Lochmaddy Hospital Site:
Stage 1 Feasibility Study
June 2015
Lochmaddy Hospital Site, Stage 1 Feasibility Study

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The Lochmaddy Hospital was a focal point for life in North Uist, providing care and employment for many people over the years. It closed in 2001.

The Lochmaddy Primary School is an equally important focal point, providing education, employment and a meeting place for people. It will close in 2016.

This Report examines the potential for a community-led project which aims to bring both of these sites into new use, to the benefit of local people.

North Uist has experienced relentless population decline since the 1820s. This trend continues, contrary to the growth of population in the wider Western Isles and Scotland. The average age in the Western Isles is 46, five years above the Scottish average of 41. Income per capita is 65% of the UK average. North Uist has the lowest percentage of social rented housing in the Western Isles.

In this context, the potential significance of the project can be easily understood. Lochmaddy and North Uist need investment in housing, employment opportunities and enhanced social facilities to halt decline and create the conditions for a more stable and prosperous future.

This Stage 1 Feasibility Study provides a preliminary appraisal of potential new uses for the Hospital and School. There is interest from UHI/Lews Castle College in expanding Arts courses, which operate at capacity in Taigh Chearsabhagh. Sabhal Mòr Ostaig is interested in running Gaelic language summer schools. These uses could anchor an exciting and potentially transformative project which delivers a range of direct and indirect benefits for Lochmaddy and North Uist.

The potential new uses which have been identified include:
- teaching space for college courses in the Primary School building;
- student accommodation and supported housing in the former Hospital building;
- a new community facilities building with a small pool, gym, soft play, laundry facilities etc;
- workshops and business units for local enterprise;
- a small affordable housing development;
- visitor accommodation ‘pods’ and a campervan/camping area.

To succeed, the project will need wide support within the community and firm commitment from a number of key partners. It will also depend upon the community taking control of the two sites, obtaining the necessary funds, effectively managing the construction works and operating the facilities and sites efficiently.

This Stage 1 Feasibility Study concludes that the project can be viable, subject to more detailed assessment which is proposed through a Stage 2 Feasibility Study.
1. Introduction

1.1 The Lochmaddy Hospital closed in 2001 with the loss of 30 jobs. The building has remained unoccupied and boarded up since that date. The property was sold by Western Isles Health Board in 2008 to its current owners, London and Shetland Securities Ltd (LSSL). More recently, CNES has restructured primary education provision and the Lochmaddy school will close in 2016.

1.2 In November 2013, North Uist Development Company hosted a meeting involving HIE, UHI, Sabhal Mòr Ostaig (SMO), Hebridean Housing Partnership (HHP) and CNES, where the possibility of reusing these sites and buildings was explored. Lewis Castle College/UHI expressed an interest in increasing the scale of their Arts courses which are operated from Taigh Chearsabhagh (TC) in Lochmaddy. The current capacity of 25 student places might be expanded to around 50 to 60 across the 4 years of the degree. SMO expressed interest in running summer school language courses.

1.3 Following a 2014 community consultation into potential uses for the former Lochmaddy Hospital buildings and site, the Lochmaddy Hospital Redevelopment Steering Group (LHRSG) was established. The objectives of the group are to consult with, inform, represent the interests of, and feedback to the whole of the North Uist community with regard to the Hospital site. It is tasked with undertaking discussions with agencies, public bodies and landowners to explore and take forward potential future uses of the Hospital site, for the benefit of the local community. As part of this process the LHRSG have commissioned this Stage 1 Feasibility Study with financial assistance from the BIG Lottery Investing In Ideas Fund. Subject to the findings of the Stage 1 study, LHRSG intend to undertake a more detailed Stage 2 Feasibility Study in due course.

1.4 This Study has considered opportunities for various uses which have been identified through previous and new community and stakeholder engagement. These include:

- Accommodation for students;
- Teaching space at Lochmaddy Primary School;
- Affordable housing;
- A care home or supported housing;
- Community leisure such as a swimming pool, gym, play facilities;
- Community garden/allotments;
- Campervan/Campsite and associated facilities;
- Renewable energy generation;
- Business and workshop units;

1.5 The Study assesses the potential for two main options for the Hospital buildings: substantial renovation and substantial demolition.

2. Methodology

2.1 The Feasibility Study brings together four important areas of work:

- community and stakeholder engagement
- assessment of options for substantial building renovation or substantial demolition
- consideration of potential new uses for the buildings and site
- consideration of financial viability of the redevelopment of the site

2.2 This Report addresses these work areas in detail. The community and stakeholder engagement work has been central to the whole Study, directly shaping the development proposals for the site and the business plan.

2.3 The Brief for the Feasibility Study required the following outputs:

- An Options Appraisal to consider the relative merits of substantial renovation versus substantial demolition, including a recommendation;
- Identification of any ‘show stoppers’ – insurmountable obstacles which would prevent the achievement of a successful project;
- A consideration of the vendor’s intentions with regard to a sale;
- A ‘due diligence’ engineering desktop report for the site, to inform the outline design and cost plan;
- Assessment of the site topography;
- A review of highways and planning considerations;
- A robust consultation to evidence community and stakeholder support for proposed development on the site, leading on from previous work;
- Outline economic, social and environmental appraisal of previously identified potential uses of the building/appraisal for running a community-owned project of this type;
- Attendance at a community open meeting to present the results of the study.

2.4 The Urban Animation team commenced work on the project in March 2015, working to a programme for completion of the Feasibility Study by the first week of June 2015.

2.5 This Report includes the required outputs with the exception of clarification of the vendor’s intentions, which it was agreed would be best handled by LHRSG, since there is ongoing dialogue. A detailed Options Appraisal, Risk Assessment, desktop Engineering Report and Skills Audit are attached as appendices and summarised in this Report.
3. Community And Stakeholder Engagement

3.1 Community and stakeholder consultation and engagement have been an integral part of the project development. The report findings have been shaped heavily by these consultations. The summary below highlights a small number of consistent messages fed back through this process both on community needs/priorities and on concerns regarding the development of the site and the potential impacts of the proposals.

3.2 The results from an earlier consultation undertaken by the North Uist Development Company, prior to the establishment of the Steering Group, provided a starting point for both the consultation and the project development. A summary of each element of the consultation which has shaped the development of the project is provided below:

3.3 Early Community Consultations 2012/2013

Community meetings regarding the potential redevelopment of the site were held from April 2012 onwards in Lochmaddy, Carinish and Sollas. These identified a high level of interest in exploring new community-led uses for the site. Numerous, diverse ideas were put forward including launderette, cinema, renewable energy, community woodland, observatory and a brewery. The top ten ideas by popularity were:

- Housing/ Student Accommodation;
- Sports/ Outdoor Facilities;
- Supermarket/ Shop/ Takeaway;
- Community or School Garden Project/ Allotments/ Farm;
- Indoor Soft Play/ Playground;
- Commercial/ Office Services/ Manufacturing;
- Cinema/ Bowling;
- Tourism Facility/ Camping/ Caravanning;
- Marine/ Fishing Services;
- Nursery/ Childcare;
- Hair/ Beauty Services.

3.4 Community Stakeholder Telephone Interviews 2015

In April and May 2015, telephone interviews were held with 25 stakeholders representing a wide range of community organisations, steering group members, elected representatives and public sector partners with a specific interest in the project. These interviews explored priorities for the area and the site, identified issues or concerns and gathered thoughts about the design of any future development. There was also an opportunity to discuss other developments taking place in the wider community and opportunities for synergy or potential duplication. The feedback from the interviews was used in designing wider community consultation and is summarised below.
3.5 Priorities

- Something (anything) to safeguard the site, which has a real place in the heart of local people: most were born there and latterly many older people went there at the end of their life as it provided geriatric care. There is huge concern that it has been vacant and decaying for the 14 years and it has been a regular topic at community council meetings.

- The most frequently suggested solution is to combine student accommodation in the hospital with college teaching space in Lochmaddy Primary School as it becomes vacant. The arts course is a real driver for economic development in the area and needs to expand to become viable. It is constrained by lack of accommodation and teaching space.

- Small business units for creative industries; these could be studios for course graduates.

- Affordable housing to rent for older people downsizing and younger people starting out. Also affordable plots/starter homes for first time buyers. There is a genuine shortage of smaller rental homes, identified by both the community and the public sector as an issue.

- Campsite or hard standing for campervans. There is no similar facility in the area and many already park up overnight at the ferry terminal with no benefit to the local community. The closest facilities are in Carinish and at Balranald.

- Some form of attractive trail linking TC to school and hospital. Sculpture trail or similar?

- Leisure facilities for the community, which could be used by students and residents of rented housing on site, as well as locals. Something that will draw the community in.

- Some form of play area for children, a bike track or similar suggested (there may be scope to work with a local group which is promoting improved play facilities).

- Renewable energy either for the building or to provide income.

- Wide agreement that the site needs to offer something for local people not just students.

3.6 Design of space

- Few distinct ideas but most would like a welcoming site where people feel able to come.

- The access to the site was most frequently mentioned as a loop. The bus already comes this way but some form of bus stop would be needed, or a turning point within the site.

- The stone façade and slate is valued and should be retained or at least re-used. Retention of the main building is seen as being most important. Less value placed on other buildings or extensions to main building.

- There is a need for minimal maintenance both in terms of building materials (no wood) and landscaping. Need to keep revenue and maintenance costs to an absolute minimum.

- Many commented on the open nature of the landscape and weather impacts. Nothing too high or too ‘out of keeping’ should be built. Any solution must live within its landscape and the views from site are appreciated so these should be considered in design.

- Buildings should be clustered but campsite etc. could be off to one side. Need to take account of weather for people moving between buildings. If weather is terrible (driving rain) people won’t leave accommodation to go to leisure facilities for example.

3.7 Site/ Project Based Concerns

- Main concern for many is that the project has already taken too long to gain any traction. It has been talked about forever. Some find it hard to believe (at the time of telephone interviews) that it is now beginning to make headway.

- Some in the community feel there has been a lack of transparency in the project. Who is leading, what is happening? Is there the capacity, commitment or skills to deliver it?

- Which organisation will lead on delivering the project. Who will own the site/develop the buildings. Will there be various leases with different parties? What is role of UHI, HHP, TC, NUDC, CnES? Needs to be clarified to identify the business model for financial viability.

- Concerns about the role of LCC and reliance on LCC for delivering a sustainable solution. Their participation in and commitment to the project is paramount moving forward.

- What facilities would students want/need – canteen etc? How viable would this be? Concerns more widely about the financial viability and a desire to see market information. Would 60 students really want to come to Lochmaddy?

- The cost of renovating an old building will be high: would this mean demolition would be the way forward. If so, is this the right site for development – easier sites exist?

- Issues raised about waste water treatment and water supply capacity. Apparently Scottish Water have indicated issues with this for other developments in Lochmaddy.

- Any impact from nature designations around site and its freshwater loch?

- Need to make sure that the project is written into Council development and housing plans in order to ensure that it releases funding.

- Is a direct path from hospital site to school possible? Need to engage land owners/ crofting tenants at the earliest opportunity.
3.8 Other Opportunities/ Issues

- LCC also working with Ceolas in South Uist to develop a music teaching centre for 70-80 students in South Uist. LCC see no conflict but it may mean competition for resources.

- CnES are leading on an archaeology centre project for Udal in NW North Uist. They are being gifted a range of artefacts from the area and aim to develop a centre to house them and to undertake research. They may seek to have an element of researcher accommodation.

- The community is busy with other projects which may impact upon capacity and resources: Grimsay has purchased an old church for conversion into a multifunctional facility, Berneray is part of a potential Bays of Harris community buy out and the west side community is looking to buy a local inn and to run it in the community interest.

- Whilst everyone consulted is engaged with the project and typically supports it, different people hold different information about the range of options for site use. Views expressed above were based on individual understanding which varied considerably. There is a need now to identify realistic options for the site to secure a firm basis for moving forward.

3.9 Community Drop In Sessions

To further explore priorities and site design a series of drop in sessions at venues around Lochmaddy were held on the 21st and 22nd of April 2015. Boards, panels and an interactive map were used to gather feedback from participants. Between 50 and 60 members of the community attended with the majority spending at least 30 minutes giving feedback.

A summary of the results from the panels exploring priorities and issues is provided in Appendix 1. Feedback from the site design and layout exercises is not summarised here but has fed directly into the design of the proposal. This confirmed the following:

Priorities
- Development of school as additional teaching space for Arts/ Gaelic courses.
- Student accommodation
- Care home for the elderly (affordable)
- Private sector units for lease to small businesses e.g. artist/craft makers (also with a café)
- Affordable social housing for rent
- Community leisure facilities e.g. gym
- Swimming pool

Issues/ Concerns
- Delays in securing the site and developing the project might force UHI to go elsewhere.
- What will be the benefits to local community if it is just about student accommodation?
- Is there adequate demand for what is being proposed?
- Can the community raise sufficient funds?

3.10 Open Meeting

A further open community meeting was held on the evening of Tuesday May 19th 2015 at Carinish Village Hall to present the findings to date and preliminary development proposals (see Appendix 2). There was also discussion of possible operational models and priorities for different facilities which could be placed on the site. This meeting was attended by approximately 25 people. The feedback from this meeting fed directly into the development of the proposed Stage 1 site design and business case. The main points raised were:

- People like the idea that the old hospital building could be retained. Open access to the shore side of the building is also supported as this has always been discounted in the past.

- Mixed feelings about the site being so multi-use due to potential conflicts, although recognition that this will help financial viability and draw more people onto the site.

- Some concerns over displacement of trade; close working relationship with TC essential.

- The management of the site will be important and there was a range of views about the levels of staffing required. It was suggested that the housing for older people may have to be more heavily supported which will require greater staffing and a different business model. This will need to be explored in detail in the Stage 2 Feasibility Study.

- Campervan area only suits short stays. Would location result in nuisance/visual impact?

- Will housing for older people work alongside student accommodation? Concerns about noise and disturbance from students but also from the public accessing other facilities. Will residents feel encroached upon? Disabled access for students and others essential?

- Need to avoid wind tunnels between buildings.

- Need a bike shed.

- Need to ensure adequate security especially if site isn’t to be manned 24/7. Double entrance doors etc. Need to learn lessons from Stornoway experience.

- The site needs to be better connected to the rest of the village and also marina.

- Concern about trying to recreate a village centre – this already exists.

- Amphitheatre for outside events (grassy bank)? Better use of freshwater loch?

3.11 It was also noted that communication about the site and the project is going to be very important moving forward so that the community feels in control of the project and about what it will deliver for the community as a whole.
4. Project Options And Proposal

4.1 The community consultation process identified a clear desire amongst local people to see the main Hospital building retained and refurbished. The cultural and historical significance of the site and building are central to this desire. Most local people do not favour demolition of the main Hospital building, as this would greatly diminish the value of the project to the community. Without the Hospital building, the project might just as well take place on any site in Lochmaddy.

4.2 Our Stage 1 assessment of the main Hospital building indicates that the main structure - the stone outer walls - is in reasonably sound condition. There is damage to the roof in a number of places. As a result, water penetration has caused significant internal degradation. Some floors, wall facings and ceilings are in ruinous condition, whilst other parts of the interior are relatively well preserved. In view of these failings and the clear evidence of damp and rot, we envisage that the roof and internal structure will need to be removed completely.

4.3 Given the significance of the building to the local community, and its fundamental importance to a community-led project for the site, we propose that the outer walls of the building should be retained and the building fully refitted and reroofed. This solution applies to both options: substantial renovation and substantial demolition.

4.4 The more recent extensions to the main Hospital building are in poor condition and are not of significant architectural quality. Some parts of these buildings contain spaces and rooms which have potential for reuse but the overall layout does not lend itself to convenient conversion or flexible new use. There are visible signs of damp and rot. Refurbishment is likely to be more expensive than demolition and replacement. As a result, we propose demolition of these extensions.

4.5 The other existing buildings are generally regarded by the community as having less importance than the main Hospital building. Even the former maternity block, where many local people were born, is not held in the same high regard. This building is of limited architectural value and in relatively poor condition. It may be possible to refurbish it but it is likely that the cost would outweigh its value. A new building of similar size and form could be constructed at the same location.

4.6 The primary school building appears to be in good condition, which is to be expected given its ongoing use. The building has been designed for educational use. It would be relatively easy and cost effective to alter it for Art courses and other teaching use.

4.7 Our assessment of the buildings is summarised in the following table:
4.8 In view of the limited significance and value of many of the existing buildings other than the main Hospital building, we find there very little benefit in pursuing the option of substantial renovation. In fact, many of the buildings are of low value or significance and their restoration would be unnecessarily expensive in comparison with new build. As a result, we recommend pursuing the option of significant demolition, with the main building to be refurbished.

4.9 We propose that the Stage 2 Feasibility Study should examine in detail the restoration and reuse of the following buildings and structures:

- the main Hospital building;
- the former laundry building (original stone building only);
- the former coal storage bays;
- the stone out building at one time used as a mortuary.

4.10 We propose that the following buildings and structures should be demolished:

- the modern extensions to the main Hospital building;
- the external stairwells and concrete ramp at the main Hospital building;
- the former maternity block;
- the plant building and other modern extensions to the former laundry building;
- the oil tank structures at the former maternity and laundry buildings;
- the drainage plant building at the north of the site;
- services, underground heating pipework and drainage;
- various walls, concrete hardstandings and ramps;

4.11 This leaves a site cleared of a number of redundant buildings and structures but retaining its most significant built features. The historical development of the site has made good use of the topography, views and natural features. As a result, the remaining buildings offer good opportunities to create a development which integrates old and new buildings in a layout which maximises the benefits of the site characteristics and setting.

4.12 The list of potential uses suggested for the buildings and site mixes a number of functions related to residential, employment and visitor functions. It is important that the balance and mix of these uses is arranged carefully, to avoid operational difficulties with access and servicing, protect privacy where appropriate and avoid nuisance. However, a mix of uses offers advantages in creating an interesting place where various activities occur at different times of day, with new facilities supported by a range of users.
4.13 We propose that the project should capitalise on three key factors to create a development uniquely suited to its location and function:

FACTOR 1: Fully integrate the retained buildings with new buildings;
FACTOR 2: Maximise the benefits of the topography, landscape setting and microclimate;
FACTOR 3: Arrange new uses to create a vibrant, active place which can be used by all.

4.14 Our preliminary proposal groups buildings around an attractive landscaped courtyard, fronted by a number of active uses. The arrangement of buildings and higher ground will provide shelter from prevailing wind and create comfortable areas for social activity. Buildings will be set neatly into the landscape and views to the sea, freshwater loch and surrounding landscape will be maximised. This approach, along with the concept of mixed use development, has been discussed in broad terms with the Council’s Planning Officers, a number of whom attended the community engagement sessions. In principle, it is anticipated that the proposals can meet Planning requirements and aspirations for the site.

4.15 The preliminary proposal suggests flexible buildings to accommodate the following uses (subject to further assessment through the Stage 2 Feasibility Study):

- a landscaped courtyard providing an attractive public space;
- 9 student/staff apartments and one caretaker flat in the main hospital building;
- 3 supported housing units in the main hospital building;
- 3 affordable houses using the former laundry and new build;
- a facilities building with a small swimming pool, gym, showers, laundry, soft play etc;
- 5 business units and workshops in a new building and the former coal store;
- 5 ‘glamping’ pods in new and refurbished buildings;
- a small serviced campervan and camping area for short stays.

The primary school building would be renovated for use as teaching space.

4.16 **Courtyard**: An attractive, enclosed and sheltered space acting as an arrival point and a focus for the development as a whole. New buildings would be carefully placed to supplement the existing buildings and create a sheltered, semi-protected green space with soft landscaping, paved areas and limited vehicular access/parking (which should primarily be located to the north of the site). A mix of uses would open onto the space - community leisure, residential, workshops and businesses - creating activity and social interaction throughout the day. The courtyard will bring together residents, local people and visitors, mixing living, working and leisure.

4.17 **Student/Staff Accommodation**: The student/staff accommodation in the main Hospital building would consist of apartments with their own facilities. The mix of unit sizes requires confirmation. At this stage we have assumed 10 one and two bed units but some 3 or 4 bed units with shared kitchen/bathroom facilities may also be appropriate.
4.18 **Supported Housing Units**: The supported housing would provide 3 units in the main Hospital building, with design features specifically suited for use by elderly or disabled people. It will be important to ensure that privacy and amenity is carefully managed but these units should ideally be integrated into the development, rather than partitioned off to a separate part of the site.

4.19 **Affordable Housing**: The 3 affordable homes would incorporate the former laundry building and would be located on the slope at the west side of the courtyard.

4.20 **Facilities Building**: At this stage, the planned facilities building includes a small swimming pool, gym, showers and changing facilities, laundry and soft play area. However, further assessment of the viability of these uses is required in the Stage 2 Feasibility Study - particularly the swimming pool.

4.21 **Business Units and Workshops**: The former maternity block would be replaced by a new workshop building for art and craft or other businesses, also containing a site office for management of the accommodation, campervan site and other buildings. The former coal store could be converted to provide a larger work place or storage space. It may also have potential for tourist accommodation or a renewable energy hub for the site.

4.22 **Glamping Pods**: These purpose designed visitor accommodation pods would be new build units and a renovation of the stone building once used as a mortuary. They would contain sleeping accommodation for two people with cooking and bathroom facilities. There is a building which was formerly used as a piggery outside the site boundary, to the north, which is understood to be in the ownership of North Uist Estate. This building does not appear to have been in use for some time. It appears isolated at present but may have potential an additional pod as part of the project (subject to flood levels), if the Estate is willing to transfer its ownership.

4.23 **Campervan And Camping Area**: This facility could provide a much needed serviced site for visitors using the Lochmaddy ferry service. It would be suitable for short stays and would provide a small number of campervan hook ups and tent sites.

4.24 **Access**: Preliminary discussions with the Council’s Roads Department indicates that the road within the site need not be upgraded to adoptable standard. Discussion with Council Planners has confirmed this is likely to be acceptable in principle. LHRSG should consider whether adoption would be beneficial in terms of maintenance and winter gritting etc. Either way, there will be a need for improvements which are likely to include raising the surface of the site access road where it meets the adoptable road and widening the first 15 metres to enable vehicles to pass safely. Increased radii will be required to enable larger vehicles to access the site safely and additional passing places provided. Pedestrian safety will also need to be considered.

4.25 **Other Development Potential**: There is land at the entrance to the site which may be suitable for further development. This might suit additional student and staff accommodation or affordable homes. It also has potential for commercial or community uses. Buildings here would help to integrate the development into the Lochmaddy settlement. There may be potential to find new uses for the freshwater loch on the site, although care will need to be taken to avoid disturbance of any protected species such as otters and the Council may restrict particular activities which require new structures at the lochside. In the longer term, the north western part of the site may have additional development potential. This area may be suitable for community food production or allotments.

4.26 **Renewable Energy**: The availability of locally sourced renewable energy to serve the development and create a revenue stream could have a very positive financial impact. There is on site potential for solar, ground source or marine/loch source energy. Micro wind generation may have some potential but small turbines, perhaps located on adjacent land, could make a more significant contribution to viability. This requires detailed study and can be considered further in conjunction with the Stage 2 Feasibility Study.

4.27 **Matters Requiring Further Assessment**: There are a number of technical matters relating to the site and buildings which will require further investigation through the Stage 2 Feasibility Study. These include:

- Detailed condition and structural survey of buildings proposed for refurbishment;
- Assessment of asbestos removal risk in demolition and refurbishment;
- Drainage design to meet SEPA and Scottish Water requirements;
- Further consideration of potential impacts on protected species such as otters;
- Assessment of ground contamination at particular areas of the site (oils tanks etc);
- More detailed topographic survey work and assessment of coastal flood risk level;
- Assessment of ground conditions.

4.28 **Detailed Design**: It should be noted that the final design and layout of the development will be the subject of further discussion with public agencies, the Council and the local community, should the project proceed.

4.29 **Building Condition**: The buildings are in generally poor condition and pose a risk to safety either from falling debris or unsecured access to some of the interiors. LHRSG may wish to raise this issue with the building owners. In view of the continuing deterioration of the main building in particular, LHRSG may also wish to suggest that the owners should undertake selective temporary repairs to roofs and eaves.
glamping pods
workshops or other use
affordable housing
facilities building
courtyard
 supported housing
student apartments
workshops/office
campervans/tents
future development phase
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5. APPRAISAL AND RISK SUMMARY

CONTEXT

5.1 A development of the type proposed must be seen in the wider social and economic context found in North Uist, and should be measured in response to that context. North Uist has challenges common to sparsely-populated areas that are distant from larger economies and markets, in particular demographics; employment; housing; and poverty, particularly fuel poverty.

5.2 North Uist has been experiencing a declining and ageing population over the last 110 years. This ongoing decline, even in the last 10 years, should be seen in the context of a 5.7% increase in the Scottish population between 2001 and 2011 and a growth of the Outer Hebrides’ population overall by 4.5%. The Outer Hebrides population also has a higher percentage of individuals in older age groups and less in younger age groups. In 2013 the average age of Outer Hebrides residents was five years older than in Scotland (46 to 41 years).

5.3 The Council predicts that the reduction in population and increase in age profile will continue unless there are significant efforts to change the economy of the Islands. Without an increase in in-migration in the 25-45 age groups, the age profile will continue to shift towards the 65+ aged group, with the majority of the population already over 50.

5.4 70% of North Uist’s working-age population of 1,235 is economically active. 37% is full-time employed; 15% is part-time employed; and 13% is self-employed. Fully one-fifth (22%) of economic activity is in public sector-funded health and social care. The next most important are agriculture and fishing (11%), construction (11%), wholesale and retail (9%) and education (9%). Accommodation and food services is linked to just 7% of jobs.

5.5 Income per capita is just 65% of the UK average. Economic issues even for those earning a wage are exacerbated by the lower levels of earnings and high costs of living within a remote and rural setting. For the Outer Hebrides the gross average weekly pay reduced by 10% over the years 2009-2011, but in Scotland and the UK it rose by 4%.

5.6 This puts in context local community fears of displacement, or of erosion of an economic base. While tourism provides 7% of jobs, for those 7% it is a mainstay of household income in a relatively low-pay area where alternatives are hard to find.

5.7 In 2011, of the 791 households in North Uist, 602 (76%) were owned. Of those owned, 415 (52.5%) were owned outright, while 187 (23.6%) were owned with a mortgage or loan. North Uist had the highest percentage of houses which were owned in all island areas.

5.8 In the rented sector, 117 (15%) were social rented, while 58 (7%) were private rented. 14 households (2%) were living rent free. North Uist had the lowest percentage of social rented houses in all island areas.

5.9 The average household size in North Uist was 2.05 in comparison to 2.17 in the Outer Hebrides. It is worth noting that In North Uist one person households were the largest household type at 40.8%, with two-person households at 29.3%. This compares to a Scottish average of 37% and 28%, and is directly related to the ageing population of North Uist, with half of single-person households being people over 65 living alone.

5.10 This data shows the difficulties of accessing social housing in North Uist. Whatever the price of housing, lack of a secure employment will put it beyond the reach of many; and there is little rented alternative, despite the efforts of the Hebridean Housing Partnership. It also demonstrates a growing population of people over 65 living alone; and who, over the next 10-20 years, may become increasingly vulnerable and in need of additional support to maintain independence.

5.11 According to the Citizen’s Advice Bureau, in 2009, homelessness in the Outer Hebrides is often hidden as those who are homeless do not tend to sleep rough. Many of the homeless are accommodated in B&B’s and temporary accommodation which is often unsuitable. Younger people are known to be very mobile when homeless, using friend’s sofas for a few days at a time. In 2010/11 203 people reported as homeless in the Outer Hebrides. Of this number, a third (33%) was aged 16-24 and 62% of them were female. Overall single males made up the largest proportion of those presenting as homeless (40%) and single females were the second largest group (28%). Adults with children make up 24% of the homelessness figures in 2010/11.

5.12 The Citizen’s Advice Bureau also stated: “the Scottish Index of Multiple Deprivation 2009 data on rural areas shows the Outer Hebrides as one of the most deprived rural areas in Scotland. A further study ‘Relative Poverty across Scottish Local Authorities’ shows that the Outer Hebrides demonstrates considerable deprivation compared to all areas of Scotland, including urban areas, with the Outer Hebrides with the second lowest mean equivalised household income for all Local Authority areas in Scotland in 2007-08 (£21,600 compared to an average £24,100) and in 2005-08 having the highest rate of relative poverty in Scotland (25% compared to an average of 19%).

5.13 Low income, higher cost of living (particularly cost of food and fuel), low employment opportunities and inaccessibility are the main challenges that contribute to this ranking. In the Outer Hebrides food is 15% more expensive and fuel is 12% more expensive compared to Scotland as a whole.
5.14 The Outer Hebrides has the highest levels of fuel poverty in Scotland (58% of households are fuel poor, including 86% of pensioner households). In addition:

- a culture of independence and self-reliance is more highly valued in rural areas, making it more likely needs remain unmet or unknown
- poverty is often ‘hidden’ in rural areas, where individual households tend to be affected rather than communities or areas experiencing deprivation (as in more urban areas).
- the gender pay gap is more evident in rural areas where part-time work tends to be low paid and below the skill level of workers”.

5.15 If the desire to alleviate poverty and strengthen the economy was not a clear finding from the consultation process, the cultural issues highlighted above perhaps explain why.

5.16 In this context, the potential significance of the project can be easily understood. Lochmaddy and North Uist need investment in housing, improved employment opportunities and enhanced social facilities to halt decline and create the conditions for a more stable and prosperous future.

**POTENTIAL COMMUNITY BENEFITS**

5.17 Whilst redevelopment of the Lochmaddy Hospital site cannot hope in itself to answer all of the issues on depopulation, a marginal and relatively low-paid economy, homelessness, and fuel poverty, the LHRSG’s ambitions are that it contributes positively to as many aspects as possible.

5.18 The Lochmaddy Hospital site redevelopment is intended to achieve a number of benefits for the community, and to meet specific objectives. These have been identified from the consultation process with the NUDC, the LHRSG, with key stakeholders, and the community, as:

- **Direct community benefit**: delivery of community identified needs on the site;
- **Indirect community benefit**: activity that adds value to the local economy, measured by estimated GVA, in turn estimated by number of jobs and surpluses generated;
- Lack of displacement of existing activity;
- Resilience: possibility of uses for multiple purposes
- Generation of surpluses;
- Return on investment;
- Fundability.

These are assessed in the supporting Options Appraisal and summarised below.

**OPTIONS APPRAISAL**

5.19 The site overall must provide a mix of community benefit with overall financial sustainability. High returns from uses such as tourist accommodation and teaching space will be required to make the overall business case, helping to support the student/staff accommodation and other uses.

5.20 Supported accommodation provides a good return but only because fixed site management costs are not included. Lease-based activities such as affordable housing and workshops do not generate a significant return, and, unless a strong community benefit case can be made, may not be the best options for the use of site space. The Recreation facilities may actually lose money; the business case for these, and the possibility of partnership delivery, requires detailed investigation in the Stage 2 Feasibility Study. The increased attraction for students, and health benefits in particular for the more vulnerable of the population, need to be better understood.

5.21 In terms of use of the site, although student/staff accommodation has low direct community benefit it has high indirect benefits in terms both of being a key driver for reuse of the site and in generating a significant additional income to the local economy. Supported housing, affordable housing, recreational facilities and workshops are assessed as medium direct benefit; recreational facilities and workshops also have medium indirect benefits. The ultimate decision on these may rest on whether funding is available to assist with the build costs, and how much that funding will cost.

5.22 Overall, the Options Appraisal points to a mix of uses, to balance maximum community benefit from the site with financial sustainability.

5.23 The potential direct and wider benefits of the proposed uses are summarised in the following table:
## DIRECT AND INDIRECT BENEFITS

<table>
<thead>
<tr>
<th></th>
<th>Student Accommodation</th>
<th>Supported Housing</th>
<th>Affordable Housing</th>
<th>Tourist Accommodation</th>
<th>Recreational Facilities</th>
<th>Caravan / Camp / Public use of site</th>
<th>Workshops</th>
<th>Teaching Space @ school</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct community benefit:</strong> delivery of community identified needs</td>
<td>Low</td>
<td>Medium</td>
<td>Medium – High</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Indirect community benefit:</strong> creation of an activity that adds value to the local economy</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium – High</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Risk of displacement of existing activity</strong></td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Potentially High</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Resilience:</strong> possibility of uses for multiple purposes</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>None</td>
<td>Low*</td>
<td>Medium</td>
<td>Low – Medium</td>
</tr>
<tr>
<td><strong>Generation of surpluses</strong></td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Low – Medium</td>
<td>High</td>
</tr>
<tr>
<td><strong>Return on investment</strong></td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td><strong>Fundability</strong></td>
<td>Medium</td>
<td>Low – Medium</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Annual Surplus/(deficit) before funding costs</strong></td>
<td>£2,300 – for 12 units</td>
<td>£4,442 per unit (1)</td>
<td>£1,000 per unit (2)</td>
<td>£3,025 per unit</td>
<td>£(11,500) (3)</td>
<td>£7,200</td>
<td>£825 per unit</td>
<td>£11,000</td>
</tr>
<tr>
<td><strong>Estimated construction costs</strong></td>
<td>£1,444,000 plus £835,000 demolition, access, and infrastructure</td>
<td>Part of overall costs</td>
<td>£288,000 (2)</td>
<td>£25,000 per unit plus refurb</td>
<td>£130,000</td>
<td>£900,000</td>
<td>£30,000</td>
<td>£270,000</td>
</tr>
<tr>
<td><strong>No of direct jobs created</strong></td>
<td>2 FTE</td>
<td>-</td>
<td>-</td>
<td>0.4 FTE</td>
<td>1 FTE</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

(1) Site management costs covered by student accommodation proposal; support costs covered by each resident through other funding
(2) Lease cost only, capital costs to be borne by Housing Association?
(3) Model requires further discussion but at best will be breakeven
FINANCIAL ASSESSMENT

5.24 The overall proposal for the site shows the following mix of uses:

- Main block – 6 one-bed units, 6 two-bed units, 1 housing unit for caretaker. 3 units to be used for supported housing. Student lounge / common room.
- New build – recreation block to include gym, showers, small swimming pool, laundrette, “wet room” for drying outdoor clothing, soft play, storage facility.
- Refurb / new build – 3 affordable housing units (2/3 bed)
- New build - 4 ‘glamping’ pods (+ 1 refurbished building - former mortuary)
- New build – 5 workshops & site office
- School refurbishment – teaching accommodation

5.25 The overall financial position of the site and the school is estimated in the table on the following page, using the assumptions detailed below.

5.26 The financial projections are set out in more detail in a supporting Options Appraisal document which has been produced in support of this Stage 1 Feasibility Study Report.

5.27 Overall, the proposals generate a small surplus for the project – around £27,000 per year. This is driven by essentially breakeven of the main accommodation block (student accommodation and sheltered housing), deficits on the community facilities, a surplus on the teaching space and a profit on the tourist accommodation.

5.28 The detailed business case must seek to improve this position, both to ensure that any financial costs can be met by the project, and to ensure that grant funders are comfortable with proposed surpluses.

5.29 One of the most significant costs after staff costs, is heat and light. Lochmaddy is entirely dependent on mains electricity which is costed at 21pence per unit. Any reduction in this cost – or any increase – will have a significant effect on the viability of this project.

5.30 The position of the site next to the sea and the extent of rebuilding allow for the cost to be maintained at or below this energy usage with low-energy design and insulation. Renewable energy resources, such as solar, wind, or marine energy heat exchanges may reduce this cost. Assessment of these options is beyond the scope of this study.

ASSUMPTIONS

5.31 **Student/Staff Accommodation** : Staff, students, and particularly overseas students meeting the costs of international fees, have clear expectations of accommodation:

- Sleeping, study space, and an en-suite shower room;
- 24/7 wi-fi in each room;
- Shared kitchen or in-room kitchenette
- A shared student facility, such as a lounge or meeting room, for common use;
- Additional storage space for bulky items such as sports equipment;
- Secure parking.

5.32 More widely, students would expect to be able to access laundry services, recreational facilities and community social infrastructure, such as cafes, pubs, music, other creative arts.

5.33 Key assumptions : 9 one-bed en-suite studio apartments (and one caretaker apartment), 3 two-bed en-suite apartments: highly accessible for people with restricted mobility. Academic term, 1-bed at £90 per week (£3,315 per academic year), 2-bed at £160 per week (£5,850 per academic year). 100% occupancy. Summer: short lets, Summer students, £100 per week at 50% occupancy.

5.34 **Supported Housing** : Care or support required by the residents of the long-term supported accommodation would be funded through a social care package or privately funded; the LHRSG or project delivery body would not offer to provide care. Specialist home care providers such as Tagsa Uibhist, a social enterprise, already provide such services. The presence of an existing residential site manager would be an advantage in supporting this type of provision.

5.35 If three 2-bed units were to be let, they would generate around £550 per month before VAT (£460 excl VAT). A working assumption would be 92% occupancy, generating £5,060 per year per unit.

5.36 The provision of 3 units is based on an assumption from information provided during the consultation that demand is unlikely to be significant for this type of unit. Further information would be required to make a full assessment of likely demand.

5.37 The income per unit is slightly less than the assumed income from these units under the student accommodation model. However, expenditure associated with these units would be minimal (annual maintenance, compliance checks) at around £600 per annum per unit.

5.38 **Affordable Housing** : It is assumed that any social housing, whether rented or affordable, would be provided by LHRSG or its successor body in partnership with HHP. Whilst the full funding and partnership model needs to be worked through in a business case, the model commonly used in these cases is joint funding of build costs, through appropriate mechanisms.
The financial projections are based on the uses given in the Options Appraisal summary section, and based on the assumptions in the Detailed Options Appraisal section.

Overall, the proposals generate a small surplus for the project – around £20,000 per year. This is driven by essentially breakeven of the main accommodation block (Student accommodation and sheltered housing); deficits on the community facilities; and a surplus on the teaching accommodation provision.

In addition to the capital costs noted above, professional fees at 15% of build costs, survey costs at £30,000, and any irrecoverable VAT would need to be added.

### FINANCIAL ASSESSMENT

<table>
<thead>
<tr>
<th>Facility</th>
<th>Student accommodation</th>
<th>Supported housing</th>
<th>Affordable housing</th>
<th>Glamping pods</th>
<th>Community facilities &amp; public use of site</th>
<th>Camping/Caravan space</th>
<th>Teaching space</th>
<th>£ Per year Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>32,600</td>
<td>15,125</td>
<td>3,000</td>
<td>22,500</td>
<td>33,000</td>
<td>8,000</td>
<td>4,500</td>
<td>20,000</td>
</tr>
<tr>
<td>Staff costs</td>
<td>24,000</td>
<td></td>
<td></td>
<td>4,000</td>
<td>25,000</td>
<td></td>
<td></td>
<td>2,000</td>
</tr>
<tr>
<td>Cleaning</td>
<td>5,000</td>
<td></td>
<td></td>
<td>1,000</td>
<td>3,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repairs &amp; maintenance</td>
<td>3,000</td>
<td>1,800</td>
<td></td>
<td>2,500</td>
<td>800</td>
<td>375</td>
<td></td>
<td>8,475</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,500</td>
<td></td>
<td></td>
<td>2,500</td>
<td></td>
<td></td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td>Heat and light</td>
<td>11,400</td>
<td>*</td>
<td>*</td>
<td>1,375</td>
<td>9,500</td>
<td>*</td>
<td>7,000</td>
<td>29,275</td>
</tr>
<tr>
<td>Office sundries, marketing, communications</td>
<td>2,000</td>
<td></td>
<td></td>
<td>1,000</td>
<td>2,000</td>
<td></td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td>Total costs</td>
<td>47,900</td>
<td>1,800</td>
<td>0</td>
<td>7,375</td>
<td>44,500</td>
<td>800</td>
<td>375</td>
<td>9,000</td>
</tr>
<tr>
<td>Total surplus (deficit)</td>
<td>(15,300)</td>
<td>13,325</td>
<td>3,000</td>
<td>15,125</td>
<td>(11,500)</td>
<td>7,200</td>
<td>4,125</td>
<td>11,000</td>
</tr>
<tr>
<td>Capital Cost (est)</td>
<td>2,275,000</td>
<td>Included</td>
<td>288,000</td>
<td>130,000</td>
<td>900,000</td>
<td>30,000</td>
<td>270,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

In addition to the capital costs noted above, professional fees at 15% of build costs, survey costs at £30,000, and any irrecoverable VAT would need to be added.

5.39 The local Housing Association (in this case HHP) manage the allocation of housing, tenancy agreements, and its maintenance. The community landowner receives a lease for the land and, depending on the funding, the property.

5.40 This Options Appraisal assumes the minimum-risk, minimum return case which is that the HHP or similar designs, builds, finances, and operates the housing. The LHRSG or its successor body receives only a ground rent (£1,000 per site per annum) for the house sites.

5.41 Visitor Accommodation: There is a clear demand for short stay self-catering accommodation, with significant provision already available locally in self-catering cottages, usually but not exclusively for weekly rent. There is evidence of the demand for this accommodation as Saturday is “change-over day” and ferries on and off the island have to be booked significantly in advance. There is limited self-catering accommodation in bunkhouses (2, with a second planned) and campsites (2) on the island. One entrepreneur has started offering 2 small cabins for ‘glamping’. There are also similar pods on South Uist.

5.42 Anecdotally there is a need for more short-stay, self-catering accommodation, as people tour the islands rather than staying at one location. Provision of this might eat into the market for B&B/hotel accommodation; this would have to be additional infrastructure for additional tourists. There is also, anecdotally, a need for campervan sites. There are only two small sites on North Uist (West Coast) and the number of campervan visitors is growing substantially.

5.43 Tourist accommodation on this site must be aimed at a gap in the current provision, and one that is not being planned to be filled by local entrepreneurs. Tourism provision would have to be funded and run on a purely commercial basis.

5.44 Aside from capital costs, there are some costs to manage and maintain glamping pods. These relate to marketing, laundry, and cleaning costs. There will also be financing costs relating to loans for construction. Based on similar sites in South Uist and aiming at a different and more affluent market than the current provision there, glamping pods are aimed at £40 (low season) to £80 (High season) per pod per night, with an estimated 32 week season and a 60% occupancy rate. This gives a total income, excluding VAT, of £4,500 per unit.
5.45 **Recreation Facilities** : It is possible that there may not be sufficient demand for new recreational facilities. It may be that more use of the existing Lochmaddy Village Hall, or better equipment for the Hall, may be of more impact to the community. That said, the combination of health and wellbeing to promote exercise particularly to encourage people to remain active in their senior years; the desire expressed through the consultations; and examples elsewhere, where a small community-run gym can co-exist with a much larger facility 15 minutes' drive away, suggest that this needs to be examined further.

5.46 The case for a swimming pool is of further concern. Public swimming pools are never financially viable, and community run pools elsewhere in the Highlands and Islands (MacPool in Lochgilphead, Mallaig community pool) rely on large annual grants.

5.47 There are two main costs of running leisure facilities; staffing, and energy costs. Public facilities are run to an expectation of open access, with a high level of risk management in terms of full time staff available at all times the facilities are open. Privately run small facilities, such as gyms and spa pools run in hotels, work on a different model. Access is restricted to members or to members' guests; all members are required to sign to the rules and to risk acceptance; facilities are generally not staffed except by a receptionist (to control access) and by instructors for particular classes. Any facility run by the community in Lochmaddy would have to be managed along similar lines, perhaps providing e.g. a lifeguard on certain days and times in agreement with CnES.

5.48 The existence of a small leisure facility would be an attraction to a student population; given use as a green energy heat sink, it could be made multi-functional for use as a spa or hydrotherapy pool, which would extend demand to Benbecula and South Uist. This would have to be discussed with the Western Isles Health Board.

5.49 Income and expenditure for this purpose are very approximate and may vary considerably. As noted, the gym, once established, will have cleaning and repair / replacement costs only. The pool will require heating, which, for a 8m x 12m pool, is estimated at £8,000 per year (high estimate).

5.50 Income would be based primarily on a membership model, with short-term memberships for visitors to the Island, and 3 half-days per week of pool staffing. Reception would be controlled by automatic key fobs, with oversight from the general site manager.

5.51 Assuming 12.5% of the 800 households on the Uists were members, at a cost of £25 per month per household membership, this would generate £30,000 per year in income. Additional tourism-related use may generate around £3,000 in income. The facility would be set up as a separate club, keeping it below the VAT threshold.

5.52 This requires significantly more work, as each one of these has considerable variation. CnES may provide the lifeguarding free, for example, making the complex run a slight surplus; energy costs may be significantly overestimated and will depend on the availability of renewable energy also; insurance and staffing arrangements require to be checked with insurers.

5.53 **Business Units/Workshops** : Community and stakeholder feedback suggests there is a lack of available entrepreneurial space on North Uist, constraining development of local enterprises. Taigh Chearsabhagh recently let workshop space and saw a significant demand for that space.

5.54 North Uist’s economy is driven by small, owner-managed businesses, and there is clearly an appetite for more development in the community.

5.55 The demand for workshops would need to be clarified by discussions with HIE and with other development agencies. However rental income from these spaces will not be significant compared with other potential uses for this space. Similar space on Lewis rents for around £5/ft2 or £50/m2 indicating around £900 per year per workshop unit.

5.56 Each unit would have to be supplied with running water, and depending on the type of unit, waste management could be an issue. Units would be expected to pay for rates, water rates and waste management costs, insurance and any repair costs that are not normal wear and tear. Other than these costs, there would be minimum expenditure for the units.

5.57 **Other facilities** : The recreation building would provide showers and laundry facilities which could be open to students, tourists and the wider public. Evidence from The Bridge facility in Stornoway is that yacht-based tourists use their laundry and showers as a welcome addition to other harbour facilities (similar facilities are planned for pontoon users at Lochmaddy pier). This would generate a small marginal income.

5.58 There are currently only two other camping/caravan sites on North Uist. This site, with laundry, showers and wet room provides adequate facilities for a short-stay/stopover site for a limited number of campervans and tents, providing much-needed overnight space.

5.59 One of the issues raised at consultations, was the need for pre-school play. Whilst there is a daycare facility on the Uists, there is space for a soft play area in the new recreation building, as a meeting place for families with young children. LHRSG should work closely with a local group which is promoting improved play facilities.

5.60 The total income for all of these facilities is estimated at £8,000 total. Additional costs are minimal, estimated 10% of income, as there will already be personnel on-site and able to include management of the facilities within the time available.
5.61 **RISKS**: A summary of key risks extracted from the Full Risk Assessment document (see Appendix):

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Likelihood</th>
<th>Impact on project</th>
<th>Rating to project</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-purchase Risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Partnership approach (LHRSG, TC, HHP, CnES, UHI) cannot agree delivery of common vision for site | Too many conflicts of interest – profit maximisation, risk minimisation                                                                                                                                  | Medium     | High              | High              | Stakeholder roles and buy-in to be addressed in Phase 2  
Maintain partnership role in project development and delivery by inclusion of key partners on Steering Group                                                                                                                                                 |
| Detailed appraisal / business plan uncovers critical issue | Unforeseen issue with refurbishment / ownership / purchase / access / State Aids                                                                                                                          | Medium     | High              | High              | Ensure detailed brief for study taking Issues, Risks and Next Steps from Phase 1 into account  
Instruct Phase 2 with sufficient time to resolve key issues.                                                                                                                                                                                                         |
| Critical success factors in delivery of project not achieved | Insufficient capability (skills and time) of LHRSG to address key challenges                                                                                                                                 | Medium     | High              | High              | Skills audit completed, demonstrates areas where LHRSG require additional competencies; recruitment to meet these gaps  
Seek funding for development officer to ensure sufficient time to drive project forward                                                                                                                                                                          |
| Site cannot be purchased            | No / not enough funding available                                                                                                                                                                     | Medium     | High              | High              | Consider impact of listing main building (funding and VAT benefits)  
Identify consultant with expertise in funding historic buildings projects  
Mix of funders including EU funding: [http://www.gov.scot/Topics/farmingrural/SRDP/RuralPriorities/WesternIsles](http://www.gov.scot/Topics/farmingrural/SRDP/RuralPriorities/WesternIsles)                                                                 |
<p>| Project Delivery Risks              |                                                                                                                                                                                                       |            |                   |                   |                                                                                                                                                                                                          |</p>
<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Likelihood</th>
<th>Impact on project</th>
<th>Rating to project</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding packages cannot be obtained</td>
<td>Site / building / purpose not perceived by funders as delivering sufficient benefit / financial viability</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>Detailed business planning Discussions with funders at early opportunity</td>
</tr>
<tr>
<td>Funding cannot be obtained</td>
<td>Commercial aspects of site require loan funding – LHRSG cannot compete in private market</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Detailed business planning Social enterprise loan funding Other funding – co-op model, funding circle</td>
</tr>
<tr>
<td>Higher refurbishment costs of buildings to be retained</td>
<td>Lack of urgent repairs to roof etc leads to additional water ingress into existing building fabric = additional costs</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Identify major building defects through condition survey and advise current building owners of fabric condition. Carry out urgent repairs as soon as possible.</td>
</tr>
<tr>
<td>Income risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teaching space is not available so course is not held</td>
<td>Not secured in time for course opening</td>
<td>High</td>
<td>Financial – high</td>
<td>High</td>
<td>LHRSG to work in partnership with Taigh Chearsabhagh / CnES to secure additional teaching space</td>
</tr>
<tr>
<td>Teaching Accommodation is not required / income estimates too high</td>
<td>Academic courses do not require / may not be able to afford this provision</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Understand and negotiate provision and lease costs with LCC and SMO as part of Steering Group To be investigated and agreed as part of Phase 2</td>
</tr>
</tbody>
</table>
6. Moving Forward

6.1 This Stage 1 study has outlined the potential for a viable community-led development project bringing the Lochmaddy Hospital and Primary School sites and buildings into new use. Against a backdrop of a declining and ageing population, as well as low average earnings, limited employment opportunities and a shortage of low cost housing, it highlights the need to attract new investment and development to Lochmaddy and North Uist.

6.2 The project can deliver a wide range of direct and indirect benefits for the North Uist community as a whole. However, we have noted that there are numerous risks which must be mitigated against.

6.3 By its nature, this Stage 1 study does not explore all relevant issues in full detail. The LHRSG intends to undertake a more detailed Stage 2 Feasibility Study at an early date. That study needs to examine:

- the process for achieving community control of the sites;
- the physical form of the proposed development;
- the mix of uses and their inter-relationships;
- the expected construction risks and costs;
- the most appropriate and robust operational model for management of the development;
- the commitment of project partners;
- the financial viability and funding sources for the project;
- the full extent of direct and indirect community benefits;
- the timing and phasing of key aspects of the process and the development.

6.4 As work continues, LHRSG should continue to raise awareness, build capacity and support within the community and ensure that good communication is achieved with local people and project stakeholders throughout. After a long period of gradual progress behind the scenes, the project is now gathering momentum. It is important that this continues to build and that clear steps towards progress are set out, made known and achieved.
Appendix 1:

Feedback Sheets From Drop-in Session
21/22 April 2015
## LOCHMADDY HOSPITAL PROJECT

### WHAT ARE YOUR PRIORITIES FOR THE SITE?

The following ideas have been identified during previous consultations. Please mark your top three priorities with the sticky dots provided.

<table>
<thead>
<tr>
<th>Potential Development Area</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student accommodation</td>
<td>15</td>
</tr>
<tr>
<td>Affordable social housing for rent</td>
<td>12</td>
</tr>
<tr>
<td>Private sector business units to be leased to small business e.g. artist and craft makers etc. (with a café)</td>
<td>13</td>
</tr>
<tr>
<td>Sculpture trail between Taigh Chearsabhagh the School and Hospital</td>
<td>1</td>
</tr>
<tr>
<td>Development of school as additional teaching space for Arts/ Gaelic courses (possibly night classes).</td>
<td>10</td>
</tr>
<tr>
<td>Campsites with hard standing for campervans</td>
<td>4</td>
</tr>
<tr>
<td>Renewable energy</td>
<td>3</td>
</tr>
<tr>
<td>Children’s Play Area</td>
<td>4</td>
</tr>
<tr>
<td>Visitor accommodation for rent — could be linked to student accommodation in summer months.</td>
<td>6</td>
</tr>
<tr>
<td>A Nursery/ Childcare Centre/ Facility</td>
<td>0</td>
</tr>
<tr>
<td>A bike park</td>
<td>1</td>
</tr>
<tr>
<td>Sports and outdoor facilities</td>
<td>1</td>
</tr>
<tr>
<td>Supermarket/ shop/ takeaway</td>
<td>2</td>
</tr>
<tr>
<td>Community leisure facilities e.g. gym.</td>
<td>9</td>
</tr>
<tr>
<td>Space for young people</td>
<td>2</td>
</tr>
<tr>
<td>Community garden/ allotments</td>
<td>2</td>
</tr>
<tr>
<td>Cinama</td>
<td>5</td>
</tr>
<tr>
<td>Observatory</td>
<td>3</td>
</tr>
<tr>
<td>Public Art/ Sculpture</td>
<td>0</td>
</tr>
</tbody>
</table>

Other — Please use a Post It to Tell Us Your Ideas. Post them below for others to vote on.

Care Home for the Elderly Affordable (14); Mixed Use Living & Working (1); Swimming Pool (7); Supported/ Sheltered Housing (2); School as possible archive/ CEUT collections space (2); Do Nothing?; Library a Brilliant Idea; Flexible workshop space for sharing skills between generations; Make more use of loch; community library (satellite); Lecture theatre/ Performance area (1); Exploit extreme weather.

## LOCHMADDY HOSPITAL PROJECT

### DO YOU HAVE ISSUES OR CONCERNS ABOUT THE SITE/ PROJECT?

The following concerns have been expressed during previous consultations. Please mark your concerns, if any, with the sticky dots provided.

<table>
<thead>
<tr>
<th>Possible Issue/ Area of Concern</th>
<th>Your concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>No concerns</td>
<td>0</td>
</tr>
<tr>
<td>Waste water treatment facilities</td>
<td>2</td>
</tr>
<tr>
<td>Water supply problems</td>
<td>1</td>
</tr>
<tr>
<td>Will the current owners be willing to sell to the community at a reasonable price?</td>
<td>1</td>
</tr>
<tr>
<td>Delays in securing the site and developing the project might force UHI to go elsewhere.</td>
<td>13</td>
</tr>
<tr>
<td>Potential negative impact on wildlife and habitats</td>
<td>1</td>
</tr>
<tr>
<td>Speed of project so far has been very slow</td>
<td>1</td>
</tr>
<tr>
<td>Access between the hospital and school site</td>
<td>4</td>
</tr>
<tr>
<td>The community doesn’t know enough about what is proposed</td>
<td>1</td>
</tr>
<tr>
<td>Will all the potential partners e.g. UHI, HHP buy in to the project</td>
<td>7</td>
</tr>
<tr>
<td>Might create a ‘white elephant’ that won’t work financially</td>
<td>5</td>
</tr>
<tr>
<td>Is there adequate demand for what is being proposed?</td>
<td>11</td>
</tr>
<tr>
<td>Is there enough capacity or the right skills in the group taking the project forward?</td>
<td>0</td>
</tr>
<tr>
<td>What will be the benefits to the community of the project if it just about student accommodation?</td>
<td>13</td>
</tr>
<tr>
<td>There is a lack of transparency about the development of proposals to date</td>
<td>0</td>
</tr>
<tr>
<td>Is there wide enough community support for the proposals?</td>
<td>5</td>
</tr>
<tr>
<td>Can the community raise sufficient funds?</td>
<td>10</td>
</tr>
</tbody>
</table>

Other — Please use a Post It to Tell Us Your Ideas. Post them below for others to vote on.

Displacement; What exists can you maximise; Any solutions sustainability; Future proof infrastructure e.g. drainage; accommodation quality is very poor student accommodation is all disjointed = no craic.
Appendix 2:

First Draft Feasibility Study Proposals
19 May 2015
Appendix 3:

Skills Audit Summary - Lochmaddy Hospital Redevelopment Steering Group

In May 2015, 10 members of the Steering Group along with the 2 LDOs were asked to complete a skills audit to identify strengths and skills gaps along with potential training needs. A total of 9 individuals completed the exercise so a reasonably full picture has been obtained.

The current directors/LDOs display a broad range of skills and there are only a few areas where at least one Director does not have at a minimum a good working knowledge of a subject area. Areas of relative strength for the organisation are identified as those where three or more of the respondents record either a primary skills area or working knowledge of a and where at least one Director has identified the former. These include:

- Managing a Business
- Preparing and submitting funding applications
- Preparing and submitting grant claims
- Project Development
- Governance Issues – Roles and Responsibilities of being a Director
- Managing Volunteers
- Working with young people
- Community consultation and engagement
- Marketing/ PR on behalf of a business or organisation
- Single User Computer Systems
- Chairing/ facilitating meetings
- Preparing business plans/ strategies for an organisation
- Running a Campaign
- Working with Public Sector Organisations
- Further and Higher Education
- Tourism Development

2. Areas of particular challenge where none or only one of the respondents indicated a primary skills set and 1 or fewer indicated at least a working knowledge include:

- Book Keeping
- Preparing Budgets
- VAT Returns
- Financial Reporting
- Preparation of Financial Accounts
- Charities and Companies House Returns
- Conveyancing/ Legal aspects of land and/or asset purchase
- Lease/ Wayleave contract negotiations
- Managing Consultants
- Designing websites
- Using social media
- Representing an organisation to elected members/ MSPs etc.
- Housing development
- Social care provision
- Managing a facility (repairs and maintenance etc.)
- Landscaping, gardening and grounds maintenance
- Building and contracting
- Visual arts
- Sports and fitness facilities

Other survey feedback indicates some concern within the group about the need for stronger project/contract management and building/construction skills; many Steering Group members have some project management experience but it is not a core skill. Improved negotiation skills would also be useful as the group will be reliant on partnership working.

Whilst there are a number of people with a high level of experience in governance issues and the role of being a director, there were a considerable number of respondents who identified this as a training need. Other training needs identified include:

- All aspects of financial management and budgeting
- Use of social media
- HR & contract Issues
- Conveyancing and land purchase
- Building and contracting and aspects of housing and social care
Appendix 4:

Desktop Engineering Report
Desktop report

This brief report has been prepared as part of the Lochmaddy Hospital Redevelopment project feasibility study carried out by Urban Animation for Lochmaddy Hospital Redevelopment Steering Group.

It records various factors affecting the site at the time of the study, as noted in the contents, below.

Contents

- Historic buildings and monuments p.4
- Roads, tracks, paths and transport links p.5
- Topography and drainage p.6
- Water Supply p.7
- Power Supply p.8
- Geology and flood risk p.9
- Local Development Plan designations p.10
Site Plan

The map below left shows the hospital in the context of Lochmaddy. The map below right (Ordnance Survey under licence number 100041040) is used as the basis for the desktop engineering information presented here.
Historic buildings and monuments

Analysis of existing records from Historic Scotland and RCAHMS has confirmed that there are no building or monuments of historical significance on the site. (Information from RCAHMS records.)

Existing buildings may have cultural or other local significance which makes them worth of consideration for listing. This should be taken into account when considering future uses for the buildings.
Two bus services are noted as stopping at the end of the site:
• Eriskay to Berneray and
• the local W21 service
Topography and drainage

The site is generally in the region of 7m above sea level, sloping reasonably steeply between the north side of the main hospital and the sea shore.

To the immediate south of the hospital buildings is an outcrop of rock rising to around 10m above sea level. On the south east side of the loch is another small outcrop that rises to around 8m.

The loch sits in a low hollow around 5m above sea level, and drains to another loch to the south.

Neither SEPA nor Scottish Water hold any records of the drainage system at the site, meaning it is a private system. A number of manholes and the existing pumphouse to the north of the hospital indicate that the original drainage system simply issued into the sea, which was common practice for the time of the building.

This does not meet current environmental health requirements and will require full replacement. The proximity of the site to the sea and loch will necessitate a drainage system that can treat sewage to a higher standard than normal.

The utilities map extract below shows the extent of the public sewerage system.
Water supply

A mains water supply is provided to the site. This runs along the main road, branching off to the east of the access track and terminating close to the existing Maternity unit.
Power supply

An overhead power supply runs across the south end of the site, branching to a pole-mounted transformer to the south of the old Laundry building. From here an underground supply runs into the main hospital building.

The existing supply size will have to be reviewed to ensure adequate capacity once the final uses of the buildings on the site are established.
Geology

The map below shows geological information for Lochmaddy and the surrounding area, which confirms that the hospital site sits on a mixture of alluvial till and peat over Lewisian Gneiss.

The depth of peat and alluvial till found on the site will have a direct bearing on the depth required for the foundations of any new buildings. Ground investigation in the vicinity of any new buildings is strongly recommended.

(Source: British Geological Survey)

Flood Risk

The proximity of the site to the coast brings with it the risk of coastal flooding. SEPA's flood risk map, below, identifies a high risk of coastal flooding close to the existing buildings. This risk is most likely to affect the old Piggery (currently owned by North Uist Estate).

Discussion with SEPA should take place once the extent of any development proposals are known, so that flood risk mitigation measures - if required - can be established.
Prop MU4 Former Lochmaddy Hospital, North Uist

Proposed Uses: A range of uses would be suitable for the redevelopment of former hospital site. These include housing; student accommodation; community; education; light industry; or recreational uses.

Area (ha): 2.6481

Developer: Unknown
Owner: Known

Grid Ref: 91378E  869241N

Constraints:

National Scenic Area.

CAA 30km Safeguarding Zone:
Balivanich Airport,

New or significantly upgraded waste water infrastructure may be required to enable development of this site.

Additional Information:

Planning History: no recent history.
Existing Use: Brownfield site, derelict building, currently undeveloped, possible contamination. Within Lochmaddy Main Settlement.

A development buffer minimum of 4metres will be required from the edge of the freshwater loch on the site.

Landscape Character Assessment Type: Crofting 3.
Appendix 5:
Options Appraisal
Lochmaddy Hospital Site

Supplement to the Stage 1 Feasibility Study Report:

Options Appraisal - Detailed Cost, Benefit, and Financial Risk Assessment

for Lochmaddy Hospital Redevelopment Steering Group
1 The wider context

Any development in North Uist must be seen in the wider context of the issues on the island, and should be measured in response to those issues. The benefits must be seen within the wider context of the local economy and society. North Uist has challenges common to sparsely-populated areas that are distant from larger economics and markets, in particular demographics; employment; housing; and poverty, particularly fuel poverty.

1.1 Demographics & population loss

(All data from the Comhairle nan Eilean Siar website unless otherwise indicated).

North Uist Parish has been experiencing a declining and aging population over the last 110 years

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North Uist</td>
<td>3,891</td>
<td>3,677</td>
<td>3,223</td>
<td>2,827</td>
<td>2,221</td>
<td>1,925</td>
<td>1,722</td>
<td>1,727</td>
<td>1,649</td>
<td>1,521</td>
<td>1,481</td>
<td>-61.9</td>
</tr>
</tbody>
</table>

This continuing decline, even in the last 10 years, should be set against the context of a 5.7% increase in the Scottish population between 2001 and 2011; and a growth of the Outer Hebrides’ population overall by 4.5%.

The Outer Hebrides population also has a higher percentage of individuals in the older age groups and correspondingly less in the younger age groups. In 2013 the average age of residents in the Outer Hebrides was five years older than in Scotland (46 to 41 years).

Further, the Comhairle nan Eilean Siar predicts that the reduction in population and increase age profile is forecast to continue, unless there are significant efforts to change the economy of the Islands. The overall population of the Outer Hebrides is set to decline by 10.8% or 2,964 people between 2012 and 2037. The equivalent figure for Scotland over the same time period is an increase of 8.8%.

Without an increase in in-migration in the 25-45 age groups, the age profile will continue to become more weighted to the 65+ aged group, with the majority of the population already over 50.

1.2 Marginal economy

70% of North Uist’s working-age population of 1,235 or are economically active. 37% are full-time employed; 15% are part-time employed; and 13% are self-employed. Fully one-fifth (22%) of economic activity is in public sector-funded health and social care. The next most important are agriculture and fishing (11%), construction (11%), wholesale and retail (9%) and education (9%). Accommodation and food services is linked to just 7% of jobs.

Despite this activity, income per capita is 65% of the UK average. Economic issues even for those earning a wage are further exacerbated by the lower levels of earnings and high costs of living within a remote and rural setting. In 2011 the Outer Hebrides had the 8th lowest gross weekly wage of the 32 Local Authorities in Scotland. For the Outer Hebrides the gross average weekly pay reduced by 10% over the years 2009-2011, but in Scotland and the UK it rose by 4%.

This puts in context local community fears of displacement, or of erosion of an economic base. While tourism is 7% of jobs, for those 7% it is a mainstay of household income in a relatively low-pay area where alternatives are hard to find.
1.3 Housing
In 2011, out of the 791 households in North Uist, 602 (76%) were owned. Of those owned, 415 (52.5%) were owned outright, while 187 (23.6%) were owned with a mortgage or loan. North Uist had the highest percentage of houses which were owned in all island areas.

In the rented sector, 117 (15%) were social rented, while 58 (7%) were private rented. 14 households (2%) were living rent free. North Uist had the lowest percentage of social rented houses in all island areas.

The average household size in North Uist was 2.05 in comparison to 2.17 in the Outer Hebrides. It is worth noting that in North Uist one person households were the largest household type at 40.8%, with two-person households at 29.3%. This compares to a Scottish average of 37% and 28%, and is directly related to the aging population of North Uist, with half of single-person households being people over 65 living alone.

This data shows the difficulties of accessing social housing in North Uist, a contributing factor – with the low income – to maintaining families on the island. Whatever the price of housing, lack of a secure employment will put it beyond the reach of many; and there is little rented alternative, despite the efforts of the Hebridean Housing Partnership. It also demonstrates a growing population of people over 65 living alone; and who, over the next 10-20 years, may become increasingly vulnerable and in need of additional support to maintain independence.

1.4 Homelessness
According to the Citizens Advice Bureau, in 2009: In the Outer Hebrides homelessness is often much hidden as those that are homeless do not tend to sleep rough. Many of the homeless are accommodated in B&B’s and temporary accommodation which is often unsuitable. Younger people are known to be very mobile when homeless, using friend’s sofas for a few days at a time. In 2010/11 203 people reported as homeless in the Outer Hebrides. Of this number, a third (33%) was aged 16-24 and 62% of them were female. Overall single males made up the largest proportion of those presenting as homeless (40%) and single females were the second largest group (28%). Adults with children make up 24% of the homelessness figures in 2010/11.

1.5 Poverty
According to the Citizens Advice Bureau, in 2009: “the Scottish Index of Multiple Deprivation 2009 data on rural areas shows the Outer Hebrides as one of the most deprived rural areas in Scotland. A further study ‘Relative Poverty across Scottish Local Authorities’ shows that the Outer Hebrides demonstrates considerable deprivation compared to all areas of Scotland, including urban areas, with the Outer Hebrides with the second lowest mean equivalised household income for all Local Authority areas in Scotland in 2007-08 (£21,600 compared to an average £24,100) and in 2005-08 having the highest rate of relative poverty in Scotland (25% compared to an average of 19%). Low income, higher cost of living (particularly cost of food and fuel), low employment opportunities and inaccessibility are the main challenges that contribute to this ranking. In the Outer Hebrides food is 15% more expensive and fuel is 12% more expensive compared to Scotland as a whole.

The Outer Hebrides has the highest levels of fuel poverty in Scotland (58% of households are fuel poor, including 86% of pensioner households).

In addition:
• a culture of independence and self-reliance is more highly valued in rural areas, making it more likely needs remain unmet or unknown
• poverty is often ‘hidden’ in rural areas, where it tends to be individual households affected rather than communities or areas experiencing deprivation (as in more urban areas).
• the gender pay gap is more evident in rural areas where part-time work tends to be low paid and below the skill level of workers”.

If the desire to alleviate poverty and strengthen the economy was not a clear finding from the consultation process, the cultural issues highlighted above perhaps explain why.
2 Potential community benefits from the Lochmaddy site

While a single development at the Lochmaddy site cannot hope to answer all of the issues on depopulation, a margin and relatively low-paid economy, homelessness, and fuel poverty, the Lochmaddy Hospital Redevelopment Steering Group’s (LHRSG) strategic ambitions are that it contributes positively to as many aspects as possible.

The Lochmaddy site development or redevelopment is intended to achieve a number of benefits for the community, and to meet specific objectives. These have been identified from the consultation process with the North Uist Development Company, the LHRSG, with key stakeholders, and the community, as:

- Direct community benefit: delivery of community identified needs by development on the site
- Indirect community benefit: creation of an activity that adds value to the local economy, measured by estimated Gross Value Added, estimated by number of jobs and surpluses generated
- Lack of displacement of existing activity
- Resilience: possibility of uses for multiple purposes
- Generation of surpluses
- Return on investment
- Fundability

These are detailed further in the analysis of each option, and summarized below.

3 Overall proposal

The overall proposal for the site shows the following mix of uses:

Main block – 6 one-bed units, 6 two-bed units, 1 housing unit for caretaker. 3 units to be used for supported housing. Student lounge / common room.

New build – recreational block to include gym, showers, small swimming pool, laundrette, “wet room” for drying outdoor clothing, storage facility.

Refurbishment / new build – 3 affordable housing units (2/3 bed)

Refurbishment / new build - 5 “glamping” pods

New build – 5 workshops & site office

Small camper van / campsite

School refurbishment – teaching accommodation

The overall financial position of the site and the school is estimated in Section 5 below, using the assumptions detailed in Section 6.
4 Options Appraisal Summary
The outcomes of the options appraisal detailed in Section 6 is summarized below.

The site overall must provide a mix of community benefit with overall financial sustainability. High returns, such as Tourist Accommodation and the Teaching Space, will be required to make the overall business case, to help support the main use, Student Accommodation. Supported accommodation provides a good return but only because fixed site management costs are not included. Lease-based activities such as affordable housing and workshops do not generate a significant return, and, unless a strong community benefit case can be made, may not be the best options for the use of site space. The Recreation facilities may actually lose money; the business case for these, and the possibility of partnership delivery, requires to be further investigated. The increased attraction for students, and health benefits in particular for the more vulnerable of the population, need to be better understood.

In terms of use of the site, although Student Accommodation has low direct community benefit it has high indirect benefits in terms both of being the only overall viable use for the site; and in generating a significant additional income to the local economy. Supported housing, affordable housing, recreational facilities and workshops are assessed as medium direct benefit; recreational facilities and workshops also have medium indirect benefits. The ultimate decision on these may rest on whether funding is available to assist with the build costs, and how much that funding will cost.

Overall, the Options Appraisal points to a mix of uses, to balance both maximum community benefit from the site with financial sustainability.
<table>
<thead>
<tr>
<th>Summary Appraisal of Options against Key Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Student Accommodation</strong></td>
</tr>
<tr>
<td>Direct community benefit: delivery of community identified needs</td>
</tr>
<tr>
<td>Indirect community benefit: creation of an activity that adds value to the local economy</td>
</tr>
<tr>
<td>Risk of displacement of existing activity</td>
</tr>
<tr>
<td>Resilience: possibility of uses for multiple purposes</td>
</tr>
<tr>
<td>Generation of surpluses</td>
</tr>
<tr>
<td>Return on investment</td>
</tr>
<tr>
<td>Fundability</td>
</tr>
<tr>
<td>Annual Surplus (deficit) before funding costs</td>
</tr>
<tr>
<td>Estimated construction costs</td>
</tr>
<tr>
<td>No. of direct jobs created</td>
</tr>
</tbody>
</table>

(1) Site management costs covered by student accommodation proposal; support costs covered by each resident through other funding
(2) Lease cost only, capital costs to be borne by Housing Association?
(3) Model requires further discussion but at best will be breakeven.
4.1 Discussion

The detailed Options Appraisal indicates areas where the benefit and viability should be further tested, and many of these have been highlighted in the detailed Risk Register. In particular, further work should be undertaken in partnership with LCC (UHI) and SMO to confirm the timings, student numbers, and teaching accommodation requirements for the proposed additional students, and to seek occupancy guarantees and memorandum of understanding in the LHRSG on teaching accommodation. LCC and SMO should also confirm student expectations of accommodation.

Supported housing is an area requiring additional work to confirm both site suitability and demand. As the alternative is to use the ex-hospital block solely for student accommodation, then removal of this use would not have a significant impact on the financial benefits of the project but would affect the direct benefit to the community. It may be possible to re-site elsewhere on the site.

The LHRSG should work closely with Comhairle nan Eilean Siar and the Hebridean Housing Partnership on the need for, and the provision of, social housing on this site. This use creates only marginal financial benefit to the project, and as the community benefit might be better provided elsewhere.

The main issue with tourist accommodation provision will be local providers’ fears of displacement. This provision should be developed in consultation with local providers, and a benefit of additional “North Uist” marketing provided by the project through “Outer Hebrides 2020” so that overall visitor numbers increase.

Recreational facilities should be carefully investigated, and developed in partnership with CnES. While the Council are very unlikely to provide grant funding to the build or running costs, they may be able to assist with part-time staffing. Drawing in the Western Isle Health Board as a potential user of a health-related rehabilitation facility may assist.

One of the key elements in the financial sustainability of the project is the income from letting the redeveloped School. There are other potential partners in this project who may have a conflict in this provision, and the LHRSG must expend effort on keeping these partners on board with the bigger vision, not only providing more accommodation to more students but also ensuring current provision is maintained on North Uist, enhancing the local economy to the community’s benefit.

Overall, financially the project has a good margin, at around 20% of turnover, but this would rapidly disappear if the key profitable elements – “glamping” provision and rental of teaching space – do not hit targets. Further, this margin will have to pay for any funding costs (interest and repayment of loans). Pricing has been assumed at market rates on the Hebrides and occupancy rates are within market norms for the area. The main part of financial improvement could come through cheaper energy from a renewables scheme, and this should be investigated further.

Further and future investment in student accommodation on the site would help to deliver a better surplus, as some fixed costs have already been met. This would be a future phase on the site, and is beyond the scope of the current appraisal.
5 Financial projections

The financial projections are based on the uses given in the Options Appraisal summary section, and based on the assumptions in the Detailed Options Appraisal section.

Overall, the proposals generate a small surplus for the project – around £20,000 per year.

This is driven by essentially breakeven of the main accommodation block (Student accommodation and sheltered housing); deficits on the community facilities; and a surplus on the teaching accommodation provision.

<table>
<thead>
<tr>
<th>Facility</th>
<th>Student accommodation</th>
<th>Supported housing</th>
<th>Affordable housing</th>
<th>Glamping pods</th>
<th>Community facilities</th>
<th>Camping/ Caravan &amp; public use of site</th>
<th>Workshops</th>
<th>Teaching space</th>
<th>£ Per year Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>32,600</td>
<td>15,125</td>
<td>3,000</td>
<td>22,500</td>
<td>33,000</td>
<td>8,000</td>
<td>4,500</td>
<td>20,000</td>
<td>138,725</td>
</tr>
<tr>
<td>Staff costs</td>
<td>24,000</td>
<td></td>
<td>4,000</td>
<td>25,000</td>
<td></td>
<td></td>
<td>2,000</td>
<td>55,000</td>
<td></td>
</tr>
<tr>
<td>Cleaning</td>
<td>5,000</td>
<td></td>
<td>1,000</td>
<td>3,000</td>
<td></td>
<td></td>
<td></td>
<td>9,000</td>
<td></td>
</tr>
<tr>
<td>Repairs &amp; maintenance</td>
<td>3,000</td>
<td>1,800</td>
<td></td>
<td>2,500</td>
<td>800</td>
<td>375</td>
<td></td>
<td>8,475</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>2,500</td>
<td></td>
<td></td>
<td>2,500</td>
<td></td>
<td></td>
<td></td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Heat and light</td>
<td>11,400</td>
<td>*</td>
<td>*</td>
<td>1,375</td>
<td>9,500</td>
<td>*</td>
<td>7,000</td>
<td>29,275</td>
<td></td>
</tr>
<tr>
<td>Office sundries, marketing, communications</td>
<td>2,000</td>
<td></td>
<td>1,000</td>
<td>2,000</td>
<td></td>
<td></td>
<td></td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Total costs</td>
<td>47,900</td>
<td>1,800</td>
<td>0</td>
<td>7,375</td>
<td>44,500</td>
<td>800</td>
<td>375</td>
<td>9,000</td>
<td>111,750</td>
</tr>
<tr>
<td>Total surplus (deficit)</td>
<td>(15,300)</td>
<td>13,325</td>
<td>3,000</td>
<td>15,125</td>
<td>(11,500)</td>
<td>7,200</td>
<td>4,125</td>
<td>11,000</td>
<td>26,975</td>
</tr>
<tr>
<td>Capital Cost (estimate)</td>
<td>2,275,000</td>
<td>Included</td>
<td>288,000</td>
<td>130,000</td>
<td>900,000</td>
<td>30,000</td>
<td>270,000</td>
<td>100,000</td>
<td>£3,993,000</td>
</tr>
</tbody>
</table>

In addition to the capital costs noted above, professional fees at 15% of build costs, survey costs at £30,000, and any irrecoverable VAT would need to be added.
The detailed business case must seek to improve this position, both to ensure that any financial costs can be met by the project, and to ensure that grant funders are comfortable with proposed surpluses.

One of the most significant costs after staff costs, is heat and light.

Lochmaddy is entirely dependent on mains electricity which is costed at 21pence per unit. Any reduction in this cost – or any increase – will have a significant effect on the viability of this project.

The position of the site next to the sea, and the extent of rebuilding, allow for the cost to be maintained at or below this energy usage with low-energy design and insulation. There is also the possibility of renewable energy resources, such as solar, wind, or marine energy heat exchanges, to reduce this cost.

Assessment of these options is outside of the scope of this study.
6 Detail of Proposed uses

6.1 Student accommodation

6.1.1 Background

This use has been identified by the LHRSG as a key opportunity for the site. Further discussions with Lews Castle College UHI and with Sabhal Mòr Ostaig have confirmed that they seek to maintain and to develop the further and higher educational delivery on North Uist in both Arts and in Gaelic.

There are proposals for a re-validated Fine Arts degree, commencing August 2017, hosted by LCC; and SMO has indicated that it would be interested in expanding its summer schools and short courses.

Both of these proposals are dependent on suitable teaching space, in addition to that already available at Taigh Chearsabhagh and currently used by LCC UHI for its NC and BA years 1 and 2 teaching.

The re-validate Arts degree will be a 4-year course, allowing the students to complete their degree on Uist without moving to Moray College UHI. The course will be modular, with some modules shared by other degrees delivered by the UHI partners. The proposers envisage around 50 students on the 4 years of the course, with the potential for additional students on other courses that share the modules. This would equate to around 15 on years 1 & 2, 13 on year 3, and 7 in year 4.

The current Course leader has evidence and is gathering additional evidence that there would be more demand for the current offering if there was additional accommodation on North Uist that better met some students’ needs. Currently students are either local, or for those from off-island, are based in a combination of self-catering and B&B accommodation. This can lead to isolation of the students and the lack of a student collegiate and social experience.

6.1.2 Demand for purpose-build accommodation

While not all students will seek to be housed on one site, and some would prefer to be housed in the community, validation of the Arts course in particular could create a demand for around 25-30 student accommodation beds, from September to May each year.

LHRSG are also in discussion with Sabhal Mòr Ostaig to discuss summer course provision. Uist, with a high preponderance of native and learned Gaelic speakers, and active use of the Gaelic language in everyday life, is a natural “fit” with SMO’s unique selling point of Gaelic language immersion for the benefit of the learner. Taigh Chearsabhagh, a local culture-base social enterprise and a key partner in the Lochmaddy development, has strong links with SMO.

Summer schools would create a demand for local, high-quality, self-catering accommodation for summer students, many of whom are from overseas areas where there is a diaspora of Highland ancestry.

6.1.3 Facilities and costs of accommodation

Students, and particular overseas students who are meeting the costs of international fees, have clear expectations of accommodation. This accommodation will require:

- Sleeping, study space, and an en-suite shower room
- 24/7 wi-fi in each room
- Shared kitchen or in-room kitchenette
- A shared student facility, such as a lounge or meeting room, for common use
- Additional storage space for bulky items such as sports equipment
- Secure parking.

More widely, students would expect to be able to access:

- Laundry services
- Recreational facilities
- Community social infrastructure, such as cafes, pubs, etc, music, other creative arts.

While the Lochmaddy site does not have to deliver these additional services, there need to be plans to ensure that appropriate services are delivered and available for the students.

The site will require facilities management and caretaker services; ongoing cleaning, maintenance and repair; heat and light; waste disposal; and insurance. It will also require to be fitted-out to the appropriate standard.

6.1.4 Income and expenditure
Key assumptions:

- 9 one-bed en-suite studio apartments
- 4 two-bed en-suite apartments: **highly accessible** for people with restricted mobility

Academic term: 1-bed - £90 per week - £3,315 per academic year
  - 2-bed - £160 per week - £5,850 per academic year
  - 100% occupancy

Summer: short lets, Summer students, £100 per week, 50% occupancy

<table>
<thead>
<tr>
<th>Income (excl. VAT)</th>
<th>50,200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure:</td>
<td></td>
</tr>
<tr>
<td>Staffing (1.5 FTE live-in) + 0.5 other</td>
<td>24,000</td>
</tr>
<tr>
<td>Heat &amp; Light</td>
<td>11,400</td>
</tr>
<tr>
<td>Cleaning, repair, maintenance, insurances</td>
<td>12,500</td>
</tr>
<tr>
<td><strong>Net surplus</strong></td>
<td><strong>2,300</strong></td>
</tr>
</tbody>
</table>

The accommodation proposal creates a small surplus, mainly because of the high ratio of staff to residents. This ratio is high due to the relatively small size of the residential population, and indicates the need to find additional sources of income on-site that would not add to the core costs of staff.

6.1.5 Assessment against Project Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct community benefit: delivery of community identified needs</td>
<td>Low: no benefit from accommodation (but see ancillary service provision)</td>
</tr>
<tr>
<td>Indirect community benefit: creation of an activity that adds value to the local economy</td>
<td>High – creates direct jobs in site management &amp; caretaking. Creates indirect ad-on to economy; student spend of around £600 per month will largely be spent in the local economy.</td>
</tr>
<tr>
<td>Risk of displacement of existing activity</td>
<td>Low - Around 8 students are currently accommodated in the local community. This model will allow 16 additional students – one year of the proposed Arts degree – to have purpose-built accommodation. There is no anticipated displacement.</td>
</tr>
</tbody>
</table>
Resilience: possibility of uses for multiple purposes

Medium – accommodation can be designed for multi-use e.g. local rental, tourist accommodation (latter would potentially displace local businesses)

Generation of surpluses

Low. Low number of units compared to fixed costs of site management means surpluses are marginal at best.

Return on investment

Medium. New build sites for high-volume accommodation is a commercial proposition. Investment costs are high due to desire to retain building.

Fundability

Medium. Grant funders available for restoration costs. Potential for commercial funding for fit-out costs.

Overall, the provision of accommodation primarily provides indirect benefits to the community, with the option for alternative markets providing resilience.

6.1.6 Risks and Challenges

The key risks are as below, with mitigation.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Rating</th>
<th>Mitigation</th>
</tr>
</thead>
</table>
| The education providers’ plans change and Arts degree is not extended | Changed economics, student demand, degree validation issues | Medium | Financial - high | Medium | Interior design of apartments can be used for other markets  
Phase 1 is approx. 50% of the end demand foreseen; project is not reliant on Phase 2  
LCC / SMO to provide occupancy guarantees |
| Degree is validated but students do not appear | Demand for course mis-forecast | Medium | Financial - high | Medium | As above |
| Teaching space is not available & course is not held | Not secured in time for course opening | High | Financial - high | High | LHRSG to work in partnership with Taigh Chearsabhagh / CnES to secure additional teaching space |
6.2 Supported Housing

6.2.1 Background

It was noted in the Section on the wider context, that North Uist has a substantial and rising proportion of people who are over 65 and living alone, with 1 in every 5 households in this category. While the majority of these 158 individuals will continue to live well and independently at home, there are others who may wish or may need to move to different accommodation that is more easily managed. North Uist already has two residential homes with an estimated 35 beds, catering for increasingly frail and vulnerable elderly people. Scottish Government policy is that people live well and independently at home or in a homely atmosphere for as long as possible; the issue is that for some people, their current home may become unsuitable for care at home much earlier than their need for residential care. Nationwide, as the population demographics are increasingly weighted to the over 65s, and as the proportion of over 75s increases, demand for care at home is also rising.

6.2.2 Demand for purpose-build accommodation

While a “care home” and “sheltered housing” were listed in the community consultation exercises, discussions with consultees demonstrated that their concern was that vulnerable elderly residents would not have to be cared for outside of their local community in the residential homes in Carinish (18 miles, local bus service) or the two on South Uist.

Further conversations with Dr Peter Keiller, Chair of Tagsa Uibhist, a social enterprise care provider based on North Uist, indicted that there may not be a need for sheltered accommodation as people within North Uist live in a tight-knit community where vulnerable people would be able to rely on community care provision, friends and neighbours for support.

The Comhairle nan Eilean Siar Outer Hebrides Local Housing Strategy 2011 - 2016 states as its objectives:

4. Assist 850 older and other vulnerable households to live in properties free from serious disrepair and which meet the tolerable standard by 2016.
8. Increase the number of older people, disabled people and other vulnerable adults who are being supported to live independently in a homely environment.

The Strategy explains that:

“There are only 630 flats in the Outer Hebrides and like most other small properties with 2 or less bedrooms these are concentrated in and around Stornoway and within the social rented sector…..Too many of [all] houses [in the Outer Hebrides] are in poor condition. Our HNDA indicates that 77% of households live in dwellings that fail the Scottish Housing Quality Standard (SHQS). Moreover, up to 10% of households living in private dwellings live in a property that is in serious disrepair or Below the Tolerable Standard (BTS). Most of these households are older homeowners aged 65 years or above.”

Pending further investigation in a Housing Needs Analysis for the full business case, it is assumed here that a maximum of 3 units might be available for long-term lets. Market rate rentals for long-term lets for 2 bedroom flats would be around £550 per month, excluding heat & light and Council Tax.

6.2.3 Facilities and costs of accommodation

This options appraisal assumes that any care or support required by the residents of the long-term lets would be funded through a social care package or privately funded; the LHRSG or similar would not offer to provide care. Specialist home care providers such as Tagsa Uibhist, a social enterprise, already provide such services. The presence of an existing residential site manager would be an advantage in supporting this type of provision.
6.2.4 Income and expenditure

If 3, 2-bed units were to be let, they would generate around £550 per month before VAT (£460 excluding VAT). A working assumption would be 92% occupancy, generating £5,060 per year per unit.

The number of units – 3 – is based on an assumption from information provided during the consultation that demand is unlikely to be significant for this type of unit. Further information would be required to make a full assessment of likely demand.

The income per unit is slightly less than the assumed income from these units under the student accommodation model, which would be £5,870 per year on the assumptions in 3.1.4 above.

Expenditure associated with these units would be minimal (annual maintenance, compliance checks) at around £600 per annum per unit.

6.2.5 Assessment against Project Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct community benefit: delivery of community identified needs</td>
<td>Medium – High: meets stated needs of a significant section of the population (requires confirmation)</td>
</tr>
<tr>
<td>Indirect community benefit: creation of an activity that adds value to the local economy</td>
<td>Medium – creates direct jobs in site management &amp; caretaking. Will not add to community economy unless existing properties of residents are sold to new residents, or unless new residents take up this property.</td>
</tr>
<tr>
<td>Risk of displacement of existing activity</td>
<td>Low – no such accommodation is currently available.</td>
</tr>
<tr>
<td>Resilience: possibility of uses for multiple purposes</td>
<td>Medium – accommodation can be designed for multi-use eg student accommodation, tourist accommodation (latter would potentially displace local businesses)</td>
</tr>
<tr>
<td>Generation of surpluses</td>
<td>High (once fixed costs of site management paid for elsewhere).</td>
</tr>
<tr>
<td>Return on investment</td>
<td>Low - Medium. New build sites for high-volume accommodation is a commercial proposition. Investment costs are high due to desire to retain building.</td>
</tr>
<tr>
<td>Fundability</td>
<td>Low - Medium. Grant funders available for restoration costs. Potential for commercial funding for fit-out costs.</td>
</tr>
</tbody>
</table>

6.2.6 Risks and Challenges

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Rating</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units are not let</td>
<td>There is no demand for this type of accommodation</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>Housing Needs Analysis as part of business planning stage. Accommodation can be offered for other uses (student accommodation, tourist accommodation)</td>
</tr>
<tr>
<td>Units let but with high turnover</td>
<td>Residents and other site users are a poor use-mix</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>Careful planning, build, and management can mitigate this risk. Apparent risk could be an asset – intergenerational mix.</td>
</tr>
</tbody>
</table>
6.3 Affordable Housing

Section 1 demonstrates the low-income economy in North Uist, and the ongoing issue of depopulation and the loss in particular of people from the 18 – 45 age group.

The primary reason for depopulation is not explained. It may be the lack of housing; equally it may be the lack of employment.

6.3.1 Demand for purpose-build accommodation

The Comhairle nan Eilean Siar Outer Hebrides Local Housing Strategy 2011 - 2016 states in its objectives:

6. Support the construction of up to 180 high quality affordable housing units by 2016 in order to meet demonstrated local housing need.

It also states that:

In terms of affordable housing, over the next 5 years as a whole we will:

• Support the siting of approximately 65% of new affordable housing development in the Stornoway HMA; the other 35% will be targeted to supporting local communities within the Rural HMA...
• Expect the majority of new affordable and market housing units... in the Rural HMA [to consist of] a greater mix of 2 and 3 bedroom...
• Seek all additions to affordable housing supply in the Rural HMA in the form of properties for social renting.

There are currently no properties vacant on Hebridean Housing Partnerships’ vacancy lists, and conversations with Hebridean Housing Partnership indicate that the waiting list for accommodation is significant.

6.3.2 Facilities and costs of accommodation

It is assumed that any social housing, rented or affordable, would be provided by the LHRSG in partnership with the HHP. While the full funding and partnership model would require to be worked through in a developed business case, the model commonly used in these instances is for joint funding of build costs, through whatever mechanism is appropriate. The local Housing Association (in this case HHP) manage the allocation of housing, tenancy agreements, and its maintenance. The community landlord receives a lease for the land and, depending on the funding, the property.

6.3.3 Income and expenditure

This Options Appraisal assumes the minimum-risk, minimum return case which is that the HHP or similar designs, builds, finances, and operates the housing.

The LHRSG receives only a ground rent (£1,000 per site per annum) for the house sites.
### 6.3.4 Assessment against Project Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct community benefit: delivery of community identified needs</td>
<td>Medium – High : meets stated needs of a significant section of the population (requires confirmation)</td>
</tr>
<tr>
<td>Indirect community benefit: creation of an activity that adds value to the local economy</td>
<td>Low. Will not add to community economy unless existing properties of residents are sold to new residents, or unless new residents take up this property.</td>
</tr>
<tr>
<td>Risk of displacement of existing activity</td>
<td>Low – no such accommodation is currently available.</td>
</tr>
<tr>
<td>Resilience: possibility of uses for multiple purposes</td>
<td>Medium – accommodation can be designed for multi-use e.g. student accommodation, tourist accommodation (latter would potentially displace local businesses)</td>
</tr>
<tr>
<td>Generation of surpluses</td>
<td>Low. Low number of units compared to fixed costs of site management means surpluses are marginal at best.</td>
</tr>
<tr>
<td>Return on investment</td>
<td>Low - Medium. New build sites for high-volume accommodation is a commercial proposition. Investment costs are high due to desire to retain building.</td>
</tr>
<tr>
<td>Fundability</td>
<td>Low – grant funding for social housing is hard to find. Social investment loans may be possible.</td>
</tr>
</tbody>
</table>

### 6.3.5 Risks and Challenges

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Rating</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units cannot be funded</td>
<td>Social / grant funding not achievable</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>Work with HSCHT and HHP to achieve funding package</td>
</tr>
<tr>
<td>Units are not let</td>
<td>There is no demand for this type of accommodation</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>Housing Needs Analysis as part of business planning stage. Accommodation can be offered for other uses (student accommodation, tourist accommodation)</td>
</tr>
<tr>
<td>Units let but with high turnover</td>
<td>Residents and other site users are a poor use-mix</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>Careful planning, build, and management can mitigate this risk. Apparent risk could be an asset – providing community mix.</td>
</tr>
</tbody>
</table>
6.4 Tourist Accommodation

6.4.1 Background
North Uist’s is a popular, although specialist, tourist destination. Public and private organisations in the Uists have sought to increase its popularity as a tourist destination, with a partnership CIC, Outer Hebrides Tourism, delivering Tourism Outer Hebrides Strategy 2020 under its slogan “Life on the Edge”. Wildlife tourism and the age profile of North Uist’s visitors mean that there is a 32-week season, from March / April as the birding begins, through to end September as visitors take advantage of their freedom from school holidays to travel at non-peak times.

One of the key findings of earlier studies was that there was 20% overcapacity in the Outer Hebrides even in peak summer months, although this was over the islands as a whole and did not focus on any particular area. In 2011, North Uist had 70 properties providing 451 beds. Over half of visitors were over 55, and most planned a return visit.

6.4.2 Demand for purpose-build accommodation
There is a clear demand for self-catering accommodation, with significant provision already available locally in self-catering cottages, usually but not exclusively for weekly rent. There is evidence of the demand for this accommodation as Saturday is “change-over day” and ferries on and off the island have to be booked significantly in advance. There is limited self-catering accommodation in bunkhouses (2, with a third planned) and campsites (2) on the island. One entrepreneur has started offering 2 small cabins for “glamping”. There are also similar pods on South Uist.

Anecdotally there is a need for more short-stay, self-catering accommodation, as people tour the islands rather than staying at one location. Provision of this might eat into the market for B&B accommodation and hotel accommodation; this would have to be additional infrastructure for additional tourists.

There is also, anecdotally, a need for campervan accommodation. There is only one site on North Uist, on the West Coast, and the number of campervan visitors is increasing substantially.

Tourist accommodation on this site must be aimed at a gap in the current provision, and one that is not being planned to be filled by local entrepreneurs. Tourism provision would have to be funded and run on a purely commercial basis.

6.4.3 Facilities and costs of accommodation
Aside from the capital costs, there are minor additional costs to managing and maintaining “glamping” pods. These relate to marketing, laundry, and cleaning costs. There will also be financing costs relating to loans for construction.

6.4.4 Income and expenditure
Based on similar sites in South Uist, and aiming at a different and more affluent market than the current provision in South Uist, “glamping” pods are aimed at £40 (low season) to £80 (High season) per pod per night, with an expectation of a 32 week season and a 60% occupancy rate. This gives a total income, excluding VAT, of £4,500 per unit.

<table>
<thead>
<tr>
<th>Income (excl. VAT) per pod</th>
<th>4,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure:</td>
<td></td>
</tr>
<tr>
<td>Site management, Cleaning &amp; laundry</td>
<td>1,000</td>
</tr>
<tr>
<td>Heat &amp; Light</td>
<td>275</td>
</tr>
<tr>
<td>Other (repair, maintenance, insurances, marketing)</td>
<td>200</td>
</tr>
<tr>
<td><strong>Net surplus</strong></td>
<td><strong>3,025</strong></td>
</tr>
</tbody>
</table>
### 6.4.5 Assessment against Project Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct community benefit: delivery of community identified needs</td>
<td>Low – no direct community benefit</td>
</tr>
<tr>
<td>Indirect community benefit: creation of an activity that adds value to the local economy</td>
<td>Medium, if provides attraction to new tourist market.</td>
</tr>
<tr>
<td>Risk of displacement of existing activity</td>
<td>Potentially High</td>
</tr>
<tr>
<td>Resilience: possibility of uses for multiple purposes</td>
<td>Medium – accommodation can be designed for multi-use e.g. student accommodation, use as workshops</td>
</tr>
<tr>
<td>Generation of surpluses</td>
<td>High. Generates small but significant surplus in context of site as a whole.</td>
</tr>
<tr>
<td>Return on investment</td>
<td>Medium. Build costs should be around £25k per pod.</td>
</tr>
<tr>
<td>Fundability</td>
<td>High – expected to attract loan finance.</td>
</tr>
</tbody>
</table>

### 6.4.6 Risks and Challenges

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Rating</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units are not let</td>
<td>There is no demand for this type of accommodation</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>Accommodation can be offered for other uses (student accommodation, arts &amp; crafts workshops)</td>
</tr>
<tr>
<td>Units let but displaces other tourism accommodation</td>
<td>No new markets brought in</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>Must ensure that this creates a new market through specific marketing</td>
</tr>
</tbody>
</table>
6.5 Caravan / Campervan / Campsite

6.5.1 Background

There are two current camper / caravanning sites on North Uist, one at Carinish some 10 miles to the south-west of Lochmaddy, and one at Balranald, 16 miles to the West. There is also one on Berneray, 10 miles north.

There was some evidence during the community consultation that an overnight point would be desirable for campers and campervans, to allow cyclists to stop off at Lochmaddy, for example; and to allow these groups somewhere close to the ferry port. As the Hospital site would have the type of facilities required by temporary campers – showers, laundry – then this site could provide a short-stay facility for such tourists.

6.5.2 Demand for the facility

Further evidence is required of demand for this type of facility. Anecdotally, campervans in particular are increasing in use and there is not sufficient accommodation for them.

6.5.3 Costs

As most of the running costs (site management, shower and laundry facilities) are already covered in this site, there would be minimal additional running cost in providing these facilities.

6.5.4 Income and expenditure

Calculations are based on a site half the size of the facility at Balranald, and with similar charges for overnight stays:

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Campervan spaces</td>
<td>£12 per night</td>
<td>32 week season</td>
<td>5 spaces</td>
<td>30% occupancy</td>
<td>4,030</td>
</tr>
<tr>
<td>Tent spaces</td>
<td>£9 per night</td>
<td>33 week season</td>
<td>5 spaces</td>
<td>30% occupancy</td>
<td>3,120</td>
</tr>
<tr>
<td>Income from visitor and local use of laundry facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>850</td>
</tr>
<tr>
<td>Total income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8,000</td>
</tr>
</tbody>
</table>

Additional costs of 10% of income are assumed, giving a net surplus of £7,200.

6.5.5 Assessment against Project Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct community benefit: delivery of community identified needs</td>
<td>Low</td>
</tr>
<tr>
<td>Indirect community benefit: creation of an activity that adds value to the local economy</td>
<td>Medium, if provides attraction to new local / tourist market.</td>
</tr>
<tr>
<td>Risk of displacement of existing activity</td>
<td>Medium – existing camp sites</td>
</tr>
<tr>
<td>Resilience: possibility of uses for multiple purposes</td>
<td>Low</td>
</tr>
<tr>
<td>Generation of surpluses</td>
<td>Low – may generate losses</td>
</tr>
<tr>
<td>Return on investment</td>
<td>Medium</td>
</tr>
<tr>
<td>Fundability</td>
<td>Low - unlikely to generate grant finance</td>
</tr>
</tbody>
</table>
6.6 Sports and recreational facilities

6.6.1 Background
There are existing sports facilities in the Uists.

The Lochmaddy Hall provides a sports hall for general community use, run by a voluntary association. The uses and demand for the current Hall would impact on any proposed use at the Lochmaddy site, although by review of the Facebook page for the Hall facility it is not currently heavily used. Any developments of sports facilities in North Uist should be undertaken in partnership with CnES, who have a sports development officer for the Uists and Barra.

There is a leisure facility run by CnES on Benbecula, at the Sgoil Lionacleit Sports Centre, which is intended as the sports centre for the Uists. This is around 20 miles and 35 minutes driving time for Lochmaddy, and includes both a gym and a 25m pool.

There is also evidence that the Lochmaddy Hotel used to have a small gym, but this is now closed.

Although sports and leisure facilities were in the top 7 of uses for the site, the current position appears to be that existing facilities have capacity for more use; and that there is a large Centre albeit some driving distance away.

6.6.2 Demand for facility
The above background illustrates that there may not, in fact, be significant demand for new recreational facilities. It may be that more use of the existing Village Hall, or better equipment for the Hall, may be of more impact to the community. That said, the combination of health and wellbeing to promote exercise particularly to encourage people to remain active in their senior years; the desire expressed through the consultations; and examples elsewhere, where a small community-run gym can co-exist with a much larger facility 15 minutes’ drive away, suggest that this needs to be examined further.

The case for a swimming pool is of further concern. Public swimming pools are never financially viable, and community run pools elsewhere in the Highlands and Islands (MacPool in Lochgilphead, Mallaig community pool) rely on large annual grants from the Highland Council.

6.6.3 Costs
There are two main costs of running leisure facilities; staffing, and energy costs. Public facilities are run to an expectation of open access, with a high level of risk management in terms of full time staff available at all times the facilities are open.

Privately run small facilities, such as gyms and spa pools run in hotels, work on a different model. Access is restricted to members or to members’ guests; all members are required to sign to the rules and to risk acceptance; facilities are generally not staffed except by a receptionist (to control access) and by instructors for particular classes.

Any facility run by the community in Lochmaddy would have to be managed along similar lines, perhaps providing e.g. a lifeguard on certain days and times in agreement with CnES.

The existence of a small leisure facility would be an attraction to a student population; given use as a green energy heat sink, it could be made multi-functional for use as a spa or hydrotherapy pool, which would extend demand to Benbecula and South Uist. This would have to be discussed with the Western Isles Health Board.

6.6.4 Income and expenditure
Income and expenditure for this purpose are very approximate and may vary considerably. As noted, the gym, once established, will have cleaning and repair / replacement costs only. The pool will require heating, which, for an 8m * 12m pool, is estimated at £8,000 per year (high estimate).
Income would be based primarily on a membership model, with short-term memberships for visitors to the Island, and 3 half-days per week of pool staffing. Reception would be controlled by automatic key fobs, with oversight from the general site manager.

Assuming 12.5% of the 800 households on the Uists were members, at a cost of £25 per month per household membership, this would generate £30,000 per year in income. Additional tourism-related use may generate around £3,000 in income. The facility would be set up as a separate club, keeping it below the VAT threshold.

<table>
<thead>
<tr>
<th>Income (excl. VAT) per year</th>
<th>33,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure:</td>
<td></td>
</tr>
<tr>
<td>Staffing - Reception, lifeguard</td>
<td>25,000</td>
</tr>
<tr>
<td>Heat &amp; Light</td>
<td>9,500</td>
</tr>
<tr>
<td>Pool maintenance, insurance, repairs</td>
<td>10,000</td>
</tr>
<tr>
<td>Net (deficit)</td>
<td>(11,500)</td>
</tr>
</tbody>
</table>

This requires significantly more work, as each one of these has considerable variation. CnES may provide the lifeguarding free, for example, making the complex run a slight surplus; energy costs may be significantly overestimated and will depend on the availability of renewable energy also; insurance and staffing arrangements require to be checked with insurers.

### 6.6.5 Assessment against Project Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct community benefit: delivery of community identified needs</td>
<td>Medium – meets a need expressed by the community BUT need might be met elsewhere</td>
</tr>
<tr>
<td>Indirect community benefit: creation of an activity that adds value to the local economy</td>
<td>Medium, if provides attraction to new local / tourist market.</td>
</tr>
<tr>
<td>Risk of displacement of existing activity</td>
<td>Low</td>
</tr>
<tr>
<td>Resilience: possibility of uses for multiple purposes</td>
<td>Low – no alternative use</td>
</tr>
<tr>
<td>Generation of surpluses</td>
<td>Low – may generate losses</td>
</tr>
<tr>
<td>Return on investment</td>
<td>Low – high build cost</td>
</tr>
<tr>
<td>Fundability</td>
<td>Medium – expected to attract grant finance</td>
</tr>
</tbody>
</table>

### 6.6.6 Risks and Challenges

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Rating</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income targets not met</td>
<td>There is no demand for this type of provision</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
<td>Requires detailed business case and pre-build sign-up by community</td>
</tr>
<tr>
<td>Expenditure higher than estimated</td>
<td>Requires FT staffing to meet insurance requirements</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>To be examined in detailed business case</td>
</tr>
</tbody>
</table>
6.7 Private sector workshops / business units

6.7.1 Background
The community feedback to this proposal is that there is a lack of available entrepreneurial space on North Uist, constricting development of local enterprises. Taigh Chearsabhagh recently let workshop space and saw a significant demand for that space.

North Uist’s economy is driven by small, owner-managed businesses, and there is clearly an appetite for more development in the community.

6.7.2 Demand for workshops
The demand for workshops would need to be clarified by discussions with HIE and with other development agencies. However rental income from these spaces will not be significant compared with other potential uses for this space. Similar properties on Lewis rents for around £5 / ft² or £50 / m², indicating around £900 per year per workshop unit.

6.7.3 Facilities and costs of accommodation
Each unit would have to be supplied with running water, and depending on the type of unit, waste management could be an issue. Units would be expected to pay for rates, water rates, and waste management costs; insurance; and any non-

Other than these costs, there would minimum expenditure for the units.

6.7.4 Income and expenditure

<table>
<thead>
<tr>
<th>Income (excl. VAT) per year, per unit</th>
<th>£900</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure:</td>
<td></td>
</tr>
<tr>
<td>Maintenance, insurance, repairs</td>
<td>75</td>
</tr>
<tr>
<td>Net surplus</td>
<td>825</td>
</tr>
</tbody>
</table>

6.7.5 Assessment against Project Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct community benefit: delivery of community identified needs</td>
<td>Medium — meets expressed need for community to become more economically self-sufficient</td>
</tr>
<tr>
<td>Indirect community benefit: creation of an activity that adds value to the local economy</td>
<td>Medium, if provides expansion space for SMEs.</td>
</tr>
<tr>
<td>Risk of displacement of existing activity</td>
<td>Low – information is that there is no other suitable accommodation for SSMEs</td>
</tr>
<tr>
<td>Resilience: possibility of uses for multiple purposes</td>
<td>Medium – accommodation can be designed for multi-use e.g. student accommodation</td>
</tr>
<tr>
<td>Generation of surpluses</td>
<td>Low - Medium. Generates small surplus in context of site as a whole.</td>
</tr>
<tr>
<td>Return on investment</td>
<td>Low. Build costs should be around £20k per pod.</td>
</tr>
<tr>
<td>Fundability</td>
<td>Medium – expected to attract HIE / other grant finance.</td>
</tr>
<tr>
<td>Risk</td>
<td>Issue</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------------------------------------</td>
</tr>
<tr>
<td>Units are not let</td>
<td>There is no demand for this type of accommodation</td>
</tr>
<tr>
<td>Units let but with high turnover</td>
<td>Island economy cannot sustain SSMEs</td>
</tr>
</tbody>
</table>
6.8 Development of school as additional teaching space for Arts/ Gaelic courses

6.8.1 Background
The education providers (Lews Castle College, Sabhal Mòr Ostaig) who are seeking to develop academic provision in North Uist have clearly expressed the need for concurrent development and expansion of teaching space.

Currently Taigh Chearsabhagh leases a space to LCC for delivery of the Arts NC, and years 1 & 2 of the Arts degree. This space is already fully committed, and additional space will be required for further expansion of the academic provision.

The School space may be overlarge for the teaching space required, and another community group - Comann Eachdraidh Uibhist a Tuath (North Uist Historical Society) have expressed an interest in using some of the space at the School building for an exhibition centre.

There is partnership work for the three organisations – LHRSG, Taigh Chearsabhagh, and CEUT – to agree the best configuration of uses of the two assets – Taigh Chearsabhagh itself and the School for the maximum community benefit. This would require to be addressed through the detailed business planning process.

6.8.2 Demand for teaching space
The demand for additional teaching space to support the expanded academic provision and provide the business case for the student accommodation, has been clearly stated by both College Principals.

The details of provision would require to be negotiated with the colleges. It is assumed for these purposes that the colleges would sign a lease for the relevant parts of the year, allowing 100% usage of teaching space within the old school. For current assumptions and pending further discussion, this would be for 2 of the 3 main rooms in the school, plus storage space, tutor’s office.

6.8.3 Facilities and costs of accommodation
As with all buildings in this plan, the main costs would be heat and light, rates (to be paid by the Colleges); repairs and maintenance; and caretaking costs.

6.8.4 Income and expenditure
Please note that comparable information for leased space is not available for the Uists.

For current purposes, a total income per year of £20,000 is assumed. This would require negotiation with Lews Castle College UHI and Sabhal Mòr Ostaig.

Expenditure of 10% per annum is assumed for caretaking services and repair. Heat and light costs are estimated at £7,000 per annum for 435m2 of space.

<table>
<thead>
<tr>
<th>Income (excl. VAT) per year</th>
<th>£20,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure:</td>
<td></td>
</tr>
<tr>
<td>Heat and light (re-billed to LCC / SMO?)</td>
<td>7,000</td>
</tr>
<tr>
<td>Maintenance, insurance, repairs, caretaking</td>
<td>2,000</td>
</tr>
<tr>
<td>Net surplus</td>
<td>£11,000</td>
</tr>
</tbody>
</table>
### 6.8.5 Assessment against Project Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct community benefit: delivery of community identified needs</td>
<td>Low – not a community need</td>
</tr>
<tr>
<td>Indirect community benefit: creation of an activity that adds value to the local economy</td>
<td>Medium – High – essential to allowing student accommodation to proceed</td>
</tr>
<tr>
<td>Risk of displacement of existing activity</td>
<td>Low – although the possibility of Taigh Chearsabhagh displacement needs to be negotiated</td>
</tr>
<tr>
<td>Resilience: possibility of uses for multiple purposes</td>
<td>Low - Medium – school building must be used for educational purposes or it reverts back to North Uist Estate. Use for e.g. student accommodation may not fall within this condition.</td>
</tr>
<tr>
<td>Generation of surpluses</td>
<td>High. Generates large surplus in context of project as a whole. May be essential to ensuring viability of Lochmaddy Redevelopment project.</td>
</tr>
<tr>
<td>Return on investment</td>
<td>High. Refurbishment costs are not expected to be significant, as school is currently in good condition. . .</td>
</tr>
<tr>
<td>Fundability</td>
<td>Medium –expected to attract HIE / other grant finance.</td>
</tr>
</tbody>
</table>

### 6.8.6 Risks and Challenges

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Rating</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation is not required / income estimates too hit</td>
<td>Academic courses do not require / may not be able to afford this provision</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Alternative teaching accommodation could be provided on Hospital site; this would be more expensive as requiring full build.</td>
</tr>
</tbody>
</table>
Appendix 6:
Full Risk Assessment
Lochmaddy Hospital Site

Supplement to the Stage 1 Feasibility Study Report:

Full Risk Assessment

for Lochmaddy Hospital Redevelopment Steering Group
### Lochmaddy Hospital Site  
### Full Risk Register  
### LHRSG

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Likelihood</th>
<th>Impact on project</th>
<th>Rating to project</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Pre-purchase Risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 1.1 | Partnership approach (LHRSG, TC, HHP, CnES, UHI) cannot agree delivery or common vision | Too many conflicts of interest – profit maximisation, risk minimisation | Medium | High | High | Stakeholder roles and buy-in to be addressed in Phase 2  
Maintain partnership role in project development and delivery by inclusion of key partners on LHRSG |
| 1.2 | Detailed appraisal / business plan uncovers critical issue | Unforeseen issue with refurbishment / ownership / purchase / access / State Aids | Medium | High | High | Ensure detailed brief for study taking Issues, Risks and Next Steps from Phase 1 into account  
Instruct Phase 2 with sufficient time to resolve key issues. |
| 1.3 | Critical success factors in delivery of project not achieved | Insufficient capability (skills and time) of LHRSG and NUDC to address key challenges | Medium | High | Medium | Skills audit completed, demonstrates areas where LHRDG require additional competencies; recruitment to meet these gaps.  
Seek funding for development officer to ensure sufficient time to drive project forward |
| 1.4 | Site cannot be purchased | Seller is not willing | Low | Medium | Medium | NUDC look elsewhere for community benefits |
| 1.5 | Site cannot be purchased | No / not enough funding available | Medium | High | High | Consider impact of listing main building (funding and VAT benefits)  
Identify consultant with expertise in historic buildings  
Mix of funders including EU funding |
| 1.6 | Community does not pass ballot for purchase (if ballot required) | Fear of risks; concerns over displacement of income | Medium | High | High | Continuous community communication and involvement  
Specific involvement of other tourism operators in engagement with “Outer Hebrides 2020 vision”  
Partnership with Taigh Chearsabhagh |
<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Likelihood</th>
<th>Impact on project</th>
<th>Rating to project</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Project Delivery Risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1. Funding packages cannot be obtained</td>
<td>Site / building / purpose not perceived by funders as delivering sufficient benefit / financial viability</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>Detailed business planning Discussions with funders at early opportunity</td>
</tr>
<tr>
<td>2.2. Funding cannot be obtained</td>
<td>Commercial aspects of site require loan funding – LHRSG cannot compete in private market</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Detailed business planning Social enterprise loan funding Other funding – co-op model, funding circle</td>
</tr>
<tr>
<td>2.3. Construction / refurbishment not complete in projected timescale</td>
<td>Delay in construction / refurbishment due to poor weather / high winds - cannot meet funding / academic target dates</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
<td>Maximise extent of off-site construction and prefabrication of building elements (e.g., floors, walls and roofs) to minimise construction period on site Agree refurbishment programme so that work to weather envelope (walls and roof) takes place during likely period of ‘good’ weather so that internal refurbishment can take place during less clement periods.</td>
</tr>
<tr>
<td>2.4. Cost of demolition higher than anticipated</td>
<td>Unexpected construction type, contamination, asbestos</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Commission full condition survey and asbestos survey of buildings for Phase 2</td>
</tr>
<tr>
<td>2.5. Contaminated land from ex-fuel storage</td>
<td>Remediation / decontamination works required</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Include in conditions survey Confirm with Local Authority / SEPA if any measures required</td>
</tr>
<tr>
<td>2.6. Higher costs than expected for Substructure and foundations</td>
<td>Unexpected ground conditions in area of new buildings and access track</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Ground conditions survey in specific areas to be affected by proposed works</td>
</tr>
<tr>
<td>Risk</td>
<td>Issue</td>
<td>Likelihood</td>
<td>Impact on project</td>
<td>Rating to project</td>
<td>Mitigation</td>
</tr>
<tr>
<td>-------</td>
<td>----------------------------------------------------------------------</td>
<td>------------</td>
<td>-------------------</td>
<td>-------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>2.7.</td>
<td>Higher costs than expected for drainage &amp; waste systems</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>Include percolation tests in ground investigation to establish appropriate possible drainage systems; discuss and agree with SEPA</td>
</tr>
<tr>
<td></td>
<td>Ground conditions / location are inadequate for proposed level of activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.8.</td>
<td>Higher refurbishment costs of buildings to be retained</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Identify major building defects through condition survey and advise current building owners of fabric condition. Carry out urgent repairs as soon as possible.</td>
</tr>
<tr>
<td></td>
<td>Lack of urgent repairs to roof etc leads to additional water ingress into existing building fabric = additional costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.9.</td>
<td>Construction quality and specification reduced: higher heat losses, higher energy bills and reduced tenancy rates.</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
<td>Integrate very high building fabric targets in Stage 2 feasibility study. Identify 'whole site' energy and CO2 footprints and ensure these are retained throughout the project.</td>
</tr>
<tr>
<td></td>
<td>Funding reduced, not available for high specifications required for energy efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 3. Income risks

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Likelihood</th>
<th>Impact on Project</th>
<th>Rating to Project</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1. The education providers’ plans change and Arts degree is not extended</td>
<td>Medium</td>
<td>Financial - high</td>
<td>Medium</td>
<td>Interior design of apartments can be used for other markets Phase 1 is approx. 50% of the end demand foreseen; project is not reliant on Phase 2 LCC / SMO to provide occupancy guarantees</td>
</tr>
<tr>
<td>3.2. Degree is validated but students do not appear</td>
<td>Medium</td>
<td>Financial - high</td>
<td>Medium</td>
<td>As above</td>
</tr>
<tr>
<td>3.3. Teaching space is not available &amp; course is not held</td>
<td>High</td>
<td>Financial - high</td>
<td>High</td>
<td>LHRSG to work in partnership with Taigh Chearsabhagh / CnES to secure additional teaching space</td>
</tr>
<tr>
<td>3.4. Supported housing units are not let</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>Housing Needs Analysis as part of business planning stage. Accommodation can be offered for other uses (student, tourist)</td>
</tr>
<tr>
<td>3.5. Supported housing units let but with high turnover</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>Careful planning, build, and management can mitigate this risk. Apparent risk could be an asset – intergenerational mix.</td>
</tr>
<tr>
<td>3.6. Affordable housing units cannot be funded</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Work with HSCHT and HHP to achieve funding package</td>
</tr>
<tr>
<td>3.7. Affordable housing units are not let</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Housing Needs Analysis as part of business planning stage. Work with HHP as key housing partner. Accommodation can be offered for other uses (student, tourist)</td>
</tr>
<tr>
<td>Risk</td>
<td>Issue</td>
<td>Likelihood</td>
<td>Impact on project</td>
<td>Rating to project</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-----------------------------------------------------------------------</td>
<td>------------</td>
<td>-------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>3.8. Affordable housing units let but with high turnover</td>
<td>Residents and other site users are a poor use-mix</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>3.9. Glamping Units are not let</td>
<td>There is no / low demand for this type of accommodation</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>3.10. Glamping units let but displaces other tourism accommodation</td>
<td>No new markets brought in</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>3.11. Workshops units are not let</td>
<td>There is no demand for this type of accommodation</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>3.12. Community recreation Income targets not met</td>
<td>There is no demand for this type of provision</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>3.13. Workshops units let but with high turnover</td>
<td>Island economy cannot sustain SSMEs</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>3.14. Teaching Accommodation is not required / income estimates too high</td>
<td>Academic courses do not require / may not be able to afford this provision</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>
## 4. Overall costs

<table>
<thead>
<tr>
<th>Risk</th>
<th>Issue</th>
<th>Likelihood</th>
<th>Impact on project</th>
<th>Rating to project</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.</td>
<td>Expenditure higher than estimated</td>
<td>Requires FT staffing to meet insurance requirements for community recreation</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>4.2.</td>
<td>Expenditure higher than estimated</td>
<td>Requires additional staffing to manage site e.g. night security</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>4.3.</td>
<td>Expenditure higher than estimated</td>
<td>Heat and light costs higher than estimated</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>4.4.</td>
<td>Expenditure on repairs &amp; maintenance higher than expected</td>
<td>Inappropriate repair materials used in repair of existing traditional buildings (e.g. Hospital) to reduce capital cost leads to damaging condensation in walls and roof</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>