

Clay Cross Town Board

16 June 2023

Clay Cross Town Deal
Local Carbon Challenge Fund

Report By: Steve Lee, Assistant Director – Regeneration and Programmes

Contact Officer: Steve Lee, Assistant Director – Regeneration and Programmes

PURPOSE / SUMMARY

- To present to Clay Cross Town Board the progress of establishing the Low Carbon Challenge Fund (LCCF).
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RECOMMENDATIONS

That the Clay Cross Town Board agree:

1. To note the progress being made to launch the Low Carbon Challenge Fund (LCCF).

IMPLICATIONS

Finance and Risk: Yes No

Details:

The Strategic Outline Business Case (SOBC) for the LCCF has been approved by DLUHC. The LCCF will be developed within budget for the grants element and the administration costs allocated to the facilitation and administration of the scheme. Any commissioning of external expertise such as technical support, will be undertaken in accordance with the Council's Procurement regulations.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

The Council is the accountable body for the Clay Cross Town Deal and whilst the spirit of the Towns Fund and its intent, to be private sector- and community-led, should be reflected in the governance and assurance framework, the Council and S151 Officer more specifically are responsible for ensuring robust process to protect the interest of the public.

On Behalf of the Solicitor to the Council

Staffing: Yes No

Details:

No staffing issues arising from this report. Primary delivery will be undertaken through existing officers identified to lead in the delivery of the Clay Cross Town Deal.

On behalf of the Head of Paid Service

REPORT DETAILS

1 Background

- 1.1 The Clay Cross Town Deal Investment Plan originally identified interventions under a low carbon theme made up of three component parts; Low Carbon Workspace, Low Carbon Housing and Low Carbon Energy Network Strategy totalling £3.1m.
- 1.2 During the development of the Town Deal programme the Low Carbon Housing and Low Carbon Workspace elements were combined into a single Low Carbon Challenge Fund approach and allocated £1.95m.

2 Report

- 2.1 The approved Aim of the LCCF is:

To accelerate the deployment and take-up of energy efficiency and renewable energy technologies in Clay Cross reducing carbon emissions and stimulating and demonstrating innovation, ensuring Clay Cross becomes an example of community best practice within Derbyshire

- 2.2 The Objectives of the LCCF are:

- Support housing developers to implement enhanced low carbon standards for new build housing exceeding Part L regulations;
- Support developers or enterprises to implement low carbon investments for existing businesses and new business workspace provision exceeding current standards/regulations; or
- Support developers and enterprises with more ambitious low carbon investment projects as exemplars/demonstrators that seek to achieve net zero. This can include public estate.

- 2.3 The expected types of activities that the LCCF can support include: Improved insulation, lighting, heating and controls; Efficient motors, compressors, equipment; Vehicle chargers; Renewable energy (PV panels, ASHPs, GSHPs etc.); Resource efficiency; Waste reduction and recycling; and Improved metering and low-cost Building Management Systems.

- 2.4 The fund budget is based on estimated costs for the three project output areas. This has been developed drawing on similar schemes and an

allocation of funding for potential larger scale exemplar projects. The £1.6m grant allocation is underpinned by:

- 60 housing units with grant support of up to £12k per assist (£720k) for enhanced energy efficiency measures
- 37 enterprises with grant support of up to £10k per assist (£370k) towards workspace energy efficiency investments
- 5 large scale “high-impact” exemplar projects of up to £100k or more by exception (£500k).

The remaining £350k has been ringfenced for contingencies and administration costs.

- 2.5 A condition of receiving grant monies was the delivery of the outputs specified in the business case. If the allocation of the Low Carbon Challenge Fund is reduced, the ability to realise these outputs would be at risk and the Accountable Body would have to obtain approval from DLHUC before re-allocation. With the national policy significance provided to the low carbon and climate change agenda it is recognised that a formal request to use resources approved for LCCF activity would likely undergo significant challenge and scrutiny. In summary the LCCF project outputs approved by DLUHC are:

Output	Quantity
New houses with improved (exemplar) energy consumption	60
Enterprises receiving grant support	37
Enterprises with improved energy consumption (production process)	37
Floor space with improved carbon performance M2	6,000
Sites generating electricity from renewable sources	2
Innovative projects developed	5

- 2.6 Recognising the recent fluctuations in inflation and construction costs the development and launch of the LCCF had been deferred until the funding profile of the Town Centre Regeneration element was available in more detail, itself subject to findings from technical surveys and assessments. Recent review of this profile provides confidence that the current allocations and the profiling of a £2.3m contingency to cover client risks and inflation are sufficient for the LCCF to proceed.
- 2.7 DLUHC have recently provided a phased payment of £645,000 for the 2023/24 financial year, providing resources to commence with LCCF delivery. A phased approach to releasing the funds is therefore in development, which will initially focus on the business and public estate elements. In keeping with similar grant schemes there is an expectation that applicants will contribute 25% or more towards the cost of works. For this initial bidding round projects should complete all financial activity by 31st December 2024, with future deadlines to be publicised on an incremental basis.
- 2.8 NEDDC will use its existing internal experience and capacity to develop and manage the scheme, with progress on this underway. It is recognised that technical expertise will be required for certain elements such as workshops to

explain the benefits of different options for intervention, technical assessment of applications and reporting support and the commissioning of this external support is to commence shortly.

- 2.9 Following this phased bidding rounds will commence in line with available funds, with an Expression of Interest form developed to capture new interest and formalise existing discussions held recently with interested businesses and developers. This will ensure that opportunities to support local investment on low carbon mitigation activity are not lost.
- 2.10 Whilst the initial approach is focused on the commercial and workspace elements, discussions for the housing element will commence at a later stage.

3 Next Steps

- 3.1 The next steps being developed to finalise and launch the LCCF include:
 - Publicity of Scheme
 - Establishment of Expression of Interest (EOI) process on a rolling programme basis
 - Commission Technical Support:
 - Workshops
 - Appraisals
 - Assess and report intervention outcomes
 - Process full applications from endorsed EOIs, awarding grants where appropriate
 - Implementation of the £720k will commence as Phase 2 of the LCCF.

4. Reasons for Recommendation

- 4.1 To develop low carbon interventions and exemplar activity to contribute to the delivery of the recommendations and findings of the Clay Cross Local Area Energy Plan (LAEP).

5 Alternative Options and Reasons for Rejection

- 5.1 No other options considered.

DOCUMENT INFORMATION

Appendix No	Title
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report)	