

# Environment and Sustainable Communities Overview and Scrutiny Committee



17 April 2018

## EU Funding and Other Funding for Low Carbon Projects

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### Report of Ian Thompson Corporate Director Regeneration and Local Services

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#### Purpose of Report

- 1 To inform members of the Environment and Sustainable Communities Overview and Scrutiny Committee about the latest developments relating to European Funding and other funding for Low Carbon projects.

#### Background

- 2 Members of the Environment and Sustainable Communities Overview and Scrutiny Committee have received several presentations on European and Structural Investment Funding low carbon initiatives.
- 3 In November 2016 members of the Committee were given an update on the European and Structural Investment Fund and were advised of several ongoing projects that included:
  - a) **Business Energy Efficiency Project (BEEP)** - This DCC led project was approved in August 2016, making it 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. A total ERDF grant of £533,887 will be received over three years until autumn 2019. BEEP provides 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. A package of energy audits and financial grant support enables businesses to take up no/low cost measures and to install appropriate technologies.
  - b) **LOCARBO** – funded 1st April 2016 until 30th September 2018 This transnational project is designed to share best practice in energy efficiency across Europe, working with partners from Italy, Lithuania, Hungary, Romania, Portugal as well as County Durham. The project is focussing on business energy efficiency, sharing the learning from the BEEP Project and

learning from the best practice of partners across Europe. The intervention rate for the project is 85%, giving DCC a total ERDF grant of €218,557

**c) Rebus** – funded 1st April 2016 until 31st March 2019. This transnational project also aims to share good practice between partners across Europe with a focus on public buildings. There has been a great deal of interest in DCC's School Carbon Reduction Programme, which is regarded as an example of the very best practice across Europe. The DCC Big Switch Off and Eco Champions programmes are also raising interest. The intervention rate for this project is also at 85%, giving a total grant of €178,114.

- 4 Since the last report to Members, considerable progress has been made in existing projects. The BEEP project has successfully supported 100 SMEs and £45,000 is now committed in grant aid to SMEs, creating some excellent good news stories. In a joint initiative between LoCarbo and BEEP, a national event took place in November 2017 in Durham Castle, where SME energy projects from across the UK got together and exchanged good practice. This was the very first national event for ERDF low carbon projects. Subsequently, the UK Department of Business, Energy and Industrial Strategy (BEIS) has asked Durham's BEEP project to trial and advise on the BEIS national approach to SME energy efficiency. BEIS has also set up a national, on-line energy project exchange facility called the Huddle and, through Durham, has invited the partner projects from the BEEP/ LoCarbo event to be the first members.
- 5 Another DCC led project has been successful in achieving ERDF funding since the last report to Members. The £1.5 million Solid Wall Insulation Innovation project launched in October 2017. SWIi will 'demonstrate the latest Solid Wall Insulation (SWI) 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'. The project will provide innovative external wall insulation that is fabricated off-site to reduce costs, to houses in South Moor.
- 6 DCC is involved in two further ERDF low carbon project bids that are currently seeking approval.

**a. The Louisa Centre Minewater Project**

A £2.35 million project has been submitted for approval, of which £1.4 million would be ERDF grant. If successful, the project would carry out comprehensive energy efficiency works at Stanley Louisa Centre. These would include solar photovoltaics, LED lighting and other energy efficiency building works, but the main focus is a proposal to extract heat from minewater and use it to heat the building and/or the swimming pool. This would be a highly innovative project which has not been achieved in the UK at this scale before.

**b. BEES North East**

Thanks to strong help and support from the DCC BEEP project, a Business Energy Efficiency Support (BEES) has been submitted for Full Approval. This bid is led by Newcastle City Council on behalf of Gateshead, Newcastle upon Tyne, Northumberland, North Tyneside, and Sunderland councils. If successful it aims to help 250 SMEs across the wider North East LEP area, following the BEEP model. The total value of the project would be £1.3 million and the outcome is expected imminently.

**7 Sustainable Transport**

Further project development work is being undertaken within the Council to see if it will be possible to bid for a low carbon ERDF project under category 4E, 'Promoting low-carbon strategies for all types of territories, in particular for urban area, including the promotion of sustainable urban mobility and mitigation-relevant adaption measures'. The proposal is to explore elements of the Durham City Sustainable Transport Plan that could be funded under ERDF to achieve reductions in greenhouse gases. These discussions are still in the very early stages but officers from across ReaL are involved and there remains a substantial amount of ERDF low carbon grant available, ring fenced to County Durham.

**8 Regional Energy Commission and Hub**

Members may also be interested to know that a new Regional Energy Commission has been set up for the North East LEP area, using funding from BEIS. This is a high-level body that has been established to support the development of a Regional Energy Strategy and DCC is a founder member. A wider Energy Hub is also under development for the North East, Yorkshire and Humber funded by BEIS. There has been a lack of regional leadership on energy in recent years and these developments are especially welcome because they recognise the increasing importance of energy and low carbon as an economic opportunity for our region.

**Recommendation**

- 9 Members of Environment and Sustainable Communities Overview and Scrutiny Committee are asked to:
- a) Note the report and comment accordingly.
  - b) Receive further progress updates.

**Background Papers**

European and Structural Investment Funding Update 18/11/2016

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## **Appendix 1: Implications**

**Finance** – ERDF continues to be an important source of funding for low carbon projects and initiatives in County Durham

**Staffing** – some additional staffing, such as the BEEP Team, has been enabled through ERDF funding

**Risk** – All ERDF projects must comply with strict guidelines or run the risk of financial clawback.

**Equality and Diversity / Public Sector Equality Duty** – NA

**Accommodation** – NA

**Crime and Disorder** – NA

**Human Rights** – NA

**Consultation** – NA

**Procurement** – All ERDF projects must follow strict EU procurement rules.

**Disability Issues** – NA

**Legal Implications** – NA