

# Scottish Land Fund

Ionmhas Fearainn Na H-Alba

Guidance Notes



Funded by

Delivered by

**THE NATIONAL LOTTERY  
COMMUNITY FUND**



Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd 's nan Eilean



**Scottish Government**  
Riaghaltas na h-Alba  
gov.scot

# Contents

---

<u>Welcome to the Scottish Land Fund</u>	3
<u>About the Scottish Land Fund</u>	4
<u>Application Process</u>	6
<u>How to Apply</u>	8
<u>Who can Apply?</u>	10
<u>Other Help and Support</u>	12

Welcome to the

# Scottish Land Fund

---



Community land ownership has the potential to transform local places and our country as a whole. It can help build independent, fairer and more resilient communities and create a sense of confidence and community empowerment—something that has been admirably demonstrated during the COVID pandemic.

Scotland's land is truly one of our greatest natural resources and this Government sees community ownership as a vital tool in unlocking the potential. We can empower communities, reclaim underused and neglected areas and support a Just Transition to a net zero future. I want to encourage more communities to acquire land and buildings in their local areas and in doing so, meet a range of community needs.

That's why this government has committed to doubling the Scottish Land Fund to £20 million per year by the end of this parliament.

The Scottish Land Fund is a key lever in delivering this vision. It can help communities own land, whether through negotiated sales, asset transfer or the various community right to buy processes, in both urban and rural Scotland. The Scottish Land Fund helps to make community ownership achievable by giving groups access to the funds to purchase plots, land and buildings, and by supporting them with advice and guidance to help fully realise their visions.

As well as doubling the Fund, we also remain committed to working with our partners, the National Lottery Community Fund Scotland and Highlands and Islands Enterprise, to ensure we make best use of resources and expertise in support of ambitious communities.

These are exciting times for communities in Scotland and this Fund will help more of them to take control of their destinies and build the successful, fair and flourishing communities of tomorrow.

## Mairi McAllan

**Minister for Environment, Biodiversity and Land Reform**

Front Cover:  
Leverhulme Community Hub Ltd were awarded a Scottish Land Fund grant in September 2020 to acquire part of a former Primary School to accommodate a range of community services including a café, a museum and heritage centre, a launderette, charity shop, gym, post office and office space, in Isle of Harris, Eilean Siar.



## About The Scottish Land Fund

---

### Aim of the Scottish Land Fund

The Scottish Land Fund supports communities to become more resilient and sustainable through the ownership and management of land and buildings.

It will fund projects that empower communities through asset ownership and strengthen their voices in the decisions that matter to them.

### What changes will the Scottish Land Fund support?

We call the changes we want a grant programme to make outcomes. Successful applicants will demonstrate that their project will contribute to the Scottish Land Fund outcomes.

1. Our communities will achieve more sustainable economic, environmental and/or social development through ownership of land and buildings.
2. Our communities will have a stronger role in and control over their own development.
3. Our communities own well-managed, financially sustainable land and buildings.

The best projects will deliver strongly against all three outcomes.

We will prioritise applications that can demonstrate a significant positive impact for the community as a whole.

## What types of projects will we fund?

We will fund the purchase of land, land assets and buildings which can contribute to the overall sustainability of a community or enable the retention or provision of key local services. Land assets are resources that are associated with the land such as standing timber, mineral or riparian rights and energy opportunities.

The Fund can support acquisition of many types of land, land assets and buildings ranging from large estates and forestry to community shops and hubs where a route to ownership can be identified. Any land or building acquired must be capable of delivering a level of income which ensures it does not become a liability for the community in the long term. It is also important that other organisations or businesses are not adversely impacted by projects supported by the Fund.

We will consider whether the asset to be acquired is an asset or liability when assessing applications.

If projects require substantial investment following the purchase to meet the project outcomes, we will expect information on how this will be funded. An application to the Scottish Land Fund is unlikely to be supported unless it can be shown that the investment or funding required to deliver the long-term project outcomes is likely to be secured.

We strongly encourage you to speak to funders and investors likely to be involved in these projects at the earliest opportunity. This is especially relevant for historic and complex buildings and sites for new builds where early discussions with funders and planners will be crucial to the outcome of your Scottish Land Fund application.

The Scottish Land Fund can consider the purchase of land or buildings to provide affordable housing for rent in certain circumstances. There are other sources of Scottish Government support to meet affordable housing needs and grants made by the Scottish Land Fund should not duplicate these. Therefore, it is important to discuss your housing aspirations with your Scottish Land Fund adviser at an early stage.

## We want to fund projects that:

- Deliver value for money for the Fund and are sustainable in the longer-term.
- Enable communities to manage local land, land assets and buildings well and deliver benefit for the whole community.
- Empower communities to realise the opportunities they see in local land, land assets and buildings to meet local needs.

- Deliver real community involvement and participation in land and building ownership and management.
- Help communities realise the opportunities created by the Land Reform (Scotland) Act 2003, the Land Reform (Scotland) Act 2016 and the Community Empowerment (Scotland) Act 2015.
- Help people live in communities that are inclusive, empowered, resilient and safe.

## What do we mean by community?

When we talk about community, we mean a geographic community, not a community of interest. Organisations which apply to the Scottish Land Fund need to be representative of the community and have a defined boundary. The land or buildings being acquired should be within, or close to, the defined community with a clear link between the opportunities provided by the asset and the identified needs of the community.

## How much money is available?

The Scottish Government has committed £10 million per year to the Fund at present, and has pledged to double this to £20 million per year by the end of this parliament. You can apply for up to £1 million per application. In exceptional circumstances, larger grants may be available.

The average grant size is around £150,000; typically grants range from £15,000 to £650,000. We expect to see this diversity of grant awards in this Fund.

## How much can we apply for?

At stage 1 you can apply for technical assistance funding, normally between £2,500 and £30,000. If your application progresses to stage 2 you can apply for funding for asset acquisition. The indicative minimum grant is £5,000, and the maximum grant is £1,000,000. We anticipate that over the life of the Fund, the average contribution to eligible project costs will be 80%. While we can fund up to 95% of eligible project costs we need to be sure that the Scottish Land Fund achieves maximum value for money so that we are able to assist the largest number of communities possible. We will carefully consider the levels of assistance required to enable you to successfully complete your project.

Levels of locally-generated investment are an important indicator of local support and capacity and we will take this into account in our assessment and decision making.

As a minimum, 5% of your funding should come from other sources including your own fundraising efforts, community shares, negotiated discounts on the valuation, or other funders.



Spire View Housing Association Ltd, awarded funding in June 2016 to develop a new multi-functional community hub in the North of Glasgow

## Application Process

---

We use a two-stage application process.

At stage 1, we will ask you to complete a short form to gather basic information about your project and your organisation.

You can also apply for a technical assistance grant, to help you develop your project, at this stage. If you are invited to proceed beyond stage 1 you will continue to work with your Scottish Land Fund adviser to develop your project and meet the eligibility requirements for stage 2. This typically takes around six months.

At stage 2 you will be asked to complete a full application form for funding towards the acquisition.

When you are referred to the Scottish Land Fund, your adviser will discuss your timescales with you. As a guide, in most circumstances the minimum time between application and decision for an applicant that does not need technical assistance funding will be a minimum of 4 months.

If your application is time sensitive we recommend that you contact us as early as possible to get advice.

### Stage 1: Technical assistance funding

Technical assistance funding is available to help you prepare to purchase an asset. These grants are normally between £2,500 and £30,000. The average grant size at stage 1 is around £10,000. Although we can fund up to 100% of your technical assistance costs, a stronger application will include funding from your own reserves or other sources. Grants can fund specialist advice and/or professional fees including the preparation of feasibility studies and business plans, valuations and surveys as well as some costs towards community engagement. We will not fund salary costs, asset or land purchase with a technical assistance grant.

As part of your stage 1 application, we expect you to demonstrate some community support for your project; clearly explain the community need your project aims to address; obtain competitive quotes; and provide details of the asset you wish to buy.

If you are successful at stage 1 and did not request technical assistance funding, we expect you to submit your stage 2 application within 3 months of the date of your stage 1 confirmation letter.

If you are awarded a technical assistance grant you need to complete all work and have spent the grant before sending us your stage 2 application. We expect you to submit your stage 2 application within 6 months of the date of your stage 1 confirmation letter.

The technical assistance grant will be counted as part of your eligible project costs and will affect how much revenue funding you can ask for when you move on to the next stage.

## Stage 2: Acquisition funding

We can fund capital and some revenue costs associated with the acquisition of assets. The indicative minimum amount for stage 2 acquisition grants is £5,000, and the maximum grant is £1,000,000. When we assess your application we will discuss your costs in detail. Your Scottish Land Fund adviser will be able to advise you on eligible costs.

Your Scottish Land Fund adviser will be able to signpost you to other potential sources of funding for this stage of your project.

## Capital costs

By capital costs we mean a grant towards the value of the land, land assets and buildings as determined by an independent open market valuation, which must be current (less than 6 months old). The purchase price may be higher than this. We can only contribute up to 95% of the market value. We will also fund your reasonable professional, title mapping and legal fees associated with the purchase.

## Revenue costs

The Scottish Land Fund will principally fund acquisition costs but you can request a small amount of initial revenue for your project after acquisition. This funding is competitive so your Scottish Land Fund adviser will be able to help advise you on eligible costs.

## Ineligible costs

There are some costs we can't fund. These include:

- Revenue only grants.
- Costs to develop, restore or refurbish the land or buildings once you own them, other than the initial Health and Safety work.
- Costs or expenditure incurred before you accept our grant offer.
- Any costs which someone else is paying for.
- Items that only benefit an individual and are not needed to deliver the project outcomes.
- Funds to build up a reserve or surplus.
- Loan repayments.
- Contributions to a general appeal.

In general, we don't fund speculative acquisitions that do not achieve immediate Scottish Land Fund outcomes or assets that are acquired purely to generate income for the organisation and not to be used by the community.



Dornoch Area Community Interest Company was awarded a Scottish Land Fund grant in May 2019 to purchase a former Police Station and develop it into a community hub in the town centre of Dornoch, Highland

# How to Apply

---

We need to make sure that this investment will deliver real benefits and that you have effective plans in place to ensure your project is successful.

You will need to submit a business plan along with your application which sets out your initial plans for the management and development of the land, land asset or building you propose to acquire for at least the first two years of ownership and provides an outline of your longer term plans too.

Your Scottish Land Fund adviser will support you to create a business plan which is proportionate and appropriate to your project.

## How to start your application

If you want to apply for funding from the Scottish Land Fund please contact us to discuss your idea. If you are eligible to apply we will give you an application form. You must engage with a Scottish Land Fund adviser who will support you through both stages of the application process.

- To discuss your idea and to be referred to a Scottish Land Fund adviser, please contact our advice team on:

T: 0300 123 7110

E: [advicecotland@tnlcommunityfund.org.uk](mailto:advicecotland@tnlcommunityfund.org.uk)

## How to submit your application

- To make a stage 1 or stage 2 application, please send your completed application form to: [scottishlandfund@tnlcommunityfund.org.uk](mailto:scottishlandfund@tnlcommunityfund.org.uk)

We prefer to receive applications by email.

If you are unable to email your application, please send a hard copy to:

Scottish Land Fund  
The National Lottery Community Fund  
Pacific House  
70 Wellington Street  
Glasgow G2 6AU

## How we will assess your project

We will use your business plan along with your application to assess how effective and well thought through your plans are.

We will assess the quality and/or value of:

- The opportunities that the land, land asset or building represents for your community.
- The quality of your plans to realise those opportunities.
- The extent to which local people are engaged in and supportive of your project.
- The economic, social and environmental benefits your project can deliver for your community.
- Your organisation's skills and capacity to deliver your project.
- Your understanding of the liabilities and responsibilities you will be taking on.
- Your understanding of the initial cash flow you will need in place to ensure that you can generate enough income to deliver a well-managed, financially sustainable community asset.

We will also consider whether your project represents good value for money for the cost of the land, land asset or building you plan to buy and the benefits you expect to deliver.



# Application Process Flowchart

## Enquiry

Initial Enquiry  
to The National Lottery Community Fund  
0300 123 7110

Eligible projects referred to Scottish Land Fund  
adviser who will work with you to develop your project

## Develop your application

Complete and send stage one application

If unsuccessful: you will receive  
detailed feedback and  
continue to work with your  
advisor to resubmit if appropriate

If successful: Award  
technical assistance  
funding and / or  
proceed to stage two

## Assessment and decision

Complete and send stage two application

We assess your application

If unsuccessful: you will receive  
feedback on your application

If successful: you receive a  
Scottish Land Fund award



Annan Harbour Action Group, Dumfries and Galloway, were awarded funding in November 2020 to acquire a historic quayside warehouse and quay along with an abandoned spit of land opposite the harbour. They plan to develop the harbour as a visitor hub.

## Who can Apply?

### Stage 1 : Applicant eligibility

We will work with a wide range of representative community organisations such as voluntary organisations, social enterprises or community councils to test out and develop initial ideas about community ownership and investigate the feasibility of taking a project forward.

We can work with you and award a technical assistance grant if your organisation meets the following criteria:

- Your organisation is a voluntary or community organisation, community council or social enterprise.
- Your organisation has a written governing document (for example, a constitution, or set of rules).
- There are at least three unrelated people in your management committee or governing body.
- You have a UK-based bank or building society account in the name of your organisation that requires at least two people (who are not related and do not live at the same address) to sign cheques or make a withdrawal.

### Stage 2 : Applicant eligibility

There are some additional eligibility requirements at stage 2. These are to ensure your organisation has a structure appropriate to the responsibilities and obligations of asset ownership. Furthermore, as we want to fund projects that put communities in control of local assets to meet local needs, we want to ensure your organisation is community-led and controlled and that there is a clear link between the asset and the local community.

To be eligible to receive a grant for the purchase of land, land asset or a building, an organisation must be a corporate body. This means it has a separate legal identity from its members and can enter into contracts and hold property in its own name. Examples of appropriate corporate body structures include: a Company Limited by Guarantee; a Scottish Charitable Incorporated Organisation (SCIO); a Community Interest Company (CIC); and a Community Benefit Society (BenCom).

In addition, all organisations irrespective of structure type must have the following clearly set out in their governing document:

## 1. Definition of community

This is to be a geographic community as opposed to a community of interest. The boundary of the community to which the organisation relates must be clearly defined. For example, it could take the form of a community council area, parish boundary, local authority ward or could be defined using postcodes. We expect the boundary to be inclusive and to reflect commonly understood definitions of places and not cut across commonly recognised community boundaries.

## 2. Social purpose

The organisation's main purpose must be consistent with furthering the interests of the defined geographic community. As we wish to support projects that will benefit the community as a whole, the Scottish Land Fund is best suited to organisations with a broad community benefit purpose and a good uptake of membership from within the defined community. Organisations that have a more narrow purpose can only be considered if they meet our eligibility requirements and the applicant can demonstrate the project will deliver wider benefits.

## 3. Open membership

Ordinary (or voting) membership should be open to everyone over 16 years (over 18 years is also acceptable) living within the defined geographic community. By 'open membership' we mean that membership eligibility requirements have to be inclusive and not discriminatory in terms of individual characteristics or circumstances such as race, religion, or gender. In addition, individuals who meet the eligibility requirements are to be admitted as members. Governing documents which enable discretion or a veto on membership eligibility do not meet the Fund's requirements and will not be considered eligible.

## 4. Community control

Community control must be demonstrated at both membership and board level. The majority of the organisation's voting members must be individual ordinary members and resident within the defined community. More than half of the voting seats on the board must comprise community directors resident within the defined community and elected by the membership.

## 5. Non profit-distributing

Surplus funds or assets should be reinvested into the work of the organisation to further its objects and not be distributed to members or others. In the event of the organisation being wound up, assets at dissolution must be passed to a non-profit distributing body with similar objectives.

Your Scottish Land Fund Adviser will work with you during the development of your project to ensure you have an eligible organisational structure in place.

## Conditions on asset sales

We advise you to find out any conditions that the seller proposes to attach to the sale of the asset you are looking to purchase as soon as you start a conversation with the seller. This could include clawback, pre-emption, Burdens or other requirements. Conditions imposed by a seller could hold back your community's ability to invest in the asset and develop it in the way you want to. This could reduce the financial viability of the project and affect its longer-term development. Many community asset transfers stall or are unsuccessful - despite of all the time and work that has been invested - simply because of conditions imposed by the seller which the community and funder cannot accept.

Having the details of any conditions at an early stage could influence your planning, the valuation on the asset, and negotiations over price. Funders often have a requirement or a preference for an 'uninhibited title' (where you have taken on the asset without any conditions) before they provide funding for an asset project. So, if your asset purchase is subject to conditions you could be at a disadvantage. Conditions might also limit your ability to deliver the outcomes you set out in your Scottish Land Fund application.

If your acquisition project involves an asset transfer request, when you submit a stage two application, we will need a decision notice from the Relevant Authority with any discount and the conditions clearly identified. We will take these conditions into account when making a decision about your application. We are unlikely to accept any conditions or Burdens placed on a sale after we have awarded funding, in particular when these have not been included in any asset transfer decision notice issued by a Relevant Authority.

The Scottish Land Fund committee make the final decision about which projects are funded. Scottish Land Fund grants are discretionary and the committee reserve the right not to fund projects where there are conditions on the community asset transfer that do not fit with the following guidance:

- Rights of pre-emption will not be acceptable;
- Time limits for imposing conditions should normally be limited to five years;
- Claw backs should be limited to the monetary value of the discount offered by the seller.



## Other Help and Support

Organisation	Support available
<a href="#"><u>The National Lottery Community Fund</u></a>	Funding for a wide range of community-led activities, and for some minor associated capital costs.
<a href="#"><u>Architectural Heritage Fund</u></a>	Funding to help communities to revitalise historic buildings or assets.
<a href="#"><u>The National Lottery Heritage Fund</u></a>	For acquisition and development of historic buildings or assets.
<a href="#"><u>The Rural and Islands Housing Funds</u></a>	Funding and loan finance for housing projects in rural communities.
<a href="#"><u>Highlands and Islands Enterprise (HIE)</u></a>	Work with communities throughout their area to develop and manage community-owned assets. They also provide useful guidance such as the Ten Steps to Community Ownership guide.
<a href="#"><u>South of Scotland Enterprise</u></a>	Provide support and funding for organisations in the South of Scotland.
<a href="#"><u>Community Land Scotland</u></a>	Membership organisation supporting community groups taking ownership of land and buildings in both rural and urban Scotland.
<a href="#"><u>Community Ownership Support Service</u></a>	Advice for communities on asset transfer and development.
<a href="#"><u>Community Shares Scotland</u></a>	Advice and support to raise funds and involve your community through issuing community shares.
<a href="#"><u>Plunkett Foundation</u></a>	Advice, support and training for community owned businesses.
<a href="#"><u>The Community Woodlands Association</u></a>	Membership organisation providing support for community groups taking control of woodlands.
<a href="#"><u>The Scottish Government Community Land Team</u></a>	Information and advice on legislation to support community ownership through the Community Right to Buy and Asset Transfer.
<a href="#"><u>Development Trusts Association Scotland</u></a>	Membership organisation which promotes, supports and represents development trusts in Scotland.

---

The Scottish Land Fund is funded by the Scottish Government and made available through The National Lottery Community Fund. The Scottish Land Fund is being delivered on behalf of the Scottish Government by a partnership between the National Lottery Community Fund and Highlands and Islands Enterprise. There are no National Lottery funds used in the Scottish Land Fund.

---

## Scottish Land Fund Guidance Notes

Further copies available from:

Email: [advicescotland@tnlcommunityfund.org.uk](mailto:advicescotland@tnlcommunityfund.org.uk)

Phone: 0300 123 7110

Our website: [www.tnlcommunityfund.org.uk/SLF](http://www.tnlcommunityfund.org.uk/SLF)

## The National Lottery Community Fund strategic framework

When people are in the lead, communities thrive.

People understand what's needed in their communities better than anyone.

We listen, collaborate and fund so that good things happen. That's why we're proud to award money raised by National Lottery players across the UK.

[www.tnlcommunityfund.org.uk](http://www.tnlcommunityfund.org.uk)

© The National Lottery Community Fund, July 2021

## Accessibility

Please contact us to discuss any specific communication needs you may have.

## Our equality principles

Promoting accessibility; valuing cultural diversity; promoting participation; promoting equality of opportunity; promoting inclusive communities; reducing disadvantage and exclusion.

Please visit our website for more information.

## We care about the environment

The National Lottery Community Fund is working towards sustainable development and the use of sustainable resources.

## Highlands and Islands Enterprise (HIE)

Highlands and Islands Enterprise is the economic and community development agency for the north and west of Scotland. It helps build a prosperous, inclusive and sustainable economy across the Highlands and Islands, attracting more people to live, work, study and invest. It works in a diverse region which extends from Shetland to Argyll, and from the Outer Hebrides to Moray, covering more than half of Scotland. It has offices across the region helping communities and businesses to develop and grow.