

Appendix 1 Summary of Annual Business Plan for 2025/26

1. Background to Annual Business Plan

- 1.1. The Strategic Energy Partnership (SEP) 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](#). The first Annual Business plan, for 2024/25, was delivered and approved at Shareholder Committee on 23rd April 2024, with an update provided on progress at Shareholder committee on 24th November 2024.
- 1.2. This report presents the new Annual Business plan for 2025/26.
- 1.3. A key piece of work shared in the November 2024 update, was the development of the Coventry Energy Plan. The plan provides a strategic long-term energy vision for the city, giving us a detailed understanding of the energy challenges and opportunities looking to the next 15 years and beyond which is being used to shape projects being taken forward by the SEP.
- 1.4. The greenhouse gas emissions avoided by SEP activities are forecast to reach over 4,000 tonnes CO₂e a year from 2027/28 and continue to grow from there. That's the equivalent of 100,000 return trips from Coventry to London in an average car or planting 160,000 trees.

2. Summary of Annual Business Plan 2025/26

- 2.1. The first 18 months of the SEP has seen a huge amount of activity, which lays the foundation for significant impact in future years. As noted in the November 2024 Shareholder update, there was recognition at Strategic Energy Partnership (SEP) Contractual Joint Venture board that, whilst progress has been very positive, there was a need to identify and start delivery of more strategic and holistic opportunities to get the most value from the partnership. The focus of the year ahead is to really start to build momentum and scale to benefit more residents and businesses across Coventry. Activity will be driven through the outputs of the Coventry Energy Plan – which provides an evidence base for the SEP to prioritise the most impactful projects in the years ahead.

2.2. Coventry Energy Plan

The Coventry Energy Plan was developed by the SEP in 2024 to provide an evidence base in order to for the SEP to identify and prioritise the most impactful projects in the years ahead. The Coventry Energy Plan is an appropriate next step from the [Coventry Net Zero routemap](#) and followed a recognized Local Area Energy Planning (LAEP) approach. This prioritisation has led to seven workstreams identified for 2025-26. They are:

- Renewable generation
- Heat networks

- Small/medium enterprises and public sector buildings
- Transportation
- Residential
- Innovation
- Community benefit

The Coventry Energy Plan suggests that under a high ambition scenario the following can be achieved:

- Up to 65% reduction in carbon emissions from 2021 baseline and a 74% reduction against a 1990 baseline – which will significantly boost Coventry's efforts to transition towards net zero by 2050 as set out in our Climate Change Strategy
- Increase to 17% energy security (% of Coventry's 2022 electricity demand covered by generation)
- Create an equivalent of 2,000 FTE job impact (per year over the course of the SEP period)

The investment to achieve this would be c.£10billion to 2038. Not all this investment will be through SEP, but the SEP is uniquely positioned, by the nature of its public-private structure and operational expertise, to provide solutions and delivery mechanisms that would otherwise not be possible. The SEP can also support to create an enabling environment which maximizes opportunities for others to engage and invest.

2.3. Annual investment

Annual investment in the SEP, outlined in this ABP, is expected to grow from £1.9m (from inception in September 2023 to March 2025), to £12.6m in 2025-26, and £16.0m in 2026-27. As new projects/programmes are identified and incorporated in future ABPs, these figures are expected to increase. This is all project investment including private finance and grants.

In addition, partnership spend on the core SEP team will be £2.5m in 25/26 (£2.3m E.ON and £0.2m Council).

The Council is under no financial obligation to invest or provide project funding. Any potential investment opportunities would require a business case and be approved case by case as required under the Council's constitution.

2.4. Performance targets

Performance targets are based on knowledge and assumptions of projects known to the partnership to date and give an indication of our ambition over the next three years. This pipeline will continue to grow but only projects currently captured in the

ABP are reflected in these figures. As a result, the apparent reduction in outcomes shown in 2027/28, will increase as new projects are added.

Anticipated strategic outcomes in 2025/26 and forecast:

	2025/26	2026/27	2027/28
Solar PV generation capacity kWp	850	22,200	1,200
Heat pump installation capacity kW	800	-	-
CO2 avoided tCO2e	150	720	4,300

2.5. SEP 2025-26 Strategic Goals

In 2025/6 the key outputs the SEP intends to deliver are:

- Development and execution of the delivery programmes resulting from the Coventry Energy Plan.
- Assessment, development and implementation of a public sector building decarbonisation programme, starting with schools (60+ schools, delivered over a number of years).
- Further development, subject to successful planning permission, of the city's first solar farm.
- Initial exploration and subsequent development, subject to feasibility study completion, of a major project to explore a holistic solution to the local, renewable electricity generation and resilience, heat generation and distribution, energy storage and fleet decarbonisation requirements of the city.
- Development and implementation of a pipeline of innovation projects exploring new technologies and proof of concepts. Trials will include product development and piloting of residential and micro business solutions and propositions.
- Data, digital and connectivity will be a key enabler and theme across energy propositions (examples might include exploration of digital twins, smart sensors and AI solutions).

3. Key projects presented in the Annual Business Plan 2025/26

3.1. The Annual Business Plan 2025/26 outlines the initial phase of priorities using the evidence base provided by the Coventry Energy Plan. Whilst it is an annual business plan, it provides a line of sight towards future years of delivery.

3.2. Key projects for 2025-26 which will support SEP outcomes are set out below. Some will conclude and have impact within the year, and some will start their multi-year journey towards delivery.

- **Low carbon, clean energy, large scale solutions** – a long-term project to create low carbon, low-cost heat and energy generation in Coventry to benefit

large parts of the city and look to create value in both waste and transport service areas for city operations.

- **Solar farm** – progressing discussions on site viability and designs for planning.
- **Public sector building decarbonisation** – developing a programme to decarbonise all public sector buildings, starting with larger scale pilot in schools with ambitions to create a model to support decarbonisation across 60+ schools in Coventry (smaller scale pilot delivered in year 1)
- **Minimum energy efficiency standards** – developing a programme to decarbonise buildings that Coventry City Council are landlord for with commercial tenants.
- **Residential decarbonisation programmes** – including pilot residential offerings and innovation, grant funded programmes to support with home energy efficiency, supporting development of a Net Zero Neighbourhood pilot and developing partnerships with social housing providers.

Innovation

- The SEP activity will be supported by innovation activities and pilots, including further development of an innovation and proposition and pipeline, including:
 - **Kestrix pilot** – using drones and AI to rapidly assess residential buildings' energy efficiency and identify the best interventions to improve them, speeding up deployment of retrofit funding (commenced in 2024/25, with project outputs to continue into 2025/26)
 - **Zero emissions boilers pilot** – testing electric boilers in social housing that would be hard to retrofit in other ways, reducing bills and making homes warmer for residents most in need
 - **Mini heat network pilot** – developing small scale heat networks at a street level, reducing bills and making homes warmer for residents
- Supporting Coventry's ambitions to innovate and act as a 'living lab' for new technology and associated benefits such as job creation.

Community Benefits

- The SEP will continue its **community benefits programme** to foster meaningful relationships with local community groups, organisations and participate in environmental, economic and social initiatives in Coventry. This includes a Community Benefits fund and social value delivered through technical projects, for example:

- **Care leavers work placements** – short placements for up to 20 Care leavers and ongoing mentoring after the placements, to support their transition into work
- **Tree planting** – creating a new 8000 tree woodland, working with partners ‘Treekly’ using a walking app with trees planted according to step counts of Coventry residents – health and nature benefits
- **Coventry Grows** – Community growing initiative in Hillfields, Willenhall and Stoke, including support setting up groups and training for communities
- **Schools’ education programme** – roll out of a schools educational offering as part of multi solution energy efficiency improvements in schools

4. Links to wider Council programmes

4.1. Delivery through the SEP supports several wider Council initiatives and the One Coventry Plan:

- **Climate Change Strategy** – the updated Climate Change Strategy was published this year. The SEP is a core delivery mechanism for initiatives set out in this strategy, mainly in the ‘Route to net zero’ pathway but with links to others.
- **Electric City** – our work with E.ON through the SEP is fully aligned with the Electric City initiative and ambitions.
- **Net Zero Neighbourhoods** – the Council has secured funding to pilot a net zero neighbourhood in Hillfields and we are bringing together several initiatives through SEP to support this. Enabling initiatives including the Kestrix drone pilot to analyse building energy efficiency and targeted provision of information on energy efficiency schemes and developing a neighbourhood based retrofit programme. These initiatives have huge potential to provide real benefit to residents through energy efficiency improvements to homes.
- **‘Living lab’** – the Council has demonstrated its ambition to pilot new technologies in Coventry such as Very Light Rail and the Urban airport. Through SEP we can trial other new opportunities which also benefit residents. For example, trial new and alternative renewable technologies such as electric boilers, in spaces where heat pumps might be unsuitable. Exploring data, digital and connectivity opportunities such as digital twins, smart sensors, AI solutions. Trialling new types of customer propositions which support the transition to renewable energy.
- **LoveCov** – a campaign to support the best that the City has to offer; highlighting communities, places and stories that bring together people and make Coventry unique. Our unique partnership and specific SEP projects such as Coventry Grows contribute to this approach.

5. Next steps

Key activities expected to progress in the next six months include:

- Inception of a major project to explore low carbon, clean energy, large scale solutions – a long-term project to create low carbon, low-cost heat and energy generation in Coventry.
- Further progress on development of solar farm.
- Development of an innovative heat pilot.
- Development work on larger scale programmes to decarbonise schools and Council buildings and a proposition for buildings occupied by SMEs.
- Further innovation development and commence gathering of data on existing pilot projects.
- Further development of Community benefit opportunities and delivery on existing programmes such as Coventry grows and tree planting initiatives.

The next update to the Shareholder Committee will be provided in autumn 2025 (date TBC).