POINT AND SANDWICK TRUST

MINUTES – 19 NOVEMBER 2019

Minute of Meeting of Board of Directors of **Point and Sandwick Trust** on **Tuesday 19 November 2019 at 4.00 pm**.

PRESENT:	Norman Mackenzie Duncan Mackay Angus McCormack Agnes Munro Sonja Macleod Catherine Anne Smith Andrew Mackenzie Gordon Mackay Liz Chaplin Matthew Bruce Chris Tom Mackenzie Donald M Macdonald Dan Maclennan Jane Watson Donald John MacSween Calum Macdonald Christina Smith (Note-taker)
APOLOGIES	Rhoda Mackenzie Rhona Gallagher
In Attendance	Viv Halcrow, Croft Woodland Project Officer

ANNUAL ACCOUNTS

1 The Chairman invited John Moffat, Mann Judd, to go through the Accounts and afforded members the opportunity ask any questions.

The Annual Accounts were approved.

2 DECLARATION OF INTEREST

There were none declared at this point although the Chairman indicated that declarations could be made at any time during the meeting.

3 MINUTES

The Minute of Meeting of 10 September 2019 was **approved** with the inclusion of Gordon Mackay in the sederunt for the meeting.

4 MATTERS ARISING

There were no matters arising.

5 GENERAL MANAGER'S REPORT

(1) Finance

The General Manager referred to the Board's financial position which had been discussed in detail at the Away day by John Moffat, Mann Judd Gordon, and indicated that once the picture became clearer a Special PST Board meeting would be held as soon as possible to approve a way forward with financial commitments and other income and outgoings.

Board members will also be aware that there was a substantial amount of grant payments accruing up to financial close and transfer of Debt Service Recovery Account from Santander into the PST Royal Bank account.

Following a major transfer from the DSRA a programme of clearing the outstanding grants, amounting to c£500k was implemented and that amount has been paid out in the last few weeks with the exception of the following-

Woodland Trust £44,000
Western Isles Foyer £35,000
Urras Storas an Rubha £10,000
Point Football Club £20,000
Plus £7,900 to be announced at the AGM (as detailed below) totalling £116,900, leaving a balance of c£132,254 taking into account office costs.

Cairdean Og Allt nan Gall £3,000
Young at Heart £3,000
Sandwick Hall & Recreation Enterprise £1,000
Point Parent and Toddler Group £300 (Discretionary Grant)
Point Youth Club (DG) £300 homologation
Tiumpanhead Community Association (DG) £300 homologation

There are some 2019 grant payments to be carried over until the November Gift Aid settlement is known-

TIG £72,000
Plasterfield Hub £10,000
Lewis and Harris Auction Mart £5,000.
These amounts may be paid out once the November settlement, expected to be in the region of £100,000 to £300,000, is known.

(2) Social Impact Study, Community Consultation And 5 Year Community Development Plan

Members will be aware that PST is committed to a five year process of assessing the social impact of the organisation and engaging with organisations in the community who have been grant recipients.

There is also a need to revise the Community Development Plan, last undertaken in 2013.

I have had an initial meeting with Just Enterprise in Inverness, funded by the Scottish government, who provide support for enterprising third sector organisations designed to help sustain, develop and grow social enterprises.

They have indicated that they would be available to carry out such a study early in the New Year, and I hope to be able to agree a sum not exceeding £20k with them to do the following –

Review of delivery of current PST Business Plan
Social Impact Study of grant recipients, especially Priority Revenue Clients
Consult with Board members and staff at each stage of the review.
Community Consultation with Organisations in the Point and Sandwick area, including Grazings Committees
Consultation with Community Councils, Point, Sandwick, Stornoway Western Isles Council, Stornoway Trust, Community Energy Scotland, Local Energy Scotland and HIE.
Consultation with Development Trusts in Western Isles
Present their findings at the PST Awayday September 2020
Produce a new 5 Year Development plan for Board approval and Presentation at the PST AGM in November 2020.

(3) Support For Priority Revenue Clients.

Grant aid for our Priority Revenue clients, Bethesda Hospice, HebAlpha, Western Isles Foyer, Croft Woodlands Project, LED Community Project, and An Lanntair continued throughout the year, with additional support for community organisations provided by our Community Development Consultants. Reports from Croft Woodlands Project and Community Consultants follow below, and reports from the other Priority clients will be posted on our website as they are received.
All grants awarded have been paid out, and a total of c£1.5 million has been paid out to date.

(4) Community Consultants' Report

Tony Robson and Alasdair Nicholson provided an update of their part-time development support to PST's recent Away Day. This outlined potential projects which the trust has prioritised in its development strategy, and to respond to emerging demands through advice on funding and other matters and the referral process which has seen over 32 local organisations receive support and the establishment of a number of new organisations in the area. The type of support at initial stages includes:-
Site visits to potential projects
Formal meetings with community groups
Investigation of funding from external agencies
Tendering advice to groups
Preparation of new company constitutions
Funding applications.
Early discussion on other potential development possibilities.
Supporting and preparation of planning consents

Director Training
Attending meetings and conferences for PST.
Project management support.
Initial one to one advice to groups.

Additional Funding attracted in from the start of the service is estimated to be around £100,000. Examples includes Awards for All Grants, LEADER funding for Coastal Path plus a variety of Landfill Applications. In the current year, landfill grant of £20,000 was approved for a new stadium for Point Recreation Association to match PST funding. Further applications are in process for Shuilishader section of the Coastal Path and once planning is approved, a revised landfill bid will be made for the hub development for Plasterfield Recreation Association.

A major milestone was reached with the delivery of phase one the Coastal Path (£114,000) which demonstrates to other funders that this project is real and that the project can be delivered. A small grant was received from the Western Isles Development Trust as a contribution to the Knock loop section. A major funding application has also been recently made to a Scottish Government challenge fund which if approved would accelerate progress of the whole over a 2-3 year period. However this is likely to be very competitive. 2020 is a year of Coasts and Waters and any further progress would help to celebrate the islands coastal assets. Outer Hebrides Tourism and Stornoway Pier Authority have both underlined the importance of landscape and marine wildlife in developing the islands as a unique destination and the importance of tourism in creating an industry where young people can get employment or crofters diversify income. Culture and heritage are key aspects which communities and organisations can develop in parallel with a growing potential tourist market.

Discussions have taken place with USAR on the developments of Knock Hub. In addition some progress has been made regarding the potential for agreement on the transfer to community ownership of the Garrabost Mill. An interim constitution was prepared some time ago and this could be refreshed as a vehicle for future funding bids.

(5) Croft Woodlands Report

A detailed report on the Croft Woodland Scheme was circulated to Members for their information.

The report was noted.

(6) Point And Sandwick Marketing And Press Activity Report

A detailed report on marketing and press activity was circulated to Members for their information.

The report was noted.

(7) 2019 Away Day Notes

Notes of the Away Day on 10 September 2019 were circulated to Members for their information.

6 PSP REPORT BY CALUM MACDONALD

(1)Output, Outages and Repairs

The outputs for June, July, August and October were 65%, 32%, 26% and 52% respectively down below P50. The only month that was better than P50 was September which was 32% above. Over the 12 months from November 2018 to October 2019 the output was 19% below. So we have not had a good year of production and the last 6 months have been the worst.

The poor production in the last 6 months has been caused by a combination of SSE scheduled outages, DVAR Statcom breakdowns, the completion of the repair to Turbine 1 in June and, also, generally poor wind (the latter has been between 17% and 34% down every month since June apart from September).

(2) Income

The wholesale price was £35.50 in June, 36.43 in July, 33.10 in August and 30.96 in September. This takes us back to the bad days of 2016 and 2017.

The assumption in the P50 model is an average of £43 for 2019 and although that is an average figure which includes the higher prices in the winter months, we are clearly below achieving this. The combination of low output and low prices will have a significant negative effect on our dividend in December.

(3) Re-Financing and Dividend

The re-financing of our debt was finally completed on 6th September. The process was long and tortuous but we have now consolidated almost all our debt into the one main loan instead of the four loans we had before. The exception is a very small loan with SIS which we agreed to retain because they were keen to maintain a relationship with us.

The interest on the SIS loan has been reduced from 8.5% to 5% and the interest on the other three loans has been reduced from a blended rate of around 7% to a new blended rate of around 3.5%.

As well as being tortuous, the process was also expensive as we had to pay for the lenders' due diligence costs as well as our own but it puts our debt on a better footing for the next 10 years.

(4) New Community Wind Farms

Legal – The Land Court found against the community wind farms and in Favour of the Crofting Commission in the Section 50B case. The community wind farms' strongest argument was that the Commission had erred in giving the Stornoway Trust 18 months to lodge their objections rather than the 28 days provided for under the Act. The Commission provided two different explanations for their overlooking the delay. However, on the day before the Court hearing the Commission submitted a new explanation which was that they had themselves inadvertently misled the Trust into thinking that they could delay lodging their submission. They offered no evidence that this misleading had actually occurred but the Court accepted it. The community wind

farms' solicitors, Gillespie MacAndrew, have submitted a Special Case to the Court of Session which will not be heard till February 2020 at the earliest.

In response to the above, the Land Court decided separately to defer the Section 19A hearing till after the Court of Session outcome in known.

The sum of £100,000 has been negotiated as reimbursement of S19 legal costs and it is hoped that we will get that money in Decermber.

Planning – Sandwick North received planning consent on 30 October. It was first submitted in December last year and attracted no objections up to May when HIAL announced that new rules meant that Sandwick North needed a safety study before getting approval. This meant that Sandwick North could not register for the CfD auction by the June 18th deadline. After the deadline had passed, HIAL changed their mind a second time, said a safety study was no longer required and withdrew their objection.

This is a good example of the tortuous planning process just to get a 1-turbine scheme consented. Nevertheless, the planning consent having been received, it does show that the community is able to get planning consent for its turbine despite the land still being leased to Lewis Windpower, which was an important point to demonstrate.

Grid – There have been no new developments on the community wind farms' grid connection agreement.

CFD Auction – Lewis Windpower shocked the Council and the Stornoway Trust by failing with its bid into the CFD auction, but this was no surprise to us as we always thought that the likely prices in offer at the auction would be too low for LWP to able to pay the huge annual interconnector use-of-system fees.

The community wind farms have issued press statements, as has Angus McCormack in his capacity as Councillor, calling for the Council to now adopt a Plan B strategy which would focus on creating new generation opportunities locally by upgrading the Skye connection and through new opportunities like hydrogen and by putting community ownership front and centre. Such a Plan B would deliver more local economic benefit than the interconnector strategy as well as being easier to deliver.

However, the LWP, the Council and the Trust are so far refusing to change course and they say that they are hoping to build the interconnector without CFD subsidy. This would require a huge reduction in the proposed transmission charges and this is unlikely as Ofgem and the Government have resisted all such appeals thus far.

I have had number of meetings with the community wind farms and I attended a meeting of the Melbost Branahuie Grazings Committee. I also had meetings with Gillespie MacAndrew and with Gordon Macdougall, the Chief Executive of Baywa who recently bought the Forsa project in Tolsta.

(5) Hydrogen Ship

The Feasibility report was published in July and I have since met with Jim Anderson of CMAL and Adam Frew of Wood group about doing a second phase report which would aim to close the 'price gap' on the Stornoway-Ullapool and Barra-Eriskay routes. As a

result of these discussions, I met with Morna Cannon of the UK Dept of Transport and submitted a plan for funding for the second phase under the 'Clean Maritime' scheme. However, the general election was called shortly afterwards and it is not clear that the scheme will survive after the election.

I also met with Alex Macleod of Stornoway Port Authority and with Cllr Uisden Robertson and Angus Murray of CnES. As a result of these discussions, both the SPA and the Council are now members of the hydrogen ferry partnership.

(6) New Battery Project

Having failed to get Cares funding for the Isles Energy Plan, we have turned instead to Ian Irvine's idea of a large battery to tackle the problem of our turbines being forced to shut down when the Lewis grid is 'islanded' by SSE as part of their scheduled works program. I have met with Aiden Connolly and others from Engie to work up a proposal and Engie, Ian Irvine and myself have a meeting with SSE Networks in Perth tomorrow to see if they are receptive to working with us on it.

(7) BUSoS

BUSoS is an item that previously used to be added to the money we are paid each month by Engie for our electricity. Its value varied but was about £70,000 last year. However, because production in the Highlands is now greatly outstripping local consumption, this payment has now become a balancing charge. We will lose the benefit and henceforth it will be a cost.

Even worse, Engie have discover that they should have been levying it as a charge all along and they wish to recover the amount that they wrongly paid to us, which is £378,000. We are in discussion with them about ways that this can be formally achieved without actually costing us, for example by negotiating a new contract with them that would include improved terms. This would provide additional income over and above what we would get on the current contract, and this would be then used by us help pay off the amount over a period of several years. I have notified our solicitors about these discussions.

The Report was noted

6. ANY OTHER COMPETENT BUSINESS

There was none.

7. DATE OF NEXT MEETING

Tuesday 28 January 2019.