

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	City Growth & Resources
<b>DATE</b>	18 September 2018
<b>REPORT TITLE</b>	External Funding & Partnerships
<b>REPORT NUMBER</b>	PLA/18/143
<b>DIRECTOR</b>	
<b>CHIEF OFFICER</b>	Richard Sweetnam
<b>REPORT AUTHOR</b>	Laura Paterson
<b>TERMS OF REFERENCE</b>	Purpose of Committee: 1

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### 1. PURPOSE OF REPORT

- 1.1 This purpose of this report is to seek approval to apply for and, if successful, enter into a grant agreement for external funding opportunities through the Interreg North West Europe (NWE) programme and nominate an Elected Member to be the UK representative for the Conference of Peripheral Maritime Regions' Political Bureau.

### 2. RECOMMENDATIONS

That City Growth & Resources Committee:-

- 2.1 Note submission of an application to Interreg NWE's Hydrogen Waste Vehicles in North West Europe (HyWAVE) project, and pursuant to a successful application:
- a) Note the making by the Council of an application to Interreg North West Europe for grant funding of €650,955 (£576,066);
  - b) Note that entry into a grant agreement is subject to approval by the Head of Commercial & Procurement Services, following consultation with the Convener of City Growth & Resources Committee and the Chief Officer – Finance;
  - c) Approve expenditure by the Council of that grant funding and the additional sum of €433,970 (£383,864) from existing Fleet Services budget over a three year period towards the abovementioned project;
  - d) Approve overseas travel for two officers to attend two partner meetings and annual conferences per year connected with this project, costs of which are included in the above budget and recoverable from the Interreg NWE programme.

- 2.2 Nominate an Elected Member to the role of either substantive or alternate UK Representative to the Conference of Peripheral Maritime Regions' (CPMR) Political Bureau and, subject to successful nomination:
- a) Approve international travel for the Elected Member and an Officer to attend up to three CPMR meetings per year in this role, subject to Aberdeen City Council's 2019/20 budget setting process.

### **3. BACKGROUND**

#### **3.1 Aberdeen City Region Hydrogen Strategy 2015-25**

- 3.1.1 Aberdeen City Region Hydrogen Strategy and Action Plan was approved by CHI Committee in March 2015. The aim of the strategy is to maintain and build on Aberdeen's existing lead in the hydrogen sector and continue to be the lead hydrogen energy hub in Scotland, UK and Europe. The strategy lists a number of objectives which the HyWave project supports, including:
- 3.1.2 *"Fleet replacement – work with Fleet to develop a clear strategy for vehicle change out over the remainder of the hydrogen strategy timeframe."*
- 3.1.3 The HyWAVE project will support this deliverable through the introduction of a fuel cell waste truck to the city's fleet.

#### **3.2 Hydrogen Waste Vehicles in Europe (HyWAVE)**

- 3.2.1 The Hydrogen Waste Vehicles in Europe project is a transnational project led by HyER. It is funded by the Interreg North West Europe programme which contributes towards up to 60% of total eligible costs. The HyWAVE project will develop and deploy hydrogen fuel cell waste garbage trucks to five cities in Europe. Aberdeen is the only UK partner. As a testbed of this technology, the Council's Fleet Services will purchase and operate one fuel cell garbage truck. The fuel cell garbage truck will be measured against existing fleet vehicles including in operational activities, such as range and reliability. It is anticipated that there will be a positive impact upon noise and air pollution in the routes which the vehicle uses as it produces zero emissions.

#### **3.4 Interreg North West Europe (NWE)**

- 3.4.1 This project is funded by the Interreg NWE Programme. Interreg North West Europe is a European Territorial Cooperation Programme funded by the European Commission. It is comprised of eight countries from the geographic north west area of Europe, including the UK, France and Germany.
- 3.4.2 The programme contributes towards 60% of total eligible project costs, which includes costs associated with staff, office overheads, travel, external expertise, equipment and infrastructure. Aberdeen City Council is currently involved with two Interreg NWE projects. Officers from Finance and the External Funding & Partnerships Team are experienced with delivering projects which comply with programme rules and regulations.

### **3.5 Conference of Peripheral Maritime Regions (CPMR)**

- 3.5.1 The Conference of Peripheral Maritime Regions (CPMR) is a membership body which represents 200 million people from 25 countries in and surrounding Europe. The organisation focuses on representing members' interests by lobbying national and international governments and institutions. The Political Bureau is the organisation's main decision-making body. Only politicians can sit on the Bureau with subsequent voting rights.
- 3.5.2 Member regions from each country nominate a representative to the Political Bureau. The current representative is stepping down at CPMR's Annual General Assembly in October 2018. The Secretariat are currently seeking nominations from UK member regions to become the country's substantive and alternate representatives. The vote will take place at the UK Partners Meeting at the Annual General Assembly.
- 3.5.3 Aberdeen City is an active member of CPMR, regularly attending Climate and Energy Taskforce meetings. City representatives also hold a number of positions in the CPMR'S trans-national North Sea Commission, including Chair of the Smart Regions Group and Vice Chair of the Transport Group. The city also has a strong voice on the North Sea Commission's Brexit Taskforce.
- 3.5.4 A report by the London School of Economics stated that Aberdeen could be the worst hit of UK regions by a hard Brexit deal. Active participation in transnational membership organisations ensures that the city has a strong voice in political lobbying during and post Brexit. The member will also act to represent and vote on such matters as cohesion and energy policies.

## **4. FINANCIAL IMPLICATIONS**

### **4.1 Hydrogen Waste Vehicles in Europe (HyWAVE)**

- 4.1.1 Total project costs for Aberdeen City Council participating in the HyWAVE project are €1,084,925 (£960,110). This budget includes allocation for the purchase, maintenance and fuel costs of one hydrogen fuel cell garbage truck for the three year period, as well as staff costs associated with driving the truck and managing the project.
- 4.1.2 Aberdeen City Council will contribute €433,970 towards the project over a three year period. This is equivalent to £383,864 at the current exchange rate of 1.13 (as at July 2018). It is intended that this match funding will be realised through an equivalent contribution from existing Fleet Services budget of costs associated with the purchase, maintenance, fuelling and staffing of an equivalent diesel model currently in the fleet.

### **4.2 Conference of Peripheral Maritime Regions (CPMR)**

- 4.2.1 Members of the Political Bureau formally meet three times a year – two specific Political Bureau meetings and the Annual General Assembly. The UK Political Bureau Representative may be asked to attend other meetings, such as chairing UK Member Meetings to steer current issues and future planning.

- 4.2.2 Budget and international travel to the Annual General Assembly in October was approved in a European Travel Plan submitted to City Growth & Resources Committee in April 2018.
- 4.2.3 A Political Bureau meeting will be held in France in March 2019. The costs of which are estimated to be £1,500. These costs will be absorbed by the existing travel budget, as approved by City Growth & Resources Committee 2018.
- 4.2.4 It is estimated that travel costs for an elected member and one officer to attend three CPMR Political meetings per year will be £4,500. Attendance at the CPMR Annual General Assembly, at an estimated cost of £1,500, is already included in the European Partnerships Travel Plan. Appointment as UK Political Bureau Representative is estimated to incur additional costs of £3,000 per annum. These costs will be incorporated into future travel plans which are submitted to Committee for approval and are subject to Aberdeen City Council's budget setting processes.

## **5. LEGAL IMPLICATIONS**

### **5.1 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.”

As such, the Chief Officer - Finance and the Head of Commercial and Procurement Services will be required to review the Financial and Legal Terms & Conditions of the Interreg NWE grant agreement which will be dictated by French law - where the Joint Secretariat resides.

- 5.2 It should be noted that Interreg funding comes from the European Union's European Regional Development Fund (ERDF). The implementation period for the proposals will start before the UK's exit from the EU on 29 March 2019 and will continue during the transitional period. A draft of the Withdrawal Agreement was published on 19 March 2018 with a final Withdrawal Agreement for the transitional period anticipated for October 2018. The Withdrawal Agreement will govern the UK's position in relation to the EU during the period from 29 March 2019 to 31 December 2020, the transitional period. The current draft does not appear to provide specifically for the ERDF and whether it will continue to apply. There is a general provision that if a matter of EU law is not covered by the agreement then EU law will continue to have effect.<sup>1</sup> It therefore appears that the UK's access to the ERDF will not be affected during the period of implementation. It should be noted however that although this is an agreed term, nothing is certain until it has been agreed and signed.

## **6. MANAGEMENT OF RISK**

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<sup>1</sup> Article 122 : <https://www.gov.uk/government/publications/draft-withdrawal-agreement-19-march-2018>

	<b>Risk</b>	<b>Low (L), Medium (M), High (H)</b>	<b>Mitigation</b>
<b>Financial</b>	Failure to comply with Interreg NWE procurement procedures	L	Staff have led procurement exercises for this programme before and are fully aware of rules and regulations that must be adhered to, to ensure that full funding levels are awarded
	Project overspend	L	Regular monitoring of budget
	Exchange rate	L	Continuously review project budget in light of fluctuations
<b>Legal</b>	Failure to comply with grant agreement – such as inability to meet the project within said timescale	L	Contingencies are in place to ensure project milestones are realistic and will be met
<b>Employee</b>	Participation in projects will result in increased demand on staff resources	M	Staff across services are already engaged in these projects and associated staff costs are incorporated into the projects plan – of which 60% is recoverable from the project
	Change in staff resourcing may result in resource not being devoted to project	M	Ensure successor planning built into risk management
<b>Customer</b>	Delays in project may impact deployment timescales for operators	L	Flexibility will be built into contracts and delivery strategies
<b>Environment</b>	The vehicles must be safe and compliant with HSE regulations	L	Suppliers will be appropriately checked to ensure safety aspects of delivery are not compromised
<b>Technology</b>	Failure in maintenance supply chain may result in operation downtime	L	A schedule of components and their supply routes will be compiled to ensure that

			any maintenance items are easily traceable and accessible
<b>Reputational</b>	Failure to deliver project could result in a loss of the city's reputation as a world leader in hydrogen technology	L	Officers have experience of development and delivery of hydrogen vehicles in the city
	Demand fails to materialise for vehicles	L	These are demonstration projects and funding is provided to test market and operations

## 7. OUTCOMES

<b>Design Principles of Target Operating Model</b>	
	<b>Impact of Report</b>
<b>Partnerships and Alliances</b>	Participation in external transnational partnerships results in increased external funding and investment to Aberdeen.

<b>Local Outcome Improvement Plan Themes</b>	
	<b>Impact of Report</b>
<b>Prosperous Economy</b>	Delivers on LOIP primary drivers of: Investment in infrastructure; innovation; inclusive economic growth; and internationalisation.

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	Full EHRIA not required
<b>Privacy Impact Assessment</b>	Not required
<b>Duty of Due Regard / Fairer Scotland Duty</b>	Not applicable

## 9. BACKGROUND PAPERS

Hydrogen Strategy for the Aberdeen City Region 2015-25;  
 CHI/17/303, Aberdeen City Region Hydrogen Strategy 2015-25 Update, 16  
 January 2018;

**10. APPENDICES**

1. HyWAVE Business Case

**11. REPORT AUTHOR CONTACT DETAILS**

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