

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	2 September 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	External Funding Update (Smart HyAware and Fuel Cell Cargo Pedelecs)
REPORT NUMBER	PLA/19/355
CHIEF OFFICER	Richard Sweetnam
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TERMS OF REFERENCE	Introduction 6

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Council on funding awards for the Smart HyAware and FCCP (Pedelecs) projects and seek procurement approval including related overseas travel for officers.

2. RECOMMENDATION(S)

- 2.1 It is recommended that Council:

Smart Hy-Aware

- a. Notes the successful application and award for the Interreg Europe 'Smart Hy-Aware' (Smart solutions for HYdrogen potential AWAReness Enhancing) project for €217,000, and match funding from ONE and Scottish Enterprise;
- b. Approves total project costs for Smart HyAware as detailed in this report; and
- c. Delegates authority to the Chief Officer – City Growth to procure the appropriate goods and services necessary to undertake the project, including appropriate travel and associated spend for up to two officers to attend partner meetings and annual conferences connected with this project.

Fuel Cell Cargo Pedelecs

- d. Notes the successful application and award of grant for the Interreg North West Europe (NWE) Fuel Cell Cargo Pedelecs (FCCP) project for €458,392, and match funding from Transport Scotland and the Scottish Government;
- e. Approves total projects costs for the Fuel Cell Cargo Pedelecs projects as detailed in this report; and
- f. Delegates authority to the Chief Officer – City Growth to procure the appropriate goods and services necessary to undertake the project, including appropriate travel and associated spend for up to two officers to attend partner meetings and annual conferences connected with this project.

3. BACKGROUND

Smart Hy-Aware

- 3.1 Smart Hy-Aware is a transnational cooperation project aiming to promote hydrogen-electric mobility by tackling infrastructure and market uptake challenges surrounding this technology. For Aberdeen City Council the funding will cover the role of a dedicated Project Officer for a three-year period to develop stakeholder engagement, map demand in the sector and develop and deliver an updated Hydrogen Strategy and Action Plan. A consortium was established by the Government of Aragon with Partners: Lazio Region, Province of South Holland, Municipality of Delphi, Transport Malta, Aberdeen City Council, Hydrogen Fuel Cells and Electro-Mobility in European Regions and Pannon Business Network Association and an application made to Interreg Europe for 85% funding.
- 3.2 Following report CHI/17/259 (Finance, Policy and Resources, December 2017), the Council was recently informed that the Smart Hy-Aware project has been successful for Interreg Europe funding.
- 3.3 Total project costs are €179,987.50, with 85% of costs recoverable from Interreg Europe. A total of €26,998.13 is required to match fund the project. Discussions have taken place with Opportunity North East (ONE) and Scottish Enterprise with regards to development of this project and role within the city's hydrogen economy. From these, both ONE and Scottish Enterprise have agreed to provide match funding (£20,000 in total) to support the role, and as such the project is fully funded by external grants.
- 3.4 The project will have its first partner meeting mid-September in Spain, the location of the Lead Partner. Two officers from Aberdeen City Council would need to attend to provide assurance on project delivery and financial compliance activities. All travel will be booked in accordance with the Council's policies on travel.

Fuel Cell Cargo Pedelecs (FCCP)

- 3.5 The FCCP project is a transnational project seeking funding from the Interreg North West Europe Programme. It is led by the German Aerospace Centre and involves cooperation with eight European partners, including Aberdeen City Council. The project will address transport and emission issues caused by the final stages of goods delivery. For Aberdeen City Council, the funding will cover 10 hydrogen cargo bikes to aid with “last mile delivery” in the City Centre. Officers have had conversations with courier companies and have noted expressions of interest.
- 3.6 Following report CHI/17/259 (Finance, Policy and Resources, December 2017), the Council was informed that the FCCP project has been successful for Interreg North West Europe funding.
- 3.7 Total project costs are €458,392 with 60% of costs recoverable from Interreg NWE. A total of €183,000 (£162,000, June 2019) is required to match fund the project. Both Transport Scotland and the Scottish Government’s Air Quality Action Plan team have approved expenditure of £81,000 each as a contribution towards the project, and as such the project is fully funded by external grants.
- 3.8 The project will have its first partner meeting mid-September in Germany, the location of the Lead Partner. Two officers from Aberdeen City Council would need to attend to provide assurance on project delivery and financial compliance activities. All travel will be booked in accordance with the Council’s policies on travel.

4. FINANCIAL IMPLICATIONS

- 4.1 Both projects have achieved 100% grant funding from Partner organisations. There is no requirement for the Council to provide match funding from within its own resources.
- 4.2 Financial modelling will be carried out to incorporate the expenditure profiles and supporting grant claims within Council budgets across the life of each of the projects.

5. LEGAL IMPLICATIONS

- 5.1 All contracts are, and will continue to be, subject to review and approval by the Head of Commercial and Procurement Services and the Chief Officer - Governance.
- 5.2 The grants agreements for Smart Hy-Aware and FCCP have both been accepted and signed under General Powers Delegated to Chief Officers:
- “23) Following consultation with the Convener of the City Growth and Resources Committee, to approve applications for, and to accept, grant funding, provided that the terms and conditions of such funding have been

approved by the Chief Officer - Finance and the Head of Commercial and Procurement Services before acceptance.”

- 5.3 Interreg funding comes from the European Union’s European Regional Development Fund (ERDF). There are no identified risks to this funding in relation to Brexit and grant agreements have been signed by Aberdeen City Council and the Lead Partner to access funding.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Financial	Failure to comply with Interreg NWE or Interreg Europe spend procedures	L	Staff are aware of current guidance but the attendance of a funding officer at meetings will assist in ensuring compliance.
	Project overspend	L	Regular budget monitoring
	Exchange Rate fluctuations	L	Continuously review project budget in light of fluctuations
Legal	Failure to comply with grant agreements – such as inability to meet project timescales	L	Contingencies in place to ensure project milestones are realistic and will be met
	Failure to comply with Procurement legislation	L	All contracts will be reviewed and approved by the Commercial & Procurement Team
Employee	Participation in projects will result in increased demand on staff resources.	M	New staff have been approved through the Establishment Board on a 2-year fixed term basis.
	Projects are 3 years with 2-year fixed term post approved only.	M	Extend the fixed term posts to 3 years at some stage to cover the project life.
Customer	Delays in project may impact deployment timescales for operators	L	Flexibility will be built into contracts and delivery strategies
Environment	The Pedelects must be safe and compliant with HSE regulations	L	The supplier will be appropriately checked to ensure safety aspects of delivery are not compromised

Technology	Failure in maintenance supply chain may result in operational downtime	L	A schedule of components and their supply routes will be compiled to ensure that any items are easily traceable and accessible
Reputational	Failure to deliver the project could result in a loss of the city's reputation as a world leader in hydrogen technology Demand fails to materialise for using the pedelecs	L L	Officers have experience of development and delivery of hydrogen projects in the city These are demonstration projects and funding is provided to test market operations.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	Delivers on LOIP primary drivers of: Investment in infrastructure; innovation; inclusive economic growth; and, internationalisation.
Prosperous People	Increasing uptake of hydrogen technology will reduce NOx and Lead Particulates, which are known to reduce life expectancy.
Prosperous Place	Increasing uptake of (renewable) hydrogen technology will reduce carbon emissions.

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	None
Organisational Design	None
Governance	None
Workforce	None
Process Design	None
Technology	Investing in a hydrogen future allows the Council to better prepare for customers' needs in future.
Partnerships and Alliances	Participation in external international partnerships results in new opportunities for joint working and collaboration. Both projects are working with a number of Partners to deliver elements of the

	hydrogen programme at no cost to the Council, resulting in increased external funding and investment to Aberdeen.
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8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Full EHRIA not required.
Data Protection Impact Assessment	Not required.
Duty of Due Regard / Fairer Scotland Duty	Not applicable.

9. BACKGROUND PAPERS

Finance, Policy and Resources: CHI/17/259 - 1st December 2017
 Projects, Partnerships & Funding Update
<https://committees.aberdeencity.gov.uk/documents/s77430/CHI.17.259%20-%20PPF%20UPDATE.pdf>

10. APPENDICES

None.

11. REPORT AUTHOR CONTACT DETAILS

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