



Derby City Council

**URGENT LEADER OF THE COUNCIL
CABINET MEMBER MEETING**
19 May 2015

Report of the Acting Strategic Director of
Neighbourhoods

ITEM 5

D2 Low Carbon Economy Outline Bid for EU Funding

SUMMARY

- 1.1 This report seeks an urgent decision from the Cabinet Member for Planning, Environment and Regeneration to support a 3 year European funded project to take forward the aims and aspirations of the Council's Low Carbon aspirations as contained in the City's Climate Change Strategy.
- 1.2 This is a partnership project involving the Council, the University of Derby and Derbyshire County Council.. The Council's match funding contribution of £187,000 could be drawn from the Climate Change Board reserve which was set aside to support projects that not only take forward projects to champion this important issue but are also considered a good return on investment.

RECOMMENDATIONS

- 2.1 To support the Council's continued involvement with this collaborative project as an expression of interest which is required to be submitted by the 20th May;
- 2.2 To approve, in principle, the match funding contribution of £187,000 from the Climate Change Board reserve.

REASONS FOR RECOMMENDATION

- 3.1 The Low Carbon Economy is a key priority of both the D2N2 Local Enterprise Partnership and the Council. The proposed outline bid to ESIF funding will help local businesses to become more resilient to the changes and price rises ahead by lowering costs, whilst also being well-positioned to take advantage of opportunities that arise from both increased demand for low-carbon services and accessing more stringent procurement.

REASON FOR URGENCY AND SUPPORTING INFORMATION

- 4.1 On the 23rd March 2015 a European Regional Development Fund (ERDF) call for Outline Applications was launched relating to the Supporting the Shift Towards a Low Carbon Economy in All Sectors(Priority Axis 4). This call is part of the wider package of European Structural Investment Funds (ESIF) that will be available to support the city's and the region's development in the coming 3-5 years. For this low-carbon call, there will be £10million (with 50% matched required) available for applications in the D2N2 Local Enterprise Partnership area. The deadline for the receipt of expressions of interest for this call is the **20th May**. The Cabinet Member will already be familiar with this development from the report prepared by Regeneration on the EU Structural and Investment Fund Strategy (2014-2020).
- 4.2 To take advantage of this opportunity the Climate Change Team has been meeting with a number of external partners over the last six or so weeks to work up a project proposal based on expanding and enhancing the current BESPOKE project which provides energy efficiency support and advice to local businesses.
- 4.3 BESPOKE will come to an end in September of this year and the new project proposal - outlined below, will continue to provide an invaluable service to small businesses in this area with a broader and more extensive service offer that has links to broader economic development and business support. It will also help Derby begin to develop more renewable and decentralised energy capacity.
- 4.4 This proposal also provides an important business opportunity for the Climate Change Team which has been challenged to find an alternative funding model which reduces its dependence on the Council's revenue budget. This project opportunity not only achieves this objective but also delivers a series of high profile outcomes in support of the Council's Climate Change Strategy through a partnership arrangement covering the whole of the D2 area.
- 4.5 The project proposal is to provide energy efficiency advice (including renewable energy), grants, support and innovation to SMEs throughout the Derbyshire D2 area. To do this the City and County Councils will work in a delivery partnership with Derby University. The project recognises the twin roles that it can play in making local SMEs more competitive and resilient, and in boosting local demand for LCE services. It will specifically target those SMEs engaged with, or in the supply-chains, for transport and advanced manufacturing. These SMEs are more likely to be engaged in energy-intensive activities and to benefit from progressing to environmental management. Specific activities are detailed in Appendix 2
- 4.6 The proposed match funding contribution from the Councils is to support the Council's share of project management and staffing costs.
- 4.7 It is anticipated that Derby City Council's match funding contribution could be met through the Climate Change Board reserve. This funding has been specifically earmarked for those project opportunities that take forward the Council's Climate Change aspirations and make good business sense.
- 4.8 Following the outline bid stage the partnership, if successful, will be required to

complete a detailed application over the summer. Full applications are expected to be submitted around August/September of this year and a final decision regarding this is likely to be a further 8 weeks on from submission. It is hoped that the project will be in a position to commence on the 1st January 2016.

OTHER OPTIONS CONSIDERED

- 5.1 Not applying for this funding, which would have been a missed opportunity in developing a project of this importance with the strategic fit it has with the Council's climate change and economic aspirations.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Janie Berry Amanda Fletcher Liz Moore Alistair.Burg Richard Williams – Director of Regeneration
--	---

For more information contact: Background papers: List of appendices:	Andy Hills - 642014 - Appendix 1 – Implications
---	---

IMPLICATIONS**Financial and Value for Money**

- 1.1 The total value of the project, including match funding, is currently approximately £5 million. Approximately half would be sought from the ERDF.
- 1.2 DCC could fund £187,000 from reserves as a 50% match funding contribution towards an overall figure of £374,000 for staffing and other revenue costs over the three years of the project. The County Council will provide an identical figure.
- 1.3 The capital grants will be entirely funded by ERDF and private sector contributions and will not require any financial contributions from the Council.
- 1.4 A more detailed breakdown of the overall figures for each aspect of the project including closer scrutiny of the various partner contributions will be worked up at the full application stage if the expression of interest is successful.

Legal

- 2.1 None directly arising from the report.

Personnel

- 3.1 The project will need to employ one full time project manager and 5 FTE officers on a 3 year fixed term contract. These posts will be recruited through the Council's normal HR processes and procedures and will be a dedicated resource for this project only.

IT

- 4.1 None directly arising from the report.

Equalities Impact

- 5.1 None directly arising from this report.

Health and Safety

- 6.1 None directly arising from this report.

Environmental Sustainability

- 7.1 The project will help local businesses improve their resource efficiency and will also present opportunities within the growing low carbon sector. Developing the low carbon economy is a key priority of the City's Climate Change Strategy.

Property and Asset Management

- 8.1 None directly arising from this report.

Risk Management

- 9.1 The risk implications to the Council are captured in Paragraph 4.4 of the report.

Corporate objectives and priorities for change

- 10.1 The project proposal will contribute to 'A strong community where we feel empowered and businesses are supported to grow'.