



# Full Application Form

## EUROPEAN STRUCTURAL & INVESTMENT FUNDS

### ESIF-Form-2-010

The Full Application must be completed by the **Applicant** and submitted to the **Managing Authority**<sup>1</sup> by the deadline agreed by the **Managing Authority**.

In order to submit a Full Application you must first have received an invitation to do so from the **Managing Authority**.

Before submitting a Full Application, please ensure that you have read the Full Application Guidance carefully. Any queries should be addressed to the **Managing Authority**.

The **Managing Authority** will use the Full Application form to carry out its appraisal of the proposal, with the aim of determining whether the application meets the relevant criteria to be considered for funding. Applicants should note that the **Local Enterprise Partnership Area European Structural and Investment Funds Sub-committee** will receive the Managing Authority’s appraisal, incorporating a summary of the Full Application, in order to advise on local strategic fit.

If this Full Application contains commercially sensitive information which the **Applicant** does not want to be shared with the **Local Enterprise Partnership Area European Structural & Investment Funds Committee**, the applicant must complete section 12, identifying the commercially sensitive information, requesting that this information is not released and explaining its reasons.

The **Applicant** is required to verify the accuracy of the information provided in the Full Application. Therefore the **Applicant** is expected to undertake appropriate investigation to establish the accuracy of its representations.

Further information on the application process, including on State Aid law and procurement compliance, can be found on the [www.gov.uk](http://www.gov.uk) website.

Please enter the following information:

Applicant Organisation:	Herefordshire Council
Name of Project:	Sustainable Energy in Public Buildings
Name of relevant Operational Programme Priority Axis:	Supporting the Shift Towards a Low Carbon Economy in all Sectors

<sup>1</sup> Throughout this document, unless indicated otherwise, the phrase “Managing Authority” will mean the European Regional Development Fund Managing Authority (Department for Communities & Local Government and its Growth Delivery Teams), the London Intermediate Body (the Greater London Authority) and the European Social Fund Managing Authority (Department for Work & Pensions)



For completion by the Managing Authority		
<b>Identification</b>	Unique Reference No.	From IT system or added by MA
Application version number; date received by the Managing Authority	Version #	Date

Name/unique identifier of Call	Herefordshire Council			
Have you submitted a linked/complementary application against another call?	Yes		No	X
If Yes please state the unique identifier(s) of the calls to which you have responded				

**1.0 Applicant**

1.1 Applicant organisation	Herefordshire Council		
1.2 Status of organisation (limited company, registered charity, local authority, etc)	Local Authority		
1.3 For private sector applicants, what is the size of the enterprise applying for funding?	<b>Small</b>	<b>Medium</b>	<b>Large</b>
1.4 Company/charity registration number (where applicable)			
1.5 VAT number (where applicable)	701204013		
1.6 Applicant address	Herefordshire Council		
1.7 Applicant address (row 2)	Plough Lane Offices		
1.8 Applicant address (row 3)	Plough Lane		
1.9 Town / City	Hereford		
1.10 County	Herefordshire		
1.11 Postcode	HR4 0LE		
1.12 Main contact	Matthew Locking		
1.13 Job Title / Position in the Organisation	Energy Strategy Officer, Energy & Environmental Management Team		
1.14 Email	mlocking@herefordshire.gov.uk		
1.15 Telephone Number	01432 260132		
1.16 Mobile Number (optional)	07792 881691		

1.17 Has the organisation previously delivered ESF, ERDF or EAGRD (EAGGF or RDPE) funded projects? Or is it a current Applicant / Grant Recipient for other 2014 -2020 funds.  Please note that previous experience is not a requirement for funding	Yes	X	No	
1.18 If Yes, please provide the official reference number and name of fund for previous and existing European funded projects that the Applicant has been involved in. If this is not available, provide the name of the project, role within the project and start and end dates. (This should include any European Regional Development Fund/European Social Fund/European Agricultural Fund for Rural Development/ European Agricultural Guidance and Guarantee Fund or Rural Development Programme for England projects				



from the 2000-06, 2007-2013 or the 2014–2020 Programmes).

<b>Project reference</b>	<b>Project name</b>	<b>Project Location</b>	<b>Your Role</b>	<b>Start Date</b>	<b>End Date</b>
LDS28	Herefordshire LEADER	Herefordshire	Accountable Body	2015	2020
20174	Herefordshire In Touch	Herefordshire	Accountable Body	2000	2006
20450	Action for Regenerating Communities in Herefordshire (ARCH) Action Plan	Herefordshire	Accountable Body	2003	2006
XER/SD1200	Rethink Energy	The Marches and Staffs	Delivery Partner	2009	2014
110153	Pre NEET Prevention	Herefordshire	Accountable Body	2008	2010
080/P2/005	Business Enterprise Fund	Marches Staff	Delivery Partner	20/09/2011	30/06/2015
080/P1/022	Marches Grant for Business	Marches	Delivery Partner	24/01/2013	30/06/2015
080/P2/040	Metnet Phase 2	Marches Worc	Delivery Partner	02/04/2012	31/12/2015
080/P2//044	Marches Business Support	Marches	Delivery Partner	01/01/2012	30/06/2015
LDS28	Herefordshire LEADER	Herefordshire	Accountable Body	2015	2020

1.19 Will the project involve Delivery Partners? If yes, please complete Annex 1b for **each** Delivery partner.

Yes

**2.0 Project Details**

2.1 Project Name		Sustainable Energy in Public Buildings	
2.2 Total European Structural & Investment Funds sought (£)		£918,432	2.3 Total Project Value (£) £1,620,694
2.3 Of Which	European Regional Development Fund (£)	£918,432	
	European Social Fund (£)		
	Youth Employment Initiative (£)		
2.4 Name of relevant European Regional Development Fund or European Social Fund Operational Programme Priority Axis		Priority Axis 4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	
2.5 Name of European Structural & Investment Funds Investment Priority		4c	
2.6 Local Enterprise Partnership area(s) covered		The Marches LEP Area	
2.7 Lead Local Enterprise Partnership Area		NA	
2.8 Name of Managing Authority contact		Susan Winsor	



2.9	1	2	3	4
	<b>Proposed <u>Start Date</u></b> <i>i.e. date from which eligible expenditure will be incurred</i>	<b>Proposed <u>Financial Completion Date</u></b> <i>i.e. date by which eligible costs will have been defrayed (European Social Fund contractual completion date)</i>	<b>Proposed <u>Project Practical Completion Date</u></b> <i>i.e. date by which all Outputs/Results will be achieved (European Regional Development Fund only)</i>	<b>Proposed <u>Activity End Date</u></b> <i>i.e. the date by which all the project activities described in the application and Funding Agreement will be completed</i>
	<b>1 March 2017</b>	<b>29 February 2020</b>	<b>29 February 2020</b>	<b>29 February 2020</b>

2.10 Project Funding							
		ERDF / ESF (a) (£)	Public Match (b) (£)	Private Match (c) (£)	Total (d) (£)	Contribution rate (%) (a)/(d) x 100	Total public funding (%) (a+b)/d 100
Capital	ERDF	734,398	561,602		1,296,000		
Revenue		184,034	140,660		324,694		
<b>Sub Total</b>		918,432	702,262	0	1,620,694		
Capital	ESF						
Revenue							
<b>Sub Total</b>							
Revenue	YEI						
<b>Sub Total</b>							
<b>TOTAL</b>		918,432	702,262	0	1,620,694		



<b>2.11 Outline Application Conditions</b>	
Briefly explain how you have addressed each of the conditions made at the Outline Application endorsement stage. Add additional rows if necessary	
<b>Outline Application Stage Conditions(s)</b>	<b>Summary of how the condition has been met</b>
a) Marches Energy Agency to secure a guarantor or be a partner	Herefordshire Council is the lead applicant. The Council has sufficient financial capacity to act as the grant recipient. Marches Energy Agency have withdrawn from the project
b) The exact role of SALIX is to be confirmed	Salix will not be a formal partner in the project; Salix loans may be used as a financial mechanism to provide public sector match on the project.
c) Confirmation of match funding needed	Partner match funding letters can be seen in appendices 5 & 6- these outline ring-fenced amounts that will be drawn down upon if individual building grant applications are approved for relevant partner buildings.
d) Details of project management detailing roles, responsibilities, management and governance procedures	An organogram showing the relationship between delivery partners, contractors and public buildings is at Appendix 14. Job Descriptions for the project manager and project officer are in Appendices 12 and 35. The assessment process for determining funding, outcomes and technology options is attached as Appendix 16. The draft MOUs and service level agreements between delivery partners are attached as Appendices 10 and 36, these detail relationships between the accountable body and Shropshire and Telford & Wrekin Councils. A GANTT chart can be seen at Appendix 13. Details of management and financial governance procedures are detailed in Questions 8 and 9.
e) Steering Group arrangements to be confirmed including TORs covering mitigation of conflict and dealing with grievances	The TORs for both the Steering Group and Project Board are attached at Appendices 20 and 21. These include processes for dealing with conflicts of interest and in dealing with grievances.
f) State Aid – confirm all options have been considered, including seeking legal advice if necessary	Detailed in appendix 11.
g) Procurement – details for managing and assessing procurement	Detailed in appendix 15 and outlined in section 3.3.
h) Publicity – details of publicity and	A publicity strategy is included at Appendix



promotion arrangements	22.
i) Project management plan identifying risks and issues and confirming nature of the feasibility studies	Risks and issues have been addressed in Question 5. The nature of the feasibility studies is detailed in Question 3.6, 3.11 and 3.12.
j) Arrangements for cross-cutting themes – accessibility and equality and diversity are detailed.	These have been detailed in Question 11

**2.12 Key changes since Outline Application**

What changes, if any, to your proposal have there been since the submission of your Outline Application? Add additional rows if necessary.

<b>Change</b>	<b>Justification for the change</b>
a) Herefordshire Council as lead applicant – resulted in some additional costs to cover staff time.	This is a necessary, small additional spend allowing the Council to successfully discharge their lead applicant responsibilities
b) Withdrawal of Marches Energy Agency as delivery partner on the project	As lead authority on this bid since October 2015 we are extremely familiar with the project. It is proposed that we recruit and manage the project team directly. Herefordshire Council maintains a good working relationship with Marches Energy Agency and intends to use one of the previously intended MEA project managers in the interim in order to prevent delays to the project. A formal recruitment process will be used to secure project resource while these interim measures are in place.
c) Shropshire and Telford & Wrekin Councils are now included as delivery Partners.	This allows their officer time to be included as match. Also, as stock holders for 2/3 of the potential buildings, it brings them formally into the project.
d) Changes in capital proposed? ERDF Salix?	There is a slight increase in the capital request from ERDF, this is due to greater accuracy around estimates of the numbers of buildings and projects to be delivered.
e) Changes in match allocation	Herefordshire Council will be responsible for the all of the match deficit left by Marches Energy Agency. The Energy & Environmental management team has sufficient capacity to absorb this responsibility as well as dedicating additional officer time at project board and steering group levels.
e) The Project team resource has been increased to 2.0 FTE with a Project Officer post replacing one of the project manager	This original resource allocation was determined by MEA, who do not employ any of their officers at 1.0FTE- 0.8FTE is





posts.	effectively full-time within their organisation. We have re-assessed this and determined that the project can be run with 1.0 FTE Project Manager (HC Grade 8), who will be supported by 1.0 FTE Project Officer (HC Grade 6), these will make up the project team. It would not be the role of project team members to apply for funding streams, such as Salix, but rather to assist with individual project grant applications and provide guidance on possible match funding streams available and applications to them if relevant. Given that the project proposes to scope over 600 public buildings across the three partner areas down to 54 for assessment and then subsequently produce reports that will form the basis for individual applications, we deem this an appropriate allocation of resource. The amount of ERDF revenue required to fund this has also not increased.
f) Change in outputs from 2.06 Gwh to 1.00 Gwh energy reduction and from 658 to 328 tonnes CO2 reduction	Due to MEA's withdrawal from the project outputs have been re-calculated using different assumptions and the relevant guidance; By using a combination of previously commissioned energy audits, quotes and indicative costings for measures a revised average cost per tonne of carbon, has been calculated of £475 per tonne. CO2 emissions intensities have been revised down in accordance with the relevant guidance which also contributes to decreased outputs.
g) Changes to the number of buildings receiving measures refined downwards from 40 to 27, but number of projects across buildings refined upwards from 40 to 81	Project assessment processes have been revised, a project is defined in a building by technology type. Lighting, heating and insulation would therefore all constitute 3 projects in the same building. This distinction wasn't clear at Outline Application stage.
h) Drop relationship with Police, Fire and NHS – the emergency services, but included Parish and Town Councils	Guidance from DCLG during the interview was not to include the emergency services and to focus on public buildings away from this sector. In addition Local Authority partners and their Parish and Town Councils have 692 buildings between them, plenty to be going at for this project. Also they don't have relationships with the emergency



	services, and so to have built them into the project would have difficult.
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### 3.0 The Business Case

#### 3.1 What is the project? (100 words)

- What is it going to do?
- What will it achieve?

The project will fund, advise, fit and showcase the installation of low carbon technologies in 27 public buildings. There will be a specific focus on whole building retrofit using near to market measures. Match funding will be provided through public sector partners, potentially through SALIX loans, with ERDF capital grant funding being used for whole building retrofit and next phase technologies.

This will achieve reductions in annual primary energy use of 1.00 GWh, and annual GHG emissions savings of 328 tonnes CO<sub>2</sub>e. It will generate £1,296,000 of new work for local installers supporting low carbon economic growth, skills development and jobs.

#### 3.2 Summary of the project (500 words)

There are 692 public buildings owned by the 3 Local Authorities and associated Town and Parish Councils in the Marches LEP area. They represent a wide range of buildings from schools to community centres, libraries, sports and leisure facilities and offices. Given the twin drivers of climate change and the need for energy efficiency these buildings offer an investment opportunity of between £75-£125m over the next few years.

In order to understand and demonstrate this opportunity, a whole building retrofit approach will be adopted, where possible, with sustainable energy measures being fitted in an aspirational 27 buildings, 9 per Local Authority area, creating a series of exemplars. It is estimated that each building will receive on average £48,000 of new investment, £1.296m overall, across 3 technologies, which could include heating, lighting, renewables and insulation upgrades using near-to-market technologies.

The exact package for each building will be based upon a detailed assessment and options review that will be developed with estates teams, building users, installers and funders. This will include the preparation of a detailed Business Case detailing the costs and savings associated with each technology option. This process will combine actual energy use, with the Simplified Building Energy Management methodology. This latter approach allows technology options to be modelled, and when combined with actual energy use will generate good estimates of the energy and CO<sub>2</sub> outputs associated with each technology option.

Funding for energy efficiency measures in public sector buildings is increasingly dependent on rate of return however blending this with ERDF capital grants enhances the business case for more innovative low carbon measures allowing more scope for whole building retro-fit. The exact mix of funding and technologies will be determined on a building-by-building basis.

Once the optimum package of measures has been established, specifications will be



prepared and contractors procured. All procurement will follow ERDF procurement rules, which, given the potential for individual authority spend in the region of £400,000 will largely involve the identification and use of suitable compliant frameworks. Overall the project will provide nearly £1.3m of new work to support the green economy.

For the first 12 buildings, a case study will be created which can then be used to drive future demand. In addition these buildings will be revisited 12 months after measures have been installed, to assess effectiveness of measures to achieve output savings of carbon and kilowatt hours. Through this, the project aspires to demonstrate the case for a longer-term investment project that systematically supports investment in the remaining building stock over the next 20-30 years.

### **3.3 How is the project delivered: to and by whom?**

Fully describe how the project will be delivered.

Please cover the following points in your response:

- Where the project will be delivered
- Over what timescale
- Who will deliver it
- Who will benefit from the project
- From which Local Enterprise Partnership area(s) the beneficiaries will come.
- The specific activities that will be undertaken as part of the project

For capital funded activity, please complete Annex 2(c)

#### **Where the project will be delivered?**

The project will be delivered in the Marches LEP area. This covers Herefordshire, Shropshire and Telford & Wrekin Council areas.

#### **Timescale?**

It will run over 3 financial years from March 2017 to February 2020.

#### **Who will deliver it?**

Delivery will be undertaken as follows:

The relationships between the Delivery Partners, contractors and Public Buildings are shown in the organogram at Appendix 14. The project will be led by Herefordshire Council as the Accountable Body. Other delivery partners include Shropshire Council and Telford & Wrekin Council. The roles of each delivery partner are as follows:

- Between them the 3 Councils own and manage 692 publically-owned buildings. These include 217 schools, and 475 other Council buildings such as Council offices, museums, libraries, sports facilities, community centres and care homes, and a small number of Parish and Town Council owned buildings. As landlords the Councils know their buildings and will be best placed to offer them into the project. An analysis of the building stock is at Appendix 19.
- Council estate teams lack the time and resources to undertake significant retrofit



programmes. Herefordshire Council project team will therefore lead on day-to-day delivery of the project, crucially around the process of:

- Identifying suitable potential buildings with each Local Authority partner
- Engaging building users to develop options and an investment business cases,
- Applying for grant funding through ERDF and other potential routes such as Salix.
- Procuring contractors to install measures
- Confirm works completed and outcomes delivered.

Bi-monthly Steering Group and quarterly Project Group meetings will be key meetings to discuss and develop the pipeline of work, and as stock-owners, for Local Authorities to guide investment decisions. Beneficiaries will come from across the three local authority areas.

Herefordshire Council Project Team will also undertake all the necessary co-ordination work with installers, building users and Salix Finance, where appropriate, to ensure individual building projects are delivered in a timely and efficient manner allowing project outcomes to be achieved.

Public sector funding is the main source of match for the project, however it is envisaged that a proportion of this will be leveraged through Salix Finance Ltd.'s Energy Efficiency Loan Scheme. The SEELS Scheme (Salix Energy Efficiency Loans Scheme) has been making 0% loans available for sustainable energy retrofit projects for publically-owned buildings for the last 10 years.

Funding for energy efficiency measures in public sector buildings is increasingly dependent on rate of return however access to ERDF capital grants enhances the business case for more innovative low carbon measures allowing more scope for whole building retro-fit. The exact mix of funding and technologies will be determined on a building-by-building basis.

Once a business case has been identified, agreed and funded, a schedule of works will be developed against which contractors will be procured to deliver the measures. This will follow ERDF procurement guidelines.

a - Purchases in total valued up to £2,500 – no requirement for formal quotations or tenders but officers must be able to demonstrate value for money has been obtained and that all other relevant aspects of the Council's Contract Procedure Rules have been followed.

b - Purchases in total valued between £2,501 and £25,000 (inclusive) – at least three formal quotations must be obtained.

c - Purchases in total valued between £25,001 and up to relevant EU limit (£164,176 for services or £1.5 m for capital works) – formal tendering arrangements must be followed.

D – Above EU limits – subject to full OJEU compliant process.



### **Who will benefit from the project and which LEP area will they come from?**

#### **The beneficiaries from the project will include:**

- The 3 stock-holding Local Authorities and their town and parish councils who are under increasing pressure to reduce revenue costs from their buildings as their budgets are reduced by central Government.
- Building users who will enjoy warmer, better lit and cheaper to run buildings, and who in turn will be inspired to achieve more themselves around sustainability.
- Installers of measures who will benefit from £1.296m of new work in the Marches LEP area, raising their own skills base and creating positive publicity that can be used to help drive further demand for their goods and services.

### **What specific activities will be undertaken as part of the project?**

Details about the specific activities that will be undertaken as part of the project are shown on the GANTT Chart at Appendix 13 and at the Building Assessment Journey at Appendix 16. Activities include:

- For Local Authorities to identify 54 publically-owned buildings from the long list of 692, and to undertake a pre-assessment process with each building. The project won't identify all 54 buildings up front, but has selected 6 front-runners to go through the process first. These buildings are:
  - In Herefordshire: Hereford Town Hall & the Museum, Resource & Learning Centre, Hereford
  - In Shropshire: Theatre Severn and the Ludlow Assembly Rooms.
  - In Telford and Wrekin: Tbc.

Work will start in detail with these buildings as soon as possible after contracts have been signed.

- A 50% fallout rate has been estimated, (due to timescales and access to funds), so 54 buildings will need a pre-assessment screening, of which 27 will go through the full process to having measures installed.
- A direct marketing and promotion campaign will be followed, because all of the buildings are either within the direct control of the Local Authorities, or they work closely with their Parish and Town Councils and will be able to approach them directly. A review of the stock will be undertaken at the project outset to start to fill the pipeline, and the first tranche of buildings approached using a flyer, to ascertain initial interest. This will be reviewed formally every 4-6 months to bring further buildings on board as necessary. Feedback from case studies, once ready, will be used to inform and strengthen this process. A web presence will be limited to a project page on each Council's website, including ERDF logos. There will be no dedicated project website.
- Once a building has passed the pre-selection process it will then receive a detailed assessment from Herefordshire Council's project team of the options available to it. This assessment will combine existing energy usage figures, already available for each building through the Government's Display Energy Certificate auditing framework, with the Simplified Building Energy Management (SBEM) system that



allows buildings to be modelled for heat loss and energy usage. Combining these two will then give options for the installation of measures including realistic energy and carbon savings per measure. These will be built into a business case for each building by combining these outcomes with indicative costs for the work. Building users and local authority estate staff will contribute to this process, the latter formally through the Steering Group structure.

- Once the business case has been proposed by the applicant with the assistance of the Project team it will then be reviewed and formally scored and assessed by the Steering Group to ensure ERDF project compliance. A detailed specification will then be developed and advertised before formal quotes received in line with ERDF/public procurement guidelines. Following this, recommendations will then be made to the Project Board for sign-off. Members of the Project Board who have a personal and/or financial interest in the business case subject building will not be part of the sign-off process thus removing conflicts of interest. If approved, the business case will then underpin the funding application to the ERDF capital pot for this project as well as any other suitable funding pots such as SALIX Finance
- The intention is to install 3 projects per building each averaging around £16,000 of new funding. This will create £48,000 of new investment per building and will result in the installation of 3 new measures, where one measure could be lighting, another insulation, a third renewables, a fourth heating, a fifth new energy efficient IT etc. The exact mix of measures and funding will be case specific and need to be worked up during the business case preparation stage outlined above.
- Installation by procured contractors will then be undertaken, followed by technical sign off to ensure works have been properly completed, in accordance with the schedule of works. This will be either a self-assessment by the contractor as part of industry standards and national accreditation schemes, or with an independent building assessor as part of a more complicated or in-depth package of measures. The most appropriate route will be determined during preparation and evaluation stage of each business case.
- For the first 12 projects, case studies will be completed for inclusion on the Local Authorities project-specific web-pages for this project. These first 12 will also be revisited a year after the installation of measures to evaluate the effectiveness of the changes including looking at the actual energy and carbon savings and reflecting with building users on the changes and what further activity they have inspired. These will be used to inform outcomes and to update the case studies.
- Other activity includes project set up and closedown in the first and last months, along with staff professional development, and routine project reporting.

## **Objectives**

### **3.4 What are the project's objectives?**

The objectives are to:

- Provide advice and support to increase the use and take up of low carbon technologies, energy efficiency measures, renewable energy technologies and smart energy management technologies in 27 public buildings in the Marches LEP.



- To work with local installer businesses, building users and delivery partners to install 81 new sustainable energy projects across these 27 buildings totalling £1.296m of new investment in public buildings. The focus here will be on a whole building approach to generate a series of exemplar retrofit buildings.
- To achieve annual CO<sub>2</sub> equivalent savings of 328 tonnes and annual energy reductions of .1.00 GWh.
- To create the case for more sustained and systematic energy reduction beyond 2018 by presenting Local Authority partners with a coherent and compelling case for wider public building retrofit.

### 3.5 Describe how the project will be evaluated and by whom?

Evaluation will be an ongoing process throughout, but there will be 5 key Stages:

Stage 1: Pre-assessment. Evaluation of the combined building stock of all 3 Councils, to ascertain key suitable buildings; establish options, costed projects and a business case for each building. This will be undertaken as follows:

- For the project team and partners to review all 692 buildings to assess potentially suitable buildings, and to cross reference this evaluation with ERDF eligibility. This will create a long list of around 100 potential buildings.
- For partners and the project team to approach the long list and undertake a pre-assessment questionnaire to further refine the list down to 54 buildings. The project team is assuming a 50% fall-off rate, so two buildings will need to formally enter the pipeline, for every one having measures successfully installed. This further refining will include building age, current energy rating (from existing Display Energy Certificate data), fuel type, strategic fit with Local Authority estate rationalisation plans, public usage/ access, potential for energy and carbon savings and not least pull/ interest levels from building management committees or similar. This last point is around acknowledging that it'll be much easier to develop projects where building users are engaged and interested, rather than indifferent.

#### Stage 2: Detailed Assessment.

From this, the project team will then undertake detailed assessments and work up options appraisals and business cases on 54 buildings.

- The development of all 54 business cases will be overseen and reviewed by the Steering Group over the course of the project. This will result in a formal review of each completed business case as they come forward. Once up and running this may see each Steering Group meeting formally reviewing 5-10 business cases per meeting, rejecting some for further work or recommending some for onward movement to the Project Board for sign off. The business case templates and scoring systems have been created for this project, details of these can be found at Appendix 17, but in essence each of the 54 buildings will be scored by 3 assessors giving a maximum of 660 points. A 70% pass rate will need to be achieved against criteria that cover technical options and costs, predicted savings in terms of money, carbon and kWh, and governance and mitigation factors to reduce delivery risk. This will then be used to determine the outline value of the ERDF capital grant, and



the required match contribution. Outline funding decisions at this point will also take into account the spend profile across each Local Authority area and between the 3 Local Authorities, to ensure spends across the project are in line with the budget, and reflecting the split between Transition and More Developed areas.

### Stage 3: Specification, Tendering and Commissioning.

Once the Steering Group has given its outline approval for a project, a specification will then be produced and formal quotations requested in line with ERDF procurement rules.

The business case and tender submissions will then be passed to the Project Board for endorsement which will come in 2 Steps:

- Step 1: To provide outline authorisation for a project, which will result in the preliminary ring-fencing of ERDF capital. The Project Board will identify 38 such buildings.
- Step 2: Once match funding is confirmed, to recommend senior officer sign off on 27 projects that will then move forward to Stage 4.

### Stage 4: Installation.

The chosen contractor(s) will then install the measures in each building, with project managers maintaining a liaison role on behalf of the building users, Project Board and Councils.

Once measures are installed a formal sign-off will be undertaken. This will be either a self-assessment by the contractor as part of industry standards and national accreditation schemes, or with an independent building assessor as part of a more complicated or in-depth package of measures. The most appropriate route will be determined during preparation and evaluation stage of each business case.

Stage 5: Exploitation and Evaluation of energy and carbon savings will be worked up as part of the Business Case preparation using the Simplified Building Energy Management (SBEM approach) and Display Energy Certificate (DEC) data as outlined above. These estimated savings will be refined and further evaluated by the project management team in 2 ways post installation.

- For buildings over 1000m<sup>2</sup>, around a fifth of buildings in the long list, an annual DEC will assess energy use within a year of the measures being installed. This won't be subsequently available for every building, but where it is, a desktop assessment of expected versus actual energy use will be undertaken.
- For the first 12 buildings to have measures installed, then a brief site assessment a year after completion will be undertaken. These will focus on buildings less than 1000m<sup>2</sup> who will require a DEC only once every 10 years. It will allow energy use to be-reassessed, as well as gaining valuable feedback from the building users on their perceptions of the measures and other, less obvious changes, that might have resulted from the project. This latter might include a switch-it-off campaign or similar, initiated by building users inspired by the physical changes they have benefitted from.

Case studies for the first 12 buildings through the system will be placed on Delivery Partner





websites and the results tweeted. Lessons learned will form part of the continuous assessment process being formally reflected on at each Steering Group meeting, and incorporated as appropriate into the project. Sharing of best practice will take place informally through other Local Authority relationships and through contractor relationships with their own client base. Learning will formally be brought together for the end of project event, which it is hoped will form the springboard for the next round of work, and in the end of project report.

3.6 Describe if and how the project will continue once the European Structural & Investment Funds investment ends and what measures you will put in place to reduce reliance on public sector support.

It is the intention of the managing authority and partners that the project continues beyond 2019. Given ERDF's objectives to reduce carbon emissions and primary energy use, there will certainly be significant scope to continue the work, requiring somewhere between £75-£125m of new funding for public buildings, just in the Marches LEP.

Conversations have already taken place with Worcestershire, Dudley, Wolverhampton, Nottinghamshire, Derbyshire and Staffordshire Local Authorities to potentially extend the scheme geographically. Each of these Local Authorities will have similar building profiles to those in the Marches LEP, and would benefit as well from bespoke projects that achieve the same project outcomes. This could see an expansion of the scheme proposed here during 2019-20, either within the Marches LEP, or in other LEPs covering the Local Authorities above.

Beyond this project the availability of finance such as that from Salix looks stable for the foreseeable future, continuing to offer 0% loans beyond 2018. In addition, as a legacy of this project, Local Authorities may be encouraged to invest in innovative low carbon measures as well as developing relationships with suppliers and contractors. This could create a more enduring structure able to systematically build and deliver sustainable energy projects in public buildings. Additional capital to fund measures beyond could come from other Local Authority sources such as Prudential borrowing offering low interest finance at 2-3%, or internal capital programmes. All of these options will be explored through this project, the delivery of which will help attract the attention of senior Local Authority leadership.

### **Strategic Fit**

3.7 Why is the project considered the best solution to the needs/opportunities set out in the Call Specification?

- Please explain how the proposal fits the Call criteria
- Explain why the proposal should be viewed as the best option (solution)

The Call Specification under Investment Priority 4c invites applicants to develop project ideas around '*supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including public buildings*', with a Specific Objective: to *increase energy efficiency*.

The Marches LEP ESIF Strategy 2014-20 includes the strategic activity of 'supporting the



shift towards a low carbon economy'. This programme seeks to '*support energy efficiency, smart energy management and renewable energy use .... in public buildings*', and to '*encourage demonstrator activities*', which are outlined as specific activities within the low carbon economy strategic priority.

This programme has been developed in close consultation with the Marches Low Carbon Task & Finish Group.

Indicative actions may include:

- *Provide advice and support to increase the use and take up of low carbon technologies, etc.... in public buildings*
- *Supporting low carbon innovation in relation to an integrated whole place approach.*
- *Investing in building retrofit .... Especially whole building solutions*

Our proposal fits this Call's Criteria within the national context by helping *develop market opportunities in the low carbon goods sector.*

The proposal fits these Call criteria by:

- Providing advice and support to increase the uptake of low carbon technologies in public buildings. The project has already identified every building in Council ownership in the Marches. From this, a long list of public buildings will be identified and engaged and whittled down to 54 buildings to provide detailed advice and support to. Each building will then be supported in preparing and delivering against a detailed business case for investment of energy efficiency, smart energy management and renewable technologies.
- Working closely with Councils, building users and contractors to create a pool of 27 new exemplar whole building retrofits achieving substantial energy and carbon savings. These can then be used to help lay the conditions for more ambitious and systematic whole building retrofit work beyond this project. All this will help develop the market opportunities for low carbon goods and services.
- Supporting low carbon innovation by developing a whole building demonstrator approach supported by a stable financial package and working closely with existing building users and Councils.

Other options considered:

- Do nothing; energy retro-fit measures would rely on their inclusion in routine maintenance programmes or as part of one off Salix bids. Such measures are often sacrificed in order to reduce budget pressures and even if installed do not form part of a coherent, deep retro-fit solution.



- Using existing Council estates officers to lead on working up the business case for each building, but lack of time and resource precluded them from being able to properly develop and implement whole building retrofits.
- Using government subsidies e.g. FITs as match funding for the scheme, but this was very quickly dismissed as being inappropriate match funding. Renewables will be included in the assessment- not to do so in reviewing a whole building for retrofit options would be contrary to the ethos of the programme. Business case development will include this and Local Authority/ other resources, such as crowd funding considered on a case-by-case basis. This would allow renewables to be aligned with the project and so help achieve the Marches LEPs aspirations to support renewable energy use, whilst working within ERDF funding restrictions.
- Working with other public building groups such as Police, Fire and NHS, but this was discounted because Councils lacked the relationships to bring them into the projects as partners, DCLG advised against it as part of the Outline Application review, and the Blue Light Services are themselves in a state of flux over their estates.

This project is the best solution because:

- It enhances the business case for more innovative low carbon measures allowing more scope for whole building retro-fit. It will provide 27 new demonstrator whole building retrofits across a range of technologies including energy efficiency, renewables and smart energy management.
- It overcomes the time and resource constraints of Local Authorities by making revenue funding available to work up projects and unlock capital.
- It supports and works closely with existing building users to handhold them through retrofit, so maximising the chances of the low carbon market developing on the back of this work.
- It will formally review renewable options, but then look at finance options that sit outside this project, allowing an appropriate response to changing Government funding priorities around renewables for which significant changes in FIT and RHI are expected during the lifetime of this project.
- It will create a pool of case studies, learning opportunities and best practice amongst contractors and Councils to help develop thinking and plans to create a more stable and enduring retrofit mechanism to exploit the bigger retrofit opportunity which is the wider market failure.
- It will directly generate £1.296m of new investment in the public build stock at a time when Council budgets are contracting, and energy costs and carbon concentrations continue to rise.

3.8 Explain how the project represents an appropriate means of delivering the relevant specific objectives and results of the relevant priorities set out in the Operational Programme?

The specific objective for this investment priority is to: *Increase energy efficiency ... in public buildings, including through the implementation of low carbon technologies.*



This project is an appropriate way to achieve this objective because it aims to:

- Bring together stockholding Local Authorities and Parish Councils in the Marches LEP. They are under increasing pressure to make cost savings, but lack the time and resource to undertake detailed programme delivery within their stock.
- Work with building users, providing a strong focus on seeking to empower them in the preparation and delivery of projects
- Work with contractors and to provide them with £1.296m of new investment opportunity
- Use of ERDF to help capitalise public sector match and demonstrate to senior leadership an approach that can be scaled up to achieve more significant change beyond ERDF.

The results are to: *decrease annual primary energy consumption of public buildings, and to estimate greenhouse gas reductions*

This project is an appropriate way to achieve this objective because :

- It combines existing fuel consumption data, available through the Display Energy Certificates, with industry-standard Simplified Building Energy Monitoring software to create costed models for the best options and technologies. This will facilitate the most accurate estimates of greenhouse gas reductions and primary energy use.
- It will allow some follow up through specific building visits and desktop analysis of subsequent Display Energy Certificates to cross-reference anticipated savings with actual savings, so helping validate the results.

3.9 Explain how the project is aligned to the local growth needs set out in the local European Structural & Investment Funds strategy / strategies)?

The Marches 2014 ESIF Strategy has Supporting the Shift Towards a Low Carbon Economy as its second Strategic Activity. This Strategic Activity encourages an integrated and strategic approach to develop and implement proposals to increase the use of renewable energy, decrease energy use, and promote smart energy systems. This includes the development of energy efficiency and renewable heating and cooling in public buildings and provision of demonstrator buildings around building retrofit and energy efficiency.

This project was initially proposed by and developed in close consultation with the Marches Low Carbon Task & Finish Group which was established to develop a series of proposals across the Marches to deliver each of the low carbon sub-priorities. Here this proposal was identified as the preferred proposal to deliver sub-priority 4c "Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in



public buildings, and in the housing sector”.

This project will achieve this by reviewing the 692 publically-owned buildings in the Marches LEP and developing an integrated, whole building approach to assess, work up and install a wide range of energy efficiency, smart energy management and renewable energy retrofit opportunities in a small number of the most suitable buildings. Measures will be installed in 27 of these, which will then be used as demonstrator buildings showing what and how technology options can best be combined to achieve significant and lasting reductions in energy and carbon.

The Strategy also describes Headline Challenges around ‘rising resource costs and inefficient public buildings’ and ‘rates of CO2 emissions in the Marches above the national average’. It goes on to describe Market Failure 5 around poor take up of low carbon technologies and resource efficiency’ and says ‘The UK cannot meet its declared environmental targets without dramatically reducing the carbon intensity and running costs of public buildings’. Out of this, the Strategy states its EU Growth Priorities around the need to ‘build the market in low carbon environmental technologies, goods and services’ and on ‘Non domestic low carbon technologies and energy efficiency’.

This project will achieve this by funding over £1.296m of new capital in public buildings providing demonstrator retrofit examples that can be used by both contractors to further promote their own work, and by building users – staff and members of the public to inspire their greater investment in the low carbon economy goods and service (LCEGS) sector. This will result in greater investment in the sector either through householder changes (beyond the scope of this project to measure, except in a very limited way at Stage 5), and hopefully the creation of a more systematic retrofit programme beyond the end of this project (aspirational at this stage). It will also achieve deep and lasting energy and carbon reductions in the chosen buildings as detailed in the Outputs table.

Research undertaken in 2013 to help inform the Low Carbon Strategic Activity states that in 2011, 28% of the workforce in the Marches worked in the public sector and that this provides a significant and positive opportunity for them to support, through their everyday actions, growth in the LCEGS sector.

In additional to aligning with Herefordshire Council’s Carbon Management Plan, Shropshire Council’s Carbon Management Programme and Telford & Wrekin Council’s ‘A Climate for Change Strategy’, this project will help raise the profile of sustainable energy options amongst staff and help support a wider shift to householder investment in the LCEGS sector.

3.10 Please identify any organisations offering the same or similar activity. Explain how the proposed project adds value to and doesn’t duplicate existing provision, and does not conflict with national policy?

Salix Finance Ltd has been offering 0% loans for energy efficiency measures for 10 years across the UK. However it does not:



1. Wholly support the installation of more innovative measures with a payback of greater than 5 years, or 8 years for schools. This results in an approach that focusses just on the quick-wins ignoring the opportunity for a whole building approach which can demonstrate a wider range of technology options in the same building, and achieve deep cuts in energy usage and CO<sub>2</sub> emissions.
2. Cover revenue costs to help capitalise their loans, instead relies on Local Authority staff and/ or building users to have both the time and experience to put together funded projects.

Salix are however very happy to work with other funding streams and partners to help expand the range and scope of measures that can be installed. This ERDF project therefore doesn't conflict with national policy.

Local Authority partners have had some success accessing Salix loans in the past and over the last 5 years have accessed £1.4m of loans across 17 projects in 8 buildings. None of these include match funding for a whole building approach, and only really start to scratch the surface given their combined ownership of 692 buildings. In addition each Local Authority has limited resource dedicated to over-seeing their estate, which isn't sufficient to look at further buildings in detail and work up and install effective measures. The Marches LA's require additional resource and finance to help build a portfolio and track record of whole buildings and supporting case studies and experience to convince senior management to support more effective and long-term roll out of measures with associated energy and carbon savings.

The Built Environment Climate Change Institute (BECCI) project, also part funded by the ERDF, works with small and medium enterprises (SME's) under low carbon priority 4f. This project, working under priority 4c will retain a working relationship with the BECCI, and others, who are working with innovative low carbon solutions in this space.

### **Evidence to Support the Proposal**

**3.11 Proposed Design: How does the proposed delivery model build on evidence of good practice, and what works most effectively for the target group?**

This project will build on good practice by:

- Herefordshire, Shropshire and Telford & Wrekin Council's each have an impressive track record of delivering energy efficiency and low carbon projects across their estates as they seek to deliver their respective carbon management targets. Here the three local authorities have amassed a wealth of experience delivering good practice, although these are often on individual business cases limited by payback periods and rarely developed in a whole buildings approach. This proposal would utilise the case studies and best practice from the three authorities, to mainstream best practice into public buildings in the Marches on a whole building solution basis which enable new and more innovate technologies which are typically inaccessible due to the requirement of short-term paybacks.
- Examples of existing good practice in the Marches include voltage optimisation, LED lighting, building management systems and renewable energy technologies such as biomass and solar arrays.
- This project's processes are integrated in to Salix allowing their finance to be



accessed readily if required. .

- Using the real time energy data that has been collated over the last 4-5 years through the Government's Display Energy Certificates process. Available through Councils, this will provide a starting point for energy consumption for every building entering the project. This real-world fuel data will be combined with SBEM modelling – a UK-wide industry standard to determine energy and carbon savings resulting from installing various sustainable energy technologies.
- Working closely with installers, and other beneficiaries to understand their products, processes and costs at the business case preparation stage ahead of tendering. This will allow their experience to feature early in the development process and allow options to be more fully understood at the Steering Group and Project Board assessment stages.
- The experience of BECCI (and others) will also be drawn upon to understand which companies and products are near-to-market that could potentially be woven in to business case preparation. BECCI was funded through ERDF 07-13 and delivered over 100 business assists to SMEs offering innovative near-to-market low carbon technologies.

3.12 Need for the project within the market – European Regional Development Fund only – please describe the market failure(s) that your project will address. Please provide relevant evidence and research to support your case.

This project will address market failures around the provision of public goods. With a reducing public purse and increasing energy costs, the public sector is reviewing how it maintains public buildings to ensure a sustainable provision of services for local communities. This issue is being particularly felt in rural areas where it is a challenge to maintain a level of services to the public across a large and sparsely populated area. Improving the energy efficiency of public buildings will help to lower running costs long-term and make the buildings continue to function as public facilities. Whilst the long-term benefits of investment in energy efficiency are known, the initial costs outweigh return on investment, particularly against the backdrop of reducing public finances. Within this, the project will respond to the following issues:

- Rising energy costs and CO2 emissions rates above the national average. The project will create a series of demonstration public buildings with significantly lower energy costs and CO2 emissions; these are the outputs for this project. The case studies and project learning will be used to promote wider low carbon market opportunities, including creating conditions internally within the Councils for more strategic retrofit delivery beyond 2018.
- Inefficient public buildings – from Shropshire Council data aggregated across all three Councils. Over 80% of all buildings are Band D or below using the Display Energy Certificate methodology. There is a very significant amount of work to do, of which this ERDF project will be a step change for a small number of buildings.
- The UK not being able to hit declared environmental targets without dramatically reducing carbon intensity and running costs of public buildings. This has been made harder to achieve due to significant reductions to local authority budgets. The provision of a 2.0 FTE project team will provide dedicated resource to develop business cases and work with councils, contractors and building users to access capital, install measures, create demonstrator buildings and drive change.
- Market Failure around the adoption of low carbon technologies and resource efficiency will be partially addressed through the creating of demonstrator public buildings with a focus on those open to the wider public. Whilst partially addressed



through Salix, its selective approach limits the scope and potential for a more comprehensive whole building approach.

- Face-to-face time available to support building users. In reviewing their Display Energy Certificate work in 2013, DECC concluded that much greater face-to-face time is required with key building users to really help them understand the costs and savings benefits associated with a range of technology options. This has been built in by:
  - Providing a dedicated project team to each building throughout their assessment process. This team will take the building from pre-assessment, through detailed assessment, funding applications and installation to ensure a coherent support process throughout.
  - Ensuring 4 days of support per building is available for the building users to draw upon. This will be significantly more than the current fleeting visit approach required under the existing Display Energy Certificate methodology. This includes a project manager available to answer questions at any stage in the project, as well as able to attend meetings and give presentations to help inform local decision making. The role of increased support from a project manager is also supported by a project officer.

3.13 Demand for the project – European Regional Development Fund only – please set out the demand for the project; what are the demand projections; how have these been identified?

The demand for this project is driven in 5 interconnected ways:

1. At the European level. Taken from the report prepared to inform the Marches ESIF strategy - Supporting the Low Carbon Economy under the 2014-20 EU funding programme in the Marches, Worcestershire and Stoke & Staffordshire LEPs, which was prepared in 2013 – the Common Strategic Framework makes clear reference to ‘Energy efficiency and renewable heating and cooling in public buildings’ (p9), as part of Priority 4 – the Low Carbon Economy.
2. At the national level the Climate Change Act of 2008, sees the UK achieving 24-32 reductions in CO<sub>2</sub> compared to a 1990 baseline (as at 2013). The Act has an interim target of 34% reduction by 2020 with an overall target of 80% by 2050. Herefordshire has committed to these targets in its Reenergising Herefordshire Charter.
3. Regionally The *Low Carbon Vision for the West Midlands in 2020* (prepared in 2009) sees low carbon buildings, low carbon energy supply and resource efficiency as key themes.
4. Locally, the European CSF theme at 1 above reappears in the Marches LEP ESIF Strategy (p45) word for word. This Strategy also states that ‘the UK can’t meet its declared environmental targets without dramatically reducing the carbon intensity and running costs of public buildings’, and recognises the Market Failure around ‘low carbon technology adoption and resource efficiency’. The Strategy recognises Growth Programme Priorities around non domestic low carbon technologies, energy efficiency and building the market for low carbon goods and services. This market doesn’t really exist yet, but the creation of 27 new retrofitted public buildings, which the public regularly use, will act as a catalyst to support this market change.
5. Each local authority has set individual CO<sub>2</sub> reduction targets within their respective carbon management plans. For example Herefordshire Council has committed to a 40% reduction in CO<sub>2</sub> emissions on its 2008 baseline by 2020.





Appendix 19 contains an analysis of the Local Authority owned building stock for this project, but in outline there are 692 buildings. These include 244 schools and training establishments, 114 community buildings, 32 libraries, 36 buildings with a public health focus, 86 sports and leisure facilities including museums and 180 other buildings. Only 18% of these score as a C or above with the remaining 82% being D-G graded using the Government's Display Energy Certificate methodology. The combined drain on the public purse is £7.3m a year, using nearly 100 million kWh of energy a year and emitting over 30,000 tonnes of CO<sub>2</sub> annually. To bring this combined stock up to a reasonable standard, for example to all C's or better will require somewhere in the region of £75-£125m of new investment. Over the next 3 years this project will seek to better develop this opportunity and to build a stronger business case to continued and stable funding to really drive systematic change in sustainable energy use in Marches LEP public buildings.

## 4.0 Project Schedule

### 4.1 Key dates and milestones

Complete the schedule below with the key project milestones for the on-going development and implementation of the project which must include any dates linked to procurement activity and for securing necessary consents e.g. planning permissions, securing budget approval or third party match funding.

Milestone	Start Date	Completion Date
Project start date and set-up	1 Mar 17	End Mar 17
Staffs recruitment	1 Mar 17	End Apr 17
ERDF claims - quarterly	Jun 17	Dec 19
Review of building stock: long list to shortlist	Mar 17	End Apr 17
Gathering Expressions of Interest from shortlist	Mar 17	Mar 19 (Mar 18 for Listed Buildings)
Detailed assessments	May 17	May 19
Steering Group meetings – monthly	Mar 17	Feb 20
Project Board meetings - quarterly	Mar 17	Feb 20
Building grant applications to project Board' via SG	Jul 17	Jun 19
Procurement of contractors	Sep 17	Aug 19
First project completed	Dec 17	Dec 17
First Case studies	Dec 17	Mar 18
Post install monitoring	Dec 18	Feb 20
Practical completion date		29 Feb 20
Final Evaluation	1 Jan 20	End Feb 20



Final event	Feb 20	Feb 20
Financial completion date		29 Feb 20
Activity end date		End Feb 20

4.2 Provide any necessary commentary on the milestones above including any dependencies.

A GANTT Chart is at Appendix 13.

Set-up and recruitment. The project will employ 1.0 FTE project manager and 1.0 FTE project officer for the project team. The project manager will need to be recruited via a formal process however it is the intention to use one of the previously intended project officers in the interim via an agency arrangement in order to prevent delays to the project. The project officer will be re-allocated internally from other projects.

The whole process is linked, and dependent on the previous step being completed. For example detailed assessments won't start until the pre-assessments have been completed and ERDF funding allocations can't be made until each business case has been approved. To be able to start moving some buildings through the system as soon as possible, each partner has identified two buildings that work can start on in February 2017 providing these are deemed appropriate via the pre-assessment process. The inclusion of relevant Local Authority staff in the selection process and Steering Groups will also allow them to gain early sight of emerging projects and to steer accordingly.

The reality is that some buildings will move through relatively quickly, whilst others will need further work to ensure their business cases are up to standard before proceeding.

Marketing and promotion will be reviewed every 4-6 months and new buildings identified and approached as necessary. The key consideration here is to ensure the pipeline of new works is full.

## 5.0 Project Risks and Issues

5.1 Please explain the issues and risks identified for the project and how these will be managed and mitigated.

5.2 Risks Description	Owner	Probability	Impact	Mitigation
Number of buildings coming forward below target	Accountable body and Local Authorities	Low	Medium/high	6 buildings have been identified now; There are nearly 700 buildings in the asset registers and we will work with partners to identify further buildings from these if required
Below target number of	Accountable	Low	Medium	Pre-assessment



reasonably sized measures, resulting in low funding rates per project/ building	body and Local Authorities			process and over recruitment of buildings will be important to ensure the pipeline is sufficiently filled with good potential stock. Engagement of appropriate partner officers and their associated building knowledge will help screen out unpromising buildings
Limited understanding of new to market technologies and what they can offer	LA partners	Low	Low	Through relationships with other ERDF projects, industry networks and staff professional development the project will develop and maintain a good overview of emerging companies and technology options
Installer network not developed resulting in procurement delays	LA partners	Low	Low	Project will utilise appropriate and compliant procurement frameworks
Contractor quality lacks rigour resulting in poor installs and delays or unrealised savings	Accountable body, LA partners	Low	Medium	Project will utilise appropriate and compliant procurement frameworks as well as reviewing of projects and highlighting contractor issues through the project



				governance structure.
Inclusion of Listed and historic Buildings, which could raise planning issues	Accountable body, LA partners	Low	Low	Given the additional complexity around Listed Buildings these will need to be in the pipeline by September 2017 in order to be assessed as early in the programme as possible as it is envisaged that they will take longer to develop. Council representation on the Steering Group and Project Board will be used to help unblock issues, or identify other buildings to bring forward, should problems occur. The project will also seek to enter planning dialogue at the earliest opportunity as identified through the project steering group and Board.

<b>5.3 Issue Description</b>	<b>Owner</b>	<b>Impact</b>	<b>Planned Action</b>
Marches Energy Agency have withdrawn as delivery partner on the project	Accountable body	Removal of proposed project management function and associated specialist skills in order to	The Project manager will be recruited and managed directly by Herefordshire Council as the accountable body. In the interim it is proposed that we use



		undertake; selection of suitable buildings, building assessment, recommendations for appropriate innovative low carbon technologies and installation.	one of the previously intended project managers in order to prevent delays to the project. A formal recruitment process will be used to secure project resource while these interim measures are in place. The project officer will be re-allocated onto the project from within Herefordshire Council's Energy and Environmental Management team with any necessary upskilling taking place over the course of the project although a suite of 'core' competencies will be demonstrated.

## 6.0 Costs and Funding

6.1 Please summarise what the project budget (as detailed in the financial tables) will be spent on.

In summary, the budget will be spent from a revenue perspective on the staff spending time on the project which includes the project team who provide direct advice to potential applicants and assess the buildings together with staff providing the financial management and monitoring role within the project. In addition staff from the respective authorities will be contributing their time to the project. Capital funds will be spent on the works identified through the assessments to meet the aims of the project.

6.2 Please detail the key assumptions used in the development of your budget and the research completed to prepare it, including how you ensure that the costs are commensurate with the required quality.

The budget assumptions are:

All officers will use relevant DCLG time sheet templates to account for their work on the project

**Direct costs:**

- Dedicated staff: 1 x 1.0 FTE project manager  
1 x 1.0 FTE project officer
- 3 (2.4 FTE) x Delegated Grants team officer costs associated with the



administration of running the project and submission of the claims. The figures are based on a number of days per quarter. This is backed up by a spreadsheet showing staff costs and will be supported by actual timesheets if successful

- 6 x Herefordshire Council, Telford & Wrekin and Shropshire County Council officers will provide timesheets for their time spent on the project based on their attendance at project board meetings, supporting applications within their areas, etc.
- Publicity costs – these cover an end of project event, and we hope the launch of the next phase.

**Direct staff costs:**

These include:

- Staff and on-costs for 1.0 FTE project managers and 1.0 FTE project officer
- Delegated Grants team costs associated with the administration of running the project and submission of the claims. The figures are based on a number of days per quarter. This is backed up by a spreadsheet showing staff costs and will be supported by timesheets
- Herefordshire Council, Telford & Wrekin and Shropshire County Council staff will provide timesheets for their time spent on the project based on their attendance at project board meetings, supporting applications within their areas, etc.

**Indirect costs:**

Based on the 15% flat rate

**Capital:** Please note:

- The spending profile assumes 34% in 2017; 33% in 2018 and 33% in 2019. Some thought has been given to the size of the ERDF grant per building.
- In the Outline Application a figure of £30,659 per building was used for 40 buildings. This was to be split 44% ERDF, 56% match. During Full Application preparation it emerged that this felt too low. A distinction has also been established between buildings and projects. For example a project would be lighting in a building, where as a second project in the same building could be for insulation and a third project for energy storage etc. Consequently a building may have multiple projects.
- The figures are therefore based on 27 buildings, 9 per area of which there is an average of 3 projects per building at £16,000 per project.
- Indicative capital costs include:
  - £30,000 for innovative lighting in a large community centre or primary school
  - £10,000 for an photovoltaic energy store
  - £15,000 for an upgraded building energy management system in a Council-owned leisure centre.
- £750 for a Planning application relating to listed buildings and those within conservation areas where applicable



6.3 Please advise whether the project will be adopting any the available European Structural & Investment Funds overhead methodologies and if so which one.

The will adopt the 15% rate based on direct staff costs.

6.4 For all other cost headings, where relevant please set out the proposed apportionment methodology to be used and provide supporting calculations / documentation.

Note- All officers will use relevant DCLG time sheet templates to account for their work on the project

- The Project Manager and project officer appointed will be full time working on the project at 2.0 fte posts so no apportionment is required here, The cost here will be £79,176 per annum.
- As previously described Delegated Grants team staff attributed to the financial monitoring and management of the project do not have time specifically apportioned to the project but will be claiming time directly through the evidence of timesheets. The figures below are based on assumptions made from experience of dealing with other European projects of a similar size and value. Hourly rate of DG Officers are £19.09, £20.93. £21.86, the hourly rate of the Delegated Grants Team Manager £31.16, 32.24 & £33.29 (allowing for salary increments over the course of the project)

Figures below equate to time spend by 2 x Delegated Grants (DG) officers or 1.4FTE and Tracy Ricketts (TR), team manager (1 FTE):

**ERDF - allocated time****Year 1 - 2017**

	Qtr 2		Qtr 3		Qtr 4			
	Hours	Total	Hours	Total	Hours	Total		
DG officers	140	£2,889.60	79	£1,712.72	79	£1,712.72	£6,315.04	
TR	63	£2,056.32	37	£1,246.53	37	£1,246.53	£4,549.38	
								<b>£10,864.42</b>

**Year 2 - 2018**

	Qtr 1		Qtr 2		Qtr 3		Qtr 4		
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
DG officers	79	£1,712.72	79	£1,787.77	79	£1,787.77	79	£1,787.77	£7,076.03
TR	37	£1,246.53	37	£1,259.11	37	£1,259.11	37	£1,259.11	£5,023.86
									<b>£12,099.89</b>

**Year 3 - 2019**

	Qtr 1		Qtr 2		Qtr 3		Qtr 4		
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	
DG officers	79	£1,787.77	79	£1,862.03	79	£1,862.03	73	£1,720.61	£7,232.44
TR	37	£1,259.11	37	£1,271.69	37	£1,271.69	36	£1,237.32	£5,039.81
									<b>£12,272.25</b>

**Year 4 - 2020**

	Qtr 1			
	Hours	Total		
DG officers	106.75	£2,516.10		£2,516.10
TR	43	£1,477.91		£1,477.91
				<b>£3,994.01</b>
				<b>£39,231</b>





- Herefordshire Council, Telford & Wrekin and Shropshire County Council staff will provide timesheets for their time spent on the project based on their attendance at project board meetings, supporting applications within their areas, etc. Again these have not been based on any specific apportionment methodology but based on predicted hours spent on the project at an assumed senior manager rate ie.£34 per hour – @ approx. 11hours per month for 3 years. This will be evidenced fully if successful by sight of their salary details and backed up by the timesheets.

#### Travel costs-

- Steering Group Meetings and Project Board Meetings will either be held centrally or rotated to share travel costs

#### Travel for Project Team

- Project Officers will visit 52 buildings to carry out initial assessments and of the 27 buildings progressed, they will visit these a further 2 or 3 times.
- Shortest journeys will be around Hereford and the longest will be to north Shropshire, around 75 miles each way.
- Short visits will be made using pool cars at a cost of £2 per hour plus £0.20 per mile
- Visits will be combined where possible
- For budgeting we have assumed for Herefordshire an average of 30 mile round trip and 45 trips ( visit 18 buildings initially and a further 3 visits to each of the 9 buildings progressed) = 1350 miles \* £0.45 per mile = £607.50
- For Shropshire and Telford & Wrekin visits we have assumed an average of 120 mile round trip and 45 trips per area giving a total of 90 trips = 10,800 miles \* £0.45 per mile = £4860
- Hire cars or train travel will be used and evidenced where appropriate
- 
- Itemised phone costs. Dedicated landlines and individual mobile phones will be used by the project team. These will be itemised and charged directly to the project.
- Publicity costs – indicative amount based on advertising, covering venue costs & refreshments.



6.5 Please advise if the project budget includes any VAT you cannot recover from HMRC (recoverable VAT)

N/A Herefordshire Council is VAT registered and therefore able to claim VAT back.

6.6 If irrecoverable VAT will be claimed, please describe how this is captured through the claims procedure and how your financial processes will ensure that it is not being claimed as part of the normal VAT return.

Please supply proof of irrecoverable VAT on eligible costs (confirmation letter from HMRC or a signed independent audit report identifying this as an eligible cost).

NA

6.7 Explain how the amount of European Structural & Investment funding requested has been calculated and explain why this is an appropriate amount. Consider whether or not you have exhausted all other avenues for funding, including loans.

Funding requests have been calculated as follows:

The capital costs have been requested based on an average project cost from Salix Finance's experience administering capital loan schemes for energy efficiency measures in the public sector over the past 10 years. This includes consideration of the various size, type and functions of the Marches public building stock and the potential range of measures that would be deliverable. These estimated costs have then been factored up based on an ambitious, but deliverable estimated number of buildings to be retro-fitted in each area. The full calculations are detailed in appendix 19, p9.

The revenue costs have been requested based on the methodology applied in 6.4 and is based on actual costs to deliver a project of this nature. The value of £184,036 in ERDF revenue contribution on a total project cost of £1,620,696 equates to 11%, which is seen as good value for money. The number of hours working on this project equates to an



indicative 5,333. In reality, it's likely to be a lot more.

Without ERDF intervention this project would not be able to be delivered as Council's have ever decreasing budgets and continuing budget pressures.

6.8 If the project covers more than one Local Enterprise Partnership area or more than one Category of region, explain how the costs have been shared between areas.

N/A

6.9 Explain the impact for the project for each of the following:

- If the project did not receive European Structural & Investment Funds
- If the level of European Structural & Investment Funds was reduced
- If there was a delay in European Structural & Investment Funds

- If the project did not receive European Structural Investment Funds then deeper retrofit using innovative near to market technologies would not be demonstrated in public buildings in the Marches LEP.
- If the capital component was reduced, then there would be a corresponding reduction in the whole building approach and of new technologies demonstrated, diluting one of the objectives of the Call. The availability of funding streams such as SALIX would remain and the project may still see a number of public buildings accessing this loan, and achieving outcomes however the financial attractiveness of innovative measures would be diminished. If the ERDF revenue component was stripped out or reduced, leaving just the capital, there would be a lack of dedicated and specialist project resource, as estates staff lack the time and resource to bring the buildings forward.
- If there was a delay in European Structural Investment Funds then the whole project could still be delivered, but would be delayed by whatever timeframe was imposed.

### **Match funding**

6.10 State the source(s) of your match funding. Is it in place yet and if not, when is it likely to be confirmed?

The delivery partners for the project have ring-fenced match funding for the project,, which will only be drawn down upon should relevant public building applications be successful. Evidence of actual match will be required at individual grant application level. Combined capital and revenue contributions are as follows:

- Herefordshire Council: £329,120

Shropshire Council; £186,570

Telford & Wrekin Council: £186,570



6.11 Is any of this match funding 'in-kind'? Please see restrictions on this in the Eligibility guidance

Use the Full Application financial table to show the amounts of match funding for the duration of the project

N/A

## 7.0 Deliverables

7.1 Please complete the Indicators Annex Table which is available on [www.gov.uk](http://www.gov.uk). After you have done this, please describe the rationale and assumptions you have made in establishing each deliverable which will be achieved. This must link clearly to the project's activity and objectives. Please explain your method for calculating the target levels.

Rationale;

The project capital grants will be invested for innovative low carbon measures costing on average £475 to generate a tonne of CO<sub>2e</sub> and will generate estimated annual savings of 1.00 GWh, and annual savings of 328 tonnes CO<sub>2e</sub>.

Where electricity savings result from measures, then the project will include transmission and distribution losses based upon Defra GHG conversion factors. In essence where a kWh is saved in a public building around 1.5 kWh is saved in a power station, the difference being energy losses between the power station and the building. This will give a more accurate figure reflecting savings in the public building.

It is assumed that no projects will be installed until Q3 of 2017. Projects are then predicted to be installed at an almost constant rate until Q3 of 2019 when activity is scaled back in preparation for the end of the project.

The method for calculating the target levels will be undertaken during the business case preparation. In deriving measuring and reporting on CO<sub>2</sub> and kWh savings, real-life data from the Display Energy Certificates will be mixed with SBEM modelling to show theoretical changes from installing different projects. This will give estimated annual kWh savings. These will then be multiplied by the relevant Defra conversion factor for the fuel savings being modelled to give carbon savings. These figures will also be refined against the knowledge base built up for each technology type. These figures will then be used to assess ERDF capital grants and other potential financial mechanisms if required. Finally the carbon and kWh savings will be combined in a running total to show Outputs against targets.

Post install follow up will be undertaken revisiting DEC data for buildings over 1000m<sup>2</sup> to see what changes have actually resulted a year after installation has been complete. This will help inform the reporting on the outputs.



7.2 Please explain your approach for forecasting each deliverable; this should include setting out the baseline data upon which the deliverables were calculated.

It is difficult to forecast exactly what the size of the deliverables will be as so much is dependent on the fuel type and measures that come forward during the building development process. However the following process has been adopted:

- By using a combination of previously commissioned energy audits, quotes, indicative costings and assumptions for the install of innovative low carbon measures a cost of carbon has been estimated of £475 per tonne.
- This is based upon the historical performance of these innovative technologies. By drawing down £1,296,000 total capital project funding it is estimated that, assuming a carbon intensity of 0.41kg per kWh for electricity and 0.2 kg per kWh for gas, will result in annual GHG savings of 328 tonnes CO<sub>2</sub>

### 8.0 Project Management and Governance

8.1 Has the Organisation been involved in, or become involved in, any other European Social Fund, European Regional Development Fund or EAFRD funded projects that were not identified in the Outline Application? Please provide details. Add rows if necessary.

Project Reference	Project Name	Project Location	Your Role	Start Date	End Date
OC00R15P 0027	The Marches Technical Assistance Project (ERDF)	The Marches,	Delivery Partner	January 2016	December 2018
347K - CREATE	Connecting Rural Enterprise for A Transnational Economy. (CREATE)	North West Europe – Interreg funding	Lead Partner	June 2014	31 Dec 2015

8.2 Outline the project management and control systems that will be established for the project, demonstrating that the project has the appropriate capacity to meet the requirements of European Structural & Investment Funds.

An Organogram is attached at Appendix 14.

Draft MOUs are in place between Herefordshire Council as the accountable body, Shropshire and Telford & Wrekin Councils. These are included in Appendix 10 and will be superseded by service level agreements to reflect any conditions in the offer letter and funding agreement from the Managing Authority. A draft version of this can be seen at Appendix 36.



#### Role of Herefordshire Council as the Accountable Body.

- Herefordshire Council shall manage the Programme in accordance with the Offer Letter issued by DCLG, in particular this is likely to include:
  - Project oversight, for example HC will provide a Project Executive to Chair the Project Board.
  - Monitoring of finance and outcomes as required to comply with ERDF Grant requirements
  - Audit facilitation and compliance
  - The role of Herefordshire Council's Delegated Grants Team is detailed in Appendix 28
  - Day-to-day work of the project for all aspects of delivery including shortlisting of buildings, pre-assessment qualification, detailed business case preparation, engaging building users, creation of tender Specifications, reporting to Steering Group and Project Board, liaison with contractors, post installation analysis and case study preparation, drafting of project reports and collation of Outputs, and all in close partnership with Councils.
  - A detailed Job Descriptions for the project manager and project officer is in Appendices 12 and 35
  
- Herefordshire Council, as the accountable body, are responsible for the overall delivery of the required outputs set out in the ERDF Application form.
- As a stockholding Local Authority Partner-, contribute buildings, direct staff costs through representation on the Steering Group, Project Board and through support promoting the project, setting up case studies and text on Councils websites, guidance in building selection, business case preparation, tendering, contracting and post-install follow up.

#### Role of Shropshire and Telford and Wrekin Councils:

- Both Councils are Delivery Partners and stockholding Local Authorities who will contribute buildings, direct staff costs through representation on the Steering Group, Project Board and through support promoting the project, setting up case studies and text on Councils websites, guidance in building selection, business case preparation, tendering, contracting and post-install follow up.

Role of Contractors is to undertake the installation of measures in accordance with the Specification of Works and to agreed industry standards.

Overall each building will go through a 5 Stage process as shown below. A summary of the process for each building is at Appendix 16 and each Stage annotated on the GANTT chart at Appendix 17.

Stage 1: Pre-assessment. Evaluation of the combined building stock of all 3 Councils, to ascertain key suitable buildings; establish options, costed projects and a business case for each building. This will be undertaken as follows:



- For the project team and Councils to review of all 692 buildings to assess potentially suitable buildings and to cross reference this evaluation with ERDF eligibility and Salix Finance. This will create a long list of around 100 potential buildings.
- For Councils and the project team to approach the long list and undertake a pre-assessment questionnaire to further refine the list down to 54 buildings. The project team is assuming a 50% fall-off rate, so two buildings will need to formally enter the pipeline, for every one having measures successfully installed. This further refining will include building age, current energy rating (from existing Display Energy Certificate data), fuel type, strategic fit with Local Authority estate rationalisation plans, public usage/ access, potential for energy and carbon savings and not least pull/ interest levels from building management committees or similar. This last point is around acknowledging that it'll be much easier to develop projects where building users are engaged and interested, rather than indifferent. Further details on this process are at Appendix 19 p3-5.

Stage 2: Detailed Assessment. More detail on these processes can be found at Appendix 17 on the business case structure; at Appendix 18 for the Steering Group scoring criteria; at Appendices 20 and 21 for the TORs for both the Steering Group and Project Board respectively.

- From this, the project managers will then undertake detailed assessments and work up options appraisals and business cases on 45 buildings.
- The development of all 45 business cases will be overseen and reviewed by the Steering Group at each meeting. This will result in a formal review of each completed business case as they come forward. Once up and running this may see each Steering Group meeting formally reviewing 5-10 business cases per meeting, rejecting some for further work or recommending some for onward movement to the Project Board for sign off. Because of their experience in this sector Salix Finance systems have been used to create the business case templates and scoring systems for this project. Details of these can be found at Appendix 17, but in essence each of the 45 buildings will be scored by 3 assessors giving a maximum of 660 points. A 70% pass rate will need to be achieved against criteria that cover technical options and costs, predicted savings in terms of money, carbon and kWh, and governance and mitigation factors to reduce delivery risk. This will then be used to determine the outline value of the ERDF capital grant, and in mirroring Salix's own assessment processes, so ensuring a swift decision on their contribution if required. Outline funding decisions at this point will also take into account the spend profile across each Local Authority area and between the three Local Authorities, to ensure spends across the project are in line with the budget, and reflecting the split between Transition and More Developed areas.
- Once the Steering Group has given its outline approval for a project, then it'll be passed to the Project Board for outline authorisation, which will result in preliminary ring-fencing of ERDF capital It is proposed that the project board will identify 38 such buildings, of which 27 will move forward for install as match funding is confirmed

Stage 3: Specification, Tendering and Commissioning.

Once outline authorisation and confirmed match funding has been obtained, project



managers with Steering Group support will then use the signed-off business case to develop a detailed Specification of Works and go out to mini competition from a relevant framework. Once this has taken place and preferred installers obtained project delivery will then be recommended for formal sign-off by the Project Board who will assess the tenders against the Specification and Business Case before it is passed to a relevant senior officer within the accountable body and the appointed contractor engaged to undertake the work.

#### Stage 4: Installation.

The chosen contractor(s) will then install the measures in each building, with project managers maintaining a liaison role on behalf of the building users, Project Board and Councils.

Once measures are installed a formal sign-off will be undertaken. This will be either a self-assessment by the contractor as part of industry standards and national accreditation schemes, or with an independent building assessor as part of a more complicated or in-depth package of measures. The most appropriate route will be determined during preparation and evaluation stage of each business case.

Stage 5: Exploitation and Evaluation of energy and carbon savings will be worked up as part of the Business Case preparation using the Simplified Building Energy Management (SBEM approach) and Display Energy Certificate (DEC) data as outlined above. These estimated savings will be refined and further evaluated by the project management team in 2 ways post installation.

- For buildings over 1000m<sup>2</sup>, around a fifth of buildings in the long list, an annual DEC will assess energy use within a year of the measures being installed. This won't be subsequently available for every building, but where it is, a desktop assessment of expected versus actual energy use will be undertaken.
- For the first 12 buildings to have measures installed, then a brief site assessment a year after completion will be undertaken. These will focus on buildings less than 1000m<sup>2</sup> who will require a DEC only once every 10 years. It will allow energy use to be reassessed, as well as gaining valuable feedback from the building users on their perceptions of the measures and other, less obvious changes, that might have resulted from the project. This latter might include a switch-it-off campaign or similar, initiated by building users inspired by the physical changes they have benefitted from.

Case studies for the first 12 buildings through the system will be placed on accountable body and delivery partner websites and the results tweeted. Lessons learned will form part of the continuous assessment process being formally reflected on at each Steering Group meeting, and incorporated as appropriate into the project. Sharing of best practice will take place informally through other Local Authority relationships and through contractor relationships with their own client base. Learning will formally be brought together for the end of project event, which it is hoped will form the springboard for the next round of work, and in the end of project report.

**8.3 Please describe the individual posts and/or team that will be delivering the project:**





- How is the team set up to manage and deliver the project?
- What resources, expertise, skills, responsibilities and experience do they have?
- Will existing staff be employed, or will new staff be openly recruited (if yes, how)?
- What are the reporting lines and accountabilities of individual posts?

Please include details of Delivery Partners (if relevant).

Please attach a structure chart (organogram) and job descriptions for project delivery staff: See the 'Supporting Documents checklist'.

An organogram for the project is attached at Appendix 14.

At Herefordshire Council overall project responsibility will sit with the Energy and Environment Team Leader, Ben Boswell, and his colleague Matt Locking, Energy Strategy Officer, who is the nominated contact for the project. Ben and Matt have over 12 years experience within the Local Authority low carbon sector between them working on a variety of projects and programmes including renewables, voltage optimisation and LED lighting utilising a variety of funding pots including EU and Salix. They will be supported by colleagues in the team, who can provide further expertise on such areas as energy management and renewables as well as Asset Management & Property Services staff for the building selection and installation. The Delegated Grants Team will be responsible for ensuring financial and grants compliance; there are 3 members of staff working within that team, Tracy Ricketts is the team manager who has managed the team for more than 10 years. Two other officers who would also be working on the project would be Helen Tong & Cathy Arthurs who both have worked in the team for over 10 years and 8 years respectively. This gives a total of three staff from this team who would be working on the project or 2.4 FTE. The portfolio of grants that the team currently administers includes a £3m ERDF Interreg scheme, £1.1m Heritage Lottery grant, £500k Sport England. In total the team is administering grants amounting to approximately £7m and are well versed in the administration and delivery of grant schemes for all kinds of funders and understand the rigorousness of how ERDF reporting standards are to be observed and adhered to.

Following the withdrawal of Marches Energy Agency from the project the project team, consisting of a project manager and project officer will be employed directly by the accountable body; Job Descriptions for these roles are attached as Appendices 12 and 35. Both posts will report to the Steering Group, who in turn will report to the Project Board. The Project Board will retain final oversight and sign-off on all buildings and the project on behalf of the accountable body. The Steering Group will retain oversight of all project management activity, providing direction to the project managers and reviewing progress on a bi-monthly basis.

Telford & Wrekin council will be represented by Chris Goulson, biT Service Delivery Manager, and Monika Hornakova, Energy Management Officer. They will provide guidance on building suitability at the pre-assessment stage. In addition they will help guide Business Case development through the provision of energy usage figures and technical and planning knowledge as part of the Steering Group assessment process. Shropshire Council are due to confirm their revised staffing for the project after a number of personnel changes in February 2017.



In order to prevent further delays on the project it is intended that one of the originally intended project managers will be recruited on an interim basis bringing extensive experience of Energy auditing within schools and other community/ public buildings renewable energy installs in a range of public and private buildings including biomass and heat pumps as well as considerable experience in writing and developing business cases for these technologies.

The project officer will assist the project manager in the day-to-day running of the project and will be re-allocated from existing projects within the Energy and Environmental Management team within Herefordshire Council.

Job descriptions for both project team roles can be seen at appendices 12 & 35.

8.4 If this application form has been drafted by individuals who will not be involved in the delivery of the project, how will you ensure that the project delivery team understands the rationale and detail of the project?

N/A- Energy Strategy Officer, Herefordshire Council to maintain project oversight and membership on project steering group and board.

8.5 If applicable, how will you ensure that Delivery Partner(s) comply with the requirements of European Structural & Investment funding? How will you monitor and manage the performance of Delivery Partner(s) and or sub-contractor(s)?

Delivery Partner compliance with ESIF will be through the mechanism of the draft service level agreements between Herefordshire Council, as the accountable body and Shropshire and Telford & Wrekin Councils. The draft SLA is attached as Appendix 36. This will also contain any necessary back-to-back conditions included in the offer letter and funding agreement.

HC Delivery Group team will monitor immediate outcomes via project asset register and compiling of an evidence file.

Sub-contractors will be selected against a detailed Specification of Works and will quote against that. Selection of the preferred quote will be on recommendation of the Steering group and sign off by Project Board. Copies of the selected installers Professional Indemnity Insurance will be taken along with copies all invoices and industry standard completion certificates. For complex works involving several inter-related elements and/ or larger projects consideration will be given for the need to gain independent sign-off from a building surveyor. The most appropriate route to reduce risk will be considered as part of the Business Case preparation.

8.6 Please describe how you will collate, calculate and verify deliverables to ensure that interventions are recorded and an audit trail is retained to prove their validity

Deliverables will be validated by:

- Collating existing data on buildings selected for detailed assessment. This data exists in each Local Authority and covers annual fuel spend in £, and consumption



in kWh. Knowing the fuel type and using Defra's GHG conversion factors will allow current CO<sub>2e</sub> to be worked out. This will form the baseline for each building

- During the preparation of the Business Case energy and carbon savings will be modelled using SBEM process. This will provide estimates, based on real consumption, of outputs. These figures, where necessary, will be refined against Salix models for the appropriate technology. Where a technology falls outside Salix, then a review of industry estimates, combined with contractors knowledge will be used to estimate deliverables. This will be further refined through inquiry with previous beneficiaries to cross-reference industry claims with experience.
- These figures will then be refined through Steering Group review, funding applications to ERDF, quote generation and installer selection.
- Once installed verification will be by at least one of 4 routes:
  - Contractor completion certificates
  - Cross-referencing with DEC data a year after installation for buildings over 1000m<sup>2</sup>
  - Independent verification through a building surveyor for larger more complex projects
  - Revisiting up to 12 early adopter buildings a year after completion to assess benefits and savings.

These interventions will be recorded in summary in an excel spreadsheet for each building as it goes through the process, and in detail as a Business Case for each building. The latter will include supporting evidence such as contractor literature or notes from technology specific meetings, all of which will be retained for audit purposes allowing the deliverables to be validated.

**8.7 How will you ensure continuous improvement in the quality of service or provision?**

Continuous improvement will come about through:

- Steering Group meetings will contain a standing agenda item around continuous improvement.
- Project managers regularly reflecting with building users and contractors as part of the building selection and installation process. This will include both informal verbal feedback, and a questionnaire on completion. These findings will be fed back to the Steering Group.
- In addition the first 12 buildings through the process will be re-visited a year after measures have been installed to assess the effectiveness of the measures installed.

**9.0 Financial Management and Control**

**9.1 Financial background to the project: please explain any relevant financial issues relating to the applicant organisation.**

Herefordshire Council will be responsible for this project; there are no financial issues and all auditing of current programmes have not raised any issues. A recent audit of a scheme that the Delegated Grants Team has administered has identified a high level of monitoring and financial administration.

**9.2 Describe the financial management and control procedures for the project, including**



the process for compiling and authorising European Structural & Investment Funds claims for payment.

There are two processes needing to be observed for this element.

There is the assessment and management of the projects who will be eligible for the grant and there is the element of the general management and supporting evidence of staff costs/revenue elements against the project.

In order to describe the process for the financial governance for the projects the below flowchart has been developed.



### Finance flowchart for defrayal of ERDF grant funded spend (applications)

Application received by Delegated Grant Team to undertake initial completion assessment and sent to steering group to undertake technical assessment



Following appraisal of application & approval by technical team the submission is passed to grants team for funding contract to be issued



Contract letter sent to successful applicant with appropriate guidelines and conditions to be signed and returned



Upon receipt of signed funding contract raise purchase order on Agresso finance system.



Grants team to monitor progress of each project to completion and claim



Grants team receive claim from applicant and check appropriate evidence of defrayal.



Once grant team agreed defrayal then the claim is passed for payment at the appropriate intervention rate of the cost incurred by applicant on the gross cost if VAT is irrecoverable or net if the VAT is recovered by applicant



Agresso workflow assigns appropriate approval for the payment to be made



Grant team submits funding claim to ERDF on quarterly basis



Receipt of funding from ERDF coded to agresso via revenues team

*Please note that progression to the next stage of the process is only possible when each step is met. Approval of new funding allocations is only granted following checking by the grant teams that there is enough uncommitted funds remaining.*

*Accountancy team monitor spend and funding balances on a monthly basis*

*Accountancy team records grant funded Revenue Funded Capital Expenditure under Statute in the Councils year end accounts*

However, more generally, Agresso is the accounting software used by Herefordshire Council as the accountable body.

Claims will be built on the eligible expenditure evidenced by the cost centre defrayal and other accounting defrayal evidence relating to salaries together with the hard copy



evidence such as time sheets, purchase orders and invoices, etc. Separate files will be set up and referenced specifically for this project and evidence will be kept in a lockable filing cabinet. All electronic files are equally referenced and also are only accessible to members of the team to ensure security of the data is maintained.

All members of the finance team are set up on the Council's financial system Agresso, to enable them to input information and sign off to the degree of their permissions. All staff have a separation of duty to ensure transparency of process so that they cannot sign off expenditure that they have submitted themselves. There is a specific hierarchy of permissions which is available upon request.

The team understand that only evidenced defrayed expenditure post the date of the Funding Agreement will be eligible to be claimed. This will be backed up by the financial evidence available through the Council's financial management system. The Council will only pay out to projects once their costs and defrayal have been evidenced.

There will be hard copy files for the master management files and each successful project will have an individual project file. Evidence will be kept on those files as appropriate in line with all other grant files kept by the team with Agresso system back up. The Team undertake a budget balancing exercise on all cost centres on a monthly basis.

The Delegated Grants team have extensive experience in overseeing European Grant funding and understand the implications of ERDF funding and will ensure that our Deputy Section 151 officer will be in attendance at any initial set up meeting to ensure that all areas are compliant. We also work directly with our accountants on a monthly basis when managing the budgets that sit within the team's portfolio.

9.3 Please describe the document management system for the project and how the audit trail will be maintained and accessible for the period required under the terms of the European Structural & Investment Funding Agreement.

This project will be managed in accordance with Herefordshire Councils Record Management Policy. It is the policy of Herefordshire Council to ensure that:

- records are complete and accurate, the information they contain is reliable and its authenticity can be guaranteed;
- records and the information within them can be efficiently retrieved by those with a legitimate right of access, for as long as the records are held by the organisation;
- records will be secure from unauthorised or inadvertent alteration or erasure, that access and disclosure will be properly controlled and audit trails will track all use and changes;
- records will be held in a robust format which remains readable for as long as records are required;
- there are consistent and documented retention and disposal procedures that include provision for permanent preservation of archival records;
- the application of records management procedures are regularly monitored against agreed indicators and action taken to improve standards as necessary;
- a records management strategy is developed and maintained;



- a records survey of all records is performed periodically;
- procedures are developed in line with information management and information governance requirements;
- legal and regulatory requirements are met;
- records management training is made available to staff as appropriate;
- records management is appropriately addressed in staff contracts and job descriptions.

All evidence will be collected and retained in such a way that it is compliant with EU requirements with sufficient audit trail (paper and electronic format) for staff appointments, expenditure, procurement, publicity, equality, sustainability, outputs, results, group minutes etc. For example when evidencing expenditure the audit trail will be traceable back to the original document demonstrating the expenditure, for example invoice and bank statement. Where original documents have been copied, each document will be certified as conforming to the original document.

The delivery partners will be required, as set out in the draft service level agreement, to provide the evidence in support of any expenditure incurred or outputs/results delivered.

Electronic files and documents will be held. Hard copies of files and documents will also be kept as a back-up which are archived in accordance with Herefordshire Councils retention policy and ESF requirements.

The evidence collected will be managed separately for the More Developed and Transition area to ensure reporting against the different type of region in the Marches.

9.4 Please set out your organisation's financial policy this describes processes, roles and schemes of delegation.

Herefordshire Council has a published financial policy: Section 7 of this policy outlined Herefordshire Councils financial processes, roles and scheme of delegation.

The full document is attached to this application.

## **Section 7 - Financial Procedure Rules**

### **4.7.1 Background**

4.7.1.1 Section 151 of the Local Government Act 1972 *requires that "Every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs"*

4.7.1.2 The person with overall responsibility for Herefordshire Council's financial affairs under the act, the Chief Financial Officer (CFO) or Section 151 Officer is the Director of Resources. Herefordshire uses the Chartered Institute of Public Finance (CIPFA) guidance in defining the role of their CFO or Section 151 Officer:

is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the



public interest;

- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively

4.7.1.3 To deliver these responsibilities the Chief Financial Officer:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced

4.7.1.4 The 1988 Local Government Act makes a requirement to have a designated qualified deputy S151 Officer to act on their behalf in his/her absence or if requested by the CFO to do so. The role designated as deputy S151 officer is the Head of Corporate Finance.

### **The role of the chief financial officer in local government, CIPFA**

4.7.1.5 The Financial Procedure Rules apply these requirements and controls the way the Council manages its finances and safeguards its assets. They form part of the Council's Constitution and are to be read in conjunction with other sections of the Constitution in particular:

Part 3 – The Functions Scheme

Part 4 – Section 3 - The Budget and Policy Framework Rules

Part 4 – Section 6 – the Contract Procedure Rules

The Financial Procedure Rules apply to every member and officer of the council and anyone acting on its behalf except where separate arrangements are made under the scheme for the Local Management of Schools.

### **4.7.2 General Responsibilities**

4.7.2.1 Members and officers have a general responsibility for taking reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provide value for money and achieves best value.

4.7.2.2 Members, officers and others acting on behalf of the Council are required to have proper regard to the advice and guidance issued by the CFO on the Financial Procedure Rules.

4.7.2.3 Every report to Members shall contain a statement setting out the financial implications of the recommendation(s) proposed that has been approved by the CFO.





4.7.2.4 The Council's expectation of propriety and accountability is that Members and staff at all levels shall lead by example in ensuring adherence to financial and legal requirements, rules, procedures and practices.

4.7.2.5 Members and staff at all levels shall act in accordance with the council's Anti-fraud and Anti-corruption policies.

4.7.2.6 The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) that it comes into contact with, shall act towards the Council with integrity and without thought or actions involving fraud or corruption.

4.7.2.7 Appendix A sets out the responsibilities of members and officers relating to the Financial Procedure Rules.

4.7.2.8 The council's scheme of delegation is the formal record of delegation of financial decision making.

### **4.7.3 Urgent Decisions**

4.7.3.1 In exceptional circumstances, where an urgent decision is required, this shall be taken by the relevant Director in consultation with the CFO and the Assistant Director Governance. If the matter is outside the scheme of delegation then the matter can only be authorised by the Chief Executive and the Cabinet Member responsible for Resources in accordance with the procedures for the taking of urgent decisions set out in the Council's Constitution.

4.7.3.2 Any decisions made under the 'Urgent Decision' arrangements shall be reported to the relevant Director, Cabinet Members and Local Members.

4.7.3.3 Nothing in these standing orders shall prevent expenditure required to meet immediate needs caused by a sudden emergency to which Section 138 of the Local Government Act 1972 applies, provided that such expenditure shall be reported as soon as possible to the appropriate Cabinet Member and the Cabinet.

9.5 European Structural & Investment Funds is paid to Grant Recipients in arrears. Please explain how the project will manage its cash flow throughout the project lifetime.

Herefordshire Council, as the accountable body, has the resources and systems in place to provide the required cash-flow in advance of Grant payment.

9.6 How will you ensure that only eligible and defrayed expenditure is included in a claim to the Managing Authority?

The Delegated Grants Team is experienced in delivering European Funded Schemes and understands the requirements to supply eligible defrayed expenditure in each claim. This will be verified through receipt of eligible costs evidenced by invoices, receipts, BACS and defrayal evidence through sight of bank statements.

There will be a project start up meeting between all officers involved which will go through any offer to ensure that all areas are understood by way of process and eligibility. This will include the Council's Deputy S151 officer who has overall vision of the Council's external



grants.

One of the Grants & Programmes Officers will be assigned an overall allocation of this project with the other in support as both work part time. The Manager will have overall responsibility and will oversee the checking of any claim that is submitted to make sure that the project claim only contains the eligible costs in conjunction with the Project Manager (Matt Locking). She will attend the project board meetings to report on the financial position of the project to all members of the project board and will be the conduit to any specific concerns on the terms and conditions.

Each member of staff involved in the project from Herefordshire Council has specific levels of responsibility on the Council's Agresso financial system which ensures that the same person cannot input and approve expenditure so financial propriety is observed. The spend manager will be receiving monthly reports on the associated cost centre as part of the monitoring process. The system can provide all defrayal dates and evidence of the expenditure leaving the council's bank account to support the claims.

9.7 If applicable, how will you ensure that Delivery Partners/financial beneficiaries engaged in the delivery of the project will comply with the requirements relating to defrayal of expenditure?

Herefordshire Council, Shropshire Council and Telford & Wrekin Council have experience of delivering ERDF projects within the current EU programme (2007-2013) and are experienced in complying with defrayal. At the first Project Board meeting the Grants Manager will clearly set out the requirements and training will be provided if required. All partners have been part of the development of the bid so are therefore aware of the likely implications for them as delivery partners.

Regarding the financial beneficiaries, in this case the organisations responsible for the likely buildings to be supported through grant aid, all requirements will be specifically outlined within the terms and conditions of offer. No funding will be released without the correct evidence. The Delegated Grants Team also employs a project start up meeting at the point when any offer is made. This is documented and shared and covers all aspects of the responsibility of the organisation who has been successful and is clear on how the grant will be paid and offered.

9.8 Describe the system used for filing and retrieving original invoices; explain how evidence of costs incurred will be checked and verified.

There will be hard copy files for the master management files and each successful project will have an individual project file. Evidence will be kept on those files as appropriate in line with all other grant files kept by the team with Agresso system and electronic file back up. The Agresso finance system has all invoices scanned as part of the financial management system so each payment can be traced back at each stage from purchase order to process of invoice, who has signed off at each stage, etc. The Team undertake a budget balancing exercise on all cost centres on a monthly basis.

9.9 Please explain how the accounting software and systems used will be capable of maintaining separate records for the project and producing detailed reports to demonstrate where the European Structural & Investment Funds is being spent. If applicable, please describe how your partner's software/systems will manage project finances.



Two cost centres will be set up on the Agresso system, one for the More Developed area and one for the Transition area. This will mean that the spend in each area to be kept separate and enable clear reports to be issued against each area of spend.

### 10.0 Compliance

European Structural and Investment Funds are regularly audited and may be subject to recovery where the compliance requirements have not been met. For this reason, many applicants choose to obtain their own independent advice from a law firm or suitable organisation to assist them to structure their project in line with the compliance requirements.

<b>Procurement Law</b>
10.1 Is your organisation a “Contracting Authority” under the Public Contracts Regulations?
Yes
10.2 If not, please set out the reason(s)
N/A
10.3 Confirm that you have completed Annex 2e, listing all contracts that will be used to provide goods, works or services to the project and which have already been awarded prior to this application.
N/A
10.4 Confirm that you have completed Annex 2f, listing all the contracts that will need to be awarded to deliver the Project but which have not been awarded prior to this application.
YES
10.5 Describe the system that will be put in place to:
<p>Test that the contracts listed at Annex 2e can demonstrate compliance with procurement law</p> <p>Plan the tender processes listed at Annex 2f to ensure that they comply with procurement law including:</p> <ul style="list-style-type: none"> <li>• Advertising contract opportunities to the market; and</li> <li>• Evaluating bids in an open transparent and non-discriminatory manner.</li> </ul> <p>Ensure that all relevant documents are retained with a view to providing relevant information in the event of an audit or other investigation.</p> <p>Ensure that all relevant documents are retained with a view to providing relevant information in the event of an audit or other investigation.</p> <p>Please provide further information on any contracts you have referred to in Annex 2e in which there has been a single tender action, the use of a framework or dynamic</p>



purchasing system (in particular if this has not been set up by the applicant) or where the contract has been extended.

Procurement Law guidance will be published on the [www.gov.uk](http://www.gov.uk) website during July and will set out the position for procurements below the Public Contracts Regulations thresholds.

The retrofit and associated works to the buildings that are undertaken by the project partners or, by exception, an intermediary body, will follow public procurement regulations. As a minimum, procurement will apply the thresholds set out in the Procurement Law guidance.

The project will also ensure that all contracts are advertised openly, through public procurement portals or, as appropriate, via OJEU.

The evaluation of the tender responses will be undertaken in a transparent and non-discriminatory manner, with clear and fair scoring criteria applied.

All procurement activity will be adequately logged and recorded on the project file and be available for monitoring visits and audits.

The procurement teams within the three partner councils will support the procurement process, working with the project management team and the relevant departments that will be involved in the delivery of the individual retrofitting schemes.

**State Aid Law**

10.6 Please list all the organisations (if known) which may benefit from the funding of the project.

As per the State Aid annex, it has been identified that following organisations could benefit from project funding:

Project partners (Shropshire, Herefordshire and Telford & Wrekin Councils)

The suppliers that provide services to the project

The intermediary bodies that manage or use the buildings benefiting from retrofitting.

10.7 For each potential beneficiary (including the applicant and any Delivery Partners) identify whether they meet the State Aid test. If you believe a potential beneficiary is outside the scope of State Aid, please provide the reasons.

Applicants may wish to refer to the European Commission’s “Notion of State Aid” guidance and the Department for Communities and Local Government’s European Regional Development Fund guidance on State Aid law

A state aid analysis has been undertaken for this project, which is provided in appendix 11. In preparing this submission, advice has been sought from the Marches EU Technical Assistance Officer and the State Aid expert at Herefordshire Council.

The following table summarises the position:

Tests	Applicant	Project	Grant	Supplier
-------	-----------	---------	-------	----------



	(Herefordshire Council)	partners (T&W and Shropshire Councils)	beneficiaries	s	
Transfer of state resources	Yes	No – the partners will not benefit financially from the project unless as a grant beneficiary	Yes	Yes	
To an undertaking engaged in economic activity	Yes – certain elements of the project could be seen as commercial or competing against commercial providers	No	Potentially as some buildings provide commercial offers such as room hire.	Yes	
Advantage	No, the service provided by Herefordshire Council in delivering the project is not a commercial activity <i>in toto</i> and those elements of the project which could be seen as commercial activity will be procured, e.g. printing, design and training.	No	Yes, the planned investment will lead to a reduction in running costs.	Yes	
Is the advantage selective?	Yes – potentially, given that not all providers would potentially be	No	Yes, the grant scheme will be open to public and voluntary	No – All contracts awarded through	



	eligible to apply directly for ERDF funds		sector organisations only.	the project will be procured as per public procurement regulations.
Potential to distort competition	No – as per advantage	No	Yes, in some cases depending on what the supported facility offers.	No – the contracts will be let at commercial rates.
Affects trade between member states	No – as per advantage	No	No – the facilities supported are for the local community use and are not part of a supply chain of a product or service that is tradable between member states	No – ITTs will be advertised through Government procurement portals and available to suppliers irrespective of location.
<b>Conclusions</b>	<b>Not a State Aid</b>	<b>Not a State Aid</b>	<b>Not a State Aid</b>	<b>Not a State Aid</b>

On the basis of the State Aid test above, it is believed that the project will operate without providing a state aid to a particular entity. However, it is recognised that all buildings identified for retrofitting will undergo a state aid check in advance of any support, because depending on the buildings uses or tenants / users, state aid could be applicable. This checklist is provided in the State Aid Annex.



10.8 For each beneficiary that the applicant regards as being in receipt of State Aid, identify which exemption(s) they will be using to provide the aid in accordance with State Aid law<sup>2</sup>.

Name of beneficiary or class of beneficiaries	Name of Exemption	Scheme reference number

Where a project is funded under an exemption based on the General Block Exemption Regulations (651/2014), the Applicant is required to either (a) confirm that the project falls within the scope of Regulation 6(5) or (b) to submit a separate document to demonstrate incentive effect in line with Regulation 6(2) containing the following information:

- (a) the applicant undertaking's name and size
- (b) a brief description of the project, including start and end dates
- (c) the location of the project
- (d) a full list of the project costs used to determine the allowable level of funding
- (e) the form of the aid
- (f) the amount of public money needed for the project.

N/A

10.9 Where the Applicant intends to use exemption(s) to deliver the Project, the applicant confirms that they have read the terms of the scheme and meet all the relevant terms.

Yes

10.10 The Applicant confirms that they are not subject to an outstanding recovery order in respect of State Aid.

Yes

10.11 For programme bids, what system will be put in place to assess the eligibility of beneficiaries, activities, costs, and compliance with aid intensity levels prior to the intervention?

See Appendix 11- in summary:

- Project manager(s) will undertaking a pre-assessment that will ensure that buildings bought forward will be EU and State Aid compliant.
- Buildings that are the subject of applications will need to be directly linked to the

<sup>2</sup> For notified schemes the answer should include the full name of the scheme and the Commission reference number.



- objectives of the operational programme i.e. public buildings as defined by DCLG
- The process for selecting the buildings will be subject to an application process that will be open and transparent.
  - Formal funding agreements will be put in place for every building supported, even those which are within the ownership of the three councils.

10.12 Describe the system in place for collecting and recording the required information for audits and returns?

N/A

10.13 Please set out in Annex 2a any further information on State Aid which is useful in explaining why your project will be compliant (for example extracts from any professional advice explaining the structure or if the applicant intends to notify the project to the European Commission explaining how they will handle this process).

N/A

### **Income Generation**

10.14 Please explain how and if the project is likely to generate income? (European Regional Development Fund only)

Not applicable

10.15 As this is now the Full Application, if yes to above please complete Annex 2(b) on Revenue Generating Projects.

Not applicable

### **Publicity**

10.16 Please explain how the project will meet the European Structural & Investment Funds Publicity Requirements.

Attached as Appendix 22 is the Publicity Strategy. This lists the aims, target groups, methods of communication and resources and responsibilities for developing the strategy, which will take place once the Project Managers are in place. Its development will conform to the publicity requirements detailed in the ERDF Branding and Publicity Requirements, dated Oct 15. The terms of this Requirement will be placed on contractors through their offer letters and evidence retained to show that compliant communication activities have been undertaken.

10.17 For projects with a retrospective start date, please provide confirmation and evidence to show how you have complied with these requirements to date.

Not applicable

### **National Eligibility Rules**





10.18 What checks will be carried out to ensure the end beneficiaries (for example, businesses or learners) benefitting from the proposal or individuals engaged as part of the proposal are eligible and belong to the target group?

N/A

### **General compliance**

10.19 Where the applicant has appointed a compliance lead, please provide details.

Herefordshire Council- Section 151 officer and Head of Corporate Finance with guidance from internal audit team as required.

10.20 Describe the controls put in place by the applicant to check that it is maintaining each of the compliance requirements during the delivery of the project.

At offer stage, the applicant will work with the Section 151 Officer and internal audit to ensure that the appropriate systems are in place to ensure compliance requirements are adhered to. The Section 151 officer will be present at any Project Engagement Visits with CLG and at any start up meetings with partners should they not be present at the PEV.

Any issues found within delivery of the project will be addressed at Project Board meetings and annual compliance checks will take place where appropriate to ensure that the processes are still being observed.

10.21 Are there any potential conflicts of interest which may affect the delivery of the project? If so, what steps will be put into place to manage these?

Potential for Local Authority Delivery partners to influence award of ERDF capital to their own buildings. Overcome by designing scoring system for each project to be reviewed against, and through the SG and PB to have other Delivery Partners voting. Where a conflict of interest is identified the SG and PB terms of reference (appendices x and x) detail the process for this under section 6.1

## **11.0 Cross Cutting Themes**

11.1 Support for the Sustainable Development theme (European Regional Development Fund & European Social Fund)

- How does the project respect the principle of sustainable development? In particular how does the project maximise positive environmental impacts or mitigate potential negative impacts (with regard to the “polluter pays” principle where appropriate)?

All 3 Councils have Environmental/ Sustainability Policies which integrate sustainability into their decision making processes at all levels. All 3 policies make a strong commitment to



managing and reducing their environmental impacts and in both Shropshire and Herefordshire to working closely with their communities. Herefordshire Council's policy is typical and is shown below as it is the accountable body.

Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors they share a common commitment to working more sustainably and to protecting and enhancing Herefordshire's outstanding natural environment.

In support of this commitment, and the continuing drive to work more efficiently and effectively, Herefordshire Council is committed to:

- Make efficient use of natural resources;
- Minimise the amount of waste going to landfill;
- Reduce carbon emissions from our own activities and those of the wider community;
- Raise awareness of, mitigate, and adapt to wider climate change impacts;
- Prevent pollution and minimise environmental risks;
- Conserve the natural and historic environment of Herefordshire;
- Promote links between environmental sustainability, economic resilience and wellbeing.

The project will work to achieve these commitments by:

- Ensuring full compliance with all relevant legislation and organisational commitments;
- Integrating relevant environmental specifications and standards into procurement and commissioning processes;
- Promoting the use of appropriate sources of renewable energy and recycled products;
- Minimising waste, maximising reuse, recycling and composting, and ensuring that waste generated is dealt with in a way that reduces its impact on the environment;
- Working to control, reduce and prevent pollution from our own activities and those of the wider community;
- Promoting sustainable and integrated transport solutions;
- Supporting a planning system that protects and enhances landscape, biodiversity and historic assets and seeks to ensure that development is sustainable;
- Leading by example and using our influence to actively encourage responsible environmental practice among staff, suppliers, contractors, partners and the public;
- Setting formal objectives across organisational services to ensure continuous improvement of overall environmental performance;
- Developing and maintaining an environmental management system to monitor progress against these policy commitments;
- Promoting this policy and seeking to enrol staff, members, suppliers, contractors, partners and the public in its implementation.

We recognise that many of the wider environmental issues facing Herefordshire are most effectively addressed through partnership working. We are a committed member of the Local Nature Partnership and seek to support countywide action on biodiversity, green



infrastructure, soil and water issues as well as climate change mitigation and adaptation.

The travel element of this project is likely to have the biggest environmental impact as the geographical area in which this project is based is large. In order to mitigate this we will seek where possible to hold meetings in a range of ways e.g. via tele conference and skype so that not all meetings require travel. In addition, where a journey can't be avoided then the vehicle hierarchy of public transport, then car will be followed to reduce the levels of CO<sub>2</sub> emissions from the project.

In addition this project is all about reducing the environmental impact of public buildings and will achieve this through the creation of exemplar buildings reducing CO<sub>2</sub> emissions by 660 tonnes annually.

Social and economic strands of sustainable development will also be considered. The latter through providing a boost to the green economy of £1.296m of new investment, and the former through working closely with building users and including them in every step of the process to do with their building. This will ensure their full engagement with the changes. As well as allowing them to help shape the projects for each building will also act as an educational process to help build their knowledge and confidence to act in other areas of sustainable development.

11.2 Support for the Equality and Diversity theme (for European Regional Development Fund this is defined as 'Equality and Anti-Discrimination'; for European Social Fund this is defined as 'Gender Equality and Equal Opportunities')

- How will equality between men and women be taken into account and promoted in the project?
- What steps will be taken to prevent discrimination based on racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation and implementation of the project?
- How will accessibility for persons with disabilities be taken into account in the project?

Herefordshire Council have made a commitment to the Herefordshire's Equality and Human Rights Charter 2013-2016.

By signing up to this charter, the accountable body shares a joint commitment to make Herefordshire a place where everyone is empowered and works together to make our county a great place to live, work and visit. We specifically commit to:

1. Promote the principles and benefits of working with an Equality and Human Rights ethos
2. Support communities to be accepting and at ease with each other
3. Support people, communities and organisations to challenge the prejudices that can lead to unlawful discrimination
4. Reject any form of extremism, discrimination, prejudice, harassment, victimisation or violence
5. Work in partnership to be more efficient, effective and consistent in our approach



across the county.

6. Deliver the best possible standard of service to all our customers

7. Demonstrate a fundamental respect for human rights by helping people to understand the responsibilities that underpin their human rights

8. Support the No Prejudice in **HERE**fordshire campaign

This project and the resulting Project Manager support will be offered openly across the Marches area. Public Building selection, support and assessment will be offered to anyone using, working or running publically owned buildings, regardless of their sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

### **Data Protection Act 1998 and Freedom of Information Act 2000**

The Department for Communities and Local Government / The Department of Work and Pensions is the data controller for the purpose of the Data Protection Act 1998.

By proceeding to complete and submit this form, you consent that we may process the personal data (including sensitive personal data) that we collect from you, and use the information you provide to us, in accordance with our Privacy Policy.

### **12.0 Confidential Information**

Please insert here any information that you wish to keep confidential from the Local Enterprise Partnership Area European Structural & Investment Funds Committee and explain the reason why. Please note that the Managing Authority as a public body is bound by the Freedom of Information Act and may have to disclose information if requested.

N/A

### **13.0 Declaration & Signature**

I declare that I have the authority to represent [*Herefordshire Council*] in making this application.

I understand that acceptance of this Full Application does not in any way signify that the project is eligible for ESI Funding support or that ESI funding has been approved towards it.

On behalf of [*Herefordshire Council*] and having carried out full and proper inquiry, I confirm to the Department:

- [*Herefordshire Council*] has the legal authority to carry out the project; and
- That the information provided in this application is accurate.
- I am not aware of any relevant information, which has not been included in the




application, but which if included is likely to affect the decision of the Department whether to endorse the application.

I confirm to the Department:

- I have informed all persons in relation to whom I have provided personal information of the details of the personal information I have provided to you and of the purposes for which this information will be used and that I have the consent of the individuals concerned to pass this information to you for these purposes.
- That I shall inform the Department if, prior to any ESI funding being legally committed to *[Herefordshire Council]*, I become aware of any further information which might reasonably be considered as material to the Department in deciding whether to fund the application.
- Match funding will be in place prior to any award of ESI funding.
- I am aware that if the information given in this application turns out to be false or misleading Department for Communities & Local Government (DCLG, for European Regional Development Fund) and the Department for Work and Pensions (DWP, for European Social Fund) may demand the repayment of funding and/or terminate a funding agreement pertaining to this Application.

I confirm that I am aware that checks can be made to the relevant authorities to verify this declaration and any person who knowingly or recklessly makes any false statement for the purpose of obtaining grant or for the purpose of assisting any person to obtain grant is liable to be prosecuted. A false or misleading statement will also mean that approval may be revoked and any grant may be withheld or recovered with interest.

**You should not commence project activity, or enter in to any legal contracts, including the ordering or purchasing of any equipment or services before the formal approval of your project and you have signed a European Regional Development Fund or European Social Fund Funding Agreement. Any expenditure before the approval date is incurred at your own risk and may render the project ineligible for support.**

Signed For and on behalf of the Applicant Organisation			
Name (Print)	Ben Boswell		
Position	Energy & Environmental Management Team Leader	Date	19/12/16

**Supporting documents checklist**



Where applicable, please submit the following documents with your Full Application:

Document	Supporting Notes	Applicant's comments
Confirmation of match funding from each funder.	Confirmed match funding must be in place prior to the award of European Structural & Investment Funds.	See Letters of Support from Herefordshire, Shropshire and Telford & Wrekin Councils and draft SLA at Appendices 5,6, and 36
Granular breakdown of budget	To demonstrate a) cost items are eligible for European Structural & Investment Funds b) the forecast cost c) how the costs will be profiled across the project lifetime.	See Appendix 7
If applicable, proof of irrecoverable VAT on eligible costs	Please supply proof of irrecoverable VAT on eligible costs (confirmation letter from HMRC or a signed independent audit report identifying this as an eligible cost).	N/A
Applicant organisation's Equality & Diversity Policy May also need sustainability policy / plan	You are responsible for ensuring any Delivery Partners hold a policy.	All Delivery Partners have their own Equality & Diversity and Sustainability Policies
If applicable, independent State Aid advice		Attached as Appendix 11
Job descriptions (JD)	Will set out the responsibilities of project delivery staff. For new posts, the JD should include acknowledgement that European Structural & Investment Funds is part-funding the post.	Attached as Appendix 12 and 35
Gantt Chart check is it essential	To reflect the key milestones during project set-up, implementation and closure.	Attached as Appendix 13



Organogram	An up-to-date organisation chart, including the European Structural & Investment Funds project delivery team. Also, for delivery partners, if applicable.	Attached as Appendix 14
Applicant's procurement policy if available	Note that European Structural & Investment Funds procurement rules supersede organisation's procurement policy	Attached as Appendix 15
Other	Any other key, relevant, documents you consider should be submitted.	See Appendix 1 for a full list

## Annexes

**Full Application Financial tables – this is a separate Excel spreadsheet**  
**Indicators Annex Table – this is a separate Excel spreadsheet**

The above two annexes are available at:

<https://www.gov.uk/government/publications/european-structural-and-investment-funds-project-requirements-and-publicity-materials>

**1(b) - Delivery Partners**

**2(a) - State Aid Law**

**2(b) - Article 61: revenue generation**

**2(c) - Capital projects (European Regional Development Fund Only)**

**2(d) - Major projects (European Regional Development Fund Only)**

**2(e) - Procurement law: Procured Contracts**

**2(f) - Procurement law: Contracts to be procured**

**3(a) – European Social Fund Cross-cutting themes guidance:**

- Sustainable Development Policy and Implementation Plan

**3(b) - Gender Equality & Equal Opportunities Policy and Implementation Plan**





**Annex 1(b): Delivery Partners**

<b>Name of partner organisation</b>	Shropshire Council		
<b>Status of organisation (Public, Private and Charity: add dropdown)</b>	Public – Local Authority		
<b>Company/charity registration number (where applicable)</b>	N/A		
<b>Contact person</b>	Joe Bubb		
<b>Position in organisation</b>	Project Development Manager		
<b>Email</b>	<a href="mailto:Joe.bubb@shropshire.gov.uk">Joe.bubb@shropshire.gov.uk</a>		
<b>Telephone number</b>	01743 252516		
<b>Address and postcode</b>	Shropshire Council, Shirehall, Abbey Foregate, Shrewsbury SY2 6ND		
<b>Role in European Structural &amp; Investment Funds project delivery</b>	Providers of public buildings		
<b>Contribution to match funding</b>	£13,770 staff time (salary) costs £172,800 capital- subject to the eligibility and formal approval of Shropshire Council projects applying to the Sustainable Energy in Public Buildings scheme		
<b>Relationship to lead applicant</b>	None beyond this project and being members of the same LEP		
<b>Is a Service Level Agreement in place with this delivery partner?</b>	<b>NO- draft to be put in place attached at appendix 36</b>	<b>If yes, please append copy</b>	
		<b>If no, when will this be confirmed?</b>	See draft MoU - Appendix 10.  See attached letter of support in Appendix 5.
<b>Please describe how the Delivery Partner/s was identified:</b> Shropshire Council owns around third of the buildings to be used in the project. They will need to give their permission for all works to be undertaken, and will provide match funding officer time through the Steering Group and Project Board.			

<b>Name of partner organisation</b>	Telford and Wrekin Council
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<b>Status of organisation (Public, Private and Charity: add dropdown)</b>	Public-Local Authority		
<b>Company/charity registration number (where applicable)</b>	N/A		
<b>Contact person</b>	Chris Winter		
<b>Position in organisation</b>	Investment Strategy & Partnerships Officer		
<b>Email</b>	<a href="mailto:chris.winter@telford.gov.uk">chris.winter@telford.gov.uk</a>		
<b>Telephone number</b>	01952 381901		
<b>Address and postcode</b>	Civic Centre PO BOX 457 Wellington Telford TF2 2FH		
<b>Role in European Structural &amp; Investment Funds project delivery</b>	Providers of public buildings		
<b>Contribution to match funding</b>	£13,770 staff time (salary) costs £172,800 capital- subject to the eligibility and formal approval of Telford & Wrekin Council projects applying to the Sustainable Energy in Public Buildings scheme		
<b>Relationship to lead applicant</b>	None beyond this project and being members of the same LEP		
<b>Is a Service Level Agreement in place with this delivery partner?</b>	<b>NO- draft to be put in place attached at appendix 36</b>	<b>If yes, please append copy</b>	
		<b>If no, when will this be confirmed?</b>	See draft MoU at Appendix 10.  See attached letter of support in Appendix 6.
<b>Please describe how the Delivery Partner/s was identified:</b> Telford and Wrekin Council owns around third of the buildings to be used in the project. They will need to give their permission for all works to be undertaken, and will provide match funding officer time through the Steering Group and Project Board.			



**Annex 2(a) State Aid Law**

Please provide any further information on State Aid which explains how your project will be State Aid compliant (for example extracts of any professional advice explaining the structure, or if the applicant intends to notify the project to the European Commission, information explaining how they will handle this process).

State aid tests have been applied to the project activities and beneficiaries. The State Aid position is set out below.

**1. Direct investment into public buildings**

The scheme will provide direct investment into public buildings through an objective assessment process. The buildings will be local authority or other public sector owned but potentially managed by other organisations. Prior to assistance, a state aid checklist will be used to confirm the state aid position that would exist if a particular building was to receive investment. The checklist is included below.

After consideration of the state aid regulations, it is believed that the support of certain facilities, identified below, will not constitute a state aid because the services they house are a) not undertakings and/or b) strictly local in nature and cannot be seen to have the power to distort trade between member states.

- Libraries, resource centres, museums and other venues providing non-statutory services to the public.
- Community amenities, including community centres and sports facilities

**2. Applicant and partners**

Herefordshire Council will be project applicant. It will also be a beneficiary of the project through the direct investment programme as above. The role of Herefordshire Council in delivering the project is not an undertaking because it is putting no goods or services on to the market. The commercial aspects of the project will be procured.

The project partners are Shropshire Council and Telford and Wrekin. The Councils will also be project beneficiaries through the direct investment programme as above. In terms of the management of the project, Shropshire and Telford & Wrekin Councils are providing time, resource and expertise to the project but there will be no transfer of project funding to them, which therefore does not constitute transference of state resources.

**3. Suppliers**

All suppliers of the project, including the project deliverer, will be procured as per EU regulations and be paid at a commercial rate.

**Direct Investment Pre Assessment Checklist**

<b>Building</b>	
-----------------	--

<b>Building Ownership / Tenancy Arrangements</b>
--



--

**Building uses**

--

**Free and paid-for services that are housed within the building**

--

**The building **meets / does not meet** (delete as appropriate) the pre-assessment criteria**

**Provide justification for decision.**

--

**Signed and dated**

--

**Guidance on completing the form**

This form is used to confirm whether a building could be eligible for support through the scheme and qualify for the energy assessment. It is to be completed by the project manager.

**Building Ownership / Tenancy Arrangements**

The form needs to identify the owner of the building, which needs to be a public sector organisation.

List all tenants of the building.

**Building Uses**

Identify the building uses, including secondary uses. For instance, a lending library could



also provide rooms for community use or ICT facilities.

**Free services that are housed within the building**

List all the services housed.

**Decision and Justification**

The pre-assessment criterion is that investment will only support buildings that facilitate only non-statutory and state aid compliant activity.

The pre-assessment must consider the four state aid questions:

1. Is the assistance granted by the state or through state resources?
2. Does the assistance give an advantage to one or more undertakings over others?
3. Does the assistance distort or have the potential to distort competition?
4. Does the assistance affect trade between Member States?

This decision is to be reached in consultation with state aid guidance provide here:

<https://www.gov.uk/state-aid>. Advice can also be sought from the local ERDF Technical Assistance Team.

**Annex 2(b): Article 61 - Revenue Generating Projects**

Projects which generate net revenue must comply with Article 61 (1-8) of EU Regulation (EU) No. 1303/2013.

Is the project expected to generate any net revenue?

No

How will revenue and/or income be recorded and reported?

N/A



Explain how the audit trail for the revenue and/or income will be demonstrated.

N/A

For infrastructure projects, the economic lifetime of the fixed asset often exceeds the term of the European Structural & Investment Funds project. Will this be the case in your project? If so, describe how the net revenue will be monitored for the economic lifetime and what arrangements are in place to report on the final revenue position.

NA



**EUROPEAN REGIONAL DEVELOPMENT FUND Only:**

**Annex 2(c): Capital Projects (land and property)**

For each site where capital project activities will be undertaken, please provide the following information:

Site name	Land Registry Number	Applicant's legal interest on the site

If any site has been purchased for the project, please identify the site, the purchase price and the date on which the site transferred.

Please list all approvals needed for the project to proceed as envisaged:

- a) which have already been obtained
- b) which are to be obtained (include timescales)

Please list all existing charges on the project site(s) at the date of the Application.

Please provide details of any charges the Applicant expects to be removed or added to the site(s) in the 6 months following the submission of this application. Please list all options to purchase the project site(s) at the date of the Application or which are expected to be put in place within 6 months of the submission of this application.

Please provide a clear statement on the sources of match funding. This should detail the source, the contribution amount, its current status and any conditionality.

Please provide a clear statement on the intended use of the completed asset(s) and the sectors you are targeting for occupiers. Please provide details of any planned disposals.

If the project is awarded European Regional Development Fund you will be expected to enter into DCLG's precedent legal documentation. This includes a Grant Funding Agreement, a Deed of Covenant, a Collateral Warranty (for the Quantity Surveyor) and a Legal Charge. Please confirm that you have reviewed DCLG's precedent legal documentation and are willing to enter into these.



The following accompanying documents should be provided for all Capital Projects applying for European Regional Development Fund.

<b>Accompanying documents for Capital Projects applying for European Regional Development Fund</b>	<b>Specification of document or acceptable alternative</b>	<b>Comment including name of document and explanatory description where the document does not fully meet the required specifications. Please advise whether a document is not applicable for the project.</b>
Evidence that the applicant has/will have control of the site to deliver the project.	Freehold or leasehold title for the project, or signed Heads of Terms between applicant and vendor for land/building acquisition.	
Evidence of full planning permission and, where applicable, listed building consent.	Copy of full planning permission and evidence of obtaining any other consent required before the project activities can commence.	
State Aid Report	A State Aid Report, addressed to the Applicant and produced by a suitably qualified professional organisation (e.g. a law firm or accountant) which (a) lists all the Project costs used to determine the State Aid intervention rate (b) gives an opinion as to whether each cost is eligible (c) analyses whether the proposed award to the Applicant meets all the requirements of the specified State Aid scheme and (d) sets out all the information required for Article 6 of Regulation 651/2014 (if applicable).	





	<p>If the Applicant intends to use the value of any land or buildings in the match funding calculation, the report must provide an express explanation as to how this is State Aid compliant, if necessary using the information set out in the independent valuation report.</p>	
Evidence of match-funding	<p>Legal documents establishing the amount of match funding provided and any conditions attached.</p>	
Evidence of match-funding when using value of land/buildings	<p>Independent valuation report produced by a suitably qualified expert body listing:</p> <ul style="list-style-type: none"> <li>• the land/buildings, to be used as match-funding;</li> <li>• their current condition/use;</li> <li>• the date purchased and consideration paid, where applicable;</li> <li>• the open market value at the date of the Application taking into account legal, planning or physical constraints to development; and</li> <li>• The open market value at the date of the Application if all legal, planning and physical constraints to development were not present.</li> </ul>	
Detailed Cost Plan prepared by a suitably qualified Quantity Surveyor.	<p>As a minimum designed to the equivalent of RIBA Plan of Work Stage '3' which prices the schedule of works with quantities and rates, cash-flows the works and provides a development programme for completion of the project activities.</p>	
Supporting design information	<p>Architect drawings and plans, specification, schedule of accommodation, pre-project photographs and post-project Computer Generated Images (CGI).</p>	
BREEAM pre-assessment	<p>Completed by a suitably qualified BREEAM Assessor and specific to the project</p>	



Environmental Impact Assessment where applicable		
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**The following accompanying documents MAY also be required for Capital Projects which are applying for EUROPEAN REGIONAL DEVELOPMENT FUND. A member of the Managing Authority should have advised you of the additional information required to support your application.**

<b>Additional information for Capital Projects operating under notified State Aid schemes</b>	<b>Specification of document or acceptable alternative</b>	<b>Comment including name of document and explanatory description where the document does not fully meet the required specifications</b>
Development appraisal for the project	This will include: <ul style="list-style-type: none"> <li>○ An assessment of end value of the completed development based on market assumptions of rent, yields, void periods, rent-free periods and floor areas and specification.</li> <li>○ Estimated project costs of undertaking the development which may include cost of buying land/building, construction, professional fees, disposal fees, finance charges and the developer fee;</li> <li>○ Cashflow for projected income and expenditure.</li> </ul>	
Independent valuation report prepared by a suitably qualified Valuation Surveyor	To certify the valuation and end value assumptions in the development appraisal and provide a detailed view of market conditions including current property supplies, the development pipeline and demand.	
Independent cost consultancy report prepared by a suitably qualified Quantity Surveyor	To certify the construction related assumptions in the development appraisal and comment of realism of cashflow and development programme.	



Funding Calculations	Three separate calculations showing (1) the State Aid eligible costs, subject to the relevant maximum aid intensity (2) the gap-funding calculation and (3) the European Regional Development Fund eligible costs. The lower of the three calculations represents the maximum European Regional Development Fund grant available to the project	
Market demand report prepared by an independent property consultant	This will provide an in-depth analysis of current property supply, the property development pipeline and likely market demand including likely sectors.	
Business Plan prepared by a suitably qualified property or economic development consultant	To certify assumptions submitted by the applicant for the Article 61 calculation, including: <ul style="list-style-type: none"><li>○ Revenue stream based on projected occupancy levels, rents, service charges and any other income;</li><li>○ Operating costs including maintenance, marketing, estate management and salary costs.</li></ul>	
Independent valuation report prepared by a suitably qualified Valuation Surveyor and cost consultancy report prepared by a suitably qualified Quantity Surveyor for Land Remediation projects	Valuation report will confirm (a) the current open market value of land/buildings and (b) the projected open market value of land/buildings following European Structural & Investment Funds investment. Cost consultancy report will undertake assessment on the suitability of the proposed remediation strategy (in comparison to other options) and certify the estimate remediation costs.	



## **Annex 2(d): Major European Regional Development Fund Projects**

Articles 100-103 of EU Regulation (EU) No 1303/2013 set out a role for the EC in appraising and approving major projects.

Article 100 defines a major project as ‘a series of works, activities or services intended in itself to accomplish an indivisible task of a precise economic or technical nature, which has clearly identified goals and for which the total eligible cost [i.e. European Regional Development Fund and match funding] exceeds €50 million and in the case of projects contributing to the thematic objective under point (7) of the first paragraph of Article 9 where the total eligible cost exceeds €75 million’.

A major project proposal will need to follow the standard European Structural & Investment Funds application process incorporating the following additional information in to the Full Application Form:

- results of feasibility studies;
- cost benefit analysis;
- market analysis;
- scenario mapping and options assessment;
- an analysis of the environmental impact (to indicate if a full environmental impact analysis is required);
- Communications plan.

Article 100 requires that the Managing Authority submits any Major Project Applications to the European Commission. Prior to this, the Local Enterprise Partnership Area European Structural & Investment Funds Committee should have reviewed the application. The Managing Authority can provide more advice on the process.

Applicants should be aware that obtaining approval from the European Commission can be a lengthy process, and should be familiar with Articles 100-103.

**If your project has applied for approval as a Major Project, please attach a copy of the Major Project application and provide an update on the progress made in achieving approval.**

**Annex 2 (e) contracts that have been procured**

Please provide details of all contracts that will be used to provide goods, works or services to the project and which have already been awarded prior to this application.

	Value of the contract <sup>3</sup> (Highest value first)	Anticipated value of works, supplies or services which will be provided to the Project under the contract	Name of supplier	Date of the contract	Description of works, supplies or services provided under the contract	Process used to select supplier e.g. OJEU	How was the contract advertised?	Does your organisation hold all the relevant procurement documents?
1	£	N/A						
2	£							
3	£							
4	£							
5	£							

**Annex 2 (f) contracts to be procured**

Please provide details of all contracts that will need to be awarded to deliver the Project but which have not been awarded prior to this application.

	Anticipated value of the contract (Highest value first)	Will the contract only be used to provide works, supplies or services to the Project?	Description of works, supplies or services that will be provided under the contract	What procurement process do you anticipate using to select the supplier?	Where will the contract opportunity be advertised?	What processes will be put in place to collect appropriate records to demonstrate compliance in the event of an audit or other investigation
1	£1,296,000	Yes	Supply and installation of sustainable energy measures in public buildings (capital)	Each application will access ERDF compliant frameworks	Through approved framework providers- those proposed are: - ESPO - Crown Commercial Services - YPO - Re-fit	The project management team would collect all procurement documentation and retain as part of individual grant application folders
2	£					
3	£					
4	£					
5	£					

<sup>3</sup> If the contract relates to recruitment managed by an agency, this will be the cumulative value of annual salaries

## Annex 3(a) Cross-Cutting Themes Guidance for European Social Fund

### Sustainable Development Policy and Implementation Plan

#### Introduction

1. Sustainable development is a regulatory cross cutting theme for all Structural Fund programmes.
2. The UK Government is committed to sustainable development. The Government aims to stimulate economic growth and tackle the deficit, maximise wellbeing and protecting the environment, without negatively impacting on the ability of future generations to do the same.
3. This refreshed vision and commitment builds on the principles that underpinned the UK's 2005 Sustainable Development strategy, by recognising the needs of:
  - the economy;
  - society; and
  - the natural environment,
4. The ESF England Operational Programme explains that the objectives of the European Social Fund programme will be pursued in line with the principle of sustainable development, including the aim of preserving and improving the quality of the environment as well as the need to prepare for expected changes to the environment and climate.
5. Sustainable development in the European Social Fund Programme has an environmental focus – to help provide some balance to the European Social Fund's strong social and economic focus (its main mission). The European Social Fund programme therefore welcomes applications from projects that have a strong environmental focus whilst also supporting either: jobs; skills; or social inclusion in a way that addresses local strategic needs. The programme also welcomes complementary training support for specialist sustainable development activities delivered by other programmes such as the European Regional Development Fund.
6. All projects, whether they have an environmental focus or not, must take the environment into account when delivering their services. The Operational Programme explains that Managing Authority and Opt-In organisations will require all programme providers to have sustainable development policies and implementation plans.



7. The purpose of the sustainable development policy is to provide a statement – a public commitment – to promoting sustainable development and to comply with relevant environmental legislation whilst delivering European Social Fund activities.
8. The purpose of the implementation plan will be to turn the above policy commitment into action.
9. **It should be noted that this regulatory theme is subject to monitoring, audit and evaluation.**
10. Your sustainable development policy and plan will undergo a basic initial assessment at application stage to ensure that a basic policy and plan exist and that the key elements of the policy and plan have been drafted. **Passing the basic initial assessment should not be considered as a full endorsement of the policy / plan.**
11. The policy and plan are working documents and developmental in nature and are therefore expected to be subject to continuous improvement. This means that the policy and plan may well need to be amended / improved / updated on an on-going basis should your application be approved. This will be discussed in the context of future contract management and monitoring of your project.

## **The basic requirements**

### **Sustainable development policy**

12. i) The provider's sustainable development policy should provide a firm commitment to promoting sustainable development whilst delivering the European Social Fund activity that is being funded and provides an assurance that any sub-contractors delivering European Social Fund activities will also support sustainable development. The plan should list sub contractors used / to be used (if known at application stage).
13. ii) The sustainable development policy statement should confirm that it will check that that each organisation involved in delivery of the contract (the provider and any sub-contractors) will: (a) dispose of its waste using a registered waste collector and (b) observe and comply with the Waste Electrical and Electronic Equipment (WEEE) regulations.
14. iii) The sustainable development policy should be specific to the European Social Fund contract being delivered and should include details of any sub-contractors involved in the delivery of the contract provided (where this is known).

### **Sustainable development implementation plan**



15. (iv) The sustainable development implementation plan should explain what specific action it will take to ensure that each organisation involved in delivery of the contract will:
- (a) Minimise waste;
  - (b) Minimise energy consumption;
  - (c) Minimise use of travel and promote use of public or green transport where travel is unavoidable.
16. (v) The sustainable development implementation plan should include a commitment to researching and producing a simple `baseline` estimate of its own environmental impact in terms of: waste minimisation; recycling; and energy consumption. The plans should also explain how this will be assessed for any other organisations helping to deliver the contract. Having established the simple baselines, the plan should then explain how they will monitor reduced energy consumption, increased volumes of recycling and improvements in waste management (where required) against the original baseline. The aim of this exercise is to demonstrate that, as far as possible, efforts are being made to reduce waste, increased recycling and reduce energy consumption during the life of the project. **The baselines and subsequent measurements can be set in very simple terms** (e.g. number of toner cartridges used / volumes of paper consumed / electricity consumed etc). Some projects may prefer to use `carbon usage` estimates – this will be a matter of choice for each project.
17. (vi) The sustainable development implementation plan should provide details of how staff and trainee awareness of sustainability will be increased / improved in order to support the policy and plan (for example , how with policy and plan be communicated? Will training be provided? will the projects have a `switch it off` campaign, will public transport / green transport be promoted for staff and participants etc?).



## Annex 3(b)

# Gender Equality and Equal Opportunities Policy and Implementation Plan for European Social Fund Applications

### Introduction

18. All European Social Fund providers will be expected to have an equality policy and an implementation plan. The Managing Authority requires this in order to:
  - (i) help embed 'due regard' to the Public Sector Equality Duty / Equality Act 2010 into programme delivery; and
  - (ii) help meet EU structural fund regulations to promote gender equality and equal opportunities.
19. It should be noted that ESF-funded private and voluntary sector organisations, including sub-contractors, come under the scope of the Public Sector Equality Duty
20. The policy and implementation plan will not only help projects / providers meet regulatory requirement – but should also be used as a tool to help provide a quality service to participants.
21. The purpose of the equality policy is to provide a statement which acts as a public commitment to promoting equality in-line with the Public Sector Equality Duty ( Equality Act 2010). This commitment need to be put in writing and communicated to staff and participants and other service users.
22. The purpose of the implementation plan is to set out the action that will be taken by the providers and its staff to enable equality to be promoted in line with the Public Sector Equality Duty. The plan should be set out as an action-plan.
23. Background information on the Equality Act 2010 and the Public Sector Equality Duty is available from the EHRC website:
24. <http://www.equalityhumanrights.com/legal-and-policy/legislation/equality-act-2010>
25. Your equality policy and plan will undergo **an initial basic assessment** at application stage to ensure that a basic policy and plan exist and that the key elements of the policy and plan have been drafted. **Passing the basic assessment is not, in itself, a full endorsement of the policy / plan.** The policy and plan are working documents and are expected to be subject to **continuous improvement**. The policy and plan may well need to be amended / updated should your application be approved. This will be discussed in light of contract management and monitoring of your project.



## The basic requirement for the equality policy and implementation plan

26. Equality Policy:

- (i) **The equality policy has a clear title linking it to the project / provision.**
- (ii) **The policy has a clear general statement which recognises the importance of the Equality Act 2010 and the related Public Sector Equality Duty** and commits the organisation to have due regard to the need to the three aims of the general duty i.e.:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and those who do not;
- foster good relations between people who share a protected characteristic and those who do not.

### To note:

27. The Equality Act explains that having due regard for advancing equality involves:

- removing or minimising disadvantages suffered by people due to their protected characteristics;
- taking steps to meet the needs of people from protected groups where these are different from the needs of other people;
- encouraging people from protected groups to participate in public life or in **other activities where their participation is disproportionately low.**

28. The Equality Act states that meeting different needs includes taking steps to take account of disabled people's disabilities.

29. The Act describes fostering good relations as tackling prejudice and promoting understanding between people from different groups.

(iii) **The public commitment should be endorsed by the chief executive** ( or a similar senior figure within the organisation) – so, reflecting commitment from a high level within the organisation.

(iv) **There should be a clear revision history** – indicating when the plan was agreed and who approved it.

### (v) scope:

- The policy should cover the nine protected characteristics of the Equality Act 2010 i.e.: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. Public authorities also need to have due regard to the need to eliminate unlawful discrimination against someone because of their marriage or civil partnership status.



- **The policy should cover staff and participants alike.**
- **The policy should cover the ESF funded activity and explain how the provider will ensure that any sub-contractors will promote equality in line with legal requirements (if this is required). If action is required this should be reflected in the implementation plan.**
- The policy should give a **commitment to communicate to staff and participants** and suppliers as necessary.
- The policy should give a **commitment to monitoring of progress towards any key objectives – including monitoring representation and performance of different groups ( sex, race, disability, age).**

## **The Implementation Plan**

30. The implementation plan should set out how the project will turn its equality commitment into action.

31. The plan should cover:

### (i) staff

- how they will be trained in equality and diversity / how training will be reviewed
- annual monitoring of staff by characteristics – sex, race, disability, age ( with a view to identifying any significant under-representation)
- do staff have equality objectives in personal development and appraisal processes.

### (ii) participants

- how they will be informed of policy / anti bullying policy etc. – e.g. induction
- how they will learn about importance of good relations

### (iii) performance

- how the Project(s) will monitor its performance in terms of representation effectiveness of different groups
- action that the Project(s) will take in light of any underperformance (this to be added as required once the Project(s) has been running for a period of time)

### (iv) arrangements for reviewing the policy and implementation plan

The plan should be reviewed on a regular basis and in line with any contractual requirements set by the opt in organisation or Managing Authority.

(v) Communication

How the policy and plan will be communicated to staff, participants and where necessary, other suppliers.