



STÒRAS UIBHIST

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Chairman's Report and Business Review for Sealladh na Beinne Moire AGM

Last year the business review reported on progress since the buyout and the work that had been done to develop South Uist Estate into a business that could deliver the aspirations of the community that took the buyout forward.

Strenuous efforts have continued since last years' AGM to progress the activity of turning Stòras Uibhist into a successful business and ensure that maximum use is made of the assets of Stòras Uibhist for community social and economic benefit

I will therefore concentrate my report this year on the strategic development plans that the Board of Directors have put together to begin the process of delivering the aspirations of the community..

Ongoing Development Plans

In conjunction with the Chief Executive the Board of Directors has prioritised the activities they wish to see progressed by the company during 2009, and these are:

- Lochboisdale Port of Entry regeneration,
- Iochdar Hill wind turbine construction (subject to planning approval),
- Increased turnover of Grogarry Lodge and the Sporting Activity,
- Progress the community housing project (subject to Scottish Government funding),
- Promotion of South Uist Estate area as a premium tourist destination,
- Establish a suitable business environment to foster entrepreneurial activity in the local community,
- Secure at least one inward investment project.

Each of these projects is summarised below, with further detail in the SnBM Business Strategy Document available on the Stòras Uibhist website (www.storasuibhist.com).

Lochboisdale Port of Entry

Stòras Uibhist aims to submit a full planning application for the phase 1 development of the Lochboisdale regeneration project by Autumn 2009, with the construction phase commencing in 2010.

A strategic regeneration vision has been outlined for the development of Lochboisdale, and has been developed from within the community through Iomairt aig an Oir, and the community buy-out consultation process. The project has been highlighted by the community as a key aspiration for delivery. The project comprises a series of interlinked developments, which will enhance the tourism, housing, ferry port, commercial and fishing facilities and opportunities within Lochboisdale.

In 2008 Stòras Uibhist considered the proposals and undertook an assessment of the needs of the various sectors and users of the existing facilities and assessed future requirements. This study highlighted the critical failure of the existing facilities, which does not allow for any users' existing or future needs to be met without seriously restricting the activities of the other users.

The project will seek to deliver:

- A deep water ferry pier, with marshalling area and terminal building fit for current requirements, including RET and daily services to the mainland,
- A deep water pier for commercial boats and small cruise liners,
- Improved fishery pier, slipway, shore facilities and processing options,
- Leisure craft facility and marina area,
- Land for housing,
- Land for commercial development,
- Land for development of local services.

Costs

Technical feasibility - £20,000

Business plan, including Stòras Uibhist costs to planning - £30,000

Securing funding package - £5,000

Planning application - £50,000

The initial project cost for the construction of the basic infrastructure will be in the region of £3,500,000 sourced from the public sector. It is anticipated that this will attract a further £20,000,000 of additional investment for the establishment of the new facilities.

Loch Carnan Community Wind Turbines

Summary

Stòras Uibhist plans to install a 6MW, three turbine, wholly community owned wind farm in Loch Carnan South Uist. The project will generate significant returns to the local community for re-investment in socio-economic regeneration projects within the South Uist Estates area

Rationale

The total project cost for the development is £8.5million, which will return £27m to the local economy of the South Uist Estates area throughout the 25 year lifetime of the project.

The project will generate £8 million in direct revenue to Stòras Uibhist for use in economic and social regeneration projects. Accounting for local economic multiplication, this represents a return to the local community of £18.6 million.

Stòras Uibhist will reinvest this revenue in further community regeneration projects such as Lochboisdale harbour regeneration, drainage and land management, housing and renovation of Grogarry Lodge.

These significant development projects will further increase the economic multiplication of the initial finance returned to the community. The money will be used to lever in significant levels of private and public finance to support future projects.

In addition to the revenue returned and re-invested directly by Stòras Uibhist, the project will generate further revenues and economic gains for the local community through site rental, the Western Isles Development Trust and through a community share issue.

The project will be financed through a mix of grant, loan and equity; the project is anticipated to be funded £1million Big Lottery Fund, £1.5million share issue, £6 million bank finance.

Delivery

- Planning application approval - April 2009
- Funding approved – July 2009
- Build plan finalised – September 2009
- Infrastructure installation – September/Oct 2009
- Turbine installation – Oct 2010.

Askernish Golf Course

The first Land Court hearing in January resulted in the Sheriff issuing a preliminary judgement that upheld the legality of the golf course on the machair at Askernish and confirmed that the course could be located anywhere on the machair and golf organised and played as is currently the case. The right of the crofters to graze their souming was also confirmed.

Only if agreement on whether the playing of golf and grazing of the souming could be carried out in parallel could not be reached would there need to be a further Land Court hearing. Stòras Uibhist is continuing its attempts to reach a negotiated settlement, though this has not been successful so far.

The next Land Court hearing is scheduled to begin on May 11th unless agreement can be reached in the meantime.

Commercial Activity

South Uist Estate Ltd. leases over thirty sites to local businesses and organisations. The majority of these are for commercial rates and a full commercial review has been undertaken to ensure the community company sees a return on its assets that are not onerous on the local business community.

Non-commercial sites used for community benefit are leased at reduced rates to foster social regeneration and provision of services to the local community.

The commercial activity contributes significantly to the turnover of the company and supports the crofting activity and other Estate management functions.

Grogarry Lodge and Sporting Activity Development

Additional activity options are now offered through the website (www.grogarrylodge.com) for guests and the Lodge is also used for local events and conferences.

The 2008 season saw an increased number of guests and revenue compared to 2007 and this is expected to increase again in 2009.

Due to a lack of maintenance in previous years significant structural repairs and facilities upgrading of Grogarry Lodge will need to be done within the next five to ten years. An ongoing review of the estimated costs and options available is underway to determine how to make best use of the asset in the long term and maximise its contribution to the community.

A review of the sporting activity and ecology of the Estate is also underway to establish the future commercial potential of both traditional sporting activity and wildlife tourism and the options for supporting the local tourism sector in this area.

The ongoing development of Askernish Golf Course is expected to attract increasing numbers of golf tourists to the islands and Grogarry Lodge is well-placed to attract the larger groups of visitors.

Community Housing

An initial Phase I application to Scottish Government was successful and the company was requested to submit a full application for six four-bedroom houses in Askernish to be built on land outwith crofting tenure. This application was submitted in early February 2009.

The submitted application was for £432,000 of grant from Scottish Government to support a £909,000 project cost, with an additional £250,000 of grant to come from a secondary source. If the grant application is successful all works are expected to be carried out by local contractors during 2009 and 2010.

Additionally, Stòras Uibhist has extensively researched the potential to make building plots available to local residents and other identified groups (key workers, returnees, etc.), at affordable prices, for housing. A key aim was to ensure any plots created remained within the locally affordable price range and continued to be used as permanent residences. Release of leasehold plots is not an option due to the legal twenty year limit on leases for domestic property.

However, Stòras Uibhist has identified the use of section 75 planning restrictions as a potential way forward to facilitate the release of affordable building plots for homes that can only be used as permanent residences for people on the local electoral roll. This will allow the release of plots at affordable prices and limit the potential for speculators to sell these on once released by the community company and sold for large profits.

Discussions are continuing with CnES to determine the best way to utilise Section 75 agreements and how this can be done in practice.

Tourism Promotion

During 2008 a number of hosted visits were arranged by Stòras Uibhist to promote the islands of South Uist, Benbecula and Eriskay as tourist destinations.

Journalists, travel writers and TV crews were invited to experience what is on offer on the islands to help promote the whole tourism sector.

TV crews visited to film machair flowers (BBC Gardeners World), fishing (STV), Askernish Golf Course Opening (Channel 4, BBC, STV), Grogarry Lodge (STV) and Aquaculture production (German TV), as well as the Estate in general.

A number of press and magazine writers visited from across the UK, Europe and North America to report on the Stòras Uibhist project as well as the Estate and life on it.

This activity was carried out in conjunction with a number of local accommodation providers and tourism service companies.

Economic Development & Inward Investment

As part of the economic development activity Stòras Uibhist is also actively seeking to promote local entrepreneurial activity and secure inward investment to the Estate area that will create new jobs and wider career options for local residents and address the chronic de-population of the islands.

Studies have been undertaken to identify land that can be made available for commercial activity and employers that can potentially create new jobs. Where these have been identified the company is working in conjunction with HIE, CnES and Scottish Government to deliver specific projects.

To promote local entrepreneurial activity Stòras Uibhist is working with CnES to develop a framework to deliver business support services and facilities for small businesses using existing unused infrastructure.

Conclusion

Though these projects may take a number of years to deliver, the Board of Directors is committed to working with the staff of the company to ensure that where possible they come to fruition and the social and economic regeneration of these islands becomes a reality.