

TITLE	Proposed Solar Farm - Barkham
FOR CONSIDERATION BY	Council on Thursday, 23 September 2021
WARD	Barkham
LEAD OFFICER	Deputy Chief Executive - Graham Ebers
LEAD MEMBER	Executive Member for Resident Services, Communications and Emissions - Gregor Murray

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

The purpose of the report is to obtain authority to proceed with the development of a solar farm at Barkham.

The strategic outcomes include:

- Development of a solar farm sufficient to offset the councils carbon emissions
- Generation of a return on investment in excess of 5% from development of green infrastructure

The decision is required due to the value of the capital investment required. Key benefits are a significant step towards the Councils stated Climate Emergency ambitions by making our own Corporate Property 'Net Zero' carbon emitters.

The Solar Farm would be a significant statement of intent in the Councils move towards 'net zero'.

RECOMMENDATION

That, subject to securing the necessary planning consents, Executive asks Council to:

- 1) recommend the capital expenditure of the £20,283,000 funded from borrowing as previously set out in the Medium Term Financial Plan;
- 2) approve delegation of decisions around the final extent and configuration of the Solar Farm to the Deputy Chief Executive (S151 Finance Officer) in conjunction with the Lead Member for Resident Services, Communications and Emissions where scheme amendments will not result in the average annual net income after capital financing costs falling below £200k;
- 3) note the estimated net income (after running costs and capital financing costs) of £12.0m over 25 years (equal to £480k per year on average) will be introduced into the Councils annual budget using an equalisation reserve;
- 4) approve commencement of the Solar Farm at Barkham.

EXECUTIVE SUMMARY

This report proposes the installation of a (up to) 36 Mega Watt Peak Solar Farm on Council owned Farmland in Barkham. This opportunity has the potential to offset the total Carbon Emissions from the Council's operational property portfolio.

The Executive only has authority to agree individual capital schemes up to a maximum of £15m therefore this will require Full Council approval.

BACKGROUND

Wokingham Borough Council announced in 2019, as part of the Climate Emergency commitment, that it would look to become a Net Zero Carbon emitter, across the Borough, by 2030.

WBC published a Climate Emergency Action Plan in January 2020 to achieve this target, which includes the following significant appropriate actions:

- *Construct solar farms for the generation of clean energy for our community*

The Council's corporate asset profile currently stands at 116 Properties, including schools, youth and community centres, flagship corporate properties and smaller premises. All of these properties are in a central buying regime for Energy procurement. Energy usage is continually monitored and based on the last three consecutive years, The council has consumed ; 37,254,743 kWh's energy usage per annum split across Electricity and Gas.

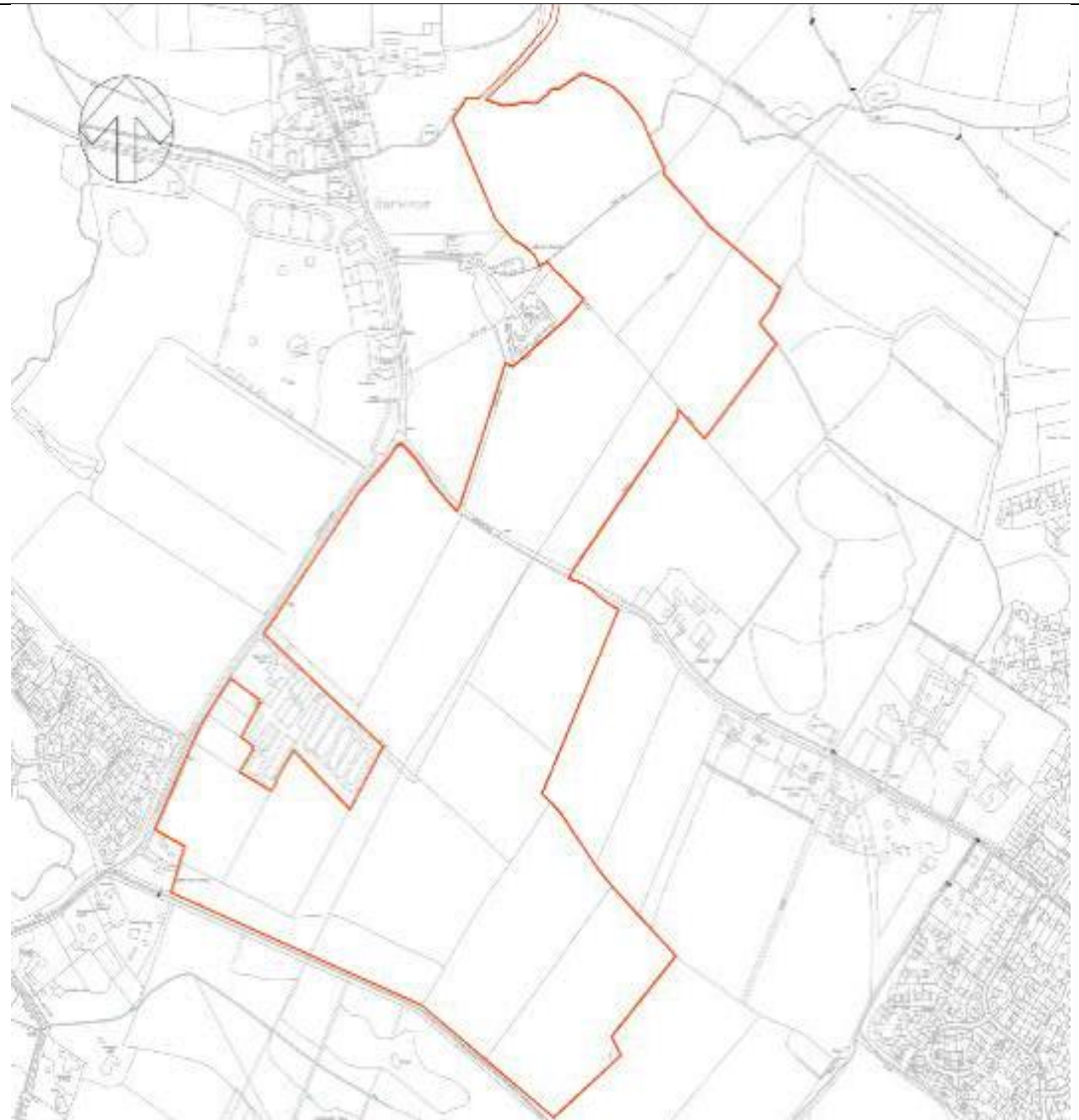
In the first instance, the Council is looking to achieve a quick resolution to provable carbon reduction and 'get its own house in order'. To this end, the potential installation of solar PV (photovoltaic) on farmland in the Council's freehold ownership throughout the Borough is being reviewed.

The first farm site assessed has returned consultancy documentation which would indicate a solar farm of up to 36MWp could be accommodated. This site could generate up to 34,500,000 kWh's per annum.

Importantly the commercial property team are using the construction of the solar farm (alongside other projects we are currently undertaking) to effectively make WBC's emitters. In effect, saving some 11,156 Tonnes of CO2 per annum, upon completion.

Site context and planning

The proposed location of the solar farm at Barkham is indicated here :



A full planning application (reference 211081) has been submitted and is expected to be determined by September 2021. The application includes a full environmental assessment of the impact of the solar farm on the site and surrounding area. It also includes details on tree planting and the installation of greenways across the Council's land as part of a wider scheme of environmental improvements.

Discussions with adjacent property owners/occupiers are ongoing with a view to mitigating the impact of the development wherever practicable to do so. In order to take these discussions into account and accommodate any changes to the site area which may be required following comments from the Local Planning Authority, it is recommended that decisions around the final extent and configuration of the Solar Farm be delegated to the Deputy Chief Executive in conjunction with the Lead Member for Business, Economic Development and Regeneration.

Delivery programme

Subject to planning consent (expected September 2021), delivery of the solar farm will begin shortly afterwards.

The site will become vacant and available for construction to start from the end of September 2021.

The first stage in delivery will be the procurement process of build contractor. Delivery of the project will be managed by WBC's Commercial Property team.

Financial Information

The financial appraisal has been developed using expert advice on costs (and performance) of a solar farm in this location by external consultants with significant experience in this field.

The table below summarises the financial position over a 25 year period which is the estimated life of the asset.

Total income is estimated to be c£59m based on the revenue from exporting the energy. It also takes into account the opportunity cost of lost rent at the site, currently c£34k per year.

Total running costs are estimated to be c£14m and include items such as insurance, maintenance, and management of the site. In addition, the Council will set a side an annual amount known as a 'contribution to sinking fund' which will be used to fund key lifecycle replacements identified in approximately 12 to 13 years' time.

Capital financing costs consist of interest costs from borrowing for 25 years and an annual minimum revenue provision (MRP) to repay the principal borrowing of £20.3m set out in recommendation 1.

The net income after capital financing costs is estimated to be c£12m which equates on average to a annual net surplus of £480k. This will contribute to the budget targets identified in the Medium Term Financial Plan.

Estimated Costs / Income over 25 Years	£m
Total Income (Inc. impact of lost rent)	(£59.37)
Total Running Costs (Inc. contribution to sinking fund)	£14.42
Net Income before capital financing costs	(£44.95)
Interest Costs	£12.68
Principal Repayment (MRP)	£20.28
Net Income after capital financing costs	(£11.99)

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£16m Capital (£240k) Revenue	Yes	Both
Next Financial Year (Year 2)	£4.3m Capital (£480k) Revenue	Yes	Both
Following Financial Year (Year 3)	£0 Capital (£480k) Revenue	Yes	Both

Other Financial Information

The financial business case for the solar farm was considered and approved by the Climate Emergency Funding Board on 26th March 21.

Stakeholder Considerations and Consultation

Planning consultation completed.

Public Sector Equality Duty

A Stage 1 EIA has been completed.

Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030

Our corporate estate would become 'net zero' immediately following completion.

List of Background Papers

Solar Farm Financial Business Case

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