

Introduction to community shared ownership

Christina Hinds
Shared Ownership Specialist



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Shared ownership, CARES & FAQs

About us

The ambition

What is shared ownership?

The process

FAQs



About us



Local Energy Scotland is a consortium comprising:



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The ambition for shared ownership



“We continue to encourage the renewables industry to consider, explore and offer shared ownership opportunities **as standard** on all new renewable energy projects including repowering and extensions to existing projects.”

.... from Scottish Government's, ["Onshore wind: policy statement 2022"](#)



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Onshore wind sector deal for Scotland

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- Sets the ambition for onshore wind delivery in Scotland to 2030.
- Onshore wind in Scotland will continue to collaborate with communities offering impactful community benefits and practical routes to shared ownership.
- The sector will engage with communities from the earliest opportunity possible in the project development cycle to agree a community package that will meet or exceed the good practice principles for community benefits and shared ownership.

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What is shared ownership?



“ - any structure which involves a **community group** as a **financial partner** over the lifetime of a renewable energy project.”

.... from Scottish Government's, [Shared ownership of onshore renewable energy developments - good practice principles](#)



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Not the same as community benefits



- Not £5k/ MW/ Annum or “equivalent” community benefit fund.
- Shared ownership is separate and additional to the community benefit fund.
- Separate good practice principles booklet available for further information on community benefit funds.



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What is shared ownership cont.

- On a “commercial” basis.
- Shared ownership “models” – these are not rigid:
 - Split Ownership – purchase, say, 1 of 10 *turbines*.
 - Joint Venture – purchase *shares* – FCA regulated.
 - Shared Revenue – purchase *revenue* stream.
- Primarily for the local community, but can be widened, eg to increase community capacity.
- Investment risks – might result in losses or lower than expected profits – requires appropriate professional advice.



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Financial Considerations



- “Investment” opportunity for the community.
- Local Energy Scotland is NOT authorised to provide “investment advice” – it can only provide “educational information”.
- Local Energy Scotland provides “impartial” support to communities and project developers via the Community & Renewable Energy Scheme (CARES), including grants for legal, financial, technical, etc. advice.
- Financial advisors must be appropriately authorised by the Financial Conduct Authority to advise community groups and ensure they make a properly informed decision.



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Case study - Crossdykes wind farm



- Owner - Muirhall Energy.
- Lead community body - Dumfriesshire East Community Benefit Group.
- Grant - Community & Renewable Energy Scheme (CARES).
- Loan - Energy Investment Fund (EIF).
- 5% shareholding of 46MW = 2.3MW CSO.
- Completed May 2022.
- Local Action Plan to ensure good outcomes for the community.



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Examples of existing area wide initiatives for CBF & CSO



- **Community Energy Moray (Community Benefit Society)** – 23 Community Councils – Clash Gour wind farm – EDF – 225MW - £5k/ MW/ annum CBF + 5% CSO.
- **East Kintyre Renewable Energy Group (Company Limited by Guarantee)** – 10+ Community Councils – various wind farms, e.g., Clachaig Glen - RWE – 40MW - £5k/ MW/ annum CBF + 49.5% CSO (FLS).
- **Association of East Lothian Community Councils (CARES funding legal advice)** – 20 Community Councils - Newlands Hill Wind Energy Hub – Belltown Power - 161MW - £5k/ MW/ annum CBF + 5% CSO.



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What are the benefits?

- Sustainable, earned income
- Community development
- Capacity building
- Sharing in ownership of natural resources

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What are some challenges?



- Investment price too high.
- Process takes a long time.
- Capacity of group
- Developer drops project/ doesn't get consent.
- Project is sold.
- Return on investment is marginal.
- Local Energy Scotland support,
- CARES grants
- Good communication with community.
- Early/continued engagement with developers.
- Financial and legal advice and agreements with developers.

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How can communities afford to invest?



- Loans
 - Scottish National Investment Bank.
 - Triodos, etc.
- Community shares.
- A wider share offer.
- Potentially - community benefit funds.

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What is the shared ownership process?



- Developer usually presents opportunity to local community councils.
- Communities can look at planning applications and approach developers.
- Other local development trusts and bodies should be involved in considering shared ownership opportunities.
- Identify and agree on the community organisation best placed to act as “lead” to assess the CSO opportunity – all other organisations remain equally involved as partners.
- Seek support from LES.

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When do we start the process?



Pre-planning consent/ consultation period:

- The planning process may take several years, and the project may not get consent.
- Developer motivated to offer opportunity at this stage.

or

Post-planning consent:

- Project is likely to go ahead.
- Likely to be operational within 2 - 3 years.
- Detailed financial information available.



What support is there from LES?

- Support throughout the process.
- CARES grants for legal and financial advice.
- Support to procure legal and financial advice.
- Support with facilitating meetings with developer and other community groups

Other support:

SoSE

TSIs [TSI Directory – TSI Scotland Network](#)

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Shared ownership contacts



Christina Hinds

Shared Ownership Specialist (South Scotland & Central Belt)

christina.hinds@localenergy.sco

Mark Brennan

Shared Ownership Manager (rest of Scotland)

mark.brennan@localenergy.scot

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CONTACT US



0808 808 2288

See website for Local Development Officer contact numbers



Local Energy Scotland, Energy Saving Trust, Ocean Point 1, 94 Ocean Drive | Edinburgh, EH6 6JH



[Shared ownership projects](#) ·
[Local Energy Scotland](#)
info@localenergy.scot



@localenergysco



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