



Greater
South East
Net Zero Hub

Hospital & School PPAs for Rooftop & Private Wire Connected Solar PV

18th March 2026

The Issue

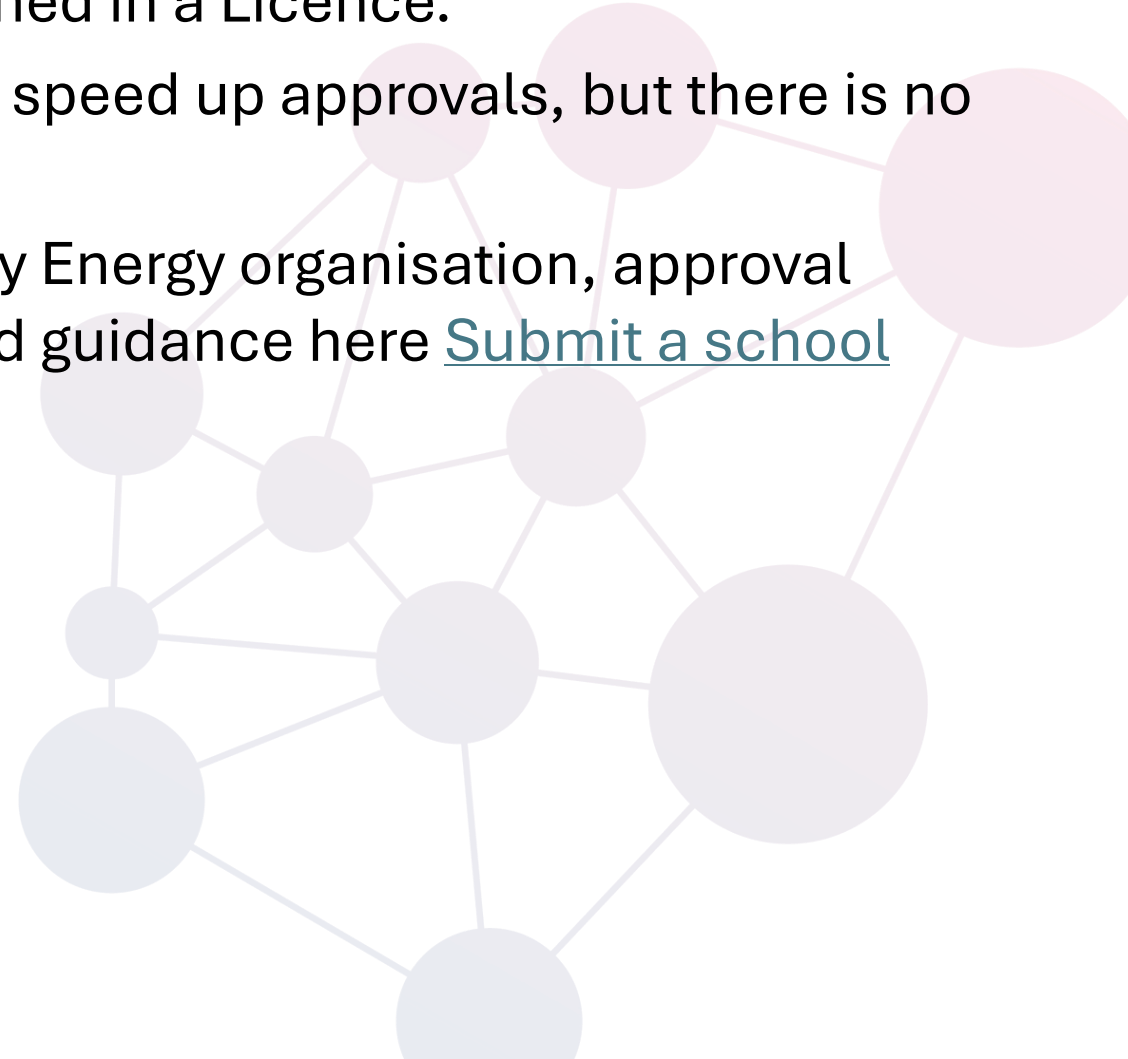
- Historically hospitals have not been able to enter into PPAs for rooftop/private wire solar PV since Government policy did not support private investment as a means of decarbonising the Government estate.
- Schools have been able to enter into PPAs for rooftop solar PV, although PPAs require Department for Education (DfE) approval on a case by case basis. DfE approval of PPAs was paused in 2025 (up until December) while DfE and Treasury reviewed such arrangements.
- Some community energy groups have been including PPA terms within Licences and believe these do not require DfE approval.
- If a rooftop lease is involved, schools have to apply for DfE approval to enter into this as well as the PPA.

What Has Changed (for hospitals)?

- [Budget 2025](#) announced that Government will now consider private finance for decarbonisation of the public sector estate.
 - **4.56 Private finance for decarbonisation of the public sector estate** – The government has confirmed it will consider private sources of finance – including Public Private Partnerships – to decarbonise the public sector estate (alongside or in place of government capital expenditure), where these offer value for money. HM Treasury will consider proposals based on business cases from relevant departments.
- [Green Book \(2026\)](#) has been published. Annex A covers appraisal of private finance options:
 - Shortlisted options must include a comparable public sector option;
 - Business case must demonstrate that the private finance option represents best value for money e.g. via risk transfer and efficiencies;
 - Differences in public v private tax rates must be excluded from the assessment;
 - Sensitivity analysis is required;
 - Table A1 provides a list of qualitative assessment criteria that should be considered.

Clarification (for schools)

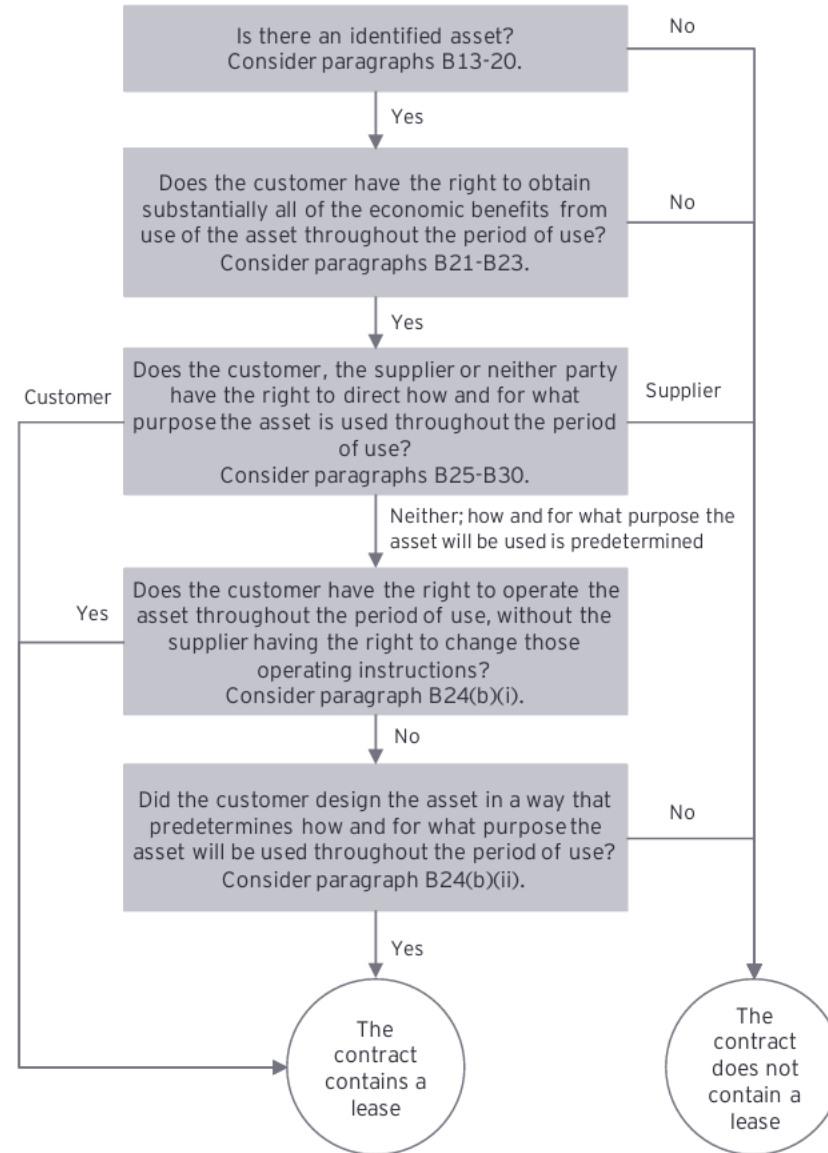
- Schools must apply to DfE for approval to enter into a PPA.
- This would apply even if PPA terms were contained in a Licence.
- DfE are working on a standard PPA template, to speed up approvals, but there is no confirmed timetable for this.
- If there is also a rooftop lease to the Community Energy organisation, approval must also be sought for this using the forms and guidance here [Submit a school land transaction proposal - GOV.UK](#).



IFRS16

- IFRS16 is an international accounting standard on leases. [It came into effect for schools on 1st April 2024](#) and removed the distinction between operating leases and finance leases, classing both as debt.
- [Ernst & Young 2021 guidance](#) on IFRS16 and PPAs includes a flow diagram for determining whether a PPA constitutes a lease.
- This is an accounting interpretation and for Authorities' own Finance teams to take a view.
- How EY see it:

- ▶ Given the nature of a wind or solar energy generating equipment, it is often the case that all relevant decisions are predetermined.
- ▶ Where all other decisions are predetermined and a customer has the right to operate an asset or has designed relevant aspects of the asset such that it predetermined how and for what purpose the asset will be used, the customer would be considered to have the right to direct the use of an asset.
- ▶ However, in practice, examples of this are limited on the basis that customers generally do not operate such equipment and do not have significant expertise in the design and construction of a solar or wind energy generating asset.





Greater
South East
Net Zero Hub

Get in touch with us by emailing
info@gsetzerohub.org.uk



www.gsetzerohub.org.uk