



**Regeneration and Housing Scrutiny Review
Board
25th March 2019**

ITEM 5

Report sponsor: Verna Bayliss, Acting Director
of Planning and Transportation
Report author: Gemma Sylva, D2EE Team
Leader

The Derby and Derbyshire Energy Efficiency Project

Purpose

- 1.1 This report summarises the achievements of the Derby and Derbyshire Energy Efficiency (D2EE) project; a three year energy efficiency project part-funded by the European Regional Development Fund which will end in October 2019.
- 1.2 The report also outlines a follow-on collaborative project between Derby City Council, Derbyshire County Council and the University of Derby called DE-Carbonise D2N2 which will also be part-funded by the European Regional Development Fund. The project will build on the success of the D2EE project, and will offer enhanced services around low carbon transport and low carbon innovation for small and medium sized enterprises (SMEs).

Recommendations

- 2.1 To acknowledge the achievements made during the D2EE project so far and understand how the project has contributed to the resilience and growth of Derby businesses by lowering their energy costs and carbon emissions, and in supporting further investment in the city through the DE-Carbonise D2N2 project bid.
- 2.2 Once funding for DE-Carbonise D2N2 has been confirmed, to support the project by promoting it to businesses and partners across Derby and Derbyshire, to maximise exposure and business engagement.

Reason(s)

- 3.1 D2EE has established an excellent evidence base to show how working with businesses on energy efficiency can achieve excellent carbon, cost and energy savings. This can be celebrated as a success for the Council and also provides important data for future projects.

The D2EE project's profile within the city continued to improve with time; in part due to publicised opportunities via media outlets such as Marketing Derby and East Midlands Chamber, alongside ongoing social media campaigns on Twitter, Facebook and LinkedIn. Word of mouth between local businesses, case studies in local media and

Council events have also helped raise awareness of both the scheme and the benefits of undertaking energy efficiency improvements. Raising awareness of energy efficiency is particularly important to SMEs who often do not link growth to energy costs. In a 2012 paper from the British Chambers of Commerce¹, only half of members thought energy costs had a negative effect on business growth; 38% believed that energy costs were not linked to business growth. Businesses need to be made aware of what the D2EE project is offering and how it can benefit them, as soon as possible.

- 3.2 The D2EE and De-Carbonise D2N2 projects must achieve targets for businesses engaged, number of grants awarded, number of new products brought to market etc. The partnership needs to engage as many appropriate businesses as possible to generate maximum benefit to Derby, meet targets, and also to maximise positive publicity of the project.

Supporting information

- 4.1 The D2EE project provides free energy consultancy and offers grants towards the cost of installing energy efficient measures to help small and medium sized businesses (SMEs) in Derby and Derbyshire to reduce their energy use and bills.
- 4.2 Grants are available towards the cost of energy efficiency improvements to premises or process equipment, which could include: lighting; heating; insulation; ventilation; efficient equipment and renewable energy generation.
- 4.3 D2EE won 'Energy Efficient Local Authority of the Year 2018' at the East Midlands Energy Efficiency Awards. More award applications are being made this year, for the East Midlands Energy Efficiency Awards 2019 and for the Association for Public Service Excellence (APSE) Awards 2019.

¹ British Chambers of Commerce (2012) 'The Energy Market: Business requires certainty'.

4.4 The current D2EE project is very successful, meeting ambitious targets and experiencing significant demand for support from local SMEs (approx. 500 SMEs engaged so far).

Progress so far:

- 149 grants awarded totalling £897,000 (~16 grants remain, with a budget of £92,000);
- £1,067,000 of private sector investment leveraged;
- 354 energy audits completed;
- 1,140 tonnes of carbon emissions saved per year from grant-funded measures (against original target of 517 tonnes);
- 75 businesses received 12 hours of free energy consultancy, (with many more receiving fewer hours of support);
- An additional 360 hours of free energy consultancy given to businesses.

4.5 The team identified the opportunity to apply for the second round of 2014 -2020 ERDF funding under the PA4 Low Carbon call. The funder was looking for large scale, ambitious partnership projects with a budget of at least £1 million (half of all project costs must be funded by the project partners themselves). The team then took the decision to continue working alongside the University of Derby and Derbyshire City Council as project partners. From this point the team began shaping a new bid and building upon strong relationships with the partnership to move forward and submit a successful expression of interest for the new DE-Carbonise D2N2 project.

4.6 Planned outputs for the DE-Carbonise D2N2 project (3 years):

- Approx. £920,000 of funding to be distributed as at least 115 grants of £1,000 – £20,000 to cover 40% of the cost of installing low carbon/energy efficiency measures within SME premises.
- Free energy consultancy, including at least 300 energy audits and prioritised recommendation reports to assist SMEs in prioritising investment.
- The grant investment in energy efficiency measures will save at least 572 tonnes of Greenhouse Gas (carbon) emissions to the local environment.
- £1.38m of private sector investment in energy efficiency (minimum).
- Innovative/novel technology demonstrators.
- Three new low carbon products developed and brought to market.

- 4.7 Key DE-Carbonise activities:
1. Low Carbon (LC) Environmental Audits, Capability Assessments and Personalised Action Plans:
In-depth assessments to raise SME capability and identify opportunities for carbon-reduction measures.
 2. Implementation of Action Plans:
Interventions tailored to individual SME needs including
 - a. Technical and business consultancy e.g.
 - a. Decarbonising manufacturing materials and processes
 - b. Reducing energy and resource consumption including data analytics
 - c. Using greener sources of energy/renewables
 - d. Reducing emissions from transport
 - e. New LC product development
 - f. Support to scale up supply of LC goods and services
 - b. Access to enabling technologies and technical support for LC product and process development including
 - a. Laboratory-based demonstrators
 - b. Novel in-situ demonstrators
 - c. LC Business Network with access to events, workshops and regional supply chains
 - d. Grants where integral to Action Plans to support emission reduction measures e.g. rapid EV charge points and new and emerging LC technologies
- 4.8 If the full DE-Carbonise ERDF bid is successful, the project will continue to increase the profitability of local businesses by reducing their bottom line. For a relatively small amount of match funding the DE-Carbonise D2N2 project can have a significant impact benefiting a large number of businesses with either simple, cost effective interventions which have been tried and tested, or specialist support to introduce low carbon innovations. Energy prices will continue to rise over the next few years so it is essential that we continue to offer the local business community the support they need to reduce their energy costs in order to be more resilient.
- 4.9 If the DE-Carbonise bid is successful this will safeguard the roles of four full-time members of staff, retaining their valuable skills and experience in this field. It will also mean that a successful, established energy project offer with a recognised brand and stable pipeline will be taken forward and built upon in an area (energy) where Derby City Council has a severe lack of resources and service offers. The team has already been successful in bidding for funding to cover the match funding requirement of the project.

Public/stakeholder engagement

- 5.1 The D2EE project has engaged with businesses and networks and individual businesses across city and county via:
- Marketing with existing networks such as Marketing Derby and East Midlands Chamber
 - Marketing via social media – Twitter, LinkedIn and paid Facebook adverts
 - Visiting clusters of businesses, such as business parks and industrial estates, to talk to businesses individually about the project offer and hand out flyers
 - Attending various events including Marketing Derby, University of Derby, East Midlands Chamber, localised District events
 - Networking and working alongside Officers at the majority of District Councils
 - Presenting at events such as the Federation of Small Businesses Derby Networking sessions and the annual East Midlands Chamber Sustainability Summit.
- 5.2 The project team operated a process of continuous improvement in terms of finding the most effective ways to market the offer and to hone the messages being disseminated to best appeal to the target audience. For example, direct flyering of businesses was the most successful method, so this was utilised more and more as the project progressed. Facebook was also a useful tool and adverts were carefully created and targeted to generate the best returns. The team will continue to market the project offer in this manner until it ends in October 2019.
- 5.3 In preparation for the DE-Carbonise project, the D2EE team have been compiling pipeline data to ensure that demand for the service can be evidenced to funders. Current D2EE beneficiary SMEs are also being contacted to establish whether they would like to be contacted again if the bid is successful. So far, 93% of the SMEs that have responded stated that they are interested in future energy efficiency/low carbon initiatives from the Council.

Other options

- 6.1 No other options. If the DE-Carbonise D2N2 ERDF bid is not successful, there will not be funding available to deliver the project.

Financial and value for money issues

- 7.1 None directly arising from this report. A successful bid for external match funding means that the Council's portion of revenue match funding will be covered with no additional need for cash match. The remainder of the £5.2m project budget will come from the European Regional Development Fund, and some from the grant recipient SMEs (they will provide ~60% match against their grant for energy efficient/low carbon measures).

Legal implications

8.1 None directly arising from this report. Legal implications will be the same as with the current D2EE project; the same ERDF rules and regulations will apply, so the project team will continue to utilise the systems and processes already in place.

Other significant implications

9.1 None directly arising from this report.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	All approvals signed off by Paul Clarke, Head of Planning	08/03/2019
Finance		
Service Director(s)		
Report sponsor		
Other(s)		

Background papers: None	
List of appendices:	Appendix 1: D2EE Client feedback

Appendix 1: D2EE Client Feedback

GTA Derby Ltd t/a Guy Taylor Associates



GTA Derby Ltd was awarded a grant to help install bespoke secondary and double glazing, LED lighting, roof insulation and high efficiency gas boiler.

When Architects Guy Taylor Associates purchased an old Coach House to use as their new offices, they decided to transform it to an efficient building that was sympathetic to the history of

the building. The Coach House had been empty for several years and required a complete refurbishment. Director Paul Stanton made contact with the D2EE Team and was very positive about the resulting work, which included site visits and a grant.

“We have been working with the D2EE team since they came to do an audit at our previous rented office. When we were looking to buy our own building the team were very helpful in completing another visit. They assisted us to calculate the savings from a number of different options and put together an application for funding to achieve five energy saving measures, looking at heating, lighting, insulation and glazing.

“The improvements have made a huge difference as we have worked to refurbish the coach house in an energy efficient way that is respectful to the heritage value of the building. We now have a warm, light office space with low bills. Since moving in we have been able to expand our work in Derby and take on more staff, which would never have been possible in our old office. The support and encouragement of the D2EE team has been really important through this.” Paul Stanton, Director



Hunters Furniture (Derby) Ltd

Hunters Furniture has been furnishing homes in Derbyshire since 1928 from its iconic home on Babington Lane in Derby. As part of the 90 year celebrations the company wanted to invest in energy efficient lighting, to improve the store for customers while reducing energy bills.

Matthew and Nina Sheard, Directors of the company, were keen to work with Derby City Council's D2EE team, who provided a free energy audit and then awarded a £7,370 grant towards the £14,740 project. The D2EE (Derby and Derbyshire Energy Efficiency) project offers eligible small and medium sized businesses free bespoke advice and grant funding to help them become more energy efficient and reduce their energy bills.

The detailed lighting assessment carried out by the D2EE team recommended replacing 533 fluorescent or halogen light fittings with LED lights, which should save Hunters at least £11,220 a year on electricity costs. The improved light quality also provides the company with better-lit premises to showcase their products.

“The D2EE grant has been beneficial to our business not only in energy savings but also in customer experience. We have had many comments about how much brighter the store looks with the new lighting. We expect payback from the project to be less than 12 months and started to see the cost savings straight away, which in an environment of rising costs is very welcome. The grant award has provided a catalyst for us to review our overall lighting scheme and has resulted in a better, more consistently lit store significantly improving the overall look of the business.”
Nina Sheard, Director.

Smith of Derby Ltd

World-renowned clockmaker, Smith of Derby, was awarded a grant of £10,937 to assist with the next phase of their energy efficiency journey. The company has already installed solar voltaic panels to produce energy on-site, along with upgrading some lighting to LEDs. The D2EE grant covered 50% of the cost of upgrading lighting within the rest of the premises to LED, saving £5,300 and 42,655kWh of electricity per year.



“Having recently applied for a grant to improve our lighting and energy efficiency with Derby City Council, we found the process and team to be extremely helpful. The fitting engineers were professional and worked carefully around our shop floor and offices to minimise disruption to our business.” Jane Betts, Operations Director.

Santino’s Health & Fitness Ltd

Santino’s gym and health club is situated in Derby city centre. After an energy audit, the company was awarded a grant to help with replacing inefficient storage heating in

the upstairs studio with efficient split air conditioning units, to save £1,000 a year and make the space more useable.

“We were really struggling to heat our first floor Studio, the bills were crippling us and the stress was out of the roof! We had received a £900 bill for six weeks of heating during the winter months. We considered giving up on what was becoming a growing Gym with a fantastic reputation.”

“We have found the new system to be so economical that we often only need one of the units switched on for part of the time. The real test will be in the summer months as the Studio is like an attic room and was unbearable and unusable with the old units in use. We had lost customers as users had quite literally walked out, abandoning the environment all together. We are confident that the air conditioning will be as effective as the heating.

Since the heating has gone in we have researched LED strip lighting, which we are hoping to install this summer when funds permit.”

“Huge thanks to the team for supporting us through the grant process, especially Liz who was amazing!” Julie Hardman, Marketing and Sales Manager.