

Agenda Item No. 7(a)

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**1 November 2016**

Report of the Strategic Director – Economy, Transport and Communities

**D2EE LOW CARBON ECONOMY – MATCH FUNDING (STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)**

(1) **Purpose of Report** To seek Cabinet approval to accept the European Regional Development Fund (ERDF) grant for the D2EE (Derbyshire, Derby Energy and Efficiency) project and confirm £187,000 match funding (revenue) contribution towards project proposals.

(2) **Information and Analysis**

**Background**

The European Structural Investment Funding Strategy 2014-2020 (ESIF) Programme promotes sustainable economic growth and will be delivered through the D2N2 (Derby, Derbyshire, Nottingham and Nottinghamshire) Local Economic Partnership (LEP). The ESIF Programme has been operating for just over a year with the first calls issued in March 2015.

The Council has been working with partners to develop collaborative proposals to submit to the European Regional Development Fund to respond to the ESIF calls. At the Cabinet meeting on 3 November 2015, approval was given to provide £187,000 match funding over three years towards the delivery of the D2EE project (Minute No. 372/15 refers).

Working in partnership with Derby City Council and led by the University of Derby, a full application was submitted for funding through the D2N2 ESIF programme as part of the ERDF Priority Axis 4 (supporting the shift towards a low carbon economy).

The total cost of the proposed project was confirmed as £4,671,384 (50% match funded via ERDF). The proposed match funding contribution from Derbyshire is to support the Council's share of project management and staffing costs.

## **The Project**

D2EE is a comprehensive, low-carbon support and energy efficiency grant programme for small and medium sized businesses across Derby and Derbyshire. The project enables businesses to:

- improve their competitiveness by reducing their energy costs;
- attract new customers through networking events and activities;
- develop low carbon products; and
- improve their own green credentials enabling them to access low-carbon supply chains.

D2EE will reduce the carbon emissions of business activities, products and processes by providing energy efficiency audits and grants (up to £15,000), access to state-of-the-art equipment and cutting edge technical expertise to foster improvement and innovation.

The University of Derby is the Accountable Body for the project and the Council is a delivery partner, alongside Derby City Council, which will manage a team of four staff on behalf of both the County and City Councils. These officers will cover Derbyshire and Derby, offering energy audits, guidance and energy efficiency grants to small and medium businesses. Through the project, the Council will support 150 businesses resulting in an estimated reduction of 313.5 tonnes carbon dioxide greenhouse gas.

The University of Derby will provide low carbon coaching, accreditation and technical expertise and equipment for low carbon product development and prototyping. While both Councils' aspects of the project will be limited to Derbyshire and Derby, the University's elements primarily will be focussed on Derbyshire and Derby, however, their activities cover the whole D2N2 LEP area.

## **Current Position**

On 5 September 2016, the Department for Communities and Local Government (DCLG), the ERDF Managing Authority, confirmed it had completed the technical appraisal of the D2EE project and approved, in principle, the award of ERDF grant stated above, subject to contract.

The total cost of the project has been confirmed as £4,671,384 with 50% of the project costs supported through ERDF (£2,334,666), public sector match of £1,194,666 and private sector match of £1,142,052. The value of the Derbyshire element of the overall project is £1.5m, including £1,194,644 for grants (50% ERDF, 50% private match from businesses receiving grant). Derby City Council has also confirmed match funding of £187,000 to deliver the Derbyshire and Derby element of the project. The project will operate for a three year period from November 2016.

However, following the EU Referendum decision, the Government confirmed in August 2016, that projects with Funding Agreements or contracts in place before the Autumn statement will be funded, even if projects will continue beyond the date of the UK's exit from the EU. The impact of the Autumn Statement deadline is that the timescale for full applications to be contracted has been significantly shortened.

(3) **Financial Considerations** At the Cabinet meeting on 3 November 2015, a financial contribution of £187,000 from the County Council was approved as match funding from the Council's General Reserve (Minute No. 372/15 refers). Equivalent Derby City Council match funding has been confirmed. The University of Derby is meeting its own matched funding requirements for its work packages relating to the project.

(4) **Legal Considerations** The University of Derby, as the accountable for the proposed project, will be the contracting body with DCLG. For the project, the Council is a delivery partner contributing match funding and delivering a key element of a wider project. The project governance structures require the Council to enter into a Partnership/Collaboration Agreement. The Council will be required to sign the Agreement which will set out responsibilities of all delivery partners, project governance arrangements and risk apportionment.

A separate but associated Service Level Agreement (SLA) will be agreed between the Council and Derby City Council concerning the four project staff employed by Derby City Council but working across County area. The SLA will include issues relating to recruitment, marketing, overheads for on costs, and possible redundancy costs at project completion.

The above Agreements are currently in draft and it is proposed that consideration and agreement of the final Partnership Agreement is delegated to the Strategic Director – Economy, Transport and Communities in consultation with the Cabinet Member for Strategic Policy, Economic Development and Budget.

(5) **Social Value Considerations** The Low Carbon Economy is a key priority of both the D2N2 LEP and the Council. The proposed full 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.

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

(6) **Key Decision** No.

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

(8) **Background Papers** Held on file within the Economy, Transport and Communities Department. Officer contact details – Nawaz Khan, extension 38481.

(9) **OFFICER'S RECOMMENDATIONS** That Cabinet:

- 9.1 Approves for the Council to accept the European Regional Development Fund grant for the proposed D2EE (Derbyshire, Derby Energy and Efficiency) project.
- 9.2 Reconfirms its commitment to providing £187,000 match funding over three years (2016 to 2019) from Economy and Regeneration.
- 9.2 Agrees to delegate to the Strategic Director - Economy, Transport and Communities, agreement and signing of the final approval of Partnership/Collaboration Agreements for the D2EE project, in consultation with the Cabinet Member for Strategic Policy, Economic Development and Budget.

**Mike Ashworth**  
**Strategic Director – Economy, Transport and Communities**