

## Sector Support Fund Application

<b>1. Project Title</b>	
Energy and Clean Growth - Supply Chain Mapping	
<b>2. Project Location</b>	
<p>The project will be SELEP wide, involving all Federated areas within the South East LEP and utilise existing partnerships through the already established SELEP Local Energy Strategy Steering Group (to become the SELEP Clean Growth Working Group) and the Low Carbon Across the South East (LoCASE) ERDF Project Steering Group, which have senior level representatives from all Federated areas.</p> <p>It will also feed in to the TRILEP Local Energy Strategy collaboration between SELEP, Coast to Capital and Enterprise M3 LEP and look to develop joined-up initiatives across this geography where there is added value.</p> <p>The project will report to the SELEP Local Energy Strategy Steering Group (to become the Clean Growth Working Group), which will provide a reporting route to the SELEP Strategic Board.</p>	
<b>3. Lead point of contact for Project</b>	
Name	Carolyn McKenzie
Organisation	Kent County Council
Job Title	Head of Sustainable Business and Communities
Telephone	
Email	<a href="mailto:carolyn.mckenzie@kent.gov.uk">carolyn.mckenzie@kent.gov.uk</a>
<b>4. Lead contact in County Council/ Unitary Authority (if different from above)</b>	
Name	
Organisation	
Job Title	
Telephone	
Email	
<b>5. Description of Project (No more than 300 words)</b>	
<p>The low carbon economy is predicted to grow four times faster than the rest of the economy.</p> <p>The project will undertake an in-depth analysis of the supply chain for the local energy and clean growth sector; and build on as well as refresh the now out of date analysis of the Low Carbon Environmental Goods and Services (LCEGS) Sector undertaken by KC in 2012, which helped to shape the design of EU funded projects delivered across SELEP either through partnership or otherwise. It was this report that provided the evidence base for growth in this emerging sector in the SELEP region and added huge value to each of these projects.</p> <p>Through this desk-based analysis identified companies will inform on key barriers and challenges that are currently restricting growth in key opportunity areas, such as offshore renewables and nuclear. This will enable a CRM to be created that will then be used to develop a targeted Clean Growth Support Programme. Sector-based interventions will be prioritised and selected from the Clean Growth Support Programme and piloted as part of this project.</p>	

The project, through the analysis and creation of the CRM will provide a SELEP wide assessment of opportunities within this emerging sector and will be able to identify who is buying what; who are the Commissioners; the market; the capabilities; what can already be supplied by SELEP businesses and the gaps (i.e. companies either do not exist or can diversify but need support).

**6. Federated Board endorsement**

The project is working to get endorsement from all Federated Boards.  
The project was endorsed by KMEP on 25<sup>th</sup> June 2019.

**7. Project links to SELEP Strategic Economic Plan**

The project will contribute to the delivery of the adopted *SELEP Strategic Economic Statement Priority 1: Creating Ideas and Enterprise*. It will enable a pragmatic evidence led approach to identifying and exploiting the opportunities from the energy and low carbon and environmental goods and services (LCEGS) sectors - key to delivering towards the *Industrial Strategy's Decarbonisation Grand Challenge* - and work towards creating the right conditions for growth and productivity in what is a rapidly evolving sector.

It will contribute towards Priority 1 Priorities for the Future: Encouraging those businesses with the capacity for innovation and growth to scale up; and increasing the adoption of new technologies and processes.

It will focus on providing the evidence and intelligence base to prioritise sub sections of the energy and LCEGS sectors that provide most potential for the SELEP region, by working closely with business through populating the CRM to identify the most appropriate and value for money business support interventions. The analysis will focus on potential for new business but also where existing businesses have opportunities to diversify or expand existing services, thus supporting scale up across the region.

The project will also contribute to the delivery of the *South2East Local Energy Strategy*, which is a delivery mechanism for *Priority 3: Accelerating Infrastructure*, specifically helping to develop new approaches to ensuring energy provision.

The evidence base that results from this project will evolve in parallel with the SELEP Local Industrial Strategy, and can be used to directly inform and prioritise local energy and clean growth opportunities.

**8. Total value (£s) of SSF sought (net of VAT)**

£129,500

**9. Total value (£s) of project (net of VAT)**

£185,000

**10. Total value (£) of match funding (net of VAT)**

£55,500

<b>11. Funding breakdown (£s)</b>				
Source	2018/19	2019/20	2020/21	Total
SSF	0	£80,000	£49,500	£129,500
Other sources of funding <i>(please list below, add additional rows if necessary)</i>				
Public Sector Match	0	£45,000	£10,500	£55,500
Total Project Cost	0	£125,000	£60,000	£185,000
<b>12. Details of match funding</b>				
Public Sector Match Funding will come in the form of an in-kind contribution of staff time from partner organisations across SELEP and also a small amount of cash funding through LOCASE to support the interventions.				
<b>13. Expected project start and completion dates</b>				
The project start date 1 <sup>st</sup> October 2019 with completion by 30 <sup>th</sup> September 2020				
<b>14. Key Milestones</b>				
Key Milestones	Description	Indicative Date		
Supply Chain Analysis Report Completed	Undertake an energy and clean growth supply chain analysis initially based on the project models in the South2East Local Energy Strategy and Action Plan; and the priority LCEGS sectors highlighted through the LOCASE project and other stakeholder engagement.	October 2019 - January 2020		
Development and Population of CRM System	Develop and populate a SELEP level CRM to capture company level information e.g. sectors classifications, competencies, skills and opportunities like that being developed for the offshore wind supply chain in Kent, with the ability to link directly to match making B2B platforms, to encourage B2B collaborations as well as research and innovation partnerships with universities and other research institutions.	October 2019 – May 2020		

<p>Clean Growth Programme Development</p>	<p>Refine and pilot interventions for specific supply chains where key barriers and challenges restrict growth within the LCEGS sector with the aim of developing collaboration with other SMEs and larger buyers to overcome these barriers.</p> <p>Evaluation of intervention measures through recording the number of improved or new innovation support measures launched for businesses and academia involved in LEP-wide research projects, and businesses adopting or informed about new solutions.</p>	<p>March 2020 – September 2020</p>
<p><b>15. Benefits created by 2021 (list benefits with number/amount and cash value if applicable)</b></p>		
Type of Benefit	Number of benefits created	Cash value of benefit (£)
<p>Companies Added to CRM</p>	<p>6,000</p>	<p>It is not possible to identify a cash value but slow LCEGS sector growth is a very significant drag factor on the UK economy. The LCEGS sector offers potentially immense benefits in terms of wealth and job creation with the right interventions.</p> <p>Also, the data collected on each company will be able to inform the Local Industrial Strategy</p>
<p>Companies Increasing GVA</p>	<p>600</p>	<p>Based on average increases evidenced on LoCASE and other EU funded projects £4k per SME can be achieved through pilot interventions. <math>600 \times 4000 = £2,400,000</math></p>
<p>Jobs Created</p>	<p>100</p>	<p>SELEP average earnings (annual) £31,046 x 100 people into these jobs = £3,104,600</p>
<p>Increased strategic co-operation synergies and cost saving by avoiding individual public sector bodies carrying out the same work on LCEGS sector development.</p>	<p>5 Local Authorities in SELEP will benefit from access to an innovative initiative that otherwise they would have had to commission, and put their own staff resource into.</p>	<p>Taking the overall cost of the project and multiplying this by the number of local authorities in the SELEP area this has the potential to save up to £925,000 in duplicated work <math>5 \text{ LAs} \times £185,000 = £925,000</math></p>

**16. Value for Money – Benefit/Cost Ratio**

*Please insert your Benefit/Cost Ratio (i.e total value of benefits divided by total costs). Please indicate how you have quantified your benefits and over what period those benefits are expected to realised*

The funding sought from SSF will support a research, development and financial planning exercise that will be used to accelerate growth in the LCEGS sector and which can be used by SELEP and all SELEP Local authorities. A direct and quantifiable benefit, therefore, is the costs saved/avoided by SELEP local authorities having access to the project's work. Other direct and quantifiable benefits include the increase in GVA of 600 SMEs and well as the creation of 100 jobs. Taking these benefits together we have calculated the value of this benefit to be 35 times the value of the project i.e. a 35:1 BCR.

Establishing and demonstrating a direct and quantified benefit/cost ratio related to the project focus of undertaking an analysis of the LCEGS sector, creation of a CRM and development of a Clean Growth Programme will be realised as the pilot interventions are delivered rather than during the project lifetime. We obviously cannot give these projected benefits now but will be able to share the impacts in the project findings. However there are some quantifiable future benefits at this stage:

1. In securing SSF funding we are seeking to match this in line with SSF requirements, drawing in funding to the region which would not have previously been available. To be clear this funding will be used to deliver activity and outputs from SELEP based SMEs.
2. The project will feed into the work of the LoCASE project which with ERDF support plans to support SMEs and innovation in the LCEGS supply chain.

These benefits have been quantified using proven data gathered on successful delivery of business support programmes delivered to date, and are extremely conservative. The Regeneris Report stated that there were over 6,000 LCEGS firms employing 113,000 people within the LCEGS sector in the South East. It is felt that of these 600 SMEs could be actively engaged in the developing Clean Growth Programme to increase their GVA which will in turn assist them to create jobs.

**17. Value for Money – Other Considerations**

*Please detail benefits that cannot be quantified or cannot be quantified without lengthy or expensive analysis. This narrative should include details on why the benefit can't be quantified. If your BCR does not meet the standard 2:1 – please use this section to set out why the investment should be considered*

In addition to the benefit ratios described above, there are a range of other benefits that are, at this stage, difficult to quantify:

- By implementing more comprehensive mapping of the LCEGS sector underpinned by more accessible finance, we can expose the supply chain market of larger private sector organisations, which also opens up competition for different sizes and types of SMEs. We can drive greater investment in the quality and sustainability of low carbon products at a local level which will in turn grow the LCEGS sector.
- This project will be aligned to the priority low carbon sectors as set out in the LEP Skills Strategy. These are all facing skills shortages and represent lost productivity to the SELEP area. Many offer higher than average earnings and therefore supporting individuals into these jobs will improve productivity and earnings across the LEP area.

- This project aims to unlock one of the biggest barriers and bottlenecks to skills training and jobs growth. This stifles productivity and growth locally. It will serve as a pilot and test case which would have national application and as such would clearly offer even greater value for money.
- Over the longer term, SELEP's allocation of EU funding (short term) and UK Shared Prosperity Funding can build upon any learning from this project to continue focus on low carbon product development, skills gap mapping and recruitment.

### 18. Dependencies and Risks

*Please detail any scheme dependencies, risks and delivery constraints which may impact on the delivery of the project and or the benefits achieved through SSF investment in the Project*

The commissioning of third-party contractors to undertake the supply chain analysis is a risk as the SELEP area is quite large geographically and very diverse in the makeup of SME competencies across various supply chains. This will be negated by ensuring that experts that are commissioned are knowledgeable and have experience of working within the LCEGS sector.

Another risk to the project is the development of the CRM as based on previous experience this can be difficult to ensure suppliers are able to deliver what is required on time and to budget. To overcome this it will be ensured that a clear ITT is issued with set milestones to check on progress at regular intervals.

### 19. State Aid Implications

Kent County Council as Accountable Body are acting in their capacity to support sustainable economic growth and the specific project management and accountable body activity is non-economic as we are not offering goods and services onto the market through the project and the funding simply washes through the Council as Accountable Body. For this reason we have concluded that there can be no unlawful State Aid to the Council as the Council is not acting as an "undertaking" a result of the project.

All consultancy services related to the project will either be provided by contractors already procured under existing Framework Agreements for provision of consultancy services, or will be procured following KCC's procurement policy in line with Public Contracts Regulations.

This project therefore does not fall within the broader remit of State Aid Regulations, and offers no advantage, financial or otherwise, to specific companies within the development sector.

### 20. Contracting Body

Kent County Council will be the Accountable Body

### 21. Project Governance Structure

*Please explain the project governance structure (ideally as a diagram with accompanying text), including the Project Manager, Senior Responsible Officer.*



22. Declaration	
<b>Declaration</b>	<b>I certify that the information provided in this application is complete and correct</b>
<b>Signature (Lead applicant)</b>	
<b>Print Name</b>	CAROLYN MCKENZIE
<b>Organisation</b>	Kent County Council
<b>Date</b>	08/02/19.

A version of this document will be made available on [www.southeastlep.com](http://www.southeastlep.com)