

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

**9 March 2020**

**External Low Carbon Funding**



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**Report of Geoff Paul Interim 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 members of Environment and Sustainable Communities Overview and Scrutiny Committee with information on External Low Carbon Funding opportunities.

**Executive summary**

- 2 Since the previously reporting to Environment and Sustainable Communities Overview and Scrutiny Committee in April 2019 there has been progress in the existing, European funded low carbon projects reported there, while several new funding bids have been successful or are progressing well. These projects are outlined below, but it should be noted that the loss of all future European funding will prove a major challenge for this area of work.

**Recommendations**

- 3 That the Environment and Sustainable Communities Overview and Scrutiny Committee:
  - a) Receive the report and presentation and comment accordingly; and
  - b) a further update be brought to a future of the committee.

**Background**

- 4 At its meeting on 12 July 2019, Environment and Sustainable Communities Overview and Scrutiny Committee agreed its work programme for

2019/2020 and included within the work programme is an overview on External Low Carbon Funding.

- 5 Members of the Environment and Sustainable Communities Overview and Scrutiny Committee have previously received presentation on European funding and other funding streams for low carbon projects.
- 6 At its meeting on 5 April 2019 the Committee received its last update report on funding of low carbon projects and was given information on European funded projects BEEP (Business Energy Efficiency Project), LOCARBO and REBUS.
- 7 Arrangements have been made for the Sustainability Team Leader to attend a meeting of the committee on 9 March 2020 to provide members with information on External Low Carbon Funding.

## **Detail**

- 8 Since the previous report in April 2019 the existing European funded low carbon projects have progressed well. In addition, a significant number of new, external funding bids have been successful or are progressing well. These are set out below:

### **Progress in Projects Reported in April 2019**

- 9 **BEEP 1** The first BEEP project completed in September 2019. It was a three-year ERDF funded project which supported local SMEs support to reduce their energy costs. Over the three years, BEEP 1 engaged with 237 SMEs, giving out £96,231.34 in grants. Carbon savings of 774.36 tonnes were achieved. The success of the project led to the new BEEP 2 project, outlined below.
- 10 **Erasmus** In April 2019 we reported that the Council had been granted £40,000 European funding under the Erasmus programme for the one-year People Project, in partnership with Durham University. This gave us four MSc students who worked with the council to explore the experience of electric vehicle users in Durham City, including charging infrastructure. They exposed problems with existing EV charging infrastructure which was limiting EV take-up. Using the students' findings has enabled to win significant Innovate UK funding for the SOSCI project as set out below.
- 11 **SWIi 1** The £2.5 million ERDF funded Solid Wall Insulation Innovation (SWIi) project began in September 2017 and has successfully addressed fuel poverty in 226 properties, over-performing by 10%. The project installs the latest technology in external wall cladding on older stone built houses in the former mining villages of South Moor, Ramshaw, Cockfield and

Ferryhill. The Council hopes to submit a SWli 2 project bid if a further, final national Call comes out.

- 12 **LOCARBO** This €218,557 Interreg Europe project was funded for five years, with the three-year project development phase now complete and project implementation in progress. LOCARBO funded DCC to lead a national review of SME energy efficiency projects and to develop a new project evaluation tool. The learning from this has informed the development of the successful BEEP 2 project bid. It has also proved very useful to the Government Department of Business, Energy and Industrial Strategy (BEIS) which has in turn funded additional business energy projects in Durham (see below).
- 13 **REBUS** The €178,114 REBUS project is also a three-year Interreg funded project which is now in its Implementation Phase. The focus of REBUS has been on energy improvements to public buildings and DCC's ECO2 Smart Schools programme and Eco Champions programmes are now being reported as examples of best practice across Europe. The implementation phase is focusing on developing a pipeline of low carbon projects across the County, which has fitted well with the development of our Climate Emergency Response Plan.

### **New Projects**

- 14 **BEEP 2** In September 2019 BEEP's first phase concluded with a thorough review to learn lessons from the project. Building on this, a further 3 year ERDF funding application was successfully submitted for an enhanced project. BEEP 2 will draw down £1,038,010 of ERDF funding and provides a larger staff team, a broader range of support and an increased grant pot. The project aims to support 324 local SMEs and save 2632.5 tonnes of carbon. It is already extremely popular with local businesses and looks set to out-perform BEEP 1.
- 15 **SOSCI** The learning from our Erasmus project enabled us to bid successfully for Innovate UK funding to install a minimum of 100 electric vehicle charge points for people without off-street parking, especially in more rural areas. This is a consortium project which began in November 2019 and uses Vattenfall as our installation partner. The funding provides a member of staff to work with communities to identify optimal EV charging sites. No match funding is required from DCC and we will receive £250,000 in addition to free installation of the 100 charge points.
- 16 **HEET Project** The Council's bid for HEET (Homeowner Engagement in the Energy Transition) funding has been successful in the Round 1 stage

of InteregNW Europe and the Stage 2 Full Application was submitted earlier this month. If successful the project will create two new posts to deliver day to day support to assist hard to reach homeowners to retrofit their homes while influencing strategic and policy decisions regionally nationally and trans-nationally in this regard

- 17 **SME Power** This four-year European Interreg funded project began in August 2019 and will receive £159,902 in grant funding. The project will explore the ways to support smaller SMEs that do not require the full 12 hour intervention provided under ERDF. The hospitality industry is one sector likely to benefit as the project progresses.
- 18 **BEIS Funding** The success in working with BEIS, reported above, has led to the Council receiving £40,000 to undertake a study of business rates. This new project is exploring whether businesses would be interested in a Business Rates Relief scheme that could support them to install renewable energy improvements.

## **ERDF New Bids**

- 19 In addition to the new projects already funded, a further four projects have been successful at ERDF Outline Bid stage. These are:

### **Durham History Centre Project Bid**

- 20 DCC is bidding for £1,296,696 ERDF funding towards a total project cost of £2,161,160 to deliver a series of whole building, low carbon measures to make the new Durham History Centre as energy efficient as possible. The new public building will store and showcase five archive and heritage collections, with public exhibition space, café, ceremony rooms and classroom. It combines a modern extension with the grade II listed Mount Oswald. A 150m deep 300KW ground source heat pump will meet 89% of the building's heating demand and 60% of the cooling demand. A 945m<sup>2</sup> array of solar photovoltaics will meet 31.8% of the building's electricity requirements and a 35m<sup>2</sup> evacuated tube solar thermal collector will generate up to 57% of the History Centre's domestic hot water requirement.

### **Louisa Centre Mine Water Heat Project Bid**

- 21 DCC is bidding for £1,881,229 ERDF funding towards a total project cost of £3,136,000 to take heat from the flooded North Durham Coal Seam under the Louisa Leisure Centre and use it to heat the swimming pool, alongside whole building energy efficiency measures (solar car ports, heat pump, new boilers and draft proofing, etc). This will save 503 tonnes CO<sub>2</sub>

per annum and will use Durham's mining heritage to generate an innovative solution to the challenge of sustainable heat.

### **Zero Carbon Depot Project Bid**

- 22 The Council is bidding for £4,487,064 ERDF funding towards a total project cost of £7,478,440 to make the Morrison Busty Depot one of the first truly carbon neutral depots in the UK. The site currently comprises offices, vehicle maintenance hubs and storage facilities. Much of this could be made zero carbon through the application of solar PV combined with battery storage heat pumps and a private wire which would take the generated electricity straight to the buildings on site.

### **Auckland Castle Deep Geothermal Project Bid**

- 23 The Auckland Castle Project, supported by DCC, is bidding for £2,886,000 ERDF funding towards a total project cost of £4,810,000 to install a deep geothermal heating scheme at Auckland Castle. The Castle sits above the 'Butterknowle Fault' which holds naturally hot water at depth. Two 1500-metre-deep boreholes will be drilled in the Castle grounds to access this water and extract the heat. A district heat network sited at the Castle's energy centre will distribute heat to DCC-owned Bishop Auckland Town Hall, the Castle Visitor Centre, the Mining Art Museum, the Spanish Art Gallery and the library as well as the Castle complex itself. The geothermal system will supply an estimated 5,364 MWh of renewable heat annually, replacing gas heating, equal to a reduction of 1,030 tonnes CO2 per year.

### **Conclusion**

- 24 The Council has continued to make significant progress in attracting external funding for its innovative work on carbon reduction and tackling the climate emergency and has built a national and international reputation for this success. The cessation of European funding, however, provides a big challenge to this work in the future. The Government has committed to creating a Shared Prosperity Fund to replace the lost funding, but no details are as yet available. We are therefore urgently seeking alternative sources of funding.

### **Background papers**

- Climate Emergency Response Plan

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## **Appendix 1: Implications**

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### **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**

Securing funding from internal and external sources helps to fund projects that will ultimately reduce carbon emissions

### **Crime and Disorder**

Not applicable

### **Staffing**

Not applicable

### **Accommodation**

Not applicable

### **Risk**

Not applicable

### **Procurement**

Not applicable