-5
Asset in very poor condition with serious issues re: being fit for purpose and requiring short term capital investment.	1-2
Asset with reasonable energy efficiency.	4-5
Asset with poor energy efficiency.	1-3

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

Table 6.2 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.

Energy Use Analysis

The following energy use and cost analysis has been carried out utilising figures which were available during the research stage of the study:

Maybole Pathfinder Study 2009/10

Utility Cost Analysis - Year End 2009

	Elec Kwh	£	Gas Kwh	£	Water m3	£	
1. Swimming Pool	93,377	10,707	666,435	17,388	4,564	10,336	
2. Town Hall	41,125	5,252	216,670	7,844	unmetered	2,122	
3. Carrick Academy pitches	unavailable						
4. Glebe Park	No Costs						
5. Ladywell Stadium	24,158	2,411					
6. Golf Course & Clubhouse	1,949	373	57	2			
7. Bowling Green & Clubhouse	unavailable						
8. Skate Board Park	No Costs						
Total Energy Consumption	160,609		883,162			1,043,771	Kwh
Total Water Usage					4,564	4564	m3
Total Financial Costs		18,743		25,234		12,458	£

Sustainability

In terms of potential environmental, sustainable, and renewable energy improvement opportunities within the Maybole portfolio, we have identified two areas where there is significant potential to improve both energy efficiency and introduce long term renewable energy clusters. These clusters are shown on Map 3, and are as follows:

Cluster 1: Carrick Academy

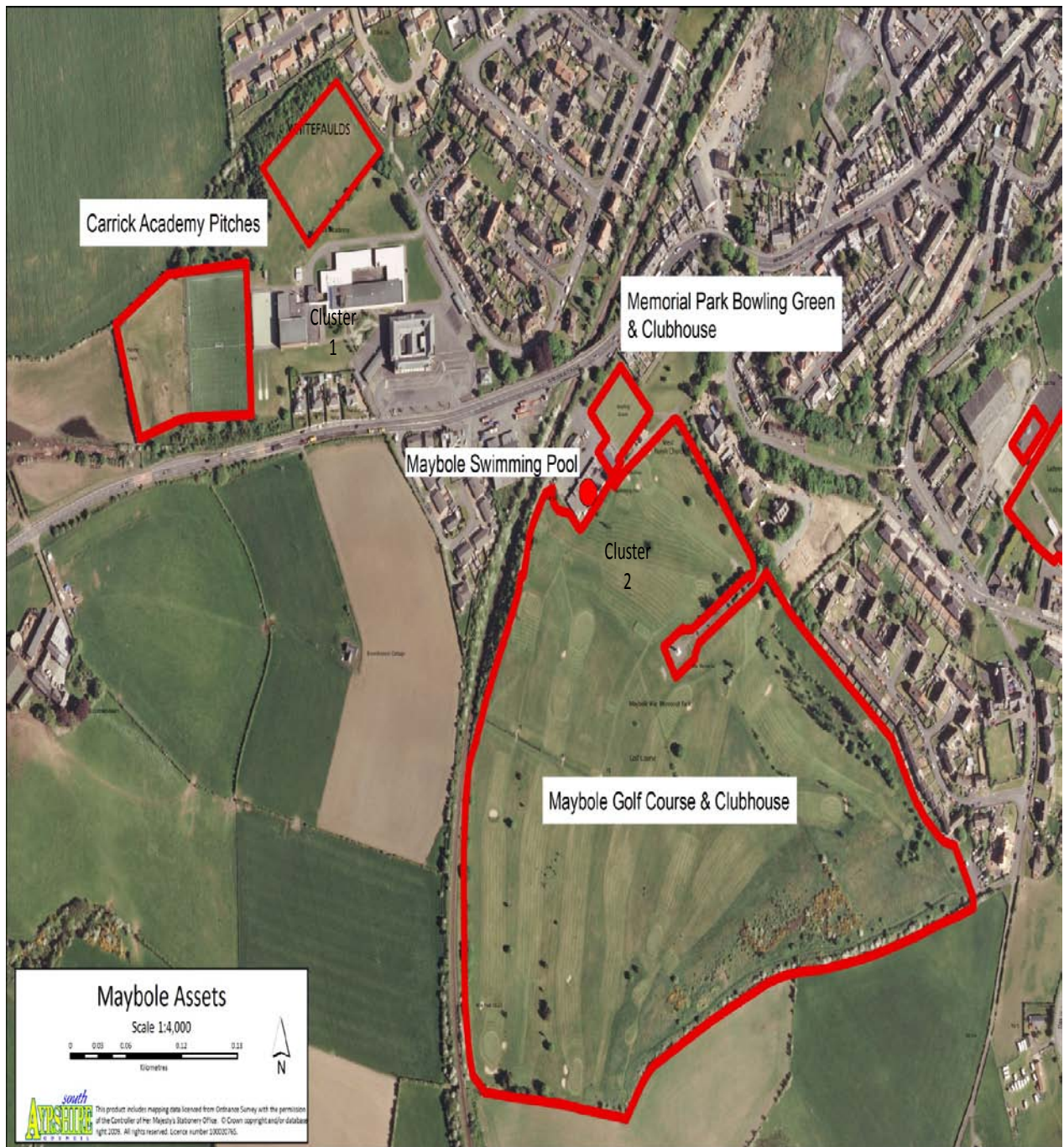
There is significant energy use within the Academy pitch facilities, as well as the school itself. With potential to develop these facilities further through the creation of a football and rugby centre of excellence, there is an opportunity to introduce renewable energy systems which would be of benefit to both the school and the running of sports facilities. There are growing examples across Scotland of this strategy being deployed, particularly within the framework of capital improvements. Two relevant examples are:

1. South Lanarkshire renewable energy project. Utilising the availability of natural energy supply chain materials (coppice, timber, wind and farm bio fuel) the Council is looking to introduce Combined Heat and Power (CHP) renewable energy into local authority owned property, such as schools, swimming pools and community buildings. This is required by the council in order to both address its energy carbon policy as well as reduce the revenue implications of increasing costs over the next 30 years based on traditional heat and power sources.
2. Westercommon community leisure complex, Glasgow, delivered the first 'grass-roof' in Glasgow in 2001 within this community owned 40,000sqft £3.7m leisure centre as part of a local energy conservation initiative.

Cluster 2: Swimming Pool

There is scope to re-develop this site in general through a number of development options yet to be realised, such as a new golf club; improved golf course; improved swimming facilities; improved bowling club house, etc. Our conditions survey revealed a modern heating system incorporated within the pool which had a much greater capacity and output than required by the pool. We would ask the question as to whether this surplus energy could be introduced and utilised into any new or improved facilities as part of a capital improvement programme. Moreover, should a renewable energy system be introduced within Cluster 1, would it technically be feasible to generate and transfer renewable heating systems from Cluster 1 into Cluster 2?

Map 3. Potential Energy Improvement Clusters: Maybole



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6.4 Recommendations

Recommendation 6.4.1

A detailed conditions survey and costed capital investment programme should be carried out in terms of the existing portfolio on an individual basis, with recommendations as to 'investment priorities' in terms of upgrading and improving facilities. The potential asset liability in terms of future capital programme should be clearly identified.

Recommendation 6.4.2

A feasibility study should be carried out as part of the capital investment programme to identify the potential for both energy efficiency savings and renewable energy systems as part of any capital investment programme.

Recommendation 6.4.3

Legal due diligence should be carried out in terms of title search and reporting on all assets, both land and buildings, and comment on any title restrictions such as land held for common good.

Recommendation 6.4.4

A property valuation report should be carried out in terms of 'existing use' value for each property.

SECTION SEVEN

7.0 Asset Transfer Options and Modelling

7.1 Specific Objective

The specific objective of this section is to: Comment on potential ownership and partnership models.

7.2 Methodology and Format

In terms of advising on asset transfer options and modelling, we asked participants within our consultation process what they would want from any new culture and sports body operating within Maybole. There were a number of areas of clear consensus which emerged from this 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.
- 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.

7.3 Findings

In terms of the relationship with the Maybole community and South Ayrshire Council, we would suggest the following partnership principles are applied:

7.3.1 Partnership Principles

1. Engagement and empowerment of community groups and social enterprise support is the primary reason for asset transfer.

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2. Only potential assets and not liabilities should be transferred.
3. A 'gateway' assessment of each facility with potential for transfer should be conducted including consideration of the condition of the facility, alternative development/disposal scenarios, assessment of potentially competing provision from other facilities, and an assessment of potential alternative transfer beneficiaries.
4. A community wide perspective should be adopted involving close working with other public and voluntary sector partners, particularly through local formal partnering arrangements.
5. Community groups/enterprises should have robust and sustainable business plans for asset transfer seen as part of their wider development plans. This should include consideration of the need for ongoing financial subsidy from the Council and the nature of the transfer in terms of the stake that community organisations have in assets.
6. Community development support for the community group or enterprise from the Council should be ongoing at an appropriate level which is required to support the groups' development plan over a realistic time period.

7.4 Legal Principles

In terms of modelling for asset transfer, there are a number of options open to the public sector and community groups. However, we would state from experience, that the analysis of asset transfer and/or community management models should not be the driver in the process. We would advise that business and legal due diligence should always take precedent over any potential management model. Financial sustainability and stakeholder agreement should be modelled and tested as part of the business planning process.

Notwithstanding the need to be clear with regards to the asset transfer process, there are a number of legal models operating in the UK which would be applicable in terms of community asset transfer, ownership and management in Maybole:

7.4.1 Charitable Development Trusts

By far the most common vehicle in terms of asset transfer, charitable law and regulation through OSCR creates a framework for community organisations and individuals to structure and constitute in a manner which is normally acceptable to local authorities. Gives access to potential funders. Does not allow for 'political influence' therefore may be issues regarding local authority places on governing Board, although significant precedent here in terms of Local Authority established sports trusts.

7.4.2 Community Interest Companies (CICs)

Relatively recent legal vehicle (1995 legislation) in terms of asset transfer. Used by Glasgow City Council in conjunction with charitable company regarding its transfer of assets and management to 'arms length vehicle'. Sole shareholder is the City Council, with questions remaining over community benefit, therefore Council has found it difficult to access external

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grant funding. CIC model has no tax benefits but does have legal 'asset lock' and capped dividend returns.

7.4.3 Local Regeneration Companies

Many local regeneration companies have an asset development role, usually in terms of economic development. They can be a useful 'partnership' vehicle in relation to track record; existing systems; and accessing external and new investment.

7.4.4 Local Housing Associations

Similar to local regeneration companies but tending to be both charitable in status and having more of a community/social focus. Many have wider action agendas and significant expertise in asset transfer; property management and development.

7.4.5 Public Social Partnerships (PSPs)

A new concept aimed at collective delivery of services through equal and mutual partnerships between the public sector and local social enterprises. Research is being carried out at present within Scottish Government at present to test demand for this new model in Scotland.

7.4.6 Special Purpose Vehicles (SPVs)

Essentially, and final legal model in terms of asset transfer is an SPV. These tend to be utilised with private sector partners but should none of the above delivery models be applicable then an SPV can be investigated.

7.5 Maybole Sports and Leisure Trust – Potential Model

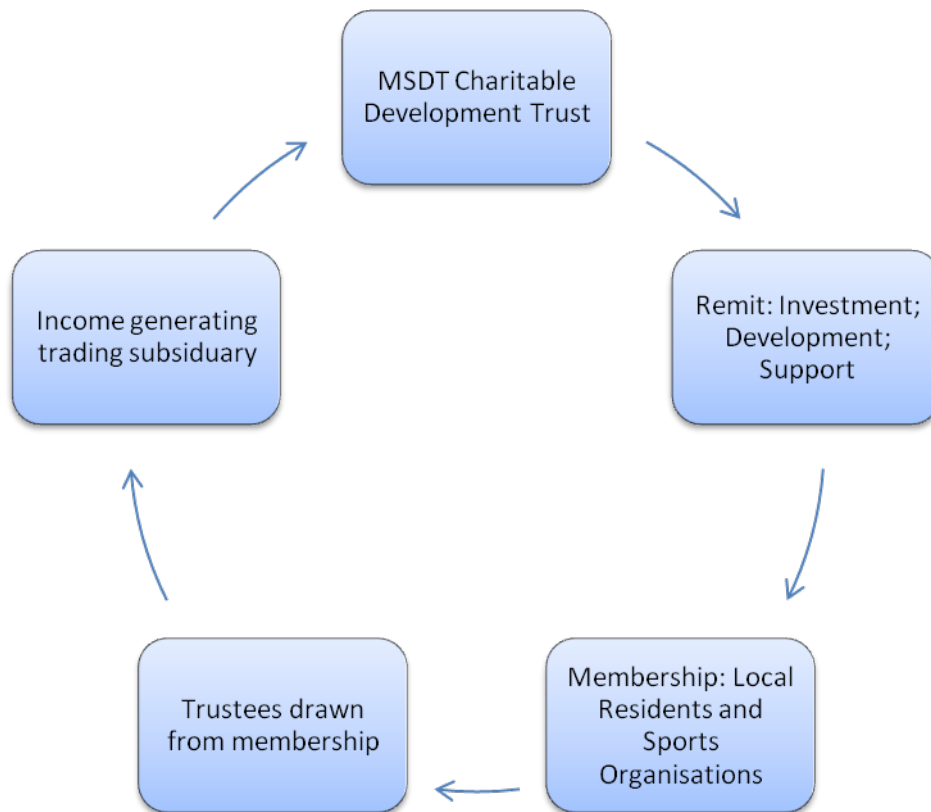
Taking into account the opinions expressed within the consultation process; the situation prevalent to Maybole and South Ayrshire Council, and best practice across the UK, we would suggest the following model, itemised within Table 7.1, would provide a best fit at present subject to our recommendations made within this section:

Table 7.1 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"> 1. 60% from community sports and leisure groups. 2. 20% from other community representatives. 3. 20% from South Ayrshire Council.
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 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 Table 7.1

Maybole Community Sports and Leisure Trust (MSDT)



7.6 The Benefits of Sports and Leisure Trusts

7.6.1 Background

In the UK there are currently over 100 sport and leisure trusts, with a combined annual turnover in excess of £480m, with over 118 million visits every year and employing over 12,300 full-time staff. A number of these trusts have seen income levels increase in the first few years of operation. Of the 100+ trusts established, the vast majority have proved to be successful. There are very few examples of trusts having become insolvent.

At least 20 Scottish local authorities have transferred aspects of these services to a form of charitable trust either in total or in part. There are also a number of other authorities

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presently giving this option further consideration. In the past year, both Glasgow City Council and Fife Council have formed trusts with the objective of making savings from National Non Domestic Rates (NNDR) and VAT. The main drivers in both instances were to reinvest in the building infrastructure, enhance facilities and establish a management vehicle that can result in performance improvement by ensuring a stronger focus and unencumbered delivery of frontline services. Aberdeen City Council is currently in the process of setting up a sport and leisure trust for the same reasons. Some of the other local authorities who have transferred sport and leisure services to a trust include:

West Lothian Council
East Lothian Council
The City of Edinburgh Council
Stirling Council
Dumfries and Galloway Council
Renfrewshire Council
South Lanarkshire Council
Borders Council
North Ayrshire Council

7.6.2 Council influence and control

Concerns have been raised about the perceived loss of Council control if a trust is established. The use of service level agreements as a mechanism to manage the relationship between the Council and the trust is well established and can ensure a continuing and democratic input into determining the key services to be delivered and the standards and policies across a number of key areas such as access, pricing and inclusion. In addition, elected members are able to sit on the board of trustees. While trustees must put the interests of the trust before other considerations, this arrangement can ensure local accountability.

7.6.3 Business focus

Evidence from across Scotland suggests that a trust model can provide a strong business focus which can deliver improved business performance.

7.6.5 Customer focus

A clearer business focus has also provided a clearer performance and service culture focused on the customer. Also, where local authorities set clear social objective priorities, there has been a more explicit demonstration of socially inclusive outcomes.

7.6.6 Community involvement and provision of services

Through the recruitment of the board of trustees, the trust(s) can bring business, management expertise and community leaders to the table, as well as ensure

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representation from other key stakeholders such as community groups. It could also be argued that access to external grant funding not available to the Council will enable additional programming to support the delivery of social inclusion programmes.

7.6.7 Facility enhancement

Against a background of ageing facilities and budget reductions, trusts have supported the protection and enhancement of facilities and services as a result of the demonstrable financial advantages and the re-investment of these resources in the service.

7.8 Recommendations

Recommendation 7.8.1

Further consultation should be carried out as part of any Stage 2 process in order to test the underlying assumptions and partnership principles the formation of a Community Sports Trust would create.

Recommendation 7.8.2

Legal representation should be sought in relation to the formation, structure, aims and objectives any new community Sports Trust would require.

Recommendation 7.8.3

Approaches should be made to national support and funding organisations such as Development Trusts Scotland and the Big Lottery to design and carry out a series of fact findings research visits to other community based sports and leisure trusts which have been created across Scotland.

SECTION EIGHT

8.0 Capital and Revenue Funding Options

8.1 Specific Objective

The specific objective of this section of the study is to: Provide advice in relation to potential revenue and capital finance modelling.

8.2 Capital Investment Sources

Capital investment programmes essentially fall into two strategic headings: investment borrowing and investment grants. In terms of borrowing, we would provide comment on local authority prudential borrowing as follows

Prudential Borrowing

The key benefits of Prudential Borrowing are that it provides a very competitive interest rate for borrowing and is a flexible funding mechanism in terms of both timing and amount.

Prudential Borrowing rates mean that councils can borrow at very competitive rates without any margins or fees being levied. This enables investment plans to be developed at an individual project and on a phased basis, such as that proposed within Maybole.

The relevance of the Prudential Borrowing framework to this study is that the Council could take the view that any savings released by transferring assets and services to a community trust could be used to finance borrowing to fund an improvement in the sport and leisure buildings and infrastructure. 'Savings' normally take the form of how VAT and Non Domestic Rates (NDR) is treated when assets are transferred off Council Balance Sheets and on to Charitable Balance Sheets.

For example, in theory, the transfer of assets and services from South Ayrshire may save £150k per year. This revenue saving could be utilised to maximise borrowing, therefore:

£150k per annum would service a debt of £2million based on interest of 6% over 40 years.

Moreover, this capital injection can be utilised as leverage for other grant funders, introducing a multiplier effect in terms of both value for money and capital investment.

It is also likely, although this would have to be proven and managed through robust business planning, that significant investment could lead to increased usage and income, which in turn could further improve the bottom line. This improvement in financial performance could also make a contribution to the cost of borrowing.

External Grant Funding

There are a number of existing and evolving funders who invest within community organisations, particularly where assets are involved. Table 8.1 provided a breakdown of such potential funding support:

Table 8.1 – Potential Grant Funding Support

Potential Funder	Funding Criteria	Maybole Project Match
1. National Lottery	<p>Communities are more able to grasp opportunities, and are more enterprising and self-reliant.</p> <p>Communities are stronger, with shared aspirations and the ability to achieve these together.</p> <p>Communities have services and amenities that meet people’s needs better and are more accessible.</p> <p>People have more skills, knowledge and confidence, and opportunities to use these for the benefit of their community.</p> <p>Communities have a more positive impact on the local and global environment.</p>	<p>It enables the local community to become stronger by generating both social and financial benefits from their sports assets, which will generate independent income streams through the assets, and enable it to develop plans to re-invest this in the community.</p> <p>It will develop business strengths, charging for services and developing marketing to increase usage.</p> <p>It will enabled people in Maybole to become more involved in deciding how the assets (and any services delivered from them) are developed, used and managed, making community services and amenities more financially viable and stable, through generating income from different sources.</p> <p>It provides services and amenities that are more accessible.</p> <p>It will provide opportunities to use these new skills through employment or volunteering. Local people will be employed to deliver aspects of the project.</p> <p>It will provide a healthier</p>























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		environment for users through access to environmental projects as well as the careful selection of building materials.
2. Social Enterprise Fund	<p>Development of enterprise business models to increase income generation and financial sustainability.</p> <p>Organisational development and capacity building - including operations, workforce development, skills utilisation, marketing and business development, workplace changes or re-organisation, governance and financial controls.</p> <p>Innovation to improve business and service efficiency and growth potential.</p> <p>Priorities for the investment are: Employability; Environmental action; The underlying causes of health inequality.</p> <p>Max: £100,000</p>	The project is eligible to utilise this fund to assist in their step change requirement to deliver the funding strategy and increase their capability; capacity and financial sustainability.
3. SIF Fund	<p>Priorities for the investment are: Employability; Environmental action; The underlying causes of health inequality.</p> <p>Max: £1.5million</p>	The project would be eligible to access this fund once it is 'investor-ready' and developed its capacity to grow its enterprise.
4. Historic Scotland	Decisions on grants are made on information gained from extensive public consultation, and are also influenced by the extent to which projects deliver	The project fits a key number of strategic objectives, both from the viewpoint of the Town Hall building being of great historical significance, to that of delivering

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	<p>benefits for communities, promote quality, develop knowledge and skills and build capacity for local heritage management.</p> <p>The voluntary sector is recognised as a fundamental part of Scottish society and a varied list of organisations have long provided crucial support to the Scottish government in its efforts to conserve the historic environment.</p> <ul style="list-style-type: none"> v To care for, protect and enhance the historic environment; v To secure greater economic benefits from the historic environment; v To increase public appreciation and enjoyment of the historic environment; v To ensure that the historic environment delivers benefits for communities; v To promote and develop knowledge and skills; v To build capacity in the historic environment sector. 	<p>HS objective of assisting the voluntary sector.</p>
<p>5. ERDF – South Ayrshire LEADER</p>	<p>Funding Themes:</p> <ol style="list-style-type: none"> 1. Building Rural community capacity 2. Revitalising Rural Communities <p>EXAMPLE ELIGIBLE COSTS FOR AYRSHIRE LEADER FUNDING:</p> <p>Capital Projects (please note</p>	<p>Good strategic fit in terms of accessing Stage 2 funding support and potentially early years development assistance.</p>

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	<p>only small value capital projects will be considered for funding under the LEADER programme, please contact the office for further clarification)</p> <ul style="list-style-type: none">  Site/building acquisition  Professional fees  Site Preparation  External and internal services  Physical building works  Essential fixtures and fittings  Environmental improvements  Provision/improvement of community visitor/cultural facilities  Feasibility studies <p>Revenue Projects</p> <ul style="list-style-type: none">  Project specific Staffing costs  Professional/consultancy fees  Travel costs  Lease/rental of premises relating to delivery of project  Purchase/leasing of equipment  Financing of capital costs  Insurance costs relating to delivery of project  Operating costs of premises  Marketing  Direct overheads  Childcare costs  Non-recoverable VAT  In-kind contributions 	
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8.4 Recommendations

Recommendation 8.4.1

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.

SECTION NINE

9.0 Stage Two Due Diligence – Pre Asset Transfer

9.1 Specific Objective

The specific objective this section will address is as follows: Provide guidance and due diligence requirements on Stage 2 of the process.

9.2 Stage 2 Requirements

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.

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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													

(*) key Legal Due Diligence Issues

We would suggest the following legal support will be required as a minimum,

Key Legal Issues

- Objects and powers of any potential new ownership model.
- Potential TUPE implications.
- Relationship between the Local Authority and the new asset owning company.
- Charity law and how it impacts on the envisage transfer.
- Other assets, such as moveables, likely to be affected if a transfer were to be effected.
- The law of Leases.
- Inland Revenue's requirements.
- Governance and constitutional that will arise for some of the transferees.
- Conditions that may still be relevant as regards any original funding.

9.3 Recommendations

Recommendation 9.3.1

In relation to the pre asset transfer stage 2 process, a full specification and brief requires to be developed in order to cost and access funding for the delivery of this second phase.