



Lochbroom Community Renewables Limited  
(A Community Benefit Society)

**Draft Minutes of the Annual General Meeting of Lochbroom Community Renewables (LCR) held on 5<sup>th</sup> October 2019 at Braemore Hall**

(Note: The AGM year refers to the period 31<sup>st</sup> May 2018 to 31<sup>st</sup> May 2019).

**Attendees:** 34 shareholder members

The following LCR Directors and additional volunteer Board members were in attendance: Tim Gauntlett (Chair), Paul Copestake (Hydrologist, Environmental Clerk of Works), Rob Gibson, Kathleen Donald (minutes), Sarah Donald, Amanda Barry-Hirst, Andy Kaye (Treasurer), Rebekah Lwin/Reid, David Maxwell (Company Secretary), Sandy Osborne.

Also in attendance:

Sandy Underwood – Part time Local Development Officer, Ullapool Community Trust.

Peter Newling, Clachan Heritage Trust.

**Apologies:** More than 40 members gave their apologies and the Chair declared the meeting quorate.

**Approval of the Minutes of the AGM held on 27<sup>th</sup> October 2018**

The minutes of the previous AGM were approved.

Proposed: Rob Gibson

Seconded: Peter Newling

**1. Welcome, Chair's report and update**

Tim Gauntlett welcomed all to the meeting and reported on the year since the last AGM during which the hydro scheme has been generating despite it being a dry year.

Four main themes were highlighted:

1. Three directors had resigned and were thanked for their hard work and their contribution to Loch Broom Renewables. Ewan Young, Andy Kaye, as treasurer, for his remarkable tenacity and work in setting up new bank accounts, a change of accountancy firm, managing the accounts, expenditures and dealing with the complexities of lawyers and FES lease of the land, Rebecca Lwin Reid for her invaluable support as minute taker and drafting of necessary documents ensuring that LCR operates with due diligence and transparency.  
The Chair expressed the need for new volunteers to join the LCR group either as Directors or volunteers to help with the various tasks involved in the maintenance of BroomPower and the development of future projects, succession planning and youth involvement. Particularly he mentioned the need for a part-time book- keeper who could work in partnership with other local organisations.
2. The vision for LCR's future and the next steps for both the BroomPower project and development of other renewable energy projects with particular emphasis on mobilising practical steps to mitigate the dangers to our environment from climate change. The 2020 AGM was planned to be a celebration of what has been achieved throughout the Highlands and Islands in this respect.
3. The community at the heart of LCR projects. LCR had played host to delegates from the EU who had been impressed with what the community had achieved and the project had been able to set up and pay into the Community Benefit Fund. Tesco grant had been received for a local artist in residence to work with High School pupils to produce artwork related to the project. LCR is working with Ullapool Community Trust and its forestry working party to campaign to purchase the Lael Forest from Forestry Land Scotland, which includes the land on which the hydro is situated.
4. Challenges in the year, which included a dry year, construction and equipment bills to pay, a lease to negotiate and reserves of capital to maintain and increase.

A full transcript of the report is given in Appendix 1 at the end of these minutes.

Following the Chair's report, Andy Kaye thanked the Chair for his work since the last AGM.

## **2. Generation report**

Paul Copestake reported on the flow and generation data from the BroomPower hydro project. The information and his Generation Analysis report can be viewed on the BroomPower website.

In summary

- The flow charts reflect the dry year and lack of rain and targets were 75% down. However the wet summer just past ensured generation projections will be met this year.
- In order to optimise generation, a customised compensation system has been developed which has improved the flow to the turbine while still maintaining the environmental conditions.
- In terms of the hydro scheme site Paul reported that this is in very good condition and the intake and drainage is working very well and the equipment coped with a power cut and restarted automatically.
- Each month performance is posted on the website as is the final report.

### **3. Treasurer's report**

The 2019 end of year accounts and full transcript of the Treasurer's report are given in Appendix 2 of this document.

Andy Kaye further explained that although he was standing down as a director, he would remain as treasurer to hand over to someone else the more complex areas over the next year. However he recommended that a part time book keeper should be employed to simply record figures. The Turnover and income this year was £69,000, which was down on the total of last year. 4 people had requested repayment of investments this year. This reduced the capital fund and FIT payments due for the end of April are not paid until the end of September. In the final quarter, payment had to be made for the satellite Broadband to the equipment, the lease to the Forestry and tax and accountancy costs.

The electricity supply to the Turbine has been renegotiated for less with another supplier resulting in £77/month. FES requires insurance for £10million public liability, and the insurance premium has to cover this. The lease to FES is an annual £3,000.

1. Therefore Andy recommended payment of 3% to shareholders this year which leaves a capital fund of £45,000 for repayment of shares.

2. He also recommended that the accounts this year did not allow LCR to contribute to the Community Benefit Fund at the moment, but that an approach to shareholders to donate interest could be made.

The members were reminded of the following:

- When paying back shareholdings that a £1 share be retained by LCR in lieu of continued membership.

- Non-members can become members through the purchase of a £1 share.

No interest will be paid on £1 shareholdings.

Andy also informed the membership that payment of interest will be done by Christmas. For those who don't respond to email notification, postal notification will be given. However the responsibility was on the member to inform LCR of any change of address or bank account. All shareholders will be notified and repayment of shares should be requested on the relevant form available on the LCR website. Members will be able to opt to gift their share interest this year to the Community Benefit Fund.

The Treasurer's report was accepted. (Robin Donald)

#### **4. Vote on Resolutions**

##### Resolution 1

The LCR Board recommend that all shareholders be paid **3%** interest on their investment for the period Dec 18 – May 19

**Resolution passed (proposed Sarah Di Rollo, seconded Robin Donald)**

##### Resolution 2

The LCR Board recommend a gift be made to the Community Benefit Fund maintained by Ullapool Community Trust (reg. charity SC356419) comprising this year of share interest where members have opted not to receive interest but to pay it to the Community Benefit Fund.

**Resolution passed (proposed Cathy Higginson, seconded Rob Gibson  
If sufficient is raised by donations the Community Benefit Fund will happen.**

#### **5. Secretary's Report**

Dave Maxwell highlighted that there are currently 452 shareholdings with 73 in the name of children/grandchildren.

Members were reminded that it is important to inform LCR of any changes of address or bank details.

The resolutions 3 and 4 relating to shareholdings were then put to a vote:

##### Resolution 3

When members cash in their shares, they get £1 Golden Share, non interest bearing membership Certificate

**Resolution passed (proposed Rebecca Lwin, seconded Robin Donald)**

Resolution 4

Shareholding may be donated and interest to the Community Benefit Fund anytime over 17 years

**Resolution passed, (proposed Tim Gauntlet, seconded Cathy Higginson.)**

## **6. Community Benefit Fund**

Recipients for the Community Fund were as follows:-Welcome Ullapool, Gateway Entrances to the village north and south, Wind & Solar Power System £1,050, Lochbroom Community Council, Shoreline beach cleaning, Ullapool Shore Front £1000, Ullapool unpacked C.I.C. Project Pop Up £1,500, Lochbroom Community Council, Embankment Slide Steps and Bridge Ramp, £1500, Scottish Wildlife Trust, Living Seas, Remote Beach Cleans £500, Badrallach Grazings Committee, Fire Protection Equipment Beaters and Backpack Sprayers, £250, Ullapool Swim Club, Racing the Waves £1000, Clachan Heritage Trust, Clachan Relief Fund, Disabled Access Portable Toilet, £2250.

Peter Neeling, chair of the Clachan Heritage Trust reported on the benefits to the Clachan Relief Fund of accessibility and the worldwide visitors interested ancestry and thanked LCR for the funding received.

## **7. Presentation from chair of Ullapool Community Trust Forestry Group**

Stage 1 funding had been received for consultants to do a feasibility study for the purchase of some or all of the 32 acres of forest. Public consultation had been completed. Local businesses and residents and major land owners were consulted to see if they were behind it and whether it would be of benefit to the community.

Terry Rowe reported that the Public Consultations were being analysed over the next 2 – 3 months.

Three main areas were being considered.

Forestry – environment – renewables

Woodland crofting, tourism and leisure and the removal of the lease obligations for LCR.

Stage 2 funding application would apply to the following alternatives:-

1. small, part of the forest and the area of the hydro
2. medium, a larger area of forest
3. large, the whole area of forest.

The Community Asset Scheme has been extended past the Summer of next year.

Terry Rowe stressed the Trust's desire for feedback from people of all ages, skills and knowledge.

**Presentation from Sandy Underwood, UCT  
Update on Loch a' Braoin Hydro**

This is a private development, which has received funding from a CARES Loan, which presumes 20% local ownership. Local Energy Scotland needs to pursue the share of the money for the community. It was a decision of the Community Council to look at a share of the money rather than ownership. Recent discussions have established that the developers are getting the final loans in and then Local Energy Scotland can ensure that they can be forced to fulfil their obligations.

**Presentation from Sarah Di Rollo, Climate Action sub-group 2020  
AGM**

It is the intention to build on events involving care for the environment and other renewables that are already happening. Local groups are already taking action in various ways and the next AGM will showcase and celebrate them. It is hoped there will also be music and dance.

**Election of Board Members and appointment of Auditors**

All Board members standing were re-elected.

The Board will appoint a local examiner of accounts.

A proxy vote was accepted for members not able to attend.

**The proposal was carried**

## **Appendix 1**

### **CHAIR'S REPORT FOR 2018/19 AGM**

**Braemore Hall, 5<sup>th</sup> October 2019**

The purpose of the Chairs report is to give an over-view of the events and developments over the past financial year, added to which, it is an opportunity to express a personal opinion about LCR, its state of health, its ambitions, and it's experience as an organisation within the immediate and wider community.

Now that we have been generating for two years, you would think that everything would run smoothly and easily. If only this were the case. It is not as contentious or difficult as let's say, a nation attempting to leave an economic union, but it remains complicated and on occasions, a seemingly unnecessary consumption of time and energy. This project continues to demand diligence and hard work and this is taking its toll upon the small number of Directors and volunteer group. As a consequence, over the past twelve months three, out of a total of eight, Directors have resigned: Amanda Barry-Hurst, Ewan Young, and Rebekah Lwin. On behalf of all members, I should like to thank them for their contributions. I am sure that the other two won't mind if I single out Rebekah for special mention, even if she might. Rebekah has a clarity of thinking through complicated procedures which has helped in the drafting of necessary documents and ensuing that LCR operates with due diligence and transparency. In addition, she is missed terribly by the group because of her skills in minute taking. I dreaded her going because for more than two years, she took the minutes of our meetings and at agm's. They were accurate and comprehensive. In these skill you are irreplaceable.

The role of Treasurer has always been an onerous one. Andy Kaye has carried the burden of this role for three years, and it is time he was allowed to spend more time in his garden. Andy has carried this vital role for far longer than he had intended, because, he rightly judged, that the very continuance of LCR rested upon his shoulders. Every member of the volunteer group has played a vital role over the past three years, but it is Andy with his keen eye for detail, his ability to read and digest long legal documents, and his commitment to his beliefs that has set him above the rest of us. Special thanks to you Andy.

We are calling out for a book keeper. We need a skilled book keeper to step forward. The role of Treasurer and finance officer is too much for one volunteer, the membership should give agreement for finding a paid employee, an employee I suggest works in partnership with other voluntary organisations who have the same need.

This call combines two themes: new, younger, faces are wanted on the Board, and the problem of needing people with financial skills. Word of mouth often finds the right person, but so will discussion with other groups in the area.

A few weeks following on from the AGM in 2018, we had a Visionary Day for the volunteer group, led by Diane Campbell. She encouraged us to look ten years hence and image what we might have achieved by then. It was an opportunity to dream, perchance to wonder. A road map was laid out of the steps that must be taken for future success. It showed us as being a united group, only we have yet to realise how to mobilize this to practical advantage. With increasing evidence to show the danger to our environment from climate change, the motivation is surely there. It is about organising action.

In April, we played host to a group from the EU who's visit was being coordinated by Local Energy Scotland. It was a success, of course it was, because we are already proud of our community hydro project, proof of what can be achieved when people work together, gifting their time and expertise. The European delegation were impressed with what was happening in Scotland.

Sarah Di Rollo should be congratulated for being instrumental in Tesco giving us £2000 through their plastic bag scheme, money that has enabled us to employ Caroline Williams as our 'artist in residence.'

Continuing a positive theme, LCR was instrumental with the UCT in setting up the Community Benefit Fund. Our annual surplus is channelled via UCT, into the CBF which in turn allocates the money to community groups and organisations. This amounted to £5000 from LCR and in addition, members donated their interest from holding community shares, to the amount of close to £4000. I wish to thank all who gave in this way, whether your donation was small or large, it's a terrific gesture. Our Treasurer will be giving us exact figures and we shall be hearing how one group has benefited

We couldn't determine the weather and 2018-2019 was a dry year. Generation was down considerably on what had been projected, with a subsequent drop in income. This is an early stage in our story, and we have to be prepared for such years, and trust that they are not often repeated. This one came when we were still seeking our way wearing blindfolds. There have been construction and equipment bills to pay, a lease to still negotiate, a reserve of capital to maintain and increase. We shall hear about this in detail from our Treasurer, only as a headline, we are not in a position to reward both shareholders and the community benefit fund. As a Board, we are disappointed, but know that we are all held ransom by what the climate offers us. Thank goodness for the wet Summer we have just had!

Weather has not been the only challenge that we have been confronting. We have worked with Ullapool Community Trust and its forestry working party to campaign to purchase the Lael Forest from Forestry Land Scotland, that includes the land on which our hydro is situated. This has needed long and detailed negotiations to apply for the funding from Scottish land Fund. Technically, the group has progressed to stage 1, enabling the engagement of consultants, and further details will be presented to the meeting by Terry Rose, UCT Chair of the Forestry group.

Loch a'Bhraoin and the private hydro project has been something else that has required attention and Sandy Underwood from UCT will be giving us an update. Only I want to make a personal observation. The planning and construction of BroomPower was subject to immense scrutiny, from start to finish. However, from the beginning of construction to what you see now, everyone was impressed with the minimum impact upon the environment. 'It's so neat and tidy' was often heard to be said. . This community seeks to work in partnership with the environment to enhance our quality of life and safeguard the sustainability of the environment. Let us hope that all schemes, whether community or landowner led, carry the same ambition. The environment dominates our reasons for being here, we have to work together, to protect and respect, else, we shall destroy it.



Over the coming twelve months, we are working with the UCT to encourage other local groups to put climate change and renewables on their agendas for 2020. The LCR AGM for 2020 will be a celebration of what has been achieved throughout the Highlands and Islands. Sarah Donald will outline these ideas. One intention must be to appeal to a new generation, especially a younger generation. Greta Thunberg has made us sit up, pay attention, and experience the power of her accusations. Our response has to be 'what can I do?' 'What can LCR do?' It is not enough to just agree, there has to be a call to action.

Tim Gauntlett, Chair LCR

October 2019

## Appendix 2

### Supporting notes to the Treasurer's Report

The draft accounts are on the website and these notes are designed to focus upon the key points contained in the report's 16 pages.

1. Share capital did not reduce at all during the year and stood at £907,540 on the 31/5/19. However since then shares totalling £4,100 have been repurchased from 4 investors for a variety of valid reasons. We are in our second year of trading until the end of this month so we have another year to go to complete the 3 years trading as referred to in the Share Offer Prospectus. More will be said on this when considering Resolution 4 on the Agenda

2. Our tangible fixed assets ie the hydro scheme increased to £811,010 by the end of the financial year but after depreciation this reduced to £761,643. This is an important matter and the hydro's asset value will increase again this year when we pay the final instalments as they fall due for the turbine.

3. The debtors are sums due to us at 31 May but not paid at that date. They have of course now been paid and were in respect of

A Quarterly VAT refund - £2,744

Energy sales in May - £839

The 4<sup>th</sup> Quarter's FiT income - £9,350

The creditor figure is £3,325 Accountancy costs including the tax return fee and the Xero (computer accounting system) subscription.

4. As mentioned above, we have a remaining capital commitment of £18,765 being the 2 final instalments on the turbine. Half has now been paid and the balance is due in December. These payments are made from construction funds held over and they have no revenue impact.

5. Profit & Loss Account £	2019	2018
Turnover/Income	71,878	68,790
Less: overheads		
Administration expenses	(51,796)	(33,040)

Operating profit	20,082	35,750
Interest receivable	322	
Interest payable	(27,516)	
(Loss)/Profit for the year	(7,112)	35,750
6. Cash at bank	£111,128	£133,436

The key points arising from the above are as follows:

#### 1. Turnover/Income

We see very little difference in turnover between the 7 months to May 2018 and the 12 months thereafter. This is explained by 2 factors. Firstly, the 2018 figure includes a grant of £20,100 from SSE which is currently included in the cash at the bank and reserved for shares repayments. Secondly, electricity generated to May 2019 was much less than expected as explained by Paul earlier.

2. Administration expenses cover the full year in both cases and are not directly comparable as 2018 covered a period of construction as well as production. However, the 2019 costs warrant some comment and explanation. In this context your Board budgeted for an operational spend of £27,350 and the actual spend was £22,713. A good result so why do you see £51,796?

Let's look at the breakdown in the Accounts for the explanation. To save time, I will comment on 3 numbers only and invite questions, if any, for the others.

Incidentally the budget for the current year is set at £21,000.

Tax consultancy – This is a one off and it has already delivered significant benefit by optimising the value of our assets and also allowances we can set against tax on profits. The latter part does not apply this year as we made a loss. Indeed one has contributed to the other.

Depreciation – This is chargeable at 2.5% pa but went up as further capital payments were made last year. This will also happen to a lesser extent next year.

Community Benefit Fund donations – These are accounted for as expenses. Along with the interest payment referred to earlier, they refer to 2017/8 payments agreed at last year's AGM less the interest not claimed or donated by 31 May 2019.

I think I have just explained how Accountancy can turn a real profit into a loss on paper. It also invites high charges for the complexity created for us mere country folk to unravel. But what does this mean for the first two resolutions?

We work from the Operational Income of £71,878 and deduct budgeted expenditure of £20,000 to provide circa £52k. With Income circa £30k lower than anticipated there are difficult consequences. The remaining £52k is not much more than the £45k pa we should set aside for the repayment of shares. This rules out any direct CBF payment this year as there is no surplus as such.

In the circumstances and under resolutions 9.1 & 9.2 your Board recommends:

**9.1 A 3% interest payment to shareholders (as at today's date) - total cost £27,100**

**9.2 An increase of £24,900 to the fund for the repayment of shares to make a total fund to date of £45,000.**

**Turning now to the payment of interest and donations:**

Arrangements will be streamlined this year and an application form can be picked up at the door when you leave. A copy will also be ema

Essentially, if you received interest and/or made a donation to the CBF in 2018 and want to do the same again you do not need to do anything unless your bank details or gift aid status has changed. Payment or donation will be made automatically in November.

I make an appeal to anyone who has not yet contacted me re the 2018 interest payment. Please do so now – it will make the administration much easier all round. Can I hope that everyone in this group will do so. Either way, a strict deadline of 6 December 2019 will apply and outstanding interest will only be paid thereafter when the respective shares are re-purchased.

**Finally, there is an important note in the form about the donation of shares to the CBF for those who wish to do so. The Company Secretary will talk about this next.**