

Options Appraisal

Strategic Analysis  
(Objectives)

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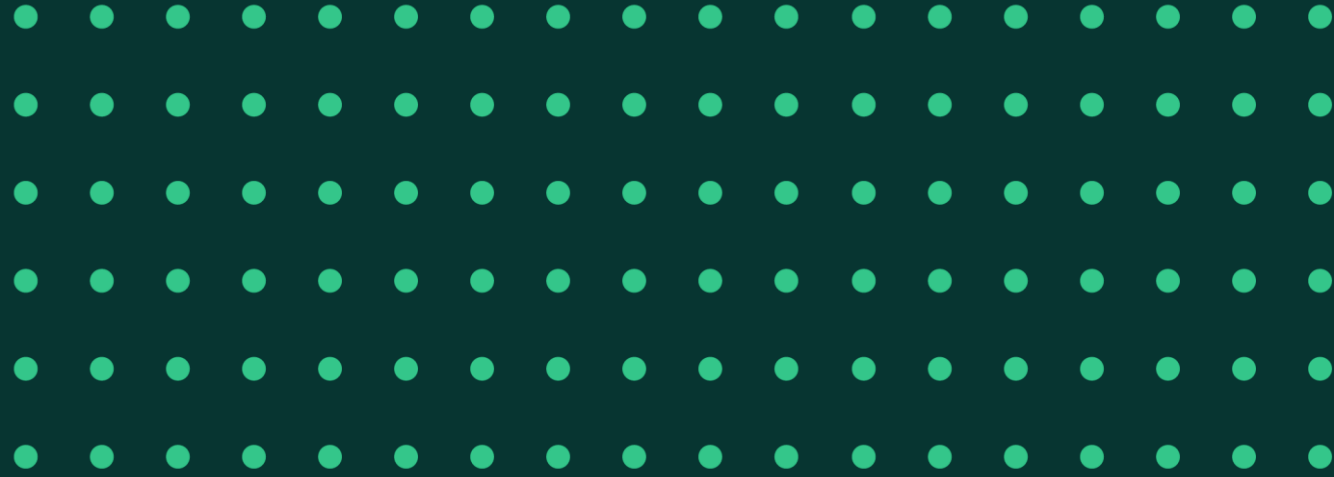
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Strategic Framework

Adapted from Board Actions

# Strategic Framework

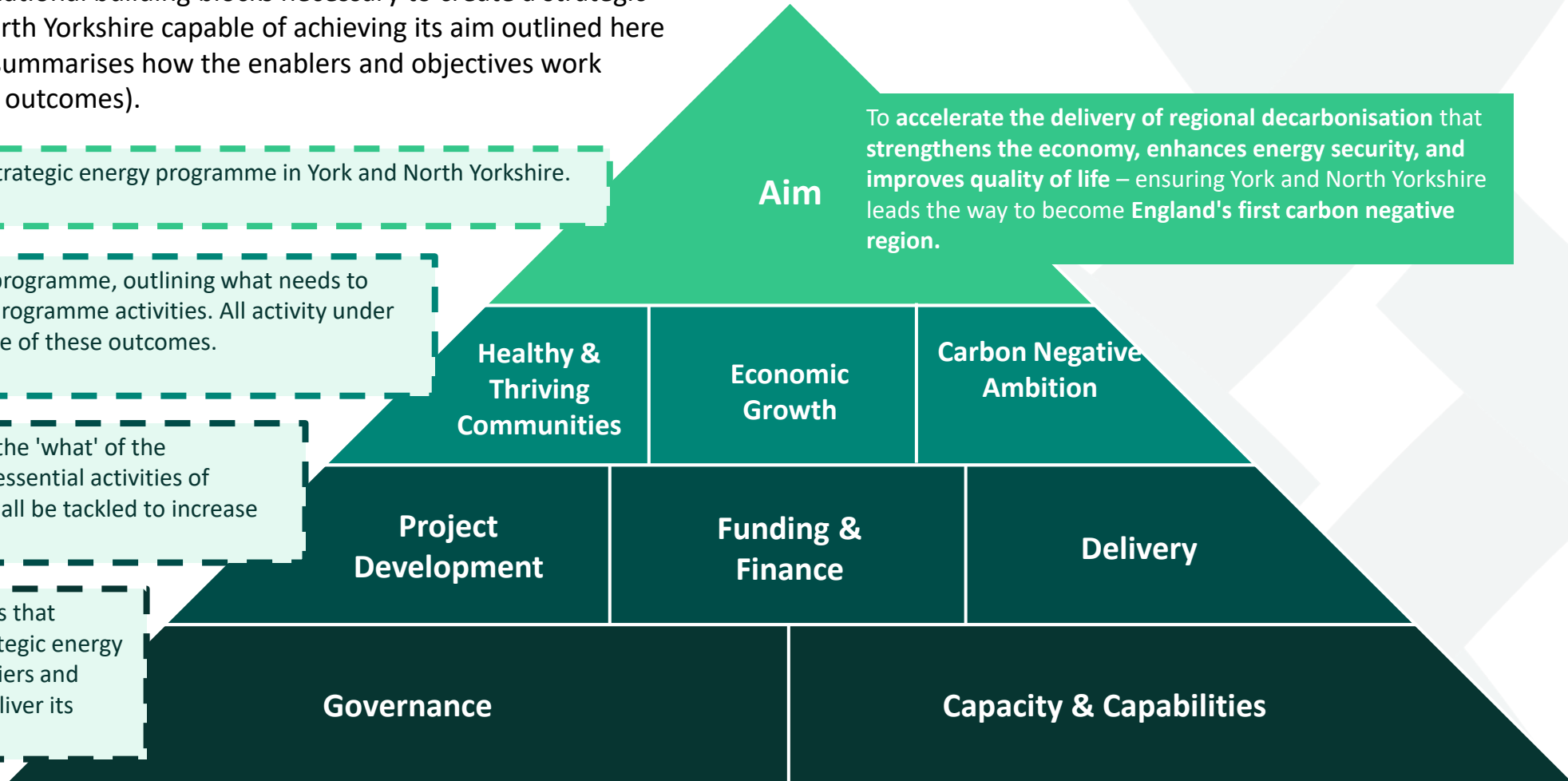
This framework sets out the foundational building blocks necessary to create a strategic energy programme in York and North Yorkshire capable of achieving its aim outlined here also. The framework additionally summarises how the enablers and objectives work together to achieve our 'why' (the outcomes).

**Aim:** This is the long-term vision for a strategic energy programme in York and North Yorkshire.

**Outcomes:** These are the 'why' of the programme, outlining what needs to happen as a result of strategic energy programme activities. All activity under this vehicle will aim to meet at least one of these outcomes.

**Key Objectives:** The key objectives are the 'what' of the programme, these outline the key and essential activities of the strategic energy vehicle. They must all be tackled to increase the pace and scale of decarbonisation.

**Enablers:** These are the enabling factors that facilitate the desired activity of the strategic energy programme. These factors remove barriers and make it easier for the programme to deliver its objectives.



# Enablers:

## Governance

To develop a robust governance route that enables strategically-driven programme delivery at pace and scale.

Requires:

- Flexibility to political uncertainty
- Variation dependent on project factors (ownership, profit sharing)
- Considers longevity of activities beyond model/partnership term (e.g. golden share)

## Capacity & Capabilities

To develop the regional capacity and capabilities at the required quality to support programme delivery at pace and scale.

Requires:

- Technical expertise (e.g. business case development, commercial awareness, raising capital.)
- Supportive expertise (e.g. operational and strategic)
- Wider communities (e.g. integrating supply chains and green skills)
- Supporting and bolstering expertise in community groups (e.g. community energy).

# Key Objectives:

## Project Development

To develop a strategically-driven pipeline of projects that enables funding & investment.

Requires:

- Ability to raise project development funding (public & private).
- Sufficient technical expertise and capacity for development.
- Consideration of social value and community wealth building

## Funding & Finance

To secure and optimise public funding and commercial investment, harnessing innovative approaches to maximise regional outcomes.

Requires:

- Ability to aggregate and bundle projects.
- Access to commercial investment.
- Capacity & capability to blend public funding and private finance.

## Delivery

To enable project delivery at pace and scale, harnessing the use of local supply chains.

Requires:

- Growth in demand of local supply chains.
- High standards / quality of delivery.
- Capacity & capability to deliver and/or contract manage.

# Outcomes:

## Healthy & Thriving Communities

To enable wider social benefits to be felt within local communities.

Requires:

- Effective engagement with communities to ensure project consent (co-design principles)
- Tackling fuel poverty
- Increasing associated health benefits (e.g. warm, comfortable homes, lessened pressure on NHS in climate-relevant issues)
- Increasing ownership of local energy projects

## Economic Growth

To enable regional economic growth to be felt within local businesses and communities.

Requires:

- Increasing job creation in relevant sectors
- Stimulate growth in local supply chains and local businesses
- Increase training / education opportunities

## Carbon Negative Ambition

To reduce carbon emissions in line with regional strategies and commitments.

Requires:

- Action at the required pace and scale according to net zero and carbon negative commitments (operational & regional)
- Decrease t/CO2 emitted, greenhouse gas emissions.

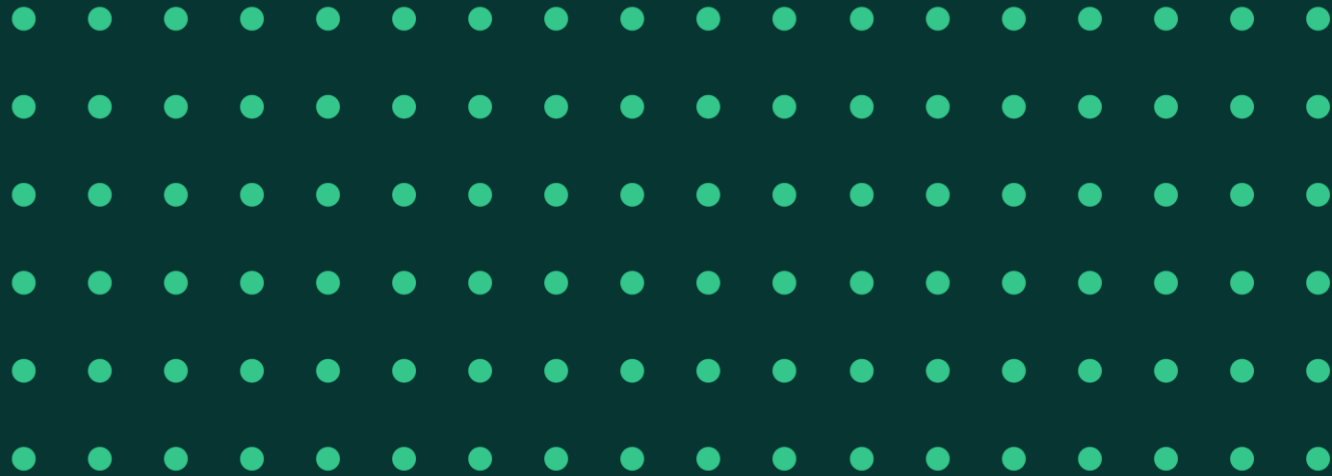


Aim

## Aim:

To **accelerate the delivery of regional decarbonisation** that **strengthens the economy, enhances energy security, and improves quality of life** – ensuring York and North Yorkshire leads the way to become **England's first carbon negative region**.

Maximising regional benefits through a strategic place-based approach to decarbonisation. Setting clear, coordinated pathways to create healthy and thriving communities: empowering local voices, strengthening local supply chains and reducing energy bills to produce sustainable action at pace and scale.



Objectives  
Appraisal

# Overview – Heat Map

	Governance	Project Development	Funding & Finance	Delivery	Community Benefit	Economic Opportunity	Carbon Reduction
Business As Usual	Red	Red	Red	Red	Red	Red	Red
Authority-Led Framework	Red	Red	Red	Yellow	Red	Yellow	Yellow
In-House Centralised	Yellow	Yellow	Red	Red	Yellow	Red	Yellow
In-House Scaled-Up APS	Yellow	Yellow	Red	Red	Yellow	Yellow	Red
Investment Readiness Facility	Yellow	Yellow	Yellow	Red	Yellow	Red	Yellow
Limited Partner Fund	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow
Combined In-House	Yellow	Yellow	Light Green	Yellow	Yellow	Yellow	Yellow
Partner-Led Contractual JV	Yellow	Light Green	Yellow	Light Green	Yellow	Yellow	Yellow
Partner-Led Corporate JV	Light Green	Light Green	Yellow	Light Green	Yellow	Yellow	Yellow
Energy Company	Green	Light Green	Light Green	Yellow	Light Green	Light Green	Light Green

Does not meet the objective at all	Meets the objective very poorly; major gaps or misalignment	Meets the objective somewhat, but with significant issues	Adequately meets the objective; some minor issues present	Mostly meets the objective; only minor improvements needed	Fully meets or exceeds the objective; no improvements needed
0	1	2	3	4	5

# Business As Usual

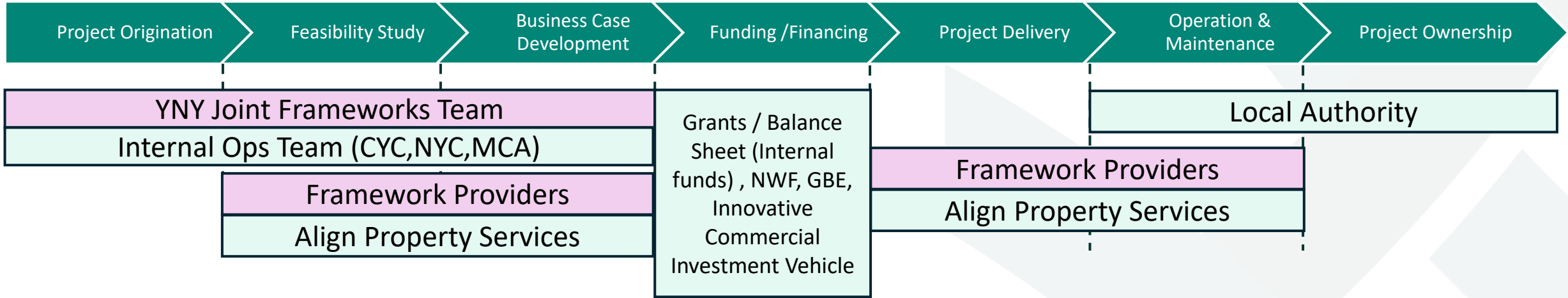
Total (out of 35)

7

Theme	Summary	BAU	Score
<b>Governance</b>	Current governance routes are slow, are project-by-project and have no strategic capability. No governance approach currently set up across 3 authorities to decarbonise and deliver LAEPs.	n/a	1
<b>Project Development</b>	CA (1 FTE embedded from Net Zero Hub to support project development). CYC, NYC (little FTE dedication to project development). Low capacity across 3 authorities, with no easy to access funding apart from ad-hoc national funding and mayoral investment (CNCF, NZF). Expertise is high but doesn't have required technical expertise required for full feasibility.	n/a	1
<b>Funding &amp; Finance</b>	Business cases made internally for funding with no expertise to understand how to get commercial investment. Good track record and ability to access and secure grant funding but struggle to blend with commercial investment.	n/a	1
<b>Delivery</b>	Procurement lengthy process, typically done on project-by-project basis, leading to slow pace of delivery. NYC (Teckal strength to deliver but not across wider net zero portfolio).	n/a	1
<b>Community Benefit</b>	Difficult to engage and benefit local communities because of ad-hoc projects. Capabilities and capacity is not sufficient to engage with communities widely, progress is slow.	n/a	1
<b>Economic Opportunity</b>	Similar to Community Benefit. Ability for positive result but is currently very slow because of pace of project development and delivery.	n/a	1
<b>Carbon Reduction</b>	Current pace of action will not meet decarbonisation targets.	n/a	1

# Authority-Led Framework

Key	BAU
	Model Specific
	Other



Governance	Resource	Project Route
<ul style="list-style-type: none"> <li>Joint establishment of the framework (deciding detail and criteria).</li> <li>Individual draw down and governance routes for net zero project delivery.</li> </ul>	<ul style="list-style-type: none"> <li>Core Framework Team – committed full-time resource requires funding (e.g. Mayoral Investment Fund + LAs).                             <ul style="list-style-type: none"> <li>Procurement/Legal/ Finance/Manage</li> </ul> </li> <li>Contracted Framework Team – grant funded allocation per project.                             <ul style="list-style-type: none"> <li>Contract Management</li> </ul> </li> <li>[EY Report] States up to 30 FTE minimum (incl. contract management, legal, finance and procurement specialists)</li> </ul>	<ol style="list-style-type: none"> <li>Project Originated by Individual Authority/ supported by Joint Frameworks Team.</li> <li>Project assessed according to framework criteria.</li> <li>If approved, Individual Authority or Joint Frameworks Team takes to business case (utilises framework if applicable)</li> <li>Business case delivery drawn down by framework delivery.</li> <li>Joint Frameworks Team or resource from individual authority, contract manages.</li> </ol>

# Authority-Led Framework

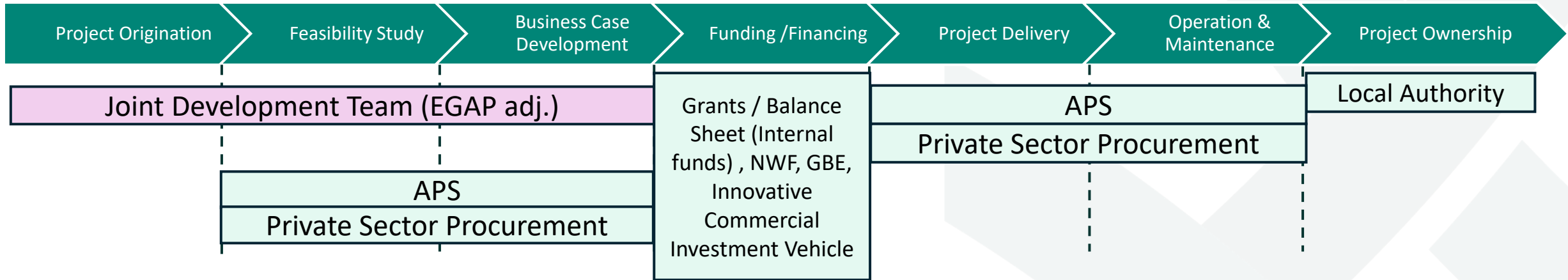
Total (out of 35)

10

Theme	Summary	BAU	Score
<b>Governance</b>	Individual authorities draw down on framework as required, BAU. Criteria of framework established jointly [EY Report]	1	1
<b>Project Development</b>	BAU project development functionality.	1	1
<b>Funding &amp; Finance</b>	BAU as framework will likely only provide contracting for supply of services and/or works, point at which a project enters the framework will be business case (therefore likely grant funded continuation).	1	1
<b>Delivery</b>	Procurement process would be shorter than BAU but longer than partner arrangement and still on project-by-project basis, leading to mediocre pace of delivery. Encouragement of consortium approaches with local supply chain possible. Quality of delivery potentially would not be consistent. Capacity for contract management would depend on grant funding.	1	2
<b>Community Benefit</b>	BAU integration of community benefit into framework, low capacity not sufficient to engage communities widely.	1	1
<b>Economic Opportunity</b>	Procurement framework with requirement for consortium/dedication to local supply chain would benefit local businesses and increase demand. But limited capacity to support these businesses could result in slow engagement and therefore delivery.	1	2
<b>Carbon Reduction</b>	Pace and scale marginally quicker than BAU.	1	2

# Enhanced In-House Centralised

Key	BAU
	Model Specific
	Other



Governance	Resource	Project Route
<ul style="list-style-type: none"> <li>Joint governance board that leads Joint Development Team.</li> <li>Delivery would be via individual authorities due to grant funding allocation on individual basis. (i.e. no funding mechanism attached)</li> </ul>	<ul style="list-style-type: none"> <li>EGAP scaled-up would be the Joint Operations Team, requires funding (e.g. Mayoral Investment + LAs).                             <ul style="list-style-type: none"> <li>Project Origination &amp; Development</li> <li>Capacity: £1.5 million funding over 2 years will get 3 projects to FBC, and 2 to OBC*</li> </ul> </li> <li>Delivery contract management completed by individual authority (grant funding).</li> </ul>	<ol style="list-style-type: none"> <li>Joint Team originates project using EGAP-style programme.</li> <li>Project taken to joint board for approval according to regional strategy.</li> <li>If approved, joint team take to business case level (with private sector support likely).</li> <li>Project goes back to joint board for approval on delivery route.</li> <li>Project delivery procured and contract managed by individual authority.</li> </ol>

\* Variation applies accordingly to project complexity and type (focus on large scale generation)

# Enhanced In-House Centralised

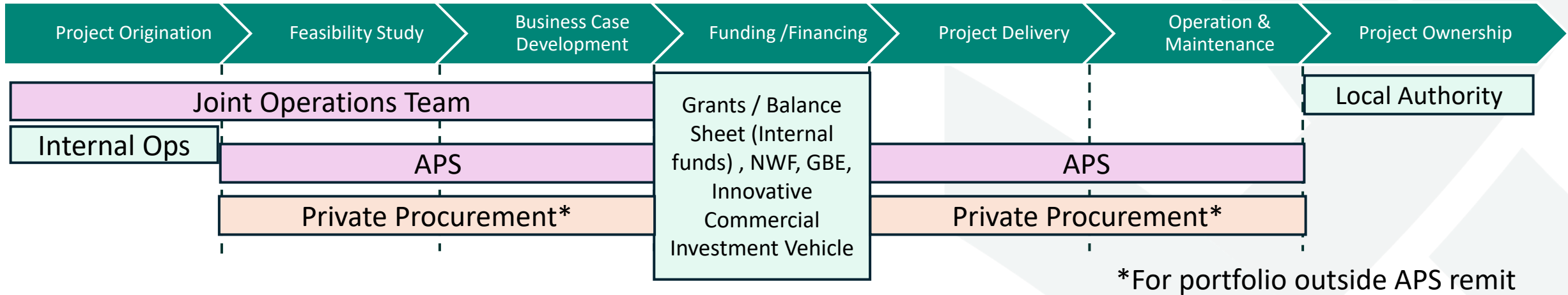
Total (out of 35)

11

Theme	Summary	BAU	Score
<b>Governance</b>	Utilises joint governance board, decisions are made collaboratively based on regional priorities and strategic goals. Decisions would still be made on project-by-project basis, and individual authority policies before this route may lead to inefficiencies.	1	2
<b>Project Development</b>	Dedicated regional project development team through committed funding from YNY. In-house team can integrate social value better with increased capacity, but existing funding situation remains and reliance on project-by-project basis.	1	2
<b>Funding &amp; Finance</b>	Joint capacity to bid but little expertise to blend finance. BAU access to commercial investment, capacity and capabilities.	1	1
<b>Delivery</b>	Due to mainly grant funded, individual authority will likely delivery through BAU project-by-project basis. Overall capacity therefore is BAU, resulting in slow delivery.	1	1
<b>Community Benefit</b>	Joint team can enable strategic approach in project development but BAU capacity/capabilities and ad-hoc delivery would likely result in marginal results.	1	2
<b>Economic Opportunity</b>	BAU, project-by-project procurement gives little opportunity to grow local supply chain.	1	1
<b>Carbon Reduction</b>	Pace and scale marginally quicker than BAU.	1	2

# Enhanced In-House Scaled-Up APS

Key	BAU
	Model Specific
	Other



Governance	Resource	Project Route
<ul style="list-style-type: none"> <li>Align create third-arm (Teckal) with shareholders from CA, CYC, NYC.</li> <li>Case Study: Yorwaste (in appendix)</li> </ul>	<ul style="list-style-type: none"> <li>Joint Operations Team created as Client Function for APS. requires funding (e.g. Mayoral Investment + LAs).</li> <li>APS Third-arm would likely require balance sheet funding from CA and CYC to scale-up.</li> <li>Contract management FTE grant funded.</li> </ul>	<ol style="list-style-type: none"> <li>Project Originated by Individual Authority or Joint Operations Team.</li> <li>Joint Operations Team collaborate with APS to assess project relevance to third-arm shareholder set priorities.</li> <li>APS undertake feasibility and take to business case with Joint Operation Team.</li> <li>Individual Authority approval process.</li> <li>APS deliver project.</li> <li>If APS is unable to provide required support/expertise, alternative private sector support procured by joint operations team.</li> </ol>

# Enhanced In-House Scaled-Up APS

Total (out of 35)

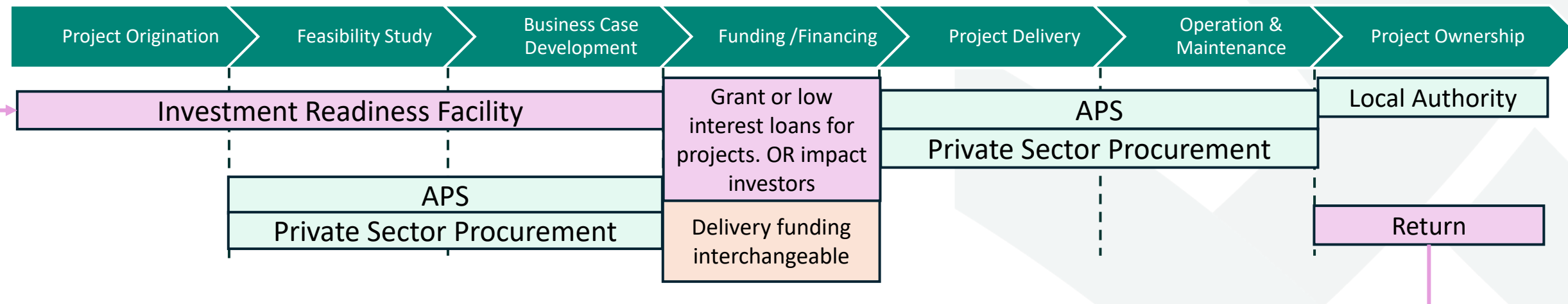
12

Theme	Summary	BAU	Score
<b>Governance</b>	Utilises joint governance board, decisions are made collaboratively based on regional priorities and strategic goals. [Align creates third arm with CA, NYC, CYC shareholder status]	1	3
<b>Project Development</b>	Align have no desire to originate (therefore BAU) but have capacity and expertise to create technical feasibility studies (limited across net zero portfolio). BAU funding for project development (grant funding).	1	2
<b>Funding &amp; Finance</b>	BAU, reliant on public funding, no capacity blend with commercial investment, on project-by-project basis .	1	1
<b>Delivery</b>	Capacity and capability of delivery in Teckal but not on wider net zero portfolio. BAU procurement would exist for large scale renewables, heat networks, EV etc, resulting in slow pace of delivery. Aggregation of assets may lead to more effective delivery through APS.	1	1
<b>Community Benefit</b>	BAU, trusted brand, joint team can enable strategic approach in project development but BAU capacity/capabilities and ad-hoc delivery results in marginal improvement.	1	2
<b>Economic Opportunity</b>	Can build on Align's existing supply chain framework for retrofit investing in local supply chain, apprenticeships, and job creation by scaling up longer-term. Does not reach wider scale of local businesses (especially across net zero portfolio).	1	2
<b>Carbon Reduction</b>	BAU, Align already used by both authorities, pressure on Teckal could even stagnate carbon reduction progress.	1	1

# Investment Readiness Facility

Key	BAU
	Model Specific
	Other

A revolving debt facility to help projects reach stage of investment readiness.



Governance	Resource	Project Route
<ul style="list-style-type: none"> <li>Joint governance board for strategic oversight, final decisions on facility including criteria of funding allocation.</li> <li>Could transfer operational control over time to commercial third party.</li> </ul>	<ul style="list-style-type: none"> <li>Set up of the facility, integration with EGAP to consider (e.g. LINC 50k)</li> <li>Central programme design and management teams (e.g. Mayoral Investment + LAs).</li> <li>Funding of the investment readiness facility.                             <ul style="list-style-type: none"> <li>Could come from public or private or blend of finance, likely will initially come from Authority. (e.g. LINC 150k over three years).</li> </ul> </li> </ul>	<ol style="list-style-type: none"> <li>Project origination by YNY authority / other.</li> <li>Project taken to IRF to assess project against facility criteria.</li> <li>If approved, project given grant or more likely low-interest loan for project development.</li> <li>Project taken to investment readiness by individual authority.</li> <li>Project commercial investment and/or delivery procured by individual authority.</li> <li>Agreed revenue returned into IRF, revolving loan facility.</li> </ol>

# Investment Readiness Facility

Total (out of 35)

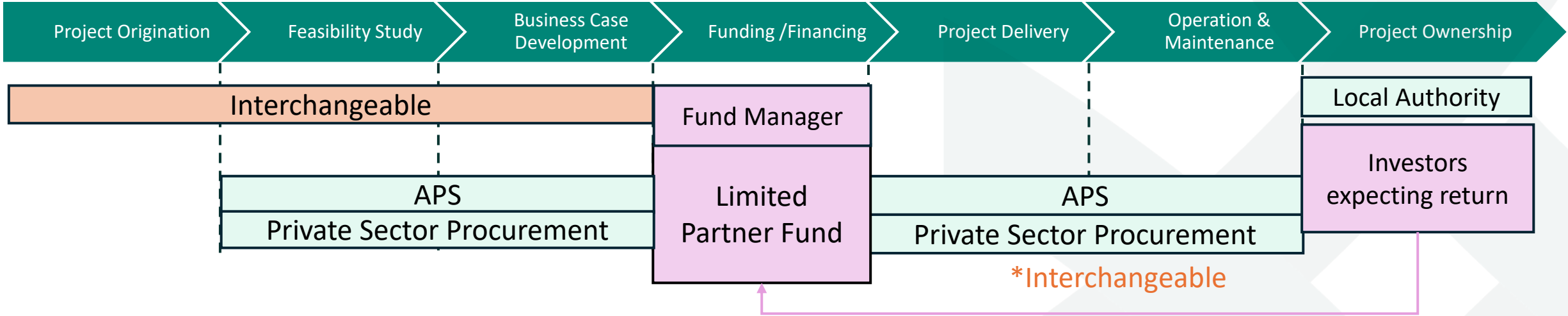
13

Theme	Summary	BAU	Score
<b>Governance</b>	Revolving function secures longevity of approach. Utilises joint governance board, decisions are made collaboratively based on regional priorities. Decisions potentially still on project-by-project and individual governance policies and routes still apply and could lead to inefficiencies.	1	2
<b>Project Development</b>	Dedicated regional project development fund through committed funding from YNY. In-house team and criteria able to integrate social value. But existing BAU project-by-project procurement for feasibility studies.	1	3
<b>Funding &amp; Finance</b>	Innovative approach that retains project development funding with increased internal capacity. Little consideration of aggregation and bundling for delivery. Project readiness function sets up likelihood of commercial investment but not secure.	1	2
<b>Delivery</b>	BAU delivery function.	1	1
<b>Community Benefit</b>	Joint team can enable strategic approach in project development but BAU capacity/capabilities and ad-hoc delivery would likely result in marginal results.	1	2
<b>Economic Opportunity</b>	BAU, project-by-project procurement gives little opportunity to grow local supply chain.	1	1
<b>Carbon Reduction</b>	Pace and scale marginally quicker than BAU.	1	2

# Limited Partner Fund

Key	BAU
	Model Specific
	Other

A collective investment vehicle where investors provide capital and GP manages the fund.



Governance	Resource	Project Route
<ul style="list-style-type: none"> <li>Fund manager decides if funding should be allocated based on criteria of the fund set by YNY during formation of the fund.</li> </ul>	<ul style="list-style-type: none"> <li>Existing climate teams, likely to increase in capacity to meet demand of funding. As well resource to set up the fund (i.e. attracting investors).</li> <li>Fund manager salary plus bonus based on success of the fund to incentivise.</li> <li>Significant upfront contribution required by CA to ensure confidence for other investors.</li> </ul>	<ol style="list-style-type: none"> <li>Project originated and progressed to FBC by YNY (<b>Interchangeable process</b>).</li> <li>YNY approves funding route to be appropriate for fund.</li> <li>Fund manager assesses project and allocates funding/finance appropriately according to fund criteria if appropriate.</li> <li>Once funding received, YNY engage with private sector to secure delivery method.</li> </ol>

# Limited Partner Fund

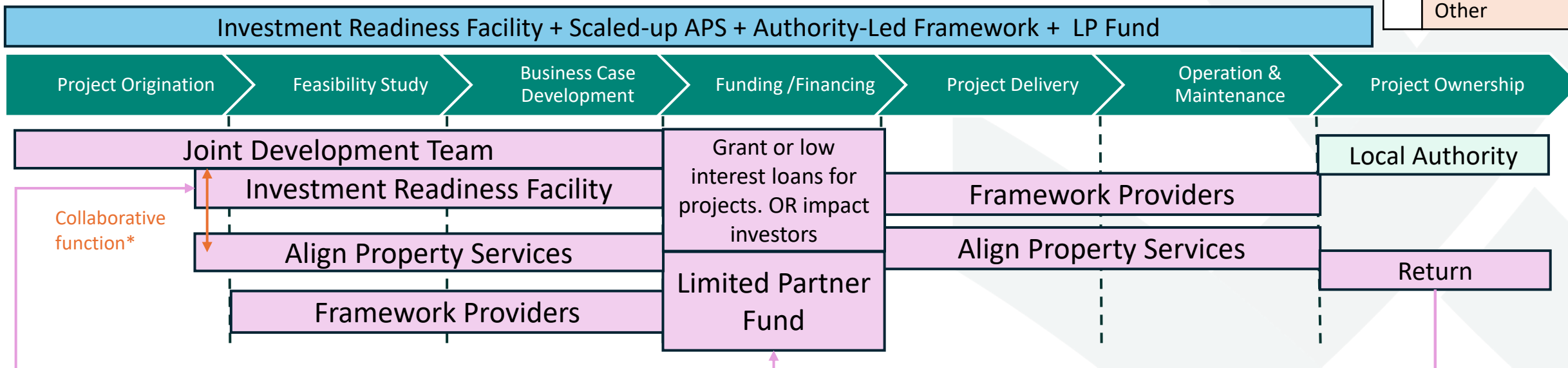
Total (out of 35)

15

Theme	Summary	BAU	Score
<b>Governance</b>	Fund criteria set by joint YNY (strategic board) but likely lacks pace and scale due to long-lead time to set up fund, funding likely to be release in staggered stages. Fund manager controls allocation of funding (flexible to uncertainty).	1	3
<b>Project Development</b>	Likely fund will not provide project development funding. BAU	1	1
<b>Funding &amp; Finance</b>	Capacity and capability of fund manager to blend public (balance sheet) and private investment. Portfolio bundling of projects likely, but dependent on investor-type requirement for <b>commercial return would be priority</b> . Criteria of fund can be set to aid ability to maximise outcomes for YNY.	1	3
<b>Delivery</b>	LP draw down would include project management costs. But overall BAU delivery.	1	2
<b>Community Benefit</b>	No community engagement function (BAU). Committed criteria to community energy projects and social value benefits within fund criteria possible.	1	2
<b>Economic Opportunity</b>	Potential for local businesses to draw down from the fund but overall support for wider supply chain growth is BAU.	1	2
<b>Carbon Reduction</b>	Not reliant on piecemeal funding, staggered consisted funding with carbon reduction in criteria. Pace and scale reliant on project-by-project basis, however.	1	2

# Enhanced In-House Combined

Key	BAU
	Model Specific
	Other



Governance	Resource	Project Route
<ul style="list-style-type: none"> <li>Joint governance board responsibilities:                             <ul style="list-style-type: none"> <li>Establishing criteria for IRF, LP Fund and Framework.</li> <li>Lead Joint Development Team + IRF (final decisions)</li> <li>Shareholder responsibilities of Align's third arm.</li> </ul> </li> <li>Fund manager responsible for allocating funds.</li> </ul>	<p>Joint Development Team (CC-specific):</p> <ul style="list-style-type: none"> <li>Client Function with APS</li> <li>Set-up and management of IRF</li> </ul> <p>Wider responsibilities:</p> <ul style="list-style-type: none"> <li>Set-up and management of Framework</li> </ul> <p>Financial contribution:</p> <ul style="list-style-type: none"> <li>LP Fund</li> <li>APS balance sheet?</li> </ul> <p>Fund manager salary plus bonus based on success of the fund to incentivise.</p>	<ol style="list-style-type: none"> <li>Project originated by individual authority + wider regionally</li> <li>Development team provide service to advise on IRF, Framework and LP Fund criteria (up to delivery service).</li> <li>Project taken to joint board to approve IRF involvement.</li> <li>If approved, project taken to business case (or equivalent) via IRF. Potential APS or framework drawdown.</li> <li>Project taken to joint board to agree funding route (LP).</li> <li>If approved, fund manager assesses project and allocates funding/finance appropriately according to criteria.</li> <li>Once funding received, authority undertakes delivery through APS or framework.</li> <li>Required returns to LP Fund investors and IRF as appropriate.</li> </ol>

Joint team could also originate themselves, Centralised?

# Enhanced In-House Combined

Total (out of 35)

20

Theme	Summary	BAU	Score
<b>Governance</b>	Route for projects is clear from development to delivery with strategic criteria set within and crucial decision making at stages of financial importance. Joint facilitation of this process for individual authorities likely still leads to project-by-project movement through governance.	1	3
<b>Project Development</b>	Revolving function causes longevity of funding. Setting gateway criteria at development allows for strategic consideration of social value. Aim of function is to get projects to investment-readiness stage. Capacity to develop projects is still on individual project owner with advice on process and management of facility coming from in-house team.	1	3
<b>Funding &amp; Finance</b>	Optimising funding through revolving fund. Capacity and capability of fund manager to blend public and private (private expertise). IRF and LP Fund bridging gap of commercial investment. Portfolio bundling of projects likely but dependent on investor-type and requirement for commercial return.	1	4
<b>Delivery</b>	Procurement process would be shorter than BAU but longer than partner arrangement and still on project-by-project basis, leading to mediocre pace of delivery. Encouragement of consortium approaches with local supply chain possible. Quality of delivery potentially would not be consistent. Capacity of Align to deliver specific asset and ability to work closely with YNY.	1	2
<b>Community Benefit</b>	Gateway criteria at development, funding and delivery stages allow consistent social value benefits to be integrated. Joint team can enable strategic approach. No new capacity for on-the-ground community engagement. Dedicated route for CE projects without grant reliance but lack of capacity.	1	3
<b>Economic Opportunity</b>	Procurement framework with requirement for consortium/dedication to local supply chain would benefit local businesses and increase demand. Build on Align training opportunities. But limited capacity to support these businesses could result in slow engagement and delivery.	1	3
<b>Carbon Reduction</b>	Not reliant on piecemeal funding, staggered consisted funding with carbon reduction in criteria. Reliant on internal capacity to move through route.	1	2

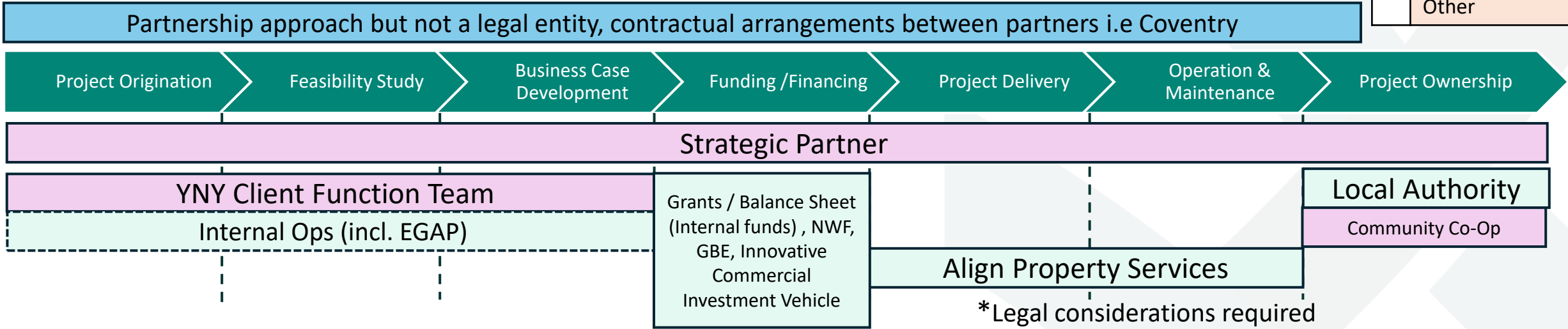
# Contractual JV and Corporate JV

A contractual joint venture (JV) is a collaborative arrangement where partners agree on terms of their co-operation through a contract, without creating a separate entity. In contrast, a corporate JV involves establishing a new jointly owned company (a separate legal entity).

	Contractual JV	Corporate JV
Advantages	<p><b>Flexibility:</b> Easier to set up and dissolve; suitable for short- to medium-term projects.</p> <p><b>Lower cost:</b> No need to establish a new company, reducing administrative and legal cost.</p> <p><b>Control retention:</b> Each party retains more control over its own operations and assets.</p> <p><b>Defined Scope:</b> Contract outlines scope, responsibilities, profit-sharing etc.</p>	<p><b>Clear governance:</b> Formal board structure and defined roles/responsibilities, with its own articles of association and shareholder's agreement.</p> <p><b>Liability protection:</b> The JV entity assumes liabilities, protecting parent companies.</p> <p><b>Long-term commitment:</b> Signals strategic alignment and seriousness to stakeholders.</p>
Limitations	<p><b>Limited liability protection:</b> Parties may be directly liable for obligations.</p> <p><b>Weaker governance structure:</b> Relies heavily on the contract for dispute resolution and decision-making.</p> <p><b>Perception:</b> May be seen as less formal or committed, which could affect stakeholder confidence.</p>	<p><b>Complex setup:</b> Requires incorporation, regulatory approvals, and ongoing compliance.</p> <p><b>Higher costs:</b> Legal, accounting, and operational costs are higher.</p> <p><b>Reduced flexibility:</b> Harder to exit or restructure without legal and financial implications.</p>

# Strategic Partner-Led Contractual JV

Key	BAU
	Model Specific
	Other



Governance	Resource	Project Route
<ul style="list-style-type: none"> <li>Joint Board established between SP and YNY.</li> <li>Governance routes will differ depending on project life (e.g. include grant funding, investable opportunities etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Coventry: In-house team delivery team to assist, initially committing 2.5 FTEs with SEP providing 8 FTEs.</li> <li>For regional partnership, scale will need to be considered for these estimations and Client Function, requires funding (e.g. Mayoral Investment + LAs).</li> <li>Projects will potentially run in parallel requiring more resource.</li> </ul>	<ol style="list-style-type: none"> <li>SP and/or authorities originate a project.</li> <li>Client Function Team assess whether the project fits the contract criteria.</li> <li>SP develops project to business case level.</li> <li>Project is taken to Joint Board for approval using established gateway process.</li> <li>If approved, project is delivered by SP or APS (detail tbc.) with support from Client Function to ensure KPIs.</li> </ol>

# Strategic Partner-Led Contractual JV

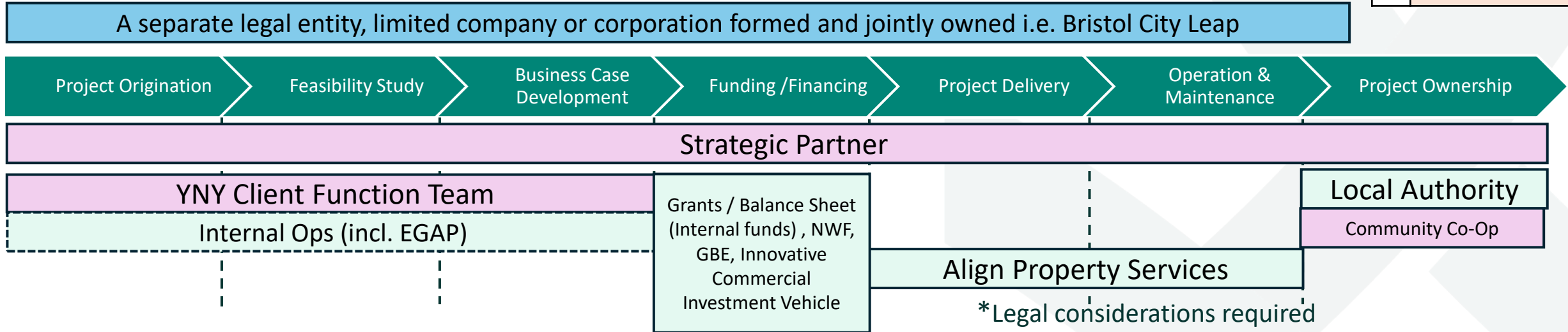
Total (out of 35)

23

Theme	Summary	BAU	Score
<b>Governance</b>	Joint Strategic Board established between YNY and SP (strategic), but decisions come down to contractual arrangement guidelines (robust?). Different governance routes possible. Longevity not considered. Would certain projects still need to go through the extent of individual authority governance? Pace?	1	3
<b>Project Development</b>	Collaborative, long-term project origination. SP-led projects will be financed by SP; individual authority can originate with grant or potentially blended funding. Bolstered capacity and capabilities from private sector. Contract arrangement need to establish objectives to ensure social value in origination.	1	4
<b>Funding &amp; Finance</b>	Single procurement to secure commercial investment in SP. Likely innovative approaches to blending will be dependent on Client Function Team capacity and capabilities. Increased flexibility to aggregate (contract/ appetite depending),	1	3
<b>Delivery</b>	Single procurement for delivery route in SP (drastically shortened). Quality of delivery assured in procurement process (less flexibility to exit). Capacity/ capability to contract manage will come through Client Function. Surge of investment will increase local supply chain growth?	1	4
<b>Community Benefit</b>	Contract-reliant and project development reliant. Engagement likely integrated but brunt of responsibility expected to fall on YNY. Contract commitment possible to increase community energy.	1	3
<b>Economic Opportunity</b>	Fostering investment in regional projects drives demand for local businesses and training. KPIs to foster and support these opportunities for businesses, Client Function team responsibility?	1	3
<b>Carbon Reduction</b>	Pace of delivery expected to be much higher than BAU especially in short term.	1	3

# Strategic Partner-Led Corporate JV

Key	BAU
	Model Specific
	Other



Governance	Resource	Project Route
<ul style="list-style-type: none"> <li>Joint Board established between SP and YNY.</li> <li>Governance routes will differ depending on project life (e.g. include grant funding, investable opportunities etc.)</li> <li>Shareholder considerations needed for legal entity (50/50?) as a result of contribution.</li> </ul>	<ul style="list-style-type: none"> <li>SLAs required for back-office services provided by the Council</li> <li>More resource required than contractual JV due to being a new legal entity. (Example, Bristol City Leap currently has 23 employees for their Client Function). Requires funding (e.g. Mayoral Investment + LAs).</li> </ul>	<ol style="list-style-type: none"> <li>SP, Client Function Team or Individual authority originate project.</li> <li>Client Function Team assess project according to gateway process.</li> <li>If approved, business case is developed by SP.</li> <li>Business case taken to joint governance board.</li> <li>If approved, project is delivered by SP with overview from Client Function Team.</li> </ol>

# Strategic Partner-Led Corporate JV

Total (out of 35)

24

Theme	Summary	BAU	Score
<b>Governance</b>	Legal entity has inherently robust governance routes, joint strategic board. Ability for variation. Shareholder rights considers potential longevity beyond model term. Would certain projects still need to go through individual governance?	1	4
<b>Project Development</b>	Collaborative, long-term project origination. SP-led projects will be financed by SP; individual authority can originate with grant or potentially blended funding. Bolstered capacity and capabilities from private sector. Concession agreement need to establish objectives to ensure social value in origination.	1	4
<b>Funding &amp; Finance</b>	Increased ability to aggregate and bundle over longer-term partnership. Committed resources to bundle will likely need to be committed from the beginning. SP onboard has access to commercial investment. Capacity and capability to blend funding will be dependent on Client Function Team ability.	1	3
<b>Delivery</b>	Long-term commitment to SP-lead on delivery, assured quality through procurement. Capacity to contract manage comes from Client Function. Procurement length drastically shortened. Surge of investment will increase local supply chain growth?	1	4
<b>Community Benefit</b>	Formal process for recording KPIs, risk of SP cherry-picking type of social value. Engagement likely integrated but brunt of responsibility expected to fall on YNY. Commitment from SP can result in larger community energy result.	1	3
<b>Economic Opportunity</b>	Fostering investment in regional projects drives demand for local businesses and training. KPIs to foster and support these opportunities for businesses, Client Function team responsibility?	1	3
<b>Carbon Reduction</b>	Long-term strategic delivery, private sector expertise, pace faster than BAU.	1	3

# Energy Company

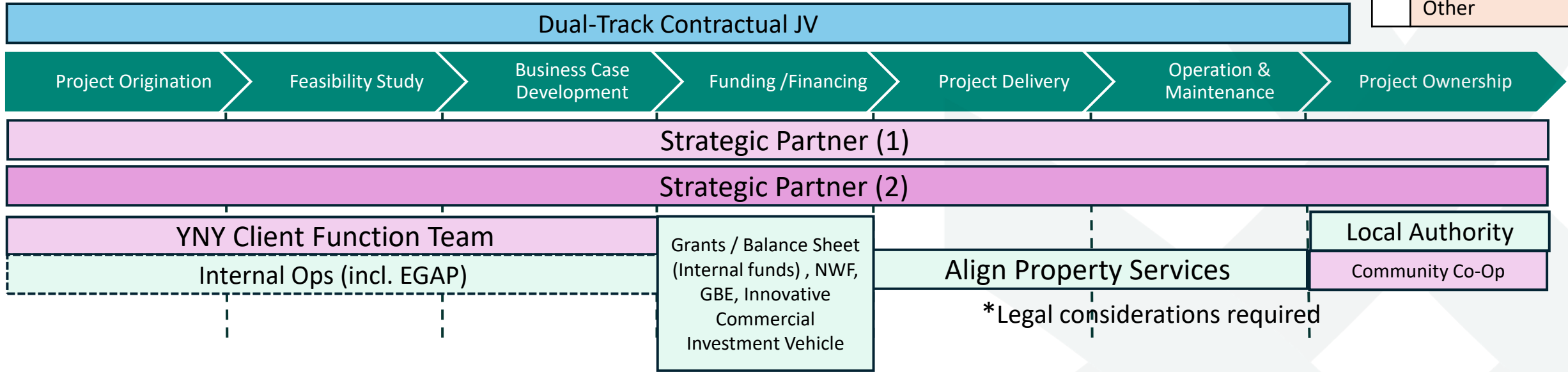
Total (out of 35)

28

Theme	Summary	BAU	Score
<b>Governance</b>	Is a legally distinct entity, public authority can still maintain a degree of control as a shareholder. Can also form initial governance framework to shape strategic direction of SPV going forward. Flexibility from political uncertainty, as less likely to be viewed as financially or legally risky operation.	1	5
<b>Project Development</b>	Will require capacity to be built over time into a profitable venture. Start-up phase may see a reliance on commercially viable 'quick wins' to build up portfolio and generate revenue. Revolving fund of revenue will provide long-term project development function. Wholly-owned provides strategic advisory role to be realised.	1	4
<b>Funding &amp; Finance</b>	Isolation of financial risk through SPV. Access to commercial investment and securitised debt financing. Ability to tackle larger development (high risk, high reward). Need to repay shareholders may create more profit driven business model and limit funding/appetite for commercially unviable projects.	1	4
<b>Delivery</b>	Legal distinction from public sector, can prioritise working with local business (not constrained by procurement regs?). Can invest in projects across the UK to support commercially unviable projects in YNY (as done by Warrington BC).	1	3
<b>Community Benefit</b>	Larger scale developments by the SPV will likely require community benefit funds to generate local support. Creation of CIC works more directly with community on less commercially viable projects, has ability to attract own investment and through funds.	1	4
<b>Economic Opportunity</b>	Requirement with contractor to use local suppliers. Legal distinction from public sector, can prioritise working with local business.	1	4
<b>Carbon Reduction</b>	Financial and legal freedoms to make large scale investments will increase pace and scale of delivery. Quick wins will result in limited asset class project delivery initially.	1	4

# Quick Model Solution

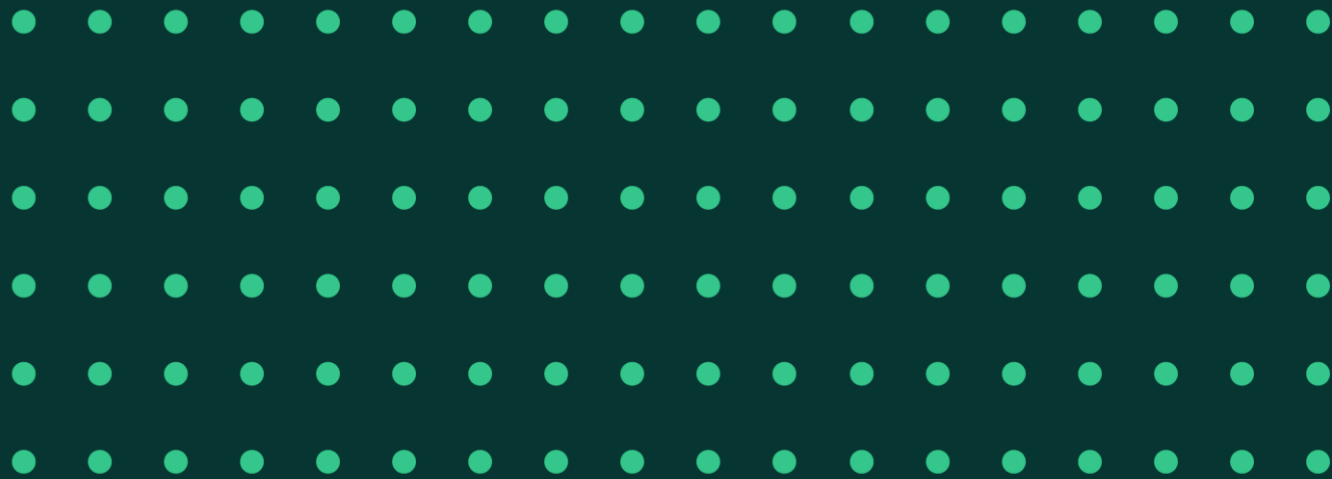
Key	BAU
	Model Specific
	Other



Theme	Justification	Score
Governance	Allows for somewhat increased variation in project factors	3
Project Development	See Strategic Partner-Led Contractual JV	4
Funding & Finance	See Strategic Partner-Led Contractual JV	3
Delivery	See Strategic Partner-Led Contractual JV	4
Community Benefit	See Strategic Partner-Led Contractual JV	3
Economic Opportunity	See Strategic Partner-Led Contractual JV	3
Carbon Reduction	Increased action at pace and scale	4

# Heat Map – incl. Quick Model Solutions

	Governance	Project Development	Funding & Finance	Delivery	Community Benefit	Economic Opportunity	Carbon Reduction
Business As Usual	Red	Red	Red	Red	Red	Red	Red
Authority-Led Framework	Red	Red	Red	Yellow	Red	Yellow	Yellow
In-House Centralised	Yellow	Yellow	Red	Red	Yellow	Red	Yellow
In-House Scaled-Up APS	Yellow	Yellow	Red	Red	Yellow	Yellow	Red
Investment Readiness Facility	Yellow	Yellow	Yellow	Red	Yellow	Red	Yellow
Limited Partner Fund	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow
Combined In-House	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow
Partner-Led Contractual JV	Yellow	Green	Yellow	Green	Yellow	Yellow	Yellow
Partner-Led Corporate JV	Green	Green	Yellow	Green	Yellow	Yellow	Yellow
Energy Company	Green	Green	Green	Yellow	Green	Green	Green
Dual Track Contractual JV	Yellow	Green	Yellow	Green	Yellow	Yellow	Green



Route to OBC

# Justification of Approach

## 1. Strategic Framework:

To demonstrate the objectives and aim of the programme.

## 2. Objectives Appraisal:

To understand the extent to which the options achieve the programme aim and objectives

## 3. Appetite Appraisal (Options Appraisal Matrix):

To understand Y&NY authority appetite to the options.

## 4. Market Engagement:

To understand market appetite for related commercial opportunity, and to gain insights to inform thinking and design of the options.

## 5. Techno-economic Modelling Visualisation Tool:

To inform appetite and reality of the options.

## 6. Outline Business Case:

To demonstrate a series of applicable options and decide on the preferred option for the programme business case.

# Current OBC Options

## Options identified for exploration in July Project Board (CYC & NYC):

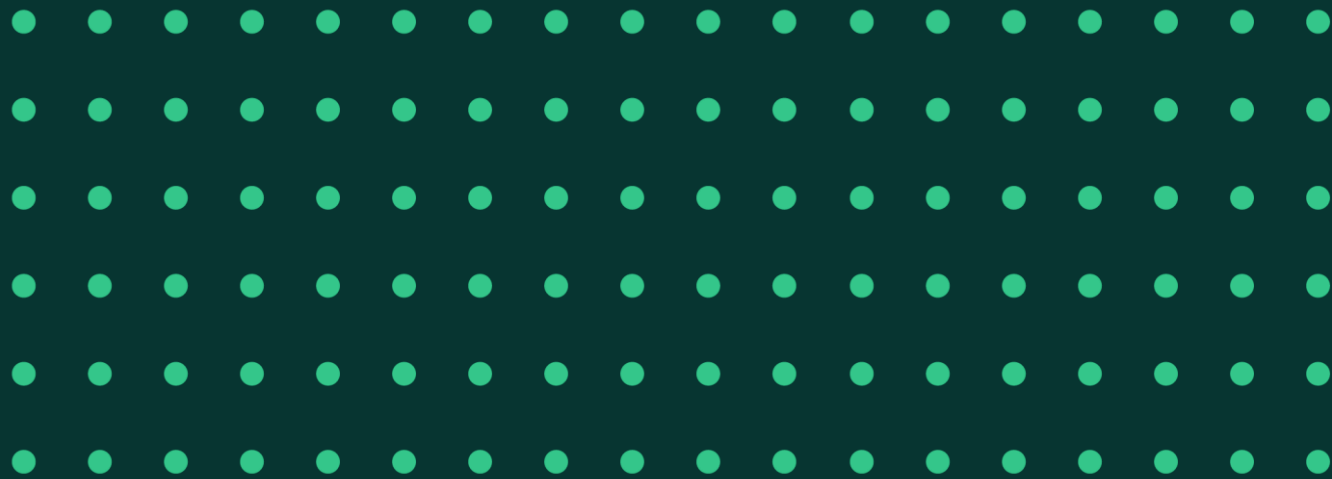
- Strategic Partner Led Contractual Model (incl. Dual Track Coventry)
- Authority-Led Framework
- Scaled-up APS

## Since...CA engagement raised additional options:

- Investment Readiness Facility
- Energy Company

## Current OBC Options

- Do Nothing (BAU)
- In-House Model (The ideal in-house elements)
- Joint Venture Partnership (Procurement of Concessional or Contractual)
- Energy Company (Do Maximum)



# Appendix

# Scale – Detail

Score	Description	Solution Specific	RAG
0	Does not meet the objective at all	Solution does not address objective in any meaningful way.	Red
1	Meets the objective very poorly; major gaps or misalignment	Solution lacks clarity, depth or actionable mechanisms.	Red
2	Meets the objective somewhat, but with significant issues	Solution is underdeveloped or not well-integrated.	Orange
3	Adequately meets the objective; some minor issues present	Solution has reasonable clarity and feasibility, though improvements are needed for full effectiveness.	Yellow
4	Mostly meets the objective; only minor improvements needed	Solution has well-developed strategies and mechanisms; minor refinements could enhance solution.	Light Green
5	Fully meets or exceeds the objective; no improvements needed	Solution has robust, scalable, and innovative approaches that are readily implemented.	Green

# Case Study: Yorwaste

## What is Yorwaste?

Yorwaste is a jointly owned “teckal” company between NYC and CYC. It offers comprehensive waste services for the region that represents value for money.

All shareholder dividends are reinvested back into the local community, supporting local council services and making sure money is kept within the local area, helping to drive its development

## Governance Arrangements

The company is wholly owned by NYC and CYC (the Controlling Authorities), who operate on a Teckal exemption basis with an ownership split of 77.3% and 22.7% respectively. The Teckal exemption means that it complies with the following conditions:

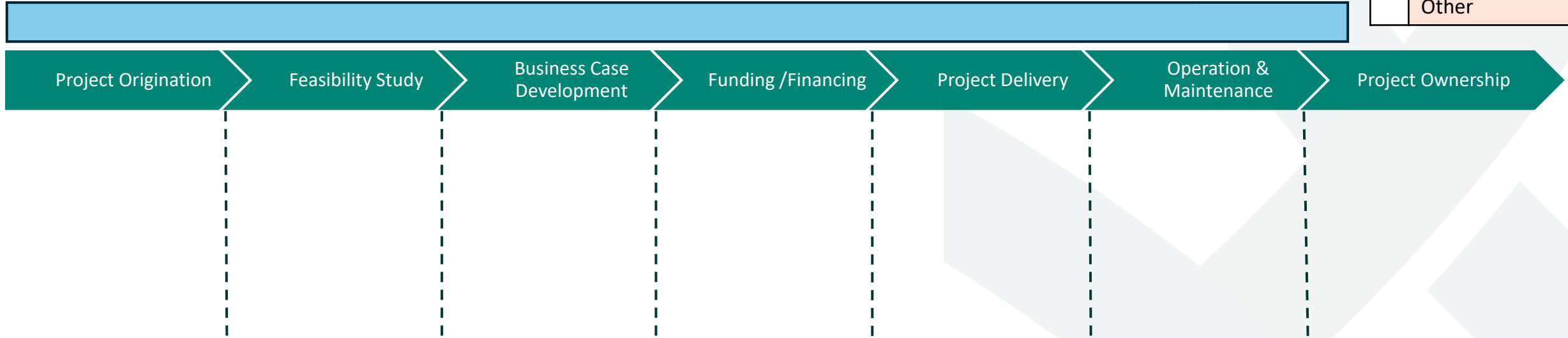
The Controlling Authorities exercises control over the operations of the company

Over 80% of the companies activities are carried out on behalf of the Controlling Authorities

There is no private share ownership in the company

# Quick Model Solution - Template

Key	BAU
	Model Specific
	Other



Theme	Justification	Score
Governance		
Project Development		
Funding & Finance		
Delivery		
Community Benefit		
Economic Opportunity		
Carbon Reduction		