

Eco Bicester Strategic Delivery Board

Date of meeting: 26 January 2012	AGENDA ITEM NO: 5
Report title: DCLG Eco Town Funding Update and Other Funding Bids	
Author: Jenny Barker (Eco Bicester Project Team)	
Tel: 01295 221828 Email: Jenny.Barker@cherwell-dc.gov.uk	

1. Purpose of Report

- 1.1 This report is to update the Board on the use of Eco Town funding received from the Department of Communities and Local Government (DCLG) and measures to achieve funding from other sources.

2. Background to Eco Town Funding

- 2.1 Following the publication of the Eco Town supplement to PPS1 in July 2009 the Government announced the availability of funding to support the identified eco towns. The bid for funding was made in November 2009 for support for;
- on site projects to deliver NW Bicester development
 - off site projects within Bicester as well as
 - funding of a core project team to deliver the project
- 2.2 The bid was for over £20 million pounds of funding.
- 2.3 As a result of the Bid £9.7m (£3m for demonstration projects, £1.7m revenue and £5m capital) of funding was received by Cherwell District Council which is the responsible authority with regard to the funding. This funding, and initial proposals for its use, were reported and agreed by the SDB in July 2010.
- 2.4 Further representations were made to DCLG for 2nd round Eco Town Growth Funding and this secured an additional £3.4m capital and £150,000 revenue in 2011.
- 2.5 Both funding contributions have been received as block grant and as such are not tied to the delivery of a specific project. It has been confirmed there will not be any further specific Eco Town funding from DCLG.
- 2.6 This report also outlines current funding bids that have been identified.

3. DCLG Eco Town Funding

- 3.1 The Board will be aware from previous reports that DCLG money was provided with an identified capital revenue split. The majority of the funding is capital but revenue money has been set aside to fund the project team over five years and support demonstration projects. Remaining funding has been identified as an infrastructure fund to support growth of Bicester. Each of these areas is considered further below.

3.2 **Project Team**

The current project team arrangements commenced in April 2010, although not all posts were filled until October 2010. An agreed recharge to the Council's from the DCLG funding for seconded staff to the project team was agreed in April 2010, although this does not cover all the costs and the local authorities continue to fund the additional costs. The funding update shows reduced spend on staffing during 2010 to reflect the fact that the whole project team was not in place for the whole year. The project team of seconded staff is also supported by specialist staff through consultancy. This includes; Bio Regional providing support on sustainability, external financial viability advice and a planner with experience of working on new communities working principally on the development of a local management organisation. Other support is provided from within the existing staff resources at the District and County Council.

3.3 Looking forward it is anticipated that the core project team will remain for the five years for which funding has been identified, although there will be a need to ensure the focus and skills of the team reflect any changes to workload going forward. It is anticipated that as the masterplanning at North West Bicester progresses that the need for specialist consultancy will be at its greatest particularly around areas such as setting up local management organisations, energy supply companies, financial viability and legal advice. Following the granting of an outline planning application it is anticipated that specialist support would gradually reduce.

3.4 **Demonstration Projects**

Demonstration projects were encouraged by DCLG to deliver early work in the town and test eco concepts prior to the main eco development at North West Bicester coming forward. The demonstration projects are the Demonstration Building, zero carbon sixth form centre at Cooper School, travel behaviour project, insulation scheme, Bryan House redevelopment and the community hall at The Church of the Immaculate Conception in Causeway. Regular updates have been provided to the Board on the demonstration projects.

3.5 Not all the demonstration projects have needed DCLG funding to proceed but the accompanying statement identifies those for which funding has been earmarked and the spend to date. The main changes set out in the accompanying document are that a greater proportion of spend has been identified for revenue on the travel behaviour project and, that due to proposed national changes in CERT funding, that the insulation scheme is likely to cease at the end of 2012 rather than run for the three years originally intended. It is anticipated that the Green Deal will have been launched by this time and potentially will provide an alternative route to deliver energy efficiency measures.

3.6 Good progress has generally been made on the demonstration projects and the Eco Bicester project has also been a catalyst for further activity in the town. A proposal for a reuse centre has come forward with a request for funding. This is considered further below.

3.7 **Infrastructure Fund**

The Board has always recognised that the long term nature of both work to bring about change in Bicester and deliver major new development at North West Bicester. Following work on developing the Shared Vision for Bicester and infrastructure planning for the NW Bicester development it is clear that there remains many potential calls on the Eco Town funding, more than could be met from the available funds. Therefore it is necessary to prioritise the needs and look at opportunities for funding to be recycled to maximise the gain from it.

3.8 The report to the Board in May 2011 identified three potential calls on the infrastructure fund.

- 3.9 The first, forward funding of part of the primary school on the site of the exemplar application for which £2.16m has been identified as the gap between the developer contribution (£3.37m) and the cost of providing the first phase of the school. It is anticipated that the DCLG funding will be recouped from later phases of development that will be able to take advantage of the existing school provision.
- 3.10 The second, is funding the provision of the eco business centre on the exemplar. This provision has the potential to support a change to the employment offer in the town and deliver local employment for the scheme. A cost of £4m has been identified for this project from preliminary work undertaken. This funding could be recouped either through the sale of the capital asset in the future or revenue from the lease of the asset.
- 3.11 The third area is investment in a site wide energy company (ESCO). In developing a masterplan to deliver zero carbon development it is anticipated that an ESCO or MUSCO will be established to provide energy. The approach to energy on the masterplan site is at an early stage with options, including the use of waste heat from Ardley, still being explored. However investment in an ESCO could help to ensure that it delivers low cost energy to the development in the long term and provide a return on investment. Initially £3m was identified for consideration of investment into an ESCO.
- 3.12 Much work continues to progress with regard to both masterplanning for the whole town and NW Bicester. It will therefore be necessary to keep under review the priorities and uses of the infrastructure fund and alternative sources of funding for projects that would enable eco town funding to support more projects within the town. Whilst the funding remains unspent it is invested earning interest which will also be used for the project. It is anticipated to amount to £216k in 2011/12*. In taking the above elements of the project forward it will be important to look for other potential ways of funding infrastructure rather than relying solely on DCLG eco town funding. There are from time to time bid rounds for funds from other sources. Many funding sources such as European funding schemes require match funding and the DCLG funding potentially provides a source of match funding.
- 3.13 There remains a need to consider carefully the priorities for funding and recognise that some opportunities like investing in an energy company may not arise until development of the masterplan site progresses. It also remains important to investigate other sources of funding and opportunities to recycle funding.

*Interest does not show in the attached budget statement

4. Bicester Reuse & Sustainable Living Centre

- 4.1 The development of a community led repair and reuse centre was part of the original funding bid to DCLG. Following the receipt of less Eco Town funding than the bid sought, it was resolved to focus on the priority demonstration projects. However in October 2010 a working group was set up to look further at the feasibility of a repair and reuse centre for Bicester and develop a business plan. The working group comprises representatives of Grassroots Bicester, the Oxfordshire Waste Partnership, the Community Action Group, the Town and District Council.
- 4.2 A feasibility study in June 2011 carried out by Grassroots Bicester demonstrated a need and opportunity for a reuse centre focussing on household furniture and electrical goods, complimentary to existing charity and other shops. A Business case has subsequently been developed based on three areas of activity. Collection, refurbishment and sale of furniture on the Emmaus model, independent reuse and repair store for items such as books, childrens

clothes, bicycles, small electricals, paint etc and eco renovation centre acting as a hub for information, skills training etc. These three elements are based on models operating elsewhere, although not locally, but the proposal is to bring them together in Bicester in one location. The Business Case provides a 6 year plan which would see the scheme being in profit by year 4, employing 9 FTE, a minimum of 11 volunteers FTE, 12 Emmaus companions and diverting 215 tonnes of furniture from land fill.

- 4.3 The proposal fits well with the vision for Bicester in promoting sustainable living, reducing waste to landfill, providing employment and training, supporting retro fit and providing an affordable source for furniture and other goods.
- 4.4 The working group feel they have taken the proposal as far as they currently can and are now looking for funding to enable the appointment of a person for a year to work solely on the setting up of the centre, including further fund raising, setting up a charity and company to deliver the services, working further on the business plan, securing premises, sourcing stock and recruiting staff. A sum of £40k is sought for this purpose. The proposal is that the person appointed would work to an agreed brief but be employed by Resource Futures to enable them to operate at arms length of the local authorities. Reporting back to CDC and the SDB on progress would be required.
- 4.5 The delivery of a reuse and sustainable living centre would be an asset for the town and assist in delivering a number of the elements of the One Shared Vision. The working group have undertaken considerable work to demonstrate the feasibility and viability of the proposal and therefore it is recommended that the Board support the proposal for seed funding to make the project happen. Funding for this would need to come from last years under spend on staffing which currently is shown rolled forward in the budget statement.

5. Other Sources of Funding

- 5.1 The One Shared Vision for Bicester identifies a wide range of areas where the aim is to improve the existing town of Bicester. These include community infrastructure, transport, employment growth, utility infrastructure and the environment. Some of these might be addressed by amending or refocusing work that is currently taking place, for example green space management being amended to deliver bio diversity gains. Some areas may be addressed through new developments such as the delivery of new affordable housing. DCLG funding is currently being used to deliver the subsidised insulation scheme and travel behaviour project for example. However there remains many aspects of change where funding is not currently available and that would assist in creating the forward looking low carbon community that would make Bicester a great place to live and work. Grants provide a potential source of funding to progress work on Eco Bicester, although often they have specific criteria and may not fit the local requirement. It is also time consuming and potentially resource intensive working on bids with no certainty as to whether they will be successful.
- 5.2 There are a number of bodies who regularly provide grants and funding from time to time including the Government, the Lottery and charities. Not all sources of funding are available to local authorities. The project team monitors potential sources of funding that might be suitable for Eco Bicester. To date one funding bid for Bicester has been successful to the department of Business Innovation & Skills (BIS) and this is to support work on climate change adaptation for new development. Given the nature of the bid it was led by P3Eco's consultant Hyder working with Oxford Brooks the funding has gone to Hyder (P3 & A2D's consultant) to investigate the impacts of climate change on development and identifying ways adaptations can be provided

within new development. Although this work is focused on NW Bicester, lessons learnt will be applicable more widely.

- 5.3 There has recently been a bid for Local Energy Assessment Fund (LEAF) by Grass Roots Bicester in conjunction with Bio Regional. This would have provided funding to work with Oxford Brookes and residents in the town identifying measures to improve the energy efficiency of specific properties and look at ways of delivering them. Unfortunately this bid was not successful in the first round but a further bid round is available and a further bid is to be submitted.
- 5.4 The Big Lottery Communities Living Sustainably fund is currently looking for pilots. This is likely to be very competitive but again provides the opportunity to develop a project within the existing town to help the community address issues related to climate change adaptation. Again this funding is available to Charities and Bio Regional are exploring the submission of a bid for Bicester.
- 5.5 Finally the government has asked for expressions of interest for locations for The Green Investment Bank. Work is being done to see if there is sufficient evidence to meet the guidance criteria to put forward an expression of interest in Bicester.
- 5.6 In the current financial climate funding bids and grants are likely to be increasingly important to enable some of the more innovative work in the town to proceed. However bidding for funding can require considerable resources so it will always be necessary to consider carefully whether a project is suitable for the identified funding source. Going forward the Project Team will continue to seek opportunities to secure additional funding for Bicester, whether directly or working with partners.

6. Recommendations

- 6.1 It is recommended that the Board;
 - (1) Note the spend to date with regard to the Eco Town Funding received.
 - (2) Note the proposals for the use of the funding.
 - (3) Recommend Cherwell, as the accountable authority, provide DCLG funding to support work to set up the reuse centre.
 - (4) Note the approach that is being taken to bidding for further funding.