



ACTION PLAN

LOCARBO Project Partner 4

Durham County Council

26th September 2018

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1. Executive Summary

Durham County Council will undertake a range of actions to demonstrate how the lessons learnt from cooperation within LOCARBO will be enhanced in order to improve the policy instrument tackled within the region. We have already been successful in making changes to the policy instrument in the respect of ERDF guidance in January 2018.

We will be supporting the North East Business Energy Efficiency Support with advice and good practice. This is an ERDF funded project we supported partners to bid for, through our learning from LOCARBO.

Through the LOCARBO National Local Living Lab we have worked with BEIS to explore different models of energy efficiency after Britain leaves the European Union as part of the Shared Prosperity Fund and the National Clean Growth Strategy. In Phase 2 we will work with BEIS to develop potential options and assess their viability. We will also continue to support the Huddle tool, a shared secure online platform for other business energy efficiency projects to share experience and good practice. Durham will work with National Local Living Lab partners to ensure that the benefits are maximised.

We are also exploring a pilot of a National Virtual Power Plant in the UK. This would incorporate learning from partners Mi6 in Hungary. This will identify the greenhouse gas reductions resulting from all PA4 projects delivered across England from 2014 to 2020, analysing these and calculating their impact in terms of a virtual power station. We have worked with our Managing Authority, MHCLG, to achieve this.

2. Strategic approach

a. Name of the policy instrument addressed in this action plan

Investment Priority 4b: Promoting energy efficiency & renewable energy use in enterprise, under the Low Carbon Strand of the European Regional Development Fund Operational Programme 2014-2020. We also include the North East Operational programme.

b. Background

From January 2012 until the end of 2014, Durham County Council worked with Province of Potenza (supported by Grants Europe), Kaunas University of Technology, and Avrig Municipality (that was originally due to participate in LOCARBO) on the Interreg IVC project, RENERGY. The project sought to develop more efficient energy policies at the local/ regional level in an inclusive, integrated approach. It helped identify a need for the LOCARBO project, and a desire for these

partners to once again work together, and also invite 'new blood' into the partnership. Through the RENERGY project, Durham County Council had also been inspired by, and able to use Danish good practice to inform its new ESIF funded Business Energy Efficiency Project (BEEP), now delivering very successfully across the County.

Durham County Council was very pleased to become part of the LOCARBO project in 2016. The 2014-2020 ERDF programme was critical to the development of this work because it was the first time that there was a dedicated low carbon economic development priority action (PA4).

We are focussing on PA4b, unlike other partners who are working on PA3, to provide complementarity to another project we are working on. Durham County Council was invited to participate in the Interreg Europe project, Renovation for Energy efficient BUildingS (REBUS), in 2016. REBUS will promote eco-efficiency and primary energy consumption reduction of public buildings through interventions for renovation of single or complex buildings, installation of smart telemonitoring systems, regulation, managing, monitoring and optimisation of energy consumptions (smart buildings).

Given our proven track record, the LOCARBO lead partner, Potenza, invited Durham to join the project and become the lead for Thematic Pillar 1 (TP1). This theme is Supplementary Services and Products Offered by Authorities.

The Department for Communities and Local Government (DCLG) were appointed as the European Structural and Investment Funds (ESIF) Managing Authority for the UK, and this department has subsequently become the Ministry of Housing, Communities and Local Government (MHCLG). MHCLG's other responsibilities are driving up housing supply, increasing home ownership, devolving powers and budgets to boost local growth in England, supporting strong communities with excellent public services. Regionally, the North East Local Enterprise Partnership (NELEP) has established a regional ESIF sub-committee which has an advisory role and seeks to engage potential partners and oversee the performance of the programme. At a local level, the County Durham Economic Partnership has established an EU advisory group to inform the North East ESIF sub-committee. Durham County Council provides the secretariat for this group.

We are also working with the national Government Department for Business Energy and Industrial Strategy (BEIS), responsible for business, industrial strategy, science, research and innovation, energy and clean growth, climate change.

In June 2016 the UK took the unprecedented decision to leave the European Union in a referendum. The decision is due to take effect in March 2019. Although we are unsure as to the full policy and funding implications, however we know that we will no longer have access to ESIF beyond the 2014-2020 programme period. Durham County Council is endeavouring to work closely with the UK government so we can effectively work within the new context and influence whatever replacement funding is developed. This is noted in Section 7.

c. Local context

County Durham is the fifth largest Council in the UK. The city of Durham is situated in the Northeast of England, within the County Durham local government district. While most of the county is rural, there are 12 major areas of population (over 7,000) together with over 300 smaller towns and villages. Close to 513,000 people live in the County of Durham and there are 239,000 households. Its Business Durham property portfolio contains over 500 business units providing space for over 300 businesses employing over 1600 people, including office space, industrial units, factories, the Durham Dales Centre and one of the UK's premier science parks, NETPark.

There are 275 schools in the county (2018) and 39 local libraries (2015) DCC runs three museums (2010). Around 90% of the population live in the east of the county, predominantly the former Durham Coalfield, and throughout the industrial revolution of the 1800's it was the coal mines of Durham that fuelled much of the United Kingdom's industry. 17% of working people are employed in manufacturing in the County with 77% employed in the service sector and around one third of the population living in areas which are judged amongst the 20% most deprived in the UK.

Improved energy efficiency and reduced energy costs are a political priority and a target of reducing CO2 emissions by a minimum of 40% by 2020 has been agreed by Durham County Council cabinet members, and has already been achieved. Durham County Council is committed to tackling the plight of fuel poverty faced by many of its householders and includes many positive actions in its policies and strategies.

At the local level, there is a County Durham Partnership, which is the Local Strategic Partnership for the county and was established following the Local Government Act 2000 as the best way of promoting the social, economic and environmental wellbeing of communities. This comprises of five key thematic partnerships, including the County Durham Environment Partnership, Altogether Greener, and the County Durham Economic Partnership, Altogether Wealthier. Both partnerships aim to bring together representatives from key organisations to generate an Altogether Better County Durham.

The Council first developed its Carbon Management Plan in 2010 and its most recent version was published in 2016. Our carbon target was a 40% reduction by 2020, and we have recently achieved this, ahead of schedule.

The Low Carbon Team at Durham County Council is headed by Maggie Bosanquet. For the initial stage of the project, the project manager was Ian Bloomfield, and recently Helen Grayshan has taken over this role.

d. Stakeholders

We have worked closely with local, regional and national stakeholders across the sectors (public, private, third sector/NGOs and academic) over the project to date, and we have refined the team to take the action plan forward. The following table lists those who have participated, and those who will continue to do so.

Name	Organisation	Have been involved to date	Involved in action plan delivery
Emma Bridge	Community Energy England	✓	
Colin Hillary	Community Centre Framwellgate Moor	✓	
Adam Stewart	NaREC	✓	
Anne-Clair Leydier	Northern Powergrid	✓	
Carol Botten	VONNE	✓	
Neil Foster	Councillor	✓	
Ross Weddle	Green Community Buildings	✓	
Mark Joslyn	MHCLG	✓	✓
Margaret Sutherland	BEIS	✓	✓
David Orr	NEBEEES	✓	✓
Charlotte Adams	Durham University	✓	
Jacki Bell	Durham University	✓	
Kate Burrows	Community Action Durham	✓	
Stephen MacDonald	Durham County Council	✓	
Catherine Judge	Durham County Council	✓	
Richard Hurst	Durham County Council	✓	
Julie Curry	Durham County Council	✓	
Calum Baker	Durham County Council	✓	✓

e. Staff team

Ian Bloomfield	Durham County Council	✓	
Dorothy Gibson	Durham County Council	✓	✓
Maggie Bosanquet	Durham County Council	✓	✓
Helen Grayshan	Durham County Council		✓
Paul Franks	Durham County Council	✓	✓

f. Durham's approach

The strategic approach of Durham County Council has been to focus on developing and disseminating good practice and proactively making relationships with the Managing Authority for the UK, as well as sharing good practice at a local level. Our work is focused on the 2014 to 2020 ERDF Operational Programme – Investment Priority 4b: Promoting energy efficiency & renewable energy use in enterprises. In view of the decision of the UK to leave the European Union in 2019, we are having to look towards how to achieve the outcomes of this policy instrument in the future. Specifically we are looking at how energy efficiency support is currently provided to SMEs and how this might be achieved post Brexit and the end of the current EU ESIF programme.

We have found this to be very useful, and a particular highlight was our LOCARBO National Local Living Lab event which brought together sister projects to our Business Energy Efficiency project (BEEP) from across the UK on 20-21st November 2017 at which many of the themes of our action plan were developed, and challenges with the current policy instrument were discussed. Subsequently, we have worked on these themes throughout the following year, culminating in our mid-term event and National Local Living Lab which we held 12-13th September 2018.

The Council also has several policies and strategies that inform this action plan, and the critical ones are highlighted below.

Environmental objectives for County Durham are:

- To reduce carbon emissions and adapt to the impact of climate change
- To support communities to deal with the increased frequency of extreme weather events, e.g. flooding, by changing how they think and encouraging them to act now. We will undertake a coordinated approach to increase environmental awareness and encourage householders and businesses to reduce energy consumption and limit CO2 emissions as well as adapt to climate change.
- To address and reduce incidences of 'fuel poverty' by increasing the take-up of households energy efficiency improvements through the 'Warm Up North Scheme' without up-front cost as these are paid back via energy bill savings as part of the government's green deal scheme.
- To facilitate a programme of energy efficiency in our business community buildings and schools to reduce energy costs, cut carbon and increase comfort.
- Our project, Durham County Council's Business Energy Efficiency Project (BEEP) is a key deliverable, and has been included in LOCARBO as a good practice (GP TP2 PP4)

Economic priorities for County Durham are:

- Improving our economic infrastructure and promotion of County Durham as a place to invest, do business and visit.
- Influencing and informing wider decision making priorities and investments in particular the North East Local Enterprise Partnership (NELEP) and North East Leadership Board (Combined Authority)
- Enabling effective investment planning within the County – developing, supporting, overseeing and promoting a pipeline of prioritised schemes and making the most of available resources. The CDEP (County Durham Economic Partnership) will maximise the benefits of available funding and resources such as the EU 2014-20 Programme to help achieve our ambitions to support job creation.
- Creating more opportunities for employment and reducing disparities, with a key current emphasis on opportunities for young people and promoting training and skills development in new and emerging employment sectors.

As a result of the LOCARBO project Durham is now working closely with national government (BEIS) to pilot different approaches to supporting SMEs with energy efficiency across the UK. We are involved in ongoing discussions at national government level on the inclusion of SME energy efficiency within the proposed Shared Prosperity Fund, which the Government has stated is intended to replace ESIF.

The learning from the LOCARBO National Local Living Labs is being built into policy development in our work with BEIS and MHCLG on SME energy efficiency. Through LOCARBO we are leading an ongoing national process of sharing learning and best practice from the many projects from across the country that are working on energy issues with SMEs to ensure that future policy instruments meet SME energy needs in the most effective way.

The following LOCARBO Good Practice is the most relevant, GP TP1/2/3 PP6: Virtual Power Plant Program Hungary, which works to support SMEs across Hungary on energy efficiency, and aggregates the carbon savings generated into a 'Virtual Power Plant' model which we believe has the potential to be applied across England. We have benefited from the opportunity to work with our partner organisation Mi6 who have developed the Hungarian good practice and to learn from their experiences.

3. Vision, goals and results

a. Strategic objective

The aim of this action plan is to influence the ESIF policy instrument (PA4b) as well as relevant UK government policy, in the context of Brexit, using the learning and good practise of the LOCARBO project.

b. Objective by each action

Strategic objective	PP4 specific objective	Action
Influence the policy instrument Priority Axis 4	Change in the management of the policy instrument.	<p><i>National Virtual Power Plant in England</i></p> <p>Description This action, which is proposed to be delivered as a pilot action, will be led jointly by the Durham County Council’s Low Carbon Economy team and Mark Joslyn, Low Carbon lead at MHCLG. The action will entail a focused piece of work to identify the greenhouse gas reductions resulting from all PA4 projects delivered across England from 2014 to 2020, analysing these and calculating their impact in terms of a virtual power station.</p> <p>We took this proposed pilot action to our LOCARBO National Local Living Lab. The feedback we received from stakeholders was that we should consider adding some further research around wider benefits of energy efficiency ERDF funded programmes to the VPP, because this would be of more benefit to government and EU institutions and build a more persuasive case. Therefore, the pilot will include the suggested methodology for related outcomes. Suggested wider benefits included money saved, energy intensity and energy behaviour change induced by the program.</p> <p>Benefits Such a VPP would be a useful mechanism for against a range of policy contexts, and could, if piloted successfully, be applied to all of the PA4 low carbon economic development projects in the UK, with the potential to be extended across the EU low carbon programmes. The total carbon saved in one or more programmes can be quantified, alongside other benefits, and developed into a visualisation tool (VPP) that will be easily communicable to a wider audience. This will help to publicise the real benefits of European funding programmes.</p>

		<p>It would contribute to objective C34, estimated GHG reduction, and it could aim to calculate value both in Euros and CO2e emissions, or the average cost in £/per tonne, compared with cost of running a power station and cost of running projects, or a number of other measures. It could also consider the social and economic values of running low carbon projects, such as energy intensity, financial savings and energy behaviour change induced by the programme. By demonstrating return on investment in various ways, the format of the model should be clearly communicable to interested professionals and the wider public.</p> <p>Rationale This would enable the LOCARBO project to facilitate direct learning between partners, from Mi6 in Hungary, into UK policy. It is proposed that this activity is included in a proposed pilot action in partnership with Mi6, the lead partner (Potenza), and Alba Iulia. It applies to the whole of Priority Axis 4 of the 2014 to 2020 ERDF Operational Programme. It is hoped that this pilot action will be made possible with additional support from Interreg Europe. We are awaiting feedback from the Lead partner and the Joint Secretariat on this. If the pilot action application is not successful, Durham will continue with the national Managing Authority on a smaller scale.</p>
	<p>Change in the management of the policy instrument ESIF PA4b</p>	<p><i>Business Support</i></p> <p>Description At our first National Local Living Lab event in November 2017, national stakeholders expressed frustration with a lack of clarity on PA4b Output C1 (Number of enterprises receiving support). As a result, we have worked with our national Managing Authority to clarify this point. In January 2018, revised guidance was issued that clarifies the issues in question. We will be monitoring the effectiveness of this revised guidance in tackling the identified challenge.</p> <p>Benefits National stakeholders identified that they needed to provide dedicated support to individual SMEs by means of background work (research, calculations etc) which was not delivered face to face with the</p>

		<p>SME. This type of support initially appeared to be non-compliant under C1. The revised guidance, issued January 2018, confirmed that any support to an SME could be counted as compliant provided that it is contributing to the improvement of energy efficiency.</p> <p>Rationale</p> <p>This lack of clarity was inhibiting the delivery of energy efficiency advice to SMEs, but thanks to the LOCARBO Local Living Lab this element of the policy instrument has been improved.</p>
	<p>Influencing PA4b specifically, to influence implementation of a new project, and associated spend: BEES</p>	<p><i>BEES</i></p> <p>Description</p> <p>North East Business Energy Efficiency Support is a new scheme covering the rest of the North East LEP area, (outside of County Durham) offering energy and resource efficiency advice to SMEs. This successful ERDF funding bid was made after extensive support from Durham County Council's BEEP project, and informed by the Mi6 VPPP good practice. Durham will be supporting the new project at Board level.</p> <p>Benefits</p> <p>In total, the BEES project will support 250 businesses with energy efficiency advice, and generate 1000 tonnes of greenhouse gas reductions over its three year delivery period (2018-2021). The project has a total value of £1,341,000, including ERDF and match spend.</p> <p>Rationale</p> <p>We supported BEES with the bid, using our learning from the LOCARBO project, and will continue to advise and share good practice with them as their project goes forward.</p> <p>In the UK policy context, it may be the last opportunity to influence ERDF funding through direct delivery before the UK leaves the EU.</p>
	<p>Change in the management of the Policy Instrument</p>	<p><i>The Huddle</i></p> <p>Description</p> <p>The Huddle is an example of national best practice exchange developed by BEIS and presented to the</p>

		<p>National Local Living Lab to ask for LOCARBO stakeholder assistance in piloting it. It is a web based portal designed to enable the sharing of good practice, the exchange of ideas, and the provision of mutual support. The Huddle went live in February 2018 so it a new initiative. At our National Local Living Lab 12/13th September 2018, LOCARBO stakeholders who have been piloting the project advised that it is a useful tool, but requires some improvements. The overarching feedback is a need for a timely escalation of technical queries to the Managing Authority. In addition, there is a need for the production of a user guide, access for technical or third parties who are advising SMEs, and a restructure to make it easier to find information. We will work with national Government to facilitate these improvements.</p> <p>Benefits Now that the tool has been developed, we will work with National Local Living Lab partners to ensure that the benefits of the Huddle are maximised to improve the effectiveness of all SME energy efficiency projects nationally. The Huddle will be monitored by the amount of traffic on the Huddle site, and the interactions that take place there. This is our influence of the existing policy instrument.</p> <p>This will ensure both the continuing influence of LOCARBO, and that Durham can continue to share good practice.</p> <p>Rationale</p> <p>The Huddle was set up because of the National Local Living Labs led by the LOCARBO project in November 2017 and September 2018 in Durham, where SME energy efficiency support projects from across the UK came together and agreed that they wanted to share learning and good practices with each other to improve all their projects.</p>
	<p>Influencing UK policy environment in the light of the unprecedented decision to leave the EU</p>	<p><i>Policy influence</i></p> <p>Description In the light of the UK's decision to leave the EU in March 2019, the UK will no longer be part of future ESIF programmes. The UK Government has signalled its intention to replace ESIF with a new</p>

		<p>‘Shared Prosperity Fund’, although this is still in an early stage of development. We have been encouraged to work with relevant UK government departments, BEIS and MHCLG, to influence future SME energy efficiency support.</p> <p>In Phase 2 we will work in detail with BEIS to develop potential options and assess their viability, building on our learning from LOCARBO partners and our National Local Living Lab. We will monitor the number and effectiveness of SME interventions developed. We discussed our initial action plan with our Institutional Learning Platform, our National Local Living Lab and MHCLG for comment.</p> <p>Benefits This is our focal point activity influencing future policy. After delivering a successful mid-term (Semester 5) event on 13th September, where we also held our National Local Living Lab, we had extensive discussions with national and local partners which will inform our actions.</p> <p>Rationale This work also results from the National Local Living Lab event in November 2017, when the BEIS Lead for SME energy efficiency attended. As a result of the event, she asked LOCARBO and National Local Living Lab partners to work with her to explore different models of supporting SMEs with energy efficiency post Brexit as part of the Shared Prosperity Fund and the National Clean Growth Strategy. This theme was further explored in the mid term event in September 2018.</p>
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4. Implementation procedure

The intention, looking beyond the action plan period, is to take the spirit of LOCARBO into future work in the UK. We have a vision for a smooth and efficient delivery of low carbon economy, enabling us to support SME businesses and the wider community more effectively.

The intention is to implement the action plan as follows.

Action	Semester 6	Semester 7	Semester 8	Semester 9
<i>Dates</i>	<i>October 2018 March 2019</i>	<i>April 2019 September 2019</i>	<i>October 2019 March 2020</i>	<i>April 2020 September 2020</i>
LOCARBO Workplan tasks	Communications outputs Annual progress report Dissemination event	Durham/Basilicata hosting project meeting Communications outputs Monitoring	Communications outputs Annual progress report Monitoring	Monitoring Final project meeting Final project report
Virtual Power Plant UK	Scope out brief and procure specialist consultants for UK level with MHCLG Pilot action meeting with Potenza, Mi6 and Alba Iulia	Procurement of EU level consultants Development of UK model by consultants testing	Recommendations of application of model developed	Monitoring and close
Business support	Monitoring of implementation	Monitoring of implementation	Monitoring of implementation	Monitoring and close
BEES support	Board meeting Operations start Development of compliant materials Development of communications plan	Board meeting Testing of methodology Procurement of specialist auditors	Board meeting Meeting of grants panel	Monitoring and close
Huddle	Curating of PA4b project board	Ongoing 1 st discussion topic launched	2 nd discussion topic launched review	Monitoring and close
UK policy influence	Follow up report from PA4b event in Durham produced	UK leaving EU [SPF fund key dates tbc]	Support event to be hosted another UK project.	Monitoring and close

5. Inputs analysis

a. Financial

Activities will be implemented and funded by Durham County Council and relevant partners. The LOCARBO grant will be used to monitor the implementation of the action plan. Durham County Council is aiming to develop the VPP through an Interreg Europe pilot action.

b. Personnel

Durham County Council project team staff time will be employed to monitor the progress of the implementation of the action plan, produce project communications and manage project finances.

6. Indicators and sources of verification

a. Performance indicator overall

Durham's performance indicator is that 80 SMEs have introduced methods of measuring energy efficiency through the instrument.

The source of this is a successful ERDF bid for the North East Business Energy Efficiency Support across local authorities in the north east of England.

The other official project indicators to which we expected to contribute are:

- Estimated amount of Structural Funds (from Growth & Jobs and/ or ETC) influenced by the project (in EUR)
- Estimated amount of other funds influenced (in EUR)

7. External conditions assessment

Action	Relevant external conditions and assumptions	Risks thereof	Mitigation
VPP	UK leaving the EU	Funding of energy efficiency work Continued support of UK government departments	DCC influencing Clean Growth Strategy Shared Prosperity Fund
BEES	UK leaving the EU	Low engagement by business	Learning from past projects ie BEEP, VPP
Huddle	Continued funding for ERDF projects	UK leaving the EU time limits the funding	Maximise benefits of group now
UK policy	UK leaving the EU	Damages ability to deliver further work	DCC influencing Clean Growth Strategy Shared Prosperity Fund