



Northumberland

County Council

CABINET

12 November 2019

Summary of New Capital Proposal considered by Officer Capital Strategy Group

Report of: Neil Bradley, Service Director, Strategic Commissioning and Finance, Northumbria Healthcare

Cabinet Member: Councillor Peter Jackson, Leader of the Council

1. Purpose of report

The following report summarises a proposed amendment to the Capital Programme considered by the officer Capital Strategy Group at its meeting held on 11 October 2019.

2. Recommendations

Cabinet is recommended to:

2.1. Solar PV Schemes:

- Approve the capital budget requirement of £377,670 for the installation of Solar PV panels at 5 sites (Dene Park House, Eddie Ferguson House, Stakeford Depot, Riverside Centre and Willowburn Leisure Centre), to be met from the renewable energy provision within the 2020-21 capital plan.

3. Links to Corporate Plan

The Council's Capital Programme is consistent with the priorities in the Corporate Plan 2018-2021; in particular the 'Living', 'Enjoying' and 'Thriving' priorities.

4. Key Issues

The report outlines a proposed amendment to the previously approved Medium Term Capital Programme.

5. Background

The Medium Term Financial Plan and Capital Programme for 2019-20 to 2021-22 were approved by Council on 20 February 2019.

This paper summarises a report considered by the officer Capital Strategy Group on a proposed amendment to the Plan.

SUMMARY OF NEW CAPITAL PROPOSAL CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP MEETING HELD ON 11 OCTOBER 2019

6. SOLAR PHOTOVOLTAIC INSTALLATIONS

- 6.1. The Group received business cases on a series of proposed installations of solar photovoltaic (PV) panels on Council properties, as part of the renewable energy programme provided for within the medium term capital plan.
- 6.2. The properties concerned are:
- Dene Park House
 - Eddie Ferguson House
 - Stakeford Depot
 - Riverside Centre
 - Willowburn Leisure Centre
- 6.3. Details of the proposals, including the initial installation costs (totalling £377,670) and revenue impacts are summarised in Appendix 1.
- 6.4. It should be noted that Feed in Tariff is no longer available for solar installations. As such the business case for each site is predicated purely on the savings gained against grid connected electricity. The estimates for all 5 sites indicate that the savings achieved over the assumed 25 year life of the assets will more than offset the cost of the initial capital outlay (including interest) – in cash terms they are estimated to produce net savings of more than £440,000 (over their lifetime).
- 6.5. The business cases also take into account the need for maintenance over the 25 year life, as well as expected upgrade cost in year 15 to replace the inverter.
- 6.6. The installations will, on average, provide approximately 22% of the 5 buildings' usage requirements. This would equate to approximately 42 tonnes of carbon saved per annum, which directly supports the council's commitment to carbon reduction as agreed at Cabinet 11 June 2019.
- 6.7. Construction for all 5 projects is expected to begin in April 2020 and be completed by July 2020.

CSG Recommendation:

- 6.8. The Group supported the proposals and recommends Cabinet to approve the capital budget requirement of £377,670 for the 5 installations, to be met from the renewable energy provision within the 2020-21 capital programme.

Implications

Policy	The capital programme is part of the Medium Term Financial Plan 2019-2022. The plan supports the Corporate Plan.
Finance and value for money	The report outline a proposed amendment to the previously approved Capital programme. The financial implications of these proposals are outlined in the main body of the report.
Legal	There are no direct legal implications.
Procurement	In line with all other capital expenditure, the additional spend will be subject to the Council's recognised procurement procedures.
Human Resources	Not applicable.
Property	The properties affected by the proposals are identified in the main body of the report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Not applicable.
Risk Assessment	The risks associated with the proposals are regarded as acceptable but these risks will continue to be reviewed up to and during implementation of the proposals.
Crime & Disorder	There are no Crime and Disorder implications.
Customer Consideration	There are no Customer Considerations.
Carbon reduction	None
Wards	All wards

Background papers:

Medium Term Financial Plan 2019-2022 and Budget 2019-2020 - County Council 20 February 2019.

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	Name
Monitoring Officer/Legal	Liam Henry
Service Director - Finance and Interim S151 Officer	Alison Elsdon
Relevant Executive Director	Neil Bradley
Chief Executive	Daljit Lally
Portfolio Holder(s)	

Author and Contact Details

Mike Turner, Head of Property Services and Capital Programming

(01670) 622905

Mike.Turner@northumberland.gov.uk

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**SOLAR PHOTOVOLTAIC
SUMMARY OF PROPOSED INSTALLATIONS**

APPENDIX 1

SITE	DENE PARK HOUSE	EDDIE FERGUSON HOUSE	STAKEFORD DEPOT	RIVERSIDE CENTRE	WILLOWBURN LEISURE CENTRE	TOTAL
Capital Cost (£)	£55,320	£50,870	£108,900	£25,640	£136,940	£377,670
PV Output (KW)	45	50	106	22	165	
KWH	38,666	38,700	96,219	23,976	153,103	
% Used Directly by the Building	79%	84%	84%	62%	99%	
Energy Saved (KWH)	30,546	32,585	80,728	14,961	151,878	
% of Building Demand Supplied by Solar	22%	23%	21%	40%	21%	22%
£/KW	£1,220	£1,009	£1,024	£1,145	£829	
Revenue Savings (Energy) - Lifetime (£)	(£143,910)	(£153,100)	(£352,060)	(£70,690)	(£482,250)	(£1,202,010)
Revenue Costs (inc. cost of capital) - Lifetime (£)	£99,320	£104,560	£184,480	£52,130	£320,720	£761,210
Net (Saving) / Cost - Lifetime (£)	(£44,590)	(£48,540)	(£167,580)	(£18,560)	(£161,530)	(£440,800)
Net Present Value (NPV) of Savings (£)	(£26,320)	(£36,850)	(£107,580)	(£10,930)	(£99,100)	(£280,780)
Direct Carbon Saving yr 1	4.17	4.45	11.02	2.04	20.73	42.41
Direct Carbon Saving Full Project	46.13	54.60	135.27	25.07	254.49	515.55