

Hosiery Park Pavilion, Troon CAT Proposal – Subsidy Control Assessment

1.0 UK Subsidy Control Regime

- 1.1 The subsidy control regime (under the Subsidy Control Act 2022) does not apply to all types of financial assistance given by public authorities. In the early stages of decision-making, it is therefore key that public authorities assess whether the financial assistance that is given falls under the definition of a subsidy that is set out in the Act – see *Statutory Guidance for the United Kingdom Subsidy Control Regime, section 2.1* (the Guidance).
- 1.2 The definition of a subsidy consists of a four-limbed test, of which **each condition must be met in order for the financial assistance to constitute a subsidy.** (*Guidance, section 2.3*)
- 1.3 Financial assistance is a wide concept including any kind of support or market transaction that is considered to have a financial value for the recipient. It can include (*Guidance, section 2.5*):
- a direct transfer of funds (such as a grant, a loan or an equity investment);
 - a contingent transfer of funds (such as a loan or rent guarantee);
 - the forgoing of revenue that is otherwise due (such as a tax relief or exemption);
 - the provision of goods or services (either as a benefit-in-kind where no payment is received, or where payment is received); or
 - the purchase of goods or services (where payment is given in return).

2.0 Troon Men’s Shed CAT Request

- 2.1 Troon Men’s Shed (TMS) has submitted a Community Asset Transfer (CAT) request, under Part 5 of the Community Empowerment Act (Scotland) 2015 to take over ownership of the Hosiery Park Pavilion located on Brodie Avenue in Troon.
- 2.2 The CAT proposal from TMS seeks to establish a “Men’s Shed” where men can meet and carry-out activities such as woodworking and other hobbies, as well as meeting socially. Men can work on projects, share skills and participate in community outreach.
- 2.3 An independent valuation of the asset was undertaken on 9th May 2025 by J&E Shepherd, Surveyors, and the opinion of the valuer is that the market value of the requested asset is £15,000 (fifteen thousand pounds).
- 2.4 TMS has offered to purchase the asset for £1 (one pound), giving their reasons for requesting a discount of £14,999 on market value as the:
- 2.4.1** Community Benefits arising from the transfer.

- 2.4.2** The reduced purchase price reflects the ‘substantial social dividend’ the transfer will yield for residents of Troon and the requested discount is a direct investment by SAC into the wellbeing of its constituents.
- 2.4.3** Discount will enable TMS to put available funds towards repair and redevelopment of the building.
- 2.5** The building previously served as changing facilities for the adjacent football pitches but has been unused since 2020. Although structurally sound, the building has gradually deteriorated and there is some internal damage due to a burst water tank. South Ayrshire Council recently installed new changing facilities near-by and there is no identified use for the building other than the TMS proposal.
- 2.6** In addition to the requested discount (see 2.4 above), TMS has requested a grant from the Council’s Advancing Community Assets Fund (ACAF) of £51,472.90 to carry out repairs to the asset.
- 2.7** The Council instructed Avison Young to undertake a Condition Survey of the pavilion in September 2025 which identified works to the value of £86,500 recommended to be undertaken in the next two years. However, the Council has no identified use for the building and no plan to carry out any repairs. The proposal presented by TMS includes plans for significant redevelopment. The Council, therefore, has offered to make a financial contribution towards some of the works identified in the Condition Survey to assist in making the building wind, watertight and safe for basic use. The proposed ACAF award, therefore, is £37,299.
- 2.8** The proposed value of financial assistance from the Council to TMS in support of their CAT proposal, therefore, is £52,298, combining the discount and ACAF grant.
- 3.0 Is it a subsidy? The four-limbed test.**
- 3.1** Financial assistance will be considered a subsidy where it satisfies all four of the following ‘limbs’ of the test contained in the Act. The Guidance states it is important to emphasise that there are many examples of financial assistance that satisfy one or more limbs, but not all four – these are therefore not subsidies.

3.2 TMS CAT - Subsidy Control Four-Limbed Test of Financial Assistance	
Limb A: The financial assistance is given, directly or indirectly, from public resources by a public authority. Public authorities include any entity which exercises functions of a public nature. Public resources include public funds that are administered by the UK Government, the devolved governments, or local authorities, whether they are given directly, through other	<p>This test is met.</p> <p>The proposed financial assistance comes from public resources and is provided by South Ayrshire Council directly to TMS.</p>

<p>public bodies (e.g., agencies), or through private bodies.</p>	
<p>Limb B: The financial assistance confers an economic advantage on one or more enterprises. This limb has two components. Firstly, the recipient of the assistance must be an enterprise: any entity (that is, any person, or groups of persons under common control) that is engaged in an economic activity, which means offering goods and services on a market. If the recipient is engaged in both economic and non-economic activity, it should be considered an enterprise only in relation to its economic activity.</p> <p>Secondly, it must confer economic advantage, meaning that the financial assistance is provided on favourable terms. Financial assistance will not confer an economic advantage if it could reasonably be considered to have been given on the same terms as it could have been obtained on the market. This is known as the Commercial Market Operator (CMO) principle.</p>	<p><u>This test is not met.</u></p> <p>Firstly - economic activity entails the offering of goods or services on a market. The activity does not have to generate profits to constitute an economic activity. Therefore, public, or private bodies that operate on a voluntary or non-profit basis, such as charities, can also constitute an enterprise, where they offer goods and services on a market. (Guidance, Section 15, Annex 1 paragraph 15.15).</p> <p>The Guidance also explains (paragraph 15.19): ‘In some instances bodies may perform economic activities that are ancillary to a primary non-economic activity. Where it is shown that economic activities are intrinsically linked or are directly related and necessary for the performance of the non-economic activity, and where such economic activities are limited in scope, such activities will not be caught by the subsidy control regime’.</p> <p>TMS’ CAT application form describes the organisation’s purpose as: ‘to provide recreational facilities and advance the social needs, health and wellbeing of men of all ages and backgrounds living in Troon and surrounding areas’.</p> <p>The organisation will offer opportunities for craft and hobby activities. On occasion, items made will be offered for sale although this will be irregular, on a small scale and incidental to the organisation’s purpose.</p> <p>As the economic activities in relation to items offered for sale are linked to the non-economic activity and are limited in scope, it is considered that such activities are not caught under the subsidy control regime and this part of the test is not met.</p>

	<p>Secondly – the financial assistance is offered as a) discount on the purchase price of the asset which is only repayable under certain limited circumstances such as if the building is no longer used for community purposes . The price offered by TMS is £1 against the asset’s market value calculated at £15,000. The purchase price, therefore, is more favourable to TMS than might be achieved on the open market; b) a grant towards the costs of capital works to the asset. The grant attracts no interest and would only be repayable in the event the CTB fails to comply with the conditions of grant. The terms are more favourable to the CTB, therefore, than what it might expect to achieve on a repayable loan.</p> <p>The second part of the Limb B test is therefore met.</p> <p>As only the second component of the Limb B test is met, overall this limb of the test is not met.</p>
<p>Limb C: The financial assistance is specific, such that it benefits one or more enterprises over one or more enterprises with respect to the production of goods or provision of services. This definition covers financial assistance that is provided directly or indirectly to specific beneficiaries determined on a discretionary basis by the public authority, as well as assistance that benefits (directly or indirectly) only enterprises in a particular sector, industry, or area, or with certain characteristics.</p>	<p>This test is met.</p> <p>Circumstances where specific assistance exists include where authorities have discretion in deciding which enterprises can benefit from financial assistance. In the case of TMS, the decision on whether to award the requested discount and grant is at the discretion of the Council.</p>
<p>Limb D: The financial assistance has, or is capable of having, an effect on competition or investment within the UK, or on trade or investment between the UK and another country or territory, or both. Financial assistance envisaged by public authorities must be capable of producing a relevant effect, such that it is capable of having a genuine, adverse effect that is more than</p>	<p><u>This test is not met.</u></p> <p>The financial assistance will not affect competition or investment within the UK, nor trade or investment between the UK and another country.</p> <p>The asset sits within a well-used park in a densely populated area of Troon. It is highly visible and there is awareness locally that</p>

incidental or hypothetical on competition or investment in the UK, or international trade or investment, in order to constitute a subsidy.

the building is unused. Despite this, the Council is unaware of any interest in purchasing or using the asset other than the TMS application.

TMS' future plans for the building include redevelopment to create a workshop space for members to pursue craft and hobby activities. The hope is to offer some of the items made by members for sale to the public as a way to generate funds for the organisation.

The TMS Development Plan submitted to support their CAT request states (pg. 9):

- TMS will aim not be contracted to undertake commercial work.
- TMS may sell their products at craft fairs, on-line etc. to generate some revenue to cover overheads and support its other activities, but TMS will strive to not take work away from local traders or compete with local businesses.
- TMS will not be a production facility, for example accepting orders to build volume commodities or large items.
- TMS will not be a health nor a social service provider and will not take formal referrals.

The TMS CAT Stage 2 application form identifies the items which may be made and offered for sale as: 'coasters, clocks, bird feeders, benches and other craft items'. There are established retailers in Troon who are likely to offer some or all of these products already. However, as described at Limb B above, the sale of items by TMS will be irregular and on a small scale and unlikely to result in any genuine, adverse effect on other retailers.

4.0 Assessment and Recommendation

4.1 Based on the results of the four-limbed test as described above, only two of the four limbs are met. The financial assistance, therefore, **does not constitute a subsidy.**