

Minutes of ECC Directors meeting 15th Feb '24

Present: Sara Twaddle, Alistair Danter, Andrew Prendergast (Shop paper discussion only)
Kenny Mackinnon, Sandra Wilson, Karen Pettit, Roddy Macfarlane, Phil Ashhurst

Apologies: John Lawrie, John Boyle, Billy Shanks, Joe Kalaher

1. Minutes of last meeting – approved, proposed RM, seconded KP
2. Declarations of interest

KM has submitted a quote for maintenance work in Play park (recused from decision making on agenda item)

JL has work with part of a UK Government unit which includes security of the UK energy supply. The work does not involve any direct contact with any of the wind turbine suppliers involved in projects on Skye and only deal with HMG. The Board noted this declaration and agreed that this does not preclude JL's involvement in the work of ECC.

3. Minutes of last meeting – approved, proposed RM, seconded KP
4. Online call with DTAS rep for Highlands, purpose of call:
 - Explain DTAS Service
 - Identify eligibility for ECC membership
 - Initial feed back is that ECC would be eligible for "Provisional Membership"
5. Edinbane Shop – next steps – AP produced + spoke to Paper (attached), Board approved paper + agreed
 - AP will liaise with KDP and the design team to progress plans to submit the whole development for planning in due course.
 - AP will explore the option to demolish the existing building and clear the site in advance of the redevelopment - prior notification, cost estimate, and options for reporting back to the Board.
 - ECC will wait until the acquisition of the additional two areas of ground completes before we submit planning application
 - ECC will look to include the cost of taking the whole development up to Stage 4 (Building Warrant stage) as part of funding for Phase 1 project development costs. If ultimately it is not possible to get the whole cost funded we can consider just taking Phase 1 to Stage 4 instead.
 - The Board wishes to explore the option of a community-run enterprise first, and will gauge the level of volunteer interest, support and capacity in the first instance. ACTION ST + KP to call a meeting of interested parties + develop draft management proposals for in house management.
6. Finance report Paper 3 (attached) approved

7. Hardship fund – CAB no longer has capacity to manage hardship funds similar to those developed during Covid, ST advised that Dunvegan CC administer a fund, she will make contact + bring details to next meeting. Action ST
8. Village Centre update, application process for planning permission ready for submission we will try to get a discounted rate for fees by submitting via the Community Council. Action RM + AP. The Community Hall as landowners have been served a notice in relation to the planning permission as the owner
9. Karens Track – update:
 - Family have requested the milestones , stone and commemorative plaque are in place before any opening ceremony
 - ACTION AD to liaise with Duncan Macrae + Gus Nicholson regards installation
 - Once stone identifies + installed, family to consider plaque wording
 - Following installation. ECC to liaise with Family to agree format of opening
 - Final Inc / exp report (attached) noted.
10. Windfarm share options in Wind 2 development at Ben Sca – funding has been identified to source legal advice on vehicle for community share ownership. Board to be kept informed of developments.
11. Funding applications:
 - Davina McCluskie – Business related CPD funding request £4,138 – 50% awarded
 - Defib batteries £600.00 – Lucky2Bhere – 100% awarded
 - Neil Macphee – 5th Year Uni fees Education grant-£4,000 awarded
 - Portree High School – Girls shinty trip to USA, contribution of £1,000 agreed
12. AOCB
 - KP to order play park picnic benches in March before Tourist season starts
 - Village notice Board to be moved from paly park to village centre as part of development – an interim position, once shop is built + running it will be repositioned there.
 - Slip way for community use – Community petition indicates support for a project, KP reported that the campsite would be happy to accommodate an appropriate development provided that it does not interfere with management of the campsite. Meeting agreed that a feasibility / options appraisal should be undertaken. Study to identify appropriate location + management model. ACTION AD to ask AP for any appropriate contacts to carry out the work, TOR for study to be agreed by Directors at a future meeting
 - Local interest in corrugated sheeting currently on shop roof, meeting agreed if sold it should be on the basis of “sealed bids”
 - THC purchase of housing land at Coishletter expected to be completed in March '24, ECC to then seek funding from Land fund to purchase from THC

- Shop Council tax matters – AD has applied for SBBS relief on the shop, no response to date.
- 2 quotes received for landscape /drainage work in play park
Contractor A - £2,664, Contractor B £3,420
Contractor A awarded BS to check that contractor has appropriate insurance , public liability etc before final award made

DONM – 21st March '24

Edinbane and Communities Company Former shop site redevelopment project Briefing Paper February 2024

Background

During 2023 ECC engaged a design team led by architects KDP to undertake a full site investigation and feasibility study of the proposed redevelopment of the former shop and petrol station site. Using the original brief drawn from community consultation, the team came up with a design for a mixed-use development providing general shop, café, public toilets, gallery/secondary retail space, staff accommodation and associated parking and visitor amenities. The overall design was approved by ECC and the wider community, but the high cost of construction, estimated at £2.54m was noted as a challenge and a risk.

The design allowed for the incremental development of the facility in discreet phases, and after discussion between the Board and the membership, it was decided to prioritise the construction of the shop element and associated servicing and infrastructure in Phase 1.

OPTIONS FOR PHASING AND PLANNING THE DEVELOPMENT

Although ECC intends to take forward only the shop element in Phase 1 and made a decision to only apply for planning permission for Phase 1, there is a strong case for seeking planning consent for the whole development at the outset, and once that is secured going forward with only the initial phase under an amended consent.

It is likely that demolition of the vacant building and site clearance would be approved under 'Prior Notification' and not require a separate planning application. If this is the case, demolition could proceed in 2024 while planning application for development is in train.

The advantages of going for planning for the whole development rather than just Phase 1 are as follows;

- It could be difficult to make convincing argument for Phase 1 without showing rest of scheme – the shop's central position within site and the arrangement of parking and circulation around it doesn't make sense as a stand alone development. Planners will want to see our proposals for the whole site development anyway.
 - Getting planning consent for a development like this is a long and complex process, and costly in time and fees. It would be more expensive to do it 2 or 3 times rather than once.
 - Obtaining consent for the whole development means subsequent phases will not be subject to changes in planning regulations with potentially more onerous conditions
 - Subsequent changes to the original design can be done as amendments – much easier and less expensive to obtain than full planning consent
 - Once work on Phase 1 has started the consent will not lapse or be superseded
 - It may also be worthwhile getting building warrant for whole development (though that would cost more in design fees) as bldg. regs update every couple of years, and only get more onerous and costly
-
- It should be possible to split the external works (est. cost £650,000) so that Phase 1 doesn't shoulder more of the site servicing cost than necessary or sensible

Cost and Funding Implications

In terms of next stage of project development, the cost to submit a planning application for the whole development is estimated at £3,600, while for Phase 1 alone the fee would be £1,800. These costs are for planning fees only, design team fees are already included in the feasibility stage.

Building warrant application fees (which would require going to technical design stage) would cost £3,630 for the whole development, or £2,890 for Phase 1 only. But design team fees to advance the design to this stage would be £79,200 for the whole development, or £45,750 for Phase 1 alone.

In terms of the possible capital development costs, based on the QS estimates of November 2023, developing Phase 1 might be expected to cost i.r.o. £1.2m (as opposed to £2.54m for the whole development).

(All costs ex-VAT, a proportion of which may be reclaimable)

Recommendations

- Pursue prior notification consent for demolition and site clearance
- Once all land acquisitions are complete, submit planning application for whole development, estimated cost circa. £4,000
- Seek capital funding for Phase 1 construction only, but to include technical design and statutory consents for whole development as part of the project costs, estimated cost circa. £83,000

OPTIONS FOR BUSINESS PLANNING & OPERATIONAL MODEL

The options for operating the shop business were set out in the interim report by Community Enterprise last year; broadly speaking these are a choice between operating as a community- run business, or leasing the space to a commercial tenant to operate as a private enterprise.

Community Enterprise option

A variety of models are possible, all of which involve the creation of a separate legal entity from ECC to run the shop trading business. This is required to protect ECC from any trading losses, maintain its charitable status, and protect the asset in the event of the business failing. The premises would be leased to the trading entity, which would be managed by a separate board or committee, and would employ any staff directly.

- **Advantages:** Direct local control over the management and operation of the shop business and any profits retained within community and re-invested.
- Community control/influence over opening hours, stocking, additional services etc.
- Potentially greater local support and customer loyalty (esp. with a membership co-op)
- Opportunities for added social benefits (Post Office services, customer loyalty schemes, local produce, work experience/holiday jobs, living-wage pay and community information point)

- **Disadvantages:** Requires far greater volunteer commitment to management and administration – even with employees.
- Need to recruit, retain and manage an experienced shop manager.
- Business performance and any trading losses will reflect directly on ECC.
- More complex legal structure and administrative costs (financial accounting, VAT etc.)

Key considerations:

- Do we have the necessary capacity and skills within ECC and the community to manage a trading subsidiary – Directors, volunteers, shop manager and staff?
- What evidence do we have? (eg: active volunteers, project steering group, expressions of interest etc.) Funders will want to see this.
- ECC has no previous experience of direct employment of staff with associated employment regulations and policies etc.
- Shop sales likely to take ECC over OSCR group accounting threshold – cost £2,500 p.a.

Private leased operator

Leasing the premises to a commercial tenant to operate as a private business, with or without the flat above, would not require the creation of a separate trading entity. If the tenant needed the accommodation as well, it would require a separate residential lease, with specialist legal advice.

- **Advantages:** Operationally less onerous for ECC, no need for separate legal entity and board of directors, no need to employ and manage staff.
- No requirement for additional volunteer input from community
- ECC distanced from business performance and any trading losses (but would be

affected by failure of tenant's business)

- **Disadvantages:** Significantly less ability to influence shop's operation (but some key requirements could be written into lease/operation agreement)
- Need to attract and retain an experienced and reliable tenant and manage that relationship.
- Property rental income only, but unlike profits this is fixed and guaranteed (bar default)

Key considerations:

How likely is it that a good, interested tenant can be found? Will the same factors that led to the shop's closure put off a private business or lead to its failure? Would incentives be needed?

To what extent do we want to further community or social development? Would a good, privately-run shop meet the community's priority objectives?

Management and Operational Implications

The main difference will be the extent to which ECC Directors and volunteers will need to take responsibility for the management and day-to-day operation of the shop, and the financial performance of the business. A separate board or committee will need to meet at least monthly, and individual directors will need to take responsibility for line-management of staff, payroll, recruitment, financial oversight and reporting etc. Even with some paid employees this

will be a very 'hands-on' role. Credibility with funders will require ECC to demonstrate that there is a project steering group of active volunteers engaged early on in the business planning process, ready to form the proto-management board of the trading entity.

If the decision is taken to opt for an in-house run community shop, a 4-5 strong shop project steering committee will be required to take the lead on business and operational planning, deciding shop policies, making visits to other community shops and setting up the trading entity. This activity should take place alongside the capital fundraising effort so as to reassure prospective funders that capacity to manage the venture is being developed within the organisation.

2. Edinbane and Communities Company

Karen's Track refurbishment – Project report January 2024

The Project works

The refurbishment of 2.4 km of old road is nearing completion after over a year of work. The project was split into two contracts; one for repairs/resurfacing of the existing road, construction of new sections, installation of new gates and cattle-grids, fencing, signs, road markings and associated drainage. This contract was tendered and won by Craik & MacRae.

The other contract for repairs and alterations to 3 original stone bridges was awarded to stonemason Francis Yeats. Three other stonemasons were asked to tender for this work but declined to quote due to their workloads in 2023.

Costs & Funding

The original budget for the project, based on cost estimates from 2021/22 was £111,000. This was subsequently revised to £128,600 in the light of inflationary cost increases.

Funding of £25,000 was secured from Highland Coastal Communities Fund (HCCF) and a further £53,600 from the Healthy Islands Fund (a one-off Scot Gov initiative). ECC agreed to fund the remaining £50,000 out of reserves.

Tender 1 (path repairs & construction) was awarded at £99,050 and Tender 2 (bridge repairs) was agreed at £20,400. Other significant costs were for contract documentation and tender preparation (£2,000), work supervision (£1,580), Health & Safety liaison (£1,650), brush clearance (£4,920) and bat surveys (£2,120) (protected species obligation).

Over the course of the contract works there were also some agreed cost increases due to a greater extent of perished tarmac surface than had originally been allowed for (£7,000 extra), and bridge masonry repairs with lime mortar proving more complicated (£3,000 extra).

As a result the final out-turn cost is some £15,000 over the original budget of £128,600.

Project Completion

There are some outstanding items to be completed on both contracts; white lining and road marking by Craik & MacRae to be done in Spring when weather conditions allow. There is also remedial repointing to be done to bridges by Francis Yeats when conditions allow the use of lime mortar (Spring/Summer). These works will be completed under retention monies.

Tender 2 (bridge works) also included repairs and re-pointing to the undersides of the bridges, which has not been satisfactorily completed. Given the difficulties of using traditional lime mortar in this location (damp, water penetration through the stonework, and low temperature) an alternative method has been suggested. We may decide to remove this item from the current contract and seek fresh quotes on an alternative basis. These repairs affect the structural stability of the bridges so cannot be left undone.

The official opening of the path is planned for around Easter 2024, with a plaque and dedication to Karen Nicolson once the wording has been agreed with the Nicolson family. We may also commission one or two benches for locations to be agreed during 2024.

Financial Summary

Original Budget used for Fund raising

Healthy Islands Fund	53600
HCCF	25000
ECC	50,000
	128600

Actual Expenditure 143502

Covered

by:		% of costs
Healthy Islands Fund	53600	37%
HCCF	25000	17%
ECC	50,000	35%
ECC Additional contribution*	14902	10%
TOTAL	143502	

Total % ECC funding 45%

Total % NON ECC funding 55%

*ECC Additional Contribution note - In 2018 Directors agreed an annual expenditure of £25k for 4 years on Footpaths and cycle routes, £50k was committed to Karens Track, as no other expenditure has been incurred on footpaths and cycle routes during the period the additional £14,902 has been taken from this budget line.

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Working Budget '23 - Report Feb '24

	Budget	April - Jan'24 Actual	Balance	Comments where o.spend > 10%
Development grants from ECC annual income (1)	£30,000.00	£24,478.00	£5,522.00	
Village Maintenance	£6,500.00	£8,893.80	£2,393.80	- 0.payment, reimbursed to show in next report
Village Centre developments (1)	£0.00	£650.00	£650.00	Design costs
Development Worker	£19,800.00	£8,888.55	£10,911.45	
Administrator	£8,000.00	£1,245.00	£6,755.00	
Accountant	£1,800.00	£1,998.00	£198.00	
Insurance	£650.00	£523.85	£126.15	
Hospitality	£2,500.00	£3,328.09	£828.09	Xmas dinner + Hospitality linked with AGM
Meeting Exps/Office / General Exps	£950.00	£1,611.60	£661.60	Contract for photocopier / printer started
Publicity	£300.00		£300.00	
Subscriptions	£15.00	£15.00	£0.00	
Finance Costs	£0.00	£28.70	£28.70	
Website	£300.00	£232.00	£68.00	
General Professional costs Legal related to Housing project etc	£0.00	£540.00	£540.00	Legalities not foreseen dies to nature of project
Shop Development costs -Architect, QS, Engineer,Ground surveys Title Deeds + Valuations(2)	£29,850.00	£35,940.50	£6,090.50	- Full budget requirement not known when budget set
VAT Advice, Registration + establishment of Trading arm	£7,020.00	£3,960.00	£3,060.00	
Outstanding Expenditure on Karen's Track	£34,500.00	£8,683.20	£25,816.80	
TOTAL	£142,185.00	£101,016.29	£41,168.71	

Edinbane and Communities Company

Karen's Track refurbishment – Project report January 2024

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Total % NON ECC

funding 55%

*ECC Additional Contribution note - In 2018 Directors agreed an annual expenditure of £25k for 4 years on Footpaths and cycle routes, £50k was committed to Karens Track, as no other expenditure has been incurred on footpaths and cycle routes during the period the additional £14,902 has been taken from this budget line.