



**To: Business, Economy and Enterprise Scrutiny Board (3)**

**Date: 9<sup>th</sup> March 2022**

**Subject: Support for Business (Green Business Programme)**

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## **1 Purpose of the Note**

- 1.1 To explain the status of the Coventry and Warwickshire Green Business Programme, the current finite funding that is available and opportunities that are being explored to maintain this programme.

## **2 Recommendations**

- 2.1 The Business, Economy and Enterprise Scrutiny Board (3) is recommended to:
  - 1) Request that officers continue to pursue further funding opportunities which may be used to extend / re-establish a Green Business Programme when the current European Regional Development Funding (ERDF) expires in June 2023.
  - 2) Support an approach which looks at synergies between the Green Business programme and our other service, Business Sustain; with the aim of identifying opportunities to continue the Green Business service beyond June 2023.

## **3 Context – background to the Green Business programme**

- 3.1 The Coventry & Warwickshire (CW) Green Business Programme (GBP) supports the shift towards a low carbon economy, delivering a cohesive package of SME support activities that facilitate economic growth through SMEs developing and adopting energy and resource efficiency measures, as well as renewable energy.
- 3.2 The Council acts as accountable body of this Programme through the Economic Development Service's (EDS) Project Management Team (PMT). Activities are then delivered by an established partnership of Coventry City Council Climate Change & Sustainability Team, Coventry University (CU) and Coventry University Enterprises (CUE).
- 3.3 Originally established in 2016, the GBP was the first integrated package of business support focused on low carbon that the Authority has delivered, and the first such programme in Coventry & Warwickshire. The opportunity was triggered by Low Carbon being a distinct theme in ERDF for the 2014-2020 programme (through Priority 4) and as such back then, it was decided we needed to adopt a proactive approach around the green economy and the role the area's SMEs need to play in tackling climate change and greenhouse gas emissions.
- 3.4 The success of the first phase of the programme (2016-2018) led to the establishment of Phase 2 (2019-2021), and ultimately was extended again until its current date of June 2023 when ERDF funding ceases.

- 3.5 Coventry City Council (CCC) provide grants (£1k-£50k), free energy & resource efficiency audits and a Green Business Network to maximise the energy efficiency and low carbon opportunities of SMEs (fewer than 250 employees), based in Coventry and Warwickshire. Our partners also offer funding and workshops around low carbon innovation, providing an integrated support package for SMEs.
- 3.6 SMEs engaged in the Programme experience a variety of benefits, namely:
- Reduced energy bills and maintenance costs
  - Reduced carbon emissions
  - Increased competitiveness, profitability, and efficiency
  - Improved working conditions
  - Reduced waste disposal costs
- 3.7 The GBP has remained flexible around the needs of the businesses. This includes the movement from onsite audits to online audits to continue delivery and support throughout the pandemic.
- 3.8 The Programme also includes a Green Business Network; the aim of which is to mobilise businesses to act against Climate Change through webinars, events and a monthly e-newsletter.
- 3.9 The network allows businesses to come together, share ideas and gain support in their ambitions for energy efficiency, and ultimately net zero. Through this networking, it also has the potential to create further local supply opportunities.
- 3.10 Through the network, we also aim to keep SMEs engaged with the latest news, technologies and legislation which will support them on their net zero journeys.

#### **4 Achievements to date (Coventry City Council)**

4.1 The main outputs which require reporting to the Department for Levelling Up, Housing and Communities are business assists, financial claims, and carbon savings, as shown in the table below. The table includes a breakdown of outputs achieved against targeted, for both phases of the Programme. As can be seen, Phase 1 (2016-2018) significantly overachieved on its main output target (carbon savings), vindicating our decision to run the project and highlighting the level of need across businesses in the region. We are on track to meet or exceed all targets for Phase 2, which runs from 2019 – June 2023.

Indicator	Phase 1 (Achieved)	Phase 1 (Targets)	Phase 2 (Achieved to date)	Phase 2 (Targets)
Business Assists	139	152	149	224
Grant Claimed	£1,520,783	£1,520,783	£1,156,862	£2,285,680
Carbon Saving (per annum)	11,667	1,230	1,892	4,158

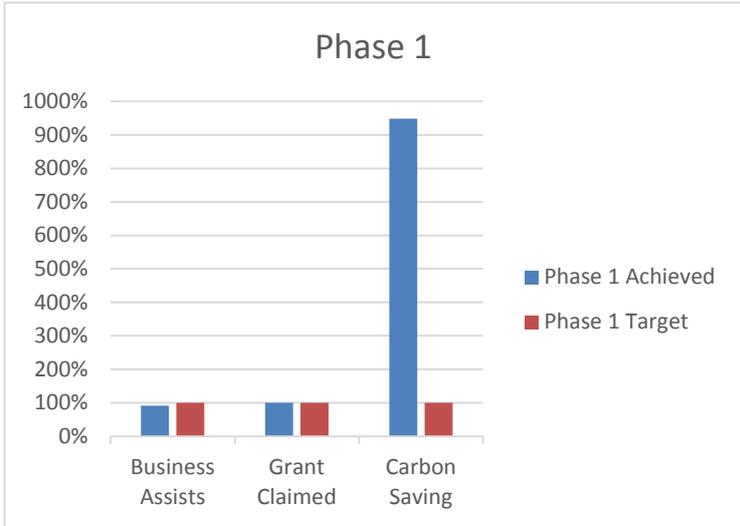


Figure 1 – Outputs achieved against outputs targeted during Phase 1 of the GBP for the 3 main outputs required to report.

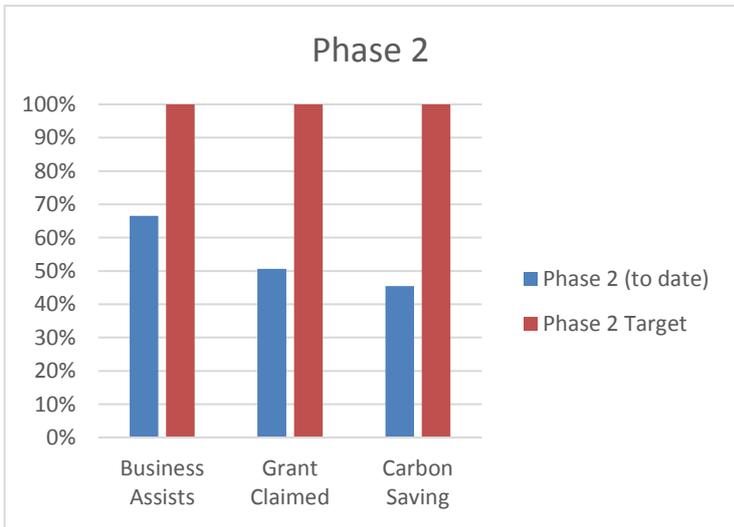


Figure 2 - Outputs achieved (to date) against outputs targeted during Phase 2 of the GBP for the 3 main outputs required to report. We are on track to achieve all targets by June 2023.

- 4.2 The businesses supported through the GBP cover a wide range of sectors, the majority of which are Manufacturing (c. 40%), but also includes sectors ranging from construction to professional services.
- 4.3 The grant funding has been used to support a wide variety of measures, ranging from LED lighting and heating improvements, to more innovative measures such as improvements to production efficiency and providing capacity for businesses to bring production in-house.
- 4.4 To put the carbon savings mentioned above in context, the 13,559 tonnes CO<sub>2</sub> saved by the two phases of the programme so far:
  - Is equivalent to the electricity consumption produced by 8,813 homes per annum.
  - Would look like over 6.7 million CO<sub>2</sub> fire extinguishers.

- 4.5 In addition to the main outputs mentioned, the Programme can also report the following:
- At least 60 jobs directly created because of energy-efficient machinery part-funded by the programme.
  - Since 2018, 30 events have been hosted by the Programme (13 face-to-face, 17 webinars) which has had 1,884 delegates register.
  - 440 followers on LinkedIn
  - 749 followers on twitter
  - 1,749 members of the Green Business Network, up from a base of zero in 2016. This has been testament to the pro-active nature of the team delivering the programme, and especially the energy put into marketing and comms.

## **5 Case Studies**

### **Sarginsons**

- 5.1 Sarginsons Industries Ltd, a manufacturer based at Torrington Avenue in Coventry, is buying a new de-coring machine at a cost more than £200,000.
- 5.2 The machine will help the company, which is a specialist in lightweight castings, reduce its carbon emissions by 524.9 tonnes per year. The machine is used to remove the internal sand cores that are manufactured, and cast over, to create the hollow section lightweight chassis components.
- 5.3 It is the latest in a series of investments made by Sarginsons to make it more environmentally friendly and has been supported by a £50,000 grant from the Coventry and Warwickshire Green Business Programme.
- 5.4 As well as delivering a very high carbon saving, this project will also deliver significant financial savings, including tens of thousands of savings in gas costs. This support has also helped Sarginsons diversify, now producing lightweight components for the electric car industry and have become a supplier to electric vehicle charging point manufacturer Char.gy.

### **Goodflex Rubber**

- 5.5 Goodflex Rubber Company is a global manufacturer and supplier of bespoke rubber hoses, mouldings & assemblies for the Automotive, Rail, Off-highway, Marine, Military, Food and Pharmaceutical industries.
- 5.6 The company commenced trading in 2002 and has recently re-located to a significantly larger manufacturing facility in Alcester.
- 5.7 The re-location has provided Goodflex with the necessary resources to enable them to venture out and seek new opportunities whether this be through acquisitions or organic growth, while also reducing their carbon footprint and safeguarding their business within the region.
- 5.8 Following a £19,588 grant from the GBP, they have been able to introduce several energy-efficiency improvements to their building including:

- Replacement of 72 metal halide light fittings in the factory with new intelligent LED fittings.
  - Replacement of fluorescent lighting units in the office and reception areas with LED fittings.
  - Installation of destratification fans in the factory to help heat retention.
- 5.9 This has resulted in the company reducing their CO<sub>2</sub> emissions by 35 tonnes per year and saving over £11,500 on their energy bills per year.
- 5.10 The company are planning more improvements with a complete installation of Heating Ventilation and Air Conditioning systems in the factory, office and reception areas, replacing large oil boilers in addition to the replacement of an old inefficient air compressor
- 5.11 Once the project is complete, we anticipate this will save the company a further 98 tonnes carbon, and a further £14,386 per year in savings.

## **6 Relationship to Climate Change Agenda**

- 6.1 Mitigating and adapting to the effects of Climate Change has never been more important. As highlighted by recent Intergovernmental Panel on Climate Change reports<sup>1</sup> and at COP26. Coventry City Council has a role to play in mitigating and adapting to Climate Change. Acting locally, responding to the needs of its residents and businesses; any emissions reductions on a local level will contribute to the global challenge.
- 6.2 To rise to this challenge, we are in the process of delivering a new Sustainability and Climate Change Strategy which will set the direction for the local authority and provide a foundation for further engagement. A Climate Change Board has recently been set up which will enable us to engage with the wider city on this issue. Several large and small companies with a track record of addressing sustainability issues are members of the Board which has highlighted the need to address zero carbon and the circular economy as a priority need to address. Various other programmes are required to deliver emissions reductions including support to businesses.
- 6.3 The Green Business Programme supports local businesses to understand and contribute to the challenge. It helps businesses to make gradual changes to reduce their overall emissions, as well as increasing regional engagement with net zero. This contributes to overall carbon reduction in the City, support business growth, and encourages other companies to make a similar journey to net zero.
- 6.4 Looking beyond June 2023, we want to revolve the programme under new funding, supporting SMEs in the climate change emergency, and supporting them to become leaders in the net zero carbon economy.
- 6.5 It is crucial that the design of UKSPF in the West Midlands (including size, thematic scope, geographical implementation and having a prompt start date to avoid a gap between ERDF ending and UKSPF starting) enables us to continue the successes of CW Green Business beyond June 2023, but also make any necessary enhancements to reflect the scale of challenge and opportunity within the green/climate change agenda.

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<sup>1</sup> <https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809-pr/>

## 7 Other business support programme – Business Sustain

- 7.1 Coventry City Council is one of the few authorities in the UK to provide a comprehensive business support and environmental consultancy service ensuring best practice and compliance with the highest standards of environmental and energy management.
- 7.2 In addition to the Green Business Programme, the Council also have an environmental consultancy arm, supporting small and large companies both locally and nationally which is known as Business Sustain.
- 7.3 Despite ‘Business Sustain’ not having a marketing resource it has established a very strong reputation from its clients principally by word of mouth for its expertise in Environmental Management and has built up an impressive client list including a major automotive OEM, a national chain of food companies, a national logistics company and a chain of medical establishments.
- 7.4 They supported over 180 clients last year across a range of activities including consultancy services to implement/maintain the environmental management system ISO14001:2015 standard, environmental legislation compliance audits and provision of up-to-date registers of legislation
- 7.5 The service is self-funded (and not for profit); fees charged cover employee costs to provide the service. It is also not a statutory responsibility, these services are relatively unique, few other local authorities provide such services and we are playing a leadership role providing this.
- 7.6 We are exploring opportunities to provide more services through Business Sustain. Firstly, by expanding the Team so we can support more businesses. Secondly, by identify additional areas where businesses are seeking support and understanding if we can provide this. Examples include expanding our Health & Safety audit provision, providing IEMA (Institute of Environmental Management & Assessment) training and supporting businesses with energy management system internal auditing (to the energy management standard ISO 50001:2018).

## 8 Differences and synergies between the two programmes

We do not have a statutory responsibility to provide either service but the valuable support they provide to businesses is evident. Business Sustain is relatively unique, few other local authorities provide such services, and we are playing a leadership role providing this.

	Green Business Programme	Business Sustain
Main services	Supports Coventry & Warwickshire SMEs to develop and adopt energy efficiency measures and renewable energy e.g. 121 audits, grant funding support for energy/resource efficiency measures, networking & webinars.	Environmental advice and assistance; from Environmental Management - ISO 14001, environmental legislation and environmental legal compliance and registers of environmental and Health & Safety legislation.

Funding	Part-funded by the European Regional Development Fund. The current funding ends in June 2023 and covers grants, marketing, and a % contribution to staff costs. The funding does not allow for any of the GBP services to be chargeable.	The service is self-funded; fees charged cover employee costs to provide the service.
Criteria	Coventry & Warwickshire SMEs. Emissions reduction is the key reporting criteria.	Any business can access this service. Many businesses are local to Coventry with some further afield.

## 9 Future opportunities being explored

- 9.1 Current European Regional Development Fund (ERDF) funding for the Green Business Programme ends in June 2023. We recognise the valuable benefit for businesses and are seeking ways to maintain the programme beyond this date.
- 9.2 Opportunities to fund similar programmes may emerge through the UK Shared Prosperity Fund. We are waiting for further information on this funding (and other funding) from central Government.
- 9.3 We are also exploring the relationship between the Green Business Programme and Business Sustain to understand synergies and services that businesses require. To find an approach to continue these two valuable services and expand them.
- 9.4 These are practical and innovative services to address climate change and support businesses. Particularly with the Green Business Programme supporting SMEs in Coventry & Warwickshire, from both a business growth and climate perspective. The concerns over energy prices, the costs of raw materials, levies such as the recent plastics packaging tax and rising waste disposal costs will all add pressure to businesses whose focus on reducing their ecological footprint is likely to increase.

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