

To: **Climate and Ecological Emergency Working Group**

Date: **25 November 2021**

From: **Dr. Katharine Harvey, Chief Economic Development Officer**

SUBJECT: **PROPOSED GREEN BUSINESS GRANT SCHEME**

SUMMARY: This report puts forward a proposal for a green business grant scheme to support businesses that are located, or are seeking to locate in, the district with implementing carbon reduction measures.

1. INTRODUCTION

1.1 Folkestone & 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 and therefore it is important 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 to businesses in the district and a summary of these is provided below.

- **Clean Growth Funding** – UK-wide scheme run by the Department for Business, Energy & Industrial Strategy (BEIS). Provides financial support for innovations that reduce greenhouse gas emissions or improve resource efficiency across power, transport, industry, buildings, waste and water.
- **LoCASE (Low Carbon Across the South and East)** – Kent County Council-run European Regional Development Fund (ERDF) project providing grants £1,000 - £10,000 (40% total project cost) to any small and

medium-sized enterprise (SME) to improve energy efficiency or produce goods or services in a more environmentally sustainable way and to Low Carbon and Environmental Goods and Services (LCEGS) firms to further develop their business.

- **Green Recovery Voucher Scheme** – Kent County Council'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 Kent County Council-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 South East Local Enterprise Partnership (SELEP) 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. Project offers 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** – Tonbridge & Malling Borough Council provides grants up to £8,000 for local businesses 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** – Dover District Council provides grants up to £10,000 to local businesses (with up to 10 employees) 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 the 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 Kent County Council.

- 2.2 The grant scheme will also be available for other businesses currently located or seeking to establish new premises in the district that are 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 and Folkestone.Works websites and an electronic application form will be made available for applications and will be administered by the Economic Development Team who will be responsible for assessing applications against an agreed criteria.
- 2.7 Some additional costs to fund the support of existing officers for administering the grant could be recouped from the funding allocated to this scheme over its duration.

3. PROPOSED APPLICATION PROCESS

- 3.1. Grant applications from businesses will be made via an online form and the criteria for assessing applications should 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. The Grant scheme could be launched at the beginning of the 2022/23 financial year, if Cabinet approval is granted and this could serve as a 'quick win' for the council to demonstrate commitment to the addressing the climate emergency, on 1st December 2021 and grant applications can be submitted at any time until the closure of the scheme. The scheme is expected to run until either 31st March 2024 or until the funds are allocated.
- 3.3. 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.
- 3.4. 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.