

Cabinet  
Council

18 March 2025  
25 March 2025

**Name of Cabinet Members:**

Cabinet Member for Jobs, Regeneration and Climate Change - Councillor J O' Boyle  
Cabinet Member for Education and Skills – Councillor K Sandhu

**Director approving submission of the report:**

Director of Regeneration and Economy

**Ward(s) affected:**

All

**Title:**

**West Midlands Combined Authority Grant Funding to Coventry 2025/26**

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**Is this a key decision?**

Yes - The proposals involve financial implications more than £1m per annum and are likely to have a significant impact on residents or businesses in two or more electoral wards in the City.

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**Executive summary:**

The West Midlands Trailblazer Deeper Devolution Deal (the Deal) was:

- Agreed in principle by the West Midlands Combined Authority (WMCA) Mayor and Portfolio Leaders on 10 March 2023.
- Announced in the Chancellor's Budget on 15 March 2023, and
- Adopted by Coventry City Council (the City Council) on 17 October 2023.

One of the flagship announcements within the Deal was for the West Midlands to have a Single Settlement, whereby instead of being funded through 50+ individual grants, the WMCA would be funded by a single funding settlement covering a full Spending Review period. This has since been rebranded as an "Integrated Settlement", and this report seeks approval to accept the first rounds of funding for Coventry through the Integrated Settlement.

## **Integrated Settlement Funding**

The Integrated Settlement covers five Pillars. We are expecting a total of £19.44m to be awarded to the City Council through the first round of funding (£10.971m of which will be revenue funding and £8.469m capital funding), although there may be potential for additional in year funds in the event of strong performance or underspends elsewhere in the region. The Integrated Settlement funding being awarded to the City Council is summarised below:

- **Pillar 1: Local Growth & Place.** The City Council is expected to be allocated £4.65m of funds (£3.761m revenue and £0.889m capital) through the UK Shared Prosperity Fund for 2025/26 to deliver the City Council's business support and grants and Job Shop "Hub & Spoke" services.
- **Pillar 2: Adult Skills & Employment Support.** The City Council expects to be awarded £6.27m of revenue funding, of which £5.52m will be from the Adult Education Budget (AEB), and up to £0.75m from the Connect to Work fund to tackle physical and mental health barriers to employment.
- **Pillar 3: Retrofit & Net Zero.** The City Council expects to be awarded £8.52m (£0.94m revenue and £7.58m capital) across two funds to improve the energy efficiency of private housing stock and the public estate. Coventry based Registered Providers will also receive a share of the region-wide budget for the Warm Homes Social Housing Fund.
- **Pillar 4: Local Transport.** For 2025/26, much of the core transport funding for the City Council will be dealt with outside the Integrated Settlement, notably the City Region Sustainable Transport Settlement (CRSTS), and recommendations to approve acceptance of Transport Capital funding are covered in the Transport Capital Programme Cabinet Report to be tabled at this same meeting. Much of the Transport funding through the Integrated Settlement (notably focusing on bus services) will be managed by Transport for West Midlands (TfWM).
- **Pillar 5: Housing & Regeneration.** Continuation of WMCA's Brownfield Land & Infrastructure Fund, Brownfield Housing Fund, and Brownfield Land Release Fund. This funding will remain open for developers to apply for, and we do not expect the City Council to receive funding directly from this Pillar.

The WMCA will be the Accountable Body for the Integrated Settlement, and for each Pillar, it will be bound by outcome indicators, to be agreed with government. The funding that we are seeking acceptance for is being passported to the City Council, and in awarding this money, WMCA will pass delivery risk to the City Council through formal legal Grant Aid Agreements.

The City Council and other Constituent Authorities have challenged WMCA on the amount of funding that is being topsliced and retained for regional management and coordination functions. Should further funding become available as a result of reduction in WMCA central topslicing, this report requests delegated authority to accept such additional funding.

## **Business Energy Assessment Service Funding**

On top of the UKSPF funding, the City Council is also expecting to receive up to £2.5m in 2025/26 (£0.8m revenue and £1.7m capital) from the Department for Energy Security and Net Zero (DESNZ) funded Business Energy Assessment Service (BEAS). This is an extension to the Pilot that has been running since April 2024 to deliver free Energy Efficiency Audits, continue the Green Business Network and provide capital grants to help local businesses save money on energy bills and advance their path to net zero.

This report requests authority to accept WMCA's expected allocation to Coventry City Council of up to £19.44m of Integrated Settlement and Business Energy Assessment Service money of up to £2.5m to deliver these activities, together with delegated authority to enter into funding agreements with funders and thereafter back-to-back contracts with delivery partners, where necessary, to complete this work.

### **Recommendations:**

Cabinet is asked to recommend that Council:

(1) Approve the acceptance of up to £21.94m made up of the following:

- a) WMCA's Integrated Settlement Funding allocation for 2025/26 to Coventry from WMCA for up to £19.44m, split between £10.971m of revenue funding and £8.469m of capital funding, and
- b) Business Energy Assessment Service Funding allocation for 2025/26 to Coventry from Department for Energy Security & Net Zero for up to £2.5m split between £0.8m of revenue funding and £1.7m of capital funding

with the capital funding element set out above being added to the City Council's Capital Programme.

(2) Grant delegated authority to the Director for Regeneration and Economy, following consultation with the Director of Finance and Resources, the Director of Law and Governance, and the relevant Cabinet Member(s), to undertake all necessary due diligence in relation to the funding allocation including:

- a) Securing any match funding requirement; and
- b) Entering into the appropriate funding agreements with the relevant funding body.

(3) Grant delegated authority to the Director for Regeneration and Economy, following consultation with the Director of Finance and Resources, the Director of Law and Governance and the relevant Cabinet Member(s) to enter into back-to-back contracts with delivery partners as deemed necessary to bring into effect the recommendations set out in this report.

- (4) Grant delegated authority to the Director for Regeneration and Economy, following consultation with the Director of Finance and Resources, the Director of Law and Governance and the relevant Cabinet Member(s) to:
- a) Accept any additional funding which is made available to Coventry through the Integrated Settlement during 2025/26 and subsequent years 2026/27 and 2027/28, and
  - b) Undertake all necessary due diligence in relation to any of the additional funding made available, including the authority to enter into funding agreements with the WMCA, and entry into back-to-back contracts with partners as deemed necessary.

Council is recommended to:

- (1) Approve the acceptance of up to £21.94m made up of the following:
- a) WMCA's Integrated Settlement Funding allocation for 2025/26 to Coventry from WMCA for up to £19.44m, split between £10.971m of revenue funding and £8.469m of capital funding, and
  - b) Business Energy Assessment Service Funding allocation for 2025/26 to Coventry from Department for Energy Security & Net Zero for up to £2.5m split between £0.8m of revenue funding and £1.7m of capital funding
- with the capital funding element set out above being added to the City Council's Capital Programme.
- (2) Grant delegated authority to the Director for Regeneration and Economy, following consultation with the Director of Finance and Resources, the Director of Law and Governance, and the relevant Cabinet Member(s), to undertake all necessary due diligence in relation to the funding allocation including:
- a) Securing any match funding requirement; and
  - b) Entering into the appropriate funding agreements with the relevant funding body.
- (3) Grant delegated authority to the Director for Regeneration and Economy, following consultation with the Director of Finance and Resources, the Director of Law and Governance and the relevant Cabinet Member(s) to enter into back-to-back contracts with delivery partners as deemed necessary to bring into effect the recommendations set out in this report.
- (4) Grant delegated authority to the Director for Regeneration and Economy, following consultation with the Director of Finance and Resources, the Director of Law and Governance and the relevant Cabinet Member(s) to:

- a) Accept any additional funding which is made available to Coventry through the Integrated Settlement during 2025/26 and subsequent years 2026/27 and 2027/28, and
- b) Undertake all necessary due diligence in relation to any of the additional funding made available, including the authority to enter into funding agreements with the WMCA, and entry into back-to-back contracts with partners as deemed necessary.

**List of Appendices included:**

None

**Background papers:**

West Midlands Combined Authority Trailblazer [Deeper Devolution Deal \(2023\)](#):

[Memorandum of Understanding](#) for Single Settlements (now Integrated Settlements) with WMCA and Greater Manchester Combined Authorities (November 2023)

Overall West Midlands Combined Authority [Integrated Settlement for 2025/26](#):

**Other useful documents**

None

**Has it or will it be considered by Scrutiny?**

No

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

No

**Will this report go to Council?**

Yes - 25 March 2025

## **Report title: West Midlands Combined Authority Grant Funding to Coventry 2025/26**

### **1. Context (or background)**

- 1.1. In 2016, Coventry City Council joined the West Midlands Combined Authority (WMCA), along with Birmingham City Council, Solihull Metropolitan Borough Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Walsall Council and Wolverhampton City Council. Forming the WMCA allowed the seven constituent authorities to seek devolved funding and powers from Government.
- 1.2. The first “devolution deal”, an agreement between WMCA, Constituent Members and Government setting out which responsibilities would be devolved to the region, was agreed in 2015 in preparation for the formal establishment of the WMCA the following year. This gave the WMCA the responsibility for a devolved transport budget, devolved adult skills funding, and provided funding to establish the WMCA Investment Programme to finance major capital projects including City Centre South. The second Devolution Deal followed in 2017, which provided the establishment of the then West Midlands Industrial Strategy.
- 1.3. The WMCA, along with Greater Manchester Combined Authority, was then awarded a third Devolution Deal in March 2023 (the Trailblazer Deeper Devolution Deal). As well as 10 years of Business Rates Retention, £100m for a Single Regeneration Fund, a new Affordable Housing Programme, and additional funding to further pilot 5G-led solutions to challenges in the health & social care sector, one of the flagship announcements within this latest Devolution Deal was that WMCA would receive a “Single Settlement”, later rebranded as an “Integrated Settlement”, which would provide a single funding stream for all funding coming into the region within the five Pillars of Local Growth & Place, Adult Skills, Retrofit & Net Zero, Local Transport and Housing Regeneration, rather than the previous 50+ different funding streams.
- 1.4. Since the latest Devolution Deal was adopted by the 7 WMCA Constituent Authorities in 2023, WMCA has been liaising with government over which funds will form part of the Integrated Settlement and priority outcomes. The total value of funds available started to become clear in December 2024, with some funds being passported to Local Authorities, some funds being directed towards WMCA and Transport for West Midlands (TfWM) functions, and some being directed to third parties, and some that will be allocated to developers through successful bids to the Housing & Regeneration funds.
- 1.5. This report focuses on the funding that will be awarded to the City Council and seeks approval for the City Council to accept the Integrated Settlement funding and funding for the Business Energy Assessment Service. Approval is sought for a total of £21.94m of funding (£11.771m of revenue funding and £10.169m of capital funding), which represents the current expected values of funds expected to be passported to the City Council. Delegated Authority is also sought for the Director of Regeneration and Economy, following consultation with the Director of Finance and Resources, the Director of Law and Governance Chief Legal Officer and the relevant Cabinet Member(s) to accept any additional Integrated Settlement funds that are allocated to Coventry during 2025/26 and subsequent years 2026/27 and 2027/28, for example

due to underspends in other parts of the region or changes in funding priorities. The funding acceptance of is detailed in the sections below.

### **Integrated Settlement Funding**

- 1.6. **Pillar 1: Local Growth & Place.** The City Council is expected to be allocated £4.65m of funds through the UK Shared Prosperity Fund (UKSPF) *for 2025/26*, of which £3.761m is expected to be revenue funding and £0.889m capital funding. This forms part of the £46,463,600 overall allocation awarded to WMCA. This covers the one-year extension that the Government has granted to UKSPF, following the first tranche of funding between April 2022 and March 2025. The funding for the City Council for 2025/26 will cover four key elements, which focus on similar thematic areas to the first tranche of funding:
  - 1.6.1. The funding of Business Advisors within the City Council and a Capital Grants fund to provide advice, support and finance to enable Coventry businesses to grow, diversify and innovate through the Local Business Investment Priority, as well as specialist services to be delivered by key local partners that will support new start-ups and the development of social enterprises. This funding is being passported directly from WMCA to the City Council, and other Local Authorities in the region have also been passported funds to deliver similar activities.
  - 1.6.2. The continued delivery of the Job Shop “Hub & Spoke” model through the People & Skills Investment Priority, with a particular focus on key areas of deprivation with target groups including those who are 50+ and unemployed, economically inactive and low paid women, ethnic minorities, those with disabilities and health conditions, those with multiple complex needs and young people who are NEET (not in employment, education or training). This funding is being passported directly from WMCA to the City Council (other Local Authorities in the region have also been passported funds to deliver similar activities) and will build on the activities that we have delivered with third sector partners through the People & Skills Investment Priority of UKSPF since 2023.
  - 1.6.3. Capital upgrades to Community Hubs to advance the roll-out of integrated place-based services in communities most in need of them, which is likely to potentially include employment and enterprise support, digital inclusion and health related services. This funding is being passported directly from WMCA to the City Council, and other Local Authorities in the region have also been passported funds to deliver priority capital projects.
  - 1.6.4. Continued co-ordination of UK Shared Prosperity Fund activities in Coventry. This funding is being passported directly from WMCA to the City Council, and other Local Authorities in the region have also been passported funds to deliver similar activities.
  - 1.6.5. Coventry businesses are also expected to benefit from other activities that other organisations will delivering through the remainder of WMCA’s UKSPF allocation within the Local Business Priority, including an expansion of the number of Community Enterprise Hubs to support the development of new enterprises amongst Minority Ethnic Groups in particular (one of which is currently delivered by Highlife Centre in Coventry), Social Enterprise Clusters, Investment Readiness support to

make more businesses prepared to access debt and equity finance, and a dedicated regional Export Support programme to complement national provision by Department for Business & Trade, as well as Trade & Investment activities to be delivered by West Midlands Growth Company.

- 1.7 On top of the UKSPF funding, the City Council is also expecting to receive £2.5m from Business Energy Assessment Service (BEAS) for 2025/26 (£0.8m of which is expected to be revenue funding and £1.7m capital funding), which is an extension of the national Pilot funded by DESNZ that the Authority has been involved in delivering within the West Midlands since April 2024. Although the funds are not included in the Integrated Settlement, the activities are closely aligned with those delivered through the UKSPF Local Business Priority and will build on the Decarbonisation Net Zero Programme that the City Council has delivered through UKSPF funding up to March 2025. The funds to be allocated to the City Council are part of an overall budget of £14m which has been allocated to the West Midlands International Territorial Level (ITL) 1 region (i.e. WMCA area, plus Warwickshire, Herefordshire, Worcestershire, Staffordshire and Shropshire).
- 1.8 This BEAS funding will enable the City Council to continue supporting local businesses with improving their energy and resource efficiency on a 1:1 basis through Free Energy Audits (Coventry & Warwickshire-wide), one-to-many support through the Green Business Network (Region-wide) and Energy Improvement Capital Grants (Coventry only) and will help local businesses advance on their path to Net Zero. This funding will be passported to the City Council as part of extensions to existing delivery contracts the City Council has with Aston University (delivery of Energy Efficiency Audits in Coventry as part of a region-wide consortium), Warwickshire County Council (delivery of Energy Efficiency Audits in Warwickshire) and Birmingham City Council (management of capital grants in Coventry as part of a region-wide consortium).
- 1.9 It is also expected that Coventry businesses will benefit from other business support activities delivered region-wide through other Local Growth and Place funds within the Integrated Settlement. These include Made Smarter West Midlands (£1,226,400 has been allocated to the West Midlands ITL1 region for 2025/26), which supports manufacturing businesses to adopt digital technologies, and the Create Growth Programme (£0.425m has been allocated to the West Midlands) to support the growth of businesses in creative industries.
- 1.10 The Local Growth & Place Pillar also includes Investment Zone funding, with the City Council due to be allocated £0.38m of revenue funding and £5.75m of capital funding in 2025/26. This funding has already been covered within the approval to accept up to £35m of Investment Zone funding in the reports that were approved by Cabinet and Council in March 2024.
- 1.11 **Pillar 2: Adult Skills & Employment Support.** On top of the UKSPF activities funded through the People & Skills and Communities & Place Investment Priorities, the City Council is expected to be awarded £6.27m of revenue funding through this Pillar. This consists of the following:
  - 1.11.1 £5.52m through the Adult Education Budget (AEB), which will be passported from WMCA to the City Council as part of an overall £140m WMCA allocation for the Adult



Skills Fund. This will fund training courses to help local residents acquire the skills to find new jobs, and fund specialist training to help up-skill people already in work. The AEB funding is directly awarded to the City Council's Adult Education Team to provide key foundation and sector specific skills for upwards of 9,000 residents. This is delivered in the community across the city and includes skills such as Digital, English, Maths, English for Speakers of Other Languages (ESOL) and employer designed 'Into Employment' courses. For AEB funding, WMCA allows in year 'Growth Cases' providing further funding for Coventry Adult Education in areas in which they are successful, and we are seeking Delegated Authority to accept any additional AEB funding we are allocated in any such event.

1.11.2 £0.75m through the Connect to Work fund, which has been launched by the Labour government. This will tackle physical and mental health related barriers to employment, and the £0.75m of funding to be passported directly from WMCA to the City Council, as part of an overall allocation of £5.72m that has been awarded to WMCA.

1.12 The City Council will also play a key role in shaping the remaining regional Adult Skills Fund Budget which includes Free Courses for Jobs funding, to ensure a fair share is spent on Coventry residents, in-line with our One Coventry priorities, although WMCA's budget for this fund has been reduced for 2025/26 by 3% from £142.3m to £140m. WMCA will also be awarded £12m of funding for Skills Bootcamps (a reduction from the £26.7m WMCA received in 2024/25), but these Bootcamps will provide short-term training courses to help local residents gain the skills needed by businesses in key growth sectors, and cross-cutting skills such as digital and green skills. This will build on the successes of Bootcamps that have been delivered across the West Midlands in recent years and similar to previous funding rounds, the providers of the Bootcamps will be procured by WMCA.

1.13 **Pillar 3: Retrofit & Net Zero.** The City Council is expected to be awarded £8.52m (£0.94m of revenue funding and £7.58m of capital funding) across two funds to improve the energy efficiency of private domestic homes and the public estate. The funding the City Council will be awarded will include funding for management and co-ordination, and to develop the pipeline of future projects and stimulate additional private investment to deliver future retrofit activities. It should be noted that unlike the other Pillars, these funds will cover a three-year period between 2025/26 and 2027/28, and form part of the WMCA's overall funding allocation of £167.106m. The funds will enable positive work that the City Council has led and co-ordinated to continue in installing energy efficiency measures into public buildings and insulating the homes of those experiencing fuel poverty.

1.13.1 Warm Homes Local Grant – The City Council is expected to be awarded £3.64m to retrofit private dwellings in households experiencing fuel poverty. This funding is being passported directly from WMCA to the City Council, and forms part of an overall WMCA allocation of £30m.

1.13.2 Public Sector Decarbonisation Scheme – The City Council is expected to be awarded £4.88m to improve the energy efficiency of public buildings across Coventry and reduce carbon emissions. This funding is being passported directly from WMCA to the City Council, and forms part of an overall WMCA funding allocation of

£36.324m. As part of the conditions of this grant, match funding will be required equal to 12% of the grant value (amounting to £590,000 in total) to contribute to the building upgrades; however, this will be subject to the acceptance of Business Cases and the organisations needing to provide match funding would depend on the nature of projects approved (these could include the City Council, Schools, Academies or other providers).

- 1.14 The Warm Homes Social Housing Fund is the third fund within the Retrofit & Net Zero Pillar. This £100.77m regional fund will be passported from WMCA directly to Registered Providers (RPs) of social housing based on a fair share allocation. This will include funding for social homes in Coventry that are owned by Citizen Housing, who have worked successfully with the Council over the last 3 years retrofitting over 2,000 homes under the Social Housing Decarbonisation Fund. There is flexibility under the new funding arrangements for RPs to enter into partnerships with the City Council to support delivery if felt the most appropriate route by respective RPs.
- 1.15 Additional funds are likely to be made available directly to the City Council during 2025/26 through the retrofit allocation for housing standards enforcement and to support innovation and market enabling initiatives. The City Council will also benefit from regional funding within the programme to support market development, customer journeys and energy advice through a £4.98m pot within the overall allocation. Further funding may be allocated to the City Council and local Registered Providers of Social Housing in the event of any underspends in the wider programme.
- 1.16 **Pillar 4: Local Transport.** Several streams of transport funding have been included within the Integrated Settlement for 2025/26, but these are all for programmes and services that are being directly managed by Transport for West Midlands on behalf of the WMCA. Around £50m has been allocated in relation to bus service provision, the most significant budgets being Bus Service Operator Grant and the Bus Service Improvement Plan. Coventry will benefit from this funding in the form of continued support for local bus services within the city, but the budgets will be managed centrally by TfWM as currently happens. Similarly, funding for the Local Electric Vehicle Infrastructure Fund has been included within the Integrated Settlement, and will be managed directly by TfWM. The City Council will be bidding to TfWM for funding to maintain the excellent progress in delivering the largest network of public electric vehicle charge points outside London.
- 1.17 Further details of the Integrated Settlement Transport funding are included within the Transport Capital Programme report also being considered by Cabinet and Council in March 2025. This Transport Capital Programme report also outlines details of other funding programmes that are for 2025/26 being kept separate to the Integrated Settlement, notably the ongoing City Region Sustainable Transport Settlement which was confirmed by Government in 2022 for the five-year period to March 2027, and the Active Travel Fund for which the fifth tranche of funding was announced in late 2024. Funding for future rounds of the Active Travel Fund has been included within the Integrated Settlement, but this will also be considered within the Transport Capital Programme report.

- 1.18 **Pillar 5: Housing & Regeneration.** Continuation of WMCA's Brownfield Land & Infrastructure Fund, Brownfield Housing Fund, and Brownfield Land Release Fund through £62.69m of additional government funds. This funding will remain open for developers to apply for, and although we do not expect the City Council to receive funding directly, there is potential for some Coventry-based projects to be funded.
- 1.19 The City Council and other Constituent Authorities have challenged WMCA on the amount of funding that is being topsliced and retained for regional management and coordination functions. Local delivery should be prioritised over funding for regional functions, and the Council continues to put pressure on WMCA to reduce the value of funding retained regionally, particularly in the light of the economies of scale that Integrated Settlement Funding presents over previous arrangements involving 50+ funding programmes. Should further funding become available as a result of reduction in WMCA central topslicing, this report requests delegated authority to accept such additional funding.

## **2 Options considered and recommended proposal**

- 2.1 The Council could have chosen to decline the opportunity to take on the Integrated Settlement and BEAS funding for Regeneration and Economy activity in Coventry. With WMCA having overall responsibility for the funding and accountability to government, the Council could have chosen to undertake a purely strategic role, working with WMCA to define the activities that would make the biggest difference in the city, and leaving them to commission the activity from third party providers. This approach has been discounted because the Council has an excellent track record of using government funding to run successful projects in business support, employment and skills, retrofit and net zero, and capital regeneration activities. The Council will be lead partner in all activities that it is receiving Integrated Settlement funding for, and if it did not take on this role there is a risk that the overall offer for business and residents would be much poorer, and partner organisations that deliver essential services would struggle to secure funding.
- 2.2 The recommended option is for Coventry City Council to approve acceptance of the funding and act as the lead body for Integrated Settlement and BEAS funding in Coventry covering business support, employment & skills, retrofit and net zero, and capital regeneration projects. This will allow the Council to tackle the city's key economic, social and environmental challenges and an integrated manner, continue its own high quality in-house delivery where appropriate, and working with external partners and the voluntary sector to ensure that specialist provision is available where that is required. The Council is currently taking this approach through existing UKSPF, Public Sector Buildings Decarbonisation Fund, and Social Housing Decarbonisation Fund, and has led highly effective partnerships to make the most of the funding sources. The preferred option is that Coventry City Council continues to act in this role with the new Integrated Settlement funded work.

## **3 Results of consultation undertaken**

- 3.1 Since September 2024, the WMCA has held regular liaison (minimum one meeting per fortnight) with Senior Officers from Coventry City Council and those in the other 6 Constituent Authorities (plus engagement with non-Constituent Authorities) to

establish each locality's key priorities and how these should shape the focus of activities delivered through the Integrated Settlement. WMCA has also consulted with private sector bodies, such as Business Insights Forum, to further ensure activities are aligned with economic and business needs.

- 3.2 The findings from the One Coventry Plan public consultation process have been instrumental in further defining the focus of activities covered by the funding being passported to the City Council. The consultation processes that fed into the three strategies pertinent to the Integrated Settlement Pillars directly linked to Regeneration and Economy – these being:
  - 3.2.1 The Coventry Economic Development Strategy 2022-2027 consultation process has influenced the focus of activities through the Local Growth & Place Pillar. This featured consultation with key business bodies such as Coventry and Warwickshire Growth Hub, Coventry and Warwickshire Chamber of Commerce and Federation of Small Businesses, plus Coventry University, University of Warwick and the majority of Voluntary and Community Sector.
  - 3.2.2 The Coventry Skills Strategy 2022-2030 consultation process has strongly influenced the focus of activities delivered through the Adult Skills Pillar, as well as the People & Skills Investment Priority of UKSPF (funded through the Local Growth & Place Pillar). Again, the consultation process for this strategy featured engagement with key business bodies (including Coventry & Warwickshire Growth Hub, Coventry & Warwickshire Chamber of Commerce), local colleges and universities, as well as key Independent Training Providers and Community & Voluntary Sector bodies.
  - 3.2.3 The Coventry Climate Change Strategy 2024-2030, which was shaped by a dedicated detailed public consultation, has influenced the focus of activities through the Retrofit & Net Zero Pillar. The Climate Change Strategy has been developed in conjunction with the city's independent Climate Change Board, comprising over 25 major stakeholder organisations across the city from business to community and voluntary sector organisations. Retrofit and net zero have been a particular focus of the Board's Route to Net Zero Pathway Group which includes both Coventry and Warwick Universities, E.ON and Act on Energy.

#### **4 Timetable for implementing this decision**

- 4.1 The Integrated Settlement funding through the Local Growth & Place and Adult Skills Pillars makes funding available for the 2025/26 financial year. For the Retrofit & Net Zero Pillar, the funding covers a three-year period of between 2025/26 and 2027/28. With existing funding for similar activities expiring on 31<sup>st</sup> March 2025, approval is sought to a prompt start of activities in April 2025 to ensure as much continuity as possible of key services that will support local businesses, residents and the environment.

## **5 Comments from the Director of Finance and Resources and the Director of Law and Governance**

### **5.1 Financial Implications**

- 5.1.1 The report seeks authority to accept an allocation of up to £21.94m of external Integrated Settlement and BEAS grant funding for the purposes set out in section 1 of the report. In each case, it constitutes the indicative allocation for Coventry from a wider WMCA allocation for the respective individual Funds.
- 5.1.2 The Public Sector Buildings Retrofit Fund will require match funding worth 12% of the value of the grant being awarded through this Fund. This amounts to £590,000; however, the source of the match funding will depend on the nature of projects being funded through the acceptance of Business Cases and securing the match required. Acceptance of the Integrated Settlement grant will not take place until full due diligence is in place
- 5.1.3 It is not expected that match funding from the City Council is required for the other funds, however where this may be the case, this will be achieved using existing operational budgets in the Economic Development, Skills, Employment & Adult Education, and Climate Change & Sustainability. No other new commitments of match funding will therefore be required as a result of the decisions recommended in this report.
- 5.1.4 The majority of the grant monies awarded will be directed at the delivery of services set out in the report; however, a small amount of each fund will be retained to cover local management costs of the Economic Development, Skills, Employment & Adult Education, Climate Change & Sustainability teams, and where possible overheads, whose budgets are set up to require funding from the grant regimes they deliver.
- 5.1.5 The WMCA is the nominated Accountable body for the Integrated Settlement, however they will in awarding monies to the City Council pass delivery risk to the City Council through formal legal Grant Aid Agreements. See section 6.2 of the report which outlines the approach to risk management.

### **5.2 Legal Implications**

- 5.2.1 The Council will be required to enter into a funding with the appropriate funder in order to draw down the respective funding allocation. Legal and Procurement Service will ensure that the terms and condition associated with the utilisation of the funding set out in this report are reviewed in order to ensure that the council is not entering into an agreement that may involve risk to the Council.
- 5.2.2 All the activities carried out with Integrated Settlement funding and the Business Energy Assessment Service Funding will need to comply with Subsidy Control Legislation that is in force. Under the regime, public authorities are required to self-assess whether the financial assistance they grant is consistent with key principles and will be required to publish information about subsidies. A Subsidy Advice Unit has been established within the Competition and Markets Authority, which will have

oversight of the new regime and will be responsible for advising public authorities on more complex subsidy measures.

5.2.3 The City Council's Legal & Procurement Services will work with the delivery teams to ensure that any support provided to businesses or delivery partners is compliant with the new rules.

5.2.4 Any Public Procurement requirements will be considered and undertaken in accordance the grant conditions, the Councils Contract Procedure Rules and the Public Contract Regulations 2015 (as applicable).

## 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>

6.1.1 Securing Integrated Settlement funding will help to deliver the objectives of the One Coventry Plan.

6.1.2 **Increasing the Economic Prosperity of the City and Region.** The funding for Regeneration and Economy should contribute towards delivering this objective. Notably the UKSPF funding should further help to provide the conditions for enabling local businesses to prosper and help to create good quality jobs. Some of the UKSPF funding should also help to realise new domestic and international investment into Coventry. New funding through the Local Transport Pillar themes and potential funding through the Housing & Regeneration Pillar will also help to create the conditions for future job creation and business prosperity through infrastructure investments.

6.1.3 **Improving Outcomes and Tackling Inequalities Within our Communities.** The funding through the People & Skills Pillar of UKSPF, as well as the funds being made available through the Adult Skills & Employment Support Pillar should help to connect Coventry residents with employment and skills opportunities, by enabling them to access the necessary employment and training support.

6.1.4 **Tackle the Causes and Consequences of Climate Change.** The funding through the Retrofit & Net Zero Pillar provides further opportunities for tackling the causes and consequences of climate change and supports delivery of Coventry's Climate Change Strategy. Retrofitting more homes and improving the energy efficiency of public buildings will help the city make further progress against the aim of lower emission development, as well as in tackling fuel poverty. The investments through the Local Transport Pillar should also incentivise greater take-up of electric vehicles. Moreover, the BEAS successor programme will help to further reduce the carbon footprint of local businesses and support more Coventry firms on a path to net zero.

6.1.5 **Continued Financial Sustainability of the Council.** The Integrated Settlement funding will enable the Council to continue supporting local businesses and residents to prosper, as well as protecting the local environment, by enabling the continuation of essential services in the areas of business support, employment & skills support and retrofit.

**6.1.6 Council's Role as a Partner, Leader and Enabler.** Securing the Integrated Settlement funding and acting as lead partner for delivering of business, employment & skills and retrofit activities will contribute to the Council's aim to act as leader and enabler for the city, ensuring that through our relationship with WMCA and with our delivery partners, the very best outcomes are achieved for our residents and businesses. It will also position the City Council to help shape the focus of future funding settlements coming into the region post-Spending Review, by playing an important facilitation role in effectively articulating the needs, opportunities and priorities facing Coventry and ensuring this is reflected in WMCA's liaison with government through the Strategic Partnerships created since the signing of the Devolution Deal.

## **6.2 How is risk being managed?**

6.2.1 Coventry City Council has a long track record of delivering externally funded skills, business support and regeneration projects, and the risks associated with this type of work are well understood. For example, there are financial risks such as the failure to deliver output or financial targets, and the risk that this could lead to funding clawback. Risks of this kind are mitigated by ensuring that sufficient programme management resource is available to enforce adherence to the funder's rules, and to work closely with delivery partners to ensure they are producing eligible outputs on time and on budget. There is sufficient experience in the delivery teams in the Economic Development Service, Climate Change & Sustainability Service and the Employment, Skills & Adult Education Service to manage these risks appropriately at service or division level. An entry on the corporate risk register will therefore not be necessary.

## **6.3 What is the impact on the organisation?**

6.3.1 The principal impact on the organisation will be to secure funding for staff directly employed by the Council working on our business support, retrofit and employment and skills activities. Successfully securing Integrated Settlement funding for these programmes will provide funding crucial to retaining highly skilled staff currently working on projects which are due to come an end later this year.

6.3.2 Whilst we do not anticipate impacts to the Council's ICT and accommodation, some of the Council's buildings, as well as the wider public estate in Coventry, could benefit from the Public Sector Decarbonisation Scheme. We will design project activities to minimise the disruption to the building users during its delivery, but to the major nature of these works, it may not be possible to mitigate all disruption entirely. The project team will work closely with all stakeholders to find appropriate solutions to any potential disruption, and any building enhancements will also deliver both immediate carbon emission and energy bill savings.

## **6.4 Equalities / EIA**

6.4.1 We have developed Equalities Impact Assessments (EIA) for the business support programmes and employment and skills activities that have been funded by UKSPF, which will be continued through this next tranche of funding.

6.4.2 In designing our methods of service delivery, we will need to consider the barriers to accessing business and employment & skills support - for example whether people from different ethnic groups are less likely to benefit from the support we provide or whether some areas of the city are more difficult for projects to reach. Equalities impact work that was completed for the Economic Development Strategy and Skills Strategy will also inform our approach.

6.4.3 WMCA will undertake Equality Impact Assessments (EIA) as part of the process of developing Programme Business Cases for the funds through the Net Zero & Retrofit and Housing & Regeneration Pillars, as well as Bus Service Improvement Grant and Bus Service Operators Grant. The region's Constituent Authorities will be expected to feed into the EIAs before the Business Cases are submitted.

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

6.5.1 The BEAS funding for 2025/26 will continue the positive work delivered by the BEAS Pilot during 2024/25 and both the UKSPF-funded Decarbonisation Net Zero Programme and Coventry & Warwickshire Green Business Programme before this, by delivering positive impacts for the environment by helping to reduce carbon emissions from local businesses. If this work can continue, the decisions recommended in this report will have a positive impact on climate change and the environment. It is anticipated that other activities funded through the Local Business Pillar of UKSPF will help to grow and further develop businesses operating in green sectors of the economy and create more job opportunities.

6.5.2 The Council's Skills Strategy sets out a clear priority to ensure our skills provision has a strong focus on green skills, with the recent roll-out of our Green Skills Roadmap emphasising this further. The Council's UKSPF employment & skills support activities will support this through ensuring residents are able to access available 'green skills' provision, are given good quality 'green skills' careers advice, connected to employers offering jobs.

6.5.3 The retrofit work to public buildings, social housing and homes characterised by high levels of fuel poverty will have a further positive impact in reducing carbon emissions (notably through reduction of fossil fuel use and increased use of renewable energy to heat buildings) and will also help conserved energy. The active travel components of the Transport Pillar will also have a positive impact of reducing carbon emissions, by encouraging alternatives to car travel, which should also lead to air quality improvements.

## **6.6 Implications for partner organisations?**

6.6.1 Similar to the first tranche of UKSPF funding, a proportion of the City Council's UKSPF allocation will be used to fund the Council's partner organisations in business support, employment and skills programmes. Because the funding available will be considerably less than in previous programmes there is likely to be some impact on partner organisations, particularly VCS organisations involved in employment and skills delivery.



6.6.2 The Social Housing Decarbonisation Funding will entail Registered Providers of Social Housing being awarded funds to retrofit social housing across Coventry. This will include funding for social homes in Coventry that are owned by Citizen Housing, who have worked successfully with the Council over the last 3 years retrofitting over 2,000 homes under the Social Housing Decarbonisation Fund.

6.6.3 The City Council will also continue to work with the other 6 Constituent Authorities and WMCA to further define the detail of delivery arrangements for all of the funds covered through the Integrated Settlement and share good practice and learning points during Fund delivery. Effective partnership working with the other Constituent Authorities and WMCA will also be pivotal to shaping priorities for future funds through the next Spending Review period and ensuring that Coventry's key priorities and opportunities are sufficiently reflected.

**Report authors:**

Steve Weir, Strategic Lead Economic Development

Email: [stephen.weir@coventry.gov.uk](mailto:stephen.weir@coventry.gov.uk)

Kim Mawby, Head of Skills, Employment & Adult Education

Email: [kim.mawby@coventry.gov.uk](mailto:kim.mawby@coventry.gov.uk)

Rhian Palmer, Strategic Lead Green Futures

Email: [rhian.palmer@coventry.gov.uk](mailto:rhian.palmer@coventry.gov.uk)

**Service area:**

Regeneration and Economy

Enquiries should be directed to the above persons

<b>Contributor/ approver name</b> (officers and members)	<b>Title</b>	<b>Service Area</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
David Hope	Business Development Manager	Economic Development, Regeneration and Economy	22/01/2025	28/01/2025
Giuliana Famiglietti-Pipola	Business Development Manager	Economic Development, Regeneration and Economy	30/01/2025	30/01/2025
Glen Smailes	Skills and Partnerships Lead	Employment, Skills, & Adult Education, Childrens Services and Education	28/01/2025	31/01/2025
Matthew Dillow	Business Development Manager	Climate Change & Sustainability, Regeneration and Economy	28/01/2025	30/01/2025
John Seddon	Strategic Lead – Policy & Innovation	City Services and Commercial	28/01/2025	28/01/2025
Jim Crawshaw	Head of Housing & Homelessness	Housing and Homelessness Adult Services and Housing	28/01/2025	28/01/2025
Suzanne Bennett	Governance Services Co-ordinator	Law and Governance	14/02/2025	17/02/2025
<b>Names of approvers for submission:</b> (officers and members)				
Helen Williamson	Finance Manager	Finance and Resources	04/02/2025	14/02/2025

Oluremi Aremu	Head of Legal and Procurement	Law and Governance	04/02/2025	13/02/2025
Andy Williams	Director of Regeneration and Economy	-	14/02/2025	17/02/2025
Councillor J O'Boyle	Cabinet Member for Jobs, Regeneration and Climate Change	-	17/02/2025	24/02/2025
Councillor K Sandhu	Cabinet Member for Education and Skills	-	17/02/2025	24/02/2025

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