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Summary

1.1

Covering East Sussex, Essex, Kent, Medway, Southend and Thurrock, the South East LEP is powerful in terms of scale and ambition and local in terms of operation. We will use the scale of our LEP to maximise private, public and community investment. In doing so, we will build strongly on plans developed with local business experience and market knowledge across our functional economic areas to deliver and target growth.

Charlie Elphicke MP Dover:

"Does (the Minister) agree that we should trust South East LEP, which has been doing an excellent job?"

Minister: "I do agree"

1.2

By 2021, our aim is to:

- **Generate 200,000 private sector jobs**, an average of 20,000 a year or an increase of 11.4% since 2011;
- **Complete 100,000 new homes**, increasing the annual rate of completions by over 50% compared to recent years; and,
- **Lever investment totalling £10 billion**, to accelerate growth, jobs and homebuilding.

1.3

Our Growth Deal makes the case for Local Growth Fund investment from Government of £1.2billion - £200m a year - from 2015 to 2021. Matched by private and public funds, this will be invested in a programme of activities across East Sussex, Essex, Kent, Medway, Southend and Thurrock that will transform our transport and business infrastructure.

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Our Growth Deal includes:

- **Establishing a £5.2bn SEFUND revolving property investment fund** to create the conditions for economic growth by providing the infrastructure necessary to boost business and jobs;
- **Delivering the biggest local transport programme in the country** to realise the potential of our growth corridors and sites, transforming connectivity for our businesses and residents unlocking jobs and homes, and bringing substantial benefits to the UK economy;
- **Boosting the productivity of our businesses** by bringing together local and national business support services, supplementing access to finance and encouraging closer links to be forged between business and the HE and FE sector;
- **Investing £128m in skills capital projects** aligned to our growth opportunities, stimulating new competition and further strengthening employer influence over wider skills provision; and,
- **Increasing the pace of housing construction** by piloting a new model of housing delivery that will give quicker results, better value for money and greater returns on Homes & Communities Agency (HCA) investments.
- **Accelerating development in the Thames Gateway** securing further investment, addressing market failure and supporting business innovation.

1.5

Our federated delivery model, driven by business and local councils with a long and proven delivery record, will ensure maximum impact and value for money. We will always deliver closest to our communities, coming together when scale, additionality and greater impact can be achieved.

Delivery: We are taking action now

1.6

In preparing for our Growth Deal, we are already working together to accelerate economic growth, paving the way for new investment and delivery through the Local Growth Fund. This includes preparation now to:

- Commence delivery in 2015/16 of transport schemes at a total cost of almost £1,399.6m, which will need nearly £784.5m of Local Growth Funds over 6 years at £98.2m in 2015/16
- Accelerate the construction of new homes through a pilot which introduces an innovative new approach to housing delivery that will see the start of construction on 2,015 homes by 2015
- Accelerate Growing Places Fund (GPF) spending, paving the way for our SEFUND investment fund; and,
- Host a SE LEP Housing Conference before the Summer focused on new solutions to overcome development barriers – the conference will launch the SEFUND concept to developers.

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We are already working to bring projects to delivery. When new funding is agreed we are ready and waiting to deliver.

Delivery: We are ruthlessly focused

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Our Growth Deal builds on a track record of performance and delivery by our local councils. Each has formed strong council/business partnerships whose primary focus has been on the Growth Deal.

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Our governance and delivery structure builds on these partnerships to ensure funding flows swiftly into programme and project delivery through their local delivery plans.

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By empowering local area partnerships and boards in this way, delivery will be driven by those closest to the projects, democratic accountability will be further strengthened and full local rigour will be applied in achieving impact and value for money.

We are working closely with business

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Our federal structure vastly increases the reach of our LEP to business through our four business-led local area delivery partnerships/boards and their extensive local networks:

- Greater Essex Business Board;
- Kent & Medway Economic Partnership and Business Advisory Board;
- Team East Sussex; and,
- Thames Gateway South Essex.

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Each has given rigorous challenge in developing our proposals for growth.

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We also enjoy close working relationships with our Chambers and local business groups, both directly and through these partnerships, sharing lessons and best practice.

We are working closely with MPs

1.14

Our Growth Deal proposals have been shared with our MPs, many of whom are taking a direct role in support and delivery of Growth Deal schemes and proposals. Individual MP involvement already includes:

- Developing with partners our Coastal Housing Renovation Scheme;
- Supporting the offshore industry;
- Committing to work with our inward investment agencies; and,
- Supporting investment in our major transport corridors to unlock growth and jobs.

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Co-ordination has been agreed for further engagement and meetings with MPs as our Growth Deal progresses.

Our Growth Deal

1.16

Building on the opportunities and priorities of our Strategic Economic Plan, our Growth Deal details our bid to the Local Growth Fund and outlines a series of commitments from SE LEP partners and series of commitments we are seeking from Government to boost local growth.

Releasing new investment through SEFUND

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To ensure that business has the necessary infrastructure to grow and flourish, we propose a South East Fund (SEFUND) to lever in substantial new sums of private, public and EU funding to invest in the provision of high-quality real estate infrastructure.

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On the basis of the seed capital from the SE LEP Growing Places Fund, a Local Growth Fund investment and contributions from our local authorities, SE LEP conservatively estimates that this will unlock £4.9b of local authority and private investment and give SEFUND a total "financing reach" of at least £5.2b by March 2021.



Our commitment:

- Through East Sussex, Essex, Kent and Essex County Councils and Thurrock, Southend and Medway Unitary Authorities, **our local councils have made an “in principle” commitment to provide up to £250m over the six years to 2021** to match SEFUND investments in real estate development projects to boost growth and jobs;
- SEFUND will be managed by an independent fund manager working to a clear mandate set by the SE LEP Board, ensuring that all prospective investments are fully appraised and tested and made within an agreed investment strategy; and
- We will transfer our Growing Places Fund programme to SEFUND to ensure clear professional management of recycled monies and invest further sums from EU funding (ERDF);

The commitment we seek from Government:

- To provide seed fund investment through the Local Growth Fund of £331m over the six years 2015-2021 to establish SEFUND and enable the 5:1 investment leverage.

Investing in our Growth Corridors and Growth Sites

We have many sites across the SE LEP area with potential for new employment and housing development. Key to these being unlocked are the rail and road routes which also provide the essential links to key gateways that link the UK to the rest of the world. It is of critical importance that these links operate efficiently as delays arising from congestion impose direct, significant costs on businesses across the UK as well as in the SE LEP area.

Our commitment:

- We will unlock the total capacity for some 310,000 additional jobs and around 250,000 new homes in the SE LEP area through the investment in transport proposed in our Growth Deal.
- Local partners and the private sector will contribute around one third towards the overall cost of the transport schemes in the SE LEP area which are necessary to unlock this level of growth.

The commitment we seek from Government:

- To give firm undertakings to deliver specific national rail network, motorway, and national trunk road investments by agreed dates. These include the:
 - **Lower Thames Crossing**
 - **A13 upgrade** to serve the new deep sea container port at London Gateway, taking **national responsibility for funding this scheme** which is vital to the national economy
- To invest in improving the strategic routes in our 12 transport growth corridors and to our major growth sites, including specified rail improvements
- To provide **Local Growth Fund investment of £784.5m** investment over six years towards the overall total cost of £1,399.6m, with £98.2m of this allocated in 2015/16
- To provide the necessary Local Sustainable Transport Fund revenue support to align with LSTF capital schemes that focus on sustainable transport measures and which is being bid for separately by local Highways Authorities in the SE LEP area
- To give the SE LEP Board the **authority to make changes to this programme over the course of the six years** through our federal areas, without the need for recourse to government for approval
- To allow the **Highways Agency to selectively divert from mainstream policy for new motorway junctions** to bring forward important growth locations in Thames Gateway Kent and at Harlow.

Boosting our Productivity

Our productivity level remains stubbornly below London and the wider South East and many of our businesses also continue to face difficulties in raising finance for their expansion plans. We need to drive forward innovation through providing greater support to business and encouraging greater collaboration with our universities and colleges.

Our Commitment:

- We will continue to **invest in our Enterprise Zones** in Discovery Park and Harlow which focus on specific sector growth opportunities in the SE LEP area.
- We will **bring together national and local business start-up and support services**, piloting our approach through the Southend City Deal “Gateway to Growth”.
- We will **deliver specific sector support programmes and projects**, many of which will capitalise on the expertise of our universities and FE colleges, such as the Anglia Ruskin MedTech Campus - providing one of the world's largest health innovation spaces.
- We recognise the strategic importance of the **Centre for Offshore Renewable Engineering (CORE)** programme as the focus for growing the offshore renewables sector in the South East and will work across SE LEP to further increase the impact of CORE and support the development of offshore energy production; and,
- We will **help firms to create better links internationally**, through exporting, importing or international partnerships.

The Commitment we seek from Government:

- To **support extension of our successful Access to Finance programmes** across the SE LEP area;
- To **enable support for university spin-outs** and exploitation of intellectual property through SEFUND property investment.
- To **grant CORE (Centre for Offshore Renewable Energy) status to Harwich** to support the development and growth of the offshore energy sector, alongside the Kent CORE; and,
- To **consider extension of the Discovery Park Enterprise Zone to Manston Business Park and Manston Airport** together with the creation of a third Enterprise Zone at the Thames Enterprise Park

Improving our Skills

The proportion of our residents with higher level (4+) qualifications is low, as are basic literacy and numeracy skill levels. At the same time, more than one in five companies reported a skills gap or skills shortage vacancy. We also need to address the quality of our much of our Further Education training estate which is poor, while further strengthening the role of business in skills commissioning.

Our Commitment:

- We will **increase the talent pool, particularly those qualified to level 4** for our priority sectors by further incentivising employers to recruit apprentices, focusing on Higher Apprenticeships and internships, and progression routes from traineeships;
- We will **increase the proportion of residents with Maths and English** qualifications, developing occupational based literacy and numeracy teaching; and,
- We will **Increase participation of young people (age 16-24) in work, education and training**, by providing industry work experience programmes with training/traineeships, increase the range of available apprenticeships, provide enhanced information, advice and guidance.
- We will develop strong partnerships between HE and businesses within key sectors to facilitate the provision of higher level skills in support of expansion, research, development and innovation.

The commitment we seek from Government:

- To provide Skills Capital of £128m over a six year period with £50m over 2015/2016 and 2016/2017 to improve the condition of existing further education estate, stimulate new competition and enable new provision and specialist equipment to meet the training needs of more employers and niche training needs.
- To allocate £4.3million per annum of the adult skills budget available to SE LEP to address its skills priorities, with this amount increased if successful. This would be utilised for employer-led training initiatives and meeting the Maths and English challenge.

Building more Homes

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The rate of house building has diminished over recent years, while at the same time housing demand has continued to outstrip supply. The result is that housing affordability continues to remain a major issue in the SE LEP area and is having a detrimental impact on the ability of employers to recruit appropriate staff.

Our commitment:

- We will demonstrate how the HCA and local authorities could work together differently to accelerate house-building through a pilot scheme which will introduce a new model of housing delivery
- Through our pilot scheme we make a commitment to commence the construction of 2,015 additional new homes by March 2015
- Our local planning authorities will set housing targets based on their objectively assessed housing requirements and these targets will feature in their plans or those being prepared
- We will help deliver the Ebbsfleet Garden City, aligning activity and investment as proposed by Government and will work with Government on other possible Garden Cities in the SE LEP area, including one proposed for Chilmington Green, Ashford.

The commitment we seek from Government:

- To give HCA full freedoms and flexibilities to work with local partners to invest a HCA 'single fund' of resources in the SE LEP area to maximise housing completions.
- To consider a package of housing asks including:
 - Further raising the level of the Housing Revenue Account (HRA) Debt Cap of local authorities where this is constraining their ambitions to increase the supply of housing
 - Giving more flexibility to housing associations in setting rents
 - Withdrawing restrictions on the use of historic grants to housing associations
 - Government agreeing to work with specific local authorities in the SE LEP area to identify potential locations for new large scale housing developments, including garden cities or garden suburbs, such as at Chilmington Green, Ashford.
 - Introducing a comprehensive package of measures to secure the housing and economic prospects of specific neighbourhoods in the coastal areas, and elsewhere, with dysfunctional private rented sectors.

Our Growth Deal proposals are just the beginning. We recognize the process heralds an exciting and new relationship with Government where business and local councils working with SE LEP have the opportunity to help target and influence national programmes and investments in return for new jobs, homes and growth.

Peter Jones CBE
Chairman, SE LEP

Streamlined Governance Through Our Federal Areas

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In covering such a wide geographical area, the accountability, governance and structure of SE LEP must be simple and transparent, both to Government and to local businesses and residents.

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We have established robust governance arrangements for SE LEP with a Board that will be directly accountable to Government, through our nominated Accountable Body, for overall delivery of our ambitions and the investment required to deliver these.

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This arrangement also recognises that local decisions are best taken within local areas through our federal model. Our federal model of operation will enable us to deliver the priorities of our Strategic Economic Plan within functional economic areas, by capitalising and building on long-established delivery partnerships between business, local authorities, universities, colleges and civil society.

Our commitment:

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The SE LEP Board will oversee the delivery of our programme of investment, ensure value for money and will regularly report on progress.

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Through our federal model, our four local area delivery partnerships/boards will oversee the implementation of local delivery plans, monitor performance and spend and prioritise local investment decisions.

The commitment we seek from Government:

1.28

To give SE LEP with our federal areas the authority to manage the implementation of our six year programme of Local Growth Fund investment, including the flexibility to make changes to the programme without the need for recourse to government for approval.