

From: Katie Stewart, Director Environment, Protection and Enforcement

To: Environment and Transport Cabinet Committee – 11 March 2016

Subject: **Low Carbon across the South East Project**

Decision No: 16/00020

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 delivery of the 'Low Carbon across the South East' (LOCASE) project funded via European Regional Development Funds which will aim to support businesses across the South East Local Enterprise Partnership to improve their energy efficiency.

Recommendation:

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

1. Introduction

- 1.1 The LOCASE project is an integrated programme of financial assistance and business support to increase demand for low carbon technology, increase efficiency and grow business in the low carbon environmental goods and services (LCEGS) sector across the South East Local Enterprise Partnership (SELEP).
- 1.2 The total project value is £18,525,565 and will be funded as follows by the European Structural Investment Fund (8,858,923), Private Sector (£9,000,000), Kent County Council (£134,377), Essex County Council (£166,715), Thurrock Council (£98,732), Southend Borough Council (£33,071), East Sussex County Council (£85,099) and the University of Brighton (£148,648).
- 1.3 LOCASE is a key deliverable of the Kent Environment Strategy which was adopted by Kent County Council on 25 January 2016.

2. The Report

- 2.1 LOCASE will provide a consistent, accessible business support programme across the SELEP area, 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, whilst contributing to the protection and preservation of the environment.
- 2.2 The project will provide business support to 1,050 SME's, cut CO2 emissions by 6,510 tonnes, support 67 new businesses, introduce 80 new products, enable knowledge transfer with 33 businesses, create 270 new jobs in the low carbon environmental goods and services (LCEGS) sector, invest £18,761,888 in business, and raise awareness of the LCEGS sector to over 200,000 people.
- 2.3 As part of the appraisal process, a full options analysis was carried out and is detailed in the LOCASE Application Form. It considered and rejected the following alternative options:
- Option (a): Do nothing – no ESIF investment
 - Option (b): Funding for Steps to Environmental Management (STEM) only – reduced ESIF investment. (An SME tailored Environmental Management System)
 - Option (c): Reduced cost LOCASE grant scheme – reduced ESIF investment
 - Option (d): Stagger core SME offering – delay in ESIF investment
- 2.4 Based on initial feedback from Government officers, it is anticipated that approval will be given by DCLG in March 2016.

3. Fit with Corporate Objectives

- 3.1 LOCASE directly delivers against Themes 1 and 2 of the Kent Environment Strategy which in turn delivers across the objectives and outcomes of KCC's Strategic Statement. In particular, the aims and objectives of LOCASE have a direct correlation to the following supporting outcomes;
- Kent business growth is supported by having access to a well skilled local workforce with improved transport, broadband and necessary infrastructure
 - All Kent's communities benefit from economic growth and lower levels of deprivation
- 3.2 In turn LOCASE will also meet the following Corporate Objective through its work in delivering against the priorities listed below of the Kent Environment Strategy;

KCC's Corporate Objectives	Kent Environment Strategy Priority
Kent communities feel the benefits of economic growth by being in work, healthy and enjoying a good quality of life	Priority 6: Improve our resource efficiency, including energy and water
	Priority 7: Ensure sustainable access and connectivity for businesses and communities
	Priority 8: Influence future sustainable growth for the county of Kent
	Priority 9: Improve the county of Kent's environmental, social and economic resilience to environmental change
	Priority 10: Supporting growth in the rural economy and low carbon and environmental services sector

4. Financial Implications

- 4.1 As part of the proposal for EU funding, KCC has agreed to contribute £134,377 in-kind match funding over the 3 years of the project (March 2016 – February 2019). This will be found from the existing Sustainability Business and Communities budget.
- 4.2 The project budget total is £18,525,565 million of which £9,000,000 is private sector match funding, £8,858,923 is made up from European Structural Investment Funds and £666,642 is public sector match funding made up as follows; Kent County Council (£134,377 in-kind), Essex County Council (£166,715), Thurrock Council (£98,732), Southend Borough Council (£33,071), East Sussex County Council (£85,099) and the University of Brighton (£148,648).

5. Legal implications

- 5.1 To deliver the project and receive the ESIF funds, the Council must sign a Funding Agreement with DCLG setting out standard terms and conditions for the Council as Grant Recipient and DCLG as Managing Authority.
- 5.2 It is expected that KCC Legal Team will approve the signing of the Funding Agreement.

6. Equalities implications

- 6.1 A full EqIA will be carried out so that the impact on groups with protected characteristics is identified and mitigating action taken.

7. Risk implications

- 7.1 As part of the Full Application a full risk assessment was undertaken which explains the issues and risks identified for the project and how these will be mitigated. KCC as the Accountable Body for this project will be responsible for managing risks as per the Grant Funding Agreement signed with DCLG. However, it is proposed that KCC will enter into partnership agreements with all funding partners in order to mitigate risk as much as possible and place the

onus on each partner to manage activities that follow a compliant model as expected by the funding body.

8. Other corporate implications

- 8.1 LOCASE supports and is directly complimentary to a number of other KCC initiatives. In particular there are strong links to the Regional Growth Funds Expansion East Kent, Tiger and Escalate and the new Leader Programme. At all times LOCASE will work closely with relevant programmes to maximise benefit to KCC and Kent.
- 8.2 There are positive links with several initiatives being carried out by Economic Development. LOCASE will directly link with these initiatives.

9. Governance

- 9.1 The delegated authority for the project will be with Carolyn McKenzie as Head of Sustainable Business and Communities. The Programme Manager will be Christopher Seamark.

10. Consultation

- 10.1 Consultation was undertaken throughout the development of the Outline and Full Application with university and local authority partners from across the South East Local Enterprise Partnership, as well as business support organisations such as Essex and the Kent Invicta Chambers of Commerce. In addition, consultation was held with SME's from across SELEP following successful delivery and evaluation of various ERDF projects such as Low Carbon Plus (KCC) and Low Carbon Business (Thurrock Council).
- 10.2 The purpose of this consultation was to give all of our customers and stakeholders an opportunity to express their opinions and thoughts in order to use their intelligence to inform and influence the decision making process on how best to deliver the project across the South East LEP.
- 10.3 The evaluation of the previously successful ERDF projects was part of an ongoing engagement with our customers whereby we were able to build trust, keep our customers informed and continually improve communication both internally and externally.
- 10.4 By doing this we were able to listen and respond to public opinion which assisted the partnership to ensure that LOCASE was what was required and was targeted in the most effective and efficient way, whilst at the same time meeting the requirements of the SELEP/ESIF Committee.
- 10.5 LOCASE is a pan-SELEP bid with strategic cross-County priorities and will have an economic impact on all Electoral Divisions. A briefing can be provided to any interested Members.
- 10.6 It is planned, upon formal approval of the bid by the ESIF Committee, to circulate a paper to Kent Leaders to provide an overview of what LOCASE will

deliver for Kent and the wider SELEP. This information will be widely circulated across District and Borough Councils through the Information Point bulletin.

10.7 All publicity and communication carried out for LOCASE will be undertaken according to the project's communication strategy which will be developed and implemented by the Accountable Body (KCC) and followed by each of the project partners. This strategy, as well as detailing the compliance requirements of the funding body (ESIF) such as branding guidelines will also ensure that all information is presented to customers in a way that is consistent and easy to understand. This will be critical to enabling KCC as the Accountable Body in maintain the council's positive reputation and serve our customers.

11. Conclusion

11.1 LOCASE will play an important role in the implementation of the Kent Environment Strategy, and in turn deliver considerable benefits for both local businesses and for the environment.

12. Recommendation

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Environment & Transport on the proposed decision to approve the delivery of the Low Carbon across the South East Project as attached at appendix A.

13. Background Documents

There are two key documents that accompany this report as follows;

- KCC Outline Application Form (on request)
- KCC Full Application Form (on request)

A further document (yet to be published) will be available once funding has been approved; This document is the ESIF/DCLG Funding Agreement.

14. Contact details

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