

Clay Cross Town Board

22nd March 2024

Clay Cross Town Deal

Low 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 the Low Carbon Challenge Fund (LCCF).
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RECOMMENDATIONS

That the Clay Cross Town Board note:

1. The progress made following the launch of the Low Carbon Challenge Fund (LCCF) in June 2023.
2. The need to release the second tranche funding, £500k, to cover the value of applications in assessment, in development and future projects.
3. The extension of the scheme closing date from December 2024 to December 2025.
4. The ratification of investment into NEDDC properties, subject to them meeting all LCCF assessment criteria.

IMPLICATIONS

Finance and Risk: Yes No

Details:

The LCCF will be developed within budget for the grants element and the administration costs allocated to the facilitation and administration of the scheme.

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 and supported by external advisors funded within the Town Deal budget.

On behalf of the Head of Paid Service

REPORT DETAILS

1 Background

- 1.1 Launched in June 2023, the aim of the Low Carbon Challenge Fund (LCCF) is an initiative to help 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. The first tranche of funding of £645k has been received out of a total budget of £1.95m.
- 1.2 Applications from private enterprises and public sector organisations are within scope. Types of activity supported could include improved insulation, lighting, heating and renewable energy as well as exemplar technologies.
- 1.3 The following outputs will be delivered through LCCF, as agreed an contracted with the Department of Levelling Up, Housing and Communities (DLUHC):

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 m ²	6,000
Sites generating electricity from renewable sources	2
Innovative projects developed (Exemplars)	5

- 1.4 The Board has previously requested that the funding is released in stages, or tranches, to meet demand and in consideration of overall programme budget, particularly in light of high inflation in recent years.

2 Report

- 2.1 The table below summarises LCCF already committed, proposal's at EOI stage and projects in development:

Status	Budget	Number Enterprises Benefitting/ Improved Energy Consumption	Floorspace with Improved carbon performance m ²	Exemplars
LCCF currently allocated (approved)	£216,662	9	5,490	0
Endorsed EOIs in progress	£734,078	78*	Tbc	5
EOIs in development	£40,000	4	Tbc	1
Energy Advisor fees**	£40,000	-	-	-
Total	£1,030,740			
Current LCCF monies	£645,000			
Funding required to cover shortfall	£385,740			

* Includes assumption of at least 5 enterprises supported through the Town Centre Regeneration Scheme, 3 from Clay Cross Active and up to 60 from Coney Green Business Centre.

** Technical support provided by [Professional Energy Purchasing](#) to assess bids to ensure the proposal is effective and will deliver the proposed outputs.

- 2.2 The technical support to the programme has calculated that to date the approved projects have benefited from a collective total of £42,399.84 per annum energy savings from their interventions, with a carbon reduction of 37.14 tonnes per year. The current approved projects have benefitted from the following interventions: solar panels (6 businesses), internal heating and insulation, air source heat pump/solar/batteries and a new heating system. Publicity of these projects will roll out as installations complete.
- 2.3 At present the support for new housing element of the fund has not yet been publicised. Significant housebuilding has already taken place in Clay Cross, which limits opportunities for new investment, with a watching brief maintained for new developments. To mitigate the risk of not achieving any housing outcomes the accountable body approved an emerging opportunity of supporting enhancements at a development of 11 units for a total of £132,000. At £12,000 per unit the output cost is notably lower than the £15,000 per unit identified in the LCCF's business case.
- 2.4 As previously stated, applications from public sector organisations are eligible, to show good practice and maintenance of efficient public buildings and services. In order to maintain transparency NEDDC as the accountable body

wishes the Board to note that it has three applications in various progress of development all of which would qualify as exemplar projects. The projects are:

- Clay Cross Active - to increase the extent of solar panels to reduce running costs: £108,465.82. Additional benefits will also be achieved for the NHS and Citizen's Advice tenants. Board will note that when allocating £7m to Clay Cross Active, £1m was to support low carbon technologies. This has funded the installation of Air Source Heat Pumps, Solar PV and associated improvements to the fabric and building infrastructure. Following this investment there remains the roof space to increase the amount of solar panels from 120 to 360 (240 additional).
- Town Centre Regeneration Scheme - installation of solar panels on several of the new units: £161,896. To directly benefit tenants by reducing their ongoing running costs. The funding level may be refined as the application is developed, with between 5 and 16 businesses to benefit, depending on whether businesses letting the premises take multiple units.
- Coney Green Business Centre - a number of energy efficiency measures to significantly reduce the centre's utility bills and carbon footprint: £162,249. Investment would help reduce the centre's annual CO₂ emissions by over 105 tonnes and result in annual energy cost savings of circa £60,000, which will directly benefit approximately 60 enterprises based in the building.

2.5 The Council's projects are subject to the same level of external scrutiny and assessment as all other applications and although NEDDC owned buildings, as the premises are let to businesses, it is businesses that will indirectly benefit from the funding. Board ratification provides transparency when the accountable body assesses their own applications. The projects would deliver significant LCCF output and outcome numbers.

2.6 The Board originally requested that projects receiving funding from the initial release of £645,000 should be completed by December 2024. It should be noted that if this deadline is not extended beyond this date it will exclude the LCCF allocated to the new town centre units, and potentially a number of the EOIs not yet fully developed. Therefore, it is proposed to extend the deadline for project completion for all current and future proposals to December 2025, which will meet the Town Deal financial deadline date of March 2026.

2.7 Demand from businesses is good, with a potential shortfall of £385,740 if all applications in progress and development are approved. It is therefore felt prudent to release an additional £500,000 at this time to ensure current and future activity is funded. The remaining unallocated funds would be released in due course subject to consideration against demand elsewhere in the programme. Unallocated funds are sufficient to balance overall programme risk, should it be required.

4. Reasons for Recommendations

4.1 The recommendations will allow for the retention of overall programme flexibilities should demands arise from other areas of the Town Deal Programme, whilst maximising outputs and outcomes, and allowing for greater development and delivery time for emerging proposals.

5 Alternative Options and Reasons for Rejection

5.1 In order to deliver the outcomes and outputs agreed with DLUHC through the Low Carbon Challenge Fund business case it is difficult to identify alternative options. Naturally the board could decide not to support the recommendations which would create the risk of not being able to deliver the agreed outputs and outcomes. This would likely result in NEDDC, as accountable body, considering the risk with DLUHC.

DOCUMENT INFORMATION

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