

EXECUTIVE

Excerpt of the minutes of the meeting held on Wednesday 14 September 2011 at the Town Hall, Royal Leamington Spa at 6.00 pm.

PRESENT: Councillor Michael Doody (Chairman), Councillors Caborn, Coker, Mrs Gallagher, Mrs Grainger, Hammon, Mobbs, Shilton and Vincett.

ALSO PRESENT: Councillor Barrott (Labour Group Observer), Councillor Boad (Liberal Democrat Group Observer), Councillor Gifford (Chair of Overview and Scrutiny Committee) and Councillor Edwards (substitute Chair of Finance and Audit Scrutiny Committee).

49. DECLARATIONS OF INTEREST

There were no declarations of interest made in relation to minute 53.

PART 1

(Items which a decision by Council is required)

53. PROPOSAL TO INSTALL PHOTOVOLTAIC SYSTEMS TO SUITABLE WDC HOUSING AND CORPORATE PROPERTIES

The Executive considered a report from Housing and Property Services which sought approval to deliver a district-wide programme to install up to 517 photovoltaic systems (PVs) on Housing Revenue Account (HRA) assets and corporate properties by 31 March 2012.

The report requested approval of the direct procurement by the council of a programme ('option 3' detailed in section 3 of the report), to procure and install up to 517 PV systems, on up to 511 HRA assets and 6 corporate properties by 31 March 2012. The actual number installed would depend upon structural surveys on proposed properties, tenant agreement, and the volume that could be completed by 31 March 2012.

On 1 April 2010 the Government introduced the Feed-In Tariffs (FiT) to encourage new investment in low carbon green technologies. Local authorities had been eligible to receive FiT payments since late 2010 when the restriction against local authorities selling renewable energy was lifted.

The FiT payments were based on the electricity generated by a renewable energy system which was used in the property. There was also an additional bonus for any energy produced which was exported to the electricity grid.

The report highlighted that once the system is started at a given tariff rate, this rate is guaranteed for a full 25 years, index linked to the retail price index. FiT rates were expected to reduce from 1 April 2012, to reflect the reducing cost of panels. Therefore, installations completed and

registered by 31 March 2012 would benefit from the prevailing tariff which would be fixed for the 25 year duration.

The PV systems would be installed on up to 517 properties, covering potentially all wards. This included 304 council houses, 207 blocks of council flats, including sheltered schemes, and 6 corporate buildings. The 511 dwellings were prioritised due to the longevity of their structures and age of roofs, installed since 2004. The short list of corporate buildings was decided based on certainty as to their future for the next 25 years and detailed structural surveys would be carried out if approval was given.

The report requested agreement to include up to £375,000 in the Other Capital Programme for the installation of PV systems on corporate properties, reduced in proportion for any installations not completed by 31 March 2012. In addition, the financing of this project would be funded throughout its life from internal resources and/or prudential borrowing as appropriate as part of the Council's overall treasury management/funding strategy.

There were a number of alternative options available and the report explained these in detail including the 'Rent a Roof' lease model, establishing an external joint venture or to do nothing. However, this would remove the potential to bring much needed income into the Housing Revenue Account and General Fund and reduce the District's capacity to meet carbon reduction targets and the potential job creation opportunities.

The Finance & Audit Scrutiny Committee supported the recommendations in the report, but expressed a desire for one supplier to install and maintain the Photovoltaic Systems, to minimise the risk of disputes over whether faulty systems were due to poor installation or lack of maintenance. If it was necessary to appoint a second supplier to maintain the systems, it was suggested that the supplier who installed the systems should set the maintenance schedule for the maintenance contractor.

The Overview & Scrutiny Committee welcomed the report but did have concerns about the implementation timescales involved with a large project where a number of people would also be aiming to install similar schemes. In addition, they felt that the Executive should look at what action it could take to help reduce fuel poverty issues by making homes more fuel/energy efficient through schemes such as super insulation or improved water heating schemes.

The Overview & Scrutiny Committee stated that they would also welcome some monitoring of local employment levels to see the impact that this had on reducing long term unemployment in the area and improved skills levels. In addition, this money should be treated as windfall money for additional improvements and not stop gap money to fill short falls.

In response, Councillor Doody advised the scrutiny chairs that there had been a great deal of work done on the Council's housing stock in previous years including a rolling programme to carry out insulation works to properties. Councillor Mrs Grainger reminded members that a thorough thermal imaging survey had been carried out and work was continuing on this. She stated that many of the issues raised by the scrutiny committees were continually being worked on through the rolling maintenance programme.

Councillor Gifford expressed his committees concerns regarding offering employment opportunities to local people and ensuring that there was equity and fairness to all the Council's tenants.

In response, Councillor Vincett agreed that ideally, any training and employment opportunities would be offered to local people, however, due to the tight timescales this may be more feasible for the maintenance contracts than the initial installation phase. He ensured members that a lot of background research had already been completed and recent discussions with local businesses had proved promising with regard to them employing local labour. In answer to the concerns raised regarding keeping the same contractor for installation and maintenance, Councillor Vincett felt that this would be a convenient solution but may not be practicable in the current economic climate.

Councillor Vincett proposed that the Executive's thanks be passed to Bhavan Jhita, Building Surveyor, whose hard work had ensured the Council were in a position to accept this opportunity and commit to reducing carbon emissions across the District.

RECOMMENDED that

- (1) the direct procurement by the council of a programme ('option 3' detailed in section 3), to procure and install up to 517 PV systems, on up to 511 HRA assets and 6 corporate properties by 31 March 2012, be approved. The actual number installed will depend upon structural surveys on proposed properties, tenant agreement, and the volume that can be completed by 31 March 2012;
- (2) up to £3,380,000 be included in the Housing Investment Programme for the installation of PV systems on Housing Revenue Account properties, reduced in proportion to the number of installations by 31 March 2012;
- (3) up to £375,000 be included in the Other Capital Programme for the installation of PV systems on corporate properties, reduced in proportion

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for any installations not completed by 31 March 2012;

- (4) the financing of this project will be funded throughout its life from internal resources and/or prudential borrowing as appropriate as part of the councils overall treasury management/funding strategy; however for the HRA the 'Self Financing' debt take on in March 2012 means it is prudent to view the HRA element of this project as effectively debt funded from that point onwards. The precise funding to be determined when the Capital Programme funding is next reviewed;
- (5) the benefits to the council of the FiT as contained in sections 4 and 5 of the report be noted; and
- (6) a future report will be presented providing a post completion review and to explain the following change to FiT post in April 2012.

(The Portfolio Holder for this item was Councillor Vincett)