

DECISIONS DELEGATED TO OFFICERS

Decision title:	Loans x 2 in connection with Ray Valley Solar Farm Project
Decision date:	14 February 2022
Source of delegation:	<p>Cabinet on 16th June 2021 resolved to:</p> <p>Delegate authority to the Head of Corporate Strategy in consultation with the Cabinet Member for Zero Carbon Oxford to enter into a loan agreement with Low Carbon Hub on terms to be agreed by the Head of Financial Services / Section 151 Officer and the Council's Monitoring Officer.</p> <p>Cabinet on 10th November 2021 resolved to:</p> <p>Delegate authority to the Head of Financial Services/Section 151 Officer in consultation with the Head of Law & Governance and the Cabinet Member for Finance and Asset Management to enter into a loan agreement with Low Carbon Hub to undertake the necessary due diligence and approve the terms of the loan facility agreement and, thereafter, enter into any associated legal agreements that are necessary to give effect to the recommendations within this report; and</p> <p>Delegate authority to the Head of Financial Services/Section 151 Officer in consultation with the Head of Law & Governance and the Cabinet Member for Finance and Asset Management, to manage the loan facility. The authority under this recommendation shall include the power to negotiate and agree subsequent variations to the terms of the loan facility.</p>
What decision was made?	<p>The report to Cabinet on 16th June 2021 sought agreement to invest £3.4 million of government funding in the Low Carbon Hub's Ray Valley Solar Farm which would in turn result in an annual payment to the Council of £177,000 as well as promote community owned energy. The amount was subsequently revised down to £2.055 million, to be fully funded by the Public Sector Decarbonisation Scheme grant awarded to the council by Salix Finance Ltd a wholly owned Government department funded by the Business Energy and Industrial Strategy Department (BEIS) to finance the project costs of a solar farm project at Ray Valley.</p> <p>The report to Cabinet on 10th November 2021 outlined a further loan investment to be made to Low Carbon Hub to support the Ray Valley Solar project of £2 million.</p> <p>Two loan agreements, for the amount of £4.055 million, are in the process of being drawn up and associated documentation will include :</p>


	<p>a) An intercreditor deed which details the terms of the investment and security of money lent to Low Carbon Hub IPS Ltd, by the council in connection with other parties that have an interest in the development i.e Low Carbon Hub IPS Ltd (a parent company of Ray Valley Solar Ltd), Ray Valley Solar Limited, Low Carbon UK Solar Investment Company Ltd and Triodos Bank UK Limited. The Council will be subordinate to all other parties named with the Senior Debt holder being Triodos Bank UK Ltd;</p> <p>b) A debentures between the Council and Ray Valley Solar Limited; and</p> <p>c) Any other associated agreements</p> <p>Both loans totalling £4.055 million will have the same terms and conditions and repayments will be on an annuity basis attracting an interest rate of 2.85% for an anticipated 22.5 years. Once agreed a single transaction will see the advancement of £4.055 million to Low Carbon Hub IPS Ltd and the repayment back to the Council by the same organisation of the amount previously advanced to them on 6th August 2021 of £2.3 million with interest. Salix Bank Ltd will at the same time pay grant monies to the Council of £2.055 million in connection with the Councils previously approved grant application to part fund the transaction.</p> <p>Two decisions are being made:</p> <ol style="list-style-type: none"> 1) The decision being made by the Head of Financial Services is to agree the terms of both loans as set out above, and to agree to enter into the second loan in accordance with the delegation of Cabinet on 10th November 2021. 2) The decision being made by the Head of Corporate Strategy is to agree to enter into the first loan on the terms agreed by the Head of Financial Services in accordance with the delegation of Cabinet on 16th June 2021
Purpose:	Investment in the Ray Valley Solar Farm project being developed by the Low Carbon Hub; a key renewable energy development for Project LEO (Local Energy Oxfordshire), in which the City Council is a partner organisation.
Reasons:	Ray Valley Solar is a 19MW ground mounted solar farm near the village of Arncott with potential for battery storage to be installed in the future. The site itself neighbours an MOD logistics site, HMP Bullingdon, and two existing solar parks, and is expected to comprise c.45,000 solar panels across an 80 acre site. .It will be the largest community-owned solar park in the UK, generating enough energy to power the equivalent of over 6,000 homes per year.

	It is expected that RVS will keep £2.6m of additional clean energy spend in the local economy every year, and provide £13m of community benefit funding over the lifetime of the project (22.5 years).
Decision made by:	Decision to agree the terms of both loans as set out above, and to agree to enter into the second loan in accordance with the delegation of Cabinet on 10 th November 2021, taken by Nigel Kennedy , Head of Financial Services (Section 151 Officer)
Decision made by:	Decision to agree to enter into the first loan on the terms agreed by the Head of Financial Services in accordance with the delegation of Cabinet on 16 th June 2021, taken by Mish Tullar, Head of Corporate Strategy
Other options considered:	Not to proceed with any advancement of money to LCH – Likelihood of innovative project not moving forward, which would negatively impact the delivery of OCC's work towards key corporate objectives. Also reputational damage to the Council and LCH, including financial issues to LCH
Documents considered:	Approval of investment in the Ray Valley Solar Project under the Public Sector Decarbonisation Scheme - Report to Cabinet on 16 June 2021 and also 10 th November 2021
Key or Not Key:	Key (value >£500k)
Wards significantly affected:	None
Declared conflict of interest:	None
This form was completed by: Name & title: Date:	Nigel Kennedy Head of Financial Services (Section 151 Officer) Mish Tullar Head of Corporate Strategy 26 th January 2022

Approval checklist

<i>Approver (Decision 1)</i>	<i>Name and job title</i>	<i>Date</i>
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Head of Financial Services – decision maker	 Nigel Kennedy, Head of Financial Services	08/02/2022
Head of Law and Governance - consultee	 Susan Sale, Head of Law and Governance	08/02/2022
Cabinet Member - consultee	Councillor Ed Turner, Cabinet Member for Finance and Asset Management	03/02/2022

<i>Approver (Decision 2)</i>	<i>Name and job title</i>	<i>Date</i>
Head of Corporate Strategy – decision maker	 Mish Tullar, Head of Corporate Strategy	14/02/2022
Cabinet Member - consultee	Councillor Tom Hayes, Cabinet Member for Zero Carbon Oxford	14/02/2022