

## **West Harris Trust Business Plan(2018-20)**

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## **Business Overview**

The West Harris Trust is a community landowning trust with 7225ha of land on the west side of south Harris. It is a company limited by guarantee SC347176 and a registered Scottish Charity SC041920.

## **Introduction**

This business plan covers the period January 2018 to December 2020. The end of the period will tie in with the end of the "Our Plan for Harris" period which incorporates development proposals from a range of voluntary organisations in Harris, including WHT.

The purpose of this business plan is to provide direction and focus for the West Harris Trust as it seeks to consolidate recent developments, grow its business and develop new income sources over this period.

## **Background**

The West Harris Trust was formed to purchase 3 crofting estates belonging to the Scottish Government on the west side side of Harris incorporating the crofting townships of Luskentyre, Seilebost, Horgabost, Borge and Scaristavore. Following extensive consultation the local community of approximately 130 voted decisively in favour of purchasing the land in October 2008 in order to regenerate the local community which had been in long term decline. The purchase finally took place in January 2010.

The West side of Harris is one of the most outstanding scenic locations in the UK and as such offers an excellent location to attract people seeking a better quality of life and to develop business opportunities that take advantage of the natural environment. As landowner the Trust is able to make sites available for business, housing and community purposes in order to grow the local economy and strengthen the local community.

## **Review of 2012-2017 business plan**

WHT adopted its last business plan in 2012. It initially covered the period 2012-15 but this was extended to 2017 because the key projects identified there took longer to deliver than expected. The plan identified 9 key areas for development:

### *Development Area 1: Construct a 100kw hydro scheme*

Initially intended for construction in 2012 as a wholly-owned project of the Trust this scheme finally was completed in autumn 2016 with the aid of private investors.

### *Development Area 2: Construct Business Accommodation*

### *Development Area 3: Community Space/Marquee Rental Business*

The Trust first constructed a marine shorebase building at Seilebost which provides space for 2 private businesses and the local common grazings committee. It then constructed Talla na Mara, a 500m<sup>2</sup> multi-use building providing community space, offices for the trust and another charity, a restaurant and studio space for 4 private businesses. The design incorporated a bespoke lean-to marquee that allows weddings and conferences of up to 130 people.

#### *Development Area 4: Grow Capacity of WHT*

The Trust initially recruited a graduate who raised funding for the pontoon (Development Area 7) and the marine shorebase building. It then grew capacity through increasing the hours of its administrator and adding a Centre & Events Manager and Development Officer.

#### *Development Area 5: Construct Housing for Rent*

The initial hope was for the Trust to construct 2 houses and for an affordable housing body to construct 4. In the event Hebridean Housing Association constructed 6 houses adjacent to Talla na Mara, housing 19 residents. In addition to this 2 couples have built houses on plots provided by the Trust and are now living locally.

#### *Development Area 6: Community Horticulture/Machinery Ring*

It had been hoped to install community polytunnels adjacent to Talla na Mara. However funding was not sufficient in the overall project to deliver these.

#### *Development Area 7: Pontoons*

An 81m pontoon was installed in 2013 for seasonal use at Horgabost beach. It is removed each winter and returned to the water each summer

#### *Development Area 8: Improved Campsite Provision*

WHT has provided 4 campervan hook-ups in the grounds of the former Seilebost School and 3 at Talla na Mara. The total number of nights occupied in 2017 was 882.

#### *Development Area 9: Native Woodland*

It had been hoped to plant 20ha of woodland but no suitable sites were identified.

In addition to the above development areas the Trust has delivered:

- A 53kw wind turbine at Scarista generating revenues of £50,000+/yr and a net income in the region of £10,000/yr after maintenance and loan repayments
- A 100kw wind turbine at Pairc Niseaboist providing power to Talla na Mara and the 6 new houses
- Purchase of the former Seilebost School

This review shows that WHT has successfully delivered 7 of the 9 development areas and also successfully completed 3 other projects of strategic importance to the trust. Collectively these projects represent an investment in excess of £4.5m.

## **Current Position**

WHT has experienced rapid growth in the period 2014-2017 as it delivered a series of important projects that have brought significant financial and social benefits to the local community. The turnover of the Trust and its subsidiaries for 2016 was £1,458,850, with assets at Year End of £2,246,782. The assets now comprise:

- 7225ha of land
- A 500m<sup>2</sup> multi-purpose building “Talla na Mara”
- The former Seilebost School
- “The Cliff” 20m x 9m portal frame building
- 53kw wind turbine at Scarista
- 5kw wind turbine at Seilebost
- Part ownership of 100kw wind turbine at Horgabost
- Part ownership of 100kw Gleann Dubhlinn hydro scheme

The completion of Talla na Mara has put WHT in the position of being a major property owner with 10 tenants across 3 sites supporting 20 jobs. The construction of the 6 houses at Pairc Niseaboist has enabled the trust to make strong headway in repopulating the area. The population has risen from 119 in 2012 to 143 at the end of 2017. It still has a target of 170 people by 2020 and aims to reach that with the aid of this business plan.

## **Strategic Issues**

### *Economy/Brexit*

It is now 10 years since the financial crash of 2008 and, as yet, there is no sign of an end to austerity. There is a continued squeeze on living standards as wages rise at a lower rate than inflation. Brexit is most likely to have an impact upon the UK economy with the possibility of a downturn caused by a hard Brexit. The devaluation in the pound following the Brexit vote has led to an increase in visitors due to more people holidaying at home and the UK becoming more attractive to foreign visitors. Future difficulties in the UK economy may therefore have little impact upon WHT’s income sources which are significantly linked to the tourism sector.

The growth in the tourism sector in harris provides both a challenge and an opportunity. The challenge is to provide sufficient local infrastructure to cope with increasing numbers of visitors and to capture a greater amount of visitor spend in the West Harris area. The opportunity is therefore there to provide facilities to create new employment opportunities. This is very important in a community which historically has had very few employment opportunities and where wages are typically below the national average.

### *Tightening funding framework*

Austerity has led to significantly reduced funding for local authorities, Highlands & Islands Enterprise and Scottish Natural Heritage. These bodies therefore now have significantly less capital than previously to give as grant funding towards new projects. Therefore the number of projects supported and the maximum level of funding is likely to be reduced in coming years. In addition the level of funding available through the Lottery Funds is declining due to declining ticket sales. Historically the Western Isles has done very well from the Big Lottery Fund but in future less money will be available to this area with a greater focus on poorer urban communities. This tighter funding framework is reflected in this business, which has a stronger emphasis on smaller projects and raising capital from alternative sources.

### Infrastructure

In a relatively short period of time Harris has gone from being a quiet island to a very busy one in the summer months. In particular there is a shortage of facilities for campervans which this plan seeks to address, at least in part. The introduction of a replacement ferry for the mv Hebrides on the Tarbert-Uig-Lochmaddy triangle is likely to lead to a further significant increase in the number of campervans arriving in Harris. This will also have an impact on the single track sections of the A859 spinal route running through West Harris which need to be upgraded to double track.

Following an extensive campaign by WHT superfast broadband is set to be provided to the area in early 2018. This will be an opportunity to promote the area for new businesses and those who wish to work from home but have high connectivity to other parts of the world. Disappointingly the Horgabost area is not being provided with a superfast connection and WHT will continue to work with agencies and BT to ensure that this area is covered by 2020.

### Housing

Against the general backdrop of reduced funding there are new opportunities to provide affordable housing through the Rural & Islands Housing Fund and increased funding disbursed through local authorities.

### Business Strategy

West Harris Trust is seeking to develop its own businesses and the wider community at the same time. It therefore has a composite vision and combined community and Trust goals.

*“West Harris will be a thriving, vibrant and demographically balanced community with an increased resident population enjoying a wide range of economic and social opportunities.”*

To achieve that end the Trust has the following overarching goals:

- 170 people living in West Harris by 2020
- The Trust’s core activities to be self-funded by 2020

### Development Proposals

In order to achieve this WHT has identified 7 key development proposals:

Development Area 1		Expected Outcome		
Increase capacity in community share fundraising and renewables		Successful share offer Majority community ownership of generation of 400,000 kwh clean electricity generated per annum		
Action	Cost	Proposed Funding Source	Indicative Start Date	
Engage Development Officer	£25,000	HIE/SG//own funds	Oct 2018	
Purchase majority share from private sector partner	£600,000	WHT equity/ community share offer/private finance	April 2019	
Impact	Surplus of £15k, rising as loan is repaid			

Development Area 2		Expected Outcome		
Seilebost School Redevelopment		Improved facilities for campervans		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Phase 1 - Install toilet and shower facilities, decking area, 2 new stances	100,000	HIE/Tourism Infrastructure Fund/Own resources	March 2019	
Phase 2 – Upgrade interior business space	100,000	HIE	March 2020	
Impact	£8,000 additional campsite income £2,000 additional rental income from 2021			

Development Area 3		Expected Outcome		
West Side camper waste provision plus new stances at Talla na Mara		Fully serviced waste disposal site for campervans 7 Hook-ups		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Design to planning permission stage	£60,000	Tourism Infrastructure Fund/Own resources	Spring 2018	
Installation of stances and waste disposal point			Jan 2019	
Impact	Income of £16,000/yr			

Development Area 4		Expected Outcome		
Sale and development of 4 self-build plots		4 new families in West Harris		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Sale of existing plots	-	-	2018	
Identification of additional locations for plots for future				
Impact	Enhanced community resilience Significant progress towards target of 170 residents by 2020			

Development Area 5		Expected Outcome		
Construct housing for rent/purchase		4-6 units of housing completed		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Assessment of sites	£8,000	Island Housing Fund	Apr 2018	
Support partners to develop and build 4 houses	£500,000	TIG/HHP	April 2019	
Construct 2 units	£250,000	Island Housing Fund	April 2019	
Impact	Rental income of £10,000/yr for WHT 6 extra families in W Harris Significant progress towards target of 170 residents by 2020			

Development Area 6		Expected Outcome		
Extension to Talla Na Mara		Additional space for community events and functions		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Manage design process	£10,000	HIE/CnES/Own resources	Jan 2019	
Construct extension	£150-200,000	HIE/CnES/Own resources	Summer 2020	
Impact	Enhanced sustainability of WHT £10,000 additional income from 2021			

Development Area 7		Expected Outcome		
Investigate Electric Vehicle for community transport		Report on Viability of operation Community Transport Service		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Research viability of electric vehicle	£3,000	Climate Challenge Fund	May 2019	
Purchase vehicle and operate service	£30,000	Climate Challenge Fund	March 2020	
Impact	Enhanced social inclusion of elderly and lower income community members			

Key objectives for the Trust in the delivery of these projects are:

- Community share offer to raise funding for hydro scheme to be ready by March 2019
- Phase 1 of Seilebost School renovation completed by end 2019 & Phase 2 by end 2020
- A new housing development to be complete by the end of 2019

### **Delivery**

The above identified development projects are seeking to grow WHT further and to widen its range of income generating sources. In order to do this the Trust needs to have access to large amounts of capital for delivering projects, smaller amounts of capital/revenue funding for developing new project ideas and extra human resources.

The primary priority in this period is to bring the Gleann Dubhlinn hydro scheme under community control. The Trust was able to construct the scheme with a private sector partner after the failure of the Co-op bank meant that it was not possible to raise private finance and the falling FIT rates would have meant that the scheme would not have been viable if it had been delayed any longer. The private sector partner is looking to sell on its share in the scheme by 2020 and the Trust aims to raise finance to buy the partner out. The preferred option for doing this is through a combination of Trust equity and a community share offer. This will hopefully allow the Trust to raise funds at lower than market rates, provide an opportunity for local buy-in and benefit from the project and ensure community control of the scheme in the long term. An additional employee to provide extra capacity would be of great benefit to the Trust in delivering this project.

The next most important project is that of the renovation of the former Seilebost School. The school was a focal point of community identity prior to its closure and continued to be so until the completion of Talla na Mara. The renovation of the building will enable further bespoke facilities to be provided for local businesses. Provision of low cost, well-insulated rental spaces will enable new start-ups and expansion opportunities for home-based businesses who lack capital to build their own premises and therefore struggle to develop increased revenues. The renovation works will also provide modern toilet and wash facilities for visiting campervans. The project will be split into 2 phases because of its expected total cost in excess of £200,000. The Trust will also seek to provide waste disposal facilities for campervans who visit the area and who currently have nowhere to dispose of their waste with the closure of the facility in Leverburgh.

The success of Talla na Mara to date presents 2 new opportunities for the Trust. First, the function area is proving so successful that an expansion of the building would allow for more activities to take place at the same time, and more people to be accommodated in the building, enhancing community opportunities and revenues. Initially, funding will be sought for design work and then for construction of an extension. If successful this would allow for a build in 2020. Secondly, the previous provision of an EV charge point on site would enable a community-owned renewables powered transport solution to local issues. The ability to provide a local transport service would reduce social isolation of those who are unable or cannot afford to drive. Enhanced revenues in summer through a service accessible to visitors as well could be used to support an all year round service. The Trust will seek funding initially for a feasibility study into the costs and practicalities involved in running such a service in order to determine whether it would be viable. If a study shows a positive outcome the Trust could then proceed to seek funding for a vehicle.

The Trust is seeking to grow the local economy and the population together. Therefore additional housing is a priority in the area. If the Trust is to reach its target of 170 by the end of 2020 at least 1 additional affordable housing project will be required as well as a small number of private builds. The Trust will investigate building its own houses through the Rural Housing Fund, potentially in partnership with local housing providers Hebridean Housing Partnership or Tighean Innse Gall. Trust-built homes would extend its asset base and revenue streams.

This set of projects will permit the trust to carry on developing its business while also enabling it to manage and maintain its existing assets which were developed in the period 2012-17 and to provide additional economic and social opportunities for local residents.

### **Impact**

The financial projections detailed at Appendix 1 show that traded income will rise from £114,788 to £180,515 over the period, a rise of approximately 36%. This will be sufficient to enable WHT to withstand the loss of core revenue funding of £15,000 in 2018 and of additional employees in 2019. Meanwhile costs are expected to be contained, rising by only 21% from £132,883 to £169,970. This will enable the Trust to generate modest surpluses for each of the 3 years of the plan and to increase its core staffing by 1 full time post. Crucially, it will do this while also creating a sinking fund for long term renovation of Talla na Mara of £10,000 per year.

The renovation of Seilebost School will mean that the Trust's built properties will all be in a good state of repair and fit for purpose for the 21<sup>st</sup> century. Bespoke accommodation will be available for business tenants and visitors will have quality facilities to match the quality environment.

Most importantly the community itself will be significantly strengthened through the provision of more housing opportunities. This should enable the Trust to reach its target of 170 residents by the end of the business plan period. The community will be larger, younger, with a more balanced demographic and with greater economic and social opportunities than ever before.