

From: Susan Carey, Cabinet Member for Environment
Barbara Cooper, Corporate Director of Growth,
Environment and Transport

To: Environment & Transport Cabinet Committee

Subject: 21/00037 Low Carbon Across the South and East
Programme

Key decision Affects more than 2 Electoral Divisions
Expenditure of more than £1m

Classification: Unrestricted

Past Pathway of Paper: N/A

Future Pathway of Paper: For decision by Cabinet Member

Electoral Division: All

Summary:

A decision is being sought to approve the continuation and expansion of the delivery of Low Carbon Across the South and East (LoCASE), which is a programme of integrated measures, consisting of financial assistance and business support, to: increase demand for clean technology, increase energy efficiency of businesses, and increase growth of the low carbon environmental goods and services sector. This is an extension and expansion of the successfully established LoCASE project, led by Kent County Council, which has been in operation from 2016.

Recommendation(s):

The Environment and Transport Cabinet Committee is asked to consider and make recommendations to the Cabinet Member for Environment on the proposed decision to approve the delivery of the 'Low Carbon across the South and East Programme' as attached at Appendix A.

Specifically, for the Cabinet Member to:

- i) Accept £14,748,886 of European Structural Investment Funding administered by the Ministry of Housing, Communities and Local Government.
- ii) Give approval that Kent County Council act as the Lead Partner (Accountable Body) for the partnership delivering across multiple Local Enterprise Partnership areas.

- iii) Delegate authority to the Corporate Director of Growth, Environment and Transport to take relevant actions, including but not limited to, entering into contracts and other legal agreements, as necessary to implement decisions to spend the grant.

1. Introduction

- 1.1 Low Carbon Across the South and East (LoCASE) is a programme of integrated measures, consisting of financial assistance and business support, to: increase demand for clean technology; increase energy efficiency of businesses; and increase growth of the low carbon environmental goods and services sector.
- 1.2 The Low Carbon Across the South and East programme is a continuation and expansion of the successfully established Low Carbon Across the South East project, which ran from February 2016 and supported 1,278 Small and Medium Enterprises, through £5,014,939 of grant funding, to support overall investment of £12,537,348
- 1.3 The programme has a budget that totals £30,937,771, and is part funded by the European Structural Investment Fund (£14,748,886), private sector investments (£13,950,000), Kent County Council (£107,827), and public sector contribution from 16 programme partners (£2,131,058).
- 1.4 Encouraged by the Ministry for Housing, Communities and Local Government following interest across the region after the demonstrated success of the LoCASE project, the additional funding is to continue and grow LoCASE to deliver a multi-Local Enterprise Partnership business support programme through a partnership made up of 16 public and private sector organisations across four Local Enterprise Partnerships (South East, Coast2Capital, Enterprise M3 and the Solent).

2. LoCASE as a Programme

- 2.1 Low Carbon Across the South and East programme will provide a consistent, accessible business support programme across the South and East, using European Structural Investment Funds, that helps businesses optimise the use of resources and adopt innovative products and processes, as well as low carbon solutions, in ways that improve business performance in terms of resilience, profitability and competitiveness, at the same time contributing to the protection and preservation of the environment.
- 2.2 The programme will provide business support to 2060 SMEs, cut CO²equivalent emissions by 11,232 tonnes, support 140 new businesses, introduce 159 new products, enable knowledge transfer with 91 businesses, create 270 new jobs in the low carbon environmental

goods and services (LCEGS) sector, invest £23,250,000 in business, and raise awareness of the LCEGS sector to over 500,000 people.

- 2.3 The programme, with Kent County Council as the Accountable Body (see 3.1), will provide business support across four Local Enterprise Partnerships (South East, Coast2Capital, Enterprise M3, and the Solent) and be delivered by an experienced and strong partnership consisting of County Councils, Unitary Authorities and University partners.
- 2.4 Low Carbon Across the South and East will be delivered through a tried and tested model, established during the initial project, which delivers support to Small and Medium Enterprises (SMEs) at a local level by working through existing and extensive networks operated by each of the partners. As such, SMEs will be able to seamlessly access support through multiple routes including Local Authority and Growth Hub referral, engagement at events, and through peer-to-peer referral.
- 2.5 At its core, the programme will focus on a well-developed, efficient grants offer to Small and Medium Enterprises which will provide support for energy efficiency and low carbon product and service development. Additional support will be provided through specialist guidance, technical workshops and mentoring. An innovation scheme, provided by two university partners, will provide a knowledge transfer service, key sector cluster growth and supply chain development.
- 2.6 Programme success will be measured against anticipated growth of the businesses in terms of their ability to increase their capacity for innovation and business growth (turnover), as well as additional jobs created, and where relevant, tonnes of CO²equivalent reduced.
- 2.7 Approval for the additional European Structural and Investment Funds required to continue and expand the programme was received by Kent County Council after an application and assessment process with Ministry for Housing, Communities and Local Government in late 2020.
- 2.8 It is planned, upon formal agreement of the programme in March 2021, to circulate a paper to Kent Environment Board, the Kent and Medway Environment Group, Kent County Council Members, and Kent Leaders to provide an overview of what Low Carbon Across the South and East will deliver for Kent and the wider region. Further briefings can be provided as required.

3. Governance

- 3.1 Kent County Council, following on from being the Accountable Body in the initial Low Carbon Across the South and East project, will be Accountable Body and Grant recipient for the continuation and extension of the project into a programme. In acting as the Accountable Body for the programme, Kent County Council will have overall responsibility for all expenditure, recovery from third parties where appropriate and

monitoring, supported by the Low Carbon Across the South and East programme partners. Kent County Council has built a good reputation with central government and partners in developing appropriate systems and processes in order to successfully lead on large business support programmes like these and has the skills and knowledge already within the team to continue successful delivery.

- 3.2 Delegated authority will be given to Corporate Director of Growth, Environment and Transport to take relevant actions, including but not limited to, entering into contracts and other legal agreements, as necessary to implement decisions to spend the grant. The Sustainable Business and Communities team will provide strategic leadership and oversee day-to-day delivery teams, as well as manage the partnership. The delivery team will support business engagement and administration of the grants. Internal oversight will be maintained as part of the Strategic Delivery Plan and via the Kent County Council Environment Board, with support from the Revenue Finance Team.
- 3.3 A delivery team will be responsible for the coordination of the Programme and take day-to-day responsibility for working with each of the partners. Finance, monitoring and customer records management systems that are currently in place to support European funded programmes will be used to manage the drawdown and requirements of the funding.
- 3.6 Kent County Council maintain and chair the Low Carbon Across the South and East Steering Group, made up of senior officers from partner organisations to oversee strategic delivery. The group will continue to meet quarterly and have oversight of the programme and its delivery, providing strategic direction and monitoring performance and impact of the programme against the work plan. Beneath this structure will be the Operational Delivery Group, made up of officers from partner delivery teams, which will continue to meet monthly, and whose role is to oversee the delivery and mobilisation of the day-to-day delivery of the programme and associated work plans.

4. Financial Implications

- 4.1 The programme has a budget that totals £30,937,771 and is part funded by the European Structural Investment Fund (£14,748,886), private sector investments (£13,950,000), Kent County Council (£107,827), and public sector contribution from 16 programme partners (£2,131,058)., Kent County Council's contribution will be found from the existing Sustainable Business and Communities budget as staff time and contributions from partners direct to KCC through shared Accountable Body costs.

5. Legal Implications

- 5.1 To deliver the programme and receive the European Structural Investment Funds (ESIF), the Council must sign a Funding Agreement with MHCLG that sets out standard terms and conditions for the Council as Grant Recipient and Accountable Body and MHCLG as Managing Authority. KCC has entered into many similar legal obligations in the past for other ESIF funded projects.
- 5.2 A formal Partnership Agreement, which has been in use on the initial LoCASE project, will be drawn up and issued by Invicta Law to ensure compliance at all levels across the partnership. In doing this, the risk that is taken on by Kent County Council acting as the Accountable Body will be passed on to the partnership, therefore making the risk a shared burden, and one that is much more manageable. The rationale being that KCC has a proven track record of successful delivery of these types of projects with processes and mechanisms to meet the compliance requirements and deliver funding of this nature.
- 5.3 Legal and financial advice will be sought before signing the final Funding Agreement and partnership agreements, anticipated by end of March 2021. Drafts of these agreements have already been assessed by Invicta Law and successfully adhered to through clear governance and processes established under the initial Low Carbon Across the South East project.

6. Policy Framework

- 6.1 Low Carbon Across the South and East directly supports elements of Themes 1 and 2 of the Kent Environment Strategy. Specifically, it is the key delivery mechanism in the implementation plan for Priority 10: Supporting growth in the economy with a focus on low carbon, environmental services and rural sectors. It also is the key delivery mechanism of Priority 9 – Supporting Low Carbon Business of the Kent and Medway Energy and Low Emissions Strategy. As such, the programme is integral to helping achieve net-zero emissions by 2050 for the country.
- 6.2 Low Carbon Across the South and East supports the greener futures focus of the COVID-19 Kent and Medway Economic Renewal and Resilience Plan and is also relevant to the Kent and Medway Growth and Infrastructure Framework, Local Transport Plan 4 (and will inform Local Transport Plan 5) and the emerging Health and Wellbeing Strategy and Kent's Public Health Outcomes.
- 6.3 Low Carbon Across the South and East supports the following priority actions of Setting the Course – Kent County Council's Interim Strategic Plan: Work with our partners to deliver essential support for local businesses; Champion the rural and green economy; and deliver Net zero for Kent by 2050 and promote climate resilience.

7. Equalities implications

7.1 An Equalities Impact Assessment has been undertaken for the Low Carbon Across the South and East programme as part of the application process. No significant negative impacts were identified. The assessments attached to this paper.

8. General Data Protection Regulation Considerations

8.1 A Data Protection Impact Assessment is currently being developed by the delivery team with support from colleagues in Strategic and Corporate Services and the Data Protection team.

9. Conclusions

9.1 Low Carbon Across the South and East will play an important role in the implementation of the Kent Environment Strategy, Energy and Low Emission Strategy and Economic Recovery and Resilience Plan and in turn deliver considerable benefits for both local businesses and for the environment.

9.2 While the COVID-19 pandemic has resulted in significant economic challenges and uncertainty, it is essential that action is taken to support jobs and businesses, with the aim of building a greener, more productive, fairer economy that will emerge stronger and more resilient than before.

9.3 The objective of the Low Carbon Across the South and East programme is to support businesses to become more sustainable, have less impact on the environment and deliver clean growth across the region. While the Covid-19 pandemic has undoubtedly had a negative impact on the SME community, this programme of work will undoubtedly form a key driver in assisting those SMEs to recover, pivot and scale up as the economy is rebuilt.

10. Recommendations

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11. Appendices and Background Documents

- Appendix A – Proposed record of Decision
- Kent Environment Strategy – www.kent.gov.uk/environmentstrategy
- Kent and Medway Energy and Low Emissions Strategy – https://www.kent.gov.uk/_data/assets/pdf_file/0009/112401/Kent-and-Medway-Energy-and-Low-Emissions-Strategy.pdf
- Kent and Medway Renewal and Resilience Plan— http://kmep.org.uk/documents/Renewal_and_Resilience_Plan_-_August_2020.pdf
- LoCASE full applications – upon request
- Equalities Impact Assessment: <https://democracy.kent.gov.uk/ecCatDisplay.aspx?sch=doc&cat=14891>

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