

**Environment & Sustainable
Communities Overview &
Scrutiny Committee**

5 April 2019



**EU Funding and Other
Funding for Low Carbon
Projects**

**Joint Report of Lorraine O'Donnell, Director of Transformation and
Partnerships and Ian Thompson, Corporate Director of
Regeneration and Local Services**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 The purpose of the report is to provide information to members of the Environment and Sustainable Communities Overview and Scrutiny (ESCOSC) Committee on the latest developments relating to European funding and other funding for low carbon projects.

Executive summary

- 2 There has been significant progress against a series of European funded low carbon projects over the past year. These include BEEP, SWli, LOCARBO and REBUS. In addition, funding has been brought in under two funding programmes that are new to DCC's low carbon work; Innovate UK and Erasmus. Further ERDF project bids will be submitted in spring this year but sourcing future funding will be a difficult challenge after the UK leaves the European Union.

Recommendations

- 3 Members of the Environment and Sustainable Communities Overview and Scrutiny Committee are asked to:
 - a) Note the content of the report and comment accordingly;
 - b) Receive further progress updates to a future meeting of the committee.

Background

- 4 Members of ESC OSC have previously received several presentations on EU funding and other funding streams for low carbon projects.
- 5 In 2016 the presentation focused on funding from the European Structural Invest fund that included funding to projects such as Business Energy Efficiency Projects; LOCARBO and REBUS.
- 6 At its meeting on 17 April 2018 the committee heard about an event held in November 2017 where SME energy projects from across the UK came together and exchanged good practice.
- 7 Since the last report to Members, considerable progress has been made in existing EU funded projects. The BEEP project is a three year ERDF project which offers local SMEs support to reduce their energy costs. BEEP is now in its third year and has achieved some excellent results. A total of 165 SMEs in County Durham have received over 2,000 hours of support including energy audits, targeted energy advice and, where appropriate, grant funding to install energy saving measures. As of March 2019, £130,000 has been given out in grants and 397 tonnes of carbon have been saved, with a further 1,287 tonnes currently in process. The project has been so successful that it has achieved national publicity with the UK Department of Business, Energy and Industrial Strategy (BEIS) asking Durham's BEEP project to advise on and trial the national approach to SME energy efficiency.
- 8 The Council's £2.5 million ERDF Solid Wall Insulation Innovation (SWIi) project, which began in September 2017, will address fuel poverty in 220 County Durham homes by installing the latest technology in solid wall insulation. Older stone and brick homes in the former mining villages of South Moor, Ramshaw, Cockfield and Ferryhill are being fitted with innovative external wall insulation systems. Smart heating controllers are also being installed into the homes to help monitor energy usage and save over 5,040 tons of carbon over the properties' lifetime. The insulation is a world leading process that can provide an authentic stone effect in keeping with the local housing stock.
- 9 The European Interreg funded LOCARBO project, which commenced in April 2016, has now completed its three year learning exchange and action phase and is moving into implementation until March 2021. The project received 85% funding, bringing in a total of €218,557 to the council. The project has focussed on sharing learning about the best ways to deliver SME energy efficiency, using the expertise of the BEEP project and learning from the best practice of partners across Europe. We have just heard the good news that we will receive an additional £15,000 to fund a LOCARBO Pilot Action. This will be developed in partnership with the national low carbon lead at the Ministry of Housing,

Communities and Local Government (MHCLG) and it will deliver an innovative way of presenting the benefits of low carbon projects across the UK in terms of a virtual power station.

- 10 The REBUS transnational EU funded project will complete its 3 year action planning phase on 31st March 2019 and will also move into a two year implementation phase. This project is also 85% funded and has brought in a total of €178,114. The focus of REBUS has been on energy improvements to public buildings and there has been considerable interest in DCC's ECO2 Smart Schools programme and our Big Switch Off and Eco Champions programmes. These are being reported as examples of the very best practice across Europe. The implementation phase will focus on developing a pipeline of low carbon projects for the County, unlocking renewable heat in County Durham and retrofitting Durham schools with energy efficient lighting.
- 11 Since the last report to members, two additional low carbon funding bids have been successful. The Council has been awarded £4,500 from Innovate UK to support an eighteen month electric vehicle (EV) project entitled V2Street. The consortium project will explore the opportunities for two way on-street EV charging which could generate an income for the council.
- 12 The Council has also won £40,000 European funding under the Erasmus programme. The People Project, in partnership with Durham University, is designed to give an insight into how businesses can work better with universities to improve relationships and outcomes, to test the concept that understanding people should become an indispensable part of industrial development processes. Four MSc students from the Anthropology Department's Energy and Society Masters programme are working with the council to look at EVs in Durham City. They are interviewing EV drivers to gain a detailed understanding of the issues they face in regard to charging infrastructure, etc. Their findings are shared with council officers as the project progresses and will help DCC to formulate its response to the Government's Road to Zero policy, which states that by 2040 all new vehicles will be zero carbon.
- 13 In November 2018 an Outline Bid was submitted for a three year extension to the BEEP project. This was successful and details of the proposed project are being worked up, for submission in the next few weeks. Given the success of the first project there is considerable national interest in BEEP 2.
- 14 A series of project bids are currently under development in response to a Call for ERDF low carbon projects which is expected in April or May this year. £16 million is still available, ring fenced to County Durham, but given the decision by the UK to leave the European Union, this is likely

to be the last opportunity to access this money. Projects being considered include a resubmission of the Louisa Centre mine water heating project, which was withdrawn last year for technical reasons, a sustainable transport project, which was unsuccessful in November, and possible housing and smart grid projects.

- 15 The decision by the UK to leave the European Union seems likely to lead to a significant shortfall in funding for future low carbon projects and this is a major area of risk, especially in the light of the Council's Declaration of a Climate Emergency in February 2019.

Conclusion

- 16 The past year has seen a series of significant achievements in European funded low carbon projects, as outlined above, but there is concern about the viability of this programme after the UK leaves the European Union.

Background papers

- European and Structural Investment Funding Update 18/11/2016

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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

Crime and Disorder

Not applicable

Staffing

Not applicable

Accommodation

Not applicable

Risk

Not applicable

Procurement

Not applicable