

Report to Cabinet

29 September 2022

By the Cabinet Member for Environment and Rural Affairs

DECISION REQUIRED

Not Exempt



**Horsham
District
Council**

Support for Community Energy Horsham

Executive Summary

This report proposes working with a newly formed resident led group, known as Community Energy Horsham, to install photovoltaic (PV) panels on suitable Council owned buildings. The group are backed by two other organisations who have considerable expertise in these types of projects. The finance for the purchasing, installing, and maintaining PV's (or other types of renewable technology) is raised by residents investing in the project. They receive a return on their investment. Therefore, no capital expenditure is required from the Council. The building occupier receives reduced price electricity via a Power Purchase Agreement.

Buildings for this model need to have a suitably sized roof, with the right orientation and sufficient day time electricity demand. Agreement to install the PV is via a roof licence. The Bridge leisure centre, at Broadbridge Heath, has been identified as having potential for this approach. Places Leisure, who are the tenant, have been approached and are supportive in principle. The Bridge would be used as a pilot. Hence, the report proposes in principle support for working with Community Energy Horsham to install PV. If The Bridge project is successful other suitable Council owned properties will be identified.

This approach would contribute to the reduction of carbon emissions from Council owned buildings. The Council would also help to promote the concept to other organisations and businesses that have suitable roofs. This would help to tackle climate change across the District. Increasing the take up of renewable technology is a cost-effective way of reducing carbon emissions. It also increases local energy security. Encouraging residents to invest also increases awareness of the advantages of installing renewable energy.

Recommendations

That the Cabinet is recommended:

- i) To support Community Energy Horsham installing photovoltaics on The Bridge to pilot this approach
- ii) To support the principle of working with Community Energy Horsham to install renewable/low carbon technology and demand management technology on other Council owned buildings

- iii) Delegate approval for individual buildings to be part of this scheme and to enter into the appropriate legal agreements to the Director of Communities and the Cabinet Member for Environment and Rural Affairs.

Reasons for Recommendations

The Bridge would be used to pilot the community energy model for installing PV, whilst supporting the principle of this approach, as well as delegated approval for the legal agreement, will allow further buildings to have renewable energy installed without the need to seek Cabinet approval for each building, therefore, speeding up the process.

Background Papers

None

Wards affected: All

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Background Information

1 Introduction and Background

- 1.1 The Council is committed to working with partners, residents, and businesses throughout the Horsham District to tackle climate change. Installing low carbon/renewable energy technology is a cost-effective way of reducing carbon emissions. A group of residents has formed Community Energy Horsham, to encourage the installation of these types of technology. They are initially focusing on the installation of photovoltaics (known as solar panels) on suitable roofs. These use light to generate electricity.
- 1.2 This report seeks approval for the principle of working with Community Energy Horsham by identifying suitable Council owned buildings for the installation of photovoltaics (PV). The Bridge, at Broadbridge Heath, has a suitable sized roof and sufficient electricity demand. It will be used as a pilot to test this approach but other buildings in the Council estate are likely to be suitable. In principle approval will allow the Council to work with Community Energy Horsham to install PV as more buildings are identified.

2 Relevant Council policy

- 2.1 The Corporate Plan 2019-2023 includes the theme of a “Cared for Environment”. Section 4.1.3 states that the Council will work with partners towards becoming a carbon neutral District.

3 Details

- 3.1 Community Energy groups are a tried and tested model, with approximately 200 groups currently operating across the UK. Some have been very successful in raising finance and installing renewable energy in their communities. For example, Bath and West Community Energy, which was established in 2010, has raised £16 million since its inception and has installed 5 solar farms, roof-top solar on 11 schools and 4 community buildings.
- 3.2 Community Energy Horsham has been formed by interested local residents. It is backed by two other organisations with considerable expertise in this area. Energise South supports community energy groups across the south of England. It carries out much of the technical work associated with these renewable energy projects. Energy4All is a co-operative with 23 staff that supports a network of community energy groups.
- 3.3 Community energy models work by encouraging residents to invest in the project for 25 years. Investors have generally received a 4% return on their investment (but this is not guaranteed). The community share offer raises the funding required to purchase the panels, and to cover their installation and maintenance costs. Hence, there is no capital cost to the building owner or tenant. The roof owner, or tenant, receives reduced price electricity via a Power Purchase Agreement.
- 3.4 For this model to work the roof has to be pitched, large (a minimum of 200m²) and have the right orientation (not north facing). The building occupier needs to use a

minimum amount of electricity per annum, and a significant proportion of this usage needs to be during the day, as this is when the panels will generate electricity.

- 3.5 Community Energy Horsham identified The Bridge as a building with a suitable roof and electricity demand. This building is owned by the Council but operated by Places Leisure. Initial discussions have been held with Places Leisure on this concept and they are interested in this approach, particularly given the current high cost of energy. The Bridge will be used as a pilot because it is technically easier to deliver because the building is new, and the Council has a close operational relationship with Places Leisure.
- 3.6 If the scheme works successfully at The Bridge, officers will work with tenants of other buildings in the Council's portfolio to seek to arrange similar opportunities. Having completed a pilot, it will be easier to illustrate the benefits and to understand technical and legal challenges that may arise.

4 Next Steps

- 4.1 Alongside the implementation of installing PV at The Bridge, the Council will evaluate other buildings within its estate that meet the criteria for Community Energy Horsham. The scheme will also be promoted to other organisations and businesses that might have large roofs and suitable daytime electricity demand. This will be a part of a District wide approach to increase the installation of renewable technology across the District which is an important element in tackling climate change.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The Environment and Rural Affairs Policy Development Advisory Group considered the report at its meeting on 12th July 2022. The group were supportive of the projects and reflected that using this approach on Council buildings would be an incentive for other building owners to get involved. The group also discussed the merits of the Council investing directly and noted that may be instances where this would be a viable option.
- 5.2 The Interim Director of Resources, Head of Legal and Democratic Services and the Head of Property and Facilities have been consulted on the report. Their suggested amendments have been incorporated into the report.

6 Other Courses of Action Considered but Rejected

- 6.1 The main course of action that was considered but rejected was not working with Community Energy Horsham to install PV. This was rejected because the proposed approach has several advantages:
- it will reduce carbon emissions from Council owned buildings
 - it will reduce electricity costs for the occupier
 - generating electricity locally contributes to energy security
 - encouraging local residents to invest raises awareness of the advantages of renewable energy

- Installing PV on buildings throughout the District through this model will make an important contribution to tackling climate change across the area.

6.2 Another option is for the Council to purchase and install PV panels. There is no financial advantage to the Council where it is not paying the energy bills. In the case of The Bridge, Places Leisure, will receive reduced electricity costs. However, where the Council owns and operates services from the building, the financial costs and benefits will be determined before deciding whether to install the panels directly or via Community Energy Horsham.

7 Resource Consequences

- 7.1 There are no direct financial implications from installing PV via Community Energy Horsham, as the organisation purchases the panels, as well as paying for the installation and maintenance. There may be a minor increase in insurance costs.
- 7.2 The main implication is staff time, which will be needed to identify suitable Council owned buildings and to enter into the roof licence. Existing staff have the capacity to undertake this work.

8 Legal Considerations and Implications

- 8.1 Section 2(1) of the Local Government Act 2000 permits local authorities to do anything they consider likely to promote or improve the economic, social, and environmental well-being of their area. The proposal in this report would bring environmental and economic benefit, through reducing carbon emissions and reducing energy costs.
- 8.2 At a national level the Climate Change Act 2008 (2050 Target Amendment) Order 2019 set a legally binding target for the UK to become net zero by 2050. Local initiatives to reduce carbon emissions contribute to this national target.
- 8.3 The agreement to install the PV panels is via a licence. Where there is a tenant in the building there would need to be a tri-party agreement and if there is a period where the building was not occupied, the risk is carried by Energise South. Liability for any damage to the roof is covered by Energise South, which has to meet the cost of repairs. The licence will need to include terms to ensure that the Council or Places Leisure are able to arrange ongoing maintenance and repair of the roof (including replacement).

9 Risk Assessment

- 9.1 The risk to the Council from the proposal in this report is low. Most of the risk lies with Community Energy Horsham and its partner organisations. For example, that the finance raised through the share offer does not cover all of the costs of the project. If this were to occur and the panels need to be removed, Energise South would cover these costs

- 9.2 There is a risk that not enough local residents invest in the project. However, this can be mitigated by Energy4All expanding the share offer beyond the Horsham District. This approach has always been successful in the past. The Council will support the promotion of the share offer to residents within the District.
- 9.3 The main risk to the Council is if it decides to redevelop the building where the PV is installed. In this instance the Council will need to pay compensation due to the early termination of the agreement (this would be in place for 25 years). The Council will need to ensure that it is only nominating buildings where there is a minimal prospect of redevelopment. As The Bridge is less than four years old, the risk is very low.

10 Procurement implications

- 10.1 Advice from the Procurement Team and the Head of Legal and Democratic Services is that there are no procurement implications from the proposals in this report. This is mainly because the only agreement would be via the roof licence, and this would constitute an exemption as per 54.9(e) of the Horsham Procurement Code

11. Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 There are no equalities and human rights implications from the proposal in this report.

12 Environmental Implications

- 12.1 The proposal will have a positive environmental impact, as the use of PV to generate electricity reduces carbon emissions. This will contribute to reducing the Council's carbon footprint and help to tackle climate change. An approximate estimate suggests that 22 tonnes of carbon will be saved per annum over a 25 year period (not including the carbon from manufacturing the panels).

13 Other Considerations

- 13.1 There are no crime and disorder implications from the proposals in this report. Only energy data will be shared with Community Energy Horsham, so there are not GDPR/Data Protection implications.