



CREATING ENERGY WE CAN ALL FEEL GOOD ABOUT

lowcarbonhub.org

6th September 2023

Letter from the chair

Dear Low Carbon Hub IPS Member

I am writing to introduce myself to you as the new Chair of The Low Carbon Hub IPS Limited. I took over from Tim Sadler in March this year, having supported Low Carbon Hub from its early days and having chaired the Investment Committee since its inception. I came to the Hub with 30 (now 40!) years in energy, the last 20 of which have been exclusively in clean energy and latterly EV technology.

During more than ten years, the Low Carbon Hub team has grown the investment portfolio from a tiny seed to having invested over £20 million in capital projects so far. I have always been very proud to be associated with Low Carbon Hub, which under Barbara Hammond's leadership has punched vastly above its weight in delivering community and environmental impact. This is writ large in the documents that are included in the AGM papers: the Annual Performance Summary, the Social Impact Report, and the Group Financial Statements, and I am delighted to recommend them to you.

The success of the investment portfolio and the standing of the Low Carbon Hub, both in Oxfordshire and on the national and world stage, means that we are now economically independent and can take up grant-funded activity as an opportunity, rather than a necessity, in furthering the Hub's mission. So, what's next? Managing over £20 million of community assets creates real responsibilities. How and when should we expand our investments? How do we manage your portfolios carefully and efficiently to maximise community benefit? How will that community benefit be deployed? What are the key challenges that need unlocking to make renewable energy and energy efficiency ubiquitous? What can we do to help unlock them? How will we define and deliver our mission over the next ten years?

It is the job of the Chair and the Board to help address these questions, and to ensure the Low Carbon Hub team have the right resources and support in place to deliver the right outcomes. So, some big changes are afoot, and I would like to ask for your support.

The Low Carbon Hub IPS is registered in England as a registered society under the Co-operative and Community Benefit Societies Act 2014. Registration number: 31903R

Holywell House, Osney Mead, Oxford OX2 0ES
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Maximising community benefit

- As you know, our double structure whereby the staff resided in Low Carbon Hub CIC and the investment was managed through The Low Carbon Hub IPS Limited had outlived its usefulness and was costing us time and money. The staff and activities of the CIC are now rolled into the IPS, and we are all benefiting from the clarity and reduced administration that this simplification brings.
- Power generation investment and operations management have now been brought under one head, Tim Jones, to ensure that the benefits of our generation portfolio are maximised.

Re-defining our mission

- A year-long formal strategy review has been launched, guided by Barbara Hammond and supported by Mish Tullar, one of our new Non-Executive Directors and Head of Corporate Strategy at Oxford City Council. We will consult widely with our stakeholders along the way, and I will report back to you with the results at the 2024 AGM.
- In the meantime, we have some exciting opportunities, LEON – the next phase of our successful Local Energy Oxfordshire (LEO) programme – and Future Fit Oxfordshire. These programmes are being led by Mairi Brookes, and each has the potential to significantly influence how we will deliver on our mission moving forward.
- We also have a renewed opportunity to get even closer to our community groups, now that all of our activities and all of our stakeholders gather under the same roof. Cathy Ryan, our Communities Engagement Manager, and Al Kitchen, Communities Director, will work to strengthen our support for community-led carbon reduction and innovation in conjunction with our network of 41 low carbon communities across Oxfordshire.

Renewing the governance structure

- We are not a public company, but with over £20 million invested in community-owned renewable energy and 1,758 shareholders we should focus on governance and accountability. We have restructured the old Group Financial Statement format into a short Annual Report, where you will find a governance section. The underlying

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principle is that where practical we should adopt the Financial Reporting Council (FRC) Corporate Governance Code, and where it is not practical for an organisation of our size or does not fit with the rules of a Registered Society, we should explain to you why.

- We have recruited an all-new team of Non-Executive Directors and each of them has agreed to take an active responsibility to go beyond simply appearing at board meetings. Each will provide specific support to the board and the management team in delivering Low Carbon Hub's objectives. You can see their tremendous depth of expertise, and the responsibilities I have asked them to take on, in the Annual Report.

Under the rules of The Low Carbon Hub IPS Limited the new Non-Executive Directors, who have all been appointed by the Board, need to step down at this AGM and stand for re-election by you, the Members. I hope you agree that we are lucky to have attracted such a depth of experience to support our development. The Executive Directors, who have transferred over from the Low Carbon Hub CIC and who both complement the new Non-Execs and carry out our joint decisions, are also currently appointed by the Board. They too need to stand down at this AGM and be elected by you, the Members, to be able to continue to serve.

- I firmly believe that the Non-Executive Directors need to be paid. I am asking them to give a significant amount of their time - and they need to be able to afford this and to be able to account for it to their families. We are ever mindful of the trust our Members and the community of Oxfordshire has placed in us, an organisation of our size needs professional oversight and I need to be able to hold the Non-Executive Directors to account (which with the best will in the world is hard if they are unpaid volunteers).

The proposed amounts have been recommended by the Remuneration Committee: £5,000 per annum for a Non-Executive Director, with a multiplier of 1.5 to 2.5 times for the chair. This proposal has been arrived at following an assessment of the amount of time demanded and best practice comparisons. The total amounts to an expense of under £50,000, which is approximately 2% of the Low Carbon Hub's turnover and 0.2% of the capital invested.

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Under The Low Carbon Hub IPS Limited rules, I need you to cast a vote for or against the principle of remunerating Non-Executive Directors for the time they spend creating value for the organisation and its Members. I ask you please to support me in this.

Thank you for taking the time to read a rather long letter. The next ten years will be a crucial period for mitigating climate change and all our experience to date shows that this won't be effective unless communities are at the heart of it. The Board will lend its considerable energies to the fight, and I look forward to your continued support.

Yours sincerely,

A handwritten signature in blue ink, appearing to be "S. Drummond".

Steve Drummond

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