

New Cumnock Development Trust

Business Plan

v. 1.1

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Produced by Scene





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Produced by Scene Connect Ltd.

Scene Connect, Suite 1, 46A Constitution St., Edinburgh, EH6 6RS, United Kingdom
www.scene.community

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Executive Summary

Key Messages

- New Cumnock Community Trust (NCDT) and the wider community has **significant incoming financial flows** from community benefit payments;
- There are several **high priority issues in the local area which can be addressed by NCDT** and have support from local people;
- NCDT should **pursue diverse community business options**, prioritising those with the greatest short-term viability, achievability, and impact;
- Development of the community business options will **create synergies with existing local projects and drive greater capacity in the community** to take on larger and more ambitious community-led projects.

Business Planning for Community Impact

The focus of the NCDT business plan is to deliver an options appraisal of community business options with a focus on delivering beneficial and long-term impacts within New Cumnock. Based on the outcomes of the New Cumnock Regeneration Masterplan and in discussion with community members, several key priorities were identified in the community.

The proposed business options presented in this report seek to:



Improve employment opportunities;



Reduce and utilise empty and derelict buildings;



Address issues around declining population, including providing for younger generations;



Providing services for local people and visitors;



Providing affordable and appropriate housing;



Reducing environmental degradation and damage;



Improving transport links;



Creating a level of 'attractiveness' as a tourist destination.

Business Planning Process

In March 2020, NCDT commissioned Edinburgh based consultancy, Scene, to conduct business planning across a portfolio of business options in the New Cumnock area.

The business options appraisal has been conducted to:

- A. Provide an understanding and analysis of community business opportunities in New Cumnock;
- B. Present recommendations for high prospect and achievable business opportunities;
- C. Set out an organisational route map for delivery of these recommended opportunities;
- D. Prepare NCDT to further investigate and implement projects which can deliver economic, social, and environmental impact.

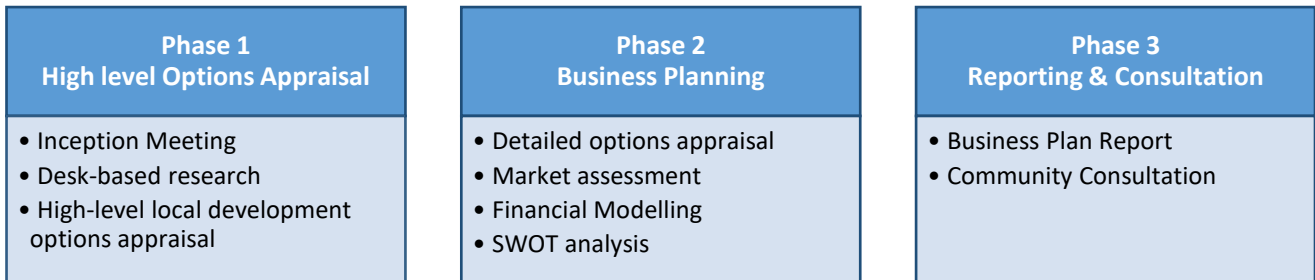


Figure 1 - The Business Planning Process

Community Development Options

In close coordination with NCDT, a long list of community business opportunities was drawn up by Scene and presented to the Board of Trustees. In line with prior consultations and discussion with the Board, a shortlist of 3 high impact development opportunities was identified, alongside two supporting opportunities.

As a result of the study, the below recommendations were made.



A community café at the Station Café site represents the best short-term financial opportunity as well as a route to considerable local beneficial impact;



NCDT should investigate community-led housing via community asset transfer of the Cairnhill Primary site, which will include the need for a dedicated business plan



A repair hub may offer a short-term low risk investment option but is dependent on demand from other areas or early stage grant support to progress to scale-up.



The New Cumnock Newspaper requires either dedicated funding, significant donation or advertising investment and / or should be cross-subsidised through income from other sources.



The use of office space for co-working represents a good short-term solution in terms of financial viability and impact but may be more suitable as a medium-term opportunity due to the immediate impacts of coronavirus.

Figure 2 sets out the likely return on investment, including organisational balance and cashflow in relation to each development option.

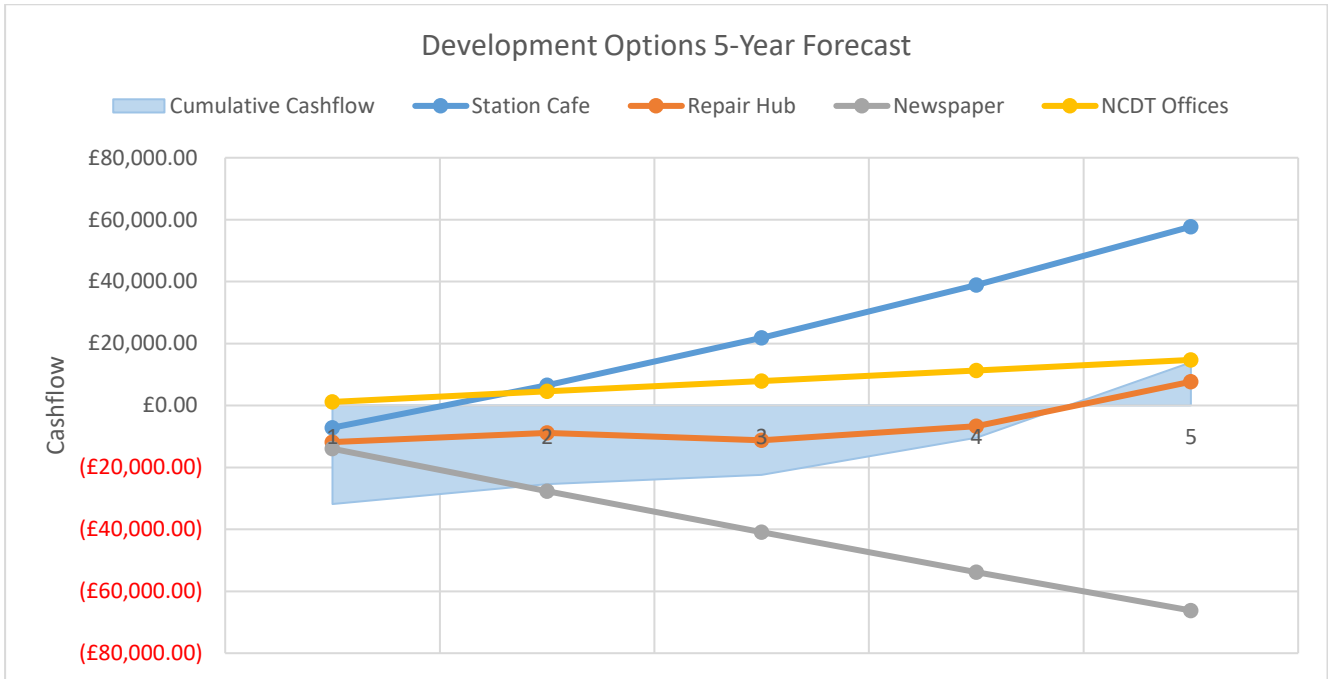


Figure 2 - Development Options 5-year Forecast

Community Impacts

Whilst financial viability and sustainability is essential in any business case, delivering projects which are of benefit to the local area, community and individuals is core to the aims of NCDT. Table 1 sets out the likely economic, social and environmental impacts of each business option.

Table 1 - Potential Community Impact Matrix

Impact	Station Café	Community-led Housing	Repair Hub	Community Newspaper	Co-working Space
Local economic growth	✓	✓	✓		✓
Job creation	✓	✓	✓		
Skills development	✓	✓	✓	✓	
Education	✓		✓	✓	
Community cohesion	✓		✓	✓	✓
Environmental sustainability		✓	✓		
Mental health	✓		✓	✓	
Food poverty / healthy eating	✓				
Regeneration	✓	✓			

1. Introduction

This New Cumnock Development Trust (NCDT) business plan has been prepared in summer 2020 to:

- A. Provide an understanding and analysis of community business opportunities in New Cumnock;
- B. Present recommendations for high prospect and achievable business opportunities;
- C. Set out an organisational route map for delivery of these recommended opportunities;
- D. Prepare NCDT to further investigate and implement projects which can deliver economic, social, and environmental impact.

Background

New Cumnock Development Trust (NCDT) was created to manage the income from windfarm community benefit funds in a way that would enable local development and legacy for New Cumnock. It has undertaken and supported several projects to date, including the management of community benefit income and disbursement, as well as the purchase of the Castle Hotel. NCDT is in a strong position both financially and in terms of staff capacity to investigate new options for community business and local development in the New Cumnock area. NCDT is seeking to investigate projects that will contribute to the social and economic regeneration of New Cumnock.

The organisation receives a large amount of income from current windfarm community benefit funding, including Harehill 1 & 2 (Scottish Power), Brocklochrig 1 & 2 (Fred Olsen Renewables) and Afton Wind Farm (Red Rock Power). Currently, NCDT and New Cumnock Community Council receive a total of £308,651 in community benefit funding (2020). Further to this, NCDT has been involved in discussions on community benefits and potential shared ownership of in development wind farms in the local area, including the South Kyle and Lethans Wind Farm proposals.

Throughout Scotland, where a £5,000 / MW community benefit payment is recommended by [Scottish Government best practice](#), there are a large number of communities receiving community benefit funding with little in the way of guidance or strategic planning for how it is used. NCDT is therefore not in an unusual position, although the scale of current and future community benefit funding is greater than most other communities receive. This is an opportunity for NCDT and for New Cumnock and forms a key resource for the business planning set out in this document.

NCDT is currently involved in several local projects which deliver economic, social, and environmental benefits. This includes running the local newspaper, involvement in the development of the local sports hub, and refurbishment and maintenance of the local heritage memorial. Further to this, NCDT are working to investigate several development opportunities out with the options appraised within this report including the development of the Castle Hotel and ongoing improvement of the NCDT office building (see Section 2 for future details).

Vision, Mission, Values and Governance

The underpinning rationale and ethos for the business options appraised and recommended in this report have been developed in tandem with a separate strategy and communications report. This strategy sets out the way in which the organisation's purposes can be achieved when considering the views and social, environmental, and economic situation of the community of New Cumnock and its wider context.

NCDT's purpose is to focus on local sustainable development via several routes, including:



Business Planning Process

In March 2020, NCDT commissioned Edinburgh based consultancy, Scene, to conduct business planning across a portfolio of business options in the New Cumnock area. From an initial long list of development options (see Appendix B), a shortlist of 3 high prospect and/or high impact options were chosen for further consideration. This report provides an analysis of the three shortlisted development options, as well as supporting high-level analysis of two further community business opportunities.

Development opportunities were identified through several sources, including prior community consultation (the [New Cumnock Masterplan](#)), ongoing NCDT projects and through consultation with the NCDT board of trustees. Following initial analysis, shortlisted options were recommended based on business prospects; fit with NCDT strategy and vision; economic, social, and environmental impacts; and achievability. Further detail on the rationale for shortlisting and analysis may be found in section 4 and Appendix B.

The business planning process is detailed in Figure 1.1. A bespoke financial model has been developed as part of this project, providing NCDT with a means of assessing and updating development opportunities in real-time.

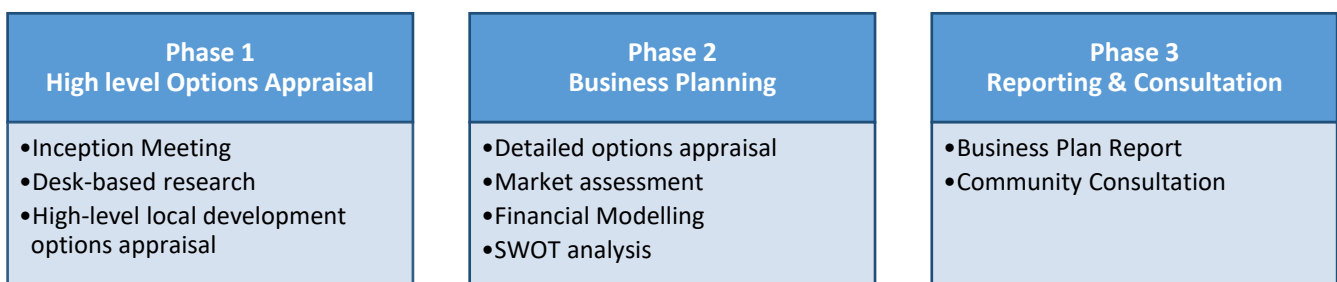


Figure 1.1 - Business Planning Process

2. Current Position

Community needs, wants and priorities

As with many other ex-mining towns in Scotland, New Cumnock has faced socio-economic challenges over the preceding 50 years. The greatest local issues highlighted in recent Community Action Plan and Masterplanning consultation exercises included:

- Limited employment opportunities;
- Empty and derelict buildings;

- Declining population, particularly younger generations;
- A lack of services;
- Lack of affordable and appropriate housing;
- Environmental degradation and damage;
- Poor transport links;
- A lack of 'attractiveness' as a destination.

As a result of more recent development in the energy industry, specifically through wind farm development, New Cumnock has access to several funding streams to address many of these long-standing issues.

To address these issues several local priorities were identified and discussed within the community (see table 2.1). This business plan builds on these priorities to provide concrete proposals for local impact.

Table 2.1 - Overview of Local Priorities

Priority	Description	Focus
The Civic Heart	Reinforcing the developing centre around the town hall and the pool with more facilities	Co-working Spaces; Development of derelict land; Pedestrian facilities; Landscaping.
Railway Station	Building up an attractive range of activities and facilities around the railway station.	Business Units; Restore buildings, including the Bunkhouse; Bicycle Hub; Garage to be used for bike shop, café or repair centre; Restore former co-op building; Future uses for running track.
High Park	Making a start with developing vacant land in the former residential area to the south of the village	Promote sites for housing development (local authority, social housing, self-build).
Afton Bridgend	Putting plans in place for secondary centres or hubs at Afton Bridgend.	Develop Working Men's Club; link walking / cycling infrastructure; improve pedestrian environment; landscaping.
Castle	Setting plans in place for secondary centres or hubs at Castlehill.	Vacant building use; new square and car park; link walking / cycling infrastructure.
Surrounding Countryside	Developing and improving the cycle and walking network from the railway station to the lagoons and along the Afton Water	Cycling / walking infrastructure links to the railway station; improvement of environment around the lagoon area.

2.1. Review of Active projects

NCDT is currently involved in or developing several projects to address its organisational aims and deliver local beneficial impacts (table 2.2).

Table 2.2 - Overview of NCDT's Active Projects

Project	Description	Timescale
Castle Hotel	NCDT has completed the purchase of the hotel at 51 Castle. A feasibility study has been conducted to understand the necessary investment and viability of operation of the hotel as a community run business and an architect has been commissioned to develop building designs, achieve planning permission and provide fully costed plans.	2020/21
NCDT Offices (21 Castle St)	NCDT's current office space at 21 Castle is in the process of renovation. The works will alter the layout of the building and provide greater space for alternative uses. On completion, NCDT is investigating options for use as an office space for local businesses and as an event space.	2020
Community Sports Hub	NCDT is involved in a steering group for the Glenafton Sports Hub. The Sports Hub is currently engaging with East Ayrshire Council to	2021

	improve sports and recreational facilities at the site. NCDT is expecting to act as administrative and governance support.	
Organisational Strategic Planning	A 3-5 year strategic plan, including a vision, mission and set of strategic outcomes / aims which dovetails with existing local plans / strategies and carve out a unique identity and role for NCDT as the anchor organisation for New Cumnock.	2020
Community Engagement & COVID-19 Recovery	Through the Scottish Government's Investing in Communities Fund, NCDT is developing a programme of strategic, business and engagement activities aiming engage local people with NCDT's work and activities; help people feel more connected, identify and manage a pool of volunteers, build skills and knowledge. The fund has been used in 2020 to support ongoing COVID-19 recovery.	2020/21
Community Energy Futures	NCDT has a £3,000 grant and professional support from Community Energy Scotland to conduct engagement workshops in relation to local energy options in New Cumnock. The funding will also support part of one NCDT staff member's time in 2020.	2020
Knockshinnoch Memorial Management	NCDT has conducted improvement works to the Knockshinnoch memorial and is maintaining the Mary Morrison Memorial Garden and Robert Burns Statue. Lease negotiations relating to the latter two are underway.	Ongoing
Community Newspaper	NCDT is running a year-long pilot of a community newspaper and accompanying social media presence. The paper is currently run at a deficit with some advertising income. NCDT has a 5-year lease for a printer, which may be an asset for wider income generation (i.e. local printing services).	Ongoing

2.2. Baseline Financial Situation

NCDT's primary source of income is from community benefit funding, totalling £205,069 in 2020 (table 2.3). Community benefit funding is restricted to certain uses, depending on the developer and associated community benefit agreement in place. Discussion with Scottish Power Renewables in relation to Hare Hill 1 & 2 suggests that there is a degree of flexibility in fund usage and that developers are keen to support proposals which can demonstrate long-term feasibility and local impacts. Out with this, NCDT has received funding totalling £181,718 for restricted projects in 2020 (table 2.4). NCDT's total unrestricted funding in 2020 totalled £1,994.

Table 2.3 - NCDT Community Benefit Funding 2020

Community Benefit Fund	Description	Annual net income (£)
Scottish Power - Harehill 1		£17,200
Scottish Power - Harehill 2		£53,299
Fred Olsen Renewables - Brocklochrig 1	Paid to NCCC (£5,800)	£5,742
Fred Olsen Renewables - Brocklochrig 2	Paid to NCCC (£97,782)	£0
Red Rock Power - Afton Windfarm		£70,205
Total income across all sources:		£146,447

Table 2.4 - NCDT Income Streams 2020

Income Source	Description	Annual net income (£)	Available Funds 2020/21 (£)
Unrestricted funds		£1,994	£-
51 Castle St	Feasibility Study	£3,298	£0
21 Castle St	Office redevelopment	£20,147	£0
Castle Hotel	Architect and Professional fees	£17,340	£42,660

Income Source	Description	Annual net income (£)	Available Funds 2020/21 (£)
Investing in Communities Fund	Scottish Government	£0	£62,096
Community Energy Futures	Community Energy Scotland	£0	£2,000
COVID-19 Response	East Ayrshire Council	£0	£3,000
COVID-19 Response	Scottish Government / DTAS	£0	£47,200
Total income across all sources:		£181,718	£156,956

NCDT's primary expenditure is on core costs (£55,632), with restricted funding for specific projects second (£43,526). Further to this, NCDT have spent community benefit funding total of £54,058 in 2020 and had overheads totalling £14,359 (table 2.5).

Table 2.5 - NCDT Expenditure 2020

Expenditure	Description	Annual net expenses (£)	Projected 2021 (£)
Project Costs			
51 Castle feasibility		£14,192	£3,298
21 Castle property improvements		£1,569	£22,216
Castle Hotel - purchase and fees + TCR RIBS stages to 8	Purchase and fees	£17,679	£42,660
Sports hub - architects fees	Architects fees	£8,400	£3,600
Investing in Communities Fund expenditure		£75	£62,096
EAC Covid	ECP assessor	£0	£3,000
DTAS Covid		£0	£27,022
CARES - ECP assessor		£852	£0
Gateway signs		£883	£0
Masterplan printing		£919	£0
SCA Learning Exchange visit		£527	£0
Community Benefit Expenditure			
51 Castle	Purchase price balance	£32,745	£0
51 Castle	Running costs	£3,688	£7,600
21 Castle	Outdoor work and shed	£6,335	£0
Participatory Budget & Grants	Paid to community orgs	£10,015	£0
Knockshinnoch commemoration		£0	£15,219
Small Windfarm Fund	To New Cumnock Community Council	£0	£54,440
New Cumnock Newspaper		£0	£6,000
Work on Burns statue		£473	£2,725
Memorial Garden lease		£802	£0
Core Costs			
Salaries		£55,164.34	£66,969
Community engagement		£467.61	£0
Overheads			
Office running costs		£3,078	£3,078
Communications & printing		£1,022	£1,022
Insurance		£1,256	£1,256
Training and conferences		£381	£381
Equipment		£694	£694
Governance costs		£1,412	£1,912
Sundries		£328	£328
Contras		£6,188	£0
Total expenses across all areas:		£169,144	£325,517

Figure 2.1 shows the projected balance and associated cashflow in 2020 for NCDT. This data has formed the basis for forward projections later in this report. Based on the data shown here, NCDT has significant non-committed income which would be suitable for development of, and investment in, local business opportunities.

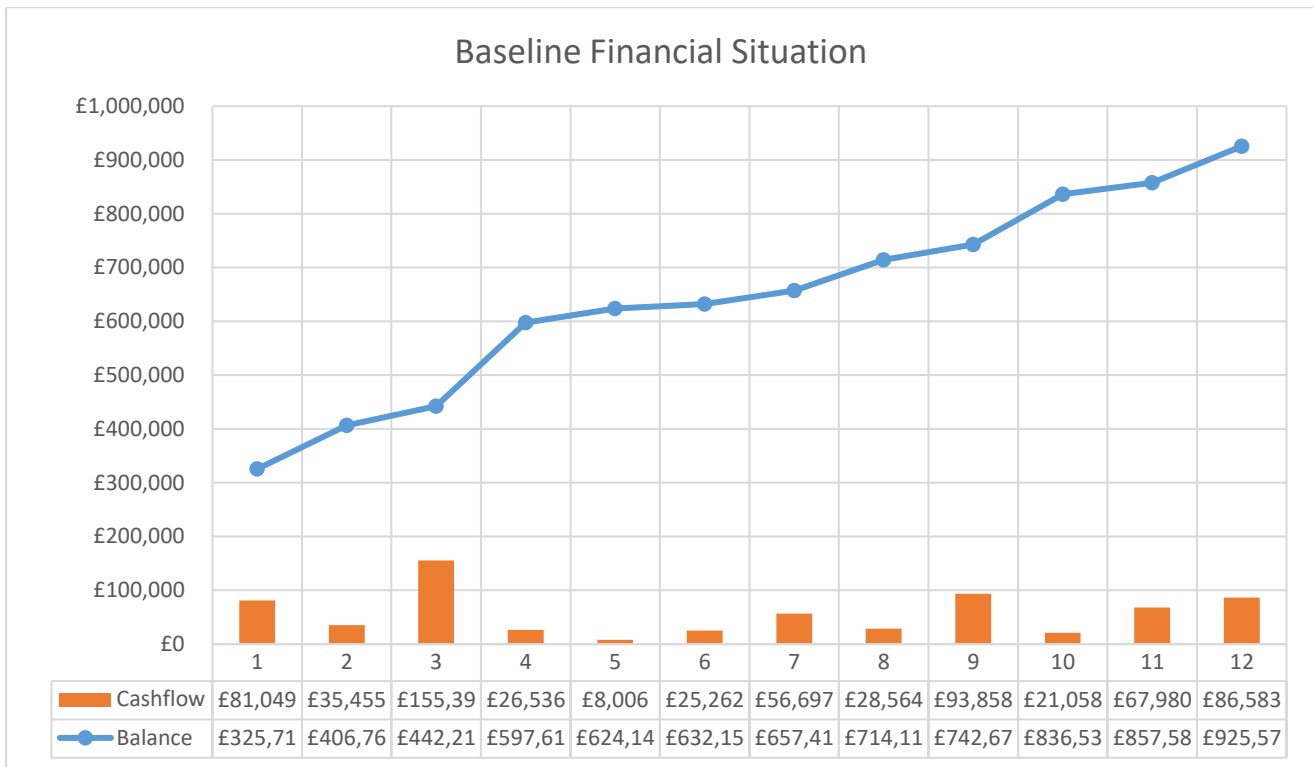


Figure 2.1 - NCDT Baseline Financial Situation (2020)

3. Summary of Development Opportunities

In close coordination with NCDT, a long list of community business opportunities was drawn up by Scene and presented to the board of trustees. In line with prior consultations and discussion with the board, a shortlist of 3 high impact development opportunities were identified, alongside two supporting opportunities. Table 3.1 provides an overview of the development opportunities identified and shortlisted by NCDT and Scene, detailing the nature, viability, potential level of impact and risk category for each development opportunity.

Table 3.1 - Overview of Community Business Options

Opportunity	Description	Financial viability	Potential Impact	Risk
Station Café	Lease of Station Café to be run as a café, event space and travel hub.	High	Moderate	High
Community Housing	Local housing development at suitable sites (High Park, Primary School)	Unknown	High	High
Remakery	Repair hub for repair services and skills development	Moderate	Moderate	Moderate
Community Newspaper	Creation of a self-sustaining community newspaper	Low	Moderate	Moderate
Community Office Space	Use of NCDT office space for co-working space and associated services	High	Low	Low

Figure 3.1 sets out the likely return on investment, including NCDT balance and cashflow in relation to each development option identified and assessed. It shows that over a 5-year timescale, the NCDT office space use, and Station Café represent the greatest opportunities for NCDT. The Remakery may offer a short-term low risk investment option but is dependent on demand from other areas or early stage grant support to progress to scale-up, where the opportunity is greater and prospects for impact higher. Whilst limited in scale in comparison to NCDT's incoming community benefit funding, each opportunity is viable and presents a means of delivering local beneficial impacts. The New Cumnock Newspaper requires either dedicated funding, significant donation or advertising

investment and / or should be cross-subsidised through income from other sources (e.g. community benefit or community business income).

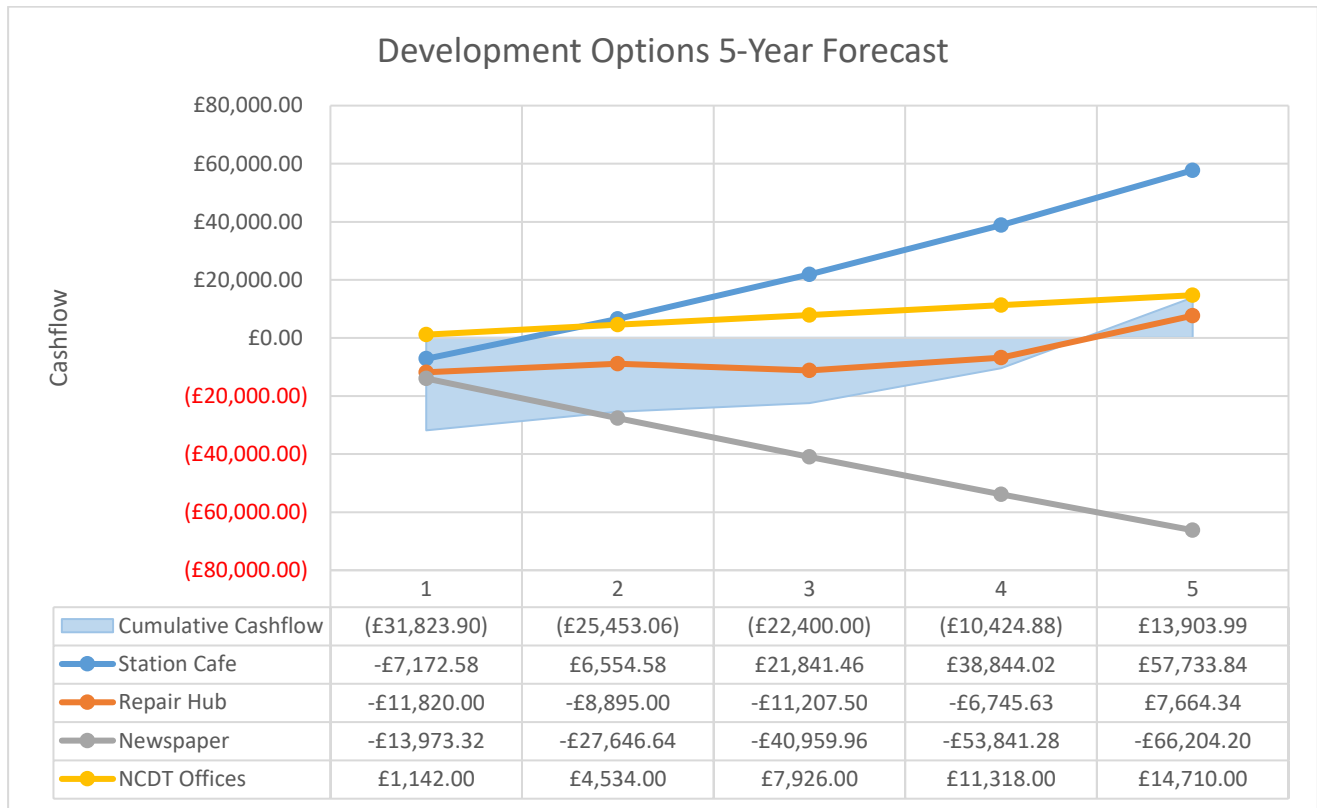


Figure 3.1 - Development Options 5-Year Forecast

Several key synergies have been identified between existing initiatives and projects in the New Cumnock area and the development options appraised. Table 3.2 sets out these synergies and the opportunities and impacts which may result from taking forward each project.

Development Option	Synergy	Benefits / Opportunities
Station Café	Repair & active travel hubs	Using the active travel hub to teach repair skills (cycle repair, etc.) and shared marketing on community-wide repair and recycling initiative.
	Working Men's Club	Links for food procurement to reduce costs and admin burden. Joint management / contribution to a community larder or fridge for unsold foodstuffs.
	Sports Hub	Linking of café offerings to ensure there is suitable differences in service type and function in the community. Joint procurement of staff, services and goods may reduce costs and administrative burden.
	Swimming Pool	Providing a café service near the Swimming pool for visitors, differentiated from existing on-site options.
Community Housing	Repair Hub	Use of community house development / build process to provide construction education opportunities and to promote local skills development. Linking up with contractor to secure apprenticeships and / or work experience opportunities.
Repair Hub	Working Men's Club	Potential scale-up of the repair hub to a larger space for repair hub or storage at the Working Men's Club.
	NCDT Offices	Shared workspace, allowing pop-up repair hub trial in NCDT office spaces. Storage at the NCDT offices in the first instance.

Development Option	Synergy	Benefits / Opportunities
New Cumnock Newspaper	All	Communication of project development process to community. Advertising of services (e.g. café, repair hub) and recruitment (e.g. work experience, jobs).

4. Development Options Appraisal

Section 4 provides an in-depth review of each shortlisted community business development options appraised as part of this project. Each section provides a description of the development option, including information on the development process, market analysis, financial assessment, impact assessment and a proposed delivery model, programme, and preliminary risk assessment.

To achieve the below results, a bespoke financial model has been prepared for NCDT. The values shown are indicative and based on data obtained from third parties and online research. The model has been designed to be updateable on-the-fly, meaning values can be changed as more accurate and robust data is obtained.

4.1. Station Café

The station building at New Cumnock recently became vacant and NCDT is interested in using the building for community business. The site was previously occupied by East Ayrshire Carers, which operated a café and training room in the building.

Following meetings and conversations with Kilmarnock Station Railway Heritage Trust (KSRT) (current leaseholder), Scotrail (owner) and NCDT, it is understood that there is support from all parties for NCDT to take on the café lease for the benefit of New Cumnock.

The proposed café would have two functions within the New Cumnock community:

1. **Café:** To be run as a profit-making enterprise with profits to be reinvested in the development of the café and associated spaces and services. The café will primarily be for train users and passing traffic, though expecting to be a location for users from nearby businesses, homes and as a meeting points more generally for local people. The café would function as an event space for local people both informally (i.e. local club meetings) and formally (e.g. film nights, education events, etc.).
2. **Active Travel Hub:** Located within the café will be a travel hub. The initial focus of this hub would likely be on advice on accessing New Cumnock's walking and cycling networks (e.g. guides, maps, etc.). Latterly, services such as bicycle rental (pushbike and e-bike), bike parking, repair advice, services and goods will be developed. Building on the low carbon element of the café, electric vehicle (EV) charging will be investigated and implemented if there is sufficient demand to do so.

New Cumnock has one traditional café offering – Homemade with Love – which opened in August 2020. Café No. 4, another local café, closed as of July 2020. Furthermore, the swimming pool and sports hub also have basic cafeterias. There are several establishments locally, such as the Glenafton Bar & Lounge, whilst more cafes can be found in nearby Cumnock. With the current lack of a café available to locals within walking distance, a community café in the Station would be a high prospect business option for NCDT. It is critical that any café offering is properly designed to ensure that the service provided is differentiated from other local cafés. This will reduce negative impacts on the local businesses noted above and ensure that the station café has access to a sustainable customer base.

The current population of New Cumnock is ~2,800, with around 9,000 in the surrounding locality¹. Prior to the COVID-19 pandemic, around 9,000 visitors to the centre of New Cumnock a year. Primarily this was visitors to the swimming pool and occasionally to visit other local sites (e.g. the town hall). Whilst visitor numbers are expected to drop in the short term, longer term projections suggest a large potential customer base for the station café.

A large volume of traffic passes through New Cumnock daily – upwards of 3,300 vehicles/day – offering a market to passing visitors. Demand is likely to be very seasonal, with greater numbers of summer visitors and lower numbers in spring/autumn and the lowest in winter. Seasonal variability has not been measured within this report but it is possible that opening on a seasonal basis in the first instance may offer increased returns and security to the community café, with year-round opening considered once demand is understood and of sufficient volume.

The station café has a customer capacity of 22, including 4 tables in the main café area and space for a further 6 customers in an area at the rear of the building. There may be scope for outdoor tables on the platform with the agreement of Scotrail. Both rooms offer space for community events, classes, or workshops.

Key assumptions have been made to analyse this community business opportunity (see table 4.1). These figures have been gathered from an initial market assessment or costed in line with market standard values. It is expected that no rent will be paid on the café lease over the duration of the lease term, and it is understood that no energy bills are applicable to the station café site as they are intrinsic to the functioning of the Station. These bills are paid by Scotrail. Space rental for such events has been set at a nominal £10 per 4-hour slot, to cover administrative costs. It is expected that the station café would maintain one member of paid staff, with volunteering, work experience and placements supplementing staff capacity.

Based on these assumptions, development costs (DEVEX) (Table 4.2), capital costs (CAPEX) (Table 4.3) have been calculated to provide an understanding of the initial set up cost expected for a café of the scale and focus proposed.

Table 4.2 - Station Café DEVEX Costs

Development Cost	Year 1
Detailed business plan (including market consultation and marketing strategy)	£3,000.00
Permitting (including trading, premises, entertainment licences, planning permission)	£1000.00
Legal Support (legal structuring, commercial entity setup)	£800.00
Total DEVEX	£4,800.00

Table 4.3 - Station Café CAPEX Costs

Capital Cost	Year 1
Drinks equipment	£2,500.00
Serving equipment	£500.00
Cooking equipment	£1,000.00
POS systems	£500.00
Washing equipment	£1,000.00
Fixtures and Fittings	£2,500.00

Table 4.1 – Station Café Financial Assumptions

Assumptions	
Rent / year	£-
Building Maintenance / year	£-
Customer number/day	25
Days open/month	16
Average customer purchase	£7.50
Average cost of good sold per customer visit	£3.00
FTE staff	1.2
Year 1 growth rate	15%
Year 2 - 5 growth rate	8%
Year one marketing budget	£200
Insurance / year	£1,000
Year 1 professional fees	£500
Events / month	16
Event Space Rental (4hr)	£10
Manager wage/year (1 FTE)	£20,000
Non-manager wage/year (1FTE)	£-
Expected Donations/year	£-
Waste Disposal/year	£250

¹ National Records of Scotland (Mid-2018 Small Area Population Estimates for 2011 Data Zones) 2019

Capital Cost	Year 1
Initial Marketing	£500.00
Initial Stock	£1,000.00
Staff Training	£1,500.00
Contingency (20%)	£2,200.00
Total CAPEX	£13,200.00

Operating costs across a 5-year timescale are shown in table 4.4. Costs do not reflect seasonality of the business and are based on a flat rate of growth of 15% in year 1 and 8% in years 2 – 5.

Table 4.4 - Station Café 5-year OPEX

Month	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year OPEX	% of Total Costs
Rent	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0%
Building Maintenance	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0%
Staff - Manager	£10,322.58	£11,354.84	£12,490.32	£13,739.35	£15,113.29	£63,020.39	38%
Staff - Other	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0%
Utilities - Electricity	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0%
Utilities - Gas	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0%
Utilities - Wi-Fi	£420.00	£420.00	£420.00	£420.00	£420.00	£2,100.00	1%
Marketing	£200.00	£200.00	£200.00	£200.00	£200.00	£1,000.00	1%
Professional Fees	£500.00	£250.00	£250.00	£250.00	£250.00	£1,500.00	1%
Materials & stock costs	£14,400.00	£16,560.00	£18,216.00	£20,037.60	£22,041.36	£91,254.96	56%
Waste Disposal	£250.00	£0.00	£0.00	£0.00	£0.00	£250.00	0%
Insurance	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£5,000.00	3%
Total OPEX	£27,092.58	£29,784.84	£32,576.32	£35,646.95	£39,024.65	£164,125.35	-

Based on the above values and assumptions, the below income generation potential has been produced (table 4.5). Previous incarnation of the station café reported turnover of £10 – 12,000 / annum. This is significantly below the modelled income in Table 4, but the previous owners reported issues with low customer numbers, non-peak opening hours and overspending. With better planning and marketing, these issues may be avoided and significant improvements in income and turnover may be realised.

Table 4.5 - Station Café Income Generation

Month	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Income	% of Total Income
Sales	£36,000.00	£41,400.00	£45,540.00	£50,094.00	£55,103.40	£228,137.40	95%
Space Rental	£1,920.00	£2,112.00	£2,323.20	£2,555.52	£2,811.07	£11,721.79	5%
Donations & Support	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0%
Total Income	£37,920.00	£43,512.00	£47,863.20	£52,649.52	£57,914.47	£239,859.19	-

The net balance cashflow and balance for NCDT based on the OPEX vs Income is provided in Table 4.6. The café enterprise - based purely on operating as a café would break even in year 3 - with income of between £7,000 – 8,000 expected on an annual basis from that point forward.

Table 4.6 - Station Café Cashflow and Balance

Net Cashflow	£10,827.42	£13,727.16	£15,286.88	£17,002.57	£18,889.82
Balance	-£7,172.58	£6,554.58	£21,841.46	£38,844.02	£57,733.84

Use of the location as a transport hub has been assessed at a high level only, with indicative costs and returns provided in table 4.7.

Table 4.7 - Station Café Alternative Use Assessment

Transport Hub Activity	Assumptions	Initial Cost	Turnover
Provision of travel advice and resources	-	£0	£0 (Increased customer numbers)
Bike rental	12 users/week £12/day rate April - Sept	Per Bike: £250 Safety equipment: £250 Training: £500 Total: £1,500	£3,744
Bike Repair & service	5 users/week £15 average profit/customer	Training £1,500 Inventory: £1,000 Shop Furniture / POS: £500 Total: £3,000	£3,900
EV Charging Station	-	£450 - £2,000 (minus £350 government contribution)	£0 (Increased customer numbers)

Several key local impacts are expected through the operation of the station café. Table 4.8 sets out the likely impacts and realisation timescales.

Table 4.8 - Station Café Impact Assessment

Impact	Description	Timescale
Local economic growth	Income generation and profit reinvestment in local community	Medium
Job creation	Full-time / part-time / work experience opportunities in café service, barista, and event management.	Short
Skills development / professional qualification	Provision of training and education via hosted events, hospitality training and in-work professional development. Sharing of knowledge between café event attendees. Professional qualifications gained as a result or catalysed by working at, or attending an event at, the café.	Medium
Community cohesion	Creation of a space for community members to meet. A location for non-local users to visit and meet local people. Meeting and events space for other community organisations, third sector and businesses in New Cumnock.	Long
Mental health	Linked to community cohesion, a safe space for local people. Specific events may be designed for isolated people, neurodiverse or marginalised groups in the local area.	Medium
Food poverty / healthy eating	Promotion of healthy eating through menus and specific community events, such as cooking classes or competitions. Reduction of fuel poverty via low cost cooking classes or provision of food packages for local people.	Short
Food waste reduction	Educational events to teach local people about food waste reduction. Use of best-practice food waste reduction protocols in café food production. Link up with local food production / distribution services to source and distribute food that may otherwise go to waste.	Short
Environmental awareness	Low carbon / climate change educational events run within the café space.	Medium

Key risks associated with the Station Café and travel hub are detailed in table 4.9.

Table 4.9 - Station Café Risk Table

Risks
<p>Compliance</p> <ul style="list-style-type: none"> • Complying with health and safety guidance in the café will require training and the development of skills to adhere to industry health and safety guidance; • Not being able to obtain the necessary insurances for the café due to the nature and recent creation of the operating organisation; • Inability to acquire necessary trading and operating licences from Council and wider regulatory bodies.
<p>Financial</p> <ul style="list-style-type: none"> • Differences between modelled income and expenditure leading to lack of working capital and ability to run café at a profit over the longer term; • Funders or investors delaying project start (opening) leading to café opening at end of, or outside of, the summer season; • Negative impacts of financial recession leading to inability to source start-up funding, investment and affecting modelled cashflow.
<p>Administration</p> <ul style="list-style-type: none"> • Administrative burden of running café impacting on functioning of NCDT and ability to pursue wider projects; • Lack of knowledge / skills in café administration leading to poor accounting or ineffective operation of the café; • Non-compliance with financial regulations leading to fines and / or closure of the café.
<p>Market</p> <ul style="list-style-type: none"> • Lack of local demand for café and / or event services reducing the profitability of the café; • Lack of awareness / challenges in marketing the café to local people leading to lower user numbers. • Short-term limited market due to low transport / rail users because of COVID-19 travel restrictions and reduction
<p>Impact</p> <ul style="list-style-type: none"> • Focus on profitability and long-term health of the café obscuring wider impact objectives; • Lack of inclusivity due to overly targeted marketing or use of the space by groups only reducing the scope of impact in the local area.

4.2. Community-led Housing

The East Ayrshire Local Development Plan (2020) identifies several vacant building, brownfield and greenfield sites in and around New Cumnock which offer significant potential to improve the physical appearance and vibrancy of the town. Two sites have been identified in the LDP without any current development planned – Mansfield Road (365H) and Dalhanna Drive (429H).

At present, NCDT has investigated and engaged with East Ayrshire Council regarding community housing development at two sites (figure 4.1):

High Park: A significant residential site previously occupied by Council housing and cleared after a reduction in housing demand and reducing local population. This area includes the identified Dalhanna Drive site.

Former Primary School (Cairnhill Site): The site of the former Cairnhill Primary School, which merged with the Castle Primary School on a new site in 2012. The site has been highlighted for development and NCDT has engaged with the Council to understand the potential for a community asset transfer (CAT). NCDT has submitted an Expression of Interest for the CAT and followed up with a meeting with East Ayrshire Council (EAC). Stage 2 requires the community to submit a dedicated business plan for the asset transfer, and EAC will provide a template for this. The information within this business plan will require validation and significant further development to progress this opportunity.

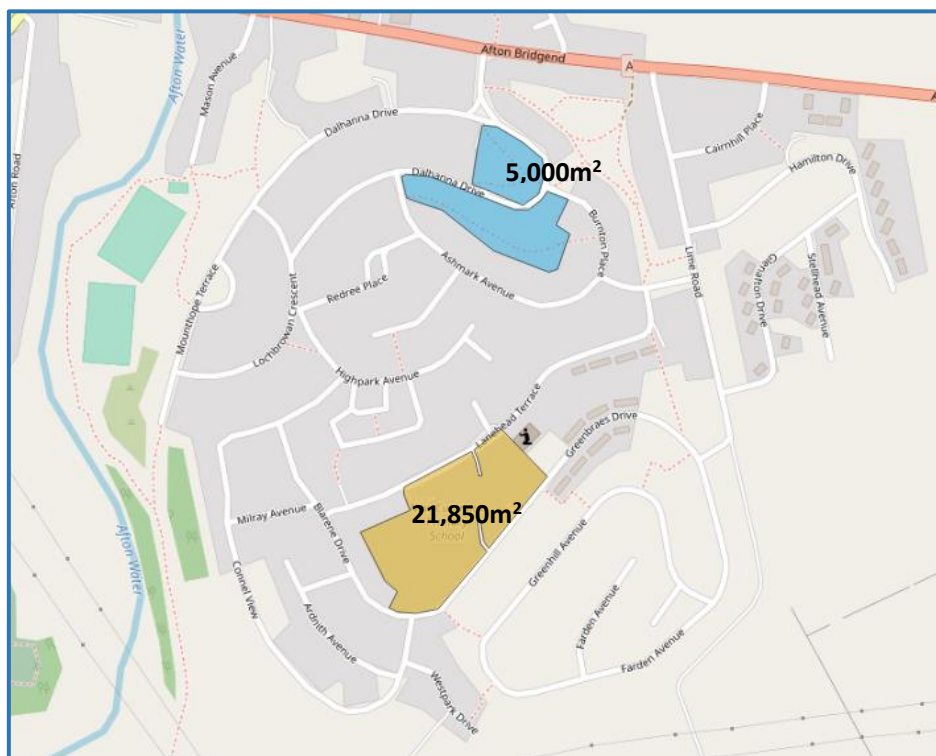


Figure 4.1 - New Cumnock Housing Development Site Map

As part of the masterplanning consultation, vacant buildings and empty or derelict land was highlighted as a key concern and development priority by the people of New Cumnock. The development of new housing, including affordable housing for young people or first-time buyers, was considered particularly important to the long-term health and vibrancy of the town. Community members have further stated that they believe there is little need for social housing in New Cumnock, in contrast to local authority views. This evidence of engagement will be important for the CAT Stage 2.

There is community interest in developing sustainable / low carbon housing – such as passive housing (see case study). This would require balancing of affordability and low carbon ambitions, to ensure the properties are suitable for the area and buyer types described.

The below diagram and table set out a general approach and options for community-led housing development, alongside indicative costs at each stage of the process. It should be emphasised that the costs have been obtained

from UK-wide publicly available sources (Power to Change) and will require to be verified by location specific information to validate these figures and support any further investigation of this opportunity.

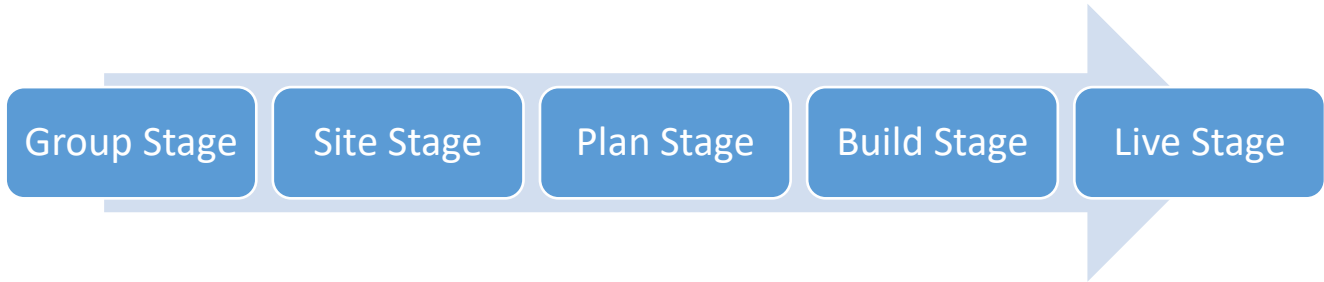


Table 4.10 - The Community Housing Development Process (Power to Change, 2018)

Stage	Description	Estimated Cost
Group	Formation of housing group or development body, including constitution and setting out how it will operate and finance its objectives	£1,000 - £10,000
Site	Finding and acquiring a site for development, or a building for redevelopment.	£1,280 / unit
Plan	Obtaining a planning consent for development and entering into a build contract. Unlike mainstream developers, many of the tools and skills needed must be created or acquired by the community group, such as standard specifications, sourcing and negotiating terms of development finance and budget control.	£5,630 / unit
Build	All works involved in building the proposed housing development. Transitioning from plan to build stages does require a level of mobilisation and often land acquisition and detailed design needs to be completed before finance for development can commence.	£1,800 – £2,200 / sq. m
Although it is acknowledged that the intention is to develop housing for market sale, the following is retained for reference:		
Live	Management of occupation of the homes once built. If there is going to be continued community stewardship built into the project, it will need to ensure a conservative level of income to provide for voids, maintenance, and contingency	£1,000 / annum (£25/week per rental)

Based on the information above and several assumptions on the scale and timescales of development for community-led housing, a high-level financial assessment has been conducted (table 4.11).

Table 4.11 - High-level Housing Development Cost Assessment

Site	Site Size	No. Homes	DEVEX	CAPEX	OPEX
High Park (Dalhanna Rd)	14,500m ²	36	£200,000	£4.88m	£36,000 /annum
High Park (Multi-site)	47,350m ²	118	£650,000	£15.34m	£118,000 /annum
Cairhill Site	21,850m ²	55	£310,000	£7.15m	£55,000 /annum
Key assumptions include: <ul style="list-style-type: none"> • Space per housing plot = 400m² • Development costs of = £5,630 /plot • Average size of dwellings = 65 sq. m (note that this is relatively small for family housing and may change) • Build stage costs = £2,000 /sq. m • Operating costs = £1,000 / plot / annum 					

Whilst the above industry-standard values provide an overview of what is possible within the identified housing sites, NCDT has expressed interest in enveloping the site with community impact as a focus rather than solely income generation. In this regard, there are several possible approaches which prioritise housing quality, landscape and community participation, including:

- Use of available space to provide community use spaces and / or shared service areas (e.g. shared social, storage and utility spaces);

- Development of changeable use properties (e.g. short-term / long-term let properties; shared living arrangements);
- Quick build / ‘flat-pack’ homes to reduce development timescales (and therefore often cost);
- Development via a community land trust (CLT) to promote collective ownership and deliver housing democratically through a specified community body. Examples, such as the [Granby Four Streets CLT](#), offer an example of how this might work in practice.
- Use of innovative community-driven approaches such as ‘sweat equity’ to allow community members to contribute to the housing development and construction process, developing skills and providing a discount or contribution towards property deposit or rental.
- Prioritising environmental performance and certification of housing

Case Study – Nith Valley Leaf Trust Community Housing

Nith Valley Leaf Trust (NVLT) are the first community to owned Passivhaus certified homes in Scotland. The housing was constructed in 2019 with the support of the Dumfries and Galloway Small Communities Housing Trust (DGSCHT) and funded primarily funded by the Scottish Government’s Rural Housing Fund and the Scottish Land Fund, as well as a loan from the Ecology Building Society. Taking 3 years to develop, the project was designed by John Gilbert Architects and built by Stewart & Shields from Helensburgh. A full business plan – dated from December 2017 – may be found [here](#).



This case study demonstrates a novel approach to developing waste ground into several community homes. Whilst the Closeburn area, where the houses are built, can be considered more rural than New Cumnock, the contexts are very similar. Critical to the success of the project has been engagement and partnership with local organisations, including DGSCHT, local housing associations, and the local authority. The business case builds on the need for affordable housing but targets rental, based on evidence of a long rental waiting list in the area. It is critical that NCDT gain a good understanding of market demand – whether rental or for sale – as part of the longer-term business case.

NVLT purchased the land via a CAT, with a purchase price of £15,000, with the council asset transfer covering the remaining 50%. Using the Rural Housing and Land Fund, NVLT then proceeded to conduct a site investigation, feasibility design via a local architect, and community consultation – leading to a final business plan. Planning permission was acquired subsequent to these steps.

Scottish Land Fund	Rural Housing Fund
Community Consultation	Site Investigation
Land Valuation	Feasibility Design
Ground Design	Feasibility Costing
Business Plan	Planning Permission
Ground Survey	

Table 4.12 - Works conducted by NVLT in developing community-led housing in Dumfries & Galloway

The above example and delivery methodology provide a possible route to follow for NCDT to progress the housing opportunity(s) identified. Engagement and application to the Scottish Land Fund (SLF) may be warranted to progress consultation and land assessment works, whilst an enquiry submission may be worthwhile to the Rural Housing Fund for site investigation and full feasibility. An enquiry is suggested in the first instance due to the RHF criteria around remote and rural locations. It is expected that New Cumnock would fall under the category of “**accessible rural areas** - 3,000 or less people and within 30 minutes’ drive to a place with 10,000 people or more”.

Several key local impacts are expected through the development of community housing. Table 4.12 sets out the likely impacts and realisation timescales.

Table 4.13 – Community Housing Impact Assessment

Impact	Description	Timescale
Social	The ability to provide attractive, affordable housing in New Cumnock is seen as essential to retaining young people in the area, and potentially attracting incomers.	Medium
Financial	Improving the quality of the existing housing stock, infilling existing gap sites, and positively contributing to the regeneration of the town through improving the amenity has the potential to increase market values for housing. This combined with increased demand can have a wider positive impact on the wider community.	Long
Local economic growth	Income generation and profit reinvestment in local community	Medium
Skills development / professional qualification	Provision of training and apprenticeships directly related to the construction process, and in associated activity.	Medium
Job creation	Full-time / part-time / work experience opportunities in construction, and associated businesses (e.g. planning, design, real estate, building management, etc.)	Medium
Environmental performance	Highly energy efficient buildings, combined with renewable generation technologies, will provide high environmental performance and very low running costs. This has the potential to inspire upgrades to the existing building stock.	Medium
Development partnerships	Some of the windfarm developers (esp. Banks Renewables) have linked businesses in the built development sector. Banks in particular has experience of working in socially deprived areas, given its background in the mining sector. It may be possible to develop strategic partnerships with such businesses, or other local housebuilders or developers, as part of this initiative.	Short
Wider regeneration initiatives	If there is a strong focus on ultra-low carbon or net zero for the housing, then it can integrate with the National Energy Research and Demonstration project (NERD) in Cumnock which is funded by the Ayrshire Growth Deal. Initial demonstrator projects are scheduled to begin in 2021, with subsequent demonstrator projects from 2024.	Medium

Key risks associated with the development of community housing are detailed in table 4.13.

Table 4.14 – Community Housing Risk Table

Risks
<p>Housing Need</p> <ul style="list-style-type: none"> The Housing Need & Demand Assessment undertaken by the Council indicates a ‘severe lack of demand’ for social housing. The demand for private housing is not proven through market research at this stage. (N.B. This is distinct from the desire for new housing to contribute to the regeneration of the town, which has been established through the masterplanning consultation process.)
<p>Market values</p> <ul style="list-style-type: none"> Current market values will not necessarily be a good indicator of the sale price which can be secured for new housing, particularly as the design standard will be materially different to the existing housing stock. This will provide uncertainty in any business modelling for this option. e.g. existing 3-bed semi is currently on sale in the vicinity for £43,000 https://www.zoopla.co.uk/for-sale/details/55919079?search_identifier=2ba491de082e29933938479aabc8b90c The existing stock will have a dampening effect on the values which can be secured for the new housing, but conversely the new housing should have an uplift effect on existing housing over time. Initially at least, it may be necessary to progress the community-led housing on a break-even basis, to secure the wider economic uplift and skills development.
<p>Financial</p>

Risks
<ul style="list-style-type: none"> • Capital cost – there are significant upfront capital costs associated with the development of housing, which are only recovered on the completion of sale. This will need to be managed appropriately to avoid cash flow issues for NCDT. The build costs (from the Power to Change report estimated at £130k / dwelling, but as a minimum to be £60-65k) may exceed the sale revenue. • Unrestricted funds – there are currently restrictions on the way in which community benefit funds may be spent which may restrict the ability of NCDT to fully finance the community led housing
<p>Administration</p> <ul style="list-style-type: none"> • Administrative burden of running complex development project may affect functioning of NCDT and ability to pursue other projects; • Lack of knowledge / skills in housing development lead to delays, added costs or other consequences.
<p>Compliance</p> <ul style="list-style-type: none"> • Acquiring necessary regulatory approvals including planning consent, building warrants, etc. will require substantial external professional services. • Even if the project is community led, there may be planning gain payments imposed on the development

4.3. Repair Hub

The New Cumnock Masterplan identified employment opportunities, skills development and community cohesion as key factors which need attention in the New Cumnock area. Evidenced by low employment, income, education, skills, and training values within the Scottish Index of Multiple Deprivation (2016), community members further noted that skills development and employment opportunities were critical in retaining younger people in the New Cumnock area. In light of the international COVID-19 pandemic, NCDT has had a recent focus on supporting local people through economic and social changes. Much of these changes relate to supporting furloughed or recently unemployed members of the community, whilst helping to support new opportunities where possible.

Throughout community consultations in New Cumnock, provision of educational and skills development initiatives and locations has been a core theme. This has been echoed by community representatives at NCDT. In 2020, NCDT contacted the Remade Network, which is the organisation responsible for repair hub (“Remakery”) initiatives in Edinburgh and Glasgow. The Remade network is working to expand to new locations as well as developing a skills academy in Glasgow to link up Remakeries around the country and help to share knowledge and skills within their network. The Remade network is based around providing repair services for income generation, particularly focused around ICT repair and refurbishment (e.g. mobile phones, laptops, PCs), furniture repair and upcycling, and tool hire. The Remade Network is a social enterprise which works in partnership with the local authority and community / third-sector organisations to develop enterprise models which are appropriate for local areas and people. To date, The Remade Network has engaged with NCDT and Scene to investigate possible implementation of a Remakery in New Cumnock.

It is possible that grant support could be sought for the development of the repair hub, as well as the operating costs detailed. This would greatly improve the forecasts set out below. One avenue already discussed is the participation in the Remade Academy, due to be set up in Glasgow, providing a local person with part-time education whilst they are employed by the New Cumnock hub. Whilst the Remakery commercial design detailed above is the current preferred commercial model, several wider commercial models may be appropriate for New Cumnock and require further investigation. This includes collection and donation-based, repair service-based and webstore models²

The proposal and analyses below relate to the development and operation of a repair hub in New Cumnock. The aim of this is to achieve the goals stated above, developing local skills, supporting, and creating employment opportunities, improving social cohesion, and contributing to the local circular economy.

The initial proposition is for the repair hub to be in the NCDT offices as a ‘pop-up’ shop, operating 2 days a week throughout the year. In year 2/3 it is expected that the repair hub would transition to a large, permanent home with 1 – 2 more staff and the ability to take on greater educational and repair services. At present it is difficult to assess the level of local demand due to the lack of similar repair hubs in small town situations similar to New Cumnock. If the local market is deemed too small during further evaluation, aggregation of services across the local area – either through a mobile repair hub or to-door services – may prove to be suitable business models.

Table 4.15 - Financial Assumptions

Assumptions	
Remade day rate	£400.00
Rent	£0
Repair customers / day	3
Goods customers / day	7
Days open / month	8
Staff FTE (year 1 - 2)	0.5
Staff FTE (year 3 - 5)	1.2
Staff Wage (1 FTE)	£18,000
Annual professional services cost	£800
Average repair sales value / customer	£50
Average repair costs / customer	£20
Average goods sales value / customer	£10
Average good sales cost / customer	£5
Cost of tool replacement / year	£600
Year 1 growth	25%
Year 2 growth	50%
Year 3 - 5 growth	5%
Insurance / year	£1,000
Marketing Budget	£200

² See for more detail:

<https://www.zerowastescotland.org.uk/sites/default/files/Reuse%20and%20Repair%20Hubs%20Final%20Report.pdf>

Table 4.16 – Repair Hub DEVEX Costs

Development Cost	Year 1
Feasibility Study (Remade Network)	£4,000.00
Community presentation (Remade Network)	£200.00
Total DEVEX	£4,200.00

Table 4.17 - Repair Hub CAPEX Costs

Capital Cost	Year 1
Tools	£3,000.00
Refurbishment	£2,000.00
Initial training	£800.00
Remade Support	£800.00
Initial inventory	£500.00
Contingency (20%)	£1,420.00
Total CAPEX	£8,520.00

Operating costs across a 5-year timescale are shown in table 4.17. Costs do not reflect seasonality of the business and are based on a growth rate of 25% in year 1 at the NCDT office space, due to increased awareness and user uptake. In year 2/3 an increase of 50% is associated with a scale up of the repair hub to a new location or mode of delivery (e.g. mobile repair services). This growth is accompanied by greater OPEX costs due to increased staff and overhead costs. Years 3 – 5 have a flat rate of 5% growth expected as the service becomes normalised, new markets are accessed and frequent users are established.

Table 4.18 - Repair Hub 5-year OPEX

Month	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year OPEX	% of Total Costs
Rent	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0%
Staff - Technician	£9,000.00	£9,000.00	£21,600.00	£21,600.00	£21,600.00	£82,800.00	48%
Professional Services	£800.00	£800.00	£800.00	£800.00	£800.00	£4,000.00	2%
Parts / Materials	£5,260.00	£6,575.00	£9,862.50	£10,355.63	£10,873.41	£42,926.53	25%
Tools	£600.00	£900.00	£1,350.00	£1,417.50	£1,488.38	£5,755.88	3%
Goods cost	£3,360.00	£4,200.00	£6,300.00	£6,615.00	£6,945.75	£27,420.75	16%
Insurance	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£5,000.00	3%
Marketing	£200.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00	£4,200.00	2%
Total OPEX	£20,220.00	£23,475.00	£41,912.50	£42,788.13	£43,707.53	£172,103.16	-

Based on the above values and assumptions, the below income generation potential has been produced (table 4.18).

Table 4.19 - Repair Hub Income Assessment

Month	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Income	% of Total Income
Repair sales	£14,400.00	£18,000.00	£27,000.00	£28,350.00	£29,767.50	£117,517.50	61%
Goods Sales	£6,720.00	£8,400.00	£12,600.00	£18,900.00	£28,350.00	£74,970.00	39%
Total Income	£21,120.00	£26,400.00	£39,600.00	£47,250.00	£58,117.50	£192,487.50	-

The net balance cashflow and balance for NCDT based on the OPEX vs Income is provided in Table 4.19. The repair hub would break even within year 5, with income of up to £14,000. As mentioned, the below cashflow reflects average growth within the NCDT office space in year 1 (25%) and significant scale up in year 2 to take on further staff and expand operations. This delays the breakeven timescales but significantly increases the potential turnover of the repair hub from ~£20,000/annum to £40,000/annum. It would be feasible to continue the pop-up shop concept over a greater number of years or for it to persist if demand is deemed insufficient for scale up of the hub.

Table 4.20 - Repair Hub Cashflow and Balance

Net Cashflow	£900.00	£2,925.00	-£2,312.50	£4,461.88	£14,409.97
Balance	-£11,820.00	-£8,895.00	-£11,207.50	-£6,745.63	£7,664.34

Several key local impacts are expected through the operation of the repair hub. Table 4.20 sets out the likely impacts and realisation timescales.

Table 4.21 - Repair Hub Impact Assessment

Impact	Description	Timescale
Employability	Skills development for staff and users through work experience and teaching via Remade academy. Delivery of repair and reuse workshops to local people and organisations.	Medium
Job Creation	Creation of part-time and full-time posts at the repair hub throughout its lifetime. Opportunities for work experience / internship offers.	Short
Economic growth	Development of a new local business. Reducing costs to local people through new capabilities to upcycle, repair and reuse goods.	Medium
Waste reduction	Reduction of waste sent to landfill through repair services, recycling of goods and upskilling of local people to throw away fewer goods.	Short
Environmental sustainability	Reduction of waste sent to landfill, including hazardous waste occurring from computers, mobile phones and other electronic goods.	Long

Key risks associated with the repair hub are detailed in table 4.21.

Table 4.22 - Repair Hub Risk Table

Risks
<p>Compliance</p> <ul style="list-style-type: none"> Acquiring necessary regulatory approval and health and safety certification to operate a repair hub safely and legally.
<p>Capability</p> <ul style="list-style-type: none"> Lack of expertise in the local area to deliver repair services and / or run a repair hub effectively; Lack of access to necessary training materials for staff and volunteers to enable teaching to a sufficient level; Lack of management and/or teaching expertise to deliver educational events and ongoing professional development of staff and volunteers.
<p>Financial</p> <ul style="list-style-type: none"> Differences between modelled income and expenditure leading to lack of working capital and ability to run repair hub at over the longer term.
<p>Administration</p> <ul style="list-style-type: none"> Ability to manage staff, volunteers and students leading to challenges with repair hub operation and effective delivery of repair services.
<p>Market</p> <ul style="list-style-type: none"> Lack of local interest in repair services, limited donations and few paying customers limiting income flows and long-term financial viability; Lack of customers due to limited opening hours meaning customers are not able to access the service; Lack of customers due to ineffective marketing of the service and repair hub.

4.4. Community Newspaper

The New Cumnock Community Newspaper is an ongoing pilot project developed based on recommendations from the New Cumnock Masterplan. The idea behind the newspaper is to provide a central resource with local news, community events, activities, and stories. NCDT produced the first runs of the quarterly newspaper via a third-party printing service, latterly taking on a printer lease to bring the printing in-house. The newspaper is currently run at a loss, with funding provided from the NCDT community benefit fund and through a small amount of advertising income.

The Newspaper is managed by NCDT, with significant time required to identify, obtain, and edit content for each issue. The analysis below does not include any assessment of labour time nor costs, seeking primarily to ensure the newspaper is self-supporting in terms of production costs. Labour costs would likely draw income from wider development options, due to the marginal nature of the newspaper.

Operating costs across a 5-year timescale are shown in table 4.22. Costs are based on a flat rate across all years as the costs are not expected to fluctuate particularly, other than a potential reduction in costs as distribution is made more efficient. The below analysis uses a set rate for printer leasing over the 5-year planning term. NCDT is currently leasing a printer at £273/quarter, with printing costs of £379 per annum.

The below analysis builds in staff costs of £1,000 / issue for distribution and core costs for content creation, collation and issue production of £6,700 / annum. £1,200 is currently spent per issue on an external editor.

Table 4.23 – Community Newspaper 5-year OPEX

Month	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year OPEX	% of Total Costs
Printer Lease	£1,094.12	£1,094.12	£1,094.12	£1,094.12	£1,094.12	£5,470.60	6%
Printing Cost	£379.20	£379.20	£379.20	£379.20	£379.20	£1,896.00	2%
Distribution Costs	£4,000.00	£4,000.00	£4,000.00	£4,000.00	£4,000.00	£20,000.00	24%
Editor Cost	£4,800.00	£4,800.00	£4,800.00	£4,800.00	£4,800.00	£24,000.00	28%
Staff Costs (non-distribution)	£6,700.00	£6,700.00	£6,700.00	£6,700.00	£6,700.00	£33,500.00	39%
Total OPEX	£16,152.73	£16,152.73	£16,152.73	£16,152.73	£16,152.73	£80,763.65	-

Based on the above values and assumptions, the below income generation potential has been produced (table 4.23). The growth of advertising income assumes that the paper has 20 advertising spaces per issue with an average advert cost of £75, increasing from an average of 5 adverts/issue in year 1 to 10 adverts/issue in year 5.

Table 4.24 - Community Newspaper Income Assessment

Month	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Income	% of Total Income
Advert Income	£1,500.00	£1,800.00	£2,160.00	£2,592.00	£3,110.40	£11,162.40	60%
Donations	£1,500.00	£1,500.00	£1,500.00	£1,500.00	£1,500.00	£7,500.00	40%
Total Income	£3,000.00	£3,300.00	£3,660.00	£4,092.00	£4,610.40	£18,662.40	-

The net balance cashflow and balance for NCDT based on the OPEX vs Income is provided in Table 4.24. This shows a funding shortfall of £13,973 in year one, reducing marginally to £12,363 in year 5. Added income, particularly from increased advertising revenue beyond what has been projected, sponsorship, donations and cross-subsidisation between projects may be suitable avenues to reducing this shortfall.

Table 4.25 - Community Newspaper Cashflow and Balance

Net Cashflow	-£13,973.32	-£13,673.32	-£13,313.32	-£12,881.32	-£12,362.92
Balance	-£13,973.32	-£27,646.64	-£40,959.96	-£53,841.28	-£66,204.20
Annual Funding Shortfall	£13,973.32	£13,673.32	£13,313.32	£12,881.32	£12,362.92

Alternative analysis has been provided below to demonstrate the potential impacts of reducing several costs on the funding shortfall. This includes:

- Internal editing, reducing the need for an external editor costs (£1,200 / issue);
- Distribution costs, to be conducted by volunteers, placement or work experience staff;
- Content creation and production on a volunteer basis reducing the necessary core staff costs by 50% (from £6,700 to £3,350 / annum).

Table 4.26 shows a much-reduced funding shortfall of £1,823 in year one, reducing to a marginal £213 in year 5.

Table 4.26 - Cost reduced cashflow, balance and funding shortfall analysis

Net Cashflow	-£1,823.32	-£1,523.32	-£1,163.32	-£731.32	-£212.92
Balance	-£1,823.32	-£3,346.64	-£4,509.96	-£5,241.28	-£5,454.20
Annual Funding Shortfall	£1,823.32	£1,523.32	£1,163.32	£731.32	£212.92

One further method for cost reduction would be the employment or provision of workplace experience to local people to get involved in the New Cumnock newspaper. This could be supported by funding streams such as Kickstart (UK Government) or the Employability Fund (Skills Development Scotland)

One of the core benefits of the New Cumnock Newspaper is its ability to communicate and deliver on economic and social impact. In particular, the community newspaper will:

- enable NCDT to update community members on work and projects being conducted in the local area;
- advertise community events, workshops, and classes;
- encourage active community participation through information sharing and awareness raising;
- act as a channel for local businesses to reach customers, driving economic growth;
- driving local philanthropy, including in NCDT initiatives, other local charities and the newspaper itself
- inform and educate local people on local and community history, current affairs and geography.
- promote and support young people, their work and initiatives.

4.5. Co-Working Space

NCDT is renovating the Trust's office space at 21 Castle, due for completion in November 2020. The renovation will open up greater space for the development trust, as well as partitioning existing space for alternative uses. Through discussions with NCDT and in line with local priorities relating to employment opportunities and skills development, using some of this newly available space to support local businesses has been proposed. Using the NCDT office space for as a co-working space for local people and businesses, including both fixed desks and hot-desking alongside standard office services (e.g. Wi-Fi, printing, meeting rooms, etc.).

In light of COVID-19, the development of a co-working space will further provide an office and meeting space for those transitioning to remote working. During COVID, it is expected that there would be room for ~6 people to safely share the new office space(s). This could reach as high as 10 – 15 people without restrictions in place, greatly increasing the viability of the co-working space. NCDT must consider the risks of developing such a space during the current pandemic against the demand it has created for office space. It is likely that a co-working space offering would be a medium-term option for NCDT due to COVID-19, which could be implemented as restrictions reduce and people increasingly return to work.

Several assumptions have been made in the following financial analysis. Initial investment will include office furniture (£2,500) to enable 6 desks to be set up. Calculations are based on demand for 2 fixed desks and 4 hot-desks on average across the 5-year term. Full operating costs across a 5-year timescale are shown in table 4.25.

Table 4.27 – Co-Working Space 5-year OPEX

Month	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year OPEX	% of Total Costs
Rent	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0%
Furniture	£2,500.00	£250.00	£250.00	£250.00	£250.00	£3,500.00	32%
Maintenance	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	0%
Insurance	£250.00	£250.00	£250.00	£250.00	£250.00	£1,250.00	12%
Wi-Fi	£420.00	£420.00	£420.00	£420.00	£420.00	£2,100.00	19%
Office Supplies	£600.00	£600.00	£600.00	£600.00	£600.00	£3,000.00	28%
Marketing	£200.00	£200.00	£200.00	£200.00	£200.00	£1,000.00	9%
Total OPEX	£3,970.00	£1,720.00	£1,720.00	£1,720.00	£1,720.00	£10,850.00	-

Based on the above values and assumptions, the below income generation potential has been produced (table 4.26). As noted in the previous supporting option, synergies with the rental or purchase of a printer may be relevant. This would allow printing to be offered as part of the desk rental agreement, whilst printing services may be offered to local people. This is estimated at 10 customers / month, with an average cost of £2.60. This is a conservative estimate as printing demand in the area is challenging to assess without direct engagement with local people and organisations.

Table 4.28 - Co-Working Space Income Assessment

Month	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Income	% of Total Income
Hot desking	£2,400.00	£2,400.00	£2,400.00	£2,400.00	£2,400.00	£12,000.00	47%
Fixed Desks	£2,400.00	£2,400.00	£2,400.00	£2,400.00	£2,400.00	£12,000.00	47%
Printing	£312.00	£312.00	£312.00	£312.00	£312.00	£1,560.00	6%
Total Income	£5,112.00	£5,112.00	£5,112.00	£5,112.00	£5,112.00	£25,560.00	-

The net balance cashflow and balance for NCDT based on the OPEX vs Income is provided in table 4.27. The co-working space, based on the above assumptions, would generate £1,142 in the first year, rising to £3,392 in years 2 – 5.

Table 4.29 - Co-Working Space Cashflow and Balance

Net Cashflow	£1,142.00	£3,392.00	£3,392.00	£3,392.00	£3,392.00
Balance	£1,142.00	£4,534.00	£7,926.00	£11,318.00	£14,710.00

5. Recommendations

Station Café

The station café represents a good prospect and achievable community business option for NCDT. The availability of the café building, positive engagement with the building owners and its suitable location for high user volumes. The café offers reasonable short-term financial prospects whilst providing the ability to deliver a wide array of non-income benefits via a phased approach to opportunity development.

The following recommendations are proposed:

- Further engage with Scotrail / National rail to progress lease option and terms of station café;
- Conduct bespoke market analysis, including market consultation / survey;
- Develop café specific business plan, including vision and service offering;
- Improve robustness of financial modelling for the New Cumnock location;
- Design a roadmap for phased introduction of additional services, including community events, active travel components, etc.

Community-led Housing

The community-led housing may represent a high-risk option, given the potential for the build costs to exceed the sale revenues. However, the wider social impacts through skills development and job creation; and the wider economic impacts through improving the building stock, increasing house prices; attracting and retaining young people in the community; may justify initial losses on the first phases of development. The following recommendations are proposed:

- Undertake a dedicated business planning process for the community-led housing project as part of Stage 2 of the Community Asset Transfer;
- Liaise with the wind farm developers over the eligibility for using community benefit funds for community-led housing;
- Engage with developers to seek to develop strategic skills partnerships;
- Engage with the NERD project to seek to have a New Cumnock housing site identified as a demonstrator project.

Repair Hub

The repair hub is a moderate prospect community business option for NCDT but there is greater uncertainty around the applicability of the concept to the New Cumnock area. Positive and active engagement from the Remade Network offers a good route towards development of the repair hub idea and the social impacts of the hub are consistent with the current needs of New Cumnock and the aims of NCDT. The lack of examples of repair hubs in small town / semi-rural areas is a large uncertainty, especially considering Remade's current offerings are all situated in active parts of major cities (Edinburgh, Glasgow, London).

The following recommendations are proposed:

- Conduct a full feasibility study of the repair hub concept, including a market assessment for New Cumnock and wider settlements;
- Develop a pilot 'pop-up shop' at the NCDT offices to understand and develop local market for repair services, as modelled in this report;
- Develop a final commercial model based on the feasibility study and pilot to understand best means of collaborating with the Remade Network and delivering repair services (e.g. pop-up shop, scaled-up hub, mobile hub).

Supporting Options

Whilst no immediate source of income has been identified to make the New Cumnock Newspaper self-sufficient in the short-term, NCDT should:

- Investigate cross-subsidising the newspaper with income from other business options and community benefit in the short term;
- Develop new opportunities for sponsorship and advertising to reduce costs in the medium-term;
- Consider printer purchase to reduce operating costs, in tandem with co-working office space.

The co-working space may offer a short-term income generation project for NCDT, although confidence in shared working has been significantly affected by COVID-19, and the ability to scale is limited. Impact is very dependent on the type of organisation and individual supported and their respective abilities to pay for office space. It is recommended that NCDT:

- Consider the risks of developing a shared office space in a global pandemic, modelling the impact of reduced demand in the short term, and comparing against alternative uses (e.g. repair hub pop-up shop) or more informal use of office space;
- Investigate market demand for office space and set out locally appropriate costs for hot desk and fixed desk spaces;
- Develop a fully costed plan for investment in office equipment and supporting services (printing, Wi-Fi, etc.) and integrate with financial model;
- Engage potential businesses and individuals to spread the word and gain initial interest in office space.

6. Funding & Financing

A list of potential funders for the shortlisted development options is provided in Table 6.1. The list contains details of the fund, funding criteria and suitability for development option(s) and stages where relevant.

Table 6.1 - List of relevant funders and funding initiatives

Funder	Description	Value	Stage	Development Option
Social Investment Scotland	Loan funding and business support for other social enterprises, charities and community groups looking to make a positive impact on people's lives, society, or the environment. SIS provide a free to use investment readiness diagnostic tool .	£10,000 - £2m	Any	All
Good Finance	Collaborative project providing information, resources and links to investors and advisors within social investment. A source for the tools and routes to acquiring community investment.	n/a	Any	All
Esmee Fairburn Foundation	Fund five main sectors – Arts, Children and Young People, Environment, Food and Social Change – to unlock and enable potential, build collective networks, and catalyse system change. Offers loans and grants, subject to demonstrating clear social impact. <i>Closed to new applications. New strategy expected in 2020.</i>	£5,000 - £1m Average: £150,000	Any	All
Community Shares	Raising of community shares with the support of share management platforms such as Ethex , Crowdfunder , Livetree or Tilt . Funds may be topped up through the Community Shares Booster scheme.	Any	Investment	All
Big Lottery Fund	Grants from £300 to £500,000 for projects in a variety of areas, including development of community assets and spaces. <i>Currently focused primarily on COVID-19 response.</i>	£300 - £50,000	Any	All
Scottish Land Fund	Supporting urban and rural communities to become more resilient and sustainable through the ownership and management of land and land assets in Scotland. <i>Fund closes March 2021.</i>	£10,000 - £1m	Any	Café / Housing
Rural Housing Fund	The Rural and Islands Housing Funds (RIHF) supports communities to: <ul style="list-style-type: none"> • build new homes; • change buildings into homes; • make empty homes ready to rent or sell. 	Any	Capital support (grants / loans)	Housing

Funder	Description	Value	Stage	Development Option
	New Cumnock is likely to be considered an 'accessible rural area' and would therefore be eligible of the RIHF.			
Savoy Educational Trust	Grants to people entering or working in the hospitality industry, or charities offering hospitality related education projects.	£5,500 scholarship £500 materials	Operation	Community Café
Power to Change	<p>Homes in Community provides support and grants to help community business groups progress projects that build or refurbish well-built, affordable, and future-proof homes designed around the needs of local people.</p> <p>Community Business Fund supports existing community businesses with grants to help them progress towards self-sufficiency. This could be through increasing trading income, securing an asset or significantly reducing revenue costs.</p> <p><i>Currently suspended and funds redirected to COVID-19 response.</i></p>	Average £50,000 £50,000 - £300,000	Feasibility; Pre-development; Post-planning.	Community Housing / All
Funding Affordable Homes	Social impact company which builds and acquires affordable housing to deliver financial and social returns for both communities and investors.	n/a	Development Construction	Community Housing
Nationwide	Community Grants: grants which supporting local people with housing needs in innovative ways.	£10,000 - £50,000	Up to 20% core costs, development and capital costs	Community Housing
CAF Venturesome	Community Led Housing Fund: providing flexible loans to Community Land Trusts since 2008. Focus on providing repayable loans for community housing from pre-development to operation.	£150,000 pre-development £400,000 development	Pre-development to operation	Community Housing
Resilient Scotland	Start & Grow investment for social enterprises, community organisations and charities to start-up, develop and expand their enterprising activities. <i>Fund closed for foreseeable future and redirected to COVID-19 response</i>	£10,000 - £60,000	Development	Café / Repair hub

7. 5-Year Plan

NCDT has significant financial resources because of the incoming community benefit payments set out in section 2. Whilst this affords the organisation with the ability to take on several projects, NCDT must be careful to ensure that management burden and core costs are considered when progressing projects. Table 7.1 sets out short and long term aims for NCDT against each of the development options appraised in this report.

Table 7.1 - Community Business Aims

Development Option	Short-term aim	Long-term aim
Station Café	Set up a self-sufficient community café and managed event space.	Develop café to include active travel and educational hub.
Community-led Housing	Develop interest and partnerships for housing development and create a housing specific business case.	Implement affordable community-led housing on site(s) within New Cumnock.
Repair Hub	Design and implement a repair hub pop-up shop at the NCDT office space	Develop links with the Remade academy, understand and implement scaled-up or mobile repair hub.
Community Newspaper	Reduce costs and cross-subsidise newspaper to allow continuation of pilot.	Identify and secure funding, donations and / or advertisement, making the newspaper as near to self-sufficient as possible.
Co-working Space	Understand costs and market, implementing co-working space if financially viable.	Secure future of co-working space through long-term fixed tenants and sufficient hot desk demand.

Development option timeline

Figure 7.1 sets out timelines for the feasibility, development, and implementation of each of the appraised community business options. The highest prospect and most developed opportunities should be prioritised in year one, with development of the less certain prospects in years 2 – 3.

Development Option	Year 1	Year 2	Year 3	Year 4	Year 5	Year 5+
Station Café	Feasibility (blue), Development (yellow)	Operation (green)	Operation (green)	Operation (green)	Operation (green)	Operation (green)
Community-led Housing	Feasibility (blue)	Development (yellow)	Development (yellow)	Development (yellow)	Operation (green)	Operation (green)
Repair Hub	Feasibility (blue)	Development (yellow)	Operation (green)	Operation (green)	Operation (green)	Operation (green)
Community Newspaper	Operation (green)	Operation (green)	Operation (green)	Operation (green)	Operation (green)	Operation (green)
Co-working Space	Development (yellow)	Operation (green)	Operation (green)	Operation (green)	Operation (green)	Operation (green)

Figure 7.1 - NCDT Development Timeline

Feasibility	Blue	Development	Yellow	Operation	Green
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Appendix A – List of Key Reference Materials

- Community Food and Health (2006) [Promoting healthy eating choices in community cafés](#)
- East Ayrshire Council (2020) [East Ayrshire Local Development Plan](#)
- New Cumnock Development Trust (2018) [New Cumnock Regeneration Masterplan](#)
- SenScot (2019) [Social Enterprise & Community Café Activity](#)
- Power to Change (2018) [The community business success guide to cafés](#)
- Power to Change (2018) [A grant framework for new build community-led housing projects](#)
- Zero Waste Scotland (2014) [Re-use and Repair Centres / Hubs – Scoping of models and outline business cases](#)
- FEANTSA (2017) [Innovative Housing Solutions Factsheet](#)

Appendix B – Development Options Long List

The long-list below has been developed through conversations with NCDT and a review of existing local development planning documentation.

Prospect ratings (high, medium, low) have been defined based on a high-level cost-benefit assessment, including economic benefits. Impact ratings (high, medium, low) have also been defined based on an assessment of the social and environmental impacts, as well as wider community impacts for NCDT.

#	Name	Development Options	Prospect	Impact	Recommendation
1	Station Café	<ul style="list-style-type: none"> • NCDT take 25-year lease and continue to run as a café • Develop as an active travel hub, including elements such as: <ul style="list-style-type: none"> ○ Bike hire & repair ○ EV charging location ○ Social hub ○ Led walks / cycling hub • Develop as a training / learning centre, including elements such as: <ul style="list-style-type: none"> ○ Community events / social meetings ○ Skills development workshop space ○ Learning hub (classes, webinar space, etc.) ○ Confidence building activities <p>Aim to self-sustain through café income, classes, and travel / bike related activities (e.g. repair services)</p>	High	Medium	<p>Immediate and high prospect business with ideas in place for additional asset use & value generation.</p> <p>Progress to options appraisal</p>

#	Name	Development Options	Prospect	Impact	Recommendation
2	Repair Hub	<ul style="list-style-type: none"> Develop initial repair hub at NCDT offices as an interim option. Develop NCDT-owned repair hub at the Trotters building on the high street Develop repair hub at another local site Use repair hub to provide local repair services, including ICT, furniture, clothing, etc. Link to Glasgow Remakery Network hub and look to secure apprenticeship with Glasgow hub in synergy with NC repair hub. 	High	Medium	<p>Potential site(s) identified and discussions with <i>Remade Network</i> ongoing.</p> <p>Discuss site options, timescales and progress to options appraisal.</p>
3	Community-led Housing (High Park)	<ul style="list-style-type: none"> Investigate building of social housing for sale / rent in the High Park area of New Cumnock Aim to develop affordable rental housing with local allocation control Investigate housing + energy options. 	High	High	<p>High value development with long timeframe and high costs.</p> <p>Progress to options appraisal alongside Primary School site.</p>
4	Community-led Housing (Primary School site)	<ul style="list-style-type: none"> Investigate building of social housing for sale / rent at the primary school site in New Cumnock Aim to develop affordable rental housing with local allocation control Investigate housing + energy options. 	High	High	<p>High value development with long timeframe and high costs.</p> <p>Progress to options appraisal alongside High Park site(s).</p>
5	NCDT Office Upgrade	<ul style="list-style-type: none"> Use NCDT office to provide space for local groups / services (short-term) Provide local business office space and support services. Link to repair hub (point 2) 	Medium	Medium	<p>Short term development with moderate income prospects, depending on building use.</p> <p>Progress to options appraisal only if NCDT deem a priority.</p>
6	Food Shop / Service	<ul style="list-style-type: none"> Create local food shop with Dumfries House Support Working Mens' Club community larder and investigate further potential Investigate potential sites, mostly likely at Dumfries house Link with local food suppliers and customers, including physical and mail order options. 	Medium	Medium	<p>Limited progress to date and possible relationship issues noted.</p> <p>Discuss with Dumfries House / Working Mens' Club and progress to options appraisal only if NCDT deem a priority.</p>

#	Name	Development Options	Prospect	Impact	Recommendation
7	Castle Hotel Laundrette	<ul style="list-style-type: none"> Develop a laundrette in an adjoining property to the Castle Hotel Offer laundry cleaning services to the hotel and similar local businesses Open as a public-access laundrette for the community. Part of wider Hotel feasibility study (point 12). 	Medium	Low	<p>Short term prospect with additionality (supporting hotel) and potential business viability. Better understanding of market demand needed.</p> <p>Progress to options appraisal only if NCDT deem a priority.</p>
8	Cycling / Walking Infrastructure	<ul style="list-style-type: none"> Development of cycling infrastructure linking key areas of New Cumnock, including lagoons, Afton Water and Railway Station. 	Low	High	<p>High social / environmental benefit, unlikely to generate much direct income.</p> <p>To be considered as an investment option, rather than business proposal.</p>
9	New Cumnock Newspaper	<ul style="list-style-type: none"> Identify and secure funding and / or advertising for ongoing costs (printer leasing, printing costs, distribution, staff costs) Offer printing services to local people / organisations 	Low	Low	<p>Small scale and low-income prospects.</p> <p>To be progressed to high-level feasibility to become self-sustaining.</p>
10	Working Mens' Club	<ul style="list-style-type: none"> Understand current liabilities and running costs Investigate alternative building uses, including storage, food shop, event space and repair hub 	Low	Medium	<p>Unlikely to form an important part of business planning due to separate ownership.</p> <p>May be considered as a supporting site (e.g. Remakery)</p>
11	Mary Morrison Memorial Garden	<ul style="list-style-type: none"> Currently under lease so development options are limited. Possible outdoor events space. 	Low	Low	<p>Unlikely to form a viable source of income.</p> <p>May offer environmental / social value.</p>
12	Castle Hotel	<ul style="list-style-type: none"> Development of bunk house in Castle Hotel. Hotel currently owned by NCDT and a feasibility study relating to its use completed recently. 	N/A	N/A	<p>Development options covered by bespoke feasibility study, therefore not included as an option in this business planning long list.</p>
13	Glenafton Sports Hub	<ul style="list-style-type: none"> Development of a sports hub based in the existing Glenafton facilities using REF funding. May include low carbon solutions, such as solar PV, but focusing on sport and recreation facility improvements 	N/A	N/A	<p>Covered by existing Glenafton Sports Club work and therefore not to be covered as a business planning scenario.</p> <p>May play a role in travel / active hub development.</p>

