

DECISION-MAKER:	CABINET
SUBJECT:	FOOD AND OFFICE EQUIPMENT RECYCLING PROJECT (KNOWN AS CRUMBS - COORDINATED REUSE MAKES BUSINESS SENSE)
DATE OF DECISION:	19 NOVEMBER 2013
REPORT OF:	CABINET MEMBER FOR ECONOMIC DEVELOPMENT AND LEISURE SERVICES

<u>CONTACT DETAILS</u>				
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STATEMENT OF CONFIDENTIALITY
N/A

BRIEF SUMMARY

On 31st July 2013 Southampton City Council submitted an application to the Department for Communities & Local Government (DCLG) under the South East England European Regional Development Fund (ERDF) Competitiveness Programme (2007-2013) to support a project with a total value of £670,300 entitled, CRUMBS (Coordinated ReUse Makes Business Sense). Officers have been notified that the application for a grant award of £335,150 has been successful.

The aim of CRUMBS is to improve business performance, reduce carbon emissions, increase employability and reduce food poverty in Southampton. The project will develop sustainable solutions to the management of food waste and office furniture disposal.

Delivery of the project is in partnership with the registered local charity SCRATCH (Southampton City and Region Action to Combat Hardship). SCRATCH is a Charitable Company limited by Guarantee formed in 1999 that operates several projects designed to relieve the effects of hardship, disadvantage and poverty on individuals.

RECOMMENDATIONS:

Having complied with paragraph 15 of the Council's Access to Information Procedure Rules.

- (i) To delegate authority to the Assistant Chief Executive, following consultation with the Head of Legal, HR and Democratic Services, to enter into a legal agreement with Department for Communities & Local Government to deliver the CRUMBS project.

- (ii) To accept, in accordance with Financial Procedure Rules, the ERDF grant of £335,150 from the South East England ERDF Competitiveness Programme, and to act as Accountable Body for the project
- (iii) To approve, in accordance with Financial Procedure Rules, revenue expenditure of £168,134 for the CRUMBS project in 2013-14 following receipt of the ERDF grant. .
- (iv) To delegate authority to the Assistant Chief Executive, following consultation with the Head of Legal, HR and Democratic Services, to undertake such actions necessary to enable the successful delivery of the CRUMBS project and support the proposals in this report.

REASONS FOR REPORT RECOMMENDATIONS

1. This report is submitted for consideration as a General Exception under paragraph 15 of the Access to Information Procedure Rules in Part 4 of the City Council's Constitution, notice having been given to the Chair of the relevant Scrutiny Panel and the Public. The matter requires a decision in order to enable a start of this project in December 2013.
2. CRUMBS will contribute towards the development of a more competitive and sustainable low-carbon economy in the City. The project offers supermarkets and office based businesses a sustainable and cost-effective alternative to landfill waste disposal. The project will:
 - Establish a recover-recycle-reuse network focussed on 'in-date' perishable food and office equipment
 - Increase the amount and value of business waste diverted from landfill
 - Reduce carbon emissions
 - Support 50 residents into volunteering and paid work
 - Alleviate the food poverty being experienced by our most disadvantaged residents
 - Support local charities and SME start-ups through the redistribution of unwanted office furniture and equipment

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. **Reject the Grant Offer**
To not accept the ERDF grant would result in the cancelation of the project and the loss of external funding to promote business growth, a reduction in carbon emissions, increased employment and reduced food poverty in the City
4. **Delay the Implementation of the Project to 1st April 2014**
To delay commencement of the project would adversely impact on the main delivery partner (SCRATCH) as certainty is required by December 2013 regarding future demands on its premises.

DETAIL (Including consultation carried out)

5. The South East England ERDF Competitiveness Programme (2007-2013) distributes ERDF money on behalf of the European Union. The Programme is managed by Department of Communities and Local Government (DCLG) and supports business and SME competitiveness.
6. Southampton City Council submitted a funding application with a total budget of £670,300 to the Programme on 31st July 2013. Officers have received notification from DCLG that the application has been successful and is ready to enter into a legal agreement with Southampton City Council.
7. In the UK 3 million tonnes of food waste is generated each year. This is equivalent to 10% of the volume of municipal solid waste. Every tonne of food saved from landfill represents an average of 4.5 tonnes less carbon dioxide emitted into the environment. In addition, at current landfill rates (£) a reduction in waste going to landfill will generate a saving to business of £85 per tonne.
8. CRUMBS will contribute towards the development of a more competitive and sustainable low-carbon economy in the City. The project offers supermarkets and office based businesses a sustainable and cost-effective alternative to landfill waste disposal. The project will:
 - Establish a recover-recycle-reuse network focussed on perishable food approaching its sell by date, and office equipment
 - Increase the amount and value of business waste diverted from landfill
 - Reduce carbon emissions
 - Support 50 residents into volunteering and paid work
 - Alleviate the food poverty being experienced by our most disadvantaged residents
 - Support local charities and SME start-ups through the redistribution of unwanted office furniture and equipment
9. CRUMBS has set a minimum target of 400 tonnes of waste to be diverted from landfill by April 2015. This represents an equivalent saving in CO2 emissions of 1,800 tonnes (calculated at 4.5 tonnes per tonne).
10. Deliverables in the project include:
 - Development of a digital platform to offer local businesses and charities information, advice and support on innovative and sustainable waste management options for food and office furniture
 - Establishment of a citywide surplus food redistribution operation, based upon the national 'FareShare' model, to provide waste diversion services to produce manufacturers and retailers
 - Establishment of a citywide office furniture and equipment redistribution operation through the co-ordination and expansion of existing providers to enable the reuse of large items of business waste.
 - Identification of the growth factors required to achieve sustainable economic and environmental benefits in the perishable food and office

furniture sectors

11. It is proposed that CRUMBS will be delivered collaboratively by Southampton City Council (Lead Partner and Accountable Body), and SCRATCH, a registered local charity. This will require the City Council to represent the CRUMBS project in all delivery, management, legal and financial matters, including liaison with DCLG.
12. Evidence will be gathered to demonstrate:
- Improved business performance. Fifty businesses/SMEs benefiting from information, advice and support to progress and secure innovative and sustainable waste management options
 - Reduced carbon emissions. A minimum target reduction in CO2 emissions of 1,800 tonnes by April 2015; equivalent to 27.5% of the Low Carbon City Strategy target of 6,540 tonnes by end 2014
 - Increased demand for recycle-reuse-recovery services. A minimum of 10 organisations joining a service provider network that will maximise the amount and value of food and office waste collected and redistributed
 - Improved employment opportunities. Fifty volunteers will benefit from a programme of intensive and individually tailored work related training and support. There is a minimum target of 16 people gaining access to paid work, generating savings to HM Government of £216,000 over the lifetime of the project
13. The CRUMBS project has been developed in consultation with key stakeholders and beneficiaries, including Local charities (Society of St. James, Two Saints and Basics Bank), Waste Management Services, and Distribution centres for; Asda, Tesco, Sainsbury's, Marks & Spencer, Kellogg's, Weetabix, Nestle and Brake Brothers

RESOURCE IMPLICATIONS

Capital/Revenue

14. The project will be funded as follows:

South East England ERDF Competitiveness Programme / 50% ERDF grant	£335,150
SCRATCH contribution	£95,000
Southampton City Council contribution:	
Staff costs	£147,150
Local Welfare Provision budget	£93,000
Total	£670,300

15. Southampton City Council staff costs relate to existing City Limits Employment staff who will be involved in project management, administration

and delivery. 50% of staff costs can be reclaimed against the ERDF grant for actual hours worked. This figure is calculated at £147,150 over three years.

16. The planned project expenditure is shown in the table below:

CRUMBS Costs	2013-14	2014-15	2015-16	Total
Project Staff	69,667	198,700	26,233	354,950
Management Costs	8,167	16,500	5,083	29,750
Travel & Subsistence	2,967	13,100	933	17,000
Premises (SCRATCH)	12,683	22,700	4,517	39,900
Operational Costs	62,950	177,800	20,550	200,950
Office & Telecommunication	2,833	5,600	1,317	9,750
Information, Publicity & Promotion	8,200	3,500	300	12,000
Monitoring & Evaluation	667	4,750	583	6,000
Total	168,134	442,650	59,516	670,300
Forecast Spend by Partners				
Southampton City Council	102,468	316,200	33,532	452,200
SCRATCH	65,666	126,450	25,984	218,100
Total	168,134	442,650	59,516	670,300

Property/Other

17. Scratch will expand their accommodation to meet the needs of the project. The project is not expected to place any additional demands on Council accommodation.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

18. Section 1 of the Localism Act 2011 permits a Council to do anything that an individual may do whether or not normally undertaken by a local authority (the General Power of Competence) subject to any pre or post commencement limitations.
19. In order for Southampton City Council to accept the ERDF grant it is required to enter into a legal agreement with Department of Communities and Local Government (DCLG) acting as the Managing Authority of the South East England ERDF Competitiveness Programme (2007-2013).

Other Legal Implications:

20. Consideration has been given to the information contained within the bid document prepared for submission to the DCLG in order to form an initial view as to whether State Aid issues arise. Consideration was further limited to the measures of support intended to benefit the local businesses and SMEs, rather than the actual procurement of services provided by the bid (e.g. waste collection services, administration services etc) as these services will need to be procured in accordance with UK national procurement

legislation.

Based on the information contained within the bid document, it is considered that State Aid does not arise in relation to this project and all the relevant tests for State Aid to be present are not met on the paperwork provided. In the alternative, should it transpire that the test for State Aid is met, and the project – to the extent funded by state resources – should have the potential to affect trade between member states, then individual assistance to any undertaking will fall below the de-minimus threshold over a rolling three year period when combined with any previous aid provided to that business / SME. Should this be the case, the Council would seek to rely on the General Block Exemption Regulation to the extent that the support complies with both the general and specific provisions of the Regulations as it applies to this type of assistance.

Additionally, Southampton City Council will establish monitoring procedures to ensure State Aid compliance throughout the life of the project and on an ongoing basis.

POLICY FRAMEWORK IMPLICATIONS

21. Southampton City Council's Low Carbon City Strategy (LCCS) and 10 year action plan seeks to mobilise local initiatives in order to secure a more competitive, prosperous and sustainable economy. The plan recognises the importance of reducing CO2 emissions and adapting to the effects of climate change. The CRUMBS project will contribute to Southampton City Council's 95% target reduction in commercial waste sent to landfill by end 2014.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:

All

SUPPORTING DOCUMENTATION

Appendices

1.	N/A
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Documents In Members' Rooms

1.	N/A
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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