

# CAPITAL INVESTMENT BUSINESS CASE

2021\_22 Tree Planting programme



## EXECUTIVE SUMMARY

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

- Total project value of £0.131m over 4 years to meet manifesto commitment 8 to plant 2021 new trees by March 2022
- Project cost underwritten by £0.122m corporate borrowing with external funding bids currently being submitted to Urban Tree Challenge Fund to reduce the corporate borrowing commitment by 50% if successful (outcome known September 2021).
- The funding required covers the cost of materials, additional labour for planting and establishment (0.8 FTE) as well as additional project management capacity (0.5 FTE).

Key outcomes and benefits of the proposal are:

- Additional 714 trees planted in priority locations across the city to meet CEAP, CCRP and Plan for Trees objectives
- £4.6 million p.a. in benefits to the city through carbon sequestration, pollution removal and avoided run-off (flood risk alleviation) of existing tree stock.
- Higher quality natural infrastructure for the more deprived (Canopy cover and socio-economic) of the city, levelling up access to high quality green space and the associated benefits.

Key risks are:

- External funding applications unsuccessful – pressure on corporate budgets
- Lack of community support for proposed schemes
- Covid-19 (or other unforeseen event) delaying project delivery

## SECTION I: PROJECT DETAIL

<b>Project Value</b> (indicate capital or revenue)	£131,300	<b>Contingency</b> (show as £ and % of project value)	<b>£6,874 @ 5%</b>
<b>Programme</b>	Natural Infrastructure	<b>Directorate</b>	Place
<b>Portfolio Holder</b>	Patrick Nicholson	<b>Service Director</b>	Paul Barnard (Strategic Planning & Infrastructure)
<b>Senior Responsible Officer (client)</b>	Kat Deeney	<b>Project Manager</b>	Chris Avent

<b>Address and Post Code</b>	City wide	<b>Ward</b>	Citywide
<b>Current Situation:</b> <i>(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)</i>			
<p><b>Continued enhanced tree planting programme is required for a number of reasons:</b></p> <ol style="list-style-type: none"> <li>1. Climate Emergency Action Plan (CEAP) – tree planting plays a significant role in addressing the Climate Emergency through retaining and enhancing existing carbon sequestration capacity and mitigating for the impact of climate change. Tree planting and the funding associated with achieving this is specifically referenced under objectives 1.63 and 1.72 of the Plymouth CEAP.</li> <li>2. Corporate Carbon Reduction Plan (CCRP) – Objective 2.2.4 sets out to “... to managing the city’s green infrastructure which reduce the need for machinery and increase carbon capture.” We know that the city’s current tree stock provide £1.1m of carbon sequestration per year and so maintaining and enhancing this at scale can play a key role in achieving this objective.</li> <li>3. Additional tree stock to maintain, enhance and provide equity of tree canopy across the city in line with Plan for Trees objectives</li> <li>4. Replacement tree stock to act as mitigation for Ash Dieback which threatens over 60,000 trees across the city. As above the value of the city’s tree stock and with ash representing</li> <li>5. Retain the value of the urban forest to the city which is currently valued at £4.6m per year to the city (Treeconomics 2020, Plymouth i-Tree Survey report)</li> </ol> <p><b>To date the Plan for Trees Investment Programme has secured £1.235m capital funds of which:</b></p> <ul style="list-style-type: none"> <li>• £425k external funding from Urban Tree Challenge Fund (Round 2)</li> <li>• £500k corporate borrowing (to deliver ADB H&amp;S requirements – committed to this work)</li> <li>• £300k service borrowing (to deliver ADB H&amp;S requirements – committed to this work)</li> <li>• £10k LCG</li> </ul> <p><b>Current 2021/22 planting programme</b></p> <ul style="list-style-type: none"> <li>• 1307 trees currently programmed for planting in 2021/22 planting season – 307 standards &amp; 1000 whips across 36 schemes.</li> <li>• Planting &amp; establishment cost over 4 years of £274k, funded through UTCF (Round 2), LCG and other external funding secured.</li> <li>• This funds one project manager in SPI and covers labour costs of SSW for planting and establishment over 4 years.</li> </ul>			
<b>Proposal:</b> <i>(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?)</i>			
<p>The proposal is to extend the planting programme to achieve a planting target of 2021 new trees in line with the Conservative party manifesto commitment 8.</p> <p>This means the planting of an additional 714 trees, which is proposed to be achieved through the planting of:</p> <ul style="list-style-type: none"> <li>• 114 standards and</li> <li>• 600 whips across 20 schemes.</li> </ul> <p>The planting and establishment cost of this proposal is £131k and will be funded initially through Corporate Borrowing whilst a funding bid to UTCF – Round 3 to cover 50% of this cost is submitted which, if fully successful, is forecast to replace £65k of this corporate borrowing commitment and cover 50% of the costs for planting and establishment of these trees. The schemes will be focussed on green spaces in neighbourhoods with lower than average canopy cover and lower than average deprivation indices as used by the Forestry Commission. This meets</p>			

the objectives of the Plan for Trees as outlined above and the need of the city to enhance its natural infrastructure and support sustainable growth of the city.  
The funding required covers the cost of materials, additional labour for planting and establishment (0.8 FTE) as well as additional project management capacity (0.4 FTE).

If we do not proceed with this scheme the manifesto commitment will not be met and residents will not benefit from the known outcomes of the proposed schemes.

**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).*

This is the option that delivers the required 2021 trees in line with Manifesto commitment 8 and if successful the UTCF bid will allow 50% of this corporate borrowing cost to repaid.

In addition this option is preferred as it will deliver multiple outcomes including:

- CEAP – delivery against objective 1.63 & 1.722 in CEAP
- CCRP – delivers against objective 2.2.4 to manage the city's green estate to increase carbon capture
- Additional tree stock to maintain, enhance and provide equity of tree canopy across the city in line with Plan for Trees objectives
- Replacement tree stock to act as mitigation for Ash Dieback which threatens over 60,000 trees across the city
- Retain and enhance the value of the urban forest to the city which is currently valued at £4.6m per year to the city (Treeconomics 2020, Plymouth i-Tree Survey report)

This option allows the identified benefits to be delivered whilst minimising the risk to be wholly reliant on external funding approval and timelines which limit the extent and timelines for delivery.

**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).*

<b>Do Nothing Option</b>	Deliver current planned planting programme of 1314 trees as outlined above
<b>List Benefits:</b>	Partial delivery of outcomes listed above No pressure on corporate borrowing budget
<b>List Risk / Issues:</b>	Non-delivery of manifesto commitment 8
<b>Cost:</b>	£0
<b>Why did you discount this option</b>	Political requirement to deliver manifesto commitment
<b>Do Minimum Option</b>	Only invest in additional schemes funded by LCG – currently 19 additional trees
<b>List Benefits:</b>	No pressure on corporate borrowing budget Partial delivery of outcomes listed above
<b>List Risk / Issues:</b>	Non-delivery of manifesto commitment 8
<b>Cost:</b>	£9k funded through LCG
<b>Why did you discount this option</b>	Political requirement to deliver manifesto commitment
<b>Viable Alternative Option</b>	Deliver enhanced planting programme solely through corporate borrowing with no external funding application to UTCF

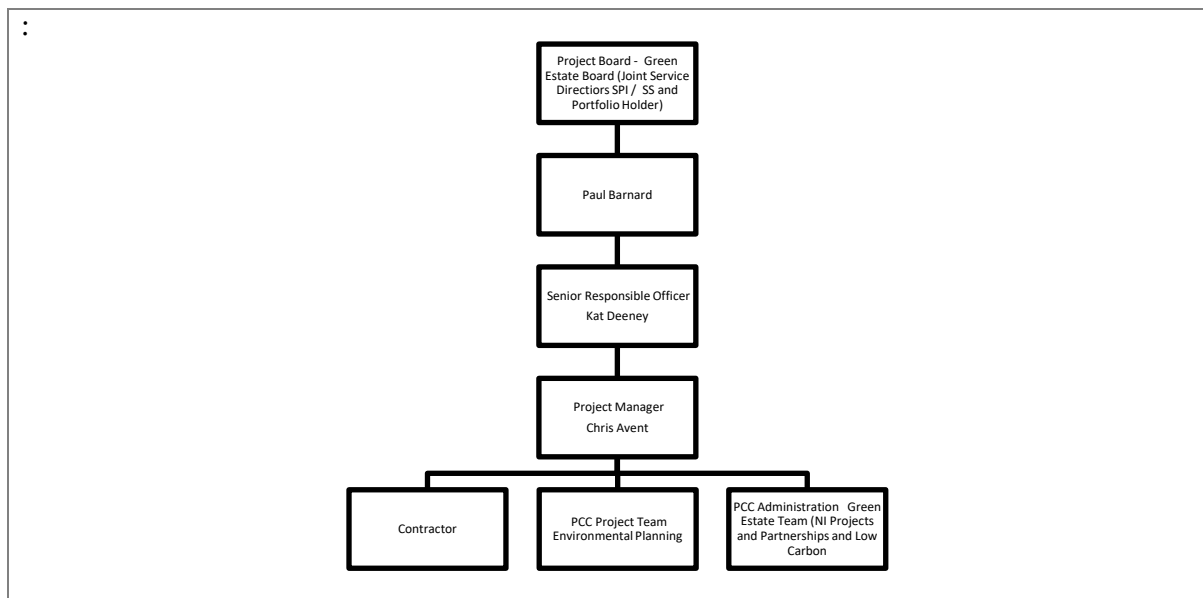
<b>List Benefits:</b>	No revenue resource pressure on service to work up bid Full delivery of outcomes listed above Meets manifesto commitment 8
<b>List Risk / Issues:</b>	Corporate borrowing budget pressure for repayments
<b>Cost:</b>	£131k
<b>Why did you discount this option</b>	Financial implications too great

<b>Strategic Case:</b>	
<b>Which Corporate Plan priorities does this project deliver?</b>	a green sustainable city that cares about the environment
	a clean and tidy city
	reduced health inequalities
<b>Explain how the project delivers or supports delivery of Joint Local Plan/Plymouth Plan Policies (include policy references)</b>	<u>Joint Local Plan</u> <ul style="list-style-type: none"> <li>DEV026 Protecting and enhancing biodiversity and geological conservation,</li> <li>DEV027 Green and play spaces</li> <li>DEV028 Trees, woodlands and hedgerows</li> </ul>
	<u>Plymouth Plan</u> <ul style="list-style-type: none"> <li>SO1 – Delivering a healthy city</li> <li>HEA7 - Optimising the health and wellbeing benefits of the natural environment</li> <li>INT6 - Enhancing Plymouth's 'green city' credentials</li> </ul>

**Project Scope:** *(To avoid scope creep and cost escalation it is important to have an agreed scope of what the project will and will not deliver. List below what is included and not included in the project 'budget'. Projects should be delivered within scope and budget, but should project change happen then the business case requires revisiting, updating and re-approval)*

<b>In Scope</b>	<b>Out of Scope</b>
Costs for planting and establishing 714 trees across 20 schemes to include labour, materials and project management costs	Plymouth and South Devon Community Forest planting schemes Development mitigation tree planting schemes

**Project Governance :** *How the project delivery is structured (amend example chart as appropriate)*  
*High Risk Projects will require a Project Board Chaired by Portfolio Holder*  
*Low Risk Projects will require a structured Project Team reporting to Portfolio Holder*

**Milestones and Date:**

Contract Award Date	Start On Site Date	Completion Date
August 2021	November 2021	March 2022

<b>Who are the key customers and Stakeholders</b>	Council Staff & Members City residents Businesses Young people	<b>Which Partners are you working with</b>	Internal partners – SSW, Low Carbon, External – National Trust, PCH, Woodland Trust, Plymouth Tree Partnership, Plymouth Open Space Network
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**SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS**

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

<b>Potential Risks Identified</b>		<b>Likelihood</b>	<b>Impact</b>	<b>Overall Rating</b>
<b>Risk</b>	External funding applications unsuccessful – pressure on corporate and service budgets make programme undeliverable	Medium	High	High
<b>Mitigation</b>	Early conversations with Finance Director/ S151 Officer & Service Directors to understand corporate risk and where this sits	Low	High	Medium
<b>Calculated risk value in £ (Extent of financial risk)</b>	£131k	<b>Risk Owner</b>	Chris Avent	
<b>Risk</b>	Lack of community support for proposed schemes	Medium	Low	Medium
<b>Mitigation</b>	All schemes have been proposed by wide stakeholder group and Members and communities will be consulted prior to approval of individual schemes	Low	Low	Low

<b>Calculated risk value in £ (Extent of financial risk)</b>	£20k	<b>Risk Owner</b>	Chris Avent		
<b>Risk</b>	Covid-19 (or other unforeseen event) delaying project delivery		Medium	Medium	Medium
<b>Mitigation</b>	Covid-19 RA in place to manage risks		Low	Medium	Medium
<b>Calculated risk value in £ (Extent of financial risk)</b>	£100k	<b>Risk Owner</b>	Chris Avent		

### 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:

- £4.6 million p.a. in benefits to the city through carbon sequestration, pollution removal and avoided run-off (flood risk alleviation) of existing tree stock.

#### Non-financial outcomes and benefits:

- Higher quality natural infrastructure for the more deprived (Canopy cover and socio-economic) of the city, levelling up access to high quality green space and the associated benefits.

## SECTION 3: CONSULTATION

<b>Does this business case need to go to CMT</b>	Yes	<b>Date business case approved by CMT (if required)</b>	
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<b>Have you engaged with Planning Department.</b> (If no, please state the reason)	<b>No</b>
<b>If yes, summarise the planning requirements.</b> (If PP is required ensure you engage with planning prior to seeking approval of this Business Case)	None required
<b>Is the budget cost reflective of planning requirements</b>	NA
<b>Who is the Planning Officer you consulted with.</b>	NA
<b>Planning Consent Date</b>	NA

<b>Have you engaged with Building Control.</b> (If no, please state the reason)	<b>No</b>
<b>Is the Building Control pre-application registered</b>	No
<b>What is the pre-application number</b>	NA
<b>Is this classed as a HRRB building</b>	No

<b>Is this building classed as 'high risk'</b>	No
<b>Who is the Building Control Case Officer</b>	Choose an item.

#### Low Carbon

<b>What is the anticipated impact of the proposal on carbon emissions</b>	Planting additional 1214 trees would ensure we retain and enhance the existing tree stock which currently removes 4,291 tonnes of carbon from the atmosphere per year
<b>How does it contribute to the Council becoming Carbon neutral by 2030</b>	In addition to above, more tree planting and carbon sequestration will maintain and add to the current levels which sequester 152,783 tonnes of carbon and help to balance PCC's carbon budget

<b>Have you engaged with Procurement Service.</b>	Yes
<b>Procurement route options considered for goods, services or works</b>	TBC – currently finalising details with Procurement
<b>Procurements Recommended route.</b>	3 options: <ul style="list-style-type: none"> <li>• Framework supplier</li> <li>• Self-service procurement</li> <li>• Traditional procurement route</li> </ul>
<b>Who is your Procurement Lead.</b>	Paul Williams

<b>Which Members have you engaged with and how have they been consulted (including the Leader, Portfolio Holders and Ward Members)</b>	All – email 28/06/2021 briefing on project and asking for LCG contributions.
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<b>Confirm you have taken necessary Legal advice, is this proposal State Aid compliant, if yes please explain why.</b>	Business case reviewed by Legal team
<b>Who is your Legal advisor you have consulted with.</b>	Mo Sajjad

<b>Equalities Impact Assessment completed</b> <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.*

## CAPITAL COSTS AND FINANCING

<b>Breakdown of project costs including fees surveys and contingency</b>	<b>Prev. Yr. £m</b>	<b>21/22 £m</b>	<b>22/23 £m</b>	<b>23/24 £m</b>	<b>24/25 £m</b>	<b>25/26 £m</b>	<b>Future Yrs. £m</b>	<b>Total £m</b>
Materials	0	0.021	0	0	0	0	0	0.021
Labour and associated costs	0	0.016	0.016	0.016	0.016	0	0	0.064
PM fees	0	0.022	0.005	0.006	0.006	0	0	0.039
Contingency	0	0.004	0.001	0.001	0.001	0	0	0.007
<b>Total capital spend</b>	<b>0</b>	<b>0.063</b>	<b>0.022</b>	<b>0.023</b>	<b>0.023</b>	<b>0</b>	<b>0</b>	<b>0.131</b>

<b>Provide details of proposed funding: Funding to match with Project Value</b>								
<b>Breakdown of proposed funding</b>	<b>Prev. Yr. £m</b>	<b>21/22 £m</b>	<b>22/23 £m</b>	<b>23/24 £m</b>	<b>24/25 £m</b>	<b>25/26 £m</b>	<b>Future Yrs. £m</b>	<b>Total £m</b>
Corporate Borrowing	0	0.054	0.022	0.023	0.023	0	0	0.122
LCG	0	0.009	0	0	0	0	0	0.009
External funding	0	0	0	0	0	0	0	0
<b>Total funding</b>	<b>0</b>	<b>0.063</b>	<b>0.022</b>	<b>0.023</b>	<b>0.023</b>	<b>0</b>	<b>0</b>	<b>0.131</b>

<b>S106 or CIL</b> (Provide Planning App or site numbers)	None Available
<b>Which alternative external funding sources have been explored</b> (Provide evidence)	<p>S106 contributions – there are currently no S106 funds available to support this</p> <p><u>External grants</u></p> <p>UTCf Round 3 bid submitted July 25<sup>th</sup> 2021 to Forestry Commission. Decision expected September 2021.</p> <p><u>Alternative financing</u></p> <p>Environmental Investment Funding – in development with Environment Finance as part of development of the Future Parks Programme. This is not yet set up and ready to use for this proposal.</p>
<b>Are there any bidding constraints and/or any restrictions or conditions attached to your funding</b>	UTCf requires 50% match funding and to be eligible schemes need to be minimum of 10 trees in area no larger than 0.5ha. Therefore not all schemes proposed for planting this year will be eligible for this funding but are still considered a priority.
<b>Tax and VAT implications</b>	The project will not directly generate any significant amounts of VAT-exempt income for the Council. The proposals relate to the planting of new trees mostly within parks and green spaces for the community to enjoy and use free of charge, and this is a non-business activity of the Council. Any VAT incurred by the Council, therefore, on costs relating to the purchase of the

	materials will be fully recoverable and there will be no adverse impact on the Council's partial exemption position.		
<b>Tax and VAT reviewed by</b>	Sarah Scott		
<b>Will this project deliver capital receipts?</b> <i>(If so please provide details)</i>	No.		
Schemes in excess of £0.5m should be supported by a Cost Benefit Analysis. Calculations undertaken should be attached as an appendix to support financial implications shown below. Please contact your revenue accountant for assistance with this section.			
<b>Is the capital ask greater than £0.5m</b>	No	<b>If the answer is yes, have you attached the Cost Benefit Analysis</b>	NA

## REVENUE COSTS AND IMPLICATIONS

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

<b>Total Cost of developing the project</b>	£7,200
<b>Revenue cost code for the development costs</b>	2114
<b>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</b>	Yes this is accounted for under capital costs so no direct revenue budget pressure.
<b>Budget Managers Name</b>	Chris Avent

### Ongoing Revenue Implications for Service Area

	Prev . Yr.	21/22 £	22/23 £	23/23 £	24/25 £	25/26 £	Future Yrs.
<b>Service area revenue cost</b>							
<b>Loan repayment</b> (terms agreed with Treasury Management)		0	0	0	0	0	0
<b>Other</b> (eg: maintenance, utilities, etc)		0	0	0	0	7500	7650
<b>Total Revenue Cost (A)</b>		0	0	0	0	7500	7650
<b>Service area revenue benefits/savings</b>							
<b>Annual revenue income</b> (eg: rents, etc)		0	0	0	0	0	0

Total Revenue Income (B)				0	0	0	0	0	0
Service area net (benefit) cost (B-A)				0	0	0	0	-7500	-7650
Has the revenue cost been budgeted for or would this make a revenue pressure			Currently this would create a revenue pressure within SSW but consideration is being made to creating an allocation within a future capital budget to allow for an endowment that pays for the ongoing future management and maintenance of these and future tree planting schemes.						
Which cost centre would the revenue pressure be shown			6030		Has this been reviewed by the budget manager		Y		
Name of budget manager			Katrina Houghton						
Lo an val ue	£0.122m	Inter est Rate	2%	Term Years	50	Annual Repayment	£3,882.43		
Revenue code for annual repayments									
Service area or corporate borrowing			Corporate Borrowing						
Revenue implications reviewed by			Emma White, Jozef Lewis						

## SECTION 5: MONITORING PERFORMANCE & POST PROJECT REVIEW

*To conclude, the purpose of a business case is to outline the business rationale for undertaking a project and to provide a means to continually assess and evaluate project progress throughout delivery. It is the responsibility of the project manager to ensure the project remains on time and within budget during delivery and to monitor the project throughout and provide a Post Project Review on completion.*

### Investment Team Monitoring:

*The Investment Team are required to report on completed projects and what they have achieved. To do this information will need to be captured during delivery and on completion of the project from your Post Project Review including:*

Did the project deliver the intended outcomes and benefits as stated in the business case.

Which company was the contract awarded, is this a local company.

How many jobs did this project provide.

How much income from Council Tax and NHB will be collected.

How has the carbon omissions been mitigated and how much did this cost

Was the project delivered on time and on budget (including contingency)

### Finance Monitoring :

It is essential for Capital Finance Team to monitor the financial element of projects during delivery for reporting purposes. Monthly spend profiles against budget, matching with finance profiles will be collected monthly during delivery and on completion of the project.

**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
Chris Avent	30/06/2021	v 1.0		00/00/2020
Chris Avent	06/07/2021	v 2.0		00/00/2020
Chris Avent	28/07/2020	v 3.0		00/00/2020

## SECTION 6: RECOMMENDATION AND ENDORSEMENT

### Recommended Decision

**It is recommended that the Leader of the Council:**

- Approves the Business Case
- Allocates £131,300 into the Capital Programme, to be funded by Corporate Borrowing £122,000 and Local Councillor Grant Contributions of £9,300. In the event of the successful award of an Urban Tree Challenge Fund grant, the full value of the award will substitute 50% of the Corporate Borrowing
- Authorises the procurement process
- Delegates the award of the contract to the Strategic Director for Place

<b>[Patrick Nicholson, Strategic Planning &amp; Infrastructure]</b>		<b>Paul Barnard, Service Director</b>	
<b>Either email dated:</b>	<i>Date 4/8/21</i>	<b>Either email dated:</b>	<i>Date 4/8/21</i>
<b>Or signed:</b>		<b>Signed:</b>	
<b>Date:</b>		<b>Date:</b>	
		<b>Service Director</b>	
		<i>[Name, department]</i>	
		<b>Either email dated:</b>	<i>date</i>
		<b>Signed:</b>	
		<b>Date:</b>	