

Agenda Item No: 9

COUNTY FARMS ESTATE – WINDFARM DEVELOPMENT

To: Cabinet

Date: 22 February 2011.

From: Nick Dawe, LGSS Director of Finance & John Onslow, Acting Executive Director, Environment Services

Electoral division(s): Coveney / Sutton, Yaxley and Farcet, Littleport and Warboys and Upwood.

Forward Plan ref: 2011/020 **Key decision:** Yes

Purpose: To update Cabinet regarding market testing to find suitable developers for four potential windfarm sites on the Council's Farms Estate

Recommendation:

a) To grant leasehold interests of Cambridgeshire County Council land in four parishes for the development of windfarms on terms to be agreed by the Portfolio Holder for Resources and Performance and the Local Government Shared Services Director of Finance.

b) To reserve the ability for the Council to invest in the wind farm developments and seek a further approval from Cabinet before investment.

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Field Code Changed

1. BACKGROUND

- 1.1 The purpose of this paper is to provide Cabinet with details of the outcome of a market testing exercise to find a suitable developer for 4 potential windfarm sites on the Council's Farms Estate at Crowtree Farm, Farcet, Whitehall Farm, Littleport, Wolvey Farm, Coveney and Morleys Farm, Warboys.
- 1.2 Cambridgeshire County Council has extensive land holdings of some 13,355 hectares (33,000 acres) throughout Cambridgeshire. The Council's objectives, approved by Cabinet in July 2006, include encouragement of wider farm diversification and maintaining or increasing rental income which is used to support other Council services. The construction of nine of the twelve turbines on the Red Tile Wind Farm at Warboys on Council property is helping to meet those objectives.
- 1.3 The background to the development is that wind power is a clean renewable source of energy and will play a fundamental part of the energy mix required for the low carbon future of Cambridgeshire. Renewable energy is part of Cambridgeshire County Council's vision for a low carbon economy as set out in policy CC3:

"We will increase the proportion of renewable energy produced and used in the County".
- 1.4 Further development of wind energy on County Council land will ensure the Council contributes to national renewable energy targets. Cambridgeshire has local targets to tackle climate change based on a per capita reduction in carbon dioxide of 11% over three years and from carbon monoxide emissions associated with the County Council's own operations at 2% per annum.
- 1.5 The further development of wind energy on Cambridgeshire County Council's land will also contribute towards diversification and enhanced income streams, improve commercial prospects from the Farms Estate.
- 1.6 A number of potential sites were initially identified on the County Farms Estate and these were narrowed down to 4 with most potential.
- 1.7 Discussions were held in advance of the market testing with officers from District Councils and officers from different directorates in the County Council.

District Councils discussions focused on planning regulations and emerging policies. CCC officer discussion focussed on climate change and the possible contribution of the windfarms to local communities, biodiversity and the Council's climate change strategic objective.

Concerns were recognised and the number of potential sites for market testing was reduced.

- 1.8 Marketing by Bidwells commenced in May 2010. Bidwells has extensive experience of negotiating with wind farm developers across the UK. Their services were secured using one of the Council's Framework Contract arrangements. Information packs were sent to developers using Bidwell's comprehensive database of windfarm developer contacts and also advertised in the renewable energy press.
- 1.9 35 expressions of interest were received initially and 9 formal submissions were received by the August 2010 deadline, with most interested in all four sites. Letters were received from the Royal Society for the Protection of Birds and the local Wildlife Trust noting points of concern.
- 1.10 The main issues can be grouped into financial and non-financial. Each applicant was asked to provide information on the number of turbines proposed on each site and the payments they would make for an exclusivity agreement, an option agreement, a lease agreement, the ground rent and the royalty rent. Non-financial information requested included maps, access issues foreseen, a brief development timescale, the number of projects they have in the Cambridgeshire and the East of England, benefits to the local community, community funds, community engagement plans and possibilities for the Council to enter into a joint venture.
- 1.11 Net Present Values which calculate the value of a project over time were calculated both for the schemes proposed and also for a Bidwells standardised proposal for comparative purposes. All of this information was scored and weightings applied to obtain a ranking for each site.
- 1.12 Following tender analysis 5 developers were invited to make presentations on the 30th October 2010. The interview panel was made up of Cllr John Reynolds, the Portfolio Holder for Resources & Performance, Jeremy Procter from Bidwells Property Consultants, John MacMillan and Robert Smyth from Corporate Services and Sandy Shattock from Environment Services.
- 1.13 On the basis that the 4 sites are taken forward, the Portfolio Holder for Resources and Performance and the Local Government Shared Services Director of Finance will agree lease terms with the chosen developers and enter into a 2 year Exclusivity Agreement for each site with the aim to progress to an Option and Lease agreement. The Option will cover the period up to obtaining planning approval and will be for 5 years.
- 1.14 Once an Exclusivity Agreement is agreed the timeline of the project may be as follows:
- Consultation and site investigation – April – June 2011
 - Environmental statement preparation – July 2011 – June 2012
 - Wind monitoring – July 2011 – March 2013
 - Submit planning application – October 2012
 - Possible construction 2014-16
- 1.15 The Council's involvement in the project is limited to leasing the site of the wind turbines to the developer and is low risk. The cost of removing turbines should the project fail, is covered by a sum of money held as a bond and is usually a requirement of the initial planning consent. For example at Red Tile

wind farm engineers advised on the cost of removal, the developers then paid that sum to the Council who hold it on their behalf. This amount is reviewed periodically.

- 1.16 For the avoidance of doubt it is the developer who will undertake the preparatory work and consultation leading to a planning application. They will also make the planning application and if successful will raise finance and construct the site. The Council's involvement is solely in leasing the site.
- 1.17 The Council could invest in the development but at this stage no discussions have taken place. The greatest return to the Council would be obtained by sharing development costs with the developer but this carries the highest risk.
- 1.18 The annual payments proposed by the developers in total on all four sites are significantly more than the Director of Finance's delegated authority under the Council's Financial Regulations. Should all of the 4 sites proceed as outlined, based on current values the Council's income could peak at an annual rent of more than £700,000. The corresponding agricultural rent for the land lost would be less than £1,000.

2. MAIN ISSUES

- 2.1 Obtaining planning consent is the main issue for any windfarm development. No planning application for a windfarm is without planning issues and almost all are contentious to some degree. It is for this reason that a good track record of successful windfarm applications will be important in selecting a developer. It is also for this reason that discussions took place at an early stage with District Council's and some potential sites were excluded.
- 2.2 The sites on the Council's land have been selected to meet specific planning criteria such as distance from dwellings and settlements, access and basic landscape criteria, and also to meet renewables policies for the county and local authorities.
- 2.3 Each site will have a full application by the developer covering all aspects of the project including environmental and landscape impact, Ministry of Defence impact, design and access, grid connection and post windfarm site restoration. There will be extensive public consultation by the developer.
- 2.4 At this stage survey work by developers has been largely a desk exercise. If a site is chosen they will conduct more detailed surveys to identify key issues and possible solutions and to determine whether to submit a planning application.
- 2.5 The Council's involvement in this project is limited to leasing the site to the developer.

3. SIGNIFICANT IMPLICATIONS

3.1 Resources and Performance

The following bullet points set out details of significant implications identified by officers

- The developments could make a significant revenue contribution to the County Council
- A greater revenue contribution is possible if the Council invests in the developments but this carries with it significant risk especially before planning consent is obtained.

3.2 Statutory Requirements and Partnership Working

- Partners in other Councils have been consulted

3.3 Climate Change


- The development will help meet local and national renewable energy generation targets and will contribute to climate change targets.

3.4 Access and Inclusion

- None

3.5 Engagement and Consultation

- Public consultation will be part of the developers planning applications.
- Developers have provided details of how they proposed to engage local communities.

Source Documents	Location
Market testing brochure - March 2010 	Room 320, Shire Hall, Cambridge