

Iain Manthorpe
Scottish Government Community Land Team
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Dear Mr Manthorpe

**The Executors of the late Mrs J M Howard
Mr H J Howard
Isle of Ulva, associated islands and Ulva Ferry, Isle of Mull, Argyll ("Ulva")
Notice by The Scottish Ministers Under Section 37(5) of the Land Reform (Scotland) Act 2003**

I refer to your letter dated 18 July 2017, addressed to Mr R J S Morton WS, Morton Fraser LLP, Quartermile Two, 2 Lister Square, Edinburgh, EH3 9GL, in connection with the late application from North West Mull Community Woodland Limited ("**the Community Body**") to register an interest in Ulva under the Community Right to Buy in Part 2 of the Land Reform (Scotland) Act 2003. I am replying for and on behalf of the proprietors of Ulva and as a representative of Bell Ingram, in our capacity as managing agents for Ulva.

Whilst title to Ulva is held in the name of the Executors of the late Mrs Jean Margaret Howard, the beneficial owner is Mr Henry James Howard ("**Mr Howard**"), Mrs Howard's son, who has himself directed the management of Ulva for the past 30 years. The sale of Ulva was instructed by Mr Howard, following extensive analysis of the options for the island and its economic sustainability.

By way of further introduction and to provide some relevant background, the following is a summary of our understanding of events leading up to the submission of the late application:-

- I. The death of Mrs Jean Howard in February 2014 caused Mr Howard to contemplate the possibility of a sale of Ulva.
- II. Active steps to prepare Ulva for an open market sale were taken over the last 18 months. The local community were involved as attempts were made to "tidy up" aspects of the title and various legal obligations in the creation of formal leases and agreements for the use of the pier. A number of visits were made to Ulva by land agents and surveyors for inspection and valuation purposes;
- III. Although no secret was made of the intention to sell, Mr Howard formally intimated the proposed sale to his tenants on 5th May 2017.

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- IV. Mr Howard has endeavoured to maintain an open dialogue with the community over many years. Immediately he became aware of the interest of the Community Body in Ulva he authorised us to convene a meeting with representatives of the Community Body as soon as could be conveniently be arranged. This meeting took place on 5th June 2017 when as much information as possible was provided to the representatives of the Community Body and further assistance offered to them. The Community Body stated at this point that no research or consultation on the prospects of seeking a community right to buy had been undertaken previously
- V. A follow up email was sent by us to Colin Morrison, chair of the Community Body, on 9th June 2017, a copy of which is attached.
- VI. The Community Body submitted their late application without any follow up from the meeting on 5th June and the subsequent email of 9th June. This was disappointing, as it is believed further discussion would have assisted to inform the Community Body on many of the challenges around management of Ulva.

We would also wish to make the following initial points, for purposes of clarification:-

- A. Ulva has been managed in a sensitive manner with rent either set at or below the Local Housing Allowance level and efforts have been made nationally to attract long-term residents to Ulva, particularly those with children. However and regrettably these efforts have been largely unsuccessful.
- B. Number 2 Bracadale has been marketed for rent, at the Local Housing Allowance level for the last 18 months, with no interest shown.
- C. A marketing campaign was launched in 2014 to re-let Ardalum House, at below the Local Housing Allowance level after the family that had occupied the property left due to the various difficulties they encountered through living on an island with a teenage child. As the only serious interest was from an individual seeking to rent as a holiday home, the decision was taken to look at commercial opportunities. Following a study of the local market, it was felt that a hostel would be the most viable option and a tenant was secured and the property converted. Despite extensive marketing and publicity, the tenant found after 18 months that a hostel was not a viable operation and left Ulva.
- D. The success of the Boathouse Restaurant, which was originally established in 1992 by Mr Howard and run by him for several years, is partly due to the business acumen of the tenants, but also due to the exceptionally low rent of ██████ per month and the leasing of the adjacent property at 42% below the Local Housing Allowance. Historically there has been no written tenancy agreement in place, but a written lease has now been entered into to formalise the arrangement prior to the proposed sale.
- E. The ferry, which is currently an open boat operating on a seasonal basis, is run as a partnership between Mr Howard personally and the boatman, Mr Munro. The owners of Ulva have historically subsidised the ferry and have paid for the licencing, fuel, repairs, insurance and other items, thereby sustaining the 4,500 to 5,000 tourists that visit Ulva annually.
- F. Tourism has been actively encouraged for many years, with the owners producing a comprehensive visitor guide, maintaining an interactive website (<http://www.isleofulva.com/>), which, in addition to the Visitor Centre that they established, provides tourist information for Ulva, promoting the award winning restaurant, walks, heritage and ecological and wild life information. Mr Howard commissioned a report by Hospitality Scotland on the economic sustainability of tourism on Ulva and a copy is

attached. The report envisaged that a maximum of 10,000 visitors per annum could be achieved, however despite sustained efforts, visitor numbers have remained at between 4,500 and 5,000 per annum.

- G. The map attached to the application is incorrect. The plan of Ulva Ferry on the Isle of Mull delineates the ownership extent incorrectly, and we refer to the attached plan illustrating the correct boundaries. The Ferry Islands and Geasgill Islands are not included in the sale, having been formally transferred to Mr Howard to account of his beneficial interest in his late mother's estate. We would confirm that Mr Howard has no intention of selling these islands.
- H. As advised in the aforementioned email of 9th June to Mr Morrison, the current running cost of Ulva is approximately [REDACTED] per annum, on a care and maintenance basis. The current income from residential and commercial rents, including the ferry is [REDACTED] per annum and the farming enterprise records a loss of approximately [REDACTED] per annum.
- I. Reference is made in the Community Body's application to the threat to local fishing enterprises in their continued use of the Ulva Ferry. Mr Howard instructed his agents 6 years ago to formalise this arrangement and thereby bring about some clarity and comfort for the users' that their legal position as users is secure, However, despite repeated attempts to engage with the users to this end, the proposal to formalise matters was generally met with disinterest. To date only one pier user has completed a formal user agreement.
- J. In the Community Body's proposals for land reference is made to existing leases on two of the sheds at Ulva Ferry. We would note that the lease referred to in favour of Gometra is in place until 28 February 2084, and any prospective purchaser would be obliged to take this on. The lease in favour of a local fisherman continues on an annual basis.
- K. We would dispute the claim made in the late application that the process of registering an interest in the land was not undertaken due to a lack of awareness of the "significance and opportunity presented by the new CRTB legislation". Section 5.2 of the application states that the Community Body discussed the possibility of purchasing Ulva in 2013 and during the last 3 years have registered interests in other areas of land as well as exploring options for the purchase of land from a neighbouring estate. These prior actions do not support the claim that a late application is warranted on grounds of unawareness of the legislation and the opportunities it provides. We do accept that no formal offer was made to the community prior to the sale proceedings being commenced. However at no time during many years of joint working with the community has any interest in community purchase of the estate been conveyed to the owners of Ulva.

We now turn to a response to the detail of the Community Body's application.

Appendix 9 to the Community Body's application outlines the Overall Objective and Proposals for Ulva. Reflecting upon the Overall Objective, we would note that Mr Howard and his family before him have strived to provide sustainable benefits for the community and encourage repopulation with little success and would respectfully suggest that in the absence of significant and continuing capital investment the Overall Objective of the Community Body is unlikely to be achieved. Beyond the foregoing general observation, we have responded to each of the Proposals in turn under their respective headings, below. References to individual properties are shown on the attached plan.

1. **Improve housing stock and other buildings**

a. A phased programme will be implemented to bring existing housing stock (both presently occupied and presently unoccupied) up to modern standards

A number of option appraisals have previously been carried out by the current owners to consider renovation of the existing housing stock. Ulva House, The Manse and The Ferry House are all Listed Buildings which, in association with Historic Environment Scotland, will require sensitive restoration. Renovating Listed Buildings often results in modernised houses that are not necessarily suited to modern living or thermal standards.

In our professional opinion and that of our architects we conservatively estimated that the cost of renovating the existing residential dwellings (excluding Bernus and Craigaig) would amount to [REDACTED] exclusive of VAT and fees. However, due to the remote location we would anticipate a contingency of at least 20% of this estimated cost. Renovations attract VAT and for a landlord to be able to recover the VAT amount, they must opt to tax the dwelling and as such, add 20% VAT to the rent.

The above figures are purely for the renovation of the existing properties and do not take in to account the infrastructure requirements that would be necessary and which are dealt with in more detail below.

At a housing summit organised by Mull and Iona Community Trust in August 2016, it was noted that the demand for housing on Mull was predominately in the Loch Don, Craignure, Salen and Tobermory corridor, located some distance away, Minutes of the meeting are attached. Having spoken to Argyll & Bute Council about the Rural Resettlement Fund established by them in 2016 we understand that to date there have been no applications relating to either the Island of Mull or Ulva.

b. Derelict structures will be brought in to use, including existing farm buildings and buildings elsewhere on the Island.

There are three farm buildings to which we assume this refers, namely Ardalum, Bracadale and The Hill Steadings. We would state for the avoidance of any doubt that these are all currently used, and none of them are considered to be derelict.

In our studies we have always anticipated that these buildings would convert to provide six residential dwellings in total. None of the structures are a Listed Building, however they are of an age and design that requires careful and sensitive renovation.

Our architect estimated that the cost of bringing these buildings up to a modern habitable condition, would be at least [REDACTED] per square metre, exclusive of VAT, contingency and fees. This figure compares with New Build Social Housing costs that equate to approximately [REDACTED] per square metre, with no VAT payable on the mainland of Mull.

The above figures suggest that the total cost of renovating the aforementioned buildings, would be [REDACTED] per unit as opposed to New Build developments of Social or low cost housing of [REDACTED] per unit on the mainland.

The above figures do not include the infrastructure requirements that would be required, not only for the enjoyment of the community, but also as required under statute and local regulations.

c. Plots will be made available for Affordable Housing for rent and/or self build.

The whole of Ulva is currently either "Sensitive" or "Very Sensitive" Countryside in terms of Planning designations. The Very Sensitive designation precludes virtually all development, whilst the Sensitive designation will allow, in special circumstances, developments that are required on an operational need basis, or where it can be shown that there is a rounding-off or infilling of an existing community.

We are of the opinion that due to the number and location of the properties on Ulva at present, there would be no case to argue for operational need for additional housing and the nature of the existing development would preclude development around these areas.

The development of the redundant steadings would, in our opinion, be the only development that the Planning Department of Argyll & Bute Council would allow, as there is no coherent case for the rounding off or infilling of the existing clusters.

The area around The Ferry House is zoned by the Scottish Environmental Protection Agency as being of significant flood risk and therefore not suitable for development. The Ferry House currently floods on a high tide.

Any variation in the Adopted Local Plan for Argyll and Bute for the creation of Affordable Housing and self-build plots at a heavily subsidised rate would raise issues in relation to infrastructure and the economic efficiency of building houses when more accessible land and services are available on the mainland of Mull.

d. Sale of Property with Rural Housing Burdens attached will be considered.

This is feasible, although as detailed below (at response 2), the cost of infrastructure needs to be considered if and when any sales are considered and whether State Aid rules would be violated in that infrastructure paid for by Government is effectively distorting the property market in the greater area of Ulva and Mull and disadvantaging the private sector.

e. Buildings at Ulva Ferry on the mainland of Mull will continue to provide storage and logistic benefit for Ulva residents. Existing leases on two of the sheds will be continued (one with the owner of Gometra and the other with a local fisherman)

The mainland car park and storage is a critical element of any proposal for Ulva. The Island of Kerrera is an example of how development is constrained as it has no car parking on the mainland. The studies we carried out considered the future uses of Ulva Ferry and concluded that there was not sufficient land in this location to accommodate all of the existing uses and activities on Ulva.

The proposals set out by the Community Body are for the renovation of existing properties, additional housing, both in existing buildings and new build, the creation of crofts, the intensification of the farm as well as the creation of new businesses and the expansion of existing ones and a substantial increase in the number of tourists, which will clearly require a significant increase in the facilities at Ulva Ferry on Mull beyond what exist at present.

In order to accommodate all these needs, new storage facilities will need to be built, welfare facilities (for not only the residents, but also the ferry employees) as well as car parking and services for tourists. In addition, the access road to Ulva Ferry is single track with passing places and already struggles with the number of vehicles using it, particularly in the summer months.

The area of ground which is owned by our clients on the Isle of Mull is limited and from our topographical assessment of the adjacent ground, significant costs would be incurred in creating additional car parking if, of course, the land were available for purchase. We are not sure whether

Compulsory Purchase provisions would be available to the Community Body in order to allow them to fulfil their aspirations.

We have not had an opportunity to look in detail at the current service provisions in terms of water, electricity and sewerage, however we are of the opinion that substantial investment would likely be required.

Argyll & Bute Council was previously approached with regard to alleviating the situation, however the Council have advised that it has no funds available to assist with the provision of car parking and as such, no future development can take place on Ulva without car parking and storage facilities.

The adjacent area to the east of Ulva Ferry is already extremely constrained due to the six fishing boats that currently use the pier and car parking on a daily basis, as well as the many thousands of tourists that depart from the pier and pontoons on boats operated by Turus Mara and others.

Any increase in traffic will have dangerous consequences. We are aware that the fire, police and ambulance services within Argyll are seriously concerned with regard to access to Ferries due to indiscriminate parking and undefined access. Serious concerns have been raised recently with regard to the Island of Kerrera in respect of access for such services and the welfare of residents.

2. Improve the Infrastructure

Improving the housing stock, converting other buildings and providing further new build housing was all considered within the feasibility study carried out by ourselves and others. The infrastructure on both Ulva and Mull would be the biggest impediment to future development of Ulva.

The proposals from the Community Company are broad and not specific.

Our studies looked at developments around the Pier, Bracadale and Ulva House, the Hill Steadings and Ardalum. The Bothy at Craigaig and Bernus, which are considered by the Community to be ideal candidates for small holdings or crofts, were felt to be unserviceable due to the huge cost of providing infrastructure. This is reinforced by the Community Plan which identifies the dangers of living on Gometra which is equally remote. The bothy at Craigaig is mostly only accessible by foot at present.

a. The Island Ferry Service will be maintained and enhanced as a permanent year-round provision.

The aspirations of the Community Body are significant and could potentially see up to seventy people living and working on Ulva. Providing a year-round and all weather ferry service that complies fully with Maritime and Coastguard Agency (MCA) requirements would be significant as has recently been demonstrated with the Island of Kerrera which has involved Caledonian Maritime Assets (CMAL) investing in excess of [REDACTED] in a new break water for a ferry that serves thirty people.

The provision of such a ferry service would require two full time qualified boatmen at any one time to operate the ferry which, from our study, identified that with the suggested weekend working, would require the equivalent of four full time employees.

The vessel that would be required would need to be significant in order to cope with the strong tide and also the comfort and safety of the increased number of residents, as well as the suggested significant increase in tourists during the summer months. The ferry would also need to accommodate freight.

The ferryman at Kerrera, who operated a private ferry service, has been taken over by CMAL as it was recognised that the only way that the Island could continue with 30 residents, was for it to be part

of the national ferry network. These negotiations took many years and whilst there is now a CalMac operated ferry, the Island of Kerrera is still trying to raise money for infrastructure to allow the whole of it to be served by the ferry.

b. *The Piers and slipways on Ulva and neighbouring Mull shore will be maintained and access assured for all users.*

The existing pier on the Ulva side is not suitable for larger vessels and will require a significant upgrade as has been seen on the Island of Kerrera. There are no welfare facilities for the crew on the Ulva side nor a waiting room for passengers.

Our clients consider that the pier on the Mull side is dangerous and is not suitable for any increased traffic. We are of the opinion that the current facility is not suitable for purpose and are surprised that it is being considered by the Community when a recently opened publicly funded jetty and pontoon has been provided 100 metres away.

c. *Footpaths and access tracks to the main buildings on the Island will be upgraded and some accessible routes provided.*

Currently there are no Adopted public roads on Ulva. Argyll and Bute Council are extremely reluctant to adopt private roads and also to maintain public roads in isolated island communities, again such as Kerrera.

Argyll and Bute Council rigorously enforce a rule whereby no more than four houses can be developed from an unadopted road, with some latitude only in exceptional cases.

It is very difficult to be precise as to the cost of the upgrade to the road infrastructure that would be required by Argyll and Bute Council in order to allow the additional buildings to be brought in to residential use and to accommodate new self-build plots, affordable housing, crofts/small holdings. In assessing the cost, we have taken a figure of ██████████ per running metre of Adopted road (Mainland Argyll) and added 40% to take account of the logistics of Ulva and the lack of raw materials.

Conservatively, we would suggest that, at the very least, a public road would be required from the ferry to Ulva House and Bracadale and on to the Hill Steading, a length of 1,606 metres at a cost of approximately ██████████ plus VAT. A public road along this section would, in our opinion, allow small areas to be developed, provided the Council was prepared to amend the Adopted Local Plan.

In addition to the public road, consideration would need to be given to the provision of sewage disposal facilities, whether that be a central facility or individual treatment plants. The hydrological study we undertook suggested that the existing water supply was at its capacity and would need significant investment, possibly with the addition of individual bore holes or a rebuilding and expansion of the existing reservoir to provide an adequate water supply. We understand that public buildings such as assembly halls and schools require a public water supply, something that would require substantial investment by Scottish Water.

The current electricity grid connection would require significant upgrading as would the subsea cable that connects Ulva to Mull.

The Community Body has identified the difficulties associated with the Island of Gometra, in terms of infrastructure, Health and Emergency services and education, which we in turn have identified as being issues in developing small holdings or crofts at both Bernus and Craigaig. In our opinion, properties in these locations could not be safely developed if the matters identified by the Community Body are to be properly addressed.

Refuse facilities have not been addressed by the Community Body and whilst some refuse could be composted on Ulva, items for recycling and other non compostable materials would need to be removed from Ulva. This would need to be seriously considered in assessing the type of ferry that is operated as weekly disposal would be necessary. Similarly, there is no consideration given for the needs of an enlarged population in terms of emergency health care and social welfare for elderly or disabled, which we have elaborated upon above.

d. Opportunities will be sought for micro-generation where viable.

Solar PV is already installed at Bracadale and benefits from the feed-in tariff which will expire in 14 years, however feed-in tariff has now been abolished for new Solar PV schemes. Whilst Solar is of benefit to well insulated houses during the summer months, without significant battery capacity, there is little benefit over the majority of the year.

Studies considered micro-hydro for which there is no source.

We also considered Anaerobic Digestion. It was felt that the only sustainable source would be human sewage which would not have sufficient nutrients for it to be of any benefit and it was concluded that Anaerobic Digestion would be of no economic or social benefit.

Wind energy was considered. However, due to the planning designations both locally and nationally, as well as the presence of sea eagles, it was felt that there was no viable opportunity. That said, the most effective wind source was identified as being on the south side of Ulva, a distance of approximately 4 kilometres from the main population and as such, even if consent were granted, the cost of infrastructure would likely be so significant as to negate the benefit.

e. Options to turn one of the Steading Buildings in to a public building for social events, entertainment space etc. will be investigated.

We identified the Church as being the most appropriate centre for the community space. However this was considered to be problematical due to the cost of infrastructure that would be required in order to make access to the building safe, not only for able bodied people, but also the disabled.

The infrastructure investment mentioned above, considered extending the road network to the Church. However due not only to the distance, but also the topography, it was felt that this was too significant a cost to be considered. The study concluded that bringing the access up to a public standard would cost [REDACTED] (Plan attached)

In addition, it was felt that as the building would probably be used mostly in the evenings or during the winter months, lighting to and from the ferry and the other properties would be required which would result in significant additional infrastructure costs.

f. The Church will be maintained and its possible wider use, for example as a music venue will be investigated.

Please see above at response 2(e).

3. Revitalise and expand agriculture.

a. The existing farm will be re-let.

The current farm encompasses the whole of Ulva with the exclusion of the Forestry Schemes. We have undertaken detailed analysis of the agricultural potential of Ulva based upon the opportunities, costs and subsidies that are available.

Currently, Ulva receives [REDACTED] in Basic Payment Scheme Entitlements (BPSE) and [REDACTED] in Less Favoured Area Support Scheme (LFASS).

The current stock levels are low and support a flock of 57 ewes and a herd of 30 Galloway cows. From our studies and from historical records it is our professional opinion that the maximum stock that could be sustained on the farm is 30 cows (as currently farmed) and 1,000 ewes.

The current farming regime has evolved in order to minimise the loss on the farming operation due to the significant amount of capital that would be required in order to increase stock numbers. In addition, the BPSE are historically low. Securing the necessary qualified labour is also difficult.

The Community Body's proposals for the farm are, in our view, simplistic and lacking specification. As has been set out, not only would the farming enterprise require significant capital and labour, it would also require to make its own silage and feed, as bringing feed to Ulva effectively requires two ferry journeys, is extremely expensive and could not be reflected in the values of the output.

An in-hand farming operation would also require that one of the houses be used as a farmhouse.

In our analysis of this option, we were unable to decide which was the most appropriate property to use as a farmhouse as all have disadvantages. We did feel however, if this option were to be considered, then a new modern agricultural building would be required to accommodate modern machinery and ideally a new farmhouse adjacent. We identified the Hill Steading area as being the most appropriate location for the farming operation, however we were unable to work up a business plan that would be economically sustainable.

An incoming tenant would not only need capital for the acquisition of stock, but also for machinery and working capital going forward. The Community Body would need to provide a new portal framed agricultural building as there are no agricultural buildings on Ulva that are suitable. This building would need to be serviced with water, drainage and electricity. We are of the opinion that the building would need to be of such a size which would entail a Building Warrant which would require significant additional expenditure in complying with regulations regarding fire-fighting facilities.

In addition, the Community Body, as landlord, would need to provide infrastructure suitable for the operation of a farming enterprise.

The investment in infrastructure that would be required by the Community Body could be significant as we are currently being quoted [REDACTED] plus VAT per metre for stock fencing and up to [REDACTED] plus VAT per metre for deer fencing. In addition, the stock handling facilities require modernisation and upgrading.

We are of the opinion that, conservatively, a tenant would require capital of at least [REDACTED] and a tenancy agreement of at least 25 years in order to create a viable and sustainable business plan.

It is worth mentioning that the effects of Brexit are not yet fully known and although the Scottish Government should have the powers to vary the support mechanism for agriculture, it is generally thought that the current system of subsidies simply for farming, will disappear and proactive farming

involving costs to the farmer will be the new system which could significantly undermine any business plan prepared under the current regime.

The Community Body suggests that there are a number of individuals who would be keen to take on the farm, however from our experience of letting and trying to let three farms recently on Mull, as well as a number on the west coast, there is very little demand due to the political uncertainties as well as the significant costs of entry.

We also looked at the possibility of dividing the farming enterprise into a number of smaller units. When considering this option, infrastructure issues were significant as was Argyll & Bute Council's Planning policy under the Adopted Local Plan as well as the cost of creating farmhouses that would be habitable in a manner that does not incur the issues identified by the Community Body with the Island of Gometra. From our recent experience Argyll & Bute Council would reject any application for farmhouses on smaller units as having no economic viability and thus justification.

The idea of dividing Ulva into several units was primarily due to the significant monopoly power that would be available to the farm tenant, should the farm be let in its most viable manner, i.e. as one unit.

A farmer operating around the community on an evolving basis would find that it is extremely difficult to coherently plan for the future.

The most agriculturally valuable arable ground, which is in short supply, is also the most appropriate land on which the Community would wish to build their various enterprises and as such, we feel there would be conflict. Any diminution in the arable ground suitable for silage would have a direct economic impact on the farming operation.

b. *New Small Holdings or Crofts will be made available.*

The Community Body alludes to Bernus and Craigaig as being used for the creation of new crofts and we have addressed the issues that have been identified with this particular scenario, particularly with regards to service and access. Crofts, we feel, would pose a significant financial burden upon the Community Body and also potentially significantly affect the wider agricultural unit.

The Crofting Commission insist that a crofter lives within 32 kilometres of their croft. In order to fulfil the Community Body's business plan and aspirations, the crofters would reside on Ulva and, as such, a house would need to be provided for each crofter, as well as infrastructure to access them.

Crofting law gives statutory right to crofters to acquire their croft for 15 times the annual rental value, which potentially could see large areas of Ulva being removed from community ownership at significantly less value than they acquired it for.

Furthermore, we identified that in order for a croft to be viable and assuming they were located within the Ferry House to Hill Steading public road, they would require a minimum of 2 hectares of arable in-by ground, in addition to the creation of the common grazings on the hill ground. The removal of these 2 hectares per croft of arable ground would significantly impact upon the viability of the wider farming unit or units, however without the in-by ground, the crofts would be unsustainable.

The creation of crofts would require that a large area of common grazing would need to be allocated and fenced so that stock from the crofts did not impinge upon the health status of the wider farming unit. The creation of the common grazing would also impact upon the viability of the farm.

We estimate that for each croft, an outrun of 121 hectares would be required and assuming that 5 crofts were created, an area of 605 hectares (1500 acres) would need to be set aside as common grazing and fenced. Our provisional quotation for the fencing of the common grazing at the rate of [REDACTED] plus VAT, per metre, suggests a capital cost to the Community of [REDACTED], excluding the cost of building croft houses for the crofters.

4. **Manage Forestry Sustainably and Seek New Opportunities**

a. *The requirements of the Forest Design Plan which will be inherited on purchase will be met.*

The requirements of the SRDP Farm Woodland Premium Scheme partially involves the removal of agricultural activity for the next 20 years, thus reducing the size of the farm. Studies have shown that even with intensive management, Hardwood Native Regeneration schemes on the west coast of Scotland do not produce timber that is of use to the timber industry and as such, the only activity that can generate an income is small scale schemes for firewood.

The main grants associated with the scheme have now ceased, however the liability continues.

b. *Micro harvesting and timber milling using NWMWC [the Community Body] equipment and expertise will be promoted.*

The comments above (at response 4(a)) apply in terms of the quality of timber produced.

No mention is made within the forestry proposals with regard to the management of deer which transit between Ulva and Gometra. Any further reduction in the grazing will put pressure on the herd and will be in contravention of the agreed policy set out and agreed with the Mull Deer Management Group.

The careful management of the deer is an essential part of land husbandry and the substantial programme of new crofts and new dwellings will put further strain on the herd and create management issues for not only Ulva, but particularly Gometra.

c. *Options for Agro-forestry in existing woodland and in the long term within the new broadleaf woodland will be investigated.*

Our comments above (at response 4(a)) apply.

5. **Tourism**

a. *Unlock the very large tourism potential, largely untapped at present.*

Our clients have endeavoured to open Ulva for 6 days a week from Easter through to October.

Our clients also established the Restaurant, Sheila's Cottage, the Visitor Centre, as well as contributing heavily to the regular ferry service.

Our clients wrote the attached booklet on Ulva which is available widely across Mull and in bookshops on the mainland and also promoted Ulva via its own website (www.isleofulva.com). Feasibility studies have been carried out by our clients, identifying the delicate balance between encouraging tourists and visitors and creating an environment that destroys the very reason people visit.

Infrastructure for tourists is essential and as mentioned previously, significantly greater car parking and mainland facilities will be required in order to fulfil the objectives of the Community Body.

Mention is made that the partnership with Mr Munro would continue. This statement does not take into account the substantial capital costs of the ferry that would be required.

Ardalum has Planning Consent for a hostel to which the Estate contributed significant sums for its conversion, however the tenant was unable to create a viable business, despite extensive advertising and promotion.

Ulva House, being a Listed building, was considered as a Guest House and Study Centre, however it was decided that there was insufficient accommodation within the property to create a viable enterprise and that it was not feasible to create en suite facilities that are now viewed as essential.

b. *A Campsite, whether it be informal or formal has also been considered.*

Infrastructure constraints in terms of the supply of water and sewerage and the perceived short season, work against the creation of this facility.

In addition, wild camping is encouraged in accordance with guidelines set up by Scottish Natural Heritage and the British Canoe Association and any further proliferation would potentially destroy the attractiveness of Ulva.

c. *The development of marine tourism in areas such as sailing, cruising, kayaking and fishing require a sheltered anchorage as well as mooring and berthing facilities on the Ulva side of the sound.*

Any development on the Mull side of the Sound could be accommodated and promoted more effectively by the use of the existing publicly funded pontoon facility without the need to acquire Ulva.

6. Enhanced bio-diversity and safeguard habitats and species.

Ulva has no statutory ecological designation, it has no Sites of Special Scientific Interest or Special Areas of Conservation. Ulva is managed in the interest of bio-diversity, hence, partly, the low stocking density on the farm.

The Community Body's desire to increase the agricultural activity with the establishment of one or more farms and several crofts, could potentially work against a co-ordinated ecological approach to Ulva which is currently possible, thus harming the holistic management of the Ulva ecosystem.

7. Support marine industries, fishing and aquaculture.

a. *Sustainable inshore fisheries development will be encouraged and supported by provision of premises*

Our clients have looked at sustainable inshore fisheries development. However, they determined that the most appropriate place for such a development was on the Island of Mull due to the logistical difficulties of accessing Ulva and the additional costs.

b. *Re-instatement of abandoned and / or establishment of new oyster farms will be evaluated*

The oyster farm has been in situ since 1995 and occupies the most appropriately sheltered location on Ulva, however the water exchange in that location has meant that the growth of the oysters has been extremely slow and consequently uneconomic. Research undertaken would suggest that there is no suitable location on the north side of Ulva due to the exposure.

c. *Feasibility of mussel farming will be evaluated*

The possibility of establishing a mussel farm on the northern channel between the Island of Mull and Ulva has been considered. The waterway is a navigable waterway and following the recent community opposition to the relocation of a fish farm within this area, it is felt that a mussel farm could represent a hazard to vessels. It is felt that there is a suitable exchange of water and sufficient depth for a farm, however the fall of spat is limited. In addition, it is felt that if mussel farming were to be an option, then it would be best operated from the Island of Mull as there are more appropriate shore based facilities for depuration and storage as well as more cost-effective transport links to the markets.

- d. Seaweed farming could be re-established, particular in the niche edible seaweed market. Seaweed farming potential will be investigated

We have had extensive discussions with the Scottish Association of Marine Science with regard to seaweed farming on the west coast and the opportunities therein. Seaweed farming is in its infancy and it is felt that the northern channel, due to its sheltered location, is the most appropriate location, however due to the existing fish farm (and the possibility of a mussel farm) there are limited areas that would be given Planning Consent and approved by Marine Scotland due to the potentially congested nature of the channel. Again, seaweed farming and harvesting would be more cost effectively and economically operated from the mainland of Mull in order to avoid the additional transportation and infrastructure costs. Hand harvesting is a possibility, however from investigation, again the logistics of transporting seaweed from the far south of Ulva to Craignure is significantly higher than harvesting and transporting the same seaweed from the Island of Mull.

8. **Conclusions**

As specified above, the estimated costs of the Proposals set out by the North West Mull Community Woodland Company would be in excess of [REDACTED] excluding the cost of acquisition which, even allowing for donations, soft loans and grants, would incur unrepayable capital and interest charges over a 25 year period. We question how these Proposals can be economically justified or sustainable particularly when we understand from Argyll & Bute Council that there is only one person on the housing list for the Ulva Ferry area and no particular first preference demand for the whole of North West Mull.

We have endeavoured to demonstrate impartiality in analysing the Proposals set out by the Community Body and applied the knowledge we have gained from our involvement over many years with Ulva, with many other islands on the West coast of Argyll and Lochaber and from the transfer some years ago of assets owned by British Alcan to the Kinlochleven Land Development Trust at Kinlochleven.

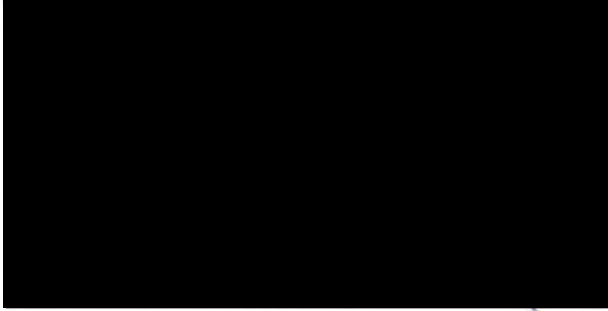
The Isle of Kerrera (which has been referred to throughout this response for comparison purposes) has significantly more residents, has historic infrastructure provided by national utility companies and the Local Authority and still struggles to retain and attract residents, even though it is commutable to Oban. Ulva has no discernible infrastructure, nor have the Community Body demonstrated that there is a desire for people to move to the island or that the costs of achieving their Overall Objective can in any way be funded without huge injections of public money, that could be more cost effectively used elsewhere in the area in ways which have proven beneficial outcomes. The vast majority of the Community Body do not have a connection with Ulva.

The alternative to the Community Body's involvement is an open market sale to a purchaser with sufficient resources to maintain, restore and improve Ulva, identifying possible opportunities for sustainable development and investing appropriately. The success of this approach has been



demonstrated in the past with private owners providing investment on the Isle of Jura. Given the substantial costs required to give effect to the Community Body's proposals it would not be in the public interest for a right to buy to be registered. There is potential for an open market sale of Ulva to bring about public good without being a drain on the public purse.

Finally, we confirm that following your letter of 18th July, all marketing of Ulva for sale has ceased and the considerable number of viewings organised have been cancelled. If The Scottish Ministers decide to decline this late Application, we would be happy to re-engage in discussions with the Community Body whilst marketing recommences.



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Encl

Annexations

- i. Email from Paul Nicoll (Bell Ingram) to Colin Morrison (Community Body) dated 9 June 2017;
- ii. Report by Hospitality Scotland Limited on the economic sustainability of tourism on Ulva;
- iii. Plan of Ulva Ferry;
- iv. Plan of individual properties on Ulva;
- v. Minutes of Mull and Iona Community Trust meeting in August 2016;
- vi. Plan showing road adoption proposals;
- vii. Ulva Tourism Booklet;