

16 June 2021

Agenda Item: 8

## **REPORT OF THE CORPORATE DIRECTOR, PLACE**

### **DEFRA INVESTMENT READINESS FUND**

#### **Purpose of the Report**

1. This report seeks Members approval and support for the applications submitted by Nottinghamshire County Council (NCC) to the Natural Environment Investment Readiness Fund (NEIRF). The report also seeks agreement from Members to provide additional supporting documentation in relation to the four applications if requested by the Environment Agency. Finally, the report seeks approval to undertake a procurement process should the bids have a successful outcome.

#### **Information**

2. The Department for Environment, Food and Rural Affairs launched the Natural Environment Investment Readiness Fund (NEIRF) to explore how to bring forward greater private investment into natural assets, alongside public investment. This is to take advantage of a growing demand to invest in green financial markets, with potential for public sector savings and a share of profits to be re-invested into the public purse.
3. This fund will provide grants of £10,000 to £100,000 (inclusive of VAT) to pay for technical and specialist market advice. The purpose is to take learning from environmental projects and inform new investment models to help fund future environmental interventions. This will explore how the private sector can be supported through financial markets in a way that increases benefits for the public and private sector. This exploratory work into green finance must be associated with the delivery of a funded environmental project delivered within two years and capable of being applied at scale to other places in the future.
4. Projects must support the 25 Year Environment Plan, for example, with outcomes for green places:
  - i. sustainable UK developments including improving the quality of urban developments, non fossil-fuel energy and preventing flood risk;
  - ii. growth in sustainable supply chains. For example, off-site manufacturing in construction, sustainable forestry, carbon offset industries;
  - iii. protecting environments of public value and increasing biodiversity and improving the future quality of our air, water and food supplies.
5. Our current sites meet the above criteria and offer unique opportunities to set a national benchmark for building greener to safeguard our natural environment. The project also provides scope to support mental health, the visitor economy and

employment outcomes.

6. The work will support the County aims to deliver a green recovery in the wake of the Covid-19 pandemic and will help the Council strive towards an ambitious future to benefit all residents. This work will also enable us to lead the debate on how public and private finance can be best applied at scale towards environmental and placemaking interventions, including feeding directly into Government's Green Finance, Planning Reform, Green Growth and Infrastructure funding agendas. If successful investment models are identified, then there is scope to scale these up via external partners who support the project.
7. Following approval officers explored the potential application of this fund, collated evidence and submitted bids. Four applications were made on the 29<sup>th</sup> March and are currently undergoing consideration. Each application covered a separate, ambitious investment model to be explored.

#### **I. Green Transport Options: Green & Active Investment Models**

Green and sustainable transport will be a focus across several sites. The fund will help develop models to support benefits to all for investing in ecosystem services at sustainable transport locations. This will boost biodiversity, improve water and air quality and support environmentally friendly travel for work and leisure. This application requested £100,000 in grant funding.

#### **II. 5G Connected Forest: Investment models for the new 5G Technologies**

Exciting 5G technologies are currently being piloted in Nottinghamshire with the 5G Connected Forest Programme. This application requested £100,000 in grant funding.

#### **III. Low Carbon Buildings: BREEAM Investment Models**

The County Council is developing high quality environmentally beneficial buildings across our estate including; social housing decarbonisation, meeting head on the Government's challenge to build back greener and better. This fund will enable models to be explored that can both invest in and generate funds to serve commercial and public needs for clean air, water & energy in urban habitats. This application requested £100,000 in grant funding.

#### **IV. Investigating investment models at landscape scale in Sherwood and Trent Valley**

The model will seek to identify the current market factors influencing investment decisions in the Sherwood, Trent Valley Washlands and Trent & Belvoir Vales National Character Areas in Nottinghamshire. This fund will help identify opportunities for re-purposing existing investment mechanisms and attracting new forms of investment to deliver habitat restoration and re-creation on a planned basis at a landscape scale. This application requested £87,625 in grant funding.

8. Internal and external partners were engaged on the potential investment models and provided letters of support. They have agreed that if funds are awarded to NCC, they will collaborate to develop and support NCC's exciting vision for a green and sustainable future. Key stakeholders include D2N2 LEP, Midlands Connect, Greenwood Community

Forest, Local Universities and East Midlands Chamber.

9. The proposed applications are currently being sifted by the Environment Agency. The NEIRF Project Board will then assess the content of the bids and will decide on the outcome. The Board may request further detail over the assessment period. The outcome is expected to be announced in **July 2021**. Annex A outlines a breakdown of quarterly milestones should the bid outcome be successful.

### **Other Options Considered**

10. To not approve the use of additional resource from this fund would impact on the Council's ability to explore the opportunities presented by green finance.

### **Reason/s for Recommendation/s**

11. In order for the Committee to continue to support the progress of our application and endorse that Officers' undertake a procurement process in respect of the fund as quickly as possible should the funding application be successful.

### **Interdependencies**

12. This grant funding only requires NCC to share the learning outcomes of the project report commissioned. It does not create any obligation to engage with any finance model in return for the fund and does not commit NCC to success or implementation of the investment model(s) explored.
13. The total value applied for each project was justified based on an estimate of the cost for market specific advice. NCC may be asked to obtain detailed quotes and a specification of the procurement for the work if funding is awarded. Any commission would seek to maximise value for Nottinghamshire County and for DEFRA. Some claim back has been requested for project administration; up to 20% of the fund may be claimed against evidenced and justified staff salary. It is proposed that for any projects awarded, this could be re-invested into supporting research to achieve the Fund outcomes.

### **Statutory and Policy Implications**

14. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Financial Implications**

15. This report highlights a bidding process for a potential £387,625 to be made available for the four proposed investment models. No match funding will be required, but it can be used should the opportunity arise. S151 officer approval will be sought for any funding that is secured (in line with Constitutional requirements).

## RECOMMENDATIONS

It is recommended that Economic Development and Asset Management Committee:

- 1) Provide endorsement of the four proposed applications.
- 2) Agree to Officers providing any additional supporting documentation if requested by DEFRA in relation to the four proposed applications.
- 3) Agree to Officers undertake a procurement process should the bids have a successful outcome.

**Adrian Smith**  
**Corporate Director, Place**

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### **Constitutional Comments (AK 01/06/2021)**

15. This report falls within the remit of the Economic Development and Asset Management Committee by virtue of its terms of reference.

### **Financial Comments (RWK 02/06/2021)**

16. The report informs committee of 4 applications that have been submitted to the Natural Environment Investment Readiness Fund (NEIRF). The applications, if successful, could bring in additional grant funding of £387,625. As no match funding is required there are no specific financial implications arising directly from the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- [NEIRF background information \[gov.uk\]](#)

### **Electoral Divisions and Members Affected**

- All

**ANNEX A**

<b><u>July- Nov 2021</u></b> <ul style="list-style-type: none"><li>- Undertake procurement process</li></ul>	<b><u>Dec 2021- Feb 2022</u></b> <ul style="list-style-type: none"><li>- Specialist market advice procured.</li><li>- Grant agreement in place</li><li>- Project inception.</li><li>- Early review: Barriers and Incentives report</li></ul>
<b><u>March 2022- July 2022</u></b> <ul style="list-style-type: none"><li>- Mid-term review: Investment Model report.</li></ul>	<b><u>Aug 2022- Nov 2022</u></b> <ul style="list-style-type: none"><li>- End of Grant report: Governance report.</li><li>- End Date: Evaluation report.</li></ul>