



# **Sheffield Renewables**

## **Community Share Offer Document**

### **2016**



## Invitation to Invest

Welcome to Sheffield Renewables' second share offer. In this document we will lay out the terms for our exciting new share offer and invite you to invest, helping to make Sheffield a greener, more sustainable, pleasant and fairer city. In 2012 Sheffield Renewables raised £221,000 of investment from community shares. We used these funds to build three 50 kW solar photovoltaic (PV) schemes in and around Sheffield. These schemes have been generating electricity and this year, in accordance with the terms of our share offer, we are very pleased to say we will be paying our investors their first interest payments and some capital will also be returned to investors. In this share offer we hope to build upon our success and deliver two more PV schemes. The proposal is to install another 56 kW of renewable energy, equivalent to saving approximately 17 tonnes of CO<sub>2</sub> per year. As before the returns of the projects will be used to pay investors a modest rate of interest and to set aside a community benefit fund to undertake projects in our local area.

The challenges of climate change and creating a sustainable society are enormous, yet bring with them a great opportunity to work together. Renewable energy is part of the solution and there is a growing movement of communities that have come together to make local renewable energy supplies a reality.

Investors will become members of Sheffield Renewables Ltd, a community benefit society dedicated to developing renewable energy schemes in a way that benefits the environment, the city and its people. Investors will be joining more than 200 members from our previous share offer. So this share offer is about more than investing in a renewable energy scheme, it's also about building and strengthening a community. Imagine what we could achieve with a community of hundreds more people who want to see more clean, local energy.

As you may be aware at the start of this year the current government decided to significantly reduce the subsidies for renewable energy schemes of all sizes. Whilst not affecting our existing schemes, which were completed before the reduction, it has changed the outlook for future projects. We have spent the last year redeveloping the business cases for PV schemes that form the back bone of this share offer document. As you will see as you read on, the schemes we are proposing are slightly smaller than our existing schemes. This is primarily due to the available rates of subsidy. The change in subsidy rate also affects the margins on the project which are smaller than in the previous share offer scheme. We are confident however, with the experience that Sheffield Renewables has developed and the existing asset base, we will be able to offer the same rate of interest to investors and to our community benefit fund.

Our shares are offered as a social investment for public spirited and environmentally aware individuals and organisations. The aim is to provide an attractive ethical investment opportunity. We're setting out to raise £70,000 towards building two more PV schemes through Community Shares. So please join this exciting project, and help build a legacy of sustainable, local energy supplies.

**Dr Richard Collins**



## Summary Offer

- We are looking to raise a minimum of £28,872 and a maximum of £70,000
- Invest a minimum £100 and maximum of £20,000 for individual and corporate members
- Invest a minimum £100 and maximum £100,000 for societies
- The offer opens on the 1st of November and will close on 31st December 2016 or at The Board's discretion, once the target amount is reached
- The investment is in Sheffield Renewables rather than individual projects
- Shares issued in this share offer will be classed as B shares to reflect the small changes in rules that are outlined at the bottom of [page 13](#)
- Payments related to B shares will begin 3 years after the first Phase 2 solar PV project starts operating, or three years after May 2017, whichever is later
- We aim to pay a modest rate of interest of 3% per annum
- We aim to pay 1.5% per annum in to a Community Benefit Fund, with members able to dictate how this is spent
- We aim to allow you to withdraw your shares after 3 years subject to limits and Board approval
- Capital will be spent as projects become investment ready and fully funded to ensure early revenue flow
- Oversubscription and any unused capital will be returned to shareholders without charge, the order of which will be at the discretion of The Board
- Option for joint membership, pay by instalments (for those on low income) and purchasing shares as a gift – please ask for more details.

**Please only invest in this offer if you can afford to lose the money. Payments to shareholders are not guaranteed and are dependent on scheme performance.**

**Please read the supporting Business Plan for wider information and the Phase Two Business Case for detailed project information.**

Phase Two Project Business Case available on our website: <https://www.sheffieldrenewables.org.uk/wp-content/uploads/2016/11/Phase-Two-Project-Bus-Case-2016.pdf>

Sheffield Renewables Limited\* (Sheffield Renewables or The Society) and The Board of Sheffield Renewables (The Board) accept responsibility for the information contained in this document. To the best of the knowledge of the Society and The Board the information contained in this document is in accordance with the facts and contains no omission likely to affect its substance.

Investors should read the whole text of this document and the accompanying Phase Two Business Case and should be aware that the intended outcomes of an investment in the Society are speculative and involve significant risk. Prospective investors are advised to read with particular care the sections of this document headed 'Terms of the Community Shares' ([pages 16 - 17](#)) and 'Risks' ([page 18](#)).

This share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means there is no right of complaint to an ombudsman or compensation. A Community Benefit Society is registered with, but not authorized by, the Financial Conduct Authority. The money paid for shares is therefore not safeguarded by any depositor protection scheme or dispute resolution scheme, so investors may lose some or all of their investment. As the whole of the investment could carry this risk and is unregulated, please consider it carefully in the context of the complete share offer document, and if needed, seek independent advice.

\* Sheffield Renewables Limited is a Community Benefit Society registered under The Co-operative & Community Benefit Societies Act 2014, registered with the Financial Conduct Authority. Registration No: 30736R. VAT Registration No. 102929725. Registered Address: 25 Alexandra Road, Sheffield, S2 3EE.

Full copies of our rules can be obtained at <https://www.sheffieldrenewables.org.uk/wp-content/uploads/2015/03/Sheffield-Renewables-Limited-IPS-Rules.pdf> or on request.

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## Aims, Motivations and Ethos

Our aims and ethos were first developed when Sheffield Renewables came in to existence but they still stand true nearly 10 years on:

- We established Sheffield Renewables to develop, fund, own and operate renewable energy projects in and around Sheffield, in a way that brings wider benefits
- We want to grow Sheffield Renewables into a successful social enterprise
- At the same time we are aiming to grow a community on the basis of a shared concern about climate change, pride in the city and a belief in the strength of working together.



## Our Story So Far

Sheffield Renewables was formed by a group of volunteers in 2007 and incorporated as an Industrial and Provident Society in 2009 (now Co-operative and Community Benefit Society). The organisation initially set out to develop and build a hydro power scheme at Jordan Dam to capture some of the heritage of water power still visible across the city today. After successfully raising £221,000 for this scheme we unfortunately had to halt it due to unavoidable risks. More information about these early schemes are available on our website. This was a difficult choice to make, but with hindsight we are proud to have made the correct decision and are pleased to have maintained the organisation, and used the skills and experience developed during this time on new projects.

After consulting with our members at a Special General Meeting in March 2013 we took our focus to solar power as an alternative way of developing community energy and utilising the investment raised through community shares. Phase One saw three 50kW solar power schemes installed across the city region between 2014 and 2015, at Paces Campus in High Green, Swinton Fitzwilliam Primary School in Swinton and Attercliffe Police Station. The three schemes have been generating well so far, and exceeded predicted generation levels by 10-15%. The schemes give the building users reduced price electricity. They also reduce carbon emissions and build up a revenue stream for Sheffield Renewables so that we can pay interest to our investors and start a Community Benefit Fund. Importantly we work with organisations with values we believe in: a community organisation, a school, and the police. It is the success we have had with our first schemes that has inspired us to carry on and look to expand and increase the capacity of community owned renewable energy in the city.

During the nine years that Sheffield Renewables has been in existence, we have developed a strong reputation, as one of the early community energy organisations, being resilient and knowledgeable. We have 221 current shareholding members. We are members of the Co-operatives UK mentoring scheme and have mentored other community energy organisations during their early development through this scheme. As a long standing community energy group with expertise in hydro and solar we regularly provide advice when approached by organisations on an informal basis. Additionally we have carried out consultancy work, provided responses to government consultations where relevant and are involved with local green groups. It has also allowed us to become a learning and sharing organisation working with partners and other community groups. We maintain tight margins on projects to ensure maximum benefit to the local community and the organisations we work with and to fully utilise capital raised from our members.

After undertaking an extensive tendering process we chose an experienced local installer with whom we have maintained a strong relationship. They are MCS accredited and have installed a large number of schemes, from domestic through to large commercial. They provide warranties for parts, labour and maintenance. They share the ethos of Sheffield Renewables in having a commitment to carbon reduction and best practice. They will install the next generation of our schemes at market tested rates.

Sheffield Renewables also has a successful track record of attracting grant funding: we have secured over £180,000 over the lifetime of the organisation. Without these grants the organisation's success would not be possible as they have allowed us to build a strong and experienced team of volunteers.

A loan of £10,000 repayable over three years was taken out with Key Fund, as a condition of a grant, in January 2014 but was repaid early in March 2016 due to strong income levels. This will save money over the longer term of the projects. No other loans are outstanding.

The Board expects to be able to pay interest and return some capital in May 2017 to existing Shareholders. This will be agreed by members at our AGM. Our balance sheet and cash flow from last year are included in the appendix, previous accounts can be found on our website.



## Existing Phase One Projects

Our existing projects have legal agreements for a period of 20 years and are covered by warranties and insurance. All have fixed feed-in-tariff rates guaranteed by statute. Achieving planning permissions, lease arrangements, EPC certification and District Network Authorisation have provided us with the experience for Phase Two projects.

### High Green Development Trust at Paces Campus

Paces Campus provides a wealth of community support including a school for children with disabilities, a day care nursery, after school club, indoor play centre, art studio and gallery, sports hall and a community café. It also houses social enterprises and charities and offers office space for business support.

- Commissioned: **May 2014**
- **196 Solar Panels**
- Capacity: **50kW**
- Predicted Generation: **38,000kWh**
- Year 1 Actual Generation: **41,725kWh**
- Scheme Cost: **£60,000**
- Predicted Annual Revenue: **£8,100**
- First full year revenue: **£8,892**



### Swinton Fitzwilliam Primary School

For the teachers and pupils at Swinton Fitzwilliam Primary school, the panels offer a tangible symbol of their commitment to the environment and a low-carbon future. We have also worked with the local Eco Schools Officer to deliver lessons based around the project, renewable energy and energy saving. After installation we found that the school's usage profile does not match our solar generation profile, therefore they do not use as much of the electricity. We are hoping to install batteries at this site to increase the amount of renewable energy the school can use, which would increase our revenue.

- |   |  |
|---|--|
| • Commissioned: <b>November 2014</b>      | • First year generation: <b>47,003 kWh</b> |
| • <b>200 Solar Panels</b>                 | • Cost: <b>£53,000</b>                     |
| • Capacity: <b>50 kW</b>                  | • Predicted annual revenue: <b>£8,200</b>  |
| • Predicted Generation: <b>38,271 kWh</b> | • First Full Year revenue: <b>£6,666</b>   |





Swinton Fitzwilliam Primary School

## Attercliffe Police Station

The project is part of wider efforts by South Yorkshire Police to increase its sustainability, which will also help to reduce energy costs.

Alan Billings, South Yorkshire Police and Crime Commissioner visited the scheme during construction:

*"It is important that we all do our bit to reduce the carbon footprint. South Yorkshire Police have now moved to providing sustainable energy at a number of its police stations, which is going a long way to reducing the Force's overall carbon footprint. With the cost effectiveness of these solar panels, it will also contribute to savings. I am very supportive of the initiative."*

- Commissioned: **December 2015**
- **175 Solar Panels**
- Capacity: **50 kW**
- Predicted Generation: **38,229 kWh**
- First year generation: **To be confirmed in Dec 16 (43,000 kw/h @ 24/10/2016)**
- Cost: **£61,500**
- Predicted annual revenue: **£8,000**
- First Full Year revenue: **To be confirmed in Dec 16**



## Summary of Organisation Finances

Sheffield Renewables has low operational costs, we will continue to look for grant funding to supplement revenue from projects and to finance any future development. The Board have set some emergency reserves that they feel are prudent to ensure the running of the organisation, a £1,000 emergency fund is set aside to cover any payment that may occur that isn't budgeted for, if this is not spent it will be carried forward to the next year. In order to ensure safe guarding of investors' shares, The Board have also set aside a liability of £4,000 that could pay for shares to be managed externally.

Sheffield Renewables accounts are verified by an accountant at the end of every financial year and published once approved by The Board and members. A summary of the last 3 years' accounts are shown in **Table 1**. On our previous accounts we have declared some losses. This is linked to the development work on our hydro project. We spent some share capital at risk, this capital was lost when the project did not go ahead, the money invested at risk was essential to project development and the Pioneers who invested helped shape the organisation that we are today. The Board made the decision to transfer Pioneer Shares to Ordinary Shares after careful consideration of the financial implications. The Board take their responsibility to shareholders very seriously and we have honoured this responsibility, working hard to ensure that all investment spent at risk on the project will still receive interest payments and those shareholders hold their investment under the same terms as everyone else. We are on course to pay our first interest on all Shares next year, details will be released before the AGM in early 2017, where The Board will also release some capital to repay shares.

**Table 1**, Summary of Organisational Finances extracted from approved accounts

	2013	2014	2015
Income	141958	40451	30137
Expenditure	46504	44362	25115
Profit/(Loss)	95094	(3911)	5022
Tax	0	0	0
Net Fixed Assets	187966	174056	182078
Reserves			
Share capital	178252	218320	221320
Unrestricted Funds	4347	(46851)	(39242)
Restricted Funds	4347	2587	0

Our full Income and Expenditure and Balance Sheet for the year ending September 2016 are in the appendix. Our full accounts are available on our website. Sheffield Renewables 2016 year end accounts will be available soon, these will be approved at the AGM in early 2017.

Sheffield Renewables Business Plan is also available on the website - <https://www.sheffieldrenewables.org.uk/wp-content/uploads/2016/10/Sheffield-Renewables-Business-Plan-2.pdf>



## Organisational Structure

Sheffield Renewables is incorporated as a Community Benefit Society and has adopted model rules advised by Co-operatives UK. The Board meets regularly (monthly or bi-monthly) and interim management meetings are held on an ad-hoc basis. Volunteer social events are held to allow networking and to introduce new volunteers. Recruitment of volunteers is through attendance at community events, word of mouth and via our website. Volunteers are essential to sustaining and developing the organisation. They are needed not only to develop all aspects of projects, from technical to financial and legal, but they are essential to managing the day to day administration.

We try to incorporate volunteers' interests where possible. As an example of this, we have recently started up a group looking at the potential for small scale wind. Volunteers who commit a certain amount of time to Sheffield Renewables are awarded a share in the Society at our AGM and become voting members. Expansion of our projects was discussed and agreed at the 2016 AGM and members have been kept fully informed through our newsletters and emails. Our AGM is held annually and voting is by one member/one vote. A quorum is one tenth of the membership along with one half of The Board.

*Sheffield Renewables Rules Document:*

<https://www.sheffieldrenewables.org.uk/wp-content/uploads/2012/09/Sheffield-Renewables-Limited-Rules-10.05.12.pdf>

## Board of Directors



### Keith Alford

Keith is a retired Chartered Civil Engineer. He became involved with Sheffield Renewables as a volunteer with the hydro team working on the Jordan Dam scheme, utilising his engineering expertise. Keith became a Director in 2014.



### Steve Barnard

Steve has had 20 years' experience of working within third sector organisations as a volunteer, member of staff and as a trustee. Steve is one of two of our non-executive directors, with responsibility for ensuring members' views are represented when organisational decisions are made.



### Julia Carrell

Julia is a Postgraduate Researcher in the Mechanical Engineering department at The University of Sheffield. Julia started volunteering with Sheffield Renewables in 2012, she currently helps develop our solar projects. She joined The Board in 2014.



### Paul Cocker FRICS

Paul is a Chartered Surveyor but practised primarily as an estate agent for over 40 years, being a partner director of Blundells until the sale of the business in 2011. He was the lead in the Swinton Fitzwilliam School project.



### Richard Collins

Richard is an Aerospace Engineer and a Lecturer in Water Engineering at the University of Sheffield in the Civil and Structural Department, where he teaches surveying and pipeline systems. A keen proponent of a more sustainable future he has been an active participant in Sheffield Renewables since 2008 and became Chair of The Board in 2012.

### Christine Gilligan

Christine is a senior lecturer at Sheffield Business School, Sheffield Hallam University, where she lectures in Strategy, Change and Entrepreneurship. Her particular areas of interest are Voluntary Sector Governance and Sustainable Development in Business. Christine is a non-executive director who has volunteered with Sheffield Renewables since 2012. Christine is the member representative on The Board.





### Abigail Hathway

Abigail is a Chartered Building Services Engineering and Senior Lecturer at the University of Sheffield. She specialises in low energy building, and particularly ventilation. She joined The Board in 2014.

### Karthik Suresh

Karthik is a Management Consultant and Chartered Engineer with over ten years' experience in Energy Risk Management, working with a range of industrial and commercial organisations. Karthik joined Sheffield Renewables in 2010 and was invited to assist The Board and subsequently join as a Board member in 2014.



### Luke Wilson

Luke is a project manager who has worked across the public, charity and voluntary sector on a range of environmental, social and economic projects and programmes. His involvement with Sheffield Renewables began in 2010, helping out in a variety of ways from funding applications and blogs to actively assisting in the development of projects. Luke joined The Board in 2014.



### Jean Tinsley - Company Secretary

Jean takes responsibility for general admin and financial administration. She previously worked as a secretary and in various roles in Adult Education. Jean attended the first public meeting held by Sheffield Renewables and leapt at the chance to be involved with likeminded people, producing renewable energy.

All our Directors are unpaid and are supplemented by a number of Board Advisers with specialisms. This structure has allowed us to recruit new and experienced Board members as required and to strengthen the organisation.

### Level of Director Investment

Existing investment by The Board totals **£4000**. The Directors are intending to make additional investment in this new Share Offer.

# Our Plans

## Wider Ambitions

Our current goal is to see half a megawatt of community owned renewable energy in Sheffield within the next 5 years. Sheffield Renewables seeks to increase the power of the community, not just through generating it, but by ensuring that membership of our organisation is open to the entire community, so that we can become an organisation owned by many.

We want to increase our membership, particularly in the locality of our projects, but we are open to investment to all those interested. We have reduced our minimum investment level and increased the amount of 'pay by instalments' investment options in order to become accessible to a broader spectrum of society. We also offer membership to dedicated volunteers for £1. We operate a one member one vote system regardless of the amount invested in line with co-operative principles.

As an organisation we want to increase the community value of our renewable energy projects. Alongside the development of our schemes, we have an ambition to help communities in fuel poverty. We have close links with South Yorkshire Energy Centre and will aim to work with them and users in fuel poverty to understand their energy usage and to switch to cheaper alternatives where possible. Recent experience has shown that South Yorkshire Energy Centre can achieve savings of up to £800 to domestic consumers.

## Current market and operational environment

Our first three schemes benefited from the government Feed in Tariff which has seen drastic reductions in recent times. However reductions in installation costs, improvement in technology and more experience in project management have allowed us to develop a sustainable business model for the future. The reliability of the technology and low maintenance means low operating costs, and where projects with high on-site usage can be identified, returns can be sustained at the existing levels. Conservative projections from the Department of Energy and Climate Change state that electricity prices will gradually increase over the next 20 years, and our forecast of 2% inflation over the lifetime of the schemes are in line with Bank of England target.

Our structure of volunteers, committed investors and low organisational costs allows us to develop schemes that are not commercially viable and to work with community organisations who do not have the capital to progress schemes themselves. Future developments around the establishment of local electricity supply networks may offer us further opportunities to expand our operation. This is currently restricted by regulation but a number of pilot projects are taking place around the UK.

## Phase Two

Phase Two will aim to install a minimum of 56 kW of solar PV. We have agreement from Lembas for Project One, with all the development work completed. Development work on a second site, for Project Two, is ongoing and we hope to sign the lease soon. We now need the investment to fund the installation of these schemes.

Once we have raised sufficient funds for Project One (Lembas) we will begin installation. Project Two will be approved once the Share Offer has reached its target and all the required permissions are in place and The Board is confident that the project will meet the business case presented in this offer.



There are risks associated with any project during the development stage, this may be due to leases or construction defects with the building. As such, although we are confident in the suggested projects, we reserve the right to cancel any of these projects if The Board feels the risks are too high. If this occurs our first course of action will be to find a suitable alternative project. Should we be unable to find an alternative and funds are not committed to a project by May 2018 the money will be returned to shareholders.

As installation may be carried out while the Share Offer is ongoing Shares will become live in May 2017 or on the date the first scheme starts generating, whichever is later.

If this Share offer is under subscribed The Board will look at options to extend the offer and cover the shortfall. The Share Offer will close as soon as it reaches the target amount required for Phase Two projects. If the Share Offer is over-subscribed, unused capital will be returned to investors in an order at the discretion of The Board.

There are currently 221 existing members of Sheffield Renewables. New investors in this Share Offer will join our existing members as investors in Sheffield Renewables portfolio of projects and not only in the individual projects outlined in this document.

### Summary of Project Finances

Schemes have been assessed on an individual basis, and The Board has confidence that each individual scheme will meet the terms of the Phase Two Business Case. The Board has assessed how each project impacts on the organisational finances. Each project must individually be able to meet all the income priorities listed in 'How will we use the income from the Projects?' **on page 13.**

All financial modelling is based on the Microgeneration Certificate Scheme (MCS) method, which is an industry led and internationally recognised method for calculations to predict power output figures. This method takes a very conservative approach and is based on a 20% reduction from predictions for an average year of generation. Sheffield Renewables therefore feel that this is a reasonable 'worst case' level for generation, and all financial forecasts are based on this.

**For Phase Two projects a detailed Phase Two Business Case is provided in the appendix, this is a separate document, please read this carefully.**

Phase Two Project Business Case available on our website: <https://www.sheffieldrenewables.org.uk/wp-content/uploads/2016/11/Phase-Two-Project-Bus-Case-2016.pdf>

### Project One - Lembas

Lembas is a Speciality Vegetarian and Wholefood Wholesaler and workers' co-operative. They approached Sheffield Renewables as they are keen to reduce their carbon footprint and benefit the community. They have been working to improve the energy efficiency of their warehouse. The solar panels will contribute substantially to reducing their energy costs. The lease agreement with Lembas has been signed. Planning permission, Energy Performance Certificate and District Network Operations have been achieved and installation will commence as soon as capital is raised.

- 90 x 290 watt Solar Panels
- Capacity: 26.1 kW
- Predicted Generation: 18,022 kWh
- Cost: £28,875
- Predicted annual revenue: £2,591

(continued over the page)

## Our Plans (continued)

### Project Two

We are looking to install Project Two on a Sheffield based social housing site. We are in the development phase and will announce the project as soon as sufficient permissions are in place.

- Capacity: 30kW
- Predicted Generation: 24,300 kWh
- Cost: £40,509
- Predicted annual revenue: £3,379

## Grants for Phase Two Projects

### Urban Community Energy Fund

To help with the development of Phase Two projects we were awarded a grant of £14,270.80 through the Urban Community Energy Fund. This grant funding was used to pay a project manager to develop this set of schemes, as well as pay for key agreements in the project development stage, such as structural assessments, legal fees and Energy Performance Certificates.

### Naturesave Trust

Naturesave Trust granted us £1,585 towards project development to pay for planning permission and preparing/producing this share offer document. Naturesave will also be investing £2,500 in this Share Offer under the same terms as all other members.

### How will we use the income from the Projects?

The Board has set out the priorities for how project revenue must be spent. This is to ensure that we are able to sustain the organisation.

1. Operate and maintain our PV schemes
2. Repay loans and pay interest on loans and pay tax
3. Maintain our reserves
4. Set aside funds to repay shareholders who wish to cash in their shares – levels set by Board of Directors and agreed at our AGM
5. The remaining funds will be split between interest payments to shareholders and the Community Benefit Fund (CBF). For every £2 we pay in interest we will aim to pay £1 into the CBF.

### Existing Shareholders

The 2016 share offer does not affect the terms and conditions of the existing shareholdings, which are bound by the terms set out in 2013 Share Offer Document. For existing shareholders, details of the interest and capital repayments will be discussed at our AGM in early 2017.

The Board have kept the terms and conditions of this Share Offer similar to the 2013 Share Offer. The key variations in terms are;

1. Shares issued in this share Offer will be classed as B Shares with interest and capital payments beginning 3 years after the first Phase 2 solar PV project starts operating or three years after May 2017 whichever is later.
2. Term 1.4 has been added for clarity, that the investment is in Sheffield Renewables entire portfolio of projects, not just those in Phase Two.



3. The minimum level of Shareholding has been reduced from £250 to £100 so that the offer is more inclusive.
4. The maximum level of shareholding by a society has been increased from £20,000 to £100,000.
5. Under Section 4 in the Terms and Conditions, Terms 4.5 to 4.10 are additions. Term 4.9 states that after reasonable efforts have been made to contact shareholders, any unclaimed interest will be paid in to the Community Benefit Fund after 3 years.
6. Under Section 5, Term 5.5 is an addition for clarity. Term 5.6 has been added, this states that The Board reserves the right to return capital if insufficient is withdrawn.
7. Section 6 is an addition to safeguard the organisation and its shareholders in the event of the inability to finalise the development of Project Two.
8. Section 7 states that after reasonable efforts have been made to contact shareholders, any unclaimed share capital will be transferred to Sheffield Renewables after 5 years.

### Asset Lock

The Rules of Sheffield Renewables Limited contain a statutory asset lock which restricts the ability of the Society to use or deal with its assets other than for the benefit of the community. In particular:

- The only payments that can be made to members are the value of withdrawable share capital or interest on withdrawable share capital
- The society's assets cannot be transferred except to another organisation whose assets are similarly protected.

This means that the value of Sheffield Renewables' assets is secured for community benefit and cannot be demutualised or cashed in. This reflects the society's commitment to its social and environmental purposes and the basis on which shares are issued.

### Tax Implications

The schemes are not eligible for EIS, SEIS or SISR tax relief but we recognise that each investors' tax position is different and we would urge investors to take independent advice on their own tax position. As an organisation we do not pay tax on interest paid, each shareholder should take advice on any personal taxation that may be payable.

## Environmental and Social Benefits

The benefits of community energy are now well documented and the community energy sector has developed considerably over the past five years. Unfavourable government policy has made developing community energy trickier and with tighter margins, but, as can be seen with this Share Offer, it is still possible.

**Renewable Energy Generation and Carbon Savings** – For each 50kW of solar power we install we will produce around 42,000 kWh of clean electricity per year, that is enough power for 12 homes, or around 1.6 million cups of tea! It equates to approximately 17,200 kg of CO<sub>2</sub> saved.

**Reduced Energy bills** – We will provide discounted electricity to the organisations we work with. This means they will be able to use more of their money to focus on their core activities. Local Energy supply- This promotes local energy resilience, reduced costs and improved efficiency as transmission distances are reduced. This can also create more local jobs.

**Community Benefit Fund** – For every £2 interest we pay to our shareholders, we will aim to pay £1 into this Fund. This fund will be used to pay for local environmental initiatives at the discretion of our members. We are developing plans for this fund (particularly related to fuel poverty) to be discussed and approved by members at our next AGM.

**Building a sustainable organisation** – The more projects Sheffield Renewables delivers, the more we will be able to deliver, helping us to move towards being a sustainable organisation and increasing our impact. Keeping Sheffield Renewables active as an organisation also has wider ranging benefits, as we are active mentors and advisors to other groups and continually support improving government policy on renewable and community energy.

**Social Cohesion** – We engage with partners in energy related matters. Community organisations require considerable community involvement and therefore can aid social cohesion.

**Building skills and community involvement** - Sheffield Renewables provides a range of high quality, challenging volunteering opportunities for around 17 individuals. We are hoping to improve our volunteering programme to target areas more specific to our projects. We are also creating green jobs within Sheffield Renewables when we have the available funds. By using local solar PV installers, we are also helping to maintain jobs in this sector in the city.

**Alternative business model** – We are a vehicle for ethically motivated, local investment. We put the environment and our members before profit. We try to keep our operating costs low and profits are reinvested into the community via our Community Benefit Fund. Additionally, as a co-operative, we are democratically accountable to our members meaning the schemes and their revenue are under local control. We believe in operating in an open and transparent way. We actively share knowledge we gain for the benefit of other organisations and individuals.

**Public engagement and communication** - The PV schemes will act as a vehicle for education and engagement on climate and energy issues. We will be working with the sites where we install PV to raise awareness of renewable energy and ways to reduce energy needs

# Terms of the Community Shares

Sheffield Renewables is issuing Community Shares. The Community Shares concept has been developed through a joint initiative of the Development Trusts Association (now Locality) and Co-operatives UK. Sheffield Renewables has adopted principles which have been established for share offers of this kind. The words 'Community Shares', however, do not have any legal meaning and the rights of investors buying Community Shares in Sheffield Renewables Limited are those set out in this part of the offer document and by the Rules of Sheffield Renewables Limited. The Community Shares on offer are withdrawable shares issued by The Board as permitted by the Rules of the society.

Withdrawable shares can, subject to certain conditions, be 'cashed in' with the organisation that issued them, in this case Sheffield Renewables Ltd. These shares are not transferable, which means they cannot be sold to a third party. For a withdrawal form please get in touch. Sheffield Renewables can provide either an electronic or a paper copy.

Applications are open to anyone over 16 years old.

## 1. Type of Shares Issued

- 1.1 The value of each share issued is £1.
- 1.2 The shares are not transferable, except in case of death or bankruptcy.
- 1.3 Any individual, group, corporate body or firm owning the minimum number of shares required for membership is a member of the Society. Each member has one vote at General Meetings of the Society.
- 1.4 Shares are invested in Sheffield Renewables Ltd and not in individual projects.

## 2. Maximum and Minimum Investments

- 2.1 The minimum investment is £100 and the maximum is £20,000 for individual and corporate members.
- 2.2 For Societies the minimum is £100, the maximum is £100,000.
- 2.3 If you wish to invest in instalments, please complete the relevant section on the Application Form. We would normally expect a monthly investment of £10 per month for ten months.

## 3. Issue of B Share Certificates

- 3.1 On receiving payment a receipt for the full amount will be issued which gives you membership rights.
- 3.2 A Share Certificate for the full amount will only be issued after The Board decides to proceed with the project. Share Certificates for the full amount of your investment will be issued in May 2017 or on the date the first scheme starts generating electricity, whichever is later. If The Board decides not to proceed, investments will be returned.

## 4. Interest Payments

- 4.1 The Society aims to pay interest of 3% per annum on the shares with effect from the third anniversary of the issue of the Share Certificates, subject to the following conditions:
- 4.2 Any payment of interest must be made from trading surpluses and is at the discretion of The Board having regard to the long term interests of Sheffield Renewables, the need to maintain prudent reserves, the Society's primary commitment to community benefit, and the interests of shareholders.
- 4.3 The Board may, having regard to the principles set out in 4.2, pay no interest or interest at a rate lower than the 3% per annum target.
- 4.4 In exceptional circumstances and having regard for the principles set out in paragraph 4.2, the Board may increase the target interest rate.



- 4.5 After the close of the Society's financial year (30th September), The Board will allocate a fund for payment of share interest. The funds allocated for interest payments will be from income in the previous year, and will be dependent on scheme performance in that year.
- 4.6 The first interest payment for these shares will be based on the financial year ending 30th September 2019.
- 4.7 For those members that waive interest, they will have the option to reinstate interest payments once a year on October 1st.
- 4.8 For members that claim interest, they have the option to waive these interest payments on the same date stated in 4.7.
- 4.9 After reasonable attempts have been made to contact shareholders, any unclaimed interest will be paid in to the Community Benefit Fund after 3 years.
- 4.10 It is the responsibility of the Shareholder to inform Sheffield Renewables of a change in address or bank details so that interest payments can be made.

## **5. Withdrawal of Shares**

The shares may be withdrawn with effect from the third anniversary of the issue of the Share Certificates, subject to the following conditions:

- 5.1. After the close of the Society's financial year (30th September), The Board will allocate a fund for withdrawal of shares over the following year, this will be done after the allocation of funds for interest payments. The funds allocated for withdrawal will be from income in the previous year, and will be dependent on scheme performance in that year.
- 5.2. Applications to withdraw shares must be made on a Withdrawal Form. All withdrawals require three months' notice and shall be paid in the order in which applications are received by the Society until the maximum total withdrawal allocated for the year has been reached, at which point no further withdrawal payments shall be made. The level is set by The Board of Directors, who reserve the right to refuse withdrawals in order to ensure the effective management of finances.
- 5.3. All withdrawals must be funded from trading surpluses and are at the discretion of The Board having regard to the long term interests of Sheffield Renewables, the need to maintain prudent reserves and the Society's primary commitment to community benefit.
- 5.4. In exceptional circumstances, The Board may, at its discretion, waive the notice required for a withdrawal, or allow a payment to be made after the total allocated for withdrawal in that year has already been paid out.
- 5.5. Interest will not be payable on any Shares withdrawn before the end of the financial year.
- 5.6. If insufficient capital is withdrawn, The Board reserve the right to return capital at their discretion.

## **6. Repayment of Unspent Share Capital**

In May 2018 The Board will review the level of unspent share capital and may return some or all of this capital.

## **7. Unclaimed Share Capital**

Sheffield Renewables will make every effort to contact members for payment of interest and capital, using all contact details provided. If Sheffield Renewables are unsuccessful, any unclaimed Share Capital will be transferred to Sheffield Renewables after 5 years.

## **8. Reduction in Share Value**

If the Society's auditors or independent qualified accountants find that the Society's assets are insufficient to meet its liabilities to creditors and shareholders, The Board may decide to reduce the value of the society's shares for the purposes of withdrawal of shares. This means that the value of investors' shares would be reduced accordingly.

## **9. Dissolution**

On the solvent dissolution or winding up of Sheffield Renewables, holders of the shares will have no financial entitlement beyond payment of outstanding interest approved by The Board and repayment of paid-up share capital. Any remaining funds must be used for community benefit.

The Rules of Sheffield Renewables Limited lay out the rights of members and the Society in full.  
(available on [www.sheffieldrenewables.org.uk](http://www.sheffieldrenewables.org.uk) or on request)

## Risk Factors

Sheffield Renewables Board is committed to the success of the Phase Two Community Solar Projects and the long term sustainability of the organisation. At the same time, investors should be aware that the money they invest is at risk. Investors may not receive the projected returns, and could lose some or all of their investment. The Board has carried out a full risk analysis of the projects. Measures are being taken to manage and mitigate these risks. The major risks identified are:

Factors which may delay or prevent completion of the Community Solar Project	Mitigation actions
We are unable to complete the legal agreements with enough suitable partners to install all of the planned PV capacity	Experience has provided us with a timeline for development. No capital will be committed without agreements in place. Any unused capital will be returned to investors
The Feed in Tariff may be reduced to an extent that some or all future schemes are no longer viable	A financial analysis will be undertaken before any spend. Individual projects must be able to support interest, community benefit and capital repayments at the rates outlined in this document. As well as contribute to organisational sustainability.
Quotes for installation of PV panels at one or more sites may be higher than anticipated	As above

Factors which may affect operations of the Community Solar Project	Mitigation actions
Theft or vandalism may halt or interrupt operation of one or more PV schemes	All schemes are covered by insurance of panels and public liability insurance. They organisation is also insured against loss of income.
One or more of our partner organisations may cease trading and so would no longer purchase electricity from us	An analysis of organisational longevity was done prior to project approval. Leases include a termination clause which establishes us as creditors. New organisations may be established in the premises.
The solar irradiance (i.e. the sunlight arriving) may be lower than historical averages	Predictions are based on MCS methodology with conservative estimates of production. Current schemes have overproduced.

Factors which may affect Sheffield Renewables operations	Mitigation actions
A number of factors, including poor scheme performance, could cause insolvency due to lack of cash flow	All predictions are on a conservative basis and insurance and warranties are provided to cover most eventualities.
Lack of suitable volunteers could affect our ability to continue running Sheffield Renewables	Our model of Volunteer, Support and Invest has provided us with the opportunity to renew our governance and volunteer bodies. The Board have set aside a liability to cover management of shares and projects if we are unable to recruit suitably skilled people.

*This list is not comprehensive, and represents the opinion of The Board as to the most significant risks at the present time. An installation risk assessment is also undertaken for each individual scheme.*



# community action for our energy future



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