



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Business Case – Net Zero Communities

VERSION CONTROL

Document version	Publication date	Description of changes	Modified by
1	11 May 2022	Business Case	AC
2	12 May 2022	Completed Executive Summary	AC
3	25 May 2022	Amendments following PARC	AC

EXECUTIVE SUMMARY

STRATEGIC CASE

The aim of the programme is to fund small-scale community-led demonstration projects to move toward the net zero emissions target or tackle climate risks, whilst also delivering co-benefits on other CPCA themes. It would not cover investment on transport as that falls within the implementation of the Local Transport and Connectivity Plan. It would not cover investment into private dwellings, businesses or public sector property. It will include community assets that may be registered as businesses or within public sector.

The driver for change is the need for immediate action on the climate crisis, including reducing cumulative emissions. Demonstration projects can, whilst delivering climate mitigation or adaptation themselves, also encourage behaviour change and similar projects across communities

ECONOMIC CASE

A Do-nothing approach would mean projects that move communities towards net zero remain dependent on a market response or raising other sources of funding. A key barrier for smaller communities is the ability to raise match funding and, depending on location, there is less incentive for the market to prioritise that community (as has been seen with roll out of mobile phone and broadband coverage to rural communities prior to public sector-backed schemes). Such communities may also have fewer options for alternative means of reducing climate impacts, such as reduced access to public transport.

The individual projects will provide reductions in carbon emissions, that will have a social benefit via the cost of carbon. This will be calculated and monitored as part of the evaluation of the effectiveness of the programme. There will be a multiplier effect of other communities learning from, and replicating, the types of investment made.

The programme will be run via a competitive prospectus approach. Appraisal of individual bids will include an assessment of economic benefit vs economic costs, including any match funding. It is recognized that a small-scale grant programme will not generate large economies of scale.

FINANCIAL CASE

The £1m programme will be run as a competitive grant pot, with circa 50 awards between £15k and £30k. Match funding will not be a requirement but will be part of the weighted scoring analysis. The programme will be focused on demonstrating suitable projects in areas that may have more limited options to implement climate focused choices. The urban areas of Peterborough City, Cambridge City, and those towns receiving support through the Market Towns Programme will be excluded from the programme (as other funding routes are available/activities underway).

COMMERCIAL CASE

The programme will be run as a CPCA programme, similar to other CPCA programmes such as LUF. A small element of the programme funding is reserved for administration.

MANAGEMENT CASE

The Programme is designed for a 'focussed' one year push on activity during 22/23 (allowing for some tail of completions into 23/24). Depending on the evaluation further iterations of the programme could be considered for future funding. This could revisit the decision on match funding.

INTRODUCTION

The CPICC highlighted that reaching Net Zero required action across all areas and all parts of society. It also found that this action needed to be front-loaded to minimise the cumulative build-up of carbon in the atmosphere. Residents indicated they wanted to get involved, but lacked knowledge about the actions available to them, or resources to take forward such action.

There are local examples of communities exploring alternative energy for domestic heating, local EV charging and energy efficiency projects. Existing grant schemes from government are mostly aimed at individual property owners or the public sector, rather than community schemes.

The aim of the programme would be to fund small-scale demonstration projects to move toward the net zero emissions target or tackle climate risks, whilst also delivering co-benefits on other CPCA themes. It would not cover investment on transport as that falls within the implementation of the Local Transport and Connectivity Plan. It would not cover investment into private dwellings, businesses or public sector property. It will include community assets that may be registered as businesses or within public sector.

STRATEGIC CASE

INTRODUCTION

STRATEGIC PRIORITY

The Net Zero programme aligns with objectives of the Sustainable Growth Ambition Statement. The Statement's climate objective is:

"Climate and Nature: restoring the area's depleted natural capital and addressing the impact of climate change on our low-lying area's special vulnerabilities"

By enabling local communities to take action, the project will also deliver against the Statement's human capital objective:

"People: building human capital - the health and skills of the population - to raise both productivity and the quality of life so that that people in our region are healthy and able to pursue the jobs and lives they want".

The CPCA has agreed the Climate Action Plan that supports demonstration projects to encourage wider behaviour change. The CPCA has endorsed the Environmental Principles for the OxCam Arc, which includes tackling climate issues and other environmental outcomes. If community projects involve nature-based solutions then it may also contribute to the target to double the amount of rich wildlife area through the 'Vision for Nature'.

The programme is consistent with climate action priorities as set out in local Climate and Environment Strategies. It aligns with recommendations of the CPICC.

CASE FOR CHANGE

The driver for change is the need for immediate action on the climate crisis, including reducing cumulative emissions. Demonstration projects can, whilst delivering climate mitigation or adaptation themselves, also encourage behaviour change and similar projects across communities.

A Do-nothing scenario relies on communities seeking funding from elsewhere or making no net zero interventions. Should schemes come forward then as ad hoc projects they won't build into a community of practice/demonstrators. This risks a lack of momentum on communities responding to climate change.

CLIMATE CONSIDERATIONS

The programme would have a net positive effect on climate. Although construction and materials have an embodied climate cost, net zero projects are designed to reduce energy use and provide a net benefit over time.

SMART OBJECTIVES

1. To grant fund 50 Net Zero community-led schemes by March 2023

SPECIFIC DELIVERABLES/OUTPUTS

Delivery of 50 capital projects that test and demonstrate community projects for greenhouse gases emission reductions or adaptation to climate risks.

PROJECT OUTCOMES/IMPACTS

Key success factors are that the programme has generated examples of achievable net zero projects that can be delivered at the community level, and increased awareness of the need for local action on climate change emissions and risks.

CPCA performance management metrics

The Programme will deliver an outcome monitored under **CPCA performance metric 6: Total Carbon Dioxide Emissions**.

The Project may also contribute to an outcome monitored under **CPCA performance metric 8: Climate and Nature - Land Area Providing Nature Rich Habitat (PNRH) by District**.

Allowance will need to be made for the biodiversity outcome to increase over time, as habitats take time to establish.

DESIGNS

Not applicable.

RISKS

Scope risks

1. Cost of measures and poor VfM do not allow 50 schemes to proceed [Mitigation – soft programme testing during development of full Business Case to ensure the programme is correctly targeted; can adjust the Output measure of number of schemes]
2. Lack of understanding of what it means to deliver emission reductions [Mitigation – Prospectus to link to examples]
3. Lack of agreed metrics for adaptation outputs [Mitigation – metrics are used for the calculation of flood risk impact; develop additional metrics around overheating risks]
4. Lack of community capacity results in poor bids, or skews investment to areas with strong existing capacity (Mitigation – weighting of scoring matrix to reflect climate vulnerability areas; consider capacity support through third party)

Operational risks (excluding standard risks such as project management)

1. Small scale projects underestimate likely costs/barriers [Mitigation – clear Prospectus and bidding form to include a section for risks]
2. Contracting and managing with 50 communities overwhelms staff resources [Mitigation – clear ITT and standard Terms set out up front, use of model processes from existing CPCA grant programme, bid to corporate response fund if needed]
3. Supply chain risks [Mitigation – consider aggregating procurement across projects where appropriate]
4. Risk of capital grants being used for revenue purposes [Mitigation – Prospectus to set out allowable expenditure types; claims forms to identify spend]

Opportunities

1. Supply chain development

CONSTRAINTS

None.

DEPENDENCIES

Success is dependent on demand and capacity from communities to undertake small scale projects. Informal testing has demonstrated an appetite for this type of programme.

ECONOMIC CASE

All projects will be designed to reduce emissions (which have a shadow carbon cost that can be applied) or reduce exposure to climate risks. There will be additional benefits that would form part of the value for money, including volunteers time. A qualitative matrix will be designed to assess VfM.

Focusing on small-scale community projects at circa £18-20K per project will not deliver economies of scale, but will deliver early reductions in locations that otherwise may not be prioritised via the market, or national schemes. There will be actual but intangible benefit from the awareness raising and demonstration of progress at the community level.

Value for Money for the programme as a whole will be an aggregated forecast of these benefits – as no direct match funding is proposed then different approach to BCR required. The Economic Case uses the outcome appraisal tool to establish the link to strategic objectives and assess the 'optimal' approach to the project.

INTRODUCTION

APPROACH TO ECONOMIC CASE

The Economic Case uses the outcome appraisal tool to establish the link to strategic objectives and assess the 'optimal' approach to the project.

OPTIONS ASSESSMENT

A Do-nothing approach would leave projects that move communities towards net zero dependent on a market response or raising other sources of funding. A key barrier for smaller communities is the ability to raise match funding and, depending on location, less incentive for the market to prioritise that community (as has been seen with roll out of mobile phone and broadband coverage to rural communities prior to public sector-led schemes). Such communities may also have fewer options for alternative means of reducing climate impacts, such as reduced access to public transport.

An Option has been considered to increase number of projects (and hence communities) that can be supported by reducing the individual grant threshold below £10,000. This has been rejected as providing insufficient funding to support transformative capital projects and increasing the programme management costs to administer. An Option has been considered to increase the upper threshold of £30,000. This has been rejected as it reduces the total number of projects able to be supported to a level where there is limited opportunity to demonstrate and encourage climate action and behaviour change across the CPCA area.

An Option has been considered to make the Programme available to all areas of the CPCA. However, the projects are intended to act as demonstrators to stimulate further projects. The CPCA area has many rural communities that could learn from, and replicate, the demonstrators. Smaller rural communities may also have fewer opportunities to take-up other actions in response to climate change (such as switching to public transport or access local services) due to their size and location. The programme will therefore focus on those areas and exclude the urban areas of Peterborough City, Cambridge City, and those towns receiving support through the Market Towns Programme (as other funding routes are available/activities underway). The Market Towns Programme covers Chatteris, Wisbech, March, Ely, Soham, Whittlesey, St Ives, St Neots, and Huntingdon.

APPRAISAL SUMMARY TABLE

The Outcome Profile Tool and Logic Model approach has been used in preference to an Appraisal Summary table. See next section.

OUTCOME PROFILE TOOL

Sustainable Growth Outcomes

Climate and Nature

Other Programme Outcomes (optional)

Climate Action Plan (CPCA)

District/Borough Climate Action Plans

Cambridgeshire and Peterborough Flood Risk Management Strategy

Project outcomes

Carbon emission reductions

Increase in awareness of Net Zero activities

Reduction in running costs of community facilities

Project outputs

Capital investment to reduce carbon emissions

Capital investment to reduce adaptation risks

Circa 50 communities undertaking projects

Community of Practice established with case studies

Project measures

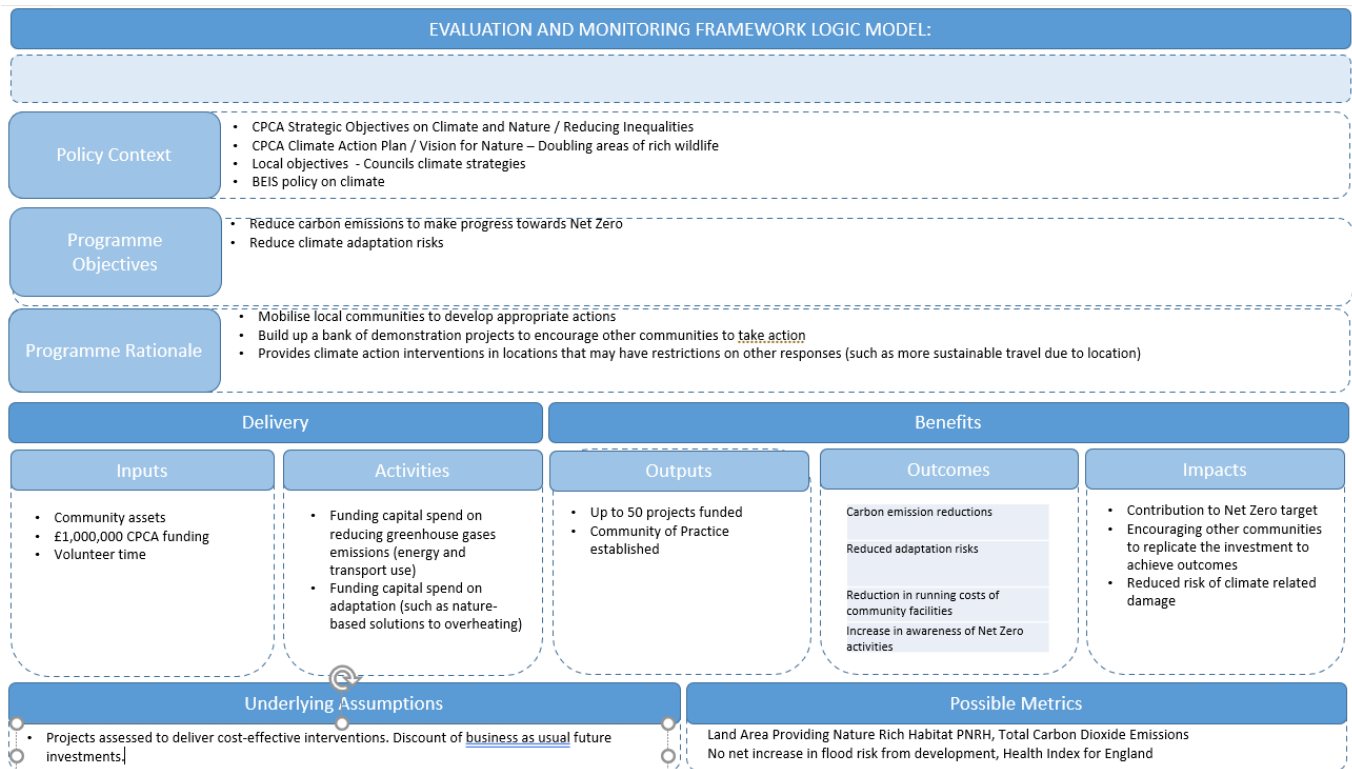
Total Carbon Dioxide Emissions

Land Area Providing Nature Rich Habitat PNRH

Limitations

Emissions need to be discounted by estimation of future 'business as usual' replacement/upgrade that the capital project has brought forward.

LOGIC MODEL



ECONOMIC BENEFITS

The individual projects will provide reductions in carbon emissions, that will have a social benefit via the cost of carbon. This will be calculated and monitored as part of the evaluation of the effectiveness of the programme. There will be a multiplier effect of other communities learning from, and replicating, the types of investment made.

DISPLACEMENT AND DEADWEIGHT

Any Deadweight from future requirement to invest in assets under business as usual will be discounted.

ECONOMIC COSTS

The programme will be run via a competitive prospectus approach. Appraisal of individual bids will include an assessment of economic benefit vs economic costs, including any match funding. It is recognized that a small-scale grant programme will not generate large economies of scale.

NON-QUANTIFIABLE BENEFITS

Depending on the community identified projects there may be other benefits, such as biodiversity from nature-based solutions or making community facilities more cost effective to run, promoting other activities that contribute to wellbeing.

SUMMARY

The project shows a clear link from the strategic objectives of the CPCA (and local councils) to the optimal solution proposed and provides a value for money programme.

COMMERCIAL CASE

INTRODUCTION

The programme will be administered by the CPCA and delivered by community groups/organisations.

PROCUREMENT OPTIONS

The Programme would operate via a Prospectus and competitive bidding round. Bids would need to be submitted via a valid legal entity (such as a parish council, district council or other organisation) for assurance purposes. Successful projects would procure activity via the named lead entity.

DELIVERY OF THE PROJECT

CPCA is the funding organisation. The programme will be operated internally, with bids assessed via a weighted assessment proforma. The MTFP Subject to Approval allocation is for capital only. Administration of the programme will be initially be undertaken within existing staff resources. Additional capacity will be provided from recruitment to the Climate Change officer post. Linkage will be made with the activities of the Net Zero Hub. Additional resource will be considered and a bid made to the corporate response fund if appropriate depending on the scope of the community projects proposed.

PROCUREMENT STRATEGY

No procurement requirements. The grant scheme will run via a publicised prospectus. Community organisations will need to provide evidence of quotes for activity in line with the CPCA's procurement policies.

WIDER CONSIDERATIONS

Match funding with other public sector grants would be allowed.

FINANCIAL CASE

INTRODUCTION

The financial case is to deliver the preferred option and follows the appraisal set out in the Strategic and Economic Cases.

APPROACH TO FINANCIAL CASE

The grant programme has been benchmarked against other CPCA grant funding programmes.

PROJECT COSTING TABLE

Financial Year		2022-23	2023-24	2024-25
Project Costs	Revenue			
	Capital (£'000s)	750	250	
	Total	750	250	

Financial Year		2022-23	2023-24	2024-25
Funding Stream	CPCA	1000		

The above costs assume £1m of CPCA investment (£18-20k average project size). The MTFP includes this as a Subject to Approval allocation in FY22/23. The capital spend profile has been adjusted to reflect claims for works completed extending into FY23/24.

This is a 100% CPCA grant without a requirement for match funding. The need to take early action on climate emissions reductions (and use schemes to encourage behaviour change) and deliver the starts on the programme within a year (to start reducing cumulative impacts) suggests that seeking community match funding is not suitable in this case. However, the bid appraisal will include a weighting to take account of matchfunding where that is proposed by communities, as this will increase the value for money of the programme.

PROJECT COST BREAKDOWN TABLE

Sources	Value	Uses	Value
Combined Authority	£1m	Grant scheme	£1.0m
Total Sources	£1m	Total Uses	£1m

AFFORDABILITY ASSESSMENT

The programme is to start in 2022/23 and has been costed as such. Short-term inflationary pressures are therefore assumed within the financial profile.

CHARGING MECHANISM / CLAIM/INVOICE PROCESS

Grants will be paid in arrears on proof of valid expenditures.

MANAGEMENT CASE

INTRODUCTION

The Management Case sets out the timing of the programme, project management and evaluation.

PROJECT TIMELINE

Following a June approval:

1. End June: Issue prospectus and seek EOI
2. July – September: Communities develop their capital project bids
3. October appraise bids and agree grants
4. November onwards delivery commences - by end March 2023 there will be 40 projects completed
5. By end July 2023 remaining 10 projects completed (this allows any projects that need statutory approvals additional time to complete)

EXIT STRATEGY

The Programme is designed for a 'focussed' one year push on activity. Depending on the evaluation further iterations of the programme could be considered for future funding. This could revisit the decision on match funding.

CHANGE MANAGEMENT

Programme has the same change management process and tolerances set out in the 10-point guide and Risk Management Strategy.

PROJECT MANAGEMENT

CPCA SRO: Paul Raynes

CPCA Project Manager: Adrian Cannard

<div><div>R = Responsible</div><div>A = Accountable</div><div>C = Consulted</div><div>I = Informed</div></div> <div>Decisions/Activities</div>	Organisational Role	CPCA Director (Senior Responsible Officer)	Internal Project Director	Internal Project Manager	Communities		
Project initiation		C	A	R	I		
Delivery of the project		I	A	R	R		
Changes to cost and programme		I	R	I			
Compliance and assurance of operational data		I	A	R	R		
Technical assurance of the content and quality of data throughout the life of the project		I	A	R			
Content and quality of information data on a day to day basis		I	A	R			
Project closure		I	A	R	C		
[Include more or delete decisions as appropriate]							

RISK MANAGEMENT STRATEGY

The CPCA risk management approach will be put into place. Initial risks have been highlighted in the Strategic Case section.

STAKEHOLDER PLAN

A Prospectus will set out details of the scheme and bidding criteria. This will be disseminated via Councils, the Association of Local Councils and the social media channels of the CPCA and councils. A Community of Practice will be established for the sharing of projects and information.

ASSURANCE

The project will be progressed in line with the City Council's assurance framework. Regular reporting via a monthly Highlight Report to the CPCA is required.

SUPPLY SIDE CAPACITY AND CAPABILITY

The delivery relies on a successful bid process and capacity in communities.

KEY CONTRACTUAL AGREEMENTS

Grant agreements will be required with a legal entity per project.

MONITORING AND EVALUATION

Monitoring will record community engagement, carbon saving achieved and wider benefits realised as set out in the Outcome Profile Tool. An evaluation of the programme will be carried out internally by CPCA.

The Programme will deliver an outcome monitored under **CPCA performance metric 6: Total Carbon Dioxide Emissions**.

The Project may also contribute to an outcome monitored under **CPCA performance metric 8: Climate and Nature - Land Area Providing Nature Rich Habitat (PNRH) by District**. Allowance will need to be made for the biodiversity outcome to increase over time, as habitats take time to establish.

