

Full Business Case (FBC)

1. General Information

Directorate	Place	Portfolio/Committee	Clean Streets, Recycling and Environment
Project Title	BIRMINGHAM AND SOLIHULL INDUSTRIAL SYMBIOSIS (BASIS)	Project Code	Forward Plan ref: 004116/2017
Project Description	<p>Background</p> <p>Led by Birmingham City Council's Waste Management, BASIS will be delivered with project partner International Synergies Limited (ISL) which is recognised by the UK Government, European Commission, G7, World Bank, Organisation of Economic Co-operation and Development, Global Green Growth Forum as a world leader in resource efficiency using industrial symbiosis/circular economy methodologies. International Synergies are inputting into the Government's Chief Scientific Adviser's 2016 Annual Report themed around waste, sustainability and resource efficiency.</p> <p>Project proposal:</p> <p>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 GBS LEP. 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, as currently supported by the UK Government at G7/G20 and the European Commission.</p> <p>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. These additional targets will be monitored internally by the European Team and will be reported accordingly.</p> <p>Outcomes</p> <p>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. BASIS uses workshops that achieve high MSME satisfaction levels, specially structured and facilitated by locally-based, internationally-trained practitioners to identify and help deliver business opportunities based on resource efficiency, to reduce waste. The practitioners then work with businesses to nurture the opportunities from idea through to implementation. This ideas-first, data-second approach results in excellent business engagement and resource efficiency uptake. BASIS will develop significant cross-sector relationships that strengthen regional economic resilience</p> <p>Consultations and strategic fit</p> <p>The BASIS project is aligned strategically with relevant planning policy and will use the information from the development of resource efficiency and waste reduction provided by BASIS in the development of its revised Waste Strategy. BASIS is also aligned with the related waste strategies in surrounding LEP areas including BCC: A Waste Strategy for Birmingham, June 2016. BASIS will also support local development plans for</p>		

efficient use of resources e.g. UK Central and Birmingham Curzon HS2 Masterplan for Growth.

Birmingham City Council will also advise delivery partner ISL on the up-to-date GBSLEP priorities in thematic area 6f and the interaction with other GBSLEP programmes and priorities to ensure maximum benefit.

Consultations have been on going with the relevant Cabinet Member (Cllr Lisa Trickett – Clean Streets, Recycling and Environment) who expressed her support for the project. BCC Director for Waste Management has been consulted throughout the process and the Corporate Director of Place Directorate has also been consulted and both are supportive of the proposal.

Governance

The governance for BASIS will be led by an inclusive partnership steering group to drive forward the project implementation and delivery, this will be made up of key BCC members, European & International Affairs (EIA) management team and key delivery staff from ISL. They will meet quarterly to ensure the project is on course to deliver its objectives and meet its outputs/outcomes which are clearly defined in the Grant Funding Agreement between BCC & Department for Communities and Local Government (DCLG). The EIA team will provide technical assistance to the project to ensure BCC is compliant with the various EU rules & regulations around Financial Claims, Publicity & State Aid, thus, minimising any financial risk to the council and ISL as a delivery partner. The EIA team have significant skills & experience in this field and have delivered numerous large complex EU projects.

Management

Birmingham City Council will act as the project's Accountable Body.

Place Directorate will provide:

1.0 x Senior Manager to provide strategic oversight (Director for Waste Management)

1.0 x GR4/5 Depot Manager - TBC

EIA Team will provide technical & compliance support and co-ordination

ISL will provide the delivery support which will be overseen by the Director of Waste Management.

All the above has been identified as existing resource.

Grant conditions will be detailed in the Grant Funding Agreement (GFA) between the Dept. for Communities & Local Government (DCLG) and the City Council, based on the activities described in the project application. The grant will be made in arrears at specific times of the year which will be stipulated in a claim schedule. The first financial claim to DCLG will need to be made by 28th October 2017. The instalment period dates are also set out in the GFA.

Birmingham City Council as Accountable Body will manage the project and ensure that funds are spent to deliver the outputs as specified in the grant agreement. The European Commission may seek to claw back funding if expenditure is deemed ineligible according to European Commission regulations, or if funding is claimed for activities/outputs that did not take place.

A Conditions of Grant Aid (COGA) will be put in place with the delivery partner, to ensure that the terms and conditions of the GFA are cascaded accordingly, including all EU rules & regulations. The COGA will allow performance and financial risks to be formally managed and mitigated by the Council as the Lead Authority. Financial claims will be made in arrears by ISL and BCC will then submit quarterly claims which will contain BCC & ISL eligible expenditure to DCLG. These claims will be submitted by existing staff within the European Team who are experienced in this field.

Project total budget of £1,392,655 is sourced as follows:

1. BCC existing staff = £120,000
2. ISL Salaries = £576,328
3. ERDF = £696,327

This resource will be spent on staff time as this project is a Revenue based project and all external match has been confirmed by ISL.

Revenue Consequences

There are no on-going revenue consequences for Birmingham City Council after the closure of this scheme.

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.

Public Sector Equality Duty

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

Procurement and Sub-Contracting

There will be no procurement taking place in this project as ISL & its staff are a named delivery partner in the project therefore no procurement of services or products is required, further minimising any risk associated to BCC. We will use a well-executed and robust COGA with ISL to ensure BCC has minimum exposure of risk.

Contract Management and Monitoring

The Council, specifically the EIA team, will lead the contract management & monitoring aspect of this project. The EIA team will ensure compliance through implementation of a robust & well-rehearsed monitoring process set out in detail below. As a minimum the approach will include the following elements:

- written monthly/quarterly claim submission
- regular verification visits to coincide with claims
- detailed spot checks involving sample audit procedures
- formal annual contract reviews.

Funding Package

The project is based on a gross value of £1,392,655. 50% of which will be grant £696,327.

In line with EU guidance, this gross value is to be made up as follows:

		£
		£696,327
Grant	50%	
Matched Funding ISL		
match - £576,328		
BCC match -£120,000		
		£696,327
Total Bid	100%	£1,392,655

The BCC match funding amounting to £120,000 will comprise:

- Staff time costs of existing BCC staff.

Commitment to the match funding outlined above from ISL has been confirmed and

	broken down to named staff members and agreed by DCLG through appraisal.		
	Revenue consequences There are no on-going revenue consequences for Birmingham City Council beyond those identified in this report. The City Council will be the Accountable Body for the EU grant which will involve receiving grant on behalf of the project. To minimise the risk of clawback the Accountable Body will ensure that all grant conditions are enforced through a robust COGA with the Delivery Partner. This will be managed to ensure that there are no on going capital/revenue implications for BCC.		
Links to Corporate and Service Outcomes	<p>This project responds to the aims identified in the Council's Waste Strategy for Birmingham – (June 2016):</p> <ul style="list-style-type: none">- BY 2035 BIRMINGHAM WILL BE A CITY WHERE:<ul style="list-style-type: none">• Waste is reduced wherever possible,• Recycling and re-use is maximised and the value of waste is realised,• Where we cannot achieve, reuse or recycle waste, we will maximise recovery through• Generating energy <p>The project also links to the Birmingham City Council Vision & Forward Plan 2017+ Priorities specifically to the “drivers of change in Birmingham section, where it clearly states under Sustainability; <i>Reducing the amount we throw away, finding ways of re-using the things we no longer need and recovering energy from the waste we do throw away is in everyone’s interest</i>”, this project is designed to do just that. It also links to the 4 key Priorities set out in the document, with a particular focus around Jobs & Skills where it states “Birmingham will be renowned as an enterprising, innovative and green city.” Again, this project is looking to work with enterprises that are looking to become innovative with regards to their waste and contribute to the green economy.</p>		
Project Definition Document Approved by	N/A	Date of Approval	N/A
Benefits Quantification-Impact on Outcomes	Measure The BASIS project will support 203 MSME with their waste management techniques and approaches. This will be delivered using ISL proven industrial symbiosis/circular economy methodologies, where business opportunities around resource efficiency will be identified to reduce resources going to waste.	Impact 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.	
Project Deliverables	The BASIS project will support 203 MSME with their waste management techniques and approaches. This will be delivered using ISL proven industrial symbiosis/circular economy methodologies, where business opportunities around resource efficiency will be identified to reduce resources going to waste.		
Scope	The scope of the BASIS project will be relevant to MSME in the GBSLEP area and 10% of the project activity will fall within the ERDF Transitional area which is made up of: Cannock Chase, East Staffordshire, Lichfield and Tamworth, as an element of the grant		

	is Transitional therefore can only be spent within the above defined areas.
Scope exclusions	The only exclusion that will apply to this project is Retail Businesses (these are defined as businesses whose direct customers are the general public) as ERDF does not fund or support the retail sector and deems it ineligible for ERDF funding. The project will support 203 SMES and these will be supported on a needs basis and geographical remit.
Dependencies on other projects or activities	<p>The project is dependent upon the following:</p> <ul style="list-style-type: none"> • Funding awards and approvals from DCLG - An Offer Letter/Grant Funding Agreement has been received from DCLG for consideration and a start date of April 2017 has been stated. • Preparation of COGA - We will use existing COGA templates that are in use on other EU projects and are deemed robust. • Identification of suitable business opportunities – ISL are the leading experts in this type of work and have a proven track record and have well established networks of businesses.
Achievability	<p>Significant progress has been made in developing an effective and unique delivery partnership with ISL and they have already commenced delivery, at their own risk, from 1st of April 2017. This shows the commitment from them to this project and to the achievability of the project. ISL are recognised by the UK Government, European Commission, G7, World Bank, Organisation for Economic Co-operation and Development, Global Green Growth Forum as a world leader in resource efficiency using industrial symbiosis/circular economy methodologies, therefore, illustrating well defined methodologies and likelihood of success & achievability.</p> <p>Key risks</p> <ul style="list-style-type: none"> • Retrospection – As ISL has already commenced delivery there is an element of risk associated to this, however, this is seen a common approach to EU projects as delays in final approval can take several months so applicants/delivery partners may deliver at risk. ISL have undertaken this at their own risk. • Low uptake of MSME – Lack of relevant businesses take up the offer of support & advice – this is mitigated by the fact that ISL are the leading experts in this type of work and have a proven track record and have well established networks of businesses.
Project Managers	Mark Reed, 0121 303 2372, Mark.Reed@birmingham.gov.uk
Budget Holder	Lloyd Broad, 0121 303 2377, Lloyd.Broad@birmingham.gov.uk
Sponsor	Lloyd Broad, 0121 303 2377, Lloyd.Broad@birmingham.gov.uk and Darren Share, Darren.Share@birmingham.gov.uk
Project Accountant	Sukki Dhaliwal, 0121 303 4670, Sukki.Dhaliwal@birmingham.gov.uk , Nathan Smallwood, 0121 303 4670, Nathan.smallwood@birmingham.gov.uk and Tabriz Hussain, 0121 675 7581, Tabriz.Hussain@birmingham.gov.uk
Project Board Members	Mark Reed (BCC), Darren Share (BCC), Adrian Murphy (ISL)

City Finance	Sukvinder Kalsi	Date of HoCF Approval:	25/08/2017
---------------------	-----------------	-------------------------------	------------

--

2. Budget Summary

Costs & Funding (revenue project – Salary Costs only)	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

BCC's budget				
BCC Grant allocation		Match funding contribution		Total
ERDF (£)	ERDF grant (%)	Public match contribution (£)	Private match contribution (£)	Total Eligible Cost (£)
696,327	50%	120,000	576,328	1,392,655
Planned Start date for delivery of the project		Eligible project start date: 1 st April 2017 (retrospectively)	Planned Date of Technical completion	31 st March 2020

Milestone	Start date	Completion date
Partner engagement	Apr 2016	May 2016
Outline Application	Apr 2016	May 2016
Full Application submitted	Feb 2017	Feb 2017
Offer Letter Received (Retrospection of 1 st April for delivery allowed)	Aug 2017	Mar 2020
Project Start Date	April 2017	April 2017
Partner Agreement	April 2017	April 2017
Recruitment – delivery staff employed	April 2017	April 2017
Marketing and Engagement Plan implemented	May 2017	June 2017
Project Delivery/SME Engagement	April 2017	March 2020
Report & Project Meetings	April 2017 (monthly/quarterly)	March 2020
Project outputs completed	March 2020	March 2020
Project close and evaluation	March 2020	March 2020

3. Checklist of Documents Supporting the FBC

Item	Mandatory attachment	Number attached
Risk Register	Appendix 2	
Financial Case and Plan		
<ul style="list-style-type: none">Detailed workings in support of the above Budget Summary (as necessary)	Included above	
<ul style="list-style-type: none">Statement of required resource	Included above	
<ul style="list-style-type: none">Milestone Dates	Included above	