

ABERDEEN CITY COUNCIL

COMMITTEE	Communities, Housing & Infrastructure
DATE	25 th August 2016
DIRECTOR	Pete Leonard
TITLE OF REPORT	Partnerships, Projects & Funding Update
REPORT NUMBER	CHI/16/160
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

To seek approval to participate in the Office of Low Carbon Vehicles and Erasmus+ funding programmes in order to meet the deadline of September 2016.

To provide evidence of the benefits to Aberdeen of participating in these external funding projects.

2. RECOMMENDATION(S)

It is recommended that members:

- a) Approve participation in the Office of Low Carbon Vehicles (OLEV) Funding Programme
 - i) The making of the Council of an application to Office of Low Carbon Vehicles for grant funding of £631,614
 - ii) Expenditure by the Council of that grant funding and the additional sum of £8,822 (profiled over three years) from the Fleet Services revenue budget towards the abovementioned project
- b) Approve participation in Erasmus+ Funding Programme for Training of Technicians of Hydrogen Fuel Cell (FCH) vehicles.
 - i) The making of the Council of an application to Erasmus+ for grant funding of €44,030 (£36,941)
 - ii) Expenditure by the Council of that grant funding and the additional sum of €8,806 (£7,390) from the Fleet Services and Economic Development revenue budgets towards the abovementioned project

- c) Note that approved project governance processes will be applied to both projects

3. FINANCIAL IMPLICATIONS

Match-funding for the OLEV Funding Programme will be required which will be met by the existing cost of leasing fleet vehicles by the Council.

Match-funding for the Erasmus+ Funding Programme will be required which will be met from the existing staff resources of fleet services and the existing Economic Development project budgets.

A wider project list is currently in development and will be submitted to Finance, Policy & Resources Committee for approval.

In the development of externally funded projects, focus is centred on ensuring that projects are aligned with the delivery of national, regional and Council and service strategies in order to maximise use of existing budgets and enhance resource in the specified area of expertise.

4. OTHER IMPLICATIONS

EU Referendum Outcome

Following the recent outcome of the EU Referendum vote there are currently no implications on EU projects as the UK is still full a member of the European Union.

Legal

When new projects are undertaking the application process legal and democratic services will be involved at the earliest stage possible and resource will be sought from them in order that the Council are not entering into any funding contract at risk.

All funded projects are required to adhere to funding guidance and compliance and conditions within the funding applications are legally bound. Together, EDS and legal and democratic services will ensure that all grant conditions are met accordingly.

Sustainability

Aberdeen City Council has a clear contribution to make to sustainable development with an emphasis on enhanced productivity through improved resource efficiency, new business opportunities in the developing market for sustainable technologies and delivering better and more efficient Council services.

Environmental

European activities are implemented in line with the aim of achieving a high quality and sustainable environment.

Social

The principles of Social inclusion underpin European cohesion policy.

Economic

The Council's Economic Development Service (EDS) has developed a service plan in response to the new Regional Economic Strategy. This includes the development and delivery of activities that contribute to the City's delivery of business growth, employability and jobs and trade and investment with the additional funding required being sought from EU and National funding programmes.

5. BACKGROUND/MAIN ISSUES

i) **Approve the Council's participation in the Office of Low Carbon Vehicles (OLEV) Funding Programme**

ACC has been at the forefront of developing the hydrogen economy, not only in Scotland but also across the UK as a whole. The council already has significant experience in hydrogen transport, with Europe's largest hydrogen bus project having been successfully operating for over a year (10 vehicles). ACC has also begun deploying lighter duty vehicles into its fleets, including Renault Kangoo ZE-H₂ vans (2 vehicles) and a fleet of Hyundai ix35 Fuel Cell cars (4 vehicles). ACC is bringing this experience to bear in this project, which seeks to expand the council's own fleet of FCEVs, and introduce FCEVs into the fleets of two other public sector organisations, NHS Grampian and the Scottish Environmental Protection Agency (SEPA).

The funding is requested for the following:

16 Toyota Mirai FCEVs, of which:

- 10 will be used by NHS Grampian
- 5 will be used by ACC officers
- 1 will be used by the Scottish Environmental Protection Agency

The vehicles will be used for promotion and dissemination events as well as by Council officers for their everyday business travel. When not being used for such promotional activities, the FCEVs will be part of the pool of vehicles for ACC officer use, managed by Co-Wheels. This will allow the vehicles to be tested in the business environment, with a view to greater adoption by ACC as the hydrogen economy expands. These vehicles will replace existing vehicles in the fleet which are due to be retired out of service.

The total amount of funding requested from OLEV is £632,614. Match funding for the ACC vehicles will be total £8,822 over three years which will be met from existing committed budget for the lease of fleet vehicles.

It is recommended Committee approve ACC participation in the project and spend of monies if it is successful.

ii) Approve participation in Erasmus+ Funding Programme for Training of technicians of Hydrogen Fuel Cell (FCH) vehicles

ACC is involved within a transnational consortium for Erasmus+ for the training of technicians of hydrogen and fuel cell (FCH) vehicles. This project will contribute to the improvement and extension of the existing education offer for auto mechanics. There is currently little or no training available within the UK for FCH vehicles. By adding new and innovative elements to the auto mechanics education, this project contribute to the further strengthening of key competences and helps ACC with the delivery of the Hydrogen Strategy.

Education and training in the fuel cells and hydrogen sector is critical for the current and future workforce and thereby supports indirectly the commercialisation of the technology. Knowledgeable and capable workforce that understands the functioning of both technology and underlying fundamental processes, but also knows about obstacles and technological restrictions is essential for successful development, planning and implementation of FCH technology. It is widely accepted that job opportunities for technicians and workers within the fuel cells and hydrogen applications will emerge in the short term, but there is also a lack of appropriate training for technicians.

The co-financing rate is 80% and 20% match-funding. A total award of €44,030 has been granted to ACC which will require €8,806 match-funding from existing staff resources (fleet services) and existing Economic Development budget. It is recommended Committee agree spend of match-funding and participation in project.

6. IMPACT

Improving Customer Experience –

Participating in externally funded projects enhances services and facilities which customers use within the City, particularly in relation to Smart City projects which are designed to improve service efficiencies. In particular, European projects allow customers to experience innovation which they might not get the chance to otherwise. In particular, projects will have the business customer in mind to have a positive impact on the City's economy.

Improving Staff Experience –

Through participation in European projects staff members have been

given the opportunity to exchange best practice with their equivalent peers and colleagues in other countries. This has resulted in staff returning with new, innovative ideas to implement within the City and have a direct impact on staff and customers. Continued participation in projects will create new opportunities to bring new technologies, as well as new thinking to enhance the city.

Through externally funded projects staff get to see, first hand, the impact that external funding can bring to the city that they live and work in.

Improving our use of Resources –

Externally funded projects, and European projects in particular, are centred on new innovative ideas and technologies. It is essential that the Council keeps up to date with current strategies, locally, nationally and transnationally and also looks forward to ensuring that Aberdeen is at the forefront on delivering within the strategies.

Officers within EDS ensure that projects are focused around the current priorities within the Council so that public funding can be maximised to provide the best service possible.

Expertise of accessing external funding lies within the EDS and without this expertise the City, and Council would lose out on added financial opportunities and delivery of funding programmes would not be possible.

Corporate -

The contents of the report support the Regional Economic Strategy to secure the well-being of the place and our people in the North East of Scotland across the key programme areas of investment in infrastructure, innovation, inclusive economic growth and internationalisation, as well as the key sector priorities of:

- Energy
- Tourism
- Education
- Food and drink
- Health and life sciences

The contents of the report also relate to delivering some economic development aspects of the Administration's Smarter Aberdeen vision.

The projects that the Council has been involved in, and are looking to participate in all have a degree of partnership working whether that is local, national or international.

All projects vary, but are centred on addressing the issues laid out within the relevant administration priorities and linking into strategies such as the Regional Economic Strategy, City Centre Masterplan, City

Region Deal, Digital Place Strategy, Powering Aberdeen, and A Hydrogen Economy Strategy for Aberdeen City Region etc.

Public –

It is likely that the public will have an interest in the aforementioned projects as they are intended to make a positive contribution to the region for the benefit of the citizens. It is important to ensure that the City and Council's reputation is upheld throughout all external projects.

7. MANAGEMENT OF RISK

It is important that Aberdeen is fully represented in all European matters and that all opportunities for influencing policy and the development of transnational projects for the City's benefit are grasped in order that opportunities are maximised. If this is not done the Council could be at risk of not being able to draw down European grant monies.

This level of participation will help to increase the understanding of the new programmes and will assist in developing the capacity to successfully develop new projects and work with other European cities that will benefit Aberdeen City.

All projects follow an audit process, both internal and external which ensures that any potential financial risk to the council is eliminated.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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