

Forward Plan reference number: (N/A)

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| Report title: To Agree Sector Support Fund Grant Allocation to the Buy Local South East | |
| Report to: Chief Executive Officer of the SELEP | |
| Report author: Howard Davies, SELEP Capital Programme Officer | |
| Date: 3 July 2020 | For: Decision |
| Enquiries to: Howard Davies: howard.davies@southeastlep.com | |
| Divisions affected: Pan - LEP | |

1. Purpose of Report

- 1.1 The purpose of this report is to set out the recommendations and supporting documentation of the Sector Support Fund (SSF) Bid for the Buy Local South East (the Project). The Project has been through an Independent Technical Review (ITR) process, to enable £69,510 of Growing Places Fund (GPF) Revenue grant to be devolved to Essex County Council for Project delivery. The bid document is included in Appendix 1.
- 1.2 The ITR report sets out an analysis to demonstrate that the Project meets the criteria for funding. This report is included in Appendix 2.

2. Recommendations

- 2.1 **Approve** the award of £69,510 GPF Revenue grant to Essex County Council to support the delivery of the Project identified in the Funding Bid and which has been assessed as meeting the criteria for funding.

3. Summary of issue

- 3.1. On 9th June 2017 the SELEP Strategic Board (the Board) approved the use of the GPF Revenue grant to fund a programme of works to support the sector focussed activities that are being undertaken on a pan-LEP basis and predominantly led by the SELEP working groups, namely, the Sector Support Fund (SSF).
- 3.2. The Board agreed, in 2017, the programme of total funding available in each year would be up to £500,000 of revenue grant per annum for three financial years, beginning 2017/18.
- 3.3. The purpose of the SSF is to support one-off, discrete pieces of work of a pan-LEP nature with a sector focus that brings demonstrable benefits and has support across the LEP. All applications must meet the criteria detailed in section 3 of the SSF Guidance and be submitted in line with the process in

section 4 of the same. This process ensures that the funding is allocated in accordance with the requirements of the SELEP Assurance Framework.

- 3.4. Buy Local South East has submitted a bid for SSF of £69,510 to support the delivery of the Project, which was endorsed by the Board via Electronic Voting procedure on 8 June 2020.

4. Project Summary

- 4.1. The Food and Drink sector has become increasingly important on the regional government agenda in recent years, with food tourism growing in the South East. British food (Buy British) has become hugely popular in and outside the UK, with customers growing more environmentally aware. There is a shift toward local and sustainable food.
- 4.2. The current COVID-19 pandemic has brought the role of the food and drink sector in our regional rural economy into sharp focus. With the forced shutdown of pubs, restaurants and cafes has had a disastrous effect on the hospitality sector and its supply chain of growers, producers and distributors. This Project aims to capitalise on a renewed focus on local buying to support all businesses in the food and drink sector to weather the storm and rebuild a sustainable business in the recovery period.
- 4.3. The proposal will produce:
- A **regional website and portal** to signpost customers to local food and drink businesses showing the SELEP region (www.buylocalfoodanddrink.co.uk), which is a centralised food and drink platform for the area aimed at consumers(B2C page) and businesses (B2B page) looking to buy local in the Southeast
 - A SELEP area wide **Buy Local Food and Drink marketing campaign** focussed on local producers, retailers and followed by hospitality and tourism experiences
 - Central **database for food and drink businesses** in the SELEP area. East Sussex will link their existing map to the regional 'landing page'
 - A series of **business recovery support activities** for food and drink businesses based on a sector Covid-19 impact and recovery survey: This could include surveys, training, 1-2-1 support, connecting suppliers with buyers, and knowledge exchange conference. The activities do not relate to financial support, which might overlap with Government/County Council initiatives, but rather focused activities dependant on the outcome of the sector survey. This will be undertaken by the University of Kent
- 4.4. The work is supported by the need from local producers to develop business relations with wholesale, retail and hospitality sectors to build their businesses. It also supports the SELEP Economic Strategy by:
- Increasing the adoption of new technologies and processes by small rural businesses, who will be able to access expertise to support

development of new products/services and build products/services started in response to COVID-19. Advice and training on new technologies and innovations in the areas of food production and delivery techniques, food processing, sales and marketing, routes to market and access to new markets will enhance economic development and support job creation.

- The project, through its B2C and B2B platform, will provide an opportunity to businesses across the three federated areas to connect with each other, with larger regional, national (large retail) and international 'Buyers' as well as with customers residing within and outside of the SELEP area
- Covid19 has shown the pivotal role the food and drink industry are playing in the local economy and communities. The Project will use its SELEP-wide marketing campaign, and by supporting growers, producers, retailers and businesses in the hospitality sector boost B2C and B2B sales and build regional supply chains, the project supports the regional economy, promotes a connected, healthy and happy community, and contributes to a well-maintained countryside and a better environment
- The regional map and supporting marketing campaign will provide customers looking for local produce an insight into the great variety of food and drink businesses in the SELEP area, with the regional map providing a direct Call to Action, boosting sales and subsequent business growth. The map and business support activities offer the opportunity for local producers to engage with the broader market and build on the 'local produce' offer, offering a more sustainable approach to food production which directly supports local job creation and community cohesion.
- There is an opportunity to link with another SSF project, Gourmet Garden Trails, to cross promote both projects. Produced in Kent and Visit Kent already work closely together.
- The Buy Local campaign will also look to involve the hospitality sector which has suffered disproportionately from the social distancing guidelines, promoting its offering and helping with B2B business development and targeted recovery support.
- The project, through its baseline survey, provides an opportunity to assess current skills gaps post Covid19 and offer targeted upskilling activities.

5. Project Funding

- 5.1. The total cost of the Project is estimated at £99,300 including an SSF ask of £69,510, along with match contributions from Produced in Kent, Natural Partnerships CIC and the Rural Community Council, as set out in Table 1 below.

Table 1: Project Funding breakdown (£s)

| Sources | 2020/21 | Total |
|--|----------------|----------------|
| SELEP SSF | £69,510 | £69,510 |
| Produced in Kent (Kent) | £19,660 | £19,960 |
| Natural Partnerships CIC (East Sussex) | £5,790 | £5,790 |
| Rural Community Council (Essex) | £4,400 | £4,400 |
| | | |
| Total | £99,300 | £99,300 |

Issues for consideration

6. Risks and Dependencies

6.1. The Project risks and dependencies, as detailed in the bid document include:

6.1.1. Poor engagement from businesses

6.2. Risk mitigation will be - Businesses in Kent and East Sussex are already engaging in existing online networks – integration of these online networks into regional website will be no problem. Captive business audience in Essex because of existing business contacts through GFGP. The overall risk is assessed as low.

7. Outcome of ITR Process (*Accountable Body Comments*)

7.1. The Accountable Body has independently assessed the Project Bid Document and has confirmed that the Project meets the criteria for funding, including the Assurance Framework requirement with regard to the expectation that value for money will be achieved.

7.2. The Project aligns with SELEP's strategic objectives to increase skills levels and STEM sector growth across the SELEP area.

- **Creating Ideas and Enterprise** -Through its virtual business recovery support package, the project will enable small rural businesses to access expertise to support development of new products/services and build products/services started in response to Covid-19 crisis. Advice and training on new technologies and innovations in the areas of food production and delivery techniques, food processing, sales and marketing, routes to market and access to new markets will enhance economic development and support job creation. The sector Covid-19 impact and recovery survey will inform in which specific areas support will be provided. The online B2C and B2B platform created by the regional map, as well as the virtual business support offering provides food and drink businesses with a more efficient, cheaper and less time-

consuming way of developing business relationships, knowledge exchange and upskilling. The project, through its B2C and B2B platform, will provide an opportunity to businesses across the three federated areas to connect with each other, with larger regional, national (large retail) and international 'Buyers' as well as with customers residing within and outside of the SELEP area

- **Creating Places** - Covid19 has shown the pivotal role the food and drink industry is playing in our local economy and communities. By beating the Buy Local drum through its SELEP-wide marketing campaign, and by supporting growers, producers, retailers and businesses in the hospitality sector boost B2C and B2B sales and build regional supply chains, the project supports the regional economy, promotes a connected, healthy and happy community, and contributes to a well-maintained countryside and a better environment
- **Working Together** - The regional map and supporting marketing campaign provide customers looking for local produce an insight into the great variety of food and drink businesses in the SELEP area, with the regional map providing a direct Call to Action, boosting sales and subsequent business growth.
The map and business support activities offer the opportunity for local producers to engage with broader market and build on the 'local produce' offer, offering a more sustainable approach to food production which directly supports local job creation and community cohesion.

7.3. The application references a target of 30 FTE posts (existing and start-ups)

7.4. Exemption 1: This may be applied where a project does not present High Value for Money (a Benefit Cost Ratio of over 2:1); but

- has a Benefit Cost Ratio value of greater than 1.5:1; or
- where the project benefits are notoriously difficult to appraise in monetary terms.

7.5 The Project provides a BCR of 44:1

7.6 Exemption 1 will only apply if the following conditions are satisfied:

- (1) The funding sought from SELEP in relation to the project must be less than £2.0m and to conduct further quantified and monetised economic appraisal would be disproportionate; and
- (2) where there is an overwhelming strategic case (with minimal risk in the other cases); and
- (3) there are qualitative benefits which, if monetised, would most likely increase the benefit-cost ratio above 2:1.

8. Financial implications (Accountable Body Comments)

8.1 Up to £500,000 of the GPF revenue grant was available in 2019/20 (plus carry forward of £301,600) to support the SSF programme, of which £206,500 remains unallocated. The Buy Local South East project and the Delivering skills of the future through teaching project are seeking £145,510 in total and therefore there is sufficient funding available to support the request for these Projects, leaving £60,990 to support future funding bids in 2020/21.

8.2 Three Projects came forward for endorsement for funding at the June 2020 Strategic Board meeting (to note, the Buy Local South East project and SE Export Development (SEED) are considered in separate reports where applicable). It should be noted that insufficient funding was available to fund all three projects, however the SE Export Development (SEED) project application did not meet the criteria of the Independent Technical Review. The Board endorsed the Teaching for Growth and the Buy Local South East projects by electronic vote on 8 July 2020.

8.3 On approval of these two Project awards, there will be a balance of £60,990 available for funding of SSF projects. Table 2 shows the breakdown;

Table 2: Sector Support Fund Summary

| SSF Funding Available | | | | |
|--|------------------|------------------|----------------|------------------|
| | 2018/19 | 2019/20 | 2020/21 | Total |
| | £ | £ | £ | £ |
| Total Fund Opening Balance | 1,000,000 | 500,000 | | 1,500,000 |
| Plus c/f from prior year | - | 578,000 | 610,734 | |
| Total Funding Available | 1,000,000 | 1,078,000 | 610,734 | |
| Total Funding Approved to Date | 422,000 | 467,266 | 404,234 | 1,293,500 |
| Available Fund Balance | 578,000 | 610,734 | 206,500 | 206,500 |
| Projects seeking approval following Endorsement | | | | |
| Buy Local South East | | | 69,510 | 69,510 |
| Skills working group | | | 76,000 | 76,000 |
| Total seeking approval following endorsement | - | - | 145,510 | 145,510 |
| Balance following approval | 578,000 | 610,734 | 60,990 | 60,990 |

8.4 This grant is a fixed maximum contribution to the Project; any Project over spends incurred will be required to be addressed by the Project delivery partner.

9 Legal implications (*Accountable Body Comments*)

9.1 The grant will be transferred to Kent County Council via a notional grant agreement; the grant agreement will include a requirement for claw back of the funding if it is not fully expended or not expended in line with the Project Bid Document.

10 Equality and Diversity implications

10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not;
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

10.3 In the course of the development of the project business cases, the delivery of the project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

11 List of appendices

11.1 Appendix 1 – Project Bid Document

11.2 Appendix 2 – Independent Technical Review report

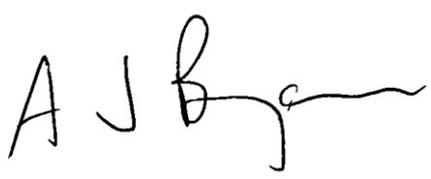
12 List of Background papers

12.1 Sector Support Funding Guidance

12.2 SELEP Assurance Framework

12.3 Minutes of the Strategic Board Meeting (Electronic Vote) DATE

| Role | Date |
|---|------------|
| Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, (Essex County Council) | 15/07/2020 |

| I approve the above recommendations set out above for the reasons set out in the report. | Date |
|---|----------------|
|  <hr/> Adam Bryan Chief Executive Officer for the South East Local Enterprise Partnership | <u>22/7/20</u> |