

## **CABINET**

**DATE OF MEETING:** THURSDAY 3<sup>rd</sup> NOVEMBER 2022

**TITLE OF REPORT** GRANT FUNDING FOR BIODIVERSITY AND CARBON OFF-SETTING STRATEGY

**Report of:** Executive Director for Communities

**Cabinet Portfolio:** Leader and Strategic Direction

**Key Decision:** Yes

### **Reasons for Urgency**

Due to the recent restructure and creation of the new corporate directorates, the Project has lost its project manager as a resource and will need to backfill this role. There is a current shortage of staff within the service to fill this role and it is proposed that this will now need to be filled using consultants. The Council's finance team has advised that if the Project is to be successful, a tender process should commence as soon as possible to allow sufficient time to run a tender and meet the required milestones set by the funding body (DEFRA). If the Council was to wait until December's Cabinet this would only leave 3 months to complete the tender.

**Confidentiality:** Non-Exempt

### **PURPOSE OF REPORT**

1. To seek Cabinet's approval to expend £110k (£100k Grant and £10k for earmarked reserves) towards the delivery of "Phase 2" of the approved Biodiversity and Carbon Off-Setting Project, procuring the necessary expertise to progress the project.

### **RECOMMENDATION**

- That Cabinet agrees to expend £110k (£100k Grant and £10k from earmarked reserves) towards the delivery of "Phase 2" of the approved Biodiversity and Carbon Off-Setting Project
- That approval is given to procure consultants to project manage and develop the strategy

### **BACKGROUND**

2. The Council has been successful in gaining funding (£100k) towards the development of a Biodiversity and Carbon Off-setting Strategy as part of DEFRA's Natural Environment Investment Readiness Fund (NEIRF).
3. This strategy will focus on environmental enhancements located across the council's countryside sites and all council owned land, which will be funded by developers, businesses, and residents via a credit system. The strategy provides a straightforward, self-financing, delivery strategy enabling growth of the HDC's ecosystem services.

The model has capacity to stack multiple complimentary off-setting revenue streams and capitalise on emerging income streams once the core product (carbon credits and biodiversity units) is operational. The Council's countryside sites (HDC CS) have a significant capacity to support Biodiversity Net Gain (BNG) projects, whilst 126ha may be available for carbon trading. Through the strategy's innovative pilot projects, case studies for BNG delivery on SANG and best practice model for maximising the natural capital value of a local authority landholding will be available to enhance shared knowledge.

4. The Project is split into to 2 key "Phases" with Phase 1 - project pilot, site selection and evaluation now in progress and being monitored through Project Board. Phase 2 – Development of costs and Strategy will be delivered over the next two financial years.

## **MAIN ISSUES**

5. This project will deliver a Carbon and Biodiversity Off-Setting Strategy. As a result, this will help the Council archive its requirement to reach net-zero by 2035. It will also support the management of SANGs and bring additional funding into the Countryside Services.
6. The project is considering all the current and future land holdings as part of this Strategy. If these are reduced, then the benefit is reduced as a result. However, we propose to officer this service to like-minded organisations and landowners. Interest has already been gained from St Edwards at Hartland Park SANGs and the Council is in early discussions with Rushmoor BC regarding the potential at Southwood.
7. The grant funding is restricted to be used in the allocated financial years. If the Council does not complete this year's milestones, then it will lose the funding. The earlier this process is started the more this reduces this risk.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

8. Defaulting on the grant funding agreement – This project is identified as part of the Service Plan. If the grant was not used, then the Council would need to draw from its own reserves to meet this target. This would deplete the resources for any future biodiversity projects.
9. Not providing the Strategy – This would cancel the project in all forms losing any benefit for carbon sequestration as well as any additional benefit to biodiversity. This option would also lose future financial investment into the Countryside Service.

## **CORPORATE GOVERNANCE CONSIDERATIONS**

### **Relevance to the Corporate Plan and/or The Hart Vision 2040**

10. The development of the Strategy will help deliver Theme 3 of the Hart Vision by Reducing the impact of climate change.
11. Reducing the impacts of climate change is also a Corporate Priority and the Council has declared a carbon emergency that commits us to reach net zero by 2035.

## **Service Plan**

- Is the proposal identified in the Service Plan? Yes
- Is the proposal being funded from current budgets? No
- Have staffing resources already been identified and set aside for this proposal? Yes. This report specifically seeks resources to deliver this Strategy.

### **Legal and Constitutional Issues**

12. There may be some issues with the need for potential planning permissions and Natural England assent in the delivery of this Strategy. These will be considered as part of the development of the Strategy.

### **Financial and Resource Implications**

13. This report is brought forward so resources can be allocated to this project and meet required deadlines for delivery.
14. A request that £10k is released from Capital Reserves earmarked specifically for these purposes. The Finance Officer has confirmed that we currently hold £277k in reserves earmarked specifically for biodiversity projects.
15. The Council has successfully gained a grant for £100k which is split over the 22/23 23/24 financial years. There is a degree of flexibility on how this is expended during the individual years, but it cannot be carried over from one financial year to another. The grant is paid in arrears and claims must be made at quarterly intervals.
16. The proposed funding is split evenly.
  - a. 2022/23 - £17k Capitalised Staffing cost, £38k Consultancy fees
  - b. 2023/24 - £17k Capitalised Staffing cost, £38k Consultancy fees

### **Risk Management**

17. There is a risk that the Council may not be able to procure support in time and this will cause a default in the grant funding.

### **EQUALITIES**

18. It is not expected that there will be any equality issues in delivering this Strategy. However, if works are to be delivered on Council land, then these will be subject to equality assessment within their individual management plans.

### **CLIMATE CHANGE IMPLICATIONS**

19. This proposal is specifically targeted to deliver an increase in carbon sequestration, and it will help the council towards its aims to make the council “carbon neutral” by 2035
20. The greater the number of sites or area that can be added to this project the greater the benefit.

## **ACTION**

Subject to the recommendations of this report being approved, the Council will

21. Release £10k from earmarked capital reserves to match fund the £100k NEIRF grant and,
22. Procure a suitable consultant to project manage and develop the delivery of the Carbon and Biodiversity Off-setting Strategy

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## **Appendices**

None

## **Background Papers:**

None