

LOW CARBON HUB ANNUAL REPORT AND ACCOUNTS



2022/23

We are a social enterprise that's out to prove we can meet our energy needs in a way that's good for people and good for the planet





Cover photo: Ray Valley Solar panels, Richard Cave.

Photo credits in report: Low Carbon Hub, Richard Cave

‘The Community Energy Fund has been absolutely transformative in terms of our securing all the other sources of funding for Ray Valley Solar.’

Tom Heel, Low Carbon Hub

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SOCIETY INFORMATION

Full name

The Low Carbon Hub IPS Limited,
Industrial & Provident Society Number:
31903R

Wholly owned subsidiaries

Low Carbon Hub Sandford Hydro Limited

(Company Registration no: 9743887)

Ray Valley Solar Limited

(Company Registration no: 12279415)

Principal address

Holywell House
Osney Mead
Oxford OX2 0ES

Low Carbon Hub IPS Board Members

The Board Members who served during
the year (1 April 2022 to 31 March
2023) were:

- Steve Drummond
- Adriano Figueiredo
(resigned 31 March 2023)
- Barbara Hammond
- Thomas Hoines
(resigned 14 March 2023)
- Luke Marion
- Timothy Sadler
(resigned 3 January 2023).

The Board Members at the time of the
AGM (2 October 2023) are:

- Steve Drummond, Non-Executive
Director, Chair
- Barbara Hammond, Executive
Director, CEO
- Mairi Brookes, Executive Director
- Maxine Frerk, Non-Executive
Director
- Saskya Huggins, Executive Director
- Tim Jones, Executive Director
- Rob Kesterton, Non-Executive
Director
- Al Kitchen, Non-Executive Director
- Luke Marion, Non-Executive
Director, Treasurer
- Chukwuemeka Godwin Nwangele,
Non-Executive Director
- Lenah Odour, Non-Executive
Director
- Mish Tullar, Non-Executive Director
- Chris Woolhouse, Non-Executive
Director.

Company Secretary

Barbara Hammond (resigned
23 December 2022); Tessa Paterson
(appointed 23 December 2022)

Auditors

Critchleys Audit LLP
Beaver House
23–38 Hythe Bridge Street
Oxford OX1 2EP

Governing document

The Society is operated in accordance
with the Rules of The Low Carbon Hub
IPS Limited.

It is a Society limited by share capital.
The liability of each Class A and
Class B shareholder in the event of
winding-up is £1.



‘It’s been really rewarding
for our investors to see how
much good projects like this
can do for communities in
and around Oxfordshire.’

Leanne Byatt on a recent investor tour
of Ray Valley Solar

STRATEGIC REPORT

2.1 Our purpose

The Low Carbon Hub is a social enterprise that's out to prove we can meet our energy needs in a way that's good for people and good for the planet.

We develop community-owned renewable energy installations across Oxfordshire which produce clean energy and accelerate the transition to the zero carbon energy system we need for the future. Electricity, heat, and a clean transport system – all powered by renewables.

The installations produce an ongoing income, which is then reinvested in further carbon cutting projects. We help local organisations become more energy efficient, fund green innovation, and back further community energy projects. We make every pound of investment work hard to bring our vision of a smart and fair energy system to life. The UK's energy system is changing, and we are at the heart of a growing partnership of people and organisations across Oxfordshire, working together for a low carbon future.

Through innovation projects such as Project LEO, we are playing a central role in developing the smart, flexible electricity system of the future in Oxfordshire. One that benefits us all.

2.2 Message from the Chair

Happy to report a fantastic year of results, which are highlighted in the CEO's report and set out in more detail in this Annual Report.

These results were produced under the Chairship of Tim Sadler, who stepped down in February after eight years' sterling service on the Board, of which three were as Chair. When I was interviewed for the role of Chair, I said that I would take the job if I could help re-shape the organisation to identify the next set of challenges to enable it to further accelerate the UK's necessary transition to a low carbon future. In the last six months we have taken four key steps:

- We have consolidated the two parts of the Low Carbon Hub into one. This means that we are now truly one team, it significantly reduces operating costs and it consolidates the true strengths of Low Carbon Hub. We are a for-profit business, creating profits with a purpose: to find and trial ways to increase the role of renewable energy and to spearhead energy efficiency where it counts, at the level of individual households and communities. At the 'grid edge'. Uniting under a single banner is key to ensuring all of our considerable energies are focused outwards

- We have refreshed the Board with a broader range of skills and more diverse perspectives, and re-defined the responsibilities of Non-Executive Directors to more actively support the executive team
- We have started to update our corporate governance. We have invested over £20 million in renewable energy generation which we manage on behalf of the community and 1,758 shareholders. We therefore need to not only continue to protect and grow our energy portfolio with the utmost care, but to transparently demonstrate how we are going about it
- We have initiated a year-long strategy review, led by Barbara Hammond and involving the new Board, staff team, as well as our communities and other stakeholders.

The strategy review is necessary because of the standout success of Low Carbon Hub. Eleven years ago, we set out to create an economically independent agent of change. We have done that now, and along the way we have helped define what it will take to start to make real changes at the grid edge. But there is much more to do. Somewhere out there, there is a sunlit upland with an efficient fossil-free energy system, integrated at the grid edge and ensuring truly sustainable living. But what might the details look like? What will it take to get there and how can we use our talents and influence to help us all get there?

We have an exciting year ahead of us and at the 2024 AGM I will report on the outcomes. In the mean time I hope you enjoy this new-style Annual Report, which brings all of the activities of Low Carbon Hub under one roof – just as the organisation itself.



Steve Drummond
Chair of The Low Carbon Hub IPS Limited



2.3 CEO's report

The last financial year was one of successful conclusions. Project LEO concluded on Friday, 31 March, with celebrations including an event at the House of Commons sponsored by Chris Skidmore MP who led the Mission Zero report for the government. The six-year OxFutures programme run by the CIC concluded on exactly the same day with a final impact report showing how important it has been for low carbon business development in Oxfordshire. And Ray Valley Solar (RVS) came online in August 2022, massively boosting our renewable energy generating potential.

It was also the year where the pivot from our first ten years to our next ten years started happening in earnest. With the addition of RVS to our portfolio, we have the asset base of a medium-sized enterprise and can forecast our business out for at least the next 40 years. The engine of community-led carbon reduction we had imagined in 2010 is firmly in place and ready to super-charge our impact.

We think our best chance of capitalising on this success is to streamline and simplify the way we operate so that we can focus the right resource on the challenges ahead. The Boards of the IPS and the CIC concluded that now was the time to move on from the partnership between two aligned organisations that characterised our start-up phase and to prepare for voluntary dissolution of the CIC and transfer of all staff to the IPS through a TUPE process. Most of the work was finished by the year end with all staff moving across as of 1 April. I would like to thank the community shareholders and investor shareholders for all the hard work and enthusiasm put into helping us get to that point in a very short space of time.

Our challenge now is to work out how best to use the springboard we have made for ourselves so that we have the best and biggest impact on the transition to a zero carbon energy future in Oxfordshire. We already know that the consolidation into the single IPS Group allows us to manage uncertainty with confidence because we have been able to deal with the seriously challenging year faced by Sandford Hydro in a way which does not cause long-term harm to the overall business or the long-term prospects of that shareholder portfolio.

It is amazing that in my time starting up and running the Low Carbon Hub we have seen the carbon intensity of the grid reduce by half and the contribution of renewable energy to the UK energy mix increase to 40%. The challenge now is very different from the one we started with, which was how to encourage the take-up of renewable energy and how to help people reduce their bills through energy efficiency. Now our challenge is how to help the local distribution network

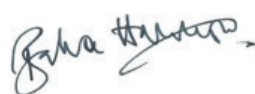
cope with the extra demand for renewable electricity caused by the transition to electric heat and transport: how do we help households and businesses run most efficiently for themselves and also contribute to the most efficient use of the network at the grid edge? And in a way that benefits everyone.

Answering this challenge will include:

- Developing new metrics to demonstrate our impact; our 'planet' metric in particular will not be useful for very much longer
- Working with our local partners and our community shareholders to develop and implement new ways of managing and planning the distribution network
- Developing new business models for community energy, such as Smart Community Energy Schemes, that will enable the grid edge transition to happen at the scale and pace required.

Strategic priorities for the coming year, while we renew our high-level strategy to meet this challenge, will be focused on three things: first, continuing to grow our renewables portfolio while maximising the productivity of our installations; second, working with our community shareholders to disseminate and hopefully repeat the results from Project LEO Smart and Fair Neighbourhood Trials; and third, bidding for new innovation projects with our LEO partners that will help us consolidate and develop the neighbourhood-scale approaches we started in that programme.

Together our installations can generate enough power each year to meet the electricity needs of 8,000 typical homes.



Barbara Hammond, MBE
Chief Executive Officer of
The Low Carbon Hub IPS Limited



SOCIAL IMPACT REPORT

The Low Carbon Hub is an award-winning social enterprise that's out to prove we can meet our energy needs in a way that's good for people and good for the planet – and we measure our progress towards this vision against four key metrics: Planet, Prosperity, People, and Perception.

Planet

We develop, deliver, and manage community-owned renewable energy projects. Our growing portfolio includes rooftop solar arrays on schools and businesses across Oxfordshire, the largest community-owned hydro on the Thames, and the UK's largest community-owned ground mount solar park.

Together, our installations can generate enough power each year to meet the electricity needs of more than 8,000 typical homes.

'It requires no capital investment from the company up front; Low Carbon Hub takes care of all the installation headaches and all the knowledge that you need to choose the right scheme and get it installed properly.'

Catherine Rohill, Norbar

'Having local generation and a resilient energy supply could be critical to the energy supply locally. Through Project LEO we are looking at how assets like RVS can be flexible and work alongside peaks in consumption locally.'

Tom Heel, Low Carbon Hub

Prosperity

This growing portfolio of community-owned renewables forms the engine of Low Carbon Hub – producing clean green electricity to power Oxfordshire, and a sustainable income stream to help transform the way we generate, use, and store energy in our communities to the benefit of people, and the planet.

Our rooftop solar arrays have resulted in a total discount of £106,066 on their electricity bills to host organisations this year

The electricity we generate provides us with a sustainable income stream, to support further carbon cutting activity, and leverage additional funding from grants and contracts.

We donated £35,117 in community benefit funds this year to support community action on climate change

Over £600,000 has been donated by the IPS in community benefit donations since our inception

In total £4,215,280 carbon cutting activity was delivered by Low Carbon Hub this financial year

People

Collaboration is at the heart of everything we do – from our community group members, host organisations, programme partners, and funders to everyone who subscribes to our newsletters and helps spread the word about our work on social media. Together they form an incredible ecosystem that supports the transformation towards a zero carbon energy system.

1,758 investor Members

45 renewable generation installation hosts

41 low carbon community groups who we support, and who support our work

10,000+ strong network of people who follow and support what we do

Perception

We have a commitment to develop sustainable energy for community benefit. We aim to be a transparent and trusted partner, and to share knowledge and expertise openly.

To ensure we are meeting this commitment we survey our stakeholders – host partners, community members, investor Members, project partners, and others – annually to see how we're doing and how we can improve.

95% trust our expertise on local renewable energy

97% believe we are committed to a local, low carbon energy system

80% have taken action on energy or environmental issues as a result of Low Carbon Hub

Below: Our work has been recognised by the following awards this year: OxLEP Business Awards: Most Environmentally Sustainable Business; UK Social Enterprise, Environmental Social Enterprise of the Year; Utility Week, Collaborative Excellence Award for Project LEO; REA.net, British Renewable Energy Award for Community



Five key themes to our work

All our programmes and partnerships are focused on delivering the transformation we need at the grid edge – in the communities where we live and work.



1 Supporting the scaling-up of local energy

This year saw the start of operations at Ray Valley Solar (RVS), the UK's largest community-owned solar park. It can generate enough power to meet the electricity needs of over 6,000 typical homes.

In total our installations can power 8,171 typical homes

'The impact of Ray Valley Solar in terms of carbon savings will be really significant. It's going to produce an awful lot of energy and have a huge impact in terms of the zero carbon agenda across Oxfordshire. It makes you really proud to be part of it.'

Tom Heel, Low Carbon Hub



2 Driving energy efficiency in our homes and organisations

We've provided support and advice to hundreds of householders, schools, community building owners, and businesses to help them improve the energy efficiency of their buildings. Our wide range of tailored support programmes is delivered in partnership with experts in their field, who give practical and pragmatic advice. As a result, everyone is better supported to take control of their energy bills and reduce their carbon emissions.

95 energy assessments delivered

139 Whole House Plans delivered

'If we're going to spend money on a big measure such as loft insulation, we want to make sure it's properly done. We've been very pleased with Cosy Homes Oxfordshire... neither of us is technical, so we very much valued their advice.'

Eleanor and Chris, Retrofit in East Oxford



3 Supporting the decarbonisation of our heating and transport systems

Electrification of heat and transport is a key step to decarbonising our energy system. Our community grants programme has supported carbon-cutting grassroots activities of groups across the county. Our grants supported low carbon transport solutions including the installation of an EV charging point at a community centre, a community e-cargo bike scheme, and promoting active travel to school.

Sustainable Wantage received £500 towards Draughtbusters, a practical and cost-effective scheme that uses a team of trained volunteers to go into people's homes to install simple energy-saving measures, at no cost to the household, which will help to keep their homes warmer and save money on energy bills.

A £5,000 grant supported Energy Saving Homes, an Oxford-wide initiative that showcase how ordinary people have managed to reduce energy costs in their homes through various measures. By exploring these energy-efficient homes, attendees can see what a sustainable and environmentally conscious future could look like: it's easier to imagine it if you've seen it.

38 homes were opened to the public in 2022

Seven bite sized films produced on topics including air source heat pumps

'In an Energy Saving Home, you can listen to your host explain how they navigated the often-confusing landscape of eco-renovation, what went well and what was difficult, what they learned, and what further steps they are planning to take.'

Communities for Zero Carbon Oxford



4 Catalysing innovation in the way we generate, use, store, and share energy that makes the most efficient use of our electricity network

Project LEO – Local Energy Oxfordshire – was one of the UK’s most ambitious, wide-ranging, and innovative trials, seeking to accelerate the UK’s transition to a zero carbon energy system. Working with energy sector academics, local authorities, and community groups, we ran trials in Oxfordshire which looked to build a broad range of reliable evidence of the technological, market, and social conditions needed for a greener, more flexible, and fair electricity system.

‘As more people acquire electric vehicles and switch to electric heating, demand is going to exceed the capacity of the local network. We have to find ways of generating more electricity locally, storing electricity, and managing demand if we’re going to avoid expensive investment in infrastructure.’

Simon Collings, Osney Supercharge participant



5 Seeking fair and inclusive solutions so people can afford the energy they need and participate in opportunities created by the energy transition

Over 23,000 households live in fuel poverty in Oxfordshire. Our new energy advice programme equipped volunteer energy champions with the training and resources they needed to support members of their community struggling in the face of the energy crisis.

**Energy champions from
14 community groups trained**

**Champions attended 90 community
events to give support and advice**

**Had 780+ energy advice
conversations.**

The six Smart and Fair Neighbourhood trials for Project LEO were all about involving communities in the sustainable energy system of the future. We learnt how the opportunities from the transition to a smarter, more flexible electricity system can be maximised and unlocked, and how households, businesses, and communities can realise the benefits.

‘It’s all about us making slight tweaks to our behaviour that together add up to quite a powerful difference.

The future of the low carbon local economy has arrived: participating in trials like this means being part of that future.’

**Sarah, Community participant in
Smartflex heat pump trial**



‘For this energy transition to happen it’s going to need change in the way that every household and every business uses energy. What we’ve shown in LEO it that’s completely possible.’

Mairi Brookes, Low Carbon Hub

Delivering community benefit

The electricity we generate provides us with a sustainable income stream to support further carbon-cutting activity and leverage additional funding from grants and contracts.

The Low Carbon Hub IPS Limited donated £35,117 community benefit funds from its surpluses to support community action on climate change, which helped leverage significant additional funding for our work through both the Low Carbon Hub IPS and Low Carbon Hub CIC. In total £4,215,280 of carbon cutting activity was delivered in 2022/23.

The following section sets out both the community benefit funded by the IPS and the activities carried out by the CIC during the financial year.

Income

Our community benefit work is funded from a number of different sources:

- The surpluses of The Low Carbon Hub IPS Limited resulting from our renewable energy generation activities
- The surpluses of the Low Carbon Hub CIC
- Donations, grants, and contracts.

During 2022/23 our work to foster the development of community-led solutions to tackle climate change was supported by the following programmes. We are most grateful to all our funders for their support of our work.

- Innovate UK funding for Project LEO, a £40 million, multi-stakeholder partnership carrying out real-world energy system trials
- European Regional Development Fund support of OxFutures, a £3.2 million partnership to boost Oxfordshire's low carbon economy
- UK Community Renewal Fund, managed within Oxfordshire by Oxfordshire County Council, and with thanks to the Secretary of State for Levelling Up, Housing and Communities

- Westmill Solar Co-operative support for our energy efficiency audits programme for schools and community buildings
- Oxford City's Economic Development Team Build Back Better assessment funding
- Oxford City Council's Oxford Community Impact Fund, Community Energy England, Westmill Solar Co-operative, Westmill Wind Farm Co-operative, and everyone who supported the Warmer Winter Appeal for supporting our energy advice programme.

Expenditure

We use our community benefit income to deliver:

- Grants and support to community energy enterprises
- Funding, help, and advice to support community action on climate change

Support to innovative initiatives, by providing seed funding for the development of new products and services that encourage carbon-cutting action.

With restricted grants and donations where monies were spent on capital investments these monies have been treated as deferred income in the Balance Sheet and will be released as income into the Profit and Loss over the useful life of the investments.

Community benefit income

	2022/23	2021/22
IPS community benefit income		
Surpluses allocated for community benefit grants	£35,117	£35,059
CIC community benefit income		
Renewable generated income	£1,391	£1,783
Unrestricted donations	£840	£0
Restricted grants and donations	£3,558,352	£2,236,550
Service contracts	£99,695	£135,097
Total	£3,695,397	£2,408,490

Community grants programme: £40,279

We have several grant streams which provide funding to support community action on climate change. Our large grants programme awarded five grants, totalling £22,296. Our community group members are also eligible for up to £500 funding each – and we awarded four £500 grants. The grants supported a wide range of activities from contributing towards the installation of solar arrays, batteries, and EV charging points on community buildings, to active travel and community-led activities to help householders improve the energy efficiency of their homes.

We were delighted by the high level of collaboration between groups who pooled knowledge and resources to support cross-community activities such as the Oxford-city-wide Energy Saving Homes project.

Low Carbon Oxford North and GreenTEA continue to receive support from our long-standing generation grants to these communities. The IPS also contributed £2,500 towards our energy advice programme which trained community energy champions and equipped them with energy advice stalls to support people in their communities struggling with the energy crisis.

Grants are made by the IPS to beneficiaries, apart from the GreenTEA renewables grant. This grant was made by the CIC, which also funds the cost of running the grants programme.

Local energy programme: £4,171,734

Our local energy programme has two key themes. First, we provide advice and practical and financial support to encourage the flourishing of community energy in Oxfordshire and beyond. Second, we support innovation, either through undertaking research and pilots ourselves, or funding the work of others to help explore new business models for community energy. This year our local energy programme delivered:

- Support and advice to 103 Helpdesk cases
- 19 community building energy audits
- Energy Advice Programme equipped energy champions from 14 low carbon groups to offer advice in their communities
- Action on Carbon and Energy for Schools (ACES) Programme
- OxFutures project, supporting energy efficiency and innovation for SMEs
- Cosy Homes Oxfordshire supporting domestic retrofit
- On Project Leo Restricted grants and donations for was spent on capital investments these monies have been treated as deferred income in the Balance Sheet
- Energy Solutions Oxfordshire programme and Community Renewal Fund delivery supporting the take-up of energy efficiency amongst SMEs.

Community benefit management: £3,267

We believe that investing in good management of our community benefit spend is important to ensure its effective use. This cost includes strategy development, monitoring, reporting, and internal project costs. In 2022/23 this cost was covered by the CIC.

Community benefit expenditure

	2022/23	2021/22
IPS community benefit expenditure		
Surpluses allocated for community benefit grants	£35,117	£35,059
CIC community benefit income		
Community grant programme	£5,162	£4,952
Local energy programme	£4,171,734	£2,932,632
Community benefit management	£3,267	£2,970
Total	£4,215,280	£2,975,613

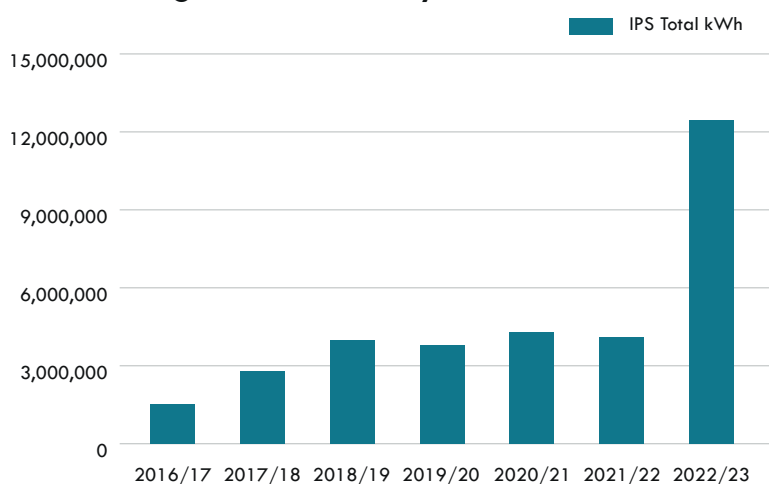
The table summarises the community benefit expenditure of Low Carbon Hub

During the year we used £35,117 of our own funds to support community benefit projects. Since the Society was established, we have now used £601,477 of our surpluses to support community benefit activity carried out by the IPS itself, the CIC, and other local community organisations. All the activities we funded support community-led action on climate change.

ANNUAL PERFORMANCE SUMMARY

Our generation portfolio

Annual generation by IPS installations



Our generation portfolio forms the engine that powers Low Carbon Hub.

During the year we commissioned two new rooftop solar arrays, with two more in development. August 2022 saw the start of generation at Ray Valley Solar, the UK's largest community-owned solar park, resulting in a five-fold step change in our annual predicted generation.

You can see a full list of our installations, backed by over £10 million investment from 1,758 investor Members, on our website.

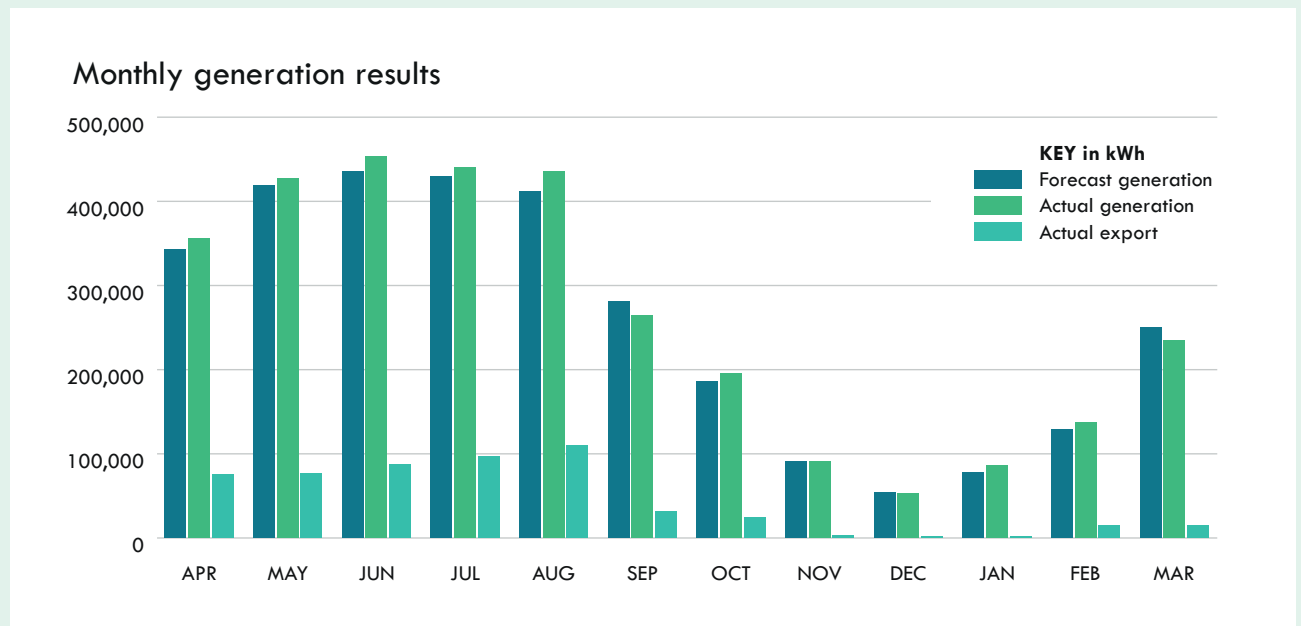
	Total installed capacity	2022/23 generation (kWh)	% of predicted	CO ₂ tonnes saved
IPS rooftop solar	4.25 MW	3,178,062	102.0%	671
Ray Valley Solar	19.21 MW	9,046,608	102.3%	1,909
Sandford Hydro	440 kW	223,795	14.2%	47

Investment performance

The investment by portfolio and return to investors summarised:

Portfolio	Number of investors	Total investment at year end	Change in equity	Interest rate	Total interest to be paid out
Solar 2014	344	£1,602,849	−£95,590	5.60%	£89,733
Solar 2016	237	£707,843	−£34,664	5.49%	£38,781
Community Energy Fund	1,234	£6,068,186	−£700	Pre-4th anniversary 4%	£248,372
				4th anniversary 5%	
Sandford Hydro	463	£1,456,177	0	4.1%	£59,703
ONCORE A 25 year pledge	64	£107,952	−£4,157	4.2%	£4,534
ONCORE A returnable	13	£24,010	−£3,091	3%	£720
ONCORE B 20 year pledge	37	£80,954	−£7,248	4.2%	£3,400

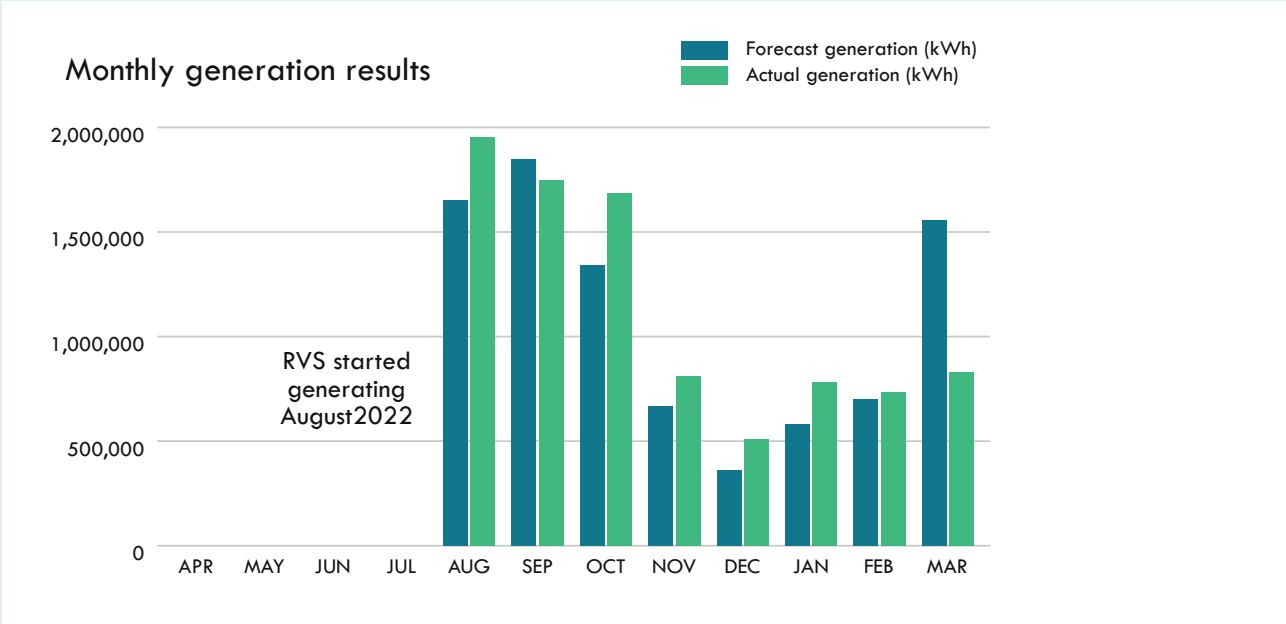
Rooftop solar portfolio



The sites in this portfolio showed good performance throughout the year. Many of our sites have undergone inverter replacements as part of our inverter replacement programme so should see reliable performance going forward with these new pieces of equipment. Inverters are important as they convert the direct current (DC) generated by the panels into alternating current (AC) that our host organisations then use when they plug in electrical equipment.

Much of our rooftop solar arrays qualify for the Feed-in Tariff. It is index-linked to the Retail Price Index (RPI) and increased by 7.5% on 1 April 2022. For most of the financial year, the payments we received for energy exported to the grid remained the same as in 2021/22. For the final quarter from January 2023, they increased by 71% due to the nationwide increase in energy prices. However, as our arrays are sized to maximise use on site, very little of the energy we generate is exported, and the price paid per kWh remains very low, despite the significant percentage increase in the rate.

Ray Valley Solar



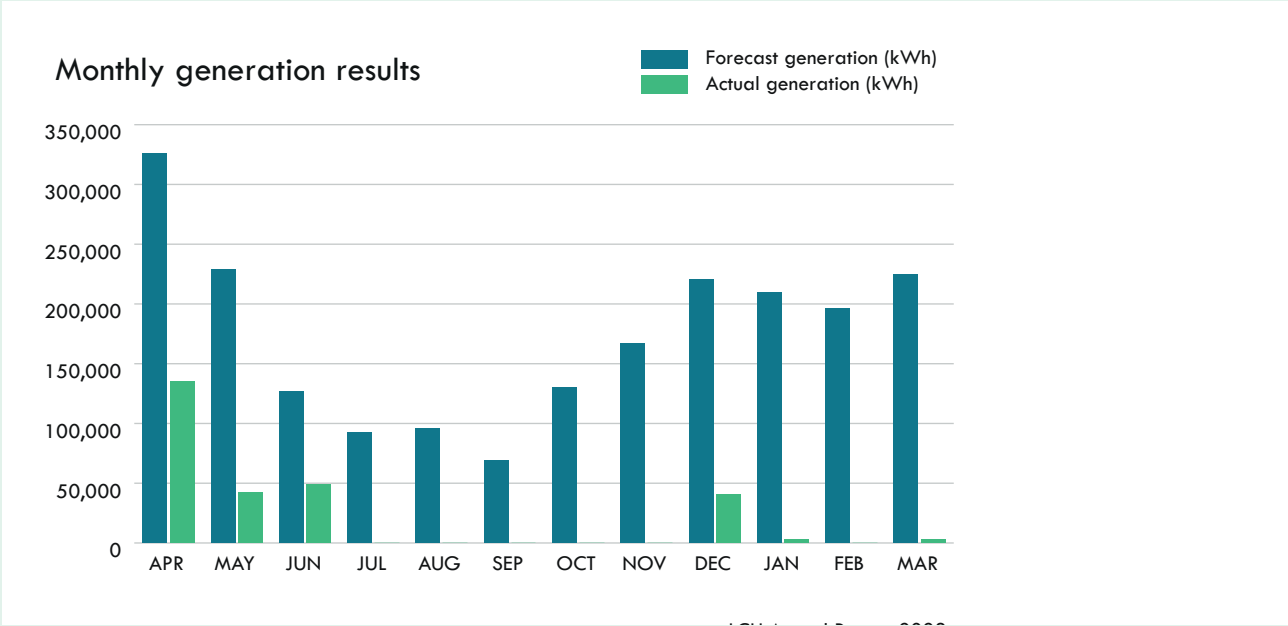
2022 saw Ray Valley Solar, the UK’s largest community-owned solar park, generate for the first time. From August 2022 to March 2023 it generated 9.04 GWh, about 3% above target. This is particularly encouraging given that the performance of the site in February and March has been affected by transformer replacement works.

Our expectations for what generation to expect from this solar park will develop as we learn more about the way the system operates in practice, once these ongoing commissioning works have been fully completed – which has now taken place

in July 2023. Our review will include the addition of modelled generation from the underside of the panels thanks to the bifacial solar PV technology that the site uses which has proved more effective than anticipated in the initial modelling.

Community Energy Fund investment has been instrumental in enabling us to deliver the project. Although the project is operational, the full costs have not yet been finalised.

Sandford Hydro



This year proved to be particularly challenging for Sandford Hydro. With an extremely dry summer the river flows were too low to operate until mid-November 2022, well into our normal generating season. The investigation into an incident at Sandford Weir during the summer resulted in a delay in restarting until early December. Subsequent high water levels in the winter, including periods of flooding, have also meant that the windows for generation between there being too much or too little flow have been more variable this year, limiting operating time.

Further time was lost in the new year due to the telemetry system used by the Environment Agency changing. This

change required us to install a new data link to ensure that their Waterways team has the necessary information to manage flow and river levels for everyone’s safety.

Due to this unfortunate combination of events, this financial year’s total generation was a very disappointing 224 MWh, just 14% of the target. The Feed-in Tariff is index-linked to the Retail Price Index (RPI) and increased by 7.5% on 1 April 2022. Export prices were the same as for the previous year with our Power Purchase Agreement (PPA) having been renewed in 2021 with higher prices.

On a more positive note, Sandford Hydro continued to take part in trials for Project LEO to test demand response

energy flexibility. It has helped test ways to ‘store up’ the flow of the river Thames to be used to generate maximum energy at times when energy use is at a peak for the local grid. In this way, we can either maximise or ‘turn down’ the amount of electricity generated, creating a flexible supply that can be traded.

During the year, we paid back half of the current loan with Charity Bank. This is part of a longer-term aim to restructure the financing of the project and optimise production. Given this year’s generation performance, and the forthcoming financial restructuring, it was decided not to return capital this year.



‘Low Carbon Hub has a key role to play in working with people at the grid edge, and in ensuring we all benefit from that zero carbon smart energy system that results at the end.’

Barbara Hammond, CEO

2.6 The IPS business model

Until 31 March 2023, Low Carbon Hub's mission was carried out through two principal entities, The Low Carbon Hub IPS Limited (IPS) which develops community-owned renewable energy installations across Oxfordshire and grant funds community energy projects across Oxfordshire, and The Low Carbon Hub CIC Ltd. (CIC), which provided services under contract to the IPS and with whom we partnered on innovation contracts to spearhead a huge range of activities to bring our vision of a smart and fair energy system to life.

On 28 March 2023, an Extraordinary General Meeting of the IPS voted to take over the activities of the CIC from 1 April 2023. From 1 April 2023 therefore, all the activities of the Low Carbon Hub are being carried out by the IPS and its subsidiaries.

The Low Carbon Hub IPS Limited is a Registered Society run for the benefit of the community (previously known as an Industrial and Provident Society, hence IPS). The IPS is a for-profit organisation that applies all of its profits for the benefit of the community. Low Carbon Hub Sandford Hydro Limited and Ray Valley Solar Limited are both wholly owned subsidiaries of The Low Carbon Hub IPS Limited.

The IPS develops renewable energy projects for partner organisations, providing them with cheaper electricity, enabling them to meet carbon reduction commitments, and delivering a positive corporate social responsibility return. The IPS provides the capital so there is no investment cost to the installation host organisation. The IPS owns the installations, receives income from the sale and export of the electricity, and retains the Feed-in Tariff.

Surpluses from our trading are used for community benefit, both direct grants to communities for carbon reduction projects in their areas, and match funding for innovation projects that will lead to new business models for community energy at the grid edge.

Overall management of the Society is the responsibility of the Directors. For the financial year to 31 March 2023, day-to-day company activity and company secretarial services were managed and carried out as a charged service by officers of the CIC. Administrative service fees were paid to the CIC cover these services. From 1 April 2023, everything is under one roof.

2.7 Managing our risks

Risk is inherent in both Low Carbon Hub's current operations and the strategic decisions made in pursuit of its future goals. The Board sets the risk appetite, which provides the guardrails for how much strategic, operational, and financial risk the

Board is willing to take in the pursuit of these goals. It is the responsibility of the Board to enable the senior management to be aware of risks in their areas of responsibility, to make risk-informed decisions, and to manage risk in their day-to-day activities.

Operational risks are monitored through a sophisticated software-based generation analysis tool, developed by Low Carbon Hub, and reported to the Board using a 'BRAG' reporting system which uses a Blue, Green, Amber, and Green rating to flag risk.

Until 31 March 2023, the direct risks inherent in the business of The Low Carbon Hub IPS Limited concerned its investment in new renewable energy assets, the operation and maintenance of those assets, and the commercial sale of the electricity produced. Board oversight was supplemented by more detailed scrutiny undertaken by the Investment Committee, which oversaw the detailed work and advised the Board on investment opportunities. From June 2023, all the activities associated with investment in new renewable energy installations and the operation of Low Carbon Hub's generation portfolio have been placed under the responsibility of a single Executive Director. This is enabling both a clear focus on maximising sustainable power generation and the revenue derived from it, but also enabling a more holistic approach to the assessment and specification of investment activity.

The Board has started a series of activities aimed at defining and implementing a more structured approach to risk management, designed to identify emerging and changing risks, to manage and monitor them, and to communicate those that matter most through our governance structure. This is about reviewing, structuring and where necessary improving the existing systems for forecasting, risk analysis, risk management, and internal controls. The new structures will be in place and reported on for the 2024 AGM.

From 1 April 2023, the IPS has expanded its direct responsibilities to encompass all of the activities of Low Carbon Hub. This is partially a recognition of the implicit responsibilities it previously had anyway, a way of better controlling risks associated with the use of the generation portfolio to support projects that align with the wider Low Carbon Hub mission at the 'grid edge', and partly as a way of eliminating costs and complexity inherent in the twin-entity structure. It does mean, however, that the IPS's risk analysis, management, and control systems need to grow to encompass these wider activities. The Board's response to this challenge will be reported on at the 2024 AGM.

GOVERNANCE REPORT

3.1 Governance

The Board is the principal decision-making body in the IPS. It is collectively responsible for ensuring the business is run according to the Co-operative and Community Benefit Societies Act 2014 and the Financial Conduct Authority guidance on its implementation. This includes promoting the long-term success of the business for the benefit of the community according to the community benefit Objects as set out in the Rules of the Society which include delivering a reasonable investment return to IPS Members.

The Board is responsible for setting the strategy of the business and overseeing its implementation by management. It ensures effective corporate governance, succession planning, and stakeholder engagement. The Board is also responsible for ensuring that effective internal controls and risk management systems are in place.

The Board comprises Executive Directors – Low Carbon Hub’s senior management – and Non-Executive Directors who bring additional skills and experience and an independent perspective that is separate from its day-to-day operations. The Directors set the tone from the top and lead by example. This is particularly true of the Executive Directors, and each of the Non-Executive Directors has a specific responsibility to provide support to the IPS team beyond simple attendance at board meetings.

As part of this, the Board has formally delegated certain governance responsibilities to its Board committees, as outlined below. Prior to appointment, each prospective Non-Executive Director confirms that they will have sufficient time available to be able to discharge their responsibilities effectively and that they have no conflicts of interest. This is discussed by the Board before any appointment is made.

The Board meets formally about eight times a year and individual Non-Executive Directors carry out other duties in addition, including the activities of the Board committees. Board meetings are not exclusively for directors; other members of staff are included to add their expertise on particular topics and to ensure broader links between the Board and Low Carbon Hub’s team.

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102. The financial statements must give a true and fair view of the state of affairs of the IPS and of its excess of income over expenditure for that period.

The Board is also responsible for keeping adequate

accounting records that are sufficient to show and explain the Society’s transactions and the financial position of the Society, and to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014.

The Board is required to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102. The financial statements are required by law to give a true and fair view of the state of affairs of the society and of its excess of income over expenditure for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The Board is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Society’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

3.2 Board Members

The Directors appointed by the Members who served during the year were:

- Steve Drummond
- Adriano Figueiredo (resigned 31 March 2023)
- Barbara Hammond
- Tom Hoines (resigned 14 March 2023)
- Luke Marion
- Timothy Sadler (resigned 3 January 2023).

Board changes

Adriano Figueiredo joined the staff and the Board in 2014 when he chose to step away from being a high-flying, carbon-guzzling global businessman to focus on community energy, first at Oxford North Community Renewables and then at Low Carbon Hub. He masterminded our solar rooftop programme,

the development of Sandford Hydro, and our initial thinking about the importance of interconnected local smart grids. He has chosen to step away from the Board to concentrate on his new business, Fractal Networks, though he will continue to work closely with us in that role.

Tom Hoines has been known to Low Carbon Hub since he was part of the team that grew Co-op Energy. He joined the Board while he was at Opus Energy to help us with his experience of commercial energy retail and, in particular, domestic and SME customer relationship management. He stayed with us when he moved to Yunity and was instrumental in enabling our Project LEO Smart and Fair Neighbourhood trial in Rose Hill. We are very grateful for his time with us and wish him well in his new role at Reed Environment.

Tim Sadler joined both the IPS and CIC Boards along with **Sue Halliwell** of the County Council in our very early days to give us representation from our key local institutional partners. Their input and advice have been invaluable to us and has underpinned our approach to partnership working that has enabled us to do so much successful innovation work locally. Both have now stepped off the Board after almost a decade, Tim from both IPS and CIC and Sue from the CIC. We would like to thank Tim in particular for his last three years on the Board when he reluctantly agreed to serve as Chair and then faced with us the very challenging Covid times and worked to ensure the successful delivery of Project LEO.

Luke Marion will step down immediately after the 2023 AGM. Luke was invited to join the Board as Treasurer after he initiated the relationship with the Oxford Bus Company that led to it being our first solar PV rooftop project back in 2013. He has been vital to our successful development, guiding us through the financial complexities of new investments, complex grant programmes, and the accounting and auditing challenges of our dual corporate structure. He was a strong advocate and guide during the development of our plan to consolidate into just the IPS. After providing fantastic support over more than eight years, Luke is standing down to focus on the challenges of his role as Managing Director at the Oxford Bus Company.

Re-election of Directors previously appointed by the Members

Under The Low Carbon Hub IPS Limited Rule 18.1, one third of all Directors appointed by the Members must stand down at each AGM. This third must comprise the Directors who are longest standing from their last election or re-election (Rule 18.2). The Director re-appointed by the Members the longest ago is Steve Drummond, who will stand down and who will seek re-election.

New Directors

Because of the significant changes in the structure and the scope of the IPS, effective 1 April 2023, it has been necessary to renew the Board. Since 1 April 2023 the IPS has employees, so the Low Carbon Hub CEO and its three senior managers have been appointed by the Board as Executive Directors. The Communities Director, a Non-Executive position representing the 41 community groups that are shareholders in The Low Carbon Hub IPS Limited, has resigned as a director of the CIC and has been appointed as a Director of the IPS by the IPS Board. In addition, six new Non-Executive Directors have been appointed by the Board to introduce a wider range of skills at Board level and ensure a majority of Non-Executive Directors on the Board.

The new Directors were appointed by the Board following recommendations by its Nomination and Governance Committee. Candidates were sought through networking, advertising in The Low Carbon Hub newsletter and on 'Women on Boards'. The Board sought to ensure a diversity of backgrounds, age, and gender, while ensuring that the Board has the necessary expertise to extend Low Carbon Hub's knowledge and experience in respect of its objectives.

Under The Low Carbon Hub IPS Limited Rule No 17.5, all Directors appointed by the Board must stand down at the next AGM for appointment by the Members. Resolutions to elect the three new Executive Directors, the Communities Director, and the six new Non-Executive Directors will be put to Members at the AGM to be held on 2 October 2023. The biographies and responsibilities of the full Board at the date of the 2023 AGM are set out below.

'The future of the low carbon local economy has arrived: participating in trials like this means being part of that future.'

Smartflex heat pump trial participant

DIRECTOR BIOGRAPHIES

Key to Committee Members

- A** Audit Committee
- N** Nomination and Governance Committee
- R** Remuneration Committee
- I** Investment Committee
- *** Denotes Chair of Committee



Steve Drummond

Chair, Non-Executive Director

A & N*

Appointed to the Board: February 2013

Skills and experience: Steve has extensive experience in the energy and climate change sectors. Starting as an engineer and then moving into finance, he has spent nearly 40 years working in nuclear, conventional, and renewable energy power generation in the UK and overseas. Roles include power station design, engineering and construction, corporate and project finance. Steve was also deeply involved in the international development and implementation of the Kyoto protocol financial mechanisms. Steve's roles have included being a Partner of PwC and a Partner of Cantor Fitzgerald.

Steve is now CEO of Electrogenic Ltd., which develops EV technology that is deployed both in new production cars and the conversion of beautiful classic vehicles. Back in Oxford, he was one of the founding directors of Oxford North Community Renewables (or ONCORE) before becoming a founding director of The Low Carbon Hub IPS Limited.

External appointments: Managing Director of Electrogenic Ltd (www.electrogenic.co.uk).

Specific contributions to the IPS: Steve serves as Chair of the Board and brings his breadth of industry expertise to the role. He has been associated with Low Carbon Hub since the early days and has also served as Investment Committee Chair and independent Non-Executive Director of The Low Carbon Hub IPS Limited. This puts Steve in a unique position to help steer Low Carbon Hub through this exciting period of renewal and change.

Independent: No – Steve is independent from conflicts of interest with the operations of the IPS but has served as a director for more than ten years and so is not considered to be independent under the Financial Reporting Guidelines. Steve has undertaken to serve no more than three years as Chair, and in that time to ensure appropriate succession management.

Steve will be standing down at the 2023 AGM under IPS Rule 18 and will seek re-election.



Barbara Hammond, MBE

Chief Executive Officer, Executive
Director

N, R*

Founder director 2012

Skills and experience: Barbara has been working on sustainability and climate change since the mid-1980s. She has a doctorate in sustainable urban design from Oxford Brookes University. She has focused on renewable energy since 2001 when she was appointed to run the UK renewable energy programmes in the Energy Group of the then Department for Trade and Industry. Her main achievements in that role were to launch the offshore wind capital grants programme, with funds secured through the 2003 spending review to continue the programme, and to lead the Renewables Innovation Review that convinced the Treasury of the need for a differentiated policy for each type of renewable energy and paved the way for the banding of the Renewables Obligation and then the Feed-in Tariff. She then worked for Sir David King in his role as Government Chief Scientific Advisor as his lead on global science and technology policy. She had three main areas of focus in this role: climate change policy in the run up to the 2005 UK presidency of the G8; the Africa Commission report with particular focus on science and innovation; and negotiating the EU Framework 7 science and technology programme.

Barbara's time in government, particularly working on global policy initiatives with Sir David King, convinced her that politicians needed to be supported to take action by an informed, active electorate who would themselves have agency to make change happen in their local neighbourhoods. She started moving to more local action as a result, firstly in the South East England Development Agency, and then setting up and running West Oxford Community Renewables, working for the City Council to set up and run the Low Carbon Oxford partnership, and then transitioning into full-time employment with Low Carbon Hub as its first employee in 2013. She was awarded an MBE in 2014 in recognition of her pioneering contribution to the establishment of the community energy sector.

External appointments: Barbara is a voluntary director of West Oxford Community Renewables that owns Osney Lock Hydro and solar PV roofs at the King's Centre, Botley Road Aldi, and Matthew Arnold School.

Specific contributions to the IPS: Barbara is the founder of The Low Carbon Hub IPS and has been CEO since 2013.

Independent: No – Barbara is an employee and has been a director of the IPS since it was founded in 2012.



Mairi Brookes

Smart Energy Systems Director,
Executive Director

Appointed to the Board: September 2023

Skills and experience: Formerly an astrophysics researcher I switched my career to sustainability in 2007 and have made my way from: product manager at a start-up developing carbon management software; through three years in central government at the Department of Energy and Climate Change as a Senior Energy Policy Officer; seven years at Oxford City Council as Sustainable City Manager working on community energy, city-scale decarbonisation, and electric vehicle infrastructure, and a short stint as Head of Transformation at its trading company Oxford Direct Services. Before joining Low Carbon Hub in March 2021, I was freelancing via Purpose Built Consulting Ltd.

External appointments:

Westmill Solar Cooperative - Director.

Purpose Built Consulting Ltd. - Director.

Specific contributions to the IPS: As Smart Energy Systems Director at Low Carbon Hub I help to accelerate carbon emissions reduction through the development of new business models for community energy projects. Three key strands I lead on are: Cosy Homes Oxfordshire; Energy Solutions Oxfordshire, and the development of Smart Community Energy Schemes and associated services.

Independent: No, Mairi is currently a Director of Low Carbon Hub CIC, and an employee of The Low Carbon Hub IPS Limited.



Maxine Frerk

Non-Executive Director

R*

Appointed to the Board: September 2023

Skills and experience: Maxine is an experienced board level leader with an extensive track record in regulation in both the public and private sectors, including 15 years with the energy regulator Ofgem. She now provides advisory services and has a number of non-exec and advisory board roles, bringing a consumer and environmental perspective into complex regulatory debates in the energy sector.

Maxine has been a leader at the 'grid edge' since before the term was coined, and since 2016 has been providing thought-leadership in this area through her own company: Grid Edge Policy. She has a wide range of appointments including Chair of the Customer and Stakeholder Engagement Group for SGN (gas distribution network), and Chair of the Open Networks Challenge Group of the Energy Networks Association. Maxine also Chaired the Stakeholder Group for the hugely successful Project LEO, in which Low Carbon Hub played an important part.

Maxine recognises Low Carbon Hub's key role in developing initiatives and demonstrations at the Grid Edge and sees her role at Low Carbon Hub as an important part of moving this vital transformation forward.

External appointments:

Smart Energy GB – Independent Board Member.

SSEN Distribution – Independent Board Member.

Specific contributions to the IPS: Maxine brings her experience of customer communication and innovation at the 'grid edge' to support this critical part of the work of Low Carbon Hub. Maxine has particular responsibility for supporting the management team for these activities and for introducing new links with other organisations to support 'grid edge' activities. Maxine's contribution will be particularly important as Low Carbon Hub starts to reach beyond Oxfordshire to Ofgem and elsewhere to further its mission.

Independent: Yes.



Saskya Huggins

Social Impact Director,
Executive Director

Appointed to the Board: September 2023

Skills and experience: Saskya has over 30 years' experience in the charity and social enterprise sectors. She worked in a wide range of charitable organisations, from entirely volunteer-run initiatives to national and global charities such as Comic Relief, UNICEF, and Oxfam. Her responsibilities included strategy development, fundraising, and leading multi-agency collaborative projects focused on strengthening corporate social responsibility.

Following a career break to raise her family, she has focused on putting her skills to use championing community action on climate change.

She holds a Natural Sciences degree from University of Cambridge, a certificate in voluntary sector management, and studied Social Marketing at the Open University. She is a Member of the Chartered Institute of Fundraisers.

In her spare time Saskya is volunteer Director of West Oxford Community Renewables and volunteer guide at Osney Lock Hydro, the first community-owned hydro on the Thames.

External appointments:

West Oxford Community Renewables - Director.

Oxford Cancer Care - Director.

Margaret Dobson Further Education Trust - Trustee.

Specific contributions to the IPS: As Social Impact Director of Low Carbon Hub, she leads the development and delivery of stakeholder engagement strategies and community benefit programmes that put people at the heart of the energy system. Her team provides marketing support for new and existing products and services including value proposition and customer journey development, branding, key messaging, and promotion. Her team is also responsible for raising retail investment, with £10 million investment raised to support the development of community-owned renewables.

Independent: No, Saskya is currently a Director of Low Carbon Hub CIC, and an employee of The Low Carbon Hub IPS Limited.



Tim Jones

Renewables Portfolio Director,
Executive Director

I*

Appointed to the Board: September 2023

Skills and experience: Tim has 35 years of experience in the energy sector. Recently Tim worked with Schlumberger PLC, an energy services company structuring project funding and delivering global energy projects.

He is delighted to have the opportunity to contribute to the zero emissions ambitions of the Low Carbon Hub, particularly at a local level and wants to help accelerate these ambitions across Oxfordshire and beyond.

External appointments: None.

Specific contributions to the IPS: Tim manages Low Carbon Hub's generation portfolio, having responsibility for the development, construction and operational management of all of Low Carbon Hub's renewable energy investments. This vital role generates Low Carbon Hub's recurring income, without which it would not be possible to create community benefit.

Independent: No, Tim is an employee of The Low Carbon Hub IPS Limited.



Rob Kesterton

Non-Executive Director

A & I*

Appointed to the Board: June 2023

Skills and experience: Rob combines his passion for low carbon energy with a background in finance and investment. He has experience working in the energy sector of many different countries and has been involved in the implementation of renewable energy projects as both sponsor and lender.

After qualifying as a Chartered Accountant at Deloitte in London, he worked as a Commercial Analyst for the Alternative Energy business of BP where he supported the development of gas and renewable projects in the UK and Asia. Between 2009 and 2017 he led the financing of numerous renewable power projects while at the Asian Development Bank (ADB) and European Bank for Reconstruction and Development (EBRD). In 2017 he moved to Nairobi where he managed investment activities for Berkeley Energy on behalf of the African Renewable Energy Funds (AREF and AREF II).

Rob is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and holds an MA in Geography from the University of Oxford and an MSc in Environmental Technology from Imperial College London.

External appointments: Investment Director for Atlantic Green, a developer of large-scale energy storage projects in the UK.

Specific contributions to the IPS: Rob brings his deep knowledge of project development and financing to support the project development and asset management activities of the Hub. His formal role in doing this is acting as Chair of the Investment Committee. Rob also brings his accountancy expertise to the Audit Committee.

Independent: Yes.



Al Kitchen

Non-Executive Director

N, R*

Appointed to the Board: September 2023

Skills and experience: Al worked at Climate-KIC, where their vision is to create a prosperous, inclusive, climate-resilient society with a circular, zero-carbon economy. Before this, he studied at the Cambridge Institute of Sustainability Leadership completing a Business Sustainability Management Course to develop his professional skills and impact. The course provided a strong background in sustainability and how best to represent it on the broad business agenda.

External appointments: Al is a founding member of Deddington Environment Network, a low carbon group committed to pursuing multiple angles of environment work including energy, resource use, biodiversity, and transport.

Specific contributions to the IPS: Al is the Communities Director. He represents our 41 affiliated community organisations at the Board and works with Low Carbon Hub team to communicate and organise the work we do with our community groups to further Low Carbon Hub's mission.

Independent: Yes.



Chukwuemeka Godwin Nwangele

Non-Executive Director

I*

Appointed to the Board: July 2023

Skills and experience: Emeka is experienced in sustainable policy and economic planning, technology implementation, and technical human capacity development. Emeka has worked with organisations such as McKinsey, the World Bank (South Asia), Ariya Finergy (Nairobi), and Greenage Technologies (Enugu, Nigeria), which he co-founded to help bring clean energy to those in need.

Emeka is passionate about making a positive impact in leadership, sustainable development, and engineering. As a Rhodes Scholar at the University of Oxford, he is pursuing a PhD in Engineering Sciences. He was also involved in academic and community leadership as the President of the University of Oxford Africa Society. His PhD is on improving the technology of large power plants for improved renewable penetration to the grid.

Aside from his professional pursuits, Emeka is committed to making a difference in his community. He enjoys mentoring African youths and helping to cultivate the next generation of leaders and scholars.

External appointments: None.

Specific contributions to the IPS: Having founded a community energy enterprise in Nigeria, Emeka is interested in how to integrate the different activities of investment, communications, and local networks. At Low Carbon Hub he serves on the Investment Committee and forms a board-level link between this and the rest of the business, helping Low Carbon Hub to realise the advantages of integration enabled by its new, combined structure.

Independent: Yes.



Lenah Odour

Non-Executive Director

A*

Appointed to the Board: September 2023

Skills and experience: Lenah is a Chartered Public Finance Accountant with a first degree from Kenyatta University and a Masters from the University of Birmingham. She worked in a number of finance roles at the Mumias Sugar Company, including overseeing the financing and construction of a bagasse cogeneration plant.

In the UK Lenah managed the delivery of the financial obligations of developers for Oxfordshire County Council before setting up her own accountancy practice ten years ago. gHawk Accounting focusses on helping businesses with accounting automation, system and process implementation, cashflow management, and profit improvement.

External appointments: Director of gHawk Accounting.

Specific contributions to the IPS: Lenah will take up the role of Treasurer from Luke Marion when he steps down at the 2023 AGM and will chair the Audit Committee.

Independent: Yes.



Luke Marion

Treasurer, Non-Executive Director

A*

Appointed to the Board: February 2015

Skills and experience: Luke is a Chartered Accountant and after many years as the Finance and Commercial Director of the Oxford Bus Company and its sister companies Thames Travel and Carousel Buses, he now is the Managing Director. In 2013, he helped Oxford Bus Company become the first local business to partner with the Hub, which led to a 140kW solar PV array being installed on the company's depot premises in Cowley.

Luke started his career with Ernst & Young before joining Reckitt Benckiser, where he spent 7 years in various commercial finance roles in the UK.

External appointments: Luke is a director of the Oxford Bus Company.

Specific contributions to the IPS: Luke has spent many years guiding Low Carbon Hub through the financial complexities of new investments, complex grants, and the accounting and audit challenges of the dual entity corporate structure.

Independent: Yes.

After providing fantastic support to Low Carbon Hub over more than eight years, Luke is standing down at the 2023 AGM and will not seek re-election.



Mish Tullar

Non-Executive Director

Appointed to the Board: June 2023

Skills and experience: Mish has had a long career as Director of Communications for a number of large corporations, including BNFL Magnox, British Gas, and Centrica. He more recently undertook the role of Director of Media and External relations for Royal Mail, before joining Oxford City Council.

At Oxford City Council, Mish works with the Cabinet to shape the Council's strategic direction including leading several corporate functions. These are policy and strategy development; partnerships with other strategic stakeholders in government, local government, businesses, and other organisations; communications; and the Council's nationally recognised environmental sustainability work.

External appointments: None.

Specific contributions to the IPS: Mish is overseeing the strategy development process for Low Carbon Hub over the next twelve months, bringing to bear all his experience as Head of Corporate Strategy at Oxford City Council. He is also a vital link between Low Carbon Hub and the Oxford City Council, which is both a Low Carbon Hub investor and also a crucial partner in developing a number of Hub services.

Independent: Yes.



Chris Woolhouse

Non-Executive Director

N*

Appointed to the Board: June 2023

Skills and experience: Chris is an experienced finance and corporate lawyer with a longstanding interest in a commitment to the low carbon transition and over 20 years' experience in top-tier international law firms, including Clifford Chance, Orrick, Hogan Lovells, and BCLP. He has established several start-up companies focused on the energy transition and has served as an in-house general counsel to private equity and venture capital funds.

He holds a law degree and a master's degree (LL.M, Environmental Law), both from the London School of Economics and Political Sciences. Chris is the General Counsel and Head of Partnerships at Nithio Holdings, Inc, a data analytics and finance company focussed on the off-grid renewables sector in sub-Saharan Africa.

External appointments: General Counsel and Head of Partnerships at Nithio Holding Inc.

Specific contributions to the IPS: Chris is a UK qualified barrister (NP) and a practicing solicitor in England and Wales. Chris takes the lead on Governance for Low Carbon Hub.

Independent: Yes.

3.3 Board committees

The Board committees support the Board in specific areas of its responsibilities, as outlined below. The committee chairs provide regular updates to the Board on committee meetings and activities. As part of the Board's commitment to open governance, each of the Board committees will provide a full report on its activities to the Members in the 2024 Annual Report.

3.3.1 Audit Committee

The Audit Committee

- Reviews and monitors the integrity of financial information prior to publication, ensuring that the Annual Report as a whole is fair, balanced, and understandable
- Oversees systems of internal control and risk management
- Approves internal and external audit processes
- Maintains relationship with auditors
- Carries out in-depth reviews of specific risks, ensuring that risks are appropriately identified, managed, and mitigated.

The Committee consists of four Non-Executive Directors, one of whom is the Treasurer and both of whom are independent. It is chaired by the Treasurer. The members of the Committee at the date of this report are:

- Steve Drummond – Non-Executive Director and Chair of the Board
- Rob Kesterton – Non-Executive Director and Investment Committee Chair
- Luke Marion – Non-Executive Treasurer and Audit Committee Chair
- Lenah Odour – Non-Executive Director.

Reporting

The Audit Committee provides independent scrutiny and challenge to seek to ensure that the Annual Report presents a true and fair view of Low Carbon Hub's performance, focusing on the accuracy, integrity, and communication of financial reporting, and in particular the use of community benefit surpluses. Since the year end, the Committee has reviewed the draft 2023 Annual Report and the accounts, and has recommended their approval to the Board. As part of its review, the Committee assessed whether the Annual Report and the Accounts provided a fair, balanced, and understandable assessment of the Group's position, performance, business model, and strategy.

The Committee considered and challenged management's assessment of the following:

- Does the Annual Report and Accounts provide a balanced view of the Group's performance and prospects?
- Is the report reflective of internal reporting and discussions, or have any items been omitted which should have been included?
- Are key issues and judgements discussed in the narrative reporting consistent with estimates and judgements referred to in the financial statements?
- Does the report include simple and appropriate explanations of the business model, strategy, and accounting policies?
- Does the governance section clearly explain how decisions are made?

The Committee was satisfied that, taken as a whole, The Low Carbon Hub IPS Limited's Annual Report 2023 is fair, balanced, and understandable.

External audit

Critchleys Audit LLP were the IPS's external auditor for 2022/23. They provided the Committee with relevant reports, reviews, information, and advice, as set out in their engagement letter.

The Committee is responsible for making a recommendation to the Board relating to the appointment, re-appointment, or removal of the external auditor.

Risk management

Assessing and managing risk is fundamental to safeguarding Low Carbon Hub's interests, protecting our reputation, complying with regulatory standards, and achieving our business objectives.

Historically and up to 31 March 2023, the IPS has undertaken investment, grant funding to community groups, and partnering with the CIC on innovation projects. The CIC has undertaken portfolio management activities under a Resource Sharing Agreement contract between the two entities and a wider range of independent activities including development of the Cosy Homes Oxfordshire service for domestic retrofitting, and the Energy Solutions Oxfordshire service for SME retrofitting. The nature of the business risks faced by the IPS have been therefore fairly technical in their nature and the establishment of protocols and the necessary scrutiny of their implementation were delegated by the Board to the Investment Committee. Moving forward, the range of business risks to the expanded IPS will grow to encompass a wider range of activities, so the Committee will review the appropriateness of the current risk management processes in this light.

Internal controls

The systems of internal control is designed to manage, rather than eliminate, the risk that is inherent in pursuit of the IPS's strategy and objectives. Luke Marion, the current Non-Executive Treasurer, is stepping down after the 2023 AGM, and the first task of the incoming Treasurer will be to review with the Committee the appropriateness of the current system and levels of internal controls.

3.3.2 Nomination and Governance Committee

- Reviews the Board's size, structure, and composition, including the recommendation of new appointments to the Board
- Monitors the balance of skills, knowledge, experience, independence, and diversity of the Board and its committees to ensure that they remain appropriate
- Oversight of succession planning and development plans of the Board and senior management
- Reviews the governance framework, including the IPS's compliance with applicable laws and regulations, particularly the Co-operative and Community Benefit Societies Act 2014 and accompanying guidance
- Evaluates the effectiveness of the Board and its committees
- Monitors compliance against the UK Corporate Governance Code.

The Committee consists of the Board Chair, the CEO, and two Non-Executive Directors, both of whom are independent. It is chaired by the Chair of the Board. The members of the Committee at the date of this report are:

- Steve Drummond – Non-Executive Director, Chair of the Board and Committee Chair
- Barbara Hammond – Executive Director and CEO
- Al Kitchen – Non-Executive Communities Director
- Chris Woolhouse – Non-Executive Director.

The principal activity of the Nomination and Governance Committee since April 2023 has been finding the right people to form a Board capable of helping Low Carbon Hub to re-define its strategy as it moves into the next phase of its development and supporting the management to deliver the desired outcomes. Candidates were sought through networking, advertising in The Low Carbon Hub newsletter, and by an advertisement on 'Women on Boards'. The Committee sought to ensure that the Board has the necessary expertise to extend Low Carbon Hub's knowledge

and experience in respect of its objectives, while establishing a diversity of backgrounds, age, and gender. Candidates were recommended to the Board, which made the final determination.

The principal activity for the Nomination and Governance Committee over the next twelve months will be to review, assess and, if necessary, update the IPS's governance procedures to match its expanded responsibilities. The first steps are reflected in the conceiving and production of this Annual Report.

3.3.3 Remuneration Committee

- Recommends and reviews the Remuneration Policy, ensuring that it promotes the delivery of our strategy and the long-term sustainable success of the business
- Approves remuneration and benefits for the Executive Directors and Non-Executive Directors
- Approves remuneration principles throughout the business.

The Committee consists of the CEO and two Non-Executive Directors, both of whom are independent. It is chaired by a Non-Executive Director. The members of the Committee at the date of this report are:

- Maxine Frerk – Non-Executive Director and Committee Chair
- Barbara Hammond – Executive Director and CEO
- Al Kitchen – Non-Executive Communities Director.

The Remuneration Committee's role is to ensure that Low Carbon Hub's remuneration policy supports its strategy, is aligned to its purpose, and drives the right behaviours. When he was approached to undertake the role of Chair of the Board, Steve Drummond's view was that to build a governance system including a Board that is capable of managing and expanding over £20 million of capital invested in renewable generation assets and leading Low Carbon Hub into the next crucial phase of its evolution, the Board needed to be professionalised and governance should be brought into line with the Financial Reporting Council (FRC) guidelines. A vital element to effective governance is the ability of the Chair to make demands on the time of individual directors and hold them to account, and, for this to be possible, Non-Executive Directors should be paid. A second issue is access – it does not serve the organisation well to only have Non-Executive Directors who can afford to give their time for free – and one of equity – Non-Executive Directors carry the same legal responsibilities as Executive Directors, who of course are paid for their time.

The Chair of the Board therefore asked the Remuneration Committee to undertake a review and propose a basis and a level of remuneration for Non-Executive Directors that could be put to the Members at the 2023 AGM, in accordance with IPS rule 17.11, which says ‘The Society can pay its directors, but only if the Members approve the basis for the payments’.

Levels of remuneration for the Chair and all Non-Executive Directors should reflect the time commitment and responsibilities of the role. Time commitments for a Non-Executive Director are conservatively estimated as 8–10 days per year. Reasonable day rates for the individuals involved are in the range of £500 to £1,000 but there is a general recognition that these appointments are not on a purely commercial basis. Charitable trustees are not generally remunerated and purely commercial enterprises at a scale similar to Low Carbon Hub remunerate NEDs in the range of £20,000 plus a year.

The Board accepted the Committee’s recommendation of directors’ fees of £5,000 for Non-Executive Directors and a multiple of 1.5–2.5 times this to recognise the greater workload of the Chair, at the discretion of the Board to allow some responsiveness to candidate quality and the needs of the organisation at any particular time. Year on year, director fees would be adjusted by up to CPI, as determined by the Committee.

This proposal will be put to a vote of the Members at the 2023 AGM. The budget commitment for the current Board would amount to a maximum of £47,500 for the year commencing 2 October 2023, the AGM date. This amounts to 0.2% of funds under management and 2% of forecast turnover. The CEO and Finance Manager have satisfied themselves that this is affordable.

Looking forward the Committee will be looking at ways of flexing the existing staff remuneration policy to enable specific skill sets to be added to the team, for which the market price is higher than general remuneration in Low Carbon Hub. One example of this would be a financial modeller capable of building and maintaining complex investment models.

3.3.4 Investment Committee

The Investment Committee oversees investment in new renewable energy generation assets and their subsequent operation.

Investment

- Approve ‘standard’ rooftop solar schemes under existing delegated powers from the Board
- Assess and update the details terms of those investments including lease terms, etc.
- Assess and guide the detailed terms of non-standard investments, which will be approved (or otherwise) by the full Board – basically ensuring that the important questions have been asked and the project detail is fully understood so there can be a meaningful discussion at the Board
- Guide the principles of the financial modelling and price determination for investments.

Operations

- Oversee the operations monitoring processes to ensure they are appropriate
- Develop a reporting process so the Board has meaningful but concise information
- Oversee health and safety
- Provide guidance to management regarding specific issues that arise and refer to the full Board as appropriate.

The Committee consists of the CEO, the Renewables Portfolio Director, and two Non-Executive Directors, both of whom are independent. It is chaired by a Non-Executive Director. The members of the Committee at the date of this report are:

- Rob Kesterton – Non-Executive Director and Committee Chair
- Chukwuemeka Godwin Nwangele – Non-Executive Director
- Tim Jones – Executive Director
- James Ochiltree (co-opted) – Business Development Manager.

The Investment Committee is currently undertaking a review of all of the current risk management tools and processes for both investment and operational asset management, as well as overseeing the ongoing business activity. The Committee will recommend any opportunities for improvements to the Board for its consideration. The outcomes of this review and any consequent improvements will be reported to the 2024 AGM.

3.4 Registration on the Mutuals Register

As a Society run for the benefit of the community, we are registered on the Mutuals Register kept by the Financial Conduct Authority (FCA). To remain on the register, we must comply with the FCA's guidance on the Co-operative and Community Benefit Societies Act 2014, the key aspects of which are:

- That we trade
- That our primary purpose is to produce surpluses that are spent on producing the community benefit Objects set out in our Rules
- That we therefore do not pay shareholders any more than a reasonable rate of return sufficient to retain capital in the business and that the return must be covered by our net trading surplus in each year
- That we cannot exist purely for the purpose of returning money to shareholders or benefitting another business or organisation; we cannot be purely an investment vehicle.

We meet these requirements by:

- Trading in renewable electricity produced from the developments funded by our shareholders
- Conducting community benefit activities that we report on in our social impact reporting
- Demonstrating in our consolidated accounts that our net trading surplus is sufficient to cover interest payments to shareholders.

Together, the Board and its committees ensure that we comply with the requirements set out in the 2014 Act and the FCA guidance working closely with our CEO and Social Impact Director.

3.5 Corporate governance standards

The Low Carbon Hub IPS Limited does not exist in isolation. To succeed in the long term, we need to build and maintain successful relationships with a wide range of stakeholders. These relationships will be successful and enduring if they are based on respect, trust, and mutual benefit. Accordingly, a company's culture should promote integrity and openness, value diversity, and be responsive to the views of shareholders and wider stakeholders.

The Financial Reporting Council UK Corporate Governance Code sets out guidelines to help listed companies to demonstrate throughout their reporting how the governance of the company contributes to its long-term sustainable success and achieves wider objectives. The Low Carbon Hub IPS Limited is not a listed company, but we do look after

the investments of 1,758 Members, so where sensible it seems appropriate to hold ourselves to the same standards. Accordingly, the Board has voted to apply the FRC Guidelines and to explain annually to the Members how these have been implemented and where and why any deviations from them have been agreed. Happily, Low Carbon Hub already complies with the majority of the FRC best practice, so this report is by exception, and inevitably a summary of points to be addressed over the next year.

The following points are items where the IPS deviates from the FRC guidelines for understandable reasons: The FRC guidelines say that directors should stand down and seek re-election annually. The Low Carbon Hub IPS Limited Rules 18.1 and 18.2 say that one third of its Directors should stand down each year and that these should be the longest standing since their previous election/re-election.

The FRC guidelines say that executive director remuneration schemes should promote share ownership in the organisation. The Board encourages investment in The Low Carbon Hub IPS Limited but does not consider it to be appropriate to subsidise investment in the IPS.

The following points are items where the FRC guidelines highlights issues that are currently under review by the incoming Board:

- A process to ensure that the Board engages with its Members. The Board has active representation from its community group shareholders through consultation and via the Communities Director's full involvement as a Non-Executive Director. The Board will look at ways to broaden its interaction with Members
- Workforce engagement in the board process. This happens informally at the moment, but the Board is looking at ways of making this more structured
- The Board is reviewing a number of policies against current best practice, including a means for the staff to raise concerns confidentially, the use of external board evaluators, diversity, and inclusion.

3.6 Directors' report

Principal activity

The IPS's principal activity is the development, ownership, and operation of renewable energy power generation installations. Surpluses from these activities are applied to the benefit of the community, as defined by the Objects of the organisation. The aim is to prove we can meet our energy needs in a way that's good for people and good for the planet.

Income is reinvested in further carbon-cutting projects. We help local organisations become more energy efficient,

fund green innovation, and back further community energy projects. We make every pound of investment work hard to bring our vision of a smart and fair energy system to life.

Capital structure

At 31 March 2023 the Society had in issue £9,914,715 withdrawable shares and £133,257 transferable shares. The total issued share capital of the company at year-end was £10,047,972.

Interest payments to Members

The consolidated accounts for the Low Carbon Hub IPS Limited show a net trading surplus of £898k. As set out in the FCA Guidance, the IPS must demonstrate that the surplus is adequate to cover the interest payments to shareholders; this amount is adequate for the amount agreed.

The Board has therefore approved interest payments to Members for the financial year 2022/23 that were fully in line with the expectations set out in each of the individual share offers on the basis of which Members invested.

The single exception to this was Sandford Hydro. This year proved to be particularly challenging for Sandford Hydro. This financial year's total generation was a very disappointing 224 MWh, just 14% of the target. The Feed-in Tariff is index-linked to the Retail Price Index (RPI) and increased by 7.5% on 1 April 2022. Export prices were the same as for the previous year with our Power Purchase Agreement (PPA) having been renewed in July 2021 with higher prices.

On a more positive note, Sandford Hydro continued to take part in trials for Project LEO to test demand response energy flexibility. It has helped test ways to 'store up' the flow of the river Thames to be used to generate maximum energy at times when energy use is at a peak for the local grid. In this way, we can either maximise or 'turn down' the amount of electricity generated, creating a flexible supply that can be traded.

Conflicts of interest

Directors are required to disclose their interests to the Board, highlighting any actual or potential conflicts of interest with their duties and responsibilities as a Director. A register of interests is maintained by the Company Secretary and reconfirmed every six months.

The Board has looked closely at the other appointments held by Directors, details of which are contained in their biographies, and considers that the Chair and each of the Directors are able to devote sufficient time to fulfil the duties required of them under the terms of their contracts or letters of appointment.

During the year no Director declared a material interest in any contract of significance with Low Carbon Hub or any of its subsidiary undertakings, other than any third-party indemnity

between each Director and the Company.

Application of re-election Rules

The re-election Rules require Steve Drummond to stand down. Steve intends to stand for re-election.

Going concern

The Directors, after reviewing Low Carbon Hub's operating budgets, investment plans, and financing arrangements, consider that the IPS has sufficient financing available at the date of approval of this report. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report and Accounts.

A full description of Low Carbon Hub's business activities, financial position, cash flows, liquidity position, committed facilities, and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report and the Financial Report.

Viability statement

The Directors have assessed the prospects of Low Carbon Hub over a three-year period to October 2026. This has taken into account the business model, strategic aims, risk appetite, and principal risks and uncertainties, along with the Society's current financial position. Based on this assessment, the Directors have a reasonable expectation that the Society will be able to continue in operation and meet its liabilities as they fall due over the three-year period under review.

Events after the balance sheet

Since 31 March 2023 subsequent events have been noted in the financial statements on page 52, Note 18.

Auditor

The auditor, Critchleys Audit LLP, has indicated its willingness to continue in office, and a resolution that they be re-appointed will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting (AGM)

The Low Carbon Hub IPS Limited's 2023 AGM will take place online at 18:30 on Monday, 2 October 2023. Members and the Directors are entitled to attend the AGM. Voting is conducted electronically.

Signed on behalf of the Board
on 25 September 2023.

Steve Drummond
Chair of The Low Carbon Hub IPS Limited





4 FINANCIAL STATEMENTS

4.1 Independent auditor's report

To the Members of The Low Carbon Hub IPS Limited
for the year 2022/23

Opinion

We have audited the financial statements of The Low Carbon Hub IPS Limited (the Society) for the year ended 31 March 2023, which comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes to the consolidated accounts, along with the Society's Statement of Financial Position, the Society's Income Statement, the Society's Statement of Changes in Equity and the related notes to the Society's accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group and Society's affairs as at 31 March 2023 and of the group and Society's income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events

or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Board are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the Society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation;
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the Society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement (set out on page 22), the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee of management either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the entity through discussions with the Board and other management, and from our knowledge and experience of the client's business sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of entity;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the entity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing terms of grant and loan agreements.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Board and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Society's Members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Critchleys Audit LLP

Critchleys Audit LLP, Statutory Auditor,
Beaver House, 23-38 Hythe Bridge Street, Oxford, OX1 2EP

Date: 31 October 2023

4.2 Consolidated statement of financial position

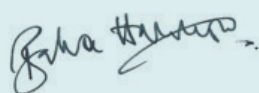
	Notes	2022/23	2021/22
		£	£
Intangible fixed assets	7	8,285	8,775
Tangible fixed assets	8	17,170,986	15,844,315
		17,179,271	15,853,090
Current assets			
Stock	9	-	40,214
Debtors	10	4,629,022	3,338,410
Cash at bank and in hand	11	620,501	1,589,101
		5,249,523	4,967,725
Creditors: Amounts falling due within one year	12	5,179,643	4,108,328
Net current assets / (liabilities)		69,880	859,397
Total assets less current liabilities		17,249,151	16,712,487
Creditors: Amounts falling due after more than one year	13	9,207,800	8,084,415
		8,041,351	8,628,072
Total net assets			
Capital and Reserves			
Share equity	14	9,899,703	10,044,904
Income and expenditure account		(1,858,352)	(1,416,832)
Members' funds		8,041,351	8,628,702

Signed on behalf of the Board and authorised for issue on 30 October 2023.

Steve Drummond
Chair
The Low Carbon Hub IPS Limited



Barbara Hammond
Director CEO
The Low Carbon Hub IPS Limited



Tessa Paterson
Company Secretary
The Low Carbon Hub IPS Limited



4.3 Consolidated income statement

	Notes	2022/23 £	2021/22 £
Income			
Electricity sales		1,103,621	374,361
FIT income		320,618	437,731
Interest income		2,859	937
Government grant income		572,390	248,514
		1,999,488	1,061,543
Expenditure			
Community benefit donations	3	35,117	35,059
Depreciation/amortisation expense	7 & 8	656,068	423,791
Administration fees	4	1,076,005	304,183
Interest payable	5	228,573	138,808
		1,995,764	901,841
Earnings before tax and Members' interest		3,724	159,702
Members' interest payments	5	445,244	441,428
Deficit for the year		(441,520)	(281,726)
Taxation	6	-	-
Deficit transferred to retained reserve		(441,520)	(281,726)

4.4 Consolidated statement of other comprehensive income

	Notes £	2022/23 £	2021/22
Deficit for the year		(441,520)	(281,726)
Total other comprehensive income		-	-
Total comprehensive income for the year		(441,520)	(281,726)

4.5 Consolidated statement of changes in equity

	Share capital	Income and expenditure account	Total shareholders' funds
	£	£	£
At 31 March 2021	8,355,563	(1,135,106)	7,220,457
Deficit for the year		(281,726)	(281,726)
Other comprehensive income	-	-	-
Issue of new equity shares	1,819,035	-	1,819,035
Repayment of shares	(129,694)	-	(129,694)
At 31 March 2022	10,044,904	(1,416,832)	8,628,072
Deficit for the year		(441,520)	(441,520)
Other comprehensive Income	-	-	-
Issue of new equity net of share raise fees	250	-	250
Repayment of shares	(145,451)	-	(145,451)
At 31 March 2023	9,899,703	(1,858,352)	8,041,351

4.6 Consolidated cashflow statement

	£	2022/23 £	£	2021/22 £
Opening cash		1,589,101		444,264
Deficit for the year	(441,520)		(281,726)	
Depreciation	656,068		423,791	
Community benefit donations	35,117		35,049	
Interest expense	670,001		582,236	
Operating surplus		919,667		759,350
Working capital movements		873,014		(284,551)
Construction damages		582,054		-
Net cash flow from operating activities		2,374,735		474,799
Net capital investment		(1,832,386)		(7,244,408)
Community benefit donations		(20,297)		29,750
Net cash flow from investing activities		(1,852,683)		(7,214,658)
New share equity raised		250		1,819,035
Oxford City Council Salix Loan		-		2,031,805
Oxford City Council Non Salix Loan		-		1,977,770
Triodos Construction Loan Facility		55,657		2,788,548
Repayment of loans		(818,717)		(93,000)
Members' interest payments		(441,428)		(370,960)
Interest on debt finance		(140,962)		(138,808)
Repayment of shares		(145,451)		(129,694)
Net cash flow from financing		(1,490,651)		7,884,696
Cash as at the balance sheet date		620,501		1,589,101

Reconciliation of consolidated net debt

	1 April 2022	Cash flows	Other non-cash changes	31 March 2023
	£	£	£	£
Unrestricted cash at bank (see Note 11)	1,554,094	(952,623)	-	601,471
Loans due within one year	(3,030,249)	(331,166)	-	(3,361,415)
Loans due after one year	(5,491,527)	1,006,616	-	(4,484,911)
Net debt	(6,967,682)	(277,173)	-	(7,244,855)

Loans consist of Charity Bank loan and three loans from Oxford City Council for Salix, Non Salix, and fish pass facilities. The loans stated are at net of finance arrangement fee.

4.7 Notes to the consolidated financial statements

1 Entity information and Statement of compliance with FRS 102

The Low Carbon Hub IPS Limited is an Industrial and Provident Society for the Benefit of the Community (IPS Bencom) with registered number 31903R. The Society is incorporated in England and Wales and has its registered office at Holywell House, Osney Mead, Oxford OX3 0ES.

These financial statements were prepared in accordance with Financial Reporting Standard 102 and in accordance with applicable accounting standards.

The principal accounting policies adopted by the Society are set out in Note 2.

2 Accounting policies basis of preparation

The consolidated financial statements include the result of the subsidiary companies, Low Carbon Hub Sandford Hydro Limited and Ray Valley Solar Limited.

The Financial Statements have been prepared under the historical cost convention using the following accounting policies:

Judgements

The main judgements made by the Directors in preparing the Financial Statements are the use life of tangible fixed assets and whether there has been any impairment in the value of fixed assets.

Income

The income shown in the Income and Expenditure Account represents amounts receivable during the year in respect of services provided by the group.

Grants to fund the acquisition of tangible fixed assets (both government grants and grants from other entities) are credited to deferred income upon receipt. They are then released to income (to match against the related depreciation charge) over the useful life of the asset funded by the grant. Grants to cover expenses are recognised in income in the period in which the expense is incurred.

Tangible fixed assets

Tangible Fixed Assets are stated at cost. Cost includes all costs incurred to bring assets into service, including legal fees, construction costs, development fees payable to The Low Carbon Hub CIC, and an allocation of financing costs.

Depreciation is calculated to write off the cost of an asset on a straight-line basis over the expected useful life of the asset. Capital grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. These grants are credited to deferred income and so are released to the income statement over the expected useful life of the asset.

Rooftop solar PV arrays - The Low Carbon Hub IPS Ltd

The useful life of solar PV arrays is estimated based on the duration of the FIT payments that are receivable in respect of that array, which are typically 20 years.

Inverters used on solar PV arrays are anticipated to have a shorter useful life than the arrays themselves. In recognition of this, these are separated out from the array they support and are depreciated over 10 years.

Ground mounted solar PV arrays - Ray Valley Solar Ltd

The useful life of solar PV arrays is estimated to be 20 years.

Inverters used on solar PV arrays are anticipated to have a shorter useful life than the arrays themselves. In recognition of this, these are separated out from the array they support and are depreciated over 10 years.

The landscaping and infrastructure costs are depreciated over 38 years, being the operational lease length of the site.

Hydro plant and machinery - The Low Carbon Hub Sandford IPS Ltd

The useful life of the Sandford Hydro plant is estimated to be 40 years based on the life span of the civil engineering works.

The plant machinery is anticipated to have a shorter useful life than the plant and is depreciated over 10 years.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Loans

Third-party loans are net of external finance arrangement fees.

Taxation

No deferred tax asset is currently recognised in respect of any taxation losses.

Derivatives and financial instruments

Financial Instruments are classified and accounted for, where appropriate, according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments.

Interest on Members' equity

Interest on Members' equity is recorded as an expense once the interest payment has been agreed by the Board. All interest payments are made at the discretion of the Board and therefore no accrual is made for interest payments not yet declared.

3 Community benefit donations

In accordance with the Company's aims and objectives, historically surpluses from projects that have been for at least one year are passed to The Low Carbon Hub CIC in the form of a Community Benefit Donation. In the year ending 31 March 2022 The Low Carbon Hub IPS Limited initiated the policy of directly distribution of community benefit donations and has continued for the year ending 31 March 2023. These funds are used to support its activities within Oxfordshire focussed on improving energy efficiency, and on increasing the amount of energy produced from community-owned renewable sources.

During the year, direct donations £35,117 (2022: £35,059) were recorded as expenses.

4 Administration costs

Administration costs are made up of the following:

	2022/23 £	2021/22 £
Low Carbon Hub CIC (see related parties note)	307,266	133,950
Other admin fees	129,896	52,590
Other operations & maintenance fees	608,839	117,871
Loss on disposal of fixed assets	30,004	-
	1,076,005	304,411

The audit fee for the year ending 31 March 2023 included in these accounts was £8,500 (2022: £6,825).

5 Interest payable

	2022/23 £	2021/22 £
Loan interest	228,573	138,808
Other interest	-	-
	228,573	138,808
Members' interest payments	445,244	441,428
	673,817	580,236

For year ending 31 March 2023 the Directors have declared interest payments on outstanding capital as follows:

	Interest rate	Interest due £
Solar PV 2014	5.60%	89,733
Solar PV 2016	5.49%	38,781
Sandford Hydro 2016	4.10%	59,703
ONCORE A 25 Year Pledge	4.20%	4,534
ONCORE A Withdrawable	3.00%	720
ONCORE B	4.20%	3,400
Community Energy Fund 01	4.69%	31,695
Community Energy Fund 02	4.41%	4,567
Community Energy Fund 03	4.07%	29,574
Community Energy Fund 04 to 06 inclusive	4.00%	182,536
		445,244

6 Taxation

A reconciliation of income tax applicable to accounting profit before tax at the statutory tax rates for the years ended 31 March 2023 and 31 March 2022 is as follows:

	2023 £	2022 £
(Deficit) for the year before tax	(441,520)	(281,726)
At United Kingdom tax rate of 19%	(83,889)	(53,528)
Creation of tax losses	83,889	53,528
Total reported on the income statement	-	-

7 Intangible fixed assets - Goodwill

Cost	£
As at 31 March 2022	10,731
Arising in the year	-
As at 31 March 2023	10,731
Amortisation	
As at 31 March 2022	1,957
Amortisation in the year	489
As at 31 March 2023	2,446
Net book value at 31 March 2022	8,774
Net book value at 31 March 2023	8,285

Goodwill arose in relation to the transfer of engagements of ONCORE on 1 June 2018.

8 Tangible fixed assets

	Sandford Hydro £	Ray Valley Solar £	Rooftop solar PV array £	Inverters £	Rose Hill battery £	WIP & office equipment £	Total £
Cost							
At 31 March 2022	3,789,137	9,331,802	3,987,461	261,740	62,687	475,584	17,908,411
Additions	-	1,758,199	407,864	118,978	-	-	2,285,041
Additions from WIP	-	-	181,366	8,733	-	-	190,099
Disposals	-	-	-	(115,763)	-	(462,886)	(578,649)
At March 2023	3,789,137	11,090,001	4,576,691	273,688	62,687	12,698	19,804,902
Depreciation							
At 31 March 2022	639,386	-	1,254,174	157,249	12,537	750	2,064,096
Provided during the year	155,469	246,384	213,681	27,542	12,503	-	655,579
Disposals	-	-	-	(85,759)	-	-	(85,759)
At 31 March 2023	794,855	246,384	1,467,855	99,032	25,040	750	2,633,916
Net book value							
At 31 March 2022	3,149,751	9,331,802	2,733,287	104,491	50,150	474,834	15,844,315
At 31 March 2023	2,994,282	10,843,617	3,108,836	174,656	37,647	11,948	17,170,986

Sandford Hydro Limited

Sandford Hydro plant was completed during 2018. Of the costs capitalised to date on Sandford Hydro Limited £410,239 (2022: £410,239) relates to financing costs.

Ray Valley Solar Limited

The IPS acquired 100% of the share capital of Ray Valley Solar Limited on 30 September 2020 for a total consideration of £748,257. As at the asset acquisition date Ray Valley Solar Limited did not have any separable net

assets and on consideration the excess of the consideration over the assets has been added to the Ray Valley Solar tangible fixed asset, including construction loan interest of £262,843, as the Board believes this relates to initial work and costs carried out by the previous owners in respect of gaining the necessary consents and permissions for the solar farm and to bringing the project to an investable position. Ray Valley Solar became operational and generating electricity in August 2022 with the project formal completion was undertaken on 11 October 2023.

9 Stock

	2022/23 £	2021/22 £
Stock	-	40,214
The stock held for the year ending 31 March 2022 related to inverters purchased by The Low Carbon Hub IPS Limited that were held at a third-party contractors premises at the year-end. In the year ending 31 March 2023 these were installed as part of upgrading process for Peoples Power Station 2.0 development.		

10 Debtors

	2022/23 £	2021/22 £
Trade debtors	84,709	28,809
Amounts owed from Low Carbon Hub CIC (see note 17)	2,033,083	1,300,122
Accrued income electricity sales & FIT	127,270	24,192
Prepayments and accrued income	591,701	323,191
VAT recoverable	1,792,258	1,662,096
	4,629,021	3,338,410

11 Cash or cash equivalents

	2022/23 £	2021/22 £
Unrestricted cash	601,471	1,554,094
Restricted cash	19,030	35,007
	620,501	1,589,101

Management have set aside £19,030 (2022: £35,007) as a fund to cover expected future inverter replacement requirements. This level of cash will be regularly reviewed against expected requirements.

12 Creditors: Amounts falling due within one year

	2022/23 £	2021/22 £
Charity Bank loan (See note 13)	43,176	100,001
Triodos Construction Loan Facility	2,844,205	2,788,548
Oxford City Council Salix Loan (See Note 13)	186,421	77,592
Oxford City Council Non Salix Loan (See Note 13)	187,613	64,108
Oxford City Council Fish Pass Loan (See Note 13)	100,000	-
Trade creditors	36,907	45,717
Deferred consideration	-	411,000
Accruals	1,643,113	496,473
Deferred income	138,208	124,889
	5,179,643	4,108,328

The Triodos Bank Construction Loan facility of £2,907,685 (2022: £2,788,548) made up of £2,000,000 for the Ray Valley Solar development net of finance arrangement fees and £907,685 for a VAT facility loan. The development loan was replaced by an operational loan facility of £2.4 million on 11 October 2023 that is over 14 years under signed agreements made with the Triodos Bank. This loan is secured on Ray Valley Solar assets. The VAT facility was repaid on monies being received from HMRC on Ray Valley Solar construction invoices.

The Accruals for 31 March 2023 contains £452,655 that relate to Ray Valley Solar Limited for the completion of the construction of the project post the year end. These costs have been capitalised in the Ray Valley Solar Limited Fixed Assets (Note 8) as the it has been generating electricity since August 2022, with the project was completed on 11 October 2023.

The deferred consideration in the year ending 31 March 2022 of £411,000 for Ray Valley Solar Limited was paid on 2 August 2022.

13 Creditors: Amounts falling due after more than one year

	2022/23 £	2021/22 £
Charity Bank loan	761,829	1,523,721
Oxford City Council Salix Loan	1,898,316	1,954,213
Oxford City Council Non Salix Loan	1,824,766	1,913,592
Oxford City Council Fish Pass Loan	-	100,000
Deferred income	4,722,889	2,592,889
	9,207,800	8,084,415

On 23 September 2016, a £2,000,000 loan facility was signed between Low Carbon Hub Sandford Hydro Limited and The Charity Bank as long-term finance for the construction of the Sandford Hydro project. This finance has an interest rate of 3.5% over Bank of England Base Rate and is due for repayment in September 2034. This loan is secured against the Sandford Hydro asset. In November 2022 an additional tranche of £750,000 was repaid on this loan. The remaining balance at year end is £805,005 (2022: £1,623,723).

On 23 February 2022 two loan facilities were signed between The Low Carbon Hub IPS Limited and Oxford City Council as long term finance for the construction of Ray Valley Solar project as annotated within this note and note 12. The Salix Loan has an interest rate of 1.45% and is due for repayment on 31 March 2045. The Non Salix Loan has an interest rate of 2.85% and is due for repayment on 31 March 2045. These loans are secured against Ray Valley Solar assets. The balances stated at year end for Salix Loan is £2,031,805 (2021: £2,031,805) and Non Salix Loan £1,977,700 (2021: £1,977,700) net of external finance arrangement fees. The capital and interest due for repayment for the year ending 31 March 2023 were paid in April 2023.

The Oxford City Council Fish Pass Loan with The Low Carbon Hub IPS Limited that was utilised in the Sandford Hydro was renewed within the year at an interest rate of 2%.

Deferred income represents grants to fund acquisition of tangible fixed assets. This is released to income (to match against the depreciation charge) over the useful life of the asset funded by the grant.

14 Share equity

The equity held by shareholders at 31 March 2023 is as follows:

	2022/23 £	2021/22 £
Class B £1 Shares Solar PV 2013	145,800	145,800
Class A £1 Shares Solar PV 2014	1,457,049	1,552,640
Class A £1 Shares Solar PV 2016	707,843	742,507
Class A £1 Shares Sandford Hydro 2016	1,456,177	1,463,177
Oncore -£1 Portfolio A 25 Year Pledge	107,952	112,109
Oncore - £1 Portfolio A Withdrawable	24,010	24,010
Oncore - £1 Portfolio B	80,954	84,045
Community Energy Fund £1 Shares	6,068,186	6,068,886
	10,047,971	10,193,174

Share capital on the Balance Sheet is stated net of the costs of raising and issuing equity shares.

Number of individual shareholders by share class at 31 March 2023:

Share Class	2023	2022
Class B - Solar PV 2013	10	10
Class A - Solar PV 2014	334	334
Class A - Solar PV 2016	237	338
Class A - Sandford Hydro 2016	463	472
Class A - ONCORE - £1 Portfolio A 25 Year Pledge	64	64
Class A - ONCORE - £1 Portfolio A Withdrawable	13	13
Class A - ONCORE - £1 Portfolio B	37	37
Class A - Community Energy Fund £1 Shares	1,234	1,243

Rights, preferences, and restrictions attaching to share classes

Class A shares are non-transferable. They can be withdrawn by agreement between the Directors and the member holding a class A share.

Class B shares can be transferred between family members, or to any trust established for the benefit of family members at any time. They can only be transferred outside of a family member by giving formal notice to the Directors of their wish to do so, and by following a prescribed process set out in section 9 of the Society's Rules.

Terms under which capital can be repaid to Members for each share class are set out in section 7 of the Society's Rules. All Members have one vote at General Meetings of the Society, regardless of how many shares they hold.

15 Board Members' remuneration

No expenses were paid to any Board Members in their capacity as Board Members.

16 Capital and Leasing commitments

The Society had no authorised capital commitments as at 31 March 2023 (2022: £2,217,548). Capital in respect of working progress projects is only committed when lease contracts with Landlords have been signed. These lease commitments of £320,250 (2022 - £329,250) for Sandford Hydro Limited and £3,249,190 (2022: £nil) for Ray Valley Solar. The latter represents the minimum amounts payable under operating leases.

17 Related party transactions

During the year the Group made the following transactions with:

The Low Carbon Hub CIC

£310,120 was paid in respect of investor registry services, Administration and Operations & Maintenance costs for the year ending 31 March 2023 (2022: £123,929). Furthermore, £319,015 was paid in respect of Project Development Fees for the year ending 31 March 2023 (2022: £256,423).

The Low Carbon Hub CIC facility to access to the Oxford City Council Revolving Construction Loan fee came to an end so no fees were payable in the year (2022: £4,600). There were no further loan arranging payable for the year ending 31 March 2023 (2022: £84,546). There were no new share offers for the year ending 31 March 2023 so no costs were reimbursed (2022; £29,510).

At the balance sheet date, £2,033,083 (2021: £1,300,122) was owed by The Low Carbon Hub CIC and included in trade creditors was £8,696 (2022: £7,933) owed to The Low Carbon Hub CIC.

18 Subsequent events

In August 2023 Ray Valley Solar became operational. In September 2023 pursuant to the engineering, procurement, construction and installation contract dated 26 February 2021 and additional damages operational issues resulted in £537,708 being paid by the main contractor. These performative damages have been apportioned in accordance with the contract across the financial years ending 31 March 2023 and 31 March 2024.

The invoice was raised on 7 September 2023 and is due for payment on 18 September.

4.8 The Society's statement of financial position

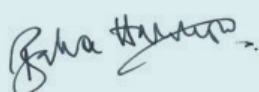
	Notes	2022/23 £	2021/22 £
Intangible fixed assets	8	8,285	8,775
Tangible fixed assets	9	3,333,087	3,333,382
Fixed asset investments	10	8,848,960	8,860,423
		12,390,332	12,202,580
Current Assets			
Stock	11	-	40,217
Debtors	12	1,610,025	1,152,740
Cash at bank and in hand	13	30,285	1,401,329
		1,640,310	2,594,286
Creditors: Amounts falling due within one year	14	1,044,674	1,120,036
Net Current Assets		595,636	1,474,250
Total assets less current liabilities		12,985,968	13,676,830
Creditors: Amounts falling due after more than one year	15	4,230,197	4,159,228
Total net assets		8,755,771	9,517,602
Capital and reserves			
Share equity	16	9,899,703	10,044,904
Income and expenditure account		(1,143,932)	(527,302)
Shareholders' funds		8,755,771	9,517,602

Signed on behalf of the Board and authorised for issue on 30 October 2023.

Steve Drummond
Chair
The Low Carbon Hub IPS Limited



Barbara Hammond
Director CEO
The Low Carbon Hub IPS Limited



Tessa Paterson
Company Secretary
The Low Carbon Hub IPS Limited



4.9 The Society's income statement

	Notes	2022/23 £	2021/22 £
Income			
Electricity sales		459,036	294,851
FIT income		285,494	261,147
Government grant income		375,484	187,427
Interest receivable	3	(27,483)	249,801
		1,092,531	993,226
Expenditure			
Community benefit donations	4	35,117	35,059
Administration fees	5	584,974	187,372
Interest payable	7	389,611	74,151
Depreciation/amortisation expense	8 & 9	254,215	268,275
		1,263,917	564,857
Earnings before tax and Members' interest		(171,386)	428,369
Members' interest payments	7	445,244	441,429
		(616,630)	(13,060)
Surplus/(Deficit) for the year		(616,630)	(13,060)
Taxation	6	-	-
Surplus/(Deficit) transferred to retained reserve		(616,630)	(13,060)

There were no recognised gains or losses other than those included in the Income & Expenditure Account.

4.10 The Society's statement of changes in equity

	Share capital	Income and expenditure account	Total shareholders' funds
	£	£	£
At 31 March 2021	8,355,563	(514,242)	7,841,321
Loss for the year	-	(13,060)	(13,060)
Issue of new equity shares	1,819,035	-	1,819,035
Repayment of shares	(129,694)	-	(129,694)
At 31 March 2022	10,044,904	(527,302)	9,517,602
Loss for the year	-	(616,630)	(616,630)
Issue of new equity shares	250	-	250
Repayment of shares	(145,451)	-	(145,451)
At 31 March 2023	9,899,703	(1,343,932)	8,755,771

4.11 Notes to the Society's financial statements

1 Entity information and statement of compliance with FRS 102

The Low Carbon Hub IPS Limited is a 'not-for-profit' Industrial and Provident Society for the Benefit of the Community with registered number 31903R. The Society is incorporated in England and Wales and has its registered office at Holywell House, Osney Mead, Oxford OX2 0ES.

These financial statements were prepared in accordance with Financial Reporting Standard 102 and in accordance with applicable accounting standards. The principal accounting policies adopted by the Society are set out in note 2.

2 Accounting policies basis of preparation

The Society has taken advantage of the Disclosure Exemption under FRS 102 and has not prepared its own statement of cash flows. The Financial Statements have been prepared under the historical cost convention using the following accounting policies:

Judgements

The main judgements made by the Directors in preparing the Financial Statements are the use life of tangible fixed assets and whether there has been any impairment in the value of fixed assets.

Income

The income shown in the Income and Expenditure Account represents amounts receivable during the year in respect of services provided by the Society.

Grants to fund the acquisition of tangible fixed assets are credited to deferred income upon receipt. They are then released to income (to match against the related depreciation charge) over the useful life of the asset funded by the grant. Grants to cover expenses are recognised in income in the period in which the expense is incurred.

Tangible fixed assets

Tangible Fixed Assets are stated at cost. Cost includes all costs incurred to bring assets into service, including legal fees, construction costs, development fees payable to The Low Carbon Hub CIC, and an allocation of financing costs.

Depreciation is calculated to write off the cost of an asset on a straight line basis over the expected useful life of the asset.

Bank borrowings

External bank borrowings net of capitalised bank arrangement fees. It does not include lease liabilities.

Solar PV Arrays

The useful life of solar PV arrays is estimated based on the duration of the FIT payments that are receivable in respect of that array, which are typically 20 years.

Inverters used on solar PV arrays are anticipated to have a shorter useful life than the arrays themselves. In recognition of this, these are separated out from the array they support and are depreciated over 10 years.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

No deferred tax asset is currently recognised in respect of any taxation losses.

Derivatives, financial instruments and investments

Financial Instruments are classified and accounted for, where appropriate, according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments.

Investments in subsidiaries are included at cost.

Interest on Members' equity

Interest on Members' equity is recorded as an expense once the interest payment has been agreed by the Board. All interest payments are made at the discretion of the Board and therefore no accrual is made for interest payments not yet declared.

3 Interest receivable

	2022/23 £	2021/22 £
Sandford Hydro IPS equity and working capital loan interest	(345,317)	97,355
Ray Valley Solar IPS equity and working capital loan interest	316,122	151,780
Bank and other Interest	1,712	666
	(27,483)	249,801

Loans have been made to Low Carbon Hub Sandford Hydro and Ray Valley Solar as detailed in note 19, Related Party Transactions.

Sandford Hydro Limited equity loan interest of £86,160 (2022: £97,355) has been accrued as interest Interest has been charged at a rate of 4.2% for 2022/23, which is the equivalent of the Members' interest rate of return. After reviewing investment position the directors of IPS have capitalised the accrued interest to the year ending 31 March 2023 of £441,877. This has been treated as cost in the Profit and Loss account and subsequent treated as income within Sandford Hydro Limited. Sandford Hydro Limited also holds Fish Pass Loan. The loan agreement for £100,000 (2022: £100,000) is between the Low Carbon Hub IPS with Oxford City Council with the monies loaned onto Sandford Hydro at the same headline 2% interest rate.

Interest accrued in the year was £2,000 (2022: £2,000). Sandford Hydro also has working capital loan of £200,000 (2022: £200,000) with the Low Carbon Hub IPS. The interest accrued was £8,400 (2021: £10,000) at a rate of 5%

Ray Valley Solar Limited equity loan interest of £316,122 (2022: £151,780) was accrued as interest on the £5,926,525 (2022: £6,252,940) Ray Valley Solar equity loan. Interest has been charged at a rate of 5% for 2022/23, which is the equivalent of the Members' interest rate of return.

4 Community benefit donations

In accordance with the Company's aims and objectives, historically surpluses from projects that have been for at least one year are passed to The Low Carbon Hub CIC in the form of a Community Benefit Donation. In the year ending 31 March 2022 The Low Carbon Hub IPS Limited initiated the policy of directly distribution of Community Benefit Donations. These funds are used to support its activities within Oxfordshire focussed on improving energy efficiency, and on increasing the amount of energy produced from community-owned renewable sources.

During the year, direct donations £35,117 (2022: £35,059) were recorded as expenses.

5 Administration costs

Administration costs are made up of the following:

	2022/23 £	2021/22 £
Low Carbon Hub CIC (see related parties note)	127,567	119,345
Other admin fees	61,554	34,545
Other operations & maintenance fees	395,853	33,482
	584,974	187,372

The audit fee for 2021/22 included in these accounts is £8,500 (2022: £6,825).

6 Taxation

A reconciliation of income tax applicable to accounting profit before tax at the statutory tax rates for the years ended 31 March 2023 and 31 March 2022 is as follows:

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The standard rate of corporation tax for the year ended 31 March 2023 was 19% (2022: 19%).

	2022/23 £	2021/22 £
Profit / (deficit) for the year before tax	(616,630)	(13,060)
At United Kingdom tax rate of 19%	(117,160)	(2,481)
Creation of tax losses	117,160	2,481
Total reported on the income statement	-	-

7 Interest payable

	2022/23 £	2021/22 £
Loan interest	89,611	74,151
Impairment of Sandford Hydro Equity Loan	300,000	-
	389,611	74,151
Members' interest payments	445,244	441,429
	834,855	515,580

Upon undertaking impairment calculations the value of the Equity Loan for Sandford Hydro Limited was reduced by £300,000. This has been treated as expense in the Society's Profit and Loss Account.

For 2022/23 the Directors have declared interest payments on outstanding capital as follows:

	Interest rate %	Interest due £
Solar PV 2014	5.60%	89,733
Solar PV 2016	5.49%	38,781
Sandford Hydro 2016	4.10%	59,703
ONCORE A 25 Year Pledge	4.20%	4,534
ONCORE A Withdrawable	3.00%	720
ONCORE B	4.20%	3,400
Community Energy Fund 01	4.69%	31,695
Community Energy Fund 02	4.41%	4,567
Community Energy Fund 03	4.07%	29,575
Community Energy Fund 04 to 06 inclusive	4.00%	182,536
		445,244

£445,244 (2022: £441,428) has been accrued at the balance sheet date and it is expected that this will be paid out prior to the 2023 AGM.

8 Intangible fixed assets - Goodwill

Cost	£
As at 31 March 2022	10,731
Arising in the year	-
As at 31 March 2023	10,731
Amortisation	
As at 31 March 2022	1,957
Amortisation in the year	489
As at 31 March 2023	2,446
Net book value at 31 March 2022	8,774
Net book value at 31 March 2023	8,285

Goodwill arose in relation to the transfer of engagements of ONCORE on 1 June 2018.

9 Tangible fixed assets

Cost	Rooftop solar PV array £	Inverters £	Rose Hill battery £	WIP & office equipment £	Total £
At 31 March 2022	3,987,461	261,740	62,687	445,944	4,757,832
Additions	407,864	118,978	-	-	526,842
Additions from WIP	181,366	8,733	-	-	190,099
Disposals	-	(115,763)	-	(433,506)	(549,269)
At March 2023	4,576,691	273,688	62,687	12,438	4,925,504
Depreciation					
At 31 March 2022	1,254,174	157,249	12,537	490	1,424,450
Provided during the year	214,016	27,207	12,503	260	253,726
Disposals	-	(85,759)	-	-	(85,759)
At 31 March 2023	1,468,190	98,697	25,040	490	1,592,417
Net book value					
At 31 March 2022	2,733,287	104,491	50,150	445,454	3,333,382
At 31 March 2023	3,108,501	174,991	37,647	11,948	3,333,087

A total of £23,000 (2022: £nil) of financing costs were capitalised into tangible fixed asset cost during the year that related to interest on loan finance.

10 Fixed asset investments

	2022/23 £	2021/22 £
Investment in subsidiary - Low Carbon Hub Sandford Hydro Limited	1	1
Investment in subsidiary – Ray Valley Solar Limited	748,258	683,305
Loans to subsidiaries (note 19)	8,600,702	8,177,117
Impairment on Sandford Hydro Limited	(300,000)	
	9,048,960	8,860,423

The Society owns 100% of the share capital of Low Carbon Hub Sandford Hydro Limited and Ray Valley Solar Limited, companies incorporated in England and Wales and having their registered office at Holywell House, Osney Mead, Oxford OX2 0ES.

11 Stock

	2022/23 £	2021/22 £
Stock	-	40,217

The stock held at the year ending 31 March 2022 relates to Inverters purchased by The Low Carbon Hub IPS Limited that were held at a third party contractors premises at the year end. These were installed in the year ending 31 March 2023 as part of upgrading process for Peoples Power Station 2.0 development.

12 Debtors

	2022/23 £	2021/22 £
Trade debtors	90,403	28,809
Accrued income electricity sales & FIT	1,756	1,756
Prepayments and accrued income	558,851	591,987
VAT recoverable	6,260	83,460
Amounts owed from Low Carbon Hub CIC (see Note 18)	829,341	436,564
Amounts owed from Low Carbon Hub Sandford Hydro Limited	123,413	10,164
	1,610,024	1,152,740

13 Cash or cash equivalents

	2022/23 £	2021/22 £
Unrestricted cash	11,255	1,366,322
Restricted cash	19,030	35,007
	30,285	1,401,329

Management have set aside £19,030 (2022: £35,007) as a fund to cover expected future inverter replacement requirements. This level of cash will be regularly reviewed.

14 Creditors: Amounts falling due within one year

	2022/23 £	2021/22 £
Oxford City Council Salix Loan (see Note 15)	186,421	77,592
Oxford City Council Non-Salix Loan (see Note 15)	187,613	64,108
Oxford City Council Fish Pass Loan (see Note 15)	100,000	-
Trade Creditors	35,160	32,940
Deferred consideration	-	411,000
Accruals	514,641	496,473
Deferred income	20,839	37,923
VAT		
	1,044,674	1,120,036

15 Creditors: Amounts falling due greater than one year

	2022/23 £	2021/22 £
Oxford City Council Salix Loan	1,875,573	1,954,213
Oxford City Council Non-Salix Loan	1,847,509	1,913,592
Oxford City Council Fish Pass Loan	-	100,000
Deferred income	527,954	191,423
	4,251,036	4,159,228

On 23 February 2022 two loan facilities was signed between The Low Carbon Hub IPS Limited and Oxford City Council as long term finance for the construction of Ray Valley Solar project as annotated within this note and note 14. The Salix Loan has an interest rate of 1.45% and is due for repayment on 31 March 2045. The Non-Salix Loan has an interest rate of 2.85% and is due for repayment on 31 March 2045. These loans are secured against Ray Valley Solar assets. The balances stated at year end for Salix Loan is £2,031,805 (2022: £2,031,805) and Non-Salix Loan £1,977,700 (2022: £1,977,700) net of external finance arrangement fees. The capital and interest due for repayment for the year ending 31 March 2023 were paid in April 2023.

The Oxford City Council Fish Pass Loan with The Low Carbon Hub IPS Limited that was utilised in the Sandford Hydro was renewed within the year at an interest rate of 2%. The balances remaining at year end is £100,000.

Deferred income represents grants to fund acquisition of tangible fixed assets. This is released to income (to match against the depreciation charge) over the useful life of the asset funded by the grant.

16 Share equity

The equity held by shareholders at 31 March 2023 is as follows:

	2022/23 £	2021/22 £
Class B £1 Shares Solar PV 2013	145,800	145,800
Class A £1 Shares Solar PV 2014	1,457,049	1,552,640
Class A £1 Shares Solar PV 2016	707,843	742,507
Class A £1 Shares Sandford Hydro 2016	1,456,177	1,463,177
Oncore -£1 Portfolio A 25 Year Pledge	107,952	112,109
Oncore - £1 Portfolio A Withdrawable	24,010	24,010
Oncore - £1 Portfolio B	80,954	84,045
Community Energy Fund £1 Shares	6,068,186	6,068,886
	10,047,971	10,193,174

The share equity stated in the balance sheet is net of share raise costs.

Number of shares issued, allotted and fully paid

Share Class	Issued	Allotted	Fully Paid
Class B £1 Shares Solar PV 2013	145,800	145,800	145,800
Class A £1 Shares Solar PV 2014	1,457,049	1,457,049	1,457,049
Class A £1 Shares Solar PV 2016	707,843	707,843	707,843
Class A £1 Shares Sandford Hydro 2016	1,456,177	1,456,177	1,456,177
ONCORE - £1 Portfolio A 25 Year Pledge	107,952	107,952	107,952
ONCORE - £1 Portfolio A Withdrawable	24,010	24,010	24,010
ONCORE - £1 Portfolio B	80,954	80,954	80,954
Community Energy Fund £1 Shares	6,068,186	6,068,186	6,068,186

Number of individual shareholders by share class at 31 March 2022:

Share Class	2023	2022
Class B - Solar PV 2013	10	10
Class A - Solar PV 2014	334	334
Class A - Solar PV 2016	237	338
Class A - Sandford Hydro 2016	463	472
Class A - ONCORE - £1 Portfolio A 25 Year Pledge	64	64
Class A - ONCORE - £1 Portfolio A Withdrawable	13	13
Class A - ONCORE - £1 Portfolio B	37	37
Class A - Community Energy Fund £1 Shares	1,234	1,243

Rights, Preferences and Restrictions attaching to Share Classes

Class A shares are non-transferable. They can be withdrawn by agreement between the Directors and the member holding a class A share.

Class B shares can be transferred between family members, or to any trust established for the benefit of family members at any time. They can only be transferred outside of a family

member by giving formal notice to the Directors of their wish to do so, and by following a prescribed process set out in section 9 of the Society's rules.

Terms under which capital can be repaid to Members for each share class are set out in section 7 of the Society's rules. All Members have one vote at General Meetings of the Society, regardless of how many shares they hold.

17 Board Members' remuneration

No expenses were paid to any Board Members in their capacity as Board Members.

18 Capital and Leasing commitments

The Society has no capital or leasing commitments at the 31 March 2023 (2022: £nil).

19 Related party transactions

During the year the company made the following transactions with:

The Low Carbon Hub CIC

£134,792 was paid in respect of investor registry services, administration and operations & maintenance costs (2022: 111,964); development fees of £45,164 were also paid (2022: £nil) and £nil was paid in respect of Finance Arrangement Fees (2022: £752).

At the balance sheet date, £829,340 (2022: £436,564) was owed by The Low Carbon Hub CIC and included in trade creditors was £8,696 (2022: £7,933) owed to The Low Carbon Hub CIC.

Sandford Hydro Limited

Loans have been made to Sandford Hydro as follows:

£200,000 at a rate of 4.2% which was a working Capital Loan from The Low Carbon Hub IPS Limited (2022: £200,000).

£100,000 at a rate of 2%. This is a supplemental loan from Oxford City Council known as the Fish Pass Loan and is being lent across on the same terms (2022: £100,000).

£2,074,177 which is net including a £300,000 impairment (2022: £1,674,177) loan from the equity raised. This is at a rate of 4.2% to cover the investor returns.

At the balance sheet date, the inter-company clearing account had a balance (owed) of £123,413 (2022: £10,164).

Ray Valley Solar Limited

Loans have been made of £5,926,525 (2022: £6,252,940) loan from the equity raised. This is at a rate of 5% to cover the investor returns.



Ray Valley Solar is the largest community-owned solar park in the UK. It generates 19.5 GWh of clean green electricity every year, enough to power over 6,000 homes.

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