

SOHAM SOLAR PARK

To: **General Purposes Committee**

Meeting Date: **19th May 2015**

From: **The Chief Finance Officer and Executive Director
Economy, Transport and Environment**

Electoral division(s): **Soham and Fordham Villages**

Forward Plan ref: **2015/044** *Key decision:* **Yes**

Purpose: **To consider a proposal to build a 60 acre solar farm on the
County Council's Rural Estate at Triangle Farm, Soham.**

Recommendation: **The Committee is recommended to authorise the
development of an Investment Grade Proposal for the
solar farm and delegate the final decision to enter into a
contract for the construction of a Solar Farm at Triangle
Farm, Soham subject to the project meeting the minimum
financial returns set out in this report to the Chief Finance
Officer in consultation with the Chairman of General
Purposes Committee.**

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1. BACKGROUND

- 1.1** Cabinet in 2013 asked officers to investigate the potential for solar energy on its 34,000 acre Rural Estate. This would, as well as generating green energy and help meet Government carbon reduction targets, aim to produce a revenue return for the investment.
- 1.2** Savills were appointed to identify sites targeting land quality of Grade 3 or below, which is at the lower end of land quality in Cambridgeshire. They identified 5 sites with potential which, because of environmental designations and lack of connections to the National Grid, were reduced to a single site at Triangle Farm at Soham. A location plan and site map is shown at **Appendix A**.
- 1.3** Regular updates were subsequently provided to Cabinet, Group Leaders, Committee Spokespersons and local members.
- 1.4** Planning consent for a 60 acre site at Triangle Farm, Soham was obtained on 8 October 2014 which would allow a solar farm of up to 12 megawatts to be built, providing renewable energy for up to 3,000 homes - according to latest Government estimates.
- 1.5** A grid connection was secured with UK Power Networks in August 2013 with an anticipated connection date in the summer of 2016.
- 1.6** On 26th February 2015 the Department of Energy & Climate Change announced that the County Council's Soham solar farm was successful in a competitive auction which has led to contracts being offered to a total of 27 renewable electricity projects, including 5 solar projects, across the UK. The contract, known as Contracts for Difference, is the Government's new approach to support large scale renewable energy and the auction was the first of its kind.
- 1.7** The Economy and Environment Committee has also received regular updates as part of the Mobilising Local Energy Investment (MLEI) project and noted that the Council was the only successful Local Authority bid in the solar category of the auction.
- 1.8** The Soham solar farm forms a major part of the MLEI project which was set up with the European Commission's Executive Agency for Small and Medium Enterprise in August 2012, securing a £700,000 grant over three years for financial assistance from the Intelligent Energy Europe programme. The aim of the grant is to build capacity and skills (technical, financial and legal) in local authorities to bring forward £15 million of investment into energy efficiency and renewable energy generation projects. The solar farm is an important element of the MLEI project's success.

2. MAIN ISSUES

- 2.1** The European Commission grant of £700,000 as part of the MLEI project may have to be repaid if there is insufficient evidence of contracts to invest and deliver projects by August 2015; the solar farm forms the major element.
- 2.2** The project will cost in the region of £10m and is anticipated to produce a return of about 7% per annum. Funding is allocated in the Council's budget

on this basis.

- 2.3 Procurement is being undertaken through an established Framework arrangement known as REFIT. This is administered by the Greater London Authority and has been widely used by Government Departments and London Boroughs. Under this Framework, the MLEI project is supported by a group called Local Partnerships, which is a body jointly set up by the Treasury and LGA to provide local authorities with procurement advice and support.
- 2.4 An assessment of procurement options has been undertaken by officers from Finance, Procurement, Legal and MLEI teams.
- 2.5 The Council's delivery partner, procured through this framework, is Bouygues Energies and Services UK Limited (Bouygues), who have prepared a Desktop Analysis (DTA) of the project for General Purposes Committee approval. Subject to approval of the Desktop Analysis, a fully costed Investment Grade Proposal (IGP) would then be obtained.
 - 2.5.1 Local Partnerships will support this process ensuring that the procurement works within the REFIT 2 framework terms and conditions.
 - 2.5.2 Savills and Local Partnerships are developing a Value for Money (VFM) independent assessment of the Bouygues proposition to ensure there is sufficient challenge within the procurement process.
 - 2.5.3 In addition, Savills have advised, and Bouygues have agreed, that some elements of the contract agreed in the next few months should be on an "open book" basis as there is a possibility that, towards the end of 2015, import tariffs on Chinese made panels will be removed possibly leading to a drop in unit costs.

In conclusion, there is high confidence in achieving value for money with this procurement process.

- 2.6 The DTA demonstrates that the construction costs are lower than those shown in the financial model used in the successful auction bid. The costs and a brief analysis are provided at **confidential Appendix B**.
- 2.7 The IGP and the VFM analysis will be completed on 13th July and, if acceptable, this will enable secure contracts to be signed by 19th August 2015 to satisfy MLEI timescales. This allows no room for slippage.
- 2.8 Given that the final fully costed IGP cannot be produced until after approval is granted at the May GPC meeting, it is recommended that the final decision to agree a construction contract is delegated to the County's Chief Finance Officer and the Chairman of GPC. This delegation, however, shall be subject to the final cost allowing for an investment return at least as great as our internal modelling based on Savills' predictions.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

3.1.1 The investment returns will help support services for the benefit of all.

3.2 Helping people live healthy and independent lives

3.2.1 The project will provide clean renewable energy for up to 3,000 homes, thereby reducing the Council's and Cambridgeshire's carbon footprint.

3.3 Supporting and protecting vulnerable people

3.3.1 There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

4.1.1 The report above sets out details of significant implications in **Appendix B**.

4.2 Statutory, Risk and Legal Implications

4.2.1 There is a risk of challenge using the Bouygues procurement route. This risk is because the Solar Farm was not specifically identified in the Invitation to Tender specification; instead the project was included under 'other projects' when they were secured using the REFIT Framework. Unsuccessful bidders might challenge.

4.2.2 Bouygues regard the Solar Farm as being part of the pipeline from the original procurement. If we choose to go to mini-competition through the REFIT Framework there is a risk that Bouygues could challenge the procurement. This would take time and would mean that targets are not delivered in time for the MLEI grant and may result in clawback.

4.2.3 Legal and Procurement advice is that there are risks either way, but that they are low.

4.3 Equality and Diversity Implications

4.3.1 There are no significant implications within this category.

4.4 Engagement and Consultation Implications

4.4.1 Public consultation was carried out as part of the planning application process.

4.5 Localism and Local Member Involvement

4.5.1 Local Members have been kept informed as the project has progressed.

4.6 Public Health Implications

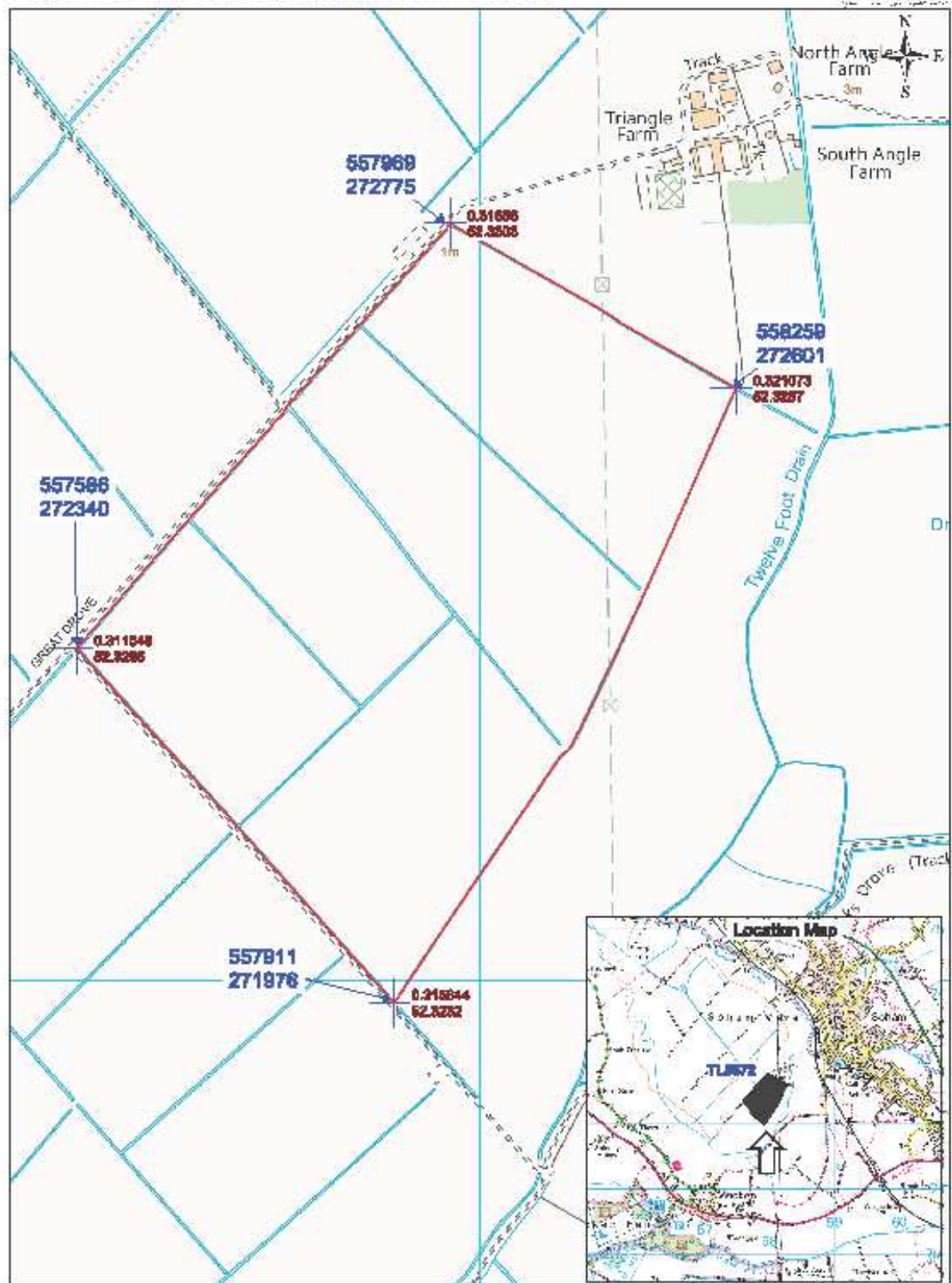
4.6.1 There are no significant implications within this category.

Source Documents	Location
<ol style="list-style-type: none"> 1. Planning Decision Notice dated 8th October 2014 2. Economy and Environment Committee Minutes - 10th March 2015 3. Economy and Environment Committee Minutes - 8th July 2014 4. General Purposes Committee Minutes – 9th September 2014 	<ol style="list-style-type: none"> 1. 1st Floor Octagon Shire Hall Oct1104 Castle Hill Cambridge CB3 0AP 2. http://www2.camb.ridgeshire.gov.uk/CommitteeMinutes/Committees/Meeting.aspx?meetingID=873 3. http://www2.camb.ridgeshire.gov.uk/CommitteeMinutes/Committees/Meeting.aspx?meetingID=865 4. http://www2.camb.ridgeshire.gov.uk/CommitteeMinutes/Committees/Meeting.aspx?meetingID=831

Appendix A: Location Plan and Site Map

Proposed Solar Farm at Triangle Farm, Soham

LCSS



Scale (at A4): 1:5000

Date: 30th March 2015

By: bs270

File: \\ccc.cambridgeshire.gov.uk\gis\Res\IPd\Estates\COUNTY FARMS\SolarFarm-Proposed\15-03-30 SohamSolarFarm(Test\IDM).wor (Job No.2968)

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