

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 04 July 2023

TITLE	Net Zero Investment Co-innovation Lab		
Ward(s)	Citywide		
Author: Alex Ivory	Job title: Climate Change Team Manager		
Cabinet lead: Councillor Kye Dudd, Cabinet Member for Climate, Ecology, Energy and Waste	Executive Director lead: John Smith, Interim Executive Director Growth and Regeneration		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report: To seek approval for Bristol City Council in its role as lead partner to accept Euro 1.5m (approx. £1.3m) funding from the European Union Horizon Europe NetZeroCities Pilot Cities Programme to establish a series of innovative financial mechanisms to help achieve the city's climate change goals and implement the project.			
Evidence Base:			
<ol style="list-style-type: none"> 1. Bristol City Council is playing its part in the One City Climate Strategy, published 2020. This includes working with partners to help achieve the goals of the strategy. This strategy identifies the need for additional finance to supplement that already planned through Bristol City Leap and the need for new innovative mechanisms. 2. Seeking funding to develop innovative finance mechanisms is an action (no. 58) set out in the current Bristol City Council Climate Emergency Action Plan. 3. Bristol City Council's Capital Strategy 2023/24 -2032/33 sets out that council can explore net-zero carbon initiatives funded through Community Municipal Investments or Retail Bonds, up to £2m, and that the council will work closely with partners to facilitate community investments in zero carbon initiatives. The Net Zero Investment Co-innovation Lab proposal includes reference to a product which could be a municipal or other bond. 4. The proposal seeks to: <ul style="list-style-type: none"> ○ co-create a Net Zero Investment Co-Innovation Lab with a vision and mission to better understand the challenges and barriers to green financing and investment. The Lab aims to research, test and pilot 3-6 financial levers building on the 6 existing Community Climate Action Plans and the One City Climate Strategy ○ create a Citizen Community Climate Investment Scheme enabling citizens, business and communities to invest in their projects to reduce emissions and to generate a return. ○ create a Net Zero Venture Fund to enable outcome driven finance, environmental, social and governance (ESG) funds and philanthropists to invest in transitional projects that unlock entangled problems and generate a return. ○ develop a proposal for a Carbon Multiplier Fund to invest funding from the new development allowable solutions scheme and enable Bristol businesses to offset their emissions in a credible way. ○ create a multiplier effect either as a part revolving fund or in combination with the other elements of this project to make unviable projects viable. ○ create a Bristol Climate Finance Advisory Group to guide the project and develop other ideas that the Investment Lab can research, test and pilot. We will share the learning from this project with other UK 			

and European cities.

5. The project supports Bristol's pioneering work on funding innovative projects in housing refurbishment and new build, in net zero transport, and sustainable energy infrastructure. Bristol represents the UK's major cities on the new national Local Net Zero Forum established to improve national and local collaboration and contributes to its finance workstream.
6. The project is part of Bristol City Council's wider suite of initiatives aimed at financing decarbonisation of the council and the city as set out in our Bristol City Council Climate Emergency Action Plan. Complementary initiatives include the council's participation in Bristol City Leap and the council's lead role in the Bristol Mission Net Zero feasibility study funded by Innovate UK.
7. The project will integrate lessons and insights from Bristol City Leap and will share these with other cities.

Cabinet Member/Officer Recommendations:

That Cabinet:

1. Note that this project partnership which includes Bristol City Council in the role of lead partner has been successful in securing Euro 1.5 m (approx. £1.3m) funding from the European Union Horizon Europe NetZeroCities Pilot Cities Programme to establish a series of innovative financial mechanisms to help achieve the city's climate change goals and implement the project.
2. Authorise the Executive Director of Growth and Regeneration in consultation with the Cabinet Member for Climate, Ecology, Energy and Waste; and S151 Officer, to accept the totality of this funding as lead partner and take all steps required to enter into contract with the funders to accept and spend the funding (including disbursing the funding to project partners and procuring and awarding contracts over £500k) to implement the project as set out in the proposals to the NetZeroCities Pilot Cities Programme and to make any amendments to the project as necessary for successful delivery.
3. Note officers will closely monitor the progress of the work delivered by partners and regularly take to G&R EDM regular (quarterly) progress reports which include spending details for all aspects of the project.

Corporate Strategy Alignment:

The programme is focused on achieving the priority of ENV1 Carbon Neutral.

City Benefits:

1. The Net Zero Investment Co-Innovation Lab will build upon Bristol's experiences in creating the City Leap Energy Partnership to research, pilot, deliver and evaluate 3-6 financial levers, including:
 - A Citizen Community Climate Investment Scheme enabling citizens, business and communities to invest in their projects to reduce emissions and to generate a return.
 - A Net Zero Venture Fund to enable outcome driven finance, environmental, social and governance (ESG) funds and philanthropists to invest in transitional projects that unlock entangled problems and generate a return.
 - A Carbon Multiplier Fund to invest funding from the new development allowable solutions scheme, and to enable Bristol businesses to offset their emissions in a credible way.
2. It is expected that these activities will lead to a reduction in the city's carbon emissions and an increase in jobs in low carbon projects invested in by the funds created.

Consultation Details:

1. The project has been developed in partnership with partner organisations Abundance Investment, Bristol & Bath Regional Capital and Bristol Green Capital Partnership. Abundance is a limited company regulated by the Financial Conduct Authority who bring expertise in the creation of Community Municipal Investment Schemes, as a form of crowdfunding to raise funds for place-based carbon reduction products.
2. Stakeholders include The Community Leadership Panel on Climate and the Just Transition (CLP) representing six Bristol communities that have Climate Action Plans.
3. Organisations will be engaged for academic scrutiny and to advise on the range of pilot activities with the Bristol Advisory Committee on Climate Change and the proposed Bristol Climate Finance Advisory Group.

Background Documents:

- The [One City Climate Strategy](#)

- [BCC Climate Emergency Action Plan](#)
- Full funding bid to the European Commission NetZeroCities Pilot Cities Programme

Revenue Cost	New Costs Up to €1.5m (approx. £1.3m)	Source of Revenue Funding	NetZeroCities Pilot Cities Programme
Capital Cost	£ N/A	Source of Capital Funding	N/A
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice:

The report seeks approval from Cabinet to accept the funding of €1.5m (approx. £1.3m) from the European Commission NetZeroCities Pilot Cities Programme for the delivery of innovative climate finance tools in Bristol within a period of 2 years. The funding covers various aspects of setting up this innovative project with an aim to establish structure that enable subsequent roll-out to a wider customer base.

Cabinet approved the submission of the initial bid at the November 2022 Cabinet.

The grant award/conditions do not require match-funding from the Council and the funds created by the Project will individually secure money from investors. The Council will be required to deliver the expected outputs and will ensure that this responsibility and risk is transferred to all delivery partners.

All sub-contractors will operate on a fixed price contract thus removing the risk of cost overrun from the Council. As a result, there will be no adverse financial impact on council budgets in accepting this funding. The Climate Change Team will be responsible for ensuring that all aspects of this pilot project stay within budget.

Table 1 below show a summarised spending plan of the EUR 1.5m that will be delegated (subject to Cabinet approval):

Table 1 – Project Budget by Partner

Partner	Planned	Indirect costs*
Bristol City Council	€ 452,032.00	€ 87,925.50
Abundance	€ 168,500.00	€ 42,125.00
Bath & Bristol Regional Capital	€ 487,811.25	€ 90,487.39
Bristol Green Capital Partnership	€ 136,204.69	€ 34,051.17
Total	€ 1,244,547.94	€ 254,589.06

A detail breakdown of the cost estimates for all aspects of the project has been provided, including the work to be delivered by partners.

To ensure this project is successful, it is important that Officers within the Climate Change Team closely monitor the progress of the work delivered by partners and regularly bring back to G&R EDM regular (quarterly) progress reports which include spending details for all aspects of the project.

Finance Business Partner: Kayode Olagundoye, Interim Finance Business Partner for Growth and Regeneration 19 June 2023

2. Legal Advice: The procurement process must be conducted in line with the 2015 Procurement Regulations and the Council's own procurement rules. Legal services will advise and assist officers with regard to the conduct of the

procurement process and the resulting contractual arrangements.
Legal Team Leader: Husinara Jones, Team Manager/Solicitor 24 May 2023
3. Implications on IT: I can see no implications on IT in regard to this activity
IT Team Leader: Alex Simpson, Senior Solution Architect 25 May 2023
4. HR Advice: The project will involve existing BCC staff and their costs will be met fully from the project. There will be no need to recruit additional staff. Any changes in staff roles will be agreed with the individuals involved.
HR Partner: Celia Williams, HR Business Partner 25 May 2023

EDM Sign-off	John Smith, Interim Executive Director Growth and Regeneration	3 June 2023
Cabinet Member sign-off	Councillor Kye Dudd, Cabinet Member for Climate, Ecology, Energy and Waste	15 June 2023
For Key Decisions - Mayor's Office sign-off	Mayor's Office	5 June 2023

Appendix A – Further essential background / detail on the proposal	YES
Project Summary	
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities impact assessment of proposal	YES
Appendix F – Eco impact assessment of proposal	YES
Appendix G – Financial advice	NO
Appendix H – Legal advice	NO
Appendix I – Exempt information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO