

This Report will be made public on 2 February 2022

Report Number **C/21/80**

To: Cabinet
Date: 10 February 2022
Status: Key Decision
Responsible Officer: Ewan Green, Director of Place
Cabinet Member: Councillor Wimble – Cabinet Member for the District Economy and Councillor Lesley Whybrow – Cabinet Member for the Environment

SUBJECT: **FOLKESTONE AND HYTHE DISTRICT GREEN BUSINESS GRANT SCHEME**

SUMMARY: This report seeks agreement for Folkestone & Hythe District Council to allocate £250,000 from the Climate Change Reserve towards the development of a new green business grant scheme. This scheme will support the priorities and objectives of the council's Carbon Action Plan, specifically the need to promote and support green business activities and decarbonisation efforts across the district.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because approval is required to establish a £250,000 fund to provide grants to support local businesses to improve their carbon footprint and to support the growth of businesses in the Low Carbon and Environmental Goods & Services (LCEGS) sector.

RECOMMENDATIONS:

1. To receive and note report C/21/80.
2. To agree to the establishment of the Folkestone & Hythe Green Business Grant Scheme and approve the proposed process and criteria for providing grants to local businesses as set out below.
3. To agree to the allocation of £250,000 from the Climate Change Reserve to operate the Folkestone & Hythe Green Business Grant scheme to 31st March 2024.
4. To agree to delegate the decisions on approving grant applications to this scheme as set out in paragraph 3.5.

1. Introduction

- 1.1 Folkestone and Hythe District Council has committed to reducing its own carbon footprint to a net zero target by 2030. The F&HDC Carbon Action Plan advocates that the council be an influencer of change within the district and proposes to support local communities, organisations and businesses in the implementation of measures designed to reduce the CO2 footprint to net zero by 2030 in the district as a whole.
- 1.2 In February, the council agreed a budget to support the Carbon Action Plan which included allocating £5 million to a Climate Change Reserve.
- 1.3 The UK's low-carbon economy is worth more than £200bn, four times the size of the manufacturing sector. The low-carbon sector grew by 7.4% during the financial year 2018-19 to 2019-20 and, while this contracted by -9% over the period of the pandemic, it is expected to bounce back in the post-Covid recovery. More than 75,000 businesses, from wind turbine manufacturers to recycling plants, employ more than 1.2m people in the green economy, so it is important therefore that we support this sector and the economic growth opportunities it presents for the district.
- 1.4 There are a number of business grant schemes available across Kent & Medway, with some available to businesses in the district and a summary of these is provided below.
 - **Clean Growth Funding** – this UK-wide scheme is run by BEIS. Provides financial support for innovations that reduce greenhouse gas emissions or improve resource efficiency across power, transport, industry, buildings, waste and water.
 - **LoCASE** – this KCC-run ERDF project provides grants £1,000 - £10,000 (40% total project cost) to any SME to improve energy efficiency or produce goods or services in a more environmentally sustainable way and to LCEGS firms to further develop their business.
 - **Green Recovery Voucher Scheme** – KCC's C-Care Interreg programme provides business grants for sectors hard-hit by the pandemic to develop new business models to respond market changes and ensure a green, inclusive and sustainable economic recovery.
 - **Upcycle Your Waste** - this KCC-run Interreg project provides SMEs with support to turn company waste into a valuable resource. SMEs are taken through a step-by-step process to maximize profit from business waste, and given tools to improve general knowledge on circular economy, the value of waste, waste legislation and upcycling solutions.
 - **I-Construct** – available to construction and built environment sector SMEs in the SE LEP area to access new business opportunities and new ways of doing business (such as offsite construction, renewable energy, digital technology) to improve their profitability and sustainability, and overcome barriers to innovation. The support includes business mentoring, grant funding of up to £25,000 and networking opportunities via physical and virtual forums.
 - **South East New Energy** - project supports local enterprises (private and social) and other organisations in preparing and implementing “Net Zero Carbon” action plans, reducing emissions, and in the innovation and development of low carbon products, technologies and services. For SMEs the project can help with: Developing and commercialising low carbon products, technologies and services; Growing and developing the

business to take advantage of rapidly growing 'green' market sectors; and Retrofitting affordable low/zero carbon homes.

- **Tonbridge & Malling Green Grant scheme** – TMBC provides grants up to £8,000 for local businesses in the district operating in the green economy to develop new ideas and grants up to £5,000 for businesses in the food production, tourism and hospitality, distribution and logistics, construction and independent retail sector to reduce their carbon footprint. For both types, grants are available for up to 40% of the total cost and a LoCASE grant is eligible at match funding.
- **Dover Green Energy Grant** – DDC provides grants up to £10,000 to local businesses (with up to 10 employees) in the district for up to 50% of the total project costs. This grant is available for items such as insulation and draft proofing, solar panels and solar thermal, upgraded windows and LED lighting (subject to planning conditions).

2. Proposed scheme

- 2.1 It is proposed that Folkestone & Hythe High Green Business Grant Scheme Fund will be for businesses currently located or seeking to establish new premises in the district that are in the LCEGS sector and looking to develop new products or services that will help others to reduce their carbon footprint. The definition of the LCEGS sector is as defined by KCC and it is estimated that there are around 600 businesses employing about 4000 in 2018 in the Folkestone & Hythe district¹.
- 2.2 The grant scheme will also be available to any other business currently located or seeking to establish new premises in the district that is looking to:
- invest in more energy efficient equipment and machinery which improves the carbon footprint; or
 - undertake energy audits to identify where the business can make carbon savings.
- 2.3 The scheme will normally provide a grants of up to £10,000, but up to £25,000 in exceptional circumstances. Grants are required to cover up to 40% of the total project costs, with the remaining 60% coming from other grant schemes (such as LoCASE) or from the company's own resources, including bank loans.
- 2.4 A single business will be normally eligible for a single grant award. However, where a grant is provided for an Energy Audit, a further grant to undertake further investment based on the outcome of the audit will be considered on a case by case basis.
- 2.5 It is proposed that £250,000 of the Climate Change Reserve is allocated for the Folkestone & Hythe Green Business Grant scheme and that these funds made available until 31st March 2024 or until the funds are allocated.
- 2.6 The grant scheme will be advertised on the Folkestone & Hythe Council and Folkestone.Works websites and an electronic application form will be made available for applications (see Appendix 1). The scheme will also be promoted through direct emails to local businesses, through social media and through other means of communication available from working closely with the council's Communications team and other external organisations.

¹ https://www.kent.gov.uk/data/assets/pdf_file/0017/102149/Business-environmental-statistics.pdf

- 2.7 The scheme will be administered by the Economic Development Team who will be responsible for assessing applications against an agreed criteria.
- 2.8 The full cost of administering the scheme by the ED team will be borne from the funding allocated to this scheme over its duration. It is estimated this will be in the order of £25,000 which will be monitored and reported through the normal performance and budget monitoring frameworks.

3. **Proposed application Process**

- 3.1 Grant applications from businesses will be made via an online application form and the criteria for assessing applications will include:
- Eligibility of business
 - The nature and timing of the proposed works/project
 - Size of grant required
 - Match funding source
 - Impact of the project on the Carbon Footprint of the business
 - Value for money – size of grant versus impact
 - Likelihood of further investment by the business to reduce Carbon Footprint further.
- 3.2 Guidance will be provided on the type of project that will be supported by the scheme and the information required support the application, such as how to estimate any carbon savings. Further to any grant being awarded, the council will follow-up with checks to determine what carbon savings have been achieved.
- 3.3 The scheme could be launched at the beginning of the 2022/23 financial year, if Cabinet approval is granted, and council approve the budget. This demonstrates the council's firm commitment in supporting businesses and to address the climate emergency. The scheme will run until either 31st March 2024 or until the funds are allocated.
- 3.4 Applications will be considered on a first come first served basis and assessed according to criteria set out in paragraph 3.1 above. Applications will be assessed by the Economic Development team in conjunction with the Low Carbon Senior Specialist.
- 3.5 Final decisions on individual applications will be made by the Leader of the Council in collaboration with the Lead Cabinet Member for the District Economy, Lead Cabinet Member for the Environment and a Ward Member determined by the location or proposed location of the business.

4. **RISK MANAGEMENT ISSUES**

Perceived risk	Seriousness	Likelihood	Preventative action
A high number of applications puts resource pressure on the ED team	High	Low	The number of applications will be closely monitored and the impact on the ED kept under review
A low number of applications due to a	High – lack of capacity due to	Low	Grants will be available to undertake energy

<p>lack of resource within organisations to consider measures to reduce the carbon footprint</p>	<p>focus on economic recovery.</p>		<p>audits and will align with the support offered by the Kent & Medway Growth Hub which can advise and direct businesses to relevant suppliers. The scheme will be promoted that the KCC officers running the LoCase scheme, as well as by FHDC and the Kent & Medway Growth Hub.</p>
<p>A low number of applications due to a lack of resource to provide match funding for projects</p>	<p>High – lack of finance available due to limited funds for investment</p>	<p>Low</p>	<p>The scheme operates on a similar basis to LoCase and so there is a potential for a further 40% of the total project cost to be provided through that scheme. This would result in the business only being required to provide 20% of the total cost.</p>
<p>Funding is used to support small projects which have limited impact</p>	<p>High</p>	<p>Low</p>	<p>The provision of grants for energy audits will encourage investment in those measures that have the greatest environmental impact and cost savings for the business. Grant funding is available to support growth of the LGEES sector which will support further growth in new technologies to support environmental sustainability. The criteria used to assess projects and the size of grant awarded will consider value for money and the potential impact on the carbon footprint of the business. While this scheme might only fund changes to a business that result in only a small reduction to the carbon footprint, the</p>

			impact on cost savings and greater efficiency may encourage further investment that has a greater impact.
Not enough businesses hear about the grant scheme and there is limited recognition of this council initiative	Medium	Low	The ED team will work closely with the Communications team to ensure that the council gets maximum positive publicity. The grant agreement will stipulate a requirement for the council to be able to publicise the investment which will help the council to publicise how this grant can benefit businesses.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer's Comments (NM)

There are no legal implications arising directly from this report. However Legal Services will assist in relation to any grant agreements issued as and when required.

5.2 Finance Officer's Comments (RH)

I can confirm that the funds (£250k) are available in the Climate Change Reserve to be drawn down when needed.

5.3 Diversities and Equalities Implications (GE)

There are no negative equality and diversity implications directly arising from this report. The grant scheme will support business across the district and has the potential to create employment opportunities for residents.

5.4 Climate Change Implications (OF)

The Climate Change Impact of this proposal would be positive including:

Social and economic impact: The aim of the grant is to support local businesses to improve their carbon footprint and to support the growth of businesses in the Low Carbon and Environmental Goods & Services (LCEGS) sector which should have an overall positive social and economic impact.

This scheme supports the priorities and objectives of the council's Carbon Action Plan by addressing the need to promote and support green business and decarbonisation efforts across the district.

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Dr Katharine Harvey

Telephone: 01303 853287

Email: katharine.harvey@folkestone-hythe.gov.uk

7. Appendices

Appendix - Folkestone & Hythe Green Business Grant Scheme Application Form

**Appendix 1: Folkestone & Hythe Green Business Grant Scheme
Application Form**

BUSINESS DETAILS		
Name of applicant		
telephone:		
email address:		
Position within business:		
Business name		
Business address		
Is this the address where the project will be undertaken?	YES/NO	If NO, please give address:
What is your business legal status?	Sole Trader	YES/NO
	Limited Company	YES/NO
	Limited Liability Partnership (LLP)	YES/NO
	Other (please specify)	YES/NO
If relevant, are you a 'parent' or 'single' company?	Parent	YES/NO
	Single	YES/NO
Date business established <i>(If incorporated, please state date of incorporation)</i>		
Type of business <i>(if registered with Companies House, please indicate your registered SIC code/s)</i>		
Total Employment <i>(if relevant, please indicate FT/PT split):</i>		
Business turnover (£):	2019/20	
	2020/21	
Please provide the following where applicable:		
Company Registration Number and/or Charity Reference Number		
VAT Registration Number		
Business website address <i>(if available)</i>		
Have you received funding from Central Government or Local Government over the last 3 years?	YES/NO	If Yes, please provide details including date, amount and awarding body

PROJECT DETAILS			
Project description:			
Please tick if the project includes any of the following	LED Lighting	<input type="checkbox"/>	Draught Proofing
	Lighting sensors/ controls	<input type="checkbox"/>	Double/ Triple Glazing
	Efficient boiler replacement	<input type="checkbox"/>	Variable Speed Drives
	Efficient Air Conditioning	<input type="checkbox"/>	Solar PV
	Heating/ Cooling controls	<input type="checkbox"/>	Wind, Biomass or Hydro
	Pipework/ valve/ cylinder insulation	<input type="checkbox"/>	Employee engagement
	Roof/ Wall Insulation	<input type="checkbox"/>	Waste Management
	Energy Audits	<input type="checkbox"/>	Other (Please detail below)
Has an energy audit previously been undertaken for your business?	YES/NO	If NO, is this something that you would be interested in receiving funding towards?	YES/NO
Please outline the expected carbon savings of this project to your business.			
Do you require any permissions (such as planning, licenses or building control) before you can deliver this project?	YES/NO	If YES, please whether these permissions have already obtained or explain permissions are required and when you expect to secure these	
Total Project Cost (£)			
F&H Green Business Grant sought (£) <i>(Note: potential award is up to a maximum of 40% of total project cost)</i>			
Sources of match funding <i>(Note: please indicate whether any of this is from other grant scheme such as LoCASE)</i>			
Please state the environmental benefits expected from project			
Please state the economic benefits for your business that are expected from this project <i>(such as greater efficiencies and cost savings, or new market opportunities)</i>			
What is the expected start date for this project?			
When do you expect to complete the project?			

DECLARATION	
I confirm that within the past 5 years my organisation or any person who has powers of representation, decision or control in the organisation has not been convicted anywhere in the world of any offence listed in the List of Mandatory and Discretionary Exclusions document.	<input type="checkbox"/>
I confirm that in the last 5 years, my organisation has not been subject to formal investigation which resulted in a proven case of 'blacklisting'	<input type="checkbox"/>
I confirm that my organisation has relevant policies and procedures in place to prevent Tax Evasion to ensure the elimination of offences covered by the Criminal Finances Act 2017 from my organisation supply chains	<input type="checkbox"/>
I confirm that I have read the requirements for the Green Business Grants Scheme and am authorised to submit this application form on behalf of this business	<input type="checkbox"/>
I declare that my business meets the criteria for the grant I am applying for, and the information I have provided is complete and accurate. If any circumstances change, I will notify the council of this change immediately.	<input type="checkbox"/>
I confirm that, including the payment of this grant, my business will not breach State subsidy regulations	<input type="checkbox"/>
I confirm that this business is engaged in business activity and is not in Liquidation, Administration, Insolvent or has a Striking-Off Notice made against it	<input type="checkbox"/>
Name of person making declaration	
Signature	
Position in the business	

BANK DETAILS FOR RECEIPT OF GRANT	
Name of Bank or Building Society	
Account Holders Name	
Account Number	
Sort Code	