



Environment and Sustainable Communities Overview and Scrutiny Committee

Date **Friday 24 January 2020**

Time **9.30 am**

Venue **Committee Room 2, County Hall, Durham**

Business

Part A

**Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chairman's
agreement.**

1. Apologies
2. Substitute Members
3. Minutes of the Meeting held on 4 November 2019, 19 November 2019 and 16 December 2019 (Pages 3 - 22)
4. Declarations of Interest, if any
5. Any Items from Co-opted Members or Interested Parties
6. Media Relations - Verbal update from Overview and Scrutiny Officer
7. Business Energy Efficiency Project 2
 - a) Report of Corporate Director Regeneration and Local Services (Pages 23 - 104)
 - b) Presentation by Business Energy Efficiency Project Manager (Pages 105 - 120)
8. Budget Outturn Quarter 2 2019/2020
 - a) Joint Report of the Corporate Director of Resources and Corporate Director of Regeneration and Local Services (Pages 121 - 130)
 - b) Presentation by the Finance Manager Regeneration and Local Services (Pages 131 - 136)

9. Performance Management Quarter 2 2019/2020 - Report of the Corporate Director of Resources (Pages 137 - 148)
10. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration

Helen Lynch
Head of Legal and Democratic Services

County Hall
Durham
16 January 2020

To: **The Members of the Environment and Sustainable
Communities Overview and Scrutiny Committee**

Councillor E Adam (Chair)
Councillor O Milburn (Vice-Chair)

Councillors B Avery, A Batey, D Bell, L Brown, J Carr, B Coult,
R Crute, S Dunn, A Gardner, K Hawley, J Higgins, P Howell,
C Kay, L Maddison, R Manchester, I McLean, A Simpson,
P Sexton and M Wilson

Co-opted Members:

Mr T Bolton and Mrs P Holding

Contact: Paula Nicholson

Tel: 03000 269710

DURHAM COUNTY COUNCIL

At a Meeting of **Environment and Sustainable Communities Overview and Scrutiny Committee** held in Committee Room 2, County Hall, Durham on **Monday 4 November 2019 at 9.30 am**

Present:

Councillor E Adam (Chair)

Members of the Committee:

Councillors O Milburn, B Avery, A Batey, D Bell, L Brown, J Carr, B Coult, R Crute, S Dunn, A Gardner, J Higgins, L Maddison, R Manchester, A Simpson and M Wilson

Co-opted Members:

Mr T Bolton and Mrs P Holding

Also in Attendance:

Councillors C Hampson and J Stephenson
Mr D Balls (Co-opted Member on Safer and Stronger OSC)

1 Apologies

Apologies for absence were received from Councillors P Howell and I McLean.

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The Minutes of the meeting held on 4 October 2019 were confirmed as a correct record and signed by the Chair,

4 Declarations of Interest

There were no Declarations of Interest.

5 Any items from Co-opted Members or Interested Parties

There were no items from Co-opted Members or Interested Parties.

6 Operation Spruce Up and Fly-tipping in County Durham - Progress Updates

The Committee considered the joint report of the Director of Transformation and Partnership and the Corporate Director of Regeneration and Local Services that provided Members with a progress report on fly-tipping in County Durham including work being undertaken to reduce fly-tipping and details of the evaluation of 'Operation Spruce Up' scheme (for copy of report, see file of minutes).

Mr G Knight, Civic Pride Officer was in attendance to deliver a presentation on Operation Spruce Up that provided the following information:

- Context - Durham had 19.6m visitors per year, with tourism worth £864m per year to the local economy. There had been 21,000 street scene requests a year with 7768 fly-tipping incidents in 2016/17 together with a 49% reduction in central funding.
- The What
 - Targeted 'Deep Clean' of specific areas
 - Location chosen between the local community via the AAP's and Clean and Green
 - 1 Spruce up per AAP area per year
- Much more than just a big clean up!
 - Community engagement in planning and implementation
 - Focused surge of activity
 - Longstanding results
 - Strategic approach
 - Partnerships with local business and organisations
- Excellent Value for Money
 - The project runs out of currently existing budgets with the only additional expenditure for a designated coordinator and some cost for materials and plants
 - The project utilises partnership working and focused activity to create good value for money
- Detail of partners involved in 'Operation Spruce up'
- Local Changes make a big difference
- Substantial media coverage
- Evaluation
 - Surveys are conducted after each spruce up of residents in the immediate vicinity of the spruce up area
 - Surveys and consultations conducted in partnership where appropriate
 - A breakdown of the evaluation was provided – doorstep evaluation
 - Feedback from local communities
- Outcomes
 - Substantial improvements evidenced following each of the 14 spruce ups
 - Over 4500 young people reached through the scheme

- More than 200 volunteer hours
- 6 additional 'Mini Spruce Ups' carried out
- What Makes Spruce Up Special
 - Exceptional teamwork across the council and community
 - Ground breaking results with innovative ideas
 - Low cost: more expenses covered through existing budgets and assets of clean and green team

Following the presentation, the Chair asked Members for their questions.

Mr T Bolton asked how the work carried out by the operation spruce up team was sustained.

The Civic Pride Officer responded that they had a conversation before the start of each project on how the work would be sustained and gave some examples of where organisations had taken over maintenance responsibilities.

Councillor Avery praised the work carried out in Ferryhill by the Operation Spruce Up team but commented that unfortunately the work had deteriorated and he felt that there was a need to get partners involved including the Town Council and Livin.

The Civic Pride Officers responded that they worked successfully with a number of housing providers however there had had been some difficulties engaging with Livin. It was recognised that some of the works carried out would fade in time such as painting but an application to revisit the area after 2 years could be made via the AAP.

The Chair indicated that Members could raise issues with Livin in the forum.

The Senior Civic Pride Officer then indicated that the public wanted to see clean and tidy areas and that the service does receive complaints about refuse/waste tipped on and the general maintenance of Livin land, as quite often Durham County Council land was adjacent to land owned by Livin. The Officer confirmed that Livin had changed its contractor and local Members commented that standards had improved.

Mr I Hault, the Neighbourhood Protection Manager indicated that he would check to ensure that conversations had taken place with Livin.

Councillor Stephenson referred to the spruce up in her area that had resulted in a resident's forming a friends group with several litter picks taking place. She continued that Operation Spruce Up in her area had been very successful.

Mrs P Holding referred to the photographs in the presentation showing fly-tipping and asked if lack of bin capacity was an issue that led to fly-tipping.

The Neighbourhood Warden Manager indicated that the Council had a policy of not collecting black sacks that were not located in the bin and this could contribute to a build-up of rubbish.

The Neighbourhood Protection Manager continued that Durham was a windy County and therefore rubbish blew into locations as indicated in the presentation. He continued that some areas like the coast to coast route were difficult to access to ensure that bins along the route were kept clean. The service carried out education on how to get rid of waste by knocking on doors and posting leaflets.

The Senior Civic Pride Officer referred to the first photograph and confirmed that was in Seaham and the waste shown on the slide was a mixture of fly-tipping and rubbish from dog walkers, even though there were bins located in the areas. The Officer confirmed that the service had used an education enforcement approach in this area.

Councillor Coult referred to the mini spruce up that had taken place in her area and commented that this was a good example of partners working together and residents taking responsibility to maintain the work done.

Councillor Higgins congratulated the Clean and Green team on the standard of their work and asked if the evaluation figures could show the number of people who took part in the evaluation process.

The Civic Pride Officer responded that he could provide this information following the meeting.

Councillor Avery commented that in his local area he had an issue with dog fouling in social housing areas and sought clarification as to whether he should contact Durham County Council or Livin to request additional dog waste bins.

The Neighbourhood Protection Manager confirmed that he would clarify who was responsible for the provision of dog waste bins and respond to the member accordingly.

Councillor Adam asked whether secondary fires were classed as fly-tipping.

The Neighbourhood Protection Manager responded that they were separate issues, although fly-tipped waste could be set on fire, however he confirmed that the number of secondary fires in the county was small compared to the number of fly-tipping incidents.

The Chair thanked Officers for their presentation.

Mr R Brown, Neighbourhood Warden Manager was in attendance to deliver a presentation on Fly-tipping that provided the following information:

- How is Durham doing
- The Durham Approach
 - Enforcement, Partnership Operations, Involvement/Participation, Education/Awareness
- Education and Awareness – Social Media/Video Footage
- Reporting Fly-tipping
 - Residents can report online
 - Link jobs between Wardens and Clean and Green
- Bulky Collections
 - Book online, localised promotion, subsidised and one of the cheapest in the North East
- Waste Permits
- What gets fly-tipped and where – Live Demo
- Enforcement
- Stop Checks
 - Work with Police to carry out stop checks
 - Waste Carriers and Duty of Care compliance
- Vehicle Seizures
- Successful Prosecutions
- Partnership Task Force
- Methods of Vehicle Disposal
 - Crushed/sold at auction
- Civic Pride – money from the sale of seized vehicles put back into community events
- Future Plans and challenges

Following the presentation, the Chair asked Members for their questions.

Councillor Batey made reference to the previous presentation and questions and commented that in her role as a member of the fire authority and as a licensing member she was concerned on how fly-tipping incidents were reported and were fly-tipping incidents being masked in fire authority statistics. Councillor Batey then referred to the two covert camera that were purchased for her division and asked if the cameras could be used in other areas.

The Neighbourhood Warden Co-ordinator responded that Durham County Council did use signage in the county to act as a deterrent as people did not know whether a camera was deployed or not. In relation to cameras they were designed to be dug in and therefore cannot be used in street locations. It was confirmed that the Neighbourhood Wardens use education in the first instance with leaflet drops, then gather information and would then speak to the individual concerned. In relation to concerns about the masking of fly-tipping statistics the Neighbourhood Warden Manager indicated that they were working with the fire brigade as a partnership group and were looking at their systems and how fly-tipping was defined. He then

referred to secondary fires and confirmed that they were not masking incidents of fly-tipping in the county.

Councillor Avery commented that he had heard that some fires in the county were deliberate and were for insurance purposes.

The Neighbourhood Warden Manager commented that he had not heard of this however there had been a slight increase in primary fires as fires were used to destroy evidence following a burglary.

Councillor Avery referred to the use of black bags for additional waste and commented that he had been told that only clear/transparent bags would be collected. He then asked if local residents were aware of this policy.

Members were advised that this only applied to recycled waste and it was confirmed that the strategic waste team would be responsible for publicising this and the comments raised and the suggestions made by members during the meeting would be forwarded to that team.

Councillor Dunn referred to the slide on 'How is Durham Doing' that showed the 6 year trend and commented that if you looked at the 4 year trend from 2015/2016 onwards the figures had plateaued. Despite the national trend going up Durham's figure was not acceptable and there was a need to look at how this figure could be further reduced. He continued that if cameras could only be used in certain situations and locations then Durham County Council needed to look at different technology to increase higher prosecutions. Councillor Dunn then informed members that he had a household recycling centre in his area however there was still fly-tipping around the area of the centre and that there was a need to do more publicity highlighting action taken by Durham County Council and more prosecutions.

Officers responded that they were using education to get it right and were carrying out tougher prosecutions and seizing vehicles. They were also working with landlords in relation to fly-tipping and the waste carrying duty of care would make a bigger impact. The team also had monthly meetings with the clean and green team and had designed some of the laybys out that had been hotspots for fly-tipping.

The Neighbourhood Protection Manager Commented that it had been his decision to include the 'How is Durham Doing' slide as the national press were saying that fly-tipping had increased over a period of time and he had wanted to show how the council was performing in tackling this issue. He continued that fly-tipping was a top priority for Durham County Council. In addition, there had been a significant increase in e- permits, Durham County Council continued to promote bulky waste collections and tougher enforcement which had resulted in the crushing of a vehicle to give a clear message that in County Durham the authority takes tough action with people who pickup waste and fly-tip. The number of people who care about the

community was growing and the culture towards waste was changing and that schemes such as a deposit return scheme would continue to grow this cultural change. An issue for the Council was renovation works on properties where the builder disposes of the waste, however the resident does not know or does not ask how the waste would be disposed of. The introduction of a duty of care where householders need to know how their waste was to be disposed of would further add to this cultural change. In addition, the introduction of Selective Licensing in the county would also help in bringing further regulations to private landlords.

He advised that he would produce a further slide to show how the figures compared at a more local level per head of population showing how well the Council was doing in tackling this issue however, there was still more to be done.

The Chair referred to the slide which showed the categories of fly-tipped waste and indicated that 80% of fly-tipping was black bag domestic waste and not waste from contractors.

The Neighbourhood Protection Manager commented that householders duty of care links to this and that residents in the future would need to ask for a receipt from contractors to confirm where the waste was going for disposal.

Mr T Bolton referred to the bulky waste collection scheme and asked if there was a maximum number of items to be collected and whether neighbours could share the bulky waste collection and if this option was available, was it advertised.

The Neighbourhood Protection Manager responded that neighbours could share the option of a bulky waste collection however this was not advertised but he would take the suggestion back to colleagues to consider a campaign to advertise this. Members were advised that the maximum number of items for a bulky waste collection was 6.

Councillor Gardner indicated that he was surprised to see Durham and Cheater-le-Street on the lists of hot spots for fly-tipping and asked if the council had any information to indicate why fly-tipping was taking place in these areas. He continued by asking how effective publicity was as acting as a deterrent.

The Neighbourhood Protection Manager referred to the media releases on fly-tipping enforcement and commented that the press release was always balanced and gave examples of the various options for the disposal of waste including Household Waste Recycling Centres (HWRCs), bulky waste collections and permits. The way people were operating was changing and it was important that they continued with the promotion, particularly the 'Your Rubbish Your Responsibility'. The seizure of vehicles by Durham County Council was discussed in the community and the tonnage at household waste recycling centres was increasing.

Councillor Maddison commented that she had previously referred to fire authority statistics on secondary fires and then asked for the figures to be broken down further. This breakdown showed that there was a link between where empty properties were located and where secondary fires were located. Going forward teams needed to collectively look at the statistics and identify areas of focus and interventions to be undertaken. She then referred to bulky waste collections and commented that items such as mattresses or carpets, should they have to be out for collection for a week and get wet would not be collected. Councillor Maddison continued by suggesting that Durham County Council needs to look at a far quicker collection service for this type of item.

The Neighbourhood Protection Manager advised Members that he would take this up with the relevant team.

Councillor Coult referred to green waste and commented that a resident had contacted Durham County Council, having already tied the green waste into six bundles and was told that if the individual bundles were too heavy then they would not be taken. This resulted in the resident making the bundles smaller but lighter in weight, with eight bundles waiting for collection. However, two of the bundles were not taken as he was above the maximum number of bundles/bags. Councillor Coult asked what should have been done and should there not be more clear guidance regarding weight.

The Neighbourhood Protection Manager responded that if the customer could lift the bundles then Durham County Council's collection team would be able to lift them, but he would feed this back and look into incorporating this into customer service advice in the future.

Councillor Manchester referred to the Members dashboard that showed fly-tipping in his area as two, which was not correct and should be higher. He suggested that other members may want to check the figures quoted in their individual dashboards. He continued that he had been informed that this was a technical issue that was currently being investigated.

The Neighbourhood Protection Manager responded that the information shown was fly-tipping incidents that had been removed as there was the issue of multiple reports in relation to fly-tipped waste.

Resolved: (i) That the report and presentation be noted.

(ii) That a progress update on fly-tipping in the County and the various initiatives being undertaken to tackle the issue be included in the future work programme for 2020/2021.

DURHAM COUNTY COUNCIL

At a Meeting of **Environment and Sustainable Communities Overview and Scrutiny Committee** held in Committee Room 2, County Hall, Durham on **Tuesday 19 November 2019 at 9.30 am**

Present:

Councillor E Adam (Chair)

Members of the Committee:

Councillors O Milburn, B Avery, A Batey, D Bell, L Brown, J Carr, B Coult, R Crute, S Dunn, T Henderson, J Higgins, R Manchester, I McLean and M Wilson

Co-opted Member:

Mrs P Holding

1 Apologies

Apologies for absence were received from Councillors K Hawley, P Howell, C Kay, P Sexton and A Simpson.

2 Substitute Members

Councillor T Henderson substituted for Councillor P Howell.

3 Declarations of Interest

Councillor Dunn declared an interest in the undermentioned Woodlands report as his division was part of the Urban Tree Regeneration Scheme and Coxhoe Parish Council had taken on a woodland.

4 Any Items from Co-opted Members or Interested Parties

There were no items from Co-opted Members or Interested Parties.

5 Street Lighting

The Committee considered the Joint Report of the Director of Transformation and Partnerships and Corporate Director of Regeneration and Local Services that

provided Members with an overview of the Street Lighting Energy Reduction Project (SLERP) (for copy of report, see file of minutes).

Mr B Buckley, Strategic Highways Manager and Mr D Hubbard, Street Lighting Manager were in attendance to deliver a presentation that provided the following information:

- Introduction
- Street Lighting Policy
- Scope – Phase 1
- Timetable – Phase 1
- Financial Performance
- Benefits
- Key Issues – removals
- Key Issues – LED Retrofits
- Phase 2
- Phase 2 Scope
- Phase 2 Delivery
- Phase 2 – Projected Outcome

Members were advised that the SLERP took place from 2013 to March 2019. The project was procured in collaboration with regional procurement of street lights and delivery of the project was in house using Durham County Council Street Lighting Team with support from contractors.

Retrofit of the street lights started in June 2013 and the policy was updated in November 2013 to accommodate the project. Originally the project intended to remove 7000 street lights but following a desk top study this figure was revised. A Road Safety Auditor checked all removals and lights were only removed where it was safe to do so.

The first phase of the project took six years to complete. The project was well managed, and the actual costs were just a little short of the original business case. The net revenue savings were incorporated into the Council's medium term financial plan savings.

The Strategic Highways Manager advised members that LED street lighting had a much longer life span than low and high pressure sodium street lighting and therefore the maintenance costs are much reduced.

Members were advised of the key issues raised during phase one that included concerns raised via town and parish councils in relation to removal of lights. An example was given of a location in Weardale where it had been proposed to remove a light, local councils highlighted that where the light was situated next to a bus stop. The Road Safety Auditor reassessed the location and while the bus stop was

not an official bus stop mini buses picked up and set down children in that location – the light remained in situ.

Other complaints related to lighting levels in communities, colleagues went to the location with a light metre and the levels were checked and reported back as being within the correct level.

Following the presentation, Councillor Avery asked if there were any improvements on the intensity of the light.

The Strategic Highways Manager responded that they continued to meet British standards.

Councillor Avery then raised concerns of lighting in areas of A167 at Ferryhill to Chilton and Ferryhill to Thinford and where lighting had been removed between Croxdale and Cock o' the North Roundabout and advised that he had received complaints from road users.

The Strategic Highways Manager responded that they had appointed an independent road safety auditor to look at the lights that was well documented. The auditor had been out to conflict areas and crossing points to assess the areas and advised that local town and parish councils had service level agreements to keep lighting columns.

Mr D Hubbard, Street Lighting Manager, indicated that a number of parishes had ten year agreements and that another assessment would be undertaken at the end of the agreement.

Councillor Avery indicated that there were areas on estates where better lighting was needed in places such as pathways between streets and that he intended funding a light in this area.

The Strategic Highways Manager advised that some members had used their budgets to fund improved lighting on estates such as pathways between properties.

Councillor Higgins asked why some columns had more LED lights than others and why were industrial estates lit better than some streets.

Members were advised that some fittings had more LEDs than others to meet British standards, they were not aware of industrial estates been lit higher than the minimum standard. Lighting Columns on industrial estates were higher, and the roads were wider so it could just be a perception of being better lit.

In response to a question from Councillor Dunn, Members were advised that the pay back was over 12 years for phase one.

Councillor Dunn then asked what the difference was between heritage style lights and those in the Environmental Zone E1. The Street Lighting Manager advised that stringent checks were carried out in relation to those in the E1 zone because this was an Area of Outstanding Natural Beauty (AONB) the illumination was not reflected upwards to preserve the dark sky whereas heritage style lights the light was reflected upwards.

Councillor Dunn then referred to the street lighting energy reduction project which he found a success and the environment impact was excellent with benefits to areas such as the North Pennines Area of Outstanding Natural Beauty with dark skies designation and the improvement in the quality of light was also fantastic. He asked if the dimming of the lights had commenced.

Officers responded that the dimming was in force which was hardly noticeable but created energy savings. A meeting had taken place on site at Framwellgate Moor to show the dimming of the lights and nobody could tell the difference.

The Chair confirmed that he was in attendance at this site meeting and you could not tell the difference.

Councillor Dunn referred to Appendix 1 of the report and climate change implications that he was pleased to see in the report. He asked that future reports show the risk implications and also quantify the impact on carbon emissions. The Chair responded that climate change would be included in all reports coming forward.

Councillor Henderson asked when work would start in the Teesdale area to retrofit lights. He also mentioned the plans for an astronomical observatory to be built at Grassholme and the need for planned lighting installations to help reduce light pollution and preserve dark skies status.

The Street Lighting Manager responded that they would be looking at Teesdale in the second year of the project.

Councillor Coult referred to the table at paragraph 42 of the report that showed the number of existing units and those that had been retrofit and asked why the remaining units could not be changed.

The Street Lighting Manager responded that this was to do with the type of fitting that meant that they could not obtain an LED light, so the problem was manufacture led. As they were going through the project there could be more advances with technology so they may be able to change more lights to LED in the future. Members were also advised that the weight of the lantern meant that some columns were not suitable and could not take the weight of an LED lantern, but the weight of the LED lanterns was reducing, so as time passes changing to retrofit may be

possible. Members were advised that all lighting columns were tested for weight and windage.

The Chair suggested that if the issue was viewed from an environmental point of view could a business case be put forward to change all columns not be replaced so that the lights could be changed to LED.

The Street Lighting Manager responded that it was linked to the column replacement programme and had replaced 1000 columns over three years and if a column had come to the end of its life then it would be changed. Members were advised that a report would be considered by Cabinet at a future date in relation to the age of the lighting stock but this would be a capital investment.

The Chair asked if bollards and street signs were included in the retrofit.

The Street Lighting Manager stated that there was a capital cost of replacing bollards which were only guaranteed for 4/5 years, so the savings were not financially viable. However, any damaged bollards would be replaced with LEDs.

Councillor Dunn referred to paragraph 42 of the report that indicated there were 1037 non-LED lights in conjunction with column replacement programme and asked if the 5,000 lights were still to be replaced and if this was due to the type of column and if they would remain after phase two.

The Street Lighting Manager confirmed that was correct and added that the 5000 still to be replaced was because of the type of column and not because of the condition of the column. The Street Lighting Manager continued that a number of the columns belonged to the Northern Power Grid (NPG) and that a number required new control boxes that cost up to £1000 each to be replaced.

Councillor Dunn asked if there was scope to negotiate a programme to make the change more viable as he was sure they would also be committed to carbon reduction.

Officers responded that they had a joint user agreement for lights on NPG poles but they could be asked to remove the lights from the poles, which had been done in some areas. They did work closely with the NPG, but more and more cables were now underground.

Councillor Avery mentioned of a fatal road collision within his division and asked if lights would be staying in that area. The Strategic Highways Manager advised that if the lights had been replaced, they would not be removed.

The Chair thanked the Officers for their report and presentation which was very informative.

Resolved: That the report and presentation be noted.

6 Woodlands

The Committee considered the Joint Report of the Corporate Director of Regeneration and the Corporate Director of Transformation and Partnerships that provided Members with an overview of woodlands in County Durham (for copy of report, see file of minutes).

Ms S Mullinger, the Landscape Delivery Officer was in attendance to present the report and circulated a copy of the Durham Woodland Revival leaflet.

Members were advised that delivery of the Durham Woodland Revival Programme had commenced. Funding had been received from the National Lottery Heritage Fund and they had started to put woodland estates into management. The programme would run for 4 years to restore and reconnect woodlands.

Around 60 ha of new woodland would be created at Frankland, West Cornforth and Thornley that would be planted up and managed by the Woodland Trust and would be fully accessible.

Members were provided with details of the 'Urban Tree Fund' that was an outcome following Sheffield City Council's tree removal scheme. A minimum project of £1 million was required with match funding of 75%, 50% of which could be labour costs, so they had submitted an application. The Landscape Delivery Officer provided members with information of possible locations. They had been advised that the grant application was successful, however the offers had later been withdrawn temporarily while spot checks were carried out. Applicant's would be advised later this week if their application had been successful, they were confident that their bid would remain but there were time constraints and the work had to be complete by April 2020. Procurement was awarded subject to funding to help advance the project and it was hoped that tree planting would be complete January/February 2020.

In relation to management of Durham County Council's Woodlands teams Members learned that all officers were now in Environment Service within the Regeneration and Local Services service grouping. An audit of the woodlands created by the Authority was carried out that indicated since 2000 there had been 500 hectares planted. In relation to hedgerows, there had been enough to stretch from Durham to Nottingham. The Landscape Delivery Officer confirmed that woodlands in County Durham were in a good position in that they all had management plans and woodlands groups were capable to manage sites.

Woodland planting would contribute towards achieving carbon neutral targets.

The Chair thanked the Officer for a lot of interesting information and a lot of positives were to come from the work. The Chair asked if the Officer could give members an idea of the size represented by 60 hectares (ha) and what was the area of the largest area of the newly created woodlands.

The Landscape Delivery Officer responded that 60 ha was equivalent to approximately 40 football pitches. The largest woodland was Thornley at 34 ha, then two slightly smaller areas of woodland but significant woodlands.

Councillor Batey referred to the areas identified as part of the Urban Tree Challenge for woodland and asked if local members would be consulted on the proposals.

The Landscape Delivery Officer responded that they had a short period of time to pull together the application and confirmed that local members would be consulted once the grant was awarded.

Councillor Avery congratulated the Landscape Delivery Officer on a magnificent scheme and advised that the Woodland Trust had taken control of woodlands in his Division, but they had problems with people riding off road bikes through the woodland and had installed security gates to combat this issue. Councillor Avery then asked if the area of new woodland at West Cornforth was on reclamation land.

The Landscape Delivery Officer advised that the service used whatever land it could to create new woodlands, but some areas do not have enough top soil to create new woodlands.

Councillor Dunn indicated that 60 ha was not a large area and they needed to be planting larger forests. They needed to look at access or acquire more land so that a lot more trees could be planted. He then referred to the County Durham plan where developers claim trees cannot be planted on newly created estates and in these cases tree planting should take place in the local area. Planning Officers needed to ensure that the number of trees planted was equal to those removed.

In response to a statement from Councillor Dunn about a planning scheme in Bowburn running out of money the Landscape Delivery Officer advised that there was money available for them to continue with the planting scheme.

Councillor Dunn referred to Integra 61 that was being built in his division and appealed to the ecology team to suggest that landowners around the site consider planting trees to form a screen from the warehouses intended for the site. Councillor Dunn confirmed that currently the land was open farmland neighbouring the site.

He then referred to the woodland in the Coxhoe area that had lost its volunteers who had looked after the woodlands and they were now struggling with maintenance of the site.

The Landscape Delivery Officer advised Councillor Dunn that Kings Wood was on the schedule for maintenance.

The Chair enquired how many trees would need to be planted to remove 100Ktonnes of carbon.

The Landscape Delivery Officer advised that the 25000 trees planted would only remove a quarter of that and a lot more trees would need to be planted.

Councillor Dunn suggested that we should quadruple the number of trees planted as this would mitigate what Durham County Council had to do to address the Climate Emergency by 2050.

The Chair referred to the woodland being for the benefit of people in the community, the carbon sequestration benefits of woodlands, increased biodiversity and recreational opportunities and asked the Landscape Delivery Officer if she would present a further report at a future meeting of the Committee.

Resolved: (i) That the report be noted.

(ii) That the Landscape Delivery Officer provide a further update report.

DURHAM COUNTY COUNCIL

At a Special Meeting of **Environment and Sustainable Communities Overview and Scrutiny Committee** held in Council Chamber, County Hall, Durham on **Monday 16 December 2019 at 11.30 am**

Present:

Councillor E Adam (Chair)

Members of the Committee:

Councillors A Batey, D Bell, L Brown, B Coult, R Crute, S Dunn, I Jewell, L Maddison and M Wilson

Co-opted Members:

Mr T Bolton and Mrs P Holding

1 Apologies

Apologies for absence were received from Councillors O Milburn, A Gardner, K Hawley, J Higgins, R Manchester, I McLean, A Simpson and P Sexton.

2 Substitute Members

Councillor I Jewell was in attendance as a substitute for Councillor R Manchester.

3 Declarations of Interest

Mr T Bolton declared an interest in Agenda Item No. 5 as a parish clerk.

Councillor L Brown declared an interest in Agenda Item No. 5 as a Member of City of Durham Parish Council.

4 Any Items from Co-opted Members or Interested Parties

There were no items from Co-opted Members or Interested Parties.

5 Overview and Scrutiny Review of Durham County Council's Proposed Allotment Policy

The Committee received a report from the Corporate Director of Resources that presented the review report focusing on Durham County Council's proposed allotment policy (for copy of report, see file of minutes).

Mrs D Close and Mrs A Whitton, Overview and Scrutiny Officer's were in attendance to present the report.

The scrutiny officers reminded members that the Environment and Sustainable Communities Overview and Scrutiny Committee was asked by the then Cabinet Portfolio Holder to consider Durham County Council's proposed allotment policy, tenancy agreement and transition rules which had been developed by the ReaL service grouping. A review group was established consisting of 10 members from the Environment and Sustainable Communities Overview and Scrutiny Committee with the review starting in October 2017. The review group held several meetings including a meeting with Town and Parish Councils together with visits to a number of allotment sites in the county some managed directly by Durham County Council and others by allotment associations. The review was paused to allow the service to develop the consultation arrangements with the consultation held from 4 February 2019 to the 31 March 2019.

As part of the review process the review group considered feedback from the consultation process at a meeting on the 10 June. The review then formulated the key findings which are summarised on pages 2-5 of the report and relate to:

- The keeping of large animals on Durham County Council allotment sites and ensuring that animals housed on Durham County Council allotment plots have the necessary welfare documentation.
- Ensuring that Durham County Council allotment sites are managed by one service team.
- Undertaking a review of allotment sites currently in the allotment portfolio, where the majority of plots are not currently used for the proper purposes of an allotment and where conversion back would be both difficult and costly.
- Creating further opportunities for devolved management via area allotment associations.
- Continuing engagement with Town and Parish Councils regarding the opportunity to take over management of allotment sites should they wish to do so.
- Publicising the need for co-workers to register and reconsider the process for the allocation of plots recognising the previous commitment of co-workers.
- Consider the feasibility of providing smaller sized allotment plots where appropriate.

- Consider a review of allotment rents.

As a result of the key findings the review group had made 8 recommendations which were detailed on pages 6 and 7 of the review report. It was confirmed that the report would be going to Cabinet for consideration at the meeting on 15 January 2020.

At the same Cabinet meeting a report from the Real Service Grouping detailing their response to the recommendations in the scrutiny report would also be considered together with the proposed allotment policy, tenancy agreement and transition arrangements.

Members were asked to comment on the report that would be considered by Cabinet at the meeting on 15 January 2020 and a future meeting of the County Durham Environment Partnership Board.

Mr T Bolton, who served as a member of the review group indicated that following the review, members had increased knowledge and understanding of allotments. Two of the issues that were clarified for him was the role and responsibility of Durham County Council in relation to allotments and what animals are permitted on Durham County Council allotment sites and what animals are currently housed on sites.

Mrs P Holding asked if there was an increased demand for allotments.

The Overview and Scrutiny Officer responded that the Council were making use of social media to promote any vacant allotment sites and that demand across the county was mixed with some areas having greater demand than others however the Council was proactive in promoting vacant plots and the associated benefits of having an allotment.

The Chair indicated that Durham County Council had 167 allotment sites, however Town and Parish Councils were also responsible for the management of a significant number of allotment sites in the county. The Scrutiny review was looking at Durham County Council allotment sites.

Councillor Dunn welcomed the report that provided considerable clarity in relation to Durham County Council's role in managing allotment sites in the county. He commented that he had experience of some of the issues in managing allotments and that his parish had leased their allotments to an allotment association. The association claims back the rent to make improvements with improvements seen on the site on a year on year basis. In addition, there was better co-operation between tenants. Councillor Dunn concluded by highlighting that he was encouraged to see that the Council was considering further devolved management to associations.

The Chair indicated that allotment associations had been considered as part of the review, but an allotment association was not always possible as they were too few plots on some sites to form an association. One of the recommendations was for the establishment of area allotment associations where appropriate to take over the day to day management and control. Where there were too few allotment holders to form as an area allotment association consideration should be given to them joining together to form an area association, however there was still a lot of work to be done.

Councillor Brown referred to the recommendation suggesting that a rent review was undertaken and commented that, amenities such as the availability of running water was an issue and indicated that such amenities should be in place before any rent increases. Structures on allotments were also a concern and she referred to a planning application that she was aware of that had recently been submitted for an extension to a building that was on an allotment site.

The Chair responded that as part of the review they had looked at sites that were no longer being used as allotments and a separate Durham County Council review team would be looking at these sites. In relation to the provision of water on allotment sites this was not considered directly as part of the review process however when undertaking visits the review group did see plots that had running water provided, but it was expensive to install running water onto sites and there were several issues with the management of water on sites including monitoring water usage.

Councillor Coult indicated that in her area the allotments were managed by the parish council and were run by an allotment association which had been a success with the association applying for various funding. The sites had fencing and running water and she would encourage more sites to be run by an association.

The Chair commented that allotment associations have access to funding that Durham County Council cannot access.

Resolved: (i) That the report be noted.

(ii) That the report be submitted for consideration by Cabinet at the meeting on 15 January 2020 and to a future meeting of the County Durham Environment Partnership Board.

**Environment and
Sustainable Communities
Overview and Scrutiny
Committee**

24 January 2020

**Business Energy Efficiency
Project (BEEP) 2**



**Joint Report of Ian Thompson, Corporate Director of Regeneration
and Local Services and John Hewitt, Corporate Director of
Resources**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 The purpose of the report is to provide members of Environment and Sustainable Communities Overview and Scrutiny Committee with information on Business Energy Efficiency Project (BEEP) 2.

Executive summary

- 2 BEEP's first phase has concluded in September 2019, with a thorough review completed to summarise achievements and gather lessons to be learned. Building on this, a further funding application was submitted and the project concept, enhanced and increased in size, has been supported through ERDF funding for a further 3 years.

Recommendations

- 3 That Members of Environment and Sustainable Communities Overview and Scrutiny Committee are recommended to:
 - a) Receive and comment on the content of the presentation.
 - b) That a further report and presentation is brought to a future meeting of the committee.

Background

- 4 At its meeting on 12 July 2019 the Environment and Sustainable Communities Overview and Scrutiny Committee agreed its work programme for the year ahead. Included within the work programme is an item on BEEP 2.
- 5 The Environment and Sustainable Communities Overview and Scrutiny Committee at their meeting on 11 December 2017 received a presentation on the BEEP that included a holistic view of the project including project specific branded materials, economic benefits and outputs, and an update on several developments which are expanding the reach of BEEP into national best practice and leading a national level trial.
- 6 The Business Energy Efficiency Project (BEEP) supports Small to Medium sized Enterprises (SMEs) across County Durham to generate financial and carbon dioxide emissions equivalent (CO₂e) savings through energy efficiency and energy awareness.
- 7 The Environment and Sustainable Communities Overview and Scrutiny Committee have followed the progress of BEEP1 with regular updates included in the EU Funding and Other Funding for Low Carbon Projects report that was considered by the committee on 17 April 2018 and visited business that had benefited from the project on 25 April 2018.
- 8 Arrangements have been made for members of the Environment and Sustainable Communities Overview and Scrutiny Committee to receive a presentation from the BEEP Manager Helen Grayshan will provide information on the BEEP 2. The presentation will include information on:
 - **What did BEEP1 achieve?**
 - **Aspirations for BEEP2**
 - **Targets**
 - **What's different between the two projects**
 - **What happens post-BEEP**

Detail

- 9 BEEP's vision is that SMEs in County Durham will be supported to become as energy efficient, cost effective and low carbon as possible. The BEEP team are proud to have assisted SMEs across Durham to reduce their energy spend and have made many businesses – from micro businesses to large SMEs – more environmentally friendly as a result.

- 10 BEEP 1 hit its the target for number of businesses supported (C1), with a total of 262 businesses engaged throughout the project, and 240 of those getting the full 12 hours of support.
- 11 The team has spent more than three thousand hours supporting these businesses, resulting in 1500 CO₂e saved and a total value of £122,557 of energy efficiency works undertaken in Durham SMEs.
- 12 An independent research project to review BEEP1 has also identified several unintended outcomes, including increased joint working between DCC teams, new working relationships between SMEs (such as sharing of waste products and joint working on the deployment of low carbon technologies) and the development of BEST (a project based on BEEP, led by Newcastle City Council). A copy of this report can be found at appendix 2. We have identified partnership working with other business energy efficiency projects, influence to change ERDF funding guidelines and the recognition of BEEP and DCC at a national level.
- 13 With specific regard to the future of the Project, the review recommended that:
 - BEEP 2 should be more ambitious, including increased funding and more specifically a larger budget for SME grants. The first grant 'pot' did not cover demand and was used up too early in the project.
 - In terms of BEEP delivery, stakeholders called for variable support levels based around SME size, diversifying the measures and support provided by BEEP (including low carbon technologies, smart and advanced metering technologies, energy brokerage, planning and Power Purchase Agreement (PPA) support).*
 - Stakeholders felt that while the team should continue to focus on engagement of new SMEs, there should be time spent offering further support to SMEs who went through the programme and those that showed an initial interest but then declined support.
 - The team should continue to develop best practice case studies but these should be actively shared across partnerships and existing networks to increase the visibility of BEEP and its success as a programme.
 - The team should use national, regional and local datasets on energy demand to target BEEP interventions. This should include

targeting commercial buildings with low Energy Performance Certificate (EPC) ratings.

- Finally, in terms of partnership working, BEEP should continue to work with SME and energy focussed stakeholders, building on offers of further joint working identified through our stakeholder engagement.
- 14 BEEP had a number of unintended outcomes as well as its intended ones around carbon saving and SME support. A pilot project for BEIS investigating ways to reduce disincentives that occur through the Business Rates system has also been developed and funded.
- 15 Another piece of research, funded through the LOCARBO project, has looked at the holistic and cash value of business energy efficiency projects across England. BEEP was the first, and there are now 35 funded through ERDF, including two more in the north east of England. The pilot research shows that such projects protect jobs, create more pleasant working environments, and provided good value for money on carbon savings. This research has created an example live dashboard for monitoring such savings and benefits which we will ask the relevant government department to adopt.
- 16 BEEP2 went to Outline Application in November 2018 and to Final Application in June 2019, being successful at both stages. The majority of the above recommendations have been incorporated where the funding guidelines permitted.
- 17 The recommendation marked with an asterisk * is partially incorporated – grants can now start at a minimum of £500 rather than £100 which is easier to access for very small businesses. However the 12 hours of support is a fixed indicator required by the funder.
- 18 The targets for BEEP2 2019 -2022 are:
- Number of enterprises receiving support (C001) - 324
 - Estimated Green House Gas reductions (C034) – 2632.5 T CO₂e

19 Funding

	ESIF (£)	Public Match DCC	Private Match SME's	Total	ESIF Contribution rate (%)
ERDF revenue	£1,038,010	£82,957	£609,050	£1,730,017	60%

- 20 BEEP2 commenced operations on 1st October 2019, and so far has support 12 SMEs with the full audit support, given out 2 grants, and has more than 50 further SME's in the pipeline for support. A new Manager and Engagement Officer have been recruited.

Conclusion

- 21 The Environment and Sustainable Communities Overview and Scrutiny Committee is asked to note and comment on the content of the report and presentation.

Background papers

- BEEP 1 Summative Assessment 2019

Contact: Helen Grayshan

Tel: 03000 265536

Appendix 1: Implications

Legal Implications

Not applicable

Finance

Not applicable

Consultation

Not applicable

Equality and Diversity / Public Sector Equality Duty

Not applicable

Human Rights

Not applicable

Climate Change

The project will save 2633t of carbon dioxide equivalent emissions over 3 years in direct delivery. It will also promote and disseminate information, materials and skills for businesses to take further action on carbon saving.

Crime and Disorder

Not applicable

Staffing

Not applicable

Accommodation

Not applicable

Risk

Not applicable

Procurement

Not applicable

Appendix 2: BEEP 1 Summative Assessment 2019

Attached as separate document.

This page is intentionally left blank



6th floor
10 Dean Farrar Street
London SW1H 0DX
020 3031 8740
kelly.greer@theade.co.uk

Business Energy Efficiency Project (BEEP): Summative Assessment



business energy efficiency project Durham County Council



European Union
European Regional
Development Fund



Executive summary

Durham County Council's (DCC) Business Energy Efficiency Project (BEEP) has supported over 200 SMEs to reduce their energy demand through energy efficiency improvements since 2016. The project will be completed on 30th September 2019.

BEEP provides independent analysis of a business's existing practices via an in-depth energy audit and data analysis. The resulting bespoke recommendations report provides the SME with cost-effective options for generating financial savings through energy reductions. Joint funding by ERDF and Durham County Council means this service is delivered free of charge to local businesses.

This joint report by ACE Research and SE² details our summative assessment of BEEP. Our methodology embraced the five key research requirements: project context; progress; delivery and management; impact, and assessing value for money.

Project Context

Overall, BEEP has remained consistent and relevant to both its energy policy and economic contexts. It has built a strong reputation for supporting local SMEs. However, rapid changes in the local economy and energy market, particularly related to digitalisation, and the greater emphasis on decarbonisation driven in part by local declarations of Climate Emergency will create challenges in terms of both the content and scale of future support programmes.

Progress

We consider that BEEP has made excellent progress against the project's ERDF targets, especially considering BEEPs delayed start to delivery.

While BEEP will meet its engagement target, of a total of 240 businesses supported throughout the project, the GHG emissions-based target will not be met. Current GHG reductions are only at 33.7% of the target. This underperformance can be linked to:

- Changing ERDF guidelines on what technologies could be supported by BEEP grants, which resulted in a reduced grant allocation budget. This budget, which ran out quickly, caused disappointment amongst SMEs reliant on grant funding to implement BEEP recommendations.
- Changes in carbon factors for energy saving measures, which meant predicted savings were lower than originally predicted.

Delivery & management

We found that BEEP is delivered by a highly motivated, dedicated and committed team who possess a diverse range of complementary skills. This includes technical knowledge and experience, enabling the delivery of audits, recommendation reports and associated research, and commercial skills in business development and sales to support successful engagement with SMEs and wider stakeholders. The team were very positive about the delivery and impact of BEEP and are proud of the support that the project has offered to SMEs across Durham.

The BEEP process is relatively simple to understand, and SMEs are made aware of the support that is available and what they have to provide in return. While BEEP recommendation reports are technical in nature, SMEs are provided with key information that enables them to make a decision to implement the recommendations. Amongst those SMEs responding to a survey, the support received from BEEP officers was very highly rated, with 90% of respondents saying it was good or very good, closely followed by the

information initially received and the recommendations for their business, both at 86% good or very good.

BEEP uses a wide range of approaches to engage with its target audience. Most stakeholders considered that word of mouth has been the most effective route to engage with SMEs, something that is borne out in referral rates and SME feedback.

The project's marketing materials have several key messages, such as avoiding wasting energy, energy affordability, avoiding pressure on margins and ultimately profits, and improving competitiveness and productivity. Climate change and benefits to the environment are notably absent, but this is usual for the target audience. There are however no references to some of other wider benefits to energy efficiency, such as comfort in the workplace.

BEEP takes a variety of approaches to directly target SMEs across Durham and the team understand the key factors that are central to successful engagement. The team have successfully targeted specific sectors through the use of data and onsite approaches to engagement.

The delivery of BEEP has been supported by a number of strategic partnerships within DCC and the wider region. This includes Business Durham and the Federation of Small Businesses (FSB). Partnership working has had varying degrees of success in terms of generating BEEP referrals, but partners value BEEP and are keen to continue working with the team in an increased capacity with BEEP 2.

The research team identified a number of things that work and things that don't about BEEP. We detail how changes to funding guidelines resulted in project budgets for grants being too small, performance indicators not been able to reflect different sizes of SMEs, and the difficulty in applying for and implementing EU funding. However, what BEEP does deliver on is its enthusiastic and committed delivery team, their success in engaging with SMEs through word of mouth showcasing the trust that SMEs have in the programme, and DCC's approach to decarbonising the local economy.

Impact

The BEEP team are proud to have assisted SMEs across Durham to reduce their energy spend and have made many businesses – from micro businesses to large SMEs – more financially stable as a result.

BEEP has made excellent progress towards the target for number of businesses supported (C1), with a total of 262 businesses engaged throughout the project, and 200 of those getting the full support. However, the GHG emissions-based target will not be met by the 30th September 2019. Current GHG reductions are only at 33.7% of the target.

Of the 262 business engaged through BEEP, 200 have received at least 12 hours of support. The team has spent 3,181 hours supporting these businesses, resulting in 885.48tCO_{2e} saved and £122,557.32 of grants awarded to Durham SMEs.

The research team have also identified several unintended outcomes to BEEP, including increased joint working between DCC teams, new working relationships between SMEs (such as sharing of waste products and joint working on the deployment of low carbon technologies) and the development of BEST (a project based on BEEP, led by Newcastle City Council). We have also identified partnership working with other business energy efficiency projects, influence to change ERDF funding guidelines and the recognition of BEEP and DCC at a national level.

Assessing Value for Money

Data on the monetary savings made by the BEEP SMEs and the delivery metrics of other PA4b projects was not available to the research team. However, we do know that BEEP has resulted in 885.48tCO₂e saved: this reduction in energy use and costs will have improved the bottom line of the SME participants and made them more competitive in the marketplace.

As outlined above, the research team identified several unintended outcomes to BEEP, however these are hard to quantify in monetary terms but are proving invaluable to DCC, their stakeholders and SME clients.

Recommendations

The evaluation team have collated recommendations for BEEP 2 from within the BEEP team, SMEs engaged with BEEP and wider project stakeholders. A full list of recommendations is included in section 7 of this report. Highlights include:

- There is a general consensus for BEEP 2 to be more ambitious, including increased funding and more specifically a larger budget for SME grants.
- In terms of BEEP delivery, stakeholders called for variable support levels based around SME size, diversifying the measures and support provided by BEEP (including low carbon technologies, smart and advanced metering technologies, energy brokerage, planning and Power Purchase Agreement (PPA) support).
- Stakeholders felt that while the team should continue to focus on engagement of new SMEs, there should be time spent offering further support to SMEs who went through the programme and those that showed an initial interest but then declined support.
- The team should continue to develop best practice case studies but these should be actively shared across partnerships and existing networks to increase the visibility of BEEP and its success as a programme.
- The team should use national, regional and local datasets on energy demand to target BEEP interventions. This should include targeting commercial buildings with low Energy Performance Certificate (EPC) ratings.
- Finally, in terms of partnership working, BEEP should continue to work with SME and energy focussed stakeholders, building on offers of further joint working identified through our stakeholder engagement. The team should also provide visibility of BEEP referral rates so that the impact of partners can be understood and ultimately prioritised where referral rates decline. The provision of training to key stakeholders, such as business advisors, to promote BEEP services is recommended. We have also recommended that BEEP maintain and strengthen relationships with BEST, and the BEIS Regional Energy Hub, to provide a standard energy service offering for businesses across the region.

Executive summary.....	2
Relevance & Consistency.....	Error! Bookmark not defined.
Progress	2
Delivery & management.....	2
Impact	3
Assessing Value for Money.....	4
Recommendations.....	4
1 Introduction.....	7
1.1 BEEP	8
1.2 The evaluation of BEEP	8
1.3 Report structure.....	9
2 Relevance & Consistency.....	Error! Bookmark not defined.
2.1 Climate change: emergency declarations.....	10
2.2 Businesses in Durham	10
2.3 Energy policy.....	11
2.4 Economic context.....	13
2.5 SME survey results.....	13
3 Progress	14
3.1 ERDF targets.....	14
3.2 Performance	14
3.3 Impact of changes to ERDF guidance	15
3.4 Analysis.....	16
4 Delivery & Management.....	17
4.1 From concept to project	17
4.2 The BEEP delivery model	17
4.2.1 BEEP team	17
4.2.2 BEEP process	18
4.2.3 BEEP tools	18
4.2.4 BEEP reports.....	19
4.2.5 BEEP grants	19
4.2.6 SME survey results.....	19
4.3 Communications and engagement.....	21
4.3.1 Communications	22
4.3.2 Engagement.....	24
4.3.3 SME survey results.....	26

4.4	Partnerships	26
4.5	Successes and lessons learned.....	28
4.5.1	An effective team with a diverse range of skills	28
4.5.2	Engagement.....	28
4.5.3	Grants.....	28
4.5.4	Working with micro-businesses	29
4.5.5	C1 KPI.....	29
4.5.6	Applying for and administration of EU funding.....	30
4.5.7	Cross departmental working.....	30
4.5.8	Partnership working.....	30
5	Impact.....	31
5.1	Intended outcomes	31
5.2	Unintended outcomes.....	32
5.2.1	Team skills.....	32
5.2.2	Joint working within DCC.....	32
5.2.3	Partnerships between SMEs	32
5.2.4	New working relationships and partnerships with PA4b project stakeholders	33
5.2.5	Government profile	33
6	Assessing Value for Money.....	34
7	Recommendations.....	35
7.1	Size of BEEP 2	35
7.2	BEEP 2 delivery model.....	35
7.3	Partnership working.....	36
8	Appendix A: Understanding make up of businesses in Durham	37
8.1	Numbers of businesses	37
8.2	Sizes of business by sector	38
8.3	Employment by size and sector.....	39
8.4	Geographic spread and clusters or zones	40
8.5	Energy use	40
8.6	Carbon emissions.....	40
8.7	Energy performance of buildings.....	41
8.8	Energy intensity.....	42
9	Appendix B: National policy and regulation around business energy efficiency	43
9.1	Landscape pre 2017	43
9.2	2017 - Present	43

9.3	Climate Change Levy and Enhanced Capital Allowances	44
9.4	Minimum Energy Efficiency Standards	45
9.5	ESOS, Carbon Reduction Commitment and Streamlined Energy and Carbon Reporting.....	46
9.6	Smart meters	47
10	Appendix C: SME survey results.....	49
	How did you hear about BEEP?	49
	How far did you progress through the BEEP process?.....	49
	How would you rate the different elements of the BEEP process?	51
	What difference has BEEP made to your business?	52
	Implementing measures.....	52
	Relevance and replication of BEEP	53
	Recommendations for improving BEEP	53
	Promotion	53
	Funding	54
	Any further comments?	54
11	Appendix D: BEEP process infographic.....	55
12	Appendix E: Examples of BEEP marketing collateral.....	57
12.1	Case studies.....	57
12.1.1	Castle Eden Brewery.....	57
12.1.2	Dyer Engineering Limited	58
12.1.3	Peterlee Glass.....	59
12.1.4	Newton Aycliffe Workingmen’s Club and Institute Ltd	60
12.2	BEEP engagement and communication materials.....	61
12.2.1	BEEP poster	61
12.2.2	BEEP flyer	62
12.2.3	BEEP ‘showreel’	64
12.2.4	BEEP guidance booklet.....	66
12.2.5	Behaviour prompt cards	68
12.2.6	Bus and street liners	69
12.2.7	Factsheets.....	70

1 Introduction

This joint report by ACE Research and SE² details our summative assessment of Durham County Council’s (DCC) Business Energy Efficiency Project (BEEP).

The report is a requirement of the European Regional Development Fund (ERDF), and is therefore aimed at the ERDF and the Ministry of Housing, Communities and Local Government (MHCLG). However, the report is also aimed at a broader audience, including the BEEP team, other DCC teams and elected members, and wider local stakeholders and delivery partners.

1.1 BEEP

BEEP has supported SMEs to reduce their energy costs with energy efficiency improvements since 2016. The project will be completed on 30th September 2019.

BEEP provides independent analysis of a business's existing practices via an in-depth energy audit and data analysis. The resulting bespoke recommendations report provides the SME with cost-effective options for generating financial savings through energy reductions.

Joint funding by ERDF and Durham County Council means this service is delivered free of charge to local businesses.

1.2 The evaluation of BEEP

Undertaking both desk-based research and stakeholder engagement, our approach gathered both qualitative and quantitative data from the BEEP team and SMEs, as well as from wider stakeholders in the region. We also reviewed BEEP's promotional activities and drew in learnings from other PA4b¹ projects.

Our methodology embraced the five key research requirements:

- **Project Context:** exploring the continued relevance and consistency of the project, in light of any changes in policy or economic circumstances during its delivery period;
- **Progress:** details the progress of the project against contractual targets, any reasons for under or over performance, and the expected lifetime results;
- **Delivery & Management:** exploring the experience of implementing and managing the project and detailing lessons which have emerged from this experience;
- **Impact:** showcasing the economic and emission reduction impacts attributable to the project, including both intended and actual outcomes; and
- **Assessing Value for Money:** an analysis of the cost-effectiveness of the project in light of its intended and unintended outcomes and impacts, and thereby its value for money.

A project Logic Model was provided to us in diagram form to assist with this review, and briefings from the BEEP team and access to project documentation enabled us to understand the context, market failures addresses, project objectives, rationale, inputs, activities, outputs, outcomes and impacts.

¹ PA4b: ERDF Priority Axis 4 workstream supports the shift to a low carbon economy. Investment priority 4b focusses on the promotion of energy efficiency and renewable energy use in enterprises.

1.3 Report structure

The research areas are explored in the sections below:

- Section 2: [Project Context](#)
- Section 3: [Progress](#)
- Section 4: [Delivery & Management](#)
- Section 5: [Impact](#)
- Section 6: [Assessing Value for Money](#)

[Recommendations](#) to the BEEP team are detailed in Section 7, while Appendices detail energy policy, the makeup of businesses across Durham and associated energy demand and carbon emissions, SME survey results and examples of marketing collateral.

2 Project Context

In this section we explore the continued relevance and project context of BEEP, in terms of changes in both policy and economic circumstances during its delivery period.

Overall, BEEP has remained consistent and relevant to both its energy policy and economic contexts. However, rapid changes in the local economy and energy market, particularly related to digitalisation, and the greater emphasis on decarbonisation driven in part by local declarations of a Climate Emergency, will create challenges in terms of both the content and scale of future support programmes.

2.1 Climate change: emergency declarations

Durham County Council declared a Climate Emergency in February 2019². This announcement included reference to BEEP:

Cllr Carl Marshall, Cabinet member for economic regeneration, said:

"As a council we have already proven our commitment in this area, with projects such as the Business Energy Efficiency Project (BEEP) and our extensive street lighting LED replacement programme.

It is important that we take responsibility for our environment, protect our planet and ensure that we leave the county a better place for our children.

Together with our partners we will be working on our Carbon Reduction Strategy, which will set out exactly what it will take to make the county cleaner and greener for generations to come."

It was noted that County Durham has already surpassed its 2020 target, having achieved a 42% reduction in carbon dioxide emissions, and that DCC continues to show foresight and leadership when it comes to addressing climate change.

"One of the good things is that it's demonstrated within the council what the potential is in and around this – it's helped to feed into the wider climate plans that the council has." BEEP Stakeholder

"These types of programmes should be tied into the broader agenda on climate – it's emerging all the time. Maybe these projects were ahead of their time. If we were starting [later], there'd be so much more publicity about the issue and what people and businesses need to do. It'd help to ram the message home a bit better." BEEP Stakeholder

2.2 Businesses in Durham

There are 13,685 registered business in Durham. The number of businesses has generally been growing as part of recovery following the global downturn of 2008. Last year (2018) was unusual in that it saw both an increase in the number of business start-ups and a decrease in the total number of businesses.

Durham's economy has been shifting from one dominated by industry, manufacturing and the public sector, into one of greater diversity. Professional and business services sectors, construction, accommodation / food and knowledge-based industries are growing, whilst the public sector has shrunk significantly.

² We commit to climate change improvements, DCC, February 2019: www.durham.gov.uk/article/21066/We-commit-to-climate-change-improvements

There is a large base of microbusinesses and small businesses across a diverse range of sectors. Whilst these offer scope for carbon emissions reductions in totality, the emissions from each individual business are likely to be small.

Manufacturing businesses are more likely to be operating at scale in Durham: there is a base of 75 medium sized manufacturing businesses and these offer a good target market for energy efficiency interventions. There is a diverse mix of smaller businesses across multiple sectors, with retail businesses, accommodation and food services, construction firms, agriculture forestry and fishing, and professional scientific and technical industries making up more of the business population at smaller sizes.

Most manufacturing businesses are based outside Durham City, which means that BEEP's targeting of this sector has helped to drive business efficiency across the county. Importantly, many of these firms are located in or near to areas of deprivation, which could lead to benefits from improved resilience of local economies.

Appendix A provides more insight into the make-up of Durham's business community, its energy use and its carbon emissions.

Statistics from BEIS indicate that, during the period 2010 to 2016, gas use in the commercial and industrial sector in Durham reduced by 14% and electricity use by 11%. In terms of carbon emissions, those from electricity fell by 50% in the same period, a result of increased efficiency of equipment, greater efficiency in use and behaviour and, most significantly, grid decarbonisation.

Commercial and industrial gas related carbon emissions fell by 20% between 2010 and 2016. This will comprise combinations of upgraded heating systems and improved energy efficiency, for example, through better controls.

Over 6,800 Energy Performance Certificates have been produced for non-domestic premises in Durham, covering over 4.7m m². This dataset is limited to those which have been required to produce an EPC since 2009 so may not be fully representative of the commercial estate in the area. That said, they indicate that 14% of non-domestic properties have an F or G energy rating, with a further 16% having an E rating. The implications of this are discussed in the section on Minimum Energy Efficiency Standards (MEES) below.

BEIS' Business Energy Efficiency Survey (2016) identified that some sectors operate at higher energy intensity than others. In particular, hospitality businesses have a high energy intensity because they are often using multiple energy services (lighting, refrigeration, heating, hot water) and operating for long hours. Manufacturing businesses also tend to have high individual energy use, mainly driven by process energy requirements (pumps, fans, specialised machinery).

2.3 Energy policy

At the time BEEP was created, national energy policy was serving larger businesses more effectively than SMEs. Instruments such as Climate Change Agreements, the Energy Saving Opportunity Scheme (ESOS) and the Carbon Reduction Commitment (CRC) targeted larger commercial and industrial organisations and public sector bodies. At the same time, there was a recognition that policy targeting SMEs was not reaching its intended audience or driving improvements in energy efficiency. This recognition helped to inform the ERDF focus on SMEs, a national review of the business energy efficiency landscape and the creation of local support programmes such as BEEP.

Through the period of BEEP's operation, SMEs have faced (but perhaps not recognised) additional energy costs through the Climate Change Levy (see Table 10 in Appendix B for an indication of typical CCL costs

to different sizes of businesses). Energy prices have also increased significantly, improving the business case for investment in energy efficiency. To offset rising costs, SMEs have from time to time been able to benefit from incentives such as the Feed-In Tariff (FIT), Renewable Heat Incentive (RHI), low interest loans and grants and Enhanced Capital Allowances (ECA). They have also benefited more generally from energy performance standards applied to products such as office and catering equipment. Advice and support from BEEP have helped SMEs in Durham to benefit from these opportunities.

The policy landscape for SME energy efficiency has shifted significantly in the past 12 months and this should inform the design of future projects.

The introduction of Minimum Energy Efficiency Standards (MEES) for rented properties in both the domestic and non-domestic sectors in April 2018, has meant that F and G rated buildings can no longer be let (unless exemptions apply). Further information on MEES can be found in Appendix B. Existing Energy Performance Certificate data indicates that around 14% of the commercial building stock in Durham is F or G rated³. Targeting future support based on tenure and energy rating could unlock further investment in the poorest performing stock. The expected trajectory for minimum standards is that E-rated properties will not be able to be let after April 2023. Further analysis of EPC data suggests that a further 17% of properties in Durham are E-rated, so there is likely to be a market for investment in energy performance improvement in this part of the stock in the early 2020s. Additional commentary and data associated with MEES can be found in Appendix B.

There is some evidence of landlords approaching BEEP in response to the introduction of MEES; however, there is a grey area relating to landlord's eligibility for ERDF support and grant funding. This is linked to the nature of their energy billing relationship with their tenants. MEES has not been a focus of BEEP as a result.

The drive towards digitalisation of the energy system has accelerated with the ongoing rollout of smart and advanced meters to homes and businesses, and also the early indications of the types of services that these can enable (for example, time of use tariffs, demand response services). Smart and advanced meters are discussed with businesses during BEEP audits. However, the roll out of metering services is not a core focus of the BEEP programme to date.

The Green Finance Strategy⁴ outlines how the UK can utilise its position as a leading financial centre to drive decarbonisation and seize its commercial potential. While the focus of the strategy is on larger commercial organisations and those with high energy demands, the strategy does note that BEIS committed to gaining a greater understanding of how banks and energy service companies (ESCOs) can be encouraged to engage in the energy efficiency market for SMEs. A second call for evidence was published in 2019. This asked whether there would be any value in a government guarantee to underpin loans to SMEs from ESCOs, financial institutions, energy efficiency lenders and partner organisations, to de-risk these products. We expect that the Government's response will be published in late 2019 or early 2020.

³ MHCLG, Energy Performance of Buildings Data: England and Wales Open Access Database, accessed July 2019: <https://epc.opendatacommunities.org/>

⁴ Green Finance Strategy: Transforming Finance for a Greener Future, HM Government, (July 2019): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/813656/190701_BEIS_Green_Finance_Strategy_Accessible_PDF_FINAL.pdf. The Strategy builds on the Green Finance Taskforce report published in March 2018.

The strategy also details the launch of the Boosting Access for SMEs to Energy Efficiency (BASEE) competition⁵ in March 2019. This will provide £6 million of funding to accelerate the growth of the energy services market for SMEs by driving down transaction costs and promoting third party investment in energy efficiency projects.

2.4 Economic context

Durham has a number of economic strengths: locational and transport connections; strong educational and research institutions; some thriving sectors such as tourism. The North East economy has a broad industrial base⁶ with strong levels of innovation and increasing levels of employment and business start-ups.

However, the context for this narrative is that the economy is starting from a lower base on many indicators. The local economy in Durham grew during the 2000s but was hit hard by the global economic downturn after 2008⁷: some 10,000 jobs were lost in County Durham between 2008 and 2010. The local economy is growing; there was a 3.2% increase in the number of jobs in the county between 2010 and 2016. This comprised an 11% increase in private sector jobs but a 19% loss in public sector jobs during this period. However, the local economy continues to under-perform relative to other areas, with high levels of unemployment, an aging population and the continuing impact of national austerity policies.

There are positive signs: employment numbers, business start-ups and GVA are rising, but all still remain below the national average. There are issues around the level of education and skills within the region, with a higher than expected level of job vacancies for high skill workers. There are also significant disparities in economic activity and employment between different parts of the county and significant poverty and deprivation in the county and across parts of the wider North East.

BEEP existed within this context of a recovering economy with a growing private sector and shrinking public sector. Cost pressures on businesses have increased: electricity prices have increased by around 15% and gas prices by 10% for SMEs since 2014⁸. BEEP – and wider business support provided by Durham County Council and others – have helped SMEs to address cost challenges, a changing regulatory environment and a more complex energy market.

Stakeholders noted that some SMEs were confusing BEEP with utility brokers, who often offer energy audits as part of their service model. The BEEP team communicate that they work for DCC and that they want to reduce the units of energy used, not the cost of a unit of energy, that support is free, and grants are available. However, two stakeholders did question whether BEEP, or the wider DCC, could offer a brokerage service in the future.

2.5 SME survey results

As detailed in Appendix C, SMEs were asked whether they thought a project like BEEP was still relevant to SMEs. 90% of respondents (19 SMEs) thought it had either more or the same relevance, confirmation of the need for ongoing support through BEEP 2 and other similar projects.

⁵ www.gov.uk/government/publications/boosting-access-for-smes-to-energy-efficiency-basee-competition

⁶ Our Economy, North East Local Enterprise Partnership, 2019: <https://www.nelep.co.uk/wp-content/uploads/2019/06/nel605b-our-economy-web-v13.pdf>

⁷ State of the County 2018, County Durham Economic Partnership, 2018: www.countydurhampartnership.co.uk/media/26243/2018-CDEP-State-of-the-County-Report/pdf/2018_CDEP_State_of_the_County_Report_Revised1.pdf

⁸ Gas and electricity prices in the non-domestic sector, BEIS, 2019: www.gov.uk/government/statistical-data-sets/gas-and-electricity-prices-in-the-non-domestic-sector

3 Progress

In this section of the report we highlight the progress of BEEP against its ERDF contractual targets and the expected lifetime results. We also detail the amendments made to the grant agreement, provide explanations for any performance issues, and the expected lifetime impact results in both environmental and economic terms.

3.1 ERDF targets

Tables 1 and 2 detail the contractual ERDF project value and targets.

Table 1: Project value

Total project value⁹:	£889,811
ERDF funding:	£533,887
DCC match funding¹⁰:	£255,727
SME match funding¹¹:	£100,197

Table 2: delivery requirements

Businesses engaged:	240
GHG emissions reductions (tCO₂e):	2,620

3.2 Performance¹²

As outlined in table 3 below, BEEP is on target to meet its support target, with a total of 262 businesses engaged throughout the project. However, the GHG emissions-based target will not be met by the 30th September 2019. Current GHG reductions are only at 33.7% of the target, although a significant increase is expected in the final quarter of delivery.

Table 3: BEEP delivery performance

Businesses engaged:	262
Received full level of support ¹³	200
Did not receive full level of support ¹⁴	62
GHG emissions reductions (tCO₂e)¹⁵:	885.48

⁹ As detailed in ERDF Funding Agreement letter, 15 August 2016.

¹⁰ DCC contribution to BEEP: Project Manager salary (3 years) and some additional financial support.

¹¹ SME contributions to measures installed count as match funding.

¹² Data valid at 16th July 2019.

¹³ C1 target: at least 12 hours of support provided to an SME.

¹⁴ C1 target: did not reach at least 12 hours of support provided to an SME. These 62 SMEs either stopped participating in the BEEP process, or the BEEP team were unable to spend 12 hours supporting the SME.

¹⁵ Note that this figure includes GHG emission savings from measures that were deployed by SMEs without the use of a BEEP grant. Some SMEs took up alternative sources of finance and funding.

Table 4: BEEP delivery metrics

Total hours of support delivered to SMEs:	3,181
Value of BEEP grants awarded to SMEs:	£122,557.32
Total identified GHG emissions reductions (tCO₂e)¹⁶:	4,393.49
In terms of identified GHG emissions reductions, solar technologies make up the greatest portion of potential savings (1,641.64tCO ₂ , 56.27%), followed by lighting (825.27tCO ₂ , 28.29%) and behaviour change activities (297.14tCO ₂ , 10.19%). Other measures, including heating and hot water technology and compressor upgrades, make up the remaining potential savings (153.24tCO ₂ , 5.25%).	
Average carbon value of BEEP grant funding (£/tCO₂):	£170.76
Financial savings by SMEs (£):	Data not available at the time of report production

BEEP has evolved over the delivery period and not all elements in the original ERDF bid have been delivered. Amendments via Project Change Requests (PCR) have been made in agreement with ERDF, BEIS and MHCLG. While many of these amendments were around budgeting, some contractual and delivery model amendments were made. These included for example:

- Changes to the C1 KPI, which originally required BEEP to provide onsite support to the SME for 12 hours. This was changed to reflect both onsite and offsite working, as detailed in section 4.2, the team spend some time onsite conducting an audit, but the bulk of time is spent offsite analysing data, producing the recommendations report and undertaking additional research to support the SME.
- The scope of the project was widened to include both water and transport.

A PCR to reduce the GHG emissions reduction targets from 2,620 tCO₂e to 1,900 tCO₂e was declined.

3.3 Impact of changes to ERDF guidance

When the team were preparing for the grant submission, ERDF guidance rapidly changed. Initially the guidance suggested that business support could only be delivered if it related to new and emerging technologies. This definition was not fully specified, however. BEIS hadn't been involved in the drafting of the guidance, while MHCLG were involved but couldn't provide a definition.

The BEEP team therefore detailed in their application that they would undertake assessments for a wide range of SMEs, but that grants would only be offered for new and emerging technologies. As a consequence, only a relatively small proportion of the project budget was set aside for grants.

However, by the time the BEEP grant offer was made, the guidance had changed and support did not have to focus on innovative technologies. The BEEP team found that they could now fund a range of technologies, but they didn't have a large enough budget for grants.

In addition, carbon factors for energy efficiency measures have changed. This means that that predicted lifetime carbon savings of energy efficiency measures have reduced. The BEEP team still need to deliver on GHG emission reduction contractual targets yet are supporting the installation of measures with lower

¹⁶ This includes measures that have been installed (929.43tCO₂), those that are planned or in progress (546.78tCO₂), and those identified by the BEEP team following audits (2,917.28tCO₂).

carbon savings than originally predicted. This means that BEEP will have to install more measures than originally planned in order to meet contractual targets but without additional budget.

3.4 Analysis

We consider that BEEP has made excellent progress against the project's ERDF targets, especially considering BEEPs slightly delayed start to delivery. Performance was slow at the beginning of the project due to a lack of understanding in the team of how EU funding is delivered and claimed.

The GHG emissions-based target will not be met by the 30th September 2019. Current GHG reductions are only at 33.7% of the target. This underperformance can be linked to a range of factors including:

- Changing ERDF guidelines on what technologies could be supported by BEEP grants, which resulted in a reduced grant allocation budget. This budget, which ran out quickly, caused disappointment amongst SMEs reliant on grant funding to implement BEEP recommendations.
- Changes in carbon factors for energy saving measures, which meant savings were lower than originally predicted.

4 Delivery & Management

In this section of the report we highlight the experience of implementing and managing BEEP and any lessons which have emerged from this. Views from stakeholders were gathered through telephone interviews with the BEEP team, DCC and wider stakeholders in the region¹⁷. SME's were surveyed via an online survey, while telephone interviews were also delivered where the SME was happy to be contacted for further feedback.

4.1 From concept to project

DCC began to look at business energy efficiency following the launch of the Green Deal in the domestic sector.

The Federation of Small Businesses (FSB), who regularly survey businesses, identified that energy was in the top three business concerns over the past five years.

Working with Business Durham, DCC identified that local businesses were struggling with energy bills and needed support. A series of SME-focused projects followed but were considered to have had limited effect.

However, the introduction of the PA4b workstream within ERDF enabled DCC to develop BEEP. While difficult, DCC successfully applied for grant funding and were the first PA4b project in the UK.

"There was a plethora of projects over the years where someone would do an energy survey which would sit on the shelf. They'd have a survey but did not know what to do with it. We felt that this was problematic".

"It became increasingly obvious that SMEs didn't have any energy expertise and, even with the information available, they didn't have the time to go and implement the recommendations."

DCC stakeholder

4.2 The BEEP delivery model

BEEP provides independent analysis of a business's existing practices via an in-depth energy audit and data analysis. The resulting bespoke recommendations report provides the SME with cost-effective options for generating financial savings through energy reductions.

Grants are available for up to 40% of capital costs and are paid in arrears.

Joint funding by ERDF and DCC means this service is delivered free of charge to local businesses.

4.2.1 BEEP team

BEEP is currently delivered by a highly motivated, dedicated and committed team:

- **Project Manager:** Calum Baker (2016 – June 2019). Helen Grayshan has taken on this role until the project is completed.
- **Project Support Officer:** Lawrence Callender
- **Lead Energy Officer:** Michael Vasey
- **Energy Officers:** Caroline Hearne and Malcolm Potter

BEEP sits within the Low Carbon Economy Team, led by Maggie Bosanquet, and the Environment Service, headed by Oliver Sherratt.

¹⁷ A total of 12 telephone interviews were conducted within a two week period in late June. This included 3 telephone interviews with SMEs who participated in BEEP.

The team has a diverse range of complementary skills. This includes technical knowledge and experience, enabling the delivery of audits, recommendation reports and associated research, and commercial skills in business development and sales to support successful engagement with SMEs and wider stakeholders. The team were very positive about the delivery and impact of BEEP and are proud of the support that the project has offered to SMEs across Durham.

"I'm incredibly proud of BEEP. We wouldn't have bid for BEEP 2 if we weren't delighted with BEEP 1."

BEEP stakeholder

BEEP is seen as an objective support service with one stakeholder noting that some business support providers forget who their customer is – "it's not about their project, it's about the businesses". The BEEP team are honest with SMEs when they can't support them but do signpost to other services that could provide alternative support.

4.2.2 BEEP process

Following an initial visit (**stage 1**), and checking eligibility (**stage 2**), the BEEP team undertake an audit of the SME's premises¹⁸ (**stage 3**). The BEEP team spend some time on site conducting the audit, but the bulk of their time is spent offsite analysing data, producing the recommendations report and undertaking additional research to support the SME.

The audit findings are presented at a meeting to discuss the BEEP recommendations that would result in the highest returns for investment (**stage 4**). The recommendations are broken down into those with:

- No capital costs. Recommendations are primarily around behaviour change activities.
- Low capital cost recommendations, such as the installation of lighting sensors.
- Higher capital cost recommendations, such as LED lighting retrofits.

Businesses are also provided with longer term recommendations. For example, what they can do in the next 5 years, such as a boiler upgrade.

Following this meeting the SME signs a declaration confirming that BEEP has delivered at least 12 hours of support on their behalf.

SMEs who wish to take forward BEEP recommendations are supported to apply for a BEEP grant to facilitate the installation of measures (**stages 5 and 6 and 7**). This includes support to shortlist and select contractors.

Following installations of energy efficiency equipment, the BEEP team visit the SME (**stage 8**) and the SME signs additional declaration forms (**stage 9**).

An infographic detailing the BEEP process can be found in Appendix D.

"We have had huge freedom to make BEEP into what we think it should be. I appreciate that. We've not been guided down a specific route and we've had a lot of freedom to bend with the wind to meet client demands and needs."

BEEP Team

4.2.3 BEEP tools

The BEEP team have developed tools to support their activity. This includes a lighting matrix, database of research and key data references. A solar matrix is currently in development.

¹⁸ The audit focuses on the SME's building (fabric, lighting, heating and cooling) and not any manufacturing process.

The team also provide guidance to SMEs using factsheets on a wide range of topics:

- How to read meters.
- Metering and monitoring, smart meters and heat metering.
- Insulation for cavity and solid walls, floors and lofts.
- Heating controls.
- LED lighting.
- Compressed air.
- Chilled display cabinets.
- Biomass and photovoltaics.
- Energy Performance Certificates (EPCs).
- Enhanced Capital Allowances (ECAs).

4.2.4 BEEP reports

The BEEP team consider one of their successes was pitching the recommendations report at the right level. While reports are technical in nature, SMEs are provided with key information to enable them to make a decision to implement the recommendations.

"We once had a client who said that they'd been dreading the meeting [to discuss the recommendations report]. They were worried that it was going to be really technical, but it turned out that they enjoyed the meeting and understood our report."

BEEP Team

The BEEP recommendation reports identify measures that can be installed. BEEP requires that SMEs obtain three quotations for the works, and these are then sense checked by the team. BEEP does not recommend individual suppliers, but does inform SMEs that there are a number of local providers offering energy efficiency products and services.

4.2.5 BEEP grants

BEEP can recommend a range of measures, but grant funding is not available for windows, doors or insulation as a standalone measure¹⁹.

Some SMEs followed the BEEP team's recommendations but did not take up grant funding, using alternative finance instead. However, the carbon savings associated with the installed measures were attributed to BEEP.

4.2.6 SME survey results

As detailed in Appendix C, the ACE Research and SE² research team surveyed SMEs involved with BEEP.

There are a number of different stages in the BEEP process, and we were interested to find out how engaged with BEEP the survey respondents were: from just making an initial enquiry or having an introductory meeting, to going ahead with the survey and recommendations, right through to installing measures and in some cases receiving grant funding.

¹⁹ Insulation is only available as part of a package of measures.

SMEs from all stages of the process were sent the survey.

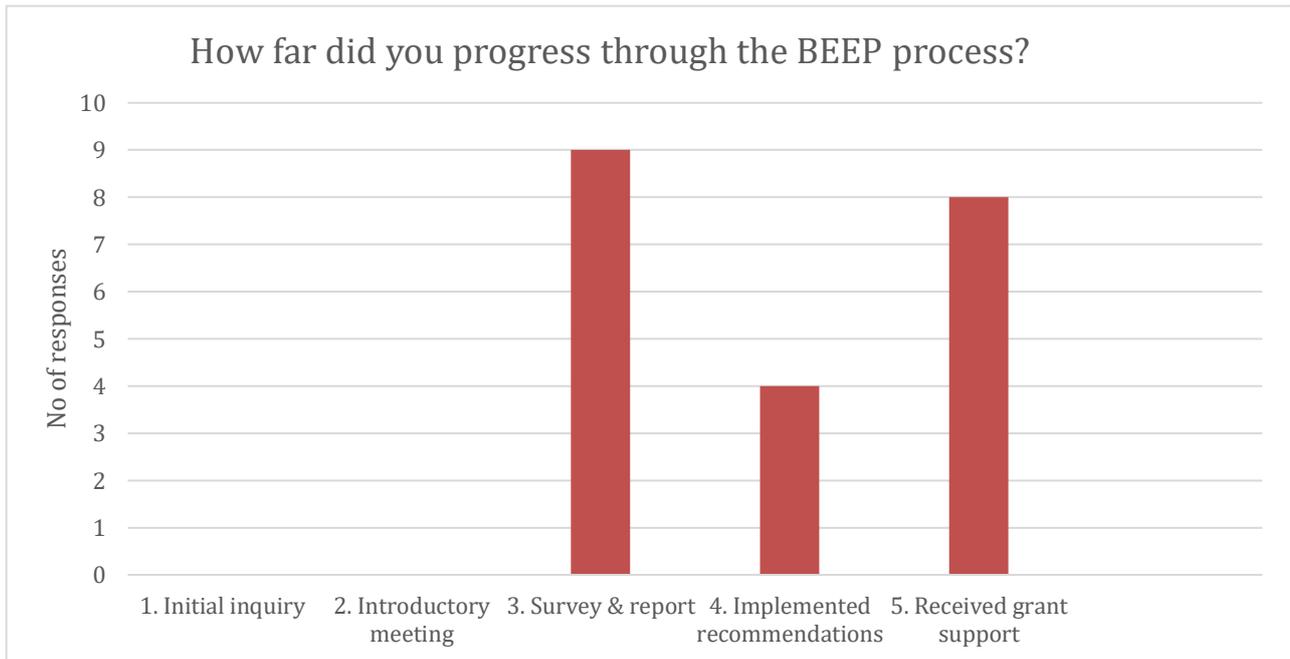


Figure 1. BEEP progression

As Figure 1 above shows, all respondents at least got as far as the survey and recommendations. This is not surprising as those who didn't get past the initial stages are less engaged with BEEP and so less likely to respond to an online survey. Of the 21 respondents, 9 had the survey and recommendations report (43%), 4 had implemented measures (19%) and 8 had implemented measures and received grant support (38%).

SMEs were then asked to rate the different elements of the BEEP process: the information they initially received, the time the process took, the support they received from their BEEP officer and the recommendations made for this business.

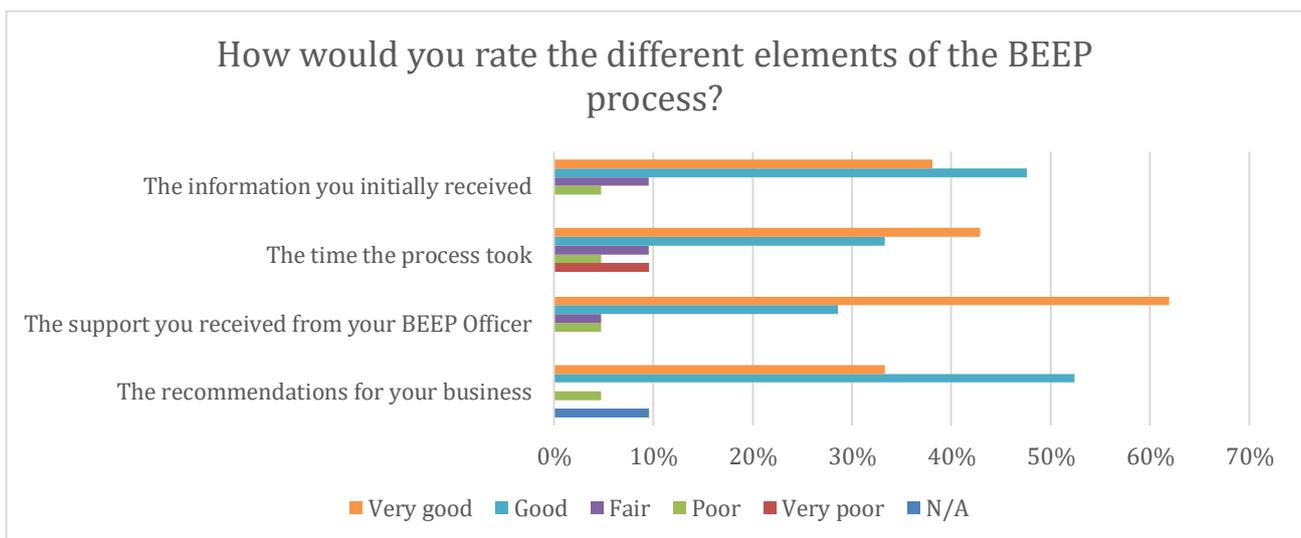


Figure 2. Rating BEEP.

The support received from BEEP officers was very highly rated, with 90% of respondents saying it was good or very good, closely followed by the information initially received and the recommendations for their business, both at 86% good or very good. The time the process took is less well rated, with only 76% of respondents saying it was good or very good.

Two of the respondents added further comments when a low rating was given. Both considered the time the process took to be very poor: one also rated all other aspects as poor:

- One commented “*It went wrong early on - faulty equipment and unreliable data*” This led to the recommendations report being inconclusive. The BEEP team agreed that the failure of monitoring equipment was disappointing for both the SME and the BEEP team.
- The other said: “*Got to the survey and report stage but it became very apparent that it was not going to progress in any sensible time frame to help our business... The fund is supposed to be supporting growth in the North East but is clearly in no way achieving that objective unfortunately.*” They had noted that from start to finish the BEEP process took 3-4 months “*when I had expected it to take a month*”.

While the BEEP team did agree that the process of support is lengthy, all SMEs have to go through the individual steps of the project as agreed with ERDF.

4.3 Communications and engagement



BEEP used a wide range of approaches to engage with its target audience:

- Most stakeholders considered that word of mouth has been the most effective route to engage with SMEs.
- Other effective channels include adverts placed in DCC’s resident newsletter and local radio.
- Other engagement approaches have been undertaken with varying results:
 - Case studies detailing BEEP activity.
 - Print media, including Seaham Business News, BQ Magazine and the Echo.
 - Social media, including Twitter and LinkedIn.
 - Sector targeting, using business databases to target specific sectors.
 - Partnerships with key local stakeholders. (Partnership activity is detailed in section 4.4).

“Word of mouth works. A great example is Dyer Engineering who changed all of their lights, saving about 103 tonnes of CO₂. We wrote a case study and it led to loads more leads.”

BEEP Team

These approaches were explored as part of the SME survey (see section 4.3.3 for further information).

4.3.1 Communications

Initially the BEEP team undertook communication activities internally. However, since March 2019 this activity has been outsourced to DTW²⁰. The BEEP team continue to deliver direct engagement with SMEs. The research team have reviewed a range of materials provided by DTW and our observations are detailed below.

The key messages of the marketing materials are about:

- Avoiding wasting energy.
- Energy affordability.
- Becoming more competitive and more productive through energy saving.
- The potential to generate financial savings to enable the businesses to thrive and avoiding pressure on margins and ultimately profits.

Climate change and benefits to the environment are notably absent, but this is usual for the target audience.

There are however no references to some of other wider benefits of energy efficiency, such as comfort in the workplace.

European Union
European Regional Development Fund

Durham County Council

beep
business energy efficiency project

Over 80% of manufacturers cite energy affordability as a key concern for the coming years (SME Guide to Energy Efficiency, DECC 2015)

Fully funded SME energy audits

Durham County Council are in receipt of European Regional Development Fund (ERDF) to deliver financial savings, energy efficiency and CO₂ reductions to County Durham's SMEs through our Business Energy Efficiency Project (BEEP)

BEEP is operating within the European Structural and Investment Fund (ESIF) programme 2014-2020

www.beep.uk.net

European Union
European Regional Development Fund

Durham County Council

beep
business energy efficiency project

CASE STUDY

Dyer Engineering Limited

Predicted 33% reduction in energy-use

Estimated annual saving of £34,500

Dyer Engineering Limited has made an estimated annual saving of £34,500 and cut its energy bill by 33% after taking advantage of the fully-funded audit and personalised support offered by the Business Energy Efficiency Project (BEEP).

Following a free, in-depth energy audit by BEEP, the engineering company followed advice and replaced the inefficient lighting system across all of its seven production facilities.

Due to the large energy savings being made, the BEEP team were able to support Dyer Engineering with a 40% grant, which enabled the company to reduce the pay-back period of its new lighting equipment to less than 12 months.

"The BEEP team has been great. The process was quick, straightforward and reliable...everything you want when you're running a busy business. Furthermore, the improvement to the quality of light has been remarkable." Graeme Parkins, Managing Director, Dyer Engineering Limited.

Predicted 33% drop in energy-use

Estimated annual saving of £34,500

BEEP supports small to medium-sized enterprises (SMEs) across County Durham and is jointly-funded by Durham County Council and the European Regional Development Fund.

Deadline for applications: September 1, 2019

For more information about an audit for your company, email beep@durham.gov.uk or go to www.BEEP.uk.net

Come on!
You know better!

Lets stop wasting money by wasting energy.

We are working hard to **eliminate wasted energy** and generate financial savings so the business thrives.

The Business Energy Efficiency Project (BEEP) helps County Durham SMEs to identify and eliminate wasted energy. For more information or support please visit: www.beep.uk.net or email beep@durham.gov.uk

²⁰ DTW, a PR and marketing agency: <https://dtw.co.uk/>

Press releases provide an overview of BEEP and high-level case study information (financial savings and quotes). Case studies are shorter, punchy and clearly set out the energy reduction and bill savings that BEEP has delivered.

An overview of the BEEP engagement and communication materials can be found in Appendix E.

Stakeholders interviewed suggested that prior to BEEP, communications from DCC aimed at SMEs was not commercially focussed. BEEP took this on board: their publications include short, sharp, clear messages and outline the benefits to SMEs in terms of economic savings.

The latest DTW communications report²¹ to BEEP details Twitter and LinkedIn activity. This report covers two periods: the 30th December 2018 to the 28th February 2019 (when the service was delivered by the BEEP team); and the 1st March to the 30th April 2019 (when the service moved to DTW). BEEP saw a 3,040% increase in engagement across the two platforms between the two time periods. A breakdown of this engagement can be found in Tables 5 and 6 below, along with example tweets and posts from this time period in Figures 3 and 4.

Table 5: BEEP Twitter activity.

	Increase in activity between time periods
Followers	100%
Tweets sent	1,250%
Mentions received	175%
Organic impressions	1,765%



Figure 3: Example BEEP tweets

Table 6: BEEP LinkedIn activity.

	Increase in activity between time periods
Followers	100%
Publishing behaviour	1,100%
Impressions	418.6%
Engagement	800%



²¹ Provided by DTW. Accessed July 2019.

Business Energy Efficiency Project (BEEP)

A great opportunity has arisen for several fully funded places on a Junior Energy Management course. The course will support your employee to use their knowledge of your business to generate sustainable financial savings through energy use. Delivered by the outstanding Group Horizon and financially supported by npower this fully funded course only has a few spaces left. If you think this course is right for yourself or an employee please get in contact immediately as spaces are running low. Contact Alison Washbourne at alison.washbourne@grouphorizon.co.uk for more information.
#energy #savings #energymanagement #durham #durhambiz #training #apprenticeship



(Update) March 20, 2019 10:13 am

Business Energy Efficiency Project (BEEP)

"BEEP has had a huge impact for the better on the club" - Alan Nelson, Joint Secretary, The Big Club **#DurhamBusiness #EnergySaving** Find out how BEEP can help you: www.bEEP.uk.net



(Update) by Jess V. April 16, 2019 10:54 am

Figure 4: Example BEEP LinkedIn posts

The BEEP guidance is easy to understand. It provides high level information and guidance for SMEs, including a step by step BEEP process map. It also clearly sets out the SME requirements to participate in BEEP. Administrative forms are clear, concise and provide useful guidance to SMEs.

4.3.2 Engagement

BEEP takes a variety of approaches to directly target SMEs across Durham.

The BEEP team noted that when working with a SMEs there are a number of factors that are key to successful engagement:

- That they are engaging with the right person within the SME. This 'champion' is often enthusiastic about participating in BEEP and is often the source of further leads through word of mouth.
- The SME understands what BEEP can do for them and what data and information they need to provide.
- It was considered that most SMEs are interested in the financial savings aspect of BEEP, not climate change mitigation. Putting the recommendations in economic savings is therefore essential. This includes setting out what they can do at no cost (behaviour change), low cost and higher cost, as well as including longer term options to consider.
- Building relationships with the SME: understanding what they need; explaining what BEEP can and can't do; being realistic and not over promising.

"Getting hold of energy use information can be nightmare. Some SMEs have energy bills filed in order. They are the exception. Most are rummaging around in drawers trying to find the data we need."

BEEP Team

Partnerships with local stakeholders enable the BEEP team to engage directly with SMEs at events:

"In East Durham we had a funding event with over 100 companies attending, and we invited BEEP to come and exhibit at the event. We brought in all of the business support organisations and the commercial market and ran a speed -dating session.

Businesses went around in groups of 4-5 and heard three-minute pitches from each provider. It worked really well. When it had all finished, the businesses could go back to the providers of choice on a 1-2-1 basis. That form of networking would have got BEEP quite a few referrals."

"We've also invited the BEEP team to our 'network with your neighbour' events."

BEEP stakeholder

Targeting is discussed at BEEP team meetings. Activities include:

- Accessing MINT UK²² and FAME Services Limited²³ databases (via Business Durham team logs) to search for Durham based SMEs in particular sectors e.g. food and drink, manufacturing etc.
- Researching specific types of businesses. The BEEP team successfully targeted and engaged with 95% of all golf clubs in the Durham area for example. Another target has been funeral directors.
- Focussing on industrial estates and business parks. This involves visiting SMEs, engaging with SME employees verbally and leafleting.
- 'Cold calling' emails and calls.

"I also spend some time looking at different areas to address. SMEs that have high energy consumption and could be supported. A good example is golf courses, of which there are quite a few in Durham. They are open 8am – 6pm throughout the whole year 7 days a week. They've been a great target to focus on."

BEEP Team

On some occasions, the BEEP team were confused with utility brokers, who often offer energy audits as part of their service model. The BEEP team communicate that they work for DCC and that they want to reduce the units of energy used, not the cost of a unit of energy; that support is free, and grants are available.

"BEEP was advertised on the local radio. However, the BEEP segment was positioned next to an advert by Great Annual Savings (GAS) who are energy brokers who also offer audits."

BEEP Team

²² www.bvdinfo.com/en-gb/our-products/data/national/mint-uk

²³ www.bvdinfo.com/en-gb/our-products/data/national/fame

4.3.3 SME survey results

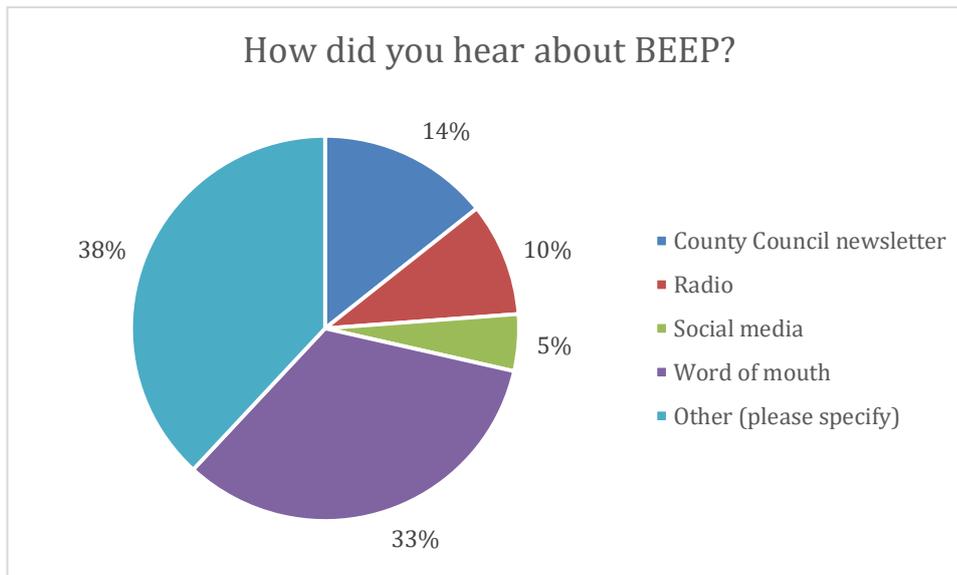


Figure 5. Engagement method

A third of the respondents (33%) heard about BEEP through word of mouth, a good indicator of how useful the referring SMEs found the programme. 14% first heard about BEEP through the County Council newsletter delivered to homes across the area, a low-cost communication route that has wide coverage and a significant response rate. Two SMEs responded to radio adverts (10%) and one to social media (5%). Other ways in which SMEs heard about BEEP were:

- Direct contact from DCC.
- Business Durham email.
- Referral from Sunderland University SAM project²⁴.
- Local publication on Aycliffe Business Park.
- Networking Event.
- Exhibition.

4.4 Partnerships

Delivery of BEEP has been supported by a number of strategic partnerships, including:

- DCC colleagues in the Low Carbon Economy Team (LCET), which is considered to have enabled BEEP to have a greater commercial focus.
- Colleagues in Business Durham²⁵, who engaged with the BEEP team from the outset of the project, facilitating initial relationships with industrial business parks, supporting BEEP at networking events and distributing information about BEEP to SMEs using their services. While stakeholders considered that this has been a successful partnership for BEEP, referrals have ebbed and flowed over time.

²⁴ SAM (Sustainable Advanced Manufacturing) is an ERDF project managed by the University of Sunderland. The aim of the project is to support product / process and technology developments within the SME manufacturing base in the North East LEP area: <http://centres.sunderland.ac.uk/amap/sam-project/>.

²⁵ Business Durham is the economic development arm of Durham County Council. They support businesses with activities that they may struggle with, including property, HR and investment. www.businessdurham.co.uk/about-business-durham.

- The Federation of Small Businesses (FSB), who engaged with the BEEP team from the outset of the project, supporting engagement activities, referring SMEs to BEEP services and acting as a 'critical friend'. This partnership is constrained by limited resources within FSB.
- BEST, BEEPs equivalent programme across Tyne and Wear.

Partnership working has had varying degrees of success in terms of generating BEEP referrals. Stakeholders noted examples of where partnerships had not lived up to initial expectations, including:

- Northern Power Grid (NPG), who were listed as a strategic partner from the outset of the project. However, the team have had limited engagement with NPG during the delivery of BEEP. The team highlighted areas occupied by SMEs where the power grid is constrained but NPG has not responded to this evidence. Some DCC teams do have working relationship with NPG, such as where renewable energy technologies are installed to support grid capacity. It is unknown whether NPG's inactivity is down to a lack of focus on the opportunities available through commercial sector energy efficiency activity, or a lack of resources to engage with partners such as BEEP.
- The North East Chamber of Commerce, who were listed as a strategic partner from the outset of the project. This partnership was thought to have had limited impact.
- The partnership with the North East LEP is thought to have had limited impact.
- Stakeholders considered that meetings and agreements with partners to promote each other's support offerings do lead to referrals for BEEP, but that they soon tail off.
- Some referrals are unsuitable for BEEP to take forward. For example, where the SME doesn't meet BEEP eligibility criteria, or they have recently refurbished their premises.

While stakeholders suggested improvements that could be made for BEEP 2, they also described how much they value BEEP and how they want to maintain and grow the partnership with BEEP 2:

"They're very honest in the sense that they will say 'we're not the right ones for you, but now you're in the business support world, we'll recommend you to the people who are right for you'. BEEP may lose an output, but it will help the business. A lot of support providers forget who their customer is – it's not about their project, it's about the businesses."

BEEP stakeholder

"We'd like to be more involved. We're doing a huge amount around the transition to a low carbon economy. It's broad based work and it's something that we're genuinely wedded to. It's really important to businesses because there are some stark challenges out there with regards the decarbonisation of industry and business. It is one of the biggest challenges we face and it's how do we achieve that and not just deliver the usual energy efficiency stuff."

BEEP stakeholder

"They don't try and compete with other service providers. They'll refer people into those service providers – which is great. And they'll look to where there's other funding that could be brought in alongside BEEP funding, to help businesses match fund to reduce their cost contributions."

BEEP stakeholder

“BEEP hides its light under a bushel - it’s a North East thing - we’re not great at shouting about what we’re doing in the North East!”

“Our broader frustration is that [BEEP] don’t shout loud enough about the successes that they’ve had and the people that they’ve supported. We don’t see case studies. We don’t see stuff pushed around the networks. We’re not asked to push out successes. Our businesses want to know what their competitors and their peer group are up to – BEEP need to be more visible.”

“We host a networking event in Durham once a month and not once has BEEP asked to come along to it or brought a case study along. That’s the one area they could massively improve on.”

BEEP stakeholder

“In fairness, we should be pushing for a more active role within BEEP 2 - we shouldn’t be so passive as to wait for them to come to us. We’ve got to turn that around a little and be a little less passive. We’d like to be more involved.”

BEEP stakeholder

4.5 Successes and lessons learned

4.5.1 An effective team with a diverse range of skills

The BEEP team has a track record in successful SME engagement and programme implementation. The team play to their strengths with a combination of technical and business development skills.

4.5.2 Engagement

Word of mouth has been an effective engagement approach. Other marketing approaches, such as adverts in business newsletters, have not been as effective.

4.5.3 Grants

Stakeholders considered that grants are making a real difference to BEEP businesses. Without it, many SMEs would not have taken action to improve their energy performance.

As noted in section 3, when the team were preparing for the original grant submission, ERDF restricted grant eligibility criteria to ‘new and emerging technologies’. This meant that the grant application was scaled back, only for the criteria to then be extended after the ERDF funding had been awarded. The small budget for grants soon ran out. A number of stakeholders, including SMEs involved in BEEP, did raise this as a key issue that needs to be resolved.

“For those that have accessed the support, they can’t speak highly enough of it.”

“The team aren’t going in with any preconceived ideas about what you do in each sector – it is a very individualised and personalised experience. Inevitably there will be some standard advice but it isn’t just a one size fits all.”

BEEP stakeholder

“The main concern is that because it was popular it ran out of money really early on. It’s always the frustration with these schemes: one minute you’re turning the tap on and stimulating the market; the market becomes stimulated and then you’re just starting to gain that traction and then oops, you’ve run out of money. That is quite damaging, not just to the programme but also it puts a taint on my reputation because I’ve told them to go for it, and they’ve put the effort in and then it’s disappeared.”

BEEP stakeholder

“We got to a point where we didn’t have enough money to continue giving out grants. It was really demoralising, and it made a lot of clients unhappy. I don’t think we saw it coming.”

BEEP

Grants were also initially offered to fund 40% of the SME capital project costs. However, the change in carbon factors (also noted in section 3) meant that carbon savings were less. Therefore, a sliding scale for grants was implemented. This variable intervention rate means that grant funding of up to 40% was available to projects with larger carbon savings, while smaller scale projects received less, with a minimum of 20%.

Grant funding was not available for insulation as a standalone measure²⁶. One stakeholder noted their frustrations.

“One restriction – quite frustrating – can’t work with insulation. Broke first rule of energy management. Over the course of 3 years it’s loosened up.”

BEEP Team

4.5.4 Working with micro-businesses

It was noted by numerous stakeholders that working with micro-businesses was difficult. This was due to a lack of resourcing to work with the BEEP team, many simply wanting a light touch report and access to a grant. In addition, the team can find it difficult to deliver 12 hours of assistance to micro businesses under the C1 KPI. BEEP has been able to support some micro businesses by undertaking additional research on energy saving opportunities linked to their business. There is also an opportunity for the BEEP team to refer micro-businesses into the SME Power Project, as detailed in Section 5.2.2.

“I engaged with a microbusiness recently. All they really needed was some simple boiler management – changing the settings on thermostats and heating programmer. They made 40% savings.”

BEEP Team

4.5.5 C1 KPI

Issues were flagged with the C1 KPI by numerous stakeholders, yet on the whole they considered that the 12-hour support target worked for the majority of SMEs that BEEP works with.

Where energy saving opportunities were limited within SMEs, the BEEP team have provided additional research support to the SME. Stakeholders felt that rather than creating tasks to hit the C1 KPI target, this time should be allocated to a different SME who does require more intensive support. It was suggested

²⁶ Version 4 of ERDF guidance (September 2017) stipulates that ERDF grants can be used to support standard retrofits for an SME and that deep renovations would be delivered through an alternative financial instrument e.g. not ERDF grants. Insulation is classed as a deep renovations measure, although the definition is not clear and concise.

that a sliding scale KPI indicator is used going forward and will be dependent on the size of the business being supported by BEEP.

4.5.6 Applying for and administration of EU funding

BEEP and LCE teams acknowledged that their lack of experience with EU funding led to delays in the delivery of the project. The team also found the reporting requirements complex and spent considerable time understanding the process. While there is a team within DCC that has a great deal of experience in applying for and reporting under EU funding streams, support from this team was said to have been limited.

4.5.7 Cross departmental working

Stakeholders had admiration for BEEP, but also for the wider council, in the way that they have approached decarbonisation. One stakeholder called for further joined up thinking within the council to ensure that links are being made between departments and services.

“When we agitate with councils about the idea of decarbonising the economy, I would generally put DCC up against anyone in the UK to say that’s what you should be doing across the piece. They have the bigger projects but also some less obvious things – like solar panels on bus stops. It’s a simple little thing but it shows they’ve thought about it right across the piece.

It’s not just BEEP on its own, it’s part of a broader picture. But we need more within DCC across the different teams, like the economic team. If I’m ringing up about business rates, you’d kind of hope that someone in that team would say ‘you’ve told us saving cash is your objective. Have you spoken to our BEEP team?’ It feels like a lot of this stuff gets siloed into a department. [DCC] needs more of that – although it’s a big ask within a council.”

BEEP Stakeholder

4.5.8 Partnership working

Delivery of BEEP has been supported by a number of strategic partnerships, both internally within DCC and externally. This joint working has had varying degrees of success, both in terms of collaboration between organisations and in generating referrals for BEEP. While partners described improvements that could be made, there was a desire to maintain and grow their activities within BEEP 2.

5 Impact

In this section of the report we highlight the impacts attributable to the project, including both intended and unintended outcomes.

“A company was afraid it could not pay its bills and received a series of interventions from the DCC of which BEEP was one. We found them significant savings that helped to turn the company around. That’s the icing on the cake.”

BEEP

“Another company changed their lighting. They said that it’s so much better - we can see what we’re doing.”

BEEP Stakeholder

The BEEP team are proud to have assisted SMEs across Durham to reduce their energy spend and have made many businesses – from micro businesses to large SMEs – more financially stable as a result.

Several examples were identified by stakeholders:

- **Crystal Beauty**, a beauty salon: The boiler and fabric performance were both poor. The SME was receiving complaints from customers about cold temperatures and the owner didn’t think the business would make it through another winter. BEEP gave a relatively small amount of grant money to the SME, but it made a significant difference to the SME’s customer feedback and financial standing.
- **The Big Club**, a Working Men’s Club in Newton Aycliffe: It was reported that if it wasn’t for the help of BEEP, the Big Club would no longer be around. BEEP support really helped to turn the business around.

“We have a large piece of plant that requires more energy than the grid can provide, we are limited to 800kVa and it needs a generator. The energy efficiency measures in other parts of the business are hoped to be able to reduce demand so this plant can run - there’s also another smaller piece of plant we have, but both can’t run at the same time.”

BEEP Stakeholder

5.1 Intended outcomes²⁷

BEEP will likely meet its business support targets. The GHG emissions-based target will not be met by the 30th September 2019, although further carbon savings are expected between the date of the assessment and the end of the project. Current GHG reductions are only at 33.7% of the target.

Table 7: delivery requirements

Businesses supported:	240
GHG emissions reductions (tCO₂e):	2,620

²⁷ Data valid from the 16th July 2019.

Table 8: BEEP delivery performance

Businesses engaged:	262
Received full level of support ²⁸	200
Did not receive full level of support ²⁹	62
GHG emissions reductions (tCO₂e)³⁰:	885.48

Table 9: BEEP delivery metrics

Total hours of support delivered to SMEs:	3,181
Value of BEEP grants awarded to SMEs:	£122,557.32
Financial savings by SMEs (£):	Data not available at the time of report production

5.2 Unintended outcomes

5.2.1 Team skills

BEEP has provided the team with experience in applying and administering EU grant funding and given the team a greater commercial focus.

BEEP is delivered by a highly motivated, dedicated and committed team. The team play to their strengths with a combination of technical and business development skills. The team should be proud of the impact of the BEEP programme across Durham and the partnerships that they have developed.

5.2.2 Joint working within DCC

BEEP has provided an opportunity for DCC to further engage with businesses across multiple teams and departments. As a result of BEEP, DCC have developed additional projects:

- The LOCARBO transnational project. The team successfully bid for additional funding to use the learning from BEEP to find ways of reporting the achievements of these projects in a way that people can relate to. For example, the equivalent power stations taken offline by efficiency projects. As part of this, the DCC team went to Hungary with MHCLG to gain an understanding of international approaches to business energy efficiency.
- The SME Power project. The team successfully bid for additional funding to support smaller SMEs that were too small to take up the 12-hour C1 KPI target.

5.2.3 Partnerships between SMEs

Several examples of new working relationships and partnerships between SMEs were identified by stakeholders:

- An interior design company who produce waste wood. The BEEP team provided support to consider whether energy content would be suitable for biomass fuel for SMEs.

²⁸ C1 target: at least 12 hours of support provided to an SME.

²⁹ C1 target: did not reach at least 12 hours of support provided to an SME. These 62 SMEs either stopped participating in the BEEP process, or the BEEP team were unable to spend 12 hours supporting the SME.

³⁰ Note that this figure includes GHG emission savings from measures that were deployed by SMEs without the use of a BEEP grant. Some SMEs took up alternative sources of finance and funding.

- A tyre disposal company that requires a generator to supplement supply is next to a golf course considering the installations of photovoltaics who may be able to further supplement the power supply.
- A company that had waste food. The BEEP team investigated links with Refuse Durham.

5.2.4 New working relationships and partnerships with PA4b project stakeholders

BEEP has enabled the development of new working relationships and partnerships with PA4b stakeholders across the region, and also nationally.

- BEEP provided support to other Tyne and Wear councils to develop the BEST project. This project is directly based on BEEP.



Business Energy Saving Team (BEST)

BEST aims to reduce energy use and costs in small and medium-sized businesses (SMEs) in Gateshead, Newcastle, North Tyneside, Northumberland and Sunderland. Services are delivered by through an external partner, Narec DE. Newcastle City Council leads the project.

Like BEEP, BEST offers free energy audits, however the grants available to SMEs are structured differently. SMEs receive grant funding to one third of the project's capital costs, up to £8,000. SMEs can also continue to work with BEST and secure grant funding for additional recommendations.

- The LOCARBO project in conjunction with the BEEP team delivered two national PA4b conferences for national stakeholders.
- The team helped to encourage the expansion of the BEIS Huddle platform for PA4b projects to support greater information sharing between PA4b projects.
- BEEP lobbied for changes to ERDF grant eligibility rules so that the time spent supporting businesses (the C1 KPI) was not restricted to face-to-face support.

5.2.5 Government profile

BEEP has put DCC 'on the map' in terms of their energy efficiency work with SMEs. Stakeholders noted that when BEIS are looking for an active council in this area, they think of DCC.

The project has also led to an increased profile with BEIS and the wider policy community for Maggie Bosanquet. This has enabled DCC to influence national policy and raise the standing of DCC in low carbon activities.

6 Assessing Value for Money

In this section of the report we analyse the cost-effectiveness of the project considering its intended and unintended impacts, and hence its value for money.

The research team attempted to compare BEEP's project value, progress against targets and delivery metrics with other PA4b projects in the UK. However, this data was unavailable to the research team³¹.

While we know that 200 business have been supported through BEEP, resulting in 885.48tCO₂e saved, we have been unable to determine the economic impact of BEEP in terms of SME monetary savings. This data was unavailable. However, it is likely that a reduction in their energy use and costs will have improved their bottom line and made them more competitive in the marketplace.

Stakeholders, including partners and SMEs involved in the project did consider that the project offered value for money.

"Yes, BEEP offers value for money. With 12 hours assistance and a grant to offer, the team are going out and really helping businesses. SMEs see the results, the effort going in to supporting them and they are very happy as a result. When you see the savings we are making – the value shows." BEEP Team

The BEEP team undertook soft market testing throughout the project to understand how much SMEs valued the support under the programme. The BEEP team asked SMEs how much they would be willing to pay for an energy auditor to assess their business for energy saving opportunities. This was based on the cost per hour of consultancy. Analysis shows that the value of support averages out at £63.32 per hour of consultancy across the three soft market testing exercises.

The cost of delivering high quality advice is significantly higher than this however, suggesting that BEEP has delivered additionality by providing benefits to SMEs who would not otherwise have chosen or could have afforded to pay.

The research team identified several unintended outcomes from BEEP, which are hard to quantify in monetary terms but are proving invaluable to DCC, their stakeholders and SME clients. This includes increased joint working between DCC teams, new working relationships between SMEs (such as sharing of waste products and joint working on the deployment of low carbon technologies and the development of BEST (a project based on BEEP). We have also identified partnership working with other business energy efficiency projects, influence to change ERDF funding guidelines and recognition of BEEP and DCC at a national level.

³¹ Communication with MHCLG in July 2019. Data on other PA4b projects – including project value - is available here: www.gov.uk/government/publications/european-structural-and-investment-funds-useful-resources. However, this data cannot be filtered to show individual PA4b investment priorities and does not provide details on the project outputs which is confidential.

7 Recommendations

In this section of the report we have collated recommendations for BEEP 2 from within the BEEP team, SMEs engaged with BEEP and wider project stakeholders, plus recommendations from the research team.

7.1 Size of BEEP 2

- Stakeholders called on DCC and the BEEP team to be more ambitious with BEEP 2 targets, and to move from output-based targets to outcome-based targets.
- Numerous stakeholders called for increased funding for BEEP 2, both in terms of the overall value of the project, but also a significantly larger SME grant budget. BEEP 2 should continue with a variable rate of grant offered to SMEs based on emission savings.
- Engage with SMEs across Durham as part of the development of the BEEP 2 bid. Provide details on real life SME experiences with energy and performance improvements, using some of the case studies developed by the team.

7.2 BEEP 2 delivery model

- Include a variable level of support (C1 KPI) for different sizes of SMEs:
 - Micro businesses – up to 6 hours of support (or signpost micro businesses to the SME Power Project – mentioned in section 5.2.2 - instead).
 - Small businesses – 6 to 12 hours of support.
 - Larger businesses – over 12 hours of support.
- Diversify the measures and support provided to SMEs, including low carbon technologies:
 - Inclusion of insulation as a standalone measure.
 - Photovoltaic and wind opportunities were frequently mentioned by stakeholders.
 - Support SMEs engaging with Power Purchase Agreements (PPA) for wind, photovoltaic and Combined Heat and Power (CHP) technologies.
 - Consider working with battery and thermal storage options.
 - Look at the integration of electric vehicles (EVs).
 - Support SMEs with any required planning permission applications as part of these activities.
 - Showcase the opportunities and benefits of smart and advanced metering technologies, and wider energy management systems. Both will enable businesses to understand their energy use, but also the potential benefits of engaging in power flexibility markets.
 - Continue to assess opportunities for Demand Side Response (DSR)³².
 - Offer a brokerage service alongside BEEP to enable businesses to procure their energy and reduce the cost of energy further. This could include joint working within the council with both procurement and energy teams to determine the feasibility of this recommendation. This could have limited impact in relation to carbon savings if this solely focussed on energy supply and would be unlikely to be a key priority for the BEEP team.
- Simplify the BEEP process by supporting businesses to complete administrative documents and minimise bureaucracy for the SME e.g. state aid forms.
- Maintain a diverse team with both technical and commercial skills. Take on another BEEP team member to work on SME engagement and marketing. This would include:

³² DSR had been previously reviewed with Northern Power Grid, who had considered that there weren't enough businesses willing to participate in the flexibility market at the time.

- Contacting those that previously declined support.
- Supporting those SMEs that have participated in the project to implement longer term and higher capital cost activities included in the audit report, ensuring that the emissions savings that are attributed to behaviour change activities are recorded against BEEP targets and identifying where activities have been taken forward using alternative finance approaches.
- Communications:
 - Continue to work with communication and marketing specialists, such as DTW.
 - Continue to develop best practice case studies and share across partnerships and existing networks to increase the visibility of BEEP.
 - Consider trying new engagement methods such as blogs and videos.
 - Consider working with the education sector on broader climate change issues and highlight the work that BEEP is doing to support decarbonisation.
- The use of national, regional and local datasets on energy demand to target BEEP interventions. This would include the effective implementation of MEES through targeting inefficient commercial buildings that are rented to tenants.

7.3 Partnership working

- Continue to work with SME and energy focussed stakeholders within County Durham and the wider Tyne and Wear and Teesside³³ areas, building on offers of joint working identified through our stakeholder engagement. Provide visibility of referral rates into BEEP so that impact can be understood and prioritised within these organisations where referral rates decline.
- Re-engage with Northern Power Grid and the North East LEP to gain an understanding of why these relationships did not work within BEEP, and confirm their participation in BEEP 2.
- Engage with suppliers of energy saving and process equipment so that they refer to BEEP during sales meetings.
- Upskill and collaborate with key stakeholders, such as business advisors, to promote BEEP services.
- Engage with Trading Standards within DCC on potential joint working on the implementation of EPC and MEES regulations.
- Engaging with other DCC teams to signpost SMEs to BEEP. For example, when an SME enquires about cash flow issues and business rates, then the council officer should signpost to BEEP.
- Maintain and strengthen relationships with BEST³⁴ and the BEIS Regional Energy Hub to offer a standard energy service offering for businesses across the North East region.

³³ Tees Valley Business Compass: www.teesbusinesscompass.co.uk/how-we-can-help

³⁴ Due to the timing of the grant agreements for both BEEP and BEST projects, it is unlikely that in the immediate future that

8 Appendix A: Understanding make up of businesses in Durham

8.1 Numbers of businesses

There are 13,685 registered businesses in County Durham³⁵ generating a total GVA of £8,754m³⁶. This equates to a GVA per head of £15,475, lower than the North East as a whole (£18,927) and much lower than the average for all England (£26,159)³⁷.

Figure 6 below shows how these businesses are distributed across sectors:

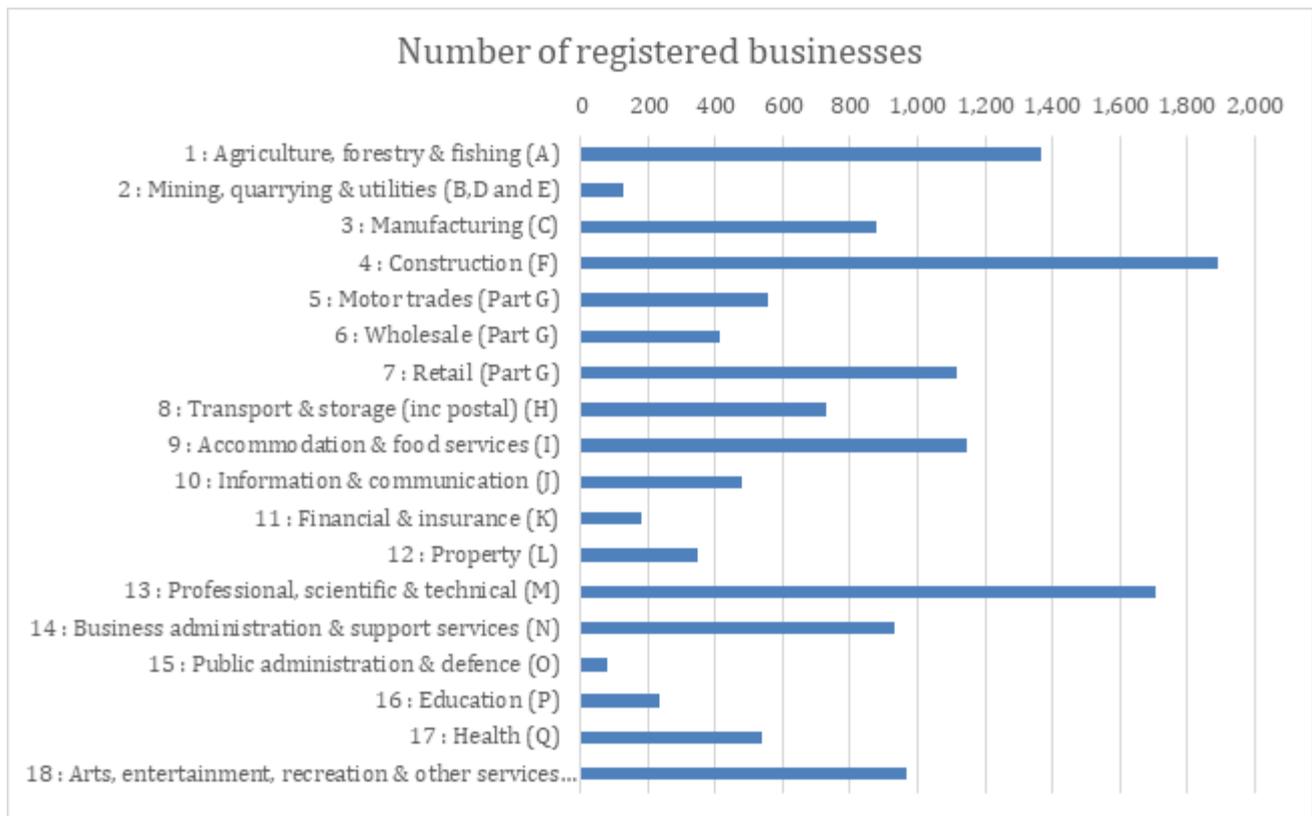


Figure 6: number of registered businesses in Durham

The numbers of businesses in Durham has generally been growing as part of a general trend of recovery and growth following the 2008 global downturn. However, total business numbers declined in 2018³⁸, despite a record number of new businesses starting during that year³⁹.

The chart below shows that most sectors saw some growth in numbers of businesses over the period 2015 - 2018, but the period saw a reduction in the number of retail and wholesale businesses and a small reduction in arts, entertainment and recreation⁴⁰. The period between 2012 and 2016 saw a decline in the number of larger businesses but an increase in micro, small and medium sized businesses. As these

³⁵ www.durhaminsight.info/economy-and-employment/

³⁶ www.durhaminsight.info/economy-and-employment/

³⁷ www.communityfoundation.org.uk/wordpress/wp-content/uploads/2017/10/Vital-Issues-County-Durham-including-Darlington-2017-Local-economy-1.pdf

³⁸ NOMIS Labour Market Statistics.

³⁹ www.informdirect.co.uk/company-formations-2018/durham/

⁴⁰ www.communityfoundation.org.uk/wordpress/wp-content/uploads/2017/10/Vital-Issues-County-Durham-including-Darlington-2017-Local-economy-1.pdf

become a more significant part of the local economy, it is important to be able to offer them appropriate support (such as BEEP).

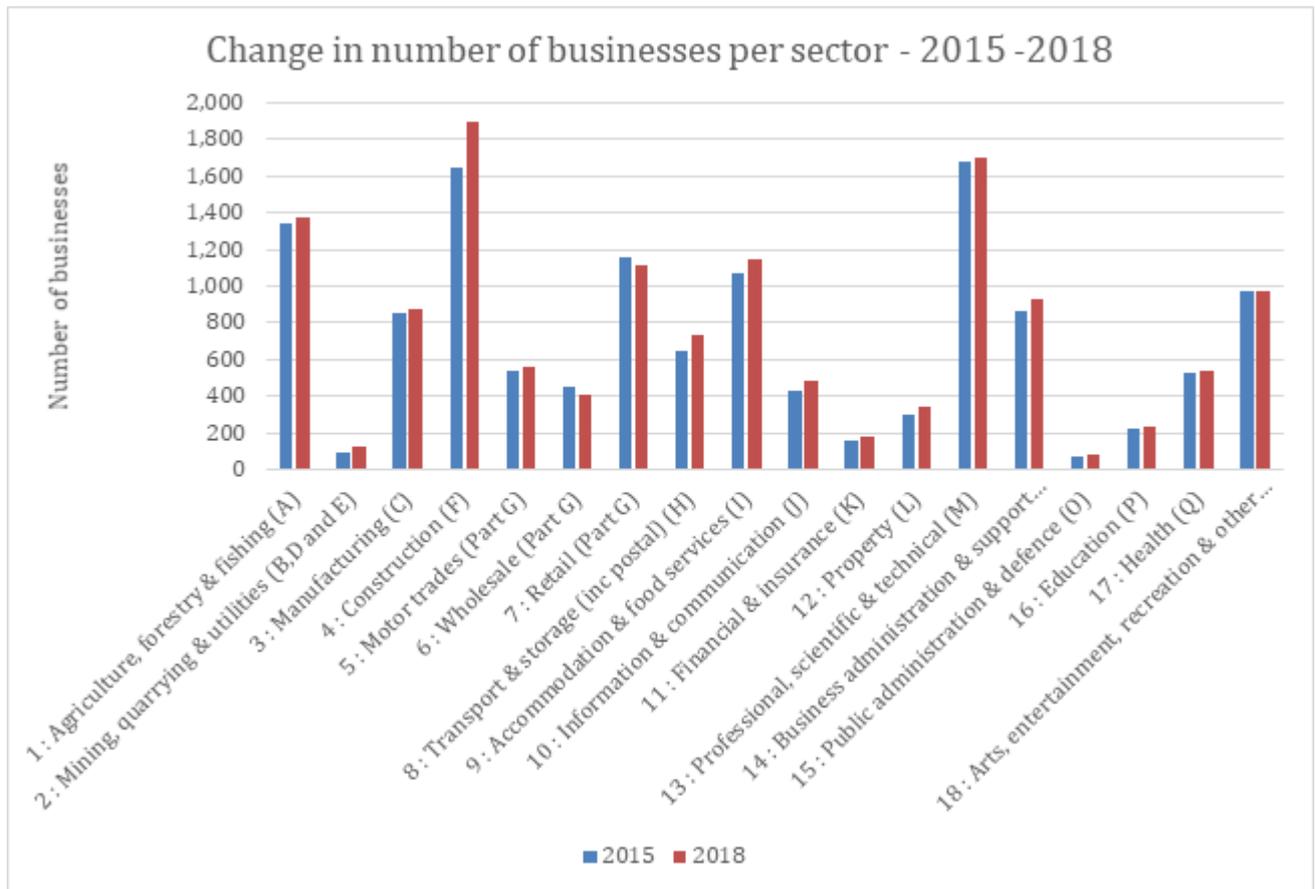


Figure 7: change in number of businesses per sector in Durham

8.2 Sizes of business by sector

BEEP has focused on SMEs. The table below shows the breakdown of businesses in different sectors based on their size⁴¹:

⁴¹ NOMIS Official Labour Market Statistics.

Table 10: businesses in different sectors based on size in Durham

Industry	Total	Micro (0 to 9)	Small (10 to 49)	Medium-sized (50 to 249)	Large (250+)
1 : Agriculture, forestry & fishing (A)	1,370	1,345	20	0	0
2 : Mining, quarrying & utilities (B,D and E)	125	100	20	5	0
3 : Manufacturing (C)	880	615	180	75	10
4 : Construction (F)	1,895	1,745	130	20	0
5 : Motor trades (Part G)	555	515	40	5	0
6 : Wholesale (Part G)	410	335	60	10	0
7 : Retail (Part G)	1,115	990	115	10	0
8 : Transport & storage (inc postal) (H)	730	655	60	15	0
9 : Accommodation & food services (I)	1,145	915	210	15	5
10 : Information & communication (J)	480	470	10	0	0
11 : Financial & insurance (K)	180	165	10	0	0
12 : Property (L)	345	315	20	10	0
13 : Professional, scientific & technical (M)	1,705	1,605	85	15	0
14 : Business administration & support services (N)	930	850	70	15	0
15 : Public administration & defence (O)	80	65	10	0	0
16 : Education (P)	235	165	35	25	10
17 : Health (Q)	540	325	170	45	5
18 : Arts, entertainment, recreation & other services (R)	970	860	100	10	0
Column Total	13,685	12,040	1,345	270	35

The table shows that there is a significant base of micro-businesses in Durham; whilst these will make a sizeable contribution to the commercial sector's carbon footprint, the carbon associated with each business will be small.

Manufacturing businesses are more likely to be operating at scale: there is a base of 75 medium sized manufacturing businesses, and these offer a good target market for energy efficiency interventions. There is a diverse mix of smaller businesses across multiple sectors, with retail businesses, accommodation and food services, construction firms, agriculture forestry and fishing, and professional scientific and technical making up more of the business population at smaller sizes.

8.3 Employment by size and sector

There were an estimated 172,950 jobs in County Durham in 2015, of which 68% were full-time jobs and 32% were part-time jobs. Employee numbers have increased in recent years, with the Durham economy outperforming the North East and England in terms of increased employment⁴².

Around 78% of jobs were in the private sector and 22% in the public sector; there has been significant shrinkage in the public sector in the period since 2015 as a result of national austerity policies. Growth in private sector jobs has compensated for this, resulting in an increase in overall number of jobs.

Male employment (79%) is higher than female employment (70%). Women are more likely to work part-time, with 38% of women in part-time employment compared to 12% of men⁴³.

There are significant issues of deprivation related to employment, income and education in some parts of the county⁴⁴. The picture is improving overall but there are some areas of deep deprivation particularly in East Durham (Peterlee), and in the north and south of the county (near Bishop Auckland).

⁴² www.durhaminsight.info/economy-and-employment/related-factsheets-economy-and-employment/jobs/

⁴³ www.durhaminsight.info/economy-and-employment/

⁴⁴ www.countydurhampartnership.co.uk/media/22690/County-Durham-Profile-2017/pdf/County_Durham_Profile_2017.pdf

8.4 Geographic spread and clusters or zones

The largest employment centres are in the urban centre of Durham City and in edge-of-town business and industrial parks to the south of Newton Aycliffe (mostly traditional manufacturing) and to the west of Peterlee (automotive manufacturing and call centres).

The major site for knowledge-based employment is also in Durham City reflecting the presence of major hospitals, the university and Durham County Council’s headquarters, as well as the financial and business services sector’s preference for a city centre location which can draw upon a highly skilled workforce.

8.5 Energy use

The chart below shows the trend in final energy consumption in the industrial and commercial sector in Durham from 2010 – 2016⁴⁵. These figures cover all industrial and commercial uses so they include larger businesses and industrial sites that were outside the scope of BEEP. During the period to 2016, gas use in the sector reduced by 14% and electricity use by 11%.

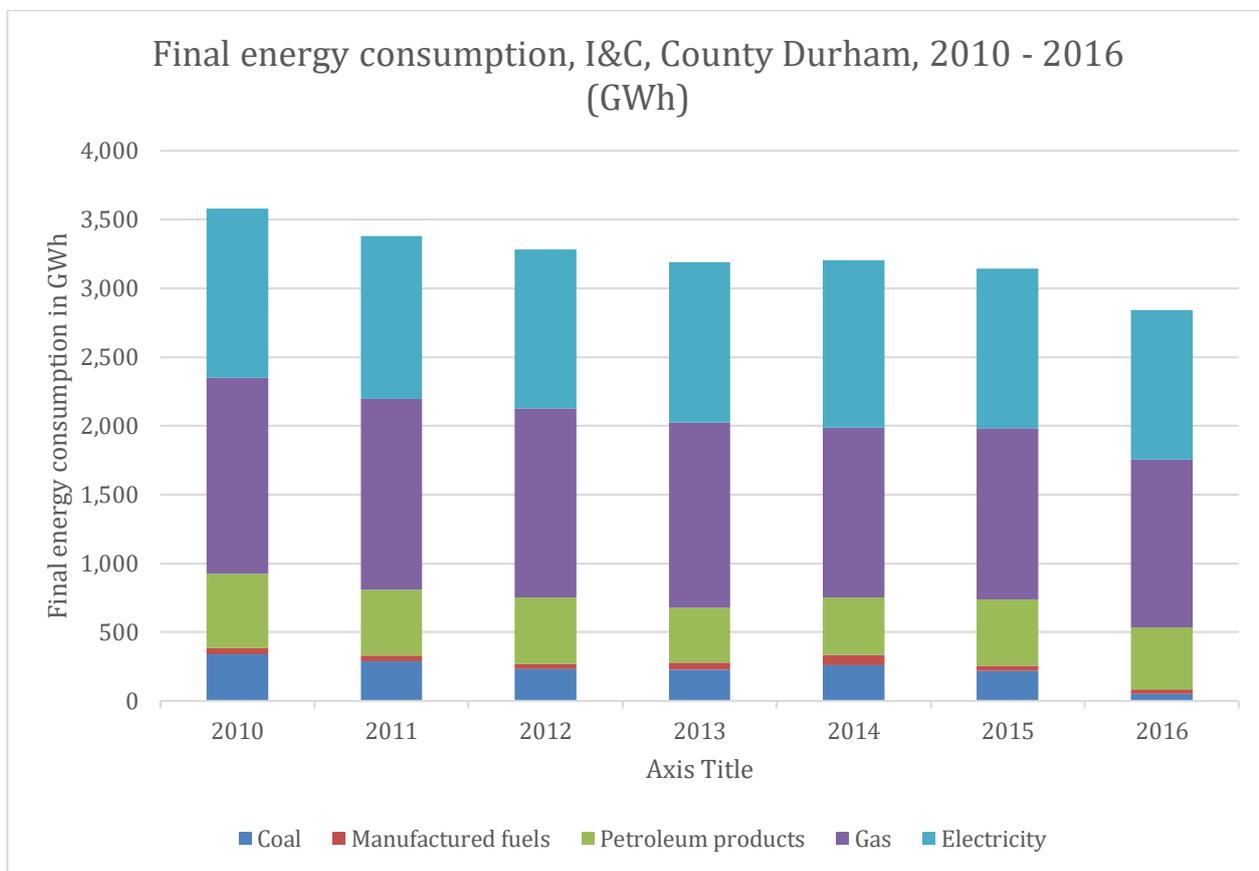


Figure 8: energy consumption in the industrial and commercial sector in Durham (2010 – 2016)

8.6 Carbon emissions

The chart below⁴⁶ shows the trajectory for carbon emissions in the Industrial and Commercial sector between 2005 and 2016.

⁴⁵ www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-2016

⁴⁶ www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-2016

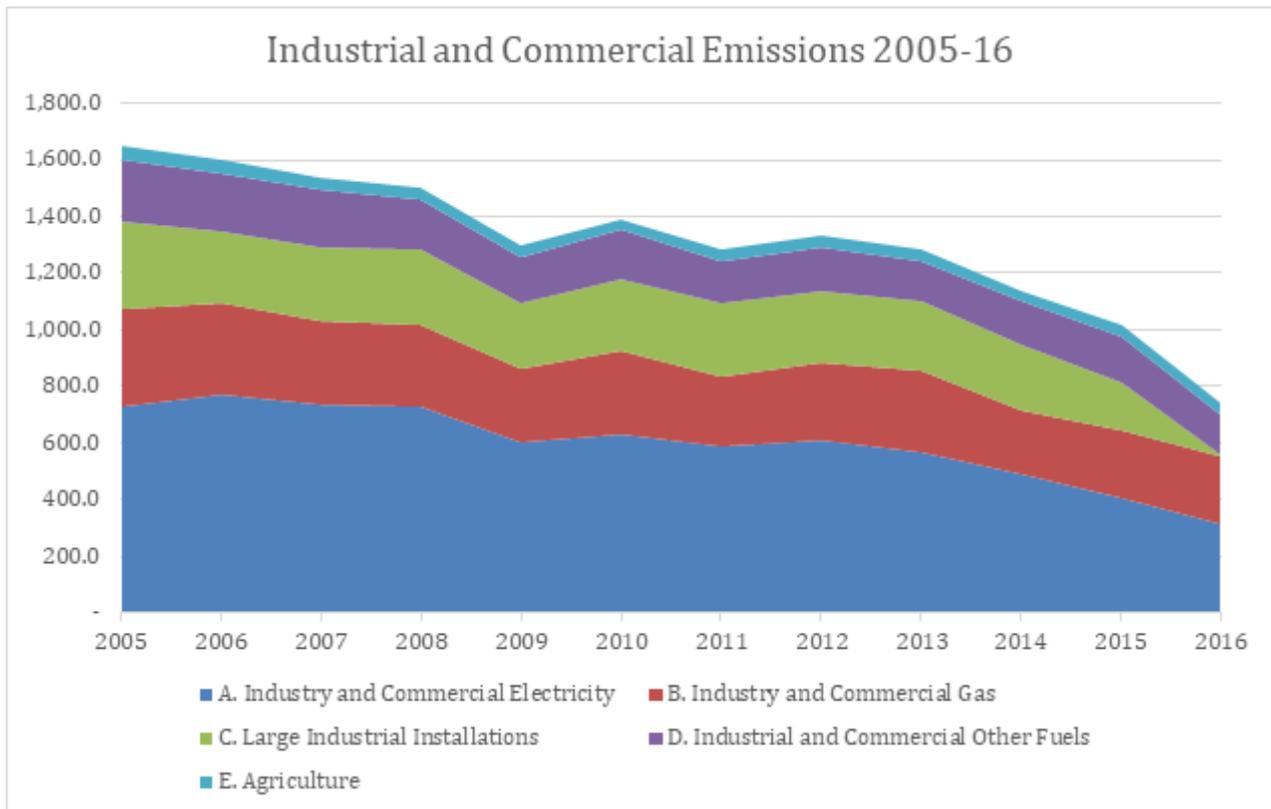


Figure 9: industrial and commercial carbon emissions in Durham (2005-2016)

The chart clearly shows the marked decline in emissions from Large Industrial Installations (the central green stripe) which likely also accounts for the drop-off in use of coal.

The other notable element of this chart is the decline in emissions from electricity. We have already seen that electricity use fell by 11% between 2010 and 2016; carbon emissions from electricity during this period fell by 50%, a result of increased efficiency of equipment, greater efficiency in use and behaviour and, most significantly, grid decarbonisation.

Gas use fell by 14% in the period 2010 -2016, and gas related carbon emissions fell by 20% in that period. This will comprise combinations of upgraded heating systems and improved energy efficiency, for example, through better controls.

8.7 Energy performance of buildings

Energy Performance Certificates provide an energy rating for commercial buildings. Since their introduction in 2009, a total of 6,844 non-domestic EPCs have been generated in Durham, covering in excess of 4.7million m².

The graph below shows the distribution of these Energy Performance Certificates according to their energy rating⁴⁷:

⁴⁷ www.gov.uk/government/statistical-data-sets/live-tables-on-energy-performance-of-buildings-certificates

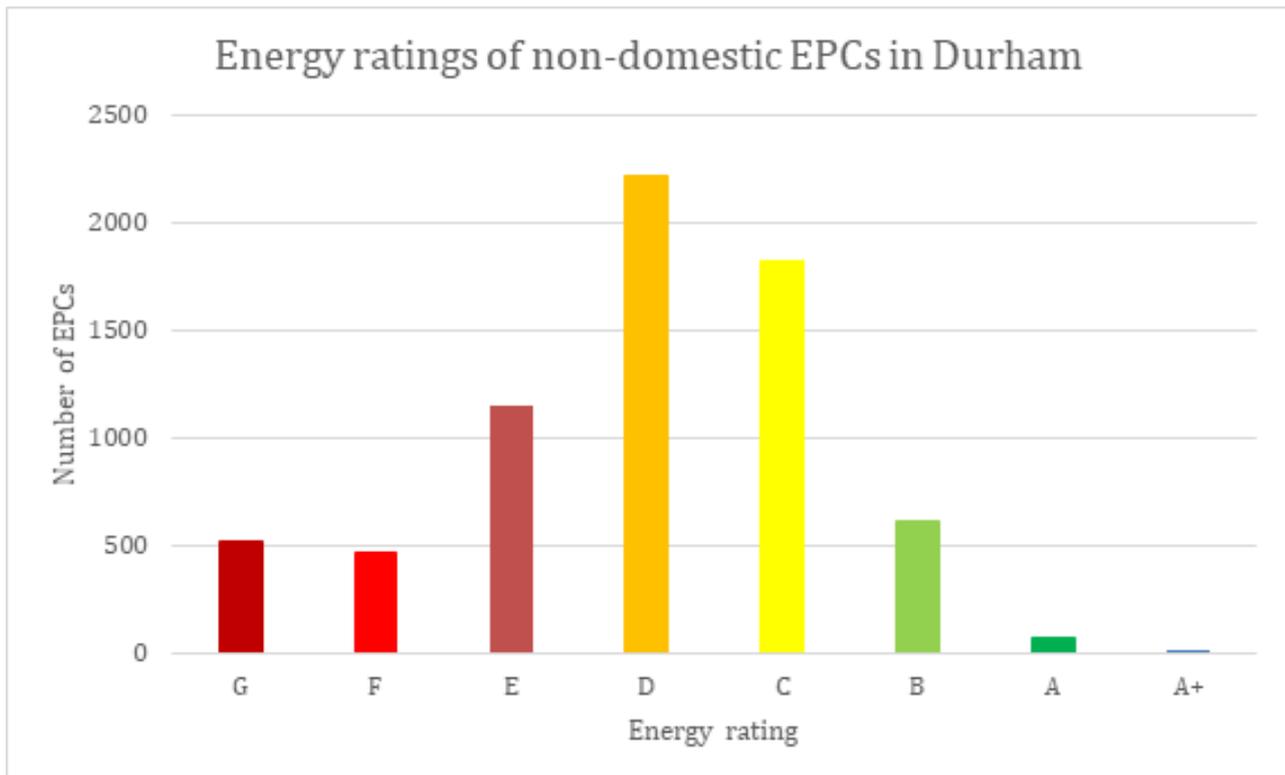


Figure 10: energy performance ratings of non-domestic buildings in Durham

8.8 Energy intensity

Research carried out by BEIS⁴⁸ across England and Wales identifies that some sectors are more energy intensive than others.

Manufacturing businesses are significant energy users and have been a key target for BEEP as a route to supporting major local employers who have the greatest potential to cut energy costs and carbon emissions.

Hospitality / accommodation / food businesses are also highly energy intensive, due to their use of electricity (for lighting, refrigeration etc) but also gas or other fuels for heating and hot water. BEEP's engagement of golf clubs, which have long opening hours and so high energy demand, has demonstrated the value of energy savings to these types of businesses.

Retail sites are electricity-hungry, often combining refrigeration and lighting with cooling systems. Offices and warehouse sites tend to be less energy intensive as they have simpler demands and (in the case of warehouses) a lower emphasis on provision of comfort.

⁴⁸ Building Energy Efficiency Survey, BEIS, 2016: www.gov.uk/government/publications/building-energy-efficiency-survey-bees

9 Appendix B: National policy and regulation around business energy efficiency

This Appendix provides an overview of the policy context within which BEEP was developed and delivered.

9.1 Landscape pre 2017

Most of the energy efficiency policies affecting business at the start of BEEP were developed in the 1990s and early 2000s. These include:

- Performance labelling for products (such as A-G ratings and Energy Star type labelling), which has led to the least efficient products being removed from the market.
- Performance labelling for buildings (implemented through Energy Performance Certificates and Display Energy Certificates where appropriate).
- Climate Change Agreements: long-term agreements put in place with energy intensive (usually primary materials, processing or manufacturing) sectors to support energy reduction and decarbonisation over time.
- Financial incentives such as the Feed-In Tariff, Renewable Heat Incentive, Enhanced Capital Allowances and Low Interest Loans.
- Taxation or financial penalties such as the Climate Change Levy or penalties incurred under the Carbon Reduction Commitment.
- The Energy Savings Opportunity Scheme (ESOS), a mandatory energy assessment scheme for large businesses (which fall outside the scope of BEEP).

The business energy efficiency policy landscape at this time was regarded as complex and ineffective⁴⁹. For example, Government consulted on the business energy efficiency tax landscape in 2015/16. Much of the effective action was targeted at larger organisations, with SMEs excluded by policy design or marginalised by policy complexity.

9.2 2017 - Present

The UK Government's Clean Growth Strategy (2017)⁵⁰ set out the Government's ambition for improving business and industry efficiency. The strategy called for the development of a package of measures to support businesses to improve their energy productivity, by at least 20% by 2030. This includes:

- Improving the energy efficiency of new and existing commercial buildings following the outcome of the independent review of building regulations and fire safety. The Independent Review⁵¹ was published in May 2018; Government published an Implementation Plan related to high-rise buildings in response in December 2018. Note that a proposed review of Building Regulations in 2016, at the start of BEEP, was postponed by Government as part of its goal of reducing regulation.

⁴⁹ A new approach to non-domestic energy efficiency policy, UCL Energy Institute for the Climate Change Committee, 2017: www.theccc.org.uk/wp-content/uploads/2016/10/A-new-approach-to-non-domestic-energy-efficiency.pdf

⁵⁰ Clean Growth Strategy, UK Government, October 2017:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700496/clean-growth-strategy-correction-april-2018.pdf.

⁵¹ Independent Review of Building Regulations and Fire Safety: Final Report, Hackett Review, May 2018:

www.gov.uk/government/publications/independent-review-of-building-regulations-and-fire-safety-final-report

- Consulting on raising the Minimum Energy Efficiency Standards (MEES) to improve the energy performance of rented commercial buildings (see section 9.4 below).
- Exploring how voluntary building standards could support improvements in the energy efficiency performance of business buildings, and how to improve the provision of information and advice on energy efficiency to SMEs.
- Simplifying the requirements to measure and report on energy consumption, to support businesses to identify where they can make changes to reduce energy spend.

In the 2018 Autumn Budget, Government announced changes to the Climate Change Levy (CCL) rates and the scrapping of Enhanced Capital Allowances (ECA). Further details of these announcements can be found in section 9.3 below.

In March 2019, Government announced a call for evidence around SME energy efficiency⁵². BEIS is now reviewing stakeholder feedback on a range of policy options including an energy company obligation for the business sector, new finance mechanisms and auction schemes.

9.3 Climate Change Levy and Enhanced Capital Allowances

UK Government introduced the Climate Change Levy (CCL) in April 2001⁵³. The CCL is an environment tax charged on the energy used by industrial, public, commercial and agricultural sectors. This tax is designed to incentivise businesses to be more energy efficient and reduce their emissions from buildings and industrial processes. It does not cover transport and business vehicles related emissions.

Energy suppliers collect the CCL through businesses' energy bills, chargeable on units of energy used (kWh). This money is then passed on to HM Revenue & Customs.

The Autumn Budget 2018 announced a move towards equalised gas and electricity rates, so the gas rate reaches 60% of the electricity rate in 2021-22. This measure will be effective from April 2020. Other fuels, such as coal, will continue to align with the gas rate.

Businesses within eligible energy intensive industries can receive discounts on CCL levies⁵⁴ through Climate Change Agreements (CCA). Government announcements have confirmed that the discount for sectors with CCAs will change so participants will not pay more in CCL than they would under the currently expected Retail Prices Index (RPI) increase for that year.

To offset the capital investment required to make energy efficiency improvements, businesses have been able to take up Enhanced Capital Allowances, tax relief on energy saving plant or machinery. However, Government announced in the Autumn Budget 2018 that ECAs would be scrapped⁵⁵.

⁵² Energy efficiency scheme for small and medium sized businesses: call for evidence, BEIS (March 2019):

www.gov.uk/government/consultations/energy-efficiency-scheme-for-small-and-medium-sized-businesses-call-for-evidence

⁵³ The Climate Change Levy (General) Regulations 2001: www.legislation.gov.uk/ukxi/2001/838/contents/made

⁵⁴ 90% on electricity bills and 65% on other fuels.

⁵⁵ The government will end ECAs and First Year Tax Credits for technologies on the Energy Technology List and Water Technology List from April 2020. ECAs are considered to add complexity to the tax system and the government believes there are more effective ways to support energy efficiency. The savings will be reinvested in an Industrial Energy Transformation Fund, to support significant energy users to cut their energy bills and transition UK industry to a low carbon future.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752202/Budget_2018_red_web.pdf

ACE Research and SE² have estimated typical annual CCL costs for businesses⁵⁶ as shown in the table below:

Table 11: Annual CCL cost to businesses by business size and energy source.

Business size ⁵⁷	Electricity CCL	Gas CCL
Very small	£25.30	£181.40
Small	£1,341.30	£2,084.30
Small / Medium	£4,401.60	N/A
Medium	£44,496.10	£17,309.80

9.4 Minimum Energy Efficiency Standards

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015⁵⁸ - the Minimum Energy Efficiency Standards (MEES) Regulations - aimed to improve the energy performance of properties in both the domestic and non-domestic private rented sectors.

Since April 2018, landlords of all non-domestic properties in England and Wales that are legally required to have an EPC, have been required to take action under MEES to improve the property's energy efficiency unless a valid exemption applies. The first milestone of the MEES Regulations targets F and G rated properties, requiring improvements to EPC band E.

Landlords are expected to pay to improve the energy efficiency of their property to comply. Fines can be levied for renting out a non-compliant property or for providing false or misleading information.

There are a number of exemptions:

- Where properties that have tenancies under 6 months (and the tenant does not have the right to renewal) or for more than 99 years are exempt, as are properties let on licence, or 'agreement for lease' arrangements.
- Where a relevant energy efficiency improvement does not meet the seven year payback test.
- Where landlords have already undertaken recommended improvements to the property, but it remains below an E EPC rating (sub-standard).
- Where wall insulation, including both cavity and solid wall insulation, cannot be installed.
- Where the landlord is unable to gain consent from a third party, including local authority planning consent, or consent from mortgage lenders, tenants and superior landlords.

⁵⁶ Gas and electricity prices in the non-domestic sector, BEIS, 2018: www.gov.uk/government/statistical-data-sets/gas-and-electricity-prices-in-the-non-domestic-sector

⁵⁷ Size of consumer (very small, small, small/medium) from gas and electricity prices in the non-domestic sector, BEIS, 2018: www.gov.uk/government/statistical-data-sets/gas-and-electricity-prices-in-the-non-domestic-sector. This is a UK classification based on a range of annual energy consumption:

Electricity	(MWh)	Gas	(MWh)
Very Small	0 - 20	Very Small	<278
Small	20 - 499	Small	278 - 2,777
Small/Medium	500 - 1,999	N/A	
Medium	2,000 - 19,999	Medium	2,778 - 27,777

⁵⁸ Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015: www.legislation.gov.uk/ukdsi/2015/978011128350/contents These regulations originate from the Energy Act 2011.

- Where the installation of measures would reduce the market value of the property by more than 5%.
- Where a person has suddenly become a landlord⁵⁹.

From April 2023, the minimum energy performance standard will increase, meaning that landlords will no longer be able to rent out E-rated properties.

The variable nature of commercial buildings makes it difficult to accurately estimate average costs to landlords meeting MEES, or the savings that tenants could expect. The MEES Final Stage Impact Assessment does however provide an overarching average cost estimate of £5,520 per property⁶⁰. The breakdown of costs includes:

- Installation costs vary over a wide range which reflects the variety of energy saving measures available (these range from £30 for hot water tank insulation to £8,400 for solid wall insulation).
- Financing costs (based on interest rates of around 6.9%).
- Assessment costs (estimated at £698).
- Hidden costs (these are estimated at 10% of the installation cost, of which 75% is typically born by the landlord).

There is less data available on the benefits to tenants. The Regulations Impact Assessment estimated total energy savings to tenants of £3,223m.

MHCLG's database of Energy Performance Certificates⁶¹ shows that 6,844 non-domestic EPCs have been issued in Durham (County) since 2008. Note that they are not necessarily a representative sample of the full commercial buildings stock so the following figures are broad indicators only.

Of 6,844 EPCs, 14% have an F or G rating and would therefore need to see energy efficiency improvements (or be exempted) before they can be let in future.

A further 17% of commercial buildings have an E rating, which means that they could not be rented out after April 2023 without improvement (or exemption).

9.5 ESOS, Carbon Reduction Commitment and Streamlined Energy and Carbon Reporting

Whilst these schemes do not apply to SMEs, their principles may come to inform future policy design for medium-sized businesses so we include some discussion of them here.

The **Energy Saving Opportunity Scheme (ESOS)** is a mandatory energy assessment scheme for larger organisations in the UK. Organisations that qualify for ESOS must carry out audits of the energy consumed by their buildings, industrial processes and transport every four years to identify cost-effective energy saving measures. The scheme is administered by the Environment Agency, which can issue both civil sanctions and financial penalties. On average, typical external costs (where consultants are brought

⁵⁹ This exemption provides landlords six months to comply with the regulations before enforcement action can be taken.

⁶⁰ Final Stage Impact Assessment for the Private Rented Sector Regulations, BEIS 2015:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/401379/150202_PRS_Final_Stage_Revised_For_Publication.pdf

⁶¹ MHCLG, Energy Performance of Buildings Data: England and Wales Open Access Database, accessed July 2019: <https://epc.opendatacommunities.org/>.

in to deliver ESOS requirements) incurred by obligated parties are between £6,150 and £14,388⁶². The most common assessor's service cost was found in the range of £7,000 to £10,579.

The **Carbon Reduction Commitment Energy Efficiency Scheme (CRC)** was a mandatory UK scheme aimed at improving energy efficiency and reducing CO₂ emissions in large public sector organisations and quoted companies. The CRC scheme applied to large energy users with annual electricity consumption of over 6,000MWh who were not covered by Climate Change Agreements or the EU Emissions Trading System. Participants were required to buy allowances, from the Government or the market, for every tonne of carbon they reported under the scheme. Organisations that reduced their emissions therefore reduce the cost of compliance. A company that failed to surrender sufficient allowances for the year received a financial penalty (though this element was removed from the scheme).

In the 2016 Budget, the Government announced the closure of the CRC scheme at the end of 2018/19. The Government recovered the tax revenues lost by closing the CRC Scheme through the CCL, while reporting of emissions will be reflected in the forthcoming Streamlined Energy and Carbon Reporting (SECR) framework described below.

The **Streamlined Energy and Carbon Reporting (SECR) framework**⁶³ was introduced in April 2019 and requires quoted companies, large unquoted companies and large Limited Liability Partnerships to report on their energy use and carbon emissions on an annual basis (requirements differ slightly by type of company). All are required to provide a narrative on energy efficiency measures that they have undertaken. Companies outside the scope of mandatory reporting are encouraged to report on a voluntary basis: this could be a lever for SMEs who wish to report on their activities.

9.6 Smart meters

Smart meters are the next generation of gas and electricity meters and offer a range of intelligent functions.

The Government committed⁶⁴ to ensuring that every home and small business⁶⁵ in the country is offered a smart meter by the end of 2020. Non-domestic sites can be offered advanced meters rather than smart meters⁶⁶. Both large and small gas and electricity suppliers are required by their licence to take all reasonable steps to roll out smart meters to all of their domestic and small business customers. Suppliers are generally behind schedule on the roll-out of smart meters across the country.

Smart meters are expected to provide SMEs with a clearer understanding of their energy use, providing half-hourly data so that business managers can identify opportunities for savings (for example, by reducing out of hours usage). Research commissioned by British Gas and carried out by Oxford

⁶² Evaluation of the Energy Saving Opportunity Scheme, BEIS, October 2017: www.gov.uk/government/publications/energy-savings-opportunity-scheme-esos-evaluation-of-the-scheme.

⁶³ Environmental Reporting Guidelines, including Streamlined Energy and Carbon Reporting requirements, BEIS, 2017: <https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance>.

⁶⁴ Smart Systems and Flexibility Plan, UK Government, 2017: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/633442/upgrading-our-energy-system-july-2017.pdf.

⁶⁵ BEIS guidance defines these as 'business or public sector customers whose sites use low to medium amounts of electricity (defined as a smaller non-domestic site falling within Balancing and Settlement Code Profile Classes 1, 2, 3 or 4) or gas (defined as a smaller non-domestic site using less than 732MWh of gas per annum). The sites therefore range from individual micro- and small businesses to the smaller sites of private and public sector organisations'.

⁶⁶ Advanced meters must, as a minimum, be able to store half-hourly electricity and hourly gas data, to which the customer can have timely access.

Economics in 2012⁶⁷ suggested that savings of 4-5% could be achieved through greater awareness of energy use and simple behavioural changes. Installation of energy saving measures (low energy lighting or more energy efficient equipment) could increase these savings to 7-15%.

To the end of March 2019, around 1.17 million smart meters had been installed in non-domestic premises across Great Britain⁶⁸. Around 90% of these are electricity meters. Data on smart meter installations at a regional or sub-regional level – current and planned – is not available.

⁶⁷ Smart meters to save SMEs billions, IEMA, October 2012: <https://transform.iema.net/article/smart-meters-save-smes-billions>.

⁶⁸ Smart Meters: Quarterly report to end March 2019, BEIS, 2018: <https://www.gov.uk/government/statistics/statistical-release-and-data-smart-meters-great-britain-quarter-1-2019>.

10 Appendix C: SME survey results

An online survey was sent to all SMEs who have had some interaction with the programme since it began. This ranged from those who only made an initial enquiry, all the way through to those who received a grant for installed measures.

The survey link was sent out to the 144 SMEs who have engaged with BEEP. 21 responses were received (14.5%). Three SMEs offered to speak to the team over the phone to explore the reasoning behind their responses.

This appendix summarises the survey findings, with excerpts included within the main report where relevant.

How did you hear about BEEP?

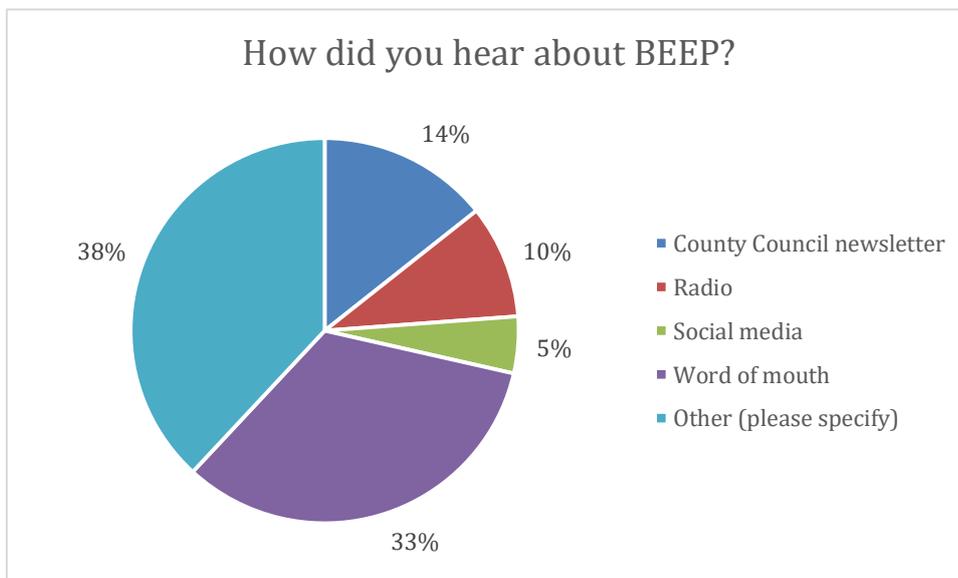


Figure 11. Engagement method.

A third of the respondents (33%) heard about BEEP through word of mouth, a good indicator of how useful the referring SMEs found the programme. 14% first heard about BEEP through the County Council newsletter delivered to homes across the area, a low-cost communication route that has wide coverage and a significant response rate. Two SMEs responded to radio adverts (10%) and one to social media (5%). Other ways in which SMEs heard about BEEP were:

- Direct contact from DCC.
- Business Durham email.
- Referral from Sunderland University SAM project.
- Local publication on Aycliffe Business Park.
- Networking Event.
- Exhibition.

How far did you progress through the BEEP process?

There are a number of different stages in the BEEP process, and we were interested to find out how engaged with BEEP the survey respondents were: from just making an initial enquiry or having an introductory meeting, to going ahead with the survey and recommendations, right through to installing measures and in some cases receiving grant funding.

SMEs from all stages of the process were sent the survey.

As figure 12 below shows, all respondents at least got as far as the survey and recommendations. This is not surprising as those who didn't get past the initial stages are less engaged with BEEP and so less likely to respond to an online survey. Of the 21 respondents, 9 had the survey and recommendations report (43%), 4 had implemented measures (19%) and 8 had implemented measures and received grant support (38%).

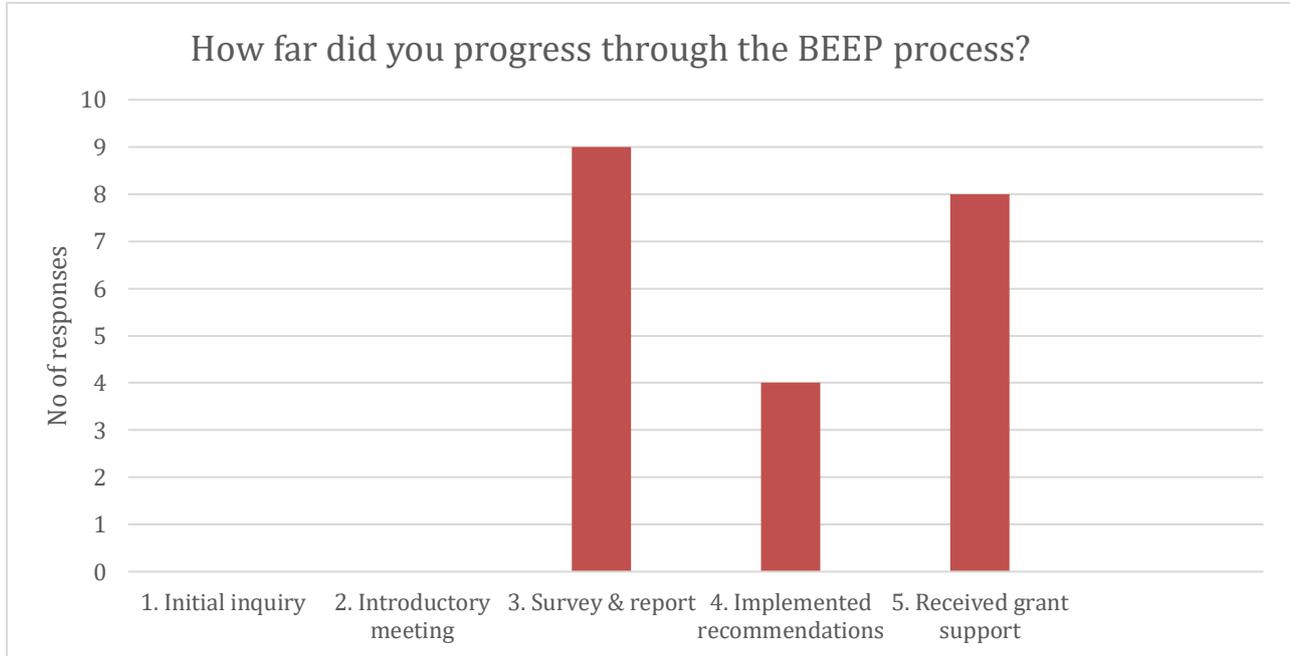


Figure 12. BEEP progression

One SME noted that they hadn't progressed any further than the survey and report as the *“business is going through a transition. The recommendations are good, but will only be implemented when things have settled down”*.

Another who received grant support noted that they had *“installed LED lights, PIRs and motion sensors. This was done in such a way as to not impact customers at all. The lights can be operated by a standard on/off switch when guests are present, or in a 'setup' mode where the sensors operate them.”*

How would you rate the different elements of the BEEP process?

SMEs were then asked to rate the different elements of the BEEP process: the information they initially received, the time the process took, the support they received from their BEEP officer and the recommendations made for this business.

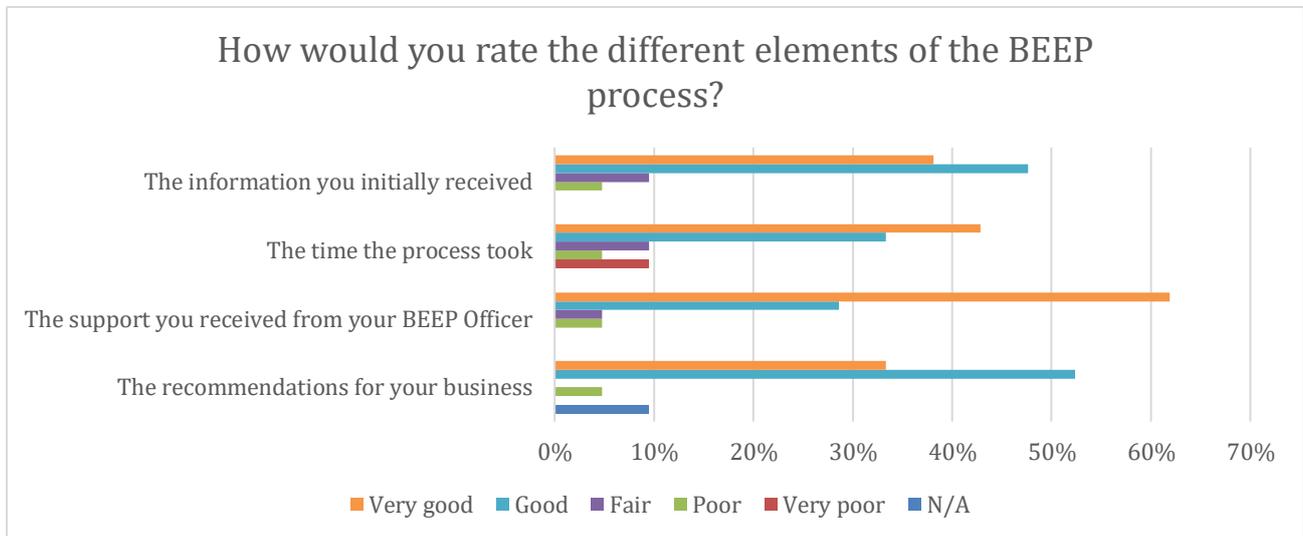


Figure 13. Rating BEEP.

The support received from BEEP officers was very highly rated, with 90% of respondents saying it was good or very good, closely followed by the information initially received and the recommendations for their business, both at 86% good or very good. The time the process took is less well rated, with only 76% of respondents saying it was good or very good.

Two of the respondents added further comments when a low rating was given. Both considered the time the process took to be very poor: one also rated all other aspects as poor.

One commented *“It went wrong early on - faulty equipment and unreliable data”* This led to the recommendations report being inconclusive. The BEEP team agreed that the failure of monitoring equipment was disappointing for both the SME and the BEEP team.

The other said: *“Got to the survey and report stage but it became very apparent that it was not going to progress in any sensible time frame to help our business... The fund is supposed to be supporting growth in the North East but is clearly in no way achieving that objective unfortunately.”* They had noted that from start to finish the BEEP process took 3-4 months *“when I had expected it to take a month”*.

While the BEEP team did agree that the process of support is lengthy, as detailed in Figure 13 above, all SMEs have to go through the individual steps of the project as agreed with ERDF.

What difference has BEEP made to your business?

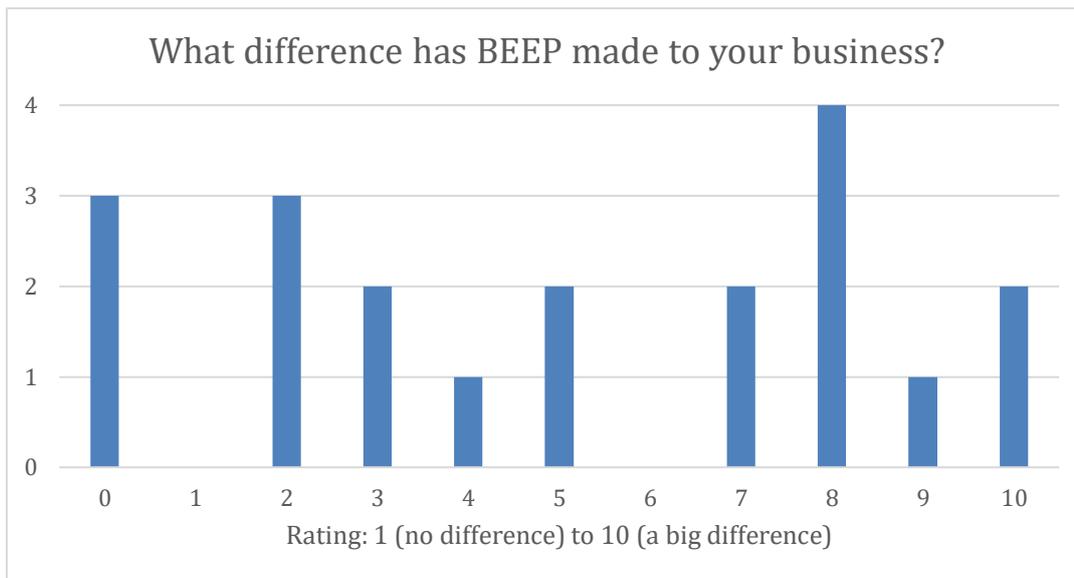


Figure 14. Impact of BEEP.

When asked to rate the difference BEEP had made to their business, there was a wide range of responses. 7 SMEs rated the difference that BEEP had made at 8 or above: 9 rated it at 4 or below, including 3 who ranked it as 0. The average score was 5.

Respondents were also asked if they thought there had been any **unexpected outcomes** following the BEEP support, for example partnership working with neighbouring businesses or being able to expand their own business. On the whole, respondents either didn't respond or said no, one of whom explained *"There was little we could afford to implement even with grant help. A few small adjustments can be made but that will have little effect on our costs going forward"*. However, one respondent said 'possibly' (although didn't expand on what) and another welcomed the wider 'knowledge of available support'. Another noted that *"while BEEP wasn't able to solve our engineering issue, we are now more aware of the energy we use"*.

Another SME noted that *"there had been no impact on the customers - which is good - but there has been a marked improvement in energy bills, particularly overnight usage, and the equipment has probably paid for itself already"*.

Implementing measures

15 respondents answered the question 'Did you **encounter any difficulties** in implementing the BEEP recommendations?' Of these, 8 (53%) said they'd encountered no problems and 4 (27%) said either 'not yet' or that they haven't reached implementation stage yet. Of the 3 other respondents, 2 (13%) said the main difficulty had been cost. The other said there was 'no follow up and unclear', however it should be noted that this SME and the BEEP team experienced difficulties with monitoring equipment and data analysis, which meant that the recommendations were not entirely relevant.

SMEs were also asked if they'd **taken any further action** since their BEEP support ended. 16 SMEs answered this question, of which 7 (44%) said no. 6 (38%) said not yet: two of these respondents expanded further saying *"Not yet had time to reflect and implement anything from this as it has only been 6 months"* and *"Just kept the report in case we might get the grant for work next time"*. However, three of the respondents (19%) said that they have taken further action:

- “We upgraded the lights in our warehouse and paid for it ourselves without the grant.”
- “Installed more efficient compressors.”
- “Continue working mainly as we were but asking staff to be more aware, such as turning off lights, boiling the kettle with what was needed etc.”

Relevance and replication of BEEP

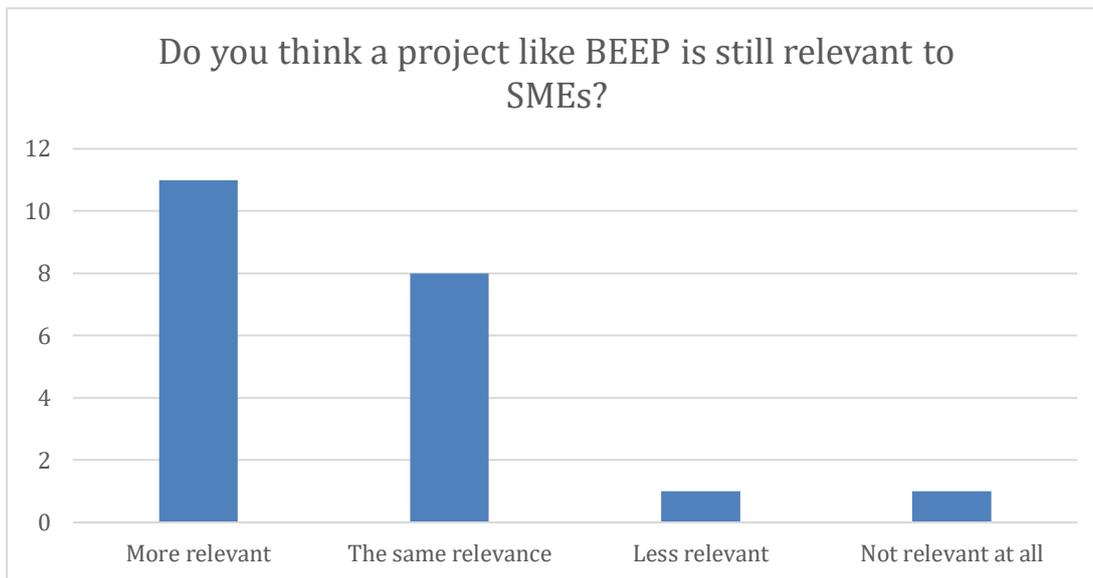


Figure 15. Relevance of BEEP.

Our next question asked if respondents thought a project like BEEP is still relevant to SMEs. 90% of respondents (19 SMEs) thought it had either more or the same relevance, confirmation of the need for ongoing support through BEEP 2 and other similar projects. 1 respondent considered a project like BEEP to be less relevant and 1 considered it not relevant at all: these are the same respondents that gave low ratings for the different elements of BEEP in Q3 above.

We also asked if respondents would **recommend BEEP to other SMEs**: 18 (86%) said they would. Of the other three, two were the same respondent who thought a project like BEEP was less relevant or not relevant at all to SMEs (above). The other did not expand on their answer but elsewhere said they ‘could not find fault with BEEP’.

One SME considered that the BEEP is highly relevant to SMEs. “100% - it has been useful to us, so it certainly should be useful to others”.

Recommendations for improving BEEP

We explained to respondents that DCC is applying for funding for BEEP 2 and asked for their ideas as to how the scheme could be improved. 11 SMEs gave a response, which can be split into two broad categories:

Promotion

- “Improve awareness of the scheme. We only found out about it by chance when it details were passed on to us”.
- “Marketing and getting the message out”.
- “Advertise it more widely to businesses – we only heard about it via word of mouth, so better publicity could enable more people to benefit”.

- *“Making people aware it’s available”.*
- *“Disseminate information to local businesses. We only found out via a recommendation”.*
- *“Little more marketing”.*

Funding

- *“More financial support to improve small businesses and help them to drive growth”.*
- *“Supporting further investments in other energy saving projects”.*
- *“Make sure there is enough funds to cover all projects”.*
- *“Actually having some money to spend with SMEs before publicising the scheme”.*
- *“Increase the grant levels”.*
- *“If really want to make small companies more efficient I think funding should be increased as the cost of carrying out work is not only the direct cost but also the cost of lost labour and production in the factory etc. Fully funded options would make it more likely for companies to consider the additional costs as worthwhile”.*

Any further comments?

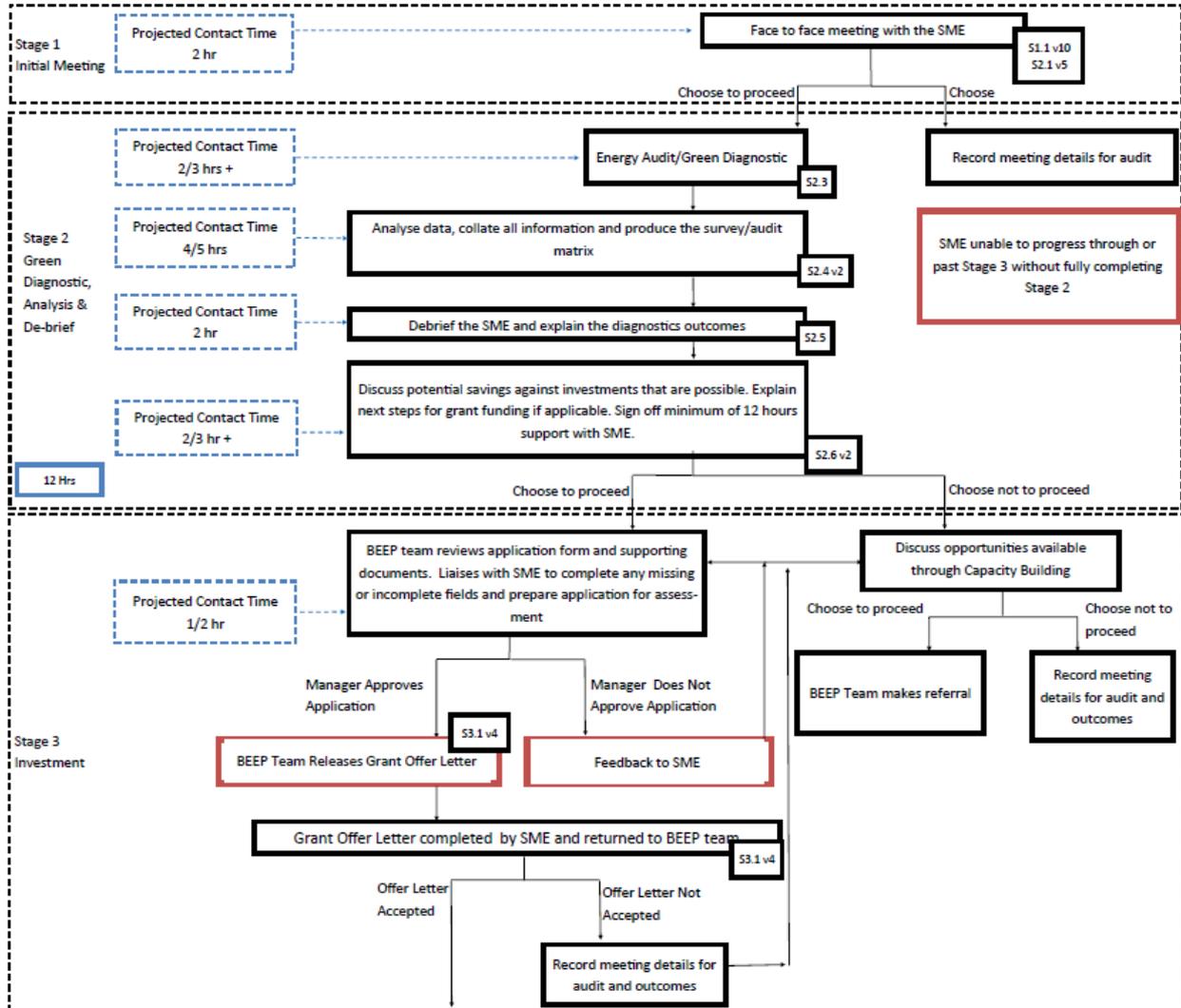
Finally, SMEs were asked if there were any general comments they would like to make, and they responded as follows:

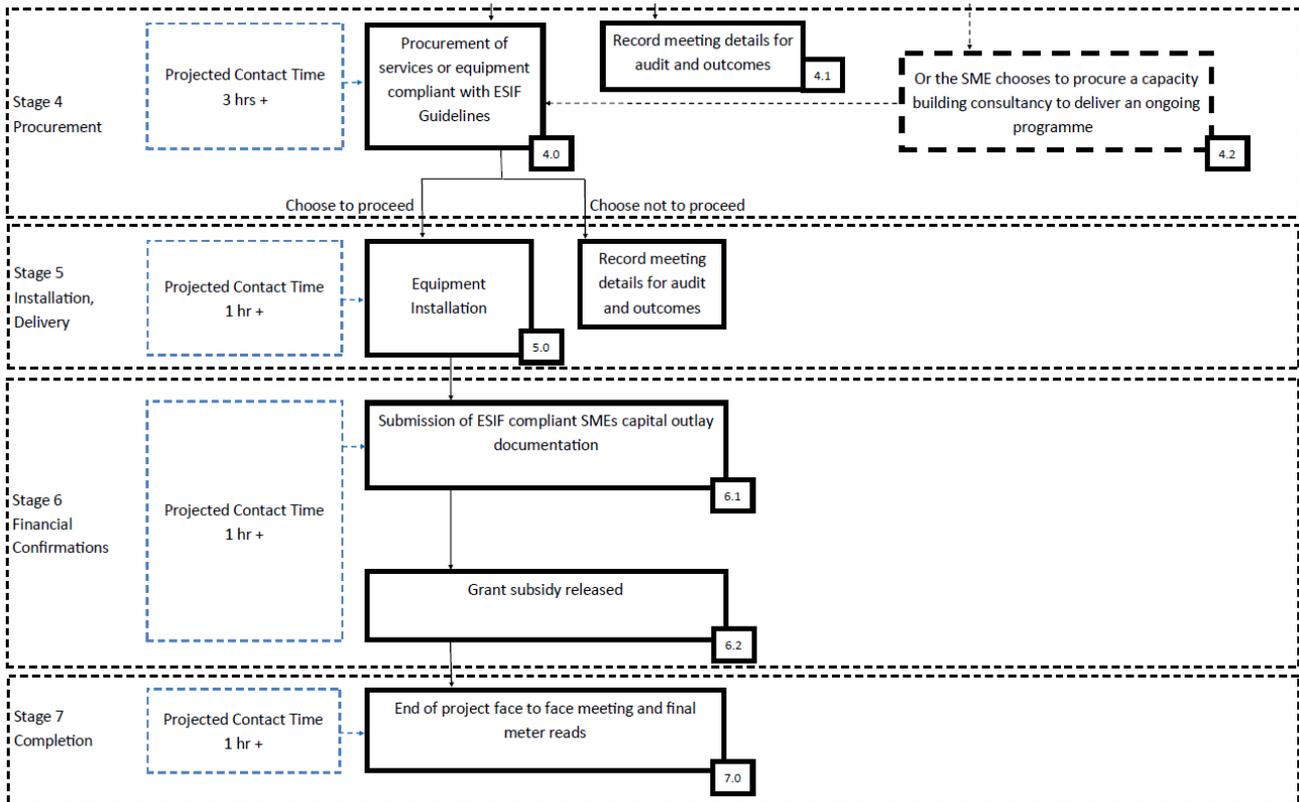
- *“It has been a really useful process so far and has got us to think about things in a different way. We look forward to progressing and seeing the difference”.*
- *“Just like to say that Malcolm Potter helped us in every step of the grant and gave 100%. He made it so simple”.*
- *“It was a smooth process”.*

11 Appendix D: BEEP process infographic



Business Energy Efficiency Project (BEEP)





12 Appendix E: Examples of BEEP marketing collateral

12.1 Case studies

12.1.1 Castle Eden Brewery



CASE STUDY

Castle Eden Brewery

Originally established in 1826, Castle Eden Brewery re-opened in Seaham with new management and refreshing plans. Castle Eden not only brew their own beer but brew on behalf of several well-known brands.

After its re-launch, Castle Eden Brewery began making strides at its new home in Seaham, but as they grew the cost of energy became an increasing problem. They called the BEEP team who were happy to help. The BEEP team installed sub metering equipment and conducted a fully funded energy audit; a range of cost effective energy improvements were identified including reducing the lighting requirement of unused by Castle Eden alongside replacing the current lighting used directly by the brewery for LEDs.

The BEEP team also identified that updating the current caustic soda and hot liquor tanks could generate an approximate saving of up to 70%!

"This is an exciting and busy time for us, knowing where we can make savings through better equipment without compromising quality has been a huge win for the Castle Eden team. With BEEPs support we know where to invest and where to make savings."



Cliff Walker and David Travers of Castle Eden Brewery

Through the BEEP teams metering and monitoring solution the team identified that one of Castle Eden's production machines is responsible for **40%** of their annual consumption



12.1.2 Dyer Engineering Limited



CASE STUDY

Dyer Engineering Limited



Dyer Engineering Limited are a fabrication and machining specialist based in County Durham

Following an energy audit, the BEEP team identified a range of cost saving options for Dyer Engineering. Of all the options available the most cost-effective area for improvement was to replace the existing high bay metal halide lighting and fluorescent tubes across all of their seven production facilities.

As a result of the lighting upgrade recommended by the fully funded BEEP energy audit, Dyer Engineering reduced their total lighting related energy consumption by more than 220,000kWh per year.

Due to the large kWh savings, the BEEP team were able to further support Dyer Engineering with a 40% grant to help reduce the payback period of their LED lighting improvements to under 12months.

"The BEEP team have been great. The process was quick, straightforward and reliable...everything you want when you're running a busy business. Furthermore the improvement to the quality of light has been remarkable"
Graeme Parkins - Managing Director.

As a result of the BEEP energy audit and the savings being generated by the LED lighting upgrades, Dyer Engineering are now looking at their improving the energy efficiency of their heating system.



Presenting the cheque.

Left to right: Calum Baker (BEEP), Malcolm Potter (BEEP) and Graeme Parkins (Dyer Engineering)



12.1.3 Peterlee Glass



CASE STUDY 

PLG Glass – Commercial Glass Suppliers

Peterlee Glass took advantage of the fully funded and personal support offered by the Business Energy Efficiency Project Team (BEEP) to drastically reduce their energy consumption and in-turn generate financial savings.

Following an in-depth energy audit the BEEP team identified the most cost effective solution for Peterlee Glass was to replace the old high bay metal halide lighting within the main factory area for highly efficient LED alternatives. This simple replacement would achieve significant savings.

Peterlee Glass also took full advantage of the BEEP recommendations report by adopting many of the cost effective solutions the BEEP team suggested. The Peterlee factory now boasts improved lighting controls throughout, LED lighting throughout the office areas, improvements to the heating system and DE stratification Fans within the main factory area.

Peterlee Glass received a £9,808 grant towards the cost of the highly energy efficient new lighting.

“The process was clear and straight forward, even the paperwork was simple. The support we’ve received from the BEEP team has been excellent, they’ve helped us make sustainable financial savings.” Said Graeme Hawes, Managing Director.

i The energy efficiency benefits from the LED lighting installation recommended within the report is projected to give a 46% energy savings on lighting within the factory, office and staff areas.



i Peterlee Glass installation at the Sage, Gateshead




12.1.4 Newton Aycliffe Workingmen's Club and Institute Ltd



CASE STUDY

Newton Aycliffe Workingmen's Club & Institute Ltd

The Big Club.

The Big Club took advantage of the fully funded and personalised support offered by the Business Energy Efficiency Project (BEEP). Following a change in the clubs management, the new management committee wanted to identify areas where money was being wasted.

Following an in-depth energy audit the BEEP team identified a number of cost effective solutions including lighting, general good housekeeping and improvements to the cellar chiller units. The most cost effective solutions for the Club was to replace the inefficient internal and external cellar chiller units and to encourage the brewery to replace the outdated and inefficient beer/soft drinks pump chiller units in the cellar and bar areas.

With the assistance of a 40% grant from the BEEP team, the Club replaced the cellar chiller units for their modern efficient equivalents. The Club also worked with the brewery to replace the pump chiller units, and taking the BEEP teams advice replaced the lighting throughout the building with LEDs.

The energy efficient improvements recommended by the BEEP team has seen the Big Clubs energy consumption reduce by over 85%.

"The BEEP team have been very helpful and always on hand to advise and guide us. We are delighted by the financial saving we are seeing through the better energy management and efficient equipment the BEEP team recommended." said Alan Nelson, Joint Secretary.

Below is a picture of the new external fridge chiller unit which has more modern upto date digital controls enabling it be much more efficient than the old unit.



The BEEP Team presenting the Grant Offer to The Big Club



www.bEEP.uk.net



12.2 BEEP engagement and communication materials

12.2.1 BEEP poster



European Union
European Regional
Development Fund



beep
business energy
efficiency project



Durham County Council are in receipt of European Regional Development Fund (ERDF) to deliver financial savings, energy efficiency and CO² reductions to County Durham's SMEs through our Business Energy Efficiency Project (BEEP)

BEEP is operating within the European Structural and Investment Fund (ESIF) programme 2014-2020

www.beep.uk.net

12.2.2 BEEP flyer



Every SME is different and therefore every solution is different, but generating financial savings through reducing your energy consumption is a relatively quick win.

www.beep.uk.net

The County Durham Business Energy Efficiency Project (BEEP) has been designed to help SMEs find financial savings by reducing their energy consumption.

In many cases energy efficiency is a relatively simple quick win for business, delivering short paybacks and year on year cost savings compared to 'business as usual'.

BEEP can offer fully funded advice, guidance, expert insight, equipment monitoring and financial support for the installation of efficient equipment.

Do you want to continue wasting money?



If you would like more information get in touch with the BEEP team who will be happy to help

business energy efficiency project Durham County Council



03000 265547



beep@durham.gov.uk



DCCBEEP

www.beep.uk.net

Our partners



North East England
Chamber of Commerce



12.2.3 BEEP 'showreel'



European Union
European Regional
Development Fund

beep | business energy
efficiency project



European Union
European Regional
Development Fund

beep | business energy
efficiency project



European Union
European Regional
Development Fund

beep | business energy
efficiency project



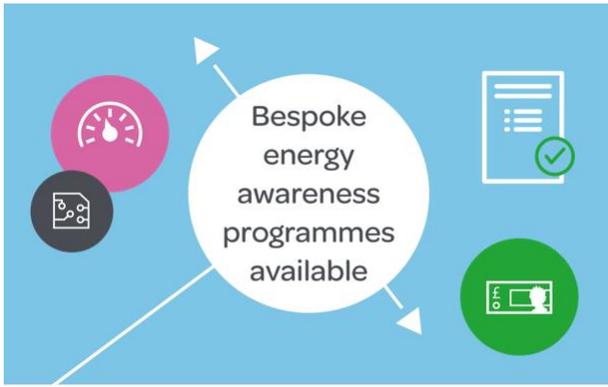
European Union
European Regional
Development Fund

beep | business energy
efficiency project



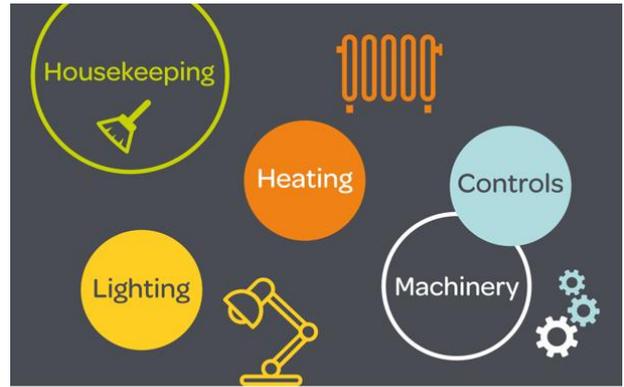
European Union
European Regional
Development Fund

beep | business energy
efficiency project



European Union
European Regional Development Fund

bEEP | business energy efficiency project



European Union
European Regional Development Fund

bEEP | business energy efficiency project



European Union
European Regional Development Fund

bEEP | business energy efficiency project

Our partners



12.2.4 BEEP guidance booklet⁶⁹

I want to make savings, how does the project work?



Once we have confirmed that your business meets the eligibility criteria we will undertake the audit. We will walk around your building(s) to take photos, make notes and ask questions about your operating hours and any machinery you operate.



During our initial visit we will give you more details about the project and explain what we can do, what we can't do and, most importantly, discuss what you would like to get out of it.

We need to confirm your business is compliant with the rules we need to adhere to, so during the visit we will ask questions about your business to collect information.

We need to be certain of the total amount of state aid you have received within the previous three consecutive financial years. You will be provided with a list of examples of what type of support constitutes state aid, but it does include activities like consultancy support, finance and equipment.

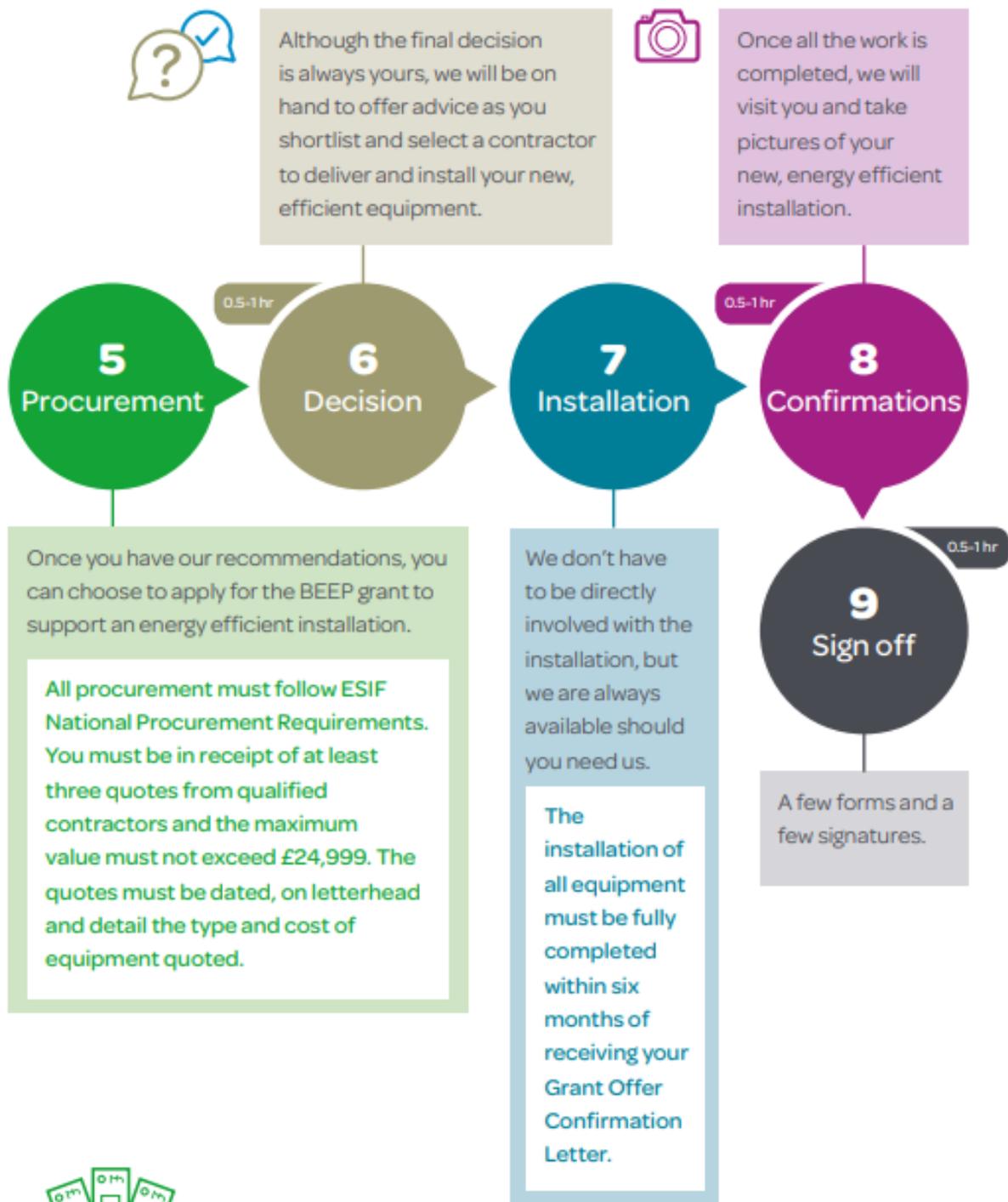
Take a little time to think and search your records relating to any public funded support you may have received. Read the BEEP State Aid Declaration form and if there are any questions please do not hesitate to ask the team. Complete the form with as much accuracy as possible, including your signature and the date of completion.

We will present you with our findings and recommendations. We will talk you through the actions we believe would result in the highest returns for investment and that will allow you to recoup your money back the quickest.



Read the BEEP State Aid Declaration form and if there are any questions please do not hesitate to ask the team.

⁶⁹ www.durham.gov.uk/media/26985/BEEP-Information-Booklet/pdf/BEEPInformationBooklet1.pdf?m=636845428616170000



You must be in receipt of at least three quotes from qualified contractors and the maximum value must not exceed £24,999.



12.2.5 Behaviour prompt cards

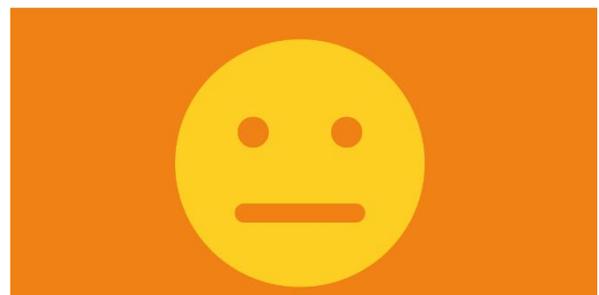


Outstanding effort!

By eliminating wasted energy we become more **competitive** and more **productive**.

We are working hard to **eliminate wasted energy** and generate financial savings so the business thrives.

The Business Energy Efficiency Project (BEEP) helps County Durham SMEs to identify and eliminate wasted energy. For more information or support please visit: www.beep.uk.net or email beep@durham.gov.uk



You've been caught!
You **know** better!

We are working hard to **eliminate wasted energy** and generate financial savings so the business thrives.

The Business Energy Efficiency Project (BEEP) helps County Durham SMEs to identify and eliminate wasted energy. For more information or support please visit: www.beep.uk.net or email beep@durham.gov.uk



Come on!
You **know** better!

Lets stop wasting money by wasting energy.

We are working hard to **eliminate wasted energy** and generate financial savings so the business thrives.

The Business Energy Efficiency Project (BEEP) helps County Durham SMEs to identify and eliminate wasted energy. For more information or support please visit: www.beep.uk.net or email beep@durham.gov.uk

12.2.6 Bus and street liners

Is your business switched on to energy savings?

Contact BEEP for a **FREE energy audit** or visit www.beep.uk.net

European Union European Regional Development Fund | Durham County Council | beep | business energy efficiency project | 03000 265547 | beep@durham.gov.uk | @DCCBEEP | in

Is your business switched on to energy savings?

European Union European Regional Development Fund | Durham County Council | beep | business energy efficiency project | www.beep.uk.net

12.2.7 Factsheets⁷⁰

The ever-increasing cost of energy continues to be a concern for businesses across the country, not least, County Durham.

Could reducing your ongoing business expenses and freeing capital benefit your business?

This factsheet and our wider Business Energy Efficiency Project aims to provide practical, introductory advice to micro, small and medium sized businesses. Our project aims to demonstrate that investing in energy efficiency can generate financial savings, strengthen your business, and support growth.

Being aware of how your business uses energy and, more importantly, where your business wastes energy, will make a difference to your bottom line.

UK Government figures suggest that the average SME could reduce its energy bill by 18-25% by installing energy efficiency measures, with an average payback of between one and three years ([DECC, 2015](#)).

This factsheet describes Metering and Monitoring.

⁷⁰ www.beep.uk.net/factsheets/

Accurate measurement of energy consumption allows a business to:

- Be confident about the accuracy of their billings and, therefore, what it is having to pay
- Make informed decisions about patterns of energy use, the efficiencies of equipment and working practices
- Schedule production in the most energy efficient way.

Metering and monitoring of energy usage can be undertaken at different levels of intensity. An individual business should, therefore, decide:

- 1 How much data is required? Too much can be as problematical as too little.
- 2 What data is currently available? For example, are energy invoices scrutinised? Are the readings estimated or actual?
- 3 How many meters do you have? What parts of the business do they measure?
- 4 How is the data analysed, who takes responsibility for it and how and to whom is it reported?
- 5 How much more data is needed for effective energy management?

The solution to a need for more data may be to replace the existing meters with new **RD** or **MID** approved meters that would be more accurate, provide half-hourly data and can be read remotely, removing the problematical 'estimated' bills.

If the business wishes to understand consumption in key, high usage areas, or between departments, business units or specific equipment in more depth, sub-metering could be installed on the customer-side of the main meters permanently or temporarily to identify the cost of one or more specific operations.



On a national level, the UK is on the cusp of a metering and monitoring 'revolution' with a 'roll-out' of smart and advanced metering

The vision is for 'smarter markets' that are more efficient and competitive. This will not be realised without changes to the arrangements that underpin how consumers interact with each other and the Utilities.

Ofgem has established the Smarter Markets Programme to help drive these changes. A more dynamic market, in which consumers use energy more efficiently through **demand-side response (DSR)**, is an essential part of the vision.

DSR can help to reduce consumer bills, including by delaying or avoiding investment in generation and network capacity. It can also lower carbon emissions and enhance security of supply.

With smart and advanced metering, many of these consumers will have meters that can record their half-hourly (HH) consumption for the first time.

This presents an opportunity to improve accuracy in the allocation of energy and network costs across the Utilities. It will allow for suppliers to be charged for the electricity their customers have actually consumed, as opposed to the current system that uses estimates of need.

Smart and advanced meters can also be remotely read so settlement can happen more quickly and efficiently. Ofgem consider that it is in consumers' interests to be invoiced from HH consumption data from smart and advanced meters. Using HH data for settlement will place stronger incentives on Utilities to help customers move load to periods when electricity is cheapest.





Jargon Buster

Demand-side response (DSR) – is the modification of consumer demand for energy through various methods such as financial incentives and behavioural change.

Usually, the goal of demand side management is to encourage the consumer to use less energy during peak hours, or to move the time of energy use to off-peak times such as night-time and weekends. Peak demand management does not necessarily decrease total energy consumption, but could be expected to reduce the need for investments in networks and/or power plants for meeting peak demands. An example is the use of energy storage units to store energy during off-peak hours and discharge them during peak hours. A newer application for DSM is to aid grid operators in balancing intermittent generation from wind and solar units, particularly when the timing and magnitude of energy demand does not coincide with the renewable generation.

Any gas or electricity meter used for the purpose of billing must be of an approved design; either RD or, since 2006, MID.

Regulatory Delivery (RD) – UK body responsible for the accuracy of gas and electricity meters.

Measurements Instruments Directive (MID) – is a European standard that harmonises measurement instruments so they can be used across European borders.

HH – refers to half-hourly monitoring or reading of consumption through a meter. 48 readings a day provide the business with a huge amount of data that can be translated into almost a ‘running commentary’ about how much electricity is being consumed, illustrating the peaks and troughs of usage. It is particularly useful for the identification of anomalies in consumption, e.g. why was more energy consumed on that Tuesday, compared to other Tuesdays or other days of the week.

The Business Energy Efficiency Project (BEEP)



BEEP helps County Durham SMEs generate financial savings through energy efficiency.

Contact the team to find out if we can help your business.



business energy efficiency project Durham County Council

03000 265547 | beep@durham.gov.uk | DCCBEEP

www.beep.uk.net



Disclaimer: The information in this document is provided in good faith, and every effort has been made to ensure that it is accurate at the time of publication. However, the Council gives no warranty as to the accuracy or completeness of the information contained in this document, and disclaims any liability for any inaccuracy or omission.

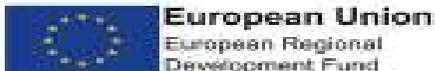
This page is intentionally left blank

Environment and Sustainable Communities Overview & Scrutiny Committee



How did BEEP come to be?

- Concept born within the Low Carbon Economy Team in 2015
- Intention to support SMEs with growing low carbon agenda
- ERDF Application approved in Summer 2016 with the Project live in October 2016 – til 2019
- Three specialists to deliver Energy Audits, one specialist with ERDF logistics experience
- Manager – Calum Baker
- Offers fully funded bespoke energy audits and grants of up to 40% of cost of recommended works



Altogether better





Electricity



Gas



Finance



Lighting



Energy Awareness



Chillers



Heating



Metering



Compressed Air



Office



Transport and Distribution



Staff Engagement



Technology



Hospitality and Leisure



Food and Drink



Renewables



Water



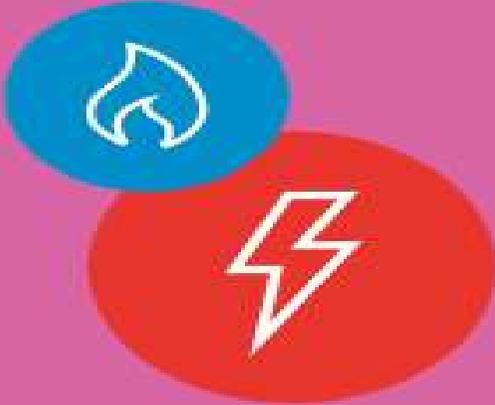
Warehouse



Altogether better



Where are we
now
September
2019

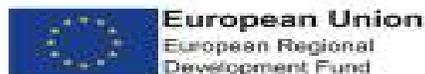


Altogether better



Where are we now – intended outcomes

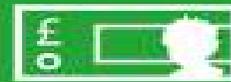
- 260 SMEs have participated
- 240 have received 12 hours of support
- 834t of CO2e saved
- Expecting further 500t to come in
- £60k of grants released, but demand for more



Altogether better



Aspirations for BEEP2

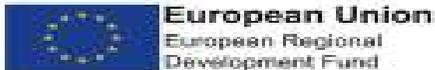


Altogether better



BEEP2 key differences...

- Larger grant pot £400k
- Steeper targets: 2633t CO2e, 324 SME's
- In house marketing
- Push heating and transport technologies
- Consider waste and water
- Counting active energy management
- Eligibility changes: DCC Financial assessment no undertakings in difficulty; 1 quote
- New Engagement Officer post 0.5FTE



Altogether better



What do we do next?



Altogether better



Aspirations for greater impact

“The greater emphasis on decarbonisation driven...by declarations of Climate Emergency will create challenges in terms of both the content and scale of future support programmes.”

How?

- Collaboration
 - With wider LCE team
 - With partner agencies
 - Between SMEs
- Improved marketing and communications
 - High/Regional level with BEST
 - Taking change internally



Altogether better



Climate Emergency

- Committed February 2019 to reduce the Council's carbon emissions by 60% by 2030
- Investigating what further actions are necessary to make **County Durham** completely carbon neutral by 2050 and pledge to achieve this
- Business is the most challenging area
- Climate Emergency Consultation - 19th September – 31st October 2019
- Early 2020 - Climate Emergency Action Plan



Altogether better





Altogether better



SME future low carbon support

- A post EU and ERDF funding world
- No government subsidies or support for installations and increased VAT
- No news on the Shared Prosperity Fund, touted as replacement for ESIF programmes
- **Yet** a UK Climate Emergency declared and a new set of targets
- Durham County Council priorities likely to remain economic development in addition to Climate Emergency



Altogether better



Commercial low carbon activity

- 'BEEP 3' could develop a (semi) commercial offer to support SMEs and become an honest high quality intermediary
- Seek out funding opportunities around heat and transport technologies and make them work for business
- Using our assets, generate and supply direct or via sleeving agreements to SMEs at a fair rate (becoming a business Energy Supply Company)
- Develop purely commercial projects eg solar PV or minewater heat with Power Purchase Agreements, selling to local partner



Altogether better



THANK YOU!



business energy
efficiency project

YOU'VE BEEN BEEPED

Altogether better



This page is intentionally left blank

**Environment and Sustainable
Communities Overview and Scrutiny
Committee**



24 January 2020

**Regeneration and Local Services –
Quarter 2: Forecast of Revenue and
Capital Outturn 2019/20**

Report of Corporate Directors

John Hewitt, Corporate Director of Resources

**Ian Thompson, Corporate Director Regeneration and Local
Services**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the forecast outturn budget for this service area highlighting major variances in comparison with the budget, based on the position to the end of Quarter 2 (30 September 2019).

Executive summary

- 2 This report provides an overview of the updated forecast of outturn, based on the position at Quarter 2, 2019/20. It provides an analysis of the budgets and forecast outturn for the service areas falling under the remit of this Overview and Scrutiny Committee and complements the reports considered and agreed by Cabinet on a quarterly basis.
- 3 The updated position is that there is a forecast revenue overspend of £1.765 million, against a revised budget of £73.650 million.
- 4 The revised service capital budget is £38.776 million and this is forecast to be fully spent by year-end.
- 5 Details of the reasons for under and overspending against relevant budget heads is disclosed in the report.

Recommendation(s)

- 6 Environment and Sustainable Communities Overview and Scrutiny Committee is requested to note the contents of this report.

Background

- 7 County Council approved the Revenue and Capital budgets for 2019/20 at its meeting on 20 February 2019. These budgets have subsequently been revised to account for changes in grant (additions/reductions), budget transfers between service groupings and budget re-profiling between years (in terms of capital). This report covers the financial position for the following budgets of the services within the scope of this committee;
- (a) Revenue Budget - £73.650 million
 - (b) Capital Programme – £38.776 million
- 8 The summary financial statements contained in the report cover the financial year 2019/20 and show: -
- (a) The approved annual budget;
 - (b) The forecast of income and expenditure as recorded in the Council's financial management system;
 - (c) The variance between the annual budget and the forecast outturn;
 - (d) For the revenue budget, adjustments for items outside of the cash limit (outside of the Service's control) to take into account such items as redundancies met from the strategic reserve, capital charges and use of / or contributions to earmarked reserves.

Forecast Revenue Outturn 2019/20

- 9 The service is reporting a cash limit overspend of **£1.765 million** against a revised budget of **£73.650 million**.
- 10 The following table shows the revenue outturn position analysed by Head of Service area.

Service Budget - Analysis by Head of Service £'000

Head of Service Grouping	2019/20 Budget £'000	Forecast of outturn £'000	Variance (under) / over spend £'000	Items Outside Cash Limit – Transfers to / From Reserves £'000	Cash Limit Variance QTR2 £'000
Central Costs	354	354	0	0	0
Environmental Services	45,966	47,283	1,317	(31)	1,287
Culture & Sport	11,841	12,746	904	(266)	638
Technical Services	11,085	11,248	163	(250)	(87)
Environment, Health & Consumer Protection	4,404	4,438	34	(107)	(73)
NET EXPENDITURE	73,650	76,069	2,419	(654)	1,765

Cash Limit Outturn – Explanation of Over and Under Spending

- 11 The forecast revenue outturn for 2019/20 is over budget against the cash limit by £1.765 million, after taking account of the forecast use of reserves, and items outside the cash limit.
- 12 The main reasons accounting for the outturn position are shown below:
 - Environmental Services is forecast to be £1.287 million overspent. This is mainly resulting from overspends on waste contracts of £0.649 million due to increased tonnages, a £66,000 overspend following a business rates revaluation at the Joint Stocks landfill site, a £98,000 employee overspend in Neighbourhood Protection following a group regrading and a £0.121 million overspend at Meadowfield depot following receipt of a trade effluent water bill which was backdated to April 2016. There are also unachieved MTFP savings within Fleet Services of £0.204 million and Clean and Green Services of £73,000. The pressures in the waste services will be recognised in MTFP10, with additional budget growth to be provided in 2020/21.
 - Culture, Sport and Tourism is forecast to be overspent by £0.638 million. This is mainly the result of an overspend of £0.267 million at the Gala Theatre linked to reduced income from the cinema and

a £0.321 million overspend relating to the former Leisureworks facilities. In addition, there are £0.209 million of unachieved MTFP savings pending a service restructure. These are partially offset by other underspends across the service. The reduced income levels generated by the Gala Theatre will be recognised in MTFP10, with additional budget growth to be provided in 2020/21

- Technical Services is forecast to be £87,000 underspent. Within this area there is an overspend of £0.600 million attributable to additional policy led expenditure on highways maintenance, mainly in relation to Category 1 and 2 defects and footway maintenance, which is offset by additional surpluses generated within the Highways Services Trading Accounts of £0.541 million. Savings in employee costs relating to Strategic Highways account for the rest of the forecast outturn
- Environment, Health and Consumer Protection is forecast to underspend by £59,000. This is mainly due to a number of vacant posts resulting in an underspend of £0.144 million, that is offset by £93,000 under achieved licensing income.

- 13 **Appendix 2** provides a more detailed breakdown of variations across the service area contained within the revenue budget.

Capital Programme

- 14 The capital programme was revised in May for budget re-phased from 2018/19. This increased the 2019/20 original budget. Further reports to the MOWG detailed further revisions, for grant additions/reductions, budget transfers and budget re-profiling into later years. The revised budget now stands at **£38.776 million**.
- 15 Summary financial performance to the end of September is shown below.

Service	Original Annual Budget 2019/20 £000	Revised Annual Budget 2019/20 £000	Forecast Outturn 2019/20 £000	Variance 2019/20 £000
Environmental Services	2,908	5,430	5,430	0
Culture & Sport	3,133	3,072	3,072	0
Technical Services	29,977	30,155	30,155	0
Environment, Health & Consumer Protection	119	119	119	0
Total	36,137	38,776	38,776	0

16 As at 31 March 2019, the capital programme for 2019/20 was £36.137 million. The capital budget has subsequently been adjusted at MOWG meetings during the year as a result of additional funding sources being identified, along with virements in to future years, and this has now resulted in a revised 2019/20 Capital Programme of £38.776 million. It is currently anticipated that the full budget will be spent in 2019/20.

Background papers

- Cabinet Report (13 November 2019) – Forecast of Revenue and Capital Outturn 2019/20 – Period to 30 September 2019.

Contact: Philip Curran

Tel: 03000 261967

Appendix 1: Implications

Legal Implications

Not applicable.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected outturn position.

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

The consideration of regular budgetary control reports is a key component of the Council's Corporate and Financial Governance arrangements.

Procurement

Not applicable.

Appendix 2: Heads Of Service Analysis – Environmental Services

	Variance	Explanation
Head of Environment	36	£36k overspend due to legal fees
Environment & Design	0	No Variance
North Penines AONB	0	No Variance
Clean & Green	47	£73k overspend due to unachieved 18/19 savings £10k overspend on premises costs at public conveniences £23k overspend on supplies partly due to additional in Bloom work for cricket world cup (£38k) underspend re unbudgeted Commuted Sums from developers (£21k) overachievement of income mainly due to SLA's with Local Authorities and Parish Councils
Depots	63	£39k overspend due to 2018/19 MTFP (£30k) saving on security not yet implemented £119k overspend on Water, due mainly to Trade Effluent charge from April 16 not previously alerted to (£124k) underspend on utilities, based upon current usage £12k overspend for additional CCTV upgrades at Meadow field £6k overspend on legal fees £11k overspend on staffing due to 3% efficiency savings not achieved
Fleet	177	£131k overspend due to 2018/19 MTFP restructure saving not yet identified £43k overspend due to 2016/17 MTFP Business Support saving not implemented £6k overspend on staffing due to 3% efficiency savings not achieved (£62k) underspend on subcontractors and tyres £59k underachievement of income, relating mainly to day works income
Neighbourhood Protection	124	£65k overspend on Neighbourhood Wardens due mainly to pay increase £91k in year 1 £81k overspend on Bereavement due to low levels of cemetery income and an increase number of paupers burials (£22k) underspend on Pest Control mainly due to overachieved income
Refuse & Recycling	50	£121k overspend on staffing relating mainly to Agency worker, partly due to contamination sticker campaign £58k overspend on supplies due to unbudgeted costs to remove and re-fit camera and brakesafe equipment on new vehicles and also increased IT software maintenance costs (£129k) underspend on income due mainly to (£117k) additional trade income; (£20k) additional bin sales; £21 shortfall on Bulky income; (£13k) unbudgeted income for accident claims
Strategic Waste	790	£66k overspend on business rates at Joint Stocks site £649k overspend on Waste Contracts (Residual £106k; Haulage £237k; HWRC £198k; Materials Recycling £108k) (£252k) underspend on Garden Waste scheme where the sign ups have not fallen as much as forecast £321k overspend on Income (Power generation £300k; Soil Imports £50k; Trade Waste Disposal (£29k) £6k overspend other areas
TOTAL	1,287	

Appendix 2: Heads Of Service Analysis – Culture & Sport

	Variance	Explanation
Culture & Sport Management	215	MTFP Savings to be achieved pending restructure
Service Development	264	Place & Experience £293k over budget - overspends at Gala Theatre and Cinema principally due to income shortfalls.
		Wellbeing (£76k) under budget - due to 2 vacant posts
		Growing & Learning (£54k) under budget - mainly due to vacant posts in Stock & Distribution
		Improvement & Development £111 over budget - overspent on leisure contracts including payments to 1Life.
		Externally Funded (£11k) under budget - surplus on the prison library service
Locality Delivery- Mgt	(9)	Minor variance
Locality 1	18	Leisure Centres £64k over budget - arising from variances in the employee and income budgets.
		Libraries (£3k) under budget - minor variances.
		BATH/Killhope (£42k) under budget - an underspend at BATH (£68k) mainly from the library offset by an over spend at Killhope of £26k
Locality 2	22	Operations L2 £13k over budget - inability to meet staff turnover savings
		Leisure Centres £24k over budget - arising from variances in the employee and income budgets.
		Libraries (£14k) under budget - minor variances.
Locality 3	(211)	Leisure Centres (£181k) under budget - arising from over achievement of income and other minor variances.
		Libraries (£33k) under budget - minor variances across a number of cost centres.
		Durham Town Hall/Gala Staffing and Box Office 3k over budget - minor variances across all budget heads.
Visit County Durham	18	VCD 8k Minor variance due arising from staff turnover savings
Derwentside Culture & Sport	321	Primarily salary costs across all centres arising from salary harmonisation
TOTAL	638	

Appendix 2: Heads Of Service Analysis – Technical Services

	Variance	Explanation
Head of Technical Services	4	Minor overspend on Employees re turnover savings.
Construction PPM Unit	2	Underspend of (63) on Employees for vacancies, offset by under recovered Income of 62 and overspends of 3 on Transport and Supplies.
Highways Services Trading	(541)	Reduced income of 2,255 generated by trading activities in Highways, Street Lighting and Commercial Group, offset by reduced related cost of sales of (2,796) on Employees, Supplies and Agency.
Highways Services Non-Trading	600	Overspend of 600 on Highways Services Revenue for additional scheduled work on Category 1 and 2 highways repair work, street lighting and cable testing. All overspends to be partially offset by additional surplus on trading activities.
Strategic Highways	(152)	Underspend of (218) on Employees due to vacancies and reduced hours in Drainage, Traffic, Road Safety and Asset Management, offset by additional overtime and agency staff.
		Overspend of 6 on Premises for additional business rates.
		Underspend of (16) on Transport for car allowances and fuel largely in Traffic.
		Overspend of 24 on Supplies and Services for licences and contractor services in Traffic and Road Safety.
		Overspend of 58 on Agency. Saving of (9) on contract payments in Road Safety. Additional spend of 22 on Section 38 supervision and rechargeable works in Asset Management. Additional spend of 24 on consultants and rechargeable works in Traffic. Additional spend of 21 on contractors in Drainage offset from DEFRA grant.
		Over recovered Income of (6). Street Lighting additional fees of (7). Traffic & Street Works (3) additional income from fixed penalty notices, street naming and inspections. Drainage additional SUDS and planning fees and Government grant of (45). Asset Management reduced sponsorship and other income of 20. Road Safety reduced contributions and fee income of 29.
TOTAL	(87)	

Appendix 2: Heads Of Service Analysis – EHCP

	Variance	Explanation
Head of EHCP	(7)	Minor Variance
Consumer Protection	(44)	(£132k) underspend on staffing due to reduced hours and vacancies which are proving difficult to recruit to £13k overspend on supplies and services in relation to legal expenses, court costs and printing for licences £75k under achieved income which remains a historical bad budget issue
Health Protection	1	Minor Variance
Environmental Protection	(36)	(£36k) over achievement of income due mainly to additional planning contribution to offset staffing costs
Neighbourhood Interventions	13	(£10k) underspend on staffing due to a vacant post £4k overspend on car allowances £16k overspend on supplies re Unauthorised Encampment portaloo bills £3k underachieved income due to reduced contribution from the PCC
TOTAL	(73)	

FINANCIAL YEAR 2019/20
QUARTER 2

REGENERATION & LOCAL SERVICES
(ENVIRONMENT & SUSTAINABLE COMMUNITIES)
REVENUE & CAPITAL OUTTURN

Phil Curran
Finance Manager
(Resources – Regeneration & Local Services Finance)

Altogether better



OVERVIEW

- Service Budgets - Background
- Revenue Forecast Outturn and Variance Explanations
- Capital Forecast Outturn and Variance Explanations

Altogether better



ANALYSIS BY HEAD OF SERVICE

	Revised Base Budget 2019/20 £'000	Q1 Outturn (Apr-Jun) £'000	Reserves & O/s Cash Limit £'000	Variance Over/ (Under) £'000
Central Costs	354	354	0	0
Environmental Services	45,966	47,283	(31)	1,287
Culture & Sport	11,841	12,746	(266)	638
Technical Services	11,085	11,248	(250)	(87)
Env Health & Consumer Protection	4,404	4,438	(107)	(73)
Overall Total	73,650	76,069	(654)	1,765

Altogether better



Reasons for variances

- Overspend on waste contracts £0.649m
- Unachieved MTFP savings £0.486m
- Culture & Sport overspends £0.409m
- Business rates/ utilities overspends £0.187m
- Miscellaneous overspends £0.034m

1.765m

Altogether better



CAPITAL OUTTURN

Head of Service	Revised Budget £'000	Outturn £'000	Variance £'000
Environmental Services	5,430	5,430	0
Culture & Sport	3,133	3,133	0
Technical Services	30,155	30,155	0
Env Health & Cons Protection	119	119	0
Total	38,776	38,776	0

Altogether better



ANY QUESTIONS?

Altogether better



Environment and Sustainable Communities Overview and Scrutiny Committee

24 January 2020

Quarter Two, 2019/20 Performance Management Report



Report of John Hewitt, Corporate Director of Resources

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To present progress towards achieving those key outcomes of the council's corporate performance framework aligned to the Environment and Sustainable Communities Overview and Scrutiny Committee.
- 2 The performance report which sets out progress to the council's corporate performance framework in its entirety can be found [here](#).

Performance Reporting

- 3 Following an extensive public consultation programme, a shared vision for the county for the next 15 years has been developed with partners. This vision, agreed by Council on 23 October and formally launched at the County Durham Partnership event on 25 October, is structured around three externally focused results-based ambitions of 'more and better jobs', 'long and independent lives' and 'connected communities' ([link](#)).
- 4 As the Council has now adopted this vision, it is appropriate to modify the format of our performance reports to align to our new ambitions. This quarter, as a first step, existing performance information has been realigned to the three new ambitions plus a fourth 'better council' theme. Over the coming months, we will review the report to ensure it captures all elements of the new vision, as well as monitoring progress in improving how the council works.

Executive summary

- 5 Although the quarter two performance report for this committee (attached at Appendix 2) remains structured around the same set of key questions, they have been realigned to the ambitions of our new vision.

Connected Communities

- 6 The ambition of 'connected communities' centres on building welcoming, accepting and supportive communities. This includes creating town and village centres which are well-used, clean and attractive and aims to reduce carbon emissions and the impact of climate change.
- 7 Reducing the amount of contamination in waste collected for recycling remains a challenge and a range of campaigns is underway to improve both the level and the quality of recycling. Although overall environmental cleanliness levels remain good, there has been some deterioration, especially in relation to detritus although an action plan is being developed, and new replacement vehicles will shortly be introduced. Some specific enviro-crime categories (graffiti and drug paraphernalia (incl. needles)) and the number of untidy yards and gardens are increasing. However this is related to pro-active recording by wardens and joint operations. The number of reported fly-tips is continuing to decrease against a backdrop of year-on-year national increases.
- 8 Across the county, carbon emissions are reducing significantly as we generate more energy from renewable sources, supporting businesses and reducing consumption through energy efficiency measures. Having declared a climate emergency, we are now seeking views on our proposed actions to reduce emissions by 60% by 2030 for the council and exploring measures to become carbon neutral as a county by 2050.

Risk Management

- 9 Effective risk management is a vital component of the council's agenda. The council's risk management process sits alongside our change programme and is incorporated into all significant change and improvement projects.
- 10 There are no key risks in delivering the objectives of this theme.

Recommendation

- 11 That Environment and Sustainable Communities Overview and Scrutiny Committee considers the overall position and direction of travel in relation to quarter two performance, and the actions being taken to address areas of underperformance.

Contact: Jenny Haworth, Head of Strategy

Tel: 03000 268 071

Appendix 1: Implications

Legal Implications

Not applicable.

Finance

Latest performance information is being used to inform corporate, service and financial planning.

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Equality measures are monitored as part of the performance monitoring process.

Climate Change

We have declared a climate emergency and consider the implications of climate change in our reports and decision making.

Human Rights

Not applicable.

Crime and Disorder

A number of performance indicators and key actions relating to crime and disorder are continually monitored in partnership with Durham Constabulary.

Staffing

Performance against a number of relevant corporate health indicators has been included to monitor staffing issues.

Accommodation

Not applicable.

Risk

Reporting of significant risks and their interaction with performance is integrated into the quarterly performance management report.

Procurement

Not applicable.



Altogether better



Durham County Council Performance Management Report

Quarter Two, 2019/20



Connected Communities - Sustainability

- 1 The ambition of Connected Communities – Sustainability is linked to the following key questions:
 - (a) How clean and tidy is my local environment?
 - (b) Are we reducing carbon emissions and adapting to climate change?
 - (c) How effective and sustainable is our collection and disposal of waste?

How clean and tidy is my local environment?

- 2 We are aware of an increasing trend in detritus (as measured by the environmental cleanliness survey).
- 3 Reports of graffiti and drug paraphernalia (including needles) continue to increase. The graffiti incidents were mainly within Durham City, Chester-le-Street, Bishop Auckland and Stanley, more than half were offensive and one in ten was racist. Drug paraphernalia was mainly concentrated within Durham City Centre, Horden and Ferryhill.
- 4 The highest levels of fly-tipping incidents reported during quarter two were within Horden, South Moor and West Auckland areas. The most common locations to fly-tip are council land (46%), back alleys (24%) and highways (11%). Incidents in relation to back alleys cause difficulties as we are unable to use CCTV cameras in these areas due to privacy issues.
- 5 We have noticed that the number of untidy yards and gardens (which the public often perceives as fly-tipping) has increased. 72% of the Fixed Penalty Notices (FPNs) issued during quarter two (126 of 176) related to non-compliance of waste in yards and gardens.
- 6 During quarter two, our Community Action Team (CAT) tackled a range of housing and environmental issues at Crook. Actions were taken on all identified issues. The CAT team will move to Eldon, Bishop Auckland over the autumn.

Are we reducing carbon emissions and adapting to climate change?

- 7 Following our declaration of a Climate Emergency ([Climate Emergency Update Report](#)) we are now seeking views on a range of projects, measures and opportunities which will contribute to achieving a 60% reduction in emissions by 2030. Feedback will help develop the Climate Emergency Action Plan, expected to be available in early 2020.

How clean and tidy is my local environment?

Reported and responded to fly-tipping incidents

↓ 420 (-6%)



During quarter two:

- 11** cameras deployed
- 0** incidents caught on CCTV
- 9** stop and search operations
- 9** duty of care warning letters
- 4** producers issued*
- 403** further investigations
- 3** prosecutions
- 5** FPNs

* producers are issued to scrap and waste businesses to produce their documents to show they are licensed to collect and dispose of scrap and waste materials.

Untidy yards and gardens



82 graffiti incidents

↓ 29% compared to quarter two, 18/19

81 reports of needles & drug paraphernalia

↑ 113% compared to quarter two, 18/19



Northumbria in Bloom

- Tanfield: best overall entry & best small village
- Durham: best small city
- Bishop Auckland: best large town
- Sedgefield: best small town
- Belmont: best urban community

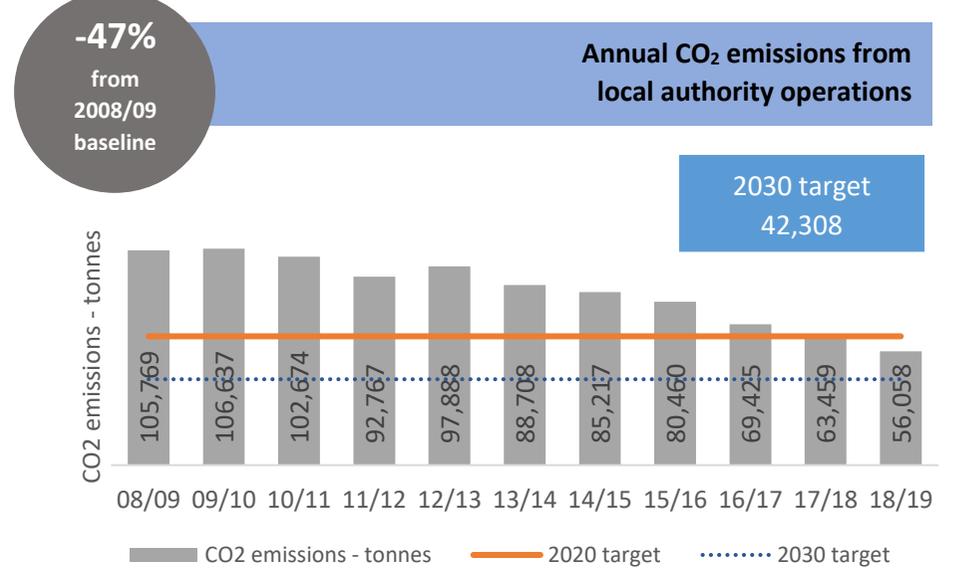
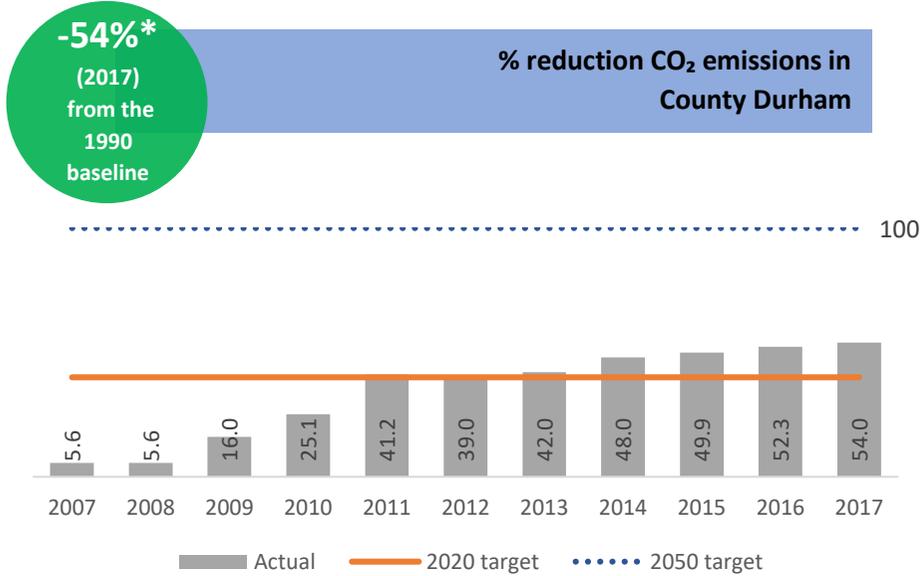
Environmental Cleanliness: % of relevant land and highways assessed as falling below an acceptable standard

- Litter** 6.90% ↑ +0.29pp
- Detritus** 13.36% ↓ -0.51pp
- Dog fouling** 0.90% ↓ -0.10pp



CONNECTED COMMUNITIES - SUSTAINABILITY

(b) Are we reducing carbon emissions and adapting to climate change?



Climate Change Emergency

- Climate Emergency Update Report agreed
- Public consultation on recommendations will run from 19 September - 31 October 2019.



Single Use Plastics (SUP)

- We received the 'Best Waste Prevention Project' award at the national Local Authority Recycling Advisory Committee annual awards.



Chester-le-Street Deculvert

- Phase 1 now complete
- Improvements made to the north end of Front Street
- Existing 'red carpet' area of the market place refurbished.



Tanfield Solar Farm

- Will be utilised to power Comeleon House
- Expected to be operational from November
- Expected to generate **214,000 kWh** of electricity a year, saving **£25,000 per year** in electricity bills

*Latest available figures from Department for Environment, Food & Rural Affairs (DEFRA)

- 8 We have secured £160,000 of funding to help small and medium sized businesses (SMEs) change their energy behaviour, reduce operational costs and cut carbon emissions. This builds on the success of the Business Energy Efficiency Project (BEEP) which has helped 200 local businesses to improve their energy performance and save money.
- 9 The £6.2 million project in Chester-le-Street has already seen improvements to the north end of Front Street and the existing 'red carpet' area of the Market Place. Phase two will involve opening up a 90 metre stretch of the culvert running underneath the town's Market Place. New footpaths and seating will be installed, and the area will be landscaped to provide a haven for wildlife and storage for flood water during severe storms.

How effective and sustainable is our collection and disposal of waste?

- 10 The second phase of government consultation in relation to its [Resources and Waste Strategy](#) is now expected to be March 2020.
- 11 We are continuing to take action to reduce contamination. In addition to campaigns, door-knocks and sessions with community groups, recycling assistants continue to accompany bin crews on their rounds. Consequently, more contaminated bins continue to be identified with almost 16,000 contamination notices being issued during the 12 months ending 30 September.
- 12 The annual Green Move Out campaign was carried out in July. The initiative, which encourages students moving between properties or away from Durham to donate their unwanted belongings to local charities, collected more than 4.2 tonnes of waste.
- 13 During quarter two, we successfully prosecuted an unlicensed scrap-man in the Haswell area who was fined £440 and ordered to pay £304 in costs and a victim surcharge.
- 14 We have been awarded the 'Best Waste Prevention Project' at the Local Authority Recycling Advisory Committee annual awards for our work to reduce the use of single use plastics.

CONNECTED COMMUNITIES - SUSTAINABILITY

(c) How effective and sustainable is our collection and disposal of waste?

95.5% of municipal waste diverted from landfill (Apr 18-Mar 19)

-1.3pp
(same period last year)

+7.7pp
(National 17/18)

No change
(same period last year)

-1.8pp
(National 17/18)

41.4% of household waste re-used, recycled or composted (Apr 18-Mar 19)

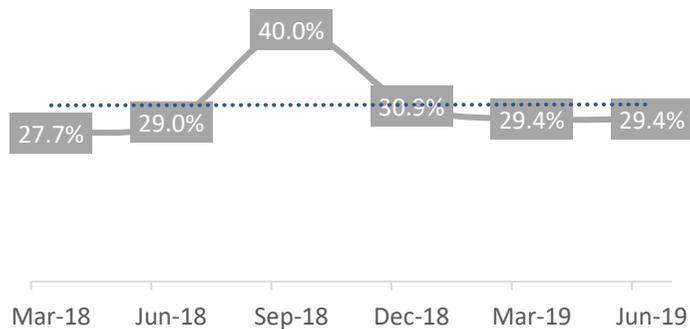
Green Move Out 2019

- Partnership project enabling students leaving Durham City to donate unwanted items to a local charity.
- 1,769 properties in 72 streets visited
- Scheme discussed with 672 students
- 519 bags weighing 4.2 tonnes collected from student houses

Unlicensed scrapman

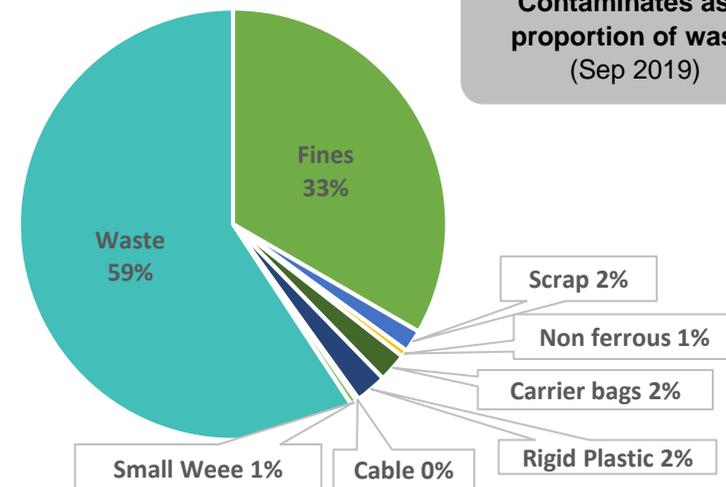
- An unlicensed scrapman successfully prosecuted
- Fined **£440**
- Ordered to pay **£260** in costs and a victim surcharge of **£44**

Proportion of waste collected for recycling identified as contaminated (12 months ending)



Increase in enforcement action has led to a **↑ 21%** in number of households at stage one of our contamination process

Contaminates as a proportion of waste (Sep 2019)



Key Performance Indicators – Data Tables

Page
14

There are two types of performance indicators throughout this document:

- (a) Key target indicators – targets are set as improvements can be measured regularly and can be actively influenced by the council and its partners; and
- (b) Key tracker indicators – performance is tracked but no targets are set as they are long-term and/or can only be partially influenced by the council and its partners.

A guide is available which provides full details of indicator definitions and data sources for the 2019/20 corporate indicator set. This is available to view either internally from the intranet or can be requested from the Strategy Team at performance@durham.gov.uk

KEY TO SYMBOLS

	Direction of travel	Benchmarking	Performance against target
GREEN	Same or better than comparable period	Same or better than comparable group	Meeting or exceeding target
AMBER	Worse than comparable period (within 2% tolerance)	Worse than comparable group (within 2% tolerance)	Performance within 2% of target
RED	Worse than comparable period (greater than 2%)	Worse than comparable group (greater than 2%)	Performance >2% behind target

National Benchmarking

We compare our performance to all English authorities. The number of authorities varies according to the performance indicator and functions of councils, for example educational attainment is compared to county and unitary councils however waste disposal is compared to district and unitary councils.

North East Benchmarking

The North East figure is the average performance from the authorities within the North East region, i.e. County Durham, Darlington, Gateshead, Hartlepool, Middlesbrough, Newcastle upon Tyne, North Tyneside, Northumberland, Redcar and Cleveland, Stockton-on-Tees, South Tyneside, Sunderland, the number of authorities also varies according to the performance indicator and functions of councils.

More detail is available from the Strategy Team at performance@durham.gov.uk

CONNECTED COMMUNITIES - SUSTAINABILITY

How clean and tidy is my local environment?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
95	% of relevant land and highways assessed as having deposits of litter that fall below an acceptable level	6.9	Sep-Oct 2019	Tracker	6.6					Yes
				N/a	AMBER					
96	% of relevant land and highways assessed as having deposits of detritus that fall below an acceptable level	13.4	Sep-Oct 2019	Tracker	13.9					Yes
				N/a	GREEN					
97	% of relevant land and highways assessed as having deposits of dog fouling that fall below an acceptable level	0.9	Sep-Oct 2019	Tracker	1.0					Yes
				N/a	GREEN					
98	Number of fly-tipping incidents	7,073	Oct18-Sep 19	Tracker	7,493					Yes
				N/a	GREEN					

*Not directly comparable

CONNECTED COMMUNITIES - SUSTAINABILITY

Are we reducing carbon emissions and adapting to climate change?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
99	% reduction in CO ₂ emissions in County Durham (by 40% by 2020 and 55% by March 2031)	54	2017	Tracker	52.3					Yes
				N/a	GREEN					
100	% change in CO ₂ emissions from local authority operations	-7	2018/19	Tracker	-9					Yes
				N/a	RED					

CONNECTED COMMUNITIES - SUSTAINABILITY

Are we reducing carbon emissions and adapting to climate change?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
101	% of municipal waste diverted from landfill	95.5	Jul 18-Jun 19	95 GREEN	96.8 AMBER	87.3 GREEN	92 GREEN		2017/18	Yes
102	% of household waste that is re-used, recycled or composted	41.4	Jul 18-Jun 19	Tracker N/a	40.4 GREEN	43.2 AMBER	34.5 GREEN		2017/18	Yes

Other Additional Relevant Indicators

CONNECTED COMMUNITIES - SUSTAINABILITY

Is it easy to travel around the county?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
110	% of A roads where maintenance is recommended	2.6	2018	Tracker N/a	2.6 GREEN	3 GREEN			2016/17	No
111	% of B and C roads where maintenance is recommended	4.7	2018	Tracker N/a	4.7 GREEN	6 GREEN			2016/17	No
112	% of unclassified roads where maintenance is recommended	21	2018	Tracker N/a	20 AMBER	17 RED			2016/17	No