

Feasibility Study of a Community Buyout of the Isle of Ulva

Faye MacLeod, Duncan MacPherson
& Calum MacLeod

Introduction

In July 2017 we were commissioned by North West Mull Community Woodland Company Ltd (NWMWCWC) to investigate the feasibility of a community buyout of the Isle of Ulva and associated holdings on the adjacent mainland of Mull.

Specifically we were asked:

- To review the potential to develop Ulva as described in NWMWCWC's Community Right to Buy application submitted to the Scottish Government;
- To review funding availability for buying Ulva and to prepare a funding strategy and delivery plan;
- To prepare a 5-year business plan that shows income and costs associated with developing and managing Ulva under community ownership.

Over the last five months we have analysed various documents and spoken to a wide range of people and organisations to help us meet the above objectives. We have also visited Ulva several times to assess development options at first hand. We held well-attended community consultation meetings in Ulva Ferry and Dervaig in August to get views on development options for the island. In early December we held two further meetings in Ulva Ferry and Dervaig to present and discuss findings in the draft feasibility study report. You can access the draft report via NWMWCWC's website (<http://nwmullwoodland.co.uk/>).

Summary of Study Findings

Our analysis shows that a community buyout of the Isle of Ulva is feasible and that community ownership represents a unique opportunity to increase Ulva's resident population and enhance the sustainable development of the island, Ulva Ferry and North West Mull as a whole.



Community ownership of Ulva fits closely with the Scottish Government's strategic land reform objective to "*assist with the acquisition and management of land (and also land assets) by communities to make stronger, more resilient, and independent communities which have an even greater stake in their development*".

Our analysis illustrates that community ownership of Ulva will contribute positively to addressing social welfare issues, particularly in relation to addressing housing need and help safeguard vital local services, most critically the primary school in Ulva Ferry.

Community ownership will contribute to local economic development by stimulating business opportunities, especially but not exclusively in relation to tourism.

Community ownership will also promote environmental sustainability on the island through careful management of Ulva's extensive built and natural heritage.

The Estate currently appears to be operating at a financial loss. It may be that the landowner's housing costs and other non-commercial costs are included in the Estate's accounting records, If so, that may explain the apparent loss.

There are several properties on Ulva requiring capital expenditure for refurbishment. The refurbished properties will provide sufficient income for NWMWCWC to maintain them to a good standard and help make the Estate financially sustainable.

Ulva has adequate electricity, telecoms and water supply provision to allow significant development to take place without requiring major additional services infrastructure investment.

Housing development on Ulva under community ownership can provide security of tenure for existing residents and help meet wider housing need in Ulva Ferry and North West Mull. The four vacant and two occupied houses on the island could be renovated within the first five years of community ownership. Opportunities for self-build housing could be promoted via sales of plots.

Agricultural potential is marginal and likely to remain so for some time, particularly with the uncertainties caused by Brexit. There is scope to assist in increasing the resident population of Ulva by creating multiple holdings with residents having a mix of income sources from agriculture/crofting and other employment.

There is potential for further woodland development but this will need to be decided in the context of other land uses on Ulva and the viability of additional plantings.

There is significant scope to increase visitor numbers to the island and promote the conservation of Ulva's natural, cultural and built heritage through community-led projects, either independently or in partnership with other bodies.

There is a range of opportunities for business development. Ardalum House could be re-opened as a hostel. A campsite and bike hire business could be developed alongside the re-opened hostel. Ulva House could be let to a private business. The community could develop additional new-build small business spaces with a particular focus on tourism-related businesses.

NWMCWC is likely to have various development roles as community landlord following a successful buyout of Ulva. They will include *direct delivery* of projects, *working in partnership* with other organisations and *enabling* things to be done by others (for example, by providing housing plots and/or business space).

NWMCWC should consider management and governance arrangements for its role as community landlord of Ulva that maximise input from local residents and other interested organisations. For example, via continuation of the recently established Ulva Steering Group as a sub-committee of the NWMCWC with co-opted members from Ulva, Ulva Ferry and the wider North West Mull area, along with additional representation from other community groups as appropriate.

Funding a Community Buyout

The main source of funding for a community buyout of the Isle of Ulva will be the Scottish Land Fund, which has a £10 million annual budget to support community purchases of land and associated assets. The Fund can provide up to 95% of eligible purchase costs via grant assistance. However, any application for funding of over £1 million has to be approved by the relevant Scottish Government Minister.

NWMCWC will have to explore alternative sources of financial support to bridge the funding gap between the amount of money the Scottish Land Fund will grant and the overall purchase price of Ulva. The company has proven itself adept at raising finance for existing projects and has launched a crowdfunding initiative as well as investigating other potential sources of financial support for a community buyout of Ulva.

The Scottish Land Fund also provides revenue funding in support of community ownership. It is possible that approximately £70,000 may be available to employ a Development Manager for Ulva and help finance other specialist support.

The Business Plan

We are currently finalising the 5-year business plan which confirms that community ownership of Ulva is financially viable on the basis of our analysis of development options in the feasibility study report.

The business plan focuses on a range of initiatives under the core development themes of *housing*, *business development*, and *land and environmental management*. The plan provides financial projections and associated costings for initiatives considered under each of these core themes. The plan also contains analysis of risks associated with purchase and management of Ulva and ways of dealing with them.

Next Steps

We will produce the final versions of the feasibility study report and business plan to enable NWMCWC to submit them along with other relevant documentation to the Scottish Government in January 2018 in accordance with the Community Right to Buy process.

title	forename	surname	address 1	address 2	address 3	Address 4
Ms	Nicky	Adcock	8 Glenhouses	Dervaig		Isle of Mul
Mr	John	Addy	Tarmachan	Dervaig		Isle of Mul
Mrs	Lynne	Addy (nee Wilkie)	Tarmachan	Dervaig		Isle of Mul
Mrs	Jo	Austin	Glac Ghorm	Dervaig		Isle of Mul
Mr	John	Austin	Glac Ghorm	Dervaig		Isle of Mul
Ms	Kaz	Bailey	Camus Cuin	Dervaig		Isle of Mul
Mr	Chris	Baker	Achadh An Droma	Dervaig		Isle of Mul
Mr	David	Bankes	Torraclachanin	Dervaig		Isle of Mul
Mrs	Alison	Bartholomew	Beathaich	Calgary	By Dervaig	Isle of Mul
Mr	Simon	Bartle	Garden Cottage	Quinish	Dervaig	Isle of Mul
Mrs	Mary	Barton	4 Kilmore Terrace	Dervaig		Isle of Mul
Mr	Basil	Barton	4 Kilmore Terrace	Dervaig		Isle of Mul
Mrs	Pamela	Brown	Ardrioch Farm	Dervaig		Isle of Mul
Mr	Arthur	Brown	Ardrioch Farm	Dervaig		Isle of Mul
Ms	Cheryl	Callow	Skyran	Dervaig		Isle of Mul
Mr	Dugald	Campbell	Sunipol	Calgary		Isle of Mul
Mrs	M	Campbell	Sunipol	Calgary		Isle of Mul
Mr	Neil	Caskie	Bennan	Calgary		Isle of Mul
Mr	John	Caskie	Torr a' Chlachain Cottag	Dervaig		Isle of Mul
Mrs	Joy	Caskie	Torr a' Chlachain Cottag	Dervaig		Isle of Mul
Mrs	Carolyn	Charrington	Treshnish	Calgary		Isle of Mul
Mr	Somerset	Charrington	Treshnish	Calgary		Isle of Mul
Mrs	Anne	Cleave	Geadan Dubh	Ulvaferry		Isle of Mul
Mr	Colin	Cleave	Geadan Dubh	Ulvaferry		Isle of Mul
Mrs	Ada	Cowe	Port Rainich Cottage	Torloisk	Ulvaferry	Isle of Mul
Mr	Douglas	Cowe	Port Rainich Cottage	Torloisk	Ulvaferry	Isle of Mul
Mr	Gary	Cutlack	Ballygown Cottage	Torloisk	Ulvaferry	Isle of Mul
Mrs	Jeanette	Cutlack	Ballygown Cottage	Torloisk	Ulvaferry	Isle of Mul
Mr	Graham	Dale	Cuin Lodge	Dervaig		Isle of Mul
Mr	Steve	Davies	Clachan Mor	Dervaig		Isle of Mul
Ms	Lesley	Davies	Cramond	Dervaig		Isle of Mul
Mr	Frank	Dewhurst	Duileter	Dervaig		Isle of Mul
Mrs	Diane	Dewhurst	Duileter	Dervaig		Isle of Mull
Mr	Alex	Duncan	2 Monadhbeg Houses	Dervaig		Isle of Mul
Mr	Martin	Eastwood	Lagg Cottage	Dervaig		Isle of Mul
Mrs	Ann	Eastwood	Lagg Cottage	Dervaig		Isle of Mul
Mrs	Anne	Evans	Airidh Bhaile Choil	Dervaig		Isle of Mul
Mr	Andrew	Evans	Shepherds Cottage	Dervaig		Isle of Mul
Ms	Tricia	Evans	Inishkea	Dervaig		Isle of Mul
Mr	Nicholas	Evans	Coille Grianach	Dervaig		Isle of Mul
Mrs	Catherine	Evans	Ciolle Grianach	Dervaig		Isle of Mul
Mr	Brennen	Fairbairns	Cuin Lodge	Dervaig		Isle of Mul
Mr	Richard	Fairbairns	Little Cuin	Dervaig		Isle of Mul
Mrs	Judy	Fairbairns	Little Cuin	Dervaig		Isle of Mul
Mr	Moray	Finch	Little Crags	Calgary		Isle of Mul
Mrs	Carol	Finch	Little Crags	Calgary		Isle of Mul
Mrs	Brenda	Galbraith	Drumfingal	Dervaig		Isle of Mul
Mrs	Philippa	Gatty (Lanteri Laura)	Langamull	Calgary		Isle of Mull
Mr	Barry	George	3 Bracadale	Ulvaferry		Isle of Mul
Mrs	Belinda	Hale	Croig	Dervaig		Isle of Mul
Mr	Mike	Hale	Croig	Dervaig		Isle of Mul
Mr	Zak	Hancock	Tansor	Dervaig		Isle of Mull
Ms	Lesley	Hastie	Clachan Mor	Dervaig		Isle of Mul
Mr	Nicholas	Haywood	Bramble Cottage	Calgary		Isle of Mul
Mrs	Ros	Haywood	Bramble Cottage	Calgary		Isle of Mul
Mr	Ian	Hepburn	Creat Nan Croisen	Calgary		Isle of Mul
Mrs	Joan	Hepburn	Creat Nan Croisen	Calgary		Isle of Mul
Mrs	Anna	Hogan	Kilbrenan Farm	Ulvaferry		Isle of Mul
Mr	Michael	Hogan	Kilbrenan Farm	Ulvaferry		Isle of Mul

Mrs Ros	Hopton	The School House	Dervaig	Isle of Mul
Mr James	Howard	Ulva House	Ulvaferry	Isle of Mul
Mr Neil	Hutton	Drumnacroish	Dervaig	Isle of Mul
Mrs Mari	Kluczynski	Keepers Cottage	Torloisk	Isle of Mul
Mr Donald	Lambert	Ben Vue	Ulvaferry	Isle of Mul
Mr Jean-Louis	Lanteri Laura	Langamull	Calgary	Isle of Mull
Mrs Catriona	Laurie (nee Duncan)	Dealan De	Penmore	Dervaig
Mr Jamie	Laurie	Dealan-De	Penmore	Dervaig
Mr Bernard	Lovell	Valentine Cottage	Dervaig	Isle of Mul
Mrs Avril	Lowe	Carna Cottage	Dervaig	Isle of Mul
Mr Ian	Lowe	Carna Cottage	Dervaig	Isle of Mul
Mr Kevin	Luscombe	Aonach	Dervaig	Isle of Mul
Mrs Kim	Luscombe	Aonach	Dervaig	Isle of Mul
Miss Anne	Mac Donald	Fanmore	Ulvaferry	Isle of Mul
Mrs Elizabeth	Mac Kenzie	Canna View	Calgary	Dervaig
Mr Angus	Mac Kenzie	Canna View	Calgary	Dervaig
Mrs Lucy	Mac Kenzie Panni	Lip Na Cloiche	Ulvaferry	Isle of Mul
Mrs Anne	Maclean	Glebe House	Dervaig	Isle of Mul
Miss Christine	MacPhail	Ensay	Calgary	Dervaig
Mr James	MacPhail	Killybegs	Dervaig	Isle of Mul
Miss Laura	Mandelberg	Achadh Beul Na H'uidhe	Croig	Dervaig
Mrs Sarah	Mawhinney	Pairc Dubh	Ulvaferry	Isle of Mul
Mr Nick	Mawhinney	Pairc Dubh	Ulvaferry	Isle of Mul
Mrs Tracy	Mayo	Sligachan	Dervaig	Isle of Mul
Mr Andrew	Mayo	Sligachan	Dervaig	Isle of Mul
Mrs Catherine	Mayo	Corrachan	Dervaig	Isle of Mul
Mr Andrew	Mazur	5 Achleck	Torloisk	Ulvaferry
Miss Lisa	McKenna	Seadrift	Calgary	Isle of Mul
Mr Peter	McMeekin	The Boat House	Penmore	Dervaig
Mr Mark	Millward	The School House	Ulvaferry	Isle of Mul
Mrs Polly	Millward	The School House	Ulvaferry	Isle of Mul
Mr Iain	Morrison	Penmore Mill	Dervaig	Isle of Mul
Mr Colin	Morrison	Suisnish, Penmore	Dervaig	Isle of Mul
Mrs Pat	Morrison	Penmore Mill	Dervaig	Isle of Mul
Mrs Jan	Morrison	Creagan	Dervaig	Isle of Mul
Mr John	Morrison	Creagan	Dervaig	Isle of Mul
Mr Alastair	Morrison	7 Glen Houses	Dervaig	Isle of Mul
Mrs Ester	Morrison	7 Glen Houses	Dervaig	Isle of Mul
Mr Trevor	Mortimer	Cramond	Dervaig	Isle of Mul
Mr Andy	Mortley	Frachadil House	Dervaig	Isle of Mul
Mrs Helen	Mortley	Frachadil House	Dervaig	Isle of Mul
Mr Rhuri	Munro	Ferry House	Ulva	Isle of Mul
Miss Emma	Munro	Ferry House	Ulva	Isle of Mul
Mr Gregor	Munro	The Sheiling	Dervaig	Isle of Mul
Ms Janet	Munro	Hawthorn Cottage	Dervaig	Isle of Mul
Ms Marian	Munro	Deallonor	Penmore	Dervaig
MR Donald	Munro	The Sheiling	Dervaig	Isle of Mul
Mr Neil	Munro	The Sheiling	Dervaig	Isle of Mul
Miss Emma-Leig	Murtagh	Tilliepebble	Dervaig	Isle of Mul
Mr Bill	O Neill	Ceann Cuin	Dervaig	Isle of Mul
Mrs Jackie	O Neill	Ceann Cuin	Dervaig	Isle of Mul
Ms Moira	Owers	Skyran	Dervaig	Isle of Mul
Dr Bill	Patterson	Leacann	Dervaig	Isle of Mul
Mrs Suzanne	Patterson	Leacann	Dervaig	Isle of Mul
Miss Laura	Percy	Garden Cottage	Quinish	Dervaig
Mr Peter	Pinnington	Beul An Ath	Dervaig	Isle of Mul
Mr Simon	Proud	New House, Kilmore	Dervaig	Isle of Mul
Mr Anthony	Proud	Old Druim Fhionnghail	Penmore	Dervaig
Mrs Frances	Proud	Old Druim Fhionnghail	Penmore	Dervaig
Mr Matthew	Reade	Calgary Beach House	Calgary	Isle of Mul
Mrs Julia	Reade	Calgary Beach House	Calgary	Isle of Mul

Mrs	Beccy	Roth	The Old Mill	Torloisk		Isle of Mul
Mrs	Jean	Roth	The Old Mill	Torloisk		Isle of Mul
Mr	Alasdair	Satchel	Linicro	Dervaig		Isle of Mul
Mrs	Georgia	Satchel	Linicro	Dervaig		Isle of Mul
Ms	Zelda	Sawyer	Hillfoot Cottage	Dervaig		Isle of Mul
Mr	Alistair	Scarlett	Tansor	Dervaig		Isle of Mul
Mrs	Louise	Scarlett	Tansor	Dervaig		Isle of Mul
Mr	David	Simpson	Cragside	Dervaig		Isle of Mul
Mr	Donald	Smith	Tigh An Allt	Dervaig		Isle of Mul
Mrs	Patricia	Smith	Tigh An Allt	Dervaig		Isle of Mul
Mrs	Isabel M	Smith	4 Monadhbeag Houses	Dervaig		Isle of Mul
Mr	Peter	Smith	4 Monadhbeag Houses	Dervaig		Isle of Mul
Mr	Andrew	Stevens		Dervaig		Isle of Mul
Mrs	Janet	Stevens		Dervaig		Isle of Mul
Mr	James	Still	Glenbellart House	Dervaig		Isle of Mul
Mrs	Sheelagh	Still	Glenbellart House	Dervaig		Isle of Mul
Miss	Sylvia	Swift	Tigh - an - Fhasgaidh	Penmore	Dervaig	Isle of Mul
Ms	Joy	Taylor	Dubh Coire	Croig	Dervaig	Isle of Mul
Mrs	V.M.	Thomas	Achadh - An - Droma	Dervaig		Isle of Mul
Mrs	Eugenie	Thomasson	Achnadrish	Dervaig		Isle of Mull
Mr	Iain	Thomson	Croft 5	Langamull	Dervaig	Isle of Mul
Mr	T.R.	Tinto	St Anns	Dervaig		Isle of Mul
Mr	Nick	Turnbull	Old Druim	Penmore	By Dervaig	Isle of Mul
Mr	Gordon	Turnbull	Achadh Beul Na H'uidhe	Penmore	By Dervaig	Isle of Mul
Ms	Maigreit	Van De Pol	Drumnacroish	Dervaig		Isle of Mul
Mr	Malcolm	Ward	Tobar Bideag	Dervaig		Isle of Mul
Mrs	Allison	Ward	Tobar Bideag	Dervaig		Isle of Mul
Mr	John	Wilson	Dubh Coire	Dervaig		Isle of Mul
Mrs	June	Winfield	Druimghigha Farm	Dervaig		Isle of Mul
Mrs	Caroline	Wood	Inishkea	Dervaig		Isle of Mul

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Feasibility Study of the Isle of Ulva for North West Mull Community Woodland Company



DRAFT FINAL REPORT

December 2017

Faye MacLeod (*Campbell Stewart MacLennan and Co*), **Duncan MacPherson** (*Community Development Consultant*) & **Calum MacLeod** (*Sustainable Development Consultant*)



Acknowledgements

North West Mull Community Woodland Company would like to thank Big Lottery Fund Scotland and Highlands and Islands Enterprise for funding and other support to enable this Feasibility Study and associated Business Plan to be completed.

The Report's authors would like to thank participants in the study for sharing their views on issues relating to it.

Contents

1. Introduction	5
PART 1: THE STUDY IN CONTEXT.....	6
2. Background Information	6
3. Community Land Ownership, Sustainability and Viability.....	8
4. Research Methods	11
PART 2: FINANCIAL VIABILITY AND DEVELOPMENT STRATEGY.....	15
6. Financial Viability of the Estate	15
7. An Integrated Estate Development Strategy	17
8. NWMCWC's Potential Development Roles	18
PART 3: ANALYSIS OF CORE DEVELOPMENT AREAS.....	21
9. Housing	21
9.1 Renovation Works.....	22
9.2 Affordable New-Build Houses	23
9.3 Project Delivery.....	25
9.4 An Outline Strategy for Housing	27
10. Renewables	28
10.1 Feed-In Tariff	28
10.2 Renewable Heat Incentive	28
11. Agriculture and Crofting	29
11.1 Current Position	29
11.2 Overview of Hill Farming	30
11.3 Two Farms Option	34
11.4 Crofting.....	34
11.6 Future Uncertainties	39
11.7 Agriculture and Crofting Conclusions.....	39
11.8 An Outline Strategy for Agriculture/Crofting Development.....	40
12. Deer Management.....	41
13. Woodland Management and Development	43
13.1 New Woodland Potential	44
13.2 Grant Support.....	45

13.3	Mature Woodland Management	46
13.4	An Outline Strategy for Woodland Development.....	47
14.	Natural Heritage	48
14.1	Conservation Sites.....	48
14.2	Protected Species.....	50
14.3	Conservation Threats	50
15.	Built and Cultural Heritage	51
16.	Protecting and Promoting Ulva’s Natural, Cultural and Built Heritage	52
17.	Integrating Land and Natural Asset Management	55
18.	Business Development	56
18.1	Campsite and Hostel	56
18.2	Cycle Hire.....	57
18.3	Business Space Provision.....	58
18.4	Holiday Lets	59
18.5	Ulva House	60
18.6	Coastal Water Taxi.	64
18.7	Aquaculture.....	64
18.7	An Outline Strategy for Business Development	65
19.	Transport Infrastructure.....	65
PART 4: BOARD CAPACITY, MANAGEMENT STRUCTURE AND FUNDING.....		70
20.	Estate Management and Governance Structures.....	70
21.	Funding for Purchase and Development of Ulva	71
22.	Challenges of Community Ownership and Management.....	73
23.	Conclusions.....	74
APPENDIX 1 – Summary of Estimated Existing Estate Financial Position.....		76
APPENDIX 2 – Potential Financial Position for Community Ownership		77
APPENDIX 3 – Agricultural Financial Modelling		79
APPENDIX 4 – Example of Electric Vehicle suitable for the Isle of Ulva		82

1. Introduction

In July 2017 we were commissioned by the North West Mull Community Woodland Company Ltd¹ (NWMCWC) to investigate the feasibility of a community buyout of the Isle of Ulva and associated holdings² on the adjacent mainland of Mull.

The objectives of the study were as follows:

- To review the potential to develop the asset as described in (but not limited to) Appendix 1 of the NWMCWC's Community Right to Buy application including the appropriate business model for running these options, taking into account the existing trading subsidiaries within NWMCWC Ltd.
- To review funding availability for the proposed project/acquisition and prepare a funding strategy and delivery plan. This should include considerations of the costs of running and managing the asset and opportunities to generate income from the asset.
- To prepare a feasibility study that incorporates initial revenue costs, capital costs to create the facilities, on-going revenue and maintenance costs for the project and risk analysis.

This report has been prepared on the basis of research conducted between July and September 2017 to meet the above objectives. **Part 1** provides context for the study via background information on the Isle of Ulva, discussion of community ownership, sustainability and viability, details of the research methods used to complete the research and a summary of key findings. **Part 2** examines the financial viability of the Estate, discusses an integrated development strategy for the Isle of Ulva and considers various development roles NWMCWC may adopt regarding that strategy. **Part 3** analyses the scope for developing the core areas of *improving housing stock and other buildings, infrastructure improvements, revitalising and expanding agriculture, business development, and conservation management* detailed in NWMCWC's Community Right to Buy application. **Part 4** discusses Estate management and governance structures; funding sources for acquisition and development; and challenges of community ownership and management.

¹ Hereafter referred to as NWMCWC or 'the company' in this report.

² The island and adjacent holdings on Mull are collectively referred to as 'the Estate' periodically in this report.

PART 1: THE STUDY IN CONTEXT

2. Background Information

The Isle of Ulva is located off the west coast of Mull and is approximately 2000 ha. in size (12 km long by 4km wide). The island has a long history of human habitation. Its name is derived from 'Ullfur', a Viking word for 'Wolf Island', although there are indications of human settlements as long ago as 5,650BC. Ulva has close historical links with the Clan MacQuarrie, which laid claim to its ownership for centuries. It also has close links to the Highland Clearances of the 18th and 19th centuries, with many of Ulva's residents having been removed from the island during that period. The island is currently in private ownership.

Ulva has suffered significant population decline since the mid 1800s. In 1837 it had a resident population of 604 people living in 16 villages³. By 1841 the combined population of Ulva and the neighbouring island of Gometra had been reduced to 150 due to evictions as part of the Highland Clearances and the effects of the Highland Potato Famine. By 1889 Ulva's population had dropped to 53 people. The resident population has fluctuated over recent decades; increasing from 13 in 1981 to 30 in 1991 before declining to 16 residents in 2001 and 11 residents in 2011⁴. It currently stands at 6 people.

Ecologically, Ulva mostly comprises moorland, native grassland and native woodland and contains an important asset base in terms of its natural heritage. Transport links on the island consist of rough tracks and paths and Ulva is connected to mainland Mull by a small privately-operated ferry.

The main industry on Ulva is tourism with an estimated annual 5,500 visitors to the island during the summer season based on ferry usage. *The Boathouse*, an award-winning, independently operated licensed restaurant is located by the waterfront, near the slipway. Ulva has a housing stock of 8 properties including Ulva House and Ardalum House. 5 of these properties are vacant and one has been used as a self-catering holiday facility. The remaining two properties are occupied on short-assured tenancies. There is also a church at Ardalum, designed by Thomas Telford, various farm buildings and 2 bothies on the island.

Geographically, the Isle of Ulva forms part of the larger Ulva Ferry area that has a resident population of 119 people across 53 households⁵. As noted in the 2015 Ulva Ferry Housing Needs Survey report, the main sector of the local economy is '*agriculture, forestry and fishing*', employing 28.3% of the working age population. Other significant economic sectors in the area are '*accommodation and food services*', employing 13.3% of the working age population and '*education*', accounting for 11.7% of that population.

³ <http://www.isleofulva.com/history/>.*

⁴ General Register Office for Scotland. '*Scotland's 2011 Census Statistics for Inhabited Islands*'. Occasional Paper No.10. November 28th 2003.

⁵ National Census data, 2011.

One of the biggest challenges faced by the local community in recent years has been retention of the local primary school in Ulva Ferry due to a declining school roll. In 2010 the school was identified by Argyll and Bute Council as one of 25 rural community schools earmarked for potential closure. In response the Ulva School Community Association (USCA) was formed in 2011 and successfully opposed the threatened closure⁶. The primary school remains open with a roll of 7 pupils in 2017. The school is a vital element of the local community and USCA performs an important role in helping to co-ordinate community activities in Ulva Ferry as a whole.

The 2013 Ulva Ferry Community Plan identified the need for affordable housing as the top priority for the area. That need remains pressing, as documented in the Ulva Ferry Housing Needs Survey⁷ which in 2015 reported 10 households requiring housing. More generally, there is significant demand for affordable housing in North West Mull as a whole. That demand is evidenced in the Dervaig Housing Needs Survey⁸ conducted on behalf of NWMCWC by Our Island Home in 2017, which found that 13 of 36 respondents have housing need.

USCA, in partnership with the Mull and Iona Community Trust (MICT) via the Ulva Ferry Housing Partnership, enabled two affordable houses to be built in the area in 2016 leading to an increase in the local population and two children being added to the school roll in 2017. MICT has been at the forefront of developing other community priorities identified in the 2013 Community Plan, notably provision of community transport and pontoons by the pier at Ulva Ferry. MICT is currently co-ordinating ambitious plans for a waterside development in Ulva Ferry to develop onshore facilities, potentially including toilet and shower facilities, office space and an interpretation centre. Other local groups such as the Sound of Ulva Moorings Association also have an interest in the development of pier and other facilities in Ulva Ferry and on the Isle of Ulva.

Set against that background, the proposed community buyout of the Isle of Ulva represents a vital step towards addressing long-term population decline on the island and generating sustainable community benefits that will help secure the future of Ulva, Ulva Ferry and North-West Mull as a whole through community ownership of the island.

⁶ 'Ulva Ferry Community Plan', April 2013.

⁷ 'Ulva Ferry Housing Needs Survey Report'. Autumn 2015.

⁸ 'A Summary Report of the Dervaig Housing Needs Survey'. Our Island Home. 2017.

3. Community Land Ownership, Sustainability and Viability

Land reform is now well established as an area of public policy in Scotland and can be defined as “*measures that modify or change the arrangements governing the possession and use of land in Scotland in the public interest*”⁹. Community land ownership represents a central part of that broader land reform agenda because of its role in facilitating land use that incorporates wider, shared societal objectives associated with the common good. The importance of community ownership in that regard is reflected in the Scottish Government’s strategic land reform objective to “[a]ssist with the acquisition and management of land (and also land assets) by communities, to make stronger, more resilient, and independent communities which have an even greater stake in their development”¹⁰. That strategic objective is underpinned by new legislation¹¹ to strengthen and extend community rights to buy land and other assets, continuing financial assistance for community buyouts via the Scottish Land Fund and institutional support via Highland and Islands Enterprise’s Community Assets team and the Scottish Government’s Community Land team.

Scotland retains an extraordinarily concentrated pattern of private land ownership. Warren (2009) states that 0.025% of the population owns 67% of the privately owned rural land in Scotland¹². Nevertheless, there are now 562,230 acres of land in community ownership (2.9% of the total land area of Scotland)¹³ with the Scottish Government having set a target of increasing that total to 1,000,000 acres by 2020. There has also been a significant increase in the number of community landowners that have emerged in the wake of the pioneering ‘first wave’ of buyouts that took place in the 1990s, notably in Assynt, Knoydart and Eigg. That increase is evident in Community Land Scotland’s¹⁴ membership of over 80 community landowners engaged in a wide range of local development activities from delivering affordable housing to facilitating business start-ups.

Set against the above policy background, the main purposes of contemporary community land ownership in Scotland can be characterised as follows. Community ownership seeks to recalibrate relationships of power and control by democratising decision-making at the local level regarding land and asset use; it seeks to overcome barriers to sustainable development associated with the dominance of private interests inherent in concentrated patterns of private ownership; and it seeks to facilitate development opportunities to improve local infrastructure and services. These purposes are underscored by a desire to achieve community benefits in the wider public interest by pursuing sustainable development that makes positive

⁹ Land Reform Review Group, (2014), *The Land of Scotland and the Common Good*. The Scottish Government: Edinburgh.

¹⁰ Scottish Government Statement, August 2012.

¹¹ Community Empowerment (Scotland) Act 2015 and Land Reform (Scotland) Act 2016.

¹² Warren, C., (2009), *Managing Scotland’s Environment*. Edinburgh University Press: Edinburgh.

¹³ Scottish Government, (2017) *Estimate of Community Owned land in Scotland 2017*.

¹⁴ Community Land Scotland was created in 2010 to represent the interests of community landowners.

mutually reinforcing links between economic development, social wellbeing and environmental sustainability¹⁵.

The analysis contained in subsequent sections of this report illustrates that the case for community ownership of the Isle of Ulva fits closely with the Scottish Government's strategic land reform objective of making '*stronger, more resilient, and independent communities which have an even greater stake in their development*' and reflects the underpinning purposes of community ownership described above. The overall objective of community ownership of Ulva and associated holdings on the adjacent mainland of Mull is "*to provide sustainable benefits for the community in the short to medium term and in the longer term for future generations, including the repopulation of the area*"¹⁶. Consequently, the underpinning rationale for a community buyout of the island is that owning the land and built assets will enable Ulva to be increasingly populated and managed in ways that contribute to the economic development, social wellbeing and environmental sustainability of Ulva, Ulva Ferry and the wider community of North West Mull as a whole.

The importance of Ulva's future ownership arrangements for the island and wider community is further reinforced by the potential for new private ownership of the land and associated assets to act as a significant barrier to the sustainable development of the area. Specifically, there is a risk that new private ownership of Ulva could curtail visitor access to the island by ending the existing ferry service and reducing the island's small resident population still further by terminating its already limited security of housing and business tenure. The negative impacts of such a scenario would be highly detrimental, both for Ulva and the wider community in Ulva Ferry and North-West Mull. These impacts would include the loss of 2 seasonal and 2 full year Full-Time Equivalent jobs; a reduction in the pupil roll of the local primary school in Ulva Ferry; loss of approximately 5,500 visitors annually to Ulva with associated adverse impacts on the local economy; amenity loss to the local community; loss of use of the church on Ulva; and a reduction in facilities and attractions to complement and add value to existing and future waterside developments in Ulva Ferry, with an associated negative effect on the local economy.

The corollary of the above scenario is that community ownership provides a unique opportunity to use the land and built assets of Ulva to contribute to the sustainability of the island and the wider North-West Mull community of which it is part. Within that context addressing the changing demographics of Ulva and Ulva Ferry's resident population is central to delivering community benefits envisaged in development proposals outlined by NWMWC in its Community Right to Buy application. These population demographics reveal significant structural issues that – if left unaddressed - threaten to impede the sustainable development of the area in the longer term. That threat is most evident in relation to the resident population of Ulva itself, which has been in significant overall decline since the 1830s. As noted

¹⁵ MacLeod, C. (2017). '*The Future of Community Land Ownership in Scotland: A Discussion Paper*'.

¹⁶ NWMWC. '*Application to Register a Community Interest in Land*'.

earlier, the population has fluctuated in recent decades although the overall long-term pattern is one of steeply declining numbers with a current resident population of 6 people.

The resident population of Ulva Ferry remained relatively static between 2001 and 2011; increasing by 5.3% from 113 to 119 residents. In contrast, the overall population of North West Mull¹⁷ rose by 23.7% between 2001 and 2011 and the overall population of Mull and Iona increased by 14% during the same period¹⁸. Indeed, outwith Tobermory¹⁹ every 2011 Census Output Area in North Mull, apart from that containing Ulva Ferry, recorded a significant population increase between 2001 and 2011; ranging from 15 new residents (+15.3%) to 38 new residents (+48.1%)²⁰.

The relatively static nature of Ulva Ferry's overall population between 2001 and 2011 masks a demographic shift towards an older population that is more significantly pronounced there than the equivalent pattern for Scotland as a whole²¹. Census data for Ulva Ferry between 2001-2011 indicates an ongoing shift towards an older resident population in that time. Residents aged 45-59 accounted for 25.2% of the total population in 2011 (up from 19.47% in 2001). Residents aged between 60-74 accounted for 26.1% of the population in 2011 (up from 22.12% in 2001). In contrast, the resident population aged between 5-15 in 2011 was 13.4% (down from 15.4% in 2001) while the resident population aged between 30-44 in 2011 was 13.4% (down from 19.47% in 2001).

Community ownership of Ulva offers an opportunity to increase the resident population of Ulva Ferry and help shift its overall composition towards younger age demographics over the longer term. In so doing, community ownership will help safeguard the retention of essential local services, most obviously the primary school in Ulva Ferry; help meet the expressed need for affordable housing, both in Ulva Ferry and elsewhere in North West Mull; and provide security of tenure for both existing and future new residents of the island. Placing Ulva in community ownership will also unlock the island's substantial potential to contribute to the sustainability of Ulva Ferry and the wider North West Mull area by delivering economic, social and environmental community benefits via development proposals assessed in this report and included in the accompanying Business Plan.

Our assessment of the community's proposals in Part 3 of this report as they relate to housing stock, buildings and infrastructure improvements; land management; business development; and environmental management, has been underpinned by consideration of their financial viability. We are clear that the proposals contained

¹⁷ As recorded in the 2011 Census Output Areas of S00094595; S00094121; S00094727; and S00094726.

¹⁸ *Mull Housing Need and Demand Assessment: Final Report*. Argyll & Bute Council. March 2013.

¹⁹ The 2011 Census Output Areas for Tobermory do not exactly replicate those used for the 2001 Census. Therefore comparative analysis of these Areas has not been undertaken.

²⁰ 2001 and 2011 National Census data.

²¹ Census data shows that 44.3% of Scotland's total population was aged 45 or over in 2011. The equivalent figure for Ulva Ferry was 59.7%.

in the Business Plan accompanying this report are financially viable in the longer term on the basis of our analysis and calculated associated costings. We are equally clear that community ownership of Ulva will make an important contribution to ensuring the sustainable development of the North-West Mull area in accordance with the Scottish Government's strategic land reform objective regarding community land acquisition and management.

4. Research Methods

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

Desk-based analysis of relevant documents including:

- **Financial information relating to the current Estate operation** based on documentary analysis relating to the Sales Particulars prepared by the land agents and approximate cost information provided to the NWMCWC Directors by the land agents, as well as comparative information relating to other Estates.
- **Evaluation reports and other documentation** relating to specific development areas identified in the study brief. For example, NWMCWC's Community Right to Buy application; Sales Particulars for Isle of Ulva; Ulva Ferry Community Development Plan (2013); Ulva Ferry Housing Partnership's Housing Needs Analysis Report (2015); Dervaig Housing Needs Survey Report (2017).

Primary data analysis of findings from:

- **Stakeholder consultation meetings** and/or individual **telephone interviews** with NWMCWC Directors; MICT General Manager and Local Development Officers; USCA, Ulva Ferry primary school Head teacher and Principal teacher; Isle of Ulva residents; elected local politicians, and individual or organisational representatives in relation to farming, fishing and aquaculture, tourism, housing and conservation.
- **Two community consultation meetings** held in Ulva Ferry on Wednesday August 9th 2017 and in Dervaig Community Hall on Thursday 10th August 2017 respectively, to get the community's views on potential areas for development in the event of a community buyout of the Isle of Ulva.
- **Site visits to Ulva** on August 2nd and August 9th-11th and October 27th 2017 to assess potential development options and locations.
- **Two community meetings**, held in Ulva Ferry on December 4th and Dervaig on December 5th respectively to present and discuss findings in the draft Feasibility Study report.

5. Key Findings

The following key findings have emerged from the study:

- Our analysis shows that a community buyout of the Isle of Ulva is feasible and that community ownership represents a unique opportunity increase Ulva's resident population and enhance the sustainable development of the island, Ulva Ferry and North West Mull as a whole.
- Community ownership of Ulva fits closely with the Scottish Government's strategic land reform objective to *"assist with the acquisition and management of land (and also land assets) by communities to make stronger, more resilient, and independent communities which have an even greater stake in their development"*.
- Our analysis illustrates that community ownership of Ulva will contribute positively to addressing social welfare issues, particularly in relation to addressing housing need and help safeguard vital local services, most critically the primary school in Ulva Ferry.
- Community ownership will contribute to local economic development by stimulating business opportunities, especially but not exclusively in relation to tourism.
- Community ownership will also promote environmental sustainability on the island through careful management of Ulva's extensive built and natural heritage.
- The Estate currently appears to be operating at a financial loss. It may be that the landowner's housing costs and other non-commercial costs are included in the Estate's accounting records. If so, that may explain the apparent loss.
- There are several properties on Ulva requiring capital expenditure for refurbishment. The refurbished properties will provide sufficient income for NWMCCW to maintain them to a good standard and help make the Estate financially sustainable.
- Ulva has adequate electricity, telecoms and water supply provision to allow significant development to take place without requiring major additional services infrastructure investment.
- Housing development on Ulva under community ownership can provide security of tenure for existing residents and help meet wider housing need in Ulva Ferry and North West Mull. The four vacant and two occupied houses on the island could be renovated within the first five years of community