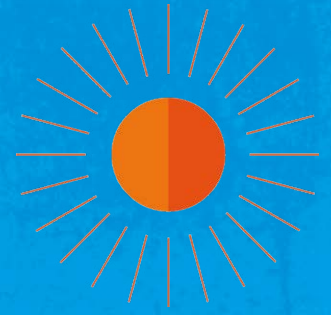


COMMUNITY ENERGY LAUNCHPAD

Early-Stage Toolkit for Shared Ownership



Local Energy Scotland administers the Scottish Government's Community Energy and Renewable Energy Scheme (CARES)

If you're exploring community energy for the first time, find out what help you can get from the CARES' Community Energy Launchpad

CARES' Community Energy Launchpad is delivered in partnership with Community Energy Scotland and Development Trusts Association Scotland

Visit localenergy.scot/community-energy-launchpad



Introduction to the toolkit

This Early Stage Toolkit for Shared Ownership is designed for community members and organisations who are exploring shared ownership for the first time.

It has been produced by the CARES Community Energy Launchpad programme – which is delivered by Community Energy Scotland and Development Trusts Association Scotland.

The Toolkit is split into 6 resources:

- The key milestones in a typical shared ownership journey
- Shared ownership: roles, responsibilities and myth busting
- Who is in control and who benefits from community shared ownership?
- Exploring the risks and benefits of shared ownership
- Organising a community engagement event to explore shared ownership opportunities
- How to engage with a developer on early stage shared ownership opportunities

Further Support:

Early stage support to further explore any of these topics is available via the Community Energy Launchpad. Please get in touch via launchpad@communityenergy.scot

In-depth support on a live shared ownership offer is available via the CARES Shared Ownership team. Please contact Mark Brennan via mark.brennan@localenergy.scot

What is Shared Ownership?

Shared ownership provides community groups the chance to make an investment in a commercially owned renewable energy project. It is defined in the [Scottish Government's Good Practice Principles](#) as "any structure which involves a community group as a financial partner over the lifetime of a renewable energy project". Shared Ownership is separate and additional to Community Benefit Funds.

There is no standard structure/ model for shared ownership: it will vary by renewable energy business and community. Professional advisors would help you to decide what would be best for your project. The three most used models are:

Joint Venture – where a renewable energy business (developer or operator) and a community body (e.g. a development trust) work together to create a joint venture company to develop, deliver, and operate a project. The company may be referred to as a Special Purpose Vehicle. An SPV is a distinct company with its own assets/ liabilities and legal status. The community body would receive income from share dividends from its shareholding in the project.

Shared Revenue – where a renewable energy business owns a project and a community body buys a right to a revenue stream, other than from share dividends like in a Joint Venture.

Split Ownership – where a community body owns a proportion of a project's physical assets, e.g. one wind turbine out of 10 turbines being developed by a renewable energy business.

The key milestones in a typical shared ownership journey

The shared ownership journey from initial feasibility to operational development can be long, lasting anywhere from 2-6 years or even more.

The following diagram indicates the key milestones which communities will pass through. It has been adapted from the phases in the [Local Energy Scotland Wind Development Process](#) developed by Locogen and the [Local Energy Scotland Three Stage Process for Shared Ownership](#). These documents have been supplemented by discussions with key stakeholders and communities.

Remember: A development proposal will be moving through the planning process while the community and developer are exploring shared ownership opportunities. Shared ownership does not equal support for the wind farm. Communities can object to a development AND still pursue shared ownership discussions



Before development has planning consent

First steps

- Community convenes a steering group and starts to plan an initial public meeting (*see Organising a community engagement event to explore shared ownership opportunities*).
- Community engages with the Community Energy Launchpad for early stage support.
- Community registers interest in shared ownership early with the developer and Local Energy Scotland.
- Ask developer for indicative shared ownership route (joint venture, shared revenue, split ownership), scale, timing, and a draft Memorandum of Understanding (MOU)/Heads of Terms (HoTs) timetable.
- Community starts to map who is “in scope” (which community council areas) and agree a collaborative approach if the footprint crosses boundaries. (*see Shared ownership: roles, responsibilities and myth busting*)
- Community starts a light-touch mandate process: board/AGM minute noting interest in shared ownership; agree principles (neutrality re: planning; transparency; no commitments yet).
- Community joins the DTAS Peer Learning Group on Shared Ownership.
- Community applies for CARES support (legal/financial) to review structures, risks and community mandate requirements.

Developing plans

- Community chooses new or existing lead body for the investment (Development Trust/SCIO/BenCom).
- Community may approach others for a consortium approach.
- Community continues to engage with developer to gather relevant information and develop relationship (*see How to engage with a developer on early stage shared ownership opportunities*).
- Community runs public engagement events with support from the Community Energy Launchpad.
- Community obtains Local Energy Scotland/ CARES legal & financial support
- Community and developer sign high-level MoU.
- Community starts to plan financing route (*see How community projects are financed*).

← Community continues to engage locally →

After development has planning consent

Securing finance and governance

- Community continues to use CARES funded legal and financial support. Project management support can also be provided
- Community and developer move from MoU to Heads of Terms (HoTs) and Investment Memorandum (IM): agree price basis, warranties/disclosures, governance (board observer/information rights), dividend/lock up policies.
- Community secures finance (grants/loans/democratic community finance) aligned to the shared ownership model (nonrecourse to community; security sits at trading subsidiary). Local Energy Scotland guidance stresses structure–finance fit.
- Community sets up governance arrangements for managing and distributing shared ownership surplus.

Construction and operation

- Community completes the investment (if pre construction) or prepare to invest at Commercial Operation Date (COD) if structuring a post build buy in.
- Community monitors project delivery via agreed information rights; plan launch comms.
- Community manages the investment: track performance vs expected level of generation, ensure distributions follow policy, and publish annual community reports.
- Community plans for repowering: seek rights to participate in any repower/sale in your original HoTs so you are not excluded later. Good practice encourages considering extension/repowering participation.
- Community evaluates wider impact to maximise local wealth building (update policies as needs change).

← Community continues to engage locally →

Shared ownership: roles, responsibilities and myth busting

Several people and organisations will be involved in exploring shared ownership opportunities.

Get in touch with the [Community Energy Launchpad](#) early on for support and to discuss roles and responsibilities. See also: [Scottish Government Shared Ownership Good Practice Principles](#).

Community Council

Statutory roles and responsibilities

- Created under *Local Government (Scotland) Act 1973* with statutory responsibility to represent community views.
- Statutory planning consultees for planning applications.

Good practice roles and responsibilities

- ✓ May be the first to discuss shared ownership with a developer, but should focus on planning responses, not SO negotiation (avoids conflict of interest).
- ✓ Should bring other appropriate local bodies on board (e.g. development trust).
- ✓ Should be consulted and kept informed, while a more suitable body makes the SO investment.

Local two-tier, member-led organisation (e.g. Development Trust)

Statutory roles and responsibilities

- No statutory planning responsibility.
- Recognised in policy (not statute) as an appropriate asset holding body to progress sustainable development.

Good practice roles and responsibilities

- ✓ Identified as a preferred model for community ownership and shared ownership (due to being legally constituted and community mandated).
- ✓ Best placed to lead governance, risk management, negotiation, MOU creation, and CARES applications due to legal personality, democratic structure and (often) asset management experience.



Regional community support organisation (e.g. Third Sector Interface, Climate Action Hubs)

Statutory roles and responsibilities

- No statutory responsibility regarding planning or SO.

Good practice roles and responsibilities

- ✓ Recognised as vital capacity building bodies.
- ✓ Neutral facilitators who can convene cross-community groups.
- ✓ Able to provide light-touch administrative and governance support.

Consortia / coalition of local democratic community organisations

Statutory roles and responsibilities

- No statutory responsibility; voluntary structures.

Good practice roles and responsibilities

- ✓ Can increase capacity and help to diversify representation across the community.
- ✓ May expand the area of benefit to more communities.
- ✓ Later, this collective way of working can be formalised in the governance structure of a new body that makes the SO investment.

Local Authority

Statutory roles and responsibilities

- Statutory responsibility for planning decisions, under the Town & Country Planning framework.
- Must consult community councils in planning processes.
- Statutory responsibility to create a Community Wealth Building plan, which may include measures to diversify energy ownership.

Good practice roles and responsibilities

- ✓ Expected to publish planning information on local developments and support good community engagement, transparency, and pre application consultation (see Planning Circular 3).
- ✓ Can play a proactive role in promoting shared ownership (e.g. as encouraged in the Highland Social Value Charter).

Developer

Statutory roles and responsibilities

- Statutory responsibility to conduct Pre-Application Consultation (PAC) with communities for major developments before submitting a planning application and to comply with planning procedures (see Planning Circular 3).

Good practice roles and responsibilities

- ✓ Should offer shared ownership as standard, in addition to community benefit opportunities.
- ✓ Shared ownership offers should be realistic, reasonable and the model tailored to the community.
- ✓ Should ensure that communities have sufficient time to evaluate any offer.

Shared ownership myth buster

FACT:

Communities should receive community benefit funds AND a shared ownership offer

Misconception: Exploring shared ownership may mean the community loses out on community benefit funding.

In reality, shared ownership and community benefit funds are two distinct mechanisms. Official guidance says that communities should receive both from the same renewable development.

Community benefit funds

- These are voluntary payments from developers (latest Scottish Government proposals set these at £6,000/MW/year).
- Community benefit packages can include multiple forms of benefit, such as annual payments and/or in kind benefits. They are primarily for the local community, but the area of benefit can be widened.
- Community benefit funds may be managed by a different organisation (i.e. not necessarily the same one that manages the shared ownership investment).



Read further Good Practice Principles for Community Benefits from Onshore Renewable Energy

Shared ownership

- Shared ownership = the community taking a financial stake in the project, sharing revenues and risks.
- Shared ownership is recognised separately as a form of community investment, distinct from community benefit funds. This should first be offered to local communities, but could be taken up by groups across a larger geography as part of a consortium, depending on factors such as geography, community capacity and investment scale.

FACT:

Small communities can do shared ownership!

Misconception: Communities that are small or have limited capacity cannot take up shared ownership.

In reality, smaller or lower capacity communities can:

- form coalitions/consortia with neighbouring groups and organisations.
- access capacity-building support via the Community Energy Launchpad

FACT:

The community can invite renewable developers to participate in shared ownership

Misconception: My community can only find out about shared ownership offers when a developer tells us.

In reality, communities can take the lead too. While many SO opportunities arise because developers approach community bodies, they also arise because community bodies proactively contact the developer to ask. The Community Energy Launchpad can help you to approach a developer. (See: *How to engage with a developer on early stage shared ownership opportunities*.)

FACT:

Developers are expected (under Scottish Government policy) to consider, explore and offer shared ownership as standard for new projects, including repowering

Misconception: Some developers believe they have no obligation to offer shared ownership, when in fact Scottish Government policy expects them to offer it as standard.

Where do we find relevant info on potential opportunities?

There is no centralised source to find shared ownership opportunities (yet), but there are key information sources:

Local Energy Scotland

Local Energy Scotland maintains information on projects and the shared ownership stage and groups should get in touch if they're looking for information.

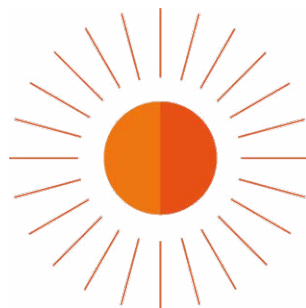
Local Authority Planning Portals

LA planning portals do not list 'shared ownership offers' but some developers include information on shared ownership in their planning documents. Look for the non-technical summary document and search document for key words like 'community' and 'ownership'.

Direct from Developers

Developers may provide information on shared ownership via:

- Public exhibition materials during preapplication consultation.
- Developer websites (many list community benefit and SO commitments).
- Direct engagement during early-stage community meetings.
- Inquiries via their community liaison officers.



Who is in control and who benefits from community shared ownership?

Important note: governance structures for community shared ownership can be complex. You should seek professional advice. Funding is available via CARES to support you. The Community Energy Launchpad can also support with early-stage governance advice.



Who makes the investment?

Community shared ownership is where a community-led organisation invests in a commercially-owned renewable energy project such as a wind farm development. The community-led organisation then receives revenue from the investment over the lifetime of the development and distributes the surplus for the benefit of the community.

The community-led organisation will:

- hold the financial and ownership stake in the project
- enter into contractual agreements with the developer
- raise the finance in order to make the investment
- manage the risk and due diligence
- receive revenue from the development
- distribute surplus for the benefit of the community

It is important to understand that the community-led organisation is required to manage the investment risk. The financial investment could be significant. Professional advice will be needed.



What types of community-led organisation can invest in community shared ownership?

There are different types of organisations that can invest in community shared ownership but the key principle is that the organisation must be under community control.

Typically, "community" is defined as anyone living in a particular geographical area, specified by postcode, community council area or map. Membership of the organisation should be open to anyone living within that area. Members ultimately control the organisation and have the power to:

- Vote at meetings and AGMs
- Stand for election to the Board of Directors or Trustees
- Elect the Board of Directors or Trustees

The community-led organisation could be:

- An organisation that already exists, such as a Development Trust, typically using a trading subsidiary which it owns and controls
- A new organisation set up specifically for community shared ownership
- A group of community-led organisations working together in a consortium

It is important to choose the right type and structure for your community and there are several important aspects to consider:

- Being fair to and including communities most affected by the development
- Aligning with existing community boundaries or identities
- Considering the requirements of the developer and other local stakeholders
- Taking account of the practicalities of how the organisation will be controlled and operated (governance) and how the community will be represented

Advice and support is available to help you to consider the right type and structure.



Who benefits from community shared ownership?

The community-led organisation will define who benefits. Typically, this will be the same geographic area, specified by postcode, community council area or map, which makes up the membership of the community-led organisation. This means that the community who owns the investment, benefit from the investment.

Note: While membership of the community-led organisation is encouraged, you do not have to be a member to benefit from shared ownership surpluses.



When and how is the revenue from community shared ownership distributed?

The community-led organisation should start to receive revenue from the investment once the development is operational. Initially, this revenue may be used to repay any debt that has been raised in order to make the investment. Any revenue left over after debt repayment is the surplus.

The surplus is unrestricted, meaning that the community-led organisation can use it for anything in line with its stated purpose, within the geographical area of benefit.

The community-led organisation will decide how the surplus is distributed. This should be in consultation with the community. It should follow a robust, transparent and fair process.

Here are some examples of how the surplus could be distributed:

- Funding staff and activities run by the community-led organisation
- Funding projects identified in a Community Action Plan, including larger scale or strategic projects such as housing, transport, acquiring assets such as buildings or land
- Distributing grants to other local organisations
- Reinvesting for future returns for future generations and projects
- Distributed on a % basis

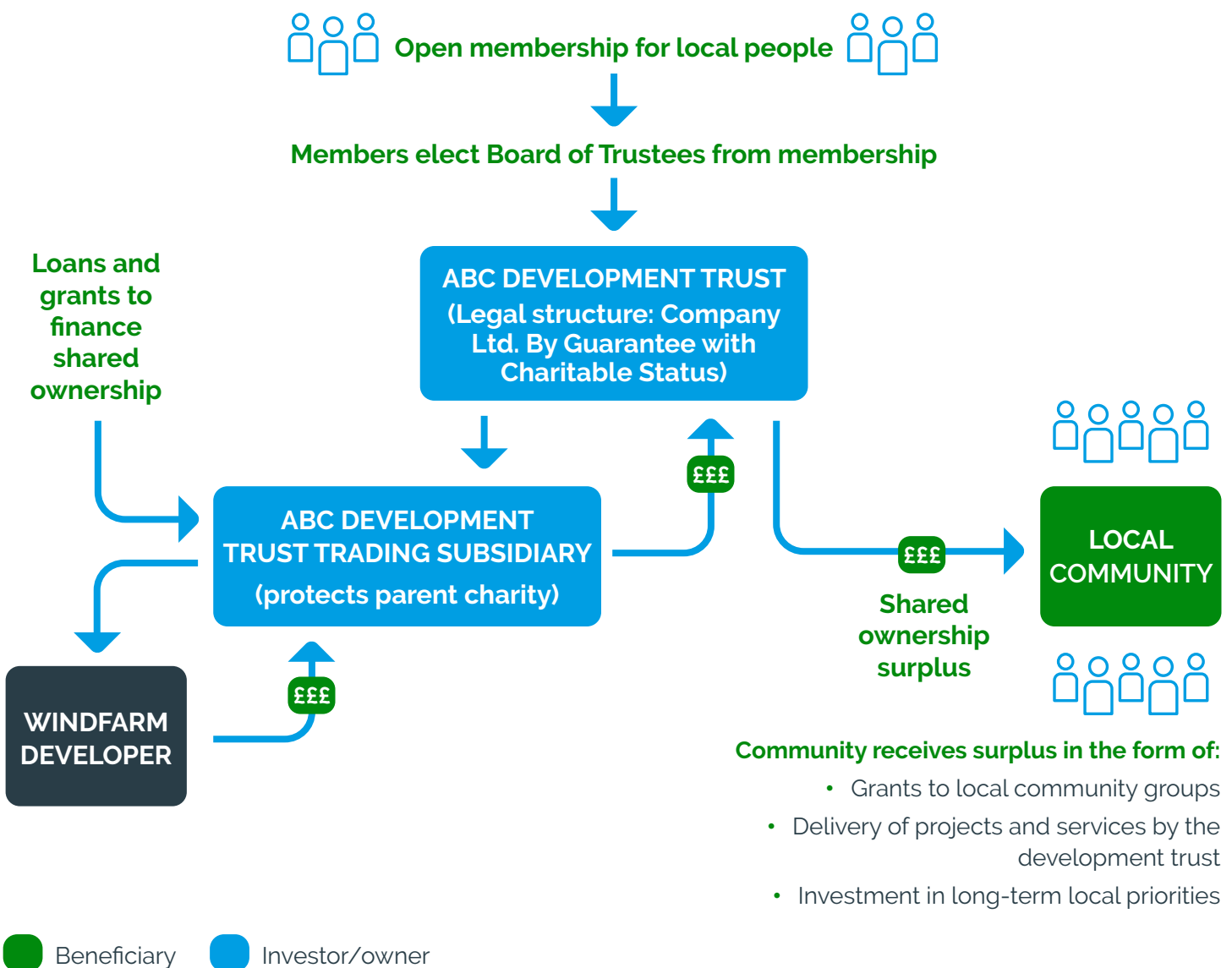
Where a consortium multi-community structure has made the investment, it is important to use a transparent approach for apportioning surplus to each distinct community. In this instance it might also be appropriate to spend the surplus on strategic regional projects that are collective and large scale.

APPENDIX – Two examples of a shared ownership governance structure

Please note these are examples only and by no means definitive

Example 1

A Development Trust (a Charitable Company Ltd Guarantee) invests in shared ownership via a wholly owned trading subsidiary to protect the parent charity. The DT is member led and controlled by local people. Surplus is funnelled from the trading subsidiary back to the parent charity and spent locally on local priorities to advance the DT's charitable purposes and the local Community Action Plan.

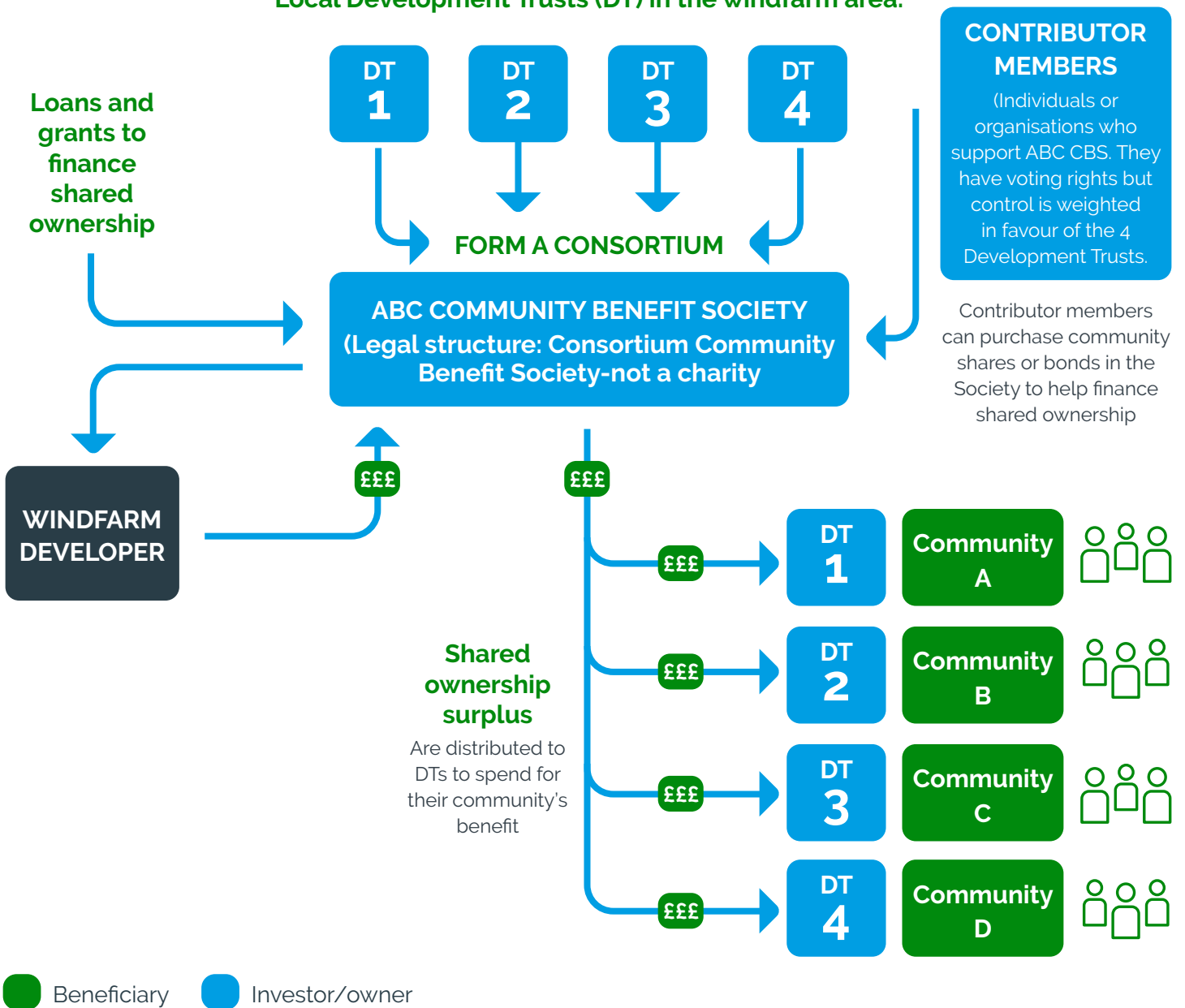


Example 2

4 neighbouring Development Trusts form a consortium organisation to invest in shared ownership. This is set up as a Consortium Community Benefit Society where the 4 Development Trusts from each area are the Anchor Community Members of the investing body and retain majority control. The advantage of a Community Benefit Society structure is the ability to raise additional finance from Contributor Members via community shares and/or bonds. Surplus is funneled to each Development Trust and each DT decides how the money is spent based on their own local priorities.

Further support in the Community Benefit Society model is available via DTAS' [Democratic Finance Scotland Programme](#).

Local Development Trusts (DT) in the windfarm area:



Exploring the risks and benefits of shared ownership



Common risks in shared ownership

Investing in a renewable energy project through a community group can bring benefits, but it also carries real risks. It is important that any community group gets independent financial and legal advice before making decisions, which they may be able to access funding for via the Community and Renewable Energy Scheme (CARES).



A summary of risks can be found at Local Energy Scotland.



Investment price is too high

The community may pay too much for its share. This could mean:

- Low or no profit
- Difficulty repaying loans
- Limited community income

Mitigation:

- Use CARES grants to hire financial and legal advisers.
- Seek guidance and review financial models carefully before committing.



Long timescales (“no quick wins”)

Shared ownership can take 2–6 years (or longer) to complete. This can cause frustration.

(See the key milestones in a typical shared ownership journey)

Mitigation:

- Manage community expectations from the start.
- Communicate clearly that this is a long-term commitment.
- Avoid overinvesting working group time and energy before project has been consented and is likely to be delivered. Until then, focus on getting a simple MoU together. Local Energy Scotland can provide guidance on this.
- Learn from previous CARES case studies.
- Document key decisions and steps taken so you keep track of them even if your working group changes.



Project cancelled before planning

The developer may stop the project early. This can feel like wasted time.

Mitigation:

- Build strong communication with the developer. *(see How to engage with a developer on early stage shared ownership opportunities)*
- Avoid overinvesting time and energy before project has been consented and is likely to be delivered. Until then, focus on getting a simple MoU together.
- Remember that the experience gained can help with future projects.

Project cancelled after planning

Even after planning approval, the project may not go ahead due to financial or market problems.

Mitigation:

- Maintain open communication with the developer.
- Use the learning for future opportunities if needed.

Debt finance is too expensive

Debt finance may be too expensive and compromise the sustainability of the community's financial model.

Mitigation:

- Use CARES support for financial advice and investment analysis.
- Engage with Local Energy Scotland to explore available public loan options (e.g. from CARES, GB Energy, commercial and social lenders).

Overall

Community investment in renewable energy can create long-term benefits, but:

- Money can be lost.
- Projects can be delayed or cancelled.
- Returns are not guaranteed.
- It is a long-term commitment.
- There may be limited control.



Common benefits of shared ownership

A sustainable income for the community

Shared ownership gives communities a longterm, flexible income stream from a project's earnings. Because the funding is unrestricted, democratic, community-led organisations can direct it toward the activities and services that matter most to them. This income would be additional to any community benefiting funds received by the community.

Building stronger local partnerships

Shared ownership encourages closer working relationships between community groups and commercial developers. This can lead to better communication and a stronger connection between local people and the project.

Increased community control and resilience

Although the community doesn't control the whole project, having an ownership stake may give it more influence and a direct role in its success. This helps build local skills, confidence, and resilience in long-term planning.

Wealth retained locally

Projects that include community ownership tend to have higher local support. Rather than profits from developments flowing to distant shareholders, wealth is captured by the local community.

Contributing to wider climate goals

Shared ownership helps communities be part of Scotland's energy transition and net-zero goals, such as increasing the amount of locally owned renewable energy capacity.

Organising a community engagement event to explore shared ownership opportunities

A community event is a good way to explain what shared ownership is, share information about specific opportunities and understand whether your community wants to explore it further.

Keep in mind: this is not the same thing as supporting a development. Communities can oppose a development and still explore shared ownership so they can secure benefits if the development goes ahead. Developers must run consultation events about proposed major developments as part of the planning process, but shared ownership will not be explored in these, as it is not taken into account in planning decisions.



Step 1 Get support

Before you get started, contact the [Community Energy Launchpad](#) for logistical support. They may also be able to provide financial support for the event and make an introduction to another community on a similar shared ownership journey. Take a look at the National Standards for Community Engagement [The National Standards – VOICE](#).



Step 2 Be clear about the purpose

Before you invite anyone, agree what the event is for. For example:

- To explain what shared ownership means.
- To share information about a potential opportunity
- To approach a developer about shared ownership.
- To find out if people are interested in exploring shared ownership.
- To discuss risks and benefits.
- All of the above?



Step 3

Form a small event planning team

The event planning team does not necessarily have to be the same group that eventually takes forward the shared ownership opportunity.

In your event team, try to include, if possible:

- Someone from a trusted, established local organisation (e.g. community council, development trust).
- Someone good at organising events.
- Someone with finance and/or governance knowledge.
- Someone with renewable energy knowledge.
- Someone from the [Community Energy Launchpad](#) who can help to set expectations.

There is a place for multiple community organisations:

(see [The roles and responsibilities within a community for shared ownership](#))

- Community Councils are a statutory consultee in the planning process and may therefore focus on submitting a planning response, but they cannot legally take on an ownership stake.
- Development trusts/anchor organisations are better suited to lead on shared ownership.
- Community organisations can agree to work together as a coalition.



Step 4

Source reliable, clear information

Before holding the event, gather information so you can give an overview of potential local opportunities for shared ownership and general information on finance and governance arrangements.

Where to find relevant info:

- Contact [Local Energy Scotland's](#) shared ownership team to find out about a specific renewables development, or about local opportunities for shared ownership. They can provide you with:
 - Details about a specific development, including information extracted from planning documents.
 - Information on any community engagement already underway.
 - Examples of shared ownership arrangements between a specific developer and another community that you might be able to learn from.
- If the renewables development is on Forestry Land Scotland land, you could engage with the public body and ask whether shared ownership is part of their land lease agreement with the developer.



Step 5

Decide the format of the event

Suggested 1.5-hour agenda:

Welcome and introductions (5 minutes)

Explain:

- Why you are holding the event
- What you hope to learn
- The local context and opportunity

What is shared ownership? (45 minutes)

Short, clear explanation:

- What it means
- How it works
- Risks and possible benefits
- A typical shared ownership timeline
- Funding and governance
- Real examples from elsewhere

Questions (25 minutes)

Next steps (15 minutes)

Agree whether to:

- Form a small steering group
- Do more research
- Or pause for now (e.g. until more information is available)

SIMPLE CHECKLIST

Before the event:

- Clear purpose
- Small organising group
- Basic information gathered
- Venue booked
- Publicity done
- Equipment (e.g. projector, screen, cables)
- Refreshments
- Printing

During the event:

- Clear explanation
- Open discussion
- Honest about risks
- Notes taken
- Contact details collected for people interested

After the event:

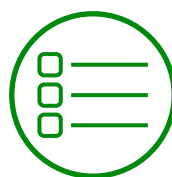
- Summary shared
- Clear next steps
- Volunteers identified (if relevant)

Get support from the
Community Energy Launchpad –
launchpad@communityenergy.scot

To make the event welcoming and accessible:

- Choose a familiar, accessible venue (village hall, community centre, school)
- Offer tea/coffee/simple refreshments
- Use café style round tables, rather than formal rows
- Hold it at a time people can attend (evening or weekend)
- Share information in advance
- Avoid technical language
- If possible, also consider an online option
- Remember: this is a community event, though people may have professional interests in the development, the planning system or other relevant occupations. You might decide to invite a representative from a developer, but this should be a platform for community voice.

Promote the event through local newsletters and social media, local press, flyers and posters, school email lists, community council newsletters and word of mouth. Give people at between two weeks' and one month's notice.



Step 6 Communicate key points

Key things to understand and communicate:

- What shared ownership actually means.
- Shared ownership requires a significant investment from the community and it can take a long time before any income comes back
- What the risks and benefits are (*see Exploring the risks and benefits of shared ownership*)
- The difference between "community benefit funding" and "shared ownership"
- It requires volunteers or board members to take responsibility – capacity may constrain action, which is where collaboration between groups and Community Energy Launchpad support can be important
- Be explicit: Shared ownership does not equal support for the wind farm. Communities can object to a development AND still pursue shared ownership discussions

RESOURCES

- ➔ [Good Practice Principles for Shared Ownership of Onshore Renewable Energy Developments](#)
- ➔ [Local Energy Scotland: Shared Ownership](#)

Understanding finance and governance

- Do some initial reading about the financing options (debt, equity and grants) for communities pursuing shared ownership opportunities. For more information, contact DTAS' [Democratic Finance Scotland](#) programme who can support via the Community Energy Launchpad.
- Be aware that a single legal entity will be required to enter into a shared ownership agreement on behalf of the community. This might be an existing community organisation, or as a community you may decide to form a new organisation. In any case, good governance is essential to ensure transparency, good stewardship and maintain community trust. Early stage governance support is available via the Community Energy Launchpad.



Step 7 Facilitate and capture the discussion

During the event, you will need to actively facilitate the discussion to make sure you hear from a range of voices. You should prepare for differing views, and to address misinformation. Try to keep discussions constructive and maintain neutrality.

Facilitation techniques you could use include:

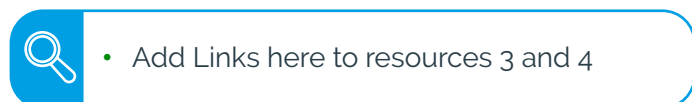
- Asking people to write down questions and views
- Having small group discussions and then asking for feedback from each group
- Inviting anyone who has not yet spoken to share their thoughts

You will also want to:

- Take clear notes, including any questions asked and whether they were answered
- Write key themes on flipcharts
- Gather email addresses from attendees (Remember: You must handle personal data in line with data protection regulations. See [Data protection guidance](#).)

Afterwards:

- Share meeting notes with the wider community
- Invite people who were not able to attend to share views, e.g. via an online form
- Explain next steps and whether a decision has been made yet



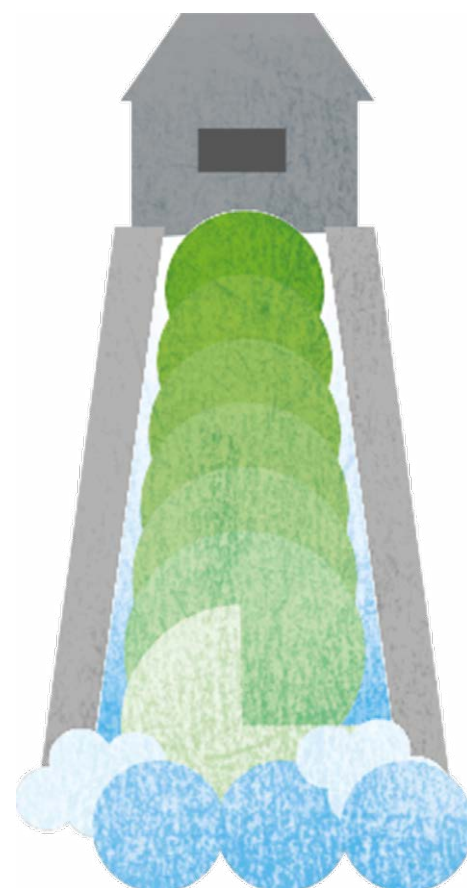
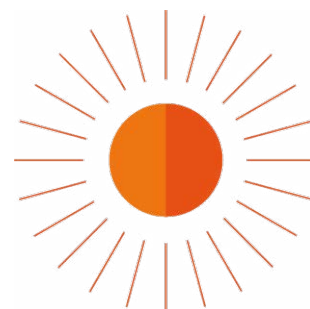


Step 8

Decide on next steps

Possible next steps:

- Form a small working group. It is important that the same people continue to work on this for continuity.
- Continue dialogue with the [Community Energy Launchpad](#) to explore specific shared ownership opportunities
- Arrange a follow-up event
- Keep in touch with the wider community, even if conversations are on pause (e.g. through local newsletters and meetings)
- Put the conversation on hold for now if the enthusiasm and information is not there just now. Revisit the conversation as more information becomes available or if circumstances change.



How to engage with a developer on early stage shared ownership opportunities

Expressing an interest in shared ownership early on helps to build credibility with a developer.

At this stage, you do not need to be experts, but you will need to gather some basic information and be well organised as a community. The [Community Energy Launchpad](#) can support with this early-stage developer engagement. [Local Energy Scotland shared ownership team](#) can support with more detailed negotiations as the conversation develops.



Step 1

Decide who represents the community

Developers need an initial point of contact. It might not be the same organisation that ends up taking the shared ownership forward.

Options include:

- Community council
- Development trust
- A specially formed steering group
(see *The roles and responsibilities within a community for shared ownership*)

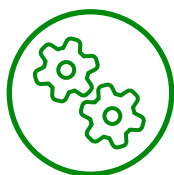
Remember:

- Community Councils are a statutory consultee in the planning process and may therefore focus on submitting a planning response, but they cannot legally take on an ownership stake.
- Development trusts/anchor organisations are better suited to lead on shared ownership.

Community organisations can agree to work together as a coalition

Be clear:

- Who has democratic authority to negotiate on behalf of the community
- How decisions are reported back
- How wider community views are gathered



Step 2

Engage as soon as possible with developers

Expressing an interest in shared ownership early on builds credibility. You do not need to be experts, but you should understand:

- What shared ownership means (joint venture, shared revenue, split ownership, etc.)
- The difference between community benefit funding and shared ownership
- That ownership involves financial risk (*see Exploring the Risks and Benefits of Shared Ownership*)
- That financial returns may take years due to factors such as long planning process, delays and construction timelines. Communities have to be able to engage early and stay engaged for a long time.
- Any available planning documents ([Local Energy Scotland](#) can help you identify key documents and information)

You should also:

- Look at the [Local Energy Scotland](#) register for other Community Benefits from the developer and any prior history
- Find out who the best contact will be at the developer – many have community teams who can be good links.
- Make sure to keep in regular communication with developers and consider inviting them to community events.
- Read the Scottish Government [Good Practice Principles for Shared Ownership](#)



Step 3

Start to gather information from the developer

Early in the process, developers may not have detailed information available. For now ask for:

- Main point of contact from the developer.
- A rough timeline for the project, including planning milestones.
- When information on the shared ownership offer, risks, financial structure and governance will be available.



Step 4

Familiarise yourself with key documents

You should also familiarise yourself with key documents that the developer is likely to present you with: a Memorandum of Understanding (MoU) and a Non-Disclosure Agreement (NDA). Local Energy Scotland can support with understanding these documents.

Memorandum of understanding

An MoU describes an agreement between the community and the developer. It is not legally binding, but indicates an intended common line of action. It is best to put an MoU in place as early as possible, though until planning permission has been granted, an MoU will be quite high level until more information is available.

The MoU should include:

- The definition of the project owner and community organisations involved in the shared ownership opportunity.
- The community company structure required to make the community shared ownership investment.
- The preferred community shared ownership model (e.g. revenue sharing, revenue sharing, etc).
- Any other financial opportunities on offer.
- A timeline to finalise the community shared ownership model and produce a financial term sheet.
- A timeline to produce an investment memorandum.
- A timeline for the community to make its final investment decision based on the investment memorandum.
- A timeline to produce and complete a community shared ownership agreement.
- What happens in the case of a change in project ownership.
- How disagreements will be resolved.

Non-disclosure agreement

An NDA is a legal agreement between the relevant parties from the community and the developer that certain sensitive information shared will not be disclosed to others. It demonstrates that both the community and the developer are willing to engage in relation to a possible shared ownership project. Developers may not proceed with shared ownership discussions until an NDA is in place.

An NDA does not:

- mean that all information from the discussions becomes confidential – only the specific information defined in the agreement.
- prevent your community from engaging with or updating the wider community about general progress (as long as no confidential details are shared).

Entering into an NDA does carry risks so you should make sure you are comfortable entering into one.



Read further NDA Guidance

You should seek expert legal advice before signing an NDA. [Local Energy Scotland](#) can help you to access the right advice.



ADDITIONAL THINGS TO BEAR IN MIND

Maintain communication with the wider community

(see Organising a Community Engagement Event to Explore Shared Ownership Opportunities)

Throughout discussions:

- Provide regular updates
- Share summaries of meetings
- Explain risks honestly

Consider:

- Public meetings
- Online updates

Seek independent advice

Throughout engagement and negotiations with the developer, you will need to seek independent advice on:

- Financial modelling
- Legal structure
- Governance design
- Understanding loan terms
- Risk assessment

Do not sign Heads of Terms or legal agreements without advice. Funding is available via CARES for professional advice.

Be realistic about capacity

Shared ownership requires:

- Volunteer time
- Financial oversight
- Legal responsibilities
- Ongoing governance

Ask yourselves:

- Do we have the capacity?
- Is there long-term commitment?

It is okay to conclude that shared ownership is not right for your community.

Contact the Community Energy Launchpad for capacity building support.

Common pitfalls to avoid

- Entering negotiations without independent advice
- Focusing only on projected income
- Rushing decisions due to developer timelines
- Failing to keep the wider community informed
- Expecting consistency from developers – many groups have found pre-consent developers are keen and cooperative, but after consent behaviour becomes slower, more corporate and less flexible



Local Energy Scotland administers and manages the Scottish Government's Community and Renewable Energy Scheme

(CARES). CARES supports communities to engage with, participate in, and benefit from the transition to net zero emissions.



Development Trusts Association Scotland (DAS) is a member-led organisation that promotes, supports and represents development trusts across Scotland. We have nearly 350 full and provisional members across the length and breadth of Scotland, as well as over 40 associate members. We also provide support to dozens of aspiring members and other community organisations.



We are Scotland's only national charity dedicated to supporting communities across Scotland to develop their own decarbonisation & sustainable energy projects. As a membership organisation representing more than 400 community energy groups across Scotland, we champion and advocate for community-led action in the transition to a low carbon future.



Founded in 1986, the Centre for Local Economies is an independent economics think tank and charity. We work collaboratively across the UK and Ireland to develop solutions that ensure economies are rooted in the places people call home. At CLES, we partner as equals with all levels of government, local institutions and communities — challenging outdated methods and tackling local issues with practical, long-term solutions.

The Launchpad also works closely with the Climate Action Hubs across Scotland.