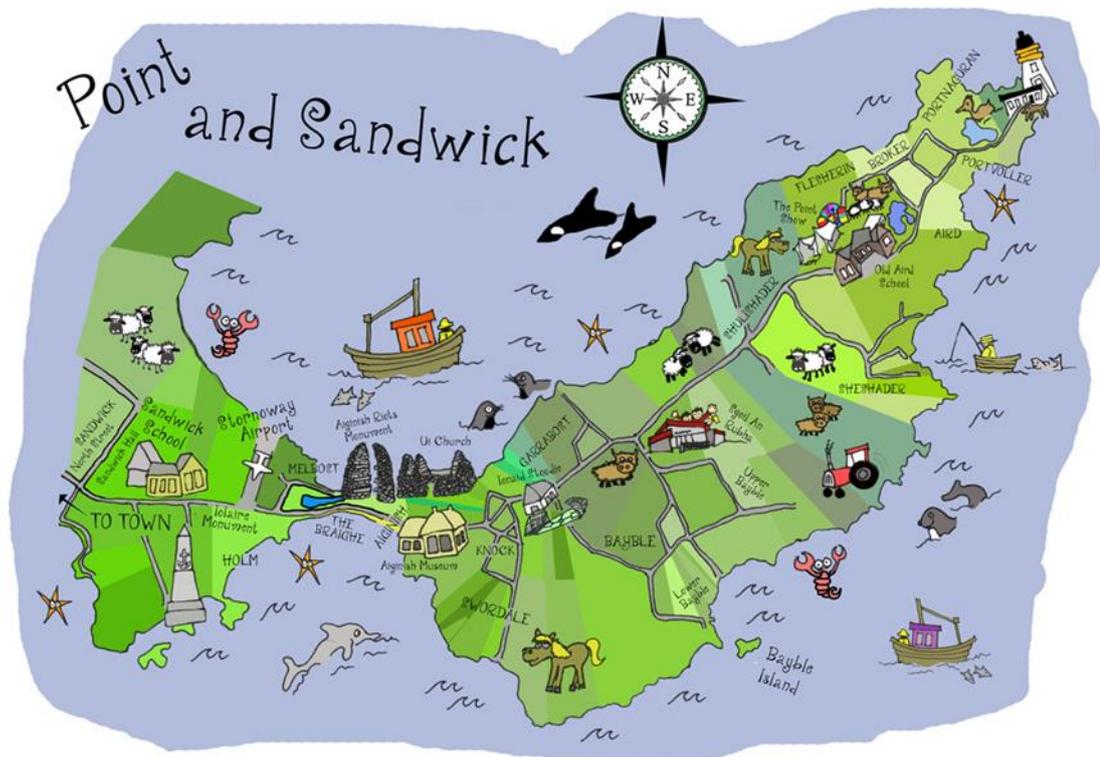




## POINT AND SANDWICK DEVELOPMENT TRUST

### BUSINESS AND COMMUNITY DEVELOPMENT PLAN



MARCH 2013

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## 1 Introduction

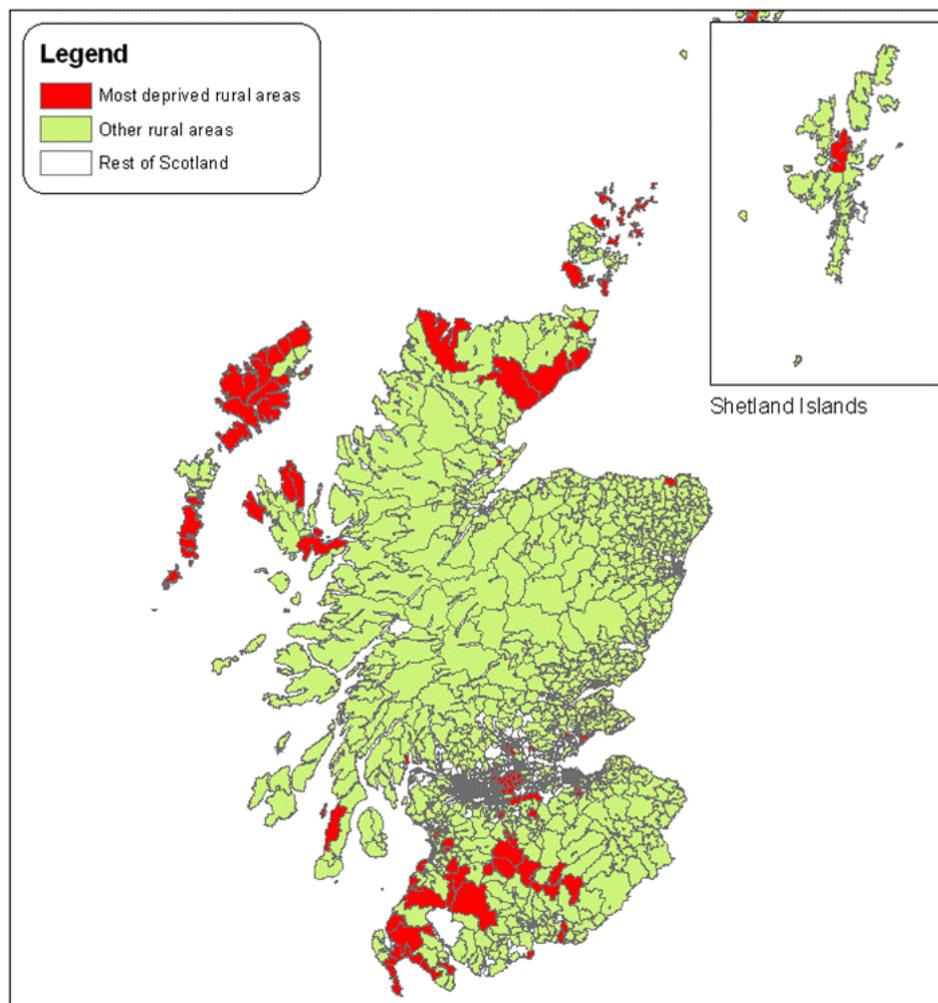
- 1.1 Point and Sandwich Development Trust (PSDT) is a charity whose aim is to promote stronger communities, more employment opportunities, better local services and a more sustainable population structure in the districts of Point and Sandwich and throughout the Western Isles.
- 1.2 PSDT will achieve this by building the largest community wind farm in the UK and reinvesting 100% of the profit in a variety of community projects over the next 25 years.
- 1.3 PSDT has set up a wholly owned trading subsidiary, Point and Sandwich Power (PSP), to finance, build and operate the wind farm. PSP will gift-aid all the net revenue to PSDT for community reinvestment in Point, Sandwich and the Western Isles.
- 1.4 PSDT currently has 318 individual members who elect the governing Board at the AGM. Membership is free and all electors in the Point and Sandwich area are eligible to become members of PSDT. We aim to increase membership to at least 25% of the total of 2,890 eligible electors in Point and Sandwich by the end of the first five-year Development Plan in 2019.
- 1.5 The two local Community Councils in the area, plus the Sandwich North St Grazings Committee, are each eligible for special membership and each nominates an ex-officio representative onto the Board.
- 1.6 The districts of Point and Sandwich constitute the Eye (Uidh) peninsula and its approaches on the north east coast of the Isle of Lewis. At the 2001 census, the total population in the 20 villages within the boundary areas of the Point Community Council and the Sandwich Community Council was 3,546. This constitutes 13% of the population of the Western Isles.
- 1.7 The primary social and economic problem facing the Western Isles is long-term depopulation which has been steeper and more sustained than in any other local authority area in Scotland. Over the last century the Western Isles have experienced a decline of population of 42%. This depopulation is due to a complex of geographic, economic and cultural disadvantages which have proved historically persistent and hard to overcome.
- 1.8 The remote geographic location of the Western Isles relative to services and markets on mainland Britain and Europe place the islands at a permanent structural disadvantage. As explained in Section 2 below, the islands area also affected by relatively low incomes, limited employment opportunities, high cost of living and high levels of fuel poverty

- 1.9 The community wind farm will be located at Beinn Ghrideag, 5 miles west of Stornoway, in an area of common grazings apportioned to the crofting township of Sandwich North Street.
- 1.10 Comprising three x 3MW turbines, or 9MW in total, Beinn Ghrideag will be the largest community wind farm in the UK when completed. The estimated capital cost is £15 million, which will be the second-highest commercial investment ever in the Western Isles.
- 1.11 The Beinn Ghrideag wind farm is projected to earn a net profit of at £36 million over 25 years. This equates to an average real terms net income of £1.4 million per year which will be reinvested in the community. In addition, the wind farm will contribute approximately £49,000 pa to the Stornoway Trust Development Fund, amounting to a further £1 million in community benefit over 25 years, plus a payment of £4,500 a year to the Western Isles Development Fund.
- 1.12 The value of developing the local wind resource as a community owned project can be illustrated by comparing the above income to that offered by private sector developers. The immediately adjacent, privately-owned 'Stornoway Wind Farm', for example, will pay just £50,000 a year into a community fund for the same level of electricity output.
- 1.13 Building, operating and maintaining the wind farm will promote new business skills and confidence in the community. It will employ 3 new FTE directly and support 4 local FTE in a local Enercon maintenance unit.
- 1.14 By far the greatest jobs impact of the wind farm, however, will come through the re-investment of the wind farm income into other projects in the community.
- 1.15 Using the HM Treasury FET calculus used by Comhairle nan Eilean Siar for calculating 'multiplier' employment effects, an investment of £36 million over 25 years into community projects will create between 70 and 300 FTE, depending on the level of match-funding that the income is used to attract. But, as already stated, this significant employment impact can happen only if the wind resource at Beinn Ghrideag is developed by the community rather than by an outside private developer.
- 1.16 The **Financial Models for the Beinn Ghrideag Wind Farm and for the PSDT charity**, including the planned expenditure on the other seven projects, are available online (see [pointandsandwick.com](http://pointandsandwick.com)). The rest of this paper describes the particular context and needs of the Western Isles, the process of community consultation which led to PSDT's Community Development Plan, the projects contained in the Plan and, finally, the delivery strategy for the Plan.

## 2 Context: A Needs Analysis of the Western Isles

- 2.1 .Most of the projects described in the Community Development Plan below will benefit people in need in the wider Western Isles, and not just in Point and Sandwick. This makes Western Isles data appropriate and relevant for the following needs analysis.
- 2.2 Apart from the obvious disadvantage of being sparsely populated and extremely distant from large markets, the Western Isles suffer from a number of other socio-economic, cultural and health disadvantages.
- 2.3 According to the only report from the Office of the Chief Statistician to focus specifically on rural data zones, **Income, Employment and Access deprived Rural Areas using SIMD 2009**, the Western Isles is one of the most deprived rural areas in Scotland. The report measured rural deprivation on grounds of income, employment and access. Section 5.1 of the Report stated that: *“In general, the rural data zones experiencing this sort of multiple deprivation are found in 4 areas: Dumfries & Galloway; The North-West of Scotland, especially the Western Isles; A small number of data zones in the North and North-East of Scotland; Central Scotland (e.g. North Lanarkshire)”*.

Most deprived rural areas according to SIMD 2009

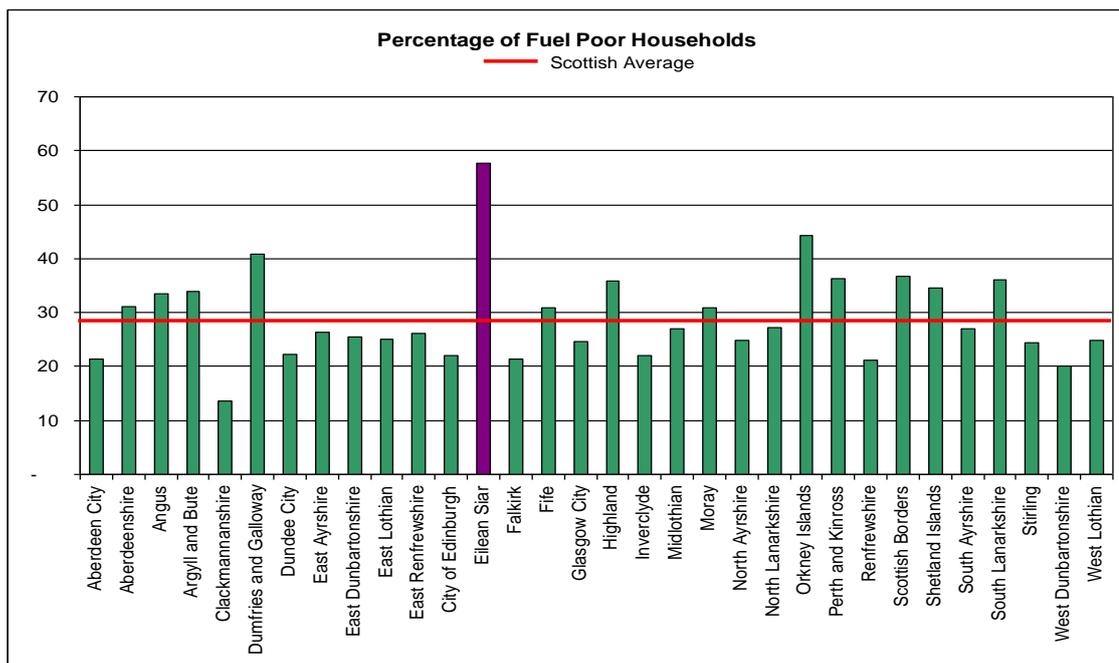


2.4 Another Scottish Government report in 2010, comparing **Relative Poverty Across Scottish Local Authorities**, found that 25% of households in the Western Isles were in relative poverty, significantly more than the average of 19% for rural Scotland. (<http://www.scotland.gov.uk/Resource/Doc/322580/0103786.pdf>)

2.5 According to this report, *“Between 2002 and 2008 Eilean Siar was one of the local authorities with the highest poverty rates in Scotland, comparable to those of Glasgow”*.

2.6 Similarly, the Office of National Statistics estimated in 2011 that the Gross Average Weekly Earnings in the Western Isles in 2011 was £406 per person as compared to the Scottish average of £487.

2.7 In terms of fuel poverty in particular, the situation in the Western Isles is the worst in Scotland. **The Scottish House Condition Survey 2009-11** found that 53% of households in the Western Isles were fuel-poor and that 22% were extremely fuel-poor (ie spending 20% or more of their income on heating). This compares to the Scottish average of 28% for being fuel-poor and just 8% for being extremely fuel-poor. (<http://www.scotland.gov.uk/Topics/Statistics/SHCS/LARreport2011>)



2.8 The impact of fuel poverty upon pensioner households is particularly severe and again exceptional as compared to the rest of Scotland. The above survey found that 80% of pensioner households in the Western Isles live in fuel poverty as compared to 50% of pensioner households in Scotland.

2.9 Part of the reason for this high degree of fuel poverty, of course, is that the climate of the Western Isles is exceptionally cold, wet and windy. However, of equal significance is the poor condition of local housing and the high domestic fuel costs.

- 2.10 For example, the survey cited above also showed that the average National Home Energy Rating for occupied housing stock in the Western Isles was just 3.9. By comparison, the Scottish average was much higher, scoring 5.
- 2.11 The effect of the poor energy efficiency of the housing stock is compounded by the high cost of fuel. This is caused in part by high transport costs and in part by the lack of mains gas, restricting consumers to more expensive oil, electricity and coal for domestic heating. Thus, the **Halcrow Economic and Community Benefit Report**, commissioned by the Scottish Government in January 2009, found that oil accounted for 64% of energy consumption in the islands and (imported) electricity for 18% (Section 4.2.1, <http://www.scotland.gov.uk/Resource/Doc/917/0076743.pdf>).
- 2.12 The Halcrow's Report's conclusion in Section 4.4.2 was particularly significant. It stated that, "*The pathway toward a low carbon economy is particularly urgent for the Western Isles. There is a pressing case to find the means to reduce the island's dependency on imported oil while at the same reducing fuel poverty and making a contribution to Scotland's renewable energy targets.*"
- 2.13 Within the islands themselves, the sparse population (the lowest density in Scotland at 8 persons per square kilometre), plus the dispersed nature of the islands, add to the cost of both public sector and private sector services. It also creates gaps in the provision of these services, such as, for example, the life-skills service for people with special needs which Revenue Project 2 in the Development Plan seeks to address.
- 2.14 Perhaps the key indicator which encapsulates the social and economic problems facing the Western Isles is its long-term depopulation. This has been steeper and lasted longer than in any other local authority area in Scotland.
- 2.15 The Western Isles population has declined by 42% in a hundred years. Between 1991 and 2001 it declined by 10%, the highest of any local authority area in Scotland. Although the 1981 census showed an increase in population, this proved to be a temporary blip, and the slight increase in the 2011 census is likely to prove the same due to the weakness of the local private sector.
- 2.16 The local economy is particularly vulnerable to reductions in public expenditure as it is disproportionately dependent on public sector employment, accounting for 43% of island jobs compared to the average in Scotland of 30%.
- 2.17 Finally, in terms of health issues, one of the biggest problems facing the Western Isles is alcohol misuse. **The Outer Hebrides Community Planning Partnership** estimated in 2010 that Alcohol Misuse was perhaps the major health concern for the islands, particularly if measured relative to experience elsewhere.
- 2.18 In terms of alcohol hospitalisations the Outer Hebrides has the second highest level among all 63 Scottish Community Health Partnerships. Premature

alcohol mortality in the Outer Hebrides is significantly above the Scottish average at 38 per 100,000 population and 27 per 1,000 respectively for 2002–06 ([https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&ved=0CDQQFjAA&url=http%3A%2F%2Fwww.improvementservice.org.uk%2Flibrary%2Fdownload-document%2F3221-outer-hebrides-drugs-and-alcohol-awareness-programme%2F&ei=g90gUcnxE6j14QsrwIGACQ&usg=AFQjCNFW4rscyQxAKUYV3Xy9\\_KtRBUcclw&sig2=FJB\\_HbYL1UoisJfDqv-IAA&bvm=bv.42553238,d.bGE](https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&ved=0CDQQFjAA&url=http%3A%2F%2Fwww.improvementservice.org.uk%2Flibrary%2Fdownload-document%2F3221-outer-hebrides-drugs-and-alcohol-awareness-programme%2F&ei=g90gUcnxE6j14QsrwIGACQ&usg=AFQjCNFW4rscyQxAKUYV3Xy9_KtRBUcclw&sig2=FJB_HbYL1UoisJfDqv-IAA&bvm=bv.42553238,d.bGE)).

- 2.19 The response to the community consultations described in the next Section show a high awareness of these different forms of disadvantage and need, as well as a strong desire to use the wind farm income to alleviate them.

### 3. The PSDT Community Consultations from 2005 to 2012

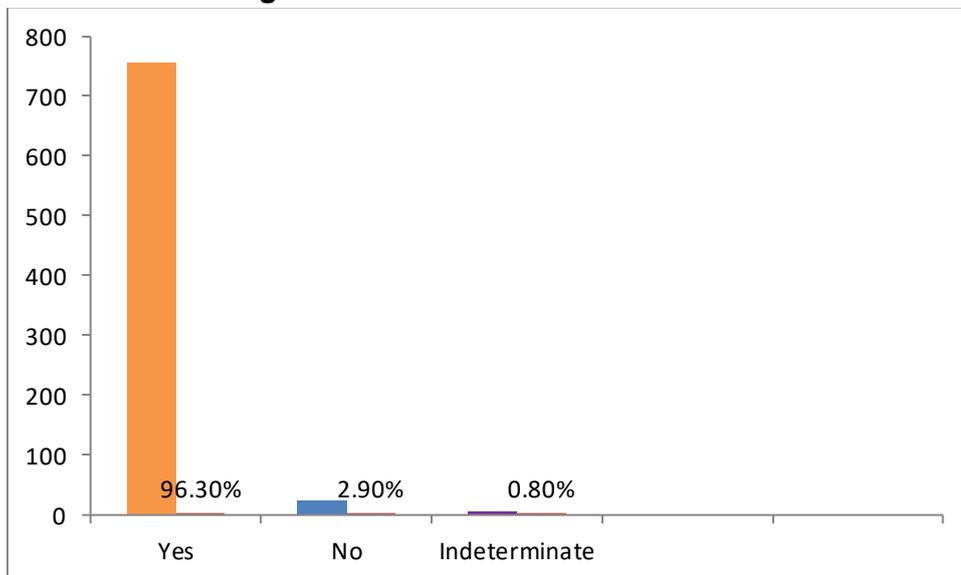
- 3.1 PSDT have carried out various **community consultations** throughout the period since February 2005, when the concept of a community wind farm was first proposed in the aftermath of ‘Latha Mor nan Rudhaich’ organised by Point Community Council.
- 3.2 There were 26 public meeting held between 2005 and 2011 to discuss the project, including a public meeting on 7 March 2006 which endorsed the findings of an initial feasibility study, funded by Community Energy Scotland, and which mandated PSDT to apply for a planning consent for a community wind farm at Beinn Ghrideag.
- 3.3 In May 2009, Point and Sandwick Community Councils hosted a further consultation exercise to identify the community’s perceived needs, opportunities, and spending priorities if the income from a turbine were to become available. This consultation highlighted community-owned turbines as the top priority for the community and provided the initial framework for the PSDT Community Development Plan.
- 3.4 The **community consultation** of 2012 was organised and conducted by an independent consultant, A Chaora Ghlas, and paid for by the Big Lottery. It was publicised via posters, Hebrides News and the Stornoway Gazette, plus radio and television broadcasts on Isles FM, BBC Alba and Radio nan Gaidheal. It included open public meetings, special consultation meetings with schoolchildren, senior citizens and community groups, a postal survey of all electors in Point and Sandwick, and also a wider Western Isles community consultation via an online survey.
- 3.5 A total of 36 community organisations responded to the consultation and 101 people attended the public meetings. 908 individuals returned either a postal or an online questionnaire from the electorate of 2,396, a response rate of 38%.
- 3.6 The projects specified in the questionnaire were identified as a result of the earlier consultation in 2009, as described in the A Chaora Ghlas report in Sections 4.4 to 4.11. Respondents were asked to indicate their support or otherwise for the Beinn Ghrideag

capital project and each of the seven proposed Revenue Projects (ie the projects in which the wind farm revenue will be invested). They could support some and reject others and also suggest other priorities or projects to support.

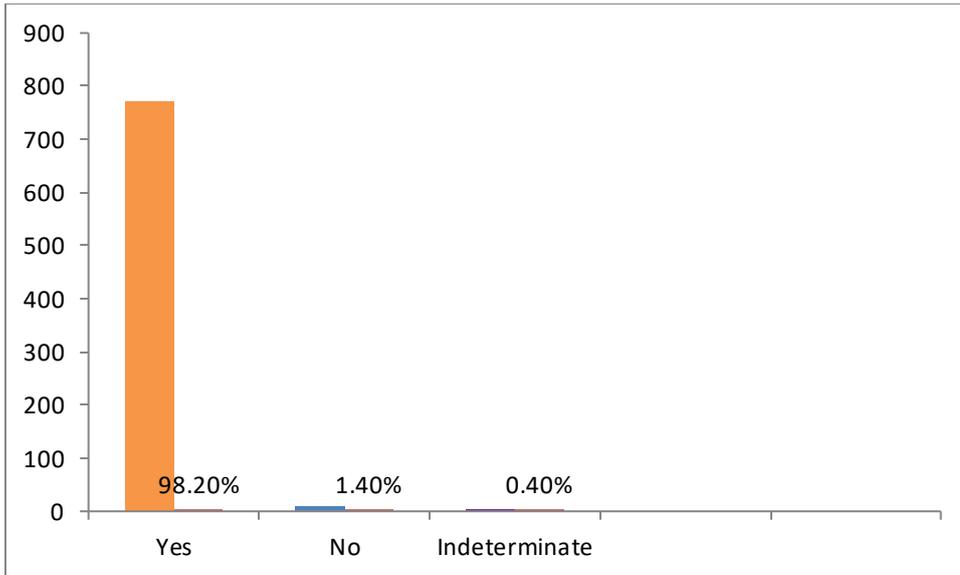
3.7 The results showed overwhelming support for the proposed Beinn Ghrideag wind farm (96% in favour in the postal survey) as well as for the proposed Revenue Projects. Support ranged from a high of 98% for reducing fuel poverty in the postal questionnaire, to a low of 71% for the project supporting culture and the arts in the online survey.

3.8 The survey was conducted via a short questionnaire posted out to all electors on the restricted Electoral Register for Point and Sandwick. The form used and the accompanying letter are contained in the **Community Consultation Report by A Chaora Ghlas** (available online at [pointandsandwick.com](http://pointandsandwick.com)). The results were:

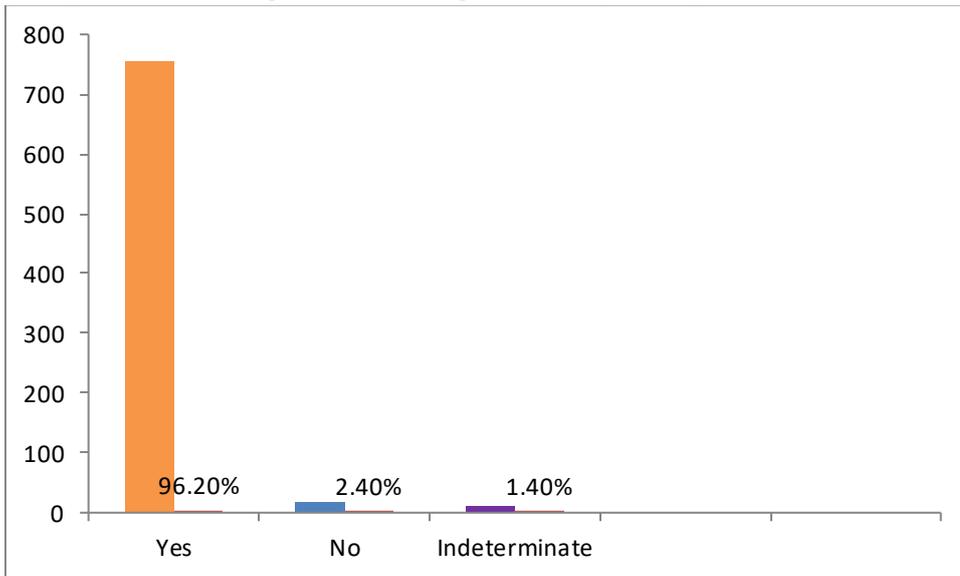
**Do you support the community-owned wind turbines being developed at Beinn Ghrideag?**



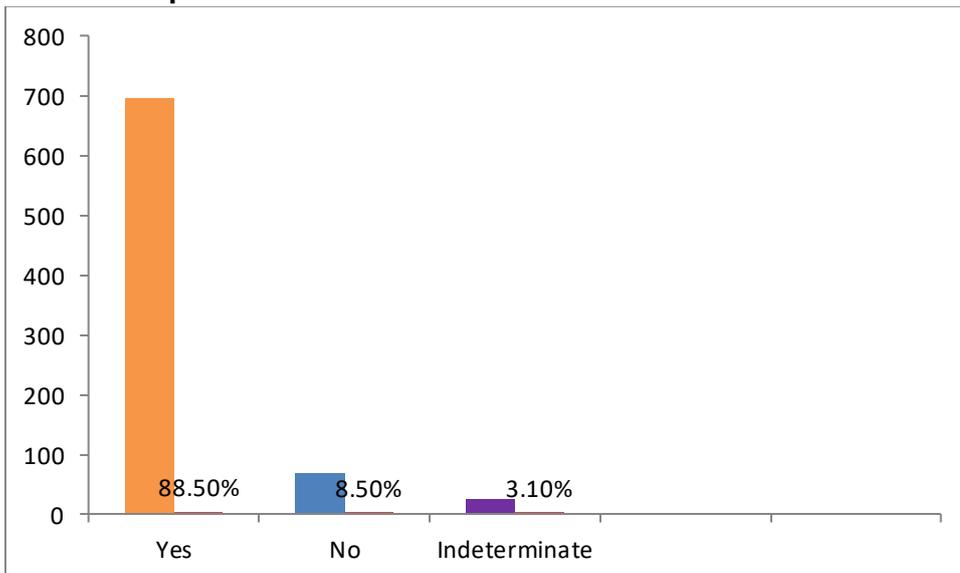
**A: Reducing fuel poverty and increasing energy efficiency in Point and Sandwick?**



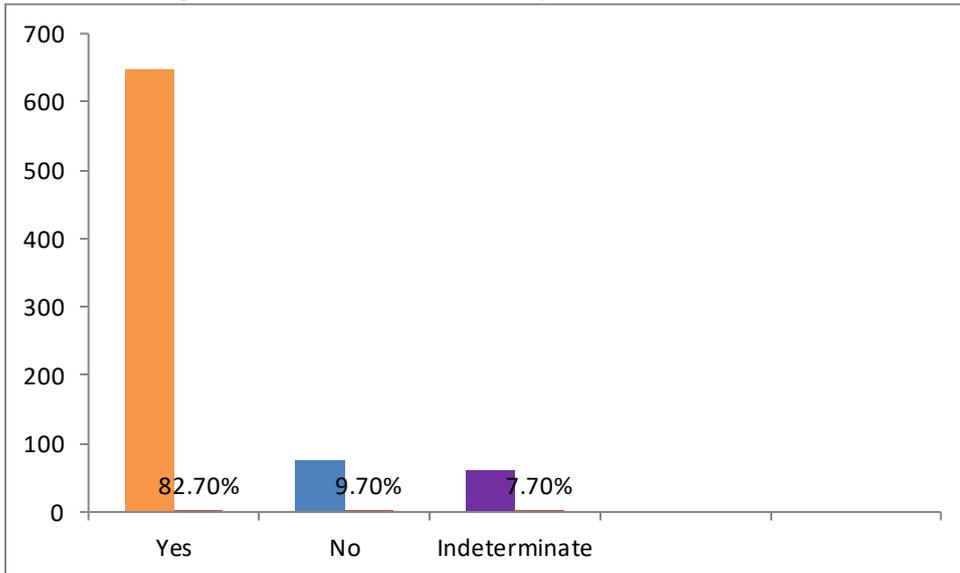
**B: Helping young people with special needs through the Hebridean Independent Living and Learning Service (HILLS)?**



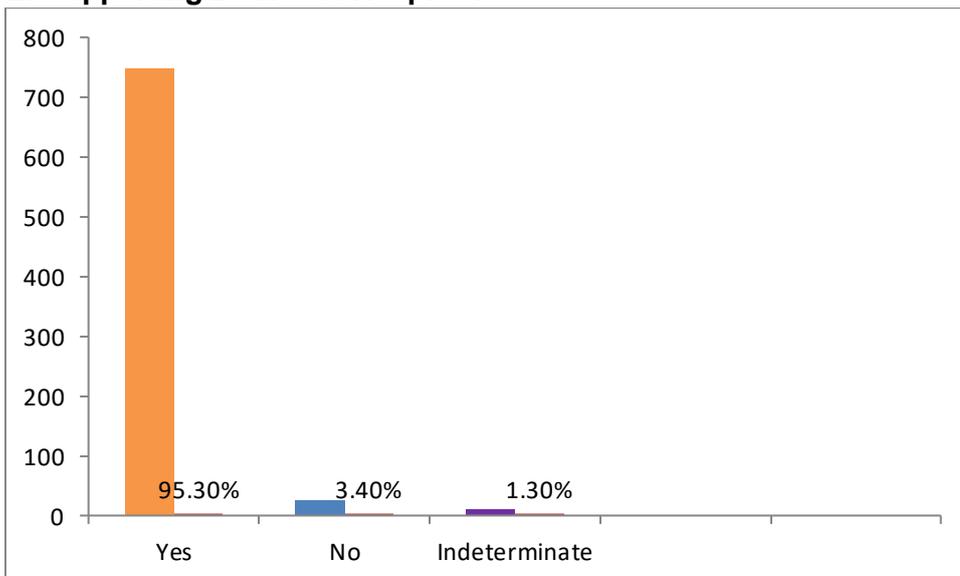
**C: Helping adults recovering from alcohol and drugs dependency through Hebrides Alpha?**



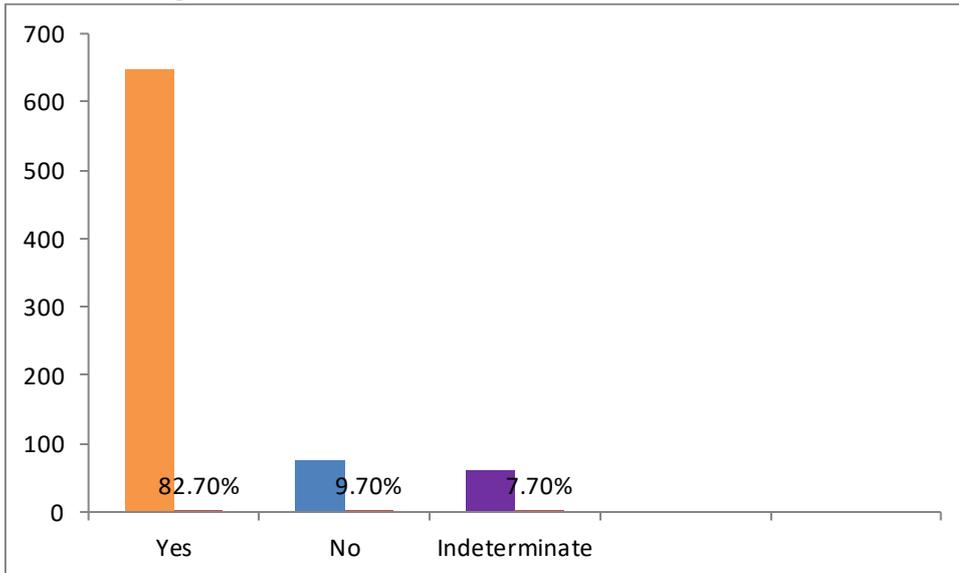
**D: Promoting native woodland on in-bye land on crofts?**



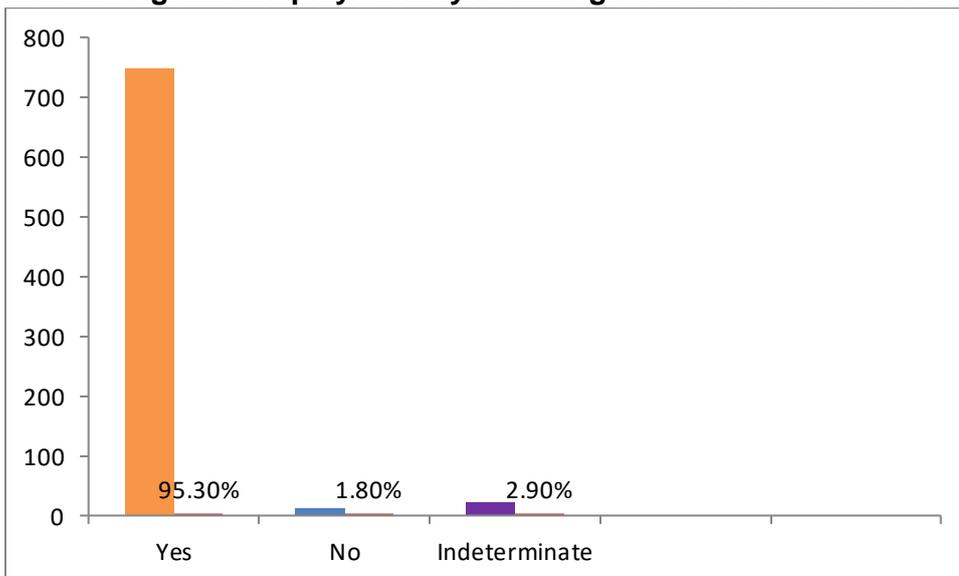
**E: Supporting Bethesda Hospice ?**



**F: Promoting local arts and culture in An Lanntair and elsewhere?**

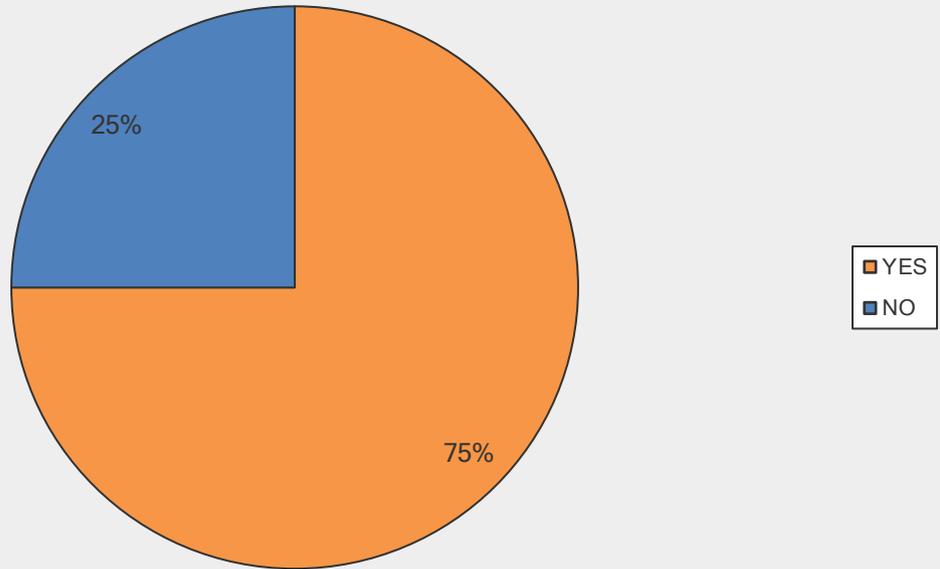


**G: Creating local employment by investing in renewables and other areas?**

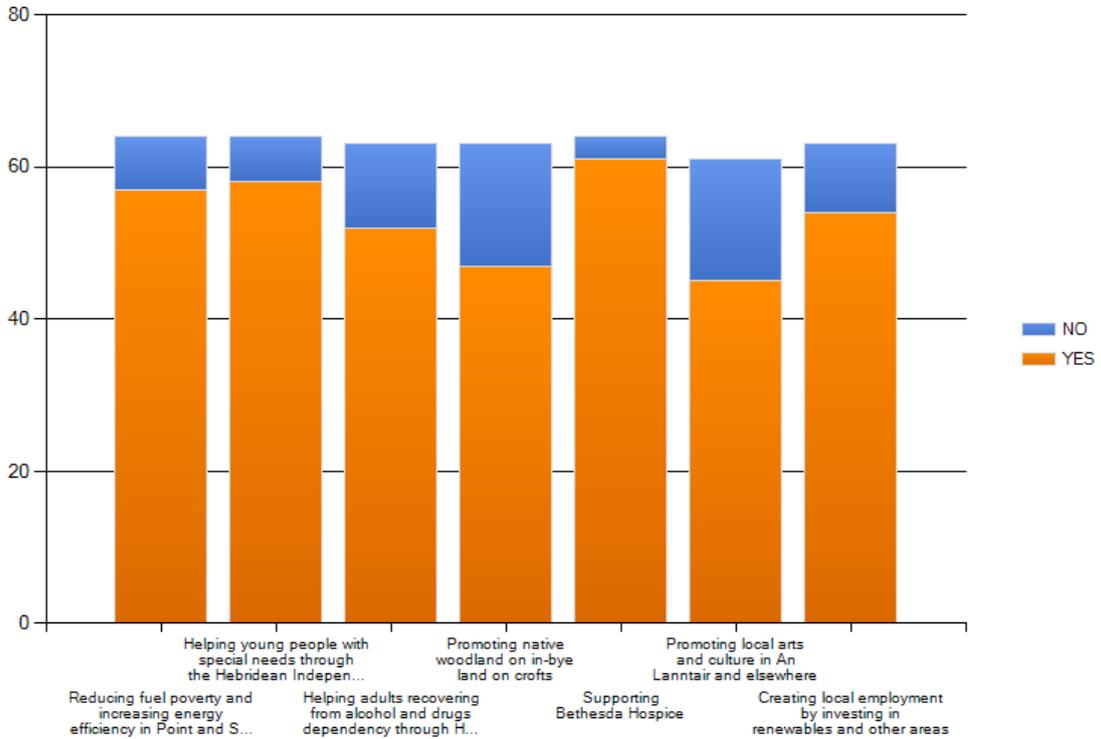


3.9 An online survey based on the postal survey questionnaire and was also placed online from 27 June to 10 July 2012 using Survey Monkey. The survey was publicised using press releases, local media and the Outer Hebrides Community Planning Partnership website. A copy of the survey is attached in the Report. In total 68 responses were received and analysed as shown diagrammatically below.

**Q1 Do you support the community-owned wind turbines being developed at Beinn Ghrideag?**



**Do you support the projects in the current Community Investment Plan?**



- 3.10 Apart from the strong support for the projects above, 292 of the returned questionnaires contained specific suggestions in response to the final question on the survey form: "What other projects or priorities do you think would help make Point and Sandwich and/or the Western Isles a better place to live in, and why?" A full record of these suggestions is contained in the Community Consultation Report by A Chaora Ghlas but they can be summarised in the following themes.
- 3.11 Within the theme of economic development, the largest number of suggestions was tourism-related, such as caravan parks, amenities such as tea rooms and craft shops, improved signage, coastal paths, and various pier and boating developments. There were also several suggestions about the further development of renewables opportunities, for various crofting initiatives, and for start-up funding for small ventures.
- 3.12 There were a number of suggestions relating to health and wellbeing, particularly in terms of youth activities such as play areas and an all-weather pitch. Cycle-to-work schemes were also recommended and there was continuing support for Macmillan nurses.
- 3.13 Supporting community activities was another theme, with suggestions for a dedicated community office, youth clubs, a community shop, a community recycling unit and grants to local caring organisations.
- 3.14 There were also many suggestions for the development of local and natural resources, including a museum, coastal paths, archaeology projects, music festivals, the celebration on significant local figures such as the writers Iain Crichton Smith and the 'Melbost Bard', and the restoration/enhancement of significant local monuments such as the Eye Church, the Iolaire Memorial and the Garrabost Mill.
- 3.15 Finally, the schoolchildren's consultation produced its own distinctive set of suggestions, including requests for a zip-wire, an activity centre with outdoor equipment, bike and skateboard parks, a swimming pool, a nature reserve, an ice cream/milkshake van, funding for an annual Fun Day, and faster internet.
- 3.16 These suggestions will be included in future Development Plans as revenue becomes available. A Small Grants Scheme will also be set up to provide a flexible source of support for some of the smaller projects in the first five years.
- 3.17 The 2009 and 2012 community consultations described above have helped identify the community's priority projects and its perception of local needs. In addition, PSDT has engaged with the various local organisations currently dealing with the needs and priorities identified in these community consultations and will continue to consult with them about the delivery of the Community Plan.

## 4 The Proposed Community Development Projects

4.1 This Section describes in more detail the Beinn Ghrideag wind farm and the Revenue Projects to which we are committed in the first years of wind farm income. After Year 5 we plan to increase the financial commitment to local good causes and increase the number of projects what we support.

### ***The Beinn Ghrideag Community Wind Farm***

4.2 The Beinn Ghrideag wind farm is the primary investment project as its successful completion is necessary to finance all the others. The whole of the net income will be gift-aided to PSDT for re-investment in the community.

4.3 The wind farm will be built, owned and operated by Point and Sandwick Power, a trading subsidiary of PSDT. Four members of the PSP Board and the Development Director have been appointed by the PSDT Board. The PSP Board can also recruit up to three external, non-executive directors with appropriate commercial and business experience. SgurrEnergy, who have been involved with the project since 2006, have been contracted as Technical Advisors to the PSP Board.

4.4 The Beinn Ghrideag wind farm will be built on community-owned common grazings land 5 km west of Stornoway. Agreement to lease the land has been reached with the current crofting tenants, the North Sandwick Grazings Committee, as well as with the landowner. The rental income for the land will be divided equally between the landowner and the tenants in line with crofting legislation.

4.5 The planning consent and the grid connection agreement are in place and loan terms have been received from the Coop Bank. PSP is in the advanced stages of negotiating the commercial contracts, including the contracts for turbine supply and maintenance, the balance of plant works, and the insurance and power purchase agreements. It is hoped to reach financial close in April 2013 and to have the wind farm operating by February 2014.

4.6 Building, operating and maintaining the wind farm will promote new business confidence and skills in the community. It will create at least 3 FTE in the first instance (one PSP staff, one local SgurrEnergy staff and at least one PSDT staff to manage the charity), and help to sustain 4 FTE in the local Enercon maintenance and support unit.

4.7 In the first five years, the reinvestment of wind farm income into the Revenue Projects will also create 8 new FTE and help to sustain 57 existing FTE.

4.8 The investment of at least £36 million into community projects over 25 years will create between 75 and 300 FTE in the Western Isles. (This calculation assumes a 60/40 split between capital and revenue projects and that the average cost per job created is £55,000 per annum: see Planning Application Comments on the Beinn Ghrideag wind farm from Comhairle nan Eilean Siar Economic Development Department, sections 5.1 and 5.4, and 'Impact of Community Benefit Payments', commissioned by the Western Isles Development Trust in December 2005, for the multiplier ratios.)

4.9 In terms of environmental impact, it is important to note that by supplying the domestic energy needs of 6,700 households, the Beinn Ghrideag wind farm will reduce annual CO2 emissions by between 12,000 and 25,000 tonnes, (depending on whether the fossil fuel displaced is assumed to be gas or oil) so helping to meet national and international climate change targets.

***Project 1: Reducing Fuel Poverty and Increasing Energy Efficiency in Point and Sandwick***

4.10 Reducing fuel poverty was the most strongly supported of the investment projects in the community consultation. This aim of this project is to lift an estimated 500 households in Point and Sandwick out of fuel poverty over five years, through funding a program of home energy advice, home energy audits and home energy improvement. It will also aim to improve the energy efficiency of 1,000 households in the Point and Sandwick area.

4.11 This project will create 4 FTE and will be delivered in partnership with Tighean Innse Gall (TIG), the main energy efficiency installer in the Western Isles.

4.12 The project will be launched with public information meetings in Point and Sandwick hosted by PSDT and TIG. These will be followed up by a home energy information pack delivered to 200 homes a year in Point and Sandwick. It is anticipated that 150 recipients a year will receive a free insulation survey and that 70 recipients a year will receive financial help for a package of insulation measures, including loft insulation, cavity wall insulation and tank insulation.

4.13 Over 5 years, 350 homes will receive insulation improvements and 750 homes will receive a home energy advice visit and energy survey. The total energy savings over 5 years are estimated at 652,556 kWh.

4.14 The estimated total cost of the project over 5 years will be £898,000, of which PST will provide £365,000 or an average £73,000pa in real terms.

***Project 2: Helping Young People with Special Needs through the Hebridean Independent Living and Learning Service (HILLS)***

4.15 This project received the second highest level of support in the postal questionnaire. Its aim is to help 100 young islanders with special needs over 5 years build the skills they need to increase their chances of getting a job, staying in work and progressing further in work through a life and skills training program provided by HILLS.

4.16. The lack of local labour market opportunities in the islands is a particular challenge for people with special needs. Key service providers, such as ENABLE, which are active on the mainland, cannot provide an equivalent service in the Western Isles. HILLS is a new program which fills that gap by providing training and employment support for islanders of school leaving age and above who face significant barriers to employment due to learning or physical difficulties.

4.17 Each participant will have an individual training plan which sets out the goals they wish to achieve through participating in the program. HILLS aims to support individuals to progress into appropriate and positive destinations such as supported or regular employment, further training or volunteering. In its first year, the program supported 54 new clients throughout the Western Isles and it aspires to a 50% progression rate.

4.18 The program is managed by the Social and Community Services Department of Comhairle nan Eilean Siar working through local delivery partners. The target budget is £200,000 and the program requires 3.5 FTE to deliver. HILLS has been funded by a European Social Fund grant which ends on March 2013. HILLS is currently seeking long-term funding solutions, including establishment as a social enterprise.

4.19 PST will provide minimum funding of £30,000 pa, index-linked over the first 5 years, towards the HILLS target budget, to enable them to raise match funding and to make the program more financially sustainable and secure. The project will support 3.5 FTE.

### ***Project 3: Helping adults with drug and alcohol dependency through Hebrides Alpha***

4.20 This project was well supported in the community consultation with support of 88% in the postal questionnaire. The project aims to enable individuals with a history of drug and alcohol addiction gain work experience, new work skills and report an increased level of self-esteem, self-confidence and structure in their lives. It will do so by providing rehabilitative accommodation, therapeutic employment and skills training for 75 individuals over 5 years.

4.21 Hebrides Alpha is a Stornoway-based charity which provides supported employment, skills training and accommodation for individuals with drug and alcohol problems. Established in November 2007, it also has a trading subsidiary providing window cleaning, power washing and a kerbside recycling service to the public. It currently supports 15 clients for 6 to 12 months each, who are referred to the project by Comhairle nan Eilean Social Work Department, NHS Western Isle, the Lifestyle Centre, and by family members. More information about the activities of Hebrides Alpha is available on their website at [www.hebridesalpha.co.uk](http://www.hebridesalpha.co.uk).

4.22 Hebrides Alpha had a revenue budget in 2011-12 of £146,000 pa and employs 4 FTE. It receives funding from the Western Isles Alcohol and Drug Partnership, NHS Scotland, Comhairle nan Eilean Siar, The Robertson Trust and the Community Resources Network for Scotland. It raised £119,000 from its own trading activities. Hebrides Alpha needs to increase its income by £150,000 pa to deliver its new supported accommodation service. Leader has provided 45% of that funding for the first two years but longer-term funding needs to be secured.

4.23 PST will provide annual funding of up to £30,000 pa index-linked to enable Hebrides Alpha to meet its financial targets and to help it become more financially sustainable and secure over the longer term. The funding will help to sustain 3 FTEs in the new supported accommodation unit.

#### ***Project 4: Promoting Native Woodland on Crofts***

- 4.24 This project received 83% support in the postal questionnaire. Promoting crofting skills and improving the amenity and attractiveness of villages was also frequently suggested by the community organisations consulted and in the public meetings.
- 4.25 The local need is evident from the 2009 Western Isles Biomass Feasibility Report which stated that the Western Isles had a woodland cover of less than 1%, compared to the Scottish average of 17%. Unfortunately, there has been a lack of take-up of incentives for tree planting on crofts because of the lack of technical assistance and support, as Forestry Commission Scotland have no personnel based in the Western Isles.
- 4.26 The aim of this project is to create employment and enhance the amenity of crofting villages by creating 500 ha of new woodland on 300 individual crofts over 5 years in the Western Isles. It will do this by providing technical advice and financial support to crofters to plant appropriate forestry on underused and neglected crofts, so improving the appearance and biodiversity of crofting villages, providing a source of carbon sequestration, and providing a future source of biomass for wood fuel heating.
- 4.27 The PSDT funding will support a new Western Isles Forestry Advisory Service, operated by a partnership between PSDT, the Forestry Commission and the Woodland Trust. It will help individual crofters to access support and funding for small forestry projects which are too small to qualify for standards funding.
- 4.28 PSDT will provide up to £40,000 per annum index linked to fund 1 FTE plus travel costs and publicity material targeted at Western Isles crofters. FCS will provide technical support to the advisory service, plus funding to cover the planting costs of appropriate woodland on in-by-croft. The Woodland Trust will partner the scheme by acting as manager with PSDT of the Forestry Advice Service.
- 4.29 A number of additional FTE may also be created depending on whether crofters undertake the planting and fencing themselves or employ local contractors to carry out the work. Previous Lantra training resulted in 31 trainees being accredited since 2004 in the Western Isles, of whom 23 were recorded in 2008 as being in full time forestry-based employment. Over the longer term, there is also the potential for sustainable employment in the production of wood fuel from the forestry that has been planted.

#### ***Project 5: Supporting Islanders with Terminal Illness through Bethesda Hospice***

- 4.30 Bethesda Hospice fills a critical gap in local services as it is the only hospice in the Western Isles. It was established in 1992 as a result of a local fund raising campaign and it has required constant fund-raising support ever since. It received 95% support in the postal questionnaire. PSDT has agreed to provide £55,000 pa index-linked to help Bethesda attract match funding and to make it more financially sustainable and secure.

4.31 The Hospice has 4 terminal care beds which average 76% occupancy. It employs 5 FTE and its annual running costs are £440,000, 42% of which is met by the Western Isles Health Board. The remaining 58% or £250,000 per annum has to be found through voluntary donations, along with any new capital expenditure that is required. The ratio of Health Board funding was 48% in 2008 and the decline to a ratio of 42% has meant a growing burden on local fund-raising in the community. More information on the Hospice is available at [www.bethesda Hospice.co.uk](http://www.bethesda Hospice.co.uk).

### ***Project 6: Supporting Local Arts and Culture in An Lanntair and elsewhere***

4.32 Although it scored lowest in the surveys, support for local arts and culture was still strongly supported with 82% in favour in the postal questionnaire and 75% in the online survey. A large number of the individual suggestions made during the consultation, ranging from the Lewis Pipe Band to the proposed St Kilda centre, also related to supporting local arts and culture.

4.33 An Lanntair is the flagship arts and cultural venue in the Western Isles and the second largest arts facility in the Highlands. The new Gallery opened in 2006 and attracts 193,000 visitors a year. Its auditorium is used as a cinema, theatre and music venue and is in use 250 days a year. It employs 38 FTE and provides a venue for both Gaelic and English language arts, including 'Faclan', the annual Hebridean Book Festival. More information is available at [www.lanntair.com](http://www.lanntair.com).

4.34 The aim of this project is to provide funding of £20,000 pa index-linked to be used by An Lanntair to attract other commercial and local sponsors, so reducing its dependence on government and lottery funding and making it more financially sustainable and secure.

4.35 This support is necessary because An Lanntair has struggled to attract commercial sponsorship due to its remote location. This has left it disproportionately dependent on Scottish Arts Council and other public funding, including Lottery funding. Its annual turnover is £1.1m and it receives grant funding of £462,000 from the Scottish Arts Council and £72,000 from Comhairle nan Eilean Siar towards its annual turnover of £1,105,000. The additional costs are met by project-specific fund raising and sales.

### ***Project 7: Creating Local Jobs by Investing in Renewables***

4.36 Creating local jobs through investment in renewables received strong support in the community consultation. The Beinn Ghrideag wind farm will itself deliver on this aspiration but there are also opportunities in other forms of renewable energy including, for example, in biomass.

4.37 Also scoring very high in the consultation was helping people with fuel costs. As described in the Needs Analysis, the level of fuel poverty in the Western Isles is twice that of the Scottish mainland. Most rural households in the islands are heated by oil-

fired domestic boilers, and the consequent high cost of heating combined with low average incomes is one of the major causes of fuel poverty.

4.38 According to the Biomass Feasibility Study published by Comhairle nan Eilean Siar (April 2009), using wood fuel instead of oil would reduce the costs of heating for island households by more than half (It estimated that wood fuel would cost around 3p per kWh to supply on the Western Isles, as compared to a range of 7p to 15p per kWh for oil). There may be an opportunity, therefore, to develop a wood fuel and biomass sector in the Western Isles that would help reduce fuel poverty while creating sustainable long term jobs at the same time.

4.39 However, because wood fuel boilers are more expensive to install than oil boilers, grant incentives are required to offset the capital cost of converting domestic boilers on the island from oil to wood. The aim of the proposed project, therefore, is to produce a comprehensive financial analysis of the level of grant incentives required for the installation of wood fuel domestic heating in the specific circumstances of the Western Isles and whether existing national support programs need to be supplemented.. It will evaluate whether a program of conversion of rural domestic heating from oil to wood-fuel can be made cost-effective and prepare a business plan for the delivery of such a scheme.

4.40 The proposed Wood Fuel Domestic Heating Study will be delivered in a partnership between PSDT, Forestry Commission Scotland and Highland Birchwoods. PSDT will provide £20,000 pa index-linked to commission and deliver the study. The completed Study will be used to propose a program for converting domestic heating in the Western Isles from oil to wood fuel. The content and budget of the future program will depend on the findings of the Study. The long-term aims of the program would be to reduce fuel poverty, increase local employment, and reduce CO2 emissions.

### ***Longer Term***

4.41 In addition to the above PSDT will also set up a Small Grants Fund of at least £30,000 a year which can focus on providing help to some of the smaller projects that were identified in the 2012 consultation.

4.42 Delivery of the above will be the top priority for PSDT in the first five years of the Business Plan.

4.43 PSDT will use the additional suggestions made by the community that have not included in the current Business Plan when we update the Development Plan. This process will commence this process in 2015 with a new round of consultation, after the wind farm has been operational for at least one full financial year and lessons can be taken from the first round of community investment.

## **5 The Delivery of the Business Plan**

- 5.1 This Section describes in more detail the organisational resources and structures which will be used to deliver, monitor and evaluate all the projects in the Development Plan.
- 5.2 Community Energy Scotland funded a **Feasibility Report by SgurrEnergy** in March 2006. This looked at a number of options for wind farm development on the Point and Sandwich common grazings. The site at Beinn Ghrideag was selected on the basis of the best wind regime, the least environmental impact and a good potential approach route.
- 5.3 The size of the wind farm was selected on the basis of maximising the benefit of the available wind regime while keeping the project below a 10MW threshold to enable connection to the distribution system rather than to the transmission system.
- 5.4 The **key risks** identified in the 2006 Feasibility Report were:
- i) uncertainty in the planning process, especially regarding aviation and bird issues
  - ii) uncertainty over suitable grid connection in the islands
  - iii) uncertainty over the availability of finance for development and construction work
  - iv) the choice of a suitable wind turbine for the local wind regime.
- 5.5 The turbine risk was mitigated by selecting an Enercon 3MW machine. These are particularly suited to high-wind locations and have a long-term and comprehensive operation and maintenance contract. Enercon also have a track record of working successfully with community groups in remote locations.
- 5.6 The main planning risks were managed by a two-year bird study, and by negotiations with the National Air Traffic Service (NATS) and with Highlands and Islands Airports (HIAL).
- 5.7 The risk over grid connection was resolved by securing a derogation from Ofgem requiring SSE to connect the Beinn Ghrideag wind farm using 'connect-and-manage'.
- 5.8 The risk over finance for development costs was resolved partly by obtaining funding assistance from Community Energy Scotland and the Climate Challenge Fund, and partly by agreement with the suppliers of key services to PSDT that payment would be deferred to financial close.
- 5.9 The risk of not securing finance for the construction costs is currently being resolved by ongoing negotiations with the Coop Bank, Community Energy Scotland, Social Investment Scotland, the Scottish Investment Bank and the Big Lottery.
- 5.10 The total construction cost of the wind farm has been estimated by the Cooperative Bank at £15 million. The proposed funding for the construction costs constitutes 9% grant and 91% debt.

- 5.11 Financial close is currently scheduled for April 30 2013. Site construction will commence in May 2013 and turbine delivery and erection will be complete by February 2014.
- 5.12 Once financial close is reached, the key risks going forward will be as follows:
- i) construction risk, and especially the risk of increased costs due to delays caused by bad weather
  - ii) lower than expected energy yield, caused by the variability of the wind resource
  - iii) variations in energy prices and income in the future.
- 5.13 These risks will be managed as follows.
- 5.14 The Coop Bank will mitigate the construction risk by including a specific weather delay contingency in the financial model on top of the normal contingency amount.
- 5.15 The risk from the uncertainty of the wind resource will be mitigated by basing the financial model for PSDT income on the P90 wind yield, i.e. the yield which has a 90% chance of being exceeded.
- 5.16 The risk over future price movements will be mitigated by negotiating a long term Power Purchase Agreement for the sale of the electricity.
- 5.17 The PSP Development Director is responsible for delivering the wind farm project and is answerable to the PSP Board. SgurrEnergy will provide the board with technical advice, Mann Judd will provide accountancy and business support, and HBJ Gateley will provide legal support.
- 5.18 PSDT will appoint a Chief Executive and Community Development Manager in late May 2013, to allow preparatory work to be undertaken on the delivery of the Development Plan before the start of the wind farm income. The Chief Executive will manage the PSDT budget, oversee the projects in the Development Plan, and begin preparations for a second tranche of projects.
- 5.19 Progress on the Community Development Plan will be subject to annual review by an independent external social auditor. His or her reports will be expected to incorporate the following aspects:
- i) Measure and monitor outputs & outcomes of the projects as specified in the Development Plan to check if project has achieved the anticipated objectives at the various stages of project delivery.
  - ii) Highlight ways project performance can be improved for future program delivery (suggested improvements can be based on experience of similar programmes elsewhere).
  - iii) Ensure key targets are being achieved according to schedule and, if not, identify reasons why and suggest constructive solutions to ensure either targets are met in future or project targets are appropriately amended.

- iv) Work with PSDT staff employed in delivering projects to develop an appropriate information system to ensure adequate data capture to allow efficient monitoring and evaluation of project throughout duration of the projects.
- v) The final year project evaluation report will include a review of overall project performance and will highlight the achievements of the Development Plan and the scope for continuation of any of the projects.

5.19 All the projects above will all be delivered in full compliance with equality and anti-discrimination standards as set out in the PSDT Equal Opportunity Policy.

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