
Report of the Lead Member for Planning and Sustainable Development

To Council September 2021

UNLOCKING CLEAN ENERGY IN GREATER MANCHESTER REQUEST FOR MATCH FUNDING TO SECURE ADDITIONAL ERDF GRANT IN SALFORD

RECOMMENDATIONS:

Full Council approve further prudential 'invest to save' borrowing of £894,000 to secure additional ERDF grant funding to finance Little Hulton Solar Farm, Charlestown Weir Hydro and Solar Carports at Turnpike House and Swinton Hall road Depot.

EXECUTIVE SUMMARY:

Salford City Council is installing solar PV at its site in Kenyon Way, Little Hulton and a Hydro scheme at Charlestown Weir to increase local renewable energy generation and increase the flexibility of local energy supply as part of its contribution towards Greater Manchester's target of becoming a carbon-neutral city region by 2038. ERDF funding has been secured for this. As part of the 2020/21 budget setting process an indicative, £1,784,000 was confirmed as match funding for Salford's Solar farm and hydro scheme. Feasibility studies have identified that a further £314,000 of match funding is required to deliver these schemes.

In addition, and as outlined in a recent report to Regeneration and Property Briefing on 9 August 2021, an opportunity has arisen for Salford to secure ERDF funding for an additional project to provide solar carports to generate electricity. Salford has proposed installing solar carports at both Turnpike House and Swinton hall Road Depots. This would cost approximately £1,073,000 and attract ERDF Grant of nearly £493,000 and require match of £580,000. These two sites are expected to produce about 0.5MW of electricity, equivalent to a quarter of our solar farm in Little Hulton.

The Hydro Electric Scheme and Solar Farm were agreed by the City Mayor in October 2019 and their initial budget agreed in the 2020 Budget. This report concerns only the additional match funding for these schemes. The Solar Car Ports scheme was agreed by Property and Regeneration Committee on the 9th August 2021, and this report seeks approval for the match funding needed for this scheme. All the sites meet the Council's invest-to-save criteria with the savings generated more than covering the cost of borrowing over the projects' life span.

BACKGROUND DOCUMENTS:

- Five-year environment plan for Greater Manchester
- REPORT TO FULL COUNCIL: 2020/21 REVENUE BUDGET AND CAPITAL PROGRAMME 26 FEBRUARY 2020

WARD(S) TO WHICH REPORT RELATE(S):
Turnpike House Depot – Weaste and Seedley
Swinton Hall Road Depot – Swinton Park
Solar Farm – Little Hulton
Hydro – Irwell Riverside

KEY COUNCIL POLICIES:

- Five-year environment plan for Greater Manchester
 - Great Eight Priority - Tackling the climate emergency
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1. Introduction

1.1 The Greater Manchester's Five-Year Environment Plan sets out GM's long-term environmental vision. The plan sets out urgent actions that need to be taken in the next five years to help achieve this carbon neutrality. On 17 July 2019, the city council declared a Climate Emergency, underlining the seriousness of the need to mitigate climate change. One of the targets in the GM Plan is to increase renewable power generation in the City region. The four sites that form part of Unlocking Clean Energy in GM will contribute to meeting that target while saving the council money and moving closer to zero carbon operations.

2. Background

2.1 Salford is part of a cross Greater Manchester local authority led ERDF scheme 'Unlocking Clean Energy in Greater Manchester'. The original allocation of ERDF funding secured by Salford City Council was to deliver the following projects:

- a solar farm built in Little Hulton
- a Hydro Scheme at Charlestown weir

2.2 The above projects were to be financed from the Council's prudential 'invest to save' borrowing at a value of £1,784,000 alongside an ERDF grant allocation of £1,784,000. The invest to save borrowing was agreed in February 2020 by Full Council as part of the 20/21 annual budget report.

3. Current position

Solar Farm and Hydro Energy Scheme Costs

3.1 The initial project funding and costs for the solar farm and hydro energy projects were indicative, reflecting the best assessments at the time and subject to the outcome of more detailed feasibility studies. The nature of complex engineering schemes such as these is that costs are liable to change as scheme details become more defined and better understood. Further feasibility studies, completed in November 2020, have demonstrated that overall costs for the delivery of the solar farm and hydro energy scheme are likely to increase by £628,000. To enable delivery, this means that a further £314,000 of match funding is required from the city council. (The revised cost assumptions now reflect those initially forecast at the City Mayor's Briefing on 21 October 2019.) Under these revised cost assumptions, the

schemes continue to meet city council invest-to-save criteria. On this basis, it is considered that the schemes will continue to offer positive environmental and financial outcomes for Salford.

New Low Carbon Opportunity – Solar Car Ports

3.2 Within the Unlocking Clean Energy in Greater Manchester programme, one partner council has decided it is unable to deliver its project. This has released the identified ERDF funding for other potential projects. Officers have assessed possible opportunities within Salford that could offer further carbon and financial savings. It is considered that there is an opportunity to install solar car ports in the parking areas of Turnpike House and Swinton Hall Road depots. The initial design details of solar car ports are included at Annex 1 and 2.

3.3 Feasibility studies show that the two additional sites should generate about 0.5MW of electricity, equivalent to a quarter of our solar farm in Little Hulton. It would also be another step closer to achieving the GM target of installing an additional 45MW of solar power by 2025. The overall cost for these installations is estimated to be £1,073,000. ERDF contribution to this would be £493,000, requiring a match from the city council of £580,000. As well as the carbon savings highlighted above, the solar car ports would also meet invest-to-save criteria.

3.4 The solar car ports proposal has been considered and agreed in principle at the Property and Regeneration Briefing meeting on the 9 August 2021.

4. Required additional budget

4.1 In order to meet MHCLG match funding requirements to draw down ERDF funding to support the three projects, the following additional amounts of Council prudential 'invest-to-save' borrowing are required:

- £314k to provide additional match finance for the Little Hulton PV and Charlestown Weir projects to the already secured £1,784k ERDF. This match funding will deliver nearly £1.784m in ERDF grant.
- £580k to provide additional match finance for the Solar Carports project and secure an additional £493k of ERDF grant.

4.2 An analysis of the costs and projected income streams for all the schemes has been carried out which shows they do meet the council's 'invest to save' criteria. For the solar car ports scheme, it is assumed that over a 25-year asset life period there will be a net financial benefit to the City Council of just under £1.1 million. This assessment includes contingencies to allow for changes in capital costs. The schemes will still qualify as invest-to-save opportunities if on-site usage falls to around 40% of current levels.

5. Conclusion

5.1 The city council's engagement with the Unlocking Clean Energy in Greater Manchester programme has enabled a number of projects to be developed and progressed that will achieve significant carbon savings for Salford, as well as providing improved energy security. There is a need for match funding from the city council, but these projects overall represent investment opportunities that secure long-term financial savings.

5.2 This report highlights the need for increased levels of match funding for this programme, partly as a result of improved understanding of delivery requirements and partly to secure an additional project for this programme. It is recommended that council supports provision of this increased funding, particularly noting that the invest-to-save credentials of the projects remain.

ASSESSMENT OF RISK:

SOURCE OF FUNDING:

Prudential Borrowing – submitted as match against ERDF.

1. LEGAL IMPLICATIONS: Tony Hatton, Principal Solicitor, tel. 219 6323

EU funding from sources such as European Regional Development Funds ('ERDF') assists the UK address the carbon reduction challenge. A number of local authorities are currently applying to the ERDF to support clean energy projects, which will apparently no longer be available after Brexit as access to European Investment Bank funding is now uncertain. The terms of any grant funding agreement with ERDF will need to be adhered to in the event that there are clawback provisions for failure to comply. Legal Services will advise on any terms upon receipt of a copy of the agreement to ensure the Council's interests are protected.

When commissioning contracts for the procurement of goods, services or the execution of works associated with the project, the Council as a 'contracting authority' must comply with the Public Contracts Regulations 2015 (PCR) as well as the provisions of its own Contractual Standing Orders (CSO's), Financial Regulations and the duties of Best and Social value, or be at risk of challenge from an aggrieved provider.

2. FINANCIAL IMPLICATIONS: Gemma Singleton – Finance Officer

To meet MHCLG match funding requirements to draw down ERDF funding to support the projects, the following additional amounts of Council prudential 'invest to save' borrowing are required:

£314k to provide additional match finance for the Little Hulton PV and Charlestown Weir projects to the already secured £1,784k ERDF

£580k to provide additional match finance for the Solar Carports project and secure an additional £493k of ERDF grant

Both schemes meet the self-financing criteria so no cost to the council for the borrowing.

3. PROCUREMENT IMPLICATIONS: Emma Heyes, Category Manager

All procurement activity in relation to this project should be carried out in accordance with the Council's Contractual Standing Orders and must also meet any advertising requirements as per ERDF funding guidelines.

CONTACT OFFICERS:

Michael Hemingway, Principal Officer - Climate Change

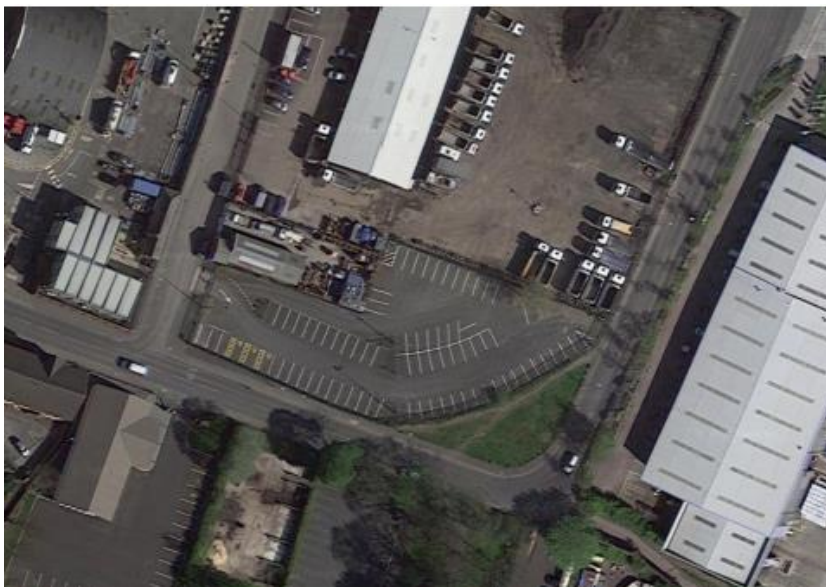
Annex 1

Example of a solar car port

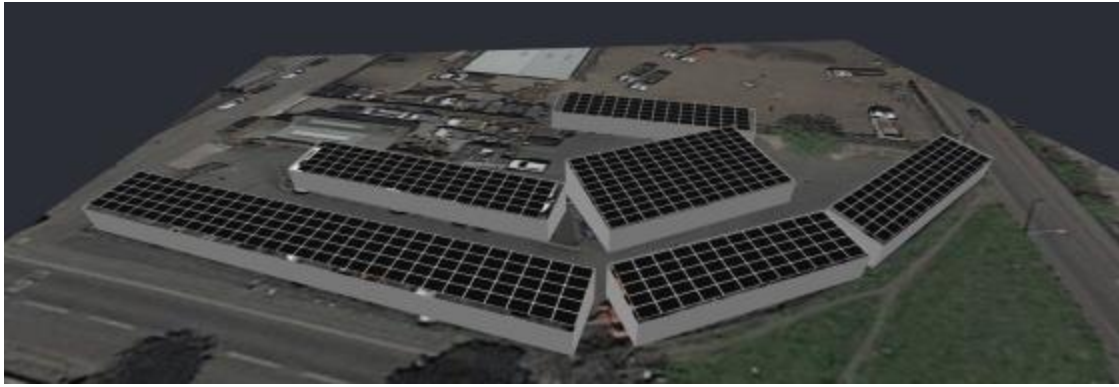


Annex 2

Swinton Hall Road Depot



Suggested layout



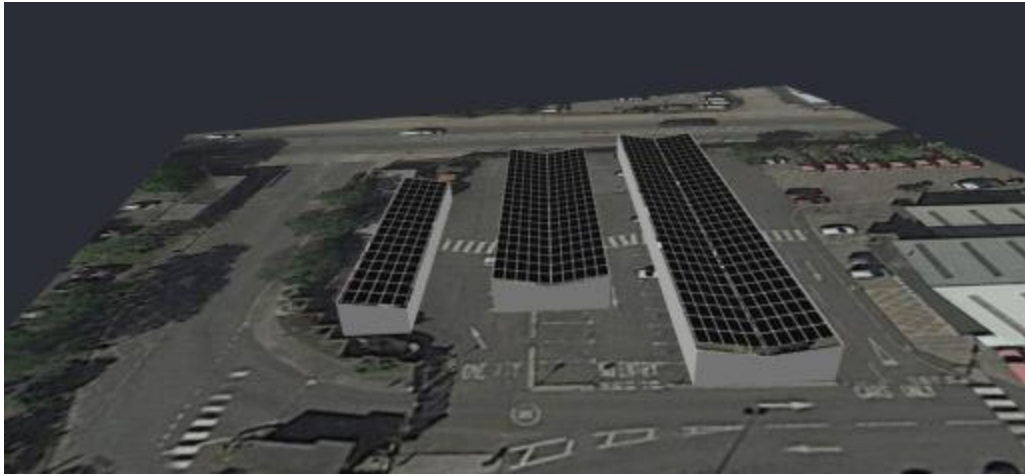
Total of 540 PV panels

Annex 3

Turnpike House



Turnpike main carpark layout



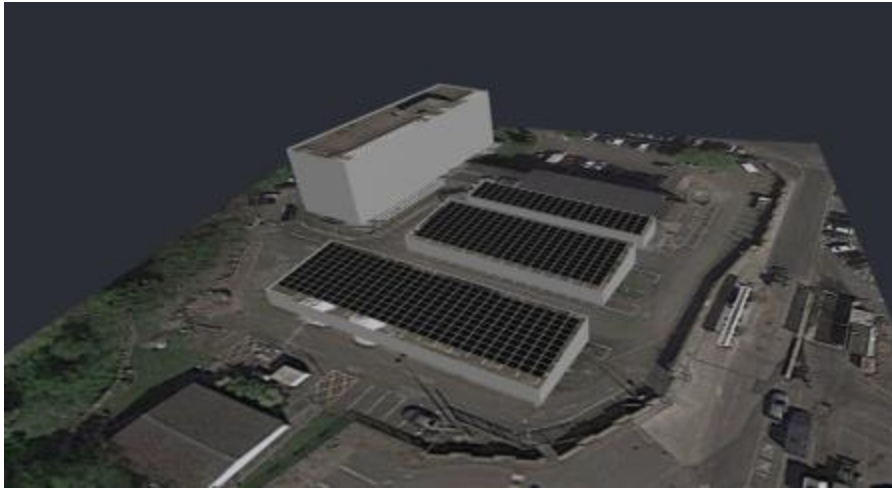
570 Panels

Turnpike central carpark Layout



335 Panels

Turnpike office block carpark layout



560 panels
