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# STRATHPEFFER COMMUNITY PARK

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**Appendix D:**  
**Feasibility Study:**  
**DESIGN PROPOSALS:**

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CRAIGNISH DESIGN  
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Prepared for Strathpeffer Residents' Association (SRA)

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**The Feasibility Study comprised the Strategic Action Plan supported by the following Appendices**

- |   |                                |
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| A | Background Review              |
| B | Phase 1 Habitat Survey         |
| C | Public Consultation            |
| D | Design Options (this document) |
| E | Implementation Plan            |
| F | Site plans and visualisations  |

## 1. Summary

### Scope

1. This paper provides background information to support the Feasibility Study for the Strathpeffer Community Park. This report was first circulated to SRA in April 2015 and updated in August 2015.

### Purpose

2. The **purpose of this paper** was initially to assist SRA in determining a **preferred scheme** in order to allow the **Feasibility Study** to be completed. This paper compares the layouts prepared for the Community Park together with their respective capital and set-up costs, annual maintenance costs and revenue potential plus information on funding, governance and risks. It is a summary and may change as the project is developed.
3. A summary of the process and conclusions is outlined below. Through the study period SRA concluded that **Design Option 2 as the preferred option**.
4. To avoid confusion between the Community Garden and the Community Growing Area, in this paper we refer to the project as whole as **Strathpeffer Community Park**.

### Design Options

5. **Three design options** have been prepared and costed all of which meet the aspirations expressed through the **community consultation**. A **fourth option** has also been prepared that provides for some car parking on the site in response to statutory consultation.

### Costs

6. **Capital costs for implementation** range from £1.32m to £1.66m depending on the option selected, including all construction work, fees and vat. The selected **preferred option** has a total development cost estimate of **£1,350,000** inclusive of fees, construction, contingencies and vat.
7. Short term **annual maintenance** and running costs range from £15k pa to £21k pa, including staffing, care and repair and a sink fund, but assuming a high level of voluntary input and use of grants. Short term **revenue** projections range from £15k pa to £20k pa rising to £16k to £23k after 3-years, again depending on the design option selected. On the basis of these projections the project can be **financially sustainable** in the **long term**, assuming long term voluntary and grant assistance through training and other schemes. In the short term there may be an annual funding short fall.

### Income

8. Given SRA have no other sources of income, the project has to generate sufficient income from the park itself to sustain long term maintenance and management costs. This is a major challenge and one that is common to community management of open spaces across the UK. The requirement for the project to be a local asset, with free public access and serving primarily the residents of Strathpeffer also places restrictions on the income generation potential.
9. The scheme's main source of **income** is from the **Community Growing Area** and the associated **Community Shed or Building**. Income will be derived from activity related around on-going fundraising, training and other activity using the Growing Area as a focus. Income projected from this element of the project is assumed at this stage to be relatively constant across the design options considered.

10. Assuming a continued long-term voluntary input, it would be feasible to sustain projected long-term running costs, whilst also accruing a 'sink fund' for future wear and tear costs. However, the **margin is minimal** and there will be a short term period where potential costs exceed revenue while the project establishes. Feasibility is also dependent upon an **affordable level of rent**, if the site is **leased**, or of **finance**, if **purchased**. This paper looks at these options as well.

## Recommendation

11. Following discussion **SRA selected Option 2** as the preferred design approach at this stage.
12. In terms of the design proposals, **Option 2** was also the **recommended approach**, given the SRA wish for **free-facilities** and purely **local catchment**. On the basis of **consultation** to date this layout would meet the maximum aspirations of the community and in the long term could be **financially sustainable**.
13. By keeping the park catchment local Option 2 avoids the need for dedicated parking to be provided by the development. This allows the effort to be focussed on the park itself and not on access works. This approach may, however, run into problems gaining planning consent and could reduce the future flexibility of the project to develop. This, therefore, needs careful consideration by SRA. It may be that the solution is, at this stage, to build into the Masterplan sufficient space to accommodate future parking provision, if needed.

## Alternatives

14. The project's **long term sustainability** could be improved through the potential for **additional income** generation.
15. **Option 1** and **Option 4** explore this through proposing more intensive use the proposed Multi-Use Games Area (MUGA) for organised events and training and through the development of a high quality, and reasonably large, skate-park. The latter is envisaged in **Option 1** and the former by **Option 4**. These scenarios allow increased long-term projected annual revenue through facilities hire and through offering membership to user groups and training. This would add to the long-term sustainability of the project and could be used toward sustaining long-term staffing costs. There is also argument that, by increasing the '**catchment**' of the park, and by demonstration that the park offers greater potential for **skills development** and to a **wider audience**, initial capital funding may be easier to achieve.
16. However, for the **increased use** associated with either Options 1 or Option 4, **dedicated parking** for the project would almost certainly be needed. In terms of a physical proposal this can be achieved as shown on **Option 4**. Although this approach has understandably been **rejected by SRA** to date, it is suggested that the proposal is retained here as a **contingency** should it be necessary to consider this route as the project develops.

## Phasing

17. SRA has indicated the preferred approach is implementation in **one intensive development**, so **phasing** is not considered in detail. If **phasing** becomes necessary, and the end objective remains the full scheme, the priority for **income generation** early in the development will need to be considered. Thus, the **Community Growing Space** and **associated infrastructure** and **access** would need to be implemented at an **early stage**. A reduced scheme with a total project cost of c.£750k would include Infrastructure, Community Growing Space and Community Shed or Building and the development of the smaller play area and informal bike track, while allowing a sustainable income of c. £15k covering annual maintenance costs and allowing investment toward staff costs and future development. Obviously the wider

**benefits** and **community aspirations** would be met to a lesser extent than with the full scheme, but this remains as a **workable contingency**.

### Cost reductions

18. The Community Park project has evolved in consultation with the community and is a project that has overwhelming support. It is however an ambitious project for a small community group in a small rural settlement. The costs are high due to the need to produce a high-quality scheme that allows financial viability and minimises maintenance costs, while meeting the main areas of local demand. There are also infrastructure costs related to access and servicing and drainage that are unique to the site.
19. This report reviews some areas where capital cost could be reduced and outlines projects with costs of around £750k, £450k and £200k respectively. None of these can fully meet the public aspirations and full potential of the site and each progressively reduces the potential for revenue from the site.
20. A reduced cost project has not been considered in detail since SRA wish to proceed at present with the full proposal prepared to date. In considering **short term option** or **reduced schemes** care should be taken not to preclude future development of the Park should resources allow.

### Tenure

21. In terms of **land tenure**, the options of **lease** or **purchase** have been reviewed. The form of land tenure will affect the nature of the scheme in a number of ways, including ability to access some **funds**. There are advantages and disadvantages to both. Highland Council (HC) are prepared to consider either, dependent upon the Business Plan and decision of the HC Asset Management Board. Only then would rental or purchase price be concluded. At this stage the **recommendation** is to keep **options open**. In the cost projections that follow it is assumed that the land is **leased** but that the **rent** paid is minimal (i.e. a £1.00 pa peppercorn rent).
22. To establish the **land-value** and **lease/rental** value either HC or SRA would need to instruct the **District Valuer** to undertake a valuation, taking into account that the land has no development potential (as open space). This costs £500+vat or thereabouts and takes 2-3 weeks. It is **recommended** that SRA proceed with this, if you have funds to do so and if HC do not offer to do this on your behalf. It would allow the Business Plan to be more focussed and accurate,
23. The key existing **funding** sources for **purchase** would be the **Scottish Land Fund** which has Stage 1 entry in November 2015, so could be (just) feasible. The **BL Growing Community Assets** fund entries end in 30<sup>th</sup> June 2015 and closes thereafter. It is not known whether this scheme will be reinstated in the future.

### Right to Buy

24. The process for registering **Community Right to Buy** (CRtB) is outlined in this document. Registration, if accepted, would secure the right to first refusal on the land were it to come on the market. Successful purchase is still dependent upon raising the purchase price within 6-months of the land going on the market, and assumes registration is successful.
25. There does not appear to be any advantage or need in this instance to go through the CRtB process. Built development would be contrary to the local plan and, from consultation to date, there has been no mention of the council wishing to sell the land for development by others. However, a CRtB registration would at least establish a principle and may deter development interest.

## Option to buy

26. SRA would however be well advised to **secure an option to buy** from the council with the condition that funding will be secured before the sale is finalised .
27. An option is a contract that gives the buyer the right, but not the obligation, to buy an asset at a specific price on or before a certain date. An option, just like a stock or bond, is a security. It is also a binding contract with strictly defined terms and properties. In this case the terms would be successful fund raising and planning approval. This will enable applications to be submitted to the larger funders such as Big Lottery before the full commitment of ownership takes place.

## Governance

28. In terms of **governance**, options are reviewed in this paper. Forming a **Scottish Charitable Incorporated Organisation (SCIO)** seems the **best approach** and remaining a **Residents' Association** gives advice to support from Highland Council and preferential insurance rates.

## Partnership / alternative management

29. There are other options and these could be considered as the project develops. There could also be advantage in considering the options for another group taking the project forward if that group had **greater resources** and a more **established track record**. This might give more confidence to funders and the alternative group may have sources of other income. Options might include:
  - Strathpeffer Community Council;
  - Strathpeffer Community Centre.
30. Another option is the formation of a **Community Development Trust** that could have the Community Park as one strand of its activity and could use income from other projects to part fund the Community Park, improving the sustainability of the Park. The process of establishing a Community Development Trust can be complex and long-winded. It is therefore recommended to consider this as a **future** or **parallel project** and one that might absorb the Park's long term management in the future.

## Training and skills development

31. There are opportunities for training and skills development to be integral to the project and is an area for further work as the project develops. These are also reviewed in **Appendix A Background Review**.
32. During construction for example, there is potential for Contractors to conduct on the job training through, for example the Modern Apprenticeship Schemes, with this site alone providing up to 2-years work in a range of construction activities. In addition Contractors could be required to employ a number of workers from the local area.
33. Areas of the park could allow skills development in a range of rural skills; there are drystone dyke walls proposed as part of the Park Entrances and these could be a venue for a specific training scheme. In addition there will be fencing, simple horticultural work and construction.
34. Once completed SRA will undertake maintenance and management of the Park. This will entail training and skills development in simple land management skills for SRA volunteers, offering potential enhancement of employability. Play areas and other equipment will be checked by SRA on a daily or weekly basis and this will require training in risk assessment and safety – another area of skills development.

35. The Community Growing Space and Community Building will provide excellent venues for additional long term training and skill development, including opportunities for formal qualifications and this is an integral part of the sustainability of the Park.

### Risks

36. Any project of this nature has risk attached and a **risk assessment** is included in this paper.
37. In the first instance, the project will not progress without HC Asset Management Board being assured of its viability.
38. If project does advance, the group must, at a basic level, protect members and trustees from personal liability in the event of failure of the project at any stage. This can be achieved through form of governance and insurance. The group must protect itself from financial liability were funders to demand return of funds for a project that fails in the short term.
39. In the event of long term failure of the project once constructed, a first step would be for the site and its management to be offered to a like-minded local group (e.g. Community Council, Community Centre, a Development Trust or similar charity or indeed back to the Highland Council).
40. A project leased from HC could, with the collapse of the group and/or project and through the consequent breach of the lease, return the site to the landowner, HC. If the land is purchased by SRA the assets could in theory be sold or transferred to a similar organisation. HC might re-purchase the land, or accept a transfer back to their ownership. Whether they would continue to operate the park in whatever form it was at that time is conjecture.
41. There would be options for a partial possession with a community group retaining, for example the Community Growing Area and associated building and venue.

## 2. Introduction

42. The feasibility study and business plan will outline site description and objectives and summarise consultation etc.

## 3. Design comparisons

### Introduction

43. **Four design options** (shown below) have been prepared and a preferred option has been selected by SRA. This a starting point for taking a scheme forward and for further consultation. The following section describes the differences between the schemes and the common components. Costs are then presented, followed by our recommended approach.
44. **Appendix F** shows the survey and design options in greater details. **Proposals** have been presented to SRA and have been on display within Strathpeffer Community Centre, with feedback forms available for public comment.

### Key differences

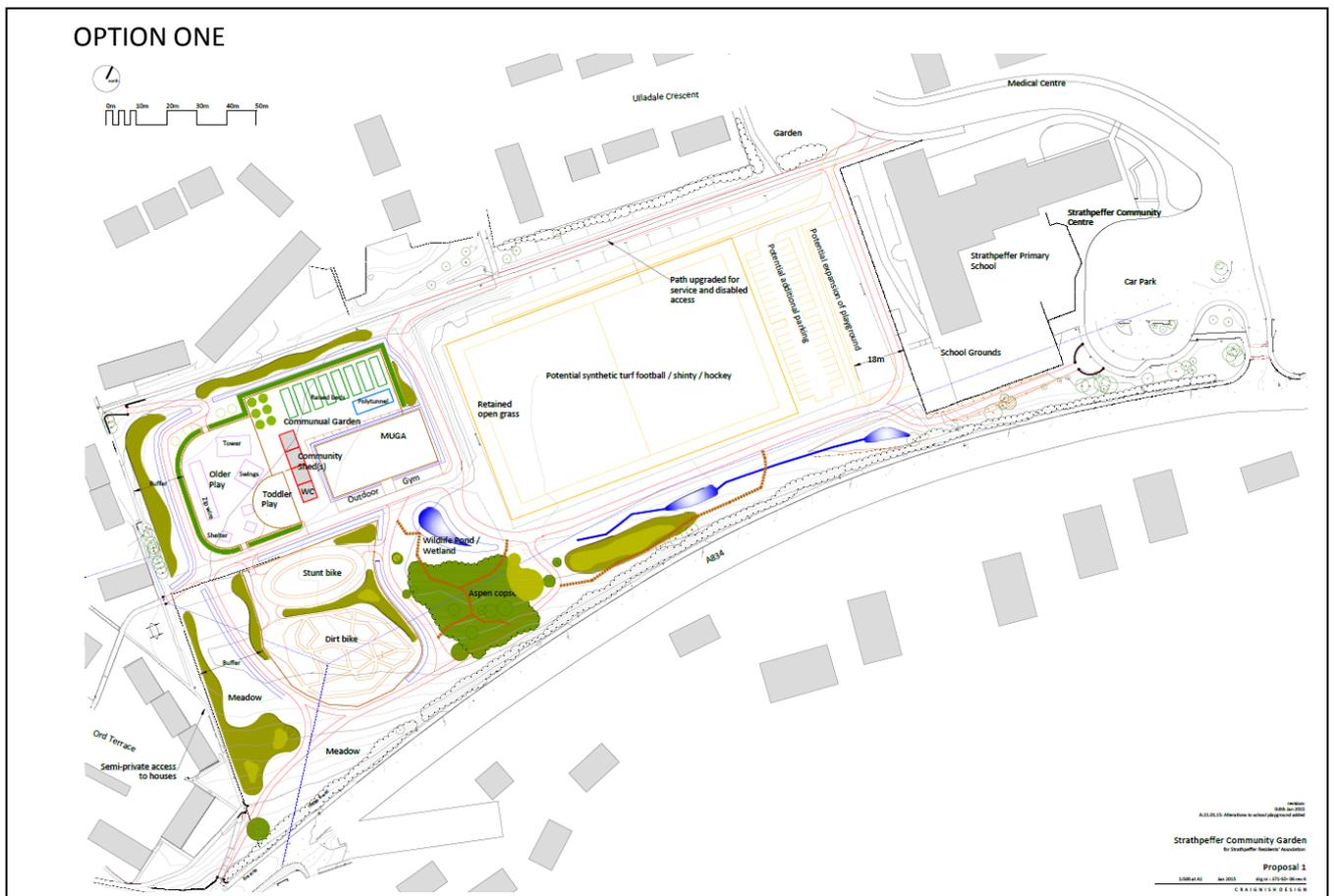
45. The key differences in the four layouts presented are:
  - Nature of provision for bikes and skateboards;
  - Nature of use of the MUGA
46. Other components of the scheme are generally constant, just with location varied.
47. Option 4 allows for scope for additional revenue from the scheme by widening use of the sports facilities and putting forward a measured response for the predicted consequential need for parking.

### OPTION 1:

48. **Option 1** differs from the other schemes in that emphasis is placed on providing a high quality built **skate park** to allow intensive use by skate boards and stunt bikes, providing a facility badly needed in the village and taking pressure away from the village square. This is combined with a small dirt track area for BMX bikes. The skate board bowl offers the potential for revenue generation through creation of a club and membership fees and through training and events. The skate park is located central to the area, maximising distance from residential properties. It is located close to the Community Building and main access allowing spectator access and all-ability access and cohesion with the facilities in the community building.
49. As envisaged this will be an in-situ concrete or precast concrete facility, built to a high standard for maximum longevity and to restrict nuisance from noise. As a consequence capital costs are high. Running costs are increased through associated insurance and management costs.
50. Consultation indicated a high level of support for a skate park/ bike facility of some sort, with preference split between whether this is a formal skate / stunt bike area, or a dirt track. This option provides both.
51. The facility has the ability to bring in **revenue** from membership of a **user group** and **training** and **events**. The projections show this scheme would lead to a small long term financial surplus for re-investment in the project, although there would be a period of short term deficit requiring additional funding.
52. A skate park of this nature, similar in design to elements of **Bught Park** in Inverness, but roughly half the area, would be popular and would bring activity to the site and would

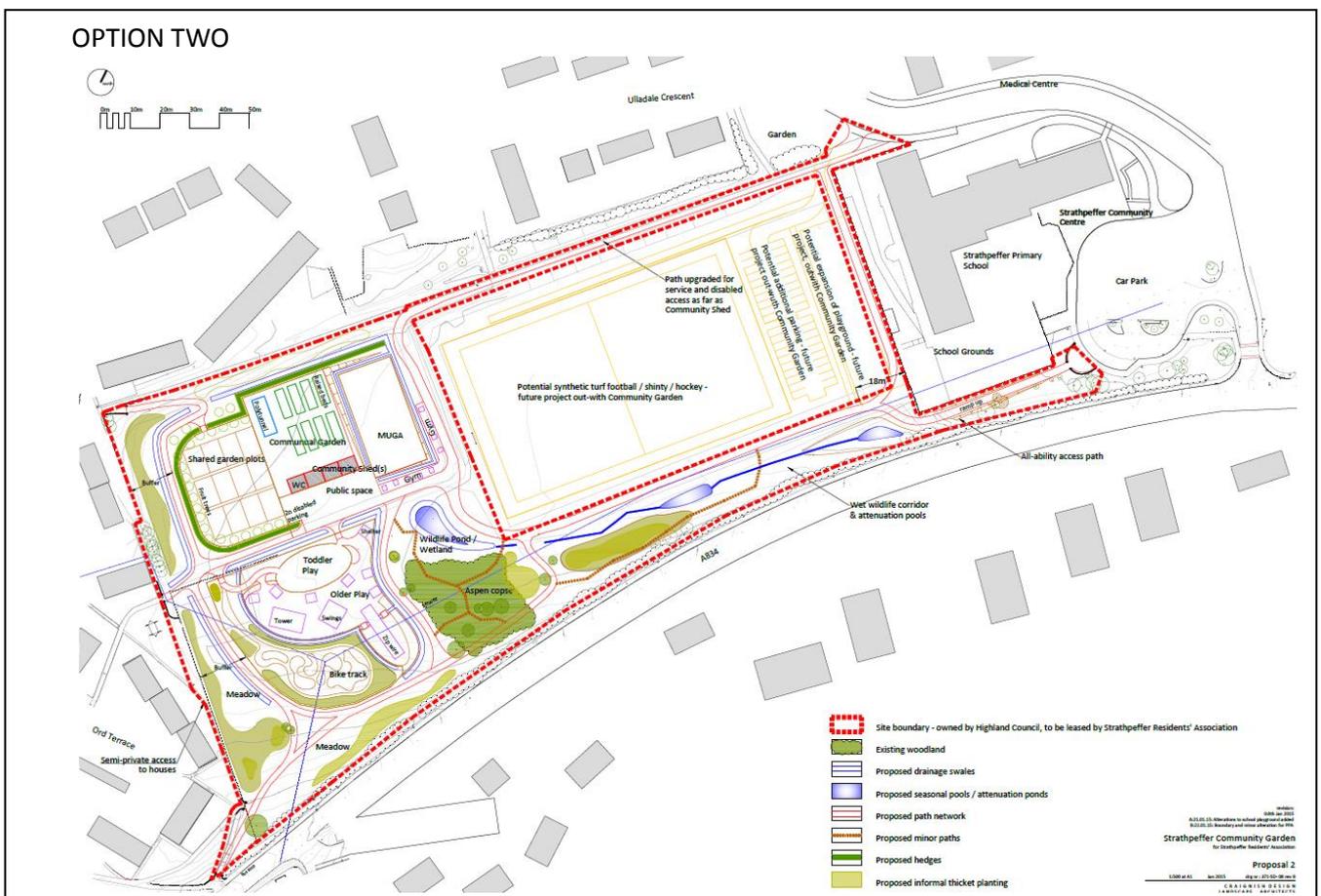
provide healthy activity and skills development to a wide range of ages, fully meeting the project brief. SRA should however anticipate some local opposition from concerns over disturbance.

53. It should be noted that in **Pre-Application Planning Consultation** with HC to date, the skate park was not discussed. It is likely that such a facility will prompt a requirement for **parking** on the basis that a high quality facility will attract people to the village to use it. No parking is provided in Option 1, but the scheme could be combined with parking as shown on Option 4.



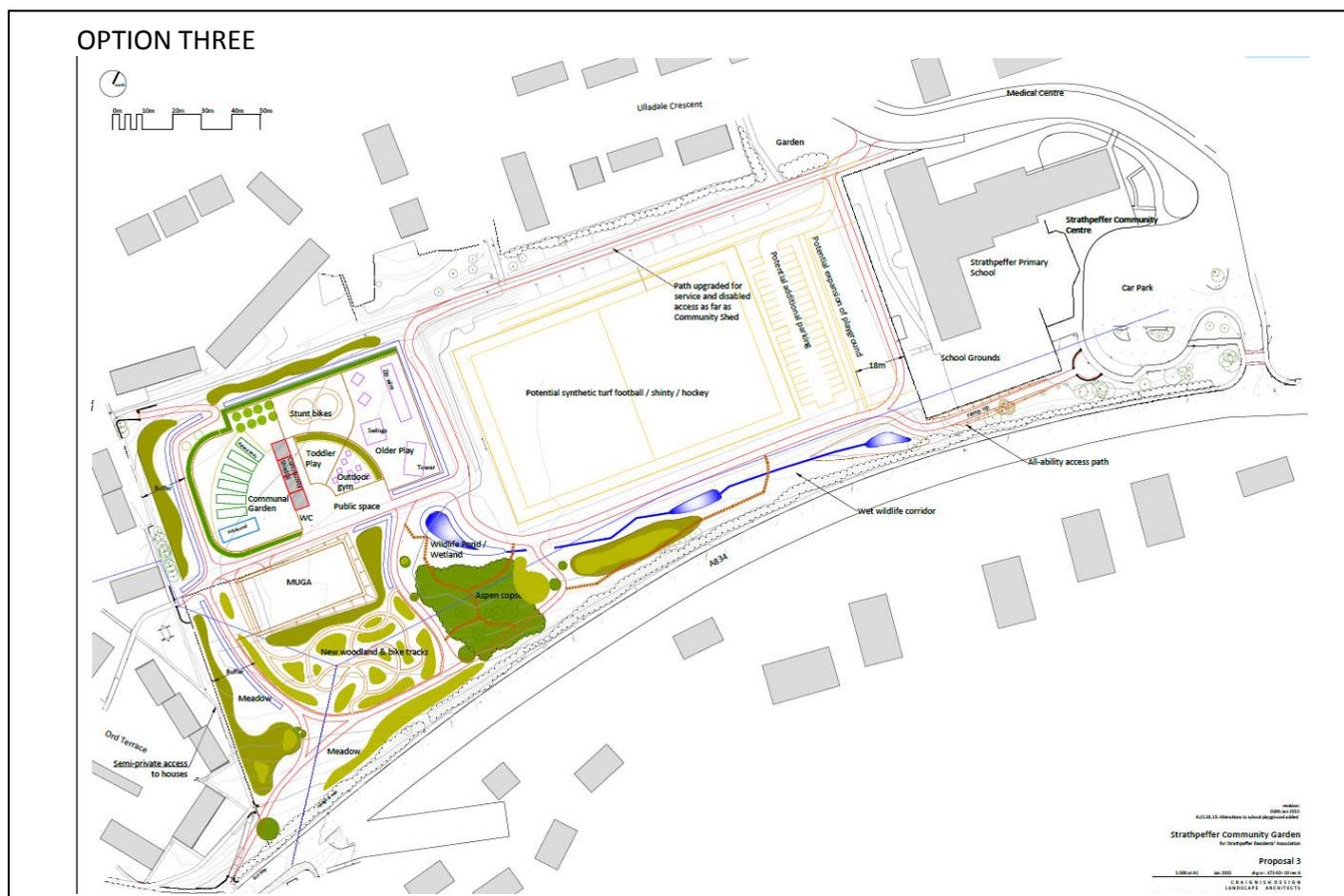
OPTION 2:

54. **Option 2** takes the lowest capital cost approach to providing a **high quality facility** but without provision for skate boards and stunt bikes and a low-key and **local approach** to use of the MUGA and bike area. The scheme responds well to **community consultation** and is a **pragmatic approach**, while still providing an ambitious and diverse park that meets community aspirations.
55. **Revenue** is generated through the **Community Growing Space** and associated events. By keeping the scheme emphasis local, the need for parking is hopefully avoided and none is provided.
56. Based on the cost and revenue projections, **long term** revenue just **breaks even**, although there may be a **short term** period where **additional funding and / or borrowing** is needed to assist and the margin is tight.



OPTION 3:

57. **Option 3** seeks to provide a **small skate park** area but at the sacrifice of a smaller Play Area and a slightly smaller Community Growing Area. The layout also explores the potential for a phased scheme with the Community Growing Area and play areas as stage one, all located on the level area of the site, and the MUGA following on at a later stage, although similar phasing is achievable in all options.
58. Option 3 provides greater emphasis on the **sloping part** of the site for **informal bike trails**. Overall construction costs are increased through the inclusion of the skate board bowl, albeit it a smaller facility than in Option 1, and the additional costs associated with the poorer ground conditions for the MUGA.
59. Revenue potential is broadly the same as option 2, based only on the Community Growing Space, plus a modest level of income generation from low-key training using the skate board area, but assuming largely voluntary teachers. Some additional staffing and overhead cost is envisaged associated with the small skate park.
60. Maintenance and running costs are increased by the skate park, although some cost is precautionary, based on anticipated insurance and maintenance which be over cautious. Due to the low income and anticipated additional management cost the scheme, based on current projects, Option 3 fails to break even in the long term, although the gap is small.
61. The scheme has no dedicated parking included.

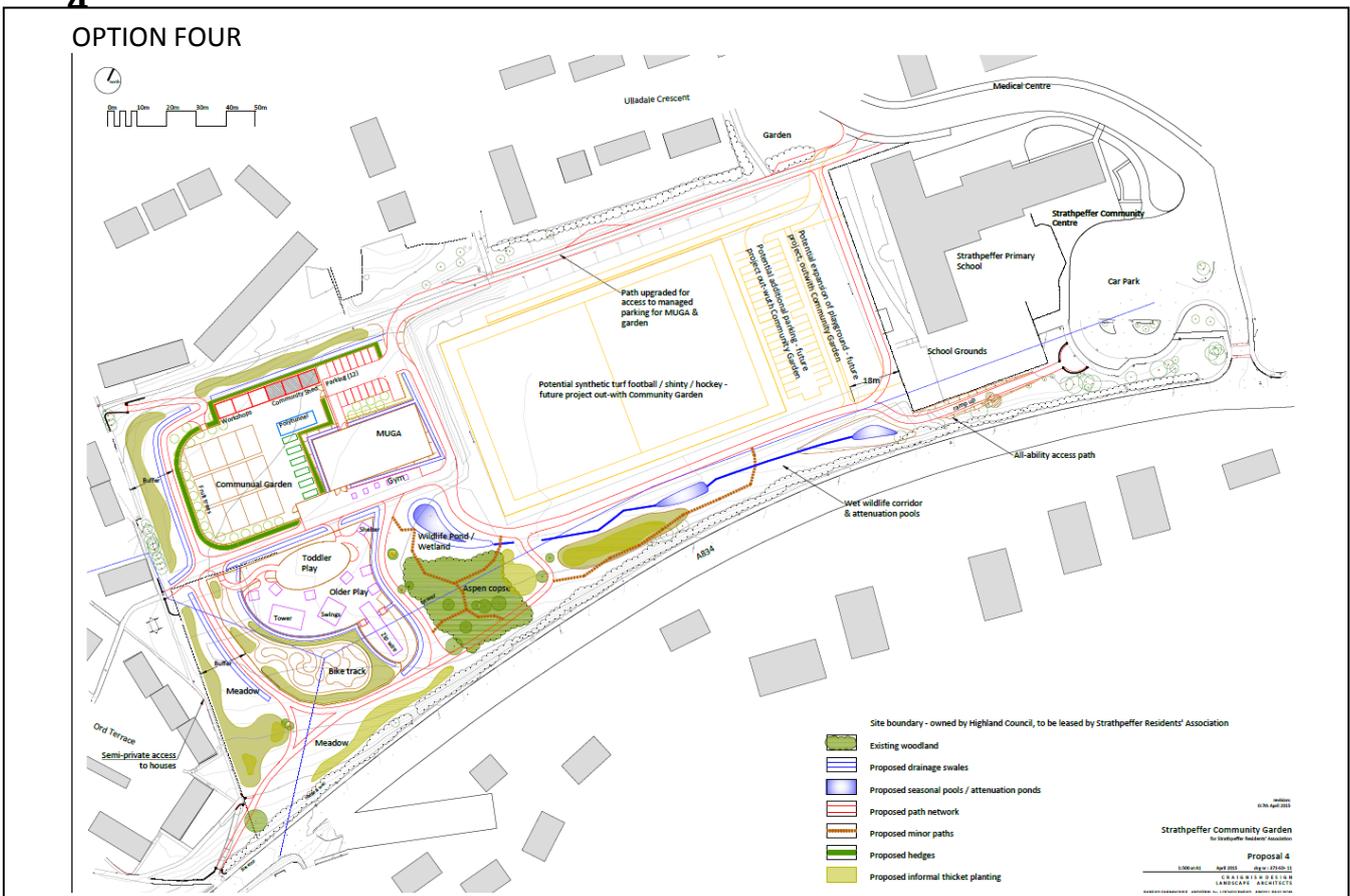


OPTION 4

62. **Option 4** responds to the HC Planning consultation which required **parking** provision for a MUGA on the basis that the facility will attract people into the village. As a consequence the Option 2 layout has been adapted to include a **12-space car park** and mini-bus parking. The design has re-orientated the Community Shed, using parking and shed as a buffer to adjacent housing.
63. SRA have **rejected this proposal** on the basis that the scheme should be **local** and that parking is not required for a local facility. We have included the scheme and cost plan here to demonstrate that, if planning consent does prove to require on-site parking, a solution is physically achievable that has limited adverse impact on the park layout.
64. In addition, by allowing some parking, the MUGA can be marketed for more organised activity, allowing some income generation to be accommodated in the cost plan, albeit with increased management cost and overhead. A car park would also be of benefit to the management Community Growing area, increasing flexibility of use and marketability and consequently improving sustainability of the scheme.
65. Based on the cost projections, the scheme breaks even in the short term and projects a surplus into the long term.
66. If, in the future, the **primary school playing field** were to be developed as a large **all-weather pitch**, then the MUGA within the site would be surplus to requirements. However, in that instance a skate board facility could be developed instead, as in Option 1, allowing financial sustainability to continue.

**4**

OPTION FOUR



## Common components to all design options

### Core scheme components

67. The **design options** all seek to provide all the components identified through extensive public consultation. The schemes differ largely in the location and emphasis placed on certain activities and associated revenue potential of scheme components. The **components common to all options** include:

#### **Infrastructure**

- Construction and service access from Ulladale Crescent, with an up-grade of the path to allow shared service vehicle access;
- A network of surfaced all-abilities paths, including a new path direct to the Community Centre car park, with seats and bins, picnic tables; provision for lighting on the key routes;
- Service vehicular access for those with mobility restrictions into the scheme at the Community Growing Space.

#### **Community Growing Space**

- Community Growing Space: an enclosed area for shared gardens and flexible community activity and training;
- Community Building: a serviced workshop building for community /group use; available as a training and social venue; designed for maximum flexibility.

#### **Multi-use games area (MUGA)**

- Small, but high quality, all-weather and floodlit games area;
- Suitable for 5-a-side, netball, basketball, tennis.

#### **Children's play**

- Equipped play for young children, replacing the existing play park and equipped play for older children in and large new play park;
- Both include high quality play equipment; wet-pour surfaces; enclosing fences and gates.

#### **Outdoor gym**

- Fitness equipment for all-ages located in a central location.

#### **Provision for bikes and skate boards**

- The design options cover a range of facilities from an informal dirt track to a high quality concrete skate board and stunt bike bowl;
- The design of all would be developed in conjunction with users and the scheme options are intended to allocate sufficient space and access and to cover the range of costs likely.

#### **Nature**

- Existing trees are retained and nurtured with new diverse indigenous planting developed as well as rough grass and scrub habitat;
- Habitat ponds and wet flushes as part of the overall drainage strategy with access and interpretation.

## Lifetime

68. The design has assumed a high quality of construction throughout to ensure maximise longevity and value for money as well as protecting the character and amenity of the surrounding residential area and image of the village. As a result capital costs are assumed to be relatively high for all options.

## Sustainability

69. The built elements will take account of life time energy and sustainable use of materials with the intention to use, for example, home grown timber and ecological design principles in the Community Building. It is proposed to have PV Solar panels on the Community Building and opportunity for further ground mounted PV panels in the Community Garden and / or a Ground Source Heat Pump (GSHP) for heating. This would offset energy costs and could, in the case of solar PV, allow some income generation from export to the grid. There will be water catchment designed into the Community Garden to minimise annual metered water usage. There will be low energy public lighting to specific paths, with controlled timing to minimise wasteful operation. There will also be short-rotation coppice included in the structure planting or Community Growing Space, providing a sellable material for craft projects.
70. The design will develop a Sustainable Drainage System (SUDS) to ensure no adverse impact upon drainage downstream. All soft landscape and landscape management will be designed with habitat diversity in mind and habitat lost through the development will be compensated for through the management of existing habitat and creation of new habitat.

## Public Arts Project

71. An allowance is made in the capital costs for all options for a **public arts project** envisaged as running through a 2 to 3-year period leading into construction and through to completion. This would provide a means of engendering continued community engagement during the parks early development. The detail would be up to SRA to determine and could be temporary features or part of the permanent park. Park furniture could, for instance, be developed through this project. Examples of artist in residence working with communities in this way include projects that we have been involved in within Barrhead, Kilsyth, Springburn and the Gorbals.

## Employment

72. All options include the opportunity for a permanent part-time project officer to be directly employed for the management of the completed scheme, this being in addition to a project manager and design team employed through the construction period.
73. Initially it is envisaged that set-up grants for the project as a whole will cover employment costs for the project officer for the first 2 to 3-years. During this period the Community Building and Community Growing Space will be developed as venues for training courses and events and ultimately the project officer post would become self-funded out of the revenues from and grants applied for this part of the Community Park.
74. The role of the project officer would cover:
  - Day to day management of the Community Building and Community Growing Space;
  - Management of bookings;
  - Marketing and sales of bookings;
  - Coordination of SRA voluntary maintenance and management of the park as a whole.

75. There is opportunity to consider a combining a position with the Community Centre to create a full time post.

### Economic benefit

76. The Community Park is fundamentally a project aimed at community cohesion and empowerment. There will also be benefits to health and well-being, educational benefits and biodiversity enhancement.

### CONSTRUCTION PERIOD

77. In terms of economic benefits the project would generate a spend of over £1.3m spread over the 2 to 3 years of project development and construction. The bulk of this can go into at least the Highland economy.
78. During the lead-in and through construction there will be 1-part time post created as Project Manager. This post could be locally sourced, creating a local job.
79. In addition, subject to EU rules on competition, there will be a design team, which could also be Highland sourced. Similarly there are a number of local contractors with the management ability for a project of this size and duration. Sub-contractors can also be local. The project will be designed on sustainability principles with an emphasis on **local sourcing of goods and materials** and on use of local contractors, where feasible. This will help benefit turnover of Highland based businesses and secure jobs.
80. There could also be clauses in the construction contract requiring the employment of local sub-contractors and suppliers. Clauses could also require a Contractor to make use of local unemployed people as part of Modern Apprentice schemes or other Training Initiatives.
81. Construction activity in the spa-town for two years will generate local trade at the local shops and accommodation, including welcome out of season foot-fall. For contractors from out-with the local area there could be demand for overnight accommodation.

### LONG TERM

82. Long term economic benefits will include **image enhancement** for Strathpeffer. The project will remove an existing area of derelict land and create an attractive, diverse and multi-generational recreational facility within easy reach of the town's tourist attractions and accommodation. This will potentially **boost visitor numbers** and / or **duration of stay** of tourists in the spa-town to the benefit of a wide range of local establishments. The park will doubtless become featured on local **promotional material**, further enhancing the image of the area.
83. The Community Park will attract attention as an example of **Community Empowerment** and Community Engagement, in line with **SG policy** and the **Land Reform Act**, and as such will raise the **profile of Strathpeffer** and will be beneficial to the image of **Highland Region** as a whole.
84. The Community Park will provide a local resource that will:
- Enhance the **quality of life** of the residents of Strathpeffer;
  - Enhance the **value of property** in and around the locality;
  - Reduce **travel time**, pollution and cost wasted through travel to neighbouring areas for recreational activity; reducing the perennial issue of **isolation** of Highland communities;
  - Provide a healthy, free source of **locally produced food**, helping to lower the cost of living of local people;
  - Provide the potential for future, small scale **income generation** through, for example, charging for training sessions using the outdoor gym, bike area or MUGA, in addition to

- the Community Building. Local experts will be able to make a small charge for promoting local skills enhancement and keeping activity within the area;
- Improved facilities for **all-weather training**, for instance in shinty, will help keep local interest in such sports, promoting sponsorship and increasing attendance at matches and events.
85. The Community Park, although managed separately from the **Community Centre**, offers opportunity for shared courses and facilities and for working together for mutual benefit. This could include, shared organisation and management of outdoor performances and events; shared management and promotion of courses and shared resources etc. Larger **corporate courses** run by the Centre using the Centre's excellent indoor facilities could diversify into also covering **outdoor activity** using the Community Park. Examples might include larger events around :
- Horticultural;
  - Environmental management;
  - Health and Safety Training.
86. This could benefit the Community Centre in:
- Enhanced attendance numbers, generating increased income;
  - Protection of sustainability of the hall staff and facilities.
87. In addition the Community Park, working with the Community Centre and Strathpeffer Pavilion and other local businesses, combined with using the adjacent playing fields, could become a **venue for outdoor events**, such as becoming part of the existing annual music festival. In addition to the potential cultural benefits of an event taking place locally with full access to local people, there would be benefits of increased income generation to local businesses.
88. The Community Park will also provide an educational resource within walking distance of the Primary School, saving travel time and cost. The Community Building will be a low-cost local venue for use as an Outdoor Classroom.

### Training and skills development

89. There are opportunities for training and skills development to be integral to the project and is an area for further work as the project develops. These are also reviewed in Appendix A Background Review.
90. During construction for example, there is potential for Contractors to conduct on the job training through, for example the Modern Apprenticeship Schemes, with this site alone providing up to 2-years work in a range of construction activities. In addition Contractors could be required to employ a number of workers from the local area.
91. Areas of the park could allow skills development in a range of rural skills; there are drystone dyke walls proposed as part of the Park entrances and these could be a venue for a specific training scheme. In addition there will be fencing, simple horticultural work and construction.
92. Once completed SRA will undertake maintenance and management of the Park. This will entail training and skills development in simple land management skills for SRA volunteers, offering potential enhancement of employability. Play areas and other equipment will be checked by SRA on a daily or weekly basis and this will require training in risk assessment and safety – another area of skills development.
93. The Community Growing Space and Community Building will provide excellent venues for additional long term training and skill development, including opportunities for formal qualifications and this is an integral part of the sustainability of the Park.

## 5. Cost projections

### Summary

94. A budget cost estimate has been prepared for all four schemes. The following tables are a summary based on sketch schemes and income projections as discussed with SRA. **Please refer to the pages that follow for further information on what is included in the costs.**
95. The construction estimates cover construction in a single commercial contract and include preliminaries, contingency and VAT. Design fees and consent costs are also included as is an allowance against a public art project that could run in parallel. Set up-costs and training costs for SRA management of the site are included and an allowance for legal costs for a lease. Rental and/or purchase cost is not included at this stage. There is a Design Risk allowance included.

Table 1: Summary

Design Option	Construction estimate	Annual maintenance yr 1-3	Long term annual maintenance	Annual revenue yr 1-3	Long term annual revenue
Option 1	1,666,652.61	21,136.20	21,136.20	20,857.00	23,257.00
Option 2	1,326,756.45	15,436.20	15,436.20	15,282.00	16,682.00
Option 3	1,475,463.85	17,936.20	17,936.20	15,602.00	17,502.00
Option 4	1,371,063.10	19,157.80	19,157.80	19,782.00	22,182.00

Costs include set up costs, preliminaries, contingency, fees and vat.

Table 2: Construction cost estimate (2015 costs used)

Cost component	Option 1	Option 2	Option 3	Option 4
Set up costs	14,305.00	13,905.00	14,305.00	13,905.00
Infrastructure & landscaping	241,376.00	241,475.00	241,376.00	261,779.00
MUGA	100,024.00	100,024.00	110,540.00	100,024.00
Community Growing Space	52,975.20	61,505.60	55,553.80	54,200.00
Community Building	104,250.00	104,250.00	104,250.00	104,250.00
Community Space	10,196.00	20,642.00	18,422.00	10,940.00
Outdoor Gym	30,000.00	30,000.00	30,000.00	30,000.00
Toddlers Play	67,212.00	87,508.00	68,146.00	87,508.00
Older Play	233,935.00	216,750.00	243,429.00	216,750.00
Dirt Bike Track	44,800.00	39,350.00	44,800.00	30,350.00
Skate Park	255,080.00	0.00	88,400.00	0.00
On-site parking	0.00	0.00	0.00	36,973.00
1-year contractual maintenance	11,507.20	10,369.20	11,507.20	10,369.20
Subtotal	1,165,660.40	925,778.80	1,030,729.00	957,048.20
Contractor's prelim costs (5%)	58,283.02	46,288.94	51,536.45	47,852.41
Contingency (5%)	61,197.17	48,603.39	54,113.27	50,245.03
<b>Contract works ex vat</b>	<b>1,285,140.59</b>	<b>1,020,671.13</b>	<b>1,136,378.72</b>	<b>1,055,145.64</b>
Design fees (5%)	64,257.03	51,033.56	56,818.94	52,757.28
Arts project	10,000.00	10,000.00	10,000.00	10,000.00
Consents	2,696.00	2,696.00	2,696.00	2,696.00
vat on vatable elements	271,879.52	216,340.94	240,639.53	223,580.58
<b>Scheme cost</b>	<b>1,633,973.14</b>	<b>1,300,741.62</b>	<b>1,446,533.19</b>	<b>1,344,179.51</b>
Design risk (2%)	32,679.46	26,014.83	28,930.66	26,883.59
<b>Total</b>	<b>1,666,652.61</b>	<b>1,326,756.45</b>	<b>1,475,463.85</b>	<b>1,371,063.10</b>

Note 1: assumes implementation as one Contract over a twenty four month period + 1-yr transition of contractual maintenance.

Note 2: contingency is shown at 5% which, together with a 2% design risk contingency, is considered reasonable. It should be noted that the BL require a 10% contingency in feasibility costs.

Tables 3 and 4: Annual maintenance costs (2015 costs used)

Maintenance costs (first 3-years)	Option 1	Option 2	Option 3	Option 4
Admin and staff costs	13,101.00	8,501.00	9,001.00	12,001.00
Infrastructure & landscaping	2,240.20	2,240.20	2,240.20	2,366.80
MUGA	420.00	420.00	420.00	420.00
Community Growing Space	650.00	650.00	650.00	650.00
Community Building	1,105.00	1,105.00	1,105.00	1,100.00
Outdoor Gym	420.00	420.00	420.00	420.00
Toddlers Play	400.00	400.00	400.00	400.00
Older Play	600.00	600.00	600.00	600.00
Dirt Bike Track	800.00	600.00	800.00	600.00
Skate Bowl	900.00	0.00	600.00	0.00
On-site parking	0.00	0.00	0.00	100.00
Contingency / sinking fund	500.00	500.00	500.00	500.00
<b>Annual cost</b>	<b>21,136.20</b>	<b>15,436.20</b>	<b>16,736.20</b>	<b>19,157.80</b>

*Note: assumes voluntary maintenance team as agreed with SRA. Excludes finance / borrowing costs*

Long term maintenance costs, yr 4 onwards	Option 1	Option 2	Option 3	Option 4
Admin and staff - assumed constant	13,101.00	8,501.00	9,001.00	12,001.00
Infrastructure and landscape -constant	2,240.20	2,240.20	2,240.20	2,366.80
Component costs - assumed constant	5,295.00	4,195.00	4,995.00	4,290.00
Contingency /sink fund –constant	500.00	500.00	500.00	500.00
<b>Annual cost</b>	<b>21,136.20</b>	<b>15,436.20</b>	<b>16,736.20</b>	<b>19,157.80</b>

*Note: Assumes continued funding through grants for training and staffing. Inflation not included for this cost comparison. Assumes relatively fixed costs in the short term with an allowance for annual wear and tear replacement / repair included.*

Table 5 and 6: Annual Revenue

Revenue yr 1-3	Option 1	Option 2	Option 3	Option 4
General	1,270.00	1,270.00	1,270.00	1,270.00
Community Garden	5,012.00	5,012.00	5,012.00	5,012.00
On-going staff and training grants	12,600.00	9,000.00	9,000.00	12,600.00
MUGA	0.00	0.00	0.00	900.00
Skate bowl	1,975.00	0.00	320.00	0.00
<b>Annual revenue</b>	<b>20,857.00</b>	<b>15,282.00</b>	<b>15,602.00</b>	<b>19,782.00</b>

*Note: assumes continued funding is available for staffing costs through the period through a combination of grants and income derived from the project. Based on estimates discussed with SRA.*

Revenue yr 4 onwards	Option 1	Option 2	Option 3	Option 4
General	1,270.00	1,270.00	1,270.00	1,270.00
Community Garden	6,212.00	6,212.00	6,212.00	6,212.00
On-going staff and training grants	12,800.00	9,200.00	9,200.00	12,800.00
MUGA	0.00	0.00	0.00	1,900.00
Skate bowl	2,975.00	0.00	820.00	0.00
<b>Annual revenue</b>	<b>23,257.00</b>	<b>16,682.00</b>	<b>17,502.00</b>	<b>22,182.00</b>

*Note: Note: assumes continued funding is available for staffing costs through the period through a combination of grants and income derived from the project. Assumes modest and sustainable increase in income from revenue generating components*

## 6. Design Recommendation

### Sustainability

96. The project has to cover long term costs. On current projections all options fail to break even in the first three years of running. Option 4 has the maximum long term revenue potential but has been rejected by SRA due to the imposition of parking. Option 1 has potential to earn a surplus and has maximum benefits to the widest range of people in terms of diversity of activity, but capital costs are highest for a scheme that is specifically restricted to local people within walking distance of the park. Margins of Option 3 are small and capital costs, compared with Option 2 are higher.

### Option Two

97. The SRA preferred design, **Option 2**, appears viable in the long term, and has potentially the lowest capital cost and meets most of the aspirations raised in consultation. **Option 2** would therefore be recommended from a financial point of view as well as meeting community preferences.

### Contingency schemes

98. We would however suggest that **Option 1** and **4**, or a **combination of both** be retained on the table as they offer maximum **revenue potential**. In addition option 4, contains a potential solution to likely parking requirements required for Planning Consent. They also offer the potential to open the benefits of the scheme to a **wider catchment**. The latter point may improve potential for funding a project of this scale in a community of this restricted size.

### Design development

99. Whilst time and effort has been put into the design as part of the feasibility study, these are just a framework at present. As the scheme develops so too will the design develop to suit the aspirations of the group.

### Potential for reduced costs

#### MAIN ELEMENTS

100. SRA has indicated the preferred approach is implementation in **one intensive development**, so **phasing** is not considered in detail. If **phasing** becomes necessary, and the end objective remains the full scheme, the priority for **income generation** early in the development will need to be retained for sustainability.
101. Thus, the **Community Growing Space** and **associated infrastructure** and **access** would need to be implemented at an **early stage** to enable **income generation** as well as for community benefits.
102. A **reduced scheme** or **initial phase** with a total project cost of **c.£750k**, based on Option 2, could include:
- Reduced level of infrastructure works (i.e. the main paths and access);
  - Community Growing Space;
  - Community Shed ;
  - Toddlers' play area; and
  - Informal bike track.

This would in principle still allow a sustainable income of c.£15k pa covering annual maintenance costs of around £12k and allowing investment toward staff costs and future development. Obviously the wider **benefits** and **community aspirations** would be met to a lesser extent than with the full scheme, but this remains as a **workable contingency**.

103. Implementation of just the **Community Growing Area** and **Community Building** area and associated infrastructure and access, in the first instance would reduce project costs to around **£450k** for project development and construction (ex. purchase). The scheme could be economically sustainable through income generated from the garden area and would have reduced running costs. This approach allows future implementation of the full park as resources become available, but provides nothing toward meeting the local demand for active recreation, other than gardening and workshops.
104. Other options without the **Growing Area** but implementing the larger **Equipped Play Area** or **MUGA** would incur increased management cost with no revenue potential and would be financially unsustainable without a long-term source of income from out-with the site itself.

#### MINIMAL SCHEME

105. A **minimal scheme** would be just to take on the **existing play area** and **minimal new path work**, through lease or purchase, and fund-raise for its replacement with a project cost of **c. £178k** (inc. consents, fees and vat). Subsequent long term up-keep would be in the region of £1000 pa for playground upkeep and minimal soft landscape maintenance. This would require fundraising without the income stream from the Community Garden.
106. Obviously this would be at the loss of the benefits the full scheme could achieve and would have **no income raising potential** from the site itself. It would however be a **short term option** that would not preclude the future development of the rest of the site.

#### Strathpeffer Primary School Playing Field

107. In the course of this study an outline scheme was developed for a **full size all-weather pitch** to replace the existing grass pitch that lies between the school and the proposed Community Park. This would allow a potential additional income from facility hire and development of a locally significant new sports resource. Research by SRA / Strathpeffer Community Centre indicates a high level of demand for such facilities in the area. The principle would be to lease or purchase from HC.
108. The conceptual scheme includes:
  - 92m x 55m all-weather playing surface, plus run-out space;
  - Ball stop fences and floodlighting;
  - Up to 40-space car park and access off Ulladale Crescent (approved in principle by HC);
  - Retention of grass area along school boundary for school use.

This proposal does not include any changing facilities or welfare provision.

109. **Construction costs** were estimated at (based on SportEngland cost guidance) **c.£ 1,343,500** (inc consents, fees and VAT, but excluding lease or purchase or accommodation). A facility of this nature, if it is to be successful, will attract people from outside the area and so additional, dedicated parking is necessary and included. For a high quality facility that allowed sport development and could sustain a wider catchment than Strathpeffer, **sportscotland funding** at 75% may be achievable. The project would however require partnership funding.
110. **Annual maintenance** of a synthetic pitch is typically 0.4% of capital cost – so £5,100.00 pa, plus maintenance of adjoin hard and soft landscape and consumables of power for lighting costs of around £2000 pa giving rise to annual maintenance costs of c. £7k to £8k. This

excludes any sink fund toward future replacement and excludes lease rental or purchase finance. In addition there would be additional **staffing cost** to manage the facility at a minimum probable cost of c.£7k to £10k pa, making annual running costs of around £17-18k pa.

111. **Revenue** from facility hire, based on SRA research into charges for floodlit facilities in the area (Dingwall), and a reasonably conservative estimate for frequency and duration of use, indicated a revenue stream in the region of £20k pa.
112. There is, therefore, potential for this project to cover its cost and provide some surplus revenue. However, profit would need to be channelled into future repair costs for the all-weather pitch, so the surplus to the Community Park would be unlikely to be sufficient to radically change the viability of the Community Park. Consultation with SRA concluded that this was 'mission creep' from the original project and **not one they wished to pursue**. A better option may be to up-grade and enhance maintenance of the existing grass pitch to improve its use to the community and / or a partnership project with the HC and the Community Centre for the pitches future development.

## 7. Do nothing scenario

### Summary

113. HC maintenance of the land has reduced year by year with council spending cuts. Consultation with Community Services, who maintain the existing play area, has indicated the play area will not be replaced as equipment reaches the end of its life. Ultimately the play area will be removed. Grass cuts have also reduced each year and the site has limited value due to scrub invasion and poor access. The Do-Nothing Scenario will result in continued erosion of the use, quality and value to the community of the open space. Scrub will continue to spread across the site, further reducing the access and amenity value of the site.

## 8. Additional information

### Introduction

114. This section contains information that was prepared during the Feasibility Study and used as part of the discussion with SRA over the scheme options and is retained here for reference.

### Why do the scheme?

115. The project will:
  - Secure an important area of freely accessible public open space for all the people of Strathpeffer to enjoy into the future;
  - Provide an attractive and a functional new park;
  - Reach out to people of all ages and abilities and for their lives to be enriched by the development;
  - The process of procuring the park and managing it into the long term will draw the community together and build skills and confidence;
  - Enhance the image of the village.
116. Obviously SRA is familiar with the tremendous potential the scheme has, whichever layout is selected. The project will:
  - Encourage social interaction and community building;
  - Encourage volunteering;

- Counteract loneliness and isolation;
- Provide a focus for healthy outdoor activity;
- Provide a venue for sports development;
- Provide potential for habitat creation;
- Improve the image of this end of the village and to unify the village around a shared resource, serving to bring the community together;
- Provide a venue for training and skill development;
- Provide opportunities for development of horticultural and permaculture skills;
- Provide opportunities for integration of all ages;
- Provide equal opportunities for activity for the people with impaired mobility and learning difficulties;
- Provide opportunities for providing a training venue and skill development venue for outside agencies, in landscape maintenance and management;
- Provide opportunities for working with outside charities and social enterprise groups and organisations;
- Provide an opportunity for a Men's Shed and similar local inclusive activities;
- Support other local resources, specifically the Community Centre, through spin off activity;
- Provide some part time employment opportunities through the creation of a project officer;
- Provide a short term boost to local employment during a two year construction period;
- Providing an educational and recreational resource to the local school with opportunities for linkages to the Curriculum for Excellence and the Green Flag project;
- Encourage healthy eating;
- Combat poverty through cheaper food;

This list is on-going.

## Consultation

117. The scheme design options all respond directly to **extensive consultation**, the results of which are included in Appendix A and C. There has been overwhelming support for the project.

## Neighbours

118. There has been **support** from consultation responses from the areas immediately adjacent to the site. However, it would be very unusual for all neighbours to support a scheme that will bring activity into an area. SRA has worked hard to inform people of the project and will continue to do so through the development process.
119. The design has responded to the potential for **nuisance** through sensitive routing of main access paths away from private access paths and in the location of components of the scheme. For instance, the MUGA is located so as to be out-with the guideline minimum distance from residential property and the relatively passive Community Growing Area is used as a buffer between housing and the more active areas. Planting is also incorporated to provide some long term filtering.
120. It is however not possible to avoid some activity and this is the inevitable outcome of a successful scheme.

## Pre-planning Advice

121. A Pre-Planning Enquiry to HC received a **positive response**, with compliance to both wider national and regional policy and compliance with local planning policy. Consultation with HC Traffic Planning indicated concerns over parking management and requires a Parking Management Plan, but can be resolved through consultation. Dedicated parking for the development may be required by HC if the scheme is deemed to be likely to attract people in from the surrounding area and this is addressed in Option 4.

## Security

122. The site is safe from traffic and is overlooked by residential property. Consultation revealed few fears regarding safety on the site. The scheme aims to enhance a safe route to school avoiding walking on the public road. Concerns expressed in consultation regarding safe crossing of the main road into the village have been discussed with HC. However the criteria for traffic calming or a pedestrian crossing would not be met and no action is proposed.

## Accessibility

123. The site will be highly accessible, with seven or more pedestrian entrances and proximity to the Primary School and Community Centre and local bus stops. The site lies on a Core Path and is accessible from all of the village within 15-minutes' walk. All the design options include All- Ability Access through the site and would be included to all facilities wherever feasible, including to play areas, MUGA, gym and Community Growing Area and Building. The sketch proposals include works to design out steps and steep slopes on the site accesses. Disabled car access to the Community Growing Area would be accommodated, managed by SRA.

# 9. Information on the costings

## Capital costs

124. **Budget cost estimates** have assumed implementation through a single conventional contract, undertaken over a 24-month period. Costs are based on the sketch proposals and are broad estimates and use 2015 rates with no allowance for inflation. The general approach is outlined below:
- **Communal Growing Area:** baseline cost is included for provision of basic infrastructure (clearance, drainage, all-abilities access, fencing, water and power) and purchase of tools and materials, but with some **self-build** (raised beds, planting areas, small sheds , polytunnel, fruit trees etc.) by SRA thereafter;
  - **Communal Shed or Building:** in all options a cost base is used based on RICS cost guidelines and previous projects. The emphasis is on a high quality but simple and appropriate timber building. Conventional WC; wash room; storage and covered areas are included. All building work is assumed to be of timber construction and to a site specific design, built by a professional contractor;
  - **MUGA:** a high spec polymeric finish is proposed with ball stop fencing, goals and nets and lighting; installation by a professional contractor;
  - **Dirt-bike Area:** costs cover general earthworks, drainage, path access and formation of compacted gravel paths and jumps, designed through consultation. Construction by a professional contractor;
  - **Skate Park Area:** costs in Option 1 cover a high quality in-situ or precast bowl and jumps in a suitably surfaced hard-standing, with all-abilities access, spectator seating, and fenced. Final design would be with user groups and expert designers in their field.

Option 3 covers a smaller bowl and limited number of ramps. Construction by a professional contractor;

- **Play Areas:** costed using typical costs for a range of equipment types but the specific design and layout has not been determined. A high spec wet-pour finish is proposed to the majority of the play areas. Final design would be developed with local children and parents. Construction by a professional contractor;
- **Infrastructure paths and access:** the majority of paths are taken as 2m wide, bituminous macadam to achieve Access for All and maximum longevity. Street lighting using low energy LED lighting is proposed on the main paths to maximise the safe winter use of the park. Service and disabled vehicular access is provided from Ulladale Crescent in all options by up-grade of the existing path to a shared surface. Construction by a professional contractor. In Option 4, the more regular use of this access has increased the specification and costs;
- **Drainage:** a proportion of cost for each component is set against drainage of a site known to be wet, and the creation of SUDs features for drainage attenuation where appropriate;
- **Soft landscape:** costs are kept low through use of informal indigenous planting. Implementation by a professional contractor.

## ‘Design’ Fees

125. An allowance is made for **design fees** in the costs. These include:

- Project management;
- Project design team, including:
  - Further community and user group consultation;
  - Development of the design from sketch to construction stage;
  - Submission for planning approval and other construction consents;
  - Preparation of bills of quantities and tendering process; and contract management and cost control for a 24-month contract, plus a 12-month defect and maintenance period.

126. The costs also include management of SRA’s obligations under the Construction Management Regulations (CDM). A Principal Designer and Principal Contractor will be required as would HSE notification.

127. Fees are included at a notional 5% of construction cost, but would be subject to competitive tender and will vary with the eventual value of the scheme and extent of scheme iterations and consultation necessary.

## Project management

128. **Project management** of a multi-funded project of this scale, in terms of draw-down of grants and ensuring criteria is met, is an onerous task. If SRA do not have confidence that they can undertake this role from resources within the Association, then SRA should aim to appoint a Project Manager for this role during the construction period and this is allowed for in the costs as above.

## Design and Build

129. There are opportunities for **design and build** approach for components of the schemes (play area, skate board park, MUGA etc.), whereby a contractor offers to develop a detailed design and then build the works. This may reduce apparent **design costs**, but SRA should be wary of a) losing design control through this method; b) funders’ requirements for open tendering and; c) that design fees are still there, just hidden in the product cost. An overall

**principal designer** and **principal contractor** is still required for management of these elements and ensuring compliance with CDM Regulations, coordination and cost control.

### Self-build

130. There are great opportunities for the community to come together and work on the construction of the project. This could **add immense value** to the project in terms of skills building and community bonding and would develop a great **sense of ownership**. Capital costs would also be reduced substantially in some areas.
131. Other than in the **Community Garden**, we have not included a self-build approach and costs are for **commercial contractor**. The reason for this is partly due to the nature of works (MUGA, for instance, are not appropriate for self-build) and part due to the fact that that we do not know what level of **hands-on support** there would be locally and what **skills are available**.
132. However, through consultation we do know people are keen to be involved. As an example, a recent project we were involved in, a community group built sheds through their own labour, saving over £25k on commercial costs and improving community ownership of the project immensely. This, however, only happened because the group had a core level of expertise and commitment. There are also numerous examples of Community Woodland projects undertaking self-build works.
133. Key areas for **potential self-build** include:
  - Planting and general landscape finishing works throughout;
  - Elements of management of existing trees and vegetation;
  - Wetland creation;
  - Dirt bike track;
  - Community Growing Space once infrastructure is in place;
  - Community Shed, depending on group motivation and skills and eventual design.
134. SRA's obligations under the CDM Regulations will still need to be considered.

### Community Shed or Building

135. Obviously there are many ways of providing a small building on the site. As noted above, the building has not been designed at this stage. At this stage it is sufficient to secure a flexible space in the Masterplan and implementation plan and costs for a building.
136. SRA should consider carefully the design of the building and, if possible, avoid the temptation to install a cheap off the shelf shed if doing so would restrict the long term use and associated revenue potential of the project and provide only a short term solution. Obviously this is subject to raising funds and the approach needs to be flexible.
137. A potential **design brief** that covers the concept that is currently assumed by the Sketch Designs includes the following:
  - A simple attractive timber building that provides a comfortable meeting space and acts a central focus for the park;
  - Modular building based on units of 30ms (5m x 6m) (the smaller size potentially being the upper threshold for potentially not requiring a Building Warrant, though this would need to be checked subject to a detailed proposal) providing a floor space of c.120ms;
  - Potential for phasing / incremental establishment;
  - Flexible internal space with provision for sub-division on a temporary basis;
  - Barrier free access for all;
  - 20-year design life minimum for value for money and to meet some funder's criteria;
  - Low-energy sustainable design and materials;

- Potential for off-site modular design, simplifying site works and allowing options for (worst case) removal and sale or re-development of project changes over time;
  - Close integration with external garden areas;
  - Capable of accommodating workshop use (tools, equipment, dirt, wet activities);
  - Secure storage for tools and equipment;
  - Office space, secure from rest of building;
  - Washrooms and WC incorporating: Female: 2 closet; Male: 1 closet 2 urinal;
  - Wet room /sinks washing area;
  - Kitchen area: cooker, sink, storage;
  - Year round use, incorporating wood burning stove or similar low-energy flexible heat source and insulation;
  - To be fully serviced:
    - 240v mains power, single phase;
    - Potable water, metered;
    - Foul water connection;
  - Option for “off-grid” development should be explored to increase sustainability and reduce carbon footprint and reduce running cost – although retaining flexibility of use may require full servicing;
  - Rainwater harvesting to high capacity holding tank ( for garden/ grey water use);
  - Solar panels; export to grid potential; orientation to give south facing aspect;
  - Potential for GSHP to be investigated;
  - Building is envisaged as providing one edge of the Community Growing Space, providing a secure, controlled entry to the garden and shelter;
  - Covered and sheltered outdoor space linked to the building;
  - Vehicular access for all-abilities access and for servicing the building and garden.
138. The building is a key component to the **financial viability** of the project and needs to be designed with maximum flexibility to a wide range of potential future use, allowing, in principle, for future extension or re-development. Innovative design should be welcomed and would potentially attract additional funding. The requirements of HC Planning for an appropriate design will need to be accommodated.
139. There is potential for a really beautiful, functional and sustainable building that is a real asset to the site and to the village and to which potential funders will be proud to be associated.

### Cost savings

140. The costs are high for a scheme with a limited ‘catchment’ population in a rural village and this may be a hindrance in gaining grant aid. However, the recommendation, as agreed with SRA during the project development, is to progress with a scheme of the size shown. Ambitions can be scaled down later if necessary. **Aim high at this stage.**
141. There are a number of **savings** in cost that could be made, but there needs to be caution over **reducing quality, flexibility, income potential** and **longevity** and thereby increasing **maintenance burden**.
142. Obviously **omitting components** is one way of reducing cost while retaining quality (e.g. omit the MUGA) or by **phasing** as below.
143. Some areas where cost savings could be considered include:
- Extent of infrastructure paths and /or a hierarchy of path finishes;
  - Reduction in public lighting (only the main paths are proposed at present to be lit);
  - Reduced extent of safety surfaces in play areas;

- Off grid development (requiring increased investment in water catchment and power generation and restricting flexibility of use of the community shed / garden area);
- Reduced size and specification for the community building.

## Phasing

144. The project can be developed in **phases**, although at this stage SRA are keen to see implementation as one construction phase. In considering phasing, **public priorities** need to be considered, but also, **financial viability**. In the latter, the project has to develop a **source of income** as soon as possible in order to be viable. This means creating the Community Growing Space and Community Building early in the programme. In Option 2 these are the only income generating elements (apart from revenue grants, general public contributions (crowd funding, charitable events, Friends of... etc.). Installation of infrastructure, services and access also needs to be considered and the sequencing of such works
145. A **suggested phasing plan** would need to be agreed with the Community, since delaying priority areas such as play may be unacceptable. Low-key temporary works may be brought in to provide short term bike tracks etc.
146. One scenario is as follows:

### ***Phase one***

- Formation of service access
- Formation of path network
- Service connections
- Formation of SUDs scheme
- Vegetation management and infrastructure planting

### ***Phase two***

- Formation of Community Growing Space and Community Building.

### ***Phase 2***

- Formation of play areas

### ***Phase 3***

- Formation of bike tracks

### ***Phase 4***

- Formation of MUGA

## Consents

147. An allowance is included for a single **planning application** based on the maximum fee for the site area of 1.9ha for a development of this nature ('other use of land'). There are opportunities for reduction in the planning fee through the Community Council making the applications or for Highland Council to act as applicant.

## Site investigation and specialist surveys

148. Not included at this stage are the following:
- **Topographic survey costs:** a survey has been already obtained, although there could be additional survey costs related to access depending on the design;

- **Tree survey:** there are mature trees on the site and SRA would be advised to obtain a tree survey. The consent process may require a **Tree Protection Plan**; neither cost is included at present;
- **Habitat survey:** has been carried out already but there will be a need for an additional pre-construction survey and monitoring in respect to European Protected Species on the site;
- **Site investigation** (bore holes and investigation of services etc.);

#### Services:

149. A **single phase power connection** into the site is included in the costs, providing for the Community Shed or Building and Garden area and for public lighting, flood lights etc. This is a budget cost from Scottish Power and would need to be verified at detailed design stage.
150. Scottish Water have confirmed there is capacity to provide a **mains water supply** to the site and for a **foul connection** to be made to the existing combined sewer that crosses the site. Costs have been included but a detailed application would need to be made later in the process through a Licenced Provider to Scottish Water to firm up costs. Water supply would be metered and there will be annual connection charges.
151. The proposals assume rainwater harvesting within the Community Garden and a large storage tank. Further options SRA could consider include a dry-composting WC but this on balance has not been recommended at this stage when there is a suitable and convenient combined sewer for connection into.

#### Culvert

152. A burn crosses the site in a culvert but its location is not mapped and has not been verified by non-intrusive survey to date. Project contingencies are allocated toward its protection and up-grade.

#### Design Risk

153. A sum for design risk (2%) has been added as a contingency against the unforeseen in the design development stage. This is in addition to a 5% contract contingency contained for unforeseen works during construction.

## 10. Funding sources

#### Summary

154. There is a wide range of funding routes available, each with a range of criteria for eligibility. The nature of the tenure entered into will affect some funding avenues. **Appendix A contains a review of funding options and sources of potential funding.**
155. As noted in **Appendix A** ideally SRA will obtain funding from a small number of funding agencies to a level that allows a significant proportion of the project to be built in a single intensive phase, with supplementary funding from a range of smaller funds. Key sources of funding are likely to be through the following and/ or their successors:
  - Scottish Land Fund;
  - Big Lottery;
  - Leader.

Plus a range of Trusts and specialist funds for specific elements.

156. If this is not achievable, there is scope for phasing and prioritising. As noted early emphasis should be on putting in place the mechanisms for earning revenue to sustain the park's management.

### Cash-flow / gap funding

157. There will be a need for **gap funding** to cover the period between expenditure and receipt of funds and set up period. In addition, there will be a short term, set-up period where the projected income from the scheme is not yet forthcoming and gap funding will be required over this period. A sum is included in the scheme set-up costs against this, but at this stage the amount is speculative.
158. **Cash flow** during construction can be a major challenge for a community group with no resources and needs early consideration. Loans are available, but subject to criteria and are a cost.

## 11. Running costs

### Maintenance and repair

159. A key issue is management of on-going **maintenance** and **running costs**. Revenue generation is necessary from the project for sustainability and this is a major challenge to the project.
160. SRA has taken a major step to achieving **sustainable maintenance** costs through agreeing to train **volunteers** to undertake a rota of **park maintenance**. Appropriate equipment, materials and training costs are included in the cost projections.
161. If **commercial park maintenance** is required, the costs will increase and additional revenue will be required. On current projections this would not be financially sustainable.
162. Overall the maintenance cost projection includes for annual overheads of insurances, staff and water and electricity standing charges, legal and general management costs. Against each scheme components are costs of repairs and power consumption, as relevant, and materials for maintenance, with labour 'free' through SRA. Litter collection likewise is undertaken by SRA. Additional costs are included for specialist maintenance – e.g. to electrical works or for tree management.
163. SRA would obtain **training** for a core team for weekly **safety inspection** rota for play areas and allowance is made for paid annual RoSPA approved inspections by a professional party.

### Staff costs

164. A **project officer** (PO) is included on a part time basis for establishment of the project (3-years) and continuing for long-term management of the scheme. Whilst SRA are committed to a substantial voluntary input it is recommended that a **project officer** is used retained to coordinate activity and undertake subsequent fund raising to ensure sustainability.
165. In the cost plan to date it is assumed that there will be 100% funding for a PO through grant aid and / or revenue raised through the project to cover a modest staff cost. Long term funding of staff costs through grant aid is however problematic and there will need to be continued grant applications and innovation to ensure staff costs can be covered.

### Rent &/ or purchase

166. There is no information on rental value nor land value to date. HC will only determine this once a business case is made. The cost estimates include a peppercorn rent. The project would have limited ability to cover rent, depending obviously on the level it is set at. No purchase costs are included.

## Legal Costs

167. Legal costs for lease or purchase, land search etc. are included as an estimate.

## Finance

168. An allowance is included in the capital costs for finance – i.e. borrowing for gap funding during construction. Long term debt repayment costs are not included.

## Sink funds and contingency

169. Within the annual cost forecast there are **annual repair sums** allocated to each component plus a modest general **sink fund** toward long term replacement costs. It is envisaged that these would accumulate to form a contingency against wear and tear costs in the future. This contingency would be used for day to day repairs. In combination these sums will work towards a working balance for the project. With a high quality build repairs should be low for the first 10-years. In that period the projections show a potential maintenance fund in the region of £3k pa at 2015 prices could be achieved. Long term replacement of equipment would require future fund-raising over and above income from the site.

## Insurance

170. Provided SRA remain as a **Residents' Association** they will (as at present) benefit from favourable insurance premium through **Highland Council Insurance** to cover public liability and employer's liability insurance. Insurance should be checked for exclusions and to check that volunteers are covered. All-risks insurance should also be obtained to cover property and equipment and SRA must ensure they have Trustees Indemnity Insurance. The nature of tenure will affect the insurance requirements, as will also the activity on site.
171. Were it necessary for SRA to buy cover on the **open market premium costs** would increase sharply, especially for play areas and sports areas and this is not included in the current projections.

## Long term costs

172. The projections for long term (>3 yrs) costs are shown constant; some items would increase in cost and others (e.g. landscape maintenance) may reduce. A fixed cost has been assumed time-being.

## Highland Council assistance

173. No allowance has been made for HC contribution to maintenance operations nor for costs of the site on the basis that once the asset is transferred the council will be under no obligation to assist. It has been confirmed by HC that no assistance would be available for adoption of paths, landscape nor play areas, sports areas and outdoor gym.
174. It is noted that an estimated £1000pa is spent by HC on the play area that exists on the site and it is estimated that approximately £600pa on grass cuts to the small areas that remain managed.

## 12. Revenue

### Summary

175. The **Community Growing Space** and associated **Community Building** will provide a venue for events and training and will attract membership fees to a **Community Garden Club**. Investment in equipment and in the design of an appropriate and flexible workspace is

- intended to attract hire and use of facilities for a wide range of activities. Modest income is also envisaged from micro power generation through solar PV and sale of produce.
176. It is also envisaged that there will be a wider group formed – a “**Friends of Strathpeffer Community Park**” group, with a membership subscription. A modest level of donation is envisaged for a project that serves the community and an allowance included for claiming Gift Aid thereon.
  177. In all options continued grant assistance is assumed. In the long term this will require imaginative use of training schemes and other sources of income to sustain the project and project officer and / or increased long-term voluntary involvement. Any surplus from revenue raising would be channelled back against staff costs.
  178. There are a multitude of **opportunities** for the project to act as a focus for **community activity**. These may include providing a **venue for courses** on and associated activity, including, for example: therapeutic gardening; garden design; permaculture; green woodworking; building and fixing things; art; carpentry; pottery; stone masonry; plant identification; foraging; herbal medicine making; basket making; living willow structures; bicycle repairs; car maintenance; outdoor furniture; bird watching etc.
  179. It is envisaged that the **Community Garden** would also become a focus for a wide range of social enterprise activities that will reach **outside the village** such as working with people with learning difficulties, the mobility impaired, unemployed and young offender schemes and engaging with the wider Community network, all of which offer income potential through venue hire.
  180. The **Strathpeffer Men’s Shed**, an existing group, would be able to operate from here and other groups may well form using the area as a nucleus. The workshop could also be available for hire for longer term periods – as is carried out in the Rowing Skiff projects that some coastal communities are involved in.

### Opportunities for additional revenue

181. There are restrictions on the revenue potential due to the site location and restricted catchment and the wish by SRA to retain this primarily as a local and free-facility. Design Options 1 and 4 explore the opportunities for increased revenue generation from **active recreation** with a more ambitious **skate park** (allowing a club / user group to set up and attracting modest training income) and through promoting the **MUGA** to a wider audience. This opens the opportunity for modest income.
182. In both instances the cost plans attached include additional staff costs associated with management of additional activity and additional capital costs. In the case of increased use of the MUGA, a dedicated parking area is included in Option 4, as would be required by HC. This exercise demonstrates that the **sustainability** of the project can be enhanced by widening the scheme **catchment**, but is a choice for SRA to make.
183. There will also be an expectation from potential funders, **sportscotland** for example, that the scheme demonstrates development of a sport (e.g. skateboarding) and investment in a wider catchment and high quality facility may assist in this respect.

### Long term revenue

184. A modest increase in the revenue potential of the scheme is proposed as the scheme becomes established.

## 13. Tenure and Asset Transfer

### Introduction

185. HC have agreed that in principle that an '**Asset Transfer**' (i.e. lease or sale to SRA) has potential for the land. This is subject to a **business case** being made and to the approval of the **HC Asset Management Board**. HC has an adopted policy facilitating Asset Transfer where appropriate.

### Availability of the land

186. HC have confirmed the land is in **HC ownership**, under the **Care & Learning Service** account (i.e. Education) and is officially part of the school playing field. HC have confirmed the site is **surplus to requirements** of Care and Learning Services and we understand **HC Housing** have also confirmed no interest in the land. HC are therefore in a position to consider disposal of the land.

### Local Plan

187. The land is designated as Public Open Space.

### Options for land tenure

188. There are two options under consideration:

- Long term lease:
- Purchase:

A third option could be a combination of lease and purchase.

### Lease and land values

189. A request has been made to HC to determine a) the terms of lease, b) the likely rental, c) the likely land value assuming 'below market value' purchase. However, HC will not act on these until a business case for the project has been proven.

190. Public accounting rules means publicly-funded bodies in Scotland, i.e. Councils, must adhere to the Scottish Public Finance Manual, in which case the disposal of an asset by sale - or by lease - at **less than market value** may be justified under certain criteria. However, a disposal at less than market value creates a reduction in budget (the difference between the actual price and the market value). Therefore HC tend to choose disposals at market value rather than a budget cut. This is an area for negotiation. Full market price would be a potential burden on the project that could affect sustainability.

### Access Agreement

191. It should be noted that the ownership of the Chisholm Trail along the north side of the site, that would be used for **construction** and **service** access, is out-with the land managed by HC Care and Learning Services. An access agreement for work to this path would be required. It is understood to be within the HC Housing Account so a separate agreement for access over this ground would need to be sought.

### Advice

192. There is high quality and free advice available on the best method of tenure, for example the Community Land Service and Development Trust Association, and SRA should continue to make use of this. The following is a quick summary of some of the advantages and disadvantages of lease or purchase.

## Purchase

193. Based on guidance from the Community Land Service (CLS):

### *Reasons to buy*

- **Control:** SRA will have total control of the land, within certain restrictions. Security of land encourages investment of time and energy into longer-term projects;
- **Community empowerment:** owning land allows people to connect deeply with the land and be 'at home' as a group on the site. Effort and shared responsibility of buying land together increases community strength and capacity;
- **Cost:** no rent to pay;
- **Funding:** grant funders usually want long-term land security for grants for buildings and investments on the land. In addition, funding may be available from the Scottish Land Trust and the BL Investing in Communities toward purchase and set-up costs that would not otherwise be available.
- **Investment:** land value can increase. The group could profit from any future sale (depending on constraints of the organisation's rules and burdens placed by HC);
- **Equity:** may be able to raise money from unique sources e.g. community shares, bank loans, specific grants, neighbours who want the land protected from development. Some of these sources of income might not be available for renting land;
- **Security:** asset can be a good financial security for an organisation. For example the group could borrow against the value or generate income by renting land;

### *Reasons not to buy*

- **Commitment:** the buck stops with SRA; the commitment is permanent; the Council are not there to fall back on;
  - **Purchase costs:** the purchase process is usually more expensive than setting up a lease. There are up-front costs to buying land that will not be recouped if a sale falls through, such as surveying;
  - **Time:** the lead in period will usually be longer than for a lease.
194. A prolonged purchase process can be disheartening for community groups and disillusion can set in.
195. For HC, sale offers the potential for some revenue, however small, and absolves the council of on-going responsibilities and costs associated with the land. They do lose control of a potential asset.
196. HC would be likely to impose an **Economic Development Burden** on the land restricting SRA raising revenue from future sale. There are no details currently available on what this would mean.

## Lease

197. There are pros and cons to a lease, as summarised below:

- Reasons to lease
  - **Cost:** overall set up costs are likely to be lower;
  - **Speed:** the time taken to negotiate a lease and take possession is likely to be shorter;
  - **Legal:** although the lease is likely to pass all burdens onto SRA, under Law, the ultimate responsibility lies with the landowner, the Council, and this could be a benefit in the event of things going wrong;

- **Responsibility:** the commitment is not permanent. Ultimately, if the project failed, there is scope to request assistance from the Council and the land to ultimately revert to the Council;
  - Reasons not to lease
    - **Ownership:** may restrict community sense of ownership and empowerment;
    - **Time limited:** a project such as this is likely to take time to develop even after the lease is signed and from then-on the clock is ticking with no certainty over the future renewal at 25-years. This will deter investment in quality and longevity;
    - **Funding:** will restrict availability of some capital and set-up funding and removes the potential for borrowing based on the value of the land;
    - **Flexibility:** may restrict long-term flexibility for the community to develop the land as they wish;
    - **Break Clause:** some leases have a break clause at (say) 10-years to allow mutual cessation of the lease. This can be a deterrent to some funders, especially if <10-years.
198. Technically a lease can be up to 175 years, so duration need not be a major issue.
199. For **Scottish Land Fund** assistance, including short term set-up costs, a **purchase** is required.

### Community Right to Buy

200. The Land Reform Act allows rural communities (<10,000 population) to register an interest in land. The Community Right to Buy (CRtB) is a pre-emptive right to buy and requires a willing seller. This gives the community group first refusal if HC were to put the land on the market.
201. The right to buy is "triggered" when the owner wishes to sell/transfer the registered land or any part of it. The value of the land will be assessed by an independent valuer, paid for by the Scottish Ministers. The price to be paid shall be; a) by agreement, b) the price stated by the independent valuer, or c) by the price stated by the Lands Tribunal if a valuation has been appealed. SRA would then have 6-months to complete the purchase after the land is put on the market. An extension to this date must be agreed between the owner and the Community Body. A CRtB lasts 5-years.
202. Recent experience has indicated the process can be long and complex. It should be evaluated against the likelihood of HC selling the land. On this site this to develop the land for housing, for example, would require a change in the local plan. In addition there are restrictions on access and ground conditions. However, with increasing pressure for the council to raise revenue and provision of open space not being a statutory requirement of HC, there could be a situation where the Council would consider sale to a private developer. This could lose the resource to the community forever. Registration would give the opportunity for the group to secure the land for the community, irrespective of whether the park envisaged at present goes ahead. Registration would also be a deterrent to a private developer wishing to express an interest in the land.

### Funding for purchase

203. There is currently funding potentially available to assist **land purchase**, but there is uncertainty over the future availability. The **Scottish Land Fund** has been extended to March 2016, but is now giving a **deadline of November 9th 2015** for applications for assistance in **purchase of land**. SRA would need to move quickly to meet this deadline. SLF have however recommended the scheme is **registered** with them now so as to be ready for the next round of SLF anticipated to follow on after 2016.

204. The Big Lottery's '**Growing Community Assets**', which would have been well suited to a purchase project, closes on **June 30th 2015** and it is not clear yet what will replace it.
205. Appendix A contains details of other funding sources, but SLF was the best option.

### Phasing

206. If the project is down-sized the area for lease or purchase could also be reduced, or prioritised.

### Recommendation

207. At this stage the best approach is to keep **options open**. HC will not determine rental value or land value until the business case is proven. Until then both options should be kept on the table.
208. If SRA, or another community group in Strathpeffer, has the resources, **registering an interest in the purchase of the land** would safe-guard the site.

## 14. Governance

### Introduction

209. From a review of available advice, there is no single 'correct' legal structure for a proposed community group such as yours. Each structure has pros and cons in terms of matters such as personal liability of group members, flexibility against certainty, regulatory and accounting requirements, set up and annual running costs.
210. The main choices to consider are outlined below. However, specialist advice from parties such as the Highland Council, Development Trust Association (DTA) and Community Land Service (CLS) and Office of the Scottish Charity Regulator (OSCR) should be taken, in addition to legal advice.

### Residents' Association

211. SRA is currently a Residents' Association. Residents' Associations are "*groups of people organised to represent the views of a particular community or geographic area. Tenants and residents groups can be involved in a wide range of issues such as large-scale housing improvements, localised environmental improvements or policy matters*".
212. SRA objectives are: "*To safeguard and promote the interest of residents in the area on matters concerning housing and **the environment**. To help to improve living conditions, **community facilities** and **services for residents living in the group's area***". SRA has a constitution and a bank account.
213. An advantage to SRA remaining a Residents Association is the access to advice and assistance from HC and the advantageous rates for insurance on the site.
214. However, the group currently is not a Registered Charity and has limited protection for members and trustees against liability. This needs to be addressed before going further. SRA should register as a **charity** to assist in fund raising, but this would not provide protection to trustees and members in itself and additional protection is required.

### Charity Test

215. To access most sources of funds SRA will need to become and remain as a **Registered Charity**. The Office of the Scottish Charity Regulator (OSCR) has a 'Charity Test' and basic principles are:
  - An organisation has to show that it has only **charitable purposes** and;

- That it provides **public benefit** in achieving those purposes.
216. There are further criteria, most important of which could be that its **assets** (cash or property) **cannot** be used for **non-charitable purposes** - so care must be taken over income generation for profit. In SRA's case the profit margin is small and would be re-invested in the project.
217. The **purpose** for charitable activity needs to be written into the **constitution**. The OSCR includes the following activities relevant to SRA:
- The charity should **provide** and / or **advance**:
- **Education**, including **education in the community**;
  - **Health** (including the prevention or relief of sickness, disease or human suffering) and including physical and mental health,
  - **Citizenship** or **community development** (including rural or urban regeneration and the promotion of civic responsibility, volunteering, the voluntary sector or the effectiveness or efficiency of charities);
  - **Arts, heritage, culture** or **science**;
  - **Public participation** in **sport** which involves physical skill and exertion;
  - **Recreational facilities**, or the organisation of **recreational activities**,
  - **Equality** and **diversity**;
  - **Environmental protection or improvement** and promotion of sustainable development.
218. Clearly the work of SRA and objectives of the project are charitable and SRA should register as a charity.

### Unincorporated and incorporated

219. An **unincorporated** organisation is a collection of individuals with no separate legal identity. If it wants to own property it must rely on individuals to do so on its behalf. This increases the risk of **personal liability** for those involved in running the organisation.
- An incorporated organisation has a legal identity of its own. This means that it can own property, enter into contracts and employ people in its own name. Incorporation means the liability of the organisation to third parties is limited to the total amount of the members' guarantees. This gives protection to those running the organisation and its members in most cases. However, it also means that committee members need to take their responsibilities seriously as they are legally binding. Personal liability may still occur if trustees are: reckless; negligent; act illegally; act out-with their powers in the management and control of the organisation.
220. Clearly **incorporation**, or equivalent, is essential for SRA in undertaking inherently risky activities such as buying premises, employing staff, raising large scale finance, entering into large contracts, etc.

### Scottish Charitable Incorporated Organisation (SCIO)

221. A Scottish Charitable Incorporated Organisation, or SCIO, is a legal form unique to Scottish charities. A SCIO is able to enter into contracts, employ staff, incur debts, own property, sue and be sued. It also provides a high degree of protection against liability (provided certain criteria are met). SCIOs were introduced by the Charity and Trustee Investments (Scotland) Act 2005. A SCIO can only be a **charity**, and so must pass the charity test. As an **incorporated structure** an SCIO is in law a separate person or entity from its members. Accordingly members are not normally personally liable for a SCIO's debts and liabilities.
222. Being a SCIO offers a degree of **protection to charity trustees** against **personal liability** which isn't found in unincorporated legal forms such as associations or trusts. Companies limited by guarantee also offer this protection but charitable companies have extra requirements compared to a SCIO. A SCIO is simpler to run than a Limited Company.

223. The SCIO cannot choose to convert to another legal form, cannot amalgamate with a body which is not a SCIO and cannot seek removal from the Register (of SCIOs) other than by dissolving itself. However, there are procedures in place to transfer the process and property to another SCIO or other charity if SRA were to wind-up and de-register. There are also procedures in place with OSCR to **manage debts** over £1500 in the event of **sequestration** (bankruptcy).
224. SRA would need to apply to the OSCR for acceptance as a SCIO, with a new constitution.
225. **Becoming a SCIO is recommended subject to legal advice and detailed agreement of a new constitution.** However, whilst the entity offers protection from liability, Trustee Indemnity Insurance would still seem prudent.

### Unincorporated voluntary organisation

226. This is basically a club. The advantages are flexibility and minimal paperwork, regulation and running costs. A club can receive charity status. However, every member is personally liable for any debts and other legal liabilities of the club (e.g. damages claims, or tenant's obligations in a lease). Given the scale of your project this is **not appropriate**. Subsidiary clubs may work within your site and for them this could be appropriate.

### Company Limited by Shares

227. This is the normal type of company used for **commercial businesses**. Members' (i.e. shareholders') liabilities for the company's debts and liabilities are limited to the value of their shares. The company can raise money by selling shares; the purchasers will normally expect a return on their investment in the form of an annual dividend. The format offers no protection from liability in itself and would be onerous and unwieldy for a project that has such a tenuous income and is **not recommended**.

### Company Limited by Guarantee

228. Until the new SCIO structure became available, this was often the preferred structure for voluntary sector, not for profit businesses. Unlike a SCIO, a company limited by guarantee does **not need to be a charity**. On joining, members undertake to be liable for the company's debts and liabilities for a token amount (e.g. £1), and members have no liability beyond this amount. The regulation, reporting requirements, costs and rules concerning meetings etc. are broadly the same as for a company limited by shares. It is not apparent what the advantage of this set-up is now that there is the SCIO available, unless SRA were looking to operate as a non-charity in the future and it is **not recommended**.

### Community Interest Company (CIC)

229. Community interest companies are a variant upon normal limited companies intended for **social enterprises** which are focused on **social benefits** rather than maximising shareholder profits. A CIC's purposes must pass the **community interest test** - which is less restrictive than the charity test - and its assets are subject to an 'asset lock' to ensure that they can only be used for community benefit. A CIC can be set up either as a **company limited by shares** or a **company limited by guarantee**.
230. A CIC **cannot be a charity** so, in the case of SRA, and the need to raise considerable capital through grants, most of which require charitable status for eligibility, this is unlikely to be appropriate in the short term and is **not recommended**.

## Cooperative

231. An **Industrial and Provident Society (I&PS)** is the legal name for a **co-operative**. There are two types; **true co-operatives**, which function solely for the benefit of their members, and **community benefit societies** which aim to deliver wider community benefits. Only the latter can be a charity.
232. I&PS are democratic organisations which operate on a one member, one vote principle. I&PS also have a separate legal personality from their members, so **members are not liable** for the organisation's **debts** and other **liabilities**. They can issue shares and provide investors with a return on their capital from profits. A COOP can be set up as a Limited Company. The regulatory regime is not dissimilar to that for companies, but it is under different legislation and I&PS report to a different regulator, the Financial Conduct Authority.
233. Interestingly Deriford Community Park in Plymouth is to be set up as a Cooperative; however this is a project with much higher turnover and land value than Strathpeffer.
234. Co-operatives operate for the mutual benefit of their members and may or may not be a social enterprise, depending on their activities and how they distribute their profits. However, co-operatives cannot be established as charities. For SRA there would not appear to be advantage in a Cooperative over a SCIO in the short term and is **not recommended**.

## Community Benefit Society (CBC)

235. **Community Benefit Societies (CBS)** are incorporated industrial and provident **societies (I&PS)** as above, but which **conduct business** for the benefit of their **community**. Profits are not distributed among members, or external shareholders, but returned to the community.
236. As I&PS, some key characteristics of BenComs are as follows:
- They are set up with social objectives to conduct a business or trade;
  - They are run and managed by their members;
  - They must submit annual accounts;
  - They can raise funds by issuing shares to the public.
237. A CBC can raise finance through sale of Community Shares, sold to the public. Community Shares have various constraints placed on them to protect the organisation. The shareholder has limited expectation of financial return but there is potential for Tax Relief if the organisation registers under the Enterprise Investment Scheme.
238. Unlike a Coop, a CBC can be established as a charity, providing they have exclusively charitable objects that are for the public benefit, allowing them to raise capital through public grants and charitable trusts. If approved, they can be exempt charities - reporting to the Financial Conduct Authority (FCA), not the Charity Commission.
239. The advantage to SRA would be the ability to raise finance through shareholders whilst also having access to grants (as a charity). Whether there would be significant finance available from shareholders in a project that is not going to return a profit would need to be considered, as would complexity of forming a CBC and annual registration fees.

## A Trust

240. A traditional Trust (as opposed to a Community Development Trust) would be formed whereby, in the case of Strathpeffer, Highland Council (the Donor) would give the site (the Assets) to SRA (the Trustees) with the intention that the site should be developed for the benefit of the public (the Beneficiary). Once this occurs, the **trustees own the asset**, but can only manage the land the benefit of the **beneficiaries**. To form a Trust would obviously

require HC agreement. A trust is subject to various areas of legislation, and, if it is charitable, will be subject to charity law and regulated by OSCR.

241. There are a range of advantages and disadvantages; a Trust is simple to set up and easy to manage and can register as a Charity. However, a Trust is an **unincorporated body** and those running it, the trustees, have **personal liability** for its debts and obligations. Trustees must undertake transactions on behalf of the Trust. Title to land and buildings must be held in the name of one or more individuals on behalf of the charity. Charity trustees may have personal liability for the charity's actions and unlimited liability when it is wound up. Therefore a Trust is not recommended.

### Community Development Trust

242. Community Development Trusts (CDT) are enterprises with **social objectives** which are actively engaged in the **regeneration** of an area whilst ensuring that the **benefits** are returned to the **community**. They may vary priorities and names (for example Amenity Trust, Environment Trust or Community Development Company) but all share basic principles:

- They are concerned with the long term regeneration of an area;
- They seek to be financially self-sufficient and independent - not just relying on grants;
- They aim to create assets in the community and;
- Make a profit which re-invested in the community.

243. The legal structure of Development Trust is most frequently that of a **company limited by guarantee**. That is one which has members instead of shareholders, and which does not distribute any surpluses as profits, but instead re-uses them. A CDT could form as a Charity.

244. One advantage of a CDT would be that in operating with a wider remit than 'just' the Community Park. A range of income generating activities could be set up and these could help 'subsidies' the Community Park. Examples of other CDT doing this include:

- Strathfillan CDT ownership of low-cost houses, providing revenue to the Trust, currently and allowing access path work to be partnership funded;
- South Islay Development: purchase of a filling station and pontoon, allowing investment in events;
- Morvern Community Development Trust: ownership of shop, filling station, pontoons etc.

245. Since trusts also aim to earn income through trading activities, there may be limits on what they can do as a charity. They frequently set up a subsidiary trading company which can covenant profits back to the main charitable company.

246. The constitution of company is known as its **memorandum** and **articles of association**, and it is that which sets out the objects, powers and control.

247. A **Community Development Trust** may have long term advantages in Strathpeffer as a whole and for the Community Park. However, at this stage, to establish a Community Development Trust would be a distraction from the aims of SRA in its immediate goal of securing tenure to the Community Park and we recommend it is either deferred or developed in parallel with perhaps the Community Council taking the lead.

## 15. Tax

### VAT

248. A considerable proportion of capital cost is VAT. There may be scope for legitimately reclaiming some VAT and SRA may be able to qualify for certain VAT reliefs and exemptions.

However, the rules are numerous and complex. HMRC should be referred to. The Scottish Council for Voluntary Organisations (SCVO) has a VAT and Tax helpline for members.

### Corporation Tax

249. Limited companies and unincorporated organisations are liable for **Corporation Tax** on their **profits**. This includes all charities. However, there are a number of tax exemptions available to charities which mean that they usually do not pay Corporation Tax. HMRC should be consulted directly. No allowance for Corporation Tax has been made in the cost projections, given the low profit margins.

### Capital Gains Tax

250. Charitable status allows for exemption from payment of capital gains tax. This would not be relevant unless assets were owned and then sold for a profit.

### Business Rates

251. Business rates are charges made by local authorities to support the provision of local services and are calculated with reference to the rateable value of the property as determined by the local Assessor. We consulted HC and there would be no rates applicable to the site unless a business for profit operated and even then there are exemptions for registered charities. If the Community Building / Garden carry out trading as a purely for-profit shop, whose profits will eventually be donated to the charity the position is likely to be different and the Charity Retail Association should be consulted.

### Council Tax

252. Council tax is a domestic property tax levied on property used exclusively for the purpose of living accommodation. This would not apply.

### Employment Related Taxes

253. If a Project Officer is employed by SRA would be required to apply the normal rules for Pay As You Earn (PAYE) and National Insurance Contributions (NIC). Sessional workers employed to do a set amount of work during certain time periods over the year, with some form of unpaid gap in-between each one, are still liable to pay tax and national insurance as it is calculated on the amount of money they earn.
254. No allowance for income tax is included in the cost projections on the assumption that the level of pay would be below the tax limit. A self-employed Project Officer would be responsible for their own tax and NICs, but there are restrictions on self-employment when in permanent post and these would need to be considered.

### Volunteers

255. Volunteers should receive no payment at all for work done. They can receive reimbursement of legitimate expenses incurred. A committee member of a charity is not liable for tax on expenses or benefits. However there are restrictions and the OSCR should be consulted.

### Gift Aid

256. Gift Aid is a way for charities to increase the value of monetary gifts from UK taxpayers by claiming back the basic rate tax paid by the donor on the donation. It can increase the value of donations by a quarter at no extra cost to the donor. A nominal amount of Gift Aid on an assumed level of annual donation to SRA is assumed in the cost projections.

## Tax Relief

257. As noted above there can be Tax Relief for shareholders **if** SRA set up with the correct legal status – i.e. a Community Benefit Society – and this may be a significant incentive to a purchaser of shares.

## **16. Risk assessment**

### Introduction

258. The following section is an interim assessment of the risks, probability of occurrence, outcome and avoidance or mitigation associated with the various stages of the project.

Risk	Probability	Avoidance	Outcome: worst	Outcome: best
<b>Failure to convince Asset Management Board to agree to lease or sale of land</b>	Mod	1) Robust planning and business case. 2) Reduce scale of project (costs, extent, maintenance, revenue)	1) Scheme fails at this stage. In which case SRA should move to: a) smaller projects on the site with lower costs; b) Consider lease options.	1) Scheme is successful and asset transfer moves forward.
<b>Land value is out of reach for available funding / value for money</b>	Low	1) Negotiate 2) Engage political support for a re-negotiated land value 2) Appeal 3) Lease 4) Reduce area There is short term uncertainty over SLF and this increases the risk of a delay or inability to purchase.	1) Scheme doesn't go ahead. 2) Scheme goes ahead in reduced and constricted format, affecting viability and value. 3) Scheme goes ahead with unaffordable financial / interest payments, threatening viability.	1) Price agreed and funding raised.
<b>Failure to raise capital grants for implementation.</b>	High	1) Robust planning and business case and appropriate targeting of grant applications should reduce risk. However grants are competitive and scheme costs are high relative to local need ( not socially deprived etc).	1) Scheme does not proceed and potential loss of short term investment in project development. In which case SRA should move to: a) smaller projects on the site with less costs; b) lease options.	1) Scheme is successful.

Risk	Probability	Avoidance	Outcome: worst	Outcome: best
		2) Widen the catchment by developing a scheme that can cope with increased user numbers and people coming from out-with the area	1) Scheme becomes compromised and too big to manage by a small local group.	1) Scheme is successful and wider benefits result.
		3) Reduce scale of project and associated construction costs through phasing.	1) Loss of community confidence and support 2) Loss of income potential	1) Scheme is successful in establishing management of the land 2) Allows incremental development.
		4) Change design vision to reduce component costs.	1) May increase repair and maintenance costs. 2) May restrict income potential. 3) May loose community support through disillusionment. 4) May loose funding potential – funders may demand quality product.	1) Scheme is successful 2) Additional community engagement is achieved through greater hands-on input.
		5) Manage land as status quo – in its current condition .	1) Maintenances burden with no income .	1) Keeps options open and no worse than current situation.
		6) Sell land	1) Unlikely to be a buyer- HC may step in through political / public pressure.	1) Bo worse than existing situation of sold back to HC.
<b>Neighbour objections in planning process</b>	Low	1) Ensure continued communication; address objections positively.	1) Planning objections restrict development and / slows the project.	1)Objections resolved pre-planning and / or planning granted

Risk	Probability	Avoidance	Outcome: worst	Outcome: best
<b>HC Traffic Planning require dedicated parking for a project of this nature and location.</b>	High.	<ol style="list-style-type: none"> <li>1) Prepare robust parking management plan showing SRA will control parking and congestion will be avoided.</li> <li>2) Reduce scheme below threshold that triggers parking.</li> <li>3) Incorporate parking –i.e. Option 4.</li> <li>4) Partnership with Community Centre and shared use of small number of dedicated spaces.</li> </ol>	<ol style="list-style-type: none"> <li>1) Planning refused; project fails.</li> <li>2) Reduced scheme causes loss of value and income potential.</li> <li>3) Loss of ground to an unproductive use. Increased capital costs.</li> <li>4) Fails to convince HC and PP refused (space is limited and is needed by the CS and is distant from the site)</li> </ol>	<ol style="list-style-type: none"> <li>1) Management plan is accepted and planning granted.</li> <li>2) With parking provided potential to increase use of use site with potential revenue and sustainability benefits.</li> </ol>
<b>SRA fails to maintain momentum through a prolonged lead in period</b>	Low – the group is committed and determined.	<ol style="list-style-type: none"> <li>1) Retain active involvement and recruitment.</li> <li>2) Share and delegate to avoid burn out.</li> <li>3) Reduce scale of project to speed up process.</li> <li>4) Project could be taken on by another local group –e.g. Community Council or Strathpeffer Community Centre.</li> </ol>	<ol style="list-style-type: none"> <li>1) Group dissolves and project founders. Potential for financial liability should be avoided through Trustee Liability Clauses and Insurance.</li> </ol>	<ol style="list-style-type: none"> <li>1) Interest retained and project successful.</li> </ol>
<b>Legal issue in land ownership</b>	Low	<ol style="list-style-type: none"> <li>1) Push HC for early outcome of land search requested already.</li> <li>2) Negotiate to resolve issue.</li> <li>3) Consider design alteration to avoid issue if appropriate.</li> </ol>	<ol style="list-style-type: none"> <li>1) Project stalls and becomes un-viable.</li> </ol>	<ol style="list-style-type: none"> <li>1) Resolved and project successful.</li> </ol>
<b>HC sells land for development</b>	Low /negligible	<ol style="list-style-type: none"> <li>1) Land is restricted for development so risk is assumed to be low.</li> <li>2) CRtB would at least secure</li> </ol>	<ol style="list-style-type: none"> <li>1) Project fails if land sold.</li> <li>2) CRtB is successful, but</li> </ol>	<ol style="list-style-type: none"> <li>1) CRtB succeeds project proceeds.</li> </ol>

Risk	Probability	Avoidance	Outcome: worst	Outcome: best
		opportunity to attempt purchase. 3) Adapt scheme to land remaining (if any).	fails to raise funds within 6-months deadline. 2) Remaining / reduced land may not be viable and / or value of scheme could be reduced.	
<b>Failure to gain access agreement along north side of site from Ulladale Crescent</b>	Low	1) Early consultation and negotiation to resolve access.	1) Access denied and alternative not found. Restricts construction access and long term service and disabled access to the Community Growing Space. Restricts viability of project as envisaged.	1) Access negotiated and scheme successful. 2) Alternative found and scheme re-designed to suit.
<b>Failure to gain water supply and foul connection</b>	Low, although Scott Water have yet to respond to enquiry.	1) Negotiate a solution. Off-grid development. 2) Dry-composting WC. 3) Use of wetland / wild areas for soakaway in lieu of ponds.	1) Restricts viability, flexibility and opportunities for the Community Growing Space and Building. 2) Composting WC may not viable due to high water table and lack of suitable soakaway etc.	1) Successfully resolved off-grid and potentially attracts Climate Challenge funding and potentially an ethically improved project.
<b>Tenders for construction exceed budgets</b>	High	1) Tenders are unpredictable and can vary by 200%. Ensure investment in appropriate detail for pre-tender cost estimates to reduced risk. 2) Ensure tenderers have sufficient information to price the project on	1) Project fails to proceed. 2) Project reduced with value / quality reduced.	1) Additional funding procured.

Risk	Probability	Avoidance	Outcome: worst	Outcome: best
		<p>equal terms.</p> <p>3) Keep funders informed and agree action before implementation.</p> <p>3) Negotiate savings / phasing.</p>		
<b>Failure to secure gap funding to cover cash flow during construction – or at reasonable rates</b>	Mod	<p>1) Investigate early in the process. Consider whether mode of tenure affects availability of finance.</p> <p>2) Phase or reduce project to spread or reduce costs.</p> <p>3) Widen search for funding, including private benefactor.</p> <p>4) Negotiate cash flow and payment agreement with Contractors at commencement.</p>	<p>1) Scheme is unviable and fails to proceed.</p> <p>2) Scheme becomes prolonged with disillusionment of the public and SRA and volunteer fatigue.</p>	<p>1) Cash flow agreement negotiated and project proceeds.</p>
<b>Overspend during construction</b>	Mod	<p>1) Risk reduced by care and attention to detail in project development but unforeseen still occurs and it is essential to keep funders and all in the loop and informed.</p> <p>2) Employ experience project management and design team. Information is key and contractors must buy into this being a partnership project with finite funds. Timeous application for additional funds may succeed.</p> <p>3) Consider contingencies for timeous reduction in costs.</p>	<p>1) Project accrues debt and become unviable to complete.</p> <p>2) SRA default on construction contract and are liable to loss of profit costs.</p> <p>3) SRA default on grants agreements. SCIOs status and insurance will protect SRA.</p> <p>4) Design down the scheme – phasing.</p>	<p>1) Negotiate additional funding or cost containment.</p>

Risk	Probability	Avoidance	Outcome: worst	Outcome: best
<b>Failure to raise funding for post construction project officer</b>	Mod	<ol style="list-style-type: none"> <li>1) Early planning and discussion with funders should avoid this.</li> <li>2) Consider shared role with Strathpeffer Community Centre (SCC).</li> </ol>	<ol style="list-style-type: none"> <li>1) Without a PO the ability to raise revenue and coordinate maintenance etc. would be affected, risking viability/</li> </ol>	<ol style="list-style-type: none"> <li>1) PO role undertaken voluntarily with greater engagement of volunteers in the long term project.</li> <li>2) PO role undertaken through SCC or other party.</li> </ol>
<b>Project fails to raise sufficient revenue to cover short term costs expense during establishment</b>	Mod	<ol style="list-style-type: none"> <li>1) Focus on income generating components early in the development. Ensure quality is high to reduced maintenance and repair costs in early years.</li> <li>2) Discuss with funders and research all avenues for appropriate short term funding.</li> <li>3) Consider alternative land tenure if this resolves funding – but discuss early.</li> <li>4) Consider loan / private finance.</li> <li>5) Reduce costs through reduced maintenance.</li> <li>6) Invest in promoting and advertising the scheme to accelerate income.</li> <li>7) Fundraising.</li> <li>8) Diversify and change market and project make up to target new sources of income –e.g. additional training, hire of MUGA etc.</li> </ol>	<ol style="list-style-type: none"> <li>1) Excessive debt without finance leads to failure of scheme, preventing investment needed to develop sustainable income. Project fails (see below).</li> <li>2) Funders demand pay-back of funds</li> <li>2) Loan / overdraft could lead to long term debt without surplus to pay-off.</li> <li>3) Banks may refuse to lend without security.</li> </ol> <p>Options will include:</p> <ol style="list-style-type: none"> <li>1) Project assigned to another local group with similar aims (e.g. SCC or Community Council)</li> <li>2) Revert to landowner if leased.</li> </ol>	<ol style="list-style-type: none"> <li>1) Short term gap funding allows the project to establish ability to be self-funding and sustainable.</li> </ol>

Risk	Probability	Avoidance	Outcome: worst	Outcome: best
			<p>3) Sale of land and resources if owned.</p> <p>4) Reinstatement to a low input open space (as today).</p>	
<b>Project fails to raise sufficient income to be sustainable</b>	Mod	<p>1) Realistic business plan and sufficient contingency and success in fund raising should mitigate risks. However any such venture has risk.</p> <p>2) Investment in a Project Officer tasked with establishing long term viability.</p> <p>3) Investment in diverse and flexible, high quality facilities to maximise potential.</p> <p>4) Care with cost planning.</p> <p>5) Investment into marketing and promoting the project.</p>	<p>1) As above, leading to project failure. SCIO status protects against financial penalties.</p>	<p>1) Project succeeds and success leads to success, leading to sustainable project.</p>
<b>SRA fail to remain motivated and capable or willing to manage the project.</b>	Low – the group is motivated and determined.	<p>1) If this occurred:</p> <p>a) Discontinue SRA as a SCIO / registered charity and transfer project to another charity with similar objectives ; e.g. Community Council, Strathpeffer Residents Association or another new group, e.g. a Development Trust that may have wider resources.</p> <p>b) Scheme reverts to HC or is re-sold to HC.</p>	<p>1) Scheme fails, reverts to HC and assets are removed.</p> <p>2) Grants require re-funding – covered by insurance.</p> <p>3) SCIO status protects against financial liability.</p>	<p>1) Transfer to a like-minded body and project continues.</p>

End.