



LCR AGM 2022 Chair's report

Our community hydro will reach five years production of green electricity this November. We are achieving an average of 85% of the forecast in the original business plan. Wet and dry years even out but it is a result with a word of caution but certainly worth celebrating. Paul will elaborate later.

We should address how to increase community benefit and how to expand our team for the next phase of the Broompower story. I raise these points together because the purchase of the hydro footprint and the management of the land around it are intertwined in planning to gain more local benefit.

Purchasing our Hydro

The Lael Woodland Project was outlined last AGM. This is based on the wishes of the 2018 AGM to purchase the hydro footprint from Forestry and Land Scotland (FLS). Values of timber increase due to Brexit leading to a dearer estimates by FLS of a purchase price.

Let's recap on the progress since our AGM in 2021 of our actions to achieve this agreed goal.

2021 November to 2022 May LCR's Seoras Burnett sought tenders for topographical surveys and test pits dug on our proposed housing sites. It took several months' work to whittle down the prices to an affordable level for LCR.

2022 Spring, John MacDonald retired from HIE Community Assets. (CA). In July, CA appointed Morven Gibson (no relation) as our local go-to adviser.

2022 August, New tenders were set to use previous contractors from our hydro construction work. A target price of £7k has been agreed by the Board for this process. This will underpin our pre-planning application to Highland Council (THC) for affordable housing sites which will be lodged by Communities Housing Trust on our behalf. As a charity they get to apply without payment.

The demand for affordable housing in our area is acute. The response to our Woodland Croft leaflet issues before our last AGM drew seventy responses. Around twenty groups and individuals joined conducted tours led by Andy Kaye over the 90Ha around the hydro corridor. This Spring a UCT survey conducted by Communities Housing Trust underlined the high degree of demand for affordable homes and raised serious questions about finding building sites in Lochbroom area.

This could be a prime means to prove community benefit that can convince the Scottish Land Fund to back our Community Asset Transfer.

New LCR Rules approved and moves to expand Community Membership while paying back shares

We agreed at the 2021 AGM to lodge a new version of our rules which the Financial Services Authority has now approved. This is required to achieve any land purchase (FLS have already agreed its validity). Thanks to Alison for her input.

The Treasurer has been hard at work to simplify the annual process of delivering the interest to shareholders. Andy Kaye and our new company secretary Alison Parsons have evolved a simplified system. Payment of interest is complex because of names change, members who do not read all emails and so on. Hopefully, we will have a diminishing need to do so as the capital repayment rolls on.

During this past year the latter process has been a bone of contention. Dave Maxwell, a long serving company secretary, and Robert MacKenzie, a more recently appointed treasurer, stood down. We thank them for their work in LCR.

The Board has to budget to balance income against regular expenditure and capital repayments. We now have fifteen years left to complete the process. The share payback debate centred around some board members pressing for a demand for members to withdraw their shares. The old rules and the new ones do not permit such pressure.

A target sum is set in the budget to repay each year. This year and most of next we are oversubscribed. Since three months' notice is required to repay shares no further repayments can be contemplated till after February 2023. Of course, there is discretion for the Board to respond to any emergency calls for withdrawal of shares.

We need the income from Feed in Tariff payments and sales of electricity we produce to match outgoings. If, for example, it proves to be a 'dry' winter a review of the budget would be necessary. We also have to agree the sum we would offer the Community Benefit Fund.

The Treasurer will deal with the figures in his report.

As members receive their shares repayment they are entitled to Community Membership to continue to take part in the full range of LCR activities.

We need to launch the Community Member process very soon. This could attract more members who have reclaimed their capital to take part in Broompower developments. The majority of members has to come from those resident in local post code areas. That's an absolute must for succession planning.

The prospects for future hydro and solar energy production could be achieved with restored FiT. Providing affordable homes around the hydro corridor could be a winner, as could woodland crofts, huts and cabin developments. That's why Broompower has to embrace change and build forward better.

Rob Gibson, LCR Board Chair. September 2022