

<b>Report title:</b> To approve ECC's role as a delivery partner in the LoCASE 4 project, delivering energy efficiency improvements for our public estate.	
<b>Report to:</b> Councillor Simon Walsh, Cabinet Member for Environment & Climate Action	
<b>Report author:</b> Samantha Kennedy, Director, Environment & Climate Action	
<b>Date:</b> 31/03/2020	<b>For:</b> Decision
<b>Enquiries to:</b> Tom Day, Head of Commercial Development & Aaron Goldie-McSorley, Low Carbon Business Officer	
<b>County Divisions affected:</b> 'All Essex'	

## 1. Purpose of Report

- 1.1. To approve Essex County Council's (ECC's) role in the Low Carbon Across the South East (LoCASE) 4 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 partner in the Low Carbon Across the South East (LoCASE) 4 Programme.
- 2.2. To agree delegate to the Executive Director for Place and Public Health in consultation with Councillor Walsh (Cabinet Member for Environment & Climate Action) and the Monitoring Officer to agree the terms of and enter into the Partnership Agreement following successful full application to the Ministry of Housing, Communities and Local Government.

## 3. Summary of issue

- 3.1. Tackling climate change is a priority for ECC and is an issue facing not just Essex
- 3.2. LoCASE 1 is a European Union (EU) funded project between June 2016 and March 2020 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. 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.

- 3.3. The LoCASE 1 partnership consisted of Essex County Council, Kent County Council (Lead Partner), Thurrock Council, Southend Borough Council, East Sussex County Council and the University of Brighton within the South East Local Enterprise Partnership (SELEP).
- 3.4. In 2019, Kent County Council successfully submitted a project bid for LoCASE 2 (a successor project to LoCASE 1), to which ECC made an investment of £1.368m approved via CMA (FP/507/08/19). As a result of recommendations by the Ministry of Housing, Communities & Local Government (MHCLG), the public sector energy efficiency improvements element of the previous bid submission in LoCASE 2 have been moved to LoCASE 4. By way of clarity, there is a LoCASE 3 project, but it is an extension of LoCASE 1 and 2; rather than a separate project it its own right.
- 3.5. The LoCASE partnership which was formed for the purposes of the LoCASE 1 project (as detailed in paragraph 3.3) has grown, including partners from Coast 2 Capital, Enterprise M3 and Solent Local Enterprise Partnerships (LEPs). Subject to the successful bid submission and subsequent approval in accordance with ECC's constitution, ECC is looking to increase Essex's budget to £2.8m and participate in the submission for a follow-on project LoCASE 4 covering the period August 2020 to July 2023. The full application will be submitted to Ministry of Housing, Communities and Local Government (MHCLG) by Kent County Council (KCC) for final approval at the end of March 2020. The increase of ECC's contribution shall be the subject of a further decision following the outcome of the application to MHCLG.
- 3.6. If successful MHCLG will inform the lead partner and send out a letter confirming success of the application and the funds to be paid to each LoCASE 4 partner, including ECC. The sums the Partnership have applied for are detailed in outlined in section 6.1. The letter will also confirm the project start date. 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 to achieve LoCASE 4's aims as set out in paragraph 3.8.
- 3.7. 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.
- 3.8. LoCASE 4 will achieve the following: -
  - 3.8.1. Include a new work package to support energy efficient improvements in public buildings, reducing the running costs of the respective buildings as well as reducing ECC's carbon emissions.
  - 3.8.2. Increase investment in projects on a larger scale, at a faster pace and for greater local benefit.
  - 3.8.3. Support economic growth of the low carbon sector in Essex which is growing at 6.8% per annum nationally, compared to 1.8% for the wider UK economy.
  - 3.8.4. Fund two 3-year fixed term new posts in Place and Public Health function for the duration of the project to co-ordinate and deliver the

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work and manage the grant with added expertise to the wider team and function.

- 3.9. ECC has an administrative role in managing the project output claims for the LoCASE 4 partnership, submitting reports to Kent County Council (KCC) the accountable body. No partner funds will pass through ECC.
- 3.10. The management of the total budget will be managed by KCC as the accountable body, however the ECC project team will manage ECC's budget and grant funding, submitting quarterly claims for expenditure of ECC's funds. KCC as accountable body has overall responsibility for the oversight and management of the budget, in addition to the delivery of the outputs detailed in the submission to MHCLG; however ECC shall support KCC where possible to do so.
- 3.11. The LoCASE Programme helps to deliver the following Strategic Priorities in the Council's Organisation Strategy:
  - 3.11.1. Transform the council to achieve more with less (reduce ECC energy bills)
  - 3.11.2. Help create great places to group up, live and work (by reducing our carbon footprint)

## 4. Options

- 4.1. Option 1 – Recommended. To agree for ECC to be a partner in the Low Carbon Across the South East (LoCASE) 4 Programme August 2020 to August 2023. As part of this decision, to delegate powers to the project team to manage funding from the LoCASE Programme to Environment and Climate Action energy projects in our Core Estate and Schools.
- 4.2. Option 2 – Do nothing. ECC would miss an opportunity to leverage £1.2m grant funding for energy efficient improvements in our Estate. There is also a reputational risk for ECC in deciding to withdraw from a 4 LEP wide partnership in which all County Councils in the 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. The breakdown of spend by nature and budget type (revenue and capital) and funding source is set out in Table 1 below. Expenditure is quantified for the first year (2020/21) and the total over 3 year grant term. In year 1 there is

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revenue expenditure of £61,097 all funded from the EU grant to enable employment of two new members of staff to manage and deliver the programme. The total revenue expenditure over the 3 year grant period is £185,129 all funded from the EU grant.

### 6.1.2.

Type of cost	Description	ECC Public Match Year 1	EU Grant Year 1	ECC Public Match (Over 3 Year Term)	EU Grant (Over 3 Year Term)
Staff	Work Package Manager		£46,153		£139,848
	Energy Efficiency Officer		£6,975		£21,134
Office & Admin	Overheads calculated as 15% of staff costs		£ 7,969		£ 24,147
Capital	Public sector building energy efficiency improvements			£ 1,400,000	£ 1,214,870
<b>Totals</b>		£ -	<b>£61,097</b>	<b>£1,400,000</b>	<b>£1,400,000</b>
<b>Total Project Cost</b>			<b>£61,097</b>		<b>£2,800,000</b>

6.1.3. There is an existing allocation within the published capital programme of £428,000 for LoCASE 2 which is currently funded from ECC resources. Approval is sought to reallocate the allocation to LoCASE 4 and the ERDF grant will fund this expenditure releasing the revenue cost of borrowing from the MTRS of £51,000. Approval is sought for an addition to the capital programme of £787,000 which will be funded by ERDF grant.

6.1.4. The total ECC capital match required is £1.4m and this will be committed from existing budgetary allocation within the capital programme for programmed estates capital maintenance which meets the criteria of this grant programme.

6.1.5. In addition to the capital expenditure, there is revenue expenditure in relation to the employment of two members of staff to manage and deliver the programme, all of which will be fully funded by the grant received and totals £185,000 over the 3 year grant period. This will be built into the budget and MTRS going forward.

6.1.6. Investing in energy efficient management of the ECC core estate will reduce consumption, and offset, future energy price rises. It may open opportunities for revenue income from renewable energy regeneration. Projects will be evaluated on a piecemeal basis, and cashable savings incorporated into future versions of the MTRS as applicable. Where energy efficient management is implemented across the schools estate, the benefit will accrue to schools directly.

6.1.6 Should the grant funding not be approved for the project, no investment will be made.

6.1.7 Under the terms and conditions of the grant, should the outcomes committed to in the funding bid not be delivered, the ERDF are within their rights to clawback a proportion of the grant funding.

6.1.8 ECC will be liable for any cost escalation.

## 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 4 budget breakdown

## 9. List of Background papers

None

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b>
<b>Councillor Simon Walsh, Cabinet Member for Environment &amp; Climate Action</b>	<b>03/04/20</b>

In consultation with:

Role	Date
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<b>Executive Director for Finance and Technology (S151 Officer)</b> <b>Stephanie Mitchener for Nicole Wood</b>	03/03/20
<b>Director, Legal and Assurance (Monitoring Officer)</b> <b>Susan Moussa on behalf of Paul Turner</b>	31.03.2020