

Isle of Gigha Heritage Trust Members Meeting

Thursday 12th June 2025

Gigha Village Hall 7pm

Present from IGHT: Fergus Christie (FC) – Director; Jane Clements (JC) – Director; Tim Lister (TL) – Director; Adam Murphy (AM) - Director; Ian Wilson (IW) - Director; Jane Macintyre (JM) – Senior Manager/Company Secretary

Apologies from IGHT: Graham White - Director

Members in attendance: 26

Minutes: JM

1. Welcome

IW welcomed everyone to the meeting.

2. Financial Update

FC presented an update on the financial position.

Current cash available:

- IGHT - £20k
- GTRL - £110k
- GREL - £45k

Total current cash available to IGHT group: £175k

IGHT cash reserves were built up to £150k but there has been a large amount of expenditure and activity. A significant amount of this work has been supported by grant funding but there is still some level of IGHT contribution required.

The Hotel has been an unexpected project. The bar refurbishment was grant funded. The new septic tank system cost in the region of £80k. There has been no income from the hotel for the last 2 years.

There was the replacement of the septic tank at the campsite, which cost in the region of £170k. The Trust are taking steps to recover the funds but are limited in being able to discuss this matter at this time. A members meeting will be arranged when the position can be discussed openly.

A further £9k was spent on the ferry croft septic tanks.

There was also a loss of energy sales and Feed in Tarriff from the Enercon in Feb/Mar during downtime.

The consequence of the timing and value of these works is cash flow implications. A £200k loan is being secured with Social Investment Scotland – they already lend to IGHT for the housing development.

Additional note – The £200k loan has a 6 year repayment period at 8% fixed interest. There are no penalties for early repayment. SIS are aware this is a short-term loan, they expect any surplus cash available to IGHT will be used to repay the loan as soon as possible.

3. Hotel Update

FC presented an update on the Hotel. The bar is now operational, and the front lounge is nearing ready for official use. The kitchen requires some more work. The dining room, reception and bedrooms need some cosmetic work although perfectly adequate. The aim is to get the hotel open as soon as possible although this has been taking longer than anticipated.

The Trust advertised for a lease holder, but this was not successful. The main issue is the need for significant investment to start up the business, and there is no previous or current trading activity to share. The board reconsidered and the best way forward is to employ a manager. The successful candidate will work with the Trust in partnership to establish the hotel and possibly lease the business in future. The board are narrowing down the choice of the candidates with the hope to announce an outcome at the end of June. The Trust will be involved in the overview of the hotel, but the manager will deal with the operational decisions. 6 interviews have been held – most of which were couples.

The board has taken advice from several hoteliers and consultants.

It is expected the managers will consider further recruitment once in post. Funds to pay wages will need to come from income from the hotel in time but GTRL/IGHT will still need to invest in the business.

It is likely to be a phased approach to opening the hotel - the bar is open and hopefully the restaurant will follow soon. It may be early 2026 before the hotel is fully operational.

A budget of £35k has been agreed to invested in property. A lot of work is being done in-house. Necessary works include re-wiring, heating and hot water. Funding for things like solar is being investigated at the moment.

Anything beyond that is cosmetic (painting and furnishing) and will be considered by the manager. The board will set a budget for that work depending on trading profits.

It is intended that the managers will take a hands-on approach to the running of the Hotel.

The Trust's current cash position does not limit the ability to access grant funding.

The bar activity is starting to provide some figures for the business.

4. Turbine Replacement

TL presented an overview of the turbines. Turbine income is in the form of energy sales to the national grid and subsidies. The Enercon has the Feed in Tariff which is very generous. This subsidy is 3 or 4 times more valuable than the electricity price. The FiT is secured for another 9 years. The E33 also has a good service and insurance situation.

The Dancing Ladies has the ROCs which has also been generous. The ROCs are due to expire at the end of March 2027. The money generated from subsidies is about the same valuable as the electricity price, so this subsidy doubles GREL's income from energy sales. The Dancing Ladies are now serviced by a local contractor who is providing an excellent service for a much better price. There may be a possibility of keeping the turbines turning for a while longer due to this. T1 needs a new gearbox (£46k), which is significantly cheaper than the new gearbox which went into T2 (£75k). Once the ROCs expire, the energy sales alone will not generate enough money to replace a major component, but the servicing cost is minimal and should allow the machines to continue turning until then.

The expiration of the subsidies plus the age of the machines is what the board have been considering for a number of years now. Consultants have been working on the feasibility for the last couple of years. The consultancy costs have been 50% funded by HIE. The consultants have considered a number of other options – solar, hydrogen and battery. Solar appeared to need a large area to yield the same level of income as the turbines currently do. Hydrogen was considered but the difficulty is around the infrastructure investment and finding a local use or having to transport the product off island. Battery had been investigated before but was aborted due to costs and environmental concerns. Wind power has a proven background on Gigha, so the consultants felt this was less of a risk for GREL to consider. The consultants considered different options, from replacing parts on existing turbines, to installing 2 larger turbines, but have eventually recommended 1 x V52 turbine which would need to be slightly derated to comply with the grid export available. This machine is considerably larger than the E33 and would produce more energy than the 3 Dancing Ladies together. It would be a second hand refurbished machine. The estimated cost for the project so far is £1.3m. There are no energy subsidies available, and this larger turbine would still not produce the same level of income as the Dancing Ladies. It is a problem making the figures add up due to lack of subsidies. The only way this project can proceed if we can secure capital grant funding in the region of £500k. That funding is not currently available but may be in future. The position we are in at the moment is that we don't want to miss out if funding does come along, so we should take the next steps on the project and proceed with community and planning consultation. This would be undertaken by consultants once again with partial HIE funding support. We may secure a grant and electricity prices may increase, which would make the project extremely viable. The consultant's report is available to members upon request. There is a £60k decommissioning cost within the £1.3m but it is hoped there would be a resale value on the likes of the new gearboxes.

The other opportunity would be to use electricity on the island however current laws and regulations prevent this.

There is to be a new ferry in 5-6 years' time. We have had some dialogue with CalMac and Argyll and Bute Council regarding the powering of the ferry however the laws and regulations for GREL to sell power continues to be challenging. A new substation could be explored. The Council's appraisal summary prioritises the slip and berth being located together and suggests the existing slip is a better location to develop. There is scope for GREL to have further discussions with the Council.

Community Energy Scotland have a repowering forum which the Trust is part of, and communities discuss the challenges of new renewable projects. Community Energy Scotland represent these issues collectively to Scottish Government.

Additional note – We have also raised the repowering position with MSP and HIE.

Solar hasn't been ruled out completely. Larger turbines are constrained by transport and logistics of getting them to Gigha. The grid export is also limited, and to increase this would cost millions.

5. Income Generation

AM gave a brief overview of the Trust's income and expenditure figures from the last 3 years. One-off income figures have been excluded, such as asset sales. Likewise with one-off expenditure such as septic tanks and hotel improvements. The focus was on core income and expenditure to gauge the estimated deficit. IGHT income fluctuates depending on subsidiary donations which is largely dependent on the turbine's performance. Expenditure will continue to increase due to inflation plus expanding asset ownership and maintenance such as the pathways, helipad, new houses, etc. The board continue to consider general income and expenses and look at ways to reduce costs. The focus of the meeting is to look at significant income opportunities. It is felt now is a good time to take stock and consider ways to build scalable, viable income streams for the future. There will be approx. £200k lost from turbines in future and a further £250k could be needed to make the Trust comfortable and able to continue to invest in the island. Old debts have been paid off and new loans are affordable based on current income; we are in a good position to seek funding and loans needed to deliver new projects. AM listed the ideas which have been raised over the last few years to help get members thinking about potential projects. This list is not exhaustive, and the board remains open to new ideas being brought forward:

- Commercial – distillery; fish farming; industrial units.
- Renewables – solar; wind; battery; private wire supply
- Marketing – selling buyout/community ownership expertise; extended tourism offerings
- Sales – assets; plots
- Environmental – carbon credits; forestry; food production

Further ideas shared by members:

- Friends of Gigha / 200 club equivalent
- Tidal / wave power renewable energy
- Wild swimming / sea pool
- Local food production to sell to local residents and businesses
- Sea salt production
- Seaweed farming
- Shared ownership schemes (e.g. shared wind farm with mainland community)
- Further develop the bay/marina
- More business premises / space for online businesses (digital connectivity needs to happen)
- Indoor activities

The next steps are to have a workshop day to explore income generation ideas further – both new ideas and those already listed. Ideas need to help build a way to generating £250k to keep the island as is, although £450k is a reasonable target to allow the island scope to forward plan and improve.

6. AOB

- It's been 20 years since the first round of housing improvements - is there a schedule for housing repairs. Repairs are undertaken as and when possible. Income generation to maintain housing is a big factor for the future.
- We are trying to get 100% funding for the MUGA project to limit any IGHT contributions towards developments.
- If long-term tenants wanted to buy their property, this would be considered by the Trust.
- Woodside 4 is vacant but has not been earmarked for sale. The investment cost to bring it up to reasonable standard will be reviewed and presented to the members.
- The sale of Trust properties to a housing association has not been looked at again since 2019.
- The board agreed that any future asset sales would require members approval.

- Planning permission been submitted for 4 pods and 3 campervan spaces within the existing campsite boundary. This is so the development is ready should funding become available or if the campsite generates enough profits to invest in the site. The site currently does well but growth is needed to make it more profitable and therefore generate more income to the community.
- There hasn't been much progress with the Government scheme for digital connectivity. It required a large majority of householders to sign up to the R100 scheme for a developer to progress an island wide solution. When the next round of funding is agreed by Scot Gov it will be important that the community engages individually and via the Community Council and Trust.
- AM noted thanks to the Sound of Gigha committee for a successful festival weekend.

Meeting closed: 8.40pm