

(Informal Joint) Cabinet



Forest Heath
District Council

Title of Report:	Solar for Business – Participation of Members and Officers	
Report No:	CAB/FH/18/034	
Report to and date:	FHDC/SEBC (Informal Joint) Cabinets	22 May 2018
Portfolio holder:	Councillor Lance Stanbury Portfolio Holder for Planning and Growth Tel: 07970 947704 Email: lance.stanbury@forest-heath.gov.uk	
Lead officer:	Peter Gudde Service Manager (Environmental Health) Tel: 01284 757042 Email: peter.gudde@westsuffolk.gov.uk	
Purpose of report:	<p>Where an Officer or Member has a strong interest in any application for approval by the Council, the appropriate level of probity is ensured by requiring that the application be considered in public by the relevant committee.</p> <p>This report follows a request from Councillor Andy Drummond for his business to receive solar power through the Council's Solar for Business Scheme at the tariff offered to other participants. Cabinet is the appropriate committee to consider this request.</p>	
Recommendation:	It is <u>RECOMMENDED</u> that Cabinet gives consent for Councillor Andy Drummond to receive the discounted energy sales in accordance with the provisions of the Solar for Business Scheme.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<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"/>	
<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>		

Consultation:	The Leader of Forest Heath District Council, the Monitoring Officer of Forest Heath District Council		
Alternative option(s):	Not giving consent to councillors of the council to participate in the Solar for Business Scheme.		
Implications:			
Are there any financial implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • As set out in this report, the scheme undertakes eligibility and due diligence checks on all prospective participants to establish their commercial probity and that the scheme meets the rates of return for the council prior to the council investing in a specific scheme.		
Are there any staffing implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Are there any ICT implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Are there any legal and/or policy implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> In the interests of probity no councillor can use their official position to gain unfair financial advantage. A declaration and consent process is in place to ensure that this ensured.		
Are there any equality implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> The Solar for Business Scheme has been designed with small and medium sized enterprises in mind. Not allowing an eligible business to participate in the scheme could be considered against the spirit of the scheme and lead to a challenge of unfairness.		
Risk/opportunity assessment:			
<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>			
Risk area [may change to be linked to the decisions]	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The Council not applying the appropriate public probity in respect of members gaining unfair advantage through their office	Medium	Ensure robust eligibility and due diligence processes are applied to all potential participants in the Solar for Business scheme.	Low
Ward(s) affected:		All Wards	

Background papers: <i>(all background papers are to be published on the website and a link included)</i>	Report No: CAB/FH/14/010 Developing a Community Energy Plan: Cabinet: 9 December 2014
Documents attached:	Appendix 1 – Eligibility and Due Diligence Criteria. Appendix 2 - Financial Assessment Process of Participants

1. Key issues and reasons for recommendation(s)

1.1 Background

- 1.1.1 In December 2014, Forest Heath District Council and St Edmundsbury Borough Council approved the implementation of the West Suffolk Community Energy Plan. The decision set out a 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. Based on the opportunities available to develop energy efficiency and renewable energy generation, an "invest to generate income" programme was established.
- 1.1.2 One of the schemes developed was the West Suffolk Solar for Business service which was launched in June 2015. The scheme is marketed to organisations across West Suffolk which, following assessment for eligibility and a due diligence process, act as a host for council-owned solar photovoltaics.
- 1.1.3 The Council and the host enter into a lease and power purchase agreement for a typical term of 20 years. The host receives the generated energy and pays the council for the energy at a price which is discounted from the price that they would pay if provided by their energy supplier. The council also receives any Feed-In Tariff which, with the revenue from energy sales, goes towards repaying the capital and interest and any ongoing costs to maintain the scheme in line with the council's investment objectives.
- 1.1.4 The scheme is designed to achieve investment returns for the council in line with the Medium Term Financial Strategy whilst offering discounted energy savings for the host companies of around 20-25%.
- 1.1.5 The scheme is open to all, whether a business or not-for-profit organisation. Members of the council who have an ownership or other controlling role within a business are not precluded from entering and are subject to the same eligibility and due diligence as any other participant.
- 1.1.8 This needs to be balanced to ensure there is appropriate probity in the decision making process where a member or officer of the Council has a strong interest in an application in hand. In the case of the Development Management process for example, where an officer or member submits a planning application, probity is ensured by requiring that the application be considered in public by the Development Control committee. Similarly, where an officer or member is wishing to participate in the Solar for Business scheme Cabinet is considered to be the appropriate decision making body.
- 1.1.9 Councillor Andy Drummond, through his business interest in Lettergold in Newmarket, has expressed an interest in the scheme. Officers have carried out the scheme's assessment to establish eligibility and ensure due diligence of the solar installation investment, the business and the property.
- 1.1.10 The assessment has confirmed that Councillor Drummond's business meets the eligibility and criteria that are set to allow participation and that a solar scheme is viable.
- 1.1.11 Councillor Drummond has gained the consent of the Leader of the Council to participate in the scheme and is now seeking the same from Cabinet.

- 1.1.12 Based on financial modelling undertaken for each site considered for the scheme, it is estimated that Lettergold would receive around £950 in energy savings in Year 1 through hosting a Solar for Business installation. The price that each participant pays is linked to Consumer Prices Index modelled at 2.75% per annum. This establishes a total value of benefit for Councillor Drummond's company over the 20 year project term at around £24,000.
- 1.1.13 An outline of the scheme's due diligence and financial assessments are presented in Appendices 1 and 2 respectively. These summarise the steps that are taken to ensure as far as is practicable that a prospective participant and the site are appropriate for the scheme and that the council has exercised its technical, commercial and legal duties.