

# Energy Enterprise Case Study



## Background

Transition Stratford, along with other local Transition and sustainability groups in Stratford and Warwick, organised a one-day conference that asked how best to ensure that local people have a stake in renewable energy projects in the area.

This led to the establishment of Community Energy Warwickshire (CEW), which is a new approach to local energy – a co-op which will invest in renewable energy projects and help local people to reduce their energy use and save money.

For their first renewable energy project, they are planning to install solar PV panels at Warwick and Stratford hospitals. The capital for this will be raised through a community share offer.

As a co-op they will also assist members in working together - by offering them free advice on ways to cut energy use and reduce fuel bills, as well as organizing discounts and buying clubs for energy-saving products and services.

*Community Energy Warwickshire is one of a new breed of energy businesses – a community benefit society, owned and democratically controlled by its members, with the aim of increasing local energy resilience, promoting energy efficiency and reducing carbon emissions.* Barbara Cooper – Director CEW

## Working with the NHS

South Warwickshire NHS Foundation Trust runs Stratford upon Avon and Warwick hospitals, as well as a number of other community health services throughout the county of Warwickshire.

The Trust has accepted a proposal from CEW to install solar panels on the roofs of selected buildings at the two hospitals. The roofs will be leased at a peppercorn rent, with CEW deriving income from both the electricity generated and the Feed in Tariffs. The solar panels will provide electricity at a discount to the Trust as well as helping it to reduce its carbon footprint.

Community Energy Warwickshire will also be working with the Trust to encourage staff and visitors to help the hospitals to cut their energy costs as part of a programme of energy saving activities.

The energy efficiency/ demand reduction advice will be provided to the hospital staff free of charge by volunteers from CEW, and will complement the work already done by the Trust on other projects .





## Structure and Finance

Community Energy Warwickshire is registered as an Industrial and Provident Society, which allows it to offer shares to members.

Initially established with 21 founder share-holders contributing a total of around £12,000, the scheme needs to attract around 350-450 further shareholders to raise the £180,000 needed for the solar panel installation at the hospitals. Each share will be sold for £1 with a minimum investment level of 250 shares. This is only the first stage.

The success of this strategy is dependent on attracting share-holders who appreciate the social benefits of this form of investment. There will be no financial return on the shares in the first three years with a proposed 3% return thereafter.

Community Energy Warwickshire has applied to HMRC for recognition under the Enterprise Investment Scheme (EIS). If successful, this would give share-holders a reduction in tax against the amount invested, providing the shares are kept for a minimum of three years and the amount invested is £500 or more.

CEW has been self-funding and not relied on grants for start-up. They have, however, received free advice from both Carbon Leapfrog and the Cooperative Development hub on legal, business and finance matters.

## Challenges

CEW struggled to get HMRC to recognise Community Energy Warwickshire under the Enterprise Investment Scheme (EIS). Some Energy co-ops have been included but co-ops benefiting from Feed in Tariffs had been excluded. In a surprise announcement in October 2011, CEW were told that their investors will now be eligible for 30% tax relief against a minimum of £500 invested for at least 3 years. The EIS will add considerable value to investors in companies which are not otherwise offering large financial returns as it delivers a tax break.

Another challenge has been the length of time required to obtain the necessary Planning Permission for the hospital roof solar panels. This delayed the launch of the share offer, as although support for the proposals has been given in principle, the Planning Department had not yet given formal permission. This has also now been resolved and the share offer is going ahead.

Challenges such as creating a workable Business Plan, understanding the tax implications of the business and other legal and governance issues have been overcome through free advice, training and mentoring offered by Carbon Leapfrog and the Co-operative Enterprise Hub.

For more info see [www.cew.coop](http://www.cew.coop).

These case studies show the kinds of enterprises that are forming a new type of local economy, where people and the planet matter as much as profit.

**Transition Network: REconomy project**

[www.reconomyproject.org](http://www.reconomyproject.org)

