GOVERNANCE & STATUTORY RULES SUMMARY

Sleaford & District Community Energy Limited (SDCE)

Legal Form: Registered Community Benefit Society (CCBSA 2014) | **FCA Mutuals Reg. No:** 9900
Registered Office: 24 Maltkiln Close, Sleaford, Lincolnshire, NG34 7ZH | **Contact:** sdce.cbs@gmail.com | 07783 857861

1. LEGAL CONSTITUTION & STATUTORY OBJECTS

Sleaford & District Community Energy Limited ("**SDCE**" or the "**Society**") is incorporated as a non-profit **Community Benefit Society** under the **Co-operative and Community Benefit Societies Act 2014 (CCBSA 2014)** and is registered with and regulated by the **Financial Conduct Authority (FCA Registration Number: 9900)**.

Unlike a commercial company incorporated for private shareholder profit, a Community Benefit Society is legally required to conduct its business wholly for the benefit of the wider community. Under SDCE's registered Rules, the Society's statutory objects are to carry on business for the benefit of the community in Sleaford and the surrounding districts of Lincolnshire by:

- **Renewable Energy Generation & Storage:** Developing, owning, insuring, and operating community-owned solar photovoltaic (PV) and battery energy storage systems on public, parish, educational, and charitable buildings or marginal land.
- **Carbon Reduction & Energy Resilience:** Enabling local host organisations to access clean, locally generated electricity at discounted rates while reducing carbon emissions across Lincolnshire.
- **Fuel Poverty Alleviation & Community Benefit:** Reinvesting net financial surpluses into local environmental, educational, and fuel poverty relief initiatives.

2. IRREVOCABLE STATUTORY ASSET LOCK

Permanent Community Protection (CCBSA 2014): SDCE operates under a statutory, irrevocable **Asset Lock** in accordance with the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006. All renewable energy infrastructure, cash reserves, and financial surpluses held by SDCE are permanently dedicated to community benefit and cannot be distributed to private individuals, directors, or external shareholders.

In the event of the winding-up, dissolution, or conversion of the Society, any residual assets remaining after the settlement of all lawful debts and liabilities and the repayment of nominal member share capital cannot be divided among members. Instead, such assets must be transferred exclusively to another asset-locked Community Benefit Society, a registered charity, or a Community Interest Company with compatible community objects in Lincolnshire.

3. DEMOCRATIC GOVERNANCE: "ONE MEMBER, ONE VOTE"

SDCE is governed on strict co-operative democratic principles, ensuring that control remains rooted in the local community rather than concentrated in the hands of large capital investors:

- **Open Community Membership:** Local residents, host organisations, and community supporters aged 16 and over may apply to join SDCE by subscribing for a nominal **£1 member share** (subject to Board approval under the Rules).
- **Equal Voting Rights:** Every member holds strictly **one vote** at Annual General Meetings (AGMs) and Special General Meetings, regardless of the number of withdrawable community shares held.
- **Member Accountability:** Members exercise democratic oversight by electing the Board of Directors, receiving the annual accounts and social impact report, appointing independent auditors/accountants where required, and voting on key constitutional resolutions.

4. VOLUNTARY BOARD OF DIRECTORS & FIDUCIARY ACCOUNTABILITY

The affairs of SDCE are managed by a **voluntary, unpaid Board of Directors** elected from and by the membership. Directors receive no remuneration or profit share for serving on the Board and are bound by strict statutory and fiduciary duties. Where a Director provides distinct professional, engineering, or project management services outside their governance role, any payment is strictly governed by the Society's Rules, conflict-of-interest exclusions, and independent Board approval:

Governance Pillar	Statutory & Constitutional Safeguards
Voluntary Stewardship & Specialist Services	Directors serve on an unpaid, voluntary basis in their governance capacity. Any separate engagement for specialist engineering or project management services requires transparent market-rate justification, conflict-of-interest recusal, and independent Board approval.
Conflicts of Interest	All Directors must declare any personal, financial, or parish interest prior to Board deliberations and withdraw from voting where a conflict arises.
Technical & Safety Compliance	The Board ensures full compliance with UK electrical safety standards, DNO grid connection codes, CDM regulations, and comprehensive Public Liability and asset insurance.
Financial Controls & Reporting	Dual-authorisation banking controls, ring-fenced project accounting, and mandatory annual returns (Form AR30) submitted to the Financial Conduct Authority.

5. SURPLUS ALLOCATION & RING-FENCED PARISH BENEFIT FUNDS

Revenue generated by SDCE installations—primarily through discounted on-site Community Power Purchase Agreements (PPAs) and Smart Export Guarantee (SEG) export tariffs—is allocated in a transparent, disciplined waterfall:

- **1. Operational & Lifecycle Reserves:** First priority is given to funding 25-year Operations & Maintenance (O&M), statutory inspections, insurance, inverter and battery replacement reserves, and end-of-life decommissioning.
- **2. Community Share Interest (Where Applicable):** Where community shares are raised to co-fund capital works, modest, capped interest may be paid to members solely out of trading surpluses at a rate determined by the Board and no higher than necessary to attract and retain community capital.
- **3. 100% Ring-Fenced Local Community Benefit Fund:** All remaining net surpluses generated by a host installation are legally locked inside a dedicated **Local Sub-Committee** fund for that parish or community, supporting local sustainability projects, community facilities, or fuel poverty relief.

6. PUBLIC TRANSPARENCY & FCA REGISTER VERIFICATION

As a registered Community Benefit Society, SDCE's constitutional Rules, registration status, and annual statutory filings are open to public inspection. Parish councils, grant funders, host trustees, and members of the public can independently verify SDCE's registration and download our registered Rules at any time via the official **FCA Mutuals Public Register** at **https://mutuals.fca.org.uk** by searching for **Sleaford & District Community Energy Limited** or Registration Number **9900**.

For copies of our full Society Rules, latest governance policies, or to discuss a parish partnership, please contact the Society Secretary at **sdce.cbs@gmail.com** or by telephone on **07783 857861**.