

## **Report to OVERVIEW AND SCRUTINY BOARD**

# **Generation Oldham update**

### **Portfolio Holder:**

Cllr Abdul Jabbar, Cabinet Member for Finance & HR, Deputy Leader

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### **Purpose of the Report**

To update the Overview and Scrutiny Board on progress with the Generation Oldham community energy programme.

### **Executive Summary**

Oldham Community Power, the largest community energy organisation in Oldham and Greater Manchester, has consolidated its position over the last twelve months, having resolved most of the technical issues with its solar PV installations. The OCP board has seen two changes – Cllr Chris Goodwin has replaced Cllr Abdul Jabbar as the Council's representative, and Graham Smith (a Society Member and Oldham resident) has joined the Board as Financial Director.

The wider Generation Oldham programme is progressing, with the Council working with Forum for the Future to develop "Power Paired", an online service to match up community energy groups such as OCP with the owners of assets which could be used for community energy schemes. Oldham pledged to develop this initiative at the 2018 GM Green Summit.

Oldham's leadership on community energy at GM level continues with delivery of the COALESCCE EU-funded project, and a potential new approach to community energy business modelling is being developed with Resonance, a social investment managing organisation. The Council will be a partner in a consortium bid for £100,000 of Power to Change funding to develop this new approach, which Oldham Community Power and other community energy organisations across GM could take advantage of if successful.

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## Recommendations

That the Board notes the progress of the Generation Oldham programme and considers the points and questions in sections 3 and 4 of this report.

Overview and Scrutiny Board

22 January 2019

### Generation Oldham update

#### 1 Background

1.1 Generation Oldham is Oldham's community energy programme. It was initiated by the Council in November 2014, although the Saddleworth Community Hydro scheme already existed at that time, the Council being members of that Society with a £1,200 shareholding.

1.2 The original objectives of the Generation Oldham programme were to:-

- Secure the benefits of a community energy scheme across all of the districts in Oldham
- Build a strong network of informed community energy collaborators, both within the borough and across GM, nationally and internationally
- Engage Oldham residents in the climate change agenda and support them to realise the benefits of community energy
- Develop opportunities for young people in Oldham to get involved in community energy
- Secure external resources to support schemes in Oldham and build community capacity

1.3 These objectives have all been achieved to a greater or lesser degree, and an update report was brought to the Overview and Scrutiny board in January 2018 setting out the achievements of the programme.

#### 2 Current Position

2.1 The Generation Oldham programme has continued to expand and Oldham has built on successes within the borough to lead on the community energy agenda for Greater Manchester through securing significant resources in the form of grant funding from both the UK government (DECC as it was) and the Interreg Europe programme (through the COALESCCE project).

2.2 A major achievement of the Generation Oldham programme is the establishment of Oldham Community Power, Oldham's largest community energy co-operative. Oldham Community Power Ltd (OCP) has five Directors and has been operating for around 30 months. The Directors are:

- Alan Price – long time environmental activist and volunteer in Oldham borough
- Bill Edwards – existing Director of Saddleworth Community Hydro
- Colin Salt – qualified solar PV installer currently working for a social housing provider
- Graham Smith – Oldham resident and businessman, accountant and Financial Director for OCP and Member of the Society. A valuable addition to the OCP board within the last 12 months
- Cllr Chris Goodwin – Deputy Cabinet Member for Finance & HR and the Council's director on the OCP board

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2.3 Solar PV systems were installed on all Phase 1 sites of the scheme as follows:

- Blackshaw Lane Primary School – Royton district
- Mather Street Primary School – Failsworth & Hollinwood district
- Medlock Valley Primary School – West Oldham district
- Beever Primary School – East Oldham district
- Holt Street Community Centre (NEON Hub) – East Oldham district
- Whitegate End Primary School – Chadderton district

OCP is currently the largest community energy scheme in GM in terms of installed capacity, although Greater Manchester Community Renewables (GMCR), who work with Salford Council installing solar PV on schools, are in the process of installing Phase 2 of their scheme, and are planning a Phase 3.

2.4 Phase 1 required around £250,000 in finance, which was provided initially via a two-year Council loan. OCP raised funding from the sale of community shares, which has repaid £150,000 of this sum, and the Council now retains £100,000 in shares in OCP after the loan was settled in November 2018.

2.5 A number of performance measures for OCP are recorded on the Council's CorVu Environmental Dashboard. From the latest reporting period:-

- Total money saved by the sites since installation £4971
- Total carbon saved since installation 118.83 tonnes CO<sub>2</sub>
- Value of community shareholding £167,650
- Number of society Members 86

2.6 The OCP systems performed well in the 2018 calendar year, achieving 104% of the forecast generation. All technical issues have now been resolved with the exception of the installation of an export meter for Whitegate End Primary, which is expected to be resolved in the next few weeks. The OCP accounts show that they turned an operating deficit in their first year of operation (2016) into an operating surplus in 2017 – however, interest payments on the Council loan took OCP into an overall deficit in 2017. The loan is now settled, so future years' accounts will not have this interest burden. The original financial model did not anticipate the interest on a Council loan – the Year 2 surplus in the model is £3,138. The actual interest on the loan was £8,671, which if applied to the model would give a deficit of £5,533. The real world deficit was £5,522 – just £11 difference with the original Year 2 financial forecast.

2.7 Future phases for OCP could include further Council buildings such as libraries and secondary schools (including independent schools), and also the roofs of industrial buildings and other privately owned sites across the borough. These sites could be identified through the "Power Paired" pilot scheme which the Council is supporting as one of our pledges at the 2018 GM Green Summit (see later in report).

2.8 In 2016/17, the Council was awarded £65,000 by the Department of Energy and Climate Change (DECC) to run a community energy innovation project for Greater Manchester. Four GM community energy groups, including Oldham Community Power, benefited from grants to develop innovative ideas in the community energy space. This project introduced Oldham as a leader for GM in community energy, and led to Oldham representing the sector on the GMCA Low Carbon Hub Energy Group.

2.9 In January 2017, Oldham was awarded around £600,000 of a £1 million budget as lead partner for the Interreg Europe COALESCCE project. COALESCCE stands for Community Owned And Led Energy for Security, Climate Change and Employment, and

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the four and a half year project aims to boost the community energy sector in seven partner regions – Greater Manchester plus regions in Germany (Lake Constance), Spain (Valencia), Romania (Prahova), Italy (Abruzzo), Hungary (Hajdu-Bihar) and Bulgaria (Sofia).

- 2.10 The COALESCCE project has enabled Oldham to support the GM Mayor’s Green City Region initiative, and in February 2018 a community energy ‘listening event’ was held to feed into the GM Green Summit in March 2018. As a result, “community owned renewable energy” is now specifically mentioned in the GM Mayor’s new vision for GM as a Green City Region – community energy has never before featured in any GM environmental or climate change strategies or plans. In this way, Oldham Council via COALESCCE has raised the profile of community energy to the very top of the list of priorities for the GM Green City Region.
- 2.11 In December 2018, Oldham hosted the COALESCCE peer review for Greater Manchester. The COALESCCE partners made a number of recommendations for the GM community energy sector, and their report will feed into an action planning workshop scheduled for 1 March 2019, which will in turn feed into the next GM Green Summit on 25 March 2019 and the five-year Green City Region action plan.
- 2.12 All of this activity led to Oldham Council winning the national Community Energy Local Authority Award for 2017, in recognition of support for the sector.
- 2.13 At the GM Green Summit in March 2018, Cllr Jabbar on behalf of Oldham Council pledged to launch a ‘community energy asset bank’ pilot initiative, in partnership with Forum for the Future. This initiative, called “Power Paired”, is an online service which will match up community energy groups with the owners of assets such as buildings with large roof areas or land adjacent to potential hydro sites (for example) which may be suitable for development as community energy schemes.
- 2.14 The Power Paired website has now been developed and the Council has registered a number of assets on the website which could potentially host a Phase 2 of solar PV installations for OCP. Registration of assets onto the Power Paired website is completely without obligation to take them forward as a scheme, and the purpose of registration is simply to build an online database of potential community energy schemes in Oldham and across GM.
- 2.15 The Council will over the next few months engage with the other GM Local Authorities and other public sector partners, as well as strategic partners here in Oldham, to engage with Power Paired and build the online database of potential community energy projects. This will remove a major barrier to community energy here in Oldham and across GM – namely the identification of potential projects for local community energy groups.
- 2.16 One of the recommendations from the COALESCCE GM peer review was that if possible, the community energy sector should be ‘professionalised’ to generate more training and employment opportunities. This has always been a goal of the Generation Oldham programme, and Oldham has worked with a number of stakeholders nationally to develop the UK’s first community energy apprenticeship standard, a Level 4 “Community Energy Specialist” apprenticeship.
- 2.17 Another aspect of professionalisation is the ability to deliver at scale, and to this end Oldham Council is working with Resonance, a national organisation managing social investment funding, to develop a GM-level scheme which would enable large-scale delivery of renewable energy under a community energy model, using the Power Paired database to identify opportunities which would then be installed using funding from Resonance. The resulting renewable energy installations could then either be operated for

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community benefit under the GM-level scheme, or sold to local community energy groups such as OCP to build up local portfolios across the city region.

- 2.18 With this objective in mind, Oldham Council is working with Resonance and a GM-based community energy organisation called Bee Sustainable to develop a bid for £100,000 to the Power to Change Next Generation Fund. If successful, this bid could potentially fund the setup of this new GM-level community energy scheme, which could include a Community Energy Specialist apprentice embedded in Oldham's Strategy, Partnerships & Policy Team. The deadline for the bid is 15 January 2019.
- 2.19 The Next Generation Fund proposal will focus in particular on blending large-scale community energy schemes with other community-owned assets, potentially including community owned housing, co-located with the renewable energy generating equipment, as well as further solar PV phases for Oldham Community Power. The scheme would be available across Greater Manchester as one of the outputs of the COALESCCE project.
- 2.20 Oldham Council is also leading for GM on the development of a Greater Manchester Energy Innovation Company. Such an entity has the potential to boost the community energy sector through the provision of preferential Power Purchase Agreements for 'spare' electricity exported to the grid by community energy organisations, for which they currently receive a relatively low value.

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

- 3.1 One of the objectives of the Generation Oldham programme is to engage Oldham residents in the climate change agenda and support them to realise the benefits of community energy. The ability to make informed decisions only comes with an awareness of the way in which we use energy and sufficient literacy around carbon and climate change for people to discuss the issues and tackle them effectively. How can the Council better engage its residents in this agenda?

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

- 4.1 What is the best way the Council can help Oldham Community Power to engage with potential site owners in the private and community sectors, for a future Phase 2 of their solar PV scheme?
- 4.2 Are there any other ways that Oldham can use our leadership of the community energy agenda at GM level to benefit the borough of Oldham itself?

### 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

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- #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.

## 6 Additional Supporting Information

6.1 None

## 7 Consultation

7.1 A number of Council services have been consulted:-

### **Financial implications**

#### OCP progress update

7.2 In phase 1 the Council provided OCP with a 2 year loan of £250,000 to fund its operations. The loan was settled in November 2018 by OCP selling community shares of £150,000 and the Council retaining £100,000 shares in the company.

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7.3 OCP made a deficit of £8.6k in year ending 31st December 2016 and a deficit of £5.5k in December 2017. However, it should be noted that OCP did realise an operating surplus before interest payable of £3.1k in year ending 2017 compared with an operating loss of £5.2k in 2016. No accounts have been received for 2018 at this stage but it is anticipated that OCP will have achieved an operating profit before interest payable in that financial year.

7.4 There have been a number of other funding opportunities which OCP have benefited from which includes an award from DECC and the European funded COALESCCE project.

Future developments for Generation Oldham

7.5 Currently Oldham Council is working with Resonance and Bee Sustainable to develop a £100,000 bid to the Power to Change Next Generation Fund. If successful, the bid could fund the set up a new GM-level community energy scheme and fund a Community Energy Specialist apprentice in the Strategy, Partnerships and Policy Team. It is proposed that this scheme be delegated to the Strategic Director of Reform. (Nicola Harrop – Finance Manager)

### **Legal implications**

7.6 Any property transactions must comply with the provisions of the Land & Property Protocols;

7.7 Any procurement of works or services or contracts entered into must comply with the provisions of the Contract Procedure Rules;

7.8 The Council's Financial Procedure Rules must be complied with.

7.9 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.

7.10 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.

7.11 Appropriate advice from legal and property colleagues must be taken at every stage.

(Rebecca Boyle)

### **Property comments**

7.12 Installation of solar PV panels as part of this scheme require a formal lease of the roof to be completed to ensure that all parties interests are adequately and appropriately protected.

7.13 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)

## **8 Appendices**

8.1 None