



## THA Board Meeting

Date: 11<sup>th</sup> May 2022

Time: 7:30pm

Location: Zoom

Apologies: No apologies received in advance of meeting.

Board Members Present: Brian Swinbanks, Edd Hewett

Staff Present: Anne Fraser, Heather Muckle, Rob MacDonald, Lyndsey McLaren

Minutes: Heather Muckle

Description	Action
<ul style="list-style-type: none"> <li>Apologies</li> <li>Minutes and matters arising from previous meeting were not discussed due to lack of board members present.</li> </ul>	
<b>Harbour Report – Rob MacDonald</b>	
<ul style="list-style-type: none"> <li>No accidents or near misses to report.</li> <li>Discussed several concerns brought up by local customers who are upset with not getting a discount for being locals. Rob explained that we have some of the cheapest local moorings anywhere and will look at our year-round rates to ensure that are rates are where they should be.</li> <li>No further marine-team related items discussed.</li> </ul>	RM: Need to assess if our year-round rates are set correctly.
<b>Aquarium Report – Lyndsey McLaren</b>	
<ul style="list-style-type: none"> <li>Lyndsey gave a quick update on new hires and situation with Danielle's accommodation falling through.</li> <li>Lyndsey is leaving in mid-June with Grace taking over as Aquarium manager in the interim for the remainder of the season.</li> <li>No further update due to lack of board members present.</li> </ul>	
<b>Facilities, Business Admin, and April Finance Report – Heather Muckle</b>	
<p><b>Facilities Update</b></p> <ul style="list-style-type: none"> <li>Laundry – new machines have been delivered but we continue to face delays due to issues with machines + trouble with installation/plumbing.</li> <li>Front door has been fixed and same company is looking to [possibly] fix our turnstile. <ul style="list-style-type: none"> <li>Significant income loss until both items are fixed and working</li> </ul> </li> <li>Jim Keenan doing groundworks on casual hours</li> <li>New reception desk in foyer – still determining best use case for space</li> <li>New office space in boardroom; no longer being used as a rental space <ul style="list-style-type: none"> <li>Has allowed for harbour office to be used as a quiet space and/or meeting space</li> </ul> </li> </ul> <p><b>Business Admin:</b></p> <ul style="list-style-type: none"> <li>Insurance review completed; renewal as of 8<sup>th</sup> May</li> <li>Mary in her final month – only in as needed on casual hours</li> <li>Finance Director needed to assist with company's overall financial picture/strategy (Anne will discuss in more detail during her report</li> </ul>	

- Working to streamline financial processes across both Sage and Harbour Assist
- Moving more processes to Harbour Assist
- Seeking someone to complete Market Rate Assessment
- Construction next door ongoing
- Website updates slowly progressing

**April Finance Notes:**

- FY 2021-22 files have been sent to RA Clements; waiting for draft accounts to review.
- ALL Marine invoicing, including fuel invoicing and cruise ship billing, has been moved to Harbour Assist
- Fuel sales gaining traction. No longer using HTec.
- April [final] reconciliation still in progress due to Harbour Assist configuration updates

**Upcoming Finance Considerations for May:**

- Cost realized for Taigh Solais door fix (~ £6.5K)
- Annual renewal of insurance policy due (~ £22.5K)
- Northwest Marine
  - Mooring & fairway inspections, chain inspection/replacement, new pontoon section to PLP (~ £6.5K; 3 days labour + materials)

**Rough Total Expected Outlay in May: ~ £35.5K**

**General Manager Update**

**2021-22 Year End Finance Report** - The management accounts at 31<sup>st</sup> March 2022 show a deficit at this time of £24,404k but as you know the position will change with benefit of the full financial accounts, once the accountant has capitalized some of the costs and completed the usual adjustments for depreciation and recognition of grants etc.

- There will also be the adjustment for the cost of fuel and the stock of fuel in the tank which was £12,862 at FYE.
- Mary has submitted paperwork to RA Clement Associates to instruct them to prepare the Draft accounts. As soon as they are done, we will send out to the board.
- Mary, Heather, and I will meet with accountants in the coming weeks once they have had a chance to go over the documents.
- We really need to sort the Finance director vacancy issue. In the meantime, I will sit in on meetings to support Heather, but we may need additional support from RA Clements or? whilst we find someone.

In the meantime, I thought I would pull out some key figures to show you where we are at FYE in comparison to previous years.

I have stripped away the projects, so you can see the actual operating income. Let's forget about costs for now, as the accountant will offset costs with depreciation and capitalisation.

If we firstly focus on trading income which was £272,072. If we compare this to previous years. That's 55% more than last year, but 29% less than 2019-20 year (our best trading year ever). And 19% less than the year before that

(2018-19). So, we did well last year, but we have to increase turnover this year by 30% to get back to pre-covid levels.

### **Fuel Berth**

- We are starting to see a flow of income coming in now. For year end the deficit was £8,749, however the fuel in the tank was worth £12,862. There the surplus is =£4,112. The margins on fuel are so low it will take time to build up enough income to cover the purchase price. Our markup is around 6p p/l so we need to sell around 400,000 litres to make the predicted £25k this year.
- By March 31<sup>st</sup> we had bought £81k litres of fuel and sold just under 56k. in April alone we sold over 27,000 litres and 10,000 litres in just over a week. I'm confident we can hit his target.

**Cash Position at FYE** - We start off this year with £23,041 of available cash. That is significantly less than we would normally like, however, with a strong start to the season we are not worried. We also have available cash we can borrow from cash management account to top up current account until cash flows inwards.

- Reserves are now restored. We have paid back reserves for the money borrowed for cashflow for 6.2. We did use £12,500 for replacing the main chain on pontoons in December. I would recommend we review our contribution to reserves at the end of this year, depending on performance.

**Looking forward** - We appear to have had a strong start to the season. Bad weather helping that tremendously. Strong cruise ship bookings, conservancy payments due, aquarium fully staffed, new fingers and concrete pontoons and the fuel berth, we should reach this target. However worth noting that Taigh Solais income will still be down, new laundry equipment still not operational and the turnstile out of action. We will continue to keep an eye on costs, but the building does need significant investments now.

- Any questions of these figures?
- Any idea on engaging a finance director?

### **Staff report**

- We have had a challenging few months with sickness. Covid hit Louise and Grace in the aquarium and Joe and Rob in the marine team. It was all hands-on deck over Easter, and I was even out catching ropes and mopping up an oil spill (Brian called in to help) and of course Jim has been tremendous covering throughout. We are all back to normal, hopefully. Jim is now only helping on cruise ship days and Bobby Gunn will start full time on 1<sup>st</sup> June, he is currently working odd days around his exams.
- Mary has finished up regular working at 31<sup>st</sup> march, she has worked some hours in April and May to complete the FYE accounts. Heather took over the day-to-day finance from 1<sup>st</sup> April.
- Lyndsey has handed in her notice and finishes 2<sup>nd</sup> week in June. Grace will step up from 1<sup>st</sup> June temporally for the season. We have hired 2 people to back fill. Michael Mackenna 2 days p/w and Danelle 3 days p/w. Both start soon to train up before Lyndsey leaves.

**Aros Project update:**

Things are starting to pick up speed and May/June will be crucial for getting funding applications in on time to achieve the timescales. Our timescales are Pier/quay works delivered by Mar 2023, and the building and compound area delivered by Mar 2024.

- We have put the project plan overview up on the website for anyone to view, we also have a feedback form there for people to comment.
- DWS associates have started working on the Social/Economic /Environmental study – they are working with Heart of Argyll & Northern Light to deliver the work. They have scheduled visits for the coming weeks.
- Brian has submitted pre-planning for the pier & Quay works, awaiting advice from council planning department.
- We have fed back the subs group's comments on the site plan to Bari and he is working on the planning submission for the building and compound area, that should go in this week.
- Funding – the grant paperwork has all been signed off for the £50k from Islands Infrastructure fund.
- I'm starting the appraisal process for £125K from HIE. We need to firm up costs and I have the initial application form to do this week.
- Peter from HIE has recommended our project to the council for RCGF for £300k and next year's IIF for £70k. Feedback back from Audrey Martin at ABC was positive and we have been invited to submit a 1<sup>st</sup> stage application by 23<sup>rd</sup> May.
- I now just need to source another £200k of funding, I have a couple of other funds in mind.
- HIE will be looking for a higher contribution from us than the £20k we have committed, they usually want 10%, I'm therefore working on some of the project management costs and in-kind contribution for the things like using the existing pontoon, etc. to change the balance. I'll let you know at next meeting if I need board approval to increase THA spend.
- Finally, thanks to Brian, John, Allan, and Gareth Reade, who have cleared the site and moved the pontoon sections up out of the water and tucked in neatly at the top of the buildings. Also, to Jim Traynor who has cleared a lot of the mussel farm equipment that was lying around.

**Hydro**

Feasibility study now completed – I'll send a copy out to the board. I had a closing meeting today with the consultant and HIE. In summary there is capacity to install a larger 269kw generator or a smaller 49kw, but it is not financially feasible to do so at this time. The returns would not cover costs which as estimated at around £500k for 49kw generator and around £1million for the £269kw. The grid capacity on Mull is not sufficient to feed into and it will 2028 before SSE are considering upgrading the capacity on Mull. The current funding landscape only supports around 50% of the costs. They also highlighted that FLS would only lease the site to a community trust, so we would have to go through a third party to make it work. It is disappointing but we do have a very robust technical report to use. In conclusion we were behind the curve not doing this 10 years ago when costs were lower and FIT's were high. But now ahead of the curve in terms of attempting to deliver a community based closed grid system. There may be a move from governments/funders to introduce more grants cover costs of these schemes

<p>as levelling up/national net zero targets or set a guaranteed minimum pricing for feeding into the grid. The consultant did say if hydrogen becomes more apparent for boats etc. then there could be further work to do beyond this report. There is a big drive for net zero targets but it's not really filtering into community projects as yet. I suggest we send the report onto MICT and keep it in the mix for Net Zero Island targets.</p> <p><b>Aros buildings</b> – additionally I did ask about taking energy from the loch through a smaller generator, but it doesn't have the height, and again the costs don't add up. We instead need to look at pumps, solar panels, etc. I'm looking at alternative funding for this for local energy Scotland.</p>	
<b>Matters Requiring Board Approval</b>	
<ul style="list-style-type: none"> <li>No matters were discussed due to lack of board members present.</li> </ul>	
<b>Conflict of Interest Changes to Report</b>	
<ul style="list-style-type: none"> <li>None discussed.</li> </ul>	
<b>Any Other Business</b>	
<p>With low participation at meeting the following items were discussed:</p> <ul style="list-style-type: none"> <li>Do we need to pursue a different format for board meetings and/or a different frequency than we have now?</li> <li>Should we look at using a tool like Slack or similar to enable engagement and interaction between the THA team and the Board?</li> <li>Should we have a private (login) section of website for directors access where we post things?</li> <li>Should we have less frequent board meetings and encourage more informal drop in sessions instead?</li> </ul>	<p>Heather to survey board member about their preferences when meeting summary is sent out.</p>

***There being no other business the meeting closed at 8:30.***