

Environment & Sustainable Communities Overview & Scrutiny Committee



18 November 2016

European and Structural Investment Funding Update

Report of Ian Thompson, Corporate Director Regeneration and Local Services

Purpose of the Report

1. To inform members of the Environment and Sustainable Communities Overview and Scrutiny Committee about progress on European and Structural Investment Fund (ESIF) Low Carbon Economy funding programmes.

Background

2. Members of the Environment and Sustainable Communities Overview and Scrutiny Committee have received several updates on ESIF low carbon initiatives to their meetings. A detailed report was provided to members at their meeting on 10th November 2014 and a verbal report was provided to its meeting on 20th January 2015, with a further update report on 12th October 2015.
3. A planned update to the Environment and Sustainable Communities Overview and Scrutiny Committee was postponed following the UK's decision to leave the European Union in June 2016.

Areas of Activity

4. Despite the uncertainty caused by the referendum decision, we have achieved significant progress since October 2015 with the Council receiving funding for three low carbon projects during that period, as well as further project bids being submitted for possible future funding. This report will outline these various projects and then give a brief summary on what is known of the way forward in the light of the decision to leave the European Union.

Funded Projects

5. **Business Energy Efficiency Project (BEEP)**
This DCC led project bid was submitted in September 2015 and the Funding Agreement was signed in August 2016, making this the very first low carbon European Regional Development Fund (ERDF) project in the North East LEP region and one of the very first in the UK. BEEP will

provide an intensive package of support for SMEs on energy efficiency, renewable energy and business resilience to reduce greenhouse gas emissions and bottom line costs, enhancing competitiveness and supporting business growth. One to one best practice support, training and expert technical advice will be provided, backed by an interactive website and a programme of peer to peer business events and social media. A package of energy audits and financial grant support will encourage and enable businesses to take up no/low cost measures and to install appropriate technologies. The key outputs are: 240 SMEs supported and a reduction of greenhouses gases.

Intervention rate 60% grant: 40% DCC match

ERDF grant - £533,887

6. **LOCARBO** – funded 1st April 2016 until 30th September 2018

This transnational project aims to create ‘novel roles for regional and LOcal authorities in supporting energy consumers’ behaviour change towards a low CARBOn economy”. The County Durham element of the project will focus on business energy efficiency, sharing the learning from the BEEP Project and learning from the best practice of partners across Europe. The lead partner is the Province of Potenza, in Italy, with partners from Lithuania, Hungary, Romania, Portugal as well as Durham.

Intervention rate 85% grant: 15% DCC match

ERDF grant €218,557

7. **Rebus** – funded 1st April 2016 until 31st March 2019

This project aims to ‘assist the public sector by providing means to undertake energy efficiency renovation works to their public building stock, thus saving energy and public resources’. It promotes international exchange between more and less developed regions in Europe to enable learning from experience and knowledge sharing. Durham County Council will use the project to focus on energy efficiency support for community buildings that have gone through the Asset Transfer process. Community Energy England, Durham Community Action, the Schools Carbon Programme and a network of community buildings in County Durham will be key partners locally.

Intervention rate 85% grant: 15% DCC match

ERDF grant €178,114

Outline Bids

8. A new Call for Low Carbon projects was issued for the NELEP area in April 2016 with a closing date of 30th September 2016. The response has been more positive than expected and thirteen bids have been received across the NELEP region. DCC submitted one outline project bid and other outline bids will also be of interest to the Committee. All of these are currently being assessed and an update is expected early in January 2017.

a. **'Solid Wall Insulation (SWii)**

This DCC Housing project is designed to demonstrate the latest Solid Wall Insulation materials, systems and smart construction process in a domestic property innovation trial addressing the high cost of traditional domestic SWI and the market's failure to meet regulatory planning and building regulations and standards.

ERDF grant applied for: £1.49m

b. **Auckland Castle Deep Geothermal Energy**

This project, if successful, would be the first deep geothermal heat scheme to break ground in the UK in thirty years. It would provide heat to the Castle and to the suite of both old and new buildings associated with Auckland Castle Trust and would tackle the challenge of sustainable heat which represents 50% of total carbon emissions in the North East.

ERDF grant applied for: £3.17m

c. **Re-energise North East**

This is a NELEP area project, led by Groundwork on behalf of a partnership of organisations including DCC. It will provide advice and support on energy efficiency and renewable energy to community buildings across the region, including a ring fenced support allocation for community groups in County Durham.

ERDF grant applied for (total NELEP area): £1.56m

d. **Water Science Hub**

This project bid was submitted in September 2015. It has now been approved by the ESIF Committee and the offer letter production process is ongoing. The Durham University led project will develop a North East Water Science Hub and will help the Council develop an Innovation test bed at Horden examining the opportunities to use waste mine water for heat. The Council will also undertake sustainable urban drainage works in South Moor, examining opportunities to develop new products and processes.

ERDF grant: £749,092

Way Forward

9. A Treasury announcement in August confirmed that all Structural and Investment fund projects contracted prior to the Autumn Statement (November 23rd) would be guaranteed, even if they are spending beyond the exit from the EU. A further announcement by the Chancellor on 3 October confirmed that the government will extend the guarantee for EU funding for projects signed after the Autumn Statement up to the point at which the UK departs the EU. All projects will be required to meet domestic strategic priorities and deliver value for money and the relevant Government department will have responsibility for the allocation of money to projects in line with these conditions and the wider rules on public spending.

10. It is therefore expected that a further Call for low carbon ERDF projects will be issued during 2017. Good partnership work is continuing to develop a pipeline of future projects for County Durham. In addition, the Economic Partnership has responded to the refresh of the North East Strategic Economic Plan with a paper stressing the importance of low carbon economic growth opportunities.

Recommendation

11. The Environment and Sustainable Communities Overview and Scrutiny Committee is asked to note the content of the report and comment accordingly.

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Appendix 1: Implications

Finance

No implications

Staffing

No implications.

Risk

No implications.

Equality and Diversity / Public Sector Equality Duty

No implications

Accommodation

No implications.

Crime and Disorder

No implications.

Human Rights

No implications.

Consultation

No implications

Procurement

No implications.

Disability Issues

No implications.

Legal Implications

No implications.