

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.
- 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.

## PART 2: FINANCIAL VIABILITY AND DEVELOPMENT STRATEGY

### 6. Financial Viability of the Estate

Information provided to the Directors of NWMCWC by the Land Agents dealing with the Isle of Ulva indicates that the Estate is operating at a loss of approximately £100,000 per annum<sup>22</sup>. The Land Agents have indicated some approximate cost figures but have not provided any supporting accounting information to substantiate these costs. A sum of £11,000 is stated regarding the cost of vehicle repairs, small tools etc. A sum of £40,000 is included for labour but it is not evident as to what labour costs that sum relates to. Annual repair costs are stated to be £18,000 but it is unclear as to what repairs that sum relates to<sup>23</sup>. There are also further unexplained costs amounting to £42,000. 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 Estate's apparent operational loss.

If and when the Estate comes into community ownership, NWMCWC will have to cover the insurance costs of the Estate and there will be considerable repair costs to meet. However, the Estate currently appears to be covering significant costs that the new community landlord will not be required to pay. Table 1 shows that the estimated essential annual costs identified for the Isle of Ulva are around £37,000. The largest elements of these costs relate to insurance and maintenance. They also include land management and administration costs.

Income	35,073	35,073
Current Estate Expenditure	139,000	
Revised Expenditure (removing non-essential costs)		37,000
Woodland costs expected in next year		11,000
Net deficit	<b>(103,927)</b>	<b>(12,927)</b>

The Isle of Ulva sales particulars identify income of £28,472. However, this excludes holiday letting income from Fisherman's Cottage and the 2 bothies. It also excludes farm income relating to livestock sales or Less Favoured Area Support Scheme subsidy income. Therefore the income is likely to amount to a figure close to the level of essential annual costs of £37,000. The revised expenditure figures do not take account of the farm operating costs or any labour relating to the farm as there are currently no employees of the Estate. However, the excluded farm income would go some way towards covering the farm expenditure.

<sup>22</sup> See Appendix 1 for a summary of the financial information provided by the Land Agents.

<sup>23</sup> The Buildings Condition Summary Report prepared by Bruce and Neil, Chartered Architects, for NWMCWC states, "In addition to the general standard of the inhabited buildings, a similar lack of maintenance and upkeep is evident on other unoccupied buildings where the condition of the building fabric will quickly deteriorate without regular attention to stonework, roofing, rainwater goods and external timber". (Bruce and Neil, 2017, p.17).

<sup>24</sup> See Appendix 1 for further information.

The farm is being run on a very small scale and at a low intensity. We assume that the farming subsidies and any income from the sale of livestock are absorbed by the operating costs of the farming activities.

On the basis of our analysis of available financial information, we conclude that it would be possible to take on the Isle of Ulva as a community owned asset and to operate the Estate on an approximately break-even position. However, this would be at the cost of not undertaking essential maintenance, leading to further physical deterioration of the properties on the island.

We have also undertaken initial review of development opportunities regarding built assets on Ulva. Our analysis concentrates on the rental properties with a focus on obtaining capital investment to improve their condition over the first 5 years of community ownership. This would enable the Estate to build up a portfolio of assets generating sufficient levels of rent to help bring the Estate to financial sustainability. Our initial financial projections are conservative and there are opportunities to generate higher levels of income, particularly if the Hostel and campsite are run 'in-house'. We consider that such an approach would sit comfortably within the capabilities of the community company. On the basis of our assessment, Appendix 2 provides an illustration of how the first 5 years of operation could look under community ownership. Table 2 summarises the position.

**Table 2: Summary of illustrative financial position over first 5 years of community ownership**

	Pre-Buyout	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Total income</b>	<b>69,500</b>	<b>103,364</b>	<b>112,584</b>	<b>105,057</b>	<b>102,314</b>	<b>113,502</b>
Less: Expenditure	69,500	86,998	92,759	75,837	85,213	94,856
<b>Net income</b>	<b>-</b>	<b>16,366</b>	<b>19,825</b>	<b>29,220</b>	<b>17,101</b>	<b>18,646</b>

Significant capital investment will be required to renovate the properties on Ulva. NWMCWC will therefore need to investigate funding sources for renovation. It is possible to obtain loan funding of up to £60,000 for such renovation work over a period of up to 25 years. However, with access to housing grants, a loan of £30,000 per property over a 15 year period would result in monthly repayments of £220 (£2,640 per annum). This would enable the loan repayments to be met from the monthly rent for each property as well as allowing a proportion of the rent received to be set aside in a fund for future property maintenance. A 15-year loan term would allow for the renovation loan to be repaid before such time as further renovation work may be required. Therefore, the ability to obtain grant funding towards housing will be a priority for renovating properties on Ulva under community ownership.

## 7. An Integrated Estate Development Strategy

As noted in section 3, NWMCWC's application to register a community interest in purchasing the Isle of Ulva and associated holdings identifies the overall objective of community ownership of the land and associated assets as being:

*"[T]o 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".*

Section 3 also indicates that taking the Estate into community ownership will contribute to the Scottish Government's strategic objective of making "*stronger, more resilient, and independent communities which have an even greater stake in their development*"; a view reinforced by our analysis of the feasibility of development proposals assessed in Part 3 of this report.

In seeking to deliver the overall objective articulated in the NWMCWC's Community Right to Buy (CRtB) application it is essential that initiatives arising from community purchase of the Isle of Ulva are framed within an Integrated Development Strategy for the entire Estate. Individual projects must be financially viable and add value to that overall objective in their own right while simultaneously contributing to broader development aspirations for the island. That will require the NWMCWC - working with and on behalf of the community - to identify a clear long-term vision for the Estate that complements and adds value to existing and future plans for ensuring the sustainable development of, the island, Ulva Ferry and North West Mull as a whole.

The following draft vision statement articulates the broad aspiration for the transformation of Ulva under community ownership:

*"Ulva will be a viable, vibrant and demographically balanced community with an increased resident population. It will be an accessible, well serviced community that contributes to the economic, social and environmental sustainability of the wider North West Mull area and its residents."*

A critical element of developing a vision for the island relates to the increase in Ulva's resident population that the community would like to occur and ways to achieve that through housing provision and employment opportunities connected to core development areas discussed in Part 3. We assert in section 9 that increasing Ulva's population to 20 residents after 5 years in community ownership is achievable by renovating and letting existing properties. Increasing the population to 30 residents after 5 years and to 50 or more residents after 10 years is a more ambitious but achievable target in conjunction with the development proposals contained in the Business Plan accompanying this report.

We recommend that formulating and implementing an Integrated Development Strategy for Ulva be informed by the following criteria:

- **Transparency, accountability and community engagement** in the development, governance and administration of the Strategy;
- **Co-ordinated activity *within* and *between* core development areas to generate mutually beneficial synergies**; for example, some proposed tourism activities may interact positively with aspects of land management;
- **Establishing an appropriate pace of change on the Estate in terms of population growth and development activities** that is ambitious but realistic in terms of *what* can be achieved and *when* it can be achieved;
- **Clear and measureable targets in relation to outputs and outcomes** for core development areas where possible and appropriate;
- **Creation of added value by developing and delivering projects and shared services through joint working at different spatial scales** (i.e. Isle of Ulva, Ulva Ferry, North West Mull, and the Isle of Mull as a whole) with community, public and private sector partners and stakeholders as appropriate.

Accordingly, the above criteria also inform the analysis of identified proposals relating to core development areas contained in Part 3 of this report.

## **8. NWMCWC's Potential Development Roles**

Community buyouts of Estates are frequently undertaken by newly created community companies specifically established to manage the purchased assets on behalf of the resident community. The proposed buyout of the Isle of Ulva is unusual in that NWMCWC is an already well-established and experienced community company with an impressive track-record of success as a community landowner stretching back over 12 years since its creation in 2006. That success is illustrated by an asset value of almost £1.9 million in the accounts for the period ended 31 July 2016 and cash balances of over £162,000. NWMCWC has achieved this level of success through prudent financial management with oversight from its commercially astute Board of Directors. That track record augers well for the future development of Ulva upon the island coming into community ownership.

There are core administrative functions associated with Estate ownership that will fall naturally within the remit of NWMCWC; for example, the collection of rents and the management of any leases or royalties associated with particular assets. More generally, ownership of the Isle of Ulva and associated holdings will place a particular responsibility on NWMCWC for co-ordinating, overseeing or facilitating initiatives that contribute to the sustainability of the island, Ulva Ferry and the wider North-West Mull area by virtue of its role as the community landlord.

Governance aspects of that role are discussed in section 20. Here we consider the

types of development role that NWMCWC may decide to adopt in the event of a successful buyout. Specifically, the balance to be struck between the Company providing leadership for particular development initiatives and taking a secondary role when other organisations, groups or individuals are more appropriately suited to leading on specific initiatives.

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

The **direct delivery** role relates to situations where NWMCWC leads in developing and implementing projects because it is either appropriately or uniquely placed to do so. Such situations may be assessed against criteria such as:

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

Relevant examples might include operating a camp-site, self-catering or hostel accommodation on the island, or maintaining the piers and slipways on Ulva and Ulva Ferry.

The **partnership** role relates to projects that NWMCWC may deliver in collaboration with public or private sector organisations, other Community Trusts or organisations, or private individuals. Relevant examples might include the renovation of existing housing stock on the Isle of Ulva to modern standards; continuing the ferry business between the Isle of Ulva and Ulva Ferry; developing a Biodiversity Action Plan for Ulva; and the development of paths and track infrastructure on the island<sup>25</sup>.

The **enabling** role relates to ways in which NWMCWC can help facilitate the sustainability of Ulva and wider community. The most obvious example is in relation to providing security of tenure for any individuals and/or businesses that lease land, houses or other assets from the Company. Such a role may also involve providing advice, advocacy or other resources to help initiatives to progress; for example, by releasing land for house plots, or leasing buildings to individuals for business development purposes.

For reasons of capacity, function and expertise it may be impractical for NWMCWC to lead on all development projects proposed in relation to securing the overall sustainability of the Isle of Ulva and the wider Ulva Ferry community. A direct delivery role might not be appropriate where there are other community

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<sup>25</sup> NWMCWC have been in communication with Roc Sandford, the owner of the neighbouring island of Gometra who is keen to keep abreast of the community ownership development plans. There may be opportunities for partnership working in the future.

organisations operating in the area with specific remits (for example, USCA, MICT and the Ulva Moorings Association) to which NWMCWC has scope to add value via its partnership or enabling roles. In such circumstances, NWMCWC's development remit for the community may potentially be undertaken via partnership and enabling roles. However, it is important to recognise that neither these, nor the direct delivery role are mutually exclusive.

### **PART 3: ANALYSIS OF CORE DEVELOPMENT AREAS**

In this part of the report we analyse the feasibility of proposals contained within NWMCWC's application to exercise a Community Right to Buy the Isle of Ulva and associated holdings. The analysis of proposals is organised into the following sections: *housing; renewables; agriculture and crofting; deer management; woodland management and development; natural heritage; built and cultural heritage; business development; and transport infrastructure*. As indicated in section 3 our analysis of these proposals is guided and underpinned by an assessment of their financial viability and potential contribution to generating community benefits in support of the sustainable development of Ulva, Ulva Ferry and the wider North West Mull community

#### **9. Housing**

The feasibility brief and consultation process undertaken as part of this study both emphasise that housing provision must be a top priority under community ownership. This reflects the clear need for housing in the Ulva Ferry area, as documented in the 2015 Ulva Ferry Housing Needs Survey which reported 10 households requiring housing. It also reflects broader demand for affordable housing in North West Mull as evidenced in the 2017 Dervaig Housing Needs Survey.

Table 3 details existing housing stock on the island. Apart from Ulva House, there are currently only 2 houses occupied on a permanent basis, holding 5 residents. Both of these households lack long-term security of tenure. All properties have an Energy Performance Certificate (EPC) rating of F or G. The EPC scale rates energy efficiency from A to G, with A being the most efficient. Therefore, these properties are among the least efficient and most costly to heat in the UK. For the purposes of this discussion Ulva House will be discounted as a potential standard let and its future is considered in section 18. Commercial opportunities for Ardalum House are discussed in section 18 but it is also considered here for potential housing provision.

<b>Name</b>	<b>Tenure</b>	<b>Bedrooms</b>
Ulva House	Vacant	5 (+ 3 in flat)
Ardalum House	Vacant	4
Ulva Manse	Vacant	3
Fisherman's Cottage	Self-Catering	2
The Ferry House	Short Assured Tenancy	3
1 Bracadale	Vacant	1
2 Bracadale	Vacant	2
3 Bracadale	Short Assured Tenancy	3

Refurbishing and re-letting the 5 unoccupied houses represents the single biggest contribution that community ownership could make to securing the immediate future of Ulva. The properties have 12 bedrooms between them and could provide accommodation for potentially an additional 12-18<sup>26</sup> people on Ulva. The remaining 4 houses could provide accommodation for 8-12 people if Ardalum House was excluded and used solely as a commercial property.

## 9.1 Renovation Works

It has not been possible to enter any of the properties. The following analysis is therefore indicative as to likely renovation requirements. Observations from our site visits to Ulva indicate that the properties appear to be generally wind and watertight although old slate roofs and lead are likely to need attention. The sheet profile roof on Ardalum House appears relatively new and therefore should not require any attention in the medium term. Sections of lead are missing from the Manse roof; individual slates are moving from their set positions and there is a slight unevenness to the profile. Generally, windows show a lack of maintenance with bare wood and rotten sills in evidence, particularly on the Manse.

To improve the EPC rating it will be necessary to insulate existing loft spaces to a modern standard. Insulating external walls will require stripping back to the existing walls, creating a stud frame and insulating behind new plasterboard. The walls will require repointing if the mortar is failing. Alternatively, it may be possible to apply insulation to external walls and then apply a render. This has the advantage of not requiring removal of some internal space but is not appropriate in all circumstances. It is likely that all properties will require rewiring and possibly new plumbing. Modern kitchens and sanitary ware will need to be fitted and internal doors and skirtings replaced.

The challenges of transporting solid, liquid or gaseous fuel to Ulva tend to favour installing modern heating system options, based on electricity or locally sourced wood. Air source heat pumps and radiators are now well-established as a heating system installed by affordable housing providers. They have significant installation costs but also attract Renewable Heat Incentive (RHI) payments, recouping part of the cost and potentially providing a useful additional income stream. Ground source heat pumps have higher efficiencies and lower maintenance requirements. However, their higher capital cost makes them more challenging to finance (*see further discussion in section 10 on Renewables*).

The properties will require detailed inspection to confirm what repair works are needed. The Buildings Condition Summary Report commissioned by NWMWCW states, “[A]ny prospective purchaser will inherit the problems associated with the current condition of these buildings. The new owners will therefore face significant investments to stabilise or improve the building stock on the Estate if it is not to be

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<sup>26</sup> Based on estimated occupancy of 1-1.5 persons per bedroom.

*left to continued deterioration*<sup>27</sup>. We estimate that indicative costs for repair works are likely to be in the region of £50-100,000 per property. Average monthly rental income on each of the repaired properties could be approximately £450-£500.

## **9.2 Affordable New-Build Houses**

There are several advantages of engaging in a programme of affordable new-build houses. Such houses can be designed from the outset to modern building standards for issues such as energy use, fire safety and accessibility. Community land ownership means that the most developable land can be made available for a housing project. Community landowners can either build houses themselves or sell land for building to a third party such as a housing association (see discussion below).

Building costs on Ulva will be high due to the need to unload and reload materials linked with the ferry crossing. MICT recently completed the construction of two houses adjacent to Ulva Ferry primary school. The construction cost was £416k plus £20k for site servicing. Land cost and design fees were also incurred. This high cost for a new build project, even in a remote location, can be attributed to two factors: Firstly, the buildings were designed to Passive House standard which is very exacting. This results in very low energy costs but incurs additional capital costs to achieve it. Secondly, the houses were built with a new form of construction using cross-laminated timber which had not been done before. Building to existing standards and using more traditional techniques would probably enable houses to be built on Ulva at lower cost than that incurred for the above houses. .

Site development is a significant cost in many new-builds. This is because sites developed by affordable housing providers are often those that are offered for sale rather than those that an organisation would prefer to develop. Issues of poor drainage or excessive rock are common. Purchasing Ulva would offer the wider North-West Mull community a significant advantage in terms of reducing site development costs. It would open up a wide choice of sites on land that is generally free-draining and reasonably level. Site preparation costs should therefore be relatively low.

The key constraint on any new-build project is affordable access to services; in particular, roads, electricity and water supplies. Several potential locations for new housing on Ulva have been identified and are summarised in Table 4.

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<sup>27</sup> Bruce and Neil. *Building Condition Summary Report*. November 2017.

<b>Table 4: Potential locations for new housing on Ulva</b>		
<b>Location</b>	<b>Advantages</b>	<b>Disadvantages</b>
Either side of track behind <i>The Boathouse</i> & Sheila's Cottage	<ul style="list-style-type: none"> <li>• Electricity and water supply close by;</li> <li>• Short distance to transport construction materials;</li> <li>• Close to pier for crossing to Mull;</li> <li>• Close to <i>The Boathouse</i> and existing properties.</li> </ul>	<ul style="list-style-type: none"> <li>• Presence of Marsh Fritillary butterfly in area.</li> </ul>
Field south of <i>The Boathouse</i>	<ul style="list-style-type: none"> <li>• Well-drained ground;</li> <li>• Reasonably close to pier area.</li> </ul>	<ul style="list-style-type: none"> <li>• Some loss of good agricultural ground;</li> <li>• Extension to existing electricity line required;</li> <li>• Would create new developed site without reference to other buildings.</li> </ul>
From Manse to Ardalum	<ul style="list-style-type: none"> <li>• Electricity line running parallel to track;</li> <li>• Water to existing properties;</li> <li>• Land is less agriculturally productive than other areas;</li> <li>• Opportunity to create a traditional linear settlement in a relatively secluded area.</li> </ul>	<ul style="list-style-type: none"> <li>• Some poles may need to be moved or cable buried to allow safe development;</li> <li>• Approx. 1km from ferry necessitating vehicular use or walk/cycle in inclement weather.</li> </ul>
Bracadale	<ul style="list-style-type: none"> <li>• Close to existing houses.</li> </ul>	<ul style="list-style-type: none"> <li>• Close to farmyard activity;</li> <li>• Approx. 1km from ferry necessitating vehicular use or walk/cycle in inclement weather.</li> </ul>

In our view, the most straightforward site to build upon from a purely construction point of view would be the area behind *The Boathouse* and ferryhouse. This location would require minimal transportation of construction materials and workers on Ulva. It would also provide housing very close to the pier, limiting the need for

additional transportation arrangements 'on island' for residents. There is a degree of exposure but the landform and trees provide some protection. The site is also considerably less exposed than many on low-lying islands across the Hebrides. Good design, particularly with respect to the positioning of access doors, can address the issue of exposure.

The presence of Marsh Fritillary butterflies previously recorded nearby (*see section 14*) would require the area to be surveyed and could potentially prevent a housing development if construction involved habitat destruction. It is more likely that a survey would provide information on where development can take place without threatening the species.

The nearby alternative of the field to the south, adjacent to the track leading to Ulva house, should present no such problems. However, there are no nearby buildings to help place new settlement activity. It would also require a modest extension to the electricity network, thereby increasing capital costs.

The strip of land from the Manse to Ardalum House is very promising. Power lines are close by and houses could be built from the Manse and the church towards Ardalum House, creating a linear pattern akin to traditional crofting settlements. The key disadvantage of this location is its distance from the pier. However, the track is not in poor condition and modest drainage and resurfacing works should improve its condition further. A number of houses in this area would also enable residents to easily access the church building for social activities and meetings.

The initial community consultation meetings held as part of our study showed significant support for new housing that was sensitive to the local setting. Participants were asked to mark where new housing could be located. All 5 of the returned maps indicated support for housing on the section of land linking the Manse to Ardalum House; 2 maps showed support for new housing on the area near Ulva House and 1 map each proposed housing at Tor Ardalum and the extreme south-east corner of the island. However, the latter two sites are too far away from services to be considered for developing in the near future.

Following a community buyout, priority should be given to entering into discussions with the local planning department regarding future housing development on Ulva. A scoping exercise undertaken in conjunction with planning officers would provide valuable information to guide both planning decisions and project development.

### **9.3 Project Delivery**

There is a range of possible options for delivering new housing opportunities on Ulva:

1. **Community-led.** The Scottish Government's Rural Housing Fund and Island Housing Funds are open to community groups to apply for grants for conducting feasibility studies and a combination of grants and loans to

deliver building projects. These projects can be either new build or involve bringing vacant property back into use. The new houses at Ulva Ferry were built under this scheme. NWMCWC is already working with Rural Housing Scotland (RHS) to deliver new houses in Dervaig. RHS could play a role in supporting and facilitating community-led developments on Ulva.

2. **West Highland Housing Association (WHHA)/Argyll Community Housing Association (ACHA).** NWMCWC could work with WHHA or ACHA to identify a suitable location and develop a project. WHHA/ACHA could purchase the site from the community and build units for rent. The key advantages of this approach are that the risks and responsibilities of the project lie with WHHA/ACHA rather than the community. On the other hand, the completed houses would be under the control of the housing association.
3. **Highland Small Communities Housing Trust (HSCHT).** The Trust was established to fill gaps in provision that housing associations found difficult to address. HSCHT has supported a number of innovative housing projects and delivered 'shared equity' and 'rent to buy' projects, enabling those on modest incomes to buy a property over time. As with Rural Housing Scotland, HSCHT can assist community groups with feasibility study and project development activities.
4. **Self-build.** NWMCWC could release plots of land for people to build their own houses. This option can deliver new housing at no cost to NWMCWC. Combined with burdens ensuring future residence, it can enable individuals to build houses tailored to their own needs and budgets. Creating crofts would enable application to be made to the Croft House Grant Scheme which can award up to £38,000. Offering plots at below market prices, supported by an allocations policy that favours young families and the economically active will provide opportunities for affordable self-build housing that many people could not hope to get elsewhere. Appropriate burdens can ensure that these properties remain affordable and for residential use only, if and when they are resold. Self-build mortgages have been much more difficult to access since the 2008 global financial crisis. This is especially the case with titles with burdens attached. The Highlands Self-Build Loan Fund has been operating as a pilot in Highland region. It is a lender of last resort and will lend up to £175,000 during a construction period with the loan to be repaid by the borrower once they have secured a mortgage on a completed build. The annual interest rate is 5.5%.

## 9.4 An Outline Strategy for Housing

In its Community Right to Buy application NWMWCW envisages a doubling of the resident population of Ulva to 10 after 5 years, a further doubling to 20 after 10 years and an increase to 30 or more after 20 years. This was a reasonable ambition in the absence of a detailed study.

However, we consider this ambition for population increase to be overly cautious. Taking into account the availability of existing properties, the services available, the political and fiscal framework supporting community housing development, local housing need in North-West Mull and the availability of developable land on Ulva, a significantly faster resident population growth rate is achievable.

The renovation of 2 properties, let to families of 3 persons each, would result in a population increase to 11. The renovation of 4 empty properties, let to similar sized families, would produce a population of 17 people. The let of Ulva House to a family for business purposes (*see section 18*) would increase this total to 20. We consider this to be achievable in a 5-year period.

In addition to the above cautious assumptions, new-build housing will also yield significant population increases. Again assuming 3 persons per property, a modest build target of 2-4 affordable housing units and 1-2 self-build properties in each 5-year period would increase residents by between 9-18 persons.

A population of 30 residents after 5 years and 50 or more residents after 10 years is by no means unachievable. Especially when considered in the context of a community of 119 in Ulva Ferry, continued in-migration to North West Mull as a whole and the success of other remote-rural communities like Eigg, Knoydart and Gigha in significantly increasing and sustaining their populations.

Given the extent of housing need in Ulva, Ulva Ferry and North West Mull more generally, a suitable strategy may be for the community to initially focus on renovating the existing properties on Ulva, while enabling others to build new properties. That was the general consensus of opinion from participants in the two community consultation meetings held in August 2017 for this study. Funding from the Rural Housing Fund could enable the extent of renovation works to be assessed and site studies to be conducted to identify the most appropriate and easily developable sites for new housing. NWMWCW could use the sale of plots to match fund grant contributions to its own projects. The Company could also consider the possibility of selling one or more properties to release funds for renovating the remaining ones. NWMWCW may also wish to consider constructing new properties of its own in the longer term.

In developing such a strategy, it may be useful to align housing development initiatives with the activities of MICT and USCA via the Ulva Ferry Housing Partnership. In particular, there will be merit in exploring ways in which the anticipated NWMWCW Ulva Development Manager (*see section 21*) can work with

MICT's Local Development Officer with responsibility for housing to address specific needs.

## **10. Renewables**

Renewable energy generation has been important for community groups in recent years, enabling them to establish significant revenues to assist with their sustainability. The outlook for renewable generation in 2017 is very different. The UK Government has significantly reduced its support for community renewables and grid infrastructure is largely unable to cope with new grid connections.

### **10.1 Feed-In Tariff**

Ulva already has a solar PV array bringing in c. £2000/yr. New connections in the area are limited to 3.68kw/phase allowing roughly a maximum of 11kw to be connected to the grid where there is a 3-phase supply. The Feed-in-Tariff (FIT) rates for new installations are 4.07p/kwh for small solar and 8.33p/kwh for small wind turbines. These rates compare to 46p and 28p respectively when FITs were introduced.

Those rates make it unviable to develop a profitable scheme using borrowed money unless a high level of energy is used locally, displacing bought-in electricity that may cost c. 15p/kwh from the grid. This is not currently an option for Ulva given the lack of local demand on the island. However, solar PV can still be a useful tool in housebuilding or renovation to meet new CO2 emissions targets incorporated into the buildings standards requirements.

It has been suggested that a small fleet of electric vehicles (EVs) could be created on Ulva to provide for the on-island transport needs of the resident population as it increases. Such an initiative would stimulate a modest demand for energy that could potentially be provided by surplus energy from solar PV or a small wind turbine. It has been suggested that surplus energy could be stored in a battery or batteries located on the island. These storage batteries could then be used to recharge the batteries in EVs. The scope of the current feasibility study is not sufficient to explore this idea further. However, its merits would be worth exploring with Community Energy Scotland in the first instance.

### **10.2 Renewable Heat Incentive**

There may be scope for utilising this scheme following housing development under community ownership of Ulva. Financial support is provided to the householder who installs solar thermal panels (for heating water), an air source heat pump, ground source heat pump or a biomass boiler. These installations result in less energy being generated from hydrocarbon sources and payments are made to reflect the savings being made. The savings are calculated at the start of the contract period and payments made on a quarterly basis. Current rates are: 20.06p for solar thermal

panels, 10.18p/kwh for ASHPs, 19.86p/kwh for GSHPs and 6.54p/kwh for biomass. Using a simple calculator on the Energy Saving Trust website indicates payments of £190/yr for 7 years for solar panels, £1800/yr for 7 years for ground source heat pumps, £860/yr for 7 years for air source heat pumps and £920/yr for 7 years for Biomass boilers for the type of houses and conditions found on Ulva. It would therefore be worth investigating these options further when renovating the existing houses and considering whether to build new ones.

## **11. Agriculture and Crofting**

### **11.1 Current Position**

Farming activity on Ulva comprised a small herd of Galloway Cattle (c. 20 cows plus followers until the beginning of November 2017 when it was sold) and a small flock of Hebridean Sheep. Available grazing is 85 acres (34ha) of in-bye land and 3365 acres (1363ha) of hill grazing. Theoretically the number of stock could be significantly increased to take account of the large area of hill grazing available. However, the level of activity to date has probably partly been determined by the relative unprofitability of hill farming in recent decades; the competition with deer for the hill ground; lack of personnel with the appropriate skills to manage hill livestock; and the current owner's personal management preferences.

The available farm buildings are a combination of traditional stone buildings and open barns, appearing to date from the 1950s or 1960s. They were not designed with a view to modern farming practices, making automated indoor feeding of livestock difficult. There is a limited range of older machinery in use.

The tracks are generally in good condition for farm use, providing good access to the fields and on to the hill. The track to Gometra is a valuable asset, although limited for agricultural purposes as large areas of the hill above it are under trees. Tree planting beyond Ardalum House has unfortunately closed off a natural access to the hill ground that will create more work in moving stock between in-bye and hill.

Galloway cattle are an appropriate choice for the area as they are a resilient breed that can be outwintered and need lower levels of feed than continental breeds. They produce a good quality beef carcass and pure or cross-bred heifers make for good breeding cattle. The breed can be useful for conservation grazing on hill ground due to their non-selective grazing pressure (unlike sheep) and are good at trampling bracken and rushes. Hebridean sheep play a similar role in conservation grazing because they prefer purple moor grass (*Molinia*) to heather and can help to regenerate of heather moorland.

## 11.2 Overview of Hill Farming

NWMCWC needs to be fully aware of the financial implications of taking on a farming enterprise; whether that be for running the business in-hand (albeit temporarily) or for renting to a tenant. The most authoritative data available comes from *'The Farm Management Handbook 2016/17'*<sup>28</sup> produced by SAC Consulting with data derived for actual farm businesses.

SAC provide whole farm costs in 3 categories: **Lower** (bottom 25%); **Average** (middle 50%); and **Higher** (top 25%). Table 5 shows business income for alternative livestock enterprises. The 'Higher' figures are not included in the table for the following reasons:

1. The more profitable farms tend to have higher sales prices and lower costs than the average. This will partly be due to skills, but mostly due to having higher quality land, being closer to markets and providers of inputs, and having larger numbers of stock. These conditions do not apply in the context of Ulva.
2. It is not sensible to undertake business planning on the basis of overly optimistic scenarios.

	Specialist Sheep		Specialist Beef		Mixed Cattle & Sheep	
	Lower £/farm	Average £/farm	Lower £/farm	Average £/farm	Lower £/farm	Average £/farm
Output	60,504	55,111	81,662	122,713	105,986	110,096
Variable Costs	24,491	25,005	51,259	63,109	63,927	58,984
GROSS MARGIN	36,013	30,106	30,403	59,604	42,059	51,112
FIXED COSTS	68,296	52,398	77,788	82,199	85,324	78,809
<b>FARM BUSINESS INCOME</b> <sup>29</sup>	<b>(32,283)</b>	<b>(22,292)</b>	<b>(47,385)</b>	<b>(22,595)</b>	<b>(43,265)</b>	<b>(27,697)</b>
Subsidies	23,923	33,209	39,177	47,191	46,991	52,658
Divers. Surplus	1,461	855	(2,180)	1,083	(3,998)	1,226
<b>FARM BUSINESS INCOME</b>	<b>(6,899)</b>	<b>11,772</b>	<b>(10,388)</b>	<b>25,679</b>	<b>(272)</b>	<b>26,187</b>
No of ewes	538	535	205	184	605	671
No. of breeding cows			69	86	51	54

The table shows that the Farm Business Income (FBI) for the 3 categories of 'specialist sheep', 'specialist beef' and 'mixed cattle and sheep' varied significantly. The FBI of farms in the 'Low' category was negative at £-6,899; £-10,388; and £-272 respectively. The FBI of the "Average" category farms was better at £11,772; £25,679 and £26,187.

<sup>28</sup> *The Farm Management Handbook 2016/17*, (37<sup>th</sup> Edition); SAC Consulting. 2016.

<sup>29</sup> Excluding subsidies and diversification.

It is important to note the '*Farm Business Income (excluding subsidies and diversification)*' line in Table 5 because it is always tens of thousands of pounds in the negative whether the category is low or average. This would be the starting position for any business trying to farm without access to either subsidies or diversification income. The Sales Particulars for Ulva make reference to Basic Payments, probably because these are a tradeable commodity. Scottish Suckler Beef Support Scheme (SSBS), Scottish Upland Sheep Support Scheme (SUSSS) and Less Favoured Area Support Scheme (LFASS) Payments are also available. These support schemes must all be applied for through the Scottish Government's Rural Payments website<sup>30</sup> by May 15<sup>th</sup> each year.

SSBS and SUSSS are based on the number of homebred calves and ewe hogs respectively. LFASS is considerably more complicated and is calculated using a combination of available land area, land type, stocking density and enterprise mix. Calculations for maximising the use of land under agricultural tenure show that LFASS could vary from £11,694 for a pure sheep enterprise running 700 ewes to £19,879 for a pure cattle enterprise of 105 suckler cows. The variation occurs because the scheme recognises that cattle grazing is good for habitat well-being and so a multiplier is added to the calculation: 1.35 where cattle Livestock Units are more than 10% of the total and 1.7 where they are more than 50% of the total (1 cow = 1 LU; 1 sheep = 0.15LU). A challenge for any producer starting up is that LFASS is calculated on a reference year. Therefore, later additions to the herd will not qualify for LFASS if they are trying to increase stock numbers gradually

The following 3 options have been considered as representative possibilities for development of the farm on Ulva:

### **Option 1 – A 'mixed' enterprise running 30 suckler cows and 500 sheep**

This could be considered a typical mixed enterprise for a hill farm. The cattle would spend most of their time on the in-bye with some time on the hill, for example, in early summer when grazing quality is high and again after weaning of calves. Sheep would be largely confined to the hill with some being brought in-bye at lambing time. Lambing percentage would be 80% of ewes put to the tup.

### **Option 2 – A 'cattle only' enterprise with 105 suckler cows**

The cattle would be run on the hill for greater lengths of time than in Option 1 with in-bye land being principally used for silage making for winter feed, but with the potential for away wintering of some cattle.

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<sup>30</sup> <https://www.ruralpayments.org/publicsite/futures/>

### **Option 3 – A ‘sheep-only’ enterprise of 700 ewes**

The 30 cattle in scenario 1 would be replaced by 200 ewes. Much greater use could be made of the in-bye ground for sheep at lambing and tupping times, enabling greater productivity and a lambing percentage of 100%.

The number of stock could only be carried for each of the above options if the number of deer on the hill was greatly reduced (*see section 12.*) The current system requires very little use of the hill which would need to be redeveloped as a livestock grazing hill. Reintroducing large numbers of sheep (as required by options 1 and 3) will be challenging. Hill sheep are “hefted” to a hill – they stay mainly in the area where they were born and do not wander too far. They can be released on to the hill after gathering and will automatically return to their own part of it. Attempting to introduce 500 sheep to the hill would require considerable time spent shepherding sheep and moving them into areas they avoid until they become hefted. That would be more difficult on Ulva due to the heavy infestation of bracken.

Cattle could play a significant part in reducing bracken cover through trampling activities but would also require some herding to encourage them to graze specific areas. As noted above, their non-selective grazing habits would also help improve the mix of grasses available. They would also require regular checking when on the hill to ensure their welfare, whereas hill sheep would not require to be checked once they had become hefted.

The use of significant numbers of cattle allows for application to be made for additional payments under the agri-environment climate scheme<sup>31</sup> of the Scottish Rural Development Programme (SRDP). This is a competitive scheme and successful application would not be assured, particularly as there are no Site of Special Scientific Interest (SSSI) designations on Ulva to score extra points in the assessment.

### **Financial Modelling**

The 3 options outlined above were modelled with full data in Appendix 3. The summary in Table 6 gives Farm Business Income figures of £4379 for a mixed ‘*cattle and sheep*’ enterprise, £322 for a ‘*cattle only*’ enterprise and £4563 for a ‘*sheep only*’ enterprise on Ulva.

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<sup>31</sup> <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/agri-environment-climate-scheme/>

<b>Table 6: Farm Business Income for Alternative Livestock Enterprises on Ulva</b>			
	<b>Cattle &amp; Sheep (£)</b>	<b>Cattle Only (£)</b>	<b>Sheep Only (£)</b>
Output	31,540	42,630	31,584
Variable Costs	20,895	39,385	19,663
GROSS MARGIN	10,645	3,245	11,921
FIXED COSTS	29,000	29,750	26,000
<b>FARM BUSINESS INCOME<sup>32</sup></b>	<b>(18,355)</b>	<b>(26,505)</b>	<b>(14,079)</b>
Subsidies	22,734	26,827	18,642
<b>FARM BUSINESS INCOME</b>	<b>4,379</b>	<b>322</b>	<b>4,563</b>
No. of ewes	500	0	700
No. of breeding cows	30	105	0

The figures in Table 6 show considerably lower projected farming sales income on Ulva than for farms in the SAC figures, reinforcing the earlier argument that the latter are based on farms with better conditions operating closer to markets. Subsidies are on a par with the SAC figures suggesting the calculation methodology used is accurate. On the other hand, fixed costs (labour, machinery, fuel, accountancy, rent, interest etc.) are considerably lower than the SAC figures. This is reflective of a situation where farming is less capital intensive, reflecting the less intensive nature of production on the west coast. The fixed costs include an allowance of £3000 for rent and £3000 in interest payments on a £30,000 overdraft.

The figures do not include for any personal drawings by the farmer and therefore mean that there is little return to the farmer's labour. The addition of agri-environment payments would ameliorate the situation slightly but would still be unlikely to produce a viable business under current conditions.

### **Start-up Assistance**

A farmer would need considerable access to capital to create a farm business of the sizes noted above. A price range for cattle would be £750 for an older cow through to £1500 for an in-calf. Capital in excess of £100,000 would therefore be required to establish a herd of 100 cattle. Additional capital would be required for machinery, sheds and working capital.

There are several schemes that can provide grant assistance under the Scottish Rural Development Programme (SRDP):

- **Young Farmers Start-up Grant Scheme.** This is aimed at young farmers commencing in business who are under the age of 41. It can provide up to €70,000 (£61,600 at November 2017 exchange rates) in grant assistance towards an agreed development plan.

<sup>32</sup>Excluding subsidies and diversification.

- **New Entrants Start-Up Grant Scheme.** Similar in provision to the Young Farmers' version. Grant is limited to €15,000 (£13,200 at November 2017 exchange rates).
- **Small Farms Grant Scheme.** Open to farms from 3-30ha in size. It offers grants of up to £25,000 for individuals and £125,000 for groups of farmers over a period of 2 years. It is a competitive fund with £1m available per year.
- **New Entrants Capital Grant Scheme.** This is open to all farmers and crofters who have commenced a business within the previous 5 years. It has the same intervention rates and limits as the Small Farms Grants Scheme. It is also a competitive fund with £2m available per year.

These schemes are due to run until 2020. It is unclear what will replace them post-Brexit.

### 11.3 Two Farms Option

Following submission of the draft Feasibility Study report we were asked to consider the option of 2 farms operating on Ulva. These would be based around the separate Bracadale and Hill steadings. A roughly equitable split of land could be achieved with the land to the north and west of Bracadale going with the Hill Steading and the land to the south and east going with the Bracadale Steading. The Hill Steading currently does not have an electricity supply, although the power lines pass through it. Therefore, a new transformer and supply to the Steading would be needed.

2 tenants could potentially work together on hill tasks but this would depend on them wishing to farm the same way and having good personal relations. Bracadale livestock would need to be driven past hill Steading livestock to access the hill. Therefore the tracks would need to be excluded from either lease.

Total gross income for each tenant would be roughly halved, necessitating that each would need to seek a second income from other sources. This could be positive in shielding each tenant from some of the effects of adverse changes in farming income. A two farm approach would give 2 individuals the opportunity to apply for the Start-Up Assistance noted above, as opposed to one. It would also reduce each tenant's total capital requirement to buy livestock from c.£100k to £50k.

Further consideration regarding potential creation of 2 tenancies should be undertaken in the context of whether that option is more viable and sustainable than creating 3 or more crofting tenancies, as discussed below.

### 11.4 Crofting

NWMCWC has already created 9 crofts in its woodland property and has a waiting list for crofts from people wanting to have a lifestyle linked to the land. The creation of new crofts has been proposed for Ulva. Crofting on the island will bring limited direct economic benefit through agricultural production. However, it has a very

important role to play in contributing to the overall aim of increasing the island's resident population by providing families and individuals with the opportunity to access housing. The resumption of crofting on Ulva can also generate additional direct economic benefit by creating new businesses on the island, together with indirect economic benefit through the spending of earnings in the local economy.

Creating new crofts has the advantage of bringing new people into the area, and having land of their own to work makes them (and their successors) more likely to stay. A key benefit of creating crofts is that crofters are entitled to apply for a grant from the Croft House Grant Scheme. This means-tested grant of £38,000 can be of significant help to young families trying to build a house. Crofts can therefore play an important dual by increasing the resident population and contributing to housing provision on Ulva.

Crofts can be created on land of any level of agricultural potential, although the poorer the land the less likely it is to be actively worked. At our August consultation meetings, attendees were asked to suggest potential locations of new crofts.

Suggested sites included:

- The fields to the south of Ulva House;
- The land to the west of Ardalum House recently planted under trees;
- The area around Dun Bhioramuill approximately 1km south west of Ulva House;
- The unnamed (on the map) area approximately 1km west of Dun Bhioramuill which is low lying and shows signs of previous cultivation;
- Ormaig;
- The area around the sheep fank on the open hill adjacent to the track to Gometra, about 1.5km from the in-bye land;
- Bearnus.

Observation on a walk to Bearnus and via Google Earth indicates that there are also extensive areas of former cultivation and settlement to the north of the track to Gometra all the way from Aird Glas to Bearnus. For the purposes of discussion, the potential for crofts will be divided into 3 categories: in-bye land; southern shore; and northern shore, as summarised in Table 7.

<b>Category</b>	<b>Advantages</b>	<b>Disadvantages</b>
In-bye	Best land available; Relatively bracken-free; Potential to live on croft; Short distance to work croft.	Would lose land for a possible farm tenancy.
Southern shore	South facing; Existing lazybeds show prior cultivated areas.	Bracken-infested; Difficult for vehicular access; 2-3km from existing settled area and ferry; Exposed to prevailing winds; Lazybeds may limit cultivation to hand-held rotavators.
Northern shore	Close to vehicular access track; Some shelter from prevailing winds; Existing lazybeds show prior cultivated areas.	Large areas of bracken infestation; 2-5km from existing settled area and ferry; Lazybeds may limit cultivation to hand-held rotavators.

Creating crofts on the in-bye is the most straightforward option from the perspective of maximising productive use of land because it has largely been ploughed and cultivated by tractor in recent years decades. Tenants could construct their houses on or very close to their crofts ensuring quick access to croft activities. However, this would either remove some or all of the land that could be offered to a farming tenant.

Crofts on what is currently open hill would have the potential to re-start more intensive land use on the lower lying fertile ground which currently suffers from major bracken-infestation problems. The land on the south shore of Ulva was obviously well-cultivated in the past but there is no vehicular access to this area. Therefore opportunities for re-starting cultivation there would be quite minimal. The land on the north shore has the advantage of being accessible from the main track on the island and could therefore be relatively easily accessed by quad bike or tractor. The existence of lazybeds is both an advantage and a disadvantage; the beds show the original areas of cultivation and drainage but also make it more difficult to carry out cultivation with a tractor.

The biggest challenge facing successful development of crofts outside of the existing in-bye land is that of distance from the settled area and the ferry. The further an individual is from a piece of land, the greater the time taken up in non-productive travel, the greater the cost in fuel and vehicle costs and, ultimately, the less likely it is to be worked.

It is normal (although not compulsory) for crofts carrying livestock to also have access to hill ground or *common grazing*. This allows the better-quality land on the

croft to be free of livestock in the summer to allow for growing crops. The designation of land as common grazing brings it under crofting regulation. This can allow for a grazings committee to be established, enabling regulation of grazing activities on the common land. However, it does mean that any future developments on common grazing would result in 50% of rental revenue (for example, for phone masts or renewables installations) going to the crofters. It would also mean going through a resumption process to allow these developments to occur, incurring additional time and cost. NWMCWC would therefore need to think very carefully before deciding to designate any land as common grazing. A possible alternative would be to explore giving grazing rights to crofters without designating land as common grazing.

The Crofting Agricultural Grants Scheme offers the same levels of support as the Small Farm and New Entrants Grant Schemes. However, it is not a competitive scheme and therefore offers a higher probability of receiving a grant than is the case with the other 2 schemes.

### **11.5 Lease Options for Farming/Crofting**

The Land Reform (Scotland) Act 2016 introduced 2 new forms of tenancy, the Modern Limited Duration Tenancy (MLDT) and the Repairing Tenancy. The MLDT lasts for a minimum of 10 years with a break clause allowing termination at 5 years by either landlord or tenant. The landlord can only terminate at this point if the tenant *“is not using the land in accordance with the rules of good husbandry” or “is otherwise failing to comply with any other provision of the lease”*. The Repairing Tenancy lasts for a minimum of 35 years. It allows for a repairing period of 5 years (or more if agreed by landlord and tenant, or ruled by the Land Court) during which time the land is to be brought into a suitable condition to be farmed properly. The landlord can seek to terminate the tenancy at any point during the repairing period but cannot do so on the grounds of not farming the land in accordance with the rules of good husbandry.

The Land Reform (Scotland) Act 2016 also amended the Tenant’s Right to Buy provision of the Agricultural Holdings (Scotland) Act 2003. Tenants no longer have to register an interest in purchasing their holding prior to a sale/transfer by the landlord. Therefore, whenever a landlord proposes to sell all or part of a holding the tenant can exercise their right to buy. A future proposal to sell land to a housing association, for example, could trigger this provision. NWMCWC should bear this in mind when creating a new tenancy or tenancies.

New croft tenancies can be created under the Crofters (Scotland) Act 1993, of which NWMCWC already has experience. This would bring the land under crofting law, including the right to 50% of any development value of the croft going to the tenant on future sales of land resumed from the croft by the landlord for another purpose.

Amongst other provisions, standard tenancies allow for the right to buy the croft, the right to a statutory house site and the right to assign the croft. The sample lease

currently used by NWMCWC specifically excludes the right to buy in order to retain the land for the community in perpetuity. Future leases could also potentially exclude the right to assign, the right to compensation for resumption or compulsory purchase and the right to a statutory house site. Excluding the right to assign would prevent tenants from selling their lease to another party, usually for a price equal to or greater than the value of a house site. This would prevent profiteering and also allow NWMCWC to retain the power to approve future tenants. A policy decision to favour transfer from parent to child (where the child was living and working in the area) could allow for a normal succession without risking absentee heirs selling the tenancy to the highest bidder. Excluding the right to compensation would secure 100% of any sale price of land to be developed for the community. Excluding the right to a statutory house site would enable the company to provide house sites for tenants with residency burdens attached. It is not possible to attach these to statutory house sites. Consequently, at any point after purchase, the plot/ house can be sold to any individual with no requirement to live locally.

Farms are sometimes perceived as large parcels of land capable of sustaining full-time employment from agricultural activity. Conversely, crofts are perceived to be smaller holdings only suitable for part-time agricultural activity. In reality there are many small farms with part-time farmers and there are some very large crofts with full-time crofters. In starting with a clean slate NWMCWC can opt for creating either agricultural or crofting tenancies for any type of rented holding it establishes.

In general, the agricultural tenancy legislation is less complex and burdensome to administer than crofting legislation. As noted above, the rights of individuals can be restricted in croft tenancies. However, the landlord has to engage with the Crofting Commission and the Land Court when dealing with resumption issues. In contrast, only the Land Court is involved in agricultural tenancy matters.

The key additional benefit currently available to crofters is access to the Croft House Grant Scheme mentioned previously. A “farmer” with a Modern Limited Duration Tenancy would not be eligible for this grant whereas a “crofter” would. If NWMCWC were to create a single “farm” tenancy on the in-bye ground, it may be in the long-term interest of both the farmer and the community to provide the farmer with a croft tenancy. That would facilitate their permanent residency, which is one of the main aims of community ownership of Ulva. On the other hand, creating new “crofts” may not be beneficial if tenants do not make a success of their businesses and fail to build houses on Ulva.

One potential approach would be to initially offer all tenants a MLDT that could then be converted to a croft tenancy at the point when the tenants can demonstrate that they have obtained planning permission for a house and have access to the necessary resources to complete a house-build. That approach would provide tenants with security of tenure for their landholdings while also protecting the community interest if individual tenancies were not successful. Another factor to be considered is that the Scottish Government is currently consulting on the possibility of introducing another Crofting Bill to Parliament. It is possible that any new crofting

Act may include measures with intended or unintended consequential impacts on croft tenancies. Issuing MLDTs first would allow time for NWMWC to consider whether changes to crofting law would impact upon the scope for creating new crofts as opposed to agricultural tenancies.

It should be stressed that the complexities of tenancy law are such that it is essential that NWMWC take legal advice (preferably from lawyers with specialist knowledge in this area) before making any decisions.

### **11.6 Future Uncertainties**

All industries in the UK face considerable uncertainty over what will happen post-Brexit. These uncertainties are amplified in the case of agriculture due to high dependency on grant support from the European Union (EU). Both the UK and the Scottish Governments have indicated that they would seek to continue existing levels of support in the short term. However, the long-term funding outlook is unclear.

There was a dispute between the UK and Scottish Governments in 2013 over £160m of “convergence uplift” money awarded by the EU because of historically low payments in Scotland. The UK Government decided this allocation should be spread across the whole of the UK whereas the Scottish Government and Scottish National Farmers Union argued that it should go entirely to Scotland. A similar problem could arise but on a larger scale when the UK exits the EU.

It is also unclear whether future funds will be allocated by the UK or Scottish Governments. The draft bill to leave the EU currently proposes that all powers return to the UK Government which will then decide which powers to pass on to devolved administrations. The Scottish Government argues that, as it has responsibility for non-EU agricultural issues, all powers currently held by the EU in that policy area should be directly passed to it.

These issues will make it very difficult for farming and crofting businesses to plan ahead with any certainty.

### **11.7 Agriculture and Crofting Conclusions**

The combination of poor agricultural profitability, high dependency on subsidies and major uncertainties over future support regimes amplified by Brexit makes the current economics of livestock production very precarious. In these circumstances it is not possible to recommend either that the community runs a farm in-hand or lets it out to a single tenant. It would be imprudent to let the farm to a tenant unless it could be demonstrated via a business plan that such an enterprise would be viable and sustainable.

One factor affecting farm profitability on Ulva is that the seller is receiving Basic Payments for a very small proportion of the hill land. This is because of the low stock numbers he had. An incoming tenant or tenants who were new entrants to farming/crofting could apply for more from the National Reserve. If all available hill land were tenanted this could yield an additional £15,000 at predicted 2019 rates. However, the land would need to be fully stocked in the year of application. This would give Farm Business Income of £16-20,000 for the scenarios outlined above. Such an income level would still be insufficient to provide an adequate return on labour and to generate a return on capital invested.

Dividing the farm into crofts would not, of itself, resolve problems associated with poor returns on livestock production. However, small-scale crofters/farmers tend to act from a different set of assumptions. Their principal living comes from other activities, they keep a more diverse range of stock (for example, including hens and pigs to provide food for the home) they cultivate small areas more intensively and may undertake specialist activities such as growing in polytunnels. The fact that most of their income comes from other employment arguably makes them more resilient to economic adversity.

Creating smallholdings would contribute significantly to bringing people to Ulva and keeping them there, thereby contributing to the community's goal of increasing the resident population. 6 crofts could conceivably result in an additional 18-20 people to the island's population. The higher grant support available to new entrants and those under 41 years of age offers an opportunity to assist the community in its aim of having more families on Ulva.

It is highly unlikely that the community would be able to run a satisfactory process of recruitment of tenants in the short time that will be available before a purchase of the island. This leaves the question of what to do with the farming operation in the interim. As noted above, running the operation in-house would be financially risky, especially for an organisation that has limited reserves of capital.

One alternative would be to have a short-term grazings let for one season to a farmer looking for additional summer grazing. A further alternative would be to leave the land empty for 1 – 2 years while long-term plans were drawn up. This would have the advantages of allowing a clearer understanding of the financial position post-Brexit and allow for a deer cull and reduction in grazing pressure on the hill. The in-bye land would look quite untidy as the grass grew tall but it would have significant conservation benefits. The rationale for adopting such an approach would need to be clearly explained to the community ahead of its implementation.

## **11.8 An Outline Strategy for Agriculture/Crofting Development**

The complexities surrounding agricultural and crofting law and financial support regimes means that considerable work will need to be done by the NWMCCW beyond the current Feasibility Study to address the detail of creating new tenancies

that work both for the tenants and for the wider community. A suggested approach would be:

1. NWMCWC to form a dedicated working group including people with farming experience to look at all agriculture and crofting issues in detail and develop a comprehensive plan that appropriately balances opportunities for individuals whilst also protecting the community interest in the land;
2. Specialist consultants such as SAC Consulting or similar to be contracted to provide specialist advice to the group as appropriate;
3. Suitable short-term arrangements to be introduced ensuring that legal and practical requirements to care for remaining livestock are in place from the first day of community ownership (if these are not all sold separately prior to purchase);
4. Advice to be taken from lawyers with specialist knowledge of agriculture/crofting to address issues identified in this study as appropriate;
5. A draft plan to be drawn up to ensure that suitable land is excluded from tenancy arrangements to allow for housing/business development;
6. A community consultation on the draft plan to be held to seek feedback for amendment and to generate community support for the plan;
7. Potential farm and croft tenants to be sought and asked to provide business plans for scrutiny;
8. Tenancies to be awarded and on-going practical support to be given to enable tenants to make a success of their holdings.

## **12. Deer Management**

The Sales Particulars estimate the number of deer on Ulva to be in the region of 400 while offering no basis (such as recorded counts etc.) for this figure. It will, however, be taken as a starting point for consideration of deer management issues.

The 5-year average for culling is given as 16 stags and 21 hinds. If the figure of 400 deer is correct, this would equate to a cull rate of <10%. If the herd number is only 300 this would be a cull rate of just over 12%. In either case it is likely that a cull rate of >15% would be required simply to maintain the population.

Revenue from the existing lease appears low for the number of animals being taken. We are aware of another lease situation on an island where the return is approaching £200/stag with other potential tenants expressing a willingness to pay higher sums. A lease rental of £3,500- £4,000 is likely to be achievable at current cull levels.

A useful rule of thumb developed by the Deer Commission of Scotland (now part of SNH) is that a stocking density on hill ground of no more than 10 deer/km<sup>2</sup> or 1 deer/10ha should be present for habitat recovery to begin. On an island with 1854ha this would equate to 185 deer. It would equate to a population of 136 deer on

1363ha, assuming all deer should be on the open hill. In reality, despite good fencing there will be a number of deer inside the woodland areas and farm policies as they can swim around fences and Ulva can constantly be repopulated by deer swimming across from Mull.

Local people are of the view that there are too many deer on Ulva, as there are on Mull. One person to whom we spoke cited finding dead deer on footpaths to be a fairly regular occurrence. Walking out to Bearnus we noted that grass clearings, free of bracken, were closely cropped and showed clear signs of deer trampling and high levels of dung. Heather (*Calluna vulgaris*) is only grazed in winter if other food sources are in short supply. We observed older stems having been twisted; a clear sign of the heather having been repeatedly grazed over a number of years.

The number of deer would have to be reduced even further if farming/crofting tenants were to introduce more cattle to the hill and/or seek to reintroduce more sheep. A farmer/crofter wishing to use feed blocks on open hill would find a significant proportion of them being eaten by deer as well as livestock.

The key to limiting deer numbers in the long term is to reduce the number of hinds on a hill. Unfortunately, the market for hind shooting is relatively limited and it therefore has to be conducted, at least partly, in-house. Traditional estates have gamekeepers but this model of management usually requires significant subsidy of the operation from the landowner. The fact that the current lease runs out in February 2018 would give NWMCWC the opportunity to either agree a new lease with a provision for the client to carry out a major cull, or for NWMCWC to carry out a cull itself. Continuing with a lease arrangement for stag stalking will ensure that the community receives a rental income without incurring losses often associated with running stalking operations on a private estate.

As noted above, Ulva's close proximity to Mull means that there will be continuous repopulation of Ulva with deer swimming from Mull, particularly if reduced numbers lead to better grazing on Ulva. This will present the community with both a challenge and an opportunity. The challenge lies in continuing culling at relatively high numbers to keep the population down. The opportunity involves maintaining income from its stalking lease even though total headage numbers have been reduced.

The North Harris Trust (NHT) has developed a community-led model of deer management that may be replicable on Ulva on a smaller scale. NHT leases out the stag stalking and has established a stalking club to allow local people to stalk hinds. The stalking club manages itself with a minimum of 2 people in any stalking group and members are allowed to take 1-2 hinds each for a nominal sum for personal use only. A target number is set each year by the Trust and can include the culling of a number of deer whose carcasses are left on the hill to provide carrion for golden eagles. NHT has also sought to raise the skill level of members of the club by supporting training and hosting Deer Commission (now SNH) events. NWMCWC could explore whether there is significant community interest on Mull to develop a similar approach.

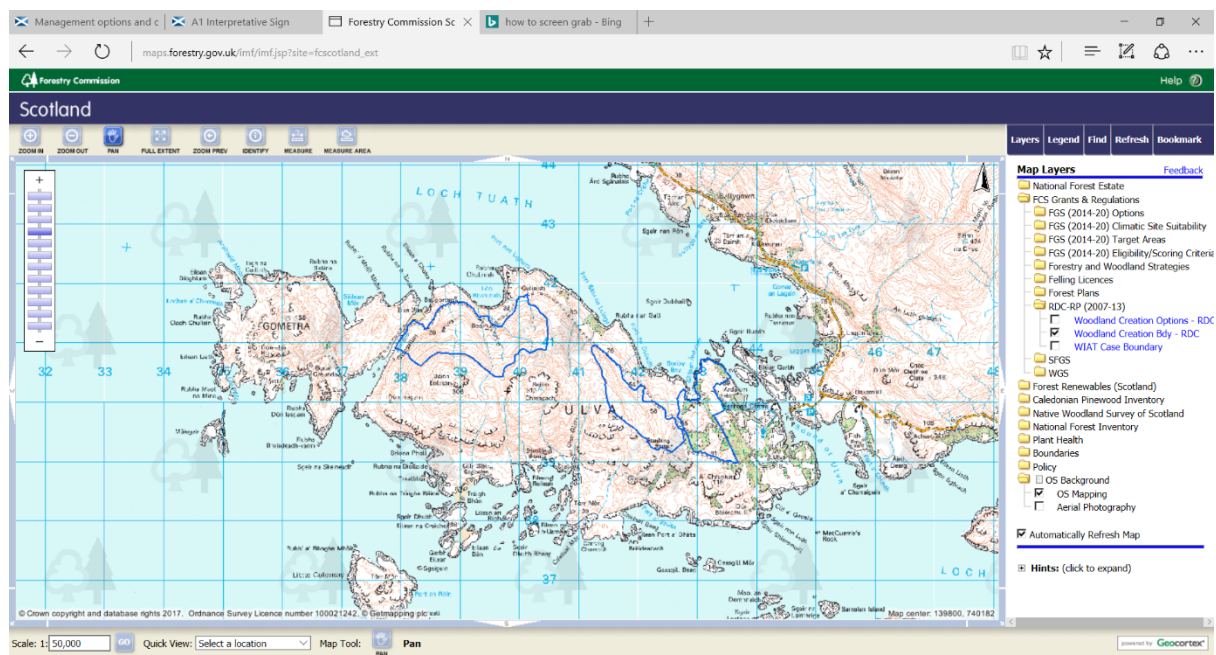
### 13. Woodland Management and Development

The Sales Particulars state that there are 432.81ha (1069.52 acres) of woodland on Ulva. The woodland consists of a mixture of mature woodland associated with the policies near Ulva House and the farm, together with newly planted schemes on hill ground on the northern side of the island.

The new schemes were delivered as three enclosures under three<sup>33</sup> Rural Priorities contracts:

- 59.26ha at Ardalum that were planted in 2011. This site is eligible for Farmland Premium Payments of £3855/yr until 2026. There is a further payment of £383/yr until 2021 for 0.47ha of Native Woodland Natural Regeneration under the same Rural Priorities contract.
- 73.58ha at Soriby planted in 2012.
- 143.56ha at Bearnus planted in 2013.

Maintenance payments are paid for 5 years after planting so a payment may be due relating to the Bearnus planting in 2018.



[http://maps.forestry.gov.uk/imf/imf.jsp?site=fcscotland\\_ext](http://maps.forestry.gov.uk/imf/imf.jsp?site=fcscotland_ext)

Concerns have been expressed by Directors of NWMWC regarding the establishment rate of the new plantings, with failure to reach agreed stocking density targets potentially resulting in penalties being applied and/or additional

<sup>33</sup> The Sales Particulars give 2 Rural Priorities contract numbers on p.30 in the general description and a 3<sup>rd</sup> one specifically linked to Ardalum in the Grant Schemes summary box on p.32.

costs being incurred in beating up. An inspection report<sup>34</sup> commissioned by NWMCWC estimates a potential grant reclaim of £258,055. An anticipated cost of £163,115+VAT is required to meet contract requirements, with potential SRDP maintenance payments of £89,000 still outstanding (subject to clarification by the vendor). The report also notes that “...*technically the contract could remain with the vendor*”. This may be preferable to negotiating a reduction in the sale price because the Scottish Land Fund (SLF) is unlikely to be in a position to provide funding to cover that possibility. Early discussions are required between NWMCWC and SLF officials to identify an appropriate solution to this issue.

### **13.1 New Woodland Potential**

One map was returned showing potential locations for new woodland during the August consultation meetings for this study.

Areas suggested were:

- On the north coast from Rubha nan Gall westwards to Bearnus where there are already significant areas of natural woodland on/adjacent to abandoned crofts;
- On the lower ground on the south side to the south of A' Chrannag and Dun Bhioramuill. There is also some native woodland in this area.

Perhaps not surprisingly, these areas were also identified as potential areas for new crofts; being low-lying, relatively fertile ground with signs of former habitation and cultivation. The advantages and disadvantages of the different options are detailed in Table 8 and are similar to those regarding creation of new crofts:

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<sup>34</sup> Tillhill Forestry. (2017). Woodland Inspection Report.

<b>Category</b>	<b>Advantages</b>	<b>Disadvantages</b>
Southern shore	South facing; Existing lazybeds show prior cultivated areas.	Bracken-infested; Difficult for vehicular access; 2-3km from existing settled area and ferry; Exposed to prevailing winds and salt spray; Potential risk to Slender Scotch and Transparent Burnet Moth habitat.
Northern shore	Close to vehicular access track; Some shelter from prevailing winds; Existing lazybeds show prior cultivated areas;  Ability to tie in new fences to existing plantations.	Large areas of bracken infestation; 2-5km from existing settled area and ferry;  Deer gates across the Gometra track would impede access.

In practical terms, planting on the northern shore would be easiest due to the access provided by the track to Gometra. The ability to use existing fence lines to enclose a large area would also be beneficial. However, it would mean fencing across the track, creating obstacles to access and preventing future use of the area for livestock management. In the long-term, growth of trees would also inhibit views from the track.

### **13.2 Grant Support**

Support for new planting is available through the Woodland Creation<sup>35</sup> component of the SRDP Forestry Grant Scheme. The key components are an initial planting rate followed by an annual maintenance payment rate which is available for 5 years to maximise opportunities for successful establishment. The different available schemes are summarised in Table 9 below.

<sup>35</sup> Full guidance can be found at: <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/woodland-creation/#41199>

	<b>Payment rates in standard areas</b>		
	<b>Initial planting payment rate (£/ha)</b>	<b>Annual maintenance payment rate (£/ha/year) for five years</b>	<b>Total payment rate (£/ha)</b>
Conifer	1920	208	2960
Diverse Conifer	2160	336	3840
Broadleaves	2880	528	5520
Native Scots Pine	1840	272	3200
Native Upland Birch	1840	128	2480
Native Broadleaves	1840	272	3200
Native Low-density Broadleaves	560	96	1040
Small or Farm Woodland	2400	400	4400

There is also grant support for key capital items at set rates. Key items of relevance for planting on Ulva are:

High-Cost Deer Fence	£9.90/m
Deer fence Gates	£172 each
Bracken Control	£225/ha

The grant rates available are generally sufficient to allow a well-designed, well-managed and accessible scheme to be delivered at break-even or for a modest profit. Given that the most accessible sites have already been planted any potential future schemes will need careful planning to ensure their successful delivery.

### **13.3 Mature Woodland Management**

The Sales Particulars make no mention of a management regime for the mature woodlands although these are of some extent. The Forestry Grant Scheme has a Sustainable Management of Forests<sup>36</sup> Component that offers modest payments, ranging from £6/ha for deer management to £100/ha for Public Access to Rural Woods<sup>37</sup>.

The grant for the latter supports the on-going activities of:

- carrying out annual tree and path safety inspections;

<sup>36</sup> <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/sustainable-management-of-forests/>

<sup>37</sup> <https://www.ruralpayments.org/publicsite/futures/topics/all-schemes/forestry-grant-scheme/sustainable-management-of-forests/public-access-rural-woods/>

- keeping access routes free of litter and tree debris;
- keeping paths and signs and recreational facilities up to an acceptable standard.

This could be a useful revenue stream for on-going management of access, supporting employment and improving visitor experience on Ulva.

It is likely that there could be a modest revenue stream arising from selective felling of mature deciduous trees for local use such as furniture-making and other activities. A proper plan can only be put in place once the full extent of the resource is known. The seller may have this information but it is not currently available.

At the time of finalising this report NWMCWC have been approached by the Woodland Trust (Scotland) with a view to working together on Ulva. The Trust's expertise in managing mature and ancient deciduous woodland could complement the existing woodland skills of NWMCWC. Collaborative working could also offer the opportunity to bring additional funds in the form of lease income or project-based support.

#### **13.4 An Outline Strategy for Woodland Development**

A community buyout of Ulva will result in the acquisition of a considerable area of mature woodland and the assuming of responsibilities for contract delivery of recently planted woodland with Forestry Commission Scotland (FCS). These will therefore need to take priority with an indicative strategic approach being as follows:

1. Form a forestry working group to address all woodland-related issues.
2. Identify and quantify liabilities arising from existing woodland contracts and formulate a plan to address these following consultation with FCS.
3. Assess the state and value of the mature woodlands using information provided by the seller or by carrying out a new survey (with professional input as required). Develop a plan for these woodlands through a community consultation process.
4. Consider whether and to what extent new plantings would be beneficial, taking into account community and visitor views, nature conservation issues and potential alternative uses such as livestock grazing, deer stalking etc. Draft and consult on a plan before adoption.
5. Consider how woodland management activities can be undertaken to maximise employment opportunities for new residents trying to develop a portfolio of income sources from agriculture/crofting/ tourism and other industries.

Some of these activities could potentially receive additional financial support through being part of a Heritage Lottery Fund (HLF) Landscape Partnership Scheme (see section 16).

## **14. Natural Heritage**

Ulva has a wide range of important natural heritage assets. The sale particulars note, *“The island is home to 123 different bird species including the white-tailed sea eagle. Minke whales, porpoises and dolphins are among the sea life that can be found around Mull and Ulva”*. The particulars go on to describe how 123 species of bird have been recorded on the island and that it is home to iconic species such as the white-tailed eagle, the otter and lesser known rare moths and butterflies. It describes the views from Ulva to neighbouring Mull as follows, *“Collectively these features make for the most incredible backdrop. These seascapes and landscapes are amongst the finest in the world”*.

This section of the report examines the natural heritage value of Ulva in the local, national and international context, the opportunities it offers for community management and the challenges it will present to a community landowner.

### **14.1 Conservation Sites**

#### **Loch na Keal, Isle of Mull National Scenic Area**

National Scenic Areas (NSAs) are defined in legislation as areas *“of outstanding scenic value in a national context”*. There are currently 40 NSAs designated for their outstanding scenery. The Loch na Keal, Isle of Mull National Scenic Area covers Ulva & Gometra, the Treshinish Isles, Staffa and land on mainland Mull from shoreline to watershed on the south and north sides on Loch na Keal and Loch Tuath. This includes the settlements adjacent to the B8073 in the context of the area served by the NWMCWC.

The citation for the designation listing the ‘Special Qualities’ of the NSA includes the following:

- Highly distinctive seaways and shores;
- A voyage from enclosed sea loch to the open Atlantic;
- Dramatic coast of basalt terraces and cliffs;
- Views of an island-studded sea;
- Islands and islet groups of astonishingly varied character;
- A vast natural world, dwarfing human settlement;
- World famous Staffa and Fingal’s Cave;
- The horizontal Treshnish Isles;
- The instantly recognisable Dutchman’s Cap.

Ulva’s location offers unique opportunities for visitors to view the whole scope of the NSA. In practical terms, the NSA designation brings modest practical constraints

and opportunities. Argyll and Bute Council is duty bound to take account of the National Scenic Area when drawing up planning policies and considering planning applications. Recognition of the landscape value of the area in this way can assist in attracting funding from schemes such as the Heritage Lottery Fund's Landscape Partnership Scheme.

### **Inner Hebrides and Minches candidate Special Area of Conservation (cSAC)**

Special Areas of Conservation are an EU designation under the Habitats Directive. There is currently a proposal to create a SAC for harbour porpoises on the west coast of Scotland which will cover 13,800km<sup>2</sup> of sea from the Kintyre peninsula to the north of Lewis. It is estimated that a population of 5000 harbour porpoises inhabit the area. The proposed boundary includes most of the southern coastline of Ulva and part of the northern coastline with inner Lochs Tuath and na Keal being excluded.

The potential designation of this site is not expected to have any impact upon possible developments on Ulva. However, its presence offers opportunities for the community to market the area to visitors.

### **Cnuic agus Cladach Mhuile Special Protection Area (SPA)**

Special Protection Areas are designated for the protection of birdlife. The Cnuic agus Cladach Mhuile Special Protection Area (SPA) is designated for the protection of golden eagles and covers an area of 29,242ha of largely mountainous land in southern Mull, including the massif of hill associated with Ben More on the south side of Loch na Keal. The SPA contains a resident population of 14 pairs of golden eagles, approximately 3.3% of the breeding population. The citation notes that the site has a relatively high breeding success for the west coast of Scotland (0.65 fledglings/pair/yr). Ulva is outwith the SPA but is also home to golden eagles with 1 pair on the island in addition to a pair of white tailed eagles. Both of these pairs raised 2 chicks each in 2017.

### **Sites of Special Scientific Interest**

The SNH website gives the following definition:

*"Sites of Special Scientific Interest (SSSI) are those areas of land and water (to the seaward limits of local authority areas) that Scottish Natural Heritage (SNH) considers to best represent our natural heritage - its diversity of plants, animals and habitats, rocks and landforms, or a combination of such natural features"*<sup>38</sup>.

There are no SSSIs on Ulva. However, there are several of interest on nearby mainland Mull:

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<sup>38</sup> <https://gateway.snh.gov.uk/natural-spaces/dataset.jsp?dsid=SSSI>

- **Laggan Ulva** for a combination of its tertiary igneous rocks and its oak woodland;
- **Ben More – Scarisdale** for geology and upland oak woodland;
- **Gribun Shore and crags** for geology and habitats associated with rocky slopes and upland subalpine calcareous grassland;
- **Ardmeanach** for geology, upland habitats and the Slender Scotch Burnet moth.

### **Ben More, Mull, Wild Land Area**

Wild Land Areas are not a statutory designation but are recognised as nationally important and must be taken into account when making planning decisions. Typically, they are areas that are remote from motorised access, have rugged landscapes and few if any modern buildings. The Ben More, Mull Wild Land Area includes Ben More and its neighbouring hills. Viewed from Ulva the observable area is essentially a smaller part of the National Scenic Area described above.

### **14.2 Protected Species**

A number of protected species of wildlife use Ulva as their habitat. These include golden and white-tailed eagles and hen harriers. The Royal Society for the Protection of Birds (RSPB) is aware of at least two pairs nesting on Ulva and one satellite-tagged bird spent much of the winter of 2016 on Ulva. Corncrakes, traditionally associated with low-intensive agriculture, have been heard calling on Ulva in recent years. European otters are widespread in coastal areas and will inhabit any area where they have access to fresh water to clean their fur. Visitors from urban areas have otters high on their list of ‘must sees’ along with eagle species.

There are also rare species of butterfly and moths to be found on Ulva. The **Marsh Fritillary butterfly** is a species threatened at a UK and European level and fully protected under the 1981 Wildlife and Countryside Act. It has been recorded a number of times near to the slipway and behind *The Boathouse*. The **Slender Scotch Burnet Moth** is only found on Mull, Ulva and Gomerta. It is a UK Biodiversity Action Plan protected species that is threatened by bracken encroaching on its habitat. The **Transparent Burnet Moth**, larger than the Slender Scotch Burnet Moth and not a UK BAP species, is also found on the island.

### **14.3 Conservation Threats**

There are several threats to the conservation of Ulva’s natural heritage. They include:

#### ***Bracken***

The level of bracken coverage is a significant issue on Ulva. Positively, it indicates that there is a lot of fertility in the soil where bracken tends to colonise. Historically

the spread of bracken would have been kept in check by regular cultivation of the ground and cutting of bracken for animal bedding. However, with the resident human population of Ulva now standing at about 1% of historical levels, bracken is steadily increasing its area. On a walk to Bearnais on the main track it appeared that much of the lower ground (up to 200m on the north side of the island) had 50-75% bracken cover. This level of cover has a major impact upon grazing availability for livestock and deer, reducing the numbers that can be supported on the ground. It is also a threat to the habitats of the moth species noted above. Conversely, bird species such as the stonechat and whinchat appreciate the cover that bracken provides.

Over and above the habitat threat, bracken harbours high levels of ticks that carry a range of diseases that can impact upon human, livestock and bird health. It is also considered a potential carcinogen when it spores in the autumn.

### ***Cotoneaster***

This alien species likes to spread along basalt cliffs and species-rich grassland that is the favoured habitat of the slender scotch burnet moth as noted above. It has been recorded on Gometra and is almost certainly on Ulva; most likely having been spread by birds from Mull.

### ***Mink***

North American mink have become established in the wild in Scotland following their accidental or deliberate release from a small number of mink farms that no longer exist. They are powerful predators, killing large numbers of ground nesting birds and domestic poultry. Individual males will travel long distances to explore new areas and mink are excellent swimmers making eradication even from individual islands a significant challenge. Preferred habitats for mink are along coastlines where there are greatest sources of food. It is therefore likely that mink densities on Ulva are greater than on Mull as a whole. While eradication is unlikely, control is achievable if landowners and managers work together to trap and remove mink to protect wild fisheries and ground-nesting birds. It would however require regular trapping over a wide area to be effective.

## **15. Built and Cultural Heritage**

Ulva has a modest built heritage with 3 'B' Listed buildings<sup>39</sup> on the island. They include:

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<sup>39</sup> Buildings must have special architectural or historic interest to be listed. There are 3 categories of listing:

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

**Ulva House**, built in 1955-6 following the loss of the previous house to fire. The Statement of Special Interest<sup>40</sup> describes the house as “*a rare and significant example of a large mansion house of the early post-war building period in Scotland which is largely unaltered*”. It has 6 generous bedrooms, 4 public and various other rooms in a footprint of approximately 508m<sup>2</sup>. It has not been possible for us to visit the house but the Sales Particulars state that it “*would now benefit from a sensitive programme of modernisation and refurbishment*”.

**Ulva Kirk**, designed by Thomas Telford and built in 1827. The building is now in only occasional use. During our site visit several loose slates were visible in the guttering and there are signs of water penetration with at least one window having had expanding foam used to seal holes.

**Ulva Manse**, built at the same time as the church and also designed by Telford. Individual slates show signs of moving. Lead is missing or in poor condition in parts. It has been unused for some time and is in need of considerable repair. The garden ground is open to grazing by livestock.

In addition to these properties **Ulva Ferry House** is a C listed property.

Ulva’s cultural heritage is rich. The Sales Particulars highlight a statement by Lachlan MacQuarie, born on Ulva and former Governor of New South Wales:

*“I do not think that because I come from a small and desolate island my ideas are as limited in extent. It is the man who is born in a city on an island who seldom gets himself and his country into true perspective with the rest of the Universe. But when a man of ideas, like myself, emerges from a mere speck in the ocean, he becomes a citizen of the world”.*

Such a statement will have resonance with rural people everywhere and island people in particular. The large number of abandoned settlements across Ulva point to a past when there were many more people living on the island. There is therefore considerable potential to include the island’s cultural heritage as a significant part of Ulva’s tourism offer that Ulva can provide whilst also demonstrating its contemporary relevance, both to the local community and further afield.

## **16. Protecting and Promoting Ulva’s Natural, Cultural and Built Heritage**

The earlier discussion showed that while Ulva does not have any nationally or internationally recognised wildlife designations it lies at the heart of a heavily designated area and is home to a range of iconic protected species. It is also in a prime position in the Loch na Keal NSA which gives people excellent views of the remainder of the NSA. It was noticeable in the 2 community consultation meetings that attendees had a strong appreciation of the scenic, wildlife and conservation

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<sup>40</sup> <http://portal.historicenvironment.scot/designation/LB52282>

value of the area. It was also noticeable during our site visits to Ulva that many people were visiting the island in peak season despite there being no obvious marketing of the island itself. There is therefore considerable scope to develop a co-ordinated strategy to both manage and promote the island in relation to its natural, cultural and built assets in ways that enhance the sustainable development of Ulva. In so doing, the aim should be to develop an integrated approach to the development of conservation and visitor activities that are complementary to other land management activities. Opportunities include:

1. **Creation of trail leaflet and promotion of Ulva.** Many visitors greatly appreciate guides that provide information on walking routes and wildlife viewing opportunities. Waymarked routes and specific stopping points encourage those who would not normally go in for independent exploration to do so further afield. Producing a schematic plan on 1 side of an A5 tri-fold leaflet with specific information on Ulva and its community ownership on the other would raise the island's profile and attract more visitors. Information on making donations could be included on the leaflet.
2. **Guided Walks.** There are opportunities for ranger services and private individuals to lead guided walks exploring the island. The Mull and Iona Ranger service provides a service that covers Mull and its associated islands, including Ulva. It already leads occasional activities on the island and could potentially provide more through working with a community landowner. SNH is a key funder of this service and is keen to continue support. It is unlikely that SNH would provide funding for a dedicated Ulva service, separate from the existing one.
3. **Creation of wildlife viewing points.** There are already successful examples of wildlife viewing hides for sea eagles on Mull. Simple structures at key viewpoints can provide a viewpoint with shelter for visitors. Such structures can encourage visitors to stop, view and record sightings of wildlife that will be enjoyable for them and help to build up a record of wildlife for the community and partner conservation organisations. The RSPB has suggested that the presence of Hen Harriers could be strongly promoted to differentiate the offering on Ulva from that of white-tailed eagle sites on Mull.
4. **Bracken Control.** As noted earlier, bracken is a major problem on Ulva that reduces grazing potential and threatens rare moth species in particular. Control could be carried out by a combination of agricultural/crofting activities and conservation works. Funding can be obtained through SRDP for spraying or mechanical methods of removal. Occasional volunteer days could be organised by NWMCCW to enhance community support for the project. Developing links with conservation bodies and private companies that promote volunteering amongst staff can be very beneficial. The Knoydart

Foundation, North and West Harris Trusts and Galson Trust have all had support from John Muir Trust work parties. Typically, a group of 12-15 would come to an area for a week to carry out activities requested by the community landowner. They arrange their own accommodation (some of whom are happy to wild camp) so there is no cost to the community. It has been suggested that financial incentives could be provided to future tenants to clear bracken on their land through options such as rent reductions on defined areas. Tenants could also work with volunteers by spraying ground first and subsequently using volunteers to clear areas that were missed or when control was incomplete.

5. **Recording of Local History.** Community groups are uniquely placed to record local histories. Communities themselves often do not appreciate the wealth of historical knowledge held by their elder members until they have passed away. It would be a valuable service to future generations to record the knowledge of people who have historical links with Ulva. The long-term history of Ulva is also very important in the context of the social history of Scotland, particularly in relation to land reform. The fact that the island has only 1% of its historic population and the reasons for that is a story worth telling; particularly in the context of a community that wishes to increase the population of the island.
6. **Refreshing Sheila's Cottage.** The existing interpretation is limited and basic provision such as proper lighting is not functioning properly. The building could work well as a visitor's introduction to Ulva. A donations box could bring in a reasonable (if modest) sum of money if the cottage was well-lit and well managed.
7. **Preservation of Listed Buildings.** The Ulva Church has the potential to become a useful community space in an expanded community. It is likely to require significant structural maintenance in future years and this could be combined with a repurposing of the building. The challenge with this type of building is that costs of repair and maintenance are often high for a space that is not well-suited to modern needs. Ulva House may also be in need of significant works.
8. **Heritage Lottery Fund (HLF) Landscape Partnership Programme.** The Heritage Lottery Fund has various funds that can be applied for to assist with conservation projects. The Landscape Partnership Programme aims to assist partnerships of local organisations to deliver a range of conservation projects at a landscape scale. It requires organisations to come together in an area of distinctive landscape character. The partners develop a diverse programme that can include building and habitat restoration, improving public access and appreciation of an area, and improving interpretation and visitor facilities.

Funding can cover the employment of staff to develop and deliver projects in addition to funding the projects themselves. The programme can take 2-3 years to develop to the point of delivery and then have a 3 year delivery period. HLF can contribute up to £1m with other funders such as SNH, HIE and local authorities required to contribute match funding.

The Loch na Keal NSA would appear to have the potential to fulfil the criteria required by the programme. Although challenging to deliver it would enable projects which might struggle to get funding alone to be included in a larger programme. The programme would need to be led by an experienced organisation with significant delivery capacity. MICT might potentially be a suitable body for this. Other partners could include bodies such as RSPB and Butterfly Conservation Scotland that have interest in the area.

## **17. Integrating Land and Natural Asset Management**

Sections 11-16 of this report have mainly considered Agriculture and Crofting, Deer Management, Woodland Management and Development and Natural Heritage as separate development areas. In reality these areas interact and the community will be required address key questions regarding how much they want each aspect to contribute to the future of Ulva.

These questions include:

- **How intensively should the hill be grazed?** An increase in cattle grazing may be beneficial from a natural heritage perspective if it reduces bracken infestation and supports a wider range of insects. A very large increase in livestock numbers may, however, contribute to overgrazing and would also prevent new woodlands being planted.
- **What should be the target deer population?** That will depend upon numbers of livestock and conservation goals. A very large reduction in numbers will reduce sporting income in the longer term but will be beneficial to tree health.
- **How much more tree planting should there be?** It is possible to plant more large schemes but they could remove land from potential agricultural use for generations, reduce ease of access to parts of Ulva and potentially spoil existing views of the surrounding landscape. Some community members may think that there has already been too much planting; others may want to see a lot more.
- **How many conservation projects should be promoted?** Some management actions may enable farm/croft tenants to receive additional income payments; others may require the reduction or cessation of grazing in specific areas.

- **How much in-by land should be given over to housing and development opportunities?** (See section 17).

All of these questions and others will arise, with an inevitable range of views expressed within the community. NWMCWC will need to devote considerable time in the first year of community ownership to discussing these issues and working with the community to develop a consensus that can be widely supported and implemented.

The outline approaches to each area listed above will need to be formulated and implemented in conjunction with initiatives relating to the other development areas analysed in this report. If NWMCWC can recruit a Development Manager for Ulva who has considerable experience of land management issues it should be possible to develop an overall Land Management Plan with only limited outside assistance. However someone with less experience in some or all of these areas will need more external support. In the latter circumstances there may be benefit in having external professionals assist in relation to management approaches as appropriate. In so doing, it would be important that they understand and engage widely and extensively with the community's aspirations.

## **18. Business Development**

### **18.1 Campsite and Hostel**

A campsite was identified in the earliest consultation carried out by NWMCWC as a potential business that would attract people to Ulva and generate revenue for local benefit. That would broaden opportunities for attracting visitors who are currently limited to daytime visits or wild camping with no facilities. Required facilities are a shower/toilet block with an electricity supply, preferably with washing up and laundry facilities. The capital costs of providing a simple facility from scratch are likely to be in the region of £50,000.

Ardalum House has operated as a hostel in the past. It no longer operates as such but could easily be used for that purpose again. Apart from Ulva House, it appears to be the only property in a reasonable condition to use, although it requires redecoration and refurbishment. While hostels provide facilities at the budget end of the market, there is a trend among visitors to seek higher quality 'family-room' type accommodation as opposed to traditional large dorms. In effect, they are looking for Bed & Breakfast standards at a lower price by providing their own meals.

The availability and past use of Ardalum House offers an opportunity to restart a tourism business at relatively low capital cost. The hostel could be reopened with an additional area outside for tents whose occupants would use the facilities inside the house. The area provides good shelter for tents and, if successful, pods or shepherds' huts could be added at a later date when the required capital funds could

be raised. The combined facilities would offer the opportunity for campers to upgrade accommodation in poor weather and would provide increased revenues without the need for significant additional labour or capital investment. The garden ground at Ardalum House offers ready-made space for camping, avoiding the need to take in existing agricultural ground.

One option for the community to consider would be for the Development Manager to be based in Ardalum House and for them to oversee the business in quiet times alongside their work. In peak periods it is likely that additional labour would be required to allow the Development Manager to concentrate on developing new initiatives.

An alternative would be to lease Ardalum House and garden ground to a private individual/family who would make their home on Ulva and operate the tourism business from it. This would be lower risk for the community and provide a guaranteed rental income.

The Knoydart Foundation has considerable experience of operating a hostel that was in very poor condition at the time of purchase. It has managed over time to upgrade the property considerably to a good standard. The Foundation currently charges £18/night for adults and £10 for children. It also runs a basic campsite with a composting toilet and grass-roofed shelter that costs £4 for the first person in a tent and £3 thereafter.

## **18.2 Cycle Hire**

The provision of cycle hire on an island without vehicles is a logical step. Visitors wishing to remain only within the policies on the east could cover the area on foot if so desired within a few hours. However, there will be some people who would appreciate being able to cycle along what is a good network of tracks and diverge off to explore interesting areas.

Cycle hire is likely to be very appealing to those wishing to explore more widely. Only the fittest and most determined would be able to walk to Gometra and back along the main track in the 8 hours available when the ferry is running. Mountain bikes make this a much more manageable proposition, offering an added attraction for visitors who like to explore more widely.

Campsite and hostel users are likely to be key users of bikes, so co-location with the campsite/hostel business would be sensible. The availability of 2 outhouses offers the opportunity for ready-made storage space and simple workshop facilities for the bikes. It is the type of business that could start with a small number of bikes and easily expand to match demand.

### 18.3 Business Space Provision

A lack of business space is the biggest limitation on business development for most community landowners. Land can be plentiful but buildings for business activity are usually in short supply. In remote areas those wishing to establish new businesses are usually constrained by limited capital. Additionally, business turnover can be insufficient to justify making a long-term investment.

Community groups have successfully developed business space at a range of qualities to enable community activity to grow and private businesses to become established and develop. The provision of business space by NWMCWC on Ulva could play an important complementary role to housing provision in attracting and retaining residents.

There are some examples of business space in the Highlands and Islands that have not enjoyed high levels of occupation. That can partly be attributed to unappealing utilitarian design and less than ideal siting. Examples of successful business space provision on Mull include Taigh Solais at Tobermory Harbour and An Roth at Craignure, where good design and good location have been combined effectively. The latter provides offices for MICT, HM Coastguard and 2 private businesses, one of which employs 20 people.

The scale of these buildings and the jobs created are unlikely to be replicable on Ulva. Nevertheless, they illustrate the principles required for success. Examples of community provision of business facilities in the Isle of Harris do provide some potential for replication on Ulva. They include:

- West Harris Trust's construction of a 20m x 10m agricultural-type shed to provide a base for marine activities linked to a pontoon. Simple wooden partitions enable 3 different users to be accommodated in the space: a marine survey company; an individual renovating and hiring old VW campervans; and storage for the local grazings committee.
- North Harris Trust's creation of 3 business units with a floor area of 60m<sup>2</sup> each. The units can be used for production as well as office administration functions and tenants include a candle maker, a Harris Tweed business and a hospitality business.
- West Harris Trust's construction of a multi-use building incorporating 4 craft studios of 15-20m<sup>2</sup> each. These are occupied by 2 artists, a Harris Tweed business and 2 architects.

The creation of small craft studios may be appropriate on Ulva where a considerable part of its future development is likely to be linked to tourism. Funding agencies will be wary of funding a very large building project for a relatively small community and are likely to be more comfortable with smaller units that meet specific local need.

Current capital sourcing opportunities include Highlands and Islands Enterprise, BIG Lottery Fund, Coastal Communities Fund, Scottish Government Regeneration Capital Grant Fund and Argyll & Bute Council. Other community groups have been successful in combining public-sector funds with financial support from private grant-making trusts to 100% fund individual projects. NWMCWC may seek to emulate that approach to construct business space with scope to provide the community with an additional revenue stream to add to its portfolio.

We are aware that there have been informal expressions of interest from individuals looking to move to Ulva, should the opportunity arise. One individual has written to the NWMCWC expressing support for the community buyout and wishing to relocate to Ulva and establish a recording studio on the island. The NWMCWC is currently inviting further expressions of interest from prospective residents and business start-ups.

The garages on the Ulva Ferry side of the water are part of the assets of the Ulva Estate. They are important, both in terms of revenue generation and in providing important space for storage for Ulva. The possibility of their redevelopment should be explored, possibly in conjunction with the proposed waterside development project being co-ordinated by MICT.

#### **18.4 Holiday Lets**

Fisherman's Cottage has been let in recent times for short-term holiday lets. Our financial analysis indicates that if this were to continue, the cottage could generate a profit of £6,600/yr by letting for 26 weeks at £450/wk. There is scope to almost double this profit by being able to increase the price charged per week with some capital investment in this furnished holiday letting, That is a significant sum to a small enterprise and substantially greater than could be earned by long-term residential letting. That sum could also be significantly increased in future if the building were upgraded, allowing for higher rates to be charged and probably an increase in the number of weeks of occupancy. Cleaning and overseeing the cottage could provide a modest but important part-time income for an island resident.

In addition to summer lets, the building could be used in winter for short-term accommodation. For example, by tradesmen employed to work on renovating other buildings on Ulva or by someone building their own house who would benefit from being close to the construction site.

This scenario presents the NWMCWC with a challenging choice of whether to pursue income generation and flexibility of use or, alternatively, maximising occupancy by those who are permanently resident on the island. It may be beneficial to operate the cottage as a holiday business in the short term before reviewing its use once other houses are renovated and occupied.

An additional, alternative long-term option would be to consider constructing a holiday let/chalet as part of a larger project to build new houses. A strong revenue

stream might, for example, be sufficient to enable lending to be paid off on loans taken out on building houses for long-term let. In that circumstance the short-term let would be a means of facilitating housing provision rather than reducing it.

### **18.5 Ulva House**

The earlier section on Ulva's built heritage noted that Ulva House is a B listed building with a footprint of over 500m<sup>2</sup>. Buildings such as this can offer great opportunities. However, they can also be a considerable burden on a community company. The ultimate decision on Ulva House's future will depend on what opportunities are available and what level of risk (of potential operational losses and future major repairs) the community is willing to bear.

#### **Previous Community Experience**

There are various examples of communities taking different decisions when considering what to do with a "big house" that was part of a sale offer:

- The Knoydart Foundation ran the house as holiday accommodation when it purchased its land. However, the building was in poor condition and unsuitable for letting. The Foundation therefore sold the property and used the capital as part of its contribution to the refurbishment of the local hydro scheme. The house was bought by an American family who brought 3 children to the community.
- The North Harris Trust decided not to buy Amhuinsuidhe Castle when it was being sold as part of the North Harris Estate. At the initial community meetings significant concerns were raised about the risk of having to carry out major repairs in the future. At that time the Scottish Land Fund did not have funds available to allow for a complete purchase of the estate. The community therefore sought and found a partner who purchased the castle and the salmon fishings to complement the community's purchase of the land and other assets.
- Storas Uibhist decided to continue running Grogarry Lodge<sup>41</sup> as a traditional sporting lodge for exclusive hire by parties of up to 16 people and has continued to do so since purchase in 2006.
- The Assynt Foundation had limited development options with the land that it purchased. The Foundation therefore decided to keep Glencanisp Lodge and managed to raise significant funding to renovate it. Initially the lodge was let as a single unit on a weekly basis with the sporting market being a significant income generator. However, the Foundation has now switched to short stays

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<sup>41</sup> <http://test.grogarrylodge.com/>

and single rooms being available, with the North Coast 500 touring route having opened up a whole new market for development.

### **Options for Ulva House**

The above examples show that communities have taken quite different approaches to dealing with a large built property. The options available to NWMCCW regarding the future of Ulva House are:

- 1. Run as a Community Managed Business.** The appeal of this option is that the community can have greater control over the activities that the building is used for. The profits generated will be available for reinvestment elsewhere in the community if a successful business is developed. Conversely, if the business is not successful its losses become a drain on the resources of the rest of the company. It is therefore better to operate a business as a subsidiary of the main company. Key challenges will be to recruit directors with appropriate skills, identify a suitable business activity, recruit suitable employees to operate it, and provide sufficient working capital to operate the business successfully.
- 2. Lease for Business Use.** Seeking a 3<sup>rd</sup> party to operate Ulva House would remove the risk of generating losses and require significantly less management input than option 1. A lease would provide a guaranteed income stream that would be available to invest in the house itself or other parts of the community business. The opportunity could be advertised through various media including land agents that specialise in this kind of building and applicants asked to produce a viable business plan. The community could then decide which (if any) option they would prefer, based on criteria such as: rental income generated; jobs created; suitability of the business; wider benefits to existing businesses etc.
- 3. Lease for Personal Use.** It may be possible to let the house to a private individual looking for high quality accommodation in a secluded location. This would produce fewer economic benefits for the local economy than either of the first two options but could produce a rental stream as high as, or perhaps higher, than option 2. A family with children would bring immediate benefits to the local school and community life. There is also the possibility that the community could attract a person or persons who would strongly support the community ethos and bring valuable skills, contacts and/or other resources that would benefit the area.
- 4. Sell the building.** The default position for any community landowner is normally that of seeking to retain as many assets as possible, so as to maximise the amount of community control in the future. However, there

may be situations where the sale of an asset is beneficial. Three particular circumstances can be the cause: when the asset is loss-making; when major investment is required that is beyond the ability of the community to undertake; or when the community can profitably invest the proceeds of a sale into other assets that would generate a better return on investment.

It is possible that after detailed exploration of options 1-3 one or more of these circumstances would point towards a sale as being the best option. The conditions of any grant offer to buy Ulva will include clauses that property cannot be sold without the prior approval of the Big Lottery Fund for a period of 20 years after the sale. However, approval can be given where there is a clear and beneficial alternative use for the capital realised. Investment in community or business facilities would potentially be suitable avenues for reinvestment.

### **Business Options**

Suggestions put forward for the future use of Ulva House have included an outdoor centre, conference centre and superior Bed & Breakfast accommodation.

#### ***Outdoor Centre***

The running of an outdoor centre is a complex operation that requires substantial effort and attention to detail. User safety is a priority both within the building and regarding activities outside. While some activities could be carried out locally it is likely that others would need to take place on Mull, requiring the need to ferry parties on a regular basis.

The house was not designed with an outdoor centre in mind, would require significant investment to meet Health & Safety Executive requirements and would still not likely be ideal for this purpose.

Outdoor centres can be run as private businesses or commonly by charitable organisations specialising in activities for young people. There are existing centres relatively close by in Iona and Ardgour and it is highly unlikely that funding agencies and trusts would see sufficient merit in a proposal for a new centre that may have a displacement effect, particularly on nearby Iona.

#### ***Conference Centre***

Successful conference centres need to be reasonably accessible so that attendees do not spend excessive time and expense on travel. The requirement for 2 ferries from Oban, travel on single track roads and the need to provide transport from the Ulva slipway to Ulva House would not make an attractive proposition for all but the most specialist of operations.

#### ***Tourism Accommodation***

A redecorated and updated Ulva House may appeal to people looking for a “Get away from it all” break in a remote location. Ulva House could therefore offer an

opportunity for Guest House-type accommodation while also providing its operators with a family home., Evening meals would have to be offered given the limited alternatives. En-suite facilities would almost certainly need to be provided in some rooms to meet modern standards. However, the generous size of these rooms and existing distribution of bathrooms should mean that this would not be an excessively expensive undertaking. This type of business may be the easiest and most appropriate form of development for Ulva House, while also meeting the social goal of bringing new families to the island.

It may also be possible to convert the building into several private apartments for let that could then be marketed at the upper end of the lettings market. This would require significant additional capital.

The challenge for both of these potential enterprises would be the ability to attract visitors outside of the main summer season. However, the right tenant and the right marketing of Ulva could make a business an attractive experience for visitors.

## **Discussion**

If a community purchase of Ulva is successful there will be major demands upon community volunteer time to develop other aspects of the island. Attempting to develop a new business within Ulva House in addition to the business of running Ulva as a whole would be a major burden upon a community that will take time to further develop its capacity. As a pre-existing landowner, NWMCWC would be adding these responsibilities to its existing management of the woodlands in its care.

The examples given above of Storás Uibhist and the Assynt Foundation in managing lodges show that with a lot of hard work it can be done. However, it is important to note that, in both of these cases, the communities were taking over an existing business activity using the building. Developing a new business from scratch is significantly more challenging and involves greater levels of risk. Therefore, it cannot be recommended at this stage that the community seek to operate a business within Ulva House itself.

Leasing for business is likely to be the best option for the community in that a new business would generate economic activity while allowing the community to get a financial return on the property. It would also allow the community to focus its efforts on the other buildings that it would own and which will be in need of considerable management input.

The possibility of selling the property should not be ruled out if suitable leasing options (whether business or personal) are not realised. Sale of the property could generate significant capital to take forward ambitious plans elsewhere on Ulva. The building could still bring social benefits to the island if sold.

## 18.6 Coastal Water Taxi.

It has been suggested that there may be demand for a boat service that would drop-off and pick-up passengers from different parts of the coastline of Ulva (and potentially Gometra) to allow people to explore areas that they would otherwise not be able to access. Options could include: dropping people off at one site and picking them up later; allowing them to walk back; or shuttling people from one location to another during the day.

Further study will be required to identify whether a regular service would be practically and financially viable. Such a service is likely to best be developed by a private operator. However, the Islands Book Trust<sup>42</sup> based on Lewis could provide a very useful model for testing the concept. In recent years the Trust has arranged an annual summer programme of events in the Outer Hebrides which includes visiting remote islands and abandoned settlements by boat.

A historical talk on a particular site by a knowledgeable person will normally be given in the morning in a suitable building, ranging from a community hall to a fish farm shed. This is followed by a shuttle boat service to the location where people have 2-3 hours to explore, with the local historian on hand to talk informally with those attending. These events have proved to be hugely popular, are an excellent community activity and strengthen community identification with place and history.

## 18.7 Aquaculture

Mussel and oyster farming is a benign form of aquaculture highly favoured by the EU and Scottish Government because it is environmentally sustainable as these shellfish are filter feeders. Most of the shellfish production in Scotland focuses on mussels, grown on vertical single ropes or fabric suspended in the water from horizontal ropes and flotation buoys running parallel to the shoreline. Oysters are grown in bags, either lying directly on the shore or set up on trestle platforms. Scotland's Strategic Plan for aquaculture<sup>43</sup> aims to double the economic contribution of the shellfish industry from £1.8 billion to £3.6 billion by 2030 and create more than 9,000 new jobs in the process. The market for oysters is good with demand for Scottish oysters outstripping supply with prices ranging from 31p – 50p per shell.

Ulva appears to lend itself to the potential for both mussel and oyster production. Oyster sites tend to be intertidal, requiring sheltered bays with flat beaches of either sand or hard gravel and a good exchange of water, ideally in designated shellfish growing water or away from potential contamination sources. Ulva fits these conditions, although the lack of vehicle access via tarred roads to potential sites presents a problem. Alternatively, boats can be used to transport the oysters but

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<sup>42</sup> <https://www.facebook.com/islandsbooktrust/>  
<https://islandsbooktrust.org/>

<sup>43</sup> *Aquaculture Growth to 2030: A Strategic Plan for farming Scotland's seas*. Vision 2030 Working Group. 2016.

that adds a further dimension and cost. Many oyster producers also operate offshore longline sites using lantern cages or similar. This is a non-tidal method resulting in rapid growing of small seed as they are permanently in the water. However, disadvantages include requirement of a boat and a need to move the oysters to an intertidal site to prevent fouling and enable them to harden off. Ulva would possibly suit this type of cultivation, alongside the more traditional approach outlined above.

The current owner of Ulva previously had an oyster farm site in the Loch Tuath side of the island. There may also be possibilities for locating a farm at Am Bru and on the south side in the Craigaig area. Any potential mussel or seaweed farming sites would have to be in different locations as they would be based on deeper water long-lines, unlike shore-based oyster sites. There is likely to be potential for development of both mussel and seaweed farming on both sides of the island. Separate sites are required for finfish and shellfish operations. However, seaweed can be farmed alongside salmon farms. Scottish Salmon Co. and Loch Fyne Oysters have developed projects combining multiple species on a single site. However, more detailed specialist survey work will be required to identify potential sites for operating aquaculture businesses relating to mussels, oysters or seaweed.

The Crown Estate have recently contacted NWMCWC with a view to discussing ways in which they may be able to assist in enabling marine assets to contribute to development options under community ownership of Ulva.

### **18.7 An Outline Strategy for Business Development**

The discussions above show that there are a number of business development options available on Ulva. A potential strategy to develop these options could be as follows:

1. Aim to open Ardalum House as a hostel as soon as possible. This could be a quick win for the community and help to build confidence.
2. Develop a campsite option to operate alongside the hostel, opening in 2019.
3. Seek a tenant for Ulva House as a priority, with a strong emphasis on business development as a preferred outcome.
4. Continue to operate Fisherman's Cottage as a holiday let. Seek to renovate it by borrowing money that would be repaid via increased revenues from weekly lets.
5. Identify potential demand for new business space on the island. Develop a project to build new space with units of an appropriate size for businesses that will be sustainable in the context of Ulva.

## **19. Transport Infrastructure**

As previously noted, there are no substantial roads on Ulva other than tracks that can be used to some extent by 'off-road' type vehicles. There will be a need to consider transport accessibility for house renovation and development and other

business development opportunities (for example, in relation to aquaculture as discussed in section 18.6). Therefore some work will be required to ensure that the existing tracks are adequately maintained as well as developing some additional tracks that could provide further tourism benefits.

The tracks are an important lifeline for the residents on the island. They are also important to land management on Ulva and useful in attracting tourists and enhancing their visitor experience while on the island. The development and maintenance of tracks needs to maximise benefits to all users in order to demonstrate a robustly planned, multi-functional project that could attract external funding for a number of different agencies.

The development of services and car parking facilities at Ulva Ferry is important to the future development of the Isle of Ulva. As noted in section 2, this is being taken forward by Mull and Iona Community Trust as the next phase of their waterside development project at Ulva Ferry, and NWMWC have close links with the organisation. The provision of mutual co-operation and support by each organisation for to each other's projects where appropriate will be an important aspect of ensuring that community benefits from transport (and other) infrastructure projects are maximised.

Suggestions have been made for alternative transportation methods such as a ferry service to the south and south western parts of Ulva to make these parts of the island more accessible for walkers. Such a service could be offered by a private business that may complement the services provided by boat charter companies already operating in the Ulva Ferry area.

As the resident population grows, accessibility to medical services will become more of an issue and there is a need to look at some forward planning to ensure that there is adequate provision for medical evacuation, particularly when the weather is bad.

### **Ferry and Barge**

The ferry service to Ulva is currently run by a local man, operating the ferry boat in a limited liability partnership with the landowner and charging visitors for access to the island. The service runs from 9am to 5pm six days a week (Saturdays excluded) throughout the summer and as needed by local residents at other times. Numbers using the service are reported at 5,500 per year. Advertising of the service only takes place at the pier itself.

The ferry boat is of aluminium construction and in perfectly serviceable condition but will require replacement in the medium term. The barge for taking over small trailers, vehicles, livestock and supplies is 2 years old and is thought to have cost in the region of £50,000. It is essential that the ferry and barge (or equivalents) are purchased along with the land as they are crucial infrastructure for maintaining and sustaining services to Ulva.

It is important to note that the ferry journey to the Isle of Ulva is very short, taking approximately 2 minutes to complete and running on demand during the daytime. That makes Ulva extremely accessible in comparison to other small islands off larger islands. Raasay, off the Isle of Skye, has a 25 minute ferry journey Iona has a 10 minute ferry journey off the Isle of Mull and operates to a timetable. Other small islands also have substantially longer ferry journeys to and from them than is the case for Ulva. Gigha has a 20 minute ferry journey, and the Small Isles (Eigg, Muck, Rhum & Canna) have journey times of between 1 hour 15 minutes and 2 hours 30 minutes.

The accessibility that the Isle of Ulva enjoys to and from mainland Mull is beneficial in that residents and visitors alike can access the island quickly and conveniently. In addition, the ferry service is independent and financially viable without the need for public subsidy, despite very little advertising of the service. This level of accessibility will be attractive to future residents in the drive to increase the population of Ulva.

### **Pier and Slipways**

There is a pier and slipway on the Ulva Ferry side and a slipway on the Ulva side of the water, both owned by the Estate. The concrete surface on Ulva Ferry pier and slipway is deteriorating and there has been a lack of maintenance on the steps and mooring rings. Fishermen still use the pier but they are no longer charged dues by the Estate over concerns regarding Estate liability in the event of an accident. There is also a recently installed pontoon on the Ulva Ferry side (owned by MICT) that could provide an alternative landing point for passengers in the event of repair works to the pier/slipway.

The existing structures could be restored to an “as new” condition by covering in a slab of concrete approximately 100mm thick and replacing mooring rings and steps. This could cost in the region of £30-50,000. There may also be scope for a more ambitious project to create a better facility with a longer slipway that could be used for activities such as servicing boats etc. Such a project would complement the existing pontoon and the planned improved visitor facilities near to the pier.

### **Electricity**

There is a 3-phase electricity supply to the eastern end of the island with the line coming ashore close to *The Boathouse* and diverging to take supplies to both the north-east (covering Fisherman’s Cottage, the Manse, Church and Ardalum House) and the south-east (covering Ulva House, Bracadale and each of the 2 steadings). The track of the lines gives ample opportunities for development.

### **Telephone**

There is a BT landline service to Ulva that continues along the hill track all the way to Gometra. There is also strong reception for Vodafone mobile phones. A superfast broadband service was due to have been provided by Gigaplus Argyll but the company has gone into receivership leaving future provision uncertain, (as for the rest of North West Mull and other Hebridean islands).

### **Water and Sewerage**

The water supply on the island is by private provision. The sales particulars state *“All residential properties are served by a private water supply which was upgraded to include a modern filtration system in recent years. This infrastructure is located in a small store adjacent to Hill Steading”*. The water comes from an impounded burn adjacent to the track leading to the hill ground. The size of the dam and the volume of water impounded appears capable of supplying a considerably greater number of properties than at present. All properties’ waste is dealt with by septic tanks as is common in remote and island locations.

### **Roads**

As noted elsewhere in this report, Ulva is served by a good track network surfaced with non-bound material. There is a network of 3.5 – 4km of tracks on the in-bye land and a further 8-9km on the hill ground. In general the track network is in very good condition, reflecting the low level of use by motorised vehicles. There are very few potholes. Surface water in a few places is caused by overflowing ditches which need cleared. This work could be done in a few days by a competent operator using the existing 3t excavator on the island.

In various places there is a thin layer of organic material on the track surface comprising a mixture of decomposing leaf litter and animal dung (principally arising from the cattle being allowed to roam free rather than being confined to individual fields). This would benefit from either being cleared manually or with the aid of a rotating brush mounted on the rear of a tractor.

In some places the tracks would benefit from being built up by 50-100mm to aid drainage and minimise impact on ordinary footwear. This would be seen as something desirable rather than absolutely necessary to undertake. There appear to be ample supplies of “rotten rock” that can be taken from local borrow pits for this purpose. Upgrading of this nature would most likely be considered for a housing project. Increasing the level of a 1km stretch of track by an average of 50mm (ranging from 0-100mm according to conditions) would require 150m<sup>3</sup> of material. This would cost £7,500 - £9,000 at a rate of £50-60/m<sup>3</sup> to source and lay the material.

### **Electric Vehicles**

Consideration should be given to the provision of electric vehicles suitable for the tracks on Ulva. These could be hired out to visitors to the island to improve accessibility, and also for use by residents to assist with transporting goods around Ulva’s housing. The hire costs should be sufficient to help cover the running costs of the vehicles and make a contribution towards the upkeep of tracks on the island. The use of electric vehicles would make an important contribution to the sustainability of Ulva. The Polaris Ranger EV is an example of a vehicle that could be considered and its specifications are appended to this report.

## **Present and Future Needs**

The infrastructure serving Ulva is surprisingly good, considering that it is an island off an island. The ferry service is accessible, frequent and quick, which compares well with other inhabited islands with small populations. The provision of public electricity, telephone and mobile network access, along with private water supply treated to modern standards provides present and future residents with all the key basic amenities that they require.

The provision of tarmac roads is the one missing element that is an accepted norm elsewhere. However their absence is not a showstopper in terms of future development on Ulva. Other remote locations (for example, Eigg, Knoydart, and Gigha) have developed successfully (with or without tarmac roads) with many residents choosing either to have no car at all or to keep one on the mainland side of the water. In a world concerned about climate change, noise and air pollution, and safe places for children to play the absence of tarmac roads may prove to be a selling point in terms of increasing Ulva's resident population.

An early decision will be required on whether to give residents a right of vehicular access to their homes and on the island if the community succeeds in purchasing Ulva. If granted, that right would need to be financed through a levy on vehicles to pay for the increased cost of maintaining the tracks.

A more likely scenario is that a number of residents will want to keep a vehicle at Ulva Ferry for work and leisure travelling on Mull and beyond. Current car parking at Ulva Ferry can be highly congested at peak season with large numbers of vehicles coming daily for trips to the Treshinish Isles and Staffa. Planning for future parking needs in the event of a buyout should be an immediate priority and that could be included in the planning of the improved visitor facilities in the Ulva Ferry area.

The electricity supply to Ulva is adequate for present needs and should also remain so for the foreseeable future. Pole and cable infrastructure has a design life in the region of 30 years. Therefore it will be worthwhile engaging with Scottish and Southern Energy to make them aware of likely future needs so that future provision can be planned and designed accordingly.

As part of any due diligence process NWMWCW should ascertain from the seller what the design capacity of the water filtration is in order to identify at what level of load and upgrade may be required.

It is vital that the ferry and barge operations are sustainable and that their eventual replacements are planned for. In the short term it will be necessary to review the current arrangements and amend the agreement if necessary to ensure that a service is guaranteed when people require it. That should essentially be a case of putting in legal form what already occurs in practice. However, residents and public bodies funding new buildings will want the comfort of knowing that there is a back-

up operator in the event of illness/holiday and that appropriate succession planning has been put in place.

It will be necessary for a fund to be created for each vessel to ensure that they can be replaced afford at the end of their working lives. For the ferry this will require the setting aside of a portion of the rent each year. For the barge this will require charging commercial rates for its use to transport building materials, livestock and other goods. It would also be useful to investigate whether there might be third parties, such as fish farms, that may be interested in occasionally hiring either vessel.

## **PART 4: BOARD CAPACITY, MANAGEMENT STRUCTURE AND FUNDING**

### **20. Estate Management and Governance Structures**

NWMCWC will have a critical role to play in managing Ulva to provide sustainable community benefits in its capacity as the Community Landlord of the island. As noted in section 8 of the report, the Company has an impressive track-record as a community landowner in delivering community benefits in relation to its current sphere of activity regarding community woodlands and associated initiatives in North West Mull. Moreover, the Board of Directors collectively possess a range of skills and business experience<sup>44</sup> which will be invaluable in enabling community ownership of Ulva to contribute to the sustainable development of the island, Ulva Ferry and the wider North West Mull community.

There are, nevertheless, important management and governance issues that require consideration so as to maximise the prospects of successfully pursuing the overall community ownership objective of providing 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. One such issue relates to the relatively small number of Directors of the NWMCWC<sup>45</sup> currently in post and the desirability of recruiting additional Directors to fill vacant positions on the Board to augment and reinforce its existing skills and experience still further. In particular, consideration should be given to recruiting Directors with skills and experience in relation to agriculture, land management, housing and building given the importance of these areas in relation to development proposals for the future of Ulva under community ownership. Consideration should also be given to diversifying the composition of the currently all male Board to have more balanced gender representation and wider age demographic contained within it. Another issue relates to ensuring that there is an appropriate level of professional support available to the community via the NWMCWC's employment of a Development Manager to ensure that initiatives identified in the Business Plan for the Isle of Ulva are co-ordinated and implemented successfully.

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<sup>44</sup> These skills and experience relate to business and financial management, woodlands management, local development and tourism.

<sup>45</sup> NWMCWC's Articles of Association state that the number of Directors shall be not less than five and not more than sixteen. There are currently six Directors on the Board.

A further related issue concerns the governance arrangements that will be put in place to oversee the management of Ulva on behalf of the community. One of the key arguments in favour of community ownership is that it empowers communities to develop initiatives from the bottom-up, rather than having them imposed from the top-down by private landowners or government bodies. It is therefore essential that governance arrangements for the management of Ulva include representation from the resident population of the island, Ulva Ferry and wider North West Mull community. The exact arrangements for such structures remain to be decided but could, for example, involve retention 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 and additional representation from other community groups as appropriate. Such a sub-committee could be augmented by specific, potentially time-limited, working groups to focus on specific strategic areas of development as discussed earlier in this report. The envisaged Ulva sub-committee could sit alongside an equivalent sub-committee for overseeing the Mull woodland operations of the community company to reinforce that both parts of the business will be of equal importance in the future. Additionally, the existing non-Board Members of that group should be invited to join the Board of the NWMCWC to further enhance its capacity. Finally, NWMCWC may wish to consider changing its name in the event of a successful community buyout of Ulva (for example, to North West Mull Community Company Ltd) to better reflect its extended and additional responsibilities as a community company.

## **21. Funding for Purchase and Development of Ulva**

The main source of funding for purchase 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 eligible assets. It can provide up to 95% of eligible purchase costs. However, any application for funding of over £1 million has to be approved by the relevant Scottish Government Minister. A potentially significant funding gap between the amount of money that the Scottish land Fund will grant and the overall purchase price of Ulva means that the NWMCWC will have to explore alternative sources of financial support to bridge that gap. The company has proven itself adept at raising finance for existing initiatives and is already engaged in an appeal to generate funding from the public in support of the buyout. Such a crowdfunding initiative, underpinned by a co-ordinated media campaign, offers one important way to help secure the additional funds required for the buyout. The issuing of community shares may also provide a potential additional mechanism for generating funds in support of purchase; this being an increasingly used route for community companies to raise finance. For example, the Galson Trust in Lewis used a community share offer successfully raise finance in support of its wind turbine development.

## Development Funding

The purchase of the Isle of Ulva is not an end in itself. Consequently, significant resources are going to be required to develop the Estate. The first priority must be to attract funding to enable the development of the island. The second priority is to attract capital to deliver developments. The following are potential funding sources in relation to one or both of these priorities and are in addition to the potential funding sources discussed in relation to specific developments in Part 3 of this report.

The **Scottish Land Fund** allows for a total of £100,000 in revenue funding per applicant over the period of its project. This includes funding given for technical assistance at the pre-acquisition stage to a maximum of £30,000. It is likely that NWMCWC's costs prior to acquisition will be approaching this total. Therefore a sum in the region of £70,000 may be available for employing a Development Manager, training, running community consultations and getting specialist support. The term of the SLF's current iteration is due to end in 2020. Therefore contracts for revenue assistance currently do not extend beyond that date.

**Highlands and Islands Enterprise (HIE)** supports community groups through its community account management approach. Groups become account managed through a process whereby HIE and the local group agree a set of economic development projects that the community will aim to deliver over a 3-year period. The group can receive additional assistance in developing projects and expected capital requests are entered into HIE's system for future years, giving a greater degree of likelihood that a project can be funded when it is ready. HIE's contribution to capital funding can be significant but it is also often the "last brick in the wall".

Other current key funding sources include:

**Big Lottery Fund.** The Community Assets stream offers funds, ranging from £10,000 to £1m, for projects that create or improve community assets. This stream is for larger projects and requires a strong business case for success. *'Awards for All'* offers funding ranging from £300 to £10,000 for smaller projects. It has a straightforward and quick application process that can be a fruitful source of funds for small projects.

**Coastal Communities Fund.** This fund disburses 50% of the profits from the Crown Estate's coastal revenues. Its £4.3 million budget was allocated across Scotland for the 2017 round in support of projects in coastal areas that focus on economic development and job creation.

**Scottish Government Regeneration Capital Grant Fund.** £25 million is disbursed annually to local authorities for projects with a strong community element. This can include community-led projects.

**Rural and Islands Housing Funds.** These were outlined in the earlier discussion on housing. These funds have £25 million per annum available until 2019 for building new and renovating existing housing.

**LEADER.** An EU funding stream that supports innovation in rural development. The current programme is due to run until 2020, although it is unclear if this will be the case with a planned Brexit date in 2019. It can offer up to 50% support on projects, up to a maximum of £125,000. It is a useful source of funding but has an extremely onerous and bureaucratic application and claims process.

## 22. Challenges of Community Ownership and Management

There are significant benefits associated with community land ownership. However, there are also various challenges involved too. They include the following:

- **Securing adequate funding to purchase the Estate.** As noted above, public funding sources exist but they have limited resources that are consequently allocated in an increasingly competitive environment. There is also pressure to secure revenue funding for project development. A clear, focused and realistic Business Plan is essential to securing such funding. As noted in the previous section, the scale of an application from NWMCWC to the SLF will require to be referred to the Minister for approval. Should that be granted, the outstanding 5% of a purchase price of between £3-£4 million for Ulva will mean £150K-£200K requiring to be raised by the Company.
- **Managing community expectations, securing and maintaining a mandate for action.** Community land ownership is not a 'magic bullet' to instantly solve all of a community's problems. Expectations as to what can be realistically achieved (and when it can be achieved) therefore have to be carefully managed. This relates to the earlier discussion in section 8 regarding NWMCWC's different roles in terms of '*direct delivery*', '*partnership*' and '*enabling*'. Equally, there are likely to be some members of the community who may not be supportive of community ownership and criticism of the Company's activities may occasionally be expressed. It is therefore important that NWMCWC continues to maintain its mandate for action and exhibits transparency and accountability in decision-making processes. This is important, both during the post-acquisition phases and in the run-up to the community ballot to determine support for taking forward the Community Right to Buy.
- **Volunteer Fatigue** It can be difficult to get members of the community to actively participate in the management and governance of Community Companies (for example, as Board Members) and it may be left to a few 'usual suspects' to take things forward. That can also be an important issue in terms of succession planning for new people to participate in a formal (or informal) capacity within Community Companies over time. This issue relates

to the discussion in section 20 regarding capacity and governance of the Estate.

- **Skills Set** It is important to ensure that Board Members collectively have the appropriate skills set to fulfill their obligations and that appropriate skills are deployed by Community Company staff in relation to fulfilling their duties.

## 23. Conclusions

This report has investigated the feasibility of a community buyout of the Isle of Ulva and associated holdings in relation to development proposals outlined in NWMCWC's CRtB application. Our assessment of these proposals has focused on the core development areas of *improving housing stock and other buildings, infrastructure improvements, revitalising and expanding agriculture, business development, and conservation management*. On the basis of available evidence we conclude that community ownership of Ulva represents a unique opportunity to enhance the sustainable development of the island, Ulva Ferry and the wider North West Mull community as a whole. As such, community ownership of the Isle of Ulva resonates very clearly with the Scottish Government's strategic objective of using community ownership of land and assets to make "*stronger, more resilient, and independent communities which have an even greater stake in their development*".

Our analysis indicates that community ownership of the island will contribute positively to addressing social welfare issues, particularly in relation to housing need and will help to safeguard vital local services, most critically the primary school at Ulva Ferry. Community ownership will serve as a vital catalyst for local economic development by stimulating business opportunities, especially but not exclusively in relation to tourism. Community ownership will also promote environmental sustainability through careful management of the island's extensive built and natural heritage.

Placing Ulva in community ownership therefore offers the prospect of adding considerable value – in economic, social and environmental terms - to current and future development initiatives in Ulva Ferry and elsewhere in North West Mull that will contribute to the common good of the entire community that NWMCWC serves. It is worth reiterating that there is no guarantee that any of these benefits will occur if Ulva passes into the hands of a new private owner. Rather, there is a significant risk that the opportunities for sustainable development underpinning the proposals assessed in this report will be lost. We consider that such a potential outcome would be highly detrimental to the future wellbeing of the community. It would also run contrary to the Scottish Government's stated land reform policy objective for community ownership of land and other assets.

NWMCWC has placed increasing the resident population of Ulva at the centre of its development proposals for the island. Our analysis indicates that the focus on increasing population is crucial to enabling many of the anticipated benefits of

community ownership outlined above to occur. Our analysis further indicates that there is scope for a significantly more ambitious increase in the resident population over the medium to longer term in support of these benefits than was originally proposed in NWMCWC's Community Right to Buy application.

Ultimately, the financial viability of the development proposals pursued by NWMCWC will be the critical factor in determining how successfully they contribute to the sustainable development of the community in North West Mull as a whole. The analysis contained in this report shows that the development proposals contained in the accompanying Business Plan are both viable and sustainable in the longer term within the context of an Integrated Development Strategy informed by the criteria discussed in section 7. We are therefore confident that adopting a strategic approach to implementing development proposals for Ulva will yield significant community benefits if and when the island comes into community ownership.

## APPENDIX 1 – Summary of Estimated Existing Estate Financial Position

Income information extracted from Sale Particulars							
Expenditure information provided by email by Bell Ingram (no supporting evidence provided)							
	<b>Summary of annual income:</b>						
	The Ferryhouse		3,780				
	The Boathouse Restaurant		1,200				
	3 Bracadale		4,410				
	Garage @ Ulva Ferry		225				
	Farm BPS		3,369				
	Stalking		2,500				
	Farmland premium		4,238				
	Pier Users agreement		6,750				
	PV renewables		2,000				
	Fisherman's cottage		6,600				
	<b>Total income</b>		<b>35,073</b>				
			<b>Current Estate</b>			<b>Assuming only</b>	
			<b>Running Costs</b>			<b>Essential Costs</b>	
	Repairs	1	18,000			7,000	
	Insurance		15,000			15,000	
	Vehicle repairs, small tool etc		11,000			3,000	
	Cyclical woodland maintainance		2,000			2,000	
	Labour costs	2	40,000				
	Unexplained costs	3	42,000				
	Other costs (land management, legal etc)					10,000	
			128,000			37,000	
	Additional costs anticipated in next year:						
	Woodland maintainance		11,000			11,000	
	<b>Total costs</b>		<b>139,000</b>			<b>48,000</b>	
	<b>Net (deficit)/surplus</b>		<b>(103,927)</b>			<b>(12,927)</b>	

### NOTES

1. Buildings on Ulva require substantial renovation work.
2. The Estate does not appear to have any employees. The sum of £40,000 may possibly therefore relate to remuneration for the owner.
3. It may be that the landowner's housing costs and other non-commercial costs are included in the Estate's accounting records. If so, these may possibly be included in the sum of £42,000 of unexplained costs.

## APPENDIX 2 – Potential Financial Position for Community Ownership

	<b>Assumptions:</b>								
1	The Estate business is assumed to not be VAT registered for the purposes of these projections. NWMCWC can decide at a later point if VAT registration is required for this operation depending on the development options to be taken forward.								
	<b>Income</b>								
2	Income projections are based around renting properties to third parties. They represent relatively low estimates of potential income. Higher rent levels could be charged, but a lower rent figure make allowance for properties potentially being empty for short periods of time. The figures are conservative to ensure that the feasibility study considers the basic level of work required to operate at least at 'break even' position. Over the first 5 years some properties will be renovated, thereby increasing income once renovations are completed. The figures here illustrate the campsite and hostel being run 'in-house' with a development manager working part time on development initiatives for Ulva and also overseeing the hostel and campsite. Projections demonstrate that this would be more profitable than the rental model in relation to the campsite and hostel.								
3	Assume that farm/crofts will be offered for rent but at a low level with the incoming tenant undertaking all development work and benefiting from any subsidy income.								
4	See separate projections prepared for hostel and campsite operations.								
5	It is assumed that one pod will be installed initially, with a second installation in the subsequent year. Any further pod installations would be dependent upon the success and impact of the first 2 units.								
6	Some basic work is projected to provide an upgraded visitor information facility at the Interpretative Centre based within Sheila's Cottage. It is expected that this will generate increased donation income for future development of Sheila's Cottage and the Isle of Ulva in general.								
7	Creation of business units with assumption that 3 of the 4 will be let and generating rental income by year 5.								
8	Assume sale of house plot for self-build approximately every 3 years.								
9	Development grant to cover development costs. Initially expected to be funded 100% from SLF with part funding then sought from HIE or other funding sources available.								
	<b>Wages costs</b>								
a	Administrator post will be created in the year 2 to help with the administration of development projects. Administrator will be employed on a part-time basis (14 hours a week at approximately £10 per hour).								
b	For the purposes of these projections, a 10% provision of salary has been included for National Insurance and pension.								
c	Annual inflationary salary increases of approx. 3% assumed in these projections.								
	<b>Other costs</b>								
d	Development Manager post assumed to be full-time for a period of 2 years with salary of £30,000, and then part-time thereafter.								
e	An operational budget will be required for the development staff to use.								
f	Director training and development is planned which will be open to members of the community to participate.								
g	Office running costs include insurance, heat & light, telephone, maintenance.								
h	An insurance quote has been obtained for the Isle of Ulva Estate of £9,700. However, the insurers have indicated that this premium may increase significantly if the buildings are not maintained to a good standard and occupied.								
i	This level of repairs is based upon maintaining the Estate assets in good condition but a cyclical maintenance schedule will be required to ensure that a rolling maintenance programme is established and followed.								
j	Provision for other costs that may arise such as accountancy, legal, land management etc.								
k	It is planned to set aside up to 20% of all rental income in a separate property maintenance fund to be able to fund future maintenance costs for the properties.								
l	Loan funding will be necessary alongside grant funding to finance the capital expenditure required on Ulva. The projections assume 15 year loans and include repayment of capital and interest.								
m	It will be necessary to replace the ferry in the future. Therefore a replacement fund should be established to set aside finance for this purpose.								
n	It is expected that IT equipment (for example, a laptop) will be required for the Development Officer for the Isle of Ulva.								
o	See separate projections prepared for pre-buyout costs.								

		Pre-Buyout	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Income</b>	Notes						
<b>Rental income:</b>	2						
Ulva House			9,000	9,000	9,000	9,000	9,000
The Boathouse Restaurant			2,400	2,400	3,600	3,600	3,600
Craaig Bothy			2,000	2,000	2,000	2,000	2,000
Bernais Cottage			2,000	2,000	2,000	2,000	2,000
Ulva Manse				-		6,000	6,000
The Ferryhouse			3,780	3,780	3,780	3,780	5,400
1 Bracadale				-	4,800	4,800	4,800
2 Bracadale					5,400	5,400	5,400
3 Bracadale			4,410	4,410	4,410	4,410	5,400
Fisherman's Cottage			6,600	9,460	9,460	9,460	9,460
<b>Other income:</b>	2						
Garage @ Ulva Ferry			225	225	225	225	225
Stalking			2,500	2,500	2,500	2,500	2,500
Pier Users agreement			6,750	6,750	6,750	6,750	6,750
PV renewables			2,000	2,000	2,000	2,000	2,000
Land rental (farm/crofts)	3		3,000	3,000	3,000	3,000	3,000
<b>New sources of income:</b>							
Ardalum House	4		12,904	14,194	15,614	16,394	19,673
Campsite	4		6,295	6,924	7,617	7,998	8,398
Glamping pods - profit	5			951	1,902	1,997	2,097
Sheila's Cottage	6				1,000	1,000	1,000
Business units	7						4,800
Sale of house plot	8				10,000		
Development grant	9	69,500	39,500	42,990	10,000	10,000	10,000
<b>Total income</b>		<b>69,500</b>	<b>103,364</b>	<b>112,584</b>	<b>105,057</b>	<b>102,314</b>	<b>113,502</b>
<b>Expenses</b>							
Administration	a			8,008	8,248	8,496	8,751
Development Manager	d		33,000	33,990	17,845	18,737	19,674
Development operating budget	e		5,000	7,500	-	-	-
Training - directors & staff	f		1,500	1,500	-	-	-
Office running costs	g		4,000	4,120	4,244	4,371	4,502
Insurance	h		9,700	9,991	10,291	10,599	10,917
Repairs	i		7,000	7,000	7,000	7,000	7,000
Woodland maintenance	i		13,000	2,000	2,000	2,000	2,000
Other costs	j		2,000	2,000	2,000	2,000	2,000
Property maintenance fund	k		6,038	6,610	8,890	10,090	10,612
Loan repayments	l		1,760	7,040	12,320	18,920	26,400
Boat replacement fund	m		3,000	3,000	3,000	3,000	3,000
Office equipment	n		1,000				
Pre-Buyout costs	o	69,500					
<b>Total expenditure</b>		<b>69,500</b>	<b>86,998</b>	<b>92,759</b>	<b>75,837</b>	<b>85,213</b>	<b>94,856</b>
<b>Net cashflow position</b>		<b>-</b>	<b>16,366</b>	<b>19,825</b>	<b>29,220</b>	<b>17,101</b>	<b>18,646</b>

### APPENDIX 3 – Agricultural Financial Modelling

#### a. Gross Margin Data

##### HILL SUCKLER CATTLE

##### Spring Calving (Feb-Apr)

	£/cow
Calf Sales	468
SSBSS	78

	<u>546</u>
Less: replacement cow	115
bull	<u>25</u>
	<u>406</u>

##### VARIABLE COSTS

Concentrates @ £250/t	28
Vet & Medicines	30
Straw	40
Commission, haulage, tags	50
	<u>148</u>

GROSS MARGIN before forage	<u>258</u>
Silage @ £160/ha	43
Grazing @ £60/LU	66
	<u>109</u>

Total Variable Costs	<u>257</u>
GROSS MARGIN £/cow	149

##### HILL SUCKLER CATTLE (Away wintered)

##### Spring Calving (Feb-Apr)

	£/cow
Calf Sales	468
SSBSS	78

	<u>546</u>
Less: replacement cow	115
bull	<u>25</u>
	<u>406</u>

##### VARIABLE COSTS

Wintering: 20weeks @ £20	400
Concentrates @ £250/t	10
Vet & Medicines	15
Straw	0
Commission, haulage, tags	50
	<u>475</u>

GROSS MARGIN before forage	<u>-69</u>
Silage @ £160/ha	
Grazing @ £60/LU	30
	<u>30</u>

Total Variable Costs	<u>505</u>
GROSS MARGIN £/cow	-99

HILL SHEEP		HILL SHEEP	
No in-bye use	80%	In-bye use (no cattle)	100%
	£/100 ewes tupped		£/100 ewes
Store lambs: 51 @ £32	1632	Store lambs: 71 @ £32	2272
Cast ewes: 14@£38	544	Cast ewes: 14@£38	544
SUSS (25 hoggs @ £80	2000	SUSS (25 hoggs @ £80	2000
Wool: 160kg @ £0.6/kk	96	Wool: 160kg @ £0.6/kk	96
	<hr/>		<hr/>
	4272		4912
Less:replacement ram	<hr/> 400	Less:replacement ram	<hr/> 400
	<hr/> 3,872		<hr/> 4,512
VARIABLE COSTS		VARIABLE COSTS	
Concentrates @ £250/t	500	Concentrates @ £250/t	500
Hay: 3t@£170/t	510	Hay: 3t@£170/t	510
Away wintering hoggs: 27@£20	540	Away wintering hoggs: 27@£20	540
Vet, medicines, dips etc	500	Vet, medicines, dips etc	525
Commision, levies, haulage, shearing, scanning & tags	587	Commision, levies, haulage, shearing, scanning & tags	734
	<hr/> 2637		<hr/> 2809
	<hr/>		<hr/>
	<hr/>		<hr/>
	<hr/>		<hr/>
GROSS MARGIN £/100 ewes	<hr/> 1,235	GROSS MARGIN £/100 ewes	<hr/> 1,703

b. Farm Business Income Calculations by Enterprise

	<b>Cattle Only</b>	<b>Mixed Cattle/sheep</b>	<b>Sheep Only</b>
Gross Margin	3245	10645	11921
LFASS	19879	15786	11694
BPS	6948	6948	6948
	<b>30072</b>	<b>33379</b>	<b>30563</b>
<b>FIXED COSTS</b>			
Wages	5000	5000	5000
Rent	3000	3000	3000
Rates & water	1500	1500	1500
Insurance	1500	1500	1500
Light & heat	1000	1000	1000
Telephone	1500	1500	1500
Motor expenses	2000	2000	2000
Tractor expenses	3500	3500	2500
Dog maintenance	-	250	250
Repairs & renewals	6000	5000	3000
Subscriptions	750	750	750
Accountancy	500	500	500
Interest on overdraft	3000	3000	3000
Sundry expenses	500	500	500
<b>TOTAL FIXED COSTS</b>	<b>29750</b>	<b>29000</b>	<b>26000</b>
<b>PROFIT</b>	<b>322</b>	<b>4379</b>	<b>4563</b>

## APPENDIX 4 – Example of Electric Vehicle suitable for the Isle of Ulva

### **POLARIS RANGER® EV**



- Engine Type - Single 48-Volt, High-Efficiency, AC-Induction Motor
- Horsepower - 30 HP Peak
- Payload Capacity - 1,000 lb (453.6 kg)
- Towing Capacity - 1,500 lb (680.4 kg)
- Drive System Type - On-Demand True AWD/2WD/VersaTrac Turf Mode
- Front Suspension - MacPherson Strut 9 in (22.9 cm) Travel
- Rear Suspension - Dual A-Arm, IRS 9" (22.9 cm) Travel
- Ground Clearance - 10 in (25.4 cm)
- Person Capacity - 2

Official use Only	
Type	51B
Date Received	



## Land Reform (Scotland) Act 2003: Part 2 Community Right to Buy Section 51B Information Form

**This form can be:**

- Downloaded and completed electronically, or
- Downloaded and completed manually using black or blue ink and in capital letters

### SECTION 1 — WHO IS SUBMITTING THE INFORMATION

**1.1** Name of the community body ("CB") submitting the information to Scottish Ministers under section 51B of the Land Reform (Scotland) Act 2003.

<b>Name of Community Body</b>	North West Mull Community Woodland Company Ltd
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**1.2** CB's Register of Community Interests in Land ("RCIL") registration number.

<b>RCIL Number</b>	CB00221
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**1.3** Please supply the address the CB wishes correspondence on the Community Right to Buy process to be issued to.

<b>Contact Name:</b>	Colin Morrison
<b>Postal address:</b>	Penmore Mill Penmore
<b>Town:</b>	Tobermory, Isle of Mull
<b>County:</b>	Argyll and Bute
<b>Postcode:</b>	PA75 6QS
<b>Telephone:</b>	
<b>E-mail:</b>	colin@nwmullwoodland.co.uk