

Scrutiny Co-ordination Committee
Coventry Shareholder Committee

20 November 2024
21 November 2024

Directors approving submission of the report:

Director of Regeneration and Economy
Director of Innovation

Ward(s) affected:

None

Title:

Strategic Energy Partnership Performance Update – November 2024

Is this a key decision?

No

Executive summary:

The 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 as per the agreed governance process. This report provides an update on Strategic Energy Partnership activity since the approval of the Strategic Business Plan and Annual Business Plan at Shareholders Committee on 23rd April 2024.

The fifteen-year Strategic Energy Partnership between the Council and E.ON is the first of its kind in the UK and has the potential to put Coventry at the forefront of the net zero transition. The Council's relationship with E.ON will help support the development of ground-breaking projects, with potential funding from E.ON as well as other sources.

There has been a significant amount of activity over the last six months. Projects underway include a five-year energy supply contract, development of solar/heat pump projects in schools and four council-owned or run buildings, installation of EV charging points and a home energy efficiency programme. A key milestone that has been achieved is the production of the Coventry energy plan, which provides a detailed baseline of energy infrastructure challenges and opportunities to help prioritisation of future projects the partnership develops going forwards to maximise impact. In addition, there are currently nine social value projects that generate benefits to local communities either delivered or underway which include school education programmes, work placements, a community growing programme and tree planting.

Recommendations:

The Scrutiny Co-ordination Committee is recommended to:

- (1) Consider the report and identify any additional recommendations to the Coventry Shareholders Committee.

The Coventry Shareholder Committee is recommended to:

- (1) Consider any recommendations from Scrutiny Co-ordination Committee; and
- (2) Receive and note the update on Strategic Energy Partnership activity since approval of the Annual Business Plan 2024/25, as per the agreed governance process which is set out in the Strategic Energy Partnership Joint Venture Contract.

List of Appendices included:

Appendix 1: Report on Strategic Energy Partnership Activity to date 2024/25

Background papers:

None

Other useful documents

Coventry Strategic Energy Partnership – Cabinet Report, August 2023

[Coventry Strategic Energy Partnership.pdf](#)

Coventry Strategic Energy Partnership – Shareholder Committee Report, April 2024

[Strategic Energy Partnership Performance Update and Strategic Business Plan for 2024-2029 and Annual Business Plan for 2024/25](#)

Strategic Energy Partnership Business Plan summary 2024 [SEP SBP summary](#)

One Coventry Plan 2022-2030 [The One Coventry Plan – Coventry City Council](#)

Climate Change Strategy 2024-2030 [05 Appendix 1 - Climate Change Strategy.pdf](#)

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?

Yes – Scrutiny Co-ordination Committee - 20th November 2024

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 – November 2024

1. Context (or background)

- 1.1. The Council's Strategic Energy Partnership (SEP) with E.ON is the first of its kind in the UK, providing an innovative way for the public and private sectors to work collaboratively to put Coventry at the forefront the net zero transition. Since its inception in September 2023, the SEP has been working hard to develop the Coventry energy plan, which has been fully funded by E.ON, alongside creating a pipeline of projects and starting to deliver projects on the ground. This report provides an update on progress to date and a forward look ahead at planned activity.
- 1.2. The appendix to this report details progress to date; capturing progress on key anchor projects which include solar farm, solar into schools, public sector buildings (our own occupied estate) decarbonisation, energy security and fleet and depot decarbonisation.
- 1.3. Alongside the anchor projects, there have been a number of additional projects delivered, including a five-year energy supply contract, installation of EV charging points and a home energy efficiency programme. One key project that has been developed is the Coventry energy plan. This has been a key piece of work for the partnership, which has involved working with stakeholders across the city to understand better the city's energy infrastructure challenges and opportunities. The outputs of this exercise provide a prioritisation of feasible projects for the SEP to take forward, ensuring that the partnership focuses on areas where maximum impact and value will be delivered. This includes a focus on heat decarbonisation across the city, which will include public sector and commercial buildings and residential homes.
- 1.4. In addition, the SEP have been developing social value projects that deliver direct benefits to residents in Coventry which have either been delivered or underway which include school education programmes, work placements, a community growing programme and tree planting.
- 1.5. The appendix provides further detail of project activities and next steps in the next six months to the next Shareholder Committee in March 2025.

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 updates on Strategic Energy Partnership activity to be received and noted by Coventry Shareholder Committee and this report meets this requirement.

This is not the recommended option.

- 2.2. **Option 2 – Recommended – Receive the update on Strategic Energy Partnership activity to date in 2024/25** - As per the Strategic Energy Partnership's agreed governance process and contractual commitments, receiving and noting updates in relation to Strategic Energy Partnership activity will facilitate the Strategic Energy Partnership to continue 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 this report being received, the Strategic Energy Partnership will be satisfied that the Council, through an agreed governance process, has received the update on activity of Strategic Energy Partnership 2024/25 and can continue to proceed with activity as set out in the Annual Business Plan.

4.2. Further SEP performance updates on implementation of the Business Plans will be provided at subsequent Coventry Shareholder Committee meetings.

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

5.1. Financial Implications

Both SEP partners are contributing resource to the partnership. This includes a significant team from E.ON, above and beyond that to which E.ON committed in its bid, comprising a dedicated full time team plus experts from across E.ON who are brought in for specific projects and initiatives. The Council has 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, and a further dedicated resource has been secured using grant funding. Additional support is provided by Council officers in substantive posts as required.

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.

Where Council funding or Grant funding has been required for projects that are already in progress, this has been subject to further governance as required by the Council's Constitution on a case-by-case basis, as set out in Appendix 1 of this report.

5.2. Legal Implications

The Strategic Energy Partnership is operating under the Joint Venture Agreement which was entered into with EON UK PLC. The governance of this was set out in the approvals which came to Cabinet and Full Council on 29th August 2023 and 5th September 2023 respectively.

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 partnership 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 from concept up to start of implementation. The primary risk is 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 must demonstrate value for money alongside other key criteria including social value. This is a risk to the Council as well as E.ON, noting E.ON will bear greater development risk given the resource, expertise and investment it is bringing to the partnership.

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 and/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 will 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 dedicated resource of 1 FTE is also now supporting the partnership, funded

by grant. In addition, project development requires engagement from a cross-section of employees so further upskilling opportunities exist whilst working with E.ON.

6.4. Equalities / Equalities Impact Assessment

An Equalities Impact Assessment (EIA) 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; and
- Transport related projects will have benefits for air quality and wider health impacts through more active lifestyles.

A SEP Social Value Strategy is under development which will consider social value delivery and the impact on Equalities/EIA for the partnership.

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 is not just focussed on decarbonising the Council's estate; this is about decarbonising the city. This requires 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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