

# Portfolio Holder Decision

## West Midlands Business Energy Advice Service

<b>Portfolio Holder</b>	<b>Portfolio Holder for Finance and Property (Deputy Leader)</b>
<b>Date of decision</b>	<b>27 October 2023</b>
	<b>Signed</b>

### 1. Decision taken

That the Portfolio Holder for Finance and Property:

1. Approves the Council entering into a grant agreement with West Midlands Combined Authority (WMCA) to enable the delivery of the West Midlands Business Energy Advice Service (BEAS) in Warwickshire by the Council and to receive funding from the Department of Energy Security and Net Zero (DESNZ) and authorises the Executive Director for Communities to finalise and enter into the agreement on terms and conditions acceptable to the Executive Director for Resources;
2. Approves the addition of up to £1 million to the Capital Programme for the delivery of the BEAS in Warwickshire to be funded by the DESNZ grant;
3. Authorises the Executive Director for Communities in consultation with the Portfolio Holder for Economy to finalise and submit a delivery plan to WMCA setting out how the Council would deliver the West Midlands BEAS in Warwickshire (working with the District and Borough Councils) as part of the UK Shared Prosperity Fund;
4. Authorises the Executive Director for Communities in consultation with the Portfolio Holder for Economy to establish and implement the grant scheme necessary to deliver the BEAS in Warwickshire with grant conditions to be approved by the Executive Director for Resources; and
5. Authorises the Executive Director for Communities to enter into grant agreements with selected businesses on terms and conditions acceptable to the Executive Director for Resources.

## 2. Reasons for decisions

- 2.1 In Autumn 2022, the Council – on behalf of the six local authorities in Warwickshire – commissioned a review of business support in the county to inform delivery of the Government’s new UK Shared Prosperity Fund (UKSPF). This external review recommended the commissioning of six joint programmes at a county level including a new programme to help businesses in Warwickshire respond to climate change.
- 2.2 It also recommended the establishment of a new strategic and operational governance structure involving all six local authorities and other relevant partners which would have oversight of business support across Warwickshire (including UKSPF). Finally, it recommended that one local authority should lead on the commissioning, procurement, contract management and performance of the joint activities including ensuring appointed suppliers deliver agreed outputs and outcomes for each local area.
- 2.3 In April 2023, Cabinet approved the Council acting as accountable body for specific elements of UKSPF and for the Council to lead on the commissioning of the recommended programmes as and when agreed with the District and Borough Councils. Cabinet also approved the commencement of any procurement needed to deliver the programmes.
- 2.4 The District and Borough Councils are collectively expected to allocate £0.37 million of UKSPF funding to support a new programme to help businesses in Warwickshire respond to climate change. The Council commenced with the procurement of a specialist delivery partner or consortium to deliver the programme in August 2023, and the contract is expected to be awarded in October 2023.
- 2.5 Separately, West Midlands Combined Authority (WMCA) has secured £14.1 million from the Department for Energy Security and Net Zero (DESNZ) to establish a pilot energy efficiency advice and grants programme for businesses within the West Midlands. The objectives of the West Midlands Business Energy Advice Service (BEAS) are to support efforts to overcome market failures inhibiting energy-exposed West Midlands manufacturers and other commercial businesses from mitigating the impacts of energy cost rises and the transition to net zero. It has also been agreed – due to the scale of the DESNZ funding and the ambitious targets – that the pilot should be delivered across the full ITL1 West Midlands region.
- 2.6 There is widespread recognition of the opportunity to align the DESNZ pilot funding with UKSPF across the West Midlands. The Council has, therefore, been approached by WMCA to lead the delivery of the BEAS in Warwickshire. Staffordshire County Council and Worcestershire County Council have similarly been approached to deliver the service in their local areas (and Stoke and the Marches respectively).
- 2.7 Discussions between the Council and WMCA are still ongoing, but Council officers are expecting the Council to receive a grant offer of up to £1.3 million to

lead the delivery of the BEAS in Warwickshire working with the District and Borough Councils as part of UKSPF. The grant will allow the local authorities in Warwickshire to significantly expand the scale of the new UKSPF programme and to widen the scope to include a new grant scheme to support businesses with low carbon adoption.

- 2.8 It is, therefore, recommended that the Portfolio Holder approves the submission of a delivery plan to WMCA setting out how the Council would deliver the BEAS in Warwickshire. As part of that plan, it is requested that the Portfolio Holder authorises the Executive Director for Communities to enter into all grant agreements necessary to set up and then deliver the BEAS on terms and conditions acceptable to the Executive Director for Resources including also the grant agreement with WMCA.
- 2.9 It is also recommended that the Portfolio Holder approves the addition of up to £1 million to the Capital Programme to be funded by the DESNZ grant and the establishment of a new capital grant scheme to support businesses with the costs of low carbon adoption. Additions to the Capital Programme can be approved by the Portfolio Holder for Finance and Property pursuant to Part 2(4) of the Constitution provided they are fully funded. In this case the addition is fully funded by the DESNZ grant.
- 2.10 As the issues cross the Portfolios of both Finance and Property and Economy and given the need to add the funding to the Capital Programme and establish the scheme for delivery of the BEAS, this report requests the approval of the Portfolio Holder for Finance and Property (Deputy Leader) in consultation with the Portfolio Holder for Economy.

### 3. Background information

- 3.1 Warwickshire's planned new UKSPF programme to help businesses respond to climate change has a budget of £0.37 million to support a package of awareness raising, workshops, one-to-one support and energy audits between October 2023 and March 2025. In particular, the programme is expected to engage 437 businesses across Warwickshire and to support 83 with the development of decarbonisation plans.
- 3.2 Participation in the West Midlands BEAS is expected to provide an additional £0.125 million to support an additional 100 businesses in Warwickshire with the development of decarbonisation plans over the same timescales. It is also expected to provide £1 million capital to establish a new grant fund to support businesses in the county with the costs of implementing their decarbonisation plans. A grant scheme was previously unaffordable within the budgets allocated to support the new UKSPF programme by the District and Borough Councils.
- 3.3 Overall, participation in the West Midlands BEAS is expected to increase the budget from £0.37 million to £1.5 million. It will more than double the number of businesses across Warwickshire engaged in support from 437 to 961. The grant scheme will lever additional private sector investment of at least £1 million (the

grant will fund up to 50% of a project's total costs) and also increase the annual greenhouse gas reduction from an estimated 406 tonnes to 1,068 tonnes. Finally, it will give energy intensive businesses in Warwickshire access to specialist support to be delivered as part of the wider BEAS by Warwick Manufacturing Group.

- 3.4 The strategic case for Warwickshire's involvement in the West Midlands BEAS is clear. The commercial and management cases for the Council playing the lead delivery role have also been considered.
- 3.5 First of all, it is important to align the DESNZ funding with UKSPF and to integrate Warwickshire's new programme with the new West Midlands BEAS. Failure to do so would mean that Warwickshire businesses were unable to take advantage of the additional Government funding. Alternatively (if WMCA opted to commission another organisation to deliver BEAS in Warwickshire), it would create unnecessary confusion in the market with two competing programmes providing a very similar offer. Moreover, the BEAS would be significantly more attractive than the Warwickshire local authority programme (due to the grants) which would raise serious questions about its deliverability.
- 3.6 Secondly, there are wider benefits for the Council from leading the delivery of the BEAS in Warwickshire. It will strengthen and widen the Council's partnership working with WMCA. The BEAS is also a nationally funded pilot being trialled in the West Midlands with a view to it being expanded nationally if successful. Involvement is expected to give both the Council and the Districts and Boroughs the opportunity to influence future Government policy and programming in this area. It will also give access to local, regional and national best practice.
- 3.7 Therefore, it is recommended that the Council leads the delivery of the West Midlands BEAS in Warwickshire working with the District and Borough Councils via the UK Shared Prosperity Fund. This will significantly expand the scale of the new UKSPF programme and widen the scope to include a new grant scheme. It will support the delivery of key priorities in the new Sustainable Futures Strategy, the emerging Strategic Economic Plan as well as a key action in the Integrated Delivery Plan. The grant scheme will also help ease the financial burden on businesses and deliver new investment in low carbon adoption or accelerate such investments.
- 3.8 The specialist delivery partner or consortium will support the additional 100 businesses with the development of the additional decarbonisation plans. (An option to extend the contract to include additional funding and outputs has been included in the procurement).
- 3.9 The new grant scheme will be managed by the Council's Business & Economy team alongside the Council's existing schemes for businesses, working with the appointed delivery partner and the District and Borough Councils. A grants panel will be established and appropriate advice taken on terms and conditions of the grant and Subsidy Control.
- 3.10 Delivery of both the UKSPF programme and expanded BEAS will be overseen

by the new strategic and operational governance structure described in 2.2 and involving all six local authorities and other relevant partners.

- 3.11 The UKSPF funded delivery is expected to commence in October 2023, and this (subject to this report and an acceptable grant offer from WMCA) is intended to be extended to include the DESNZ funding and the new grant scheme from November 2023. Currently both the UKSPF and DESNZ pilot funding end in March 2025. Future funding will need to be considered at that point, but it is hoped that BEAS will be expanded nationally if the pilot is successful and/ or that there will be a further round of UKSPF funding.

## 4. Financial implications

- 4.1 Discussions between the Council and WMCA are still ongoing. However, Council officers are expecting the Council to receive a grant offer of up to £1.5 million to lead the delivery of BEAS in Warwickshire working with the District and Borough Councils as part of UKSPF. The offer is expected to include funding for additional energy audits, £1 million to establish a new capital grant scheme and funding for the Council's management and administration costs.
- 4.2 The management and administration budget is considered sufficient to cover the Council's additional costs including all legal costs.
- 4.3 A Memorandum of Understanding is being developed between DESNZ and WMCA. The Council will be asked to enter into a grant agreement with WMCA based on the grant conditions between DESNZ and WMCA. It is expected that the Council will be able to pass relevant/ key grant conditions onto the specialist delivery partner or selected businesses as appropriate but appropriate due diligence is ongoing.
- 4.4 The key financial risks are ensuring that the £1 million grant scheme meets the local government definition of capital spend, the capital and revenue grants not being used in accordance with the grant criteria, liabilities for WCC of any ineligible spend and ensuring compliance with Subsidy Control rules. These risks can be managed by passing on relevant grant conditions to the specialist delivery partner or businesses awarded grants and through regular project monitoring. The Council also has many years of experience in managing Government and European funded business support programmes including grant programmes, and many of the Subsidy Control processes are already in place. All grants will be paid in arrears based on actual, incurred costs.

## 5. Environmental implications

- 5.1 The project will support the delivery of key priorities in the new Sustainable Futures Strategy and emerging Strategic Economic Plan as well as a key action in the Integrated Delivery Plan.

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<b>Portfolio Holder</b>	Portfolio Holder for Finance and Property (Deputy Leader) In consultation with Cllr Martin Watson Portfolio Holder for Economy

<b>Urgent matter?</b>	<i>No</i>
<b>Confidential or exempt?</b>	<i>No</i>
<b>Is the decision contrary to the budget and policy framework?</b>	<i>No</i>

<b>List of background papers</b>
None

<b>Members and officers consulted and informed</b>
Portfolio Holders – Councillors Butlin and Watson
Corporate Board – Monica Fogarty, Mark Ryder
Legal – Paul Fairweather, Nichola Vine
Finance – Caroline Jones, Virginia Rennie
Equality – Delroy Madden
Democratic Services – Helen Barnsley, Paul Williams, Amy Bridgewater-Carnall
Councillors Chilvers, Clarke, Fradgley, Feeney, Timms