

Corporate Policy and Strategy Committee

10.00am, Tuesday, 23 February 2016

External Funding Initiative and Smart City priorities

Item number	7.6
Report number	
Executive/routine	
Wards	All

Executive summary

The key objective of the External Funding Initiative is to lever in additional funding from external sources.

This report provides an update on the progress of the External Funding Initiative, and its alignment with ICT Solutions in order to pursue substantial domestic and EU funding opportunities relating to smart city initiatives. It notes the prioritisation of smart city work / funding proposals which would allow the Council to compete for more external finance.

Links

Coalition pledges	P28, P30
Council outcomes	CO7, CO8, CO9, CO25, CO26
Single Outcome Agreement	SOA1

External Funding Initiative and Smart City Priorities

Recommendations

- 1.1 The Corporate Policy and Strategy Committee is asked to:
 - a) Note the work to date of the External Funding Team, the value of bids submitted and bids awaiting outcomes and progress made.
 - b) Re-affirm the European Smart Cities Commitment as a key channel for harnessing external funding.
 - c) Note the alignment of external funding opportunities with the priorities of the ICT and Digital Strategy teams, and opportunities available as a result of the new ICT contract with CGI.
 - d) Note that the ICT Solutions and External Funding teams are working together to agree priority areas for 'smart cities' bid work and to actively pursue funding opportunities.
 - e) Refer this report to Finance and Resources Committee for information.

Background

- 2.1 The External Funding Initiative began in October 2014 as a way to provide dedicated funding expertise to Council officers, to act a coordination point around funding proposals, and to provide access to external partners wishing to work on bids with the Council. The aim of the initiative is to increase the number, quality and value of bids from or involving the Council. Two External Funding Officers were employed to carry out this work.
- 2.2 The Finance and Resources Committee agreed to invest £100,000 of 'Spend to Save' funding in the External Funding Initiative. Annual fundraising targets were set as follows: £500,000 for 2014/15; £2,000,000 for 2015/16 and £4,000,000 for 2016/17, on the basis that bids supported by the External Funding Officers must be clearly aligned with the Council's policies, commitments and objectives, and be led by or 'owned' by a Council service area.
- 2.3 Since October 2014 the External Funding Team has contributed to the submission of proposals worth around £10m in grant funding for the Council. To date, three bids with a value of £4.5 million have been successful. Bids worth another £4.5m are awaiting decisions from their respective funding bodies.
- 2.4 The External Funding team works on mainly domestic funding sources such as Regeneration Capital Grant Fund, Research Councils, UK Innovate, and Lottery funding. They support bids with a minimum value of £50,000. Their

knowledge of funds complements the existing European Commission funding knowledge which is held by the wider External Relations Team and they often work on large-scale bids together.

- 2.5 At present the team is working on a development portfolio of projects worth around £8.1 million to the Council. This is a conservative figure as it is not possible to quantify the value of ideas in the early stages of development.
- 2.6 In order to make best use of the funding opportunities and the innovative partners in the city, the External Funding Initiative has:
- a. Established strong links with university researchers and have explored 'test bed' opportunities through initiatives like the Edinburgh Living Lab.
 - b. Met with Directors in order to identify their unfunded priorities. These are listed below:
 - Health and Social Care, especially older people's services and the provision of purpose built housing for older people, and NHS integration;
 - Energy and mobility;
 - Securing competitiveness of our Festivals and cultural reputation; and
 - Open Data and ICT initiatives.
 - c. Planned a programme of themed workshops which focus on the Council's priority areas, and where funding is most difficult to obtain.
 - d. Made links with the work around City Deal, Corporate Social Responsibility activities and the Energy Services Company for Edinburgh.
 - e. Promoted opportunities for Council staff to take projects to large-scale EU funding brokerage events which support the Council's strategic outcomes.
 - f. From 2016 onwards, the External Funding and ICT teams will work together to ensure that any strategic bids they become aware of which may align with the new ICT contract with CGI, are discussed with CGI and/or raised with the Council-CGI Innovation Board.
- 2.7 Substantial funding exists nationally and through the European Commission for Smart City activity. The UK Dept for Business, Innovation and Skills defines smart city activity as "integration of technology into a strategic approach to sustainability, citizen wellbeing, and economic development". <https://www.gov.uk/government/publications/smart-cities-background-paper>
These are summarised below:
- a. a modern digital infrastructure, with open access re-useable data
 - b. citizen centric service delivery
 - c. intelligent physical infrastructure
 - d. openness to learn from others and experiment with new approaches
 - e. transparency of outcomes / performance dashboards.

- 2.8 Due to the large-scale funds available for Smart City activity, the External Funding Officers have been working closely with ICT Solutions. ICT Solutions has been delivering the ICT and Digital Strategy, developing new digital services and online transactions and procuring a new supplier, CGI.
- 2.9 The City of Edinburgh Council signed an EU Smart Cities Commitment in February 2015 (see Appendix 1), which was approved by the Economy Committee. There is an opportunity to use this Commitment as a platform from which to capture large EU and other funds.

Main report

The ICT & Digital strategy / ICT supplier CGI

- 3.1 ICT Solutions has been delivering the ICT and Digital Strategy, developing new digital services and online transactions and procuring a new supplier, CGI. A number of initiatives have been pursued to develop as a Smart City. This has included development of a [Living Lab](#) with the University of Edinburgh, representation on the [BSI/Future Cities Catapult Cities Standards Institute](#), delivering the [Edinburgh Apps](#), and involvement with [Code the City](#). There are many opportunities to focus the activity of the External Funding Team and other Council officers, alongside the innovations being explored by CGI and ICT Solutions, in order to access large-scale external funds.
- 3.2 It is noted in the [ICT & Digital Strategy](#) that ICT and digital activity should empower Edinburgh. The use of digital tools to improve quality of life, or reduce cost of services is not new, but the transformational opportunities are now identified as being significantly greater in their ability to address the often complex challenges that cities have to tackle.
- 3.3 As part of the new arrangement with CGI, which will commence from 1 April 2016, the Council will continue to operate an Innovation Forum, looking at how emerging technologies can have a positive impact on the delivery of services.

Currently several large-scale funding opportunities relate to the smart city themes of energy efficiency, sustainable transport, ICT, heritage, social innovation and health. Interest within Council service areas is increasing as the External Funding Team promotes the opportunities, yet there are challenges in applying for these funds.

Service Area Expertise

- 3.4 While the External Funding and ICT Solutions teams can offer their expertise on funding and ICT, the service area 'experts' need to co-author and have ownership of the bid content. It takes time to write high quality bids, and by being fully engaged and involved throughout bid development the Council will be able to (a) shape the bid activities so they directly support the Council's strategic ambitions/commitments, and (b) negotiate a suitable budget.

Negotiating EU Partnerships

- 3.5 EU funding bids are extremely competitive and require project proposals based on solid transnational partnerships with jointly agreed workplans and budgets. To be considered a credible prospective project partner it is important to have a visible presence 'at the table'.

Innovation

- 3.6 Innovation is essential to the success of competitive funding bids – whether that innovation comes from new processes, engagement with citizens or enabling technologies. Edinburgh benefits from a strong ecosystem of organisations and individuals with an interest in smart cities. The location of the [Edinburgh Centre of Carbon Innovation](#) in the city, the headquartering of the [Green Investment Bank](#), the emerging growth in high-tech firms and in incubators such as [Code Base](#), the largest of its type in Scotland, and the [Creative Exchange](#), all present significant opportunity for the Council to nurture and support a smart city vision that goes beyond the ongoing transformation of its own services. The City of Edinburgh Council has been a key partner/instigator involved in most of these initiatives, but the potential for including these partners in conversations and the development of bid ideas could be more fully harnessed.
- 3.7 Edinburgh's universities are involved in world-class research and innovation relating to smart cities. Work with the universities is most advanced with the University of Edinburgh, where an [Edinburgh Living Lab](#) has been developed. This has involved the Council working with the School of Informatics, drawing on the expertise of their masters programmes to provide new insight into how real problems in the city could be addressed through the innovative use of data and technologies.
- 3.8 In terms of European cities, exemplar cities - particularly in the smart cities field - include Barcelona (healthcare, energy, transport), Stockholm (ICT, life sciences, clean tech, hospitality, creative), Manchester (transport & mobility, ICT, citizen engagement, air quality), Helsinki (innovation and design) and Bristol (ICT, air quality, transport). These cities have created significant capacity to:
- a. seek out innovation which can be applied within the city, matched to funding opportunities;
 - b. dedicate time to work on bids and nurture / maintain bid partnerships. They actively participate within European networks such as EUROCITIES, thereby ensuring awareness of best practice and the opportunity to discuss their interests / potential bids with other partners;
 - c. offer the city as a test bed for new products / ideas and technologies. They also have a pipeline of large-scale projects, ready to be taken "off the shelf" when funding becomes available. This pipeline is facilitated by regular discussions with EU partners.

The Way Forward

- 3.9 Examples of large funding sources include: Interreg North West Region and Interreg North Sea Region (both EU); Horizon 2020 (EU); European Regional Development Fund (EU via the Scottish Government) and Innovate UK (UK Government funds). Each of these funds has different strands or themes, and each strand has its own deadlines and budgets available for competitive bidding. The value of bids can be up to £15m (per consortium bid) for the larger EU funds.

Further Innovation

- 3.10 The further development of partnerships with the Universities, local tech sector businesses and incubators will continue and strengthen as we identify more overlapping interests and ways to work together. The ICT Solutions team is in the process of agreeing a Memorandum of Understanding with the Edinburgh Living Lab. Such opportunities will continue to be fully explored by the ICT Solutions Team and the External Funding Officers.

Strategic Partnerships

- 3.11 The External Relations team continues to cultivate its relationships with exemplar cities, particularly in relation to joint funding bids. It also actively promotes participation within European networks, particularly EUROCITIES, to remain aware of best practice and the opportunities to discuss interests / potential bids with other partners.

Prioritisation of Bids

- 3.12 Given the range of funds, limited staff capacity and amount of work involved in large scale bids the Corporate Policy and Strategy Committee is requested to note the direction towards priority areas in relation to smart city activities where:
- a) There is a strong strategic fit with service area priorities and a need for high impact transformation in order to make the service more effective and sustainable
 - b) CGI involvement has already been discussed as a possibility and where the Council is most able to benefit from its industrial expertise and partnerships
 - c) Where funding exists, and hence where the Council's priorities align with the strategies of funders such as the European Commission, Innovate UK, Research Councils and so on.
- 3.13 Those smart city focus areas are identified as:
- Health & Social Care; health care promotion and preventative healthcare, particularly in relation to services for older and younger people

- City data/security and resilience (including community safety and open data)
- Energy and Mobility
- Securing the competitiveness of our Festivals and cultural reputation, including digital connectivity between festival venues and “greening of the Festival”.

Return on Spend to Save

- 3.14 In addition to supporting submission of funding bids the External Funding Team seeks to negotiate a recharge on a project by project basis. The approach is flexible, the intention being that staff can agree a service or success fee.
- 3.15 To date, the initiative has made a return to the Spend to Save fund of £30,348.

External Funding Group and Funding Bulletin

- 3.16 The External Funding Group meets approximately every eight weeks. Representatives from the service areas discuss their funding interests, make links between projects being worked on by the External Funding Officers and others within their teams and generally offer support to the initiative.
- 3.17 The External Funding Officers continuously disseminate information regarding funding opportunities with individual colleagues or teams in order to alert them to funds which they may wish to apply for. In addition, the ‘Funding Focus’ newsletter is distributed by the External Funding Team every six to eight weeks. This bulletin highlights funding and partnership opportunities, research to support bids, reports Council funding successes, notes opportunities to contribute to funder consultations, offers funding tips and promotes funding events. The mailing list currently stands at over 60 Council officers, all of whom have expressed the wish to receive it.

Measures of success

- 4.1 The External Funding Initiative has fundraising targets as a measure of success; £500,000 for 2014/15; £2,000,000 for 2015/16 and £4,000,000 for 2016/17. However with the approval of the recommendations proposed, more can be achieved both in terms of the value of successful bids and the coordinated approach to smart city activities.

Financial impact

- 5.1 Although external funding cannot be used to fund core statutory activities or mainstream service budgets; it can provide the resources to research, test and implement more effective methods of service delivery, thereby relieving pressure on Council budgets.

- 5.2 This initiative is funded for two years from 2014/15 with a budget of £100,000 from the 'Spend to Save' fund. To date, £30,348 is forecast to be repaid in 2015/16.
- 5.3 Since October 2014 bids worth £10m have been submitted to external funding bodies. The successful bids worked on have a value of £4.5m. Bids submitted and waiting decisions total grant value £4.5m.
- 5.4 To date, £30,348 has been returned to the Spend to Save fund in fees and service charges.

Risk, policy, compliance and governance impact

- 6.1 Strategic alignment across service areas and on innovation, as described above, will allow a pipeline of bids to be put in place.

Equalities impact

- 7.1 There are no direct equalities impacts arising from this report.
- 7.2 Positive equalities impacts may arise from new projects which target equalities outcomes.

Sustainability impact

- 8.1 Given that there are substantial funds related to sustainability and low carbon objectives, the implementation of the recommendations in this report should lead to positive impacts.

Consultation and engagement

- 9.1 The External Funding Initiative engages with the corporate External Funding Group and uses the Group as an advisory board on priorities regarding bidding for external resources. It has members from all service areas. The Funding Officers work with individual project leads across the Council as well as facilitating and attending meetings on a regular basis with external partners which include the universities and funding bodies.

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Links

Coalition pledges	P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city
Council outcomes	P30 - Continue to maintain a sound financial position including long-term financial planning CO7 - Edinburgh draws new investment in development and regeneration CO8 - Edinburgh's economy creates and sustains job opportunities CO9 - Edinburgh residents are able to access job opportunities CO25 - The Council has efficient and effective services that deliver on objectives CO26 - The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives
Single Outcome Agreement	SOA1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
Appendices	Appendix 1: The City of Edinburgh's Smart City Commitment

Appendix 1 – Edinburgh’s Smart Cities Commitment: The Enlightened Capital Commitment

1. Please provide your contact details

Name of Lead Organisation

City of Edinburgh Council

First name

Elaine

Surname

Ballantyne

Position

Head of External Relations and Investor Support

Type of Lead Organisation

Public authority - Local / city level

Existing Membership of Lead Organisation in EU Initiatives

Green Digital Charter

Contact e-mail address

elaine.ballantyne@edinburgh.gov.uk

Number of consortium members

Non-lead organisations in the consortium (names only)

Commitment main sector(s)

Energy, Transport & Mobility, ICT

Main commitment location

Edinburgh EH8 8BG (United Kingdom)

Additional location(s)

2. Please describe the organisations in the consortium and their core activities; please put special emphasis on the lead organisation.

Optionally, you may also provide quantitative data on your organisation such as annual turnover or number of staff.

Edinburgh is a capital city with a population of 495,360 predicted to grow to 600,000 by 2035. The City of Edinburgh Council (CEC) provides key public services including education, housing, social work, planning, environment, economic development, transport, culture and leisure. CEC is the second largest council in Scotland employing around 15,000 staff.

CEC’s ICT and digital strategy ‘Empowering Edinburgh’ is at the heart of transformational change to support Edinburgh becoming a sustainable smart city. Our ICT Solutions team is transforming the way it provides services to staff, communities, businesses, citizens and partners through the use of ICT, improving access to information, efficiency and reduced costs. CEC leads a Connected Capital Wireless Concession programme and as a member of the Open Data Institute has already tested the concept of

Corporate Policy and Strategy Committee – 23 February 2016

opening up and sharing data to find new solutions to city issues.

Sustainable Edinburgh 2020 is CEC's vision for a low carbon, resource efficient city. CEC has pledged to reduce carbon emissions by 42% by 2020 and a Sustainable Energy Action Plan (SEAP) produced by the Sustainable Economy Team provides a framework for all energy activities in the city.

CEC's 'Transport 2030 Vision' also supports the broad objectives and aspirations of the city for the environment, social inclusion, connectivity, health and economy.

CEC leads the Open Innovation (OI) programme which brings together a transnational partnership to transform the way organisations work together to create new opportunities and put innovation at the forefront. The quadruple helix University-Industry-Government-Society model used by OI is building a strong multi-sector innovation partnership including involvement by city residents. CEC is owner of each of these strategies and each are underpinned by the ICT&D strategy.

3. To which focus area do you wish to commit to contribute? Please select a primary affiliation and mark further areas that you believe to be evidently significant. Please refer to the [Strategic Implementation Plan](#) as well as the [Operational Implementation Plan](#) for details on each focus area.

Primary

Integrated Infrastructures and Processes across Energy, ICT, and Transport

Additional

Sustainable Urban Mobility, Sustainable Districts and Built Environment, Citizen Focus, Integrated Planning and Management, Knowledge Sharing, Open Data Governance, Business Models, Procurement and Funding

4. Please provide a succinct description of your proposed commitment (project/action). If relevant, please refer to the potential action(s) in the [Operational Implementation Plan](#) that your Commitment will contribute to.

Edinburgh already embraces the key dimensions of a Smart City but this lacks overall coordination. The core commitment is to devise a methodology to identify missing elements & draw everything together into a unified coherent & comprehensive strategy which is acceptable in an historic World Heritage townscape. Smart Cities is a major strategic agenda for the Council. The Enlightened Capital Commitment is to align those city initiatives and projects with the assets, resources and partners to deliver a genuinely smart World Heritage City. This is in line with the Europe2020 policies for smart, inclusive & sustainable growth. CEC recognises the EIP objectives catalysing sustainable economic development, resilience and a high quality of life. CEC will deliver smart energy, mobility & ICT actions aligned to city priorities across 4 key dimensions:

Sustainability - including a sustainable economy underpinned by Sustainable Edinburgh 2020 & CEC's SEAP, a commitment overall to meet and exceed the EU objective of a 20% reduction in CO2 emissions through increased energy efficiency & development of renewable energy sources

Resilience – CEC will enhance & develop its resilience plan as part of this commitment, making communities & systems better prepared to withstand adverse events & enhancing city competitiveness

Citizen involvement – CEC will maintain a citizen centric approach through stakeholder & community engagement improving quality of life & service delivery

Placemaking & urban design – this is paramount in a UNESCO World Heritage City as the quality environment generates considerable tourist spend as well as attracting investors. Past interventions for achieving new development to create quality townscapes & the “conservation areas of tomorrow” will be explored & green exemplar sites developed.

Edinburgh has cut its carbon emissions by 15% since 2005 while increasing jobs in line with its economy strategy. The city’s energy policies are underpinned by the SEAP where CEC is committed to reducing carbon emissions by 42% by 2020. Feasibility investigation is underway on a city Energy Service Company (ESCo) to facilitate innovative ways of attracting private finance & retrofitting existing buildings. The challenge of retrofitting acceptably into a historic World Heritage city fabric will be a particular focus

A key transport challenge is road traffic congestion which impacts on business resilience & air quality. The Transport 2030 Vision will work towards emission free public transport & an accessible & sustainable city that is smart, efficient, inclusive & integrated

CEC is committed to developing its open data approach, in partnership with the Open Data community in the UK and Europe, which has generated innovative solutions to city issues. CEC’s outcome rather than technology driven ICT/Digital programme focuses on customer & business drivers.

5. Please explain in which way your proposed commitment meets the principles and criteria of the EIP. Please refer to the 'Invitation for Commitment' for details on each criterion.

Engagement

This commitment will empower the city to be proactive in harnessing key partners, stakeholders, technology, innovation and resources in joined-up concerted action across energy, transport and ICT to make the transition to a genuinely smart world heritage city. The actions will connect smart city assets and initiatives in a city-wide system transcending sectoral and governance boundaries to deploy intelligent and resource efficient smart city solutions. It will provide a springboard to generate innovation and deliver an improvement in quality of life, environmental footprint, citizen services, economic investment, and growth and jobs. A specific challenge will be how to integrate smart city attributes into a historic city in a sensitive way without destroying the quality of the environment and cultural heritage which attracts people to the city. Implementation will use open data principles of fostering innovation, being user driven, open by default, being usable by all, transparency and sharing information with stakeholders.

Inclusiveness and Partnership

CEC will deliver smart city commitments to citizens via public/private partnerships/integrated actions in ICT, energy, and mobility. These will be tailored to find critical solutions, save costs and pool resources. Our EU funded Open Innovation OI partnership is a model for engaging in a virtuous innovation circle. CEC leads via its ‘Member Officer Working Group on Carbon Climate & Sustainability’ and consults via the ‘Edinburgh Sustainable Development Partnership and Transport Forum’. CEC’s ICT Solutions Team partners the OI Institute & the School of Informatics. The ‘Edinburgh Apps’ and ‘Connected Capital Wireless’ projects are people driven. The Sustainable Economy team champions smart/green businesses and placemaking /urban design. The Edinburgh Business Forum provides a platform for future economic competitiveness with CEC leading an initiative to unite tech companies across sectors and capture innovations. Partners include: Edinburgh World Heritage, Edinburgh Centre for Carbon Innovation, Scottish Power Energy, Universities and Festivals Edinburgh.

Is the commitment potentially open to additional partners and if so, in which priority area (please tick the relevant options)?

- Sustainable Urban Mobility
- Sustainable Districts and Built Environment
- Integrated Infrastructures and Processes across Energy, ICT, and Transport
- Citizen Focus
- Integrated Planning and Management
- Knowledge Sharing
- Open Data Governance
- Business Models, Procurement and Funding

Delivery

City-wide interlinked smart energy/mobility/ICT actions will be delivered across Sustainability, Resilience, Citizen Involvement, Placemaking and Urban Design in 2014-2016, including: Exemplar energy efficiency projects: Bioquarter district heating, local energy pilots (geothermic/wind power/solar); hydro schemes, retrofitting historic building stock and public buildings. Address fuel poverty via CHP public housing development; City ESCo, energy-from-waste plant, upgraded smart energy grid; Traffic control/travel information measures; Urban Traffic Control technologies, integrated ticketing, intelligent speed adaptation; Low carbon transport: hybrid buses, trialling hydrogen fuel-cell power, electric vehicle charging points, newly-opened tram line review. Smart low-energy street lighting and signal systems, Connected Capital connection vouchers for SMEs, incubation demonstrator, wi-fi on street, in public buildings/transport. Citizen account, Open data platform; Smart Tourist and retailer apps; digital access

6. Please provide details on how you intend to participate in possible Action Cluster(s), which could be set up for the focus area(s) of your primary and/or additional affiliation.

The City of Edinburgh is seeking to collaborate with European lighthouse and follower cities and academic, community and business partners to explore and test innovative and practical solutions to the challenges which arise when Smart City aspirations (integrating energy, transport and ITC) are overlaid on a historic city fabric. Participation will afford valuable opportunities to access know-how, expertise, tools, new ideas and technological solutions to common challenges with city peers beyond local, sectoral and national boundaries that will help to accelerate the design, development, procurement and deployment of successful transferable smart city concepts and solutions which can be beneficially replicated in other cities. CEC is keen to learn from leading Smart Cities and is willing to share our expertise in relevant fields and to contribute to pilot and demonstration actions, development of methodologies, data collection and sharing of results.

7. Do you wish to play an active role in facilitating the organisation of a possible Action Cluster(s)?

Yes.