

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	West Suffolk Community Energy Plan – Investing in New Opportunities	
Report No:	CAB/SE/17/036	
Report to and date:	Cabinet	27 June 2017
Portfolio holder:	Alaric Pugh Portfolio Holder for Planning and Regulatory Services Tel: 07930 460899 Email: alaric.pugh@stedsbc.gov.uk	
Lead officer:	Peter Gudde Service Manager (Environmental Health) Tel: 01284 757042 Email: peter.gudde@westsuffolk.gov.uk	
Purpose of report:	To request approval to extend the scope for the Council to invest in a wider range of energy opportunities using already approved capital.	
Recommendation:	It is <u>RECOMMENDED</u> that following the continued success of the Council’s policy to invest and support sustainable energy solutions under the West Suffolk Community Energy Plan, Cabinet approves that the existing delegations are extended, so that the Service Manager (Environmental Health), in consultation with the Portfolio Holder for Planning and Regulatory Services, is allowed to authorise the current nominated capital allocation to be spent on any energy-related investment opportunities where they are in line with the Council’s agreed financial returns and strategic objectives.	
Key Decision: (Check the appropriate box and delete all those that do not apply.)	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	

<p><i>The decisions made as a result of this report will usually be published within 48 hours and cannot be actioned until five clear working days of the publication of the decision have elapsed. This item is included on the Decisions Plan.</i></p>			
Consultation:		See background reports	
Alternative option(s):		See background reports	
Implications:			
<p>Are there any financial implications? If yes, please give details</p>		<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> The recommendation would allow the Council to invest in a wider range of energy-related opportunities using already approved capital provision in line with the Council's financial and policy objectives. 	
<p>Are there any staffing implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> 	
<p>Are there any ICT implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> 	
<p>Are there any legal and/or policy implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> 	
<p>Are there any equality implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Financial - The projects do not achieve the predicted financial returns	High	Conservative assumptions made. Industry advice has been sought in developing the financial models. Project investment will be tightly controlled to achieve highest support Tariffs, or cease project investment should Government cut the tariffs to make the financial model unsustainable	Medium
Legal - Unable to gain permissions and licences to operate	High	Seek legal advice before progressing options	Medium
Economic - lack of market demand	Medium	Carry out soft market testing. Refine the offer and go to test market again before launching	Low
Technological - Complexity of the technologies	Medium	Initial focus is on a mature, low technological risk.	Low

Community – Public concern. Lack of effective engagement and communication to explain and gain support	High	Develop an engagement and communications plan	Medium
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		CAB/SE/14/009 dated 2 December 2014 dated 2 December 2014. CAB/SE/16/016 dated 29 March 2016. Community Energy Plan update report to WS Joint Growth Steering Group: JGG/JT/17/002 dated 6 June 2017	
Documents attached:		None	

1. Key issues and reasons for recommendation

1.1 Background

1.1.1 St Edmundsbury Borough Council, working together with Forest Heath District Council, is committed to a sustainable energy policy to help manage growth, support existing communities and attract more investment.

1.1.2 In December 2014, the Councils approved investment in a West Suffolk Community Energy Plan (Report No: CAB/SE/14/009 dated 2 December 2014 refers) with an update provided in 2016 (Report No: CAB/SE/16/016 dated 29 March 2016 refers). This sets out the shared aim for all in West Suffolk to be able to make sustainable energy choices, reduce the impact of energy cost volatility and move from fossil fuels.

1.1.3 Under the Community Energy Plan, the Councils have been working to combine current energy efficiency work with a renewable energy investment programme to be able to fulfil the following outcomes:

- A long term, sustainable source of revenue for the Councils
- Households, businesses and communities in West Suffolk which are less reliant on fossil-based energy
- Locally-owned renewable energy generation to the benefit of the local taxpayer.

1.1.4 The Council has been successfully investing in energy efficiency and renewable energy opportunities and has allocated capital to deliver financial returns, reduce the operational costs, save money for households and businesses and reduce carbon emissions.

1.1.5 This Council's energy generation initiatives have included investment in solar photovoltaics (PV) which generated in the last year around £112,000 of income along with around £30,000 of energy savings at host buildings and the users, which include local businesses.

Typical generation each year		Equivalent household electricity use		Avoided CO2 arising from Solar generation each year ¹	
572,050	kWh/yr	155	Homes	235	tonnes

Table 1: Outcomes of our investment in Solar since 2012

1.1.6 The current portfolio of investment in renewable energy, whether located on council property or hosted by others through Solar for Business is on target to deliver or exceed the rates of return that were originally predicted in the supporting reports and are making a significant contribution to meeting the Councils' Medium Financial Strategy.

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Estimate based on latest Ofgem published figures <https://www.ofgem.gov.uk/gas/retail-market/monitoring-data-and-statistics/typical-domestic-consumption-values>

Based on published conversion factors for grid electricity consumption

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2016>

- 1.1.7 We are looking to develop ambitious new facilities, linked to the Government's One Public Estate Programme, to rationalise and improve the public estate in West Suffolk for the benefit of local people. The Western Way development is being designed to take advantage of the latest energy efficiency and renewable energy technologies to reduce the operational cost of the new facilities and where viable develop investment return. This investment proposal will be the subject of a separate business case for consideration by members.
- 1.1.8 A summary of the range of work undertaken as part of the West Suffolk Community Energy Plan was reported to West Suffolk Growth Group in June 2017 (Report no. JGG/JT/17/002 refers).

2. Next steps

- 2.1 The current approved scope of technologies supported by the Council covers solar power generation as part of our Solar for Business (Rent-a-roof) scheme, renewable heat as part of Renewable Heat for Business scheme and energy efficiency financing.
- 2.2 Since 2016, the opportunities to invest in energy-saving and generating technologies have continued to grow. Examples include the use of battery storage technology to increase the amount of energy used alongside solar panels, and voltage optimisation which has been shown in some applications to significantly cut energy use in a building by better management of electricity fluctuations in the grid.
- 2.3 It is proposed, therefore, that the existing approved delegations be extended to authorise the current nominated capital allocation to be spent on any energy-related investment opportunities where they are in line with the Council's agreed financial returns and strategic objectives. This would, therefore, allow investment in new technologies as they become commercially attractive.
- 2.4 By extending the scope of already allocated capital investment, the Council will be able to build upon the successes of its shared policy of encouraging sustainable energy solutions as part of the West Suffolk Community Energy Plan. This approach has enabled the Council to help communities generate or save electricity locally, engage with energy companies and take advantage of opportunities to create income.