

# Birmingham City Council

## Report to Cabinet

17<sup>th</sup> October 2023



**Subject:** Resources for Birmingham City Council Priorities - BEAS Energy Efficient Grant (Department of Energy Security and Net Zero) Full Business Case

**Report of:** Strategic Director Place, Prosperity & Sustainability

**Relevant Cabinet**

**Member:** Councillor John Cotton, Leader

**Relevant O & S Chair(s):** Councillor Jack Deakin, Finance and Resources  
Councillor Akhlaq Ahmed, Economy and Skills

**Report Author:** Mohammed Zahir, Head of Business and Innovation  
Telephone No: 07766922585  
Email Address: mohammed.zahir@birmingham.gov.uk

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 011825/2023		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:		

### 1 Executive Summary

- 1.1 The Department of Energy Security and Net Zero (DESNZ) and Department for Levelling Up (DLUHC) have informed the West Midlands Combined Authority (WMCA) that funding is available for an energy efficiency programme within the West Midlands. This is national funding for pilot activity in the West Midlands with a view to expanding the programme nationally if it is successful. The objectives of the programme are to support WMCA and regional efforts to overcome market failures inhibiting energy-exposed West

Midlands manufacturers and commercial businesses from mitigating the impacts of energy cost rises and the transition to net zero. WMCA is seeking a Primary Delivery Partner out of the seven Local Authorities in the WMCA area to administer the grant delivery of the £10.5m Energy Efficiency Grants funded by DLUHC.

- 1.2 Birmingham City Councils Business Development and Innovation has been invited by WMCA to be the lead delivery partner. The team has extensive experience of managing and delivering large scale business support programmes across Birmingham and the wider West Midlands region.
- 1.3 This report seeks approval of the Full Business Case for the implementation of a new 18-month BEAS Energy Efficiency Grant Programme funded by DESNZ and DLUHC.
- 1.4 BEAS Energy Efficiency Grant Programme has a total of value of £10,500,000 over 18-months (1<sup>st</sup> October 2023 and end 31<sup>st</sup> March 2025).
- 1.5 As lead delivery partner Birmingham City Council will receive a 15% (£1,350,000) management fee for the delivery of the programme across 6 Local Authorities across the WMCA. However, Coventry City Council have agreed to be a partner, but will deliver their grant allocation within their respective area for which they will receive a 15% management fee.

## **2 Recommendations**

- 2.1 Approves the Full Business Case (FBC) (attached at Appendix 1) for the BEAS Energy Efficiency Grant Programme, which will provide a package of energy efficiency grant to Small and Medium Enterprises (SMEs) to mitigate against the impact of high energy cost and the transition to net zero.
- 2.2 Approves the City Council acting as the lead delivery partner for the BEAS Energy Efficiency Grant Programme and accepts the offer of BEAS Energy Efficiency Grant of £10,500,000 over 18-months, which is being matched against an equivalent amount of private sector expenditure.
- 2.3 Delegates the award of specific financial assistance grants between £1,000 to £100,000 to SME up to the total of £10,500,000 over 18- months to the Strategic Director of Place, Prosperity and Sustainability.
- 2.4 Authorises the City Solicitor (or their delegate) to negotiate, execute, and complete all necessary documentation to give effect to the above recommendations.

## **3 Background**

- 3.1 Birmingham City Council is currently managing and delivering West Midland SME Grant and Net Zero Grant Programmes across Birmingham, Solihull, Cannock Chase and Shropshire local authority areas funded by UK Share Prosperity Fund (UKSPF).
- 3.2 In recognition of the expertise and extensive experience of managing and delivery of large-scale programmes across the West Midlands, the City Council has been invited by the WMCA to be the lead delivery partner for the new BEAS Energy Efficiency Grant Programme.

## **4 Options considered and Recommended Proposal**

- 4.1 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.
- 4.2 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.
- 4.3 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.

## **5 Consultation**

- 5.1 We have consulted with the WMCA and the other 7 West Midlands Metropolitan Authorities, who have all agreed for Birmingham City to be the lead delivery partner.
- 5.2 BEAS Energy Efficiency Grant Programme has been agreed by WMCA and LA partners as part of a consistent offer across the region.

## **6 Risk Management**

- 6.1 Risk register is detailed at Appendix 2.

## **7 Compliance Issues:**

- 7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?
- 7.1.2 The DESNZ and DLUHC funding is a significant opportunity to make an impact on the Council's priorities. The funding will contribute to the City's main Corporate Priorities. These are, A prosperous Birmingham (via economic growth, increased employment and attracting investment) and A Green Birmingham (contribution to the route to zero work).
- 7.1.3 The Council's Corporate Plan 2022 to 2026. The following are the main priorities and the DESNZ and DLUHC will contribute to all of them.
- A Prosperous Birmingham: through a focus on inclusive economic growth, tackling unemployment, attracting inward investment, and maximising the benefits of the Commonwealth Games.
  - encouraging physical activity and healthy living, supporting mental health, and improving outcomes for adults with disabilities and older people.
  - A Green Birmingham: through a focus on street cleanliness, improving air quality, continuing the route to net zero, and becoming a city of nature.

## 7.2 Financial Implications

- 7.2.1 The City Council will receive grant funding of £10,500,000 for the BEAS Energy Efficiency Grant Programme over 18-months. Funding agreement is subject to agreement from WMCA and is expected shortly. The funds will need to be administered in accordance with the DESNZ and DLUHC funding requirement and achievement of related outputs/outcomes.
- 7.2.2 A 15% management will be top sliced from the grant allocation as a contribution towards the salary costs of the delivery team.
- 7.2.3 Table below provides a breakdown of grant, private sector match and management fee. No BCC salary match is required.

<b>Programme</b>	<b>UKSPF Grant 2023/204 £000</b>	<b>UKSPF Grant 2024/2025 £000</b>	<b>Private Sector Contribution £000</b>	<b>Total Public and Private Sector Funding £000</b>
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

- 7.2.4 The expenditure was approved at the Place, Prosperity and Sustainability Directorate Spend Control Forum on 18 September 2023. Approval from the S151 Spend Control Board was obtained on 27 September 2023.

## 7.3 Legal Implications

- 7.3.1 BEAS Energy Efficiency Grant Programme will be delivered under the Council's general power of competence under section 1 Localism Act 2011, to help businesses to mitigate against rising energy costs and transition to net zero. Grants of £1,000 to £100,000 will be provided in compliance with UK Subsidy Control Act 2022.

#### **7.4 Procurement Implications (if required)**

7.4.1 There are no procurement implications with the recommendations of this report.

#### **7.5 Human Resources Implications (if required)**

7.5.1 BEAS Energy Efficiency Programme will be delivered using existing resources from Place, Prosperity and Sustainability Directorate.

#### **7.6 Public Sector Equality Duty**

7.6.1 Initial Equality Analysis (EQUA1048) has been carried out in January 2023 (Attached appendix 3), which takes into account equality measures in the day-to-day activities in assisting companies. No equality issues have been identified in the dissemination of these business support programmes.

### **8 Appendices**

- Appendix 1 Full Business Case
- Appendix 2 Risk Register
- Appendix 3 Equality Assessment analysis
- Appendix 4 Stakeholder analysis
- Appendix 5 Environment and Sustainability Assessment

### **9 Background Documents**

9.1 None