

## Assets and Corporate Services Sub-Committee

Due to Scottish Government guidance relating to Covid-19, this meeting will be held remotely



Thursday, 27<sup>th</sup> January, 2022 - 10.00 a.m.

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### AGENDA

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1. <b>APOLOGIES FOR ABSENCE</b>	
2. <b>DECLARATIONS OF INTEREST</b> – In terms of Section 5 of the Code of Conduct Members of the Committee are asked to declare any interest(s) in particular items on the agenda and the nature of the interest(s) at this stage.	
3. <b>MINUTE</b> – Minute of Assets & Corporate Services Sub-Committee of 4 <sup>th</sup> November, 2021	3 – 5
4. <b>BYRE THEATRE ST ANDREWS</b> – Joint Report by the Head of Assets, Transportation and Environment and the Head of Communities & Neighbourhoods	6 – 17
5. <b>SILVERBURN PARK, LEVEN: PROPOSED DISPOSAL OF FLAX MILL BUILDING</b> – Joint Report by the Head of Assets, Transportation and Environment and the Head of Communities & Neighbourhoods	18 – 125
6. <b>SUBSIDISED LEASES POLICY – IMPLEMENTATION REPORT</b> – Joint Report by the Head of Communities & Neighbourhoods and the Head of Assets, Transportation and Environment	126 – 140
7. <b>2021/22 REVENUE MONITORING PROJECTED OUTTURN - FINANCE &amp; CORPORATE SERVICES</b> – Report by the Executive Director - Finance & Corporate Services	141 – 146
8. <b>2021/22 CAPITAL MONITORING PROJECTED OUTTURN - FINANCE &amp; CORPORATE SERVICES</b> – Report by the Executive Director - Finance & Corporate Services	147 – 151
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12. **PROPOSED PROPERTY TRANSACTION, QUEENSWAY TECHNOLOGY AND BUSINESS PARK, GLENROTHES** – Report by the Head of Business and Employability 164 – 168

**ITEM LIKELY TO BE CONSIDERED IN PRIVATE**

The Committee is asked to resolve, under Section 50(a)(4) of the Local Government (Scotland) Act 1973, as amended, to exclude the public and press from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 8 and 9 of part 1 of schedule 7a of the Act.

13. **PROPOSED PROPERTY TRANSACTION, QUEENSWAY TECHNOLOGY AND BUSINESS PARK, GLENROTHES** – Report by the Head of Business and Employability 169 - 178

**Members are reminded that should they have queries on the detail of a report they should, where possible, contact the report authors in advance of the meeting to seek clarification.**

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20 January, 2022

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**THE FIFE COUNCIL - ASSETS AND CORPORATE SERVICES SUB-COMMITTEE –  
REMOTE MEETING**

4<sup>th</sup> November, 2021

2.00 p.m. – 3.25 p.m.

**PRESENT:** Councillors David Barratt (Convener), David Alexander, Mick Green, Alex Campbell, Gary Guichan, Jean Hall-Muir, Kathleen Leslie, David MacDiarmid, John O'Brien, Ross Paterson, Bill Porteous and Andrew Verrecchia.

**ATTENDING:** Keith Winter, Executive Director, Enterprise and Environment, Ken Gourlay, Head of Assets, Transportation and Environment, Yvonne Gillespie, Service Manager (Building Management), Michael O'Gorman, Service Manager (Estates), Alan Paul, Senior Manager (Property Services), Louise Playford, Service Manager (School Estate), David Weir, Service Manager (Professional Services), Assets Transportation and Environment; Sharon McKenzie, Head of Human Resources, Susan Harris, Health and Safety Lead Officer, Human Resources; Lindsay Thomson, Head of Legal and Democratic Services and Michelle Hyslop, Committee Officer, Legal and Democratic Services.

**APOLOGY FOR ABSENCE:** Councillor Garry Haldane.

**198. DECLARATIONS OF INTEREST**

No declarations of interest were submitted in terms of Standing Order No. 7.1.

**199. MINUTE**

The Committee considered the minute of the meeting of the Assets and Corporate Services Sub-Committee of 19th August, 2021.

**Decision**

The Committee agreed to approve the minute.

**200. PROPERTY ASSET STRATEGY**

The Committee considered a report by the Head of Assets, Transportation and Environment providing a progress update against the Council's Property Asset Strategy, Building Success for the year to 31st March, 2021. The report also outlined work during the year under review, key challenges and opportunities and future work plans.

**Decision./**

**Decision**

The Committee: -

- (1) noted the contents of the report; and
- (2) endorsed the progress made for 2020/21 against the agreed Property Asset Strategy, and against the unprecedented backdrop of Covid-19 during which various activities had now taken place.

**201. FUTURE PROVISION OF CEMETERIES IN FIFE**

The Committee considered a report by the Senior Manager, Property Services updating members on the growing capacity pressures on cemeteries in Fife. The report also proposed that a consultation be undertaken to help inform a future cemetery strategy.

**Decision**

The Committee: -

- (1) endorsed the proposed engagement arrangements in developing a future cemetery strategy; and
- (2) agreed that a future report be brought back to committee outlining the outcome of the consultation process and in line with the key indicators identified in section 2 of the report.

**202. ANNUAL HEALTH AND SAFETY REPORT 2020/21**

The Committee considered a report by the Head of Human Resources advising members of the ongoing scrutiny of Health and Safety activity. The report provided an update on the activity since the last update provided on 29th October, 2020.

**Decision**

The Committee: -

- (1) reviewed the current performance and activity;
- (2) noted the current progress made to date in regard to improving workforce practices and performance in the organisation; and
- (3) advised on further activity.

**203./**

**203. ASSETS AND CORPORATE SERVICES SUB-COMMITTEE FORWARD WORK PROGRAMME**

**Decision**

The Committee noted the content of the Assets and Corporate Services Sub-Committee forward work programme.

27<sup>th</sup> January 2022

Agenda Item No. 04

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## Byre Theatre St Andrews

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**Report by:** Paul Vaughan, Head of Communities and Neighbourhoods  
Ken Gourlay, Head of Assets, Transportation and Environment

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**Wards Affected:** 18

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### Purpose

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The Byre Theatre which is owned by Fife Council is currently leased to the St Andrews University. The purpose of this report is to seek committee approval to the proposal to vary the terms of the existing lease.

The proposal is to extend the existing lease which is due to expire in 2039 by a further 15 year to 2054, and at the end of the lease transfer ownership from Fife Council to the University for £1.

### Recommendation(s)

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Committee is asked to note the contents of this report and approve;

- 1) the extension to the existing lease by a further 15 year to expire 2054, and
- 2) the sale of the theatre to the University for £1 on expiry of the lease.

### Resource Implications

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The proposal will result in the loss of the modest rental income stream (currently £300pa) and ownership of an asset, estimated by the District Valuer to have a value of £445,000, conversely it is considered that community and other benefits of an equivalent or higher value will be received as a result of the transaction.

### Legal & Risk Implications

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Appropriate legal conveyancing and lease documentation will be required to secure the Council's position and minimise risks.

Longer term should the University exercise the option to acquire the subjects the Council will have no control over the use of the subjects other than our statutory role as planning authority.

### Impact Assessment

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An EqIA has not been completed and is not necessary for the following reason: the item in this report does not propose a change or revision to existing policies and practices.

## Consultation

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The local Councillors for Ward 18 were consulted prior to the proposal being considered by the North East Fife Area Committee at the November meeting and endorsed the proposal.

## 1.0 Introduction

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- 1.1 The Byre Theatre Ltd., which previously operated The Byre Theatre, entered into a Creditors' Voluntary Liquidation (CVL) on 26th January 2013 and ceased to trade with immediate effect. Under the terms of the lease, the building reverted to the Council and in 2014 the Executive Committee agreed to lease the subjects to the University of St Andrews.
- 1.2 The 25-year lease commenced on 18<sup>th</sup> August 2014, following the liquidation of the Byre Theatre of St. Andrews in January 2013. The annual rent excluding VAT is £300. The general terms of the lease are for the tenant to manage and operate the subjects in a manner that supports the delivery of the Fife Cultural Strategy, Generations of Change and Creative Scotland's National strategy for the arts.
- 1.3 Both the Council and the University wish to agree a new lease that will safeguard the future of Byre Theatre in the long-term. The proposal is to extend the current lease by 15 years to expire in August 2054, with an option to purchase for £1 on lease termination.

## 2.0 Background

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- 2.1 The Byre Theatre, located within the centre of St. Andrews, was custom built in 2001 at a cost of £5.5m to provide a main theatre (216 seat auditorium) and a 100-seat studio theatre, bistro, bar and conference venue with associated offices, catering kitchen, dressing rooms and toilets etc.
- 2.2 The building extends to 1263 m<sup>2</sup> over 5 levels (with basement area below the theatre); the public have access to parts of the first three levels, whilst the 5<sup>th</sup> floor houses the boiler room. The building is constructed on a sloping site; level entry at the front of the building brings the public into the bar/bistro area, whilst level entry at the rear brings the public into the rear box office/foyer on the floor above.
- 2.3 The University, through the operation of The Byre Theatre will play a key role in the implementation and achievement of culture, creativity, learning, attainment, and economic activity in St. Andrews, Fife, and the rest of Scotland. It will also complement the recent investment by the University in their new music centre.

## 3.0 Current Arrangements

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- 3.1 The current lease contains a schedule which sets out the obligations in respect of performance and management of the theatre a copy is attached at **Appendix 2**. It sets out the manner in which the University will manage and operate the facility including ensuring community access is provided.
- 3.2 In agreeing the existing lease the University accepted that they would continue undertake the following activities:
- Provide a year-round programme of work to increase participation and attendances in drama, music, opera, film and live screenings, dance and the visual arts, including in-house productions, student group productions, touring productions and hires to local community groups.
  - Make effective and imaginative use of the theatre and its facilities as a teaching space for English, Film Studies, Modern Languages, Social Anthropology and Music, among other degree subjects.
  - Deliver high-quality seasons using available touring productions which offer a wide range of experiences and art forms.
  - Create opportunities for co-productions, residencies, artistic development and outreach work in partnership with artists and other cultural bodies in St Andrews, Fife and beyond.
  - Develop a public engagement programme related to selected major productions on show, such as matinees, lecture talks, online events, teachers' packs, workshops or visits to and from schools.
  - Provide activities to encourage older people to attend the theatre programme.
  - Develop a studio programme promoting new and high-quality work by student groups and local community groups.
  - Provide opportunities for student internships and modern apprenticeships to help young people into work in the creative industries and support the development of a strong local creative sector.
  - Develop the use of the theatre as a creative production hub through development of student theatre and support for playwriting degrees, to support the creative economy of St. Andrews and Scotland.
  - Develop and implement an effective marketing, communications and customer services strategy focusing on engagement, participation and maximising visitor numbers.
  - Operate the theatre in accordance with recognised industry and public service standards, and quality assurance programmes.
  - Promote effective access and equalities policies to enable use of the theatre by the entire community, including sign language interpreted/audio described performances.

The University's commitment to these activities and to the operation of The Byre Theatre contribute to cultural, creative, and economic activity in St Andrews and is reflected in the rent charged.



- 3.3 The University also develops its partnership working with local and national arts and cultural organisations, including building on existing strategic alliances with the National Theatre of Scotland, Scottish Opera, Scottish Chamber Orchestra and the Royal Conservatoire of Scotland.
- 3.4 There is a Byre Theatre Stakeholders Group which includes representatives of the main stakeholders in the theatre, including the University of St. Andrews senior management, the Byre Theatre senior management, the Director of Music of the University of St. Andrews, the Students Association Sabbatical Officers Committee, together with representatives from Fife Council, St. Andrews Tourism, The Friends of The Byre, Byre Youth Theatre, Byre Writers, and the St. Andrews Partnership. The Stakeholders Group is chaired by a senior representative of the University.

## 4.0 Proposal

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- 4.1 Provincial theatres and arts venues generally require to be subsidised and in the current climate is considerable additional uncertainty. The University have advised that the facility operates at an annual loss in the order of £600 000. The Council has no aspiration to operate the facility which reverted to the Council following the liquidation of the former tenant.
- 4.2 The University have been operating the Theatre for over 7 years and have fulfilled the requirements placed on them. Despite the high operational costs they are willing to continue to invest in the theatre but have concerns about the investment when the building isn't owned by them. Should the proposed disposal be approved, they will continue to deliver a wide range of educational, community and cultural experiences.
- 4.3 In recognition of their continued commitment to the Theatre it is proposed that following lease expiry that ownership is transferred to them. This should ensure that the University continue to invest and operate the facility to the benefit of the community ensuring it remains an important local arts venue. The Head of Communities and Neighbourhoods Service is content that the proposal which secures community and wider cultural benefits.

## 5.0 Proposed Terms

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- 5.1 The current lease is due to expire in 2039 and it is proposed that the duration extended by 15 year to expire August 2054. On expiry the University will have the option to purchase the Theatre for £1. All other terms and conditions including commitment to community access/arts provision are to remain unchanged.
- 5.2 In order to determine the impact of the proposal and ensure that the disposal was in accordance with legislation and the Council's standing orders, the District Valuer was invited to assess the value of the Theatre; they have determined the value of the asset under the current lease as £445 000 and the value with the lease varied as proposed at £4,500. The proposal represents a loss of £441 000.

- 5.3 Whilst a clawback provision could be introduced for redevelopment and /or change of use, enforcement may be difficult particularly over time. Ultimately there is a reliance on the University continuing the current arrangements once title is transferred in 2054.

## 6.0 Community Benefit

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- 6.1 Where the Council is considering a proposal that a property or properties be disposed of, either by sale or lease, at 'less than the best consideration that can reasonably be obtained', the processes and considerations set out in the Disposal of Land by Local Authorities (Scotland) Regulations 2010 must be followed.
- 6.2 The process consists of three steps:
- The Council must appraise and compare the costs and other dis-benefits and the benefits of the proposal;
  - be satisfied that the disposal for that consideration is reasonable, and
  - be satisfied that as regards some or all the Local Authority area or person's resident or present there, the disposal is likely to contribute to the promotion of improvement of economic development or regeneration; health; social wellbeing; or environmental well-being.
- 6.3 In this instance, the cost of the proposal is £445,000 due to the loss of a future capital receipt, there are no other perceived disbenefits of the proposal.
- 6.4 The benefits are that the University will be able to ensure the following aims for the long-term:
- To maintain and develop a significant local, regional and national theatre, receiving, staging and creating productions of innovation and quality for the residents of and visitors to St. Andrews and Fife.
  - To develop local and nationally significant programmes of work that will contribute to making St. Andrews a vital and vibrant town and extending its reputation for world-class arts, culture, learning, teaching and research.
  - To encourage creative expression and youth, student and wider community engagement via a diverse programme of work on and off stage, offering a mix of high quality and challenging theatre, entertainment, innovation, skills development and participation.
  - To develop knowledge, skills and experience of the staff.
  - For the Byre to be a cultural resource for the local community in harmony with University staff and students and our global audiences through online engagement.
  - To support and develop links with other educational institutions to create and deliver opportunities for skills development and learning at all ages.

- To develop work and activities which promote engagement with and the enjoyment of the theatre to new audiences.
- To continue to develop the infrastructure of the theatre to ensure the building is fully accessible and to enhance the quality of the facilities provided for artists, audiences and visitors.
- To contribute to St. Andrews' economy by attracting visitors to the theatre, play an active role in local cultural initiatives and help strengthen the economy of the town.
- To work in partnership with business, education, arts, student, youth and community organisations to extend the range and reach of the theatre's work.

6.5 Following the unsuccessful trading of The Byre Theatre Ltd, there was never the intention for the Council to run The Byre and the theatre only reverted to the council under the then lease agreement. The previous Head of Area Services worked with the University to develop a sustainable model of delivery for The Byre Theatre recognising the community benefits of the venue and resulting in the current lease arrangements. It is generally recognised that provincial theatres and arts venues generally require to be subsidised - and even more so in the current climate. No budget provision is available within the Council to manage the facility, nor is there scope for the Fife Cultural Trust to undertake its management. The University have continued to run the Byre Theatre over these last years and continue to invest in the theatre but understandably have concerns about the need for continual investment when the building is only leased and significant losses are being made by the University.

6.6 Based on the unsuccessful trading arrangement of The Byre Theatre Ltd and the subsequent identified losses that the University is making it is considered a best option to allow the University to extend the lease and have the option of purchase for £1 at the end of the lease. The community will continue to play an important contribution in the continued use of The Byre Theatre. On the basis of the continued advantages brought by the University to the management of The Byre Theatre compared to the costs of reverting to council control and the subsequent reduction in cultural and activity through the minimal engagement the council would bring to the venue, the benefits of this proposal are considered by the Head of Communities and Neighbourhoods to be greater, and the proposal is considered to be reasonable.

## 7.0 Conclusion

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7.1 The proposal from the University of St. Andrews provides the best value option for the Council. It can provide a sustainable management model and continue to deliver a high-quality community and cultural programme for St. Andrews and the rest of Fife with no ongoing financial contribution from the Council.

- 7.2 After considering the opportunity cost to the Council and the benefits to the community, it is concluded that the Council should vary and extend the lease to the University Court of the University of St. Andrews.

### **List of Appendices**

Appendix 1 – Location Plan

Appendix 2 – Schedule 1- Management and operating requirements

### **Background Papers**

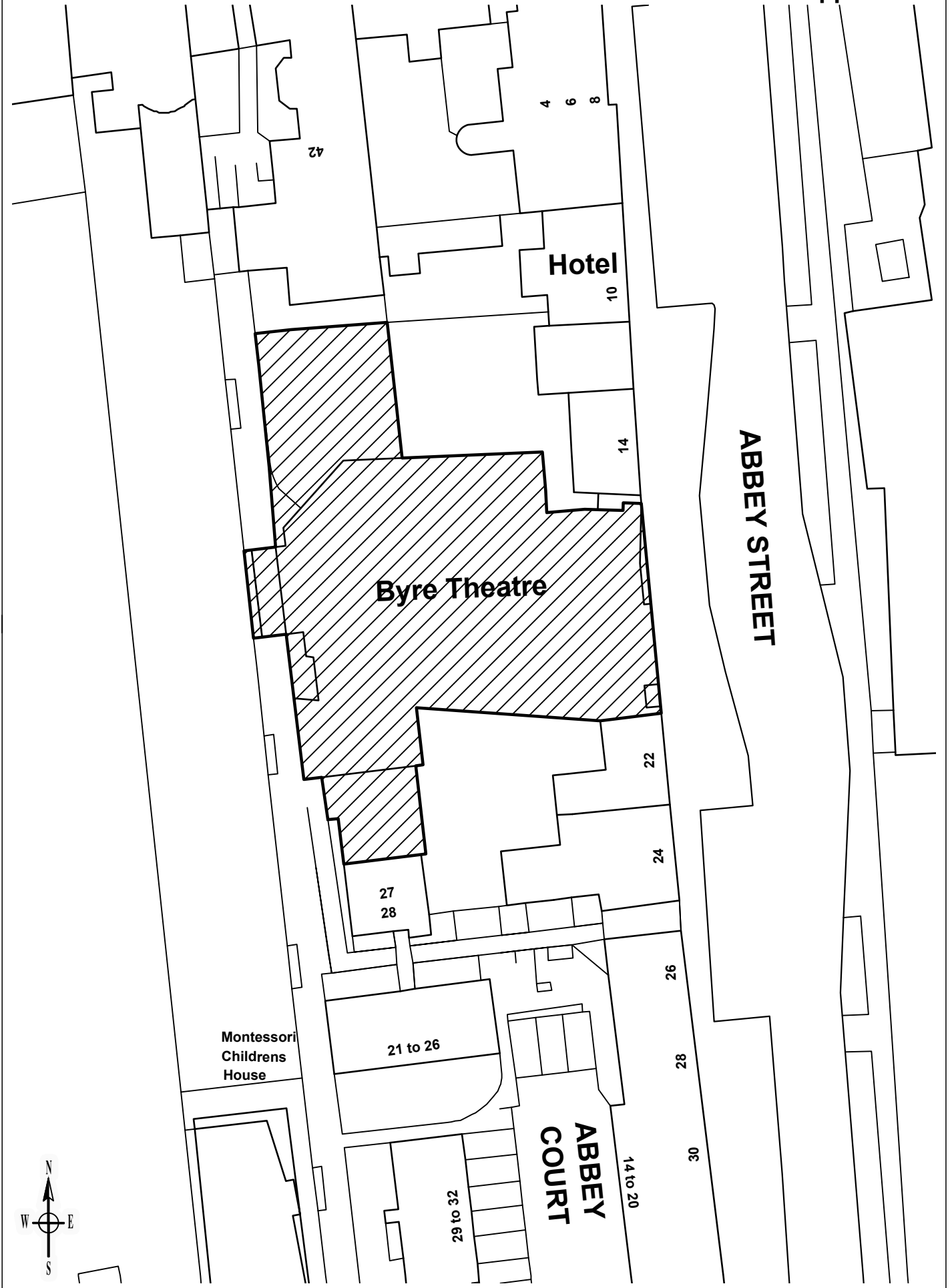
The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:

1. Executive Committee June 2014
2. Executive Committee April 2014

### **Report Contacts**

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## Appendix 2

### SCHEDULE ONE

This is the First Schedule referred to in the foregoing lease (Clause SIXTH) between The Fife Council and The University Court of the University of St Andrews.

The University will manage and operate The Byre Theatre in accordance with its artistic and academic vision for the facility and in a way which also supports the delivery of the University of St Andrews Strategy 2018-2023 and Creative Scotland's national strategy for the arts, screen and creative industries, 'Unlocking Potential, Embracing Ambition 2014-2024' and the Scottish Government's A Culture Strategy for Scotland.

#### **STRATEGIC CONTEXT**

The Guiding Principles of the National Cultural Strategy inform activity at the Byre:

- Culture in Scotland is valued in and of itself
- Culture is free to be inspiring and to challenge
- Culture is central to the future wellbeing and prosperity of Scotland - cultural, social, economic and environmental
- We celebrate the diversity and excellence of cultures in Scotland and the value of open exchange with the wider world
- Everyone has the right to participate freely in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits (Article 27, Universal Declaration of Human Rights)
- Place - community, landscape, language and geography - is important and reflects the creativity of the past and provides inspiration for cultural expression today

It is expected that the University through the operation of The Byre Theatre will play a key role in the implementation and achievement of the strategic aims of the National Cultural Strategy and at the same time make a significant contribution to culture, creativity, learning and attainment, and economic activity in St Andrews, Fife, and the rest of Scotland.

St Andrews is regarded as one of the top 50 universities in the world for research and teaching of the Arts and Humanities. It has a strong vested interest in how the Arts are valued and this interest broadly aligns with the aims of the National Cultural Strategy. These aims can be summarised as follows:

- Develop the conditions and skills for culture to thrive, so it is cared for, protected and produced for the enjoyment and enrichment of all present and future generations
- Value, trust and support creative people - for their unique and vital contribution to society and the economy
- Encourage greater openness and diverse cultures to reflect a changing Scotland in the 21st century
- Foster international collaboration and build on Scotland's reputation for cultural excellence
- Open up the potential of culture as a transformative opportunity across society
- Continue to celebrate Scotland's extraordinary cultural contributions
- Extend the view of culture to include the everyday and emerging, the established and more formal

- Extend opportunities that enable people to take part in culture throughout their lives
- Recognise each community's own local cultures in generating a distinct sense of place, identity and confidence

## **KEY AIMS**

Within this strategic context, the University will seek to deliver the key aims of The Byre Theatre, which are as follows:

1. To maintain and develop a significant local, regional and national theatre, receiving, staging and creating productions of innovation and quality for the residents of and visitors to St Andrews and Fife.
2. To develop local and nationally significant programmes of work that will contribute to making St Andrews a vital and vibrant town and extending its reputation for world-class arts, culture, learning, teaching and research.
3. To encourage creative expression and youth, student and wider community engagement via a diverse programme of work on and off stage, offering a mix of high quality and challenging theatre, entertainment, innovation, skills development and participation.
4. To develop knowledge, skills and experience of the staff.
5. For the Byre to be a cultural resource for the local community in harmony with University staff and students and our global audiences through online engagement.
6. To support and develop links with other educational institutions to create and deliver opportunities for skills development and learning at all ages.
7. To develop work and activities which promote engagement with and the enjoyment of the theatre to new audiences.
8. To continue to develop the infrastructure of the theatre to ensure the building is fully accessible and to enhance the quality of the facilities provided for artists, audiences and visitors.
9. To contribute to St Andrews' economy by attracting visitors to the theatre, play an active role in local cultural initiatives and help strengthen the economy of the town.
10. To work in partnership with business, education, arts, student, youth and community organisations to extend the range and reach of the theatre's work.

## **DELIVERY**

To achieve these aims, the University will undertake to pursue the following strategies:

- Provide a year-round programme of work to increase participation and attendances in drama, music, opera, film and live screenings, dance and the visual arts, including in-house productions, student group productions, touring productions and hires to local community groups.
- To make effective and imaginative use of the theatre and its facilities as a teaching space for English, Film Studies, Modern Languages, Social Anthropology and Music, among other degree subjects.
- Deliver high-quality seasons using available touring productions which offer a wide range of experiences and art forms.
- Create opportunities for co-productions, residencies, artistic development and outreach work in partnership with artists and other cultural bodies in St Andrews, Fife and beyond.

- Develop a public engagement programme related to selected major productions on show, such as matinees, lecture talks, online events, teachers' packs, workshops or visits to and from schools.
- Provide activities to encourage older people to attend the theatre programme.
- Develop a studio programme promoting new and high quality work by student groups and local community groups.
- Provide opportunities for student internships and modern apprenticeships to help young people into work in the creative industries and support the development of a strong local creative sector.
- Develop the use of the theatre as a creative production hub through development of student theatre and support for playwriting degrees, to support the creative economy of St Andrews and Scotland.
- Develop and implement an effective marketing, communications and customer services strategy focusing on engagement, participation and maximising visitor numbers.
- Operate the theatre in accordance with recognised industry and public service standards, and quality assurance programmes.
- Promote effective access and equalities policies to enable use of the theatre by the entire community, including sign language interpreted/audio described performances.

### **PARTNERSHIP WORKING**

The University will further develop its partnership working with local and national arts and cultural organisations, including building on existing strategic alliances with the National Theatre of Scotland, Scottish Opera, Scottish Chamber Orchestra and the Royal Conservatoire of Scotland.

### **BYRE THEATRE STAKEHOLDERS GROUP**

A Byre Theatre Stakeholders Group will be established and will meet three times per annum. This group will include representatives of the main stakeholders in the theatre, including the University of St Andrews senior management, the Byre Theatre senior management, the Director of Music of the University of St Andrews, the Students Association Sabbatical Officers Committee, together with representatives from Fife Council, St Andrews Tourism, The Friends of The Byre, Byre Youth Theatre, Byre Writers, and the St Andrews Partnership. The Stakeholders Group will be chaired by a senior representative of the University.

### **PRICING POLICY**

The University will develop market sensitive and socially inclusive pricing policy for The Byre Theatre. Facility hire charges and ticket prices applied for productions will be set at a level commensurate with the cost of staging the target audience. Pricing should be consistent with recognised good practice in the theatre and wider cultural sector and comparable with the charging policy of other theatres in Fife and beyond. Targeted discounts should be available for individuals and groups in social and/or financial need, e.g. children and young people, students, older people and adults/families in receipt of Universal Credit.

### **COMMUNITY PERFORMANCES**



The theatre is important to a number of local community arts organisations for the staging of productions and, one-off events. The University will use its best endeavours to ensure that the Byre accommodates the requests of local community arts organisations and offers affordable access to the theatre.

### **ANNUAL REVIEW**

The University will produce and make publicly available an annual report that tracks the number of attendances and the range of activities and events which have taken place during the preceding year in all of its Performing Arts activity.

27<sup>th</sup> January 2022

Agenda Item No. 05

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## Silverburn Park, Leven: Proposed Disposal of Flax Mill Building

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**Report by:** Ken Gourlay, Head of Assets, Transportation and Environment;  
Paul Vaughan, Head of Communities & Neighbourhoods

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**Wards Affected:** 21

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### Purpose

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The purpose of this report is to update the Sub Committee on progress in discussions with the Fife Employment Access Trust (FEAT) on the lease of Silverburn Park, Leven and to allow consideration of the terms for the disposal of the Flax Mill Building.

### Recommendation(s)

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It is recommended that the Sub Committee approve:

- (1) the disposal of the Flax Mill building within Silverburn Park, Leven to the Fife Employment Access Trust (FEAT) on completion of the refurbishment of the building at Less Than Best Consideration.
- (2) the disposal of the Flax Mill building at a price of £Nil.

and otherwise on terms and conditions to the satisfaction of the Head of Assets, Transportation & Environment, Head of Communities & Neighbourhoods, and the Head of Legal & Democratic Services.

### Resource Implications

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There will be a loss of a potential capital receipt for the refurbished building. Based on advice received from DM Hall Chartered Surveyors in July 2021 the value of the refurbished building will be £950,000 but this figure can only be achieved with the assistance of significant investment from a range of sources, in particular the Heritage Fund.

DM Hall also advised that the value of the building, in its current condition, is £1.

The disposal of the Flax Mill will relieve the Council of the ongoing maintenance responsibility for the building.

The Council have allocated capital funding of £2 million as part funding for this regeneration project.

## Legal & Risk Implications

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Approval of this disposal at a concessionary value requires to comply with the terms of the Disposal of Land by Local authorities (Scotland) Regulations 2010.

This project relies heavily on the intervention of the Heritage Fund who have now confirmed with conditions, an investment of £3.476 million into the project. It is a condition of the Heritage Fund funding that ownership of the asset be transferred from the Council to FEAT, the applicant body, at an agreed time, once the regeneration work is complete.

There is a level of risk associated with Fife Council being a joint grantee with FEAT in the initial phase of this project. The Heritage Fund require this joint arrangement as the Council are the owner of the Flax Mill until the completion of the project. A separate report is being prepared to assess the scope of the Heritage Fund grant offer letter which Fife Council received on 11<sup>th</sup> January 2022. This will be discussed with our Finance and Legal colleagues as part of a formal sign off for the terms of the grant.

## Impact Assessment

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An EIQA was not required because the report does not propose a change or revision to existing policies and practices.

## Consultation

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Ward 21 and 22 members are aware of this proposal and have received several briefings on the business plan and approach being taken by FEAT, this has included the matter of disposal at less than best consideration.

## 1.0 Background

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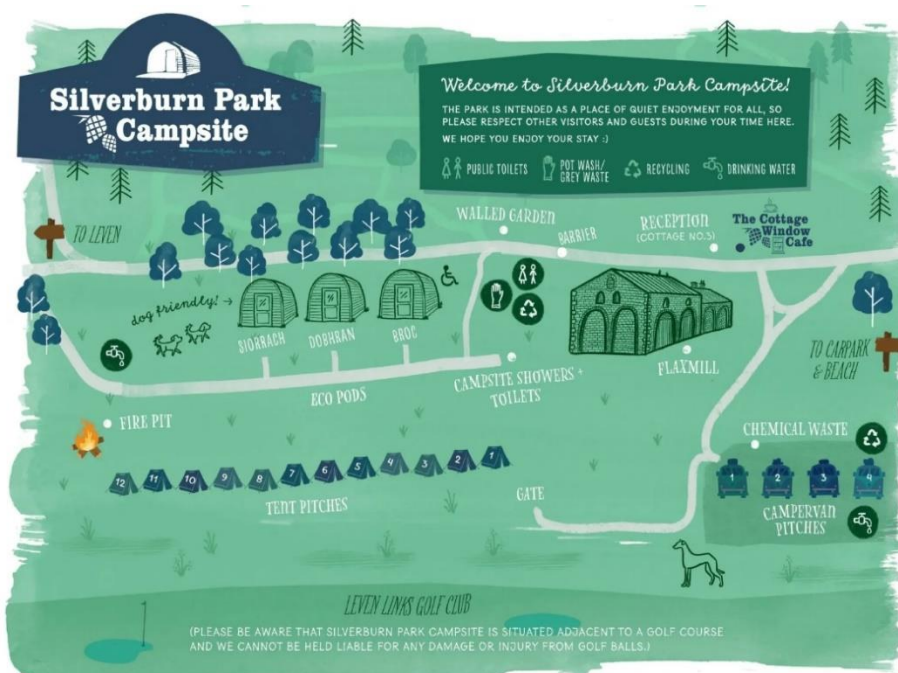
- 1.1 In March 2013, the Executive Committee considered a report on offers submitted for the future of Silverburn Park, Leven. It was agreed that the Council would enter into an exclusivity agreement for a period of 1 year with the Fife Employment Access Trust (FEAT). This would allow FEAT to develop their proposals for Silverburn Park.
- 1.2 FEAT is a charity based in Levenmouth that helps clients with mental health issues get back into work by delivering training and support. FEAT Trading CIC (Community Interest Company). FEAT Trading CIC is a wholly owned subsidiary of the charity and has assumed the role of the Management Company for Silverburn Park.
- 1.3 It has taken longer than the originally proposed year to bring a detailed proposal to Committee. This report considers the future ownership of the former Flax Mill Building, one of the important structures within Silverburn Park.
- 1.4 In 2019 the Council leased all the land at Silverburn Park to FEAT CIC. This has allowed FEAT to take over management of the land, trees, car park, ponds, etc at Silverburn Park, but excluded the buildings which remain the responsibility of the Council.

## 2.0 Current Developments and Future Aspirations

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- 2.1 FEAT have been developing activities to ensure the full regeneration of Silverburn Park with the assistance of a Friends of Silverburn Park group made up of community members.

- 2.2 The Friends of Silverburn Park (FOSP) is a constituted group of volunteers set up to assist with the development of the park and has two roles:
- To represent the views of the local community to the Board of Directors (FEAT).
  - To support the achievement of the Vision for Silverburn Park, by getting involved through volunteering in a variety of roles.
- 2.3 The FOSP will continue to play a key role throughout the lifespan of the Flax Mill development process. Through their own consultation activities, they have determined several key priorities for the park which they will lead on, consisting of:
- Childrens Play Areas.
  - Adventure Park.
  - Trim Trail and Adult Fitness opportunities.
  - Regeneration of the Park Pond including installation of a wildlife hide.
  - Developing free to use picnic and barbecue areas.
- 2.4 All of these developments will bring benefits that are additional to the development of the Flax Mill which once complete will provide the Levenmouth area with:
- A café and restaurant.
  - Arts & crafts studios for local makers and enterprises.
  - Gift Shop.
  - Fully accessible public toilets with Changing Places facilities.
  - Meeting rooms and event spaces.
  - Offices for FEAT staff and other charity partners.
  - A backpacker's hostel with 10 ensuite rooms.
- 2.5 FEAT have already put in place two significant pieces of investment which are generating economic activity. These are the Cottage Window Café, developed by using the kitchen window aperture at No.3 Cottage, and the camp site development at the lower paddock.
- 2.6 The most significant investment has been the development of the camping business within Silverburn Park which, even with the restrictions imposed through the pandemic, has become recognised as one of the best small camp sites in Scotland.



<https://www.silverburnpark.co.uk/campingold>

- 2.7 Supporting documentation for this report includes the most recent business plan for the proposal and the Socio-Economic Impact Report for the project gives significant background on the positive impact that this major investment in the Levenmouth area will bring. As a summary, when fully operational the Silverburn Flax Mill Project will secure 26 jobs directly – supporting 637k of household employment income annually. Another 11 jobs will be supported in other parts of Fife by the activities generated by the investment in Silverburn, along with 6 other jobs in other parts of Scotland and the UK.

## 3.0 Purchase Request

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- 3.1 As advised the Council retained responsibility for the buildings within Silverburn Park. The most significant building in Silverburn Park is the former Flax Mill Building. Silverburn House which was irreparably damaged by fire in late 2018 has now been demolished and the site cleared.
- 3.2 The Flax Mill is a unique building not only in Fife but in Scotland. It was designed as a single and 2-storey, approximate T-plan building, classically detailed industrial unit specifically for the preparation of Flax but later converted to agricultural use. Features include:
- Brick with large ashlar quoins and original corrugated-iron roofs.
  - Partial band course.
  - Round-headed openings and segmental recessed arches
  - Lunette windows.
  - Boarded timber doors.
  - Small pane glazing patterns (some with lying panes) in timber casement windows.
  - Corrugated-iron roofs, ashlar skews where gabled.
  - Brick ridge stacks.



- 3.3 The building has been noted as at risk since 2002. The complex nature of its design and building style requires specialised knowledge in terms of conservation approaches to ensure its longevity. Fife Historic Buildings Trust (FHBT) have provided advice on this specialist aspect and together with FEAT are leading on proposals to save the building.
- 3.4 The overall cost of the regeneration of the building into a fully functioning accommodation unit, meeting space, offices, café, etc is in the region of £8 million. Much of this cost is due to the traditional skills required to ensure this building retains its integrity and historical value. This will include the preservation and interpretation of internal features core to the process of flax production.
- 3.5 DM Hall Chartered Surveyors have been commissioned by FEAT to provide valuation advice. They have suggested that the Market Value of the property, once complete, will be around £950,000. It should be noted though that this is only achievable with

significant investment from a variety of sources. DM Hall have advised that the Market Value of the building, in its current condition, would be £1.

- 3.6 To permit FEAT to comply with the terms of the grant funding available to refurbish the property they have requested that the Council sell the property to them. They have additionally requested that the Flax Mill Building be sold at £Nil. The value of the property will count as a contribution towards the refurbishment project.

## 4.0 Best Consideration

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- 4.1 Where the Council is considering a proposal that land be disposed of at 'less than the best consideration that can reasonably be obtained,' in situations like the current one, it needs to follow the process set out in the Disposal of Land by Local Authorities (Scotland) Regulations 2010.

The process consists of three steps:

- The Council must appraise and compare the costs and other disbenefits and the benefits of the proposal.
- Be satisfied that the disposal for that consideration is reasonable; and
- Be satisfied that, as regards some or all of the local authority area or persons resident or present there, the disposal is likely to contribute to the promotion of improvement of economic development or regeneration; health; social well-being; or environmental well-being.

In this instance, the costs are the loss of a potential capital receipt of £950,000, for the refurbished building. As noted above that can only be achieved by the investment of around £8 million from a combination and variety of funding streams. Currently the value of the Flax Mill Building is £1, and in its current condition presents an ongoing drain on Fife Council revenue resources.

There are no other disbenefits of the proposal.

The benefits are:

- full accessibility to a new building, allowing all to enjoy ease of access, which is barrier free, which will increase the use of a key green space area.
- Strengthening the ability of community partners to deliver on the Plan 4 Levenmouth and the Plan 4 Fife by creating thriving communities and contributing to community wealth building.
- Providing a high-quality tourist asset supporting beneficial economic activity for the wider Levenmouth area (see supporting Economic Impact paper).
- Providing a key stopping point for the Fife Coastal Path.
- Providing another asset which can align with the significant investment from the new Leven rail link and the River Leven programme.
- Securing the future of a unique and historically important building through its removal from the at-risk register.
- Reduction in maintenance costs and future risks as the building will become responsibility of a third sector organisation.

Comparison: compared with the perceived 'loss' of a capital receipt, the benefits of this proposal are greater because of the significant social and community benefits this investment will bring to the Levenmouth area, this will include direct employment and training opportunities, as well as providing the area with bespoke provision in terms of mental health support through the mainstream work of FEAT. The project also provides Fife and Levenmouth with a key tourism asset.



The Head of Communities & Neighbourhoods considers that the disposal at £Nil consideration is reasonable for the reasons outlined above.

The disposal will contribute to the social and economic regeneration of Levenmouth and beyond, as well as have outcomes which will benefit health and well-being as outlined above.

## 5.0 Conclusions

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- 5.1 The Committee is asked to agree the future sale of the Flax Mill Building at £Nil value to FEAT, to satisfy the requirements of the Heritage Fund which would allow the refurbishment of the building to proceed.
- 5.2 It is important to note that the Council will retain ownership control of the park land around the Flax Mill building and will be able to influence and support the future development of Silverburn Park, in perpetuity.

### List of Appendices

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1. Location Plan
2. Economic Impact Paper
3. FEAT Business Plan

### Background Papers

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973: -

- Executive Committee – 5 March 2013

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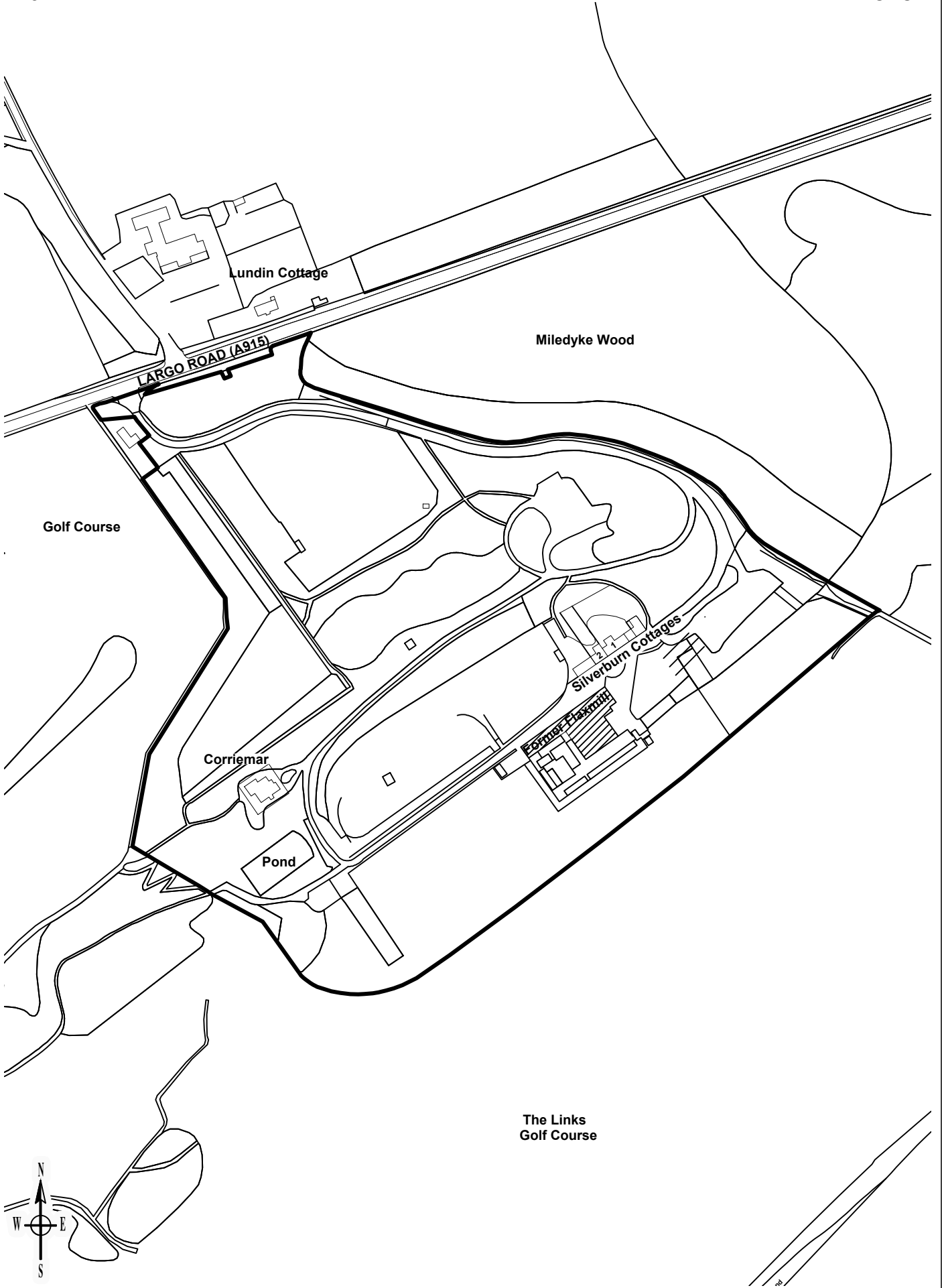
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# Silverburn Flax Mill



HE-18-06809 SILVERBURN FLAX MILL - HEART, MIND & SOUL  
SILVERBURN



## Business Plan (Post Delivery)

Final August 2021



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# 1. Executive Summary

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## Outline of the Redevelopment Plan

A major community-led initiative for wellbeing, enterprise and employment, benefiting the people of Levenmouth and beyond, the currently derelict B-listed former Flax Mill building will be brought back to life, creating a sustainable and iconic centre piece for Silverburn Park. Gifted to the people of Leven in the 1970s by the Russell family, who established the Mill and lived at Silverburn, the Flax Mill development will honour the Park's overall ethos (which is protected by a Conservation Agreement with the National Trust for Scotland) as a place of quiet enjoyment, supporting the health and wellbeing of the community, and respecting the heritage, habitat and biodiversity of the environment. The Flax Mill Project is critical to delivering the overall vision for Silverburn's regeneration; *Heart, Mind & Soul: Silverburn – to create a unique community space, that works for the community, and that the whole community can be truly proud of.*

Leading the project, Fife Employment Access Trust (FEAT), a well established and innovative mental health organisation which supports people back into work, will repurpose the Flax Mill to create a heritage visitor centre and community hub offering jobs, training, space for retail and creativity, as well as offering shelter and sustenance for walkers and cyclists enjoying Silverburn Park and the Fife Coastal Path.

### About FEAT

Fife Employment Access Trust (FEAT) is an award-winning specialist registered charity which helps people into work and supports mental wellbeing. We change lives, by offering training and support to people with complex, severe and enduring mental health conditions to help them to find or retain employment.

FEAT Trading CIC is a wholly-owned subsidiary of the charity tasked with developing and delivering enterprise activity, including the Silverburn project. We have developed this project working in partnership with Fife Historic Buildings Trust and with the support of Fife Council.

### About the Project

Our project will develop facilities and activities to attract visitors and to create income and employment. In doing so, the project will support local economic activity and make the project sustainable, at the same time providing new resources both for the local community and people from elsewhere. A key part of this will be to capture, interpret and communicate the significant social and industrial heritage connected with a formerly dominant but now vanished industry.

The project involves:

2. The rehabilitation of the Flax Mill to modern day standards, while preserving elements of architectural significance
3. Creating facilities within the building which attract visitors, meet identified needs, and create sources of income.

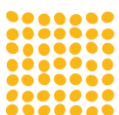
Plans for the Flax Mill sit within a wider development plan for the whole Silverburn Park. Together, FEAT Trading CIC will operate these for the benefit of its service users, local people and visitors.

Facilities within the Flax Mill will include:



- A fully en-suite hostel for people using the Fife Coastal Path, and other visitors
- A café/restaurant
- Meeting rooms and flexible training space
- Artist/Craft workshops
- Retail space
- Office space
- Exhibition and heritage activity space

There will be significant synergy between the social and economic outcomes through the regeneration of the Mill and estate with heritage as an important part of this.



## 2. Introduction and Background

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### 2.1 About this plan

This plan sets out FEAT's plans to manage the Flax Mill in Silverburn Park following completion of the refurbishment works in 2026. It follows on from the business plan in place for the 'delivery phase' (2021-2026) which covers the refurbishment period. This plan was developed to support the Stage 2 NHLF application, scheduled for August 2021 and sits alongside a number of other planning documents detailing FEAT's proposals to regenerate the derelict mill as a vibrant community and visitor hub with a strong heritage perspective. It is expected that this plan will be developed further during the delivery phase.

### 2.2 How this plan was developed

This plan has been developed with significant input from the local population, key stakeholders such as Fife Council and consultant input from conservation, building design, interpretation and industry specialists. The plans have evolved from early idea, options appraisals, through refinement to detailed proposals over a 10-15 year period.

### 2.3 Background and original drivers

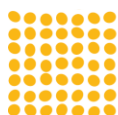
The Silverburn Estate, including the buildings passed from private ownership to Fife Council in 1975. The Estate has been managed by the Council since but dwindling budgets coupled with the increasing disrepair of the buildings required a new vision. Fife Council took a phased approach to finding a solution, beginning with some community consultation over 10 years ago, eventually leading to an invitation for formal proposals from external developers. The parameters were that the proposal had to be suitable for the site, of use to local people, part of a vision for the wider park and not just the building and would sit well with the Conservation Statement.

A range of proposals was received, including a crematorium and golf clubhouse alongside our own proposal for a centre for leisure and recreational activities with a focus on health and wellbeing, including special interest breaks, ecopods, and training activities. For FEAT, securing the asset was a way of both providing employability training and employment opportunities for our core service users as well as generating a long term income to support the work of the charity. The bids were formally assessed and FEAT was chosen as the preferred provider.

Ideas were then developed in more detail. A public consultation event was held in 2013. A large number of ideas came forward and these were reviewed to see which were likely to be economically viable and socially beneficial. Our business plan was refined on the back of community input, and Fife Council accepted the proposal in 2014. More detailed planning followed.

As ideas developed, an interesting heritage aspect to Silverburn emerged. This had been overlooked by us and the community in the initial stages. We met members of the Russell family, who originally owned the estate and built the Mill, to discuss our proposals, and learnt that there was an extensive archive of family material in the library at St Andrews University. We appointed a student intern to consult the archive and prepare a report giving some insight into the history of the building. We became aware of 2 important factors which have supported our development plans:

1. the flax and linen industry, and Silverburn Flax Mill's contribution to it are an important part of a now-vanished industry which once had a dominant role in local and regional social and industrial history.



2. the Russell family had an enlightened approach to mental health and wellbeing and good working practices as evidenced in the archives: this felt important to us as a mental health charity working to support people back into employment: the link between past and present was clear.

Drawing attention to this history, we found people receptive and interested. Heritage became an increasingly important feature of our plans and have been refined through recent input from heritage interpretation and activity specialists. Historic Environment Scotland and the National Trust for Scotland encouraged our ideas and confirmed their support in broad terms and both Fife Council and the Architectural Heritage Fund offered financial support.

The heritage aspect needed to sit comfortably alongside commercial aspirations to make the building commercially viable. In assessing potential income generation, we undertook market research, proof of concept testing, further consultation work and commissioned external, specialist input.

Given the heritage significance, we applied to the NHLF and were awarded a grant for a development phase. This has allowed us to significantly flesh out our proposals to this point.

## **2.4 About FEAT**

FEAT was set up in 1994 by a group of local people experiencing mental health barriers to employment. Its purpose was to address those barriers and help people gain and sustain jobs.

Today, it is a key player in mental health and employability provision in Fife, typically employing around 15-20 staff and providing support to between 400 and 500 people annually. It is a registered Scottish charity, SC22263, and a limited company, SC394284. The registered office is 3 Silverburn Cottages, Silverburn Park, Largo Road, Leven, Fife, KY8 5PU.

Our mission is to enable and support individuals to reach their full positive mental wellbeing. Over our 26 years of delivery, we have developed a range of user led mental health and employability services which are innovative, responsive and effective. We are an award-winning charity that support young people (15-18) and adults (18+) with moderate to severe and/or enduring mental health problems, providing a range of self-management and employability programmes to people with mental health conditions to better manage their conditions, improve daily living and develop employability skills to prepare for, enter and sustain paid work, or access other meaningful activities such as volunteering and further education.

We also support various communities of interest with programmes designed for veterans with mental health conditions; those with dual diagnosis of substance misuse and mental health and we have begun work in schools to support young people with the transition to adulthood. The reputation of the charity has extended globally, with partnership working established in various territories of Australia.

Our work is underpinned by the following core values:

- Focusing on ability, not disability
- Delivering innovative, high quality services
- Involving services users and partners in the design, planning and delivery of services

In 2011, we established FEAT Trading as a Community Interest Company limited by shares (a wholly owned subsidiary of the charity), SC434244. Its purpose was to undertake





commercial trading, with any surpluses being gifted to FEAT in the form of unrestricted income to be used in furtherance of FEAT’s charitable purposes. FEAT Trading is focussed almost exclusively on Silverburn, with one other employability project it runs and manages in the West Fife Villages with the Coalfields Regeneration Trust.

## 2.5 About Silverburn

In pursuing the Flax Mill project, we have a shared interest with two other bodies, Fife Council which owns the estate and Fife Historic Buildings Trust (FHBT) which works to find new uses for buildings at risk.

The Flax Mill is located within Silverburn Park, an estate of around 27 acres consisting of mature mixed woodland, formal gardens, and paddocks, between Leven and Lundin Links, and situated on the A915 and on the Fife Coastal Path. The estate was once home of the Russell family, and contained their former residence Silverburn House (demolished in 2019) and a further smaller, disused and near-ruined house ‘Corriemar’, the disused Flax Mill, a gatehouse and three cottages used as council housing. One of cottages is leased by FEAT as an office base for managing the park until the Flax Mill is rehabilitated. The Flax Mill and Corriemar are currently on the Buildings at Risk Register.

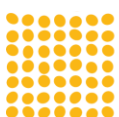


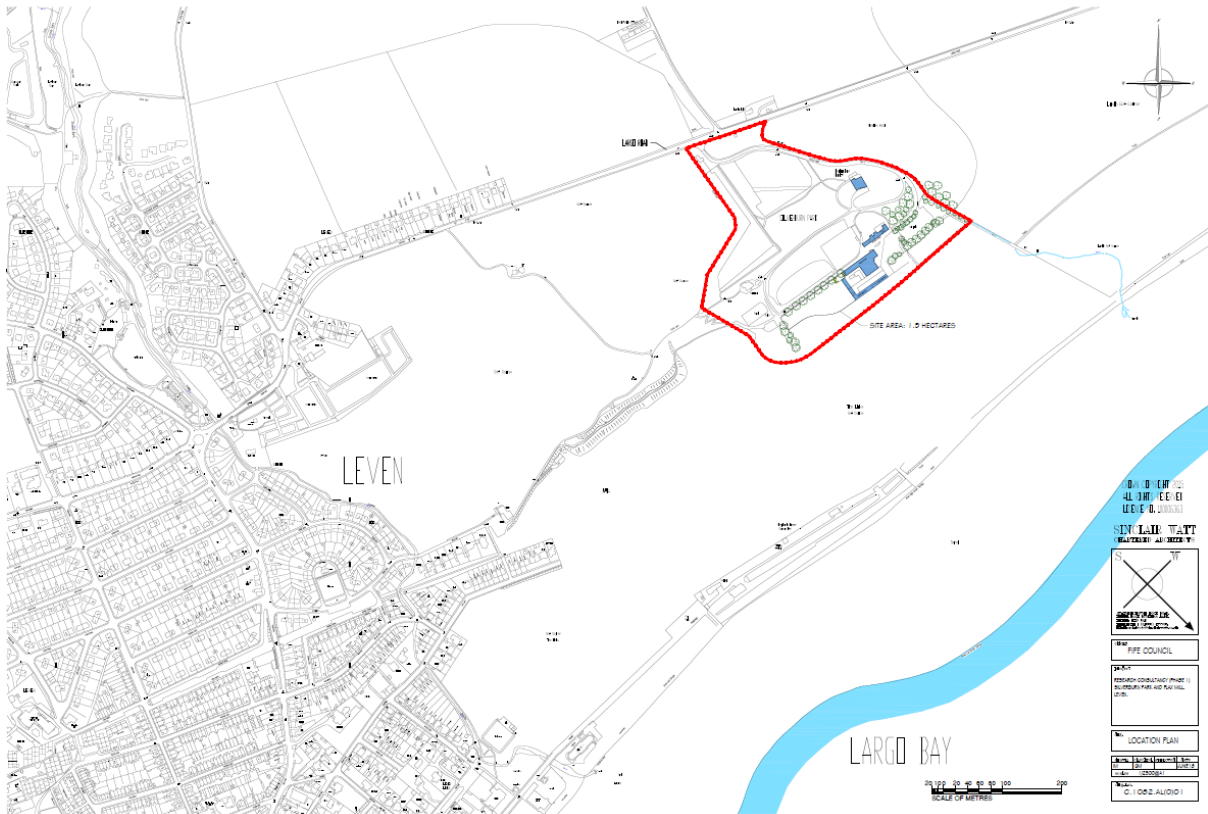
The shore on which the estate sits is part of the Firth of Forth Site of Special Scientific Interest. It is also a Special Protection Area, noted in particular for its important populations of overwintering waders and sea-duck species. The combination of the park and woodlands, the beach, and the designated status of the local area creates a unique opportunity to develop activities which make use of the facilities we plan to introduce, while using Silverburn as a base for learning about heritage.

Its heritage significance is detailed in the Conservation Statement, but in summary, the mill is deemed to have a “high local, regional, and national interest in the history of the flax milling industry. It seems to have been one of only a very few industrial-scale flax retteries to have been established in Scotland... A moderate national architectural value, as it is one of a few remaining buildings that accommodated flax milling processes and retains much of the original fabric from the time of its use as such.” In terms of social significance; “The working of the mill can be considered unusual and is deemed to be high in local and regional terms, in that, unlike many other local industries, it gave employment to men, women and children.”<sup>1</sup>

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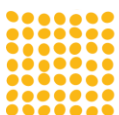
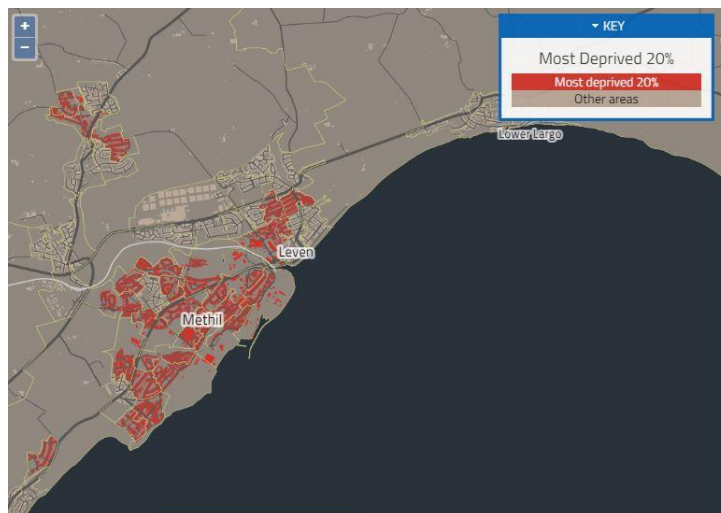
<sup>1</sup> Stephen Newsom, Heritage Architect: Conservation Statement 2021



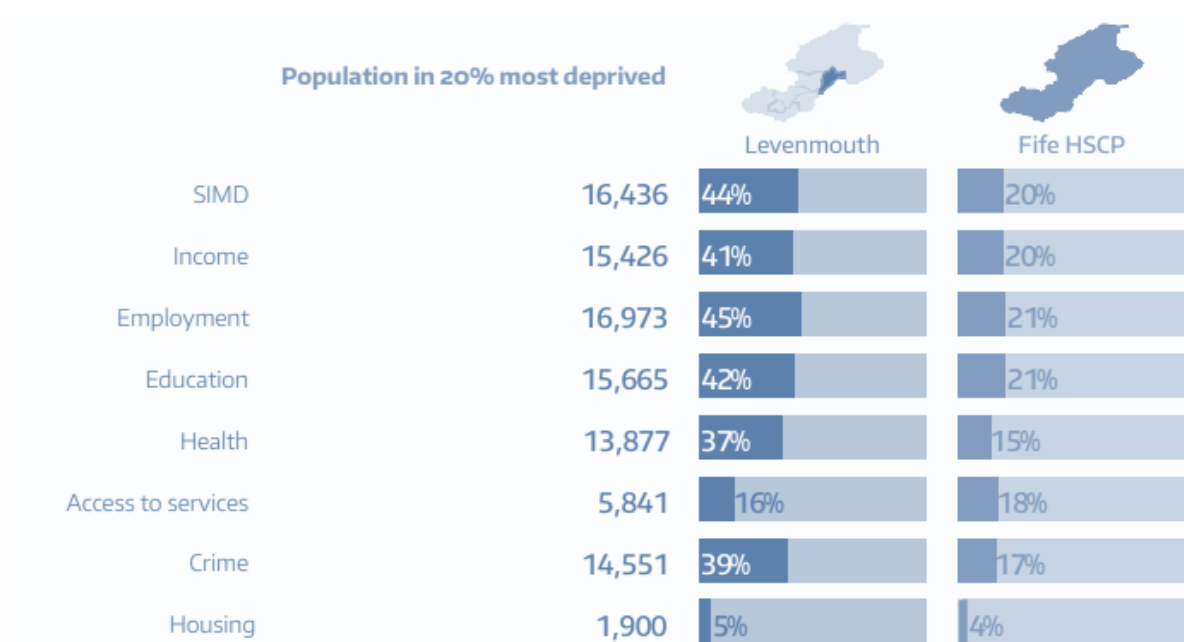


## 2.6 About the area and development opportunities

Levenmouth is a former coalmining area that has been grappling with post-industrial decline since pit closures. It is one of the most deprived areas of Scotland with one of the highest rates of deprivation across a range of indicators according to the SIMD (indicated in red below).







## Overall Index

In Levenmouth locality 16,436 (44%) of individuals live in one of the 20% most deprived areas in Scotland, this compares to 20% over Fife as a whole. Levenmouth has 6 datazones ranked in the 10 most deprived in Fife. These are Buckhaven South (the most deprived in Fife, 27th most deprived in Scotland), Methil Memorial Park (2nd Fife, 93rd Scotland), Methil Savoy (4th Fife, 166th Scotland), Aberhill (6th Fife, 183rd Scotland), Methil Kirkland (8th Fife, 217th Scotland) and Lower Methil (9th Fife, 225th Scotland). (source: SIMD/NRS)

2

As such the area is earmarked for significant regeneration. The Levenmouth Regeneration Initiative is a multifaceted plan to invest millions into the area over the next 10 years from reintroducing rails links to High Street improvements. A masterplan for the river Leven has also been developed as part of this strategy and aims to bring together a range of partners (including FEAT) aimed at improving the environment, increasing bio-diversity, increasing active travel, providing economic opportunities and reconnecting communities along the river.

Our project dovetails well with the priorities in Fife Council's Levenmouth strategic assessment; promoting the area as a tourist destination for example, using strategic assets which can generate tourism and employment, and improving the appearance of the area. Silverburn is specifically recognised in the Levenmouth Area Plan as a key project in respect of employment creation and regeneration. This reflects the active support we have had from Council officers and members, both locally and from wider services such as economic development and employment creation. We will help to meet some of the aims of the area health strategy, for example by providing a venue for healthy outdoor activity, by making the park a more attractive place to visit through improving the maintenance of the park and woodlands and by adding facilities such as the café and meeting rooms to enhance the overall facilities of the park.

The Scottish Government's Tourism 2020 strategy calls on the sector to improve in a number of ways, and our project will reflect several of the themes in this strategy, including adding capacity in accommodation and food and drink; providing authentic experiences concerning heritage and outdoor activities; and developing the skills and capabilities to

<sup>2</sup> [Levenmouth\\_17.04.10.pdf \(fva.org\)](#)



deliver this. The Fife tourism strategy echoes these themes, and makes the themes locally relevant, for example by emphasising the Fife coastal path and its importance to tourism.

This project will also assist the development and promotion of the Fife Coastal Path. Work has been under way for years to improve the coastal path, and this includes physical improvement and promotion. Crucially, the path depends on there being facilities that walkers can use, including toilets, places to find food and drink, and for those walking longer distances, accommodation and laundry facilities. By creating a place which not only provides these amenities but also showcases and explains aspects of the local social and industrial heritage, we will provide facilities attractive for walkers, and which will allow Fife Coast and Countryside Trust (FCCT) to promote this section of the coastal path as having a suitable, enjoyable and interesting place to break a journey.

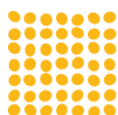
For this reason, FCCT have recognised Silverburn as one of the Welcome Ports that they suggest as break points in the journey. They have also based the local Ranger in our office at Silverburn, reflecting our mutual desire to work together more closely.<sup>3</sup>

For further information on the area and development priorities, reference can be made to the Socio Economic Impact Assessment.

As Levenmouth is a particularly deprived area with poor indicators for health, this is especially important consideration for our charity. We provide volunteering, training and employment opportunities for people with mental health problems, and those with substance abuse problems and the Mill and park will provide a range of much needed opportunities to address health inequalities.

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<sup>3</sup> See our soundbite video [Silverburn Park | Camping - Cafe - Woodland Walks](#)



## 3. Enhancing Community Use of Silverburn Flax Mill

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### 3.1 The Project Concept

We will operate the Flax Mill as a visitor centre and community hub with a strong heritage perspective under the strapline “Heart, Mind, & Soul: Silverburn.” This encapsulates our vision for the park:

**Heart** reflects the great affection local adults have for the park, having been taken to visit the animal farm, petting zoo, and other facilities by their parents and grandparents. These facilities were closed in 2002, and the park has been in decline since then. We want to rekindle that affection for future generations by providing new opportunities to play, learn, grow, and enjoy the outdoors

**Mind** reflects the main purpose of our parent charity, which is to help those with mental health issues back into work by delivering training and support. There is ample evidence to show that working outdoors in a natural environment helps those who struggle with their mental health, and promotes health and wellbeing. The Silverburn project will provide these outdoor training opportunities, and is therefore complementary to FEAT’s overall aims.

**Soul** Silverburn Park has been abandoned, neglected and overgrown for many years. This project will restore and reinvigorate the park, turning it back into a park that meets the intent of the Conservation Agreement under which it was gifted: that Silverburn Park “should remain forever as a quiet area used for the benefit of the public in general, and the people of Leven in particular, for nature trails, quiet parkland, and organised camping.”

### 3.2 Main offerings

The main facilities that will be provided are:

#### Backpackers Hostel

We will operate a hostel with 10 ensuite rooms, which will be a mixture of 2 and 4-person rooms, 26 bed spaces in total, including toilets, showers, reception, sitting area and self-catering kitchen, 340m<sup>2</sup> in total, aimed principally at people walking the Fife Coastal Path, and other tourists. The configuration aims to avoid large dormitories, and give the maximum flexibility for accommodating singles, couples, family groups and groups of friends. The hostel will also allow us to offer accommodation to other groups, to complement other activities we are offering – for example residential training events or awaydays.

#### Art and craft Workshops

3 craft workshops (each 25m<sup>2</sup>) aimed at artists and craft workers. One additional studio will be reserved for the heritage activity work. These will be housed in rooms adjoining the café, with windows allowing café visitors to see the creative process in action. This will provide an extra point of interest for visitors while stimulating curiosity in the artists and their work. By doing this, and using the wall space to display artworks, artists and their work can be showcased and promoted. This will help support an important but often struggling aspect of the local economy at the same time as adding another dimension to Silverburn and creating easier access to artworks for the local community without having to go into what some people find an unwelcoming and intimidating “cultural space”.



## **Meeting and Training Space**

3 meeting/training rooms (each 50m<sup>2</sup> ) with space for 30 people each. These are designed to be adjoining, with room dividers to allow for a more flexible use of space by creating a larger space when required. These rooms will be used for some of the activities in the activity plan, talks hosted by ourselves or community groups, small events such as occasional craft fairs, letting out for training courses or organisational Away Days, training run by FEAT including employment-related training and mindfulness events. This will help us secure extra revenue towards running costs, allow us to stage income-generating activities of our own, provide an excellent space for community use and for events attracting visitors, and help to increase the flow of visitors on which the café depends.

## **Café**

A café/restaurant (270m<sup>2</sup> ) providing 70 covers (50 internal and 20 external). This will be the biggest space and the focal point of the Flax Mill. It will retain some parts of the original construction where possible, and will be a striking and impressive space. The café will make the park as a whole a more attractive place, without which it is a far more limited venue. It will allow us to provide a food service to campers and hostel residents, as well as a wide range of casual visitors and people attending events. It will also provide a good source of income to help underpin the running of the Flax Mill and the estate.

## **Exhibition Space and Celebration of Heritage**

Circulation/ exhibition space (160m<sup>2</sup> ) which will include interpretation and exhibition facilities to explain the background and heritage of the mill. This will be the point of entry to the Flax Mill, and people will walk through this space to get access to the café, toilets and meeting rooms. As such, it is the ideal place for a permanent display of interpretation about the heritage and history of the Mill and the estate, enabling us to reach people who might not have sought out such a display but whose interest may be piqued by coming across it. The space can be supplemented by more display space around the café, and if needed, temporary use of classroom space for a particular display or exhibition.

We have been offered a range of objects which have been collected as part of a curated design project called “Our Linen Stories”, which is a two-year project exploring the story of flax and linen across Scotland. When the project ends, there needs to be a repository for this material. The curator, John Ennis, has visited Silverburn and feels we would be an ideal home for this collection and will be considered for the future.

In addition, heritage activity (with schools and others) will be housed in one of the crafting studios early on (first 2 years) and potentially expand into one of the outbuildings thereafter, subject to funding.

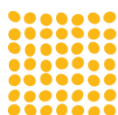
Full details of our heritage interpretation and activity can be found in the Interpretation Plan and Activity Plan.

## **Retail Space**

The reception area will also double as a retail space thereby allowing us to make best use of staff time and maximise opportunities for service user employability training, volunteer development and income generation. The shop will sell local arts and crafts (particularly from our in-house studios), unique flax and linen products, healthy life style products and toys and games and will operate 7 days a week, 9am to 5pm.

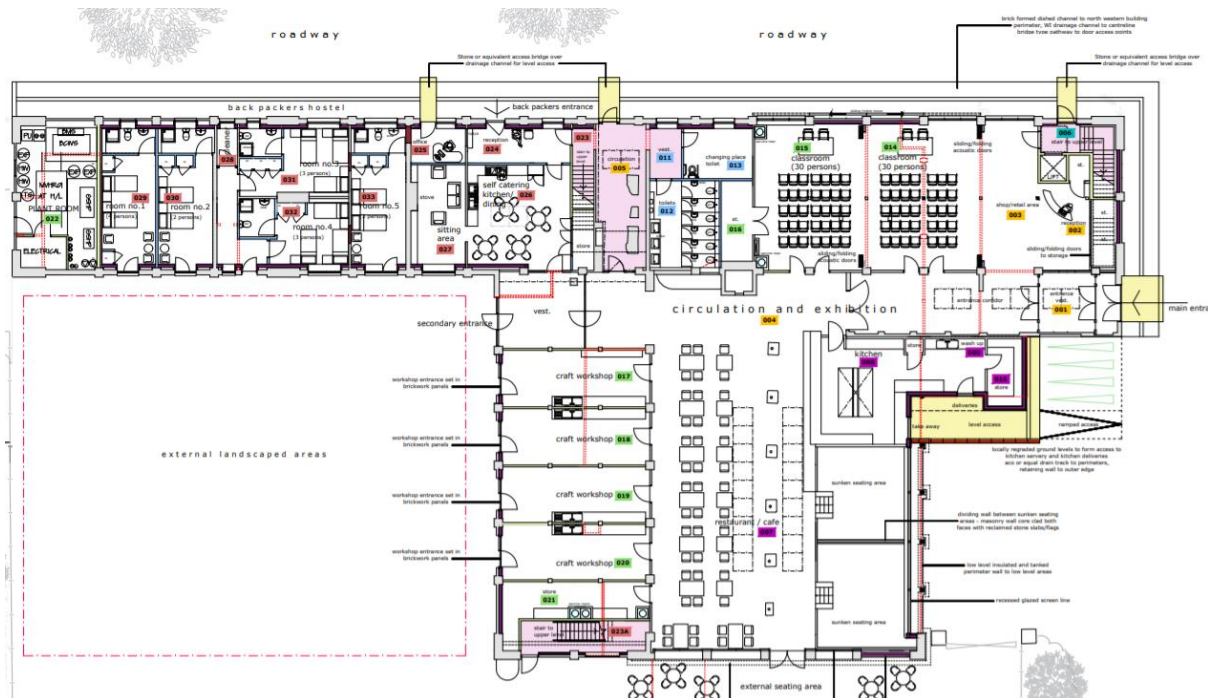
## **HQ for FEAT**

160 m<sup>2</sup> offices for FEAT staff managing the activities at Silverburn and for the wider charity. This provides the space required for the staff needed to run the various services and activities. There are activities which are already happening in the park in which the Flax Mill



is set that provide a good link to use of the Mill: a campsite with pitches and eco pods is already established and operating well and we were building a track record in festivals and events in the park pre Covid. We have set out the activities we propose to undertake as a separate document. Additionally, we have been maintaining and improving the woodlands and grounds for some time. This makes the park generally more attractive, but also makes it easier to experience the natural heritage, for example clearing woodland paths and removing invasive species from around the mature sequoias and other trees, allowing them to be seen and appreciated. Numbers of visitors to Silverburn had dwindled over the years but the recent lockdown has reversed that trend: over 230,000 visitors were recorded over a 12 month period and regenerated an interest in the estate which we need to now build on before the Flax Mill is restored. This is a way of preparing the ground for the later and bigger development. We will be able to start marketing Silverburn to walkers and cyclists as well as other tourists, so that when we open the hostel, we are not beginning from a standing start.

This range of enterprise activity, alongside our park and campsite management, will present a range of opportunities through which our core service users will gain confidence, skills and experience.

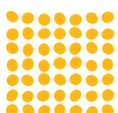


### 3.3 Market Demand

#### Commercial demand

Extensive community consultation has been led by FEAT since 2013 combined with a large variety of feasibility studies and expert input in a range of different areas from campsite and hostel consultants, catering and food consultants. As a snapshot:

- surveys conducted in 2020-2021 (both in the park and digitally) to get specific and detailed input from the general public but also specifically targeting hostel users and artists/ crafters. This has guided use of the building, design of the spaces, offerings within them and enabled us to gauge potential level of demand.
- Feasibility study undertaken by the Hostel Hub with recommendations on developing accommodation locally





- Further, desk based research (including stakeholder interviews) into market trends carried out by Community Enterprise Ltd with case studies, competitor analysis and gaps in provision. As examples, research on studios and hostels can be found in Appendices 5 and 6.
- Proof of concept testing through the campsite, our café hatch which opened last year and through our events and festivals pre Covid. During Covid restrictions, over 230,000 people visited the park, our café turned a £24K annual profit and our campsite has been at full capacity over the summer season.

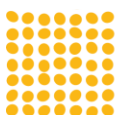
## Community demand

Over the course of developing plans, a number of community and partner consultations have been carried out to test and evidence interest in regenerating the Mill and park. During the development phase, Covid restrictions required us to think differently about how to engage local people meaningfully: our activity plans were adapted and three cross-over strands of pilot activities were developed instead which included growing flax, Lantern Journeys – school flax workshops and Lantern journeys – the installation. Interest and participation were high despite the challenges (20,000 video views for example) with some positive key messages emerging from the local community about the importance of opportunities to connect through heritage.

Detail on the Lantern project and the wider development phase consultation can be found in the Activity Statement. This input has been used as the foundation for developing our heritage and other activities and services during the delivery phase. A range of interested partners and potential audiences (for heritage activities as well as other use of the Mill and estate) has been identified including local schools, Fife College, FOSP, walking clubs, scouts, cadets, keep fit clubs, nurseries and partner charities.

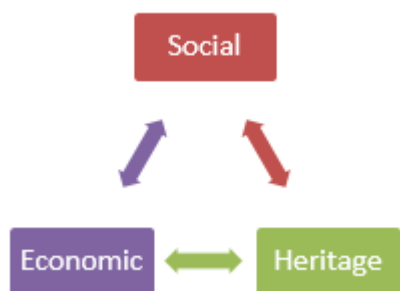
During this time, we have also developed a 530 strong supporters' newsletter and social media growth as follows:

	Feb/Mar '20		August '21	
	3,576	Silverburn	6,641	
	831	Campsite	3,180	opened Sept '20
	1,765	Festival	2,291	cancelled July '20 and '21
		Café	1,090	since March '21
		FOSP/Community	962	since Easter '21
	1,928	FEAT	2,330	
	<b>8,100</b>	<b>TOTAL</b>	<b>16,494</b>	<i>includes facebook, insta, twitter, YouTube</i>
REACH/views of facebook "lives" v.interesting to note (20K+ ea for Campsite opening and Lanterns)				
... also comments and spikes of interest, eg: littering thru' lockdown '20; community support				
and: significantly, Lantern Journeys and seasonal Buy a Brick promo/Levenmouth Market presence				



### 3.4 Expected outcomes

There are three interconnected aims of the initiative which we will deliver on.



The full range of outcomes as required by NHLF, how we will meet these and how these will be measured can be found in our separate Evaluation Plan. In summary:

**A wider range of people will be involved in heritage:** we will create new uses which will attract people to use the building, learn about heritage, and create sources of income to make the project sustainable and also contribute to the overall regeneration and sustainability of the park. Because the Flax Mill is located in a public park,

people will come across it who would not otherwise have sought it out.

With a café in the mill, people will come into the building who might not otherwise choose to enter a heritage building. Because there will be several different types of services and activities on offer, we will attract people who may not otherwise visit a perceived heritage asset. For example, people may come to use the park or engage in advertised activities, and be attracted to the mill to use the café, and may then take the chance to view any displays or interpretation we make available. The activities we offer will consciously aim to attract a wider group of people than those who routinely visit heritage attractions, and especially people from relatively deprived communities nearby.

These will create an opportunity to offer explanation and interpretation both outside and inside the mill in a non-intrusive way, which may spark interest among a wider group of people than those who already have an interest in heritage. Through demonstrating and interpreting the history of the estate and the mill, we will encourage people to find out about and engage with forgotten aspects of local social and industrial history; this will enhance their sense of place, and stimulate pride in the local area and its heritage.

**Heritage will be in better condition:** we will rescue an abandoned historic building, and completely rehabilitate it. The project will involve sensitive restoration which safeguards important architectural features where possible, while bringing the building up to modern day standards of energy conservation and accessibility. The work will meet the requirements of Historic Environment Scotland and also the National Trust for Scotland.

The rehabilitation includes the creation of a management and maintenance plan for the future, and for the first time since being used as a mill, the building will be actively managed. Regular maintenance will allow the condition of the property to be conserved. The outcome will be that a B-listed historic building at risk will be saved, its historic features preserved, its heritage celebrated, and will be transformed into something that offers a wide range of uses to draw in the local community and visitors from further afield, providing a new resource, a point of interest, and a sustainable business model.

**Heritage will be better interpreted and explained:** the rehabilitation will be accompanied by activities which bring to life the past history of the building and the estate, and which engage visitors in learning about what was once an extremely significant industry – flax and linen was at one point the main export from Scotland and was a very big source of employment, including in the local area, but the industry has all but vanished.

As well as the activities, there will be an interpretation plan ensuring that everyone can understand and appreciate the heritage of the estate.

**People will have developed skills:** our core work already involves helping people develop skills, with a view to finding work. The Flax Mill project will allow us to extend this into new



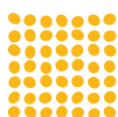
areas. This will involve a range of things set out in our activities statement including giving opportunities for experience of sensitive heritage building conservation work and energy efficiency in a challenging building through including a requirement for contractors to offer work experience and training to local people.

**People will have learnt about heritage, leading to change in ideas and actions:** the project has already involved finding out about and recording aspects of heritage associated with the building and with the estate, including establishing the history of the building through consulting archive material held at the University of St Andrews. We will develop further the heritage work we have done to date, in order to capture, interpret and explain the history of the building and the estate to local people and other visitors. This will involve a range of activities aimed at identifying aspects of heritage which will be of interest to people living locally and to others visiting, and communicating this heritage in ways that they will find engaging and captivating. We will develop ideas and activities regarding the natural heritage of the estate, encouraging people of all ages and especially children to take part in practical learning 17 activities which will inform, enthuse and educate them, and which for some people will open the door to future activities and interests which they may otherwise never have pursued.

**People will have greater wellbeing:** As well as the various activities set out in our activities statement, we will offer things which encourage healthy lifestyles. An example is food. The provision of a café allows us to combine FEAT's focus on health and wellbeing with serving food which addresses a public health issue of mounting concern. The UK is the country in Europe which consumes the highest proportion of unhealthy, ultra-processed industrial food, leading to significant public health concerns. We have the opportunity to provide a menu which uses food which comes from local providers, including the allotments on site and a community growing project which we would like to develop, instead of buying in a lot of industrially-produced goods from catering suppliers. This means we can offer the local connections and authenticity which many tourists want, we can support local farmers, and we can extend our activities into things like healthy eating classes, demonstrations and special events, while at the same time making a small contribution towards community benefit by promoting local, healthy, natural food. The parkland setting also offers an ideal opportunity to promote wellbeing. Outdoor activity is well known to promote better physical and mental health, and FEAT clients and the general public will all benefit from our plans. By working with organisations already active in deprived communities, we can target the people whose health and wellbeing is most in need of enhancing. We have experience of working at Silverburn in ways that connect people with the natural heritage to enhance wellbeing, and we are very well placed to use this experience to develop activities promoting wellbeing.

**Our organisation will be more resilient:** at present FEAT as an organisation is vulnerable. Although we do work which is valued highly by strategic partners and funders, and we produce great outcomes, we are continually dependent on grants which must be won afresh every year. This is not a very stable base on which to plan for the future. It is for this reason that we established a trading subsidiary, with a view to developing some self-generated income which can achieve our aims and goals while at the same time diversifying our funding base. This project is an opportunity to do this while meeting the broader strategic aims of the local authority, and provide something which at the same time deals with what has become a problem with no obvious solution (what to do with the derelict Flax Mill) and also provides valuable new facilities to a deprived community. The project will give us an asset which strengthens our balance sheet, give us potential additional sources of income, and also offer opportunities to develop our core work into new areas.

**Our local area/community will be a better place to live, work or visit:** by making the park an attractive place to spend time, we will improve the quality of life for local people, creating a valuable resource to encourage people to visit. We will improve the woodlands and the pond, making the park more attractive as a place to spend time, and increasing biodiversity.





There is also a heritage aspect to the park, with the woods previously having been planted with several unusual species, and the pond was once used as part of the flax and linen production process. There is little awareness of these things at present, and we want to recapture and explain this history. This will make the park more enjoyable to visit, and the work we plan both in the grounds and to the Flax Mill will create a point of interest and a place worth visiting both for local people and for those who would otherwise have passed by.

**Our local economy will be boosted:** we aim to restore the Flax Mill in such a way that it enhances the park, provides useful facilities for visitors and for local businesses, and attracts visitors from elsewhere. By creating these new facilities, we will be enhancing economic activity locally. In particular, the provision of a campsite and hostel and cafe will be attractive to people using the Fife Coastal Path, and will encourage them to stop over during their journey. At present, there is little suitable accommodation locally for walkers, so they tend not to stop in the area, and attracting people to spend a little time here will benefit the area and other local businesses, in one of the more deprived communities in Scotland. Crucially, we will do these things in combination with creating employment, offering work and skills development to local people and providing a boost to the local economy.

### **3.5 Operational Strategy for each service**

A separate Operating Plan has been developed which sets out our plans for each enterprise area once the building opens. This sets out the core offering, operating times, staff and other resources and was based on input from User Panels and other market research as well as what the building could comfortably accommodate.

### **3.6 Building maintenance**

A Management and Maintenance Plan has been developed to sit alongside the Conservation Statement to ensure the Mill is cared for day to day but also that long term cyclical repairs and replacements are factored in from the outset. This plan sets out the management structure, requirements and long term maintenance planning as well as the anticipated costs of conservation of the building.

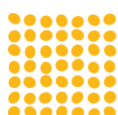
### **3.7 Marketing and Communications**

With National Lottery Heritage Fund funding in the development phase of this programme, we have been engaged in marketing and communications (both on and offline) to support activities happening now in the wider Silverburn project. This included a highly successful Lantern Project<sup>4</sup> in January 2021 which gained over 20,000 views online. We have more than 5,500 followers on the Silverburn Facebook page and over 900 on twitter. We have been featured in a televised episode of Landward which aired in June. We were successful in winning a branding competition in which we won free rebranding from a design studio and now have a suite of interrelated brands for our enterprises, underpinned by a strong core identity. This means that we have some solid building blocks in place for the future.

We will build on this early success and will create a communications and marketing strategy to drive interest in the estate and specifically sales for our enterprises: support for this work may be enlisted through the Scottish Government's Just Enterprise programme to enable us to make best use of external expertise. Further work will be undertaken to identify the different customer segments, how best to reach them and convert interest to sales. As an initial summary, audience segments (identified in the Activity Statement) will be:

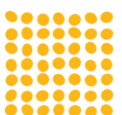
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<sup>4</sup> [Silverburn Park - Lantern Journeys | Blue Monday 2021 | Silverburn Park Flax Mill Project | Facebook](#)



1. Local people
2. Visitors
3. FEAT clients
4. Schools and colleges
5. Volunteers
6. Clubs and groups

In terms of community engagement, the Friends of Silverburn Park (see later) are important ambassadors for the Mill and Park and will play a key part in our comms strategy alongside our Community Engagement Officer.



## 4. Financial Strategy

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### 4.1 Summary

Significant time has been taken and many different options considered before confirming the chosen delivery model to take forward this project. A key reason in selecting the current model is that it has been assessed as financially sustainable and should generate sufficient revenue to cover costs and create a surplus for the Charity over the first 5 years of trading to contribute to a sinking fund for long term building upkeep.

### 4.2 Income Projections

Our key income streams will be from the café, the hostel, the retail outlet, space hire and events. This is augmented by income from the campsite in the park itself which is already operational and seeing surpluses.

#### *The Cafe*

Income projections for food, drink and snacks are based on expected customer numbers and average spend for daytime and evening meals, teas and coffees and snacks during the day. We are envisaging an 11 hour trading day with 50 covers inside and 20 covers outside. Average spend across all options works out at £7.65 which is viewed as modest seen against industry standard. In year one this results in sales of £388,004. This is reduced, before staff by a 69% cost of sales.

It will take time to put in place the marketing activities needed to attract customers, particularly those from outside Levenmouth. By year 2, we expect to see growth in customer footfall with food and drink sales rising by 5% then 3% in subsequent years and the destination becomes embedded for visitors and local people.

We have used figures published by the British Beer and Pub Association for similar pubs to estimate the cost of sales for food and drink.

#### *Accommodation*

The figures for accommodation are based on predicted occupancy. This is in line with market statistics, trend profiles from Visit Scotland, feedback from other local accommodation providers and a feasibility study carried out by Hostel Hub on our behalf. Clearly occupancy changes in response to seasonality and can rise as high as 95% at the highest season in year 4, rising from a high of 60% in year 1 for that high season. On average, occupancy across the board is 31% in year one and 59% in year 5.

There are a variety of rooms and pricing reflects the kind of space. Average room price (some with multiple bunks) is £53.80. This draws in income of £61,525 in year 1 rising to £118,706 in year 5. Apart from staff, cost of sale relates to laundry and cleaning and is relatively low.

#### *Hire of Space*

Because one of the spaces will be occupied by the Activity work, there are 3 studios for rent at £180 pcm. This is in line with market research undertaken including case studies of other studio spaces across Fife and an online survey we carried out in late 2020 of Fife based artists and crafters.



### *Functions, events, training and letting*

In addition to permanent lets, there is a conference / meeting space. The conference room is priced at £180 per day which is more affordable than other similar spaces based on our competitor analysis. The classroom will be £80 per day. Desk hire will be available at £50 per month.

Events will range in scope and theme and figures are based on 12 special occasion hires, 6 indoor markets, 12 workshops, 5 themed nights and 8 residential breaks. This amounts to an income of £21,010 in year one and £26,530 by year 5.

In addition to 'earned' income, an annual fundraising and sponsorship target has been set at £60K to support events and associated activities. This is felt to be comfortably achievable given the profile of Silverburn, the multiple outcomes it aims to achieve, FEAT's own strong fundraising track record and support from Friends of Silverburn Park.

### *Shop*

We are estimating that 20% of visitors to the building will purchase an item from the shop. Projections show that we should be welcoming around 300,000 visitors per year. This ranges from café visitors to residents of the hostel and the shop will stock gifts, heritage related items, local produce and items related to camping, walking and cycling. These 20% of visitors are estimated to spend an average of £10. There is a 3% growth year on year. Cost of sales is viewed as 75%.

## **4.3 Financial projections**

Our full financial projections (Flax Mill only) are shown in the Appendices (Income in Appendix 1 / Expenditure in Appendix 2 / staff profile and salary costs in Appendix 3 and a Sensitivity Analysis in Appendix 4). Projections are calculated across 5 years, for all income streams.

The Flax Mill cash flow shows a commercial rent of c. £50K per year (including VAT), rising year on year as the Flax Mill becomes fully operational. Rent will be paid from the trading subsidiary to FEAT charity: £295K over 5 years. Rent, alongside a sinking fund (beginning in yr 3) shows that the Mill will be able to generate a surplus of c. £34K over 5 years. This is modest but within the context of the wider park operations, the Silverburn project as a whole will generate surpluses of £190K over 5 years.

Summaries for both the Flax Mill only and the Flax Mill *plus* the wider estate can be seen below. We have also included projections for FEAT the charity to demonstrate the financial impact of the project for the charity as a whole.



<b>5 Yr Projections</b>	FEAT Trading CIC perspective					
<b>FLAX MILL ONLY</b>						
	2026	2027	2028	2029	2030	2031
<b>Income</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>TOTALS</b>
Café	388,887	409,543	424,498	438,034	451,928	<b>2,112,890</b>
Hostel	61,525	76,138	98,480	112,281	118,706	<b>467,129</b>
Shop	588,613	606,271	624,460	643,193	662,489	<b>3,125,027</b>
Hire and events	47,398	52,619	56,068	57,703	58,857	<b>272,645</b>
Sponsorship and fundraising	60,000	67,320	72,100	74,277	75,763	<b>349,460</b>
VAT reclaim	95,804	99,086	102,281	105,425	108,597	
<b>Income totals</b>	<b>1,146,422</b>	<b>1,211,891</b>	<b>1,275,606</b>	<b>1,325,489</b>	<b>1,367,743</b>	<b>6,327,150</b>
<b>Expenditure</b>						<b>TOTALS</b>
Staffing	264,349	270,070	275,903	279,984	275,989	<b>1,366,295</b>
Staff Training Costs	970	989	1,009	1,029	1,050	<b>5,048</b>
Staff Travel Costs	500	510	520	531	541	<b>2,602</b>
Volunteer Expenses	400	408	416	424	433	<b>2,082</b>
Café Raw Materials	119,907	126,276	130,887	135,061	139,344	<b>651,474</b>
Shop products	441,460	454,704	468,345	482,395	496,867	<b>2,343,770</b>
Laundry Costs	3,000	3,060	3,121	3,184	3,247	<b>15,612</b>
Booking Fees (hostel)	3,019	3,734	4,828	5,503	5,815	<b>22,899</b>
Booking fees (campsite)	4,747	4,987	5,240	5,505	5,783	<b>26,262</b>
Telephone/Internet	1,350	1,377	1,405	1,433	1,461	<b>7,025</b>
Licences	1,164	1,187	1,211	1,235	1,260	<b>6,058</b>
Rent and rates	40,000	50,000	51,000	52,020	53,060	<b>246,080</b>
Heating / lighting	19,000	19,380	19,768	20,163	20,566	<b>98,877</b>
Professional Fees	4,500	4,590	4,682	4,775	4,871	<b>23,418</b>
Marketing/Online bookings	1,000	1,020	1,040	1,061	1,082	<b>5,204</b>
Payment Systems	600	612	624	637	649	<b>3,122</b>
Insurance	12,750	13,005	13,265	13,530	13,801	<b>66,352</b>
Consumables	2,700	2,754	2,809	2,865	2,923	<b>14,051</b>
Stationery and supplies	900	918	936	955	974	<b>4,684</b>
IT replacement	900	918	936	955	974	<b>4,684</b>
Equipment Replacement	750	765	780	796	812	<b>3,903</b>
Estate Maintenance	0	0	0	0	0	<b>0</b>
Vehicle Fuel	0	0	0	0	0	<b>0</b>
Vehicle Upkeep	0	0	0	0	0	<b>0</b>
Miscellaneous	2,700	2,754	2,809	2,865	2,923	<b>14,051</b>
VAT	198,124	209,097	220,245	229,157	236,677	<b>1,093,299</b>
<i>Building maintenance (annual of £22,275 plus annual proportio of of 60 year cost starting in year three)</i>	22,275	22,275	73,893	73,893	73,893	<b>266,230</b>
<b>Expenditure totals</b>	<b>1,147,064</b>	<b>1,195,391</b>	<b>1,285,674</b>	<b>1,319,957</b>	<b>1,344,997</b>	<b>6,293,082</b>
<b>Profit and Loss</b>	<b>-642</b>	<b>16,500</b>	<b>-10,068</b>	<b>5,532</b>	<b>22,746</b>	<b>34,068</b>
<b>2025-30 Cumulative</b>	<b>-642</b>	<b>15,858</b>	<b>5,791</b>	<b>11,323</b>	<b>34,068</b>	



5 Yr Projections	FEAT Trading CIC perspective						
FLAX MILL & ESTATE							
	2026	2027	2028	2029	2030	2031	
Income	Year 1	Year 2	Year 3	Year 4	Year 5	TOTALS	
Café	388,887	409,543	424,498	438,034	451,928	2,112,890	
Hostel	61,525	76,138	98,480	112,281	118,706	467,129	
Shop	588,613	606,271	624,460	643,193	662,489	3,125,027	
Hire and events	47,398	52,619	56,068	57,703	58,857	272,645	
Sponsorship and fundraising	60,000	67,320	72,100	74,277	75,763	349,460	
Campsite	94,941	99,745	104,792	110,094	115,665	525,236	
VAT reclaim	97,401	100,714	103,943	107,120	110,326	492,358	
<b>Income totals</b>	<b>1,241,363</b>	<b>1,311,635</b>	<b>1,380,398</b>	<b>1,435,583</b>	<b>1,483,407</b>	<b>6,852,386</b>	
<b>Expenditure</b>						<b>TOTALS</b>	
Staffing	301,069	307,335	310,609	315,138	321,877	1,556,028	
Staff Training Costs	1,000	1,020	1,040	1,061	1,082	5,204	
Staff Travel Costs	500	510	520	531	541	2,602	
Volunteer Expenses	1,000	1,020	1,040	1,061	1,082	5,204	
Café Raw Materials	119,907	126,276	130,887	135,061	139,344	651,474	
Shop products	441,460	454,704	468,345	482,395	496,867	2,343,770	
Laundry Costs	3,000	3,060	3,121	3,184	3,247	15,612	
Booking Fees (hostel)	3,019	3,734	4,828	5,503	5,815	22,899	
Booking fees (campsite)	4,747	4,987	5,240	5,505	5,783	26,262	
Telephone/Internet	1,500	1,530	1,561	1,592	1,624	7,806	
Licences	1,200	1,224	1,248	1,273	1,299	6,245	
Rent and rates	40,000	50,000	51,000	52,020	53,060	246,080	
Heating / lighting	20,000	20,400	20,808	21,224	21,649	104,081	
Professional Fees	5,000	5,100	5,202	5,306	5,412	26,020	
Marketing/Online bookings	2,000	2,040	2,081	2,122	2,165	10,408	
Payment Systems	600	612	624	637	649	3,122	
Insurance	15,000	15,300	15,606	15,918	16,236	78,061	
Consumables	3,000	3,060	3,121	3,184	3,247	15,612	
Stationery and supplies	1,000	1,020	1,040	1,061	1,082	5,204	
IT replacement	1,000	1,020	1,040	1,061	1,082	5,204	
Equipment Replacement	1,000	1,020	1,040	1,061	1,082	5,204	
Estate Maintenance	4,000	4,080	4,162	4,245	4,330	20,816	
Vehicle Fuel	1,850	1,887	1,925	1,963	2,002	9,627	
Vehicle Upkeep	2,150	2,193	2,237	2,282	2,327	11,189	
Miscellaneous	3,000	3,060	3,121	3,184	3,247	15,612	
VAT	216,792	228,720	240,871	250,837	259,464	1,196,685	
<i>Building maintenance (annual of £22,275 plus annual proportio of 60 year cost starting in year three)</i>	22,275	22,275	73,893	73,893	73,893	266,230	
<b>Expenditure totals</b>	<b>1,217,069</b>	<b>1,267,187</b>	<b>1,356,212</b>	<b>1,392,302</b>	<b>1,429,494</b>	<b>6,662,263</b>	
<b>Profit and Loss</b>	<b>24,294</b>	<b>44,449</b>	<b>24,186</b>	<b>43,281</b>	<b>53,914</b>	<b>190,123</b>	
<b>2025-30 Cumulative</b>	<b>24,294</b>	<b>68,743</b>	<b>92,929</b>	<b>136,209</b>	<b>190,123</b>		



5 Yr Projections						
FEAT						
	2026	2027	2028	2029	2030	2031
Income	Year 1	Year 2	Year 3	Year 4	Year 5	TOTALS
Organisational income (based on previous accounts plus 1%)	1,061,532	1,072,148	1,082,869	1,093,698	1,104,635	5,414,881
Rent from FEAT Trading CIC + VAT	48,000	60,000	61,200	62,424	63,672	295,296
Profit from FEAT Trading CIC	24,294	44,449	24,186	43,281	53,914	190,123
<b>Income totals</b>	<b>1,133,826</b>	<b>1,176,596</b>	<b>1,168,255</b>	<b>1,199,402</b>	<b>1,222,221</b>	<b>5,900,301</b>
Expenditure						TOTALS
Organisational Expenditure (based on a break even scenario plus 2% increase)	1,062,000	1,083,240	1,104,905	1,127,003	1,149,543	5,526,691
VAT payment to HMRC for rent	8,000	10,000	10,200	10,404	10,612	49,216
Charity pays rent to use the building (nominal as FEAT charity will continue to mostly work remotely)	2,500	2,550	2,601	2,653	2,706	13,010
<b>Expenditure totals</b>	<b>1,072,500</b>	<b>1,095,790</b>	<b>1,117,706</b>	<b>1,140,060</b>	<b>1,162,861</b>	<b>5,588,917</b>
<b>Profit and Loss</b>	<b>61,326</b>	<b>80,806</b>	<b>50,549</b>	<b>59,343</b>	<b>59,360</b>	<b>311,384</b>
<b>2025-30 Cumulative</b>	<b>61,326</b>	<b>142,132</b>	<b>192,682</b>	<b>252,024</b>	<b>311,384</b>	

#### 4.4 Long term building maintenance

The anticipated costs of repairs / replacement in the early years is expected to be modest but likely future costs have been factored in from completion of the main works. Some of these costs will be met through ongoing revenue generated or additional sources of funding. However, as insurance against shortfalls, a sinking fund will be established and surplus income invested on a regular basis enabling the funds to accrue over time. Such contributions will be made over the above the usual maintenance and operating costs.

Contributions towards the long term maintenance fund have been factored in from year 3 with a target of £52Kpa. Projections show that this cost can be met without destabilising the financial viability of the Mill and should enable FEAT to build a sufficient building endowment fund.



## 5. Delivering Community Led Management

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### 5.1 Legal structure and Governance

Following completion of the main works contract, ownership of the building will be passed from Fife Council to FEAT. In preparation, FEAT has established a trading subsidiary 'FEAT Trading CIC' and it is this vehicle which will be responsible for the day to day operation of Silverburn Park and Flax Mill, including the management and maintenance aspects. A management agreement will be put in place and formal structures will be established and functioning in time for the building's completion.

Overall responsibility and direction lies with the Board of FEAT Trading CIC which will report to the charity's Board on a regular basis. 2 board directors sit on both boards to ensure a unified vision and strategy. Board meetings will take place every month in the first 6 months of trading, moving to every two months for a further 6 months and quarterly thereafter.

A good working arrangement is already in place with Fife Council through a collaborative working agreement. Governance is underpinned by meetings of a Joint Sponsor Group, with representation from both parties and agreement that both organisations sign up to all grant conditions/securities. FEAT Trading CIC already has an agreement in place in relation to the parkland and No 3 Cottage and this has been working smoothly.

There are no plans to take on responsibility for Corriemar at this stage, and the future of this building is under review. The cottages and gatehouse will remain in Council hands, although FEAT will retain the current base at No 3 Cottage if required.

The key factors of the model are:

- Fife Council retain ownership of the Flax Mill until contract completed.
- FEAT Charity acquire Flax Mill (and an area around the building) on completion of works.
- FEAT Charity lease flax mill to FEAT CIC (wholly owned trading subsidiary).
- FEAT CIC manages and runs the Flax Mill, responsible for the operation of all business and non-business activities. (FEAT Charity will benefit from lease payment and from subsequent profit generated by the trading subsidiary).
- FEAT CIC will continue to manage the Park throughout under lease from Fife Council.

### 5.2 Skills and Capacity

FEAT, the charity, is a long established organisation with a solid reputation for sound management and planning and high quality delivery. Whilst the development of the Flax Mill represents a new direction in some respects, developments over the last 10 years has enabled Board and staff to build skills and capacity in preparation.

The FEAT Trading CIC Board of Directors has undergone business mentoring support during 2020/21 'Building Enterprising Boards' and are regularly reviewing the skill set of the Board and staff team to ensure gaps are identified and remedied.

The CEO of FEAT is long standing and highly committed to the organisation and will act as the CEO of both the charity and the CIC to ensure continuity of purpose and ethos.

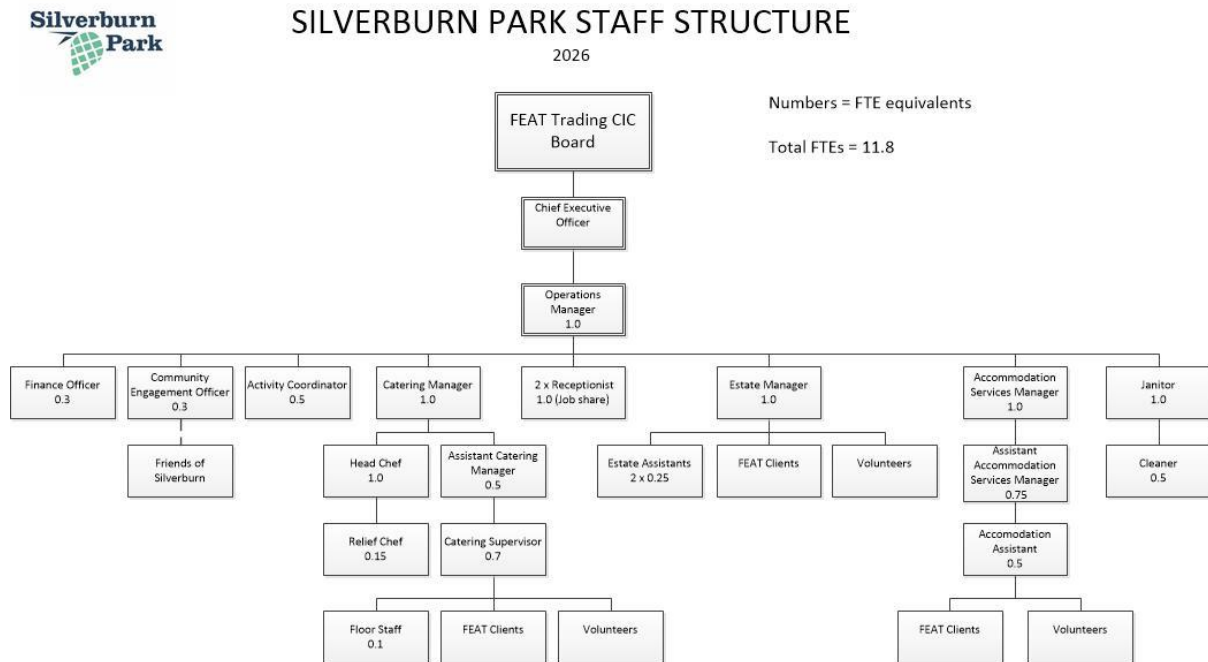




As a charity that believes in ‘fulfilling potential,’ FEAT has demonstrated a clear commitment to investing in staff training and capacity building wherever possible, and where prudent, is comfortable with bringing in expertise and support to ensure aims are met.

### 5.3 Management and staffing

The proposed staffing structure for the Flax Mill is as follows:



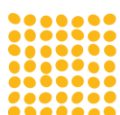
A key post will be that of Operations Manager who will oversee the staff team, all enterprise activity and care of the building fabric. Job descriptions have been developed.

### 5.4 Volunteers

Whilst the activity programme will present new opportunities for volunteers at Silverburn, a strong pool of existing volunteers has been created at the Park, with over 30 regular volunteers attending on a weekly basis and nearly 100 volunteers on a more ad-hoc or occasional basis.

FEAT’s core mission is to develop the health and wellbeing of people with enduring mental health conditions and help them back to employment and volunteering can play a huge role in that journey to work. FEAT will therefore explore all opportunities to provide quality volunteering opportunities within the wider project and specifically within the Flax Mill development. Our intention is to recruit some staff for the project from the core client group – something that we achieved when our both our existing small café and Campsite opened.

We also have supported in the development of a now independently constituted organisation “Friends of Silverburn Park”. The Friends group was established to enable the many local community members who wanted to play a dedicated part in supporting improvements at Silverburn and they are tasked with much of the community consultation as well as fundraising activities and specific projects within the Park, outside of the scope of the Flax Mill development. To date they have delivered a series of events including an astronomy



evening and family fun day and have also secured funding from the National Lottery Community Fund and Fife Council to establish a wildlife hide beside the pond in the Park.

In addition to FOSP, we intend to establish a more informal 'user group' to feed in to business planning and operations. This is detailed in the Activity Plan and will comprise a number of the many groups who use the Park (and the Mill once rehabilitated) and who have an interest in its success.

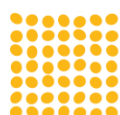
### **5.5 Policies and procedures**

FEAT has a suite of existing policies in place (currently 61) ranging from Lone Working to Care of Vehicles. These are reviewed and refreshed regularly. Additional policies will be identified during the delivery phase and established as part of the Employee Handbook before the building is launched.

### **5.6 Monitoring and reporting**

A detailed evaluation framework is in place and will be used as the basis for monitoring and reporting under the outcomes detailed in section 3.4. The framework includes delegated area leads who will be responsible for evidence gathering and reporting to the CEO, who in turn will report to both Boards.

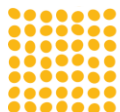
The financial projections provide the basis for assessing financial performance and predicted sales and costs will be tracked against actual figures on a weekly / monthly basis. Monthly reports will be compiled by the Finance Officer for review by the CEO. Quarterly management reports will be produced for scrutiny by the CIC board.



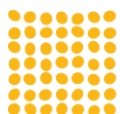
## 6. Risk Management

### 6.1 Risk Management

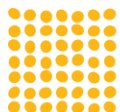
Risk	Impact	Probability	Existing Controls	Action Required	Lead Responsibility
Difficulty securing capital renovation funding	High	Low to Medium	<p>Strong funding strategy</p> <p>Funding strategy led by funding expert</p> <p>Strategic relationships with key players such as Fife Council</p> <p>Good momentum towards crowdfunding and good community support</p>	<p>Approach a mix of funders</p> <p>Some re-payable finance</p> <p>New equity fund that offers very patient capital (Catalyst Fund run by First Port)</p> <p>Cost savings</p>	FEAT
Inability to secure creative tenants	High	Low	<p>Clear demand identified during research</p> <p>Only a small number of units</p>	Diversify into other kinds or tenants	FEAT Trading CIC
Low demand for café and retail and hostel	Medium	Low to Medium	<p>Existing interest from café on site and campsite on site</p> <p>Detailed numbers based on research</p> <p>Cross-fertilisation with other elements of the business</p> <p>Ensuring good outside space</p> <p>Link to campsite and park visitors as well as visitors to the Mill</p>	<p>Let commercially to a café operator if necessary</p> <p>Branded marketing</p> <p>Advertising and deals</p>	FEAT Trading CIC



Risk	Impact	Probability	Existing Controls	Action Required	Lead Responsibility
Issues with long term maintenance costs	High	Low to medium	Significant sinking fund in the business plan cash flow	Potential future grants	FEAT
Costs are not covered by income generated	High	Low	Cashflows prepared Careful financial modelling	Cashflow amended Further fundraising Local donations and additional revenue fundraising Subsidy from statutory provider	FEAT Trading CIC
Refurbishment costs higher than expected after tender	Medium	Medium	QS estimate with 10% contingency and inflationary figure	Careful tendering Cost savings and value engineering Phase the development Additional fundraising	FEAT and design team
Loss of Key staff, volunteers and Board Members	High	Medium	Good terms and conditions for staff and plan to look after volunteers.	Write a succession plan for staff and board Strong funding strategy to give confidence Support from TSI and Fife Council	FEAT Board



Risk	Impact	Probability	Existing Controls	Action Required	Lead Responsibility
Insufficient reserves to manage cashflow	High	Low	Building up trading income Reserves planned in current cash flow	Build reserves during initial years  Secure revenue grants to give a stronger foundation to trading	Board and Manager with support from Admin
Covid-19 Risk					
<p>Variations on renovation costs. With contractors keen to build income after lockdown, prices may drop, but physical distancing and difficulties with supplies may increase costs. These are challenging for quantity surveyors to predict. Exacerbated by Brexit</p> <p>The coronavirus (COVID-19) situation is fast moving and developing regularly. Though relatively stable at time of writing with a vaccine programme underway, peaks could occur with future variants.</p>	Med	Medium	Advice from QS with contingencies.	<p>Continue to monitor the situation, and engage quantity surveyor with developing knowledge</p> <p>By the time we are commissioning work, there will more clarity and likely further lockdown relaxation</p> <p>Social distancing and covid compliance built into business plan</p>	FEAT and design team



# Appendix 1: Enterprise income calculations (Flax Mill only)

<b>Café Income</b>													
Opening hours per day		Mon	Tue	Wed	Thurs	Fri	Sat	Sun					
		8	10	10	10	14	14	10					
Average trading hours per day	11												
Number of days operational in year	350												
Covers available (inside)	50												
Cover available (outside)	20												
Total covers	70												
<b>Average Spends</b>													
Average Spend Food (exc VAT)	£ 6.50												
Average Spend Drink (exc VAT)	£ 2.50												
Average Combined Spend	£ 9.00												
Discount (15% customers drink only)	£ 7.65												
<b>Seasonal Adjustment for covers</b>													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
<b>Average Number of Covers</b>	100	125	150	200	200	175	175	100	100	100	100	125	
<b>Number of Trading Days in month</b>	30	31	30	31	31	30	31	30	22	25	28	31	
<b>Covers in Month</b>	3000	3875	4500	6200	6200	5250	5425	3000	2200	2500	2800	3875	
<b>Average Number of Covers pm</b>	139.50												
<b>Number of Covers</b>													
Year 1	48825												
		<b>Yr 1 to Yr 2</b>	<b>Yr 2 to Yr 3</b>	<b>Yr 3 to Yr 4</b>	<b>Yr 4 to Yr 5</b>								
Annual Business Growth		5%	3%	3%	3%	1.05	1.03	1.03	1.03				
Annual Income	£ 373,511	£ 392,187	£ 403,952	£ 416,071	£ 428,553								
<b>Internal Catering for Events</b>													
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5								
Annual Income (10% of bookings)	£4,069	£4,565	£4,890	£5,037	£5,138								
<b>Income from Hostel and Campsite customers</b>													
Average daily spend per hostel visitor	£ 8.00												
Average daily spend per campsite visitor	£ 5.00												
	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>								
Number of hostel visitors per year	2304	2850	3969	4422	4889								
Number of campsite visitors per year	5778	5951	6130	6314	6503								
Annual income from hostel visitors (30% of visitors)	£ 5,528	£ 6,839	£ 9,526	£ 10,612	£ 11,734								
Annual income from campsite visitors (20% of visitors)	£5,778	£5,951	£6,130	£6,314	£6,503								
<b>Total income (café and catering)</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>								
	£388,887	£409,543	£424,498	£438,034	£451,928								
<b>Target GP's</b>													
Target GP % Food	65%												
Target GP % Drink	80%												
Target GP Combined	69%												
<b>Annual Inflationary Increase</b>													
Prices	2%	1.02											
Expenditure	2%	1.02											
	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>								
Food & drink costs	£119,907	£126,276	£130,887	£135,061	£139,344								
<b>Expenditure (all inc food and drink costs)</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>								
	£242,624	£252,689	£261,080	£267,251	£275,459								
<b>Profit</b>	£146,263	£156,854	£163,419	£170,783	£176,469								

Hire and Events Income					4 x artists / crafters studio. 2 x classrooms or 1 large conference room
<b>Craft Studios</b>	No. for rent	Rent pm	Occupancy	Income per year	<b>Notes &amp; assumptions</b>
Studios for rent	3	£180.00	85%	£5,508	1 studio reserved for flax mill activities. Average studio size 25m2 at a cost of £81 pm2 (including service charge)- annual rent £2,025 or £168 pcm. Market research inc review of 3 Fife based studios demonstrates high demand and stable occupancy rates. Rental rates could be negotiated down where shop commission negotiated up to balance out income generation. This would spread the risk for artists and crafters. Potential demand for equipment hire by artists / crafters / schools / community groups / small businesses eg kiln usage (typically £45 per hour) or bench hire for glass blowing (typically £260 for half a day). Some studios offer an annual membership fee to occasional users (eg Fife Dunfermline Printmakers Workshop - £220 m'ship pa)
<b>Classroom Hire</b>	No. for rent	Rental Fee p	No. per mo	Income per year	
Conference Space	1	£180.00	2	£ 4,320	Comparables: Fife Renewables Innovation Centre 3 miles away £200 pd / £20 ph. Dunfermline Carnegie Library and Galleries £395 pd / £70 ph
Meeting Room	2	£80.00	8	£ 15,360	Comparables: Fife Renewables Innovation Centre £70 pd. Dunfermline Carnegie Library and Galleries £175 pd / £30 ph. Bookings would include those made by resident and external artists and crafters to run their own regular classes / programmes (two per month or four half days) - discounts to apply for regular bookings. Booking levels to sit around 15-20% occupancy to allow FEAT to use for client training (1 day pw) and FEAT events
Total Income				£ 19,680	
<b>Events</b>	No. per year	Fee	Income per year		
Special occasion hire	12	£200.00	£2,400		Birthday party, anniversary, wet weather wedding ceremony etc (price ranging from £150 day and £250 evening)
Christmas Fair / Indoor market	6	750	£2,700		Festive weekends (eg Walk in Walled Garden, santa grotto, coffee and cake and wonder ro
Workshops and masterclasses	12	350	£4,200		8 per year. Market research indicates prices for half day workshop between £35 and £60. 4 hr workshop @ £45 per ticket x 10 participants less £100 tutor fee
Residential training events / Niche Breaks	8	1245	£9,960		Linked to the hostel or campsite for overnight stays and café for catering. Income from co
Themed nights	5	350	£1,750		2 per year, 100 guests x £7.50 per ticket less musician fees of £400.
Total Income			£21,010		Some event space to be kept clear for Heritage Activity w schools - may move to bespoke s
<b>Desk Hire</b>	Fee per desk pm	No of desks	Income per year		
	£50	2	£1,200		
<b>Fundraising &amp; Sponsorship</b>					
Annual Fundraising and Sponsorship Target					£60,000
<b>Annual Inflationary Increase</b>					
Prices	2%				1.02
		Yr 1 to Yr 2	Yr 2 to Yr 3	Yr 3 to Yr 4	Yr 4 to Yr 5
Annual Business Growth - studio spaces		0%	0%	0%	0%
Annual Business Growth - All other		10%	5%	1%	0%
Total					
<b>Income Projections</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Craft Studios	£ 5,508	£ 5,618	£ 5,731	£ 5,845	£ 5,962
Classroom Hire	£ 19,680	£ 22,081	£ 23,649	£ 24,363	£ 24,850
Events	£ 21,010	£ 23,573	£ 25,247	£ 26,009	£ 26,530
Desk hire	£ 1,200	£ 1,346	£ 1,442	£ 1,486	£ 1,515
Fundraising & Sponsorship	£ 60,000	£ 67,320	£ 72,100	£ 74,277	£ 75,763
Total	£ 107,398	£ 120,501	£ 129,056	£ 132,954	£ 135,613

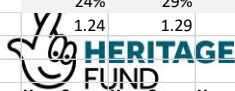


## Shop Income

Opening hours per day	9am-5pm Mon- Sun													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Days in the months	30	31	30	31	31	30	31	30	31	30	25	28	31	
Total Trading hours pm	240	248	240	248	248	240	248	240	248	240	160	200	224	248
<b>Visitors (Yr 1)</b>														
Hostel	2304													
Campsite	5778													
Café	48825													
Events (20 per year during trading hours av 40 guests per event)	800													
Park (average 416 people per day / 130 cars x 2 passenger av.)	236600													
<b>TOTALS</b>	<b>294307</b>													
Average spend per visitor	£10													
% visitors purchasing in the shop	20%													
<b>Sales Yr 1</b>	<b>£588,613</b>													
Target GP's	25%													
Products														
<b>Annual Inflationary Increase</b>														
Prices	2%	1.02												
Expenditure	2%	1.02												
	<b>Yr 1</b>	<b>Yr 1 to Yr 2</b>	<b>Yr 2 to Yr 3</b>	<b>Yr 3 to Yr 4</b>	<b>Yr 4 to Yr 5</b>									
Annual Business Growth		3%	3%	3%	3%									
		1.03	1.03	1.03	1.03									
<b>Annual turnover (plus annual inflationary increase)</b>	<b>£588,613</b>	<b>£606,271</b>	<b>£624,460</b>	<b>£643,193</b>	<b>£662,489</b>									
	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>									
Profit from sales	£147,153	£151,568	£156,115	£160,798	£165,622									
Cost of sales	£441,460	£454,704	£468,345	£482,395	£496,867									
Expenditure (inc cost of sales)	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>Yr 4</b>	<b>Yr 5</b>									
	483384.268	497292.384	511608.5	526344.7	541513.4									
Profit	£105,229	£108,979	£112,851	£116,849	£120,976									

## Hostel Income

<u>Pricing</u>													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average p
2p room, 1 person	30.00	30.00	33.00	35.00	35.00	35.00	30.00	30.00	25.00	25.00	25.00	25.00	29.83
2p room, 1 people	30.00	30.00	33.00	38.00	38.00	38.00	30.00	30.00	25.00	25.00	25.00	25.00	30.58
2p room, 2 people	50.00	50.00	55.00	57.00	57.00	57.00	50.00	45.00	45.00	45.00	45.00	45.00	50.08
2p room, 2 people	50.00	50.00	55.00	60.00	60.00	60.00	50.00	45.00	45.00	45.00	45.00	45.00	50.83
2p room, 2 people	50.00	50.00	55.00	60.00	60.00	60.00	50.00	45.00	45.00	45.00	45.00	45.00	50.83
3p room, 2 people	50.00	50.00	55.00	60.00	60.00	60.00	50.00	45.00	45.00	45.00	45.00	45.00	50.83
3p room, 2 people	50.00	50.00	55.00	60.00	60.00	60.00	50.00	45.00	45.00	45.00	45.00	45.00	50.83
3p room, 3 people	70.00	70.00	75.00	75.00	75.00	75.00	75.00	65.00	65.00	65.00	65.00	65.00	70.00
3p room, 3 people	70.00	70.00	75.00	75.00	75.00	75.00	75.00	65.00	65.00	65.00	65.00	65.00	70.00
4p room, 3-4 people	85.00	85.00	90.00	90.00	90.00	90.00	80.00	80.00	80.00	80.00	80.00	80.00	84.17
													<b>53.80</b>
<u>Usage type by %</u>													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
2p room, 1 person	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
2p room, 1 people	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
2p room, 2 people	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
2p room, 2 people	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
2p room, 2 people	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
3p room, 2 people	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
3p room, 2 people	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
3p room, 3 people	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
3p room, 3 people	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
4p room, 3-4 people	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Trading days in a month	30	31	30	31	31	30	31	30	20	25	28	31	348
Occupancy rates (Yr 1)	20%	25%	35%	45%	60%	48%	35%	25%	19%	8%	20%	27%	31%
Number of units	10	10	10	10	10	10	10	10	10	10	10	10	
<u>Income for Yr 1</u>													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
2p room, 1 person	£129	£166	£248	£349	£465	£360	£233	£161	£68	£36	£100	£149	<b>£2,462</b>
2p room, 1 people	£129	£166	£248	£379	£505	£391	£233	£161	£68	£36	£100	£149	<b>£2,563</b>
2p room, 2 people	£429	£554	£825	£1,136	£1,515	£1,173	£775	£482	£244	£129	£360	£538	<b>£8,158</b>
2p room, 2 people	£429	£554	£825	£1,196	£1,594	£1,234	£775	£482	£244	£129	£360	£538	<b>£8,360</b>
2p room, 2 people	£214	£277	£413	£598	£797	£617	£388	£241	£122	£64	£180	£269	<b>£4,180</b>
3p room, 2 people	£429	£554	£825	£1,196	£1,594	£1,234	£775	£482	£244	£129	£360	£538	<b>£8,360</b>
3p room, 2 people	£429	£554	£825	£1,196	£1,594	£1,234	£775	£482	£244	£129	£360	£538	<b>£8,360</b>
3p room, 3 people	£300	£388	£563	£747	£996	£771	£581	£348	£176	£93	£260	£389	<b>£5,613</b>
3p room, 3 people	£300	£388	£563	£747	£996	£771	£581	£348	£176	£93	£260	£389	<b>£5,613</b>
4p room, 3-4 people	£364	£471	£675	£897	£1,196	£926	£620	£429	£217	£114	£320	£478	<b>£6,706</b>
<b>TOTAL INCOME</b>	<b>£3,150</b>	<b>£4,069</b>	<b>£6,008</b>	<b>£8,440</b>	<b>£11,253</b>	<b>£8,712</b>	<b>£5,735</b>	<b>£3,616</b>	<b>£1,805</b>	<b>£950</b>	<b>£2,660</b>	<b>£3,976</b>	<b>£60,373</b>
<u>Number of Visitors for Yr 1</u>													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Number of room bookings	64	83	113	149	199	154	116	80	41	21	60	90	<b>1171</b>
2p room, 1 person	4	6	8	10	13	10	8	5	3	1	4	6	<b>78</b>
2p room, 1 person	4	6	8	10	13	10	8	5	3	1	4	6	<b>78</b>
2p room, 2 people	17	22	30	40	53	41	31	21	11	6	16	24	<b>312</b>
2p room, 2 people	17	22	30	40	53	41	31	21	11	6	16	24	<b>312</b>
2p room, 2 people	9	11	15	20	27	21	16	11	5	3	8	12	<b>156</b>
3p room, 2 people	17	22	30	40	53	41	31	21	11	6	16	24	<b>312</b>
3p room, 2 people	17	22	30	40	53	41	31	21	11	6	16	24	<b>312</b>
3p room, 3 people	13	17	23	30	40	31	23	16	8	4	12	18	<b>234</b>
3p room, 3 people	13	17	23	30	40	31	23	16	8	4	12	18	<b>234</b>
4p room, 3-4 people (average 3.5)	15	19	26	35	47	36	27	19	10	5	14	21	<b>273</b>
Total number of Guests	<b>126</b>	<b>163</b>	<b>221</b>	<b>294</b>	<b>392</b>	<b>303</b>	<b>229</b>	<b>158</b>	<b>80</b>	<b>42</b>	<b>118</b>	<b>176</b>	<b>2304</b>
<u>Miscellaneous Spend Yr 1</u>													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Miscellaneous Spend per guest	£1	£1	£1	£1	£1	£1	£1	£1	£1	£1	£1	£1	
GP% miscellaneous sales	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	
<b>Total Net Income</b>	<b>£63.21</b>	<b>£81.65</b>	<b>£110.63</b>	<b>£146.97</b>	<b>£195.96</b>	<b>£151.71</b>	<b>£114.31</b>	<b>£79.02</b>	<b>£40.04</b>	<b>£21.07</b>	<b>£59.00</b>	<b>£88.18</b>	<b>£1,152</b>
<u>Occupancy % over 5 yrs</u>													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
Yr 1	20%	25%	35%	45%	60%	48%	35%	25%	19%	8%	20%	27%	31%
Yr 2	42%	43%	52%	64%	68%	49%	33%	20%	21%	15%	20%	27%	38%
Yr 3	52%	51%	60%	75%	85%	75%	50%	26%	30%	18%	29%	36%	49%
Yr 4	54%	54%	70%	95%	95%	90%	60%	27%	31%	21%	30%	37%	56%
Yr 5	58%	62%	75%	95%	95%	90%	70%	40%	32%	20%	30%	40%	59%
<u>Annual Increase in Sales</u>													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Inflationary Increase Prices	2%	1.02											
<u>Annual Occupancy Growth %</u>													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Yr 1 to Yr 2	24%	29%	14%	6%									
Yr 2 to Yr 3	1.24	1.29	1.14										
Yr 3 to Yr 4													
Yr 4 to Yr 5													
<u>5 Year Financial Projections</u>													
	Year 1	Year 2	Year 3	Year 4	Year 5								
Hostel rooms	£60,373	£74,685	£96,564	£110,053	£116,304								
Miscellaneous Net Income	£1,152	£1,453	£1,917	£2,228	£2,402								
<b>Total Income</b>	<b>£61,525</b>	<b>£76,138</b>	<b>£98,480</b>	<b>£112,281</b>	<b>£118,706</b>								



## Appendix 2: Expenditure over first 5 years (Flax Mill only)

Expenditure 2026-2031						
	Annual Increase in Costs	2.00%	1.02			
	Costs Yr 1					
Running Costs	Total	Café	Hostel	Shop	Campsite	Flax Mill
Staff Training Costs	£1,000	£360	£200	£150	£100	£160
Staff Travel Costs	£500	£500	£0	£0	£0	£0
Volunteer Expenses	£1,000	£300	£0	£0	£100	£0
Café Raw Materials	£119,907	£119,907	£0	£0	£0	£0
Shop products	£441,460	£0	£0	£441,460	£0	£0
Laundry Costs	£3,000	£450	£1,500	£0	£1,050	£0
Booking Fees (hostel)	£3,019	£0	£3,019	£0	£0	£0
Booking fees (campsite)	£4,747	£0	£0	£0	£4,747	£0
Telephone/Internet	£1,500	£300	£300	£300	£300	£150
Licences	£1,200	£432	£240	£180	£120	£192
Heating / lighting	£20,000	£5,000	£5,000	£2,000	£2,000	£5,000
Professional Fees	£5,000	£1,000	£1,000	£1,000	£1,000	£500
Marketing/Online bookings	£2,000	£0	£0	£0	£0	£1,000
Payment Systems	£600	£240	£120	£120	£90	£30
Insurance	£15,000	£3,000	£2,250	£3,000	£1,500	£3,000
Consumables	£3,000	£750	£750	£300	£750	£150
Stationery and supplies	£1,000	£200	£200	£200	£200	£100
IT replacement	£1,000	£200	£200	£200	£100	£200
Equipment Replacement	£1,000	£300	£200	£50	£100	£100
Estate Maintenance	£4,000	£0	£0	£0	£0	£0
Vehicle Fuel	£1,850	£0	£0	£0	£0	£0
Vehicle Upkeep	£2,150	£0	£0	£0	£0	£0
Miscellaneous	£3,000	£1,200	£600	£150	£150	£600
Staffing						
Operations Manager	£40,338	£8,068	£8,068	£8,068	£8,068	£8,068
Community Engagement	£7,875	£0	£0	£0	£0	£2,756
Activity Outreach Officer	£13,608	£0	£0	£0	£0	£6,804
Finance Officer (17.5 hrs pw)	£8,033	£2,811	£1,205	£1,205	£1,607	£803
Cleaner	£9,450	£2,835	£2,835	£473	£945	£2,363
Janitor	£22,518	£5,630	£5,630	£5,630	£0	£5,630
Catering Manager	£27,270	£27,270	£0	£0	£0	£0
Assistant Catering Manager	£10,638	£10,638	£0	£0	£0	£0
Catering Supervisor	£17,053	£17,053	£0	£0	£0	£0
Head Chef	£28,458	£28,458	£0	£0	£0	£0
Floor staff (seasonal)	£1,785	£1,785	£0	£0	£0	£0
Relief chef (occasional)	£3,938	£3,938	£0	£0	£0	£0
Accommodation Services Manager	£28,458	£0	£14,229	£0	£14,229	£0
Assistant Accommodation Services Manager (seasonal)	£16,578	£0	£8,289	£0	£8,289	£0
Accommodation Assistant	£9,450	£0	£4,725	£0	£4,725	£0
Shop / Reception	£9,450	£0	£0	£9,450	£0	£0
Shop / Reception	£9,450	£0	£0	£9,450	£0	£0
Estate Manager	£27,270	£0	£0	£0	£0	£0
Estate Assistant	£4,725	£0	£0	£0	£0	£0
Estate Assistant	£4,725	£0	£0	£0	£0	£0
		Café	Hostel	Shop	Campsite	Flax Mill
	£938,001	£242,624	£60,559	£483,384	£50,169	£37,605

**Expenditure 2026-2031**

<b>Costs Yr 2</b>						
<b>Running Costs</b>	<b>Total</b>	<b>Café</b>	<b>Hostel</b>	<b>Shop</b>	<b>Campsite</b>	<b>Flax Mill</b>
Staff Training Costs	£1,020.00	£367.20	£204.00	£153.00	£102.00	£163.20
Staff Travel Costs	£510.00	£510.00	£0.00	£0.00	£0.00	£0.00
Volunteer Expenses	£1,020.00	£306.00	£0.00	£0.00	£102.00	£0.00
Café Raw Materials	£126,275.64	£126,275.64	£0.00	£0.00	£0.00	£0.00
Shop products	£454,703.59	£0.00	£0.00	#####	£0.00	£0.00
Laundry Costs	£3,060.00	£459.00	£1,530.00	£0.00	£1,071.00	£0.00
Booking Fees (hostel)	£3,734.23	£0.00	£3,734.23	£0.00	£0.00	£0.00
Booking fees (campsite)	£4,987.23	£0.00	£0.00	£0.00	£4,987.23	£0.00
Telephone/Internet	£1,530.00	£306.00	£306.00	£306.00	£306.00	£153.00
Licences	£1,224.00	£440.64	£244.80	£183.60	£122.40	£195.84
Heating / lighting	£20,400.00	£5,100.00	£5,100.00	£2,040.00	£2,040.00	£5,100.00
Professional Fees	£5,100.00	£1,020.00	£1,020.00	£1,020.00	£1,020.00	£510.00
Marketing/Online bookings	£2,040.00	£0.00	£0.00	£0.00	£0.00	£1,020.00
Payment Systems	£612.00	£244.80	£122.40	£122.40	£91.80	£30.60
Insurance	£15,300.00	£3,060.00	£2,295.00	£3,060.00	£1,530.00	£3,060.00
Consumables	£3,060.00	£765.00	£765.00	£306.00	£765.00	£153.00
Stationery and supplies	£1,020.00	£204.00	£204.00	£204.00	£204.00	£102.00
IT replacement	£1,020.00	£204.00	£204.00	£204.00	£102.00	£204.00
Equipment Replacement	£1,020.00	£306.00	£204.00	£51.00	£102.00	£102.00
Estate Maintenance	£4,080.00	£0.00	£0.00	£0.00	£0.00	£0.00
Vehicle Fuel	£1,887.00	£0.00	£0.00	£0.00	£0.00	£0.00
Vehicle Upkeep	£2,193.00	£0.00	£0.00	£0.00	£0.00	£0.00
Miscellaneous	£3,060.00	£1,224.00	£612.00	£153.00	£153.00	£612.00
<b>Staffing</b>						
Operations Manager	40936.86	£8,187	£8,187	£8,187	£8,187	£8,187
Community Engagement	7993.125	£0	£0	£0	£0	£2,798
Activity Outreach Officer	13805.91	£0	£0	£0	£0	£6,903
Finance Officer (17.5 hrs pw)	8152.9875	£2,854	£1,223	£1,223	£1,631	£815
Cleaner	9591.75	£2,878	£2,878	£480	£959	£2,398
Janitor	22849.56	£5,712	£5,712	£5,712	£0	£5,712
Catering Manager	27672.84	£27,673	£0	£0	£0	£0
Assistant Catering Manager	10791.36	£10,791	£0	£0	£0	£0
Catering Supervisor	17302.788	£17,303	£0	£0	£0	£0
Head Chef	28878.66	£28,879	£0	£0	£0	£0
Floor staff (seasonal)	3623.55	£3,624	£0	£0	£0	£0
Relief chef (occasional)	3996.5625	£3,997	£0	£0	£0	£0
Accommodation Services Manager	28878.66	£0	£14,439	£0	£14,439	£0
Assistant Accommodation Services Manager (seasonal)	16820.46	£0	£8,410	£0	£8,410	£0
Accommodation Assistant	9591.75	£0	£4,796	£0	£4,796	£0
Shop / Reception	9591.75	£0	£0	£9,592	£0	£0
Shop / Reception	9591.75	£0	£0	£9,592	£0	£0
Estate Manager	27672.84	£0	£0	£0	£0	£0
Estate Assistant	4795.875	£0	£0	£0	£0	£0
Estate Assistant	4795.875	£0	£0	£0	£0	£0
		<b>Café</b>	<b>Hostel</b>	<b>Shop</b>	<b>Campsite</b>	<b>Flax Mill</b>
		<b>£966,191.59</b>	<b>£252,689</b>	<b>£62,191</b>	<b>£497,292</b>	<b>£51,121</b>
						<b>£38,219</b>

**Expenditure 2026-2031**

Costs Yr 3					
<b>Running Costs</b>	Total	Café	Hostel	Shop	Campsite
Staff Training Costs	£1,040	£375	£208	£156	£104
Staff Travel Costs	£520	£520	£0	£0	£0
Volunteer Expenses	£1,040	£312	£0	£0	£104
Café Raw Materials	£130,887	£130,887	£0	£0	£0
Shop products	£468,345	£0	£0	£468,345	£0
Laundry Costs	£3,121	£468	£1,561	£0	£1,092
Booking Fees (hostel)	£4,828	£0	£4,828	£0	£0
Booking fees (campsite)	£5,240	£0	£0	£0	£5,240
Telephone/Internet	£1,561	£312	£312	£312	£312
Licences	£1,248	£449	£250	£187	£125
Heating / lighting	£20,808	£5,202	£5,202	£2,081	£2,081
Professional Fees	£5,202	£1,040	£1,040	£1,040	£1,040
Marketing/Online bookings	£2,081	£0	£0	£0	£0
Payment Systems	£624	£250	£125	£125	£94
Insurance	£15,606	£3,121	£2,341	£3,121	£1,561
Consumables	£3,121	£780	£780	£312	£780
Stationery and supplies	£1,040	£208	£208	£208	£208
IT replacement	£1,040	£208	£208	£208	£104
Equipment Replacement	£1,040	£312	£208	£52	£104
Estate Maintenance	£4,162	£0	£0	£0	£0
Vehicle Fuel	£1,925	£0	£0	£0	£0
Vehicle Upkeep	£2,237	£0	£0	£0	£0
Miscellaneous	£3,121	£1,248	£624	£156	£156
<b>Staffing</b>					
Operations Manager	£41,545	£8,309	£8,309	£8,309	£8,309
Community Engagement	£8,113	£0	£0	£0	£0
Activity Outreach Officer	£14,007	£0	£0	£0	£0
Finance Officer (17.5 hrs pw)	£8,275	£2,896	£1,241	£1,241	£1,655
Cleaner	£9,736	£2,921	£2,921	£487	£974
Janitor	£23,186	£5,796	£5,796	£5,796	£0
Catering Manager	£28,082	£28,082	£0	£0	£0
Assistant Catering Manager	£10,947	£10,947	£0	£0	£0
Catering Supervisor	£17,556	£17,556	£0	£0	£0
Head Chef	£29,306	£29,306	£0	£0	£0
Floor staff (seasonal)	£5,517	£5,517	£0	£0	£0
Relief chef (occasional)	£4,057	£4,057	£0	£0	£0
Accommodation Services Manager	£29,306	£0	£14,653	£0	£14,653
Assistant Accommodation Services Manager (seasonal)	£17,066	£0	£8,533	£0	£8,533
Accommodation Assistant	£9,736	£0	£4,868	£0	£4,868
Shop / Reception	£9,736	£0	£0	£9,736	£0
Shop / Reception	£9,736	£0	£0	£9,736	£0
Estate Manager	£28,082	£0	£0	£0	£0
Estate Assistant	£4,868	£0	£0	£0	£0
Estate Assistant	£4,868	£0	£0	£0	£0
	<b>£993,559</b>	<b>£261,080</b>	<b>£64,217</b>	<b>£511,608</b>	<b>£52,096</b>









## Appendix 3: Staffing costs over 5 years

NB: rows in green relate to Estate staff, all others relate to the Flax Mill

Point at which Employers pay NI - 2025 projection:					9000			
Annual Increase in Point at which employers pay NI:					2%			
Pension contribution Rate:					5%			
Annual Uplift in Staff Wages					1.5%			
<b>Staffing profile Year 1</b>								
Post	FTE	Salary	FTE	Gross salary	Pension contribution	NI contribution	NI rounded	Total costs
Operations Manager		£35,000	1	£35,000	£1,750	£3,588	£3,588	£40,338
Community Engagement Officer		£25,000	0.3	£7,500	£375	£207	£0	£7,875
Activity Outreach Officer		£25,000	0.5	£12,500	£625	£483	£483	£13,608
Finance Officer (17.5 hrs pw)		£25,500	0.3	£7,650	£383	£186	£0	£8,033
Cleaner		£18,000	0.5	£9,000	£450	£0	£0	£9,450
Janitor		£20,000	1	£20,000	£1,000	£1,518	£1,518	£22,518
Catering Manager		£24,000	1	£24,000	£1,200	£2,070	£2,070	£27,270
Assistant Catering Manager		£20,000	0.5	£10,000	£500	£138	£138	£10,638
Catering Supervisor		£22,000	0.7	£15,400	£770	£883	£883	£17,053
Head Chef		£25,000	1	£25,000	£1,250	£2,208	£2,208	£28,458
Floor staff (seasonal) (living wage)		£17,000	0.1	£1,700	£85	£1,007	£0	£1,785
Relief chef (occasional)		£25,000	0.15	£3,750	£188	£725	£0	£3,938
Accommodation Services Manager		£25,000	1	£25,000	£1,250	£2,208	£2,208	£28,458
Assistant Accommodation Services Manager (seasonal)		£20,000	0.75	£15,000	£750	£828	£828	£16,578
Accommodation Assistant		£18,000	0.5	£9,000	£450	£0	£0	£9,450
Shop / Reception		£18,000	0.5	£9,000	£450	£0	£0	£9,450
Shop / Reception		£18,000	0.5	£9,000	£450	£0	£0	£9,450
Estate Manager		£24,000	1	£24,000	£1,200	£2,070	£2,070	£27,270
Estate Assistant		£18,000	0.25	£4,500	£225	£621	£0	£4,725
Estate Assistant		£18,000	0.25	£4,500	£225	£621	£0	£4,725
<b>TOTALS</b>		<b>£440,500</b>	<b>11.8</b>	<b>£271,500</b>	<b>£13,575</b>	<b>£12,627</b>	<b>£15,994</b>	<b>£301,069</b>

Point at which Employers pay NI - projection:					9180			
<b>Staffing profile Year 2</b>								
Post	FTE	Salary	FTE	Gross salary	Pension contribution	NI contribution	NI rounded	Total costs
Operations Manager		£35,525	1	£35,525	£1,776.25	£3,636	£3,636	£40,937
Community Engagement Officer		£25,375	0.3	£7,613	£380.63	£216	£0	£7,993
Activity Outreach Officer		£25,375	0.5	£12,688	£634.38	£484	£484	£13,806
Finance Officer (17.5 hrs pw)		£25,883	0.3	£7,765	£388.24	£195	£0	£8,153
Cleaner		£18,270	0.5	£9,135	£456.75	£6	£0	£9,592
Janitor		£20,300	1	£20,300	£1,015.00	£1,535	£1,535	£22,850
Catering Manager		£24,360	1	£24,360	£1,218.00	£2,095	£2,095	£27,673
Assistant Catering Manager		£20,300	0.5	£10,150	£507.50	£134	£134	£10,791
Catering Supervisor		£22,330	0.7	£15,631	£781.55	£890	£890	£17,303
Head Chef		£25,375	1	£25,375	£1,268.75	£2,235	£2,235	£28,879
Floor staff (seasonal)		£17,255	0.2	£3,451	£172.55	£791	£0	£3,624
Relief chef (occasional)		£25,375	0.15	£3,806	£190.31	£742	£0	£3,997
Accommodation Services Manager		£25,375	1	£25,375	£1,268.75	£2,235	£2,235	£28,879
Assistant Accommodation Services Manager (seasonal)		£20,300	0.75	£15,225	£761.25	£834	£834	£16,820
Accommodation Assistant		£18,270	0.5	£9,135	£456.75	£6	£0	£9,592
Shop / Reception		£18,270	0.5	£9,135	£456.75	£6	£0	£9,592
Shop / Reception		£18,270	0.5	£9,135	£456.75	£6	£0	£9,592
Estate Manager		£24,360	1	£24,360	£1,218.00	£2,095	£2,095	£27,673
Estate Assistant		£18,270	0.25	£4,568	£228.38	£637	£0	£4,796
Estate Assistant		£18,270	0.25	£4,568	£228.38	£637	£0	£4,796
<b>TOTALS</b>		<b>£447,108</b>	<b>11.9</b>	<b>£277,298</b>	<b>£13,865</b>	<b>£12,930</b>	<b>£16,172</b>	<b>£307,335</b>

Point at which Employers pay NI - projection:						9364		
<b>Staffing profile Year 3</b>								
Post	FTE Salary	FTE	Gross salary	Pension cc	NI contrib	NI rounder	Total costs	
Operations Manager	£36,058	1	£36,058	£1,802.89	£3,684	£3,684	£41,545	
Community Engagement Officer	£25,756	0.3	£7,727	£386.33	-£226	£0	£8,113	
Activity Outreach Officer	£25,756	0.5	£12,878	£643.89	£485	£485	£14,007	
Finance Officer (17.5 hrs pw)	£26,271	0.3	£7,881	£394.06	-£205	£0	£8,275	
Cleaner	£18,544	0.5	£9,272	£463.60	-£13	£0	£9,736	
Janitor	£20,605	1	£20,605	£1,030.23	£1,551	£1,551	£23,186	
Catering Manager	£24,725	1	£24,725	£1,236.27	£2,120	£2,120	£28,082	
Assistant Catering Manager	£20,605	0.5	£10,302	£515.11	£130	£130	£10,947	
Catering Supervisor	£22,665	0.7	£15,865	£793.27	£897	£897	£17,556	
Head Chef	£25,756	1	£25,756	£1,287.78	£2,262	£2,262	£29,306	
Floor staff (seasonal)	£17,514	0.3	£5,254	£262.71	-£567	£0	£5,517	
Relief chef (occasional)	£25,756	0.15	£3,863	£193.17	-£759	£0	£4,057	
Accommodation Services Manager	£25,756	1	£25,756	£1,287.78	£2,262	£2,262	£29,306	
Assistant Accommodation Services Manager (seasonal)	£20,605	0.75	£15,453	£772.67	£840	£840	£17,066	
Accommodation Assistant	£18,544	0.5	£9,272	£463.60	-£13	£0	£9,736	
Shop / Reception	£18,544	0.5	£9,272	£463.60	-£13	£0	£9,736	
Shop / Reception	£18,544	0.5	£9,272	£463.60	-£13	£0	£9,736	
Estate Manager	£24,725	1	£24,725	£1,236.27	£2,120	£2,120	£28,082	
Estate Assistant	£18,544	0.25	£4,636	£231.80	-£652	£0	£4,868	
Estate Assistant	£18,544	0.25	£4,636	£231.80	-£652	£0	£4,868	
<b>TOTALS</b>	<b>£453,814</b>	<b>12.0</b>	<b>£283,209</b>	<b>£14,160</b>	<b>£13,239</b>	<b>£13,239</b>	<b>£310,609</b>	

Point at which Employers pay NI - projection:						9551		
<b>Staffing profile Year 4</b>								
Post	FTE Salary	FTE	Gross salary	Pension cc	NI contrib	NI rounder	Total costs	
Operations Manager	£36,599	1	£36,599	£1,830	£3,733	£3,733	£42,161	
Community Engagement Officer	£26,142	0.3	£7,843	£392	-£236	£0	£8,235	
Activity Outreach Officer	£26,142	0.5	£13,071	£654	£486	£486	£14,210	
Finance Officer (17.5 hrs pw)	£26,665	0.3	£7,999	£400	-£214	£0	£8,399	
Cleaner	£18,822	0.5	£9,411	£471	-£19	£0	£9,882	
Janitor	£20,914	1	£20,914	£1,046	£1,568	£1,568	£23,527	
Catering Manager	£25,096	1	£25,096	£1,255	£2,145	£2,145	£28,496	
Assistant Catering Manager	£20,914	0.5	£10,457	£523	£125	£125	£11,105	
Catering Supervisor	£23,005	0.7	£16,103	£805	£904	£904	£17,813	
Head Chef	£26,142	1	£26,142	£1,307	£2,290	£2,290	£29,739	
Floor staff (seasonal)	£17,777	0.3	£5,333	£267	-£582	£0	£5,600	
Relief chef (occasional)	£26,142	0.15	£3,921	£196	-£777	£0	£4,117	
Accommodation Services Manager	£26,142	1	£26,142	£1,307	£2,290	£2,290	£29,739	
Assistant Accommodation Services Manager (seasonal)	£20,914	0.75	£15,685	£784	£847	£847	£17,316	
Accommodation Assistant	£18,822	0.5	£9,411	£471	-£19	£0	£9,882	
Shop / Reception	£18,822	0.5	£9,411	£471	-£19	£0	£9,882	
Shop / Reception	£18,822	0.5	£9,411	£471	-£19	£0	£9,882	
Estate Manager	£25,096	1	£25,096	£1,255	£2,145	£2,145	£28,496	
Estate Assistant	£18,822	0.25	£4,706	£235	-£669	£0	£4,941	
Estate Assistant	£18,822	0.25	£4,706	£235	-£669	£0	£4,941	
<b>TOTALS</b>	<b>£460,621</b>	<b>12</b>	<b>£287,457</b>	<b>£14,373</b>	<b>£13,309</b>	<b>£13,309</b>	<b>£315,138</b>	

Point at which Employers pay NI - projection:						9742		
<b>Staffing profile Year 5</b>								
Post	FTE Salary	FTE	Gross salary	Pension cc	NI contribut	NI rounder	Total costs	
Operations Manager	£37,148	1	£37,148	£1,857	£3,782	£3,782	£42,787	
Community Engagement Officer	£26,534	0.3	£7,960	£398	-£246	£0	£8,358	
Activity Outreach Officer	£26,534	0.5	£13,267	£663	£486	£486	£14,417	
Finance Officer (17.5 hrs pw)	£27,065	0.3	£8,119	£406	-£224	£0	£8,525	
Cleaner	£19,105	0.5	£9,552	£478	-£26	£0	£10,030	
Janitor	£21,227	1	£21,227	£1,061	£1,585	£1,585	£23,874	
Catering Manager	£25,473	1	£25,473	£1,274	£2,171	£2,171	£28,917	
Assistant Catering Manager	£21,227	0.5	£10,614	£531	£120	£120	£11,265	
Catering Supervisor	£23,350	0.7	£16,345	£817	£911	£911	£18,073	
Head Chef	£26,534	1	£26,534	£1,327	£2,317	£2,317	£30,178	
Floor staff (seasonal)	£18,043	0.4	£7,217	£361	-£348	£0	£7,578	
Relief chef (occasional)	£26,534	0.15	£3,980	£199	-£795	£0	£4,179	
Accommodation Services Manager	£26,534	1	£26,534	£1,327	£2,317	£2,317	£30,178	
Assistant Accommodation Services Manager (seasonal)	£21,227	0.75	£15,920	£796	£853	£853	£17,569	
Accommodation Assistant	£19,105	0.5	£9,552	£478	-£26	£0	£10,030	
Shop / Reception	£19,105	0.5	£9,552	£478	-£26	£0	£10,030	
Shop / Reception	£19,105	0.5	£9,552	£478	-£26	£0	£10,030	
Estate Manager	£25,473	1	£25,473	£1,274	£2,171	£2,171	£28,917	
Estate Assistant	£19,105	0.25	£4,776	£239	-£685	£0	£5,015	
Estate Assistant	£19,105	0.25	£4,776	£239	-£685	£0	£5,015	
<b>TOTALS</b>	<b>£467,531</b>	<b>12.1</b>	<b>£293,573</b>	<b>£14,679</b>	<b>£13,625</b>	<b>£13,625</b>	<b>£321,877</b>	

## Appendix 4: Sensitivity Analysis (Flax Mill only)

2026-2027		Income								
		-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
Expenditure	-20%	-513	56808	114129	171450	228771	286092	343413	400734	458056
	-15%	-57867	-545	56776	114097	171418	228739	286060	343381	400702
	-10%	-115220	-57899	-577	56744	114065	171386	228707	286028	343349
	-5%	-172573	-115252	-57931	-610	56712	114033	171354	228675	285996
	0%	-229926	-172605	-115284	-57963	-642	56679	114001	171322	228643
	5%	-287279	-229958	-172637	-115316	-57995	-674	56647	113968	171290
	10%	-344633	-287311	-229990	-172669	-115348	-58027	-706	56615	113936
	15%	-401986	-344665	-287343	-230022	-172701	-115380	-58059	-738	56583
	20%	-459339	-402018	-344697	-287376	-230054	-172733	-115412	-58091	-770
2027-2028		Income								
		-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
Expenditure	-20%	13200	73795	134389	194984	255578	316173	376767	437362	497956
	-15%	-46569	14025	74620	135214	195809	256403	316998	377592	438187
	-10%	-106339	-45744	14850	75445	136039	196634	257228	317823	378417
	-5%	-166109	-105514	-44919	15675	76270	136864	197459	258053	318648
	0%	-225878	-165284	-104689	-44094	16500	77095	137689	198284	258878
	5%	-285648	-225053	-164459	-103864	-43269	17325	77920	138514	199109
	10%	-345417	-284823	-224228	-163634	-103039	-42444	18150	78745	139339
	15%	-405187	-344592	-283998	-223403	-162809	-102214	-41619	18975	79570
	20%	-464956	-404362	-343767	-283173	-222578	-161984	-101389	-40794	19800
2028-2029		Income								
		-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
Expenditure	-20%	-8054	55726	119506	183287	247067	310847	374628	438408	502188
	-15%	-72338	-8558	55223	119003	182783	246564	310344	374124	437905
	-10%	-136622	-72841	-9061	54719	118500	182280	246060	309841	373621
	-5%	-200905	-137125	-73345	-9564	54216	117996	181777	245557	309337
	0%	-265189	-201409	-137628	-73848	-10068	53713	117493	181273	245053
	5%	-329473	-265692	-201912	-138132	-74351	-10571	53209	116989	180770
	10%	-393756	-329976	-266196	-202415	-138635	-74855	-11074	52706	116486
	15%	-458040	-394260	-330479	-266699	-202919	-139138	-75358	-11578	52202
	20%	-522324	-458543	-394763	-330983	-267202	-203422	-139642	-75862	-12081
2029-2030		Income								
		-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
Expenditure	-20%	4426	70700	136974	203249	269523	335798	402072	468347	534621
	-15%	-61572	4702	70977	137251	203526	269800	336074	402349	468623
	-10%	-127570	-61296	4979	71253	137528	203802	270077	336351	402625
	-5%	-193568	-127293	-61019	5255	71530	137804	204079	270353	336628
	0%	-259566	-193291	-127017	-60742	5532	71806	138081	204355	270630
	5%	-325564	-259289	-193015	-126740	-60466	5809	72083	138357	204632
	10%	-391561	-325287	-259012	-192738	-126464	-60189	6085	72360	138634
	15%	-457559	-391285	-325010	-258736	-192461	-126187	-59913	6362	72636
	20%	-523557	-457283	-391008	-324734	-258459	-192185	-125910	-59636	6638
2030-2031		Income								
		-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
Expenditure	-20%	18196	86584	154971	223358	291745	360132	428519	496906	565294
	-15%	-49053	19334	87721	156108	224495	292882	361269	429657	498044
	-10%	-116303	-47916	20471	88858	157245	225632	294020	362407	430794
	-5%	-183553	-115166	-46779	21608	89995	158383	226770	295157	363544
	0%	-250803	-182416	-114029	-45642	22746	91133	159520	227907	296294
	5%	-318053	-249666	-181278	-112891	-44504	23883	92270	160657	229044
	10%	-385303	-316915	-248528	-180141	-111754	-43367	25020	93407	161794
	15%	-452552	-384165	-315778	-247391	-179004	-110617	-42230	26157	94545
	20%	-519802	-451415	-383028	-314641	-246254	-177867	-109480	-41092	27295

## Appendix 5: Market research into artists/ crafters studios

Nationally, the creative industry sector contributes £3.7 billion to the Scottish economy – a figure that has recorded a steady increase since 2010.<sup>5</sup> In 2015, this sector was found to employ over 73,600 people. Over the past decade, there has been a strong growth in businesses within this sector. Between 2011 and 2016 the number of CI businesses increased 34% mainly as a result of micro businesses (fewer than 10 employees). The creative industries is now larger than life sciences and sustainable tourism in terms of GVA and employs more people than the energy sector.<sup>6</sup>

Within Fife, the creative industries plays an important role within the local economy. In 2018<sup>7</sup>, there was 3,565 people employed in the creative industries in this region. A number of key statistics were captured for the creative industry sector in Fife<sup>8</sup>. This region commonly ranks 5<sup>th</sup> across Scottish local authorities in terms of number of CI enterprises. These businesses generate over £2million annually in revenue. When examining this industry sector more closely we can see that the vast majority of these businesses are at the micro level (93%).<sup>9</sup>

Regionally, it was noted that there is a creative and cultural hub around north east Fife, taking in the East Neuk area. Regional employment also highlighted the presence of several large digital and design companies in West Fife.

Key regional strategies reflect this position and highlight a need to support this growing industry sector including the Fife Economic Strategy, Tay Cities Plan and Fife Tourism Strategy. The Tay Cities Deal recognises the need to respond to the needs of CI businesses locally through the provision of new working spaces and studios. Interestingly, this strategic plan also notes opportunity in providing accommodation options linked to this sector.

*“Respond to the strategic and logistical needs of diverse creative businesses, communities and processes through a mix of co-working facilities, studios, events, retail and, in a new move for creative hubs, incorporation of residential and short-stay accommodation.” Tay Cities Deal, pg 43*

### Local market research:

The area was regarded locally as being home to a high number of people employed in the Creative Industries. Key local stakeholders in this sector were contacted to assess potential opportunities within this sector. These included current providers of studio space, local artists and support organisations. Three areas of opportunity were highlighted and are examined in more detail across the following sections.

Key opportunities:

- *Studio space*
- *Workshop and masterclass space*
- *Equipment use / hire*



<sup>5</sup>

<sup>6</sup> See 1

<sup>7</sup> Spreadsheet

<sup>8</sup> Fife Council Economy (2016) Creative Industry in Fife Summary Report

<sup>9</sup> See 4

## Studio space in Fife

There are a variety of studios in operation across the Fife region indicating a high number of creative artists in this local area. Individual units are common, however, there are a number of offering locally for multi-use studio space. A selection of these is shown in the table below.

<b>Fire Station Creative</b> <a href="http://www.firestationcreative.co.uk">www.firestationcreative.co.uk</a>	<b>The Steeple, Wasps</b> <a href="http://www.waspsstudios.org.uk/spaces/artist-space/the-steeple/">www.waspsstudios.org.uk/spaces/artist-space/the-steeple/</a>	<b>Burntisland Platform Studios</b> <a href="http://www.facebook.com/platformstudiosburntisland">www.facebook.com/platformstudiosburntisland</a>
Former Fire Station building converted into café, bar, studio and classroom space.	Former town hall, town house and corn exchange building converted into arts facility.	Former Burntisland rail station right next to the harbour. 125 yr lease from Network Rail.
Dunfermline, 23 miles	Newburgh, 20 miles	Burntisland, 17 miles
30 artists, working in 20 studios. Studios normally closed to the public. Open Studio weekends twice a year.	Owned and operated by national creative social enterprise, Wasps. Six studios spaces and a project space. 24hr access to studios. Studio shares possible. Lease breaks available for residencies etc.	5 studios - different sizes. All independent spaces- no communal space. 3 studios with private entrances. All studios have multiple artists sharing space.
Workshops held in large classroom space as well as studios.	Organised individually by studio tenants.	Tenants have their own Facebook page and organise events.
No pricing available	Average studio rent - £150 (inc.bills and rates). Monthly lease.	Annual rent - £60 per sqm Service charge - £81 per sqm Annual lease.
Secured TSRF support during COVID-19 and offered significant rent reduction for tenants to keep studio space.	No additional info on Covid-19 response available	All tenants have continued paying through lockdown. Turnover of tenants very low.

It was felt that there was a strong creative industry community in Fife and additional provision of studio space could be useful. Providers of studio space highlighted existing waiting lists for space (pre-Covid). Tenants tended to be long-term users of the space and work had been done to maintain this relationship during 2020 i.e. rent reductions. Pricing levels were commonly determined on studio size (per sqm). Studio cost at The Steeple in NE Fife averaged at around £150 per month which was fully inclusive of all bills and rates. Burntisland Studios highlighted a similar rent for their larger studios (around 35-40sqm) with an annual rent of around £2,000. However, service charge was additional to this and was highlighted as one of the more expensive aspects for tenants. Work to keep this charge as low as possible was recommended.

A number of elements were considered key in attracting tenants to studio space within Fife. It was recognised that rent can be cost prohibitive for some creative artists. Many have the option of some degree of home working. As such, providers should seek to add value to their offerings to attract tenants. This could include:

- Promotion of artist work (digitally and in-person)
- Exhibition/display space



- Sales (i.e. from café/exhibition space)
- Organising/promoting workshops and masterclasses
- Flexible rent systems i.e. lower rent/higher sale commission

In addition to these elements, certain environmental factors were considered necessary or attractive to creative artists. Key amongst these was good light conditions. Traditionally, windows facing north provide the most constant light source for artists.<sup>10</sup> Blinds and diffuser fabrics should also be considered at windows to help control direct light sources. Full spectrum fluorescent tube lighting was recommended for mimicking north light and illuminating whole studio space. Artificial lighting in the studio should also be considered with reference to artist need e.g. task lighting more suitable for silversmiths. The range of potential uses might necessitate flexible lighting solutions within the studios. In addition to good lighting conditions, well-regulated temperature control was considered vital.

It was felt that Silverburn could be an attractive offering to local creative artists due to its history and link to the community. The former Flax Mill comes with a history of creative industry and a story that artists can feel connected to. The building itself can provide inspiration in a way that a modern facility would be lacking. The wider landscape around Silverburn Park was also felt to be particularly attractive. In addition, the security and potential revenue links were also noted as assets to the studio space. The building will be well used, increasing security levels for the studios. Additionally, the provision of accommodation, glamping and café/restaurant facilities were all felt to increase potential revenues from sales and workshop offerings.

### Workshops and masterclasses

Fife was found to have a wide range of creative artists offering workshops across all mediums and schedules (see Table below). Regular classes and one-off workshops are both available as well as residential weekend courses for visitors to the area. These were highlighted in stakeholder interviews as providing a common source of regular income for creative artists – and often helped cover the basic cost of studio rental where sales might be more sporadic.

In the examples given here, workshops are commonly organised and managed by individual artists with additional hire of larger spaces if required. It was highlighted, however, that FEAT might want to take a more active role in hosting workshops as an income stream. On average a half day workshop can be charged at between £40-60 per ticket. Workshop cost did vary considerably between mediums, however, with silversmith workshops considerably more than visual art workshops. Cost of materials was the main source of this diversity. Regular classes were also found to be commonplace alongside one-off workshops. This was felt to require significantly more time and resources from tutors/resident artists. A wide range of regular classes were found in the Fife area, ranging from art classes, to dressmaking and after-school activities. Generally these were based on an 8-10 week schedule costing around £100 per block booking (dependant on activity and materials). Some classes offered more flexibility in terms of sessional booking. These were often linked to ‘family’ classes i.e. parent and child pottery.

Some organisations also offered a membership scheme for regular users. This not only provided a small source of annual income but also encouraged bookings of multiple workshops and classes. Forgan Arts Centre offers annual membership for £30 and includes a range of social activities and discounts as well as a voice in the wider organisation.

Workshops and classes reported significant disruption due to Covid-19. With the gradual easing of restrictions some of these activities had been rescheduled with adaptations i.e. additional hygiene, social distancing and limited class sizes. More recently, however, new restrictions have caused upcoming workshops to be cancelled.

Examples of Creative Workshops across Fife:

<b>Half day workshops</b>	Beginners Candle Making Workshop £50	Bookbinding workshop £35	Pottery workshops £60
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<sup>10</sup> In the Northern Hemisphere





	Jo McFarlane, Murray Studios, Anstruther	Off the Rails Arthouse, Ladybank	Forgan Arts Centre, Newport-on-Tay
<b>Day workshops</b>	Fused Glass Workshop £100 Claire Evans at Standing on a Beach Tayport	Intensive jewellery class for beginners, £120 East Neuk Studio, St Andrews	Life drawing workshop £65 Off the Rails Arthouse, Ladybank
<b>Weekly classes</b>	Comic art club After school £45 per block (term dates) Fire Station Creative, Dunfermline	Evening dressmaking 10 week class £120 adults/£100 members/£80 youth Forgan Arts Centre, Newport-on-Tay	Pottery classes 6 week class £84-102 (+ firing costs £1 per kilo) Culross Pottery & Gallery, Culross

### Equipment hire/rental

Stakeholders also highlighted the potential for a hire scheme locally. It was felt that many creative artists across Fife are restricted by the cost of equipment and would consider hiring these facilities. Suggestions included kilns for pottery and glass-making as well as a range of larger art/printing/sewing equipment.

One local organisation was found that offered this type of facility, the Fife Dunfermline Printmakers Workshop. This large, open plan workshop offers members the chance to use a range of print-making equipment as well as volunteer-led technical support. An overview of this service is presented below.

	<b>Fife Dunfermline Printmakers Workshop</b> <a href="https://fifedunfermlineprintmakers.org/">https://fifedunfermlineprintmakers.org/</a>
Overview	Provides etching, screenprinting, lithography and relief printing tuition and equipment use from a large, open plan workshop.
Location/distance from Silverburn	Dunfermline, 23 miles
Rental Process	Membership scheme – facilities for range of print making available for members to use
Workshops	Visiting artists offer discounted workshops to members e.g. bookbinding workshop (standard cost £60/members £55).
Pricing structure	Full membership – £220 pa  Associate membership – £125 pa + session fees of £8 per day  Concessionary membership (for those in receipt of benefits) – £80 pa + session fees
Additional notes	Also offers free volunteer technical support on Tuesdays and Thursdays from 10:00 – 15:00.

## Appendix 6: Market research into hostels

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### International

Internationally, hostels were a growth market within hospitality between 2015 and 2019. This rise is projected to continue over the next four years.<sup>11</sup> Recent market research highlights a number of key findings which have relevance to Silverburn:

- Private rooms and designer hostels are now the standard (9 in 10 hostels worldwide have private rooms) replacing the dormitory hostel image of the past.<sup>12</sup>
- A growing expectancy to be able to book accommodation using mobile devices.<sup>13</sup>
- The majority of hostel travellers are now employed young adults taking planned holidays, rather than students. Accommodation options to suit young professionals are increasingly the norm amongst hostels.<sup>14</sup>
- There is an increasing trend of 'Slow Travel' amongst younger travellers – spending longer in each country/area. Travellers are increasingly visiting one or two countries and seeking to experience more within them rather than visit multiple countries for short-time periods. In the UK the most visited cities are London and Edinburgh, however, hostel travellers are increasingly seeking experiences beyond these traditional routes. This offers opportunities for areas such as Fife to take advantage of interest beyond Edinburgh.
- Growth in the hostel industry has been spurred by a range of factors<sup>15</sup>:
  - The growing interest for travel
  - Gen Z and Millennial travellers (18-35 years) choosing to spend money on travel and experiences
  - Rising middle-class population
  - Increasing role of online travel agencies (OTAs)
  - Popularity of solo travel
  - Increasing investments in the hostel industry
  - Changing reputation of hostels from a budget option to a sociable experience:
- A range of considerations were highlighted by travellers when choosing a Hostel: <sup>16 17</sup>
  - **Social space:** Future travellers want to meet new people from all over the world, with almost a fifth in one 2018 study ranking social space as the most important consideration when choosing where to stay.

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<sup>11</sup> Global Hostel Market: Size, Trends and Forecasts (2020-2024)

<sup>12</sup> 2016 Global Hostel Trends

<sup>13</sup> See 2

<sup>14</sup> Hostelworld 2018 'Evolution of the Hostel Traveller' Report

<sup>15</sup> See 1

<sup>16</sup> See 4

<sup>17</sup> See 4

- **Activities:** Hostels that offer free activities for guests, such as yoga classes and local cooking classes, also show a strong appeal amongst travellers.
- **Décor:** Hostels that offer attractive or unique décor was noted as an increasingly important factor in choice of accommodation. Travellers want unique accommodation, not just your standard hotel décor but something a bit different. For Silverburn, the heritage aspect of the property could act as a considerable draw for tourists seeking unusual accommodation.
- **Online appeal:** Travellers are increasingly booking hostel accommodation online, and in advance to secure the best accommodation. Online appeal, reviews, and online availability and booking are all key facets.
- **Local experiences:** Having access to local experiences is amongst the highest factors amongst traveller choice, increasingly more so than price. This is particularly true for British, American and Australian travellers.
- **Other:** Increasingly, it is female travellers who make up the majority of hostel users. Cleanliness, safety and atmosphere are the key considerations for choice of booking.



Top positive feedback from hostel travellers (Hostelworld, 2018)

## Scotland

According to Visit Scotland's Scottish Hostel Sector Review, February 2014:

- Weekends are the busiest time of the week for the hostel market, with an average occupancy level of 56%.
- 45-54 year olds are the largest age group for hostel use in Scotland by a domestic market.
- The majority of respondents travel alone to hostels, which may validate the belief that hostel consumers use this particular form of accommodation in order to meet like-minded people on similar breaks.
- However, the growth of private rooms, often with en-suite facilities within hostels are also an incentive for the family market as a more obvious level of safety and security is offered to parents.
- 'Flashpacking' - a hostel traveller who likes extra luxuries such as private rooms, attractive décor and digital connectivity has become increasingly popular in Scotland.

The hostel market in Scotland can be seen to be shifting to match visitor expectations:

- The 5 star Callander Hostel was extensively renovated in 2014. A range of room types are available and all are en-suite. Additional offerings include a 'utility board' for each dormitory bed that featuring a reading light, plug sockets and USB charging facilities. ([www.callanderhostel.co.uk](http://www.callanderhostel.co.uk)).

- Loch Ness Hostel is a luxury purpose-built hostel. Accommodation is all en-suite and offers a range of options suitable for couples and families as well as dorm rooms suitable for up to five people ([www.lohnesshostel.org](http://www.lohnesshostel.org)).
- CoDE Pod Hostels offer a range of single and double rooms as well as 'pod' beds in shared rooms to increase privacy. They also offer a range of activities for guests such as beer tasting nights.

## Tourism in Fife

Fife, especially coastal regions and the East Neuk, has seen an increase in tourism levels and revenue over the past 10 years. In 2018, there was more than 8 million visitors to this region and it notably also entered the top 5 'instagrammed' regions in the UK<sup>18</sup>. Digital influencers were noted to be keen to capture the region's award-winning beaches and coastline along Fife Coastal Path.

Between 2016 and 2018, four-fifths of all visitors to Fife were domestic tourists. However, the majority of overnight stays involved international travellers – especially from the North American market. A rise of over 40% in international visitors to Fife was noted from 2017 to 2018. This was suggested as being linked to the 'set-jetting' trend of visiting heritage sights associated with popular movies and TV shows such as Outlander.<sup>19</sup>

Fife is notable for being one of the top areas for tourism spend behind Glasgow and Edinburgh.<sup>20</sup> The average length of stay was 4.4 nights in Fife<sup>21</sup> – with shorter-length stays and daytrips to this region increasingly common. These figures suggest the option for hostel accommodation – often associated with a short-term stays may suit the emerging market trend across this region.

## Hostelling in Fife

The Fife region has very limited options for hostel travellers. One hostel is offered in the region, the [Murray Library Hostel](#) in Anstruther, around a 30 minute drive from Leven. This hostel is a recent addition to the area, opening in 2016 in the former library building. The hostel is situated in Fife's East Neuk region and is listed on the 'Welcome to Fife' website as the only hostel accommodation in the area. It is ranked at a high standard and offers a range of shared and private rooms.

The map below illustrates the distribution of hostels within the Fife area (1) and surrounding regions. Common key features shared across these hostels include:

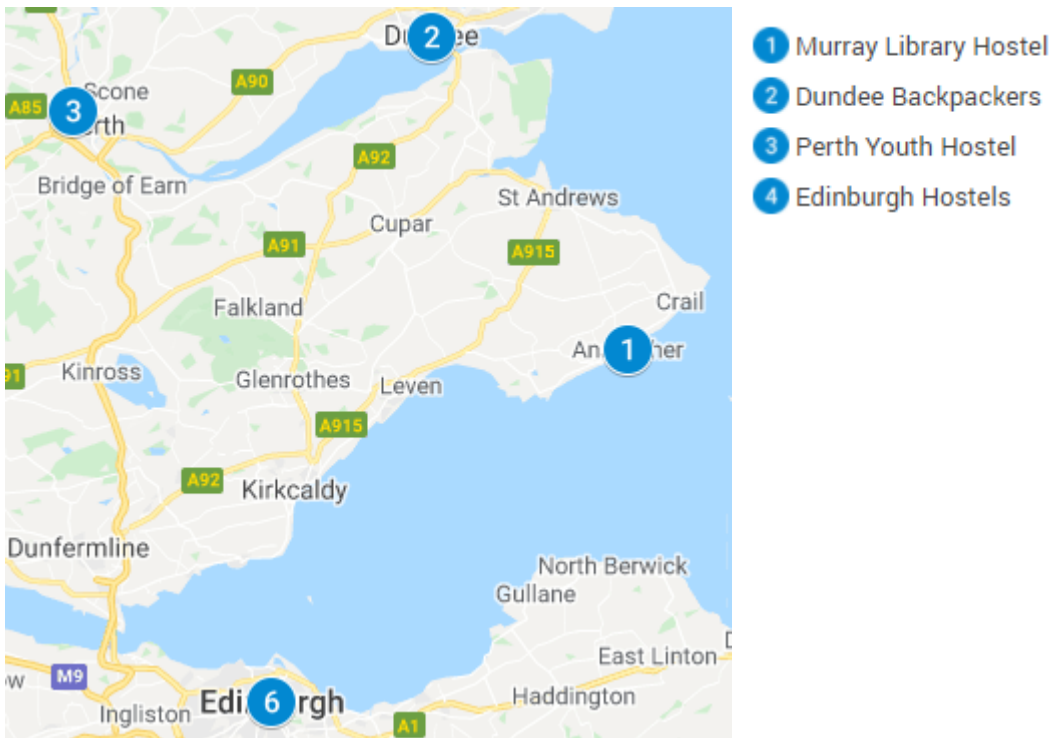
- Communal areas: kitchen and lounge
- Free Wi-Fi
- 24hr access
- Bed linen
- Luggage storage
- Paid for services: laundry, printing, padlocks, towel

<sup>18</sup> <https://www.fifetourismpartnership.org/news/more-than-eight-million-visit-fife-in-2017/#:~:text=Revenues%20remains%20strong%20with%20tourism%20worth%20%C2%A3570%20million&text=Tourism%20in%20Fife%20has%20continued,remaining%20strong%20year%20on%20year.>

<sup>19</sup> <https://www.kingdomfm.co.uk/news/local-news/tourism-numbers-in-fife-soar-thanks-to-outlander-effect/>

<sup>20</sup> Visit Scotland Fife Factsheet 2018

<sup>21</sup> IPS, 2018



Map illustrating hostels across Fife and wider locality.

### Pricing

In Anstruther, the price for an en-suite private room is around £70 a night. Dormitory rooms and shared bathroom facilities reduce this price accordingly with the cheapest bed available costing at £20 per night in a shared room.

Across the wider region, the average cost ranges from £15 per night for a bunk in a shared room to £45-50 for a twin or double room.

An overview of the pricing structure and room types are outlined in the table below.

Name	Distance from Silverburn	Rooms/Pricing	From p/n
Murray Library Hostel	Anstruther, 12 miles	Single – shared bathroom Single – ensuite Dble/twin – shared Dbl/twin – ensuite Family 4-8 bed dorm	- - £58 £70 £32 £20
Dundee Backpacking Hostel	Dundee, 23 miles	Single – shared bathroom Single – ensuite Dbl/twin – shared Dbl/twin – ensuite Family 4-8 bed dorm	£25 £27 £45 £50 £80 £17+

Perth Youth Hostel (at UHI Campus)	Perth, 30 miles	Single and twin en-suite rooms or apartments, all with access to a self-catering kitchen, lounge area and balcony. Only available June - August	£27 £53 £117 (apartment)
Edinburgh Hostels (10+ options)	Edinburgh, 38 miles	Single/Double/Family options Shared accommodation Some hostels have 'pod' bunks in dorm rooms	Around £15 for dorm bed £20 - 30 (single) £40 -55 (dbl)

# THE IMPACT OF THE SILVERBURN PARK & FLAX MILL COMPLEX

A socio-economic assessment

Viewforth Consulting Ltd

[www.viewforthconsulting.co.uk](http://www.viewforthconsulting.co.uk)

In association with

4-Consulting Ltd

[www.4-consulting.com/](http://www.4-consulting.com/)

March 2021



Viewforth Consulting Ltd



## The economic and social impact of the Silverburn Flax Mill Project

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## Executive Summary

This report presents an analysis of the projected economic and social impact of the Silverburn Park Flaxmill regeneration project, in Levenmouth, Fife. It has been undertaken by Viewforth Consulting Ltd, in association with 4-Consulting Ltd, who are experts in economic and social impact analysis.<sup>1</sup> It was prepared in order to identify and highlight the positive benefits that are likely to arise from the regeneration of the Flaxmill and Park complex, not only accruing to the immediate Levenmouth community surrounding Silverburn Park but also further afield in other parts of Fife, Scotland and indeed the UK.

The analysis was undertaken during winter 2020/2021 and draws on a range of information sources, including the detailed operational business plan for the completed Flax Mill Complex as well as the detailed design and reconstruction costs of the rebuild phase. Furthermore, it draws on available extant data for the previous and current park usage as well as information gathered from current and potential stakeholders and users. It applies economic and social impact analysis, drawing on recognised applied economic methodologies and social value generation approaches consistent with the UK Treasury Green Book approach to assessment of social value and wellbeing.

There are 2 key elements in the analysis:

- a) Economic modelling of the projected expenditure impact of the FlaxMill Complex during
  - a. The 2 year reconstruction phase
  - b. The fully operational phase of the Flaxmill

Using a rigorously specified economic model, results were obtained and presented in terms of employment, output and GVA generated across Fife, Scotland and the rest of the UK; additionally it was possible to analyse employment and household income generated in the Levenmouth area itself.

- b) A case study example of the broader economic and social value generated by community usage of Silverburn between October 2019 – October 2020, taking in some of the strictest lockdown phases of the pandemic. This case study analysis draws on the data already available about extensive local usage of the Park.

### Summary economic impact results

When fully operational, the Silverburn Flax Mill complex is projected to generate annually:

- 26 jobs and £637m of household employment income in Levenmouth
- A further 11 Jobs in the rest of Fife, with an additional 2 in other parts of Scotland and 4 in other parts of the UK
- It will generate £2.5m of output in Fife and £1.26m of Fife GVA, with a further £0.58m of output and £0.29m GVA generated elsewhere in Scotland and rest of UK.

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<sup>1</sup> The team including Emeritus Professor Iain McNicoll and Ursula Kelly of Viewforth Consulting and Richard Marsh from 4-Consulting

*Silverburn Flaxmill Fully Operational Phase ( Fifth Year of operation, current business plan projections)*

	Direct Silverburn	Rest of Levenmouth	<b>All Levenmouth</b>	Rest of Fife	<b>All Fife</b>	Rest of Scotland	<b>All Scotland</b>	Rest of UK	<b>All UK</b>
Jobs	22	4	<b>26</b>	11	<b>37</b>	2	<b>39</b>	4	<b>43</b>
Employment Income £000	442.70	193.8	<b>636.5</b>	283	<b>919.5</b>	62.8	<b>982.3</b>	96.5	<b>1078.8</b>
Output £m	1.05	*	*	1.42	<b>2.47</b>	0.20	<b>2.66</b>	0.39	<b>3.05</b>
GVA £m	0.57	*	*	0.69	<b>1.26</b>	0.09	<b>1.35</b>	0.20	<b>1.55</b>

Source: Viewforth Consulting Analysis

\* Output and GVA impact were modelled at Fife, Scotland and UK Levels only

**Reconstruction Phase impact ( Total Impact over 2 Years)**

The two year reconstruction phase will generate economic impacts across the period of reconstruction.

- 21 FTE ( or person years of employment) in Levenmouth, with 66 in other parts of Fife
- A further 15 FTE in the rest of Scotland and 16 FTE in the rest of the UK
- £782k of household employment income in Levenmouth with a further £2.5m in the rest of Fife
- £9.3m of output in Fife , making up £4.7m of Fife GVA
- A further £2.9m of output and £1.5m of GVA in the rest of Scotland and rest of UK

*Silverburn Flaxmill Reconstruction Phase , current capital investment plan projections)*

Over two year reconstruction period	<b>Levenmouth</b>	Rest of Fife	<b>All Fife</b>	Rest of Scotland	<b>All Scotland</b>	Rest of UK	<b>All UK</b>
FTE	<b>21</b>	66	<b>86</b>	15	<b>101</b>	16	<b>117</b>
Employment Income £000	<b>782</b>	2509	<b>3291</b>	559	<b>3850</b>	593	<b>4443</b>
Output £m	*	*	<b>9.3</b>	1.5	<b>10.8</b>	1.4	<b>12.2</b>
GVA £m	*	*	<b>4.7</b>	0.7	<b>5.5</b>	0.7	<b>6.2</b>

Source: Viewforth Consulting Analysis

\* Output and GVA impact were modelled at Fife, Scotland and UK Levels only

**Broader Economic and social value of Silverburn Park usage**

Detailed analysis of Park user data ( obtained through People Counters) revealed :

- Between Mid October 2019 and Mid October 2020, there were a total of 151844 visits made to Silverburn on foot and 47,722 by car.
- A large proportion of visits were made by local, Levenmouth, residents;
- This gave an estimated total of 77,835 visitor leisure hours spent in the Park.
- The shadow priced economic value of leisure time spent in the park amounted to £1.06m.

- When adjusted by social weights to take account of estimated usage by residents from more deprived areas this gave an overall social value ( socially modified economic value) of Park usage in one year equivalent to £1.15m .

### **Overall Conclusions**

The in-depth economic impact assessment of the tangible financial and employment impacts of the project, both in reconstruction phase and fully operational phase, show that the project will generate employment and household income for the local community. It will also contribute to regional output, GVA and national GDP.

Analysis of Park visitor data during a single year Mid October 2019 – mid October 2020 showed extensive usage of the Park by local residents , with particularly high usage during pandemic lockdown restrictions. Park usage by local residents had a social value equivalent to £1.15m.

The analysis of Park usage was undertaken as an example of the broader economic and social value being generated by Park activities above and beyond the tangible benefits arising from the Park's operational and capital expenditures. Additional analysis of the full range of Flaxmill Complex activities when fully operational is likely to deliver further evidence of social value and the value of the Park to the local community.



## Introduction

This report presents an analysis of the projected economic and social impact of the Silverburn Park Flaxmill regeneration project, in Levenmouth, Fife. It has been undertaken by Viewforth Consulting Ltd, in association with 4-Consulting Ltd, who are experts in economic and social impact analysis.<sup>2</sup> It was prepared in order to identify and highlight the positive benefits that are likely to arise from the regeneration of the Flaxmill and Park complex, not only accruing to the immediate Levenmouth community surrounding Silverburn Park but also further afield in other parts of Fife, Scotland and indeed the UK.

The analysis was undertaken during winter 2020/2021 and draws on a range of information sources, including the detailed operational business plan for the completed Flax Mill Complex as well as the detailed design and reconstruction costs of the rebuild phase. Furthermore, it draws on available extant data for the previous and current park usage as well as information gathered from current and potential stakeholders and users. It applies economic and social impact analysis, drawing on recognised applied economic methodologies and social value generation approaches consistent with the UK Treasury Green Book approach to assessment of social value and wellbeing.

This analysis follows on from, and is associated with, the development of a comprehensive evaluation framework that has been devised for tracking the progress of the Silverburn Flax Mill Complex towards its overall objectives and provides examples of how the data collected can be used towards assessment of the project's overall impact and progress in achieving its intended goals.

## The Levenmouth Area

Levenmouth stretches along the South East Fife Coast in Scotland and comprises the towns of Leven, Buckhaven and Methil as well as a number of smaller villages. Formerly rich in industry (its industrial heritage includes weaving, coal mining and industrial docks), it has suffered since the 1960s from the decline of heavy industries. It had also formerly been a traditional seaside holiday destination for visitors from the Scottish cities, but that role also declined with the growth of international holiday travel. Levenmouth is now among the poorest areas of Fife, with limited employment opportunities and low income levels. With an overall population of around 37,000 people it has the worst levels of deprivation in Fife and some of the worst in Scotland.

According to the Scottish Government's official Index of multiple deprivation, Levenmouth has the highest indicators of income deprivation in Fife (18.9% of the resident population are classed as income deprived compared to the Fife average of 11.9%) and the highest levels of employment deprivation (15.4% of the working age population are classed as employment deprived compared to the Fife average of 9.4%). The overall indicator of deprivation<sup>3</sup> shows the situation of Levenmouth as

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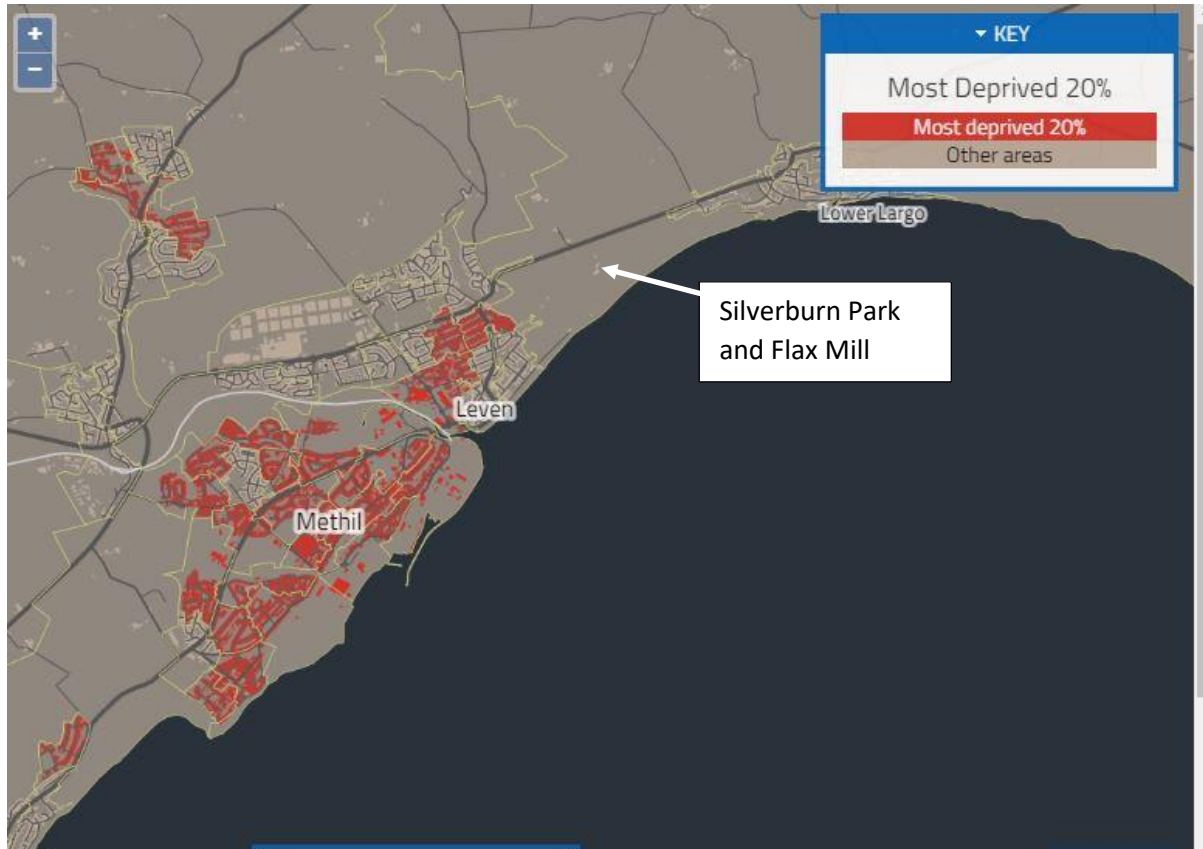
<sup>2</sup> The team including Emeritus Professor Iain McNicoll and Ursula Kelly of Viewforth Consulting and Richard Marsh from 4-Consulting

<sup>3</sup> This is a composite of 6 indicators on income, employment, health, housing, access (travel infrastructure). The only indicator on which Levenmouth is relatively well positioned is on housing (only 3 areas regarded as having overcrowded housing.)

having declined further between 2016 and 2020, with the number of areas<sup>4</sup> classed as among the 20% most deprived in Scotland increasing from 23 to 26 ( out of 51 total. )

In other words, over half of Levenmouth’s population are classed as among the 20% most deprived in all of Scotland. Of those a significant proportion are an even more precarious position. 20 areas (39% of the population) are in the bottom 15%, 11 areas (22%) are in the bottom 10% and 9 areas (18% of the Levenmouth population) are classed as among the 5% most deprived areas in all of Scotland.

#### *Silverburn Park and Flax Mill in Levenmouth*



Source: Scottish Government SIMD 2020 Mapping Tool

However the Levenmouth area remains one of considerable potential, rich in natural assets, industrial heritage – including intangible heritage - and recreational opportunities – parks and woodland areas such as Letham Glen and Silverburn, 4 high quality golf courses<sup>5</sup> , long sandy beach and Promenade with the River Leven flowing into the sea near the end of Leven High Street. It is a key staging post along the Fife Coastal Path,<sup>6</sup> which attracts around 500,000 walkers every year. Having suffered from poor infrastructure and neglect over many years there are now concerted efforts to plan for its regeneration; there have been public realm improvements, the re-opening of

<sup>4</sup> Know Fife: Focus on Levenmouth <https://know.fife.scot/wp-content/uploads/sites/44/2020/01/SIMD-2020v2-Focus-on-Levenmouth.pdf> and the Scottish Index of Multiple Deprivation 2020 . Areas are defined as “Datazones” with around 700 residents in each datazone.

<sup>5</sup> Leven Links, Lundin Links, Sconie Golf Course and Lundin Ladies.

<sup>6</sup> <https://easyways.com/walking-holidays/fife-coastal-path/>

the Leven rail link is on the cards,<sup>7</sup> along with a positive active Levenmouth Area Community Plan,<sup>8</sup> agreed priorities on Health and Social Care improvements<sup>9</sup> and an extensive Levenmouth “connectivity project” for paths and networks to link the area together again for active travel, environmental river improvements and bringing derelict land back into productive use.<sup>10</sup> The population is expected to grow in the next five years, even with the economic challenges the area faces.<sup>11</sup>

A key goal of the Leven Sustainable Growth strategy is to maximise the benefits of the natural and environmental assets of Levenmouth so that:

*“By 2030, the Leven catchment area will be a living, breathing example of inclusive growth, achieving environmental excellence while maximising social and environmental opportunities.”<sup>12</sup>*

This is the context for the redevelopment and regeneration of the Silverburn Flax Mill – the project is coming together at a time when it has the potential to be a key part of the regeneration of the entire Levenmouth area, and to contribute to the economic resilience, environmental sustainability, social, cultural and health wellbeing of the entire community.

## Background to Silverburn

The Silverburn Flax Mill is a B-Listed 19<sup>th</sup> Century industrial building, of both historical and architectural interest. It is currently derelict and sits at the heart of Silverburn Park, a 27 acre public park with woodland, paddocks and gardens. The Park and Buildings were gifted to the town of Leven in the 1970s by Russel Family, with the intention that the Park :

“ should remain forever as a quiet area used for the benefit of the public in general and the people of Leven in particular for nature trails, quiet parkland and organised camping. “

The Park and buildings were managed by the local Council for many years, and at the height of the Park’s popularity attracted an estimated 25,000 visitors per year. However, it fell into decline and represented an extensive maintenance burden that the Council could no longer support. In 2013 the Council agreed to pass the management of the Park under lease to Fife Employment Access Trust (FEAT), a local charity that supports clients with mental health issues, providing training and support to help them return to work. FEAT created the FEAT Trading Community Interest Company to assume the management and regeneration of the park.

Core to the park regeneration plans is the renovation of the historic Flax Mill Building to create a heritage visitor centre and community hub for the park and for the wider district, incorporating a visitor centre showcasing the history of the Mill and the Park, a café, meeting and exhibition space as well as a hostel providing visitor accommodation. The latter is intended to cater for tourists and walkers traversing the Fife Coastal Path – which passes very close by to the Mill.

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<sup>7</sup> <https://scotlandsrailway.com/projects/levenmouth-reconnected-raillink>

<sup>8</sup> [https://publications.fifedirect.org.uk/c64\\_0403-PlanforLevenmouth2019-2022.pdf](https://publications.fifedirect.org.uk/c64_0403-PlanforLevenmouth2019-2022.pdf)

<sup>9</sup> <https://www.fifehealthandsocialcare.org/wp-content/uploads/sites/12/2018/12/Levenmouth-Agreed-Priorities-Plan-Updated-071218.pdf>

<sup>10</sup> <https://consultation.sepa.org.uk/the-leven/connectivity-project-survey/>

<sup>11</sup> Levenmouth Area Local Strategic Assessment 2018 <https://know.fife.scot/wp-content/uploads/sites/44/2018/12/LSA-2018-Levenmouth-FINAL.pdf>

<sup>12</sup> The Sustainable Growth Agreement: The Leven Programme and Scottish Environment Protection Agency [https://publications.fifedirect.org.uk/c64\\_LACof2December2020\(VIRTUAL\)-PublicAgendaPack\(1\).pdf](https://publications.fifedirect.org.uk/c64_LACof2December2020(VIRTUAL)-PublicAgendaPack(1).pdf)



The project for renovation of the Flax Mill has received development phase support from the National Lottery Heritage Fund (NLHF), the Architectural Heritage Fund and the William Grant Foundation as well as from Fife Council who continue to work closely in partnership with FEAT to support the regeneration of the Park.

## Capturing Economic, social and cultural impact

The overall aim in regenerating the Silverburn Flax Mill and Park complex is to generate broader benefits for the community. The complex will be non-profit-making with surpluses reinvested in development of the complex, new projects and opportunities furthering the goals of the FEAT charity. The benefits to the wider community are economic, social and cultural, with different aspects of the complex and its activities contributing to these benefits and the resilience of the local community. The project will also generate benefits, financial and non-financial, beyond the local community.

## Definitions and range of impact

When considering a development of the nature of the Silverburn Flax Mill Complex, there are a number of elements involved in its achievement of socio-economic impact.

### 1. Generating Economic activity – jobs, output and GVA

In financial terms, the money spent in the process of the repair and reconstruction of the Flaxmill will itself generate economic impact, measurable in terms of output, jobs created and contribution to regional GVA. This is the immediate short term impact achieved during the rebuild and construction phase.

Once the complex is fully operational, (including the proposed hostel, café, campsite and workshops) - the entire complex will make an annual contribution to the local economy. This will provide employment directly as well as indirectly through the impact of its own expenditure, that of its staff and through the expenditure of visitors from outside the immediate area. This is again measured through output generated, jobs created and contribution to regional and national GVA.

Both these projected phases of impact (**Phase 1: Reconstruction and rebuild phase** and **Phase 2: Operational Phase**) have been modelled using a rigorously specified economic model, adapted to the specific Silverburn location and circumstances. The methodology is described in more detail in Appendix One. The results are presented in Part One.

### 2. Generating wider social, economic and cultural benefit

Part One focusses on the measurable economic impact of the Silverburn Flax Mill Complex, analysing the impact likely to be generated during the reconstruction phase and that generated when the Flax Mill is fully operational. In itself, the economic impact demonstrates a notable contribution to the local area, most explicitly in boosting the local economy. It also forms a corner stone of the evidence base on the broader economic, social and cultural benefits likely to be generated by the Silverburn Flax Mill Complex when it is completed and operational.

The economic stimulus provided by the Flax Mill Complex will, in addition to specifically economic benefits, also lead to improvements in local health, well being etc. There is a substantial research

literature on the positive link between work, health and well-being;<sup>13</sup> the work of the FEAT charity in itself, which aims to support people back into employment is an acknowledgement of the importance of work to people's material and mental wellbeing.

In Part Two of this report we explore the wide range of different elements of the Silverburn Flax Mill Complex that can contribute towards enhancing the wellbeing of the local community – considering the social, cultural ( including appreciation of heritage) and environmental dimensions to the Silverburn Flax Mill complex and its significance to the local area. These are the “non-market” benefits of the Flax Mill Complex development and use that will not necessarily be captured in the financial flows of Part One . They can nonetheless generate economic and social benefit and the generation of such benefits are part and parcel of the essential purpose and aims of the Flax Mill Complex regeneration.

There are a number of recognised, and evolving, approaches to capture the value of heritage, the natural environment and arts, social and cultural events. This value may not be fully captured in straightforward financial flows.

The HM Treasury Green Book and accompanying manuals provides extensive guidance on approaches to non-market valuation ( and a number of other resources are available eg from the *WhatWorks* Centre for Wellbeing <sup>14</sup>has some translation of Green Book principles into practice. ). The UK Department for Culture, Media and Sport (DCMS) recently launched a “ Cultural and Heritage Capital Programme”<sup>15</sup> which aims to develop a formal approach for the valuation of cultural and heritage assets. They have produced a Rapid Evidence Assessment (REA) on extant culture and heritage valuation studies highlighting different methods currently in use.<sup>16</sup> The purpose is precisely to ensure that the very real social and cultural value of cultural and heritage assets (an historic house, a museum, a Flax Mill ) can be acknowledged even where they may lack “currency” in commercial or strictly financial terms. <sup>17</sup>

In considering the evidence for the Silverburn Park's generation of social and cultural benefits, both that already being generated and its future potential generation, we will draw on some of the resources above to apply shadow-pricing techniques to examples of the current and planned activities of the Flax Mill complex.

## Part One: Analysing the impact of the economic activity generated

In order to analyse the impact of the economic activity generated through the Silverburn Flax Mill regeneration, we constructed a Silverburn-specific economic impact model. This was based on our in-house extended Type II input-output modelling system of the UK, with in-built extensions (using

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<sup>13</sup> See, for example the extensive literature review: *Is work good for your health and wellbeing* ( Waddell, G and Burton K (TSO, 2006)

<sup>14</sup> <https://whatworkswellbeing.org/>

<sup>15</sup> <https://www.gov.uk/government/publications/valuing-culture-and-heritage-capital-a-framework-towards-decision-making/valuing-culture-and-heritage-capital-a-framework-towards-informing-decision-making>

<sup>16</sup> <https://www.gov.uk/government/publications/rapid-evidence-assessment-culture-and-heritage-valuation-studies> The REA also includes an initial set of “ plug-in prices” derived from assimilating and standardising results from a range of different studies. It must be noted however that the current initial focus is on valuation of capital assets rather than on activities and services.

<sup>17</sup> It seems that a longer term goal may be to establish sets of “ Culture and Heritage “ Satellite accounts , similar to Environmental satellite accounts and Tourism satellite accounts. The latter sit alongside UK national accounts. It can be noted that Viewforth staff constructed the first Tourism AND Environmental Satellite accounts for Scotland.

location quotients) for Scotland and Fife. This system enabled the analysis of the impact of projected Silverburn expenditure on the UK and the share of that impact accruing to Scotland and to Fife, with results in terms of impact on output, GVA and jobs.

In order to disaggregate and trace the impact across Fife, and in the Levenmouth area immediately surrounding Silverburn, we constructed an additional extension to the system using gravity-modelling. Gravity-modelling uses a combination of mass and distance variables to model the likely flow of impact from its initial starting point across a given area. In this case the Silverburn Gravity model analysed flow of employment impact in across all of the Council Wards in Fife. Within the model Levenmouth is defined as comprising the two Council Wards of Leven, Kennoway and Largo together with Buckhaven, Methil and Weymss Villages. Further details of modelling methodology is included in Appendix One.

An important advantage of the modelling methodology adopted is that it enables a range of additional indicators and features of impact to be examined. The core model comprises 124 industrial sectors and, where relevant, it enables impact on particular industrial sectors to be explored in more detail. Of particular policy importance at the local level is the capacity for the modelling approach to examine the impact on employment income – how much of the income from the jobs generated by a development will actually accrue to, or stay in the immediate locality.

### Phase 1: Reconstruction and rebuild phase

The current estimated cost for the reconstruction, repair and rebuild phase of the Flax Mill regeneration and move it to a completed state ready for full operations amounts to £6.2 million spent over a two year period. This planned expenditure will in itself – irrespective of any perceived value arising from its heritage-focussed purpose – generate economic activity in the local area.<sup>18</sup> This is a capital expenditure mainly focussed on expenditure flowing through the construction and related industries.

The impact of the expenditure on the economy was modelled using the purpose designed Silverburn impact model and the results are shown below.

### Employment Impact

#### FTE or 'Person Years of Employment'

The reconstruction phase of the Flax Mill project is projected to generate over 116 'Person Years of Employment' (PYE) jobs in the UK over the two year building work period, with 86 PYE in Fife. Around 21 of the PYE generated will benefit people living in the immediate local area of Levenmouth.<sup>19</sup> In other words, in **each year** of the two years construction phase around 58 full Time equivalent jobs (FTE) will be generated, with 74% of these in Fife (18 % in Levenmouth.)

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<sup>18</sup> The initial steps of planning for construction and rebuild, supported in part through initial funding from the National Heritage Lottery Fund, Fife Council, Fife Historic Buildings Trust and the William Grant Foundation, among others, will have *already* generated some economic activity in the local area and in Scotland. The present Phase 1 economic impact analysis does not include that expenditure but is focused solely on the future formal phase of rebuild and reconstruction.

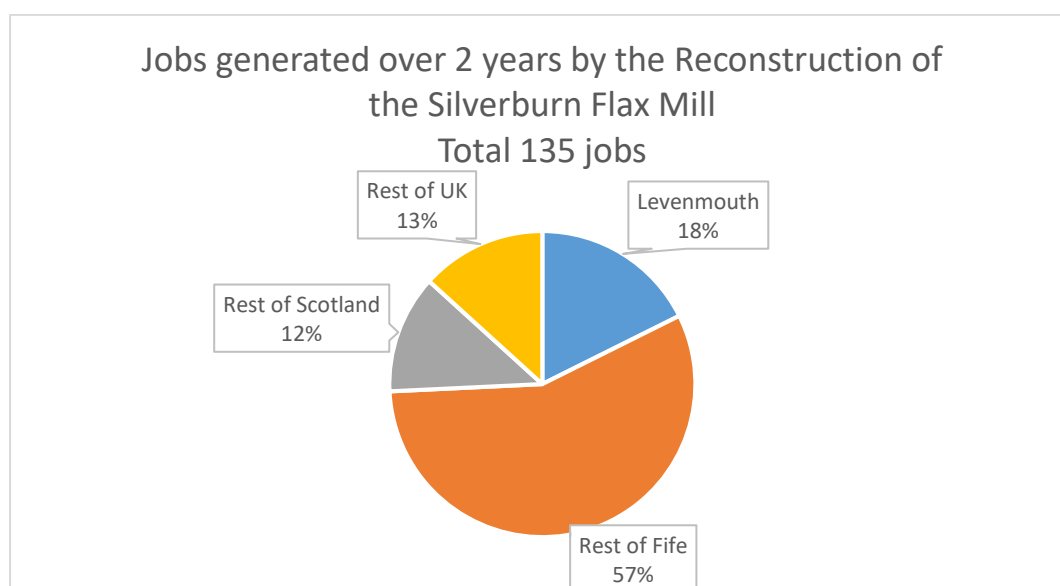
<sup>19</sup> Defined as the two Council Ward areas of Leven, Kennoway and Largo and Buckhaven, Methil and Wemyss Villages

## Headcount jobs

FTE measures are often used in modelling as a consistent measure of labour demand (expressed as either jobs per annum or PYE). However in thinking how this impacts on people’s lives it can be more intuitive to think in terms of ‘headcount jobs’ which give a better idea of how many people are likely to be affected.

When translated into ‘headcount ‘ jobs,<sup>20</sup> this equates to 24 jobs in Levenmouth over 2 years ( with a further 76 in the rest of Fife and 35 further afield.) This can be thought of in terms of 12 Levenmouth residents in work for 2 years or 24 Levenmouth residents each in work for one year (or indeed 48 Levenmouth residents, each in work for 6 months.) The results are presented in Figure 1 and Table 1.

Figure 1: Jobs generated in the reconstruction phase of the Silverburn Flax Mill



Source: Viewforth modelled analysis

Table 1: Jobs generated in the reconstruction phase of the Silverburn Flax Mill

Area of impact	Number of jobs generated over the two year construction period <sup>21</sup>
<b>Levenmouth</b>	<b>24</b>
<i>Rest of Fife</i>	76
<b>All of Fife</b>	<b>100</b>
<i>Rest of Scotland</i>	17
<b>All Scotland</b>	<b>117</b>
<i>Rest of UK</i>	18

<sup>20</sup> Translation into headcount ‘jobs’ used the overall prevailing pattern of fulltime to part-time work in Dfie, Scotland and rest of UK ( from the ONS Annual Population Survey and the Business Register and Employment Surveys. )

<sup>21</sup> Headcount basis. As explained in Footnote 3, modelling of employment was undertaken in full-time-equivalents (FTE) and then translated into actual headcount jobs using the prevailing pattern of full time and part-time employment in Fife, the rest of Scotland and rest of UK.

All UK

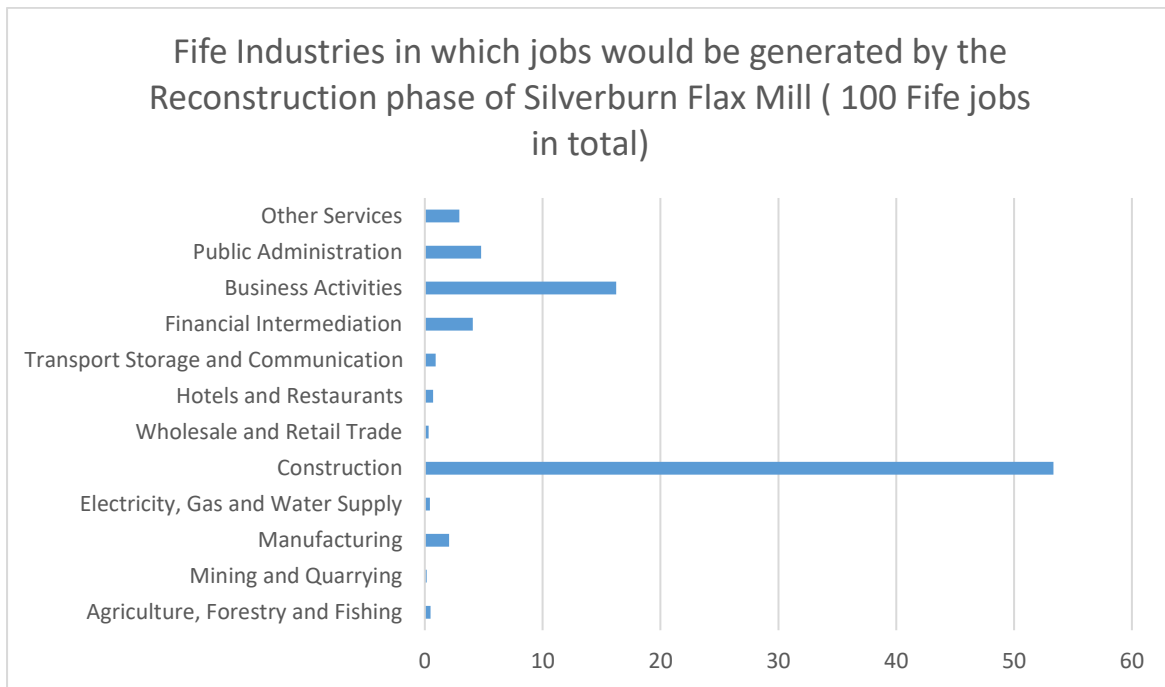
135

Source: Viewforth modelled analysis

### Industries in which Fife jobs would be generated

The modelling process also enables a regional overview of the industries within which the jobs would be generated. This is shown in Figure 2. This particular capital investment is focussed on the physical rebuild and reconstruction of the Silverburn Flax Mill. It is not surprising therefore to see that the majority of jobs generated would be in the Construction industry itself. However it is worth noting that jobs are also generated in other sectors, including , for example, business activities , manufacturing and hospitality (hotels and restaurants.) This reflects the way the money spent on the Silverburn reconstruction would flow through the economy.

Figure 2: Fife Industries in which jobs would be generated



Source: Viewforth modelled analysis

Impact on employment is the most clearly observable result of the capital investment in the Flax Mill regeneration. However the modelled analysis also gives results in terms of impact on regional and national output and on the contribution to regional GVA and national GDP.

### Impact on Output and GVA

Table 2: Impact of the reconstruction phase on regional and national output and GVA.

	Impact on Fife £m	Impact on Rest of Scotland £m	All Scotland £m	Impact on Rest of UK £m	All UK £m
<b>Output</b>	<b>9.3</b>	1.5	<b>10.8</b>	1.4	<b>12.2</b>
<b>GVA</b>	<b>4.7</b>	0.7	<b>5.5</b>	0.7	<b>6.2</b>

Source: Viewforth modelled analysis

To put these results into context, overall Fife GVA in 2019 was estimated at around £8 billion and total Scotland GVA in 2018 came to £161 billion.<sup>22</sup> While the Silverburn Park complex remains relatively small scale in overall national terms, from the perspective of a deprived area it can be of significant importance both in terms of actual employment generated and in its broader economic and social value to the area.

### Employment income generated in Levenmouth and in Fife

Given the local importance of the development, as well as modelling the distribution of employment generated across Fife, we were able to examine the employment income arising from the jobs generated. Our analysis showed that in Fife overall, the reconstruction phase of the Silverburn Park Flax Mill would deliver £3.29m in employment income<sup>23</sup> into Fife homes over the two year period, with £783k of that going to Levenmouth residents. This shows positive benefits to the local area and local residents just through the short-term reconstruction phase. This is of particular importance to an area that is “income and employment-deprived”. This point will be explored further when considering the wider social impact of the development on Levenmouth .

### Phase 2: Impact of the Operational phase of Silverburn Flax Mill

Once the short-term reconstruction phase is complete, the longer term impact of Silverburn begins. The project team have prepared a detailed and extended 5 year business plan, showing how the Flax Mill will build its operations over the five year period from launch to fully operational status. This includes the visitor centre and café, space for meeting hire, craft workshops for local artists, overnight accommodation for coastal path walkers, and the campsite with glamping-Style Eco-pods, Tent and touring Campervan pitches. It also builds in ongoing community, cultural , music and wellbeing events.<sup>24</sup>

The following analysis was based on the detailed activity, income and expenditure projections for the Silverburn Flax Mill Complex once it is in full operation ( Year Five of the Business Plan Projections. ) It should be noted here that the projections on which the analysis is based include the entire complex, the Flax Mill and the Silverburn Park in which the Flax Mill is located. The successful regeneration of the Flax Mill is inextricably bound to the maintenance and supporting development of the immediate parkland in which it sits, and indeed its historical and heritage importance is linked to its history within the park. The Campsite operations and the planned community events are part and parcel of the entire complex. Therefore the future expenditure projections include, for example, elements of park maintenance and garden expenditure and not simply the Flax Mill building alone.

### Projected Operational Income

When fully operational ( year 5 of the business plan ), it is projected that the Silverburn Flaxmill Complex will have an annual turnover in the region of £ 1 million. A significant proportion of the anticipated income for the Mill complex is associated with that generated through visitors, in particular overnight visitors. This includes from campsite and hostel accommodation as well as catering income and shop sales. (The income from Campsite and hostel bednights alone makes up 22% of projected income, with an estimated 10,253 visitor bednights projected in Year 5.)<sup>25</sup> Only a

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<sup>22</sup> ONS 2019

<sup>23</sup> The employment income figure reflects total salary costs, including employer’s costs.

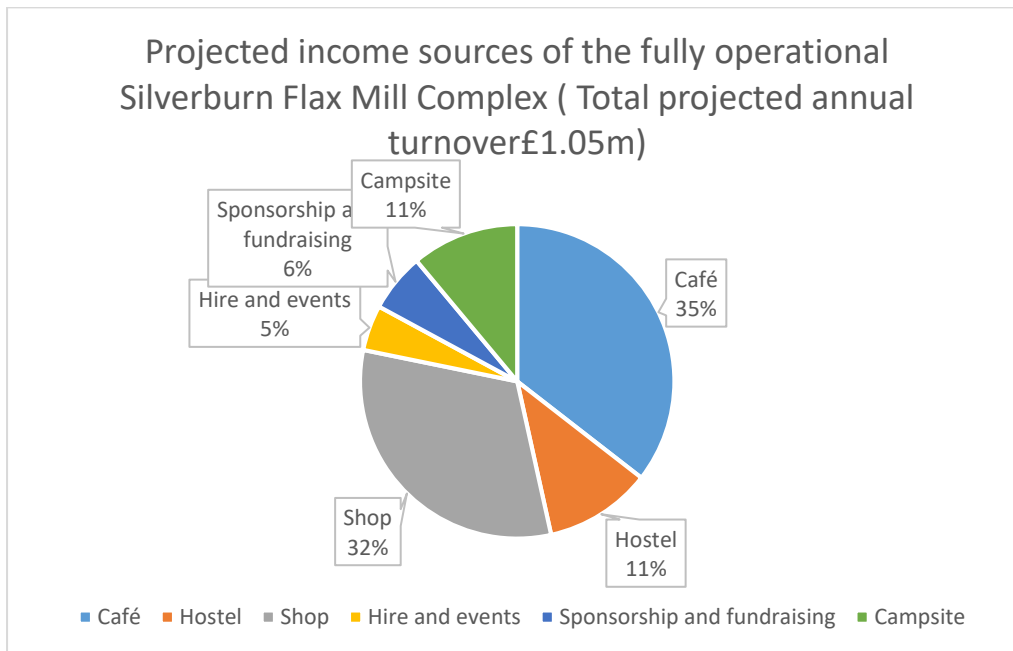
<sup>24</sup> It does not include income or expenditure explicitly associated with the Community Allotments within the grounds, which have continued to be administered by Fife Council.

<sup>25</sup> Bednight numbers are taken from the 5 year projections within the business plan. The projected bednight growth to Year 5 is fairly conservative, with figures in line with the Fife or Scotland ‘average’ for similar types of accommodation.( Data from Visit Scotland *Key Facts on Tourism in Scotland 2019* ) The limited ‘revealed

relatively small proportion of the Complex income (6%) is projected as through sponsorship or fundraising, in line with the aim of the project to be sustainable and largely self-sufficient on a year to year basis.

The anticipated balance of income sources is shown in Figure 3 below.

Figure 3: Projected Income Sources of the Silverburn Flax Mill Complex



Source : Silverburn Flax Mill and Park Financial Projections December 2020

As a non-profitmaking enterprise, most of the income will be respent within the same year, with expenditure in Year 5 anticipated to be in the region of £918k.

The Operational Plan for Year 5 included a detailed breakdown of expected expenditure. This pattern of expenditure was analysed and translated into industry categories and required modelling format. The impact of the Silverburn Flax Mill Complex as a fully operational economic entity was then modelled and results in terms of jobs, output and GVA will be presented subsequently.

#### Visitor Expenditure

As noted, most of the Silverburn Flax Mill projected income is related to visitor spend, both local visitors and those from outside the immediate area. To the extent that visitors spend money onsite, in the Café, in the Shop or for hiring facilities, all of this spend will be captured within the analysis of the impact of the Mill Complex. However it is also reasonable to assume that by attracting non-local visitors to stay in the area ( evidenced through the booking of overnight accommodation) the

preference' evidence available so far from the actual bookings for the campsite accommodation that is already in operation shows occupancy rates currently in excess of the average. ( Campsite report December 2020.) In relation to the planned hostel accommodation, it is also worth pointing out that there is little other independent hostel accommodation available in Fife; this, together with the proximity to the costal path and Leven being a typical 'end point' at the second stage of the path going north for 5 day walkers ( Burntisland to Leven), may also encourage relatively high future occupancy rates.



Silverburn Flax Mill will attract additional money to the area with visitors incurring at least some off-site expenditure (food, recreation, consumables.) This additional off-site expenditure is an injection into the local economy that can be attributed to Silverburn, since it would be the Silverburn Flax Mill complex that had 'captured' these visitors. *Local* visitor offsite expenditure is likely to have occurred within Levenmouth anyway, irrespective of Silverburn, so this is disregarded.

Estimates were made of additional visitor off-site expenditure based under the projected number of occupied bednights in Year 5 (10,253 over the course of a year, split across hostel, glamping and Touring Pitch users.) It was assumed that all overnight visitors come from outside the immediate Levenmouth area. It can be noted that the estimated bednight numbers are reasonably conservative and are either in line with, or lower than, the observed occupancy average for the relevant types of accommodation elsewhere in Scotland (or in Fife, where figures are available.)<sup>26</sup> It was assumed that overnight visitors were non-local and the type of visitor followed the same trend as that of overnight stay tourists in Scotland more generally (c. 80% Domestic UK and 20% international)<sup>27</sup>

In due course it could be possible to conduct a specific Silverburn Visitor Expenditure Survey<sup>28</sup>; for the present analysis estimates were based on the general Tourism Visitor expenditure trends in Scotland in 2019. A downward adjustment to the daily rates was made to take account of visitor *on-site* expenditure that is already included in the analysis of the Silverburn Complex.<sup>29</sup>

Anyone using the Flax Mill complex is de facto a visitor, whether they are local people or whether they have been attracted from further afield. For the purposes of the present analysis it is assumed that all day visitors are local, with only the overnight visitors classed as coming from outside Levenmouth. Therefore the only local spend which is included in the analysis is anything that local people may purchase while on site (having lunch in the café, for example, or purchasing gifts and crafts), which is included in the Flax Mill revenue stream and its associated expenditure impact.<sup>30</sup> This is a conservative assumption, which disregards any local offsite spend by anyone not actually staying overnight. In reality the Flax Mill complex is likely to attract a number of day visitors from outside the immediate Levenmouth area.

When the facility is fully operational it will be possible to gather fuller information on the split between local and non local visitors, as well as developing a more comprehensive picture of visitor expenditure patterns (on and off-site.) The park is free to access and many local people currently use the park for outdoor leisure and recreation, dog-walking and so forth and may continue to visit in the future without incurring any expenditure. There are plans to install visitor counters at the

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<sup>26</sup> Scottish Accommodation Survey 2019 (*Visit Scotland*)

<sup>27</sup> Key Facts on Tourism in Scotland 2019 *INSIGHT Department, Visit Scotland*

<sup>28</sup> Indeed, this could form an interesting and useful work-based project for future FEAT clients or local students.

<sup>29</sup> The Scotland survey (*Key facts on Tourism in Scotland 2019 Visit Scotland*) gave per diem rates for overnight stay visitors as £69 for domestic visitors and £93 for overseas visitors. For the adjustment, only spend on the survey categories of *Eating and Drinking Out, Entertainment, Other Shopping* and 'Other' were counted as being 'off-site.' This led to overall visitor per diem offsite expenditure estimated at £27 per head..

<sup>30</sup> It can also be noted that in the Levenmouth area, presumably due to the neglect that the area has suffered over the years, there are few alternative "visitor attractions" of the kind planned for Silverburn. Local on-site spend is highly unlikely therefore to be displaced money that would be spent elsewhere locally. Indeed, the Silverburn complex is likely to be encouraging *retention* of spend in Levenmouth that would otherwise go further afield.

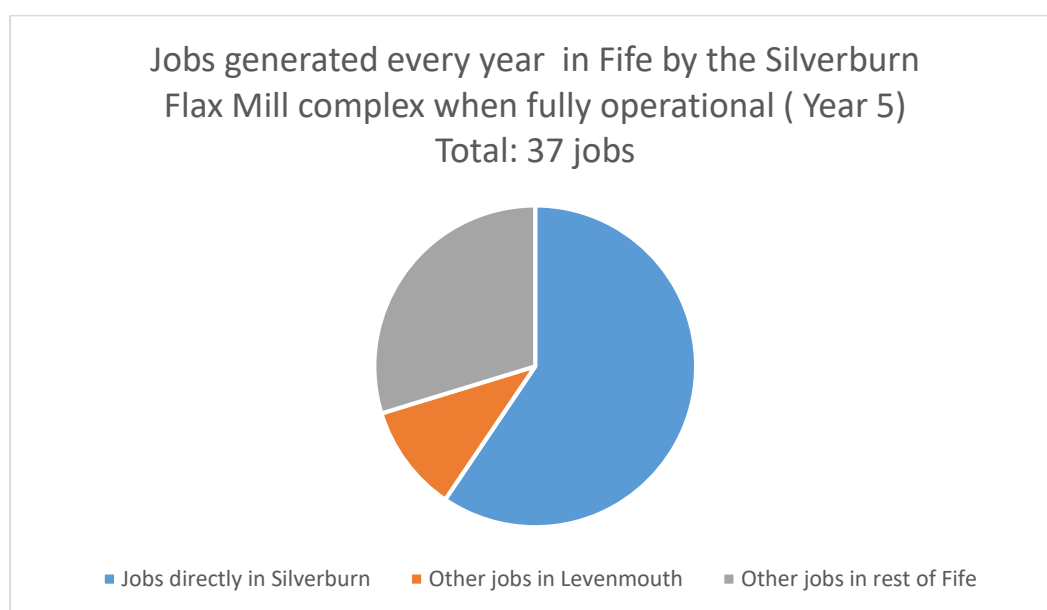
entrance to the Mill to assess, in due course, the proportion of Park users that ‘convert’ to Mill facility users.

Offsite Visitor Expenditure was modelled separately from Flax Mill expenditure, using a consumer expenditure oriented pattern, and the results were combined with those for the analysis of the Flax Mill Complex itself.<sup>31</sup> The results are presented below, with a summary table included for ease of reference in Appendix Three.

### Employment Impact

Under the current business plan, once the Flax Mill is fully operational ( Year 5 ) there is planned employment for 22 people each year directly in the Mill and Park complex. A further 21 jobs would be generated in the UK outside the Flax Mill complex, 4 in Levenmouth, 11 in other parts of Fife and 6 in other parts of Scotland and the rest of the UK.<sup>32</sup>

Figure 4: Jobs generated every year in Fife by the Silverburn Flax Mill Complex



Source: Viewforth modelled analysis

Table 3: Total employment impact results ( Headcount jobs)

Jobs at Silverburn Flax Mill Complex	22
Other Jobs in the rest of Levenmouth	4
Other Jobs in the rest of Fife	11
<b>ALL FIFE</b>	<b>37</b>

<sup>31</sup> The conservative estimates of offsite visitor expenditure impact means that the offsite visitor expenditure impact is currently projected as relatively modest ( a total of £274.8k) – involving the generation of around 4 extra jobs overall. Hence the results are combined in this analysis for pragmatic reasons. The suite of Silverburn multipliers in Appendix Two however treat the Mill Complex impact and the visitor expenditure separately so updates on the Mill impact and visitor impact should be undertaken separately before combining results again if required.

<sup>32</sup> The FTE equivalents are: 15.4 direct employment, 3 FTE in other Levenmouth businesses, 9.5 FTE in the rest of Fife with 5.4 FTE in other parts of Scotland and rest of UK ( 33.3 Total FTE)

Other Jobs in rest of Scotland	2
ALL Scotland	39
Other Jobs in rest of UK	4
ALL UK	43

Source: Viewforth modelled analysis

### Output and GVA Impacts

The modelled results for impact on regional and national output and GVA are shown in Table 4. The 'Direct Impact' on Fife is the projected output and GVA of the Silverburn complex itself. The secondary impact on Fife, the rest of Scotland and the rest of the UK is the total arising through indirect and induced effects of the expenditure of Silverburn, its staff and the additional off-site expenditure of visitors.

Table 4: Impact on Regional and National Output and GVA ( impact of all activities- Mill Complex and non-local Visitor spend)

	Direct Impact on Fife £m	Secondary Impact on Fife £m	All Fife £m	Impact on Rest of Scotland £m	All Scotland £m	Impact on Rest of UK £m	All UK £m
Output	1.1	1.4	2.5	0.2	2.7	0.4	3.1
GVA	0.6	0.7	1.3	0.1	1.4	0.2	1.6

Source: Viewforth modelled analysis

### Employment Income generated in Levenmouth and Fife

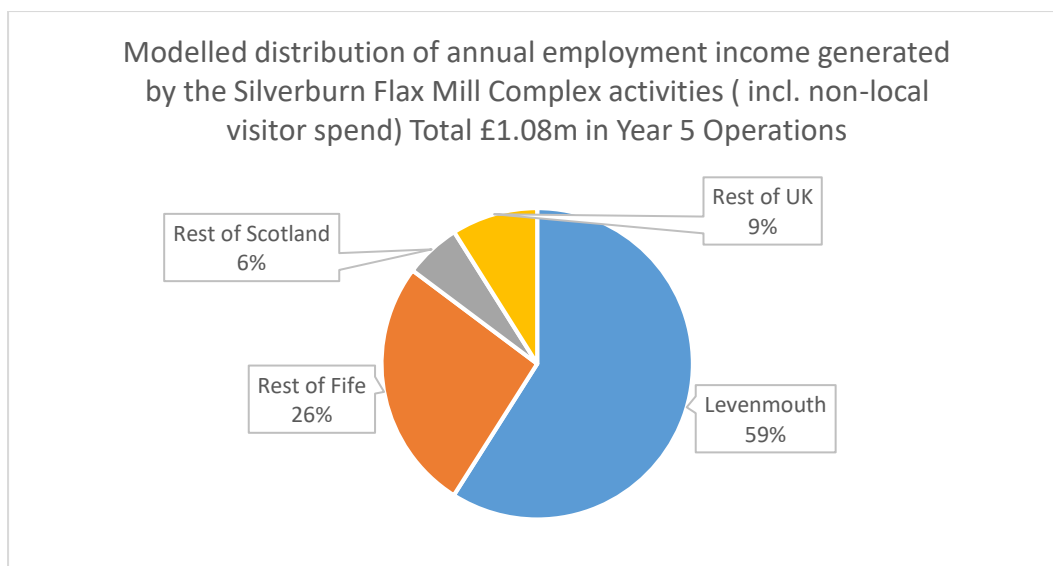
Among the most locally relevant results derived from the economic impact analysis of the projected operations of the Silverburn Flax Mill Complex are the benefits delivered to Levenmouth residents in terms of employment income generated locally.

Our detailed analysis showed that in Year 5 of Silverburn operations, around £637k of employment income would flow into Levenmouth homes, with a further £283k going to the rest of Fife.<sup>33</sup> As this relates to a single year of operations (Year 5) it is important to note that, unlike the reconstruction phase where the benefits are time limited to the two-year phase, this analysis relates to the annual impact of the Flax Mill. In other words, this is the scale of benefits generated *every year of operation*.

As with all economic impact flows, benefit is not restricted to the immediate local area but some will flow further afield. However the modelled analysis showed that by the far the majority of employment income benefit (59%) would be retained in Levenmouth. For an area which is among the most income deprived of all Scotland (18.9% of the Levenmouth population are income deprived compared to the 12.1% Scotland average) , this is a significant positive benefit from any perspective.

Figure 5: Distribution of annual employment income generated by the operations of Silverburn Flax Mill Complex

<sup>33</sup> £840K was due to the Flax Mill operations alone (£618K in Levenmouth, £222k in rest of Fife), with a further £80k due to off-site visitor spend ( £19K in Levenmouth, 61K in rest of Fife). Figures include employers' costs.



Source: Viewforth modelled analysis

It is also worth highlighting that the Silverburn Flax Mill Complex will be relatively “efficient” in generating employment income - in other words, have a high “bang per investment buck” in local employment income benefit term. This is likely to be a significantly higher employment income effect than that generated by other local businesses. For example, a business in the industry producing “Alcoholic Beverages”<sup>34</sup> tends to generate employment income of c. £520K for every £1m of its overall spend<sup>35</sup>. This can be compared to the analysed evidence here that Silverburn will tend to generate £1.05m of employment income for every £1m of its overall spend. This reflects the labour intensive nature of the Silverburn Complex itself as well as that of its overall spending pattern. (The Alcoholic Beverages Industry is more capital intensive.) The key point here is that when considering the development of the Silverburn Flax Mill in an area of high income and high employment deprivation, the nature of the Silverburn operations means that the benefit to local people is particularly high.

### Silverburn Flax Mill-specific multipliers

Another feature of the detailed modelled analysis of the Silverburn Flax Mill complex presented here is that it is also possible to derive Silverburn Flax Mill-specific economic “multipliers” that can be used in future to update or adjust economic impact results in line with changes in its actual operational expenditures and as better information becomes available on numbers and types of visitor. This is because economic multipliers are *outcomes* of the modelling process used in this particular study.

As discussed in Appendix One( Methodology), few local impact studies would be sufficiently resourced to conduct in-depth economic modelling of the kind we have been able to undertake for Silverburn. This also means they are usually reliant on ‘borrowing’ or adapting pre-existing multipliers from other studies<sup>36</sup> to apply to their estimates of relevant project expenditure, further adjusted for their estimates of local leakage, displacement or deadweight factors. This is a fairly

<sup>34</sup> One of the few industries in Levenmouth of any scale

<sup>35</sup> Source: The Type II Employment income generation multiplier calculated in the UK Input Output model for the *Alcoholic Beverage* industry is 0.52 compared to that for Silverburn of 1.05.

<sup>36</sup> See, for example the Bridgford Hall Economic Impact Assessment report which suggests the use of UK-wide general Tourism multipliers borrowed from a 2013 Deloitte and Oxford Economics report.

broadbrush approach but which is often the only available possibility. However, an in-depth modelled analysis - of the type undertaken here for Silverburn - enables project-specific multipliers, which reflect the particular characteristics and spending patterns of the individual project being studied, to be derived for future use. A set of Silverburn-specific multipliers are included in Appendix Two.

## Summary of the economic impact assessment of the Silverburn Flax Mill Development

These two analyses, of the reconstruction phase and of the operational phase of the Silverburn Park Flax Mill, were undertaken as part of a broader economic and social impact report supporting the Flax Mill Development planning. The present analyses are focussed on the economic impact of the Flax Mill in terms of the jobs and output generated and contribution of the development to regional and national GVA. Overall the analyses showed the reconstruction phase of the development will generate 135 jobs over the two year period of development, with 24 of those jobs likely to benefit Levenmouth residents and 76 benefitting residents in other parts of Fife. Once the Flax Mill Complex is fully operational, it will generate around 43 jobs every year - 22 directly, a further 4 in Levenmouth, 11 in other parts of Fife and 6 further afield.

In terms of employment income generated, the benefits to Levenmouth of the Silverburn operations are particularly high, with a relatively high efficiency in generating employment income overall and with the majority of employment income generated being retained in Levenmouth.

The analyses were specifically tailored to Silverburn Flax Mill, using sophisticated economic modelling and reflect the specific Silverburn projected expenditure profile. The scale of results is in keeping with the overall scale of the development itself; however it should be noted that from a social policy perspective the generation of additional employment and employment income in an area as deprived as Levenmouth<sup>37</sup> may be considered to have a higher social value than if it were generated within a relatively affluent area. Furthermore, the economic activity benefits of the Silverburn Flax Mill development need to be seen :

- within the wider context as a key element in the regeneration of Levenmouth and how it fits within the broader Levenmouth plan.
- alongside the broader economic and social value generated by the non-financial benefits (social, cultural, health and well-being benefits) to the community of the development.

These issues will be explored further in the next stage of this report, which highlights some of the broader economic and social value generation potential of the Silverburn Flax Mill .

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<sup>37</sup> Levenmouth has the highest number of areas ( 26 Datazones) in Fife that fall within the 20% most deprived in Scotland. These include 9 areas that fall within the 5% most deprived in Scotland.

## Part Two : Generating broader economic, social and cultural value

### *Heart, Mind and Soul: Silverburn A Sustainable Social, Cultural and Heritage Hub within a regenerated Levenmouth*

The economic impact and contribution to Levenmouth of the Silverburn Flax Mill Complex through its expenditure has been analysed in Part One of this report. As already noted, the financial impact has positive ramifications for the local area, generating a boost through the economic activity it will generate, its attraction of visitors to the area and the retention of spending of both local and non local visitors within the Levenmouth. The nature of the Silverburn Flax Mill complex, with a relatively labour intensive profile in its spending pattern, also means it generates and retains a high proportion of employment income within the local area.

However beyond the expenditure economic impact to the area in financial terms, the regeneration of the Silverburn Flax Mill and Park complex has the potential to make a significant broader social, economic and cultural impact. Indeed, the generation of broader value through its activities is the primary goal of the Silverburn regeneration programme. The Silverburn Flax Mill regeneration project has an overall vision (*Heart, Mind and Soul: Silverburn*)<sup>38</sup> as well as a set of interlinking goals related to heritage conservation, community economic and social well being aspects of the project.<sup>39</sup>

This Part Two of the report highlights the non-monetary impact potential of the Silverburn Flax Mill Complex, highlighting some of the routes through which wider social and cultural benefits could be achieved and ways to measure the value generated. Using some of the data gathered by the project so far, it provides an illustrative example of the social value to the community of access to the Silverburn Park, particularly during the pandemic. It should be highlighted at this point that the approach to capturing broader economic and social value of the Flax Mill Complex activities by necessity involves a different methodological framework to the analysis of Part One.

### The Silverburn Logic Model and Evaluation Framework

The key challenge in considering the broader economic and social impacts of the Silverburn Flax Mill development is that most, if not all, of the broader impacts tend to be quasi- intangible in nature (such as individual enjoyment of the sensory garden or a feeling of personal well being from regular visits to the park), many do not involve monetary transactions of any kind. It is therefore more difficult to track, trace or demonstrate value generated.

In order to go some way towards addressing this challenge, and to provide a robust basis for tracking the progress of the project towards its overall goals, a comprehensive evaluation framework was developed for the project. This included devising a Silverburn-specific “Logic Model” (sometimes known as a “Theory of Change” model) to map the different components of the project against their contribution to achievement of the project’s goals. The logic model lays out constituent components of the ‘Impact’ or ‘outcome-achieving’ journey, tracing through how the variety of planned activities for the development and operations of the Flax Mill will contribute towards the achievement of the final broader desired outcomes. The final desired outcomes are very high level so there needs to be

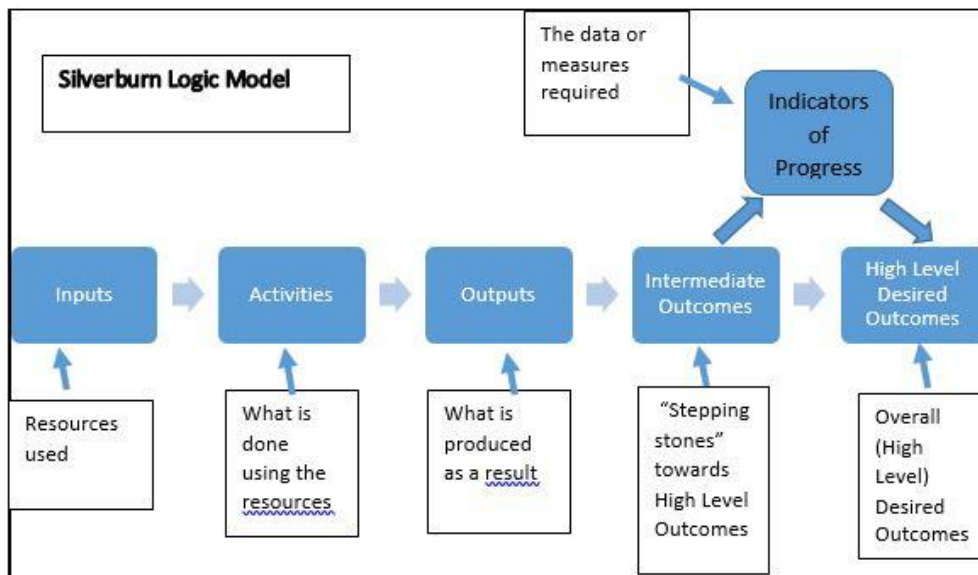
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<sup>39</sup> <sup>39</sup> A more detailed explanation of the “Vision” for Silverburn is included as Appendix Four, along with the full list of overarching project goals.

a clear ‘theory of change’ or ‘Impact pathway’ showing how the activities being undertaken can lead towards the final desired outcomes.

The outline of the Silverburn-specific logic model is presented below:

Figure 6: The Silverburn Logic Model



Source: Silverburn Evaluation Framework

The detailed logic model is included as Appendix Five. The logic model provided the framework for initial identification of the data and information that needs to be collected throughout the project’s development in order to assess progress towards its longer term goals.

In summary, it covers the data and indicators of progress against the main goals of the project – which are broadly grouped as follows:

- **Heritage – Physical**  
This is focussed on the initial building repairs and renovation and the physical management of the surrounding park environment.
- **Heritage – Conceptual**  
This largely concerns the historical interpretation and presentation elements of the Mill development.
- **Heritage – People**  
This includes much of the activity programme elements, training and development opportunities and active management of the Silverburn environment.
- **Heritage – Communities**  
This is related to the wider positioning of the Silverburn Flax Mill Development as an actual and potential generator of economic and social benefit in the wider community.

Indicators of the project’s progress will rely on a combination of quantitative and qualitative data and information as well as ‘milestone’ achievements. For example, the removal of the Flax Mill from the ‘Buildings at Risk’ register would be a milestone indicator on the conservation road. The



development of Woodland Management and Biodiversity Plans would be indicators of progress towards ensuring the Park environment surrounding the Flax Mill is being successfully managed. The establishment of an event series attracting key target audiences and the range of local schools involved with the park are other indicators of progress while qualitative information with visitor and user feedback is also highlighted. Core information on numbers and range of visitors was envisaged as feeding into a wide range of different indicators.

### Analysing broader economic and social value – contingent valuation

Another important aspect of the development of the evaluation framework and the collection of data to populate the framework is that it lays the groundwork for potential analysis of at least some aspects of wider economic and social value generation, using a range of techniques drawn from welfare economics. This is particularly relevant for the many aspects and activities of the Silverburn Flax Mill complex that are free to access ( e.g. visiting the park or mill ) or involve a nominal ( i.e not a full commercial rate) fee. The latter, for example , could apply to participation in some workshops, events or training sessions , or borrowing equipment for use in or around the complex such as bikes or beach wheelchairs. Where there are no ( or only nominal) financial flows associated with an activity, it is still possible to estimate the economic value of the relevant activity by the application of “ shadow-prices” using a range of “ contingent valuation “ techniques.

“Contingent Valuation” includes methods such as “willingness to pay” ( WTP), “ Revealed Preference” (RP) “ Hedonic Pricing” (HP) and so on. Without going into the full technical detail, essentially WTP is about asking people what they would be willing to pay for something if they had to pay for it, RP is about observing what people pay in other circumstances for other, similar, things. Hedonic Pricing is about estimating value indirectly e.g. through local property prices. ( An often quoted example of the use of hedonic pricing is that the value of education provided by one school compared to another can be inferred through observing differences in the house prices in the school catchment areas. ) There is an extensive body of research literature using such approaches to the economic value of environmental assets and services and these approaches are also increasingly being adapted for valuation of assets and services of cultural value.

An additional approach that is likely to be of interest and relevance to Silverburn in due course is the measurement of “ subjective wellbeing”. This is a relatively new but evolving methodology which imputes a monetary value to improvements in a person’s perception of their overall wellbeing by comparing how much additional income the person would need to generate the same level of wellbeing improvement. This is an approach that is best used not for “one off’ activities or events but for the tracking of the impact of a service or facility on people over time e.g. that of regular or frequent visitors to the Silverburn Flax Mill and Park.<sup>40</sup>

### Using social or distributional weights

Additionally, of potentially high relevance to Silverburn and any public or philanthropic funders of Silverburn, is the legitimate application of ‘social weights’ to the outcome economic valuation of

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<sup>40</sup> The recent DCMS Rapid Evidence Assessment report on Culture and Heritage Valuation Studies explicitly highlights the most appropriate use of subjective well being evaluation being for longer term and frequent users of or visitors to a facility. It is NOT appropriate e.g. for participants in a one off event as the impact of a one off event is unlikely to have a measurable effect. This means that tracking a representative sample of regular Silverburn Park and Mill visitors users in the future may deliver the best insights into the effect of the Mill complex on people’s wellbeing.

various activities. The HM Treasury Greenbook <sup>41</sup> provides guidance on the application of 'distributional weights' which are typically used in assessing the impact of different policies or interventions on different social groups and to assist in decision making about resource allocation. For example, a particular facility, event or activity may be regarded as having a higher social value if it benefits more people from disadvantaged or low income backgrounds than it does those from more prosperous or advantaged backgrounds.

The Silverburn Project Team are already collecting key elements of the necessary data needed for the longer term evaluation of the impact of the project. To provide a practical illustration of how the data can be used in future to estimate the broader economic and social value of Silverburn activities we have taken and analysed some of the existing data on numbers of visitors to the Park since the People counters were installed at the park entrances in October 2019.

### Case Study of social valuation - the value of Silverburn Park as a community resource during the pandemic

As part of the plan to enable longer term evaluation of the Silverburn Flax Mill complex, in October 2019 the project team installed " People Counters" at the entrances to the Park to be able to monitor Park usage and be able to track usage patterns over time. <sup>42</sup>Counters were positioned at the Main Gate and the Coastal Path from the beach as well as the Upper and Lower Paths leading down from Scoonie Golf Course. An additional counter at the Main Gate captured vehicles entering and exiting the park . ( There is only one route in and out for vehicles. ) Until the counters were installed there was no reliable information on how many people visit Silverburn. Historic documents about the Park had suggested that in the Park's "heyday" of the 1970s and 1980s, when there was an animal farm, petting zoo and other family friendly facilities, that over 25,000 visits were made annually. It was hoped that the installation of the new people counters would provide a baseline from which to begin tracking evaluating park and ultimately Flax Mill usage.

Very quickly it became clear that there were significantly larger numbers of visits being made to the park than had been previously thought. In the first ten weeks of operation ( From 23 October 2019 to 31 December 2019) a total of 12,639 visitors and 5874 cars were tracked through the counters.<sup>43</sup> That made an average of 181 visits to the park on foot ( or bike) every day and 84 cars per day. The number of visits increased in January and February 2020, with an average of 206 visits per day on foot and 83 cars per day. So by the end of the first 18 weeks of the counter installation the numbers of park visits had *already exceeded* the 25,000 visits/year that had been quoted as normal usage during the Park's successful and popular past. <sup>44</sup>

In March 2020, the implications of the Covid19 virus pandemic were becoming clear to governments across the world. In Scotland tight restrictions on people's activities and movements were introduced on 23<sup>rd</sup> March 2020. People were instructed not to travel outside their immediate neighbourhood, to work from home where possible and only go out for essential shopping . Individual outdoor exercise within 5 miles of home was however permitted. With various minor

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<sup>41</sup> <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020#a3-distributional-appraisal>

<sup>42</sup> In due course there are also plans to install People counters at the entrance to the Flax Mill to see how many Park visitors " convert" to Mill visitors.

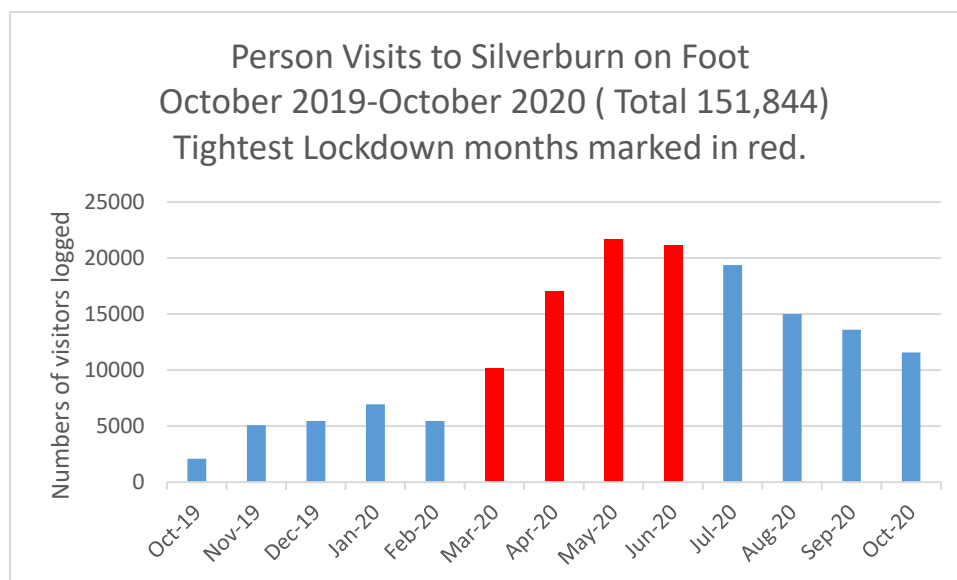
<sup>43</sup> The actual recorded counter numbers are double these figures, as the counters register everyone passing whether they are entering or exiting. Often walkers will enter the park through one entrance and exit through another. So it is assumed that every 2 registrations on the counters represent a single person visit. Total car numbers are also divided by 2 to take account of a single vehicle both entering and exiting.

<sup>44</sup> 25,041 on foot and over 10,800 cars.

amendments and iterations ( such as subsequently being allowed to exercise outdoors with one other person, then with more than one person, etc. ) these restrictions on movements were maintained for over 3 months to nearly the end of June 2020.

Silverburn Park was also affected by this situation, with staff working from home where possible, various services had to be withdrawn ( such as the bike loans, since there too few staff to run the service and the cottage window café had to close. ) However despite there being fewer services and amenities available, the numbers of people using the park rocketed to an average 813 person-visits per day on foot and 140 cars per day between mid March and Mid June. During that period of the strictest lockdown over 73,000 person-visits were made to Silverburn on foot or bicycle and more than 12,500 cars were logged. Clearly Silverburn Park was seen by local people ( i.e everyone within a 5 mile radius of the Park, which includes all of Levenmouth ) as a target destination for outdoor relaxation, stress relief and exercise during the lockdown. Contributory factors may have included more people working from home in the Levenmouth area and deciding to use the park for their daily exercise as well as the warmer spring weather encouraging people to get outdoors.

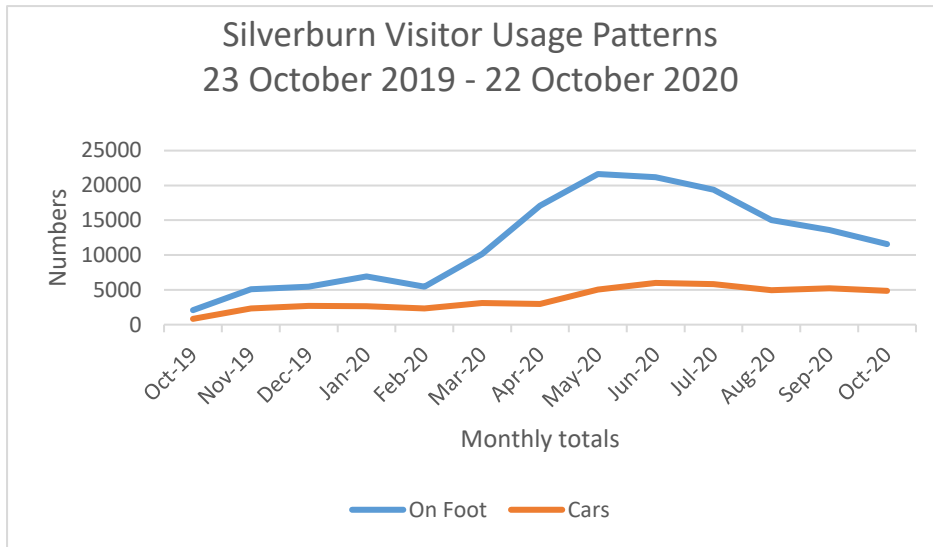
Figure 7: Silverburn Footfall during Lockdown 2020



Source: Silverburn Park People Counter Data

The numbers started to drop once the tightest lockdown restrictions began to ease ( From 29<sup>th</sup> June non essential retail was allowed to reopen and by mid July shopping centres, pubs and restaurants were opened up again. ) However numbers remained considerably higher than pre-lockdown with footfall in July, August and September averaging 515 per day and 172 cars per day. ( The higher number of cars in these months may reflect slightly more people travelling from outside the immediate areas to Silverburn since travelling from further afield was permitted during that time. ) A comparison of the Footfall and Vehicle traffic is shown in Figure 8.

Figure 8: Overall patterns of Silverburn Visit numbers

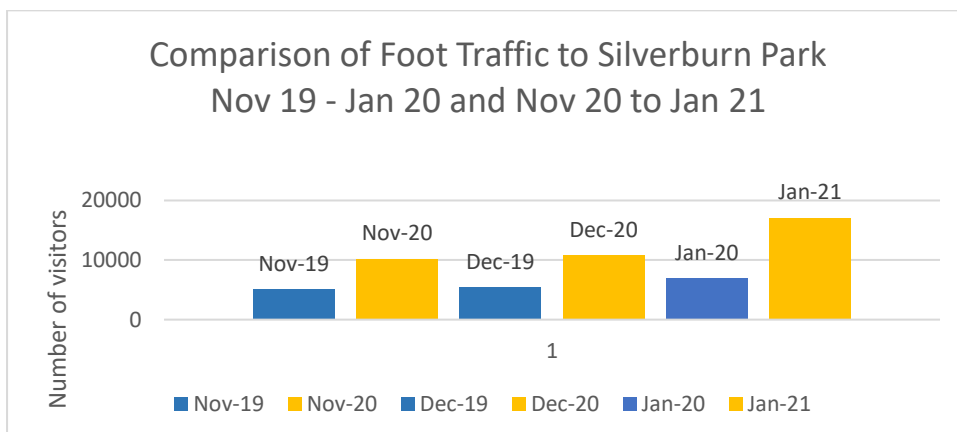


Source: Silverburn Park People Counter Data

The substantial increase in usage of Silverburn during the lockdown periods appears consistent with the overall patterns of people’s behaviour during that time. Google have released extensive sets of community mobility data<sup>45</sup> illustrating overall population movements during the pandemic. There was a notable increase in visits to parks and open public spaces across the UK throughout the lockdown periods. This is not surprising since other recreational outlets – including sports centres and golf courses, as well as shopping centres or other visitor attractions were closed and people were restricted to within 5 miles of their homes.

It is worth noting however that since the peak of lockdown Silverburn has not simply gone back to its previous position but visit frequency has held up well. We now have data from the Counters to compare the months November 2019 – January 2020 with the same period November 2020 – January 2021.

Figure 9: Comparison of Winter Footfall 2019 - 2021

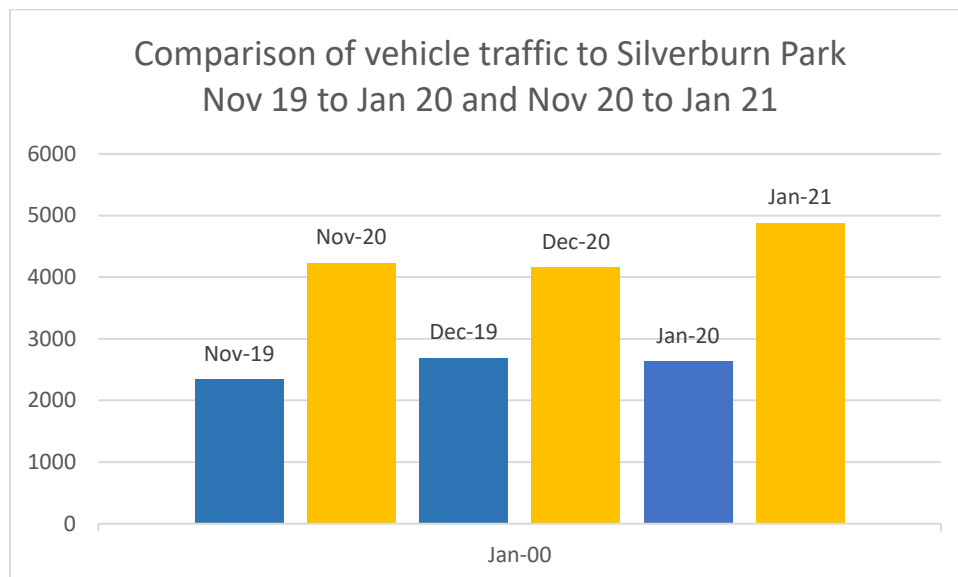


Source: Silverburn Park People Counter Data

<sup>45</sup> Google LLC "Google COVID-19 Community Mobility Reports". <https://www.google.com/covid19/mobility/>

The same pattern is repeated with vehicle numbers. Overall it seems that Silverburn continues to attract a high volume of visits, with numbers having grown significantly since the same time the previous year.

Figure 10: Comparison of winter vehicle visit numbers



The data provided by the people counters is giving a real insight into not only the volume of park usage but the pattern as well – for instance the highest numbers are logged at the coastal path gate, with around 50% of the total footfall being via the coastal gate. This suggests that the proximity of the park to the beach is an important feature – people coming in to the park from the beach and exiting through one of the other gates or vice versa. The sheer volume of Park usage that the data reveals is startling – the full year of data October 2019 to October 2020 totalled around 151,800 visits made on foot and over 47,700 cars, making around 200,000 visits over the course of the year. Given that the population of Levenmouth is only c. 37000 people, this suggests that a significant proportion of the population using the park are frequent repeat visitors. Over time – and when is possible to do so post-pandemic – it would be desirable to conduct a specific survey to capture more of the characteristics and motivations of the Park users. However in the interim we can still use the visitor data to make estimates of the economic and social value of park usage during the year October 2019 – October 2020.

### Assessing the economic value to the community of park usage

We have seen that c. 200,000 visits on foot and by car were logged during the year to October 2020. Silverburn Park is free to access, there are no restrictions on access and no entrance fee. With no associated income or money flows arising, the economic value of park usage will not be captured by, nor reflected in, Silverburn Park accounts. However one way of imputing the economic value is through attributing value to the time people spend in the park. This is based on the idea that while people do not have to spend money to enter and enjoy the park, they consider the experience sufficiently valuable that they are prepared to spend *time* there. Therefore value can be imputed to each hour of leisure time spent.

### Estimating total person-visit hours spent

To estimate person visit hours spent we adopted a conservative approach, drawing on the 'best impressions' of park staff. We assumed:

- 80% of visits to Silverburn last 20 minutes (approximately the time it takes to walk around and through the park)
- 20% of visits last 40 minutes
- 50% of cars logged have 2 occupants, 50% are single occupants
- There is an overall balance among logged visitors of 75% adults, 25% children
- 60% of the children are under 14 years old
- 40% are over 14 years old

We have 'equivalised' the time spent by children to that of adults using the weightings suggested in the HM Treasury Green Book and used by the Department of Work and Pensions for equivalisation of household income levels. That is to say we have deemed one hour of time of a child under 14 to be an equivalent economic value to 0.2 hours of an adult's time. One hour of time of a child over 14 has been deemed equivalent to 0.3 hours of an adult's time.

Based on overall logged numbers of 151,844 in Footfall and 47,722 cars over the year to October 2020, this resulted in a total 77,835 estimated hours of visitor time spent in Silverburn during that year. Our assumption on length of time spent in the park on each visit is conservative. In due course collecting data from park users on time spent in the park would refine this estimate.

### The value of one hour of leisure time.

Using the value of time in economic valuations is common in transport appraisals (time spent or time saved by different modes of transport) and is known as the Travel Cost Method (TCM). A variant of this has also been applied in the Outdoor Recreation Value Tool (ORVAL)<sup>46</sup> to assess the value of visits to public green spaces in England (unfortunately an equivalent tool is not yet available for Scotland.) The recently published DCMS Culture and Heritage Capital Evidence Bank<sup>47</sup> has identified and reviewed a number of alternative 'values' that have been used in a range of studies of Museums, historical sites, gardens etc. with examples of per visit values ranging from £7.29 (a Museum) to £16.12 (historic battlefield), to £22.12 (Botanical gardens.) The Department for Transport has also published assessed values intended to be used in Transport Construction projects (The DfT Transport Appraisal Guidance 2020 value of one hour non-work time spent on travel is equivalent to £7.21.) For the purposes of the Silverburn example we have used a value of £13.60 for each hour of leisure time spent based on research by Verbooy et al (2018). *Time Is Money: Investigating the Value of Leisure Time and Unpaid Work.*<sup>48</sup>

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<sup>46</sup> <https://www.leep.exeter.ac.uk/orval/>

<sup>47</sup> <https://www.gov.uk/government/publications/rapid-evidence-assessment-culture-and-heritage-valuation-studies>

<sup>48</sup> Verbooy, Kaya & Hoefman, Renske & Exel, Job & Brouwer, Werner. (2018). Time Is Money: Investigating the Value of Leisure Time and Unpaid Work. *Value in Health*. 21. 10.1016/j.jval.2018.04.1828. Verbooy et al recommended a WTP figure of €16 per hour. We have converted this to GBP and updated in line with the CPI to arrive at a 2020 equivalent of £13.60.

Table 5: Summary table of shadow-priced value of Silverburn Park usage

	Total person-visit numbers	Estimated Hours spent	Value of one hour Leisure Time ( £13.60) <sup>49</sup>	Shadow-Price ( imputed) value of Silverburn park usage
On Foot	151844	49197	£13.60	£669086
In Cars *	71594	28637	£13.60	£389469
Totals	223438	77835	£13.60	£1058554

Assuming 50% of cars contain two occupants, the other 50% single occupancy.

Table 5 shows the outcome estimate of economic value to the community of park usage calculated in this way to be over £1 million.

#### Social Weighting to estimate additional social value.

We have previously highlighted that social ( or ‘distributional’ ) weights can be legitimately used to reflect the additional social value arising from activities that benefit low income, disadvantaged or other groups to whom high social policy priority is given.

In the case of Silverburn, its core goals include a strong focus on supporting the immediate Levenmouth community, making the area “ a better place to live, work and visit”, to involve “ a wider range of people” , increase people’s wellbeing and make the community more resilient. We have seen in Part One of this analysis that the expenditure impact of the Flax Mill complex development will in large part come from attracting visitors to Silverburn from outside the immediate area; the broader social and economic value generated is generated through the engagement of the local community with Silverburn.

We do not currently have detailed information on the characteristics of all of the Silverburn users; however, the unique circumstances of 2020 with the impact of the pandemic means that it is entirely plausible that a significant proportion of the users throughout the year being analysed are in fact from the local Levenmouth area. This is because from Mid-March to at least the end of June there were strong prohibitions on anyone travelling further than 5 miles from their home for exercise or recreation ( including dog walking.) All areas of Levenmouth are within 5 miles of Silverburn Park. From July onwards, although the strict 5 mile limit was eased there was still strong discouragement of travel, which will have heavily reduced the passing Coastal Path traffic. (It is probably fair to say that the people reaching Silverburn on foot will normally either be local or be Coastal Path walkers.)

Therefore the usage of Silverburn Park throughout 2020 may have had additional social value through its engagement with the local community above and beyond the economic value to the community of its usage. To show how this could be estimated we have used the Scottish Index of Multiple Deprivation to devise a set of social weights to apply to the economic valuation. This will give a *socially modified economic value* for park usage.

<sup>49</sup> Verbooy, Kaya & Hoefman, Renske & Exel, Job & Brouwer, Werner. (2018). Time Is Money: Investigating the Value of Leisure Time and Unpaid Work. Value in Health. 21. 10.1016/j.jval.2018.04.1828.



Table 6: Illustrative social weights

Data Zones in Levenmouth	Number of Data zones	Proportion of Levenmouth Population	Applied Social Weighting
Among 5% most deprived in Scotland	9	17.6	2
Among 10% most deprived in Scotland	2	3.9	1.6
Among 15% most deprived in Scotland	9	17.6	1.4
Among 20% most deprived in Scotland	6	11.8	1.2
Remaining Data zones	25	49	1
Total SIMD Data zones in Levenmouth	51		

#### Application of social weights

- We assumed that during the 3 month period of strictest lockdown ( Mid March to Mid June), given the 5 miles from home restrictions on movement, ALL visits to Silverburn Park were from the immediate Levenmouth area.
- We assumed that during that period ( Mid March to Mid June) visits to Silverburn from Levenmouth would reflect the general distribution of the population of Levenmouth across datazones.
- Positive Social Weights were only applied to hours spent during the Mid March to Mid June period. The remaining hours across the rest of the year were give a weighting of 1.

From Mid March to Mid June, total visitors ( both on foot and by car) were logged as 73,224. Once adjusted for the estimated time spent and equalised for children/adult time, this equated to 23,725 hours of leisure time.

These hours were then weighted using the social weights in Table 6

Table 7: Outcome weighted hours

Equivalised Leisure Hours Mid March to Mid June	17.6	Weighting	Weighted Hours
23725	3.9	2	8373.5
23725	17.6	1.6	1488.6
23725	11.8	1.4	5861.5
23725	49	1.2	3349.4
23725	0.49	1	11629.9
Total			30702.9

The weighted hours were then incorporated into the overall social value assessment, as shown in Table 8.

Table 8 : Outcome estimated social value generated by one year park usage (October 2019 –October 2020)

	Total Person-Visit Numbers October 2019 – October 2020	Weighted person-visit hours (Mid March - Mid June)	Other person-visit Hours (All other months)	Total person- visit hours	Value of one hour Leisure Time (£13.60)	Total imputed social value (Total person- visit hours * value per hour)
On Foot	151844	22795	31583	54378	£13.60	£739,547
In Car	71594	7908	22527	30435	£13.60	£413,911
	223438	30703	54110	84813	£13.60	£1,153,458

This shows how the park usage throughout the year October 2019 to October 2020 had a social value to the Levenmouth community of £1.15million.

It is important to note that this does not mean actual cash, but the *social value* – in other words, what the park usage “was worth” to the community.

A similar approach could be adopted to other aspects of Silverburn activities, such as the numbers of volunteer hours spent. Silverburn has a growing cadre of volunteers, involved in many different aspects of the Park. There are 76 “ Friends of Silverburn” as well as people involved in the “Growing Project” – working in the cottage garden to provide “ Silverburn Produce” for the café. Despite the limitations of lockdown it can be noted that there were approximately 1228 hours of volunteer time spent devoted to Silverburn between July and November. In addition, all of the people serving on the board of the Silverburn Community Interest Company that manages Silverburn are volunteers. Over the course of a year the collective effort of the Board, including the chair , amounts to around 850 hours.

Other activities with outputs amenable to measurable social value include the programme of loan during lockdown of Silverburn bikes to local key workers as well as individual events such as the recent pilot community activity centred around the Flax Mill, the Lantern Project.

The latter project went ahead in January 2021, engaging over 350 participants as lantern makers and many more through the online launch - overcoming the challenges of an interactive participatory arts project being held during the very strict January 2021 phase of the pandemic lockdown.

Other points worth making in relation to reflections on value to the local community include the ongoing success in community fundraising for the project – it could be suggested that every £ donated by Levenmouth residents ( where over half the population are in areas among the 20% most deprived in Scotland ) carries more social significance than a £ donated to a project in a more affluent area.

## Conclusions

Part one of this report has presented an in-depth economic impact assessment of the tangible financial and employment impacts likely to be generated for the local community by the Silverburn Flax Mill Complex during its reconstruction phase and when it is fully operational. It has shown that the project will generate employment, output and contribute to regional GVA while also retaining within Levenmouth a significant proportion of the income generated.

**Part Two** has highlighted the broader social and economic impact generation potential of the Silverburn Flax Mill complex, together with how the value generated can be captured using a range of techniques drawn from welfare economics and cost-benefit analysis. It has indicated that social a comprehensive evaluation framework is in place to generate the relevant data required for analysis. As an illustration of how value generated can be captured, Part Two includes a detailed case study example using real Silverburn visitor data to illustrate how some aspects of the value of Silverburn to the local community can be assessed. The real-life case study has shown that the value of park usage is worth more than £1.1 m in social value to the local community.

It has suggested additional areas of current activities that would be worth examining further including the impact of pilot community events such as The Lantern project and how the ongoing community fundraising is an indicator of deep community commitment to the project. It is beyond the current scope of this study to undertake further detailed analysis of all aspects of the development ( and indeed, not all the relevant data for such an analysis is available in advance of the Mill Complex completion ). However the Case study of the visit numbers to Silverburn since October 2019 has clearly highlighted the significant demand for Silverburn access and the *revealed preference* use of the Park by the local community.

## Appendix One: Notes on Modelling Methodology ( Part One)

The projected economic impact of Silverburn was analysed using an extended input-output modelling system, which combined a core UK input output model with the application of location quotients for regional impact and a Silverburn-specific gravity model. This is a sophisticated 'top-down' modelling approach which uses appropriate and internationally recognised methodology and official data sources, including the ONS-produced UK input output tables, and is tailored to the specific circumstances and geographical location of Silverburn.

Input-output modelling is an internationally recognised and well established approach in applied economic modelling (for the development of which the Nobel Prize was awarded to Wassily Leontieff.) Input Output analysis enables a complete picture of interactions between producers and suppliers across the economy, with national input output tables effectively being a set of 'economic accounts' for the entire country.

In order to analyse the Silverburn development we constructed an additional location quotient extension for Fife based on BRES ( Business Register and Employment Survey ) data. This enabled the analysis of the impact of projected Silverburn expenditure on the UK and the share of that impact accruing to Scotland and to Fife, with results in terms of impact on output, GVA and jobs.

We then were able to disaggregate and trace the impact across Fife and in the Levenmouth area immediately surrounding Silverburn through construction of an additional extension to the system using gravity-modelling ( drawing on both Annual Population Survey and Census Data for Fife.) Gravity-modelling uses a combination of mass and distance variables to model the likely flow of impact from its initial starting point across a given area. In this case the Silverburn Gravity model analysed employment flow across all of the Council Wards in Fife. Within the model Levenmouth is defined as comprising the two Council Wards of Leven, Kennoway and Largo together with Buckhaven, Methil and Weymss Villages. The analysis at ward level focussed on employment. It used a resident-based measure as the mass variable – this more closely reflects where the people live who are doing the jobs generated. In terms of direct employment it assumes that the people employed directly by Silverburn will tend to live in Levenmouth.

It is more usual for a local impact project to be obliged to rely on a fairly broad brush approach to estimating impact ( usually with some surveys or estimates of local expenditure combined with borrowed or 'assumed' multipliers ) as it would be extremely resource intensive and prohibitively expensive to construct an input-output model for a local area for a single project.

However for the case of Silverburn, this degree of sophisticated modelling was possible due to the pre-existence of the Viewforth in-house extended Type II input-output modelling system of the UK, with an in-built location quotient extension for Scotland. The pre-existing core economic model, combined with the modelling expertise of the Viewforth Team, enabled a specific tailored analysis to be undertaken of the Silverburn Flax Mill development.

The team undertaking the present analysis of the Silverburn impact include an internationally recognised expert in input-out modelling, Emeritus Professor Iain McNicoll, and together the team ( Professor McNicoll, Ursula Kelly and Richard Marsh) have nearly 100 years experience in applied economic impact analysis. Professor McNicoll drew up the mathematical specifications for the core input out-put system as well as developing the mathematical specification for the application of local gravity modelling. The core modelling system has been well tried and tested, having been originally constructed and applied for analysis of many universities, colleges and related non-profit making institutions throughout the UK. The mathematical specification of the core input output model can be found in Appendix B ( p29ff) of the 2014 Universities UK report [The impact of Universities on the UK economy.](#)

The gravity modelling approach, pioneered for local impact distribution analysis by Viewforth Consulting, has also been used in a wide number of analyses in the UK and Ireland. In the UK these have included studies undertaken of the Universities of Manchester , Salford, East Anglia, Leeds, Brighton, Kent, Canterbury, Glasgow, Derby, London South Bank, St. Andrews, as well as for the entire Welsh Higher Education sector. In Ireland they have included the NI Further Education sector, impact of University College Dublin ( with the final report being launched by the Irish Prime Minister) and the projected impact of the planned Technological University of Dublin ( the economic analysis prepared by the team made a pivotal contribution to the successful case for establishment of a Technological University for Dublin. ) The gravity modelling approach for local impact analysis was presented for discussion at the most recent ( 2019) International Input Output Association Conference (Kelly, Marsh & McNicoll [The Impact of Supranational Conferences on their host economies: the case of Glasgow, Scotland.](#)) and has sparked interest from the Scottish Government Input Output team of economic statisticians.

## Appendix Two: Set of Silverburn-specific multipliers derived from the modelling process in Part One

### 1. Silverburn Flax Mill Operational Phase Multipliers

#### Employment ( FTE)

Every £1m of Silverburn output ( turnover) will generate 28.9 FTE:

Silverburn :14.7 FTE

Rest of Levenmouth: 2.4 FTE

Rest of Fife: 7.6

Rest of Scotland: 1.4

Rest of UK: 2.8

#### Employment ( jobs) <sup>50</sup>

Every £1m of Silverburn output (turnover) will generate 38 jobs :

21 jobs in Silverburn

3 more jobs in Levenmouth

9 more jobs in the rest of Fife

2 more jobs in the rest of Scotland

3 more jobs in the rest of the UK

#### Output Direct and Secondary

All Fife: 2.12 (Every £1m of Silverburn Direct Output x 2.12)

All Scotland: 2.26 (Every £1m of Silverburn Direct Output x 2.26)

All UK: 2.58 ( Every £1m of Silverburn Direct Output x 2.58 )

#### GVA Direct and Secondary

All Fife: 1.99 (Every £1m of Silverburn Direct GVA x 1.99)

All Scotland: 2.12 ( Every £1m of Silverburn Direct GVA x 2.12)

All UK: 2.42 (Every £1m of Silverburn Direct GVA x 2.42)

#### Total GVA ( Direct and Secondary) per £1m of Silverburn Turnover

All Fife : 1.09

All Scotland: 1.16

All UK: 1.33

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<sup>50</sup> FTE translated to jobs using the actual projected job numbers for Silverburn in Year five , and the general pattern of full time to part-time employment prevailing in Fife , Scotland and rest of UK

## 2. Visitor spend Multipliers

These relate solely to off-site expenditure. Any spend on-site will be included in the analysis of the Silverburn complex. Any updating or adjustment of the Silverburn Flax Mill impact results should analyse the Complex itself separately from that of any additional off site visitor spend. The results for each analysis can then be combined for overall impact.

For every £1K of relevant offsite visitor spend:

### Employment (FTE)

Levenmouth: 0.0018

Rest of Fife: 0.0058

Rest of Scotland: 0.0013

Rest of UK: 0.0022

### Employment ( jobs)

Levenmouth: 0.002

Rest of Fife: 0.007

Rest of Scotland: 0.001

Rest of UK: 0.003

### Output

All Fife: 0.92 ( Every £1k of Visitor spend x 0.92)

All Scotland: 1.09 ( Every £1k of Visitor spend x 1.09)

All UK: 1.31( Every £1k of visitor spend x 1.98)

### GVA

All Fife: 0.42 ( Every £1k of visitor spend x 0.42)

All Scotland: 0.50( Every £1k of visitor spend x 0.50)

All UK: 0.61( Every £1k of visitor spend x 61)



### 3. Reconstruction and Rebuild Phase Multipliers

These multipliers can be used to adjust impact results for changes in the projected or actual capital expenditure. This is for impact of total expenditure over the whole time period of the Capital works.

#### Employment ( FTE)

Every £1m Capital Construction spend will generate 18.9 FTE

Levenmouth: 3.3FTE

Rest of Fife: 10.7 FTE

Rest of Scotland: 2.4 FTE

Rest of UK: 2.5 FTE

#### Employment ( jobs)<sup>51</sup>

Every £1m Capital Construction spend will generate 22 jobs:

Levenmouth: 4 jobs

Rest of Fife: 12 jobs

Rest of Scotland: 3 jobs

Rest of UK: 3 jobs

#### Output

All Fife: 1.51 ( Every £1m of Capital spend x 1.51)

All Scotland: 1.76 ( Every £1m of Capital spend x 1.76)

All UK: 1.98( Every £1m of Capital spend x 1.98)

#### GVA

All Fife: 0.76 ( Every £1m of Capital spend x 0.76)

All Scotland: 0.89 ( Every £1m of Capital spend x 0.89)

All UK: 1.0( Every £1m of Capital spend x 1.0)

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<sup>51</sup> FTE translated to jobs in line with prevailing pattern of fulltime to part-time employment in Fife, Scotland and UK

Appendix Three: Summary Part One impact results for Operational Phase of Silverburn Flax Mill Complex.

Includes impact of off-site, non-local, visitor expenditure

	Direct Silverburn	Rest of Levenmouth	<b>All Levenmouth</b>	Rest of Fife	<b>All Fife</b>	Rest of Scotland	<b>All Scotland</b>	Rest of UK	<b>All UK</b>
Jobs	22	4	<b>26</b>	11	<b>37</b>	2	<b>39</b>	4	<b>43</b>
Employment Income £000	442.70	193.8	<b>636.5</b>	283	<b>919.5</b>	62.8	<b>982.3</b>	96.5	<b>1078.8</b>
Output £m	1.05	*	*	1.42	<b>2.47</b>	0.20	<b>2.66</b>	0.39	<b>3.05</b>
GVA £m	0.57	*	*	0.69	<b>1.26</b>	0.09	<b>1.35</b>	0.20	<b>1.55</b>

Source: Viewforth Consulting Analysis

\* Output and GVA impact were modelled at Fife, Scotland and UK Levels only

## Appendix Four: The Vision for Silverburn and the overarching desired outcomes

The programme 'vision' has been expressed as *Heart, Mind and Soul: Silverburn*. This is because it reflects three core aspects of the 'vision' for Silverburn development:

- Heart – the Silverburn Park has had a special place in the hearts of Levenmouth residents for many years, with many having visited the park as children when it had a number of recreational facilities including an animal farm. The programme aims to reinvigorate that attachment between residents and Silverburn as their place to visit, enjoy and love.
- Mind – referencing the importance of the outdoors and natural environment to people's mental health and wellbeing, as well as reflecting the main purpose of the FEAT charity that is managing the project, to help those with mental health issues back into work.
- Soul – highlighting the life being brought back to Silverburn after it having been neglected and overgrown for many years, as a place of contemplation and reflection, as " a quiet area used for the benefit of the public in general and the people of Leven in particular, for nature trails, quiet parkland and organised camping."<sup>52</sup>

The overarching set of goals or " Desired Outcomes" for the Flax Mill regeneration project comprise:

### **Heritage – Physical**

- Heritage will be in better condition

### **Heritage- Conceptual**

- Heritage will be better explained and identified

### **Heritage- People**

- People will have learnt about heritage leading to change in ideas and actions
- A wider range of people will be involved in heritage
- People will have greater wellbeing
- People will have developed skills

### **Heritage – Communities**

- Local Economy will be boosted
- Local Area/ Community will be a better place to live, work and visit
- The Funded Organisation will be more resilient

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<sup>52</sup> From the wording of the Russell Bequest gifting the Park to the people of Leven.

Appendix Five: SILVERBURN FLAX MILL RENOVATION PROJECT - WORKING LOGIC MODEL

<b>HERITAGE - PHYSICAL</b>						
<b>Timeline Phases of Relevance</b>	<b>Inputs</b>	<b>Activities</b>	<b>Outputs</b>	<b>Intermediate Outcomes</b>	<b>Potential Indicators</b>	<b>Broader Outcomes</b>
Development Phase  Delivery Phase	Conservation Statement for Flax Mill  Conservation Accredited Architectural input  Construction & Building Contractors	Repair and renovation of Flax Mill in line with agreed conservation architectural plans  Internal space reconfigured in line with agreed conservation architectural design and projected usage	Renovated building meeting conservation plan as well as modern safety and accessibility standards	Flax Mill ready for planned usage	Removal of Flax Mill from Buildings at Risk Register  Obtaining all necessary Building Control etc regulations for opening and use	<b>Heritage will be in better condition</b>
Development Phase  Delivery Phase  Operational Phase	Conservation Management Plan for Park  Silverburn Staff: Estate Project Leader & team  Flax Mill Operations Manager	Development and improvements of park and grounds as indicated in the Business Plan and Conservation Management Plan and in line with development of Flax Mill	Quality, accessible and managed surroundings compatible for Renovated Flax Mill and its projected usage	Flax Mill accessible to public within appropriately managed park space  Flax Mill becoming accessible community asset within appropriately managed park space	Woodland Management Plan in place  Local Biodiversity Plan in Place  Facilities Maintenance Plan in Place	

	Outside Contracted input as needed	Maintenance of Flax Mill	Properly maintained Flax Mill Building			
<b>HERITAGE - CONCEPTUAL</b>						
<b>Timeline Phases of Relevance</b>	<b>Inputs</b>	<b>Activities</b>	<b>Outputs</b>	<b>Intermediate Outcomes</b>	<b>Potential Indicators</b>	<b>Broader Outcomes</b>
Development Phase Delivery Phase Operational Phase	Tendered and appointed interpretive design team	Analysis of Target Audiences  Engagement with local people, project stakeholders, FEAT clients and volunteers to reveal, capture and share stories	A fully delivered interpretive plan with clear, appealing and insightful interpretation across all target audiences  Story of Flax Mill conversion recorded, explained and shared through on site and website material	People have learned about the building and developed skills  Local community more connected with local heritage  Increased involvement and sense of pride in the project and building  Greater numbers engaging with Silverburn heritage in person or online	Targeted participant feedback  Targeted user / visitor survey  Website data on interpretation material pages visited	<b>Heritage will be better identified and explained</b>

Timeline Phases of Relevance	Inputs	Activities	Outputs	Intermediate Outcomes	Potential Indicators	Broader Outcomes
Development Phase Delivery Phase Operational Phase	Silverburn Staff:  Community Engagement Officer  Comms/ Events Officer  Programme and activity development consultant expertise	Community Consultation on potential activities  Development of programme of activities with heritage learning opportunities  To include hard hat tours; craft events; talks and lectures; archival research opportunities  Development of volunteering opportunities within Park and Mill	Full Activity Programme Delivered to diverse audiences and with diverse participants  Volunteering Opportunities made available	Activity Programme attracting audience numbers and participation  Increased visitor and local community participation in heritage focussed activities  Volunteering around Silverburn and heritage activities	Visitor numbers and types  Evidence of participation or follow up  (Eg follow up school projects or activities, local organisation activities)  Numbers and range of Volunteers  Numbers and range of people engaged as 'Friends of Silverburn'	<b>People will have learnt about heritage leading to change in ideas and actions</b>
Timeline Phases of Relevance	Inputs	Activities	Outputs	Intermediate Outcomes	Potential Indicators	Broader Outcomes
Development Phase	Silverburn Staff:	Active management and maintenance of	Appropriately managed and	Clearly Accessible Facilities and	Recognised Good Practice Indicators	

Delivery Phase  Operational Phase	Estate Project Team	Silverburn as a community asset accessible to public	maintained Park Space with accessibility a key aspect of development	adaptations in Park and Flax Mill where possible	or recognition eg Accessibility Awards Including 'Changing Places' recognition.  Beach wheelchair pool hire usage rate	<b>A wider range of people will be involved in heritage</b>
	Community Engagement Officer  Comms/Events Officer  Specialist event input as appropriate	Delivering programmes of heritage, outdoor, craft and well being activities to diverse audiences and participants; accessible activities to meet diverse needs	Full Activity Programme Delivered to diverse audiences and with diverse participants	Full Activity Programme Delivered to diverse audiences and with diverse participants  Wide range of visitors to Park and Mill with diverse background and socioeconomic characteristics	Numbers and range of programme participants  Numbers and range of visitors  Increase in visitor time spent in the Mill and Park	
	Silverburn Strategic Management (CEO, General Manager)	Establishing agreements or collaborations with local organisations to use or support the Park and Mill	Range of agreements with diverse organisations	Increased usage of the Park and Mill or extended network or Park and Mill supporters	Numbers and types of agreements or collaborations  Active Members of 'Friends of Silverburn'	
<b>Timeline Phases of Relevance</b>	<b>Inputs</b>	<b>Activities</b>	<b>Outputs</b>	<b>Intermediate Outcomes</b>	<b>Potential Indicators</b>	<b>Broader Outcomes</b>
Development Phase	Silverburn Staff:	Delivering programmes of heritage, outdoor,	Full Activity Programme	Activity Programme attracting audience	Visitor and user Feedback,	

Delivery Phase	Community Engagement Officer	craft and well being activities.	Delivered to diverse audiences	numbers and participation	Usage of facilities e.g. bike hire	<b>People will have greater well-being</b>
	Events/ Comms Officer	Facilitating recreational use of the park through initiatives such as bike hire, creating orienteering routes etc	Establishment of recreational usage initiatives		Targeted survey/sampling using measurement of wellbeing techniques	
	Estate Project Leader					
Operational Phase	Growing Project Leader					
	Operations Manager	Management of Silverburn Flax Mill to generate economic benefit for locality and regenerate deprived area	Successful attraction of craft and business renters, attraction of visitors	Silverburn as local hub and positive focus for regeneration	Links to social and economic impact measures ( see in connection with 'local economy will be boosted' )	
	Silverburn Strategic Management (CEO, General Manager)	Collaboration with local Health & Wellbeing organisations	Collaboration Agreements, formal and informal	Silverburn Park and Flax Mill becoming a recognised resource and option for supporting well being	Numbers of referrals Numbers of "referrals" or "social prescriptions";  Numbers of collaborative agreements	
Development Phase	FEAT Staff input	Training and Development opportunities provided to local people	Training and Development opportunities taken up and delivered	Silverburn Park and Flax Mill seen as active centre for relevant training, volunteering and work experience	Numbers of people involved	<b>People will have</b>
Delivery Phase	Silverburn Staff: Estate Project Leader				Participant hours	



Operational Phase	Growing Project Leader  Operations Manager			Employability Pathway established  Local skills base and employability of local people increased	Numbers of skill certificates awarded (formal or informal)	<b>developed skills</b>
	<b>Heritage</b>	<b>Communities</b>				
<b>Timeline Phases of Relevance</b>	<b>Inputs</b>	<b>Activities</b>	<b>Outputs</b>	<b>Intermediate Outcomes</b>	<b>Potential Indicators</b>	<b>Broader Outcomes</b>
Development Phase  Delivery Phase	Project design and management and construction	Construction and project activity in development and delivery phases	Project-related outputs ( Building and Construction , design, interpretation, management plans)	Economic activity generated through project development expenditure	Modelled Investment Impact (Output, GVA, Jobs) generated across Fife, including Levenmouth area.	<b>Local Economy will be boosted</b>
Operational Phase	Silverburn Staff:  Operations Manager Team  Campsite Manager Team	Flax Mill Operational Business Activities:  Craft workshops and business units ( incl. Café) operating in Flax Mill  Meeting rooms and exhibition spaces used for hire  Hostel and Camping Site Hire	Craft and business products, sales and services delivered  Meeting spaces hired/ exhibitions held  Visitor bednights	Economic activity generated through Flax Mill Activities  ( Business unit, Café, Hostel income, Campsite income)	Impact (Output, GVA, Jobs) generated across Fife, including Levenmouth area  To include impact of visitor expenditure  Also to include projected added value through symbiotic relationship	

		Attracting visitors to area through activity programmes and acting as a heritage hub linking to other local attractions e.g. Coastal Path, golf clubs etc	Visitors attracted	Economic activity generated through local area spend by attracted visitors	development with other local organisations and attractions ( in context of eg Levenmouth Pan, Mid Fife Economic Plan etc ) Will also be linked to measures of social welfare gain and wellbeing.	
<b>Timeline Phases of Relevance</b>	<b>Inputs</b>	<b>Activities</b>	<b>Outputs</b>	<b>Intermediate Outcomes</b>	<b>Potential Indicators</b>	<b>Broader Outcomes</b>
Development Phase		Developing programme of heritage, crafts and well being activities within the Flax Mill and Park	Programme of activities delivered	Increased community usage of Park and Mill	Numbers and range of local visitors	<b>Local Area/ community will be a better place to live, work and visit</b>
Delivery Phase				Raised awareness of local history and heritage	Survey evidence of increased awareness	
Operational Phase		Actively collaborating with other relevant local organisations and stakeholders to leverage value from Silverburn as Community Asset eg Fife Countryside Trust, Community Trust , Coastal Trust etc	Developed a range of local collaborations	Increased usage of Silverburn as a community asset within Levenmouth	Numbers of active collaborations	
<b>Timeline Order</b>						

		Actively collaborating with local employers to encourage use of Park and Mill as community asset for their staff	Range and depth of local collaborations	Increased use of Silverburn by local people in line with original Silverburn aims	Numbers of active collaborations  Numbers of visitors/different types of usage	
	<b>Inputs</b>	<b>Activities</b>	<b>Outputs</b>	<b>Intermediate Outcomes</b>	<b>Possible Indicators</b>	<b>Broader Outcomes</b>
Development Phase  Delivery Phase	Fundraising consultant  Communication Consultant	Awareness raising and potential donor cultivation for the charitable purposes of the Park and Mill  Research and identification of appropriate pipeline of funding opportunities  Design and Branding Of Project  Developing Communications and Marketing Strategies	Contacts or potential donors made  Pipeline of Funding sources identified and applications prepared  Applications Made  Agreed Design and Branding  Communications and Marketing Strategies	Increased awareness of Flax Mill project and role of FEAT  Applications ready for submission as Organisations open  Funds raised from diverse sources	Applications made/relative complexity of application  Amounts of Funds raised and diversity of sources  Numbers of active Contacts  Range/diversity/geo graphical reach of contacts ( e.g. showing local/national/international reach	<b>The Funded Organisation will be more resilient</b>
Development Phase	Silverburn Staff:	Actively collaborating with local	Range of Local collaborations and initiatives	Wider local awareness of FEAT and broader	Numbers and range or collaborations; types of support	

Delivery Phase  Operational Phase	Community Engagement Officer  Marketing/ Comms/ Events Manager	organisations, schools and local employers		network of support for FEAT	Maintenance of active “ Friends pf Silverburn”	
Operational Phase	Silverburn Staff:  Operations Manager Team  Campsite Manager Team  Finance Manager Marketing/ Comms/ Events Manager	Active business management of income generating activities et campsite, hostel , room hire and café  Active seeking of income generating activities (collaborations, events etc)	Occupied and successfully income generating facilities  Good Occupancy rates and facilities usage Income generating activities secured	Generation of operating surpluses Income generated from diverse activities	Operating surpluses generated;  Income generated and diversity of sources	

27th January 2022

Agenda Item No. 06

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## Subsidised Leases Policy – Implementation Report

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**Report by:** Paul Vaughan, Head of Communities and Neighbourhoods  
Ken Gourlay, Head of Assets, Transportation and Environment

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**Wards Affected:** All

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### Purpose

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This report presents progress on the implementation of the subsidised leases policy since its introduction in April 2020.

### Recommendations

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It is recommended that the Committee notes the progress made to date and approves the proposed updates to the policy set out in paragraphs 2.4 – 2.6.

### Resource Implications

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There are limited resource implications as a result of this report. An impact assessment was carried out during the development of the subsidised leases policy which highlighted minor changes to the level of income from leases as a result of policy implementation.

### Legal & Risk Implications

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There are no legal or risk implications as a result of this update.

### Impact Assessment

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An EqIA is not required as the report does not propose and changes to policies or service delivery.

### Consultation

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The report has been prepared in consultation with Legal Services, Grounds Maintenance and Risk Management.

The Convener, Vice-Convener of this Committee have been consulted in the preparation of this report.

## 1.0 Background

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- 1.1 This Committee approved the Subsidised Leases Policy at its meeting on 31<sup>st</sup> October 2019. The objectives of the policy are to:
- Ensure maximum community benefit is derived from Council owned assets;
  - Strengthen participation and engagement in community and recreational activities; and,
  - Ensure subsidised leases are managed consistently and fairly through transparent assessment processes.
- 1.2 The policy set out standard lease values for sports pitches, grounds and associated buildings and a process to assess community benefit and apply a subsidy to the market value of leases pertaining to community facilities.
- 1.3 It was agreed that implementation of the policy would follow a transitional approach with progress and any emerging issues reported back to Committee. An initial progress report was presented to this Committee on 20<sup>th</sup> August 2020. That report advised of the establishment of a joint implementation team from Communities and Neighbourhoods and Property Services to oversee implementation of the policy and the processes in place for the review of the portfolio of community-based leases; a total of 232 leases.
- 1.4 This report presents progress to date in relation to the portfolio of leases, and presents solutions to a number of emerging issues that have arisen during the development and implementation of the policy.

## 2.0 Progress to December 2021

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- 2.1 As agreed, a phased implementation approach has been adopted with priority given to existing leases coming to the end of term or where a pending rent review allows for the policy to be implemented. All new requests for subsidised leases have also been prioritised.
- 2.2 In practice, all leases will be reviewed via the policy over the coming years. An initial 59 leases were identified as requiring more urgent attention and were considered by the implementation team during 2020/21. As progress has been made, those leases with scheduled reviews in 2021/22 were added to the work programme, as will be the case in 2022/3.
- 2.3 Since April 2020, 31 leases have been agreed and completed. These are set out in the first table in Appendix 1. Those completed include a mix of different types of sporting groups and a number of community-based facilities and services. In cases where there has been an increase in rent, this has been managed by incremental increases over an appropriate timescale. While being resource intensive, the work that's been done has led to positive relationships being built with organisations and, in some cases, other forms of required support being identified - such as external funding advice or support with organisational development.
- 2.4 When the policy was approved, it was agreed that further consideration should be given to the miscellaneous category of leases, including golf clubs and uniformed

organisations such as The Scouts. The policy has been updated to include a standard value to be used in assessing lease values for golf courses. Consultation with representatives from uniformed groups also led to agreement that leases with these organisations be determined in line with the standard value for ground leases, and the standard value for buildings if appropriate, that are set out in the policy.

- 2.5 It was also agreed that further work is required in conjunction with the Grounds Maintenance Service regarding maintenance or grass cutting arrangements for pitches; specifically, the potential to develop standard options packages if required. This work is continuing and will be built into the future policy review and the reassessment of the standard values. As an interim position, it has been agreed that a reduction of 50% on the standard value for a pitch will be considered if the tenant is carrying out maintenance work/grass cutting.
- 2.6 In relation to the standard values, it is proposed to clarify the treatment of annual RPI increases to the values agreed at Committee - with the policy amended to note that, once approved, the standard values will remain in place until a review of the policy is undertaken (scheduled for every five years), at which point Committee will consider any increases. Approved increases will be implemented through the lease review and renewal processes.
- 2.7 There are a further 21 leases currently being negotiated. These are set out in the second table in Appendix 1. The appendix highlights the point in the process that the lease negotiation has reached, with many sitting at the stage of the community benefit statement being considered. This includes the development of the statement with the community group and then its consideration by a senior manager in the appropriate service. In addition, eleven leases have recently been identified as being due for review and officers have now started the notification and negotiation process. These will be progressed during 2022.
- 2.8 Negotiation on a number of community halls and centres is also on-going. On 24th November 2020, the Community & Housing Service sub-Committee gave approval for Community Managers and area teams to consult on proposed changes for voluntary management committees and committees in former Fife Regional Council facilities, the purpose and intention being to:
  - 1) agree a framework for consultation and engagement on the future management of community halls and centres, for those community facilities in Fife which operate with voluntary management committees (VMCs) in situ i.e. they are not directly operated and managed by Fife Council nor have a formal lease in place;
  - 2) agree to consultation progressing to address the former Fife Regional Council facilities which retain income and set fees/charges.

In December of that year, Community Managers formally wrote to the relevant management committees advising them of this decision and requesting feedback regarding the most suitable way in which to engage. As the majority requested face to face meetings, and due to the restrictions at the time, this process was delayed until summer 2021. A separate report providing the updated position will be presented to Community & Housing Service sub-Committee on 3rd February 2022.

- 2.9 The Subsidised Leases Policy is included in this report at Appendix 2. This updated policy includes the points noted above in paragraphs 2.4 – 2.6. If approved, the policy will be made available on [www.Fife.gov.uk](http://www.Fife.gov.uk), along with forms for community groups to request a new lease.

- 2.10 The policy will be reviewed every five years, with the first review scheduled for 2025, given that the policy was first introduced in April 2020.

### 3.0 Emerging Issues

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- 3.1 Previous reports identified a number of issues where development work was to be undertaken to determine if it was appropriate to be added to the policy, to include:
- A requirement of all Council leases is that the tenant is responsible for health and safety required testing such as regular testing, for example, for fire safety and legionella. Work will be undertaken during 2022/23 to develop a package of H&S training for community organisations as well as service contracts so they can commission appropriate testing regimes at fixed prices.
  - A further requirement is for tenants to have insurance for the asset they are leasing. Initial discussions have taken place with Fife Voluntary Action to identify an insurance provider who would be prepared to provide a more cost effective option to the council's block policy.
- 3.2 The implementation programme has also identified some new areas that need to be considered to ensure that the maximum community benefit is derived from Council owned assets. These include the need to develop a standard value for synthetic pitches and the inclusion of subsidised leases for car park and contractors' compounds where the benefit of the lease applies to a community-based group or facility.

### 4.0 Conclusion

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- 4.1 Since the approval of the Subsidised Leases Policy by this Committee on 31<sup>st</sup> October 2019, progress has been made in reviewing 52 of the leases that were identified as a priority. The next batch of leases due to be reviewed in 2022 has been identified and will be progressed by the implementation team.
- 4.2 As a result of the progress being made, a number of areas have been identified for further development work to ensure that the objectives of the policy continue to be met. While progress in these areas has been slowed by the pandemic, it is now possible to take these forward.

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**Leases Completed\***

<b>Tenant</b>	<b>Rent Review</b>	<b>New lease</b>
2nd Dunfermline Scouts	yes	
Anstruther Golf Club	yes	
Balgonie Scotia Football Club	yes	
Broad Street Bowling Club	yes	
Castlehill Association		yes
Cupar and District Swimming Club	yes	
Dunnikier Cricket Club	yes	
East Fife Girls and Women's AFC	yes	
Freuchie Bowling Club		yes
Kinghorn Bowling Club	yes	
St Andrews Tennis Club	yes	
Citizens Advice and Rights Fife, Cowdenbeath		yes
Duffus Park Tennis Club		yes
Duffus Park Bowling Club		yes
Kettle Memorial Hall		yes
St Monans Bowling Club		yes
Abbeyview Bowling Club	yes	
Cowdenbeath Golf Club		yes
Dunfermline Foodbank		yes
Cupar Hearts AFC		yes
Cairneyhill Scouts	yes	
Dunnikeir Cricket Club	yes	
Glenrothes Model Railway Club		yes
Howe of Fife Rugby Club	yes	
Largo Cricket Club		yes
Cowdenbeath United FC		yes
Lochgelly Albert FC	yes	
Scotsraig Bowling Club		yes
Carnock Community Centre	yes	
Linton Lane Playgroup		yes
Tayport Football Club		yes

\*some leases are agreed by both parties and are currently being processed towards final completion.

## Leases currently being negotiated (as at Jan 2022)

Tenant	Rent Review	New Lease	Extension Under Policy	Current position
Abbeyview Day Centre Limited	yes			Community Benefit Statement to be assessed
Cottage Community Project Group		yes		Community Benefit Statement to be assessed
Dalgety Bay Day Care Association		yes		Community Benefit Statement to be assessed
DAPL		yes		Community Benefit Statement to be assessed
Dunfermline Advocacy Initiative		yes		Community Benefit Statement to be assessed
Dunfermline Sound		yes		Community Benefit Statement to be assessed
Glenrothes Community House		yes		Community Benefit Statement to be assessed
Kingdom Gymnastics Trust Limited		yes		Remedial works to building to be carried out
The Seal Association			yes	Community Benefit Statement to be assessed
Kincardine Community Association		yes		Instructions with Legal Services to conclude the lease
Kincardine Rifle Club		yes		Heads of Terms with tenant
Cupar Soccer 7s		yes		Instructions with Legal Services to conclude the lease
Glenrothes Martial Arts		yes		Heads of Terms with tenant
Kelty Hearts AFC		yes		Synthetic Pitch valuation in progress
Kinburn Bowling Club	yes			Tenant disagrees with lease value
Ravensraig Walled Garden		yes		Common Good approval required
Kirkcaldy and District Men's shed		yes		Common Good approval required
Wormit Boating Club		yes		Lease value to be agreed
Victoria Park Ladybank		yes		Heads of Terms with tenant
Cowdenbeath Golf Club		yes		Remedial works to building to be carried out
Custodians Quarters, Dunfermline		yes		Heads of Terms with tenant
Tayside Institute		yes		New for 2022
Lomond Victoria AFC		yes		New for 2022
Crail Town Hall		yes		New for 2022
Lochgelly Colts FC		yes		New for 2022
Crossgates Bowling Club	yes			New for 2022
Kinross AFC		yes		New for 2022
Arden House Project		yes		New for 2022
Leven Bowling Club		yes		New for 2022
Raith Rovers Ladies FC		yes		New for 2022
Lundin Links Library		yes		New for 2022
Blue Brazil Boys Club		yes		New for 2022
Dovecot Bowling Club	yes			New for 2022

# Fife Council

## Subsidised Lease Policy

*(Implementation effective - April 2020)*

*(January 2022 Revision)*

### Policy Statement

Fife Council is committed to; creating thriving places where everyone has the opportunity to play a full and active part, to promoting healthy lifestyles and to building strong communities by recognising and supporting groups and organisations that make a difference in their communities. In support of this ambition, the Council leases assets (normally land or buildings) at a subsidised lease value to a wide range of voluntary groups, clubs and other community-based organisations.

### Policy Objectives

The objectives of this policy are to:

1. ensure maximum community benefit is derived from Council owned assets;
2. strengthen participation and engagement in community and recreational activities;
3. ensure subsidised leases are managed consistently and fairly through transparent assessment processes.

### Scope of Policy

This policy applies to all voluntary groups, registered charities, clubs, uniformed community groups and other community-based organisations as tenants of Fife Council assets.

In the case of social enterprises, support can be provided via a subsidised lease, but this should be for a limited period and at a reducing rate with the expectation that social enterprises aim to become self-financing.

This policy does not apply to commercial leases including professional sports clubs.

Where there are exceptional circumstances which require a variation from the policy, consent will be required to be obtained from the Head of Service of the asset holding Service.

### Guiding Principles

The following set of principles will govern the Council's response when granting and managing subsidised leases:

**Fife Council:**

1. Believes that providing subsidised leases to community organisations can play a key role in supporting and sustaining local communities. The Council is bound by legislation to obtain best consideration for its assets, but can dispose of it at less than market value when certain considerations apply, e.g. community benefit.
2. Recognises property assets as a resource to be used in the delivery of services and to support the delivery of the Plan for Fife.
3. Commits to positive, supportive engagement and a collaborative relationship with community groups in the implementation of the Subsidised Lease Policy.
4. Values the community benefit derived from the activities undertaken by community organisations and will take this fully into account in setting a fair lease value.
5. Where the lease is not fully repairing and insuring, will responsibly manage and maintain the asset to the standard required under the terms of the lease.
6. Will encourage groups to amalgamate or share resources where it will effectively utilise the asset for example; groups facing financial hardship, declining membership, low utilisation or similar activity provided nearby by other groups.
7. Will apply the terms and conditions within leases consistently.
8. Will adopt a flexible approach when responding to changing community circumstances.
9. Will not impose a charge to the community organisation for the preparation of leases and rent reviews.

### **Leasing Approach:**

1. The value of the lease will be assessed via a community benefit statement or as a standard value. The lease will reflect the market value with the percentage subsidy or the standard value applied by a back letter.
2. All applications for subsidised leases in relation to community facilities will be considered against the principles and criteria for assessing community benefit and an appropriate percentage subsidy applied. This is set out in appendix 1.
3. All applications for subsidised leases in relation to sports pitches and grounds will have a standard lease value applied and will not be assessed for community benefit. This is set out in appendix 2.
4. New leases will be developed on the basis of the tenant assuming full repairing and insuring leases (FRI).
5. At either the point of rent review or lease renewal there will be a re-assessment of community benefit to determine the appropriate level of lease subsidy.
6. Standard values will be reviewed in line with inflation at policy review points. Noted below under Policy Review.
7. The maximum duration for the granting of a lease is 25 years.

8. Buildings constructed or paid for by the tenant or its predecessor organisation on council land will not be considered in the standard or market value to which the subsidy is applied. Where proof of construction of a building cannot readily be established by a community group, the onus will be on Fife Council to evidence ownership or accept that the community group owns it.
9. Subsidy will not normally be awarded at 100%.
10. Where the asset in question sits on the Common Good account, the process is likely to be extended due to the need for (i) a public consultation in terms of Section 104 of the Community Empowerment (Scotland) Act 2015 and (ii) in some cases, consent from the Sheriff if the asset is inalienable Common Good. Any external charges incurred by the Council in obtaining Sheriff's consent shall be borne by the tenant.
11. Where a community group maintains their own sporting ground a 50% discount will be applied to the value.
12. In the case of a long lease, for example 20 years or longer, where a community group is required to register their lease, there will be outlays to both parties. Where there is an actual external cost to the Council, e.g. a district valuation fee, property enquiry certificate, Legal and Plans Reports, this should be met 50% by the Council Service and 50% by the tenant.
13. Existing tenants under the policy applying for an assignation to another community body (or require to assign due to restructuring for example, to a SCIO) or for a licence for works will only be charged for any actual external costs incurred by the Council (e.g. registration dues).
14. The following flow chart outlines the leasing approach:



## Responsibility of Community Groups

**It is highly recommended that all groups seek their own legal advice or support from an appropriate body throughout this process.**

All tenants will:

1. Acknowledge the support of Fife Council in relevant public documentation and on the site of the asset.
2. Responsibly manage and maintain the asset to the standard required under the terms of the lease.
3. Ensure appropriate policies are in place to protect children, young people and vulnerable adults and that staff and volunteers are a member of the PVG scheme if appropriate.
4. Ensure that they have in place adequate policies and procedures to ensure compliance with all aspects of health and safety legislation (as it relates to the size and nature of the asset and its intended use).
5. Ensure appropriate risk assessment measures are in place.
6. Comply with all relevant legislation applicable to the services offered from the asset.

7. Undertake responsibilities in relation to legionella testing, fire alarm testing, asbestos registering and management, fixed wiring tests, portable appliance tests, gas safety tests and any other requirements as appropriate and expressed in the terms and conditions of the lease.<sup>1</sup>
8. All tenants will be required to reimburse the Council for building insurance premiums paid for the asset through Fife Council's current insurance policy.<sup>2</sup>
9. Arrange separately and meet the costs of public liability insurance and contents insurance.

## **Policy Review**

The policy will be reviewed every 5 years, including a review of the standard values to be applied.

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<sup>1</sup> *As part of the development work to be undertaken, consideration will be given to developing a package of preferential rates for the required testing.*

<sup>2</sup> *As part of the development work to be undertaken, consideration will be given to securing an alternative standard insurance package negotiated via Fife Voluntary Action as an option for groups.*

## Assessment of Community Benefit

Officers will complete a Community Benefit Statement (attached as appendix 3) when assessing the suitability for a community organisation to enter into a new subsidised lease arrangement with Fife Council, at renewal periods or when varying existing leases. The Community Benefit Statement will be updated and the subsidy re-assessed at each 5-year review point. The Community Benefit Statement will be completed through engagement with the community group and will normally be completed in a 3-month period. The Community Benefit statement will include consideration of the following:

### 1. Assessment of Capacity:

- **Leadership** – demonstration that there are the skills and capacity within, or available to, the organisation to effectively deliver services and manage the facility as intended;
- **Governance & Accountability** – demonstration that the appropriate governance arrangements, structures, policies and leadership behaviours are in place within the organisation;
- **Resources** – can the organisation identify all the resources required to deliver the activities and the resulting benefit? In particular, has due consideration been given to running costs and ongoing maintenance requirements?
- **Sustainability** – can the organisation demonstrate an effective use of resources in the short term and an informed prioritisation of resources in the longer term in order to sustain and develop the facility and the activities / services to be provided?

### 2. Assessment of Fit with Council and Community Planning Priorities

- **Purpose / Activities** – What is the group's purpose? What are the additional facilities and programmes proposed? What additional benefits will the proposal bring to the community?
- **Fit with Plan for Fife** – How does the activity of the organisation contribute to the themes of the Plan for Fife and / or the relevant Local Community Plan/s?
- **Impact on Public Service Costs** – Consideration of whether the organisation contributes to public services e.g. does it support a prevention agenda?
- **Currently in receipt of a Fife Council grant or has a Service Level Agreement?** – Is the organisation currently in receipt of a grant from Fife Council or does it already have a service level agreement in place?

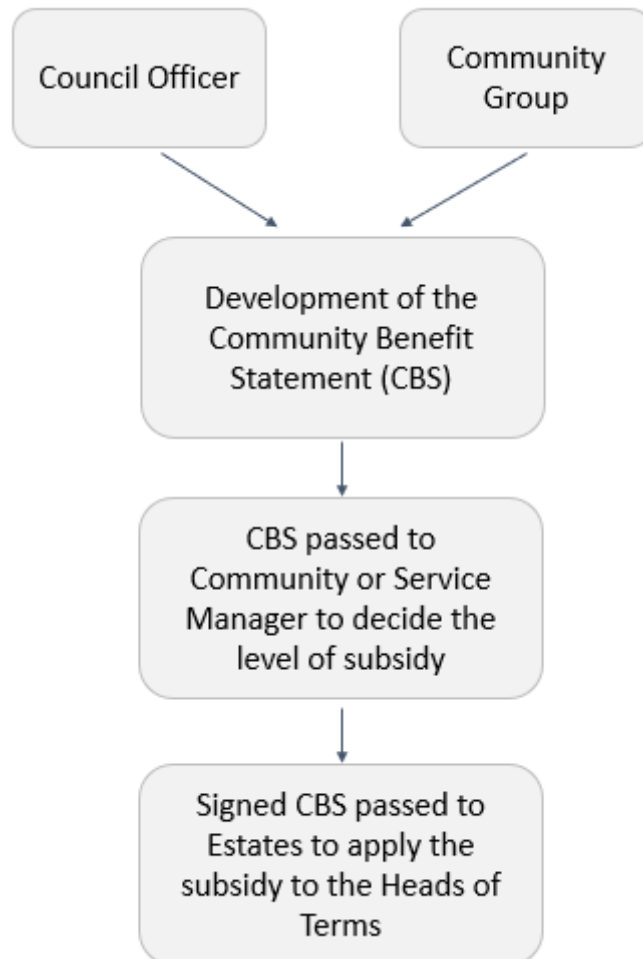
### 3. Assessment of Community Support:

- **Usage** – Consideration of the number of users (individuals and groups) and the range of services and activities being provided;
- **Local Community Support** – Consideration of the level of support from local community and evidence of consultation with users;



- **Wider Public Support** – How will the community and service users be involved in running the services being provided; how will this contribute to making our communities stronger?

#### 4. **Completion of Community Benefit Statement**



## Assessment Scoring Matrix

Based on the above assessment criteria, officers should use the following matrix to consider the level of subsidy to be awarded to the community group.

<b>Subsidy Level</b>	<b>Assessment</b>	
0	0 = Poor	Little or no information available on the organisation or the activities/services to be provided
0	1 = Weak	Only minor detail is available and is not based on robust information or evidence
40%	2 = Moderate	There is a level of detail which enables understanding of acceptable projected community benefits from the activity or service to be provided
60%	3 = Strong	There is sufficient evidence to support the subsidy in relation to community benefit
80% - 100%	4 = Very Strong	The organisation has provided additional evidence which enables detailed understanding and establishes robust related community benefits

## Standard Lease Values

Community groups and organisations which fall into these categories will pay the standard lease values presented in the table below.

Organisations paying these standard amounts will not be offered any further subsidy.

Type	Facility/Pitch
Bowling Club	£750 per green
Cricket	£750 per ground
Football	£750 per pitch
Golf	£750 per Ha
Rugby	£750 per pitch
Tennis	£350 per court
Athletics (non-synthetic)	£750 per pitch
Football Synthetic Pitch	To be determined on a case by case basis

### BUILDINGS

Where a sports pavilion or other building is associated with the pitch, a standard charge will also be applied:

- £250 (small, less than 100m<sup>2</sup>)
- £500 (medium, 101m<sup>2</sup>-200m<sup>2</sup>)
- £750 (large, more than 201m<sup>2</sup>)

### GROUND

For community organisations renting a ground area and where there is clear community benefit, the following standard charges will apply:

- £250 (small, less than 200m<sup>2</sup>)
- £500 (medium, 201m<sup>2</sup>-1000m<sup>2</sup>)
- £1,000 (large, more than 1001m<sup>2</sup>)

Where there is amenity land associated with the property and there is no other identified use for the land, there will be no further charge applied.

27<sup>th</sup> January 2022  
Agenda Item NO. 07

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## 2021/22 Revenue Monitoring Projected Outturn – Finance and Corporate Services

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**Report by:** Eileen Rowand, Executive Director, Finance and Corporate Services

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**Wards Affected:** All

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### Purpose

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The purpose of this report is to give members an update on the projected outturn financial position for 2021/22 for the Finance and Corporate Services Directorate.

### Recommendations

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Committee is asked to consider the current financial performance and activity as detailed in this report.

### Resource Implications

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None.

### Legal & Risk Implications<sup>2</sup>

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There are no direct legal implications arising from this report.

### Impact Assessment

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An EqlA has not been completed and is not necessary as no change or revision to existing policies and practices is proposed.

### Consultation

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None.

## 1.0 Background

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The report summarises the projected outturn position for 2021/22, taking into account the actual expenditure incurred, and provides an explanation of the main budget variances at section 3.

## 2.0 Issues

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### 2.1 Projected Outturn

- 2.1.1 Based on current information for the Finance and Corporate Services Directorate, of a service managed net expenditure budget of £44.911m the position across all Services is a projected expenditure of £47.618m resulting in a projected net overspend of £2.707m (6.03%). This projected overspend includes COVID-19 financial pressures of £2.755m.
- 2.1.2 Also, within the Finance and Corporate Services Directorate, there is a net expenditure budget of £0.875m for Benefits & Council Tax and Miscellaneous Services, which is currently forecasting a breakeven position. This budget sits within the Directorate but is managed corporately. Therefore, the Services within Finance and Corporate Services do not have a direct influence on these budgets.
- 2.1.3 Appendix 1 shows projected expenditure against budget across the various Services within the Finance and Corporate Services Directorate. Section 3 provides a brief explanation of the main areas where there are significant variances (+/-£0.250m) between planned and projected expenditure and income across service managed budgets.

## 3.0 Major Variances

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3.1 Directorate position – Variance £2.707m overspend, Movement £0.675m

- 3.1.1 Of the total overspend, £2.755m relates to the impact of COVID-19. This includes costs of £0.420m for remote and home working and £0.631m for the implementation of blended workstyles. There has been a significant impact on savings to be achieved from projects that have delayed, resulting in an overspend of £1.487m. Other areas of overspend equate to £0.217m. These include a reduction in the demand for childcare vouchers, increased staff costs and income from liquor licensing.

Within the service managed budget for the Finance and Corporate Services Directorate there is a net underspend of (£0.048m). Across the Directorate there are some projected overspends, but these are offset by underspends in other areas.

The movement from the June forecast mainly relates to an increase in COVID-19 pressures, partly offset by a reduction in anticipated staff costs. Finance and Corporate Services are currently facing some challenges in the employment marketplace. This has resulted in difficulties recruiting staff.

## 4.0 Progress on Budget Savings

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- 4.1 Appendix 2 provides details of revenue budget savings for the areas falling under the scope of the Finance and Corporate Services Directorate, detailing achievements against the current year approved budget savings. The appendix details:
- the 3 year budget period for which the savings were approved
  - the title of each saving
  - the savings target relevant to the current financial year
  - the value of saving forecast as deliverable for the financial year
  - a Red/Amber/Green Status for each saving
  - details of any substitute savings
- 4.2 All savings have been categorised using a Red/Amber/Green status and these are described as follows:
- Green – No issues and saving is on track to be delivered  
Amber – There are minor issues or minor reduction in the value of saving, or delivery of the saving is delayed  
Red – Major issues should be addressed before any saving can be realised
- 4.3 Where a saving is no longer deliverable in the current year it is expected that substitute savings are identified to ensure that costs remain within budget overall. Where this is the case, the original saving will be categorised red or amber and a substitute saving will be identified. The substitute saving will be categorised as green and identified in the tracker as a substitute.
- 4.4 The areas in scope for the Finance & Corporate Services Directorate have a significant level of savings to manage within the financial year 2021/22. Overall, the savings to be delivered are £0.745m. Whilst the delivery of savings is becoming more challenging, the relevant Services are looking to minimise the financial impact of any amber or red savings by determining mitigating actions as soon as possible. Across all areas, £0.452m has been identified as Red status, with £0.128m identified as being Amber status and £0.165m as Green status.
- 4.5 The full year saving amounts are detailed along with annual forecast information detailed in Appendix 2.
- 4.6 There are a number of savings that have a red status. These savings are linked to projects that have been delayed due to COVID-19.

## 5.0 Conclusions

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- 5.1 The projected outturn position for the service managed budget within the Finance and Corporate Services Directorate is a net overspend of £2.707m (6.03%), which includes

COVID-19 financial pressures of £2.755m. The projected outturn position for Benefits & Council Tax and Miscellaneous Services is a breakeven position.

### **List of Appendices**

- 1 Projected Outturn 2021/22 - Detail
- 2 Approved 2021/22 Savings

### **Background Papers**

None

### **Report Contact**

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**BUDGET MONITORING REPORT SUMMARY**
**Appendix 1**
**2021-22**
**FINANCE & CORPORATE SERVICES**

	CURRENT BUDGET 2021-22 £m	FORECAST 2021-22 £m	FORECAST VARIANCE £m	FORECAST VARIANCE %	PREVIOUS REPORTED VARIANCE £m	MOVEMENT FROM PREVIOUS REPORTED VARIANCE £m
<b>TOTAL COST OF SERVICE</b>	<b>50.252</b>	<b>52.959</b>	<b>2.707</b>	<b>5.39%</b>	<b>2.032</b>	<b>0.675</b>
<b>LESS: CORPORATELY MANAGED ITEMS</b>	<b>4.466</b>	<b>4.466</b>	<b>0.000</b>	<b>0.00%</b>	<b>0.000</b>	<b>0.000</b>
<b>SERVICE MANAGED NET BUDGET</b>	<b>45.786</b>	<b>48.493</b>	<b>2.707</b>	<b>5.91%</b>	<b>2.032</b>	<b>0.675</b>
<b>ANALYSIS OF SERVICE MANAGED BUDGET</b>						
ASSESSORS SERVICE	1.788	1.853	0.065	3.64%	0.090	(0.025)
AUDIT & RISK MANAGEMENT SERVICE	0.569	0.569	0.001	0.09%	0.074	(0.074)
FINANCE	2.778	3.005	0.227	8.16%	0.341	(0.114)
REVENUE & COMMERCIAL SERVICES	14.142	14.097	(0.045)	-0.32%	0.159	(0.204)
HUMAN RESOURCES	5.680	6.022	0.343	6.03%	0.202	0.140
BUSINESS TECHNOLOGY SOLUTIONS	15.026	16.493	1.467	9.76%	0.626	0.841
LEGAL & DEMOCRATIC SERVICES	3.747	3.762	0.015	0.40%	0.041	(0.026)
FINANCE & CORPORATE SERVICES MANAGEMENT	1.182	1.817	0.635	53.75%	0.498	0.137
	<b>44.911</b>	<b>47.618</b>	<b>2.707</b>	<b>6.03%</b>	<b>2.032</b>	<b>0.675</b>
BENEFITS & COUNCIL TAX	0.751	0.751	0.000	0.00%	0.000	0.000
MISCELLANEOUS SERVICES	0.124	0.124	0.000	0.21%	(0.000)	0.000
	<b>0.875</b>	<b>0.875</b>	<b>0.000</b>	<b>0.03%</b>	<b>(0.000)</b>	<b>0.000</b>
<b>FINANCE &amp; CORPORATE SERVICES</b>	<b>45.786</b>	<b>48.493</b>	<b>2.707</b>	<b>5.91%</b>	<b>2.032</b>	<b>0.675</b>



**FIFE COUNCIL**  
**TRACKING APPROVED 2021-22 SAVINGS**  
**FINANCE & CORPORATE SERVICES**  
**OCTOBER 2021**

Area	Approved Budget Year	Savings Reference	Title of Savings Proposal	Savings Target £m	Forecast £m	(Under) / Over £m	Rag Status
Finance & Corporate Services	2020-23	2021-FC-08	Improve Customer Contact and Experience.	0.051	0.000	(0.051)	Red
Finance & Corporate Services	2019-22	1920-FC-012	Oracle Cloud Project Savings.	0.218	0.000	(0.218)	Red
Revenue & Commercial Services	2020-23	2021-FC-05	Procurement -Review Buying Team.	0.060	0.000	(0.060)	Red
Revenue & Commercial Services	2019-22	1920-FC-002	Oracle Cloud Project Savings.	0.123	0.000	(0.123)	Red
Legal & Democratic Services	2019-22	1920-FC-010	Review of Licensing - Automation.	0.028	0.000	(0.028)	Amber
Finance & Corporate Services	2021-24	2022-FC-02	Triage of Professional Services.	0.100	0.000	(0.100)	Amber
Business Technology Solutions	2019-22	1920-FC-005	Reduction in hosting costs by moving new solutions to Cloud.	0.016	0.016	0.00	Green
Business Technology Solutions	2019-22	1920-FC-008	Transactional Tasks Transferred to a Transactional Centre.	0.050	0.050	0.00	Green
Human Resources	2019-22	1920-FC-009	Oracle Cloud Project Savings.	0.009	0.009	0.00	Green
Revenue & Commercial Services	2021-24	2022-FC-01	Business Support - Reduce Printing.	0.040	0.040	0.00	Green
Revenue & Commercial Services	2020-23	2021-FC-04	Business Management Innovation Unit - Reduce Staff.	0.040	0.040	0.00	Green
Revenue & Commercial Services	2020-23	2021-FC-06	Business Support - Reduce Internal Recharge	0.010	0.010	0.00	Green
<b>Grand Total</b>				<b>0.745</b>	<b>0.165</b>	<b>(0.580)</b>	

**Rag Status Key:-**

**Green - No issues and saving is on track to be delivered**

**Amber - There are minor issues or minor reduction in the value of saving, or delivery of the saving is delayed**

**Red - Major issues should be addressed before any saving can be realised**

Summary			
Rag Status	Savings Target £m	Overall Forecast £m	(Under)/ Over £m
Green	0.165	0.165	0.000
Amber	0.128	0.000	(0.128)
Red	0.452	0.000	(0.452)
Total	0.745	0.165	(0.580)

27<sup>th</sup> January 2022

Agenda Item No. 08

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## **2021/22 Capital Monitoring Projected Outturn – Finance and Corporate Services Directorate**

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**Report by:** Eileen Rowand, Executive Director, Finance and Corporate Services

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**Wards Affected:** All

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### **Purpose**

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The purpose of this report is to provide an update on the Capital Investment Plan and advise on the Projected financial position for the 2021/22 financial year for the Finance and Corporate Services Directorate.

### **Recommendation(s)**

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Committee is asked to consider the current performance and activity across the 2021/22 Financial Monitoring as detailed in this report.

### **Resource Implications**

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None.

### **Legal & Risk Implications**

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None.

### **Impact Assessment**

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An EqlA has not been completed and is not necessary as no change or revision to existing policies and practices is proposed.

### **Consultation**

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None.

## 1.0 Background

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- 1.1 Based on current information, this report summarises the Projected capital outturn for the Finance and Corporate Services Directorate for 2021/22. At this stage, it is forecast that expenditure will be £4.603m against a budget of £5.483m, representing 84% of the approved capital programme for 2021/22.
- 1.2 Appendix 1 shows an analysis of specific projects in the current capital investment plan which have a budget greater than £1m and analyses total project cost rather than only in year spend.
- 1.3 Appendix 2 details the forecast expenditure against budget for each project. A brief explanation of any significant forecast variances is provided at section 2 within this report.

## 2.0 Issues, Achievements & Financial Performance

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### 2.1 Key Issues / Risks

- 2.1.1 Appendix 1 details the total cost forecast position for all capital projects within the Finance and Corporate Services Directorate with an overall value of £1m and over. The key risks associated with the major projects are noted below.

### 2.2 Major Projects – Potential Risks and Actions

- 2.2.1 There are no additional or new risks arising in the current reporting period from any of the major projects being progressed. There is one major projects with a budget of over £5m and 1 major project with a budget of over £1m for Finance and Corporate Services. These projects are detailed in Appendix 1. The total budget is £10.036m over the life of the projects. In respect of all these projects, the projected spend is on budget.

### 2.3 Financial Performance – 2021/22 Projected Outturn

- 2.3.1 Appendix 2 provides a summary of the Projected outturn for each project for the financial year 2021/22.
- 2.3.2 Slippage is the term used to describe projects that are expected to spend less than the budget allocation in a particular year due to a delay in timing on the delivery of the project. This is not uncommon in the capital programme and the reasons for this can be wide and varied. Advancement is the term used to describe projects that are expected to spend more than the budget allocation in a particular year due to an acceleration of the budget from future years.
- 2.3.3 The reasons for significant variances (+/-£0.500m) are detailed below.

Finance & Corporate Services (£0.880m)

The main areas of slippage relate to the Local Area Network (LAN) £0.200m, the Corporate Wi-Fi £0.400m and the refresh programme for IT devices across the organisation £0.320m. The Council are currently upgrading the LAN and the

specifications of the corporate Wi-Fi requirements are reliant on this upgrade. The LAN upgrade will not be complete until 2022, therefore the spend on the Corporate Wi-Fi will slip into 2022-23. Priority has been given to the procurement of the relevant IT devices for the Workstyles Project, therefore the normal refresh programme has been delayed. In addition to this, there are currently longer lead times to procure IT devices, in some cases up to 6 months.

## 3.0 Conclusions

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- 3.1 The total 2021/22 approved programme for the Finance and Corporate Services Directorate is £5.483m, with a forecasted level of expenditure of £4.603m, therefore there is a variance of £0.880m on the projects within the approved programme.
- 3.2 The management of capital resources require us to look across financial years, as well as within individual years. The current year performance is only a snapshot of the existing plan and the Directorate will adjust expenditure levels within future years of the plan to accommodate the advancement or slippage of projects.

### List of Appendices

1. Total Cost Monitor
2. Capital Monitoring Report

### Report Contact

Tracy Hirst  
Finance Business Partner  
Finance Service  
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FIFE COUNCIL  
ASSETS AND CORPORATE SERVICES COMMITTEE  
CAPITAL INVESTMENT PLAN 2021-31  
TOTAL COST MONITOR - MAJOR CAPITAL PROJECTS

Project	Service	Original Approved Budget £m	Current Project Budget £m	Total Projected Outturn £m	Variance £m	Variance %	Current Project Status	Expected Project Completion Date
Local Area Network	Maintaining Our Assets		7.200	7.200	-	0.00%	Current Project	2022-23
<b>Total Major Projects over £5.000m</b>		<b>-</b>	<b>7.200</b>	<b>7.200</b>	<b>-</b>	<b>0.00%</b>		
Windows 10 Roll Out	Maintaining Our Assets		2.836	2.836	-	0.00%	Current Project	2021-22
<b>Total Major Projects over £1.000m</b>		<b>-</b>	<b>2.836</b>	<b>2.836</b>	<b>-</b>	<b>0.00%</b>		
<b>Total Major Projects</b>		<b>-</b>	<b>10.036</b>	<b>10.036</b>	<b>-</b>	<b>0.00%</b>		

FIFE COUNCIL  
 ASSETS AND CORPORATE SERVICES COMMITTEE  
 CAPITAL INVESTMENT PLAN 2021-31  
 MONITORING REPORT

Expenditure	Current Budget £m	Actual to Date £m	Projected Outturn £m	Projected Variance £m	Projected Outturn as % of Plan
BTS CAPITAL	3.341	0.163	3.141	(0.200)	94%
BTS ROLLING PROGRAMME	2.142	1.142	1.462	(0.680)	68%
<b>TOTAL FINANCE &amp; CORPORATE SERVICES</b>	<b>5.483</b>	<b>1.305</b>	<b>4.603</b>	<b>(0.880)</b>	<b>84%</b>

27<sup>th</sup> January 2022

Agenda Item No. 09

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## 2021/22 Revenue Monitoring Projected Outturn – Enterprise and Environment Directorate

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**Report by:** Eileen Rowand, Executive Director, Finance and Corporate Services  
Keith Winter, Executive Director, Enterprise & Environment

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**Wards Affected:** All

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### Purpose

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The purpose of this report is to give members an update on the projected outturn financial position for the 2021/22 financial year for the areas in scope of the Assets and Corporate Services Committee in relation to Assets only.

### Recommendations

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Committee is asked to consider the current financial performance and activity as detailed in this report.

### Resource Implications

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None.

### Legal & Risk Implications

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There are no direct legal implications arising from this report.

### Impact Assessment

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An EqlA has not been completed and is not necessary as no change or revision to existing policies and practices is proposed.

### Consultation

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None.

## 1.0 Background

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- 1.1 The report summarises the projected outturn position for 2021/22, taking into account the actual expenditure incurred, and provides an explanation of the main budget variances at section 3.
- 1.2 Section 4 of the report summarises the progress on delivery of approved budget savings and provides an explanation of any variances to the delivery of savings target.
- 1.3 Variances occur for a number of reasons and variances in budget are not always correlated to delivery of savings targets.

## 2.0 Issues

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### 2.1 Projected Outturn

- 2.1.1 The projected overspend for the areas falling under the scope of this committee is £3.513. A summary of the 2021/22 projected out-turn for the areas under the scope of this committee is detailed in Appendix 1. This shows projected expenditure against budget across the service headings within the Directorate. It should be noted that the balances are extracted from the ledger system and are shown as rounded thousands. This may mean that there are some rounding differences contained within the appendices, but these are immaterial values that do not impact on the overall financial position. The following paragraphs provide a brief explanation of the main areas where there are significant variances (+/-£0.250m) to budgets.
- 2.1.2 This report includes the projected ongoing cost of COVID-19 in relation to areas falling under the scope of the Assets and Corporate Services Committee, and the mitigation available to the Enterprise and Environment Directorate to absorb some of these costs. The continuing financial implications of COVID-19 in 2021-22 and the funding available, including carry forward of grant funding from 2020-21, to meet these costs will be assessed corporately and reported to the Policy & Co-ordination Committee throughout the financial year.

## 3.0 Major Variances

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- 3.1 Building Services projected under-recovery of income of £2.303m, movement of £0.302m, this is due to the continuing impact of the COVID-19 pandemic on the trading account income as there are still productivity impacts caused by the additional health and safety measures post lockdown, as well as issues regarding supply of materials caused by both the pandemic and EU EXIT. Movement is increase in under-recovery of income based on latest information.
- 3.2 Corporate Stores & MPDS projected under-recovery of income of £0.459m, this is within the Managed Print & Document Service, due to the drop in printing levels with ongoing home working, this is offset by underspends in client Services across the organisation.



- 3.3 Corporate Buildings underspend of (£0.387m) is mainly related to the continuing impact of the COVID-19 pandemic on these buildings. Closure of buildings has resulted in reduced energy costs as well as reduced staffing costs due to less cover required for holidays and sickness.
- 3.4 School Catering overspend of £0.492m, movement of £0.413m is a result of increased staff costs largely due to Covid related staff absences e.g. self-isolation and identified Covid infections, also increased expenditure due to some food items being in short supply (nationally) and the increased cost of substitutes and some increased expenditure on kitchen disposable items along with a reduction in the income from the sale of school meals.
- 3.5 Client Catering under-recovery of £0.241m, and Commercial Catering under-recovery of £0.201m due to a net loss of income as a result of the continuing impact of the COVID-19 pandemic. Some establishments have now re-opened.

## 4.0 Progress on Budget Savings

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- 4.1 Appendix 2 provides details of revenue budget savings for the areas falling under the scope of the Assets and Corporate Services Committee, detailing achievements against the current year approved budget savings as at Quarter 1. The appendix details:
- the 3 year budget period for which the savings were approved
  - the title of each saving
  - the savings target relevant to the current financial year
  - the value of saving forecast as deliverable for the financial year
  - a Red/Amber/Green Status for each saving
  - details of any substitute savings
- 4.2 All savings have been categorised using a Red/Amber/Green status and these are described as follows:
- Green – No issues and saving is on track to be delivered  
Amber – There are minor issues or minor reduction in the value of saving, or delivery of the saving is delayed  
Red – Major issues should be addressed before any saving can be realised
- 4.3 Where a saving is no longer deliverable in the current year it is expected that substitute savings are identified to ensure that costs remain within budget overall. Where this is the case, the original saving will be categorised red or amber and a substitute saving will be identified. The substitute saving will be categorised as green and identified in the tracker as a substitute.
- 4.4 The savings to be delivered within the financial year 2021/22 are £0.463m and the projected delivery is £0.303m. Whilst the delivery of savings is becoming more challenging, the relevant areas are looking to minimise the financial impact of any Amber or Red savings by determining mitigating actions as soon as possible. Across all areas, there are no savings identified as Red status and £0.463m identified as being Amber status. The under delivery on Amber savings is £0.217m. A substitute

saving of £0.057m has been identified to achieve the target saving within AT&E Management.

- 4.5 The full year saving amounts are detailed along with annual forecast information detailed in appendix 2. There are no variations at Service level (+/-£0.250m) between the Service savings target and the projected saving being delivered within the current financial year.

## 5.0 Conclusions

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- 5.1 The projected outturn position for the areas in scope of the Assets and Corporate Services Committee in relation to Assets only is a net overspend of £3.513m (18.95%).

### List of Appendices

- 1 Projected Outturn 2021/22 - Summary
- 2 Approved 2021/22 Savings

### Background Papers

None

### Report Contact

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<b>BUDGET MONITORING REPORT SUMMARY</b>						<b>Appendix 1</b>	
<b>2021-22</b>							
<b>ASSETS AND CORPORATE SERVICES SUB-COMMITTEE</b>							
<b>SERVICE</b>	<b>CURRENT BUDGET 2021-22 £m</b>	<b>FORECAST 2021-22 £m</b>	<b>FORECAST VARIANCE £m</b>	<b>FORECAST VARIANCE %</b>	<b>PREVIOUS REPORTED VARIANCE £m</b>	<b>MOVEMENT FROM PREVIOUS REPORTED VARIANCE £m</b>	
<b>TOTAL COST OF SERVICE</b>	<b>23.335</b>	<b>26.849</b>	<b>3.513</b>	<b>15.06%</b>	<b>2.953</b>	<b>0.561</b>	
<b>LESS: CORPORATELY MANAGED ITEMS</b>	<b>4.800</b>	<b>4.800</b>	<b>0.000</b>	<b>0.00%</b>	<b>0.000</b>	<b>0.000</b>	
<b>SERVICE MANAGED NET BUDGET</b>	<b>18.536</b>	<b>22.049</b>	<b>3.513</b>	<b>18.95%</b>	<b>2.953</b>	<b>0.561</b>	
<b>ANALYSIS OF SERVICE MANAGED BUDGET</b>							
SERVICE MANAGEMENT & ADMINISTRATION	0.107	0.107	(0.000)	-0.33%	0.062	(0.063)	
PROPERTY SERVICES	0.209	0.293	0.085	40.48%	0.170	(0.085)	
CEMETERIES & CREMATORIA	(0.573)	(0.552)	0.021	-3.72%	(0.000)	0.021	
BUILDING SERVICES	(11.246)	(8.943)	2.303	-20.48%	2.002	0.302	
CORPORATE STORES & MPDS	(1.023)	(0.564)	0.459	-44.85%	0.518	(0.059)	
FACILITIES MANAGEMENT SERVICE	2.042	2.010	(0.032)	-1.58%	(0.012)	(0.020)	
CORPORATE BUILDINGS	5.497	5.110	(0.387)	-7.03%	(0.301)	(0.085)	
CLEANING & JANITORIAL SERVICES	16.381	16.465	0.085	0.52%	0.028	0.056	
PUBLIC CONVENIENCES	0.264	0.265	0.002	0.57%	(0.002)	0.003	
SCHOOL CATERING	7.753	8.245	0.492	6.34%	0.079	0.413	
CATERING CLIENT	0.040	0.282	0.241	600.65%	0.216	0.025	
COMMERCIAL CATERING	(0.013)	0.188	0.201	-1557.74%	0.146	0.055	
CATERING - MEALS ON WHEELS	(0.000)	(0.000)	0.000	-1.22%	0.000	(0.000)	
CATERING - CARE HOMES	0.002	0.002	0.000	0.00%	(0.003)	0.003	
FLEET SERVICES	(0.905)	(0.860)	0.045	-4.92%	0.050	(0.006)	
<b>TOTAL</b>	<b>18.536</b>	<b>22.049</b>	<b>3.513</b>	<b>18.95%</b>	<b>2.953</b>	<b>0.561</b>	
<b>PROPERTY REPAIRS AND MAINTENANCE</b>	<b>15.051</b>	<b>15.051</b>	<b>0.000</b>	<b>0.00%</b>	<b>0.000</b>	<b>0.000</b>	

**FIFE COUNCIL  
TRACKING APPROVED 2021-22 SAVINGS  
ASSETS, PROPERTY AND FACILITIES SUB-COMMITTEE  
OCTOBER 2021**

Area	Approved Budget Year	Title of Savings Proposal	Savings Target £m	Overall Forecast £m	(Under)/Over £m	Rag Status
Assets, Transportation & Environment - ATE Management	2020-23	Procurement savings anticipated as a result of the Procurement Programme.	0.150	0.093	(0.057)	Amber
Assets, Transportation & Environment - Facilities Management Service	2019-22	School Lunch Price	0.040	0.030	(0.010)	Amber
Assets, Transportation & Environment - Property Services	2019-22	1920-EE-008 - Option 2 - Bereavement Services - move to full cost recovery for burial service over 5 year	0.273	0.123	(0.150)	Amber
Assets, Transportation & Environment - ATE Management		Change Manager Post		0.057	0.057	Green
<b>Grand Total</b>			<b>0.463</b>	<b>0.303</b>	<b>(0.160)</b>	

**Rag Status Key:-**

**Green - No issues and saving is on track to be delivered**

**Amber - There are minor issues or minor reduction in the value of saving, or delivery of the saving is delayed**

**Red - Major issues should be addressed before any saving can be realised**

Summary			
Rag Status	Savings Target £m	Overall Forecast £m	(Under)/Over £m
Green	0.000	0.057	0.057
Amber	0.463	0.246	(0.217)
Red	0.000	0.000	0.000
<b>Total</b>	<b>0.463</b>	<b>0.303</b>	<b>(0.160)</b>

27<sup>th</sup> January 2022

Agenda Item No. 10

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## 2021/22 Capital Monitoring Projected Outturn - Enterprise and Environment Directorate

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**Report by:** Eileen Rowand, Executive Director, Finance and Corporate Services

Keith Winter, Executive Director, Enterprise & Environment

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**Wards Affected:** All

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### Purpose

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The purpose of this report is to provide an update on the Capital Investment Plan and advise on the projected financial position for the 2021/22 financial year for areas in scope of the Assets and Corporate Services Committee in relation to Assets only.

### Recommendation(s)

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Committee is asked to consider the current performance and activity across the 2021/22 Financial Monitoring as detailed in this report.

### Resource Implications

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None.

### Legal & Risk Implications

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None.

### Impact Assessment

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An EqIA has not been completed and is not necessary as no change or revision to existing policies and practices is proposed.

### Consultation

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None.

## 1.0 Background

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- 1.1 Based on current information, this report summarises the projected capital outturn for the areas falling under the scope of this Committee for 2021/22. At this stage projected expenditure is £7.680m, representing 90.0% of the approved capital programme for 2021/22.
- 1.2 Appendix 1 shows an analysis of specific projects in the current capital investment plan which have a budget greater than £1.000m and analyses total project cost rather than only in year spend.
- 1.3 Appendix 2 details the projected expenditure against budget for each project.

## 2.0 Issues, Achievements & Financial Performance

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### 2.1 Key Issues / Risks

- 2.1.1 Appendix 1 details the total cost forecast position for all capital projects within the areas under the scope of the Committee with an overall value of £1.000m and over. The key risks associated with the major projects are noted below.
- 2.1.2 During 2020-21 Covid-19, on site construction work was on hold for a significant part of the year and also impacted on project costs and extended project delivery dates as contractors were required to make adjustments to working arrangements to accommodate the additional requirements, such as social distancing. The ongoing impact of Covid-19 on the delivery of capital projects was considered when setting the capital investment budgets for 2021-22. However, it is likely that the overall scale of any additional costs or impact on availability of material will not be fully known until the financial year progresses. It is also currently unknown if tighter restrictions will be imposed in the winter months of 2021-22 which could have a significant impact on project delivery in year.

### 2.2 Major Projects – Potential Risks and Actions

- 2.2.1 There are no additional or new risks arising in the current reporting period from any of the major projects being progressed.

### 2.3 Financial Performance – 2021/22 Projected Outturn

- 2.3.1 Appendix 2 provides a summary of the projected outturn for each project for the financial year 2021/22. The appendix shows a projected outturn of £7.680m against a Capital Investment plan of £8.539m, a spending level of 90.0%.
- 2.3.2 There is a capital income budget for 2021/22 of (1.179m) and projected outturn is (£0.083m), representing 7.0% of the budgeted income.
- 2.3.3 The reasons for significant variances (+/-£0.500m) are detailed in 2.4.

2.3.4 Slippage is the term used to describe projects that are expected to spend less than the budget allocation in a particular year due to a delay in timing on the delivery of the project. This is not uncommon in the capital programme and the reasons for this can be wide and varied. Advancement is the term used to describe projects that are expected to spend more than the budget allocation in a particular year due to an acceleration of the budget from future years.

## 2.4 Significant Variances

2.4.1 Fleet - Purchase of Vehicles and Equipment slippage of (£1.430m) is due to the ongoing impacts of COVID-19 and EU EXIT causing worsening effects in the supply chain. It is now anticipated that the new vehicles will be supplied in early 2022/23.

2.4.2 Property Maintenance advancement of £0.571m partly related to projects being advanced to address health and safety requirements, and in some instances scope of works required were greater than originally anticipated. In addition, there are increasing material and labour costs due to COVID-19 and EU EXIT.

2.4.3 Depot Rationalisation Programme income overachievement of £1.096m, relates to advancement of the disposal of Elgin Street to HRA of £1.200m which was not expected to materialise until 2022/23.

## 3.0 Conclusions

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3.1 The total 2021/22 approved programme for the areas in scope of the Assets and Corporate Services Committee in relation to Assets only is £8.539m. The projected level of expenditure is £7.680m, which represents 90.0% of the total programme, resulting in a variance of (£0.859m).

3.2 The management of capital resources require us to look across financial years, as well as within individual years. The current year performance is only a snapshot of the existing plan and the Directorate will adjust expenditure levels within future years of the plan to accommodate the advancement or slippage of projects.

### List of Appendices

1. Total Cost Monitor
2. Capital Monitoring Report by Service

### Report Contact

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FIFE COUNCIL  
ASSETS AND CORPORATE SERVICES COMMITTEE  
CAPITAL INVESTMENT PLAN 2021-31  
TOTAL COST MONITOR - MAJOR CAPITAL PROJECTS

Project	Service	Original Approved Budget £m	Current Project Budget £m	Total Projected Outturn £m	Variance £m	Variance %	Current Project Status	Expected Project Completion Date
Glenrothes District Heat	Thriving Places	10.320	9.449	9.449	-	0.00%	Current Project	2020-21
West Fife Depot	Maintaining Our Assets	4.525	8.157	8.511	0.353	4.33%	Current Project	2019-20
<b>Total Major Projects over £5.000m</b>		<b>14.845</b>	<b>17.606</b>	<b>17.960</b>	<b>0.353</b>	<b>2.01%</b>		
Dunfermline Cremator Replacement	Maintaining Our Assets		1.001	1.001	-	0.00%	Current Project	2021-22
<b>Total Major Projects over £1.000m</b>		<b>0</b>	<b>1.001</b>	<b>1.001</b>	<b>-</b>	<b>0.00%</b>		
<b>Total Major Projects</b>		<b>14.845</b>	<b>18.607</b>	<b>18.961</b>	<b>0.353</b>	<b>1.90%</b>		



FIFE COUNCIL  
ASSETS AND CORPORATE SERVICES COMMITTEE  
CAPITAL INVESTMENT PLAN 2021-31  
MONITORING REPORT

Appendix 2

Expenditure	Current Budget £m	Actual to Date £m	Projected Outturn £m	Projected Variance £m	Projected Outturn as % of Plan
PUBLIC CONVENIENCES	0.141	-	0.141	-	100%
PURCHASE OF VEHICLES & EQUIPMENT	4.769	1.618	3.339	(1.430)	70%
DEPOTS & BUILDINGS	0.005	(0.003)	-	(0.005)	0%
DISABLED ACCESS - COUNCIL BUILDINGS	0.067	-	0.067	-	100%
PROPERTY MAINTENANCE	2.044	1.590	2.615	0.571	128%
CAFETERIA REFURBISHMENTS	0.100	0.025	0.100	-	100%
CREMATORIA/CEMETERIES PROGRAMME	1.031	0.770	1.031	-	100%
ATE PLANT & MACHINERY	0.282	0.014	0.287	0.004	102%
GLENROTHES DISTRICT HEAT	0.100	0.006	0.100	-	0%
<b>TOTAL ASSETS, TRANSPORTATION &amp; ENVIRONMENT</b>	<b>8.539</b>	<b>4.020</b>	<b>7.680</b>	<b>(0.859)</b>	<b>90%</b>

Income	Current Budget £m	Actual to Date £m	Projected Outturn £m	Projected Variance £m	Projected Outturn as % of Plan
PURCHASE OF VEHICLES & EQUIPMENT	(0.021)	(0.021)	(0.021)	-	100%
DEPOT RATIONALISATION PROGRAMME	1.200	0.104	0.104	(1.096)	9%
<b>TOTAL ASSETS, TRANSPORTATION &amp; ENVIRONMENT</b>	<b>1.179</b>	<b>0.083</b>	<b>0.083</b>	<b>(1.096)</b>	<b>7%</b>

<b>Unallocated</b>			
<b>Title</b>	<b>Service(s)</b>	<b>Contact(s)</b>	<b>Comments</b>
CAT Workshop and Assessment combined with Scrutiny Committee	Communities and Neighbourhoods	Paul Vaughan	Workshop to be arranged with members on CAT processes
Security of Vacant Property	Assets, Transportation and Environment	Gordon Strang, Alan Paul	Due April 2022
Enterprise & Environment Directorate Section Performance Report	Enterprise and Environment	Ken Gourlay, Iain Duncan	Annual Report due August 2022
Review of CAT Transfer Performance	Communities and Neighbourhoods Service	Tim Kendrick	Annual Report Due September/October 2022
Property Asset Strategy Annual Update	Assets, Transportation and Environment	Alan Paul	Annual Report Due September/October 2022
Annual Health & Safety Report	Human Resources	Barbara Cooper, Susan Harris	Annual Report Due October/November 2022
Cemetery Provision Update Report	Assets, Transportation and Environment	Alan Paul	Strategy due early 2023

27<sup>th</sup> January 2022

Agenda Item No. 12

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## Proposed Property Transaction Queensway Technology and Business Park Glenrothes

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**Report by:** Gordon Mole, Head of Business and Employability

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**Wards Affected:** Ward 15 - Glenrothes

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### Purpose

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The purpose of this report is to seek approval to a transaction comprising the acquisition of a single storey warehouse and office and related land part of Unit Q10 Flemington Road, Glenrothes and the disposal of the property forming part of Unit Q9 and Units Q10 E & G Flemington Road, Glenrothes. This will form part of an overall agreement with the owner of Unit Q10 Flemington Road to demolish parts of the existing property and to create replacement premises and the creation of small business units within that part to be sold to the Council.

### Recommendation(s)

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- i. Subcommittee is asked to note the contents of this report and note that a private paper detailing the commercial terms are detailed in the relevant part of the Subcommittee agenda in the agenda.

### Resource Implications

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A budget has been identified as part of the Fife Industrial Innovation Investment Programme ('Fi3 Programme'), with funding secured through the Edinburgh & South East Scotland City Regional Deal for all aspects of the proposed refurbishment, demolition and professional fees within the scope of the project. The proposed business units which the Council will create for local businesses will, on completion, generate a revenue income through rental following letting of individual units. Further, the proposal will facilitate the demolition and removal of redundant and derelict buildings in the ownership of the Council and therefore remove a revenue liability associated with rates, security, repairs and management. Following the demolition, a development site will be created, and will generate a capital receipt on disposal.

## **Legal & Risk Implications**

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As with any commercial transaction there are normal legal and commercial risks, such as contractual risks, delays, cost increases and unforeseen development costs. These risks will be monitored through the Fi3 Programme Board.

It is proposed that the Council will undertake the demolition and construction by appointing a suitable contractor and who will be responsible for ensuring delivery of the building works. However, it is proposed that any building contract will have all appropriate safeguards to ensure that the any commercial risks are as far as possible passed to the building contractor. The missives for the acquisition and disposal of the respective properties shall also contain any appropriate provisions to protect the Council's legal and commercial interests. The Head of Legal Services will be instructed to prepare and negotiate all relevant legal documentation.

In relation to the business units for let there is always a risk with the commercial property market in terms of occupational demand-based market conditions at any point in time. However, it is anticipated that having regard to recent and historic occupancy levels there will remain a good demand for units in this location.

## **Impact Assessment**

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An Environmental Impact Assessment has been undertaken which confirms there are very few environmental impacts.

An EqIA Checklist is not required because the report does not propose a change or revision to existing policies and practices.

The Fairer Scotland Duty requires the Council to consider how it can reduce inequalities of outcome caused by socioeconomic disadvantage when making strategic decisions. The strategic approach to the Fi3 Programme, particularly the site selection process, is focused on delivering fair outcomes and reducing inequality. This is embedded within a City Region Deal approach.

## **Consultation**

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Councillors David Barratt, Gary Guichan, Fiona Grant, Jan Wincott, Derek Noble, Ross Vettrano, Vikki Wilton, the Executive Director for Enterprise & Environment, Head of Finance and Head of Legal Services have been consulted in preparing this report.

## 1.0 Background

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- 1.1 The Council has led the regeneration of Queensway Technology & Business Park over several years. This has comprised the acquisition and demolition of a number of vacant and derelict industrial buildings as part of a programme of site assembly and remediation.
- 1.2 The Council has also undertaken the redevelopment of these sites including the construction of 784m<sup>2</sup> new build industrial units which were funded as part of the Fife Task Force (£1.6m) as well as the recent construction of 1,115m<sup>2</sup> new build industrial accommodation under tranche 1 of the Fi3 Programme (£3.39m). Both phases of these recent developments have proven to be very popular with business tenants. The first phase of development is fully let, and the second phase of development is approaching full occupation.
- 1.3 As part of the site assembly programme, the Council acquired the factory premises and associated offices formerly owned by another party which facilitated the relocation and expansion of that company to other premises within Glenrothes. Since that time the Council has secured the demolition of the majority of the premises acquired. The Council also own former office premises comprising buildings Q9 and Q10 which were previously occupied by BTS and the Health & Social Care Partnership, respectively. Those offices were vacated by the services some years ago and have remained vacant since and are now obsolete for any beneficial use and present an ongoing security, vandalism and fire risk as well as a revenue liability in terms of rates, repairs and management.
- 1.4 These buildings are physically attached to adjoining premises owned by a third party which cannot be demolished without demolishing part of the adjacent premises.
- 1.5 To facilitate the demolition, it will be necessary to provide replacement accommodation in respect of the building which will be bought by the Council as well as those parts which require to be demolished. It has been agreed, the tenant be relocated to the remaining surplus industrial accommodation which the Council previously acquired. Further, it has also been agreed that in exchange the Council will purchase a standalone single storey warehouse building currently occupied by the tenant. It is proposed the Council will undertake the refurbishment and subdivision of the warehouse to create a small terrace of business units: These units shall made available for lease by local businesses.
- 1.6 The Council will undertake the refurbishment and repair of that building shown on the plan considered in private. On completion of those works the building shall be conveyed to the ownership of the adjoining owner. This building could not easily be included as part of the original demolition of the factory premises acquired from the previous owner. As such this will now remove a significant security risk in terms of unauthorised break-ins and vandalism associated with the vacant property and will allow the accommodation to be upgraded and brought back into beneficial use. This will also remove a financial liability from the Council in terms of costs associated with rates, repairs and management.

- 1.7 Following the completion of refurbishment works and relocation of the company to the building referred to under 1.6 above, the Council will undertake the demolition of the surplus and vacant buildings.
- 1.8 Further, on completion of the works referred to under 1.6, the building shall be conveyed to ownership of the Council. This building and site extends to c.0.08 Hectares and comprises a stand-alone warehouse building and will be sub-divided and refurbished by the Council to provide a terrace of small business units for employment uses within use classes 4, 5 and 6.

## **2.0 Current Position**

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- 2.1 Provisional agreement has been reached as part of Heads of Terms setting out the principal terms and conditions of the proposed acquisition and disposal. Further detail on the commercial terms is set out in the private report.
- 2.2 The Council will appoint a design team that will secure all necessary statutory consents and manage the building contract. Further, the Council will appoint a suitable building contractor.
- 2.3 Following sub-committee approval, it is proposed to enter into missives with the owner subject to obtaining all planning and other statutory consents.

## **3.0 Issues and Options**

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- 3.1 It would be expected that the project would create approximately 15 direct jobs following the letting of the refurbished business units. Further, it is estimated that around 22 jobs would be employed during the construction period.
- 3.2 Following the demolition of the surplus Council buildings a development site extending to 0.51Ha will be created and based on an assumed ratio of 70 jobs per ha is expected to create c.35 no. of jobs. It is expected the disposal of the site will generate a capital receipt.
- 3.3 The Council has invested in the regeneration of Queensway over the years through the Capital Programme, Task Force and Fi3 Programme funding extending to a total of c.£6.5m. This project will be an important milestone in the next stage of the regeneration of Queensway. The demolition of existing derelict buildings and repurposing of underutilised buildings will have considerable impact on the physical amenity of the estate and ensure that the estate continues to attract private sector investment, such as the c4 ha (10 acre) site situated to the north which has planning permission for a major data centre development.
- 3.4 Should the project not proceed the vacant and redundant buildings owned by the Council will remain indefinitely and fall into a further state of disrepair and dereliction resulting in increasing risk associated with vandalism, security and fire risk within the

estate and to adjoining premises. Further, this will result in the Council failing to continue the regeneration of the estate and will detract to a significant degree from the previous and future capital investment in new industrial accommodation. This would be expected to have an adverse impact on the potential demand from occupiers for those units particularly from high value and high growth businesses.

## 4.0 Conclusions

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- 4.1 The proposed transaction will, in summary, allow the Council to proceed with the demolition of long-term vacant and obsolete buildings which present an ongoing security, fire and vandalism risk. At the same time the proposal will bring back into use a vacant industrial building through the relocation of the tenant and allow the demolition of the council premises to proceed. The Council will secure the ownership an existing industrial building for the purposes of sub-division and refurbishment to provide accommodation for local businesses, create jobs and generate a rental income for the Council.
- 4.2 The Subcommittee is asked to note the proposed transaction and that commercial details are set out within a in private paper later in the agenda.

### List of Appendices

1. None

### Background Papers

None.

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