



To: Scrutiny Coordination Committee Meeting

Date: 11th March, 2024

Subject: Strategic Energy Partnership Update

1 Purpose of the Note

- 1.1 To update the Board on progress of the Council's Strategic Energy Partnership with E.ON UK plc (E.ON).

2 Recommendations

- 2.1 Scrutiny Co-ordination Committee are recommended to:
 - 1) Refer future Cabinet Reports for projects that reach Gateway 4 (Detailed Business Case) to the relevant Scrutiny Boards.
 - 2) Receive regular updates regarding the overall progress of the Strategic Energy Partnership.

3 Current activity

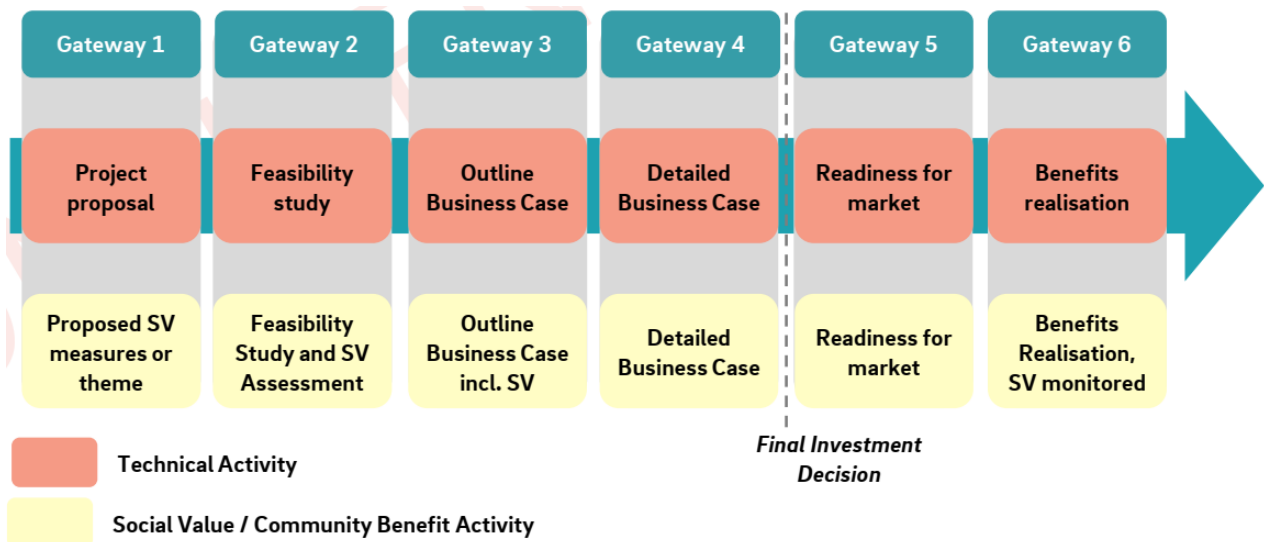
3.1 Overview

- 3.2 The Strategic Energy Partnership, a non-incorporated joint venture between the Council and E.ON, was formed in September 2023 following a competitive dialogue procurement process. The initial term of the partnership is 15-years, with the option for the Council to extend for up to 25 years.
- 3.3 The main aim is to support decarbonisation in Coventry on our journey towards net zero, with a focus on projects that deliver environmental, economic and social benefits to the city.
- 3.4 The Strategic Energy Partnership provides the expertise, resource, investment and innovation to help support the delivery of the Council's Climate Change Strategy and the One Coventry Plan.
- 3.5 This report captures progress over the first six months of the partnership and future plans.

4 Governance

- 4.1 In the first six months of the Strategic Energy Partnership we have established a programme team, which to date has grown from 2.5 to 3.5 Council FTEs utilising grant funding to create an extra post and 9 E.ON FTEs, co-located in Friargate.

- 4.2 A Strategic Energy Partnership Contractual Joint Venture Board has been set up with senior level representation from the Council and E.ON. The Board meets monthly, maintaining strategic oversight of the partnership, including taking decisions as part of the 'Gateway' process for project development, ensuring the strategic objectives are being met, value for money achieved and monitoring that the contractual obligations of the Partnership are being met. The wider governance structure has also been set up which includes programme and project team meetings to drive activity, including a Comms and Engagement working group and Social Value Group.
- 4.3 A six-stage gateway process has been put in place to offer a robust framework for the origination, development, construction and operation of projects contributing to the outcomes of the Strategic Energy Partnership. Each project proposed must pass through the gateway process set out below, with the investment decision not taken until gateway four is cleared. Investment decisions requiring Council resource will remain subject to the process set out in the Council's Constitution.



5 Reporting

5.1 Key activities in the first six months have included:

- i. Development of a Strategic Business Plan, setting out the strategic aims and outcomes of the partnership for the first 5 years (see presentation for summary).
- ii. Development of an Annual Business Plan, setting out the projects and programmes that the partnership will be focusing on developing and delivering during 2024/25. Both the Strategic Business Plan and Annual Business Plan will be taken to the next Council Shareholders' Committee, with a recommendation to approve.
- iii. Whilst the Business Plans are commercially sensitive documents, there will be a public facing document produced to ensure we are able to share the partnership's progress and plans.

6 Projects and Workstreams

- 6.1 The Partnership began with 5 'anchor projects', which include solar farms, solar on schools, decarbonisation of the Council's buildings, decarbonisation of our fleet and depot and energy security for the city.
- 6.2 Since inception, the number of projects the partnership is actively developing through the 'gateway' process has grown to 15. New projects include a new energy supply contract for the Council and Schools, which offers better value for money and a higher mix of renewable energy, expansion of electric vehicle charging infrastructure, and retrofit of domestic properties which are off gas through the Home Upgrade Grant programme. The Public Sector Decarbonisation Scheme proposals being considered by the Scrutiny Committee and Cabinet is also a project under development via the gateway process.
- 6.3 Work is ongoing to develop the partnership branding and communications and engagement strategy, to help ensure a wide reach to communities, businesses and organisations across the city. Initial activities led by E.ON include a YouTube video which has had 139,000 views, branding on the city's electric bus fleet and a competition to find local Sustainability Champions.
- 6.4 Social Value is a very important aspect of the partnership, with E.ON allocating a fund to initiatives that generate a community benefit as well as it being a key consideration as part of technical projects that come through the 'gateway' process. Some of the initial initiatives that are being developed includes an engagement programme for schools, development of a community champions' programme, a programme to support Care Leavers into work placements and the partnership is exploring projects to boost biodiversity in the city.

7 Next Steps

- 7.1 For 2024/25 the key areas of focus for the partnership will be to:
 - i. Progress existing projects, which include, solar in schools, public sector building decarbonisation, electric charging infrastructure and domestic retrofit.
 - ii. Develop an Energy Masterplan for the city, which looks at our long-term energy requirements in relation to development and identifies opportunities for clean energy generation, heat networks, battery storage, innovation and which will increase energy security and resilience.
 - iii. Focus on innovation – developing ideas into projects and pilots, which will be led by an Innovation Working Group. Potential pilots and feasibility studies may include: heat from waste and mine water, decarbonisation of heat, exploratory work to support a circular economy as well as other energy saving measures.
 - iv. Pilots will also focus on driving forward new projects, with a focus on work in communities and with small business enterprises. This could include working with, other multiple asset owners, looking at net zero neighbourhood approaches and developing supply chains within the city.
 - v. The partnership will also consider development of a proposed multi-fuel CLEAN Hub.

8 Health Inequalities Impact

- 8.1 The Strategic Energy Partnership should have a positive impact on health inequalities, particularly addressing fuel poverty through domestic retrofit and creating cleaner energy to improve air quality.

- 8.2 The social value benefits will create skills and employment opportunities which will support more positive health outcomes.
- 8.3 Work around the Energy Masterplan and energy security will help to support development of more resilient energy infrastructure in the city, with a focus on helping the most vulnerable within our communities.

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