

# **Title of report: Marches Energy Grant (formerly the Marches & Worcestershire Clean Growth Programme)**

**Decision maker: Cabinet member environment and economy**

**Report by: Head of environment, climate emergency and waste services,  
Sustainability & Climate Change Manager**

## **Classification**

Open

## **Decision type**

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

(All Wards);

## **Purpose**

This report seeks to approve external allocations for the implementation of the Marches Energy Grant (formerly the Marches & Worcestershire Clean Growth Programme); which will be delivered in conjunction with Worcestershire County Council (WCC) as the lead partner. This programme is set to replace the outgoing Business Energy Efficiency Programme (BEEP) and the completed Marches Renewable Energy (MarRE) programme.

## **Recommendation(s)**

**That:**

- a) Herefordshire Council becomes a partner in the Marches Energy Grant Programme (formerly the Marches & Worcestershire Clean Growth Programme) with the partnering authorities, led by Worcestershire County Council as the Managing Authority;**

- b) The Council as a partner of the programme, accepts the grant allocation of £525,000 to be held by Worcestershire County Council, from the Marches Local Enterprise Partnership to implement the Marches Energy Grant;**
- c) Utilise the UK Shared Prosperity Fund allocation £176,333 as match funding to the Marches Energy Grant;**
- d) Delegate all operational decisions relating to the implementation of the Programme to Interim Service Director Highways and Transport.**

### **Alternative options**

1. Not to participate in the programme. This is not recommended as it will not result in the provision of business assistance, technical support and capital grants to Herefordshire. This assistance will support businesses increase competitiveness, to minimise their utility costs and to reduce their carbon emissions. This will result in a risk of not achieving the council's strategic objectives within the Core Strategy, Carbon Management plan, Marches LEPs Energy Strategy and Strategic Economic Plan.
2. Not to utilise the dedicated Climate Reserve to match fund the programme should the UKSPF allocation not materialise. This would place an unbudgeted risk on the council as the UKSPF allocations are yet to be confirmed by central government. This would result in both reputational risk as the council would be forced to leave the Programme and financial risk as the match funding requirement becomes a revenue pressure.

### **Key considerations**

3. The Marches Local Authorities and Worcestershire County Council (WCC) (partners in this EoI) have been running a wide range of European Regional Development Fund (ERDF) funded programmes since 2012. Of particular relevance to this programme are the successful:
  - a) Business Energy Efficiency Programme (BEEP) - £4.7m ERDF
  - b) Low Carbon Opportunities Programme (LoCOP) - £2m ERDF
  - c) Marches Renewable Energy Scheme (MarRE) - £2.2m ERDF
4. The proposed Marches Energy Grant (MEG) programme will continue and build on the success of BEEP, MarRE and LoCOP. The intention is to pull together the support that has been available from these programmes into one scheme. The programme will be promoted through local growth hubs.
5. MEG will offer free advice and grants for energy efficiency and renewable energy measures for SMEs from all sectors, (including Business to Customer – B2C) and community buildings across the Marches (& Worcestershire). An agreed amount of grant funding will be ring-fenced for community buildings. The programme will also continue the networking and webinar events for Small to Medium sized Enterprises (SMEs) and other organisations that are currently run through BEEP.
6. A total of £1.575m of capital grant for energy efficiency and renewable energy measures for Marches SMEs will be available to applicants, with an agreed amount ring fenced for community buildings.
7. Up to 40% grants from £1,000 to £20,000 will be available in The Marches, to be match funded a minimum of 60% by the grant applicant.

- Step 1. An application is made by a perspective beneficiary to the Worcestershire County Council (WCC) team.
- Step 2. If the application is deemed eligible the WCC team assess applicants equipment, premises, processes and performance to find opportunities for improvements in energy usage and a report is presented to the applicant.
- Step 3. Applicants can then apply for a grant for projects outlined within the assessment report.
- Step 4. The grant beneficiary is responsible for the procurement of the intervention(s) funded by the scheme in line with guidance provided by the WCC team.
- Step 5. Upon successful completion of the installation of the intervention(s) and receipt of all required paperwork the grant is defrayed from WCC to the beneficiary.

8. The grants will cover the installation of energy efficiency and renewable energy measures, for example: LED lighting with smart controls; insulation; smart energy control systems; energy efficient refrigeration, compressors, motors and drives; renewable energy systems, e.g. air and ground source heat pumps, solar PV; where carbon savings can be made.
9. Energy efficiency and renewable energy advisors and other project staff, employed by Worcestershire County Council will support businesses and community organisations in the grant application process, including advice on obtaining quotes and putting them in touch with local business networks that can provide links to local firms able to install measures/provide specialist advice, such as through local growth hubs.
10. The table below describes the outputs from the programme:

	Herefordshire	Shropshire	Telford & Wrekin	Total
Number of grants (£15k av.)	35	35	35	105
Reduction of CO2 equivalent (tonnes)	750	750	750	2250
Increase in renewable energy generation (kWp)	309	309	309	927
Energy efficiency and renewable energy reviews/assists	60	60	60	180
Revenue grants for feasibility studies for innovative or complex projects (£10k av.)	10	10	10	30

11. Outputs for Herefordshire include;
- a) 60 assists - energy efficiency and renewable energy reviews - assists vary from 2 hr telephone support through 12 hr assist including site assessment up to 5 days assist for complex or large sites – average £1.5k – cost tbc – will go to open tender
  - b) 35 x 40% capital grants for energy efficiency or renewable energy measures for SMEs and community buildings - average £15k with a max of £20k
  - c) 10 x 40% revenue grants for e.g. feasibility studies for innovative or complex projects - average £10k
  - d) 750 tonnes CO2e reduced - based on average £700 grant funding per tCO2e reduced

- e) 309 kWp installed renewable energy generation capacity - based on average £1700 grant funding per kWp installed

## **Community impact**

12. The programme will contribute towards the following local and regional strategic priorities, targets and legislation:
13. The County Plan says we will work in partnership with others to reduce county carbon emissions.
14. The Delivery Plan Ambitions and Objectives state we will:
  - EN4 invest in low carbon projects
  - EN6 Spend public money in the local economy where possible
15. In response to increasing awareness of the impacts of climate change, Herefordshire Council declared a climate emergency on 8 March 2019. This programme will deliver large reductions in annual energy consumption and carbon emissions from local businesses which will support the delivery of this commitment.
16. The Marches LEP Energy Strategy outlines the following Vision Statement: The Marches area has an energy generation and supply system which is flexible and reliable, delivering energy that is low carbon and low cost to businesses and communities, can accommodate planned growth and can support well developed low carbon supply chains.
17. MEG will support local business in reducing their energy consumption and therefore carbon emissions whilst helping them tackle the current energy crisis and improving business efficiency.

## **Environmental Impact**

18. This programme will see Herefordshire Council work with its strategic partners and neighbouring authorities, Worcestershire County Council, Telford & Wrekin Council and Shropshire County Council to deliver a positive environmental impact directly through the businesses beneficiaries of the scheme and across the regions.
19. Across the Marches and Worcestershire the programme is forecast to support 160 beneficiaries and deliver the following environmental benefits over the two year programme:
  - a) An increase in renewable energy generation - 927kWp of newly installed capacity
  - b) 927kWp of freed-up capacity on the local energy grid
  - c) A reduction of 2250 tonnes of carbon
  - d) Improved energy efficiency of businesses
20. Other benefits will include:
  - a) Improved environmental awareness from employees
  - b) Improved working conditions from better quality lighting and improved temperatures
  - c) Increased productivity from more efficient equipment
  - d) Lower maintenance costs for modern equipment
  - e) Access to other support following successful participation in the programme

f) Improved financial and environmental performance

### Equality duty

21. Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

22. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying ‘due regard’ in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.

### Resource implications

23. This programme is fully funded through private sector match and external grant funding through a combination of the UKSPF and LEP Energy Fund.

24. The tables below outline the capital and revenue costs and funding streams, there are no ongoing revenue budget implications.

25. The scheme does require officer time to attend monthly project steering group meetings and quarterly board meetings, this requirement is the same time commitment required by the current BEEP programme which MEG replaces and will be met by the existing capacity of the Sustainability and Climate Change team.

Revenue or Capital cost of project (indicate R or C)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
Grants paid to beneficiaries (40%) (C)		250.0	275.0	0	525.0
WCC Project Management (R)		37.0	49.3	0	86.3
Cost of Business Assists (R)		45.0	45.0	0	90.0
<b>Total held by WCC</b>		<b>332</b>	<b>369.3</b>	<b>0</b>	<b>701.333</b>
<i>Beneficiary Capital Match (60%) (C)</i>		375.0	412.5	0	787.5
<b>TOTAL</b>		<b>707.0</b>	<b>781.3</b>	<b>0</b>	<b>1,488.8</b>

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>UKSPF (R) (Herefordshire Council match)</i>		82.0	94.3	0	176.3
<i>LEP Energy Fund (C) (LEP grant to be paid directly to WCC from the LEP to deliver project)</i>		250.0	275.0	0	525.0
<i>Beneficiary Capital Match (60%) (C) (capital match required from beneficiaries of the scheme)</i>		375.0	412.5	0	787.5
<b>TOTAL</b>		707.0	781.8	0	1,488.8

26. Project management costs include administration, marketing (including telemarketing) & events and project staff travel is held by Worcestershire County Council. This will be supported by local promotion by partners including the Herefordshire & Worcestershire Chamber of Commerce.
27. There are no procurement implications of this programme for Herefordshire Council, the programme will be run and managed by Worcestershire County Council.

### **Legal implications**

28. The combination of funding streams required to enable these significant programmes to progress suggests a need for an overarching agreement between the funding bodies and the Managing Authority to ensure delivery of the programme.
29. It is anticipated that any funding awarded for the programme following acceptance of the bid or part thereof will be provide by way of a Section 31 ring-fenced grant under the Local Government Act 2003. This grant determination may have associated requirements and obligations and these will need to be assessed at the time of award by the Council in addition to the Managing Authority.
30. The Council's legal team will have to work closely with Worcestershire County Council to ensure that the grant agreements meet the minimum requirements for grant agreements.

### **Risk management**

Risk / opportunity	Mitigation
<p>Reputation (risk and opportunity) - there is a reputational risk of not partnering to continue the very successful BEEP and MarRE programmes through this new programme which have been successful and popular business support programmes.</p>	<p>The recommendation is to approve the council's participation in this programme.</p>
<p>This programme will also support the Council's aspiration to achieve county carbon neutrality by 2030.</p>	
<p>A risk of underperformance/under delivery.</p>	<p>This programme will be an effective extension of a number of successful programmes that have run for a number of years. As such there is strong evidence of demand and ability to deliver. Worcestershire Council have a well-resourced team to deliver the work and the scheme will be jointly promoted across the Marches and Worcestershire.</p>
<p>Risk associated with delivery of the scheme.</p>	<p>In addition to the above, the responsibility for delivering the scheme and therefore the associated risk lies with Worcestershire County Council however Herefordshire Council and all partners will work jointly to reduce any risk to programme delivery to ensure it is a success.</p>

31. Risks will be managed at a service level and escalated as appropriate.

### Consultees

32. A political groups consultation took place with good support shown for the programme and the following feedback was received:
- a. There should be an up to date Herefordshire Council based webpage with relevant information for potential programme applicants
  - b. Particular support was shown for the inclusion of community buildings in the programme
  - c. The programme should be widely advertised to businesses to ensure good take up of the grant and a wide range of businesses and community groups benefit
  - d. In addition to this programme the council should consider the impact of the energy crisis on businesses strategically

### Appendices

- None

## Background papers

- None identified

## Report Reviewers Used for appraising this report:

Governance	John Coleman	Date 12/12/2022
Finance	Karen Morris	Date 08/12/2022
Legal	Patricia Haywood	Date 04/01/2023
Communications	Luenne Featherstone	Date 05/12/2022
Equality Duty	Carol Trachonitis	Date 05/12/2022
Procurement	Carrie Deeley	Date 09/12/2022
Risk	Kevin Lloyd	Date 05/12/2022
Approved by	Ross Cook	Date 30/03/2023