

Business Case for the creation of a Community Energy Grant Fund

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Reasons:

The Local Government Finance Bill provides for the retention of business rates income from new renewable energy projects in the district. Renewable energy receipts for South Cambridgeshire District Council, which are held in the Council's Renewables Reserve, currently stand at £1,209,000 (made up of £675k retained from 2015-16 and £534k from 2016-17). Under current government legislation, the Renewables Reserve is set to continue to grow on a yearly basis (a forecast of the amount expected for 2017-18 will become available in December).

Members have expressed a wish that some of the benefits from locally situated renewable generation sites are used to encourage sustainable energy, and returned to South Cambridgeshire's communities. Following the presentation of an options appraisal to EMT and the approval in principle for a community energy grant scheme, this business case focusses on the use of a portion of the Renewables Reserve for the creation of a Community Energy Grant Fund. Through this fund, SCDC would provide financial support to energy projects brought forward by the district's community and voluntary groups and parish councils. Whilst it is anticipated that the majority of applications would relate to energy saving and efficiency improvements to community buildings, it is proposed that conditions for eligibility should allow for a broad range of applications that may not strictly fall within this criteria (for example the installation of Electric Vehicle charging points for community use).

The creation of such a grant scheme would offer SCDC the chance to demonstrate leadership of place by empowering the district's community and voluntary sector to deliver benefits to the environment and our communities, through reduced carbon emissions and energy costs, and increased energy security. It would also build on community sector interest in energy investment, demonstrated through involvement in previous energy projects and existing examples of energy work on community buildings within the district (a small number of which have been funded through Community Chest), whilst recognising that significant additional scope exists for further investment (see appendix A for a more detailed examination of demand).

In addition to the Community Energy Grant Fund, a proposal for an Energy Loan Fund is also being developed (again, following approval in principle by EMT). As well as community and voluntary groups, this would be open to householders and SME's in order to maximise access to awards and promote sustainable energy consumption throughout the district. The loan fund would allow a greater number of energy projects to be funded, ensuring that the benefits of the Renewables Reserve reach a broad spectrum of South Cambridgeshire communities. Whilst the overarching principles of this fund have been developed, further work is required to investigate the details (for example interest rates, payback times and the costing of employing an intermediary organisation to administer the loan), approval of which will be sought from Cabinet in a subsequent business case.

An investigation is also taking place to examine renewable energy investment income generation opportunities with a further report presenting findings before the end of the financial year. This will include an exploration of a profit share model for larger scale community energy projects.

Options:

Community Energy Grant Fund - providing grants to fund or part-fund energy projects brought forward by South Cambridgeshire's voluntary and community sector organisations.

Fund Aspect	Proposal	Rationale/Notes
Funding available	<p>Grants available for up to £3,000 per organisation, per year. This could be spread across multiple awards during the same year.</p> <p>Total annual spend of £55,000.</p>	<p>Total annual spend has been identified in consultation with Cllr Edwards and matches the original 2017-18 Community Chest fund (although an additional £30,000 was added at a later date), limiting the amount awarded in any one year at an established level for grant funds.</p> <p>Individual grants of up to £3,000 allow a range of measures to be considered by community groups, whilst offering potential to attract sources of funding from elsewhere. At least 18 awards could be made in a financial year, ensuring that funds can be well distributed to a range of projects.</p>
Eligible organisations	<p>Parish councils, charities, voluntary groups, sports and social clubs and other not-for-profit organisations (not including schools).</p> <p>Applicants must:</p> <ul style="list-style-type: none">- Have a written constitution or mission statement.- Have an elected committee or representative steering group.- Be able to provide an up to date copy of their accounts and any relevant protection policies (Parish Councils can signpost to relevant online documentation).	<p>This fund has been developed to allow community and voluntary groups to reduce energy costs and environmental impact. It is proposed that schools are excluded to guard against a large number of applications at the expense of community and voluntary groups.</p> <p>The intention is for this grant to sit alongside an energy loan fund that would also accept applications from householders and SMEs. Further work is required to investigate loan fund details, approval of which will be sought from Cabinet in a subsequent business case.</p> <p>A grant fund is an appropriate funding mechanism for not-for-profit organisations as it removes barriers around repayment and the identification of projects that would achieve sufficient payback within a short time period.</p> <p>Eligibility requirements are in line with those of the Community Chest and ensure grants are awarded to organisations with proper and effective governance structures. If organisations do not have a written constitution, mission statement or relevant protection policies, they can be signposted to Cambridge Council for Voluntary Service for advice, as is currently the case with the Community Chest Fund.</p>

Eligible activities	<p>Energy surveys and advice for community buildings.</p> <p>Energy saving and efficiency measures, such as:</p> <p>LED lighting Lighting sensors Double glazing New secondary glazing New boiler New radiators Roof insulation Cavity wall insulation Heating controls Draught proofing Thermal doors</p> <p>Other low carbon measures (e.g. the installation of Electric Vehicle charge points, or battery storage to maximise the benefits of renewable generation measures etc).</p>	<p>Consultation with groups providing support to community buildings (see Appendix 1) has found that a lack of expertise and resource is a significant obstacle to energy investment. Funding energy surveys and advice will allow community groups to confidently identify measures for their buildings. Initial investigation has found energy surveys cost £500-£750.</p> <p>Many of the most accessible and least expensive energy performance options are energy efficiency measures.</p> <p>Given that this grant would constitute public funding, any low carbon energy generation measures benefiting from the grant would not be eligible to receive Feed-in-Tariff or Renewable Heat Incentive payments. As such, the fund will not normally be used to support low carbon energy generation measures. It is not thought that projects receiving loan funding are subject to the same restrictions, and as such this may be an area to be provided for by a subsequent energy loan fund offering.</p> <p>This catch-all heading is included for the avoidance of doubt that projects that may not fall squarely under the above headings can still be considered. The examples of Electric Vehicle charging stations and battery storage have been given, but the heading provides the option to consider any measure that can be seen as contributing to a reduction in carbon emissions.</p>
Other requirements	<p>Plans to publicise the project, including SCDC's role in providing grant funding, during and following.</p> <p>Funding must be used within 12 months of the award being made (unless otherwise agreed in writing).</p> <p>A quote for the work in question will be required upon application.</p> <p>Organisations will be encouraged to undertake</p>	<p>This will ensure that the fund is self-promoting and will also help to increase environmental awareness and knowledge of the various measures that all South Cambridgeshire residents are able to take.</p> <p>To ensure that the fund is used promptly to bring forward benefits at the earliest possible opportunity.</p> <p>To allow SCDC to ensure that the quote that has been obtained is not unreasonable.</p> <p>The Centre for Sustainable Energy (CSE) has published a community building self survey to</p>

	<p>and submit a self survey alongside their application to strengthen their case for grant funding.</p> <p>An end of project report must be submitted to SCDC within three months of project completion.</p>	<p>assist with the identification of energy efficiency options. CSE provide telephone and email support to community groups completing the self survey. Subject to permission from CSE, completion of the self survey would demonstrate careful consideration of options, prompting the exploration of measures beyond the obvious. It would also assist SCDC in tracking the impacts of grant funding, through sections that help groups to estimate carbon savings from efficiency measures. This may also reduce the number of grants required to be made for professional energy surveys.</p> <p>To allow SCDC to measure, monitor and report on the grant usage and impacts.</p>
Fund restrictions	<p>Eligibility will not guarantee funding. The council will reserve the right to prioritise based on funding availability, number and type of applications received at any given time, priorities for the financial year, value for money, funds received by the organisation from this grant during previous years, and previous funds received within the locality.</p> <p>Grants cannot be awarded for the following:</p> <ul style="list-style-type: none"> - Organisations that have previously received £3,000 of Community Energy Grant funding in the same financial year. - On-going revenue costs or overheads (e.g. staffing costs). - Projects that replace funding by other public 	<p>This will provide decision makers with the discretion to make awards based on a number of criteria, whilst ensuring a certain amount of flexibility is retained within the decision making process.</p> <p>To ensure the grant is not spent where public funding is available and has already been used</p>

	sector bodies. - Items that would only benefit individuals and not the group. - Environmental education projects.	to fund a project. Ensuring that the fund is truly used to benefit communities. Restricting the fund in this way avoids the potential for re-treading work already undertaken, or continuing to take place through the Sustainable Parish Energy Project (SPEP), which successfully delivers projects to promote energy efficiency and renewables awareness to local communities. Promotion of funded projects, and thereby energy efficiency, is also a condition of funding.
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Process:

Applications will be accepted year-round, until such point as the annual budget is fully depleted.

Applications will be considered as complete and considered once the following has been received:

- A completed application form.
- One quote for the work in question.
- A copy of the organisation's constitution or mission statement (except parish councils).
- An up to date copy of their accounts and any relevant protection policies (parish councils can signpost to relevant online documentation).

Once completed, applications will be reviewed and considered at monthly Finance and Staffing Portfolio Holder meetings (as is the case for Community Chest applications).

If successful, grant payment will be made once we have received acknowledgement of the grant offer and acceptance of the terms and conditions.

An annual review will take place at the end of each year to ascertain whether any alterations are required to the grant terms and administration process.

Reasons for recommendation:

Leadership of place

For SCDC, the provision of a Community Energy Grant Fund offers the opportunity to demonstrate leadership of place, working with and harnessing the drive and enthusiasm of South Cambridgeshire's thriving community and voluntary sector to deliver benefits to the environment and our communities, through reduced energy costs, increased energy security and a flourishing local energy scene.

Grants of £3,000 will allow local community groups to take, what may be in some cases, their first steps in energy investment, potentially leading to consideration of further measures in the

future. It may also allow groups to attract funding from other sources, enabling larger scale energy projects to be considered.

As part of this leadership of place role, SCDC could invite applications for projects focusing on areas of particular benefit, or those that allow access to additional funding. Examples could be the installation of Electric Vehicle charge points to promote more sustainable travel within the district and access funding available through the Office for Low Emission Vehicles; or battery storage, to maximise the benefits obtained from existing renewable energy generation units throughout the district.

Removing the barriers to investment in community energy faced by local community groups

A grant fund is an appropriate funding mechanism for community groups as it removes barriers around repayment and the identification of projects that would achieve sufficient payback within a short period of time. This is a model that has proved successful for other local authorities, (for example the Green Suffolk Fund and the Bristol Community Energy Fund) and can be up and running by the end of the 2017-18 financial year.

Consultation with groups providing support to community buildings (such as Groundwork East, Cambridgeshire ACRE (Action with Communities in Rural England) and those involved with the administration of the Green Suffolk Energy Fund – see appendix 1 for detail) has found that a lack of expertise and resource is a significant obstacle to energy investment by community and voluntary groups. Allowing grant applications to be made to fund energy surveys and advice, and directing organisations to resources that allow them to undertake their own self-surveys, will allow community and voluntary groups to confidently identify the most appropriate measures for their community building.

Responding to demand

Investigations have found numerous indications that community groups are keen to invest in community building energy efficiency. This has been demonstrated through:

- Community group involvement with previous energy related projects (Sustainable Parish Energy Partnership and Community Building Energy Surveys).
- Existing examples of energy work on community buildings within the district (small amount of Community Chest funding for small scale energy works, Cambourne Parish Energy Fund).
- Examples from elsewhere (Green Suffolk Fund, Bristol Community Energy Fund).
- Consultation with groups providing support to community buildings seeking to achieve improved energy performance (Groundwork and Cambridgeshire ACRE (Action with Communities in Rural England)).

Further details of demand are detailed within appendix A.

Complementing existing Community Chest Grants

There has previously been limited funding for energy efficiency improvements through the Community Chest scheme (4 of 65 applications in 2017-18 to date). Once launched, any submission to Community Chest for energy efficiency and generation measures would automatically be passed for consideration under the Community Energy Grant Fund, freeing up Community Chest funding (which has regularly been fully distributed by Christmas) for alternative application types.

Effective promotion of funding opportunities and impacts

A specific Community Energy Grant Fund would enable clear and effective publicity of funding opportunities and impacts through promotion of clear messages and targeting of specific audiences.

Organisations receiving funding will be required to involve the community in project development and publicise the work that has taken place through the grant, helping to promote and multiply the impact of the scheme.

Benefits:

Benefit	Corporate Plan Link	Objectives required for Benefit delivery	Key measurable
South Cambs community groups are empowered to reduce environmental impact	Living Well	Reduce carbon emissions of community groups receiving grants.	<ul style="list-style-type: none">- Estimated carbon savings.- Number of projects supported.- Number of organisations supported.
Additional resources are available to South Cambridgeshire community groups to enable them to support our thriving communities	Living Well; Connected Communities	Reduce energy costs of community groups receiving grants	<ul style="list-style-type: none">- Estimated financial savings.
Positive reputational impact for SCDC	An Innovative and Dynamic Organisation	<p>Support a wide range of projects and organisations.</p> <p>Generate positive news items.</p>	<ul style="list-style-type: none">- Number of projects supported.- Number of organisations supported.- Number of positive Community Energy Grant news items.

Risks:			
Risk description Risk event, <i>leading to consequence</i> , resulting in possible outcome	Control Measures	Risk Score	
Insufficient resources available for the effective administration of the fund, <i>leading to a backlog of applications and delays in the grant decision making and payment processes and potentially failure to spend total annual budget for Community Energy Grant Fund</i> , resulting in reduced benefits (outlined in the Benefits section above) and possible negative publicity.	It is proposed that the management and administration of the Community Energy Grant fund would sit with the Sustainable Communities team, alongside the Community Chest fund; however at present there is currently no spare capacity within this team. A bid for a Project Officer post has been submitted and subject to other priorities, the set up and administration of the grant fund could be undertaken by this post provided it goes ahead. If this is not the case, alternative options for resourcing this work will need to be explored. This could include the use of the Renewables Reserve to fund a post, or employ an external organisation to administer the grant.	Impact Likelihood Total	2 4 8
Insufficient support for organisations with a lack of knowledge/expertise/resource, <i>leading to failure to spend total annual budget for Community Energy Grant Fund, or inequitable distribution of the benefits of the fund to those with greater resources or existing expertise</i> , resulting in reduced benefits (outlined in the Benefits section above).	<p>Energy surveys or energy advice identified as eligible for funding. Encouragement of organisations to undertake and submit a self survey alongside their application, with possible support provided by the Centre for Sustainable Energy.</p> <p>Barriers to application to be minimised through an open eligibility criteria that matches existing Community Chest fund criteria, plus a clear application process.</p> <p>Communications plan to ensure that organisations are aware of the range of measures eligible for funding, including energy surveys and advice.</p> <p>A maximum Community Energy Grant amount of £3,000 can be made to any one organisation in each financial year. Additional provision has been included within the decision making process to allow SCDC to use its discretion to determine suitability for grant funding based on a number of criteria, including funds received by the organisation from this grant during previous years.</p>	Impact Likelihood Total	2 3 6
Failure to generate awareness of the fund amongst community	To develop and implement an effective communications plan. This will include raising of awareness amongst local advice groups	Impact Likelihood Total	2 2 4

organisations, <i>leading to failure to spend total annual budget for Community Energy Grant Fund, or inequitable distribution of the benefits of the fund to those with greater resources or existing expertise</i> , resulting in reduced benefits (outlined in the Benefits section above).	such as Cambridgeshire ACRE and Cambridge Council for Voluntary Service, who provide advice to community groups on a range of subjects, including funding availability. The communications plan should account for the purdah period which will take place between 26 th March 2018 and 3 rd May 2018.		
Organisations receiving grant funding are geographically clustered within a small number of parishes <i>leading to inequitable distribution of the benefits of the fund</i> , resulting in reduced benefits (outlined in the Benefits section above) and possible negative publicity.	Provision has been included within the decision making process to allow SCDC to use its discretion to determine suitability for grant funding based on a number of criteria, including previous funds received within the geographical locality.	Impact Likelihood Total	2 2 4

Cost and Timescale:

Resource requirements:

The cost of the proposed Community Energy Grant Fund would be £55,000 per year over a period of 4 years, totalling £220,000 for the period 2018-2022. This would be financed by the Renewables Reserve.

The Community Chest fund provides an indication of the level of resourcing that will be required for the administration of the Community Energy Grant Fund. Currently, approximately two hours per Community Chest application are required from the Sustainable Communities team, split between project officer and resources team, plus half a day per month from the finance team. This time includes administration to ensure applications are valid and accompanied by all necessary documentation, preparation of the Portfolio Holder report, communication of results to applicants and arranging payment of grant funds. It also includes management involvement for the oversight of the scheme, communications with the Portfolio Holder and attendance at Portfolio Holder meetings. It should be noted that this is based on the work of a highly experienced administrator on a well established scheme. To date, 109 applications have been received for Community Chest funding during 2017-18, equating to approximately 30 days (averaging out at roughly 1 day per week) work from the Sustainable Communities team to administer.

It is proposed that the management and administration of the Community Energy Grant fund would sit with the Sustainable Communities team, alongside the Community Chest fund. At present there is no spare capacity within the Sustainable Communities team and as such a bid for a grade 4 (£23,711 - £27,404) Project Officer post has been submitted. Subject to other

priorities, it is anticipated that the set up and administration of the grant fund could be undertaken by one day per week of this post provided it goes ahead. This is based on the resource requirement of the existing Community Chest fund. If this is not the case, alternative options for resourcing this work will need to be explored. This could include the use of the Renewables Reserve to fund a post.

Timetable for Community Energy Grant Fund set up:

Task Description	Start Date	End Date
Make required arrangements for the resourcing of grant administration	17/11/17	19/01/18
Develop processes required for the administration of the grant fund	17/11/17	16/02/18
Develop communications plan	01/12/17	31/12/17
Design and create application form	01/12/17	31/01/18
Action communications plan	01/02/18	26/03/18 (purdah)
Community Energy Grant Fund open for applications	01/03/18	

Investment Appraisal:

It is proposed that the total annual spend is set at £55,000, matching the 2017-18 Community Chest fund, limiting the amount awarded in any one year at an established level for grant funds. Individual grants of up to £3,000 allow a range of measures to be considered, whilst ensuring that funds are distributed to a range of projects throughout the district.

Whilst subsequent work and reports are scheduled to bring forward proposals in relation to an Energy Loan Fund and renewable energy investment income generation opportunities, the benefits of the Community Energy Grant Fund to SCDC would be non-financial (as set out within the Benefits section above) with no financial return sought. In addition to these benefits, the Community Energy Grant Fund is proposed as an appropriate step for ensuring the benefits from locally situated renewable generation sites are returned to South Cambridgeshire's communities.

Appendix A – Indications of Demand

Community sector involvement in previous and ongoing SCDC energy projects

Sustainable Parish Energy Partnership (SPEP)	<ul style="list-style-type: none">• A network of parish councils, groups and individuals running community projects to encourage greener living, set up by SCDC in 2009.• Projects have included thermal imaging camera loans, 'village energy days' and other events to promote energy saving and renewable energy, and more recently, Repair Cafes.• Projects are initiated by the network and supported by a Project Officer in the Sustainable Communities and Partnerships Team. Support includes advice, occasional networking events and newsletters, event publicity and small funds, e.g. for room hire.
Community Building Energy Surveys	<ul style="list-style-type: none">• 13 energy surveys on community buildings were undertaken in South Cambridgeshire during 2014-15 in a scheme funded by the now defunct Low Carbon Initiative.• The resulting reports, including recommendations for improving the buildings' energy performance, were provided to the parish councils.• The 13 community organisations that came forward for energy surveys did so with only minimal publicity of the scheme.

Examples of community building energy projects within the district

Community Chest	<ul style="list-style-type: none">• A small number of community groups have successfully applied for funding of up to £1000 for energy efficiency improvements through the council's Community Chest scheme, e.g. for LED lighting upgrades and replacement doors or windows.• Four of the 65 applications received in the current financial year have been for energy improvement works.
Cambourne Parish Energy Fund	<ul style="list-style-type: none">• Promotes renewable and efficient energy projects that conserve or improve the environment in and for the direct benefit of Cambourne's residents.• Examples of projects supported to date include installation of Solar PVs on buildings such as South Cambs Hall and Cambourne Sports Pavilion and installation of a wind turbine at Cambourne tennis courts.• Of the original 950k fund, approximately £100k remains and the parish council have indicated that the fund is likely to be open for new applications soon.
Gamlingay Eco Hub	<ul style="list-style-type: none">• Gamlingay Eco Hub provides an award winning best practice example of how investment in the energy performance can be placed at the heart of community building development plans.• Almost all income generated by the building can be used to run the building for direct benefit to the community, rather than on paying utility bills.
Other community building energy projects	<ul style="list-style-type: none">• Follow up with the 13 community buildings receiving energy surveys (listed above), has found subsequent energy projects have taken place amongst these organisation, ranging from the installation of solar PVs, to the upgrade to LED lighting and the installation of heating controls.• 15 out of 124 respondents to Cambridgeshire ACRE's 2017 Village Halls and Community Buildings Survey indicated that they had plans to install renewable energy. It is likely that many also have plans for energy efficiency works, however no specific category is provided for this type of work.

Examples from elsewhere

<p>Green Suffolk Fund - Suffolk County Council</p> <p>http://www.greensuffolk.org/green-communities/grants-and-funding-opportunities/</p>	<ul style="list-style-type: none"> • Grants available to community groups, voluntary groups and parish councils for up to 25% of project costs to a maximum of £1,000. • 10-12 applications received per year; however this is on the basis that match funding, plus evidence that quantifies the amount of carbon dioxide equivalent to be saved, is required.
<p>Bristol Community Energy Fund – Bristol City Council</p> <p>www.bristolcommunityenergy.co.uk/</p>	<ul style="list-style-type: none"> • Targeted at small organisations with charitable aims. Grants of up to £10,000. • Applications for first round of funding were made between February 2016 and end of March 2016. 32 submissions were made with 12 of these offered a total of £53,193 to undertake a range of energy projects in local communities.

Consultation with groups providing support to community buildings seeking to achieve improved energy performance

Cambridgeshire ACRE	<ul style="list-style-type: none"> • Provide a community buildings advice service. • 2017 Village Halls and Community Buildings Survey indicated that of the 124 survey respondents, 75% were members, showing that they have a strong membership within the area. • Indicated during telephone conversation that even small amounts grant funding would be very useful to their members, as they enable an organisation to take its first step or to attracting funding from elsewhere. Biggest barrier to investment is lack of resources and energy expertise.
Groundwork East	<ul style="list-style-type: none"> • Run 'Thriving Community Buildings' project in Suffolk Coastal and Waveney with funding from the East Suffolk Partnership and Suffolk Coasts and Heath AONB. • Providing energy and renewables advice as part of wider package of support to 30-35 communities over 2 years. • No difficulty with take up and have never actively promoted the programme. • The majority of organisations require considerable support for action to take place. They provide this through their on site audits or telephone/email support. In both cases a report is set out clearly outlining recommendations, capital costs and expected annual cost and carbon savings. • Grants of up to £3,000 would be a strong offering.