

Report title: To endorse ECC's role as delivery partner in the LoCASE II project, delivering energy efficiency improvements for SMEs and our public estate.	
Report to: Councillor Simon Walsh, Cabinet Member for Waste and Environment	
Report author: Ian Doyle, Interim Director for Waste and Environment	
Date: 02/08/2019	For: Decision
Enquiries to: Tom Day, Head of Commercial Development & Aaron Goldie-McSorley, Low Carbon Business Officer	
County Divisions affected: 'All Essex'	

1. Purpose of Report

- 1.1. To endorse Essex County Council's (ECC's) role as a delivery partner in the Low Carbon Across the South East (LoCASE) II project including entering into a partnership agreement upon receipt of the successful full application.

2. Recommendations

- 2.1. To agree for ECC to be a delivery partner in the Low Carbon Across the South East (LoCASE) II Programme.
- 2.2. To agree that ECC can enter into the Partnership Agreement following successful full application.
- 2.3. To approve the addition of a new 'LoCASE II Capital programme' budget and addition to the Waste & Environment – Commercial Development team staff revenue budget as stated in table 1, section 6.1.3 of this report which is funded by this programme.

3. Summary of issue

- 3.1. LoCASE 1 is a European Union (EU) funded project between June 2016 and September 2019 set up to help businesses tackle and adapt to climate change. The aim is to reduce businesses' operation costs by implementing energy efficiency improvements as well as to promote the low carbon market. As of May 2019, the programme has awarded more than £2.3m in grants to over 360 Small Medium Enterprises (SMEs) in Essex, Thurrock and Southend for energy efficiency improvements and business development, helping 10 new businesses across Greater Essex to commence trading, creating 41 new jobs, and generated more than 3,200 tonnes of CO2 savings per year. In addition, the grants have supported Essex businesses by helping them become more competitive through improved energy efficiency.

- 3.2. The LoCASE partnership consists of Essex County Council, Kent County Council (Lead Partner), Thurrock Council, Southend Borough Council, East Sussex County Council and the University of Brighton.
- 3.3. The Partnership is now bidding for a follow-on project 'LoCASE II' covering the period July 2019 to July 2022. The outline bid was reviewed by SELEP's European Structural Investment Funds (ESIF) Sub Committee on 29th March and received full approval. The full application will be submitted to Ministry of Housing, Communities & Local Government (MHCLG) for final approval at the end of May 2019 however the outcome is not yet known.
- 3.4. If successful MHCLG will inform the lead partner and send out an offer letter which will be shared with all partners. Also, a partnership agreement will be shared with all partners for review and sign off. Following this, the project will commence with delivery of activities.
- 3.5. The UK government has guaranteed that UK organisations (ECC in this case) will continue to receive funding over a project's lifetime if they successfully bid into EU-funded programmes as part of the 2014-20 Multiannual Financial Framework before the end of 2020 including in the event of a no-deal Brexit scenario.
- 3.6. LoCASE II will achieve the following: -
 - 3.6.1. Allow ECC to continue the grant programme to SMEs for energy efficiency and carbon reduction measures which was oversubscribed in LoCASE 1
 - 3.6.2. Allow ECC to support and invest in energy efficient improvements in its public buildings.
 - 3.6.3. ECC's current electricity budget is £2.8m, and gas £800,000, per annum for its core estate buildings (excluding street lighting). This includes electricity usage for offices, community learning centres and libraries. In anticipation of future increases in energy costs, the ongoing energy expenditure will further increase the significant financial burden in operating these facilities. Therefore, by supporting efficiency schemes it is expected that energy costs will reduce, protecting the Council from increases in energy prices and reduce ECC's carbon emissions.
 - 3.6.4. Fully fund two 3-year fixed term contracts in Place and Public Health function to co-ordinate and deliver the work and manage the grant
 - 3.6.5. New staff will bring additional expertise to the wider Waste and Environment team, primarily in the form of project management as well as a qualified Non-Domestic Energy Assessor (NDEA) to complete energy surveys across our estate.
- 3.7. The budget will be managed by the project team and grant funding will be awarded in line with the appropriate governance.
- 3.8. The LoCASE Programme helps to deliver the following Strategic Priorities in the Council's Organisation Strategy:
 - 3.8.1. Limit cost and drive growth in revenue
 - 3.8.2. Help to secure sustainable development and protect the environment

3.8.3. Target economic development to areas of opportunity

3.8.4. Help people in Essex prosper by increasing their skills

3.9. This programme is also a key building block of our Energy and Low Carbon Strategy and Action Plan under the pillars of energy generation and energy efficiency.

4. Options

4.1. Option 1 – Recommended. To agree for ECC to be a delivery partner in the Low Carbon Across the South East (LoCASE) II Programme July 2019 to July 2022. As part of this decision, to delegate powers to the project team to manage funding from the LoCASE Programme to Infrastructure & Environment energy projects in our Core Estate and Schools.

4.2. *Option 2* – Do nothing. ECC would miss an opportunity to leverage £433k grant funding for energy efficient improvements in our Estate. It is currently unclear what implications not joining the extension of the LoCASE programme as a delivery partner would have for SMEs in Essex. Thurrock & Southend Councils could decide to reduce the SME grant programme and focus to deliver only in the Unitary areas. This would mean SMEs located in the 12 Essex districts would miss an opportunity to apply for a share of circa. £1.35M in EU grant funding. There is also a reputational risk for ECC in deciding to withdraw from a SELEP wide partnership in which all County Councils in the South East LEP are participating.

5. Next steps

Once a response and successful full application is received from MHCLG an offer letter will be shared with the partnership. Following this a partnership agreement will be sent to all partners for review and sign off. The project will then commence with delivery and subsequent activities managed by ECC staff alongside the partnership.

6. Issues for consideration

6.1. Financial implications

6.1.1 This decision seeks a capital budget addition of £433,002 and a revenue budget increase of £251,041 as per table 1 below, which will be funded by ERDF grant and will deliver further energy efficiency works across the ECC estate as well as fully fund two new members of staff.

6.1.2 As a result of this investment there will be ongoing revenue savings from improved energy efficiency in ECC's buildings which will reduce energy costs, as well as potential revenue income from renewable energy regeneration however these cannot be quantified at the current time and are therefore not included in the MTRS. Instead these savings will be quantified on a project by project basis as they are developed, and savings incorporated in to the budget as they are identified.

LoCASE Programme

Table 1: Table showing yearly budget additions to respective budgets

	Yearly addition to budgets			TOTAL
	2019/20	2020/21	2021/22	
LoCASE II Capital programme	£ 80,000	£ 270,000	£ 83,002	£ 433,002
W&E - Commercial Development Staff revenue budget	£ 82,849	£ 83,677	£ 84,514	£ 251,041
Total	£ 162,849	£ 353,677	£ 167,516	£ 684,042

- 6.1.3 Please note there may be opportunity during delivery of LoCASE II to increase partner budgets, should they wish to, if funds are not taken up by suitable projects in the upcoming funding call (September 19) from MHCLG.

6.2. Legal implications

- 6.2.1 Legal review of the Partnership Agreement and subsequent grant funding may be required in due course if ECC are successful in the bid.

7. Equality and Diversity implications

- 7.1. The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

- 7.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 7.3. The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8. List of appendices

Appendix A – LoCASE II budget breakdown

9. List of Background papers

None

I approve the above recommendations set out above for the reasons set out in the report.	Date
Councillor Simon Walsh, Cabinet Member for Waste and Environment	16.08.19

In consultation with:

Role	Date
Councillor Gagan Mohindra, Cabinet Member for Finance, Property and Housing	16.08.19
Executive Director for Finance and Technology (S151 Officer) <i>Please send to your Head of Finance/Finance Business Partner who will arrange S151 sign off.</i> Nicole Wood	01.08.19
Director, Legal and Assurance (Monitoring Officer) Katie Bray on behalf of Paul Turner	25.07.19