

Report of:	Head of Housing and Waste Management
Contact Officer:	Ian Tennant Rick Pepper
Telephone No:	01543 464210 01543 686863
Portfolio Leader:	Housing
Key Decision:	Yes
Report Track:	Cabinet: 17/07/14

CABINET

17 JULY, 2014

PROVISION OF PHOTOVOLTAIC PANELS TO COUNCIL OWNED BUNGALOWS**1 Purpose of Report**

- 1.1 To consider issues in relation to a proposed lease to “Chase Community Energy” for the provision of photovoltaic panels to Council owned bungalows.

2 Recommendations

- 2.1 That the scheme to provide photovoltaic panels to Council owned bungalows is undertaken by “Chase Community Energy”.
- 2.2 That a compensation formula to address the loss of income if photovoltaic panels are removed as a result of Right to Buy purchases is included in the lease.

3 Key Issues and Reasons for Recommendation

- 3.1 Two issues have arisen regarding the preparation of the “roof lease” for the provision of photovoltaic panels to additional Council owned bungalows.
- 3.2 Staffordshire Community Energy now wish to establish an identical community benefit society “Chase Community Energy” to deliver the scheme, as this would enable investors to obtain 50% tax relief under the “Seed Enterprise Investment Scheme”. The proposed amendment has no implications other than a change in name.

- 3.3 Any bungalow sales under the Right to Buy (RTB) cannot be conditional upon the photovoltaic panels remaining on the property. A tenant exercising the RTB could therefore require the panels to be removed.
- 3.4 Whilst the risk of this is small it would be necessary to compensate "Chase Community Energy" for the loss of income should it occur. A compensation formula is proposed whereby the panels on a bungalow would lose 1/20th of their estimated £4,000 value each year and it is suggested that this forms part of the roof lease.
- 3.5 The costs of any compensation would be met from the capital receipts from the bungalow sale.

4 Relationship to Corporate Priorities

- 4.1 The potential provision of PV panels to further dwellings within the Council's housing stock was a key action within the Housing Portfolio Section of the 2013-14 "Place" Priority Delivery Plan.

5 Report Detail

- 5.1 Cabinet on 20 March, 2014 agreed the principles of a proposed scheme to provide photovoltaic panels to further Council properties through a community share issue by Southern Staffordshire Community Energy (SSCE). The scheme is to be undertaken through a "roof lease", the terms and conditions of which were delegated to the Head of Planning and Regeneration following consultation with the Head of Housing and Waste Management.
- 5.2 Two issues have however, arisen during discussions with SSCE which require consideration by Cabinet:-
- (i) Establishment of a separate Delivery organisation.
- In order to take advantage of the "Seed Enterprise Investment Scheme" SSCE wish to establish a separate organisation to deliver the Cannock Chase Project. They propose setting up an identical Community Benefit Society entitled "Chase Community Energy" which could enable investors to obtain 50% tax relief whereas via SSCE only 30% could be obtained.
- The proposed amendment would have no implications for the roof lease or other Agreements other than a change in name.
- (ii) Properties sold under the Right to Buy (RTB)
- If a tenant wishes to buy their home under the RTB, this cannot be conditional on the photovoltaic panels remaining on the property. A tenant exercising the RTB could therefore require the photovoltaic panels to be removed.

As the photovoltaic panels are to be installed on bungalows it is expected that the number of RTB sales will be low. In addition, it is unlikely that a prospective RTB purchaser would wish to have the panels removed as they would be benefiting from an estimated 30% saving in electricity costs.

Nevertheless there is a risk that the panels could have to be removed as a result of a RTB purchase.

SSCE's business model is dependent upon the continued provision of a set number of panels for the whole of the 21 year lease. It would therefore, be necessary to compensate SSCE (now "Chase Community Energy") if panels were removed as a result of RTB applications during this period.

A compensation formula is proposed whereby the panels on a bungalow would lose 1/20 of their estimated £4,000 value each year. It is suggested that in the event of the panels being removed in respect of any RTB applications that Chase Community Energy are compensated in accordance with this formula.

The costs of any compensation would be met from the capital receipts from the bungalow sale.

- 5.3 SSCE (on behalf of "Chase Community Energy" are progressing the scheme and have identified some 220 bungalows (located throughout the District) which are suitable for installation. Subject to a successful share issue, they intend to complete the installations before the end of the financial year as the current "Feed in Tariff" will further reduce in the New Year.

6 Implications

6.1 Financial

The cost of any compensation to "Cannock Community Energy" as a result of RTB applicants wishing to have the panels removed would be met from the capital receipts from the sale of the bungalow.

6.2 Legal

The legal implications are set out in the report.

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

There is a risk that the Council may have to pay compensation to “Chase Community Energy if a RTB bungalow purchaser wishes to have the panels removed. The risk of this happening is however considered to be small as RTB sales in respect of bungalows are low and it is likely that prospective purchasers would wish to retain the benefit of the panels.

6.8 Equality & Diversity

The provision of PV panels to further dwellings within the Council’s housing stock has been subject to an Equality Impact Assessment (EIA). The outcome of the PV panel EIA is that it would have a positive impact for certain of the protected characteristics with no identified negative implications.

6.9 Best Value

None

7 Appendices to the Report

Previous Consideration		
Provision of Photovoltaic (Solar) Panels to Further Council Owned Properties	Cabinet	20 March, 2014

Background Papers