

## Strategic Board Meeting

Friday 3<sup>rd</sup> March 2017, 10:00–12:00

High House Production Park, Purfleet, Essex, RM19 1RJ

### Agenda

10.00	<b>1</b>	<b>Welcome</b> and introductions	Chris Brodie
10.05	<b>2</b>	<b>Minutes</b> and actions from 9 <sup>th</sup> December 2016 meeting <a href="#">page 2</a> <b>Matters arising</b> <b>Declarations of Interest</b>	Chris Brodie
10.10	<b>3</b>	<b>General update</b> <a href="#">page 7</a> <ul style="list-style-type: none"><li>- Growth Deal Round Three</li><li>- Lower Thames Crossing update</li><li>- NKEZ Implementation Plan progress and sign-off</li></ul>	Adam Bryan
10.20	<b>4</b>	<b>Assurance Framework</b> <a href="#">presentation</a> <ul style="list-style-type: none"><li>- Vote by electronic procedure outcome</li><li>- Summary of minor changes</li><li>- Action planning for SELEP team</li></ul>	Adam Bryan
10.35	<b>5</b>	<b>Approach to Growing Places Fund Investment</b> <a href="#">page 9</a> <ul style="list-style-type: none"><li>- Including <a href="#">decision</a> on process</li></ul>	Rhiannon Mort
10.55	<b>6</b>	<b>Responding to the Industrial Strategy Green Paper</b> <a href="#">presentation</a> <ul style="list-style-type: none"><li>- Formal consultation response</li><li>- Strategic Economic Plan</li></ul>	Adam Bryan
11.25	<b>7</b>	<b>Logo and branding</b> <a href="#">presentation</a> <ul style="list-style-type: none"><li>- Presentation on progress so far, initial concepts &amp; next steps</li></ul>	Zoe Gordon
11.40	<b>8</b>	<b>Capital Programme update</b> <ul style="list-style-type: none"><li>- Verbal report on recent Accountability Boards</li></ul>	Rhiannon Mort
11.45	<b>9</b>	<b>Working Group highlights</b> <a href="#">page 14</a> <ul style="list-style-type: none"><li>- SECEN: Verbal report on Thames Estuary Production Corridor Vision document and next steps</li><li>- Growth Hub &amp; ESIF updates provided in the paper</li></ul>	Adam Bryan
11.50	<b>10</b>	<b>AOB</b> <ul style="list-style-type: none"><li>- Department for International Trade project profiling <a href="#">page 19</a></li></ul>	Chris Brodie
11.55	<b>11</b>	<b>Close</b>	Chris Brodie

#### Included for information only:

- Material from [24th February Accountability Board](#)

#### Future Meeting Dates

- 9<sup>th</sup> June 2017
- 7<sup>th</sup> July 2017 – AGM & Skills and Social Inclusion event (tbc)
- 22<sup>nd</sup> September 2017
- 15<sup>th</sup> December 2017
- 16<sup>th</sup> March 2018

## Strategic Board Meeting

Friday 9<sup>th</sup> December 2016 10:00–11:30

High House Production Park, Purfleet, Essex, RM19 1RJ

South East  
Local Enterprise Partnership



<b>Attending</b>	
Chris Brodie	Chairman
George Kieffer	Essex Southend and Thurrock Vice Chair
Geoff Miles	Kent Vice Chair
Graham Peters	East Sussex Vice Chair
Cllr Keith Glazier	East Sussex County Council
Cllr Kevin Bentley	Essex County Council
Cllr Chris Whitbread	Epping Forest District Council
Cllr Rob Gledhill	Thurrock Council
Julian Drury	C2C National Express
Perry Glading	Forth Ports Limited
Cllr Rodney Chambers	Medway Council
Cllr Paul Watkins	Dover District Council
Stephen Waite	Writtle University College
Clive Soper	East Sussex FSB
Sarah Dance <i>for Jo James</i>	Sarah Dance Associates and Cultural Transformation Board
David Burch	Essex Chamber of Commerce
Vince Lucas <i>for Nick Sandford</i>	V A Consultancy Ltd
Paul Thomas	Kent Developers Group & Orbit Homes
Cllr Mark Dance <i>for Cllr Paul Carter</i>	Kent County Council
Derek Godfrey	Ellis Building Contractors Ltd & Eastbourne Chamber of Commerce
Cllr Peter Chowney	Hastings Borough Council
Cllr John Lamb	Southend on Sea Borough Council
David Rayner	Birkett Long

### **Also in Attendance:**

Cath Goodall and Iain McNab, BEIS; Jan Challis and Silvia To, Highways England.

### **Apologies**

Apologies were received from Adam Bryan, Cllr Paul Carter, Cllr David Tutt, Cllr Bob Standley, Jo James, Cllr Peter Fleming, Nick Sandford and Graham Pendlebury.

## **1. Welcome and Introductions**

- 1.1. Chris welcomed the board members and observers to the meeting.
- 1.2. Chris asked for declarations of interests; none were made.

## **2. Minutes and Actions from 23<sup>rd</sup> September 2016 Meeting, Matters Arising and Declarations of Interest**

- 2.1. Mark Dance commented at the previous meeting Paul Carter had expressed the need for the Strategic Economic Plan (SEP) refresh to be light touch and respect the federated model, as each area has

knowledge of their local needs. This is noted; Chris advised the group that all work undertaken will be at a pan-LEP level.

- 2.2. Amendment to the minutes to record Cllr Paul Watkins as Leader, Dover District Council and Cllr Rodney Chambers as Portfolio holder for Inward Investment, Strategic Regeneration and Partnerships at, Medway Council.
- 2.3. Minutes from the previous meeting were agreed.

### **3. General Update**

#### **3.1. Growth Deal Round Three**

- 3.1.1. The South East LEP Local Growth Fund Round Three submission asked for in excess of £200 million; however initial indications on potential allocations from central government for many LEPs, including the South East LEP had been disappointing.
- 3.1.2. With thanks to strong lobbying from the South East LEP Strategic Board Members, local MP's and stakeholders, further indications from central government have suggested a significantly improved funding offer can be expected. News should be announced late December 2016 or early January 2017.

#### **3.2. Autumn Statement – SELEP impact**

- 3.2.1. The Department of Business, Energy and Industrial Strategy, BEIS, is currently working on the Industrial Strategy Green Paper; it is planned to be released in the New Year.
- 3.2.2. Lord Heseltine's Thames Estuary 2050 Growth Commission is progressing with their mandate, developing a vision for the Thames Estuary.
- 3.2.3. The commission recently met with partners from all areas; Cllr Paul Carter, Chris Brodie and Kate Willard presented on behalf of businesses and Local Authorities within SELEP; these were well received by the commission.
- 3.2.4. The commission also met with representatives from each university in the Thames Estuary area; the meeting was well received by both the commission and the universities and conversations will further develop in the New Year.
- 3.2.5. Chris advised the board that they should take up any opportunities to engage with the commissioners in a positive way; to date the work carried out by the commission has been encouraging.
- 3.2.6. The commission will be producing an interim report; this is anticipated to be available April 2017.

#### **3.3. Report on Annual Conversation**

- 3.3.1. The South East LEP had their Annual Conversation with Central Government Thursday 1<sup>st</sup> December 2016; in this the LEP gave an update on the previous year, which was well received.
- 3.3.2. During the Annual Conversation Government recognised the steps SELEP has taken this year to project one voice.
- 3.3.3. SELEP are currently awaiting confirmation of programme level flexibility; once this has been received the board will be updated.
- 3.3.4. A copy of the presentation from the meeting was circulated with the Board pack and is available on the SELEP website  
[http://www.southeastlep.com/images/uploads/resources/Annual\\_Conversation\\_2016.pdf](http://www.southeastlep.com/images/uploads/resources/Annual_Conversation_2016.pdf)

### **4. Refreshing our Working Arrangements**

- 4.1. Chris advised the board that by refreshing the working arrangements the LEP will be formalising the working groups.

- 4.2. A number of changes suggested to the Assurance Framework are as a result of changes made to the National Assurance Framework; these changes are sought to be implemented by March 2017.
- 4.3. Alongside this, agreement on a majority private sector of the board and an agreement on funding approvals also requires approval from the board.
- 4.4. Cllr Mark Dance commented that it would be beneficial for upper tier local authorities to be in attendance at coastal community meetings.
- 4.5. Cllr Rodney Chambers queried if membership of the Senior Officer Group was flexible as it would be useful for the Thames Gateway Partnership to attend.
- 4.6. Julian Drury commented the LEP has an opportunity to further strengthen its transparency, in particular declarations of interest during board meetings. Chris Brodie confirmed this is the direction the board would be moving towards; SELEP are fortunate that the Accountable Body has a robust system in place.
- 4.7. It was confirmed that the Urban Growth working group would be made up of all areas of the LEP; to date membership is not yet defined. The arrangements of this group will be available at the next board meeting, 3<sup>rd</sup> March 2017, for approval.
- 4.8. It was confirmed that declarations of interest are in line with those of a local authority and that all declarations of interest will be published on the SELEP website. Board members were reminded to return completed declarations of interest to the secretariat as soon as possible.
- 4.9. There will be confirmation from BEIS that a Social Enterprise is classed as a private company; pending confirmation of this, an additional private sector board member will be chosen.
- 4.10. It was confirmed any urgent matters that require a decision from the Strategic Board must give at least two working days' notice to the LEP secretariat.
- 4.11. **Agreed the working arrangements paper.**

## 5. Lower Thames Crossing

- 5.1. Since the previous board meeting the SELEP secretariat has been actively lobbying ministers and local MPs to progress a decision on a new Lower Thames Crossing; in addition to this the secretariat has been collating information for the transport prospectus, identifying the overall transport infrastructure need for the area to support the Lower Thames Crossing.
- 5.2. Jan Challis, Highways England, advised the board he is now covering the South East area for the foreseeable future. They are currently working closely with the Department for Transport (DfT) and are awaiting an announcement from DfT Ministers on the decision, which will be based on the recommendations made by Highways England. When this is announced they will advise us.
- 5.3. Zoe advised the board it is unlikely the announcement will be this year, therefore delaying this work. It was confirmed that SELEP has received support from surrounding LEPs; they have identified the Crossing as a barrier for growth to businesses in their own regions, in addition to ours.
- 5.4. Highways England confirmed they plan in five year blocks, it was highlighted the Lower Thames Crossing may not be announced in sufficient time to be in Highways England Road Investment Strategy 2. George Kieffer requested planning is future proofed as the current proposals for the Lower Thames Crossing alleviate current congestion and will not accommodate traffic; beyond the immediate future.
- 5.5. A number of board members expressed their frustration at the delay in progress; in particular the need for a business case when the issues are clear; the implications to local businesses with the current delay times; the hold up to Local Plans with no clear direction;

the lack of input from potential private investment and the lack of clarity as to why progress is not being made from government departments.

- 5.6. The Board commented on the need for SELEP to start planning for the road infrastructure requirement over a 20 to 30 year time period, including the case for a fourth Lower Thames Crossing. The work should be supported by experts from across SELEP.
- 5.7. Chris commented on the positive potential for foreign investment in capital assets in the UK during the current financial climate
- 5.8. A number of actions were agreed:
  - 5.8.1. An urgent letter requesting a meeting with Roads Minister John Hayes MP**
  - 5.8.2. For the LEP to take a lead role in progressing this agenda with Government, to continue lobbying local MPs, stakeholders and relevant Ministers to push this up Government agenda**
  - 5.8.3. For the Secretariat to lead a piece of work looking at longer timescale, a 20-30 year strategic view**
  - 5.8.4. For the secretariat to lead a piece of work looking at financial packages that could be available to fund the third Thames Crossing.**

## **6. Skills and Employability Strategy**

- 6.1. Louise Aitken advised the board that the Skills and Employability Strategy will be a cohesive document that will be employer led and concise to support the LEP to lobby government and to drive economic growth.
- 6.2. The strategy will be supported by the excellent local skills evidence bases which will be complemented by further SELEP wide research in the New Year.
- 6.3. Partners such as the Construction and Industry Training Board are working alongside SELEP to input and respond to the skills strategy.
- 6.4. Further information will be produced for local areas on some of the headlines shared, such as numbers of people without qualifications, the age ranges and to identify concentrations in deprived areas.
- 6.5. Within the discussion it was identified an area that requires support is re-training in the older population; funding available for this is minimal. A piece of work to raise awareness on current material available should be carried out.
- 6.6. Chris advised the board when talking to Ministers two issues he continually highlights are: the need for further infrastructure investment and support for skills in the area.
- 6.7. Click [here](#) to see the Skills and Employability Presentation

## **7. Capital Programme Update**

- 7.1. Rhiannon Mort presented a brief update to the board. Full update reports are presented to SELEP Accountability Board (most recent meeting held on the 18<sup>th</sup> November), who make all funding decisions. A copy of the full SELEP Accountability Board Agenda Pack can be found [here](#).
- 7.2. Fifteen Local Growth Fund (LGF) projects are due to be completed by the end of this financial year.
- 7.3. There is currently a forecast slippage of £6.34m LGF between 2016/17 and 2017/18.
- 7.4. Opportunities to mitigate this LGF slippage are being explored and discussed with project leads.
- 7.5. Growing Places Fund (GPF) has been allocated to thirteen projects to date; with the majority of these projects having been completed and making repayments. Local Authorities now give regular updates to advise the secretariat on spend and outcomes delivered to date. This reporting is identified as a requirement under the draft SELEP Assurance Framework.
- 7.6. It was confirmed that once SELEP has received full programme level flexibility, money returned to SELEP will be available for use, in line with the Investment Strategy.
- 7.7. Board members recognised the strength of SELEP's governance arrangements, in particular our transparent ways of working.

- 7.8. Geoff Miles thanked all officers and board members to date who have help to develop and strengthen SELEP's partnership; furthermore Geoff thanked both Iain McNab and Cath Goodall from the Department of Business, Energy and Industrial Strategy for championing the LEP.
- 7.9. Click [here](#) to see the Capital Programme update presentation

## **8. Working Group Highlights**

- 8.1. A brief update was given on the working groups; full information can be found in the board papers.

## **9. Any Other Business**

- 9.1. No points raised.

## **10. Close and Thanks**

- 10.1. Thanks were given to both Perry Glading and Stephen Waite; this was their last board meeting as both are stepping down as board members.

## Strategic Board Meeting

Friday 3<sup>rd</sup> March

Agenda Item: 3

Pages: 2

For decision	
For endorsement	
For information	<b>x</b>
<i>mark with 'x'</i>	



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## General Update

### 1. Purpose:

1.1 To bring board members up to speed on some key areas of work for SELEP.

### 2. Recommendations

2.1 The Board is asked to **note** the report; and to consider the request for the delegation of responsibility for the submission of the NKEZ Implementation Plan.

### 3. Details

#### 3.1 Growth Deal Round Three

- Our Growth Deal Round Three allocation of £102.65m was announced by Andrew Percy MP, in Grays, on Thursday 2<sup>nd</sup> February.
- There was good coverage in the local press and a good level of consistency around messaging. To assist this, we produced a document which was widely circulated on the day to make it clear exactly what would be supported within that envelope. It can be found [here](#).
- While Government are now clear that there will not be another round of Local Growth Fund in its current form, we are working with other LEPs and Government officials to determine what comes next to support local growth both in this context and in the context of the future funding of projects currently supported by European Structural Investment Funds (as currently determined by the ESIF strategy).

#### 3.2 Lower Thames Crossing update

- An urgent meeting was secured with Roads Minister John Hayes MP - we wrote to the Minister as did many other LEP partners. A meeting was held on 7<sup>th</sup> February 2017 together with a number of other industry representatives from across the LEP area including ports, Eurotunnel, Chambers, and the Road Haulage Association, among others.
- The feedback on the Minister's comments from the meeting are as follows:
  - ✓ He welcomed hearing from industry
  - ✓ The principle of LTC was fully accepted
  - ✓ Would not give any indication of timing but implied that it could open in 2025.
  - ✓ Positive about unanimity from the group
  - ✓ Reiterated that the Secretary of State did not shy away from difficult decisions, citing Heathrow
  - ✓ Advised that if built with taxpayers' money could be delivered in 2025, if private infrastructure funding would take 2 years longer
  - ✓ With differing emphasis, all the ports called for the delivery of LTC to be move forward in tandem with upgrades to the adjoining road infrastructure (A2 dualling, Tilbury additional

junction, A13 junction tie-ins) - the minister is keen to prioritise links to arterial trunk road routes

- There have been hints of an announcement of the preferred route in March, aligned with the Budget. Other sources have heard that it is more likely to be in May. We still wait to hear.
- John Hayes MP has subsequently offered a bilateral meeting with Chris Brodie, as a result of our letters and lobbying. This will happen in March.
- Work is almost complete on the LTC prospectus. We hope to have this designed and complete for mid-March.

### 3.3 North Kent Enterprise Zone Implementation Plan

- One of the undertakings in the Enterprise Zone Memorandum of Understanding between SELEP and DCLG is that SELEP, in consultation with the relevant local authorities, shall design and submit an implementation plan for the North Kent Enterprise Zone by 31 March 2017. This is expected to set out the major steps in the delivery of the enterprise zone and its objectives and priorities, and who is responsible for delivery.
- The implementation plan for the North Kent Enterprise Zone (NKEZ) has been developed by a project group comprising officers from the local authorities concerned, Thames Gateway Kent Partnership, Locate in Kent and SELEP. The LEP's Accountable Body has also provided advice to the project group. The implementation plan amplifies the 'key information' schedule to the Memorandum of Understanding, with more detail about expected development milestones, risk management, overall marketing and delivery arrangements. Parts of the plan remain indicative whilst preparatory work is undertaken that will enable subsequent stages to be firmed up.
- A first draft plan was submitted to DCLG, with the Memorandum of Understanding, on 30 September 2016. A near-final draft of the plan is due to be considered by the NKEZ Strategic Board (on which SELEP is represented by the Managing Director) on 2 March. Subject to feedback from the NKEZ Strategic Board, this version of the plan will be finalised and submitted to SELEP for endorsement and onward submission to DCLG.
- It is recommended that the Strategic Board should delegate responsibility to the Managing Director to finalise the NKEZ implementation plan in consultation with local partners, and submit it to DCLG on behalf of the LEP.

### 3.4 SELEP on tour

- It has been suggested that SELEP uses an opportunity for the three remaining Strategic Board meetings in 2017 to be located across the area, and possibly in venues supported by the LEP or associated with activities which form part of the LEP's agenda. The board are asked to consider this.

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Date: 3<sup>rd</sup> March 2017

For decision	x
For endorsement	
For information	
<i>mark with 'x'</i>	

## Growing Places Fund Investment

### 1. Purpose:

- 1.1 The purpose of this paper is to seek the Strategic Board's (the Board) views on the proposed approach to the re-investment of Growing Places Fund (GPF). The proposed approach is intended to ensure that the projects brought forward for GPF reflect locally defined priorities to support economic growth and SELEP shared objectives.

### 2. Recommendations:

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the proposed continuation of the approach to the rolling investment of Growing Places Fund.

### 3. Background

- 3.1 GPF was established by the Department for Communities and Local Government and the Department for Transport in 2011, as a recycled loan scheme, with the aim of providing targeted investment in infrastructure to unlock development, particularly to 'kick-start' development at stalled sites.
- 3.2 In total, £49.2m GPF was made available to SELEP, of which £48.7m GPF has been earmarked to date. An update on these existing GPF investments is provided as part of the Capital Programme Management Agenda Item.
- 3.3 Through previous rounds of GPF, SELEP has invested its capital as an interest free loan. The investment of GPF as a loan fund enables SELEP to offer a varied package of funding mechanisms to suit different types of investment need and supports an ongoing programme of GPF infrastructure projects.
- 3.4 Repayments are now being made from this initial GPF investment. Based on the current schedule of re-payments and the headroom available on the fund, it is expected that GPF will be available for re-investment as set out in Table 1.

**Table 1: Availability of GPF (£000)**

	2017/18	2018/19	2019/20	2020/21	Total
Expected GPF available to reinvest	3,500	2,600	1,700	7,200	15,000
Cumulative amount available	3,500	6,100	7,800	15,000	

- 3.5 The availability of GPF as set out in Table 1 is predicated on GPF repayments being made to the schedule agreed within the Loan Agreement. There is a clear need for existing GPF investments to make repayments as per the schedule agreed within the loan agreements to ensure that the fund perpetuates.
- 3.6 This report sets out an approach for the re-investment of GPF, with a total of £7.8m to be made available through this first tranche of GPF recycling. This tranche will commit the expected GPF to be made available up to 2019/10.
- 3.7 At this stage, the Board is asked to approve the proposed broad approach to the re-investment of GPF. The exact detail of the prioritisation and assessment criteria will be developed in line with the new Strategic Economic Plan and Infrastructure and Investment Plan, to ensure that GPF is targeted at our shared objectives and locally defined priorities for growth.

#### **4. Options for the reinvestment of GPF Capital**

- 4.1 GPF was allocated to SELEP by Government as a fund to be spent on locally defined priorities, such as transport, utility provision, flood defences and to address other constraints which are prohibiting development and stifling economic growth.
- 4.2 As per Government's original advice and the approach since, it is recommended to the Board that GPF should continue to operate as a recyclable loan fund. This loan funding will enable additional benefits to be achieved through the continuation of GPF investment as a longer term source of capital investment to support SELEP's priorities, as envisaged by Central Government.
- 4.3 The award of GPF as a capital grant as not been recommended to the Board, as this may undermine the loan repayment mechanism established through the existing loan agreements. The spent of GPF as a one-off capital grant payment, would also end this recycling loan opportunity and GPF would become encompassed as part of SELEP's existing capital grant funding pots. This would limit the funding opportunities provided by SELEP and reduce the availability of support for projects which may emerge over the medium – longer term.
- 4.4 As such, it is recommended to the Board that GPF should continue to operate as a phased programme of re-investment, aligned with the schedule of repayments from existing GPF investments. This will build on the success of projects which have previously been funded using GPF investment and through which benefits have quickly materialised.
- 4.5 Furthermore, the Board has previously agreed that GPF should be invested as an interest free loan. Given the length of the repayment periods for some current GPF project, going forward, the Board may wish to consider options for the charging of interest on GPF investment projects. This would help incentivise the early payback of GPF. Potential options include the charging of interest at the Bank of England's Base Rate to ensure that the value of the GPF does not depreciate through inflation.

#### **5. Process for allocation and award of GPF**

- 5.1 SELEP advocates a proportionate approach to the reinvestment of GPF given the relatively small amount of funding to be made available within the first tranche of GPF reinvestment.
- 5.2 It is proposed that a 3-stage process should be implemented to ensure Federated Area priorities are clearly identified and reflected. The first two stages present a light touch approach to agree the priorities for GPF investment, whilst the third stage sets out the standard agreed process for the award of funding by SELEP.
- 5.3 These three simple stages are as follows:
- i. Stage 1 - Expression of Interest
  - ii. Stage 2 - Scheme Prioritisation
  - iii. Stage 3 – SELEP Accountability Board funding decision

#### 5.4 Stage 1 – Expressions of Interest

1. It is expected that an Expressions of Interest (Eol) process will be managed by Federated Areas, using a shared Eol template, developed by officers across the LEP.
2. It is expected that Federated Areas will use the high level information, collated through the Eol, to support an initial sifting exercise by the Federated Areas using the consistent approach and GPF key criteria, discussed in Section 7 below. SELEP ITE and Secretariat support will also be made available to help ensure that the projects identified through the Expressions of Interest are compliant with the GPF key criteria and eligible for GPF investment.
3. Recommendations from the technical prioritisation exercise should be agreed by Federated Boards. In particular, Federated Areas have an important role in assessing and prioritising projects based on projects strategic case against SELEP and local growth objectives.
4. It is advised that Federated Areas should adopt a proportionate approach to the amount of funding currently available for re-investment.

#### 5.5 Stage 2 – SELEP scheme prioritisation

1. Following the completion of the initial prioritisation by Federated Boards, scheme promoters will be invited to develop Strategic Outline Business Case for the project, following a proportionate approach to the scale of the intervention.
2. This Strategic Outline Business Case will be assessed by SELEP ITE to combine the list of GPF priorities at a SELEP. This assessment will be based on the Federated Area prioritisation and in particular, the local assessment of a projects strategic case.
3. The recommendations of this ITE assessment of the Business Case and the SELEP wide prioritisation will be presented to an Investment Panel to support their decision making.
4. It is proposed that that Investment Panel will simply comprise of the 6 County Council/Unitary Authority *SELEP Accountability Board members* and the Strategic Board *Chair and Vice-Chairs*, to ensure the business voice is represented.
5. The Investment Panel will be asked to agree the allocation of £7.8m GPF available between 2017/18 and 2019/20, but with flexibility to provisionally allocate funding to future years pending this funding being available. Projects will be prioritised to align with the availability of GPF, based on the scheduled repayments.
6. There is an inherent risk that if repayments on the current GPF investments are not made to the agreed timescales, then the funding will not be available to draw down for future GPF projects until these repayments have been made.

#### 5.6 Stage 3 - SELEP Accountability Board funding decision

1. Projects which are identified as a priority by the Investment Panel will then be considered by Accountability Board - following the standard SELEP process for the award of funding.
2. Scheme promoters will develop the Project Business Case from a Strategic Outline Business Case to a robust Business Case to be considered through the Gate 1 and Gate 2 ITE review process. The recommendations of this Gate 2 review of the Business Case will be presented to the SELEP Accountability Board. The GPF funding decision will be taken by SELEP Accountability Board, based on the projects prioritised by the Investment Panel.

### 6. **Programmes of GPF investment**

- 6.1 To enable a quicker turn-around of funding decisions once private sector businesses are involved in the process and to support local funding decision making, Federated Areas may wish to promote programmes of investment for GPF.

6.2 A defined programme of investment may be put forward through Stages 1, 2 and 3 (as per the process set out above). SELEP Accountability Board approval for a programme of investment will enable decisions to be taken at the local level by Investment Panels for the award of GPF to support smaller scale capital infrastructure investment projects.

## 7. GPF criteria for investment

7.1 To support the continued and successful operation of GPF as a recyclable loan fund, the prioritisation of future GPF projects will need to consider:

- (i) the phasing of investment relative to the availability of GPF;
- (ii) the pace at which projects can move to delivery and benefit realisation; and
- (iii) the timescale over which GPF investment can be recouped.

7.2 To support the targeted investment of GPF following these principals, Table 2 presents the proposed GPF project key criteria.

7.3 In addition to the key criteria it is recommended that GPF bids should be between £250,000 and £2,000,000 in value.

*Table 2 - Key Criteria for GPF investment*

<b>Projects put forward for GPF should:</b>	
<b>Be prioritised by the relevant Federated Board</b>	This will include sign –off of the Expression of Interest and Business Case by the Partners authority prior to submission to SELEP.
<b>Aligned with SELEP’s objective to support economic growth</b>	Considered in paragraphs below.
<b>Not be able to access other sources of funding</b>	Project’s should only be put forward for GPF where investment is not possible by alternative means, such as through private sector investment or private loan funding.
<b>Require capital loan funding investment</b>	GPF can only be used a capital investment and cannot be used as revenue
<b>Offer high value for money</b>	An assessment of project benefits relative to the amount of GPF sought, with consideration for the total GPF available for investment across SELEP.
<b>Demonstrate an ability to deliver the project following the legal requirements for investment of public funds</b>	This will include consideration for the requirement to follow public procurement requirements to the extent which is applicable and demonstrate that the investment does not constitute as State Aid.
<b>Only support projects which can demonstrate an ability to repay the GPF loan by 31<sup>st</sup> March 2022.</b>	The re-payment mechanism will be assured through the appropriate financial checks at the local level (by the Partner Authority) in advance of the project being considered by SELEP Accountability Board.
<b>Have a local funding contribution of at least 30%</b>	The availability and certainty of this local funding contribution should be considered and where possible, this funding contribution should be provided through private sector funding.

- 7.4 Given the relatively low value of GPF funding to be made available between 2017/18 and 2019/20, there is a clear need for targeted GPF investment and to align this investment with SELEP's key objectives, to be defined through the development of the new SELEP Strategic Economic Plan (SEP).
- 7.5 To achieve a combined SELEP prioritised list of GPF projects, which are targeted to support the delivery of our SELEP economic strategy, a consistent approach to the assessment of projects is required.
- 7.6 It is intended that a common assessment approach will be developed through a bottom up approach to ensure Federated Area input and alignment, where possible, with processes which are currently implemented by local areas.
- 7.7 The consideration of the assessment approach by the Board on 9<sup>th</sup> June, will be well timed to align the call for GPF project (Stage 1 Expression of Interest) with the development of the SEP Infrastructure and Investment Strategy.

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Date: 24<sup>th</sup> February 2017

## Strategic Board Meeting

Friday 3<sup>rd</sup> March

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## Working Group updates

### European Structural and Investment Fund (ESIF) Update

#### Introduction

SELEP was required by Government to produce an ESIF strategy aligned to the Strategic Economic Plan. The SELEP area was given an indicative allocation of €200 million funding across the European Regional Development Fund (ERDF), European Social Fund (ESF) and European Agricultural Fund for Rural Development (EAFRD).

Good progress has been made towards allocating the funds to projects which are endorsed by the ESIF Sub-Committee which is chaired by Strategic Board member George Kieffer. Progress towards spending commitment and achievement of targets can be seen below by fund. For more detailed information on performance and delivery each fund has a short annexe.

#### European Regional Development Fund (ERDF):

- SELEP's total, potential commitment stands at £39.4M, or 53% of SELEP's £74.1M notional ERDF allocation. This reflects good progress within the 2014-2020 programme for SELEP, and exceeds the current 37% commitment rate of the national ERDF budget.
- Within our total potential commitment, 11 ERDF projects have been fully awarded, representing £28.3M, or 38% of our total allocation. These projects have a combined commitment to support over 3,300 businesses and provide for a range of sectoral needs; together they leverage over £30M of private and public sector investment.
- To facilitate further ERDF uptake, SELEP currently has live Open Calls against three Priority Axes: research and innovation (PA1), SME growth (PA3) and low carbon (PA4). These will close in February/March 2017 and will be followed up by three 12-month rolling calls that are expected to go live in late-March 2017.
- This calendar year, SELEP has run an ERDF Low Carbon Workshop to facilitate further uptake of PA4 funding, and will soon be running another event to promote PA1 for research and innovation projects.

#### European Social Fund (ESF):

- The SELEP area has a total ESF allocation of c£71 million. SELEP's total committed spend to date stands at c£51 million. This reflects a good level of progress in the 2014-2020 timeframe.
- The focus for funding and allocations to different ESF priority areas were outlined in the ESIF Strategy and agreed by the ESIF Sub-Committee. Funding enables an 'Escalator of Opportunity' whereby individuals furthest from and nearest to the labour market receive support which is additional to mainstream activity.
- ESF funds have to be equally matched. In the SELEP area, for the first tenders the ESIF sub-committee endorsed working with three Opt-in agencies which provide the match funding required by the ESF rules. These are: DWP Job Centre Plus, the Skills Funding Agency (SFA) and the Big Lottery. Activity includes supporting apprenticeships, in work training and supporting unemployed people into employment. There is a strong alignment to LEP priority sectors.

- The DWP and SFA ESF delivery has started. Big Lottery activity will begin in March including support for carers, those with mental health barriers, ex-offenders, single parents and those in rural areas.
- There is approximately £20m funds left of the SELEP indicative allocation. Some of these funds (£5 million) have been ring-fenced for Community Led Local Development (CLLD) described in the appendix. The SELEP team is drafting specs with DWP with a view to tenders for supporting young people being published in March 2017. This will require 50% match funding. Further tenders will be published later in the year in collaboration with federated areas.
- Information on all programmes will be added to the SELEP website, including case studies as projects get underway. A showcase event is planned for July and will take place in London.

### **Community Led Local Development (CLLD)**

Hastings, Folkestone and Tilbury are all about to submit full applications for funding under CLLD (comprising funds from the ERDF and ESF programmes) to deliver their local strategic plans to address high levels of economic and social deprivation. The ESIF Sub-Committee will provide a view of Strategic Fit and Value for Money and the results will be fed back to the next Strategic Board meeting in June.

### **European Agricultural Fund for Rural Development (EAFRD):**

- The SELEP area has a total indicative EAFRD allocation of £14.5.
- On 25 January 2017 the RPA announced three calls for applications under the following sub-measures: Rural SME business support, Tourism infrastructure and Food Processing. It is an annual rolling call and the aim is to commit the rest of the SELEP indicative allocation without further delay.
- On the 2<sup>nd</sup> February 2017 SELEP launched the calls for applications with more than 80 attendees and follow up events have been organised as follows:
  - 15 March Plumpton College
  - 22 March Chelmsford Race Track
  - 06 April Kent Showground

For further information see: <http://www.southeastlep.com/european-funding/eafrd>

## Appendix 1:

### Summary of ERDF allocations against projects awarded and being appraised

<b>Total potential commitment</b>	<b>ERDF awarded (actual commitment)</b>	£28,314,970	38%	<ul style="list-style-type: none"> <li>- Better off in Business (Princes Trust)</li> <li>- Essex Growth Programme (NWES)</li> <li>- Foreign Inward Investment (KCC)</li> <li>- Get Exporting 2 (Exemplas)</li> <li>- KEEP+ (ARU)</li> <li>- Low Carbon across the South East (KCC)</li> <li>- Manufacturing Growth Programme (EGS)</li> <li>- SELEP ERDF Technical Facilitator</li> <li>- South East Business Boost (Southend BC)</li> <li>- South East Invest (ECC)</li> <li>- Supply Chain innovation for Offshore Renewable Energy (NWES)</li> </ul>
	<b>ERDF at full application stage (potential commitment)</b>	£6,405,196	9%	<ul style="list-style-type: none"> <li>- Betteshanger Preventative Health Enterprise Incubation Hub</li> <li>- South East Creative, Cultural and Digital project (SECCADS) (Thurrock)</li> <li>- Transportation and Logistical Efficiencies (Haven Gateway Partnership)</li> </ul>
	<b>CLLD commitment</b>	£4,641,268	6%	<ul style="list-style-type: none"> <li>- Hastings, Folkestone and Tilbury CLLD strategies</li> </ul>
	<b>ERDF unallocated</b>	£34,790,997	47%	
	<b>Total allocation (0.78 exchange rate)</b>	£74,152,431		

### Summary of ERDF actual and potential commitment against total allocations across Priority Axes:

Priority Axis	Total Allocation £	Actual committed £	Potential committed £	Unallocated £	Total potential committed %	Unallocated %
<b>PA1 Research &amp; Innovation</b>	14,297,209	3,766,089	0	10,531,120	26	74
<b>PA3 SME Competitiveness</b>	38,358,278	15,583,210	6,405,196	16,369,972	57	43
<b>PA4 Low Carbon Economy</b>	16,859,760	8,858,923	0	8,000,837	53	47
<b>PA8 Promoting Social Inclusion</b>	4,637,183	4,641,268*	0	0	100	0
<b>PA9 Technical Assistance</b>		106,748	0	0	100	0
<b>Totals</b>	<b>74,152,431</b>	<b>32,956,238*</b>	<b>6,405,196</b>	<b>34,790,997</b>	<b>53%</b>	<b>47%</b>

Note: a 6% performance reserve is applied by DCLG to unallocated figures

\*Exceeds PA8 total notional allocation

**Summary of live ESF Programmes (Big Lottery and CLLD to be added when out of stand-still period)**

Programme / ESIF Priority	ESF	Further information
<p><b>Enhancing Apprenticeships in Key growth sectors</b>  <b>ESF Priority 1.2.</b>                      Delivery by SEETEC in Essex, Southend and Thurrock                      Delivery by Skills Training UK in Kent, Medway and Sussex</p>	<p><b>£24 million across SELEP area</b>   <b>matched by SFA</b>   <b>Delivery to July 2018</b></p>	<p>Enhancing Apprenticeships:                      Essex, Southend, Thurrock 944 progression into apprenticeship                      Essex, Southend, Thurrock 629 progression into traineeship                      Kent &amp; Medway 969 progression onto apprenticeship                      Kent and Medway 645 progression onto traineeship                      East Sussex: 280 progression into apprenticeship                      East Sussex: 187 progression into traineeship</p>
<p><b>ESF Priority 2.1.</b>  <b>Skills Support for the Workforce, Improving Numeracy</b>, delivery by Skills Training UK across SELEP area</p>		<p>Higher Level. Minimum Local Participant Numbers; Greater Essex 1320                      Kent &amp; Medway 1320                      East Sussex 392</p>
<p><b>ESF Priority 2.1.</b>  <b>Basic Skills</b>, delivery by Skills Training UK across SELEP area  <b>Higher Level Skills</b>, delivery by Ixion Holdings across SELEP area  <b>Digital Skills</b>, delivery by East Kent College across SELEP area</p>		<p>Higher Digital Skills. Minimum Local Participant Numbers;                      Greater Essex 416                      Kent &amp; Medway 296                      East Sussex 80</p> <p>Basic Skills. Minimum Local Participant Numbers; 1200</p>
<p><b>ESF Priority 1.1.</b>  <b>Delivery by Reed in Partnership</b> across SELEP area working with RBLI and APM in Kent and East Sussex</p>	<p><b>£9 million across SELEP area</b>   <b>Matched by DWP</b>   <b>Delivery to August 2019</b></p>	<p>Supporting unemployed people into employment: target of 4,500 minimum</p> <p>Programme live at <a href="http://workroutes.co.uk/south-east/">http://workroutes.co.uk/south-east/</a></p>

## Growth Hub Update

- 1.1. The South East Business Hub has procured two pieces of work to help support the work of the Growth Hubs locally:
  - The first is a mapping and sustainability report, looking at the changing context for Growth Hub operations nationally and locally and considering opportunities for commercialisation to help achieve future self-sustaining business model for the growth hub in the future.
  - The second is an independent review of the Growth Hub websites, to consider their effectiveness in supporting local businesses with information and signposting. This is being done also in the context of other growth hubs nationally. The report will provide recommendations on improvements that could be made which could improve the customer experience and support the commercialisation and sustainability agenda for Growth hubs. The recommendations will form the basis of a future procurement for new / improved websites for the Growth Hubs in 2017-18.
  - Both pieces of work are due to report back in March 2016.
- 1.2. SELEP has been working with its CRM provider on a small piece of software development to ensure the shared portal delivers what is needed locally. All information sharing agreements are now in place and following some user testing in March it is hoped the portal will then be ready to be launched. This will allow shared reporting across the LEP area for performance returns which are due back to BEIS at the end of March.
- 1.3. A review meeting was held with BEIS recently looking at mid-year performance of the Growth Hub, BEIS are happy with the work being undertaken although highlighted gaps in SELEP level data, this should be resolved in future once the portal is in place. BEIS have been working closely on the development of the Industrial Strategy green paper and the important role for Growth Hubs to play in the future in the delivery of the Industrial Strategy.
- 1.4. The Growth hub team have recently submitted details to BEIS regarding budgets and intended activity for 2017-18 to secure the indicative allocation of funding to support the growth hubs for the next financial year. Grant offers letters are expected to follow this submission in March, subject to BEIS being satisfied with the details contained within.

**Strategic Board Meeting**

Friday 3<sup>rd</sup> March 2017

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**DEPARTMENT OF INTERNATIONAL TRADE – REGENERATION AND INFRASTRUCTURE PROJECT PROFILING**

**Purpose:**

The purpose of this paper is to brief board members on the Department for International Trade’s (DiT) request to identify projects suitable for international promotion in the SELEP area and the Project Profiling process used.

**Recommendations:**

The Board is asked to note the contents of this report and to delegate to the CEO/Chair any formal response to DiT on the alignment of projects with SEP ambitions.

**Background:**

The Government is committed to the attraction of international capital into real estate development and infrastructure projects in the UK.

The UK offers a supportive environment that investors need: a 20% headline tax is the lowest in the G7 and joint lowest in G20. It enjoys a worldwide reputation for the fairness of its regulatory systems. The UK is an attractive location to invest as it provides commercial opportunities in a stable business environment with predictable and transparent regulatory systems. The UK remains a key destination for real estate investment, with by far the highest inflow of international capital of any European Nation.

The Department of International Trade realises the value government can add to the investment process, using its global network of international offices to manage relationship with institutional investors, large corporates, family offices/sovereign wealth funds, private sector agents and other governments. DiT’s Capital Investment Team acts as one stop shop in aligning international investors with a credible project pipeline helping them understand risks and returns.

The Department for International Trade is proposing to invite public and private sector partners in the SELEP area to submit infrastructure and regeneration projects for inclusion into its pipeline for international promotion. The Project Profiling process obtains robust information on the status of projects to assess the maturity of the project in terms of being investor-ready for discussions with potential international investors.

DiT uses the term infrastructure for projects such as energy, transport and regulated assets which are more than enabling works for regeneration schemes (e.g. access roads) and can provide a return (income stream) to investors. Regeneration is used in a broad sense where real estate (e.g. retail, commercial, residential and industrial) is the core component.

DiT’s Project Profiling process does not constitute formal due diligence either on behalf of promoters of investors but to give a reasonable degree of confidence that projects are ready for a discussion with potential investors.

The Department for International Trade works closely with Embassies across the World to develop links with potential investors. These might include:

- Sovereign Wealth Funds
- High net worth individuals
- Pension funds
- Development Investment Companies

Projects are actively promoted, with Ministerial backing at the highest level, through a range of activities including:

- Trade missions
- Ministerial visits
- International Conferences
- Investment academies –which seeks to support investors
- Investment events such as MIPIM
- Responding to day to day inquiries via a network of trade ambassadors

For the financial year 2015/16 international capital investment commitments into UK infrastructure (e.g. energy and transport) and property development amounted were valued at around £10.9bn.

### **Submission and Assessment Process**

The intention of the process is to identify projects that wish to seek and are most likely to attract investors and to showcase the LEP area. The approach has been developed with industry experts in finance, property and infrastructure.

The profiling of projects involves a two stage assessment process. Before formally launching the process the aim would be to agree a contact list with SELEP to ensure that all local authorities are aware of the process and have an opportunity to participate.

The intention is to launch the process with a workshop in April. This will explain the submission and assessment process in more detail with the nominated contacts. The aim would be to conclude this base-lining exercise before the summer of 2017.

Gateway one is intended to identify those projects that meet the following key criteria:

- Gross Development Value is in excess of £100m (£40m for infrastructure projects)
- Ownership
- Planning
- Business case for returns on investment
- No significant dependencies

Gateway two is focused on a more detailed assessment of the project including evidencing that the key criteria have been met for example by providing:

- Master plan or cost plan details
- Title
- Planning status
- Viability appraisal (information will be treated on a confidential basis)

At both stages there is an opportunity to explain the strategic context in which the project sits. For example, what public sector investment has been made to unlock the site, any wider interventions to promote investment e.g. part of wider regeneration strategy and any supporting narrative about the place such as locational advantages or EZ status.

Projects are assessed by Project Managers who make recommendations to DIT's Project Pipeline Panel. Both Project Managers and the panel might seek clarification on projects before any final decisions are taken.

### **Purpose of two stage process**

The purpose of the two stage process is to avoid partners undertaking detailed work in respect of projects that might not be quite ready for full promotion but might still be worth flagging with the Department. Projects can be paused at Gate one and taken through to Gate 2 at a later stage.

There may be some strategically important projects at an early stage or unique opportunities that may not be able to satisfy all of the above criteria which some investors may still be interested in and these can be discussed on a bespoke basis.

### **Co-ordination and prioritisation**

DIT defers to LEPs to collaborate with Local Authorities and agree local priorities. It will be for local partners to decide how submissions are best supported/co-ordinated. DIT will accept submissions from SELEP, Local Authorities, Local Investment Agencies and the private sector.

DIT would expect projects to be consistent with local ambitions and DIT will share a schedule of submissions (both regeneration and infrastructure) with the LEP so that there is an opportunity to identify any projects which do not align with local ambitions. It would also expect local alignment to be evidenced through the planning status of schemes.

### **Engagement with the private sector**

A Local Authority or LEP may wish to ask a private sector organisation to submit a project profile to DIT where the Local Authority is already acting in partnership (e.g. contributing land or investment) or where the LA believes that a project the private sector is promoting is aligned with LA and LEP strategy, policy and priorities. Private sector partners can also play a key role in providing evidence on the investability of the project. It is important that key private sector partners are agreeable to the promotion of projects.

DIT may contact private sector promoters where it is unlikely that the project is at odds with the view of local government and the projects by their nature are unlikely to be part of an existing partnership with local government.

### **Promotional material**

For those schemes that pass Gateway Two the next stage is to agree promotional material. This will largely be drawn from the information provided in the Gateway submissions alongside appropriate images to be provided by promoters. The content of the promotional material will be agreed with project promoters.

## **Business as Usual**

Having established a baseline the Department would aim to keep the pipeline refreshed through an on-going dialogue with partners. This will include opportunities to submit new projects for assessment or to move projects paused at Gate One through to Gate two if circumstances have changed. The Department for International Trade will also engage with promoters to monitor the impact of promotional activities.

## **Next Steps**

An indicative programme is attached with key headlines below:

Launch - 20 April 2017

Deadline Gate 1 - 10 May 2017

Deadline Gate 2 - 9 June 2017

Outcome of Gate 2 - 28 June 2017

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