

The Highland Council

29 October 2015

Agenda Item	15
Report No	HC/49/15

Lochaber Sports Association

Report by Director of Finance and Director of Care & Learning

Summary

The purpose of this report is to allow the Council to consider a significant funding application from the Lochaber Sports Association for an Indoor Training Facility. The project is seeking a Council funding contribution of £0.845m towards the construction of the facility, which would then be operated on a day to day basis on the Association's behalf by HighLife Highland.

1. Background

- 1.1 Discussions between the Lochaber Sports Association (LSA) and the Council have been ongoing for some time, at both officer and senior member level. This involved discussions over an original and revised business plan, funding options, and the involvement of HighLife Highland.
- 1.2 "Letters of Comfort" were provided by the Council in both 2013 and 2014 to the LSA and SportScotland to enable a funding application to SportScotland to progress.
- 1.3 Whilst the Council has indicated its support, including the offer of financial help, no formal decision has ever been taken by the Council. The attached updated Fiscal Feasibility Plan allows the Council to consider whether it wishes to make a financial contribution to the project.

2. Discussion

- 2.1 The Fiscal Feasibility Plan, attached at Appendix 1, sets out the context of this Project and provides detail about local demand, an operating model, facilities management, and the need to create a "Sinking Fund" for future replacement.
- 2.2 The Plan has been reviewed by officers, in conjunction with HighLife Highland, and is recognised to be realistic and deliverable. The proposal for HighLife Highland to manage the facility has made a material difference to initial income and expenditure estimates, and provides a much more efficient and cost effective model.
- 2.3 The Plan has assessed demand for this facility, largely based on a study undertaken in 2012 which concentrated on the needs of affiliated pitch-using sports clubs. However the LSA are keen to stress that demand for the facility is not just from sports clubs, but also from several other community and NHS affiliated health providing groups, who have expressed a keen interest in the development for its potential to support the work they do with disadvantaged groups.

2.4 The LSA also have expressions of interest from the expanding West Highland College who see the need for a facility to help deliver their courses, as well as providing general recreational activities for students.

3. The Council Position

3.1 Officers have now scored the project using the standard methodology used by the Council in recent years to undertake initial officer prioritisation. The outcome of that scoring is a weighted project score of 159. An updated plan, received on the 15 October, does not impact on that scoring.

3.2 To set that score in context, the following table shows how the project would have featured in the initial prioritisation of the current capital programme.

Weighted Score	Project Name	Rank Order (out of 78 scored projects)
164	Community & Leisure Facilities	72 nd =
164	Dornoch Sports Centre	72 nd =
164	Burial Grounds	72 nd =
159	<i>Lochaber Indoor Training Facility</i>	
157	Minor Works and Equipment Replacement	75 th =
157	Public Conveniences	75 th =

3.3 As can be seen, the project scores low overall, and as a result sits at the bottom end of scored projects within the Council's current capital programme. This scenario largely arises due to the limited direct link between the project and the Council's programme, and also the limited statutory or regulatory drivers behind the project.

3.4 However, it must be highlighted that the officer scoring process represents only one stage of the capital prioritisation process. Thereafter, members review and re-prioritise accordingly, and the final decision (as evidenced by the previous report on today's agenda) rests with the Council.

3.5 At the time initial discussions were held with the LSA it was anticipated that the Council would receive developer contributions from a major supermarket development in Fort William. Again whilst no formal decision had been taken about the use of developer contributions, estimated at £0.4m, the likely option would have been to use the developer contribution as part (or all) of the Council's financial contribution to LSA.

3.6 Subsequently, as members will be aware, the supermarket development is not proceeding, resulting in the present situation whereby the Council has no likely expectation of receiving any significant sums of developer contributions. This has a material impact on the Council's funding options.

3.7 Initial funding requests from LSA were for a Council contribution of £0.6m. Use of developer contributions of £0.4m would have left a smaller balance of £0.2m to find to support the project.

3.8 Subsequent consideration of funding options revealed that LSA would incur a

VAT cost of £0.245m. This cost is unavoidable and the Council, in the LSA submission, has been asked to meet this cost also, bring the total funding request to £0.845m.

- 3.9 The Executive Summary in the Plan lists the estimated cost of the project as £1.47m, with secured funding in principle from SportScotland (£0.5m) and Score Environment (£0.01m). Should the Council agree to support the funding request of £0.845m in its entirety this still leaves the sum of £0.115m to be raised. In addition, there are significant ongoing financial risks and potential costs, referred to in paragraph 5.3, which the Project may need to find.

4. Financial Options

- 4.1 There is currently no provision within the Council's Capital Plan for this project. If members are minded to support this project then there are three options to consider. Members should note, from the previous report, that officers view the current Capital Plan as being at the limit of affordability and that the Plan cannot be increased further.
- 4.2 Option 1 – would be to reduce, defer or delete projects that are already within the Plan. Any deferral or deletion would be for the life of the existing Capital Plan to 2024. Given the previous report, which outlines changes to the Plan to accommodate additional expenditure on Roads, Piers, and Bridges, further changes at this stage are not recommended.
- 4.3 Option 2 – would be to borrow to finance the cost of any contribution to the LSA. This would incur annual recurring revenue costs of c10% of the value of capital grant awarded. Given the pressures on the Revenue Budget, and the comments at 4.1 above, officers would not recommend this option.
- 4.4 Option 3 – use of the Capital Discretionary Fund. Members will be aware that this Fund has been used to support a variety of projects over the years. The highest awards have been £0.281m (Inverness, Badenoch & Strathspey CAB) and £0.2m (Highland Hospice). Generally speaking awards have been for much smaller amounts, and have largely been for a lesser proportion of the total project cost. The Fund has predominantly been seen as “last brick in the wall” funding, rather than being a critical part of the project funding.
- 4.5 There are no specific criteria for the Capital Discretionary Fund, other than to ensure that any expenditure meets the statutory and regulatory requirements governing capital expenditure. This “policy” has been deliberate to allow the Council maximum flexibility.
- 4.6 The current uncommitted balance on the Capital Discretionary Fund is £1.369m, Any significant allocation of funding towards the LSA would restrict the scale of support for any further new projects that come to the Council.
- 4.7 Use of the Capital Discretionary Fund requires the Council to borrow to finance this expenditure. Whilst this is assumed in Revenue Budget assumptions for the cost of borrowing, nevertheless the revenue implications of c10% per annum are the same as Option 2. The only difference being that such expenditure is already assumed within the revenue budget and is not additional.

4.8 If members are not minded to support the funding request in its entirety, then a smaller sum could be considered. As stated in paragraph 3.7 additional funding of £0.2m had been considered in early discussions with the LAS, assuming that developer contributions would contribute funding to a higher level.

5. Implications

5.1 Resource – these are set out in section 4 above

5.2 Legal – there are no specific issues, although a rental agreement for the use of a Council owned site will be required.

5.3 Risks – there are several risks associated with this project.

Financial – the Feasibility Plan currently forecasts a trading surplus, and HighLife Highland are confident that this can be achieved. Should this not be the case, and demand for the facility not be as high, then the viability of the LAS finances could be adversely affected.

Financial – Section 5.5 (p10) of the Feasibility Plan sets out the implications of future pitch and roof replacements. The Plan sets out proposals for a Sinking Fund to create funds to meet future replacement costs. However this relies on a trading surplus and future fundraising. There is therefore a significant risk that there will not be adequate funds to meet replacement costs in the future. It could therefore be anticipated that an approach would be made to the Council to contribute to such expenditure.

Financial – there are risks around the final tender price for the project and the ability of LSA to raise the remaining funds necessary to close the gap between estimated cost and indicative offers of financial support. Any offer of Council funding should therefore be conditional on a full funding package being in place.

Project Management/Financial – There is a risk in any large project that costs will increase and there are no known reserves to fund these. In addition the client role and the project management of the contract would be for LSA and there is a risk that this may not be properly resourced.

5.4 Equalities – the Project has positive equalities outcomes offering potential support to a range of community groups with health or other lifestyle issues.

5.5 Climate Change/Carbon Clever – there are no specific issues.

5.6 Gaelic – there are no specific issues.

5.7 Rural Implications – the Project would provide an additional sports facility in the Lochaber area. The Plan and supporting documentation has highlighted significant demand.

Recommendation

Council is asked to consider this funding application and:-

1. Consider whether the Council should offer financial support to this Project;
2. If the Council is minded to support the project, then it is recommended that any financial contribution should be £0.2m in line with the original funding intention as explained in paragraph 3.7;
3. Agree that the funding for the award of grant should come from the Capital Discretionary Fund;
4. Note the revenue implications of c10% per annum of the value of the capital grant;
5. Agree that any financial contribution from the Highland Council is conditional on the full funding package being in place for the total construction cost.

Designation: Director of Finance and Director of Care & Learning

Date: 16th October 2015

Author: Derek Yule

Background Papers: None

Lochaber Sports Association

Fiscal Feasibility Plan for the operation of Lochaber's Indoor Multi Sport and Community Centre

Revised 14.10.15



Image: Hamilton Palace, nr. Glasgow

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1.0 Context of Fiscal Case

This document seeks to establish whether there is a feasible business case to support the operation of an indoor training facility for community use in Fort William. The fiscal case draws on a number of key pieces of information including the capital costs of constructing the facility, the proposed management arrangements for the normal operation of the centre, arrangements for inspection and maintenance of the facilities, an estimated revenue budget, projected replacement costs and a risk register highlighting the business risks associated with the centre.

2.0 Executive Summary

In 2013 Lochaber Sports Association (LSA) commissioned Alan Jones Associates to articulate the business case for the development and subsequent operation of an indoor sports training facility for Lochaber.

This followed the publication of a feasibility study in October 2012 by Douglas Wheeler Associates/John Gilbert Architects, which examined the options available for the development of an indoor community sports hub in Lochaber and the feasibility of doing so. The consultation involved direct correspondence with clubs, community groups and schools, and a public Open Day held in the centre of FW.

The full report can be viewed at <http://www.lochabersportsassociation.org/fs-final-report/>

The study concluded that there was potential to develop an indoor training facility on a site adjacent to Lochaber High School in Fort William, making use of the existing school car parking and showering and changing facilities. However, after reflection it was concluded that the capital costs for an indoor facility to the proposed specification were not affordable and a more modest option was considered. The indoor facility proposed is of pre-tensioned fabric construction with a 60m x 40m third generation synthetic playing surface. The surface will be suitable for rugby (satisfying IRB Reg. 22), shinty and football (satisfying the SFA), indoor cricket and golf practice, indoor athletics and general healthy activities requiring an open space. These are the sports that have indicated the greatest need for an indoor facility, their training and club development currently hampered by Lochaber's inclement weather (average annual rainfall 75", compared with 29" in Inverness).

Identical facilities have been built around Scotland – including nr.Glasgow (Hamilton Palace), Largs (sportscotland National Sports Training Centre) and Stornoway (Back Football Club). The latter was hit with 117mph winds earlier this year and, unlike nearby buildings, remained completely unharmed. These facilities were all built by Collinsons, with exactly the same steel structure and membrane covering, and all have been part funded by sportscotland.

Quotes for the building work and installation of the pitch have been sought and the total cost is currently estimated at £1.47m. including VAT. A great deal of abortive time and effort has gone into trying to avoid or reduce the VAT element, including the employment of a VAT Consultant and extensive correspondence with HMRC.

To date, Lochaber Sports Association has secured funding in principle of £500k from sportscotland and £10k from Score Environment. Thus, the shortfall currently stands at an estimated £960k, of which £600k has been offered in principle from Highland Council. Lochaber Sports Association is requesting that, additionally, Highland Council will consider paying the VAT element of £245k. LSA is confident that it will be able to source the remaining balance of £115k from other funders, as well as raising funds from the local community.

Discussions with representatives of both The Highland Council (THC) and High Life Highland (HLH) have concluded that the most cost effective method of managing the facility would be to place this responsibility with HLH as part of the overall management of the Lochaber High School sports complex.

The playing surface will be maintained on a weekly basis by HLH. Annual inspection and maintenance of the playing surface will be delivered by a specialist contractor. Administration of bookings and weekly maintenance of the building will be undertaken through HLH.

For the first phase of development, the indoor training facility will not have bespoke changing rooms, showers or toilets to keep initial construction and ongoing revenue costs to a minimum. Changing and toilet facilities will be available in the adjacent sports complex of Lochaber High School which is managed by HLH.

3.0 Background

3.1 Lochaber Sports Association

LSA represents most of the amateur sporting clubs of Lochaber in developing the vision to “build a healthier future for ourselves and future generations”. One of the key areas in which participation in sport and healthy activity in Lochaber can be hampered is the dependency on outdoor sports pitches that can provide year round facilities for training and match play. In Lochaber, an area with significant levels of rainfall, this is a challenging task and has resulted in many sports clubs in the area struggling to be able to meet fixture obligations, missing out on training opportunities and experiencing a difficulty in recruiting new participants to their chosen sport. LSA realised that a potential solution could be in the development of indoor all-weather facilities that could be accessed and used by as wide a variety of sports clubs and community groups as possible.

3.2 Provision of community training facilities in Lochaber

For the clubs: Most of the local grass pitches are on ground owned by THC. They are leased either to HLH or to individual clubs. All local sports clubs in the Lochaber area including Mallaig and Ardnamurchan have their own “home” grass sports pitch, however in almost all cases, training sessions and matches have had to be cancelled or postponed due to problems with accessing the pitch caused by inclement weather. In addition to the organised club pitches, there are a number of community facilities across the region which also suffer from similar weather related access issues. Winters are long, the evenings dark and the weather throughout the year often too wet, cold or windy for training to take place outside. The facility would not only overcome these problems, but it would also allow mini leagues in a variety of sports to take place, whatever the weather or time of year.

For the school: Lochaber High School has recently benefited from the development of a state-of-the-art sports hall and refurbishment of the outdoor 3G pitch. However, it has become clear that in order to deliver the curriculum and, further, to encourage the youngsters into extra curricular healthy activities, a further indoor multi-sport facility would be of great benefit. This is in part due to the fact that the school lost one of its games halls when the new facilities were built.

For the ASC's: In the early evenings during term-time, and throughout the school holidays, the Active Schools Co-ordinators deliver an extensive and varied programme of activities for which the Indoor Facility would be ideal

For Health Provider Groups: Lochaber benefits from several health providing groups that support those with mental and physical disabilities, alcohol or drug related problems, as well as those excluded from school or on the fringes of the community. The facility's proximity to the Medical Centre and to the proposed new site for the Belford Hospital will make it the ideal location for a variety of healthy activities e.g. Walking Football for those who have heart problems, or who are older/generally unfit.

For national sports bodies and coaching groups: the ideal location for national sports bodies to run their coaching and training programmes.

For UHI Lochaber College: for supporting their educational programmes, as well as supporting the growing number of staff and students in a healthy lifestyle.

3.3 Lochaber High School Site

Following an options appraisal undertaken during the feasibility study, the site at Lochaber High School was identified as the favoured option for development. The land is owned by THC and may be available for lease to LSA. The site is accessible and benefits from good car parking and the availability of changing and toilet facilities in the school sports complex and is considered a “club neutral” venue. There is a suitable area available for development on the site of the old tennis courts at the school and this would also allow school and community activities to take place within the facility during term time. Figure 1. Below illustrates the approximate location of the site.



Figure 1

3.4 Local demand for training facilities

Assessing the demand for training facilities is a matter of identifying existing levels of usage and gauging the extent to which demand is constrained by lack of or poor quality facilities. The forecasting of sports initiatives, relative success of teams and impacts of demographic changes will also be important factors to consider.

During the consultation process potential user groups were asked about their likely usage of an indoor training facility. The majority of respondents indicated that their use of indoor training facilities would be limited to once or twice each week, principally in the evenings. Evening use of the facilities can be said to extend over four hours, from 6pm to 10pm over five days, Monday to Friday, with weekend use equally limited due to match-day and other commitments and probably extending to a total of eight hours of hires each weekend. This gives a potential weekly usage total of 28 hours. We estimate this to be the pattern for 40 weeks of the year during school term time, resulting in a total of 1120 during this period.

While many clubs and sports organisations do not operate during school holiday periods, we estimate that 2 hours of casual bookings may be expected each day during ten weeks of the holidays (with the Christmas fortnight excluded). This would add an extra 140 hours per annum.

If an average uptake of 75% is applied to the total figure of 1260 hours, it is estimated that the total number of bookings per annum is likely to equate to 945 hours.

In addition to the figures of use determined through the above examination, we have considered that the centre may become the hub for some of the principal sporting and community events

taking place in Lochaber each year and we have estimated that we will have an annual requirement to host three such events where the centre would be used for registration, warm-up areas and one-off events, such as national coaching programmes, cultural events, food and craft fairs.

Beyond the potential use of the centre by community groups, we would anticipate significant school use, due both to the proximity to Lochaber High School and also the uniqueness of the facility for the Lochaber area. It is anticipated that the facility will be used during the school day for a range of educational activities in a safe, clean and dry environment. Potential school use of the centre could extend to seven hours per day from 9am through to 4pm Monday through to Friday. It is anticipated that the main use of the pitch between the weekday hours of 4pm and 6pm will be by school clubs and Active Schools Co-ordinators' activities, free of charge.

3.5 Ownership / Lease

THC owns the land upon which the facility would be built and it is hoped that they would lease it to LSA. As a minimum the lease is proposed for a 25 year period with a ten year break clause and, ideally, at a peppercorn rental of £1 per annum.

3.6 Operating Model

It is proposed that a Management Agreement be established with HLH to outline the terms on which HLH will manage the facility for LSA. While HLH will undertake the responsibilities associated with the day to day operation of the facility, LSA will retain the responsibility for funding the repair and / or replacement of the pitch surface and building shell. A copy of a draft Management Agreement is appended.

4.0 Programme of Use

The following is the proposed programme for the facility. We have highlighted the mixed use between Lochaber High School / Active School (free) and Community Groups (paid).

Times	Monday	Tuesdays	Wednesdays	Thursdays	Fridays	Saturdays	Sundays
9.00am	School	School	School	School	School	Community	Community
10.00am	School	School	School	School	School	Community	Community
11.00am	School	School	School	School	School	Community	Community
12 noon	School	School	School	School	School	Community	Community
1.00pm	School	School	School	School	School		
2.00pm	School	School	School	School	School		
3.00pm	School	School	School	School	School		
4.00pm	School / ASC	School / ASC	School / ASC	School / ASC	School / ASC		
5.00pm	School / ASC	School / ASC	School / ASC	School / ASC	School / ASC		
6.00pm	Community	Community	Community	Community	Community		
7.00pm	Community	Community	Community	Community	Community		
8.00pm	Community	Community	Community	Community	Community		
9.00pm	Community	Community	Community	Community	Community		

5.0 Lochaber Indoor Training and Community Centre Financials

All calculations shown below in the financial section relate directly to actual hiring periods. If, as is anticipated, local schools and Active Schools Co-ordinators choose to use the facility during school hours we would aim to provide use of the centre free of charge.

5.1 Income

As noted in the section titled 'Local Demand for Sports Pitches' we have estimated that the following would be a likely annual usage pattern for the facility:

- Average number of hiring hours per week term time (28 hours x 40 weeks) 1120 hours;
- Average number of hiring hours per week school holidays (14 hours x 10 weeks) 140 hours;
- Total available hiring hours per annum - 1260 hours;
- Projected actual uptake per annum @75% - 945 hours.

Based on the HLH charging policy for outdoor all weather pitches, it is estimated that the average hourly rate for the full pitch will be £28.50 for adults and £14.25 for under 18s.

Using an average hourly rate of £21.40 we have estimated an annual income sum of £20,223.

If the Centre is used for up to 3 major events each year it is reasonable to assume additional annual income of approximately £1,500 for these activities.

LSA will use the 12 free lets of the facility for a series of fund raising events throughout the year. It is estimated that these events will generate £6000 per annum.

Therefore the total estimated annual income is forecast to be £27,723.

5.2 Operational Expenditure

There are five main areas of new cost associated with the daily operation of the facility which would not be covered by the normal management infrastructure afforded by HLH as Managing Agents. These are:

- | | |
|----------------------------|----------------|
| • Annual pitch inspection | £750 |
| • Pitch maintenance | £500 |
| • Building maintenance | £5000 |
| • Utilities | £3200 |
| • Insurance | £2200 |
| • Facility management | £3000 |
| • Total (per annum) | £14,650 |

5.2.1 Annual Pitch Inspection

HLH are part of the Council's artificial pitch maintenance contract and we would hope to add the maintenance inspections (2 a year) into this existing contract. The annual price for being included in this contract is £750 per annum.

5.2.2 Pitch Maintenance

To ensure that the pitch surface is maintained appropriately and to maximise on its lifespan, it is proposed that HLH staff brush the 'carpet' on one occasion each week. The estimated cost of this work is £500 per annum.

5.2.3 Building Maintenance

The main building maintenance requirement will be to power hose the external structure of the building to keep it free from moss and any form of vegetation. We have estimated the cost of this single operation to be £3000 per annum. In addition, it is estimated that a sum of £2000 per annum should be added to the budget to cover ad hoc repairs to the facility.

5.2.4 Utilities

The facility will have a total of 42 lights that will be supplemented by a translucent roof covering which will allow natural light to enter the building. It is assumed that for usage during the three principal summer months, natural light will be the sole lighting source at the Centre. If all 42 light fittings were operated at once the hourly running costs would be as follow:

High-mode: £5.39/hour
Low-mode: £3.71/hour

This assumes a local kw/hr charge to be £0.12/hr. The low mode would be controlled using a Multi-Watt High/Low switch on the lighting control system provided. This reduces the energy to 67% of the normal energy consumption and lowers the light levels by the same amount. Most similar facilities use the lights 70% - 90% on low mode and supplement it with high mode the remaining 10% - 30% if there is a specific competition, or other requirement.

Based on the estimated actual hourly usage (66% of 1176) of the building with an adjustment for the summer months, the total number of hours requiring lighting would be 776 per annum which, using the above split on low/high power gives a total annual lighting cost of c£3200.

5.2.5 Insurance

An estimate from the Council's Insurance team indicates that all of the necessary insurance cover for the facility could be obtained by HLH for an annual premium of £2200.

5.2.6 Facility Management

To ensure the effective and safe operation of the facility, HLH will be required to undertake the following tasks:

- Development and implementation of a Normal Operating Plan;
- Development and implementation of an Emergency Operating Plan;
- Development and implementation of a Health and Safety Plan and facility risk assessments;
- Assigning and undertaking the role of Responsible Premises Officer;
- Opening and closing the building;
- Inspection of the building, pitch surface and facility equipment;
- Administration of the bookings and collection of fees;

- Review of user groups policies for the Protection of Children and Vulnerable Adults;
- Promotion of the facility;
- Provision and management of all facility staffing.

The estimated cost of undertaking this role is £3000 per annum.

5.3 Summary of Income and Expenditure

The estimated income is £27,723 per annum.

The estimated expenditure per annum is £14,650.

The contribution to Sinking Fund is therefore estimated at £13,073 per annum.

5.4 Sinking Fund

The estimated lifespan of the pre-tensioned fabric building is 20 to 25 years prior to re-covering. The estimated cost of re-covering the building (at today's prices) is approximately £201,000 but inflated over 25 years is £381,958 plus £76,391 VAT (£458,349). We have used the inflated replacement figure in our calculations.

The estimated lifespan of the artificial playing surface is about 10 years. The estimated cost of replacing the artificial surface (at today's prices) is approximately £70,000. When the pitch replacement costs inflation is built in over each of the 10 year periods the figures are;

- First replacement in 2025 £83,686 plus £16,737 VAT (£100,423)
- Second replacement in 2035 £92,195 plus £18,439 VAT (£110,634)

Thus to consider a total refurbishment regime over an approximate twenty five year period would involve the replacement of the covering of the building and the artificial surface being replaced twice. The total cost for this will be in the region of £557,839 plus £111,567 VAT. Total £669,406 over 25 years.

It is proposed that a sinking fund be created with funds being placed in a high interest, index linked account to generate sufficient reserves to be able to address these major infrastructural upgrades as necessary. The predicted surplus of let income over expenditure of approx. £13k per annum will be sufficient to cover two carpet replacements over 25 years and go a significant way to replacing the roof membrane in 25 years.

6.0 Business Risk Register

Lochaber Indoor Sports Facility			Business Risk Register				Date: November 2013	
			Risk Categories:		0-8 Low Risk	9-17 Medium Risk	18-25 High Risk	
Risk Area	Risk Identified (describe the risk to be managed)	Probability Factor (1-5, with 5 being most probable)	Impact Factor (1-5, with 5 being most severe)	Risk Ranking (probability x impact = probability)	Risk Management (how the risk will be managed)	Risk Responsibility (describe who will be responsible for managing the identified risk)	Risk Monitoring Generally this will be done by the User Committee when formed. Meantime the responsibilities lie with the Chair of LSA and its board	
1.0 Strategic								
1.1	Lack of Robust Business Plan	2	3	6	This is being addressed by creating this report, however the Business Case should be reviewed annually by the Committee to ensure it is meeting its targets	Chair and Lochaber Sports Association	Annually by chair and Lochaber Sports Association or when committee membership changes	
1.2	Business Continuity Management Plan	4	4	16	Lochaber Sports Association should, in conjunction with HLH, consider a Business Continuity Plan which specifies the worst case scenario under which the business can still function effectively.	Chair and Lochaber Sports Association	Annually by chair and Lochaber Sports Association or when committee membership changes	
1.3	The current governance arrangements on which type of legal entity should be explored further to maximise grant aid applications chances of success and to maximise financial	3	4	12	Currently Lochaber Sports Association is a Scottish Registered charity. However they should consider which form of legal entity best suits their future requirements to maximise financial advantages	Lochaber Sports Association Committee	LSA Chairman and Committee	

	advantages						
2.0 Operational							
2.1	As the building will be un-manned during most hires there exists the potential for damage, vandalism or serious neglect over time which may impact on manufacturers' warranties, ability to function appropriately and lost income potential.	4	4	16	HLH will provide regular checks which will help to reduce the likelihood of casual vandalism however all hirers and hiring groups should adhere to a hiring agreement detailing the minimum standards required.	HLH local Manager	Annually by HLH and LSA
3.0 Financial							
3.1	A pre-tensioned fabric building will require replacement of the fabric covering within a 20 to 25 year period. Should this not be undertaken it is likely that the building will become unusable.	5	4	20	A sinking fund should be created that will generate sufficient reserves to cover the cost of replacing the building cover within the suggested timeframe of the manufacturers	LSA Committee	LSA Chairman and Committee
3.2	The artificial playing surface will require to be replaced within a 10-12 year period. Should this not be undertaken it is likely to seriously affect the quality of the playing surface.	5	4	20	A sinking fund should be created that will generate sufficient reserves to cover the cost of replacing artificial surface within the suggested timeframe of the manufacturers	THC or LSA Committee	THC Capital Programme or LSA Chairman and Committee
4 External/political							
4.1	Relationships with THC	3	3	9	LSA will continue their good relationship with Highland Council through open and transparent communications	Chair and Lochaber Sports Association	Annually by chair and Lochaber Sports Association or when committee membership changes

4.2	Relationship with High Life Highland	3	3	9	LSA will continue their good relationship with High Life Highland through open and transparent communications	Chair and Lochaber Sports Association	Annually by chair and Lochaber Sports Association or when committee membership changes
4.3	Relationship to wider community	3	3	9	LSA will continue their good relationship with the Fort William and wider Lochaber communities through open and transparent communications	Chair and Lochaber Sports Association	Annually by chair and Lochaber Sports Association or when committee membership changes
5.0 Reputation							
5.1	Media Relations	3	5	15	LSA will establish good communication channels with local media to promote the facility and to seek their support in fund raising activities	Chair and Lochaber Sports Association	Annually by chair and Lochaber Sports Association or when committee membership changes

7.0 SWOT Analysis

The following table presents a SWOT analysis for Lochaber Indoor Training Centre:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Potential to create new indoor good quality artificial training pitch • Appreciated by regular users • Relatively inexpensive • Large area of public open space in addition to the sports pitches • Good quality subsoil and drainage • Car parking on site • External access to 2 changing rooms/toilets • Well established sports facility base • Excellent community support for project 	<ul style="list-style-type: none"> • Lack of readily accessible changing facilities, showers and toilets • Limited scope for increased usage • Limited scope for off peak use • Football clubs locally not used to paying for pitch time
Opportunities	Threats
<ul style="list-style-type: none"> • Linking with established body already managing similar facilities (HLH) • Develop training area for multi activity uses • Create accessible indoor venue for one off events • To promote wider sports development initiatives • To consider indoor competition leagues for a range of sports • To contribute to the critical mass as a community sports and events hub for Lochaber 	<ul style="list-style-type: none"> • General financial climate and cuts in Council budgets especially grounds maintenance • Lifestyle issues – increasing sedentary culture of young people • Loss of volunteers through an ageing population • Low levels of supervision leading to vandalism, littering, etc. • Potential failure to create a sufficient sinking fund to maintain the facilities

8. Conclusions and Recommendations

1. It is recommended that LSA apply to THC for a 25 year lease with a 10 year break clause and assignation clause at a peppercorn rent for the land at Lochaber High School for the construction of the Indoor Training and Community Centre.

2. It is recommended that LSA ask THC to confirm their “in principle” allocation of £600,000 (already ear marked for sports project development at Lochaber High School) towards a project costing approximately £1.2m. plus VAT, and further, that HC will cover the VAT element of approx. £245k. The balance is being sought from sportscotland (£500k has already been agreed in principle), Score Environment (£10k) and other funders.

3. It is recommended that LSA enter into a Management Agreement with HLH to operate the facility on behalf of LSA.

4. It is recommended that LSA form a dedicated committee to manage a Trust Fund for raising and managing the necessary funds for future replacement of the playing surface and covering roof.