

PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee

18 September 2013

REFURBISHMENT OF THE KINROSS CURLING RINK

Report by Executive Director (Environment)

This report outlines a request for funding from Kinross Curling Trust. The Trust is seeking £125,000 of funding to assist towards the refurbishment of the Kinross Curling Rink. They have already secured a Stage 1 funding commitment from Sportscotland's lottery fund, and have raised significant additional funding through the local curling community and the local community, currently totalling £335,500.

1. BACKGROUND

- 1.1 The Kinross Curling Trust (KCT) is a company limited by guarantee and is recognised by OSCR as a charity. It has been set up to ensure the long term future of curling in Kinross. Currently it has 350 members and is run by a Board of Trustees, 3 of which are appointed by the Royal Caledonian Curling Club (RCCC), the sports governing body. Curling in Kinross has taken place in a commercially run rink which is part of the Green Hotel complex. The facilities comprise a 4 sheet curling rink; changing facilities; plant room; administration office; bar and lounge area; and car park. The rink was built in 1974 and requires significant upgrading to meet current and future standards.
- 1.2 The rink in Kinross is open 7 days a week from 10am to midnight, for 29 weeks from mid September through to April each year. Take up on week day evenings is 95% with usage at other times at 60% of capacity. Three full time and one part time staff members are employed to manage and maintain the rink. In addition a Curling Development officer works 2 days per week, and is responsible for promoting the sport and organising the extensive development and coaching programme.
- 1.3 The current owners (The Montgomery Hotel Group) have indicated they cannot justify the investment required to fund the necessary loan repayments and to run it on a commercial basis. Without refurbishment by the Trust the rink would face certain closure in December 2014, when its outdated refrigeration plant will fail to meet EU legislation. The Hotel Group have indicated their current investment priorities (totalling approximately £1,200,000) as refurbishing their group of hotels, investing in their golf facilities, and in developing the loch side restaurant.
- 1.4 An earlier project to locate the proposed new National Curling Academy at another site in Kinross was abandoned due to delays around land ownership issues, and a lack of funding for the project.

- 1.5 The Trust as of 1 September has taken over the running of the Curling Rink. A lease is now in place between the owners and KCT. The length of the lease is 49.5 years with a mutual break date (after 28 years) of 30 April 2041. There is also an early termination clause in the lease, which allows KCT to withdraw after three years (September 2016). We understand this is to allow the Trust to withdraw if the required funding to refurbish the building is not secured. The base rent is proposed at £100 per annum, with a further rental payment being based on a percentage of turnover. These figures have been built into their business plan projections. If the ownership changed, or indeed if the business were to fail any new owners would be required to honour the agreed lease.
- 1.6 The current owners have agreed to a reduced rent in the first two years of the lease while the refurbishment works will be on-going. They have also agreed that the Trust can benefit from their purchasing power for key expenditure items, such as energy, bar and catering stock. In addition they have donated the curling stones to the Trust, which will save them having to purchase these at cost of c. £20,000.

OPTIONS APPRAISAL AND PROPOSALS

- 1.7 The Trust has during the last year been reviewing alternative options to sustain curling in Kinross. The Trust looked at alternative new build or conversion options within the Kinross area. These options would have needed a capital investment of approximately £2,000,000 which they felt they would be unable to raise. Any new build option would have required more capital investment than refurbishing the existing rink. A Feasibility Study and Options Appraisal was carried out in September 2012, which reviewed various refurbishment options for the current curling facility and provided estimated costings.
- 1.8 The Trust in the Spring of 2013 agreed to pursue the option of refurbishing the current rink, and have now agreed a forty nine and a half year lease of the existing rink, car park and lounge facilities from the Green Hotel. The Trust will operate a member-run curling facility independently of the hotel. They started to operate the Curling Rink on 1 September, with a view to carrying out the majority of the refurbishment works in the summer of 2014, with the remainder taking place in the summer of 2015.
- 1.9 The refurbishment has now been scaled back to reflect the likely capital funding available to the project. Essential repairs will be carried out to renovate the existing facility, and to install new ice plant. The main areas of refurbishment comprises:-
- the complete replacement of the ice pad, refrigeration, dehumidification and heating plant;
 - the rewiring of the building;
 - replacement of the roof and insulation of the roof and wall panels;
 - redecoration and refurbishment of the changing rooms, toilets, office and lounge facilities; and
 - resurfacing of the car park

FUNDING AND GRANT POSITION

- 1.10 The original budget costings provided by the Trust estimated the total project cost (including fees and VAT) at £1,270,000. The Curling Trust have revised the costings and prioritised the essential works. They are now estimating that the Phase 1 works will cost £800,000 (inc. vat).
- 1.11 SportScotland is closely involved with the project, and has approved a Stage 1 application based on an estimated contribution of £325,000. Due to the revised costings this is now likely to be in the region of £300,000. In addition to the SportScotland grant, Kinross Curling Trust had originally indicated that they were seeking a further £410,000 from various Charitable Trusts. However, they have informed us that their bids to the Gannochy, Robertson and Thomson Trusts have all been declined. It should be noted they have written to the Gannochy Trust and asked them to review their decision, however, no response has been received to date.
- 1.12 Table 1 below outlines the revised breakdown of costings, and the confirmed funding to date. This highlights a capital funding shortfall of £164,500. They are now requesting a grant from the Council of £125,000 to help narrow this funding gap. They have indicated they would hope to fund the balance by securing further loans and donations from local curlers. The capital works will start in April 2014, and they are seeking the funding from the Council to be provided early in the 2014/15 financial year.

TABLE 1: OUTLINE CAPITAL COSTS AND FUNDING PACKAGE

Costs (Ex Vat)		Funding Package		Status
Plant Room	5,000	SportScotland	300,000	Stage 1 agreed
Ice Plant	65,000	Kinross Partnership	2,500	Agreed
Ice Floor	237,000	Kinross Community Council	3,000	Agreed
Re-cladding Roof/Walls	136,000	Kinross Curling Trust (KCT)	330,000	Agreed/Pledged
Rewire/Lighting	38,000			
Heating Plant	54,000			
Car Park	In kind	TOTAL	635,500	
Sub-Total	535,000	SHORTFALL	164,500	
Prelims	15,000			
Contingencies	20,000	KCT breakdown		
Fees	60,000	Member Donations	180,000	
Total contractors	630,000	Member Loans	100,000	
Volunteer materials	37,000	Club fundraising	50,000	
Overall Phase 1	667,000			
VAT	133,000			
Total Cost	800,000			

- 1.13 The Kinross Curling Trust has indicated they are seeking to raise a significant amount from members and local sources. To date they have confirmed they have already raised a significant sum by way of pledges and actual donations of £335,500 (form attached as Appendix A). Comprising £180,000 of

donations from curlers; £100,000 of loans from curlers and, £50,000 from Club fundraising activities, and £5,500 from Kinross Partnership and the Community Council. They have also indicated they have approached The World Curling Federation (WCF) and The Charity Bank for loan funding. The WCF loan is still being pursued, however, the Charity Bank loan is on hold for now, awaiting the outcome of other funding requests.

BENEFITS OF THE PROJECT AND STRATEGIC FIT

- 1.14 The Perth and Kinross Leisure Needs Study carried out in 2012 identified the three main aims of the Strategic Framework for Sport and Active Recreation in Perth and Kinross in the period 2011-2015 as:-
- to maintain & widen participation
 - to develop people, places and organisations
 - to provide pathways and improve performance
- 1.15 The Leisure Needs Study also identified that curling is a strong traditional sport in Perth & Kinross, and that both Dewars and Kinross curling rinks are well used. It also identified a need for additional facilities on top of the existing provision. Some 40 different clubs (with 1161 registered players) play some or all of their curling at Kinross. While some clubs also take ice time at Kirkcaldy, Stirling, Murrayfield and Dundee, very few split their ice time with the Dewars Rink in Perth.
- 1.16 Initial contact with Live Active Leisure has indicated that they perceive no threat to their business from a refurbished facility in Kinross.
- 1.17 As with many specialised sporting facilities the rink draws its users from a wide area. There are 40 clubs based at the rink; 13 of the 40 clubs have a membership drawn from the Perth Kinross area; 22 of the clubs appear to have a Fife based membership, with the remaining clubs taking membership from the Lothians, Stirling, Clackmannanshire and the Dundee area. In terms of numbers of members, the Fife based clubs have 613 members (53%); Perth and Kinross based clubs have 393 members (34%), with the rest of the membership coming from the wider region.
- 1.18 The Curling Trust have indicated to us that they have approached Fife Council for support towards the refurbishment project, pointing to the lack of dedicated curling facilities in Fife. However, they have declined to support the project. The Trust have pointed out that it is not unusual in curling to attract players from a wide area, and these members are required to sustain the ongoing operation of the facility.
- 1.19 The Kinross Rink has a very strong coaching role, and a part-time Development Officer (funded by the RCCC, KCT and the Green Hotel) is based there, in addition to 40 accredited local coaches.
- 1.20 A total of 40 hours of coaching time is delivered per week to under 16's at Kinross while an additional 22.5 hours of adult coaching sessions are

provided during the week. 22 local schools are involved in either coaching programmes or after-school clubs, involving nearly 350 young people. In addition the Kinross Junior Club currently has 34 members.

- 1.21 During the 29 week season some 900 players per week use the facility. Evening sessions are always heavily booked by the 40+ clubs who use the facility regularly, while during the day other groups including, over 50's clubs, school groups and various disability groups utilise the ice time. Kinross curling rink has been at the forefront of developing wheelchair and visually impaired curling, with dedicated coaching and the establishment of the Kinross Wheelchair Curling Club.
- 1.22 In summary, the project will ensure the continuation of a much used and needed curling facility in Kinross. This will allow us to meet the requirements outlined in the recent Leisure Needs Analysis, and to ensure the development programme is maintained and enhanced through this refurbishment project.

BUSINESS PLAN REVIEW

- 1.23 The KCT has provided a Business Plan with an accompanying five year operating financial projection to the Council. Ice revenue will be the main source of income, with the main expenses/costs being salaries, rent, heating, light and power, loan repayments and the establishment of a small development fund.
- 1.24 The KCT team have stated that Kinross is a central location, and given the projected population increases for Perth and Kinross and the wider region they believe there is capacity to increase usage. They state that a refurbished facility will attract even greater demand, and have built in modest increases in off peak bookings in years 2-5 of the plan. They aim to increase overall occupancy from 76% to 85% by 2017. They also plan to draw in additional business through marketing curling weekends with local hotels, to draw in additional visitors and tourists.
- 1.25 The revised model of a Trust operation run by the curlers, as opposed to a purely commercial operation has proved to be successful elsewhere in Scotland. Examples include Aberdeen, Ayr, Inverness, Lockerbie and Kelso. The Trust has a wide membership base of 350, including a number of very experienced members with a wide range of business and sporting backgrounds. They have established an Operations Working Group chaired by an experienced businessman, who was the project manager for the curler takeover of the Inverness Rink a few years ago.
- 1.26 The bar and catering provision is currently managed as an integral part of the hotel, and there are no separate financial records. The Trust believes the bar/catering element will be an essential element of the facility in the future. The plan is to operate the bar themselves from the start, but under the cover of the Hotel's licence for the first year. It will be manned initially by a mix of contracted staff and Curling Club trained volunteers.

- 1.27 The Business Plan indicates that no revenue funding will be required from the public purse towards operational or loan repayment costs. The forecasts predict a small operating profit from Year 1, with all profits being recycled into an Upgrading/Development Fund for on-going maintenance and improvements.
- 1.28 The Enterprise Manager and one of the Council's Business Advisers have reviewed the Business Plan and fed back a number of comments and queries to the KCT. In summary these covered seven main areas where more details were sought; research and market demand; catering operations; Marketing; Off-season potential; Management Experience; and Financial Information, and an update on funding requests. The responses provided a level of comfort that they had considered the issues raised, and have a strong team of knowledgeable advisers on board.
- 1.29 The Business Plan is relatively comprehensive and outlines that the existing business appears to have a strong and loyal customer base. The projections for ice income appear realistic, and are based on current figures provided by the existing operator. The one area which is not perhaps as certain going forward, are the costs and income potentially generated by the bar and catering operation. However, the Trust appears to be taking a sensible and cautious approach to developing this aspect of the business.
- 1.30 The main area of concern however is the Trust's ability to raise enough capital funding to carry out the refurbishment project. The only significant amount of funding confirmed to date is the stage 1 offer from SportScotland, however, given the reduction in the scale of the project, the grant is likely to reduce to c. £300,000. However, it should be noted they have been successful in raising significant funding/potential donations from local sources (currently sitting at £335,500), mainly via pledges from members and supporters, and club fundraising.
- 1.31 They have approached a number of charitable trusts for funding; however, the Gannochy, the Robertson, and the Thomson Trust have all declined to support the project. The main concern of the potential Trust funders is around the fact that the Trust will only be leasing the property. This leaves a shortfall of £165,000, and they are now seeking a grant of £125,000 from the Council towards that funding gap.

2. CONCLUSION

- 2.1 The project will clearly have significant sporting and community benefits for a number of Perth and Kinross residents and for curlers from the wider region. The development of the Trust and the enthusiasm and hard work displayed by the Trust members in developing the project to this stage and securing both SportScotland Stage 1 funding and significant local support, is to be welcomed.
- 2.2 The Business Plan which is comprehensive and detailed in terms of its financial forecasting outlines the project as being self sufficient once the initial

capital investment is secured. With the project now having being scaled back, securing the additional funding looks more realistic. A capital contribution from the Council may attract other funders, and should ensure that the project proceeds.

3. RECOMMENDATION

3.1 The Committee are asked to:-

- i) approve the request from Kinross Curling Trust for a funding contribution in 2014/15 of £125,000 from Reserves towards a refurbished Kinross Curling Rink (subject to the confirmation of the SportScotland grant award)
- ii) approve the earmarking of £125,000 in Reserves to support the Kinross Curling Trust project.
- iii) delegate to the Executive Director (Environment) to draft a letter of offer and include appropriate conditions

**JIM VALENTINE
EXECUTIVE DIRECTOR (ENVIRONMENT)**

Contact Officer:

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	No
Asset Management (land, property, IST)	No
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	Yes
Risk	Yes
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	No

1. Strategic Implications

Community Plan / Single Outcome Agreement

- 1.1 The Perth and Kinross Community Planning Partnership (CPP) brings together organisations to plan and deliver services for the people of Perth and Kinross. Together the CPP has developed the Perth and Kinross Community Plan (2013-2023) which outlines the key things we think are important for Perth and Kinross.

- (i) Giving Every Child the Best Start in Life
- (ii) Developing Educated, Responsible and Informed Citizens
- (iii) Promoting a Prosperous, Inclusive and Sustainable Economy
- (iv) Supporting People to Lead Independent, Healthy and Active Lives
- (v) Creating a Safe and Sustainable Place for Future Generations

- 1.2 It is considered that the actions contained in the accompanying report contribute to objectives (iii) and (iv).

Corporate Plan

- 1.3 The Council's Corporate Plan 2013-2018 outlines the same five Objectives as those detailed above in the Community Plan.

These objectives provide a clear strategic direction, inform decisions at a corporate and service level and shape resource allocation. It is considered that the actions contained in the report contribute to objectives (iii) and (iv) as outlined in paragraph 1.2 above.

2. Resource Implications

Financial

- 2.1 It is proposed that a one off grant of £125,000 be provided to Kinross Curling Trust in 2014/15 from Reserves.

Workforce

- 2.2 There are no workforce implications of this report.

Asset Management (land, property, IT)

- 2.3 There are no land and property, or information technology implications, arising from the contents of this report.

3. Assessments

Equality Impact Assessment

- 3.1 An equality impact assessment needs to be carried out for functions, policies, procedures or strategies in relation to race, gender and disability and other relevant protected characteristics. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new and existing policies.
- 3.2 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- i) Assessed as **not relevant** for the purposes of EqIA.
 - ii) However, it should be noted that the refurbished facility will continue to provide and actively promote both Visually Impaired and Wheelchair curling, providing a facility used by a wide range of individuals from primary school age to retired users.

Strategic Environmental Assessment

- 3.3 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS). The proposals have been considered under the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.4 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

The proposals contained within the report are assessed to have a positive impact on sustainability, particularly with regard to the community and economic aspects of sustainable development. Refurbishing the Curling Rink will ensure its on-going operation and maintain a well used recreational facility within the community. Additionally bringing the rink under community/membership control should ensure the longer term sustainability of curling activity within Kinross.

Legal and Governance

- 3.5 There are no legal implications of the proposals contained within this report.
- 3.6 In terms of governance arrangements the Curling Trust is a registered company and a Scottish Registered Charity with a Board of Trustees. The Council are not represented on the Board.

Risk

- 3.7 The main risks in relation to this project relate to its ability to secure additional and on-going funding to maintain its activities in the future. On-going support has already been offered to assist the Trust to secure external funding. On-going Business Advice and guidance will also be offered to the Trust.

4. Consultation

Internal

The Executive Director of Education and Children's Services, the Head of Finance, and the Head of Legal Services have been consulted on the report. In addition comments have been received from the Chief Accountant which have been reflected in the report.

Detailed comments and queries on the proposed Draft Lease for the Curling Rink were received from Legal Services, these were forwarded to the Trust and responses have been received on the various points raised. The main queries were around the duration of the lease, an option to lease additional land, and the turnover rent mechanism proposed. Subject to clarification of the break option dates, legal services are satisfied with the terms of the lease.

External

- 4.2 The Chief Executive of Live Active Leisure who operate the Dewars Ice Rink (and are funded by the Council) has also been consulted on the proposals, and is satisfied that the refurbished rink will not compete directly with the Dewars facility.

5. Communication

- 5.1 A press release will be prepared highlighting the Council's support for this project which will ensure the continuation of curling in Kinross.

6. BACKGROUND PAPERS

The following background papers, as defined by section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above report.

Kinross Curling Trust – Submission to Perth & Kinross Council/Summary Business Plan

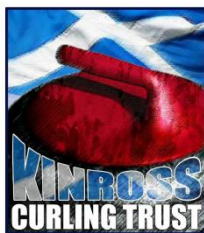
7. APPENDICES

There is one appendix to this report:-

Appendix 1 – Kinross Curling Trust – Curling Flyer and Funding Pledge Form

Curling in Kinross

Please **READ** this leaflet; it explains a serious threat to **YOUR** curling in Kinross.



Time is running out before this rink could close

The Issue

If curling is to continue at Kinross after April 2014, significant money is required. The owners will not invest in the rink but are prepared to lease it to the Kinross Curling Trust, which is working hard to safeguard curling.

The cost of refurbishing the ice hall and ancillary areas has been estimated at £815,000, plus any VAT we are unable to reclaim. We need your help **NOW** to commit to raising a **MINIMUM** of 25% towards the cost in order to be eligible for substantial grants.

With over 1,000 curlers in the Kinross area, surely we can do that together? We already have pledges for nearly £100,000.

Our Plan

- Secure a long lease on the building (**essential**)
- Replace the leaking roof and insulate the building to modern ice rink standards (**essential**)
- Renew the ice pad (**essential**)
- Replace the chiller and install new a heater / dehumidifier (**essential**)
- Refurbish the car park, bar, changing areas (**as funds are available**)

What is in it for YOU?

- A refurbished ice rink run **by** curlers **for** curlers
- A state of the art ice hall of four sheets with an extension to six sheets (if further funds available) thus reducing the need for the late session
- Modern and up to date surroundings
- **ALL** profits to be put back into curling here at Kinross.

What do we NEED curlers to do?

- **Complete the form overleaf and send it to the Secretary**
- **ALSO encourage other Kinross curlers to do likewise!!**

Thank you.

Visit our website: www.kinrosscurlingtrust.org

Curling in Kinross

We need you to tell us **NOW** the amount of financial support you can provide. We will require this money to be provided this summer (2013). If enough is pledged, the project will continue – otherwise the curling rink will close in summer 2014.



If you would like to help the Kinross Curling Trust to safeguard curling in Kinross, please complete the form below TODAY !!

Name AND Signature:		
Address:		
email: (for future contact to save postage)		
I / We** would be willing to make a single donation to the Kinross Curling Trust:	£	_____
I / We** would be willing to make annual donations to the Kinross Curling Trust for _____ years:	£	_____ (amount / year)
I / We** would be willing to lend to the Trust at an annual interest rate favourably comparable to banks for _____ years:	£	_____
I / We** pay income tax	Yes / No**	
I / We** would like to join the Trust and enclose a cheque payable to Kinross Curling Trust / cash: (suggested minimum of £25 per person).	£	_____
** - please delete as appropriate		

**The Secretary, Kinross Curling Trust,
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