

## **Item: 4**

**Community Development Fund Sub-committee: 24 October 2022.**

**Application Number 0/5/8/74.**

**Stronsay Development Trust.**

**Redevelopment of Stronsay Hotel into Multi-Use Facility.**

**Report by Corporate Director for Enterprise and Sustainable Regeneration.**

### **1. Purpose of Report**

To consider an application from Stronsay Development Trust for assistance towards the redevelopment of the Stronsay Hotel into a multi-use facility.

### **2. Recommendations**

The Sub-committee is invited to note:

#### **2.1.**

That Stronsay Development Trust has applied for assistance from the Community Development Fund towards redevelopment of the Stronsay Hotel into a multi-use facility (the project), at a total estimated eligible cost of £118,565.

#### **2.2.**

That Stronsay Development Trust is contributing £5,929 of its resources towards the eligible costs of the project.

#### **2.3.**

That Stronsay Development Trust has applied for match funding from Highlands and Islands Enterprise and the Scottish Government towards the project.

#### **2.4.**

That messages of support have been received from the undernoted community groups:

- Stronsay Community Council.
- Stronsay Darts league.
- Stronsay Fishmart Café and Hostel.
- Stronsay Pool league.
- Stronsay Community Association.

**It is recommended:**

**2.5.**

That a grant amounting to 50% of total eligible costs, up to a maximum sum of £59,282, to be met from the Community Development Fund, be offered to Stronsay Development Trust towards redevelopment of the Stronsay Hotel into a multi-use facility.

**2.6.**

That powers be delegated to the Corporate Director for Enterprise and Sustainable Regeneration, in consultation with the Head of Finance, to authorise advance payment of the grant, referred to at paragraph 2.5 above, on receipt of invoices, if required in order to assist cash flow requirements of Stronsay Development Trust.

**2.7.**

That powers be delegated to the Corporate Director for Enterprise and Sustainable Regeneration, in consultation with the Head of Legal and Governance, to conclude an Agreement, on the Council's standard terms and conditions, with Stronsay Development Trust in respect of the funding, detailed at paragraphs 2.5 and 2.6 above.

## **3. Background**

**3.1.**

Stronsay Development Trust (SDT) is a registered charity (number SC038888). The main objective of SDT is to provide support to the community through projects such as Transport, Arts Heritage and Culture, Grant Assistance, Wellbeing Support, Recreational Facilities, Support Carers project for residents, Support to residents for the most vulnerable. All income generated is invested within the island. SDT currently has a board membership totalling nine residents.

**3.2.**

The Stronsay Hotel was built in 1891 in the middle of Whitehall Village. However, a major fire in 1939 led to the remaining structure being knocked down and a new Hotel was created by the purchase of two houses on the corner of the road near the top of the pier in Whitehall, which together now make up the Stronsay Hotel. There were several changes of ownership over the years with the last main refurbishment completed in 1999.

**3.3.**

The current Stronsay Hotel was in real danger of being closed with the previous owners facing ill health and nearing retirement. Business capacity had been reduced significantly with reduced hours, closures and lack of provisions being made available. No external buyer has been found for the Hotel in over three years of being on the market.

### **3.4.**

In March 2021, SDT began to explore options for community ownership and carried out a number of community consultations to gauge the level of interest. These consultations achieved over 82% of the community responding positively and this made the objective of achieving community ownership of the Stronsay Hotel a priority for the Trust.

### **3.5.**

SDT was subsequently able to take forward a successful application to the Scottish Land Fund for purchase costs of £210,000. With ownership now with the community, the Trust wishes to redevelop the Stronsay Hotel into a multi-use facility, maximising its potential for long-term community benefit.

## **4. Project Proposal**

### **4.1.**

The overall project aim is to redevelop the Stronsay Hotel into a multi-use facility which would be available and utilised by visitors and locals alike. It is intended that the facility will incorporate traditional elements of a hotel, as well as containing facilities for community use and participation. The ground floor will consist of traditional hotel elements, such as a bar and one bedroom, a community room and kitchen. The community room and kitchen will be available for community groups or individuals to use. The first and second floors will contain the remaining five bedrooms with the second floor also having a space developed for community storage purposes. Outside a community garden and seating area will be created with access to toilets available on the ground floor for public use. This redevelopment intends to create a multi-purpose facility, capable of providing uses for visitor and locals. The floor plan and garden area are outlined in Appendix 1 to this report.

### **4.2.**

The redevelopment proposal includes the following eligible works:

- Installation of air-to-air heating and solar panels.
- Installation of LED lighting.
- Upgrade of kitchen into a community kitchen area.
- Creation of community room with associated facilities.
- Upgrade of storeroom for shared use covering community and hotel purposes.
- Creation of space on the hotel grounds, incorporating community garden, seating area, patio space, play equipment and community growing space.
- Installation of fencing around external community area.
- Enhancements to the accessibility of the facility from the outside spaces to the internal community areas of the facility.

### 4.3.

This project has been designed with the local community and visitors to the island in mind. SDT has acknowledged the importance of this building to the local community through securing the asset, as well as ensuring the local community have been engaged and supportive of the proposals outlined in section 4.2. above, through community consultations. SDT believe that the enhanced facility will encourage more community use and enjoyment of the building and the outside area, as well as ensuring an important building continues to operate under ownership of the Trust.

### 4.4.

A detailed exercise in identifying the eligible and ineligible costs for this project has been undertaken by the SDT Community Development Officer. This has been assessed against the existing Community Development Fund criteria and ensured that the eligible areas and associated costs have been included within this project for further consideration, with the ineligible costs removed.

### 4.5.

The eligible project costs and proposed funding arrangements are outlined in the table below (inclusive of VAT as SDT are not VAT registered):

<b>Project Details.</b>	<b>Cost.</b>
Eligible building costs.	£99,902.
Eligible equipment costs.	£15,363.
Eligible professional fees.	£3,300.
<b>Total.</b>	<b>£118,565.</b>
<b>Project Financing.</b>	<b>Amount.</b>
Community Development Fund (50%).	£59,282.
Highlands and Islands Enterprise (33%).	£39,473.
Scottish Government (CARES – managed by Local Energy Scotland) (12%).	£17,524.
Stronsay Development Trust (5%).*	£5,929.
<b>Total.</b>	<b>£118,565.</b>

\* Confirmed.

### 4.6.

The total project costs for the redevelopment of the Stronsay Hotel into a multi-use facility are £200,272. This includes £81,707 of costs deemed ineligible for the Community Development Fund, as they involve either the creation or upgrade of hotel bedrooms and bar area. These costs will be funded through a mixture of other funding and a proportion of the match funders outlined in the table in section 4.4 above.

#### **4.7.**

The Community Development Fund has the opportunity to help attract the maximum amount of external match funding through supporting this project. Decisions regarding the Highlands and Islands Enterprise and Scottish Government CARES funding are anticipated shortly. SDT has already confirmed its match funding towards the project.

#### **4.8.**

The project works will help the SDT to achieve one of its core objectives, of redeveloping an iconic building within the island, providing modern upgrades and ensuring the facility will have a sustainable future. It will also enable SDT to achieve sufficient income through the commercial elements of the Hotel, helping ensure the overall sustainability of the facility for current and future generations on the island.

#### **4.9.**

SDT will continue to maintain and promote the enhanced facility once the project is complete, ensuring both the community and commercial elements of the Stronsay Hotel are promoted equally and as widely as possible.

### **5. Project Appraisal**

#### **5.1.**

The proposals put forward in the development plan and business plan, which accompanies the application, outlines the intention to carry out a series of enhancements to the Stronsay Hotel. These enhancements will enable the facility to continue to provide an important offering for locals and visitors to enjoy. The project will have a lasting legacy in the form of community spaces both internally and externally, as well as enhanced social opportunities.

#### **5.2.**

Messages of support have been received from the undernoted groups:

- Stronsay Community Council.
- Stronsay Darts league.
- Stronsay Fishmart Café and Hostel.
- Stronsay Pool league.
- Stronsay Community Association.

#### **5.3.**

The Community Development Fund and its predecessor, the Community Development Fund for the New Millennium, have supported a wide range of development projects involving community spaces, including:

- Redevelopment of South End Play Park, Stromness.
- Redevelopment of Papay Community Play Park.

- Upgrading of Deerness Community Hall.
- Upgrading of Sandwick Community Centre.

## **5.4.**

With regard to SDT's application, the following is an assessment and evaluation against each of the approved assessment and evaluation criteria:

### **5.4.1. Evidence of Need**

- SDT has liaised with the local community at all stages of this project. This includes initial consultations after the Hotel had been on the market for several years, prior to an approach to the Scottish Land Fund regarding funding for a community asset transfer, and ongoing consultation regarding the community's preferences for the layout and end use of the facility. This involved public consultations, stakeholder meetings, as well as engagement through social media and the local newsletter (the Stronsay Limpet). With over 82% of the local community supporting the project throughout the various stages, there is strong support for this project evidenced.

### **5.4.2. Achievability**

- SDT is run by a committee of nine people who represent a wide demographic within the island population and possess a wide range of skills and experience to carry through the project. SDT has a strong track record delivering on capital projects as well as achieving community outcomes such as a community wind turbine, an enterprise zone created for the use of the community as well as a productive community office space. In addition, SDT facilitated and managed the construction and continued running of a large community greenhouse housing 12 community run growing plots, a house purchased and undergoing renovation for affordable housing and a heritage building under renovation for use as the permanent site of the community heritage centre.
- Having gone through the appropriate processes to obtain this facility and kept the community engaged and involved, coupled with a dedicated board and skilled staff and professional support, this project is considered achievable by SDT.

### **5.4.3. Sustainability**

- The project will help support the long-term sustainability of the Stronsay Hotel. The facility will benefit from renewable energy sources with high levels of insulation, and LED lighting. Also, where possible, equipment and seating for the outdoor area will be made from recycled and sustainable materials.
- Community ownership of the Hotel represents a sustainable path for the facility, whilst creating new employment on the island and providing an opportunity for community wealth building, training and answering that call to support the mental and physical wellbeing of the local community.

#### **5.4.4. Serving the local public and having lasting benefits**

- SDT ownership of the Stronsay Hotel gives the local community the ability to act proactively and with self determination to address a number of challenges, most notably depopulation, lack of employment, under employment, connectivity, housing and, most significantly, post COVID-19 challenges relating to social isolation. Stronsay has an aging population which is common in the Isles, which makes it essential for SDT to promote population growth, including supporting growth in the working age population as well as increasing the numbers of people choosing Stronsay as their home.

#### **5.4.5. Opportunities provided or upgraded**

- The Stronsay Hotel has been an important hub on the island for generations. It has not been operating for a number of years whilst on the market and this project will ensure it is given the best opportunity for continuing as a facility under community ownership. There will be part time and seasonal employment opportunities and training opportunities provided through the community kitchen.
- Community ownership of the Stronsay Hotel represents a sustainable path for the facility, whilst creating new opportunities on the island and providing an opportunity for community wealth building and answering that call to support the mental and physical wellbeing of the island community.

#### **5.4.6. Enriching quality of life**

- The project will ensure that this facility is not only reopened but done so with a more inclusive and community-led focus for current and future generations and visitors alike. It provides the residents a much-needed indoor and outdoor space to meet friends and families which will become increasingly vital post pandemic.
- Although there is an existing café facility on the island at the Stronsay Fish Mart across the road, the current franchise holders are supportive of this project and an agreement is in place by which users of the Stronsay Hotel will be encouraged to use the Fish Mart for lunch and users of the Fish Mart will be encouraged to use the Stronsay Hotel for breakfast and tea. Also, the proposed training opportunities being proposed in the refurbished kitchen are of interest to the Fish Mart as a joint collaboration. This joined up approach will ensure both facilities can operate successfully for the local communities they serve.

#### **5.4.7. Value for money**

- SDT has ensured value for money by using a local Quantity Surveyor and architect to fully assess the works required and cost them accordingly. All tenders have been managed by the Quantity Surveyor and there has been conversations with local tradespeople, wherever possible, to ensure as much of the project can be delivered and money contained within the island economy. The energy efficient elements are vital to ensure the ongoing running costs are minimalised and use of recycled materials within the outside area wherever possible will help ensure long-term value of the investment.

#### **5.4.8. Partnership funding**

- There is the potential of securing significant funding from both Highlands and Islands Enterprise, as well as the Scottish Government. Also, ineligible project costs are awaiting decisions on other external funding, thus adding to the overall partnership approach being adopted. SDT is also making a contribution towards the ineligible project costs. This also demonstrates strong potential support for the project, prior to approaching the Community Development Fund.

### **6. Links to Council Plan**

#### **6.1.**

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority theme of Thriving Communities.

#### **6.2.**

The proposals in this report relate directly to Priority 3.11 – We will review and develop the Empowering Communities Project to create a sustainable model which will enable and empower communities in the delivery of services and projects in their community, of the Council Delivery Plan.

### **7. Links to Local Outcomes Improvement Plan**

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priority of Community Wellbeing.

### **8. Financial Implications**

#### **8.1.**

In July 2016, a further £1,000,000 was allocated to the Community Development Fund, with £100,000 ring-fenced for Community Councils.

#### **8.2.**

At present there is sufficient budget within the 2016 Community Development Fund tranche to consider this project.

#### **8.3.**

The option of accessing Community Development Fund grant as an advance payment, in order to assist cash flow, will be required to ensure the project reaches a satisfactory conclusion. It is, therefore, recommended that powers be delegated to the Corporate Director for Enterprise and Sustainable Regeneration, in consultation with the Head of Finance, to conclude an Agreement to authorise advance payment of the grant, if approved, on receipt of invoices if required in order to assist SDT with its cash flow requirements.



## **9. Legal Aspects**

### **9.1.**

There are no legal constraints to the recommendations in this report being implemented and the relevant powers are contained in section 20 of the Local Government in Scotland Act 2003.

### **9.2.**

If grant assistance is to be provided by the Council, a legally-binding agreement will require to be entered into between the Council and the recipient setting out the terms on which the funding is being provided.

## **10. Contact Officers**

Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration, extension 2103, Email [gareth.waterson@orkney.gov.uk](mailto:gareth.waterson@orkney.gov.uk).

Sweyn Johnston, Head of Enterprise and Economic Growth, telephone 01856 852271, Email [sweyn.johnston@orkney.gov.uk](mailto:sweyn.johnston@orkney.gov.uk).

Stuart Allison, Service Manager (Enterprise), extension 2507, Email [stuart.allison@orkney.gov.uk](mailto:stuart.allison@orkney.gov.uk).

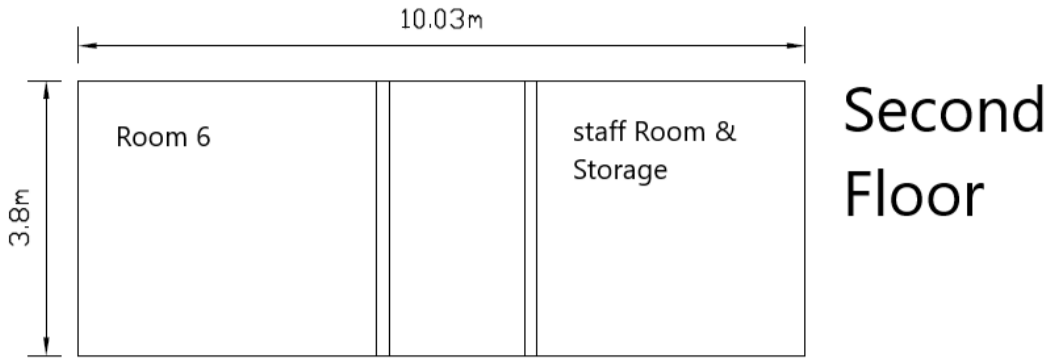
Alister Brown, Economic Development Officer, extension 2512, Email [alister.brown@orkney.gov.uk](mailto:alister.brown@orkney.gov.uk).

## **11. Appendix**

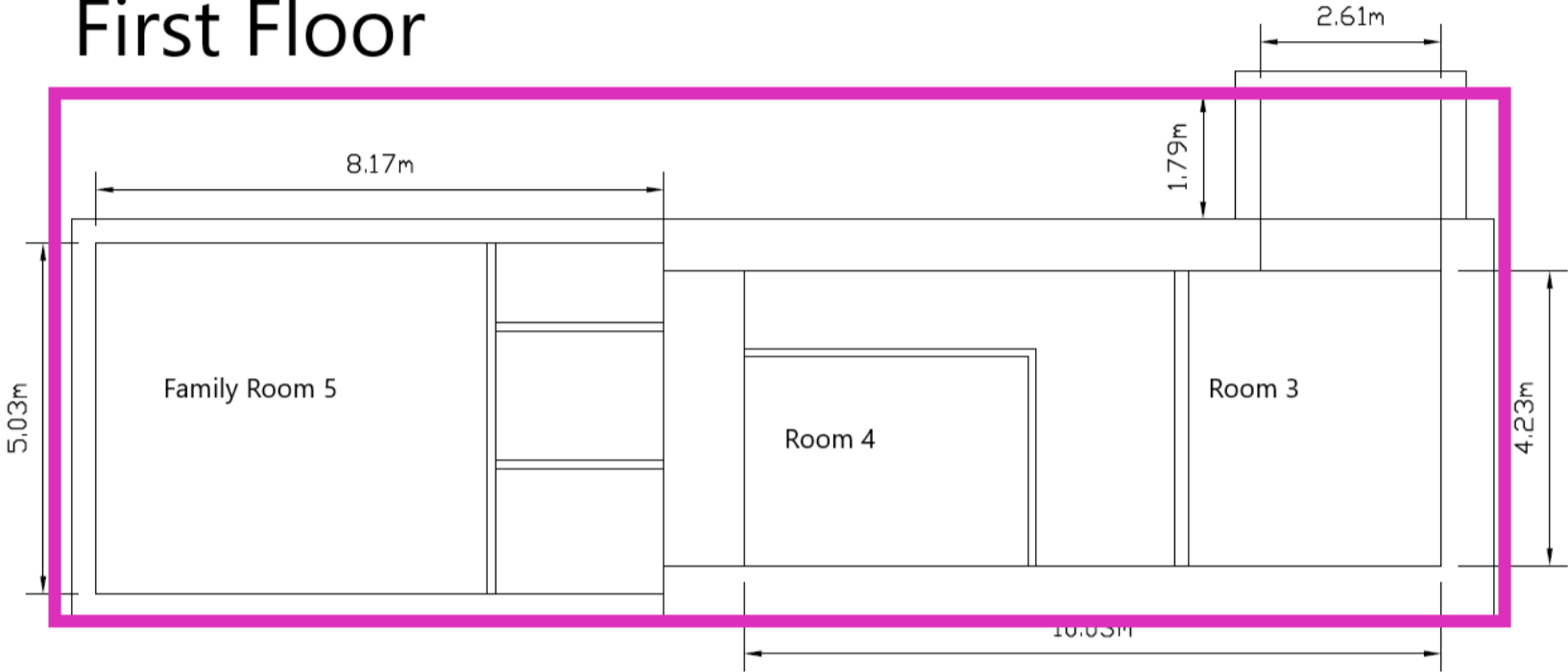
Appendix 1: Floor plan and garden area.

APPENDIX 1.

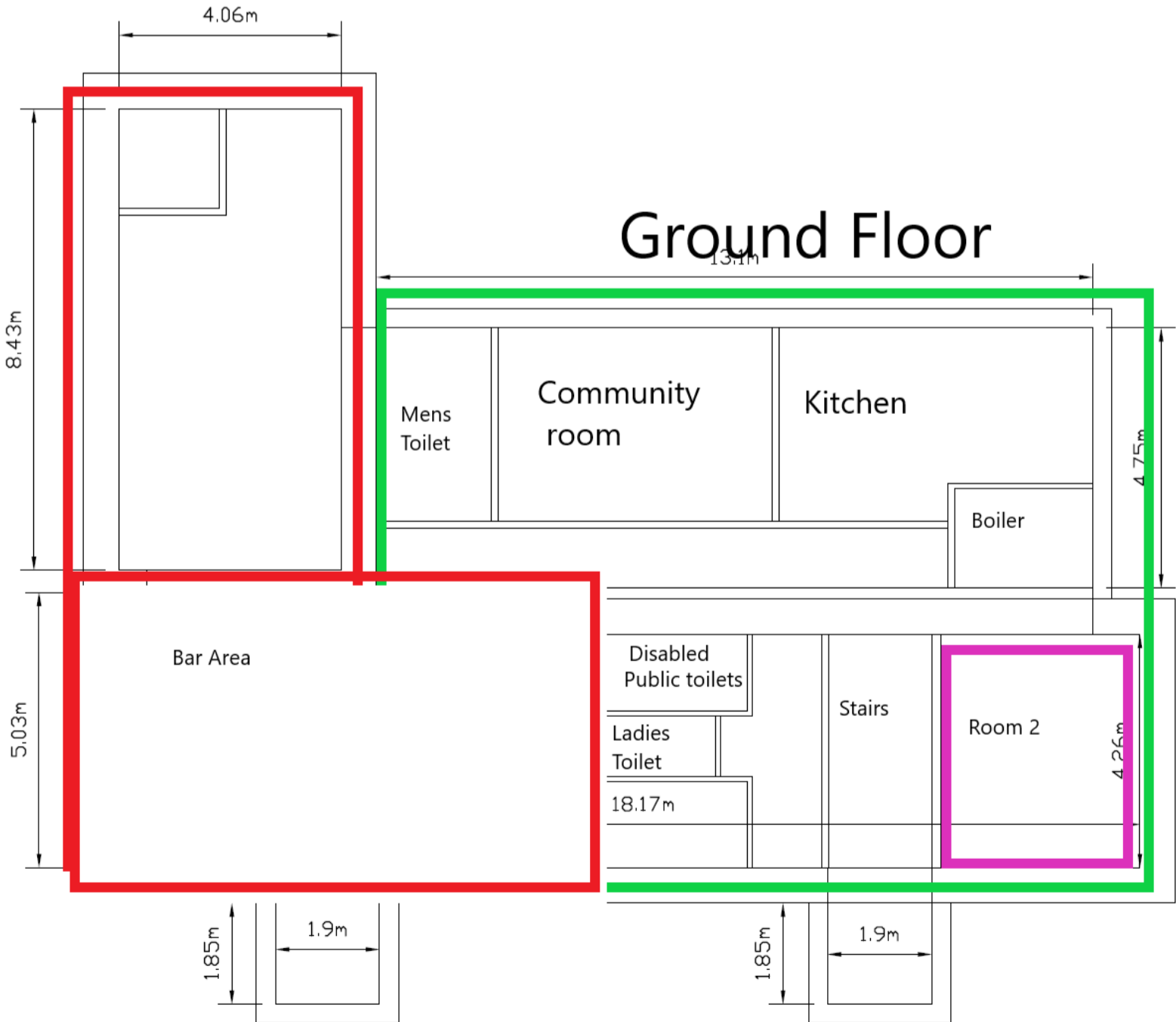
Stronsay Hotel



First Floor



Ground Floor





Garden design to include,

patio/decking area

Seating Area

Childrens Play

Growing Space

Secure fencing to the exits as well a around sewage tank

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