

BOARD MEETING MINUTES

Date: Board Meeting #056

Present: Sheila Clark, Chair
Andrew Swann, Finance Director
Peter Thomas, Operations Director
Carol Thomas, Hydro Project Manager
Cath Auty, DIG appointed Director
Michael Odumosu

Pam Stansbury, Administrator

Apologies: Sam Marshall, Company Secretary
Chris Fowler, Chair of Dalavich Improvement Group

Meeting Details: Date Tuesday 15th March at 7:30pm
This meeting was conducted via Zoom and was recorded

MINUTES of the 56th Meeting of the Board of Directors

The Chair opened the meeting at 7:30pm and thanked everyone for attending.

1) Apologies

Sheila advised the board that they had hoped the new Chair of Dalavich Improvement Group, Chris Fowler would be able to attend, however due to a conflict of commitments he had been unable to attend and sent his apologies.

Apologies for absence were also received from Sam Marshall, who had returned from her travels feeling very unwell.

2) Conflicts of Interest

The conflicts of interest were updated to show Sheila is now Company Secretary on the DIG Board, and Carol is Treasurer on DIG Board.

There were no other conflicts to report.

3) Approval of Previous Minutes

#055 Board Meeting held Wednesday 16th February 2022, at 7:30pm

The minutes of the previous meeting having been circulated prior to the meeting were reviewed. Admin advised that the start time had been

added to the draft and CAFDS had been added to the list of abbreviations.

A typing correction was noted in the finance report by Andrew.

The minutes were proposed by Carol Thomas and seconded by Cath Auty.

There being no objections the minutes were approved.

4) **Matters Arising not covered by the Agenda**

Forestry Lease Legal Work. Carol advised that she was inclined to agree with Andrew that no specific document was required. She has tried to contact Johnny Bell since the last meeting, which she will chase up as she has an additional question on SIS with him.

She has no intention of contacting Forestry direct; we complied with all our obligations. The As Built plan was issued in March 2018, well within the time frame. Johnny has, as previously reported, said there is no question of our being responsible for the sink hole. Following discussion, the Board agreed to park this item until any further contact or developments arose.

Cavetta Consulting. Carol confirmed that their feedback form had been completed.

There were no other matters arising, not covered by the agenda.

5) **Board Decisions made by Email**

There were no interim decisions made by email.

6) **Communication since last meeting**

List of communications received has been circulated to the Board. Chair advised that the two main items of note were the stoppage of the Turbine, and the communication with Vikki Boddice. These matters will both be dealt with later in the meeting.

Marsh Commercial Ltd.

Carol advised the board that she has received several questions and documents regarding material changes and turnover for Marsh Communications and the Insurance Renewal. She has responded to

these and is waiting the Insurance proposal. The renewal is due in April.

7) **Chairs Report**

Dalavich Improvement Group held its AGM on Saturday 19th February. It was held as a hybrid meeting with 30+ attending in person and another 15 online. It was a very well attended meeting. There was a short presentation by a lady from the Development Trust Association of Scotland.

Routine matters were dealt with and the Business Plan has been approved, which means there are various projects that will apply to the Community Benefit Fund in due course.

There is a new board, of which three are total new people as directors. There will be a steep learning curve for those involved.

Sheila remains as Company Secretary of DIG, Carol will be Treasurer, one of the new members Brett Kerr will be taken under Carol's wing to learn the Treasurer role, and Chris Fowler who has been associated with the village for around six years is now a full time resident and has been nominated as Chair. The other new member is Roberta Leitch. Maggie Wright from Kilmaha is Minute Secretary. Libby Foy Lowry who has previously served with AED has also been elected to the DIG board.

Carol and Peter have been doing work on the projected life span of the bridge and stop logs and how that fits in with our Fixed Asset list. This will be discussed in due course.

We have discussed accountancy off and on throughout the last year. Sam Marshall had suggested an accountant called Vikki Boddice as a possible candidate. She was due to be interviewed at the end of February. She investigated the work involved and decided that the level of work was above her scope of capability and withdrew.

Carol has continued discussions with Armstrong Watson, and this will be discussed during the Finance report.

Regarding the Generation Data, there was a stoppage on the turbine which Peter will discuss in his Operation report.

The chair gave her thanks to Admin for her work, to Carol, Peter and Andrew for all their work on the financial year end.

Carol added that Sheila and herself were pushing the DIG Board to bring their appointed representatives up to number and had taken an

action to bring the DIG board up to speed on the Community Benefit Fund.

The Chair thanked Carol and closed her report.

8) **Company Secretary Report**

As Sam was unable to attend the meeting the Chair handed over to Pam and Carol for the Company Secretary Report.

- Recruitment of New Directors.

Sam has sent her apologies that she has not been able to complete all her tasks from the last meeting. She has still to draft the advert for new directors, she has however spoken to David Jardine. He has requested various information, all public access, to go away and digest. He is also checking on his contract with Forestry to ensure there are no clauses to prevent him undertaking the directorship. Sam will follow this up.

- Shareholders Report

Shareholder nomination forms have still to be fully circulated. Admin has this as a task for this week and hopes to complete soon.

- Data Protection Policy

Sam has not yet updated this; however, she is hoping to complete this tomorrow,

- AGM preparation and updates.

Most of the work involved with the AGM currently is the financial reporting.

Carol requested that those people who normally drafted a report for the AGM briefing pack should start those, as the sooner they are completed the sooner we could start pulling together the briefing pack and reduce pressure on the team as the AGM gets closer.

The date for issuing the briefing pack is 14 days before the AGM, which is end of April. As it is now mid-March, we have around six weeks to pull everything together.

We need to clarify who left in the last financial year. The draft accounts have the last years directors, and Carol has emailed Georgia at Armstrong Watson to advise Pam will update after the Board Meeting.

One third of the elected directors from the start of the year need to stand down at each AGM.

Chrissie and Adrian Shaw resigned during the year. We therefore need to confirm number of Directors required to stand down and whether by retirement they have already done so.

DIG Nominated Directors are not required to stand down.

Those who are not standing down will need to validate their biographies.

Action: Admin to confirm number of Directors required to stand down and co-ordinate with Sam on the Briefing Pack.

The Chair thanked Pam and Carol for the report.

9) Finance Report

The Chair handed the meeting to Andrew for his report.

- Management report, Bank Position and Significant Transactions

The Management report was distributed today and there was nothing in the report that would cause any problems. The bank currently stands at £200,000 plus.

- Year End Accounts

The activity during the month has been looking at year end accounts. Armstrong Watson had shown their value by producing accounts and tax computations which were 95% correct in what we wanted. A couple of points were discussed with them regarding the tax allowances on the access bridge and stop logs, the depreciation of those and the assumed tax rate going forward. The bridge and stop logs will be fully allowable for tax and will be added as an item that will depreciate over 20 years. AW were keen not to have too many different depreciation rates, we have the NM assets that depreciate over 10 years, Civils that depreciate over 40 years, and the turbine and other equipment which are depreciating over 20 years.

The tax rate was an interesting discussion. The government has decided to increase the tax rate from 19% to 25%. However if your taxable profits are less than £50,000 your tax rate is 19%, with a sliding scale between £50,000 and £250,000. In reality because the

Community Benefit payments are fully allowable for tax we should never have a taxable profit in a year of more than £50,000, although last year we did.

The niggle is that our profits are distributed to the CBF in the year following the Generated Income. If we have a particularly bad year followed by a good year this could have an adverse effect on our tax position. Over a period of time if the river generated income steadily this should balance out. In the short term this is not a problem as we still have all the brought forward tax losses and won't be paying any tax for some while. However, we have to make an assumption as to what we think our tax rate will be in the future for the purposes of drawing up the accounts.

As our intentions are to never have more than £50,000 taxable profit we have assumed 19%, however this could altered in the future if we have a particularly good year following a bad one.

Following a good discussion with AW we have agreed a 19% tax rate.

This conversation was held yesterday morning and by this morning they had completely redone the accounts and tax computation and sent them to us.

The reworked accounts now show a £12,000 distributable profit that we could decide to release to CBF. It is not normal to distribute 100% of the profit. The first time we distributed 100% because of Covid, the following year we held some back.

Carol discussed the impact of a CBF payment on Foundation Scotland who receive a pro-rated payment and stated that she would like to see a small CBF payment mainly to acknowledge the huge amount of work being undertaken by them on our behalf.

The options were discussed fully by the board, including the current generation and future options. Our FIT rate is fixed, with the minimum annual increase fixed at 2% by the government, this may be reviewed but is only likely to go upwards. PPA with current energy prices is also more likely to increase than decrease at the end of this year, so our potential revenue for generated energy is also likely to rise.

The use of the CBF was also discussed, together with the future options to review the CBF's boundaries and usage. Foundation Scotland have taken onboard the necessity to improve understanding of the potential uses. Sheila gave a small background update on the new DIG board members.

With the AGM coming up the accounts need to be agreed by the Board and decide what to propose at the AGM.

Peter proposed that a £10,000 payment be recommended at the AGM. The Board Members agreed the proposal unanimously. As the accounts were only distributed today it was agreed that an interim decision be made to give people time to review and ask any questions.

- Armstrong Watson, discussion, and update.

Carol advised the Board that admin had submitted the year end sign off and response from AW had been somewhat lacking. She then received a several survey requests to give feedback on AW's performance and their clients opinions. Eventually Carol responded to this; she felt she had been fairly kind as she gave 5's through most.

Technically they are very competent; however, being billed for one of their team asking another member of their team how to do something, even if it is related to our business, and being billed for one of their team sending an email to tell us they are not going to be there for three days. Is not something she considers good practice.

Five minutes later she received an email from Jim asking if he could discuss her feedback.

The following day Carol and Jim had an interesting conversation regarding our requirements.

Following this conversation when Jim was in hospital Carol then received an overdue reminder from AW. She spoke with Pam and apologised as she thought she had missed this invoice and also though we had changed the accounts contact to Admin.

Pam then wrote a spectacular email to AW advising that the invoice had been raised apparently the day before John Darroch had sent us the time analysis for approval, that we had not actually received any invoice or any communications regard invoicing or payments, and that admin could not access their customer portal as suggested as no access had been granted to admin. Grovelling response is an understatement, and the bill which apparently should have been paid by the 28th Feb is now due on 31st March.

We are still to have the discussion with them about their accountancy costs. However, this will happen, and we do need to recommend at the AGM an appointment of accountants for two years.

Future costs will be reviewed. Carol anticipates that we will certainly take the VAT returns under our own wing and will probably recommend that we sign up with Xero ourselves as it appears all AW do with Pam's questions is submit a ticket to Xero for a solution. We can do that ourselves and with respect we pay Pam around a quarter of the hourly rate we pay Armstrong Watson.

There will be some changes however Carol believes that we do need to stick with Armstrong Watson as our accountants. There are limited companies around who understand how to deal with both Renewable Energy companies and Community Benefit.

Carol advised the Board that John Darroch is leaving, and we will have another change of staff. Jim worked hard with Carol and Andrew to ensure things happened efficiently and effectively yesterday and Carol believes we now have a 'Gold Star' flag on our account.

Sheila reinforced Carol's recommendation. It was agreed that we should be looking at bringing inhouse as much work as possible. Carol has asked Jim to review our contract and charges with them.

Carol will draft a communication to Jim regarding future costs and the decision to recommend their reappointment will be discussed at the next Board Meeting. Andrew advised that in his opinion Armstrong Watson now understood our business well enough that they should be able to offer a fixed rate contract.

- Additional items.

Carol advised that we should at the end of March be compiling the Forestry Lease financial data, as this needs to be submitted to Forestry during April and paid during May.

Pam raised that interest payment report was also due to HMRC in April and requested time with Carol to progress this. Carol confirmed and added that there were only a small number of investors who held sufficient shares to be of interest in HMRC.

***Action: Admin to compile financial data for Forestry Lease payments.
Action: Admin to compile HMRC report for interest payments.***

Carol requested Board Members to assume that there would be a significant number of emails as there are several things that need to be checked and validated by Board Members this month.

As there was nothing further to add and no question the Chair thanked Andrew for his report.

10) **Operational Report**

The Chair handed the meeting to Peter for the Operational Report.

- **Generation**

February was a very good month. We did just over 213,000 kwh, as would have been seen in the Generation figures sent out today. This is 232% of plan, which is great.

- **Hydro Power loss, Scada and UPS.**

The biggest impact this month were the two storms that went through, Dudley and Eunice which created havoc all over the country. We caught the edge of the storms rather than the full force however, they did cause us to drop out on the SSE kiosk. This is outside of our control however it overloaded and tripped out so that our low voltage supply went off. The problem on the first occurrence on the 17th was that because the power went off to the supply and with the way the UPS is configured there was no supply to the Scada and the Modems, so no warnings were sent out to notify anyone that the turbine was non-operational.

The other confusion was that as Scada went off immediately and stopped recording data, so when it went back on it restarted recording but had a gap. This showed as a straight line on the data, which made it look as though we lost power and there had been a gradual turn off on the turbine. This caused some confusion and warranted investigation into the cause of the slow shut down on the Turbine.

After work and conversations with Cink and Alva, they came back and recommended that we have a dedicated UPS for the SCADA.

Peter has now investigated and established that in this country our options are the same model as the one we had on the Braevallich link but was a lower specification.

It was therefore decided that we would use the existing one we had rather than buy a newer lower specification UPS.

IES have been on site. They have connected the SCADA, connected the screen, connected the modem and installed the UPS which has now been configured and set up properly. They have also disconnected the flying lead from the control cabinet that was feeding to a non-standard continental plug unit that was running the computer. They have properly disconnected that and modified the drawings.

We are now running with the Scada, the screen and the modem on a separate unit.

We should now get continuous recording and signals out to advise the operational team when there is a problem.

The cost involved was just over a £1,000. We have effectively brought four new batteries for the UPS and telephone line and paid for the work to be done professional.

In context because we were unaware of the stoppage there was a delay notifying SSE who then responding within the two hours to attend and reset their breaker. The delay meant we lost £2,400, or 11,000kwh in generation.

When Eunice hit and we again lost power we were able to react faster and lost 3,300kwh, significantly better than the previous disruption.

Peter considers the investment money well spent and a necessary precaution against future loss of earnings.

Carol added that the reason IES were chosen to do the work was that Cink had advised it would be too expensive to go through them, and IES were the people who originally installed the electrics.

- Operational matters

The signage has now been fitted at the intake that was requested by the forestry.

Ian Hogg is on site Thursday to get the bridge up and complete the work on that project.

It has been a busy month, and the normal work of oiling, greasing, checking the line out has been ongoing. Roger has been on the intake clearing stones and leaves.

Peter considered the month to have been productive despite the problems incurred. To put it in to context; the Ardchatten 925kw scheme had their intake destroyed when a big rock came down the

river and smashed the concrete and destroyed the intake screens. In comparison our problems were minimal.

Our scheme is unlikely to suffer the same sort of damage because of the different sideways scheme layout. Our insurance cover was discussed, whilst it was believed we were covered for both the losses and rebuilding costs, Carol would confirm this with the insurance renewal.

There being no questions the Chair thanked Peter for his report.

11) **Community Benefit Fund**

Foundation Scotland have been working hard. We have as reported had one payment on Education and Development Bursary. They have another application in for the same fund, and now have an application for the Open Grants.

There was another Strategic Development meeting yesterday. This involved the Chair of AED, the Chair of DIG, Carol and Tom from Foundation Scotland One of the reasons for Carols confidence is that Chris Fowler took away a number of actions from the meeting to improve publicity, promoting the fund and talking to some individuals, and today those actions have already started.

We need an Open-Source Grants panel. AKCC can nominate two people, DIG can nominate two people, and there are three spaces for individuals to nominate themselves. There should be seven people in total, however they can operate with four. The work involved is minimal, amounting to around 15 hours a year, as Foundation Scotland do the bulk of the work. They are attempting to get the panel sorted before the 18th of April, which is the closing date for applications to the Open Source fund. Carol advised that we currently have one application.

DIG's AGM passed the business plan in principle. This is positive and We should now see some movement on the DIG strategic fund as at the very minimum the Community Action Plan needs to be put together as the current plan has expired. The plan is a necessity to show that there is a level of support for the proposals.

AKCC are struggling with the Micro Grants. Tom has agreed to work directly with Liza to try and overcome the block in the council that is currently causing problems with grant approvals. The understanding of what is acceptable is currently an issue, however Tom and Liza are both working on resolving this.

Things are starting to move, and Carol is probably as confident as she has ever been that with Chris and Brett in place, we will start to see things moving.

She is pleased that they will receive a small payment this year, this will help evidence that we are there for the Communities Benefit but that they can not bank on it every year, and that it can only be used for qualifying projects.

Apart from that we are still working quite hard in the background. We probably have a minimum two or three emails every month raising questions on or around the Community Benefit Fund, and it is unlikely that the Strategic Development Team will be able to stand down within the next five years.

Carol anticipates that it will take that time to work out exactly how the fund needs to work and for the fund to bed in properly. She also thinks it will become apparent that we need a little more latitude on the interpretation. Carol gave an example of the Coastal Rowing who hold an annual event that has a direct and positive impact on the DIG area as it brings revenue directly into the area. Tom Black looked at this and advised that whilst they were located outside DIG but inside AKCC area, they benefited the Dalavich area and would therefore be eligible for a Micro Grant to help cover the costs of running the event.

Carol considers that Foundation Scotland will be shown to be worth their weight in gold as they are working exceptionally hard to ensure that the money gets spent, and that it gets spent in the right way.

Carol felt that it would be good for the DIG Board to receive some funds this year as they would need to decide on the distribution split. She also felt that although there had been a slow start and teething problems, she anticipated that there would be a much different picture in another year.

There were no questions.

12) **Any Other Business**

There were no further matters to discuss.

13) **Date and time of Next Meeting**

The next meeting will be held on Tuesday 19th April at 7:30pm.

The Chair thanked everyone for attending and closed the meeting at 9pm.

Draft Minutes approved at Board Meeting #057 on Tuesday 19th April 2022



Signed by Sheila Clark, Chair.

Addendum - Conflicts of Interest

Director	Conflict of Interest
Sheila Clark, Chair	Company Secretary on board of Dalavich Improvement Group
Andrew Swann, Finance Director	
Sam Marshall, Company Secretary	
Peter Thomas, Operations Director	
Carol Thomas	Treasurer on board of Dalavich Improvement Group
Cath Auty	DIG Nominated Director
Michael Odumosu	

Addendum

Glossary of TLA's (Three Letter Acronyms) and Abbreviations used.

AED	Awesome Energy (Dalriada) Ltd
AGM	Annual General Meeting
AKCC	Avich and Kilchrenan Community Council
CBF	Community Benefit Fund
CMS	Co-operative and Mutual Society
DIG	Dalavich Improvement Group
FCA	Financial Conduct Authority
FES	Forest Enterprise Services
FIT	Feed in Tariff
FLS	Forestry and Land Scotland
HMRC	Her Majesties Revenue & Customs
LBTT	Land and Buildings Transaction Tax
LFDp**	Low Flow Data (percentage allowance)
NSR	New Stream Renewables
OSCR	Office of the Scottish Charity Regulator
PAT	Portable Appliance Testing
PPA	Power Purchase Agreement
SEPA	Scottish Environmental Protection Agency
SIS	Social Investment Scotland