Cabinet



Date of meeting: 09 March 2023

Title of Report: Chelson Meadow Community Solar - Construction

Loan

Lead Member: Councillor James Stoneman (Cabinet Member for Climate Change and

Governance)

Lead Strategic Director: Anthony Payne (Strategic Director for Place)

Author: Paul Elliott

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Your Reference:

Key Decision: Yes

Confidentiality: Part I - Official

Purpose of Report

This business case seeks to secure an agreement to provide £16.3 million on the capital funding programme in order to provide a long term finance loan to Chelson Community Solar for the construction of Chelson Meadow solar farm. This is following the approval of the in principle business case for the Chelson Meadow Solar Farm in October 2022.

Recommendations and Reasons

It is recommended that Cabinet:

- I. Approves the business case.
- 2. Approves the principal of a £16,373,236 loan to Chelson Meadow Community Solar and delegates the authority for agreeing the final terms of the agreement to the \$151 officer in consultation with the monitoring officer subject to the following:
 - The Leader approving the additional capital allocation of £15,953,326 into the existing budget line of £420,000
 - Officers receiving legal advice that the loan is in compliance with subsidy control rules
 - The loan agreement providing for a legal charge/s to deliver such security as the Council shall determine) on the basis set out in the report.
- 3. Note that the \$151 will sign the loan agreement subject to it not being signed as a deed. Where it is a deed it will be signed by the Monitoring Officer or other authorised signatory.

Alternative options considered and rejected

If an external finance provider needed to be found it would delay the building of the solar farm, and the subsequent benefit that flow from this, by at least 12 months. This is due to the time taken to do the due diligence with an external provider and the constrained times of year the solar farm can be constructed.

The Council would miss the opportunity to secure a debt margin of approximately £1.3m if it does not provide the finance for the construction of the solar farm.

Relevance to the Corporate Plan and/or the Plymouth Plan

Directly feeds into the priority 'A green sustainable city that cares about the environment'.

Implications for the Medium Term Financial Plan and Resource Implications:

The solar farm as a whole provides the opportunity to generate an income over the lifetime of the asset (up to 30 years). It also provides an opportunity to protect the Council against energy price increases and volatility over a 20 year period through a Virtual Power Purchase Agreement with the Chelson Meadow Community Solar.

Financial Risks

The key risk is that Chelson Community Solar defaults on its repayments to the Council. This is mitigated by the ability to accurately forecast the solar farms power generation (and the income that flows from this.) This forecasting has completed by leading external experts which provides confidence with regards to its accuracy. The business case within the appendix contains more detail on risks and mitigation. The business case has also been considered at the Growth and Scrutiny Committee who recommended it go to Cabinet.

Carbon Footprint (Environmental) Implications:

Hugely beneficial and positive impact in reducing the Council's carbon emissions predicted to be 60% of carbon emissions and providing 75% of the Council's electricity needs.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not. H & S risks will be dealt with as part of the construction process. The conditional planning approval ensured that due regard was given to the impact of the solar farm on the city.

Appendices

*Add rows as required to box below

Ref.	Title of Appendix		Exemption Paragraph Number (if applicable) If some/all of the information is confidential, you must it why it is not for publication by virtue of Part 1 of Schedu of the Local Government Act 1972 by ticking the releva								
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Α	CMCS Construction Loan Business Case										

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are <u>unpublished</u> works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exem	Exemption Paragraph Number (if applicable)								
	If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.									
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Sign off:

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Originating Senior Leadership Team member: Anthony Payne (Strategic Director for Place)

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 14/02/2023

Cabinet Member approval: Councillor James Stoneman (Cabinet Member for Climate Change and

Governance)

Date approved: 20/02/2023

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PLYMOUTH CITY COUNCIL