

**November 2016 Cabinet
Executive Summary of Agenda Item No. 11**



Report title: Horizon 2020 Bid – Non domestic Energy Efficiency

Wards affected: City wide

Strategic Director: Barra Mac Ruairi

Report Author: Bill Edrich

Recommendation for the Mayor's approval:

1. To note the submission of the grant application in September to the Horizon 2020 call – EE-22-2016-2017: Project Development Assistance.
2. To delegate to the Director of Energy Services the authority to sign the grant conditions and to deliver the programme as outlined in the application and grant conditions, in consultation with the Cabinet member for Place.
3. To delegate authority to the Director of Energy Services to agree the timeline for the programme which shall meet the UK's funding obligations to the EU commission, in particular given current uncertainty around the UK's current Brexit negotiations.
4. To delegate authority to the Director of Energy Service to form a consortium with Murcia of Spain, Arad of Romania, Amaroussion of Greece and Lviv of Ukraine.
5. To allocate £300k of ear-marked reserves to match-fund an extension to the Salix Recycling Fund, which will support the capital investments of this programme.

Key background / detail:

To seek approval to draw down a grant award of up to £1m from the European Commission, in compliance with the grant application and conditions. The grant application, if successful, will fund the resources (for staff and a development fund) for a programme of energy efficiency works on public and private sector non-domestic properties in Bristol and the wider region contributing to reduced on-going operational costs.

b. Key details:

6. The City of Bristol currently spends £870m¹ on all energy sources. Public sector buildings alone consume 585 GWh of heat and 324 GWh² of electricity annually, which represents an energy spend of at least £56m. A Bristol Council offer to address this is critical to achieving the Mayor's vision to 'put Bristol on course to be run entirely on clean energy by 2050'. Bristol's Mini-Stern report³ has already identified a list of cost neutral and cost effective energy efficiency measures that can be installed in commercial buildings.
7. The Horizon 2020 grant shall fund additional staff resource and seed funding for a development fund at the start of the programme, which can be revolved beyond the leverage window. Prospective Users in the public and private sector can be approached and offered an investment grade audit on their pipeline assets once a Service Level Agreement has been signed. The cost of

1

<https://www.bristol.gov.uk/documents/20182/33423/Our+Resilient+Future+A+Framework+for+Climate+and+Energy+Security/2ee3fe3d-efa5-425a-b271-14dca33517e6>

2

<https://www.cse.org.uk/projects/view/1259>

<http://bristol.ac.uk/cabot/media/documents/bristol-low-carbon-cities-report.pdf>



the audit and a management fee are paid to BCC Energy Service on completion of the project. A capital repayment schedule is agreed between the User and the Funder.

8. By the end of the 4 year leverage period, the Energy Service will have established a £1/2m development fund, recycled from management fee incomes. This fund will be available to carry out investment grade audits of future projects, thereby generating a **long-term income for the Council**. Over £16m of leverage period projects are already being worked up in the public and private sector including £5m in BCC maintained buildings.

