

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	CABINET
Report of:	Jacqui Kennedy, Corporate Director of Place
Date of Decision:	13 September 2017
SUBJECT:	BIRMINGHAM AND SOLIHULL INDUSTRIAL SYMBIOSIS (BASIS) - APPROVAL TO ACCEPT GRANT AND FULL BUSINESS CASE
Key Decision: Yes	Relevant Forward Plan Ref: 004116/2017
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chair approved <input type="checkbox"/>
Relevant Cabinet Member(s) or Relevant Executive Member	Councillor Lisa Trickett – Cabinet Member for Clean Streets, Recycling and Environment Councillor Majid Mahmood - Cabinet Member for Value for Money and Efficiency
Relevant O&S Chair:	Councillor Zafar Iqbal - Economy, Skills and Transport O&S and Councillor Mohammed Aikhlaq - Corporate Resources and Governance O&S
Wards affected:	All

1. Purpose of report:

- 1.1 To seek approval to the Full Business Case (FBC) to develop and deliver a European Union funded Birmingham and Solihull Industrial Symbiosis (BASIS) project, at a total gross value of £1,392,655 in line with the arrangements detailed in this report.
- 1.2 This report provides details of the opportunity to accept an offer of a European Regional Development Fund (ERDF) grant of £696,327 (Revenue Costs only) towards the running of a waste reduction advice programme to 203 Small and Medium sized Enterprises (SMEs). Partner company International Synergies Ltd (ISL) will assist in its delivery.

2. Decision(s) recommended:

That Cabinet :-

- 2.1 To seek approval to the Full Business Case (FBC) to develop and deliver a European Union funded Birmingham and Solihull Industrial Symbiosis (BASIS) project, at a total gross value of £1,392,655 in line with the arrangements detailed in this report.
- 2.2 Authorises the Corporate Director of Place to enter into a formal agreement via a Conditions of Grant Aid (COGA) with International Synergies Ltd for project delivery activities and to make a grant payment of up to £576,328
- 2.3 Authorises the Council to become the Accountable Body in respect of the BASIS project and to hold, manage and make payments of European Union grant funding.
- 2.4 Authorises the City Solicitor (or their delegate) to execute and complete all the necessary legal documents to give effect to the above.

Lead Contact Officer(s):	Mark Reed, Senior Manager European Funding
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3. Consultation

Consultation should include those that have an interest in the decisions recommended

Internal

- 3.1 The Cabinet Member for Jobs and Skills has been consulted and supports the proposals within this report.

Officers from Legal and Governance, City Finance and Procurement have been involved in the preparation of this report.

- 3.2 External –The external partner involved in this project International Synergies Ltd (ISL) has been consulted and supports this project.

4. Compliance Issues:

Are the recommended decisions consistent with the Council's policies, plans and strategies?

- 4.1.1 The acceptance of the ERDF grant supports Birmingham City Council's Vision and Forward Plan 2017+ Priorities. One of the four Key Priorities set out in this document has a particular focus on Jobs and Skills where it states, "Birmingham will be renowned as an enterprising, innovative and green city." This project is looking to work with enterprises that are looking to become innovative with regard to their waste and contribute to the green economy. The project will contribute to the Jobs and Skills priority. Jobs will be created or retained in companies assisted to minimise their waste and to bring new waste stream products forward. The project will use industrial symbiosis methods which is an association between two or more SMEs in which the wastes or by-products of one become the raw materials for another. The project is in line with and helps to deliver the Council's emerging Future Waste Strategy and will assist with its published principles of reduce, reuse and recycle. It will also contribute strongly to the aim of having a 'circular economy' where resources are kept within the economy and used again and again to create further value.

- 4.1.2 As a grant recipients International Synergies Limited will be required to sign up to the Birmingham Business Charter for Social Responsibility (BBC4SR) and produce an Action Plan setting out the Social Value outcomes, over and above those that will be delivered as part of the project, they will deliver over the period of the grant term proportionate to the value of the grant. The SMEs that will benefit from the advice and support provided by this project will be encouraged to sign up to the BBC4SR on a voluntary basis.

4.2 Financial Implications

The City Council (BCC) is the accountable body for the grant and will manage and oversee the project. BCC will provide 1 x Grade 5 post to project manage the project with duties to be carried out by an existing member of staff. BCC staff will also carry out the grant claims procedure within existing resources. ISL will provide project staff who will deliver the advice and guidance on resource efficiency to the SMEs supported by the project. ISL will claim ERDF grant via BCC to support this activity. There are no additional costs to BCC as the match funding is being derived from identified existing posts within BCC, therefore, the financial implications are contained within existing budgets & resources.

4.2.1 The total value of this project proposal is £1,392,655, with an end date of 31st March 2020. £696,327 of this expenditure will be derived through grant via the Department for Communities and Local Government (DCLG) under the European Regional Development Fund. There will be a further contribution of £576,328 derived through the match from ISL and existing BCC local activity and resource of £120,000 into the project delivery. This match funding package will be made up as follows:

Costs & Funding (revenue project)	Voyager Code	Financial Year 1 2016/17	Financial Year 2 2017/18	Financial Year 3 2018/19	Financial Year 4 2019/20	Closure 2020/21	Totals £
Total Project Budget							
Birmingham City Council	TBC	0	40,000	40,000	40,000	0	120,000
International Synergies Limited		0	116,959	228,318	189,673	41,378	576,328
ERDF		0	156,959	268,317	229,673	41,378	696,327
Totals		0	£313,918	£536,635	£459,346	£82,756	£1,392,655
Cost Categories of Project							
Salaries		£0	£266,016	£457,031	£391,300	£71,223	£1,185,570
Other Staff Costs		£0	£4,000	£7,000	£6,000	£1,000	£18,000
Marketing		£0	£4,000	£6,000	£5,000	£0	£15,000
Overheads		£0	£39,902	£66,604	£57,046	£10,533	£174,085
Totals		£0	£313,918	£536,635	£459,346	£82,756	£1,392,655

4.2.2 As the Accountable Body for this project, the Council will be required to ensure compliance with DCLG grant conditions and will seek to mitigate these through appropriate contractual agreements via Conditions of Grant Aid (COGA). The COGA will transfer the ERDF liabilities for eligible activity to the partner (ISL). Performance will be closely monitored by officers within the European Team on a monthly basis. All delivery arrangements will be subject to monitoring and performance checks and project compliance visits. There are no further on-going revenue implications as a consequence of accepting this grant funding other than the risk of audit and clawback on the basis of eligibility or poor document/data retention. This risk will be mitigated as tried and tested policies and templates are in place which are already in use on EU projects.

4.3 Legal Implications

Under the general power of competence in Section 1 Localism Act 2011, the Council has the power to enter into the arrangements set out in this report and they are within the boundaries and limits of the general power of competence in Sections 2 and 4 Localism Act 2011.

Legal and compliance issues associated with the EU grant and project will be delivered within the conditions of grant aid.

4.4 Public Sector Equality Duty (see separate guidance note)

Initial Equality Analysis (EA002255) has been carried out in August 2017 (see Appendix 3).

5. Relevant background/chronology of key events:

- 5.1 Following the launch of a call for ERDF bids in April 2016 on the environment and resource efficiency theme, BCC and ISL collaborated on a potential project and submitted a bid by the call deadline. ISL have previously delivered a number of ERDF projects in partnership with BCC and therefore have an established working relationship with BCC and are leading world experts in resource efficiency. ISL are familiar with ERDF funding and have an in-depth understanding of the various rules and regulations that are adhered to when delivering European funding. The project was worked up in more detail and approved by the Department for Communities and Local Government in August 2017. DCLG has now issued BCC with a Grant Funding Agreement (GFA) for our consideration. Consultations have been on going with the Cabinet Member for Clean Streets, Recycling and Environment, who expressed support for the project as it naturally lends and supports this portfolio.
- 5.2 This proposal will generate economic, environmental and social additionality by cutting costs/increasing profits, reducing carbon and waste and creating jobs. Although they are not required outputs for this project, BASIS will deliver (and measure with no additional effort) landfill diversion, CO2 reduction, jobs and GVA, consequently proving to be excellent value for money.
- 5.3 Led by Birmingham City Council's Waste Management, BASIS will be delivered with project partner International Synergies Limited (ISL) who is recognised by UK Government, European Commission, G7, World Bank, Organisation for Economic Co-operation and Development and Global Green Growth Forum as a world leader in resource efficiency using industrial symbiosis/circular economy methodologies. International Synergies have input into the Government's Chief Scientific Adviser's Annual Report themed around waste, sustainability and resource efficiency.
- 5.4 BASIS will create a unique cross-sector network across the LEP area comprising as a minimum, the 12 priority sectors identified in "Delivering Growth – Strategic Framework" for GBSLEP. BASIS will identify business opportunities between the sectors based on the uptake of resource efficiency measures and technologies using the proven methodology of industrial symbiosis/circular economy. ISL have carried out similar projects such as the Burnt Mills eco project in Basildon which achieved reductions in both Co2 and landfill.
- 5.5 The BASIS project will support 203 Small and Medium sized Enterprises (SMEs) and will achieve high levels of Micro, Small and Medium Enterprise (MSME) engagement and reduce waste by keeping resources in productive use for longer. The BASIS model relies on a facilitated programme which has proven time and time again to be a better option for resource efficiency than beginning with technical studies and data collection, such as through waste audits, or relying on passive participation such as through waste exchange databases. The project will run until March 2020.
- 5.6 The impact will be that the MSME will be able to record (without additional effort or cost) via *Synergie® those additional desirable outcomes such as CO2 reduction (helping meet ambitious CO2 reduction targets within GBS LEP area) and reduce the amount of waste that ends up in landfill. BASIS will use ISL proven world-leading resource efficiency software Synergie® to manage data collection and progress the business opportunities and also to measure and report outputs.

6. Evaluation of alternative option(s):

6.1 Do Nothing. This will result in the offer of ERDF grant expiring. There is limited time remaining in the ERDF programme for other parties to bid for the resource. ISL will lose access to grant for work that they have already undertaken at their own risk since April 2017. Local SMEs will not be able to access specialist recycling advice and waste/resources will not be recycled.

6.2 Let ISL manage the project. ISL is not eligible to be the accountable body for this ERDF project.

7. Reasons for Decision(s):

7.1 To accept a time limited ERDF grant offer of £696,327 which will deliver specialist waste management and re-cycling/industrial symbiosis advice to local SMEs. This is expected to achieve reductions in waste streams and achieve added value for these SMEs and avoid valuable materials going to landfill. This is in line with BCC's waste strategy.

Signatures	<u>Date</u>
Councillor Lisa Trickett Cabinet Member for Clean Streets, Recycling & Environment
Councillor Majid Mahmood Cabinet Member for Value for Money and Efficiency
Jacqui Kennedy Corporate Director of Place

List of Background Documents used to compile this Report:

Relevant Officer's file(s) on the matter, save for confidential documents.

List of Appendices accompanying this Report (if any):

1. Full Business Case
2. Risk Register
3. Initial Equality Analysis (ref: EA002255)

Report Version	<u>Final</u>	Dated	<u>04.09.2017</u>
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