

Joint Ventures and Strategic Partnerships – Case Study Comparison

Introduction

This briefing note explores different Joint Venture (JV) and Strategic Partnership approaches for investment in Net Zero, comparing and contrasting case studies to offer alternative approaches to Bristol City Leap.

The **Local Net Zero Accelerator** programme includes a pilot with York and North Yorkshire Combined Authority to test the feasibility of replicating a similar model to Bristol City Leap.

1. Coventry Strategic Energy Partnership (SEP)

The Strategic Partnership (SEP) with E.ON, established in 2023, is a collaboration between Coventry City Council and E.ON, aimed at achieving Coventry's energy goals and transitioning the city to Net Zero by 2050.

Key characteristics

- UK-first long-term infrastructure planning and investment to supporting the city's route to net zero - £2bn in value over 15 years. Focused on delivery, not building a vision.
- Ensuring stable local energy policies help attract investment by setting clear long-term goals and focusing on community benefits, aligned with One Coventry Plan

Strategic drivers

Powering Coventry with
clean, local energy.

Developing skills and a
thriving job market.

Driving and scaling
innovation across the
City.

Community benefit,
social value.

Impact

Area	Delivery
Solar in schools (Phase 1)	Solar panels in 5 schools and heat pumps, expanding to 60 schools over several years. Funding: PSDS
Ground mount solar	c23MW solar farm, which could generate power for around 5000 homes
Council building decarbonisation	Heat pumps or solar panels in four council-owned buildings, including a £0.8m grant from Salix
Home Upgrade Grant (HUG2)	Over 100 homes, 74 of which will be completed by March 2025, will be upgraded, improving domestic energy efficiency through insulation, ventilation, heating, and solar PV.
Energy Company Obligation (ECO4)	Great British Insulation Scheme (GBIS) in 105 Coventry properties, almost £900k spending, improving domestic energy efficiency.
EV Charging	48 EV chargers, more for disabled drivers. Lowering emissions. Funding: LEVI
Electricity supply contract	Enabling project, 5-year contract for the council, sleeving and netting as improved future SEP project benefits
Innovations and propositions	Coventry as 'living lab' for innovation, pilot programme to improve energy efficiency with co-benefits of health, reducing fuel poverty

Opportunities/Challenges and mitigation

- Grid connection delay: c23MW solar farm with the earliest connection date of 2028.
- Need for long-term, holistic planning and streamlined funding, with Government streamlining a single dedicated decarbonisation pot to effectively transition to green energy, rather than relying on sporadic interventions and multiple, complex funding sources.
- HUG deployment challenge, including limitations of grant criteria and delays in funding allocation
- Energy security and price spikes made worse by geopolitical disruptions
- Phased implementation and adaptive design strategies addressed the complexity of integrating legacy systems with modern low-carbon technology.

Key strategic advantage relative to Bristol City Leap (BCL)

The Strategic Energy Partnership (SEP) model is inherently more flexible than the BCL concession model, readily enabling asset class and additional grant pot expansion due to limited contractual constraints to widening the partnership parameters.

2. Oldham Green New Deal Partnership

Commercial public-private joint venture focuses on growing the green economic sector, accelerating low-carbon infrastructure deployment.

Key characteristics

- Community-led energy planning demonstrates grassroots co-production of schemes formulated around the communities' local needs and priorities, building end-user confidence and removing potential objections.
- £30m “anchor” project pipeline is used to de-risk investment and accelerate the delivery.
- A town centre low-carbon heat network with EV infrastructure, a wind farm, and ground-mounted solar arrays will deliver the Local Area Energy Plan for the whole borough, not just projects under Council control.

Strategic drivers

Deliver a balance of projects across all asset classes with open data sharing and use of industry experts to support the delivery.

Private domestic engagement through the co-development of three ward-level Community-Led Energy Plans.

An outcomes framework developed from the council's economic vision People, Place, Planet, and Prosperity.

Impact

Area	Delivery
Pipeline accessibility	Services menu available to the community and SME businesses for project development.
Deliverability	Commitments, requirements are shared within the council's existing strategic delivery within operations.
Policy and Procurement	Complementary to the Area Zoning Plans for district heat, with alignment of procurement requirements of the energy developer.

Opportunities/ Challenges and mitigation

- Early market engagement risks required significant mitigation, resulting in procurement delays in signing off on the market engagement and tender documentation.
- Feasibility studies were delayed caused by the delayed delivery of the district heat Zonal Market Prospectus.
- Oldham Town Council's highways teams accessed Green Heat Network funding to start enabling works, which engaged with and encouraged the market and built confidence in the community.
- Engagement planning benefited from business and education teams' concurrent market engagement with the supply chain.
- The number of district heat developers is limited and highly specialised in their delivery, so communications required scoping to present an attractive offer to each.

Key strategic advantage relative to Bristol City Leap (BCL)

The more balanced (hybrid ownership and responsibility) Public Private Partnership Model provides greater time and space to finesse the proposition for both parties. It is of note in the BCL model the full concession agreement was negotiated against the backdrop of a distressed asset in the case of the existing Bristol City Heat Network which required an immediate recapitalisation.

3. Wythenshawe Neighbourhood Redevelopment

Manchester City Council is exploring a place-based approach, building a bottom-up pipeline for the regeneration of an urban neighbourhood, including heat, power, retrofit, and transport, with a developer joint venture.

Key characteristics

- The domestic tenure mix is mostly low-rise family housing managed by a single provider, modelled with a £22m investment to redevelop.
- Adjacent to strategic transport, digital, health infrastructure: tramline, Manchester airport, data centres, hospital and large industrial parks, and local authority-owned land, allow multi-asset bundling and monetise co-occurring outcomes with social value.
- Investment propositions with windows of opportunity scoped into the development plan: large commercial stakeholders operating on site.

Strategic drivers

Developer Muse's town centre redevelopment is a catalyst, mobilising investment into the low-income mixed residential neighbourhood.

Leveraging multiple funding routes: Heat Network Delivery Unit, Social Housing Decarbonisation and Public Sector Decarbonisation Funding and flexible energy market contracts.

Carbon-Positive contractual arrangement with the developer has been developed, with a social value framework to enforce performance.

Impact

Area	Delivery
Investment Planning	Business cases for additional local investment strategies for £55m-£100m of place-based projects.
Capability and Capacity	Upskilled in-house team capable of developing investment-ready projects, with the retention of the team beyond the project.
Net-Zero	Development makes use of the Local Area Energy Planning to achieve net zero.
Replication and scaling	Tools, templates, governance and delivery processes are embedded within the local authority through a 'blueprint'.

Challenges and mitigation

- Challenges remain in the public sector around capacity and development funding to develop investment-ready opportunities. Early stakeholder engagement indicates a willingness to explore investment in Wythenshawe and city-wide.
- Street-level “pepper-potting” of single-owner-occupier domestic properties with 1000 domestic private properties targeted for retrofit offers.

Key strategic advantage relative to Bristol City Leap (BCL)

The key advantage of the Wythenshawe model is the familiarity of the asset classes and the nature of the works to investors; this is core regeneration and redevelopment activity that includes infrastructure and transport assets. Net zero is encompassed within the regeneration of place as opposed to standing alone as a new net-zero asset class. The scheme also directly benefits from growth / regeneration public sector investment which will catalyse private capital in a sphere it is familiar to operate within.

4. York and North Yorkshire Combined Authority (YNYCA)

YNYCA LNZA Pilot is exploring the governance options for a Strategic Energy Partnership across the three authorities; two unitary Local Authorities sit within the Combined Authority.

Key characteristics

- The Combined Authority holds relatively few assets, and therefore decisions will have a different impact than that of the LAs, which both bring extensive asset bases to the project for consideration.
- Good working relationship between the local authorities, however different contexts; North Yorkshire Council (NYC) and City of York (CYC) differ in their asset bases, politics, financial resources, geographies and characteristics. For example, North Yorkshire is England's largest county. It is rural, with coastal communities and a large protected landscape area. City of York, by contrast, is urban with historic buildings and scope for a heat network. The initial appraisal showed that these characteristics present unique opportunities and challenges for the journey to Net Zero.

Strategic drivers

Design a SEP for the trio of authorities, bringing about economies of scale, taking advantage of opportunities offered by contrasting contexts and asset bases

Agreement from all local authority parties. Combining the three authorities into a strategic partnership with an acceptable governance model.

Opportunities/Challenges and mitigation

- Delivery and operations; the City Leap model will need a large team, bringing resourcing challenges.
- Complex delivery: the City Leap gives rise to more complicated delivery with mitigation being flexibility on outputs and outcomes.
- Stakeholder buy-in: the attraction of the Coventry model is that it offers agility and tangible, visible results sooner, i.e. from six months.
- Procurement lead-in time: the City Leap model needs a long lead-in time; a shorter agile partnership at lower cost with fewer barriers to stakeholder buy-in could be more cost effective.
- Control and influence; it is felt that NYC has a greater appetite for delivery models with significant levels of control and influence at both the operational and strategic level. NYC have less appetite for exclusivity arrangements over the asset base and project pipeline. In contrast, financial constraints mean CYC has fewer options and has a greater interest in exploring private partnerships. Meanwhile, the CA is committed to ensuring Net Zero is delivered in a way that brings broader economic and community benefits.

Key strategic advantage relative to Bristol City Leap (BCL)

YNYCA continues to develop their approach with FSS support. The FSS team would encourage exploration of a “Dual-Track Coventry Model” with the potential to establish two Strategic Energy Partnerships (SEPs) one serving the urban needs of CYC and one serving the largely rural needs of NYC but sharing a common collective investment vehicle to enable both unitary authorities and the CA to benefit from a capital pool seeded by both private sector partners. The option remains for one SEP to be sourced but the likelihood is two reflecting the diversity of the asset bases. It is unlikely a BCL single concession could be sourced and deliver on the disparate requirements of all three local authority entities.

Summary factors influencing model choice

- Financial Constraints and Access to Capital; the asset quality and level of investment required as well as the organisational financial constraints influence the model choice.
- Expertise and Capacity Gaps; different local authorities need to assess their capabilities and capacity to determine their role within investment partnerships and ultimate the model choice.
- Risk Appetite; the level and willingness of risks acceptable to achieve objectives are linked to financial, operational, reputational and regulatory risk and influence model characteristics.
- Wider benefits and Accelerating Progress; the strength of these strategic drivers influences the model and can ultimately be a deciding factor in strategic buy-in for an investment partnership.

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