



Mill of Benholm  
Enterprise



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Mr William Munro  
Area Manager Kincardine and Mearns  
Aberdeenshire Council  
Viewmount  
Arduthie Road  
Stonehaven  
AB39 2DQ

29 November 2018

*Dear Willie*

~~Dear Mr Munro,~~

**Mill of Benholm Enterprise - Community Asset Transfer Request Updated  
Business Plan**

I am writing to you on behalf of the Trustees of Mill of Benholm Enterprise (SCIO) to submit an updated business plan to accompany our Community Asset Transfer request. The updated business plan follows our meeting with the Asset Transfer Steering Group on the 19<sup>th</sup> of October 2018.

I would like to thank the Asset Transfer Steering Group for taking the time to carefully read our business plan and for their suggestions and for pointing out the areas that required further work, it was much appreciated and the business plan is better for their scrutiny.

Please find enclosed with this letter the updated business plan along with other supporting documentation.

Within the updated business plan we feel that we have considered, made necessary changes or provided responses to the points raised during the meeting held on the 19<sup>th</sup> of October, in particular:

1. The incorrect turnover figures for phase 2 of the business plan have been corrected.



2. Year three cash flow did not match the narrative this has been corrected.
3. It was suggested that the asset transfer request placed a significant and un-costed burden on Aberdeenshire Council specifically with regard to our list of outstanding repairs. This seems to be a problem of communication and misunderstanding. Over the past several years the Council has been urged to carry out repair and maintenance work on the Mill of Benholm as befits its status as a listed building. The Mill of Benholm Options Appraisal report presented to the Area Committee on the 17<sup>th</sup> of February 2017; in that report it suggested a programme of “targeted repairs and improvements” (section 2.9). Contained within the Option Appraisal was a suggested programme of repairs categorised under four headings (using the British Standard BS7913 1998 The Guide to The Principles of the Conservation of Historic Buildings) as Immediate, Urgent, Necessary and Desirable. It was these repairs and maintenance that should be expected of a responsible owner of a listed and historic building that, at first the Friends of the Mill of Benholm and latterly Mill of Benholm Enterprise was encouraging the Council to undertake long before the decision was made to go forward with community ownership through an asset transfer request. Therefore, it did not seem unreasonable to us to expect repair and maintenance work to be carried out whether or not an asset transfer request was made.

Mill of Benholm Enterprise would now request that the Council clarifies which of the repairs they will be carrying out prior to a potential asset transfer. The Trust will then take this into account when deciding on the amount they can offer for the site, a decision that will be made once the District Valuer has given a market value for the site.

The matter of continuing work on grounds maintenance after asset transfer was one that was previously suggested to us in the spirit of partnership and cooperation, by the Council. It has now been made clear that this will not be possible as we are looking for ownership. We would like therefore to make it clear at this point that we do not expect nor do we ask for any continuing work from the Council on the Mill of Benholm site from when (should that be the outcome) the asset is transferred to Mill of Benholm Enterprise.

Finally, it is worth pointing out that the work required on the repair and maintenance of the Mill of Benholm will not go away and should the asset transfer not be successful the work will remain to be done.

4. The reliance on grant funding was highlighted as an issue and area of concern for Aberdeenshire Council especially with regard to revenue funding. We disagree with the assessment of the Council on this matter. For a project of this sort it is not unreasonable to rely on grant funding for both capital and revenue expenditure. Grant funding is available to cover both capital and revenue expenditure. In some cases the reliance on grant funding or donations for social enterprises will be part of their mode



of operation on a continuing basis as they may never become fully self-sustaining due to their social purpose. In particular the Council seemed to have a concern over the use of grants for running cost beyond year three. We understand this concern and have reassessed and adjusted the cash flows to decrease such reliance but it is still our plan to take advantage of any revenue grants that are or might become available. We have been advised that enterprises such as ours are often eligible for such funding and that should be taken advantage of where possible. Please find attached a list of potential funders for revenue expenditure as examples. I have also enclosed an interesting article on social enterprises and a link to the original.

5. Following on from 4 above, it was stated that “Reliance on unconfirmed grants is a valid concern for the council”. It is highly unlikely that any group could take on a project such as this without seeking grant funding. It seems that the Council is looking for some form of cast iron guarantee, unfortunately this is not the way funding works. This situation is no different for any group seeking funding and if this is a ‘red line’ for the Council then it will be impossible for us, or any other group to proceed with an asset transfer.

We will not be successful in all of the grant applications we submit but we do have the determination and wherewithal to adapt our plans, to find other funding and to find ways around obstacles. No project ever goes 100% to plan, there will be setbacks and changes but that is the nature of the project we are involved with. Acting as consultants and advisers to us are respected industry experts who have spent many years running projects such as the one we are involved with; they have helped both develop the business plan and a funding strategy that gives us flexibility and options; they believe we have a strong enough project and the skills necessary to take it forward. Please refer to the enclosed statements from both Paul Higson and Douglas Westwater.

6. On the matter of grounds maintenance it was suggested that our figures did not come anywhere near to the current spend by the council of £12,000 so are therefore unrealistic. The first thing we would point out is that the Council’s figure of £12,000 should be taken with a “pinch of salt” as stated by a Council employee at the recent meeting. The labour costs will be covered by employing a maintenance person, using volunteers to carry out much of the work and by using our own equipment for example for cutting the grass (there is a ride on mower as part of the equipment assets for the Mill of Benholm).
7. It was also raised that “there is a list of options, there is no evidence that any of these have been investigated... so very much an unsubstantiated list of ideas.” The figures given for the café and other income streams are estimates based on research and experience, standard practice and case study evidence gained by our advisors who have wide ranging experience of similar projects. In addition we also looked at the previous trusts financial returns and also historical documents in Aberdeenshire’s care pertaining to the Mill of Benholm and previous Business Plans for the Mill.



8. Your accountant in their submission mentioned the lack of year on year increases in costs. We are aware that costs may or may not increase over the time and we have or will adjust our business plan to reflect these increases if and when they occur.
9. The potential to offer accommodation on the Mill of Benholm site has been and is being explored and as an example a spreadsheet showing the likely income and expenditure of taking forward one of the ideas, erecting wigwams, is enclosed.

A report we put together for the Heritage Lottery is attached as it details the activities we have been involved in for the last year. This should serve to show significant public engagement and enthusiasm for the project.

The Mill of Benholm Trustees feel that we have addressed the stated concerns of the Council in the meeting of the 19<sup>th</sup> of October, in prior and subsequent correspondence on the matter. We have either adjusted or changed our business plan to address some of the concerns or addressed the concerns in this letter.

If you have any questions or require clarification on any aspect of this letter and its accompanying documents do not hesitate to contact me.

Yours sincerely

[Redacted signature]

Mairi Eddie  
Chair  
Mill of Benholm Enterprise (SCIO)

[Redacted contact information]

Enclosures:

1. Updated Business Plan - November 2018
2. Mill of Benholm Enterprise Resilient Heritage Project Activity Report
3. List of potential revenue expenditure funding providers
4. Wigwam spreadsheet
5. Statement by Douglas (copy of email)
6. Statement by Paul (copy of document)
7. Copy of an Article on Social enterprises or follow this link:  
<http://news.trust.org/item/20180925145750-bkj1g>