

West Harris Trust Business Plan(2012-15)

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1. Executive Summary

The aim of this business plan is to put the West Harris Trust on a firm financial basis for the future and to start the regeneration of the local area. 9 development areas have been identified, led by the proposal to establish a community owned hydro scheme which will provide financial stability and funds for future investment. Other key areas of business development are the creation of business space to let and the improved provision of campsite facilities.

These will supported by investing in the social fabric of the community through new housing provision, improved community facilities and joint horticulture activity, all of which have the potential to contribute to economic growth for the community and revenue generation for the Trust.

2. Business Overview

The West Harris Trust is a community landowning trust with 6578ha 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 April 2012 to March 2015. Its purpose is to provide direction and focus for the West Harris Trust as it seeks to 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 of Harris incorporating the crofting townships of Luskentyre, Seilebost, Horgabost, Borve 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

Current Position

WHT is a young company with a very small turnover that is seeking to grow quickly in order that it is self-sustaining and able to support the wider development of the local economy. It is a social enterprise which is a dynamic, emerging sector of the economy that is expanding rapidly and creating novel ways of sustaining employment and delivering social benefits to local communities.

In the 3 years since its land purchase it has successfully administered the estate comprising 52 crofts and 4 townships. It has developed a 100kw hydro project which is due to be started in spring 2014 and a 50kw wind turbine scheme due for installation in 2013. It has made available 6 house sites for would-be permanent residents and is working towards building 6 affordable houses with partners. The Trust has had significant community support and has carried out a major consultation exercise, engaging with the community on the key issues of housing, business and crofting. Two of the township grazings committees have been successful with SRDP applications for land management, adding to one that had previously entered into a Rural Priorities contract.

WHT is researching ways of developing new opportunities through provision of business units, new forms of rented housing and new tourism/environment-related businesses.

Competitive Advantage

WHT does not aim to out-compete the opposition but to make use of local resources available to the community, to address market failure and to tackle obstacles that are preventing the development of the local economy. The area's outstanding natural and cultural heritage are a competitive advantage in providing new tourism and cultural opportunities. The voluntary directors and strong support of the membership provide a very

important strength that can be lacking in private businesses in terms of community buy-in and commitment to new activities.

There is a growing body of evidence to show that community land ownership has a significant impact upon local business and community development. The West Harris Trust has a significant advantage over earlier buyouts in that it has the opportunity to learn from their experiences.

Development Proposals

The Trust has a number of defined proposals which it wishes to pursue over the next 3 years as outlined below.

Development Area 1		Expected Outcome		
Construct and operate a single 50kw wind turbine		180,000 kwh clean electricity generated per annum		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Construction	£250,000	WHT equity/bank lending/CnES/SIS/CARES loan	June 2013	
Impact	Profits of £15k rising to £40k over 10 years			

Development Area 2		Expected Outcome		
Construct 100kw hydro scheme		516,000 kwh clean electricity generated per annum		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Construction	£745,400	WHT equity/private finance	April 2014	
Impact	Profits of £15k+ rising to £100k+ over 20 years			

Development Area 3		Expected Outcome		
Construct Community Enterprise Centre		200m ² business space created		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Design to planning stage Completed February 2013	20,000	HIE/Big Lottery Fund	Sep2012	
Detailed design to building warrant and tender	30,000	HIE/Big Lottery Fund	June 2013	
Construction	£1m	HIE/Big Lottery Fund	April 2014	
Impact	2 jobs created; £12 000 rental income			

Development Area 4		Expected Outcome		
Grow capacity of WHT		Extra employee developing and delivering specific development areas		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Engage graduate placement- graduate working on development areas 6,7&8.	£23,200	HIE/Big Lottery Fund	Jul 2012	
Impact	Project delivery and impact increased and brought forward from what is possible with current human resources			

Development Area 5		Expected Outcome		
Construct housing for rent		6 units of housing completed; 4 by TIG, 2 by WHT		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Project planning Design to stage D completed Feb 2013	£10,000	TIG/Own resources/charitable trust	June 2012	
Project build	£805,000	TIG/Own resources/private finance/Scottish Govt challenge funding	April 2014	
Impact	Rental income of £10,000/yr for WHT 6 extra families in W Harris			

Development Area 6		Expected Outcome		
Community Horticulture/machinery ring		Polytunnel and allotments supplying fresh produce using shared machinery		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Project Planning	£5000		October 2012	
Site preparation and polytunnel purchase	£20,000	LEADER/CLRDP/ other	April 2014	
Machinery ring establishment	£25,000	LEADER/CLRDP/ other	April 2014	
Impact	Fresh produce supplied to local businesses; joint community activity and healthier lifestyles			

Development Area 7		Expected Outcome		
Pontoons		Safe berthing created for summer users on W side of Harris/Lewis		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Planning/Consultancy	£5000		October 2012	
Construction	£125,000	HIE/European Fisheries Fund/CnES	April 2014	
Impact	Increased visitors to area; Income of £1000/yr			

Development Area 8		Expected Outcome		
Improved campsite provision		1000 camper van nights using fully serviced facilities		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Planning/Consultancy Limited campervan provision being incorporated into Community Enterprise Centre site. New site also being researched	£5000	HIE	April 2013	
Construction	£100,000	HIE/LEADER/CnES or SRDP	April 2015	
Impact	Increased visitors to area; Income of £15000/yr			

3. Business Strategy

The Trust aims to create a sustainable organisation by 2016 which is capable of supporting itself without outside resources. At the same time it is seeking to improve the sustainability of the whole community through improved housing, employment, recreation and social opportunities.

Key to achieving the sustainability of the Trust and community is the establishment of income streams from renewable energy. The Trust will also seek to generate further revenue for reinvestment through business development and housing provision.

Key objectives are:

- Scarista wind turbine installed by end 2013
- Allt Dubhlinn hydro scheme complete by end 2014
- Business accommodation completed by end 2014
- Community Enterprise Centre providing community events venue and business accommodation established by end of 2014
- Minimum of 4 housing units to let (by TIG/WHT) by end 2014
- Pontoons in place at Horgabost by April 2014
- Generate revenue from campervan facilities from 2013

Tactics

The above identified development projects are seeking to transform WHT from being the owner of a large amount of minimal income-generating assets (land) into one with significant income-generating assets (renewables and buildings) delivering real social, environmental and economic benefit to the area. 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 Trust's initial priority was the Allt Dubhlinn Hydro scheme (Development Area 2) in order to provide a stable income source for the Trust itself and for investing in future projects. However difficulties with securing a firm grid connection for this project have led to the Trust developing a proposal for a 50kw wind turbine at Scarista. Planning permission and a grid connection have been secured for this site so the first priority is to finalise the funding package and start construction of this scheme.

The hydro scheme will take second priority in terms of the Trust's own available capital resources, with an indicative (but still unconfirmed) connection date from SSE of late 2014.

Funding from Highlands & Islands Enterprise and the Big Lottery Fund has enabled a masterplanning and building design exercise to be completed for a site at Rubha Romagaidh, Horgabost. This has led to an application for planning permission for: a community enterprise centre incorporating community facilities and business space for let; housing for let; plots for self-build; community polytunnels; and campervan hook-ups.

The Big Lottery Fund and HIE have funded the development work and both have indicated that they are happy to consider applications for the Community Enterprise Building. The location has prime views of Taransay and North Harris and the community sees major business opportunities including providing a wedding venue for the area.

Housing for new families is a key priority and the Trust is aiming to see 6 homes for rent constructed. It is expected that these will be a combination of social rented housing provided by TIG and mid-market rental housing provided by WHT. Funding for the West Harris Trust housing could come from a combination of revenue from sales of plots for self-build and public sector provision, government grant assistance and borrowing.

Further project planning work is scheduled for 2013 for proposed campsite and pontoon provision, with implementation in 2014/15. Once again capital will be required to develop these but it is envisaged that there will be significant grant assistance for these community initiatives. In 2013 the Trust is expecting modest income from charging for currently informal parking by campervans in several areas and will be incorporating electrical hook-ups for 3 pitches into its plans for Rubha Romagaidh.

The Trust had hoped to identify suitable sites for forestry schemes with a view to re-establishing native woodland in the area, providing local employment and providing a small income stream for the Trust in woodland maintenance payments. However potential sites have been assessed as not suitable for development by the Forestry Commission.

All of the above projects represent a very ambitious programme for which the Trust will require more human resources than it presently has. The Trust already has a strong voluntary commitment from its directors and will seek to draw in others who have particular skills or interests which could contribute to specific development areas. However if it is to deliver the projects planned it will need additional personnel. A graduate placement would offer the Trust the opportunity to expand its work assuming match funding can be found, while also supporting the skills development and retention in the area of a skilled young person; both of which are key aims of the Trust.

Strategic Issues

FIT Regime

The 2012 Govt review has now led to a stable basis for the feed in tariff regime. Prices for both hydro and wind are to fall steadily from 2014. However early registration of the hydro scheme will allow for it to be built in 2014 and still receive the current rate.

Economy/bank lending

In the medium term the biggest threat to the Trust's growth is likely to be the state of the economy and consequent impacts upon bank lending. In particular, any sovereign default in the Eurozone is predicted to cause difficulties for European banks. Any further tightening of banks' ability to lend is likely to make the option of borrowing for development projects more challenging.

A continued fall in personal disposable income could impact upon visitor numbers and therefore businesses reliant upon visitors who may be attracted to units provided by WHT. However running counter to this is evidence that consumers are seeking ever higher quality. This offers WHT an opportunity to deliver quality projects and added value in its world class environmental setting.

Future of Shelibost School

At the time of writing it looks likely that Seilebost School will shortly close. This is a key local facility and the trust will seek to gain ownership for the community and develop it for local benefit.

Core Values

People and community are fundamental to the work of the West Harris Trust. Our aim is to maximise the opportunities for individuals and the community as a whole to fulfil their potential. Therefore in developing new ideas the Trust draws on local knowledge, consults with the local community and proceeds with their approval. Experience from other communities has shown that this approach results in greater empowerment, greater levels of innovation and activity and higher economic output than was previously the case.

This approach attracts like-minded people from outside the area to support community development work and leaves a positive impression on visitors to the area, which in the long term will result in more economic benefits.

Working for the whole community rather than oneself is a strong motivator for directors and staff, with an emphasis on strong working relationships and team effort.

4. Assets

The Trust owns 6578ha of land which it seeks to make available for appropriate activities. Most of the land is in crofting tenure and will remain so but the Trust will continue to make specific sites available as required for business and housing activities. The Trust does not own any buildings but rents an office from a 3rd party.

5. Markets

In addressing the challenges facing the community in a comprehensive manner the Trust will be operating in a number of markets:

Energy

WHT renewable energy projects will be supplying through the FIT regime and therefore into a guaranteed market with a fixed price for each unit of energy produced and a floor price for energy sold.

Business space rental

WHT will be operating in this sector in order to overcome market failure; the private sector is not providing space although there is none currently available. Previous experience in Harris has shown that units can lie vacant for a period of time before being occupied by a new business. In order to minimise this risk NHT is currently carrying out research into local demand and making efforts to identify demand from outside from people who would be interested in relocating and establishing a business on the island. It is also confident that the location of the proposed provision is one which attract quality business quickly.

Land

The Trust is operating in this market in 2 ways: Firstly it is selling plots of land at discounted prices in order to encourage new permanent residents in the area. Income received from these sales will be used for investment in capital projects. Secondly it will use the

development value of land as its own equity stake in building projects to draw in funding from both private and public sources to enable developments to go ahead.

Recreation/tourism

Visitor numbers have been buoyant in recent years thanks to a combination of RET on the ferries, a buoyant economy in the early years of the decade, high profile television programmes, the more recent “staycation” trend and improved knowledge of the area thanks to the internet. This may not continue as difficult economic times continue. However the projects identified by the Trust will be addressing situations where current provision is poor, demand is strong and the result should be an enhanced visitor experience.

Strategic Alliances

West Harris Trust has a number of important partners that it works with to deliver its own specific project goals and also to influence policy makers to create a better business environment in the sectors within which it works. **Community Energy Scotland** is supporting the Trust with its renewables projects and **Community Land Scotland** is playing a key role in representing the community land sector. **Tighean Innse Gall** supported WHT during the initial purchase of the land and is committed to working with WHT to deliver sustainable housing solutions to the area.

At the local level WHT is a member of the South Harris Renewables working group led by **Harris Development Ltd (HDL)** seeking to deliver a medium-sized single turbine wind project in the longer term. WHT is also working with HDL in delivering aspects of the Isle of Harris Landscape Partnership Scheme. WHT has gained much from the previous experience of the **North Harris Trust** and the 2 bodies share information regularly on projects that they are developing simultaneously.

E-commerce, Technology and Business promotion

WHT strongly supported the roll-out of broadband in the local area and coverage is now almost universal. The Trust promotes its work and the area through its website which is now regularly updated with blog postings. The Trust is also looking at the use of Facebook and Twitter to spread news of its work.

The Trust makes regular use of the media and social media to publicise its activities and to raise awareness of its work. It finds that initiatives promoted through the local press are picked up from much further afield by those who have an interest in the area and who monitor local developments. It has developed a “Friends of West Harris” group to raise support for the Trust’s work and to increase wider awareness of the area.

6. Management Structure & Team

Organisation

The Trust is managed by a Commercial Development Manager directed by a board of 9 directors which meets monthly. The CDM liaises on a daily basis with the Chair and Secretary. Additional staff are taken on as resources allow for specialist requirements and are line-managed by the CDM.

Employee Numbers

The current employees are as follows:

Role	FTE's	Total Wages £'s
Commercial Development Manager	1	27,500
Business Development Officer	1	18,000
Administrator	0.3	5,000
Total	1.25	50,500

The Business Development Officer is a one year graduate placement focussed on specific projects, while the administrator provides 1 ½ days support each week. It is envisaged that an additional post may be created for the operation of the Community Enterprise Centre.

Training and Development

The board and staff have a wide range of skills and experience in areas including project management, economic development, business management, accountancy and engineering. It is considered that the existing skillset is sufficient to allow the Trust to progress planned projects. However the Trust recognises that continual updating and enhancing of skills is beneficial. The Commercial Development Manager is currently going through the Social Enterprise Academy's Leadership training programme. If the Trust decides to project manage building projects itself it will investigate training specific to this area. Any additional staff taken on will be assessed for their skills and their match to job requirements, with training be sought as appropriate to fill skills gaps.

Management Systems

Microsoft Office software is used in the office and by all directors. All documentation for meetings is shared via email, as are many other documents and communications between meetings. Open Office software is currently being trialled with prospect of reducing costs for future staff. Project progress is monitored through monthly reports prepared by the Commercial Development Manager for the board meetings. A list of action points are prepared after each meeting with target dates for completion and named individuals to carry out the action.

Monthly reports on the financial situation are prepared by the secretary and presented to board meetings. Payroll, end of year accounts and tax compliance issues are handled by CIB Services, Stornoway. Internet banking is being introduced to improve monitoring and management of financial transactions.

The Commercial Development Manager holds a First Aid Certificate and Mountain Leader qualification, enabling work in remote outdoor locations to be carried out in a safe and secure manner.

7. Financial Budgets and Projections

WHT started trading in 2008 before purchasing the land. Total income for 2011 was £88,605, £56,784 of which was grant aid. The Trust also generated £6165 of fundraising, £3100 from rents and £25,980 from land sales and administration charges. As stated above a key purpose of this business plan is to rapidly increase the Trust's income from non-grant sources.

Revenue for 2012 is predicted to be £78k in 2012 with costs of £52k. Sale of sites is expected to result in an increase to £133k in income in 2013. This will increase further to £142k in

2014 with wind turbine income and further to £238k in 2015 once the hydro scheme is in operation and building rental income starts.

Total core expenditure is predicted to rise from £58k in 2013 to £205k in 2015 as the Trust becomes a significant contributor to the local economy.

The capital required to deliver the planned projects is expected to be a challenging £2.5m over the 3 year period. However it is achievable. Grant funding is looking promising for the Community Enterprise Centre, an indicative offer has already been given by the Co-op for the hydro scheme and the wind scheme promises a strong return on investment.

8. Social Impacts

The programme outlined above will deliver significant economic benefits to the area and will also result in a significant social impact. The Trust carries out economic development activities as a means to the end of creating a more sustainable community. In particular that means an increased population with a demographic profile having greater proportions of younger and economically active people.

With a recorded population in 2012 of 119 and a low rate of economic activity the Trust wishes to see the following targets achieved:

130 people living in West Harris by 2015 and 170 by 2020.

A reduction in the economically inactive from 42% to 37% to match the Western Isles rate

An increase in the 18-64 age group from 46 %to 50%

Progress against these targets will be measured by an annual count of the population and assessment of demographic profile and economic activity by Trust staff and directors. Although moderately time consuming this activity is relatively straightforward due to the small size of the community.
