

# CAPITAL INVESTMENT BUSINESS CASE

*Plymouth and South Devon Community Forest*



## 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 £8.851m over 10 years to deliver 500 hectares of new Community Forest sites across the Plymouth and South Devon urban fringe area.
- Funded by Capital (£8.630m @ £17,299 per hectare) and Revenue (£200k baseline) from DEFRA Trees for Climate Fund with an additional income of £0.021 from Local Councillor Grants.
- The funding is eligible to cover all project costs for 10 years towards the planting and establishment of the new sites. This can include capitalised salaries for the project delivery team, consultant costs for design, materials, labour and legal costs.

Key outcomes and benefits of the proposal are:

- Forecast of 353 job years created over the first ten years of the project with plenty of apprenticeships across a broad range of roles. (*Vivid Economics, 2020*)
- The health benefits of the Community Forest are forecast to equate to around £5.7 million per year. (*Vivid Economics, 2020*)
- 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.
- The Community Forest planting will increase carbon capture/CO<sub>2</sub> by 83% from current levels, once fully established, helping us in our fight to become carbon neutral by 2030.

Key risks are:

- Recruitment of suitably skilled project team
- Procurement delays to supply of consultant support and materials for project delivery
- Lack of landowner buy-in to provide the necessary scale of land required to meet the project targets
- Lack of community support and engagement for proposed schemes
- Covid-19 (or other unforeseen event) delaying project delivery

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

- Approves the Business Case
- Allocates £8.651m into the Capital Programme, to be funded by Trees for Climate Funding £8.630m and Local Councillor Grant Contributions of £21,000
- Delegates the award of contracts, land acquisitions and procurement process to the Strategic Director for Place

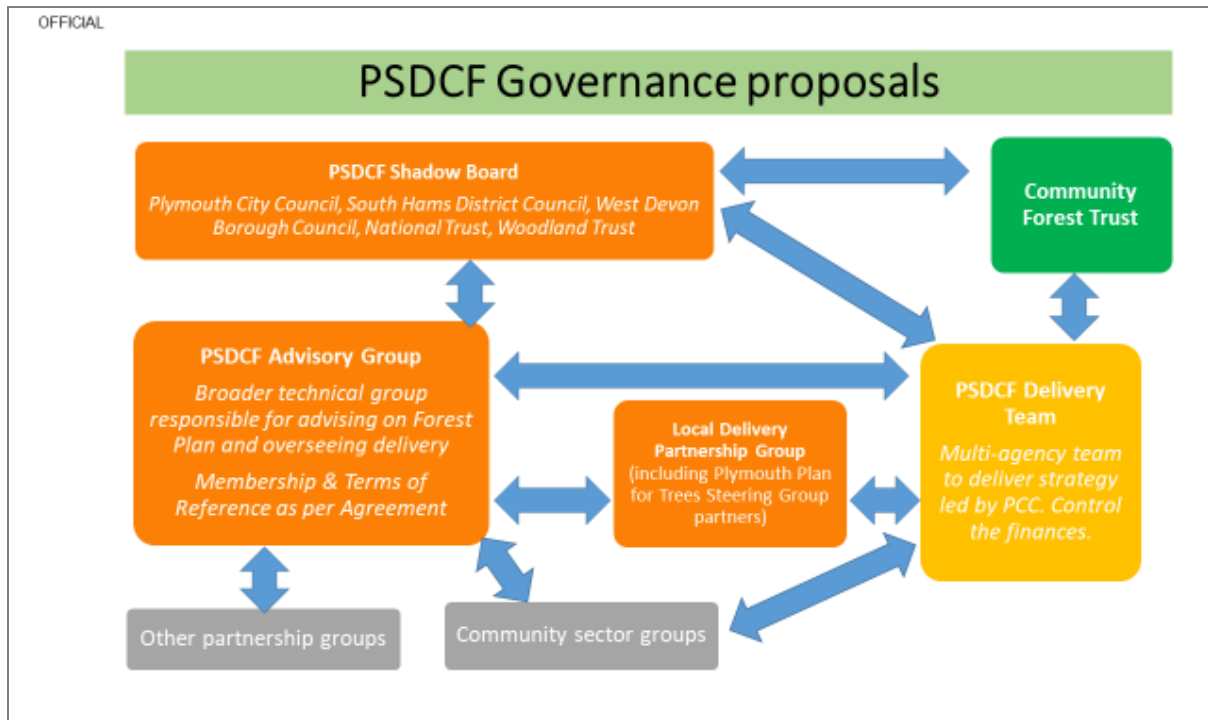
<b>SECTION I: PROJECT DETAIL</b>			
<b>Project Value (indicate capital or revenue)</b>	£8.851m	<b>Contingency (show as £ and % of project value)</b>	£0.21m @ 3%
<b>Programme</b>	Natural Infrastructure	<b>Directorate</b>	Place
<b>Portfolio Holder</b>	Maddi Bridgeman	<b>Service Director</b>	Philip Robinson (Street Services)
<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>The Plymouth and South Devon Community Forest (P&amp;SDCF), was chosen to become England's 11th Community Forest after submitting an EOI to England's Community Forest and DEFRA in 2021.</p> <p>The Community Forest partners have now been provided with the funding agreement which provides access to DEFRA's Trees for Climate funding programme for the next 4 years.</p>			
<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 Plymouth and South Devon Community Forest will stretch from the heart of the city to the edge of the moor. It will encompass 1,900 hectares of tree planting amongst a much wider landscape to form a mosaic of different forest habitats within the urban and rural areas. It is a long-term project with 30-40 year objectives with an ambition to deliver 500 hectares of new forest creation in the first 5 years. The new planting will be on both public and private land with a landowner offer formed to provide the Community Forest to act as a grant awarding body under landowner agreements. Delivery against the ambition of 500 hectares of planting will see the project secure £8.830m from the Trees for Climate Fund for this and the next three financial years.</p>			
<b>Why is this your preferred option:</b> <i>(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).</i>			
It accesses a significant and unrivalled source of funding for PCC and its partners to achieve the goals set out in the JLP, Corporate Plan and Plymouth's Plan for Trees.			
<b>Option Analysis:</b> <i>(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).</i>			
<b>Do Nothing Option</b>	Pass up opportunity to deliver the Community Forest		
<b>List Benefits:</b>	None		
<b>List Risk / Issues:</b>	Negative PR		
<b>Cost:</b>	£0		
<b>Why did you discount this option</b>	Lost opportunity and negative impact on Corporate identity and partnership		

<b>Do Minimum Option</b>	This is not an option
<b>List Benefits:</b>	NA
<b>List Risk / Issues:</b>	NA
<b>Cost:</b>	NA
<b>Why did you discount this option</b>	NA
<b>Viable Alternative Option</b>	
	Deliver tree planting programme at this scale with alternative funding sources
<b>List Benefits:</b>	None
<b>List Risk / Issues:</b>	Funding levels lower than that available through Trees for Climate fund Negative impact on partnerships as not establishing a Community Forest under the national Community Forest umbrella
<b>Cost:</b>	£8.830m
<b>Why did you discount this option</b>	Insufficient access to alternative funds at this scale.

<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>

<b>Project Scope:</b> <i>(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)</i>	
<b>In Scope</b>	<b>Out of Scope</b>
Delivery of 500 hectares of new Community Forest sites within the project area	Development mitigation tree planting schemes

<b>Project Governance :</b> <i>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</i>



Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date
March 2022	November 2022	March 2025

<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 SSW, Low Carbon, External South Hams DC, West Devon BC, National Trust, PCH, Woodland Trust, Plymouth Tree Partnership, Plymouth Open Space Network
---	---	--	--

### SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

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

Potential Risks Identified		Likelihood	Impact	Overall Rating
<b>Risk</b>	Recruitment of suitably skilled project team delays start of project	Medium	High	High
<b>Mitigation</b>	Utilise support of project partners for recruitment process	Low	High	Medium
<b>Calculated risk value in £ (Extent of financial risk)</b>	£20k	<b>Risk Owner</b>	Chris Avent	

<b>Risk</b>	Procurement delays to supply of consultant support and materials for project delivery	Medium	Low	Medium
<b>Mitigation</b>	Early engagement with procurement and building on learning and processes in place from previous 2 years of tree planting programmes. Take advantage of partner supply routes where suitable	Low	Low	Low
<b>Calculated risk value in £ (Extent of financial risk)</b>	£20k	<b>Risk Owner</b>	Chris Avent	
<b>Risk</b>	Lack of landowner buy-in to provide the necessary scale of land required to meet the project targets	Medium	Medium	Medium
<b>Mitigation</b>	Utilise existing woodland creation partnerships to unlock landowner engagement and promote Community Forest offer	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:

- Forecast of 353 job years created over the first ten years of the project with plenty of apprenticeships across a broad range of roles.
- The health benefits of the Community Forest are forecast to equate to around £5.7 million per year. This is calculated from modelling using national health data and expected number of visits to the Forest each year. (*Vivid Economics, 2020*)

#### 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.
- The Community Forest planting will increase carbon capture/CO<sub>2</sub> by 83% from current levels, once fully established, helping us in our fight to become carbon neutral by 2030.

### 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>	
--	-----	---	--

<b>Have you engaged with Planning Department.</b> (If no, please state the reason)	Yes
<b>If yes, summarise the planning requirements.</b> (If PP is required ensure you engage with planning prior to	No planning requirements but we have discussed how the creation of the Community Forest Plan fits alongside the JLP.

seeking approval of this Business Case)	
<b>Is the budget cost reflective of planning requirements</b>	Yes – Community Forest plan creation budgeted
<b>Who is the Planning Officer you consulted with.</b>	Jonathan Bell
<b>Planning Consent Date</b>	NA

<b>Have you engaged with Building Control.</b> <i>(If no, please state the reason)</i>	<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.

<b>Low Carbon</b>	
<b>What is the anticipated impact of the proposal on carbon emissions</b>	The Community Forest planting will increase carbon capture/CO2 by 83% from current levels, once fully established, helping us in our fight to become carbon neutral by 2030
<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>	<b>Yes</b>
<b>Procurement route options considered for goods, services or works</b>	Standard PCC T&C's for goods, services and works as necessary throughout the project
<b>Procurements Recommended route.</b>	Traditional procurement route
<b>Who is your Procurement Lead.</b>	Paul Williams

<b>Which Members have you engaged with and how have they been consulted</b> <i>(including the Leader, Portfolio Holders and Ward Members)</i>	Portfolio holders – Cllr Nicholson and Cllr Bridgeman have been briefed on the project.
--	---

<b>Confirm you have taken necessary Legal advice, is this proposal State Aid compliant, if yes please explain why.</b>	TfC Funding agreement, Partnership Agreement and Business Case reviewed by Legal team
--	---

<b>Who is your Legal advisor you have consulted with.</b>	Mo Sajjad & Julie Parkin
---	--------------------------

<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
--	-----

#### 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.*

Breakdown of project costs including fees surveys and contingency	21/22 £m	22/23 £m	23/24 £m	24/25 £m	Future Yrs. £m	Total £m
Direct delivery planting costs - labour & materials	0.151	0.157	0.157	0.157	0	<b>0.622</b>
Direct delivery establishment costs - labour & materials	0	0.029	0.057	0.086	0.562	<b>0.734</b>
Direct delivery - Site infrastructure	0	0.235	0.240	0.244	0	<b>0.719</b>
Project management costs	0.034	0.160	0.164	0.167	0	<b>0.525</b>
Landowner Grant award - planting	0	0.350	1.02	1.02	0	<b>2.39</b>
Landowner Grant award - establishment	0	0	0.018	0.069	1.109	<b>1.196</b>
Legal costs	0	0.100	0.060	0.050	0	<b>0.210</b>
Direct Land acquisition costs	0	0.405	0.405	0.405	0	<b>1.215</b>
Surveys, design and reports	0.005	0.060	0.030	0.030	0	<b>0.125</b>
EIA & consents	0	0.015	0.015	0.015	0	<b>0.045</b>
Consultation	0	0.035	0.015	0.005	0	<b>0.055</b>

Engagement	0.005	0.150	0.160	0.160	0	<b>0.475</b>
Marketing & Branding	0	0.080	0.025	0.025	0	<b>0.130</b>
Contingency	0.030	0.060	0.060	0.060		<b>0.210</b>
<b>Total capital spend</b>	<b>0.225</b>	<b>1.836</b>	<b>2.426</b>	<b>2.493</b>	<b>1.671</b>	<b>8.651</b>

Breakdown of proposed funding	21/22 £m	22/23 £m	23/24 £m	24/25 £m	Future Yrs. £m	Total £m
Trees for Climate Funding	0.204	1.836	2.426	2.493	1.671	8.630
LCG	0.021	0	0	0	0	0.021
<b>Total funding</b>	<b>0.225</b>	<b>1.836</b>	<b>2.426</b>	<b>2.493</b>	<b>1.671</b>	<b>8.651</b>

<b>S106 or CIL</b> (Provide Planning App or site numbers)	None Available
<b>Which alternative external funding sources been explored</b> (Provide evidence)	<u>Alternative financing</u> Environmental Investment Funding – in development with Finance Earth as part of development of the Future Parks Programme. This is not yet set up and ready to use for this proposal.
<b>Are there any bidding constraints and/or any restrictions or conditions attached to your funding</b>	Yes set out in funding agreement
<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 both 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> (If so please provide details)	Potentially through Woodland Carbon Code payments



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>	£200,000
<b>Revenue cost code for the development costs</b>	2114 (until new Revenue code established)
<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>	Trees for Climate funding also provides revenue budget @ £50k per year which is used to cover the development and ongoing revenue costs
<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	0	0.052
<b>Total Revenue Cost (A)</b>		0	0	0	0	0	0.052
<b>Service area revenue benefits/savings</b>							
<b>Annual revenue income</b> (eg: rents, etc)		0	0	0	0	0	0.130
<b>Total Revenue Income (B)</b>		0	0	0	0	0	0.130
<b>Service area net (benefit) cost (B-A)</b>		0	0	0	0	0	0.078
<b>Has the revenue cost been budgeted for or would this make a revenue pressure</b>	Only revenue benefit for forecast 260 hectares of PCC land allocated to Community Forest						

<b>Which cost centre would the revenue pressure be shown</b>		6030	<b>Has this been reviewed by the budget manager</b>			Y	
<b>Name of budget manager</b>		Andy Sharp					
<b>Loan value</b>	£0m	<b>Interest Rate</b>	NA	<b>Term Years</b>	NA	<b>Annual Repayment</b>	NA
<b>Revenue code for annual repayments</b>		NA					
<b>Service area or corporate borrowing</b>		NA					
<b>Revenue implications reviewed by</b>		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)*

<b>Author of Business Case</b>	<b>Date</b>	<b>Document Version</b>	<b>Reviewed By</b>	<b>Date</b>
Chris Avent	01/02/2022	v 1.0	Ruth Didymus, Mo Sajjad, Julie Parkin, Hannah West	28/02/2022
Chris Avent	17/03/2022	V2.0	Ruth Didymus	21/03/2022
				00/00/2020

### SECTION 6: RECOMMENDATION AND ENDORSEMENT

**Recommended Decision**

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

- Approves the Business Case
- Allocates £8.651m into the Capital Programme, to be funded by Trees for Climate Funding £8.630m and Local Councillor Grant Contributions of £0.021m
- Delegates the award of contracts, land acquisitions and procurement process to the Strategic Director for Place

<b>Councillor Richard Bingley, Leader</b>		<b>Philip Robinson, Service Director</b>	
<b>Either email dated:</b>	<i>Date: 22/03/2022</i>	<b>Either email dated:</b>	<i>Date 22/03/2022</i>
<b>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>	