



WEST OXFORDSHIRE
DISTRICT COUNCIL

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Name and date of Committee	CABINET 12 OCTOBER 2022
Report Number	Agenda Item 7
Subject	COMMERCIAL SOLAR PHOTOVOLTAIC INSTALLATIONS ON COUNCIL ESTATE
Wards affected	All
Accountable member	Cllr Dan Levy, Cabinet Member for Finance Email: dan.levy@westoxon.gov.uk
Accountable officer	Andrew Turner, Business Manager for Assets and Council Priorities Email: andrew.turner@publicagroup.co.uk
Summary/Purpose	To seek agreement to proceed with a procurement to obtain costs which will inform a full business case for the installation of solar PV on the roofs of buildings owned and leased by the Council. To agree to proceed with investment subject to the proposal being in line with the Councils Investment Strategy.
Annexes	None
Recommendation(s)	That Cabinet resolves to: (a) Agree that the Council should proceed with an open procurement process to identify costs and income potential to inform a business case for investment, and that, (b) Agree that the Council explore implications for selling energy generated to tenants. (c) Agree that viable business cases in line with the Councils Investment Strategy, are submitted to the Council's Capital Investment Board for consideration before a formal decision is brought before Council to allocate capital to undertake the works. (d) Delegate Authority to the Chief Finance Officer, in consultation

	with the Cabinet Members for Finance and Climate Change, to appoint a contractor as it may be necessary for the selected contractor to carry out more detailed financial analysis before business cases can be formally considered.
Corporate priorities	<ul style="list-style-type: none"> • Delivering excellent modern services whilst ensuring the financial sustainability of the Council. • Climate Action - Leading the way in protecting and enhancing the environment by taking action locally on climate change and biodiversity
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Public consultation on Climate Change May 2020

I. BACKGROUND

- 1.1 The Council declared a Climate and Ecological Emergency in June 2019, with the aim of making the District carbon neutral by 2030. Following public consultation in May 2020, the Council adopted a Climate Action Plan in October 2020 and subsequently a Climate Change Strategy was adopted in February 2021.
- 1.2 The Council has identified a number of Priorities within its Corporate Plan which include climate action, supporting local businesses and ensuring the financial sustainability of the Council.
- 1.3 The Council owns a number of buildings which are let commercially to provide a return on investment which underpins the delivery of core services to the public. A number of these office and warehouse buildings have large roofs which could be suitable for the installation of Solar PV and could generate energy to power the activities within the buildings.
- 1.4 Tenants are responsible for paying their own utility bills but the Council could sell energy to tenants and/or explore other opportunities for using or selling the energy generated.
- 1.5 Whilst there will be a considerable capital investment required, there could be a significant return on that investment and this commitment to decarbonisation would align well with the Councils Climate Strategy.
- 1.6 As a landlord, the Council will have a responsibility to meet Government's Minimum Energy Efficiency Standards (MEES) for non-domestic buildings. The current regulations require all tenanted non-domestic buildings to have an Energy Performance Certificate (EPC) of no lower than a rating of E. From 1st April 2018 any commercial property that has an EPC of lower than an 'E' cannot be rented out to new tenants, or renew any existing tenancy contracts until at least an 'E' rating is obtained. From 1st April 2023 all tenanted commercial properties must have an EPC rating of no lower than 'E' There are exemptions to the MEES for properties such as listed buildings. The buildings identified for PV installations do not all meet this standard, with two units at Swain Court rated G and four units at Newman Court rated F or G. The installation of Solar PV would therefore make a notable contribution to lowering the EPC. The Council is currently preparing a plan to consider the works required in non-compliant buildings.
- 1.7 Initial feasibility work has identified the following buildings may be suitable for Solar PV and could provide a suitable return on investment:
 - Talisman Business Centre, Bicester
 - Des Roches Square, Witney
 - Carterton Industrial Estate, Carterton

As the July Council decision on agile working included decarbonisation measures to both Woodgreen and Elmfield, the Solar PV for these buildings would also be included in the procurement.

- 1.8 Viability will depend on roof size, structure and orientation so the initial focus is on larger buildings but smaller properties could be considered in a second phase.
- 1.9 The procurement will allow the addition of further buildings within the contract. The Council owns the head lease of some buildings, however the head leases will be due for renewal within the potential payback period of the PV installations. The Council will therefore seek to secure a renewal (if appropriate) before investing in Solar PV. In addition, the Council may acquire additional properties in line with its Investment Strategy and wish to install Solar PV on those new assets.
- 1.10 It is proposed a procurement tender is now undertaken seeking capital costs for installation, ongoing revenue costs and income potential. The procurement would include Solar PV and battery storage.
- 1.11 An open procurement tender would be used, allowing any interested contractor who can meet the requirements to submit a tender. This enables local contractors to bid and evaluation criteria will include points for social value which includes local employment and reduced transportation and travel.
- 1.12 A joint procurement tender for the Council and its partners Cotswold District Council and Forest of Dean District Council, listing properties across this broader portfolio, should achieve better buying power and reduced costs for each Council. However, prices will be on an individual building basis, so that a decision can be made on each business case.
- 1.13 Following consideration by the Capital Investment Board, a report will be brought back to Cabinet for recommendation to Council to draw down on funding identified within the Commercial investment strategy.

2. FINANCIAL IMPLICATIONS

- 2.1 The initial feasibility work undertaken was provided to the Council for free by Solar Sense. The specification and tender documents will be prepared in-house so there are no additional costs involved in this process.
- 2.2 A business case will be brought back for decision once the procurement has been completed.

3. LEGAL IMPLICATIONS

3.1 The responsibilities of the Council as landlord and its ability to alter buildings whilst tenants are in occupation will vary depending on individual lease agreements. This, along with the scope to sell electricity to the incumbent tenants will be explored alongside the business case preparation.

3.2 Save from the above there are no other legal implications arising directly from this report.

4. RISK ASSESSMENT

4.1 There is a risk that capital installation costs are high and there are not viable business cases for Solar PV installation, however this will be considered at the next stage.

4.2 The volatile energy market may make the preparation of an accurate business case challenging as it is difficult to predict energy costs into the future. The risk of fluctuation will be considered when the report is prepared.

5. EQUALITIES IMPACT

5.1 There is no identified Equalities Impact from this proposal.

6. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

6.1 Installing Solar PV will reduce the use of fossil fuels in the Councils estate. It will provide tenants with a renewable form of energy, which may also offer them cost savings.

6.2 Information on the estimated carbon savings from the commercial PV installations will be shared with Members once the procurement has been completed.

6.3 Estimates for the installations at Woodgreen and Elmfield have already been scoped and agreed as part of the Agile working project (agreed at Cabinet and Council July 2022). They indicate the following:

Site	Est cost	CO2e saving t/yr	Energy cost saving/yr 2022/23*	Payback 2022/23
Woodgreen	£13.5k	4.010	£1,540	8.8
Elmfield	£31,050	9.803	£3,780	8.2

7. ALTERNATIVE OPTIONS

7.1 The Council could decide not to procure Solar PV for its commercial estate.

8. BACKGROUND PAPERS

- 8.1 The Council's approach to Carbon Reduction can be found on the Council's website:
<https://www.westoxon.gov.uk/environment/climate-action/>

(END)

