




University Hospitals of North Midlands   
NHS Trust



Share Offer Document July 2016

# Saving lives with Solar

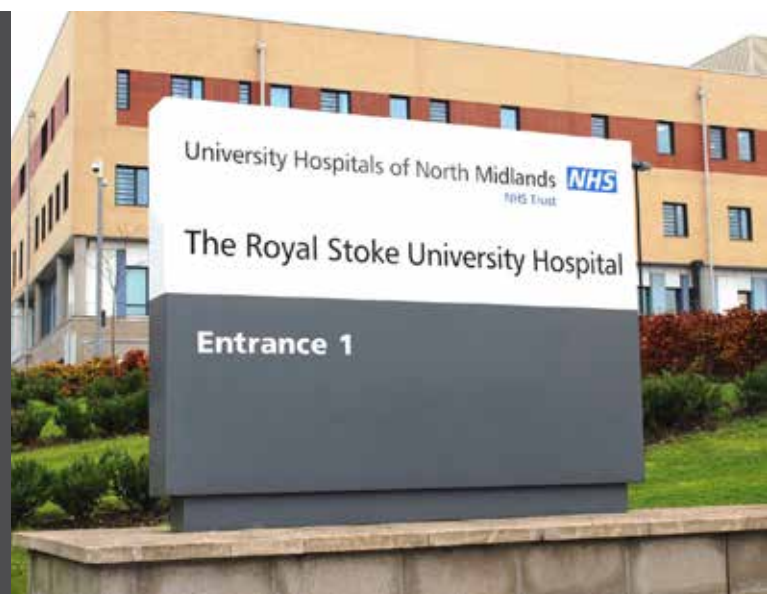
276 kW Solar PV installation  
Investment Target - £335,600  
Share offer period 25th July - 25th September 2016  
Minimum investment - £100

# First of a kind joined up community benefit thinking



## Important information

This document has been prepared by the Directors of Southern Staffordshire Community Energy Limited, who are responsible for its contents. Full details on the legal compliance of the document and the terms of the offer and how to invest are set out in the main body of the document. Technical and other words and phrases used that have a particular meaning are defined and explained in the Glossary. This summary should be read as an introduction only and any decision to invest made on the basis of the document as a whole.





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# An invitation to invest in a truly unique and sustainable community solar power project



“This Community Energy Project is of huge significance to UHNM as it provides a unique opportunity for private investment to enhance environmental, financial and social sustainability.”



## Dear Investor,

We would like to invite you to invest in an innovative Community Benefit scheme brought to you by a highly experienced community energy team who helped to deliver the award winning Chase Community Solar project.

We have been working with University Hospitals of North Midlands and the fuel poverty charity Beat the Cold for the past nine months. We are now in a position to deliver a Solar PV scheme that has a Community Fund at its core.

A typical winter in Staffordshire may bring 400 excess winter deaths categorised as being due to cold alone; an extra 3,200 hospital admissions will have cold as the underlying factor. A&E clinicians recognise the same winter impact on patients with respiratory diseases. These patients will come from ex-mining and pottery areas with levels of deprivation and fuel poverty significantly above national averages. They are elderly and will be referred to A&E, becoming what the medical profession calls 'high impact users' or 'frequent fliers'. The A&E teams and hospital staff do a tremendous job of looking after them only to discharge them back to poorly heated, draughty, damp, and mouldy homes where symptoms soon return, resulting in further visits to A&E. It is this causal link that we want the Community Fund to address, creating the bridge between the A&E teams and Beat the Cold, who will treat the non-medical issues affecting the person and their home. This will improve their health and well-being, thereby avoiding costly hospital readmission, and ultimately saving lives.

While this is the focus, the benefit is not just confined to the use of the Community Fund. The power generated from solar panels on the hospitals' roofs will save 2,337 tonnes of CO<sub>2</sub>, as well as potentially insulate the Trust against £0.2 million of electricity price inflation, money that will be directly reinvested in improved hospital services. We also want you the investor to get a fair return, with the project expected to deliver a 4.5% IRR over its lifetime.

This is one of the last community schemes viable on account of drastic Government Feed-in Tariff cuts. However we believe that it is a model that may be replicable in the future once the social health benefits are factored in.

Please join us and be part of this innovative project that will leave a unique legacy for the communities that the Stoke and Stafford Hospitals serve.

Thank you.  
Yours sincerely,

Andrea, Anthony, Kate, Mike, Peter and the two Robins  
Southern Staffordshire Community Energy Limited



# Our track record

A group with strong roots in local community engagement



- DECC Local Energy Saving Scheme - Advice to 300+ Households
- Green Deal Pioneer Places - Insulation/Green Deal Assessments/Ecohomes Events
- Local council strategy advice, local business advice
- Community outreach via events/festivals
- “Big Green Fair”
- “Green Drinks”





- 0.9MW installed on 314 council bungalows 519 fuel-poor, vulnerable tenants
- 33 Stakeholder organisations
- £1 million project
- Funds raised from 188 UK and EU investors and UK social lender
- Tenants saving £0.5 - £0.9 million on bills
- 6,720 tonnes of CO<sub>2</sub> saved
- 7,288 volunteer hours to deliver over 18 months
- Winner Best Community Energy project 2015

“Cannock Chase Council is delighted to have been involved with Chase Community Solar in what has been a most successful project. Solar power has a huge part to play in the provision of future energy and we welcome any opportunity to be involved in such projects.”



- St Giles Hospice providing high-quality medical and nursing care for local people living with cancer and other serious illnesses
- No disruption
- Generating 17,129 kWh/year
- Funded by share issue
- SSCE community fund invested in energy conservation measure advice for local churches, community groups and Lichfield Garrick theatre



- Whittington village hall
- Generating 7,600 kWh /year
- Funded via a share issue



- The Almshouses Lichfield
- M&S Community Energy prize winner
- 4 kW solar PV with innovative energy management system sharing power with adjacent homes



# The offer

**224,000 kWh produced per year**

**One member one vote**

**20 year return forecast 4.5%**

**Projected £294,000 Community Fund**

**Total capital repayment over 20 years**

**Invest from £100**

**Offer opens 25th July**

**Offer closes 25th September**

**Apply online: [www.ethex.org.uk/SSCE](http://www.ethex.org.uk/SSCE)**

This offer is for the purchase of shares to raise capital to install solar PV panels on buildings owned by University Hospitals of North Midlands (The Trust) and on St Giles Hospice, Whittington (The Hospice).

The total cost of the installations, including preparation and development work is £360,750. The installation will be financed by use of a bridging loan from Pure Leapfrog during construction. If the full amount of capital cannot be raised through shares, the bridging loan from Pure Leapfrog will be extended into a long term loan but this is likely to reduce the amount available to the community fund.

Part of the development cost has been funded from other sources and this offer is therefore for a maximum total of 335,600 shares. There is no minimum amount to be raised before the project goes ahead, all valid applications received before this maximum is reached will be converted into shares.

Shareholders should regard these shares as a long-term investment. They may subscribe for a minimum of 100 and a maximum of 100,000 offer shares at their £1 par value.

Shares will not be traded on a recognised stock exchange and shares are not transferable. Share withdrawal may be authorised at the discretion of the board.

Each shareholder, whatever the relevant stake, automatically becomes an equal society member of SSCE on a 'one member, one vote' basis.



# Words from John Simpson

## Director of Estates, Facilities and PFI, UHNM

The Community Energy Project is uniquely significant to both the efficiency of operations and in demonstrating how the UHNM estate can directly deliver an innovative and sustainable solution to providing excellence in patient care. Like at many Hospitals, space at UHNM is in short supply. However, by using our abundant roof space, we are able to reduce our long-term energy costs and create an income stream that allows us to target our most vulnerable patients who are living in cold homes, all from this previously unutilised space.

UHNM are delighted to be working with Southern Staffordshire Community Energy Limited and local charity Beat the Cold. By fixing the 2015 Feed-In Tariff rate, we are able to meet a proportion of our electricity demand through a clean and resilient supply, at a fixed cost for the next 20 years. Solar PV is an efficient way of generating energy during daytime hours when electricity rates are at their highest. In addition, by not requiring capital investment from the Trust, we are able to receive the scheme benefits that previously would have had prohibitive set-up costs.

This Community Energy Project is testament to our ambition and commitment in securing a long-term sustainable UHNM. As outlined in our Sustainable Development Management Plan (SDMP) 'Our 2020 Vision: Our Sustainable Future', this means developing a world-class healthcare system that is financially, socially and environmentally sustainable.



John is the Director of Estates, Facilities and PFI and is also an Executive Director with Trust Board membership. John is a Chartered Engineer and has served as an NHS Trust Director for 15 years, including roles in Nottingham, Liverpool and Sheffield. In total, John has over 30 years' experience working at all levels within estates and facilities functions in both the public and private sector.

John's leadership is integral to managing the interrelationship between the estate and the delivery of quality and excellence for patients. The estate facilitates the delivery of clinical services, therefore its efficiency and environment directly relate to the patients' experience. In addition, John is responsible for the substantial capital investment that is underway to provide fit-for-purpose facilities and services from both acute sites at Royal Stoke University Hospital and County Hospital.



# University Hospitals of North Midlands



NHS Trust

University Hospitals of North Midlands (UHNM) serves over 860,000 people locally in Staffordshire, South Cheshire and Shropshire and provides specialist services for 3-million people regionally.

UHNM was formed in 2014, following the integration of University Hospital of North Staffordshire and Mid Staffordshire Foundation Trust. UHNM now comprises Royal Stoke University Hospital and County Hospital, Stafford. This

work has been made possible thanks to a £250 million government investment which has allowed a number of major refurbishments to develop improved facilities and services at both Hospital sites.

Royal Stoke University Hospital is one of the largest hospitals in the West Midlands and has one of the busiest emergency departments in the country. Overall, UHNM has a turnover of £624 million and approximately 12,000 staff who cared for over 210,000 emergency admissions in 2014/15.

UHNM foresees improving and increasing the integration between primary and secondary healthcare, recognising the need for change and the transformation of its role in treating an ageing population with different models of care that focus on prevention and the anticipation of deteriorating conditions. This will involve an integrated, whole-systems approach which will improve the links between GPs, social services and independent charities and community groups in areas with some of the highest indices of deprivation in the country and where 30% of GP roles are currently vacant. This fundamental shift to an increased patient focus needs to be delivered through investment in staff, research and the delivery of sustainable healthcare, whilst reducing costs 5-7% per year.



UHNM is now emerging as a leading, exemplar NHS Trust in the field of environmental sustainability. In 2014, UHNM received a Green Organisation 'Green Apple' Gold Award for excellence and innovation in environmental best practice. More recently in 2016, UHNM was recognised as a 'winner' in four categories and 'highly commended' in one category of the prestigious, annual NHS Sustainability Awards.

UHNM is highly committed to demonstrating leadership in sustainability and has produced a Sustainable Development Management Plan (SDMP): 'Our 2020 Vision: Our Sustainable Future' set out the route to developing a world-class healthcare system that is financially, socially and environmentally sustainable.

In order to understand this challenge and so enable new levels of dialogue and alignment of the sustainability agenda across the entire Trust, a simple, common ground approach relevant to all, has been adopted - health. As such, the essence of the SDMP is to develop a plan to improve the health, well-being, quality of life, and quality of care experienced by all users of the Trust.

The SDMP is a five-year plan and commits to the following ambitious '2020 Vision'.

With the help of employees, key partners and other stakeholders in the SDMP, delivery is being ensured through a structured programme of works focused around the following three Key Priorities:



# 2020 Vision

## Priority 1

### Reduced Environmental Impact

We commit to reducing our environmental impact and benefit from a healthier environment. This includes reducing carbon emissions, minimising waste and pollution and using resources efficiently.

The NHS, public health and social care system has set the target to reduce carbon dioxide equivalent (CO<sub>2e</sub>) emissions by 34% by 2020.

As such, the following areas will be focussed upon in order to achieve significant reductions:

- Energy and water
- Procurement
- Sustainable Transport
- Waste
- Food
- Designing the Build Environment

## Priority 2

### Build Healthy, Sustainable & Resilient Services and Communities

We commit to making decisions and using resources in ways that benefit the economic, social and environmental conditions in which we operate. We will establish local level partnerships and collaboration in order to help our community flourish.

We bear the responsibility of addressing the impact on our services, as a result of severe weather events such as heat waves, cold snaps and flooding.

We commit to improving the resilience of our services and built environment, ensuring they are fit for the future. We will build a connected, resilient local community that is better prepared for environmental and climatic changes through local level partnerships and collaboration.

## Priority 3

### Embed Prevention & Sustainable Clinical Care Models

With escalating costs, diminishing resources and a changing climate, we commit to ensuring that our services deliver the best quality of care within the resources available, recognising that it is becoming increasingly important to consider the environmental and social impact of how services are delivered.

This means that UHNM is faced with two overriding challenges:

1. To keep driving operational improvement. Financial pressures mean that meeting patient expectations within NHS funding will depend on more efficient operations.
2. To secure long-term sustainable health services for patients by making fundamental changes to models of care. Work on new models must start now for them to be in place by the end of the decade, the goal set by the NHS Five Year Forward View.

We recognise that the principles of sustainability are aligned with the policy direction in the health and care sector, providing us with an opportunity to think about services differently. We commit to transforming the way we deliver care in line with this direction.



UHNM will be the most sustainable NHS Trust in the UK.

The Trust is committed to delivering a world-class sustainable healthcare system that works within the available environmental, financial and social resources; protecting and improving health now and for future generations.



# St Giles hospice

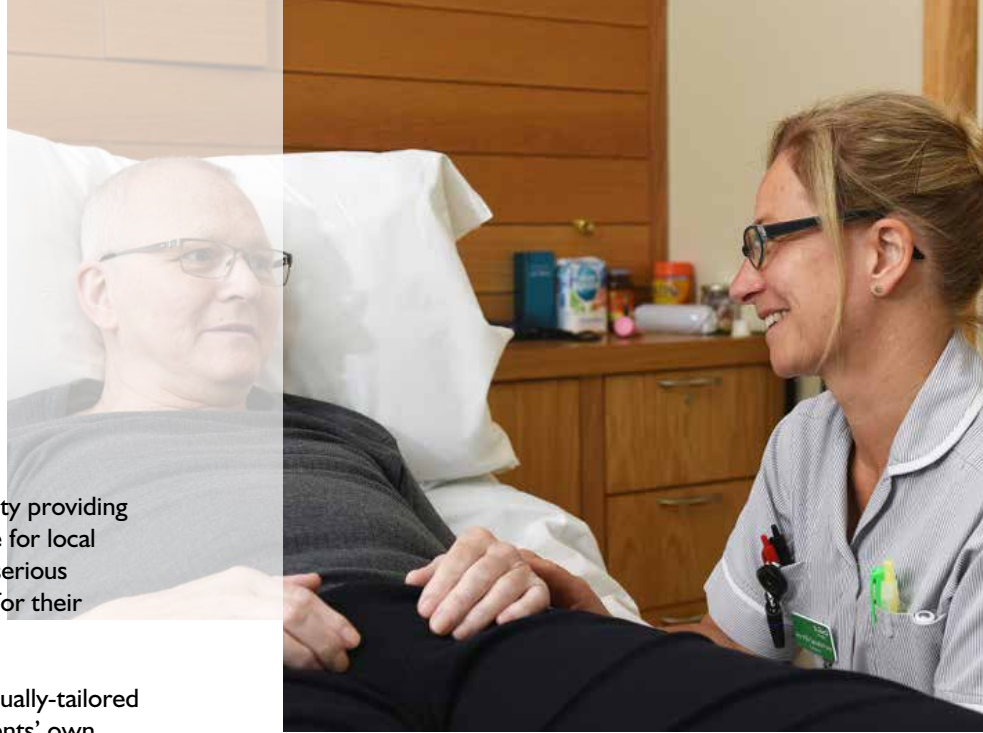
St Giles Hospice is a registered charity providing high-quality medical and nursing care for local people living with cancer and other serious illnesses, as well as offering support for their families and helpers.

The dedicated team provides individually-tailored care either at the Hospice or in patients' own homes across the region.

The range of specialist services is provided free of charge to all who need it. Although St Giles receives some funding from the Government, the charity relies heavily on donations and fundraising. The Hospice began its life at the former vicarage of St Giles Church in Whittington in 1983, when the then vicar the Reverend Canon Paul Brothwell became concerned at the level of care given to terminally-ill patients in local hospitals.

Today, St Giles is a centre of excellence and one of the best-known and most respected charities in the region, with over 400 staff, over 1,500 volunteers, 31 charity shops, one of the most successful hospice lotteries in the UK, and over £9 million spent on providing care every year.

The Hospice is committed to sustainability in its practices, looking after the local environment and working with the local community. It is proud to be part of the existing SSCE solar PV scheme and very pleased to have the opportunity for the installation of solar panels on the Compassus building. As well as contributing to the reduction of the Hospice's carbon footprint this will also help to free up additional resources for the funding of patient care.







# Who are Beat the Cold ?

In the mid 1980's a group of concerned professionals began a multi-agency campaign to tackle hypothermia and cold-related illnesses amongst the most vulnerable in areas across North Staffordshire with some of the highest indices of deprivation in the country. This was co-ordinated by Stoke-on-Trent City Council (now VAST), and produced an advice leaflet each winter, reaching up to 20,000 people.

In 1995 both the then North Staffordshire Health Authority and NEA (National Energy Action) offered the Council for Voluntary Services (CVS) funding to develop the work. The advisory group that had been responsible for the campaign continued to meet as an advisory forum to guide the work of the project. The diversity of membership of the forum was unique, including senior representatives from health, social services, local authorities, voluntary agencies, fuel companies, insulation installers and Radio Stoke's action line.

Beat the Cold was advising more and more individual households as well as continuing to run winter campaigns and to co-ordinate wider work in north Staffordshire and Stoke-on-Trent. In 1999, the CVS supported Beat the Cold to become an independent registered charity.

Since its inception Beat the Cold has provided support to 40,000 people, 1,409 of whom have been helped in the last year across the whole of Staffordshire, and has upskilled over 1,000 front line staff in understanding the issues and problems related to fuel poverty.

They have an annual turnover of circa £200,000 with individual project funding ranging from £900 to over £250,000. They regularly work with Staffordshire County Council, Stoke-on-Trent City Council and other district councils in Staffordshire. They also have done work for the clinical commissioning groups in the area. They currently employ five people plus volunteers and four trustees oversee their work. In 2015 they were runner-up in the globally recognised Ashden awards for their work in reducing fuel poverty.

Their three-year Big Lottery project Changes4Warmth addressing fuel poverty for those experiencing mental health issues, has been commended in an independent review by Salford University's Sustainable Housing and Urban Studies Unit (SHUSU).

Every advisor within the organisation is trained to City & Guilds level 3 energy awareness, and renewable energy in the home. But more importantly each long serving member of staff brings with them in-depth experience, and passion for the sometimes complex work that they do.

Given the longevity, depth and success of their experience and rigour of their work and process the group were asked to contribute to department of health national policy change, as one of only eight expert witnesses. Their recommendations around approach and process have been adopted as part of the National Institute for Health and Care Excellence Guidance NG6 "Excess Winter Deaths and Morbidity and the Health Risks Associated with Cold Homes" published March 2015.

## Case study 1

Mrs J lives alone in a 1980's two bedroom bungalow. She has kidney cancer, liver disease and an ongoing chest infection. She had to give up work due to her health and has since struggled to afford her fuel bills. Her support worker referred her to Beat the Cold.

### What Beat the Cold did:

- checked her income and referred her for a benefit check
- replaced defective bedroom radiator
- negotiated with energy supplier about outstanding debt
- carried out a price comparison on energy suppliers
- applied for charitable funds to clear her fuel debt
- applied for warm home discount
- added to priority services register
- carried out a follow up visit three months later

### Outcomes following Beat the Cold's interventions

- increase in her weekly income of £139.75
- bedroom radiator replaced through emergency warmth scheme
- cleared outstanding fuel debt
- changed energy supplier
- received £140 warm home discount
- with her increased income Mrs J intends to buy a mobility scooter
- positive changes in her physical and mental well-being
- increased independence and less reliant on others

"I was frightened to stick the heating on. So then I used to go to bed in the afternoon, switch the heating off and then get up and switch the heating on, give it an hour, let the house warm through and then get back up again."

## Case study 2

Ms A lives alone in a 1930's three bedroom semi-detached house. She suffers with depression and anxiety. Her income is approximately £12,000 made up of employment & support allowance and personal independence payment. She attends a mental health support group, has no heating and is in fuel debt.

### What Beat the Cold did:

- Arranged for the boiler to be repaired
- Applied to energy suppliers trust fund to clear debt
- Added to the priority service register
- Checked she was on the best tariff
- Installed a carbon monoxide detector
- Fitted a Powerdown to her TV

### Outcomes following Beat the Cold's interventions

- Secured funding for the boiler repair
- Cleared outstanding debt of £1400

"Having the advice off the home visitor does give you a lot more confidence and you know what to actually say to companies"

# Joined up thinking & action

## a unique community fund making a real difference

In agreeing to do the project a key driver for us at SSCE was to generate a community fund that would go beyond the norm and provide a quantifiable difference to the lives of the poor and vulnerable who live around the hospitals.

Working with the Trust and the charity Beat the Cold we looked at where and how the community fund could have the most impact and how we would measure the results in order to better manage the output. This is important given that community funds necessarily start small, building over the lifetime of a project.

### The Problem to Solve - Data that Drives Decision

Absolute poverty and fuel poverty are key issues in Staffordshire. In Stoke-on-Trent many areas are amongst the 5% most deprived in all of England.

Fuel poverty in Stafford and Stoke is between 13% and 46% higher than the national average with some areas of Stoke three times the national average.

A typical winter in Staffordshire may bring 400 excess winter deaths categorised as being due to cold alone, an extra 3,200 hospital admissions will have cold as the underlying factor.

North Staffordshire has amongst the highest rates of lung disease in the UK. A legacy of the mining and pottery industry is that respiratory disease is the third biggest killer of people in Stoke-on-Trent.

Staffordshire has seen a 25% increase in the number of people aged 65 and over between 2001 and 2011 which is greater than the national rate of change.

Of the 22.3 million admissions in NHS England 493,000 are "frequent fliers" with a reported cost impact of £2.3 billion per year. Academic and direct source research from around the world suggests that a high proportion of these are elderly suffering from hypothermic and respiratory diseases caused or exacerbated by poverty, and poorly heated and damp homes. Research elsewhere in the world has shown that 7.7% of the first admissions among the 70+ year old age group could be avoidable and a sobering 5% of the 34% who are admitted with hypothermic conditions go on to die.

In 2015 1,187 66+ year old 'Frequent Fliers' suffering cold and respiratory symptoms returned to the Stoke A&E and were readmitted to the hospital.

The average cost of a Respiratory/COPD based A&E admission is over £2,000 versus £89 per GP visit and associated medicines.

"Cold weather experienced in the winter months can cause or contribute to significant health problems especially for frail older people."

Dr Amit Arora - UHNM Consultant in Care of Older People





## The Team who will manage and deliver the benefit

Following a focussed brief to assist selection of the affected patients, the lead A&E consultants for COPD/Respiratory and the elderly and their teams will gain permission from the patients to have someone from Beat the Cold visit them at home.

They will then assess the situation and ‘treat’ the potential causes of the illness. These could include physical aspects of the home like damp, draughts, cold and poor heating systems. In conversation they will also assess general well-being issues.

Remedies might include benefit checks to ensure they are correct, ‘best tariff switching’, securing Warm Home Discount, negotiating debt relief with energy suppliers, applying for charitable funds to clear debt, fixing physical issues with heating, boilers and draught-proofing.

The A&E teams will then monitor and measure how many of these patients return to A&E. We intend to take an academic research approach in the evaluation of the project by having two groups of patients. An experimental group who will receive the Beat the Cold intervention and a control group who will receive clinical intervention only.

This analysis will inform how we then develop and manage the fund over the lifetime of the project.

## The Benefits

The benefits are:

- 1) Save lives
- 2) Improve the health and well being of the poor and vulnerable
- 3) Provide data to illustrate the impact of these patients on A&E and to illustrate the benefits of a link between secondary healthcare and the community sector in helping these patients



**Dr Amit Arora** is a Consultant Geriatrician at University Hospital of North Midlands, Stoke-on-Trent and an Honorary Clinical Lecturer at Keele University. He has a keen interest in older people’s health and in

particularly ‘better ageing’. Dr Amit Arora has served as Chairman of the England Council of the British Geriatrics Society and has influenced national policy. He chairs the West Midlands Quality Review Service for people living with dementia. He has published widely including editorials, book chapters and peer reviewed journal articles.



### Dr Martin Allen’s

areas of expertise include respiratory medicine, specifically sleep and ventilatory support. His areas of interest are all aspects of sleep medicine, managing COPD general

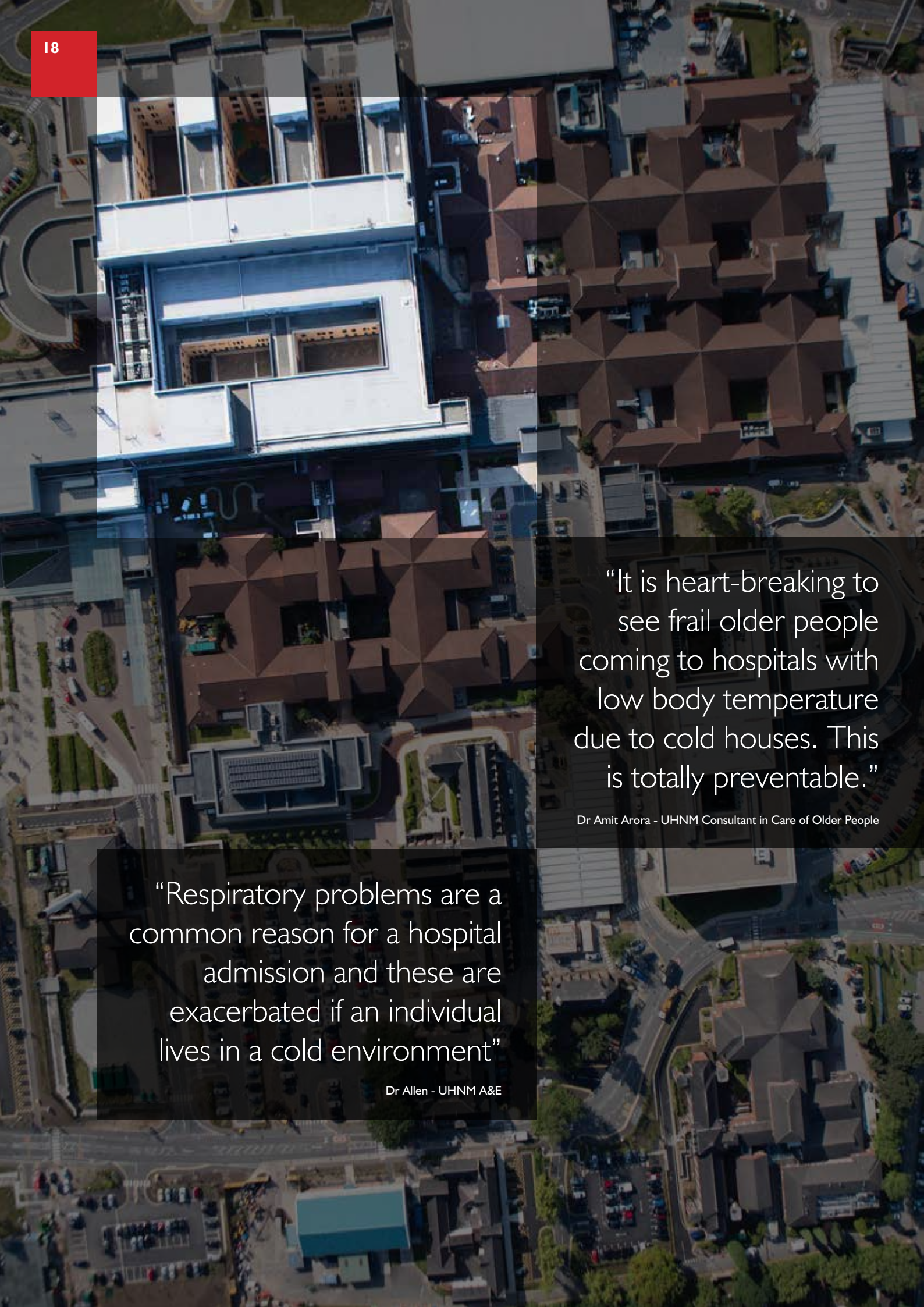
respiratory medicine, re-design of services and teaching. Moving from a consultant post in Bradford, he joined University Hospitals of North Midlands in 1996 as a consultant physician and has been involved in the development of many aspects of respiratory medicine at the Trust. He has a role in education at both undergraduate level and at postgraduate level via extensive links with the British Thoracic Society/ Department of Health.



### Martin Peake -

Business Development Manager. Martin has a long background of multi-agency collaboration through his previous roles with a Home Improvement Agency.

He has recently taken on the role of Beat the Cold’s Business Development Manager with responsibility for developing new projects in order to deliver their long term strategy, to ensure data to support fuel poverty work is made available. In this role Martin’s primary aims are to work with organisations, helping them to deliver their objectives by offering the range of services provided by Beat the Cold and developing new initiatives. Martin has a wealth of knowledge on the issues of fuel poverty particularly as a factor in determining public health policy.



“It is heart-breaking to see frail older people coming to hospitals with low body temperature due to cold houses. This is totally preventable.”

Dr Amit Arora - UHNM Consultant in Care of Older People

“Respiratory problems are a common reason for a hospital admission and these are exacerbated if an individual lives in a cold environment”

Dr Allen - UHNM A&E

# The project and its benefits

**£335,600**  
Investment

**2,337**  
tonnes of CO<sub>2</sub> saved

**4.5%**  
projected

**IRR**

**+£0.2 million**  
saving to Trust versus  
energy inflation

**1,764m<sup>2</sup>**  
of roof space covered  
by 1089 panels

**Community fund £294,000**  
over project lifetime

**13,999**  
**Double decker buses**  
equivalent of CO<sub>2</sub> saved

**68,888**  
**Ambulance trips to A&E**  
equivalent CO<sub>2</sub> saving per year

**10,645 MRI scans**  
equivalent kWh produced per year

**44 million cups of tea**  
equivalent of CO<sub>2</sub> saved

**Power 87 x-ray  
machines for one year**  
equivalent kWh produced per year

**Power an operating  
theatre for 2,859 hours**  
equivalent kWh produced per year

# The Team delivering the project



**Louise Webster** is the Head of Environmental Sustainability at University Hospitals of North Midlands (UHNM), based within the Estates, Facilities and PFI division at Royal Stoke University Hospital. Louise has

a wealth of experience of working within sustainable development, both within public and private sectors; including consultancy, design and construction, public health and the National Health Service. This has enabled Louise to gain a deep understanding of the interrelation of public and private sectors in facilitating sustainable and inclusive development enabling positive outcomes such as poverty reduction and health improvement.



**Charlie Cox** is the Energy Manager at University Hospitals of North Midlands. During his 8 years in this role, he has overseen the successful delivery of several major energy saving projects, reducing the annual carbon dioxide emissions from energy use by over five thousand tonnes.

Charlie is keen to reduce dependency on carbon intensive grid electricity across the trust. The purpose of an organisation like UHNM is to improve the health of the people in the local community. It is therefore fundamentally wrong for the organisation to be contributing to local and global pollution, with the negative health impacts that this leads to.

## SSCE directors



**Robin Powell** is a Chartered Mechanical Engineer who has worked on power station equipment, off road vehicles and defence materiel. Since retiring his family has invested in two community wind farms, Westmill and Fenland, and

a Future Energy Prospects Community Fund as well as a domestic solar thermal system. His family lives near Stafford and is engaged with growing Miscanthus near Lichfield for biomass electricity generation at Ely and Drax power stations.



**Kate Sadler** graduated with a BSc (Hons) in Environmental Biology and went off to become a primary school teacher. She has a long-standing interest in environmental issues and was a founding member of Low Carbon Lichfield,

through which she organised a home energy auditing scheme to help residents take practical action to reduce their adverse effect on the environment. She has recently completed a M.Sc. in Architecture: Advanced Environmental and Energy Studies.

“This Community Energy Project represents another big step towards powering UHNM sustainably. It also reduces the Trust’s exposure to volatile energy prices, and improves the security of energy supply.”

Charlie Cox - Energy Manager UHNM



### Andrea Simpson

is passionate about environmental issues, and after a 30 year career in telecommunications, now spends much of her time on voluntary work, as well as caring for her daughter. Andrea is a director and

Society Secretary of Chase Community Solar Limited, and is a founder member of Low Carbon Lichfield. She brings her organisational and administration skills and experience to the position of director and Company Secretary of Southern Staffordshire Community Energy.



### Mike Kinghan

is an experienced economic regeneration professional who has worked in senior positions in local authorities and regeneration agencies as well as running his own consultancy business for several years. He

was Chairman of the national award-winning Whittington and Fisherwick Environment Group for six years, leading the Group in devising a series of energy saving programmes. In 2012 he was awarded the status of a regional 'Green Leader' in recognition of his work with WFEG and advocacy of low carbon communities and in June 2012 was awarded the MBE for services to sustainability and biodiversity in Staffordshire and the West Midlands region.



### Robin Taylor

has a professional background in human resources, learning and economic development and area regeneration, working in the private, voluntary and public sectors. This included

Birmingham City Council, the Learning and Skills Council and two regeneration zones in the West Midlands. He is a founder director of two social enterprises.



### Peter Arnold

is a Chartered Accountant with extensive experience at board level combined with particular strengths in business & tax planning and project evaluation. He worked for the Rio Tinto Group (international

mining) and for GKN (engineering). He prepared companies for listing or trade sale and contributed in facilitating business turnarounds and reorganisations. His international experience included postings in Namibia and Indonesia and his roles at Rio Tinto involved extensive overseas travel. He is a director of Chase Community Solar and chairman of Cannock & District Men's Probud Club.



### Anthony Walters

has marketing, sales and general management experience in 11 businesses in 6 corporations in 13 countries in the consumer goods and energy sectors.

His passion for the environment and sustainability started in Germany 25 years ago while working in one of the pioneer companies in the Green Point recycling scheme. Most recently he pioneered the use of waste fruit to create fully nutritional powders for people living on less than £1/day. He subsequently led Honeywell's UK energy business and now has a management and cost consulting business saving over 330,000 tonnes of CO<sub>2</sub> while adding over £3 million of value to his customers' businesses.

Anthony also has a charcuterie business using ham from rare breed pigs.

He is a member of Low Carbon Lichfield and a director of Chase Community Solar and Southern Staffordshire Community Energy.

## I. BACKGROUND

This section provides the background to the project. See the Glossary (section 9) for an explanation of the terms used in the following sections.

### I.1. Southern Staffordshire Community Energy Limited

Southern Staffordshire Community Energy Limited (SSCE) is a registered society (for the benefit of the community) and was incorporated and registered with the UK Financial Conduct Authority on 12th September 2011.

It is domiciled in England, with its registered office at 3 Burns Close, Lichfield, WS14 9DW and registration number 31384R.

A registered society is a legal form owned by and operated by its members. Members elect the Directors and each member has one vote in a members' meeting regardless of the number of shares held.

Members are protected by limited liability and are only obliged to contribute the initial cost of their shares.

A registered society is governed by Rules, largely in standard form, which are approved by and registered with the Financial Conduct Authority. A copy of SSCE's Rules is available by application to the Society or from the website (see back of this Offer document for contact details).

### I.2. Existing business of SSCE

SSCE has previously raised share capital to install solar PV panels on two community buildings: St Giles Hospice in Whittington, and Whittington Village Hall. The capital for these installations was raised through a community share offer and the installations carried out in December 2011. Information about these installations can be found on the SSCE website at [www.ssce.co.uk](http://www.ssce.co.uk)

Shares raised through this current offer will be ring-fenced specifically for the installation of the new solar panels on the University Hospitals of North Midlands NHS Trust (the Trust) buildings and for additional panels on St Giles Hospice (the Hospice).

Expenditure and income from these new installations will be accounted for separately from the existing installations in separate funds. Shares issued in this new share offer will be designated as a separate class of share and the interest payments (and Community Fund generated) will be linked to the performance of the new installations and not that of the earlier installations.

Costs specific to each project (such as insurance and maintenance) will be allocated to each project. Overhead costs, such as accounting and administration, which can be shared between the projects, will be divided pro-rata based on the respective values of shares in the two funds.

Anyone who has bought shares in the original share offer, or buys shares in this current share offer, will be a member of SSCE and all members will be identical in status. However, their rights to interest and capital repayments will be respectively determined relative to the terms of the original share offer and this share offer.

### I.3. How the project came about

SSCE was approached by the Trust in the summer of 2015 for advice and assistance with the installation of solar panels on their hospital buildings. After initial discussions and feasibility work SSCE agreed to take on the challenge of pre-registering arrays on those buildings which appeared suitable. This was successfully achieved prior to the deadline of 30th September for the buildings which are part of this project. In addition, the opportunity was taken to pre-register an additional array at St Giles Hospice in Whittington where SSCE already had an installation but where there a further prospect had been identified on the newer Compassus building.

## 2. PROJECT

### 2.1. Locations and size of the installations

The panels will be installed on a variety of buildings owned and operated by the Trust and by the Hospice. There will be 8 separate installations varying in scale between 13 kWp and 50 kWp. New arrays are planned on the buildings listed below in Stoke-on-Trent, Stafford and Whittington. Seven of the buildings are owned by the Trust and the eighth by the Hospice, with two of the Trust buildings being leased to other organisations.

- Main Building, County Hospital, Stafford – 49.5 kWp
- Post-Graduate Medical Centre, County Hospital, Stafford – 35.5 kWp
- Sutherland Library, Stoke-on-Trent – 28 kWp
- Supplies and Procurement building, Stoke-on-Trent – 40 kWp
- Maternity and Cancer Centre, Stoke-on-Trent – 32 kWp
- Guy Hilton Research Centre, Stoke-on-Trent 49.5 kWp
- Corporate Services building, Stoke-on-Trent – 13.8 kWp
- Compassus Building, St Giles Hospice, Whittington – 25 kWp

### 2.2. Our Installer

SSCE have appointed West Midlands-based solar installer, Eco2Solar Ltd, as the contractor for this project following a competitive tendering process. Eco2Solar are a fully accredited solar PV installer and electrical contractor. They were established in 2007 and won the National Solar PV Installer of the Year award in 2013.

The company have broad experience in the installation of solar PV arrays and other renewable energy systems and has previous experience of installing solar PV on hospitals in Warwick and Stratford-upon-Avon for Community Energy Warwickshire, amongst many other projects.

### 2.3. Panel Performance

The projected yield from the panels has been calculated by SSCE using the PV GIS solar yield database for panels in the relevant geographical location, and at the orientation and inclination for each specific roof.

The PV GIS database is an online PV yield estimation calculator, funded by the EU as an independent source of evidence to enable users to estimate the likely yield of electricity from solar PV panels at any location in the EU.

The chosen installer has also provided an estimate of yield from the installations calculated using the standardised methodology recommended by the MCS (Microgeneration Certification Scheme). This estimate was marginally more conservative than the calculations using PV GIS, and hence the installer's estimates have been used in the financial projections.

The performance of the panels will be monitored through installation of a transmitter for every array linked via a phone signal to an online system which will enable SSCE and its maintenance contractor to identify any underperformance at an early stage. This system will also provide the necessary quarterly data for FiT claims. It is envisaged that members of the Society will have access to the online system to view the performance.

### 2.4. Grid connection

Because all of the sites where panels are to be installed use substantial amounts of electricity, it is not anticipated that a significant amount of the electricity generated will be exported and therefore the connection to the local grid is not a constraint.

The installation company that SSCE has selected to carry out the installations (Eco2Solar) has confirmed with the District Network Operator (Western Power Distribution) that they will permit the connection of the intended panels without the need for a charge for the connection.



## 2.5. Roof Lease

A lease will be completed for each property where panels are going to be installed. Roof leases have been agreed with the Trust for 7 of the buildings. For the two Trust buildings which are leased to other organisations, the Trust will lease back the required roofspace and sublease to SSCE. A lease with the Hospice is being finalised and is expected to be in place prior to the commencement of installations.

The leases will include rights to install and maintain solar photovoltaic equipment, to connect to the mains grid and to take an income from the FIT payments and export tariff. It will also include rights to compensation for SSCE in the case of early termination. The lease with the Hospice will include clauses relating to power purchase, while with the Trust there will be a separate Power Purchase Agreement.

The leases, initially, will be for a term of just over 20 years, at a peppercorn rent.

## 2.6. Decommissioning

At the end of 20 years, the panels will still be generating electricity and are likely to have a further 10 years or more of serviceable life.

SSCE will be under no obligation to remove the panels after the 20 year period. No later than 5 months before the leases terminate there will be discussions between SSCE and the Trust with a view to renewing the lease and the Power Purchase Agreement and continuing to maintain payments to a Community Fund addressing fuel poverty in Staffordshire similar to that established under this project. If there is no agreement to renew the lease the panels will pass to the Trust at no cost.

As regards the Hospice, ownership of the panels will pass automatically to them at the termination of the lease at no cost.

## 2.7. Project timeline

This is an indicative timeline showing planned progress along a realistic path – but may be subject to change according to circumstances.

Share Offer Launch	25th July 2016
Share Offer Close (unless extended)	25th September 2016
Installations Commence	1st August 2016
Installations Complete	16th September 2016
All Installs Commissioned	23rd September 2016
First interest payment on new scheme	Autumn 2018

## 2.8. Microgeneration Certification Scheme

In order to be eligible for the Feed-in Tariff (FIT), the equipment that is installed and the company that carries out the installation must be certified under the Microgeneration Certification Scheme (MCS). SSCE will make certain that all requirements are met to ensure that the installations will be eligible for the Feed-in Tariff.

## 3. FINANCIAL PROJECTIONS

Financial projections are based on estimates of expenditure, income and ongoing operational costs that have been calculated for the project. These are described below.

### 3.1. Expenditure

#### 3.1.1. Development costs

SSCE has incurred costs associated with setting up the project. These costs relate to legal fees associated with preparing suitable leases, roof and structural surveys, preparation of financial projections, preparation and marketing of this share offer and putting in place loan facilities. The budget includes an amount of £48,275 which is expected to adequately cover these costs. SSCE gratefully acknowledges receipt of a grant of £20,000 from the Urban Community Energy Fund towards these development costs provided by the Department of Energy and Climate Change. The Trust have also made a contribution of £12,000 towards marketing and legal fees.

#### 3.1.2. Installation costs

The total cost for installation of the solar panels, based on prices offered by the chosen installer, will be £303,300 assuming the full 276 kW is installed.

#### 3.1.3. Ongoing costs

Once the panels are installed, there will be ongoing costs that will be incurred throughout the life of the project comprising the following.

#### Monitoring Equipment

A commercial service provider, ORSIS, have provided a quote for the equipment and software for an online monitoring system and the costs have been incorporated in the projections.

#### Accounting and administration

SSCE will need to keep accounts, to communicate with members and pay interest on shares, and to comply with all the regulatory requirements of HMRC and the FCA. Ongoing costs for this function have been built into the projections based on a quotation obtained from Sharenergy, who provide this service for a variety of renewable energy societies and who have assisted SSCE with the financial modelling of this project and the preparation of the share document

#### Maintenance and inverter replacement

A maintenance contract will be entered into with a reputable solar maintenance organisation who will be tasked with carrying out annual inspections to identify any issues. SSCE will monitor performance issues via the online system and will refer any alerts indicating malfunction with the installations to the maintenance contractor.

Inverters have an expected lifetime of between 10 and 15 years and therefore we would expect them to require replacement before the end of the 20 years. Allowance has been made in the projections for all inverters to be replaced during the 20-year lifetime of the project.

Because of the slope of the panels the rain should keep them clean and it is anticipated that manual cleaning will not be necessary.

#### Insurance

SSCE have identified risks that could affect the panels and the income from them, and have put in place appropriate insurance designed for this type of PV installation. Costs in the projections are based on figures that have been obtained from Naturesave, a reputable insurer which specialises in insurance of renewable energy installations.

#### Board Costs

SSCE has additional overhead and management costs including room hire, travel costs, membership fees of support organisations such as Community Energy England and Co-operatives UK Ltd. It will also receive a small annual sum from this project for research and development of potential new projects.

### 3.2. Financial Projections

The table on page 25 illustrates the projected income, expenditure and cashflow for the scenario where £150,000 is raised through shares and the balance from loan funds.

### 3.3. Income

Income for SSCE will come from the following sources:

#### 3.3.1. Feed-in Tariff (FIT)

SSCE will receive income from the FIT for all the installations in this share offer.

All the installations were pre-registered for the FIT in September 2015, which enabled them to lock into the FIT applicable at that time as long as the panels are commissioned before 28th September 2016 in relation to the St Giles Hospice array and 29th September in relation to the 7 Trust arrays. Details about the process of pre-registration can be found on the OFGEM website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk)

Assuming this target date is met, the tariff will start at 11.85p/kWh and increase annually in line with RPI for 20 years, after which it will cease. The tariff will be paid on all electricity generated by the panels, whether used on-site or exported to the grid.

#### 3.3.2. Sale of electricity to the Trust

The Trust will use the vast majority of the electricity generated by the panels on-site and have agreed to pay for all electricity generated from the panels at a rate of 9.927p/kWh during the 2016/17 financial year, and at this rate, indexed by RPI, for the following 19 years. This will be embodied in a Power Purchase Agreement between the Trust and SSCE.

#### 3.3.3. Sale of electricity to the Hospice

The Hospice expect to use all of the electricity generated by the panels on-site and have agreed to purchase all electricity generated from the panels at a rate of 5.0p/kWh during the 2016/17 financial year, and at this rate, indexed by RPI, for the following 19 years. The Power Purchase Agreement will be incorporated in the roof lease between the Hospice and SSCE.

#### 3.3.4. Exported electricity

Because the buildings on which the panels are installed are major consumers of electricity, it is expected that almost all of the electricity generated will be used on site and the cost of metering exported electricity would not be justified.

For the installations that are 30kW or less, SSCE will register the panels with OFGEM as deemed export, which means that OFGEM will assume that 50% of the electricity generated is exported to the grid and SSCE will receive the FIT export tariff for 50% of the electricity generated.

### 3.4. Division of surplus to Share Interest and Community Fund

The surplus income from the scheme will be divided between contributions to a Community Fund and payment of fair interest to members on their shares. The intention of the board is that across the lifetime of the scheme (20 years) shareholders will receive interest payments that will amount to 4.5% IRR (subject to sufficient surplus being generated), with the remaining surplus going into the Community Fund.



This means that returns to members should be fair and reasonably secure, and the Community Fund will stand to increase if performance is enhanced or costs lower than forecast, or will decrease if performance is not as good as expected or costs are higher.

Although returns to members will be adjusted with the aim of achieving a 4.5% IRR across 20 years, this does not mean that the return will be exactly 4.5% each year. Expected returns will be lower than 4.5% in early years and higher in later years. This is covered in more detail in section 3.6.

### 3.5. Loan facilities

Because of the need to install the panels before the FIT pre-registration deadline at the end of September, it is necessary to programme installation to commence before the share offer can be completed. To ensure that funds are available to pay for the installation, SSCE has put in place a loan facility. The arrangement also provides the option to extend into a long term loan, the amount of which will depend on the actual amount received in shares.

The projections presented in section 3.2 above assume that £150,000 is raised in shares therefore requiring a loan from Pure Leapfrog of about £190,000. Because we cannot predict the amount that will be raised in shares, a loan facility has been set up of £285,000 which will ensure that all installations can be paid for on time even with share applications as low as £80,000 by the end of August. If by the end of August, share applications are lower than £80,000, the directors will take appropriate action, which might be to cancel one or more of the installations not yet commenced, to ensure that the Society does not run the risk of cashflow problems. In such circumstances the project will still be perfectly viable, though smaller, with a corresponding reduction in the community fund.

This loan facility has been provided by Pure Leapfrog, a lender that specialises in providing capital to the third sector specifically

for schemes that reduce carbon dioxide emissions. (see their website at [www.pureleapfrog.org](http://www.pureleapfrog.org)) Several members of the board of SSCE have previously worked with Pure Leapfrog through their involvement in the Chase Community Solar project.

The Pure Leapfrog term loan, if required, will be for a term of 6 years after which time SSCE would need to refinance the remaining loan value. The board and members will decide nearer the time whether to do this through a new loan, whether to issue additional shares, or consider other options. By that stage SSCE will have a considerable trading history and the panels will have a very secure income so the board do not consider that there will be any difficulty in arranging refinancing at this stage.

### 3.6. Notes on the Financial Projections

The Projections are based on the following principal assumptions:

- The main scenario modelled in the financial projection assumes that £150,000 of the capital is raised through shares and the balance from a Pure Leapfrog loan. If the amount of capital raised through the share issue is higher than this, returns to shareholders will be maintained at 4.5% IRR but the Community Fund will be higher than predicted (and vice versa).
- Current expectations relating to the global energy market, the UK electricity industry, UK government policy, and the desirability for and promotion of electricity from renewable sources, will remain reasonably consistent and reasonably favourable to the PV panels over the next 20 years, resulting in continuing demand for electricity produced by PV panels.
- Electricity yield has been calculated using the estimates provided by the chosen installer with this data being independently verified by using the PV GIS database made available through the European Commission. This database can be accessed via <http://re.jrc.ec.europa.eu/pvgis/>. Caveats regarding the accuracy of this information can be found on the website.

Year	0	1	2	3	4	5	years 6-10	years 11-20	years 1-20
Generation (kWh)		224,314	222,543	220,772	219,001	217,230	1,059,589	1,986,360	4,149,809
<b>Profit/loss</b>									
Feed-in tariff income		26,581	26,899	27,218	27,540	27,864	144,239	313,724	594,066
Income from electricity sales		704	749	758	767	776	4,017	8,738	16,546
On site income		21,271	21,525	21,781	22,039	22,298	115,425	251,053	475,391
<b>Income</b>		<b>48,593</b>	<b>49,173</b>	<b>49,758</b>	<b>50,346</b>	<b>50,937</b>	<b>263,682</b>	<b>573,515</b>	<b>1,086,003</b>
Depreciation over 20 years		16,780	16,780	16,780	16,780	16,780	83,900	167,800	335,600
Operating and admin costs		9,428	9,590	9,754	9,921	10,091	62,228	146,550	257,562
<b>Expenditure</b>		<b>26,208</b>	<b>26,370</b>	<b>26,534</b>	<b>26,701</b>	<b>26,871</b>	<b>146,128</b>	<b>314,350</b>	<b>593,162</b>
<b>Operating surplus</b>		<b>22,384</b>	<b>22,803</b>	<b>23,224</b>	<b>23,645</b>	<b>24,067</b>	<b>117,554</b>	<b>259,165</b>	<b>492,842</b>
Interest on cash in bank		0	68	104	138	165	806	1,681	2,963
Pure Leapfrog loan interest		-8,802	-8,379	-7,936	-7,473	-6,990	-26,905	-11,110	-77,596
Interest to members		0	-4,435	-4,710	-4,991	-5,276	-26,985	-76,419	-123,816
<b>Surplus for distribution</b>		<b>13,582</b>	<b>10,058</b>	<b>10,682</b>	<b>11,319</b>	<b>11,966</b>	<b>63,469</b>	<b>173,317</b>	<b>294,393</b>
<b>Cash-flow</b>									
Bank opening balance		10,000	17,368	24,314	30,000	30,000			
Capital expenditure		-335,600							
Surplus for distribution		13,582	10,058	10,682	11,319	11,966	63,469	173,317	294,393
Add back depreciation		16,780	16,780	16,780	16,780	16,780	83,900	167,800	335,600
Pure Leapfrog loan capital	195,600	-9,411	-9,835	-10,277	-10,740	-11,223	-64,160	-79,955	-195,600
Community fund		-13,583	-10,058	-10,682	-11,319	-11,966	-63,469	-173,317	-294,393
Share capital (receipt & repayment)	150,000	0	0	-817	-6,040	-5,557	-19,740	-117,845	-150,000
<b>Bank closing balance</b>	<b>10,000</b>	<b>17,369</b>	<b>24,314</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>			
<b>Member IRR (no tax relief)</b>	<b>4.5%</b>								

- If any of the assumptions prove not to be correct this is likely to result in adjustments to the projections. Projections and assumptions such as those above are inherently less reliable over longer time spans.
- The total cost is based on the prices in the tender received from the preferred installer.
- Inflation on all income and expenditure apart from wholesale price of electricity is modelled at 2% per annum over the 20 year period.
- Income is based on the FIT, and, where output is deemed, on the electricity being exported at the FIT Export tariff rate. Note that the FIT is guaranteed by the Government for the full 20 years.
- Depreciation of equipment is straight-line over the 20 year period and creates a fund to pay back members' capital. Capital is modelled as being returned to members each year as cashflow allows.
- Ongoing costs for insurance, maintenance, monitoring and administration are based on quotations received from appropriate suppliers or service providers.
- Interest on cash in bank is modelled at 0.5%.
- Most surplus is allocated to depreciation charge, distributed to members or distributed to the Community Fund and therefore the liability for Corporation tax will be low. Note that members who pay income tax are potentially liable for Income Tax on their returns from investment. (See section 5 for details of the tax relief available through the personal tax allowance).
- Normal monthly cash expenditure is expected to be small and will be amply covered by the generation and FIT income. The Projections anticipate that SSCE will be cash positive each year from the commencement of operations.
- Projections are based on a 20-year timescale. After this time, it is projected that SSCE will have been able to return to all members the value of their share capital.

### 3.7. Profile of capital and interest returns to members

The target return to members is 4.5% IRR over the 20-year period.

The interest received is expected to be relatively low in the early years but will increase over time. The reason for this is that income will be rising over the life of the project. This is because the FIT is index-linked to RPI but depreciation, which is a significant part of the costs, is fixed. The surplus, will, therefore, increase more rapidly than RPI over time, which in turn means that the annual interest payments that can be made to members and the Community Fund will rise steadily over the 20 years. IRR (Internal Rate of Return) is a standard way of aggregating this varying interest over time into a single representative figure.

Modelled payment date	Jul-Aug 2016	Oct-17	Oct-18	Oct-19	Oct-20	Oct-21	Oct-22	Oct-23	Oct-24	Oct-25	Oct-26
Share purchase	1,000.0										
Interest received	-	-	29.6	31.4	33.3	35.2	34.1	36.0	37.9	39.9	38.7
Capital returned	-	-	-	5.4	40.3	37.0	33.7	30.2	26.5	22.6	18.6
Interest on retained capital	0.0%	0.0%	3.0%	3.1%	3.3%	3.7%	3.7%	4.1%	4.4%	4.8%	4.8%

Modelled payment date	Oct-27	Oct-28	Oct-29	Oct-30	Oct-31	Oct-32	Oct-33	Oct-34	Oct-35	Oct-36	Total
Share purchase											
Interest received	40.7	42.8	44.9	47.1	49.4	55.3	56.1	56.9	57.7	58.5	825.4
Capital returned	14.4	10.0	5.5	0.7	-	107.5	111.9	111.9	111.9	311.9	1,000.0
Interest on retained capital	5.2%	5.5%	5.9%	6.2%	6.5%	7.3%	8.7%	10.6%	13.06%	18.8%	

Capital will be returned to members gradually over the 20 years, so that each year, they will receive a payment which will comprise some interest and some capital. A statement will accompany the payment to explain the amount of each. The amount of capital retained in shares will diminish over time.

To help give an understanding of the rate at which a member will receive interest and capital through the 20 year lifetime of the scheme, the table below shows the projected cash-flow for a member subscribing for 1000 shares using the assumptions in the financial projection tabled earlier in this section.

The numbers represent a purchase of 1000 shares in year 0, then receipt of interest and capital over the subsequent 20 years.

Note especially:

- Low interest in early years balanced by higher interest in later years amounting to IRR of 4.5%
- There is not expected to be a significant surplus for the first part-year of operation up to 31st March 2017, but any surplus arising for that period will be prioritised for the Community Fund
- The first payment to members is expected to be in autumn 2018
- Interest on retained capital in later years appears high because by this time the retained capital is low.
- These are indicative only and actual payments will reflect actual performance, yield etc.

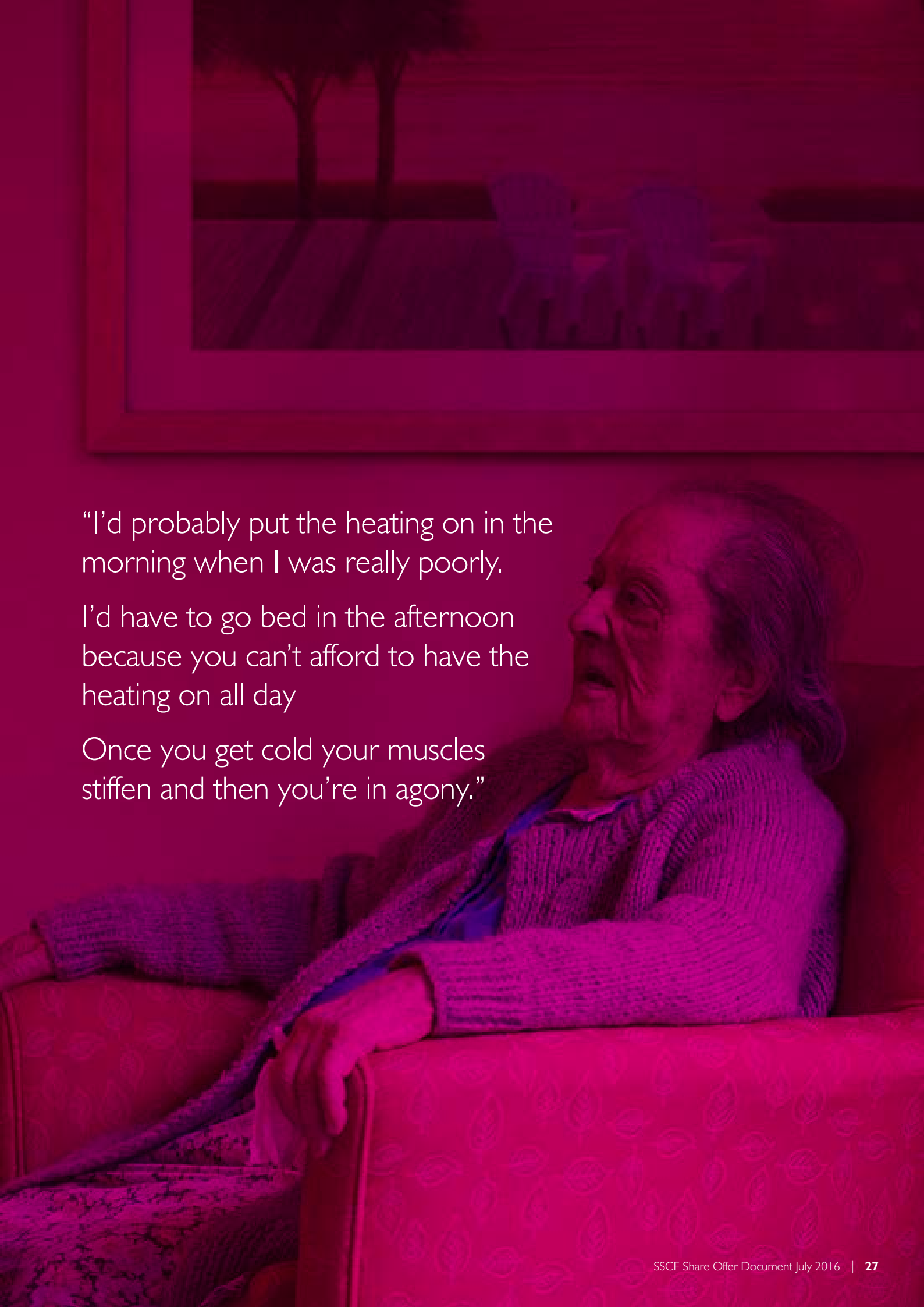
### 3.8. Community Benefit

The surplus income from the project will be allocated to the Community Fund after overhead costs and members' interest payments have been deducted. The Community Fund will provide funding to the charity Beat the Cold to give support and advice to the fuel-poor. This will relate, in the first instance, specifically to referrals from the Trust as explained in the earlier sections of this document.

## 4. TAX RELIEF

As from November 2015, changes to tax legislation mean that shares in community energy schemes are no longer eligible for tax relief through the Enterprise Investment Scheme (EIS) or Seed Enterprise Investment Scheme (SEIS).

However, the government have just introduced a new Personal Savings Allowance. Under this, a basic (20%) tax payer can receive up to £1,000 of interest per year tax-free. A higher rate (40%) tax payer, can receive up to £500 tax-free. The savings allowance does not apply to top rate (45% and above) tax payers. Interest on shares in SSCE can be included in this allowance.



“I’d probably put the heating on in the morning when I was really poorly.

I’d have to go bed in the afternoon because you can’t afford to have the heating on all day

Once you get cold your muscles stiffen and then you’re in agony.”

## 5. RISK FACTORS

**All investment and commercial activities carry risk, and investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this project.**

Those interested in investing should do so only after reading this document in full and taking appropriate financial and other advice. Members who purchase shares in this project need to be aware of the financial risks associated with the venture.

Members could lose some or all of the money they invest and will not have the protection of the government's Financial Services Compensation Scheme, or recourse to the Financial Ombudsman service.

Attention is drawn to the following:

### 5.1. General investment risks

Offer Shares will not be transferable or traded on a recognised stock exchange: shares can only be sold back to the Society. Members wishing to withdraw their share capital will be able to apply to the Board for this purpose after the third year of operation. Withdrawal of share capital is at the sole discretion of the Board. The value of each share will not increase above £1 but could be reduced if the total shares in the project, or in the Society as a whole, exceed its assets.



### 5.2. Risks specific to renewable energy schemes

- Government policy towards renewable energy may change. Throughout the operation of the FIT and previous similar schemes such as ROC and NFFO, the Government has maintained the commitment to the process of 'grandfathering' which ensures that whatever tariff a project is registered for at the commencement of operation, will remain the same for the duration of the FIT period, (which is 20 years in the case of PV panels). Therefore revenue from FITs for SSCE should not be affected by any future changes to the FIT. This payment is also index-linked to RPI.
- New technology inventions and developments may render existing technologies and equipment obsolete though such applications require long lead times and are unlikely to render existing renewable energy projects redundant.
- Long-term changes to weather patterns could result in lower levels of production. However, there is no evidence that SSCE is aware of that PV panel output will be affected in this way.
- Abnormal short-term weather conditions could affect expected levels of generation, although overall patterns outside anticipated parameters are unlikely.
- Operational costs may rise faster than anticipated during the life of the Project.

### 5.3. Risks specific to SSCE

- FIT degression – the government operates a system called "degression" whereby the FITs are gradually being reduced over time as the costs of installation go down. If these installations were not installed by the deadline required by our pre-registration, SSCE would receive a FIT tariff of around 4.4p/kWh rather than the pre-registered tariff of 11.85p. The directors believe that the schedule planned, and the installer we have chosen to work with, mean that the risk that commissioning does not happen by this deadline is not significant.
- Warranties and insurance will be in place. Accidental and malicious damage, breakdown and business interruption will be covered and public liability insurance will be in place. However, equipment failure due to exceptional circumstances could increase maintenance costs and could impact on Society income.
- SSCE currently already has two solar PV installations in operation on St Giles Hospice and on Whittington Village Hall. The interest payments on the new installations will be accounted for separately from the accounting of the existing installations. However, liabilities incurred by the existing business of SSCE could affect its future business. The directors are not aware of any information relating to the existing business of SSCE that could adversely affect its future operation.
- If the amount of share applications has not reached £80,000 by the time that the final installations need to be started, the directors will make a decision about whether to cancel one or more later installations and complete the project with a smaller portfolio. Under this scenario, the financial modeling predicts that the member share interest can be retained at 4.5% but the Community Fund will be lower.
- Sub-leases have not yet been finalised for two of the Trust owned buildings which are leased out to other organisations - nor for the lease with the Hospice. These are expected to be completed satisfactorily within the timescale required to install prior to the expiry of the FIT pre-registration. Should this not occur, the financial modelling indicates that the sum potentially applicable to the Community Fund would be reduced commensurately, but sufficient surplus would be retained to enable the member share interest to be paid at the projected level of 4.5%.

## 6. MANAGEMENT AND ADMINISTRATION

This section provides details of the Board and the running of SSCE.

### 6.1. The Board

The Directors currently on the board of SSCE are listed above. Board elections take place at each AGM and any member over the age of 18 who is not otherwise disqualified from acting as a director is eligible to stand for election to the board.

### 6.2. Existing business of SSCE

SSCE already has 55 members, the majority of whom bought shares in 2011 to install PV panels on the roofs of the Hospice and Whittington Village Hall. These panels are generating electricity and the members have received share interest on their shares in line with the original forecast in the share offer document for that scheme.

Anyone buying shares through the current share offer will become a member of SSCE and will have the same status as a member as someone who bought shares in the original share offer. However, the shares issued through this current share offer will be designated as a different class and will receive a different interest payment to the original issue of shares.

### 6.3. Disclosure

None of the directors of SSCE have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies, receiverships or liquidations, or received any public reprimand or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

### 6.4. Conflicts of Interests

The directors are not aware of any current conflicts of interest.

### 6.5. Remuneration

No remuneration has been paid, or is planned to be paid, by SSCE to the Directors. Each Director is entitled to re-imbursment for costs necessarily incurred in the course of activities undertaken on behalf of SSCE, e.g. travel expenses. Directors' share applications will be met in full, but there are no pension schemes or share option schemes.

### 6.6. Board Practices

Directors and the Society Secretary serve in accordance with the Rules. They have no service contracts. SSCE will have no employees and the business is not dependent on key individuals. Day-to-day operations will be managed by SSCE under the supervision of the Board. The Board will bear ultimate responsibility to the members.

As a registered society, SSCE complies with statutory requirements and the regulation of the Financial Conduct Authority. As the Shares will not be listed, SSCE is not obliged to comply with The Combined Code on Corporate Governance.

### 6.7. Accounts

SSCE was incorporated on 12th September 2011. Its financial year-end is 31st March.

At the time of commencing the current share issue, there are already 53895 shares in issue which were issued to raise capital for the first project carried out by SSCE, which was the installation of PV panels on St Giles Hospice and Whittington Village Hall. Shares raised through this current share offer will be designated as a separate class of shares.

The two projects will be treated separately in the accounts, each project producing a profit/loss calculation relating to the particular panels, and subsequent separate share interest and Community Fund payments.

SSCE has taken advice to ensure that the rules of SSCE do provide for separate classes of shares which will attract different rates of interest to be issued in this way.

### 6.8. Interest Policy

Members' Shares will attract a payment of interest annually in arrears. Interest rates may vary according to SSCE's financial performance.

### 6.9. Legal Proceedings

There have been no governmental, legal or arbitration proceedings relating to SSCE and none are pending or threatened which could have a significant effect on the financial position or profitability of SSCE.

### 6.10. Rules of the Society

Registered societies, such as SSCE, are governed by Rules approved by the Financial Conduct Authority (not by Memorandum and Articles of Association). A copy of the Rules is available from [www.ssce.co.uk](http://www.ssce.co.uk) or by application to SSCE (see contact details on back page of this Offer).

### 6.11. Asset Lock

The Rules stipulate that if the Society is wound up or dissolved, any assets remaining will not be distributed amongst members, but will be transferred to some other non-profit body with a similar restriction on the distribution of its profits and assets.

### 6.12. Further information

Other documents mentioned in this Offer are available from SSCE (see contact details on back page of this Offer).

General information sourced from third parties in this Offer Document has been accurately reproduced and as far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## 7. SHARE OFFER

Reasons for the Offer and use of proceeds.

This Offer is being made so that:

- SSCE and its members are able to make a contribution to reducing fuel poverty, promoting renewable energy, reducing the negative effects of reliance on non-renewable energy, and reducing CO<sub>2</sub> emissions.
- PV panels can be installed on community buildings in Staffordshire helping to protect these buildings against the effect of price rises in electricity in the future.
- Members may be as far as possible drawn from the local community.

### 7.1. Offer Shares

A maximum of 335,600 ordinary Shares of £1 are offered at par and payable in full on acceptance of an application on the Terms and Conditions of this Offer Document. The Shares, which will not be traded on any stock exchange, have been created under the Co-operative and Community Benefit Societies Act 2014.

Successful applicants will receive share certificates, and their details and holdings will be recorded in a share register to be kept by SSCE (and/or its administrative contractor, if any), or any successor business. Each person or organisation issued with Shares becomes a member of SSCE, with membership rights defined in the Rules. The principal rights are:

- One vote per holding on resolutions of the members, including in relation to the appointment of Directors.
- The right to receive a proportionate annual interest payment as a return on the investment in shares (subject to available surpluses).
- The right to the return of the original investment at or before 20 years from the date of the first AGM of SSCE following the close of this share offer (subject to available surplus assets and any new business of SSCE).
- As a member, eligibility for election to the Board.

### 7.2. Interest payment

Interest will be paid on the balance of each member's account at rates determined by the board. The date on which entitlement to interest arises will be announced each year. It is envisaged that any interest unclaimed for a period of 7 years will be cancelled.

### 7.3. Interest profile

The surplus income after deduction of expenses and other essential payments will be distributed as interest to members and as a Community Fund. It is projected that members will receive interest that will deliver 4.5% IRR (Internal Rate of Return) over the 20 year lifetime. See section 3.6 for more detail on the profile of capital and interest payments over this period.

### 7.4. Voting rights

Each Member has one vote, regardless of the number of Shares held. There are no pre-emption rights.

### 7.5. Rights to share in profits/surpluses

All Members are entitled to a share in interest declared out of annual surplus, such payments to be divided equally between the total Shares in issue. This means that a Member with 10,000 shares has a single vote but will receive interest on all 10,000 shares.

### 7.6. Redemption provisions

Redemption of shares may take place in accordance with the Rules. Members do not have an automatic right to withdraw share capital but may apply for withdrawal after the third year of operation. The Board of SSCE has the power to permit shares to be withdrawn, but it is at their sole discretion and notice may be required.

### 7.7. Taxation

Interest payments made to members who pay UK income tax will be taxable. It is expected that payments will be made gross and investors will be responsible for declaring this income on their tax returns. (but see section 4 Tax Relief)

### 7.8. Provisions on death of a Member

On the death of a member, the shares would usually be withdrawn and repaid to their personal representative (executor), to become part of the estate.

However, a member may nominate an individual(s) aged 16 or over to whom they wish any of their shares up to the value of £5000 to be transferred on their death. Anything over £5000 would be added to the estate as above. The nomination must be made in writing to the Society. The benefit of making a nomination is that the transfer (up to £5000) is made outside of the will, making the estate smaller and cheaper to administer.



## 8. TERMS AND CONDITIONS

### 8.1. Eligibility

The Offer is open to anyone over 16 years of age who supports the objects of the Society set out in its Rules. Children under 16 are not currently admitted as members of the Society, but parents and grandparents can choose to invest on their own behalf now and leave their investment, which would be withdrawn and repaid, to their children and/or grandchildren in their will.

### 8.2. Minimum and maximum holdings

The minimum number of shares which can be applied for in respect of the Share issue is 100 and the maximum is 100,000.

### 8.3. Application procedure

Anyone interested in responding to this Offer is strongly advised to take appropriate independent financial and other advice.

Shares shall be applied for via the online application form on the Ethex website [www.ethex.org.uk](http://www.ethex.org.uk), or by using the Application Form following the Guidance Notes below.

By delivering an Application Form an Applicant offers to subscribe, on the Terms and Conditions contained in this Offer Document, for the number of shares specified, or such lesser number as may be allocated.

An Applicant who receives shares agrees to automatic membership of SSCE and to be bound by its Rules.

Once an application has been made it cannot be withdrawn.

Multiple subscriptions will be admitted providing that they do not result in a member holding more than 100,000 shares.

### 8.4. The Offer timetable

The Offer will open on 25 July 2016 and has a closing date of 25th September 2016.

Shares will be allocated on a “first come, first served” basis. If the maximum target is reached before the closing date, the offer will be closed and shares issued. If the maximum target is not reached by the closing date the offer may be closed on that date and shares issued, with the balance being covered by a loan. The Directors however retain the right to extend the share offer beyond the closing date if this is to the advantage of the members and the project.

A more detailed timetable is provided in section 2.7.

### 8.5. Consequences if the share target is not reached

The installation of the panels will go ahead even if the share target is not reached. In this event, loan finance will be used to fund the balance required. A loan facility has been put in place with Pure Leapfrog to cover this eventuality. Share capital is more desirable as this would provide a greater amount into the Community Fund especially in the early years.

### 8.6. Commitments and confirmations by Applicants

Each Applicant, on submitting an Application Form, confirms that he/she/it:

- Meets the eligibility criteria.
- Is not making multiple applications for a total of more than 100,000 Shares.
- Is not relying on any information or representation in relation to the Offer Shares, SSCE, or the PV installations which is not included in this Offer Document.
- Shall provide all additional information and documentation requested by SSCE in connection with their application; including in connection with taxation, money laundering or other regulations.

Any person signing an Application Form on behalf of another person undertakes that they are authorised to do so.

### 8.7. Procedures on receipt by SSCE of Applications

- Offer cheques/bankers' drafts will be presented on receipt and may be rejected if they do not clear on first presentation.
- Surplus Application Monies may be retained pending clearance of successful Applicants' cheques.
- Applications may be rejected in whole, or in part, or be scaled down, without reasons being given.
- Application Monies in respect of any rejected or scaled-down Applications shall be returned by crossed cheque or bank transfer, no later than one month after the end of the Offer Period.
- No interest is payable on submitted Application Monies which become returnable.
- Applications on incomplete or inaccurate Application Forms may be accepted as if complete and accurate.
- SSCE reserves the right not to enter into correspondence with Applicants pending the issue of share certificates or the return of Application Monies.
- Results of the Offer will be published to members within one month following closure of the Offer.
- Share certificates will be issued to successful Applicants within one month of being allocated
- The Board has resolved to offer Shares at their par value of £1. SSCE intends paying interest on members' shares each year from the time when electricity generation begins, such that retained profits will not accumulate. The value of each share will not increase above £1 but could be reduced. Any share redemption will take place at par.

### 8.8. Governing Law

Terms and Conditions of the Offer are subject to English law.



## 9. GLOSSARY

**Applicant** An applicant for Offer Shares through submission of an Application Form.

**Application Form** The form in this Offer Document which must be completed to be returned in accordance with the Terms and Conditions of this Offer and the Guidance Notes.

**Application Monies** The total gross sum realised by this Offer.

**Board** The Board of Directors of Southern Staffordshire Community Energy Limited.

**Climate Change** The phrase widely used to describe changing weather patterns as a direct result of global warming, including an increase in the incidence and intensity of storms and droughts.

**CO<sub>2</sub>** Carbon dioxide, a natural gas emitted during the burning of fossil fuels and regarded as the main cause of global warming.

**Directors** The directors of Southern Staffordshire Community Energy Limited.

**FIT (Feed-in Tariff)** Incentive for micro generation up to 5MW introduced by HM Government on 1st April 2010 under powers from the Energy Act 2008.

**Hospice** St Giles Hospice, Fisherwick Road, Whittington, Lichfield, WS14 9LH

**IRR** Internal rate of return (a measure widely used to compare the profitability of investments) received by members on the shares issued to them.

**kW (kilowatt)** A unit that measures power and is equal to 1 thousand Watts.

**kWh (kilowatt hour)** A unit that measures energy and is equal to the energy that can provide the power of 1 kW for the period of one hour.

**Offer** The Offer of Shares in Southern Staffordshire Community Energy Limited contained in this Offer Document.

**Offer Costs** The expenses incurred by or on behalf of Southern Staffordshire Community Energy Limited in issuing this Offer Document.

**Offer Period** The period during which the Offer will remain open (including any extension) as set out in the Offer timetable in this document.

**Offer Shares** New shares of £1 in Southern Staffordshire Community Energy Limited, offered at par on the Terms and Conditions and payable in full on application.

**Project** The proposed ownership and operation by Southern Staffordshire Community Energy Limited of rooftop PV systems.

**Projections** The financial projections for Southern Staffordshire Community Energy Limited set out in this document.

**RPI Retail Prices Index** A measure of inflation in the UK published by the Office for National Statistics

**Rules** The Rules of Southern Staffordshire Community Energy Limited, available from [www.ssce.co.uk](http://www.ssce.co.uk) or on demand by using the contact details set out on the back of this Offer document.

**Sharenergy** Sharenergy Co-operative Limited. A Registered Society (registered no. 31237R), registered at The Pump House, Coton Hill, Shrewsbury, SY1 2DP.

**Southern Staffordshire Community Energy Limited** Southern Staffordshire Community Energy Limited Ltd. Principal Office: 3, Burns Close, Lichfield, WS14 9DW (Registered Society number 31384R).

**Southern Staffordshire Community Energy Limited Shares** Ordinary shares of £1 in Southern Staffordshire Community Energy Limited.

**SSCE** Southern Staffordshire Community Energy Limited

**The Society** Southern Staffordshire Community Energy Limited.

**Terms and Conditions** The terms and conditions of the Offer contained in and constituted by this Offer Document.

**The PV installation** in this Offer Document refers to the PV panels, inverters and all associated equipment that are being installed on the roofs of the properties.

**The Trust or UHNM** University Hospitals of North Midlands NHS Trust





## 10. GUIDANCE AND NOTES

### 10.1. Applying for Shares

The Offer is open to individuals, registered societies and other organisations. It is only possible to purchase shares in SSCE by submitting an online application or completing the Application Form.

Ethex is managing the share administration of this share offer for SSCE.

The preferred paperless and efficient method of investing is by:

Submitting an online application through the website [www.ethex.org.uk/](http://www.ethex.org.uk/) and paying by any of the methods permitted by the site.

Or:

If you prefer, you can submit a paper application by post to Ethex with a cheque or bank transfer and they will process your investment. (See Application Form at the back of this booklet for more details).

If you have any problems or if you need help, then please call Ethex on 01865 403304.

Before completing your application you should consider taking appropriate financial and other advice, particularly in relation to any aspect of the Offer Document which is not clear to you. Your attention is particularly drawn to:

The Risk Factors section which describes risks relating to an investment in the Offer Shares.

Terms and Conditions of the Offer because by completing the Application Form you will make an irrevocable offer which may be accepted by SSCE.

The Rules of SSCE because in buying Offer Shares you will become a Member of SSCE and will be bound by those Rules.

If there is a discrepancy between the payment and the amount on the application form, or if the cheque is not honoured on presentation, your application may be rejected without further communication.

### 10.2. Amount to invest

The price of each share is £1. The minimum number is 100. The maximum is 100,000. Annual interest payments will be based on the number of Shares you hold, but you will only have one vote, regardless of the number of Shares you hold.

### 10.3. Personal details

You may apply as an individual, or as long as you are properly authorised, on behalf of a registered society or other organisation.

Persons under 16 years of age cannot become Members.

### 10.4. Declaration

In signing the Application Form, as an individual, you are personally making an irrevocable offer to enter into a contract with SSCE.

If you are signing on behalf of an organisation or on behalf of another individual, you are personally representing that this is in accordance with due explicit authorisation.

Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country that would prevent them from investing in or receiving income from a UK society. Under Money Laundering Regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of the Offer that you do so as requested. You should note that if the Offer is unsuccessful, it will become necessary to return money to investors.

## 11. HOW TO INVEST/ APPLICATION FORM

Ethex is the Receiving Agent for the SSCE share offer, which means that investors wishing to make an investment in SSCE can do so via the Ethex website at [www.ethex.org.uk/SSCE](http://www.ethex.org.uk/SSCE)

Simply click the orange “Apply for shares” button. You will then be guided step-by-step through the online application process. If you need help with your application, contact the Ethex team on 01865 403 304 or email [helpline@ethex.org.uk](mailto:helpline@ethex.org.uk)

Ethex is a not-for-profit positive investment and savings platform that makes it easy to make money do good. On the platform, you can browse, compare and invest in a range of products from bank accounts and ISAs to equity investments and charity bonds that offer a social and environmental as well as a financial return. Since 2013, Ethex has helped raise over £28 million of investment into 53 social businesses, charities and community organisations.

Ethex is registered with HM Revenue and Customs for Money Laundering Regulation. This is in order that it can receive money from investors and pass it on to the businesses invested in. All monies received from investors are held in a segregated client account, so that they are separated from Ethex's own funds. All Ethex directors have undertaken a 'fit and proper test', as part of the HMRC registration process. Ethex is not required to be authorised by the Financial Conduct Authority in so far as it provides information on or arranges deals in investments. This is because it is an Enterprise Scheme, which is exempt from regulation in arranging financial deals when not for pecuniary gain as specified in the Financial Services and Markets Act 2000 (Exemption) Order 2001, paragraph 40.



# APPLICATION FORM

The easiest way to apply for bonds or shares is online at Ethex [www.ethex.org.uk/SSCE](http://www.ethex.org.uk/SSCE) which gives you the option to pay by cheque or bank transfer. If you prefer a paper application form, please complete this form.

Title (Mr/Mrs/Ms/other): ..... Forenames: .....

Surname: .....

Email:

(please do provide your email address if at all possible to keep admin costs down).

Postal Address: .....

Post code: ..... Day-time Telephone: .....

If you have lived at the current address for less than 3 years, please provide the your previous address(es)

Postal Address: .....

Post code: ..... Dates resident from/to: ...../...../.....

(if more than one previous address, please provide details on a separate sheet)

If applying on behalf of an organisation please also provide

Organisation name: .....

Organisation address: .....

Type of organisation: ..... Registration number: .....

Your Position within Org.: ..... (you must be authorised to sign on behalf)

## SHARES

I wish to buy a total amount of ,  shares in SSCE at £1.00 per share.  
(minimum: £100, maximum: £100,000)

If you would like payments **from the Society to you** to be made by bank transfer, please provide your bank details:

Bank Account number: ..... Sort Code: .....

Please tick both boxes to confirm:

I have read the Share Offer Document and am not relying on any other source of information about the Society. I am over 16 and eligible to Apply for Shares or Bonds. I have considered whether I need to take financial advice or other advice. I authorise the Society to make enquiries to confirm the eligibility of this Application if required.

I understand that this application may be withdrawn if a supplementary offer document is issued, but not otherwise and if and when accepted by the Society forms a contract in law on the Terms and Conditions of the offer document.

Signature: .....

Date: .....

## CHEQUE

If paying by cheque make payable to **Ethex Investment Club Ltd** and cross a/c Payee.

## TRANSFER

If paying by transfer please use these details:

Ethex Investment Club Ltd. Sort code: **60 83 01** Account no.: **2036 9268**

Please use the Applicant name as the reference attached to the transfer.

Send your completed Application Form to Ethex, SSCE share offer, The Old Music Hall, 106-108 Cowley Rd, Oxford, OX4 1JE

We would be grateful if you would tell us how you first heard of this Share Offer:





“It’s because I know every year I get a discount on my electric because of my condition I have. It helps me to do things and I’d say I’m better in my health because I can have the heating on”

We would like to thank our  
Principal Advisory Partners in this offer



Pure Leapfrog is a business led charity that is the leading provider of social investment and professional support within the community energy sector. They provide low cost finance to UK community energy projects and introduce affordable professional expertise provided through a network of lawyers, accountants and other professional service providers.

Our installation Partners



Our thanks also to: Sandy Abrahams of the Clean Energy Lawyers Lux Nova for their input and advice on roof leases; Paul Phare and Marna Houlsby of Energy4All for their input and advice; John Coombes, Jose Perales and Dave Price for their technical advice on specific aspects on project.