

# **Fetterangus Community Association**

(Limited company by guarantee)

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# 1 Executive Summary

Fetterangus Community Association Limited (FCA) is responsible to looking after the community owned services and assets and fund raising to support that work and develop new and existing aspects of village life to ensure their welfare and cultures. FCA is a recently establish company limited by guarantee encompassing of the Chalmers Institute Hall Trustees and Fetterangus Community Association. These two groups date back to prior to 1964 and it has been recognised that to create more efficiency and improved communications to merge all aspects of the community into one group.

With the development of a community owned wind turbine a new company structure was required to minimize liabilities to the village. This £1.2million investment will produce a sustainable income of nearly £2million over 20 years therefore necessitating a business plan. The turbine will be operated and owned by Puff Power Limited which will be owned by FCA. Puff Power will gift aid all surplus profits to FCA, which is a registered charity, to disseminate those funds to enhance the well being of the community. The income from the turbine will be split into four funds and that split would be reviewed every two years. The first 50% will go towards community assets and their development; 20% will go to rejuvenate local groups and establish new organisations that have a link to Fetterangus; 20% will be allocated to promote the uptake of renewable energy savings and systems in the local area; which leaves 10% for unforeseen events and other good causes. Some of this work will be taken with the direct help of outside agencies. The net result of this input will be a busy community centre in the village hall which will be improved with renewable based central heating and a coffee shop.

The village has requested support to increase local clubs from 14 to 24 with most of them using the hall. There will be a comprehensive promotion scheme on renewable energy systems and support using the new village hall heating as a working example and ultimately offer financial support to households to reduce fuel poverty in the area of north east Aberdeenshire. This will make Fetterangus a more pleasant and affluent place to live due to its thriving community with the support of a sustainable income from the turbine for 20 years and beyond.

## 2 Introduction

Fetterangus Community Association (FCA) plans of long term sustainable investment into Fetterangus to make a vibrant and thriving community centre. This 20 year plan portrays the planned growth and development following village consultations using Planning for Real process. The initial feasibility investment came from Energy Saving Trust with hopefully further support from Big Lottery and the remainder from asset finance from a major bank. Should the Lottery application fail the bank are happy to fund 90% of costs with the balance being secured from a third party investor introduced by the bank.

### 2.1 Vision

We wish to maintain a thriving and happy Fetterangus community who can afford to invest and develop village assets and services for their own well being and enjoyment.

### 2.2 Social Impact

As a social enterprise we are committed to raise funds and maintain a high level of varied facilities for local people to use and benefit from within the village. With funds coming from the turbine, annual Gala and other events we will used to preserve and invest in village assets and support local culture. As a registered charity we are bound to support those aims within our constitution and democratically address all issues in an equal and fair manner to maintain the integrity of the village and its community without any benefit to an individual.

### 2.3 Aims and Objectives

Social Aims;

The Association is to maintain and develop as required the assets and services owned by the community of Fetterangus to such a standard that promotes their everyday use and enjoyment for all ages and abilities.

- To offer financial support to organisations with a direct link to Fetterangus to promote their membership, training and development of new facilities.
- To reduce fuel poverty and increase awareness of the savings and opportunities of renewable energy by promotion and working examples in the village hall.
- To increase the overall well being of the community of Fetterangus such that it is a pleasant village to live in or nearby.

Business Aims ;

- To ensure the sustainable income from the single wind turbine operated by FCA subsidiary Puff Power Ltd is maintained at the maximum level.
- To make sure that financial support distributed into the community fairly without favour and shown to achieve the required outcomes and social aims.
- Communicate regularly with the village about achievements and consult on future plans.

Objectives;

- To establish and support Puff Power Ltd in the construction and commissioning of a single wind turbine for the village by the end of 2009.
- To complete the provision of the planned improvements to the village hall by March 2015.
- To set up at least 10 new clubs and organisations to serve the community of Fetterangus by April 2015.
- To expand the current village footpaths and redesign and improve the village square by June 2015.
- To start the promotion of the reduction of fuel poverty by September 2010 and engage with 50 households with installing energy saving solutions by September 2012 and a further 750 households on a similar basis by September 2029.
- To investigate and plan the development of the village hall to provide more space and re-locate the outside Bowling Green by March 2021.

## 2.4 Keys to Success

The rural community of Fetterangus is small and made up of working families and therefore is not affluent. In recent years we have struggled to maintain the average of £5000 profit from our Galas and this is effecting investment and increasing the demand on external funders even for running expenses. We believe this is limiting social growth and consequently reducing community involvement. This is well published by other villages in Aberdeenshire and we believe a sustainable income is essential to invigorate community feeling by improving and expanding facilities through continued investment. Having undergone two Planning for Real consultations with the community we have our fingers on the pulse and are aware of what the village expect and need. The popularity of Fishie Walks and the recent requests for this to be expanded it testament to our achievements. Our suggestion of a coffee shop has given people the idea to request an extension to the hall and create more room to socialise. We plan to continue these consultations on a regular basis and take on feedback reports from grant recipients. All of this can be reviewed and allow the Association to invest wisely and adjust for changes so making the whole project a success and an example for others to follow.

## 2.5 Highlights

Fetterangus Community Association has a long history of inward investment but social expectations and demands are becoming higher and the standards within the village hall and support for the community is not keeping pace. Unfortunately this can only be achieved with investment and it is some 20 years since the hall was last refurbished and very little money has been spent on facilities until recent years. After building outside tennis and netball courts, completely refurbished the kids play area with new swings etc., established a series of pleasure walks and started on the hall with extra insulation and double glazing it is time to refurbish the kitchen and add efficient energy saving central heating. Whilst investigating ways to provide renewable energy to heat the hall we took up the idea of a single wind turbine and sell electricity to the grid to give us funds to progress. With Energy Savings Trust help we undertook feasibility and technical studies (2005-2006) which culminated in gaining full planning permission and an offer of a grid connection in June 2007 for the turbine. Since then we have applied for the Big Lottery for support and have the open facility from a national bank to fund up to 90% of our requirements. Having investigated the wind turbine market we support the Enercon turbines with their latest technology and fool proof turnkey package to construct and commission the turbine. We hope to receive the first income from the turbine by February 2010 if everything falls into place. For the first three years we expect to have £30,000 per year to invest in the community which will grow to £50,000 for each of the next four years and then gradually growing to nearly £160,000 in the final year 2029. At which point the turbine will continue, or be refurbished or replaced to ensure a continued sustainable income.

# 3 The Organisation

## **Gerard Western** (DOB 19/12/51)

Gerard is a partner of the land owner GJL & AM Western living and working at Toux Farm, Mintlaw. Gerard has driven this project from the word go and has been instrumental in all of the achievements to date with support from other committee members of Fetterangus Community Association. In his own right he farms 37 hectares and operates a broiler growing business which required a £600,000 investment some 10 years ago and now has a turnover over £800,000 per year. In addition there is an Irish Draught rare breed horse stud which has around 20 visiting mares to stud each year. In the past he has been President at Peterhead Rotary and has organized community events on a regular basis for the last ten years. He has been involved in the village serving on the various committees for seven years. He is currently a serving Director of Fetterangus Community Association Ltd.

## **Nicky Stephen** (DOB 7/3/65)

Nicky lives in the village in a house that he built himself. He is an Instrument Technician by trade and has experience of a wide range of electrical applications from power stations to water turbine generation. More recently he has worked on small scale gas turbines and ventured into Flow Measurement and Metering which included exposure to liquid, gas and multi-phase flow measurement principals, as well as experience with a variety of gas analysis instrumentation. Nicky and his family are avid supporters of the community and participated in a study tour Gerard arranged in the early days of the project. He now works on the newly-completed Buzzard offshore production platform – the single-largest oil producer in the North Sea; dealing with day-to-day instrumentation and control issues. He is currently a serving Director of Fetterangus Community Association Ltd.

## **Colin Wood** (DOB 24/6/52)

Colin lives in the village with his mother. Colin has had a very active role in the village for the past seven years and served as Chairman of Fetterangus Community Association for most of that time. The highlight of his work has been a series of fund raising events and Galas without which the community would not have had funds to progress as far as we have with this project in such a short time. Colin has supported Gerard in attending meetings and giving presentations on our achievements. In his own right he has spent most of his career as an hotelier, publican and Camp Boss on oil facilities. He current has a successful taxi company serving to local district of Fetterangus and Mintlaw. His business acumen is extensive and ideal in establishing this project. He is currently a serving Director of Fetterangus Community Association Ltd

## 3.1 Legal Structure

Fetterangus Community Association (FCA) was agreed to be formed from current village management committees in February 2008. It is a company limited by guarantee and will have a membership made up of village people and a Board of Directors. Membership is free until 1st March 2009 and thereafter £1 per person for life membership. FCA will own all village assets and services and take on responsibility for maintaining them. Puff Power, company limited by guarantee will be established as soon as all turbine financial requirements are in place and it will be owned by one share from FCA. Puff Power will be responsible for owning and maintaining the wind turbine. The Puff Power Board of Directors will report to FCA and ensure all surplus profits are gift aided to FCA.

## 3.2 Organisational Structure

Fetterangus Community Association (FCA) has Articles of Association and therefore a Board of Directors. These will be unpaid volunteers from the membership of the Association. The Board will establish sub-groups to attend to responsibilities within the village and minute their actions and report back to the Board. All treasury matters will be undertaken by the appointed treasurer and they will report to the monthly Board meetings.

## 3.3 Board

The Board is made up of residents from the village and representatives from other local organisations which serve the village in other ways and who help with our own aims and objectives. The Boards of Directors will be rotated to ensure a regular input of new blood.

## **3.4 Staff**

Fetterangus Community Association inherited one valuable member of staff being the Hall Keeper. This is currently a part time post and their responsibilities include the cleanliness of the hall and looking after bookings. As part of this project we plan to employ an additional development manager to help invigorate the current organisations in the village and establish the new clubs that have been request from the last Planning for Real exercise. They will be employed for a minimum of two years. In time we expect the hall keeper to become a permanent post to meet the demand of a busy hall and coffee shop. Aberdeenshire Council has been supporting a Village Orderly scheme. We have taken part in this for the last five years and have successful employed a teenage person to carry out simple tasks throughout the year around the village and delivering newsletters.

## **3.5 Volunteers**

The village has been fortunate to have a strong body of volunteers who are reluctant to attend meetings but are most willing to form a working party or complete simple maintenance tasks. There are various tradesmen, slaters, brick layers, joiners, plumbers and electricians and general handy men who give their time freely for most jobs and with larger project they invariable donate their earnings back to the village.

## **3.6 Operations**

The operations across the village are fairly straight forward. The hall keeper and Secretary keep close tabs on events. We have all the necessary risk assessments and health and safety policies in place. Further training is being arranged for Directors and we expect to improve on staff training as the hall becomes busier. The guide lines for the use of the hall are reviewed regularly, but haven't been changed for a couple of years. We have insurance to cover all events and contingency liability as arranged through the local Halls Association.

### **3.6.1 Monitoring and Evaluation**

With monthly meetings we are constantly monitoring all aspects of health and safety. Risk assessments and fire assessments are regularly reviewed. Practices are governed by Entertainment Licenses and Lottery Licenses as issued by Aberdeenshire Council.

## **4 Services**

The Association generally allows free use of most village assets. These being the recreational park, kids play area, outdoor bowling green, hard tennis and netball courts. We have one field which is currently rented by a local farmer for grazing livestock on an annual basis. The village hall is the only assets that incur a charge for being used, which are aimed at least covering costs and minimum profit. Our service charges are compared with other village halls and we adjust our rates accordingly. Once the new heating system is installed it is likely that the rates will have to change to reflect the improved environment and the planned increased usage. Our plan to support local organisations and promote renewables will be provided with no charge to the consumer as we do not wish to create any negative feeling. This support will come with the employment of dedicated development manager to kick start these projects over a two year period to ensure the opportunities are fully employed. The manager will be taken up under the guidance of external organisations being Buchan Development Partnership for local organisations and SCARF for the promotion of renewables. Both are specialist fields and there are skills and experience can be passed on to others. The new kitchen in the hall, Puff Pastry, will open up new opportunities as it can be used to prepare and serve main meals. This will create new hall users and increased opportunities to current users. We hope to develop the kitchen use with the provision of meals on wheels service and pensioner lunches on a 3 day week basis. We will employ a Puff Pastry manager to look after those aspects of the hall. Therefore we are quite confident this project will succeed if allowed to grow organically.

## 4.4 Partnerships

To help achieve certain aspects of this project we are contracting in support.

Buchan Development Partnership will provide grant application and distribution service to promote new and existing organisations. They have direct links to 100 local organisations and current organize the quarterly distribution of £500 grants on behalf of Shell to those organisations.

SCARF, Save Cash and Reduce Fuel, are renowned for their expertise in renewable energy and they organize various household and community based grants so they are ideal in assisting our promotion program of renewables and the issuing of supportive grant to local households.

Score Group, Peterhead has offered in kind help to establish a web based monitoring package of the halls new central heating to show the cost effectiveness. This will be crucial in convincing people to take on board these new heating and energy saving systems.

A partnership with Aberdeenshire Council is likely to be developed from the likely sale of heat from the hall heating system for the adjacent primary school.

## 5 The Market

The village hall is available to be used by anyone or organisation. Generally it is used by locals, but occasional we have groups from out with the area. Our nearest village hall is 2 miles away in Mintlaw and doesn't offer as a threat to our market as it smaller and limited opportunities. However we have one local pub which offers a free function hall, but how long this will last is unknown.

Our view is that as more residential units are built in the area the demand for the hall will increase especially with the extra warmth and improved kitchen facilities. The kitchen as a new addition will bring new clientele and demands. This will make us one of a very few village halls that can provide this service giving locals a further choice away from hotels and pubs.

### 5.1 Trends in the Market

As with all markets there are trends and fashions. But we hope to avoid much of this turmoil by offering a quality service in the kitchen, coffee shop and village hall to give value for money. The quality of service will maintain regular clientele and cost effectiveness will beat any competitors. The fact that there is local residential base will help, but we have good road access to draw people from far and wide, especially with the turbine. But we must remind ourselves not to be complacent and be proactive in promoting our services at all opportune times.

### 5.2 Competitors

Our main competitors are the pubs in Mintlaw who have function halls and restaurants. We must ensure we offer a competitive service not just on price.

There are few other combined halls and kitchens that are offering a similar service.

## 6 The Marketing Plan

A recent village survey on Puff Pastry confirmed that 89% of those asked (36) were prepared to use the facility and 70% said they would use it in conjunction with the hall. 75% of the people said they eat out at least twice per month. Other community owned coffee shop have been slow to start but in time they have succeeded and now thrive on local trade. So our plan is to market our services to the general public which will increase the hall's awareness and in time diversify in offering a package for local businesses for day long meetings and seminars using the local radio and press for advertising. It is important that this project is given time to succeed and it is likely to need considerable financial support to become established

As for promoting new and existing clubs and renewables we have not yet determined a plan on how this will be actually marketed. These strategies are still to be discussed with the outside organisations.

The village website will be used to promote all aspects of this project and it will be supported by an internet enabled computer in the hall.

## 7.2 Financing

The whole financial cash flow is dependent on Puff Power. Certain capital expenditures for the planned development of the hall have been excluded as they are still to be finalised. It is assumed capital expenditure will be match funded from various funders using money's from each of our four pots and aim to double or quadruple our investment.

These pots will support specific areas of community development.

50% of income will go towards the maintenance and development of the village owned assets.

20% will support the local organisations and the formation of new groups all of which must have a direct connection to Fetterangus and the residents.

20% will fund the promotion of renewable energy savings and solutions and in time supply grants to those local households who take up those savings and solutions.

All aspects of this project will be working to a planned budget that takes into account the income from the Puff Power. The budget will be set quarterly and the percentage split will be reviewed every two years. Any overspend will be deducted from the following quarter.

The Association will hold a contingency fund, 10% of income, for the unseen events and any remaining monies will be dispersed into the various remaining pots at the end of each financial year.

Any other community income from the Gala and donation will be used as the Board deem appropriate.

## 7.7 Financial Assumptions

It is only fair to assume that all wind calculations are correct and the turbine produces the figures as suggested by all concerned. It is noted that some years will be windier than others and therefore income will vary accordingly. Another unknown is the influence of climate change. It is generally agreed Scotland could become wetter in winter and dryer in summer in which case the level of wind may become more variable during the seasons. For the benefit of the finances we have straight lined all income.

It is well published that energy costs are rising for various reasons. So to are the payments made for electricity sold to the grid. But these are bound to level out and increase more in line with market forces.

We have assumed that income from the hall and Galas will surge again to higher levels for the first few years due to the injection of financial support. Then after 5 years income will level out again at a new level.

We have not allowed for any extra income for Puff Pastry as we believe it will take a few years to develop to provide a meaningful extra income stream. Not to say this aspect won't work, but we believe it is not beneficial to actively promote it too much as there are more important aspects to support and that the coffee shop will develop organically in line with demand.

Over the 20 years of this project the Board of Directors will change considerable compared with a normal commercial company. This does bring an increased risk of miss management and we hope to avoid this by enforced training for those office bearers and instill a moral responsibility to service the community as we have set out.

It is assumed we receive all the profit income from Puff Power. To maintain this sustainable income beyond 20 years is likely to mean Puff Power will retain some funds to refurbish or to replace the turbine. The track record of this type of turbine is limited due to its recent invention, so as time progress this will be reviewed and the appropriate action taken.