

Commissioning and Procurement Executive Committee – 15 October 2024

Subject:	Harvey Hadden Sports Village solar PV installation (phase 3)		
Corporate Director: Director:	Colin J Parr - Communities, Environment and Resident Services Michael Gallagher – Environment and Sustainability (Interim)		
Executive Member:	Councillor Sam Lux - Carbon Reduction, Leisure and Culture		
Report author and contact details:	Reshma K Michael reshma.michael@nottinghamcity.gov.uk		
Other colleagues who have provided input:	Shabana Kausar & Glenn Hammons – Finance Tom Button – Legal Jonathan Whitmarsh – Procurement		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons:	<input checked="" type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input checked="" type="checkbox"/> Savings of £750,000 or more
taking account of the overall impact of the decision			<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital		
If Capital, provide the date considered by Capital Board	Date: 09/10/2024		
Total value of the decision:	£4.5m (made up of £419,750 (spend) and £4m (approx. savings))		
Section 151 Officer expenditure approval	Has the spend been approved by the Section 151 Officer? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/a		
Spend Control Board approval reference number:	9924		
Commissioner Consideration	Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Any comments the Commissioners wish to provide are listed in section 6 below.			
Wards affected:	All		
Date of consultation with Executive Member:	12/08/2024		
Relevant Council Plan Key Outcome:			
Green, Clean and Connected Communities	<input checked="" type="checkbox"/>		
Keeping Nottingham Working	<input type="checkbox"/>		
Carbon Neutral by 2028	<input checked="" type="checkbox"/>		
Safer Nottingham	<input type="checkbox"/>		
Child-Friendly Nottingham	<input type="checkbox"/>		
Living Well in our Communities	<input checked="" type="checkbox"/>		
Keeping Nottingham Moving	<input type="checkbox"/>		
Improve the City Centre	<input type="checkbox"/>		
Better Housing	<input type="checkbox"/>		
Serving People Well	<input checked="" type="checkbox"/>		
Summary of issues (including benefits to citizens/service users):			
HHSV is a very high user of energy and uses on average 2,960 units of electricity per day, imports approximately 1,080,566 kWh of electricity per year and accounts for 4.8% of NCC's energy budget.			
By installing an additional 304.3KWp solar PV system into the building's design, the system is expected to generate 254,730 kWh in year-1, contributing a 20.84% reduction in building's current energy import.			
The utilisation of solar power will further help reduce greenhouse gas emissions associated with			

conventional energy sources and contribute to Nottingham City's commitment to net zero.

Exempt information: None.

Recommendations:

- 1 To delegate authority to the Corporate Director of Communities, Environment and Resident Services, in consultation with the Corporate Director of Finance and Resources, for the signing of the SALIX funding agreement.
- 2 To approve the anticipated revenue savings and repayment of capital funding as set out within the finance comments and body of the report, noting that the identified net saving will be incorporated in the 2025/26 Budget and MTFP process.

1. Reasons for recommendations

- 1.1 Following the Capital Board meeting, the project received approval, but Finance requested two additional recommendations to provide further clarity on key financial aspects and gave further advice (as detailed in section 7 below).
- 1.2 These amendments include detailed guidance on the Salix repayable funding, confirming that repayments will be made from the revenue energy savings generated by the solar panels and ensuring the Council benefits from a long-term surplus. Additionally, Finance highlighted Salix funding risks, emphasising the need to monitor potential revenue pressure if actual savings fall below forecasts.
- 1.3 Despite these updates, the project's total value, anticipated bill savings, and carbon reduction targets remain unchanged.

2. Background (including outcomes of consultation)

- 2.1 This report has been revised following feedback from the Capital Board and additional recommendations from Finance.
- 2.2 The updates reflect the need to monitor the possibility of revenue pressure if energy savings are lower than anticipated. However, this risk has already been mitigated through sensitivity analysis, which shows the project remains positive even if site utilisation drops to 60% and energy generation is reduced to 80%, with a payback period of no more than nine years. In line with the Salix funding requirements, the loan should be repaid within 10 years.
- 2.3 These changes have been made to provide greater transparency and financial clarity without altering the core benefits of the project.

3. Other options considered in making recommendations

- 3.1 Do nothing - The alternative is to not proceed with the third phase of solar PV installations at HHSV. This would neither contribute to the Council's CN28 agenda, nor result in a 20.84% reduction in the building's current energy import. Consequently, it would fail to offset a substantial portion of imported electricity and gas with renewable sources.

4. Consideration of Risk

- 4.1 As per the previous report.

5. Best Value Considerations

5.1 As per the previous report

6. Commissioner comments

6.1 The Commissioners are content with this additional information. (10/10/2024)

7. Finance colleague comments (including implications and value for money/VAT)

7.1 SALIX is a revolving Capital Fund whereby the Council is able to drawdown funding for energy improvement / efficiency projects. The funding drawn down has to be repaid interest free from the revenue savings generated from the project. Once the funding is repaid the Council keeps the ongoing savings.

7.2 SALIX Funding is repayable funding and is in accordance with both the Capital and Treasury Strategy.

7.3 The financial models assumes that the repayments are made from the revenue energy savings generated from the solar panels and return a surplus to the Council over the life of the asset. The revenue impact of this scheme is required to be included within the 2025/26 budget process. The financial model assumes the project will have the following financial impact:

	Year 1 (2025/26) £m	Year 2 (2026/27) £m	Year 3 (2027/28) £m	Year 4-30 (2028/29 to 2054/55) £m	Cumulative Position £m
Repayment of SALIX	0.044	0.044	0.044	0.288	0.420
Assumed Revenue Saving	(0.055)	(0.058)	(0.061)	(3.611)	(3.785)
Net benefit to the Council	(0.011)	(0.014)	(0.017)	(3.323)	(3.365)

7.4 If the savings, as summarised in the table above and, set out in the body of the report and the appendix, do not materialise as planned this scheme could generate a revenue pressure if the actual savings are less than forecast. If this occurs any pressure would need to be contained within Energy Services or, if this is not achievable, declared within the budget process as a growth item.

7.5 The key risks to the project are set out in more detail in section 4 of the previous report and in the exempt appendix, which includes sensitivity modelling of changes to the core assumptions underpinning the financial analysis in the table above.

Shabana Kausar, Director of Finance (Capital Programmes) - 7 October 2024,
Glenn Hammons, Technical Finance Team Leader - 9 October 2024.

8. Legal colleague comments

8.1 This report is supplemental to the principal report in which legal comments were included and does not raise any further legal points for consideration.

Tom Button, Team Leader, Contracts and Commercial – 11 October 2024

9. Procurement comments

- 9.1 The two additional recommendations in this report do not impact the procurement strategy, and so there are no additional Procurement comments to those set out in the principal report.

Jonathan Whitmarsh, Corporate Procurement Officer – 11 October 2024

10. Other relevant comments

10.1 Strategic Assets and Property

As per the previous report.

11. Crime and Disorder Implications (If Applicable)

- 11.1 None.

12. Social value considerations

- 12.1 As per the previous report.

13. Regard to the NHS Constitution (If Applicable)

- 13.1 N/A

14. Equality Impact Assessment (EIA)

- 14.1 As per the previous report.

15. Data Protection Impact Assessment (DPIA)

- 15.1 As per the previous report.

16. Carbon Impact Assessment (CIA)

- 16.1 As per the previous report.

17. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

- 17.1 None.

18. Published documents referred to in this report

- 18.1 None.