

Report to OVERVIEW AND SCRUTINY BOARD

Generation Oldham update (including COALESCCE)

Portfolio Holder:

Cllr Abdul Jabbar, Cabinet Member for Finance & Corporate Resources, Deputy Leader

Officer Contact: Rebekah Sutcliffe, Strategic Director of Communities & Reform

Report Author: Andrew Hunt, Green Oldham Lead
Ext. 6587

21 January 2020

Purpose of the Report

To provide an update on the Generation Oldham community energy programme, including the Interreg Europe COALESCCE project.

Recommendations

That the Board:-

1. Notes the success of Oldham Community Power in consolidating its position after the Phase 1 installations
2. Notes the ongoing work to scope a potential Phase 2 of OCP's scheme
3. Notes the success of the COALESCCE project in influencing Greater Manchester's environmental strategy and delivery plan at the highest level
4. Considers the questions in Section 4 as to how Oldham Council can build on our leadership successes in this area so far

Generation Oldham update**1 Background**

1.1 The Generation Oldham programme is the Council's community energy programme. Launched in autumn 2014, it aims to support the development of community-owned renewable energy generation capacity to achieve a number of aims:-

- To help the borough meet its carbon reduction targets
- To reduce electricity bills for the occupants of community buildings
- To support community groups taking on buildings via Community Asset Transfer
- To enable Oldham residents to own a share in the borough's own renewable energy co-operative, retaining the benefits of energy generation locally
- To support local Green Technology and Services sector organisations via the supply chain
- To engage young people in the climate change agenda
- To create training and employment opportunities for residents in the GTS sector

1.2 In January 2018, the Generation Oldham programme was augmented by the Interreg Europe funded COALESCCE project. COALESCCE stands for Community Owned And Led Energy for Security, Climate Change and Employment, and the project aims to build the community energy sector in Greater Manchester and seven other partner EU regions – in Germany, Spain, Italy, Bulgaria, Hungary and Romania. Oldham Council is the Lead Partner for the project, the concept for which came out of the Generation Oldham programme.

1.3 Oldham Council won the national Community Energy Local Authority Award in 2018 for our support for community energy locally, nationally and internationally.

Oldham Community Power

1.4 2016 saw the establishment of Oldham Community Power, a Community Benefit Society, led by three volunteer directors from the community and also a representative from the Council on the Board. Over the summer of 2016, Oldham Community Power installed 220kW of solar PV on the roofs of five schools and a community centre. The installations were funded by a combination of community shares (purchased by residents) and a loan from the Council. After the installations were completed, OCP launched a new share offer and refinanced around £150,000 of the Council loan by selling community shares to residents. The majority of the Society is now owned by residents and local organisations such as Action Together, with the Council holding a minority shareholding of £100,000. However, under the rules of the Community Benefit Society, each Member holds only one vote at the Annual General Meeting, so no large shareholders can unduly influence the direction of the Society.

1.5 OCP has faced a number of challenges since its creation, both technical and administrative. Problems with securing an export meter for one of the sites, due to difficulties in engaging with the relevant energy companies and the Distribution Network Operator, resulted in some financial losses through the loss of Feed In Tariff (FIT) payments for exported electricity at that site. The finalisation of the roof leases between the Council and OCP took much longer than expected, which has delayed (but not prevented) the receipt of FIT payments to OCP as in order to claim FIT payments, evidence of a roof lease being in place must be provided to the energy company administering the FIT payments. However, OCP has overcome these challenges and has

consolidated its position, attracting a new Finance Director in the process to strengthen the Board. Following the release of FIT payments upon completion of the roof leases, OCP is now preparing to pay its members their first interest payment on their investment.

- 1.6 The time it has taken to resolve the roof leases and other issues mean that OCP has not yet been in a position to undertake a Phase 2 of their solar PV installation scheme. However, scoping work is now underway to establish what a Phase 2 might look like. A number of Council properties have been identified as potential Phase 2 sites, and Unity Partnership have been engaged to carry out a high-level assessment of which of these buildings could be suitable. OCP also has interest from private and community sector building owners, which is very encouraging as one aim of the Generation Oldham programme is to make OCP a truly community-based organisation. Installations on Council buildings have provided an anchor for OCP's business model, but ultimately the intention is for their portfolio to be much wider than just Council buildings.
- 1.7 The 'Climate Change and Green Oldham' report to full Council in July 2019 stated that, "Since installation in 2016, the OCP solar PV systems have saved the five schools and community centre around £5,700 on their electricity bills, and already have reduced carbon emissions by around 135 tonnes – the equivalent of taking around 67 cars off the road for an entire year."
- 1.8 In the same report, the Council stated its intention to become a "Green New Deal Council", with a new strategy to be brought forward setting out how the Council can become carbon neutral as an organisation by 2025 and how the borough can achieve carbon neutrality by 2030. The Oldham Green New Deal Strategy (still in development) is due to be presented to Cabinet in March 2020, but consultations on the overall objectives have already taken place, including a paper to the Overview and Scrutiny Board in November 2019. The Oldham Green New Deal Strategy is likely to re-state the Council's commitment to supporting community energy, via a new Vision for the borough and key objectives and pledges:-
- The vision is a short statement aimed at summing up what the overall purpose of the strategy is about:- *"Making Oldham a greener, smarter, more enterprising place to be."*
 - Key objective:- "Make Oldham a leading local authority area for environmental quality and play a leading role in meeting the GM Mayor's Green City Region objectives" (community energy features in the overall GM Environmental Vision, see later in this report)
 - Key pledge:- "Oldham borough will continue to have the most renewable energy generation in community ownership in the city region, and will encourage the other Greater Manchester local authorities to work with their own community groups to build the community energy sector"
- 1.9 The Council is also preparing a Memorandum of Understanding with the Oldham Partnership, setting out areas where the Partnership can work together to tackle the 'Climate Emergency'. One of these areas is likely to be community energy, and the Council will urge partners to engage with OCP to see if any of their buildings could be suitable for inclusion in future phases of OCP's solar PV programme.
- 1.10 Despite the delay in designing and implementing a Phase 2, OCP has been successful in other areas. The Society secured a grant from Electricity North West (the local Distribution Network Operator) to design and deliver innovative interactive educational screens for use in schools, to help the students to understand their solar PV system and how it helps to reduce bills and tackle climate change. OCP is working with local innovator Oldham Live and Now to design the screens and will be commissioning an organisation called Ready to
-

engage with the schools. The system is completely unique and could have much value and success in the future if it is adopted by schools across Oldham, Greater Manchester and nationally.

COALESCCE

- 1.11 As set out earlier, the COALESCCE project is an Interreg Europe funded project created by Oldham Council to take the principles of the Generation Oldham programme and apply them to the whole Greater Manchester city region, as well as engaging six other European regions in building the community energy sector in their countries. Oldham Council is the Lead Partner and amongst the most advanced and experienced in the field of community energy, although both the Spanish and German partner regions also have expertise in the field of energy co-operatives and community-owned renewable energy and energy efficiency schemes. The other partner regions – in Italy, Bulgaria, Romania and Hungary – have less experience but some interesting examples mainly concerned with the community-owned retrofit of thermally inefficient, relatively old blocks of flats, which are nonetheless replicable and useful models.
- 1.12 For Phase 2 of the project, each of the COALESCCE partners must create a Regional Action Plan to support the community energy sector in their region. These RAPs are informed by a process of interregional peer review exchanges and study visits, to enable all partners to benefit from the knowledge and experience of the others. The “Oldham Model” of local authority support for community energy has been identified through COALESCCE as an international model of best practice, and many of the partners have included the development of such a model in their RAPs.
- 1.13 Another example of best practice coming from Oldham has been an online tool called “Power Paired”. Power Paired is a website / portal which has been developed by Forum for the Future, supported by Oldham Council in a pledge made at the 2018 GM Green Summit. Power Paired enables the owners of buildings and other assets to list them, without obligation or commitment, online so that local community energy groups can look at them and engage with the asset owner if they wish with a view to developing the assets as community energy projects. Oldham Council has supported the initiative by using it to identify buildings for a potential OCP Phase 2 project, and this has helped to build confidence in the platform, which now hosts a large number of potential project sites owned by a variety of different organisations. Power Paired has been identified through COALESCCE as being an example of best practice which the other partner regions can also seek to create in their own country.
- 1.14 The real value of the COALESCCE project for Oldham though has been the process of local stakeholder engagement in Greater Manchester, the building of the GM RAP and the influence of the project at GM Combined Authority level and the GM Mayor’s Green City Region initiative. Two very well attended (70+ delegates at each) local stakeholder workshops were held in Manchester, one in spring 2018 and one in spring 2019, to build the COALESCCE GM RAP. The first of the two workshops also acted as a ‘listening event’ for the community energy sector in GM to feed into the 2018 GM Green Summit. The purpose of the GM Green Summit was to begin the process of drafting a new 5-year Environment Plan for the city region, and the input of COALESCCE into this process was absolutely key.
- 1.15 The outcome of this process has been that for the first time, community energy has been highlighted as a headline aim for the city region in its programme to tackle climate change. The new environmental Vision for Greater Manchester specifically envisages “more community owned renewable energy”. As part of this commitment, all ten GM local authorities are required to assess their assets for renewable energy suitability and to develop them either in-house or in partnership with a community energy group.
-

-
- 1.16 The 2019 local stakeholder workshop finalised the RAP for the GM community energy sector. Now supported by policy at the highest level, the GM community energy sector has its own action plan and has committed to delivering 10% of the city region's target for renewable energy generation. As a result of the COALESCCE project, a new North West Community Energy Hub is being set up, and workshops have taken place with large private sector landlords to highlight the opportunities of working with community energy groups, as well as training events for community energy organisations themselves around the development of roof leases – which was one of the main challenges for OCP here in Oldham.
- 1.17 This framework for supporting the GM community energy sector which has been provided by the COALESCCE project means that now a significant number of the ten GM local authorities are actively engaged in community energy projects. As well as Oldham, Stockport, Salford, Trafford and Bury all now have projects underway with community energy groups. As COALESCCE Lead Partner, Oldham will continue to engage with the remaining local authorities to encourage them to explore the potential for community energy in their own areas and support them to do so with signposting to resources and contacts.

Community Energy Innovation Project

- 1.18 One other success of the Generation Oldham programme was the GM Community Energy Innovation Project. In 2016/2017, Oldham Council delivered a BEIS-funded £65,000 project to help four community energy organisations in GM develop their innovative business ideas. Oldham Community Power were awarded a grant to explore ways to engage low income households in community energy, Biomass Energy Co-op received a grant to develop a boiler capable of burning biomass pellets made from used coffee grounds, Bury Community Hydro received assistance to look at a 'virtual private wire' approach to local energy supply, and Carbon Co-op received a grant to develop a "My Home Energy Planner" online tool for homeowners.
- 1.19 Oldham Council worked with Electricity North West and Community Energy England to deliver the innovation project.

2 Current Position

- 2.1 As mentioned earlier, the Council's Transformation Team is currently carrying out an assessment of OCP's Phase 1 project, to identify successes and also where things would need to be done differently if the Council is to support a Phase 2 project. Part of this process is to ensure that all stakeholders involved understand the principles behind the Council's co-operative approach to delivery, and so have an appreciation of the social value objectives behind the Generation Oldham programme as well as the financial and environmental ones.
- 2.2 A number of Council buildings are being explored as potential sites for a Phase 2, and an indicative budget requirement is being drawn up in collaboration with Unity Partnership, covering technical support services which would need to be provided to OCP where they intend to install solar PV on further Council buildings.
- 2.3 The forthcoming Oldham Green New Deal Strategy will re-state the Council's commitment to supporting community energy in the borough.
- 2.4 A Project Manager in the Transformation Team is working with OCP to put together an indicative Project Plan for a potential (not yet approved) Phase 2 scheme which would be installed in the summer of 2021. One advantage that a Phase 2 scheme has over Phase 1
-

is that as the Feed In Tariff is no longer available, a longer timescale for implementation does not mean an adverse effect on the overall business model. On the contrary, as the cost of renewable energy generating equipment continues to fall and energy prices continue to rise, a longer project development timescale means that installations which were previously economically marginal will become more viable.

2.5 There may be an opportunity as part of a Phase 2 scheme for the Council and Unity Partnership to take on a shared Community Energy Specialist Apprentice to support the scheme. Such an apprentice would be the first in the UK, after Oldham Council developed the new national apprenticeship standard, the country's first apprenticeship in community energy. The Council is working with external organisations to provide training and End Point Assessment functions for the apprenticeship standard, and it is hoped that these provisions could be in place if the Council wanted to take on the UK's first Community Energy Specialist apprentice.

2.6 It should however be stressed at this point that no decision has been made to proceed with a Phase 2 scheme, and no detail of one has yet been developed, either by the Council or by Oldham Community Power. Any decision to do so will be a mutual agreement between the two parties after suitable feasibility and due diligence has been completed, and may be reinforced by a new Co-operation Agreement between the two parties setting out roles, responsibilities and shared objectives.

3 **Key Issues for Overview and Scrutiny to Discuss**

3.1 The Board to note the success of Phase 1 of OCP's solar PV installation scheme, the challenges which have been overcome and lessons learned, and the scoping work currently underway on a potential Phase 2 of the scheme.

3.2 The Board to note the Council's continuing commitment to supporting community energy in the forthcoming Oldham Green New Deal Strategy and Memorandum of Understanding with the Oldham Partnership.

4 **Key Questions for Overview and Scrutiny to Consider**

4.1 How can the Council further support Oldham Community Power, in particular to strengthen its Board and secure further volunteer support to build community engagement?

4.2 How can the Council further build on its community energy leadership at Greater Manchester level to ensure that the principles behind Generation Oldham are embedded as a standard aspect of the city region's economic and climate change strategies?

5. **Links to Corporate Outcomes**

5.1 Corporate Plan:-

Inclusive Economy:-

- #ourbit: Attracting investment and encouraging business and enterprise to thrive
- #yourbit: Supporting and promoting local businesses and ventures
- #ourbit: Working with partners to create quality work prospects - and ensuring all residents can access new skills and opportunities and be work-ready

Thriving Communities:-

- #ourbit: Increasing the sense of involvement and ownership of issues that affect people and they care about
-

-
- #yourbit: Getting involved in your community: actively sharing ideas and experience with others about things you are passionate about

5.2 The Oldham Plan

Inclusive Economy

- Investment:-
 - We will challenge the orthodox investment model at Greater Manchester and beyond where it doesn't benefit the people and the areas that need investment the most
 - We will support the growth of our key employment capabilities seeking and supporting increased innovation and enterprise
 - We will continue to invest in Oldham and stimulate investment
- Human capital:-
 - We will develop a productive and integrated education, skills and employment offer for Oldham
 - We will ensure a great education and vocational training offer and enable residents to be life ready and work ready
 - We will ensure effective business support to increase investment in enterprise, skills and training including apprenticeships

Co-operative Services

- Brilliant everyday collaborations at scale:-
 - We will build new collaborations that improve living standards and the life chances of Oldham residents
 - We will bring in funding and expertise to Oldham to do great things

Thriving Communities

- Co-operative workforce:-
 - We will ensure assets based working and co-production is embedded in our unified workforce

5.3 The Generation Oldham programme also supports delivery of the Council's Climate Change Strategy and target of a 48% cut in carbon emissions by 2020 on a 1990 baseline, and the Council's Affordable Warmth Strategy in terms of cutting the energy bills of Oldham communities. It is also expected to be a key work area in the forthcoming Oldham Green New Deal Strategy.

6 Financial Implications

- 6.1 Phase 1 for Generation Oldham's community energy programme led to the establishment of Oldham Community Power (OCP). The Council provided OCP with a 2 year loan of £250k and this was settled in 2018 by the selling of community shares (£150k) and the Council retaining shares in the company (£100k).
- 6.2 In January 2017, the Council was awarded an Interreg EU grant for the COALESCCE project with the aim to complement the community energy programme. The grant over 4 years amounts to £334k and is being utilised to take the principles of Generation Oldham and apply to the Greater Manchester region.
- 6.3 The report outlines that there is currently a review by the Transformation Team for OCP's phase 1 project. This review will inform whether the Council will support phase 2 of the project. Financial implications will be evaluated in full once the review has taken place.
(Nicola Harrop)
-

7 Legal Services Comments

- 7.1 Any property transactions must comply with the provisions of the Land & Property Protocol;
- 7.2 Any procurement of works or services or contracts entered into must comply with the provisions of the Contract Procedure Rules;
- 7.3 The Council's Financial Procedure Rules must be complied with.
- 7.4 In relation to granting leases, if what is proposed either (a) requires the "occupier" to sign up to a power supply agreement with the owner of the solar panels (to whom a lease is usually granted by the Council of say, roof space occupied by the solar pv panels) and/or (b) the lease granted to the solar panel owner limits development not only of the building on which the panels are situated but surrounding land, there is the possibility of free use and development being prejudiced.
- 7.5 The schools and other occupiers of relevant sites need to agree and sign a Power Supply Agreement with the provider before invoices can be issued.
- 7.6 If grant funding is available to the Council going forward then appropriate legal and financial due diligence must be undertaken to ensure the Council can lawfully comply with any grant conditions and /or any match funding requirements and the Council's Financial Procedure Rules.
- 7.7 Installation of solar PV panels as part of this scheme require a formal lease to be completed of part of the the airspace up to a height of six metres above the roof surface (as measured perpendicular to the angle of that roof surface) above the part of the roof on which the panels are to be installed) to ensure that all parties interests are adequately and appropriately protected. The lease also needs to grant rights over the building and possibly adjoining land owned by the Council to panel owner covering access for installation, repair, maintenance, inspection etc of the panels. Furthermore, it is very important to note that the panel owner will require a right to the **unobstructed passage of light and air to the airspace** in question. This issue needs to be carefully considered when negotiating the terms for each lease (or perhaps at the point of choosing a site) when deciding on the area of the Council's property adjoining the building in question over which the Council is prepared to grant such rights.

Equally, the lease will reserve rights for the Council (amongst others) to require the panels to be removed or decommissioned (either temporarily or permanently depending on the circumstances) to enable works to be carried out to the building affected by the installation (including the roof itself). Except in very rare situations, this will involve payment of compensation for loss of income to the panel owner (caused by the cessation in generation of solar energy) or, where removal and decommissioning, is to be permanent compensation on a sliding scale (reducing during the term of the lease) to the panel owner to compensate for the costs of installation.

All leases will need to be granted for a fixed term of about 21 years and these leases need to exclude any right for the tenant (ie the panel owner) to call for a renewal under the provisions of the Landlord and Tenant Act 1954.

- 7.6 Appropriate advice from legal and property colleagues must be taken at every stage. (Rebecca Boyle)
-

8. **Co-operative Agenda**

8.1 Generation Oldham is one of Oldham's award-winning co-operative ventures, involving the Council, community and a number of other strategic partners.

8.2 The initiative will, in the long run, help communities to become more self-reliant through the reduction of their energy bills and upskilling them to run their own energy and asset businesses. The links between Generation Oldham, the community asset transfer programme and other initiatives such as Oldham Live and Now (who are working with Oldham Community Power on interactive educational screens for schools) are building true resilience in the community and giving Oldham residents and businesses control over their own resources. (Andrew Hunt)

9 **Human Resources Comments**

9.1 The Council's Learning and Development Team are in the process of finding an End Point Assessor Organisation for the Community Energy Specialist Apprenticeship Standard. It is not recommended to recruit anyone onto a Standard until an EPAO has been identified. There is a current lack of interest in the market. (Andrea Dickinson)

10 **Risk Assessments**

10.1 N/A

11 **IT Implications**

11.1 N/A

12 **Property Implications**

12.1 Installation of solar PV panels as part of this scheme require a formal lease to be completed of part of the the airspace up to a height of six metres above the roof surface (as measured perpendicular to the angle of that roof surface) above the part of the roof on which the panels are to be installed) to ensure that all parties interests are adequately and appropriately protected.

12.2 It is advised that should Council owned buildings be considered for future phases, that the required preliminary property (estates and building) work is fully scoped well in advance and that appropriate budget provision is identified in order to facilitate delivery of the same. (Peter Wood)

13 **Procurement Implications**

13.1 N/A – update only

14 **Environmental and Health & Safety Implications**

14.1 Generation Oldham is a key delivery area of the Council's commitment to reduce carbon emissions in line with targets set in the GM 5-year Environment Plan (to which the Council is a signatory) and also Oldham's own target to be carbon neutral as a borough by 2030 (which will be set in the forthcoming Oldham Green New Deal Strategy). (Andrew Hunt)

15 **Equality, community cohesion and crime implications**

15.1	N/A
16	Equality Impact Assessment Completed?
16.1	N/A – update only.
17	Key Decision
17.1	N/A – update only.
18	Key Decision Reference
18.1	N/A
19	Background Papers
19.1	N/A
20	Appendices
20.1	None
