



Oversight and Governance

Chief Executive's Department
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Published 07 March 2023

CABINET – SUPPLEMENT PACK

Thursday 9 March 2023
2.30 pm
Council House, Plymouth

Members:

Councillor Bingley, Chair
Councillor Shayer, Vice Chair
Councillors Drean, Carlyle, Dr Mahony, Patel, Smith, Stoneman and Wakeham.

Members are invited to attend the above meeting to consider the items of business overleaf.

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Tracey Lee
Chief Executive

Cabinet

- 8. Armed forces select review recommendations and Cabinet response (Pages 1 - 12)**
- 13. Cabinet Response to Council Actions (Pages 13 - 30)**
- 14. Council Tax Premiums (Pages 31 - 38)**
- 15. Chelson Meadow Community Solar - Virtual Power Purchase Agreement (Pages 39 - 52)**
- 16. Chelson Meadow Community Solar - Construction Loan (Pages 53 - 66)**
- 17. Habitat Banking Vehicle (Pages 67 - 94)**

Cabinet



Date of meeting:	09 March 2023
Title of Report:	Select Committee Recommendations for the Plymouth Armed Forces Covenant
Lead Member:	Councillor Penberthy (Chair of Performance, Finance and Customer Focus Overview and Scrutiny Committee)
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
Author:	Helen Rickman (Democratic Advisor)
Contact Email:	Helen.rickman@plymouth.gov.uk
Your Reference:	AFCR
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

To present the recommendations of the Select Committee review of the Armed Forces Covenant held on 07 November 2022 to Cabinet.

Recommendations and Reasons

For Cabinet to respond to the recommendations below:

The Select Committee agreed:

1. to recommend to the Health and Adult Social Care Overview and Scrutiny Committee to include Armed Forces Friendly GPs and Dental Surgeries to their work programme specifically with regards to the number of surgeries that have signed up to the initiative, the impact of long waiting list timescales upon serving personnel and their families when frequently moving to a new area, and the importance of prioritising those affected by the armed forces covenant so as not to be disadvantaged;
2. to write to NHS England highlighting issues identified in Plymouth with regards to access to healthcare provision (including dental access) in the city for armed forces personnel and their families and highlighting NHS England's duty, as supporters of the covenant, to provide appropriate services for the armed forces;
3. to recommend to Cabinet that the wording of the current Armed Forces Covenant is reviewed to stress the importance of a trauma informed approach across all areas of the covenant in line with city policy, and specifically that due regard is given by the Council to the mental health of children and young people of service families, is appropriately considered in line with the Council's covenant duties;

4. to recommend to the Education and Children's Social Care Overview and Scrutiny Committee to add the Armed Forces Covenant to their work programme, specifically with regards to the Council's legal requirement under the covenant to provide education to service children, and that information on the pupil premium affecting service children, and how many service children were also young carers was also to be provided so that support could be managed;
5. to recommend to the Cabinet Member responsible for the Armed Forces Covenant, and the Cabinet Member for Children and Young People that the feasibility of amending Plymouth's School Admission Code is considered so that service children applying for a school place in the city were given priority status;
6. that Councillor Penberthy, as Chair of the Select Review Committee, would write to the Royal British Legion (RBL) highlighting the panel's extreme disappointment that the RBL written submission made no reference to MKC Heroes resulting in the voice of children and young people in the covenant being absent, and that work surrounding MKC Heroes should be appropriately led by RBL as was their responsibility;
7. to recommend to the Cabinet Member responsible for the Armed Forces Covenant and the Cabinet Member responsible for housing that:
 - an Armed Forces Champion is created in the housing team as a single point of contact and support for armed forces queries;
 - a greater understanding of the veterans cohort in the complex needs assessment in terms of the impact of drug and alcohol rehabilitation upon homelessness is sought so that appropriate support is provided;
 - social landlords are encouraged to sign up to the Armed Forces Covenant and work in partnership with the Council in housing veterans and ex-services personnel;
 - the links between the Council and Alabare are strengthened in terms of support provided to ex-services personnel in their transition out of supported accommodation;
 - an approach is made to the Ministry of Defence regarding their surplus housing stock in Plymouth in order to explore the feasibility of using it specifically to support veterans and ex-forces personnel;
8. to recommend to the Cabinet Member responsible for the Armed Forces Covenant and the Cabinet Member responsible for HR to:
 - promote the Armed Forces Community Covenant to employers in the city;

- request that a data mapping exercise of the Council's staff is undertaken to establish the numbers of veterans, reservists, cadets and families of serving military personnel so appropriate support is given;
 - establish a network within the Council to specifically advise on issues affecting the Armed Forces Community and inform the work of the covenant within the Council;
9. to recommend to the Cabinet Member responsible for the Armed Forces Covenant and the Cabinet Member responsible for employment, skills and training:
- that work is undertaken by the Council specifically with regards to the skills of ex services personnel and how they could be interpreted and translated into employable skills in the city, and that performance coaching is developed and encouraged;
 - to ensure that appropriate support is provided by the Council to spouses and partners of serving personnel in accessing training and finding employment on arrival to the city;
 - that the Council feeds into the Ministry of Defence transition service in order to develop an offers and needs assessment and criteria with the intention of helping personnel move out of the forces and into employment within the city;
 - that partnership working is further considered and strengthened to the benefit of the covenant;
10. to recommend to the Performance, Finance and Customer Focus Overview and Scrutiny Panel to explore further opportunities to support employment and development for veterans, ex-personnel and service families in the city; for scrutiny to consider if improvements could be made as to how the armed forces covenant is communicated in the city; and that the structures of the city's covenant are reviewed in light of legislative changes.

Alternative options considered and rejected

N/A

Relevance to the Corporate Plan and/or the Plymouth Plan

Delivery of the Corporate Plan and Plymouth Plan needs to take account of emerging policy and the legislative picture in relation to the Armed Forces Covenant.

The system of Scrutiny is an essential element of Local Government governance and by considering comments from the Scrutiny Management Board, Cabinet is supporting the “Democratic” value as defined in the Corporate Plan.

Implications for the Medium Term Financial Plan and Resource Implications:

None arising from this report.

Carbon Footprint (Environmental) Implications:

N/A

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

* When considering these proposals members have a responsibility to ensure they give due regard to the Council’s duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

N/A

Appendices

*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Response to Select Committee review.							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

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Sign off:

Fin	pl.22. 23.39 6	Leg	EJ/10 98/1. 3.23(3)	Mon Off	N/A	HR	N/A	Assets	N/A	Strat Proc	N/A
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Approved by: Councillor Chris Penberthy (Chair of Performance, Finance and Customer Focus Overview and Scrutiny Committee)

Date approved: 06/03/2023

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Cabinet



Date of meeting:	09 March 2023
Title of Report:	Response to Select Committee Recommendations for the Plymouth Armed Forces Covenant
Lead Member:	Councillor Mark Shayer, Deputy Leader and Portfolio holder for Finance and Economy
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
Author:	Alan Knott (Policy & Intelligence Advisor)
Contact Email:	Alan.Knott@Plymouth.gov.uk
Your Reference:	AFCR 09.03.2023
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

Response to the recommendations of the Select Committee review of the Armed Forces Covenant held on 07 November 2022.

Recommendations and Reasons

To thank the select committee for taking their valuable time to consider the past 10 years of the Armed Forces Community Covenant, reviewing its successes and challenges and contributing to its future development and activity. To acknowledge each of the individual recommendations and to respond accordingly, as described in the report attached.

The majority of recommendations have either been agreed or noted where relevant. In some cases the recommendations coincide with activities already in train and are being, or have already been embedded within Council practice.

Alternative options considered and rejected

N/A

Relevance to the Corporate Plan and/or the Plymouth Plan

Delivery of the Corporate Plan and Plymouth Plan needs to take account of emerging policy and the legislative picture in relation to the Armed Forces Covenant.

Implications for the Medium Term Financial Plan and Resource Implications:

N/A

Carbon Footprint (Environmental) Implications:

N/A

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

N/A

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Sign off:

Fin	pl.22. 23.39 6	Leg	EJ/10 98/1. 3.23(3)	Mon Off	N/A	HR	N/A	Assets	N/A	Strat Proc	N/A
Approved by: Councillor Mark Shayer (Deputy Leader and Portfolio holder for Finance and Economy)											
Date approved: 28/02/23											

CABINET RESPONSE TO THE SELECT COMMITTEE RECOMMENDATIONS ON THE REVIEW OF THE ARMED FORCES COVENANT

09 March 2023



	Select Committee Recommendations	Cabinet Response
1.	To recommend to the Health and Adult Social Care Overview and Scrutiny Committee to include Armed Forces Friendly GPs and Dental Surgeries to their work programme, specifically with regards to the number of surgeries that have signed up to the initiative, the impact of long waiting list timescales upon serving personnel and their families when frequently moving to a new area, and the importance of prioritising those affected by the armed forces covenant so as not to be disadvantaged;	Cabinet lead for Armed Forces and Plymouth's Armed Forces Champion welcomes any scrutiny which seeks to improve and enhance services to the Armed Forces Community and their families. Over the last 18 months the team, together with Plymouth's Armed Forces Partnership, have focused on working with both GP's and Dental Surgeries. And we've already seen progress in this areas with 9 more than a year ago. I'm happy to support the recommendation for the H&ASC scrutiny committee to incorporate this into their work plan.
2.	To write to NHS England highlighting issues identified in Plymouth with regards to access to healthcare provision (including dental access) in the city for armed forces personnel and their families, and highlighting NHS England's duty, as supporters of the covenant, to provide appropriate services for the armed forces;	Locally we know that the NHS has been proactive in a number of these areas, and relationships with local stakeholders are developing. However, there are areas which we know needs further work. A letter will be written to NHS England highlighting these issues, with an option to write jointly with the chair of the Health and Adult Social Care Scrutiny Committee if it is agreeable?
3.	To recommend to Cabinet that the wording of the current Armed Forces Covenant is reviewed to stress the importance of a trauma informed approach across all areas of the covenant in line with city policy, and specifically that due regard is given by the Council to the mental health of children and young people of service families, is appropriately considered in line with the Council's covenant duties;	<p>Plymouth is already a Trauma Informed City, and the City Council takes a trauma informed approach in everything it does. This is especially prevalent across Children's services, and particularly in relation to mental health. The City Councils approach has a number of overarching objectives:</p> <ul style="list-style-type: none"> • To review and reflect upon the emerging evidence regarding trauma informed approaches & Adverse Childhood Experiences, and continue to define an approach that envisions Plymouth as a Trauma Informed city. • To promote the Trauma Informed Plymouth approach (Envisioning Plymouth as a Trauma Informed City), within city communities, agencies and partnership systems. • To promote the Plymouth Trauma Lens as a consistent, universal and transformational narrative for a trauma informed city, that aspires to be courageously prevention focused. • To work alongside & support communities, agencies, and partnership systems in becoming trauma aware and trauma responsive. • To promote a system level response to the Trauma Informed approach and to support system change as a critical friend. • To target three key service areas across the partnerships, namely school exclusions, criminal justice and mental health diagnosis. <p>The Armed Forces Covenant, as a Plymouth City Council specific agreement sets out how the City Council will "Champion the needs of service and veterans' children and their families in Plymouth" and all that this encompasses and as set out in the Council approach to being a Trauma informed Council. The Armed Forces Champion will seek reassurances from the Partnerships Children's theme group that this approach is being embedded.</p>

	Select Committee Recommendations	Cabinet Response
4.	To recommend to the Education and Children's Social Care Overview and Scrutiny Committee to add the Armed Forces Covenant to their work programme, specifically with regards to the Council's legal requirement under the covenant to provide education to service children, and that information on the pupil premium affecting service children, and how many service children were also young carers was also to be provided so that support could be managed;	As Cabinet lead for Armed Forces and Plymouth's Armed Forces Champion, I welcome any scrutiny which seeks to improve and enhance services to the Armed Forces Community and their families. Over the last 18 months the team, together with Plymouth's Armed Forces Partnership have focused on working with schools and specialised partners. We've already seen much progress in this areas. Information regarding school's use of Service Pupil Premium appears within the wider Pupil Premium statement for individual schools and is displayed within their individual websites. (This information does not have to be shared with the Local Authority). We have recently given CPD sessions to the Young carers and Service Family Leads Hub, regarding how Service Pupil Premium should be utilised and also the benefits of working collectively across Multi-Academy Trusts to utilise this funding most effectively. This activity forms part of the AFC CYP&F Theme Group Action Plan. I'm happy to support the recommendation for the E&CSC scrutiny to incorporate this into their work plan.
5.	To recommend to the Cabinet Member responsible for the Armed Forces Covenant, and the Cabinet Member for Children and Young People that the feasibility of amending Plymouth's School Admission Code is considered so that service children applying for a school place in the city were given priority status;	Service Children are already given priority when applying for school places, however, we know that for 'in year' moves/admissions, there is some confusion in relation to the Department for Education's admission code and prioritisation of service children. The removal of this prioritisation classification from the national code means a local agreement will need to be considered. Further work will be done with the Strategic Director for Children's Services and the Cabinet Member for Children and Young People.
6.	That Councillor Penberthy, as Chair of the Select Review Committee, would write to the Royal British Legion (RBL) highlighting the panel's extreme disappointment that the RBL written submission made no reference to MKC Heroes resulting in the voice of children and young people in the covenant being absent, and that work surrounding MKC Heroes should be appropriately led by RBL as was their responsibility;	RBL are a significant partner in Plymouth's Armed Forces Partnership and relationships are good and cover a large and varied range of activities. Most recently in this particular area, the Children and Families Theme group lead has met with the RBL and other interested parties, regarding the voice of young people and a Choir, where a plan is being developed. The voice of children and young people in Plymouth is a fundamental element of the dedicated Children and Families Theme group of the Partnership, as it is with other key city partners on the group.
7.	To recommend to the Cabinet Member responsible for the Armed Forces Covenant and the Cabinet Member responsible for housing that:	
	<ul style="list-style-type: none"> an Armed Forces Champion is created in the housing team as a single point of contact and support for armed forces queries; 	An identified Senior Community Connections Officer (CW) is the identified Armed Forces champion for the service.
	<ul style="list-style-type: none"> a greater understanding of the veterans cohort in the complex needs assessment in terms of the impact of drug and alcohol rehabilitation upon homelessness is sought so that appropriate support is provided; 	The latest available census data has been used in the preparation of an assessment of the Armed Forces Community across the city. However, much of the census 2021 data is still being published nationally but when it is, will be reported back to the Plymouth Armed Forces Partnership. The latest Homelessness data indicates that there are currently 12 homeless veterans in the City. However, they are all being supported through the homelessness pathway. They aren't street homeless and will be in temporary accommodation awaiting move to permanent.
	<ul style="list-style-type: none"> social landlords are encouraged to sign up to the Armed Forces Covenant and work in partnership with the Council in housing veterans and ex-services personnel; 	The Plymouth Armed Forces Covenant Partnership Business Theme Group works closely with Wessex Reserve Forces' & Cadets' Association, with the aim to encourage as many organisations to sign up to the Armed Forces Covenant as possible. They have been successful in this area over the years but more can be done. This is one of the reasons why the Skills and Employment task and finish group was created to

	Select Committee Recommendations	Cabinet Response
		tap into the additional contacts and knowledge in this area. This recommendation will be put to the Business theme group for action.
	<ul style="list-style-type: none"> the links between the Council and Alabare are strengthened in terms of support provided to ex-services personnel in their transition out of supported accommodation; 	The link and relationships between the Plymouth Armed Forces Covenant Partnership and Alabare is strong. Indeed Alabare are members of the Covenant in Plymouth. November 2022 saw the completion of the first houses which form phase one of the Stirling House project in Plymouth, where the first veteran self-builder and his family moved into their new home, along with two local families who were in housing need. The Stirling Project, based on the site of a former residential care home on Honicknowle Green, has seen nine previously homeless veterans involved in the construction of 25 self-contained affordable homes to rent.
	<ul style="list-style-type: none"> an approach is made to the Ministry of Defence regarding their surplus housing stock in Plymouth in order to explore the feasibility of using it specifically to support veterans and ex-forces personnel; 	Plymouth City Council, in late 2022 made an approach to the Ministry of Defence regarding surplus housing stock and were informed that the current stock were already being repurposed. However, the Cabinet Member will write to the relevant MOD department to ascertain whether there is any other surplus stock and its potential future use.
8.	To recommend to the Cabinet Member responsible for the Armed Forces Covenant and the Cabinet Member responsible for HR to:	
	<ul style="list-style-type: none"> promote the Armed Forces Community Covenant to employers in the city; 	This is part of the Business Theme groups terms of reference, but also the task and finish group led by EPS in relation to skills and workforce.
	<ul style="list-style-type: none"> request that a data mapping exercise of the Council's staff is undertaken to establish the numbers of veterans, reservists, cadets and families of serving military personnel so appropriate support is given; 	This is currently being undertaken as part of wider employee data mapping exercise.
	<ul style="list-style-type: none"> establish a network within the Council to specifically advise on issues affecting the Armed Forces Community and inform the work of the covenant within the Council; 	This network is in place. First meeting set up for the 10 th March
9.	To recommend to the Cabinet Member responsible for the Armed Forces Covenant and the Cabinet Member responsible for employment, skills and training:	
	<ul style="list-style-type: none"> that work is undertaken by the Council specifically with regards to the skills of ex services personnel and how they could be interpreted and translated into employable skills in the city, and that performance coaching is developed and encouraged; 	A Plymouth Armed Forces Covenant Partnership Skills and Employment Task and Finish group is in place to address this. For example, Military Tuesday is a successful project in this area.
	<ul style="list-style-type: none"> to ensure that appropriate support is provided by the Council to spouses and partners of serving personnel in accessing training and finding employment on arrival to the city; 	A Plymouth Armed Forces Covenant Partnership Skills and Employment Task and Finish group is in place to address this. For example, Military Tuesday is a successful project in this area.
	<ul style="list-style-type: none"> that the Council feeds into the Ministry of Defence transition service in order to develop an offers and needs assessment and criteria with the intention of helping personnel move out of the forces and into employment within the city; 	This is part of the work of the Skills and Employment Task and Finish Group.
	<ul style="list-style-type: none"> that partnership working is further considered and strengthened to the benefit of the covenant; 	The Plymouth Armed Forces Covenant will further consider this recommendation.

	Select Committee Recommendations	Cabinet Response
10.	To recommend to the Performance, Finance and Customer Focus Overview and Scrutiny Panel to explore further opportunities to support employment and development for veterans, ex-personnel and service families in the city; for scrutiny to consider if improvements could be made as to how the armed forces covenant is communicated in the city; and that the structures of the city's covenant are reviewed in light of legislative changes.	Cabinet lead for Armed Forces and Plymouth's Armed Forces Champion, I welcome any scrutiny which seeks to improve and enhance services to the Armed Forces Community and their families. I'm happy to support the recommendation for the Performance, Finance and Customer scrutiny committee to incorporate this into their work plan.

Cabinet



Date of meeting:	09 March 2023
Title of Report:	Response to the Budget Amendment at Council 27 February 2023
Lead Member:	Councillor Mark Shayer (Deputy Leader)
Lead Strategic Director:	David Northey (Interim Service Director for Finance)
Author:	David Northey
Contact Email:	David.northey@plymouth.gov.uk
Your Reference:	djn/budget-amend
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

To report on the actions needed to fulfil the approval by Full Council of the Amended Budget for 2023/24 on 27 February 2023.

Recommendations and Reasons

It is recommended that Cabinet:

1. Notes the allocations approved by Council on the 27 February as set out in paragraph 2.3 and Appendix I of the Briefing Report, some of which are subject to coming in to force of the Levelling Up and Regeneration Bill.
2. Agrees:
 - a. Subject to the Levelling Up and Regeneration Bill coming in to force and the Council being able to introduce a Premium Rate Council Tax for empty and second homes from 1 April 2024, to the drawdown of £625,000 from the existing Investment Property Voids Allowance Reserve in the 2023/24 revenue budget to increase the Council Tax Support Fund and support the Plan For Homes are set out at 3.2 in the briefing report.
 - b. To the drawdown of an additional £375,000 from the existing Investment Property Voids Allowance Reserve in the 2023/24 revenue budget to fund the items as set out in 4,2 (d) of the briefing report
 - c. To undertake a full review of the Council Tax Support Scheme during 2023/24 for implementation in 2024/25.
 - d. Through the libraries review, to seek to enhance access to Council services and also review other Council owned buildings which could be used to support this activity.

- e. To launch a commission on the cost, quality and availability of local supported accommodation for children and adults across the city, with work to be undertaken during 2023
 - f. To commence a project to undertake a review of revenue and capital resources required to decarbonise the city's taxi fleet and inform the 24/25 budget. The cost of the review will be met from existing resources.
 - g. To launch a review of domestic abuse services to improve access, availability and delivery of provision with work to be undertaken by October 2023
 - h. Officers develop, with the Cost of Living Working Group, terms of reference for the spend of the £25,000 allocation by the group for approval by Cabinet;
 - i. Officers develop, with the Cabinet Advisory Group on Child Poverty, terms of reference for the spend of the £25,000 allocation by the group for approval by Cabinet;
 - j. Officers develop a plan and process for Cabinet approval to ensure that the £25,000 to support Violence Against Women and Girls is utilised.
 - k. Officers develop and prepare for Cabinet consideration a proposal as to the use of the Green Investment Fund within the capital programme.
 - l. Officers undertake a review of resources required to decarbonise the city's taxi fleet to be produced in advance of, and to inform, the setting of the 2024/25 budget
 - m. Officers undertake a challenge review of the existing highway reinstatement programme and report to Cabinet its findings.
 - n. Officers consider the use of the £115,000 allocation for non-commercial bus routes and present options to Cabinet for consideration.
 - o. That Officers present to Cabinet, for approval, the scope for the review to ensure a deliverable plan for sustainable mass transport.
 - p. Officers consider and report to Cabinet of the possibility of creating headroom in the Property Regeneration Fund with the purpose of seeking to support job creation by accelerating delivery on PCC owned land assets such as the Language Freeport site and City Business Park
 - q. That Officers present to Cabinet a report that considers the possible actions to unlock investment opportunities within the corporate estate to support job creation and skills development. This will include the vacation of Windsor and Midland Houses by 1st October 2023.
 - r. That Officers produce a report for Cabinet to consider how the Council might seek to build upon Plymouth's Ocean City brand to promote the city as a tourist destination using new digital marketing methods and building on our relationship with Brittany Ferries to promote the city as an international destination.
3. Note the Council recommendation to the Leader that it lobby Government for an increase in Plymouth's Local Housing Allowance.

These recommendations are required to implement the changes to the budget as a result of the amendment approved at Full Council on 27 February 2023.

Alternative options considered and rejected

Options have been considered in the preparation of this report where possible given the requirements of the Budget Amendment.

Relevance to the Corporate Plan and/or the Plymouth Plan

The development and approval of the annual budget and the Medium Term Financial Plan (MTFP) is fundamentally linked to delivering the priorities within the Council's Corporate Plan

Implications for the Medium Term Financial Plan and Resource Implications:

In order to accommodate the additional spend requirements of the Amended 2023/24 Council Budget the resources available to fund the budget have been supplemented with the use of reserves of £1m. This represents an amendment of 0.046% to the original proposed £217.740m budget. The majority of the additional expenditure will only proceed on the basis of Royal Assent of the Levelling-Up and Regeneration Bill. The proposal to introduce and maximise the Council's resources base with the additional Council Tax Premium for dwellings occupied periodically will increase future resources with a conservative estimate of £1m income each year. The Medium Term Financial Plan 2023/24 – 2027/28 will reflect these amendments and in particular the recurring costs added to the base in the sum of £125,000.

Financial Risks

On 27 February the 2023/24 Budget was amended to increase expenditure in 2023/24 by £1m of which £125,000 is recurring. The majority of the amendments are reliant on the additional income tax becoming available from 2024/25. For example, the proposal to enhance the Government's grant for those in receipt of council tax support has to be, as stated, implemented only on the basis the Levelling-Up and Regeneration Bill receives Royal Assent. Without this, the proposal will not proceed.. The allocation of £125,000 in the revenue budget to provide additional resource and support to accelerate Plan for Homes implementation will also only proceed on this basis. This negates any risk of allocating this sum of money, with a net sum of £375,000 to be found if the resources are not available.

The remaining proposals costed at £525,000 are recommendations on the reallocation of existing resources and ensure the overall budget remains in balance.

Carbon Footprint (Environmental) Implications:

No impacts directly arising from this report as the recommendations relate to the Council's revenue and capital budget in totality, the scope of the decision covers all of its activities. There will be carbon footprint implications arising from these activities, negative or positive, but these can only be effectively assessed on a case by case basis. In particular the recommendation to make an allocation of £2,000,000 for the creation of a Green Investment Fund within the capital programme to ensure the PCC commercial estate meets minimum energy efficiency standards thereby protecting existing income streams and jobs. There is also a recommendation to increase the wildflower meadow maintenance budget, and to commence a project to undertake a review of revenue and capital resources required to decarbonise the city's taxi fleet and inform the 24/25 budget.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

The Budget Amendment enhances the commitment to work with the Child Poverty Commission with an additional budget allocation of £25,000 in 2023/24.

Appendices

*Add rows as required to box below

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		1	2	3	4	5	6	7
I	Labour Amendment to the Revenue and Capital Budget 2023/24							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

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27 February 2023 Full Council Budget Report 2023/24							

Sign off:

Fin	pl.22. 23.4 10	Leg	EJ/1 098/ 7.3.2 3(1)	Mon Off		HR		Asset s		Strat Proc	
Originating Senior Leadership Team member: David Northey (Service Director for Finance)											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 07/03/2023											
Cabinet Member approval: Councillor Mark Shayer (Deputy Leader and Cabinet Member for Finance and Economy) Date approved: 03/03/2023											

BUDGET ACTIONS 2023/24

1. Background

- 1.1 On 27 February 2023 Council considered a proposed Revenue Budget with available resources and expenditure in the sum of £217.740m.
- 1.2 The Amendment at Appendix I was proposed and approved by Council, resulting in an additional expenditure of £1m and a corresponding drawdown of available reserves to maintain a balanced position.
- 1.3 The proposal to introduce and maximise the Council's resources base with the additional Council Tax Premium for dwellings occupied periodically has an estimate of a minimum £1m income each year. It must be noted that this is subject to it receiving Royal assent by the 1 April 2023 and that the additional income would commence from April 2024.
- 1.4 The majority of the amendments are reliant on this income becoming available. The proposal to enhance the Government's grant for those in receipt of council tax support has to be, as stated, implemented only on the basis the Levelling-Up and Regeneration Bill receives Royal Assent. Without this, the proposal will not proceed. This is also a condition of the additional £125,000 being allocated to the Plan for Homes programme.

2. Impact

- 2.1 The table below shows the impact on the proposed Budget presented as the main Budget Motion and the need for additional resources of £1m.

Funding Element	Proposed Budget £m	Impact of Budget Adjustment £m	Approved Budget £m
Council Tax	(130.625)	0.000	(130.625)
NNDR	(75.253)	0.000	(75.253)
RSG	(11.562)	0.000	(11.562)
Reserves		(1.000)	(1.000)
Total Resources	(217.440)	(1.000)	(218.440)
Resources Required per Proposed Budget	217.440	1.000	218.440
Shortfall	0.000	0.000	0.000

- 2.2 The remaining proposals costed at £525,000 are recommendations on the reallocation of existing resources and ensure the overall budget remains in balance.
- 2.3 The additional revenue allocations are set out below, and also in the Labour Amendment in Appendix I of this report.

Proposal	Additional Resources / income £m	Additional Costs £m	Comment
2023/24			
Drawdown Investment Property Reserve	1.000		one-off drawdown 2023/24 only
Enhance Government's Council Tax Support Fund 2023/24		0.500	one-off cost 2023/24 only; subject to legislation
Cost of Living Working Group		0.025	one-off cost 2023/24 only
Child Poverty		0.025	one-off cost 2023/24 only
Violence Against Women and Girls.		0.025	one-off cost 2023/24 only
Health Hub feasibility study with NHS		0.025	one-off cost 2023/24 only
Creating a £2,000,000 Green Investment Fund		0.100	one-off allocation; projects to generate surpluses to repay / future investment
Wildflower meadow maintenance		0.010	recurring cost
Bus subsidy		0.115	recurring cost
Commission to ensure that Plymouth has a sustainable mass transit system		0.025	one-off cost 2023/24 only
Coronation of King Charles III		0.025	one-off cost 2023/24 only
Additional allocation to Plan for Homes		0.125	one-off cost 2023/24 only; subject to legislation
Use of reserves to be replenished	1.000	1.000	
Plan for Homes		0.500	from RTB receipts
Right to Buy (RTB) receipts	0.500		release current receipts
St Budeaux public toilets		0.020	one-off to supplement sums set aside by Ward Councillors
Revenue financing of pipeline capital projects	0.020		
Establishing a ringfenced Pothole Repair Fund - existing capital funds £500k			one-off for 2023/24
Increase our CCTV provision by adding up to 10 cameras £100k	0.005	0.005	revenue cost for capital investment from existing resources
Existing Resources	0.525	0.525	

3. Advice to Members

- 3.1 In line with the Local Government Act 1972, the Section 151 included a Budget Robustness Statement in the text of the Budget Report. An updated statement was included in the Budget Amendment.
- 3.2 Given the level of review into the Council's reserves, this would not appear to be the best timing in terms of drawing down £1m from our balances. That said, as stated above the majority is dependent on the necessary legislation passing into law. Without this, the proposal will not proceed in its current form. The reserve that is being used was subject to additional allocations in response to the Covid-19 pandemic, and the possible implications on our ability to meet our commercial property letting income targets. The drawdown of this amount will leave the reserve with an adequate balance. The proposal states a commitment to refund to the Investment Property Reserve, however any decision on the best use of the additional income will be considered as part of the 2024/25 Budget setting process.

4. The Council Decision and Action Required.

- 4.1 The Amendment to the Council Budget appears at Appendix I to this report.
- 4.2 The actions now required to adjust the Budget are as follows:
- a) Drawdown as required a maximum of £1m from the Investment Void Property Reserve
 - b) Allocate the sum of £500,000 to a Council tax Support Fund, subject to the necessary legislation being in place
 - c) Allocate the sum of £125,000 to the existing Plan for Homes, subject to the necessary legislation being in place
 - d) Allocate additional revenue allocations to be included in the 2023/24 budget totalling £375,000

Allocation	£m
Cost of Living Working Group	0.025
Child Poverty	0.025
Violence Against Women and Girls.	0.025
Health Hub feasibility study with NHS	0.025
Creating a £2,000,000 Green Investment Fund	0.100
Wildflower meadow maintenance	0.010
Bus subsidy	0.115
Commission to ensure that Plymouth has a sustainable mass transit system	0.025
Coronation of King Charles III	0.025
Total	0.375

APPENDIX I**Labour Amendment to the Revenue and Capital Budget 2023/24****Council notes:**

1. Over a decade of Tory austerity has seen the government cut sixty pence in every pound of our Revenue Support Grant. This is about £1,000,000,000 of funding the Council has not been able to spend in Plymouth. It is impossible for the Council to deliver income that replaces this. We need a Council that stands up for a better Plymouth.
2. In May 2022 the Government published the Levelling-Up and Regeneration Bill which included proposals aimed at addressing the negative impact of second homes on the supply of homes for local people. The Bill is likely to become law from April 2024 at the earliest and allow for a 100% premium to be applied to the base Council Tax level. It is estimated that on the current numbers across the city this could generate a minimum additional council tax of £1m per annum from 2024/25 if these provisions were adopted before the end of this fiscal year.
3. That we are living in the middle of a Cost of Living Crisis.
 - a. Alongside the provisional Local Government Finance Settlement on 19th December 2022, the Government announced £100m of additional funding for local authorities to support the most vulnerable households in England. Recognising the impact of rising bills, the Government has allocated Plymouth the sum of £607,135 of new grant funding in 2023-24 to support economically vulnerable households in their area with council tax payments. This funding is to allow for a reduction in the council tax charge for current working age and pension age Local Council Tax Support claimants by up to £25.
 - b. One-off tinkering with the Council Tax Support Scheme for working age households is not an appropriate way of managing finances for the Council or for recipients, (the vast majority) of whom are in-work. The Council has not undertaken a substantive review of our scheme since before COVID and acknowledges that this is overdue given the marked detrimental changes in the national economy, many of which have been caused by actions of the government.
 - c. That there is not full take up of financial support available from the Council to local families and residents, such as Council tax Support and Free School Meals. In the past we have seen the take up levels rise when we have reviewed processes and looked at how to target communications to those who are missing out.
 - d. That there is now almost no access for residents to talk face-to-face with Council Officers about Council services, especially those linked to impacts of cost of living. Our libraries were meant to be providing this access and are now closed for many more hours than they are open.
 - e. That there are existing cross sector partnership structures in place to address child poverty and the Cost Of Living Crisis that can be built on to help the Council tackle these issues.

4. That there is a current housing crisis in Plymouth.
 - a. Our homeless numbers are at record levels; we lack appropriate supported housing for local residents who need it, leading to expensive out of city placements; the private rented sector is overheating; and our new housing pipeline is collapsing.
 - b. The award winning Plan for Homes introduced and updated by previous Labour administrations has driven a wide range of actions to improve Plymouth's housing stock and address our housing need.
 - c. That, despite support from the Cabinet Member, the Budget Scrutiny Select Committee decided not to recommend lobbying for an increase in the Local Housing Allowance to support those most in need of help.

5. That more work needs to be done to support the wellbeing and safety of Plymouth residents:
 - a. Work has begun to tackle violence against women and girls and needs to be accelerated.
 - b. The City Centre Health Hub is a stalled project, this facility is urgently needed to address some of the worst health outcomes in the city (found in Stonehouse) and provide substantial relief to the pressures facing Derriford Hospital.
 - c. That poor health outcomes in the north of Plymouth need to be addressed.
 - d. That a recent OFSTED report identified that domestic abuse services in the city need to be improved to ensure that the needs of children and young people who are victims of domestic violence, or who witness it in their homes, are properly supported.
 - e. Safety in car parks continues to be a concern to many residents, especially women.
 - f. The impact of noisy vehicles on residents and businesses can be unacceptable and in some parts of Plymouth can now be described as persistent anti-social behaviour.
 - g. St Budeaux has needed replacement public toilets for many years. A scheme was developed and Labour ward Councillors made substantial allocations from the Community Grants to enable new toilets to be provided. The work has been stopped and the St Budeaux community been denied access to both the toilets they need and the benefit of Community Grants that they are entitled to.

6. The planet is facing a Climate Emergency, Plymouth City Council is taking action, but needs to do more and do it faster:
 - a. Wildflower meadows are important for biodiversity and support pollinators, but they need good management. Whilst we have seen an increase in our local wildflower meadows the management to support these is not fit for purpose.
 - b. At the last taxi licensing review Council agreed to take action on decarbonising the city's taxi fleet and bring forward the next review by 30 months in order to review progress. Since that time no substantive work has been undertaken to address this commitment.

7. Plymouth is a growing city and needs to keep people moving on roads that are in good condition:
 - a. There have been recent losses of whole bus routes in the city. Some services have seen shortening of operating times, others have seen reductions in frequency.
 - b. Increasingly planning permission for new housing assumes availability of bus services and therefore does not provide for any or much parking.
 - c. Plymouth does not have a coherent strategic plan for the development of a citywide sustainable mass transit system.
 - d. Plymouth residents continue to complain about potholes. Last year a budget amendment provided resource for innovation in tackling potholes more effectively – this work has not been delivered.

8. Historically we know that Plymouth's growth is underpinned by Council investment which supports local businesses to thrive:
 - a. The Council has substantial corporate estate and commercial holdings within the City.
 - i. The commercial estate is well managed although some parts need investment in order to become greener.
 - ii. The commercial estate supports job creation and skills development, but more could be done.
 - iii. The corporate estate is not managed with the same degree of entrepreneurship. During the 2022/23 budget process a scrutiny recommendation to have a scrutiny review of the corporate estate was agreed by Cabinet and Council, this has yet to happen.
 - iv. The Council needs to ensure that it 'milks its assets' in order to support services for the people of Plymouth.
 - b. Tourism is a key business sector for the city.
 - i. The Box is proving a hit; we are seeing more cruise liners visiting Plymouth; Brittany Ferries is currently celebrating 50 years of operation from Millbay and wishes to market Plymouth as a short break destination.
 - ii. We need to encourage more cruise ships to visit.
 - iii. We need to do more to sell Plymouth as a short break destination.

9. During the late Queen's Platinum Jubilee comments were made that the Council had not done much to celebrate. The plans for the Coronation of King Charles III are similar and have no budget behind them. As a proud city we should ensure that we celebrate this important time in the life of the nation.

Council therefore agrees:

1. Subject to it receiving Royal Assent by the 1 April 2023, that the Council introduce as of 1 April 2024 the proposed Council Tax Premium for dwelling occupied periodically (often referred to as empty or second homes) for all such properties in its administrative boundaries.
2. To implement the maximum Council Tax charge on empty properties for the Financial Year 23/24.
3. Should the Levelling-Up and Regeneration Bill receiving Royal Assent, Plymouth City Council commits to immediately explore the draw down a maximum of £500,000 from the Investment Property Voids Allowance Reserve in the 2023/24 Budget on the basis that it is replenished in 2024/25 from the additional income generated in by the Council Tax Premium in 2024/25, subject to any further statutory guidance. It is proposed this maximum allocation will be allocated:
4. To provide relief for local residents suffering because of the Cost Of Living Crisis by:
 - a. **Subject to the implementation of 3 above**, making an additional provision of £500,000 in 2023/24 in the revenue budget for the Council Tax Support Fund, recommending to Cabinet that it:
 - i. Undertake a full review of the Council Tax Support Scheme during 2023/24 for implementation in 2024/25; the review to develop costed options for public consultation and a detailed examination of final proposals by the Scrutiny Committee. This will have no additional resource requirements in 2023/24.
 - ii. Use the Government Council Tax Support Funding to ensure that a payment of £25 is made per eligible working-age household. Such support should be directed towards those who are in work and also in receipt of Universal Credit.
 - iii. To further use the allocation of £500,000 set out above to provide a further discretionary local payment of up to £25 per eligible working-age household. Such support should be directed towards those who are in work and also in receipt of Universal Credit.
 - b. Recommending to Cabinet that it seek to enhance access to Council services through libraries and review which of our other buildings can support this activity. This should form a key strand of the Plan for Libraries review utilising government grant funding to increase opening hours where appropriate to include later closing times. This review, including public consultation and member scrutiny, should be undertaken and implemented during 2023/24 using existing resources. The ensuing report will identify ongoing resource requirements and how these will be met from within the approved revenue budget for 23/24.
 - c. Making an allocation of £25,000 in the revenue budget to support the work of the Cost of Living Working Group. It is recommended to Cabinet that this should be used to build on the existing Cost of Living Crisis webpage to ensure that all available financial support is clearly signposted. Additionally the mechanisms for supporting local residents through the Cost Of Living Crisis through practical support and campaigning should be reviewed.

- d. Making an allocation of £25,000 in the revenue budget to support the work of the cross-party Cabinet Advisory Group on Child Poverty and recommend to Cabinet that this fund be used to allow Plymouth City Council to build on its existing active commitment to tackling child poverty.

5. To address the housing crisis by:

- a. Making an allocation of £500,000 from Right-to-Buy receipts which shall be allocated so as to be utilised to enhancing the Plan for Homes Housing Investment Fund to enable £10m capital fund to accelerate delivery of new homes on PCC owned land allocated for housing.
- b. Making an allocation of £125,000 in the revenue budget and recommend to Cabinet that is it utilised to provide additional resource and support to accelerate Plan for Homes implementation.
- c. To recommend to the Leader that they lobby Government for an increase in Plymouth's Local Housing Allowance to more accurately reflect the strength of the rental market and recognise that many Plymouth residents struggle to find appropriate rented accommodation within the limits set by the valuation office.
- d. To recommend to Cabinet that it launch a commission on the cost, quality and availability of local supported accommodation for children and adults across the city, with work to be undertaken during 2023. The Commission's report should seek to propose a delivery timetable; define revenue and capital resource requirements; and identify how these will be met. The cost of undertaking the work of the Commission will be met from existing resources.

6. To support local residents' wellbeing and safety by:

- a. To recommend to Cabinet that it launch a review of domestic abuse services to improve access, availability and delivery of provision with work to be undertaken by October 2023. The resulting report should identify ongoing resource requirements and how these will be met. The costs of the review will be met from existing resources.
- b. Making an allocation in the revenue budget of £25,000 to be allocated to support action on Violence Against Women and Girls.
- c. Recommend to Cabinet that it will support and enable, in partnership with the NHS, to undertake a feasibility study for the provision of a health hub in the North of Plymouth.
- d. Allocating £20,000 from the revenue provision for pipeline capital projects for works to St Budeaux public toilets and recommending to Cabinet to ensure their reinstatement as a matter of urgency.
- e. To recommend to Cabinet that it seek to increase our CCTV provision by adding up to 10 cameras to enhance the current car park coverage and to include the funding for a noise camera to address vehicle related anti-social behaviour. The revenue cost to fund an estimated £100,000 capital investment to be met from the revenue provision for pipeline capital projects.

7. To tackle the Climate Emergency by:

- a. Making an allocation of £2,000,000 for the creation of a Green Investment Fund within the capital programme to ensure the PCC commercial estate meets minimum energy efficiency standards thereby protecting existing income streams and jobs. The fund will allocate spend on the premise of business cases demonstrating that the investment will at least cover the borrowing costs. All surpluses delivered through this programme will be reinvested in the fund for future environmental/green initiatives within our commercial estate.
- b. Making an additional allocation of £10,000 to the wildflower meadow maintenance budget.
- c. Recommending to Cabinet that it commence a project, working with experts and the trade, to undertake a review of revenue and capital resources required to decarbonise the city's taxi fleet and inform the 24/25 budget. The cost of the review will be met from existing resources.

8. To keep Plymouth moving by:

- a. Recommending to Cabinet that it urgently undertake a challenge review of the existing highways re-instatement programme specifically looking at using modern technology and kit to reduce costs and increase efficiency of the existing methodology. This recommendation is that this process be completed by the end of summer of 2023 with a report to Cabinet in the autumn.
- b. Making provision within the Capital Budget for a £500,000 allocation to be ringfenced for pothole repairs within the City.
- c. Committing to ring-fencing revenue and capital resources freed up by the review in 8a to the Pothole Repair Fund established in 8b.
- d. Making provision within the Revenue budget for an allocation of £115,000 to support reconfiguration of non-commercial bus routes to support residents without access to a bus service.
- e. Making provision within the revenue budget for a £25,000 allocation and recommend to Cabinet that the funds are used to commission a review to ensure a deliverable plan is developed to ensure that Plymouth has a sustainable mass transit system which includes public transport.

9. To invest in Plymouth's future by:

- a. Creating headroom in the Property Regeneration Fund to support job creation by accelerating delivery on PCC owned land assets such as the Language Freeport site and City Business Park.
- b. Recommend to Cabinet that it urgently prioritises taking actions to unlock investment opportunities within the corporate estate to support job creation and skills development. This will include the vacation of Windsor and Midland Houses by 1st October 2023.
- c. Recommend to Cabinet that it seek to build upon Plymouth's Ocean City brand to promote the city as a tourist destination using new digital marketing methods and building on our relationship with Brittany Ferries to promote the city as an international destination.

10. To celebrate the Coronation of King Charles III by making provision within the revenue budget, for an allocation of £25,000 to cover costs of road closures, arrange a screening of the ceremony, dressing the city and support community volunteering activities.

11. To amend recommendation 1 of the report so as to read that Council approved a budget of £218.440m (increased by £1m from £217.440m)

12. That Council approve the drawdown of £1.000m of reserves

13. Council are also asked to note the resulting amendments to appendix 9 of the report as set out with this amendment and highlighted yellow

The impact of this amendment on the Budget figures as set out in the main report will be:

- 1) Cost neutral in 2023/24 with Resources increasing by £1,000,000 and Expenditure increasing by £1,000,000 (or 0.046%)

And for future years:

- 2) Minimum additional council tax resources of £1m from April 2024

Proposed by Cllr Tudor Evans OBE

Seconded by Cllr Mark Lowry

Financial Implications

Proposal	Additional Resources / income	Additional Costs	Comment
	£m	£m	
2023/24			
Drawdown Investment Property Reserve	1.000		one-off drawdown 2023/24 only; subject to legislation
Enhance Government's Council Tax Support Fund 2023/24		0.500	one-off cost 2023/24 only; subject to legislation
Cost of Living Working Group		0.025	one-off cost 2023/24 only
Child Poverty		0.025	one-off cost 2023/24 only
Violence Against Women and Girls.		0.025	one-off cost 2023/24 only
Health Hub feasibility study with NHS		0.025	one-off cost 2023/24 only
Creating a £2,000,000 Green Investment Fund		0.100	one-off allocation; projects to generate surpluses to repay / future investment
Wildflower meadow maintenance		0.010	recurring cost
Bus subsidy		0.115	recurring cost
Commission to ensure that Plymouth has a sustainable mass transit system		0.025	one-off cost 2023/24 only
Coronation of King Charles III		0.025	one-off cost 2023/24 only
Additional allocation to Plan for Homes		0.125	one-off for 2023/24
Use of reserves to be replenished	1.000	1.000	
Plan for Homes		0.500	from RTB receipts
Right to Buy (RTB) receipts	0.500		release current receipts
St Budeaux public toilets		0.020	one-off to supplement sums set aside by Ward Councillors
Revenue financing of pipeline capital projects	0.020		
Establishing a ringfenced Pothole Repair Fund - existing capital funds £500k			one-off for 2023/24
Increase our CCTV provision by adding up to 10 cameras £100k	0.005	0.005	revenue cost for capital investment from existing resources
Existing Resources	0.525	0.525	

**Appendix 9 Amendment
Council Tax Resolution****Implications of the proposed council tax for each band of properties**

To note that the Office of the Police and Crime Commissioner for Devon and Cornwall and The Isles of Scilly has issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area, reflecting a Fifteen pounds (£15.00 or 6.08%) increase for 2023/24 for a band D property.

To note that the Devon and Somerset Fire and Rescue Authority precepts have been confirmed reflecting a Five pounds (£5.00 or 5.45%) increase for 2023/24.

To use the Council Tax base for 2023/24 as 74,891 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; calculate that the Council Tax requirement for the Councils own purposes for 2023/24 is £131,299,650.

To note a contribution of £1,000,000 from reserves in order to balance the 2023/24 Council budget.

To agree that the following amounts are calculated for the year 2023/24 in accordance with Sections 31 to 36 of the Act:

- a) £556,753,539 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act (Gross Expenditure and Transfers to Reserves).
- b) £425,453,889 being the aggregate of the amounts which the council estimates for the items set out in Section 31A (3) of the Act (Gross Income and Transfers from Reserves).
- c) £131,299,650 being the amount by which the aggregate at 9.5(a) above exceeds the aggregate amount at 9.5(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as it's council Tax requirement for the year. (Item R in the formula in section 31B of the Act).
- d) £1,753.21 being the amount at 1.4(c) above (Item R), all divided by Item T (1.3 above), calculated by the council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

Financial Implications – S 151 Officer’s Budget Robustness Statement

The proposal to introduce and maximise the Council’s resources base with the additional Council Tax Premium for dwellings occupied periodically is welcomed, with a conservative estimate of £1m income each year. It must be noted that this is subject to it receiving Royal assent by the 1 April 2023 and that the additional income would commence from April 2024.

The majority of the amendments are reliant on this income becoming available. The proposal to enhance the Government’s grant for those in receipt of council tax support has to be, as stated, implemented only on the basis the Levelling-Up and Regeneration Bill receives Royal Assent. Without this, the proposal will not proceed. This negates any risk of allocating this sum of money.

Given the level of review into the Council’s reserves, this would not appear to be the best timing in terms of drawing down £1m from our balances. That said, as stated above, £500,000 is dependent on the necessary legislation passing into law. Without this, the proposal will not proceed in its current form. This leaves a further £500,000 to be “borrowed” in 2023/24. The reserve that is being used was subject to additional allocations in response to the Covid-19 pandemic, and the possible implications on our ability to meet our commercial property letting income targets. The drawdown of this amount will leave the reserve with an adequate balance. The proposal states a commitment to refund the £500,000 to the Investment Property Reserve, however any decision on the best use of the additional income will be considered as part of the 2024/25 Budget setting process.

The remaining proposals costed at £525,000 are recommendations on the reallocation of existing resources and ensure the overall budget remains in balance.

In the context of the above, the Section 151 Officer considers the proposed budget amendment as sound and that the resultant level of reserves are adequate for the next financial year given a clear understanding of the commitment to repay the monies in 2024/25.

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Cabinet



Date of meeting:	09 March 2023
Title of Report:	Council Tax Discounts and Premiums
Lead Member:	Councillor Mark Shayer (Deputy Leader)
Lead Strategic Director:	Andy Ralphs (Strategic Director of Customer and Corporate Services)
Author:	Paul Looby, Head of Corporate Finance
Contact Email:	paul.looby@plymouth.gov.uk
Your Reference:	Finance/
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

This report outlines and seeks agreement from Cabinet to recommend to Council that it agree implement changes to the levying of council tax premiums from 1 April 2024. The Levelling Up and Regeneration Bill, which is currently making its way through Parliament, proposes several changes to Local Authorities powers concerning council tax and second homes and long-term empty dwellings.

Any decision must be taken by Full Council as a Billing Authority. The Levelling Up and Regeneration Bill will require one year's notice to be given and, subject to the Act coming into law on or before the 1 April 2023, the premiums would be effective from 1 April 2024. Due to the likely timescale, it is imperative that a decision is taken by Full Council by 31 March 2023 and therefore the report is before Cabinet for consideration in advance of that.

Recommendations and Reasons

Cabinet recommend to Council that:

1. Subject to the Levelling Up and Regeneration Bill receiving Royal Assent, from 1 April 2024 the current 100% premium for dwellings which are unoccupied and substantially unfurnished will be levied after a period of one year.
2. Subject to the Levelling Up and Regeneration Bill receiving Royal Assent from 1 April 2024 a premium of 100% will be levied on all dwellings which are unoccupied and substantially furnished (second homes).

Reasons:

The provisions within the Bill are primarily aimed at allowing councils to raise additional revenue and to acknowledge the impact that second and empty homes can have on some communities, with a view that especially in the case of empty properties this would incentivise property owners to bring those properties back into use at the earliest opportunity.

The government has confirmed that billing authorities wishing to adopt any changes arising from the Bill are required to make a council resolution confirming their requirements at least 12 months prior to the financial year in which the changes will come into effect. For April 2024 this requires a decision by the 1 April 2023.

These recommendations will encourage taxpayers to live in their main residence or ensure their property is fully occupied. In addition this will generate funding to support the delivery of local services.

Alternative options considered and rejected

No change is made to the premiums. Given the amendment made to the approved Budget for 2023/24 at the Council meeting of the 27 February 2023 there is already a clear view of Council that this should be brought forward and implemented, as such the Budget as approved relies upon income from the amendments proposed in this paper. In addition no change would give less of an incentive for property owners to ensure their property is fully occupied.

Relevance to the Corporate Plan and/or the Plymouth Plan

Effective financial management is fundamental to the delivery of corporate improvement priorities and is supported by maximising the total resources available to the council.

Implications for the Medium Term Financial Plan and Resource Implications:

Charging council tax premiums will result in additional council tax income being generated which will support the delivery of local services.

The levying of council tax premiums also increases the taxbase

It is estimated levying of a 100% premium on second homes could generate further council tax income of a minimum of £1m.

Financial Risks

There is a risk that the legislation may be delayed, making it more challenging to build assumptions into the medium-term financial strategy.

Carbon Footprint (Environmental) Implications:

No direct implications.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

None directly

Appendices

*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
		1	2	3	4	5	6	7

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
	1	2	3	4	5	6	7

Sign off:

Fin	DJN. 22.2 3.39 7	Leg	EJ/109 8/1.3.2 3(2)	Mon Off		HR		Asset s		Strat Proc	
Originating Senior Leadership Team member: Andy Ralphs (Strategic Director for Customer and Corporate Services)											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 28/02/2023											
Cabinet Member approval: Councillor Mark Shayer (Deputy Leader) Date approved: 03/03/2023											

I. Summary

- I.1 Changes contained in the Levelling Up and Regeneration Bill are currently making its way through Parliament. The changes impacting on council tax relate to second homes and long term empty dwellings.
- I.2 The Bill proposes to allow billing authorities to reduce the period before which a premium can be charged for empty homes and introduces the ability to charge a premium for properties which are furnished but not occupied as a primary residence. :
- I.3 The decision to implement the new measures must be taken by Full Council as a Billing Authority. The Levelling Up and Regeneration Bill as currently drafted required the Local Authority to give one year's notice to be given of the adoption of the measures. To take effect from the 1 April 2024 therefore Council needs to have approved the adoption by the 1 April 2023, assuming that the Bill receives Royal Assent before the 1 April 2023.
- I.4 It is therefore proposed that a report will be taken to Full Council on the 27 March seeking approval to implementation. Cabinet is asked to approve the recommendation to Council but noting that implementation, even if agreed, will be subject to the Levelling Up and Regeneration Bill receiving Royal Assent.
- I.5 The Levelling Up and Regeneration Bill generally has been brought forward with the intention to address geographical disparities between different parts of the UK. The specific provisions which are subject to this paper are primarily aimed at allowing councils to raise additional revenue and to acknowledge the impact that second and empty homes can have on some communities, with a view that especially in the case of empty properties this would incentivise property owners to bring those properties back into use at the earliest opportunity.

2 Council Tax Premiums

- 2.1 The first relevant change proposed in the Bill is reducing the period before which a premium can be charged for empty homes.
- 2.2 Council Tax legislation sets the various discounts and exemptions which local authorities can apply when setting council tax. In addition, the Government has allowed discretion for certain areas, for example premiums for second homes and the status of a residence i.e. unfurnished, requiring or undergoing structural repairs.
- 2.3 Plymouth has used this discretion and changes were set out in the Council Tax Base Setting Report for 2023/24. The report was approved by Council on 30 January 2023:
 - From 1 April 2021 an additional premium has been charged of up to:
 - 100% for any dwelling empty between 2 and 5 years;
 - 200% for any dwelling empty between 5 and 10 years;

- 300% for any dwelling empty for 10 years or more.

2.4 The Council's Housing Delivery Team supports the legislation as this provides a further disincentive for keeping properties empty and:

- Helps to alleviate pressures on the housing waiting list through increased availability of rental properties;
- Improves the visual appearance of empty properties that may blight neighbourhoods;
- Addresses problems that may be associated with living next door to an empty home for example damp ingress, vermin, anti-social behaviour and loss of property value.

2.5 The Levelling Up and Regeneration Bill will, as currently drafted, close a loophole regarding second homes with the intention of encouraging more empty properties being brought back into use. A council tax premium can be avoided by the dwelling being unoccupied and 'furnished' which means it is classed as a second home for council tax purposes as it is non-one's sole or main residence.

2.6 The table below the current discounts and premiums Plymouth has adopted:

Category of Dwelling	Definition	Current discount/premium
Class A – Second Homes	Dwellings which are no one's sole or main residence which are substantially furnished and subject to a 28 day planning restriction.	50% discount
Class B – Second Homes	Dwellings which are no one's sole or main residence and are substantially furnished.	0% discount
Class C	Dwellings which are unoccupied and substantially unfurnished.	100% discount for a period of 1 month.
Class D	Dwellings which are unoccupied and substantially unfurnished and require major repair work to render them habitable.	0% discount
Empty Homes Premium	Dwellings which are unoccupied and substantially unfurnished for more than 2 years and less than 5 years.	100% premium.
Empty Homes Premium	Dwellings which are unoccupied and substantially unfurnished for between 5 years and 10 years.	200% premium.
Empty Homes Premium	Dwellings which are unoccupied and unfurnished for 10 years or more.	300% premium.

Introduction of a council tax premium for second homes

- 2.7 At present an empty homes premium can only be charged in respect of dwellings which are unoccupied and substantially unfurnished. This term is not defined by legislation and instead use must be made of case law. Dwellings which are no one's sole or main residence and furnished are classed as second homes.
- 2.8 The Levelling Up and Regeneration Bill will -allow introduce powers for billing authorities to apply a premium to dwellings which have no resident and are "substantially furnished". The maximum council tax charge in these cases would be a standard 100% plus a further 100% premium, resulting in a total council tax charge of 200%.
- 2.9 Based on the Council Tax Base (October 2022) form, Plymouth has 1,106 second homes.
- 2.10 Initial estimates suggest that applying a 100% premium on second homes could generate further council tax income of £1m minimum.

Reducing the minimum period for an empty homes premium

- 2.11 The second key measure in the bill is a proposal to reduce the minimum period for charging a council tax premium for empty properties from two years to one year.
- 2.12 The Bill proposes that from 1 April 2024, that billing authorities can charge an empty homes premium of 100% after one year even. It should also be noted that the intention is not that it takes effect to properties becoming empty from the 1 April but the 12-month period will include where a property where it became empty before this date.
- 2.13 Potential income related to this proposal is difficult to estimate as the eligibility of a dwelling for this premium changes over time. There were 1,342 empty homes of 2 years or less as at October 2022. If 10% were empty for more than 1 year but less than 2, the additional council tax income would be £0.224m.

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Cabinet



Date of meeting:	09 March 2023
Title of Report:	Chelson Meadow Community Solar - Virtual Power Purchase Agreement
Lead Member:	Councillor James Stoneman (Cabinet Member for Climate Change and Governance)
Lead Strategic Director:	Anthony Payne (Strategic Director for Place)
Author:	Paul Elliott
Contact Email:	Paul.elliott@plymouth.gov.uk
Your Reference:	
Key Decision:	Yes
Confidentiality:	Part I - Official

Purpose of Report

This business case seeks a commitment from the Council to enter into a Virtual Power Purchase Agreement with Chelson Meadow Community Solar (CCS).

Recommendations and Reason

It is recommended that Cabinet:

1. Approves the business case, including the requirement for quarterly monitoring and annual review of the Virtual Power Purchase Agreement;
2. Agrees to enter into a Virtual Power Purchase Agreement with Chelson Community Solar on the basis set out in the report;
3. Delegates authority for negotiation of the terms within the Virtual Power Purchase Agreement to the S151 officer in consultation the monitoring officer;
4. Note that the S151 will sign the agreement subject to it not being signed as a deed. Where it is a deed it will be signed by the Monitoring Officer or other authorised signatory.

Alternative options considered and rejected

Entering into a VPPA with Chelson Community Solar is an essential factor in enabling the solar farm to be built. Without it the business case and financial models are not viable. Although CCS may be able to find another organisation interested in entering the VPPA, this would require more time and delay construction of the solar farm by at least 12 months.

Relevance to the Corporate Plan and/or the Plymouth Plan

Directly feeds into the priority 'A green sustainable city that cares about the environment'.

Implications for the Medium Term Financial Plan and Resource Implications:

The solar farm as a whole provides the opportunity to generate an income over the lifetime of the asset (30 years). Over the 30 years the project is forecast to generate an income of £480K. The VPPA will deliver short term financial benefits and be reviewed on annual basis. The benefits to the Council go beyond the income as it will also help us smooth out financial pressures from volatile energy markets.

Financial Risks

The key risk is that energy prices fall below forecast amounts, resulting in increased payments to Chelson Meadow Community Solar based on required strike price. To mitigate against this we have commissioned Ernst & Young to provide their market forecasts in order to give us the most informed intelligence available. As well as this annual monitoring of the VPPA to understand performance, coupled with periodic requests for market predictions from E&Y or similar, will help us to understand changes to predicted market trends and mitigate accordingly

The business case within the appendix contains more detail on risks and mitigation.

Carbon Footprint (Environmental) Implications:

Hugely beneficial and positive impact in reducing the Council's carbon emissions predicted to be 60% of carbon emissions and providing 75% of the Council's electricity needs.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

H & S risks will be dealt with as part of the construction process. The conditional planning approval ensured that due regard was given to the impact of the solar farm on the city.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable)						
		<i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	BC Chelson VPPA							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable)
	<i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>

	1	2	3	4	5	6	7

Sign off:

Fin	DJN. 22.23. 391	Leg	MS/4/ 0000 1233/ 07.03. 23	Mon Off		HR		Assets		Strat Proc	
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Originating Senior Leadership Team member: Anthony Payne (Strategic Director for Place)

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 14/02/2023

Cabinet Member approval: Councillor James Stoneman (Cabinet Member for Climate Change and Governance)

Date approved: 20/02/2023

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CAPITAL INVESTMENT BUSINESS CASE

Chelson Meadow Community Solar - Virtual Power Purchase Agreement



EXECUTIVE SUMMARY

The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to extract or only the key facts from relevant sections i.e. 'project on a page'. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.

The Council and Plymouth Energy Community have an approved planning application to build a 13MW solar farm on the ex-landfill site at Chelson Meadow.

The solar farm creates the following opportunities for the council:

- To reduce the Council's current carbon emissions by approximately 60%, with 75% of the current electricity need being met by renewable energy.
- To protect the Council against energy price increases and volatility over a 20 year period through a Virtual Power Purchase Agreement with the solar farm.
- To future proof the Council against potential policy and legislative change relating to carbon emissions.
- To create a 50/50 joint venture with Plymouth Energy Community to build, own, and manage the solar farm. This will result in 50% of any surplus income returning to the Council.
- To generate an income over just under £1 million over the life of the solar farm through a lease on the land which will be paid annually.
- To generate an income by offering construction finance and long-term debt to the project. By borrowing at PWLB rates and loaning onwards to the joint venture on commercial terms, the Council's debt margin would be up to c£1.3million over the life of the project.

This business case picks up on the second point above and seeks to secure a commitment to sign a virtual power purchase agreement with Chelson Community Solar.

SECTION I: PROJECT DETAIL

Project Value Revenue	Forecast to be £480,000 of income over the 30 year lifetime of the project	Contingency (show as £ and % of project value)	n/a
Programme	Low Carbon	Directorate	Place
Portfolio Holder	James Stoneman	Strategic Director	Anthony Payne
Senior Responsible Officer (client)	Kat Deeney	Project Manager	Paul Elliott
Address and Post Code	Ballard House	Ward	Plymstock Radford

Current Situation: *(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)*

The in-principle business case for the construction of the solar farm at Chelson Meadow was approved in October 2022. This set out the 3 key elements in which the Council needs to be involved to make the project viable. These are:

1. Provide a long-term loan to the joint venture to enable construction and subsequent operation of the solar farm.
 - *This enables the Council to make a finance margin – by capturing the value between the rate the Council borrow at, and the increased rate the Council lend to the joint venture at on commercial terms. At current rates the value of this is estimated to be £1.3m over 20 years.*
2. Create a joint venture with Plymouth Energy Community (PEC) to run and manage the solar farm.
 - *This enables the Council to benefit from a share of the surplus generated by the joint venture..*
3. Enter into a Virtual Power Purchase Agreement with Chelson Community Solar.
 - *The solar farm can provide locally generated green power equivalent to 75% of the council's electricity needs. By signing a long-term Virtual Power Purchase Agreement (VPPA) with the joint venture the Council will gain long-term security on energy prices as well as provide security of income for the project - giving additional confidence on the projects ability to repay finance loaned to the project. This provides the Council significant opportunity to hedge against long-term energy price increases as well as reduce its carbon emissions. This could be realised from Q2. 24/5 if construction commences in 2023.*

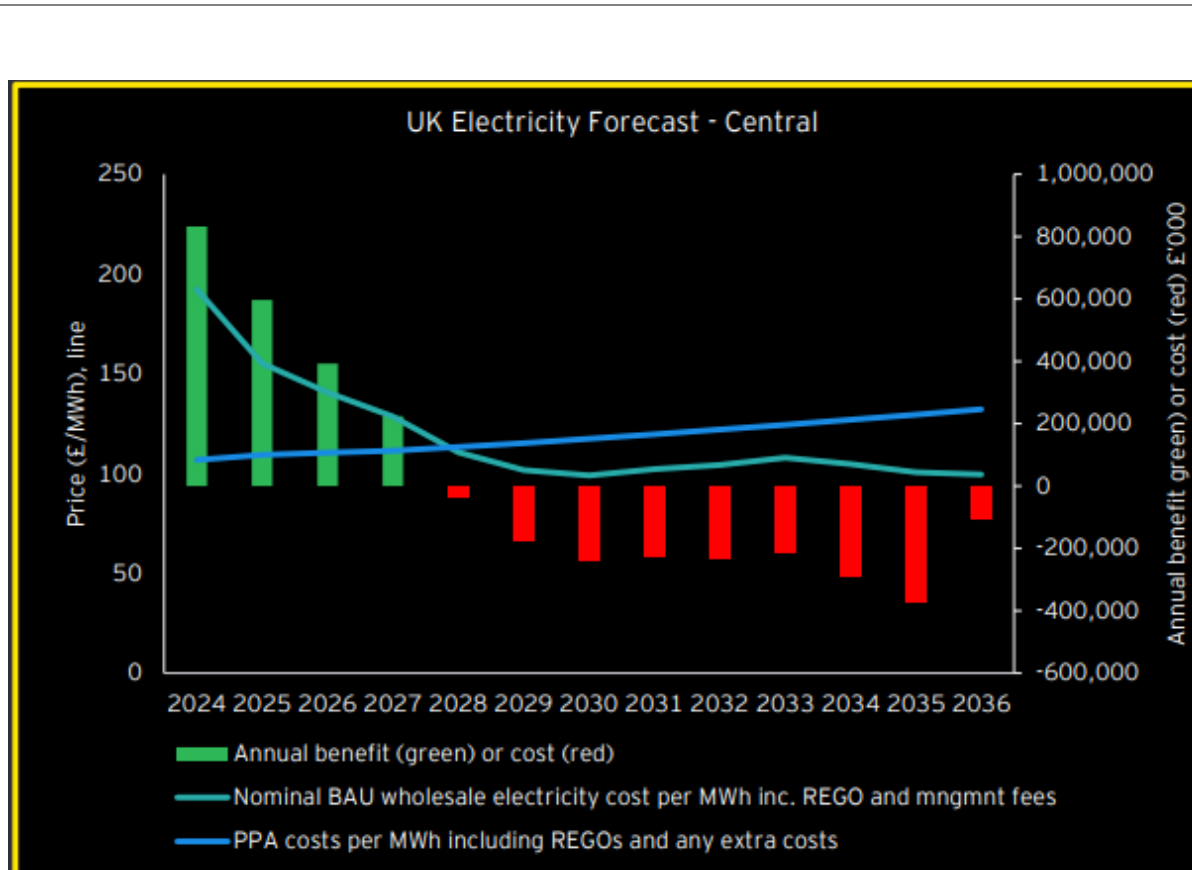
This business case considers the final point regarding signing upto a VPPA.

Proposal: *(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)*

There is an opportunity for the Council to benefit from a VPPA with Chelson Community Solar (CCS). A VPPA is purely a financial mechanism and agreement, that would allow the Council to hedge against energy prices. It is not the purchasing of actual power, and therefore will not affect the Council's current arrangements with it's energy procurement.

The agreement is based on a 'contracts for difference' approach - this sees both parties agree a 'strike price', if Chelson Community Solar is able to sell power to the grid above the strike price then PCC will receive an income for the value of the difference between the two. If the energy prices drop below the strike price then the Council would pay Chelson Community Solar the difference between the two values.

We have commissioned Ernst and Young to provide advice and guidance to forecast future energy costs and ultimately what an appropriate strike price would be. Ernst are Young are the leading global consultancy firm on energy costs and forecasting. This work is ongoing and will be used to negotiate a strike price should the Council choose to enter into a VPPA. The graph below provides a visual explanation of how the payments would play out if a strike price of £100 / MWh was agreed to 2036. Forecasting energy costs beyond this time period becomes subject to a greater degree of variables. The VPPA required on this project needs to be 20 years.



The light blue line represents wholesale costs – and forecasts that energy prices are set to reduce and stabilise from around 2030. The green bars represent the years that the joint venture can sell power for more than the strike price – and therefore a payment to the Council would be due. The red bars illustrate the reverse of this, where power is sold for less than the strike price and a payment from the Council to the joint venture would be due. The above model represents cost neutrality by 2036, i.e. it has not cost the Council anything over that time period.

Although the actual strike price is still to be determined the above diagram illustrates the concept of how a VPPA would work regardless of strike price. Ongoing work with Ernst and Young will enable the Council to negotiate the final strike price with the joint venture – with any agreement being subject to S151 and monitoring officer review prior to signing.

In order to mitigate against energy prices falling, and therefore de-risk the potential for the Council to be paying more to the joint venture than it receives, 3 key mechanisms will be introduced. The first is the ability to re-negotiate the strike price with the joint venture if energy prices change significantly. This gives the Council and the joint venture the ability to adapt to market conditions and ensures the VPPA is delivering good value. The second is quarterly monitoring and a robust annual review process. This will enable the Council to consider any surplus income generated that year, alongside revised energy cost forecasts, and make a decision on how it should be best utilised. Thirdly if energy prices drop and interest rates drop, refinancing and renegotiation of the VPPA strike price will be triggered.

Apart from the financial modelling above, the key element of the VPPA is that it provides the joint venture with certainty of income over the loan term. This is crucial for the joint venture, without this certainty they are unlikely to take the loan from the Council, and the solar farm will not get built. Conversely, by entering into the VPPA the Council mitigates the risk of the joint venture defaulting on it's loan re-payments.

In essence the commitment to signing a VPPA with the joint venture is an essential element in constructing and benefitting from the solar farm. Chelson Meadow Solar Farm represents a huge step forward in meeting our own internal and citywide carbon reduction targets, the VPPA also provides long term financial security against unforeseen energy cost rises again.

Scrutiny Committee

The business case was presented to, and discussed at, the Growth and Scrutiny Committee on 1st March 2023. The committee recommended that any payments to the Council through the VPPA were ring fenced to mitigate any mitigate uncertainties in future years’ energy prices. As such an annual review mechanism will be implemented to ensure necessary funds are ring-fenced to mitigate uncertainties in future years’ energy prices that would require the Council to pay funds via the VPPA.

As part of this review a report will be brought to scrutiny showing:

- a. the income received and the most up to date energy price projections;
- b. a recommendation on the amount of money to be ring-fenced in any given year on an annual basis

Any money that is not required to be ring-fenced will be used to invest in other net zero projects.

Conclusion

This business case seeks a commitment from the Council to agree a virtual power purchase agreement with Chelson Meadow Community Solar. The decision to sign the agreement will be delegated to the S151 officer and the monitoring officer. The agreement will only occur on completion of the following:

- the submission of a detailed final report which includes the forecast net present value of each year in regards to VPPA.
- A risk workshop with Ernst and Young to ensure the Council is fully sighted on the potential risks and mitigation surrounding the agreement before signing.

Both the above points will demonstrate the Council has undertaken significant due diligence on its decision regarding the virtual power purchase agreement.

Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date
March 2023	April 2023	July 2024

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

Risk Register: *The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).*

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Energy Prices fall below forecast amounts, resulting in increased payments to Chelson Meadow Community Solar based on required strike price	Medium	High	Medium
Mitigation	<ul style="list-style-type: none"> Using Ernst&Young to provide their wholesale market forecasts with low, central and high scenarios. These are just predictions, but give us the most informed predictions available Regular monitoring of the VPPA to understand performance. Periodic requests for market predictions from E&Y or similar to understand changes to predicted market trends. Giving provision for the loan to be refinanced should interest rates drop which would in turn allow for a potential drop in the strike price 	Medium	Medium	Medium
Calculated risk value in £ (Extent of financial risk)		Annual review will provide basis for this. Currently the project is expected to make a surplus of £480,000		
Risk	Timely construction of the solar farm. The forecast figures rely on the solar farm being commissioned in July 2024.	Medium	Medium	Medium
Mitigation	<ul style="list-style-type: none"> Initial review carried out of construction partner programme for viability. Programme workshop with expert consultant partners to refine programme for deliverability early in construction partner appointment process Split construction period increases ability to absorb any slippage in construction works and allows for parts ordering delays Beginning parts ordering early in spring 2023 Using established project team including owners engineer and contract PM support to manage efficient schedule 	Low	Medium	Low
Calculated risk value in £ (Extent of financial risk)		£350k (loss of summer income)		
Risk	The council is exposed to purchasing energy in a riskier way.	Low	Medium	Medium
Mitigation	<ul style="list-style-type: none"> Ensure reconciliation mechanism design allows council to manage risks of power purchase in an acceptable way. Using a VPPA rather than a sleeved PPA that doesn't leave council exposed to risk for purchase of consumption requirements beyond solar farm generation. 	Low	Low	Low

Calculated risk value in £ (Extent of financial risk)		0			
Risk	The strike price is set higher than the joint ventures requirements.		Medium	High	Medium
Mitigation	<ul style="list-style-type: none"> Strike price requirement has been modelled on an open book process by expert consultant working on behalf of the council and the future joint venture The Council have a 50% ownership in CCS, 50% of any additional payments to CCS would flow back to PCC. The rest would go to PECR and by default local net zero and fuel poverty support 		Low	Low	Low
Calculated risk value in £ (Extent of financial risk)		£0			
Risk	The open book costing process results in the project requiring an unachievable strike price		Medium	High	Medium
Mitigation	<ul style="list-style-type: none"> Use of QS to develop upper cost estimate for construction allowing the creation of an upper cost estimate for the required strike price. Shared open book workstream to establish required strike price Consider other income streams in assessment of VPPA cost viability i.e. land rent, debt margin Consider other benefits in assessment of viability of VPPA e.g. social value, biodiversity improvements, community benefit, additionality of carbon savings for the council 		Low	Low	Low
Calculated risk value in £ (Extent of financial risk)		0			
Risk	Grid connection is not possible by July 2024		Medium	Medium	Medium
Mitigation	<ul style="list-style-type: none"> Early and active engagement with National Grid Appoint construction partner on design stage contract to allow for early design discussions with National Grid Order key equipment for connection in early spring 2023 		Low	Medium	Low
Calculated risk value in £ (Extent of financial risk)		£0			
Risk	CLP Envirogas do not sign tripartite agreement stopping project progression		Medium	High	Medium
Mitigation	<ul style="list-style-type: none"> Extensive process of establishing agreement starting with HoT based understood CLP requirements Taking liability from CLP from impact of installing solar farm on land where they already hold a 		Low	High	Medium

	business tenancy (i.e. any harm CLP cause the solar farm will be recovered from the councils share of the profit share agreement with CLP) <ul style="list-style-type: none"> • Proactive partnership working with CLP during project design stage 			
Calculated risk value in £ (Extent of financial risk)	Not modelled			

Outcomes and Benefits

List the outcomes and benefits expected from this project.

(An **outcome** is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)

(A **benefit** is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)

Financial outcomes and benefits:

- Protects the Council against energy cost increases over the long term.
- Commitment to signing VPPA give the joint venture CCS enough confidence to construct. This then realises £33K of land rent per annum, and £68K of debt margin on the loan.

Non-financial outcomes and benefits:

- 3,300 t/CO2 saved per year of operation
- Potential to reduce the Council's carbon emissions by 60%.
- Provides long term security of energy costs

Low Carbon

What is the anticipated impact of the proposal on carbon emissions

Saving of 3,300 t/CO2 per year

How does it contribute to the Council becoming Carbon neutral by 2030

If the Council choose to utilise a virtual purchase power agreement with the joint venture, this is equivalent to 75% of the council's current electricity demand. Overall this will reduce the Council's CO2 emissions by up to 60%.

Have you engaged with Procurement Service?

Yes

Procurement route options considered for goods, services or works

Procurement relating to VPPA is not required as it is a financial mechanism.

Procurements Recommended route.

n/a

Who is your Procurement Lead?

n/a

Is this business case a purchase of a commercial property

No

If yes then provide evidence to show that it is not 'primarily for yield'	N/A
Which Members have you engaged with and how have they been consulted (<i>including the Leader, Portfolio Holders and Ward Members</i>)	<ul style="list-style-type: none"> • Growth and Scrutiny Committee, and Audit and Governance committee briefings arranged for 23rd Feb 2023. • Project is on Leaders fwd plan. • Planning committee briefed and consulted. • Site visit and briefings for Environment portfolio holder.

SECTION 4: FINANCIAL ASSESSMENT

FINANCIAL ASSESSMENT: *In this section the robustness of the proposals should be set out in financial terms. The Project Manager will need to work closely with the capital and revenue finance teams to ensure that these sections demonstrate the affordability of the proposals to the Council as a whole. Exact amounts only throughout the paper - not to be rounded.*

CAPITAL COSTS AND FINANCING

Breakdown of project costs including fees surveys and contingency	Prev. Yr. £	22/23 £	23/24 £	24/25 £	25/26 £	26/27 £	Future Yrs. £	Total £
	0	0	0	0	0	0	0	0
Total capital spend	0	0	0	0	0	0	0	0

Provide details of proposed funding: *Funding to match with Project Value*

Breakdown of proposed funding	Prev. Yr. £	22/23 £	23/24 £	24/25 £	25/26 £	26/27 £	Future Yrs. £	Total £
As above								
Total funding								

Which external funding sources been explored	n/a
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	No
Tax and VAT implications	None expected but to be confirmed with finance colleagues

Tax and VAT reviewed by	
--------------------------------	--

REVENUE COSTS AND IMPLICATIONS

Cost of Developing the Capital Project (To be incurred at risk to Service area)

Total Cost of developing the project (solar farm as a whole)	£640,000
Revenue cost code for the development costs	
Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria	Y
Budget Managers Name	Paul Elliott

Ongoing Revenue Implications for Service Area

	Prev. Yr. £	22/23 £	23/24 £	24/25 £	25/26 £	26/27 £	Future Yrs. £
Service area revenue cost							
Other (cost neutral over lifetime)							
Loan repayment (terms agreed with Treasury Management)		0	0	0	0	0	0
Total Revenue Cost (A)		0	0	0	0	0	0
Service area revenue benefits/savings							
Annual revenue income <i>Averaged mid point figure</i>		0	0	395,000	395,000	395,000	tbc
Total Revenue Income (B) (debt margin and land rent)		0	0	395,000	395,000	395,000	tbc
Service area net (benefit) cost (B-A)			0	395,000	395,000	395,000	tbc
Has the revenue cost been budgeted for or would this make a revenue pressure	Revenue to be included in the capital total so no pressure overall.						
Which cost centre would the revenue pressure be shown	n/a		Has this been reviewed by the budget manager			Y	
Name of budget manager	Peter Walker						
Loan value	n/a	Interest Rate	n/a	Term Years	n/a	Annual Repayment	n/a
Revenue code for annual repayments	tbc						

Service area or corporate borrowing	n/a
Revenue implications reviewed by	Peter Walker

Version Control: *(The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)*

Author of Business Case	Date	Document Version	Reviewed By	Date
Paul Elliott	07/10/2022	v 1.0		13/10/2022
	00/00/2022	v 2.0		00/00/2022

SECTION 6: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that Cabinet:

- Approves the business case, including the requirement for quarterly monitoring and annual review of the Virtual Power Purchase Agreement.
- Agrees to enter into a Virtual Power Purchase Agreement with Chelson Community Solar on the basis set out in the report.
- Delegates authority for negotiation of the terms within the Virtual Power Purchase Agreement to the S151 officer in consultation the monitoring officer.
- Note that the S151 will sign the agreement subject to it not being signed as a deed. Where it is a deed it will be signed by the Monitoring Officer or other authorised signatory.

Cllr James Stoneman – Climate Change		Strategic Director : Anthony Payne	
Either email dated:	20/02/23	Either email dated:	14/02/23
Or signed:		Signed:	
Date:		Date:	

Cabinet



Date of meeting:	09 March 2023
Title of Report:	Chelson Meadow Community Solar - Construction Loan
Lead Member:	Councillor James Stoneman (Cabinet Member for Climate Change and Governance)
Lead Strategic Director:	Anthony Payne (Strategic Director for Place)
Author:	Paul Elliott
Contact Email:	Paul.elliott@plymouth.gov.uk
Your Reference:	
Key Decision:	Yes
Confidentiality:	Part I - Official

Purpose of Report

This business case seeks to secure an agreement to provide £16.3 million on the capital funding programme in order to provide a long term finance loan to Chelson Community Solar for the construction of Chelson Meadow solar farm. This is following the approval of the in principle business case for the Chelson Meadow Solar Farm in October 2022.

Recommendations and Reasons

It is recommended that Cabinet:

1. Approves the business case.
2. Approves the principal of a £16,373,236 loan to Chelson Meadow Community Solar and delegates the authority for agreeing the final terms of the agreement to the S151 officer in consultation with the monitoring officer subject to the following:
 - The Leader approving the additional capital allocation of £15,953,326 into the existing budget line of £420,000
 - Officers receiving legal advice that the loan is in compliance with subsidy control rules
 - The loan agreement providing for a legal charge/s to deliver such security as the Council shall determine) on the basis set out in the report.
3. Note that the S151 will sign the loan agreement subject to it not being signed as a deed. Where it is a deed it will be signed by the Monitoring Officer or other authorised signatory.

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
	1	2	3	4	5	6	7

Sign off:

Fin	DJN. 22.23. 392	Leg	MS/3/ 0000 1233/ 07.03. 23	Mon Off		HR		Assets		Strat Proc	
Originating Senior Leadership Team member: Anthony Payne (Strategic Director for Place)											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 14/02/2023											
Cabinet Member approval: Councillor James Stoneman (Cabinet Member for Climate Change and Governance)											
Date approved: 20/02/2023											

CAPITAL INVESTMENT BUSINESS CASE

Chelson Meadow Community Solar - Construction Loan



EXECUTIVE SUMMARY

The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to extract or only the key facts from relevant sections i.e. 'project on a page'. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.

The Council and Plymouth Energy Community have an approved planning application to build a 13MW solar farm on the ex-landfill site at Chelson Meadow.

The solar farm creates the following opportunities for the Council:

- To reduce the Council's carbon emissions by approximately 60%, with 75% of the current electricity need being met by renewable energy.
- To protect the Council against energy price increases and volatility over a 20 year period through a Virtual Power Purchase Agreement with the solar farm.
- To future proof the Council against potential policy and legislative change relating to carbon emissions.
- To create a 50/50 joint venture with Plymouth Energy Community to build, own, and manage the solar farm. This will result in 50% of any surplus income returning to the Council.
- To generate an income over just under £1 million over the life of the solar farm through a lease on the land which will be paid annually.
- To generate an income by offering construction finance and long-term debt to the project. By borrowing at PWLB rates and loaning onwards to the joint venture on commercial terms, the Council's debt margin would be up to c£1.3million over the life of the project.

This business case seeks to secure an agreement to provide £16.3 million from the capital funding programme in order to provide a long term finance loan to a joint venture for the construction of Chelson Meadow solar farm.

SECTION I: PROJECT DETAIL

Project Value (indicate capital or revenue)	£16,373,236	Contingency (show as £ and % of project value)	5%
Programme	Low Carbon	Directorate	Place
Portfolio Holder	James Stoneman	Service Director	Paul Barnard
Senior Responsible Officer (client)	Kat Deeney	Project Manager	Paul Elliott
Address and Post Code	Ballard House	Ward	Plymstock Radford

Current Situation: *(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)*

The in-principle business case for the construction of the solar farm at Chelson Meadow was approved in October 2022. This set out the 3 key elements in which the Council needs to be involved to make the project viable. These are:

1. Provide a long-term loan to the joint venture to enable construction and subsequent operation of the solar farm.
 - *This enables the Council to make a finance margin – by capturing the value between the rate the Council borrow at, and the increased rate the Council lend to the joint venture at on commercial terms. At current rates the value of this is estimated to be £1.3m over 20 years.*
2. Create a joint venture with Plymouth Energy Community (PEC) to run and manage the solar farm.
 - *This enables the Council to benefit from a share of the surplus generated by the joint venture..*
3. Enter into a Virtual Power Purchase Agreement with Chelson Community Solar.
 - *The solar farm can provide locally generated green power equivalent to 75% of the council's electricity needs. By signing a long-term Virtual Power Purchase Agreement (VPPA) with the joint venture the Council will gain long-term security on energy prices as well as provide security of income for the project – giving additional confidence on the projects ability to repay finance loaned to the project. This provides the Council significant opportunity to hedge against long-term energy price increases as well as reduce its carbon emissions. This could be realised from Q2. 24/5 if construction commences in 2023.*

This business case considers the first point regarding providing a long-term loan to the project.

Proposal: *(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)*

There is an opportunity for the Council to provide long term finance for the project to enable construction and subsequent operation. Finance agreements must be in place for March 2023 at the very latest in order for construction to commence in 2023. A decision is therefore required as to whether the Council wishes to provide the loan.

The basic principle of the opportunity here is that the Council secures the finance from the PWLB at a rate (currently 5.5%) and then provide onward finance to the JV at a higher rate for the lifetime of the loan. This mechanism enables the solar farm to be built as well as generating an income from the debt margin. The table below sets out how a debt margin of more than £1.3 million could be made on a long-term debt offer over the life of the project.

Table 1 – illustration of income through providing finance to the project

Project cost	£16,373,236
Interest rate paid to PWLB	5.5%
Interest rate paid by JV	6.1%
PWLB loan term/type	20 years – annuity
Term of JV loan	20 years Year 1 – interest only during construction 15% Repaid by community share offer
Debt margin made by Council	£1,370,000

The above illustrates the income potential from the Council providing long-term finance to the scheme. It is worth noting that the Council have previously provided finance in a similar way to Plymouth Energy Community, which enabled the successful construction and completion of the solar farm at Ernesettle.

The above table has been populated with input from external technical experts, who have been in discussion with Council finance colleagues. Following a tender evaluation exercise a ceiling build cost of £16.3 (including contingency) has been calculated.

The loan will be structured in such a way that benefits the project, but also works within the financial mechanisms of PCC. The key points below illustrate this:

- The council can borrow from the PWLB at 5.5%
- The whole loan is offered at 6.1% to the Joint Venture.
- The first 12 months of the loan to the Joint Venture is interest only.
- 15% of the debt is repaid by PEC from a community share offer. PEC have an excellent track of raising finance via this method.

The preferred contractor has provided a construction programme which sees the commissioning of the site in July 2024 and uses a split construction phase over 15 months. The logic here is to complete as much of the works in the summer/autumn of 2023 including civils, structure install and below ground cabling. This is to avoid heavy ground works during the wettest months – and to comply with planning environmental planning conditions. Remobilisation then commences in April 2024 with the solar farm operational by 12th July 2024.

If this business case is taken in isolation, it is forecast to provide a debt margin income of £1.3m over the lifetime of the 20 year loan. However, as referenced above, the Council can achieve a far greater return and maximum benefit if this business case by entering into the land lease, the joint venture, and the power purchase agreement.

The provision of a loan on this basis is bound by financial legislative controls. The principal on being that the loan rate to CCS needs to reflect current market conditions. Finance colleagues have had significant input into this discussion and are comfortable that a loan rate of 6.1% is an acceptable rate to reflect the current market rate.

This business case seeks a commitment from the Council to provide a loan to Chelson Community Solar. The decision to sign the loan agreement will be delegated to the S151 officer and only occur on completion of the following:

- the submission of a detailed final report which includes the forecast net present value of each year in regards to the VPPA. This will provide increased confidence in the joint venture's ability to make the repayments.

- A risk workshop with Ernst and Young to ensure the Council is fully sighted on the potential risks and mitigation surrounding the agreement before signing.
- Receiving legal advice that the loan is compliant with subsidy control law (state aid).

The paper is being brought forward on the basis this is a loan on market terms but advice is being sought to confirm this and ensure compliance with subsidy control rules. Any decision to grant the loan will be subject to ensuring that the loan will be in compliance with subsidy control rules.

The above points will demonstrate the Council has undertaken significant due diligence on its decision regarding the loan.

Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date
March 2023	April 2023	July 2024

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

Risk Register: *The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).*

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Increasing Construction costs over 15-month period	Medium	High	Medium
Mitigation	<ul style="list-style-type: none"> • Detailed illustrative cost breakdown of materials / equipment already provided by preferred contractor. • Use of QS to develop upper cost estimate for construction. • Contingency included within loan ask to cover unforeseen circumstances. 	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£0 (covered in contingency)			
Risk	Timely construction.	Medium	High	Medium
Mitigation	<ul style="list-style-type: none"> • Initial review carried out of construction partner programme for viability. • Programme workshop with expert consultant partners to refine programme for deliverability early in construction partner appointment process 	Low	Low	Low

	<ul style="list-style-type: none"> Split construction period increases ability to absorb any slippage in construction works and allows for parts ordering delays Beginning parts ordering early in spring 2023 Using established project team including owners engineer and contract PM support to manage efficient schedule 				
Calculated risk value in £ (Extent of financial risk)		£0			
Risk	Joint Venture defaults on payments – the business case for the solar farm does not stack up and its income is insufficient to meet its costs		Medium	High	Medium
Mitigation	<ul style="list-style-type: none"> Solar farms are a tried and tested technology with known and predictable performance. The financial model to assess viability of the business case has been developed and tested by an experienced team. The option for the Council to sign up to a Virtual Power Purchase agreement with the joint venture provides in-house certainty over the ability for the joint venture to repay. The council is an equal shareholder in the joint venture with an inherent ability to manage project performance alongside PECR who are experienced in solar farm performance management PECR resourced appropriately to carry out day to day management of solar farm asset once constructed EPC Wrap construction contract ensures performance of solar farm with warranties and damages requirements on construction partner if needed Procure sufficiently well-resourced O&M contract to keep solar farm in good repair Have a sufficiently well resourced team to secure the best prices for power sale from the solar farm 		Low	Low	Low
Calculated risk value in £ (Extent of financial risk)		£0			
Risk	Planning conditions are not able to be discharged and construction spend (loan financed) has already begun		Low	Medium	Medium
Mitigation	<ul style="list-style-type: none"> Planning conditions are deemed to be achievable by the project team. Early engagement with planning team Appointment of expert ecologist support Re-engagement of flood risk specialist EPC contractor made accountable for relevant planning conditions. Sufficient project team resource allocated to planning team condition discharge Active engagement with Environment Agency – early engagement in foundation testing approach 		Low	Low	Low
Calculated risk value in £ (Extent of financial risk)		£1.5million			

Risk	Council do not sign VPPA	Medium	Medium	Medium
Mitigation	<p>Plan A</p> <ul style="list-style-type: none"> Using Ernst&Young as expert consultancy support to design VPPA process that works for the council. Ensure reconciliation mechanism design allows council to manage risks of power purchase in an acceptable way. Use of QS to develop upper cost estimate for construction allowing the creation of an upper cost estimate for the required strike price Shared open book workstream to establish required strike price. <p>Plan B</p> <ul style="list-style-type: none"> Seek alternative power sale agreement from the market. Keep strike process as low as possible by keeping loan and construction costs low 	Low	Medium	Medium
Calculated risk value in £		£0		
(Extent of financial risk)				
Risk	CLP Envirogas do not sign tripartite agreement stopping project progression	Medium	High	Medium
Mitigation	<ul style="list-style-type: none"> Extensive process of establishing agreement starting with HoT based understood CLP requirements Taking liability from CLP from impact of installing solar farm on land where they already hold a business tenancy (i.e. any harm CLP cause the solar farm will be recovered from the councils share of the profit share agreement with CLP) Proactive partnership working with CLP during project design stage 	Low	High	Medium

Outcomes and Benefits

List the outcomes and benefits expected from this project.

(An **outcome** is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)

(A **benefit** is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)

Financial outcomes and benefits:

Non-financial outcomes and benefits:

- Long term loan generates debt margin of £1.3 m generated for the council

- Unlocks the ability for the Joint Venture to
- 3,300 t/CO2 saved per year of operation

Construction costs	0	0	12,500,000	3,873,256				16,373,256
Total capital spend								

Provide details of proposed funding: *Funding to match with Project Value*

Breakdown of proposed funding	Prev. Yr. £	22/23 £	23/24 £	24/25 £	25/26 £	26/27 £	Future Yrs. £	Total £
As above								
Total funding								

Which external funding sources been explored	As per the collaboration agreement between Plymouth Energy Community and Plymouth City Council the first source of funding to be explored for the construction was the Council. Should the Council decide not to provide the loan the external funding could be sought – though this would not be a guaranteed funding route and result in significant delays to the construction of the solar farm.
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	No
Tax and VAT implications	None expected but to be confirmed with finance colleagues
Tax and VAT reviewed by	

REVENUE COSTS AND IMPLICATIONS

Cost of Developing the Capital Project (To be incurred at risk to Service area)

Total Cost of developing the project	£640,000
Revenue cost code for the development costs	
Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria	Y
Budget Managers Name	Paul Elliott

Ongoing Revenue Implications for Service Area

	Prev. Yr. £	22/23 £	23/24 £	24/25 £	25/26 £	26/27 £	Future Yrs. £
Service area revenue cost							

Other (eg: maintenance, utilities, etc)							
Loan repayment (terms agreed with Treasury Management)		0	1,360,594	1,360,594	1,360,594	1,360,594	1,360,594
Total Revenue Cost (A)		0	1,360,594	1,360,594	1,360,594	1,360,594	1,360,594
Service area revenue benefits/savings							
Annual revenue income (eg: rents, etc)		0	1,472,104	1,472,104	1,472,104	1,472,104	1,472,104
Total Revenue Income (B) (debt margin and land rent)		0	1,472,104	1,472,104	1,472,104	1,472,104	1,472,104
Service area net (benefit) cost (B-A)			111,510	111,510	111,510	111,510	111,510
Has the revenue cost been budgeted for or would this make a revenue pressure	Revenue to be included in the capital total so no pressure overall.						
Which cost centre would the revenue pressure be shown	n/a		Has this been reviewed by the budget manager			Y	
Name of budget manager	Wendy Eldridge						
Loan value	£16,373,236	Interest Rate	5.5%	Term Years	20	Annual Repayment	£1,360,594
Revenue code for annual repayments	tbc						
Service area or corporate borrowing	Service						
Revenue implications reviewed by	Wendy Eldridge						

Version Control: (The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)

Author of Business Case	Date	Document Version	Reviewed By	Date
Paul Elliott	07/10/2022	v 1.0		13/10/2022
	00/00/2022	v 2.0		00/00/2022

SECTION 6: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that Cabinet:

- Approves the business case.

- Approves the principal of a £16,373,236 loan to Chelson Meadow Community Solar and delegates the authority for agreeing the final terms of the agreement to the S151 officer in consultation with the monitoring officer subject to the following:
 1. The Leader approving the additional capital allocation of £15,953,326 into the existing budget line of £420,000
 2. Officers receiving legal advice that the loan is in compliance with subsidy control rules
 3. the loan agreement providing for a legal charge/s to deliver such security as the Council shall determine) on the basis set out in the report.

- Note that the S151 will sign the loan agreement subject to it not being signed as a deed. Where it is a deed it will be signed by the Monitoring Officer or other authorised signatory.

Cllr James Stoneman – Climate Change and Governance		Strategic Director : Anthony Payne	
Either email dated:	20/02/23	Either email dated:	14/02/2023
Or signed:		Signed:	
Date:		Date:	

Cabinet



Date of meeting:	09 March 2023
Title of Report:	Plymouth Habitat Banking Vehicle
Lead Member:	Councillor Bill Wakeham (Cabinet Member for Environment & Street Scene)
Lead Strategic Director:	Anthony Payne (Strategic Director for Place)
Author:	Kat Deeney
Contact Email:	Kathryn.deeney@plymouth.gov.uk
Your Reference:	HBV_BriefingReportFinal
Key Decision:	Yes
Confidentiality:	Part I - Official

Purpose of Report

At Cabinet in December 2022 we were mandated to return with specific details on the establishment of a PCC owned company group to act as the local authority's Habitat Banking Vehicle. After discussing this across Council Departments and following further development work, we are bringing the details and recommendations of this summarised in the accompanying Briefing Report.

Recommendations and Reasons

That Cabinet:

1. Approves creation of vehicles/ company structure, as outlined in the Briefing Report
2. Approves the appointment of the following officers to serve as Directors of the Habitat Banking Special Purpose Vehicle ("HBV"):
 - Philip Robinson (Service Director for Street Services)
 - Zoe Sydenham (Natural Infrastructure Projects and Partnership Manager)
3. To appoint the Service Director for Finance (David Northey) to act as Member representative in respect of the Holding Company ("HoldCo") and to exercise all voting rights on behalf of the Council as Member of the company, including the appointment and termination of Company Directors and subject to Key Decisions (as defined by the Council's Constitution) being reserved to the Leader/ Cabinet and take any necessary action to protect, safeguard and effectively manage the Council's interest in the HoldCo.
4. Delegate to the Service Director of Finance (David Northey), the authority to approve or enter into all relevant documentation and agreements on behalf of the Council in relation to the HoldCo and HBV.

Reason for recommended decision:

The HBV will provide opportunity for a more efficient and impactful planning process in line with current net gain policy requirements in the Joint Local Plan and the Environment Act 2021. This will be delivered by ensuring that development mitigation will be directed to strategic sites for greatest benefit and as the mitigation will be delivered in advance of impact, provide a cost-effective offer to

developers to meet Biodiversity Net Gain obligations with maximum benefit for the city the main benefits being:

- The proposed HBV option offers a low-cost, low-risk opportunity for PCC to direct the development of the emerging BNG market across the Plymouth Policy Area.
- The operational cost of running the HBV is £7.324m and the financial risk will sit with the HBV.
- Through the contracting arrangements between the HBV and PCC, the Council will generate a forecast net benefit of £196k p.a. (£6m over 30 years.).
- Simultaneously, the HBV structure supports the delivery of PCC's strategic goals, the growth of the local restorative economy, and improved access to high-quality natural assets.
- It will also serve as a proof of concept for a new mechanism that can sustainably fund the long-term creation, restoration, and management of habitats in parks and green space.

Alternative options considered and rejected

Do nothing – Significant risk to Plymouth's natural environment, ecosystems and communities and a loss of around £328k per annum for greenspace improvements. This would mean that the city's green estate would not deliver the benefits it has the potential to deliver for the people of Plymouth. Along with this, the condition of sites across the city would likely continue to erode and cause a greater maintenance and financial burden on already stretched services.

Use of existing third party habitat banking vehicle - Lower revenue and investment generation potential and growth. No endowment generated. Potential loss of control over delivery & habitat planning, based on land and habitat management preferred by private operator. Potential decrease in PCC control over quality of outcomes, based on agreement with private operator. Potential that habitats may fall back to LA management with no associated revenue streams, if the private operator fails and declares insolvency.

The Council directly operating a 'Habitat Bank' without a special purposes vehicle – highest financial risk to PCC. Lack of interest of external investors in investing directly with a local authority. This in turn will lead to a lack of funds for the HBV to deliver habitat improvements and bank biodiversity units. This would result in a lack of credible supply of Biodiversity Units for developers and alternative suppliers being used which do not meet PCC strategic aims. There is a greater risk to PCC to repay investors.

Relevance to the Corporate Plan and/or the Plymouth Plan

The development of the Habitat Banking Vehicle will support the aims of the Corporate Plan in the following ways.

Caring for People and Communities

The HBV will be developed to the highest possible standards, set to ensure that enhancement of nature sites is close to communities and ensure that the benefits of nature are felt close to communities with the greatest need. The HBV will look to improve access to and within high quality nature sites.

Unlocking the city's potential

It will enable the Council to be accountable and environmentally responsible in the way it manages its own green estate and ensure the strengthening and enhancement of this is cohesive across the City in line with duties set out under the Environment Act. It provides a significant opportunity to be one of the first Local Authorities in the country establishing this kind of vehicle and to demonstrate our commitment to being a green, sustainable city that cares about the environment.

It will also unlock investment into the city's natural spaces providing job security and creation and providing a platform for skills development in Environmental Planning, Landscaping and Ecology

Joint Local Plan

DEV026 Protecting and enhancing biodiversity and geological conservation,

DEV028 Trees, woodlands and hedgerows

Plymouth Plan

SOI – Delivering a healthy city

HEA7 - Optimising the health and wellbeing benefits of the natural environment

Implications for the Medium Term Financial Plan and Resource Implications:

The recommended option is forecast to generate an annual income for PCC of £193k per annum, spread across savings and income to meet existing income targets.

All Corporate Service support that is required in operating the vehicle is accounted for in the business model of the HBV which begins once finance is raised and the company becomes operational and these costs will be paid to PCC through contracting arrangements between the HBV and PCC.

We propose, in alignment with mandate provided at CE Board on 8th November, there will be the establishment of an internal 'Green Finance Working Group' with representation from key corporate functions that will be critical in progressing this work. The HBV project will report to this group. This will expand on the project-focused approach taken to date and will oversee the programme of work around green finance initiatives. This will require continued and sustained support from Finance and Legal in particular.

Financial Risks

Outstanding development costs = £90k. This development cost is funded by the budget from external grant funding raised through the Natural Environment Investment Readiness Fund. Therefore there is negligible cost to PCC through some core staff time to inform development. In addition, the establishment of an endowment fund will provide for long-term financial security for Plymouth's green spaces, providing support for ongoing maintenance funding and reducing strain on central funds.

There is therefore negligible financial risk to PCC through the development of an HBV in this way.

Carbon Footprint (Environmental) Implications:

This programme of works aligns with and supports the delivery of the Plymouth Climate Emergency Action Plan by delivering a programme of works that will enhance and add resilience to the city's green estate.

Plymouth's parks and green spaces provide £188m worth of benefits to the city per year through health and wellbeing benefits to people, carbon sequestration and property value uplift.

In addition Plymouth currently has just under 400,000 trees which contribute £4.6m of annual benefits to the city through the Ecosystem Services that they provide, including £1.1 million of carbon storage and £2.9 million of pollution removal (i-Tree Eco survey 2020). The work to establish a HBV will protect and enhance this service provision.

Hugely beneficial and positive impact for the environment of the city. A climate change decision wheel is included in the main briefing report illustrating this.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

None – EqIA completed and included as background paper

Appendices

*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Briefing report title "230301 Briefing Report_Part I _Plymouth HBV"							
B	Equalities Impact Assessment (if applicable) "221118 EqlA_HBV"							

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

Sign off:

Fin	DJN. 22.23. 401	Leg	MS/0 0000 860/0 2/03. 23	MO		HR	NA	Assets	NA	Strat Proc	NA
Originating Senior Leadership Team member: Anthony Payne (Strategic Director for Place)											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 06/02/2023											
Cabinet Member approval: Councillor Bill Wakeham (Cabinet Member for Environment & Street Scene)											
Date approved: 27/02/2023											

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BRIEFING REPORT - PART I

Plymouth Habitat Banking Vehicle



I. INTRODUCTION

A Habitat Banking Vehicle for Plymouth – Delivering biodiversity net gain for the future of green infrastructure in the city.

This report sets out the detail of establishing a Habitat Banking Vehicle – *HBV* - (in response to the approved Executive Decision from Cabinet on 8th December 2022). We had previously committed to returning with a detailed Business Case for the HBV but following discussions with Finance colleagues it was felt that a Business Case was not suitable and Briefing Report enabled the information to be provided more clearly.

The proposal set out in this report will provide a positive response to the new duties arising from **Biodiversity Net Gain** policy set out under the Environment Act 2021. The paper recommends establishing a company that, through the new Environment Act Duties, secures a **new stream of private investment** to create a biodiversity ‘product’ (a Biodiversity Unit) that is **sold to the developer market** and potentially other investors seeking to meet their ESG requirements, **to generate sustainable revenues** to help finance the enhancement and maintenance of the city’s green spaces for people and wildlife.

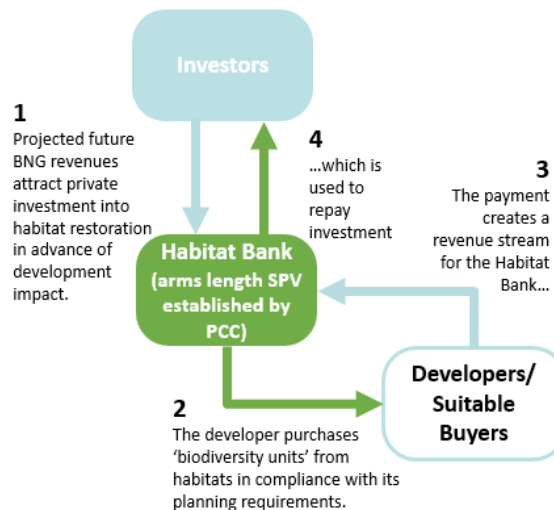


Figure 1 – Illustrative Habitat Banking Vehicle model – a more detailed structure is set out in Appendix 1

Habitat banking is one form of green finance. A habitat bank allows investors to finance habitat restoration and creation. The investor receives their original investment returned plus interest and is also rewarded with environmental returns, such as improvements to habitats – woodlands, meadows, rivers etc. – and enhanced access for people.

Habitat banking provides a way for landowners – in this case Local Authorities – to create and/or restore a habitat in advance through investment raised and “bank” the resulting biodiversity units created. These units can then be purchased by developers or other companies seeking to comply with the mandatory 10% net gain or their own ESG requirements. The sale of biodiversity units

means the investor who provided the upfront finance gets their initial investment back with interest and information about the social and environmental impact of their funding. The sale of biodiversity units also provides a critical revenue stream for Local Authorities to maintain the newly restored or created habitat for a minimum of 30 years and longer through the creation of an endowment.

Please note due to the nature of the proposition and recommendations this proposal has been treated as an 'Unusual and Innovative Transaction' following the recommendation set out in the Council's procedures. The request to establish the HBV does not in itself have any financial implications for the Council. However, the future potential of the proposal to generate investment funds is why it has been reviewed under the Unusual and Innovative Transaction procedures.

Key points to consider:

- The business case is modelled against pilot delivery in 3 sites (109 hectares) owned by PCC, all figures quoted are relative to that. We have identified further 29 sites (269 hectares) to be included in future phases.
- Work to date and up to the point of establishment of the HBV has been and will be funded through external funds raised from Future Parks Accelerator (FPA) and Natural Environment Investment Readiness Fund (NEIRF).
- The HBV project will report to the soon to be established internal 'Green Finance Working Group' with representation from key corporate functions that will be critical in progressing this work, as agreed at CE Board on 8th November.
- Proposed governance arrangements for the HBV have been structured in partnership with external legal advice which has been fully reviewed by internal legal teams. Governance will be structured to invite input from local economic and environmental stakeholders, while retaining ultimate council control over decision making.
- From the HBV the Council is forecast to generate a net benefit of £193k p.a. (£6m over 30 years) to meet existing income targets **from the 3 pilot sites**.
- Based on the success of this pilot programme, the HBV could scale up to generate further benefit for Plymouth, with indicative revenues of £25-30m based on scale up across the emerging Local Nature Recovery Network (LNRN), another requirement of the Environment Act. In addition, the HBV stands as a pioneer for a group of Green Finance initiatives that are currently being explored, which have the potential to attract further investment into Plymouth's natural environment and open spaces.
- The governance and contractual arrangements proposed mean that the HBV and investors hold the majority of costs and risks associated with this business case proposal.

2. PROPOSAL

This proposal supports the following Corporate objectives:

- a green sustainable city that cares about the environment
- a clean and tidy city
- a welcoming city

The HBV proposal supports the delivery of the following JLP policies by ensuring that we make the most of new revenue streams and continue to access one-off funding opportunities to enhance the urban forest and green space of the city, engage communities with their local natural spaces and amenity trees whilst increasing the biodiversity value of trees throughout the city.

- DEV026 Protecting and enhancing biodiversity and geological conservation,
- DEV027 Green and play spaces,
- DEV028 Trees, woodlands and hedgerows.

Finally the proposal supports action to deliver against the City's climate emergency ambitions. A climate change decision wheel assessment has been conducted for the proposal a summary of which is below and the detail of the assessment within Appendix 2. This shows that **under all relevant assessment criteria this proposal fully aligns and supports the City's climate ambitions.**

3. CONSULTATION & STAKEHOLDERS

The HBV proposal has been developed through work carried out and funded as part of the Future Parks Accelerator programme and DEFRA's Natural Environment Investment Readiness Fund. Development work to this stage has included

- Engagement with internal stakeholders in PCC across departments including significant input from finance and legal.
- Workshop sessions with external stakeholders including DEFRA, Natural England and other Local Authorities to identify the standard of approach to be taken to Habitat Banking in an urban context
- Discussions with city housing providers and the Housing Delivery team
- The proposal was part of the PCC 2023/24 budget consultation. The proposal for a Habitat Bank received 19 responses with 16 being positive responses and 3 were neutral and were seeking more information.

4. OUTCOMES & BENEFITS

Financial

The proposal to establish the HBV does not in itself have any financial implications but the business modelling currently shows the predicted financial benefits of the approach is likely to be as follows:

- The HBV, if established, would provide a new ongoing income stream to PCC's Environmental Planning and Operations teams for the maintenance of high-quality habitats and offset existing costs. In the short-term an average of £193k p.a. through contracted services for the HBV and long-term through the proposed endowment structure. This represents approximately £6m of revenue for PCC over the life (30 years) of the investment raised for the first 3 pilot sites.

- The HBV is expected to generate an estimated £7.3million in revenues from the 3 identified pilot sites over 30 years.
- This would be realised from an expected external investment of £0.3-4m at year 0.
- Further investment and scale up could see benefits multiply to c. £25-30m if further sites were included in the programme.
- It is proposed that any surpluses generated will be used for the delivery of city priority natural infrastructure projects that respond to the climate emergency and enable the city to adapt to unavoidable impacts of climate change.
- The vehicle will seek low-cost investment from aligned impact investors and offer an investment opportunity to PCC itself.

Non-financial

- Delivery of site enhancement as part of Plymouth's Local Nature Recovery Network.
- Creation of principles and standards for biodiversity offsetting and net gain delivery that also provides maximum social value.
- Delivery of an effective offsetting solution for local development projects supporting the sustainable development of the city as set out in the JLP.
- Safeguarding of public access to high quality nature within the city.
- Creation of new, local jobs within the growing 'green' economy.
- Engagement and collaboration with local eNGOs.
- National recognition for Plymouth as we are increasingly being seen as a leader and pioneer in adaptation to emerging natural capital markets and green finance opportunities.
- Delivering a proof-of-concept for further financially sustainable natural environment investment models.

5. RISKS

A simple summary risk table is presented here with a fuller risk register presented in Appendix I which provides greater detail on risk mitigation.

Risk summary	Mitigated risk level (Low/ Med/ High)	Suitable mitigation/ control in place or planned (Y/N)
Investment cannot be raised to capitalise the HBV	Low	Y
The Environment Act secondary legislation is delayed or materially changes, affecting the outcomes of the biodiversity net gain market	Low	Y
The HBV is not designed and structured correctly to meet PCC's requirements and compliance	Low	Y
Repayment risk to investors for external financing raised falls on PCC	Med	Y
Lack of demand for BNG units or an inability to sell BNG	Low	Y

units		
Project operation and maintenance risks e.g. contractor failure	Low	Y
Covid-19 (or other unforeseen macroeconomic events) delay project delivery and take-up of services.	Low	Y
Implication of requirement for BNG affecting viability of housing development particularly affordable housing	Low	Y
Risk of property issues e.g. existing rights over the land or covenants against using it except for particular purposes, existing designations or conflict with existing rights holders. This could interfere with the principle of granting a lease to HBV for that site	Med	Y
Risk that the HBV becomes insolvent	Low	Y

6. GOVERNANCE

Governance arrangements for the HBV have been designed with support from external legal counsel and full engagement of PCC legal team. At all times transparency and maintaining PCC control of decision making has guided this work.

Establishment phase and Green Finance Working Group

Governance of the establishment phase of the project is co-ordinated through the Green Finance Working Group, established in response to the emergence of a number of green finance initiatives that PCC is currently progressing. The working group includes representatives of the key corporate functions required for the success of this programme. The HBV project as a whole will report to this group. This will expand on the project-focused approach taken to date and will oversee the programme of work around green finance initiatives. This will require continued and sustained support from Finance and Legal in particular during the establishment phase. The HBV project will also continue to benefit from the support of an FCA approved fund manager throughout this process.

Following the establishment of the HBV, members of the Green Finance Working Group will act as an advisory body, and will advise the appointed Member representative for the HBV.

Corporate Structure & Governance

The proposed corporate structure consists of two companies, the HoldCo and the HBV.



Figure 2 – Illustration of proposed corporate structure for the HBV

The HoldCo

The **HoldCo** is established as a not for profit company limited by guarantee. The HoldCo has one member, PCC. The HoldCo is established with a board of directors appointed by PCC. Directors of the HoldCo report to the Member (PCC) representative, acting as sole controller of the HoldCo. The board of directors is responsible for strategic decision making, including:

- Sales, pricing and marketing strategy
- Sales of biodiversity units to local buyers
- Review of, and reporting to PCC on the operating performance of the HBV
- Use of surplus generated by the HBV, including reinvestment in Plymouth’s green estate. This will include scope to progress further green investment programmes for example in sustainable urban drainage opportunities.
- Respecting other “Reserved Matters” set out in the HBV’s Articles of Association/the Shareholders Agreement entered into between Holdco, the HBV and any third party shareholders to meet agreed PCC requirements.

HoldCo board composition will allow PCC to retain control of the vehicle while demonstrating both environmental and economic credentials to investors and commercial counterparts. The PCC Member Rep would have the delegated authority on behalf of PCC to invite or terminate board membership. It is proposed that the initial board would consist of 3 PCC officers and 2 external appointments. One from a suitable environmental NGO and one from a suitable Investment background.

The HoldCo board will meet bi-annually and as required once the entity is established. In the first year(s) of operation the HoldCo board is expected to meet more frequently.

The HBV

The HBV will be established as a company limited by shares. The company is established with a sole shareholder, the HoldCo, but is designed so that PCC may sell the majority stake (up to 74.9%) in the company to a third party, without divesting control which will be protected by a list of “reserved matters” which can only be decided upon with Holdco (and, therefore, PCC) approval as key shareholder giving Holdco "Golden Share" status. The board of directors of the HBV has a limited role and is limited to operational items including:

- Negotiating and approving spend on operational contracts

- Negotiating sale of Biodiversity Units
- Approving spend on reactive site maintenance

Directors of the HBV report to the shareholders, the HoldCo and any third party equity investors in the HBV (if any). Directors will consist of an executive of PCC officers, and may also include investor representation in time if the HoldCo choose to follow this route

HBV board composition will allow PCC to retain veto control of the vehicle while acting in good faith with investors. Reserved matters agreed in the company Articles of Association or Shareholder Agreement will provide PCC with ultimate control over the operation of the vehicle. The Articles of Association can only be changed with a special resolution, requiring HoldCo approval to pass and the Shareholder Agreement can only be varied with the approval of all Shareholders (PCC as sole Shareholder of HoldCo). The following PCC representatives have been identified to sit on the HBV Board:

1. Philip Robinson (PCC)
2. Zoe Sydenham (PCC)

PCC Governance

The Green Finance Working Group will continue to act as an advisory group to the Member Rep of the HoldCo on behalf of PCC. The Member Rep through the HoldCo will have course to direct the activities of the habitat banking vehicle through a series of reserve matters defined in the articles of the HoldCo. Proposed Reserved matters detailed in the proposed company articles will limit the ability of the HBV to act without PCC approval, these restrictions include:

- Raise funds
- Employ personnel
- Enter into lending or guarantee arrangements
- Sign new lease agreements
- Sell BUs to unapproved purchasers
- Change approval and governance procedures.

Such restrictions allow PCC to retain a high degree of control over company operations at arms-length. The appointed PCC Member Rep will have authority to make decisions on behalf of HoldCo up to “Key Decision” level (as defined in the Council’s Constitution). This appointment is set out in the recommendations.

Governance of Land Ownership and Contractual arrangements

PCC will be a counterpart to the HBV in commercial contracts for the provision of services (including for land restoration works and provision of administrative services to the HBV by PCC) and under the terms of a Lease to the HBV of the Habitat sites meeting S123 LGA 1972 requirements. These duties fall to the Member Rep.

7. FINANCE

Development cost (ahead of investment raise) = £181k. This development cost is funded by the budget from external grant funding raised through the Natural Environment Investment Readiness Fund. Therefore there is negligible cost to PCC through some core staff time to inform development. In addition, the establishment of an endowment fund will provide for long-term

financial security for Plymouth's green spaces included in the pilot, providing support for ongoing maintenance funding and reducing the pressure on central funds.

There is therefore negligible financial risk to PCC through the development of an HBV.

From the HBV the Council is forecast to generate a net benefit of £193k p.a. (£6m over 30 years) to meet existing income targets **from the 3 pilot sites**.

The business model for the HBV has the ability to blend cash flow scenarios to support mission-aligned development schemes and still achieve sustainability.

The HBV is estimated to have revenues of £7.3m from the sale of BNG units, excluding the endowment. The sale strategy includes a blended mix of Land Banking and Habitat Banking units.

Procurement

The delivery of works by external agencies will be procured in compliance with procurement law.

8. RECOMMENDATIONS

That Cabinet:

1. Approves creation of vehicles/ company structure, as outlined in the Briefing Report
2. Approves the appointment of the following officers to serve as of Directors of HBV as:
 - Philip Robinson (Service Director for Street Services)
 - Zoe Sydenham (Natural Infrastructure Projects and Partnership Manager)
3. To appoint Strategic Director for Finance (David Northey) to act as Member representative in respect of the Holding Company ("HoldCo") and to exercise all voting rights on behalf of the Council as Member of the company, including the appointment and termination of Company Directors and subject to Key Decisions (as defined by the Council's Constitution) being reserved to the Leader/ Cabinet and take any necessary action to protect, safeguard and effectively manage the Council's interest in the HoldCo.
4. Delegate to the Strategic Director for Finance (David Northey), the authority to approve or enter into all relevant documentation and agreements on behalf of the Council in relation to the HoldCo and HBV.

Appendix I – Risk Register

Risk Register						
Potential Risks Identified			Likelihood	Impact	Overall Rating	
Risk	Investment cannot be raised to capitalise the HBV.			Low	High	Medium
Mitigation	PCC will develop the HBV in partnership with Finance Earth, an FCA-authorized investment advisor and fund manager, who will work with PCC to design the HBV to meet investor needs. Finance Earth will engage with a select group of target impact investors to determine interest and requirements at key points throughout the design process. Funded through NEIRF.			Low	Medium	Low
Calculated risk value	£0 (no direct PCC expenditure; grant funded NEIRF)	Risk Owner		Chris Avent		
Risk	The Environment Act secondary legislation is delayed or materially changes, affecting the outcomes of the biodiversity net gain market			Low	Low	Low
Mitigation	JLP Dev26.5 states that net gains in biodiversity will be sought from all major developments. As such some demand is expected to continue under local policy. The Defra Biodiversity metric rewards the early delivery of projects through a time discount factor; as such delays will have a reduced impact on the economics of the proposed vehicle.			Low	Low	Low
Calculated risk value	£0 (no direct PCC expenditure; grant funded)	Risk Owner		Chris Avent		

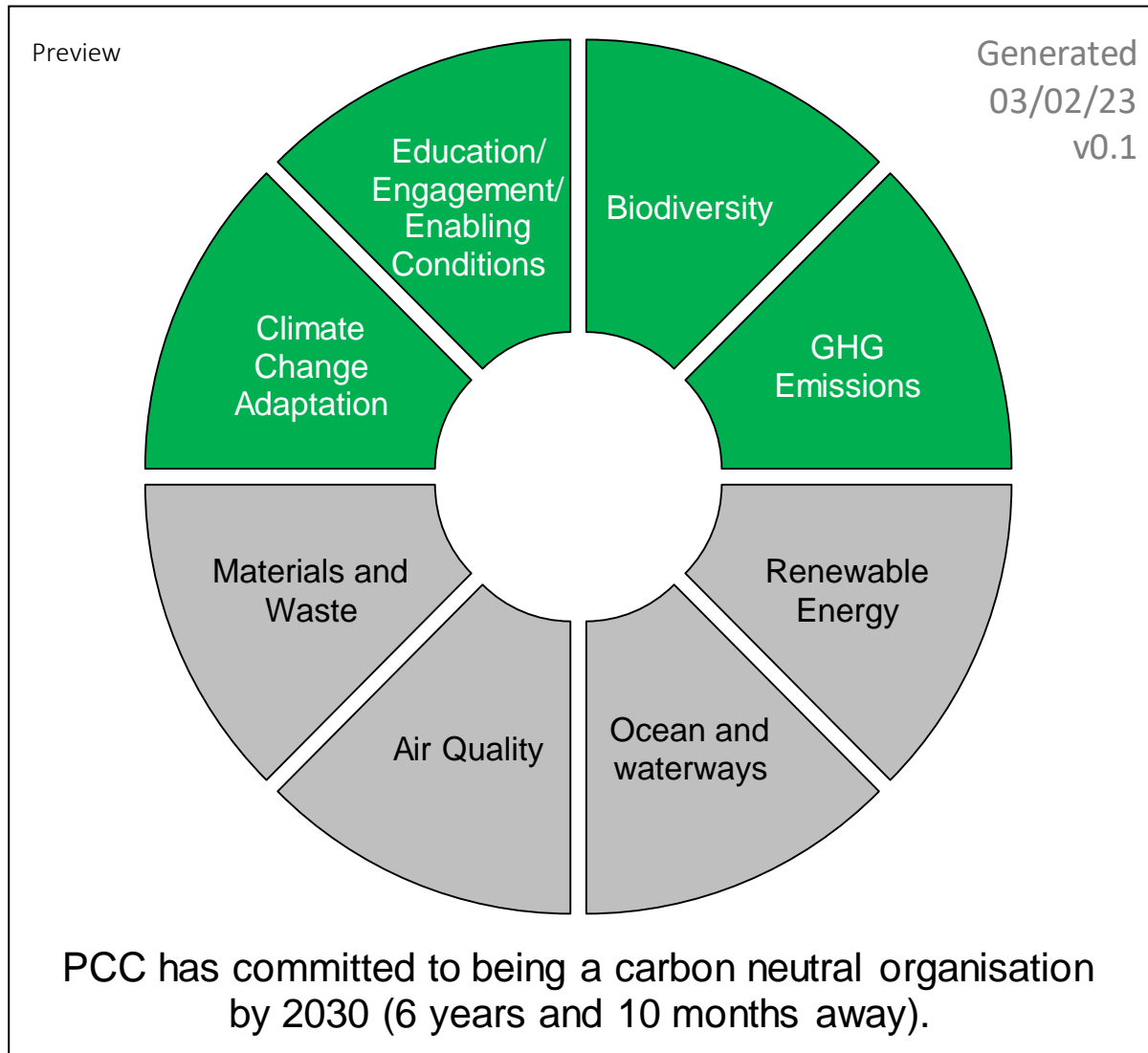
Risk	The HBV is not designed and structured correctly to meet PCC's requirements and compliance.		Low	High	Medium
Mitigation	<p>External legal advice has been sought around the legal structuring and design of the HBV so that an appropriate governance structure is used. This work will continue into the establishment phase.</p> <p>Continued dialogue and engagement with PCC Finance and Legal to ensure compliance.</p> <p>Any surplus from the HBV will be ring-fenced through a possible endowment structure to ensure that it is re-invested to support Plymouth's green spaces in the long-term.</p>		Low	Low	Low
Calculated risk value	£0 (no direct PCC expenditure; grant funded)	Risk Owner	Chris Avent		
Risk	Repayment risk to investors for external financing raised falls on PCC.		Low	High	Medium
Mitigation	<p>By utilising the special purpose vehicle <i>option</i> the HBV is at an 'arm's length' from PCC and thus will be off-balance sheet for PCC.</p> <p>Finance Earth, an FCA regulated investment advisor and fund manager has been procured to advise on this phase of the work.</p> <p>The upfront project development costs are being provided through the Future Parks Accelerator (FPA) program and Defra's NEIRF grant scheme.</p>		Low	Medium	Medium
Calculated risk value	£0 to PCC	Risk Owner	Chris Avent		
Risk	Lack of demand for BNG units or an inability to sell BNG units		Medium	High	Medium
Mitigation	Engagement with developers is underway to assess market demand for BNG units and the financial model has accounted for a £10k marketing budget to scale these		Low	Medium	Low

	<p style="text-align: center;">engagement efforts.</p> <p>A 10% BNG unit redundancy rate has been assumed within the model which acts as a risk buffer in case BNG units are not generated or sold.</p> <p>The chosen sale strategy will have several implications. For example, taking a Habitat Banking sales approach may reduce risk exposure with units being sold only after the target habitat condition is verified. On the other hand, a land banking approach, especially in the short term, ensures that units are available to meet immediate demand and enables transactions in a nascent market.</p> <p>Additionally, forward contracts may also be signed with potential off-takers to further reduce the risk.</p>				
Calculated risk value	£0 (no direct PCC expenditure; grant funded)	Risk Owner	Chris Avent		
Risk	Project operation and maintenance risks e.g. contractor failure.		Low	Medium	Medium
Mitigation	<p>The HBV will sub-contract site maintenance to PCC or an independent 3rd party and to minimise risk, fees will be paid in arrears.</p> <p>Insurances will be obtained by PCC (e.g. management liability) and the HBV (e.g. extreme weather insurance, asset related insurances).</p>		Low	Low	Low
Calculated risk value	£0 (no direct PCC expenditure; grant funded)	Risk Owner	Chris Avent		
Risk	Covid-19 (or other unforeseen macroeconomic events) delay project delivery and take-up of services.		Low	Med	Low
Mitigation	<p>Covid-19 RA in place to manage risk with partners.</p> <p>Business Continuity Plans to be established for HBV operations</p>		Low	Low	Low
Calculated	£10k	Risk Owner	Chris Avent		

<i>risk value</i>					
Risk	Implication of requirement for BNG affecting viability of housing development particularly affordable housing		Low	Med	Med
Mitigation	Soft engagement with affordable housing developers and Housing Delivery team already underway to ensure HBV design is complementary and identifies mechanism to control this risk. Arms-length HBV option gives stronger ability to price units appropriately		Low	Low	Low
Calculated risk value	Not quantifiable	Risk Owner	Chris Avent		
Risk	Risk of property issues e.g. existing rights over the land or covenants against using it except for particular purposes, existing designations or conflict with existing rights holders. This could interfere with the principle of granting a lease to HBV for that site.		Medium	Medium	Medium
Mitigation	Extensive due diligence is being carried out on the chosen pilot sites and in case of any property risks, they can be easily replaced since a total of 29 sites have been identified within the LNRN.		Low	Medium	Medium
Calculated risk value	Low IRO £10k	Risk Owner	Chris Avent		
Risk	Risk that the HBV becomes insolvent.		Low	Low	Low
Mitigation	The financial model includes a minimum working capital buffer to mitigate for insolvency risks. This includes the proposed annual expenditure on habitat maintenance and services such as accounting.		Low	Low	Low
Calculated	£0 (we are confident that a	Risk Owner	Chris Avent		

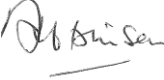
<i>risk value</i>	12 month working capital buffer is suitable to meet wind up costs).				
<i>Risk</i>	Risk that PCC is not able to deliver contracted services to required KPI's and HBV Board award contract to 3rd party contractor leading to reduction in financial benefit to PCC		Low	Med	Low
<i>Mitigation</i>	Member Rep appointed to deal with any performance issues and conflict of interest		Low	Low	Low
<i>Calculated risk value</i>	£0 (we are confident that a 12 month working capital buffer is suitable to meet wind up costs).	Risk Owner	Chris Avent		

Appendix 2 – Climate decision wheel



EQUALITY IMPACT ASSESSMENT – PLYMOUTH HABITAT BANKING VEHICLE

SECTION ONE: INFORMATION ABOUT THE PROPOSAL

Author(s): This is the person completing the EIA template.	Chris Avent	Department and service:	Place. Environmental Planning	Date of assessment:	18/11/2022
Lead Officer: Please note that a Head of Service, Service Director, or Strategic Director must approve the EIA.	Philip Robinson	Signature:		Approval date:	30/11/2022
Overview:	<p>The Habitat Banking Vehicle report sets out the requirements, opportunity and options available to the Council in relation to Biodiversity Net Gain policy set out under the Environment Act 2021 due to come into force Autumn 2023.</p> <p>The Business Case sets out the opportunity to utilise the requirement for Biodiversity Net Gain provision to stimulate a sustainable revenue stream and business model, which the Council can establish through private investment and the developer market to enhance and maintain the city's green spaces for people and wildlife.</p> <p>The options analysis reviews this and the recommendation is that the establishment of a SPV at arm's length to PCC is the preferred approach to achieving the benefits available, at lowest risk to PCC and most viable operating model..</p>				
Decision required:	<p>The Executive Decision makes four recommendations, that Cabinet:</p> <ol style="list-style-type: none"> 1. Approves creation of vehicles/ company structure, as outlined in the Briefing Report 2. Approves nomination of Directors of HBV SPV as: <ul style="list-style-type: none"> • Philip Robinson (PCC) • Zoe Sydenham (PCC) 3. To appoint Strategic Director for Finance (David Northey) to act as Member representative in respect of the HoldCo and to exercise all voting rights on behalf of the Council as Member of the company, including the nomination and termination of Company Directors and subject to Key Decisions (as defined by the Council's Constitution) being reserved to the Leader/ Cabinet and take any necessary action to protect, safeguard and effectively manage the Council's interest in the HoldCo. 4. Delegate to the Strategic Director of Finance (David Northey), the authority to approve or enter into all relevant documentation and agreements on behalf of the Council in relation to the HoldCo and HBV. 				

SECTION TWO: EQUALITY IMPACT ASSESSMENT SCREENING TOOL

<p>Potential external impacts: Does the proposal have the potential to negatively impact service users, communities or residents with protected characteristics?</p>	<p>Yes</p>		<p>No</p>	<p>X</p>
<p>Potential internal impacts: Does the proposal have the potential to negatively impact Plymouth City Council employees?</p>	<p>Yes</p>		<p>No</p>	<p>X</p>
<p>Is a full Equality Impact Assessment required? (if you have answered yes to either of the questions above then a full impact assessment is required and you must complete section two)</p>	<p>Yes</p>		<p>No</p>	<p>X</p>
<p>If you do not agree that a full equality impact assessment is required, please set out your justification for why not.</p>	<p>There is no negative impact to service users, communities or residents with protected characteristics, nor any PCC employees, the project is open to all, and enhanced habitats and access to them will contribute to the health and wellbeing of residents and communities across Plymouth.</p>			

SECTION THREE: FULL EQUALITY IMPACT ASSESSMENT

<p>Protected characteristics (Equality Act, 2010)</p>	<p>Evidence and information (e.g. data and consultation feedback)</p>	<p>Adverse impact</p>	<p>Mitigation activities</p>	<p>Timescale and responsible department</p>
<p>Age</p>	<p>Plymouth</p> <ul style="list-style-type: none"> • 16.4 per cent of people in Plymouth are children aged under 15. • 65.1 per cent are adults aged 15 to 64. 			

	<ul style="list-style-type: none"> • 18.5 percent are adults aged 65 and over. • 2.4 percent of the resident population are 85 and over. <p>South West</p> <ul style="list-style-type: none"> • 15.9 per cent of people are aged 0 to 14, 61.8 per cent are aged 15 to 64. • 22.3 per cent are aged 65 and over. <p>England</p> <ul style="list-style-type: none"> • 17.4 per cent of people are aged 0 to 14. • 64.2 per cent of people are aged 15 to 64. • 18.4 per cent of people are aged 65 and over. <p>(Data sourced from the 2021 Census)</p>			
Disability	<p>10 per cent of our population have their day-to-day activities limited a lot by a long-term health problem or disability (2011 Census).</p>			
Gender reassignment	<p>There are no official estimates for gender reassignment at either national or local level (awaiting 2021 Census data).</p> <p>However, in a study funded by the Home Office, the Gender Identity Research and Education Society (GIREs) estimate that between 300,000 and 500,000 people aged 16 or over in the UK are experiencing some degree of gender variance.</p>			

Marriage and civil partnership	<p>There were 234,795 marriages in England and Wales in 2018.</p> <p>In 2020, there were 7,566 opposite-sex civil partnerships formed in England and Wales, of which 7,208 were registered in England and 358 were registered in Wales.</p> <p>There were 785 civil partnerships formed between same-sex couples in England and Wales in 2020, of which 745 were registered in England and 40 were registered in Wales.</p>			
Pregnancy and maternity	<p>There were 640,370 live births in England and Wales in 2019, a decrease of 2.5 per cent since 2018. The mid-year 2019 population estimates show that there were 2,590 births in Plymouth.</p> <p>The total fertility rate (TFR) for England and Wales decreased from 1.70 children per woman in 2018 to 1.65 children per woman in 2019.</p>			
Race	<p>92.9 per cent of Plymouth's population identify themselves as White British. 7.1 per cent identify themselves as Black, Asian or Minority Ethnic.</p> <p>Census data suggests at least 43 main languages are spoken in the city, showing Polish, Chinese and Kurdish as the top three (2011 Census).</p>			
Religion or belief	<p>Christianity is the biggest faith in the city with more than 58 per cent of the population (148,917). 32.9 per cent (84,326) of the</p>			

	<p>Plymouth population stated they had no religion (2011 Census).</p> <p>Those who identified as Muslim were just under 1 per cent while Hindu, Buddhist, Jewish or Sikh combined totalled less than 1 per cent (2011 Census).</p>			
Sex	<p>51 per cent of our population are women and 49 per cent are men (2021 Census).</p>			
Sexual orientation	<p>There is no precise local data on sexual orientation in Plymouth (awaiting 2021 Census data).</p>			

SECTION FOUR: HUMAN RIGHTS IMPLICATIONS

Human Rights	Implications	Mitigation Actions	Timescale and responsible department

SECTION FIVE: OUR EQUALITY OBJECTIVES

Equality objectives	Implications	Mitigation Actions	Timescale and responsible department
Celebrate diversity and ensure that Plymouth is a welcoming city.			
Pay equality for women, and staff with disabilities in our workforce.			
Supporting our workforce through the implementation of Our People Strategy 2020 – 2024			

Supporting victims of hate crime so they feel confident to report incidents, and working with, and through our partner organisations to achieve positive outcomes.			
Plymouth is a city where people from different backgrounds get along well.			

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