



Secondary Rules of Exeter Community Energy Ltd

Exeter Community Energy Limited is a registered society under the Co-operative and Community Benefit Societies Act 2014, registration number 32290 R.

These secondary rules have been established, in accordance with clause 93 of the Rules of the Society in order to direct the management, conduct and proceedings of Exeter Community Energy Ltd (ECO).

This document should be read in conjunction with the primary rules of Exeter Community Energy.

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Principles of Governance

Governance – how an organisation is run – concerns the living systems and processes that informs its policies and procedures, shapes its direction and provides accountability.

The following principles describe our values that inform our governance:

- ECOE seeks to be a learning organisation where people can expand their capacities and work together to create and realise collective aspiration
- Participation by members and the wider community means ECOE is truly a democratic community-led organisation
- ECOE seeks equality, diversity and openness so all who want to be part of ECOE have a part to play
- Integrity and transparency deepens our commitment to accountability
- Consensus decision-making is our preference but when not possible majority decisions will be made
- Financial viability and economic soundness are vital so ECOE can be effective and efficient in realising our aims and facilitating community energy's benefits to be experienced by as many as possible

Membership of the Society and Shares

Members are shareholders, paying £1 for each share they hold.

The first members were the founding directors, each making an investment of £250 shares.

From time to time the directors will issue a share offer when others will have the opportunity to buy shares and become a member. The share offer document will detail the minimum shareholding and expected interest rates. In order to foster local community participation, preferential terms, to be decided by the Directors, may be offered to Exeter and East Devon residents.

The members' portal gives members the opportunity to log in to their profile and keep their contact details, bank details and nominations up to date.

Further information for members including details on accessing the members' portal, is available on the ECOE website. ECOE's privacy policy is available on the website.

Criteria for membership

In order to become a member of the society the applicant must meet the below criteria:

- Be over 16 years of age
- Agree with the objectives of Society
- Fill in an application form
- Apply for the minimum shareholding

Responsibilities of members include attending general meetings and taking an active interest in the operation and development of the society.

How to become a member of the society

Members must complete an application for membership. The Directors must approve each application for membership. Directors can choose to delegate this responsibility.

When shares are issued, the society will provide a share certificate in respect of those shares. At that time a member's details will be entered into the society's register of members.

New investments exceeding £10,000, will be subject to identity and address checks to prevent money laundering and fraud. Checks may include passports and utility bills, or equivalent documentation.

Withdrawal of shares

Shares may be withdrawn on three months notice after they have been held for the required three years. This is an EIS requirement when shares are eligible for EIS.

All withdrawals shall be in the order in which the notices are received by the society. However the Board may suspend the right to withdraw shares either for a fixed period or indefinitely.

When members apply to withdraw shares, they will need to complete a withdrawal form (as set by the society's directors); comply with any procedures the directors may set; and produce evidence of identity (if not previously provided).

Interest on shares

The society will not pay members any dividend, bonus or other share of profits. However, the Society can pay interest on shares. The directors of the society will set the rate of interest and it will be a variable interest rate. Subject to the agreement of members at an AGM, the directors may decide to pay interest to members on their shares by issuing further shares.

Each member may split their interest between themselves, ECOE project development costs and the ECOE Community Fund in whatever proportion they choose using the members' portal. The proportion may be altered whenever an interest payment becomes due.

Structure of Exeter Community Energy

Structure of the Board, procedures for Board Meetings, sub-group Meetings and the conduct of ECOE's business:

Structure of Board

The structure of the Board is governed by ECOE's Rules.

The Board is accountable to the Membership.

The Society will actively encourage Board membership from the membership through providing training and reimbursement of expenses where financial burden would be a barrier to participation.

Sub-groups

Sub-groups are the working groups of ECOE, each focusing on a particular topic. The number of sub-groups and topics will be set as needed.

The sub-groups will be open to directors, members and non-members, but must include at least one director. They will operate following the principles of governance set out at the start of this document.

All members of a sub-group meeting will be notified of where and when it will be held and the principal matters it will discuss. It will be chaired by a director. Minutes will be kept, including a record of those present.

The role of subgroups is to make recommendations to be ratified at a board of directors meeting.

Unlike Board Meetings, where only Directors of the Company may have a vote, all sub-group members shall have the same voting powers/voice to support resolutions/recommendations for consideration by the Board. Voting will only be used if consensus cannot be reached/ is not appropriate.

Meetings

General meetings, meetings of the Board and meetings of the sub-groups are the way ECOE conducts its business. The rules for General and Board meetings are contained in the primary Rules.

Board meetings include Directors' meetings and Management and Operations meetings.

As a first port of call, consensus based decision-making will be used. If no decision is reached using this method, or it is not appropriate to the situation, voting will be used. This will normally be conducted by show of hands, and a simple majority is normally sufficient. Specific instructions for other voting matters and the vote of the Chair are contained in the primary Rules.

Those attending General, Board or sub-group meetings will be expected to adhere to normal good standards of behaviour, taking turns to speak, listening to others and not interrupting. Our organisation is open to all people and points of view, so by exploring our differences new thinking and meanings can be created. ECOE recognises that no one person or idea has the answers to the complexity of today's challenges. Different views allow more of the whole picture to be seen.

Communication

The values and principles of ECOE will shape our engagement with each other, our members and the wider community and our communications. ECOE recognises the culture created will greatly influence the effectiveness of the organisation. Communication is central to any organisation as it is the way our values, principles and all information is transmitted.

Code of conduct

ECOE members will listen to each other with respect, wanting to understand each others' differences.

ECOE members will look for creative, new ways of thinking that acknowledge the complexity of any situation. Often there is no simple solution to today's 'complex problems'.

The Chair will introduce each agenda item and will be responsible for balancing the need to ensure all members can put forward their views with the level of detail they wish, and the need to move the business of the meeting forward. Different views will allow a more whole understanding to develop so that better decisions can be made.

Members will treat people and organisations with respect and behave appropriately, never being derogatory in their speech or manner. Being tough on a problem is welcomed but not on each other.

Members will behave in the organisation's best interest, in a way that is fair and unbiased. This will also be for the public best interest. No member or director will seek to gain any advantage for themselves, family or friends.

Roles and Responsibilities

Role and Responsibilities of Directors

The responsibilities of the Directors are as follows:

- Duty to act within powers
- Duty to promote the success of ECOE
- Duty to exercise independent judgement
- Duty to exercise reasonable care, skill and diligence
- Duty to avoid conflicts of interest
- Duty to declare interest in an existing or proposed transaction or arrangement

The overriding duty is that a director is required to act in the way he or she considers, in good faith, will be most likely to promote the success of ECOE for the benefit of its members as a whole. In doing so, he or she must have regard (amongst other matters) to various additional factors:

- The likely consequences of any decision in the long term
- The interests of ECOE's employees
- The need to foster ECOE's business relationships with suppliers, customers and others
- The impact of ECOE's operations on the community and the environment
- The desirability of ECOE maintaining a reputation for high standards of business conduct

- The need to act fairly between members of ECOE

Practicalities

A minimum investment of £50 in ECOE is a requirement of all directors with the exception of external independent Directors co-opted under primary rule 66 who need not be Members

Directors have a commitment to attend meetings, read minutes, emails and take an active role in deciding ECOE's strategy and running.

Directors recognise their level of engagement determines the success of ECOE's projects.

Liability

Directors are protected by Limited Liability and professional indemnity insurance, however there are some circumstances where they could be personally liable. Further details can be found in the co-operatives UK factsheet on Duties and Responsibilities of Directors.

Role and Responsibilities of the Chair of the Board of Directors

This role involves supporting the board in its strategic function of realising ECOE's aims and objectives and being a representative of ECOE.

Responsibilities supporting the Board

Ensuring there is an effective Board that determines the strategy, evaluates performance, promotes success and meets the obligation to its members. The Board needs to have a robustness to be able to challenge the executive and the management and the day to day running of the organisation. The Chair will work to achieve this by:

- Monitoring the composition of the range of expertise of the directors and reporting recommendations to the Board
- Facilitating directors' development so that the Board maximises its effectiveness as a team. This will include the induction of new directors when necessary and finding a form of annual evaluation of the Board, as a whole, and with individual directors (eg. 360 degree feedback)
- Promoting communication that is respectful and authentic, which seeks openness to difference that brings about shared understandings and good decision-making
- Working with the Secretary to set Board meeting agendas that address key tasks. Making sure all directors have the relevant information to make informed decisions on strategy and operations and giving sufficient time to complex issues
- Facilitating effective Board meetings that help all directors' voices to be heard and ensuring any conflict is explored and that views expressed are clarified. Summing up to find creative ways forward using consensus whenever possible. Sometimes it will be useful for another to facilitate a meeting
- To chair general meetings and facilitate proceedings so that all views are heard and that the decision-making process is sound and effective

Representative of the organisation

This involves being the lead in presenting ECOE's aims and policies to the external world. It includes attending and speaking at events and forming working relationships with stakeholders and other key organisations and individuals.

Role and Responsibilities of the Chief Executive

This involves the development and execution of ECOE's strategy and making sure operations are managed competently to ensure success and accountability to all stakeholders. It includes:

- Mission, policy and planning – provides all information to the Board so it can clarify its aims, monitor and evaluate its performance, and determine the best strategy in any situation
- Management and administration – provides oversight of all of ECOE's activities, manages the day-to-day operations that assure an effective organisation. This includes assessing risks and ensuring these are being monitored and managed
- Legal compliance – to ensure ECOE has appropriate systems so all of its activities are legal and ethical
- Finances – works with the Board to ensure adequate financing for projects, considering funding opportunities, donations, community share finance, loans and others. Oversees all financial activities including budgeting, financial models for individual projects and annual accounts
- Communications and community engagement – overseeing the marketing and promotion of ECOE and its volunteer programme. Facilitating the involvement of all sectors of the community in ECOE

Role and Responsibilities of the Executive Director

Executive Directors have responsibility for specific departments and/or operational areas depending on their skills and experience and in agreement with the Board of Directors.

They work with the CEO and Chair to develop and execute ECOE's strategy and to carry out specific actions laid out at Directors' meetings.

In addition to their responsibilities as a Director, Executive Directors have the following responsibilities:

Management of specific departments and/or operations

- Develop a quarterly and/or annual departmental strategy in liaison with the CEO
- Develop monthly actions and targets in liaison with the Directors
- Report to Directors' meetings on actions and targets
- Monitor departmental performance against targets with the CEO
- Manage the overall departmental workload and day to day activities
- Recruit staff and volunteers and delegate work to them and individual Directors where appropriate
- Identify departmental opportunities and risks to realise the aims and objectives of ECOE
- Manage departmental budgets

Organisation management

- Work with the CEO to ensure co-ordination between work of their department and the overall strategy of the company
- Provide advice and support to the Chair, CEO and Board of Directors on strategy
- Work with other Executive Directors to ensure co-ordination between departments
- Ensure all departmental activity is in line with ECOE's financial management plan
- Ensure all departmental activity is in line with ECOE's policies on equal opportunities and health and safety

Representing ECOE

- Attend events on behalf of ECOE
- Form working relationships and partnerships with individuals and other organisations that further the aims and objectives of ECOE

Roles and Responsibilities of the Finance Director

The Finance Director provides financial information to the Board, to members and to regulatory and tax authorities.

The responsibilities include:

- Keeping the books of account in compliance with Financial Reporting Standards applicable in the UK
- Ensuring that all financial transactions are recorded and that a full audit trail of them is retained for the statutory period
- Ensuring that a system of controls is in place to safeguard ECOE's financial assets
- Ensuring that ECOE's bank accounts are operated in accordance with the bank mandate, as approved by the Board
- Ensuring that revenue accounts and a balance sheet are prepared annually, or more frequently as may be required by the Board or by regulatory authorities
- Ensuring that the Annual Accounts are presented to the Board and to the members' AGM and are filed with the regulatory authorities in accordance with the statutory deadlines
- Ensuring that the Annual Accounts are audited in accordance with the requirements of the relevant legislation, or, where applicable, that exemption from audit has been sought from and approved by members
- Ensuring that VAT Returns are submitted quarterly and that Corporation Tax Returns are submitted annually, to the relevant tax authority in accordance with their respective deadlines
- Keeping the Board informed about ECOE's solvency position
- Providing the Board with forecasts or projections of ECOE's financial situation

Role and Responsibilities of the Company Secretary

The company secretary acts as the link between the organisation and outside regulators. Their main role is to ensure that the society complies with the requirements of company law. The Secretary should be familiar with the Rules of the Society and ensure that all relevant legislation is complied with.

Their ongoing responsibilities include:

- Keep a register of members and directors. This is the main legal document showing who are members ECOE

- Keep a record of minutes of General and Board meetings
- Ensure the number of members does not fall below three
- Provide new members with a copy of the rules and ensure they have their share certificate and a member profile set up on the website.
- Issue contracts of employments to employees of the company
- Give notice of general meetings to all members
- Ensure the AGM is held in each calendar year in accordance with the regulations contained in the Society's Rules
- Submit an Annual Return to the Financial Conduct Authority and monitor correspondence from the Financial Conduct Authority

Policies and Procedures

The Board of Directors will approve policies and procedures, which must be followed. Each policy and procedure will have version number, date of approval and date of review.

The Board may delegate reviews and revisions of policies and procedures to sub-committees or staff members. All policies and procedures are reviewed at least annually to ensure that they are fit for purpose. Any major changes or revisions to established policies and procedures will be subject to approval from the main Board.

Directors are accountable to the Members and the Board normally conducts its business affairs in a manner transparent to the Society Membership. However some information is commercial in confidence, or should otherwise remain private (such as if it concerns an employment issue or one which might lead to a court hearing), and therefore may not be shared with the wider membership without potentially placing ECOE at risk, or the Directors in breach of their duty to act in the best interests of the Society, or both.

Volunteer policy

In ECOE, volunteers are recognised as a major resource and make a vital contribution to our aims. ECOE intends to encourage, develop and support volunteer involvement in our work in which volunteers are already important stakeholders.

Our ability to realise our potential depends on the expertise and enthusiasm of our volunteers. Research has shown that volunteering also brings benefits to volunteers themselves and to those with whom they are involved.

This organisation recognises that a volunteer is understood to be a person who does voluntary work on our behalf. It is undertaken by choice and it is unpaid. ECOE undertakes to organise volunteering effectively.

In this organisation volunteers serve on our board of directors and are active in our subgroups that focus on specific aspects of our work. Volunteers are also involved in helping with community engagement and the delivery of events. Some professional services are provided to us on a voluntary basis to assist with the setting up and running of our organisation.

ECOE believes that our relationship with our volunteers is one of mutual responsibility and commitment, within which this organisation and our volunteers both have rights and responsibilities. ECOE hopes that volunteers will enjoy their involvement and gain from it in terms of their own personal learning and development.

ECOE will reimburse expenses according to need, particularly where these costs may be a barrier to participation. Volunteers will have the opportunity to shape their role within the organisation. ECOE aims to support volunteers in their chosen roles with training and ongoing mentoring from someone with appropriate skills and knowledge. ECOE understands that people have many priorities in life and that these may sometimes conflict with a volunteer commitment, please talk to us if this is an issue.

Volunteers may become aware of confidential information about our organisation, our staff, the people with work with and our suppliers. Volunteers should not disclose this information or use it for their own or another's benefit without the consent of the party concerned.

ECOE welcomes help from anyone interested in ECOE's aims. For details of volunteer opportunities, see our website <https://www.ecoe.org.uk/newsevents/volunteers-needed/>

Expenditure Policy

Expenditure authority levels are as follows:

- The CEO may authorise individual expenditure up to £1,000
- At least two Directors may authorise individual expenditure between £1,001 and £5,000. Approval will be by email or otherwise in writing
- Where the CEO or other Director has a personal financial interest in the expenditure to be authorised, they cannot authorise that particular expenditure themselves
- For over £5,000 a quorum of directors is required. This will normally occur at a director's meeting or at the Management and Operations meeting. Approval will be minuted.

Procurement policy

For all expenditure exceeding £5,000 in value, a minimum of three written quotations should be obtained, if practicable. The CEO or any project manager may make a recommendation of which quote to accept but the decision

will be made by the quorum of directors and recorded in the minutes of either the directors meeting or the Management and Operations meeting.

This does not apply to contracts subject to ECOE's preferred PV installer policy.

Preferred PV installer policy

The application process

The selection of our preferred installers will be based on fair and transparent decision-making, which will be fully reported to interested stakeholders and ECOE members.

Local installers will be eligible to apply if a member of the Micro-generation Certification Scheme (MCS).

Eligible installers will be assessed on the following criteria:

- Reputation and experience
- Location of business
- Quality and reliability of panels/inverter selected
- Quality and reliability of workmanship
- Competitive pricing
- Adequate public liability insurance (min of £5 million)
- Warranty and after care support

Case studies with references are requested to demonstrate these criteria and information about installations completed in the last 12 months over 30kW.

A subgroup, composing of one to three directors, one volunteer and one independent expert, will go through the applications and choose three or four installers based on the criteria. These will be appointed an 'ECOE preferred installer'.

To apply, installers are asked to supply ECOE with the following information

- Name of organisation
- Contact details
- MCS registration number
- A minimum of two case studies to illustrate how the organisation satisfies the above criteria
- A minimum of two references
- Details of the insurance the applicant holds
- A list of your installations over 30kW completed in the last 12 months

ECOE's current preferred installers are identified on the ECOE website.

The tendering process

Invitations to tender for Solar PV projects will be sent to ECOE's preferred installers. The sub-group will assess the tenders against criteria and make a recommendation to the directors who have the final decision.

If a preferred installer 'brings' a suitable roof to ECOE they will have first refusal for installation of that roof.

Education and Training

In accordance with ECOE's principles and the co-operative values, learning plays a central role. It is only through embracing life-time learning that members can realise their potential. ECOE will therefore provide education and training for their members looking to serve the Society in a voluntary capacity, elected representatives, managers, and employees, so they can contribute effectively to the development of the Society.

Approved by Board of Directors 24th September 2018

Next review due September 2019