

FULL BUSINESS CASE (FBC)

A. GENERAL INFORMATION

A1. General

Project Title <i>(as per Voyager)</i>	BEAS ENERGY EFFICIENCY GRANT PROGRAMME		
Voyager code	TBC		
Portfolio /Committee	The Leader	Directorate	Place, Prosperity, and Sustainability
Approved by Project Sponsor	Ian MacLeod	Approved by Finance Business Partner	Azhar Rafiq

A2. Outline Business Case approval *(Date and approving body)*

A3. Project Description

BEAS Energy Efficiency Grant Programme will provide assistance targeted at existing Small/Medium sized Enterprises (SMEs) to mitigate against rising energy costs and transition to net zero. It will offer assistance of £1,000-£100,000 towards:

- Lighting (LED, controls, sensors)
- Electric motors and drives
- Electrically driven pumps
- Fans
- Compressed air generators and their higher-level control
- Heat exchanger for waste heat utilization or heat recovery
- Thermal insulation/thermal insulation of industrial plants or parts of plants
- Submetering.

A4. Scope

BEAS Energy Efficiency Grant Programme will operate across 7 LA areas within the WMCA area. BCC is the lead delivery partner for the £10.5m programme.

Marketing and promotion work is ongoing with actual delivery to start October 2023.

The participating local authority partners and GBSLEP Growth Hub will be help to raising awareness of the programme amongst local business communities, the marketing and promotion of this to suitable businesses in their locality.

Organisation Involvement - BCC will the lead organisation for this programme. It will also undertake the engagement with all participating 7 local authority partners and ensure they are provided with all the necessary information in order to recruit suitable businesses from their area. This will include the provision of appropriate marketing materials and activities.

Existing programme management team from the Business Development and Innovation (BDI) Team within Place, Prosperity and Sustainability will continue to operate established management and control procedures.

Marketing and Engagement - of businesses and referrals will continue to be carried out by BCC,

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GBSLEP Growth Hub and participating 7 local authority partners drawing upon local knowledge and experience. BCC will oversee the development of the necessary marketing materials and literature to reflect the programme content and geographical coverage. GBSLEP Growth Hub and local authority partners will generate market awareness and promotion, handle enquiries, initial screening of business suitability and ensuring local businesses understand the projects criteria and application process in their respective areas. This is an SME based grant programme and excludes all other businesses, which fall outside this definition.

Grants between £1 000 and £100,000 will be awarded to support approximately 420 SME projects, over 18-months matched by private sector match.

The programme will seek to increase productivity by improving business confidence, stimulating business activity, attracting investment and safeguarding existing jobs within local communities. It offers grant funding of £1,000 to £100,000 (note: it would be expected that the average grant would be circa £20,000-£30,000).

The intervention rate will be up to 50% of the total grant.

Funding will be used for the energy efficient replacement/ upgrade to existing industrial processes or buildings (not re-location or new premises).

An established Investment Board/investment panel comprising of BCC project management team, local authority partners, private sector partners, supported by appropriate technical, financial (Corporate Finance) and legal advice, will to operate in accordance to UK Subsidy Control Regulations. The grants will be payable retrospectively on satisfactory completion of the project as set out in the funding agreement.

BCC will manage the BEAS Energy Efficiency Grant Programme and monitor outputs created as a result, to ensure businesses seek to implement recommendations of their energy audits. Assistance will only be provided to those that meet the programme criteria.

BCC will be the lead delivery partner accountable for the whole £10.5m allocation. Financial assistance paid to individual businesses will be in accordance with BCC's financial regulations, standing orders, DESNZ and DLUHC conditions and will be subject to Conditions of Grant Aid (COGA). The COGA will include BCC and DESNZ and DLUHC terms and conditions and the ability for BCC to recover funds in the event of a breach of these terms. In the event of a company going into bankruptcy, WMCA have confirmed in writing that this is part of the normal business cycle and BCC will not be subject to any liability for claw back.

The BEAS Energy Efficiency Grant Programme will be managed by the Business Development and Innovation team (BDI) within Place, Prosperity and Sustainability.

Established delivery structures, governance and financial management arrangements will continue to enable BEAS Energy Efficiency Grant Programme programmes to start in October 2023.

BEAS Energy Efficiency Grant Programme delivery will start 1st October 2023, with the award of investment grants continuing to be delegated to Director of Planning in accordance with the grant award criteria.

A5. Scope exclusions

The funds are limited to the BEAS Energy Efficiency Grant Programme and are not to replace other BCC spend. The funds are limited to the 7 LA's across WMCA areas.

B. STRATEGIC CASE

This sets out the case for change and the project's fit to the Council Plan objectives

B1. Project objectives and outcomes

The case for change including the contribution to Council Plan objectives and outcomes

BEAS Energy Efficiency Grant Programme will contribute to the City's main Corporate Priorities:

- A prosperous Birmingham (via economic growth, increased employment and attracting investment).
- A Green Birmingham (contribution to the route to zero work)

BEAS Energy Efficiency Grant Programme will help businesses to mitigate against rising energy costs and transition to net zero.

The programme will seek to introduce measures, which will improve energy and resource efficiency, reduce carbon emission and increase cost effectiveness.

B2. Project Deliverables

These are the outputs from the project eg a new building with xm2 of internal space, xm of new road, etc

BEAS Energy Efficiency Grant Programme will provide financial assistance to 420 SMEs and generate £10,500,000 of private sector investment over 18-months.

B3. Project Benefits

These are the social benefits and outcomes from the project, eg additional school places or economic benefits.

Measure	Impact
<i>List at least one measure associated with each of the objectives and outcomes in B1 above</i>	<i>What the estimated impact of the project will be on the measure identified – please quantify where practicable (eg for economic and transportation benefits)</i>
To assist 420 businesses with financial assistance to mitigate against rising energy costs and transition to net zero across the 7 local authority areas within WMCA by March 2025.	Will lead to up to an estimated £10,500,000 of private sector investment to help improve business competitiveness.
Increase resource and energy efficiency	Greenhouse gas reductions (% decrease in Tonnes of Co2e)- TBC Number of businesses adopting new to the firm technologies or processes- TBC

For major projects and programmes over £20m:

A detailed Benefits Register is attached at G5 below.

B4. Benefits Realisation Plan

Set out here how you will ensure the planned benefits will be delivered

The WMCA will set out in its agreement with BCC the activities and outcomes it expects for the

funds to be delegated. BCC has already set out its ambitions in its submitted outline implementation plan to WMCA, this includes the setting up of appropriate Governance structures, identifying the appropriate teams and resources and the timescale for the expenditure of the funds and achievement of outcomes.

B5. Stakeholders

We have consulted with the WMCA and the other 7 West Midlands Metropolitan Authorities over the shape of the programme and details of which parts of the programme will be delegated to BCC to deliver.

BEAS Energy Efficiency Grant Programme has been agreed by WMCA and 7 LA partners as part of a consist offer across the region.

C. ECONOMIC CASE AND OPTIONS APPRAISAL

This sets out the options that have been considered to determine the best value for money in achieving the Council's priorities

C1. Summary of options reviewed at Outline Business Case

(including reasons for the preferred option which has been developed to FBC)

If options have been further developed since the OBC, provide the updated Price quality matrix and recommended option with reasons.

Options reviewed:

- Do not accept the Grant. This is a key funding allocation for assisting the city and region to support SMEs to mitigate against rising energy costs and transition towards net zero.. The opportunity to use the funds and make its delivery focused and effective should not be missed. This option is not recommended.
- Leave the implementation to WMCA. WMCA does not have the expertise, experience or capacity to deliver a programme of this nature across 7 local authority areas. It is recognised that Birmingham City Council is the only local authority across the WMCA with the experience and capacity to be the lead delivery partner.
- Accept the grant utilising the Council's knowledge, existing infrastructure where relevant and local partnerships which have been established and built over many years of delivering EU funds to shape and deliver local provision. This option is recommended.

C2. Evaluation of key risks and issues

The full risks and issues register is included at the end of this FBC

Risk register is attached in appendix 2.

C3. Other impacts of the preferred option

Describe other significant impacts, both positive and negative

BCC staff will be required to administrate and implement the BEAS Energy Efficiency Grant Programme across 7 LA's across WMCA area. This will generate a 15% management fee to cover delivery costs.

D. COMMERCIAL CASE

This considers whether realistic and commercial arrangements for the project can be made

D1. Partnership, Joint venture and accountable body working

Describe how the project will be controlled, managed and delivered if using these arrangements

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BCC will be the lead delivery partner and accountable for the full £10,500,000 funding for 7 LA's across WMCA.

D2. Procurement implications and Contract Strategy:

What is the proposed procurement contract strategy and route? Which Framework, or OJEU? This should generally discharge the requirement to approve a Contract Strategy (with a recommendation in the report).

There are no procurement implications.

BEAS Energy Efficiency Grant Programme will be delivered in house without the need to commission any activity.

D3. Staffing and TUPE implications:

BEAS Energy Efficiency Grant Programme will be delivered using existing Business Development and Innovation resources.

The programmes will generate a 15% management of £1,350,000 over 18-months.

E. FINANCIAL CASE

This sets out the cost and affordability of the project

E1. Financial implications and funding

BEAS Energy Efficiency Grant Programme is an 18- month programme.

Funding agreement is subject to agreement from WMCA and is expected shortly.

E2. Evaluation and comment on financial implications:

BEAS Energy Efficiency Grant is subject to agreement from WMCA, which is expected shortly.

E3. Approach to optimism bias and provision of contingency

N/A

E4. Taxation

Describe any tax implications and how they will be managed, including VAT

Not applicable as the funds are grant funding. Any expenditure requiring the use of VAT will be fully VAT recoverable.

F. PROJECT MANAGEMENT CASE

This considers how project delivery plans are robust and realistic

F1. Key Project Milestones

The summary Project Plan and milestones is attached at G1 below

Planned Delivery Dates

Year 2023/2024

WMCA Approval

September 2023

Cabinet Report

October 2023

Programme Documentation

September 2023

Staff / Business Advisor / Partner Induction

September 2023 – October 2023

Marketing of Programme

October 2023 onwards

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Commence Project delivery	1st October 2023
Panel Meetings	October 2023- January 2024
Quarterly Steering group meetings	December 2023 onwards
Financial spend	November 2023 – March 2024
Outputs	November 2023- March 2024
Progress Report to CA	November 2023- March 2024
Year 2 2024/2025	
Ongoing Marketing of Programme	April 2024 onwards
Ongoing Project delivery	1st April 2024
Panel Meetings	April 2024- January 2025
Quarterly Steering group meetings	May 2024 onwards
Financial spend	April 2024- March 2025
Outputs	June 2024 – March 2025
Monthly progress reports to WMCA	April 2024- April 2025
Project completion	March 2025
F3. Dependencies on other projects or activities	
There are no dependencies on other projects.	
F4. Officer support	
Project Manager: Mohammed Zahir	
Project Accountant: Rob Pace	
Project Sponsor: Paul Kitson	
F5. Project Management	
<i>Describe how the project will be managed, including the responsible Project Board and who its members are</i>	
<p>BEAS Energy Efficiency Grant Programme will be managed by the BDI Team.</p> <p>It will use existing systems, processes and governance arrangements including partnership investment panels for decision on grant applications of up to £30,000 grant and private sector investment board for grant applications of over £30,000 to £100,000.</p>	

G. SUPPORTING INFORMATION

(Please adapt or replace the formats as appropriate to the project)

G1. PROJECT PLAN

Detailed Project Plan supporting the key milestones in section F1 above

Attached in appendix 4

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G2. SUMMARY OF RISKS AND ISSUES REGISTER

Risks should include Optimism Bias, and risks during the development to FBC

Grading of severity and likelihood: High – Significant – Medium – Low

		Risk after mitigation:	
Risk or issue	Mitigation	Sever-ity	Like-lihood
Risk register is attached in appendix 2			

G3. EXTERNAL FUNDING AND OTHER FINANCIAL DETAILS

Description of external funding arrangements and conditions, and other financial details supporting the financial implications in section E1 above (if appropriate)

Table below provides of the programme budget:

Programme	UKSPF Grant 2023/204 £000	UKSPF Grant 2024/2025 £000	Private Sector Contribution £000	Total Public and Private Sector Funding £000
BEAS Energy Efficiency Grant Programme	500,000	10,000,000	10,500,000	21,000,000
Total Grants/Match Funding	500,000	10,000,000	10,500,000	21,000,000
Fees				
15% Management Fee for delivery across 6 LA's	64,286	1,285,714		1,350,000
Total Management Fee	64,286	1,285,714		1,350,000

G4. STAKEHOLDER ANALYSIS		
Stakeholder	Role and significance	how stakeholder relationships will be managed
Strategic Director Place, Prosperity, and Sustainability	Delegated authority for delivery of the Local Business Support Pillar	Attached at Appendix 4
City Solicitor		
Deputy Leader	Consultee for the above	
Cabinet Member Finance & Resources		
WMCA and LA partner	Development of programme	Regular task and finish group meetings

G5. BENEFITS REGISTER

For major projects and programmes over £20m, this sets out in more detail the planned benefits. Benefits should be monetised where it is proportionate and possible to do so, to support the calculation of a BCR and NPSV (please adapt this template as appropriate)

Measure	Annual value	Start date	Impact
<i>List at least one measure associated with each of the outcomes in B1 above</i>			<i>What the estimated impact of the project will be on the measure identified</i>
(a) Monetised benefits:	£		N/A
To be identified/determined			
(b) Other quantified benefits:			
To be identified/determined			
(c) Non-quantified benefits:	n/a		
To be identified/determined			

Other Attachments <i>provide as appropriate</i>	
• Eg. Outcome of consultation	N/A
• Technical Feasibility Assessments	N/A
• Site plans and drawings	N/A
• Summary of Impact assessments	N/A
• External Funding and Partnership agreement implications	TBC
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