

CABINET	AGENDA ITEM No. 4
22 SEPTEMBER 2014	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources	
Contact Officer(s):	Mike Rowan, Interim Head of Legal Services	Tel. 01733 452572

REPORT OF THE SOLAR AND WIND ENERGY REVIEW GROUP

R E C O M M E N D A T I O N S	
FROM : The Solar and Wind Energy Review Group	Deadline date : N/A
<p>It is RECOMMENDED that Cabinet defer any decision to progress the solar and wind projects until further consideration is given to the impact of;</p> <ul style="list-style-type: none"> (a) Any delay arising from the call in by the Secretary of State of a planning decision, in terms of costs and profitability of the projects. (b) A 30% reduction in subsidy (or a professional assessment of what might be a reasonable level of reduction in subsidy) for the projects; and (c) A slowing or reducing sale rate of energy with a professional assessment of what a reasonable reduced rate could be. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following a recommendation from the Sustainable Growth and Environment Capital Scrutiny Committee call-in meeting, held on 12 March 2014.
- 1.2 The call in was reported to Cabinet and an agreement was reached for a Working Group to be set up to review the projects.

2. PURPOSE AND REASON FOR REPORT

- 2.1 At its meeting held on 24 February 2014, Cabinet made an executive decision to progress the project at America Farm through to Planning Committee stage and for further consultation to be undertaken on the options available for the Morris Fen and Newborough projects. This decision was subject to a call-in request which was considered by the Sustainable Growth and Environment Capital Scrutiny Committee on 12 March 2014 where the call-in was upheld.
- 2.2 The Scrutiny Committee requested that the decision be referred back to Cabinet with the following recommendations:
 - i) That the Solar and Wind Energy Working Group consider the Cabinet's decision when it meets on the 18 March 2014 and shall report on that decision and the issues raised by the call-in and discussed at this meeting of the Scrutiny Committee, including alternative options; and
 - ii) That the Cabinet shall not act on the decision made by it on 24 February 2014 until it has received and considered the report of the Solar and Wind Energy Working Group and the comments of the Sustainable Growth and Environment Capital Scrutiny Committee on that report.

- 2.3 At its meeting held on 24 March 2014, Cabinet considered the recommendations and it was advised by the Cabinet Member for Resources that the path due to be taken in relation to the projects correlated with the recommendations agreed by the Scrutiny Committee, in that the decision made by Cabinet on 24 February 2014 would not be implemented until the Working Group had met.
- 2.4 The purpose of this report is to inform Cabinet of the findings and recommendations arising from the Solar and Wind Energy Working Group, and the subsequent meeting of the Review Group as chaired by Councillor Thulbourn, to enable a final decision to be made on the projects.
- 2.5 This report is for Cabinet to consider under its Terms of Reference No. 3.2.4, to promote the Council's corporate and key strategies and Peterborough's Community Strategy.

3. TIMESCALE (If this is not a Major Policy item, answer **NO** and delete second line of boxes).

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	
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4. THE WORKING GROUP

- 4.1 The Solar and Wind Energy Working Group subsequently met on 14 April 2014 and 4 June 2014 to consider the solar projects, with particular focus being paid to the financial elements. Its findings were reported back to the Sustainable Growth and Environment Capital Scrutiny Committee on 17 July 2014 (full report attached at **Appendix A**) with the following recommendation:

The Working Party, having reviewed all the evidence and particularly the financial elements of the Ground Mounted Solar Photovoltaic (Pv) Panels (Solar Farms), referred to them in their Terms of Reference by Sustainable Growth and Environmental Capital Scrutiny Committee and Scrutiny Commission for Rural Communities report back that they consider, by majority, that the schemes should not go ahead as they conclude the financial returns are not viable and the risks unacceptably high.

Comment from Councillor Hiller – dissenting concluding on grounds that the viability of the schemes had been evidenced by independent experts and reports and that the risks were evaluated sensibly and the schemes should proceed.

- 4.2 Upon discussion and review, the Scrutiny Committee felt that not enough firm evidence had been provided by the Working Group in support of its recommendation. Councillor Thulbourn, a member of the Sustainable Growth and Environment Capital Scrutiny Committee, was asked to convene a Review Group in order to further explore the financial information and to assist with providing a more detailed report back to Cabinet.

5. REVIEW OF THE WORKING GROUP'S FINDINGS AND RECOMMENDATIONS

- 5.1 The Review Group met on 5 August and all Members of the original Working Group were invited to attend.
- 5.2 Councillor Thulbourn chaired the meeting, its sole focus being on the financial aspects of the proposals.
- 5.3 The full report, produced by Councillor Thulbourn, is attached at **Appendix B** to this paper. In summary, it was concluded that 'the financial workings provided to the Group provided no evidence of the disparity between the estimates submitted by the Council's Resources department and the conclusion of the Working Group. The Working Group did not back up intangible elements with any supported scenarios or possible outcomes'.

5.4 Councillor Thulbourn recommended that additional impact scenarios based on real threats, which would have a significant impact on the profitability of the projects, be produced. It was therefore recommended that the following three scenarios be researched and published prior to a decision being made to proceed, these being:

- i) if the Secretary of State calls in any planning decision, how long does this process take and what does this delay impact on costs and profitability of the projects;
- ii) A 30% reduction in subsidy or a professional assessment of a reasonable level of reduction in subsidy for the projects; and
- iii) A slowing or reducing sale rate of energy or a professional assessment of a reasonable reduced rate.

5.5 These recommendations arising are now to be considered by Cabinet. It is recommended that no decision be made on the progress of the project for America Farm to planning permission and on the other projects until Cabinet has considered these matters further.

6. CONSULTATION

6.1 Not applicable.

7. ANTICIPATED OUTCOMES

6.1 It is anticipated that Cabinet will consider the recommendations arising from the Solar and Wind Energy Review Group, and agree a way forward for the projects.

8. REASONS FOR RECOMMENDATIONS

8.1 The recommendations follow a request from the Sustainable Growth and Environment Capital Scrutiny Committee call-in meeting, held on 12 March 2014.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 To implement the decision of 24 February 2014 to progress the America Farm project to planning permission.

10. IMPLICATIONS

10.1 There are no legal implications to this report. The financial implications of the recommendation contained in this report would lead to a potential loss of revenue to the council of £5.924m over the life of the contract with a consequential impact on the Medium Term Financial Strategy. In the context of the councils overall budget (a gap next year of £17.6m rising in years after that) the annual benefit lost would be around £250k per annum. The council would also face having to write off development costs.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

None.

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