

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="231 1037 766 1131">Is the decision a Key Decision? (please contact Democratic Support for further advice)</th> <th data-bbox="766 1037 861 1131">Yes</th> <th data-bbox="861 1037 1013 1131">No</th> <th data-bbox="1013 1037 1505 1131">Per the Constitution, a key decision is one which:</th> </tr> </thead> <tbody> <tr> <td data-bbox="231 1131 766 1294"></td> <td data-bbox="766 1131 861 1294"></td> <td data-bbox="861 1131 1013 1294" style="text-align: center;">X</td> <td data-bbox="1013 1131 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="231 1294 766 1485"></td> <td data-bbox="766 1294 861 1485"></td> <td data-bbox="861 1294 1013 1485" style="text-align: center;">X</td> <td data-bbox="1013 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="231 1485 766 1630"></td> <td data-bbox="766 1485 861 1630"></td> <td data-bbox="861 1485 1013 1630" style="text-align: center;">X</td> <td data-bbox="1013 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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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						
		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)							