

# Environment and Sustainable Communities Overview and Scrutiny Committee



12 October 2015

## European Structural and Investment Funds – Low Carbon Economy

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### Report of Ian Thompson, Corporate Director, Regeneration and Economic Development

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#### Purpose of the Report

1. To inform the Environment and Sustainable Communities Overview and Scrutiny Committee about the latest developments with regard to European Structural and Investment Funds Low Carbon Economy funding and set out the opportunities that are available to County Durham.

#### Background

2. The Environment and Sustainable Communities Overview and Scrutiny Committee received the last update on the European Structural and Investment Fund at its meeting on 17 April, 2015 where it was agreed that a further update be brought back to the committee.
3. European Structural and Investment Funds (ESIF) represent a single growth programme combining European Regional Development Fund (ERDF), European Social Fund (ESF) and part of the European Agricultural Fund for Rural Development (EAFRD). For the North East LEP area the 2014 – 2020 ESIF Programme incorporates £250 million of ERDF and £212 million of ESF including £135m for County Durham. This money must be match funded but because County Durham is a Transition area, 60% of total costs can be drawn down, with a requirement to find a minimum of 40% match. It should be noted that changes in the exchange rate will result in a reduced value for our allocation although exact details are not yet known.
4. The ESIF Growth Programme's top priorities are:
  - support for small and medium-sized businesses
  - Innovation and research and development
  - low carbon economy
  - skills
  - employment and social inclusion

Of most relevance to the Committee is the low carbon economy element which is ring fenced as 15% of County Durham's total ERDF allocation (around £18m). Low carbon economic growth has not featured in previous

rounds of ESIF and so very little experience or knowledge existed across the NELEP area to support the development of a pipeline of potential projects.

5. Consequently, Durham County Council's Sustainability and Climate Change Team contributed significantly to the NELEP low carbon submissions to Government and led the development of a portfolio of potential low carbon economy projects for the whole NELEP area. A significant amount of work has been led by this Team over the past 16 months, both in County Durham and at LEP level, to build new partnerships and identify good low carbon projects. This has put the Council in an excellent position to ensure that projects that could benefit County Durham fit well within the programme.

### **Current Position**

6. The first Calls for Low Carbon projects were issued in July with a closing date for submissions of 25<sup>th</sup> September. They only cover two of the five Investment Priorities: 4b 'Promoting energy efficiency and renewable energy use in enterprises' and 4f 'Promoting research and innovation in, and adoption of, low carbon technologies'.
7. The other Investment priorities have not been included because detailed guidance has still not been provided by Government so projects related to those will not be able to submit until spring 2016. There is an indicative ERDF budget of £10m for the NELEP region for the 4b and 4f Calls.
8. We are aware of two County Durham based low carbon projects that plan to submit bids by 25<sup>th</sup> September. One of these is the Council's own Business Energy Efficiency project (BEEP) which members are already aware of. This will be closely aligned to the proposed County Durham Business hub which is also likely to submit on 25<sup>th</sup> September, under Priority Axis 3: Enhancing the competitiveness of SMEs. The second is a proposed geothermal renewable energy scheme for Auckland Castle, led by Auckland Castle Trust.
9. Members will also recall that a project has been developing to create a Water Science Hub which would be a virtual research and innovation platform on water, science and technology. This bid is being led by Durham University and the Environment Agency and will also be submitted on 25<sup>th</sup> September under Priority Axis 1: Promoting Research and innovation.

### **Recommendations**

10. The Environment and Sustainable Communities Overview and Scrutiny Committee is asked to:
  - Note the content of the report.
  - Offer views as to direction of travel of the emerging programme.
  - Receive further reports as the programme progresses.

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**Contact: Maggie Bosanquet**

**Tel: 03000 265549**

**E-mail: [Maggie.bosanquet@durham.gov.uk](mailto:Maggie.bosanquet@durham.gov.uk)**

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## **APPENDIX 1 - Implications**

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**Finance** – None

**Staffing** - None

**Risk** - None

**Equality and Diversity/Public Sector Equality Duty** - None

**Accommodation** - None

**Crime and Disorder** - None

**Human Rights** - None

**Consultation** - None

**Procurement** - None

**Disability Issues** - None

**Legal Implications** - None