

COMMITTEE	Communities, Housing & Infrastructure
DATE	16 <sup>th</sup> January 2018
REPORT TITLE	European Funding Bids
REPORT NUMBER	CHI/17/304
INTERIM DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Terri Vogt

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**1. PURPOSE OF REPORT:-**

- 1.1 This report seeks approval to progress with a funding application for a Horizon 2020 Smart Cities bid and to participate in another Horizon 2020 project led by the Hutton Institute as a consortium partner.

**2. RECOMMENDATION(S)**

- 2.1 It is recommended that Committee:
- a) Instruct the Director of Communities, Housing and Infrastructure to develop and submit an application in respect of Horizon 2020's Smart Cities Programme, due for submission in February 2019;
  - b) Approve the travel of two officers on two separate occasions to Sofia, Bulgaria to attend project development meeting;
  - c) Approve participation of Aberdeen City Council as a consortium partner in the SMARTEES project described below; and
  - d) Authorise the Director of Communities, Housing and Infrastructure to take (or arrange for the taking of) any actions which are necessary or expedient in connection with the Horizon 2020 Smart Cities Programme and the SMARTEES project and, following consultation with the Head of Legal and Democratic Services, the Head of Commercial and Procurement Services and the Head of Finance as appropriate, to approve the entering into of any associated legal or financial documentation.

**3. BACKGROUND**

**HORIZON 2020 SMART CITIES**

- 3.1 Aberdeen City Council has been approached by Integrated Environmental Solutions (IES) with regard to developing a Horizon 2020 Smart Cities project. This is a European Union funded programme that provides funding to lead

(termed lighthouse) cities to test new and innovative technology to make cities more sustainable in particular in the areas of transport and energy.

- 3.2 The project will be delivered over a 5 year period with the bid application due by February 2019. Early discussions indicate that Aberdeen would be one of the two lead cities with the other lead city being Sofia, Bulgaria. The value of the project will be around €6-7m shared between Aberdeen as a lead city and it's associated partners. Under Horizon 2020 funding rules, Aberdeen City Council would receive 100% funding for the elements of the project activities it delivers.
- 3.3 In order to co-ordinate the bid preparation 2 project development meetings would need to be attended in Sofia which will help agree the scope of the respective projects. The timescales provide Aberdeen City Council with sufficient time to co-ordinate and develop a strong application and build partnerships. As well as IES, Robert Gordon University has also indicated that they would wish to participate. Scottish Enterprise is supporting the project by providing funding to employ some initial consultancy support to determine the potential for a successful project to be delivered in Aberdeen and to scope the project.
- 3.4 The Smart Cities Horizon 2020 bids are focussed on innovation. The bid will be looking at innovative ways to achieve higher than standard energy efficiency in different building types and trial new technology to manage energy within a district or community to maximise efficiency and ensure the local use of energy. Energy storage and electro mobility will be important parts of the concept. The project must incorporate community engagement in energy management and will include the development of a bold city vision for 2050 and development of business models to allow concepts developed to be replicated across the city or to other cities.
- 3.5 The focus is on understanding how new and innovative technology can be used to maximise energy efficiency and the use of energy generated locally.
- 3.6 In order to deliver the project there will be a need to bring together a number of consortium partners that are able to offer innovative technology solutions to deliver this, IES has offered to support us in this task.
- 3.7 Should a lead member be required to support the Horizon 2020 project moving forward (if successful) this will be subject to a further committee report in due course.

#### *Benefits to ACC*

- 3.8 This project will provide an opportunity for ACC to gain a much more in depth understanding of how new innovative technologies in relation to energy management can be applied to manage energy at community level and what the implications might be for these communities. In particular to understand the business models and potential community benefits of localised energy management.
- 3.9 This project offers the opportunity to undertake some leading edge work in relation to energy management. The commitment required to put the bid together should not be under estimated but the bid will only be progressed on

the basis that support from IES and Scottish Enterprise is secured as set out above, Aberdeen City Council officer time will be allocated from within the funding bid team.

#### HORIZON 2020 SMARTEES

- 3.10 SMARTEES is a project proposal from a consortium of European Academic Intuitions including the Hutton Institute in Aberdeen under the Horizon 2020 theme competitive low-carbon energy. The project is looking at the role of energy efficiency and building refurbishment in tackling fuel poverty. The aim is to model approaches that will allow public authorities working in coordination with supply companies and civil society organisations to implement energy efficiency measures for houses and buildings with the aim of fighting fuel poverty. From this a tool will be developed to support decision making taking account of local community stakeholders.
- 3.11 Aberdeen City Council was invited to be part of the consortium to ensure that the tools and models developed are built around real life examples.
- 3.12 As a consortium member Aberdeen City Council is not required to commit any funding to the project. The Council has been asked to contribute four days of officer time per month over a three year period. Aberdeen City Council will be reimbursed for the cost of the officer time and any travel costs will be covered in full from the project budget. The funded officer is within Planning and Sustainable Development and will be responsible for cross-service liaison on the project as appropriate.
- 3.13 This funding bid has been successful and approval is sought to take part in the project as a consortium partner on the basis of the terms above.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 For the Smart Cities project Integrated Energy Solutions will assist Aberdeen City Council with coordinating the bid – with no cost attached. Assistance will also be provided from Scottish Enterprise, particularly in their role of actively encouraging Scottish cities to apply for the fund through the Scottish Cities Alliance (SCA).
- 4.2 It has been indicated that Scottish Enterprise will be able to provide some financial assistance to employ consultants to help scope the project in more detail. Under Horizon 2020 funding rules, Aberdeen City Council would receive 100% funding for the project activities and delivery. Travel costs of around £2,000 will need to be allowed.
- 4.3 For the SMARTEES project all officer time and travel expense will be reimbursed for the duration of the project. This is estimated to be four days per month.

#### **5. LEGAL IMPLICATIONS**

- 5.1 Entry into any grant agreement is subject to consultation with the Head of Commercial and Procurement Service and the Head of Finance.

## **6. MANAGEMENT OF RISK**

### **Financial**

- 6.1 The primary risk is that the Smart Cities bid is not successful. It will involve a dedicated officer from the bid team co-ordinating and overseeing bid preparation and submission. If unsuccessful this cost will be met through existing budgets. A long lead in time has been ensured with the submission due in February 2019 which will allow for a quality bid to be developed. In addition we are working with a private sector partner that has had previous success in obtaining funding through similar bids.

### **Employee**

- 6.2 There are no significant risks

### **Customer / citizen**

- 6.3 There are no significant risks

### **Environmental**

- 6.4 There are no significant risks

### **Technological**

- 6.5 The Smart Cities bid will involve trialling new technology in real life situations and will place Aberdeen City Council at the forefront of using developing technology to manage energy.

### **Legal**

- 6.6 Current advice is that the Brexit process should not preclude the UK from submitting and being successful in EU funding bids until March 2019. This bid will be submitted within this timeframe. There is a potential risk that this position could change in the next 12 months which would impact on all consortium partners.

### **Reputational**

- 6.7 Smart Cities funding is sought by cities seeking to lead in relation to the smart energy transition and winning this bid will enhance Aberdeen's reputation in this area.

## **7. IMPACT SECTION**

- 7.1 These proposals will support ambitions in the LOIP to reduce carbon emissions and adopt more alternative energy. It will also look at the potential role that positive energy blocks could play in empowering communities and managing energy more efficiently which in turn will help eradicate fuel poverty.

### **Economy**

- 7.2 Both projects will support Aberdeen City Council establish a leading position in relation to development of new technology which will help attract new skills

and businesses to the city. The Smart Cities project in particular will allow the city to develop a much more in depth understanding of the role that smart technology can play in maximising energy efficiency and managing demand at a community level.

### **People**

- 7.3 The proposals will provide the people of Aberdeen with the opportunity to trial and understand leading edge technology. The smart cities project will look in depth at the community and the impact local energy management and development of positive energy blocks could have on these communities and whether any community benefits can be derived from such an approach

### **Place**

- 7.4 These projects will help project Aberdeen as a city that is taking the lead in technology development and support its ambition to become a global energy city.

### **Technology**

- 7.5 The projects will both be trialling innovative technology placing Aberdeen at the forefront of these technology developments for the future. .

## **8. BACKGROUND PAPERS**

n/a

## **9. APPENDICES (if applicable)**

n/a

## **10. REPORT AUTHOR DETAILS**

Terri Vogt  
Powering Aberdeen Programme Manager  
[tevogt@aberdeencity.gov.uk](mailto:tevogt@aberdeencity.gov.uk)  
01224 522677

## **HEAD OF SERVICE DETAILS**

Eric Owens  
Head of Planning & Sustainable Development (Interim)  
[eowens@aberdeencity.gov.uk](mailto:eowens@aberdeencity.gov.uk)  
01224 523133