



Chester Community Energy

# Business Plan

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for

## Christleton Sports Centre & Neston Recreational Centre

September 2019



# Summary

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Chester Community Energy Ltd (CCEL) aims to develop, own and facilitate renewable energy installations for the benefit of the community of Chester and the surrounding area. We are registered as a Community Benefit Society (no. 7272) with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. We aim to:

- a) Reduce the community's carbon footprint;
- b) Secure more sustainable sources of renewable energy for the community's use; and
- c) Promote environmental awareness and energy efficiency.

We are a not-for-profit organisation and all of our Directors are volunteers.

This business plan provides details of our organisation and sets out the expected financial performance of two solar PV projects we have pre-accredited for the government feed in tariff (FIT) to install 59.9 kWp (kilowatt peak) of solar photovoltaics (PV) on the roofs of Christleton Sports Centre and Neston Recreational Centre (total installed power 119.8 kWp). We have until the 25<sup>th</sup> March 2020 to commission and register both installations to guarantee the FIT payments for 20 years.

These projects are to be funded through a community share offer, which aims to attract people to become members of CCEL by investing in shares up to a total of **£108,000** (refer to accompanying share offer document).

The two projects will run for 20 years and over that period are expected to:

- Pay back members' initial investments
- Pay interest on shareholdings of up to 4% per year
- Generate a community benefit fund of approximately **£30,000** in 20 years and an additional positive balance of **£60,000** at the end of year 20 which will be used to support community energy or environmental projects, including investment in further renewable energy schemes.

As with any new venture, there are risks, which are set out in this document. However we are putting in place mechanisms to mitigate these risks wherever possible.

We aim to install further projects in the future for which we will develop separate business plans, but will not take on projects which compromise the financial viability of our Society or adversely affect our member's shareholdings.

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# 1. Chester Community Energy

## 1.1 Overview

Chester Community Energy Ltd (CCEL) is a registered co-operative which aims to develop, own and facilitate renewable energy installations for the benefit of the community of Chester and the surrounding area. We are registered as a Community Benefit Society (no. 7272) with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. We aim to:

- d) Reduce the community's carbon footprint;
- e) Secure more sustainable sources of renewable energy for the community's use; and
- f) Promote environmental awareness and energy efficiency.

Ultimately, we want to increase the City's resilience to climate change, promote environmental awareness and resource efficiency.

We will raise the funds we need by inviting the public to invest in the Society, and aim to return each member's investment to them over the lifetime of the project with interest (up to 4% per year). We also aim to raise funds by applying for grants. CCEL is led by volunteers and any surplus funds we generate over and above our costs and interest to our members will be used to support community and environmental projects.

CCEL is a sustainable, self-funding community-owned business. We are developing the skills and resources to deliver many more projects in Chester and the surrounding area.

Objectives:

- CCEL aims to develop, own and/or facilitate 200kW in total of renewable energy systems by the end of 2020 (aspiring to an average of installing one 50kW project a year);
- CCEL aims to attract, and generate a return for, at least 60 members from its projects;
- CCEL will generate a community fund that will recycle surplus funds back into projects addressing, for example, energy efficiency, sustainable transport or local food initiatives;
- CCEL will strengthen local supply chains and support local businesses wherever possible;
- CCEL will establish itself as a key strategic partner in Chester and surrounding area for energy efficiency, low carbon initiatives and renewable energy.

## 1.2 Development of the Society

CCEL was created as an off-shoot from Transition Chester in 2015. Transition Chester was formed in 2008 and has in the region of 200 members with an active working group of around five people. It aims to promote more sustainable ways of living, promoting resource efficiency and environmental awareness in all aspects of life: transport, energy, food, education etc. Six members of Transition Chester set up Chester Community Energy Ltd in October 2015; the society was registered in January 2016.

CCEL currently own and operate a 50 kWp solar PV installation on the roof of the Northgate Arena Leisure Centre in Chester. This installation generates approx. 40,000 kWh of energy per year and provides an income to CCEL of approx. £8,500 per year. The Northgate



installation has proven reliable and has so far generated more power than the original estimates.

### 1.3 Our Ambitions

We are a not-for-profit organisation and all of our Directors are volunteers. Any surplus funds we generate, over and above interest paid to our members, by owning and operating renewable energy installations will be re-invested back into community and environmental projects. Within the first four years we aim to install at least four renewable energy schemes.

### 1.4 Community Purpose

Just over 330,000 people live in Cheshire West and Chester, which is forecast to increase by 5% over the next ten years. We aim to provide benefits to our community in two ways:

- Funding the local generation of renewable energy to reduce carbon emissions, while at the same time offering lower cost energy to our host sites, with a focus on community buildings; and
- Using any surplus to help increase environmental awareness, energy efficiency, conservation and reduction.



## 2. Opportunities in Community Energy

Community Energy became very popular following the governments introduction of the FIT in 2010. It enjoyed several years of growth up to 2015 when the government announced that FITs would be withdrawn before its planned closure in 2020 and the tariffs would be reduced with immediate effect. Since 2015 the renewable energy sector has experienced difficult trading conditions with government support being withdrawn and investment confidence compromised. Since March this year, community energy is operating subsidy free. To mitigate these changes to the reduction in FITs, solar PV modules continue to cost less per kW and installers operate in a more competitive market and installation costs continue to come down.

Income for community energy schemes has traditionally come from three sources:

- The Feed-In-Tariff<sup>1</sup> (FITs) which provides a guaranteed income for 20 years for every kWh of renewable electricity generated, increasing annually with inflation (Retail Price Index (RPI));
- A guaranteed minimum rate for any surplus electricity exported to the grid; and
- Sale of electricity to the host site.

For the Christleton and Neston projects, CCEL have pre-accredited a FIT rate of 4.03 pence and a deemed export rate of 5.38 pence/kWh. These payments are assured for 20 years as long as the installations are commissioned by March 2020. These guaranteed payments and the power purchase tariff for the sale of electricity to the leisure centres mean that both Christleton and Neston projects are financially viable. We expect that all of the energy generated from the solar panels will be used by the leisure centres, thus maximizing the income we receive from the sale of electricity to the centre owners.

In the future community energy will have to adapt to constantly changing government policy and market forces. New opportunities are opening up with technological developments such as battery storage, smart management systems and peer to peer trading to name just three. Alternative business models are bound to emerge and CCEL are in a good position to take advantage of these developments for future schemes.

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<sup>1</sup> <https://www.ofgem.gov.uk/environmental-programmes/feed-tariff-fit-scheme>

## 3. Organisation and Governance

### 3.1 Community Benefit Societies

A Community Benefit Society is run primarily for the benefit of the community at large, rather than just for members of the society. This means that it must have an overarching community purpose that reaches beyond its membership and a special reason for being a Community Benefit Society rather than a company, such as wanting to have democratic decision-making built into its structure. They are expected to have members who hold shares, and should be run on a democratic one-member-one-vote basis.

Although a Community Benefit Society has the power to pay interest on members' share capital, it cannot distribute surpluses to members in the form of dividends. It must only use its assets for the benefit of the community. If a Community Benefit Society is sold, converted, or amalgamated with another legal entity, its assets must continue to be used for the benefit of the community and must not be distributed to members.

Further information on Community Benefit Societies is available on the Community Shares Unit website: <http://communityshares.org.uk/resources/handbook/community-benefit-societies>

### 3.2 Chester Community Energy Ltd

Chester Community Energy Ltd is a Community Benefit Society. It is registered with the Financial Conduct Authority in England and Wales under the Co-operative and Community Benefit Societies Act 2014 (number 7272). Its registered office is Dove Cottage, Church Road, Dodleston, Chester, CH4 9NG.

The registered Objects of the Society are “to carry on any activity for the benefit of the community by development and/or facilitation of renewable energy sources for the community of Chester and surrounding area, to help to reduce the community's carbon footprint and secure a more sustainable future source of electricity and to promote environmental awareness and energy efficiency, conservation and reduction.”

A full copy of our Rules is available on our website:  
<http://www.chestercommunityenergy.org.uk>

### 3.3 Membership

Membership is open to individuals aged 16 and over, corporate bodies or nominees of unincorporated associations. You do not have to live in the Chester area to be a member; just have a wish to support our community and own at least 250 shares. All members of CCEL have one vote regardless of how many shares they hold.

No member may hold more than 20% of the total shares issued by CCEL, unless the member is another Industrial and Provident Society.



Under the Industrial and Provident Societies Act 1965 the liability of members is limited to their shareholding.

All members must agree to participate in general meetings and take an active interest in the operation and development of the Society and its business. Members have a duty to respect the confidential nature of the business decisions of the Society.

### 3.4 Directors

Chester Community Energy Ltd. has three founding Directors: Graham Booth, Francesca Moore and Stephen Savory. Jennifer Barnett is the Society's Secretary. They are all residents of Chester or surrounding villages, either working professionals or retired and are all active members of the community.

The current Directors and Secretary bring the following skills to the Society:

#### **Graham Booth (Director)**

Graham is a retired Civil Engineer who is now active in a number of local environmental and voluntary groups. He worked for forty years as a site engineer and an estimator. He is a qualified counsellor and the chairman of his housing association. He is an ex. chairman of Transition Chester which is a community group with 200 members aiming to reduce the carbon footprint of Chester and to make it a more sustainable and more energy efficient city. He brings project management, technical and financial expertise to the group.

#### **Stephen Savory (Director)**

Stephen is a retired Architect with experience of energy-efficient housing projects and a University carbon reduction programme. He sits on the Board of New Charter Housing Association's building company. He is a member of the Royal Institute of British Architects and a former member of the Association for Project Management. He brings project management, technical and financial expertise to the group.

#### **Francesca Moore (Director)**

Francesca is an Environmental Economist providing technical expertise to the Environment Agency, water companies, renewable energy developers and Government departments. Her work is about promoting benefits for society including: reducing flood risk, improving water quality and resilience to climate change. She is passionate about finding innovative and efficient ways to increase the City's resilience to climate change. She brings project management, stakeholder engagement, funding and marketing expertise to the group.

#### **Matt Clegg (Director)**

Matt is Environment Director at Black & Veatch working across various different sectors including water, flood risk management and renewable energy. He is passionate about addressing long-standing environmental challenges with sustainable, innovative solutions. He brings project management and technical expertise to the team.

#### **Jennifer Barnett (Secretary)**

Jennifer Barnett is a solicitor who has always had a personal interest in combatting climate change. Professionally she has advised clients on energy agreements, including long-term CHP projects and solar installations. She brings project management and legal expertise to the group.





### 3.5 Working with Our Community

We will set aside annually at least one third of the amount we allocate to members as share interest into our community benefit fund. This will then support community projects which provide an environmental or social benefit to people within the Cheshire West and Chester area. Members may also choose to gift a proportion of their allocated share interest into the community benefit fund.

We will also set aside capital reserves at intervals over the lifetime of the project to:

- Invest in further renewable energy schemes, prioritising those on buildings which have a community function, while ensuring that each scheme is economically viable. This will enable us to build a portfolio of projects which can collectively provide a much greater level of community benefit funding than the single Northgate project.
- Add to our community benefit fund for distribution to local projects.

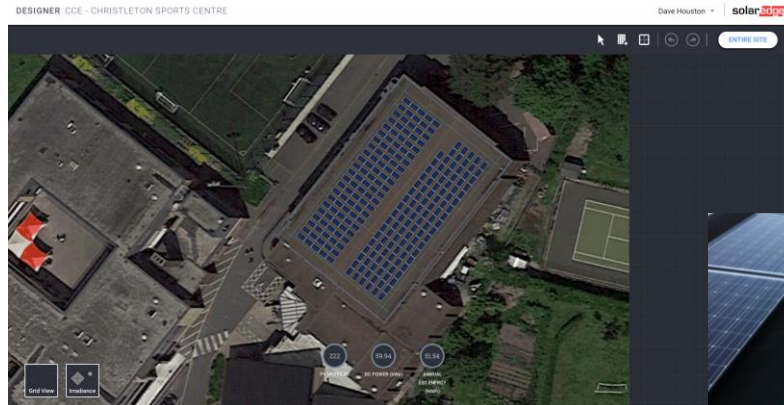
The split between investment in new renewable projects and community benefit projects will be determined annually by members at the Annual General Meeting, or by calling an Extraordinary General Meeting if required.

Our community fund will support projects that go some way to achieve our aims: to promote energy efficiency, low carbon initiatives and renewable energy. This could include projects helping households to improve their energy efficiency, sustainable transport or local food initiatives.



## 4 Projects

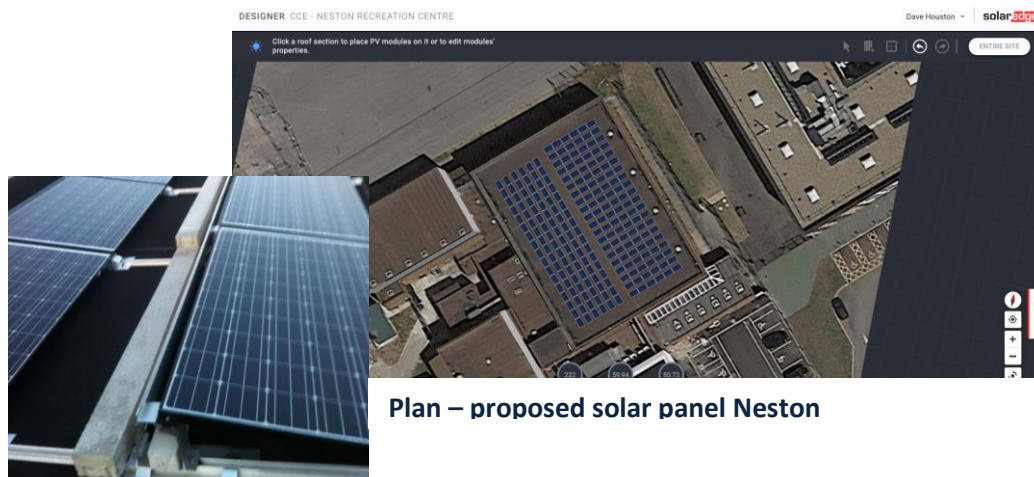
### 4.1 Christleton Sports Centre Solar PV Scheme (Neston Recreational Centre will be the same system capacity and equipment).



Plan – proposed solar panel layout Christleton



The proposed project is to install 59.94 kWp of solar PV on the roof of Christleton Sports Centre which is situated within the grounds of Christleton High School. The system will be powered by 222 x 270 watt BYD solar PV modules mounted on a non-penetrative flat roof mounting system. The panels will be arranged in 2 x 29.97 kWp arrays, connected to 2 x 25kW inverters with module level remote monitoring & industry leading DC safety. All work will be carried out to the MCS and NICEIC standards. We have assessed the Half Hourly electricity consumption for the sports centre and have determined that all the power generated by the solar panels will be used in the sports centre. A connection to the electrical supply network is required so that in the rare circumstance that power from the panels cannot all be used in the centre, it will “exported” back into the network.



Plan – proposed solar panel Neston

The project has been developed in close collaboration with CWAC, the building owners, and Brio Leisure, the leisure centre operators. The scheme will be installed above the sports hall and will supply electricity to the adjacent swimming pool as well as the sports hall and ancillary rooms. We understand that the proposals are permitted development under planning legislation and have applied for a certificate of lawful development so that full planning approval is not required.

The scheme has to be installed, commissioned and fully registered with Ofgem before 25 March 2020 and our project team is working closely with CWAC and Brio Leisure to ensure we can meet this deadline.

The FIT income is guaranteed for a period of 20 years. It is expected that the panels will continue to generate electricity for at least a further 5 years, and CCEL could continue to receive an income from electricity sales over that period.

CCEL has agreed in principle with CWAC (and we are currently agreeing the legal agreement 'Heads of Terms' with CWAC to cover this) for a lease to use the roof of the leisure centre and payment terms for the electricity generated by the scheme (in a Power Purchase Agreement (PPA)). The final legal agreement will be signed before completion of the project. The lease and the PPA will be for a period of 20 years, with the option to extend both beyond this if agreed by both parties. There will be a break clause in 11 years, the point at which Brio Leisure's own sub-lease to operate the leisure centre expires. In the event that the CCEL roof lease cannot be renewed then the landlord (CWAC) will be legally bound to buy back the remaining value of the LED installation at the price written into the lease (approx. £14000). At the end of the 20 year term there will be the option to renew the lease, or give the panels to CWAC, or CCEL may be required to remove them from the roof. This will be determined by the circumstances at the time. We have included contingency funding for removal of the system after 20 years.

We have entered a non-binding agreement with local renewable energy company Genfit to install both of the installations. Genfit are an MCS (Micro-generation Certificate Scheme) approved contractor and a NICEIC registered company. Having used them before on the Northgate project and knowing them to be both competent and reliable, the directors have agreed that it is in the best interests of CCEL and its members to employ them for the Christleton and Neston projects. We have already carried out due diligence on Genfit using Community Energy England and the energy consultancy Quantum Strategy and Technology who have advised us that Genfit are consistently pricing at or under market prices. The directors are satisfied that Genfit offer good value for money, providing high quality workmanship and materials at a competitive price and providing a 5 year workmanship warranty.

Full details of the financing of this scheme are given in section 5.

## 4.2 Future Projects

We aim to install further renewable schemes within the next three years. It is likely that these will be similarly sized solar PV schemes, but we will also consider other technologies and system sizes if the opportunities arise. We will always consider the economic viability and social benefit of any scheme proposed, to ensure that any investment will not pose significant risks to the Society or affect our ability to repay our members' investments, provide share interest and community benefit funding. We will raise funding for future schemes through further share offers.

We have held discussions with CWAC to identify possible sites for further joint projects, and will welcome proposals for further sites from members and community organisations.

### 4.3 Share Offer

Community energy schemes require upfront investment to pay for the installation of the scheme, and thereafter have relatively low operating costs, for maintenance and ongoing operation of the organisation such as insurance and accountancy fees. As such, we are seeking to raise the required funds by inviting local people to buy shares in our society.

The 2019 Share Offer aims to raise £108,000 to install the Christleton and Neston solar PV installations. We will also add another £14,000 for a concurrent project to deliver LED lighting to community centres in West Cheshire, making a total of £122,000 to raise in investment capital.

CCEL has investigated other sources of funding such as commercial loans, but at present considers that community shares offer the best option to provide both a viable project and a means to promote ownership and increased engagement in locally generated renewable energy.

Full details are provided in our 2019 Share Offer Document.



## 5 Financial Projections

This business plan relates to the Christleton and Neston projects only. Future projects will only be taken on if they do not adversely affect the viability of the organisation, the expected provision of community benefit, and the ability to repay members' investment and share interest.

A full breakdown of the annual income, operating costs, provisions for share interest, community benefit and future investments for the 20-year life of the scheme is given in the Appendix.

### 5.1 Assumptions

The key assumptions behind the financial projections are given below. Please note that these are assumptions for the financial model and the actual levels of share interest, community funds and investments in future projects will be determined by the directors and agreed annually by members. Some of these will depend on the system performance, actual operating costs and external factors such as inflation.

1. The business case is based on a period of 20 years. It is expected that the scheme may continue to generate revenue for a further 5 years, which will then be available for future renewable energy projects or community funds.
2. The scheme will be commissioned and registered by 25<sup>th</sup> March 2020.
3. The cost of the system will be £48,000. In addition we expect to incur costs for grid connection, roof surveys, planning approval and advertising of £2,350, legal fees in relation to the lease and land registry of £1,500 and a contingency of £2,400. These latter are estimates and actual costs will be confirmed before completion of the project.
4. Panel output will initially be 47,950 kWh/year, degrading annually by 0.7%. This output is higher than normal for a system of this size as we are investing in individual panel monitoring technology, which improves the efficiency of the system.
5. Feed In Tariff on registration will be 4.03 p/kWh and will rise annually with inflation (set by the Retail Price Index (RPI)). Electricity exported to the grid will receive a payment of 5.38 p/kWh, also index linked.
6. RPI is assumed to be 2% each year. In the event that RPI rises above this, the scheme will generate a higher income which may be used to increase any or all of community benefit funds, contributions to future schemes or member share interest. Conversely, if RPI remains below this level, the scheme will generate lower income.
7. CWAC will purchase all of the output from the system at a rate that provides a significant cost saving for the leisure centre.

8. Administration, accountancy, insurance and maintenance costs will be £1,400 in year 1, rising annually with RPI.
9. The inverters warranty will be extended in 2030 at a cost of £1,400 and capital will be set aside for this.
10. Members' capital investment will be repaid annually, starting at the beginning of Year 4, over a period of 11 years.
11. Working capital of approximately £2,000 will be retained in reserves to cover unforeseen maintenance or repairs.
12. CCEL may borrow up to £10,000 on a short term loan to cover cash flow for 6 months or until we can reclaim VAT on the equipment purchase, whichever is sooner.
13. CCEL may be required to remove the system after 20 years. A contingency fund of 10% of the initial cost (adjusted for inflation) has been allowed for in Year 20. If at that point CCEL agrees to give the system to CWAC, this money will be available for community benefit or investment in further schemes.
14. Members will be paid share interest of 4% annually over the lifetime of their investment, or as determined at an AGM at the request of the directors.
15. At least one third of the amount paid out as share interest will be set aside for community projects each year.
16. In the first 5 years of the scheme, a further £4,400 will be set aside from each installation for investment in new renewable energy or community projects.
17. From years 15-19, once member capital is paid off, approximately £6,000 per year for each installation will be available for community benefit or investment in new projects.

## 5.2 Commentary on Financial Projections

The figures show a strong performance for the scheme which will allow the payment of share interest and the repayment of members' share capital as well as community benefit payments and investments in other schemes.

We expect to be able to set aside **£60,000** over the 20-year life of the project for community benefit projects and investment in further renewable energy systems.

Members share interest payments are expected to total approximately **£19,500** over that period.

Actual levels of community benefit payments, investments in future projects and return of capital to members will be determined annually by members and will depend on the system performance, actual operating costs and external factors such as inflation.

Repayment of members' capital has been allocated across the first 15 years of operation. CCEL is not obliged to repay shares on request but will make every effort to do so within the amount allocated annually for that purpose, or possibly through further share offers.



## 6 Risks

### 6.1 Christleton and Neston Projects

Risk	Impact/cost of risk	Considerations/Mitigation
Delay in installation such that the system is not registered with Ofgem by 25 <sup>th</sup> March 2020.	We will receive a significantly lower income than predicted, with no FIT or export rate paid.	CCEL is working closely with all parties involved to ensure the project can be installed and registered 3 months before the deadline. If there is any doubt that the deadline will not be met, the installations will be cancelled and member's shares will be returned.
Delays in raising funds mean that we are unable to place a contract for the installation in time to meet the deadline to register FITs.	As above	CCEL will make every possible effort to raise the capital needed in time. We are investigating short term back-up loans to allow us to go ahead with the project if there is a short-fall in the share capital target. If enough funds are raised for one project only, then either Christleton or Neston will be installed.
Installation costs increase due to increase in equipment cost beyond the control of the contractor	Reduces our ability to pay share interest and/or community benefit and/or invest in other projects at the level predicted.	We have included a contingency item of £2,500 into our budget to allow for increases in costs.
CWAC breaks the lease at 11 years.	The business case has been built on the basis of an 11 year break point and if this was implemented by CWAC there would still be £14,900 of capital to be repaid to members with a residual value of £14,000 buy-back in the lease. CCEL would not gain further benefit from the panels despite the capacity to generate for a further 10 years, losing potential future income which could be used for further projects or community benefit.	Unfortunately this would much reduce the financial benefit to CCEL having only accrued a projected surplus of £7900. CCEL would investigate the potential to move the panels after 11 years to a new site. There will be a cost to this, but future income from electricity sales for a further 10 years could outweigh that cost.
CWAC require the panels to be removed from the roof at the end of	CCEL would be required to cover the cost of removal of the system.	CCEL has included a contingency of £7,000 to cover this possible cost.



the lease.		
Retail electricity prices fall or do not increase with inflation, triggering a review of the electricity sale price.	Lower income from electricity sales could result in lower investment in further projects or community benefit funding. For example, a 25% drop in sale price in year 5 would reduce the investment in new projects by 20%.	Unlikely as the electricity sale price is initially set significantly below the retail electricity price, and at the end of 11 years is still predicted to be below the current retail price. Directors will report to members annually on any changes affecting the society's income and recommend ways to manage this to retain the viability of the organisation, which may include a request to reduce share interest payments.

## 6.2 Risks to CCEL associated with PV Systems

Risk	Impact/cost of risk	Considerations/Mitigation
There may be loss or damage to the panels, or mechanical or electrical equipment failure that interrupts generation of electricity.	Lost generation results in loss of income, particularly if faults are not detected promptly, reducing our ability to payback share capital and/or pay community benefit.	CCEL will insure the PV system, but this insurance does not cover all eventualities and is subject to an excess. Good quality panels and inverters have been specified, to reduce the risk of their failure. Panels have a 12-year product warranty and a 25-year linear performance warranty. We intend to purchase 20-year warranties for the inverters (which are warrantied for 12 years). We are investing in power optimizers and remote monitoring which allows us to monitor the output of individual panels and identify and rectify any faults quickly.
The area where PV systems are located may have much lower levels of sunshine than expected, resulting in reduced output of the panels and reduced income.	Generation and hence income will be lower than expected.	The amount of sunshine will of course vary and it is possible that we may have particularly cloudy months or seasons, reducing output from the panels to below that expected in particular years. However, it is likely that over the 20 years particularly cloudy periods will be off-set by particularly sunny ones. The data that we have for existing PV systems in the local area suggest that they outperform the predicted performance. We are also investing in solar-edge power optimizers, which reduce system losses due to shading or other faults.

Repairs to the roof or other electrical work at site require the system to be shut down for a period	Reduced output from the panels for the period of disruption and reduced income.	This will be addressed in the lease with penalties for loss of income due to any prolonged or repeated shutdowns.
Installer goes out of business	Installer's warranties may be lost and we would need to engage another company to carry out any repairs and maintenance.	Installer warranties are held by a reputable outside organization. There may be potential increased costs for new maintenance contracts.

### 6.3 General risks of investment in Chester Community Energy Ltd

Risk	Impact/cost of risk	Considerations/Mitigation
Administrative, insurance and maintenance costs rise faster than anticipated as a result, for example, of changes to legislation.	Increased operating costs will reduce returns to members.	Directors will closely monitor ongoing costs and the membership may be able to play a role in minimizing ongoing administrative costs e.g. by receiving communications electronically.
CCEL does not have sufficient funds available to repay shares on request.	Shares cannot be repaid when members request.	CCEL is not obliged to repay shares on request but will make every effort to do so. To provide funds for those who wish to withdraw shares (over and above that put aside to be repaid each year), CCEL may re-open this share offer to allow existing members to increase their shareholding, or to allow new people to become members by buying shares. CCEL could also borrow money from its members or from a bank to repay shares.
Directors mismanage the organisation.	Financial mismanagement allows expenditure to exceed income and CCEL gets into financial difficulties.	Members review accounts and hold directors to account at the AGM and can elect different directors.
Unable to attract new directors to manage the organization.	As voluntary roles, there is the possibility that as the current directors resign, no others come forward to	Members will be encouraged to become actively involved in the organization and the directors will plan their retirement and seek replacements in sufficient time.

	take over. In this case the organization would need to be wound up and assets transferred to another organization with a similar asset lock.	We aim to continue to develop new projects and thus keep the organization active.
Inflation is lower than expected over the next twenty years.	We have assumed that inflation (RPI) is 2%. As CCEL's income is inflation-linked a sustained period of lower inflation would reduce our income and may affect the rate of share interest we will be able to pay.	We aim to pay share interest at a level sufficient to attract and retain members. If inflation and external interest rates remain low, then it may be that a lower rate of share interest would meet these criteria, and we would recommend reducing this at the AGM.

## 6.4 Risks from Future Projects

We will not invest in future schemes which increase the financial risk to our Members or affect our ability to provide our community benefit, without the prior agreement of our Members.

## Appendix – Income & Expenditure Forecasts

Christleton Leisure Centre	20	1	2	3	4	5	6	7	11	14	15	16	20
	Year Totals	2020	2021	2022	2023	2024	2025	2026	2030	2033	2034	2035	2039
<b>Income</b>													
Generation FITs	£ 42238	1884	1892	1916	1940	1965	1990	2015	2119	2200	2228	2256	2373
Export FITs	£ 28747	1272	1288	1305	1321	1338	1355	1372	1443	1498	1517	1536	1616
Electricity payments	£ 90525	4006	4057	4108	4160	4213	4266	4320	4543	4718	4777	4838	5087
<b>Total annual income</b>	<b>£ 161510</b>	<b>7162</b>	<b>7237</b>	<b>7329</b>	<b>7421</b>	<b>7515</b>	<b>7610</b>	<b>7707</b>	<b>8104</b>	<b>8416</b>	<b>8522</b>	<b>8630</b>	<b>9076</b>
<b>Expenditure</b>													
Admin	£ 8504	350	357	364	371	379	386	394	427	453	462	471	510
Maintenance	£ 14578	600	612	624	637	649	662	676	731	776	792	808	874
Insurance	£ 9719	400	408	416	424	433	442	450	488	517	528	538	583
Rent	£ 1968	81	83	84	86	88	89	91	99	105	107	109	118
Inverter Warranty	£ 1440	0	0	0	0	0	0	0	1440	0	0	0	0
Disposal of panels at end of life	£ 7000	0	0	0	0	0	0	0	0	0	0	0	7000
<b>Total Expenditure</b>	<b>£ 43210</b>	<b>1431</b>	<b>1460</b>	<b>1489</b>	<b>1519</b>	<b>1549</b>	<b>1580</b>	<b>1612</b>	<b>3184</b>	<b>1851</b>	<b>1888</b>	<b>1926</b>	<b>9085</b>
<b>Operating Surplus</b>	<b>£ 118300</b>	<b>5731</b>	<b>5777</b>	<b>5840</b>	<b>5903</b>	<b>5966</b>	<b>6030</b>	<b>6095</b>	<b>4920</b>	<b>6565</b>	<b>6634</b>	<b>6704</b>	<b>-9</b>
Interest & Community Payments													
Share interest payments	£ 19542	2171	2171	2171	2171	1974	1776	1579	790	198			
Community payments - annual	£ 11924				724	700	700	700	700	700	700	700	700
Community payments - one off	£ 3000		1500	1500									
<b>Total Debt Finance Costs</b>	<b>£ 34466</b>	<b>2171</b>	<b>3671</b>	<b>3671</b>	<b>2895</b>	<b>2674</b>	<b>2476</b>	<b>2279</b>	<b>1490</b>	<b>898</b>	<b>700</b>	<b>700</b>	<b>700</b>
<b>Net Operating Surplus</b>	<b>£ 83835</b>	<b>3560</b>	<b>2106</b>	<b>2169</b>	<b>3008</b>	<b>3292</b>	<b>3554</b>	<b>3816</b>	<b>3430</b>	<b>5667</b>	<b>5934</b>	<b>6004</b>	<b>-709</b>
Capital Fund at Year Start			3578	5712	7920	6024	4405	3040	164	-687	46	6010	30881
Operating Surplus Added		3560	2106	2169	3008	3292	3554	3816	3430	5667	5934	6004	-709
Less Capital Repayments	£ 54275				4934	4934	4934	4934	4934	4934	0	0	0
Capital Fund at Year End	0	3560	5684	7881	5994	4383	3024	1922	-1340	46	5980	12015	30172
Capital Fund Interest	762	18	28	39	30	22	15	10	-7	0	30	60	151
<b>Capital Fund Year End incl. Interest</b>	<b>30323</b>	<b>3578</b>	<b>5712</b>	<b>7920</b>	<b>6024</b>	<b>4405</b>	<b>3040</b>	<b>1931</b>	<b>-1346</b>	<b>46</b>	<b>6010</b>	<b>12075</b>	<b>30323</b>
	Total £	1	2	3	4	5	6	7	11	14	15	16	20

### Note:

Years 8-10, 12, 13 and 17-19 have been omitted to fit the table onto the page.

The cash forecast for Neston Recreational Centre is the same as Christleton Sports Centre