

OVERVIEW & SCRUTINY COMMITTEE
11 NOVEMBER 2025

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: SOLAR FOR BUSINESS PROJECT CLOSURE REPORT

REPORT OF: Climate Change and Sustainability Project Manager

EXECUTIVE MEMBER: Environment

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

The purpose of the report is to provide an overview of the key lessons learned and project closure reasons for the Solar for Business pilot project.

2. RECOMMENDATIONS

- 2.1. For Overview and Scrutiny to consider and note the findings of the Solar for Business Project Closure Report (Appendix A).

3. REASONS FOR RECOMMENDATIONS

- 3.1. To enable the Committee to scrutinise the reasons for closure of the project.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. None.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive Member for Environment (then Environment and Leisure) was consulted prior to the decision on project closure. A report was presented to the internal Political Liaison Board of the Executive and the Leadership team, on 6 May 2025, presenting an overview of the Solar for Business Project Closure Report (Appendix A) for their information.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1. At the March 2024 Cabinet meeting, £518,725 capital funding alongside £95,000 from the UK Shared Prosperity Fund (UKSPF) was allocated to support testing a pilot Solar for Business scheme in North Herts.
- 7.2. The project aim was to successfully pilot installing solar panels on the roofs of at least five businesses in the district, with an installed capacity totalling 750 kWp and to have a power purchase agreement in place with businesses on use of the generated electricity, providing revenue to NHDC over 25 years. There were two intended benefits from the project: firstly, generation of renewable energy aligned with the council's sustainability priority, contributing to the council's goal of a net zero district by 2040; and secondly, installations also needed to generate revenue for the council, paying back the investment over time. Both benefits needed to be realised for this scheme to be considered viable.
- 7.3. The pilot was based on and adopted similar principles to a successful project delivered by West Suffolk District Council, which had led to installations on over 70 businesses in their district. The project aims were based on delivering a similar scheme, targeting businesses with larger roof spaces and high electricity usage, to generate the most renewable electricity that is used on site. Officers engaged with West Suffolk throughout the project and West Suffolk shared expertise and materials to inform the pilot project. It was not possible to replicate West Suffolk's scheme exactly with differences further discussed in section 8.3.
- 7.4. Wider input was sought during project development, meeting with Warrington Borough Council as they had trialled this scheme on a single commercial property, to learn from their experiences. No other local authority has been identified that has successfully delivered this scheme. Conversations with West Suffolk and Warrington highlighted potential challenges, including having to agree both long-term power purchase agreements and lease agreements with businesses and potentially their landlords for up to 25 years. There were also concerns in relation to subsidy control. Further external feedback was provided later in the scheme, discussed in 8.1.
- 7.5. As the project was defined as a medium sized project, a Project Oversight Group provided project governance in line with the council's project management guidance. The group met every two months over the duration the project with an additional meeting in December 2024. Members of the group included the Director for Environment, Director for Resource, Director for Enterprise, as well as representatives from Legal, Policy & Strategy and Estates. This group brought relevant expertise related to revenue generating projects alongside knowledge of building leases and legal agreements. The Project Oversight Group provided adequate governance of the project, advising on issues as they emerged, reviewing and updating risks, and taking decisions when required. The Project Team consisted of the Climate Change and Sustainability Project Manager with support from officers in the Policy & Strategy, Enterprise and Legal teams.
- 7.6. Identified project requirements included identifying suitable businesses, reaching legal agreements, confirming the viability of sites and then undertaking tender for installations. The revenue budget for the project and a small proportion of the capital budget was from UKSPF, which placed a time constraint on the project of spending this element of the budget by the end of March 2025.
- 7.7. Due to the project aims, the focus was identifying business premises with large roof spaces and high electricity usage to ensure any installations were financially viable. The project team initially identified likely suitable buildings using mapping tools and business

rates information, as well as information provided by the Estates team on leased buildings owned by North Herts Council. Following this desktop analysis, the council reached out to 27 businesses directly, primarily based in industrial estates. A press release was also sent out to promote the scheme, supported by social media posts. In total 22 businesses submitted expressions of interest, with four coming from the targeted outreach and 18 through the general release.

- 7.8. A shortlisting matrix was used to identify the businesses that were most suitable to take forward for the pilot. Key inputs included the amount of generated electricity that would be used by the business, the need to generate a return for the council and then prioritisation of businesses with long leaseholds or ownership of the building. From the 22 interested businesses, seven were shortlisted. 11 were ruled out due to building size or limited on site electricity use making installations unviable. A further four were ruled out due to short leases on buildings.
- 7.9. Of these seven businesses, one withdrew before a formal offer was issued, while a further two were ruled out during financial background checks, and one was put on hold, due to being a listed building and concerns about timings. A formal offer was made to three businesses using a Power Purchase Agreement and Lease Agreement that had been developed by the legal firm Sharpe Pritchard LLP based on agreements provided by West Suffolk.
- 7.10. NHDC negotiated with the three businesses on the agreements offered, including the rate that businesses would be charged to use generated electricity. The three businesses withdrew from the scheme for reasons including: not making sufficient savings on their electricity bills compared to if they invested directly in solar panels, concerns about the cost of roof reinforcements to support solar panels and an intention to pursue solar panels directly. One business also highlighted they considered the length of lease too long. The outcome of the pilot project was that no businesses signed up for installations through the scheme.
- 7.11. At the Project Oversight Group meeting on 16 December 2024, an action was taken to create a lessons learnt / project closure report and to reallocate the vast majority of UKSPF funding. A lessons learnt document was presented to the Project Oversight Group on 4 March 2025. This document was updated and presented to the council's Political Liaison Board on 6 May 2025 (see Appendix A).

8. RELEVANT CONSIDERATIONS

- 8.1. As set out in appendix A, the Project Oversight Group concluded that continuing with the pilot project would not constitute best use of resources, due to the challenges of attracting suitable business interest and businesses being able to take up our offer. The oversight group's view was that there are other actions which could have a greater direct impact on emissions that we should be using our limited resources on, particularly in relation to the council's operational emissions. This also reflected feedback we received from consultants at APSE Energy, who emphasised focusing on adding solar PV to our own buildings, as we are doing through the leisure decarbonisation project and decarbonisation phase 2.
- 8.2. Further insights have been identified during a review of the scheme. One of those is an increasing willingness from businesses to invest directly in solar panels. Two of the seven businesses shortlisted have now installed solar panels on their roofs. For

businesses lacking the capital to invest, other groups such as commercial entities and, in some areas, community energy organisations, are making similar offers to businesses. A learning from the project has been to consider conducting further pre-market engagement with businesses prior to going out to market.

- 8.3. It was not possible to exactly replicate the West Suffolk project. Differences include that West Suffolk has a larger industrial base, the council owns more, modern commercial buildings suitable for solar, and they have greater in-house experience delivering renewables projects (including owning a solar farm). A practical difference was that our buildings insurance provider would not extend insurance to cover solar panels that would have been installed on a third-party building. However, NHDC did agree options to address this issue and it was not raised as a barrier in negotiations.
- 8.4. Other key project constraints included: limited available capacity for project delivery due to competing priorities for the staff resource allocated, tight timescales related to use of UKSPF which prevented further outreach to businesses after the initial shortlisting, and the need for closer relationships with businesses in North Herts to enable better direct communication (identified as a possible action in the new Economic Development Strategy and Plan).
- 8.5. There have been useful learnings and outputs from the pilot project. The project provided useful insights in terms of what role the council can and should play to support businesses becoming more environmentally sustainable. The learnings informed the Sustainable Communities Grant which was open to applications from businesses as well as community groups. The council will build on these insights to identify further steps that can be taken under the action in our Sustainability Strategy 2025-2030 to “[e]xplore providing support for businesses to take up low carbon technologies and reduce their emissions, including consideration of grants or sharing of good practice”. The drafting of templates for lease agreement and power purchase agreements by subject experts related to installation of solar panels on third party roofs could also be useful for future projects.

9. LEGAL IMPLICATIONS

- 9.1. As the project has closed, there are no current legal implications. Both internal and external legal support was provided throughout the pilot project.

10. FINANCIAL IMPLICATIONS

- 10.1. As the project has already closed, there are no current financial implications. The project budget was split £563k capital and £51k revenue with £95k of the total allocated from UKSPF. The pilot project incurred £8,220 in revenue costs. After project close, the remaining UKSPF budget was reallocated and the capital budget removed from the capital programme.
- 10.2. For our revenue budget we did not assume that there would be any net savings arising from Solar for Business. We put in a revenue saving equal to the cost of capital as that would have been the absolute minimum threshold for any agreements with businesses. This was a prudent assumption, and we would have updated the savings if we had been successful in reaching agreements with businesses. As part of updating the budget for 2026/27 we will remove the saving and also update the costs of capital forecasts. This will have a net nil impact.

- 10.3. The agreements with businesses had to consider the Subsidy Control Act. This meant that any agreement we reached with businesses had to be broadly on market terms.

11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of NHDC meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. In line with NHDC project management guidance, a risk register for the project was maintained throughout the project. This was overseen by the Project Oversight Group and as part of monitoring of projects on the council delivery plan.
- 11.3. The top risks during project delivery were businesses dropping out delaying scheme / failure to attract sufficiently large business premises, unable to spend UKSPF allocation due to delays to the scheme, and longer-term risks around businesses leaving premises or not achieving return on investment. The risk of businesses dropping out was realised and led to the end of the project. There are continuing reputational risks to the council from not delivering this scheme but through lessons learned, NHDC continues to act on climate change and identify how best to support businesses reduce their emissions.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no equalities implications arising from this report.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known environmental impacts or requirements that apply to this report as the decision to close the project has already been taken.
- 14.2. If the project had been successful, the ambition of the Solar for Business pilot project was to save 92.21 tonnes CO₂e in year one and up to 1844.23 tonnes over 20 years. However, a benefit of taking the decision to close the project has been releasing capacity to support other climate change projects. This includes decarbonisation phase 2 which is anticipated to directly save 100 tonnes CO₂e annually and delivery of Warm Homes: Local Grant, a government funded scheme to install energy efficiency and clean heating measures in low-income homes.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no current human resources implications as the decision to close the project has been taken. As highlighted in section 7.2, the project team included the Climate Change and Sustainability Project Manager with support from members of the Policy & Strategy team, legal and enterprise. A benefit of taking the decision to close the project has been releasing capacity to support other projects.

16. APPENDICES

- 16.1 Appendix A – Solar for Business Project Closure Report

17. CONTACT OFFICERS

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18 CONTRIBUTORS

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19. BACKGROUND PAPERS

- 19.1 None