



Oversight and Governance

Chief Executive's Department

Plymouth City Council

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Delegated Decisions

Delegated Executive/Officer Decisions

Delegated Executive and Officer decisions are published and are available at the following link - <https://tinyurl.com/ms6umor>

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Please note – urgent decisions and non-key Council Officer decisions cannot be called in. Copies of the decisions together with background reports are available for viewing as follows:

- on the Council's Intranet Site at <https://modgov/mgDelegatedDecisions.aspx>
- on the Council's website at <https://tinyurl.com/jhnax4e>

The decisions detailed below may be implemented immediately.

Delegated Decisions

1. Paul Barnard (Service Director for Strategic Planning and Infrastructure):

1.a. COD27 24/25 - Heat Networks Delivery Approach **(Pages 1 - 46)**

2. Gary Walbridge (Strategic Director for Adults, Health and Communities):

2.a. COD32 24/25 - Contract Award for Extra Care Housing & Social Inclusion **(Pages 47 - 82)**

EXECUTIVE DECISION**made by a Council Officer****REPORT OF ACTION TAKEN UNDER DELEGATED AUTHORITY BY AN INDIVIDUAL COUNCIL OFFICER****Executive Decision Reference Number – COD27 24/25**

Decision	
1	Title of decision: Heat Networks Delivery Approach
2	Decision maker: Paul Barnard (Service Director for Strategic Planning and Infrastructure)
3	Report author and contact details: Jonathan Selman (Net Zero Delivery Officer)
4a	<p>Decision to be taken:</p> <ol style="list-style-type: none"> 1. Approves the Business Case for the Heat Networks Delivery Approach; 2. Authorises the procurement process for a Heat Network Development Partner on basis of a Golden Share model.
4b	<p>Reference number of original executive decision or date of original committee meeting where delegation was made:</p> <p>Cabinet 09 September 2024 – Minute 33 https://democracy.plymouth.gov.uk/mgCommitteeDetails.aspx?ID=254</p> <p>On 09 September 2024, Cabinet granted delegated authority to the Service Director for Strategic Planning & Infrastructure, in consultation with Cabinet Member for Environment & Climate Change, to determine the following matters in respect to the heat network delivery project:</p> <ol style="list-style-type: none"> (a) Approval of revenue business case; (b) Procurement of development partner; (c) Submission of an application to the Green Heat Network Fund to support the delivery of the first phase of the project; and (d) Any other matter to secure delivery of the project, subject to such being within approved budget.
5	<p>Reasons for decision:</p> <p>This report seeks approval of the revenue business case for the procurement of a heat network development partner on the basis of a Golden Share delivery model.</p> <p>The Golden share delivery model has been identified as the preferred option because this would allow PCC to meet its key strategic objectives and its desire for ongoing engagement, but also to transfer the majority of the risks to the private sector partner.</p>

6	<p>Alternative options considered and rejected:</p> <p>Development Agreement only (e.g. South Westminster Area Network). Rejected due to the risks of lack of long term influence over a range of issues, especially those not directly covered by the new legislation, when this is confirmed (e.g. social value).</p> <p>Governance Agreement (e.g. Sunderland). Although similar in some respects to the Golden Share approach, but instead relying on contract law, this was rejected as it offered less transparency. This approach also couldn't take advantage of the government templates available, reducing potential risks, time and cost.</p>																
7	<p>Financial implications and risks:</p> <p>Revenue costs which the City Council will need to cover to support (alongside available Government DESNZ funding) are estimated to be £164k. This figure includes costs for: procurement, developing a communications and engagement strategy, entering into a Pre-emptive Agreement for land, legal costs and strategic advice. Funding has already been secured to cover this, from S106 contributions (Crescent Point), as follows: £64k, BEIS £68k and EU HeatNet £32k, all of which is specifically ring-fenced for heat networks and cannot be used for any other purpose.</p> <p>Risks are considered to be low with risk transfer to the procured development partner.</p> <p>The proposals for the initial phase of the heat network have been tested financially, which suggests this is a viable scheme, which should be sufficient to attract the private sector.</p>																
8	<table border="1"> <thead> <tr> <th data-bbox="233 1037 767 1133">Is the decision a Key Decision? (please contact Democratic Support for further advice)</th> <th data-bbox="767 1037 863 1133">Yes</th> <th data-bbox="863 1037 1015 1133">No</th> <th data-bbox="1015 1037 1505 1133">Per the Constitution, a key decision is one which:</th> </tr> </thead> <tbody> <tr> <td data-bbox="233 1133 767 1294"></td> <td data-bbox="767 1133 863 1294"></td> <td data-bbox="863 1133 1015 1294" style="text-align: center;">X</td> <td data-bbox="1015 1133 1505 1294">in the case of capital projects and contract awards, results in a new commitment to spend and/or save in excess of £3million in total</td> </tr> <tr> <td data-bbox="233 1294 767 1485"></td> <td data-bbox="767 1294 863 1485"></td> <td data-bbox="863 1294 1015 1485" style="text-align: center;">X</td> <td data-bbox="1015 1294 1505 1485">in the case of revenue projects when the decision involves entering into new commitments and/or making new savings in excess of £1million</td> </tr> <tr> <td data-bbox="233 1485 767 1630"></td> <td data-bbox="767 1485 863 1630"></td> <td data-bbox="863 1485 1015 1630" style="text-align: center;">X</td> <td data-bbox="1015 1485 1505 1630">is significant in terms of its effect on communities living or working in an area comprising two or more wards in the area of the local authority.</td> </tr> </tbody> </table>	Is the decision a Key Decision? (please contact Democratic Support for further advice)	Yes	No	Per the Constitution, a key decision is one which:			X	in the case of capital projects and contract awards, results in a new commitment to spend and/or save in excess of £3million in total			X	in the case of revenue projects when the decision involves entering into new commitments and/or making new savings in excess of £1million			X	is significant in terms of its effect on communities living or working in an area comprising two or more wards in the area of the local authority.
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		X	is significant in terms of its effect on communities living or working in an area comprising two or more wards in the area of the local authority.														
8b	If yes, date of publication of the notice in the Forward Plan of Key Decisions	N/A															
9	Please specify how this decision is linked to the Council's corporate plan/Plymouth Plan and/or the policy framework and/or the revenue/capital budget:	This proposal aligns to the Corporate Plan priority green investment, jobs and skills and Plymouth Plan Policy GRO7 specifically sets out 'promoting the creation of infrastructure to supply low carbon heat through the delivery and expansion of district energy networks'.															

		Heat networks has been identified in every Climate Emergency Action Plan and Net Zero Action Plan (NZAP) between 2020 and 2024.
10	Please specify any direct environmental implications of the decision (carbon impact)	<p>Heat represents the biggest energy use in the UK, accounts for 46% of all the energy used, and around 30% of UK carbon emissions. 90% of these heat related emissions are from burning gas. Providing heating and hot water to buildings constitutes 28% of Plymouths carbon emissions. To reach Net Zero by 2050, Climate Change Committee sets out that the sector needs to be almost completely decarbonised. It is however, one of the hardest sectors to decarbonise, due to the variety of building stock, different ownerships and extent of engagement required.</p> <p>The initial phase of the heat network could generate savings of 11,000tCO₂ per annum. With roll out this could be more than 30,000tCO₂ per annum.</p> <p>See climate impact assessment.</p>


Urgent decisions

11	Is the decision urgent and to be implemented immediately in the interests of the Council or the public?	Yes		(If yes, please contact Democratic Support for advice)
		No	X	(If no, go to section 13a)
12a	Reason for urgency:			
12b	Scrutiny Chair signature:		Date	
	Scrutiny Committee name:			
	Print Name:			

Consultation

13a	Which Cabinet Member's portfolio does this decision relate to?	Councillor Tom Briars-Delve (Cabinet Member for Environment and Climate Change)		
13b	Date Cabinet Member consulted	10/12/2024		
13c	Are any other Cabinet members' portfolios affected by the decision?	Yes		
		No	X	(If no go to section 14)
13d	Which other Cabinet member's portfolio is affected by the decision?	N/A		

13e	Date other Cabinet member(s) consulted	N/A						
14	Has any Cabinet member declared a conflict of interest in relation to the decision?	Yes		If yes, please discuss with the Monitoring Officer				
		No	x					
15	Which Corporate Management Team member has been consulted?	Name	Karime Hassan					
		Job title	Interim Strategic Director for Growth					
		Date consulted	18/12/2024					
Sign-off								
16	Sign off codes from the relevant departments consulted:	Democratic Support (mandatory)	JS78 24/25					
		Finance (mandatory)	CH.24.25.054					
		Legal (mandatory)	LS/2960(32)/JP/161224.					
		Human Resources (if applicable)	N/A					
		Corporate property (if applicable)	JW 0126 05/12/24					
		Procurement (if applicable)	HG/PS/762/ED/1224					
Appendices								
17	Ref.	Title of appendix						
	A	Briefing report for publication						
	B	Business Case						
	C	Equalities Impact Assessment						
	D	Climate Impact Assessment						
Confidential/exempt information								
18a	Do you need to include any confidential/exempt information?	Yes		If yes, prepare a second, confidential ('Part II') briefing report and 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 in 18b below.				
		No	X					
		Exemption Paragraph Number						
		1	2	3	4	5	6	7

18b	Confidential/exempt briefing report title:							
Background Papers								
19	<p>Please list all unpublished, background papers relevant to the decision in the table below.</p> <p>Background papers are <u>unpublished</u> 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. 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.</p>							
Title of background paper(s)		Exemption Paragraph Number						
		1	2	3	4	5	6	7
Council Officer Signature								
20	<p>I agree the decision and confirm that it is not contrary to the Council's policy and budget framework, Corporate Plan or Budget. In taking this decision I have given 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. For further details please see the EIA attached.</p>							
Signature				Date of decision	19.12.2024			
Print Name	Paul Barnard (Service Director for Strategic Planning and Infrastructure)							

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Heat Networks Delivery Approach Revenue Business Case

Briefing Paper



I. EXECUTIVE SUMMARY

This business case relates to the expansion of low carbon heat network infrastructure on a zonal scale to achieve the City's commitments to carbon reduction, but also achieve a range of other outcomes including improvements in air quality, energy security, mitigate fuel poverty, green investment, jobs and skills.

Plymouth City Council was selected by the Department of Energy Security & Net Zero (DESNZ) as one of 28 cities to be part of the government's Heat Network Zoning Pilot Programme and subsequently, Plymouth was shortlisted under DESNZ's 'Advanced Zoning Programme' (AZP). Through these programmes, the Council has benefited from significant government investment and support to move towards delivery of zonal heat networks for the city. Heat networks provide the cheapest low carbon energy source available, utilising and distributing waste heat that is already available as a by-product of certain processes.

The initial phase of the heat network could generate savings of 11,000tCO₂ per annum. With roll out this could be more than 30,000tCO₂ per annum.

Cabinet endorsed the zonal approach to heat network roll out in Plymouth on 9th September 2024, including using a PCC led procurement and an application to the Governments' Green Heat Network Fund grant programme. This was also supported by Natural Infrastructure and Growth Scrutiny Panel on 29th October 2024.

On 9th September 2024, Cabinet also granted delegated authority to the Service Director for Strategic Planning & Infrastructure, in consultation with Cabinet Member for Environment & Climate Change, to determine the following matters in respect to the heat network delivery project:

- (a) Approval of revenue business case;
- (b) Procurement of development partner;
- (c) Submission of an application to the Green Heat Network Fund to support the delivery of the first phase of the project; and
- (d) Any other matter to secure delivery of the project, subject to such being within approved budget.

This report seeks approval for procurement of a heat network development partner, on the basis of a Golden Share delivery model, the submission of an application for grant funding towards the first phase of development to the Green Heat Network Fund.

It also sets out a number of subsidiary PCC and land matters intended to create certainty for the procurement, which, subject to commercial terms being acceptable, PCC could subsequently agree to, when a Development Partner has been selected.

Revenue costs which PCC will need to cover to support (alongside Government DESNZ funding) are estimated to be £164k, including for procurement, developing a communications and engagement strategy, entering into a Pre-emptive Agreement for land, legal costs and strategic advice. Funding has already been identified to cover this, from S106 contributions (Crescent Point) £64k, BEIS £68k and EU HeatNet £32k, all of which is specifically ring-fenced for heat networks and cannot be used for any other purpose. These are currently considered to be sufficient to cover the support needed up to the appointment of a development partner. The risk of any additional revenue costs being identified over

and above this is considered to be very unlikely, and should this arise, would need to be secured from other agreed sources such as DESNZ or from the SP&I budget, by prior agreement from the Service Director for SP&I and Finance.

There are a number of key risks. These include failure to attract a private sector partner, although it is considered that this is relatively low, a risk of not securing grant funding, as a competitive process, although the application will closely reflect the grant criteria and those schemes recently awarded. The risk of lack of commitment by potential heat network customers has and can be mitigated by ongoing engagement to ensure they are supportive and fully understand the benefits.

2. THE CURRENT SITUATION

Heat represents the biggest energy use in the UK, accounts for 46% of all the energy used, and around 30% of UK carbon emissions. 90% of these heat related emissions are from burning gas. Providing heating and hot water to buildings constitutes **28% of Plymouths carbon emissions**. To reach Net Zero by 2050, Climate Change Committee sets out that the sector needs to be almost completely decarbonised. It is however, one of the hardest sectors to decarbonise, due to the variety of building stock, different ownerships and extent of engagement required.

To date progress to decarbonise this sector this has been very slow indeed. 'Plymouth's greenhouse gas reporting and sector emissions monitoring and projections 2022' (University of Exeter) estimates that to achieve Net Zero 72,000 heat pump installations are needed by 2030 (as one of the primary technologies) – which requires the installation of an additional 8,977 heat pumps annually. To date EPCs data suggests the installation of only 180 heat pumps in Plymouth to 2022.

Climate Change Committee, in its Sixth Carbon Budget sets out different pathways to Net Zero, all of which show Heat Networks contributing to 20% of overall heat demand by 2050 and 42% of non-domestic properties. As well as driving the decarbonisation of heat, they also highlight other benefits, including improved energy security and improved air quality.

Heat networks can provide space heating, hot water and cooling, and are considered to be a key infrastructure for decarbonising heat, as they can access and utilise larger scale sources of waste and renewable heat, offering a clean and low-carbon supply at competitive prices to businesses and households. Waste heat is by far the cheapest source of heat but also decouples supply of heat from some of the volatility of energy prices, associated with fossil fuels. Conservative estimates suggest that industrial waste heat could cover at least 25% of district heating generation. In Sweden 45% of all heat used in heat networks came from sources of waste heat in 2018. Figure 1 provides an illustration of what a heat network is.

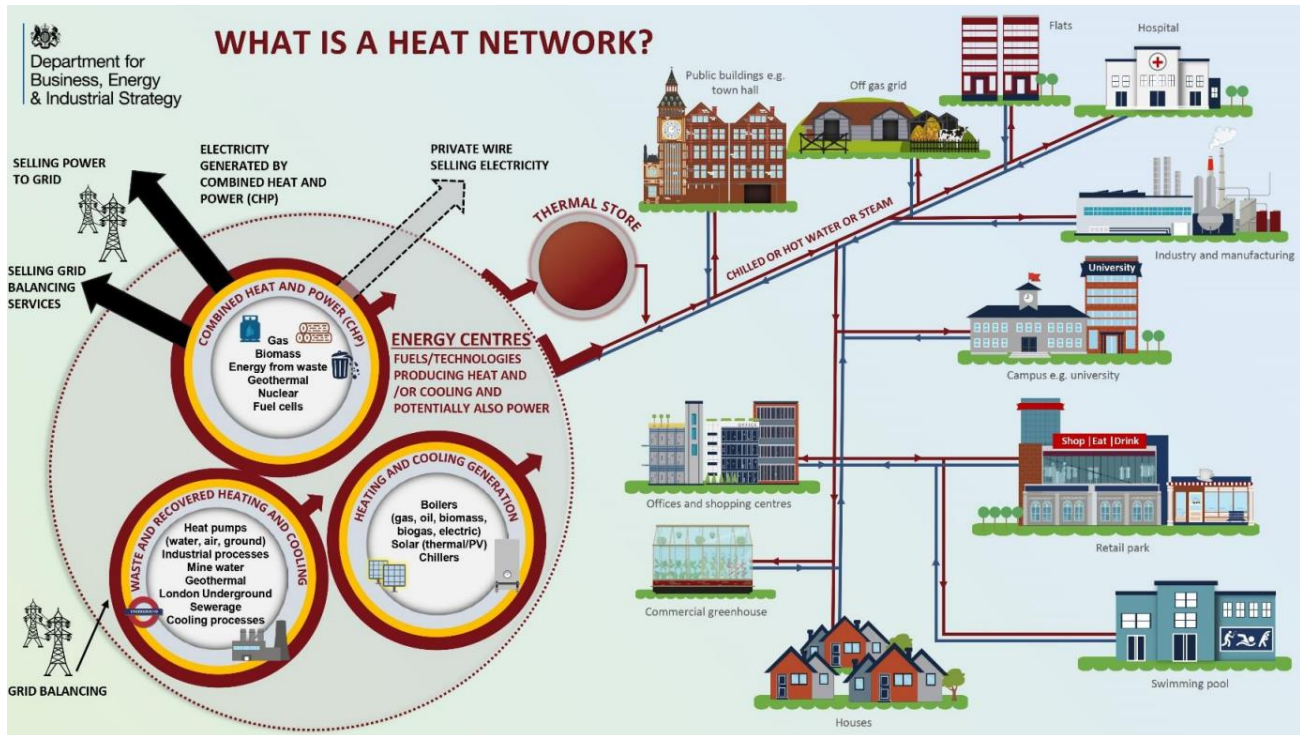


Figure 1. 'What is a Heat Network' illustration

Heat networks provide an opportunity to accelerate progress significantly by providing an 'at scale' approach, utilising waste heat that will otherwise only contribute further to global warming. As well as decarbonisation, benefits include improved air quality, mitigation of fuel poverty, resilience of supply and generation of green skills and jobs.

Many buildings are expensive or difficult to retrofit with a low carbon heat source in isolation. Studies have shown that approaches to decarbonisation in higher density urban areas, using district energy networks with heat pumps can involve lower capital and operational costs than individual heat pumps.

Plymouth City Council has been developing the conditions and opportunity for a city-wide network for a number of years including through its Plymouth and South West Devon Joint Local Plan (March 2019) which requires developments to connect, or be able to connect, to a heat network, if within a 'district energy opportunity area', but also by installing enabling infrastructure in Millbay Boulevard, decarbonising its small existing heat network at the Guildhall, developing a catalyst scheme around Civic Centre and future-proofing its Ballard House for connection.

Nationally, the Department for Energy Security and Net Zero (DESNZ) are enabling the development of heat network infrastructure through a range of targeted funding, policy and legislative support to de-risk projects and attract investment.

In October 2023, the Energy Act received Royal Assent. The Act gives powers for the Government to develop legislation around zoning and regulation of heat networks. The Government has already consulted on the Heat Network Zoning legislation and suggested this should be in place early in 2025. Ofgem have been appointed as regulator.

Heat network zoning will be designated by Government, on the basis of heat demand density, using a national model. Heat networks are expected to be the lowest cost solution for decarbonising heat in these areas. Local authorities and heat network developers will be able to quickly identify where new heat networks should be built, but also there will be requirements for certain buildings to connect. Local authorities will be consulted on the zones and invited to oversee management of zones, as Zone Coordinators, along with the Central Authority (central government) overseeing the zoning nationally. The recent consultation of heat network zoning suggests that resources will be made available to Local Authorities to fulfil this statutory role. Should Local Authorities not wish to carry out this role, then it is likely this would be carried out by the Central Authority.

PCC were initially part of the Department of Energy Security & Net Zero (DESNZ) Heat Network Zoning Pilot Programme. This pilot identified two preliminary zones, one being the city centre and another being in Derriford to the North of the City.

Following this initial study, Plymouth was shortlisted by DESNZ through its Advanced Zoning Programme (AZP) along with 16 other cities (total of 19 locations). Plymouth AZP studies show a deliverable scheme that spans the City Centre to Devonport and Barne Barton with capital value of approximately £300m. Derriford is also recognised within the HNZ Pilot Programme as an opportunity area (an additional £50m). The Plymouth waterfront zonal opportunity is based principally around two large waste heat sources: the South West Water Central Plant, and the MVV Energy from Waste plant. At Derriford, the scheme is focused on waste heat from the NHS medical waste incinerator, together with expanding the existing ground source scheme at Marjons University to provide heating and cooling across this area.

The AZP approach is intended to enable the construction of new zonal scale heat networks as quickly as possible following the introduction of heat network zoning legislation. The work being undertaken by AZP will avoid a lag in activity between policy coming into effect and the deployment of heat network development in zones. In addition to supporting cities in the initiation of the first heat network project within the zone, AZP is also helping cities to define the strategic delivery plan for the overall zone.

On 25th October 2024, the Department of Energy Security & Net Zero announced that Plymouth had been further shortlisted as one of 6 towns and cities which will be supported further, to move to delivery and will become the first heat network zones.

3. CORPORATE POLICY ALIGNMENT

Delivery of heat networks has been identified in every **Climate Emergency Action Plan** and **Net Zero Action Plan** (NZAP) between 2020 and 2024, including:

- Submitting funding applications to support development and delivery of heat network
- Feasibility studies and testing for different heat sources
- Delivering heat network cluster around Civic Centre
- Participation in government's Heat Network Zoning pilot.

The NZAP 2024-27 includes the latest action commitment:

- Develop a strategic heat network delivery programme for the city, including the city centre/waterfront and Derriford areas, including the procurement of a delivery partner, aided through participation in the Government's Advanced Zoning Programme.

The Plymouth and South West Devon Joint Local Plan (March 2019) requires developments to connect, or be able to connect, to a heat network, if within a 'district energy opportunity area'. As a result, many developments in the City Centre and other areas, have already been designed to be ready to connect to a heat network.

The Plymouth Plan Policy GRO7 specifically sets out 'promoting the creation of infrastructure to supply low carbon heat through the delivery and expansion of district energy networks'.

The Plymouth Economic Strategy 2024 targets inward investment and growth activity from businesses linked to Net Zero opportunities, including specifically heat networks.

Additionally, the **Corporate Plan** identifies green investment, jobs and skills as a corporate priority. Social value will form an important part of the procurement objectives including addressing fuel poverty, jobs and skills training.

4. THE PROPOSAL

The City Council has been working with the Department of Energy Security & Net Zero (DESNZ) as part of the Heat Network Zoning Pilot Programme (28 cities). This pilot has identified two preliminary zones as shown in Figure 2 (please note these are pilot zones and subject to final policy approval).

Plymouth was shortlisted by DESNZ through its Advanced Zoning Programme (AZP) along with 16 other cities. Plymouth AZP studies show a deliverable scheme in west and south of City with capital value of approximately £300m, and also at Derriford (an additional £50m). The southern area is based principally around two large waste heat sources; the South West Water Central Plant, and the Devonport Energy from Waste plant. At Derriford the scheme is focused around waste heat from the NHS medical waste incinerator, together with expanding the existing ground source scheme at Plymouth Marjon University to provide heating and cooling across this area.

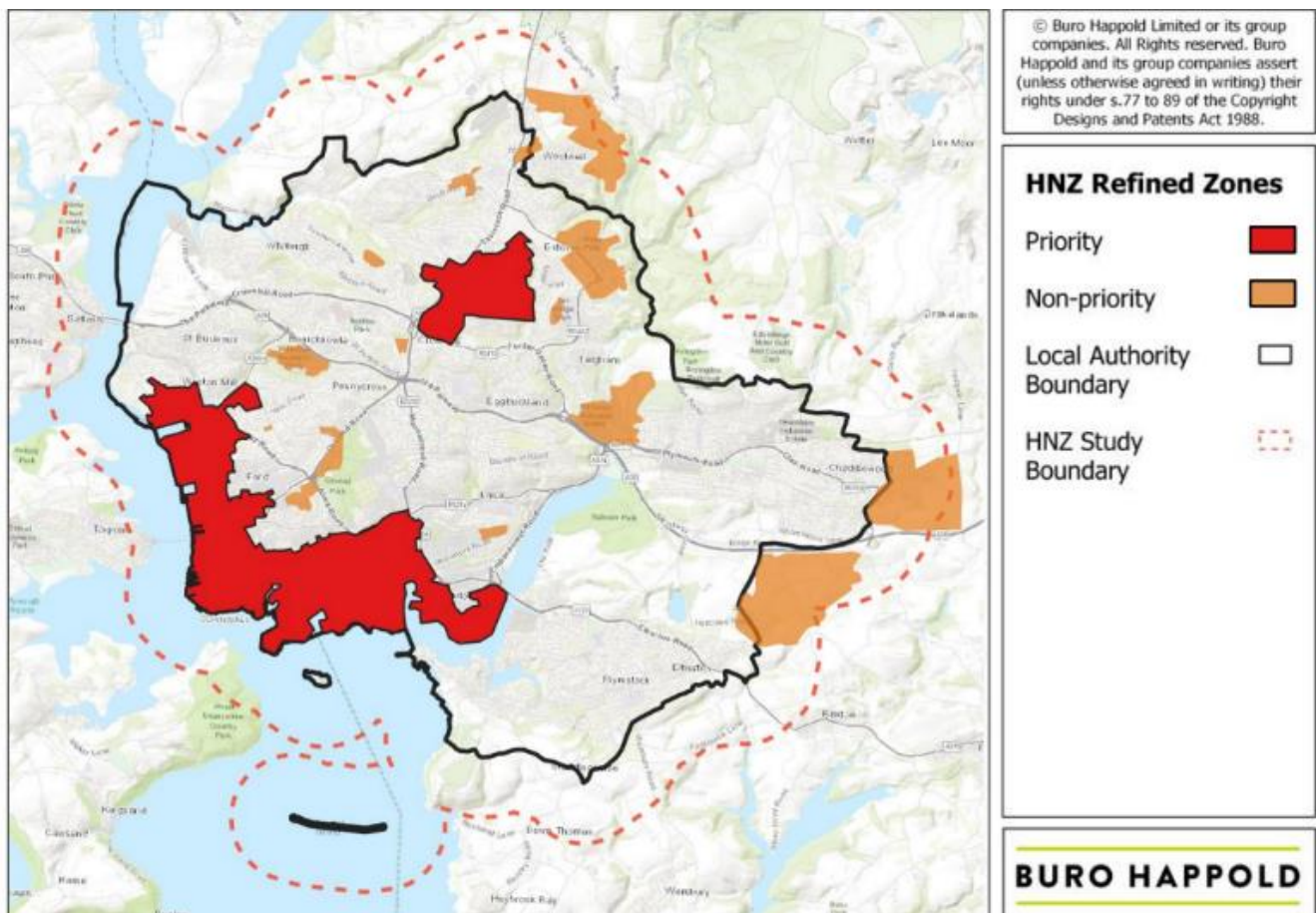


Figure 2. Two potential Heat Network Zones in Plymouth

Annual carbon savings with significant build out for both zones have been estimated to be **31,000tCO₂**, which represents over 3% of the current city emissions but we would expect the carbon savings to be higher as this network is expanded and to be in excess of 5%. Figure 3 shows a potential strategic heat network across the southern waterfront zone alone, with estimated carbon savings of 26,000tCO₂/ annum. This is therefore an intervention with significant impact in the journey to a net zero city. Additionally, the strategic heat network creates significant opportunities for

creating new pathways in the city for green jobs and skills, which is one of the Plymouth Economic Strategy's key areas of focus.

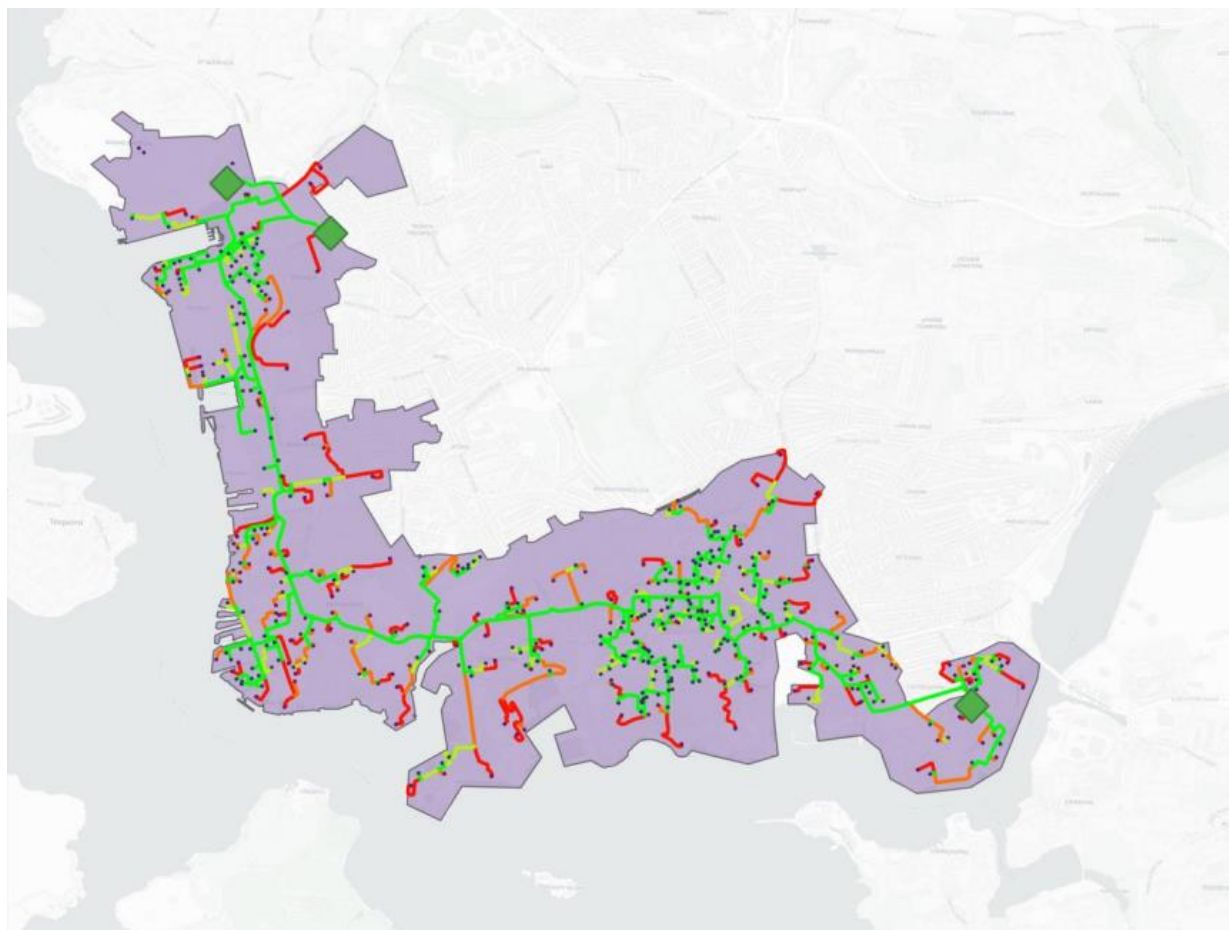


Figure 3. Potential strategic heat network across southern zonal area.

Plymouth has been further supported through the AZP process to move to delivery. DESNZ has directly appointed consultants, who are working to support Plymouth, in terms of technical/ financial/ commercial development for the first phase of zonal roll out, and enable an application for grant funding to the Green Heat Network Fund. This will also support the procurement of a zonal 'Development Partner', to work with the City Council and bring investment, deliver, operate and maintain the network.

The build out of these zonal opportunities would require a number of phases, over a number of decades and a potential initial phase is shown in Figure 4.

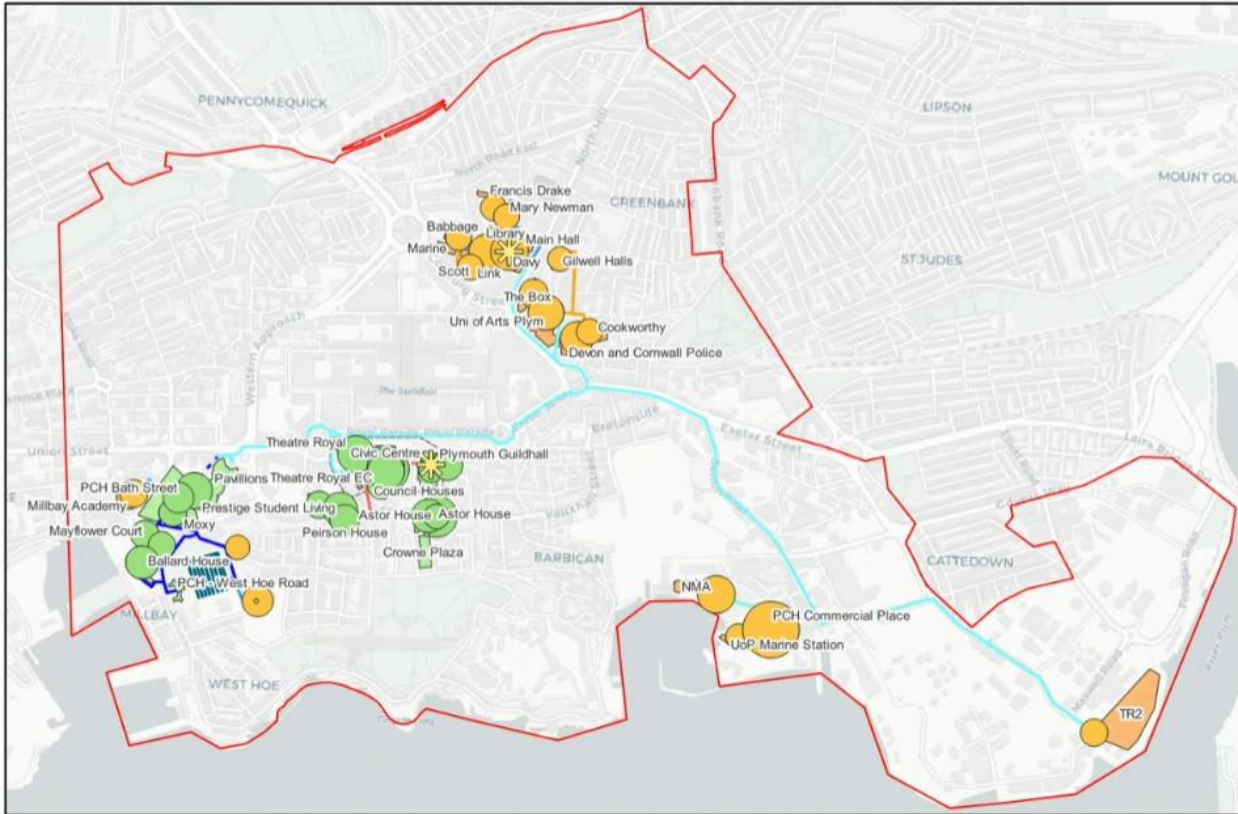


Figure 4. Reference first phase.

Through the AZP work, the city centre zone has been prioritised as the opportunity to start this zonal roll out with the largest scale and opportunity for significant carbon savings. With DESNZ support, proposals for this initial phase have been developed as a reference scheme to take to the market.

This initial phase of a zonal approach would utilise a large source of waste heat from the Cattedown SWW Central Plant to provide heating to a range of clusters of buildings in the Sutton Harbour, City Centre and Millbay areas, including the University of Plymouth, The Box, student housing, Arts University, Devon & Cornwall Police, PCH, the Pavilions, Moxy Hotel, Ballard House and the Civic Cluster. The appointed Development Partner would also commit to complete the existing Civic Centre district heating scheme already being developed by PCC, as a strategic cluster. This phase of works would achieve anticipated carbon savings of 11,000tCO₂ per annum.

The proposed network can provide heating and cooling to these buildings and other buildings as the network expands over subsequent phases.

Significant stakeholder engagement has also been undertaken both through the process of developing this business case, and the years preceding this as the zonal opportunity was being developed.

Department of Energy Security & Net Zero are already directly supporting technical project development, project management, commercial and financial advice, through its AZP programme, to develop the proposals for the first phase of a strategic heat network, including supporting a grant application towards the costs of the first phase and procurement of a delivery partner.

5. MARKET AND INVESTMENT INTEREST

Informal engagement with the market over the past few years and in 2024, has demonstrated strong interest from **heat network developers**, with significant investment to deploy, looking to prioritise which cities work with over the next few years. Indeed, heat networks are not necessarily dependent

on public sector investment. Our engagement in **Government pilot / AZP** work will further increase this market interest.

Market testing was completed on this opportunity in April/ May 2024, and demonstrated significant interest from a range of key industry players, who expressed their interest in the proposals and were very positive about the scale of opportunity.

Estimated investment in this sector nationally is £80 billion to 2050, which requires significant expansion of supply chain, with associated jobs and skills required.

The **Green Heat Network Fund** (Government grant) is a funding source focused on heat networks. DESNZ are providing a support package through the AZP programme, part of which will allow the City Council to apply for GHNF towards an initial phase, as there is already significant demand for this funding.

5. ADVANCED ZONING PROGRAMME SUPPORT AND TIMESCALES.

Involvement in the Advanced Zoning Programme (AZP) gives the City Council a favourable position in securing grant from DESNZ's £280m Green Heat Network Fund (GHNF). It provides DESNZ support to apply through AZP programme towards Phase I. This is particularly important as this will be the final round of the Green Heat Network Fund, with no current guarantee that it will be extended, beyond the final deadline of January 2025.

Significant consultancy support has already been provided directly committed by DESNZ, to support underway for the following:

- Design of Phase I technical proposals, commercial and financial advice.
- Procurement of a development partner
- GHNF application.

The City Council has entered into a non-binding commitment with DESNZ to aim to meet pre-set milestones:

- Current – July 2024: develop zonal outline business case
- July 2024: approval for zonal outline business case, including scope for GHNF bid
- May/ June 2025: selection of preferred delivery partner
- October 2025: final business case developed by preferred partner, demonstrating how Phase I delivery will be commercialised / Approval gateway Phase I (stop/go decision for the City Council and preferred partner)
- December 2025: start construction.

DESNZ is also considering offering further support to AZP councils to move to delivery and PCC is in a good position as Plymouth is in the first tranche of cities (6) being prioritised through AZP support.

Roll out of the scheme in Plymouth is likely to be much earlier than if selection of a district heat delivery partner does not begin until zoning is formally introduced and implemented (from 2025/26).

6. DELIVERY OPTIONS APPRAISAL

A new approach to delivery of heat networks has been proposed by DESNZ to reduce the time and cost to delivery, but also achieve delivery over a zonal scale required to meet the UK's net zero

commitments. Some Local Authorities are now using this approach to work with the private sector to bring investment, deliver, operate and maintain this infrastructure, recognising that they do not have the capacity, skills or resources required to achieve this alone. The approach typically involves the procurement of a development partner based on a set of criteria, and seeking to maximise the local and social benefits, through this process. This procurement approach normally takes 6 months to complete.

The City Council engaged Burges Salmon, an independent law firm, to complete an assessment of potential routes to market, including options for delivery vehicles, alongside commercial advisers (Energy Direction Ltd). This reviewed a number of options, against a number of criteria (which may have different weighting).

In summary, the principal approaches identified are:

- Option 1: City Council owned: the City Council plays a leading role by establishing a wholly-owned subsidiary;
- Option 2: 50/50 Joint Venture (JV) model: the City Council plays a significant role by establishing a 50/50 corporate joint venture vehicle (which will be the heat network developer) with a private sector partner;
- Option 3: City Council led procurement, with two variations on this approach:
- 3a. Golden share JV model: the City Council plays a residual, strategic role by holding a single “golden share” in a corporate joint venture vehicle (which will be the heat network developer), while a private sector partner has primary responsibilities in relation the heat network developer;
- 3b. Joint delivery agreement model: the City Council enters into a joint delivery agreement (and governance agreement) with a private sector partner who is responsible for delivering and operating the heat networks within boundary conditions set by the City Council;
- Option 4: Private model: a private sector heat network developer promotes a scheme independently or is selected through a competition run by the Government, to be responsible for the delivery and operation of the Heat Project. The City Council plays no active role in the development or delivery of heat networks.

The results are summarised in Figure 5. Only the City Council owned or JV 50/50 options (Options 1 and 2) would require any City Council capital funding, with the City Council owned option (Option 1) particularly carrying significant risks for the organisation. The Private Option (Option 4) would however limit the City Council’s influence, such as in terms of maximising local or social benefits.

Burges Salmon, Energy Direction and the Council’s procurement team highlighted the need to engage further with market before finalising the detailed option, to ensure any procurement approach is successful and is something that the market can work with. Initial market testing has shown strong interest from the industry, that they have significant funding to deploy and also they can work with either a City Council led procurement (Option 3, including both sub-options a and b) or alternatively a JV arrangement (Option 2). Responses highlight certain characteristics of the proposals being attractive, including the availability of large waste heat sources and the scale of opportunity in Plymouth.

	Private	JDA	JV Golden Share	JV 50/50	PCC owned
Risk Allocation	Green	Green	Green	Yellow	Red
Financial Implications to PCC	Green	Green	Green	Yellow	Red
Governance	Green	Green	Green	Yellow	Yellow
Operational Decision Making	Yellow	Yellow	Yellow	Yellow	Green
Alignment with AZP timescale	Green	Green	Green	Red	Red
Alignment with Legislation	Green	Green	Green	Green	Yellow
PCC influence	Red	Yellow	Yellow	Yellow	Green
Social Value	Yellow	Yellow	Yellow	Yellow	Green
Alignment with Market	Green	Green	Green	Yellow	Yellow
Attracting Finance	Green	Green	Green	Yellow	Red
Managing delivery	Green	Green	Yellow	Yellow	Red

Figure 5. Burges Salmon analysis of the main delivery options.

Under the different delivery models there are different risks and rewards as set out briefly in Figure 6.

	Option	Risk	Reward
	PCC Owned and Managed	Substantial ongoing finance required Major financial risks and liabilities Reputational risks if the energy company fails	Retain full control over project Retain all profits if successful Social value outcomes able to be maximised
	Joint Venture with Shareholding	Limited liability as a shareholder Greater financial implications and risks, depending on level of shareholding Greater reputational risks	Greater influence on social value and other outcomes Potential revenue generation
	PCC led procurement	Can be delivered without significant financial implications or risks for PCC No PCC liability for delivery or operation of the network what company Some reputational risks	Influence on social value and other outcomes Little or no opportunity for revenue generation
	Private Sector only	No financial implications or risks for PCC No control of phasing / locations Greater risk of cherry picking.	Little or no influence on outcomes No opportunity for revenue generation

Figure 6. Risk/ Reward analysis of the main delivery approaches.

Cabinet on 9th September 2024, endorsed the PCC led procurement approach on the basis of the its limited risks and significant scope for reward. As part of the subsequent Business Case, options 3a) and 3b) will be assessed in greater detail to determine the optimum approach, which can then be taken forward.

This option **does not** require the City Council to commit any capital investment to delivery. The Council’s role would be in relation to procuring a development partner who could take **all** of the financial risk.

Some clear benefits would seem apparent from the City Council taking the lead in this way:

- It would be able to maximise benefits for Plymouth including jobs, skills, carbon, fuel poverty alleviation, and cost of heat (e.g. City Council buildings).
- It helps ensure a development partner is secured who best aligns with City Council objectives.
- It provides the City Council with greater control over the delivery process - e.g. where and when pipeline is laid in streets along the route.

It helps ensure that supply chain interest is focused on Plymouth as one of the national frontrunners, rather than pushing the city to the back of the queue.

7. PREFERRED OPTION

The PCC led procurement approach has been assessed in greater detail to determine the optimum approach, which can then be taken forward.

Further analysis has been completed with legal and commercial support on the options using this approach, which include the Governance Agreement Model, the Golden Share Model and the Development Agreement only model (which relies on national regulations when enacted).

The preferred option is the Golden Share delivery model, the submission of an application for grant funding towards the first phase of development to the Green Heat Network Fund.

Under the preferred delivery vehicle PCC would seek to transfer the majority of risks to the private sector partner although the private sector partner would seek to further transfer risk to developers and / or end customers where they are able to do so.

The commercial model should enable PCC to meet its key objectives and its desire for ongoing engagement.

The Golden Share. The Council's requirements would be captured in the shareholders agreement and the reserved matters. Typically, under a Golden Share arrangement the entity is seeking to ensure the integrity of the company as well as key operational aspects of the project are achieved. Where these requirements are not met the Council would seek remedy under corporate law rather than contract law.

The Council would have an observer seat at the board of the Joint Venture and as such provide full visibility of the company operations, as a long term and very significant scale project for the City.

A similar approach is also being used by Worthing Borough Council and Old Oak & Park Common Development Corporation in London for delivery of their heat network proposals.

Although there could be a conflict of interest if the Council were to undertake the role of Zone Coordinator under future zoning regulations, this can be managed in a similar way to other statutory functions (e.g. Local Planning Authority) with systems in place to avoid this.

8. ALTERNATIVE OPTIONS

Alternative options considered and rejected under the PCC led procurement approach are;

- **Development Agreement only** (e.g. South Westminster Area Network). Rejected due the risks of lack of long term influence over a range of issues, especially those not directly covered by the new legislation, when this is confirmed (e.g. social value).
- **Governance Agreement** (e.g. Sunderland). Although similar in some respects to the Golden Share approach, but instead relying on contract law, this was rejected as it offered less transparency. This approach also couldn't take advantage of the government templates available, reducing potential risks, time and cost.

9. FINANCIAL IMPLICATIONS AND RISK

1. Funding has already been identified to cover the revenue costs by the City Council to support the procurement (alongside Government DESNZ funding), from a variety of Section 106 contributions and grant funding, all of which is specifically ring-fenced for heat networks and cannot be used for any other purpose. These are currently considered to be sufficient to cover the support needed up to the appointment of a development partner. The risk of any additional revenue costs

being identified over and above this is considered to be very unlikely, and should this arise, would need to be secured from other agreed sources such as DESNZ or from the SP&I budget, by prior agreement from the Service Director for SP&I and Finance.

The proposals can be delivered without any requirement for Council capital funding. As the Council would not be deploying any capital funding for the delivery of the scheme, the financial risk is considered to be very low.

The City Council can support delivery (the attractiveness of the proposals for the private sector) by applying for Green Heat Network Fund grant funding towards phase I of a heat network, with the delivery partner taking on the grant agreement, rather than the City Council.

10. TIMESCALES

Assuming the City Council is leading the process, below is an indicative timeline showing the respective roles to procure a Development Partner.

Milestone	2024				2025				2026	2027	WHO LEADS?
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1-4	Q1-4	
Technical reference and financial model Phase I scheme	Yellow	Yellow	Yellow								DESNZ
Phase I: Green Heat Network Fund application				Yellow							DESNZ
Phase I: GHNF decision					Green						GHNF
PCC Business Case approval			Light Green								PCC
PCC Procurement Development Partner				Light Green	Light Green						PCC
PCC Negotiation and final agreement with preferred bidder						Light Green					PCC
HND develops Phase I to commercialisation							Blue	Blue			HND
Approval Gateway PCC & HND								Light Green			PCC/ HND
HND Financial Close									Blue		HND
HND Commences Construction									Blue	Blue	HND

DESNZ: Department for Energy Security & Net Zero
 HND: Heat Network Developer
 GHNF: Green Heat Network Fund

Across both zones, the initial estimated investment value has been assessed to be in excess of £350M (£300m City Centre/ Waterfront and £50m Derriford).

Roll out in phases from 2026 to 2050 (and beyond). Phase I is anticipated to include University area, Civic quarter and Millbay, using surplus heat from the South West Water Central Water Treatment Works, Cattedown.

REVENUE BUSINESS CASE

Heat Networks Delivery Partner Approach



EXECUTIVE SUMMARY

This business case relates to the expansion of low carbon heat network infrastructure on a zonal scale to achieve the City's commitments to carbon reduction, but also achieve a range of other outcomes including improvements in air quality, energy security, fuel poverty, green investment, jobs and skills.

Plymouth City Council was selected by the Department of Energy Security & Net Zero (DESNZ) as one of 28 cities to be part of the government's Heat Network Zoning Pilot Programme and subsequently, Plymouth was shortlisted under DESNZ's 'Advanced Zoning Programme' (AZP). Through these programmes, the Council has benefited from significant government investment and support in order to deliver strategic heat networks for the city. Heat networks provide the cheapest low carbon energy source available, utilising and distributing waste heat that is already available as a by-product of certain processes.

The initial phase of the heat network could generate savings of 11,000tCO₂ per annum. With roll out this could be more than 30,000tCO₂ per annum.

Cabinet endorsed the zonal approach to heat network roll out in Plymouth on 09 September 2024 (minute 33) including using a Plymouth City Council led procurement and an application to the Governments' Green Heat Network Fund grant programme. This was also supported by Natural Infrastructure and Growth Scrutiny Panel on October 2024.

On 09 September 2024, Cabinet also granted delegated authority to the Service Director for Strategic Planning & Infrastructure, in consultation with Cabinet Member for Environment & Climate Change, to determine the following matters in respect of the heat network delivery project:

- (a) Approval of revenue business case;
- (b) Procurement of a development partner;
- (c) Submission of an application to the Green Heat Network Fund to support the delivery of the first phase of the project; and
- (d) Any other matter to secure delivery of the project, subject to such being within approved budget.

This Business Case seeks approval to launch a procurement of a heat network development partner, on the basis of a Golden Share delivery model. This has been identified as the preferred model due to maximisation of oversight/control, while minimising risks to Plymouth City Council. Plymouth City Council will provide a list of relevant Council buildings for connection to the heat network subject to commercial terms on heat tariff and connection costs, dedicate in principle, relevant Plymouth City Council assets, should the Development Partner require them, subject to subsidy control and subsequent agreement of commercial terms. This includes identifying further potential energy centre locations on Plymouth City Council land for use by the selected Development Partner, subject to subsidy control and subsequent agreement of commercial terms, and undertaking to enter into a Pre-emption Agreement with the Cattedown Regeneration Ltd (with the right to assign to the selected Development Partner) on land for an Energy Centre at Neptune Park for an agreed fee of £15,000, included in the revenue costs listed below.

Revenue costs which the City Council will need to cover to support (alongside available Government DESNZ funding) are estimated to be £164k. This figure includes costs for: procurement, developing a communications and engagement strategy, entering into a Pre-emptive Agreement for land, legal costs and strategic advice. Funding has already been secured to cover this, from S106 contributions (Crescent Point), as follows: £64k, BEIS £68k and EU HeatNet £32k, all of which is specifically ring-fenced for heat networks and cannot be used for any other purpose. These are currently considered to be sufficient to cover the support needed up to appointment of a development partner. The risk of any additional revenue costs being identified over and above this is considered to be very unlikely, and should this arise, would need to be secured from other agreed sources such as DESNZ or from the SP&I budget, by prior agreement from the Service Director for SP&I and Finance.

The proposed revenue funding arrangements (£164,000) are:

Funding Source	£	Secured
S106	64,000	Yes
EU Interreg	32,000	Yes
BEIS	68,000	Yes
Total	164,000	

There are a number of key risks. These include failure to attract a private sector partner, although it is considered that this is relatively low, a risk of not securing grant funding, through a competitive process, although the application will closely reflect the grant criteria and those schemes recently awarded. The risk of lack of commitment by potential heat network customers has and can be mitigated by ongoing engagement to ensure they are supportive and fully understand the benefits.

SECTION I: PROJECT DETAIL

Project Value (indicate capital or revenue)	£164,000	Contingency (show as £ and % of project value)	n/a
Programme	Low Carbon	Directorate	Place
Portfolio Holder	Cllr Tom Briars-Delve Environment & Climate Change	Service Director	Paul Barnard (Strategic Planning & Infrastructure)
Senior Responsible Officer (client)	John Green	Project Manager	Jon Selman
Address and Post Code	Ballard House, West Hoe Road, PL1 3BJ	Ward	Citywide

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)*

Heat represents the biggest energy use in the UK, accounts for 46% of all the energy used, and around 30% of UK carbon emissions. 90% of these heat related emissions are from burning gas. Providing heating and hot water to buildings constitutes **28% of Plymouth's carbon emissions**. To reach Net Zero by 2050, Climate Change Committee sets out that the sector needs to be almost completely decarbonised. It is however, one of the hardest sectors to decarbonise, due to the variety of building stock, different ownerships and extent of engagement required.

To date progress to decarbonise this sector this has been very slow indeed. 'Plymouth's greenhouse gas reporting and sector emissions monitoring and projections 2022' (University of Exeter) estimates that to achieve Net Zero 72,000 heat pump installations are needed by 2030 (as one of the primary technologies) – which requires the installation of an additional 8,977 heat pumps annually. To date EPCs data suggests the installation of only 180 heat pumps in Plymouth to 2022.

Heat networks provide an opportunity to accelerate progress significantly by providing an ‘at scale’ approach, utilising waste heat that will otherwise only contribute further to global warming. As well as decarbonisation, benefits include improved air quality, mitigation of fuel poverty, resilience of supply and generation of green skills and jobs.

This proposal also aligns strongly with the Corporate Plan priority green investment, jobs and skills and Plymouth Plan Policy GRO7 specifically sets out ‘promoting the creation of infrastructure to supply low carbon heat through the delivery and expansion of district energy networks’. Heat networks has been identified in every Climate Emergency Action Plan and Net Zero Action Plan (NZAP) between 2020 and 2024.

The Net Zero Action Plan (NZAP) sets out the role of heat networks in decarbonisation of Plymouth including *BHP10 – Low carbon energy infrastructure development*:
“Our goal for 2024 to 2027 is for 7,500 MWh/a of heat supplied by new carbon heat networks in Plymouth by the end of 2025/26.”

There are also actions within 2024 to 2027 as follows:

- *Develop a strategic heat network delivery programme for the city, including the city centre/waterfront and Derriford areas, including the procurement of a delivery partner, aided through participation in the Government’s Advance Zoning Programme.*
- *Deliver heat network cluster at the Guildhall and Civic Centre, supplying the Theatre Royal, Combined Courts and Civic Centre Redevelopment with low carbon heat.*

Plymouth Economic Strategy (draft) (March 2024) targets inward investment and growth activity from businesses linked to Net Zero opportunities, including specifically heat networks.

Plymouth City Council have been developing the conditions and opportunity for a city-wide network for a number of years including through its Plymouth and South West Devon Joint Local Plan (March 2019) which requires developments to connect, or be able to connect, to a heat network, if within a ‘district energy opportunity area’, but also by installing enabling infrastructure in Millbay Boulevard, decarbonising its small existing heat network at the Guildhall, developing a catalyst scheme around Civic Centre and future-proofing its Ballard House for connection.

Nationally, the Department for Energy Security and Net Zero (DESNZ) are enabling the development of heat network infrastructure through a range of targeted funding, policy and legislative support to de-risk projects and attract investment.

A key market enabling action is the Government’s Heat Network Zoning policy in England, in which central and local government work together with industry and local stakeholders to identify and designate areas where heat networks are expected to be the lowest cost solution for decarbonising heat. The primary legislation (Energy Act 2023) already gives Government powers to introduce heat network zoning legislation. DESNZ are aiming to introduce heat network zoning from 2025 and have instigated the Advanced Zoning Programme (AZP) to develop zonal proposals based on likely zone delivery area.

Alongside the zoning legislation, consumer protection regulations (Ofgem) and minimum technical standards (HNTAS) for heat networks will also provide the confidence to customers that they are getting a fair price of heat and a level of service expected for heating systems.

Plymouth City Council were initially part of the Department of Energy Security & Net Zero (DESNZ) Heat Network Zoning Pilot Programme. This pilot identified two preliminary zones, one being the city centre and another being in Derriford to the North of the City.

Following this initial study, Plymouth was shortlisted by DESNZ through its Advanced Zoning Programme (AZP) along with 16 other cities (total of 19 locations). Plymouth AZP studies show a deliverable scheme that spans the City Centre to Devonport and Barne Barton with capital value of approximately £300m. Derriford is also recognised within the HNZ Pilot Programme as an

opportunity area (an additional £50m). The Plymouth waterfront zonal opportunity is based principally around two large waste heat sources: the South West Water Central Plant, and the MVV Energy from Waste plant. At Derriford, the scheme is focused on waste heat from the NHS medical waste incinerator, together with expanding the existing ground source scheme at Marjons University to provide heating and cooling across this area.

The AZP approach is intended to enable the construction of new zonal scale heat networks as quickly as possible following the introduction of heat network zoning legislation. The work being undertaken by AZP will avoid a lag in activity between policy coming into effect and the deployment of heat network development in zones. In addition to supporting cities in the initiation of the first heat network project within the zone, AZP is also helping cities to define the strategic delivery plan for the overall zone.

On 25th October 2024, the Department of Energy Security & Net Zero announced that Plymouth had been further shortlisted as one of 6 towns and cities which will be supported further, to move to delivery and will become the first heat network zones.

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?)*

Through the AZP work, the city centre zone has been prioritised as the opportunity to start this zonal roll out with the largest scale and opportunity for significant carbon savings. With DESNZ support, proposals for this initial phase have been developed as a reference scheme to take to the market.

This initial phase of a zonal approach would utilise a large source of waste heat from the Cattedown SWW Central Plant to provide heating to a range of clusters of buildings in the Sutton Harbour, City Centre and Millbay areas, including the University of Plymouth, The Box, student housing, Arts University, Devon & Cornwall Police, PCH, the Pavilions, Moxy Hotel, Ballard House and the Civic Cluster. The appointed Development Partner would also commit to complete the existing Civic Centre district heating scheme already being developed by the City Council, as a strategic cluster. This phase of works would achieve anticipated carbon savings of 11,000tCO₂ per annum.

As part of the development agreement, Plymouth City Council (PCC) would identify in principle, relevant Council buildings, including The Box, Guildhall, Council House, Ballard House, Cobourg House, Central Library, and the Royal Building for connection to the heat network subject to commercial terms on heat tariff and connection costs. Plymouth City Council would also dedicate in principle, relevant Plymouth City Council assets, should the Development Partner require them, including existing heat network pipework in Millbay Boulevard, existing heat network pipework between the Council House, Guildhall and Plymouth Combined Courts, heat generation plant, primary pump sets, water treatment and ancillary equipment at Ballard House and Guildhall and relevant electrical infrastructure adjacent to the Council House, subject to subsidy control and subsequent agreement of commercial terms. This includes identifying further potential energy centre locations on Plymouth City Council land (top decks and adjoining land areas at Regent Street and Theatre Royal Car Parks/ Civic Centre) for use by the selected Development Partner, subject to subsidy control and subsequent agreement of commercial terms.

Plymouth City Council will also undertake to enter into a Pre-emption Agreement with the Cattedown Regeneration Ltd (with the right to assign to the selected Development Partner) on land for an Energy Centre at Neptune Park for an agreed fee of £15,000.

This Business Case notes that Cabinet (9 September 2024 – Minute 33) have already agreed the submission to the Government's Green Heat Network Fund for grant funding towards the first phase. This is anticipated to be for an application of up to £10 million of grant, including £1 million commercialisation grant.

The proposed network can provide heating and cooling to these buildings and other buildings as the network expands over subsequent phases. Waste heat will be distributed to clusters via a low temperature network, with temperatures upgraded as required at each cluster via water source heat pumps. This approach allows transfer of heat, utilising a variety of waste heat sources and delivery of heating and cooling to a range of buildings, providing a flexible and efficient piece of green infrastructure, enabling decarbonisation across the future zonal areas.

This scheme has also been tested through a financial model, which demonstrates potential viability sufficient to attract private sector partners.

Significant stakeholder engagement has also been undertaken both through the process of developing this business case, and the years preceding this as the zonal opportunity was being developed.

Market testing was completed on this opportunity in April/ May 2024, and demonstrated significant interest from a range of key industry players, who expressed their interest in the proposals and were very positive about the scale of opportunity.

Department of Energy Security & Net Zero are already directly supporting technical project development, project management, commercial and financial advice, through its AZP programme, to develop the proposals for the first phase of a strategic heat network, including supporting a grant application towards the costs of the first phase and procurement of a delivery partner.

Ring-fenced revenue funding has already been secured, covering the remaining Council project support costs with procurement and legal support. These are currently considered to be sufficient to cover the support needed up to the appointment of a development partner. The risk of any additional revenue costs being identified over and above this is considered to be very unlikely, and should this arise, would need to be secured from other agreed sources such as DESNZ or from the SP&I budget, by prior agreement from the Service Director for SP&I and Finance.

The proposals can be delivered without any requirement for Council capital funding. As the Council would not be deploying any capital funding for the delivery of the scheme, the financial risk is considered to be very low.

Social value will form an important part of the procurement objectives including addressing fuel poverty, jobs and skills training.

Why is this your preferred option: *(Provide a brief explanation why this option is preferred) and (Explain why this is a good capital investment and how this would be an advantage for the Council) and (explain how the preferred option is the right balance between the risks and benefits identified below).*

Ring-fenced revenue funding has already been secured, covering the remaining Council project support costs with procurement and legal support alongside significant DESNZ support already committed.

The proposals can be delivered without any requirement for Council capital funding. As the Council would not be deploying any capital funding for the delivery of the scheme, the financial risk is considered to be very low. The submission of an application for grant funding to the Green Heat Network Fund will support the first phase of development.

Cabinet (9 September 2024) have already agreed the submission to the Government's Green Heat Network Fund for grant funding towards the first phase. This is anticipated to be for an application of up to £10 million of grant.

Significant carbon savings from delivery of the scheme, by displacing natural gas, and utilising waste and renewable heat sources. Proposals for first phase suggest carbon savings of 11,000 tons per annum (against a gas counterfactual), and with build out of a strategic heat main in the southern waterfront zone this could increase to 26,000 tons per annum. An initial scheme within a Derriford zone, has been evaluated to deliver more than 5,000 tons per annum. In overall terms this is equivalent to 3% of Plymouth's current carbon emissions. With further development of these proposals and full zonal development this could be as high as 5%. The proposals will also improve air quality by displacing NOX emissions from gas boilers.

Cabinet endorsed the approach for delivery where Plymouth City Council would conduct a procurement for a Heat Network Development Partner.

Further analysis has been completed with legal and commercial support on the options using this approach, which include the Governance Agreement Model, the Golden Share Model and the Development Agreement only model (which relies on national regulations when enacted).

The preferred option is the Golden Share delivery model. Under the preferred delivery vehicle Plymouth City Council would seek to transfer the majority of risks to the private sector partner although the private sector partner would seek to further transfer risk to developers.

The commercial model should enable Plymouth City Council to meet its key objectives, as listed in the Cabinet Report and its desire for ongoing engagement.

The Golden Share. The Council's requirements would be captured in the shareholders agreement and the reserved matters. Typically, under a Golden Share arrangement the entity is seeking to ensure the integrity of the company as well as key operational aspects of the project are achieved. Where these requirements are not met the Council would seek remedy under corporate law rather than contract law.

The Council would have an observer seat at the board of the Joint Venture and as such provide full visibility of the company operations, as a long term and very significant scale project for the City.

A similar approach is also being used by Worthing Borough Council and Old Oak & Park Common Development Corporation in London for delivery of their heat network proposals.

Although there could be a conflict of interest if the Council were to undertake the role of Zone Coordinator under future zoning regulations, this can be managed in a similar way to other statutory functions (e.g. Local Planning Authority) with systems in place to avoid this.

Alternative options considered and rejected

1. **Development Agreement only** (e.g. South Westminster Area Network). Rejected due the risks of lack of long term influence over a range of issues, especially those not directly covered by the new legislation, when this is confirmed (e.g. social value).
2. **Governance Agreement** (e.g. Sunderland). Although similar in some respects to the Golden Share approach, but instead relying on contract law, this was rejected as it offered less transparency. This approach also couldn't take advantage of the government templates available, reducing potential risks, time and cost.

Option Analysis: *(Provide an analysis of 'other' options which were considered and discounted, the options considered must be a 'do Nothing' and 'do minimum' and 'viable alternative' options. A SWOT – Strength, Benefit, Opportunity, Threat analysis could be attached as an appendix).*

Do Nothing Option	Leave to Government and private sector under new legislation. Do not apply for Government grant towards the initial phase of development.
List Benefits:	Low impact on Council resources.
List Risk / Issues:	Limits influence on delivery, social value or costs. Could take significant time as market looking for certainty and without a competitive process this could introduce uncertainty. Lost momentum and funding support from Government- could cease further development of the heat network in Plymouth and result in the City Council missing carbon targets.
Cost:	NIL
Why did you discount this option	Limits influence on delivery, social value or costs. Could take significant time as market looking for certainty and without a competitive process this could introduce uncertainty, and risks of lost momentum and funding support from Government. Could set back heat network roll out for a significant time.
Do Minimum Option	
	Development Agreement Only Model (apply for Government grant towards initial phase).
List Benefits:	Low impact on Council resources. Creates more certainty for market with a competitive process. Greater momentum and potential funding support from Government- earlier roll out.
List Risk / Issues:	Limits influence on delivery, social value or costs and less transparency.
Cost:	NIL
Why did you discount this option	Limits influence on delivery, social value or costs and less transparency.
Viable Alternative Option	
	Governance Agreement Model (apply for Government grant towards initial phase).
List Benefits:	Maximises influence on delivery, social value or costs. Creates more certainty for market with a competitive process. Greater momentum and potential funding support from Government- earlier roll out.
List Risk / Issues:	Government templates not available for this option, delaying timescales, risk that doesn't fully align with government approach, and potential additional revenue costs.
Cost:	NIL
Why did you discount this option	Less transparency. Government templates not available for this option, delaying timescales, risk that doesn't fully align with government approach, and potential additional revenue costs.

Strategic Case:	
Which Corporate Plan priorities does this project deliver?	a green sustainable city that cares about the environment
	quality jobs and valuable skills
	economic growth that benefits as many people as possible

Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date
August 2025	May 2026	Phase I 2028 first completions.

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS					
Risk Register: <i>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).</i>					
Potential Risks Identified			Likelihood	Impact	Overall Rating
Risk	Failure to attract a suitable development partner or potential partners withdraw from the procurement opportunity/process.		Medium	High	Medium
Mitigation	Market testing already completed earlier in the year yielded a good response. Bidders Day is planned in advance of a tender launch to further warm up the market. Part of AZP government programme with focus on certain cities including Plymouth and warming up market. Reference scheme for initial phase significantly derisked through government support and tested for viability.		Low	Medium	Low
Calculated risk value in £ (Extent of financial risk)	£0	Risk Owner	City Council		
Risk	The Council is unsuccessful in securing Green Heat Network Fund construction grant funding and/or insufficient grant funding available.		Low	Medium	Medium
Mitigation	GHNF application prepared in liaison with funders advisers and in line with grant metrics and criteria achieved by recent successful applications. If unsuccessful, will need to review the approach going forward and may require a fresh application if fund extended.		Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£0	Risk Owner	Plymouth City Council / Development Partner		
Risk	Lack of agreement with heat offtakers or escalation of costs making scheme unviable.		Medium	High	Medium
Mitigation	Significant upfront stakeholder engagement completed and ongoing. Financial modelling based on current costs, with contingency and potential headroom for some cost increases.		Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£0	Risk Owner	Development Partner		
Risk	GHNF commercialisation grant is not secured, therefore the City Council potentially liable for some Development Partner commercialisation costs at the final decision gateway, in the unlikely event that the City Council exerts its right not to proceed with the project.		Low	Medium	Low
Mitigation	Plymouth City Council expects to be notified about the success of its grant application before the conclusion of the tender for the Development Partner. Therefore measures will be put in place in tender documents whereby the Council will reserve the right to not award the contract, should the		Low	Low	Low

	GHNF grant not be secured (or other funding identified), thereby avoiding the risk of any costs being incurred during the commercialisation stage, since the project would not progress to it.				
Calculated risk value in £ (Extent of financial risk)	£TBC	Risk Owner	City Council		
Risk	Heat network zoning regulations delayed or not introduced by government, exposing Plymouth City Council to potential risks.		Low	Medium	Low
Mitigation	Ofgem currently consulting on new regulations and have suggested these will come into effect in 2025. These regulations will ensure continuity of supply should for example, the entity goes bust, in a similar way to the electricity market. PCC will not be obligated to step in through the delivery vehicle, should this happen.		Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£0	Risk Owner	City Council		

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:

The proposals for the initial phase of the heat network have been tested financially, which suggests this is a viable scheme, which should be sufficient to attract the private sector.
No City Council capital required.
Limited revenue funding required for procurement and engagement in proposal, using ring fenced secured funding up the appointment of Development Partner.
City Council buildings connected – tariff and connection costs to be determined through procurement.
Potential rental income through lease of City Council land for energy centres in several locations.
Potential value from transferring City Council assets with reduced maintenance / replacement liabilities.

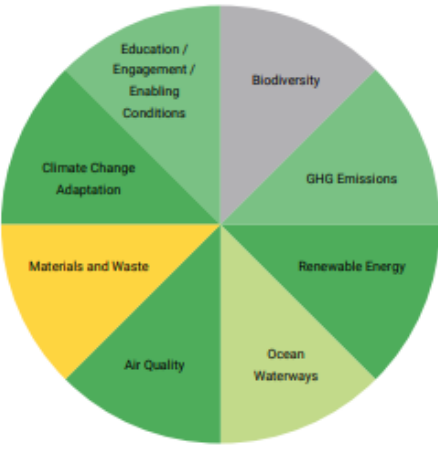
Non-financial outcomes and benefits:

Reducing the cities carbon emissions – reference first phase 11,000tCO₂/ annum. Across both zones with significant build out over 31,000tCO₂/ annum.
Energy security, with variety of more stable local waste and renewable heat sources.
Air quality improvements by displacing NOX emissions from gas boilers.
Mitigation of fuel poverty.
Green investment (anticipated over £400m across both zones), and associated jobs and skills.
Proposed approach able to provide cooling and is therefore climate resilient.

SECTION 3: CONSULTATION

Does this business case need to go to CMT	No	Date business case approved by CMT (if required)	
--	----	---	--

Climate Impact Assessment

<p>Upload Climate Impact Wheel</p>	
<p>Summary of the anticipated impact of the proposal on the climate (including any proposed mitigations and impacts beyond 2030)</p>	<p>Significant carbon savings from delivery of the scheme, by displacing natural gas, and utilising waste and renewable heat sources. Proposals for first phase suggest carbon savings of 11,000 tons per annum, and with build out of a strategic heat main in the southern waterfront zone this could increase to 26,000 tons per annum. An initial scheme within a Derriford zone, has been evaluated to deliver more than 5,000 tons per annum. In overall terms this is equivalent to 3% of Plymouth’s current carbon emissions. With further development of these proposals and full zonal development this could be as high as 5%. The proposals will also improve air quality by displacing NOX emissions from gas boilers.</p>

<p>Have you engaged with Procurement Service?</p>		<p>Yes</p>
<p>Procurement route options considered for goods, services or works</p>	<p>It is expected that in February 2025 new procurement regulations, come to life. It will considerably change procurement landscape, processes and procedures applicable to tenders, contract management and contract completion.</p> <p>Although the value of this business case is for £164k, which is the cost of delivering this tender, the total value of this project in procurement terms will be much higher and over the threshold. Therefore, it is likely that this tender will be subject to the full force of the new Procurement Act 2023. The procedure that is likely to be used will be a flexible procedure.</p> <p>New Procurement Act 2023 – Flexible Procedure This procedure allows the Council to design its own procurement process. It is likely that it will resemble a Competitive Procedure with Negotiation, or a Competitive Dialogue under the existing regulations. It will be a two-stage process. Stage 1 – being a pre-selection stage and Stage 2 – a dialogue stage. Prior to a tender launch, the Council will decide on the number of dialogues within Stage 2 while the tender is developed and more details and requirements come to light.</p> <p>Public Contract Regulations 2015 If a commencement of the new regulations is delayed, the tender will be subject to the existing Public Contract Regulations 2015. At present two procedures are being considered: A Competitive Dialogue (CD) and a Competitive Procedure with Negotiation (CPN).</p>	

	<p>CD and CPN are two specific legislative procurement routes which allow the Council to hold dialogue and/or negotiations with bidders on various aspects of the procurement. These procedures are the recommended routes for complex outsourcing projects with the need from The Council and suppliers bidding for the opportunity to dialogue and/or negotiate due to the significant risk both for the Council, suppliers and their supply chains. Both procedures offer significant and clear benefits, in particular, enabling risk and assumptions to be thoroughly tested, solutions to evolve and the foundations established for ensuring a successful contractual outcome and ongoing relationship for all parties and stakeholders.</p> <ul style="list-style-type: none"> • Dialogue (CD) refers to the discussion between the Council and bidders to discuss any aspect of the procurement, e.g. the service requirements or proposed solution. • Negotiation (CNP) is the discussion between the Council and bidder with a view to improving the content of tenders e.g. performance issues. <p>Either of the three above solutions, whether under the new Procurement Act 2023 or the PCR 2015 is needed due to:</p> <ul style="list-style-type: none"> • No off-the-shelf procedure being available. • Readily available procedures would need adapting to meet requirements. • The solution involves an innovative approach to reflect changing conditions and/or methods of delivery. • Complex legal, contractual and/or financial framework. • There are multiple stakeholders. • The delivery of the specified outcomes is reliant on outside factors. • The delivery is dependent on the deployment of more than one technical or service or solution, resulting in operational risk.
<p>Procurements Recommended route.</p>	<p>It is envisaged that this opportunity will be delivered under the new Procurement Act 2023 and therefore the Flexible Procedure is likely to be used to deliver this project.</p> <p>The procedure will allow:</p> <ul style="list-style-type: none"> • A discussion between the Council and bidders on any aspect of procurement • The Council to have the final tenders to be clarified, specified and optimised • Negotiations on the winning tender to confirm financial commitments or other terms. <p>The recommended procedure will be reviewed and is subject to change, should circumstances change.</p>
<p>Who is your Procurement Lead?</p>	<p>Gosia Anthony, Category Lead for FM</p>
<p>Is this business case a purchase of a commercial property?</p>	<p>No</p>
<p>If yes then provide evidence to show that it is not 'primarily for yield'</p>	

Which Members have you engaged with and how have they been consulted <i>(including the Leader, Portfolio Holders and Ward Members)</i>	Cabinet 9 September 2024 Natural Infrastructure & Growth Scrutiny Panel 29 October 2024 Sustainability Advisory Group 23 October 2024
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Confirm you have taken necessary Legal advice, is this proposal State Aid compliant, if yes please explain why.	
Who is your Legal advisor you have consulted with?	Julie Parkin

Equalities Impact Assessment completed <i>(This is a working document which should inform the project throughout its development. The final version will need to be submitted with your Executive Decision)</i>	Yes
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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. £	23/24 £	24/25 £	25/26 £	26/27 £	27/28 £	Future Yrs. £	Total £
Total capital spend								

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

Breakdown of proposed funding	Prev. Yr. £	23/24 £	24/25 £	25/26 £	26/27 £	27/28 £	Future Yrs. £	Total £
Total funding								

S106 or CIL (Provide Planning App or site numbers)	
Which alternative external funding sources been explored	
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	
Tax and VAT implications	
Tax and VAT reviewed by	
Will this project deliver capital receipts? (If so please provide details)	

REVENUE COSTS AND IMPLICATIONS

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

Total Cost of developing the project	£164,000
Revenue cost code for the development costs	5647/8438
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	N
Budget Managers Name	Emma White

Ongoing Revenue Implications for Service Area

	Prev. Yr.	23/24 £	24/25 £	25/26 £	26/27 £	27/28 £	Future Yrs.
Service area revenue cost			£59,000	£85,000	£20,000		
Other (eg: maintenance, utilities, etc)							
Loan repayment (terms agreed with Treasury Management)							
Total Revenue Cost (A)	0	0	£59,000	£85,000	£20,000	0	0

Service area revenue benefits/savings							
Annual revenue income (eg: rents, etc)							
Total Revenue Income (B)		0	0	0	0	0	0
Service area net (benefit) cost (B-A)		0	0	£59,000	£85,000	£20,000	0
Has the revenue cost been budgeted for or would this make a revenue pressure		Revenue costs utilising ring-fenced and secured grant funding.					
Which cost centre would the revenue pressure be shown		5647/8438		Has this been reviewed by the budget manager		Y/N	
Name of budget manager		Emma White					
Loan value	£	Interest Rate	%	Term Years		Annual Repayment	£
Revenue code for annual repayments							
Service area or corporate borrowing							
Revenue implications reviewed by							

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
	00/00/2020	v 1.0		00/00/2020
	00/00/2020	v 2.0		00/00/2020
	00/00/2020	v 3.0		00/00/2020
	00/00/2020	v 4.0		00/00/2020
	00/00/2020	v 5.0		00/00/2020

SECTION 5: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that the **Service Director SP&I:**

- Approves this Business Case
- Authorises the procurement process for a Heat Network Development Partner on basis of a Golden Share model.

[Name, Portfolio]		Service Director	
Either email dated:	<i>date</i>	Either email dated:	<i>date</i>

Or signed:	Signed: 
Date:	Date: 19.12.24

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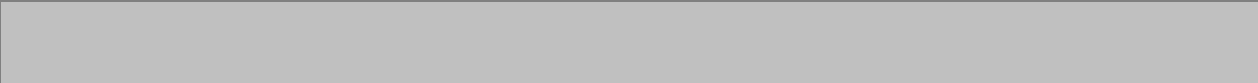
EQUALITY IMPACT ASSESSMENT – HEAT NETWORKS DELIVERY VEHICLE

SECTION ONE: INFORMATION ABOUT THE PROPOSAL

Author(s): The person completing the EIA template.	Jon Selman	Department and service:	Place, SP&I	Date of assessment:	05/12/2024
Lead Officer: Head of Service, Service Director, or Strategic Director.	Jonathan Bell	Signature:	J A Bell	Approval date:	06/12/2024
Overview:	This Business Case relates to launching a procurement for a development partner to enable development of heat network infrastructure to achieve the City’s commitments to carbon reduction and renewable energy.				
Decision required:	<ul style="list-style-type: none"> • Approve the Business Case • Authorise the procurement process for a Heat Network Development Partner on basis of a Golden Share model. 				

SECTION TWO: EQUALITY IMPACT ASSESSMENT SCREENING TOOL

Potential external impacts: Does the proposal have the potential to negatively impact service users, communities or residents with protected characteristics?	Yes		No	X
Potential internal impacts: Does the proposal have the potential to negatively impact Plymouth City Council employees?	Yes		No	X
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 three)	Yes		No	X
If you do not agree that a full equality impact assessment is required, please set out your justification for why not.	Full EIA is not required, as any impacts of this approach would be equally felt throughout communities in the zonal area and this proposal will			



deliver the cheapest form of low carbon energy, with potential to deliver cost savings over the longer term.

SECTION THREE: FULL EQUALITY IMPACT ASSESSMENT

Protected characteristics (Equality Act, 2010)	Evidence and information (e.g. data and consultation feedback)	Adverse impact	Mitigation activities	Timescale and responsible department
Age	<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. • 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>(2021 Census)</p>	N/A		

Protected characteristics (Equality Act, 2010)	Evidence and information (e.g. data and consultation feedback)	Adverse impact	Mitigation activities	Timescale and responsible department
<p>Care experienced individuals</p> <p>(Note that as per the Independent Review of Children’s Social Care recommendations, Plymouth City Council is treating care experience as though it is a protected characteristic).</p>	<p>It is estimated that 26 per cent of the homeless population in the UK have care experience. In Plymouth there are currently 7 per cent of care leavers open to the service (6 per cent aged 18-20 and 12 per cent of those aged 21+) who are in unsuitable accommodation.</p> <p>The Care Review reported that 41 per cent of 19-21 year old care leavers are not in education, employment or training (NEET) compared to 12 per cent of all other young people in the same age group.</p> <p>In Plymouth there are currently 50 per cent of care leavers aged 18-21 Not in Education Training or Employment (54 per cent of all those care leavers aged 18-24 who are open to the service).</p> <p>There are currently 195 care leavers aged 18 to 20 (statutory service) and 58 aged 21 to 24 (extended offer). There are more care leavers aged 21 to 24 who could return for support from services if they wished to.</p>	<p>N/A</p>		

Protected characteristics (Equality Act, 2010)	Evidence and information (e.g. data and consultation feedback)	Adverse impact	Mitigation activities	Timescale and responsible department
Disability	9.4 per cent of residents in Plymouth have their activities limited 'a lot' because of a physical or mental health problem. 12.2 per cent of residents in Plymouth have their activities limited 'a little' because of a physical or mental health problem (2021 Census)	N/A		
Gender reassignment	0.5 per cent of residents in Plymouth have a gender identity that is different from their sex registered at birth. 0.1 per cent of residents identify as a trans man, 0.1 per cent identify as non-binary and, 0.1 per cent identify as a trans women (2021 Census).	N/A		
Marriage and civil partnership	40.1 per cent of residents have never married and never registered a civil partnership. 10 per cent are divorced, 6 percent are widowed, with 2.5 per cent are separated but still married. 0.49 per cent of residents are, or were, married or in a civil partnerships of the same sex. 0.06 per cent of residents are in a civil partnerships with the opposite sex (2021 Census).	N/A		
Pregnancy and maternity	The total fertility rate (TFR) for England was 1.62 children per woman in 2021. The total fertility rate (TFR) for Plymouth in 2021 was 1.5.	N/A		

Protected characteristics (Equality Act, 2010)	Evidence and information (e.g. data and consultation feedback)	Adverse impact	Mitigation activities	Timescale and responsible department
Race	<p>In 2021, 94.9 per cent of Plymouth's population identified their ethnicity as White, 2.3 per cent as Asian and 1.1 per cent as Black (2021 Census)</p> <p>People with a mixed ethnic background comprised 1.8 per cent of the population. 1 per cent of the population use a different term to describe their ethnicity (2021 Census)</p> <p>92.7 per cent of residents speak English as their main language. 2021 Census data shows that after English, Polish, Romanian, Chinese, Portuguese, and Arabic are the most spoken languages in Plymouth (2021 Census).</p>	N/A		
Religion or belief	<p>48.9 per cent of the Plymouth population stated they had no religion. 42.5 per cent of the population identified as Christian (2021 Census).</p> <p>Those who identified as Muslim account for 1.3 per cent of Plymouth's population while Hindu, Buddhist, Jewish or Sikh combined totalled less than 1 per cent (2021 Census).</p>	N/A		
Sex	51 per cent of our population are women and 49 per cent are men (2021 Census).	N/A		

Protected characteristics (Equality Act, 2010)	Evidence and information (e.g. data and consultation feedback)	Adverse impact	Mitigation activities	Timescale and responsible department
Sexual orientation	88.95 per cent of residents aged 16 years and over in Plymouth describe their sexual orientation as straight or heterosexual. 2.06 per cent describe their sexuality as bisexual, 1.97 per cent of people describe their sexual orientation as gay or lesbian. 0.42 per cent of residents describe their sexual orientation using a different term (2021 Census).	N/A		

SECTION FOUR: HUMAN RIGHTS IMPLICATIONS

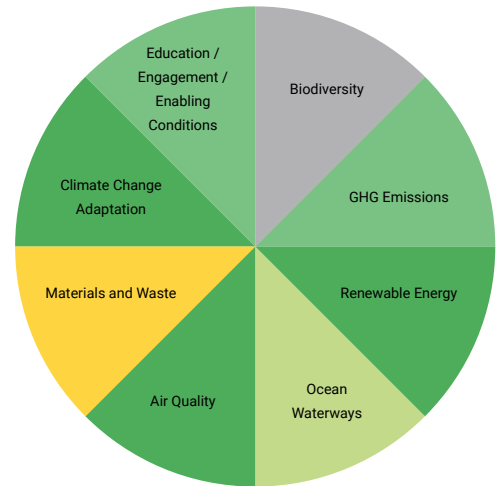
Human Rights	Implications	Mitigation Actions	Timescale and responsible department
	N/A	N/A	

SECTION FIVE: OUR EQUALITY OBJECTIVES

Equality objectives	Implications	Mitigation Actions	Timescale and responsible department
Work together in partnership to: <ul style="list-style-type: none"> ▪ promote equality, diversity and inclusion ▪ facilitate community cohesion ▪ support people with different backgrounds and lived experiences to get on well together 	No obvious implications, however as a safeguard PCC will seek to ensure equalities and diversity policies are fully adopted by the Development Partner as an organisation and through their activities working with customers, supply chains etc and through a community engagement strategy.	Criteria can be built into the procurement of a Development Partner, with a clear approach to community engagement, alongside the national role of the regulator for Heat Networks (Ofgem).	PCC SP&I working with Procurement in the development of the Business Case and subsequent procurement process over 2024/2025 with appointment of preferred bidder anticipated in June 2025.
Give specific consideration to care experienced people to improve their life	Positive impacts- potential to provide training opportunities as part green	Potential for the procurement to include clear criteria to evaluate	PCC SP&I working with Procurement in the

<p>outcomes, including access to training, employment and housing.</p>	<p>skills programme as part of social value outcomes.</p>	<p>social value outcomes including care experienced people.</p>	<p>development of the Business Case and subsequent procurement process over 2024/2025 with appointment of preferred bidder anticipated in June 2025.</p>
<p>Build and develop a diverse workforce that represents the community and citizens it serves.</p>	<p>Positive impacts- potential to provide training opportunities as part green skills programme as part of social value outcomes.</p>	<p>Ensuring our partner has a strong approach and policies on equalities and diversity.</p>	<p>PCC SP&I working with Procurement in the development of the Business Case and subsequent procurement process over 2024/2025 with appointment of preferred bidder anticipated in June 2025.</p>
<p>Support diverse communities to feel confident to report crime and anti-social behaviour, including hate crime and hate incidents, and work with partners to ensure Plymouth is a city where everybody feels safe and welcome.</p>	<p>N/A</p>	<p>N/A</p>	

Plymouth Heat Networks Delivery Vehicle FINAL



Assessment ID: PLY306

Assessment Author: Jon Selman

Assessment Initial Summary:

Procurement of a Development Partner to deliver low carbon heat networks over several zones, defined through national legislation. These heat networks will use waste or renewable heat to displace use of gas boilers and therefore generate carbon savings.

Assessment Final Summary:

The proposal for a strategic heat network will create many long term positive benefits and outcomes, including a significant scale of GHG emission reductions, improvements in air quality, reduction in temperature of urban water being discharged into the sea, an significant increase in deployment of waste and renewable energy, an increase in resilience to climate change, by the provision of cooling solutions and a programme of education, skills, training and jobs associated with the green sectors.

The impact on biodiversity is expected to be neutral or insignificant, and the impacts of construction waste or material use during the construction phase can be minimised through relevant measures.

Biodiversity Score: 3

Biodiversity Score Justification: No known impacts- primarily in streets and footpaths with limited or no biodiversity value.

Biodiversity Score Mitigate: No

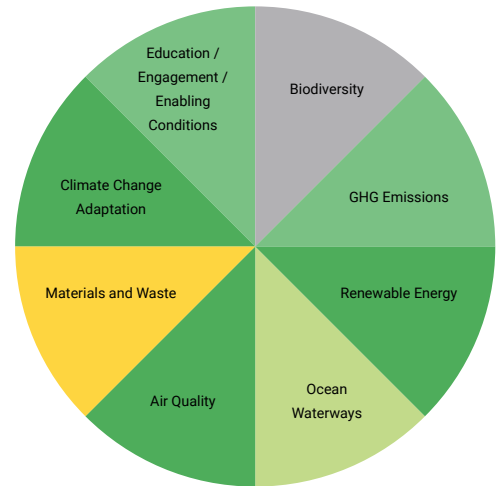
GHG Emissions Score: 5

GHG Emissions Score Justification: This approach is driven by decarbonisation and will make very significant carbon reductions through displacement of fossil fuels. Heating buildings comprises 28% of Plymouths carbon emissions

GHG Emissions Score Mitigate: No

Renewable Energy Score: 5

Plymouth Heat Networks Delivery Vehicle FINAL



Renewable Energy Score Justification: The source of heating for the heat network will come from larger waste heat sources, which are readily available and underutilised, but also through the deployment of heat pumps (water and air) to use for hot water, space heating or cooling.

Renewable Energy Score Mitigate: No

Ocean and Waterways Score: 4

Ocean and Waterways Score Justification: Removing heat from treated effluent arising from the central water treatment work in Cattedown before it is discharged into the sea.

Ocean and Waterways Score Mitigate: No

Air Quality Score: 5

Air Quality Score Justification: The displacement of fossil fuel heat sources, primarily gas, which produces NOX emissions and is a very significant air pollutant, by using waste and renewable sources will significantly improve air quality.

Air Quality Score Mitigate: No

Materials and Waste Score: 2

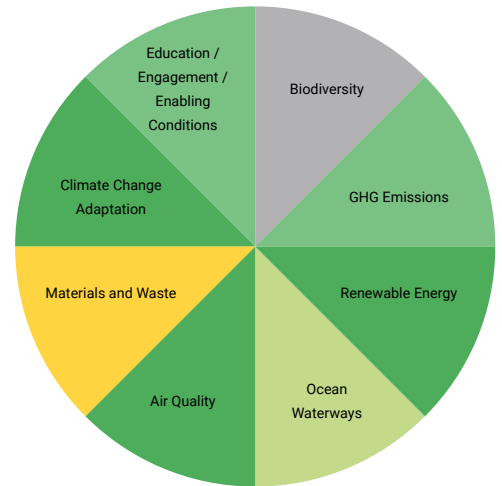
Materials and Waste Score Justification: Construction process will generate some waste and material use.

Materials and Waste Score Mitigate: Yes

Materials and Waste Revised Score: 2

Materials and Waste Revised Score Justification: Requirement for construction waste management and other provisions.

Plymouth Heat Networks Delivery Vehicle FINAL



Climate Change Adaptation Score: 5

Climate Change Adaptation Score Justification: The heat network proposals will create greater resilience to climate change, by providing a cooling solution, as cooling demand increases, and will permanently remove heat from the urban heat island rather than exacerbating this, as traditional air conditioning tends to, by rejecting this heat into an already hot atmosphere.

Climate Change Adaptation Score Mitigate: No

Education / Engagement / Enabling Conditions Score: 5

Education / Engagement / Enabling Conditions Score Justification: This long term project will help building owners to decarbonise rapidly through connecting to the heat network. Social value outputs will create training, skills and jobs and also facilitate wider education. Community engagement will be a key and necessary part of the strategy.

Education / Engagement / Enabling Conditions Score Mitigate: No

Wheel Key

- Long lasting or severe negative impact
- Short term or limited negative impact
- No impact or neutral impact
- Short term or limited positive impact
- Long lasting or extensive positive impact

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EXECUTIVE DECISION

MADE BY A COUNCIL OFFICER



REPORT OF ACTION TAKEN UNDER DELEGATED AUTHORITY BY AN INDIVIDUAL COUNCIL OFFICER

Executive Decision Reference Number – **COD32 24/25**

Decision	
1	Title of decision: Contract Award for Extra Care Housing & Social Inclusion
2	Decision maker: Gary Walbridge (Strategic Director for Adults, Health & Communities)
3	Report author and contact details: Hannah Shaw (Senior Commissioning Officer) hannah.shaw@plymouth.gov.uk tel 01752 307385
4a	<p>Decision to be taken:</p> <p>To award the following 4 contracts for 4 years with two options to extend for 2 years each (4+2+2) following a tender process:</p> <ul style="list-style-type: none"> Lot 1 – PEO/24006 Extra Care Housing North Locality Maximum contract value of £4m for the full 8-year potential contract period Contract to be awarded to: Care Outlook Ltd Lot 2 – PEO/24022 Extra Care Housing East Locality Maximum contract value of £4.6m for the full 8-year potential contract period Contract to be awarded to: Radis Community Care Ltd Lot 3 – PEO/24023 Extra Care Housing South Locality Maximum contract value of £10m for the full 8-year potential contract period Contract to be awarded to: Care Outlook Ltd Lot 4 – PEO/24024 Extra Care Housing West Locality Maximum contract value of £13m for the full 8-year potential contract period Contract to be awarded to: Care Outlook Ltd
4b	<p>Reference number of original executive decision or date of original committee meeting where delegation was made:</p> <p>Cabinet10/07/2023, Minute 23.3 & 23.4 'Options for the future delivery of extra care housing and social inclusion'.</p>
5	<p>Reasons for decision:</p> <p>On 10/07/2024, Cabinet agreed to commence a procurement process for the new contracts in April 2024 for extra care housing service for older people (care element) and social inclusion.</p>

	<p>Cabinet also delegated authority to the Strategic Director to make the contract award decision, and other relevant decisions in relation to this contract where authority to do so is not already delegated to officers. This decision seeks to award the Extra Care contracts following the outcome of a full procurement process.</p> <p>The decision has been made to not award the Social Inclusion contract (details set out below) due to the Council's financial position, that the service is not statutory and that the service is not regularly delivered in other local authority areas.</p> <p style="padding-left: 40px;">Lot 5 – PEO/24007 Social Inclusion</p> <p style="padding-left: 40px;">Maximum contract value of £1.9m for the full 8-year potential contract period (Contract not awarded)</p>			
6	<p>Alternative options considered and rejected:</p> <p>Extend the current contracts: The current contract has been in place for a number of years for both extra care and social inclusion, with no further extension options available. Therefore, a redesign is needed to ensure the services are fit for purpose and equitable across all of the schemes.</p> <p>There has been interest from other providers in relation to the contracts, and therefore an extension of the current contracts would not be equitable across the market and could be open to challenge.</p> <p>Do nothing – let the contracts expire: This provision supports citizens to be able to live independently and engage in social activities. Without sufficient provision in place there is a risk that needs will be unmet and demand will rise for more intensive forms of housing, support and care.</p> <p>The Local Authority has a statutory duty to provide formal care for people where they have been assessed as needing this under the Care Act 2014, and therefore it is not an option to not have the extra care contract in place.</p>			
7	<p>Financial implications and risks:</p> <p>The total financial implication of awarding these contracts is £31.6m which includes potential inflationary uplifts and the addition of 2 new extra care schemes over the contract lifetime.</p> <p>There are no financial risks to the service; the provision is built into the Adult Social Care revenue budget. The total annual contract value is £2.3m (this is variable due to fluctuating commissioned packages). There is financial benefit where people are enabled to reside within extra care as opposed to move into bedded care.</p>			
8	<p>Is the decision a Key Decision? (please contact Democratic Support for further advice)</p>	<p>Yes</p>	<p>No</p>	<p>Per the Constitution, a key decision is one which:</p> <p style="padding-left: 20px;">in the case of capital projects and contract awards, results in a new commitment to spend and/or save in excess of £3million in total</p> <p style="padding-left: 20px;">in the case of revenue projects when the decision involves entering into new commitments and/or making new savings in excess of £1million</p>

			x	is significant in terms of its effect on communities living or working in an area comprising two or more wards in the area of the local authority.
8b	If yes, date of publication of the notice in the Forward Plan of Key Decisions	Cabinet 10/07/2023, Minute 23.3 & 23.4 'Options for the future delivery of extra care housing and social inclusion'.		
9	Please specify how this decision is linked to the Council's corporate plan/Plymouth Plan and/or the policy framework and/or the revenue/capital budget:	<p>This decision relates to the following:</p> <p>Plymouth Plan:</p> <p>Policy HEA3 Supporting adults with health and social care needs. The City will work together to deliver a health and wellbeing system which provides high quality services and care for those who need it.</p> <p>Corporate Plan:</p> <p>Working with the NHS to provide better access to health, care and dentistry;</p> <p>Keeping children, adults and communities safe;</p> <p>Providing quality public services.</p>		
10	Please specify any direct environmental implications of the decision (carbon impact)	No direct impact; this is an extension to existing provision and there is minimal environmental impact due to the nature of the service.		


Urgent decisions

11	Is the decision urgent and to be implemented immediately in the interests of the Council or the public?	Yes		(If yes, please contact Democratic Support for advice)
		No	x	(If no, go to section 13a)
12a	Reason for urgency:			
12b	Scrutiny Chair signature:		Date	
	Scrutiny Committee name:			
	Print Name:			

Consultation

13a	Which Cabinet Member's portfolio does this decision relate to?	Councillor Mary Aspinnall (Cabinet Member for Health and Adult Social Care)		
13b	Date Cabinet Member consulted	03/12/2024		
13c	Are any other Cabinet members' portfolios affected by the decision?	Yes		
		No	x	(If no go to section 14)

13d	Which other Cabinet member's portfolio is affected by the decision?	N/A						
13e	Date other Cabinet member(s) consulted	N/A						
14	Has any Cabinet member declared a conflict of interest in relation to the decision?	Yes		If yes, please discuss with the Monitoring Officer				
		No	x					
15	Which Corporate Management Team member has been consulted?	Name	Gary Walbridge					
		Job title	Strategic Director for Adults, Health & Communities					
		Date consulted	03/12/2024					
Sign-off								
16	Sign off codes from the relevant departments consulted:	Democratic Support (mandatory)	JS82 24/25					
		Finance (mandatory)	HS.24.25.31					
		Legal (mandatory)	LS/00001312/1/AC/18/12/24					
		Human Resources (if applicable)	N/A					
		Corporate property (if applicable)	N/A					
		Procurement (if applicable)	JS/SC/064/CAB/BC/1224					
Appendices								
17	Ref.	Title of appendix						
	A	Contract Award Report Part One ECH						
	B	Equalities Impact Assessment						
	C	Climate Impact Assessment						
Confidential/exempt information								
18a	Do you need to include any confidential/exempt information?	Yes	X	If yes, prepare a second, confidential ('Part II') briefing report and indicate why it is not for publication by virtue of Part I of Schedule 12A of the Local Government Act 1972 by ticking the relevant box in 18b below.				
		No						
		Exemption Paragraph Number						
		1	2	3	4	5	6	7

18b	Confidential/exempt briefing report title: ECH & SI Contract Award Report Part 2			X				
Background Papers								
19	Please list all unpublished, background papers relevant to the decision in the table below. Background papers are <u>unpublished</u> 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. 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.							
Title of background paper(s)		Exemption Paragraph Number						
N/A		1	2	3	4	5	6	7
Council Officer Signature								
20	I agree the decision and confirm that it is not contrary to the Council's policy and budget framework, Corporate Plan or Budget. In taking this decision I have given 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. For further details please see the EIA attached.							
Signature			Date of decision	19/12/2024				
Print Name	Gary Walbridge (Strategic Director for Adults, Health & Communities)							

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CONTRACT AWARD REPORT - PART I

Extra Care Housing Contracts: PEO/24006; PEO/24022; PEO/24023;
PEO/24024

Social Inclusion contract: PEO/24007



1. INTRODUCTION

This contract award report is in relation to the procurement of Extra Care Housing and Social Inclusion Services. The scope of the requirement included the following five contracts:

- Lot 1 – PEO/24006 Extra Care Housing North Locality
- Lot 2 – PEO/24022 Extra Care Housing East Locality
- Lot 3 – PEO/24023 Extra Care Housing South Locality
- Lot 4 – PEO/24024 Extra Care Housing West Locality
- Lot 5 – PEO/24007 Social Inclusion

Contract Duration: 4 years with two options to extend for 2 years (4+2+2).

2. BACKGROUND

The procurement included commissioning two services as described below:

Extra Care Housing (*Split into 4 lots to cover 4 Plymouth localities*); this service for older people supports the following outcomes:

- People are supported to continue to live independently;
- People are supported individually so that they can lead as natural and independent a life as possible behind the privacy of their own door;
- People with complex needs associated with dementia and physical and mental disability receive skilled services that help them maintain and enjoy an active life;
- A more independent lifestyle may be facilitated for some, whereas the provision of a continually supportive environment will be a key factor for others;
- People are supported to achieve their desired level of involvement with their local community and the service will work collaboratively with the Social Inclusion service to this aim;
- People are supported to maintain or gain independent living skills following periods of illness and so prevent hospital admission or readmission;
- People are supported to evaluate and manage their own risk and to establish their preferred priorities;
- People passing through the Pathways flats (where applicable) will receive individualised care and support with the aim of achieving a positive outcome for continued independent living;
- The promotion and facilitation of flexible telecare solutions to achieve a wide range of responses to meeting people's needs;

- The allocation of accommodation and the movement of people into/out of the scheme are efficiently and effectively handled and the service will work in partnership with the housing providers and social inclusion provider(s) to achieve this;
- Good partnership working with the Housing Provider and Social Inclusion Services will be achieved to ensure a fully utilised, safe and well-coordinated environment where people enjoy living.

Social Inclusion; this service is delivered to all extra care schemes and provides a broad range of activities for the residents both living within the schemes and some of the surrounding areas where appropriate, to achieve the following:

- Assist residents to achieve and sustain a good level of social inclusion, to maximise their opportunity to enjoy and achieve in life;
- Establish strong links with the local community to optimise social inclusion opportunities for people living outside of the scheme who would benefit;
- Provide assistance in partnership with the Care and Support provider on an individual basis to enable people to access activities and opportunities that are made available at the scheme;
- Provide initially intensive support to orientate new people to the scheme during their first weeks of settling in;
- Establish, manage and support a group of volunteers from the wider community who will enhance the range of social inclusion opportunities available to people living in the scheme and with those other older people who live in the surrounding community and are engaging with the activities and opportunities that you provide both within the scheme and the wider community;
- Respond flexibly to the particular and individual needs of people living within the Extra Care Scheme, which will vary on each scheme.

3. PROCUREMENT PROCESS

The ITT was issued as part of the procurement process which the Council was undertaking under the Open tendering procedure; in accordance with the Public Contracts Regulations 2015.

The Invitation to Tender (ITT) was advertised on the Find a Tender Service (FTS) via the Supplying the South West Proactis procurement portal on 14 March 2024. As an Open Procedure, the number of suppliers invited to participate in the procurement opportunity was not limited and any interested organisation could express an interest to access the procurement documents and submit a bid.

The Council split its requirement into lots:

1. **Lots One – Four** – Extra Care Housing
2. **Lot Five** – Social Inclusion

The indicative timetable published for the Tender was as follows:

Activity	Date/Target Date
FTS Contract Notice Published	14/03/2024
Contracts Finder Notice Published	14/03/2024
Dispatch of ITT	14/03/2024
Deadline for Tenderer ITT Clarifications	23/04/2024
Deadline for Council Responses to Clarifications	30/04/2024

Return of ITT	Midday 07/05/2024
Notification of successful Tenderer	02/07/2024
Regulation 87 standstill period (10 calendar days)	02/07/2024 – 12/07/2024
Contract Award	15/07/2024
Estimated Service Commencement	01/09/2024 (During procurement this was amended to 06/04/2025)

4. TENDER EVALUATION CRITERIA

The selection criteria used to appoint suppliers to the framework agreement was as follows:

4.1 Supplier Selection Criteria (Suitability Assessment Stage)

The Council proposes to use the following criteria to evaluate SA submissions for Lots 1-4

Section	Title	Type of Question	Weighting (%)
1	Supplier information	Information only	Not evaluated and scored
2	Grounds for Mandatory Exclusion	Pass/fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
3	Mandatory and discretionary grounds relating to the payment of taxes and social security contributions	Pass/fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
4	Grounds for Discretionary Exclusion	Pass/fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
5	Economic and Financial Standing	Pass/Fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
6	Parent Company Details	Pass/Fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated

			and they will be eliminated from the process.
7	Technical & Professional Ability	Pass/Fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
8	Insurances	Pass/Fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
9	Modern Slavery Act	Pass/fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
10 OPTIONAL QUESTIONS			
10.1	Health & Safety	Pass/Fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
10.2	Equality and Diversity	Pass/Fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
10.3	Quality Management	Pass/Fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
10.4	Business Capability	Pass/Fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
10.5	Safeguarding	Pass/Fail	In the event of a supplier being awarded a 'fail', the remainder of their submission will not be evaluated and they will be eliminated from the process.
10.6	Data Protection	Pass/Fail	In the event of a supplier being awarded a 'fail', the remainder of

			their submission will not be evaluated and they will be eliminated from the process.
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In the event of the Supplier being awarded a 'fail' on any of the above criteria, the remainder of their SA will not be evaluated and they will be eliminated from the process.

4.2 Supplier Award Criteria (ITT Stage)

4.2.1 Disqualification Criteria

If any of the following apply then the **tender** should be disqualified:

- Delivery of all elements of the specification not included;
- Schedule 5 and 6 certificates/declarations not completed and/ signed;
- Price above Affordability Criteria;
- Price breakdown (costs) unrealistic and service not sustainable;
- Unacceptable amendments to Terms and Conditions.

4.2.2 Affordability Criteria

Lot 1- 5 contracts will be tendered for up to 8 years (4+2+2). The total maximum contract value for Lot 1 is £4m, Lot 2 is £4.6m, Lot 3 is £10m, Lot 4 is £13m and Lot 5 is £1.9m. For all Lots the total value may change over the course of the contract due to potential inflationary uplifts and scope within the contract lifetime to add up to 2 additional ECH schemes within the City.

4.2.2.1 Total Price

Lots 1-4: Tenders exceeding the maximum hourly rate of £21.07 will be disqualified.

Lot 5: The estimated maximum contract value for the initial 4-year contract period for Lot 5 is £785,000. Tenders exceeding this estimated value will be disqualified from the tender.

For Lot 5, the Tenderer's Total Tender Sum will be evaluated using the scoring system below:

$\left(\frac{\text{Lowest Tenderer's Total Price}}{\text{Tenderer's Tender Total Price}} \right) \times \text{Weighting} = \text{Weighted Score}$
--

4.2.3 Tender evaluation

Tenders will be evaluated using the following scoring framework:

LOTS 1 – 4 Extra Care Housing

Weighting %	Evaluation Criteria
COMMERCIAL RESPONSE	
0%	Price
TECHNICAL RESPONSE – METHOD STATEMENTS	
25%	MS 1 Service Delivery Model Please describe your service delivery model including your vision and ambition for the extra care service.
25%	MS 2 Partnership Working Please tell us why partnership working is key to providing an effective and quality extra care service and how you would go about embedding this.
15%	MS 3 Skills, Knowledge & Experience Please describe your skills, knowledge and experience in working with people who require care which supports the delivery of a quality service.
15%	MS4 Workforce Development Please tell us how you will ensure a skilled, trained and resilient workforce, with a robust management structure.
15%	MS5 Service Improvement & Engagement How will you ensure continuous monitoring and improvement in terms of quality of provision, including listening to the voices of those with lived experience to support service improvement
TECHNICAL RESPONSE – SOCIAL VALUE	
5%	Social Value Schedule 4 SV1 and SV2 The key requirements are described within the SV return document which are specific to each SV measure.

LOT 5 Social Inclusion

Weighting %	Evaluation Criteria
COMMERCIAL RESPONSE	
20%	Price Total cost for initial 4-year contract period
TECHNICAL RESPONSE – METHOD STATEMENTS	
20%	MS 1 Service Model Please describe your service delivery model including your vision and ambition for the social inclusion service.
20%	MS 2 Engagement How will you engage with people who use the service in the design, delivery and continuous improvement of the service.
15%	MS 3 Skills, Knowledge & Experience Please describe your skills, knowledge and experience in working with people and providing a quality social inclusion service.
10%	MS 4 Partnership Working Please tell us why partnership working is key to providing an effective and quality social inclusion service and how you would go about embedding this.
10%	MS5 Workforce Please tell us how you will ensure a sufficient and successful staff team to deliver the social inclusion service.

TECHNICAL RESPONSE – SOCIAL VALUE	
5%	Social Value Schedule 4 SV1 and SV2 The key requirements are described within the SV return document which are specific to each SV measure.

Your Method Statement responses will be evaluated using the scoring system as follows:

Scoring Table 1

Response	Score	Definition
Excellent	5	Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement/outcomes and provides details of how the requirement/outcomes will be met in full.
Very good	4	Response is particularly relevant. The response is precisely detailed to demonstrate a very good understanding of the requirements and provides details on how these will be fulfilled.
Good	3	Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements/outcomes will be fulfilled.
Satisfactory	2	Response is relevant and acceptable. The response addresses a broad understanding of the requirements/outcomes but lacks details on how the requirement/outcomes will be fulfilled in certain areas.
Poor	1	Response is partially relevant and/or poor. The response addresses some elements of the requirements/outcomes but contains insufficient/limited detail and explanation to demonstrate how the requirements/outcomes will be fulfilled.
Unacceptable	0	No or inadequate response. Fails to demonstrate an ability to meet the requirement/deliver the required outcomes.

Tenderers must achieve a score of 2 or more for each scored item. Any scored criteria item receiving less than 2 will result in the Tender being rejected and Tenderer being disqualified from the process.

4.3 Evaluation of self-certified sections on Contract Award

Self-certified sections (including insurances and polices/procedures) will be evaluated for the successful bidder only at contract award.

These documents will be evaluated against current legislative requirements and the minimum criteria detailed in Annex A of the SA Scoring will be as follows:

Definition	Criteria	Consequence
Award	Documents fully comply with criteria detailed in SA Annex A.	Contract awarded to successful tenderer
Award subject to	Documents mostly fully comply with criteria detailed in SA Annex A and only minor amendments are required to bring them to full compliance.	Contract awarded to successful tenderer subject to them updating documents to a satisfactory standard before contract commencement

Fail	Documents do not or only partially comply with criteria detailed in SA Annex A and major amendments are required to bring them to full compliance.	Successful bidder will be disqualified from the process. Consideration will be given to approaching the next placed bidder.
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5. SUMMARY OF EVALUATION

Following advertisement of the Procurement opportunity as set out in Section 3 above, 49 submissions were received by the deadline of 12:00 on 07/05/2024 across all 5 Lots, 11 of which were incomplete and disqualified from the process. 38 tenders proceeded to Part 1: Suitability Assessment.

Part 1: Suitability Assessment (SA)

The 38 complete Tenders were assessed using the Suitability Assessment evaluation criteria and methodology set out in Section 4 above. 16 of these tenders were disqualified at the Suitability Assessment stage.

Part 2: Contract Award

The 22 Tenders which passed the Suitability Assessment were then assessed using the Contract Award evaluation criteria and methodology set out in Section 4 above.

The highest scoring Tender for each Lot will be awarded the contract as set out in the Recommendations below.

Details of the tendering organisations and their scores are provided in “ECH & SI Contract Award Report Part 2”.

6. FINANCIAL IMPLICATIONS

Financial provision has been made for the extra care contracts within the Adult Social Care revenue budget.

The duration of the Extra Care contracts awarded will be 4 years, and the Council will then have an option to offer an extension for a further 2 extensions of 2 years each.

The Council has undertaken this procurement to ensure that the services commissioned are of good quality and offer value for money in the use of public funds.

7. RECOMMENDATIONS


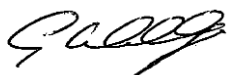
It is recommended that the following contracts will be awarded to Suppliers listed below for each Lot on Service Agreement Terms & Conditions:

- Lot 1 – PEO/24006 Extra Care Housing North Locality contract to be awarded to Care Outlook Ltd.
- Lot 2 – PEO/24022 Extra Care Housing East Locality contract to be awarded to Radis Community Care.
- Lot 3 – PEO/24023 Extra Care Housing South Locality contract to be awarded to Care Outlook Ltd.
- Lot 4 – PEO/24024 Extra Care Housing West Locality contract to be awarded to Care Outlook Ltd.
- Lot 5 – PEO/24007 Social Inclusion contract – not awarded

This award will be provisional and subject to the receipt from the highest scoring supplier of the satisfactory self-certification documents detailed in the suitability assessment questionnaire. These awards are also subject to completion of a Regulation 87 standstill period (10 calendar days).

8. APPROVAL

Authorisation of Contract Award Report

Author (Responsible Officer / Project Lead)			
Name:	Hannah Shaw		
Job Title:	Senior Commissioning Officer		
Additional Comments (Optional):			
Signature:		Date:	25/11/2024
Head of Service / Service Director [Signature provides authorisation to this award report and award of Contract]			
Name:	Gary Walbridge		
Job Title:	Strategic Director for Adults, Health & Communities		
Additional Comments (Optional):			
Signature:		Date:	19/12/2024

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The following relates to exempt or confidential matters (Para(s) 3 of Part 1, Schedule 12A of the Local Govt Act 1972). Any breach of confidentiality could prejudice the Council/person/body concerned & might amount to a breach of the councillors /employees codes of conduct.

Document is Restricted

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EQUALITY IMPACT ASSESSMENT – EXTRA CARE HOUSING

SECTION ONE: INFORMATION ABOUT THE PROPOSAL

Author(s): The person completing the EIA template.	Hannah Shaw	Department and service:	Strategic Commissioning, Adults, Health & Communities	Date of assessment:	December 2024
Lead Officer: Head of Service, Service Director, or Strategic Director.	Emma Crowther	Signature:		Approval date:	18 December 2024
Overview:	<p>Plymouth City Council is proposing to award new contracts for Extra Care Housing Care provision to commence April 2025 following a procurement exercise undertaken in 2024.</p> <p>The extra care service currently provides commissioned care across 7 extra care schemes for older people in the City.</p> <p>Eligibility criteria for the service is defined as:</p> <p><u>Adults</u></p> <p>An individual whose needs meet The Care and Support (Eligibility Criteria) Regulations 2014, as set out in the Care Act 2014, in order to receive the Services, namely if:</p> <ul style="list-style-type: none"> The adult's needs arise from or are related to a physical or mental impairment or illness; As a result of the adult's needs the adult is unable to achieve two or more of the outcomes specified in paragraph 2 of the Regulations; and As a consequence there is, or is likely to be, a significant impact on the adult's well-being. <p>Any services received following a care or support Assessment and recommendation from an appropriately qualified health and social care professional will be free of charge to the Service User, where the solution recommended provides a preventative benefit or meets Care Act 2014 Eligibility Criteria and it achieves Best Value for Commissioners.</p>				
Decision required:	<p>To award the following 4 contracts for 4 years with two options to extend for 2 years each (4+2+2) following a tender process:</p> <ul style="list-style-type: none"> • Lot 1 – PEO/24006 Extra Care Housing North Locality Maximum contract value of £4m for the full 8-year potential contract period Contract to be awarded to: Care Outlook Ltd 				

	<ul style="list-style-type: none"> • Lot 2 – PEO/24022 Extra Care Housing East Locality Maximum contract value of £4.6m for the full 8-year potential contract period Contract to be awarded to: Radis Community Care Ltd · • Lot 3 – PEO/24023 Extra Care Housing South Locality Maximum contract value of £10m for the full 8-year potential contract period Contract to be awarded to: Care Outlook Ltd · • Lot 4 – PEO/24024 Extra Care Housing West Locality Maximum contract value of £13m for the full 8-year potential contract period Contract to be awarded to: Care Outlook Ltd
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SECTION TWO: EQUALITY IMPACT ASSESSMENT SCREENING TOOL

Potential external impacts: Does the proposal have the potential to negatively impact service users, communities or residents with protected characteristics?	Yes		No	x
Potential internal impacts: Does the proposal have the potential to negatively impact Plymouth City Council employees?	Yes		No	x
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 three)	Yes		No	x
If you do not agree that a full equality impact assessment is required, please set out your justification for why not.				

SECTION THREE: FULL EQUALITY IMPACT ASSESSMENT

Protected characteristics (Equality Act, 2010)	Evidence and information (e.g. data and consultation feedback)	Adverse impact	Mitigation activities	Timescale and responsible department

<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. • 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>(2021 Census)</p>	<p>No adverse impact.</p> <p>As part of PCC tender/commissioning process providers are asked to demonstrate their understanding of Equality & Diversity and demonstrate policies, procedures, process are in place.</p>	<p>None.</p>	<p>N/A</p>
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<p>Care experienced individuals (Note that as per the Independent Review of Children’s Social Care recommendations, Plymouth City Council is treating care experience as though it is a protected characteristic).</p>	<p>It is estimated that 26 per cent of the homeless population in the UK have care experience. In Plymouth there are currently 7 per cent of care leavers open to the service (6 per cent aged 18-20 and 12 per cent of those aged 21+) who are in unsuitable accommodation.</p> <p>The Care Review reported that 41 per cent of 19-21 year old care leavers are not in education, employment or training (NEET) compared to 12 per cent of all other young people in the same age group.</p> <p>In Plymouth there are currently 50 per cent of care leavers aged 18-21 Not in Education Training or Employment (54 per cent of all those care leavers aged 18-24 who are open to the service).</p> <p>There are currently 195 care leavers aged 18 to 20 (statutory service) and 58 aged 21 to 24 (extended offer). There are more care leavers aged 21 to 24 who could return for support from services if they wished to.</p>	<p>No adverse impact. Extra care housing is eligible for adults aged 55+.</p>		
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<p>Disability</p>	<p>9.4 per cent of residents in Plymouth have their activities limited ‘a lot’ because of a physical or mental health problem. 12.2 per cent of residents in Plymouth have their activities limited ‘a little’ because of a physical or mental health problem (2021 Census)</p> <p>Extra Care Housing supports service users, some of whom have a disability, including some people with quite complex needs who can live independently in extra care housing but with additional on-site support.</p>	<p>Impact is based on whether a need has been identified.</p> <p>As part of PCC tender/commissioning process providers are asked to demonstrate their understanding of Equality & Diversity and demonstrate policies, procedures, process are in place.</p>	<p>Ensure appropriate supervision and training of the suitably qualified person undertaking the needs assessment.</p> <p>The data from the 2021 Census will be used to inform the changes in the Plymouth population over the past 10 years and predict the population over the contract period.</p>	<p>Ongoing</p>
<p>Gender reassignment</p>	<p>0.5 per cent of residents in Plymouth have a gender identity that is different from their sex registered at birth. 0.1 per cent of residents identify as a trans man, 0.1 per cent identify as non-binary and, 0.1 per cent identify as a trans women (2021 Census).</p>	<p>Impact is based on whether a need has been identified.</p> <p>As part of PCC tender/commissioning process providers are asked to demonstrate their understanding of Equality & Diversity and demonstrate policies, procedures, process are in place.</p>	<p>Ensure appropriate supervision and training of the suitably qualified person undertaking the needs assessment.</p> <p>The data from the 2021 Census will be used to inform the changes in the Plymouth population over the past 10 years and predict the population over the contract period.</p>	<p>Ongoing</p>

Marriage and civil partnership	<p>40.1 per cent of residents have never married and never registered a civil partnership. 10 per cent are divorced, 6 percent are widowed, with 2.5 per cent are separated but still married.</p> <p>0.49 per cent of residents are, or were, married or in a civil partnerships of the same sex. 0.06 per cent of residents are in a civil partnerships with the opposite sex (2021 Census).</p>	<p>Impact is based on whether a need has been identified.</p> <p>As part of PCC tender/commissioning process providers are asked to demonstrate their understanding of Equality & Diversity and demonstrate policies, procedures, process are in place.</p>	<p>Ensure appropriate supervision and training of the suitably qualified person undertaking the needs assessment.</p> <p>The data from the 2021 Census will be used to inform the changes in the Plymouth population over the past 10 years and predict the population over the contract period.</p>	Ongoing
Pregnancy and maternity	<p>The total fertility rate (TFR) for England was 1.62 children per woman in 2021. The total fertility rate (TFR) for Plymouth in 2021 was 1.5.</p>	<p>Impact is based on whether a need has been identified.</p> <p>As part of PCC tender/commissioning process providers are asked to demonstrate their understanding of Equality & Diversity and demonstrate policies, procedures, process are in place.</p>	<p>Ensure appropriate supervision and training of the suitably qualified person undertaking the needs assessment.</p> <p>The data from the 2021 Census will be used to inform the changes in the Plymouth population over the past 10 years and predict the population over the contract period.</p>	Ongoing

<p>Race</p>	<p>In 2021, 94.9 per cent of Plymouth’s population identified their ethnicity as White, 2.3 per cent as Asian and 1.1 per cent as Black (2021 Census)</p> <p>People with a mixed ethnic background comprised 1.8 per cent of the population. 1 per cent of the population use a different term to describe their ethnicity (2021 Census)</p> <p>92.7 per cent of residents speak English as their main language. 2021 Census data shows that after English, Polish, Romanian, Chinese, Portuguese, and Arabic are the most spoken languages in Plymouth (2021 Census).</p>	<p>Impact is based on whether a need has been identified.</p> <p>As part of PCC tender/commissioning process providers are asked to demonstrate their understanding of Equality & Diversity and demonstrate policies, procedures, process are in place.</p>	<p>Ensure appropriate supervision and training of the suitably qualified person undertaking the needs assessment.</p> <p>The data from the 2021 Census will be used to inform the changes in the Plymouth population over the past 10 years and predict the population over the contract period.</p>	<p>Ongoing</p>
<p>Religion or belief</p>	<p>48.9 per cent of the Plymouth population stated they had no religion. 42.5 per cent of the population identified as Christian (2021 Census).</p> <p>Those who identified as Muslim account for 1.3 per cent of Plymouth’s population while Hindu, Buddhist, Jewish or Sikh combined totalled less than 1 per cent (2021 Census).</p>	<p>Impact is based on whether a need has been identified.</p> <p>As part of PCC tender/commissioning process providers are asked to demonstrate their understanding of Equality & Diversity and demonstrate policies, procedures, process are in place.</p>	<p>Ensure appropriate supervision and training of the suitably qualified person undertaking the needs assessment.</p> <p>The data from the 2021 Census will be used to inform the changes in the Plymouth population over the past 10 years and predict the population over the contract period.</p>	<p>Ongoing</p>

<p>Sex</p>	<p>51 per cent of our population are women and 49 per cent are men (2021 Census).</p>	<p>Impact is based on whether a need has been identified. As part of PCC tender/commissioning process providers are asked to demonstrate their understanding of Equality & Diversity and demonstrate policies, procedures, process are in place.</p>	<p>Ensure appropriate supervision and training of the suitably qualified person undertaking the needs assessment. The data from the 2021 Census will be used to inform the changes in the Plymouth population over the past 10 years and predict the population over the contract period.</p>	<p>Ongoing</p>
<p>Sexual orientation</p>	<p>88.95 per cent of residents aged 16 years and over in Plymouth describe their sexual orientation as straight or heterosexual. 2.06 per cent describe their sexuality as bisexual, 1.97 per cent of people describe their sexual orientation as gay or lesbian. 0.42 per cent of residents describe their sexual orientation using a different term (2021 Census).</p>	<p>Impact is based on whether a need has been identified. As part of PCC tender/commissioning process providers are asked to demonstrate their understanding of Equality & Diversity and demonstrate policies, procedures, process are in place.</p>	<p>Ensure appropriate supervision and training of the suitably qualified person undertaking the needs assessment. The data from the 2021 Census will be used to inform the changes in the Plymouth population over the past 10 years and predict the population over the contract period.</p>	<p>Ongoing</p>

SECTION FOUR: HUMAN RIGHTS IMPLICATIONS

Human Rights	Implications	Mitigation Actions	Timescale and responsible department
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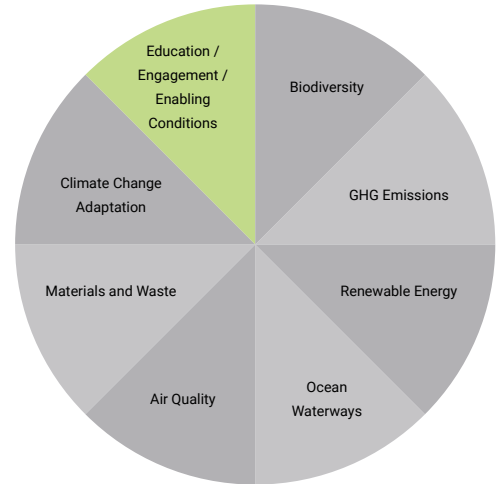
	N/A		
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SECTION FIVE: OUR EQUALITY OBJECTIVES

Equality objectives	Implications	Mitigation Actions	Timescale and responsible department
<p>Work together in partnership to:</p> <ul style="list-style-type: none"> ▪ promote equality, diversity and inclusion ▪ facilitate community cohesion ▪ support people with different backgrounds and lived experiences to get on well together 	N/A		
<p>Give specific consideration to care experienced people to improve their life outcomes, including access to training, employment and housing.</p>	N/A		
<p>Build and develop a diverse workforce that represents the community and citizens it serves.</p>	N/A		
<p>Support diverse communities to feel confident to report crime and anti-social behaviour, including hate crime and hate incidents, and work with partners to ensure Plymouth is a city where everybody feels safe and welcome.</p>	N/A		

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Extra Care Housing & Social Inclusion FINAL



Assessment ID: EXT874

Assessment Author: Hannah Shaw

Assessment Initial Summary:

Extra Care Housing and Social Inclusion is undertaken across 7 extra care schemes for older people within Plymouth. There is currently a procurement underway to award new contracts for these services.

Assessment Final Summary:

As this is the reprocurement of existing services/contracts within the city, there is no impact in most areas of the tool. There is the potential for limited positive impacts through the contract lifetime from encouraging providers to consider and implement climate friendly ways of working into the schemes.

Biodiversity Score: 3

Biodiversity Score Justification: This project is for an existing service of care provision and social inclusion opportunities within purpose built buildings in the city and therefore there is no impact on biodiversity.

Biodiversity Score Mitigate: No

GHG Emissions Score: 3

GHG Emissions Score Justification: This project is for an existing service of care provision and social inclusion opportunities within purpose built buildings in the city and therefore there is no impact on GHG emissions.

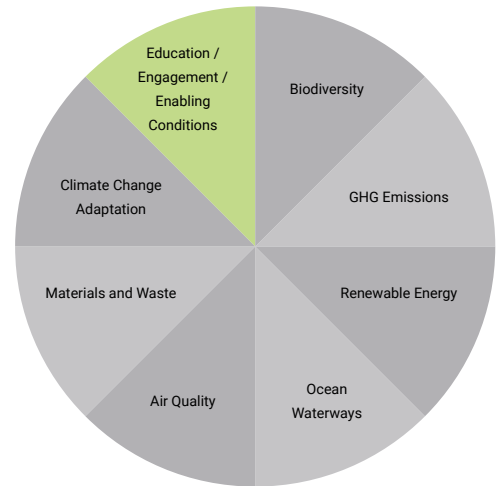
GHG Emissions Score Mitigate: No

Renewable Energy Score: 3

Renewable Energy Score Justification: This project is for an existing service of care provision and social inclusion opportunities within purpose built buildings in the city and therefore there is no impact on renewable energy.

Renewable Energy Score Mitigate: No

Extra Care Housing & Social Inclusion FINAL



Ocean and Waterways Score: 3

Ocean and Waterways Score Justification: This project is for an existing service of care provision and social inclusion opportunities within purpose built buildings in the city and therefore there is no impact on oceans and waterways.

Ocean and Waterways Score Mitigate: No

Air Quality Score: 3

Air Quality Score Justification: This project is for an existing service of care provision and social inclusion opportunities within purpose built buildings in the city and therefore there is no impact on air quality.

Air Quality Score Mitigate: No

Materials and Waste Score: 3

Materials and Waste Score Justification: This project is for an existing service of care provision and social inclusion opportunities within purpose built buildings in the city and therefore there is no impact on materials and waste.

Materials and Waste Score Mitigate: No

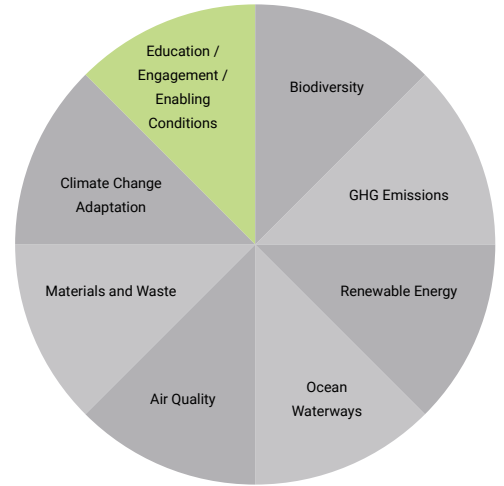
Climate Change Adaptation Score: 3

Climate Change Adaptation Score Justification: This project is for an existing service of care provision and social inclusion opportunities within purpose built buildings in the city and therefore there is no impact on climate change adaptation.

Climate Change Adaptation Score Mitigate: No

Education / Engagement / Enabling Conditions Score: 4

Extra Care Housing & Social Inclusion FINAL



Education / Engagement / Enabling Conditions Score Justification: This project is for an existing service of care provision and social inclusion opportunities within purpose built buildings in the city. Within the contract, we aim to encourage providers to consider climate friendly behaviours.

Education / Engagement / Enabling Conditions Score Mitigate: No

Wheel Key

- Long lasting or severe negative impact
- Short term or limited negative impact
- No impact or neutral impact
- Short term or limited positive impact
- Long lasting or extensive positive impact

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