

**CANNOCK CHASE COUNCIL**  
**CABINET**  
**21 JULY 2011**  
**REPORT OF THE CORPORATE DIRECTOR**  
**RESPONSIBLE PORTFOLIO LEADER – HOUSING**  
**PHOTOVOLTAIC (SOLAR) PANELS**  
**KEY DECISION – NO**

**1. Purpose of Report**

- 1.1 To consider the implementation of a photovoltaic (solar) panel pilot scheme for the Council's housing stock.

**2. Recommendation(s)**

- 2.1 That a pilot scheme to provide photovoltaic panels to 25 Council dwellings is undertaken by British Gas in accordance with their "rent a roof" scheme.
- 2.2 That the Head of Housing is authorised to agree terms and conditions in respect of an Agreement with British Gas to secure the scheme.
- 2.3 That the Head of Housing following consultation with the Housing Portfolio Leader is authorised to determine the properties included in the pilot scheme.
- 2.4 That a further report is submitted to Cabinet regarding the evaluation of the pilot scheme and the potential provision of photovoltaic panels to other suitable dwellings in the Council's housing stock.

**3. Summary (inc. brief overview of relevant background history)**

- 3.1 The Government provides a "feed in tariff" (Fit) scheme to encourage the use of low and zero carbon electricity generating technology. The tariff provides a guaranteed income for up to 25 years to energy providers who invest in renewable energy technology approved under the "Fit scheme" and use this technology to generate electricity for the national grid.
- 3.2 Approved energy technology includes wind turbines, anaerobic digestion and photovoltaic (PV) or solar panels.
- 3.3 In order to encourage "early take-up" and reflect the expected decrease in the future cost of renewable energy technology payment tariffs will be subject to a progressive decrease after 31 March 2012. However, where renewable technology has already been installed the tariffs will be unaffected.
- 3.4 As a result of the provision of the current "feed in tariffs", a number of energy providers are promoting the provision of photovoltaic (PV) panels.

**4. Key issues and Implications**

- 4.1** Information from the 2009 stock condition survey suggests that PV panels could potentially be installed on some 1,400 Council properties (25.8% of the housing stock). Not all properties are suitable as one side of the roof needs to be south facing to generate an economic return.
- 4.2** The estimated installation cost is £10,000 per property and £14 million would be required if PV panels were to be provided by the Council to all potentially suitable properties. A separate report on the development of a 30 year HRA Business Plan (elsewhere on your agenda), shows that this cannot be accommodated within the plan for at least 10 years, if other investment priorities are to be met.
- 4.3** A number of energy providers are however, offering schemes whereby they lease the external roof space of a Council dwelling, install PV panels (at their cost) and pay the Council an annual "roof rent". Such schemes have a number of advantages in that:
- (a) the cost of installation and on-going maintenance are met by the energy provider
  - (b) the tenant of the property (on which the PV panels are installed) receives some free electricity which would reduce their annual electricity bills by an estimated £100 per year
  - (c) the Council would receive a small annual rent for each installation
  - (d) they support carbon reduction objectives and help combat climate change.
- 4.4** The schemes are however, subject to a 25 year agreement and participation would necessitate a long-term commitment. In addition, as the PV panels are installed "on top" of the existing roof covering, their appearance is not considered to be particularly attractive, although this is a matter of personal taste.
- 4.5** Furthermore, as a result of unfavourable orientation it is uneconomic to install PV panels to some 75% of the Council's housing stock. There would therefore be a situation of "haves" and "have nots" with regard to any PV panel installation on every estate.
- 4.6** Discussions have been held with Stoke-on-Trent City Council who are progressing a tendering exercise of the City wide installation of PV panels via a "rent a roof" scheme. Prior to this Stoke-on-Trent undertook a pilot scheme, the evaluation of which resulted in a number of changes to their initial approach. As a result, Stoke-on-Trent consider that the lessons from the pilot scheme were invaluable.
- 4.7** It is therefore suggested that if Cabinet wish to pursue the installation of PV panels, this should initially be progressed through a "rent a roof" pilot scheme. This proposed approach would enable:
- (a) the method of fixing PV panels to the existing roof covering to be tested to avoid on-going maintenance problems
  - (b) the estimated number of tenants who wish to have PV panels installed on their homes to be assessed

(c) the estimated cost savings to tenants' electricity bills to be evaluated.

**4.8** The Council currently has an Energy Efficiency Agreement with British Gas, which results in them providing the Council with a financial contribution towards certain energy efficiency measures in accordance with the Home Energy Efficiency Programme. In 2010-11 a total of £135,134 was received towards the cost of undertaking external insulation to properties with solid walls (undertaken in conjunction with re-rendering), condensing boilers and loft insulation.

**4.9** British Gas also offer a "rent a roof" scheme for the provision of PV panels and in view of the Council's current "energy efficiency relationship", it is suggested that British Gas undertake the proposed PV panel pilot scheme. The principal terms of the proposed pilot scheme are outlined below:

(a) the scheme would comprise of 25 properties jointly selected by the Council and British Gas.

(b) the cost of providing and maintaining the PV panels would be the responsibility of British Gas

(c) British Gas would make a minimum annual rental payment to the Council of £30 per installation

(d) the scheme would operate for a 25 year period after which British Gas would remove the PV panels

(e) existing tenants would have a choice of having PV panels installed on their homes but following installation new tenants would be required to "accept" the PV panels

(f) tenants would be required to sign an Agreement with British Gas regarding the installation and use of the PV panels.

**4.10** The 25 properties would be situated on a single estate, the location of which would be determined by the Head of Housing, following consultation with the Housing Portfolio Leader, subject to the estate meeting the British Gas Installation criteria. A consultation exercise would then be undertaken with tenants on the estate to determine the 25 properties within the pilot scheme.

**4.11** Subject to a successful evaluation of the pilot scheme, a further report would be submitted to Cabinet with a view to providing the PV panels scheme to other suitable Council properties. Any extension would however, be subject to a tendering exercise to ensure best value.

## **5. Conclusions and Reason(s) for the Recommendation(s)**

**5.1** This report outlines a proposed pilot scheme to provide PV panels to 25 Council properties through the British Gas "rent a roof" scheme. The cost of installation and future maintenance would be met by British Gas whilst the Council would receive an annual rent for each installation for a period of 25 years. In addition, the tenant of the property would receive some free electricity.

**5.2** The proposed scheme would therefore support carbon reduction objectives and help reduce fuel poverty.

**5.3** The location of the pilot scheme would be determined by the Head of Housing, following consultation with the Housing Portfolio Leader, subject to the estate meeting the British Gas installation criteria.

**5.4** Subject to a successful evaluation of the pilot scheme, consideration would be given to providing PV panels to other suitable Council properties. Any extension would, however, be subject to a tendering exercise and be considered as part of a future cabinet report.

**6. Other Options Considered**

**6.1** Consideration has also been given to:

(a) the provision of PV panels funded from HRA capital resources. However, this could not be accommodated within the HRA Business Plan for at least 10 years

(b) the provision of PV panels to all suitable properties without the prior implementation of a pilot scheme. However, discussions with Stoke-on-Trent City Council suggest that lessons from a pilot scheme are invaluable when formulating a comprehensive approach.

**7. Report Author Details**

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**SCHEDULE OF ADDITIONAL INFORMATION**

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**Section 1**

**Contribution to Council Priorities (i.e. CHASE, Corporate Plan)**

The implementation of a pilot PV panel scheme would contribute to the service aim of “supporting vulnerable people to live in their own homes” (by helping to reduce fuel poverty) which forms part of the agreed 2011-12 “People” Priority Delivery Plan.

**Section 2**

**Contribution to Promoting Community Engagement**

The proposed PV panel pilot scheme would be subject to a consultation exercise with tenants prior to implementation. Existing tenants would also have the choice as to whether or not to have PV panels installed on their home.

**Section 3**

**Financial Implications**

The cost of installing and maintaining the PV panels would be met by British Gas. There are therefore no direct costs to the Council.

The Council would receive an annual rental income of £30 per installation. A total of £750 per annum would therefore be generated from the pilot scheme.

**Section 4**

**Legal Implications**

The Public Contract Regulations 2006 (otherwise often referred to as the EU procurement regulations) apply to any contract for goods, services or works above a specified threshold level where the Council, as a contracting authority, engages a person to either carry out or that person procures the means for the carrying out of the goods, services or works on the Council's behalf.

The 2006 Regulations do not apply where there is a ‘disposal of land’. A disposal of land arises where there is the sale of land or a lease is entered into.

The approach adopted by British Gas amounts to a disposal of land as it wishes to lease the roof space of the Council properties on which it will install the panels. The Council is not directly in receipt of any goods, service or works only a nominal rental income for the land rights granted to it by virtue of the lease. Consequently there is no obligation upon the Council to comply with EU procurement regulations for the pilot scheme (nor any prohibition from doing so should it choose to) nor to pursue a tendering exercise as might otherwise be required by the Council's Standing Orders.

**Section 5**

**Human Resource Implications**

There are no human resource implications arising from this report.

**Section 6**

**Section 17 (Crime Prevention)**

There are no identified Section 17 (Crime Prevention) implications arising from this report.

**Section 7**

**Human Rights Act Implications**

There are no identified implications in respect of the Human Rights Act 1998 arising from this report.

**Section 8**

**Data Protection Act Implications**

There are no identified implications in respect of the Data Protection Act arising from this report.

**Section 9**

**Risk Management Implications**

A number of risks have been identified with regard to the provision of PV panels including the method of fixing, tenant demand and electricity cost savings. These would be evaluated as part of the pilot scheme to ensure that if the provision of PV panels is subsequently extended to other Council properties, these risks are minimised.

PV panels are still relatively new technology and future maintenance costs are therefore uncertain. The implementation of the proposed “rent a roof” scheme will remove a major area of risk as the cost of future maintenance would be met by British Gas.

**Section 10**

**Equality and Diversity Implications**

The proposed PV panel pilot scheme will help reduce fuel poverty which would be of particular benefit to elderly and disabled households. The scheme therefore has positive equality and diversity implications.

**Section 11**

**List of Background Papers**

None.

**Section 12**

**Report History**

None.

<b>Council Meeting</b>	<b>Date</b>

**Annexes to Report**

None.