

Urgent Decision Taken on Behalf of Cabinet

Report to the Leader of the County Council and the Cabinet Member for Economic Development, Environment and Planning

Report submitted by: Head of Service - Business Growth

Part I

Electoral Division affected:
(All Divisions);

North West Rural Community Energy Fund

Contact for further information:

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Executive Summary

The report requests approval for Lancashire County Council to take on the role of Accountable Body for the North West Rural Community Energy Fund which will provide grants for renewable energy projects in rural areas of the North West of England.

Reason for Urgency

This decision is urgent and cannot await the next meeting of Cabinet on 11 April 2019. The reason for this is due to Government accounting rules which require the £1m allocated to the North West to be paid to the local Accountable Body for the North West Rural Community Energy Fund by 29 March 2019. This payment can only be paid after the county council has agreed to become Accountable Body for the North West Rural Community Energy Fund.

This decision is therefore being taken on behalf of Cabinet by the Leader of the County Council and the Cabinet Member for Economic Development, Environment and Planning in accordance with the provisions of Standing Order C28(1).

Recommendation

The Leader of the County Council and the Cabinet Member for Economic Development, Environment and Planning are asked to:

- (i) Note the detail of the report.
- (ii) Agree, in principle, to the county council undertaking the role of Accountable Body for, and delivery of, the North West Rural Community Energy Fund.
- (iii) Authorise the council's Section 151 Officer, in consultation with the Interim Director of Economic Development and Planning, to formally approve the county council undertaking the role of Accountable Body for the North West Rural Community Energy Fund, based upon a Memorandum of Understanding with the Department of Business, Energy and Industrial Strategy.

This decision should be implemented immediately for the purposes of Standing Order C28(3) as any delay could adversely affect the execution of the county council's responsibilities. The reason for this is that the county council needs to agree to undertake the role of the Accountable Body as a matter of urgency to enable Government funding to be paid by 29 March 2019.

Background and Advice

The Rural Community Energy Fund is a national initiative from the Department of Business, Energy and Industrial Strategy allocated through the 5 Local Energy Hubs in England. The North West (defined as the 5 Local Enterprise Partnership/Metropolitan Combined Authority areas) element of the Fund is worth £1m. The objectives of the Fund are;

- Support rural communities – by helping them to maximise the income generating potential of renewable energy and put this to work locally;
- Make progress against the Government's target to increase renewable energy generation, and promote community-owned renewable schemes; and
- Promote rural growth and job creation – to enable communities to access the economic benefits associated with renewable energy schemes.

The North West Energy Hub, of which Lancashire is a member, is hosted by the Liverpool City Regional Local Enterprise Partnership. It was felt that a member of the Hub with a significant rural area, and experience of delivering grants to rural businesses and communities, would be better placed than the North West Energy Hub to deliver the Rural Community Energy Fund. The Fund will provide resources to local communities in two ways;

- I. Stage 1 feasibility grants of up to £40,000, allowing for inclusion of multi-technology projects; and

- II. Stage 2 grants of up to £100,000 for business development and planning of feasible schemes.

Each community receiving funds would need to agree to provide resources to Community Energy England for sharing across all new schemes and provide support to the Local Energy Hub on engaging other communities to develop a peer-to-peer support network to further build capacity at local level. The Fund will be expected to deliver a minimum of 17 grants in total.

Taking on responsibility for this activity will strengthen Lancashire's own offer to rural businesses and communities, as well as complement the existing Lancashire LEADER programme. It will show Lancashire to be an active member of the North West Energy Hub and support the objectives of the Lancashire Energy Strategy produced in 2018.

Accountable Body Function

The county council has significant experience of delivering a grant programme to rural areas through the European Union funded Rural Development LEADER programme which has been running since 2009 and delivered nearly £10m of grants to businesses in rural Lancashire. Based upon this experience, and systems set up to manage the LEADER programme, the county council is well placed to deliver the Rural Community Energy Fund on behalf of the North West Local Energy Hub.

If approved, the county council would act as Accountable Body for the £1m Fund with £150,000 of the allocation being made available to fully fund county council activity to deliver and monitor the grants. There is no requirement for any county council resources to support the delivery of the Fund. The Fund will use the existing grant delivery model used by the LEADER programme to approve, manage and monitor grants to local groups.

The county council will be awarded the £1m allocation through Section 31 of the Local Government Act 2003 and in advance of expenditure by the county council. £150,000 of the grant will be set aside for the employment of staff and associated management and overhead costs to deliver the Fund with £850,000 available for grants over a two year period.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

If approval is not given to the county council being the Accountable Body for this Fund it is likely that resources will be lost to the North West due to Government timescales on making the Section 31 Grant by 29 March 2019.

The existing, externally audited, grant approval and management used by the county council in the management of the European Union LEADER programme will be utilised to manage the Rural Community Energy Fund.

Financial

There are no cash flow implications for the county council as grants will not be paid out prior to receipt of funds. The risk of clawback or fines following mis-direction of grant is minimised by using the existing expertise of delivering such programmes with the county council and will be further mitigated in the agreements with grant recipients.

Legal

Legal Services will provide support in respect of the Memorandum of Understanding to be entered into with the Department of Business, Energy and Industrial Strategy and the grant funding arrangements with community bodies. Whilst the Memorandum of Understanding is not legally binding there is an expectation that the county council will abide by its terms; failure to do so could negatively affect the county council's reputation and result in a reluctance of the Department of Business, Energy and Industrial Strategy and indeed other bodies to offer future grants.

List of Background Papers

None

Reason for inclusion in Part II, if appropriate

N/A