



**A leading renewable energy
hydroelectric scheme**

COMMUNITY SHARE OFFER

**generating funds for local
projects and people**



We invite you to invest in Settle Hydro, a pioneering and award-winning community enterprise generating hydroelectricity from the River Ribble at Settle and using the money earned to fund local community projects.

www.settlehydro.org.uk

Updated March 2019

Settle Hydro Limited

**A Registered Society under the Co-operative and
Community Benefit Societies Act 2014**

Registered in England & Wales

Register No. 30503R

Registered Office:

2 Grove Park Gardens SETTLE BD249QS

Introduction

The Directors of Settle Hydro Ltd are inviting new investors to join the multi-award winning community enterprise that owns and operates the hydroelectric scheme at Bridge End Weir on the River Ribble at Settle.

As an investor you would become a valued member of Settle Hydro Limited, an innovative local enterprise whose main objective is to raise funds for supporting local community projects. Income is raised by selling 'green' electricity generated by an Archimedean Screw Turbine which is powered from the rain that falls on the hills in Upper Ribblesdale and flows down the River Ribble through Settle.

As a member of Settle Hydro Ltd. you will have a say in the appointment of directors, the company strategy and determining which local projects should receive funding. You will also be eligible to receive interest on your shareholding, although such a payment is not guaranteed.

There are currently four Directors; Steve Amphlett, Ann Harding, Sandy Tod and Giles Bowring, all of whom live in the Settle area and are experienced in working at senior levels in business and managing community projects. Steve and Ann have been committed to Settle Hydro since its inception, while Sandy joined the team in September 2013 and Giles in January 2018. The Directors are all volunteers and receive no remuneration for their role in managing the hydro.

The history

Settle Hydro was formally registered as an 'Industrial & Provident Society for the Benefit of the Community'⁽ⁱ⁾ on 24th June 2008. The Hydroelectric Scheme was built during 2009 and the first electricity was generated in January 2010.

The cost of building the hydro was £415,000, raised from a combination of grants (£135,000), a share issue (£135,000) and bank loans (£145,000).

Settle Hydro was one of the first community-owned hydroelectric schemes to be commissioned in the UK. The company was an innovator both in its use of Archimedean screw technology to generate electricity from a low head of water (Bridge End Weir) and in its adoption of an 'Industrial and Provident Society for the Benefit of the Community' as the structure for running the enterprise. Both the technology and the company structure have subsequently been adopted and developed by the many schemes that have followed in our footsteps.

(i) : Following the enactment of the Co-operative and Community Benefit Societies Act 2014, Settle Hydro is now designated as a Registered Society under the Co-operative and Community Benefit Societies Act 2014



The accolades

The innovative nature of Settle Hydro has been recognised both regionally and nationally, collecting an impressive collection of prestigious awards:

2010 Yorkshire Post Environment Awards	Winner - Community Award
2010 Yorkshire Rural Awards	Winner - Best Green Business
2010 Yorkshire & Humber Market Towns Awards	Winner - Best Partnership & Strategic Working
2010 Yorkshire & Humber Market Towns Awards	Winner - Best Regional Project
2010 Renewable Energy Association Awards	Winner - Community Award
2010 Yorkshire Forward Awards	Winner - Creating Better Futures Award
2011 Climate Week Awards	Winner - Best Community Initiative

The Directors have spent many hours sharing their experience with communities from all parts of the United Kingdom and beyond who were either specifically interested in building their own hydroelectric scheme or generally interested in how a community can contribute to combating climate change. They have been guest speakers at conferences and workshops, lead many guided tours of the hydro-installation and had many long telephone conversations!

The hydro scheme is a fantastic educational resource and provides many learning and research opportunities. The directors have spent many hours sharing knowledge with students, from primary school children though to PhD students.

The experiences of Settle Hydro have been documented in many case studies which have provided guidance and inspiration to communities across the country. These have been published by:

- Action for Market Towns (now Towns Alive)
- Yorkshire Forward
- Charity Bank
- Keyfund
- PlanLoCal
- Rough Guide to Community Energy

"I love Settle and so what better home for my money than an investment that will, for many years, raise money for important local good causes"

Existing Shareholder

How does Settle Hydro deliver 'Benefit to the Community'?

- It generates clean, green, renewable energy which makes a positive local contribution to reducing carbon emissions.
- It has the potential to raise significant funds to support local community organisations.
- It provides the town with a visitor attraction which helps to boost the tourist economy
- It provides an exciting, invaluable educational resource for local schools, colleges and universities to teach students about renewable energy, industrial heritage, salmon migration and community enterprise.
- It provides an innovative means for local community members to work together to achieve positive benefits for the area.
- It creates a sense of pride within the local community from the knowledge that Settle is leading the way in encouraging renewable energy.
- It demonstrates that the local community can successfully deliver challenging projects, giving confidence to grant funders considering new initiatives.

Which local community organisations will benefit from funds raised by Settle Hydro?

The Directors have identified six local organisations that will be given priority when funds are allocated:

- Settle Area Swimming Pool
- Victoria Hall
- The Folly
- Settle Stories
- The Friends of Settle Carlisle Line
- The Cave Rescue Organisation

This list does not preclude other local organisations from receiving funds and decisions will be made by the Society members at each AGM.

"I'm really concerned about climate change and by investing in Settle Hydro I feel that I can help an innovative community project make a real difference!"

Existing Shareholder

“Settle Hydro is exactly the type of innovative, community-minded enterprise that the Charity Bank was set up to help. We are delighted to continue our support as they strive to make the changes that will maximise their community benefit for many years into the future”

Simon Thorrington ACIB Regional Director – North Charity Bank

How much new investment is required by Settle Hydro and how will that be used?

The Directors are seeking new investment of £145,000 for the following purposes:

1. To ensure the long-term financial sustainability of Settle Hydro and to greatly increase the prospect of generating an annual surplus to benefit projects in our local community and provide a return to our shareholders.
Additional investment will enable Settle Hydro to repay the outstanding Charity Bank loan of approximately £120,000. The elimination of capital and interest payments associated with the loan will reduce annual outgoings by over £15,000. This will transform the long-term financial sustainability of the Society and create the best prospect for generating surplus annual funds to benefit the local community and provide a return to shareholders.
2. To fund weir/fish pass/river bed improvements.
A project has been identified which, if implemented, will increase the maximum attainable annual generation. This project will involve work on both the weir and fish-pass and is expected to cost £10,000.
3. To fund the installation of new webcams to enable effective remote monitoring of the hydro.
*Webcams that were installed in 2010 have deteriorated and now need replacing. The ability to remotely monitor the site is important as it allows us to identify potential problems and determine whether a site visit is necessary.
Webcams are also helpful for educational purposes and for supporters who are interested to check the state of the hydro from time to time.
Properly specified new webcams are expected to cost £5000.*
4. To build a capital reserve for use should urgent repairs become necessary.
From time to time it is inevitable that important repairs will be necessary to maintain the plant or weir. We aim to establish a capital reserve of £10,000 to fund urgent repairs that cannot be readily paid for from our regular income.

Financial projections

The historical Financial Performance of the Society is documented in our Annual Accounts which can be viewed and downloaded on our website (www.settlehydro.org.uk).

Interest payable on investment

Whilst the Society has been established to raise funds for the Benefit of the Community, the Society's Rules permit the Directors to make a proposal to pay interest to members should the finances of the company allow. Such a proposal would be put to a vote at an AGM and voted on by members.

However, we anticipate your primary reason for investing in Settle Hydro should be for social reasons and that you are prepared to expect lower financial returns in order to generate greater social impact.

Why should I consider investing in Settle Hydro

From the experience of our 2008 share offer, which attracted over 195 investors, we know that most of our existing members fall into one or both of two categories:

- People with a familiarity and affection for the Settle area who want to support an exciting, innovative scheme that has the potential to raise money for local community benefit and which provides a valuable educational resource.
- People throughout the country who are concerned about climate change and global warming. These shareholders want to support an inspirational, pioneering project that helps a community take practical steps to reduce their carbon footprint. They are also enthused by the educational value of the scheme in creating awareness of opportunities for generating small-scale local renewable energy.

If you are looking for an investment principally to gain a personal financial return, then Settle Hydro is not a suitable option, however if you would like to invest money to help deliver real social benefit and understand that any financial return would be a bonus, then an investment in Settle Hydro is a worthwhile, altruistic and positive proposition for you.

The shares

If you would like to be part of this exciting scheme, we recommend reading the Rules of Settle Hydro Ltd to understand more about the shares. Settle Hydro is registered with the Financial Conduct Authority (FCA) as an Industrial & Provident Society for the Benefit of the Community (Register Number 30503R). We are governed by a set of Rules approved by the FCA. A copy of these Rules of the Society can be downloaded from our website (www.settlehydro.org.uk) so that you can study them before committing to becoming a member. This Offer is for Ordinary Shares.

Who can invest?

- Individuals aged 16yrs and above. However, a member can invest on behalf of a child aged less than 16 years.
- Groups of people (4 people max) can become Joint Investors.
- Unincorporated Organisations (Clubs, Societies etc)
- Businesses

What are my voting rights?

At General Meetings of the Society, members have one vote each, irrespective of the number or type of shares they hold.

“Settle Hydro, as one of the pioneers of small-scale community-owned hydroelectric schemes, has been instrumental in blazing a trail which is now being followed by many others. We are committed to working with the Directors to ensure that the most robust, reliable and efficient engineering improvements are implemented which will maximise the community benefit over the coming years.

Dave Mann BSc CEng MIEE Managing Director MannPower Consulting Ltd

Will my shares increase in value?

No. It is important for members to realise that by the nature of the scheme, the financial value of the shares themselves will not increase, so the only potential financial benefit for members is from interest that may be paid.

This is a long-term investment, unlike the more familiar investment in a ‘for profit’ enterprise where the investor seeks to share in profits through dividends and make capital gains from an increase in the value of shares which are freely marketable.

The value of shares in Settle Hydro cannot increase beyond the nominal value of £1.00 and may be reduced if liabilities exceed assets.

Will I receive a dividend on my investment?

In a Registered Society under the Co-operative and Community Benefit Societies Act 2014, a financial return made to members is known as an **interest payment** rather than a **dividend**.

Settle Hydro will have the discretion to pay interest on shares, but in exercising such discretion the directors must take particular account of the fact that the scheme provides an opportunity for people to contribute financially to the community with the expectation of a social dividend rather than for financial reward.

If this share offer is successful in raising enough new investment to enable Settle Hydro Ltd. to repay its Charity Bank Loan, we anticipate being able to make annual interest payments to shareholders of between 1.8% and 3.6%.

Note: The forecast range of interest payments is based on actual minimum and maximum annual generation achieved since the Hydro was commissioned in 2010. The forecast assumes that shareholders will agree at the AGM to a 50/50 share of surplus between Community Benefit and Shareholder Interest.

Can I sell my shares to someone else?

No. The rules for a Registered Society under the Co-operative and Community Benefit Societies Act 2014 do not permit you to sell or transfer your shares.

Can I withdraw my shares?

Shares may be offered back to the Society (withdrawn) by giving 180 days’ notice in writing. This notice cannot take effect until 3 years have elapsed from the date of issue of the shares.

Withdrawal will be at the sole discretion of the Directors who will judge if Settle Hydro Ltd is trading profitably and has adequate cash reserves to fund withdrawal.

Will I benefit financially if Settle Hydro converts or transfers its business or is wound up?

You may not benefit financially from your shares if Settle Hydro Ltd converts or transfers its business or is wound up. In this case, the only financial benefits you may receive from your shares are:

- possible interest (at a low rate)
- The possibility of the return of the money you have paid for your shares

What are the risks associated with my investment?

Your investment is fully at risk. If the Society fails, you may lose some, or all, of the money invested. Whilst we firmly believe that the hydro will be profitable, the following risks have been identified:

- **Prolonged equipment failure** **Medium to Low Risk**
Our pioneering learning curve means we are now better able to specify suitable plant equipment that reduces the risk of unforeseen down-time. However, as with any operating equipment, failure is a risk.
- **Prolonged drought** **Low Risk**
Our longest period of zero generation due to low river level was 89 days (from 10th April 2010 to 7th July 2010). It is our view that over time these periods of drought are counter-balanced by periods of excessive rainfall (such as winter 2013/14).
- **Collapse of Weir** **Low Risk**
Weir collapse is considered to be a low risk. More likely is damage to the wooden weir-crest boards. Such a failure wouldn't be catastrophic and would be relatively easy to repair.
- **Detrimental changes to Abstraction Licence** **Low Risk**
We have no reason to expect that the Environment Agency will impose additional conditions that will reduce the generating capacity of the hydro scheme.
- **Withdrawal of Abstraction Licence** **Negligible Risk**
Our current Abstraction Licence was issued by the Environment Agency on 21st December 2016 and expires on 31st March 2028.

We have always been scrupulous in meeting the requirements of our Abstraction Licence and responding rapidly to any concerns expressed by the Environment Agency. We are confident that there is negligible risk of us having to cease operation due to withdrawal of our Abstraction Licence.
- **Flood Damage** **Negligible Risk**
We have experienced very high river levels on a number of occasions over the past decade when the river has overflowed across the paved area outside the power house and under the door into the power house. The design of the scheme is such that it is well able to cope with these flood conditions without sustaining any damage.
- **Collapse of electricity price** **Negligible Risk**
We consider it highly unlikely that the price of electricity will collapse. In any event, the major part of our income (>75%) comes from the Feed-in-Tariff which is guaranteed and index-linked to RPI until 2030.

This list is not necessarily comprehensive, and any trading activity is vulnerable to changing or unanticipated risk.

Our share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations. This means you have no right of complaint to an ombudsman. A Registered Society under the Co-operative and Community Benefit Societies Act 2014 is registered with, but not authorised by, the Financial Conduct Authority and therefore the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. As the whole of your investment could carry a risk, please consider it carefully in the context of the complete share offer document and, if needed, seek independent advice.

“My shares in Settle Hydro are my investment in the future of my children and grandchildren. The experience gained from this project will be invaluable to future schemes to produce clean, renewable energy for the generations to come.”

Existing Shareholder

What next

If you would like to become a shareholder in Settle Hydro Scheme, please complete the appropriate Application Form(s) included at the end of this prospectus. All details requested must be provided.

Individual and Joint applications from NEW members – please use form SH001

Individual and Joint applications from EXISTING members – please use form SH002

Corporate Applications – please use form SH003

Application on behalf of a child under 16yrs old – please use form SH004

To nominate a person to whom you wish your shares to be transferred on your death, please complete form SH005

How to pay

Cheque: Please make your cheque payable to ‘Settle Hydro Ltd’ and post it with your Application(s) to:

Settle Hydro Ltd
c/o Mr S Amphlett
4 Halsteads Cottages
SETTLE
BD24 9QJ

An acknowledgement of receipt of your Application Form and Payment will be emailed (or posted if you do not possess an email address) within 7 days of receipt.

The Directors will consider your Application at their Board Meeting following receipt. (Board Meetings are usually held on a monthly basis).

Successful applicants will be added to the Society’s Register of Members and issued with a Share Certificate. The date on your Share Certificate will be the date of the Board Meeting at which your Application was approved and will be the date that you will formally become a member of the Society.

Unsuccessful applicants will be advised of the Directors decision within 28 days of the Board Meeting at which the decision was made.

Should the Directors decide that no further investment is required, the Directors will give notice of closure of the Share Offer. Any Applications received after notice of closure will be returned to the applicant.

Terms & Conditions

You cannot withdraw your application for shares after we receive your Application Form

The Directors do not have to accept your application for shares. They may decide not to issue shares to you or may allocate you less shares than you applied for. They do not have to give any reason for their decision.

The Directors will return your money if they decide not to issue shares to you. If they decide to issue fewer shares to you than you applied for, they will return the balance to you within 28 days of their decision.

The Society will not pay you interest on any money it returns to you.

Your promise to Settle Hydro Ltd

You promise that:

Your cheque will be honoured on presentation.

You, as an individual, are at least 16yrs of age.

You have authority to sign the Application Form. If you are signing it for another person, you will provide the Directors with evidence of your authority to sign if they ask for it.

You will provide the Directors with proof of your identity and address if they ask for it. We may need to do this to comply with the Money Laundering Regulations 2003. The Directors may have to hold back the issue of your Share Certificate until they see this.

Legal Statement

This Offer and any agreement entered into for the purchase and sale of shares in Settle Hydro Limited is governed by the law of England and Wales. The courts of England and Wales have exclusive jurisdiction.

If you become a member of Settle Hydro Limited, you will be bound by the Rules of the Society and any secondary Rules that the Directors of the Society may agree from time to time.

Our Advisors

Bankers

The Co-operative Bank plc www.co-operativebank.co.uk

The Charity Bank www.charitybank.org

Accountant

DSM Chartered Accountants www.dsmaccountants.co.uk

Technical and Engineering Advisors

Mann Power Hydro Ltd www.mannpower-hydro.co.uk

“Settle Hydro makes a positive contribution to the education of Geography students at Giggleswick School at a number of points in the schemes of work and in several year groups from KS3 to A level. Climate change, river hydrology, human impact on the landscape, community response to climate change, recycling of derelict industrial structures and sustainable development can all use the scheme as a quality case study. In addition, we have also discussed the opportunity to install a second scheme at the old Upper Settle reservoir which would seem to make good use of existing infrastructure. The Design Department are also keen – they use it with Year 6 to investigate and compare renewable energy sources, which leads on to them designing a wind turbine.”

Further Information

More information about Settle Hydro and the following documents to view or download can be found on our website www.settlehydro.org.uk:

- Rules of Settle Hydro Limited and Amendments
- Annual Accounts
- Abstraction Licence for Settle Hydro and variations

Please feel free to contact the Directors if you require any further information or clarification about the share issue. Their contact details are as follows:

Steve Amphlett	steve@settlehydro.org.uk	01729 824431
Ann Harding	ann@settlehydro.org.uk	01729 823155
Sandy Tod	jamestod@btinternet.com	01729 830690
Giles Bowring	gilesbowring@gmail.com	

