

# 2012 Annual Report

## Chairman's report



The decision to change the end of the financial year from 30th November to 30th June, as agreed at the last AGM in order to better fit with working practices in Westray, means a rather shorter Report on this occasion. This does not mean to say that the WDT Board has not been very active during the last 6 months. New Board members elected in May have settled in well and have been greatly contributing to the lively discussions at our monthly meetings. We still have vacancies on the Board for other volunteers from the community!

Some of the work in progress between December 2011 and the AGM in May 2012 was outlined in the last Annual Report and it is pleasing to note that significant further developments in many of these projects have now been achieved. Although details are included in relevant parts of this Report, some main highlights of particular consequence are highlighted here.

Of enormous significance to the working environment of our staff was the completion of the purchase of Industrial Unit 1 in Pierowall and the greatly improved working conditions in the new offices are to be seen to be believed. – I encourage you to come in to see for yourself and for a chat about assistance with any possible projects. We are very grateful to the Church of Scotland for allowing the use of the Hewison room as an office for the last few years – we simply outgrew it.

Regrettably, despite the hard work of the young people in raising funds, work has not progressed on The Hofn extension as we would have hoped. Funding of around £22,000 has been secured but unfortunately no tenders were submitted from local contractors and the board were unhappy with the 2 that were received from outside firms. It is hoped that a local firm will be able to undertake the work in the very near future.

With a disposable profit of around £0.5 million from the turbine revenue and from various sources of grant assistance, it was agreed that the days of volunteers having to take the day to day

responsibility for directly managing this amount of money are now past. The decision was made to establish an enterprise company owned by WDT. At the time of writing this, arrangements are well in progress and a manager is being employed. It is essential to make the most efficient use of this major asset for the benefit of Westray.

Despite the recent announcement from SSE regarding grid connections, work is continuing with legal, HIE and other advisors to assist Westray Processors by the provision of a wind turbine, as approved by the postal survey, and on any re-organisation that will be necessary to meet charity regulations. The success of Westray Processors is dependent on a continued supply of shellfish, one of the reasons why we have committed a substantial loan towards the refurbishment of a creel boat for two young fishermen.

A proposal from a local group to adopt the Biofuel assets was accepted by the board and consequently the process of winding up the Orkney Biofuels company has begun, while most of the waste recycling equipment has been sold to Rousay Development trust.

The Project Evaluation Group has been meeting regularly to advise the WDT Board on projects, and although the modifications to procedures that were agreed in June are working well, we always look to improve. We strongly encourage residents of Westray to keep bringing forward their ideas for projects. We hope to recruit a 3rd member of the public onto the PEG at the AGM so we are hoping that some of you will consider putting your name forward.

With all the current directors being either self-employed or in full time employment much responsibility has fallen on our office staff and I would like to take the opportunity to thank them for their dedication and professionalism.

*David Seatter.*

### Westray Development Trust

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# Treasurer's report



WDT is now in a strong financial position as can be seen from the attached accountant's report which provides full details of income and expenditure. The decision adopted in May, to change the end of the financial year from October to June to make it easier for residents to attend the Annual General Meeting, has resulted in this report being on activities mainly undertaken by the previous Board of Directors.

We are going from strength to strength with the revenue from the Community Wind Turbine now being regularly transferred to the Trust from WRE. Grateful thanks are due to the PEG for their careful consideration of project proposals and all their recommendations to the Board. A variety of projects have had assistance, in accordance with the remit of the Trust, for the benefit of the Westray

community - keep the project proposals coming.

It was pointed out at the last AGM by the accountant, that the level of profit now places WDT within the top ten of Orkney companies. As this large amount of money available each year requires careful financial management to fully satisfy charities regulations and to make the best use of resources available, steps were initiated to increase office staff with a suitably qualified business manager to augment the good work already being undertaken by Janice Rendall, the Administration & Finance Officer. Also congratulations to Janice on getting Part Time Business Student of the year at Orkney College.

*Douglas Leslie, Treasurer.*

## Financial report Westray Development Trust and Subsidiaries



This was only an 8 month period. The accounting dates of Westray Development Trust and Westray Renewable Energy Limited have both been changed to 30 June and hence this is a short period. The accounting date of Orkney Bio-fuels Limited has not been changed as the company has ceased operations and will shortly be struck off. We have once again produced accounts for the three companies in the group and also consolidated accounts which express the financial results as if the operations of all three companies were being undertaken by a single entity.

The total incoming resources into the group amounted to £471K, after illuminating intragroup company transactions. The bulk of this came from the turbine operated by WRE which generated £404K of income in this period.



The Trust's own income was largely from grants and these amounted to £57K. The other Trust income is the usual mixture of rent and loan interest from WRE, electricity generation from small turbines operated by the Trust, Hofn takings etc. The Trust itself is showing a small deficit in 2012 but this is after a further one off write down in the value of assets acquired by the Zero Waste project. These assets were sold off after the year end and we have reflected the realisable value in these accounts.



However, the real star is WRE which has once again reported a substantial trading profits and it is this continuing high level of profit that is resulting in the cash accumulation, amounting to £671K at 30 June 2012 in WRE. WRE made a Charitable Donation to WDT of £470K out of this in July 2012. In addition, WRE is steadily repaying the loans from Triodos, which was reduced by £36K during the period leaving an outstanding loan balance of £534K, and the loan from WDT which stood at £662K at 30 June (the net intercompany balance was £619K).

Although profits from WRE are subject to Corporation Tax, just like any other trading company, the tax is being illuminated by careful planning of Charitable Donations to WDT and

claiming just enough capital allowances on the cost of the equipment. The Charitable donations are used to help to preserve the available capital allowances so that we can shelter as much profit as possible from tax, particularly in the later years of the turbine's operations.

The total assets of the group as shown on the consolidated accounts are around £2.5 Million and this includes costs incurred in the period of redeveloping the Golf Course. Net of liabilities the figure is £1.9 Million. This is a substantial community enterprise.

The increase in reserves and in particular the availability of cash from turbine generation, will assist the members of the Trust to meet their objectives, which are primarily focuses upon the promotion trade and industry for the benefit of the general public on Westray.

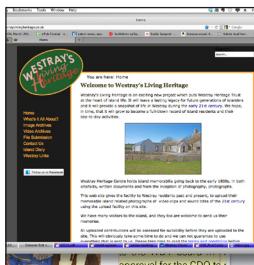
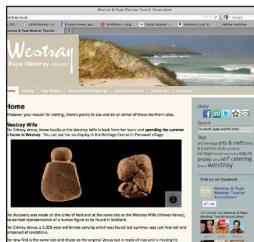
### Financial Summary

	WDT	WRE	OBL	Consolidated Total
Statement of				
Financial Activities	£000	£000	£000	£000
Incoming resources	94	404	0	471
Expenditure	105	114	1	193
Surplus before Taxes	(11)	290	(1)	278
Balance Sheet				
Fixed Assets at NBV	390	1157	0	1547
Current Assets	213	774	2	989
Intra group balances (net)	619	(619)		
Current Liabilities				
incl. tax charge	(35)	(93)	(3)	(131)
Long Term Liabilities	0	(478)	0	(478)
Total Assets	1187	741	(1)	1927

The consolidated totals exclude all intercompany transactions such as rent, loan interest and service charges as well as inter-company balances on loans etc.

*The Long Partnership, Kirkwall.*

# PEG (Project Evaluation Group) report



The Project Evaluation group has continued to meet regularly to both assess applications for funding, and to work on making policy recommendations to the WDT board.

In this financial year David Baker resigned from the Trust board and from his position as a WDT representative and chair of the PEG. The WDT place was filled by David Seatter, and David Stephenson took over the role of chair. Other members continued as before. Continuity of membership is important and at the AGM in 2012 an additional community representative will be elected, with community representatives starting to rotate the following year.

Some development has happened in the processes of decision making and how recommendations are reported, including a much stronger focus on recording how recommendations fit with the charitable aims of WDT as well as key themes.

With recognition that many ideas that had been put forward in community consultation had not yet been acted on, the PEG set about doing an “ideas sift” to identify which ideas were still relevant to investigate or appeared to have wide support for further investigation. A shortlist of these was put to the WDT board in April 2012 and there was approval for the CDO to put some work into further investigation and initial proposals. Some of these ideas were already in the pipeline (Hofn upgrade, and investigating support for Westray Processors), some were able to be taken on by existing groups (e.g. a local map for tourists available for sale in shops, playpark upgrade), some could be done by WDT (e.g. website updating), and some are still being investigated and aren’t at the funding proposal stage yet (eg quarry, broadband, learning centre).

There are still no clear criteria or checklists for applications for assistance as WDT and PEG wanted to keep the scheme as flexible as possible, however this does appear to be causing some confusion about what is eligible for funding. It is therefore possible that people aren’t applying when they could be. The main criteria are still “community benefit”, along with ensuring that other sources of funding continue to be used where possible. All applications must be able to fit clearly with the WDT charitable aims (which is a requirement of charity regulations), and not just key themes, but anyone with a good idea that has community benefit is encouraged to initially discuss this with the CDO. The PEG can then recommend whether the idea should be worked on further.

There were 16 applications for either small or one-off grants in this financial year, of which 12 were approved, 2 were declined (private profit, insufficient community benefit, or applicant not from Westray), one (from outwith Westray) withdrew their request for funds, and one obtained other funding. In addition two larger projects that had presented initial ideas to the PEG did not carry on to putting in a full proposal.

## Grants and assistance approved 1 Nov 2011 to 30 Jun 2012

**Westray and Papa Westray Tourist Association** was granted £2800 for website development and advertising.

**Westray Heritage Trust** was awarded £500 towards costs of producing the Westray Walkabout book

**Westray Heritage Trust** was awarded £7612 matching funding from LEADER and in-kind contributions for their Digitisation project (that includes the Westrays Living Heritage Project and website at [www.westrayslivingheritage.co.uk](http://westrayslivingheritage.co.uk))

**Tuesday Singing Group** was awarded £221.50 towards production of a CD for sale to raise funds for CLAN

**Westray Development Trust** donated £1375 to **Westray Junior High School** in relation to the “Oliver” production

£224 was put towards the shortfall in funding of the **zipline replacement for the playpark** (matching £800 already obtained)

**Papa Westray School** (on behalf of a Westray pupil) was awarded £175 towards the costs of a school trip

**Westray Parish Kirk** was granted £4356 towards projection equipment for community use

The WDT board offered a loan of up to £60,000 at preferential interest rates to assist **Paul and Adam Tulloch** in first time boat ownership

A donation of £500 was approved to the **Westray Community Council** to purchase fireworks for the community Queens Jubilee Celebrations.

**Westray Junior High School** received a grant of £1000 towards activities involving Westray children during the visit from the Malawi children and teacher. This added to the enormous fundraising effort by a committed group of volunteers and the wider community.

**The Westray Golf Club** was awarded £6000 towards the purchase of a new tractor to be used for course maintenance. This project was partly funded from a previous Community Development Fund grant.

# CDO's report

Supporting the work of the Project Evaluation Group has continued to be the main focus of my work this year. This is a much wider job than just helping people with grant applications, as

it also involves a lot of background work to help ensure that any policy decisions made are consistent with the charitable aims of the trust as well as being good for the long term future of Westray. I am

also continuing to investigate potential projects and issues that have already been raised by the community.



Some of my work has benefited other communities



as well as Westray. This includes initiating feasibility studies (paid for by Highlands and Islands enterprise) to provide options for how development trusts can invest and use money for community benefit, and for investigating how Orkney Housing Association can work with development trusts on shared equity housing. Some of these consultants reports have now been made available to other Orkney Development Trusts and others are still in process.

I attended another Highlands and Islands CDO networking meeting, and presented a short summary of where we had got to with the PEG process, and I also attended the Rural Housing Services conference. This was particularly interesting as it made a strong link between economic development and housing, and showed the huge range of different types of supported housing projects and housing partnerships that are possible. While away for the Housing Conference I visited Comrie Development Trust and was very interested in their extremely business-like approach to decisions about the management of Cultrybraggan Army Camp (a community owned asset) and how they balance social purpose and economic viability.

To make sure I continue to have a good understanding of what "sustainable rural development" really means, the Westray Development Trust has part funded a course of study through the UHI

Sustainable Rural Development programme. This has been incredibly useful in both giving me real examples of good practice in other communities, as well as a much better understanding of the national policy framework, which will help ensure that Westray can continue to benefit from outside funding and assistance. I have also attended a Leadership course organised by HIE for CDO's and other community groups.

One of the most time consuming and frustrating projects I have been involved with was transport for Kalisgarth. Although I did manage to obtain a wheelchair accessible bus as an interim arrangement, it was not possible to resolve issues of how this would operate or who was liable for costs, and the bus was eventually disposed of. I made a further attempt to get support from the "Change Fund" (in partnership with Dial-a-bus) to investigate how disability transport was managed in the isles and again this request did not make the priority list for Orkney. Community disability transport is still on the agenda, but there are no easy answers just yet.

Community consultation showed strong support for assisting young people into farming and fishing businesses. There have been a couple of approaches to the trust for this kind of support, and it has taken a lot of work on my part to ensure that this can be done in a way that is ethical, fits with the charitable aims of WDT, contributes to long term sustainability of Westray, and meets other legal requirements.

The first request was unable to be progressed because of very short timeframes, however the background work is starting to come together and WDT expects to soon be able to assist the next young Westray applicants to take their first steps into fishing boat ownership. There is still a lot of detail to be sorted out (loan criteria and conditions, ensuring that decision making meets charity regulator requirements, making it fair for other future applicants, and the practical aspects of managing loans to meet Financial Services Authority regulations).

Other ongoing work includes: looking at options for the Learning Centre (with Orkney College); funding applications (including for Hofn extension, and for other groups such as the Auk Club); continuing to assist the Project Evaluation Group to develop and make recommendations for policy; responding to individual and group enquiries for assistance on a wide variety of issues.

*Corinne Curtis*