

**Forward Plan reference number: (N/A)**

<b>Report title:</b> To Agree Sector Support Fund Grant Allocation to the Carbon Pathway (C-Path) Project	
<b>Report to:</b> Chief Executive Officer of the SELEP	
<b>Report author:</b> Howard Davies, SELEP Capital Programme Officer	
<b>Date:</b> 15 December 2020	<b>For:</b> Decision
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<b>Divisions affected:</b> 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 Carbon Pathway (C-Path) (the Project). The Project has been through an Independent Technical Review (ITR) process, to enable £99,061 of Growing Places Fund (GPF) Revenue grant to be devolved to Kent 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.

## 2. Recommendations

- 2.1 **Approve** the award of £99,061 GPF Revenue grant to Kent 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 9<sup>th</sup> 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. At the June 2020 meeting a further £1 million was allocated to the SSF programme and it was extended until 31 March 2022 or when the fund is exhausted, whichever is sooner.

- 3.4. 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.
- 3.5. The Carbon Pathway (C-Path) project has submitted a bid for SSF of £99,061 to support the delivery of the Project, which was endorsed by the Board on the 11<sup>th</sup> December 2020.

#### **4. Project Summary**

- 4.1. The ongoing collection, collation and effective manipulation of data related to the Low Carbon and Energy Economy has been identified by stakeholders in the public sector as a fundamental need within growth-related action plans and strategies, yet adequate solutions to address this need are not yet in place. Low Carbon and Renewable Energy Economy (LCREE) programme development and investment currently relies on laborious manual data analysis coupled with poor monitoring and feedback capability. This has resulted in fragmentation, a lack of co-ordinated action between public and private sector, weak investment and insufficient growth, despite the acknowledged urgency.
- 4.2. Carbon Pathway (C-Path) is a dynamic cloud-based resource that would be used to design, facilitate, accelerate and monitor investment in the LCREE, in partnership with and accessible to public and private bodies across the SE LEP region. Focussed on supporting initiatives across all 4 federated areas, C-Path includes:
  - An accessible and constantly evolving data store of multiple relevant data sources, with automated, scheduled updates.
  - A flexible build and appraisal tool enabling stakeholders to develop & invest in energy and related schemes to meet challenging policy and strategic goals
  - Modelling and machine-learning to forecast the full range of impacts – e.g. economic growth, carbon reduction, financial impact, job creation, fuel poverty and local health
  - Automated programme appraisal to enable the monitoring and updating of a scheme in delivery mode, ensuring real-time reporting of actual impacts and a continuous cycle of learning
- 4.3. This project is sponsored by Kent County Council.

#### **5. Project Funding**

- 5.1. The total cost of the Project is estimated at £141,516 including an SSF ask of £99,061, along with match and in-kind contributions from C-Path team and Local Authorities, as set out in Table 1 below.

**Table 1: Project Funding breakdown (£s)**

<b>Financial Breakdown (£'s)</b>			
<b>Source</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
SSF	53,368	45,693	99,061
<b>Other sources of funding</b>			
C-Path team/local authority match	22,872	19,583	42,455
<b>Total</b>	<b>76,240</b>	<b>65,276</b>	<b>141,516</b>

**Issues for consideration**

**6. Risks and Dependencies**

6.1. The Project risks and dependencies are detailed in Table 2 below.

**Table 2: Project risks**

<b>Risk</b>	<b>Mitigation</b>
<b>Timing and programme: getting started</b>	The second round of the Government’s Local Authority Delivery funding is scheduled to open and close in March 2021. This closing date is key to this project as we are looking to support local authorities within the LEP to submit a joint bid, founded on the data within C-Path's evidence-base. As such, it is of paramount importance that the evidence base, containing data from national datasets and from datasets sourced from within the individual local authorities, is fully operational to support the application process. In order to ensure that we deliver an evidence base that contains the required breadth and granularity of data to support a successful bid, we will recommend a limited number of combined bids be made. C-Path will provide data at a property level, allowing for aggregation and analysis at any regional combination required. We will recommend that a single, region-wide bid be formulated, however we could break this into up to three more targeted bids if it is thought to enhance the prospects of successfully winning funding.
<b>Accessibility of local datasets</b>	Another factor that would limit our ability to deliver the project in a timely manner, and within budget, is the requirement for local dataset inclusions within the evidence base. Whilst much of the core of the evidence base will be built from automatically updated, national datasets, we will be looking to

	<p>increase the accuracy of our data, and the relevance to a LAD application, by including data held within Local Authorities. We have identified a small number of key datasets that we expect to be beneficial to the evidence base that may exist within Local Authority data systems. We will look to engage with the project delivery board in the lead up to the December decision making date to confirm these datasets – expected to be no more than 3 or 4 – in order to create clear requirements and templates for Local Authorities to begin pulling this data together. Standardised reporting templates will greatly reduce the risk of large amounts of project time being devoted to data clean-up and formatting. We will look to do this as early as possible – most likely in November/December, ahead of the main system build – in order to provide enough time for Local Authorities to locate and supply the required data.</p>
<b>Procurement and partnership</b>	<p>We will undertake the partnership procurement process at risk pending a final decision by the SSF board. Work has already been undertaken on this and given the nature of the project and the collaborative approach with the project team, and partnership agreement (rather than standard procurement approach) has been agreed. To give the team sufficient time to create a sufficiently robust evidence base will need at least 3 months, i.e. they will need to commence as soon as funding is awarded. This requires us to complete the partnership agreement process and appoint in principle by end of November 2020.</p>
<b>LA Participation</b>	<p>Lower level of local authority input than expected – the result would be not securing the level of value for money shown within this application. The project has sought to engage across all 4 federated areas during the application process. This will continue through the autumn to December 2020, as the team will continue to prepare for the project launch by seeking to engage all local authorities in understanding existing data sets and availability. We are optimistic for a positive response because a key output for the project is delivering the evidence base to secure significant additional funding, which is a major incentive for LA involvement.</p>

## 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 by;

- encouraging more investment and activity focused on the carbon reduction agenda, but with links to other key sectors in the South East, particularly the construction industry supply chain and health and social care. An increased focus through C-Path in these types of project will improve Skill Levels
- C-Path would support delivery of a key ‘Grand challenge’ within the ESS: the drive towards ‘decarbonisation, energy security and the need for greater resource efficiency’.

7.3. The application references a target of;

Improved evidence base for decision making and greater likelihood of success for funding and investment programmes, such as the Green Homes Grant LAD programme funding	Up to three separate bids to be supported by C-Path, although this might end up being 1 larger bid to support scale economies.
Increased strategic co-operation, synergies and cost saving by avoiding individual public sector bodies, facilitated through a single data platform	C-Path will be available to all 35 local authorities and districts, as well as Tier 1 authorities – and the more each authority is involved the more benefit they will gain from the increased quality of the outputs. We have assumed, in order to calculate a financial benefit here, that 30 public sector bodies will actively engage and therefore benefit from an innovative, private sector driven initiative that they would otherwise had to have individually commissioned, with their own extensive staff resource in meeting their long term carbon reduction ambitions
Increased strategic co-operation between public and private sectors, i.e. on a cross sectoral benefits to drive activity in the low carbon and renewable energy economy	On top of the local authority base, 2 SMEs, core to the project, the health sector, central government, technology providers, sectoral agencies and the wider LCREE supply chain will be working together to deliver the project – a total of around 10 organisations.
Improved intelligence to drive efficiency in decision making and political support	c.40 - Speed is now of the essence in decision making around funding and investment to support the climate emergency. Individual local authorities making informed decisions based on manual access to and manipulation of data

	typically take 3-6 months. 35 local authorities plus Tier 1 authorities using C-Path could generate the evidence needed to make informed decisions to a matter of days, with live sensitivity analysis
Reduced resources needed by the public purse to support funding and investment bids	Engagement has shown that securing the evidence to support wider funding bids – externally and internally – can be time consuming, inaccurate and often incomplete. Having live, accessible data will significantly minimise this time.
Reputational benefits to the SE LEP	Central government is looking to the regions to lead on green recovery, typified by Local Authority Delivery of the Green Homes Grant. This is a great opportunity for SE authorities to demonstrate forward thinking and pro-activity in leading on data, sound evidence, quality control and collaboration in driving forward that recovery in a well-managed, innovative way.
Supply chain opportunities and economic growth	Improving the chances of securing funding, driving activity and opportunity in LCREE is a significant kick start to the local SME base, and C-Path will be able to support that process – giving access to SMEs to deliver works and demonstrate their performance in a clear and transparent way. C-Path will include economic and social impact indicators that will then – eventually – be able to quantify this benefit

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 **7.8:1** calculated

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 A total SSF fund of £1,206,500 was established for 2020/21; of this, successful funding applications of £345,510 have been awarded in year to date and should the projects which were endorsed by the Strategic Board in December 2020, all receive approval for funding awards, the remaining balance of SSF funding available for investment will be £261,729, as shown in Table 1.
- 8.2 The total of SSF projects (including Carbon Pathways (C-Path)) endorsed at the December 2020 Strategic Board meeting, which are requesting approval in January 2021 (in separate decision reports) is £599,261. There is sufficient funding available to support the approval of these funding allocations as shown in Table 1.
- 8.3 The balance of funding of £261,729 is available for use in 2020/21 and 2021/22 (if not fully utilised in the current financial year), to support Covid-19 recovery SSF projects.
- 8.4 The Carbon Pathways (C-Path) project in this report is seeking £99,061 of SSF. The Project came forward at the December 2020 Strategic Board meeting and was endorsed for funding by the Board.

**Table 1**

	<b>2020/21</b>
	<b>£</b>
<b>Funding</b>	
Covid-19 Recovery SSF	1,000,000
C/f 2019/20	206,500
<b>Total 2020/21 funding</b>	<b>1,206,500</b>
<b>Approved projects 2020/21</b>	
Buy Local South East	69,510
Skills Working Group	76,000
Visitor Economy	200,000
	<b>345,510</b>
<b>Projects endorsed Dec. 2020 &amp; seeking approval</b>	
Gourmet Garden Trails (Extension)	35,000
Catalyst for Culture	181,700
Carbon Pathways (C-Path)	99,061
SE Export Development (SEED)	91,500
Building Back Better	192,000
	<b>599,261</b>
<b>Balance SSF remaining for investment</b>	<b>261,729</b>

## **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 [LINK](#)


12.2. SELEP Assurance Framework [LINK](#)

12.3. Minutes of the Strategic Board Meeting 11 December 2020. [LINK](#)

<b>Role</b>	<b>Date</b>
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<b>Accountable Body sign off</b> Peter Shakespear (On behalf of Nicole Wood, S151 Officer, (Essex County Council)	06/01/2021
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<b>I approve the above recommendations set out above for the reasons set out in the report.</b>    Adam Bryan Chief Executive Officer for the South East Local Enterprise Partnership	<b>Date</b> 19/01/21
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