

***A GUIDE FOR COMMUNITY GROUPS ON INVESTING
FOR COMMUNITY BENEFIT***

A report for

**Community Energy Scotland
and the
Scottish Community Foundation**



by

The Pool in Scotland

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1 Introduction

1.1 The Brief

There are a growing number of communities in Scotland that are receiving and will in future receive income from renewable energy schemes either as a result of establishing their own projects or through payments from commercial developers undertaking projects nearby. Consequently, there is a need to help community organisations develop an understanding of how they can best use this income to create long-term benefits.

The intention of this guidance document is for it to be easy-to-read yet comprehensive, based on the practical experience of community-led investment projects undertaken over the last 30 years or more. It includes descriptions and an analysis of the key factors underlying the success of ten development projects, a summary of the lessons learned in each of these and the identification of best practice and principles derived from their experience to help new groups make effective investment decisions.

The case studies featured fall into three broad categories:

Early-stage bodies that have been exploring community investments for ten years or less;

Mid-range organisations that have existed for 10-25 years;

Long-term investing organisations that have brought about benefits to the community that have furthered sustainable development and resilience at the local level for a period of 25 years or more.

These projects have been chosen to emphasise those that have:

- Enabled monies to keep circulating within the local economy;
- Been driven by community organisations themselves, where possible based on capital or income they themselves have generated;
- Used a broad range of investment approaches and types;
- A wide geographical scope, whilst remaining relevant to the circumstances of community groups in Scotland; and
- A commitment to reducing reliance on grant funding and working towards developing income from trading and other enterprise activities.

Throughout, we consider 'investment' to mean a community organisation investing either in:

- a project run by the community body itself; or
- a project run by a separate organisation

that provides a financial as well as a social return, rather than in projects where the main or only aim is the latter. We also refer briefly to 'community investment', meaning the purchase of shares or bonds in a community organisation by community members - see section 3.5.

1.2 Summary of Main Conclusions

The growth of the organisations the case studies outline, and their collective achievements are impressive. The potential for future growth of new and existing community bodies is considerable and the opportunity provided by gains from renewable energy is a "once-in-a-generation" event.

£17 million per annum or more could soon be flowing into community organisations from commercially-owned onshore wind projects in Scotland and a further £20 million in net annual revenues is likely to accrue from community owned schemes.

Over the next two decades, offshore and marine renewables are likely to exceed significantly the current scale of onshore wind development. If they contribute to community benefits in a similar way to onshore schemes, the potential for the growth of community organisations and the resultant level of community empowerment will be commensurately increased.

Despite the highly diverse nature of the selected case studies, there are some core features which are common to all of them and which have played a key part in determining their respective abilities to invest successfully for long-term community benefit. The lessons drawn from this collective experience may help guide those community organisations that are either in receipt of, or anticipate being receipt of in the foreseeable future, a significant increase in their levels of income. The following observations are particularly relevant. Successful community organisations:

- Established a **mission** for themselves related to clearly identified local needs from the outset and managed to maintain a consistent focus on those founding principles over a sustained period of time. They avoided the temptation to become distracted from their key social aims.
- Had clarity as to what their business model should be and ensured that the **legal model and governance structures** were appropriate and fit for purpose.
- Understood the importance of the **transitions** from the early to later phases of their organisation's development and showed awareness of the value of good succession planning.
- Constantly developed **in-house capacity** by accessing appropriate training and partnerships.
- If appropriate, and particularly in the initial phases, were prepared to seek the support of **intermediaries and/or public sector agencies**, rather than attempting to develop and operate a strategic investment policy in isolation.
- Were inherently outward looking and instinctively chose to **engage with their community body**.

- Acknowledged the importance of having an **investment strategy**, and had an awareness that in order to support the core aims of the organisation this strategy may conflict with profit maximisation.

In addition:

In many cases, an **early stage package of support** that enabled the purchase of an **important asset** was a crucial factor in their success.

1.3 The Case Studies

The following organisations were used as case studies:

Early-stage organisations:

Stòras Uibhist in the Outer Hebrides;

Isle of Gigha Heritage Trust in the Inner Hebrides;

Ekopia Resource Exchange, based in Findhorn, Moray.

Mid-stage organisations:

Galeri Caernarfon Cyf from Caernarfon in Wales;

Fyne Homes from Argyll and Bute;

Goole Development Trust, based in Yorkshire.

Long-term investors:

Coin Street Community Builders in London;

Goodwin Trust from Hull;

The Flax Trust in Northern Ireland;

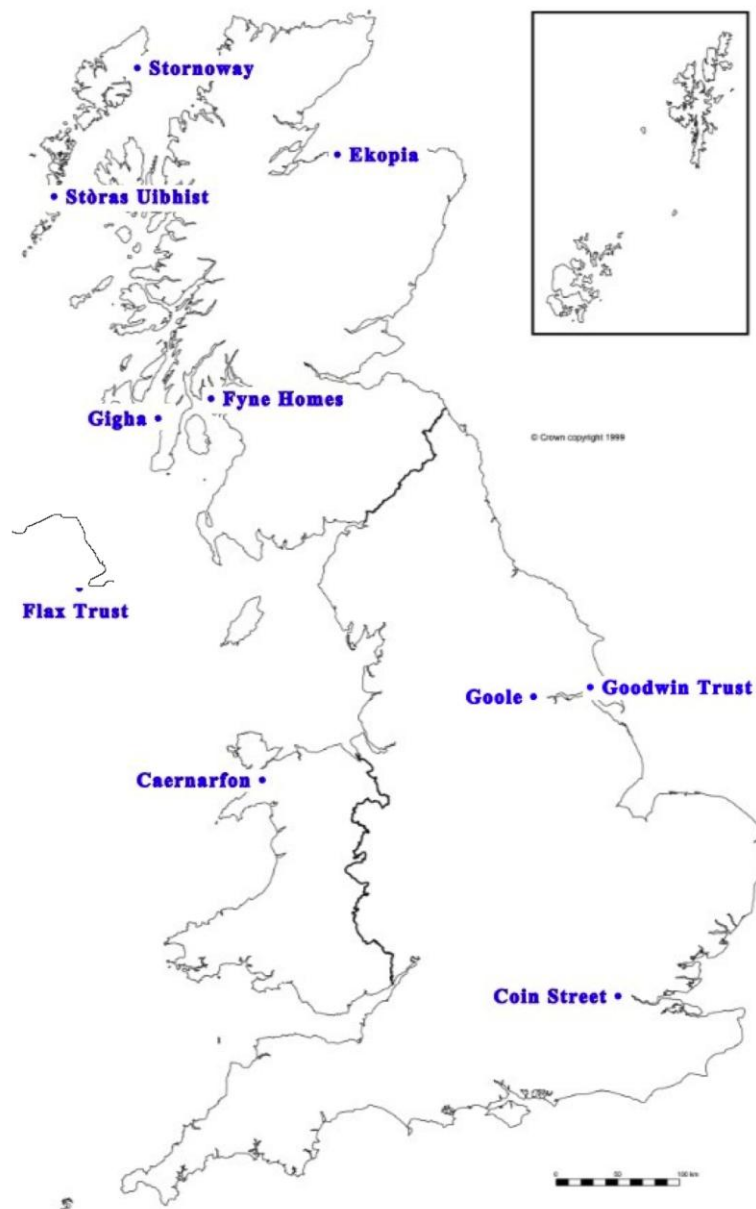
The Stornoway Trust of Lewis.

Thumbnail sketches of a variety of other organisations of a similar nature are also provided.

Summary of case studies:		£ millions		
Name	Founded	Assets	Turnover	Employed
Stòras Uibhist	2006	4.5	0.600+	c.21
Gigha Heritage Trust	2001	4.0	1.2	23
Ekopia	2001	0.86	0.08	1
Galeri Caernarfon Cyf	1992	10.1	1.35	40
Fyne Homes	1970s	95.0	4.2	51
Goole Development Trust	1997	1.2	0.45	12
Coin Street	1984	48.3	7.0	76
Goodwin Trust	1994	10.0	9.0	300
Flax Trust	1978	0.89	0.04	nil
Stornoway Trust	1923	2.2	1.0	24

Figures are approximate.

Ulster Community Investment Trust set up by the Flax Trust has invested a further £25m in community projects and projects created by the Flax trust employ up to 40 individuals.



The Case Studies

The kinds of project invested in successfully by the case study organisations are extremely varied. They include; affordable housing, the arts, further education, farming, forestry, golf, health, IT services, a local currency, a lottery, market gardening, property development, both residential and commercial, quarrying, retailing, recycling, tourist accommodation, wind turbines, youth development and providing financial support for a diversity of commercial trading organisations both arm's length and subsidiaries.

There is thus no single type or group of investments that can be identified as being the best for a community to make. The critical factor is to ensure that investments are related to long-term community need.

1.4 Abbreviations

1.4.1 *General*

CO ₂	Carbon Dioxide
CDFI	Community Development Finance Institution
COSLA	Convention of Scottish Local Authorities
ERDF	European Regional Development Fund
fte	Full-time equivalent
gha	Global hectare
GW	Gigawatt
HAG	Housing Association Grant
HIE	Highlands and Islands Enterprise
IPS	Industrial & Provident Society
kW	Kilowatt
MW	Megawatt
NVQ	National Vocational Qualification
RSL	Registered Social Landlord - generally a housing association
SCF	Scottish Community Foundation
SLF	Scottish Land Fund
SRB	Single Regeneration Budget
SSE	Scottish and Southern Energy plc

1.4.2 *Community Organisations*

BBC	Brookfield Business Centre
CHA	Cassiltoun Housing Association
CSCB	Coin Street Community Builders
CSCT	Coin Street Centre Trust
CSS	Coin Street Secondary Housing
DTA	Development Trusts Association
GREL	Gigha Renewable Energy Ltd.
GTL	Gigha Trading Ltd.
SCT	Shetland Charitable Trust
SnBM	Sealladh na Beinne Moire Ltd.

1.4.3 *Other Acronyms*

The following are the full names of organisations, which "stand for" or are derived from a longer name:

CCLA	Who provide investment management for "charities, faith organisations, and local authorities".
CEiS	Community Enterprise in Scotland
HISEZ	Highlands and Islands Enterprise Zone

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Any deficiencies in the final report are of course solely those of the authors themselves.

2 Potential Scale of Community Benefits

The potential value of community benefits accruing from renewable energy is clearly very significant. Two of the case studies, (Ekopia and Gigha) are already benefiting from such investments. Three more, (Stòras Uibhist, Fyne Homes and the Stornoway Trust) are planning significant new projects.

The scale, type and longevity of the income from renewables are likely to be significant factors for communities that are thinking of investing for community benefit. Some communities will have more immediate access to larger, ongoing income than has normally been the case. The implications of this are:

- Communities may need to develop their mission and organisation much more quickly than others that have often developed more organically over a longer period of time.
- They may be able to achieve a broader and larger range of investments in their local community and act as a community anchor for others more quickly than has been possible before.
- Communities should seek to assess the likely income streams they could receive as a first step in thinking about their approach to investing for community benefit.

The following paragraphs provide an assessment of the possible financial returns to help communities begin to do so.

The range of potential financial returns is large with projects generally falling into one of three categories.

- Mainstream wind farms: Some communities may receive one-off or annual payments of a few thousand pounds. Some receiving income from mainstream developers are likely to receive five figure sums annually. Total benefits are likely to exceed £17 million per annum.
- Community-owned projects can generate six or even seven figure annual net profits and (as illustrated in Table 3 below) net income may soon be of the order of £20 million per annum.
- Offshore and marine renewables: at present there are no norms for community benefits, although the potential is considerable.

The scale of prospective income to communities for each of these categories on a national basis is briefly considered in turn.

2.1 Community Benefits from Mainstream Wind Farms

The scale of potential wind farm beneficiaries is significant and summary table of data relating to wind farms in Scotland is shown below.ⁱ

Table 1 - Scotland

		No. of Turbines	MW capacity
1	Operational Wind Farms	1,230	2,112
2	Wind Farms Under Construction	384	794
3	Consented Projects	878	2,206
4	Projects in Planning	1,619	4,077
	Total	4,111	9,189

This information should be regarded as illustrative rather than definitive. More detailed tables for Scotland are shown as an Appendix.

Comparative figures for the UK as a whole are:

Table 2 - UK

		No. of Sites	MW capacity
1	Operational Wind Farms	251	3,500
2	Wind Farms Under Construction	31	1,000
3	Consented Projects	191	3,900
4	Projects in Planning	263	7,500
	Total	736	15,900

From research undertaken on a UK basis in 2009, the Scottish Community Foundation identified that commercial developers in the UK pay between £700 and £2,000 per MW of installed capacity per annum. The research also showed that sums paid have increased over the last decade and that although £2,000 per MW / annum is currently an industry ceiling, it is also becoming an adopted norm by many developers.

However in some cases community benefits in Scotland have been set at a higher level.ⁱⁱ To gain an insight into the potential scale of community benefits a number of scenarios were investigated based on a range of different payments per MW ranging from £2,000/MW to £4,000/MW per annum or over. The results are shown in Table 3 below.

Table 3 - Scenarios for Scotland

	Payment Scenarios £2,000/MW £3,000/MW £4,000/MW			Total Payments over 25 years		
	A	B	C	A	B	C
2. Wind Farms Under Construction (794MW)	£1,588,000	£2,382,000	£3,176,000	£39,700,000	£59,550,000	£79,400,000
3. Consented Projects (2,206MW)	£4,412,000	£6,618,000	£8,824,000	£110,300,000	£165,450,000	£220,600,000
4. Projects in Planning (4,077 MW)	£8,154,000	£12,231,000	£16,308,000	£203,850,000	£305,775,000	£407,700,000

Using a conservative estimate of community benefits accruing from currently operational projects of £1,500/MW and of future projects under Scenario A of £2,000/MW gives the following:

Table 4 - Possible Community Benefits in Scotland

	£
Operational wind farms	3,168,000
Wind farms under construction	1,588,100
Consented projects	4,412,000
Projects in planning	8,154,000
	£17,322,100

It is important to add caveats to these figures. For example, it is unlikely that all of the projects in planning will receive consent and be constructed, and the nominal annual benefit does not take into account the different stages of the projects (i.e. it is based on the assumption that they are all operational over the same annual period). The scenarios also assume that all wind farms have associated community benefit arrangements.

The scenarios exclude initial capital payments, indexation of annual payments or any revenue gained by communities from owning turbines, or from owning the land on which turbines are sited.

The UK's energy target of generating 15% of all the UK's energy from renewables by 2020, suggests 35-45% of electricity will have to come from these sources, the majority of which will have to be wind. This in turn provides a total potential of £66 million per year of community benefit from commercial wind farms across the UK.

It is worth noting in this context that the existing planning background in Scotland appears to be weaker than in England and that planning gain benefits north of the border are relatively underdeveloped.ⁱⁱⁱ Furthermore, existing guidance is generally passive as far as community

benefit is concerned and in the absence of a clear national strategy the renewables industry is working within a context of an essentially voluntary code of practice.^{iv}

2.2 Community-owned Renewable Projects

Although there are presently only a handful of completed community-owned renewable projects, there are some 138 schemes in development. Their total financial requirement is estimated at £225 million to provide some 200 MW of installed capacity. Net annual revenues accruing to community bodies from such projects is likely to exceed those from mainstream developments. At an average net income of £100,000/MW the combined annual profit will be of the order of £20 million per annum.^v

2.3 Offshore and Marine Sources

Scotland has an abundance of renewable energy resources with an estimated 25% of the European resource of wind and wave power and 10% of EU capacity for tidal power. The position in respect of onshore wind is emerging as described above, but the future role of community organisations in the mix of offshore power generation is as yet unknown.

The potential for offshore wind in Scotland is up to 25 GW of installed capacity, more than double the estimate of 11 GW for onshore wind. The potential for wave and tidal stream is 11 GW and 7.5 GW respectively. The current installed capacity for hydro power is 1.4 GW with an estimated potential of up to 1.63 GW. The offshore and marine potential is thus very large in relation to the total possible output from onshore renewables.^{vi}

There is no better way to simultaneously stimulate economic growth in the areas most likely to gain from these developments and empower the community sector across the country than to ensure that the maximum community benefits are captured from this potential.

One community-based initiative that is addressing this potential opportunity is the Argyll Renewables Communities or ARC Consortium formed by the Islay Energy Trust, the Kintyre Energy Trust and the Tiree Community Development Trust. The consortium intends to "identify ways in which their communities can become active participants in the development and operation of offshore wind and marine energy projects, rather than merely bystanders." See:<http://islayenergytrust.wordpress.com/argyll-renewable-communities-consortium/>

2.4 Other Renewables

Although more limited there are possibilities for benefits to accrue from hydro-electric schemes, biomass, land fill gas etc.

For example, a small hydro scheme in Duror provided a lump sum of £10,000 to the local community council, which spent the money on various projects, including a community centre extension and refurbishment (£5,000) and associated playing fields (£1,500). A similar scheme at Glen Tarbert, near Strontian provides an indexed-linked fund of £830 per year over 25 years administered by Sunart Community Council.

2.5 Summary

The potential scale of income accruing to the community sector is unprecedented and is likely to transform many of its constituent bodies throughout Scotland, not least some in the more remote and fragile areas. At least £35 million per annum of net income is likely to be flowing into communities benefiting from renewables within the next decade or so and if offshore and marine technologies provide benefits on a similar scale per MW of installed capacity this figure could rise to over £100 million per annum within 20 years.

These kind of figures suggest that the community organisations could become a significant investor, especially in rural Scotland, over coming decades. How then should those responsible for making investment decisions approach this opportunity?



3 Key Insights and Lessons - Some Recurring Themes

Many of the experiences described below are the product of a unique set of circumstances, and no two are the same. However, based on these case studies and wider experiences within the community sector various general themes emerge that will be relevant to a variety of organisations anticipating significant gains from renewable energy projects - or indeed other sources.

We have divided the crucial factors emerging from the case studies that are likely to underpin successful investing for community benefit into various headings that fall under four main themes:

- Creating and Maintaining a Core Mission
- Governance and Best Practice
- Partnerships
- Opportunity, Financial Assessment & Risk

At the outset it is also important to stress that the commercial investment opportunities for community businesses depend on location. Market opportunities are to a significant degree based on population size and visitor flows. Not everyone has the same opportunities as the London-based Coin Street Community Builders! Within Scotland many of the opportunities available to and the challenges faced by community organisations in the north and west and in the rural areas of the south are very different to those that occur in Central Scotland.

Nonetheless, despite their very different situations each of the case study organisations has become a community 'anchor'. These are **community-led bodies that act as key rallying points for the process of local empowerment** and usually have a range of characteristics that enable them to provide a local leadership role. These characteristics include that they:

- are multi- purpose;
- usually operate from a physical hub;
- often own or manage other community assets;
- bring a dynamic and enterprising approach to their work and that of associated local groups.

3.1 Clear and Consistent Purpose: Creating and Maintaining a Core Mission

Community organisations are often created either in response to the perception of an opportunity or as a response to market failure - and sometimes both. Examples in the last category include Stòras Uibhist, Gigha and Coin Street. **Successful community organisations are usually those that identify a clear mission at a very early stage** and avoid the temptation to become distracted from the key social aims that originally informed them. Successful organisations need also to be flexible and dynamic, but a recurring theme is the creation of systems and structures to ensure the core aims remain at the centre and that the growing scale and nature of new projects do not become the end, rather than the means.

Formal assessments of linking decision making to wider mission were not a significant feature of the case studies, but in all of them a long-term commitment to social aims was a

crucial motive factor. As the organisation grows, an effective system of appraisal of local need and some means of reviewing and measuring impact is likely to be a key aspect of a truly successful community anchor. There are a variety of methods used to describe and measure these social impacts such as referring to the 'triple-bottom line', social auditing etc.

Having a strong statement of principles that steer the organisation and are rooted in an understanding of the common good are important to prevent 'mission drift'.

3.2 An Effective Organisation: Structure, Governance and Best Practice

3.2.1 *Organisational Structure*

In the beginning, developing an appropriate organisational structure to invest for community benefit is vital. There are a number of options and new community organisations need to **adopt the appropriate legal and business model** and evolve a structure and systems that are fit for purpose and which enable them to engage in the required activity to implement their strategy, or respond to any opportunities that arise. It is vital that structures are robust, transparent and invite wider engagement by the community and other partners.

From the outset board members need to grasp the implications of the differences between personal/collective action and operating from within a legal entity, usually with limited liability. This legal protection that enables individuals to separate their personal finances from their business interests comes with conditions. Guidance should be sought as to the various forms available and the different responsibilities and opportunities they provide.

See also below under "Further Information about Community Investment".

3.2.2 *Transitions*

In common with most organisations, community bodies are often founded by a key entrepreneur or enterprising groups of individuals. Strong leadership with imagination, adaptability and entrepreneurial flair are key ingredients of early success.

Managing the transition from an early phase, which often involves bold, decisive action into a more mature state of affairs involving group consensus, clear procedures and policies etc. is also crucial. Founding individuals are sometimes complex, colourful or difficult characters. They need to understand when the time has come to step back and take a reduced role. The incoming managers need to be able to distinguish between creating genuine best practice on the one hand from developing an environment that is in the comfort zone but fails to deliver the next phase of growth on the other.

At a later stage in a commercial organisation's growth the drive for shareholder value often keeps things moving. In a community enterprise this may be lacking. Boards and stakeholders should therefore be on the lookout for evidence of complacency or stagnation. There is nothing wrong with an organisation that finds a suitable niche for itself and sticks to it, but this should be a conscious choice. Continuing growth or diversification, if it is desired, is likely to be achieved through being responsive, flexible and opportunistic. (See Stornoway Trust, Fyne Homes and Caernarfon case studies.)

Communities benefiting, or hoping to benefit from significant renewable energy-based income streams may face more unusual transition issues such as the need to establish themselves and act quickly rather than grow incrementally. In some cases this may exacerbate the tension between early-stage individual flair and the need to engage with and involve the community at large. As a result, such community bodies may need to rely more on the support of intermediary agencies early on, especially regarding appropriate structures and ways to take the community with them. Such an approach may emphasise a portfolio of investments including mainstream financial instruments (such as bank deposits, unit trusts, bonds and so on) until such time as they feel at ease with more complex projects.

Another transition that is related to the nature of the core mission depends upon attitude to growth. As time goes on there may need to be consideration of **the distinction between growing the community and growing the community organisation**. At some point the option of creating new structures that are not wholly-owned subsidiaries but stand-alone bodies in their own right is likely to emerge. The case studies show varying approaches, with Ekopia and the Flax Trust amongst those that have explored the latter route.

3.2.3 In-house capacity

Not all community bodies will find it easy to access a wide pool of talented individuals. Maintaining a consistency of approach and style (where existing systems have been shown to work) may therefore be more difficult in these cases, but is still a worthwhile aim. Where possible, thinking long-term, even in the early years and avoiding making up policy on an ad hoc basis may prove beneficial.

There is now a substantial history of successful community-based organisations and networking with and **seeking out best practice** from these movements is likely to pay long-term dividends. It is important to continue to develop the capacity of the organisation in an ongoing way, and avoid the potential burn-out of board members and other key people.

Especially in the area of investing, it is important for an organisation to have access to the skills that can enable it to:

- Select and assess proposed investments and investment objectives (types of project to invest in, return sought, time period of investment, form of investment vehicle, use of investment returns etc.) This process is often known as 'due diligence' when applied to an investment in a project run by a separate body from the investing agency.
- Manage and monitor the investments.

These themes are examined further under the heading of "Opportunity and Financial Assessment & Risk" below.

The ability of the community organisation to deliver usually involves partnership working around particular activities with the local authority, other public service agencies, private companies and other third sector organisations. Developing such relationships is another key skill and this theme is also explored in more detail below under the heading of "Partnerships".

3.2.4 *Early Stage Funding and Developing an Asset Base*

In most of the case studies examined the combination of an early stage package of support that enabled **the purchase of an important asset** was a crucial aspect of the organisation's development. As noted by the authors of "Public Asset Transfer: Empowering Communities"^{vii} community ownership of assets can contribute to a wide range of innovative, bottom-up solutions developed to address local needs and:

- generate long term sustainable revenue streams for community organisations making them more sustainable;
- instill a heightened sense of civic pride and responsibility;
- provide local people with a meaningful stake in the future development of the place in which they live and/or work;
- contribute to more effective and more intensive use of local resources;
- be used as leverage to draw in new finance and expand the level of community activity;
- improve the quality of the relationship between the citizen, the community and the local state;
- provide new opportunities for local learning and community capacity building.

However, although grants or other subsidies can be crucial at an early stage, in some cases they may hinder growth because the organisation spends too much time grant-chasing rather than investing. In practice this need not be a significant problem for community bodies that have accessed a substantial income stream already, but this may bring other challenges associated with 'fast track' growth - see above under "Transitions".

3.2.5 *Community Engagement*

Successful community organisations often instinctively understand appropriate ways to engage with their community. This is not just a question of having marketing and communication skills, it usually also involves an element of genuine empathy and **a recognition that 'community' means different things to different people.**

Researcher Michael Woods has developed a simple matrix to map 'complex communities' an overview of which is included as an appendix. Understanding that community is multi-faceted is important and clarity of purpose equally vital. In the context of Findhorn Ecovillage for example, those who organise community meetings are well-advised to spell out clearly whether the event is for information purposes, community-building purposes, or decision making. Experience suggests that individuals who believe they are attending for one reason but discover the organisers have another in mind are rarely slow to voice their frustration.

Woods also notes that in some organisations, the active members are drawn disproportionately from certain sections of the community, which can create tension and disharmony. Most initiatives originate in the actions and intentions of a few likeminded people, but as they move on from this initial stage maximising inclusiveness is a key aspect of best practice.

In particular, the needs and attitudes of natives and incomers may be (or appear to be) at variance. The writer Alastair McIntosh recently noted the problems caused by the unwillingness of some communities to openly engage in dialogue about this difficult issue and urged a more active approach.^{viii}

3.3 Working with Others: Partnerships

3.3.1 Assistance for Smaller Groups

Not all communities will be able to muster the skills required to operate a strategic investment policy. The numerous small communities already benefiting, or about to benefit from windfalls from onshore wind farms may well need to seek advice from organisations qualified to assist them. A list of Scottish communities so benefiting is provided as an appendix.

Examples identified below include Glenbarr, who have been supported by Fyne Homes, and Drumderg, who have been supported by the Scottish Community Foundation. In the latter case Scottish and Southern Energy worked with SCF, as they have done elsewhere, noting that "working with the Foundation reassures us about how the community benefit will be managed as they take a consistent approach to how they hold, distribute and report on funds. Community benefit funds can be of significant value comprising payments made annually for up to 25 years. We know communities can struggle with the burden of managing these funds wisely, so the support, guidance and fund administration offered by the Foundation is invaluable."

There are a variety of other potential investment advisors and managers available including:

- CDFIs - Community Development Finance Institutions, which lend money to businesses, social enterprises and individuals who struggle to get finance from high street banks and loan companies. They help deprived communities by offering loans and support at an affordable rate to people who cannot access credit elsewhere. See www.cdfa.org.uk
- CCLA which provides specialist investment management for charities, faith organisations, and local authorities. See www.ccla.co.uk/

and a range of ethical investment advisors operating in the private sector.

In England and Wales the DTA has a 'Cultivating Enterprise' programme that offers support to community enterprises at the earliest stage of development, providing a flexible package that can be customised to meet the specific needs of development trusts and other community based organisations. See: www.dta.org.uk/activities/programmes/ce

In Scotland this ground is covered by the 'Aspire to Enterprise' programme co-ordinated by CEiS for most of the country and by HISEZ in the HIE area. The Scottish provision is aimed at social enterprise in general while 'Cultivating Enterprise' is specifically tailored towards community enterprise.

3.3.2 *Local Authorities*

Local authorities may also play a role in supporting community organisations. This can be advantageous to communities in that it reduces the time and effort required to actively engage with a developer.

However, there is a possible downside. There are examples of local councils attempting to act as the conduit for income from wind farm sites in order to benefit the entire community in their areas as well as those in the immediate vicinity. This provides funds for wider benefit but may dilute the potential benefit to those who are most affected by the project's impact. However, the bargaining power and other expertise provided by a council may well obtain greater local benefits than might otherwise have been the case, whilst also providing funds for wider benefit.

Muaitheabhal wind farm project for example, based on the Eishken estate in the Lochs district of Lewis, will provide benefits to both:

- Muaitheabhal Community Wind Farm Trust, which will receive 1% of the wind farm's turnover. The prospect of a £4.5 million investment in a causeway between the villages of Kershader and Laxay has been raised. The two settlements are on either side of Loch Erisort and about 12 miles apart by road, although the loch is only 0.3 miles wide.
- Western Isles Development Trust, which will receive a further 0.5% of the wind farm's turnover.^{ix} This is a body set up to negotiate community benefit from renewable energy developers with the aims of encouraging and assisting "economic, educational, environmental, cultural, social and recreational projects for the benefit of the people of the Western Isles."^x

Note also the potential for confusion regarding the definition of community-owned projects. Western Isles Development Trust is an enterprise that "is comprised of representatives from the Outer Hebrides Community Planning Partnership; the Hebridean Renewable Energy Partnership; the Scottish Crofters Foundation; the Association of Community Councils and Comhairle nan Eilean Siar" rather than 'community-owned' in the sense that the DTA, for example, would understand it.

There are other examples of local authorities entering into agreements with wind farm companies. For example Argyll and Bute signed a 2007 concordat with ScottishPower Renewables entitled a "Strategic Partnership in Renewable Energy". This non-exclusive agreement covers the co-ordination of "activities for mutual benefit" involving:

- a strategic site-selection study for wave and tidal stream power to identify suitable locations for early demonstration projects;
- Scottish Power's agreement to operate within the Council's Community Wind Farm Trust Fund Policy "which will draw resources from new large scale wind farms in order to ensure that the entire community of Argyll and Bute benefits from renewable energy."

Some other councils appear to have made similar moves, although we are unaware of any specific schemes having come to fruition as yet.

Another, and more alarming possibility that could affect communities is that local authorities may seek to reduce grant support for those that have access to funds of their own. This approach may be entirely consistent with a given local authority's desire to benefit communities most in need, although even given the current nature of financial pressures on the public sector, if this were to be extended to include a reduction in basic services that would be a different outcome entirely. Pressures of this kind are likely to increase given current constraints on public spending.

On a more positive note, Fife Council is discussing the possibility of establishing a community rolling fund whereby the local authority would help facilitate community owned renewable energy schemes, but require such initiatives to make a proportion of the income they derive from this available to neighbouring communities to enable them to develop their own projects.^{xi}

At present no clear pattern has emerged in Scotland, only a series of events that may eventually build towards a clear strategy for councils and communities to engage with. At present we can say that:

- For smaller communities, local authorities may be very valuable partners in negotiating benefits from renewable projects. This may come at the price of having some of the benefit more widely distributed and possibly reduce transparency and skew funding priorities, but for under-resourced organisations the costs may be significantly outweighed by the benefits.
- For larger or better resourced community organisations, councils may be one of several potential funding and advisory partners. Their input and guidance is likely to be a crucial factor in any plans brought forward, for both renewable schemes and later investments they fund. It is to be hoped that COSLA members will recognise the very significant long-term benefits such initiatives can bring to communities and seek to engage positively with them.

It is axiomatic within the community sector that community empowerment is effectively impossible without the ability to make decisions locally and that public sector bodies of all kinds should be active in enabling communities rather than the reverse. Communities need to be trusted to know how best to develop their assets.^{xii}

Communities themselves need also to be aware that the onshore renewable industry is attracting the attention of a wide variety of investors and potential beneficiaries and in the absence of statutory support for the community sector a pro-active approach is strongly advised.

3.4 Opportunity, Financial Assessment & Risk

All communities have distinctive circumstances and no two are the same in terms of the challenges they face and the **opportunities** available to them. There will always be ways to 'invest' in socially worthwhile projects that do not generate a financial return, but the availability of good project ideas to invest in on the expectation of a financial reward may be more limited. Nonetheless, investing in projects that make a financial return (profit) is essential for long-term sustainability.

Managers need to ensure that projects that are invested in provide ample financial returns to support the core aims, but just as often an agreed strategy may mean avoiding profit maximisation. A community organisation might for instance assess that financial inclusion was a priority and therefore decide to deposit funds with the local credit union in spite of the fact that this might offer a limited financial return.

For smaller communities and organisations at an early phase of development, it may be that investing in a mainstream financial instrument may be the path of least resistance. Not everyone or all community bodies are cut out to be entrepreneurs and being true to 'thine own self' should be a matter of principle for community investors. Another rule might simply be - don't invest in anything you do not understand.

For those that do involve themselves in investment projects a number of financial concepts are likely to prove useful including in particular 'yield', 'liquidity' and 'risk'.

Yield refers to financial return of investment usually an interest or expected dividend payment on a range of commercial market investment options. As the yield curve generally means that investments over a longer term offer a higher return, this relates to liquidity. Some investments perceived as higher risk also offer higher returns and this in turn relates to the appetite for risk.

Liquidity is a measure of available cash reserves. A rough rule of thumb suggests a strategy such as:

- less than 3 months operating reserves - keep it liquid in the bank - ideally one with a strategy of supporting community projects.
- up to 6 months operating reserves - keep half in a high interest account.
- more than 6 months - design an investment strategy according to agreed criteria.
- substantial investment sums - diversify/review the investment strategy regularly, and establish investment committee.

Specific guidance is provided for charities through the Trustees Investments Act.

The amount of funds available for investment may have a strong relationship towards attitude to risk. At an early stage it is likely that a given organisation may seek to develop its own asset base, but as reserves grow, investing in third parties may become more attractive.

As noted above, (see "Transitions") the point at which an organisation decides that it is financially secure enough to invest in other projects or partners may be an important marker of development.

Risk is a complex subject and business failure is a normal aspect of the commercial process. Investors that take no risks at all are unlikely to obtain significant rewards. (See the Goodwin Trust, Goole, Flax Trust and Ekopia case studies.) However, some boards may feel that the public nature of their activities may preclude taking liberties with what is, after all, the community's money. It may be that the case studies identified above will encourage a little appropriate risk-taking and at the same time enable those entering the arena to avoid some of the mistakes of the past.

It is possible that some community bodies benefiting from new renewable energy streams will prefer to minimise risk and choose only to provide services and facilities that provide a social rather than financial return. Renewable energy systems are by definition those that have the potential to provide power indefinitely. However, it should be borne in mind that technology and economics are subject to constant change. Much renewable energy production is currently only economic to supply due to subsidies such as Renewable Obligation Certificates and Feed-in Tariffs, which are unlikely to last. The pace of technological development varies - the citizens of communities in the Pentland Firth may be benefiting from tidal power for millennia, but in a generation or two currently unknown options may have made this form of power generation redundant.

Each community must make its own decisions but it is likely that those that achieve the most long-lasting benefits from renewables will be those that find ways to maximise the benefits and use the windfalls to create new sources of wealth and employment. In the current context of economic instability and the challenges presented by climate change and volatility in energy prices, maximising community benefit over the long term may well also involve investing in building community resilience in relation to food, energy and local economic production.

3.5 Community Investment: Encouraging Local Share Issues

3.5.1 *UK Trends*

Although unusual in a Scottish context, Ekopia is part of a wider community investment movement that is growing elsewhere in the UK.

By 'community investment' in this context we mean the practice of members of a community buying shares or bonds in an enterprise that serves a community purpose. It empowers communities by giving members – as part-owners – a direct say in the success of an enterprise, encouraging them to play an active part in its future. Members receive a fair return on their investment as well as sharing in the social, environmental or community benefits of the enterprise.

Community investment practices date back to the nineteenth century but the last ten years have seen a significant revival of interest.

- There are now at least 140 cases of enterprises with more than £10,000 of community investment.

- Total UK community investment now exceeds £300m.
- Collective membership is over 6 million.
- There have been 40 new cases in last 10 years, raising nearly £45m from over 63,000 members.
- The median amount raised is £135,000.

Prior to 1990 the overwhelming majority of such projects were consumer co-ops or heritage projects for the preservation of railways. Since then the former has stagnated but there are now numerous projects involving community retailing, renewable energy, community-based finance initiatives, farming, football etc. There are a variety of legal formats used but the co-operative model predominates with 34 out of the most recent 41 projects using it.

Further information is available at www.communityshares.org.uk including:

- "The Community Shares Programme: One Year On" (2010) Baker Brown Associates.
- "Practitioners Guide to Governance and Offer Documents" (2010) Development Trusts Association / Cooperatives UK - a detailed treatment for advisors/community entrepreneurs.
- "Investing in Community Shares" (2010), Development Trusts Association / Cooperatives UK - a shorter and plain English guide.
- "Community Investment: Using Industrial and Provident Society Legislation" (2008) Baker Brown Associates.
- "Community Share and Bond Issues" (2007) Development Trusts Association.

3.5.2 Forms of community ownership and investment

In this context it is important to be able to distinguish between community benefit societies and bona fide co-operatives mentioned in the Ekopia case study. The former is a means of community ownership. Members can obtain a reasonable return on their share, but profits over and above this must be used for community purposes, not private profit.

The latter, whilst very much a part of the international co-operative movement with its deeply rooted social aims and objectives, is essentially a form of collective private ownership.

There are other circumstances in which this difference can emerge and it is important to understand the apparently rather arcane distinction between:

- A community body that exists primarily to serve the community at large;
- A body owned by members of the community that exists primarily to serve those individuals - although it may in turn bring genuine indirect benefits to the community.

Further information about the details of the various options available for investment within different organisational structures and their implication can be found in "Investment Options For A Social Enterprise" available from Senscot - www.senscot.net/

3.6 Outline Checklist for Organisations Investing for Community Investment

The DTA/DTA Scotland produce a "Health Check" that is designed to focus on meeting the core aims of being a development trust, which covers many of the key factors described

above and will be relevant for many community organisations investing for community benefit. Three different levels of progress are attainable and for each indicator there are four assessment options:

- Fully Met – there is enough evidence to show that this indicator has been met.
- Progress – some evidence is available but further improvements need to be made.
- Started – there are plans for this and some activities have begun.
- Not Met – there is no evidence.

An amended extract from this comprehensive document is reproduced below with permission, focussing on questions that are specifically related to the investment process. Further details are available from DTA Scotland and we would urge interested bodies to utilise the full range of the checklist.

Investing for Community Benefit outline checklist

	Indicator	Fully Met	Progress	Started	Not Met
1	You have clear and agreed mission, aims and definition of your target beneficiaries.				
2	Management continuously reviews performance and plan improvements.				
3	Financial risk assessment is regularly undertaken (at least annually).				
4	The objectives of the Trust were defined through community consultation/ mapping exercise/ evidence of need.				
5	The objectives are reviewed every 1-3 years with involvement from the community and other stakeholders.				
6	The finances of the Trust are being pro-actively managed.				
7	You can demonstrate that it is 'needs led' and not funder or external agency-driven.				
8	There are skills related to financial management in the staff team and board.				
9	You have a policy for accumulating an appropriate level of reserves on the balance sheet.				
10	You have secured substantial assets in relation to turnover.				
11	There is clarity about profit or loss in each specific aspect of business				
12	Staff are employed with specific responsibility for asset development.				
13	You actively engage with partners on a local, regional and national level as appropriate.				

3.7 Other Reading Material

The following resources are available:

From Forth Sector at www.forthsectordevelopment.org.uk/pages/publications.html
A Business Planning Guide to developing a social enterprise. A 50 page step-by-step approach to starting up a social enterprise.

From DTA Scotland

Inspiring Change. A booklet and DVD for communities who are motivated and ready to take action to set up a development trust but need inspiration and information to take their first steps towards making their ideas a reality.

Start-up Toolkit a toolkit designed to enable groups to choose and set up an appropriate legal structure for a development trust.

By download from www.dtascot.org.uk/content/publications

So you want to set up a development trust? A guide for those looking to set up a trust answering some of the main questions such as: What is a development trust? How can a development trust benefit your community? What steps can you take to start a development trust?

Fit for Purpose. A diagnostic tool to help a new or developing community enterprise in assessing its strengths and areas for improvement against key criteria.

Cultivating Enterprise. A toolkit for starting up successful development trusts and enterprising community organisations.

Bearing Fruit: Report on good practice in asset based rural community development.

The Green Asset Guide. Improving the environmental performance of built assets.

To Have & to Hold. Guide to asset development for community & social enterprises.

Bonds & Bridge. A DTA practitioners Guide to Community Diversity

Early Warning Guide. An introduction to risk management. (So as a board member or manager you'll never have to say "I wish I'd said something sooner".)

History of Community Ownership by Steve Wyler

From the Scottish Community Foundation

A description of how the SCF can provide a grant-making service to others:

www.scottishcf.org/resources/news/view/53/working-together-general-information/?from=page/1

From Community Energy Scotland at www.communityenergyscotland.org.uk

This site has a "library" of documents relating to community ownership of renewables.

From the Association of Charitable Foundations at www.acf.org.uk

A Guide to Giving. A general guide to supporting to charities and good causes in effective and tax-efficient ways.

From The Plunkett Foundation - www.plunkett.co.uk

Building Community Assets. A Practical Guide for Communities Considering Purchasing Land and Buildings by the East of England Development Agency.

From the Transition movement

This network seeks to address community development in the context of the convergent challenges of climate change and peak oil. Its focus is less about building financial 'wealth' within the existing economic system, and more about establishing more equal and localised economies. There is a wide range of literature available from www.transitionculture.org, and assistance is available for communities wishing to develop this approach at www.transitionscotland.org.

From the Community Retailing Network at www.communityretailing.co.uk

Shop Talk, which includes various case studies.

Various **toolkits** such as How to Create a Community Shop and Post Office.

Local People Leading at www.localpeopleleading.co.uk

This network provides links to a wide range of community based organisations involved in specific aspects of community ownership including several of the above and others such as those involved in allotments, city farms, gardens, housing, recycling, time banking, transport and woodlands.

4 Stòras Uibhist

4.1 Overview

'Stòras Uibhist' is a collective term for various related organisations with group ownership of the South Uist Estate, which has a population in the vicinity of 3,000. The parent organisation is a company limited by guarantee created in 2006 that purchased this land on behalf of the local community, with support from the Scottish Government, HIE, Comhairle nan Eilean Siar, Scottish Natural Heritage and the Big Lottery Fund.

The Board is made up of seven democratically elected directors and one appointed director all of whom are non-executive. There are 12 core staff and many more permanent, seasonal and self-employed staff across their various activities. There is a chief executive who is appointed by the Board.

The estate is home to over 850 tenant crofters and numerous businesses in the aquaculture, agriculture, fishing, food processing, construction, tourism and service sectors. 18% of the houses on South Uist are second homes.

Based on existing income streams this asset generates a substantial turnover, although limited surpluses. However, in anticipation of a new renewable energy project with 6.9MW of generating capacity and other new income streams, Stòras Uibhist have given considerable thought to the options for re-investment in the local economy.

4.2 Background and Structure

Stòras Uibhist ("the store or wealth of Uist") manages 93,000 acres of land covering almost the whole of the islands of Benbecula, Eriskay and South Uist, as well as a number of other small islands. Their *raison d'être* is the £4.5million community buy-out of the South Uist estate that took place in November 2006. In addition to the public sector and charitable funders listed above, significant monies were also raised locally through a variety of fundraising efforts.

The relationships of the different bodies involved are complex and 'Stòras Uibhist' is used throughout to refer to the whole group unless otherwise obvious from the text. Sealladh na Beinne Moire Ltd. ("The view from Ben More") is the parent legal structure. A company limited by guarantee, its membership is open to all residents of the estate who are on the electoral roll and 845 members were eligible to vote at a 2010 EGM.

Current finances: there are various complications as several different bodies are involved including the Sealladh na Beinne Moire group (SnBM) and South Uist Estates Ltd. In 2009 the SnBM group has a turnover of £600,000 and South Uist Estates Ltd. has assets of £5.8 million and accumulated losses of £244,000. There are several other subsidiary businesses involved as described below.

SnBM is the owner of South Uist Estates Ltd. having purchased the shares from the previous proprietors. South Uist Estates is in turn the owner of the trading company Stòras Uibhist

Ltd. that has fixed assets of only £30,000. Various other SnBM subsidiaries are referred to below.

4.3 Current Development Activities

Local perceptions suggest that under the previous ownership South Uist Estate was poorly managed and losing significant amounts of money. Through managing costs and taking a solid business approach, this has been turned into an operating surplus within 2 years. For example, the sporting lodge on the Estate has experienced a 70% increase in revenue since 2007.

This has been possible as the sporting estate turnover started from a low base, the previous owners having kept several weeks aside for their own use. More fishing lochs are now being used and Stòras Uibhist has put considerable effort into marketing - see in-house websites below. There have also been positive articles in sporting magazines, which has generated more business.

4.3.1 *Sealladh na Beinne Moire*

SnBM's activities include estate management and crofting, the provision of fishing and sporting rights, the letting of the 8-bedroom Grogarry Lodge at Bornish and the renting out of various business premises. Over 95% of the Stòras Uibhist landholding is under crofting tenure, including most of the 55,000 acres of hill land on the east side of the island of South Uist. The crofts don't provide the estate with any net revenues and are effectively subsidised from surpluses. £62,000 was spent on this support in the last year. SnBM profits are also used to progress new developments (see below).

The estate also has a number of light industrial and other commercial sites leased out to private tenants. These include office space and storage facilities, shore sites for the aquaculture industry, food processing factories and various community facilities. In addition there are six working quarries.

4.3.2 *Lochcarnan Community Windfarm*

The project with the greatest potential to transform the economy of Stòras Uibhist and by extension of South Uist and Benbecula is the current plan for a 3 x 2.3MW wind farm, which could generate a seven figure income stream. Funded via a £2.5 million ERDF grant, and £1 million from the Social Investment Fund the £10.5 million project received planning permission in May 2009. Located near the settlement of Loch Carnan at the north east end of South Uist, it will require 2 miles of access roads. Power will be exported to the National Grid.

The project will be operated by South Uist Renewable Energy (SURE), a new wholly owned trading subsidiary of Sealladh na Beinne Moire. The expected annual profits of £1 million will be reinvested in improved infrastructure and the promotion of other business activity. The plan is definitely to emphasise commercial ventures that will bring further economic benefits to the area rather than socially beneficial projects such as swimming pools, youth clubs or village halls.

4.3.3 Askernish Golf Club

Askernish golf course was hidden beneath the machair for more than seventy years until re-discovered in 2005. It was designed by Old Tom Morris in 1891 and re-opened by Kenny Dalglish in August 2008. Askernish Golf Club is a tenant of Stòras Uibhist and has Community Interest Company status. For the golf course to meet its full potential private investment is essential and this structure was used to allow for inward investment, whilst retaining the community emphasis. There has been no major external investment so far although this may happen in the near future. Any surpluses created by the Club will be re-invested in other projects that will benefit the local community.

The combined effect of golf course and estate sporting activity has been to lengthen the tourist season with consequent knock-on economic benefits for B&Bs and other local businesses. This growth in activity has also generated private investment in improving available accommodation. In future it is planned to market the golf, fishing and other sporting opportunities as combined activity holidays.

4.4 Future Investment Plans

Although new money coming on stream from the Lochcarnan Windfarm is some time away, with production not due until commence Spring 2012, Stòras Uibhist have put considerable thought into what this, and existing income streams, could fund.

4.4.1 Development Land

There are a number of areas of land available for commercial development and favourable lease terms are currently available. Stòras Uibhist themselves currently operate from a temporary office in Bornish. They are seeking to identify new office accommodation that will also provide services to other businesses and agencies.

They are also in process of acquiring offices / rentable work spaces in Daliburgh from HIE which have lain empty for some time. The existing facilities would need to be sub-divided, serviced and fitted out.

Plans are being developed to implement an infrastructure and drainage plan for South Uist at an estimated cost of £1 million.

4.4.2 Lochboisdale Port of Entry Regeneration

Transport links to and from the islands are crucial and there are fairly well-advanced plans to develop Lochboisdale harbour including a new road, enabling works such as marshalling facilities and warehouses that will assist local businesses to compete in the mainland market, a fishing boat pier, a marina, fishery and tourism services and waterfront housing. The budget is circa £10 million but a substantial amount has already been raised through the ERDF and HIE. The initial plan was for a smaller £4 million phased development but the prospect of creating 100 post-construction phase jobs has attracted increased interest from potential investors.

It is hoped that the new twin berth pier will admit boats with a draft of up to 8.5m, including commercial craft and cruise liners in addition to the existing ferry services. The arrival of Road Equivalent Tariff for ferry fares is expected to increase traffic and the new

Lochboisdale port will be the only facility in the islands designed and built to handle this load.

The developments will be done in "the style of a traditional West Coast fishing village".

A related issue is the role of the ferries to the mainland. Economic development is to a considerable degree limited by their capacity. Currently, it is necessary to book well in advance and in the summer months a month or more's notice may be needed to get a weekend passage for a vehicle. If Stòras Uibhist is successful in its efforts to secure a direct ferry service from Lochboisdale to Mallaig then the local economy will be much better placed to compete with mainland markets.

4.4.3 Other Issues & Initiatives

The provision of housing support is being considered, having been identified as a community priority, but it is likely that this could only be progressed if a funding opportunity arose (e.g. through the Rural Homes For Rent scheme). It is possible that services for new housing may be provided on cleared land^{xiii} to the east.

Small (20kW) turbine projects are also being progressed to provide power direct to local businesses. A pilot project with 5 businesses is being progressed. It is anticipated that this scheme could be expanded in the future. Stòras Uibhist is happy to consider any potential projects that are proposed, whether for existing businesses or new ventures.

4.5 Investment Process

As a community organisation Stòras Uibhist is committed to involving the local community in its decision making. In the past 2-3 years circa 15 public meetings have been held to discuss strategy and tactics, especially in relation to the wind farm project. A recent postal ballot to elect board of directors achieved an 83% response.

Nonetheless, as many involved in community development know only too well, running a community organisation can bring pressures of a singular nature. In May 2007, two directors of SnBM resigned, citing differences of opinion with the chairman and vice-chairman regarding public consultation.

Arguably the challenges facing agriculture, business, housing and social development are so well known by island residents that even though their scale is daunting, and the various projects require prioritising, the overall strategy at this early stage may have been more obvious, and the resources to tackle them more abundant than would be the case for a much smaller community, or one in an urban environment.

Nonetheless, there is no shortage of issues to consider. Stòras Uibhist are currently attempting to quantify the economic effects of the longer tourist season related to outdoor activities described above. There is a desire to support employment through business development, although it is by no means certain how this may best be achieved. The idea of a 'venture capital fund' rather than a standard trading subsidiary arrangement is being considered although no firm plans have been brought forward as yet.

4.6 Impact of the Investments

At the present stage of development these are relatively intangible. Even so, the impact on local confidence, investment and morale seems to be considerable, and is likely to pay considerable dividends in coming years.

4.7 Key Lessons

- The crucial role of **land ownership** for rural communities and the value of a large one-off public investment in transforming an economy.
- Concomitantly, the importance of **public sector funding partners**, especially in the early stages.
- **Local relationship challenges.** The upside of a transformational community-based project is the dynamism and enthusiasm it brings to many aspects of local life. A degree of conflict is inevitable, and managing this can be as important as having the right commercial skills.
- The key role of the substantial **renewable energy** project at Lochcarnan.
- **Luck** sometimes plays its part. If the golf course were otherwise exactly the same but designed by someone less famous, the marketing opportunity and its economic spin-offs would be lessened.

4.7.1 *Further information*

Stòras Uibhist	www.storasuibhist.com/
Grogarry Lodge	www.grogarrylodge.com
South Uist Fishing	www.southuistfishing.co.uk

5 Isle of Gigha Heritage Trust

5.1 Overview

The community buy-out of the Hebridean island of Gigha took place in 2002 and the subsequent renaissance of island life is well-known. Their investment in wind power followed closely from this event and has made a significant contribution to the local economy. Other investments in for example housing also followed and suggest that even small communities of less than 200 people can undertake radical and complex plans if empowered to do so.

5.2 Organisation Structure

The majority of the island is owned by the Isle of Gigha Heritage Trust - a community-owned body and development trust. This Trust has also created two subsidiary companies: Gigha Renewable Energy Ltd. (GREL), to buy and operate three wind turbines and to investigate and develop further renewable energy generation; and Gigha Trading Ltd. (GTL) that operates a number of other economic initiatives on the island, including the Gigha Hotel, a number of self catering cottages and the Gigha Quarry.

5.3 Organisation History

The population of Gigha peaked at over 700 in the eighteenth century, but during the 20th century declined steadily until only 98 residents remained at the turn of the 21st century. This decline was in part due to a succession of owners who failed to invest in the development – indeed even maintenance – of the island's economy and facilities. Since a community buy-out in 2002, there has been a transformation in the level of activity on the island and in the morale of its citizens, who have grown in number to over 150 with the school roll increasing from six to 22. The Trust has been involved in both creating and catalysing a wide range of activities touching on all aspects of the island's life.

5.4 Investments

The community buy-out came with a price tag of £4 million. This was raised through grants from the National Lottery and Highlands and Islands Enterprise together with a £1 million loan from the Scottish Land Fund (SLF). Additionally a sum of £150,000 was deferred from the purchase price to be repaid by the Trust within one year. Most of the loan (c. £650,000) was repaid through the sale of the former Laird's home (Achamore House) together with a small offshore islet.

An additional £550,000 was raised by the islanders through various land sales and fundraising ventures. Development land was sold to Fyne Homes housing association (see also section 10) for up to 18 houses to be constructed, and a number of quarter acre plots were purchased by islanders to construct homes. Fundraising exercises undertaken by islanders included the sale of a special blend of whisky, auctions, donations, ceilidhs etc., which generated considerable funds. These activities allowed the deferred payment to be made within a year and the SLF loan to be paid back in full on March 15, 2004.

The first major community project was the creation of three purpose-built small business units on Trust land, initially sold to HIE, but repurchased by the Trust in 2010. These currently house the Gigha Craft Shop and the Gigha Gallery, both of which add to what the island has to offer to visitors.

5.4.1 Housing

One of the main priorities for the Trust on taking over the island in 2002 was to address the chronic condition of the estate housing stock on the island. A survey of housing conditions found that of 42 trust owned properties, 75% were classed as being “below tolerable standard” meaning that they should not be inhabited, with a further 23% classed as “in serious disrepair”. With this in mind, the Trust embarked on a £6 million Housing Improvement Programme to renovate and upgrade its existing housing stock, initially with support from Argyll and Bute Council and the Scottish Government, later funded with income derived from various community assets and income streams. To date the Trust has renovated 23 residential properties, (improving conditions for tenants, and ultimately saving money on heating that has been liberated to spend elsewhere in the community), with a further 16 home renovations remaining to be undertaken.

A survey of housing needs also highlighted not only the poor state of the estate property at the time of the buy-out but also the severe lack of housing. The Trust decided that if it wished to encourage new economic activity on the island to help regenerate the community, new homes would be required.

Consequently, the Trust decided on the sale of plots of land to people living and working on the island or to those who wished to re-locate to the island to live and work. A consultative planning exercise was undertaken resulting in the evolution of a master plan and design guide that has now been adopted by Argyll & Bute Council and that is used by the planning department to guide new development on Gigha. Diversifying the type of housing tenure available is a key feature in the overall housing strategy and has allowed families the opportunity to build their own homes.

Land was sold to new incomers to the island to build their homes if they were able to demonstrate they would be developing businesses or bringing key skills to the island. Some Trust land was also sold to the housing association, Fyne Homes (see case study below), for the construction of 18 new homes for social rent. The receipts from these sales have been re-invested in the Housing Improvement Programme.

Renovation work was also undertaken by GTL on the hotel and some of the self-catering cottages and in the refurbishment of a derelict farm steadings into four-star, self-catering units for visitors, which is run for the financial benefit of the Trust. Additional income is generated for the Trust through the let of the boathouse and of land on the shore for new businesses, including canoe and bike hire. Ultimately, all profits from these assets are reinvested in the community, either through investment in improvements in the capital stock (hotel, cottages) or directly through the transfer of income and profits to the Trust.

5.4.2 *Wind Farm*

The next major project was the creation of a wind farm which, by the time of its launch in December 2004 was the UK's first grid-connected, local community-owned wind farm. The facility comprises the "Dancing Ladies", three second-hand wind turbines – Faith, Hope and Charity – which have an installed capacity of 675 kW, generating over two gigawatts of electricity per annum.

The total capital cost for the wind park was £440,000, with the financial model comprising a three-way mix of: i) grant funding (£50,000 and £82,000 from, respectively, the Fresh Futures, Sustainable Communities Project Fund (National Lottery funding administered by Forward Scotland) and the Scottish Community and Householder Renewables Initiative (Scottish Executive money administered by HIE); ii) commercial loan finance of £148,000 (provided by Social Investment Scotland); and iii) £120,000 of equity holdings (£80,000 by HIE and £40,000 by the Isle of Gigha Heritage Trust).

The fixed rate loan, which had a five-year repayment period, was repaid a year early and the equity held by HIE redeemed ahead of the scheduled five-year redemption date. The equity held by HIE comprised both redeemable ordinary shares and redeemable preference shares upon which a six per cent dividend was payable.

Given the imperative for investment on the island after decades of chronic neglect, all profits from the wind farm have been passed directly to the Trust. These include revenue from the sale of electricity sold to the grid through a Power Purchase Agreement with Good Energy Ltd. and rent that GREL pays for the land on which the turbines stand. Total income to the Trust from the turbines is in the region of £125,000 per annum.



Two of the "Dancing Ladies"

5.4.3 *Other*

The Trust has also re-opened a quarry, with financial help from Future Builders Scotland, to supply low cost stone and create new jobs and training opportunities for residents. The quarry is a very small operation that produces aggregates from local blue whinstone. This is mainly used for construction and maintenance of tracks and for the building work on the island. The quarry employs one quarry operative and an administrator, with profits going to the Trust.

There were four dairy farms on the island, one of which was vacant at the time of the island purchase. It was quickly let, and the Trust decided to enlarge all four to give them a chance of greater viability. Vacant land on the island was used to augment the pre-existing agriculture holdings.

These various income streams have permitted a number of other infrastructure investments, including road maintenance and improvements, the building of a children's play park and an upgrading of the petrol station

A number of other investment projects are currently at the planning stage. The Trust is examining the possibility of investing in a new turbine and has hired consultants to investigate the establishment of new crofts on the island to allow the creation of more small businesses, and to complete the re-organisation of agriculture on the island, following the buy-out. The Trust is also fighting to save the local moorings from being removed by Argyll and Bute Council, in the hope of developing better facilities for those visiting by yacht or rigid inflatable boat.

5.5 Investment Process

Investments have been identified according to two criteria: first, on the basis of need, especially in relation to the housing stock, which was judged to be a threat to the viability of the community; and second, with a view to generating income for future investment in community initiatives. Where possible, investments have satisfied both criteria. So, for example, the quarry provides lower cost aggregates for local construction and generates employment as well as turning a profit, while the hotel serves as a village pub and a year-round social centre while also operating as a profitable business.

5.6 Impact of the investments

There has been nothing short of a revolution on Gigha in the almost ten years since the community buy-out set in train the series of initiatives described above. Indeed, 15 March, the day when the purchase went through, is celebrated as the island's "independence day". Willie McSporran, chairman of the Trust at the time, reflected on the importance of the buy-out: "The Trust turned 300 years of population decline on its head by encouraging new development and the growth of the local economy. A sign of the surge of people wanting to relocate to Gigha is that we are struggling to meet the demand for housing despite building 18 new homes." (In fact, 25 new homes had been built by mid-2010.)

The principal benefit has been the growth in population that has been permitted both by the investment in housing refurbishment and the creation of opportunities for new housing. This has been mirrored in the increase of the school population. In short, the investment strategy pursued by the Trust looks to have assured the viability of an ongoing community on the island, something that had previously looked increasingly tenuous.

New businesses have been launched, new employment generated and services of direct relevance to the needs of the people of Gigha have been introduced. Of especial significance in this regard is the installation of the wind turbines that provide both self-reliance in the generation of electricity and a significant ongoing income-stream for ongoing investment.

The investment activities of the Trust have also had a catalytic effect in raising the morale of the population and facilitating a more engaged and dynamic citizenry on the island. Numerous private businesses have sprung up providing a boost to the local economy, including the multi-award winning Boathouse Café Bar and numerous enterprises catering for the leisure and accommodation needs of tourists.

Successful funding bids for other initiatives have been submitted, riding at least in part on the wave of enthusiasm generated by the Trust's activities. The Community Awareness Raising Scheme, funded to the tune of £24,000 by the Scottish Government's Climate Challenge Fund, has recently been launched. It will provide interpretation display boards that will enable the community and visitors to understand the benefits of renewable energy and will also involve the organisation of activities for both the community and the local primary school around energy efficiency, renewable energy, sustainable transport, recycling and composting, horticulture and local food production.

In addition, with substantial investment from the Nadair Trust, the National Lottery and Scottish Natural Heritage, one of the key visitor attractions to the island, Achamore Gardens, are being re-developed, celebrating the distinctive horticultural heritage of the island and providing a unique recreational space for local people.

In short, the Gigha community is today larger, healthier, better housed and with enhanced resources, employment and prospects than it was ten years ago. It has, to a significant extent, taken its destiny into its own hands. Recently, the historian James Hunter stated that the transfer of ownership into community control had brought about "a spectacular reversal of Gigha's slide towards complete population collapse" and suggested that Prime Minister David Cameron should consider visiting the island to inform his "Big Society" initiative.^{xiv}

5.7 Key Lessons

Several lessons emerge from the Gigha experience.

- The importance of significant **early-stage donor funding** and external equity investment, since without such support, it is most unlikely that the islanders could have afforded the buy-out that is the foundation on which all that followed was built.

- Provided careful control is exercised over the identity of the buyers, it may be of value to a community to **sell some of its assets** to generate income for investment in other strategically important community-controlled facilities and initiatives.
- An appropriate **balance** needs to be struck between investments to generate future income streams and the satisfaction of more immediate community needs. Where such needs are especially great and pressing, community buy-in may depend on the latter being prioritised over the former.
- Finally, a wise **investment strategy** to follow is one in which the needs of as many as possible of the different participating stakeholders - community members, the community organisation, incomers and outside investors - can be met. Many of the Trust's investments including, for example, those in the hotel, the quarry and the wind turbines, generated multiple win-win scenarios.

5.7.1 Further information

Isle of Gigha Heritage Trust www.gigha.org.uk



The Gigha Hotel

6 Ekopia Resource Exchange Ltd.

6.1 Overview

Ekopia Resource Exchange Ltd., usually known simply as 'Ekopia' is a community benefit co-operative, which was registered with the FSA as an Industrial & Provident Society (IPS) in 2001.

It has a board of five elected directors and employs three individuals part-time including an executive chairman, secretary and finance manager.

Located in the Findhorn Ecovillage in west Moray, it was created in response to a form of community buy-out relating to the local shop. The main challenge was to create a structure that would allow for a significant number of individuals to make an investment in a community project. Having achieved this initial outcome Ekopia then went on to make further investments in a variety of community initiatives, including wind power, housing and a local currency system.

Current finances: - 2009 turnover £82,000 (including Titleholders' accounts - see below); share capital, £650,000; retained profits £33,000; total assets £865,000. Cash reserves currently £60,000.

Given the particular nature of its location not all of Ekopia's activities may be relevant to emerging community bodies seeking to invest funds, but the structure and processes involved in their investment activities are likely to be of interest.

6.2 Ecovillage Background

The Findhorn Community (or "Findhorn" as this project is often called to the annoyance of some residents of the adjacent village), was created in 1962 by a retired RAF officer and hotelier, his wife and a Canadian friend of theirs. Their motivations were essentially spiritual and during the next decade and half a single household grew to become a substantial intentional community with over two hundred members located at Findhorn Bay Caravan Park and environs. The main income stream was (and still is for the founding charity) residential courses embracing a variety of non-denominational aspects of spiritual inquiry.

The Findhorn Foundation (aka "The Foundation") was created in 1972 as a charitable vehicle for these activities. By the 1980s it had purchased a number of properties in the vicinity but the backbone of its housing continued to be mobile homes. In response to the growing international interest in environmentalism, a wider Ecovillage project was conceived that has grown slowly but steadily. There are now over 50 eco-structures, the community has over 40 different organisations and in the region of 650 resident members.

In addition to Ekopia and the Findhorn Foundation, these organisations include: Phoenix Community Stores Ltd. (a creation of the buy-out referred to above); Moray Steiner School, which has about 100 pupils; New Findhorn Directions Ltd., the Foundation's trading subsidiary; Duneland Ltd., which owns some local property it is currently in process of developing; CIFAL Findhorn, a UN-accredited training agency and so on. A 2002 study

estimated that the Foundation and its associated organisations and businesses supporting approximately 300 jobs (fte) in the Findhorn / Forres area and providing about £3.8 million in household income within Moray.^{xv}

Some negative local publicity notwithstanding, the Foundation has been awarded a UN Habitat Best Practice designation and is a founder member of the successful Global Ecovillage Network.

6.3 Development

In the mid 1990s the Foundation's trading subsidiary had developed several different trading divisions and the complexity of running them led to a decision that most of them should be sold into some form of wider community ownership. The Phoenix shop, with a turnover of about £1 million and 30 employees, was clearly a candidate and the management researched and developed an innovative plan. The aim was to have the shop business purchased from the Foundation by several different parties of shareholders, including as many as possible of the customers. Industrial & Provident Society legislation allows community benefit co-ops to advertise shares in a fairly wide way without the considerable expenses that are involved in other forms of public share issues, so Ekopia was created as the vehicle to undertake this part of the buy-out plan.

The issue took time to build up but was extremely successful, raising over £250,000 toward the purchase price, the bulk of the money in £500-1,000 investments from over 200 different individuals. Some interest was offered but the biggest incentive for these investors was the offer of 5% discount on all purchases made at the shop.



The Phoenix Shop

The founding board of Ekopia had considerable experience of running social enterprises of a diverse nature, but none had prior engagement with a co-operative issuing shares for re-investment. Indeed we believe that Ekopia remains the only example of such a co-op (outside of the arena of football supporters' bodies) in Scotland, although there are a growing number of such bodies in England & Wales. There was therefore something of a learning curve in the initial research, launching and operation of the organisation. However, it soon became clear that Ekopia was a vehicle that could offer shares in support of other community businesses and this became, and remains, its core business.

Ekopia is a founder member of Development Trusts Association Scotland and a member of Co-operatives UK, Community Energy Scotland, and Moray Social Enterprise Network.

6.4 Investments and Other Activities

Ekopia has now raised over £650,000 in share issues and further amounts in the form of loans and grants and now has in excess of £850,000 invested in a number of Ecovillage project businesses.

These include:

£260,000 in the **Phoenix shop**, mostly in the form of shares, although there is circa £40,000 of loans included in this total;

£287,000 in **Findhorn Wind Park Ltd.**, which produces electricity using four wind turbines with total capacity of 750kW. £260,000 of the total is in loans, the remainder in shares giving Ekopia a 30% stake in the project;

A circa £50,000 loan to New Findhorn Directions Ltd. to support the construction of two new ecologically designed **holiday chalets**;

A loan of £80,000 to Station House Co-operative, a 'fully mutual' **housing co-op** in the village of Findhorn;

Loans of about £90,000 in total to the Moray Steiner School and Newbold Trust (both based in nearby Forres) to support various developments.



Lifting the blades at Findhorn Wind Park

All of the above are expected to generate a financial return so that Ekopia can, in turn, pay interest to its investing members. Most members earn a return in the region of 3%-5%.

In addition to the above Ekopia operates a 'Land and Housing Trust' division. Through a combination of gifts and profit making activities Ekopia has access to over £50,000 that it can make available to Ecovillage residents in need of housing. A variety of mechanisms are in place but the aim is to provide low or zero interest long-term financing that will reduce a rent or mortgage, and which will be repaid when the tenant/owner moves on. This division also owns a small amount of amenity land.

In 2002 Ekopia launched the Eko, a local currency system that has operated successfully ever since. The details go beyond the scope of this report but this scheme has enabled Ekopia to make a further £15-20,000 available to community bodies in the form of loans and provides a small amount of profit, much of which is then gifted to support local projects.

Ekopia also act as a vehicle for the 'Titleholders' Association'. This is a group of private owners who have residential properties at the main Ecovillage campus and who pay various fees towards the up-keep of the site. Their title deeds require the structures to be to a high level of eco-specification and that the houses are lived in year round. (This need not be by the owner, but empty houses and holiday lets are forbidden).

6.5 Investment Process

Typically, an investor will purchase shares in Ekopia and the cash so raised will then be used to support one or other of the projects listed above. The average investment is about £2,500, although the modal figure is £500. (IPSs are prohibited from offering shares in excess of £20,000 to a single individual by law). However, to reach the point of share issue several stages must first be gone through.

The project will present a business plan of some kind to the Ekopia board. The latter conducts a 'due diligence' exercise in which they go through the project. There are several main outcomes. Ekopia has to decide whether or not it wishes to invest. If it does it must arrange some kind of contractual agreement with the project including an understanding of what Ekopia will offer its prospective shareholders in the way of a return and thus have to charge the project. Ekopia must also assess the level of risk involved, with four categories used (low, medium-low, medium-high and high). Ekopia then has to hire an external agent to assess whether or not the proposed share issue is a reasonable offer from the shareholders' point of view.

A feature of the IPS structure is that allows for a wide variety of different relationships with a single form of share capital. Thus for example, Ekopia can issue shares to support the wind park project that have a withdrawal date of one, five or ten years hence. The details as they apply to the individual's investment are specified in an 'allotment letter'. When the allotment letter is signed the member receives a share certificate and their cash can be invested on their behalf. Within Ekopia there are thus various funds raised through separate share offers made at different times and for quite separate purposes.

Another apparently obscure, but important issue is Ekopia's "community benefit" or bencom status. IPSs are of two forms: community benefit societies and co-operative societies or bona fide co-operatives.

The former has: transferable shares and does not have the ability to advertise shares issues without recourse to a complex and expensive prospectus. Transferable shares can be sold by one individuals to another without reference to the issuing organisation.

The latter has: withdrawable shares and the ability to advertise shares issues without a complex and expensive prospectus. Withdrawable shares cannot be sold on the open market - they can only be redeemed by the issuing organisation.

A further note on the differences between these two forms is explored below under "Further Information about Community Investment".

Ekopia's experience is that it can be difficult to raise capital with a fixed term of more than 5 years and as a result most Ekopia share capital is in principle withdrawable on reasonable request (normally with 3-6 months notice). If this proves impractical for any reason, withdrawals are at the discretion of the board. This has potentially significant ramifications - see the next section below. The relatively short period of investment preferred by most investors is in contrast to the experience of some other bodies of a similar nature and may be a feature of the Ecovillage.

Ekopia operates an 'Ecovillage Fund' share offer where the investment target is at the discretion of the Ekopia board rather than the investing member. About £100,000 has been raised by this method.

6.6 Impact of the Investments.

Although Ekopia's portfolio is modest by the standards of even a very small mainstream financial institution it clearly has had a significant impact on the local community.

In the years since the initial 2001 buy-out the Phoenix shop experienced growth and profitability. With so many investors involved, withdrawals were a regular feature of the share issue in the first six or seven years. However from 2007 onwards the shop began to experience significant losses, and withdrawal requests began to exceed incoming investment. As a result an eighteen month to two year waiting list is now in place with resulting unhappiness and frustration amongst some of those wanting out. Although the prospects for the shop and its investors are currently in the balance this has been an important investment, which most shareholders continue to support and which has secured a valuable asset under community control and provides a return for most investors via the discounts involved. Almost any other method of share issue would have resulted in the shop becoming owned by private individuals.

The wind park project was Ekopia's second large investment. Two other parties are owners of share capital in Findhorn Wind Park Ltd. in addition to Ekopia - an arm of the Energy4All group that has used bona fide co-op investments in a variety of other UK wind projects, and the Findhorn Foundation, through its trading subsidiary. The short term returns for Ekopia investors are in the 4-5% range although the longer-term profitability of the project is not likely to be large. Unlike several other such projects in Scotland the amount of grant funding was relatively low and unless extended beyond its existing 17 year planning time frame it is not likely to do a great deal better than break-even. Nonetheless the impact is significant. In addition to the return both Ekopia and its investors makes it is an iconic feature of the Ecovillage, visible for some miles around, and made a huge contribution to the lowering of

the Ecovillage's ecological footprint. At 2.71 gha/capita this is the lowest ever measured in the industrialised world.

Station House Co-op is currently the next largest Ekopia investment. For several years Ekopia has had a strategy of promoting affordable housing in what is a very high housing cost area by the standards of rural Scotland.^{xvi} This project involved the purchase and renovation of a seven-flat listed building, the creation of the new co-op and an innovative structure that received some grant support from Co-operative Development Scotland. It is too early to tell what the future impact of this project may be. Ekopia's cash involvement is likely to decline, but two other housing co-ops are now under exploration in the area using a variant of this model. Lacking access to HAG or other substantial grant funding the support available for those in housing need is of necessity somewhat constrained, but the long-term prospects for a relatively high level of local impact are evident. Ekopia is registered to issue rural housing burdens and plans to complete a project involving this mechanism to support two further housing units later this year.

The remaining investment projects are smaller and in most cases could well have accessed mainstream funding sources. The main reason Ekopia was involved was essentially a gesture of solidarity from sister organisations and the desire to have a friendly set of investors rather than that the projects could not have proceeded without this support.

Ekopia regularly assesses the impact of its investment decisions, but mainly from the perspective of whether or not the expected returns have been/are likely to be achieved rather than attempting to formally assess the wider social and cultural issues. Unsurprisingly, the larger projects have had the greatest impact with the wind park being the most visible and (to date) the most financially successful. The investments in bricks and mortar tend to provide less of return for both Ekopia and its members but carry less risk. Projects that are likely to require less than £50,000 are generally not considered to be viable as the cost of investment may equal or exceed the net return. The Eko currency is relatively high profile and does provide genuine benefits but to a lesser degree than the larger investments.

A key aspect of Ekopia's strategy is that it avoids taking outright ownership of the projects it invests in. The belief is that in the relatively complex economy of the Ecovillage, having supportive investing partners rather than creating subsidiaries is likely to be advantageous in the long run.

Although occasionally the receiver of grants and donations, Ekopia's business model does not depend on these income sources. There are advantages in not being grant dependent, especially in the current economic climate, and the ongoing connection with local investors is seen as an advantage to the projects that receive investment. The other side of the coin is that greater financial strain is placed on the projects than would be the case were grants available as there is a significant interest cost in most cases. Furthermore Ekopia members typically invest for no more than five years so new monies have to be sought regularly to support existing projects so that outgoing investors can be repaid.

6.7 Key Lessons

- Ekopia is a low-cost funding vehicle that seeks to **balance** reasonable returns with community benefits within an intentional community. It serves a valuable function within these unique circumstances, and although very unusual in Scotland this model is being replicated elsewhere in the UK.
- The primary driving force in most investments made has been **the need to grow** the organisation whilst providing a return for investing members. With relatively little access to grant funding it therefore provides a model that combines the aspirations of social enterprise with the economic realities of the private sector.
- The running of such a body requires some **key skill sets** in financial management that not every community organisation will have access to, although once an understanding of the key features of running a share-issuing IPS are understood there is not a great deal that someone familiar with the finances of a private sector body of a similar size could not grasp.
- The community benefit model can have a powerful impact on a local economy, although it needs to be borne in mind that social investments are subject to the same rules as the private sector. Investing members may be sympathetic to a community body's aims, and be willing to take a reduction in earnings to support something they believe in but they are no less likely to be unhappy if they think their capital is at **risk** than any other investor. It is therefore vital to ensure the risks are understood by potential applicants.
- The strategy of being a key **enabler and partner** rather than sole-owner of subsidiaries is of interest.

6.7.1 *Further Information*

Findhorn Ecovillage	www.ecovillagefindhorn.com/ en.wikipedia.org/wiki/Findhorn_Ecovillage
CIFAL Findhorn	www.cifalfindhorn.org/
Findhorn Foundation	www.findhorn.org/
Ekopia	www.ekopia-findhorn.org/

See also Appendix - "Further Information about Community Investment".

7 Other Early Stage Organisations

7.1 Neilston Development Trust

This trust aims to champion, facilitate, support and drive the regeneration of Neilston in Renfrewshire. Founded in 2004, as 'Neilston: Space to Live', it is now a charitable company limited by guarantee, with a strong local membership and an ambitious programme with 3 key themes: developing Neilston's physical environment, developing the cultural life of Neilston and sustainability.

In 2006 the Trust bought the former Clydesdale Bank in the town through the Community Right to Buy provisions of the Land Reform (Scotland) Act 2003, with funding from the Big Lottery Fund. Buying the Bank was not an easy step and in order to do this a ballot was held in Neilston to gauge the support of local residents. The community owned and run facility is now home to the Bank Cafe and also available for hire to local groups.

www.neilstontrust.co.uk

7.2 Renton Community Development Trust

In the town of Renton, West Dunbartonshire, there are three community based organisations that collaborate with each other to deliver a comprehensive and long term programme of regeneration. Cordale Housing Association functions as the key property developer, building and improving not just homes but shops and other community facilities. The other two organisations fulfill the role of delivering a wide range of formal and informal education and training (Carmen Social Inclusion Centre) and community development and local engagement (Renton Community Development Trust). This consortium draw on each other's strengths to deliver locally led regeneration.

www.cordalehousing.org.uk

7.3 Ibstock Community Enterprise Ltd.

Ibstock is a community co-operative in rural Leicestershire working to make Ibstock a better place. It is a membership organisation, with membership open to everyone who lives, works or has an interest in the Civil Parish of Ibstock. Ibstock CE owns and manages the former TSB Bank in Ibstock as a One Stop Shop. The shop provides access to a range of services, information and advice, primarily about Ibstock and the surrounding area. The shop is also used as a meeting space for local groups. It has also refurbished the former National School building as managed workspace and IT training suite, using Adventure Capital Funding.

www.ibstock.org.uk

7.4 Drumderg Wind Farm Community Benefit Fund

Scottish and Southern Energy (SSE) is the owner and operator of the Drumderg Wind Farm, which has 16 wind turbines. The fund consists of 2 elements: the 'fixed' elements started off at £64,000 per annum in the first year, and is increased annually by index linked adjustments;

the second 'variable' part is an annual payment, made in arrears, which is based on the volume of electricity fund generated by the wind farm over the course of each year. The 25 year fund, which is provided by SSE and administered by the Scottish Community Foundation, was established for the benefit of the Alyth and Mount Blair community council areas in Perthshire. The Alyth community council area includes the town of Alyth and surroundings, and the Mount Blair community council area comprises the glens of Strathardle and Glenshee in Perthshire. A local advisory panel has been set-up to make decisions on how the fund should be spent. The panel is made up of people who live and/or are active in the Alyth and Mount Blair community council area and receives support from the Scottish Community Foundation,.

Strathardle Trading CIC received £35,000 from the Drumderg Fund in June 2009 to take over the village shop, which includes a café and petrol outlet in the village of Kirkmichael.

www.scottishcf.org/resources/drumderg-community-page/

See also above re "Assistance for Smaller Groups".

8 Galeri Caernarfon Cyf

8.1 Overview

Galeri Caernarfon Cyf is a private company limited by guarantee without charitable status. The company was set up in 1992 to meet the following objective:

“To pursue sustainable projects in a creative way in order to realise the cultural, economic and environmental potential of the local community and its environs”.

The company is an independent development trust that is not a part of any local authority or any other organisation. However, it set up a legally separate charitable company about 5 years ago that has a co- terminous board with Galeri. This is used to raise funds for Galeri’s community arts activities.

The main investments have been in properties and Galeri Caernarfon contributes almost £2.5 million per annum to the local economy, supporting over 50 full time equivalent jobs.

8.2 Background

The centre of Caernarfon – an historic town of about 10,000 in rural north west of Wales - is now a World Heritage Site, but in mid 1980’s over half the properties within the walled town were derelict, vacant or for sale and more businesses were in the process or at risk of closing down. In addition the town was described as a “cultural black hole” by the Arts Council of Wales in terms of its lack of arts provision and arts venues.

Concern about Caernarfon led to the coming together of several interested organisations to discuss what could be done to revive the towns fortunes. Following a lengthy period a consensus formed around the idea of setting up an independent and not for profit company - Cwmni Tref Caernarfon as it was then called - with the objective of pursuing “social, economic and environmental projects for the benefit of the community in Caernarfon and its environs”.

In 1992, Galeri received a capital grant of £100,000 and a three year revenue grant from the Welsh Office together with a cash donation of £250,000 from the former Arfon Borough Council, and work began on regenerating the town. It used their funding to buy up empty properties, both commercial and residential, with the object of renovating and leasing them. This work was formalised in 1995 in a Joint Agreement with the Welsh Development Agency, which provided further, conditional acquisition funding. The programme was funded through a mixture of mainstream grants, donations and commercial loans.

From the outset, the trust had a clear aim to be a social enterprise and now has a property portfolio worth over £2 million. To date the development trust has renovated and refurbished 20 neglected and vacant properties, which are now occupied by tenants, including shops, offices, flats, 2 cafes, a music training centre and a pub. The properties were selected on the basis of availability and condition. The programme has created many jobs in the local building industry and reversed economic blight in the town centre by letting good quality premises to local businesses at affordable rents.

Another partnership was formed with a local housing association to demolish a long-standing eyesore in the centre of the town and replace it with 2 shops and 6 flats. The housing association funded the building of the 6 flats in return for a long lease at ground rent, while Galeri funded the building of the 2 shops on the ground floor. When the lease expires the properties will be returned to the development trust.

Another main strand of Galeri's activity has been developing an arts programme in Caernarfon. In 2001 it set up the Caernarfon Arts Project which by 2005 had over 300 local people taking part in a range of arts activities. This arts programme is now housed within the brand new 'Caernarfon Enterprise Centre', the development trust's most ambitious project to date (see below for details).

Galeri also won a competitive commercial contract in 2001 to manage a new company called Cwmni Adwy, which renovates properties in the former Slate Mining Valleys of Ogwen, Peris, Nantlle, Ffestiniog and Corris using City Challenge Funding. Since the company was established, Adwy has undertaken and completed 11 building renovations and 5 environmental projects within the five Slate Valleys. These include the former Capel Salem in Talysarn, the former Co-op in Llanberis and Liptons in Deiniolen. The Trust recently tendered for and won a contract for Adwy II, a scheme to further develop the Slate Valleys.

The Trust also runs its own community arts project 'SBARC!'. This project, mainly for young people, offers weekly drama and Rock School classes. It also holds occasional events such as Photomathon, Marathon Rock, and singing, puppet making, make up for film and digital story workshops.

8.3 Investments

Galeri's investments have been in property. The first main category is a portfolio of 20 residential and commercial properties providing 40 tenanted spaces in Caernarfon town centre (see above).

The second is Galeri's creative enterprise centre that houses 15 creative enterprises. Galeri Caernarfon is a £7.5 million state of the art building in the town's, previously derelict, Victoria Dock encompassing a flexible 400 seat auditorium / cinema, cafe bar, rehearsal and practice studios, conference facilities and 27 enterprise units which house 15 creative companies engaged in the arts or creative industries. It is built on the site of a derelict abattoir, which was sold to the trust for a nominal sum by Gwynedd Unitary Council, and has been the catalyst for the further regeneration of the Victoria Dock through considerable private investment, including a new Premier Inn hotel.

8.4 Investment Process

The initial decision to invest in the purchase and renovation of properties in the town centre arose from a clear local need and concern that had been the subject of local discussion and research. A retail report into the respective strengths and weaknesses of Caernarfon and Bangor was commissioned by the local authority in the late 1980's. The report attracted a lot

of interest in Caernarfon. One result of subsequent discussions (and the Citizen's Forum already referred to) was the decision to set up a development trust in Caernarfon to tackle the poor state of buildings in the town's historic core. The first property acquired by Galeri was a Grade 2* listed building in the High Street.

The decision to develop Galeri Caernarfon Enterprise Centre was taken as early as 1995. It was both a response to, and an expression of, local need and took place at a time when there was a recognition of the cultural, social and economic challenges still facing the town. These challenges included the need for an artistic and performance space in the locality, presenting a varied programme of entertainment across a range of art forms.

Galeri also required a base to focus and extend its creative projects further into the community with the aim of further developing skills, confidence and self-expression. An additional strategic factor was that such a facility would also respond to growth in the number of local creative micro-companies and provide them with a central hub to work from. This would help enhance the latent potential of a cluster of creative enterprises that were operating in that area, but generally in isolation.

The initial investment capital to purchase and renovate the town centre properties came initially from local government and the Welsh Development Agency and then, increasingly, self-generated revenue from leases was used to finance the renovation of properties. The Welsh Development Agency entered into a Joint Venture with Galeri in 1995 under which the Agency provided 100% funding for acquisition of properties with the Trust raising the money to refurbish from a combination of own funds, generic property improvement grants and loans. As time goes on, the Trust is using more and more loan capital and own funds in combination, currently about 50% loan and 50% own funds.

The Galeri Creative Enterprise Centre was funded by a combination of funding from the Arts Council for Wales (Capital Lottery Grant), Welsh European Funding Office (ERDF Objective 1 Fund), Gwynedd County Council, The Welsh Development Agency and The Welsh National Assembly (Local Regeneration Fund). Galeri invested about £0.3m of its own funds in this project.



Galeri Creative Enterprise Centre (*courtesy of galericaernarfon.com*)

8.5 Impact of the Investments

The town centre of Caernarfon has seen a renaissance since the early 1990's. The properties the Trust now owns enable over 40 tenants to live or work in the area and generate income for the Trust.

The impact of the creative enterprise centre has been evaluated in detail by independent consultants. Their main findings were:

- Galeri Caernarfon contributes almost £2.5 million to the economy of Gwynedd and Ynys Môn each year. This value is generated through spending by visitors within the centre as well as expenditure by Galeri Caernarfon on local goods, services and salaries. This value also includes other spending by Galeri Caernarfon's visitors within the local economy as well as the additional local spending that this contribution induces.
- The annual economic impact generated by Galeri Caernarfon in Gwynedd and Ynys Môn is almost £1.3m. This figure represents the additional spend that occurs within the local economy as a result of activities supported within the Centre. This means that each pound spent in Galeri is worth over £2 to the economy of Gwynedd and Ynys Môn.
- Galeri Caernarfon contributes a positive return on revenue and project grant funding received. In the last year, Galeri Caernarfon received just over £230,000 in grant funding, resulting in an economic impact of almost £1.3m. Analysis reveals that every pound of grant funding received by Galeri Caernarfon generates £9.65 in the economy of Gwynedd and Ynys Môn.
- In terms of employment, Galeri Caernarfon directly and indirectly supports over 50 full time equivalent jobs in the economy of Gwynedd and Ynys Môn as well as over 40 employees in tenant businesses. As a direct employer of 36 full time equivalent staff Galeri Caernarfon is among just 6% of firms in Gwynedd that have more than 25 employees.
- Galeri Caernarfon's economic impact compares favourably with a number of similar venues across a range of measures including economic impact, return on investment, additional visitor spend and the ratio of grant received to turnover (see section 3.4). At less than 20%, the proportion of grant funding received to turnover is significantly less than Aberystwyth Arts Centre, which in 2004 was found (at under 30%) to be "considerably lower than that found for comparable centres in the UK".^{xvii}
- Galeri Caernarfon has acted as a catalyst for further investment in Doc Fictoria, where the Centre is located. In 2006, the Welsh Assembly Government announced that it was to invest £4.3million in the area to supplement £23m of private sector investment. Senior representatives from organisations consulted during this study were of the opinion that this public and private investment may not have occurred without the development of the Creative Enterprise Centre.

- Galeri Caernarfon has delivered benefits through the clustering of creative tenant businesses in the building and has gained status as an economic and cultural ‘centrepiece’. The 16 companies currently based in Galeri Caernarfon also impact on the local economy in terms of expenditure and employment. Tenants who contributed to this research consider that Galeri Caernarfon has improved Caernarfon as a place to do business.

The investments have also enabled Galeri to finance its own revenue funding.

8.6 Key Lessons

The key lessons to be learned from the experience of Galeri Caernarfon Cyf include:

- A clear and ambitious **initial aim** has guided the Trust throughout its 18 years of work and development.
- It has focused on dealing with **clear and expressed local needs**, which has enabled it to engage local community and political support and also wider support from national funding bodies.
- It has used one specific **business model** - the acquisition, refurbishment, development and management of property – as its main business activity (and also used the business expertise it has developed to provide services to others).
- This model has provided the opportunity for other businesses and individuals to contribute to the regeneration of Caernarfon town centre thus having a high **multiplier effect**.
- An **asset-based** approach has enabled Galeri to become increasingly self-financing.
- Galeri's approach suggests a method by which a social enterprise can undertake a **gradual and methodical development** towards financial success and becoming a significant employer in its own right.

8.6.1 *Further Information*

DTA Wales Case Study: www.sustainablefundingcymru.org.uk/10308.file.dld

9 Goole Development Trust

9.1 Overview

Goole Development Trust is a not-for-profit company limited by guarantee charged with helping the economic, social and environmental regeneration of Goole and the surrounding rural areas of the East Riding of Yorkshire. All surpluses are re-invested in the community - the Trust does this through a variety of mechanisms including free business start up advice, an interest free loan fund for new businesses, managed workspace units for new and recently started businesses, European Social Fund training grants and support for social enterprises.

Goole Development Trust began operating in June 1997 and was funded by Goole's Single Regeneration Budget 'Foundations for the Future' scheme and has been provided with office space by Goole Town Council. The Trust has received no core funding since 1997 and instead it has had to win contracts from a wide variety of sources. Total turnover is circa £450,000 and assets are worth £1.2 million (including a café that accounts for half this sum).

9.2 Organisation structure

Goole Development Trust is a company limited by guarantee. It operates primarily for the benefit of Goole town, which has a population of 18,000 people, and for populations in the surrounding countryside to a radius of 15 miles. It also undertakes some activities on a contract basis more widely in the East Riding of Yorkshire. The Trust employs three members of staff: a manager, a financial manager and a property manager. In addition, it has created two trading subsidiaries to run the Walkway café/bar (employing eight people) and a monthly lottery (employing one person).

9.3 Organisation History

The Trust was created in 1997 to support economic, social and environmental regeneration in the port of Goole, located on the confluence of the rivers Don and Ouse. It was created initially as a vehicle to continue the work of community economic development initiated under a grant provided in 1996 by the Single Regeneration Budget (SRB) scheme. The Trust's first activities involved the disbursement of grants to local social enterprises and other community groups under a subsequent SRB grant.

Since then, its main though not sole focus has been promoting the development of the local economy through the provision of training, premises and finance. It has succeeded in significantly diversifying its funding base by attracting grants from schemes as diverse as the European Social Fund (to provide training for local businesses), the Phoenix Fund (to provide premises and loans for local business) and Social Enterprise Humber (for helping facilitate the creation of social enterprises).

While it continues to look to external funding for most of its business support activities, the Trust has been embarking in recent years on a strategy to increase its own autonomous income through various initiatives, including working on a contract basis for other local economic development agencies, launching and managing a local lottery, opening a café and

buying and refurbishing the building from which it works, part of which will be leased as premises to local businesses.

9.4 Investments

The story of the Goole Development Trust, in brief, is that of the careful use of grant funding to build capacity as a centre of expertise in promoting local economic development that it uses, in turn, to generate income streams for investment in ongoing community development initiatives. The Trust has been highly successful in mobilising grant funding. Including applications that are currently in the pipeline, the Trust will have generated in the region of £13 million since its creation.

For the most part, the Trust's 'investments' have been in the use of grant funding to strengthen the local economy. Four grants with a combined value of £1.45 million, for example, have been obtained from the European Social Fund for the provision of training – mostly for NVQ qualifications - for the staff of local companies.

Grants from the Phoenix Fund have been used both for the refurbishment of a building, now called the Phoenix Business Centre, that contains 26 office units (£400,000); and the creation of the Phoenix Loan Fund in 2001 for local businesses (£1.5 million in five separate grants and contracts). These involve loans of up to £15,000 for local small businesses that struggle to get loans from high street banks. A contract of 100k from Social Enterprise Humber has been used to promote the creation of new social enterprises in Goole.

The Trust won a series of contracts to the value of £250,000 under the Business Link scheme to deliver enterprise and marketing support services and to promote uptake of broadband services among rural businesses in and around Goole.

In 2007, the Trust received delivery from two large commercial energy supply companies of 4,000 energy efficient light bulbs that it distributed free of charge to local households, prioritising people on benefits.

The Trust has also created and manages a lottery for Goole that delivers £1,000 prizes to winners, with profits split equally between grants to community groups and interest-free loans to new start-up businesses.

In recent years, the Trust has begun to translate its increased profile and capacity into income streams that will make it less dependent on grant funding in future. Its primary project, currently being implemented, is the purchase and refurbishment of the building in which it is located that will, once work has been completed, include 25 workspaces for rent to local businesses. (This is in the context of the transfer back to its owner, Associated British Ports, of the building that today houses the Phoenix Business Centre, which the Trust took on a ten-year 'peppercorn' lease.)

In addition, the expertise that the Trust has developed in promoting local economic development over the years has led to a number of contracts from various local organisations,

including the enterprise development company, Yorkshire Forward, to provide business support in Goole and elsewhere in the East Riding. Similarly, it has been engaged by the neighbouring North Lincolnshire County Council to implement its Phoenix Loan Fund for local enterprises, with a total value of £2.3 million.

Towards the end of 2009, Goole Development Trust took up the opportunity to run the community café in “Junction”, Goole Town Council’s new arts centre, including a theatre and cinema, built in the shell of the old market hall. With only 12 weeks from winning tender to the start of trading, the Trust set to work training staff, designing menus and getting geared up for a brand new enterprise venture.

The Trust has recently won an award of £3.25 million from the Department of Work and Pensions’ Future Jobs Fund to provide work opportunities for 500 unemployed 18–24 year-olds.

The Trust has applied for two further European Social Fund grants for local enterprise training to the value of £1 million as well as a grant from the European Regional Development Fund to continue to provide loans to local small businesses that would be worth in the region of £1 million.

9.5 Investment Process

The principal factor informing investment decisions has been the Trust’s core focus on promoting the local economic development of Goole in particular and the East Riding in general. To a significant extent, the specific activities undertaken by the Trust have been determined by the availability of funding sources. However, a long-term trend is discernable in the identification of investments that increase the Trust’s autonomous capacity for income-generation and consequent reduction in dependence on grants.

9.6 Impacts of the Investments

The various investments described above have delivered multiple benefits for Goole and surrounds.

The various training programmes funded by the Trust have resulted in the awarding of over 2,000 training certificates, most of them NVQs.

Over 200 loans, with an average size of £10,000, have been provided to local businesses under the Phoenix Loan Fund. This has helped generate or safeguard around 300 jobs. Beneficiaries have included a wide range of businesses, including a plastic mould injector business, a magazine publisher, a bookshop and a specialist supplier of paints.

Despite the fact that these loans are made to small businesses that struggle to get formal bank finance, the long-term default rate has been in the region of 15 per cent, increasing over the last couple of years with the economic crisis to around 22 per cent. Trust staff are keen to point out that this rate still compares favourably with the default rate of around 35 percent associated with the former government Loan Guarantee Scheme for small businesses run by

the banks. The Trust feels that its in-depth knowledge of the local economy and entrepreneurs accounts for the favourable default rate achieved. "We behave as old high-street bankers use to", said the manager of the Trust, "talking with and understanding the needs of local businesses".

Some 90 local businesses, most of them start-ups, have made use of the incubator premises at the Phoenix Business Centre. Of these, 50 have expanded into larger independent premises, 20 have reverted to work-from-home businesses and 20 have ceased trading.

Ten new social enterprises have been created as a result of the grant from Social Enterprise Humber, including a community café in Goole, an enterprise providing football training in schools and a film-making studio associated with the local waterways museum. The Trust provided these new businesses with a range of services including advice on structuring, legal status, preparation of business plans and sourcing finance.

The Lottery, with an annual turnover over £100,000 per annum, has also provided a source of grant funding for local social enterprises. To date, three have received grants from this source, including a social enterprise that employs people with disabilities to provide gardening services to people unable to look after their own gardens and an unemployed young person seeking to set up as a hairdresser.

Five grants of between £250 - £500 have also been made to local charities from funds generated by the lottery. These include a grant to an organisation providing physical aids to people with disabilities.

The Walkway café/bar has an annual turnover of £150,000. It sources from local suppliers where possible, including a local bakery and brewery and various local food suppliers.

The distribution of light bulbs has generated a saving of £1.2 million in the cost of bulbs and reduced energy use, an especially useful dividend for the poor households to which the scheme was targeted.

9.7 Key Lessons

The core lessons learned are the following:

- **Grant funding** can be very valuable to enable a community organisation to develop capacity and **acquire assets**.
- Community organisations should remain focused on their **core vision** and raise funds to achieve that rather than applying to all available funding pots and running the risk of becoming disconnected from the original vision.
- Grant funding will be available only for a limited period – it needs to be used and invested skillfully so as to **develop the organisation's capacity** and assets to enable it to generate an ever greater proportion of its own funding.

- The organisation's board needs to be carefully selected so as to **represent all of the key actors** in the area's community and economy. The Goole Development Trust has a board of 12 people chosen to include representatives of the public, private and voluntary sectors, including five local entrepreneurs, one local councilor as well as a former councilor, the town clerk, the head of a local college and the CEO of a local charity.
- It is imperative that the services delivered should be of clear and immediate **benefit to local people**.
- The community organisation should be prepared to take **calculated risks**. In the case of the Lottery, for example, around ten per cent of the total population had to play for the scheme to break even. However, it was felt to hold out sufficient promise both as a generator of funds for local concerns and to raise the profile of the Trust that the risk was taken to proceed with it. It has proved successful and is now an established part of life in Goole.

9.7.1 Further information

Goole Development Trust www.gooledevelopmenttrust.org.uk/welcome



The Walkway Café Bar

10 Fyne Homes Ltd.

10.1 Overview

Fyne Homes Ltd is a Registered Social Landlord (RSL) operating in Bute, Cowal and Mid Argyll and Kintyre. It is a Scottish charity governed by a management committee elected by the membership of the organisation. It operates a number of subsidiary organisations to further its wider social remit.

Total assets of the group exceed £95 million although the subsidiary activities, which focus on recycling, market gardening and a low carbon initiative, are on a more modest scale.

Fyne Homes history dates back more than eight decades, although the current body was created in the early part of the present century. This makes classification of its activities less straightforward than for the other case studies and we have treated it as a mid-stage organisation.

10.2 Background

Fyne Homes' mission statement is as follows:

“Fyne Homes aims to give those in housing need in Bute, Cowal, Mid Argyll and Kintyre access to good quality affordable homes through investment in the provision, management and maintenance of houses which meet their needs in respect of house size, design, condition, location and tenure.”

Fyne Homes encourage tenants to apply to become members of the association. Other residents within its area of operation who have relevant skills or experience, and who support the aims of the RSL are also eligible to apply for membership. Life membership costs £1.

It has a stock of approximately 1,400 lettable housing units, and is also involved in the provision of shared ownership and shared equity housing. Fyne Homes has houses in all of the major settlements within its operational area, including Rothesay, Dunoon, Lochgilphead and Campbeltown. It also has a presence in more remote communities such as the island of Gigha (see above case study).

Fyne Homes can trace elements of its history back to the 1930s, but became recognisable in its present form with the creation of the Isle of Bute Housing Association (later the Bute Housing Association) in the early 1970s as the first community-based housing association outside the Glasgow conurbation.

Through a series of housing stock transfers and other developments, culminating in the merger of the Bute Housing Association and the Woodhouse Strain Housing Association in 2002, the RSL known today as Fyne Homes was created. Today, Fyne Homes operates from 4 offices: Rothesay (headquarters), Campbeltown, Dunoon and Lochgilphead and employs 41 people (fte).

Fyne Homes is a substantial financial enterprise, which is highlighted by the following statistics from the organisation's 2008/09 Annual Accounts:

- Total investment in housing of over £95 million;
- Rental income in 2008/09 of £4.22 million;
- Private finance loans total £14.5 million;
- Scottish Government funding in 2008/09 of £2.37 million.

The organisation has a history of innovation in housing design and procurement which includes:

- The development of Scotland's first wood fuel district heating system in Lochgilphead – a development of 51 new houses. The benefits of the scheme include CO₂ savings of 226 tonnes per year;
- The development of a seven-storey round tower called A'Chrannag (the crow's nest) which is located on a hillside overlooking Rothesay town centre and which provides 14 affordable flats for rent. The project, completed in 2004, is one of the UK's most energy efficient social housing developments. The project won a Royal Institute of British Architects award in 2005;
- The construction of a 14 property shared equity 'Passivhaus' scheme in Dunoon, which was completed in 2010. The development is the first of its type in Scotland and the first affordable Passivhaus in the UK. The Passivhaus concept is based on designing and constructing houses that are so airtight that the need for a conventional heating system is eliminated with heating costs reduced by 90% compared with those of an average traditional house.

10.3 Investment Activities

In 2005 Fyne Homes Ltd formed two subsidiary companies:

- Fyne Futures Ltd. – a Scottish charity with a focus on sustainability and the environment; and
- Fyne Initiatives Ltd. – a commercial enterprise involved in areas of housing such as shared equity that fall outwith the remit of Fyne Homes as an RSL.

Fyne Homes Ltd, together with Fyne Futures Ltd and Fyne Initiatives Ltd., form the 'Fyne Group'. The main focus of the remainder of this case study is Fyne Futures Ltd.

10.3.1 Fyne Futures Ltd.

Fyne Futures Ltd. was formed to provide an appropriate organisational vehicle for Fyne Homes to undertake a range of re-cycling and other environmental projects. The organisation grew out of staff involvement in a local environmental group – Bute Waste Watchers – in the early 2000s.

The aim of this not-for-profit organisation is to provide recycling services within Bute and Cowal, which generate environmental and social benefits for the local community. Fyne Futures has its own board, which includes a number of independent members with no other connection to Fyne Homes itself.

Initially Fyne Futures' activities were in part subsidised by Fyne Homes, but as the organisation became more financially sustainable a more formal management service arrangement was established between the two organisations. Fyne Homes provides a range of financial, human resources and other services to Fyne Futures Ltd. under a £9,000 per year services contract.

Currently, the organisation has 3 main strands:

- The Bute Recycling Centre;
- Bute Produce;
- Towards Zero Carbon Bute (TZCB).

10.3.1.1 The Recycling Centre

The Recycling Centre was established on land owned by Fyne Homes adjacent to the RSL's maintenance depot in Rothesay. The capital cost of the development was £160,000, which was funded by grant aid sourced from a range of bodies.

Fyne Futures has been providing recycling services for about 5 years and currently operates a fortnightly recycling kerbside collection service to over 2,000 participating households. In addition, the organisation provides 37 'bring' sites where people can deposit material for recycling.



Cooking oil recycling equipment

The Centre recycles a range of material including aluminium and steel cans, plastic bottles, tetra packs, and textiles. In 2004, 9 tonnes of material was recycled. The comparable figure for 2010 is forecast to be 440 tonnes. The Centre operates as a commercial enterprise with two main revenue streams: income from a Service Level Agreement with Argyll and Bute Council for the provision of re-cycling services (£120,000 in 2009/10), and income from the sale of recycled material (£36,000 in 2009/10). The sale of recycled material on the commercial market is subject to considerable price volatility.

Over the last 2 years the company has set up a project at the Centre to produce bio-diesel from waste cooking oil. It operates a waste vegetable oil collection service for catering businesses in Bute and West Cowal. The project now provides fuel for all of Fyne Futures Ltd.'s vehicles (lorries and vans). The vehicles run solely on bio-diesel, which is saving the company approximately £7-8,000 per year in fuel costs. The project employs one person full-time, and is reaching the stage where it has potential to supply fuel commercially to bodies such as Argyll and Bute Council and Bute Estates.

The recycling operations have accessed grant aid to help purchase capital equipment, but have not sought any revenue funding. Employment in recycling totals 6 full-time jobs. A number of volunteers also participate in the Centre's work.

Fyne Futures also operates a second-hand furniture shop - Revive Rothesay - which had an income of £7,500 in 2009/10. The shop is based in Rothesay and run by volunteers.

10.3.1.2 Bute Produce

In 2008 Fyne Futures established a market garden business (including a community orchard and polytunnels) on approximately 6 acres of land adjacent to the new joint school campus on the outskirts of Rothesay (which has a population of about 5,000 out of the total population of Bute as a whole, which is approximately 7,200). The land is leased at a peppercorn rent from Bute Estates.

The project has a range of economic, health, environmental and social aims and has the objective of being financially viable by 2011. About half of the site has so far been developed. It produces a wide range of fruit and vegetables that are sold through a green box scheme, directly on site, and to retail outlets and hotels and other catering establishments.

A 6kW wind turbine has been erected on the site to provide power and an income stream through the sale of surplus electricity.



Bute Produce market garden

The project, which is funded through a range of grant aid sources and its income streams, operates training programmes for young people. In 2010 about 15 trainees will participate in the project's 13 week training programme. Bute Produce has 2 full-time employees (the project manager and his assistant).

10.3.1.3 Towards Zero Carbon Bute (TZCB)

This 2 year project, funded through the Scottish Government's Climate Change Fund, has the objective of reducing Bute's carbon footprint by 25% over the project period. A project manager has been employed and an office set up in Rothesay.

The project is carrying out a range of research and feasibility work (e.g. travel planning service, electric car hire scheme, car club). None of the current activities are revenue generating, but they may lead to the establishment of commercial enterprises.

10.4 Investment Process

Fyne Futures Ltd was given the target of being financially sustainable within 3 years, which was achieved. In 2009/10 Fyne Futures Ltd made a surplus of £8,000. Fyne Initiatives also recorded a surplus over the same period.

10.4.1 Resourcing of Fyne Futures Ltd

Fyne Futures Ltd has reached the stage where about 18 months ago a Business Development Manager was engaged to oversee and further develop its activities. Fyne Homes continues to provide support to the company through:

- The management services agreement;
- Acting as required as a 'banker' to help manage Fyne Futures Ltd.'s cash flow;
- Generating ideas for the company to explore and take forward.

A key element in the operation of Fyne Futures is the role of InspirAlba, a social enterprise that provides a range of project planning, funding advice and other services to the company. InspirAlba rents office space within the Fyne Homes office in Rothesay and undertakes contract work such as preparing funding applications for Fyne Futures projects.

The principal of InspirAlba attends Fyne Futures Ltd. board meetings along with the Business Development Manager and his assistant.

10.4.2 Wind Energy Project

Fyne Homes is participating in a national pilot scheme, promoted by Community Energy Scotland, to explore the potential for RSLs to develop and manage wind energy projects. Fyne Homes is proposing to develop a 3 turbine (each of 1 MW generating capacity) scheme at Glenbarr on the western side of the Kintyre peninsula. The project would be developed in conjunction with the landowner who would own one of the turbines. The project has passed through the outline feasibility and community consultation stages. Work has also been carried out on project funding.

Each turbine would generate net revenues of £50/60,000 in their early years of operation and up to £150,000 in later years. Fyne Homes, which would create a new subsidiary - Fyne Energy - to develop and manage the project, plan to enter into an agreement with the community in Glenbarr (population approximately 100) with regards to the community payment regime for the project. Income generated by the project would be used to help fund Fyne Futures projects and other activities carried out by the 'Fyne Group'.

10.5 Impacts and Key Lessons

The activities carried out by Fyne Futures Ltd. have had a range of substantial benefits, including:

- Employment creation (10 full-time equivalent jobs in total);

- Environmental benefits – reduction in CO₂ emissions;
- Provision of training places (which have positive benefits for the participants and the wider economy);
- Creation of ideas with the potential to evolve into commercial activities;
- Social and health benefits.

The success of Fyne Futures Ltd. has been based on:

- The support of the Fyne Homes board (and their positive attitude to managed **risk** taking) and the history of innovation at Fyne Homes which helped to create a supportive environment underpinning the creation of Fyne Futures Ltd.;
- The high quality of the members of both the Fyne Homes and Fyne Futures Ltd. boards and the importance of **key personnel**, especially the role of the Fyne Homes Development Director as a generator of ideas;
- The availability of **staff time and other resources** within Fyne Homes to help create and develop Fyne Futures Ltd. and the ability of Fyne Homes to act as the ‘banker’ for Fyne Futures Ltd. helping, for example, to manage any cash flow problems faced by the company;
- The development of the **relationship** with InspirAlba as a source of expertise in the preparation of grant aid funding applications;
- The availability of, and Fyne Futures’ success in, accessing **grant aid** to kick-start projects.

In developing and operating its proposed wind energy project the 'Fyne Group' will have the skills and experience that many community groups undertaking such projects lack. The development of Fyne Futures Ltd. by Fyne Homes shows the range of resources and the organisational infrastructure they used to support investment in new development and business opportunities.

The ability of community groups operating renewable energy projects to tap into the expertise and other resources of organisations such as Fyne Homes may be critical for the maximisation of local economic, environmental and social benefits based on the investment of income generated by such projects.

10.5.1 Further Information

Fyne Homes www.fynehomes.org.uk.

11 Other Mid-Stage Organisations

These organisations have been in operation as community investors for between 10 and thirty years.

11.1 Cassiltoun Housing Association

The Cassiltoun Group has evolved over the past 25 years into a key community anchor organisation, leading the regeneration process in the east side of Castlemilk in Glasgow. In response to chronic housing conditions in the 1980's, the tenants formed a housing cooperative and took over ownership of a significant part of the housing stock. Since then the tenants have transformed the quality of the housing and the wider environment through a programme of continual investment and engaging with the local community. In 2004, the Cooperative converted to charitable status and changed their name to Cassiltoun Housing Association. By building up their financial reserves and drawing down significant amounts of grant, CHA have been able to extend their asset base beyond housing to include offices, conference facilities, a nursery, a community garden and orchard - all of which centre around the award winning Cassiltoun Stables. CHA is extending both its housing stock through Second Stage Transfer and other community facilities such as a recently purchased residential care home for the elderly.

[www.dtascot.org.uk/ content/directory-of-members](http://www.dtascot.org.uk/content/directory-of-members)

11.2 South Sefton Development Trust

South Sefton Development Trust was created in 2004 as the body to continue the regeneration work of South Sefton Partnership, a major Government-funded initiative on Merseyside. One of its first projects was to bring the artist Antony Gormley's 'Another Place', an installation featuring 100 life-size iron figures looking out to sea, to Crosby beach.

Now the Development Trust is involved in a range of other major projects including:

- managing the new £6-million Investment Centre office building in Bootle town centre, where its offices are located. This innovative building – heated by geothermal energy, with a natural ventilation system that has removed the need for air conditioning and that uses recycled rain water in the toilets – comprises managed office space for up to 18 start-up businesses, as well as mixed-use areas including meeting rooms and a café. Any surplus rental income from this building will be reinvested by the Trust in its future regeneration projects in the area;
- providing a wide range of support to new and developing social enterprises in the area;
- co-ordinating the Plant Life sculpture trail project along the Leeds Liverpool Canal; and
- providing procurement support to social enterprises via the Confederation of Social Entrepreneurs.

The Development Trust is currently part of a consortium delivering a £500,000 package of social enterprise support in north Liverpool and South Sefton as part of the Government's

Stepclever programme. It is also seeking to promote the Community Supported Agriculture model for community-based food production.

www.ssdtrust.co.uk/default.asp

11.3 Assynt Crofters

Since 1993 the Assynt Crofters' Trust has been the owner of the North Assynt Estate, which consists of some 21,000 acres and includes the Townships of Torbreck, Achmelvich (part), Clachtoll, Stoer, Balchladich, Clashmore/Raffin, Culkein Stoer, Achnacharnin, Clashnessie, Culkein Drumbeg, Drumbeg and Nedd.

The Trust has enabled the ordinary people who live and work on the land to have some control over their own economic future. The agreed purchase price for the total asset was £300,000 of which almost half was raised by the crofters and their supporters throughout Britain. The remainder of the purchase price came from public agencies, including the then Sutherland District Council and Highland Regional Council in the form of grant and loan.

Today the Estate is in the possession of the crofters, free of debt and administered by a Board of Directors elected by democratic vote by each of the thirteen townships making up the Estate, who serve for three years.

www.assyntcrofters.co.uk/index.html

12 Coin Street Community Builders

12.1 Overview

Coin Street Community Builders (CSCB) is a company limited by guarantee and a development trust. Founded in 1984 it has over 25 years of community development experience and a substantial portfolio of properties on the South Bank, London. It has created a number of subsidiary organisations, especially housing cooperatives and developed a complex set of relationships with funders, partners and other stakeholders, whilst retaining a core focus of community development. Asset development has been a key plank of its strategy, even prior to the formal creation of the organisation itself.

12.2 Background

Although called the 'South Bank', a large bend in the River Thames places this area right in the heart of London, midway between the City and the West End. By the 1970's, the area had become a major hub for London's arts and media industry and this had had the effect of displacing large sections of the local community with housing having to make way for offices, television studios and national theatres. The population fell from 50,000 down to just 4,000, schools and shops were closing and by any measure this was a community and local economy in decline.

In 1977 a private developer submitted plans to build Europe's tallest hotel and over one million square feet of office space on a 13 acre brown field site. Local residents objected and embarked on what turned out to be a seven year campaign to assert their rights to determine how their community should be developed in the future. The campaign action group (which latterly became Coin Street Community Builders) drew up its own plans for housing, a new riverside park and walkway, managed workshops, shops and leisure facilities funded by a £100k risk investment from the local authority (a repayable loan if the venture proved successful or a grant to be written off if the venture failed)

The highly effective campaign concluded with the successful purchase of the entire site at market value - £1m – which was financed by a mortgage. The initial business plan was based on the loans being serviced from temporary uses of the land. The purchase price reflected restrictive covenants on the land and the fact that much of the area had been derelict for over 30 years. At the point of acquisition, the community published a comprehensive area master plan that in its broad scope still holds good today and continues as the basis of CSCB's forward development programme.

12.3 Structures and Finance

The principal body is Coin Street Community Builders that takes the form of a company limited by guarantee. CSCB hold the community's assets and employs all staff that work for the community. Two other organisations are entirely separate and independent from CSCB. Coin Street Centre Trust (CSCT), is a company limited by guarantee with charitable status and undertakes a wide range of social and community development activities. Coin Street Secondary Housing (CSS), an IPS that is the landlord to three of the four independent housing cooperatives. The boards and accounts of CSCB, CSCT and CSS are independent of

one another and the only relationships are by means of contracts and service level agreements.

CSCB works closely with a range of other key stakeholder groups such as the South Bank Employers' Group and the South Bank Partnership – both of which have a keen interest in the development of the South Bank area – as well as many other groups and organisations with varying remits and responsibilities for the development of this part of London and the delivery of community services.

CSCB's current annual turnover is approximately £5.3million with income coming from a diverse mix of sources – property rental, car parking, advertising hoardings, events, site hire including conferences, exhibition and event space, factored services for housing, consultancy, grants and contracts to deliver local services. CSCT turns over just under £1m and CSS has a turnover of around £700,000. Around 99% of CSCB's income is from commercial sources.

12.4 Investments and Development Activities

The ongoing physical redevelopment of the 13 acre site, which is mainly focused around 8 specific development sites, but also including significant improvement to the quality of the public realm, has been in accord with the community's original master plan and has run in parallel with a complementary programme of services which address a wide range of social, environmental and educational needs in the area. This twin tracked approach to the regeneration of the area has been the principal focus for CSCB since it acquired the land in 1984. There have been three broad areas to the work of CSCB:

12.4.1 Opening up the river – improving the public realm

Along much of the Thames, office developments, hotels and private housing developments have 'cut off' adjacent communities from the river. Coin Street Community Builders wanted to open up the river for everyone to enjoy.

Between 1984 and 1988 Coin Street Community Builders organised the demolition of derelict buildings, the completion of the South Bank riverside walkway and the laying out of a new riverside park. This opened up spectacular views of the Thames, St. Paul's Cathedral and the City.

The park is called Bernie Spain Gardens after Bernadette Spain, one of the original Coin Street Action Group campaigners. Both Bernie Spain Gardens and the Thames Path (between the National Theatre and Sea Containers House) are owned, managed and maintained by Coin Street Community Builders. This stretch of the riverside now attracts visitors from all over the world as well as being a resource enjoyed by those who live or work in the area. The costs of maintaining this public realm are met from the commercial revenues of CSCB.

12.4.2 Building community assets to create community wealth

CSCB's first priority was to generate sufficient revenues to cover costs of the initial loans and the costs of running the organisation. Derelict land was turned over for temporary uses such as car parking, advertising hoardings and temporary markets so that income streams could be generated. The first major capital project for CSCB was to build new housing with the

Mulberry Housing Coop which was completed in 1988. This was the first of a series of increasingly sophisticated and complex property developments.

The opening of Gabriel's Wharf in 1988 (a highly popular riverside destination for local workers, residents and visitors alike, incorporating retail design studios, cafes and restaurants) brought commercial and public life to an area that had long been derelict and signalled the 'rebirth' of the South Bank. It also allowed Coin Street Community Builders to demonstrate to funders and prospective tenants that uses proposed for the more ambitious Oxo Tower Wharf development were viable.

In the 1990s Oxo Tower Wharf entered a new lease of life when CSCB began a major refurbishment project to transform the building into an award-winning mixed use development of co-operative homes, retail design studios, specialist shops, galleries, restaurants, cafes and bars.

Two further housing cooperatives were developed at other sites – Palm Housing Coop was completed in 1994 and has 27 homes – 10 family houses with gardens, 5 two-bedroom flats and 10 one-bedroom flats with a proportion of wheelchair user accommodation and some flats designed specifically for active older people. The Iroko Housing Co-operative was completed in 2001 - 59 homes, 32 are five-bedroom houses, 6 are three-bedroom maisonettes and there are 21 one- and two-bedroom maisonettes and flats.

In 2007 the Coin Street neighbourhood centre was opened - a £9.55m hi-spec multi-purpose building which accommodates a 64 place day nursery, a conference centre and flexible meeting space, a restaurant space, health and consultancy rooms and office accommodation for the staff teams of the Coin Street group. This was funded by a mix of soft loans, grants and mortgage.



Coin Street neighbourhood centre

The most recent capital project is the most ambitious yet and has only recently received planning approval. It is for one of the few remaining sites and one that has lain derelict for over 50 years. Local opinion polls repeatedly indicated that a swimming pool and quality sports facilities was the long-term priority for local people. The construction costs and the loss making potential of this form of leisure development make a project of this type impossible to fund without massive revenue and capital grant support - both of which are

increasingly unlikely for the foreseeable future. The solution CSCB has arrived at is to generate a capital receipt from the private housing market. The result is a £200 million mixed development of leisure, housing, office/educational and retail space. Around £25m of capital costs and an ongoing revenue endowment of around £420,000 per annum for the operation of the leisure component – a community fitness centre and swimming pool – is to be funded by the sale of a 43 storey private housing development to be built within the scheme. This development is a partnership with Greenwich Leisure, Rambert Dance Company and Coin Street Community Builders. Greenwich Leisure will manage the leisure development, Rambert Dance Company will rent space for its headquarters and three dance studios and CSCB will own the asset. This development is a departure for CSCB due to the fact that all the housing is for private sale but their argument is that it is the only way to deliver the quality of affordable leisure provision that the community have asked for.

The knowledge and experience that CSCB has acquired over the years now constitutes a valuable intellectual asset. This asset is now being capitalised upon by development of an in-house consultancy service that is delivering training and a range of consultancy services in asset based development around the country.

12.4.3 Improving local services – meeting local needs

Coin Street Centre Trust (CSCT) was established with a remit to lead on the delivery of a wide range of social, cultural, health and educational programmes for the local community. Principally through a mix of grant and contracts with public sector agencies and with support from CSCB, the scale and range of services offered has grown significantly since the Coin Street neighbourhood centre was opened three years ago. Partnerships with other local agencies and organisations have enabled a comprehensive level of provision which targets families and children, young and older people, and has created broad programmes of training and lifelong learning opportunities. Local arts and music festivals and a programme of events is held through the year.

12.5 Investment Process and Key Lessons

Several key factors have underpinned Coin Street's success.

- Avoiding organisational ‘schizophrenia’ in order to **protect community interests** – maintaining clarity about who does what. As the activities of the organisation have evolved and diversified, the staff structures and remits have evolved in similar fashion with the intention of ensuring that different functions of the organisation do not become compromised by each other. Specifically, separate specialist teams have evolved around the areas of children and family services, housing support, learning and enterprise, and the management of CSCB’s commercial operations.
- Keeping a focus on **the big picture** to ensure long term community benefit. The £20million refurbishment of Oxo Tower Wharf has the feel and look of a private sector development – despite the fact that social housing plays a significant part in the overall development. However it was the commercial success of Oxo Tower Wharf that enabled CSCB to move forward with its next family housing co-operative and the

first major non-housing project which reflect more closely its community roots. This next development was the Coin Street neighbourhood centre.

- **Thinking out the box** in order to raise the finance to serve the community's interests. The approach that CSCB have adopted in order to structure the financing of its largest capital project – the Doon Street leisure, housing and office development reflects on the long experience of delivering on capital projects gained over the years and the highly entrepreneurial approach that is evident in all the work that CSCB undertakes. This most recent example has been controversial and some have criticised the decision to generate the capital sums required from the private housing market, seeing it as a departure from the long standing commitment to provide social housing.
- **Slow, incremental growth** both in terms of the scale and ambition of the projects undertaken. It has taken 30 years to get to the point where a community based organisation has the credibility, legitimacy and expertise to lead on a property development of £200 million plus. The development process has grown exponentially in recent years but only because there is a long standing and proven track record of project delivery and a level of trust from within the local community that permits this to happen in their name.
- **Political awareness** of the original campaigners and current board. It can be no coincidence that the local activists that were around at the start of this process possessed high levels of political understanding and were able to imagine how the future might unfold. These attributes appear to still be present within the current Board.
- The presence of **key individuals**. While the presence of local activists/campaigners has undoubtedly been critical in giving the process a local legitimacy and a consistency of vision, the fact that the CEO of CSCB has been present throughout the life of the organisation is hugely significant. As ever, so much comes depends on the individuals involved.

12.5.1 Further Information

CSCB www.coinstreet.org/



Inside the neighbourhood centre

13 Goodwin Trust

13.1 Overview

The Trust is a company limited by guarantee and registered charity. Membership of the company is limited to those who live in the Thornton Estate in Kingston upon Hull and the Board of Trustees, elected by the membership contains a majority of local people. The Goodwin Trust currently has an annual turnover of approximately £9 million and its balance sheet shows an asset base of approximately £10 million. The Trust now employs 300 staff and has a complex corporate management structure.

13.2 Background

The story of how the Goodwin Development Trust came into existence is similar to that which has been witnessed in thousands of other communities across the country where residents have come together to take action in an effort to improve the circumstance in which they are living. What distinguishes the Goodwin Development Trust from most other community initiatives is the way in which it developed thereafter.

In 1994 a small group of residents from Thornton were determined to improve their quality of life, and in particular, the level and quality of services provided on their estate. With a population of around 6,000 the estate suffered from some the highest levels of socio-economic disadvantage in the region. The first action of this small group of activists was to acquire the lease of a vacant shop unit in the heart of the estate at a peppercorn rent, and from this they began to operate the Goodwin Resource Centre.

Manned by volunteers, the Resource Centre offered a range of basic services including welfare benefits advice, disability rights and access to IT training. In the first year of its operation, 8000 people had come through its doors to access its services. Quickly outgrowing the shop unit, the group negotiated 125 year lease from Hull City Council on an old retirement home and in late 1999 the new Goodwin Centre opened for business including the Goodwin Community Cafe and Learn Direct training centre.

A seminal moment in the Trust's early development came when the residents engaged a consultant to assist in their forward planning. The consultant presented the community with three options:

- To maintain the status quo
- To become a more effective campaigning organisation and lobby the local authority to improve the quality of services and the local amenities.
- To aim for the transformation in both the fortunes of their community and the Trust as an organisation into one which would become sustainable and financially self sufficient.

They chose the third of these, recruited the consultant as their chief executive and subsequently embarked on a development journey that has seen rapid growth and diversification both in terms of the organisation and the range activities undertaken. From the outset the Trust has anchored itself around a set of core values and commonly held vision for

the future of the community: as a place that has low rates of unemployment and high levels of educational attainment, which is socially inclusive, where there is no drug culture and where crime rates are continually being lowered.

This community vision emerged from a survey of local needs conducted by the Trust in 1998 and which resulted in the production of the first in a series of Quality of Life reports. This Report set a broad framework for the future work programme of the Trust which has remained in place to this day. This framework revolves around four key themes: **Health; Children and Young People; Economic Development and Enterprise; Safer and Stronger Communities.**

13.3 Investment Process: A Decade of Rapid Expansion

Within each of these themes, the Goodwin Development Trust has developed a broad programme of services and established a range of new facilities – some of which are based within the Thornton Estate while others are located within the wider city of Hull. The scope and scale of the Trust's total operations have now reached a point where the demarcation line separating the traditional roles and responsibilities of a community based third sector organisation and a local authority have become blurred. However, irrespective of which theme the Trust's work falls under, its approach in terms of how the projects are developed and the methodology it applies is common to them all.

In particular:

- The projects or services developed by the Trust are characterised by a mixture of deep partnership working with numerous public, private and third sector partners – principally Hull City Council, the local Primary Care Trust, Department of Work and Pensions and Department for Children, Schools and Families. A mixture of long term service level agreements and formally procured contracts define the precise nature of these partnerships. The diversity of the projects operated by the Trust reflect its willingness to seek out partner organisations anywhere in the country if it thinks it will make a contribution to achieving its vision.
- Where the opportunity presents itself, the Trust has strived to expand its asset base both so that it can provide quality premises from which to deliver services and also to contribute further to the long term financial sustainability of the Trust as a whole.
- Wherever possible, priority is given to maximising the impact of its investment in services by seeking ways to find useful application to more than just one strategic key theme.

13.4 Impact of the Investments

Taking the theme of **Children and Young People** as an example, since 2000 the Trust has gradually developed an integrated range of services and facilities that support family life right from antenatal stages of pregnancy through to youth work and employment counselling for young people.

With a mixture of European and UK Government funding from a range of related programmes (principally Sure Start and employment related European funds) the Trust has developed three purpose built children's centres – Marvell House, Fenchurch Street and The Octagon - providing an array of support and training for families including midwifery, health visitor clinics, parentcraft, baby sensory sessions, family activity classes including healthy eating, counselling and play, home visits through family support workers, breast feeding support, parenting skills. By integrating these services within these children's centres, it has enabled the Trust to offer OFSTED registered childcare, family support and play sessions for children and their families from pregnancy to children aged thirteen.



Fenchurch Street Centre

The Doula Project, with funding from the Council and the Primary Care Trust, is an awarding winning example of the sort of project the Trust supports. A Doula is an experienced partner who accompanies a woman through pregnancy and childbirth and the first few weeks of family life. The project recruits and trains volunteer Doulas to help women who need support through pregnancy and childbirth.

In addition to the core services of children centre, Fenchurch Street also provides a toy library, learning support courses and support to ethnic minority groups. Specific support for teenage parents is available as are opportunities to engage in voluntary work.

There is a strong holistic focus on health within all the Centres, ensuring that parent and child receive all the necessary support, advice and practical care. There is additional support to enable parents to secure voluntary and paid employment. Thus illustrating the Trust's commitment to maximize the impact of the investment across other key priority areas i.e. Health and Economic Development and Enterprise.

The Trust participates as a partner in the national Young Advisors Programme. The Young Advisors advise and demonstrate to adults, community leaders and decision-makers how to engage young people in community life and improving neighbourhoods. They also work directly with other young people to encourage them to get involved in improving their community. Each Young Advisor receives training and has a mentor to support them in their work.

West Hull Community Transport is a project managed and led by the Trust in partnership with Kingston upon Hull City Council. It provides affordable, accessible and reliable transport to the community of West Hull. This includes school contracts, transport for young people to training venues and transport for children's groups. In addition they offer mini-bus training and hire to community groups enabling them to transport groups of children and young people themselves. While this project supports the Children and Young People theme, it also provides a number of other services including Dial-A Ride, Home-to-Health, Home-to-Work/Training, Group Hire, Self Service and Shopmobility as well as training services, thus again maximizing impact across Health and Employability priorities.

Other services include:

- Young peoples' support workers, who assist young people aged 11-21 who are misusing alcohol or have concerns about alcohol related issues. Services include counselling and work with partner agencies.
- NEET workers - engaging with young people aged 16-19 who are not in education, employment or training providing a support network to encourage the individual into employment and training.
- The Hull Community Wardens have initiated a number of youth projects aimed at engaging young people in a variety of activities. Several sessions run at different venues across the city. Many are sport orientated such as boxing at Hull Fish Trades Centre, but there are also other activities including exploring healthy eating, trips, racing remote control cars and drop in sessions.
- The Junior Warden programme run by the Hull Community Wardens is for children aged 8-13 and aims to build an awareness of community issues among the young.

13.5 Key Lessons

- Scaling up without losing the **key focus** on community benefit.
- The Trust was clear that if it was too deliver long term and sustainable benefits for the residents of the Thornton Estate, it needed to generate **sufficient levels of turnover and surpluses** if these were to be reinvested for long term community benefit. Consequently, the Trust decided it would pursue contracts from public sector providers on a Hull-wide basis as well as within the estate. In 2000, the first of these, the Hull Community Warden Scheme was launched. In 2002 the Trust launched its first Surestart scheme which evolved into a very wide range of related services being delivered out of three children's centre around the city. One of the strategies employed to ensure that the work of the Trust remains relevant to and rooted in the Thornton Estate has been to instigate a system of reporting whereby each senior management team member with overall responsibility for each of the key areas (Children and Young People, Safe and Stronger Communities etc) meet with a designated Trust Board member every month outwith the regular Board meetings.

- Investing in **social infrastructure** to regenerate local community.
- As evidence of the Trust's ability to run city-wide contracts for social services without losing focus on the needs and interests of the Thornton Estate, in 2004 the Trust purchased and renovated the local pub – previously closed down due to its notorious reputation as a haunt for local criminals - and reopened it as the Goodwin Club with an investment of £130,000 from its own reserves. Thus recognising the vital contribution that a well run **social club** facility can make to the wellbeing of a community and demonstrating that while the Trust was a commercial business in terms of delivering contracts across the city, the overarching purpose was to achieve community benefit and to build social capital.
- A 'flexible' business plan that can **react to market opportunities**. Having the capacity within the organisation to respond quickly to new market opportunities has been a crucial factor in the Trusts rapid expansion. Therefore the Trust has evolved an approach to its business development which is more of a framework than a rigid business plan. If an opportunity fits within the Trusts strategic objectives and falls within one of the key themes of the Trust's work then it is considered an appropriate activity to pursue.
- The corollary of this is that the Trust has also developed a hard line on failing enterprises. The management team and the Board of the Trust have evolved a culture and understanding within the organisation that **failure is a normal part of business**, that valuable learning can be gained from failure but that business failure is not sustainable. Therefore the Trust has no compunction in closing an enterprise down as soon it is apparent that there is no long term future for it.
- Search for the common ground and then occupy it to maximise community benefit.
- One of the features of The Trust's work is the number of active partners that it works with. This is no accident. The Trust recognised that there was a distinct market advantage in aligning the community's priorities with the strategic priorities of the Local **Strategic Partnership** (equivalent of Scotland's Community Planning Partnership). This has positioned the Trust as an effective strategic partner of the public sector while at the same time protecting and safeguarding the community's long term interests.
- People are the key: The Goodwin Development Trust is one of the most successful and entrepreneurial development trusts in the country. As an organisation, throughout its formative stages and the recent period of rapid growth it has enjoyed a relative consistency and stability within its **senior staff team** - most notably its chief executive who has been in post since the start. Many of the Board of Trustees, seven of whom are residents of the Thornton Estate, have also been involved since the early days of the Goodwin Resource Centre. Although this raises some question for succession planning, it has also provided the Trust with a stable platform from which to grow and develop.

13.5.1 Further Information

Goodwin Trust

www.goodwintrust.org



Octagon Children's Centre

14 The Flax Trust

14.1 Overview

The Flax Trust has been operating in Belfast and environs for over 30 years. From small and rather unconventional beginnings it now owns numerous buildings in the city and has created a variety of associated projects. These include an independent investment trust, a housing association and a business incubation centre. This impressive list of activities in an area of considerable social and economic deprivation is co-ordinated by a core of volunteers.

14.2 Organisation Structure

The Flax Trust is a registered charity. However, it has no employees and acts more as a banner around which a number of active change agents - especially the trustees of the Trust - rally, rather than as an organisation directing a centrally controlled process of community development. That is, the trustees direct how the funds generated by the Trust's assets are reinvested, identifying various initiatives that will be able to stand alone financially after initial support can be withdrawn. The Trust itself is run by volunteers, with trustees playing an especially important role in this.

14.3 History and Current Activities

The Flax Trust was created in the Ardoyne area of Belfast in 1978 under the charismatic leadership of local priest, Father Myles Kavanagh. Its motto is 'Bringing peace, one job, one person at a time'. The initial idea was to provide training in practical skills to enable young people to enter the workforce. To this end, the Trust was created initially to buy and oversee the renovation of the Brookfield flax mill that had been lying idle for several decades.

With the training programmes up and running and renovation work progressing well on the mill, the Trust undertook questionnaire interviews with 3,000 local households. This revealed substantial deprivation in terms of access to facilities and resources, including shops, transport, healthcare and care for the elderly and children among many others.

Armed with these results, the Trust raised funds to create a shopping centre in Ardoyne called the Flax Centre with 27 commercial units, that today house a supermarket, a post office and numerous shops. A medical centre, the Ardoyne/Shankill Healthy Living Centre, was opened next door to provide a range of healthcare and counselling services, including a day care centre for the elderly and outreach work to local schools and youth clubs. The Flax Trust also set up a Community Aid scheme offering practical assistance such as a meals-on-wheels service and support for single mothers.

Work continued in parallel on the Brookfield mill, which has today developed into a business centre that includes the Brookfield Business Centre Ltd., providing training services; the Business Incubation Systems initiative, providing workshop space and advice to new start-up businesses; and a 200-seat theatre, arts centre and restaurant.

In 1987, the Flax Housing Association was created with the aim of providing affordable, quality housing for people in need. The Flax Foyer Project was also created to assist

homeless and unemployed young people aged 16 – 25, providing accommodation and skills training.

The Flax Trust has also been a catalyst in the creation of a wide range of other important community-based initiatives, including:

- the Ulster Community Investment Trust, which provides affordable loans and free advice to community groups and social enterprises throughout Ireland, north and south;
- the School for Social Entrepreneurs, Ireland's leading provider of learning and management education in the social economy sector run jointly by the Flax Trust and the University of Ulster;
- Novatech, a business, trade and development company created as a result of an idea emerging from the Flax Trust that helps link up small, quickly-growing companies located outside of the European Union with market opportunities and enterprises in Northern Ireland;
- a joint venture with Bombardier Aerospace Ltd, initiated in the late 1980s, to redevelop the derelict Belfast Co-operative department store into a 'neutral' city centre block, called Interpoint; and
- Belfast Local Television, established in 2003 by the Flax Trust with the aim of encouraging and training local people to make their own programmes and tell their own stories.

In recent years, the Flax Trust has divested from most of these initiatives and of the properties described here, it retains ownership of only the Flax Centre. These moves were based on an agreed strategy involving:

- catalysing new initiatives with suitable partners;
- providing as little financial support as was feasible in order to increase the buy-in of the partner organisations and reducing dependence on the Flax Trust to a minimum;
- and then withdrawing as soon as possible so that they could move onto the next project.

The Trust's work today is centred on education in north Belfast. Its educational activities include the 'Sparkling the Imagination' project that is aimed at promoting the development of self-esteem among school children between the ages of four and six from disadvantaged backgrounds through participation in worthwhile, creative and enjoyable learning activities; and the promotion of the North Belfast Area Learning Community that provides community-based and inter-community (Protestant and Catholic) educational opportunities; and the creation of a new cross-community post-primary school in north Belfast, including a specialist e-media centre.

14.4 Investments

The initial investment capital came from an unusual source. The stained-glass windows in Father Kavanagh's parish church had been destroyed in a bomb blast in the mid-1970s. In the gap between compensation being awarded and renovation work starting, Father Kavanagh persuaded his church to allow the renovation funds to be used as collateral for a £250,000 loan to buy the Brookfield Mill.

To buy the property that would eventually house the Flax Centre shopping centre, the Flax Trust asked local residents to give the equivalent of the cost of two Mars bars a week. Nearly 3,000 people agreed to pay 50p into the 'Mars Bar Fund' and with that, the Trust approached the bank and civil servants for co-financing. The Government agreed to provide 80 per cent of the cost, with the banks and the Mars Bar Fund making up the difference. The Mars Bar Fund, raised by a population more than 50 per cent of which was unemployed, generated a total of £47,000.

14.5 Investment Process

Flax Trust investment in new initiatives has been driven by the identification of needs emerging from a process of consultation with its constituency, notably the residents of the Ardoyne and Shankill areas of Belfast. In developing its educational activities, the Trust undertook extensive economic and demographic statistical analysis to evaluate a wide range of possible opportunities and solutions.

The trustees of the Trust have played a central role in identifying and championing new initiatives, each of which has been expected to stand on its own feet financially, not benefiting from cross-subsidies from other Trust initiatives.

The Brookfield Mill, the Flax Centre shopping centre and the Interpoint building have provided an income stream that has enabled the Trust to leverage co-financing for the various other projects and initiatives listed above. For most of these projects, the Trust has been able to attract between 35 - 50 per cent of capital costs from external sources, especially government agencies and the Big Lottery Fund.

14.6 Impact of the Investments

The range and scale of its activities have enabled the Flax Trust to have a substantial impact both within and far beyond its core home communities in Ardoyne and Shankill.

The **Flax Centre** significantly improved the access of the residents of surrounding areas to a wide range of shopping, transport and other amenities. The Centre is today managed by the community based North Belfast Co-Operative Ltd and provides around 150 jobs, the majority of which are held by members of the local community.

The **Ardoyne/Shankill Healthy Living Centre** houses a GP surgery with over 3,000 local patients. The centre is the local flagship for health-related activities and reaches out to people who have been excluded from opportunities for better health, with activities including health information fairs and classes, a range of complementary and alternative therapies and keep fit classes.

The **Brookfield Business Centre** (BBC) at the refurbished Brookfield complex has accommodated over 500 small businesses, providing on-site training and business development advice for thousands of people. The Centre has also given birth to the Brookfield Business School and Community Aid 2000 Ltd. that provides opportunities for

further education and NVQ qualification as well operating a job placement programme. The Brookfield Mill today houses 66 businesses with a combined annual turnover of over £12 million. On a daily basis between 600 and 700 people from both sides of the community engage in BBC sponsored activities - whether commercial, social, educational or cultural.

Brookfield Mill also houses a theatre, art gallery, dance studio and craft centre for the local communities as well as people in the wider Belfast area. Each year the theatre promotes a Christmas pantomime staged by a leading drama company. This is attended by around 2,000 local school children from both sections of the community. It is provided at low cost, enabling many children who would otherwise be unable to attend the more expensive productions to enjoy a live pantomime performance. This has become a popular annual community event.

For those individuals and groups at the forefront of contemporary and traditional dance, the Golden Thread studio is increasingly becoming the venue of choice for rehearsals and workshops. Children with special needs dance in the same space as professional troupes such as Riverdance and Lord of the Dance who rehearse here when at home in Belfast.

One of the programmes of the Brookfield Mill is Belfast Beacon, a community based internet service provider whose aim is to counter 'digital exclusion' by providing the community with broadband connectivity. The first of the pilot's two broadband village intranets, located in Ardoyne, connected 1,125 homes as well as other community institutions such as St. Gabriel's Secondary School, Wheatfield Primary School, the Flax Centre and the Stadium Youth and Community Projects Centre on the Shankill.

The **Flax Housing Association** has an overall housing stock of 431 properties worth in the region of £35 million, providing housing to previously marginalized and excluded people. A number of these have been undertaken in partnership with other organisations as the Association's reputation for successful project completion has developed. For example, Thorndale was a joint project undertaken with the Salvation Army completed in 1997 consisting of 11 houses for vulnerable families. These residences are managed by the Association while the social programme of which they are part, is managed by the Salvation Army. Alliances such as this enable groups to build in areas where political and sectarian animosities would otherwise exclude them.

The **Flax Foyer** has worked with hundreds of young homeless and unemployed people, helping them to gain the skills and self-confidence to stand on their own feet.

The **Novatech** initiative has to date facilitated the creation of ten new enterprises in Belfast, including a film and video production company, a laser-tone recycling and remanufacturing enterprise and a company that imports timber from the US to convert into pallet kits for the European market.

In addition to its production and programme making activities, **Belfast Local Television** is establishing links with all north Belfast schools and the communities they serve and is helping to establish genuine community dialogue.

Since January 2001, the **Ulster Community Investment Trust** has assisted over 200 community organisations and social enterprises in Northern Ireland and the Republic of Ireland through the provision of finance totalling in excess of £25m.

The **School for Social Entrepreneurs**, an initiative launched in partnership with the University of Ulster, runs numerous courses, including an Advanced Diploma in Social Enterprise, ‘Creating a Social Enterprise’; the course ‘Sustainable Futures’ that leads to the award of an Advanced Diploma in Management Practice; an MSc in Executive Leadership for the Community and Voluntary Sector; and the training package Ready, Steady, Grow.

The **Interpoint** building has played an important role in providing a neutral space in the heart of Belfast and has housed the Northern Ireland Forum for Reconciliation; the Patten Police Commission; the Northern Ireland Injuries Compensation Review; the Northern Ireland Justice Review; and the Novatech initiative. It continues to house a range of new technology-based businesses including Bombardier Aerospace; Aepona; School for Social Entrepreneurs in Ireland (SSEI); Northern Ireland Office; and the Department of Culture Arts & Leisure (DCAL).

It is too early to say what the impact of the Trust’s **educational activities** has been. However, given the long history of sectarian divisions in north Belfast, there are good grounds for believing that it is in this field that the greatest and longest term community impacts may be felt.

14.7 Key Lessons

The key lessons to be learned from the experience of the Flax Trust include the potential importance of:

- **Government financing**, at least at the outset, to support the creation of initiatives that may have the potential to generate ongoing income streams.
- Developing a strong **asset base** that enables the community development agency to branch out into new activities and to leverage co-financing.
- Developing cooperative **relationships** with statutory authorities, especially for the co-financing of projects but remaining staunchly independent of them on policy and operational matters.
- Acting as a **catalyst** for the creation of other complementary initiatives that then become independent, stand-alone organisations rather than ‘growing the empire’.
- Moving onto the next ‘cutting edge’ and being prepared, in the process, to disengage with activities that can be self-sustaining and managed by other organisations.
- Providing the absolute minimum investment necessary for project start-up, always requiring significant finance from **complementary** sources.

- Listening deeply to and acting in accordance with the expressed needs of the **constituency group**.
- Gaining the buy-in of the constituency through investment of time, money and other resources. The success that the Flax Trust has had in doing this in Ardoyne and Shankill suggest that **no community is too poor and marginalised** to be able to contribute to its own development.

14.7.1 Further Information

Flax Trust

www.flaxtrust.com/

Ulster Community Investment Trust Ltd.

www.ucitltd.com/



Flax Shopping Centre

15 Stornoway Trust

15.1 Overview

The Trust owns a substantial amount of land in Lewis and is the product of a unique set of historical circumstances. The first decades of investment were undertaken on a relatively small scale, although more ambitious plans emerged in the 1970s. Having sold various parcels of land without restriction in the past, the Trust now pursues a policy of using long leases wherever possible. Renewable energy offers a substantial potential for future growth

15.2 History

The Stornoway Trust in the Western Isles owns the entire Parish of Stornoway and a small part of the Parish of Lochs. The estate covers an area of 69,400 acres and includes 39 crofting townships covering 1,300 crofts and includes the town of Stornoway.

In order to understand how The Stornoway Trust functions today it is necessary to understand a little of its history and the unique circumstances that led to its formation. In 1918, William Hesketh Lever, the first Lord Leverhulme purchased the Isle of Lewis for £150,000. He was an English industrialist (Lever Bros. business empire based on soap production) and philanthropist and although his period of ownership would last less than 6 years, he was to have a profound and lasting influence on the island.

He arrived to set up home in Lews Castle in Stornoway, with the declared intention of revolutionising the island and the lives of its 30,000 residents. His vision for the island was based on the premise that its economy would be transformed by the exploitation of the vast fish reserves in the surrounding seas. New fishing fleets would catch fish spotted by land-based aircraft; new ports would be built linked by railways and new roads to Stornoway, which would be transformed into a huge fish-processing centre. The output would be marketed through a 400 strong chain of retail fish shops, MacFisheries, set up across the length and breadth of the United Kingdom. Meanwhile a chemical industry would be developed processing the seaweed that was so plentiful around the island; peat would be used in large scale power stations; and unproductive land transformed into forests or fruit and dairy farms. Lewis would grow to become an island of up to 200,000 people. He set to work with considerable energy, and over the following years would invest the better part of a million pounds on Lewis (about £30 million at current prices).

There were two main problems with Lord Leverhulme's grand scheme. The first was that the state of the fish market in the UK was probably never sufficiently strong to drive that critically important element of it forward. The second was that many of the islanders of Lewis had a very different view of their future. For many decades there had been growing dissatisfaction with a shortage of available land for crofting. In the aftermath of the First World War, with so many men returning home, the pressure on available land had become critical.

Leverhulme was not a man to whom compromise came naturally, and neither was he known for his patience. Still worse, he saw the expansion of a crofting economy as running directly in conflict with his own dreams. Matters came to a head when he did not receive the popular

support he expected at public meetings, and increasing numbers of 'land raiders' or squatters settled on areas of his farmland near Stornoway in an effort to force the creation of more crofts. When it became apparent that the Scottish Office did not fully support his plans either, his response was swift and unexpected, although in keeping with the man's character: he switched the focus of his attention to Harris and bought the whole of the island^{xviii} in two lots in May and June of 1919, paying £20,000 for South Harris and £36,000 for North Harris. Almost immediately, financial difficulties with his global business interests began to drain resources and both he and his company were taken to the brink of bankruptcy. These external financial pressures began to jeopardise his new investment plans for Harris.

By 1922 the situation in Lewis had become intractable, and many of those who wanted crofting land had chosen to emigrate instead. In September 1923, Leverhulme admitted defeat but again surprised everyone with his truly remarkable offer of gifting Lewis in its entirety to its people. His proposal was to divide it into two areas: the land within 7 miles of Stornoway and whatever was left over, and to give each part to a separate trust to be set up for the benefit of, and controlled by the residents.

It rapidly became clear that while the Stornoway element might conceivably be self sustaining, the second proposed trust which was to look after the remainder of Lewis and Harris would require an element of public subsidy. The Scottish Secretary, Viscount Novar, refused to cover the funding gap that would allow the second trust to operate (thought to be less than £1,500 per annum) and as a result all the land that had been offered to the community as a gift - most of Lewis and all of Harris - was put on the open market.

Lord Leverhulme died suddenly in May 1925, and in the aftermath his family moved quickly to withdraw from their investment in Harris. £250,000 had already been spent on new works and facilities in Leverburgh, but Leverhulme's dream died with him, and the infrastructure at Leverburgh was sold for just £5,000 to a demolition company. The vast South Harris estate, purchased in 1919 for £36,000, was sold for just £900. Other parts of Lewis and Harris were sold piecemeal with the exception of the area that had been transferred successfully to the community and was now under the management and ownership of the new Stornoway Trust. The reasons as to why the people of Stornoway responded positively to Leverhulme's offer while so many crofters elsewhere in Lewis and Harris rejected it are unclear.

One possible explanation is that the business people of Stornoway could see a clear commercial advantage in owning all their land, whereas the long struggle that crofting communities had endured in order to secure their tenancies was still a vivid memory – and as a consequence there was a strong element of suspicion in the minds of many that there had to be a catch in Leverhulme's offer - to transfer complete ownership at no cost seemed too good to be true.

15.3 Organisational Structure

The Trust, a registered charity, was established in 1923 with 10 trustees - 5 ex-officio members from the Town Council and 5 members from the crofting townships with the Provost of Stornoway acting as the ex-officio chairperson. In 1974, local government reform replaced the two tier system with the unitary Western Isles Council and the Deed of Trust

was revised so that all trustees were now to be drawn from the Valuation Roll i.e. anyone who owned or occupied property within the area covered by the Trust was eligible for election. The Deed was revised again in 1994 to align it with the electoral roll. Lord Leverhulme endowed the Trust with very broad aims and objectives that are deemed to have served it well over the years and no amendments have ever been made.

The Board of Trustees is elected every three years. Elections are now conducted by the Electoral Reform Society, which oversees a postal ballot. The turnout at the elections has risen in recent years to over 40%. A recent trend has seen an increase in the number of contested elections which have been triggered by a number of single issue campaigns raised by relatively small groups of local people on issues such as the lease arrangements for the oil industry fabrication yard at Arnish, the development of a new community woodland, and issues of specific contention within the island such as those promoted by the Lord's Day Observation Society. While these single-issue groups often produce increased numbers of candidates for election to the Board of Trustees, it is interesting to note that they have rarely been successful at the ballot box. In the case of the Arnish controversy, 24 candidates stood for five places but the five candidates finally elected were existing trustees who were standing for re-election.

Annual turnover of the Trust is approximately £1 million. The Trust's primary sources of income are derived from four main sources: rock royalties (an additional levy on all leased quarrying activity on the estate), rental and lease income, land sales and investment income. The Trust currently employs 24 fte members of staff.



Arnish Yard

15.4 Early investments

Although community ownership of land in the Western Isles has nowadays become commonplace, the Stornoway Trust found itself in uncharted waters back in 1923, and in one important respect, in very different circumstances from the previous owner. When Lord Leverhulme acquired the island he had very significant reserves of wealth to invest in

developing the asset. When the Stornoway Trust took ownership of the land they were bequeathed no working capital at all.

As a result, the initial phase of the Trust's existence witnessed several parcels of land being sold off to generate sufficient capital receipts in order to meet the Trust's financial and legal obligations. In particular, the Trust was faced with the dilemma of not being able to fulfil its legal obligations to its tenants by maintaining their property to a reasonable standard - it therefore found itself disposing of significant amounts of land over a sustained period of time to its tenants in order to disentangle itself from the increasing liabilities associated with ownership.

Beyond meeting the minimum legal requirements of being the owner of a 70,000 acre estate, which included the town of Stornoway, the Trust's initial concern was to stabilise the decline in population and in particular to ensure a sufficient supply of affordable housing was available in order to retain the island's young people. The approach adopted by the Trust in relation to this issue might be described as 'sweating the crofting asset'. By utilising a legislative device called 'section 18 feu', the Trust was able to offer secure tenancies on existing crofting dwellings and then release more crofting land on which new dwellings could be built.

Rarely venturing beyond the activities outlined above, the business strategy of the Trust over the first 40-50 years remained broadly the same and could be characterised as one of frugal housekeeping – the Trust didn't spend more than it earned and thus managed to remain largely debt free. However, this disguised the fact that the true cost of managing the estate at the level that was required, exceeded its income and as a result, over time there was a steady deterioration in the overall condition of the property.

15.5 Investments since the 1970's

While in hindsight there may be some regrets within the community about the extent of these early disposals, at the time the Trust had very little room for manoeuvre. The Scottish Office had earlier ruled out the prospect of providing any public subsidy to support the transfer process and Lord Leverhulme's family clearly felt that more than enough of their wealth had already been expended on the island. With the steady deterioration of the physical condition of the estate, it was becoming critical that a step change in the estate's activities had to occur. This step change came about with the establishment of the **fabrication yard at Arnish**, just outside Stornoway, which was designed to serve the needs of the oil industry.

The Trust negotiated a 60-year lease with a Norwegian oil company and this development was to trigger a significant injection of economic activity into the Western Isles. At its peak the Arnish Yard was employing 1,000 people which, apart from providing an important additional income stream for the Trust from the ground rent, had an enormous impact on the wider economy of Lewis and on the Western Isles more generally. Of added significance was that this came at a time when the Harris Tweed industry – for so long a cornerstone of the Western Isles economy - appeared to be moving into decline. But the boom times were not to last. The Yard was operating at a loss and within a decade the Norwegian company was looking to negotiate an early release from its long lease.

Although the cause of much contention locally, the Trust agreed to an early termination of the lease and were able to negotiate a £300,000 compensation in settlement. This windfall payment has subsequently been invested in order to generate a long term income stream for the Trust. More recently, the Trust has been able to re-lease the Arnish Yard to Highlands and Island Enterprise who now sublet to a number of local commercial concerns including a succession of fabrication businesses involved in the renewable energy industry.

15.6 Investment Strategy and Land

Lord Leverhulme's gift to the people of Stornoway included Lews Castle and the substantial castle grounds. Having disposed of the Castle to the local authority in the 1950's, the Trust continues to invest significant resources in maintaining and improving the network of paths and the wider landscape for social and recreational purposes. It is estimated that approximately 80,000 people currently use the grounds each year. In particular, the **Millennium Forest Project** enabled large scale clearance of invasive plants, extensive tree planting, re-surfacing of paths, bridge renewals and the building of new sawmill and visitor centre facilities.



Woodland café and visitor centre

In addition and in accord with the broad aims of the Trust, several parcels of land have also been sold to the local authority and other public sector partners over the years to facilitate the development of vital public services such as schools, school hostels, hospitals and other projects related to the economic development and social well-being of the whole Lewis and Harris. The Trust recognises that it has a responsibility to serve an area much wider than just the estate boundary and this stems from the fact that approximately 50% of the entire population of the Western Isles lives within the parishes of Stornoway and Lochs.

Thus as a consequence, when the Trust began to dispose of land to its public sector partners it did so in the spirit of making a key contribution towards the common good and well-being of the islands. This often involved the transfer of land at significantly below market value and with a ‘clean title’ i.e. with no restrictions or burdens imposed on the new owner. With the benefit of hindsight the Trust now recognises that this was a mistake as there have been a number of instances where the local authority or health board have subsequently declared the land surplus to requirements and sold the land on at a substantial profit. Recognising that it has suffered financially as a result, the Trust now pursues a policy of preferring long leases wherever possible.

An example of this was when the Council agreed to sell some land to the Scottish Coop to build a supermarket on the outskirts of the town. This was on land the Trust had previously transferred to the Council at a significant discount and again with no burdens written into the title. Again the Trust stood to lose out as the Coop agreed to pay the Council a substantial premium in order to acquire the site. However, by good fortune the Trust had retained a small parcel of public land that lay in front of the proposed site and was needed for access purposes. In this instance, the ‘ransom strip’ proved highly profitable as the Trust were able to negotiate a purchase price of £100,000 to release it. Unfortunately these types of profitable outcome have been few and far between.

15.7 Future Prospects

The Trust recognises that it has been constrained in what it does by the development opportunities that lie within the estate boundaries and hitherto these have been relatively limited in comparison to the vision set out by Lord Leverhulme 90 years ago. The principal reason being that the Trust did not have access to the financial resources that Lord Leverhulme had at his disposal. However that may all change if the Trust is successful in its plans for a major joint venture with Amec to construct a **150MW wind farm**. The Trust has negotiated a 20% share of the proposed wind farm which, if successful, will generate very significant levels of income into the area and has the potential to transform life in the area. However there are many obstacles, both technical and political, to be overcome before this venture can become a reality.

15.8 Key Lessons

- Once something is sold it cannot be ‘unsold’. The rate of **asset disposal** in the early days is now widely recognised as being too great and insufficient account was taken of the long term consequences. The recent shift to long leases presents the Trust with more options for the future. The Trust now recognises that there is a need to have clear policy established from the outset in relation to asset disposal and land management more generally rather than (as has often been the case in the past) making policy on the hoof.
- The Trust has not yet developed a comprehensive **strategic vision** for the estate nor does it work to a community-led plan. There is a Community Planning Partnership in the Western Isles but the Trust is not recognised as a partner. It does however work closely with a wide **range of local public sector and private sector interests**.

- The Trust currently carries out no formal assessment of its impact or performance within the community but relies on wider **accountability** for its actions and decisions through the ballot box.
- As a result of its longevity – the Trust is probably the country’s oldest development trust – its **public image** and its own self image is difficult to define but does not appear to be that of a modern development trust. It has been described as a "private business under public ownership". It is likely that many people who live in Stornoway and surrounding crofting townships are not fully aware that collectively they own the land that they live, work and sleep on.

15.8.1 Further information

The Trust does not have a website and detailed information should be sought direct from their offices at:

20 Cromwell Street
Stornoway
Lewis HS1 2DD

16 Other Long-term Organisations

These organisations have been in operation as community investors for thirty years or more.

16.1 Kibble Centre

Kibble was founded in 1857 by a charitable bequest from Miss Elizabeth Kibble who came from a wealthy Paisley textile family.

The Kibble Centre in Paisley is one of Scotland's largest and most thriving social enterprises, blending a strong social mission with best business practice, while strengthening its community roots and involvement. It works with young people who have a complex mix of social, emotional, educational and behavioural problems and has developed a reputation for social innovation.

Kibble's services incorporate community outreach programmes, residential care, social welfare, full secondary education, throughcare and aftercare, intensive fostering, and secure care. These services are sold to local authorities across Scotland and the north of England.

www.kibble.org

16.2 Dartington Trust

Dartington was founded in 1935 with a substantial bequest of land and buildings and retains the original 1,200 acre south Devon estate as its core property. Originally set up as an experiment in rural reconstruction as an antidote to the economic difficulties of the time, it has expanded into various different areas of activity. These include farming, forestry, education, conservation and the promotion of arts and crafts. Total income is about £14 million per annum. It has a diverse portfolio of interests and a substantial track record, but its main aims would appear to be essentially philanthropic rather than investment-driven.

www.dartington.org

16.3 Shetland Charitable Trust

Shetland Charitable Trust, although an example of a local authority initiative, may have relevant lessons. It started life as Shetland Islands Council Charitable Trust in 1976 when Sullom Voe Terminal began operating. Money was paid by the oil industry to Shetland as a way of compensating the people for the inconvenience of having the terminal based in Shetland. It was decided to establish a charitable trust to receive and disburse this money.

Its aim is to provide public benefit to and improve the quality of life for the people of Shetland, especially in the areas of:

- Social care and welfare;
- Arts, culture, sport and recreation;
- The environment, natural history and heritage;

In addition to funding other organisations, SCT invests in 3 active subsidiary companies: Shetland Leasing and Property Developments Limited, known as SLAP; Shetland Heat Energy and Power Limited, known as SHEAP; and Viking Energy Limited.

SCT's income now comes from investments, rental from the Sullom Voe terminal, and income from its trading companies.

www.shetlandcharitabletrust.co.uk/index

17 Appendices

17.1 Wind Farm Community Benefits Information

	A	B
1	Operational Windfarms - Community Benefit Funds	
2		
3	Craigengelt Hill, Stirling	GDF SUEZ Energy UK recognises that sensible wind farm development can bring substantial benefits to the local community and as such a benefit fund had been agreed and is in place with the local community. Source: www.gdfsuezuk.com
4	Tiree Community Wind Turbine, Argyll	The principle motivation for the development of the turbine by the Tiree Renewable Energy Company Limited (TREL), owned by the island's Community Development Trust has been the requirement contribute to the financing of various projects proposed under the island's development plan. The plan, developed by the island's community, identified a number of areas for potential investment on Tiree, including an island swimming pool, improved harbour facilities for local fishermen and visiting yachts, better facilities for local businesses, affordable housing and support for youth groups on the island. Source: www.tireerewableenergy.co.uk/
5	Fairburn Estate, Highland	The Fairburn Wind Farm Community Benefit Fund is a new charitable fund provided by the wind farm developer SSE and managed by the Scottish Community Foundation. Source: www.scottishcf.org
6	Hill of Fiddes, Aberdeen	The developer of the Hill of Fiddes wind turbine site has indicated a willingness to establish such a fund and has been in discussion with Foveran Community Council in this regard. The funds have to be administered in an open and accountable way, and it is intended to establish either a charitable trust or opting into the services of the Scottish Community Foundation. Source: www.aberdeenshire.gov.uk
7	Boyndie Extension, Highland	Boyndie Co-op was established in 2005 for the purpose of owning a share in the Boyndie wind farm located at Boyndie Airfield in Banffshire. Boyndie Co-op is the first wind farm co-operative in Scotland and has given local people, as a matter of priority, and others, an opportunity to invest in the production of renewable energy. Source: www.boyndie.coop/
8	Pates Hill, West Lothian	The wind farm will contribute £70,000 each year to the local community for worthy initiatives. This is a total of £1.75 million over the life of the wind farm. How this money can be best spent is currently being discussed, and we would like to hear residents views. Source: www.youenergy.co.uk/projects/pates-hill.htm
9	North Rhins, Dumfries & Galloway	No info on community fund found
10	Edinbane, Skye	A range of potential benefits may accrue to the area from this development, including: The total investment for completing the wind farm is in excess of £50 million. A proportion of this is being spent locally with consequential benefits for local suppliers and services. Local contractors and workers are currently being used in support of the development. Making a significant contribution towards Scotland's renewable targets to help tackle the problems of climate change and making electricity clean. Source: www.vattenfall.co.uk/en/edinbane.htm
11	Strath of Brydock extension, Banff	No info on community fund found. News article found titled "Controversial third wind turbine wins go ahead" Source: www.banffshire-journal.co.uk/news/fullstory.php/aid/3527/Controversial_third_wind_turbine_wins_go-ahead.html
12	Newstead, Aberdeen	No info found.
13	Ednie Farm, Aberdeen	No info on community fund found. News article found titled "Neighbour blasts latest turbine proposals" dated 20 April. Source: www.buchanobserver.co.uk/buchannews/Neighbour-blasts-latest-turbine-proposals.6238499.jp
14	Cowhill, Aberdeen	No info on community fund found. CAWT (Concerned About Wind Turbines) has been contacted by residents living nearby the recently-erected 80m high turbine at Cowhill, near Rothienorman. Despite the many objections to this proposal, the turbine was granted planning consent by Aberdeenshire Council and is now erected. The nearby residents who have contacted CAWT are now suffering the consequences of the turbine from their properties in the forms of noise pollution and adverse visual impact.
15	Hill of Skelmonae, Aberdeen	No info found.
16	Burgar Hill, Orkney	No info found.
17	Dun Law extension, Borders	Allan Kelly, ScottishPower's project manager said: "The existing wind farm has operated a community fund that has supported a range of very worthwhile local initiatives. The extension will increase significantly the community fund to allow more ambitious community projects to be supported throughout the wind farm's life." Source: www.contractorsunlimited.co.uk/news/060125-ScottishPower-RES.shtml
18	Long Park, Borders	Found press article 2006, but nothing further. Press article includes: "The company has promised a local trust fund will be set up to receive a proportion of the income generated by the 110 metre-high turbines." Source: http://news.bbc.co.uk/1/hi/scotland/south_of_scotland/5190204.stm
19	Westray Community wind turbine	Westray has a population of just 600, but once its new Class 1A 900kW Enercon E-44 wind turbine is turning, the island expects to be ploughing hundreds of thousands of pounds back into the community. By taking advantage of one of their strongest, natural resources – wind – the islanders hope to create a sustainable economy and turn around their dwindling population. Source: http://www.greenwisebusiness.co.uk/news/getting-down-to-business-one-communities-journey-to-self-sustainability-711.aspx
20	Holodyke, Orkney	mentioned in Shapinsay Community Wind Project document. Source: http://www.orkneycommunities.co.uk/SHAPINSAY/documents/Wind%20turbine%20Environmental%20Impact%20Assessment/1%20Shapinsay%20Environmental%20
21	Hill of Burns, Aberdeen	No info found.
22	Lochhead Farm, South Lanarkshire	No info on any community benefit fund, but found press article on Sainsbury's signing a 10-year deal to buy renewable electricity directly from the operator of a planned new wind farm in Scotland. Source: http://www.newenergyfocus.com/do/ecco/view_item?listid=1&listcatid=32&listitemid=2008
23	Hill of Balquhindachy (Ext), Aberdeen	Following extract found but no mention of community fund: In November 2008, construction commenced on the two new Vestas V52 wind turbines at Balquhindachy farm, near Methlick in Aberdeenshire. These turbines are identical to the existing turbine on site, and will bring the overall generation capacity of the site to 2.55MW of green, renewable electricity. This is enough to meet the annual electricity demand of over 1,500 households in the local area, and offset over 6,000 tonnes of harmful greenhouse gas emissions every year. Source: http://www.greenspanenergy.com/News/November2008.php
24	Beinn Tharsuinn extension (Beinn nan Oighrean), Ardgay	This windfarm development is run by Scottish Renewables. They operate a Community Benefit scheme which makes funds available each year to several local communities. The Ardgay & District Community Council receives a discrete amount each year and thus welcomes applications from within our community from groups who identify modest gaps in project funding. Source: http://ardgayanddistrictcommunitycouncil.org.uk/about/projects-issues-we-are-discussing/beinn-tharsuinn/
25	St John's Wells, Aberdeen	Today there are three wind turbines where John is standing, generating electricity to supply some of Good Energy's 25,000 customers and provide St John's Wells Farm with a great income. Source: http://www.goodenergygeneration.co.uk/sell-your-energy/progen/progen-case-studies.aspx

A	B
26 Ardinglass/Ciachan Flats, Argyll	No info on community fund. Following extract found: A new windfarm site has been developed in conjunction with Argyll Estates and nine turbines were commissioned in 2009. Source: http://www.ardkinglas.com/estate.php
27 Strath of Brydock, Banff	Already mentioned at Row 11 re extension.
28 Whitelee, Eaglesham Moor (Part), Renfrewshire	Community groups across East Renfrewshire will benefit from a new fund set up from the development of Europe's largest onshore wind farm. The Whitelee fund, which will last for the lifetime of the windfarm, will deliver £140,000 for community groups, activities and initiatives in its first year. There will be similar sums each year over the next 25 years. Source: http://www.scotland.gov.uk/News/Releases/2010/03/16105409
29 Aikengall, East Lothian	Aikengall Community Windfarm will help to fund the Dunbar Carbon Neutral Project and BeGreen Dunbar & District. Donation of a wind mast to Innerwick Primary School. Funding for the enhancement of a East Lammermuir Deans Reserve. Source: http://www.communitywindpower.co.uk/projects/information.asp?ProjectID=15
30 Achairn Farm, Stirkoke, Caithness	No info on community benefit fund. Following extract from Press Article re donation: Donation made to Argyle Square Area Association by Achairn Energy Ltd. Source: http://www.johnogroat-journal.co.uk/news/fullstory.php/aid/6397/_Green_route_for_turbine_blades.html
31 Balnamoon Farm, Aberdeen	Farmer who installed 1 wind turbine. Following extract found: "Michael is one of a number of farmers in the Aberdeenshire area who have installed small scale wind turbines to supply energy back to the grid which provides a great and clean way to increase their farms' income." Source: http://blog.goodwithmoney.co.uk/2009/09/17/balnamoon-wind-energy-project/
32 Linclate Wind Farm, Benbecula	No info on community benefit fund. Following extract from Co-Op found: "Some of the power is also being sold back to us at The Co-operative Group, and to the Co-operative Store on Benbecula." Source: http://blog.goodwithmoney.co.uk/2009/04/07/element-wind-limited/
33 Millennium (Glenmoriston) extension	The Great Glen Energy Co-op was formed to give local people the chance to own a stake in the 16-turbine Millennium windfarm at Glenmoriston. The group originally aimed to raise a minimum of £250,000 from shares costing £1 each, but such was the interest from locals that the final total stands at £1,288,270. The co-op has 677 members, with shareholdings ranging from 250 to 20,000 shares. Source: http://www.pressandjournal.co.uk/Article.aspx/840459?UserKey= and http://www.greatglen.coop/greatglen_misc.asp?ID=NWS1&catID=5
34 Dalswinton, Pennyland Moor	Funds received for Community Council. Following extract from press article regarding Closeburn found: He added: "Dalswinton windfarm earns the developers about £10 million a year and the landowner will also do very well, but nine local community councils only get £3,000 each." Source: http://www.dgstandard.co.uk/dumfries-news/local-news-dumfries/local-news-mid-upper-nithsdale/2009/06/24/closeburn-turbine-cash-queries-51311-23958275/
35 Drumderg	The fund is provided by Scottish and Southern Energy, the developer of the Drumderg Wind Farm. It benefits the Community Council areas of Mount Blair (most of Strathardle and Glenshee) and Alyth. The annual fund value will be at least £64,000 and could reach an average of £100,000 in future. The value will rise with inflation and contributions will be made for 25 years, dating from 2007. Source: http://www.scottishcf.org/resources/funds/view/11/drumderg-wind-farm-community-benefit-fund/
36 Millennium (Glenmoriston)	As above at row 33
37 Ardrossan Extension	Following extract taken from Council Minutes, Sep 09: "Following on from this the Council entered into a legal agreement with Ardrossan Windfarm (Scotland) Limited. The Agreement was signed on 2nd and 4th May 2007 and was in line with the decision of the Council's Corporate Services Committee in March 2005. Funding amounting to £12,000 per annum was to be given by the Company to the Council to be used by it for the Renewable Energy Community Benefit Fund and funds were to be allocated solely for the benefit of communities within North Ayrshire. The Agreement also makes provision for non-compliance on the part of the Council either by not using the funding effectively to benefit the communities or in accordance with its terms regarding the administration thereof." Source: http://www.north-ayrshire.gov.uk/chiefexec/commRA07.nsf/cf69ca85c40423a880256873005443cb/98e77a84d67736a780257631003726b5?OpenDocument
38 Hagshaw Hill Extension, South Lanarkshire	Hagshaw Hill Windfarm Trust supports various local charities/projects, e.g. Glespin Community Group, The Coalburn Miners' Charitable Society, and Clyde in the Classroom 2006. Sources: http://www.douglascommunitycouncil.info/index.asp?pageid=92 http://www.coalburnmw.org.uk/newsletters/1_One%20Stop%20Shop%20Spring%2010%20Newsletter.pdf http://www.clydevalleyfoundation.org/index_files/Page408.htm
39 Green Knowes, Perthshire	As part of SPR's continued voluntary commitment to the communities surrounding Green Knowes, the company announced the creation of a new community trust fund - administered by Auchterarder & District Community Trust - with the remit of supporting local projects and organisations. Over £12,000 will be invested by SPR in this fund each year for the 25-year life of the windfarm. Source: http://www.scottishpower.com/PressReleases_1762.htm
40 Watten (Bilbster)	In association with the Bilbster Wind Farm, a community fund is being set up to assist local community projects in the area surrounding the wind farm. Watten and Tannach Community Councils have agreed to administer the Community Fund which will be worth in total over £140,000 (in today's money) over the operational lifetime of the wind farm. This means that decisions about how the fund is allocated will be made by local representatives for the benefit of their own community. RWE npower renewables is in the process of finalising arrangements with the Community Councils. Source: http://www.rwe.com/web/cms/en/310728/rwe-npower-renewables/sites/projects-in-operation/wind/bilbster/local-community/
41 Kilbraur (Strathbrora)	Kilbraur Wind Farm Co-op purchased a stake in the Kilbraur wind farm on the 3rd November 2008 after raising a total of £1,043,900! The 517 members, each with a shareholding ranging from £250 to £20,000 will receive annual interest on their shares. Source: http://www.kilbraur.coop/
42 North Redbog, Aberdeen	Farmer/Councillor with 2 turbines - no community benefit fund found.
43 Minsca Farm, Dumfries	Negotiations between Airtricity and local communities began before the Council's windfarm benefits framework was developed. Three community council areas are to receive £36,000 in benefits as part of this earlier agreement. However, council officers worked closely with Airtricity to agree a widening of the previously negotiated benefits to include the current 21 community organisations. Source: http://www.dgcommunity.net/dgcommunity/documents.aspx?id=24319
44 Ben Aketil	The Isle of Skye Renewables Co-op purchased a stake in the Ben Aketil wind farm from owners Falck Renewables in January 2008 after raising £812,137! The 570 members, each with a shareholding ranging from £250 to £20,000 will receive annual interest on their shares. Source: http://www.skye.coop/skye_home.asp
45 Greendykeside Wind Farm	Private developer Alex Hensher - no info on any community benefit fund. Source: http://www.ventusvc.com/investeecompanies.htm
46 Hill of Eastertown (Mackies)	No info found.
47 Craig Wind Farm	No info found.
48 Earlsburn	Falck have agreed a community benefit package of £35,000 per year which is shared between the three local communities to the east of Earlsburn for the lifetime of the turbines. The community benefit fund is administered by the Scottish Community Foundation (SCF) to provide funding for long term projects to benefit the local community in areas such as energy efficiency, conservation, tourism and community development. Source: http://www.falckrenewables.com/projects/project_details/index/153
49 Arnish Moor, Lewis	No info found.
50 Fintry (The FREE Turbine)	Charles Williams, from Falck Renewables, said the extension would deliver "real economic, social and environmental benefits" to people living nearby. He said local communities would share £1,000 per annum, plus income generated from the community turbine. Source: http://news.bbc.co.uk/1/hi/scotland/tayside_and_central/8557597.stm

A	B
Forss, extension Hill Of Lybster	RES have set up a community fund - not clear if this relates to Forss but does for neighbouring site at West Shebster. Following extract found in John o Groat Journal: "...RES handed over the first tranche of funding to the West Caithness Community Fund. The fund was created to provide a community dividend from the electricity income generated by the second phase of four turbines, which went live last July. The cheque for £17,960 will be followed up by half-yearly payouts based on the amount earned from the national grid." Source: http://www.johnogroat-journal.co.uk/news/fullstory.php/aid/6049/Revised_turbine_plan_unacceptable_.html
51 Beatrice	off-shore
52 Hill of Balquhindachy, Aberdeen	Mentioned above at Row 23.
53 Wether Hill, Dumfries & Galloway	Part of ScottishPower Renewables' continued voluntary commitment to the communities of Carsphairn and Moniaive, is the creation of a new community trust fund with the remit of supporting local projects and organisations. Over £40,000 will be invested by ScottishPower Renewables in this fund each year. Source: http://www.scottishpower.com/PressReleases_1597.htm
54 Crystal Rig 1a, Borders	Minute of Agreement between Crystal Rig and Cockburnspath Community Council for a Community Benefit Fund. Source: http://www.cockburnspathandcove.co.uk/CRigPhase1a.html
55 Dummuie, Aberdeen	No info found.
56 Black Hill, Borders	No info found.
57 Burgar Hill, Orkney	As noted above at Row 16 - no info found.
58 Braes O' Doune, Stirling	A community fund set up by the wind farm's owners, Airtricity, and distributed in Dunblane through a wind farm cash committee has just paid out sums of money to the benefit of a number of groups and organisations in and around the cathedral city. In the latest round of handouts, cash totalling more than £12,600 was distributed among 13 organisations. More than 20 applied for a share of the maximum £4000 grant from the committee. Source: http://www.stirlingobserver.co.uk/stirling-news/local-news-stirling/local-news-dunblane-bridge-of-allan/2009/01/16/delight-at-wind-farm-windfall-51226-22700352/
59	1 turbine - private owner - no info on any community benefit fund.
60 Braiden Hill, Glasgow	The Blacklaw Renewable Energy Fund was established for the receipt and disposal of 'community benefit' paid in respect of Scottish Power/ CRE Energy's Blacklaw Windfarm near Forth, South Lanarkshire. The developer's windfarm proposals were assessed as being acceptable in planning terms and the developer was encouraged to contribute 'community benefit'. This has resulted in a contribution equivalent to £1000/MW of generating capacity being provided to the Council to distribute to eligible projects in the affected area. Income received is index linked to ensure that the value of the developers contributions are maintained over the 28 year lifespan of the windfarm project. Source: http://openscotland.net/Publications/2007/10/09113958/32
61 Black Law 1 (Construction Phase 2)	The Highland Council is the sole member of Beinn Tharsuinn Windfarm Community Limited a company limited by Guarantee. The Beinn Tharsuinn Windfarm Community Limited administer the Community Benefit fund paid by the CRE Energy Ltd, (the developer of Beinn Tharsuinn Windfarm, and a subsidiary of Scottish Power) to ten local communities affected by the windfarm. The ten communities are: Alness, Ardross, Ardgay, Creich, Dornoch, Edderton, Invergordon, Kilmuir and Logie Easter, Kiltarn, Tain. Source: http://www.highland.gov.uk/NR/rdonlyres/CA4E7C75-66B1-4DB1-AEC7-C27E1E2791CA/0/Item18HC3908.pdf
62 Beinn Tharsuinn	As part of the Dalry Community Windfarm, Community Windpower has and will continue to provide community benefits to the local area. A few examples are detailed below: Opening of BeGreen Energy Advice shop in Dalry; Family Fun Days at the windfarm; Donation of energy saving lightbulbs for the community; Employed an Educational Ranger working with two primary schools in Dalry since 2006; Funding for educational school trips & visits to the windfarm; Donation and Sponsorship for community events and sports teams, including: Ayrshire Chernobyl Childrens Lifeline Charity, Dalry Community Sports Club, Dalry Rovers Football Club, Dalry Horticultural Society, St Andrews Ambulance, Dalry Scouts and Ayrshire Hospice. Source: http://www.communitywindpower.co.uk/projects/information.asp?ProjectID=14
63 Wardlaw Wood (Dalry Community Windfarm)	No info on community benefit fund.
64 Michelin Tyre Factory, Dundee	Boyndie Wind Farm Co-op purchased a stake in former World War II airfield from owners Falk Renewables in 2006 after raising £750,000! The 716 members, each with a shareholding ranging from £250 to £20,000 will receive annual interest on their shares. Source: http://www.boyndie.coop/boyndie_home.asp
65 Boyndie Airfield, Aberdeen	The community has accepted an agreement from the developer (N Power) to receive a lump sum payment of £1 million when the construction of the wind farm is completed, supplemented by an indexlinked annual payment of £1157 per MW for the the 25-year operational life of the wind farm. Source: http://www.highland.gov.uk/NR/rdonlyres/F7DEC709-3E6E-46A6-B96B-16E9E9FF77FB/0/CommunityBenefitUpdateSept2004.pdf
66 Farr Windfarm	Reference found in report: AN EVALUATION OF WIND FARM COMMUNITY BENEFIT FUNDS IN SCOTLAND by Elaine Macintosh: Of the 31 community benefit funds in Scotland, 14 (a majority of 45%) are apportioned by the developer across several communities, each with their own administrative body. The largest split is at Paul's Hill, where the fund is distributed across seven communities. Source: http://www.sac.ac.uk/mainrep/pdfs/studentdissertationSEM.pdf
67 Paul's Hill, Moray	HADYARD HILL COMMUNITY BENEFIT FUND LTD - The company was established in 2006 as an independent, community-led organisation to distribute funds arising from the first windfarm development in South Ayrshire. It is a partnership involving Barr, Dailly and Pinwherry/Pinmore, which are the 3 communities directly affected by the Hadyard Hill windfarm, with South Ayrshire Council, and Scottish and Southern Energy, owners of the windfarm. Source: http://www.girvan-online.net/?node=574
68 Hadyard Hill, Barr	Findhorn Wind Park Ltd will own and operate the four wind turbines, selling electricity to Park customers with any surplus available for local customers. Caledonia, New Findhorn Directions Ltd, Ekopia Resource Exchange Ltd, and the Findhorn customers will own Findhorn Wind Park. New Findhorn Directions Ltd represents the trading arm of the Findhorn Foundation. Ekopia Resource Exchange Ltd is an Industrial and Provident Society, established in 2001 to raise funds from Findhorn residents and supporters for investment in community projects. Source: http://www.energy4all.co.uk/energy_newsdetails.asp?newsID=40
69 Findhorn Foundation	Local economic benefits in excess of \$2.5 million dollars annually It is the only privately held wind farm in the whole of Great Britain, owned by the Hall Family. During the operation of the wind farm, continuing benefit to the regional, district and community economy will occur, via payment of business rates, annual contribution to the Community Council and the commercially confidential agreement with the Residents Association of Houstry Township. The direct employment of two staff and the renovation of two derelict properties for workers will also have benefit to the local economy. It is estimated the overall benefit will be £120,000 per annum. The assessed impact is considered moderate beneficial. Source: http://www.boulfruch.com/operations-and-migration.php
70 Boulfruch, Highland	As for Row 61
71 Black Law 1 (Construction Phase 1)	GLENS OF FOUDLAND WINDFARM COMMUNITY TRUST - website set up for grant applications. Source: http://www.glens.org.uk/
72 Glens of Foudland, Aberdeen	SSE provider but can not find any info on community benefit fund
73 Artfield Fell, Dumfries & Galloway	Following extracted from news article dated January 2010: During the work, the Scottish Government estimates that around 60 construction jobs will be created. A community benefit fund is also to be established. Source: http://www.newenergyfocus.com/do/ecco/view_item?listid=1&listcatid=32&listitemid=3434
74 Rothies (Cairn Uish), Rothies	The Burray project was fully funded by local investment, with all revenues retained within Orkney. In addition there is a local community investment fund distributed each year to Burray Community Association and other charities. The annual income from this project, after allowing for all construction work and operations and maintenance is in excess of £200,000 per annum, compared with a maximum of £10,000 that would normally be made available to the landowner and community Source: http://www.orkneywind.co.uk/productssimple.html
75 Northfield wind turbines (Burray)	

	A	B
	Spurness Wind Farm, Orkney	he fund is provided by Scottish and Southern Energy, the developer of the Spurness Windfarm. The annual fund value will be at least £16,500 and could reach an average of £25,000 in future. The value will rise with inflation and contributions will be made for 25 years, dating from 2004. <u>Source:</u> http://www.scottishcf.org/resources/funds/view/12/spurness-sanday-wind-farm-community-benefit-fund/?from=S/1
76	Gigha Community, Highland	Gigha Renewable Energy Limited, a trading subsidiary of the Isle of Gigha Heritage Trust, established the UK's first grid-connected local community-owned wind farm in December 2004. This landmark project meets all of Gigha's energy needs, exporting the surplus to the mainland, and will provide an annual net income to the community of around £80,000. <u>Source:</u> http://rural.carnegieuktrust.org.uk/the_commission/case_studies/isle_of_gigha_community_windfarm
77	Causeymire, Caithness	In association with the Causeymire Wind Farm, a community fund has been set up to assist local community projects in the Halkirk and District area, including Altnabreac, Banniskirk, Calder, Georgemas, Harpsdale, Spittal, Mybster and Westerdale. The annual fund started at a base level of over £55,000, it is index linked each year in line with inflation and will be available throughout the operational life of the wind farm, in addition a one off lump sum of £300,000 was provided. <u>Source:</u> http://www.rwe.com/web/cms/en/310868/rwe-npower-renewables/sites/projects-in-operation/wind/causeymire/local-community/
78	Cruach Mhor	By comparison, a similar wind farm trust in nearby Glendaruel administers an annual 'community trust fund' of £21,000 from Scottish Power, operators of the 35-turbine wind farm at Cruach Mhor, high above the village. <u>Source:</u> http://www.buteman.co.uk/news/Wind-farm-developer-poses-64000.5611770.jp
79		
80	Crystal Rig	As above at row 55.
81	Ardrossan	As above at row 37.
82	Forss 1, Hill of Lybster	As above at row 51.
	Burradale Phase 2	As Viking states, as a result of the partnership between the Shetland community and SSE, it is expected that over £37 million each year is likely to be generated in the local economy over the project's lifetime. This sum includes returns to Shetland Charitable Trust, which are now expected to be over £23 million each year, as well as wages and rents to local landlords and crofters. Viking Energy will invest over £1 million per year in wider, direct, community benefit payments. <u>Source:</u> http://www.renewable-energy-jobs.com/news/newstickerdetail.php?changeLang=en_GB&newsid=894
83	Tangy, Argyll	The annual fund value will be at least £7,140 and could reach an average of £10,000 in future. The value will rise with inflation and contributions will be made for 16 years, dating from 2006. The first payment received in 2010 represents four years of payments providing £28,560 for distribution. <u>Source:</u> http://www.scottishcf.org/resources/funds/view/93/tangy-2-wind-farm-community-benefit-fund/?from=T/1
84		
85	Bowbeat, Borders	Found mention of Innerleithing Community Trust in SAC report but nothing further. <u>Source:</u> http://www.sac.ac.uk/mainrep/pdfs/studentdissertationappendSEM.pdf
86	Thorfinn, Bugar Hill	As noted above at Row 16 - no info found.
87	Bu Farm, Orkney	No info found.
	Beinn an Tuirc, Argyll	The windfarm incorporates a £2 million habitat management scheme funded by ScottishPower, to enhance foraging habitat for a pair of golden eagles. This is the biggest land management scheme of its type in the UK. A ranger, responsible for the grounds for the eagles, manages over 10 square kilometres of moorland. <u>Source:</u> http://www.scottishpowerrenewables.com/pages/golden_eagle_habitat_beinn_an_tuirc_argyll_bute.asp
88		
	Deucheran Hill, Argyll	Nothing found on community benefit fund. Following extract found in EON website: Early in 2002 a five-year habitat management plan was implemented with a local management committee at Deucheran Hill. The aim of this is to: Improve feeding areas for golden eagles on land away from the wind farm. This includes heather management to improve heather cover to allow grouse numbers to increase Provide nesting sites for red-throated divers on rafts built on lochans near to the wind farm Monitor the behaviour of red-throated divers and golden eagles to assess the impact of the wind farm on their behaviour. <u>Source:</u> http://www.eon-uk.com/about/852.aspx
89		
90	Myres Hill, East Renfrewshire	No info found.
	Sainsburys, Langlands Park	The East Kilbride wind turbine is the first of Ecotricity's unique Merchant Wind Power (MWP) initiatives. Built without subsidy and supplied without a premium, MWP is a pioneering new concept whereby customers buy the electricity generated from their own on or off-site wind turbine which is built, owned and operated by Ecotricity. <u>Source:</u> http://www.renewables-map.co.uk/details.asp?pageid=329
91		
92	Burradale Phase 1, Shetland	As above at Row 83
93	Sigurd, Orkney	Sigurd is a single wind turbine project sited on Bugar Hill in the Orkney Islands.
94	Hare Hill, East Ayrshire	No info found.
95	Dun Law, Borders	As above at Row 17.
	Beinn Ghlas, Argyll & Bute	The Beinn Ghlas Wind Farm Community Fund was established in 1999 by National Wind Power upon completion of the Beinn Ghlas wind farm at Barguilean Farm, Taynuilt. The fund is administered by the Taynuilt Community Council (TCC), awards being given to community organisations in the village. National Wind Power make a payment to the fund each year, which will continue for 25 years from the start of the fund to correspond with the life of the wind farm. The amount paid into the fund increases each year; in 2005 the fund received £9,317. The Community Council has decided to make up to half of the annual payment available to groups, the other half can be used to fund the work done by the TCC. Any remainder is invested so that the fund will continue after the end of the 25 year period. To date the invested funds amount to around £24,000. <u>Source:</u> http://www.google.co.uk/search?hl=en&q=Beinn+Ghlas+wind+farm&aq=f&aql=g1&aql=&oq=&gs_rfai=
96		
	Novar, Highland	The existing Novar Wind Farm already generates an annual community fund of £20,000, which is shared between, and managed by, the communities of Ardross, Ainess and Kiltarn. The extension, when completed, will add substantially to this community fund, which goes towards helping projects that benefit the local community. <u>Source:</u> http://www.rwe.com/web/cms/en/282114/rwe-npower-renewables/sites/projects-in-development/wind/novar-extension/local-benefits/
97		
	Windy Standard, Dumfries & Galloway	In association with the Windy Standard Wind Farm, a community fund has been set up to assist local community projects in vicinity of the wind farm. The annual fund started at a base level of £10,000, it is index linked each year in line with inflation and will be available throughout the operational life of the wind farm. The Windy Standard Wind Farm Community Fund is administered by Carsphairn Wind Farm Community Fund Committee and New Cumnock Community Council, this means that decisions about how the fund is allocated are made by local representatives for the benefit of their own community. <u>Source:</u> http://www.rwe.com/web/cms/en/310970/rwe-npower-renewables/sites/projects-in-operation/wind/windy-standard/local-community/
98		
99	Hagshaw Hill, South Lanarkshire	No info found.

17.2 Complex Communities

Wood's research identifies three levels of engagement and four forms of interest or attachment that create the 12 categories shown below.

	Solitary	Performed	Communal	Symbolic
Native				
Investor				
Pilgrim				

- Natives are self-explanatory, although there are a number of possible definitions.
- Investors are essentially incomers - those who have made an investment of some kind in joining the community.
- Pilgrims are those who do not live in, but repeatedly return to a community that has emotional importance to them.

These categorisations are not novel, but in combination with the next four they may provide insight.

- Those with a 'symbolic' interest tend to focus on heritage projects or other iconic aspects of a community, often although not always those that define the past.
- 'Communal' involvement stresses being together - community for its own sake.
- 'Performed' involvement stresses action - what can we achieve together?
- 'Solitary' (or sensuous as the researchers called it) engagement may sound paradoxical, but in fact many enjoy community, especially perhaps in rural areas, for the safety, tranquility and peace it provides rather than its activities and social life.

Regarding affordable housing Woods found that 'communal natives' are the most engaged. For those in the investor and pilgrim groups it is harder to feel strongly about youngsters who grew up in and then left a community because of the lack of housing if you never knew them in the first place.

Those who protest against wind farms tend to be concentrated in the solitary and symbolic groups and the subject is generally of less concern to natives than to pilgrims. Community-owned turbines are however often supported by a much wider cross-section.

Source: "Grassroots Rural Protest and Political Activity in Britain", ESRC Grant RES-000-23-1317, M. Woods, J. Anderson, S. Guilbert, & S. Watkin and talk by Woods at the 2010 ESRC conference "Rural Community Empowerment in the 21st Century: Building a 'Can-Do' culture".

18 Notes and References

ⁱ This information was extracted from UK tables presented in the British Wind Energy Association website.

ⁱⁱ See "Community Benefits to be Derived from Renewable Energy Projects" – Brian Burns Associates in association with Steve Westbrook, 2002 (for Highlands and Islands Enterprise).

ⁱⁱⁱ Planning gain contributions in England in 2007-8 have been estimated at £4.9 billion compared to only £159m for the period 2004/05 to 2006/07 in Scotland. Of the latter quantity only 4.7% consisted of contributions for community facilities. Source: Leslie Huckfield Research.

^{iv} For example, Scottish Planning Policy 6 'Renewable Energy' (Scottish Executive 2007) states, in respect of Local Communities and Renewable Energy: "Local authorities may facilitate and encourage such initiatives so long as it is recognised that any benefit, including mechanisms for negotiating with communities, is offered entirely at the discretion of the developer.

^v Source: Community Energy Scotland.

^{vi} See "The Power of Scotland: Cutting Carbon with Scotland's Renewable Energy" (2006) RSPB Scotland, WWF Scotland and FOE Scotland.

^{vii} 2010 Report for COSLA by DTA Scotland.

^{viii} Talk given at the DTA Scotland annual conference in Aviemore, June 2010.

^{ix} The Stornoway Gazette, 21 January 2010.

^x Comhairle nan Eilean Siar press release, 2005

^{xi} Neil Stoddart of North Howe Transition Toun initiated the idea and Fife Council are discussing this ideas as part of the "Enhancing local authorities' community engagement" carbon reduction project, led by St Andrews and Dundee Universities and co-funded by the ESRC/SFC/LARCI and Fife Council.

^{xii} See for example "Supporting Evidence Provided to the Rural Development Council Working Group, 2010" from the Rural Community Empowerment in the 21st Century: Building a 'Can-Do' Culture Conference. This lists the following "Key messages from seminar participants for the Cabinet Secretary".

- Communities must empower themselves, but they need support to make best use of the skills they have, develop people's talents and value them appropriately.
- Government should take risks in devolving budgets and power.
- There can be no community empowerment without local decision making.
- Community empowerment requires transparency of systems and better partnership working.
- Communities and alliances are dynamic, diverse and change with time.
- Catalysts (positive and negative) can be important in bringing people together.
- There is a central role for 'gatekeepers' who control and/or own an asset to foster community cohesion.
- It is important to identify the set of 'can-do' values, and trust communities to exploit their natural assets.
- Communities may need trained facilitators to engage them.
- Some kind of mentoring process would ensure that skills are not lost when community leaders leave.
- The role of Government should be to enable, not prohibit, community planning.

^{xiii} "Cleared land" as in land subject to 19th century Clearances by private landlords who removed populations wholesale to make way for sheep farms.

^{xiv} As reported in The Herald, 20 August 2010.

^{xv} "Findhorn Foundation: Economic Impact Assessment" - a report for Moray Badenoch and Strathspey Enterprise and The Findhorn Foundation by Brian Burns Associates in association with Steve Westbrook.

^{xvi} The Findhorn peninsula is one of the few areas in Scotland where average lower quartile house prices are more than eleven times higher than average local earnings. Rural Scotland in Focus 2010. SAC. Page 31.

^{xvii} Cardiff Business School 2004.

^{xviii} Both Lewis and Harris are habitually referred to as "islands". In fact they are the constituents parts of a single island, separated from one another by a range of hills. Unusually, the actual island does not have a common name of its own and when the need arises is referred to as "Lewis and Harris", "Harris with Lewis" or similar.