

LEP Programme: Template for borough proposals

APPENDIX C

This template is for borough proposals for the LEP Programme, funded via the £70 million New Homes Bonus (NHB) topslice. Please complete the template for each proposal and send this to nhb@londoncouncils.gov.uk by **5 pm on Friday 29 August**. The template should be completed with reference to the LEP Programme Quality Threshold Framework.

Summary information

Name of proposal: Low Carbon Technology Innovation Hub

Submitted by (borough name): Haringey

If this is a multi-borough proposal, please name the borough who will act as the lead borough and accountable body above. Please also state below which boroughs the proposal covers:

Covering the following boroughs:

Haringey, Camden and Islington

Please give details of the borough contact officer for this proposal:

Name: Chris Lee

Tel: 07717 132725

E-mail: Christopher.lee@haringey.gov.uk

Brief summary description of the proposal:

The proposal is for the creation of a Low Carbon Innovation HUB. The proposal would bring together the London boroughs of Haringey, Camden and Islington and would be led by Haringey. Discussions are currently ongoing with both Camden and Islington to secure their approved commitment and potential funding. This will be secured for the full submission in October.

The HUB is in effect a low carbon technology dating agency, bringing together quality approved new and innovative low carbon and environmental goods and services with large scale public and private sector entities in the three participating boroughs. In more technical language, the HUB is to be considered an Innovation eco system, bringing together, in a systematic and networked way, the key agents of low carbon innovation.

The high level purpose of the hub is to provide new and innovative low carbon technologies access and visibility to both end users (customers) and investors and to allow large end uses the opportunity to access the latest and best technologies emerging in the market place that have the potential to help transform their business.

The HUB would work by developing a membership of large end users within the three boroughs (including the boroughs themselves) who will create a framework of expressed business needs in terms of new low carbon and resource efficiency.

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These business needs are then used as criteria to identify innovative technologies available in the market place but lacking traction and scale. A data base will be developed of all such technology and be made available to members. More importantly, the very best of this technology will have the opportunity to present to the members at quarterly HUB seminars and the HUB will pro actively seek to develop business relationships and develop viable projects following these meetings. Such projects could include technology trialling, commercial demonstration, research and development, joint bids etc.

Just as importantly, the opening up of relationships between technology companies and end users also affords the opportunity to pro actively seek wider local benefits. For example, through liaison with business support services, localised supply chain providers could be identified, opportunities for local employment, take up of local business space, training and apprenticeships etc.

The proposal is for the development of a twelve month trial of the HUB concept and practice and, following evaluation and engagement with members, the development of a longer term business plan based on sustainable funding principles (e.g. core subscription, consultancy, conferencing, royalty fees etc.)

Please tick the main LEP theme that this proposal relates to:

Apprenticeships, skills and training

Places of work for SMEs

Business Support

Resilience and low carbon

Digital, creative, science & technology

Unlocking development

High streets

Please tick any other LEP Programme themes that this proposal relates to (tick as many as are relevant):

Apprenticeships, skills and training

Places of work for SMEs

Business Support

Resilience and low carbon

Digital, creative, science & technology

Unlocking development

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High streets

Total NHB funding requested for this proposal: £ £150,000

Please give the split of total capital and revenue funding requested: 100% Revenue

Capital (£): 0

Revenue (£): £150,000

Proposed start date (month and year): April 2015

Proposed end date (month and year): August 2016

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Core Criteria

Please set out below how your proposal meets the core criteria included in the LEP Programme Quality Threshold Framework.

Please give a description of your proposal, setting out its aims and objectives and what it will do

Background – Barriers and Opportunities

The UK growth rate for the Low Carbon and Environmental Goods and Services sector is projected to stand at 6%pa by 2015/16, vastly outstripping the UK post recession growth rate of 2.4% (Source: Department for Business, Skills and Innovation). This growth trend is also mirrored at the international level.

The Green economy stands as one of the principal high growth sectors and this is a function of its high levels of innovation, marked for example by the high level of patent applications/registration in the sector. To a large extent this innovation is a product of SME's, who are developing new products and services that provide transformative environmental and economic impacts for customers across a wide range of economic sectors (*e.g. Grantham Research Institute; 2010; Low Carbon Innovation in the UK: Evidence from Patent data*)

However, such SME's face real and acknowledged problems in bringing such innovative technology and services to a scale market. Such problems include:

- 1) Structured visibility, access, and routes to market via potential and large scale customers
- 2) A 'sticky' financial market that is often not appropriate for the funding of early stage companies and/or technology

For their part, large organisations – the potential customers of innovatory products and services – often find it difficult to gain access to structured information on new and emerging technologies, products and services that have the ability to meet their existing and emerging business needs in a truly transformative way.

Equally, a range of 'alternative' (Angel, Venture, Private Equity) funders are seeking investment opportunities in the low carbon sector but they too are often hampered by their lack of visibility and access to new opportunities.

There is thus a market failure whereby the providers of solutions and the customers of solutions are not able to make connections and transact business in an efficient way.

A Solution

This proposal seeks to test the creation of what is, in effect a highly pro-active 'dating agency or innovation ecosystem'. The project would bring together three boroughs who, through their ability to act as market enablers and also as scale customer in their own right,

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have the ability to facilitate the development of a pipeline of innovation projects that would ultimately lead to the development of new business, jobs, growth and skills/education.

The partner boroughs have a strong and active working relationship on this agenda and it is a corporate priority for all three. Haringey has a commitment to achieve a 40% reduction in carbon emissions by 2020 and the opportunities presented by the low carbon, environmental goods and services sector are an important part of its emerging growth strategy.

All three partner authorities work on the principle that green growth is not just about the provision of infrastructure, but about capitalising on the core economic benefits of a strong low carbon sector and the maximisation of its local benefits and opportunities for growth, jobs and training.

Aims and Objectives of the HUB

Aims

- *To significantly reduce business costs (of members) through the adoption of low carbon/energy efficient technologies and to provide a platform for the wider market deployment of.*
- *To effect a significant reduction in carbon emission from participating members*
- *To provide local employment and training in the low carbon sector*
- *To provide opportunities for local businesses and SME's in particular*
- *To support businesses who wish to locate all or part of their supply chains locally*

Objectives

- Identify and review at least 50 technologies
- Present at least 20 technologies to HUB members
- To deliver at least 10 technology projects in the twelve month trial period
- To facilitate and leverage a minimum of £500,000 into the HUB and projects
- To seek at least five companies locating all or part of their supply chains in the three borough area
- To create at least 50 new jobs 505 of which should aim to be local

What would the HUB be and what would it do?

The HUB would be a unique membership based body (the HUB), consisting of the partner boroughs and other major private and public sector organisations operating within the three boroughs (the customers).

The HUB would, through its pro active engagement with its members, seek to understand in a structured way, the key business challenges facing them and translate this into a series of search criteria for new and innovative technologies. These technologies would need to

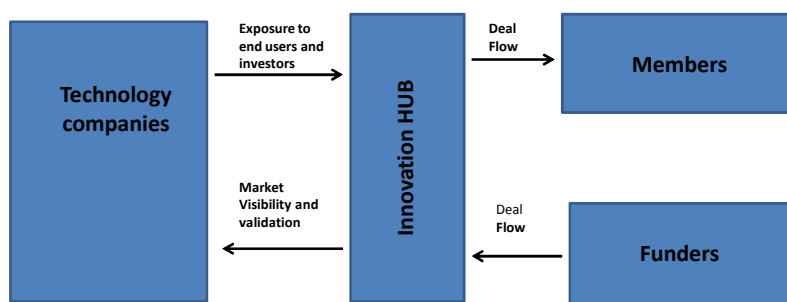
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demonstrate both orders of magnitude improvement in both environmental and cost performance.

The HUB would then seek to identify a range of technologies capable of meeting these needs, undertaking basic commercial, technical and market due diligence and selecting a long list of the best. The membership would then have the opportunity to shortlist the best of these technologies to present at a quarterly meeting, where the members would get a chance to have presentations and demonstrations from the selected technology companies and to provide feedback to them on the customer perspective.

Following the meeting, the HUB resource would work with the members to identify those who wished to progress some kind of business relationship with selected technologies. These relationships could consist in for example, additional R and D, commercial demonstration, site availability, investment etc. In effect the HUB would develop both a full database of new technologies and also a project pipeline, bringing together members and technology providers, investors and other funders.

The HUB Model



Finally, through this pro active business development via the HUB, other local authority concerns and drivers will be factored into discussions. For example, a specific focus could be placed on trying to identify novel technologies located in the three boroughs, or technology companies may present opportunities for sourcing from local companies, locating some aspect of their supply chain locally, or taking on apprentices. This HUB proposal would actively work with the other Haringey NHB project on business support.

The HUB would also provide a range of value added benefits for members such as:

- On line access to the technology database
- A range of thematic seminars and conferences

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In summary the proposal is designed to overcome market barriers that hinder the take up of new low carbon technologies with large scale customers. The development of projects and ultimately commercial relationships between HUB members and new technologies will provide a range of benefits, including:

- Reduced costs for the boroughs and HUB members
- Reduced environmental impacts (e.g. carbon emissions, waste generated, water consumed etc)
- Corporate and project equity investment facilitated into technology businesses
- Local jobs created or saved
- Strengthening of local supply chain opportunities
- Marketing of wider business support services to Low carbon SMEs

Strategic fit with LEP priorities: Set out how your proposal meeting the LEP's priorities for the LEP Programme as set out in the [Growth Deal for London](#) and/or the LEP's [Jobs and Growth Plan for London](#)

Whilst the proposal is clearly targeting the Resilience and Low Carbon strategic theme, it also has the potential to significantly and positively impact on other of the themes. In particular, the HUB has the potential to provide significant value to the digital, creative, science and technology theme, the apprenticeships, skills and training and places of work themes. It also strongly supports the growth plan themes of not just digital, creative, science and technology, but also infrastructure, SMEs and skills and employment.

- Digital, creative, science and technology. There is significant crossover with this theme. Many of the innovative technologies coming forward will straddle the low carbon sector and the digital, creative, science and technology. Many of the SMART energy management systems for example are based around significant developments in IT. Other developments in the low carbon sector may be based around new developments in metallurgy, nano-technology or biotech
- Apprenticeships, skills and training. Through the engagement with both large scale customers and technology providers, the HUB will seek to develop and negotiate opportunities for skills, training, apprenticeships and pathways into employment.
- Places of work. Many of the technology companies will be SME's at an early stage of development. They will be keen to explore options for locating their business, or aspects of their business near to large scale potential markets. There will be strong potential therefore for the development of opportunities for the creation of new business units locally.
- SMEs. The vast majority of low carbon technology innovation emerges from SMEs. The HUB will seek to identify and source local SME's with innovative new product lines. Equally where technology providers are outside of London or even international, opportunities will be actively sought to connect them with local suppliers who are capable of meeting some aspect of their supply chain needs. Finally, many of these companies may well have an appetite to locate some aspect of their business locally and the HUB could cross reference with existing or planned business support services capable of supporting such ambitions. The HUB could also help facilitate access to finance for SME's in the sector through its investor members.

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- Infrastructure. The proposal will directly support the infrastructure theme by introducing new technologies that provide for resilient and low carbon infrastructure, at both the building and community level.

Deliverability – please set out your timetable for delivering the proposal, including defined and realistic milestones

Milestone	Date	Comment
Project start	April 2015	
Appointment of Programme Manager	May 2015	The project will have two full time members of staff
Appointment of project assistant	May 2015	
Establishment of Project steering group	June 2015	
Business engagement and membership development	June 2015 – August 2015	Engaging with and securing the membership of the HUB
Procurement of HUB technical consultants	June 2015 – August 2015	Consultants will be required to identify and undertake due diligence on new technologies and develop the data base.
Host first HUB technology review meeting	Sept/Oct 2015	
Second technology review meeting	Dec 2015/Jan 2016	Business development and project brokering will take place between quarterly meetings.
Third technology review meeting	March 2016/April 2016	
Fourth and final technology review meeting	June 2015/July 2016	
Evaluation and development of business plan for ongoing HUB	Jan 2016 – August 2016	The plan will be developed to allow for the HUB to continue on a sustainable financial footing

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Costs – please set out the costs of the proposal below. You may want to use the sample spreadsheet provided alongside this template.

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Programme proposal											
Low Carbon Innovation HUB											
Haringey (Lead), with Camden and Islington											
Costs (revenue)	2015/16				2016/17				Total	Total	Total All Years
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015/16	2016/17	
Staff costs	£5,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£5,000	£70,000	£35,000	£105,000
Consultancy			£10,000	£10,000	£10,000	£10,000	£5,000		£20,000	£25,000	£45,000
All costs (revenue)	£5,000	£10,000	£20,000	£20,000	£20,000	£20,000	£15,000	£5,000	£90,000	£60,000	£150,000
Costs (capital)	2015/16				2016/17				Total	Total	Total All Years
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015/16	2016/17	
									£0	£0	£0
All costs (capital)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
All costs (capital and revenue)	£5,000	£10,000	£20,000	£20,000	£20,000	£20,000	£15,000	£5,000	£90,000	£60,000	£150,000

£150,000

If you are not planning to spend until 2016/17 or later on this proposal, please briefly explain why:

N/A

Geography - where will the proposal be delivered?

The proposal will be delivered across the three participating boroughs. The project evaluation and business plan development for ongoing operation will explicitly explore the issue of optimum geography of intervention.

Evidence based – please set out how the proposal is responding to a clear demand/need and/or the proposal addresses a market failure.

As discussed above, data suggests that a disproportionate amount of innovation activity (as highlighted by patent application and registration data) is driven by SMEs rather than larger corporates. Such SMEs, with new products, often find it difficult to gain market visibility, particularly with larger scale customers who would be their optimum route to market. As highlighted in the European Commission's Eco-innovation plan (2010), the key problem for Innovative SMEs is the time it takes to get Innovative products to market. Therefore any activity that can decrease the time from commercial innovation to customer take up at scale increases the chance of success. It also assists such SMEs in accessing forms of corporate bridging finance between development costs and profit generation. From the customer side, large organisations too suffer from an inability and lack of resources to fully understand what technology options are available in the market (horizon), being constrained largely by 'current' market solutions rather than innovation options. Finally, investors and funders who have the capability and desire to fund new products and the companies bringing them to market also suffer from a lack of market visibility, often relying reactively on technology companies to come to them rather than actively seeking out opportunities. In addition, funders often feel that the lack of information and feedback on market appetite hinders them from investing in earlier stage commercial technologies. By brokering relationships and providing market feedback to new technology companies, such companies can enhance their prospects of securing growth capital. Access to support structures and lack of access to growth capital were both highlighted in a recent Carbon Trust report as being the two most significant barriers hampering UK Low Carbon SME's in achieving their export growth

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ambitions (Carbon Trust; 2014; A MUST Win. Capitalising on new low carbon markets for securing UK Growth).

Business engagement - the proposal has or plans to involve businesses/employers or business partnerships in its development and/or delivery

The project plans for an initial four month engagement and mobilisation period. During this time large scale organisations in the three boroughs will be liaised with as well as business networks and partnerships. The rationale for this four month engagement and ‘forming’ period is to ensure that potential members fully contribute to the value proposition so to ensure it delivers against their needs. Individual one to ones with key organisation will be held as well as a number of collective group sessions. The feedback of this engagement will directly feed into the detailed development of the programme.

Leverage – please set out below your plans to lever-in any additional funding for the proposal in addition to New Homes Bonus. Please state the source and if this is public or private funding. If the proposals has already levered in funding, please state from where and how much:

Haringey is working with both Camden and Islington for some NHB contribution towards core costs (circa £250,000). There is not full visibility on wider funding options at this point but it is clear that there are several funding routes through sources such as Horizon 2020 and Technology Strategy Board, which could be suitable either for meeting programme costs or for supporting emerging projects.

Please set out below a **risk and issue register** for the proposal:

Risk description	Owner	Risk Assessment 1 -5			Mitigation
		Impact	Probability	Total	
Project does not secure sufficient interest from wider organizations	CL and PM	5	2	10	Extensive pre project soundings would be undertaken. Additionally, the project has allowed for an initial engagement exercise to secure buy in to the project form potential members
Project does not adequately develop a pipeline of new and innovative technologies	CL and PM	5	2	10	The project allows for the procurement of external consultancy support, allowing expert resource with existing market knowledge to be brought in
Project does not allow for adequate conversion of technology opportunities into real projects	CL and PM	5	3	15	The project is premised and resourced to provide pro active engagement with both technology providers and end

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					users to generate and convert projects.
Project does not secure enough additional local economic benefit	CL and PM	Impact	Probability	Total	Again, the project's strong and active approach to project development and brokerage means that the full range of benefits can be extracted. Equally, through cross referencing with other local services available (e.g. training and apprenticeship colleges)
		4	3	12	
Project does not provide enough carbon savings	CL an PM	Impact	Probability	Total	A core criteria for technology search and validation would be that it offered orders of magnitude improvements over BAU systems
		3	3	6	

Please set out how the proposal **adds value to existing interventions and avoids duplication of funding**:

While there are existing one off interventions and exercises in this field (e.g. The Better Buildings Partnership Design Competitions etc), there are currently no strategic level interventions within London designed to stimulate the end user take up of new technologies by directly brokering between them and new technology providers (in the low carbon space). The HUB would therefore be a unique proposition in the London landscape, mirroring the successes of other 'clean tech' hubs such as that in Cambridge which is now a self sustaining entity in its own right after being funded by ERDF money and led by the City Council. In addition, due to the pro active nature of the proposed brokerage, real and substantial 'cross selling' could be undertaken, sign posting SMEs to wider services available around business support, both at the local/London level but also those available nationally (e.g. Growth Accelerator, TSB innovation vouchers etc)

Value for money – assessors will consider the cost of the proposal and its outputs and outcomes to make a broad assessment of value for money. If you would like to add any other information on how this proposal is good value for money, please do so below.

Please set out a **brief exit strategy** – if there are on-going costs, state how these will be met and set out a clear financial and legal exit strategy.

The development of an 'exit strategy' is a core component of the work programme. The premise of the projects is that it demonstrates to members the commercial value of the structure and seeks to then put in place a sustainable business model based on a range of revenue generation options. These may or may not need to be augmented with grant funding for ongoing running costs. The most successful UK Clean tech Hub in Cambridge was seeded with ERDF monies but is now commercially self sustaining through a

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combination of member subscription, specific project funding, consultancy, conferencing fees etc.

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Themed Criteria

Please set out below how your proposal meets some or all of the criteria for the main LEP Programme theme it relates to, as well as any other LEP Programme themes relevant to your proposal:

The proposal will focus on all three of the Resilience and Low Carbon criteria of energy reduction, water use reduction and waste reduction/recycling/recovery. Many of the technologies presented and adopted will offer benefits across all three resource use categories. In addition, the proposal will provide benefits against the other key criteria of emissions of green house gases, development of business awareness and best practice and most significantly the creation of new green market opportunities and the attendant economic benefits of new jobs and training opportunities. The project also strongly supports the Digital, Creative, Science and technology theme, explicitly providing improved market conditions to support those sectors (as sectors intimately integrated with the low carbon) and also linking with the criteria encouraging "Proposal results in connections between investors, academia, established businesses and entrepreneurs; and/or adds value to the knowledge base of the sector; and/or results in innovation commercialisation and business growth". Finally, the proposal also links with the criteria for business support and skills and training. Through its active brokerage capability, the HUB will cross sell amongst the full range of both business support services available (including the Haringey business support proposal) and new and existing services and providers around skills and training.

Please set out the **outputs and outcomes** you expect the proposal to achieve over its lifetime. These should only relate to the New Homes Bonus funding and any funding you have levered in already and secured. Indicative lists of outputs and outcomes are set out for each LEP Programme theme in the Quality Threshold Framework. These are not exhaustive and you can add your own. Please quantify any outputs.

Project	Total Value	Growth Deal Funding	Businesses Supported	New Business Units	Premises Improved	Jobs created or safe-guarded	Businesses/ stakeholders engaged in town centre activities	New homes built/ enabled
Green Innovation Hub	£250,000	£150,000	50	N/A	N/A	50	N/A	N/A

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Potential to scale up or down: Boroughs do not yet know their final New Home Bonus (NHB) allocations for 2015/16 and therefore their contribution to the NHB topslice. Please indicate if you could scale up your proposal, or scale it down if needed:

Can scale up

Can scale down

Not possible for this proposal

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Political sign-off: Please indicate whether you have secured political sign-off for this proposal in your borough.

Yes

No

If no, please indicate when you expect to have a political decision on this proposal in your borough.

4th of September 2014