

Cabinet



Date of meeting:	09 September 2024
Title of Report:	Heat Networks Delivery Approach
Lead Member:	Councillor Tom Briars-Delve (Cabinet Member for Environment and Climate Change)
Lead Strategic Director:	Anthony Payne (Strategic Director for Place)
Author:	Jon Selman (Net Zero Delivery Officer)
Contact Email:	Jonathan.selman@plymouth.gov.uk
Your Reference:	
Key Decision:	Yes
Confidentiality:	Part I - Official

Purpose of Report

Plymouth City Council has been selected by the Department of Energy Security & Net Zero as one of 28 cities to be part of the government's Heat Network Zoning Pilot Programme. As one of the pilots, the Council is benefitting 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 occurs naturally and which is a by-product of certain processes. The report updates the Cabinet on progress in relation to the development and delivery of a strategic heat network, and seeks support for a recommended approach.

Recommendations and Reasons

That Cabinet:

1. Support the zonal approach to heat network roll out in Plymouth, as set out in the report, and the procurement of a development partner to take forward these proposals to delivery.

Reason – To enable the timely delivery of a key project that will decarbonise heat and improve energy security in the city, and to implement its commitments to heat network delivery in the Net Zero Action Plan.

2. Grant 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.

Reason – To enable the relevant decisions to be taken expeditiously having regard to the government's timetable for the Advanced Zoning Programme and the Green Heat Network Fund.

Alternative options considered and rejected

1. Do nothing. This would significantly delay progress in securing investment and delivery of a significant decarbonisation project, together with the associated social benefits.
2. Municipal delivery approach. This would create significant capital and revenue financial implications and the Council would retain all the risks.
3. Joint Venture with shareholding. This would also create significant capital financial implications, depending on the level of shareholding and the Council would also retain significant risks.
4. Private sector led, with no Council procurement. The Council would not be able to influence a range of factors including social and local value, but also delivery.

Relevance to the Corporate Plan and/or the Plymouth Plan

Strong alignment with Corporate Plan priority green investment, jobs and skills.

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'.

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'.

Heat networks has been identified in every Climate Emergency Action Plan and Net Zero Action Plan (NZAP) between 2020 and 2024.

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

Implications for the Medium Term Financial Plan and Resource Implications:

Department of Energy Security & Net Zero are already directly supporting technical project development, project management, commercial and financial advice, 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.

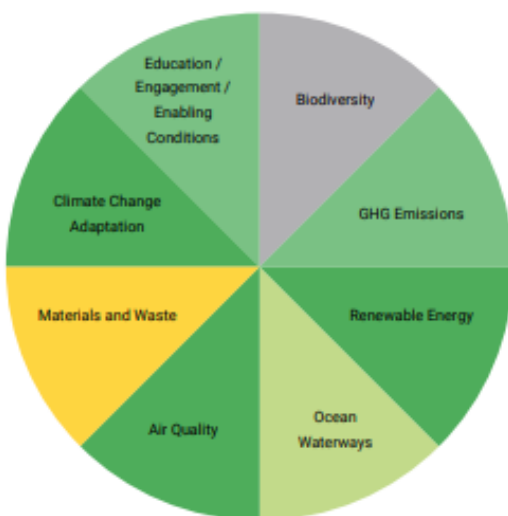
Ringfenced Section 106 and HeatNet funding has already been secured, covering the remaining Council project support costs with procurement and legal support.

The recommended option can be delivered without any requirement for Council capital funding.

Financial Risks

Through the recommended approach, with the procurement of a development partner, the Council would not be deploying any capital funding for the delivery of the scheme, and therefore the financial risk is very low.

Carbon Footprint (Environmental) Implications:



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 7,000 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.

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

No significant risks or implications in terms of health and safety or community safety. Lowest cost low carbon solution being delivered to local communities in the zone, able to harness and utilise waste heat sources. In short term, no guarantee this will be cheaper than current gas service, although less vulnerable to global shocks/ volatility. However, significant long-term equalities benefits as heat is decarbonised nationally. Positive sustainability outcomes in terms of potential carbon savings and reduction in air pollution.

Appendices

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Briefing report Plymouth Heat Networks Delivery Approach							
B	Equalities Impact Assessment							
C	Climate Impact Assessment							

Background papers:

*Add rows as required to box below

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

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

Sign off:

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Originating Senior Leadership Team member: Paul Barnard (Service Director for Strategic Planning and Infrastructure)

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

Date agreed: 15/08/2024

Cabinet Member approval: Councillor Tom Briars-Delve (Cabinet Member for Environment and Climate Change)

Date approved: 27/08/2024