

Decision maker:	Cabinet Member Infrastructure
Decision date:	Friday, 30 November 2018
Title of report:	Marches Renewable Energy Grant Scheme
Report by:	Principal Energy & Active Travel Officer

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

Countywide and across the Marches area including Shropshire and Telford & Wrekin Councils

Purpose and summary

Subject to approval of a funding application that has been made to the Ministry of Housing, Communities & Local Government (MHCLG), to approve the establishment of a Marches Renewable Energy Grant Scheme, and seek agreement to Herefordshire Council acting as accountable body for the scheme.

The proposed capital grant scheme to support the deployment of renewable energy technologies across the Marches is a joint application with Shropshire and Telford & Wrekin Councils. The project duration will be 2.5 years and if the funding application is successful is expected to start in January 2019.

The application has been submitted to MHCLG for £1.197m of European Regional Development Funds (ERDF) money which would be used to establish a grant scheme designed to support the deployment of 2.12 MW of renewable energy across the Marches.

Successful grant scheme applicants would receive a grant of 50% of the total installation cost of the renewable energy technology from the European Regional Development fund, defrayed through ourselves and MHCLG.

Recommendation(s)

That subject to MHCLG approval of the funding:

- (a) Herefordshire Council act as accountable body for the Marches Renewable Energy Grant Scheme;
- (b) The scheme be approved as per the application form at appendix 1;
- (c) The Director for Economy and Place be authorised to take all operational decisions necessary to implement the scheme including determination of grant applications in accordance with scheme criteria
- (d) The Chief Finance Officer be requested to add the approved funding into the council's capital programme.

Alternative options

- 1. Not to accept the grant funding. This is not recommended because would result in a continued reduction in renewable energy deployment as the financial mechanisms (eg Feed in Tariffs) continue to decrease and disappear. This will result in a risk of not achieving the council's strategic objectives within the Core Strategy, Carbon Management plan, Marches LEPs Energy Strategy and Strategic Economic Plan.
- 2. For another council to act as accountable body. This option is not recommended because Herefordshire Council has a track record of successfully running Marches wide ERDF projects including the Marches Building Investment Grant, Marches & Gloucestershire Business Broadband Grant Scheme and Sustainable Energy in Public Buildings.

Key considerations

- 3. This project seeks to accelerate the deployment of renewable energy projects across the Marches and to address the decline in renewable energy deployment over the past three years. Post installation, feedback mechanisms will be used to showcase and promote the project beneficiaries whilst also establishing if there is positive effect on supply chain development.
- 4. The restructuring of Feed in Tariffs (FiT's) saw non domestic solar PV installations decline 77% from 2016-2017 in the Marches (OFGEM FiT reports). The project is designed as a straight forward grant scheme allowing any eligible applicants (outlined below) based in the Marches to apply for a 50% grant for the installation of eligible renewable technologies on their premises. Grants shall be granted to new installations only.
- 5. The project will bring in £1.188m European funding into the Marches in the form of capital grant and a further £96k in revenue.

6. The technologies that will be eligible under the project are defined by EU Directive 2009/28/EC and include:
 - a. wind
 - b. solar
 - c. aerothermal
 - d. geothermal
 - e. hydrothermal
 - f. hydropower (must comply with Directive 2000/60/EC)
 - g. biomass
 - h. biogases
7. It is anticipated that 2.12MW of renewables will be deployed across the Marches which will result in an annual carbon saving of 1,100t CO₂e.
8. Eligible applicants to the grants scheme would be: Local Authorities, statutory and non-statutory public funded organisations/bodies, higher and further education Institutions, voluntary/community organisations, small and medium sized private sector companies, registered charities and not for profit organisations.
9. Successful applicants that show significant energy and CO₂ savings would receive a grant of 50% of the total installation cost of the renewable technology.
10. The administration of the grant scheme will be undertaken by Herefordshire Council's Energy & Active Travel Team, through the creation of a new Marches Renewable Energy Project Manager post and with support from the Delegated Grants team.
11. Grant applications will appraised against the project criteria by the project team and if appropriate will be recommended for approval by a project board. Both project team and project board will comprise officers from Herefordshire, Shropshire and Telford & Wrekin Council's and the board will be chaired by the Energy & Active Travel Manager.
12. The project is a 2.5 year project running from 01/01/2019 until 30/06/2021 and progress will be reported through the corporate performance reporting system.
13. The project will be promoted across the Marches LEP area by the three partner authorities, the Marches Growth Hub, the Marches Business Environmental Network and the Marches Local Nature Partnership,

Community impact

14. Through increased deployment of renewable energy the project will help to address future energy security concerns identified in the Marches Energy Strategy and will decrease the reliance on carbon intense fossil fuels.
15. Improving the business competitiveness of local organisations through reduced energy costs and carbon reduction will support the local economy's transition to a low carbon economy.
16. This project will also support the delivery of Herefordshire's countywide carbon reduction strategy and the delivery of the council's carbon management plan by supporting investment in new renewable energy technologies..

Equality duty

17. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
18. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

19. The total match funding cost to Herefordshire council is £20,759 over the 2.5 year project. This will be funded through the existing revenue budgets.
20. This contribution is towards the revenue cost of the dedicated Project Manager and a contribution towards the Dedicated Grants Team for grant administration, compliance and assurance support. As a Marches wide project, this project is also supported by confirmed match funded by Shropshire Council and Telford & Wrekin Council.
21. As the accountable body, the Council will create and appoint a temporary Project Manager post within the Energy & Active Travel Team. This post will be for the duration of the project and the full costs of this post are included within the project budget.
22. The grant scheme is a capital grant scheme with revenue to support the project management, the full break down can be found in the appended full application document.

Legal implications

23. The council has powers to provide grants to promote renewable energy projects, under its general power of competence in s1 of the Localism Act 2011.
24. The council must ensure that it complies with the grant conditions imposed by MHCLG and will bear the risk of clawback of the grant in the event that the grant conditions are breached. Therefore it is important that the MHCLG grant conditions are passed on by the council to end users, through appropriate grant agreements. In addition the council must ensure that each individual grant application is compatible with State Aid rules before a decision is made to award individual grants.

Risk management

Risk / opportunity	Mitigation
The application to MHCLG is unsuccessful	The project does not go ahead, there is no commitment to the council in this instance
There are no/not enough applicants to the project – MHCLG clawback unused grant funding.	A detailed communications plan will be drawn up by the project manager upon appointment to the post. A budget within the project has already been allocated to resource the implementation of the plan
The uptake of grants is considerably quicker than planned	Grant funding can be drawn down at a rate required by the project, should the deliverables required be hit before the end of the project, either the project can finish early or an application can be made to MHCLG for a 'project extension' providing more funds to continue the grants until June 2021
ERDF will conclude in 2020 after which no more applications to the fund will be possible past this date.	Projects approved before this date will be funded for their full duration, in this case for 2.5 years from January 2019.
Compliance against the grant criteria	Project support, compliance and assurance provided by the Delegated Grants team.
Reputational risk if the application is successful, but the council does not accept the funding.	This report seeks approval to accept and deliver this project.

Consultees

25. Political groups have been consulted and no objections or comments were received
26. This funding bid has been developed in partnership with the Marches LEP Technical Support team, Shropshire Council and Telford & Wrekin Council.

Appendices

- Appendix 1 - MarRE: Full Application

Background papers

- None identified.