



10:00	1	Welcome and Apologies	Peter Jones
10:05	2	Business & Enterprise Minister - Rt Hon Michael Fallon MP a. Negotiating a growth deal - the role for LEPs: A national perspective b. Q&A with the Minister	Michael Fallon All
10:45	3	Minutes of 28th June Full Board Meeting a. To approve the minutes of the last Full Board meeting	Peter Jones
10:50	4	Matters Arising & Recent Developments	Peter Jones
10:55	5	Investment Propositions a. To endorse the <u>draft</u> EU Investment Strategy for submission to Government 7 th October. b. To consider the development of an urban development fund. c. To support HEIs driving innovation and economic growth proposals.	Lorraine George John Shaw Julian Crampton
11:20	6	Growing Places Fund – Risk Sharing a. To consider options for alternative risk sharing models b. To consider a change in risk model for the Round 1 GPF project at Harlow Enterprise Zone	Accountable Body
11:30	7	New ways of working a. To agree new ways of working	Peter Jones
11:45	8	Financial Reports a. To note the financial update for SE LEP	Accountable Body
11:50	9	Activity Update a. To note the update on recent activity	Zoe Gordon
11:55	10	Any other business	All
12:00	11	Close & networking lunch	Peter Jones

Content overview

- a. Draft minutes of the Full Board meeting, 28th June 2013 (Item 3. Page 3)
- b. Action log (Item 4. Page 10)
- c. Investment Decisions – EU Investment Strategy (Item 5a. Page 13)
- d. Investment Decisions – South East Urban Development Fund (Item 5b. Page 15)
- e. Investment Decisions – HEIs driving innovation and economic growth (Item 5c. Page 18)
- f. Growing Places Fund – Risk Sharing (Item 6a. Page 27)
- g. Growing Places Fund – Harlow EZ (Item 6b. Page 29)
- h. New Ways of Working (Item 7. Page 31)
- i. Finance Update (Item 8. Page 35)
- j. Activity Update (Item 9. Page 37)



Full Board members & alternates present

1	John Spence	Chair
2	Cllr Paul Carter	Kent County Council
3	Jim Fletcher <i>for Derek Godfrey</i>	Vice Chair / Marshall Tufflex
4	Ian Davidson <i>for Cllr Peter Halliday</i>	Tendring District Council/Haven Gateway Authorities
5	Graham Brown	Denne Construction Ltd
6	Cllr Paul Watkins	Dover District Council
7	Cllr Tony Ball	Rochford DC / South Essex authorities
8	Cllr John Kent	Thurrock Council
9	Cllr Rodney Chambers	Medway Council
10	Mike Alder	Federation of Essex Colleges
11	Brett McLean	East Sussex FSB
12	Cllr Nigel Holdcroft	Southend on Sea Borough Council
13	Theo Steele <i>for Julian Drury</i>	C2C / South Essex businesses
14	Cllr Keith Glazier	East Sussex County Council
15	Douglas Horner	Trenport Investments Ltd
16	Vince Lucas	VA Consultancy
17	Roger House <i>for Paul Winter</i>	Kent FSB
18	Geoff Miles	Vice Chair / Maidstone Studios
19	Cllr Neil Gulliver	Chelmsford City Council/Heart of Essex Authorities
20	Cllr David Finch	Essex County Council
21	Cllr Jeremy Birch	Hastings Borough Council
22	Cllr David Tutt	Eastbourne Borough Council
23	Cllr Bob Standley	Wealden District Council
24	Cllr Peter Fleming	Sevenoaks District Council
25	Lauren Anning <i>for Graham Razez</i>	KAFEC – Kent Colleges
26	Julian Crampton	University of Brighton
27	David Fisk <i>for Malcolm Diamond</i>	Trifast Plc
28	Christina Ewbank	ACES – Association of East Sussex Chambers
29	Clive Cook <i>for Melanie Hunt</i>	East Sussex Colleges
30	Cllr Gerry Lewin <i>for Cllr Andrew Bowles</i>	Swale BC
31	George Kieffer	Vice Chair / Haven Gateway Businesses
32	Graham Clarke	Essex FSB
33	David Burch	Essex Chambers
34	Jeremy Strong <i>for Stephen Waite</i>	Writtle College
35	Cllr Jeremy Kite	Dartford Borough Council
36	Nick Sandford	CLA and Rural Workstream

Other attendees present

1	Dr Susan Priest	South East LEP Director
2	Graham Pendlebury	Senior Whitehall Sponsor / DfT
3	Dominic Collins	Essex County Council
4	Tony Meehan	Atkins
5	Terry Fuller	HCA
6	Iain McNab	BIS
7	Ian Gregory	BIS
8	Graham Bloomer	Harlow Council
9	Lee Sambrook	Department for Transport
10	David Liston-Jones	Thames Gateway North Kent Partnership

11	Roger Blake	RailFuture
12	Barbara Cooper	Kent County Council
13	Graham Harris	Dartford Borough Council
14	Tim Ingleton	Dover District Council
15	Robin Cooper	Medway Council
16	Paul Mathieson	Southend Council
17	David Bull	Thurrock Council
18	Ros Dunn	Essex County Council
19	Keith Brown	Institute of Civil Engineers
20	Dave Evans	East Sussex County Council
21	Keith Cornwell	Thames Gateway South Essex Partnership
22	Steve Cox	Thurrock Council
23	Zoe Myddelton	South East LEP Programme Manager
24	Haydon Yates	South East LEP
25	Stewart Henderson	Essex County Council / South East LEP Communications
26	Suzanne Bennett	South East LEP Finance Business Partner
27	Emma-Louise Galinis	South East LEP

Action Summary

Item 3: Matters Arising & Recent Developments

1. Secretariat to circulate a synopsis of the spending review.

Item 4: Investment Decisions.

2. Secretariat and East Sussex partners to progress Sovereign Harbour and Bexhill GPF project details;
3. Secretariat with Accountable Body to lead a review of GPF process in the next four weeks with options circulated to the Board.

Item 5: Strategic infrastructure

Lower Thames Crossing

4. Atkins to prepare a draft response for SE LEP to be circulated to Local Authority members and signed off by the Chair prior to the 16th July 2013 deadline.

Aviation

5. Secretariat to commission additional survey work to help develop the longer term business view to include a wider representation of businesses and no leading questions;
6. Current findings to be submitted to the Davies Commission with caveat that these are emerging findings from limited work and not yet the final SE LEP position;
7. Additional survey work to be undertaken and Vice Chairs to collate business views on the long term options to develop a SE LEP position which can be submitted to the Commission following the Board meeting in October.

Mobile Telephony

8. Secretariat to progress agreed next steps.
9. Secretariat to coordinate additional survey work with Chambers and FSB.

Accelerating housing development, delivering growth

10. Secretariat to circulate invitation for a pilot to all Districts/Boroughs;
11. John Spence to write to the HCA.
12. Secretariat to explore the role of the utility companies in development together with Graham Brown;

Transport prioritisation

13. LTB and transport colleagues to progress further discussion on prioritisation process.

Item 6: EU Update

EU Prospectus

14. Nominations are sought for a position on the National Growth Board by Friday 12th July to be sent to the Secretariat, lep@essex.gov.uk;
15. Secretariat to commission further work on the SE market to inform future decisions on the use of financial instruments.

HEI Collaboration

16. The Chair and Director to meet with the VC's or their representatives to continue the development of specific proposals;
17. Secretariat to follow up investment opportunities with the HEI group and land based colleges;
18. Julian Crampton to share details of the £160m University and Business Fund with the Secretariat and to be circulated to the HEI group.

Item 7: New Ways of Working

19. Business Vice-Chairs to bring together proposals for what the local boards should look like, an update note will be circulated at the end of July for consideration and debate ahead of the Executive Group meeting on 6th September 2013.
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1. Welcome and Apologies

- 1.1 The meeting started at 10:00.
- 1.2 Apologies were received from Cllr James Page, David Rayner, Greg Clarke, Cllr John Gilbey, Prof Julia Goodfellow, Jo James and Cllr Chris Whitbread.
- 1.3 New Board members were welcomed, Christina Ewbank, has replaced Bridget Taylor; Jim Marshall has replaced Clive Galbraith; Graham Clarke has replaced Iain Wickes.
- 1.4 Declarations of interest were received from John Spence, as a Councillor for Essex County Council; Douglas Horner regarding Item 4b, LIF grant; Julian Crampton as Chair of Seachange Sussex with regards to Item 4a GPF investments, and David Tutt, as Leader of Eastbourne for Item 4a GPF Investments.

2. Minutes of last meeting

- 2.1 The minutes of the last Board meeting 15th March 2013 were agreed.

3. Matters arising and recent developments

- 3.1 An appointment panel has been identified to progress the appointment of a new SE LEP Chair: the three Vice Chairs and three Leaders of the County Councils. A meeting will be arranged as soon as possible to progress next steps. The Board was reminded that nominations should be sent to the secretariat asap. **Action: Secretariat.**
- 3.2 Three open business meetings have recently taken place and were well attended providing useful input to the emerging EU Prospectus and South East Growth Strategy while engaging businesses on the Lower Thames Crossing consultation.
- 3.3 Following the Spending Review on 26th June 2013, four letters have been received from Ministers, and Government highlighting the relevant announcements for their department; these can be found in Annex A. The Single Local Growth Fund will be at least £2bn a year nationally and for 2014-15, £1.1m of this is made up of funds from the department for Transport, for local major

highways schemes. Further guidance on the Single Local Growth Fund is expected before 18th July 2013. **Action: A synopsis will be circulated to Board members.**

4. Investment Decisions

- 4.1 Following agreement at the Executive Group on 24th May that pipeline projects could be brought forward for investment decision, the Board approved investment in the Sovereign Harbour Innovation Mall project in Eastbourne. The project will be progressed with final timings of both this and the Bexhill Innovation Mall project being delegated to the Secretariat and Accountable Body to agree. **Action: Secretariat and East Sussex partners to progress Sovereign Harbour and Bexhill project details.**
- 4.2 It was emphasised that the Secretariat would work closely with Local Authority partners to deliver as many schemes as possible with the GPF funds and the Chairman offered to make representations to Government for additional funds at the point our current allocation is fully utilised.
- 4.3 It was agreed that a review of all aspects of the GPF process would be undertaken to including a review of approaches to risk and delegation. **Action: Secretariat and Accountable Body to lead a review in the next four weeks with options circulated to the Board.**
- 4.4 The Board agreed to extend the date of the ring fencing of £10m capital allocation to the Enterprise Zones until the outcome of the LIF process is complete.
- 4.5 The Board agreed to approve the spend that can be offset against the business rate income for the Harlow Enterprise Zone site and delegated authority to the Executive Group to agree the detailed amounts and timescale for forward funding to be discussed at the next meeting in September.
- 4.6 New Enterprise Zones – it was clarified that partners who had submitted New Enterprise Zone proposals should continue to work up their propositions, including details of the schemes, values, and return on investment so these can be considered as further guidance is received on future funding.
- 4.7 The Board welcomed Paul Watkins report that 1,400 jobs have now been created at Discovery Park Enterprise Zone.

5. Strategic Infrastructure

5a. Lower Thames Crossing

- 5.1 Tony Meehan (Atkins) introduced their work which reviewed the evidence made available by the DfT in their consultation on the Lower Thames Crossing. A presentation was pre-circulated with Board papers which outlined the technical process they have undertaken in order to inform a SE LEP submission to the DfT consultation by 16th July.
- 5.2 The item promoted wide debate with recognition that all options had a significant impact on Thurrock. The following matters of unanimity were noted:
1. There should be no further delay in the introduction of Free Flow Tolling;
 2. A long term solution must be designed and implemented for junction 30/31 M25;
 3. That options A and B are considered sub-optimal in stimulating economic growth; and
 4. That variant C should apply to all options.
- 5.3 There was a subset view from four Local Authorities (Dartford; Thurrock; Southend; Gravesham) that choosing an option now is premature.

- 5.4 Majority views expressed at the meeting were:
- Majority view regretting that more radical options further East had been ruled out; and
 - Majority view in favour of option C, with businesses outside of Thurrock expressing a unanimous view in support of option C.

Action: Atkins to prepare a draft response for SE LEP which will be circulated to Local Authority members and signed off by the Chair prior to the 16th July 2013 deadline.

5b. Aviation

- 5.5 The emerging findings of the recent business survey were presented, and it was noted that these are not fully representative nor reflect a final SELEP position. To ensure a robust position is established the Board agreed to extend the study to cover approximately 1,200 businesses in order to make it statistically robust (95% confidence levels). **Action: Secretariat to commission additional survey work to help develop the business view with a wider representation of businesses and in particular to ensure no leading questions.**

- 5.6 In considering the findings, which supported the Parson Brinckerhoff report of May 2012, the following next steps were agreed:
- that the emerging findings for the survey should be submitted to the Davies commission as an indication of the direction of travel but not as the final agreed position of the LEP;
 - the pricing mechanism for airport landing slots should also be highlighted with the SE LEP submission as compounding of the problem of capacity at Heathrow and dis-incentivising the uptake of slots at regional airports; and
 - more work to develop the long term business view should be undertaken with business vice chairs.

Action: Emerging findings to be submitted to the Davies Commission with clear caveat that this is not the final SE LEP position;

Action: Additional survey work to be undertaken and Vice Chairs to collate business views on the long term options in order to develop a SE LEP position which can be submitted to the Commission following the Board meeting in October.

5.c Mobile telephony

- 5.7 The findings of the recent call for evidence were presented to the Board and the next steps to progress the work were agreed. The Board specifically requested for dialogue with providers directly to be pursued and for work with the train operators, network rail and government to be progressed to improve reception on trains. **Action: Secretariat to progress next steps.**

- 5.8 In addition further survey work will be undertaken to gain additional business views across the Essex area and targeted feedback from other areas to increase the diversity of business responses. **Action: secretariat to coordinate additional survey work.**

5.d Accelerating housing development, delivering growth

- 5.9 The Board was asked to consider the proposed model of investment to de-risking development sites for housing and to use land as equity. The Board were also asked to identify possible locations for strategic sites with growth potential to undertake pilot schemes together with the HCA.

- 5.10 It was clarified that work started by the SELEP and London LEP with private sector developers in January is being taken forward by the Thames Gateway local authority officers on barriers to development.
- 5.11 Thurrock, Hastings and Medway offered the opportunity to work with the HCA, it was agreed that all Districts and Boroughs would be contacted. **Action: Secretariat to circulate invitation.**
- 5.12 The Board asked that HCA land in the South East also be made available for these possible case study/pilot schemes and John Spence agreed to write to the HCA requesting this. **Action: The chairman to write to the HCA.**
- 5.13 Through the discussions it became apparent that Utility companies are often a source of delay for development schemes and it was agreed that a survey would be undertaken to explore this in greater detail. **Action: Secretariat to develop together with Graham Brown.**

5e. Transport Scheme prioritisation

- 5.14 The Board was asked to note the prioritisation work and process that has been undertaken in developing the list of schemes. The item was seeking business views on the schemes to feed into discussions at the LTB meeting to be held later the same day.
- 5.15 The Board was uncomfortable with the ranking list of schemes that had been tabled on the day as this was a departure from report previously circulated. The Board was unable to endorse the ranking and asked members of the LTB to discuss the outcomes from the prioritisation work in more detail. **Action: LTB and transport colleagues to progress.**

6. EU Update

6a. EU update

- 6.1 The Board was updated on progress towards developing a South East EU Investment Prospectus. The South East LEP area has been allocated €185.9m of ERDF and ESF funds from 2014 -20. The Chair emphasised the need for a quality submission which will bring partners together to access and deliver projects in the SE LEP area. Further guidance from HMG is expected in early July.
- 6.2 A National Growth Board is being established to oversee the overall strategic management of the European Structural & Investment funds (ESI). The membership will reflect a representative range of local and national partners, three to four nominations are sought through the LEP network and Local Government Association (LGA). **Action: All members are to consider whether they wish to make nominations and these are sought by Friday 12th July to the Secretariat, lep@essex.gov.uk**
- 6.3 Access to Finance: The Board agreed that a quick but thorough market assessment of the existing provision of financial instruments and funding for business schemes operating in the South East to be undertaken to help shape any future provision through the EU funding programme. **Action: Secretariat to commission further work.**

6b. Higher Education and Innovation

- 6.4 The collaboration was welcomed between the Universities in the South East and potential that these identified areas of activity could bring. The Chambers and FSB have also been working with the Further Education institutions in developing the propositions and were encouraged to feed into the development of the EU Investment Prospectus. **Action: The Chair and Director to meet with**

the VC's to continue the development of specific proposals.

- 6.5 Request was made from the Board for the land based colleges to be informed of this work and provided the opportunity to be involved due to similar work they have undertaken with the CLA.
Action: Secretariat to follow up with the HEI group and land based colleges
- 6.6 It was highlighted that £160m has been made available for Universities to pursue partnership working with businesses, this presents an opportunity to draw down additional funds in connection with these projects **Action: Julian Crampton to share details with the Secretariat and to be circulated to the HEI group.**
- 7. New ways of working**
- 7.1 The Board were asked for their view on the general principles and direction of travel presented within the New Ways of Working paper.
- 7.2 A substantial discussion covered the following points:
- A number of members highlighted the value of the existing LEP configuration, and the role it plays at the strategic level. District/Borough/City Councils in particular highlighted the benefits they have received. They also noted that LEPs which have failed to engage with District and Borough Councils, have experienced more limited progress;
 - There were concerns that the proposals down play the value of pan-LEP structures. There were also concerns that a county/geographical focus may not be the best way to devolve funds;
 - There were queries on how the thematic priorities would be supported and represented within the proposed structure – it was proposed that colleagues leading thematic groups be encouraged to bring forward proposals to address this;
 - There were concerns that the value of education providers (FE/HE) had not been reflected sufficiently in the proposals;
 - Businesses representatives thought that the proposed model provided more opportunity for businesses to get involved in the local activity of the LEP; and
 - Representatives of the rural sector suggested that they feel more able to identify local issues on which to collaborate rather than pan-LEP issues, and that this would be supported within a more local, devolved structure.
- 7.3 Graham Pendlebury provided a timely reminder as to the importance of early resolution and that government need to have confidence that SE LEP are committed, competent and cohesive.
- 7.4 It was agreed that further work would be undertaken to prepare more detail on the potential local structures, membership, modes of operation and options for devolution of funding. **Action: Business Vice-Chairs to bring together proposals for what the local boards should look like, an update note will be circulated by end of July for consideration and debate ahead of the Executive Group meeting on 6th September 2013.**
- 8. AOB**
- 8.1 It was requested that the use of pre-meetings be limited to enable open discussion where possible.
- 8.2 The meeting closed at 12:07pm.

ACTION LOG & MATTERS ARISING

28th JUNE FULL BOARD MEETING

Item 1: Minutes & Matters arising

Secretariat to circulate a synopsis of the spending review. *Completed.* Anyone requiring a copy please contact [the Secretariat](#).

Item 4: Investment Decisions

Secretariat and East Sussex partners to progress Sovereign Harbour and Bexhill GPF project details. *Completed*

- Bexhill credit agreement is complete and the first drawdown has been made. Discussions remain on-going on Sovereign Harbour, as the amount of headroom available for investment relates to the cross GPF risk-sharing model being considered by the Board under Item 6a.

Secretariat with Accountable Body to lead a review of GPF process in the next four weeks with options circulated to the Board. *Completed* - See Item 6a on the agenda.

Item 5: Strategic Infrastructure

Lower Thames Crossing

Atkins to prepare a draft response for SE LEP to be circulated to Local Authority members and signed off by the Chair prior to the 16th July 2013 deadline. *Completed* . Submitted to Government on 16th July 2013.

Aviation

Secretariat to commission additional survey work to help develop the longer term business view to include a wider representation of businesses and no leading questions *On-going.* Proposal supported by Executive Group on 6th September to undertake further survey work in the new year once the Davies Commission has published the viable schemes it will be considering during 2014.

Current findings to be submitted to the Davies Commission with caveat that these are emerging findings from limited work and not yet the final SE LEP position. *Completed.*

Additional survey work to be undertaken and Vice Chairs to collate business views on the long term options to develop a SE LEP position which can be submitted to the Commission following the Board meeting in October. *On-going.* Input will be included in the activity scheduled for early 2014.

Mobile Telephony

Secretariat to progress agreed next steps. *On-going*

Secretariat to coordinate additional survey work with Chambers and FSB. *On-going.* Additional survey work is to be undertaken from late October in Essex and the LEP will be running a campaign with the OpenSignal app in Autumn 2013. The app allows automatic collection of data of signal strength to help compile accurate mapping of problem areas. More importantly the app allows users to record on-the-go, the impact of poor service upon their business. Further detail to follow, it is likely this will be launched in November.

Accelerating housing development, delivering growth

Secretariat to circulate invitation for a pilot to all Districts/Boroughs. *Completed.* Sent on 9th July 2013.

John Spence to write to the HCA. Completed. Response received from Mark Prisk on 20th August, see below.

Secretariat to explore the role of the utility companies in development together with Graham Brown. **On-going.** Further work around this is being explored with Kent County Council, which will soon be issuing a "call for evidence" with national think tank Localis.

Transport prioritisation

LTB and transport colleagues to progress further discussion on prioritisation process. On-going. Work is feeding into the development of the Strategic Economic Plan.

Item 6: EU Update

EU Prospectus

Nominations are sought for a position on the National Growth Board by Friday 12th July to be sent to the Secretariat, lep@essex.gov.uk Complete. Professor Anthony Forster nominated and accepted to be the SE LEP representative on the National Growth Board. The first meeting was held on 13th September 2013.

Secretariat to commission further work on the SE market to inform future decisions on the use of financial instruments. On-going. This work is linked to the development of the EU SIF and the options for use of a range of financial instruments. See item 5a on the agenda.

HEI Collaboration

The Chair and Director to meet with the VC's or their representatives to continue the development of specific proposals. Complete. Meeting held on 18th July. Work with HEIs remains on-going. See item 5c on the agenda.

Secretariat to follow up investment opportunities with the HEI group and land based colleges. On-going. The SELEP Director and EU lead visited East Malling Research station to hear about their expansion plans and to ensure that these are linked to the Strategic Economic Plan and the EU Structural Investment Fund strategy.

Julian Crampton to share details of the £160m University and Business Fund with the Secretariat and to be circulated to the HEI group. HEFCE and Government have not yet published the details of how this fund will be deployed. The information about the previous round is available on the HEFCE [website](#). Once the new information is available it will be published on this link.

Item 7: New ways of working

Business Vice-Chairs to bring together proposals for what the local boards should look like, an update note will be circulated at the end of July for consideration and debate ahead of the Executive Group meeting on 6th September 2013. On-going. See Item 7 on the agenda.



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Our Ref: MP/MP/021566/13

20/8/13

Dear John

ACCELERATING HOUSING DELIVERY IN THE SOUTH EAST

Thank you for your letter of 29 July in which you sought my support for a pilot housing scheme using Homes and Community Agency land to provide low cost property for home ownership.

The South East Local Enterprise Partnership board's proposals demonstrate the type of forward thinking that we hope all partnerships will exhibit. The Department is open to consider any initiative that will improve housing supply, subject to it meeting the value for money criteria. I will ask the HCA to carry out more analysis of the impact of this process (if any) on land value and report back to officials.

You will be aware that the Department and its agencies, such as the Homes and Communities Agency have been the subject of a very tight spending round settlement for 2015/16. The HCA is under an obligation to ensure that it achieves the best value for a site when it is offered for sale on the open market.

You may be interested to know that we are making changes to how we dispose of Government land, with land sales being centralised in the Homes and Communities Agency from April 2015. This will enable us to lever in the HCA's expertise and to sell land more efficiently, which will support economic growth as well as enabling the selling of more land for developers to use for house building.

Thank you for taking the time to inform me of your proposal and I wish the South East LEP every success with its other projects.

MARK PRISK MP

EU STRUCTURAL AND INVESTMENT FUND STRATEGY (SIF)

Purpose and Recommendations

1. The purpose of this paper is to present the Board with the first draft of the EU SIF, ready for submission to the Government on the 7th October 2013, for initial assessment prior to final submission at the end of January 2014.
2. The Board is asked to:
 - **Approve** the first draft of the EU Structural and Investment Fund Strategy for submission to BIS;
 - **Note** the timetable to completion by 31 January 2014; and
 - **Note** the planned launch of the public consultation on the 16 October 2013.

Background

3. SELEP has been given an indicative allocation of EU funding to deliver its strategic priorities in line with the Strategic Economic Plan (SEP) which is in development. In July 2013 the Government provided LEPs with Supplementary Guidance regarding the development and delivery of EU SIFs. On 6th September the Executive Group was given an update on progress.

Purpose

4. The main purpose of the document (sent as a separate file to the board pack) is to agree the indicative balance of spend and priorities so that Government can aggregate the England picture for the European Commission. The table on page 21 of the SIF shows the split.
5. Since the Executive Group meeting, some adjustments to the allocations between objectives have been made. These allow a larger proportion of European Regional Development Funding (ERDF) to be allocated towards SME Competitiveness (45%), and a larger proportion of European Social Fund (ESF) to Education skills and Lifelong Learning (50%). These adjustments were made as further evidence was provided by senior officers that more accurately reflected local opportunities and proposals for investments.
6. The main content includes investment priorities of:
 - Boosting innovation by taking advantage of our HE institutional strengths, our culture of innovation and the opportunity to develop a new comprehensive and integrated support framework for innovation through Gateways to Growth;
 - Enhancing support for commercialisation through improved access to research institutions;
 - Supporting our priority sectors for growth and innovation across our business community through networked and tailored programmes;
 - Ensuring that business infrastructure is in place - particularly finance and property;
 - Providing support to grow the low carbon economy and reduce CO2 emissions through reducing energy consumption and waste;
 - Supporting young people in the transition from school to further and higher education and work;

- Boosting skills provision in higher level skills in priority sectors, including training and retraining the workforce in skills needed by employers at all levels, including SME leadership and management skills;
 - Working with employers to support recruitment, provision of work placements of all types and helping to integrate new staff into the workforce;
 - Supporting people with specific and multiple barriers to employment;
 - Geographical targeting of additional support for local communities, including the potential for Community Led Local Development and small community grants to enable local responses to community need; and
 - Linking businesses to education and training providers to enable the skills system to better respond to economic need.
7. Two of these key priorities offer significant potential for major SE interventions to be made: (a) the potential for a property development fund (see item 5b); and (b) investment propositions led by the HEIs relating to innovation (see item 5c). Both of these present us with key opportunities to secure significant leverage and to revisit the draft SIF during the autumn period.
8. The final version of the EU SIF will be prepared in parallel with the Strategic Economic Plan and submitted at the end of January 2014. During the autumn there will be an intense period of consultation and refinement.
9. The formal consultation will be launched in London on 16 October 2013 and close on the 30 November 2013. Local partners are also asked to lead local area based consultations to allow the full range of SELEP stakeholders the opportunity to comment and contribute to developing a pipeline of investments ready for the funds to flow from mid-2014.

Author: Lorraine George **Position:** SE LEP secondee **Contact:** 01245 430472 **Date:** 27th September 2013.

A PROPOSAL FOR A SOUTH EAST URBAN DEVELOPMENT FUND

Purpose

1. This update report is provided to the Board as the basis for progressing an Urban Development Fund to utilise part of the £160 million EU 2014-2020 Budget allocation for the South East and leverage other public and private funds to fulfil the Growth Strategy.

Recommendations

2. The SELEP Board is asked to **consider**:
 - a. Incorporation of the Urban Development Fund, proposal contained herein, utilising JESSICA, in the forthcoming EU submission to Government;
 - b. Implementing the preparatory actions to place the Urban Development Fund on a critical path to full implementation;
 - c. The establishment of a delivery vehicle to undertake investment provided by the Urban Development Fund; and
 - d. Seeking collaborative arrangements with other LEPs for the establishment of an Urban Development Fund utilising the JESSICA mechanism.

Executive Summary

3. The opportunity to contribute to the Growth Agenda is offered by the creation of an Urban Development Fund which directly delivers key areas of economic development which will benefit from the infrastructure investments, particularly transport, which will be funded from the Single Local Growth Fund and conversely add to the justification for such infrastructure investment.
4. What growth looks like in the South East is still to be defined by the emerging South East Growth Strategy but Government (and the EU) expects to see Innovation play a major part in creating new enterprises as well as new employment utilising new skills and new technologies. An Urban Development Fund for the South East can sustain such an ambition.
5. The components of a potential development strategy utilising an Urban Development Fund are all capable of being delivered but emphasis has to be made on income production to ensure funds for recycling. These components are:
 - Business Infrastructure
 - Transport
 - Innovation
6. The beneficiaries from such an Urban Development Fund will be business occupiers and innovative enterprises assisted by the support infrastructure. Such business occupiers will also generate an income stream that will enable sustainability of an Urban Development Fund.
7. Financial Instruments are favoured by the European Union as a means of extending the impact of limited budgets by the utilisation of European funding to attract other public and private funds. Constructing an Urban Development Fund from European funding, matched funding, European Investment Bank funding and other public and private monies is such a financial instrument.

8. Utilising part of the ERDF allocation for the South East will be the catalyst for creating an Urban Development Fund. The suggested £50m contribution from ERDF allocation of £160m for the South East with leverage of £50m of match funding would create the £100m which the Government regards as the minimum for an effective Urban Development Fund. The principal European model and the mechanism of choice for establishing financial instruments is JESSICA (Joint European Support for Sustainable Investment in City Areas). JESSICA is a policy initiative of the European Commission developed jointly with the European Investment Bank (EIB) in collaboration with the Council of Europe Development Bank (CEB). The EIB normally act as the Holding Fund and administer any Urban Development Fund created as for instance they did in relation to the current programme of the Greater London Assembly (GLA). In their case the GLA contributed £50m worth of ERDF and matched that with £50m of funds available to the GLA creating the minimum fund of £100m which, since 2011 has leveraged in a total of £400m of EIB funds and a further £50m from Royal Bank of Scotland (should SELEP be minded to progress the Urban Development Fund, then the GLA have indicated a willingness to discuss collaboration of joint funds).
9. For SELEP to progress an Urban Development Fund then JESSICA is the only established route worthy of consideration and capable of early implementation within agreed European structures and bringing immediate involvement of the EIB.

A Self Sustaining Re-Investment Fund

10. The concept of financial instruments is not only that they leverage additional public or private money but they bring in the capacity to recycle funds. To recycle funds it obviously means that expenditure has to be on projects which can bring a return. This means that the most effective use that SELEP can make of an Urban Development Fund in its recycling is to use as much influence as possible in the repayment of allocations made from the Urban Development Fund. In this regard the Urban Development Fund should be regarded as a "lender".
11. Creating a South East delivery vehicle is the best way of influencing repayments to the Fund by taking a direct role as "the borrower" undertaking the project. In this regard it is suggested that SELEP consider establishing a South East delivery vehicle to undertake the projects and generate the income which would then replenish the fund in the course of repayments.
12. Delivering a critical mass of investment capable of generating an income simultaneously throughout the South East would ensure a larger income stream from the outset which in itself would create a significant ability to replenish the Urban Development Fund. The type of investments that would deliver the EU priorities are innovation, support to SME's, and the low carbon economy. Emphasis would be on innovation which has greater support from both Government and the EU. The type of projects which would deliver the critical mass of investment are sites, infrastructure and employment space. In particular the suggested focus for each site would be a form of "super" Innovation Centre where there were direct mentoring support provided by the South East Universities, preferably acting in a consortium where the maximum amount of separate departments and disciplines would be available for entrepreneur support.
13. Such a delivery vehicle undertaking this activity would likely take the form of a public private partnership and it is worthy of note that the Welsh Government has established a similar model into which it is understood they are transferring employment sites.
14. Securing a turnover income from a portfolio of South East wide projects would provide a steady income stream which would grow with the success of businesses attracted. Using a turnover model as a means of securing reinvestment overcomes much of the difficulties and uncertainties of how properties are able to achieve consistent investment valuations and institutional sales. For the

meantime investment activity in the property market is selective and the turnover model avoids waiting for the slow upturn in the market to realise potential values in the South East.

15. Leveraging transport outcomes for investment made at key growth points would justify the single Local Growth Fund and Transport Funds available to the South East. The “intended consequence” of producing economic and employment outcomes will place SELEP in a position to demonstrate that transport priorities in the South East are being aligned towards achieving the Government’s growth agenda.
16. Harnessing the energy of the South East Universities is important for the success of the chosen business locations and the Universities should become a key partner and stakeholder in the delivery of projects enabled by the Urban Development Fund - and indeed should be encouraged to join the Public Private Partnership proposed as a project delivery vehicle.
17. The challenges for a 2015 implementation of an Urban Development Fund are to ensure that undernoted parallel activities are undertaken to ensure that such a Fund is established with its governance in place. In parallel establishing the development vehicle would allow it to carry out the range of pre-development activities which would enable contracts to be triggered for development from 2015.

Next Steps

18. The key activities which could be pursued now are:
 - Negotiations with the EIB supported by colleagues in Government for the establishment of an Urban Development Fund using the JESSICA model.
 - Seeking out potential collaborative arrangements with likeminded LEPs and other agencies.
 - Establishing a “shadow” Public Private Partnership as the South East delivery vehicle
 - SELEP wide identification of potential strategic development sites
 - Progressing OJEU procurement processes for both design and contractor selection
 - Ensuring that long term statutory approvals such as planning permissions or land use allocations are progressed
19. The conclusion is that there is much to be gained from establishing an Urban Development Fund through the JESSICA model. It will leverage out further funds into the six year programme of the SELEP and the means to progress the project are within capacity of SELEP.

Author: John Shaw **Position:** SeaChange, on behalf of South East LEP **Date:** 27th September 2013.

SELEP HEIs DRIVING INNOVATION AND ECONOMIC GROWTH

Purpose and Recommendations

1. Following approval by the SELEP Board on 28 June 2013 of the collaborative HEI ERDF proposal for a joint programme to support SMEs, this paper presents the vision, not limited by ERDF, which expands the scope and scale of the contribution that the HEIs can make to delivery of the region's Strategic Economic Plan.
2. HEIs long-standing presence in a locality means they can play a long-term, sustainable role in creating the conditions for economic growth and act as local anchor organisations with national and international reach. The SELEP HEIs can do much more to provide clusters of innovation-focussed activities that will link our world class universities with businesses and the public sector, and mobilise unique resources that universities can provide to drive economic growth and build competitive advantage in sectors and core themes that are designated regional and national priorities. These activities will be integrated with the life cycle of business support co-ordinated through the region's Gateways to Growth.
3. The Board is invited to:
 - a. Endorse the proposed approach to the development of Smart Specialisation and the expansion of innovation and incubation facilities and to invite the HEIs to develop their proposals for inclusion in the next version of the Strategic Economic Plan.

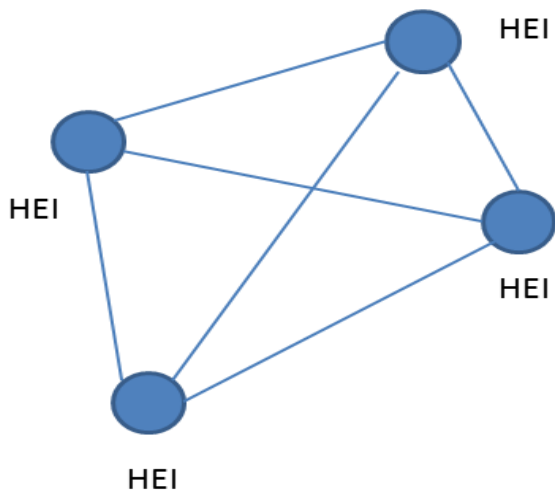
Smart Specialisation and space for business innovation and incubation

4. The creation of a nine node network (based upon the nine HEIs in the SE LEP area) has been an important step in moving towards an integrated and accessible network of expertise and facilities available to support business growth, especially with the accompanying Innovation Support package envisaged by the HEI's collective ERDF proposals referred to above. However, achieving a significant change in pace on innovation across the LEP area will rely upon the further development of Smart Specialisation and an appropriate range of space for SME activity.
5. The HEIs are already investing heavily in this direction. For example ARU is developing a new Medical Business Innovation Centre, the University of Essex is developing a new Business School with Centre for Regional Economic Growth and Kent and Sussex have established Innovation Centres. However, given the scale of increase in GVA needed to lift the SE LEP area up to the national average, the scale and scope of these facilities needs to be dramatically increased. This paper is intended to underline the importance of this approach in the development of the new Strategic Economic Plan. It highlights opportunities which exist at several of the HEIs to develop a specific offer based upon their particular strengths. This approach maps to both the Government's National Industrial Strategy/Eight key technologies as well as to the SE LEP's emerging key high value growth sectors.
6. Access to the investment required to extend the infrastructure required to stimulate innovation across the region could be facilitated by the establishment of a specific fund which could be matched with other sources of funding and in-kind contributions from HEIs and partners (e.g. development land, services). Incubation centres which support pre- and early stage businesses act as feeders for innovation centres and together these facilities and the associated support programmes would generate the sustainable innovation ecosystem that would enable the region to be at the forefront of

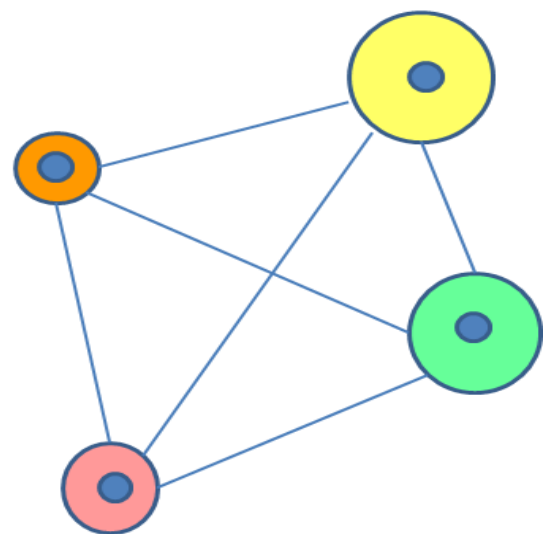
innovation-led economic development. A proposal for the creation of an Urban Development Fund to provide a vehicle for investment in infrastructure is outlined by John Shaw in a separate paper to the SELEP Board.

- 7. The SELEP HEIs recognise the potential to maximise commercial opportunities by pooling IP to target specific sectors and clusters in the region and also in the direct exploitation of IP via spin-out companies. Most of the SELEP HEIs have subsidiary companies that manage the commercialisation of IP and options for establishing a different vehicle(s) will be explored with the Boards of these companies. Examples of how this might be achieved include the creation of a JV between the Universities of Essex and Kent to exploit complementary IP in the field of encryption technologies, and the CommercialISE project of SE universities working together in an IP partnership.
- 8. The approach is illustrated conceptually in the diagram below and details of proposals from several HEIs are set out by way of examples in the accompanying Annexes.

Diagram illustrating HEI approach



Strand 1 - Developing the linkages between all the HEIs to improve the support to SMEs



Strand 2 - Developing the SMART Specialisation of individual HEIs and creating further space for innovation in order to drive growth

Annexe 1 The University of Essex: Data Analytics – Big Data, big opportunities, big impact

- 1. The vision.** The University of Essex is investing heavily in the promotion of economic growth through The Knowledge Gateway and Centre for Regional Economic Growth (See Annexe 2). The University's vision is to drive forward this activity through Smart Specialisation by matching the University's considerable research and innovation strengths in data analytics with the needs of businesses to address emerging opportunities and market developments around 'Big Data'. This will be underpinned by further investment in the University's nationally significant data analytic facilities and the establishment of a business focussed Data Analytics Innovation Centre on the University's Knowledge Gateway research park.
- 2. The opportunity** Data Analytics underpin a very wide range of technologies, processes and products and in turn, industries. The term 'Big Data' refers to the opportunity to analyse volumes and combinations of data that were previously limited by technology and techniques, and is one of the eight key technologies identified in the Government's National Industrial Strategy. New products and services are already being developed in this area and as a node in the network of nine HEIs across the SELEP region, the University has substantial capacity to enable businesses to build competitive advantage in this field, adding value to a range of sectors, and resulting in stronger clusters based on innovative networks.
- 3. The infrastructure.** Essex is already home to the world leading Institute of Social and Economic Research and the UK Data Archive which is underpinned by £15 million core infrastructure funding from the Economic and Social Research Council (ESRC) to provide the UK Data Service. This service is an essential resource for social and economic research in the UK. In addition Essex has recently been awarded £4 million from ESRC for the UK Data Archive to deliver a national Administrative Data Service which will assist in commissioning linkages between government and other administrative datasets to facilitate the analysis of significant social challenges such as tax structures, education reform and health service innovations as well as modelling economic progress.
- 4. Future investment.** The University is now bidding for £7 million in funding from the ESRC, under the 'Business and Local Government Data Centre' call, to develop a nationally significant collaboration with the University of Kent and the University of East Anglia. This will extend existing big data expertise into the fields of Energy, Transport and Logistics, Crime and Health and Social Care. The university partners are already developing links around this agenda with local authorities, chambers of commerce (at local and national levels), the CBI and private sector companies including BT.
- 5. The strategy.** The significant data infrastructure and skills base combined with the new investment will allow the University to establish a Data Analytics Innovation Centre on the Knowledge Gateway. This will provide businesses with access to leading edge data analytics and Big Data skills and training linked to dedicated secure computer server space. This will create the momentum to accelerate the take up of other accommodation on the Knowledge Gateway to deliver the 2,000 plus jobs envisaged.
- 6. Path to delivery.** Essex requires £5 million, matched against the existing investment of approximately £26 million ESRC funding to enable a new Data Analytics Innovation Centre to be built on the Knowledge Gateway that will enable businesses to benefit from being linked to these expanding national assets. Opening up access to this expertise will offer significant growth potential and exploit the region's intellectual competitive advantage.

Annexe 2 The University of Essex: Centre for Regional Growth and Enterprise

- 1. The Vision.** The Centre for Regional Enterprise and Growth (CREG) based in the Essex Business School and linked to Essex's nationally significant data analytic facilities will provide Economic Intelligence

through a research facility that tracks the region's economic performance. The Centre will also support economic growth through a range of new services for SMEs and intelligent brokerage of services provided by other HEIs and organisations in the SE LEP Region.

2. **Existing Investment.** The University of Essex is already investing heavily in the promotion of economic growth through the creation of a new research park aimed at business - The Knowledge Gateway - a 42 acre section of its Colchester campus expected to create 2000 high value jobs. This includes a £21 million investment in a new zero carbon building for its Business School and £7 million in infrastructure works to make the whole park development ready. Planning permission is already in place for the development of 37,000 sq m (400,000) sq ft for new office and Research & Development space. The first SE LEP Growing Places scheme in Essex - the Parkside Office Village (a scheme of 9 small office units) has also just started on site with £2.4 million investment. This will rapidly create 120 new jobs.
3. **Economic Intelligence.** Building on the data analytics strengths of the University the CREG will implement new methods of sourcing business-related data and of achieving new insights from existing data. This service will make use of datasets and expertise located at LAs, Government and business organisations, and a range of existing networks and agencies such as R&D networks across the region, Knowledge Transfer Networks (KTNs), UKTI, Enterprise Agencies and Hubs and Academic Health Science Networks (AHSNs) to create a powerful and unprecedented resource for the region. The work undertaken will inform the assessment of funding proposals and the evaluation of initiatives targeted at economic development. At the heart of CREG are data informed by entrepreneurs and business themselves. This resource will underpin new research and guidance about how best to support SMEs and can be used as an evidence base for a range of agencies.
4. **Intelligent Brokerage.** The CREG will also act as a single point of entry for all business enquiries to the University, enabling them to be directed to the most appropriate service within University of Essex, to other universities and/or other providers of business support service e.g. Chambers, Manufacturing Advisory Service (MAS), GrowthAccelerator, Coaching for Growth and UKTI, as well as access to and support for the exploitation of IP.
5. **Essential Services for SMEs.** CREG will establish new physical incubation facilities for businesses and become a leading centre of SME support through the delivery of new, dynamic programmes of training and development aimed at ambitious SMEs across the SELEP region. These programmes will facilitate learning and partnerships between SMEs, will provide one-to-one coaching and address business-specific issues.
6. **Partnerships** Rather than design programmes from scratch our intention is to adopt and refine approaches tested in partner universities and by other providers across the UK. The University has been working closely with the University of Kent to adopt its Hub for Innovation & Enterprise (HIVE) environment. Kent will provide knowledge exchange, best practice and training for Essex in the establishment of the CREG using the HIVE model to ensure a co-ordinated and innovative approach to student, graduate and staff business creation across the region. Linkages will also be established with the Enterprise Hubs proposed in the Essex Economic Growth Strategy.
7. **Investment.** The University has committed £250,000 core funding to the establishment of the CREG. The centre will also be intrinsically linked to the Data Analytics Innovations Centre investment (see annex 1)

HIVE Vision:

To be the corner-stone of an innovation-based student, graduate and staff pre- and early stage start up community in Kent and Medway, one that underpins economic growth by developing sustainable start-up businesses.

We want to create a *hub for innovation and enterprise (HIVE)* that will build a vibrant dynamic community of innovation and new ideas. HIVE will provide early intervention to support students and graduates regardless of the university they attended and accommodate businesses spun-out from the University's IP. HIVE will spark ideas and transform them into profitable, sustainable businesses. Start-ups located in HIVE will be based on the University's campus, providing a unique opportunity for creative engagement between businesses, entrepreneurs and the academic community. They will receive in-depth support, mentoring and hands-on assistance at the very early stages of development helping them to establish and grow providing a pipeline into the wider Innovation Centres, Science Parks and Enterprise Zones thereby benefiting the investment already made in regenerating the region. HIVE forms part of a larger planned 19,000sqm Innovation Park. It has been identified that the development of the Park will create 1,821 jobs in the long term and contributes an additional £46million in GVA to the regional economy annually.

ECONOMIC STRATEGY FOR HIVE

Government key statistic data¹ confirms that over the last six years there has been a 46% jump in the number of graduates considering self-employment. Data collected by the Higher Education Statistics Agency has identified 2771 new graduate start-ups being formed in 2010/2011. This increase in start-up activity took place against a backdrop of continued decline in the use of external sources of funding available to start-ups. The characteristics of the market are clearly growing but there is a failure to capitalise on the growth of graduate entrepreneurs within the county and SELEP region. The National Centre for Entrepreneurship in Education (NCEE) predicts 32% increase in UK students setting up a business at some point post university. Retaining graduates in local employment is a key issue in the economic development of UK cities.

Business start-ups are the key to regional growth, creating the right environment to nurture potential high growth innovative start-up companies will help to secure sustainable private sector jobs in the long term. Canterbury is home to three universities, and the county is home to four, however, this source of creativity and ideas is currently untapped. Strong and successful cities in the future will not be centres of retail or tourism: - they will be centres of ideas, creativity and influence. This requires a different type of infrastructure that supports the very early stage of a business idea, and support that means start-ups have a greater potential to grow and become sustainable. HIVE will create a corner-stone of an innovation-based pre- start up community.

The higher education system plays an important role in the growth of the economy because it is a sector where the UK has a strong competitive advantage, because it is more resilient to business cycles and economic shocks than many other parts of the economy, and because it offers a feedstock of skills and knowledge for new and established businesses to drive innovation and growth.² Despite the economic downturn universities are anchors in their regions, stable, credible and have a track record of delivering impact. HIVE fits into the priorities of the economic growth priorities of the region in a globally

¹ Destinations of Leavers of Higher Education (DLHE)

² The Connected University, Driving Recovery and Growth in the UK Economy. NESTA. 2009.

competitive economy through the nurturing of innovation and enterprise, providing skills, and creating the appropriate business spaces for pre- start-ups.

WHY THE UNIVERSITY OF KENT?

The University currently has a small incubation facility that has been operating since 2006 in supporting pre- and early stage start-up businesses. Since 2010 the University has held 500 business start-up advice sessions and supported 50 new students, graduates and staff setting up their business. This represents 100 employees and a total economic impact, based on the NCEE Impact Report 2011, of £3.5million. Over the past two years these businesses have attracted over £2m private/public sector investment. One business was recently sold for £6million and another received the Institute of Physics Innovation Award 2012. Approximately 70% of the start-up businesses are still trading after 5 years of setting up against a National statistic of 50%. The Financial Times Guide to Business Start Ups found that 20% of failed businesses would still be in business after 2.5 years if they had received support at the outset.

Despite this success the University can only accommodate 9 small businesses within the University's very limited space, the consequence of this is the remaining start-ups are forced to move away from the supportive environment of the incubation facility and whilst the University supports them at a distance, many of them fail. Increasing pressures on academic space also puts this space at risk in the future. The University has the land and has earmarked this development as an Innovation Park. The Park is in the City Plan and is featured in the County's regeneration plan. A successful Innovation centre is located on the Park site and looks to the University's Incubation facility for a pipeline of innovative high growth start-ups. **The University can demonstrate a credible track record in supporting pre- and early stage start-up businesses and wants to extend this opportunity across the Kent and Medway area.**

HIVE pre- and early stage start-ups will receive in-depth support, mentoring and hands-on assistance at the very early stages of development, helping them to establish and grow providing a pipeline into the wider Innovation Centres, Science Parks and Enterprise Zones across the region, thereby benefiting the investment already made in regenerating the region. The HIVE will spark ideas and transform them into profitable, sustainable businesses. Start-ups located in HIVE will be based on the University's campus, providing a unique opportunity for creative engagement between businesses, entrepreneurs and the academic community.

The University runs the only Lean Start-up programme in the UK specifically developed to ensure business success. The lean start-up programme provides powerful tools for entrepreneurs to test the validity of their business models before they invest time and money in scaling. Kent will embed the Lean Start-Up programme into the HIVE support package. The Kent Invicta Chamber of Commerce provides start-up support clinics and business advice support and valuable networking opportunities. The Chamber will be a key partner in support of HIVE, not only as a supportive, business provider but as a promotional and marketing opportunity. The HIVE will provide a valuable pipeline of companies that are business ready and able to take advantage of the Expansion East Kent Regional Growth Fund, TIGER RGF and other Growth Accelerator funding to provide an environment for growth by offering early stage start-ups all the services and support they need to be successful.

TAKING THE HIVE VISION FORWARD

The University has been working closely with Essex University to establish a region wide (Kent, Medway and Essex) HIVE environment. Kent and Essex have a track record of working together in the exploitation of intellectual property through the establishment of spin-outs and a joint venture. Kent will provide knowledge exchange, best practice and training for Essex staff in the establishment of their HIVE. Both universities will ensure a co-ordinated and innovative approach to student, graduate and staff business creation across the region. Kent is ready to move quickly on the development of the HIVE.

Kent require £7m to support the development of a 1,500 sqm start-up facility creating 130 direct sustainable jobs, 27 safeguarded, 7 indirectly created and 102 indirectly safeguarded. Matched funding of £1m has been identified creating a shortfall investment of £6m, additional infrastructure match of £1m and university in-kind of approximately £300k per annum in running and support costs has also been committed.

Annexe 4 The University of Brighton: Central Research Laboratory (CRL)

The University of Brighton is heavily engaged in co-developing a number of innovation hubs. The most visible of which will be the Central Research Laboratory on our redeveloped campus at Preston Barracks. It will be built adjacent to our new Business School.

The Preston Barracks development, connected as it is to the University and positioned where it is at the northern gateway to the city, to be a huge driver for business start-up economic growth. Our goal is to create a vibrant mixed-use community in which people work, live, learn and socialise. Comprised of 650,000 sq ft of commercial space, 350 new homes, 1250 student beds, 35,000sq ft of retail space, a health centre, a new business school and a 50,000 sq ft Central Research Laboratory, the new development will generate vast social and economic benefits for the City of Brighton and Hove, enlarging the university's campus, creating a new, prominent northern gateway to the city and delivering the ability to create hundreds of jobs directly and contribute hundreds of millions of pounds to the Brighton economy. For the university our commitment to this development is a major one and includes an investment of £25.5m in the new Business School and £45m in student residences. We are intending the site to be a magnet for innovation. At the centre of the development, the CRL will generate commercial activity, economic output and jobs by turning ideas, inventions and world-class research into successful commercial ventures. This will be achieved by connecting the University, SMEs and entrepreneurs with investors and high quality business support. This will be realised through three key functions:

- Commercialising academic research and innovation;
- Incubating high-tech, design-led manufacturing start-ups; and
- Providing high-tech infrastructure to SMEs and entrepreneurs across the city.

In partnership with economists and planning consultants the economic impact of the CRL has been assessed. The case for the development is exciting and compelling. Over a period of 10 years, it is expected that 740 additional jobs with a GVA of £466m will be created.

INCUBATING HIGH-TECH, DESIGN-LED START-UPS

The CRL will offer the highest quality of business mentoring, on-hand technical support, access to high-tech equipment required for small scale production and, for those with the best ideas and business models, will support access to financial investment. This end-to-end support will reduce the volatility inherent in the life of startups, providing more opportunities to access investment and hone their business plans. If SME growth is to drive private sector development in the UK economy, these kinds of facilities are vital. As the business model of the CRL directly aims to make its services available to businesses across the city, off-site impacts are likely to be significant.

PROVIDING TECHNICAL INFRASTRUCTURE TO DESIGN-LED SMEs AND ENTREPRENEURS ACROSS THE CITY

A large number of entrepreneurs and SMEs across the city are disconnected from the technological infrastructure their businesses need. Ambitious start-ups struggle to produce prototypes and commence small-batch production. As a result, they struggle to take their ideas to the market and attract sizable investments. By providing this technical infrastructure and running targeted access to investment training

through The Pitch School, located as part of the CRL, the facility will accelerate the commercialization of this underexploited asset. This will further the city's competitive advantage in high-tech creative industries. The low-cost membership scheme and access to the small scale production facility will connect a significant number of SMEs external to the resident CRL community to high-tech production infrastructure for the first time, unleashing unexploited productivity and in doing so generating tangible economic output.

EXTENDING THE CRL MODEL

Our plan is to use the CRL to provide a comprehensive range of business support to the innovation and enterprise centres planned in Lewes, Newhaven, Eastbourne and Hastings. We would like to initiate a joint bid with Coast to Capital LEP within the EU Structural Investment funds to take forward a number of these developments in collaboration with Sea Change Sussex.

The amount required to fund and build the 50,000 square foot Central Research Laboratory is estimated to be £11m.

Annexe 5 The University of Greenwich: Expansion of Innovation Centre Medway (ICM)

Innovation Centre Medway Phase 1 is a 3000 sq.m. innovation centre adjacent to Rochester airport, jointly operated by Medway Council and the University of Greenwich. ICM PHASE 2, a building of similar size, is to be built on an adjacent car park site which has already been earmarked for the purpose. ICM phase 1 is 100% full with a growing waiting list. ICM Phase 2 will create space for further new high growth businesses to strengthen the local innovation ecosystem, and feeds into plans for new business development centred around Rochester airport, the Laker Road business park site, and BAE Systems. Greenwich require £12m to support the delivery of Phase 2 of ICM which will lead to the creation of up to 1500 jobs highly skilled jobs and create space for growing business to expand into, so retaining them in the region.

Annexe 6 The University of Sussex: Biosciences Innovation Hub

The University of Sussex is planning a biosciences innovation hub as part of its major redevelopment of the School of Life Sciences. This will complement the existing Sussex Innovation Centre and provide fully equipped labs and shared major facilities for established and new companies to work alongside our research teams. Collocation will enable the translation and exploitation of research, collaborative and partnership working, and easy access to relevant expertise, including that in other parts of the University. Companies will be able to operate in a stimulating and productive environment, to strengthen their business value and hence their competitiveness.

There is a lack of suitable land within the immediate vicinity of the University of Sussex to contemplate a science / business park, however more could be done to address the grow-on accommodation for fast growth businesses by creating larger, managed, flexible-lease, multi-tenanted building space within the Brighton City region. The aim is to create interim growth space of between 200 and 500 square metres, with selection criteria and limited terms. Capital funding would be required for fit-out and conversion of existing space, though equally important is the need to underwrite the management costs and increased risk of un-let space.

Annexe 7 The University of Canterbury Christchurch: Incubation/Innovation Centre in Canterbury

Canterbury Christ Church University is committed to extending its work with business and the community, thereby contributing to economic growth. The University is seeking to acquire two brownfield sites in central Canterbury with a view to developing a range of new facilities including an incubation/innovation centre provision for business and students/graduates. The University is proud that 94% of its graduates are

in work or in further study six months after graduating and the creation of this type of facility will clearly enhance their prospects further through supporting graduate start-ups and the promotion of a thriving business community.

In moving forward, the University is seeking support through establishing a number of partnerships in order to ensure that the proposals are fully embedded in the wider economic regeneration agenda.

GPF CONTRACTING ARRANGEMENTS

Purpose and Recommendations

1. The purpose of this paper is to present to the Board potential options for changing the approach to risk for projects supported through the Growing Places Fund (GPF).
2. The Full Board is invited to indicate which of the following options should be taken forward:
 - a) The GPF remains as a revolving fund with upper tier authorities underwriting each project and passing that risk to project delivery organisations where possible;
 - b) As above but with a variant that repayment schedules can be renegotiated in the event that planned receipts take longer to materialise; or
 - c) Adapting the model so that the GPF itself bears the risk of non-repayment.
3. If the second or third option is selected, the Board is invited to indicate whether this should be applied retrospectively to projects already under legal agreement; to all future projects including those with allocations but no legal agreements in place or for projects coming forward in future rounds of GPF.

Background

4. The GPF contracting model was agreed by partners to function so that the Accountable Body would contract directly with the upper tier authority for the area in which the project would be based. It was also agreed that the GPF would be operated as a revolving fund and GPF awards would be made as loans. This was agreed with all partners but it should be noted that one upper tier decided that they would not put forward projects under this model as they were not content with the potential exposure to risk.
5. A number of projects have been contracted in this way and upper tiers have been able to put back-to-back agreements into place with project delivery organisations thereby offsetting the risk of non-payment.
6. Some partners have projects where it is not possible to pass on the risk and have requested that the risk should be borne by the GPF itself rather than the upper tier authority.
7. There are projects currently with approval that have not progressed to final completion as the upper tier authority is not content with the exposure to risk. There are other projects in the pipeline that are ready to come forward under the current contracting model but are prevented from doing so as there is not sufficient funding available as amounts are being held for the projects that currently the upper tier cannot progress.
8. There are potentially two ways in which the risk could be tackled which could unlock projects currently unable to proceed. The first would be to allow a variant to the existing model whereby repayment terms and associated back to back agreements could be renegotiated if necessary to reflect changes in the receipts profile. It may be necessary to set some time limit for the purposes of fund management, but would give greater confidence to both sides and willingness to enter into the back to back agreements. The second would be to adapt the current model to transfer the repayment risk to the GPF itself, thus obviating any need for a back to back agreement with the upper tier authority.

9. The timing of any potential change will need to be considered. Changes could be made retrospectively to those projects already under contract; they could be implemented to all projects from this point on, including those with current allocations or any change to be made to future projects requesting approval from the Board.
10. If changes are agreed for projects already with approval the Board may wish to review. Original approval was given on the basis that the loan would be underwritten by the upper tier authority. As this may no longer be the case the Board may need to revise investment decisions in light of risk profiles.
11. It should be noted that although the GPF was awarded with no conditions on use, the guidance from Central Government was that the grant should be used to set up a revolving infrastructure fund. The Board may wish to take a risk adverse approach to projects to ensure the GPF is sufficiently funded to make future allocations.
12. It should also be noted that deviations to the agreed model have been made in the past on an exceptional basis. This includes the revenue grant made to Harlow EZ and the recent agreement that the set up costs for Harlow EZ would be repaid by the business rate income stream but with the risk of non-payment on the GPF rather than backed by the upper tier authority.

Financial Implications

13. Currently the level of confidence around repayment of loans is very high. This means that agreement can be given to future drawdowns when they are reliant on earlier repayments.
14. Should the Board choose to change the risk approach by selecting options two or three of this report the cash flow forecasts, and indeed, the probability of default will need to be reconsidered. An assumption on the non-repayment of loans or a delay in repayment will need to be made for each project that the GPF is bearing the risk for, or could potentially be bearing the risk for, and available funds for allocation will need to be reduced accordingly. Therefore the fund will not be able to be allocated at 100%.
15. It is advised that additional performance monitoring of projects in delivery should be considered by the Board if either option two or three are selected. This would provide early warning of the potential for repayment profiles to be extended and the re-phasing of approved future schemes if necessary.
16. It must be recognised that the implementation of options two or three raises the risk profile of the GPF. Whilst individual assessments of each scheme approved under options two or three will have to be made on a regular basis, a compound risk review will also be needed to gain an understanding of the overall risk profile.

Author: Suzanne Bennett **Position:** Essex County Council Acting as Accountable Body for SELEP **Date:** 27th September 2013.

BOARD MEETING

Friday 4th October 2013

Agenda Item: 6b

Pages: 2

South East
Local Enterprise Partnership



HARLOW EZ GPF ROUND 1 PROJECT

Purpose and Recommendations

1. The purpose of this paper is to update the Board on a particular issue with the Round 1 GPF project at Harlow Enterprise Zone and seeks a decision on whether the GPF fund itself should take the risk of non-payment of part of the loan. This paper should be considered alongside item 7a. If the Board chooses to revise the approach to risk, this decision will not be needed.
2. The Full Board is invited to:
 - a) Indicate whether they are content that the risk of non-repayment of the element of the loan due to be repaid through the increased business rate stream should sit with the GPF; and
 - b) Indicate whether they are content that all GPF loans made to projects supporting the success of Enterprise Zones are made on this basis given the importance of Enterprise Zone success to the strategic objectives of SELEP

Background

3. As part of Round 1 of the GPF programme an agreement in principle was made for a loan of £3.5m for highways improvements to access both sites of the Harlow Enterprise Zone. This approval was made in September 2012 on the same basis as all GPF projects, i.e. that the contract would be between SELEP (ECC acting as Accountable Body) and ECC, the Highways Authority for the area in which the project was based. In practice this meant that ECC would underwrite the total value of repayments of the loan.
4. The GPF loan was to be repaid through a combination of S106s and increases in Business Rates within the Enterprise Zone. As the retained business rates from Enterprise Zones are passed in their entirety to their sponsoring LEP, the SELEP Board approved the Harlow DC request that part of this income stream could be used to partly repay the GPF loan via ECC (as Accountable Body).
5. ECC would normally seek back to back agreements with the District Council to cover its repayment risk of any GPF loan for infrastructure works. In this case, that did not prove to be feasible because Harlow Council will not receive the future uplift in the Business Rates. These funds will go direct to SELEP. This consequently means that a way needs to be found to address this risk and to match the additional income generated from the GPF funded infrastructure works with the repayment of the loan and to recognise the special circumstances applicable in the case of the Harlow EZ.
6. The SELEP has flexibility in the use of the Business Rate uplift generated by the EZ and could therefore agree to bear the risk of repayment in this instance. Based on the worst case scenario created by the Business Rate Income Stream modelling, repayment would be complete within 10 years, this would be two years additional pay back over current cash flow modelling for GPF. The Accountable Body is satisfied that the risk of default is low. Future investments decisions for other projects will have to be made with consideration to the uncertainty of these repayments and the resulting uncertainty of value of the fund in future years.

7. In agreeing this additional flexibility for Harlow EZ it will be important for the Board to ensure that appropriate performance management reporting arrangements are in place. All partners need to work together to ensure that the EZ and supporting projects are delivered so that NNDR receipts are maximised.

The Board is asked to approve a variation to the GPF loan agreement for this project so that the loan is repaid from income arising from the additional business rate income which will in any case be paid to the SELEP. In agreeing to this, there is a risk that the additional income will not be realised and so GPF will not be repaid.

8. If the Board agree to vary the terms, a loan agreement will be issued to cover the elements of the loan that are repayable via S106's. The repayments from the Business Rate Income Stream will not be covered by a loan agreement and the allocation back to GPF will be made internally following the uplift being passed to SELEP.
9. Given the importance of Enterprise Zone success to the strategic objectives of SELEP the Board may wish to implement this change for all GPF projects that relate to Enterprise Zones. A review of the risk that this exposes the GPF to will be required in each case and presented to the Board before approval.

The Board is asked to indicate whether GPF loan agreements for Enterprise Zones should no longer require County Council underwriting

Financial Implications

10. Currently there are high levels of confidence of repayment of GPF funds allocated to projects due to the existence of guarantees from County Councils for loans given. This means that future drawdowns can be agreed even if the funds to support these drawdowns are dependent on repayment from earlier loans.
11. The principle of the proposal outlined in this paper means that the risk of non-repayment will lie with GPF itself and so this will have to be considered and future drawdowns will be planned to level at which the Accountable Body is confident of repayment of earlier loans. This may mean that some projects that currently have approval may not be able to drawdown in line with current profiles although it is more likely to affect future allocations of the fund following repayments from the first rounds of the programme.
12. In the case of this specific project, the Accountable Body has assessed the risk of non-repayment as low. This is because, when assessing the level of business rate income likely to be generated by the project which can be used to repay GPF, various levels of income have been assessed, and even in the most pessimistic view, the level of additional income is sufficient to repay.

Author: Margaret Lee **Position:** Essex County Council Acting as Accountable Body for SELEP **Date:** 27th September 2013.

NEW WAYS OF WORKING

Purpose and Recommendations

1. To update Board members on progress towards a federated model of operation for SELEP which gives maximum advantage in negotiating our Growth Deal with Government.
2. The Board is invited to:
 - a. **Note** progress towards a devolved model of operation which both increases the opportunity for Government funding and freedoms and better reflects local areas;
 - b. **Note** changes to the Board structure and Secretariat to support and reflect this new way of working;
 - c. **Agree** to implement the new model in seeking the very best deal from both the Strategic Economic Plan and Strategic Investment Framework.

Background

3. Over the next 6 months, SELEP must be ruthlessly focussed on securing the very best Growth Deal from Government for its members in terms of both funding and local freedoms to address local needs and growth potential. All that SELEP now does must contribute to this goal.
4. Through the Strategic Economic Plan and related funding, our ambition must be to capitalise on the scale of the SELEP area to secure significant public investment of some £3 billion over the next 6 years - this is likely to be one of the three largest investments in LEP areas, along with Greater Manchester and London.
5. To support this ambition, indications from Government are that they wish us to agree a new model of working swiftly and that the current unresolved situation is affecting our shared reputation and positioning and is diverting us from the main job in hand.
6. A new federal model would need to preserve the integrity of the whole LEP and, through greater subsidiarity, lead to more effective local working, prioritisation and delivery. We must show the benefits of a federal model clearly by demonstrating how the power of businesses and councils working together across the SELEP area can be unleashed for economic growth.
7. However, while supported by the majority of members, some individual concerns with the federal approach are recognised. It is therefore imperative that the sum of the whole - in terms of investment and freedoms secured through the Growth Deal and related funding - is much greater than could be achieved by the sum of the parts. We must also show the real benefits of devolved delivery in prioritising growth locations, while balancing investment appropriately across the whole SELEP area.
8. To support the Growth Deal, we need new streamlined ways of working to deliver the very best Strategic Investment Plan and Strategic Investment Framework. This paper seeks Board approval for the proposals.

SELEP Board, Assembly and Working Groups

9. I wish to propose changes to the Board structure which draw upon the most successful elements of the current governance arrangements.

SELEP Board

10. Most members agree that the current Board structure is somewhat unwieldy and that a smaller representative body, combined with much greater local working and decision-making, is required. I am therefore proposing that the current Executive Group becomes the new SELEP Board, with direct links to strengthened local partnerships. The Board would meet 4 times a year:
 - 13th December, 2013
 - 14th February, 2014
 - 16th May, 2014
 - 26th September, 2014; and
 - 12th December, 2014
11. In addition to current Executive Board members, I intend to respond positively to approaches from the FSB and Chambers of Commerce. As with the HE/FE sector, it would be for the FSB and Chambers to nominate representatives from their own networks.
12. While this change to the Board would mean the cancellation of the date for the current Executive Group meeting on 15th November, to enable full input to the Strategic Economic Plan from business, council and other partners across the SELEP area, I propose to hold a wider SEP seminar on 22nd November (tbc) to which all will be invited.
13. Subject to the Board's endorsement, my intention is to move to these new arrangements with immediate effect.
14. In reducing the size of the Board, it is essential that we take steps to communicate and consult more widely and to empower local areas through the federal model. Following discussion at the Board, clear responsibilities will need to be defined.

SELEP Assembly

15. To be accountable to a much wider audience, my intention is then to hold an annual SELEP Assembly. This will be an all-day event with plenary and (optional) break-out sessions on matters of substance. I propose to hold the first of these on:
 - 18th July, 2014.

SELEP Working Groups

16. In making the strongest possible case to Government for funding and new freedoms and flexibilities, cross-LEP working on themes common across the LEP area, (eg Thames Gateway, Coastal Communities, Rural, Skills/Work readiness) will be essential if we are to build a powerful and distinctive bid. However, the work of any groups must be focussed exclusively on the emerging Growth Deal and its delivery, giving a very direct role within the LEP and the potential to make a real difference in strengthening our bid.

Local Area Boards

17. Critical to the success of the federal model will be the Local Area Boards. The make-up of these Boards is left wholly to local areas, but will reflect the public/private balance of the SELEP Board and ensure the views of all councils within the area are heard.
18. Under the federated model, these Boards would have decision-making power for sums delegated to local areas on priorities, investment and delivery in accordance to the area detail in the Strategic Economic Plan. It is accepted that local arrangements around this may vary.

Investment and Funding Flows

19. I appreciate there is continuing concern from members on how funding allocation decisions would be made under this new federal model.
20. Whilst per capita funding to each area seems the most straightforward approach, there are two immediate issues. First, it is not yet known how much funding will be allocated to SELEP and it will certainly depend in large part on the strength of the Strategic Economic Plan. Second, we need to leave some room for the SELEP Board to decide to fund major projects that cannot be financed from within a given area or which cross area boundaries.

Strategic Economic Plan

21. However, for the purposes of preparing the Strategic Economic Plan, some indicative budgets are needed immediately for planning purposes. These should in no way inhibit the ambition of members nor the rationale for support which must be based on economic impact and deliverability. I propose these indicative figures should be determined as follows:
 - That SELEP notional “share” of the Single Local Growth Fund is £1billion, and that a stronger case will win us plus 20%, and a weaker one minus 20%
 - That a proportion will be top-sliced for major SELEP wide project initiatives
 - That the remainder will form an indicative budget for area proposals.
22. Under the federated model, I am proposing that we should work to the principle that, for balanced growth, this should broadly reflect a 3-way per capita split between Kent & Medway; Essex, Thurrock and Southend; and East Sussex with proposals developed by local partners and endorsed by 3 Local Area Boards.
23. It is accepted that there are some differing views on the per capita approach and that further discussions are underway between Essex, Thurrock and Southend in terms of area arrangements.
24. However, in retaining some funding for Board approval on SELEP-wide priorities as defined in the Strategic Economic Plan, this could be used to provide additional or “matched” funding in support of local projects that looked most promising in terms of their growth potential, or to priority sites, such as within the Thames Gateway. This would help address some members’ concerns around notional “caps” through the per capita model.
25. We must also recognise that in seeking investments of some £3bn across the SELEP area, we will have more control over some budgets and less over others. For example, we will be setting the priorities for the Single Local Growth Fund but some of the elements of this may be ring fenced. Or we will be pressing Government to commit to investments in specific national road and rail networks in the South East by specific dates, but these schemes will be in competition against other national priorities and will not be under our control. Funding may also be drawn down at different rates over the period depending on individual project timetables

26. While it is accepted that local arrangements around this may vary as local partners agree what works for their particular area, under this model, decision-making for area proposals and funding would take place locally, with Local Area Boards responsible for commissioning and delivery in accordance to the area detail in the Strategic Economic Plan. Through the SEP process, the SELEP Board would have the opportunity both to challenge and enhance proposals prior to approval and ensure pan-LEP impact.
27. Over time, the SELEP Board would also monitor the contribution towards the objectives and outcomes of the Strategic Economic Plan. This would have both area chapters for Kent & Medway; Essex, Thurrock and Southend; and East Sussex and for major growth areas such as the Thames Gateway.

Central Resource

28. To support this model, the small central team will largely be made up of secondees with specific skills drawn from public and private sector members and these costs will be borne from resources available to SELEP.
29. The over-riding emphasis of the team will be the Strategic Economic Plan and European Structural and Investment Fund (SIF) Strategy. In achieving this, they must manage the SELEP Board efficiently, respond to Government initiatives, seek further funding opportunities and support Board members in representing the LEP at the highest levels.

Staffing

30. With the departure of Susan Priest as Director, on an interim basis, David Godfrey is to be seconded from KCC to support the LEP for three days a week, providing strong Whitehall and Westminster experience and expertise in crafting deals, with deliverability experience provided from John Shaw and SeaChange East Sussex. Both have been brought into the central team to work with the current Director until she leaves on 4th October.
31. In addition, Zoe Gordon (nee Myddelton) has successfully been recruited to the position of Business Engagement & Communications Manager with a specific responsibility to support business members of SELEP. Arrangements are being made to secure the continuing services of Lorraine George to lead development of the European Structural and Investment Fund Strategy, while Katharine Harvey provides high-level continuity as Interim Deputy Director with Emma-Louise Galinis providing administrative support.
32. Essex County Council has confirmed its willingness to remain as Accountable Body for SELEP providing the necessary resources to fulfill this role with a contribution from SELEP funds to cover the associated costs, as is currently the case. ECC currently also provide press management.

Future Arrangements

33. As existing contracts draw to a close, and the practical needs of supporting a federal model are better understood, there will be a need to re-visit the staffing/secondment situation to put place SELEP support on a more permanent footing. A further paper will come to the Board in December to update members on progress.

Author: Peter Jones **Position:** Chair, South East LEP **Date:** 27th September 2013.

FINANCE UPDATE

Purpose

1. The purpose of this paper is to update the Board on the current forecast financial position for the SELEP to the end of the financial year in March 2014.
2. Table 1 below shows the current forecast spend for financial year 2013/14. This table does not include the GPF administration budget. The forecast for the GPF administration can be seen at Appendix 1.

Table 1

	£000's		
	Budget for Year	Forecast Spend for Year	Variance - Forecast to Budget
Staffing	417	335	(82)
Office expenses	19	29	10
Mileages	16	10	(6)
Travelling expenses	20	15	(5)
Consultants services	80	150	70
Project funding	285	105	(180)
Total non staff expenditure	420	309	(111)
Total Expenditure	837	644	(193)
Income			
Grants	(637)	(637)	-
Contributions from other LA's	(200)	(200)	-
	(837)	(837)	-
Net Position	-	(193)	(193)

3. Currently, the projected headroom is £193,000. As part of the budgeting process £285,000 was identified as being available to be utilised for projects within the year. This headroom includes the remaining transport grant of £112,000.
4. £110,000 of this headroom remains following the appointment of Shared Intelligence for support with the strategic plan work and the costs due this year for the Seachange appointment.
5. The headroom is increased by the forecast variance on staffing. This is mainly due to the Skills Workstream Lead and Transport Lead posts not being filled within year.
6. Senior Officer Colleagues will be proposing how best we should invest the available headroom, making recommendations to the Chairman and Executive Group.

Financial Implications

7. It is understood that core funding to flow from DCLG for the next financial year will be dependent in part on spend of core grant in this year. Therefore, if the full grant is not utilised in year the SELEP can expect the grant offer to be reduced in next year.

Appendix 1

GPF Forecast Position 2013/14

	£000's		
	Budget for Year	Forecast Spend for Year	Variance - Forecast to Budget
Staffing	59	59	-
Legal expenses	12	12	-
Consultants fees	103	103	-
Authorised casual mileage	1	1	-
Total non staff expenditure	116	116	0
Total Expenditure	175	175	0
Income			
Grants	-	-	-
External interest	(175)	(175)	-
Total Income	(175)	(175)	-
Net Position	-	-	-

It is currently forecast that all costs will be met by the external interest earned from funds not yet allocated or being held for future drawdown.

Author: Suzanne Bennett **Position:** Finance Business Partner ECC – as Accountable Body **Contact:** 01245 435375 **Date:** 27th September 2013.

ACTIVITY UPDATES

Purpose

1. The Executive Group is invited to **note** progress across a range of activities as the secretariat and partners deliver the business plan priorities.
2. The Chair recently met with Michael Fallon; Minister for Business and Enterprise, to make the case for substantial funding for SE LEP priorities over the period to 2020. The Minister was receptive and emphasised the need to come forward with a compelling plan with well-developed projects, including major road, rail and transport projects. He welcomed the aim of closer working with Universities and Colleges to spin out businesses from their IP and to develop business/science and technology parks.

Business Plan Priority: Strategic Investment Plans

3. SE LEP will be hosting a launch event for the draft EU Structural Investment Funds (EU SIF) document on 16th October in London. This will be followed by local events across the LEP area through October and November. The events will provide an opportunity for partners to review the draft document and to feedback views. The launch will mark the beginning of the official public consultation for the draft EU SIF which will close on 30th November and the LEP will be making a call for Expression of Interests for projects which meet the EU SIF priorities, during this time.

Guidance

4. Two further Opt In offers have been developed for LEPs to consider as delivery models for EU SIF priorities. The first from the DWP is to support employment activities focused on those individuals facing the greatest barriers and requiring local specialised support, which would complement national programmes that exist to support people into work. The second offer is from the Princes Trust for programmes which will focus on working with young people, specifically developing young people's skills, connecting them to labour market opportunities, fostering talent and entrepreneurialism. These will be considered by the EU & Growth Strategy working group together with the other offers as the EU SIF continues to be developed. For more details about these Opt In offers, contact [The Secretariat](#).
5. Detailed guidance from Government on the required content and process for developing the two key investment documents can be found here: [the EU Structural Investment Fund Strategy](#); and the [Strategic Economic Plan](#).

Working with other LEPs

6. The SE LEP Chair will be attending the LEP Network Summit on 8th/9th October which will include key speeches from members of the Ministerial teams from DCLG, DfT, BIS and HM Treasury. There will be the opportunity for LEPs to consider what is on the horizon with senior civil servants and to discuss how LEPs and the Further Education sector can better support each other.

Business Plan Priority: Business Critical Infrastructure

Transport and infrastructure

7. Local people will be allowed unlimited use of the Dartford Crossing for £20 per year from March 2014. This is an expansion of a current scheme which gives discounts to residents within the Dartford and Thurrock Council boundaries, currently local drivers are charged £10 per year for 50 free journeys and

20p per journey after that. This new incentive is particularly aimed at supporting local businesses that use the Dartford crossing regularly to make deliveries into Essex and Kent.

Development sites and investment

Thames Gateway Strategic group - Barriers to development

8. The Thames Gateway Strategic Group has an on-going piece of work looking at barriers to development raised by local developers, which the SE LEP has been engaged with from the beginning. Following on from initial calls for examples, direct conversations have been encouraged and DCLG Secretary of State Eric Pickles recently met with Poul Christensen to discuss various concerns raised at the last TGSG meeting about Natural England (NE). These concerns included: including a lack of pre-application advice; a failure to take account of biodiversity offsetting; and a lack of consistency in their advice. The meeting also covered the issue of the proposed declaration of Lodge Hill as a Site of Special Scientific Interest (SSSI).
9. Poul Christiansen welcomed the meeting and said he is working to change the culture of NE, and explained that customer satisfaction is improving. He said that NE has a duty to designate SSSIs, and if they fail to do so face judicial review. They have little control over timing - when the evidence is there, they need to act. On the point about pre-application advice Poul Christiansen said he was happy to investigate individual incidents where NE had dragged their feet, but that developers also needed to do their bit by contacting them earlier.
10. NE is aware they have to do more to change how they are perceived. They need to keep working to ensure their officers offer consistent advice, and are always available to engage at an early stage. Poul Christensen said he would welcome any examples of problems or poor practice by NE so he can investigate. If partners have further examples of problems with or poor practice by NE in the Thames Gateway and wider London and South East LEP areas which have not already been submitted these can be forwarded to lep@essex.gov.uk.

Enterprise Zones

Enterprise West Essex, Harlow Enterprise Zone

11. **Enterprise Zone Project Director** – interviews took place on 24th September 2013 for the post. There were 13 applicants. It is likely that the appointee will commence in January at the latest. Their first task will be to prepare a forward funding plan for the EZ Board, which will include how the GPF grant revenue funding should be utilised.
12. **HCA Local Infrastructure Fund (LIF) bid** – There are two parts to the LIF bid; the application from Harlow Properties Ltd for the reconfiguration/redevelopment of the London Road South site has completed due diligence and is to be presented to the HCA Board for a decision on 14th October. However, the second part of the application which supported highway schemes to support further development at Templefields is facing difficulties and work is continuing to progress this, with a possible application for an Enterprise Zone capital grant being considered.
13. **MedTech Innovation Centre** - The SELEP Board agreed to ring-fence a £2mill GPF capital loan for this scheme and an application has been submitted for the GPF loan. This application is now going through due diligence with Essex CC and is to be considered by ECC's Capital Programme Board on 26th September. This will come forward to the SELEP Board for approval in due course.
14. **HCA EZ Capital Grant application**– In addition to considering whether to progress the Templefields schemes mentioned above, an application to take forward an Advanced Manufacturing Centre of Excellence is also being considered. Funding from the SFA is currently being used to undertake a feasibility study for this scheme which could support an application. The closing date for submission of

an expression of interest for a grant is in November.

15. **EZ Board** – the EZ Board has met twice with the latest meeting on 21st August attended by Mark Prisk, who has agreed to be a regular attendee. It was a positive meeting with one of the key topics of discussion being communications and marketing. As a result of discussions with Mark Prisk and DCLG, Local Partnerships are now working with the EZ to help better understand the opportunities of the Templefields site and the specific actions that need to be undertaken to unlock the sites full commercial potential.

Discovery Park, Sandwich Enterprise Zone

16. **Site masterplan** – work is progressing on the site masterplan, with public consultation now programmed at key stages of its development. This plan is due to be submitted to DDC at the end of November with determination by the end March 2014.
17. **Occupiers** - At the end of August 47 tenants were on site, with a further 7 in negotiation, including with an advanced wind turbine manufacturer and several major international companies. An application for a biomass plant (100 jobs in construction and 40 permanent jobs) has also been submitted for the Park. There are currently 1300 jobs now on site and this is expected to rise to 1500 jobs in 60 companies by Christmas 2013. The target is 3000 jobs by 2017.
18. **HCA LIF bid** – In principle approval has been given for the bid to refurbish buildings at Discovery Park to create up-to-date office/laboratory/conference and meeting space, etc. The bid is continuing through due diligence, after being scaled down and re-profiled to align with the emerging masterplan, and a decision is expected soon.
19. **HCA EZ Capital Grant application** – it is anticipated that Discovery Park Ltd will be submitting an application for the creation of fit-out space for a major inward investment opportunity, together with possible incubator space for new start-ups.
20. **Transport links** – the recently funded extension of High Speed rail services between Sandwich and Deal by KCC has assisted with the connectivity of Discovery Park. Funding for this beyond March 2014 is now in doubt and representations are being made by local MPs to ministers. SELEP support will also be sought for additional funding.
21. **Housing** – concerns are growing around the scale, range and quality of local executive housing to support the expectations of those moving to the area and this has informed the emerging master plan. As provision of housing at Discovery Park is some way into the future there is a pressing need for the acceleration of key existing housing allocations in Dover District. DDC is in active liaison with the HCA and the development sector on this matter and will refer further to SELEP if the need to unlock constraints arises.

Accelerating development and Housing with HCA

22. The June Board meeting discussed options for accelerating development and proposed how SE LEP partners could work with HCA to consider new housing delivery models and ways to de-risk development sites. Three authorities are working with the HCA to progress this, Thurrock, Medway and Hastings. A deadline of 4th October has been set for details of the proposed sites to be sent to HCA. Once received, a desktop study will be undertaken to establish the viability of the model in these locations and discussions will be held with partners about proposed next steps.

Business Plan Priority: Business Engagement

23. Zoe Gordon (nee Myddelton) has been appointed as SE LEP's Business Engagement & Communications Manager following a panel interview chaired by Peter Jones. Our thanks go to Jo James for her involvement in this appointment and for the support she has given on business engagement and communications matters over the last 2 years. Zoe will transition to this new role during October 2013. For details contact [the secretariat](#).

Business Plan Priority: Skills

24. The SE LEP Skills workstream group met last week, the group discussed the Skills support for the workforce contract from the SFA; information was shared from Alison Fox on the Harlow Enterprise Zone/West Essex Skills plan; and National Apprenticeship Service provided an insightful review of apprenticeships in the SE LEP area. For further details contact [the secretariat](#).

Business Plan Priority: Cross Cutting Themes

Coastal

25. The SE LEP Coastal Workstream group met this week and discussed the themes they are driving forward, including: rebalancing the private rented housing sector; worklessness and place shaping. The group also received details of the emerging themes and draft EU SIF document and consider initial feedback and the on-going input and role of the group into the development of this important strategy.

26. The Programme Manager presented at the recent Essex Coastal Conference to provide an update on LEP activity and to share experiences and successes of the LEP Coastal Communities workstream group. There were presentations from other successful Coastal schemes across Essex. Including plans and a successful funding bid for a £36m Coastal Defence scheme from Clacton to Holland Haven which was signed off by the EA on 10th September and will be the basis for future regeneration of the area, by re-building and enhancing the local beaches.

Rural

27. The Rural workstream is reviewing its structure to consider how it can best coordinate the views of and reflect the business focus of the rural sector. This review is also considering the future role of the group in bringing forward and prioritising compelling high quality projects which will deliver growth for the rural economy.

Communications

28. Since the September Executive Group meeting SE LEP has issued one press release regarding the extension of discounts at the Dartford River Crossing. The Chairman, Peter Jones, has also undertaken a profile interview with the Essex Chronicle and an interview with BBC Kent regarding his vision for high speed rail connections in Kent and Essex. We have also supplied three regular comment pieces from SE LEP to the FSBs, Kent Chamber of Commerce and Essex Chamber of Commerce.

29. As of 17 September, SE LEP had 1,352 twitter followers (an increase of 76 since the Executive Group meeting) and had 84 connections on its LinkedIn profile (an increase of 20 from the Executive Group) and 43 followers to its company page (an increase of 4). Since the Executive Group meeting the SE LEP website has received 567 visits of which 409 were unique visits. This means that since 1 January the website has received 15,747 visits – of which 9,248 were unique.

Author: Zoe Gordon **Position:** SE LEP Programme manager **Contact:** 01245 431469 **Date:** 27th Sept 2013.
