

DERBYSHIRE COUNTY COUNCIL

CABINET

14 April 2015

Report of the Chief Executive

**DERBYSHIRE CHALLENGE FUND BID FOR GROUND MOUNTED SOLAR
PV DEVELOPMENT WORK**

(STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)

1. Purpose of Report

To seek approval for a bid to The Derbyshire Challenge Fund to finance development costs for the proposed ground mounted solar PV projects.

2. Information and Analysis

2.1 Background

On 17 June 2014, Cabinet approved recommendations by the Improvement and Scrutiny Committee – Resources to explore sustainable energy projects, particularly ground-mounted solar PV, on Council owned land as a way in which to generate an income for the Authority at a time of significant budget reductions. Since then, a cross-departmental working group has been established to identify potential sites.

Subsequently, at its' meeting on 3 March 2015, Cabinet approved a six week non-statutory public consultation on six Council owned sites that are deemed to have the most potential to accommodate ground mounted solar PV installations. Consultation responses will be considered by Cabinet in May. The Cabinet report also detailed the requirement for revenue funding for specialist consultants, including grid and planning consultants. These are required in advance to mitigate against any issues that may prohibit project development such as not obtaining a grid connection offer, not securing planning permission in time or receiving a rejected planning application.

The Derbyshire Challenge Fund was established by Cabinet on 22 October 2013 to act as a resource to help develop transformational change initiatives that would contribute to the Council's budget reduction. In accordance with the Derbyshire Challenge Fund bidding and monitoring arrangements agreed by Cabinet on 28 May 2014, a bid to the Derbyshire Challenge Fund to secure revenue funding to finance these development works is detailed in Appendix A attached; this bid has the support of Corporate Management Team.

3. Financial Considerations.

Due to the construction and commissioning deadline of 31 March 2016, initial revenue expenditure to fund planning and grid consultants was required to be met by the Council's Carbon Reduction Initiative Fund (CRIF) revenue budget, up to a value of £33,000. Should the bid to the Derbyshire Challenge Fund of £125,000 be successful, the CRIF will be reimbursed. Whilst the track record of organisations in delivering renewable energy schemes is generally good and the Council should be optimistic about being able to recover these set up costs there is a possibility that they may prove irrecoverable.

4. Environmental Considerations.

This proposal directly supports the objectives set within the Council Plan and Climate Change Charter to invest in renewable energy technologies to help mitigate against climate change and provide local, green sources of energy.

5. Other Considerations.

In preparing this report the relevance of the following factors has been considered; legal, prevention of crime and disorder, equality of opportunity; health, human resources, property and transport considerations.

6. Background Papers.

Report of the Vice Chair of the Improvement and Scrutiny Committee – Resources, 17 June 2014, Review of Sustainable Energy Potential.
Report of the Chief Executive, Strategic Policy and Budget, 3 March 2015, Sustainable Energy – Ground Mounted Solar PV

7. Key Decision No.

8. Call In

Is it required that call-in be waived in respect of the decisions proposed in the report? No.

9. Officer Recommendations

That Cabinet approves the Derbyshire Challenge Fund bid for £125,000 to finance development costs for the proposed ground mounted solar PV schemes.

Ian Stephenson
Chief Executive

Appendix A

DERBYSHIRE COUNTY COUNCIL

DERBYSHIRE CHALLENGE FUND BID PROPOSAL FORM

2015/2016

Please complete the below information as fully as possible and return your completed form to Wayne Sutton, Finance Manager Tel: 01629 538 894
wayne.sutton@derbyshire.gov.uk

Department	Chief Executives and Corporate Property
Service Area	Policy and Research and Design Services
Lead Officer	Wayne Bexton and Kathryn Warrington
Grant Requirement	£125,000
Time Period	March 2015 – March 2016
Overview of Bid – please include details of why this funding is required, the benefits that will be produced and the timescales involved (500 words max)	
<p>At its meeting on 17 June 2014, Cabinet approved recommendations made by the Improvement and Scrutiny Committee (Resources) to undertake a review of large scale renewable energy projects on Council owned land and to establish a working group to investigate and progress such opportunities. Since then, work has been undertaken by the working group to identify the most appropriate sites and in December 2014, APSE Energy were contracted to undertake further detailed feasibility work, including site inspections, developing financial models and helping to identify any legal, planning, grid connection and procurement issues.</p> <p>The work to date has identified 6 Council owned sites that have potential to accommodate large scale ground mounted solar PV and following Cabinet approval on 3 March 2015, a 6 week public consultation was started. The findings of which will be reported to Cabinet in early May. If Cabinet was to give the go ahead for the development of any of the identified sites, the proposal would be for the preferred sites to be developed and commissioned by 31 March 2016 to enable the Council to benefit from current subsidies for such schemes.</p> <p>Consultancy support will be required to enable the timely submission of planning applications to meet the overall work programme timetable if the</p>	

decision is made to proceed with any of the proposed sites. An overview of the consultancy support is as follows:

- Planning – site layout design for each site; provide performance yield for each site; submit planning applications
- Grid consultancy – prepare and submit grid connection applications; verify connection route; obtain alternative quotations for contestable works; evaluate all options for best solution
- Planning application fees – there will be fees associated to the planning application submission

The initial consultancy work was funded by an existing small revenue fund made available for invest to save carbon reduction projects. Revenue funds are required for the public consultation along with the development work that will be carried out by consultants as outlined above. It is estimated that costs will be in the region of £125,000 as follows:

Public consultation = £2,000

Planning consultant = £20,000

Grid consultant = £20,000

Procurement and contract advise = £10,000

Planning application fees = £73,000

The funding is required to ‘pump prime’ the project. Once the schemes are up and running, they will generate an income stream for at least 20 to 30 years. If the proposed schemes are approved, they will be funded from capital, these initial revenue costs will then form part of the scheme, which will enable the Challenge Fund to be ‘refunded’.

Is funding being sought from any other organisation or body for this piece of work?		No
If yes, please give details of this additional funding stream and where funds are pending or confirmed.		
Organisation	Amount £	Pending or Confirmed

FINANCIAL BUSINESS CASE

For bids please supply the below information?

Please detail the areas in which the Challenge Fund Grant will be spent.		
	2014/15	2015/16
Salary	£0	£0
Running Costs	£0	£0
Total Revenue Expenditure	£0	£125,000
Capital Expenditure	£0	£0
Additional Information – please detail below any other additional information you wish to be taken into account e.g. are there any on-going cost implications		
<p>The project is being led by officers in Chief Executives and Corporate Property with support from working group representatives from ETE, Legal Services, Procurement, Finance and Asset Management. There is an on-going resource cost implication during the project development and delivery.</p> <p>For any suitable projects, it is proposed that capital will be borrowed through the Public Works Loan Board.</p>		

Will the Challenge Fund Grant be used for Capital purposes?

If Yes, what proportion of the Challenge Fund Grant will be used for capital purposes?
None

Other Resource Implications

Please give details of the impact the Challenge Fund Grant will have on	
Property usage	n/a
IT usage	n/a
Other departments	The CFG will enable project development assisting all departments represented in the working group.

ORGANISATIONAL BENEFITS

How does your Challenge Fund bid contribute to the following?	
Departmental Service Plans	
Council Plan Pledges	<ul style="list-style-type: none"> - A Derbyshire that works (a strong economy); “we will reduce energy usages and costs for business and residents by developing the green technology sector to support a reduction in the county’s carbon footprint.” - A safer Derbyshire (people supported in hard times); “work with partners to tackle fuel poverty.” - A safer Derbyshire (sustainable and green communities); “take a lead on adapting and mitigating against the impact of climate change to make our economy, services and communities better prepared.”
Service Transformation	
Emerging Policy	This submission links to the Derbyshire Climate Change Charter (2014-19), as adopted by the County Council at Cabinet on 2 December 2014. This document, developed in conjunction with the Derbyshire Partnership Forum, positions Derbyshire as a lead county in respect of mitigating and adapting to climate change.
Risk Register	
Compliance Requirements	
External Performance Review	
Internal Performance Review	

BENEFITS TO LOCAL PEOPLE

Please provide details of the anticipated improvement/benefits to local people/communities and communities of interest, including protection of frontline services.
<p>Investing in large scale renewable energy projects will have a range of benefits to the local community, including but not limited to;</p> <ul style="list-style-type: none"> - Potential for community benefits by re-investing income into local services

and protecting front-line services

- Bring back in use underutilised Council land, maximising income potential from the land
- Provide a local, renewable energy source that will help mitigate against climate change
- Mitigate risk of energy security, increasing local power to meet demands
- Potential for wildlife enhancements at the sites

Bid Approval	
Departmental Strategic Director	
Date of Approval	
CMT	
Date of Approval	
Leader/Deputy Leader	
Date of Approval	