

**Shetland community Benefit Fund Ltd. Management Committee meeting  
Wednesday 17th July 2019 in Market House, Lerwick**

**Present:** Chris Bunyan (chair), Alan Macdonald, Laurence Odie, Angela Sutherland, Arwed Wenger, W Moreland, A Brown, N Martin, K Pottinger, W Moreland, J Daly

**In attendance:** E Balfour, J Priest, A Laurenson, A Archer.

**1. Apologies** Alan Ockendon, Hubert Hunter, James Garrick

**2. Directors**

Resignations: None

Nominations for new directors: - Alistair Christie Henry nominated by Bressay Community Council. Proposed C Bunyan Seconded J Daly.

Observers from community councils were introduced and encouraged to take an active part in the meeting but were reminded that should there be any decisions that required a vote then only directors could vote.

£1 member's annual fee. The treasurer collected membership fees from those directors present.

**3. Minute of 5th June 2019**

At this point Arwed Wenger questioned the wording of the final paragraph of the section headed "SCBF Rules" which stated " It was suggested that a three or five year term of appointment might be preferable to annual re-election of the entire board" . His view was that this had been agreed at the last meeting rather than suggested. Following a discussion other members present at the previous meeting agreed that the wording of the original minute should stand.

Minute of meeting 05 June 2019 was subsequently approved. Proposed KP seconded AM

It was noted that the Delting representative's surname is Moreland and not McReady as previously recorded.

**4. Matters arising not covered by agenda**

Bank account : The Chair confirmed that a bank account was now open and was held with the Bank of Scotland, Lerwick. Shetland Aerogenerators Ltd, who have previously supported SCBF Ltd with a donation, had provided a further £325 to assist our progress. Ideally, this should be used to create a website for SCBF.

**5. VEFW LLP**

Information relating to the Heads of Terms and the revised VEFW proposal was discussed. The RSM analysis relating to the impact of CPI on the new scheme of construction disturbance payments offered by VEFW was considered. Directors were

disappointed that a loss in value would be incurred due to the effects of inflation over the 25 years because CPI would only start in 2024 and not 2020. In reply to questions the chair said he understood SSE proposed the changes to delay major payments until the project was earning, thus saving on borrowing costs which might affect its Contract for Difference bid.

Directors reluctantly accepted this analysis but recognised that some of this could be mitigated for by gaining agreement to payments during the decommissioning phase. A discussion took place and reference was made to the ASCC letter dated 2nd July 2019, and in particular, the reference to payments continuing during the period of decommission.

A discussion took place these possible changes to the HoTs -.

1. Remove the term "up to" Section 9.
2. Agree a form of words which would commit VEFW to negotiate with SCBF Ltd should there be an extension of this scheme or a new scheme after the initial 25 yrs. This is needed to reflect the potential development and influence of Green Politics on energy production.
3. A commitment by VEFW to pay beyond 25 years should there be an extension or new scheme as suggested by ASCC.

At this point the Chair read out the previously circulated response from VEFW which stated the developers would not commit to further payments but could accept it would discuss any new agreement at the appropriate time with SCBF.

The following was agreed:

Items 1 and 2, above, be included in the Heads of Terms.

Item 3 above should reflect a form of words that would commit VEFW to making additional payments during the decommissioning phase that mirrored the level of payments offered during the construction phase. In order to mitigate the impact of CPI on the value of payments from 1 May 2020 the payments received during the decommissioning period should be index linked to CPI.

Directors requested that in addition to the phased advance payments there should be an upfront payment to cover expenses relating to professional advice. This was agreed at £10,000.

The meeting agreed that if VEFW agree to our revised wording then the Chair can press for the Heads of Terms to be signed in order to move on to a formal legal agreement being drawn up.

It was agreed that the point in the ASCC letter regarding changes to boundaries was covered in the draft HoT. If one of the four areas 'loses' all turbines due to boundary change then they no longer get five shares, only one. Likewise, if an area gains a turbine then they get five shares. This is covered under existing wording.

## **6. Consider review SCBF RULES.**

Advice from a number of sources relating to SCBF rules and structure had been circulated prior to this meeting. It was agreed that a subcommittee review this area. A Sutherland agreed to chair this committee and was joined by K Pottinger, A Wenger and A Brown.

The committee is to report back on recommendations for: (1) The immediate future  
(2) the longer term

## **7. Chair's report on actions since the previous meeting.**

ASCC letter dated 2 July 2019 had been circulated prior to the meeting. The various requests and recommendations of the ASCC were considered. Many of these items have been dealt with under previous or forthcoming items. The Chair of SCBF would is a reply to the ASCC.

## **8. SCBF Objective Consultation.**

Responses relating to this subject had been circulated prior to this meeting. Response had been poor but the potential new timetable meant SCBF had much longer to develop its objectives.

## **9. Programme of work.**

Future work will be determined by the progress of the Heads of Terms. SCBF already have views from RSM Accountants and Harper Macleod Solicitors, which cover SCBF rules, tax considerations and a financial analysis of the VEWf revised offer. It was noted that these were opinions and we will need to enter in to a formal letter of engagement in order to the professional advisers to form a legally binding opinions and views.

## **10. Other wind farm developments.**

PEEL ENERGY. Responses to SCBF emails were circulated prior to the meeting. A representative of Peel Energy will be in Shetland on 28 & 29 of August and has offered to meet with representatives of SCBF. Members noted that we have not made any new approach to Energy Isles

## **11. Date of Next Meeting. 28th August**