

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 Without refurbishment by the Trust the rink would face certain closure in December 2014, when its outdated refrigeration plant will fail to meet EU legislation.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

