

Agenda Item 17

TITLE	Barkham Solar Farm – Update
FOR CONSIDERATION BY	Climate and Emergency Overview and Scrutiny Committee on 14 th March
WARD	Barkham
DIRECTOR	Deputy Chief Executive - Graham Ebers
LEAD MEMBER(S)	Executive Member, Climate Emergency and Resident Services – Sarah Kerr; and Executive Member, Finance – Imogen Sheperd-DuBey.

OUTCOME / BENEFITS TO THE COMMUNITY

The delivery of the Barkham Solar Farm is identified as a key priority of the Council's Climate Emergency Action Plan.

The project will also generate a considerable net income for the Council over 25 years which will be introduced into the Council's annual budget using an equalisation reserve.

RECOMMENDATION

The Committee is requested to note the up-date on progress on the delivery of the Barkham Solar Farm.

SUMMARY OF REPORT

The financial business case for the Barkham Solar Farm was presented to and supported by the Overview and Scrutiny Management Committee on 5th October 2022 and remains valid.

This report provides an up-date to the Committee regarding the appointment of the contractor for the development, together with a forward programme of milestones for the successful delivery of the project.

Background

The delivery of the Barkham Solar Farm is identified as a key priority of the Council's Climate Emergency Action Plan.

The financial business case for the Barkham Solar Farm was presented for review to Overview and Scrutiny Management Committee on 5th October 2022, alongside a general update on the delivery programme for the solar farm. The forecasted Capital Costs of the project at that time, together with the General Fund Income and Expenditure forecast, were commercially sensitive and were thus presented in Part 2 of the report. In summary, the forecasts identify a net income (after capital financing costs) over the 25 year life of the development of £67.16m (£2.69m per annum on average). This was set against an initial capital expenditure of £26.85m for the delivery of the project.

The latest forecasted returns compare extremely favourably against the forecasted returns of £480k per annum on average that were identified when Executive/Council initially approved the business case in 2021. The return also significantly exceeds the Executive/Council (2021) agreed threshold of £200k per annum that permits delegation of decisions around the final extent and configuration of the solar farm to the Deputy Chief Executive (in conjunction with the Lead Member).

Following presentation of the business case, the Overview and Scrutiny Management Committee resolved that they were supportive of the Barkham Solar Farm project in principle and believed that it should proceed in a timely manner.

The financial business case reported into Overview and Scrutiny Management Committee in October 2022 is the latest business case for the project. The business case will however be continually kept under review throughout the project, in light of changing costs and values, to ensure that financially the Barkham Solar Farm will deliver value for money to the Council. A cross-party Project Board has been established to ensure that the project delivers to the programme and budget set by Executive and delivers within the identified financial parameters. In line with the Executive decision taken in June 2022, the financial business case will be further reported into Executive later this year once a final contract price for the construction has been confirmed.

Appointment of Contractor

In January 2023 the Council appointed Bouygues Energies and Services (E&S) as the main contractor for the delivery of the solar farm, following a competitive tendering process undertaken via a nationally approved framework. Expressions of interest were received from 7 companies via the framework and Invitations to Tender (ITTs) were issued in November 2022. Two formal applications were received and evaluated.

Bouygues E&S has a proven track record of delivering large scale solar farms, having designed and built three such facilities (over 20MWp) in the last three years. Their tender returns also evidenced that they take their obligations in relation to identifying, preventing and reporting modern slavery and human trafficking very seriously together with a zero-tolerance to human rights abuse; all important considerations for the Council given concerns within the industry around forced labour and slavery in supply chains.

Bouygues E&S has initially been appointed on Pre-construction Services Agreement (PCSA) contract for surveys and design works only. This stage of work will last circa six months. As part of this process Employer Requirements (ERs) will be formulated into agreed Contractor's Proposals (CPs) and signed off by both parties. Bouygues E&S will then send each of the packages of works out to subcontractors to price to arrive at the proposed contract sum, using an open book tendering process to ensure 'best value' for the Council. Recommendation for award of the main JCT Design & Build Contract 2016 for the Stage 2 construction will follow.

Subject to successful completion of the PCSA, it is intended that the stage 2 construction contract will be directly awarded to the same contractor – i.e. Bouygues E&S. The Main Contract construction works can then commence on site.

Following completion of the solar farm, Bouygues E&S will be responsible for the operations and maintenance of the solar farm during a two-year Defects Liability Period – starting at time of connection to the grid. Following the initial two years of operation, the Council will then need to procure a separate contract for the ongoing operations and maintenance of the solar farm.

Key Project Milestones

COMPLETED	
WBC Declaration of Climate Emergency	Jul 2019
Climate Emergency Action Plan Published – inclusive of renewable energy generation as a key priority	Jan 2020
Executive/Council approval of financial business case	Jul/Sept 2021
Planning permission approved	Jan 2021
SSEN Grid connection offer received/accepted	Apr 2022
Special Council Executive Committee approval of Procurement Strategy for contractor	Jun 2022
Appointment of contractor on PCSA	Jan 2023
FORWARD PROGRAMME	
Executive Reporting – up-dated business case inclusive of construction contract sum	Summer 2023
Construction – appointment of contractor for main construction contract	Summer 2023
Discharge of pre-commencement planning conditions	Summer/ Autumn 2023
Construction – Start on Site	Autumn 2023
Decision regarding what to do with the electricity <ul style="list-style-type: none"> - Whether to retail the energy or 'sleeve'/use it for WBC's own purposes - Business case to date has assumed retailing. However, the Council will need to be guided by the best 'payback' opportunity. 	Winter 2023/24
Construction – Completion (including commissioning)	Summer 2024
Connection to the Grid (see note below)	Summer 2024 – Summer 2026

Grid Connection

The delivery of the project and the commencement of operation of the solar farm (and the revenue to the Council thereafter) is subject to the scheme connecting into grid. At this time a grid connection offer has been received from SSEN and accepted by WBC; with a drop dead connection date of Summer 2026. This is the latest date by which SSEN are contractually obliged to provide the connection. Now that Bouygues E&S have been appointed, engagement with SSEN is on-going with a view to building on existing working relationships and working proactively with SSEN as far as practicable to bring that date forward to better align to the council's delivery aspirations.

One of the recommendations from the Overview & Scrutiny Committee in October 2022 was that the Council should lobby the Government and Energy companies in relation to charges for grid connection, in order to ensure that charges are realistic and viable for Councils and other affected organisations. We will use our experiences of negotiating with SSEN re the connection at Barkham to inform our on-going lobbying messages.

Freely Fruity

The council are currently working with a local charity – Freely Fruity – to provide an area on the site for orchard planting. Both parties have entered a Tenancy at Will and the charity has undertaken some initial fencing; with a view to commencing planting towards the end of March.

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 focussed on the vulnerable and 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)	£2.1m	Yes	Capital
Next Financial Year (Year 2)	£14.4m	Yes	Capital
Following Financial Year (Year 3)	£9.9m	Yes	Capital

Other financial information relevant to the Recommendation/Decision

The net income from the Solar Farm will be introduced into the Council's annual budget using an equalisation reserve. The equalisation reserve will hold all the revenue costs and income for the project across its life cycle, smoothing the impact on the General Fund; of net costs in the early years, and significant net profits in later years. An "average" annual net income will be transferred from the reserve into the General Fund each year, allowing the Council to manage its overall revenue position in a consistent way and reflecting the overall financial benefit to the Council evenly across the full term of the project.

The MTFP currently identifies an equalised net surplus, after capital financing costs, of circa £1m per annum from the Barkham Solar Farm. Based on the financial forecasts, the scheme would deliver (and exceed) the current MTFP expectations.

Cross-Council Implications

The net income from the Solar Farm will be introduced into the Council's annual budget using an equalisation reserve.

Public Sector Equality Duty

An Equality Impact Assessment has been undertaken. The Initial Impact Assessment did not identify any potentially negative impacts upon persons with protected characteristics.

Climate Emergency – The 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

Generation of renewable energy through investment in solar farms is identified as a key priority under the Climate Emergency Action Plan (CEAP). Barkham Solar Farm is specifically identified therein – target 12.1. In addition, the project includes significant tree planting (CEAP target 18), provision/improvements to public rights of way, and presents significant opportunities for bio-diversity net gain.

List of Background Papers

None

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