

# Community Ownership of the Bays of Harris Estate

## Feasibility Study for the Bays of Harris Steering Group



13<sup>th</sup> July 2022

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## Contents

1. Introduction .....	6
2. Research Methods .....	7
3. Key Findings .....	8
4. Bays of Harris Estate in Socio-economic Context .....	11
Population and Demographics.....	11
SIMD.....	12
Policy Context .....	12
Community Ownership in the Outer Hebrides .....	13
5. Stakeholder Consultations .....	15
Community & Culture .....	15
Environment .....	17
Business & Services.....	17
Potential Benefits of Community Ownership .....	19
Berneray Younger Generation .....	20
Crofting .....	20
TIG.....	21
The Harris Forum .....	22
Community Reporting Meetings.....	22
Summary of Consultations Process.....	25
6. Potential Development Roles .....	26
7. Development Opportunities .....	28
Housing .....	28
Housing Delivery .....	29
1. Community-led. ....	29
2. Hebridean Housing Association .....	29
3. Tighean Innse Gall.....	29
4. Self-build .....	29
Home Energy and Infrastructure Improvements.....	30
Business Space .....	30
Community Facilities.....	31
Community Development Projects.....	32
Leverburgh Marina.....	32
St Kilda Centre.....	32
Crofting Community Development.....	32
Heritage Development.....	33

Macleod’s Gunnery, Berneray .....	34
The Paisley Sisters .....	34
Environment & Tourism .....	34
Conservation Designations .....	34
Conservation Management .....	36
Tourism Opportunities .....	36
Potential Development Sites .....	36
Berneray .....	36
Leverburgh .....	37
Collam .....	37
Horsacleit Quarry .....	37
Historic sites .....	37
Summary .....	38
Development Strategy .....	38
8. Financial Summary .....	39
Bays of Harris – Existing Estate position .....	39
Crofts .....	39
Other Grazings and Allotments .....	39
Other sites .....	40
Telecoms masts .....	40
Fish Farming .....	40
Sporting, wayleaves & minerals .....	40
Development Opportunities .....	40
Five year projections .....	41
Estate Purchase Funding .....	43
9. Governance .....	45
Meeting .....	46
Job recruitment and delivery .....	47
Long term Change .....	47
10. OPTIONS FOR THE LEGAL STRUCTURE OF A COMMUNITY COMPANY .....	48
COMPANY LIMITED BY GUARANTEE .....	48
Charitable status .....	48
Charity Accounts .....	49
Subsidiary Trading Companies .....	49
Post asset purchase operating structure .....	50
VAT .....	50

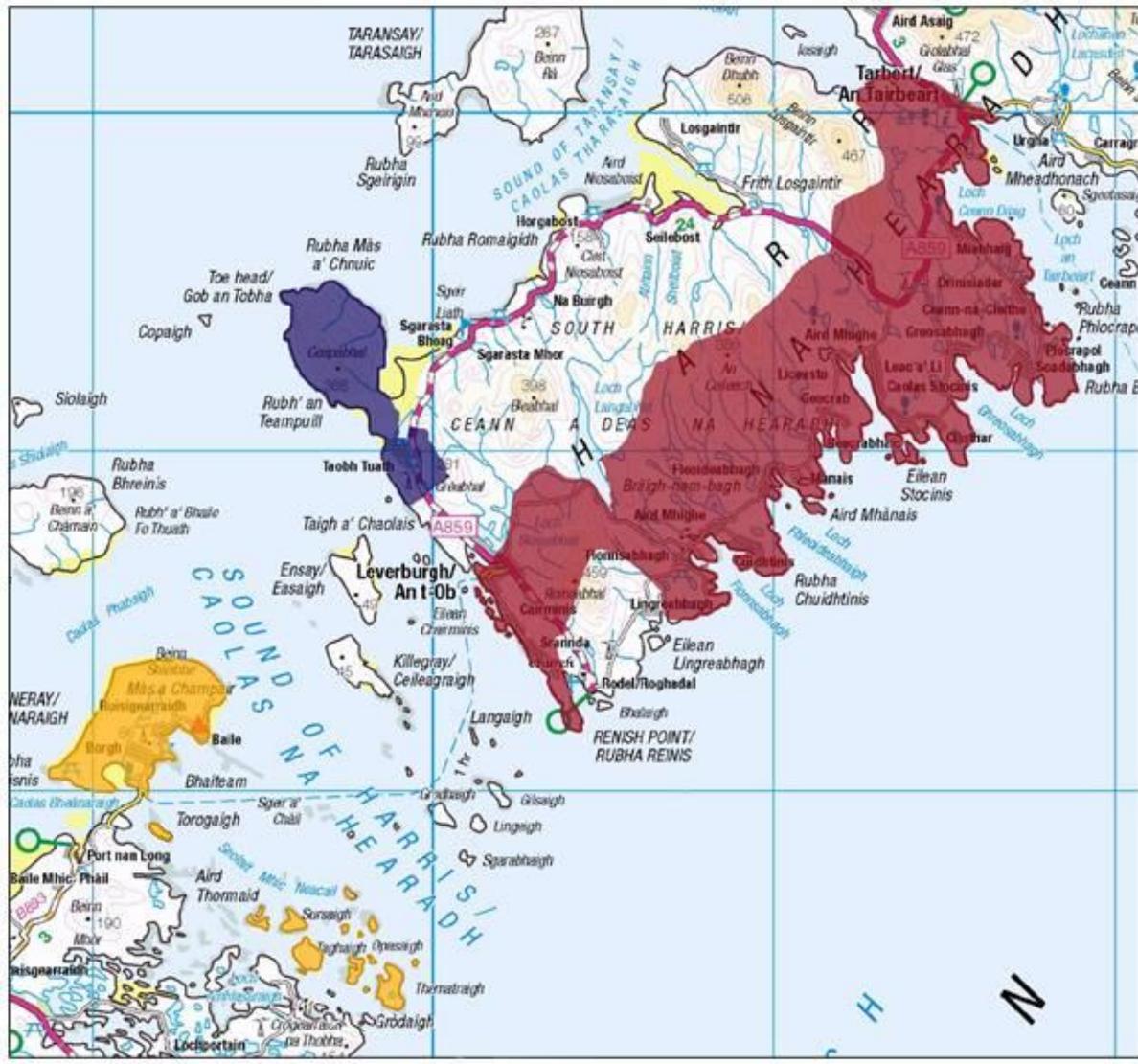
Community Interest Company (CIC) .....	50
What are the differences between CICs and charities?.....	50
Community Interest Test .....	50
The Asset Lock.....	51
Equity Finance.....	51
Advantages of being a CIC.....	51
Disadvantages of being a CIC .....	51
Most suitable for.....	52
APPENDIX 1 - VAT & CHARITIES .....	53
General VAT considerations.....	53
Business or non-business? .....	53
Partial exemption.....	53
VAT recovery on supplies of land & buildings .....	53
Capital goods scheme .....	53
Charitable VAT reliefs .....	54
APPENDIX 2 - What is a charity? How does it retain its status when undertaking trading activities? .	55
Charitable status and regulation.....	55
Corporation tax status .....	55
Trading activities .....	55
Subsidiary trading company.....	56

# 1. Introduction

In November 2019 the Bays of Harris Steering Group (BoHSG) commissioned the present consultants to update their feasibility study report and business plan for the purchase of the Bays of Harris Estate. The original intention was for the report and plan to be prepared by April 2020 in order to inform a community ballot on whether or not to pursue a purchase of the estate from its current owners. However, the intervention of the Covid-19 pandemic resulted in a delay to the process.

The estate was formed in 1925 when Lewis and Harris were split into lots and sold following the death of the previous proprietor, Lord Leverhulme. The Hitchcock family purchased one of the lots which comprises 3 parts: the Bays on the eastern side of Harris, Northton on the west and the Isle of Berneray to the south-west.

Map 1: The Bays of Harris Estate<sup>1</sup>



<sup>1</sup> Source: Westbrook et al, Bays of Harris Feasibility Study (November 2017)

The assets of the Bays of Harris estate comprise:

- Approximately 10,927ha (27,000 acres) of land, almost all of which is in crofting tenure with 274 crofts in 28 townships
- 7 telecommunications masts
- 2 fish farm sites
- 1 quarry
- Shooting rights
- Wayleaves

BoHSG was established to investigate the feasibility of purchasing the estate. Following years of discussions, the current owners have indicated that if there is a decisive vote in the community in favour of a buyout, they are willing to negotiate a sale to the community.

## 2. Research Methods

The research underpinning the analysis contained in this report was conducted using a combination of methods including the following:

**Desk-based analysis** of relevant documents including:

- The original 2017 feasibility study by Westbrook et al
- The September 2018 Report & Valuation by Savills

**Primary Data Analysis regarding findings from:**

- Community Consultation events held in The Bays Centre, Leac a' Li, Leverburgh Community Hall, and Berneray Community Hall on 20<sup>th</sup>, 21<sup>st</sup> and 28<sup>th</sup> January 2020
- A consultation with Harris crofters in The Bays Centre on 9<sup>th</sup> March 2020
- A Zoom call with younger people on Berneray on 23<sup>rd</sup> April 2020
- Site visits to the different parts of the estate
- Stakeholder telephone consultations with representatives of Tighean Innse Gall, Hebridean Housing Partnership, Highlands & Islands Enterprise and Comhairle nan Eilean Siar.
- Follow up Community Consultation events held in The Bays Centre, Leac a' Li, Leverburgh Community Hall, and Berneray Community Hall on 31<sup>st</sup> May, 1<sup>st</sup> & 2<sup>nd</sup> June 2022 to report on the key findings of the feasibility study.

### 3. Key Findings

The consideration of a purchase is set against a backdrop of more than 100 years of population decline in the parish of Harris, falling from 5,449 in 1911 to 2,054 in 2011. The population of the estate area fell by 3% from 2001 to 2011 compared to a 4.6% increase across Scotland. There were declines of 10% in Northton and 3.1% in the Bays area, but growth of 1.5% in Berneray.

The estate suffers from an ageing population as well as a declining one. 39.2% of the estate population are over 60 compared to 23.2% for Scotland. In Berneray this figure is 42.8%.

#### *Community Consultations*

Three public consultations were held in the different area of the estate, attracting 157 people with over 50 at each venue. This represents approximately 23% of the total population and 27% of the population over 16 at the time of the 2011 census.

All 3 communities within the whole estate shared an appreciation of similar things which can be grouped under the 3 general headings of environment, community and culture. Each meeting identified the people and the sense of community as very important. It was said to give a specific identity, a sense of belonging and support in times of need. The biggest challenge identified by all 3 meetings was that of depopulation and demographics. The lack of young people was acutely felt with concern over the lack of babies being born locally. The problem of housing was linked to the demographic challenge. Each meeting identified a lack of affordable housing, especially for young people who could not afford to buy on the market because of the demand for holiday homes.

The natural environment was very important to local people with the historic built environment also noted by some.

People were appreciative of small local businesses with Bays of Chocolate, Croft 36, Temple Café, An Clachan and Berneray Shop & Bistro all being singled out for praise. Despite these local success stories residents were concerned at the lack of employment opportunities to retain population.

The seasonality of tourism was seen as a problem, as were the lack of facilities for tourists and getting them to spend more money locally. Some in Leverburgh and Berneray were concerned that there were now too many visitors and that the local infrastructure was struggling to cope.

Those attending the meetings saw a range of potential benefits from community ownership which included bringing people together to work for the common good, increased community cohesion, enabling local control of development, combatting depopulation, investing the estate income into the community, getting greater access to public funding, the provision of affordable housing under community control, improvement in crofting administration and greater levels of accountability. Some comments expressed the view that community ownership would not necessarily bring benefits while others were more sceptical, either being opposed to the idea in principle or expressing a concern that the separate communities would not be able to work together.

Focussed meetings were held with young people from Berneray and for those with an interest in crofting in Harris. The need for affordable housing was stressed at the Berneray meeting while the crofting meeting stressed the need for opportunities for young people and help for common grazings without revenue-generating assets.

### *Development Opportunities*

A community owned Bays of Harris Estate could play a mix of development roles including **direct delivery** of its own projects, **partnership** working, and **enabling** others to develop opportunities through providing land for appropriate uses.

There are a wide range of areas in which these development roles could be used. These include construction of new houses, improving home energy efficiency, supporting investment in the 4 community centres that serve the estate's residents, the St Kilda Centre at Seallam, the Leverburgh marina, supporting crofting investment, and heritage development projects such as MacLeod's Gunnery on Berneray and creating a memorial to the Paisley sisters in Strond.

There is a history of sites across the estate becoming available for development including Direcleit, Drinisiader, Geocrab, and Aird Mhighe, Finsbay, for housing; Berneray and Leac a' Li for community halls, and Northton for visitor centres. There are several sites available across the estate currently and others are likely to come forward over time.

The estate has a diverse range of income streams including telecoms masts, fish farm leases, wayleave payments, minerals, sporting and croft rents, bringing in over £80,000/yr and in excess of £100,000 in years where land sales occur. Under community ownership these streams could support part-time Development Manager and Administrator posts while allowing for investment in community and crofting projects.

Illustrative projections have been prepared which demonstrate that the Estate will have a surplus of just over £12,000 at the end of year 5 even after investing in two housing projects and having invested £80,000 into crofting projects and community projects. It is apparent that the Bays of Harris Estate is financially viable whilst at the same time capable of delivering significant community and crofting benefit across the Estate.

### *Freedom of Association*

The Bays of Harris Steering Group has given a public assurance to the residents of Northton and Berneray that should they at some point in the future wish to separate from a larger Bays of Harris community landowner and manage their own affairs (or join with another community landowner), they will be free to do so.

### *Legal Structure*

Most community buy-outs/asset owners begin as Companies Limited by Guarantee with some later registered as charities, and there are also some asset purchases that are undertaken by SCIOs. The collective "owners" of the company are the members, but they do not own shares in the organisation.

The main perceived benefit of registering an organisation as a charity is that charities can be entitled to exemption from corporation tax, and whilst, many community organisations take a number of years to generate profits, and the decision regarding structure to minimise corporation tax does not need to be taken until closer to the time that those profits are likely to be realised, this will be a more immediate consideration for the Bays of Harris Estate due to the existing profit making position. If the profits are spent on delivering development activities, then the costs alone can eliminate any potential tax liability.

The Estate earns the majority of its income from leases which are not treated as trading income, therefore the Estate can operate as a charitable company without the risk of jeopardising its charitable status unless the organisation decides to establish trading operations itself. There will be a requirement for the funds earned by the Estate as a charitable company to be used to deliver the charitable objectives of the organisation. The organisation could deliver these activities itself directly, or it could provide grants to other organisations in the Estate area to do so, however, even if a charity is carrying out a range of regeneration activities, it would still have to carry out a careful analysis of public v private benefit before deciding to donate money to other organisations, especially if these are businesses or companies without a directly charitable or community purpose.

#### *Operating structure*

In addition, the operating structure underneath the legal structure also needs to be established. The estate covers a large area with distinct communities. Therefore, appropriate governance structures are important to ensure balanced representation of directors from across the estate. Two indicative structures are shown which achieve this. Directors would be elected from the membership on an area basis to ensure local, democratic accountability. When projects are being delivered in a local area these can be overseen by a working group/committee with its own Terms of Reference comprising one or two directors plus other local volunteers. Modern technology allows board meetings to be held via video-conferencing and employees can be based in any part of the estate.

## 4. Bays of Harris Estate in Socio-economic Context

### Population and Demographics

The Bays of Harris Estate lies in the centre of the Outer Hebrides, with the principal land masses of Lewis and Harris to the north and Uist to the south. All of the islands of the Hebrides have suffered severe population decline since the beginning of the 20<sup>th</sup> Century. The 3 portions of the estate all reside within the Parish of Harris which experienced a decline in population of 62.3% between 1911 and 2011, falling from 5,449 to 2,054 (Table 1).

Table 1: Population of the Parish of Harris 1901-2011

1901	1911	1921	1931	1951	1961	1971	1981	1991	2001	2011
5,271	5,449	5,276	4,468	3,991	3,284	2,885	2,780	2,418	2,120	2,054

The rate of decline in population slowed between 2001 and 2011 to 3.1% across the parish (Table 2). Census data for 2001 and 2011 is available at a more local level enabling a close match with the estate boundaries; the only discrepancy being that Rodel and Lingerbay are also included in the data. Population across the estate fell by 3% from 735 to 713. The largest decline was in Northton (10%), followed by the Bays (3%) while Berneray saw a modest increase of 2 people (1.5%). These changes compare to a decade when Scotland's population rose by 4.6%.

Table 2: **Population Data 2001 & 2011**

Location	Year	Population	Change 2001-2011
Scotland	2011	5,295,403	+4.6
	2001	5,062,011	
Estate	2011	713	-3.0
	2001	735	
Bays	2011	503	-3.1
	2001	519	
Northton	2011	72	-10.0
	2001	80	
Berneray	2011	138	+1.5
	2001	136	

The estate suffers from an ageing population as well as a declining one. Children under 16 on the estate comprised 13.0% of the population in 2011 compared to 17.3% for Scotland as a whole (Table 3). In Berneray the figure was only 8.7%. Younger adults (aged 16-44) make up 25.1% of the estate population compared to 38.5% Scotland wide. In Berneray the figure is only 19.5%. The situation compared to Scotland is reversed for older age groups. 39.2% of the estate population are over 60 compared to 23.2% for Scotland. In Berneray this figure is 42.8%.

**Table 3: Demographic data 2001 & 2011**

Location	Year	Age Group						
		0-4 (%)	5-15 (%)	16-29 (%)	30-44 (%)	45-59 (%)	60-74 (%)	75+ (%)
Estate	2011	3.5	9.5	10.2	14.9	22.7	27.8	11.4
	2001	4.8	13.5	8.6	15.6	26.0	18.9	12.7
Scotland	2011	5.5	11.8	18.5	20.0	21.1	15.5	7.7
	2001	5.5	13.7	17.5	23.0	19.3	14.0	7.1
Bays	2011	3.4	10.7	10.9	15.9	20.3	28.4	10.3
	2001	5.8	13.5	7.9	16.0	23.7	20.6	12.5
Northton	2011	5.6	8.3	11.1	12.5	27.8	26.4	8.3
	2001	2.5	15.0	10.0	12.5	31.3	16.3	12.5
Berneray	2011	2.9	5.8	7.2	12.3	29.0	26.1	16.7
	2001	2.2	12.5	10.3	16.2	31.6	14.0	13.2

These figures show that low numbers of younger people are a particular problem for the area with the problem being most acute in Berneray. Fewer children has resulted in the closure of schools in Drinisiader, Manish and Berneray since the year 2000. The very low numbers of young adults and high numbers of older adults make it more challenging to care for the increasing numbers of older people.

## SIMD

The Scottish Index of Multiple Deprivation (SIMD) measures the relative deprivation of 6,976 data zones (areas) of Scotland. The Scottish Government website describes SIMD as:

*“a tool for identifying the places in Scotland where people are experiencing disadvantage across different aspects of their lives. SIMD gives a ranking for each small area, or data zone, which shows how deprived that area is compared to other areas. Changes in the rank for one area may be due to other areas becoming more or less deprived.”<sup>2</sup>*

The Bays and Northton are covered by the South Harris datazone and Berneray is included in the Benbecula and North Uist datazone. SIMD indicates that both data zones are within the most deprived 10% for the category of geographical access. This is calculated by measuring drive time to key services (GP, petrol station, Post Office, primary school, retail centre, secondary school), public transport time to GP, PO and retail centre, and the percentage of homes without access to superfast broadband (30Mbs<sup>-1</sup>). The ranking of South Harris has worsened in the period 2012-20. This could be due to the relatively poor provision of superfast broadband relative to other areas, and the loss of Post Office access which has been replaced by a mobile service.

## Policy Context

Public policy is strongly supportive of communities and community ownership of land. Since its inception the Scottish parliament has had a continuing interest in land reform and promoting community ownership of land and assets. It passed Land Reform Acts in 2003 and 2016 and a Community Empowerment Act in 2015. These acts give communities rights to register an interest in buying specific land parcels should they come up for sale, to ask public bodies to transfer public assets to them and, in certain circumstances, to enforce a sale of land to a properly constituted

<sup>2</sup> <https://www.gov.scot/news/scottish-index-of-multiple-deprivation-2020/#:~:text=The%20latest%20update%20of%20the,different%20aspects%20of%20their%20lives.>

community body. The Scottish Government is also currently consulting on a further land reform bill to be introduced into parliament in 2023.

The Scottish Government has supported this legislative provision with financial support to enable communities to buy land and associated assets. The Scottish Land Fund currently has £10m/yr to support land acquisition but this is promised to rise to £20m/yr over the lifetime of the current parliament. Support is available for feasibility studies, land and associated purchase costs, and some early-stage development costs including development office and administrative posts for larger projects.

The Scottish Government has a National Performance Framework<sup>3</sup> with the purpose of making Scotland a more successful country. Its national outcomes include:

- We live in communities that are inclusive, empowered, resilient, and safe
- We tackle poverty by sharing opportunities, wealth and power more equally
- We are creative and our vibrant and diverse cultures are expressed and enjoyed widely
- We have a globally competitive, entrepreneurial, inclusive and sustainable economy

Community landownership has the potential to contribute significantly to each of these areas

The Scottish Government also supports community activity through funding streams which are accessible by community landowners. Examples of this include the Regeneration Capital Grant Fund (RCGF) and the Rural and Islands Housing Funds (RHF). The RCGF has a capital budget of £25m each year with a strong emphasis given to the requirement for a high level of community involvement in project development. The money is delivered through local authorities and Comhairle nan Eilean Siar (CnES) has had a successful track record in applying for funding on behalf of community landowners and groups in the Outer Hebrides.

Following the Covid-19 pandemic the Scottish Government is looking to “Build Back Better” with its Covid Recovery Strategy<sup>4</sup> with an emphasis on a fairer future. Future policies and practices will also be developed in the context set by the Climate Change Act 2019 which commits Scotland to net zero carbon emissions by 2045. Community groups are recognised as having an important role to play in both these areas with locally led solutions contributing to solving global problems.

### Community Ownership in the Outer Hebrides

A community purchase of the estate would be made in the context of already widespread community ownership of land in the Outer Hebrides. The North Harris and West Harris Trusts own 32,500ha or over 60% of the land mass of Harris with a matching proportion of the population. The first significant community landowner in the Outer Hebrides was the Stornoway Trust which was formed in 1922. More recently purchases of the Bhaltois, Galson, Barvas, Carloway, Pairc and Keose estates along with Aline woodland in Lewis and South Uist estates means that more than 50% of the land in the islands is now in community ownership, with over 70% of people living on community owned land.

Community Land Scotland was formed in 2010 to represent the community landowning sector and is able to provide advice and act as a conduit for information and sharing of experiences. Community Land Outer Hebrides operates in the Western Isles by arranging occasional meetings for members to discuss issues and challenges they face and to support one another.

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<sup>3</sup> [What it is | National Performance Framework](#)

<sup>4</sup> [Covid Recovery Strategy: for a fairer future - gov.scot \(www.gov.scot\)](#)

The local authority Comhairle nan Eilean Siar has consistently been a supporter of community ownership which it has enabled through contributing capital to some of the purchases and by providing capital funds to community projects. Highlands & Islands Enterprise has identified a number of community landowners as key drivers of economic and social development locally and has considerable understanding of the sector. HIE is able to provide post-purchase support in a structured manner through its community account management programme. This programme gives account managed groups access to targeted technical assistance to develop projects within the context of an agreed development plan.

## 5. Stakeholder Consultations

The process to consider a purchase has been continuing since 2012. An initial round of community consultations was carried out for the initial feasibility study work and intermittent communications were made to the community in intervening years while discussions were continuing with the landowner.

The first phase of consultation and community engagement associated with this study commenced in September 2019 when a letter was hand delivered to all households in the community. This advised them of progress to date and advising that further public engagement would be advertised in the near future. Meetings were then advertised for January in the local Harris newspaper *De Tha Dal*, on local radio and TV, on the internet (welovestornoway, Hebrides news, Bays of Harris Facebook page, Isle of Harris Facebook page), and received coverage in the press e.g. The Herald, West Highland Free Press. This led to 3 very well attended meetings in the Bays Centre, Leac a' Li (6 miles from the northern end of the estate), Leverburgh Village Hall (adjacent to the southern end of the Harris part of the estate and 3 miles from Northton) and in Berneray Community centre.

Turnout was high in all locations:

Table 4: Consultation Meeting Attendances

Location	Number
Bays Centre	55
Leverburgh	60
Berneray	52
<b>Total</b>	<b>167</b>

This represents approximately 23% of the total population and 27% of the population over 16 at the time of the 2011 census.

The meetings were each started with a presentation by the Chair of the steering group who gave an explanation of the process to date and why it had taken so long to get to the current position. He then took questions. This was followed by a short presentation by Faye Macleod on the financial position of the existing estate which demonstrated that the estate was a profitable business and could therefore provide funds for development. The meetings then divided into groups to discuss and record what they valued about their local area, what needed to change and how (if at all) community landownership could help create a better place to live.

All 3 communities within the whole estate shared an appreciation of similar things which can be grouped under the 3 general headings of environment, community and culture.

### Community & Culture

At all 3 locations people identified the people and the sense of community as very important. It was said to give a specific identity, a sense of belonging and support in times of need. This was linked to an appreciation of the area as being a safe place to live with low or no crime. The community halls were all appreciated with the Bays Centre, Leverburgh Hall and Berneray village hall being specifically recorded. One note included the proposed Leverburgh hub. The Berneray Hall and its committee were particularly strongly valued with multiple events and activities linked to it,

especially Berneray Week. Crofting and fishing were identified as important at each consultation, with Gaelic and the church also specifically mentioned in Berneray and Leverburgh. Specific comments included:

*"It's where our family has lived for generations"*

*"Crofting community thriving"*

*"A young and reasonably active crofting community vs other areas"*

*"Sustainability of crofting way of life"*

*"Tolerance to people's individual beliefs"*

Other views were more pessimistic about crofting with fears expressed that it was declining or dying out and concerns over a lack of land use. One response noted the limited potential of the land for cultivation purposes. In Berneray geese, rabbits and coastal erosion were all identified as threats. On Berneray it was suggested that money be made available for erosion control and rabbit control and that a community owned slaughterhouse could make a difference.

The biggest challenge identified by all 3 meetings was that of depopulation and demographics. The lack of young people was acutely felt with concern over the lack of babies being born locally. Alongside this was the needs of an aging population and dangers to future community cohesion as the population becomes more scattered and isolated. Comments included:

*"Aging population, residents not being replaced by young people"*

*"Need more people, mainly young ones"*

*"Aging population often of incomers (I am one!) requiring support"*

*"Lack of people to form a proper community"*

The problem of housing was linked to the demographic challenge. Each meeting identified a lack of affordable housing, especially for young people who could not afford to buy on the market because of the demand for holiday homes. They struggled to rent as well because of the lack of social housing for let, some of which had previously been bought and lost to holiday homes. There was a perceived lack of building land and concerns over the inability to build on crofts due to the lack of services. Some suggested that there are too many holiday homes and that there is a problem with empty houses and absentee landlords.

People at all meetings were in favour of creating new housing opportunities. This would either be through new housing or repurposing older buildings with some suggesting the number of empty houses needs to change. Questions were asked about the ability to restrict housing opportunities to certain groups e.g. locals, young people in order to prevent new homes becoming holiday homes over time. Support was expressed for different types of housing (council, shared equity) and for restricting the development of holiday homes using Rural Housing Burdens.

*"Build affordable homes to attract families. Build small business premises also"*

*"Build homes compatible with history and architecture"*

*“Attracting new families to Harris with new jobs/housing (but where?)”*

A small number of individuals in Berneray expressed the view that new affordable housing was not required.

## Environment

The natural environment was very important to local people with multiple mentions of the landscape, beaches<sup>5</sup>, machair, coastline and rocks. The mountains, the lunar landscape and the geology were particularly mentioned at the Bays Centre meeting. The night sky, dark skies and the northern lights were also highly valued. These were summed up by some as the overall beauty of the location. Associated with the landscape people appreciate the nature and wildlife (including marine wildlife) with specific mentions of eagles, seals and otters. Plant life including seaweed and herbs were also valued.

People at each site recorded their appreciation of the quiet in the area giving a peaceful environment which they described as unique. They used words and phrases such as open, space, wildness, isolation, solitude, inspiring/healing and “unique landscape and community” to describe their place in it. Specific comments included:

*“Peace & quiet – It’s not Tarbert or Leverburgh”<sup>6</sup>*

*“Unspoilt views without turbines”<sup>7</sup>*

*“Hard to get to – which can be an advantage!”*

Some people also valued the built environment with historic stone buildings, stone walls and space around houses identified as valuable. Specific mention was made of the Nurse’s Cottage history heritage centre on Berneray.

## Business & Services

People were appreciative of small local businesses with Bays of Chocolate, Croft 36, Temple Café, An Clachan and Berneray Shop & Bistro all being singled out for praise. Despite these local success stories residents were concerned at the lack of employment opportunities to retain population. Well paid opportunities for young people and for women were particularly mentioned, as was the need for year round as opposed to seasonal employment. It was felt that if these were in place young families could be attracted to the area to stay. The need for more tradespeople was highlighted with builders, plumbers, electricians and roofers all in short supply.

Change could come if businesses invested in the area and that there is a need for business units/work spaces. Support could be given to entrepreneurs and apprenticeships should be created. A community owned petrol pump was suggested for Berneray.

*“Business needs to invest in area for employment in area”*

*“More real apprenticeships e.g. plumber”*

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<sup>5</sup> Except Bays Centre meeting

<sup>6</sup> Leverburgh meeting

<sup>7</sup> Berneray meeting

The seasonality of tourism was seen as a problem, as were the lack of facilities for tourists and getting them to spend more money locally. Some in Leverburgh and Berneray were concerned that there were now too many visitors and that the local infrastructure was struggling to cope.

*“Inadequate facilities for tourists and lack of parking”*

*“Lack of affordable tourism accommodation”*

*“Enormous campervans on roads”*

*“Overwhelmed by tourists”*

There were suggestions to improve tourism facilities generally such as parking and chemical waste disposal facilities for campervans. Desires were expressed for a campsite including facilities for campervans on Berneray and the restoration of the Gunnery as a tourist attraction. There was a request for further campsite development in the Bays. Other ideas included a Micro-brewery, more cottage industries and more local people to earn an income from accommodation provision. More radical ideas for change included a tourist tax and a control on tourist numbers.

Internet connectivity was described as good in Berneray but both the Bays and Leverburgh meetings registered multiple comments about the poor state of broadband and the poor quality of the mobile signal which were perceived as having a negative impact on development. They stated a need for improved broadband and filling in of areas with poor mobile signal as priorities.

*“Majority of Bays area have no direct phone signal or 4G”*

*“Poor broadband coverage restricts development”*

*“Repeater masts for poorer areas”*

*“Broadband: What they’ve got in Scalpay”<sup>8</sup>*

The people on Berneray were appreciative of the causeway for improving access to employment and services e.g. ambulance and the ferry for allowing connections to Harris and for bringing people to Berneray. It was also commented that the daytime bus service was good. The people in Leverburgh also made mention of the ferries and valued the RNLI presence in the village. At least one person appreciated the “safe, slow, roads”. At the same time people thought that transport was a major challenge. Concerns were expressed over ferry reliability, the difficulty of travel at short notice in the summer due to ferries being fully booked and the cost of freight. There were a number of concerns too over flying being too expensive. Quite a few comments were made on the condition of the island roads with the need seen for improved maintenance of ditches and road repairs (the Peat Road being specifically identified). Residents at the Bays meeting were concerned with limited public transport services although one person noted that they had experienced worse services elsewhere. Comments included:

*“Ferry travel restricted in summer months due to visitor numbers increasing and ferry booked in advance making it difficult for locals to travel at short notice”*

*“Imported goods about 35% higher than mainland”*

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<sup>8</sup> Scalpay has fixed line superfast broadband

*“The high cost of air travel from/to Benbecula, esp. visitors (e.g. family members)”*

*“...need to have car really”*

Some in Berneray saw the possibility of a Sound of Harris causeway as being a potential threat with jobs being lost from the ferry.

Leverburgh school was described as “brilliant” in one comment and Berneray people seemed happy with their local schools but were concerned at their distance with one participant describing Sgoil Uibhist a’ Tuath at Bayhead, North Uist as being “A very good primary school, albeit at a distance”.

### Potential Benefits of Community Ownership

Those attending the meetings saw a range of potential benefits from community ownership which included bringing people together to work for the common good, increased community cohesion, enabling local control of development, combatting depopulation, investing the estate income into the community, getting greater access to public funding, the provision of affordable housing under community control, improvement in crofting administration and greater levels of accountability.

*“Locals know the community better”*

*“It can bring people together locally that want to develop the community – rather than rely on CnES/HIE”*

*“Bringing people together to work on projects – increasing cohesion, opportunities for young people, local power”*

*“Pride in our own work/ideas”*

*“Community support for crofting sustainability”*

*“Fair cost for decrofting etc”*

*“Can register and set rules on any houses built and must live in”*

Some comments expressed the view that community ownership would not necessarily bring benefits:

*“Must be transparent, accountable, democratic”*

*“It totally depends on the form of leadership”*

*“Only if the committee has a balanced representation from all parts of the community”*

Others were more sceptical, either being opposed to the idea in principle or expressing a concern that the separate communities would not be able to work together:

*“It can’t”*

*“The estate doesn’t work geographically as one community”*

*“Could divide the community”*

## Berneray Younger Generation

A Zoom meeting was held with 7 people<sup>9</sup> in the 18-40 age bracket from Berneray to explore further the issues facing the younger generation on Berneray. Those present were a mix of those born and brought up on Berneray and those who had moved to the island and included a new student, a recent graduate and those who had been working for a number of years.

All agreed that the provision of housing for young people was a major issue with prices of houses on the market being out of reach of those with modest incomes. One lived in an HHP house with their family and another in a house owned by the wider family. Both were grateful for these opportunities but wanted in the longer term to have places of their own. Others were living with their parents as multiple families in the one house because other options were not available. Those present said that of those who had not attended the meeting all rented properties and none owned. They also identified a number of other people who would like to live on the island but could not because there was no suitable accommodation, including those who had had to move away to find appropriate accommodation. It was noted that 8 men are employed on the local fish farm but only 2 of them live locally, and some might choose to live on Berneray if they were given the option.

The group thought that there might be some demand for small studio type space for new businesses run by sole traders or possibly with one additional person but thought it unlikely that larger accommodation would be needed. One person had previously run a successful bike hire business from his home but had wound the business down due to full-time employment commitments elsewhere. He thought he could have sold the business on and allowed someone else the opportunity to run it if there had been a permanent base for it.

The young people were very appreciative of the community hall and all the big events that took place there. However, they felt that the island lacked a smaller sized space for small group or social activities. It would be good to have such a space nearer the harbour. It was thought that a pub would be a good facility to have although they doubted if it would be viable for such a small community. They spoke highly of the community growing activities in the polytunnel adjacent to the old school and wanted to see that expanded. There are currently 16 people involved with a waiting list and some of those in the group would happily have multiple plots if they could. Either an additional polytunnel or external raised beds would be good.

## Crofting

Grazings clerks in Harris were invited to a meeting in the Bays Centre to discuss crofting issues. A number of crofters and their spouses also attended along with one non-crofter, making a total of 22 present. The discussion covered the implications of community ownership for crofting including administration, opportunities to invest in crofting and the potential release of croft land for new housing and other purposes.

Questions were asked on the current income and running costs of the estate (c. £100,000 and £20,000) and its future operations. Duncan MacPherson suggested that running costs could be cheaper under community ownership when operated in house, with the annual collection of croft rents and a handful of leases being the key current tasks. One person asked if a Development Officer would be employed and how much revenue left after paying their wages. The steering group chair advised that he had spoken recently with SLF who had said that it was normal for funding to be

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<sup>9</sup> 13 were invited

granted to support Development Officers in the early years while initial projects were being developed. Someone suggested that £100k was not a lot of revenue, to which it was pointed out that few community landowners had rents of that level, and that sums can be multiplied through leveraging in match funding from grant giving sources.

It was asked whether crofters could get representation directly on the board of a community company. In response the meeting was informed that there are a number of models available for governance. The West Harris Trust has a mix of grazings committees' representatives and elected directors. The North Harris Trust elects all its directors on an area basis with a high proportion of crofters among those elected.

In discussing whether anyone knew of land that could be released for development purposes it was pointed out that some common grazings are effectively "locked in" and not accessible to enable development to take place. It was also pointed out that some committees find it harder to raise funds for crofting development because they have no telecommunications masts on their land and therefore no share in income streams. One person stated that they could spend the whole £100,000 on their croft alone.

It was asked whether assistance could be given to locked-in communities, to young crofters, or for fencing. In response it was stated that directors of a community company could do this if they considered it was for the benefit of the wider community. This could be easier to do if the company was not a registered charity, Storas Uibhist being an example of this. There was considerable support for the idea of supporting young people to get into crofting. Views were expressed that townships were struggling because of the lack of young people and there was general agreement that there was a lack of housing opportunities for them. In response they were informed that all of these issues could be considered in the report and that possible solutions could include topping up existing grant support available from crofting grants and giving higher levels of support to townships with fewer of their own resources.

## TIG

Tighean Innse Gall is a housing development agency that supports the development of new housing options in the Western Isles. It carries out work for HHP, community groups and develops its own projects. It is open to any kind of partnership arrangement with the proviso that project costs must be manageable.

TIG has worked with community groups to research and deliver projects and could carry out feasibility studies on specific sites and a community housing needs survey to inform future developments. In response to requests TIG has set up a lettings agency to provide a lettings management service. Entering an agreement with TIG would enable allocations to be made according to an agreed policy but for decision to be made by an organisation seen to be independent.

The officer noted that it is now 12 years since a project was developed at Ruisgarry old school and therefore there could be the potential to get higher intervention rates to make a new project work on Berneray. The same would apply to the Bays of Harris area with no new housing there since 2003.

## The Harris Forum

Harris and Berneray have a long history of community action in providing essential local services and more recently economic development. In Harris, the work of a range of different groups is now co-ordinated through the Harris Forum which was set up in 2015 to co-ordinate project development, avoid duplication of activities and identify gaps in provision. Its management committee comprises the 3 community councils, 2 community landowners, Harris development Ltd, Harris Voluntary Service, the Community Learning and Development service of Comhairle nan Eilean Siar and Police Scotland. It produced a joint plan for 2016-20 which was accepted by the local Outer Hebrides Community Planning Partnership as the framework for future agency support to Harris. One aspect of the plan was to provide support to the Bays of Harris Steering Group to enable a community buyout. The plan was reviewed in 2017 and a new plan is now being developed for 2021-25. CnES is now responsible for management of the Crown estate resource in the Outer Hebrides. It approached the forum in 2019-20 to advise that a share of revenues of £136,000 was available for Harris and asked the forum to see if it could decide how best to divide this between potential projects. The group was able to do this without disagreement, indicating a high level of co-operation and positive approach within Harris.

Harris Voluntary Service provides a support service to all community voluntary groups on the island. Harris Development Ltd (HDL) was formed in 1993 as one of the earliest development trusts in Scotland. It has delivered a wide range of projects in its history including facilitating the buyouts of the North Harris and Loch Seaforth estates. It currently has a significant focus on marine projects having created the Isle of Harris marina in Tarbert/Scalpay (and with a potential extension in Leverburgh) and is researching the potential for a bluefin tuna fishery for the Outer Hebrides. It employs a full-time Development Officer who is delivering a number of projects on behalf of the Harris Forum.

## Community Reporting Meetings

The COVID-19 pandemic prevented reporting on the key findings in public meetings for some considerable time. These were finally able to take place from 31<sup>st</sup> May – 2<sup>nd</sup> June 2022 in the same three venues as before of the Bays Centre, Leac a’ Li, Leverburgh Village Hall and Berneray Village Hall.

A total of 106 people (14.9% of the population at the 2011 census) attended the meetings (Table 5).

Table 5: Consultation Meeting attendances 2022

Location	Number
Bays Centre	45
Leverburgh	30
Berneray	31
<b>Total</b>	<b>106</b>

The format used was a drop-in session from 3-7pm at each venue with A3 sized posters of the key findings on display and the consultants and steering group representatives available to answer any questions and discuss any issues arising. Several questions were posed to prompt discussion and opportunities were also given for general comments.

A lot of comments were generated by the discussion of population decline and also the need for affordable housing. Some of the comments made clear links between the two. All comments on

housing were in favour of creating new affordable housing with a view to enabling more young people to stay locally. The link between the need for young people to ensure the future of crofting was also made. The following are examples:

*“Population decline needs urgent action if Harris is to survive as a viable community. Housing that is affordable is a pressing need.”*

*“Ageing population can be countered by opportunity now for youngsters to work from home using computers & excellent WIFI as have our own grandchildren.”*

*“We need a younger population in order to keep a productive community traditional crofting needs to be kept alive and without a younger age group it will surely die out.”*

*“Housing is a big issue. 2<sup>nd</sup> homes in some villages more than the all year round pop.”*

*“This is a trend that is common in western European countries and developed countries so a buy out would not change that.”*

*“The Crofting Commission needs to be stricter on who buys and what they use a croft for”*

*“We need jobs and we need affordable housing. I would dearly love to see more families bringing up children here – it is a wonderful place to grow up. On Berneray we have some children, but really very few. (in Lochportain/Cheesebay/Hoebeag) just over on North Uist, there are presently none.”*

*“Housing, which people can afford to rent/buy is essential. Prices have gone crazy with holiday home and retirement market.”*

There were a range of comments in regard to the potential for business units and creating new businesses:

*“Business units – yes! Apprenticeships – yes!”*

*“Business ventures/ideas can happen without the need for a buyout.”*

*“Mission House Gallery – success story on Harris – opportunity to replicate”*

*“The main area of ground on Berneray appears to be for crofting leaving little area to develop business units.”*

There were a range of comments relating to concerns about the current state of crofting and the potential for support to crofting by a community landowner:

*“Much more is already being done to help crofters diversify and I see little benefit to the land being under different ownership in this respect. I’m concerned croft land will be taken back for development.”*

*“Crofters do not want things to change – there has been constant change over the past 60 years – not for the better. The land would need to be utilised to benefit the crofters by diversifying – some say “The rents will go up” (from £9 to .....£50 a year)!”*

*“I have seen decline in many aspects of the Bays. Change of use of crofts few now keeping sheep. Need to diversify. De-population, few children, schools closing. Employment + housing major problems”*

Attendees were asked to suggest any areas for development that might not have been covered in the report. Suggestions included investment in the Hebridean Way, dedicated cycle paths, a community owned campsite and mixed work/accommodation opportunities.

*“The walking route ‘The Hebridean Way’ is bringing many more walkers to the islands. The route requires much more investment particularly exploring new possibilities for footpath creation off-road to reduce the excessive road walking element. Also simple wild camping platforms would be a great bonus in remote areas where a simple piece of dry flat ground is almost non-existent”*

*“Affordable accommodation for walkers and cyclists is getting rarer and rarer. Planning application in to turn the bunkhouse in Leverburgh into apartments – will they be affordable to young people.”  
“Enabling access to the land – housing plots, allotments, business developments”*

*“Enabling access to the land – housing plots, allotments, business developments”*

Some comments were made on the financial position of the estate:

*“Good to see the large income coming in from the Bays of Harris Estate – all going out of the island + none used to better the lives of those living here.”*

*“It would be very good to see the income, after a successful buy-out, being invested to improve the infrastructure.”*

Some concern was expressed that croft rents might go up under a community landlord:

*“There is a concern that croft rent will slowly but steadily be increased as a means of raising income. It’s hard enough making ends meet in crofting without this worry.”*

There were also comments of a general nature relating to the study:

*“Future development is inevitable and it is only right that the community should reap the benefits of all the opportunities for economic development.”*

*“Even in the event of attracting young families - is it really sustainable won’t we just follow the usual cycles – children grow up and children leave? Then we are back to an ageing population and low paid jobs/seasonal jobs that young people do not want!”*

## Summary of Consultations Process

The community engaged strongly with the consultations process. This included members who stated that they were not in favour of a buyout (although less attended the reporting meetings). Concern was clearly expressed at the lack of housing, employment and business opportunities, particularly for young people. There was also concern (particularly on mainland Harris) at the decline in crofting and several expressed concern that croft rent would rise under community ownership. Most people attending the meetings could see potential benefits in community ownership, but a minority could not.

At the meetings reporting on the core findings of the study there was strong support for creating new housing opportunities and significant support for creating new business and employment opportunities.

## 6. Potential Development Roles

Community buyouts of Estates are frequently undertaken by newly created community companies specifically established for the purpose of managing the purchased assets on behalf of the resident community.

There are core administrative functions associated with Estate ownership that will fall naturally within the remit of a Bays of Harris Estate community landowner; for example, the collection of rents and the management of any leases or royalties associated with particular assets. More generally, ownership of the Bays of Harris Estate will place a particular responsibility on the community body in terms of co-ordinating, overseeing or facilitating initiatives to contribute to the overall sustainability of the estate and the wider Harris and Uist economies by virtue of its role as a community landlord.

The governance implications of that role are discussed in more detail in section 9. Here we consider the types of development roles that a Bays of Harris community landowner may decide to adopt in the event of a successful buyout. Specifically, the balance to be struck between the Company providing leadership for particular development initiatives and taking a secondary role when other organisations, groups or individuals are more appropriately suited to leading on specific initiatives.

Desk research and our direct experience of working with community landlords elsewhere in the Highlands and Islands indicate that these organisations have three distinct but closely related development roles to play. These include *direct delivery*; *partnership*; and *enabling*.

The **direct delivery** role relates to situations where the Bays of Harris community landowner takes the lead role in developing and implementing projects because it is either appropriately or uniquely placed to do so. Such situations may be assessed against criteria such as:

- The project's **strategic scope** for generating income for community investment.
- The Bays of Harris community landowner's **eligibility** to attract external funding to develop and/or manage the project.
- The Bays of Harris community landowner's **capacity** to manage the project.

The **partnership** role relates to projects that a Bays of Harris community landowner may deliver in collaboration with public or private sector organisations, other Community Trusts or organisations, or private individuals.

The **enabling** role relates to ways in which a Bays of Harris community landowner can help facilitate the sustainability of the island and wider community. Examples of this could be releasing land for house plots, or leasing buildings created by the community landowner to individuals for business development purposes.

For reasons of capacity, function and expertise it may be impractical for the Bays of Harris community landowner to lead on all development projects proposed in relation to securing the overall sustainability of the area covered by the estate. A direct delivery role might not be appropriate where there are other community organisations operating in the area with specific remits (for example, HDL) to which a Bays of Harris community landowner would have scope to add value via its partnership or enabling roles. In such circumstances, the Bays of Harris community landowner's development remit for the community may potentially be undertaken via partnership and enabling roles. However, it is important to recognise that neither these, nor the direct delivery role are mutually exclusive. We discuss these further in the next section looking at specific development opportunities available to the community.

## 7. Development Opportunities

A number of development opportunities are available across the estate which have been identified as a result of existing activity and ideas put forward during the consultation process. These cover a number of sectors that are important to the local community.

### Housing

#### Policy Background

The Outer Hebrides Community Planning partnership Local Outcome Improvement Plan 2017-27 sets out the following as its vision:

*Our vision is to promote and realise the full potential of the Outer Hebrides as a prosperous, well-educated and healthy community enjoying a good quality of life, fully realising the benefits of our natural environment and cultural values*

In order to achieve that vision its first priority is that “The Outer Hebrides retains and attracts people to ensure a sustainable population”. One of 4 points of focus for delivering that goal is “There is housing across the islands which meets the needs of all of our people and is affordable to them to heat and maintain over the life of their home.” It notes that 62% of households in the islands have been assessed as being in fuel poverty and 26% in extreme fuel poverty. By 2028 31.1% of island residents are predicted to be over 65. Many of these residents are living in older properties that are difficult to heat and the cause of fuel poverty.

The CnES Outer Hebrides Housing Needs and Demand Assessment 2017-22 divides the islands’ housing into the Stornoway housing Market area and the Rural Housing Market Area. The report identifies that 14.85% of dwellings in the Rural Housing Market Area are either vacant or second homes, well above the Scottish average of 5%. It also modelled 4 different demand scenarios which estimated an annualised additional housing need of 25-33 new properties across all tenures. Hebridean Housing Partnership currently has no vacant properties available in Harris or Berneray and voids overall are very low at 0.8%.

The demand for properties in Harris and Berneray in 2020 is given in Table 6.

Table 6: Local Housing Demand

	1 Bedroom	2 Bedroom	3 Bedroom	Comments
Harris	29	16	8	
Berneray	2	1	0	Duplicate applications - also included in North Uist figures
North Uist	11	7	4	

The total demand for 53 units in Harris is a significant increase in recent years with 29 waiting in December 2016. The total of 3 for Berneray is less than the numbers identified in the Zoom call with younger people there and is likely to reflect the fact that a number of people will not have registered, thinking that the chances of renting a property are slim.

The CnES Strategic Housing Investment Programme for the Outer Hebrides 2021-25 envisages the building of 300 houses over the 5-year period with the requirement for investment of £33.4m from the Scottish Government. The first 2 years of the plan are based largely on sites that have already been identified but the latter part of the programme is indicative and will depend on suitable sites coming forward. The SHIP aims for a balance of investment across the islands and with housing built in both urban and rural areas. The programme has an indicative development in the year 2024-5 for South Harris but no site has been confirmed yet. There is therefore an opportunity for a site to come forward from land owned by the Bays of Harris estate.

There is no entry in the SHIP for a development in Berneray but that is in part down to the assumption that there is no pressing need on the island for new accommodation. Building in areas that have not had new developments in recent times can sometimes be assumed to be a risky venture. However there tends to be a certain amount of “chicken and egg” in the development process. People do not express a desire to live in a particular area because they see no availability of the type of accommodation they are looking for. Therefore, development bodies do not identify the need. Hebridean Housing Association had no register of interest in housing opportunities on the west side of Harris because it had no houses to let there. However, it built 6 units for let in 2017 at Pairc Niseaboist and these were all occupied shortly after completion. The success of this project led to it building another 4 units at the site on more land provided by West Harris Trust.

### Housing Delivery

There are a range of options open for delivering new housing opportunities on the bays of Harris estate:

1. **Community-led.** The Scottish Government’s Rural Housing Fund and Island Housing Funds are open to community groups to apply for grants for conducting feasibility studies and a combination of grants and loans to deliver building projects. These projects can be either new build or bringing vacant property back into use. A number of community groups across Scotland have managed to build units under this scheme and others are in the process of building. There is considerable practical support available for community groups looking to develop their own housing from bodies such as Rural Housing Scotland<sup>10</sup> and Tighean Innse Gall (see 3 below)
2. **Hebridean Housing Association<sup>11</sup>.** The local community could work with HHP to identify a suitable location and work up a project. HHP would purchase the site from the community and build units for rent. The key advantages of this approach are that the risks and responsibilities of the project and subsequent tenant management lie with HHP rather than the community. The completed houses would however be under the control of the housing association, rather than the local community.
3. **Tighean Innse Gall.** As noted above TIG plays a key role in housing development in the islands. It has built some of its own houses and may be a potential developer in its own right if that was a route that the community wished to explore.
4. **Self-build.** The community could release plots of land for people to build their own houses. Combined with legal burdens to ensure future residence this option can deliver new housing at no cost to the community and can allow individuals to build houses tailored to their own needs and budgets.

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<sup>10</sup> <http://ruralhousingscotland.org/>

<sup>11</sup> <https://www.acha.co.uk/>

A combination of some, or even all, of these options could deliver real benefits in terms of providing new housing opportunities, halting rural depopulation and rebalancing the demographics of the area. These can be pursued as individual projects on separate sites or as partnership projects which can reduce unit costs and share risk. The community can use the income from the sale of plots to private individuals and to other housing bodies to reinvest in its own projects. Staffin Community Trust<sup>12</sup> is working with Lochalsh & Skye Housing Association and the Communities Housing Trust (formerly known as Highland Small Communities Housing Trust) to build 6 houses, business units and storage space on land they are purchasing from the Scottish Government. Each of the 3 partners will own 2 of the houses. The project will deliver much-needed housing for the local community, increase numbers in the local school and provide an income stream for the community group.

### Home Energy and Infrastructure Improvements

A Bays of Harris community landowner could play a major role in facilitating the improvement of the quality of housing on the estate, especially in the area of energy efficiency. Other community landowners have pioneered such a route, using their position embedded in the community to reach throughout their area in a way that those from outside struggle to do. NHT worked in partnership with TIG in 2008 to provide energy efficient light bulbs and energy monitors throughout North Harris. Free energy efficiency surveys were carried out and improved insulation was installed in eligible households free of charge. More recently TIG has partnered with Barvas Estate and Galson estate to deliver similar measures.

TIG is currently developing a Local Heat and Energy Efficiency strategy on behalf of CnES and will be mailing surveys to households later in 2020. It would welcome the opportunity to partner with a Bays of Harris community landowner to develop innovative ways of reaching those households which are difficult to reach and maximise community benefit. Measures could include home insulation, advice on energy efficiency and replacement of oil boilers with renewable energy systems, and even ways of making transport more efficient (TIG is currently exploring options enabling islanders to rent electrical cars for a modest monthly sum to take advantage of savings in fuel costs and to use the benefit of locally generated renewable electricity). Work on energy efficiency can also lead to opportunities to address other issues such as improving access for elderly residents with declining mobility.

### Business Space

Alongside increased housing supply, the supply of business accommodation to enable the creation or expansion of businesses is a critical factor in enabling local economies to grow and provide employment opportunities. The limited economic opportunities in the islands mean that as a rule it is not economically viable for the private sector to build business units for let. It can also be difficult for individuals or small companies to raise the capital to create business premises.

Historically Highlands & Islands Enterprise was active in buying land and building business units to let, including business units in Leverburgh and Tarbert. HIE no longer does this, but it can support community landowners to develop business space. It assisted the North Harris Trust to create 3 units on the edge of Tarbert and the West Harris Trust to create a mix of office and studio space as part of its Talla na Mara development at Pairc Niseaboist, Horgabost.

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<sup>12</sup> <https://staffin-trust.co.uk/housing-in-staffin>

There are generally 3 types of provision that can be made:

1. Workshop. A portal span building with painted block walls and concrete floors provides a utilitarian space for a wide range of activities. A small office/toilet space can be included in one corner and rollover doors allow vehicles to be driven into the building. An estimated cost would be in the region of **£1,500- £1,750/m<sup>2</sup>**.
2. Studio. Similar in construction to the workshop with painted block walls and concrete floors, the provision of insulated spaces with heaters allows these spaces to be used for less active purposes. Estimated construction costs are **£2,250-£2,500/m<sup>2</sup>**.
3. Office. This would be constructed to a higher specification with plaster-boarded stud walls, carpeted floors, better quality lighting and greater provision of electrical sockets and internet services etc. Construction costs are estimated at **£3,000-£3,500/m<sup>2</sup>**.

It is possible to build business accommodation on its own or adjacent to housing in small communities (subject to planning permission and conditions that prevent the possibility of disturbance to residential properties). It would be appropriate to consider what would be the best mix (or separation) of uses for each potential development site that is considered in the future. A survey of potential demand for different types of business space could be conducted alongside an up-to-date survey of housing needs in order to build up a solid picture of community needs post-purchase. This would then form the basis for design decisions and act as supporting evidence for funding requests. Specific development sites are considered below.

### Community Facilities

The size and geographical shape of the Bays of Harris estate are indicated by the fact that its population has access to 4 community facilities; 2 within and 2 just outside the boundaries of the estate. The people of Berneray have access to and give great support to the **Berneray Community Hall** which is owned and operated by the Berneray Community Association. This community support includes through Berneray Week being used to raise funds for the operation and maintenance of the facility. The residents of Northton on the west side of Harris and those from the southern end of the geographical Bays of Harris access services and community facilities in the **Leverburgh Village Hall** which is very close to the boundary of the estate. Those who reside at the northern end of the estate access Tarbert for services and make use of the **Tarbert Community Centre**, operated by the Harris Mutual Improvement Association (HMIA). Prior to the Bays of Harris Iomairt aig an Oir (Initiative at the Edge) the north and south ends of the Harris part of the estate did not have a common social meeting place. However, the construction of the **Bays Centre** at Leac a' Li in the centre of the geographical Bays in 2004 has provided a real focal point for the scattered community and it also attracts users from other parts of Harris. Its appeal as a venue arises significantly from its compact size and intimate atmosphere. In practice, residents of the geographical Bays of Harris use both the Bays Centre and their nearest larger centre in Tarbert or Leverburgh.

Community halls will typically have a need for major renovations on a 20-40yr timescale in addition to smaller repairs and improvements that will occur every 10yrs or more frequently. The Berneray Community Hall committee have started to investigate the replacement of the roof of the building which is estimated to cost £40,000. In the medium term they would also like to replace the heating system. The Bays Centre committee plan to replace the floor in the near future as it is wearing out through constant use. They also intend to install a new boiler as the original system no longer works and the building is currently being heated by stand-alone heaters. Possibilities for expansion of the

building are limited because the site is tightly defined and therefore room for extensions and car parking is restricted. In addition, a significant increase in size would risk losing the compact intimacy of the venue that is a key point of attraction. One possible beneficial addition that has been considered is that of a conservatory type addition to give extra room and a pleasant outlook in summer.

Community landowners have taken different approaches to supporting local community facilities. In cases where there are existing facilities community landowners have been able to support them by providing funds for renovation and by hiring the facilities for community events e.g. North Harris Trust has previously supported HMIA with a grant towards improvement works<sup>13</sup>. In others the community landowner has provided facilities where these have not previously been in existence e.g. West Harris Trust. A Bays community landowner would have the opportunity to use part of its revenue to support redevelopment of any of the 4 community centres/village halls in its role as a facilitator of development because all provide a service to residents of the land which a Bays of Harris estate community landowner will purchase. As the land is being purchased to deliver community benefits this could include the 2 facilities that are just outside of the estate. It could provide money to help bring a funding package together and it could also provide officer time to assist voluntary committees with funding applications or project development.

## Community Development Projects

### Leverburgh Marina

A project to improve the marine facilities in Leverburgh was first proposed by the Leverburgh Moorings Association but is now being taken forward by HDL. They were recently successful in getting funding for a bathymetric survey and feasibility study to improve facilities including the provision of pontoons in the port. The project would be developed as an addition to existing marine facilities operated by HDL in Tarbert and Scalpay (c.20 miles away).

A Leverburgh regeneration programme is also being developed which has the strong support of HIE/CnES

### St Kilda Centre

HDL are working with Seallam on a project which could see the redevelopment of the Seallam building in Northton as a St Kilda interpretation centre.

## Crofting Community Development

Crofting has historically played a major role in keeping people on the land, although crofting on its own has not been sufficient to prevent a major decline in population in the area. However, it is likely that if security of tenure had not been granted by the Crofting Acts and people had been unable to build their own homes, there would be few people resident across the estate today.

Crofting can still play a significant role in maintaining the fabric of the community and contributing to a sustainable economy and society in the decades to come. Traditional crofting activities of livestock rearing and crop growing have declined significantly due to the changing economics of agricultural production and support being less favourable to those in remoter areas with poorer quality land, the rise in people's ability to earn an income solely from paid employment, and the reduction in active crofters making it harder to carry out communal activities. Nevertheless, there

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<sup>13</sup> <https://www.north-harris.org/wp-content/uploads/2018/04/CDF-Awards-History-for-Website.pdf>

continues to be significant traditional activity on the part of some and a diversification into other activities such as tourism businesses by others.

A Bays of Harris community landowner could choose to use some of its revenues to support crofting community practices and development. In seeking to regenerate the area it could focus on providing support to longer term investments which by their nature are made by those who intend to stay in an area. It could also potentially provide focussed support to individuals looking to start crofting activity for the first time or to start a new business, because keeping people in/attracting people to the community and enabling young people to raise families will bring strong benefits at the community level in terms of population numbers, improved demographic profile and strengthened economy. There can also be spin offs to local townships through issues such as improved fencing of hill ground leading to reduced problems caused by straying livestock, woodland creation improving local amenity, and self-closing gates improving access and reducing the problem of gates being left open.

A community landowner could create a fund that common grazings/individuals could apply to, with decisions being made on the basis of set criteria such as benefits to be delivered, match funding available from other resources, own resources to be used, age of applicants and family members. Crofters are familiar with applying to programmes such as the Scottish Rural Development Programme (SRDP) where applications are scored against set criteria, so this would not be a novel approach. For illustrative purposes a figure of £10,000/annum is used in the cash flow projections in Section 8. Intervention rates in the Crofting Agricultural Grant Scheme (CAGS) are 60% for those 41 and over and 80% for those under 41. Where groups apply the standard intervention rate is 60% but for those meeting the young farmer criteria the rate is 90%. An intervention rate of 10% from a community fund would lead to a total investment of £100,000.

### Heritage Development

The estate has a number of older buildings and archaeological remains that are of significant local, national and international interest. Historic Environment Scotland operates a listing system to protect the heritage interest. Buildings must have special architectural or historic interest to be listed. There are 3 categories of listing:

- A – Applies to buildings of national or international importance (about 8% of total listed buildings)
- B – Applies to buildings of regional importance (about 50% of total listed buildings)
- C – Applies to buildings of local importance (about 42% of total listed buildings)

The highest concentration of listed buildings on the estate are found at Ruisgarry, Berneray. CnES has designated the area as a conservation area in recognition of the importance of the site. Ruisgarry Conservation Area includes 4 blackhouses at Cnoc an Dudain, MacLeod's Gunnery, Berneray Hostel and Annexe and 2 further blackhouses. All are B listed with the exception of MacLeod's Gunnery which is A listed. Other listed properties on Berneray are the former Parliamentary Church and Manse (both B), the parish church (C) and Davaar Cottage (C).

On Harris the Manish church, former manse and Manish School and Schoolhouse and 9A Quidinish are B Listed. 1 Flodabay is C listed.

Older structures and archaeological remains are protected via Scheduled Monument status. There are 4 Scheduled Monuments on Berneray comprising 1 souterrain, 2 cairns and Cladh Maolrithe (incorporating standing stones, cashel, chapel and shielings). There are 3 Scheduled Monuments in Northton comprising the ancient church at Rubh an Teampuill, a settlement, 500m east of Rubh an Teampuill and a settlement west of Traigh an Taoibh Thuath.

#### Macleod's Gunnery, Berneray

The Gunnery is situated on a croft in Berneray and is the only A listed structure on the estate so is recognised as being of international importance. As noted in Section 5 the restoration of the Gunnery was a desire of a number of respondents on Berneray. The gunnery and other blackhouses on the croft need to be rethatched to be conserved and suitable uses need to be found for them. The croft has a new tenant who has indicated that he is open to discussions regarding the best way forward to secure the future of the buildings on his croft. A community landowner could play a role in exploring the options open for renovation and future management of the buildings; first of all through facilitating a study of options available, potentially using officer time to source funding opportunities and to do background research and development necessary to progress a project.

#### The Paisley Sisters

The modern Harris Tweed industry owes its origins to two sisters from Strond, Christine and Marion MacLeod who trained in weaving skills in Paisley enabling the production of a superior quality of cloth<sup>14</sup>. The Leverburgh Enhancement Group supported by South Harris Community Council wish to create a suitable memorial at the site of their former house and weaving shed. A Bays of Harris community landowner could support and facilitate such a project.

### Environment & Tourism

The community's strong value placed on the local environment was noted in Section 5. The landscape, natural and cultural environments are recognised locally and nationally as exceptional. A strong tourism industry has developed on the back of this, with pressures in some locations.

#### Conservation Designations

The whole of the estate lies within the North Uist, Harris and South Lewis National Scenic Area<sup>15</sup>. The distinctive qualities of the NSA relevant to the estate area are described as:

- A rich variety of exceptional scenery
- A great diversity of seascapes
- Intervisibility
- The close interplay of the natural world, settlement and culture
- The indivisible linkage of landscape and history
- The very edge of Europe
- The dominance of the weather
- The rockscapes of Harris
- Extensive machair and dune systems with expansive beaches
- The drama of Ceapabhal and Tràigh an Taoibh Thuath
- The enclosed glens of Choisleitir, Shranndabhal and Roghadail
- The dramatic, island-studded Sound of Harris

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<sup>14</sup> <https://www.facebook.com/harristweedauthority/photos/a-rare-image-of-the-blackhouse-and-weaving-shed-of-the-paisley-sisters-in-strond/637485092989550/>

<sup>15</sup> [SiteLink \(nature.scot\)](#)

- The island of Beàrnaraigh – the Uists in miniature
- The dynamic, shifting land

The west side of Berneray is part of the North Uist Machair and Islands Special Protection Area<sup>16</sup> (SPA), which is a designation for the protection of bird species. The citation for the designation includes the following birds:

- Corncrake
- Greenland Barnacle Goose
- Dunlin
- Ringed plover
- Turnstone
- Purple Sandpiper
- Redshank
- Oystercatcher

The conservation objectives of the designation are:

- To avoid deterioration of the habitats of the qualifying species (listed below) or significant disturbance to the qualifying species, thus ensuring that the integrity of the site is maintained; and
- To ensure for the qualifying species that the following are maintained in the long term:
  - Population of the species as a viable component of the site
  - Distribution of the species within site
  - Distribution and extent of habitats supporting the species
  - Structure, function and supporting processes of habitats supporting the species
  - No significant disturbance of the species

The west side of Berneray is also part of the North Uist Machair and Islands Ramsar<sup>17</sup> site, designated for the international importance of its wetlands. All of the species listed for the SPA are included, with the exception of the corncrake.

The west side of Berneray is further designated as the Berneray Site of Special Scientific Interest (SSSI) for its machair and overwintering Greenland Barnacle Geese.

The smaller islands in the Sound of Harris just off the coast of North Uist are part of the Loch an Duin Ramsar<sup>18</sup> site. The site is particularly important due to the full transition of salinity being present across wetland types (freshwater, brackish and sea lochs). It is notable for the presence of otters across the site. The site is also designated the Loch and Duin Site of Special Scientific Interest<sup>19</sup> for its saline lagoon, tidal rapids, otters, breeding bird assemblage (21 species recorded breeding) and Brackish water cockle.

A third SSSI is Northton Bay<sup>20</sup>. Its notified natural features are its mineralogy, machair, saltmarsh, sand dunes, sandflats, transition saltmarsh and breeding bird assemblage.

Collectively, these designations highlight the outstanding natural environment of the estate area.

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<sup>16</sup> [SiteLink \(nature.scot\)](#)

<sup>17</sup> [SiteLink \(nature.scot\)](#)

<sup>18</sup> [SiteLink \(nature.scot\)](#)

<sup>19</sup> [SiteLink \(nature.scot\)](#)

<sup>20</sup> [SiteLink \(nature.scot\)](#)

## Conservation Management

Due to the land being in crofting tenure the principal responsibility for land management lies with individual crofters and grazings committees. Several grazings committees have entered into conservation management agreements in order to maintain and enhance the natural environment through the continuation and modification of traditional crofting practices. That role can be expected to continue into the future. A community landowner could however play a facilitating role in assisting any committee that required it with help to apply for new funds and supporting capital investment (see Crofting Community Development above) that benefitted conservation outcomes.

## Tourism Opportunities

A wide range of local businesses already take advantage of the large number of visitors to provide accommodation, hospitality, and recreational services. Where community landowners become involved in tourism activities, they tend to do so to fill in gaps in provision that are not being provided by others. Examples of this are the West Harris Trust providing serviced pitches for campervans and the North Harris Trust operating visitor facilities at Huisinis and a golden eagle observatory at Gleann Mhiabhaig. These are either carried out on land that is not in crofting tenure or in partnership with local grazing committees.

As with other projects a Bays community landowner would require the agreement of grazings committees to progress anything in its own right. A potential opportunity would be to regularise camping activities on Berneray at some point in the future. Other opportunities may arise for private individuals who required a suitable site. A community landowner could work with a grazings committee or an individual crofter to release land for tourism purposes, but only where this was agreed by all parties involved.

## Potential Development Sites

### Berneray

A site on the Berneray common grazings was first made available more than 20 years ago with the intention of plots being made available to people for self-build. These were not taken up at the time, due in part to the thought locally that the first person to develop a plot on the site would incur extra costs e.g. in paying for a new transformer which might be beyond their means and which subsequent developers could take advantage of (See further discussion below). The land is therefore still available for development. It is very accessible, being a strip of land approximately 300m long and 30m deep adjacent to the single-track road running through the island. The land lies in the north side of the road from the junction with the causeway road to approximately 50m from the local shop. The 33kVA supply to the island runs immediately behind the site and the water main runs nearby. The land would appear to be shallow peat with smooth bedrock showing through in places.

This site could accommodate up to 8 detached houses or slightly more if there were a mix of detached and semi-detached units. Alternatively, it could provide space for a mix of housing and small business units. As noted above the costs of developing a new site can make it difficult for individual private housebuilders to develop a solution that is viable for themselves. However, this is a situation where a community landowner can play a pivotal role in unlocking the potential that lies in land.

The West Harris Trust in partnership with the local grazings committee identified an area of land on the Luskentyre common grazings that would be suitable for 3 new houses. The initial plan was for the 3 plot purchasers to share the development costs of bringing water to site and rerouting the

power lines. However, following the 2008 financial crash and the difficulty of raising mortgages for self-build there was only one self-builder immediately available and they could not shoulder the entire burden of site development costs, even if they were to be repaid a share at a later date. In order to release the logjam Comhairle nan Eilean Siar provided a low interest loan to WHT to install the necessary utilities, which allowed the first builder to start. WHT recharged a share of the development costs to each self-builder as plots were sold which enabled the repayment of the loan. The Bays of Harris group would have an advantage over WHT in that its sizeable income stream from the time of purchase could be used in part to finance work of this nature.

An alternative approach would be for the Bays of Harris group to partner with other bodies such as Tighean Innse Gall, Hebridean Housing Partnership and Highlands & Islands Enterprise to develop a mixed development approach that would cater for different needs and share the development costs of the site. This could include a system of shared septic tanks to reduce sewerage costs for individual units.

### Leverburgh

The South Harris Community Council has previously identified the potential of a site at the edge of Leverburgh for new housing, just beyond the last house in the village on the 'Peat Road' to Aird Mhighe. The site is in a natural bowl immediately below the former water tank that fed Leverburgh, adjacent to a small burn that runs off the hill. Visual evidence of overflow from the burn when in spate would suggest it stays fairly close to its banks and that there would be significant developable land for a number of houses. Water and electricity lines are close by to the site.

### Collam

A croft owner is willing to make land available for housing development if the community is successful in purchasing the estate. The site is adjacent to the road, there is a water main and power close to the site and the ground appears to be reasonably shallow peat with some bedrock visible.

### Horsacleit Quarry

The site was suggested as a potential place for business units or for a location for campervans and would benefit greatly from being landscaped. The electricity supply lines pass close by but the water main terminates some distance to the north, making it unlikely that this site would be financially viable to develop. However, it could be included in a list of sites for assessment by professionals who would be able to give a more definitive answer on the site's viability.

### Historic sites

The community has made sites available for housing and community purposes in the past including:

Mill Road, Direcleit: 8 units

Drinisiader: 4 units built by North Harris Housing Association in 2003

Geocrab: 4 units

Aird Mhighe, Finsbay: 4 units

Berneray Community Centre

Leac a' Li Community Centre

Seallam, Northton

McGillivray Centre, Northton

In the light of the above it can be expected that further sites will come forward over time and the fact of community ownership may encourage these. At the time of its purchase the North Harris Trust had no specific sites identified for development, but it has constructed its own office building with 2 flats above and has enabled the construction of eight HHP units at Ceann an Ora. It has facilitated the sale of a number of plots at various locations with 3 currently under development and is currently in negotiations with HHP to jointly develop land at Scott Road, Tarbert. It has also built three 60m<sup>2</sup> business units at Iomairt an Oban on the edge of Tarbert.

## Summary

The analysis in this section looking at development options across a range of sectors demonstrates that there are a wide range of opportunities within the estate and close to its boundaries serving the residents of the estate. There is also a strong desire to improve existing infrastructure and services as shown by the active engagement of existing community groups in developing new ideas. There is significant scope for a community landowner to fulfil the 3 roles of direct delivery, partnership and enabling as outlined in the previous section. It could take the lead on delivering some projects (particularly housing and business space) by working on its own and/or in partnership with others and it could support a range of other projects financially and/or with officer time.

## Development Strategy

A key advantage for a community landowner that owns a large estate is that it can take a strategic approach to development to address the needs of the whole community. A strategic approach to developing the estate would contain 3 core elements:

1. Housing Needs Analysis. The data gathered so far has shown that there is a significant housing need across the estate although the exact dimensions of it are unclear. Funding from the Rural Housing Fund would enable a comprehensive analysis to take place, the scale of the need to be made known within the community and the results used to drive decision-making on the development of new projects.
2. Assessment of Development Sites. Parallel to the needs analysis available sites can be assessed for their development costs and their locational advantages. The publicising of the results of the housing needs analysis and the community engagement that comes through that process may encourage the identification of further potential sites for analysis within the community. These sites could be assessed as a group and sites prioritised according to ease of development.
3. Develop specific projects with partners. The site assessment work will identify the extent of opportunities that could be developed and matched with the needs analysis will enable the community to take decisions on how to develop particular sites and with whom. As noted above housing can be developed by the community itself, in partnership with HHP and/or TIG or a combination of these. Similarly, business accommodation can be developed with support from CnES & HIE.

## 8. Financial Summary

### Bays of Harris – Existing Estate position

Significant work has been carried out over the last 8 years to establish the existing Estate operating position. Most recently in 2018, a valuation report has been prepared by Savills which identifies the assets on the Estate and a summary of the financial position, plus the Feasibility Study prepared in November 2017 also contains a detailed financial analysis of the estate. A summary of the main income sources are provided below:

<b>INCOME</b>	
Croft rent	2,920
Other grazings & allotments	73
Slipway	25
Telecoms	42,712
Fish farms	15,700
Sporting	1,050
Wayleaves	18,122
Minerals	2,492
<b>Annual income</b>	<b>83,093</b>

The owners have provided data for more recent income figures which confirm that the above income level is ongoing with a total income figure for 2021 of £84,283 with an increase in the Telecoms income but fall in croft rent and mineral income.

In addition, periodic land sales occur which can increase the annual income to around £100,000 in total but this is not income that is assured each year, or that is necessarily at a steady level, but it does allow an additional source of income for the Estate to reinvest back into the Estate itself.

#### Crofts

The Croft data available is not entirely accurate but rent receipts in the year to 31 March 2017 was £2,920 with the 6 year average calculated at £3,263. Rents have not been raised for many years which is not unusual and often the situation with crofting estates.

The Bay of Harris estate is in the fortunate financial position that it is not dependant on its croft rent income due to the existence of valuable commercial rental income. In this situation there is no financial reason to have to increase croft rents. Many community owned estates have taken the decision not to increase croft rents at all, generally due to the low level of rents prevailing and that increasing this will not make a significant difference to the estate as a whole but can save on the additional administrative work required to deal with a rent increase.

#### Other Grazings and Allotments

There are a small number of tenanted grazings on the Bays of Harris estate which return around £73 per annum.

### Other sites

There is also a slipway adjacent to the Tarbert Distillery which yields £25 per annum and Alease that runs to 1 March 2036.

### Telecoms masts

There are a number of telecoms masts on the Estate which return rental income on an annual basis and will continue to provide income over the next 10 – 17 years which is estimated at £17,250 and subject to RPI increases every 5 years. Additional income of over £25,000 is earned through site sharing arrangements but this type of income could be limited in the future.

### Fish Farming

On the Estate there are leases with fish farming companies that generate rental income from the lease of sites.

### Sporting, wayleaves & minerals

Further income is generated from a shooting rights lease, and quarry lease, as well as a steady source of revenue from wayleaves.

## Development Opportunities

Community Estate Owners can deliver development projects in 3 ways:

- Directly - using its own resources and personnel.
- Enabler – allowing other organisations, businesses and individuals opportunities to take forward economic activity and projects on the Estate through the use of its resources through leases, delivery of business units, grants etc.
- Partnership – working with other organisations to deliver projects in partnership.

Most estates undertake a mix of the 3 methods depending on the most appropriate delivery method for each project. For the Bays of Harris Estate, it is most likely to act as an enabler as it currently has a range of assets from which a healthy level of income is earned.

In the future, where possible it should look to create opportunities to lease further assets where this will either earn income for the Estate and/or create business opportunities locally that will add to the economic output of Harris, in particular job creation. The most likely contribution of the Estate however is likely to be in relation to distributing grant funding or donations to other community groups to be able to use the funding to leverage further economic and community objectives. It will be important to establish a clear set of priorities and rules for the use of the funds to ensure that the primary objectives are being delivered with accountability and transparency at the core of the decision-making process.

The resource of the Bays of Harris Estate's development officer could be extremely important to the delivery of the Estate's own objectives but could also form a resource for the community as a whole by assisting other groups with the delivery of projects where they initially don't have paid staff to deliver their own projects. It will be important for the organisation to source grant support for development staff so that the rental income earned by the estate can primarily be used as prime pump grants to leverage additional external funding into projects.

The Bays of Harris Estate does not own any built property and does not have an established base on the Estate. This means that the organisation is very lean in terms of running costs and maintaining

this situation could be a real advantage to the organisation, not only in terms of low operating costs, but also being agile in terms of enabling the Estate to be run from any part of the geographical area with a development office working from home and the Estate not having a fixed geographical administrative base.

### Five year projections

Five year projections have been prepared which show a summary of the existing income sources earned by the estate, including a conservative estimate of land sale income occurring periodically. Operating expenditure has been added to the illustration and the assumptions for these costs are also included.

The main costs shown are in relation to employment costs with the assumption that a 0.6 FTE Development Manager will be required as well as a 0.25 FTE Administrator. Costs are also included for the provision of home office working by staff as well as general company operating costs such as insurance, accountancy costs, training, subscriptions etc. It is anticipated that ongoing legal costs will be paid in relation to crofting transactions as well.

It is assumed that 100% of the Development Manager salary will be grant funded for the first two years and 50% in year 3.

Funds have been allocated at a rate of £20,000 per annum to match fund crofting projects proposed and taken forward by crofting townships on the Estate as well as for community projects on the estate, except for the years where a housing project commences where some of the funds may be allocated to these projects.

In addition, a contingency reserve fund has been created from 10% of the non-croft rent income (including housing surplus) in order to have sufficient income set aside for future development and maintenance of housing assets as the Estate grows and the commercial asset income is less assured.

In the first 5 years it is planned to commence immediately in drawing up a Housing Plan with the anticipation of building 2 affordable rental houses in year 3 on Berneray, followed by a second phase on Harris in year 5. Alongside the housing project, it's proposed that a business unit would also be built which would help stimulate economic activity and provide rental income to the Estate.

The illustrative projections prepared demonstrate that the Estate will have a surplus of just over £12,000 at the end of year 5 even after investing in two housing projects and having invested £80,000 into crofting projects and community projects. It is apparent that the Bays of Harris Estate is financially viable whilst at the same time delivering significant community and crofting benefit across the Estate.

<b>Bays of Harris Estate</b>						
<b>Summary of annual income and expenditure</b>						
	Notes	Year 1	Year 2	Year 3	Year 4	Year 5
<b>INCOME</b>						
Croft rent	1	2,920	2,920	2,920	2,920	2,920
Other grazings & allotments	1	73	73	73	73	73
Slipway	1	25	25	25	25	25
Telecoms	1	42,712	42,712	42,712	42,712	42,712
Fish farms	1	15,700	15,700	15,700	15,700	15,700
Sporting	1	1,050	1,050	1,050	1,050	1,050
Wayleaves	1	18,122	18,122	18,122	18,122	18,122
Minerals	1	2,492	2,492	2,492	2,492	2,492
Development grant funding	2	23,879	25,073	13,163		
Housing grant	3	15,000				
Housing Ph1 - net cashflow	4			821	1,642	1,642
Housing Ph2 - net cashflow	5					
Business units	6			2,700	2,700	2,700
Housing land sale	7			20,000		
Land sales	8			18,000		18,000
<b>Annual income</b>		<b>121,972</b>	<b>108,166</b>	<b>137,777</b>	<b>87,435</b>	<b>105,435</b>
<b>EXPENDITURE</b>						
Development manager	9	19,879	20,873	21,916	23,012	24,163
Administrator	9	7,000	7,350	7,718	8,103	8,509
Office running costs	10	4,000	4,200	4,410	4,631	4,862
Operational budget	11	5,800	6,090	6,395	6,714	7,050
Legal fees	12	1,000	1,050	1,103	1,158	1,216
Crofting/Community project fund	13	20,000	20,000	10,000	20,000	10,000
Housing plan	14	20,000				
Housing project - own contribution	15			50,000		
Business units - own contribution	15			50,000		
Contingency reserve fund	16	8,017	8,017	8,369	8,452	8,452
Loan interest	17			2,180	4,360	4,360
		85,696	67,580	162,090	76,429	68,610
Net income/(expenditure)		36,276	40,586	(24,313)	11,006	36,825
Cumulative net income/(expenditure)		36,276	76,861	52,549	63,555	100,380
<i>Loan capital repayments</i>				3,750	7,500	7,500
<b>Net annual cashflow</b>		<b>36,276</b>	<b>40,586</b>	<b>(28,063)</b>	<b>3,506</b>	<b>29,325</b>
<b>Cumulative net income/(expenditure)</b>		<b>36,276</b>	<b>76,861</b>	<b>48,799</b>	<b>52,305</b>	<b>81,630</b>
<b>Capital costs</b>						
Estate acquisition		1,263,500				
Business unit				50,000		
Housing project				400,000		
		<b>1,263,500</b>	<b>-</b>	<b>450,000</b>	<b>-</b>	<b>-</b>
<b>Funded by:</b>						
Capital grant funding		937,886		200,000		
Own contribution		325,614		100,000		
Loan funding				150,000		
		<b>1,263,500</b>	<b>-</b>	<b>450,000</b>	<b>-</b>	<b>-</b>

<b>Notes - Assumptions</b>						
1	Income based on existing income levels from the Estate.					
2	Assume year 1 & 2 development manager post and office running costs grant funded in full with 50% funding in year 3.					
3	Assume 75% funding sought for housing plan through non-SLF grants.					
4	Berneray housing project with 2 houses built in year 3 and income generated from part way through year 3.					
5	A second housing project on the estate with a further 2 houses built in year 6 and income generated from part way through year 6. This does not impact on the financial position in the first 5 years.					
6	Alongside each housing project, a basic business unit could also be built to generate economic activity and return some rental income to the estate.					
7	As part of the housing projects it is expected that these could be taken forward in conjunction with a housing agency such as HHP and that as part of the arrangements that some land sale income would be generated for the Estate as well.					
8	It is expected that there will be periodic land sales related to crofts that the landlord will benefit from which are illustrated in the projections as occurring intermittently. The assumption is that the land sale proceeds would provide a significant contribution towards the delivery of housing projects.					
9	Assume a Development manager is employed on a 0.6 FTE basis to take forward development projects, and that a 0.25 FTE post for administration is also created which could be combined into one post.					
10	Assumption that development manager will work from home and be provided with an allowance to cover office running costs.					
11	Allowance to cover the running of the organisation such as costs related to Directors' meetings, travel costs of development manager etc.					
12	A cost for legal fees has been incorporated for the ongoing work required in relation to croft administration, commercial leases etc.					
13	Set aside of £10,000 - 20,000 per annum to match with other funding provided by crofting townships for crofting related projects and for community projects being taken forward by community organisations.					
14	Housing plan to be created in first year of operation.					
15	Assume that the organisation provides a capital contribution towards the housing projects and business units from own funds.					
16	Contingency reserve fund to be created to enable 10% of the non-croft rental income to be set aside for future development work on the Estate, particularly as the mast rental income may not continue at its existing level indefinitely.					
17	Assuming that the balance required to purchase the estate of £325,614 is covered by a commercial loan with an interest rate of 5% repayable over 20 years. Also housing projects are assumed to require £150,000 loan assuming an interest rate of 5% over 20 years.					

## Estate Purchase Funding

The Scottish Land Fund has a normal funding maximum of £1m (including grants made at feasibility stage). The projections are based on the ability of the community to raise £325,614 in excess of this normal maximum. The SLF committee has the discretion to ask Scottish ministers to approve a sum greater than £1m in exceptional circumstances. This was done for the purchase of the Isle of Ulva with an award in excess of £4m to the Northwest Mull Community Woodland Company.

Alternatively, the sum could be raised (in part or full) through public fundraising. Some groups have proved very adept at raising large sums this way, especially through crowdfunding and philanthropic giving e.g. the Langholm Initiative has raised over £600,000 in general public donations through two appeals<sup>21</sup> for successive purchases of land from Buccleuch Estates in Dumfries and Galloway.

However, if this balance is taken in the form of a commercial loan this will have an impact on the Estate's ability to deliver the sale level of community benefit. Loan repayments will be almost £26,000 per annum which will limit the Estate's ability to set aside as much funding for crofting/community projects (£45K instead of £80K in the first 5 years), particularly in years where the housing projects are taken forward. The business units would need to be dropped if commercial loan funding is required for the acquisition.

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<sup>21</sup> The second Crowdfunding appeal can be accessed at: [Fundraiser by Kat Mayer : Langholm Moor Second-Stage Community Buyout \(gofundme.com\)](https://www.gofundme.com/c/fundraiser-by-kat-mayer-langholm-moor-second-stage-community-buyout)

## 9. Governance

A key driver of community ownership of assets is that of giving more people a say over how assets are used and greater opportunities to become involved in the management of those assets. It is important therefore that governance structures and management systems are put in place that enable greater opportunities to be delivered. This will be particularly important for the Bays of Harris estate where communities are spread over a large area. As noted during the public consultations some were concerned that the distinct communities of the estate might not be able to work together, and that indeed conflict may arise. These issues are considered below.

The company that owns the assets on behalf of the community will be governed by a board of directors who are responsible for setting overall policy and strategy of the business. Numbers of directors on a board can vary according to need and what a company is trying to achieve. In the case of the Bays of Harris the community will need sufficient directors to carry out the work of the company and ensure that the constituent communities of the estate are represented. The North Harris Trust faced this situation at the time of its buyout with some people concerned that Tarbert might be overly represented and some of the peripheral townships underrepresented. To address this it adopted a set of bye-laws that have created constituencies for the purpose of electing directors to the board. The system has been proven to be flexible with numbers of directors having evolved over time with the addition of the former Loch Seaforth estate (Reinigeadal, Eilean Anabuich, Maraig and Scaladale) and the Isle of Scalpay at later dates. NHT currently has a board of 14 directors comprising:

Tarbert	4
Scalpay	4
Ardhasaig-Bunavoneader	1
Meavaig-Huisinis	1
Urgha	1
Kyles Scalpay	1
Reinigeadal-Maraig	1
Scaladal – Bogha Glas	1

The Bays of Harris could adopt a similar or modified system depending on local views. It was noted in Section 4 that the population of the estate was approximately 700 at the last census. A board of 9 members serving an average of 70-80 people each could have a make-up of something like:

Berneray	2
Northton	1
Obbe-Borrosdale	1
Borsam-Quidinish	1
Flodabay-Geocrab	1
Liceasto-Grosebay	1
Scadabay-Drinisiader	1
Meavag-Caw	1
<b>Total</b>	<b>9</b>

This would have a slight underrepresentation on a population basis at the north end but is sensitive to common grazing boundaries. An alternative option would be to have several directors from larger constituencies in the North and South Bays:

Berneray	2
Northton	1
South Bays	3
North Bays	3
<b>Total</b>	<b>9</b>

The creation of a board in one of these forms would ensure representation from across the estate. All of those who expressed an opinion at the 2<sup>nd</sup> series of community events were in favour of the second option. Where a reason was given this was because the larger constituencies allowed for a greater choice of candidates and a greater likelihood of finding people with the right skills from within modest sized settlement areas.

In delivering activities, projects and change it will be important to have a local presence. Other communities have achieved this by setting up project or area specific working groups to develop and deliver projects under the overall oversight of the board. A group is set up for a specific project with one or two directors plus other members of the community and occasionally those with specialist skills from outside the area who are willing to volunteer. The project working group lasts for as long as is required and then can be disbanded with other groups being formed to deliver new projects. In the Bays of Harris estate context, it would be logical to have a permanent working group set up for Berneray due to its geographical situation, with groups for other areas of the estate as and when required. Such an approach would allow the board to draw on the wider skills of the community and increase community involvement in the management of the estate's activities.

## Meeting

The separation caused by the Sound of Harris will make it challenging to meet up in person on a regular basis, especially when board members are volunteers and have work and family responsibilities. The steering group has worked with Berneray members phoning in to meetings which has worked but which is less than ideal due to issues with sound quality at times. This could be resolved by investing in a modern conference call system with better and additional microphones to enhance the experience. The social distancing caused by Covid-19 has encouraged many people and groups to use various forms of online videoconferencing which have worked well. The key advantages to these are that participants can see one another and that travelling time for all participants is removed.

While on-line meetings are valuable it will still be important to have face to face meetings and it would be important to have a proportion of these in Berneray. Boards of larger community landowners who are progressing a range of projects will typically meet once a month to provide necessary oversight of staff and enable timely decision-making on key issues. A Bays of Harris Estate board could meet in person and then online on an alternating basis or could perhaps even meet online for two meetings out of three. In the former scenario there would be six in person meetings and in the latter scenario there would be four. If two of these were held in Berneray and linked with visiting activities taking place there it would help to strengthen the links between the parts of the estate separated by the Sound of Harris.

## Job recruitment and delivery

Recruiting staff for an estate operation has both negative and positive aspects when the estate has no built property of its own. There is no building that can be used immediately as an office and therefore no immediately obvious place for a business to work from. However, it also means that the business is not forced to work from a particular location. This has the potential to be of real benefit in an estate as dispersed as the Bays of Harris.

Posts could be advertised as either available for homeworking or as seeking to find an office location as near as possible to the successful candidate. This would allow the community company to ensure equality of opportunity to employment across the estate and it would also maximise the potential number of candidates and quality of candidates available for any given post. There has been an increasing movement towards homeworking in recent years with employees for a number of community landowners and other community organisations doing so. Helpfully, the expected infill of gaps in 4G provision should also provide near estate wide coverage by the time that the community purchases the estate.

It is now emerging that following the necessity to work from home during the recent Coronavirus pandemic, many employees are expressing a desire for a mix of working from home and an office location with 2 or 3 days of each per week, and there is an expectation of greater demand for flexible/hot desking facilities shared across different organisations. The availability of more flexible office space in future may work well for the Bays of Harris.

## Long term Change

The steering group previously discussed with the owners the options for buying only part of the estate if different parts of the community had different views on the way forward. However, the owners are of the view that they either wish to sell the property as a whole or not at all. In particular they were concerned that the revenues currently generated by Northton and Berneray would be insufficient to cover running costs.

The BoHSG has given a public assurance to the residents of Northton and Berneray that should they at some point in the future wish to separate from a larger Bays of Harris community landowner and manage their own affairs (or join with another community landowner), they will be free to do so. An example of where this could be a logical move would be if there were to be a community purchase of North Uist. Given Berneray's strong economic, transport, cultural and educational links with North Uist there could be solid arguments to consider such a linkage.

The majority of the commercial rental income earned by the Bays of Harris Estate is generated in the Bays area, therefore the potential exit of the Northton or Berneray areas will not have a detrimental financial impact on the remaining Bays of Harris Estate, however there is a degree of strength in numbers and all 3 areas will independently be less significant in terms of population, geography and their financial position. Well run community owned estates who can build up a good track record of delivering projects are in a much better position to be able to access funding for future projects and therefore there could be a significant benefit to each of the three areas within the Bays of Harris Estate continuing to work together for the mutual benefit of the Estate as a whole.

## 10. OPTIONS FOR THE LEGAL STRUCTURE OF A COMMUNITY COMPANY

There is a range of structures available to community groups for the operation of a social enterprise such as:

- Unincorporated associations
- Charitable trusts
- Company limited by guarantee
- Scottish charitable incorporated organisation (SCIO)
- Community interest companies
- Industrial & provident societies
- Friendly societies

Most community buy-outs/asset owners begin as Companies Limited by Guarantee with some later registered as charities. There are also some asset purchases that are undertaken by SCIOs. However, the newer Community Interest Company vehicle is also worth considering and further information is outlined further below at number 2.

### COMPANY LIMITED BY GUARANTEE

This is an entirely suitable vehicle for taking forward the purchase of a community owned asset, although there are a number of other options available. The organisational structure and legal position should periodically be reviewed as the company develops and its circumstances change to ensure that the structure remains appropriate to its activities and ambitions.

#### DEFINITION

***Company Limited by Guarantee:*** The "owners" of the company are the members. Members do not hold shares in the company but contribute a nominal sum (usually £1) upon becoming a member. Liability is restricted to the nominal sum paid. Companies limited by guarantee are widely used for not-for-profit activities where no sharing of profit is contemplated. It is possible for profits to be distributed to members but, under the Companies Act 2006, no entity other than a member may share in the profits of a company limited by guarantee. The structure lends itself towards situations where grant funding is envisaged and where a number of bodies seek to come together for a "community" or "social" purpose where something other than a simple return on investment is sought.

#### Charitable status

The main perceived benefit of registering an organisation as a charity is that charities can be entitled to exemption from corporation tax. However, this benefit must be weighed up against the regulatory requirements of operating charities and meeting the charity test in terms of activities and use of the funds generated by the organisation.

A registered charity under the Charities and Trustees Investment (Scotland) Act 2005 must meet the 'Charity Test' which is regulated by the Office of Scottish Charity Regulator (OSCR) established in 2005.

***The Charity Test***

A body meets the charity test if –

- (a) Its purposes consist only of one or more of the charitable purposes, and
- (b) It provides public benefit in Scotland or elsewhere

The organisation could become a registered charity so that potential future profits could be passed up through the organisation without a corporation tax charge being incurred.

Many community organisations take a number of years to generate profits. Therefore, the decision regarding structure to minimise corporation tax does not need to be taken until closer to the time that those profits are likely to be realised.

**Charity Accounts.**

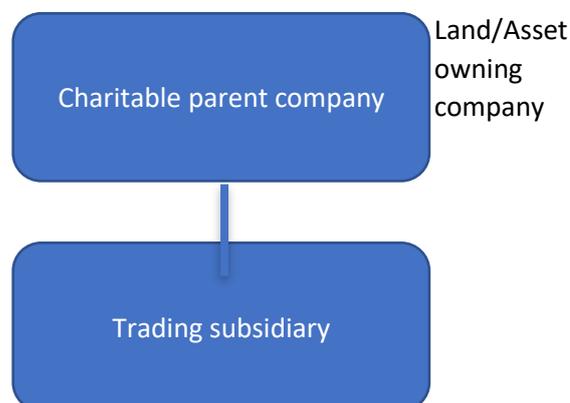
Charities with gross income of more than £25,000 in their financial year are required to have their accounts independently examined or audited. Broadly speaking, an independent examination is needed if gross income is between £25,000 and £500,000 and an audit is needed where the gross income exceeds £500,000.

The requirements for preparing charity account are more onerous than for a non-charitable organisation, and the audit requirement can be triggered where significant grants are received towards a new build or renovation project. The audit costs can easily add £5-6,000 to the annual cost of preparing accounts.

**Subsidiary Trading Companies**

Community Companies/Trusts frequently add a second layer to their organisational structure by establishing a separate trading company to manage specific developments (for example, estate management, commercial activities, renewables projects etc) for administrative purposes and to minimise the financial risk to the organisation, which continues to operate as the holding company. It is essential that subsidiary trading companies are used to avoid jeopardising the organisation's charitable status.

## Post asset purchase operating structure



The addition of a subsidiary trading company will result in additional administration and accountancy costs for the preparation of an additional set of accounts.

## VAT

It is also important to take into consideration the VAT implication of the organisational structure and some of the main points for the Board to be aware of are summarised in the VAT Appendix.

## Community Interest Company (CIC)

A CIC is a relatively new type of company, designed for social enterprises that want to use their profits and assets for the public good. They have the flexibility and certainty of the company form, but with special features to ensure that they are working for the benefit of the community.

### What are the differences between CICs and charities?

- Charities must be established exclusively for charitable purposes, but a CIC can be established for any lawful purpose, as long as their activities are carried on for the benefit of the community;
- Charities have certain tax advantages that CICs do not have;
- In return for those advantages, charities are subject to more onerous regulation than CICs;
- The CIC legal form was specifically designed to provide a purpose-built legal framework and a 'brand' identity for social enterprises that want to adopt the limited company form;
- CICs will be free to operate more 'commercially' than charities.

### Community Interest Test

To become a CIC, an organisation will need to satisfy the regulator that its purposes could be regarded by a reasonable person as being in the community or wider public interest. It will also be asked to confirm that access to the provided benefits will not be confined to an unduly restricted group.

## The Asset Lock

'Asset Lock' is a general term used to cover all the provisions designed to ensure that the assets of the CIC (including any profits or other surpluses generated by its activities) are used for the benefit of the community.

The transfer must satisfy certain requirements. This means that, subject to the CIC meeting its obligation, its assets must either be retained within the CIC to be used for the community purposes for which it was formed, or, if they are transferred out of the CIC, the transfer must satisfy one of the following requirements:

- It is made for full consideration (i.e. at market value), so that the CIC retains the value of the assets transferred;
- It is made to another asset locked body (a CIC or charity) which is specified in the CIC's memorandum or articles of association;
- It is made to another asset locked body with the consent of the Regulator; or
- It is otherwise made for the benefit of the community.

The asset lock prohibits CICs from distributing their assets or profits to members, except to the extent permitted where CICs issue equity. The lock will not prevent CICs from using their assets efficiently in pursuit of community benefit; for instance, they will be able to use assets as collateral for finance.

## Equity Finance

CICs can issue capped investor shares so that investors have the possibility of making a modest return which will be restricted in order to ensure that the wider community is the main beneficiary of the CIC.

## Advantages of being a CIC

- as a corporate body, a CIC can hold property and borrow money in its own name;
- flexible options for trading for community benefit without private gain;
- personal liability of members is limited;
- two tier structure for decision making allowing democratic input from members including the chance to vote on election/re-election of the Board of Directors;
- asset lock ensures that profits/assets are retained by the community;
- directors may receive limited payment (if the CIC's constitution or Articles permits).

## Disadvantages of being a CIC

- may incur some setting up costs (legal fees);
- dual reporting to both Companies House and the CIC Regulator including statutory filing of Annual Accounts along with annual CIC Report;
- cannot apply for charitable status.

Most suitable for

A Community Interest Company (CIC) is most suitable for groups who:-

- want to trade for the benefit of a specific community (as long as any current constitution permits them to do so);
- can prove that their activities and services will benefit the community;
- want to limit the personal liability of members;
- want to run/lease/manage/own community assets such as shops, garages, day care centres;
- do not have charitable purposes and are not seeking charitable status (in Scotland a CIC is not eligible to be a registered charity itself);
- are existing charities that want to set up a trading arm (the trading arm, which would not have charitable status itself, could be a CIC).

## APPENDIX 1 - VAT & CHARITIES

### General VAT considerations

Charities are subject to the same VAT rules as any other organisations, although there are a number of reliefs and exemptions available specifically for charities which are detailed later.

A business cannot be VAT registered if it does not make any taxable supplies and a VAT registered business cannot recover VAT on goods or services relating to non-business activities. These transactions are known as 'outside the scope' of VAT.

If you are registered for VAT but make some exempt supplies, your business is partly exempt. Generally speaking, businesses cannot reclaim VAT on purchases that relate to exempt supplies either.

VAT on goods purchased up to four years prior to registration, and still on hand at that date, and on services received in the six months prior to VAT registration, can be reclaimed on the first VAT return.

### Business or non-business?

The VAT rules are based on the concept of making supplies in the course or furtherance of business. Generally, if goods or services are provided in return for a charge, even if the activity is carried out for the benefit of the community or in the furtherance of charitable objects, it can still be a business activity for VAT purposes and VAT may be due on the income.

Non-business activities include

- donations where nothing is given in return
- grant funding given to support your charitable activities where nothing is given in return
- activities where your organisation doesn't make a charge

### Partial exemption

In the case of most charities, not all input VAT is recoverable, amounts should therefore be identified as directly attributed to taxable, non-business and exempt supplies as far as possible with any remaining amounts being treated as residual VAT. A 'partial exemption' calculation is then required to establish the proportion of residual VAT that can be recovered.

### VAT recovery on supplies of land & buildings

Supplies of land and buildings, including leasing or renting, are normally exempt from VAT meaning that no VAT is payable, but the person making the supply cannot normally recover any of the VAT incurred in relation to the supply of land and buildings either. However, you can opt to tax land, so that once you have opted to tax, all supplies you make in relation to the land and buildings will normally be standard-rated and you will be able to recover the VAT incurred in making those supplies. Residential accommodation will always be exempt, even if the land is subject to an option to tax.

### Capital goods scheme

If you acquire or create an asset that you use or intend to use only for making taxable supplies, you can reclaim all of the Input Tax you've paid.

If you use or intend to use the asset partly for making taxable supplies and partly for making exempt supplies, you can only reclaim a proportion of the input VAT using your partial exemption method.

The scheme applies when you spend, net of VAT:

- £250,000 or more on land or buildings, or on building or civil engineering works
- £50,000 or more on a single computer or piece of computer equipment

If the extent to which you use an expensive asset for making taxable supplies varies over the years, you may have to adjust the amount of Input VAT you reclaimed. There are also rules for what to do if:

- you register or deregister for VAT
- you buy or sell a business
- your business moves into or out of a VAT group
- you sell an asset during its Capital Goods Scheme adjustment period

If your business has an asset and the extent to which you use it to make taxable supplies varies over the following five or ten years (depending on the asset), you'll have to adjust the amount of Input Tax you reclaim. You can reclaim more if the proportion of your taxable supplies increases, but you'll have to repay some if it decreases.

### Charitable VAT reliefs

When your charity buys goods and services you will normally have to pay VAT just like anyone else, but the following areas are subject to zero or reduced rates of VAT at the point of supply. This is beneficial from a cash flow perspective, and avoids the charity paying VAT that may not be fully reclaimable due to non-business or exempt supplies.

- Many types of advertising can be zero-rated at the point of supply. The main conditions are that the advertisements comply with your charitable objects, and the advertisement must be placed on someone else's time or space. Further details can be found in HMRC VAT notice 701/58.
- The construction of buildings, and certain works to protected buildings, intended to be used solely for non-business purposes can be zero-rated subject to certain criteria being met. More information can be found in HMRC VAT Notice 708.
- Your charity pays a reduced rate of 5% VAT on fuel and power if it relates to charitable non-business activities or small-scale use (up to 1,000 kilowatt hours of electricity a month or a delivery of 2,300 litres of gas oil) although, if less than 60% of the fuel and power is for something that qualifies, you'll pay the reduced rate of VAT on the qualifying part and the standard rate (20%) on the rest.

## APPENDIX 2 - What is a charity? How does it retain its status when undertaking trading activities?

### Charitable status and regulation

A registered charity under the Charities and Trustees Investment (Scotland) Act 2005 must meet the 'Charity Test' which is regulated by the Office of Scottish Charity Regulator (OSCR) established in 2005.

#### *The Charity Test*

A body meets the charity test if –

- (c) Its purposes consist only of one or more of the charitable purposes, and
- (d) It provides public benefit in Scotland or elsewhere.

### Corporation tax status

Activities carried out by charities are not subject to Corporation Tax requirements, provided any income generated from those activities arises from or is applied to charitable purposes, thereby making charities 'exempt' from Corporation Tax.

### Trading activities

Charities are able to carry out trading activities that are directly related to their charitable aims and objectives. However, they are not allowed to carry out non-primary purpose trading activities that are substantial and that involve a significant risk to their assets.

Small-scale exemption applies to profits from non-primary purpose trading if either:

- The annual turnover of the relevant non primary purpose trading of the charity, plus the 'incoming resources from miscellaneous activities' potentially qualifying for exemption, must not exceed the 'relevant threshold' during the chargeable period; or
- If it does exceed the 'relevant threshold', the charity must have had a reasonable expectation at the start of the chargeable period that it would not do so.

The relevant threshold is calculated as follows:

<b>Total of all incoming resources in a particular chargeable period of the charity</b>	<b>Maximum permitted annual turnover of the relevant trading in that chargeable period</b>
Under £32,000	£8,000
£32,000 to £320,000	25% of charity's total incoming resources
Over £320,000	£80,000

## Subsidiary trading company

It is common for a charity to set up a subsidiary trading company to trade on its behalf and which it wholly owns in order to ensure that the charity's position is safeguarded from potential problems which can arise from engaging in trading activities.

The income and profits of a subsidiary trading company are taxable in the same way as the income and profits of any ordinary limited company. And it's also treated as a normal business for VAT purposes. But the subsidiary trading company can give all or part of its profits to its parent charity, and claim tax relief for those payments. This means the trading company doesn't have to pay Corporation Tax on the profits it donates. And as long as the charity uses the income for charitable purposes, the charity won't have to pay tax on it.