

## Council

18 July 2017

### Capital Programme – Additions and Use of Contingency

#### Recommendations

- (1) That Council approves the addition to the Capital Programme 2017/18 of ground mounted solar projects, including battery storage and related equipment at the locations set out in paragraph 1.0 subject to the Joint Managing Director (Resources) being satisfied with the business case.
- (2) That the use of previously agreed self-financed borrowing approvals of £5.230 million for renewable energy projects be extended to include Ground Mounted Solar, battery storage and related equipment.
- (3) That Council approves the addition of the following scheme to the 2017/18 capital programme subject to the applicable Section 278 Agreements being signed by the Developer which will provide for 100% of the funding:
  - A452 Europa Way/Olympus Avenue, Warwick. Developer – Catesby Property Group plc. Approximate cost £3.5m.
- (4) That £373,000 of the contingency in the Capital Programme for the Kenilworth Station scheme is released to cover the extended cost.

#### 1.0 Ground Mounted Solar Projects

The County Council has agreed an Energy Plan for Warwickshire which includes ground mounted solar projects. A detailed report went to Cabinet on 24 January 2017 and the Cabinet agreed, amongst other things, that a procurement process for ground mounted solar and any battery storage be started provided the business cases meet the following three financial tests:

- a positive net present value,
- a positive cash flow from year one or negligible in early years
- an internal rate of return of 5% or more.

Cabinet agreed that the following projects be taken forward:

<b>WCC Land Holding</b>	<b>Capacity MW</b>	<b>Annual Gen'n kWhrs</b>	<b>Investment</b>	<b>GROSS incomes 30 year project life</b>	<b>NET incomes 30 year project life</b>
Dunsmore Home Farm, Clifton on Dunsmore	3.34	3,307,412	£3.16M	£11.55M	£3.76M
Former Landfill site, Stockton	0.62	602,663	£0.58M	£2.10M	£0.68M
	<b>3.96</b>	<b>3,910,075</b>	<b>£3.74M</b>	<b>£13.65M</b>	<b>£4.44M</b>

Council approval is needed to add these projects to the capital programme with funding provided from the previously agreed £5.230 million self-financed borrowing for renewable energy. To support this investment Council is also asked to extend the use of the approved renewable energy investment to include ground mounted solar, battery storage and related energy projects.

The revenue impact of any timing differences between the borrowing costs being incurred and the income from energy generation will be met by the Property Services Business Unit. Any excess income generated above the costs of the project will form part of the annual budget refresh.

## **2.0 A452 Europa Way/Olympus Avenue, Warwick**

- 2.1 A development of up to 735 dwellings and community facilities has been approved by Warwick District Council on land between Myton Road and Europa Way, Warwick (ref: W/15/0981). The planning permission requires the developer to implement a traffic signal controlled junction on A452 Europa Way at Olympus Avenue as an access point into the development. (The implementation of the traffic signals will be subject to a separate statutory notice and consultation procedure and any objections will be reported to the Portfolio Holder for Transport and Environment).
- 2.2 Subject to the County Council's agreement, a Section 278 agreement will be entered into with the developer (Catesby Property Group plc) to undertake the works at an estimated cost of £3,500,000 including fees. Under the agreement the costs will be fully funded by the developer. Tenders are expected to be invited during October 2017 and, subject to the signing of the S278 agreement, works are expected to commence in March 2018.
- 2.3 The County Council's approval is required to add the scheme to the capital programme.

### 3.0 NUCKLE 2 and Kenilworth Station

- 3.1 NUCKLE 2 and Kenilworth Station (the Scheme) comprises a new station at Kenilworth and an improved rail service between Leamington Spa and Coventry. The Scheme forms part of the wider 'NUCKLE' rail improvement scheme which is designed to implement a step-change in the level of public transport provision along the Nuneaton – Coventry – Kenilworth – Leamington Spa corridor.
- 3.2 Cabinet approved the award of the construction contract on 12 November 2015, and on 8 December 2015 approved £1.122 million from an overall contingency total of £1.495m in the Capital Programme for the Kenilworth Station scheme to be released to cover the increased cost of the scheme.
- 3.3 Cabinet considered a report on 15 June 2017 that advised that Network Rail is unable to meet the previously agreed dates to deliver the track and signalling works to enable the new train service at the station by August 2017. In discussion between the County Council, the Department for Transport and Network Rail, it was accepted that the station and the supporting train services will be operational by December 2017. As a result of the revised date the project costs have increased. Cabinet recommends to Council that the remaining £373,000 contingency funding be released to the project.
- 3.4 The overall agreed funding package is as follows:

Funding Source	
WCC Capital Programme	£4.853m
New Station Fund	£4.900m
Coventry & Warwickshire Local Enterprise Partnership	£3.490m
<b>TOTAL SCHEME FUNDING (Capital)</b>	<b>£13.243m</b>
<b>WCC unallocated contingency</b>	<b>£0.373m</b>

There are sufficient funds to meet these capital costs of the scheme, provided approval is given to call on the additional Kenilworth Station contingency budget. The revenue costs of the contingency are already fully funded within the One Organisational Plan.

#### Background Papers

##### Paragraph 1.0 Ground Mounted Solar

None but there have been previous reports to Cabinet – the latest being 24 January 2017 .

##### Paragraph 2.0 – A425 Europa Way/Olympus Avenue

Plans of the S278 Scheme are available for view on the Council website, with this report.

Paragraph 3.0 – NUCKLE 2 and Kenilworth Station

None but there have been previous reports to Cabinet – the latest being 15 June 2017

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This report was circulated prior to publication to the following:

Paragraph 1.0 Ground Mounted Solar

Local members

Councillors Andy Crump (Southam, Stockton & Napton), Howard Roberts (Dunsmore & Leam Valley)

Paragraph 2.0 – A425 Europa Way/Olympus Avenue

Local Member:

Councillor Parminder Singh Birdi

Paragraph 3.0 – NUCKLE 2 and Kenilworth Station

Local Member: Councillor Dave Shilton