

## PRELIMINARY REPORT

### SME Solar PV and Battery Grant Proposal

#### 1. Description

- 1.1 This report therefore seeks approval of the proposal for the council to run a SME Solar PV and Battery Installation Grant for a total of £50,000 spread across the 25/26 and 26/27 fiscal year using existing climate change budget.

#### 2 Summary

- 2.1 This report seeks approval to allow Three Rivers District Council to run a SME Solar PV and Battery Installation Grant for a total of £50,000 spread across the 25/26 and 26/27 fiscal year using existing climate change budget.
- 2.2 The grant offer is a maximum of £3,000 per eligible SME. Applicants must provide at least 75% match funding from their own or other sources. It is anticipated this will generate a minimum investment in the local economy of £200,000 per annum, depending on grant uptake.
- 2.3 The Grant aims to support local businesses in reducing energy costs and carbon emissions, stimulate local supply-chain activity in renewable energy installations, and contribute to local economic resilience both for the SME beneficiaries and the supply chain.
- 2.4 The council may be able to benefit by claiming the value of the carbon emissions savings resulting from the proportion of the solar panel installation funded by the Grant as a carbon offset for the council's operational emissions.
- 2.5 The grant would be open to applications from 6<sup>th</sup> February 2026 and will run on a rolling basis.
- 2.6 Eligibility checks on applicants will be conducted by Watford and Three Rivers Senior Fraud Investigators.

#### 3 Details

- 3.1 The 2024/25 UKSPF Business Energy Efficiency Grant supported 10 SMEs in Three Rivers with a share of £89,842 to install energy efficiency measures to their commercial premises, assisting in lowering their energy bill costs and operational expenses, and saving a forecasted 50 tonnes CO<sub>2</sub>e per annum. Match funding was not a requirement of the UKSPF Grant scheme; however, the grant enabled £226,381 worth of investment in the district, a 2.4x multiplier of grant supplied to investment created. (See Appendix 1 for details of the UKSPF grant scheme's achievements).
- 3.2 Most of the UKSPF installations have been running for 6 months, and monitoring reports have been requested. Feedback has been received from some of the recipients, with one recipient stating: *"The grant allowed us to be able to implement the changes to our workspace and provide a healthier environment for staff, save on bills and play our part of reducing emissions and waste. I would definitely recommend*

*using this grant as it helps towards creating a more efficient greener business that benefits us all.”.*

- 3.3 The new SME Solar PV and Battery Grant seeks to build on this success. Solar PV and batteries have been selected as the measures eligible for the latest grant for several reasons:
- Solar and batteries proved the most popular technology funding was requested for in the UKSPF grant.
  - The work on the Three Rivers Energy Plan has identified that 176GWh per annum of solar PV will be required in Three Rivers to achieve net zero by 2050, with industrial estates key to the delivery of this volume.
  - Batteries are critical in enabling UK Power Networks (UKPN) to balance supply and demand on the national grid, helping to avoid major, costly infrastructure upgrades. Batteries enable businesses to draw cheaper energy from the grid at night using lower rates and utilise the stored energy later during peak consumption hours, thus reducing pressure on the grid, and lowering the business's energy costs.
  - The typical payback period for a commercial solar array is 5 to 7 years, and the council's business cases for approved solar installations to TRDC-owned buildings has demonstrated similar capital payback periods, making solar PV an appealing investment option for SMEs.
- 3.4 Businesses continue to feel the financial strain of stubbornly high energy costs. As reported by Ofgem (2024) smaller businesses are more likely to face economic pressure from high energy bills but are also less likely to invest in low-carbon technologies which offer annual energy bill reductions due to the high up-front costs involved.
- 3.5 By enabling SMEs to be more financially stable through the installation of solar panels to their commercial premises, the grant scheme will in-turn support the sustainability of the district's high streets and industrial clusters.
- 3.6 The value of the carbon emissions savings resulting from the proportion of the solar panel installation funded by the Grant should be able to be classified as a carbon offset for the council's operational emissions.
- 3.7 The proposed scheme will offer up to £3,000 of grant funding per eligible SME (with an option to increase award on exceptional instance) with a requirement of 75% match-funding by each applicant.
- 3.8 The grant will be available to SMEs with commercial premises in Three Rivers and will be specifically targeted towards industrial estates due to their potential for large-scale installations.
- 3.9 Applicants will be encouraged to use local installers wherever possible, to maximise local economic benefit.
- 3.10 To be deemed eligible for the grant, all applicants must complete TRDC's Business Energy Survey (which will further assist TRDC in collecting information needed for our Three Rivers Energy Plan) and provide at least two Microgeneration Certification Scheme (MCS) accredited installer quotes. All applicants will also be given the option

to subscribe to TRDC's Business Newsletter to maximise the council's continued engagement with local businesses.

- 3.11 The scheme will formally open to applications from the 6<sup>th</sup> February 2026, alongside associated advertising and marketing.
- 3.12 Once open, the grant scheme will assess applications received on a pass / fail system, on a rolling, first-come-first-served basis, until either the full allocation of funding is met, or the deadline is reached.
- 3.13 Successful applicants will be advised by the council, with Grant Offer Letters sent. Purchase orders will be sent on the signing of the Grant Offer Letter, with all actions completed on a rolling basis once information is received from applicants.
- 3.14 The grant will be paid retrospectively to eligible SMEs upon completion of the measure installation and provision of required evidence.
- 3.15 We propose the grant scheme will run in 2025/26 with £25,000 from the current year's climate change budget. Subject to the success of the first round of funding, a subsequent 2026/27 scheme could start earlier in the financial year.
- 3.16 The scheme will capture the number of solar panels and batteries installed, and their generation capacity, forecast carbon savings, energy bill savings, the value of investment in the district, and the number and location of contractors used. After one year post occupancy evaluation will be undertaken to assess actual cost and carbon savings.

#### **4 Policy/Budget Reference and Implications**

- 4.1 Launching this scheme and continuing to implement the scheme for a second year, will contribute to the following Council Corporate Framework Objectives:
  - *Achieve net carbon zero and be climate resilient.*
  - *Expand our position as a great place to do business.*

#### **5 Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, Risk Management and Health & Safety Implications**

#### **6 Financial Implications**

- 6.1 Maximum budget of £50,000 across the two years. This amount has been earmarked for this purpose in both financial years and thus requires no additional funding.

#### **7 Fraud Potential, Risk Management and Prevention**

- 7.1 Fraud is a concern with grants that are allocated to businesses, as such, we have assessed how the previous 2024/25 UKSPF Business Energy Efficiency Grant managed fraud risks and have expanded on that scheme's risk mitigation processes.

- 7.2 A Fraud Risk Assessment (Appendix 2) has been completed for this grant scheme which has been reviewed and developed in consultation with the council's Senior Fraud Investigators.
- 7.3 The application will require evidence that the applicant is both a Three Rivers District Council based business, and proof of the number of registered employees of said business to ensure that all applicants are SMEs with commercial premises in Three Rivers district. This will also entail business rate checks by the council's Senior Fraud Investigators, to ensure the business is eligible for the grant.
- 7.4 All applicants will be required to submit at minimum of two quotes from MCS certified (UK's quality mark for small-scale renewable energy technologies) installers during the application process. Any price discrepancies will be flagged and investigated prior to applicant approval.
- 7.5 With the grant being a maximum of £3,000 per business and requiring a minimum 75% match funding contribution from the applicant, this reduces the likelihood of businesses attempting to commit fraud as they will be required to invest in the system upfront themselves, to receive a grant of relatively low value.
- 7.6 As the grant is to be provided retrospectively, post-installation, this further reduces the likelihood of fraud being attempted.
- 7.7 Additionally, we will require the following evidence and checks to be completed prior to release the grant funds:
- SME must facilitate both pre- and post-installation site visits to validate the correct measures have been installed.
  - Invoice from MCS certified installer, which will be cross referenced with quotes provided at application stage, and the installer contacted if inconsistencies are present.
  - Evidence of the installation, including post-installation photos of the solar array and / or battery.

## **8 Legal Implications**

- 8.1 Legal support will be required for the drafting of grant offer letters, once applications have been received. Grant offer letters previously drafted for the 2024-25 UKSPF Business Energy Efficiency Grant can be modified for this scheme to reduce the Legal resources required.
- 8.2 Grant offer letters will be drafted and amended on a rolling basis once eligible applications have been received and reviewed. This will require the support of legal officers, however, most of this work will be carried out by officers within the Climate Change and Sustainability team.

## **9 Staffing Implications**

- 9.1 Officers within the climate change team will be responsible for leading the delivery of this grant scheme, including reviewing applications, liaising with Fraud officers, and case management for successful applicants, as part of their existing workload.

- 9.2 Senior Fraud Investigators from the Watford and Three Rivers shared service have offered to support with carrying out fraud checks (business rates checks) as and when required for each application.
  - 9.3 Support from Communications and Digital teams will be required in preparing marketing materials and launch documentation. Template documentation from the 2024-25 UKSPF Business Energy Efficiency Grant can be modified for this scheme to reduce the Communications and Digital team resource required.
  - 9.4 Support from Legal will be required for the drafting of grant offer letters, and any subsequent legal administration that the grant offer letters entail. Grant offer letters previously drafted for the 2024-25 UKSPF Business Energy Efficiency Grant can be modified for this scheme to reduce the Legal resources required.
- 10 Risk and Health & Safety Implications**
- 10.1 No direct Risk or Health & Safety implications associated with the Small and Medium-sized Enterprise Solar PV and Battery Grant. Requiring the use of MCS accredited installers reduces the risk of poor-quality installations.

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**Appendices to the preliminary report:**

Appendix 1: Interim Results from UKSPF Grant Scheme

Appendix 2: Fraud Risk Assessment SME Solar PV and Battery Grant 25-26.xlsx