



Torrison Primary School Options Appraisal & Business Plan

Commissioned by: Torrison District Community Association (TDCA)

Funded by:



Scottish Government
Riaghaltas na h-Alba

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Executive Summary

Torridon District Community Association (TDCA) is currently considering the purchase of the now-closed Torridon Primary School and adjacent playpark from Highland Council using the Community Asset Transfer (CAT) process. TDCA aims to ensure that the future use of the site benefits the community and is therefore considering the options for purchase and redevelopment of the site, together with the potential for a sustainable business model to be put in place effectively.

As a small, remote, rural community with an ageing population, Torridon is keen to address the challenges it faces by encouraging younger people to live and work in the area. This will increase sustainability and make Torridon more resilient in the future. A key challenge for the community is the need for additional affordable rental accommodation in the area. The lack of affordable places for people to live locally is having a significant detrimental impact on long term community sustainability. This, coupled with a desire to support more businesses in the area, has led to the vision of creating a space for thriving business in the heart of Torridon, with associated accommodation and community outdoor space, to provide services for local people and visitors.

After community consultation and a series of workshops and discussions in winter 2023-24, a shortlist of options was agreed. After further research, TDCA decided to pursue a mixed-use approach, including both housing and business accommodation, together with the redevelopment of the playpark area. This option will enable the community to:

- Bring the school building and surrounding area into community ownership
- Provide business development opportunities within Torridon
- Address local need for additional medium-term accommodation options
- Redevelop the playpark area to provide community outdoor space.

The school has been valued at £100,000 and the playpark site at £10,000. A Scottish Land Fund application can be submitted to request up to 95% grant funding towards these purchase costs. The total capital redevelopment costs for the Primary School are estimated at just over £1,250,000, including professional fees, contingency and VAT. An additional budget of £120,000 including VAT is estimated for the playpark.

TDCA would require a combination of grant and loan funding to finance the project, and funding opportunities that may be available to TDCA are outlined in this document. It is recognised that the current funding landscape is challenging, with funders looking to invest in projects that address significant community need, have strong economic and social outcomes and demonstrate excellent value for money.

Revenue models for the redeveloped school indicate that at current expected rent levels, a turnover of approximately £20k per year would be achieved, and that interest and repayments on capital borrowing would probably need to be kept in the region of £13,000 per annum for the project to be viable. At current interest rates and allowing for voids of up to 10%, the project could be sustainable once redeveloped.

This project has the potential to act as a catalyst for further redevelopment in Torridon, building upon and complementing the highly successful Loch Torridon Community Centre. It would encourage and enable more people to live and work in Torridon, so bringing more customers to local businesses year-round.

1. Background

Introduction

Torridon District Community Association (TDCA), a Scottish Charity established in 1972 and constituted in its present form in 2008, is working towards delivering projects that will address the priorities identified in the Torridon and Kinlochewe Community Development Plan 2023-28. It has charitable status.

A key project in the development plan is the repurposing of Torridon Primary School. This was mothballed for thirteen years and a formal decision to close the school was taken in 2023. It is expected to be sold by Highland Council in 2024. Highland Council has indicated a willingness to consider the Community Asset Transfer (CAT) of this building to TDCA, together with the adjacent playpark site, if a viable and sustainable use can be identified for the building and site.

The TDCA Sub Group that is responsible for project delivery has commissioned an Options Appraisal and Business Plan from SKS Scotland and JGA Architects to support TDCA's decision making regarding the school and playpark. Working closely with the Sub Group, SKS has produced this document to articulate options for redevelopment, provide research on markets and income streams, assess risk, and clarify the potential for a sustainable business model to be developed.



OS Map of Torridon area, purchased with licence from <https://ukmapcentre.com/>

The Site

Torridon Primary School is situated in the village of Fasaig in a prime location at the centre of the Torridon community, and has the potential to be redeveloped for future use. Adjacent to the school is a large green space that used to contain a playpark and could be further developed to include a revitalised playpark and potentially other facilities.



Torridon Primary School site plan

Community Engagement and Support

Extensive community consultation was carried out by the action group formed under Torridon and Kinlochewe Community Council (TKCC) to inform the Torridon and Kinlochewe Community Development Plan 2023-2028, with nearly 50% of the population (around 170 people) responding to the initial survey.

A key community need identified within the plan was to 'Increase the stock of affordable housing, including in re-purposed buildings.' Further community consultation in relation to the school buildings and playpark was carried out by the TDCA Sub Group and the results of this are summarised below. Since then, additional consultations on the playpark have been held.

Main School	School House	Playpark
<ul style="list-style-type: none"> Wellness/retreat/artists/mixed use educational space x 5 Outdoor education /activity centre x 4 Men's Shed x 4 Microbrewery/distillery x 4 Affordable housing x 3 Seasonal accommodation /holiday letting x 3 Year-round employment generator x 2 Pub x 2 Retirement accommodation x 1 Relocate shop x 1 Restaurant x 1 Community Hub x 1 Daycare x 1 Hospitality training centre x 1 Indoor play/gym/ball pool x 1 	<ul style="list-style-type: none"> Affordable housing x 5 Seasonal staff accommodation x 2 Long term rental x 1 Holiday let x 1 	<ul style="list-style-type: none"> Retain the playpark x 15 Community garden x 4 Green space x 3 Community croft x 1 Pop up outdoor event space x 1 Community composting x 1 Outdoor activities x 1 Campervan site x 1 Accommodation x 1

NB The numbers indicate the number of people who mentioned the function.

SKS Stakeholder Interviews and Community Workshop

Discussions with key stakeholders were carried out and several community workshops were held in Torridon in November 2023 by SKS, with an estimated 50 people attending over the three main events.

Summary of stakeholder interviews and community workshop (full details in appendix 1):

Rental accommodation (long-let)	There was demand for long term accommodation from local employers for staff rental housing, particularly 1 or 2 bed flats, and from those already working in the area or wishing to work there but without permanent accommodation, which would then provide a steady income to TDCA. Challenges included adapting an older building into suitable accommodation and finding funding.
Business unit	There was a variety of business ideas for the classroom space in the school, including a distillery, activity centre and restaurant. A restaurant or bar were popular choices, however most respondents were aware that current facilities existed elsewhere in the area that could be adapted to fill this need if there was the demand and available staff. A challenge identified was finding people with the right "entrepreneurial" mindset.
Education centre	This idea centred around the potential for accommodation, catering and study to be under one roof, with the opportunity to create artists, writers, music and education retreats. There are several early-stage projects in the area that are

	building centres with accommodation, and the community does not want to displace activities already taking place in the youth hostel, for example.
Playpark space	The community was keen to preserve the green space. Either for a community garden and/or by reinstating the playpark.
Gym	A bigger gym than already exists in the Community Centre was discussed, however there was concern that this would take an income stream from the Community Centre.

Overall, people liked the idea of mixed-use accommodation and business units. Whilst few sustainable business ideas were offered from members of the community at the time, there are many examples of businesses run by people who have moved into the area. TDCA plans to advertise widely the opportunity offered by the business units, aiming to attract people from outside the immediate area who have viable ideas for businesses. There was also support for reinstating the playpark, with a number of ideas of other facilities that could be made available on what is a large site. More detail on the community consultations is provided in appendix 1.

Community Need

As a remote community on the west coast with an ageing population, a key need identified by local people and through background research is for affordable rental accommodation in the area. Torridon is struggling to attract and retain younger people and families, despite work opportunities being available in local businesses (including the two cafes in Fasaig, Torridon Hotel, National Trust for Scotland, Woodland Trust and TDCA). This is directly attributed to the lack of local accommodation, which is forcing younger people to live elsewhere.

The Communities Housing Trust (CHT) Housing Needs Survey, carried out in 2018, identified that affordable housing was required in Torridon, following which CHT put a plan in place to build 6-8 housing units to rent. To date, the plan has not been realised, so the community is looking at other ways of starting to address the issue, for example through this project. CHT sees this project as a positive addition to the opportunities to create housing in Torridon and is keen to work closely with TDCA on its development.

Further detail evidencing community need is provided in appendix 2.

Options Appraisal

The community workshops and discussions, together with desk-based market research (appendix 3) were used to produce a longlist (appendix 4) and subsequent shortlist (appendix 5) of options for the buildings and playpark. Further information about the building condition and the design options that were considered under option A (1 to 3) is provided in the JGA Design Feasibility Report which accompanies this document. The JGA report also shows a potential layout for the playpark and the main features it would contain.

Option A – TDCA Chosen Option

The option that TDCA has chosen to pursue is **Option A1: TDCA purchase, ownership, redevelopment and renting /leasing out of the school building as mixed use, including business and local accommodation units, together with the redevelopment of the playpark area for community use.**

This option would be carried out as follows:

- TDCA pursues a Community Asset Transfer for the school building with Highland Council and applies to Scottish Land Fund Stage 2 for funding towards the cost of purchase.
- **Design Option A1** - TDCA develops a mixed-use proposal for the school buildings to include two small accommodation units (1 bedroom and 2 bedroom) in the former schoolhouse and up to two business units in the schoolroom area (split into two or left as one space), together with redevelopment of the playpark.
- The units would be leased out by TDCA to generate income to cover running costs and any servicing of loans required to carry out the redevelopment.
- A phased approach could also consider additional accommodation pods/units (in that part of the large playpark site to the rear of the school) if appropriate funding could be sourced in the future.

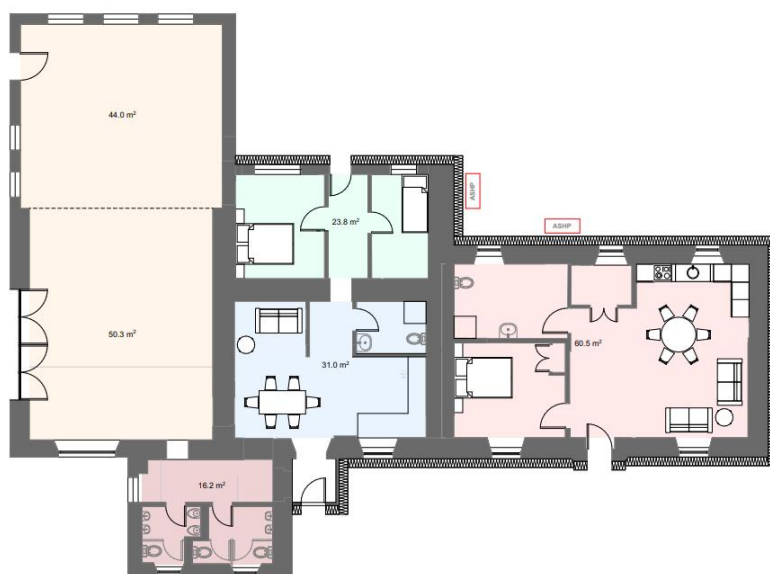
Pros

- Takes the school and surrounding area into community ownership, maximising opportunities for community benefit.
- Provides a business development opportunity within Torridon.
- Addresses local need for additional medium term accommodation options.
- Redevelops the playpark area to provide community outdoor space and encourage slow tourism.
- Is flexible, so can provide more housing units in the future, depending on demand.

Cons

- Requires TDCA to secure grant funding for the acquisition and redevelopment costs.
- Costs likely to be higher than grants that can be secured, so loan funding or other sources of finance may also be required.
- Risk that income generated from rental does not cover loan interest/repayments and running costs.
- Will require significant volunteer effort, even with a project manager in post.
- Ongoing management responsibility for TDCA for building maintenance and the rental agreements (can be sub-contracted, although overall responsibility will remain with TDCA).

Plan of proposed Torridon Primary School redevelopment from JGA Design Feasibility Report:



<p>GEA = 300m² GIA = 257m² NIA = 179m²</p>			
Health & Safety Notes			
Rev'd	Description	Date	Drawn
<p>Project Status Feasibility</p> <p>Do not scale from this drawing. All existing dimensions to be checked on site prior to commencement of works or manufacturing of components. Any discrepancies to be brought to the attention of the architect - if in doubt, ask.</p> <p>This drawing is the copyright of John Gilbert Architects Ltd. No copying or distribution of this drawing or any part thereof is permitted without prior written permission.</p>			
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<p>Client Torridon District Community Association</p>			
<p>Project Name Torridon Primary School</p>			
<p>Drawing Title Proposed Ground Floor WITH AREAS</p>			
Drawn By HT	Scale at A3 1:200	Project No. 04683	Drawing Number / Rev [PP]XX_

Plan of proposed Playpark redevelopment from JGA Design Feasibility Report:



Scale Bar	
Notes / Key	
Health & Safety Notes	
Rev'd	Description
Project Status	Feasibility
Do not scale from this drawing. All existing dimensions to be checked on site prior to commencement of works or manufacturing of components. Any discrepancies to be brought to the attention of the architect at the first site visit.	
This drawing is the copyright of John Gilbert Architects Ltd. No copying or distribution of this drawing or any part thereof is permitted without prior written permission.	
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Client: Torridon District Community Association	
Project Name: Torridon Primary School	
Drawing Title: Proposed Site Plan	
Drawn By	Scale at A3 1:500
Project No.	04683
Drawing Number_Rev	[SP]02_



2. The Business Case

The Opportunity for the Community

The provision of additional year-round rental accommodation in the heart of Torridon would contribute directly to the regeneration of the area, enabling people to play an active part in the community, whether working or volunteering locally or taking part in community activities and social events. The addition of two accommodation units has the potential to bring four or five more people to the area for the long-term. The one and two bedrooomed units will also increase the variety of accommodation available locally by addressing the need for smaller units.

The business units could provide the ideal opportunity for a business to set up, promote itself widely and develop its market, potentially becoming a destination in itself and drawing additional visitors to Torridon. Building upon the attractions of an already popular visitor destination, the community believes that the units may attract ambitious businesses with a vision for growth that can be realised.

Overall, the redevelopment and re-use of the currently empty school building would have a positive impact on the area, with the space being used to create high quality facilities that will benefit the local population.

For the playpark, advice and ideas have been sought from other successful playparks elsewhere in the Highlands. The overall approach suggested is one of a natural playpark that draws inspiration from the topography of the area. Provision of outdoor play facilities will encourage families from surrounding villages to visit Torridon and share the benefits of new facilities. Bringing people from small remote communities together through outdoor play will increase social opportunities for families and children. A revitalised playpark will also encourage visiting families to stop and spend time in Torridon.

This project has the potential to act as a catalyst for the further redevelopment of Torridon, building upon and complementing the highly successful Loch Torridon Community Centre, which was completed in 2012 and which provides a wide range of community activities and events in a modern, bespoke space that includes a café, hall and gym. The project would encourage and enable more people to live in Torridon, so bringing more customers to local businesses year-round and supporting organisations to fill vacancies by helping to provide suitable accommodation.

Market

The information below consolidates the key insights derived from community workshops, surveys, and market research. We have focused the information on rental accommodation and business units within the school building, and the playpark in the school grounds, based upon the community's aspirations, challenges, and potential opportunities.

Rental Accommodation - key points from SKS community engagement and market research

The need for year-round rental accommodation for people working in the area, or for people to move into in order to fill jobs that are advertised, was highlighted.

Two couples who work in the area identified that they are currently looking for rental accommodation.

Local businesses and organisations stated that accommodation was required for staff and to facilitate extension of opening hours by increasing staff available.

It was noted that the need for accommodation is only one of the issues impacting upon staff recruitment in Torridon. The remote nature of the area and lack of facilities for young people and children in particular, means that successful recruitment also requires people to choose to live and work there, despite some limited facilities.

CHT recognises the need for rental accommodation in the Torridon area, stating that there has not been any new-build accommodation for over 20 years, whereas surrounding villages have had investment.

The Torridon Housing Need Report, CHT 2018, highlights a number of key points re housing in Torridon:

- 28% of housing in Torridon is second homes. (*NB – an informal local estimate in 2024 puts this at 36%).
- First choice preference for all respondents is that of low cost / mid-market rent, with demand for smaller 1 and 2 bed units.
- Those living in Torridon already would pay £275-£400 per month rent. From outside Torridon, they would pay between £275 - £500 per month. (*NB – rents must be set at mid-range / affordable rent to be eligible for SLF and Rural Housing Grant)
- Most of those needing housing are not registered on the Highland Housing Register.
- 12 respondents wishing to move to Torridon would consider setting up their own business. Top measures that would assist with setting up businesses in the area included community support, improved broadband and affordable housing (although it should be noted that there is now fibre broadband in parts of Fasaig and Annat as well as improved 4G coverage and coverage to much of the area from Applecross community broadband).
- Out of 12 potential new businesses in the area, 7 respondents said that they require additional staff

The [Rural and islands housing: action plan - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/rural-islands-housing-action-plan/pages/1-1-introduction.aspx) highlights the need for more rural affordable and market housing across the Highlands, committing to delivering 110,000 affordable homes by 2032, of which 10% will be in rural and island areas.

There is currently a significant focus upon rural housing need in Scotland, with Argyll and Bute Council declaring a housing emergency [Housing emergency | Argyll and Bute Council \(argyll-bute.gov.uk\)](https://www.argyll-bute.gov.uk/news/housing-emergency) (Edinburgh and Glasgow City Councils also declared housing emergencies in November 2023.)

Business Units - key points from community engagement and market research

Early-stage conversations with local businesses, community organisations and individuals have not identified a specific use with a clear market that would support a business to generate sufficient income to cover the rent required. However, the potential here has yet to be explored and the area contains many examples of people who have moved in from outside and are running successful businesses. Therefore, while the building cannot be advertised for rent until it is owned by TDCA, the sub group intended to undertake outreach to the wider area to gain an idea of the likely potential.

A destination business (e.g. restaurant, brewery, distillery, bar, activity centre, bouldering wall) may be interested in leasing the business units and potentially the adjoining accommodation space if the opportunity is advertised widely by TDCA and a suitable candidate found.

Inclusion of business units will keep this option open and ensure that any business that is interested in leasing space in Torridon could do so in the future, once the opportunity is advertised widely.

Cost of transport in and out of Torridon for raw materials and goods, low passing trade, a minimal market

in the winter months and limited staff availability are all factors that a business will take into account when considering setting up in Torridon.

The opportunity may be suitable for a lifestyle business. Someone who wants to live in Torridon and can invest time and money in the short-term without needing to maximise profits.

Playpark - key points from SKS community engagement and from research

Torridon currently has no play facilities for local or visiting children and young people.

Although there are not many families living in Fasaig itself, the children in the surrounding area attend Shildaig school and this facility would encourage them to come to Fasaig.

Children visiting family and on holiday would benefit from play facilities.

Recreating a thriving central play park will add to the positive outdoor environment of Torridon, providing a safe play and outdoor community meeting space.

Further market information is provided in Appendix 3

Strategic Fit

This project fits well with a wide range of local, regional and national plans and strategies. Detail is provided in appendix 6.

Expected Project Outcomes

Torridon Primary School Redevelopment

Social / Community

- Increased sustainability for the Torridon community as a result of asset ownership
- Increased agency for the community through ownership of an asset that is important to them
- Control over the future use of a valued building, giving the community a stronger role in future development
- Increased affordable, long-term rental accommodation available in the heart of Torridon
- Opportunity to retain and attract young people to Torridon
- Potential to grow and strengthen local population, giving more resilience
- Potential to set housing policy to ensure accommodation is available for people working locally
- Increased options for type of housing available in Torridon
- Catalyst for community to consider wider housing needs and strategy for the area

Environmental

- Redeveloped site incorporating low carbon technologies and supporting net zero targets
- Positive land management through community ownership
- Reduced travel as workers living locally

Economic

- Potential for a new business or social enterprise to develop in Torridon
- Opportunity for locally owned business(es) to expand as accommodation available locally
- Opportunity for a new business or social enterprise to move into Torridon
- Potential increased employment opportunities
- More people living in Torridon year-round, so supporting local businesses and community facilities

- Potential increased income streams for TDCA as owners of the building, providing financial sustainability for community assets in the long term
- Improved visual impact and outdoor environment more attractive for visitors to the area
- Potential business development increasing spend and time spent in Torridon

Playpark Redevelopment

Social / Community

- Drawing local communities, children and young people together for social and play activity
- Retaining community use of a valued local green space
- Provision of local outdoor play facilities accessible for all

Environmental

- Playpark site managed to increase biodiversity
- Redeveloped site incorporating natural materials
- Improved visual impact and outdoor environment

Economic

- Provision of facilities for visitors, so increasing numbers
- Extended dwell time and increasing spend with local businesses.

Ownership and Governance

This project is an integral part of the Torridon and Kinlochewe Community Development Plan 2023-28. TDCA will lead on it if the Sub Group recommends it and the Directors agree to progress.

TDCA does not wish to use the building to run any business or social enterprise itself, therefore it intends to lease it to third party businesses, community organisations and/or individuals. It will be necessary for members of the TDCA Sub Group to be involved with delivering the project and managing the asset in the future.

The governance model will be as follows:

- TDCA will lead the purchase of the school and playpark site
- The assets will be owned by TDCA
- TDCA will set up a wholly owned trading arm of TDCA (a company) to manage day to day operations of the building
- The Directors of the trading company will comprise some TDCA Directors, some people from the TDCA Sub Group and some who are new to the project and recruited for specific skills
- A written agreement will be put in place between TDCA and the trading company to clarify communications, management arrangements, decision making and how profits will be donated from the trading company to the charity
- There will be additional administrative responsibilities for the trading company, including filing of accounts and clarity regarding the relationship and decision making between the trading subsidiary and TDCA
- Professional legal advice should be taken regarding tax implications (SCVO or DTAS may be able to help with this).

Further information regarding trading subsidiaries is provided in appendix 7.

The other governance options that were considered and rejected were:

- The TDCA Sub Group becomes a new Incorporated Organisation in its own right, separate to TDCA, which will lead the purchase of the school and playpark site and own and manage it into the future.
- TDCA leads the purchase of the school and playpark site, with the TDCA Sub Group carrying out all purchase and development actions in the name of TDCA and no trading arm is set up.

Governance Points

- TDCA will be responsible for securing the capital funding and managing the redevelopment project to create an asset that can be leased / rented out. The asset will remain in TDCA ownership.
- Once set up, the trading company will be responsible for managing all day-to-day activity of the redeveloped school including financial management, advertising and setting up leases, contracts for management of accommodation, maintenance and covering running costs.
- Some costs may be covered by TDCA for the trading subsidiary (e.g. shared accountancy, book keeping, administration, insurance costs etc.), in which case an annual payment from the trading company to TDCA will be agreed to cover these.
- Any profits made by the trading company can be donated across to TDCA (professional tax advice required - [SCVO has a Free Tax and VAT advice service provided by Azets](#)).
- Regular meetings between TDCA and the trading arm will be required to ensure that communications are clear and that the Trustees / Directors of both organisations understand their responsibilities and that actions are taken for the benefit of the charity. A written agreement is recommended to ensure that there is clarity regarding the working relationship between the two.
- The playpark redevelopment and activity will sit under TDCA (potentially with a sub group of people tasked with carrying out the work) and would not require a trading subsidiary to be set up for its activity.

Capital Project Delivery - Next Steps

Key Actions for TDCA (and later the trading company)	Estimated date
Obtain independent site valuations	Jan 24 - completed
Final Business Plan	April 24
Discuss Business Plan and make a decision re whether to progress with the purchase(s) and whether TDCA will lead the process to purchase the asset	April 24
Continue to liaise with Highland Council re the Community Asset Transfer (CAT) process and submit the CAT application (expression of interest has been registered)	April 24
If appropriate, request a reduction in the site cost to cover TDCA's 5% contribution	April 24
Seek three quotes for any surveys to be included in SLF 2 application	May 24
Ongoing liaison with community and stakeholders to keep everyone informed of progress throughout the process using events, newsletters and social media.	Ongoing
Receive price from HC CAT process for site purchase (with potential reduction)	July 24
Submit Stage 2 Scottish Land Fund application to include costs for purchase price, legal fees and potentially some surveys and development time	July 24
Early stage advertising of possible business unit lease opportunity to commence (subject to successful purchase)	July 24

Plan any surveys required in preparation for purchase of site	Aug – Sept 24
SLF approval received	Oct 24
Appoint a solicitor and carry out the actions required to purchase the site	Oct 24
Carry out additional surveys	Nov 24
Develop funding applications for TDCA capital redevelopment costs, including next stage of architectural design work to RIBA 3 to achieve planning permission and then to prepare tender brief for contractors (cost listed as ‘professional fees 10%’ in funding tables). Likely to also require client project management input at this stage.	Oct 24– March 25
Site in TDCA ownership	Dec 24
TDCA initiates procurement process for architect team	Dec 24
Further advertising of business unit lease opportunity	Jan 25
Start community fundraising campaign	Jan 25
Secure capital project development funding for development work	April 25
Appoint project manager to manage the capital build project, if funding secured	April 25
TDCA appoints architects to carry out additional design work and apply for planning permission (40 weeks estimated to planning approval)	April 25
Set up a wholly owned trading company to manage the asset	May 25 to Sept 25
Design work completed, planning submission	Oct 25
TDCA starts to apply for funding for capital works, using planning designs work and QS costs	Oct 25
Trading company to consider property management, rental and allocations policies – potentially working with CHT	Oct 25
Planning approval in place	Feb 26
Early stage capital funding in place	March 26
Start technical design development and prepare tender package (RIBA 4) 5 months	March 26
Tender documentation available	Aug 26
Tender for contractors to carry out capital works and appoint, subject to funding	Aug 26 – Oct 26
Final capital funding in place / value engineering to fit costs to funding available	Nov 26
TDCA starts capital works	Dec 2026
Potential completion of capital works	Aug 2027

Operational Management of Asset

Once the site redevelopment is completed, TDCA, as the organisation that owns the site, will be responsible for management of the site, including the following actions. Many of these will be delegated to the trading company, although overall responsibility for ensuring that they take place will remain with TDCA:

Overall TDCA Responsibility

- Financial management, to include monitoring income and expenditure of the trading company
- Formal agreement with the trading company regarding profits to be donated to the charity
- Insurance for the overall site
- Check all relevant policies are in place for TDCA - Health and Safety, Data Protection, Volunteer etc.

The new trading company is likely to contract the accommodation management to an experienced and qualified lettings management agent, for example CHT, to ensure that all the required policies, procedures

and licences are in place and implemented effectively. CHT would be in a position to ensure compliance with any changes in legislation affecting landlords.

The cost for sub-contracting the lettings management is estimated at 20% of housing rental income, in line with CHT's estimated charges and is included in the financial tables. Early-stage discussions with CHT have indicated that they could provide an allocations policy that adheres to Scottish Government recommendations and, if the project goes ahead, they will help to develop a policy that meets both local needs and legal requirements. The allocations policy will ensure equal opportunity for all with no discrimination due to race, colour, ethnic or national origin, sex, disability or sexual orientation. CHT could also work with TDCA to agree rent levels that offer affordable and mid-market rates that are no higher than the regional basis. [Local Housing Allowance | The Highland Council](#).

Further information regarding responsibilities and a draft organisational structure is provided in appendix 7. CHT allocations policy and draft management service leaflet are provided in in appendices 8 and 9.

Playpark

As an alternative to a CAT of the playpark, TDCA is also exploring the possibility of leasing the playpark from Highland Council. In either case the playpark will be managed directly by TDCA, not the trading arm. The financial tables assume a CAT.

Board Resources and Capacity

TDCA has previously delivered a complex community asset project by successfully fundraising and building the Community Centre, which was opened in 2012. The relevant experience and knowledge has been passed on to the current TDCA Board members, who possess a wide range of skills that will be beneficial when developing and delivering this new project. These skills are augmented by the TDCA Sub Group, formed specifically to carry the project forward, and which includes people with professional legal, financial and project management skills and experience. Directors for the trading company described above will be recruited from the TDCA Sub Group, TDCA and potentially the wider community. TDCA has a good understanding of the skills and capacity required to develop and deliver this project and is in the process of identifying individuals who can help. The Playpark Sub Group will sit under the TDCA Board. Skills in fundraising, community engagement, and project development and delivery will be essential within this group.

TDCA has recently recruited a development officer to support the Board with taking forward identified priorities in the development plan, including this project. This post holder starts in the role at the end of April 2024 and could take on a proportion of the day-to-day work associated with the project, so freeing the TDCA and trading company Board members to focus more on strategic management and activity. A project management post may also be recruited at a later stage, to support the implementation of the project, if funding allows.

Financial Summary

Financial tables are provided below, with spreadsheets and notes in appendix 10.

A mixture of grant and loan funding is likely to be required to purchase and redevelop the school building and playpark. Funding options that may be available to TDCA are listed in the following tables, with further detail provided in appendix 11.

Torrison Primary School and Playpark Site Purchase costs

Site purchase and associated costs			Total school	Playpark	Total
Jan 2024 valuation			100,000	10,000	110,000
Legal fees	5%		5,000	500	5,500
Surveys			5,000		5,000
Totals			110,000	10,500	120,500

Torrison Primary School and Playpark Redevelopment costs

		70%	30%			
Re-development costs		Housing	Business units	Total school	Playpark	Total
Build costs from QS		604,157	258,924	863,081	100,000	963,081
Contingency	10%	60,416	25,892	86,308		86,308
Sub-total		664,572	284,817	949,389		
Professional fees	10%	66,457	28,482	94,939		94,939
Sub-total		731,030	313,298	1,044,328	100,000	1,144,328
VAT	20%	146,206	62,660	208,866	20,000	228,866
Total build costs		877,236	375,958	1,253,194	120,000	1,373,194
Project management fees				30,000		30,000
Total to be financed including purchase and redevelopment				1,393,194	130,500	1,523,694

Torrison Primary School and Playpark Redevelopment potential capital funding

Possible grant funding for purchase			School	Playpark	Total
Scottish Land Fund	95%	of total purchase costs	104,500	9,975	114,475
Potential reduction in price from HC	5%	of valuation	5,000	500	5,500
Total grant towards purchase costs			109,500	10,475	119,975
Possible grant funding for re-development			School	Playpark	Total
RIHF Rural Housing Grant	50%	of housing redev cost	438,618		
HC CRF / Community Ownership / RCGF early stage estimate			250,000		
HIE			30,000		
SSE Sustainable Development Fund			30,000		
			748,618		748,618
HC Community Regeneration Fund				32,000	
Awards for All				20,000	
Royal Countryside Fund				25,000	
King Charles Charitable Fund				4,000	
Nature Hub				4,000	
Garfield Weston				10,000	
				95,000	95,000
Total grant funding			858,118	105,475	963,593
Shortfall			535,076	25,025	560,101

The identified shortfall will vary depending upon grant funding secured and some could be covered with a combination of community fundraising and loan finance. Early stage conversations between TDCA and potential funding organisations, including Scottish Government, Highland Council and HIE may help to identify the likely level of grant funding available for this project.

Torrison Primary School and Playpark Estimated Income and Expenditure Example

Rent income receivable per year			Weeks	Per week	Per month	
Housing unit 1			52	97.81	423.84	5,086
Housing unit 2			52	126.58	548.51	6,582
			Sq. m.	Per sq. m.		
Business unit (back)			45	100	375	4,500
Business unit (front)			44	125	458	5,500
						21,668
Less voids					10.00%	2,167
Total Estimated Income						19,501
Estimated Expenditure						
Buildings and employer liability insurance						3,500
Basic maintenance	School					1,000
	Playpark					500
Management fee for housing	20%	of housing income (CHT estimate)				2,334
						5,834
Trading Profit (Income - expenditure)						13,668
Loan costs - interest and principal - estimated				140,000	8%	12,967
			Net profit/ contribution to sinking fund			701
			Trading profit/ loan costs			1.05

Early-stage income and expenditure models using the conservative assumptions above illustrate that at current expected rent levels and an annual interest rate of 8%, the maximum loan possible would be likely to be £140,000, with repayments of £12,967 per year just being covered. The amount of loan required will depend upon redevelopment costs and funding raised through potential grants and community fundraising. The spreadsheet in appendix 10 provides a model that can be updated to take account of the amount to be raised and the interest rate available.

Risks and Mitigation

The table below identifies the key risks and potential mitigating actions for this project. These will be considered as part of TDCA's decision making process on whether to proceed with the project, and monitored and updated by TDCA as the project progresses. Key risks identified include the possibility of higher than expected development costs; inability to attract sufficient capital funding for the redevelopment, leading to high loan repayment costs that undermine financial viability; and failure to find viable businesses to fill the business units.

Nature of risk	Detail of possible risk	Likely	Impact	Mitigation
Board capacity	Lack of time and/or specialist skills for Board members to deliver a complex project	Low	High	Board Members aware of the commitment required. Strong and committed Sub Group in place. Further recruitment and succession planning will be carried out as required. Set up

Nature of risk	Detail of possible risk	Likely	Impact	Mitigation
				trading company to manage the facility in the long term.
Unable to raise the required match funding to purchase the asset	TDCA will apply to SLF for the cost of the asset plus legal fees. If successful, the SLF grant could cover 95% of the value.	Low	High	TDCA to liaise with HC (current site owner) through the CAT process regarding a potential reduction in the site value to cover TDCA's 5% contribution (acceptable to SLF). Local community fundraising to cover any additional costs
Unable to carry out surveys required before purchase	TDCA to include cost of key surveys in SLF 2 application, if quotes can be obtained	Med	Med	Decide which surveys are appropriate to include in SLF 2 application – will require quotes for costs.
Unable to secure funding for the next phase	Further funding needed to move the project to delivery phase (architect fees, surveys etc)	Med	High	Liaise with Highland Council, CRF team and HIE regarding potential support for development funds. Could include professional fees and a Project Manager
Appointment of architects for next phase	Timescale to appoint architect to produce drawings and secure planning permission extended	Low	Med	Manage expectations and funder requirements carefully
Redevelopment costs from QS identified as high	Potential low value for money for funders	High	High	Liaise with potential redevelopment funders at an early stage to ascertain their likely support for the project at the costs identified.
Planning permission	Potential issues raised re planning as the project progresses	Low	High	Early stage architectural study did not highlight any potential issues. Further discussions with planners at next stage, as documents prepared.
Increased administrative burden for TDCA	The trading company will require additional administration, the overall responsibility of TDCA	Med	Med	TDCA to work with the Sub Group from an early stage to identify and delegate tasks re the set up and administration of the trading company. Professional legal advice to be taken regarding tax implications.
Unable to secure capital funding required for TDCA redevelopment plans	High level of capital grants required. Crowd funding or other local donations likely required as part of the funding package.	High	High	Liaise with potential funders from the outset. Project must be strongly presented to attract funding from a wide range of funders. Consider seeking local investors/ partners to contribute towards capital set up costs. Manage expectations, as a difficult funding landscape.
Loan servicing cost makes project high risk / unviable	If a high-level loan is required to deliver the capital redevelopment, then servicing costs may be prohibitive	High	High	Research potential loan costs and other interest free means of borrowing where possible. Consider level of risk acceptable to community regarding loan costs
Heightened local community expectations	Unable to meet expectations re facilities to be developed	Med	Med	Clear ongoing communication with community, particularly around redevelopment costs, availability of grant funding and cost of loans
Reputational risk	Failure to deliver outcomes damages TDCA reputation	Low	High	Clear communication with community and stakeholders regarding TDCA focus and approach to risk
Difficulty finding a business willing to take on business unit/s	Lack of staff, high transport costs, seasonal market impact upon finding potential lease holder	Med	High	Advertise opportunity widely with a long lead in time. Lifestyle businesses and those wishing to live in the area targeted.
CHT not suitable / able to take on property management	TDCA will require a property management agent that adheres to funder requirements-	Low	Med	Liaise with CHT to establish suitability. Identify other potential agents that could deliver the required service.

Nature of risk	Detail of possible risk	Likely	Impact	Mitigation
Housing allocation policy	Housing allocation policy required by funders difficult to implement or does not fit community need	Med	Med	Agree allocations policy at an early stage, ensuring that it fits with funder requirements and that the community understand the parameters clearly
Rent levels	Medium level / affordable rent levels not sufficient to cover running and loan costs	Med	High	Assess financial viability with sufficient margin to ensure medium rent levels are sufficient. Keep borrowing within manageable levels
Playpark project threatened if school purchase does not go ahead	Playpark requires identified income level to cover maintenance	Low	High	Ensure that playpark maintenance costs can be covered by income generated from community events and donations, so can run as a separate project.

3. JGA Design Feasibility Report

This business plan is to be read in conjunction with the accompanying JGA Design Feasibility Report.

4. Appendices

- Appendix 1 – Stakeholder Consultation and Community Engagement
- Appendix 2 – Community Need
- Appendix 3 – Market Research
- Appendix 4 – Long List of Options
- Appendix 5 – Short List of Options
- Appendix 6 – Strategic Fit
- Appendix 7 – Operational responsibilities and trading subsidiary set up
- Appendix 8 - CHT Allocations Policy
- Appendix 9 - CHT draft lettings leaflet
- Appendix 10 – Finance Model
- Appendix 11 – Funding and Finance Options