

By: Mark Dance – Cabinet Member for Economic Development  
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To: Economic Development Cabinet Committee – 23 January 2014

Subject: **Unlocking the Potential: Low Carbon Kent**

Classification: Unrestricted

Electoral Division: All Divisions

**Summary:**

The low carbon environment technologies, goods and services sector is a key theme of the emerging Kent and Medway Growth Plan – Unlocking the Potential, as well as a core priority for the emerging EU Structural Funds 2014-18. This paper provides an update of the current focus and initiatives in Kent in this sector.

**Recommendations;**

The Economic Development Cabinet Committee is asked to **NOTE** progress and **DISCUSS** any further action needed.

## **1. Background**

1.1. The low carbon environment technologies, goods and services sector is one of the key sectors identified as part of 'Unlocking the Potential' as providing significant opportunities for economic growth within Kent and Medway. Over the last year, KCC with partners have been consolidating the approach to this sector under the banner of Low Carbon Kent and the county's designation as a Centre for Offshore Renewable Engineering (CORE). This paper outlines the approach and highlights some of the key initiatives across Kent.

## **2. Understanding the Market**

2.1. The total value of the low carbon environment technologies, goods and services sector in Kent and Medway is estimated at £1.2 billion and accounts for around 25,000 jobs across a diverse range of activities (including construction, energy, engineering and services). A recent analysis of the sector indicates the potential for around 9,000 new jobs in the county over the next decade, representing a significant rate of growth.

2.2. To date this sector has been fast moving and reactionary due to the dynamic policy environment, with businesses, especially SMEs often playing catch up e.g. solar.

2.3. KCC through an EU funded FUSION Programme and High Growth Kent are working closely with research institutions, partners and business to identify earlier emerging opportunities, evaluating the potential for Kent and what is

needed to unlock it, including identifying appropriate public sector intervention.

2.4. Key areas where work is being undertaken to assess and develop opportunities include water resilience and demand management in partnership with the rural and agricultural sector, waste resources, marine renewables and off shore wind supply chain development.

### **3. Low Carbon Technologies, Goods and Services (including renewables)**

3.1. As with other key sectors, low carbon businesses can access mainstream business support from High Growth Kent and chambers etc.

3.2. Historically, take up of support has been low, therefore, through the FUSION and High Growth Kent programmes businesses are being proactively identified and supported and where relevant being given intensive support to develop applications for finance in particular through Expansion East Kent, TIGER and Escalate.

3.3. To date across Expansion East Kent and Tiger approximately £450,000 has already been allocated to low carbon businesses and a further £795,000 provisionally allocated subject to contract.

3.4. In addition, Kent has been successful in attracting £1m of grants through the Low Carbon Plus ERDF project to support business case development and to facilitate applications for RGF loans where appropriate. Low Carbon Plus will be launched in the New Year, and already has received a number of expressions of interest.

### **4. Offshore Wind**

4.1. The completion of London Array phase 1 and its inauguration by the Prime Minister as the world's largest offshore wind farm in July this year brought very good exposure for Kent as key location for the offshore industry. Kent is now home to three pioneering projects of national significance in the Kentish Flats, Thanet Offshore and the London Array.

4.2. Developing local supply chains to realise new business opportunities locally has been ongoing since the arrival of the offshore wind industry in Kent. Working in partnership with London Array and Vattenfall a number of networking and 'meet the buyer' events have been held, and an online business directory with over 360 businesses signed up has been developed to showcase Kent business capability to the industry ([www.kentwindenergy.co.uk](http://www.kentwindenergy.co.uk)).

4.3. However, whilst local businesses have benefitted from new supply opportunities there remain many challenges related to becoming a supplier and local supply chain growth has been slow and companies are often unwilling to risk new investment.

- 4.4. In order to better understand supply chain potential and to identify what specific action can be taken locally, the County Council funded by the Fusion Programme commissioned the University of Chichester to undertake a study of business capability in Kent and Medway. The study confirms that Kent and Medway is uniquely placed to become a key player in the offshore wind industry with the potential to meet 40% of the industry's supply chain needs. This capability rises to 60% if the search area is extended into neighbouring counties giving rise to the notion of a regional cluster. Key strengths in Kent and Medway are in operations and maintenance, support services, port and marine activities.
- 4.5. One of the key recommendations from the report is that Kent County Council working with partners should focus on developing Kent as a key centre for the supply of spare parts as projects move out of warranty periods and operators look to reduce cost. The future market for spares is expected to be a significant growth area and the University indicates the value of this could be £879 million a year by 2020.
- 4.6. The recommendations from the study are now being refined and strengthened to reflect what can be effected at the local level with the influence/resources we have to give the most impact. This will include actions to: strengthen the CORE offer and looking at the feasibility/advantages of developing a trade body to strengthen Kent's offer; improve the relationship between wind farm operators and local business, and, regional specialisation initiatives including using innovation and technology transfer to elevate Kent's position as a key member of the supply chain.

## **5. Retrofit and Construction**

- 5.1. In October this year the Kent Warm Homes Programme was launched with an initial aim of retrofitting 1400 homes by March 2014, leveraging in around £12m of the Government's ECO scheme funding in the first phase. To date almost £5m ECO funding has been committed, with around 800 homes in the pipeline to receive energy efficiency improvements.
- 5.2. Though there has been some recent changes in Government policy which are currently having a significant impact on the project and the industry as a whole, over the life time of the ECO programme 2013-2017 there is still significant potential for job creation, retention and utilisation of Kent and Medway SMES, as well as training, skills and apprentices opportunities.
- 5.3. There have now been three 'Meet the Buyer' events held with the successful contractor Enterprise and over 40 SMEs are in the process of applying to be part of Enterprise's supply chain. A local contractor was used to develop a number of show homes in Kent, and a case study promoting this work and the SME is being developed.
- 5.4. KCC and partners will continue to work with Enterprise and other providers of ECO funding to work towards maximising benefits for Kent and Medway SMEs now and post the Government Consultation on ECO following the Autumn Statement.

## **6. Biomass**

6.1. In addition to the off shore wind sector, KCC are also proactively working with partners to develop the supply chains for wood fuel biomass. Specifically the North Downs AONB through the EU Funded projects MULITIFOR and ADAPTFOR are working with the local suppliers of wood biomass to raise capacity and with the public sector to stimulate demand. The AONB provides technical support and identify potential opportunities for wood fuel installations. To date the MULIFOR/ADAPTFOR projects have worked intensively with over 50 wood biomass businesses and were involved in facilitating the biomass facility at Discovery Park. This project is a National Pathfinder in partnership with the Forestry Commission.

## **7. Driving Business Competitiveness, Stimulating Demand**

7.1. Key to supporting the growth of the low carbon environment technologies, goods and services sector is stimulating demand with the added benefit of increasing the competitiveness of Kent and Medway businesses through better management of resources, cutting energy, water and waste costs. To date the Low Carbon Kent through the Steps To Environmental Management Programme (developed by KCC) has worked with around 1300 businesses and intensively with almost 500, identifying average annual cost savings of over £2000 per business, with some achieving much larger savings. Where possible, businesses are directed to local suppliers through [www.lowcarbonkent.com](http://www.lowcarbonkent.com).

7.2. Supporting this work and complimentary to the Low Carbon Plus Grant fund of £1m to support the low carbon business sector mentioned earlier, the West Kent Sustainable Business Growth Project has accessed ERDF funding to the value of around £800,000 to provide grants for energy efficiency measures. The grants with a value of £500-£3000 can be used to buy and install measures such as LED lights, insulation, and PV panels.

7.3. The Low Carbon Kent Network - [www.lowcarbonkent.com](http://www.lowcarbonkent.com) - was established in 2012 and now has nearly 1300 members registered on the network, including a significant number of low carbon businesses. KCC, utilising European Funding, sponsored the Low Carbon Kent Zone at Kent 2020 which attracted 18 exhibitors from the low carbon sector. The second Green Business Conference held this November and opened by Mark Dance attracted almost 100 delegates, a significant proportion of which were local SMES and green business and had 20 businesses exhibiting. KCC with Skanska also sponsor a 'Commitment to the Environment' category at the Keiba business awards. In addition, there have now been three 8 page pull outs in the Kent Messenger covering the low carbon sector, offshore wind and retrofitting.

## **8. Skills for the Low Carbon Sector**

8.1. The Swale Skills Centre has established a reputation as a provider of training to the offshore wind industry. The centre has been running at capacity for some time and held ambitions to expand into a neighbouring industrial unit. A

successful application to the Demographic Capital Growth Fund this summer has secured a grant of £1,225,000 enabling them to now proceed with this ambition. This grant includes the funding needed to buy the neighbouring unit. The extension will double the size of the centre and increase student capacity to 400. The centre plans to add further engineering specialisms while continuing to offer training for sustainable technologies including wind farm operation. In addition to the Swale Skills Centre, East Kent College have recently completed their new Environmental Technologies Centre. Together the two centres form a strong skills and training resource for low carbon technologies.

## **9. Recommendations**

9.1 The Economic Development Cabinet Committee is asked to **NOTE** progress and **DISCUSS** any further action needed.

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