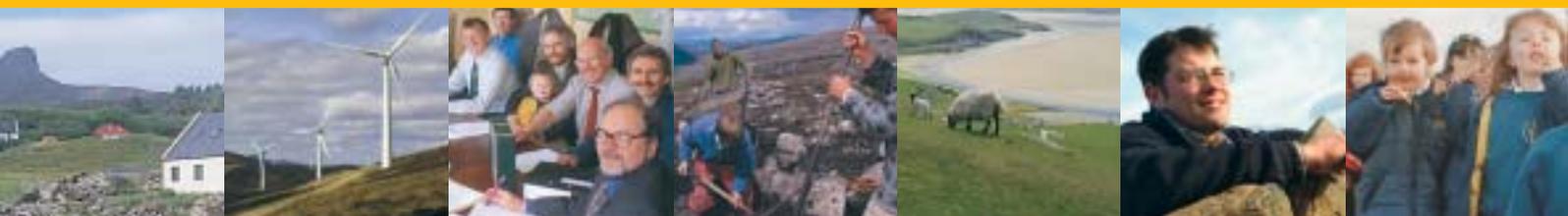




Highlands & Islands
ENTERPRISE

Community Land Ownership





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Community Land Purchases in the Highlands and Islands

Since the buyout of the North Lochinver Estate by the Assynt Crofters in 1993, rural communities in the Highlands and Islands have become increasingly interested in taking up the challenge of becoming landowners, to help them achieve a range of economic, social and/or environmental objectives.

Purchases have ranged from extensive estates in remote areas such as Knoydart, to crofting estates comprising a number of townships with in-bye land and common grazings, such as Bhaltois in the Western Isles, to woodlands close to communities that are bought primarily to protect and enhance local amenity.



Land Reform

The Land Reform legislation in Scotland is designed to make it easier for communities to take ownership of the land where they live and work.

The main aim of the Act is to remove obstacles related to land ownership, which prevent the sustainable development of rural communities. Part 2 of the Act gives communities the right to register interest in land; provided that they meet the given eligibility criteria, they will be able to purchase when it comes on the market. Part 3 confers similar rights on crofting communities, with the important distinction that crofting communities can acquire both in-bye land and common grazings on crofting estates at any time.

These rights to buy are subject to Ministerial approval and each has to be justified in terms of the contribution that would be made to sustainable rural development, and has to be “in the public interest”.

The land purchased by communities can include salmon fishings and/or mineral rights, and the value of these are separately assessed by an independent valuer. Crofting communities can apply to buy salmon fishings or mineral rights when buying croft land where these rights exist, as well as any “eligible sporting interests” and additional land adjacent to the croft land.

Making the Case for Sustainable Rural Development

Community land purchases have often been prompted by a desire to improve land use and promote development where previous landowners have neglected property or sold off valuable land or other assets. In such cases, the economic base of a community may have become limited, and the purpose of the purchase has been to revive the community through planning a range of new developments facilitated by land ownership.

The income of a traditional Highland estate is usually derived from sport (e.g. stalking and fishing), timber, lets of low value property and so on, and tends to incur an annual operational deficit. Communities have found it possible to achieve viability through generating new sources of income, developing properties for social purposes, such as affordable housing, and increasing the sustainability of the natural environment. These developments normally require detailed business planning.

Agricultural or crofting property

What Could be Included in the Sale

The assets acquired through an estate purchase could include:

- Extensive hill land, typically of limited agricultural value other than for grazing, some or all of which might comprise crofting common grazings.
- Deer stalking and other shooting rights.
- In-bye croft land.
- Agricultural stock.
- Arable agricultural land, possibly in proximity to the main estate house.
- Fencing and other estate or field boundaries.

Woodlands

- Woodlands – native or exotic, planted or natural – and land with potential for planting, natural regeneration, etc.

Inland water or Coastal resources

- Coastline, possibly with sheltered bays, jetties etc; foreshore, fish farm sites.
- Rivers, possibly including angling rights, lochs, lochans, etc.

Estate based businesses

- Renewable energy installations, or the potential to develop them – particularly wind power.
- Miscellaneous estate business operations.

Crofting tenancy constrains the scope for the landowner (community or private) to use land, but ownership of a crofting estate enables a crofting community to encourage and support township developments or facilitate initiatives between townships.

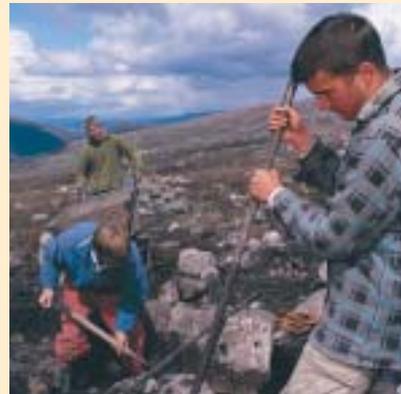
Smaller scale community acquisitions

Not all projects supported by the Community Land Unit and the Scottish Land Fund are large estate buyouts, by any means. Land ownership can meet community needs through new project development or construction. Land in these cases is likely to be small plots of land up to five acres, often at the centre or on the edge of small communities. Property ownership, with no substantial associated land, can meet community needs through refurbishment or development of a building. The development must be essential to the sustainability of the community.

Potential Development Opportunities

Development opportunities for a community landowner might include:

- Exploiting shooting rights.
 - Improving deer management, possibly in partnership with neighbouring estates.
 - Creating new crofts or small-holdings – to encourage young folk to remain in the area.
 - Agricultural developments, including diversification such as horticulture, collaborative projects such as the creation of new machinery groups, sheep fanks or the marketing of niche products, or increasing biodiversity with, for example, the introduction of cattle.
 - Improving countryside access, recreational facilities and interpretation – both for local residents and for the tourist market, including all abilities access initiatives.
 - Sites for houses or community businesses.
-
- Native woodlands, which can be funded through statutory grant programmes, providing local employment e.g. preparing the ground, planting, erecting fencing, felling exotic species, creating paths and recreational facilities, the use of timber from the forest in joinery or craft products, etc.
-
- Reviving salmon rivers through restocking, hatchery and river management.
 - Developing brown trout loch fishing for the visitor market, generating revenue from fishing permits.
-
- Leasing an estate farm to a tenant keen to improve the farm.
 - Leasing or selling sites for mobile phone or other masts.
 - Renewable energy facilities such as wind farms, small scale hydro-electric schemes, wood chip burners, etc, either through direct provision or through leasing land to a developer.



Making the Case for Sustainable Rural Development

What Could be Included in the Sale

Buildings

- A main estate or farm house.
- Estate properties occupied by employees, rented to other permanent residents, or rented by holiday visitors.
- Empty estate residential property, possibly derelict or semi-derelict.
- Other estate buildings, used or unused, such as agricultural sheds, offices, workshops etc, or buildings with potential to convert for such purposes.

Historical or Environmental assets

- Land under natural heritage designation, subject of a proposed designation, or otherwise of distinctive natural heritage value.
- The presence of rare birds or mammals.
- Archaeological sites or other buildings/sites of cultural interest, possibly including listed structures.
- Mineral rights, exploited or unexploited.

Infrastructure

- Infrastructure, owned privately by the estate or provided by statutory organisations – principally internal roads, water supply, sewerage, electricity, gas, telecoms.
- Boats, vehicles, machinery, equipment, etc that are included in the sale.

Smaller scale community acquisitions

Assets acquired could include:

Small plots of land

- Sites for development of new community facilities.
- Sites for social housing.
- Sites for business units.

Buildings

- Redundant shops.
- Vacant shops.
- Other buildings.

In some cases, it has been prudent to sell estate property following acquisition in order to help finance the purchase or to raise finance for a priority development. An example of this was the sale of Inverie House, Knoydart, to help repair and develop the community hydro-electric facility.

Potential Development Opportunities

- Providing new, or developing existing community facilities/services
- Providing tourist and other visitor accommodation where there are local gaps in provision, possibly including
- Expanding and/or improving the local housing stock in one or more of the following ways
 - Post Office/shop.
 - Petrol station.
 - Village hall.
- Conserving/enhancing the natural environment, which can attract grants from Scottish Natural Heritage and other agencies, provide income and employment for an estate through management agreements and increase visitor interest, for example through enhancing habitats, with particular potential in areas with special designations.
- Enhancing other tourist facilities, such as creating information/visitor/heritage centres, cafes, moorings for yachts and other boats – all subject to careful feasibility analysis.
- Exploiting minerals.
- Providing workshop or office space for estate activities or private enterprise, either through improving estate property or new build.
 - Developing hotel or country house-style accommodation in the main estate house or other large property.
 - Converting possibly semi-derelict estate property into self-catering accommodation or bunkhouse accommodation for groups.
 - Designating areas for camping – although it will often not be economical to provide full services, e.g. showers.
- Building a new community hall.
- Development of social housing, usually through Housing Associations.
- Development of new community facilities.
- Refurbishment of existing buildings to create houses or essential community services, e.g. Post Offices, petrol station, shop.
 - Renovating estate properties which may accommodate estate staff, with the possibility of increasing rents.
 - Redeveloping derelict or semi-derelict properties for sale or rental, which could generate an immediate or longer term surplus.
 - Selling plots for private development.
 - Partnering a developer in planning and implementing new housing schemes, including access and internal roads, enhancing and extending the supply of services, etc.
 - Increasing employment opportunities for local people through a planned programme of training.

It would be most appropriate for the estate itself or a subsidiary to carry out some of the potential development projects summarised above. These projects would generate an annual income stream, increase the asset value of the estate, protect important estate assets – including its natural environment and resources – and ensure the maximisation of any potential economic benefits. Other developments might be better handled by private enterprises or separate community organisations, and facilitated by the community trust owning the estate and possibly providing lease/rental income.

Gigha – Case study

One of the most high-profile examples of Community Land Purchase is the small island of Gigha. A glance at the list of achievements chalked up in the first year of the islands' ownership is proof that once communities are put in the driving seat, they can steer a course towards future development that is geared specifically towards the needs and particular characteristics of their community.



- Three craft/small business units under construction.
- House conditions survey completed.
- Housing needs analysis undertaken.
- Application to Argyll and Bute Council for Housing Improvement Grant for five houses, the first of 41 to be improved over six years.
- Sale of land to Fyne Homes Housing Association agreed for building eight new affordable homes to let.
- Six households have formed Argyll and Bute's first Collective Rural Home Ownership Grant Scheme to build the first new homes on Gigha in over 25 years.
- Fundamental restructuring of the island's agriculture begun.
- A fourth dairy farm advertised for let.
- Agreement with First Milk for the continued daily collection of milk.
- Feasibility study completed on the potential for wind-power.
- Half of the £200,000 community fundraising target has already been raised; a detailed fundraising strategy agreed to ensure repayment of the £1 million loan to Scottish Land Fund.
- First annual Gigha Music Festival held.

“The people of Gigha have responded positively to being empowered with the future of their island. They are already making/taking forward plans for securing the future of the island, including the preparation of a five year development plan which embraces all sectors. A high priority is to halt, and then reverse, the population decline.”

Duncan Baird, Case Officer

What's in it for your community?

Summary of Potential Social Benefits

In rural and remote areas of the Highlands and Islands, population retention is often a problem, and a community landowner can help address this in a number of ways, such as:

- (i) Developing new homes, for example by converting disused estate property.
- (ii) Making plots available for affordable housing.
- (iii) Stemming the out-migration of young families by creating suitable employment.
- (iv) Attracting new families to the area through the provision of job opportunities.
- (v) Generally raising confidence in the future through an active development strategy.



Land can be made available for community building projects, possibly at a value below the market rate, and consents can be given for access over land to buildings, picnic sites, etc.

The process of bringing people together to plan and progress the land purchase will naturally increase community cohesion, especially where an estate is relatively large and people from different communities might previously have had limited contact with each other. In crofting areas, the process of community land purchase and management can and does reinvigorate communal activity.

Young people can be included in estate planning and management functions, increasing their sense of identity with the area and motivating them to stay.

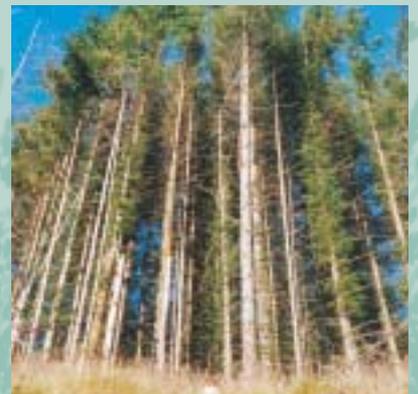
Summary of Potential Economic Benefits

Where a land purchase involves an operational estate, it is likely that property repairs and new investment will be required to increase viability and/or develop new income earning activities. This should increase local employment opportunities, but it might first be necessary to curtail loss making activities or sell assets no longer considered profit generating.

Knoydart Foundation, for example, sold off estate boats and the “big house” to reduce annual running costs and generate money to invest in other projects – in particular, the vitally important hydro-electric scheme owned by the estate. With the overall economic health of the area in mind, bidders for Inverie House had to submit their proposals for the property, allowing the community to take factors other than the sale receipt into account in releasing the property.

In almost all parts of rural Scotland, there is scope to increase the economic impact from tourism through providing new or improved facilities, extending the season, attracting new markets such as special interest groups, and providing a greater choice of accommodation.

Community landowners can play a part in each of these, through developing their land or other property, or through participating in local tourism development partnerships. Involvement can range from inexpensive interpretation of the natural and cultural heritage with associated signage, through encouraging a Local Enterprise Company to install yacht moorings, to undertaking an ambitious building project.



North Sutherland Community Forest Trust was set up in 2000 to encourage opportunities for education, training and economic development. The Trust has trained 20 people in forestry related skills, developed a berry-growing trial project, an orienteering course and arts projects. In 2002 NSCFT purchased industrial sheds at Forsinain to establish a timber processing unit, and it has won contracts to remove trees from the peatlands of the flow country. The timber will be either processed for local use or chipped for cattle bedding and local wood fuel heating systems.

Through the direct operation of enterprises, a community landowner can ensure that the employment of local people is maximised, either through taking on employees or through using local contractors or sub-contractors. Long term planning can allow work to be parcelled out or phased to suit local businesses, and trainees can be taken on with greater assurance that there will be a future flow of work.

As grant applicant or facilitator, a community landowner can take advantage of incentives available for diversification, as and when they become available, such as native woodland developments. Detailed consultation and planning within the community can then ensure that spin-off opportunities are maximised.

In the case of native woodland developments, for example, the community can achieve relevant economic objectives such as the use of local timber by local craft or joinery businesses. Or a local business, previously specialising in other aspects of land management, could be encouraged to diversify into woodland management.

The new experience of operating a community trust as a business will build local entrepreneurial capacity, which can promote future business developments by the

individuals concerned. This should be particularly evident where inexperienced trust directors work alongside established business people, or where collaborative initiatives with professionals from external agencies are undertaken.

Some activities by community landowners can generate annual surpluses – in some cases substantial ones. These could include renewable energy projects; native woodland development; environmental and natural heritage management agreements; core traditional estate activities; lease of estate properties; sales of plots of land for housing or commercial developments. Such surpluses can then be used to attract partnership funding and grants, sometimes from a range of sources, to pump-prime new business developments; or to carry out social or environmental projects, provided these are consistent with the trust's constitutional objectives.

Through continuous attention, and regular review of its Business Plan or Whole Estate Plan and consultation with the wider community, a community landowner can anticipate future opportunities and ensure that the estate or wider community is geared up to respond quickly.

Developments such as fish farming and wind farms that can bring major benefits to a landowner through sale or lease of land would have been hard to envisage 50 years ago. Similarly, demands for land in 50 years' time cannot be predicted now. But a community taking ownership of land before its value is increased by speculation could gain enormous benefit for its residents in the longer term from a modest initial investment.

Through willingness to provide land, a community trust can facilitate a range of new business developments. Where such development would have a high local employment value, the trust might release the land for a nominal sum.

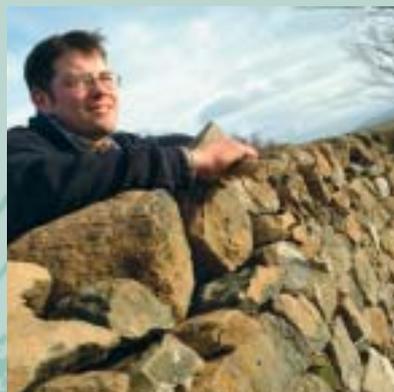
Summary of Potential Environmental Benefits

Crofters and other people living in rural communities often regard designations such as SSSIs as constraints that do not take account of local needs. However, setting up management agreements with the relevant agencies can turn such designations to the community's advantage and bring in useful annual income. As landowner, the community has increased power to negotiate with external agencies, designate areas and set down appropriate management criteria.

A community landowner can encourage people with an interest in protecting the environment to create new habitats and establish viewing areas and trails, etc, by granting access to key areas.

Woodland development, footpath work and a range of other measures can be undertaken by a community landowner, generally with support from relevant agencies, enabling the local community to feel in control of its local environment.

Through co-ordinated planning, deer and other mammals can be controlled, areas of grassland improved, pollution reduced, etc. A community landowner can mobilise volunteer effort and attract grants from a range of sources to help the area achieve its environmental potential.



General Benefits from Community Land Ownership

A major change in a community's fortunes can be achieved where failure to operate the estate in the best interests of the community and/or neglect has resulted in estate assets being run down.

Where previous landowners have sold off land and buildings as private residencies and failed to invest in the estate, the viability of the communities has been threatened through depopulation and lack of new economic activity. In remote communities such as Eigg and Knoydart, funders and supporters considered a purchase price of £1 million or more worth paying to be able to turn around a negative situation.

In particular, through undertaking a planned and carefully phased development programme, a community can conserve and increase local employment and retain or increase its population, and improve the age structure at the same time.

The success of particular projects that have been tackled by community landowners is important. But more significant for communities that have undertaken ownership of their land is the impetus generated through the people of the area coming together for a positive common cause.

People who had not previously given much, if any, thought to how to regenerate their community as a whole – even though they might have been active within the community – have suddenly found this at the top of their agenda. The energy and solidarity generated through this has raised confidence throughout the community and encouraged enthusiastic participation in new initiatives.

New community landowners will find themselves joining a network of existing community and other not-for-profit landowners, with a strong ethos of mutual support. This is especially useful and motivational in the early days of land ownership, or when planning a new initiative which has parallels elsewhere.

Creating a Structure for Ownership

The recommended structure for a community "trust" owning and managing land is a company limited by guarantee, with charitable status where this can be achieved. The typical guarantee of £1 per member offers the protection of limited liability should the company ever require to be wound up. In addition, the company's Memorandum and Articles of Association will ensure that any surpluses are reinvested or put towards furthering the welfare of the community.

Financial Assistance Towards Estate Purchase and Development

Communities that are interested in owning land may be able to benefit from grant aid.

In terms of financial support, the Scottish Land Fund is currently the main source of assistance available for the purchase of estates or smaller plots of land by communities. The Scottish Land Fund can provide grants for land acquisition of up to a maximum of 75% of the valuation, although not normally exceeding £1 million. In the Highlands and Islands Enterprise area, the Community Land Unit (CLU) may provide additional funding.

However, before committing to a purchase or open market bid, it is important that the community has considered fully the responsibilities and financial implications of land ownership for some projects. The Scottish Land Fund and the CLU can both fund valuation and legal costs and the production of feasibility studies and business plans in advance of a community making an offer to buy land, potentially up to 100% of costs, and the CLU can also provide a £2,000 start-up grant.

Post-acquisition, both the Scottish Land Fund and CLU can provide revenue grants for land development project management.

The Scottish Land Fund can provide grants of up to £250,000 for land development capital projects, including investment in the management of natural resources, infrastructural developments to meet local servicing needs, and the provision of facilities with clear economic and social benefits – up to a maximum of 50% of costs.

The community's Local Enterprise Company, rather than the CLU, can also potentially assist land development capital projects post-acquisition.

For large estates, revenue funding, for example for the employment of a project officer post, might also be available from the Scottish Land Fund for up to 75% of total costs for a maximum of 3 years, up to £30,000 per annum. The CLU may be able to provide additional funding in the HIE area.

The CLU may also be able to provide additional assistance for meeting the training needs of community trusts.

A community trust (especially with charitable status) can have greater access to various funding sources than a private landowner, and funding can be obtained for certain development projects, for example those relating to heritage or with an educational value. This can be important in rural and remote areas where the ongoing viability of a project will often depend on not having a debt burden.



For details of current levels of assistance contact

HIE Community Land Unit
Cowan House,
Inverness Retail and Business Park,
Inverness IV2 7GF.

T: 01463 234171.

F: 01463 244469.

E: hie.general@hient.co.uk

Scottish Land Fund
Taigh Feàrna,
Lochalsh Business Park,
Auchtertyre,
Balmacara,
Kyle IV40 8EG.

T: 01520 722988.

F: 01599 566724.

The Next Step

If your community has decided that it wants to further investigate opportunities to acquire land via Community Land Purchase, contact HIE's Community Land Unit in the first instance to discuss the project.



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