



Govanhill Community Development Trust

Business Plan 2019/20 to 2021/22



EXECUTIVE SUMMARY

Introduction

This document is Govanhill Community Development Trust's Business Plan, covering the three-year period from 2019/20 to 2021/22.

The Trust was set up in 1992 and is a wholly owned subsidiary of Govanhill Housing Association (GhHA). As the group parent, GhHA appoints the Trust's Board members and approves its business plan, with the Trust playing the lead role in meeting the Group's community regeneration and commercial objectives.¹

What the Trust does

The Trust's main business activities are:

- **Providing a wide range of community development and regeneration services.**

These services address many types of disadvantage and social exclusion in Govanhill, while promoting community integration in Scotland's most diverse neighbourhood.

As well as service delivery, the Trust is a key player in the strategy for the overall regeneration of Govanhill through our expanded role in enabling and supporting community involvement.

- **Managing a significant portfolio of workspaces and office spaces in locations across Govanhill.**

This aspect of our work provides accommodation for small businesses, entrepreneurs and social enterprises, generates income for the Trust, and contributes to the local economy. We have a track record spanning more than 25 years in this area of work.

The Trust's Priorities During the Period of the Business Plan

The Trust's priorities for the three-year period of the Plan are set out in Chapters 6 to 10. The core of our strategy will be the delivery of community development and engagement services, and the effective and efficient management of our portfolio of workspaces and office spaces.

For community development and regeneration services, 2019/20 will be a transitional year. These services are funded by external grants, and our current funding awards from Big Lottery and the Scottish Government each come to an end at different points during 2019/20. We now need to raise new funding to continue and build on the community development services we have provided so

¹ "The Group" means GhHA and the Trust combined, where GhHA is the group parent and the Trust is a subsidiary of GhHA

successfully to date. The Trust is well positioned to achieve this. We expect that Govanhill will continue to be a priority for funders and the Trust has a strong track record in fundraising. We are currently awaiting information about the redesigned Scottish Government funding system we will be bidding into, and the criteria and priorities this will involve.

Our 2019/20 priorities for community development services will be to:

- Secure renewed external funding, ideally achieving as much financial certainty as is possible for the three-year period of the Business Plan so that we can plan for the future with confidence.
- Deliver our existing community development and support programmes, to a high standard and achieving the outcomes set for each programme.
- Work closely with GhHA on the services being delivered as part of the South West Govanhill Acquisition and Repair Programme.
- Be open to other opportunities in the field of employability support, although this would be dependent on future capacity, suitable partnership arrangements and funding being secured.
- Ensure we have exit plans in place for both service delivery and the Trust's staffing structures, if external funding for programmes ends and cannot be replenished.
- Review our staffing structures, once we have greater certainty about the funds and staffing available to us.

The Trust's increased role in supporting engagement in the wider regeneration strategy for Govanhill presents great opportunities for the Trust to apply its expertise for the benefit of the wider community. The goal is to ensure that the Govanhill community is genuinely at the heart of decisions that will shape the area's future.

In supporting community involvement in the regeneration of Govanhill as a whole, our main priorities in 2019/20 will be:

- Co-ordinating and facilitating community involvement in issues and decisions that affect the community, as part of the Govanhill Thriving Place initiative and through other activities.
- Taking the lead role in developing the next version of the Govanhill Locality Plan¹, in consultation with the community, Glasgow City Council and other stakeholders.
- Helping to deliver the community involvement elements of the updated Locality Plan.
- Developing a new youth strategy for Govanhill.

¹The Locality Plan is published by the Govanhill Regeneration Group, which brings together public and third sector partners working in the area, alongside representatives of the local community. Its purpose is to coordinate the activities of the various partners, to ensure that a coherent approach is taken to the improvement of the Govanhill neighbourhood.

For the Trust's portfolio of commercial premises, we have seen an upturn in demand during the last 12 months. Void losses at Govanhill Workspace reduced significantly during 2018/19, and at the start of May 2019, the Trust had only two vacant units across the four sites we own. We also have a list of prospective tenants awaiting vacancies at Victoria Court, our most popular and profitable site.

Our main priorities in 2019/20 will be:

- To commission an updated independent valuation and market appraisal report. This will provide an up to date valuation of the assets, add to our knowledge of current market conditions, and help us to compare the Trust's current rent levels with our competitors.
- To develop our approach to marketing, to help to get to know our existing tenants better and attract new ones.
- To keep the Trust's operating costs and service offering under review, in response to tenant feedback and the need to ensure that this part of our business achieves a profit.
- In doing this, the Trust will want to keep rents competitive and be accessible to voluntary and community groups whose work benefits Govanhill as a whole.
- Govanhill Workspace will receive particular attention, due to the nature of the building and the historically higher level of void losses.

How the Trust will deliver and fund the Business Plan

Governance of the Trust is led by the Board, which has a mix of GhHA directors and independent directors. Recent changes in membership have brought new perspectives and skills to the Board, and this will help steer the Trust through the challenges of securing the financial future of our community development services so that the community continues to benefit from this work.

The Trust's staffing resources to deliver its objectives have never been greater, but our ability to sustain this is uncertain until external funding applications are decided later in 2019.

Appendix 1 to the Business Plan shows the financial assumptions and projections on which the Business Plan is based. Overall, the projections show a planned loss over the next 5 years for the Trust. This is to enable the community development activities to continue in Govanhill, partially funded by surpluses in the commercial lettings activities, and the remainder of unfunded work to be provided for from the Trust's substantial cash reserves built up for this purpose.

The Trust's main sources of income are grant funding for our community development work, and rental income for the workspace units.

Govanhill Workspace is the only one of the four sites projected to be in deficit, and this is at relatively low level. We cannot take the financial performance of any of the workspaces for granted, and must monitor carefully the two key risk areas of demand/ void losses and repairs costs, particularly for Govanhill Workspace and Forsyth House which are older buildings with potentially higher maintenance costs. We must also recognise that Brexit and other forces may lead to a harsher economic climate that could affect our commercial client base and increase the Trust's own management costs.

The Trust does not have any borrowings to service, we retain healthy cash balances, and we have physical assets that could be sold should we need to generate further cash reserves.

The financial projections are based on prudent assumptions, and only take account of income we can be certain about at this point in time. The projections also follow the general principle that costs included in the budgets should have a corresponding income stream.

The lack of certainty about external funding that has already been described means that the Business Plan assumes that staffing costs and other overheads will reduce substantially from 1 April 2020, when the Trust may also have to make redundancies if our finances require this.

We hope and expect to secure new external funding during 2019/20, in which case the future financial projections would alter substantially. Therefore, the projections can be summed up as planning for the worst while we work to achieve the future funding that is needed. The Board will monitor progress carefully.

Staff consultation is currently taking place about the Trust exiting the SHAPS defined benefit (DB) pension. This would normally mean that we would be required to repay our calculated debt on withdrawal of around £390k as well as the past service deficit accrued to date. However, the Trust also offers the SHAPS defined contribution (DC) scheme, and as long as we have members of that scheme, we should only be required to pay an annual charge to administer the DB funds and the contributions to pay down the past service deficit which were agreed a number of years ago. This mitigates the risk of a large capital repayment having to be made, but the risk is not removed altogether as it is dependent on future membership of the DC pension. Should the risk crystallise at a future date, the Trust would be in a position to repay the pension debt, although this would reduce cash balances to a significant degree.

