

## Solar for Business Project Closure Report

Project Name	
Solar for Business Pilot Project	
Project Manager	
James Lees	
Date of Board Report:	15 April 2025

Overview
<p>At the March 2024 Cabinet meeting, £518,725.00 capital alongside £95,000 of UKSPF was allocated to support testing a pilot Solar for Business scheme in North Herts, based on a successful project delivered by West Suffolk District Council. 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 the Council over 25 years. The focus of the project was to generate renewable energy aligned with the council's sustainability priority and particularly contribute to the council's goal of a net zero district by 2040.</p> <p>The outcome of the pilot project was that we were unable to get any businesses signed up for installations through the scheme. As discussed below the key reasons were that we were unable to get broad enough interest from target businesses in the scheme and then the businesses we shortlisted had either further complications or declined our offer. The project was time constrained due to use of UKSPF to cover the revenue budget and staff resource constrained throughout, due to competing priorities, which limited our ability to go back out for further business engagement.</p> <p>The project oversight group has concluded that continuing with the pilot project of Solar for Business 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. Particularly as the focus of the project was to contribute towards our emissions targets, it is the oversight group's view that there are actions with better carbon outcomes in the sustainability strategy that we should be using our limited resources on.</p> <p>Conversations with West Suffolk Council and the legal firm Sharpe Pritchard to review the scheme and APSE Energy mid-delivery have provided insights to identify where the council can add value, such as adding solar PV to our own buildings.</p> <p>This document provides a project closure report of the pilot project.</p>

Original Aims of the project
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 the Council over 25 years. Completion of some buildings by 31 March 2025 to meet UKSPF requirements and all remaining buildings by June 2025.
Did the project meet all the aims of the Project?
No installations were completed and so the project aims were not achieved.

Performance Indicators		
During the Project- as set out in the Project Plan		
What was measured	Target value	Actual performance
Shortlist of businesses	5 confirmed options, ideally 10 in shortlist	3 confirmed options, 7 shortlisted
Legal agreements	5 lease agreements and 5 PPAs agreed	No formal agreements reached
Costs for installation	£750.00 per kW installed	Estimated costs for installation across the three offered businesses were in this region
Completed installations	5	None

Risk scores	
Original overall risk score	Average risk of 5 - medium likelihood/medium impact
Original Target risk score	Target average risk score of 3 - (low likelihood/medium impact)
Final risk score	Average risk of 5 - medium likelihood/medium impact
If final risk score is higher than the target score, then explain why, and how the remaining risk will be managed?	The key risk that couldn't be mitigated, leading to not being able to deliver the scheme was businesses drop out delaying scheme / failure to attract sufficiently large business premises

**How effective was the project scope?**

Based on the information that was available prior to initiating the project, the aim to install on five businesses appeared realistic and achievable. The pilot was based on a project (with the same name) delivered successfully by West Suffolk Council, where the council had installed solar panels on over 70 businesses in their district.

Prior to initiation, further consideration could have been given to the number of appropriate businesses in our district compared to West Suffolk, and therefore whether we would have a large enough sample size to deliver the project. We have a much smaller commercial and industry base than West Suffolk. We conducted targeted and untargeted outreach to businesses to encourage them to participate. We ended up with 22 interested businesses, 11 of which were identified as too small and a further 3 had very short leases, reducing the pool to shortlist from.

While external expertise was sought and local authorities that had delivered similar projects had been engaged, further efforts could have been made to bring in external expertise on the local need for this intervention ahead of initiating the project. Conversations with experts such as APSE Energy, Sharpe Pritchard and West Suffolk Council, as well as feedback from businesses have highlighted businesses increasingly looking to do this themselves, due to the short payback period.

Of the seven businesses we shortlisted, one of the businesses had solar panels installed in early 2025, while another committed to installing solar panels itself. Two of the businesses which declined our formal offer were also looking into self-funded installations. Increasingly, other groups such as community energy organisations and commercial entities are making similar offers to businesses to Solar for Business. So it may be that this offer is best provided by community energy groups.

We made formal offers to three businesses, none of which signed up to the offers made. Key sticking points were cost savings for businesses compared to electricity rate from the grid insufficient to offset against any restrictions / disruption and the length of lease was considered too long. A learning from the project has been to consider conducting further pre-market

	engagement with businesses prior to going out to market.
<b>Has the project delivered everything that it aimed to achieve?</b>	No, as no businesses agreed to participate in the scheme.
<b>What benefits have been achieved already? How can these be evidenced?</b>	<p>There have been some useful outcomes from the project, including drafting of templates for lease agreement and power purchase agreements related to installation of solar panels on third party roofs. These template documents could be useful for future projects, such as solar on our leisure centres, or working with our green space contractors.</p> <p>We also have draft procurement documents related to procurement of solar on commercial building roofs, which again could be useful for future projects.</p> <p>We have also built relations with around 20 businesses in the district which could be valuable for future engagement.</p>
<b>How effective was the Project Team's performance?</b>	<p>The project team consisted of the project manager - the Climate Change Project Manager - with support from the Policy and Strategy team, Economic Development and Legal.</p> <p>As highlighted below, there were competing priorities for the staff resource allocated, which at times limited available capacity for project delivery.</p> <p>Input was sought during the project from communications, procurement and insurance.</p> <p>For building relationships with businesses, the project could have benefited from the existence of a business communications network and closer relationships with businesses in North Herts via the Economic Development function – facets that are included in the new Economic Development Strategy and Plan.</p> <p>The project oversight group included directors from resources, enterprise and environment, as well as legal and estates. The oversight group provided detailed and broad expertise to complement the project team.</p>

**How realistic was the original Project Plan, in terms of budget, resources and timescales?**

The financial resources allocated were a revenue budget of £51,285 from UKSPF and a capital allocation of £562,500 with around £44,000 from UKSPF. This financial resource would have been sufficient to deliver the project based on the estimated costs of installation for the shortlisted options.

A limitation of the resources allocated was competing priorities for the staff resource allocated which at times limited available capacity for project delivery.

A limitation of the project plan that prevented further outreach to businesses were tight timelines for delivery of the pilot, due to use of UKSPF to cover revenue costs for the pilot. These timescales were necessarily tight, due to funding available, but meant that we had less opportunity to go back out to businesses. The use of UKSPF allocation for this project also meant that when businesses withdrew from the scheme, the budget had to be reallocated to other projects and not all of the allocation was then spent by the end of the financial year.

Requiring businesses to sign up to a 25-year commitment can take time. Feedback from West Suffolk when reviewing the project highlighted that the installations they are currently working on are from leads generated back in 2021, with it taking time for businesses to commit to a long-term partnership. We did not have that flexibility.

<p><b>Did any unexpected risks or opportunities become known during the project?</b></p>	<p>This pilot project was new to the council and so while we consulted West Suffolk Council and others in detail ahead of the initiating the project ourselves, there were unforeseen risks during the project delivery.</p> <p>These included considering alternative charging regimes for businesses for the electricity used, an issue with our insurance (whereby our insurers would not cover insuring panels installed whereas the insurers used by West Suffolk covered panels installed, reducing barriers for businesses), as well as time taken to finalise draft agreements.</p> <p>A conversation with APSE Energy mid-delivery also raised issues around the council's role in delivering this kind of project, which provided further learnings as highlighted in the lessons learnt section.</p>
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<b>What were the key lessons learnt during the project?</b>	
Use the lessons learnt log to identify the key lessons only	
<b>Detail of lesson learnt</b>	<b>Action taken or recommended action to take</b>
Role of targeted comms and engagement to maximise pool of interested, suitable businesses.	Work closely with comms to ensure all comms messages are aligned and targeted for key audience - in this case businesses on industrial estates with large roof space.
Need for pre-market engagement with target businesses to understand whether our offer would be competitive and pricing structure attractive to potential users. Sticking points were length of lease and amount charged.	Further engagement with possible local businesses in advance of launching may have provided insights around length of lease and anticipated savings.
Fit of Solar for Business pilot as a scheme for UKSPF grant - Requiring businesses to sign up to a 25-year commitment is at odds with the short-term wins needed for UKSPF such as a grant to install a measure	Consideration when allocating UKSPF in terms of projects that can realistically be delivered in funding year.
Allow realistic contingencies in timings for project milestones, and defined cut offs for when alternative uses of funding should be considered.	As a UKSPF supported project, there is a need for a defined cut off for reallocation of funding to allow for it to be spent – this could be set out by the UKSPF officer lead during the project initiation.

<p>Limited staff resource to maximise opportunities for engaging with target audience and planning for need of external resource.</p>	<p>Assess capacity of resource to ensure adequate urgency is met for timelines. Utilise project planning process to identify likely areas where external support would be needed and then ensure the need is clear and then approach early to maximise benefit for the project.</p>
<p><b>Describe how the results of the project will be transferred to Business As Usual?</b></p>	<p>The Project Oversight Group concluded that continuing with the pilot project of Solar for Business 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.</p> <p>However, lessons learnt and materials produced will be considered for future projects.</p>