

'POWERING UP'

EU Funding for the Midlands Energy Sector

16TH JULY 2014, LOUGHBOROUGH UNIVERSITY

REPORT TO DELEGATES

July 2014



EUROPEAN UNION
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**East Midlands
Councils**

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1. Background

1.1 East Midlands Councils (EMC), with support from Nottingham Trent University and Climate East Midlands, has been part-funded through ERDF technical assistance (PA3) to develop a 'Socio-Economic Framework' to inform the development of the 2014-2020 EU Structural Fund Programme. The Framework has two main objectives:

- To provide a strategic context within which LEPs across the East Midlands can develop and finalise local EU Investment Plans by January 2014; and
- To support the case made by LEPs to secure and retain proposed 'notional' allocations of EU funding for the period 2014-20.

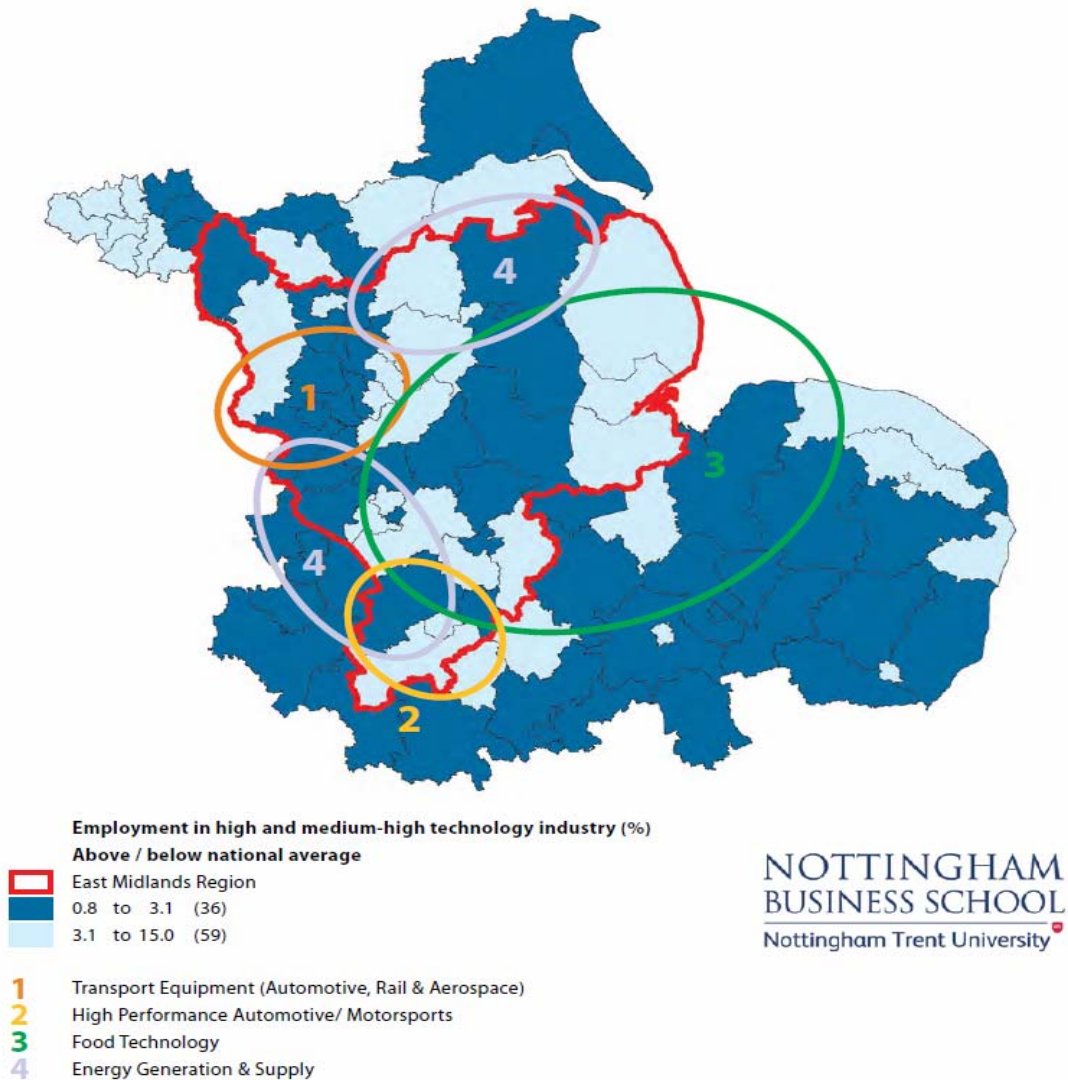
1.2 The framework, entitled [Meeting Need/Realising Opportunity](#) was published in December 2013. It identifies investment opportunities at both sub-regional and regional level that will help maximise the economic impact of European investment across the East Midlands. It aims to ensure that a future structural fund programme reflects the needs of the local economies of the East Midlands, with strong alignment between the activities of local partners and objectives of the programme.

1.3 The Framework identifies a number of opportunities for co-ordinated action across LEP boundaries which have the potential to deliver projects with strategic impact. Key opportunities include the following sectors or clusters (also highlighted in the diagram below):

- **Advanced Manufacturing (Transport Equipment):** There is a strong cluster of transport equipment companies across the south of Derbyshire, the north and west of Leicestershire and stretching across to the West Midlands, which also has clear links to the emerging low carbon sector. There is considerable potential for LEPs in these areas to develop joint initiatives that will further boost investment, stimulate local supply chains and ensure that specialist skills are developed and maintained.
- **Advanced Manufacturing (High Performance Engineering):** Northamptonshire is home to a world class motor sport and high performance engineering cluster, which also stretches to Milton Keynes in the south (where F1 champions Red Bull are based) and into Warwickshire in the west. There are opportunities for collaborative approaches between LEPs that will help to maintain and develop this specialised and highly competitive sector.
- **Energy Generation & Supply:** There is a strong and growing renewable energy sector based around the Humber, along with longstanding expertise in power generation and supply along the Trent Valley and in Lincoln, and in parts of the southern Derbyshire, Leicestershire and the West Midlands. There is considerable scope for LEPs to work together to support major investors, stimulate local supply chains and develop better linkages between the low carbon and traditional energy generating sectors.

- Food Technology:** Food production is a traditional strength for much of southern Lincolnshire, the Rutland and Melton areas and large parts of the east of England. Although not generally viewed as an innovative sector, there are strong links between food producers and both commercial and academic based research institutions which could be further enhanced by joint LEP action. There is also scope to develop synergies with the future Rural Development Programme.

Opportunities for Collaborative Activity



NOTTINGHAM
 BUSINESS SCHOOL
 Nottingham Trent University

- 1.4 In order to promote the development of strategic projects in these areas, a follow-on programme of seminars is being taken forward by EMC in partnership with relevant industry bodies. Following successful events aimed at the rail engineering and food and drink sectors, EMC and the Energy Technologies Institute jointly hosted an energy focussed event at Loughborough University on the 16th July 2014.

2. Key Issues from the presentations

- 2.1 **Dr Kathryn Walsh**, Deputy Pro-Vice Chancellor of Loughborough University welcomed delegates to the event, and emphasised that at the discussion should just be the start of an ongoing dialogue between key stakeholders that will hopefully result in more collaborative activity. All the delegates consented to sharing e-mail contact addresses to this effect.
- 2.2 **Andrew Pritchard** of East Midlands Councils set out process for managing EU Structural Funds for the period 2014-20, highlighting both the challenges for Local Enterprise Partnerships and the opportunities to develop strategic projects in sectors where the region has a competitive advantage. Andrew's presentation is available [here](#).
- 2.3 **Dr Elizabeth Hooper** from Loughborough University gave an overview of the economic and regulatory factors driving the electricity sector, highlighting where there is potential for East Midlands based companies to benefit.
- 2.4 **Dr Mike Colechin** of the Energy Technologies Institute (ETI) set out the background to ETI and highlighted some of the technical innovations likely to impact on the energy sector over next decades. Mike's presentation is available [here](#).

The Energy Technologies Institute (ETI)

ETI is a public-private partnership between global energy and engineering companies and the UK Government. ETI shares risk and creates affordability for the development and demonstration of new technology. Private sector members include BP, EDF, Shell, Caterpillar, e-on and Rolls Royce. ETI works by:

- Providing new technology and business concepts
- Generating UK economic development
- Building better understanding of energy challenges
- A collaborating force
- Informing policy

ETI has a number of technology programme areas: offshore wind, marine, distributed energy, energy storage & distribution; smart systems and heat; carbon capture and storage; transport; bio-energy.

So far ETI has invested:

- £50 million on knowledge building projects (including the first UK CO₂ storage database);
- £66 million on developing technology (including large scale electricity storage); and
- £97million on demonstration projects (including new designs for floating wind turbine platforms).

Contact: mike.colechin@eti.co.uk Web-site: www.eti.co.uk

3. Key issues from the table discussion

3.1 Participants were asked the following questions:

- What are the key barriers to growing the energy generation and supply sectors across the East Midlands?
- How can we deploy innovation to overcome these barriers?
- How best can we take forward collaborative projects that will have a strategic impact?

3.2 The outcome of the roundtable discussion is summarised below:

Key Barriers	Key Opportunities
<ul style="list-style-type: none"> • Grid capacity can be a barrier to the deployment of decentralised energy projects in some locations. • The markets for some new technologies can be 10 years away – most SMEs cannot survive that long without revenue. • Investing in new technology is inherently risky – investors must be prepared to fail. ETI can help to de-risk from a technical perspective, but bringing new products to market demands a different set of skills which are outside of ETI's remit. • Lack of common technical standards for some new technologies can undermine investor confidence • Getting SMEs to make use of technical, business and marketing support can be challenging • Lack of staff with the necessary technical skills can be a barrier to business expansion • There is a lack of knowledge about the content Local Enterprise Partnership strategies and investment priorities. 	<ul style="list-style-type: none"> • A joint approach by councils and local generators to Western Power could help to better understand grid capacity constraints and opportunities • There is the potential to offer tailored business support/advice to bridge the gap between technical feasibility and the market deployment of new technologies. • Public investment to develop of common technical standards for key technologies with the private sector (perhaps as part of a national initiative) could promote investor confidence. • Deploying new and existing energy saving technology in public sector owned estate could help to promote wider market acceptance – as well as reducing carbon emissions and saving money. • Developing closer links between SMEs and HE/FE and making better use of apprenticeships could help to address skills gaps.

4. Next steps

- 4.1 The discussion highlighted several opportunities for collaborative activity between councils, ETI and the Local Enterprise Partnerships, some of which could be delivered with support from EU Structural Funds.
- 4.2 In the short term there are three main actions:
- D2N2 and LLEP to discuss with the ETI the scope for collaborative activity to deliver local economic outcomes;
 - EMC to seek additional ERDF Technical Assistance support to undertake a more comprehensive assessment EU Investment Frameworks and Strategic Economic Plans in the East Midlands to highlight opportunities for joint commissioning; and
 - EMC and CEM to explore the potential for developing a more strategic relationship between Western Power and local government in the East Midlands to facilitate the deployment of decentralised energy schemes.
- 4.3 If the East Midlands is to maximise its competitive advantages in the energy sector over the longer term it will be important to establish ongoing partnership working between the industry, academia and local political and business leaders.

Appendix 1: Event agenda



POWERING UP!

The Link Hotel, Loughborough University, LE11 4EX
16th July 2014
12:30pm – 4:00pm

12.30pm to 3.30pm 16th July 2014
(Lunch available from 12.00pm)

AGENDA

- 12:30 Welcome and Introductions: Dr Kathryn Walsh, Deputy Pro-Vice Chancellor (Enterprise), Loughborough University
- 12:35 Making the Most of EU Funding in the East Midlands: Andrew Pritchard, Director of Policy & Infrastructure, East Midlands Councils
- 13:00 National Priorities for the Energy Sector: Dr Elizabeth Hooper, Lecturer in Business Economics, Loughborough University
- 13:25 Collaboration in Action: Dr Mike Colechin, Energy Technologies Institute
- 13.40 Q & A

Comfort Break

- 14:15 Roundtable discussion (all):
- What are the key barriers to growing the energy generation and supply sectors across the East Midlands?
 - How can we use and deploy innovation to overcome these barriers?
 - How best can we take forward collaborative projects that will have a strategic impact?
- 15:15 Next Steps (Chair)
- 15:30 Informal Networking

Appendix 2: List of registered participants

Dr. Kathryn Walsh	Loughborough University
Dr Elizabeth Hooper	Loughborough University
Andrew Pritchard	East Midlands Councils
Lois Dale	East Midlands Councils
Mike Peverill	Climate East Midlands
Mike Colechin	ETI
Dr Kelly Manders	Loughborough University
Helen Turner	Midlands Energy Consortium
James O'Shea	Nottingham University
Peter Baguley	Gedling Borough Council
Trevor Watson	Ashfield District Council
Nicholas Morris	Leicester City Council
Dave Mitchell	Rushcliffe Borough Council
Andy Hills	Derby City Council
Helen Chadwick	Harborough District Council
Mary-Louise Harrison	Leicester & Leicestershire Enterprise Partnership
Oliver Savage	Leicestershire County Council
Lindsay Allen	D2N2 LEP
Julian Steele	Northamptonshire County Council
Gail Scholes	Nottingham City Council
Steve Leary	West Lindsey District Council