



Annual Report 2009 - 2010



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Chairman's Report

As you read the various reports in this document, you will begin to appreciate the advances that have been made within the projects which, despite difficulties, are testament to the hard work and commitment of the directors of WDT and WRE who give up their time and expertise freely. That isn't to say that the past twelve months have been without its own set of problems, as opinions have varied between one thing and another but I can only say that the positive things far outweigh the negative.

After 5 long years of endless meetings, WRE finally got what they set out to achieve, which was a turbine to produce an income not only for the Trust itself but for the community as a whole. Although there is a turbine up and running and producing an income, that doesn't mean the work is done. The Trust now has a responsibility to ensure that the money doesn't just slowly disappear but continues to work for years to come.

Due to the publicity surrounding the wind turbine I feel some other projects may have been over-shadowed. The fuel poverty sub-group secured funding in the region of £143,000. This enabled nine households to benefit from the secured funding, The golf sub-group are waiting to see if they have secured the £300,000 bid they applied for from the Scotland Rural Development Program and the Community Development Fund from Orkney Islands Council. The waste project manager is making headway into a difficult job and is making plans for the Gallowhill Zero Waste Centre so I'm sure it won't be long before we see something happen there. Our learning centre is also going from strength to strength and has courses available to suit everyone's needs.

The newest addition to the Trust's workforce is a Community Development Officer who works two and a half days per week. This post, which is funded by Highlands and Island Enterprise, has proved invaluable and will be in place until September 2011. The CDO has been doing a lot of research up until now which gives us more up to date information to compare with the information we have from the past ten years.

Looking back at what the Trust has achieved over the past decade leaves me thinking that the next ten years have a lot to live up to. The Kalisgarth Care centre has been a huge employment boost to the island while also making sure the elderly community are cared for to a very high standard. The Trust has also provided great facilities for the younger generation in the form of Hofn and the play park. The consolidation of Quoygrew shouldn't be forgotten, not to mention the active projects still moving forward within the Trust.

WDT has a busy twelve months ahead once more and we can't do this work without the Directors who commit their time to make these things happen. We can only go forward with the support of the community, so please bear in mind that many hands make light work. Westray is a forward thinking isle and in many ways, ahead of its time. Please keep supporting one another and the Trust to make a stronger community which is fondly known as 'The Queen o the Isles'.

May I also take this opportunity to thank all our employees for their contribution to the work of WDT and the projects they are involved in. We hope they continue to enjoy delivering the aims and objectives of the Trust.

Stewart Rendall
Chairman 2009-2010

Treasurer's Report

This has been a busy year for WDT and WRE Ltd in terms of finance. Not only have there been successful grant applications but the turbine also started producing an income.

The Fuel poverty group secured over £150,000 from the Energy Efficiency Design Awards. It also secured £500 to run a Warm Homes campaign on the island. As well as this the grant money from Scottish Power has also begun coming in.

The Golf Course project has put in substantial grant applications to Community Development Fund and Scottish Rural Development Fund. If successful the course will be redeveloped and a club house will be

built on the Links at Breckowall.

Along with various other development trusts in Orkney, WDT were successful in securing £2500 from Fairer Scotland Fund. This money is used for general running costs of the Trust. Unfortunately the Lloyds TSB Foundation announced they were no longer providing grants and so the £2500 usually applied for Hofn running costs wasn't available this year. However, we have received news that there will be funding available again this year.

The financial position of WDT is detailed in the report of the Accountant appended to the Annual Report.

Community Development Officer

At the end of 2009, Highlands and Islands Enterprise with the support of OIC and other partners through the Community Planning Partnership, provided financial assistance to Westray Development Trust to employ a part-time Community Development Officer. The role of Community Development Officer is to work with the local community to stimulate, plan, implement and evaluate ideas and projects that will revitalise the economic, social & cultural environment.



The main duties include:

- To update the Westray position statement and Local Community Development Plan. This development plan should be the result of widespread community engagement and consultation and will reflect the wishes of the whole community.
- To produce a sustainable and achievable "Community Growth Plan" for the area which takes into account the community's vision for the next 5 years, and uses this vision to establish priorities for sustainable development.
- To assist with the development of the community in accordance with the priorities identified in the Westray development plan and action program.
- To work with the local community groups to assist with the stimulation, planning and evaluation of development ideas, including the updating of community appraisals for the local area.
- To promote local projects which develop the use of assets or provide services which have the potential to generate income.
- To assist in sourcing funding for projects from appropriate bodies including the public sector, Lottery, private trusts and lenders etc.

Corinne Curtis was employed in this position from 1st February 2010, with funding in place to continue the post until the end of September 2011. The process of gathering baseline information and meeting with individuals and groups in the community has begun. Over the next year this will develop into more formal consultations and planning.

Westray Renewable Energy Ltd

After almost 6 years of effort, the Community Wind Turbine has been installed and commenced generating electricity, and an income, during October.

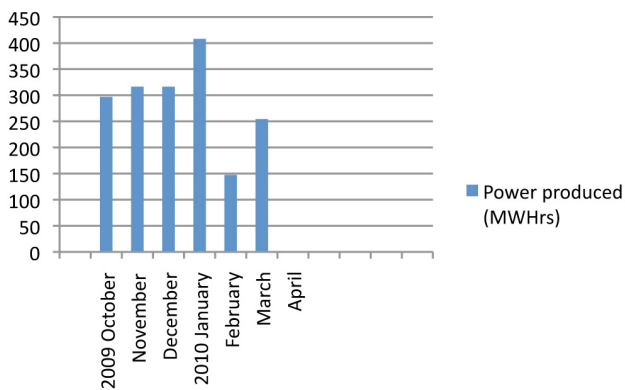
Since operations began, there have been a number of “teething” problems but when outages have occurred, apart from the incident at the end of February beginning of March, WRE personnel have been able to restart the turbine under instruction from the supplier, Enercon.

Pictured right: Offloading part of the turbine August 2009

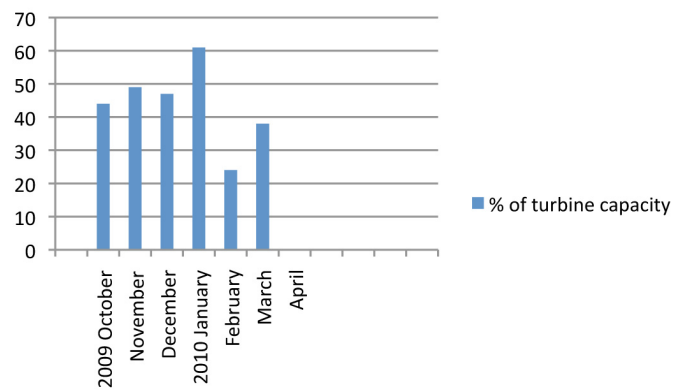


Electricity generated up to going to print is:

Power produced (MWHrs)



% of turbine capacity



Prior to commencement of operations, we were modelling generation at around 50% for the year.

The purpose of the wind turbine is to generate an income for the Trust in order to deliver benefits for the community and, no doubt, people will want to know when money will be available and how will it be used. The role of WRE is to operate the turbine and to sell the power generated and other associated benefits (ROCs etc) and to transfer monies not required to run the company to the Trust. How the money will be used is for the Trust to decide and is addressed elsewhere in this report.

Funds will be transferred to the Trust by two methods. The grant of £761,241 made to the Trust by the Big Lottery Fund, and used by WRE to fund the turbine project, will need to be repaid to the Trust. The money will be repaid over 10 years with

interest charged at the same rate as the company bank loan.

We have negotiated a year’s holiday in order to build an operational reserve and to build a reserve of six months bank loan repayments as required under the terms of the facilities agreement. Repayments to the Trust will therefore commence in November 2011.

The second method will be Gift Aid where profits can be transferred to the Trust free of tax. The precise amount under this method will not be decided until the 2009/2010 accounts are available in early 2011. However, if during the year we find we are holding significantly more than required for the running of the company, an interim transfer may be made.

Westray Renewable Energy Ltd

We had hoped that, with the installation of the turbine, we would be able to relax – we were wrong, as the success of the project caught the attention of the media.

As well as the local press, we had write ups in the national press, trade and social magazines, interviews on radio and were filmed for television, including one session for a Russian programme! Westray has certainly been in the press recently and

for all the right reasons

We have also spoken at three events and were fortunate to win the Scottish Green Energy Award for Best Community Initiative against very stiff competition.

We are continuing to work with Community Energy Scotland and have helped to deliver a handbook for use by other communities with similar aspirations.



Proposals for Turbine Income Dispersal

A group of WDT and WRE directors and a few other people got together to come up with a proposal on how the income from the turbine should be used in

Westray. This will be discussed further at the AGM where you will get the chance to air your views on this proposal.

How the income will be used

“to make a long term difference to the island’s sustainability”

80-95% available to:

- Community Development Plan
- Existing Businesses
- New Businesses
- WDT running costs
- Repay Loan finance

5-20% available to Westray non-profit making organisations

Year 10 possible reinvestment fund

To provide WDT with an annual income to fund:

- Administration and Development staff
- Office running costs
- Sustaining WDT assets e.g. Hofn, Small turbines etc.

To invest in projects detailed on the Community Development Plan

To assist existing businesses to maintain or achieve sustainability or to expand

- To be supported by robust business cases
- Linked to sustaining or creating jobs
- Due diligence and assessment of return on investment will be undertaken by an external body
- Grant
- Loan
- Equity

To assist new business ventures

- To be supported by robust business cases
- Linked to sustaining or creating jobs
- Due diligence and assessment of return on investment to be undertaken by an external body
- Grant
- Loan
- Equity

To provide a fund for Westray “not for profit” organisations through a local representative panel of WDT Directors, Westray Community Council (WCC) Elected members and appointed advisors.

- Maximum 5-20% of expendable annual income received by WDT
- Disbursed once a year
- Expected ceiling on each claim 20% of total available
- No guarantee of funding recurring costs

How the income should not be used

- **As a first port of call for assistance – appropriate grant funders and other local fund raising options should be targeted first**
- **Where government/council should fund services e.g. Youth development worker**
- **Not to replace existing fund raising activity**

This money is for the benefit of Westray and Westray residents so, come along to the AGM on May 26th and have your say on these proposals. Your opinion counts as Westray is your island.

Management Committees

- Plan to meet annually
- Business Group—WDT directors, WCC Elected members and appointed advisors to recommend fund disbursement, for approval by WDT Board of Directors.
- Not for Profit—WDT Directors, WCC Elected members and appointed advisors to recommend fund disbursement, for approval by WDT Board of Directors.

Golf

Work done on the Golf course last spring and summer has created a playable course in the meantime.

The numbers of locals and visitors using the course was encouraging and comments left were very positive.

We have applied for funding from The Community Development Fund and Scotland Rural Development Programme to

- Build a storage shed with a meeting room and car park
- Redevelop the nine hole course
- Construct a putting green and practice net
- Create and restore walkways and picnic areas
- Restore area of coastal erosion
- Buy Machinery

We have received funding from The Royal and Ancient Golf Club of St. Andrews for the putting green and practice net.

If we are successful in our funding bids most of the reconstruction work will take place in 2011.

Four members of the Club are to attend a PGA Coaching Course in May. We will then be able to offer coaching to youngsters on the Isle.

Word is spreading about our project; the Chief Executive of The Scottish Golf Union, Hamish Grey, (*seen pictured below with Lorna Brown, Project Manager*) has been to visit and was impressed with our plans.

We hope that in next year's report the funding will have been secured and work started.



Biofuels

In last year's annual report we referred to planned retail forecourt sales of our biodiesel through a specially constructed bunded steel tank and pump unit. This was possible, thanks to a £5000 grant from CRNS. This tank setup has been manufactured as a one off unit for us.

The pump itself is a specialised version, able to pump biodiesel and is tested by the Weights and Measures people for accuracy. The unit has been in place at WI Rendall's shop, ready for service since summer 2009. It has some 600 Litres of fuel in it and we were about to start these sales when matters changed. The processing is done by Willie McEwen.

The setup was not simple to operate, being largely home designed and built. It was not realistic to train someone else to take over during the period he was appointed to Acting Head teacher at the school. Starting selling was suspended until fuel processing time became available again.

In the meantime Trenabie Mill was sold so all the equipment was dismantled and removed from the production site. The production plant required 3 phase electricity, hot and cold water and septic tank drainage, as well as a suitable building with fork lift access. Westray Development Trust does not currently have a building with the required 3 phase electricity, hot and cold water and septic tank drainage, which was the reason for production being sited at Trenabie Mill.

In a separate development in May 2009, Sam Marcus put us in contact with COPE in Shetland. They are a Social Enterprise company and their activities include The Shetland Soap Company. COPE had started a biodiesel project in Shetland in about 2005 but for a variety of reasons had stopped operations a couple of years ago. The equipment is built into two 20 foot shipping containers and had been funded by a grant from Shetland Enterprise. This potentially had to be repaid if the project was wound up. The possibility was for the equipment and the associated obligations to be transferred to the

Westray Development Trust. We went up to Shetland to view the equipment and talk to COPE about a possible hand over. Eventually in March 2010 all paperwork was in place and the equipment was shipped down to Orkney and out to Westray. You will see two blue shipping containers at the Gallowhill site.

The "obligation" we have taken on is to use the equipment for biodiesel R & D and production for about another two years. The equipment we have acquired was expensive (£25K) purpose built plant that we could not possibly afford before. In particular, we will be dry washing our fuel, so will not require the water and drainage previously needed and will be heating the oil by using our fuel in the plant's oil boiler, so will not require a big electricity supply. We should be able to cover the electricity required for the pumps etc with a generator. The equipment is set up so it can be used within the containers, while the Trust pursues the provision of a suitable building at the Gallowhill site where the oil is stored.



We have a significant quantity of raw oil in stock as we have only processed a small proportion of the oil supplied to us by OIC over the years. The quantity of used cooking oil gathered by OIC and shipped out to Westray by WDT has diminished as more people on the mainland have taken up home fuel production, however we will not run short of oil in the required two years operation. Once we have reliable production of quality fuel it will be on sale from the retail forecourt unit at Ivan's.

The reduced rate of Road Fuel Duty for commercial biodiesel (20p per litre less) was retained in the April 09 budget for biodiesel made from used cooking oil – presumably because it is undeniably greener than fuel made from specially grown fuel crops. We therefore have another two years of reduced duty rate, and should manage to sell at approx 20% below fossil diesel price.

Our aim remains to supply: "Cheaper, greener diesel fuel"

Westray Zero Waste Centre

The main aim of the Westray Zero Waste Centre project is to develop a community reuse and recycling facility at the Gallowhill site (on the road to the turbine). Orkney Biofuels is already using part of this site for manufacture and storage of the biodiesel they are making from the recycled cooking oil that O.I.C. collects throughout Orkney.

The next stage being planned is to access funding to develop a further 40 x 40 metre area of the site and erect a large shed. This will then enable us to really get going on reuse and further recycling projects. The first project on the site is likely to be the collection, storage and selling of reusable items - furniture, small household goods, bric-a-brac, clothing, etc.

Since the charity shop at Unit 1 closed it has been missed by people wanting to both donate and to buy small items. The Waste Project will be working with volunteers and charities to make sure that there is once again a place to bring items, and a way to channel some of the proceeds back to charity. At the same time we are investigating the feasibility

of using some of the recyclates already being collected by O.I.C. (glass, paper, and cans in particular), as well as how we might collect and use other types of recyclable materials (for example cardboard, scrap metal and building materials).

Funding is also being obtained for a small trial of bokashi composting. This is a way of pre-treating home food wastes to reduce their bulk and make it quicker to compost when added to either a compost bin or green cone. This may help green cones be more effective in our climate. Initially 20 volunteer households will be involved, and if successful a stage II project will be to develop our own bokashi bucket kits so we can offer them to more households.



Accountant's Report

This has been a very interesting time in the development of Westray Development Trust. The wind turbine is clear and tangible evidence on the ground of the work put in over the last few years. From an accountant's perspective, it is the same in the annual accounts. In previous years, accounts have been prepared for the three individual companies:

**Westray Development Trust
Westray Renewable Energy
Orkney Bio-Fuels Ltd.**

These were all "small" companies that required no special treatment or disclosures. The turbine project has changed this. The level of expenditure incurred and the resulting grants attracted to finance it have meant that certain thresholds have been exceeded. The accounts that will be presented at this year's AGM will be consolidated accounts and will have been formally audited.

Consolidated accounts show the results of the "group" as if the operations of all three companies had been carried out by a single company. While we add the income, expenses and balances together, we must eliminate from the consolidated figures any transactions between members of the group.

So, for example, the intercompany loan from Westray Development Trust to Westray Renewable Energy to finance the wind turbine will not appear in the consolidated accounts. However, the external finance from Triodos will appear in the consolidated balance sheet.

More about this at the AGM.

The summary individual financial statements for WDT and WRE are as follows:

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Profit & Loss	WDT	WRE
	£000	£000
Income	656	10
Expenses	70	9
	-----	-----
Surplus	586	1
Funds b/fwd	427	(2)
	-----	-----
Funds c/fwd	£1,013	£(1)
	=====	=====

Balance Sheet

Fixes Assets	342	1,234
Due from subsidiaries	550	-
Bank	67	200
Debtors	107	10
Liabilities	(53)	(1,445)
	-----	-----
	£1013	£(1)
	=====	=====

Learning centre

The BIG Lottery outcome proposed for the 3 years of the project life has been largely met within the first two years of activity.

An online survey and paper based questionnaire of training needs was undertaken in early 2009 and provided the basis for identifying suitable courses with training providers. Research with Orkney College, Orkney Business Gateway, VAO, Skills Development Scotland and Social Enterprise Academy have identified short course programmes and training packages appropriate to the needs of Westray (e.g. food hygiene, report writing, running of committees and meetings, leadership programmes, SEAFISH training, creative writing, Orkney dialect). Newsletters have been regularly produced to encourage employers, community groups and individuals to participate and to signpost to training providers.

The Project Manager has attended a training course in Orkney College and utilises the Learningbytes website of Learndirect Scotland in order to meet SVQ qualification standards for Learning Centre staff.

Additional courses have been provided and are planned in several areas e.g. linked to the crèche, Scottish Personal Licence Holder, Business Start up, Social Enterprise, virtual conferences on the web, SAGE accounting and report writing. Seventeen individuals have already participated in these new courses. Other projects in planning stages include intergenerational exchanges of learning, a digitising

project linking with Westray and Papay Tourist Association and Westray Heritage Trust and social enterprise training/leadership training for young people.

A total of 437 people used Westray Learning Centre between August 2008 and July 2009 for a wide range of educationally associated activities, emphasising the major value of this resource to Westray.



Electric car

At last year's AGM the failure of the Lithium Ion batteries in March 2009 was described. They had overheated without any apparent good reason during charging. The car was not damaged in the incident but the batteries were ruined.

After the incident the apparently dead and therefore safe, batteries were stored outside on a pallet to await further investigation of their failure. In June 2009 the pallet of batteries caught fire by itself without any warning. The fire was quickly

put out but this further diminished our faith in this technology.

There was also now no immediately available time to pursue this project. The project is not abandoned but is unavoidably on hold.

It was decided by the WDT board to mothball the project until the technology moves on and safe batteries are available.

Fuel poverty

Overall project:

The fuel poverty project has been very successful in the past 18 months in attracting funding from different bodies. Those additional funds have allowed the project worker to carry on, not only with the survey work, but with other projects as well. The project manager has also undertaken a number of training opportunities as well as national events based around the issue of fuel poverty.

The surveys:

To date there have been 118 surveys completed. The results of these surveys have proved invaluable in communicating the reality of housing in our remote community. The results also show that although the national figure for fuel poverty in Scotland is 30%, in Westray it is closer to 80%. The object of the surveys is to determine what condition the house is in and to get the householders the information needed to access the grants that are available, if they are eligible. The number to call is 0800 512 012.

We would like to get every house on the island surveyed, so should you like to arrange a survey, please call the office to arrange one. The results are totally confidential and at no time will your income be discussed.

Grant Fund

The project was successful in drawing down a £50,000 fund from the Scottish Power Energy People Trust to alleviate fuel poverty on the island and provide necessary top-ups to existing government assistance. The fuel poverty and

housing subgroup is in the process of getting a procedure in place for awarding the grant to our community's householders. We anticipate getting the fund moving in the next three months. For information don't hesitate to call the office or project manager.

EEDA 9 house project

The nine house project has proved immensely challenging and immensely rewarding. There are now nine installed and functional heat pumps on the island. All the householders have been pleased with the results.

There has also been insulation and draught-proofing installed which will contribute hugely to reducing heating costs in these houses. The external paint is going to be applied later in the year to make sure it has enough time to dry and set properly.

The future:

The remaining time in the project will be spent making sure householders are accessing the grants that are available through the government and through the Council.

The project manager will continue to schedule surveys for folk who are interested. We will also begin to go back to the houses that have already had a survey and help them to access any assistance they might be eligible for.

We will also keep records of the work that has been undertaken so at the end of all this we will have a record of the overall impact the project has made.





Annual General Meeting

26th May 2010

The AGM is open to all. As directors of the Trust, we work away in sub-groups and also meet regularly as a Board of Directors, but we need feedback from you. We hope you will come along to the AGM on the 26th of May and tell us what you think, good or bad.

If you are not already a member of the Trust we invite you to join on the evening by signing your name as you come in. There is no membership fee, but as we are a Company Limited by Guarantee, should we ever go into liquidation, you would be asked for the princely sum of £1. Our constitution ensures a rolling membership of directors, so no-one gets stuck in a post and fresh people with fresh ideas come in.

There will be short updates from some sub-groups, a financial report, and ample opportunity for you to raise concerns and make suggestions.

Tea, Coffee and biscuits will be served during the evening. We look forward to seeing you in the Parish Kirk on the 26th of May.

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