

RGF4 Bid: Low Carbon Energy Innovation & Collaboration Project

Regional Growth Fund

Following encouragement from BIS, a bid for funding for the Low Carbon Energy Innovation and Collaboration Project has been submitted to the RGF Round 4. The latest RGF guidance states that: *“Bids are invited for projects that will directly create jobs through private sector enterprise and growth and for projects that will enable or unlock future private sector jobs growth.”* This project meets these criteria. This bid has been submitted by the Low Carbon Energy Innovation & Collaboration Project Steering Group, which is a private-public partnership. The bid is for £1,535,000 of RGF funds, as part of a £7 million total project cost.

The project

The project will support the establishment and growth of a low carbon energy business cluster in Somerset - comprising large businesses, SMEs, FE and HE. EDF Energy is planning to build a new nuclear power station at Hinkley Point C (HPC), so the first tranche of activity undertaken by the project will be to support local businesses to engage in collaborative joint ventures with upper tier businesses in the HPC supply chain and FE and HE partners. The collaborative joint ventures will focus on innovative approaches to the technical challenges which will arise during the construction and operation of HPC. The project will comprise a range of innovation and supply chain support; and an innovation centre to accommodate the collaborative activity. RGF support will help to deliver the project, in particular the innovation centre, which will ultimately become financially self-sustaining.

The need for RGF

The most effective way of delivering this project is to develop a 3,000 sq m innovation centre, which will provide sufficient space for projects, and enable ongoing financial viability through generating sufficient revenue income to cover costs. However, the funding package without RGF will only pay for a 2,000 sq m innovation centre, which means that the financial viability is marginal and the sustainability of the project is compromised. RGF funds will specifically be used to deliver one-third of the 3,000 sq m of innovation centre space that is needed to make the project financially viable and self-sustaining i.e. the difference between a 3,000 sq m financially viable centre and a 2,000 sq m less viable centre. A financially self-sustaining project will create economic benefits including over 1,000 high-quality private sector jobs over the next 15 years, and help to fully capture the potential local and UK benefits of a supply chain cluster.

The case for RGF

The growth of the low carbon energy sector, and the construction and operation of HPC, presents a once-in-a-lifetime opportunity for the creation of significant amounts of high-value, high-paid private sector employment in Somerset. The economy of the county does not have any other future growth opportunities of this scale, nature and significance; has pockets of high dependence on public sector employment; and is facing a decline in public sector and MoD-related employment. Capturing as much economic growth as possible from this opportunity will support structural economic change in Somerset, and support sustainable long-term economic growth and

employment. The project will also support the growth of the UK's nuclear and low carbon energy supply chains, which have global export opportunities and the potential for decades of private sector led economic growth. The project is a priority for the Hinkley Strategic Delivery Forum - which was set up by DECC, BIS, CLG, DWP and local stakeholders to maximise the local impacts of the HPC opportunity.