

**CABINET - 1 MAY 2018****PROPOSED DEVELOPMENTS AT QUORN - SOLAR FARM AND LIGHT INDUSTRIAL UNITS****REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****Purpose of the Report**

1. The purpose of this report is to seek the Cabinet's approval to progress all necessary preparatory work required to enable the submission of a planning application for the commercial development of light industrial units and a new solar farm in Quorn. The sites comprise of four parcels of land owned by the County Council which lie to the north of the A6 and the town of Quorn detailed on the plans appended to this report.

**Recommendations**

2. It is recommended that:
  - a) Work continue to progress the proposed commercial development of light industrial units and a new solar farm, as detailed in paragraphs 17 to 23 of this report, on land located to the North of the A6 and the town of Quorn and which are shown on the plans attached;
  - b) The Director of Corporate Resources, following consultation with the Cabinet Lead Member, be authorised to undertake all necessary preparatory work to enable the submission of a planning application for the proposed development;
  - c) That further financial analysis be undertaken with a particular focus on the solar farm, and that the outcome of that analysis and the planning application, be presented to the Cabinet for further consideration.

**Reasons for Recommendations**

3. The development of Council owned land will provide the Authority with future revenue income and support environmental objectives.
4. To confirm the Cabinet's support for the proposed development and to agree to all necessary preparatory work being undertaken to enable the Director, in exercise of his existing delegated powers, to submit a planning application for

the proposed development and to continue to undertake further financial testing in respect of the proposals.

### **Timetable for Decisions (including Scrutiny)**

5. Subject to approval by the Cabinet, it is intended that a planning application will be submitted to the County Council as the appropriate planning authority for consideration in August 2018. Should the planning application be successful, and following additional financial analysis, a further report will be presented to the Cabinet later in the year.

### **Policy Framework and Previous Decisions**

6. The Council's Corporate Asset Investment Fund Strategy (agreed by the Cabinet in September 2017) requires the Fund to be used to add to the Authority's portfolio of property and land assets to:
  - (i) Ensure that there is a more diverse range of properties available to meet the aims of economic development;
  - (ii) Increase the size of the portfolio;
  - (iii) Improve the quality of land and property available;
  - (iv) Ensure the sustainability of the County Farms and industrial portfolio by replacing land sold to generate capital receipts and;
  - (v) Provide a revenue income stream to support ongoing service delivery.
7. The County Council's Medium Term Financial Strategy 2018/19-2021/22 (MTFS) is the key financial plan for the Authority and was agreed by the County Council in February 2018. It includes planned savings of £37m over the four years, noting the need to identify further savings to bridge a £13m shortfall forecast by 2021/22.
8. The County Council's Strategic Plan for 2018-22 sets out the Authority's five strategic outcomes. A strong economy is one of these; for Leicestershire to have a growing and resilient economy so that people and businesses can fulfil their potential. The Council is able to contribute to the delivery of this outcome directly through the acquisition of land to support economic growth.
9. The Corporate Energy and Water Strategy 2017-21 contains the target to increase the renewable proportion of energy consumed by the Council by 1% year on year based on 2013/14 consumption. The Strategy also details the need to generate income in order to support the MTFS. The income generated through the sale of electricity would support this target.
10. The Council's Environment Strategy (currently under consultation) contains the provisional target to reduce greenhouse gas emissions (including Carbon) from Council operations by 38% by 2030 compared with 2016-17 baseline

levels. The proposed solar farm would save 3,500 tonnes of Carbon annually; mitigating the Council's emissions by over 100%.

### **Resource Implications**

11. The cost for the preparation and submission of a single planning application covering both the commercial units and the solar farm is estimated to be around £150,000. This cost is irrecoverable if the planning permission is not granted.
12. The total cost of the development to the County Council, including fees and contingencies, is estimated to be £16.1 million which will be funded from the Asset Investment Fund as identified in the MTFs. Further financial analysis will be undertaken and will be the subject of a future Cabinet report.
13. It is currently estimated that the net revenue income will be in the region of £940,000 per annum which will be generated through the letting of commercial units and the sale of electricity from the solar farm.
14. Expenditure on the scheme falls into two key stages;
  1. Planning permission for the proposed development, and
  2. its construction.
15. More detail on the resources implications and associated risks is detailed in Part B of this report.

### **Circulation under the Local Issues Alert Procedure**

A copy of this report has been sent to Mrs. H. Fryer CC.

### **Officers to Contact**

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## **PART B**

### **Background**

16. The Council owned site comprises four parcels of land (as shown in Appendix A) which are currently held under grazing licenses. The sites lie to the north of the A6 and the town of Quorn in Charnwood.

These are:

- Poole Farm which comprises 2.27 acres of agricultural land and consists of a number of redundant associated agricultural buildings.
- Two sites at Barrow Road, the larger of which comprises approximately 2.35 acres of agricultural pastureland bound on all four sides by roads including Barrow Road and the A6. The second (smaller) site is approximately 0.35 acres (agricultural land) and lies to the east of the link road to Barrow Road and north of the A6.
- The proposed solar farm site which is located south west of the River Soar and comprises of 62 acres. Its current use is agricultural.

### **Proposed Developments**

#### **Poole Farm**

17. The Poole Farm site proposal is for 21,500 sq. ft. of light industrial/office space replacing the redundant farm buildings on the site. The proposed access is via Barrow Road as shown on the map included as Appendix C.
18. The proposed units will be single storey light industrial space with an office element. The proposal is for the construction of 5 units of two inward-facing terraces (of 3 units and 2 units respectively) with sizes from 3,300 sq. ft. to 5,000 sq. ft. Each unit will have 8 car parking spaces and roller shutter access.

#### **Barrow Road**

19. The Barrow Road proposal is for a 38,000 sq. ft. split site to be accessed from the link road between the southbound A6 and Barrow Road.
20. The proposal consists of 9 single story light industrial units with an office element. The proposal is for 8 units of two inward-facing terraces (of 5 units and 3 units respectively) of c.4,500 sq. ft. each, with 5-8 car parking spaces and roller shutter access. Unit 9 on the eastern side of the link road is proposed to be 2,400 sq. ft. and has the benefit of 7 car spaces, as detailed within Appendix D. Landscaping around the edges of the site will provide screening from all sides.

## **Solar Farm**

21. The 62-acre Quorn Solar Farm proposal will be accessed from Barrow Road as shown in Appendix B. The River Soar runs along the north east boundary of the site as do overhead powerlines. A sewage treatment works lies towards the northern end of the site and the site is crossed by hedgerows.
22. The proposed development is for a series of parallel rows of photovoltaic (PV) panels connected to inverters, with direct connection to the National Grid. The PV array would likely be between 0.2m and 2.54m above ground level to take into account the potential flood risk to the land. The estimated output of the solar farm will be 10 megawatts of electricity, but this figure is subject to further feasibility testing and is indicative only. 10 megawatts of electricity would provide enough renewable energy to power approximately 3,000 homes per year.
23. Any possible visual and landscape impacts (including the height of the solar PV), the maintenance of hedgerows, the mitigation of potential glare and site security will all be taken into account in the detailed design of the scheme.

## **Planning Process**

24. It is proposed that planning permission will be sought for the new commercial development at the sites at Barrow Road and Poole Farm (Use Classes B1c, B2, and/or B8) and the solar farm development which crosses four different sites under one planning application.
25. Although the sites lie within the boundaries of Charnwood Borough Council, the planning application will be considered by the County Council's Development Control and Regulatory Board, as the site is owned and will be developed by the County Council.
26. The application must be decided by the County Council, as d Regulation 3 of The Town and Country Planning General Regulations 1992, requires any application by a county council to develop land it owns to be determined by that county council (unless the application is referred to the Secretary of State).
27. The sites are designated as 'countryside' in the adopted development plan. According to the Environment Agency's flooding maps, the Poole Farm site lies within Flood Zones 2 and 3. This means that the risk of flooding is over 1% and so a flood risk assessment will be required to be submitted as part of the planning application.
28. Prior to the submission of a detailed planning application, it is the Council's intention to consult with the Soar Valley and Grand Union Canal Partnership, the owners of Pilling's Lock Marina, allotment holders and all other stakeholders.

### **Pre-application advice**

29. Pre-application advice has been provided by County Council planning officers and the key issues raised are set out in the paragraphs below.
30. It is noted that the Charnwood Local Plan is unlikely to be adopted until 2020 and therefore new employment site proposals should be considered against the existing Core Strategy and the National Planning Policy Framework (NPPF). The Core Strategy states that approximately 75ha (185 acres) of employment land needs to be delivered in Charnwood between 2011 and 2028, which equates to 4.5ha (11 acres) a year.
31. Initial feedback received from Charnwood Borough Council indicates that they consider the proposed developments for the buildings at Poole Farm and Barrow Road to be contrary to its Core Strategy (2015) Development Plan policy due to their unsustainable location in terms of accessibility and its potential harm to the character and appearance of the countryside.
32. The County Council considers the sites are in highly accessible locations (being adjacent to the A6 dual carriageway) and that a low-level, well-screened, small-scale commercial development is appropriate. Furthermore, the adjacent solar farm (which will be able to supply renewable electricity to the Poole Farm and Barrow Road developments) is compliant with the NPPF definition of sustainable development (for which there is a general presumption in favour in the NPPF).
33. The development would also address the employment need and highlight any shortfall in employment land capacity as identified in CoStar data (a national commercial property database), which suggests that the annual take up of completed employment land in the Borough has been significantly below the required level and there has been a running deficit of approximately 24ha (59 acres) of employment land up to the end of 2017. This has been even more pronounced over the last five years where only 2.2ha (5.4 acres) of employment land was delivered. This is despite high market demand for industrial premises in the locality and the 75ha (185 acres) target in the Borough Council's Core Strategy.
34. In support for the solar farm, the Core Strategy details that the provision of renewable energy will be encouraged. Policies within the strategy support the principle of commercial, community, and domestic scale renewable energy or low carbon energy developments where they contribute towards the target of at least 27.5 megawatts of energy having regard to the impact on the wider landscape, biodiversity, the historic environment, public safety, noise, odour, and other amenity considerations. The solar farm proposal would support Charnwood's Core Strategy (2015) target by producing an estimated 40% of the required renewable energy. The solar farm supports the requirement of National Planning Policy to meet the challenge of climate change, flooding and coastal change. Initial discussions with Charnwood BC have indicated that they support this part of the proposal.

35. It was also acknowledged that the solar farm supports national and international policy including the UK Government's Clean Growth Strategy (2017) and the United Nations' Paris Agreement (2016) to reduce carbon emissions in order to mitigate the impacts of climate change.

### **Financial Estimates and Risks**

36. Initial financial model indications suggest that the developments would produce a Net Revenue Income of £940,000pa. This is the total revenue generated from the letting of commercial development plots (£420,000pa) and the sale of electricity from the solar farm (£720,000pa) less the business rates, operational and maintenance costs associated with the management of all four sites (£200,000pa). This could lead to an annual yield of 5.8%.
37. In order to secure such revenue, it will be necessary to secure detailed planning permission for all three projects and meet expected construction costs of the development. Details of the estimated costs are set out in the table below, along with a timeline as to when expenditure is likely to occur.

| <b>Description</b>   | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>Total</b>   |
|--|----------------|----------------|----------------|----------------|
| <b>Planning</b>  |                |                |                |                |
| Detailed Planning Application  | £0.15m         |                |                | £0.15m         |
| <b>Development Costs (to be the subject of further approvals when necessary)</b> |                |                |                |                |
| Commercial development   |                | £2.65m         | £2.65m         | £5.3m          |
| Solar Farm   |                | £3.88m         | £3.88m         | £7.76m         |
| National Grid connection   |                | £0.5m          |                | £0.5m          |
| Professional fees  |                | £0.53m         | £0.53m         | £1.06m         |
| Contingency  |                | £0.62m         | £0.62m         | £1.24m         |
| Marketing/Letting  |                |                | £0.17m         | £0.17m         |
| <b>Total</b>   | <b>£0.15m</b>  | <b>£8.18m</b>  | <b>£7.85m</b>  | <b>£16.18m</b> |

38. It should be noted that these estimates are based on a number of assumptions, and the development costs and revenue generated is very sensitive to these assumptions. Given the fact that this is the Authority's first investment in a ground-level solar farm, further financial analysis will be undertaken to ensure the expected returns are achievable and realistic.

39. The financial modelling undertaken so far has been in line with guidance issued by the Royal Institution of Chartered Surveyors (RICS). Assumptions around potential sales values and construction costs have been based on knowledge of similar developments in the surrounding area (including the Building Cost Information Service figures for the East Midlands) and also take into account topographical surveys and other specific circumstances of the site.
40. The initial cost to the County Council of preparing and submitting the planning application is estimated to be £150,000 (depending on the level of physical on-site investigations required). As stated in Part A of this report, this cost is irrecoverable if the planning permission is not granted.
41. The solar farm requires permission from the District Network operator Western Power Distribution (WPD) to connect to the National Grid. Contact has been made with WPD in regard to the feasibility of the proposal, but there is no guarantee that connection will be granted until a firm offer is made from WPD to the Council. The Council is also required to pay WPD to upgrade their equipment as is necessary to enable connection. The budget estimate for these costs has been factored into the financial estimates but these costs can increase at any time before the work is undertaken. To mitigate this risk, the Council will apply for formal consent from WPD as soon as practicably possible.
42. With government subsidies for renewable energy decreasing; income for the solar farm will be generated from the sale of electricity to third parties. Whilst initial discussions are taking place with potential customers, there is no guarantee of entering into a contract with a customer/multiple customers and therefore securing income for the lifespan of the solar farm. To mitigate this risk, the Council intends to enter into contracts prior to progressing the development on site.
43. The generation, sale and purchase of electricity is heavily regulated and the solar farm may be subject to an increase in running costs in the future as a result of any change in policy or regulation. However, on balance it is still considered to be worth progressing with the planning application for the proposals as long as risks are managed appropriately.

### **Background Papers**

Report to the County Council – 21 February 2018 - Medium Term Financial Strategy 18/19 - 21/22

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=5105&Ver=4>

Report to the County Council – 6 December 2017 – Strategic Plan and Single Outcomes Framework

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MID=5104>



Report to the Cabinet – 15 September 2017 – Draft Corporate Asset Investment Fund Strategy - 2017/18

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4863&Ver=4>

### **Appendices**

Appendix A - Satellite location plan showing proposed development sites

Appendix B - Illustrative solar farm layout, (showing Poole Farm and Barrow Road sites)

Appendix C - Poole Farm indicative layout

Appendix D - Barrow Road indicative layout

### **Equality and Human Rights Implications**

44. There are no equality and human rights implications directly arising from this report. The planning application will be subject to Equality and Human Rights Impact Assessments (EHRIs) as appropriate prior to decisions being made.

### **Environmental Implications**

45. A full Environmental Impact Assessment will be required as part of the submission of a Planning Application for each site.

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