

Report to:	Cabinet	Date of Meeting:	Thursday 6 th April 2017
Subject:	ERDF Accountable Body Status	Wards Affected:	(All Wards);
Report of:	Head of Regeneration and Housing		
Is this a Key Decision?	Yes	Is it included in the Forward Plan?	No
Exempt/Confidential	No		

Purpose/Summary

To seek authority to progress a European Regional Development Fund (ERDF) application on behalf of Viridis for a Liverpool City Region (LCR) Low Carbon Retrofit Project, and to act in the role of accountable body for the project should it be approved.

Recommendation(s)

- (1) That Cabinet agrees to Sefton Council acting as accountable body status for the Liverpool City Region low carbon retrofit project should the European Regional Development Fund application be successful.
- (2) Subject to #1 above the Cabinet approves the submission and consents to the full submission for European Development Fund application on behalf of Viridis
- (3) It be noted that the proposal was a Key Decision but had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regeneration and Skills) had been consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision being made by the Cabinet as a matter of urgency on the basis that it was impracticable to defer the decision until the commencement of the next Forward Plan because Viridis had not decided to progress with an European Regional Development Fund proposal at the point at which the Forward Plan was published.

How does the decision contribute to the Council's Corporate Objectives?

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		x	
2	Jobs and Prosperity		x	
3	Environmental Sustainability	x		
4	Health and Well-Being		x	
5	Children and Young People		x	
6	Creating Safe Communities		x	
7	Creating Inclusive Communities		x	
8	Improving the Quality of Council Services and Strengthening Local Democracy		x	

Reasons for the Recommendation:

Not to apply for European funding and act in an accountable body function would be to forego the opportunities arising from the European Structural Investment Fund (ESIF) programme available to the city region and the associated benefits for the citizens of Sefton and wider Liverpool City Region.

Alternative Options Considered and Rejected:

The Viridis is not an economic entity and therefore is unable to apply for ERDF funding directly or act as an **accountable body**. Viridis is the collective name for a group of Registered Housing Providers (social landlords) and local authorities in the Liverpool City Region which Sefton Council project manages and therefore receives fees for acting in this capacity.

Registered Housing Providers have been approached about acting as accountable body and the response has been that they do not have the necessary skill, expertise and experience to fulfil the role.

As the activity will be undertaken by registered providers and falls outside of the remit of the Combined Authority and therefore it is not appropriate for the Combined Authority to act as Accountable Body for this type of initiative.

What will it cost and how will it be financed?

(A) Revenue Costs

The value of the proposal is estimated to be £531,282.00 (to be confirmed once projects are finalised). ERDF will fund 50% of the budget, the remaining 50% will be funded by the Registered Housing Providers and Viridis. It is important to note that Sefton Council will not be providing a revenue financial contribution but will recover the salary costs of those staff members undertaking the **accountable body** functions.

Proposed Funding Breakdown

	Source	Amount (£)	Status
REVENUE	ERDF	265,641	Bid required
	Registered Housing Providers (RP's)	235,641	Funding in place prior to bidding
	Viridis	30,000	Funding in place
Total Revenue		531,282	

(B) Capital Costs

The value of this proposal is estimated to be £6,686,178 (to be confirmed once projects are finalised). ERDF will fund 50% of the budget the remaining 50% will be funded by the Registered Housing Providers and potentially ECO funding and Owner Occupiers/Private Landlords. Sefton Council will not be providing a capital financial contribution.

	Source	Amount (£)	Status
CAPITAL	ERDF	3,343,089	Bid Required
	Registered Housing Providers	3,124,889	Funding in place prior to bidding
	ECO	63,000	In discussion, if unsuccessful would be replaced by RP funding
	Owner Occupiers & Private Landlords	155,200	If Owner Occ's don't participate funding not required.
Total Capital		6,686,178	

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial

Taking on the accountable body status will impose financial responsibilities on the authority. As with REECH, legal agreements and SLAs would have to be agreed with all partners, and the delivery of activities relating to the project would have to be pro-actively managed, and co-ordinated.

Legal

Taking on the accountable body status will impose legal responsibilities on the authority. As with REECH, legal agreements and SLAs would have to be agreed with all partners, and the delivery of activities relating to the project would have to be pro-actively managed, and co-ordinated.

Human Resources

The accountable body functions would need to be resourced. Sefton Council will receive funding to cover the costs of the staff delivering the accountable body function. The authority has the necessary personnel and skills in place.

Equality		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Impact of the Proposals on Service Delivery:

The proposal should not impact on service delivery; resources will be appraised in light of the income derived from the bid for ERDF (European Regional Development Funding.)

What consultations have taken place on the proposals and when?

The Head of Corporate Resources (FD.4592/17) has been consulted and notes the report indicates no direct financial implications for the Council. The cost of Council staff will be covered by external funding. The Sefton area will also benefit from fully funded revenue and capital spend as part of the Liverpool City Region (LCR) Low Carbon Retrofit Project . The Head of Regulation and Compliance (LD.38754/17) has been consulted and any comments have been incorporated into the report.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Background Papers:

There are no background papers available for inspection

1. Introduction/Background

- 1.1 Sefton Council was the accountable body for the award winning REECH project (2011-2015), a £13.9 million ERDF city region low carbon retrofit project, focusing on improving energy efficiency in some of the most deprived communities in the city region.
- 1.2 Sefton Council acts as the **project manager** for Viridis, for which the Authority currently receives a fee of **£34,902.00 p.a.**
- 1.3 Viridis submitted a Stage 1 application for European Regional Development Fund (ERDF) monies to support a low carbon retrofit project. The Department for Communities and Local Government (DCLG) have invited Viridis to submit a Stage 2 (full) application, subject to a number of conditions being met. Viridis are now working up a full ERDF application with a DCLG submission deadline of 25th April 2017.

2. Viridis Proposal

- 2.1 Viridis have identified a number of schemes that would be eligible for ERDF funding and in so doing increase the energy efficiency of homes within the City Region, through the implementation of innovative low carbon technologies. This will be complemented by a programme of detailed performance monitoring, awareness raising and behavioural change activity.

The contactable deliverables for the project would be:

- No. of Households with improved energy consumption
- Green House Gas reductions, Carbon Tonnes

Lessons will be learnt, good practice captured and disseminated, ensuring that the implementation and management of future retrofit schemes is fit for the future.

- 2.2 It is envisaged that the project will run from June 2017 to September 2019. DCLG have indicated that the project can run into 2019 with assurances that the ERDF funding or UK equivalent will be in place. The timetable will be finalised once the component schemes have been worked up.
- 2.3 The value of this proposal is £7.2m of which 50% will be funded via ERDF the remaining 50% by the Registered Housing Providers/owner occupiers/landlords and potentially ECO funding. Sefton Council will not be providing a financial contribution. Please Note: the individual schemes are currently being worked up and some figures may be amended, however the overall value will be no higher than £7.2m.

3. Accountable Body Status

- 3.1 All ERDF applications require a main applicant in order for DCLG to be able to issue a contract. Projects with multiple partners require an accountable body;

usually one organisation will hold both roles. The alternative options for accountable body status have been outlined on page 2 of this report. Sefton Council has a proven track record in ERDF project management and administration. Many of the Viridis members were also REECH Delivery Partners. The Council has the skills and experience to deliver this function because of its experience in managing the REECH and similar large-scale programmes.

- 3.2 Taking on the accountable body status will, however impose a level of risk including financial, legal, delivery and reputational. These risks exist during the delivery of the scheme and the financial risk will remain for a number of years after the scheme has completed – post project audit. Sefton Council has experienced staff who can put in place steps to mitigate these risks. Examples of how risks will be mitigated include drawing up legal agreements thereby passing risk and liability on to the delivery partner for any activity they undertake as part of the project. The delivery of activities relating to the project would have to be pro-actively managed, and co-ordinated by the accountable body. Good practice and the lessons learnt from delivery of the REECH project will be used to inform the management and administration of this proposal.
- 3.3 Notwithstanding the above, the benefits of Sefton Council being the accountable body would allow the authority to build on and further develop its accountable body experience and expertise and increase its income levels from Viridis to circa **£133,627.00** i.e. all project management (officer time) would be funded; there would be no direct costs to the Authority. The combination of ERDF funding and Viridis funding will provide an opportunity to review how we support the Viridis overall with the finance supporting a dedicated project manager (through the creation of a specific post either on a temporary or secondment basis.)
- 3.4 Acting as the accountable body is also likely to offer significant economic and social benefits to the south of the borough, as well as address the climate change, and low carbon economy agenda. In addition it would enable the Authority to highlight its role in an LCR initiative.