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PUBLIC

To: Members of Cabinet Member meeting - Clean Growth and Regeneration

Wednesday, 11 March 2020

Dear Councillor,

Please attend a meeting of the **Cabinet Member meeting - Clean Growth and Regeneration** to be held at **10.00 am** on **Thursday, 19 March 2020** in Committee Room 3, County Hall, Matlock, DE4 3AG, the agenda for which is set out below.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'S Hobbs', written over a light blue horizontal line.

Simon Hobbs
Director of Legal and Democratic Services

A G E N D A

6. To consider the non-exempt report of the Executive Director - Economy, Transport and Environment on D2EE (De-Carbonise) Project Extension and Delivery (Pages 1 - 4)

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DERBYSHIRE COUNTY COUNCIL

MEETING OF CABINET MEMBER – CLEAN GROWTH AND REGENERATION

19 March 2020

Report of the Executive Director – Economy, Transport and Environment

D2EE (DE-CARBONISE) PROJECT EXTENSION AND DELIVERY

(1) **Purpose of Report** To seek approval to endorse the grant funded “D2EE” (Derby, Derbyshire Energy and Efficiency) project extension to October 2022, now entitled DE-Carbonise.

(2) **Information and Analysis**

Background

The European Social Infrastructure Fund (ESIF) 2014-2020, is a national programme managed by Government and delivered locally through Local Enterprise Partnerships (LEPs). The Derby, Derbyshire, Nottingham, Nottinghamshire (D2N2) allocation from Government is approximately £214m across the lifetime of the programme.

ESIF provides Derbyshire County Council and its partners across the Derby and Derbyshire (D2) area the opportunity to maximise investment in local economic growth by supporting business growth, job creation and productivity gains. Engagement in the ESIF programme also demonstrates to Government the Council’s ability to provide effective, joined up delivery of local economic development.

In 2015, there was a call for projects and the County Council, along with Derby City Council and the University of Derby, responded to the Priority Axis 4: Supporting the Shift Towards a Low Carbon Economy. The applicant and lead partner, the University of Derby, secured a total investment package of £4.893m (£2.446m European Regional Development Fund (ERDF)). At the Cabinet meeting on 3 November 2015, approval was given to commit £187,000 over three years in funding contributions to support the D2EE project (Minute No. 372/15 refers).

The aim of the project was to build on Derby City Council’s ‘BESPOKE’ pilot project, which provided energy efficiency support and advice to local businesses. Building a Derbyshire-wide programme helped ensure the County started to develop increasing renewable and decentralised energy capacity, and assisted businesses with reducing their carbon footprint.

Project Progress

The D2EE project, overall, has delivered a number of key outputs, including over 400 energy audits for D2 businesses; 168 companies have been supported with grants to assist with energy efficiency measures, this has resulted in 1,179 tonnes of carbon being saved.

For the County Council, the outputs have been impressive with over 300 energy audits being undertaken, 110 businesses obtaining grant funding and over 860 tonnes of carbon being saved.

Furthermore, the project was the local authority category winner of the East Midlands Regional Energy and Efficiency Awards 2019, as well as being a finalist in the Association of Public Service Excellence (APSE) Energy Efficiency Awards and the Institute of Environmental Management and Assessment (IEMA) Sustainability Impact Awards.

DE-Carbonise - Project Extension

Due to the success of the project, further funding to extend the project has been secured. The Business Rate Retention Programme is contributing £224,904 towards staff costs up to October 2022 and ERDF is contributing £2.3m funding for business grants at a 40% intervention rate, matched with 60% from the private sector. The total funding for the project extension will be £5,172,000 for which 50% ERDF has been sought.

The lead accountable body will continue to be the University of Derby, with Derbyshire County Council and Derby City Council acting as partners.

The extended project will continue to deliver a wide range of specialist carbon reduction support for D2 SMEs to reduce their carbon footprint. Specific activities will include:

- carbon reduction reports and associated action plans;
- in-depth assessments to raise SME capability and identify opportunities for carbon reduction measures;
- provide relevant technical consultancy on a case by case basis;
- access enabling technologies and technical support for low carbon process development;
- access to the Low Carbon Business Network events and workshops;
- capital grants (40% intervention rate) for reducing carbon; and
- access to low carbon transport advice and support. Please note this is a new addition to the extended project.

The main input of both the County and City Councils is to support businesses at the front end of the journey by identifying what support is required through

the carbon reduction report. This analysis will result in a series of recommendations and options for SMEs to follow.

Direct D2 outputs for the project have been forecast as over 400 businesses supported and over 115 businesses receiving grant support. As a result of the extension and respective interventions, the project should lead to a reduction in greenhouse gases of 969 tonnes.

(3) **Financial Considerations** Approval is being sought to extend the project up to October 2022 from the original £0.670m to £1.130m; an increase of £0.460m. This will facilitate the payment of grants at a 40% intervention rate to County businesses. The remaining 60% will be a contribution from the business.

The additional monies are wholly reclaimable via the University of Derby, as the project accountable body for the Ministry of Housing Communities and Local Government (MHCLG) and ultimately the ERDF, and is paid over to Derbyshire County Council on a quarterly basis.

(4) **Legal Considerations** The three parties to the project, the University of Derby, Derby City Council and Derbyshire County Council, have signed a number of legal documents, including the MHCLG/ERDF Grant Agreement, the Deed of Variation to the grant agreement to take into account the project extension, and an Information Sharing Agreement. Derbyshire County Council and Derby City Council have signed a Grant Confirmation Document. The Director of Legal Services will provide advice in respect of the legal documentation.

(5) **Human Resources Considerations** The staff are employed by Derby City Council, on behalf on the Partnership, and are therefore engaged on Derby City Council terms and conditions.

(6) **Social Value Considerations** The low carbon economy is a key priority of both the D2N2 LEP and the County Council. The Council has committed to reduce greenhouse gas emissions to 'NetZero' by 2050, which is in line with national Government priorities. This is set out in the Derbyshire County Council's Environment and Climate Change Framework (2019). This project should assist local businesses with having a positive effect on this target, and support the de-carbonising of Derbyshire's economy.

Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, environmental, health, property and transport considerations.

(7) **Key Decision** No.

(8) **Call-in** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(9) **Background Papers** Held by the Economy and Regeneration Service within the Economy, Transport and Environment Department.

(10) **OFFICER'S RECOMMENDATIONS** That the Cabinet Member:

- 10.1 Notes the success of the project in terms of the 1,179 tonnes of carbon being saved, and being the local authority category winner of the East Midlands Regional Energy and Efficiency Awards 2019, in addition to being a finalist in the Association of Public Service Excellence (APSE) Energy Efficiency Awards and the Institute of Environmental Management and Assessment (IEMA) Sustainability Impact Awards.
- 10.2 Agrees an extension to the project until October 2022 at an additional amount of £0.460m, which will be wholly reclaimed from the Ministry of Housing Communities and Local Government (MHCLG) and ERDF via the University of Derby, on a quarterly basis

Mike Ashworth
Executive Director – Economy, Transport and Environment