

Report to: Cabinet

Date of Meeting: 10 October 2016

Report Title: EU Funded Projects – Sustainable Houses in Inclusive Neighbourhoods (SHINE) and Climate Active Neighbourhood (CAN)

Report By: Andrew Palmer
Assistant Director, Housing and Built Environment

Purpose of Report

- 1) To seek approval for delegated authority to be given to the Director of Operational Services and the Deputy Leader of the Council and Housing, Communications and Equalities Portfolio Holder, to enter into a Partnership Agreement to support the EU Funded SHINE (Sustainable Houses in Inclusive Neighbourhoods) project and deliver the associated outcomes.
- 2) To note the risks associated with the SHINE and CAN (Climate Active Neighbourhood Project) following the referendum result to leave the European Union.

Recommendation(s)

To give delegated authority to the Director of Operational Services and the Deputy Leader of the Council and Housing, Communications and Equalities Portfolio Holder, to enter into a partnership agreement on the EU funded SHINE cooperation project and deliver the associated outcomes.

To continue to participate in the SHINE and CAN programmes as detailed in the partnership agreements but regularly review the situation, taking into account the negotiations over 'Brexit', and minimise the financial risks to the council.

Reasons for Recommendations

- 1) HBC's involvement in the SHINE project will see a total investment of £1.77m (Euro 2.11m) to the town. The funding application has been revised several times on the advice of assessors and this report confirms the final stage of the scheme and the funding approved.
- 2) The CAN project was approved by Cabinet in November 2015 and will see total investment of £845k in North East Hastings.
- 3) Funding for both projects will help reduce carbon emissions from properties and improve the housing conditions of residents living in the some of the worst properties in the town. The initiatives will also help alleviate fuel poverty.

- 4) With UK planning to leave the EU, the current advice is that the UK remains a full member and entitled to participate in EU funded projects, until such time of a withdrawal date. Once the 'Brexit' negotiations are final and/or become clearer, actions may have to be taken when their impact on the projects has been assessed.

Background

1. There are currently two approved EU funded projects in Hastings specifically to tackle fuel poverty and reducing the town's carbon emissions. The most recently approved project is SHINE (July 2016) while CAN was approved in February 2016 (previously reported to Cabinet – 2 November 2015).
2. SHINE is an EU Interreg 2 Seas cooperation project that was approved on 13th July 2016. There have been two previous reports to Cabinet regarding the project (July 2015 and March 2016) as it has been regularly revised and this report brings the details of the project up to date.
3. SHINE will be a 4 year project from September 2016 to approximately August 2020, involving 15 partners across the Members States of UK, Belgium, Netherlands and France.
4. There are 4 UK partners including: Hastings Borough Council, AmicusHorizon, Energise Sussex Coast ('ESC') and Brighton & Hove City Council.
5. The total approved funding for projects in Hastings total Euro 2,109,606 with a 60% funding rate. Using current exchange rate the total value of the project is the equivalent of £1.77m.
6. The funding breakdown for each partner is as follows: HBC - Euro: 384,820; AmicusHorizon - Euro: 1,041,940; Energise Sussex Coast - Euro: 682,846
7. The project cost for Hastings Borough Council is approximately £287,321 (conversion rate of €1/£0.75), with £172,539 coming from the EU grant (60%) and the remaining 40% (£114,782) from a mix of staff, office and administration and cash match over 4 years.
8. Hastings Borough Council proposes to lead the activity of the UK partners and the budget allows for the employment of a part-time member of staff during the duration of the project.
9. The aim of the project is to build community 'climate resilience' through piloting CO₂ reduction and low carbon technologies in the deprived neighbourhoods of St Leonards. The neighbourhoods will be residential areas where housing quality is poor and less energy efficient, including those in the social housing, home ownership and privately rented sectors.
10. Some of the key activities of Hastings partners activities under SHINE are as follows:
 - Energy efficiency improvement s to 200 homes in St Leonards (AmicusHorizon – advice / engagement and capital improvements to homes)
 - Energy Advice mobile pop up service – (HBC and ESC)
 - Community, business and other partner engagement / campaigns to promote energy efficiency measures (ESC – lead on work)

- For 600 houses, provide energy advice and install 500 energy kits and 100 smart meters, real time monitoring system and other possible technologies (ESC)
 - Purchase and installation of energy saving kits / new technologies and measures (ESC). Volunteers trained to provide energy advice and follow on action (ESC)
 - Analysis of existing stock (baseline) and impact assessment (HBC)
 - Guiding renovations in the social and private rented sector (HBC &ESC)
 - Establishing need-driven local networks (HBC)
 - Exemplary Open House days (ESC and HBC)
 - HBC to facilitate UK partners' work
11. The SHINE project is similar to the EU funded CAN project which was approved in February 2016 and focused on improvements mainly in the Ore, Baird and Tressell wards.
12. The current uncertainty over the implications of Brexit and its impact on EU funded programme means there are risks to both these projects suddenly coming to an end.
13. The current advice from both DCLG and our European Partners is that the programme has secured funding from all Member States, including the UK until 2020, although there is speculation that the UK annual contribution to the budget may cease before 2020 depending on the timing of Article 50 (formally triggering our withdrawal from the EU) and subsequent Brexit negotiations. However, once the project contract is signed there will be a legally binding contract between the EU managing authority and the Lead Partner (IOK) for the full project duration. This agreement will be reflected in the contract between HBC and IOK. It is therefore recommended we proceed on this basis until further notice and the relevant authority provides the agreements as appropriate.

Policy implications

1. Equalities and Community Cohesiveness:

SHINE and CAN directly addresses fuel poverty issues.

2. Environmental issues:

SHINE and CAN will directly reduce the CO2 emissions of the area.

3. Risk Management

- a. There are risks associated at the moment with all EU funded projects, due to uncertainty over UK withdrawal from the EU. As the grants are claimed six months in arrears it is possible claims may be disturbed due to the Brexit negotiations. The risk will be mitigated by keeping the project under constant review and taking appropriate action to end the project as quickly as possible if funding comes to an earlier than expected.

4. Economic/Financial Implications:

- b. Council spend on this project initiative will leverage in additional funding (60% intervention).
- c. 60% of the cost of permanent staff time assigned to this project will be reclaimable.
- d. Given the grant payment will be in Euros there is an exchange rate risk (project loss or gain) but the exchange used represents the current position.
- e. The permanent staff resource assigned across the project term of 4 years is minimal therefore lessening the risks attached to permanent staff reductions over this period.

5. Organisational Consequences:

- f. Provision has been allowed for an external funded position to coordinate the main activities of both the projects.
- g. Some permanent administration staff time including finance and legal will be needed for this project and these costs including overheads are included in the application budgets.

6. Poverty Implications:

- h. SHINE and CAN will directly help reduce fuel poverty.

Wards Affected

SHINE Project: Central St Leonards, Gensing, West St Leonards and surrounding areas

CAN Project: Ore, Baird and Tressell and surrounding areas

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	X
Crime and Fear of Crime (Section 17)	
Risk Management	X
Environmental Issues	X
Economic/Financial Implications	X
Human Rights Act	
Organisational Consequences	X
Local People's Views	
Anti-Poverty	X

Additional Information

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