



ROSSENDALE VALLEY ENERGY

BUSINESS PLAN

SOLAR CIC SHARE OFFER
APRIL 2025

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Executive Summary

This business plan has been developed to accompany the Rossendale Valley Energy Solar Share Offer, raising capital for a community owned solar array at the Interfloor site in Haslingden. In it, we outline our wider plans for the business, our track record, and more detailed financial projections.

The array will be owned by a new Community Interest Company, RVE Solar CIC. The share capital raised to pay for the array's construction will be loaned to RVE Solar CIC by Rossendale Valley Energy Ltd (RVE), the Community Benefit Society in which the shares are being issued. These shares will yield interest with a target rate of 6%, which we project to have an internal rate of return for investors of 5.3% over the period before they are entirely repaid.

RVE Solar CIC will trade in the electricity generated, selling onsite to the host Interfloor at an agreed rate designed to offer a discount over their usual power purchase price. So little electricity will be exported from the site that no export arrangement will be entered into.

The Community

Objectives

As a Community Benefit Society, RVE works to serve the interests of the local community now and into the future, by fulfilling its objects as laid out in its governing Rules:

- a) Reducing carbon emissions, protecting the environment, and maintaining and improving biodiversity;
- b) Researching, promoting, advising on and instigating community energy schemes;
- c) Raising awareness of the issues associated with climate change, scarcity of resources, and economic sustainability;
- d) Increasing community resilience to the impacts of climate change;
- e) Address and reduce the risks of fuel poverty;
- f) Actively working with other stakeholders to harness the energies of the local community to achieve (a) to (e) above

Accordingly, the RVE board has developed a service offering free energy advice to Rossendale residents, working as part of the UK Government's Local Energy Advice Demonstrator (LEAD) project. We hold regular stalls and events across the borough and throughout the year, and have a network of Energy Champions to provide support and advice to their communities.

Alongside this we are leading the pioneering Net Zero Terrace Streets project designed to offer low-cost decarbonised heating to traditional terraced houses – houses associated with high levels of local fuel poverty.

Part of our vision has always been to develop a portfolio of renewable energy schemes with the ultimate aim that income from these should support our work reducing fuel poverty within Rossendale. We are already working on developing a local energy market (club) allowing the trading of cheaper renewable energy across the area.

The full governing Rules are available from the RVE website at
<https://rvenergy.org.uk/projects/rve-solar/>.

About Rossendale

RVE works across the borough of Rossendale, which is the tenth smallest borough in the UK but has a rich history as a centre of the early Industrial Revolution, when it was known as the Golden Valley. This has left us with a heritage of industry, housed in large buildings with big roofs, but also significant deprivation as industries have moved away. Rossendale is in the top third of most income-deprived local authority areas in England, with unemployment among over 16s double the England average¹ and over 15% of households classified as being in fuel poverty² (based on 2023 government data).

Share offer purpose

This share offer aims to raise capital necessary for the installation of a 467.46kWp solar array at Interfloor. Energy from the array will be sold to Interfloor at a rate below that of their standard energy supply. This will support the host site to decarbonise whilst reducing their energy costs and offering an income for RVE to use for the benefit of the wider community.

This share issue will be the first capital raise that RVE has undertaken, but our intention is that this will be the first of many sites across the district in which clean energy is generated for local consumption – both onsite and ultimately across the area.

Our Track Record

RVE was established in 2022 by local residents with the support of Valley Heritage, a local charity that works to preserve the assets of Rossendale's industrial past. Valley Heritage won a grant from the UK Community Renewal Fund (UKCRF) for the 'Decarbonising Rossendale' project. UKCRF provided some £220 million of funding across 2021 to 2022 to help communities move smoothly away from the EU structural fund programme and prepare for the UK Shared Prosperity Fund.

A key element of the Decarbonising Rossendale project was to establish a community energy company in Rossendale, and consequently RVE was established as community benefit society in autumn 2022. We subsequently won funding from Lancashire County

¹ According to data compiled by the [Local Government Association](#).

² According to data compiled by [National Energy Action](#)

Council's Low Carbon Fund and the Community Energy Fund to develop our community renewable projects.

In 2023 we established an energy advice service, as one of the UK Government's Local Energy Advice Demonstrator (LEAD) projects. Through this service we offer free, impartial energy advice to help Rossendale residents reduce their energy bills and support them in finding grants toward home retrofit work. We are regular faces at community hubs across the borough and have a network of 5 community champions. In 2024 we partnered up with Citizens Advice East Lancashire, Homewise, Cosy Homes in Lancashire and Newground Together to form the Rossendale Energy Advice Partnership (REAP).

Another key element of the Decarbonising Rossendale project was the Net Zero Terrace Streets project, which has run since 2021 in collaboration with Electricity North West, Buro Happold and the Centre for Energy Equality. This is an innovative, community-led initiative aimed at transforming the way older terraced homes across the UK are heated and powered. The project seeks to address energy inefficiency, high heating costs, and fuel poverty by deploying shared ground loop heat pump systems, fabric retrofits, and local renewable energy sources, including the roof mounted array at Interfloor.

The project has been recognised as a nationwide leader, winning the 2023 Community Energy England Award for Advancing Innovation, and the prestigious Utility Week Innovation Award for Energy 2024, and the project is currently shortlisted for the 2025 Green Energy Award for Local and Public Sector Net Zero Transformation.

Our work in rooftop solar

Development work on our solar projects has been funded by the Community Renewal Fund, the Low Carbon Fund administered through Lancashire County Council and the Community Energy Fund administered by the North West Net Zero Hub. Through these projects we have worked with consultants Sharenergy to examine the feasibility of community owned rooftop solar at 11 sites across the region. This is the first that has progressed to the point where we can raise capital for the installation.

We are fortunate to find a partner in Interfloor who not only have a widespread and deep connection to their local community but have also done a lot of the preliminary work for this solar panel array. This was done as part of the project that saw them install their own 520kWp array which is currently generating at the site. As part of this work they obtained the Prior Approval for solar arrays across the site and commissioned a structural survey of the warehouse area, which we are grateful to them for sharing with us.

As part of our work we commissioned the grid connection application for the new array and have worked with Inspired Energy, Interfloor's pre-existing PV installation partner, to devise the connection arrangement for the new array.

The Society: Rossendale Valley Energy

RVE was incorporated in October 2022. Its financial year-end is 31st March. RVE's registered office is Alliance, 18-20 Market Street, Bacup, Lancashire, OL13 8EZ.

RVE was set up with the support of Valley Heritage, a local heritage charity dedicated to ensuring Rossendale's heritage is used and useful to contemporary society. Valley Heritage continues to support the activities of the Society.

RVE is run by its Board of Directors, who are elected from the membership on a rolling basis, with one third of the directors standing down annually, though eligible for re-election. There must at least three members on the board at any time.

Control over RVE is exercised on a one member, one vote basis, with each member having equal voting rights in members meetings and company resolutions irrespective of the number of shares held. (Interest on shares is payable in proportion to number of shares held).

Membership is open to anyone age 16 or over or any organisation. Anyone who has bought shares becomes a member.

Board and manager competencies

Kate Gilmartin

Kate has a Masters of Science (MSc) in renewable energy and has worked in low carbon project development for many years. Kate has been a passionate advocate within community energy for over a decade assisting and enabling communities to scope, seed and develop locally owned community energy projects. She is the CEO of the British Hydropower Association, a board member of Community Energy England and has recently been appointed as a non-executive director of GB Energy.

Julie Adshead

Julie has had a career as an academic lawyer, specialising in environmental law. She has edited a collection on 'Green Buildings and the Law' and published on subjects such as environmental crime, planning law and marine pollution. Now semi-retired, Julie continues to teach on a Masters programme at the University of Salford, alongside her elected role as Councillor for Whitewell and Stacksteads Ward in Rossendale. Julie is also active in a range of local environmental activities including Incredible Edible Rossendale and Whitewell Valley Pride as well as being a trustee for two local community centres and governor at Water School.

Tricia Brindle

Tricia had a career managing International Development projects at the British Council. Moving from international to local, she has focused on communities closer to home; implementing environmental, heritage, employment and community programmes across Pennine Lancashire. Tricia developed Rossendale Borough Council's Plastics Free Rossendale policy and set up their programme for carbon reduction projects. Tricia was a

founder trustee of the Bacup Consortium Trust and currently volunteers with Bacup Pride and Valley Heritage.

Ian Madley

Ian is a widely experienced General Manager and Business Developer. Since 2012 he has concentrated on research and teaching opportunities in the energy systems area and has raised more than £24m for research and training in this area. Between 2013 and 2015 he contributed to the development of the Universal Smart Energy Framework, an EU backed approach to management of electrical demand in distribution systems. He also led the development of the Smart Energy Network Demonstrator on the Keele University Campus and trial of the injection of Hydrogen into a UK gas network. During 2019 and over the Covid lockdown he led the combined academic input from Manchester Metropolitan University, Manchester University and Salford University to the development of the GMCA Energy Innovation Agency.

Disclosure

There have been no governmental, legal or arbitration proceedings relating to the Society and none are pending or threatened which could have a significant effect on the financial position or profitability of the Society. None of the directors of the Society have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies or receiverships, or received any public reprimand or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

The directors have no conflicting interests to report.

Partners and stakeholders

Interfloor

Interfloor is Europe's largest manufacturer of carpet underlays, the company behind such well-known brands as Tredaire, Duralay, Gripperrods and Stikatak. Its roots in Lancashire date back to the Durie & Miller weaving company in the 1920s, and they have been at their current site in Haslingden since 1955. Their support to their local workforce has been recognised at the Rossendale Business Awards and in 2022 they partnered with Rossendale Works and Lancashire Adult Learning to assist in the foundation of Rossendale Pre-Employment Academy. They are also a sponsor of Active Lancashire and partners in their Ready Set Rossendale project promoting physical activity and wellbeing.

Interfloor recently announced plans for a significant upgrade of the Haslingden site, demonstrating their confidence in the region. They have been working with Rossendale Valley Energy for over a year to develop this project.

Shareenergy

Shareenergy have been working with us on our solar project for three years. Shareenergy are a co-operative based in Shrewsbury who provide technical and administrative support to community energy groups across the country, supporting community share offers together totalling over £20m. They have performed technical feasibility assessments, supported us through negotiations and legal work, and developed the financial model underpinning this share offer.

Inspired Energy

Inspired PLC provides market-leading commercial energy and sustainability advisory services to businesses achieve net-zero and thrive in the low carbon global economy. They have been ranked as the UK's number one energy advisor every year since 2018 by Cornwall Insights. They have provided Interfloor with energy consultancy services for some time and their Inspired Energy division were responsible for the site's first installation of photovoltaic panels. They therefore have full knowledge and technical details of the electrical arrangements at the site, making them the natural installer for the project.

Staffing

All of RVE's paid staff are associated with funded projects and employed on fixed-term contracts tied to the funded periods. We employed a Local Energy Advice Demonstrator (LEAD) Team of 5 full-time staff members initially from October 2023 - March 2025. The main roles of the delivery team have been providing energy advice to the Rossendale community, in particular those experiencing/at risk of fuel poverty. We have worked with a wide range of existing community organisations and have worked with the Centre for Energy Equality to co-develop the Fairer Warmth App so it better meets people's needs.

This LEAD project funding ended in March 2025 but we have been able to continue to fund the team up to November 2025 to provide community outreach and support community health professionals. This funding has come through a mix of project funding, including the Innovate UK Pathfinder Net Zero Terrace Streets project, the NW Community Energy Fund and the National Lottery Climate Action Fund (see below).

An additional 3.5 staff are funded from March 2024 - November 2025 by the Innovate UK Net Zero Terrace Streets project. These roles include strategic project development, a project manager for the delivery of the 3-house Demonstrator project, an Operational Director and Communications Lead.

From Feb 24 - May 26 we have secured funding from the National Lottery Climate Action Fund through the Community Energy Pathways project "Community Energy People". RVE is one of five community energy organisations supported by this project. We are using funding to support the employment of both a community champion and a Finance and Administration officer.

Membership strategy

During the first few years the RVE membership has been restricted to board members and former board members, as we have focussed on developing activities around the Net Zero

Terrace Streets project and bringing in funding for this important innovation project. As we move toward bringing solar projects to realisation and engaging our local community in these projects, our energy advice services and the Net Zero Terrace Streets concept, we are looking to increase our community membership.

We plan to do this by offering two different classes of shares with the same voting rights.

Class A shares are those we have issued already to existing and former board members. Each holds a £1 share with no right to share interest. We will be offering this class of share-holding and membership to the wider community with an annual subscription for membership.

Class B shares will be interest-bearing shares owned by investors in the solar projects (with a minimum holding of £100). Their membership will cease on repayment of their capital unless they wish to take up an offer of Class A shareholding.

Voting rights are one vote per member irrespective of the number of shares or the types of shares held.

RVE is seeking investor members (class B shareholders) principally from the Rossendale area but welcoming outside investment. Our community of benefit is that of all Rossendale residents, with a particular reference to those in fuel poverty or other types of deprivation. Alongside this we will be embarking on an active campaign to attract more Class A members on an ongoing basis.

RVE Solar C.I.C.

As part of this project, RVE will constitute a new Community Interest Company – RVE Solar CIC. This company will be limited by shares, with its single share being owned by RVE. This CIC will be solely focussed on developing renewable energy projects. The required capital will be transferred by shareholder loan from RVE to RVE Solar CIC, who will repay this debt with interest. Interest and repayments will be passed directly onto the holders of Class B shares (i.e. investors) in RVE. Alongside this, the CIC will transfer funds to RVE for community benefit. This ensures separation of the two concerns for legal contracts, subcontractor costs and overheads.

Board and administration

The board of the new RVE Solar CIC will initially be composed of members of the RVE board. The constitution of the CIC will require that at least one board member of RVE is on the CIC board in future. We do not foresee that the company will directly employ any staff, with administration provided by both Sharenergy and RVE. Sharenergy will manage the share register on behalf of RVE, and carry out invoicing, bookkeeping and accounts for RVE Solar CIC. RVE Solar CIC will cover a share of the costs involved in operating the group (principally the costs of the annual audit that will be required) by means of a service charge from RVE.

Business Planning

Business activities

RVE's main activities are the provision of energy advice in collaboration with partners across the borough, and the development of a community heat network model to allow homes in Rossendale to switch away from fossil-fuelled space heating: the Net Zero Terraced Streets project.

The Net Zero Terrace Streets (NZTS) business model delivers whole-street decarbonisation through shared infrastructure, zero-upfront-cost retrofits, and local renewable energy. Households pay a fixed standing charge for access to energy-efficient upgrades, including heat pumps, insulation, solar power and batteries, making energy bills affordable and predictable. Initial feasibility on the project was conducted through the original Community Renewal Fund project, which identified sustainable approaches to energy generation and use at homes. This was delivered by Buro Happold (contracted to Valley Heritage) and provided the baseline for the development of the NZTS programme.

The model blends public and private investment, with early-stage grants de-risking deployment and future revenue streams coming from standing charges, energy savings, and flexibility markets. Rossendale Valley Energy coordinates delivery, backed by a national support hub. NZTS prioritises social value, enabling fuel-poor communities to access low-carbon heat while building local jobs and energy resilience.

Rossendale Valley Energy is working with a wide range of partners on the NZTS project, which has been funded so far by a series of government innovation grants. The current IUK funded Pathfinders 2 project will conclude in November 2025 and as part of this, Rossendale Valley Energy has worked on three demonstrator properties, providing retrofit and a ground source heat pump network along with other technologies. Rossendale Valley Energy will be part of a further project to support the development of the NZTS concept, which is due to commence imminently and is funded by ENWL. Further funding is being sought to bring this concept to the point of a larger scale demonstrator and ultimately a self-sustaining business model. Rossendale Valley Energy's business plan for the NZTS can be found on our website.

The activity of the new RVE Solar CIC will be to develop a community-owned solar portfolio as an extension of the work of RVE: to support the decarbonisation of electricity in Rossendale and bring in additional revenue to support RVE's other business activities for the benefit of the community.

Long-term goals

Rossendale Valley Energy is focused on enabling an inclusive, scalable transition to low-carbon energy for hard-to-treat terraced housing and wider communities across Rossendale and the UK. The Net Zero Terrace Streets initiative is a groundbreaking model which aims to reduce energy bills, tackle fuel poverty, and improve health for those currently underserved by existing policies. RVE also seeks to empower communities via local engagement, job creation, and capacity building by leading a sustained area-based delivery model rooted in community ownership and trust.

Operations

Administration

Our share register and the financial administration of the solar generator will be managed by Sharenergy under a Service Level Agreement contract. The projected overhead costs in the financial model cover the cost of this plus additional overheads for the necessary administration and insurance costs of RVE incurred by the solar array. The volunteer directors of RVE Solar CIC will cover the additional administrative tasks such as AGM, insurance, audit and insurance arrangements.

RVE's existing activities are primarily administered by its volunteer Board of Directors. In addition the Society employs a part time administrative and finance officer funded for a limited period through the Community Energy People Project and Community Energy South.

RVE currently employs 9 members of staff on funded projects and uses the payroll services of Burnley and Pendle and Rossendale CVS. The Society also engages a local accountancy firm to deal with its accounts and VAT.

Workforce

To deliver the Solar Share Offer, RVE will enlist its team of 9 FTE staff and 6 volunteers with tasks that will include outreach, events, and local promotion, whilst also delivering our energy efficiency advice and promoting the Net Zero Terrace Streets project for affordable energy and healthy warm homes. The organisational structure integrates the share offer into wider delivery, supported by a coordinated team and strong volunteer network to ensure successful implementation and community ownership.

Equalities and diversity

Rossendale Valley Energy promotes equal opportunities, diversity, and inclusion through its community-rooted initiatives, tailoring engagement to different needs, especially for vulnerable or underserved groups. RVE's whole-system approach prioritises social equity by targeting fuel poverty, poor housing, and underrepresented communities, ensuring a just, accessible transition to low-carbon, affordable energy solutions.

Rossendale Valley Energy has a full range of policies in place covering equality, safeguarding, employment and all other relevant issues; these are available on the RVE website at <https://rvenergy.org.uk/about-us/our-policies/>.

Capital

Capital requirements

Our share raise target of £375,000 covers the capital requirement of the installation of the array at Interfloor plus the remaining development costs that will be incurred at the point that we know the project will go ahead: at this point we will sign a full lease agreement and power purchase agreement. As these are based on the Heads of Terms already agreed we do not anticipate that this will be a protracted process but based on advice from our legal partners Lux Nova we have allowed £7,500 to cover the legal costs arising. We have also allowed £2,500 for final project development fees quoted by Sharenergy. These costs have been subjected to a generous contingency of approximately 12.5% to set the upper limit on the share raise, but we will reserve the right to refund any unused capital.

The capital costs will pay for:

Installation of the array <ul style="list-style-type: none"> • PV panels (x 882) • Inverters • Dedicated G100 export control hardware • Scaffolding and access provision (including lifting) to the site • Skylight protection • AC connection costs 	quoted at £323,483
Legal support for agreement of the lease and PPA	estimated at £7,500
Project development costs	quoted at £2,500
Total cost	£333,483
Minimum share raise: +4.95% contingency	£350,000
Share issue target: +12.45% contingency	£375,000

Working capital requirements

Interfloor have requested that we build in the provision for decommissioning and dismantling the array at the end of the project. We therefore have a requirement to maintain a ringfenced capital reserve of around £50,000 (based on costs from Inspired Energy). We will aim to build this up before increasing the surplus diverted toward community benefit funding.

Funding mix

RVE has received grants to cover the development of this project from the Lancashire County Council Low Carbon Fund and the Community Energy Fund. These grants were not exclusively for this project but the approximate level of support from these sources that has gone toward our work on community owned rooftop solar is approximately £40,000.

Our intention is to raise the full capital amount required for this PV array through this community share issue. However, if the amount raised this way proves insufficient, and the Board deems that the capital cost is unlikely to be covered even with extension of the share offer period, the Board may seek short-term loans to address any shortfall.

Share offer plan

RVE plans to run this first share issue for a period of three months. Our minimum share raise will be £350,000 and the target amount will be £375,000. If the target amount is reached before this time the share offer will be closed early. Share applications above £375,000 will be refunded as soon as the share offer is closed. In addition, the Board reserve the right to refund share applications above the total required capital once the installation is complete.

We have drawn up a marketing plan for the share offer which will see:

- A press photo shoot and launch event
- Stalls across the borough, at locations such as Helmshore Farmers Market and other venues in the Valley.
- A short promotional film which has been commissioned from a local videographer
- Distribution of leaflets and posters to community hubs (including schools, GP surgeries and libraries) across the borough.
- Networking through supportive local organisations such as the Business Leaders Forum, the Chamber of Commerce and Rossendale Borough Council's Economic Development Team.

We have devised a distinct graphical identity for RVE's work in solar generation and are developing a range of marketing materials (including banners, posters and leaflets) based on this. We are working with Viva PR on local promotion.

The share offer itself will be administered by Sharenergy, who have extensive experience, having raised over £20m in share capital for groups over the past decade. As well as performing technical analysis, feasibility and project support, Sharenergy have supported RVE in preparing the financial and administrative systems required for this share issue.

Financial Performance and Forecasts

RVE's most recent full set of accounts have been made up to 31st March 2024 – this was the first year in which any income was received (other than the initial share capital of founder members). These accounts show a surplus of £55,567 on an annual turnover of £347,828, with assets of £110,211. Draft accounts for 2024-25 being prepared by our accountants show that we retained £24,390.53. There will be corporation tax to pay but these results have allowed us to build reserves to support cash flow when projects are paid in arrears (between 2 and 5 months) and when reclaiming VAT. The sums retained reflect services provided in funded projects (especially where RVE acts as a subcontractor) delivered using volunteered time.

No significant share capital has been issued so far – solely the £7 representing the shares of current and past board members. The accounts and rules of the society can be found at <https://mutuals.fca.org.uk/Search/Society/31302>.

Funded project income

The ringfenced project funding that RVE so far anticipates servicing during the course of this project is as follows:

Pathfinders 2

An Innovate UK Government-funded project with multiple deliverables to create the Net Zero Terrace Streets staged approach packages, enabling tools and manual. Remaining budget £596,000. Runs until the end of November 2025.

Network Innovation Allowance

NIA - ENWL funded project following on from a SIF project, designing the interface for the smart system and getting feedback through engagement via focus groups. Starts in May and runs to October 2025. Budget £35,000.

Salford University Energy House

A grant for community engagement and dissemination from the Net Zero Terrace Streets project. From May 2025 - October 2025. Budget £20,000.

Community Energy Fund

Covers one RVE staff member to continue the engagement work started under the DESNZ funded LEAD project, which completed in April. Providing energy advice through medical professionals. From April 2025 - March 2026. Budget £40,000.

Community Energy People

A National Lottery funded project through Community Energy South. This provides assistance towards the running costs of RVE, including two part time staff members. This runs from June 2024 to May 2027. Total project value is £120,000, with £85,499 still to claim.

The financial forecasts below relate purely to the projected finances of the planned RVE Solar CIC.

Revenue forecast

For the new solar project all income will arise from sales of electricity to the site host, Interfloor via a Power Purchase Agreement (PPA). As so little (around 2%) of the energy generated is projected to be exported we do not consider that the cost of installing an export meter to the 6kV incoming supply is warranted – the cost of installation has been estimated at over £40,000, with additional ongoing metering costs also. Meanwhile exported energy sales would only be worth around £700 in year 1. However, we have agreed with Interfloor that the value of any exported energy would fall to RVE if the economics of this change at some point in the future and the opportunity arises to install a high voltage (HV) export meter.

The grid connection offer we have received from Electricity North West Limited (ENWL) requires us to apply an export constraint of 200kW, which means that around 17% of the energy generated by the array will be curtailed. Due to the electrical arrangement of the site, this constraint can only affordably be applied at low voltage, meaning it is reducing the onsite consumption as well as the exported energy. We have agreed with Interfloor that we will investigate means of addressing this in future, which our modelling suggests would allow us to sell around 10% more electricity onsite.

Similarly, given the low prices we do not currently anticipate that registering the site to generate Renewable Energy Guarantees of Origin (REGOs) would be a viable income source to cover the costs of administration. Mirroring the agreement around exported energy, we have agreed that should it become worthwhile to register, Interfloor would be entitled to receive all of the REGOs associated with the generation of the site at no additional cost.

We are forecasting revenues as follows (all prices given in thousands of pounds):

Year(s):	1	1-5	6-10	11-15	16-20	21-25	Total
Sale of electricity	£48.9	£256	£283	£313	£345	£381	£1,579

We have agreed Heads of Terms agreed with Interfloor, which set out the terms for the lease and PPA. This set a price for the onsite sales of electricity based on a year 1 price which is inflated annually in line with CPIH (Consumer Prices Index including Housing Costs – the successor index to RPI). Our financial model assumes that CPIH falls steadily to reach the government's target (2.4%, corresponding to a CPI rate of 2%). This has been set based on the forecasts of the Office of Budget Responsibility³.

³ <https://obr.uk/forecasts-in-depth/the-economy-forecast/inflation/#cpih>

Profit and loss forecast

The below tables gives our profit and loss forecast for the 25 year project years 1 to 5 and then totals in five year blocks:

Year	1	2	3	4	5
Income					
Onsite energy sales	£48,893	£50,158	£51,306	£52,379	£53,421
Expenses					
Insurance	£1,192	£1,228	£1,261	£1,293	£1,324
Metering etc	£210	£217	£223	£228	£234
Admin and management	£10,000	£10,300	£10,578	£10,843	£11,103
Equipment replacement	£2,104	£2,167	£2,225	£2,281	£2,336
CBF contributions	£2,000	£2,060	£2,116	£2,169	£2,221
Maintenance	£4,208	£4,334	£4,451	£4,562	£4,671
Total	£19,714	£20,305	£20,853	£21,375	£21,888
Operating surplus (EBITDA)	£29,179	£29,853	£30,453	£31,004	£31,533
Depreciation	£14,006	£14,006	£14,006	£14,006	£14,006
Operating surplus (EBIT)	£15,173	£15,847	£16,447	£16,998	£17,527
Bank interest received	£0	£146	£366	£416	£367
Net surplus	£15,173	£15,992	£16,812	£17,414	£17,894
Distributions					
Shareholder loan interest	£0	£15,173	£15,992	£16,812	£17,414
Additional CBF payments	£0	£0	£0	£0	£0

Years	1-5	6-10	11-15	16-20	20-25	Total
Income						
Onsite energy sales	£256,157	£283,484	£312,842	£345,241	£380,994	£1,578,719
Expenses						
Insurance	£6,297	£7,110	£8,005	£9,013	£10,148	£40,573
Metering etc	£1,111	£1,255	£1,413	£1,591	£1,791	£7,160
Admin and management	£52,823	£59,641	£67,150	£75,604	£85,123	£340,341
Equipment replacement	£11,113	£12,547	£14,127	£15,905	£17,908	£71,599
CF contributions	£10,565	£11,928	£13,430	£15,121	£17,025	£68,068
Maintenance	£22,225	£25,094	£28,253	£31,810	£35,815	£143,199
Total	£104,135	£117,575	£132,378	£149,044	£167,809	£670,940
Operating surplus (EBITDA)	£152,022	£165,909	£180,465	£196,197	£213,186	£907,779
Depreciation	£70,031	£70,031	£70,031	£70,031	£70,031	£350,157
Operating surplus (EBIT)	£81,990	£95,878	£110,433	£126,165	£143,154	£557,622
Bank interest received	£1,295	£1,155	£1,204	£2,433	£2,500	£8,587
Net surplus	£83,285	£97,033	£111,637	£128,599	£145,654	£566,208
Distributions						
Shareholder loan interest	£65,391	£80,754	£52,103	£22,690	£1,008	£221,948
Additional CBF payments	£0	£0	£0	£79,583	£214,677	£294,261
Total	£65,391	£80,754	£52,103	£102,273	£215,686	£516,208

All operating costs have been inflated annually according to the CPIH profile described above and have been calculated based on quotes supplied or figures from comparator projects in the community energy sector.

The administration of the CIC will be largely carried out by Sharenergy, who have provided a quote for this work. Sharenergy will perform day-to-day bookkeeping, creation of annual accounts, and the returns for VAT and corporation tax. On top of this, RVE Solar CIC will make a contribution of around £2,750 toward the additional costs incurred for the audit that will be required for the RVE group. Directorship of RVE Solar CIC will be an unpaid role.

The cost of equipment replacement has been averaged into an annualised amount but is likely to be incurred in larger quantities in later years. The capital costs are based on the contingency being raised not being needed.

Balance sheet forecast

Projected balance sheets are shown below for years 1, 5, 10, 15, 20 and 25:

Year	1	5	10	15	20	25
<u>Fixed assets</u>						
Property, plant & equipment	£336,151	£280,126	£210,094	£140,063	£70,031	£0
<u>Current assets</u>						
Bank account	£29,180	£29,100	£17,366	£48,887	£50,000	£50,000
<u>Current liabilities</u>						
Interest due on shareholder loan	-£15,173	-£17,894	-£12,774	-£6,891	-£1,008	£0
<u>Net current assets</u>	£14,007	£11,206	£4,592	£41,996	£48,992	£50,000
<u>Long term liabilities</u>						
Shareholder loan	-£350,157	-£291,331	-£193,287	-£95,243	£0	£0
<u>Net assets</u>	£1	£1	£21,400	£86,816	£119,023	£50,000
<u>Represented by</u>						
Share capital	£1	£1	£1	£1	£1	£1
Reserves (cumulative)	£0	£0	£21,399	£86,815	£119,022	£49,999
Total	£1	£1	£21,400	£86,816	£119,023	£50,000

Cash flow forecast

Projected cashflow is shown in the table below for the remainder of the financial year 2024-25.

Quarter	Q2 (Jul-Sep 2025)	Q3 (Oct-Dec 2025)	Q4 (Jan-Mar 2026)
Opening cash balance	£1	£268,640	£66,433
Net surplus	£0	£0	£0
Income from RVE CBS shareholder loan	£350,157	£0	£20,379
VAT reclaimed		£13,586	£36,066
Development expenditure			
Installer fees	-£67,931	-£169,828	-£101,897
Development fees	£0	-£10,500	£0
VAT payable for quarter	-£13,586	-£36,066	-£20,379
Cash flow in quarter	£268,639	-£202,808	-£65,832
Closing cash balance	£268,640	£65,833	£1

Installer fees are due in three instalments: 20% to initiate the work (anticipated in Q2), 50% on delivery of materials (anticipated in Q3), a further 25% when works are completed and the final 5% on commissioning (both anticipated in Q4). VAT cashflow is to be supported by an additional short term zero-interest loan from RVE to RVE Solar CIC, with current reserves able to support the amount shown above. The amounts shown here are a worst-case scenario in which reclaim is not possible within the same quarter; by making monthly claims during the construction phase we hope to reduce the requirement for cashflow support.

The project is expected to commence trading at the start of the 2026-27 tax year (year 1). Cash flow projections from this point onward are shown the below tables, firstly for years 1-5 (in £000s):

Year	1	2	3	4	5
Opening cash balance	£1	£29,180	£44,006	£39,224	£34,222
Net surplus	£15,173	£820	£820	£601	£481
Add back depreciation	£14,006	£14,006	£14,006	£14,006	£14,006
VAT reclaimed	£20,379	£0	£0	£0	£0
Capital repayment shareholder loan	-£20,379	£0	-£19,609	-£19,609	-£19,609
Cash flow in year	£29,179	£14,826	-£4,783	-£5,001	-£5,122
Closing cash balance	£29,180	£44,006	£39,224	£34,222	£29,100
<i>Remaining shareholder loan</i>	<i>£350,157</i>	<i>£350,157</i>	<i>£330,548</i>	<i>£310,940</i>	<i>£291,331</i>

And below for years 10, 15, 20 and 25:

Year	10	15	20	25
Opening cash balance	£16,446	£38,902	£50,001	£50,001
Net surplus	£6,522	£15,587	£2,801	-£14,006
Add back depreciation	£14,006	£14,006	£14,006	£14,006
Capital repayment shareholder loan	-£19,609	-£19,609	-£16,808	£0
Cash flow in year	£919	£9,985	£0	£0
Closing cash balance	£17,365	£48,886	£50,001	£50,001
<i>Remaining shareholder loan</i>	<i>£193,287</i>	<i>£95,243</i>	<i>£0</i>	<i>£0</i>

Risk Analysis

Risk to capital

This share offer of withdrawable share capital is unregulated. There is the risk of losing some, or all, of the amount invested, and investors have no rights to statutory compensation or complaint. This share offer is not covered by the Financial Ombudsman Service or the Financial Services Compensation Scheme.

All commercial activities carry risk – and community energy projects are no exception. A number of risks have been identified and steps taken to avoid and/or mitigate them (see below) but they cannot be completely avoided.

If RVE Solar CIC has a bad year, you may receive less interest than projected. If something goes wrong on a longer-term basis, then your capital may be at risk.

Risk register

In the below table we summarise the key risks to the project along with our strategy and/or efforts to mitigate the impact of the risk.

Risk	Mitigation
Installation costs are higher than expected	We have obtained a formal quote from Inspired Energy prior to building the financial model, they are unable to 100% guarantee their ability to adhere to it after the time taken to run this share issue. In particular, the cost of PV panels is very volatile, currently recovering from historic lows. We have built in a contingency of at least 5% to the minimum share raise to guard against increases in capital costs; our target share raise increases this contingency to around 12.5%.
Insufficient funds are obtained through the share raise	If the share issue does not reach our target figure we will in the first instance consider extending the period of the offer. If it seems unlikely that we will reach our target even with a time extension the Directors will investigate loan options to cover any shortfall. This is likely to have implications on the likely level of community benefit arising from the scheme.

<p>Full lease and PPA negotiations cannot be resolved quickly</p>	<p>We have agreed with Interfloor the Heads of Terms for the lease of the airspace above the roofs and the PPA prior to initiating this share issue. These set out the expected conditions under which they will host our array for 25 years. Whilst these are not legally binding, they demonstrate acceptance of the offer and should make it relatively simple to draw up and agree the full lease and PPA contracts. We are being advised by Lux Nova Partners, a firm of solicitors that specialise in renewable energy projects, and have built in a sum to cover their anticipated fees for drawing up the full contracts (with the same contingency applied as to the capital costs).</p>
<p>The equipment fails to deliver the expected outputs.</p>	<p>Solar panels are a tried and tested technology with good warranties in place and we have the benefit of an installation partner with detailed knowledge of the site conditions. Even so, we have based our projections on our own modelling of the array output, which is more pessimistic than that modelled by Inspired Energy.</p> <p>Allowance has been made for a first year degradation of 2% and a steady decline in performance of 0.4% per year subsequently. Whilst the panels themselves will be guaranteed for 25 years, allowance has also been made for the more likely need to replace the inverters during the project period.</p> <p>The amount of insolation may affect array output, and therefore financial performance, year-to-year but over the period of the project this is expected to average out. Furthermore, due to the curtailment required by the grid connection offer, a moderate decrease in generation will not significantly impact the amount of energy we can sell onsite.</p>
<p>Direct Usage is lower than expected</p>	<p>RVE have assessed the likely usage with support from Interfloor, who have undergone significant reconfiguration of this site over past years with a view to saving energy. Interfloor have plans to invest in this site and expand operations, with a planning application already submitted to enlarge the factory by over 14,000sq ft. We therefore expect energy consumption to rise from the current historically low level that we have used for the financial model. We can also reasonably expect that the site will install electric car charging on site for employees at some point during the project period.</p> <p>Interfloor are also planning upgrades to their onsite electricity network which will allow us to power more of the site, thereby losing less generation to the DNO-imposed export constraint.</p>

Electricity prices fall substantially	As so little of the energy generated from the array is exported, the finances are not affected to a significant degree by the external price of electricity and significant falls in the price that we receive for energy exported to the grid would not affect the overall viability, though may impact the amount of money available for community benefit.
Changes in occupancy or activity of the site	Interfloor has occupied the site for 70 years and is planning a major investment and expansion here, so at this time it seems very unlikely that they will give up the site in the foreseeable future. In the unlikely scenario that they do, our Heads of Terms agreement requires any sale of the site to require the buyer to take on the lease and PPA. The worst-case scenario is that the site becomes completely unoccupied, and we will mitigate against this by retaining a reserve for decommissioning, with which we can recover the panels for reuse elsewhere or sale.
Damage to the equipment through accident or vandalism	RVE will arrange insurance to cover the cost of a replacement installation, meaning that any financial impact as a result of damage would be temporary. In the Heads of Terms Interfloor has agreed to provide support and security for the array for the duration of the lease.
Deterioration in roof condition	We anticipate that Interfloor is likely to require roof works to be done during the 25-year project period and have built this into the HoTs. This will be a time-limited removal, and will likely affect one-third of the array at a time.
Problems with RVE's other projects threaten the solar project	Other projects have discrete, ring-fenced funding from grants and will not be supported by loan income from the solar CIC. RVE is insured against any claims arising from their energy advice project and the Net Zero Terrace Streets project. RVE bears little risk in the latter, in which its role is that of subcontractor to other project partners.
Administration costs are unexpectedly high	If the administration costs of the solar project are higher than projected the CIC may have to make a smaller contribution to the audit costs of the group, or if absolutely necessary, reduce the amount paid out in community benefit.
Project delivery is dependent on too small a base of volunteers	Our membership strategy seeks to broaden involvement with community members alongside investor members. Our intention is that future board members will be drawn from this pool of community members.