

## Appendix 14

### Community Asset Transfer Request Assessment

Organisation:	Blantyre Soccer Academy
Property:	Jock Stein Sports Facility, Hillhouse, Hamilton
Assessment Panel:	Joanne Forbes, Lorraine O'Hagan, Alistair McKinnon
Assessment Panel Date:	19 and 25 October 2021

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#### **Property Assessment**

The property consists of Jock Stein Sports Facility and is made up of a sports centre, sports pavilion, 1 synthetic pitch, 3 grass pitches, a play area with play equipment and an external exercise area with exercise equipment.

This is an operational facility leased to SLLC. The sports centre building was identified as potentially “at risk” in the South Lanarkshire Leisure and Culture Review of 2021, however this assessment was for the sports centre and did not include the pitches which are well used. The Executive Committee however subsequently took the decision that the property was to remain operational.

If an asset transfer were to proceed the lease and contract arrangements with SLLC would have to be varied. At present, there remains an operational demand for the property. However, the other users of the facility (aside from Blantyre Soccer Academy) are not supportive of the asset transfer request. Granting approval of the request could therefore result in displacement of service users to other SLLC facilities.

There are 6 staff based at the facility. These staff are not peripatetic and are based solely at the property.

The Council has a clear and marketable title and the District Valuer has placed a value of **£365,000** assuming that restrictions are put in place for existing use only. Discussions with Legal Services have however advised that there are few means whereby the Council can restrict the future use of the facility and these have limited effectiveness. (Discussed further below). It is therefore not possible to use this value and demonstrate Best Value.

The land is currently zoned for leisure/recreation use however the 5.09-hectare site has residential development potential. The District Valuer has valued the site at **£2.5 million gross** market value. Even allowing for the costs of relocating the grass pitches in order to obtain planning consent for residential development the site is estimated to worth between £1.5 m and £2 m net.

The external play equipment has a replacement value circa £100,000 and the external exercise equipment of circa £25,000.

It has been confirmed to the applicants that the internal gym equipment is excluded from the asset transfer request as the majority is under lease arrangements and would be transferred to other locations.

The land is considered suitable for the proposed project and change of use would not be required for the transfer. Planning consent and Sports Scotland approval would however be required for the proposed change from grass to synthetic pitches.

The condition of the property is considered satisfactory given its lifespan and there are no fundamental repair issues.

### **Question/comment**

If the Council cannot effectively control the future use of the asset through title restrictions or other means, then the transfer would have to be on the basis of the potential development value. A detailed assessment of market value for development would be required to assess what abnormal development costs there might be for example the relocation of the grass pitches might be required by Sports Scotland. For the purposes of this assessment, it is assumed that the net value of the site is in excess of £1.5 million.

### **Organisation Assessment**

The organisation was established in 2014 and is a Scottish Charitable Incorporated Organisation (SCIO), Scottish Charity No. SCO43613.

Legal have confirmed the constitution is appropriate and the objectives are;

- To advance public participation in amateur sport of football by promoting the game of football through the provision of recreational facilities and activities and improve the fitness and health of the persons for whom the facilities/activities are primarily intended;
- To advance community development by providing a safe environment to encourage and promote the development of football, health, self-esteem, health and friendship within the community of Blantyre and its environs;
- To provide facilities and equipment and it will be available to anyone irrespective of race, colour, religion, sex, sexuality or disabilities, promoting a respect for diversity and encourage people to take pride in themselves and their team mates through the game of football.

The organisation has experience in working with other organisations, has been successful in obtaining funding and delivering a range of community-based projects that go beyond football such as a community laundry, community garden and Blantyre Bikes Better.

This will be the organisation's fourth CAT request (Main St Hall was withdrawn, Rowan Hall and land at Birch Place were approved).

The organisation has 3 employees, 75 accredited team coaches and over 400 members. There is knowledge, experience and capacity within the organisation to drive forward projects although they have never taken on a project of this scale before.

They have provided a development plan and business case and sought professional advice as and when required.

### **Question/comment**

Do they have the minimum of 20 members? Yes,

Succession planning and training – they have employees and sufficient membership and experience to develop the capacity of their wide membership and deliver succession planning.

Capacity and Stability – the organisation has experienced Trustees and capacity to develop their organisation further.

### **Project Assessment**

The project is to transfer the full sports facility to Blantyre Soccer Academy who propose to then establish a community-based board, with representations from other community and sports organisations including existing users, to manage the facility. A draft of the board structure and constitution has been provided.

BSA state that the primary purpose of applying for community asset transfer is to support their aspiration for the development of a new football team within the SFA pyramid with its own appropriate facility.

BSA have entered into discussions with funders, including Social Investment Scotland, regarding the purchase of the property and future investment looking at a range of options with a mixture of loan and grant funding expected to make up the overall investment figure of £1.3 - £1.6 million. To date no loan or grant funding has been secured.

The investment is likely to be phased to match the timing of funding with an immediate upgrade of the existing 3G pitch followed by the conversion of one grass pitch to 3G being the priorities. The refurbishment of the pavilion is also included in the early phases.

There are no investment proposals set out in the business plan for the main sports facility.

BSA have undertaken limited public consultation with existing users and the local community through a series of meetings and publicity. Their consultations have met with limited success and there is disquiet amongst the existing users and local community about how easy it will be for them to get access to the facility in future.

The formal public consultation resulted in 404 representations, 342 of which were negative and of which there were 62 in support. Reference was also made within the representations to a petition of over 1,800 people in opposition to the proposal, however evidence of this was not presented to the Council.

A summary of the issues raised within the public consultation responses was submitted to BSA and they carried out further consultation activity, again with limited success. A meeting with existing users of the facility and pitches resulted in only one person attending.

This is a significant operational asset and there are a wide range of operational, financial and legal issues to consider;

## Existing Users

BSA are not the largest user of the facility.

In terms of the 3 G pitches alone, 3 clubs have a greater/equal percentage of the current bookings.

32%	Blantyre Victoria
16%	Hamilton Phoenix
16%	Blantyre Soccer Academy
12%	Blantyre Celtic
6%	Hamilton Accies
16%	others

Blantyre Victoria, Hamilton Phoenix and Blantyre Celtic have all objected strongly to the proposed asset transfer raising concerns about restrictions to their access to the pitches in future and the potential displacement of their bookings to other locations. Other existing users have also expressed the same concerns. The existing users expressed a preference for the facility to remain under the management of the Council and SLLC.

The business model put forward by BSA requires the participation of the wider community in terms of establishing the community board and in terms of developing and sustaining the revenue income from the 3G pitches. Given the level of objection this wider community participation seems unlikely.

With regards to the sports centre there are a range of other sports and individual users including Judo, badminton, gymnastics and wrestling. The business plan makes reference to no cash payments being accepted for bookings. SLLC have confirmed that there are still a significant number of users that pay with cash. A cashless system could disadvantage individual users.

Existing users of the facility can benefit from a range of concession schemes such as the ACE scheme and Activage. Should the transfer go ahead, individuals could find that it costs them more to use the facility as there is no commitment to offering concessions to any particular groups in future.

## Staff

There are presently 6 SLLC staff based at Jock Stein with a total employee cost of £215,173.

There is at present a mixed view as to whether or not TUPE rules would apply if the transfer were to proceed. SLLC and the Unions are of the view that it should apply however more detailed information on the proposed operating model will be required before detailed legal advice can be obtained.

BSA have made it clear that they do not wish to take on the staff currently employed at the facility. Their financial model does not account for the TUPE of the existing staff and is based on the assumption that there will be limited staff costs for BSA. They propose to transfer their existing 3 staff and are considering the establishment of 2 additional posts

however intend to rely upon volunteers to provide the additional support required to manage the facility.

Staff costs within the business plan appear very low and if TUPE were to apply the financial model is not viable.

SLLC have advised that should the asset be removed from their lease/contract arrangements with the Council, these staff would be surplus to their establishment as their duties are very specifically related to this property. There are currently no vacant posts at the relevant grades that could be used to redeploy these staff to another establishment. It is considered reasonable to assume that it would take in the region of 6 -12 months to redeploy all of the staff.

This means that the asset transfer would leave SLLC with an additional staff cost of £215,000. The asset transfer does not immediately generate a revenue saving to SLLC or the Council.

The Unions have also expressed strong concern about the implications in terms of security of employment as well as the terms and conditions for the staff. The application for asset transfer has inevitably created anxiety for the staff based at Jock Stein.

### Organisational Structure

The development plan and business case set out 2 key objectives

- It is the intention of the development plan to Empower the Community by the creation of a Strategic Board, and have a different type of relationship with the local community and users.
- It is the intention to establish a Pathway for Success - new football team within the SFA pyramid with appropriate facility

Whilst there is a lot of information within the business plan around the community management of the facility it is clear that the primary purpose of the asset transfer is to enable the development of Blantyre Soccer Academy's Football Team.

"The development of U20 team will create an attractive part of player pathway. The building of a 'one club' philosophy through the creation of U20 and Tier 7 team progression will ensure that every player will have the opportunity for progression.

We are looking to further develop the positive environment by achieving consistent success by providing members with the opportunity to progress to Pro Youth, Senior and hopefully International Appearances.

We are looking to create a Football Excellence Hub in order to provide greater experience, training and support for football coaches."

This has given rise to concerns amongst the wider community about continued community access to the facility.

Whilst a draft constitution has been prepared for a proposed community board there are no community representatives identified and the community is not engaging in discussions.

There is no detail on the decision-making powers of the Community Board or how the relationship between that Board and BSA will operate.

### Community Support/Community Benefit

There are a total of 351 objections and 64 letters of support following the public consultation. BSA have tried to engage with the community on the proposed operational model for the management of the facility however only 1 organisation attended the meeting.

The main themes of the objections were;

- The facility is well used by the local community and being under the control of a football club could impact on public access particularly for non-football sport
- Removal of the wider geographic community benefits in favour of a community of interest
- Detrimental to other football clubs in the area

It is not particularly surprising that other football clubs would oppose the transfer to a rival, however the business model is based upon income from these clubs continuing to book the facility. This affects the viability of the project and potentially causes displacement of existing bookings to other locations.

In other cases, football clubs have worked together in developing asset transfer requests, agreeing at the outset to share the facility. Such an approach would have strengthened this application.

As stated above, the primary purpose of the asset transfer and all of the proposed investment relates to football. The plan does not identify benefits to the wider community and the proposed pricing structure could impact on low-income users as there is no certainty of concession schemes continuing.

### Investment Funding

Funding is immediately required for the purchase of the facility and the first phase upgrade of 1 pitch to 3G.

The proposal is for around £1.3 - £1.6 million in the provision of 2 3G pitches and upgrade of grass pitches. The investment proposals are solely aimed at football.

No funding sources have been confirmed as yet; however, it is expected that for sums of this nature funders would require the title of the property to be unencumbered by any restrictions or clawback of future value by the Council.

### Financial Model

The financial information provided is based upon the current SLLCT business model for the facility itself, and an assumption of income for the pitches. It takes into account a reduced

level of uptake in pitches in the first two years which is usually a reasonable approach for a new venture.

On the face of it, this business model produces a reasonable surplus in-year.

However, as the model is based on the current income streams, and these include the walk-in business element which the project does not support, then it needs to be removed from the cash-flow. In addition, the current income includes the monies received from other local groups utilising the facility and pitches, and these groups are not yet on board. Again, this would have a detrimental impact on the income position.

Taking these into account, it is felt that the financial model is not sufficiently robust as it currently stands.

### **Community Benefits**

Blantyre Soccer Academy have linked their proposals to a number of the Council's key objectives and priorities, particularly. strengthening the community through community asset transfer and health and fitness.

There is strong local opposition to the proposed transfer which affects the likelihood of BSA being able to create a genuinely representative community Board to manage the facility.

Without the wider community support and a robust and diverse community board, the only community benefits that can be taken into account at this stage are those that would be delivered through the continued development of BSA's football club aspirations, which they state is the primary purpose of the asset transfer request.

The Working Group has assessed the potential benefits at 17% due to concerns regarding the lack of community buy in, the financial viability and the potential issues for existing staff.

Community engagement has had limited success.

### **Question/comment**

There is significant community objection to the proposal and in submitting their application for asset transfer prior to engaging with the community BSA have made it difficult to now develop meaningful engagement.

As things currently stand, the community benefits are really only directed toward BSA as an organisation and its members rather than towards the wider geographical or sporting community.

The risk of displacement of existing users and/or increased cost of access offsets to a great extent the community benefits derived from the increased development of BSA.

There is a significant risk the asset transfer will generate less community benefit than the continued operation by SLLC.

### **Alternative Options**

The Council and SLLC consider that the property still meets the current operational requirements for the area.

Stays with SLLC –

- protects the more disadvantaged users and the ACE and the Activage schemes
- ensures equal access for all existing users
- removes the risks associated with TUPE or displaced staff

If the Council and SLLC decided at a future date that this were not the case and the site was declared surplus, the Council could expect a significant capital receipt, circa £1.5 million if sold on the open market.

### **Risks**

**Project Delivery** – Funding is not secured for the acquisition of the facility nor the future investment phases and is likely to be a mixture of loans and grants. This in turn will impact on the Council's ability to protect the development value.

Applying a 17% discount to a value of £1.5 million would require BSA to secure funding of £1.245 million for the acquisition as well as the £1.3 million for investment. This is a significant risk to the project delivery and is unlikely to be acceptable to funders.

The project delivery is also dependant upon planning consent being granted and Sports Scotland agreement for the 2<sup>nd</sup> 3G pitch.

**Viability/Sustainability** – The financial model is based upon existing costs and use figures, with the assumption that existing users will continue to book/use the facility despite local objection and that the facility can be managed effectively with less staff and volunteers.

The financial model is based upon an income from other organisations however to date the wider community and other football clubs have refused to engage with BSA and have objected strongly to the transfer out of Council/SLLC control. This detrimentally affects the viability of the financial model.

Even assuming that, after the investment in the facilities, other clubs wished to book, it cannot be assumed that it would be at the same levels or costs as at present as the business plan is simply based upon the current operating income and costs.

There is likely to be displacement of existing users to other SLLC facilities and no guarantee that existing users will be able to access the facility or pay affordable prices for that access.

The financial model does not reflect a full complement of staff nor recognise the possibility that TUPE applies.

**Community Benefits not delivered** – The community benefits are primarily in relation to a specific football organisation and are offset by the potential loss of benefits to other organisations and the wider community. The business plan does not provide sufficient evidence that the investment can be delivered or the revenue income generated to support the ongoing operation of the facility. If the operation were to fail and the property be sold on the Council would lose a significant capital receipt.

### **Mitigation of Risks**



At present there is insufficient information to enable identification of effective mitigations.

Greater engagement with the wider community and existing users would be required.

More information would be required on the membership, remit and operation of the Management Board.

A full development appraisal and valuation would be required along with a suitable arrangement for “clawback” and/or standard securities to protect the development value, would need to be identified and agreed with funders.

Detailed Planning consent and Sports Scotland agreement would be required for the development of an additional synthetic pitch.

Funding options would need to be developed further and the business and financial models be more robust.

### **Decision**

This is a high value asset which is still in operational use. The alternative use value of the asset is significant and there are very limited means whereby the Council can effectively protect/recover any share of that future development value.

Whilst recognising that the organisation is capable and stable, the proposal has failed to secure community buy in. This impacts, not only upon the assessment of community benefits, but also on the business plan and financial viability. The detail provided with regards to the operating model, proposed community board and financial planning is insufficient to demonstrate that risks identified are mitigated. For an operational asset of this scale more information is required and wider community support essential.

The alternative option of SLLC continuing to deliver the services ensures wider public access to the facility, protects existing users who benefit from concessions and protects those 6 jobs currently associated with the management of the facility. It also protects the longer-term development value.

Through discussion with Council officers the organisation has been providing additional information and adapting their business plan ever since their original submission, however the panel believe that the proposal is not sufficiently robust for a positive recommendation to be made to the Housing and Technical Resources Committee.

The decision is to refuse the application, specifically, for the following reasons;

1. Lack of community engagement and community support for the proposal with strong objection from existing users.
2. Primarily football focused with insufficient evidence that the membership and remit of the proposed Community Management Board would deliver wider community involvement
3. The high value of the asset would require identification of a mechanism to protect future development value that is also acceptable to funders

4. The negative implications for the 6 existing staff whether TUPE applies or not
5. High risk with limited mitigation.

Not fully developed  Refuse	Governance and financial arrangements of the organisation are strong however not tested against a project of this scale. Best Value characteristics are not well demonstrated in the proposal particularly given the value of the asset and that the benefits accruing from the current use are equal to or greater than those delivered by the proposal. Related projected benefits are not based on robust information given the lack of community support, lack of information on the proposed community board and the project demonstrates questionable value for money.
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