



Annual Report 2010-2011

Westray Development Trust,

Hewison Room, Westray Parish Kirk, Westray, Orkney, KW17 2DB

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CHAIRMAN'S REPORT

Annual Reports are required to cover the financial year which for WDT currently runs from 01 November to 31 October. However, the inevitable delay in the timing of the AGM usually up to May due to presentation and auditing of the financial records means that much has happened in the intervening period which is of direct and probably more immediate interest to members. Consequently, this year an additional short section covers this latter period with the knowledge that there will be overlap with the next Annual Report.

2010-11 has been a challenging year for WDT and in several areas a step into the unknown. The new and more democratic system for electing new Directors has successfully led to lively and informed discussion from the increased Director numbers at the monthly Board meetings. We also welcome the valuable input from advisors present at most meetings, Anne Cooper representing the Community Council and Andrew King, the school.

Although funding for the Lottery projects should have finished prior to the current financial year, the need for the Biofuels Project Officer to fill a school temporary position meant the permission was sought and obtained from Lottery to extend that project until March 2011. As a consequence, the final report of the complete project was not signed off by Lottery until the financial year 2010-11. Copies of this report can be obtained from the WDT Office. This report was received by the Lottery as satisfactory as indicated by the congratulatory message (copied in full on page 5) received from David Knight, Grants Officer, Growing Community Assets, Scotland on 10 October 2011.

The increased emphasis on projects being initiated and run by community groups, as opposed to the Trust managing projects as was the case with the Lottery projects, has provided more opportunity for WDT to focus more on future planning, for management of fixed assets and for targeting gap areas of significance to the sustainability of Westray. In other words, the Trust is moving towards being helpers and enablers rather than doers. Negotiations have been ongoing for WDT to dispose of equipment associated with several projects which were no longer active (Biofuels,

waste, electric car) consistent with Charities Regulations and preferably for a long term benefit of the Westray community.

Revenue from the Community wind turbine has been available to the community for a complete year. The Project Evaluation Group (PEG) was created at the last AGM to evaluate proposals against agreed criteria of importance to Westray and has recommended on the suitability of project proposals for funding. Although the number of projects being put forward for consideration was fairly low, it is appreciated that any new system takes time to settle down and for users to become familiar with the procedures and possibilities now available for funding. A community survey on the possibility of investment in assisting start up in farming was indicated approval in principle. Residents of Westray are actively encouraged to bring forward more of their projects; the CDO has been available to help in project development, advise on additional external funding and can be contacted in the Trust Office. A list of projects funded is appended.

Inevitably with a new financial assistance process there are rough edges. Unforeseen situations have arisen and the need to reconsider the criteria for project funding and the whole process needs to be reconsidered on a regular basis. Consequently, proposals for modifications drafted through joint meetings of WDT and PEG are included with this report for approval by members at the AGM.

WDT has again been grateful for the use of the Hewison Room at Westray Parish Church as an office. With the increasing pressure on administration, it was evident that the small size of the room was becoming a problem and consideration opened on the possibility of obtaining alternative accommodation.

The WDT Board are very grateful to Janice Rendall, our Office Manager and Corinne Curtis the Community Development Officer for all their patience, enthusiasm and good reliable work during the year. Also the time given freely by volunteer Directors, most of who are already involved in running their own businesses is greatly appreciated.

Alasdair McVicar

TREASURER'S REPORT

The year 2010-11 has been financially different as for the first time the Trust has not had to rely on external funding to carry out its functions. The revenue from the Community Wind Turbine has now been available from Westray Renewable Energy in the form of rental for the turbine site, repayment of the loan from WDT used to help purchase the turbine and from gift aid.

The creation of the Project Evaluation Group to advise on appropriate projects to assist with grants or loans has been greatly welcomed and its procedures are evolving based on experiences during its first year of operation.

With the final completion of all funding from Big Lottery for staff funding, development work on associate projects had to cease.

FINANCIAL REPORT – WESTRAY DEVELOPMENT TRUST AND SUBSIDIARIES

2011 was an interesting year in many ways for those who monitor the finances of the Westray Development Trust Group of companies.

There are three companies in the “group” and we have produced both individual company accounts and also consolidated accounts again this year. However, we have also carried out an audit of these consolidated accounts. This will be a feature of the Group’s operations for the next few years. There is a cost to an audit, but it does give us the opportunity to provide feedback to the Board, based upon our more detailed examination of the company operations, to help them in their management role.

The amount of money that is now passing through the Group is substantial and it will be more important than ever that there are good internal financial controls in operation. Westray Development Trust is a substantial business and likely to become more so as time goes by, as long as the wind continues to blow.

The total incoming resources into the group amounted to £658K. The bulk of this came from the turbine operated by WRE and this generated £582K of income in this year. The level of grant income into the Trust itself is still substantial at around £48K but it is diminishing in importance. The “Group” has become largely financially self sufficient. The Trust itself is only showing a modest surplus in 2011 but this is after a significant write down in the value of assets utilised by the Bio-Fuels and Zero Waste projects, which will be a “one off” deduction.

There are significant costs being paid out of the turbine income, including substantial loan repayments to Triodos. However, WRE is reporting a trading profit before tax but after depreciation and finance charges of £312K. The capital element of loan repayments must be met from this profit, but this level of profitability will result in an accumulation of cash within WRE which will need to be managed with a steady hand. Much is likely to be “Gift Aided” up to WDT, to be used

As no resources were available to continue to staff the biofuels and waste projects, work on these ceased and a decision was made to dispose of the assets in the form of associated equipment, ideally for the benefit of the Westray community.

The financial position of WDT and the wholly owned trading companies WRE and Orkney Biofuels are detailed in the report of the Accountant below.

The grateful thanks of the WDT Board go to their Office Manager, Janice Rendall, for her careful day to day and general management of the financial matters of the Trust. Her decision to obtain further qualifications in this field is strongly welcomed and supported.

Douglas Leslie - Treasurer

for its own charitable purposes. £92,000 was paid in this way in 2011.

The assets of the group as shown on the consolidated accounts are a little over £1.5Million. We would expect to see some increase in the total assets each year as shown by the Consolidated Balance Sheet as further profits are “banked”, but the extent of the accumulation will depend on the use to which those accumulating profits from WRE are put.

The income in WDT derived from WRE in the year was £136K and this was made up of rent of the turbine site, interest on the loan from WDT to WRE and a Gift Aid donation from WRE in the year of £92000. This could rise significantly in future years as the income from electricity generation improves and loans are repaid by WRE, freeing up more of the profit so that it can be paid to WDT.

Financial Summary

	WDT	WRE	OBL	Consolidated Total
Statement of Financial Activities	£000	£000	£000	£000
Incoming resources	210	582	0	658
Expenditure 208	271	1	346	
Surplus before Taxes	2	311	-1	312
Balance Sheet				
Fixed Assets at NBV	300	1202	0	1502
Current Assets	262	508	2	772
Intra group balances	660	-660		
Current Liabilities incl. tax charge	-23	-182	-3	-208
Long Term Liabilities	0	-508	0	-508
Total Assets	1199	360	-1	1558

The consolidated totals exclude all intercompany transactions including rent paid by WRE to WDT, interest paid and the inter-company balances on loans etc.

The Long Partnership, Kirkwall.

COMMUNITY DEVELOPMENT OFFICER'S REPORT

The Community Development Officer post (17.5 hours per week) has been funded since Feb 2010 from a LEADER grant application by Highlands and Islands Enterprise (HIE). Phase 1 of this funding finished at the end of September 2011, with the main outcome being the Community Development Plan. Achieving this, meant we could proceed to phase 2 of HIE and LEADER support, which is about taking action. Funding has been received for 17.5 hours per week for a further year, but because the trust recognised the additional work required supporting the Project Evaluation Group they agreed to top up working hours to 28 per week.

Community Development Plan and Project Evaluation Group

There has been strong community support for the "Framework for Development" (and the Project Evaluation Group) which is the basis of the plan, from both the last AGM, and from those attending the Strategy Session on 16th August. This document has now been reviewed, the "key themes" included, and annual Action Plans will be put as a separate appendix.

I continue to support the PEG through being the first point of contact with people and groups with project ideas. The mail shot asking for community responses to the enquiry about assistance with farm purchase had a huge response, with 112 returns in just 3 days. With 75 percent YES responses it

was clearly a community priority, and although we couldn't help with this request, it has led to a lot more work on options. HIE has now taken this over, employing consultants to produce a "how to" guide for trusts on investing in farms, fishing, housing and businesses.

Conferences, seminars etc.

I attended the Rural Housing Services conference in Feb 2011, the annual Highlands and Islands CDO gathering in September (where I presented a session) and a sustainable tourism conference the following day. I have also been attending a Leadership Course (for community groups), and am enrolled in the UHI Sustainable Rural Development programme. All of these have provided valuable information and networking that I have used in my job.

Working with groups:

You don't need to be asking for money from the PEG in order to get my assistance, and I am available to help any group or individual with a project idea to take their plans further. I now have a really good understanding of what resources are out there that can help, as well as being able to advise on funding, etc. I am also really flexible about meeting times to suit you.

Corinne Curtis



LOTTERY PROJECT FINAL REPORT

(including continuation of Biofuels Project to March 2011)

Although funding for the Lottery Projects finished prior to the current financial year, the need for the Biofuels Project Officer to fill a school temporary position meant the permission was sought and obtained from Lottery to extend that project until March 2011. By the end of the project it was demonstrated that good quality fuel could be produced by the equipment but due to health and safety issues, the lack of mains power at the Gallowhill site and the completion of the Lottery funding for the Project Officer hours, it was decided that work on the project would not continue.

Because of the time extension of the biofuels

project, the final report of the whole Lottery award was not signed off by Lottery until the financial year 2010-11. Copies of this report can be obtained from the WDT Office. This report was received by the Lottery with congratulations as indicated by the following message received from David Knight, Grants Officer, Growing Community Assets, Scotland on 10 October 2010.

Future WDT Boards should note the request for Lottery to be informed of the need to seek the approval of Lottery before transferring ownership, using the project as security against any loans, or changing the legal status of your organisation.

Thank you for your End of Grant report.

I have now completed the review of your report which I found to be comprehensive and informative. This has been a very challenging project which has forged a path across new territory for all those involved including the Big Lottery Fund. Much has been learned and other community groups that have followed with their own turbine projects have benefitted from that learning.

Not content with just undertaking the purchase and installation of a turbine you embarked on a range of other elements, each of which would be a major undertaking for a voluntary organisation. The fact that you have successfully achieved almost everything you set out to do is testimony to the sheer hard work, dedication and amount of time you and your Board put into the project.

The results speak for themselves and you must be justifiably proud to have achieved such a positive outcome from the project which will be of significant benefit to the community of Westray for many years to come.

I would take this opportunity to congratulate you and your Board on such a magnificent achievement and wish you success in all your future endeavours.

As you are aware, the Big Lottery Fund retains an interest in your project and the grant will be subject to asset monitoring events. The purpose of asset monitoring is to ensure that the items purchased with the grant continue to be used for the purposes for which the grant was awarded. Future asset monitoring events are set for 2012, 2015 and 2019 and may consist of either a questionnaire to be completed or a visit by a grants officer.

You are also required to seek our approval before transferring ownership, using the project as security against any loans, or changing the legal status of your organisation. It is therefore important that you inform us of changes of the main contact so that future correspondence will be sent to the correct person. It may be useful to add this as a standing item to the agenda of your AGM as a reminder for future committee members.

Although the grant is now closed, the grant file will remain open until I have reviewed a copy of your accounts for the financial year ending 31/10/11 and I would be obliged if you would arrange to send me a copy when they become available. In the meantime should you have any queries or concerns please do not hesitate to contact me.

WRE ANNUAL REPORT

I've had some difficulty this year in thinking what to say in the report which I take as a good sign that we may be heading for a period of stability.

During the year, the turbine generated 3.2 Gigawatts (3,258,802kW) of electricity which is in line with our pre installation predictions. Apart from scheduled maintenance and lack of wind, the turbine suffered one serious outage of four days

but overall returned an availability level of 97.4% against a contracted target of 95%.

On the financial front, the turbine generated an income of £378,000. In addition to loan repayments totalling £99,828 made to WDT, a further sum of £92,000 was transferred from 2009/10 operating profits free of tax under Gift Aid arrangements.

David Stephenson



WDT COMMITMENTS

Whereas previously funding to support much of the running of the activities of WDT could be legitimately incorporated as overheads into grant funding for different projects, with the completion of these funded programmes it has become necessary to use local resources to support the Trust office, staff, identified key areas of responsibilities and fixed assets.

This commitment has been eased temporarily by HIE funding a proportion of the hours of the Office Manager for a two year period and for the Community Development Officer for one year. An annual budget for WDT operations is now included as part of the overall budgeting proposals.

Obligations include the Hofn youth Centre, which is now 12 years old and in serious need of renovation, the land leased to Westray Golf Club which is currently being improved by the Club, land at Gallowhill on which the wind turbine and biodiesel/waste equipment are located and of course, the need to maintain and run an office.

Areas of agreed high priority include aspects of youth support and the Learning Centre. In the latter area negotiations have been ongoing with Orkney College to increase the hours of a learning co-ordinator based on the previous success of such an arrangement within the Big Lottery project.

The head of the turbine situated at Rapness, which had experienced persistent problems due to local turbulence, was transferred to the Hofn, now in access to Fuel Import Tariff (FITs) payment. For the cost of transport and minor repairs, a "Dial-a-Bus" vehicle with wheelchair access was obtained and the necessary paperwork, certificates and taxation then acquired.

Discussions were commenced to identify a user group and to co-operate with OIC regarding its use with Kalisgarth.

FUNDERS AND PARTNERS

A list of companies and organisations with which WDT and WRE Ltd have worked alongside, obtained funding or advice from or have been a member of during the year.

Brian Spence, LHD Limited
Bryan J Rendall Electrical Ltd
Charities Evaluation Services
Citizens Advice Bureau Orkney
Clark Thomson Insurance Brokers
Community Energy Scotland
DTAS (Development Trust Association Scotland)
Enercon
Energy Action Westray
Energy Action Scotland
Fairer Scotland Fund
Highlands & Islands Enterprise
LEADER
Lows Orkney
Orkney College UHI
Orkney Communities
Orkney Housing Association
Orkney Islands Council

Scottish Power Energy Peoples Trust
Shetland Wind Power Ltd
SmartestEnergy Ltd
Social Enterprise Academy
The Big Lottery
The Long Partnership
The Ronald Slater Trust
Triodos Bank
Voluntary Action Orkney
Westray & Papa Westray Tourist Association
Westray Community Council
Westray Digital Art
Westray Golf Club
Westray Heritage Trust
Westray Junior High School
Westray Parish Kirk
Westray Processors Ltd
WRAP

Westray Development Trust Annual General Meeting 2012

The AGM will be held on Tuesday 22nd May 2012 at 7pm in the Westray Parish Kirk (The old Kirk). Everyone is welcome to attend. Refreshments will be served during the meeting.

Agenda

- Welcome and Apologies
- Previous minutes – adoption
- Adoption of annual report
- Auditors report, adoption of accounts and appointment of auditors
- Proposed change to the financial year
- Proposed changes to The Memorandum and Articles of Association of WDT
- Update from end of financial year to present
- Ballot for new directors
- Break for refreshments
- Results of Ballot
- Review of turbine income criteria and processes
- Review and agreement of financial plan
- Discussion on potential of setting up a community interest company
- Question and answer session
- Ballot on proposed use of turbine income criteria and processes
- AOCB
- Close of meeting