
A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to the identity, financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Coventry Shareholder Committee

23 April 2024

Name of Cabinet Member:

Cabinet Member for Jobs, Regeneration and Climate Change – Councillor J O’Boyle

Director approving submission of the report:

Director of Innovation

Director of Regeneration and Economy

Ward(s) affected:

None

Title:

Strategic Energy Partnership Performance Update and Strategic Business Plan for 2024-2029 and Annual Business Plan for 2024/25

Is this a key decision?

No

Executive summary:

This information in this report is being brought to the Coventry Shareholder Committee to enable the Council’s interest in the Strategic Energy Partnership to be monitored and for the Strategic Business Plan and Annual Business Plan to be approved by the Shareholder Committee as per the agreed governance process.

The Strategic Business Plan sets out the high-level vision and strategic themes for the partnership for the first five years (2024-2029).

The Annual Business Plan sets out the details of programme activities and financial information, to deliver under the strategic themes and vision as set out in the Strategic Business Plan, for the year 2024/25.

Recommendations:

- 1) The Coventry Shareholder Committee is recommended to consider and approve the Strategic Business Plan and Annual Business Plan, as per the agreed governance process which is set out in the Strategic Energy Partnership Joint Venture Contract.

List of Appendices included:

The following appendices are attached to the report:

Appendix 1 – Strategic Energy Partnership summary public document

Background papers:

Coventry Strategic Energy Partnership – Cabinet Report, August 2023
[Coventry Strategic Energy Partnership.pdf](#)

Other useful documents

One Coventry Plan 2022-2030 [The One Coventry Plan – Coventry City Council](#)
Draft Climate Change Strategy 2023 [Coventry's draft Climate Change Strategy – Coventry City Council](#)
Coventry Net Zero Carbon Routemap 2023 [Net Zero Carbon Route Map for Coventry – Coventry City Council](#)
Economic Development Strategy [Economic Development Strategy 2022-2027 – Coventry City Council](#)

Has it or will it be considered by Scrutiny?

No

Update reports on this issue will be submitted to Scrutiny during 2024/25

Has it or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Strategic Energy Partnership Performance Update and Strategic Business Plan for 2024-2029 and Annual Business Plan for 2024/25

1. Context (or background)

- 1.1. Coventry Strategic Energy Partnership (SEP), a contractual joint venture between the Council and E.ON UK plc (E.ON), was formed in September 2023 following a competitive dialogue procurement process. The initial term of the partnership is 15-years.
- 1.2. Tackling the causes and consequences of climate change is a key corporate priority as set out in the One Coventry Plan. The rationale for the partnership was the recognition that whilst the Council has a critical role to play in tackling climate change, it does not have sufficient expertise and access to the required capital to deliver its net zero ambitions. As such it was recognised that a strategic long-term partnership with industry was required, enabling a strategic partner to work together with the Council to develop strategies, business models and plans that will drive the city towards net zero and then have the capabilities to deliver these plans.
- 1.3. The use of a five-year Strategic Business Plan complemented by specific actions in an Annual Business Plan, plus a social value action plan, sets out the ambitions of the SEP and ensures a strategic and holistic approach to decarbonisation.
- 1.4. The Strategic Business Plan and Annual Business Plan are required to be approved by the SEP Contractual Joint Venture Board, which comprises senior Council and E.ON representatives and Coventry Shareholder Committee. This is as per the governance process approved by Cabinet and Full Council in September 2023.
- 1.5. Project progress (the gateway process) is approved by the SEP Contractual Joint Venture Board, provided it meets requirements set out in the approved Annual Business Plan. Any deviation from the Annual Business Plan is to be approved by the Contractual Joint Venture Board and Coventry Shareholder Committee (e.g., greater draw on funds than anticipated). Any Council capital investment (equity or loan) requirements would require Cabinet approval as per corporate governance, which will be required at final business case stage, and factored into the Council's Medium Term Financial Strategy as necessary.
- 1.6. Since the partnership commenced, teams have been focused on setting up the governance and organisational structures to enable an aligned, collaborative approach to the selection of projects and activities. Key highlights include:
 - Strategic Energy Partnership Contractual Joint Venture Board established with monthly meetings.
 - Alignment of the Council and E.ON teams to co-ordinate work, including co-location of the Strategic Energy Partnership Programme Team in Friargate.
 - Commencement of new projects following approval through approved Gateway process:
 - Home Upgrade Grant (domestic energy efficiency scheme) – with additional added value brought by not needing an additional procurement process.

- New EV chargers installed at Coventry train station - which support new tenants in Friargate 2.
- Energy supply contract with more energy sourced from renewables.
- A further 13 projects in the pipeline.
- Development of Strategic Themes to underpin the partnership approach, as set out in the Strategic Business Plan:
 - Clean Local Energy;
 - Jobs and Skills;
 - Innovation and Scale; and
 - Community Benefit.
- 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 include 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.
- Additional workstreams established include Innovation and Propositions and Communications and Engagement.

2. Options considered and recommended proposal

- 2.1. **Option 1 – Not recommended – Do nothing** – The Strategic Energy Partnership's agreed governance process and contractual commitments require the Strategic Business Plan 2024-29 and Annual Business Plan 2024/25 to be approved by Coventry Shareholder Committee and this report meets this requirement.

This is not the recommended option.

- 2.2. **Option 2 – Recommend – Approve the Strategic Business Plan 2024-29 and Annual Business Plan 2024/25**, as per the Strategic Energy Partnership's agreed governance process and contractual commitments and as approved by the SEP Contractual Joint Venture Board as per governance. Accepting these Business Plans will facilitate the Strategic Energy Partnership to progress with planned activities.

3. Results of consultation undertaken

- 3.1. No consultation has been undertaken.

4. Timetable for implementing this decision

- 4.1. Upon approval of this report, the Strategic Energy Partnership will be satisfied that the Council, through an agreed governance process, has approved the Strategic Business Plan 2024-29 and the Annual Business Plan 2024/25 and can proceed with activity as set out within them.
- 4.2. Further performance updates on implementation of these Business Plans will be provided at subsequent Coventry Shareholder Committee meetings.

5. Comments from Director of Finance and Resources and Director of Law and Governance

5.1. Financial Implications

Both SEP partners will be contributing resource to the partnership, including a significant team from E.ON, comprised of a dedicated full time team plus experts from across E.ON who will be brought in for specific projects and initiatives, and a minimum annual commitment of 2.5 FTEs who form the Council's SEP project team (further detail in 6.3). This resource has been identified from the reallocation of existing resources and approved as part of the Council's Budget in February 2024.

If any SEP projects are identified as potential investment opportunities for the Council, these opportunities will be taken to Cabinet or Full Council as appropriate on a case-by-case basis, where such decision is required under the Council's Constitution. There will be no financial obligation on the Council to invest or provide project funding as part of this report.

5.2. Legal Implications

The Strategic Energy Partnership has acted in accordance with contractual commitments related to the Strategic Business Plan 2024-29 and the Annual Business Plan 2024/25 and the agreed governance process as set out in the joint venture contract and in accordance with the Councils Constitution.

6. Other implications

6.1. How will this contribute to the One Coventry Plan?

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

The Strategic Energy Partnership can contribute to all three core aims of the One Coventry Plan:

- The core focus is achieving net zero which contributes directly to tackling the causes and consequences of climate change;
- The required infrastructure development to achieve the above and related jobs and supply chain implications will support economic growth, as will related support to local businesses to achieve their own carbon reduction objectives, and help to create a circular economy; and
- Social value is a key driver for the partnership and all projects will have a strong focus on improving outcomes and tackling inequalities within our communities.

In addition to the above, the partnership will help support the enabling outcomes of the One Coventry Plan. The economic returns from some projects and bolstering of resource through the partner will directly support the financial sustainability of the council. The partnership is a direct demonstration of the Council as a partner, leader and enabler and will likely lead to further partnering opportunities.

6.2. How is risk being managed?

The Strategic Energy Partnership contractual Joint Venture agreement governs development of projects up to start of implementation. The primary risk is in the

abortion of projects at any stage in their development due to project acceptance criteria not being met. This is governed and mitigated by a clear gateway process which demonstrates value for money. This is a risk to the Council as well as E.ON.

The project risks (such as technical risk, planning, construction, etc) will be project specific, and will be defined, and managed through the gateway process, such that any investment decision and final business case contemplates such risks and puts in adequate measures to mitigate or compensate for the same. Future governance over the specific projects will contemplate and manage such risks through appropriate mitigations.

Any capital investment decisions which follow the ordinary course of governance in line with Council's Constitution and would go to Cabinet and Council should any investment be required on a specific project.

6.3. What is the impact on the organisation?

As part of the Council's contractual obligations to the Strategic Energy Partnership, 2.5 full time equivalent (FTE) officers support delivery (1 Project Manager, 1 Project Officer and 0.5 Finance). New roles have been created and internal employees were appointed through a recruitment process with no backfill to the employees' previous roles. An additional resource of 1 FTE is also now supporting the partnership and is funded. In addition, project development will require engagement from a cross-section of employees so further upskilling opportunities exist whilst working with E.ON.

6.4. Equalities / EIA?

An Equalities Impact Assessment was completed during the procurement process to recognise any specific social value aspects which might be achieved through the partnership. Positive outcomes can be achieved for a wide range of Coventry citizens through the partnership:

- Projects which seek to improve domestic energy efficiency will reduce fuel poverty in the city.
- Increased use of renewable energy sources has the potential to lower fuel costs including for the Council which improves financial sustainability for other service areas. For citizens and businesses this improves home and business finances.
- Transport related projects will have benefits for air quality and wider health impacts through more active lifestyles.

A Social Value Action plan is now under development which will consider Equalities/EIA for the partnership. In addition, project specific Social Value activity has already commenced, for example a curriculum compliant school programme to raise awareness of energy efficiency improvements that can be made in the home.

6.5. Implications for (or impact on) climate change and the environment?

The key driver for the partnership is supporting the Council to achieve net zero ambitions and tackle the causes and consequences of climate change, as set out in the Council's Climate Change Strategy. The partnership will enable the Council to

develop long-term holistic energy solutions that not only meet these aims but also deliver related outcomes such as improved health outcomes for citizens and increased biodiversity.

6.6. Implications for partner organisations?

The partnership will initially focus on Council held assets such as improvements to our own buildings or development projects on Council held land. There is a wider opportunity for the Council and the Strategic Energy Partner to work with a range of organisations across Coventry to widen the benefits of the approach, or specific projects, to other partner organisations, businesses and communities.

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