

## Appendix 2 Sector Support Fund (SSF) Application Template

<b>1. Project Title</b>	
Accelerating Nature-based Climate Solutions.	
<b>2. Project Location</b>	
East Sussex, Kent, Medway, Essex, Thurrock, Southend	
<b>3. Lead point of contact for Project</b>	
Name	Andy Arnold
Organisation	East Sussex County Council
Job Title	Environment Team Manager
Telephone	07803 899490
Email	Andy.arnold@eastsussex.gov.uk
<b>4. Lead contact in County Council/ Unitary Authority (if different from above)</b>	
Name	As above
Organisation	
Job Title	
Telephone	
Email	
<b>5. Description of Project (No more than 300 words)</b>	
<p>This project will accelerate the ‘supply and demand’ of nature-based solutions across SELEP. It will enhance natural capital whilst delivering clean growth, jobs and skills across the nature-based sectors<sup>1</sup>.</p> <p>The project will focus on carbon sequestration (the removal of carbon dioxide from the atmosphere), where there is significant demand but fragmented supply. However, outputs will also be relevant to the delivery of other nature-based solutions, for example biodiversity net gain for new development.</p> <p>It will:</p> <ol style="list-style-type: none"> <li>Provide an understanding of the demand for nature-based projects from local authority climate emergency plans and the local businesses seeking to invest in local carbon offsetting.</li> <li>Assess the ‘readiness’ of nature-based organisations to develop and deliver nature-based projects for carbon sequestration and identify gaps in skills, knowledge and capacity that stand in their way.</li> <li>Produce resources (see section 9) to support the development and delivery of a coherent nature-based carbon sequestration offer.</li> <li>Develop demonstration projects to showcase innovation and good practice.</li> <li>Develop a framework for a SELEP-wide ‘brokerage hub’ that can bring together ‘buyers’ and ‘sellers’ to co-develop nature-based carbon sequestration projects<sup>2</sup>.</li> </ol>	

<sup>1</sup> The ‘nature-based sector’ refers to those organisations working in the area of habitat creation and management and nature-based project design and delivery. It includes environmental NGOs (e.g. RSPB, Wildlife Trust etc), community-based organisations, forestry/woodland contractors, farmers and landowners, land-owner advisors, National Parks and AONBs.

<sup>2</sup> Nature-based projects create and deliver wildlife-rich habitats as a way of delivering a range of benefits to people and nature including carbon storage and sequestration. They are recognised by government as a unique mechanism for tackling the twin challenges of halting biodiversity loss and tackling climate change, whilst creating and retaining jobs as part of the green recovery. For info see [The Government Response to the Committee on Climate Change’s 2020 Progress Report To Parliament. Reducing UK Emissions](#).

## 6. Federated Board endorsement

*Please indicate which Federated Boards have endorsed the project, including dates of any relevant meetings.*

This bid has been developed by a range of organisations across SELEP and with the in-principle agreement of some organisations that are members of the Federated Boards (eg. ESCC, KCC, ECC). It has also been circulated to the members of SELEP's Clean Growth working group and endorsement has been received from Locate in Kent, Kent Local Nature Partnership, Community Energy South and Lewes-Eastbourne Councils. However, due to time constraints in developing this bid it has not been possible to secure the formal endorsement of each Board prior to submission. Lead organisations in each of the Federated areas will now seek the endorsement of the Federated Boards prior to the preparation of the Strategic Board report on SSF applications. The decision of each Federated Board will be shared with the SELEP Secretariat.

## 7. Project links to SELEP Economic Strategy Statement (ESS)

*Please identify which objectives within the current ESS that this project will assist in delivering*

This bid has been developed to accelerate the emergence of a new 'market-place' for nature-based projects which support clean growth by providing nature-based carbon-offsetting solutions, enhancement of the natural capital of the SELEP region and the creation of new jobs, skills and income streams for the nature-based sector across SELEP.

It thus aligns with the SELEP themes, objectives and priorities as follows:

SELEP theme, objective or priority area	Description	Support provided by the project
<b>Cross Cutting Theme: Clean Growth</b>	To help reduce carbon emissions and build climate change resilience.	<p>The project will provide the market analysis, skills development and framework for a 'brokerage hub' for nature-based solutions for carbon sequestration. This will facilitate the delivery of nature-based carbon offsetting projects in the SELEP region, assisting local authorities and businesses to move towards net-zero whilst investing in the natural capital of the local area.</p> <p>Harnessing this emerging income stream for nature-based solutions will help to build and enhance the natural capital assets of the SELEP region which, in turn, will build resilience in the natural environment to the impacts of climate change (such as flooding, drought and biodiversity loss). Where resulting new projects provide more 'nature near people' this will also provide benefits for the wider economy, in terms of tourism and support for health and wellbeing and enhancement of the places where people live and work.</p> <p>The project will support those organisations working in the SELEP area on the development and delivery of habitat creation projects - providing the skills and knowledge needed to 'monetise' the services they provide and move into a new entrepreneurial space. This will help the sector, hit by falling income in the wake of Covid 19<sup>3</sup>, to create and safeguard jobs via the expansion of their work. It will support landowners in identifying new potential sources of income from their land, and community-based organisations with</p>

<sup>3</sup>Across the UK, almost half of wildlife conservation organisations surveyed in 2020 said their financial reserves were sufficient for six months or less; the expected losses for 23 organisations was over £88 million. Losses of income include closure of visitor attractions, cancelled fundraising, decreased donations and access to grants <https://www.wcl.org.uk/huge-nature-cost-of-coronavirus.asp>

		a means to connect and collaborate with others to co-design projects in their local area.
<b>SELEP Working Group: Clean growth</b>	<p>Aim: to <i>collaboratively help to deliver clean growth at pace for the South East LEP region, given the climate emergency and net zero challenge.</i></p> <p><i>Specific objectives within the Terms of Reference for the Group.</i></p>	<ul style="list-style-type: none"> <li>- The project fits directly within the aims and terms of reference of the Clean Growth Working Group by supporting a more joined up response to the role of nature-based solutions in providing locally based carbon offsets and through the creation of demonstration projects through which innovation and opportunities can be showcased and delivered.</li> <li>- Importantly, it will provide an opportunity for this working group to help to accelerate the role of nature-based approaches as a ‘carbon removal technology’ that can provide some of the offsets needed for local authorities and businesses to achieve ‘net zero’ while also providing multiple benefits for people and nature.</li> </ul>
<b>Objective: Smarter</b>	<p>Raising productivity across the SELEP area</p> <p>Productivity matters in every sector</p>	<p>This project will:</p> <ul style="list-style-type: none"> <li>- Provide the foundation for harnessing a new income stream for the rural economy across the SELEP area, helping organisations working in habitat creation to secure and grow skills and jobs. There is no single existing mechanism through which this can be done at present and the fragmented approach that is emerging is creating barriers to project development and therefore the flow of these funds.</li> <li>- Provide the template for delivering a locally-focused ‘offsetting’ element of clean growth strategies across the public and private sectors within SELEP - providing a ‘missing piece’ in achievement of these strategies.</li> <li>- Facilitate greater investment in natural capital across the SELEP region which will provide wider benefits for people and the economy.</li> <li>- Support access to new funding streams for farmers, landowners and community-based organisations who may want to become involved in developing solutions in this area.</li> </ul>
<b>Objective: Deliver Faster</b>	Accelerating housing and infrastructure delivery to meet planned growth	<ul style="list-style-type: none"> <li>- The project will develop a framework for a nature-based solutions ‘brokerage hub’ that can be expanded to include ‘biodiversity net gain’ and ‘nitrate neutrality’ alongside carbon offsetting. This is currently a growing constraint to housing development in parts of the SELEP region. More information on creating nature-based ‘nutrient offsetting credits’ – such as those being created in Hampshire can be found here<sup>4</sup></li> </ul>
<b>Objective: Together</b>	Collaborating across the greater south east, with government and business	<ul style="list-style-type: none"> <li>- The project has been brought forward via the South East Nature Partnership which has members from SELEP and the wider South East of England (Hampshire, Isle of Wight, Surrey). It thus provides an opportunity to disseminate the lessons from this project to a wider audience in the south east (eg. the Surrey Local Nature Partnership).</li> <li>- The project is developing thinking which will be of value in informing national government policy and frameworks in this area. It is supported by Forestry Commission (South East) and involves members of national organisations with a</li> </ul>

<sup>4</sup> <https://www.newforest.gov.uk/article/1206/Nutrient-neutral-development>



		<p>presence in the SELEP area (such as RSPB, Natural England, Environment Agency). The national networks of these organisations can be used to disseminate the findings to policy-makers at a wider national level.</p>
<b>Priority 1: Creating ideas and enterprise.</b>	<p><i>Creating, adapting and adopting new ideas is at the heart of our ambition for a ‘smarter’ economy. This means supporting our innovating capacity in our ‘leading edge’ businesses - but it also means increasing the opportunities for creativity across the economy, enabling businesses with the potential for growth to expand.</i></p>	<ul style="list-style-type: none"><li>- The project is about innovation and development of a coherent ‘offsetting’ offer by the nature-based sector, pulling together expertise from across sectors, the SELEP area and beyond.</li><li>- It will fill a gap not currently being addressed in a strategic, cross-sectoral way anywhere in the SELEP area (or wider SE area).</li><li>- It will support the nature-based sector and those who manage land, to become more ‘entrepreneurial’ and access new funding streams through innovation of nature-based solutions for new audiences.</li><li>- It complements - rather than competes with - existing policy and government grant initiatives for woodland creation, habitat restoration and farmland management for climate benefits<sup>5</sup>.</li></ul>
<b>Priority 4: Creating Places.</b>	<p><i>As well as delivering ‘growth’, we need to create places to which south east residents and businesses aspire.</i></p> <p>“our natural environment and landscapes are central to the South East’s attractiveness and quality of life. These assets will need to be carefully managed to create a “sense of place”, adding economic value to both businesses and communities”<sup>6</sup>.</p> <p>Specific, relevant priorities include creating places that will be successful for the long term, valuing the natural capital and environmental quality we enjoy in the south east.</p>	<ul style="list-style-type: none"><li>- The demonstration projects will help to accelerate the design and delivery of new natural capital assets - which when located as per emerging Local Nature Recovery Strategies<sup>7</sup>, will target projects where they will contribute positively to ‘place-making’ and deliver optimal benefits for nature, landscapes, communities and people where they are needed most.</li><li>- Nature-based projects have the potential to deliver carbon sequestration services in rural and urban environments and across terrestrial, coastal and marine habitats. They thus have the potential to contribute to the quality of the whole range of environment types found across the SELEP area.</li><li>- The framework for the ‘brokerage hub’ will identify a mechanism to help to harness new funding sources for investment in natural capital assets across the SELEP area over and above those already available. It will thus leverage greater enhancement of the natural assets which make up the landscapes and natural places of the area.</li></ul>
<b>Objective 5: Working together.</b>	<p><i>We need to build on our wider regional connections.</i></p> <p><i>Working together with government: a</i></p>	<ul style="list-style-type: none"><li>- This project provides an opportunity for SELEP to engage with and support the work of the Local Nature Partnerships across its geography (both in the individual counties and as part of the collaborative ‘South East Nature Partnership’ (SENP) which brings together the LNPAs across Sussex, Kent, Essex, Surrey and</li></ul>

<sup>5</sup> Such as Woodland Carbon Code, Green Recovery Challenge Fund, existing grants to farmers for environmental management.

<sup>6</sup> Section 7.4 p46.

<sup>7</sup> As set out in the Environment Bill.

	<p><i>strengthened relationship, focused on strategic partnership between central government and business, local government and education leadership</i></p> <p><i>Relevant priority:</i> Work with complementary strategic partners to develop a shared understanding of the opportunities for economic growth. For example, we will work closely with the Local Nature Partnerships in the SELEP area to develop an understanding of how Natural Capital can underpin and inform sustainable economic growth.</p>	<p>Hampshire/Isle of Wight - as a means of innovating and supporting the use of natural capital to support clean economic growth.</p> <ul style="list-style-type: none"> <li>- It provides an opportunity to lead innovation in this area, which will help to inform a national response in the year in which the UK hosts COP 26. The South East Nature Partnership network can be used to disseminate learning beyond the SELEP region - with adjacent LEPs, Tier 1 local authorities and academic/research institutions in the region.</li> </ul>	
<b>Clean Growth Strategy, HMG 2018<sup>8</sup></b>	<p><i>Enhancing the benefits and value of our natural resources.</i></p> <p><i>Make sure our land plays an important role in capturing carbon and enhancing natural capital</i></p> <p>During the 2020s we need to accelerate the rate of tree planting, working towards our 12 per cent tree cover aspiration by 2060. To do this will require investment by the private and charitable sectors, not just government.</p>	<ul style="list-style-type: none"> <li>- There is a huge national government ambition to achieve tree planting and carbon offsetting via other habitats. There is also an acknowledgement that there is a need for a 'carbon market' in this area to help to unlock investment. This project complements work in this area delivered via the Woodland Carbon Code, run by the Forestry Commission, to broaden the scope to other habitats (including coastal and marine habitats common across SELEP such as saltmarsh, seagrass and kelp) and to stimulate activity while the great complexities of a nature-based carbon market are developed nationally.</li> <li>- It also complements the direct government spend of £40million via the Green Recovery Challenge Fund on nature-based climate projects but helps to move the reliance of these sorts of projects away from direct grants and government funding and towards new income sources.</li> <li>- It will also bring together those organisations who may not own land (such as businesses and community groups) but wish to become involved in a local project - with those who do and are also seeking additional income opportunities. This can help to accelerate access to land required for ambitious tree planting and habitat restoration targets.</li> </ul>	
<b>8. Total value (£s) of SSF sought (net of VAT)</b>			
Total Value: £135,000			

<sup>8</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/700496/clean-growth-strategy-correction-april-2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/700496/clean-growth-strategy-correction-april-2018.pdf)

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

Total Project value: £198,000

Detailed Breakdown:

Work Strand	Detailed Breakdown	Cost
<b>1) Supply and demand analysis</b>	<p><u>1. Demand:</u> Case study analysis to understand the scale of demand, barriers, opportunities, emerging models:</p> <ul style="list-style-type: none"> <li>- 4 local authorities (1 per federated area).</li> <li>- 8 businesses (2 per federated area, engaged via programmes such as LoCASE 2).</li> </ul> <p><u>2. Supply:</u> identification of existing skills, capacity, barriers and needs in order to respond to demand:</p> <ul style="list-style-type: none"> <li>- Assessment of the natural capital opportunity in the 4 case study local authority areas.</li> <li>- Engagement with environmental NGOs, community-based organisations, protected area authorities and government agencies.</li> <li>- Engagement with 4 'farm clusters' (1 in each federated area, via Natural England and the Forestry Commission).</li> </ul> <p><u>3. Synthesis report.</u> 1-3 to be delivered by consultancy.</p>	£71,500
<b>2) Supply side support resources</b>	<p><u>Development of the 'offer' from the nature-based sector:</u></p> <ol style="list-style-type: none"> <li>1. Development of interim standards to enable projects to start while government identifies formal metrics.</li> <li>2. Guidelines and training on effective project design, financing and legal models shared with the key players on the demand and supply sides (eg. the LNPs and the local developer groups).</li> </ol>	£21,500
<b>3) Demonstration projects</b>	<p><u>Project pipeline:</u></p> <ol style="list-style-type: none"> <li>1. Collation of existing and emerging projects across the SELEP region.</li> <li>2. Project Development Fund to enable the co-development of 4 projects by 'buyers' and 'sellers' that will sequester carbon (one in each Federated area at an average of £12.5K each, to road test the interim standards, financing and legal models).</li> </ol>	£57,000
<b>4) Brokerage hub development</b>	<ol style="list-style-type: none"> <li>1. Review of existing brokerage hub models.</li> <li>2. Identification of business model for development of a brokerage hub serving the SELEP area (For delivery as a next phase).</li> </ol>	£14,500
<b>5) Project management</b>	Project officer (0.5 FTEs x 2: one to lead on natural capital and one to lead on day-to-day project management)	£28,500
<b>Total</b>		£193,000

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

£63,000

<b>11. Funding breakdown (£s)</b>				
Source	2021/22	2022/23		Total
SSF	£112,500	£22,500		£135,000
Other sources of funding ( <i>please list below, add additional rows if necessary</i> )				
<i>Insert name of funding</i>				
ESCC cash	£5,000	£5,000		£10,000
KCC cash	£5,000			£5,000
Clean Growth UK cash	£5,000			£5,000
Partner in-kind	£37,000	£6,000		43,000
<b>Total Project Cost</b>	<b>£164,500</b>	<b>£33,500</b>		<b>£198,000</b>
<b>12. Details of match funding</b>				
<i>Insert details of match funding, including who is providing match, at what value, on what terms and what assurances are there that the match will be provided</i>				
Three organisations have committed cash, as itemised in section 11 above, to a total of £20,000.				
Kent Wildlife Trust has confirmed a commitment of £20,000 of staff time.				
Essex County Council and Kent County Council have confirmed a commitment of £5,000 of staff time each, a total of £10,000.				
Commitments of staff time to the project have also been provided by a range of other organisations, including the Forestry Commission (South East), the South Downs National Park and a range of members of the Kent and Sussex Local Nature Partnerships, many of whom also operate across Essex (eg. the RSPB, the Woodland Trust) totalling £13,000.				
<b>13. Expected project start and completion dates</b>				
Start date: May 2021				
End Date: April 2022				
The reason for not starting the project immediately after a decision is made by SELEP is to provide the time to set up the governance and project management so that the available 12 months are used as productively as possible.				
<b>14. Key Milestones</b>				
Key Milestones	Description		Indicative Date	
1. Project set up	Establish project governance and recruit project manager.		30 April 2021	
2. Supply and demand analysis - synthesis report	1.1 Report on analysis of supply / demand for nature-based solutions.		30 September 2021	
3. Supply side resources prepared and delivered	2.1 Resources to guide project development and financing produced. Associated training events delivered across the SELEP area.		31 January 2022	

4. Project Pipeline of Demonstration Projects	3.1 Portfolio of existing projects prepared and published. 3.2 Project Innovation Fund: projects completed to feasibility stage.	30 November 2021  31 March 2022
5. Brokerage hub framework	4.1 Review of other models. 4.2 Development of framework for brokerage hub.	31 December 2021 31 March 2022
6. Project Board meetings	Quarterly, plus final project meeting.	May 2021, August 2021, November 2021, February 2022, April 2022.
7. Project reports	7.1 Bi-annual reports to SELEP.	July & October 2021, January & April 2022.

**15. Benefits created by 2022 (list benefits with number/amount and cash value if applicable)**

Type of Benefit	Number of benefits created	Cash value of benefit (£)
<b>Immediate benefits</b>		
Increase in skills and expertise in developing nature-based projects for carbon sequestration across the nature-based sector in SELEP	<i>Over 50 organisations will directly benefit from the training and resources developed and delivered via this project. Beneficiaries will be amongst the 30 members of the Sussex Local Nature Partnership, the 20 members of the Kent Local Nature Partnership, the 35 local authorities in SELEP, at least 10 organisations working in wildlife in Essex and the farm clusters engaged through the project.</i>	An estimated £10,000 worth of resources and training per organisation will be developed and provided to at least 50 organisations = <b>£500,000</b> of value that would otherwise not be accessible.
Demonstration projects developed to kick start a project pipeline	<i>The demonstration projects in each federated area will leverage additional investment, help to create new natural capital assets and support jobs in the nature-based sector.</i>	Based on examples of 'investment readiness' funds in the social sector it's estimated that the £50,000 project development fund could unlock 9 times its value = <b>£450,000</b> (see: GM-Natural-Capital-Investment-Plan-Final180119.pdf (naturegreatermanchester.co.uk). This equates to 56 jobs, based on government estimates that the £40 million Green Recovery Challenge Fund will deliver 5000 jobs in nature-based solutions.
<b>Longer term benefits once 'brokerage hub' established</b>		
Acceleration of nature-based projects, which will help to diversify incomes for land owners and farmers, reduce barriers to housing development <sup>9</sup> , and contribute to achieving net zero carbon.	<i>A 'brokerage hub' to support the development and delivery of natural capital projects doesn't currently exist.</i>	The brokerage hub, through the delivery of projects, will be able to develop indicators such as the hectares of habitat created, tonnes of carbon sequestered and jobs created for the financial investment made.

<sup>9</sup> See here - for details of scheme in Hampshire to provide offsets for nutrient neutrality and enable development to proceed <https://www.hiwwt.org.uk/reducing-nitrates-solent>

<p>Support for existing jobs within the nature-based sector and growth of new jobs and skills</p>	<p><i>Investment in nature-based solutions for net-zero has resulted in 1/3 of the total job growth in Scotland between 2015-19 and growth in this sector is expected to rise significantly in coming years<sup>10</sup>.</i></p> <p><i>Research by the LSE and Grantham Institute has found that “planting trees and restoring wetlands are capable of delivering jobs at speed. These projects are not susceptible to off-shoring, are less import-intensive than many traditional stimulus measures and can create jobs in all regions of the UK”<sup>11</sup>.</i></p> <p><i>This project will help to establish a future mechanism from bringing project ideas ‘to market’ and thus support jobs and growth.</i></p>	<p>Using analysis by Surrey Wildlife Trust (in partnership with C2C), work in Surrey to create 700ha of habitat will support the creation of 18 FTE jobs<sup>12</sup>. This equates to approximately 1 job per 38 ha of habitat created/managed.</p>
<p>Creation of new areas of natural capital across the SELEP area - contributing to nature recovery, delivery of benefits for people, places, jobs and the local economy</p>	<p>Natural capital across the SELEP region provides a range of benefits to nature and people, including carbon storage, flood risk reduction, improved drought resilience, water quality improvement, air quality improvement, pollination, benefits for physical/mental health and wellbeing, attractiveness of places and landscapes, with knock on benefits for tourism and inward investment.</p>	<p>No estimation of the value of natural capital across the SELEP area exists. However, studies from elsewhere can identify the scale of benefits to the local economy from natural capital - and gains to be made from investment in its creation and enhancement.</p> <p>A study of the natural capital value of the C2C LEP area estimated the value of natural capital benefits to the area at £792 million per year. The assets themselves are valued at £2.5bn in present value terms over 60 years. £3.3bn are direct benefits to businesses through agriculture, fishing, timber, renewable energy and minerals. The majority of benefits are to wider society (£19bn) through recreation and public health (physical activity and reduced air pollution)<sup>13</sup>.</p> <p>Studies of Greater Manchester (where natural capital benefits have been estimated at over £900m annually) - investment in natural capital creation can yield total environmental benefits of £8,192 per ha.</p>

<sup>10</sup> Nature Scot (2020). Nature-based jobs and skills for net-zero - and initial assessment.

<https://www.nature.scot/sites/default/files/2020-12/Nature-based%20jobs%20and%20skills%20for%20net%20zero%20-%20an%20initial%20assessment.pdf>

<sup>11</sup> Stern N, Unsworth S, Valero A, Zenghelis D, Rydge J, Robins N (2020) Strategy, Investment and Policy for a Strong and Sustainable Recovery: An Action Plan. Centre for Economic Performance: CEP COVID-19 Analysis. <https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2020/07/Strategy-investment-and-policy-for-a-strong-and-sustainable-recovery.pdf>

<sup>12</sup> Eftec(2019). A Coast to Capital Natural Capital Accounting Study. Final Report. Surrey Wildlife Trust. July 2020.

<sup>13</sup> Eftec(2019). A Coast to Capital Natural Capital Accounting Study. Final Report. Surrey Wildlife Trust. July 2020.

## 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 be realised*

This project is estimated to provide a benefit/cost ratio of 4.9:1, based on an estimated £950,000 benefit (ie. £500,000 + £450,000 set out in section 15) divided by the SSF contribution to the total project cost of £193,000. This has been quantified as follows:

- 1) Value of new resources: the research, development, piloting and training activities that will be carried out in this project will save at least 50 identified organisations the cost of carrying out this work individually. Based on recent discussions between Sussex local authorities and a consultancy for delivering a part of this work, it's estimated that this project will save approximately £10,000 per organisation, which would be a total of £500,000 for the beneficiary organisations in SELEP.
- 2) Unlocked investment: Research by eftec for Greater Manchester's Natural Capital Investment Plan has identified that funds invested in the social market (eg. the Investment and Contract Readiness Fund) unlocked £18 for every £1 invested, evidenced over £13.2m of projects. We have assumed just half this rate is achieved by our proposed demonstration projects, which would by  $9 \times £50,000 = £450,000$ .

## 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*

There are a number of potential benefits that cannot be quantified, including:

- 1) Future market: this project will help to support the post COVID-19 economic recovery by creating the conditions for investment in natural capital projects delivered in the SELEP region, including the developing market for carbon off-sets. The Committee on Climate Change estimates that nature-based sinks will need to remove approximately 7.5% of total emissions to enable the UK to get to net zero. 7.5% of total CO2e consumption emissions in SELEP is approximately 1.1 million tonnes (BEIS, 2020). The current central value used by BEIS for policy appraisal for the cost of a tonne of CO2e is £13/tCO2e, which indicates a current SELEP market for the sequestration of carbon through natural capital of about £14.3m.
- 2) Economies of scale: a key rationale for applying for SSF investment is that there is a need to bring the supply and demand side together at scale because there will be many instances where the need, on either side of the market, will not be met by operating within either an individual land ownership boundary or a local authority administrative area. For example, the off-setting requirement of large housing or commercial developments will often be greater than can be provided by a single site or by multiple sites under single ownership.
- 3) Investment and benefits that will be retained locally: there are currently very few opportunities to invest in certified carbon offsets or other natural capital benefits in the SELEP region, which means both the investment and the benefit it pays for are currently lost from the region.
- 4) Facilitation of development: the development of local solutions to planning requirements, such as the provision of biodiversity net-gain, will reduce the risk of a lack of supply of local off-setting schemes, which will reduce the risk, uncertainty and price fluctuation of meeting such requirements.
- 5) Increased inward investment: the provision of a coordinated approach in SELEP to investing in natural capital will provide a more efficient, and therefore attractive, route for the growing sector of green finance.
- 6) Financial sustainability: SELEP investment into this project will enable project partners to move more quickly to the stage where this activity can be financially sustainable without recourse to further public funding.

Various business models for achieving this will be explored during the project with the longer-term goal of establishing a body which can act as a financially sustainable “brokerage hub” that brings together supply and demand and providing expertise to the nature-based sector in financing, development and delivery of nature-based projects.

- 7) Post COVID recovery: this project will help to create the conditions for investment into natural capital. This includes open green space which has proven, and continues to prove, crucial to enable many people to adapt and cope with COVID restrictions, by providing areas where people can look after their physical health and mental wellbeing in a safe and socially-distanced manner.
- 8) Post Brexit: a cornerstone of the government’s post-Brexit agricultural policy is the Environmental Land Management Scheme (ELMS), which is due to be rolled out in 2024. This project will contribute to the SELEP area being more able to take advantage of the investment that will be available through ELMS.
- 9) Reputational benefits to SELEP: this project will position SELEP in the forefront of this fast moving and innovative area and could provide, in the year of COP 26 (Conference of the Parties), an opportunity via project partners to showcase an approach to local nature-based solutions to a global audience.

## 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*

### **Dependencies**

This project is not dependent on any particular external factors in order to be delivered. External changes may occur that might affect the project either positively or negatively (e.g. changes to national policy on natural capital). There are dependencies within the project, including:

- 1) The iterative gathering of evidence from participants on both the supply and demand sides, so that challenges and opportunities can be identified and addressed as they emerge.
- 2) The development of supply-side resources is dependent on firstly understanding the resource needs and then being able to develop resources to address these needs.

The risks arising from dependencies have been included in the summary risk table below.

### **Risks**

<b>Issue</b>	<b>Risk</b>	<b>Mitigation</b>
Project Management	1) Loss of staff capacity. 2) Underestimation of project management time required. 3) lack of expertise in the project team.	1) Establish robust governance. 2) Ensure supportive project management capacity is available amongst the main project partners. 3) Include budget to procure project management and relevant expertise. 4) Allow for additional delivery time within the programme.
Budget	1) Not enough budget to deliver the outputs. 2) match funding not provided.	1) Obtain indicative quotes for all contracted works prior to bid submission. 2) confirm match prior to bid submission.

Contractors	1) Cannot procure an appropriate contractor for key deliverables. 2) Contractors perform poorly.	1) Discuss interest and capacity with potential contractors prior to bid. 2) Write clear contract specifications and set up clear and robust project management processes.	
Partner participation	Unable to recruit businesses or organisations to participate.	Identify participants prior to bid submission.	
COVID-19	Travel restrictions constrain delivery of outputs.	Design outputs to be deliverable without the need for face-to-face work.	

## 19. State Aid Implications

*Please indicate how your project complies with State Aid Regulations*

East Sussex County Council will be the accountable body for this project. The bulk of the project is for research and development, from which no commercial entity will be provided with a direct economic advantage. Therefore, the majority of the project does not fall within the State Aid Regulations.

Where commercial entities may benefit from the project, for instance participants in farm clusters, then support from the project will not be provided until it has been documented that all relevant undertakings will not exceed the *de minimis* State Aid threshold.

*NB: A declaration of compliance with EU or other State Aid Regulations will be required prior to any SSF being provided. If your project is awarded SSF it will be subject to a condition requiring the repayment of funding in the event that the European Commission or UK Government determines that the funding constitutes unlawful State Aid*

## 20. Contracting Body

*Please provide the name of the organisation to act as contracting body and give details of a contact within the organisation, including phone number and email.*

East Sussex County Council will be the contracting body for this project. The project lead will be Andy Arnold, ESCC's Environment Team Manager. Contact details are: [andy.arnold@eastsussex.gov.uk](mailto:andy.arnold@eastsussex.gov.uk), 07803 899490.

*If the contracting body is **not** one of the SELEP County or Unitary Councils, please detail the organisation that has been chosen, why the organisation has been selected and the benefits this arrangement will bring to the project. Any known risks of this organisation acting as contracting party should be identified here. Essex County Council as Accountable Body will make the final decision on whether any organisation is a suitable contracting partner.*

## 21. Project Governance Structure

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

East Sussex County Council (ESCC) will be the contracting body.

The project sponsor will be ESCC's Head of Service for Planning and the Environment.

The project manager / senior responsible officer will be ESCC's Environment Team Manager.

A project officer will be employed to ensure the project is delivered to time and on budget.

A project delivery board will be established to steer the delivery of the project. Board representatives will be from each of the upper tier local authority areas and from key stakeholders in the project, including from the Local Nature Partnerships in Kent and Sussex. As a minimum, the board will receive monthly written updates on progress against outputs and budget and will hold quarterly meetings to steer the project.

Project updates will be provided to the SELEP Clean Growth working group.

Kent Wildlife Trust will be a key partner in the project, including leading on delivery of work strands 1, 2 and 4.



## 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>	<b>Andy Arnold</b>
<b>Organisation</b>	<b>East Sussex County Council</b>
<b>Date</b>	<b>28/1/21</b>

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