

Report of	Meeting	Date
Director of Change and Delivery Introduced by Cabinet Member (Planning, Business Support and Regeneration)	Cabinet	Wednesday, 16 November 2022

Business Energy Efficiency Support Scheme

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

- To seek Cabinet approval of a Business Energy Efficiency support scheme for businesses.

Recommendations

- To approve the proposals to offer fully funded energy use audits for businesses and provide council grant support to enable businesses to implement the recommended energy saving (carbon reduction) measures.

Reasons for recommendations

- Rising energy costs are impacting the viability of businesses, which increases the risk of businesses closing and the loss of local jobs. In 2019, the council declared a climate emergency, pledging to work to make the Borough carbon neutral by 2030. The Business Energy Efficiency support scheme will help businesses to reduce energy use, which will reduce business energy costs and reduce their carbon footprint.

Other options considered and rejected

- The alternative option considered was to signpost businesses to the Chamber Low Carbon scheme and the Making Carbon Work (MaCaW) scheme. However, the grant funding elements of those schemes are fully committed, and they have limited remaining support capacity.

Corporate priorities

5. The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background to the report

6. Nationally and locally, there is evidence that the rising energy costs are impacting on business viability, risking closure and job losses. The impact appears greater on some sectors such as manufacturing (due to high energy use) and hospitality, which is unable to raise prices to customers sufficiently to cover cost increases.
7. The Federation of Small Businesses (FSB) are reporting an immediate need for assistance for small businesses, many are already carrying debt post-pandemic and so are already at risk of closing. The council is also facing increasing pressure from local businesses for some form of support. Local businesses have been featured in the press, speaking about how the rise in energy costs is impacting on their business and putting them at risk of closing.
8. In 2019, the council declared a climate emergency, pledging to work to make the Borough carbon neutral by 2030. Energy use is a key element in reducing carbon. There is a need for a rapid response to support businesses to reduce energy use and thereby energy costs in order to reduce the risk of businesses closing.
9. Proposals have been developed, which offer some immediate assistance for businesses, and which feed into longer-term carbon reduction targets and UK Shared Prosperity Fund delivery.

Business Energy Efficiency Scheme

10. The Business Energy Efficiency scheme will help businesses reduce their energy use, which will reduce business energy costs and reduce the carbon footprint of businesses.
11. The scheme will help businesses to access fully funded energy use audits (via the Chamber Low Carbon programme and the South Ribble Business Energy Efficiency scheme) and to fund the identified capital investments to reduce their energy use and costs, and to deliver carbon reduction towards climate goals.
12. Phase 1 of the Business Energy Efficiency support scheme would be funded through the approved £200,000 South Ribble Business Support reserve during the 2022 / 23 financial year. Subject to approval of the delivery process, the grant scheme could be launched in November and delivered within the existing £200,000 budget.
13. The grant would offer up to £2,000 contribution (at up to 100%) for businesses in South Ribble towards capital costs for purchasing energy reduction equipment identified by an energy audit.

14. Energy audits are currently available free of charge through the Chamber Low Carbon scheme and the MaCaW scheme. However, the MaCaW scheme is already over-subscribed. The Chamber Low Carbon scheme has some remaining capacity to carry out energy audits so businesses will be referred initially to that scheme to maximise the benefits to local businesses. Additional energy audits will be funded through the council's Business Energy Efficiency support scheme to fill any gaps in capacity or sector eligibility - and to assess demand and create energy saving success case studies.
15. A dedicated webpage has been created to link businesses to existing Chamber Low Carbon and MaCaW schemes, and the Business Energy Efficiency scheme will be added to that page to offer energy use audits and opportunities to make savings on energy use <https://www.businessinsouthribble.com/support/business-advice-and-funding/energy>
16. The Business Energy Efficiency scheme will be delivered through an application process similar to the Covid Additional Restrictions Grants (ARG). The Investment & Skills Team will manage the process, which will include company verification and business rates registration checks. Grant payments will be made on receipt of an invoice copy for the approved expenditure, combining payment claim processing with monitoring implementation. No retrospective expenditure will be funded. The energy audits will provide carbon saving data, which will be recorded and reported through a data dashboard to the Executive Member.

Grant Eligibility

17. Grants will be subject to the following criteria:
 - The Business Energy Efficiency grant can be used to fund capital expenditure on specified items identified by an energy audit as reducing energy use/costs and delivering a contribution to carbon reduction.
 - Energy audits must be carried out by an accredited person/body and the audit reports must identify the energy use / carbon reduction, which the specified items will deliver.
 - The grants will be open to businesses based and operating in South Ribble. To ensure as many businesses as possible can be assisted, only one application will be permitted per business/applicant/premises. Applications will be processed on a first come, first served basis because the available funding is limited.
 - The grant applies to commercial premises in South Ribble, which are exclusively used for business (registered with Valuation Office Agency for business rates).
 - Where premises are rented, either the landlord or the occupying business can install energy saving equipment and apply for the grant. Only occupied premises qualify (not empty premises). Tenants need to have permission from their landlord or be allowed within the lease agreement to install any equipment purchased.
 - Businesses that are dormant, in liquidation, dissolved, or subject to a striking-off notice will not be eligible.
18. There will be 3 levels of grant available (£500, £1,000 and £2,000), the award for approved applications will depend on the cost of the items specified in the energy audit. South Ribble Council will reserve the right to amend the scheme at any time.

Climate change and air quality

19. The work noted in this report impacts on the following areas of climate change and sustainability targets of the Councils Green Agenda: net carbon zero by 2030, reducing energy use.

Equality and diversity

20. The application and delivery process will ensure that protected characteristics are not negatively impacted.

Risk

21. The key risks are ensuring that the funding is used to assist eligible businesses and that it is used for eligible expenditure. This will be managed by the delivery process, which is a robust process developed throughout the Coronavirus business support delivery.

Comments of the Statutory Finance Officer

22. The reserve to be used for these grants was established as part of the budget setting and outturn reports in 2021/22. The one-off pot of money was created to support businesses following Covid 19 and this report details a scheme in line with those objectives.

Comments of the Monitoring Officer

23. There are general powers under local government legislation to allow us to introduce such a scheme. Clearly we need to have processes in place whereby we can check applications received to eliminate the chances of fraud. Previous experience of administering Covid monies will no doubt be of assistance in this regard.

Background documents

There are no background papers to this report.

Appendices

None

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