

Fair Isle Bird Observatory

Indicative Funding Package



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1. Introduction

A project such as the FIBO proposal could potentially attract funding from a wide range of sources for different elements of the work. The purpose of this paper is to review these sources and identify some of the most likely ones that should be pursued further during the next phase.

Most funding sources will finance the capital cost but some may also contribute to initial running costs.

The first assumption to be made is that the existing revenue grant funding will continue at or around the same level. This is as follows:-

JNCC	Seabird Monitoring	£8000
SNH	Ranger Service	£6500
Other small grants/donations		£6500
Total		£21000

A long list of possible sources has been identified and is contained in the first section that follows.

The sources of funding are reviewed in relation to the different elements of capital cost such as:-

1. demolition and ground clearance, landscaping, environmental improvements, increasing biodiversity
2. main building works – bedrooms, warden's house, public areas, domestic areas, scientific facilities
3. interpretive displays/materials
4. energy efficiency measures and renewable energy
5. promotion material
6. electric vehicle

2. Main Sources of Funding for the Project

The main sources have been put together according to type and origin.

- FIBOT
 - Own resources
 - Fund raising from members and Friends of Fair Isle, RSPB, NT, local, visitors
- Shetland
 - HIE Shetland
 - Environmental improvements - grant
 - Feasibility study phase 2 – grant
 - Capital cost – accommodation scheme – grant and loan
 - Community economic development - grant
 - Promotion and marketing – grant

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- Shetland Islands Council
 - Environmental improvements - grant
 - Community Services – grant up to £100,000
 - Economic Development Unit/Development Trust – grant and loan
- Shetland Islands Charitable Trust – grant
- Shetland Amenity Trust - interpretive aspects – small grant up to £5,000
- Scottish/National
 - SNH – small grant up to 50% of eligible costs
 - RSPB – grant/in kind
 - DTI Low Carbon Buildings – up to 50%, up to £30,000
 - Energy Savings Trust –grant for energy elements
 - SCHRI –grant for energy elements– up to £100,000
 - National Trust – in kind
 - Lottery – grant
 - Big Lottery *Investing in Communities* – up to £1m
 - Heritage Lottery – up to £500,000 if of national importance
 - Awards for All – up to £10,000
 - Crown Estate – grant of up to £10,000
 - Scottish Executive Initiatives
 - Rural partnership grants
 - Scottish Community Foundation small grants – up to £5,000
 - Sustainable action grant - £40,000 p/a for 1 to 3 years
 - Increase Programme – grants of £5,000 to £30,000
 - Trusts
 - Hanson - unlikely
 - Gannochy – up to £20,000 possible
 - Esmee Fairbairn – average £50,000 grant
 - Lloyds TSB
- European
 - Structural fund programme – new programme 2007 - 2013
 - ERDF,
 - EARDF, Rural Development Convergence money
 - Interreg
 - Leader – small grants for specific elements
 - Life + programme – new programme 2007 - 2013
 - Council of Europe
- International Trusts
- Corporate Sponsors e.g. BP re solar panels
- Wealthy benefactors

Most of these sources are likely to provide relatively small amounts of money; however one or two could provide significant amounts. Locally these include

HIE Shetland, SDT/SIC, while outside Shetland these could be the Lottery, a major trust or benefactor.

The EU structural fund programme could also be a source of a significant amount of money as the project could qualify under at least one of the ERDF measures in the new programme. The programme was opened for applications last autumn (2007).

3. Indicative Funding Package for Main Elements in Project

	Indicative Cost	Source	Type	Amount
1. Main building work including fixtures and fittings, and fees	£3.896m	HIE Shetland, SIC,SDT,CT, ERDF Own funds Lottery Other	Grant and loan	£500,000 £1,000,000 £500,000 £1,000,000 £900,000
	£3.896m			£3.900m
2. Demolition/environmental improvements	£50,000	HIE Shetland, SIC, own	Grant	£30,000 £15,000 £5,000
Total	£3,946,000			£3,950,000
Additional Aspects				
3. Interpretive aspects	£15,000	SNH RSPB, SAT	Grant	£10,000 £5,000
	£15,000			£15,000
4. Energy aspects	£70,000	EST, HIE, corporate sponsor	Grant, in kind	£20,000 £30,000 £20,000
	£70,000			£70,000
5. Financing Costs	£210,750	FIBOT		£210,750
Total	£4.241m			£4.245m
6 Promotion and marketing	£10,000	HIE/SIC FIBOT	Grant	£5,000 £5,000
	£10,000			£10,000
7. Electric vehicle	£25,000	Corporate sponsor	In kind	£25,000
	£25,000			£25,000
TOTAL	£4,276,750			£4,280,750

In summary the funding package for the construction of a new enhanced Observatory could look like this:-

Source	Amount	Best case	Amount	Worst case
HIE Shetland	£500,000	13%	£592,500	15%
SIC/SDT/SICT	£1,000,000	26%		
ERDF	£500,000	13%	£592,500	15%
Lottery	£900,000	22%		
FIBOT funds	£1,000,000	26%	£2,765,000	70%
TOTAL	£3,950,000	100%	£3,950,000	100%

It should be stressed that all these figures are illustrative of relative proportions and no formal approach has been made to any of these bodies. It should also be noted that the energy related, interpretive, financing, promotion and marketing costs have not been included in these figures at this stage.

In addition there are issues concerning **state aids** that need to be addressed because some of the funders believe state aid limits could apply to the project despite the fact that FIBOT is a charitable trust and is not a private commercial company. The reason this has been suggested is because of the provision of tourist accommodation which could be seen to be a distortion of competition with other private providers of tourist accommodation.

If state aid limits were to apply it could put a ceiling on the amount of public funds that could be applied to the project of 25% to 30%. This would not be so difficult if Lottery funds were considered 'private', which they have been until recently, but the Scottish Executive has just issued revised guidance which indicates that Lottery funds should now be considered as public money. A double whammy!

However there are precedents where a high % or 100% of public funds have gone into 'heritage' projects e.g. Belmont Trust for renovating Belmont House to provide self catering accommodation at commercial rates in competition with private providers, also the Shetland Amenity Trust to renovate old buildings and lighthouses to provide tourist accommodation. Sandwick Economic and Social Development Company have also received public funds to refurbish Hoswick Visitor centre and cafe. These need to be examined along with other cases to support the argument for higher levels of public funds for FIBOT Observatory/visitor centre/international scientific research centre/interpretive and education centre/community facility/and so on. In other words it may be necessary to stress different aspects in order to lever more funds.

It could be argued also that the visitor accommodation part of the building is actually less than 20% of the floor space (bedrooms, shop, and visitor laundry), and therefore it is ancillary to the overall purpose of the Observatory.

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Thus at least the remaining 80% of the building and costs could remain eligible for public funds without any state aid limits.