

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 6400ha 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 2 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 2012 and has made available 6 house sites for would-be permanent residents. The Trust has had significant community support and is currently carrying 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 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 2012	
Impact	Profits of £15k+ rising to £100k+ over 20 years			

Development Area 2		Expected Outcome		
Construct business accommodation		200m ² business space created		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Design to planning stage	15,000	HIE/Big Lottery Fund	June 2012	
Detailed design to building warrant and tender	30,000	HIE/Big Lottery Fund	April 2013	
Construction	£350,000	HIE/Big Lottery Fund/private finance	April 2014	
Impact	2 jobs created; £12 000 rental income			

Development Area 3		Expected Outcome		
Community space/Marquee rental business		Serviced site for marquee linked to office facility for hire for community events/weddings		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Site preparation/construction of community building/purchase of marquee	£140,000	HIE/Big Lottery Fund/LEADER/private finance	April 2014	
Impact	Rental income of £25,000/yr			

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	£23,200	HIE/Big Lottery Fund	Sep 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	£10,000	TIG/Own resources/charitable trust	June 2012	
Project build	£700,000	TIG/Own resources/private finance/Scottish Govt challenge funding	April 2013	
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	
Financing				
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	£5000	HIE	April 2013	
Construction	£100,000	HIE/LEADER/CnES or SRDP	April 2014	
Impact	Increased visitors to area; Income of £15000/yr			

Development Area 9		Expected Outcome		
Native woodland		20ha native woodland		
Action	Development Cost	Proposed Funding Source	Indicative Start Date	
Fencing and planting	£70,000	SRDP/HLF	Oct 2012	
Impact	Increased biodiversity, improved landscape; Income of £8400/yr for 5yrs then £1200/yr for 10 years			

3. Business Strategy

The Trust aims to create a sustainable organisation within the next 3 years 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 the Allt Dubhlinn Hydro scheme which will provide a stable income source for the Trust itself and for investing in future projects. The Trust will then seek to generate further revenue for reinvestment through business development and housing provision.

Key objectives are:

- Allt Dubhlinn hydro scheme complete by March 2013
- Business accommodation completed by end 2014
- Community social enterprise providing marquee facilities established by end of 2014
- Minimum of 4 housing units to let (by TIG/WHT) by March 2014
- Pontoons in place at Horgabost by April 2014
- Existing campsite expanded or new one created by summer 2014

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 first priority is to finalise the funding package and start construction of the Allt Dubhlinn Hydro scheme. In 2012 the Trust's available capital will (through its subsidiary West Harris Renewables Ltd) go into developing this scheme which will generate significant revenue for reinvestment in the long term. The Trust has an indicative offer of loan from a lender which it hopes will be finalised in the immediate future (see strategic issues below)

Alongside implementation of the hydro scheme WHT will engage in major project planning efforts in 2012. This will move projects in business/community space & enterprise,

community housing, community horticulture and pontoon provision from concept to planning approval and detailed design stage by early 2013. It is possible that all of the above with the exception of the pontoon provision could be co-located on a single site which is currently being assessed.

In order to achieve the project development for the business/community space projects through to planning approval stage moderate financial resources (c.£30,000) are required for site and building design. These are identified above as separate development areas but consideration is being given to co-location in order to reduce both development and subsequent running costs. To implement any or all of the developments will require robust financial planning and access to capital. The Trust currently holds an award from the Big Lottery Fund which was intended for the hydro scheme but which cannot now be used for this purpose following a state aids ruling. BIG are willing for this to be redirected to projects which deliver the same planned outcomes and the proposed projects meet this criteria. Therefore the Trust hopes to develop a funding package that involves BIG, HIE, charitable trust grant giving, own resources and private borrowing. The Trust's own resources could include for example money raised from selling plots to TIG or private individuals for housing development. The Trust will also explore the best legal vehicle for delivering this work to ensure that the rest of the Trust's assets are not put at risk and that tax and charitable status issues are properly addressed.

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 NHT.

Further project planning work is scheduled for 2013 for proposed campsite and pontoon provision, with implementation in 2014. Once again capital will be required to develop these.

The Trust is currently identifying 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. The Trust aims to plant a scheme in 2013 with funding from SRDP and match funding from the Heritage Lottery Fund to cover establishment costs.

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 most immediate threat to the future progress of WHT lies with the current uncertainty over the Feed-In Tariff regime. Project start is being delayed because the Trust's lender will only issue a final offer of loan once the government has announced what the rates for 2012-3 will be.

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

WHT sees the securing of the future of the school as central to its plans for regenerating the local area. However Comhairle nan Eilean wishes to close the school and if this occurs it is likely to be more difficult to attract young families to the area. On the other hand it would then also present an opportunity to the Trust to redevelop the site for community purposes.

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 6400ha 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.

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, 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. 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 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 is also planning to develop 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
Community Engagement Officer	0.25	4,500
Total	1.25	32,000

The Community Engagement Officer is a temporary post researching housing needs, craft use and business development opportunities. The growing number of project opportunities arising for WHT is likely to create an opportunity for an extra employee in project development/management. This could either be created through a graduate placement or OHMEET placement. Training would be provided on the job by the Commercial Development Manager and via voluntary sector training opportunities as appropriate.

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 2010 was £104,734, £91,105 of which was grant aid for the land purchase and towards the hydro scheme. Voluntary income of £12534 included £6165 of fundraising, £2,616 from rents and £3753 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. Following successful completion of the hydro scheme income is predicted to rise to £213k in 2013, boosted in part by land sales for housing. This will fall back to £181k in 2014 as a falling off in grant support for employment positions is only partially compensated by expected rental income from housing in 2013. However it is predicted to rise to £197k in 2015 as income from business premises and campsite provision in particular start to make a significant contribution. More significantly total traded income over the period is expected to rise from a mere £29,500 in 2012 to in excess of £187k.

Total core expenditure is predicted to rise from £52k in 2012 to £183k 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 £2.3m over the 3 year period. However it is achievable. The Trust is close to securing the £700k required for the hydro project and with a range of funding sources available to support the other projects, financing packages can be secured for well-designed schemes.

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 current population of 126 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.