

Feasibility Study on Strontian Church for Sunart Community Company



Draft Report
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1. Introduction

The purpose of this study is to assess the feasibility of creating and operating a community hub in the current Strontian Church of Scotland building.

Sunart Community Company is a company limited by guarantee (SC293485) which was incorporated in 2005. It was formed to benefit the community of Strontian and its purposes are:

- To manage community land and associated assets for the benefit of the community and the public in general.
- To provide, or assist in providing, recreational facilities, and/or organising recreational activities, which will be available to members of the community and public at large with the object of improving the conditions of life of the community.
- To advance community development, including urban or rural regeneration within the community.
- To advance the education of the community about its environment, culture, heritage and/or history.
- To advance environmental protection or improvement including preservation, sustainable development and conservation of the natural environment, the maintenance, improvement or provision of environmental amenities for the community and/or the preservation of buildings or sites of architectural, historic or other importance to the community.

Strontian Church is currently in the ownership of the Church of Scotland. The local congregation is no longer able to sustain the building and the Church of Scotland has indicated that it wishes to sell the property.

2. Methodology

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

Desk-based analysis of relevant information including:

- Quinquennial Building Condition report, Samuel & Partners, March 2021
- Strontian Church Options Appraisal Report, Community Enterprise, April 2022
- Strontian Churchyard Archaeological Geophysical Survey, AOC Archaeology, May 2023
- Valuation Report by Allied Surveyors, May 2023
- West Highlands & Islands Local Development Plan

Primary data Analysis of findings from:

- A visit to the church
- Video/phone calls with:
 - The Church of Scotland minister
 - Some local tourism businesses
 - The Manager of the Sunart Centre
 - A representative of the village hall management committee

3. Development Context

The potential community ownership, reuse and redevelopment of Strontian is set in the context of a community that has a strong history of community development, ownership and management of land and assets. These include the development of a local hydro scheme and the building of a new primary school which the community leases to Highland Council

Local development is managed by the Highland Council's West Highland & Islands Local Development Plan¹ which was adopted in 2019. In this plan the council's vision has 4 outcomes (p6) in the areas of Growing Communities, Employment, Connectivity and Transport, and Environment and Heritage. Under the Employment outcome the aim is that "West Highland has an enhanced reputation as a heritage tourism destination." and under the Environment & Heritage outcome "High quality places predominate where the outstanding environment and natural built and cultural heritage is celebrated and *valued assets are safeguarded*" [emphasis added].

The Local Plan has a dedicated section for Strontian (pp91-96) with the first of its placemaking priorities for the village being "Encourage development that provides local employment opportunities most suitably through tourism and community enterprises".

Strontian is close to a number of natural heritage conservation sites including the Sunart Site of Special Scientific Interest which extends from the A861 bridge southwards, the Sunart Special Area of Conservation, the Moidart and Ardgour Special Protection Area, Loch Sunart Geological Conservation Review Site and Loch Sunart to the Sound of Jura Marine Protection Area.

¹ [West Highland and Islands Local Development Plan | West Highland and Islands Local Development Plan | The Highland Council](#)

4. Community Consultations

A range of community representatives were interviewed by phone or Zoom call in order to build up a broader picture of the impact that community ownership of the church building may have on the local community. Interviewees included the Church of Scotland minister, managers of other community facilities, and tourism related businesses.

Key themes were:

Cultural heritage

Interviewees noted that the church site is a significant location in the fabric of the community and a lot of local history is associated with it. Comments were made with respect to the cultural value of the building being a Telford church, even though has been altered somewhat since its initial construction. It has been a place of worship and of important social occasions in the form of baptisms, weddings and funerals of many local people. A lot of that history is visible in the graveyard which includes Commonwealth war graves. Concern was expressed that it would be inappropriate for the church and graveyard to be passed into private ownership.

Interviewees spoke favourably of the potential use of the building to house the Sunart Archive and to interpret local history. It was noted that the structure of the community has changed in recent decades with an increase in those who do not have a historical link to the area and the moving away of many whose families have or had a multi-generational link to the land. A historical centre could therefore ensure that the cultural history associated with those who have died or moved away is not lost and offer an opportunity for more recent residents and visitors to learn more about Strontian and Sunart.

Community Meeting Space

It was highlighted that the church has already been available for community use, and this was particularly valuable when the village hall was closed for a period. Users included a line dancing class and a visiting chiropodist. Community ownership would allow such use again in the future if the aging village hall is not replaced and has to close permanently. It was also suggested that the church building has the potential to offer *quiet* space which is not available elsewhere. This would be beneficial for activities that are contemplative, such as certain arts activities.

Impact on other businesses and venues

Interviewees did not think that the community ownership of the church building would have significant displacement effects on other businesses and facilities in the area. It was pointed out that the church building is of modest size and the spaces it contains are of a different nature to those in the Sunart Centre and the village hall. A modest catering provision aimed at those using the building (and not seeking to attract people solely for eating purposes) would not impact on other local food businesses. There may in fact be a positive impact on other businesses through having an additional attraction that keeps people in the village for longer.

5. Analysis of Ideas

This section analyses the range of ideas put forward in the brief and considers others that had not been identified there but which could strengthen the viability of community ownership of the church building and/or address other community needs that have been highlighted during the study.

Heritage Interpretation

Sunart has its own distinctive history, much of which is recorded in the Sunart archive, a collection which has been gathered together by a local resident and is currently housed in his own home. A key driver of this project is the desire of the Dualchas heritage group to create a permanent home for the archive in order to secure its contents for future generations. A permanent, secure location would have the advantage of better facilitating research into the history of Sunart and open up its contents to experience by - and interpretation for - a much wider audience.

The building offers enough space to create a secure archive space and a separate exhibition space (See Section 6 for design options). The wall space in the main meeting/worship space (measuring approximately 9m x 8m) provides a large area for hosting static, permanent or semi-permanent display material. The total wall space is limited however by the three windows in the south facing wall which start at a height of approximately 1.2m from the floor. This is lower than a preferred height for displaying materials to adults but the space below the windows could be used for presenting information to children. The large window in the east facing wall is placed higher up the wall and therefore does not limit space for interpretation. The windows allow in significant light to create a bright, airy space and imaginative design of interpretation materials can use the presence of individual windows to mark the transition from one subject to another.

In hosting the permanent display on the walls of the building, the main floor space will be left free for a range of flexible uses. This could include temporary displays on specific subjects which can be changed once or twice per season to provide new material for locals and return visitors to experience. The use of portable display boards and moveable cabinets for heritage items would allow for them to be moved to one side or to another room when the floorspace is required for worship, a talk on local history, or another use. Individual stackable seats can be used to provide providing seating as, and when required.

SCC could consider the installation of an audio-visual display which could play a short video or videos on the history and heritage of Sunart, which could be created as part of the overall project.

Exhibition charging

Revenues generated from exhibitions tend to be modest in relation to the amount of floorspace that they occupy. Large, themed visitor exhibitions tend to combine ticket sales with a café/restaurant offering and a gift shop. The relatively limited number of visitors to Strontian (in relation to larger urban centres) and the modest size of the church building mean that an exhibition supported by paid staff is not viable. To attempt to manage the exhibition full-time with volunteers *in situ* would be an onerous burden and to have it open only part-time would miss the opportunity to engage with, and receive donations from, day visitors. Therefore, a donations approach will require to be used if the building is to be open at times without a volunteer presence.

Donations can be enhanced by clear signage indicating that the exhibition is a community effort and that funds are required to maintain it and the building. Venues that have suggested a donation of

say £3/person have also found that donations have increased over the level when no suggested figure was made.

There has been a long-term societal move away from cash to paying by card (and phone) which was accelerated by the COVID-19 pandemic. It is therefore likely that many future visitors to Strontian will have little money on them and will have an expectation that payments can be made by card. SCC can make it easier for visitors to make a donation by either providing a QR code so that people could donate using their phones, or by installing an automatic payment system that people can use by simply placing their cards or phones close to a designated point, as with shop-based card transactions.

Heritage Book Sales

Visitors who explore museums and heritage exhibitions tend to have a wider interest in local and regional history and heritage and are willing to buy suitable books that add to their learning while in an area. Museums and heritage centres can make thousands of pounds in book sales serving this market. The centre could have a range of books available for sale and set them out for people to browse through when volunteers are on site. Alternatively, or additionally, SCC could look to sell books through a vending machine in a similar way to which snacks are sold elsewhere. This would allow the sale of books to be made when no volunteers were present. Vending machines are now able to take card and cash, or card only payments.

SCC's Oakwood tourism and crafts business makes part of its income from book sales. There may be a small impact on its sales through having books available for sale in the church building. However, it is likely that total sales between the two venues will be greater than with just one, and because the Oakwood building is more prominent it is more likely to be visited first. It can also play an important role in signposting visitors to the heritage exhibition in the church.

Archive Preservation & Heritage Management

Long term storage of archive material requires security and an atmospherically controlled environment. Neither of these are present in the building at the current time but could be provided as part of renovation works. It would be impractical to provide these conditions in the whole of such a large building that will likely be unsupervised for much of the time, but suitable facilities could be provided in part of it (see Section 6 below).

The risk of losing an archive through fire, water, or other damage has encouraged many owners of archive material to digitise their assets for safekeeping. This can also allow a wider audience for specific items when they are made available online. Heritage funders are supportive of digitisation projects and this could be included as part of a total funding package.

Worship, Weddings & Funerals

The SCC brief stressed that there is a desire to continue using the building for worship and to provide an appropriate space for weddings and funerals which are important social and commemorative events in community life. This is possible within the building for two reasons. First, it is complementary to the other principal use of heritage interpretation that would be housed in the current main worship space. Secondly, the building is not suitable for adding an upper floor and therefore the traditional form of the space can be retained.

The Strontian congregation is served by the Church of Scotland minister who is based locally. He serves an area that was formerly four parishes but has now been consolidated into the two parishes of Ardgor, Morvern and Strontian, linked with Acharacle and Ardnamurchan. Services are currently

held fortnightly by the Church of Scotland, with the Episcopalian Church, with whom the congregation has good relations, holding services on alternate Sundays. Attendance varies from 10-20 with an average of 15. If the building becomes the property of Sunart Community Company it would be free to allow other religious groups to use the building as well, should such a demand arise.

The church has the ability at the current time to link three of its sites of worship together by video link, and currently has a hybrid meeting when there are five Sundays in a month. If SCC were to install an audio-visual system for the heritage exhibition and link it to the internet it would be possible for worshippers (and other users) to link to other groups in the peninsulas, strengthening wider community cohesion and identity. The use of the facility could also generate some extra revenue to support running costs.

Weddings and funerals are important social landmarks in communities and are an important means of celebrating new families being formed and remembering those who have passed away. These events are likely to only require occasional use of the building, with the minister estimating an average of 3-4 funerals per year and noting that he had performed perhaps only 2 weddings in the past 12 years. However, when needed, the building could continue to host these important functions without significantly impacting upon other uses.

In some locations weddings can be an important source of revenue generation. However, these tend to be in locations with particularly distinctive settings and in buildings with interiors that are particularly attractive. Although a renovation of the interior of the building may make it more attractive, it will still face competition from other locations that are deemed more attractive by prospective couples. The minister noted that most weddings in the area take place at the Kingairloch church, by the shores of Loch Linnhe. It is likely that this will continue. Furthermore, although many couples still get married in a traditional church building, there is a strong trend to marrying in the outdoors at places such as beaches or other attractive locations, with a suitable building being available as a bad weather alternative. Therefore, the potential demand for wedding ceremonies in the Strontian building may be somewhat limited.

In summary it may be reasonable to anticipate no more than 1 wedding and perhaps 3-4 funerals per year at the building in addition to the weekly worship services.

The Community Enterprise report noted a willingness by the Dualchas heritage group to offer the Church of Scotland free use of the building post-purchase. While this may be a laudable aim it could provide long term difficulties in achieving sustainability for the building². Costs would be incurred for heating, and church use would contribute to wear and tear that would need to be paid for at some point. There would also be a risk that the Scottish Land Fund and funders of repair works would not be supportive of a solution that transferred the burden of maintenance from the C of S to the community at no cost.

There is however an alternative solution that would support building sustainability at no net cost to the congregation. The C of S minister mentioned that the proceeds of the sale would be available for the congregation to use solely for purposes associated with buildings. This could include the payment of rental where the church does not own its own space. It would therefore be logical for the local congregation to pay a rental for their use which would contribute to ensuring the maintenance of their long-term place of worship. If the funds are not used for rental, they could only be used to maintain buildings elsewhere in the parish which would be of limited benefit to the

² The Community Enterprise report noted this as a disadvantage in Option 2

Strontian congregation. At current rates of use and a rental fee of £20 per worship service the restricted funds from a sale at valuation could cover almost 50 years of rental if the money was not used on building maintenance elsewhere.

Meeting Space Rental

The church building offers some opportunity for other groups to hire space; either in the main area or a smaller meeting room (see Section 6 below). It has already done so in a limited manner with a line dancing class and a chiropodist renting space when the village hall was previously not available for use.

The village hall and the Sunart Centre both provide space for let within the village and it will be important not to cause displacement from these facilities. However, discussions with representatives of both these locations have identified that there is the potential for the C of S building to fill a particular role or roles.

The village hall has one space, and it is not possible to have two groups using it at the same time. Therefore, a small meeting room would be a particular advantage. The village hall also has a limited life span and at the current time it is unclear whether it will be replaced. Therefore, the church building could provide useful reserve space if the hall closes again without replacement in the future.

The Sunart Centre comprises community rooms and a gym within the secondary school building in Strontian. Its manager noted three particular limitations:

- It is not suitable for small numbers of people looking for a space for a short meeting due to its minimum charge of £17.
- It is not possible to store much in the way of materials on site making it difficult for groups who wish to use the facility for developing art works for example to keep their work and equipment safe and secure between meetings.
- It is not a quiet space due to there being constant activity and movement of people. Activities requiring, or that would benefit from, a peaceful location would be a natural fit for the church building and grounds.

The centre manager noted that the Sunart Centre is a busy location and therefore envisaged the community use of the C of S building as being complementary and not in competition with the centre.

In addition to community use of the building it may be possible to generate modest revenues from making a meeting room available for hot desking purposes for local people who wish not to work from home at any given time or for transient workers who would appreciate a place to carry out some administration. The C of S minister noted that some administrative support would be helpful for the parish and that it might be possible in the future to have perhaps two mornings per week of administrative input. In such a scenario the ability to rent a room for the two mornings could be very helpful.

Refreshment Provision

It was noted above that successful, larger visitor attractions also have a food and drink offering in the form of a café or restaurant. If a private individual were buying the building solely for the purpose of running a café/restaurant they may be able to create a viable operation. However, as any catering provision would be subsidiary to its principal role as a heritage centre, it must necessarily be kept small. The demands on space by the other uses also mean that space available for kitchen provision will be modest at 8-10m² (See Section 6 below). A staffed facility would therefore not be viable here due to the space available and the footfall would be insufficient to justify minimum staffing levels. There would also be the risk of displacement from other catering locations within Strontian. It would however be reasonable to make a suitable provision for those who are visiting the exhibition or taking part in other meetings within the building. When the exhibition is supported by volunteers it may be appropriate to offer a simple service such as coffee and cake.

At times when the building is unmanned a kettle to make cups of tea/coffee and a choice of sealed snacks could be provided for people to help themselves. Payment rates could be kept simple e.g., £1-2 for a cuppa and a biscuit and be made by means of an honesty box. The sale of goods in this way is common in the islands and remoter rural areas, and most people are willing to pay for the service provided. It would be wise to empty the honesty box daily in order to minimise the temptation to theft by the occasional visitor who is less honest than most. This level of provision is not likely to have any negative impact on nearby catering businesses. However, it should leave a positive impression on those who visit the heritage exhibition and help to encourage return visits.

Solar PV

Community groups owning older buildings have always found that the challenges of heating a building and then paying for the bills have been significant. Improvements in insulation can have a major impact but there is still a significant energy requirement to be provided and paid for.

In the right circumstances solar photovoltaic (PV) panels can provide a significant benefit. The largest roof space of the church is south facing and therefore has the potential to generate a lot of electricity, although most of this will be in the summer months. There are some large trees on either side of the building that will limit electricity generation early in the morning and late afternoon/evening. However, this restriction will be limited for several reasons:

- The greatest amount of electricity is generated in the middle of the day when the sun is high in the south when shading is not an issue.
- In wintertime when the sun is low in the sky the trees are without leaves and therefore sunlight can still reach the panels.
- The impact of the shading can be mitigated by:
 - Placing the panels in the centre of the roof which is least affected by shading.
 - Sensitive trimming of those trees causing most shading by a suitably skilled tree surgeon.

Surplus energy can be exported to the grid and sold to an energy supplier for modest sums. Prior to the energy crisis export rates were typically in the region of 5p/kwh compared to 17-18p/kwh to buy electricity. Export rates are now as high as 15p/kwh³ (although they can vary wildly) whereas purchasing electricity on a business tariff rose to over 70p/kwh. Significantly lower prices are already available once again with some contracts now offering rates just under 30p/kwh. Prices are likely to

³ [The Best SEG/Export Tariffs In 2023 - League Table | Solar Panel Prices](#)

remain volatile in the near future and it is not anticipated that they will return to their pre-crisis levels anytime soon.

Regardless of the cost of import/export, the export price will always be significantly lower than the import price. Therefore, it makes sense to maximise use of generated electricity on site where possible. There are now systems available that automatically divert surplus electricity that is not being used within a building into storage heaters or water tanks, rather than being exported at low prices to the grid. A more expensive option is to divert surplus power into batteries, but this is considerably more expensive and, in most systems, only a small amount of power can be stored (2-3kwh). In the case of the church building diverting surplus power into a storage heater or heaters would be the simplest option. This would help greatly in keeping the building warm, and in reducing moisture content in the atmosphere. For any short periods in the summer where heating is not required the system could be switched off and the surplus exported.

Using the calculator on the Energy Savings Trust website the estimated cost of installing an 8kw solar PV would be £9,884 and would produce an annual benefit of £711, made up of a fuel saving of £542 and revenues from export payments of £168⁴. The space requirement for the system would be 40-50m².

The installation of solar PV would also address another significant challenge faced by the building. The condition survey noted that the roof is in poor condition and would benefit from re-slating. The ideal scenario would be to be able to re-slate with Ballachulish slate, as is already on the building. However, this is now extremely difficult and very expensive to source, seeing as it is no longer being mined. The use of solar PV would allow the slates to be removed and there would likely be sufficient of a suitably high quality available to cover the areas not covered by the panels. If panels were not installed there would not be enough slate available. This then leads on to the further consideration of cost. Slating a roof may cost in the region of £80-100/m², equivalent to £4-5,000 for an area of 50m² taken up by solar panels. Avoiding the need to slate the solar panel area therefore reduces the net cost of a £10,000 system to £5-6,000.

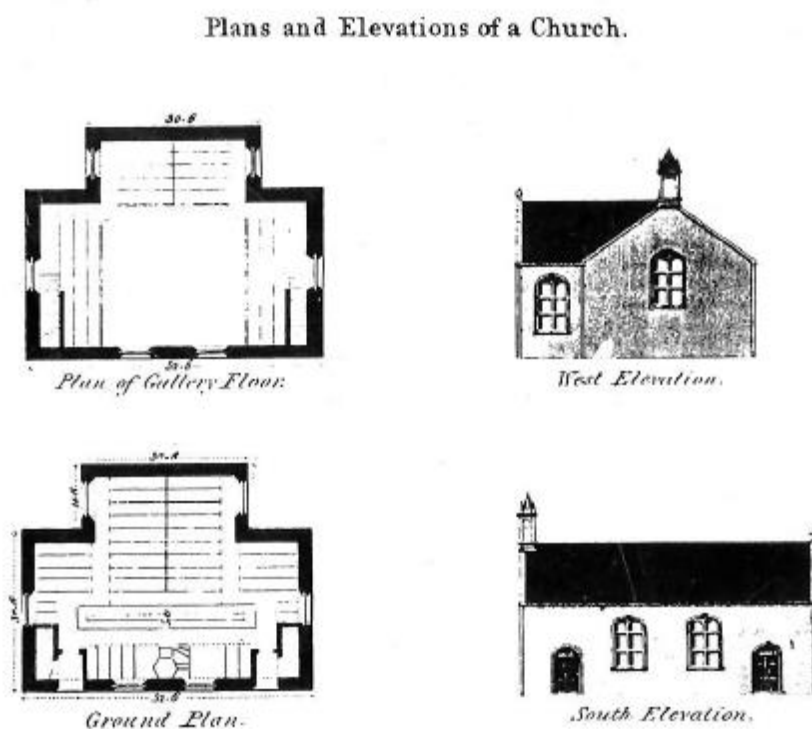
⁴ Assumptions of 34p/kwh for electricity purchase and 5p/kwh for electricity sale on 23/05/23.

6. Options Analysis

The activities explored in Section 5 can be accommodated in different designs for future use of the building. Two primary options have been developed to explore how these can be delivered. The scope for extending the building is limited due to the close proximity of graves.

Existing Building

The existing building has a total floor area of 148 square metres. It is an adapted version of the standard Telford parliamentary church, built in 1829.



The building presents a number of design issues in terms of re-use. The floor to ceiling height at 4.7m would be quite constrained for the formation of a second storey within the building, and window positions particularly at the gables are very high for normal usage.

The ground surrounding the building has a number of actual or possible grave locations which restricts the options for extensions or new buildings. Level access and accessible facilities within the proposal are an important considerations together with provision of emergency escape routes.

Building upgrade

In addition to the repair and maintenance identified in the Condition Report, the renovation of the building will provide an opportunity to greatly improve the building fabric. Currently the church is uninsulated and has dilapidated internal linings and fittings.

The roof space would have new insulation together with controlled ventilation added. Walls should be re-lined with insulation between timber frame studs, and a new floor structure should be constructed to include underfloor insulation a concrete slab and damp proof membrane.

We would suggest that all windows are replaced with new doubled glazed units and all

internal fittings and finishes should be renewed. A new heating system would be installed which is likely to incorporate an air source heat pump, together with photovoltaic panels on the south facing roof.

Option 1

This option envisages keeping the main entrance as existing, at the south porch. This will lead into the main multi-use space which can serve as an exhibition space, continue as a space for church services and provide small sales and limited catering facilities. The size of this hall space is the same as at present (9.7m x 7.3m) and makes use of an ancillary kitchen, w.c. and storage provision.

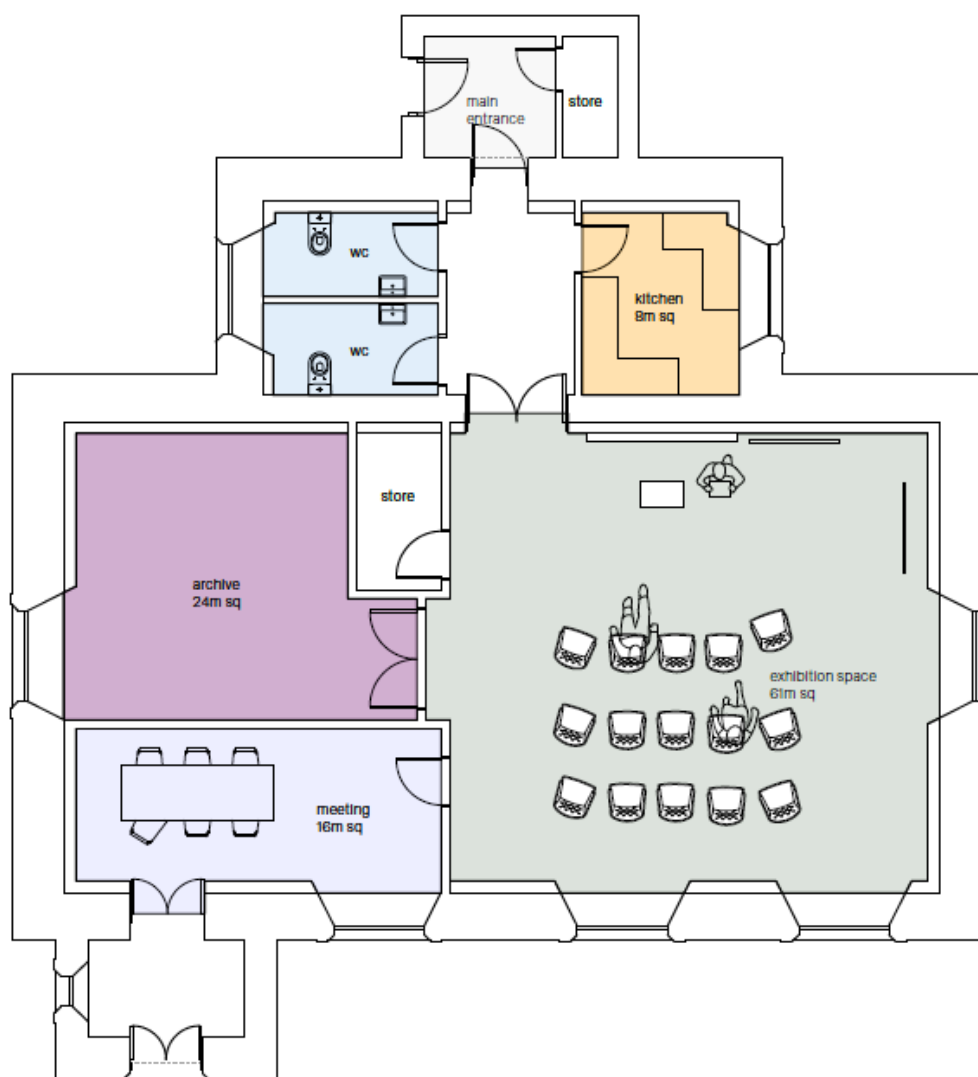
In addition, there will be a small meeting room which has independent external access and an archive space of approx. 3.0 x 3.6m. A small upper deck might be used to provide additional storage in the archive.

Sufficient storage space within the building will be important to maintain its various functions.



Option 2

This option proposes the formation of a new entrance on the north side of the building, currently used as the rear access. There is space for a new small porch incorporating some storage. An entrance area would provide a new access to the main church space and would double as exhibition area. This new entrance would be closer to the proposed car parking. The internal dividing wall between the archive and exhibition space could be repositioned reducing the size of the main hall area but allowing a larger archive and meeting room. The main space once again functions in a variety of ways, for example, exhibition, limited catering service and church functions. The church layout could be reorientated towards a display screen on the north wall. In this configuration an archive space of 4.5m x 4.9m and meeting room of 2.5m x 6.0m can be provided.



Summary

Option 2 is a more accessible building with larger archive and meeting rooms than Option 1, but with a smaller exhibition area.

7. Financial Implications of Strontian Church Redevelopment

There are two main options presented for Strontian Church redevelopment and ideas for the future operation the church building:

Option 1 – Maintaining the existing envelope of the building with some redesign inside the building with main exhibition space with archive, small meeting room and kitchen.

Option 2 – Small extension to provide a porch entrance with similar facilities as in Option 1, but slightly smaller main exhibition space and slightly larger archive and meeting room.

Community Space

The exhibition space itself and the meeting room can be let out for a variety of purposes and uses which will generate a modest level of income to help pay for some of the running costs of the building. It is assumed that the venue could be used for the occasional wedding, meetings, presentations, weekly activities, social events etc, but with limited capacity, and also recognising that Strontian has other facilities and therefore the use of additional community space will be limited and complementary.

The space would host an unmanned exhibition during the daytime which would operate on a suggested donations basis for visiting the exhibition and also for accessing self-service hot drinks and snacks. A reasonable amount of donation income is projected for this source of income, but also recognising that not all visitors will contribute.

A further source of revenue would be from a book vending machine on the site which we are assuming might sell around 250 books at a retail price of £10 each and a cost price of £5.

A modest income can also be earned from the installation of solar panels which would help reduce the electricity costs for the building and earn a small amount of revenue from the building.

An illustration of the sort of income that the community space might generate is shown below:

Community Space - Illustration of income				
OPTION 1	OCCURRENCE	INCOME	INCOME	TOTAL
Event	Annually	CATEGORY	PER EVENT	CONTRIBUTION
Weddings	1	Location fee	280	280
Small meetings (weekly)	52	Rent	10	520
Church services (weekly)	52	Rent	20	1,040
Social activity/events	8	Rent	50	400
Book vending machine (£10 per book less £5 cost of sale x 250 sales)	250	Sales	5	1,250
Solar panel income		Sales		300
Tea & coffee donation (say £1,500 @ £1 each, less £500 costs)		Donation		1,000
Exhibition donations (say 10 people daily @ suggested donation of £3 each)		Donation		4,680
Total community space income				9,470
OPTION 2	OCCURRENCE	INCOME	INCOME	TOTAL
Event	Annually	CATEGORY	PER EVENT	CONTRIBUTION
Weddings	1	Location fee	280	280
Small meetings (weekly)	104	Rent	12	1,248
Church services (weekly)	52	Rent	20	1,040
Social activity/events	8	Rent	50	400
Book vending machine (£10 per book less £5 cost of sale x 250 sales)	250	Sales	5	1,250
Solar panel income		Sales		300
Tea & coffee donation (say £1,500 @ £1 each, less £500 costs)		Donation		1,000
Exhibition donations (say 10 people daily @ suggested donation of £3 each)		Donation		4,680
Total community space income				10,198

Financial Summary

Summary financial projections have been prepared for the overall project and shows the scenarios being considered.

Building operating costs

An estimate of building operating costs is included in the projects to ensure that the building can be maintained to a good level of upkeep.

Initially the repairs costs may be lower, but it would be prudent to set aside a reasonable level of funds to ensure that there is provision for future maintenance when required.

Strontian Church		
Financial illustration		
	Option 1	Option 2
Community space income	9,470	10,198
Net income	9,470	10,198
Building expenditure		
Maintenance	1,500	1,500
Insurance	500	500
Heat & light	4,000	4,000
Management	780	780
General	500	500
	7,280	7,280
Net income/(deficit)	2,190	2,918
Capital costs:		
Church valuation	30,000	30,000
Community space development	331,200	372,600
Solar panels	8,400	8,400
Book vending machine	2,400	2,400
	372,000	413,400

Both scenarios show a small surplus being generated annually. This surplus could be reinvested into the maintenance of the building in the longer term or used to develop the exhibition aspect of the project which is presently assumed to be delivered via volunteer effort.

The overall income levels and surplus generated are reasonably low and would not be sufficient to support significant loan funding towards the project. For example, an annual surplus of £2,190 would only be sufficient to support loan repayments on a £21,800 loan over 20 years with an interest rate of 8%, therefore the project will require grants and fundraising to support the delivery of the capital project.

VAT

The VAT position could be complicated due to the mixed charitable and business income generated. There is an option of treating the rental income as investment income as well as having the charitable donations resulting in mixed use of the building which could be treated as Exempt or Business Standard Rated from rental with the donations being outside the scope of VAT. For the purposes of these illustrations, it has been simplified to assume that no VAT registration takes place in which case the 20% building costs must be met in full. If the project is registered for VAT, then the VAT consequences are that only a proportion of the input VAT build costs are likely to be recovered (the business element), with output VAT being charged to building users which will increase the rental costs or reduce the overall income levels generated.

The simplest approach is to have grant income to cover the VAT element of the build costs which will then not result in the future loss of revenue on the output VAT costs on rental income and will eliminate the administrative costs of handling VAT and the partial exemption VAT calculations.

Further detailed work will be required at a later stage should the group wish to consider some VAT recovery, and it may be useful to engage with a VAT specialist to consider the VAT position of the building to establish an accurate position before entering into a build project.

8. Funding Opportunities

SCC will need to draw together a complete funding package that will cover the capital costs of the renovation of the building, potential extension, and preparation and fitting out of interpretation and associated equipment.

Funding opportunities are likely to become more challenging in future years as post-Covid austerity reduces funds available and the impact of current inflationary pressures creates challenges in keeping building costs down. If there are other worthy projects from the area in future years funders may choose to prioritise the one (or ones) they consider provide best value for money.

The following are a number of key funders to which SCC could apply:

1. [Scottish Land Fund](#). The fund has £10m/yr for community purchases of land and other assets, which is due to rise to £20m over the lifetime of the current parliament. It can give up to 95% grant on capital and revenue costs. SE has already received Stage 1 funding towards the feasibility study and can apply for Stage 2 funding towards the purchase price and associated legal costs. If SCC is able to secure a discount on the sale price of the property to be purchased this can be credited as a community contribution and SLF could fund 100% of remaining costs.
2. [Historic Environment Scotland](#). The grant programme of HES can give up to 40% funding to community projects. It has six priorities, including “Enhance communities’ use of the historic environment in placemaking”. HES seeks initial Expressions of Interest which it aims to respond to within 10 working days. The success rate in 2021-22 of applicants was 51%⁵.
3. [The National Lottery Communities Fund/National Lottery Heritage Fund](#). These funds has a range of different streams which support community-led projects.
4. [Highlands & Islands Enterprise](#). HIE’s resources have been reduced in recent years but the organisation is still able to contribute significantly to community-led projects. HIE would most likely play a smaller role in funding and make any contribution once an overall funding package becomes clearer, following contributions from principal funders.
5. [Highland Coastal Communities Fund](#). Highland Council administers this funding which comes through the Scottish Government distributing 50% of annual profits generated by the Crown Estate. In 2021/22 the allocation for Lochaber (including the Small Isles) was £562,032⁶. The average award level was £34,758 and of the 94 projects funded across the Highland Council area 42 were for “Community Facilities/Infrastructure”. Grant awards for individual projects are expected to be in the range of £5-100,000. The Ardgour Community Council received £10,935 towards improving and extending paths while the Ardnamurchan Lighthouse Trust received £73,650 to improve visitor facilities.
6. [Private Grant-making Trusts](#). There are a number of private trusts that support heritage projects and community facilities. Their support levels will be lower than the main funders but could be crucial in completing a package of funding. Some also ask that groups do not apply to them until they have received offers of at least a significant part of the total funding

⁵ [How Our Funding Works | Historic Environment Scotland | History](#)

⁶ [Highland Coastal Communities Fund | Highland Coastal Communities Fund 2021/22 Review](#)

package. Therefore, applications to these funders can only be submitted once some of the main funders have made their offers. Key trusts to which SCC could apply include:

- a. Garfield Weston Foundation
- b. Hugh Fraser Foundation
- c. Robertson Trust
- d. Esme Fairbairn Foundation