



## **Bespoke Energy Efficiency Advice and Grants - Update**

### **SUMMARY**

- 1.1 The Business Energy Support Promoting Opportunities and Knowledge for Energy Efficiency (BESPOKE) project commenced in September 2012 following Cabinet approval of the European Regional Development Fund (ERDF) agreement. This report is to inform the Scrutiny Members of the main developments since the launch and the plans for the next 12 months. The project will run until June 2015.
- 1.2 The main aim of the project is to improve the energy efficiency performance of small and medium sized business in Derby to help improve profitability through reducing costs and carbon emissions in keeping with the City's Climate Change Strategy. The project achieves this through the provision of audits and advice, and through grants of up to £5,000 for eligible organisations.

### **RECOMMENDATION**

- 2.1 To note the continued progress and main developments of Bespoke since the projects launch in September 2012.
- 2.2 For Scrutiny Members to support and assist the project in its remaining 15 months by making local businesses aware of this opportunity.

### **REASONS FOR RECOMMENDATION**

- 3.1 It is important that Members of Corporate Scrutiny and Climate Change are kept informed of the progress made with those projects that support the Council's climate change ambitions.
- 3.2 The project needs to be promoted as widely as possible to ensure that the maximum benefit is achieved for the local business community.

### **SUPPORTING INFORMATION**

- 4.1 Bespoke is part funded by a grant from the European Regional Development Fund. The total grant available is £265,649 consisting of:
  - £55,649 revenue (Staff costs and marketing and promotional activity)

- £210,000 capital (to provide grants to SMEs).

The Council is providing match funding of £86,151 through staff costs to deliver the project through the Climate Change Team. The Project is also supported by an external consultant (Carbon Minded). The consultant provides an independent review of the grant applications in addition to specialist in-depth energy management reviews.

4.2 The objectives of Bespoke are to:

- Improve the profitability of small businesses particularly those in the disadvantaged priority areas of the city;
- Improve energy efficiency in the small business sector;
- Raise energy and resource efficiency awareness amongst business owners and employees;
- Reduce energy costs in order to increase business competitiveness;
- Reduce the city's carbon footprint by at least 100tonnes CO<sub>2</sub>.

4.3 These objectives will be achieved through the provision of free energy efficiency services for SMEs within Derby City including:

- Energy efficiency advice and signposting;
- Site visits and an energy efficiency survey;
- Grants of up to £5,000 for energy efficiency improvement works (with a minimum organisation contribution of 10%).

The required (ERDF) outputs and results of the project are contained in Appendix 2.

4.4 Through BESPOKE the Climate Change Team set-out to engage with a minimum of 40 small and medium sized enterprises (SMEs) within Derby city and offer the opportunity to access free energy efficiency advice and grants of up to £5,000 for 40 businesses. The project has already engaged with over 100 SMEs, conducted 50 visits and awarded thirteen funding agreements worth over £50,000 with the majority of these grants now claimed. Around 35 businesses have not been eligible for support.

4.5 The project also aims to reduce Carbon Dioxide (CO<sub>2</sub>) emissions in the city by 100 Tonnes, reduce energy costs for businesses, and raise the awareness of resource efficiency. The grants awarded so far will already save an estimated 150 Tonnes of CO<sub>2</sub> each year in Derby. Interest has been in a range of initiatives including new air compressors, efficient lighting systems, new boilers, insulation and a machine to make wood pallets from wood waste that would otherwise go to landfill

4.6 Due to a regional underspend on ERDF projects there is the possibility of de-commitment of funds. This has resulted in a re-profiling request from DCLG. We have requested that there is an allowance for slippage of capital and revenue funding to be re-allocated across the remaining 6 quarters. This ensures we deal positively with previous underspend that arose from external and participant delays, and allows us to capitalise on the momentum that has been building in recent months.

- 4.7 The project is working with a further six companies on grant applications, four of which are at the stage of obtaining three quotes for their works. The recent appointment of a new project officer as maternity cover, improved processes and reports, and increased publicity, will ensure that we can deliver a greater level of capital funding in 2014. All of these factors should ensure that in the case of any de-commitment we can cope with the changes and still deliver the core objectives of the project. The continued support and promotion of the project by Councillors and Council partners will ensure that businesses across the city can benefit from this project and help us meet and possibly exceed our targets.
- 4.8 The project has received positive publicity through a variety of mechanisms including:
- the Derby Telegraph;
  - Radio Ikhlas;
  - Community newsletters;
  - Marketing Derby;
  - Chamber of Commerce e-bulletin;
  - Other grants and business support schemes;
  - Use of websites such as Eventbrite;
  - Engagement with the Local Economic Partnership and Derbyshire and Nottinghamshire Chambers of Commerce;
  - Events (including Energy Efficiency event at iPro Stadium, March 2014).

This has been supplemented with conducting some door to door visits at a number of business estates to raise awareness of the project. There is clear evidence that the project is being promoted via word of mouth; where one company has had a site visit they are letting their neighbourhoods know about the project.

- 4.9 SME business sectors engaged so far have been varied and include:
- Office furniture designers and manufactures;
  - Packaging and collation;
  - Business accountants and advisers;
  - Recording studio;
  - Handmade bicycles;
  - Printing Services;
  - Community enterprise;
  - Engineering.

Appendix 2 provides details about the projects expected outputs and results.

## **OTHER OPTIONS CONSIDERED**

- 5.1 Not to continue with the Bespoke project is discounted as the project has been committed to through the funding agreement. This agreement contains financial obligations upon the Council, and any curtailment of the project could result in monies being returned to the funder.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	
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<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Jonathan Ward 01332 642019 <a href="mailto:jonathanward@derby.gov.uk">jonathanward@derby.gov.uk</a> None Appendix 1 – Implications; Appendix 2 – BESPOKE project outputs and results
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<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 BESPOKE is ERDF part-funded, with around 25% (£86k) in matched funding from the Council. The capital element is 100% ERDF funded, with the revenue being supported by a 60% contribution from the Council.
- 1.2 The project recently completed a re-profile exercise in response to a DCLG request. The outcome of this exercise will be known from mid-to-late March. Plans have been put forward to ensure that the Project Team can deal with any de-commitment.

**Legal**

- 2.1 None directly arising

**Personnel**

- 3.1 None directly arising

**Equalities Impact**

- 4.1 None directly arising

**Health and Safety**

- 5.1 None directly arising

**Environmental Sustainability**

- 6.1 The BESPOKE project aligns with the new city-wide Climate Change Strategy.

**Property and Asset Management**

- 7.1 None directly arising

**Risk Management**

- 8.1 None directly arising

**Corporate objectives and priorities for change**

- 9.1 Working with small businesses in priority Wards will increase their resilience and boost the local economy.

## Appendix 2

### Bespoke: Outputs and Results

Criteria	Quantity	Description
<b>Outputs</b>		
No. of businesses assisted to improve performance	40	Businesses to receive a minimum of 2 days support or £1,000 grant assistance.  Assistance includes the provision of the grant, energy efficiency advice and signposting to other sources of support and funding. Evidence will include the award of the grant, telephone support, reports and meetings in addition to the award of the grant (where approved). Records of which will be maintained in electronic file for the business.
Total Private and Public Sector Leverage:	£22,000	Private sector leverage is achieved through a 10% contribution from the businesses as part of the grant requirements. Despite a re-profiled capital budget submitted, it is expected that this leverage target can be met due to a number of businesses contributing in excess of 10% of the costs.
<b>Results</b>		
Number of energy surveys carried out	40	Three levels of energy survey are offered: 1. Site visit by Climate Change Team to conduct a basic review of energy management within the organisation. To be evidenced through site visit record and completion of energy survey form. Signposting and referrals to other sources of assistance and/or funding will be made. 2. Energy consultancy: An in-depth energy survey will be conducted by an energy specialist for businesses with complex energy consumption issues. This will be evidenced through site meeting records and energy survey report. 3. Energy consultancy: A specific investigation into identified energy efficiency options. This may be required where a number of options have already been identified but in-depth guidance is required by the Project Board to ensure that the best option is identified.
Number of businesses improving performance	10	SMEs receiving a grant will be required to provide copies of their annual accounts for the year of the improvement and the year following the improvement. In addition the SME will be required to complete a survey after a 12 month period in order to establish their annual energy savings. This will be compared against the baseline will be the data gathered at the application process.
Number of businesses engaged	40	Any business contacting the Project is recorded on the business contacts spreadsheet with details of any information provided. This includes referrals and signposting in addition to information about the grant.
Number of grants awarded	40 (36 in submitted re-profile)	These will be reported once the grant has been claimed by the business for approved energy improvement(s), and submitted the necessary evidence.
Tonnes of CO2 saved	100	This is based on the figures provided through the application process (using latest Government Carbon Dioxide conversion figures). This will be monitored through the post project monitoring which will actual savings made after installation of the improvement measure. Businesses will be required to provide energy data before and for a minimum of 12 months after the energy improvement is completed. Figure based on Carbon Trust saving figures of half a ton per £1000

		investment. This is reviewed at the application stage and businesses are required to demonstrate meeting minimum savings.
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