

Minutes
of a
Management Meeting
of the
Shetland Community Benefit Fund Limited

Held at the offices of VAS, Harbour Street, Lerwick
22nd May 2019

- Present: Mr Chris Bunyan (chair)
Mr Alan Ockendon
Mr Alan MacDonald (vice-chair)
Mr Kenny Pottinger
Mr James Garrick
Mr Neville Martin
Mr Arwed Wenger
Mr Hubert Hunter
Mr John Dally
- In attendance: Ms Aileen Brown (Dunrossness nominee)
Mr Peter Fordyce (Unst observer)
Mr Ian Walterson (Sandness & Walls observer)
Ms Louise Robertson (Skerries observer)
Ms Angela Sutherland (Tingwall, Whiteness & Weisdale
nominee)
- Apologies: Ms Linda Coutts
Mr Gordon Thomson
Mr Gary Laurenson

1. New directors

The meeting commenced at approximately 6.30 p.m.

Ms Aileen Brown (Dunrossness) and Ms Angela Sutherland (Tingwall, Whiteness and Weisdale) had been nominated by their community councils and their formal election was proposed by Mr Bunyan, seconded by Mr Martin, and with no objections the Chair welcomed them as directors.

2. Minutes of last meeting

The minutes of the General meeting of 14/12/17 were read, with adoption proposed by Mr Hunter, seconded by Mr Dally, and were duly adopted.

3. Chair's Report and Update

Mr Bunyan explained that after over a year of inactivity regarding Viking Energy things had changed quite dramatically in the past month or so. The company was applying for a Contract for Difference award with the result expected in September or October. Mr Bunyan explained that the previous timetable of 6-9 months before the final financial decision and 12-18 months before construction started was likely to change dramatically if Viking was successful in CfD auction. Construction would now likely start in the second quarter of 2020.

This meant SCBF had to come out of 'hibernation' and start taking important decisions quickly. Mr Bunyan said he initially hoped to get the draft Heads of Terms

agreed at this meeting. But after representations from community councils, and particularly the Association of Shetland Community Councils he had accepted the need to allow the community councils time to consider the HoT.

Viking had reluctantly agreed to a delay and for SCBF to give its decision by 31st July. He apologised for the confusion caused by his initial quick timescale, but Mr Ockendon and other directors stressed that the chair had nothing to apologise for and should be thanked for the considerable work he carried out for SCBF.

Mr Bunyan spoke to his detailed report and answered questions from directors and observers. In addition he explained that the RSM accounting firm was due to provide formal advice on the issue of tax on any monies SCBF might carry over at the end of a financial year. If this was 'surplus' it would be subject to corporation tax and would mean directors possibly having to re-consider the status of SCBF and consider charitable status. However, if the money was 'deferred spending' this would not be taxable. Mr Bunyan said money would only be held over because of lack of applications or retaining monies for future plans and projects. SCBF would not be 'trading' but was merely a conduit for money - someone gave SCBF money and it passed this on either in grants or investments. It was likely SCBF would need to establish separate charitable and trading entities.

If VE are successful in September or October with their CfD application, construction could be under way within a year of today. One fundamental thing SCBF must do is open a bank account, which was proving difficult. RSM informally had a word with a contact in the Bank of Scotland and hopefully an account should be opened shortly.

He emphasised that if the HoTs is signed, SCBF will have a vast amount of work to do very quickly – far too much for the Directors to undertake themselves and it is likely SCBF will need to employ at least one person and it is possible to apply for a grant of up to £25,000 to cover this.

There was a discussion about the 'voluntary' nature of community benefit and Mr Bunyan and other directors explained that there was no legal obligation on wind farm developers anywhere in the country, but community benefit payments had become a well-established convention. Viking would sign a legally-binding contract to make the 'voluntary' payments.

He also warned that Viking would not allow negotiations on the HoT to drag on. The 31st July deadline had been agreed very reluctantly and there would be a danger of the company looking elsewhere if SCBF failed to reach a positive decision. The company wanted this issue sorted as its activity apparently becomes more intense.

It was noted that while the community councils should be consulted on the HoTs, it was the Directors of SCBF who would decide if it were to be signed or not. The long history of discussions and negotiations in arriving at the present HoTs was aired, and stated as being “as good as its going to get”.

What happens after the 25 year contract period ends was asked, and could this agreement be extended; It was stated that the contract period exactly mirrored the licensed lifetime of the project as dictated in planning permission, and could therefore not realistically be changed from the 25 years. The HoT only relate to the current proposals and not any extension.

The division of “up to 10%” of the funds for direct allocation to community council nominated projects was raised. Mr Wenger questioned how this money was to be

split between councils. It was noted the split giving five times more 'shares' to the areas hosting at least one turbine was something VE were strongly in favour of. Ms Sutherland asked if the HoTs could be amended to state it would actually be 10%, not "up to 10%" and the Mr Bunyan said if this change was proposed during the consultation it would be considered by SCBF.

There was then a discussion on the best way of informing community councils about the HoT. There was a suggestion from ASCC that it might organise a briefing meeting for community councils or the directors could speak to their local councils. The Chair asked if each Director and the observers would be happy to go back to the community councils and explain the draft Heads of Terms and the background to negotiations. All the directors and observers agreed this was the best way forward.

Mr Walterson, the observer from Sandness and Walls, said he was also vice-chair of ASCC and would talk to the chair, Mr Jim Anderson, about the possibility of a briefing meeting.

It was agreed that the Draft Heads of Terms and explanatory report would be emailed to all clerks and the community councils asked to submit comments by 30th June 2019. The management committee would then consider the responses and decide what actions, if any, were required before the deadline of 31st July 2019..

4. Close of meeting

Due to the length of the meetings that evening the chair declared the management meeting closed at 8.15pm and it was agreed to meet again on Wednesday 5th June at 6pm in Market House.