

Community Shares

We've been talking about Community Shares for a while now, so in this issue we're going into a bit more detail. Page 1 has more detail on our own project, and on page 2 we have a guest contribution from Jamie McIntyre, Strontian Development Trust, who has set up and launched 2 share offers for the community, and helps to oversee the running of 2 successful share-offer enterprises.

Background

Glengarry Community Woodlands (GCW) has achieved a lot since it was set up in 2016. In the last two years, we've expanded and taken on new responsibilities for the community – in 2020 we bought the field next to the Invergarry cemetery, and we're in the process of buying land at Ardochy for new community housing and crofts. In order to sustain our organization so that it can carry on doing more of this work for the community, we need a reliable source of revenue; that's what our eco-tourism cabin business is about.

The business

The business will provide overnight accommodation to visitors in off-grid cabins located about a 7-8 minute walk into the forest. We have planning permission to build 8 cabins, but will build up to this number over 2 phases. Although off-grid, the cabins are well designed to a very high standard, with large windows, basic but comfortable furnishings, a wood burning stove, and compost toilets. We've used one of Scotland's foremost timber building designers *North Woods Construction* to design and build the cabins. They will use our own timber for outside areas like decking and cladding, milled up just a few weeks ago at the Depot. A new amenity building with hot water, kitchen, lounge, fridges etc. will ensure that guests don't have to go without anything during their stay.



Throughout November a mobile sawmill cut up larch for the cabins

Why Shares?

The cost of setting up the cabin business is too great to be financed by grants alone. Community Shares are a fairly new way for community groups to fund raise for projects that tend to be large-scale, such as new buildings or small hydro-schemes. The money we hope to raise from shares will be added to other finance to form part of a package, which will get our business off the ground. This model of finance gives communities a chance to invest in things that they really want to see happen, as well as involving the community in the project, because each shareholder becomes a member.

How does it work?

Community Shares are regulated by the Community Benefit Societies Act 2014. GCW is a company; so to launch shares, we've set up a new organization called Glengarry Community Benefit Society (GCBS). The Governing Document for GCBS uses a 'hybrid model' which creates a formal link between it and GCW. In other words, GCW retains a controlling share in GCBS. When you buy shares, you invest in GCBS; your investment is used to build the cabins, and you automatically become a member of GCBS. Once it is operating, all profits made by GCBS are donated back to GCW.

We've structured GCBS so that the majority of GCBS members (the investors) *must* come from the local community. This means that the number of investors we get from Glengarry determines the number of investors we can take from outside Glengarry. It's very important therefore that individuals in our community invest – even if only a small amount – because doing so will allow us to make the most of investment from outside Glengarry.

Investment and return on your investment

We're still working on the costings, and the price of shares will be set soon. However, we have decided to offer 3% interest on investments. This means in a hypothetical investment of £100, the investor would earn £3/year (which is considerably more than the interest a bank would currently be able to pay). Shares cannot be sold or transferred, but you will be able to withdraw your investment after a number of years - we're still working out some of these details which will be made available soon.

Community Shares in Strontian: Part 1

Jamie McIntyre from Strontian Community Renewables and Strontian Development Trust explains why the community in Strontian used Community shares:

'When I first came across community shares in 2008 I almost dismissed them out of hand; I was immediately sceptical when I saw the word 'shares'.

Now, over a decade on, I have run two community share offers myself, with community colleagues, and invest such savings as I have in community shares whenever the opportunity arises. So what changed?

Put simply, I read on past that initial moment of suspicion, and once I had the facts, was converted. Indeed, working as I did (and do still) in the community sector, my reaction was 'why aren't we all doing this?' Nowadays of course, that is almost the situation as community share offers have gone from rare events to frequent happenings.

The first thing to understand is that these are not like company shares: they can only be issued by a co-operative or community benefit society, whose governance is based on one member: one vote (not one share: one vote, as in a company). So all shareholders are equal in their influence over the organisation, however much or little they invest – a very democratic model.

Secondly, community shares, technically described as 'withdrawable' shares, cannot be traded nor increase their value, and can only be 'withdrawn' from the society at the discretion of the society's directors – so not likely to be of interest to city speculators!

Thirdly, while interest can be paid on shareholdings, it is capped in law to what is necessary to 'attract and retain investment'. So investors can get a fair – but not excessive – return on their money.

These attributes bring a number of advantages to the issuing society. Community share offers are exempt from many of the financial regulations which can make a company share offering very costly – so they can be (and are) run by community groups with just a little support.

Because share withdrawals (and indeed interest payments) are at the discretion of the directors, a great deal of security is provided to the community organisation which issues the shares. At a time of crisis – hopefully rare, but Covid has demonstrated what can come out of the blue – a society is able to protect its own financial position by temporarily suspending withdrawals and/or interest. That said, I have yet to hear of this happening, so it's more an insurance

option – but compare that with the consequences of defaulting on a bank loan!'

Jamie will be writing part 2 about community shares in Strontian for the next edition.

Spotlight on the Board: Colin Grant

'It's been my good fortune to have remained involved with GCW since the formation of the steering committee of volunteers in 2014 which examined the opportunity for the community of Glengarry to acquire an area of woodland that had been deemed as surplus to requirements by Forestry Commission Scotland.

I have been a board member since then and I took on the role of chair between 2017 and 2021. It's also been rewarding for me to be able assist with some of the Easter and Halloween events as well as helping out with the firewood business. I can take much satisfaction from being involved in something that can empower our community to have more of a say in the things that are important to all of us who live in and around Glengarry.

I have enjoyed living in Glengarry most of my life, I grew up here and went to the Invergarry Primary School then Lochaber High School before going to Edinburgh for 5 years of Higher Education. I lived and worked in Inverness for just over 10 years before returning to Invergarry to take up the opportunity of running the family owned campsite at Faichemard. Keeping the grounds of the farm and campsite maintained and in sympathy with nature and the environment shares many features of the work GCW is doing in returning the woodlands to supporting a greater diversity of plants, trees and wildlife and connecting it all with people.

Employment opportunities and affordable housing are challenges for rural communities all across Scotland, and I am really encouraged to see the potential for GCW to help support economic regeneration in the community of Glengarry through both the upcoming eco-tourism cabins in the woodland at Invergarry and the proposed affordable housing and woodland crofts at Ardochy.

Looking to the future, I'd like to see our community benefit from having more control over what matters to them. Early in 2022 there will be an opportunity to invest in a Community Shares scheme for the eco-tourism business which in turn is key to the further work that GCW can do for the improvement of the community. This scheme will be really important to the success of the eco-tourism business and the following projects that GCW aims to deliver for the community. Success with this can also be an inspiration for other communities to follow the path of community empowerment.'