

Forward Plan reference number: (N/A)

Report title: To Agree Sector Support Fund Grant Allocation to the SE Export Development (SEED) Project	
Report to: Chief Executive Officer of the SELEP	
Report author: Howard Davies, SELEP Capital Programme Officer	
Date: 15 December 2020	For: Decision
Enquiries to: Howard Davies: howard.davies@southeastlep.com	
Divisions affected: 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 SE Export Development (SEED) (the Project). The Project has been through an Independent Technical Review (ITR) process, to enable £91,500 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. This report is included in Appendix 2.

2. Recommendations

- 2.1 **Approve** the award of £91,500 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 9th 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 Buy SE Export Development (SEED) project has submitted a bid for SSF of £91,500 to support the delivery of the Project, which was endorsed by the Board on the 11th December 2020

4. Project Summary

- 4.1. A known barrier currently exists around exporting due to lack of international contacts and export knowledge and capacity.
- 4.2. Exporting helps businesses grow and innovate but export levels in the SELEP area are relatively low. Accessing export opportunities can help firms build resilience and spread risk across different markets but with current uncertainties caused by Covid-19 and the UK's EU withdrawal, extra help for firms is needed.
- 4.3. The SEED project will address this issue through an innovative support programme aimed at SELEP-based companies in three priority sectors,
 - Health & Life Sciences (including medical devices / technology, (e-)health, pharma, diagnostics).
 - Food & Drink (including manufacturers, processing, suppliers to the industry e.g. packaging).
 - Digital & Creative (including software solutions, apps, web services)
- 4.4. Target international markets will be finalised taking into account progress with new trade agreements and the Department for International Trade's (DIT) latest advice. Likely focus:
 - France, Ireland, Australia (Food)
 - USA, Singapore (Health / Life Sciences, Digital)
 - Scandinavia / Nordic Countries (all sectors)

5. Project Funding

- 5.1. The total cost of the Project is estimated at £131,500 including an SSF ask of £91,500, along with match and in-kind contributions from Local Authorities and Chambers of Commerce, as set out in Table 1 below.

Table 1: Project Funding breakdown (£s)

Financial Breakdown (£'s)			
Source	2020/21	2021/22	Total
SSF		91,500	91,500
Other sources of funding			
Dedicated officer time from the partner Local Authorities (Kent, Medway, Essex, South Essex) and Chambers of Commerce	4,000	36,000	40,000
Total Project Cost	4,000	127,500	131,500

Issues for consideration

6. Risks and Dependencies

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

Table 2: Project risks

Risk	Mitigation
The possibility of a lack of clarity at the end of the UK-EU withdrawal period causing additional uncertainty among businesses about trading relations with particular EU and international markets	Monitor Brexit implications after the 'Transition Period' and select markets where we know that companies could do business without too many hurdles. Take into account up to date guidance from government department, DIT.
Risk of the corona virus pandemic causing ongoing capacity issues among target SMEs and affecting export appetite and capability	Work with companies and local business support providers to provide the right assistance to reduce the burden of market research and contact finding
Failure to recruit sufficient numbers of companies to participate in the main project activities	Wide publicity campaign involving local partners in the different federated areas of SELEP and selecting well-known industry events and providing attractive package of hands-on support
Failure to secure direct export wins as a result of the virtual trade missions	Maximise in-market contacts and networks and organise the activities in an attractive and innovative way to ensure buy-in

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;

- Seeking to increase jobs and skills through unlocking barriers to export in the SELEP region. Project will provide Online 1-2-1 and group training activities for SME’s to ensure export readiness
- Covid-19 response support in connecting UK with International Markets.
- As per the SSF application SEED will make an important contribution to Boosting Productivity as part of the SELEP ESS which states that “We will help firms to create better links internationally, through exporting, importing or international partnerships.”

The application references a target of;

Type of Benefit	Number of benefits created
New skills and knowledge gained by participating SMEs	150 SMEs with new knowledge and boosted internal export capacity
International exposure for SMEs	At least 100 SMEs exposed to new contacts and opportunities international markets
Sales leads generated for companies	At least 3 sales leads per company participating in the virtual trade missions
Export orders / contracts secured	New export orders for companies participating in the virtual trade missions in the year following the project implementation
Increased export turnover for exhibiting companies	5% increase in export turnover between the start of the project and 12 months after the end of the project
No. of new active international markets	SMEs trading in 1 or 2 new export markets as a result of the project’s support

7.3. 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 3.8:1 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 SE Export Development (SEED)) 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 SE Export Development (SEED) project in this report is seeking £91,500 of SSF. The Project came forward at the December 2020 Strategic Board meeting and was endorsed for funding by the Board.

Table 1

	2020/21 £
Funding	
Covid-19 Recovery SSF	1,000,000
C/f 2019/20	206,500
Total 2020/21 funding	1,206,500
Approved projects 2020/21	
Buy Local South East	69,510
Skills Working Group	76,000
Visitor Economy	200,000
	345,510
Projects endorsed Dec. 2020 & seeking approval	
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
	599,261
Balance SSF remaining for investment	261,729

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

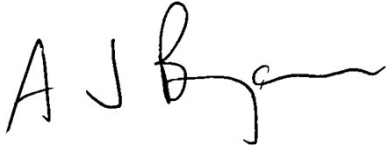
12. List of Background papers

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](#)

Role	Date
<p>Accountable Body sign off</p> <p>Peter Shakespear (On behalf of Nicole Wood, S151 Officer, (Essex County Council))</p>	<p>06/01/2021</p>

<p>I approve the above recommendations set out above for the reasons set out in the report.</p>  <p>Adam Bryan Chief Executive Officer for the South East Local Enterprise Partnership</p>	<p>Date</p> <p>19/01/21</p>
--	------------------------------------