



10:00	1	Welcome and Apologies	Peter Jones
10:05	2	Minutes of 4th October Full Board Meeting	Peter Jones
10.10	3	Matters Arising & Recent Developments	Peter Jones
10:15	4	New Ways of Working a. To agree the new ways of working as established at the Board Awayday.	Peter Jones
10.30	5	Draft South East Strategic Economic Plan a. To discuss the draft SEP. b. To agree the process for final sign off. c. To hear about plans for consulting over the draft SEP.	Lee Shostak David Godfrey Zoe Gordon
11:15	6	EU Structural and Investment Fund Strategy a. To discuss updates to the draft SIF. b. To agree the process for final sign off.	Lorraine George Helen Payne David Godfrey
11.35	7	GPF and Enterprise Zones a. To consider options for alternative risk sharing models for GPF projects in enterprise zones.	Accountable Body Malcolm Morley
11:45	8	Business Engagement and Communications a. To note the update on recent activity.	Zoe Gordon
11:50	9	SE LEP Statement of Accounts 2012-13 a. To consider/approve the SE LEP Statement for 2012/13	Accountable Body
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, 4th October 2013 (Item 2. Page 3)
- b. Action log and Matter Arising (Item 3. Page 13)
- c. New Ways of Working (Item 4. Page 20)
- d. Draft South East Strategic Economic Plan (Item 5. Page 26 and separate document)
- e. EU Structural and Investment Fund (SIF) Strategy (Item 6. Page 28)
- f. GPF and Enterprise Zones (Item 7. Page 31)
- g. Business Engagement and Communications (Item 8. Page 35)
- h. SE LEP Statement of Accounts 2012-13 (Item 9. Separate document)



Full Board members & alternates present

1	Peter Jones	Chair
2	Jo James	Kent Invicta Chamber
3	Derek Godfrey	Vice Chair / Ellis Builders
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	Basildon Council / 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	Julian Drury	C2C / South Essex businesses
14	Cllr Keith Glazier	East Sussex County Council
15	Douglas Horner	Trenport Investments Ltd
16	Prof Julia Goodfellow	University of Kent
17	Paul Winter	Wirebelt
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	Nick Holbrook-Sutcliffe <i>for Graham Razey</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	Melanie Hunt	East Sussex Colleges
30	Cllr Andrew Bowles	Swale BC
31	George Kieffer	Vice Chair / Haven Gateway Businesses
32	Cllr John Gilbey	Canterbury City Council
33	David Burch	Essex Chambers
34	Stephen Waite	Writtle College
35	Cllr Paul Carter	Kent County Council
36	Nick Sandford	CLA and Rural Workstream

Other attendees present

1	Michael Fallon	Minister for Business and Enterprise - BIS
2	Oliver St John	BIS
3	Dr Susan Priest	South East LEP Director
4	Graham Pendlebury	Senior Whitehall Sponsor / DfT
5	John Shaw	Seachange Sussex on behalf of South East LEP
6	David Godfrey	Kent County Council / South East LEP
7	Iain McNab	BIS
8	Ian Gregory	BIS
9	Graham Bloomer	Harlow Council

10	Adam Bryan	Essex County Council
11	Steve Clarke	Haven Gateway Partnership
12	Philip Johnson	Locate East Sussex
13	Barbara Cooper	Kent County Council
14	Cllr Rupert Simmons	East Sussex County Council
15	Helen Payne	Shared Intelligence
16	Robin Cooper	Medway Council
17	James Harris	East Sussex County Council
18	David Bull	Thurrock Council
19	Ros Dunn	Essex County Council
20	Anita Thornberry	Southend-On-Sea Council
21	Dave Evans	East Sussex County Council
22	Samantha Nicholson	Basildon Council
23	Stephanie Mitchener	Essex County Council – accountable body
24	Steve Cox	Thurrock Council
25	Zoe Gordon	South East LEP
26	Katharine Harvey	South East LEP
27	Lorraine George	South East LEP
28	Stewart Henderson	Essex County Council / South East LEP Communications
29	Emma-Louise Galinis	South East LEP

Action Summary

Item 4: Matters Arising & Recent Developments

1. Secretariat to develop links with Hadlow and other land based colleges as part of the on-going work in linking HEI work with Land based Colleges.

Item 5: Investment Decisions.

5c. HEIs driving innovation and economic growth.

2. Initiative is to be further developed and considered within the forthcoming wider debate around the Strategic Economic Plan priorities. HEIs are to continue to work with partners at both the local and SE LEP level to refine and develop these proposals for consideration in the SEP and the EU SIF.

5b. Urban Development Fund

3. Further work, led by John Shaw, is to be undertaken during the Autumn to assess the potential of this fund and to specify the detail of how the fund could and could operate across the SE LEP area.
4. A cover letter to be prepared from Peter Jones outlining SE LEP's ambition, including pursuit of an Urban Development Fund to be included in the EU SIF submission on 7th October 2013.

5a. EU SIF Draft Document

5. Secretariat to follow up with DCLG when the guidance will be available regarding expected monitoring and governance frameworks for EU funding;
6. Draft EU SIF to be submitted as presented with the cover letter as agreed in item 5b. Asterisks are to be inserted into the financial table on page 22 noting where ERDF might be drawn from to support the Urban Development Fund total. Lorraine George and Shared Intelligence to progress;
7. Work will continue in the Autumn to develop the final version of the EU SIF document with local areas recognising the feedback received, this will be considered by the December Board meeting before submission to Government in January 2014; and
8. Opportunities for businesses to engage with the EU SIF process to be communicated clearly to Board members. Vice chairs to support future planned events to help encourage business attendance.

Item 6: Growing Places Funding

6a. Alternative risk sharing models

9. GPF projects should continue on the same basis as agreed at the Executive Group meeting held on 24th May 2013. Projects in the pipeline can be brought forward where they are ready for investment in order to introduce further competition and pace into the completion process. GPF project sponsors should liaise with the Accountable body to take these projects forward.

6b. Harlow EZ GPF Round 1 project

10. Action: Harlow Council to liaise with Upper tier authority to draw up heads of terms and take this project forward.

Item 7: New Ways of Working

11. Secretariat to circulate further details of the 22nd November Seminar.
12. Any suggestions to the future structures at SE LEP or local Board level should be shared with David Godfrey as soon as possible at david.godfrey@kent.gov.uk

1. Welcome and Apologies

- 1.1 The meeting started at 10:00.
- 1.2 Apologies were received from Graham Clarke, Jeremy Kite, David Rayner, Vince Lucas and Greg Clarke.
- 1.3 Declarations of interest were received from George Kieffer regarding Item 5c, as he is a member of the Enterprise Board at the University of Essex.

2. Business and Enterprise Minister – Rt Hon Michael Fallon MP

- 2.1 Peter Jones welcomed Michael Fallon, Minister for Business and Enterprise, highlighting the local support he has provided to key schemes within the SE LEP area in the past and powerful impact he had at BIS so far, and the value this brings to our economy. The Chair thanked the Minister for attending and the time provided to the South East LEP.
- 2.2 The Minister welcomed Peter Jones into his new role of SE LEP Chair and thanked John Spence for the role he played in progressing the work and activity of the SE LEP.
- 2.3 The Minister outlined that the current environment is a challenging time for all 39 LEPs nationally and this challenge is at differing levels:
 - National challenge for growth;
 - How LEPs are expected to contribute to the delivery of growth; and
 - Particular challenges for the South East LEP.

The minister spoke about each of these in turn.

National Challenge for Growth

- 2.4 Signs are pointing in the direction of growth for the economy but there is still a long way to go. We need to take critical decisions how about what to invest in and build upon our capital advantages. The South East LEP has handled GPF funding well and the process adopted to agree on prioritising the sites to support should give us encouragement; SE LEP proven its ability to take these difficult decisions.

LEPs and Growth Deals

- 2.5 The Growth deals are about identifying where we should invest public resources and how we will leverage private funding - this is why Government is asking LEPs to prepare plans to seal a deal. The Local Growth fund will start to flow from 2015/16 but allocations will be agreed next year and LEPs need to be ready.
- 2.6 In the Spending Review 2013 additional resources were identified and this is the first time that this level of funding will available at a local level for a significant period of time – five years, a full term of parliament. This will allow a comprehensive programme of economic investment to aid local economies up to 2019/20.
- 2.7 Also European funds are to be driven by LEP plans for the first time. LEPs need to take a combined approach to using resources for complimentary activities. This certainty of funding will allow for comprehensive planning for the LEP area to 2021.
- 2.8 Government is looking for economic plans that are truly strategic and bring together all resources, including from the private sector, to meet truly local priorities. The Autumn and next Spring will be the ‘moment of truth’ for LEPs; they need to provide plans that are properly agreed and look ahead with vision and ambition.

- 2.9 Government recognise that it is possible some LEPs will not be able to meet this challenge and bring forward a comprehensive plan: these LEPs will receive minimal allocations. Equally there are some areas that are already in negotiation, talking to Government and ear marking their own monies to support the delivery of their objectives.

SE LEP Local challenges

- 2.10 It is recognised that political tensions that exist, but most LEPs face this challenge, whether it be County and District, Rural and urban, etc or cross LEP boundary activity all of which are common challenges which all LEPs are having to resolve. While the size of the territory and range of partners perhaps means this is more acute for the SE LEP, we need to find a way of overcoming these. The process of developing plans and prioritisation is more complex, but a degree of shared governance is needed in all LEPs and there is no escaping this: the SE LEP is encouraged to work this through and resolve as quickly as possible.
- 2.11 There is no escaping the fact that the national focus is at LEP level. While there may be existing local plans, identifying where the local opportunities for economic growth and impact are is a task for the LEP which needs to be worked through. There will always be a competitive element between local areas and this will need to be reconciled with the desire and drive for funding. Compromises are necessary to make plans which are coherent, ambitious and build upon local plans, but can address issues at a LEP wide scale.
- 2.12 BIS and other government departments are happy to support, but coming together across the economic geography with a shared view for the future is down to the LEP itself.
- 2.13 A question and answer session followed with the Minister. Peter Jones thanked the Minister for his time and input and welcomed the good will from Government for SE LEP to succeed and meet the challenges presented.

3. Minutes of last meeting

- 3.1 The minutes of the last Board meeting 28th June 2013 were agreed.

4. Matters arising and recent developments

- 4.1 Action 17 in the 28th June Board minutes; Linking HEI work with Land based Colleges, it was requested that links be made with Hadlow and other land based colleges through the on-going work by the secretariat, in addition to the visit and discussions with East Malling research centre.
Action: Secretariat to develop as part of on-going work.

5. Investment Decisions

5c. HEIs driving innovation and economic growth.

- 5.1 The item was presented by Julian Crampton. Following on from the discussions at the June Board meeting the paper expanded on the ideas, scope and scale of the contribution the Universities can make to the delivery of the South East Strategic Economic Plan.
- 5.2 The principles of the paper, the drive and desire of the Universities and the collaboration of the nine institutions were welcomed. There was some caution expressed and it suggested that the Board should not agree to support this too far too early in the process, as the potential benefits need to be considered in the wider context of the Strategic Economic Plan and EU funds and considered alongside other potential area priorities.
- 5.3 Areas for further consideration and development included:

- Location of University sites versus preferred growth locations for businesses – while the approach to small business units was welcomed, the locations of University land and sites is not necessarily optimal for business growth;
- The progress made by the Universities in developing a collaborative network of nine institutions was commended, but it was suggested that this approach be widened further to include closer working with business and the public sector;
- Further consideration of what success looks like and by what outcomes the projects will be judged;
- Businesses would like to see more from the HEIs about linking Intellectual Property (IP) with the existing business community, not just the creation of new organisations;
- Lessons could be learned from the skills commissioning models in Essex with the FE sector to help establish better links between academia and business; and
- It was recognised that much of the content around activities that Universities would do anyway and the LEP needs to know where additional investment would add value and where the ‘top up’ of funds will have the most impact.

5.4 The Board welcomed the approach being taken and agreed that this should be taken as a working paper for further discussion and development. These proposals should also be considered by the future local boards, as part of the bottom-up approach being adopted to develop the Strategic Economic Plan .

Action: Initiative is to be further developed and considered within the forthcoming debate around the Strategic Economic Plan priorities. HEIs are to continue to work with partners at both the local and SE LEP level to refine and develop these proposals for inclusion in the SEP and the EU SIF.

5b. Urban Development Fund

- 5.5 John Shaw from Seachange Sussex, working on behalf of SE LEP introduced the item and summarised how an Urban Development fund (JESSICA fund) could be progressed to support the Strategic Economic Plan and EU SIF objectives, and to leverage additional public and private funds into the SE LEP area.
- 5.6 A minimum £50m is proposed for this fund which would lever in matched funding from the European Investment Bank (EIB). The outputs and focus for the fund would be informed by the priorities of the LEP plans, as well as by regulations from the Commission on eligible areas of spend. There have been other Urban Development Funds set up in the UK under the JESSICA programme, such as by the GLA and one is currently being established in Wales; there are numerous other examples across Europe. In order to be successful, a comprehensive pipeline of projects is required in order for the money to be distributed quickly and effectively to eligible schemes which are strong economic drivers.
- 5.7 The JESSICA scheme established through the European Commission is a well known and understood model and the SE LEP would in effect be establishing its own subsidiary to draw down money into the local area.
- 5.8 The LEP Board was asked to support the incorporation of the proposal for an Urban Development Fund in the draft EU SIF strategy, due to be submitted to government on 7th October, and to for proposals to continue to be worked up to enable the implementation of this model.

Action: The Board agreed that a cover letter from Peter Jones should outline the ambition to pursue an Urban Development Fund be prepared and included in the EU SIF submission on 7th October 2013.

Action: Further work, led by John Shaw, is to be undertaken during the Autumn to assess the potential of this fund and to specify the detail of how the fund could and should operate across the SE LEP area.

5a. EU SIF Draft Document

5.9 The item was introduced by Lorraine George who highlighted to the Board the extensive consultation that has taken place in recent months with partners from across the South East. It was emphasised that this is a draft and there will be time to further develop ideas in the Autumn before submission in January 2014.

5.10 Feedback was received as follows;

- Board members asked if there would be the opportunity to feed in from the federated Board structures (once established) so ideas can be worked up at a local level and fed in;
- Business Board members also wanted to know how they might be able to influence and what the process would be for working up schemes;
- There was a view that the document needs to be more ambitious and to better sell the South East offer;
- Further input from rural businesses and partners should be sought;
- Board members were cautious that the funds are not allocated to just a few large scale projects which would leave little for delivery at local level.
- This needs to be not just about money for projects but also freedom and flexibilities
- The degree of input from business was questioned and business representative organisations offered their support and perspective; and
- Clarity was requested on the process for scrutiny and appraisal of projects, how flexible this will be. It was clarified that further guidance is expected from Government on this framework. The EU SIF funded projects will have a direct contract between central government departments and the project whereas the Single local Growth Fund will be an annual allocation (value dependant on the growth deal negotiation) directly to the accountable body with grant conditions for SE LEP to spend. **Action: Secretariat to follow up with DCLG when the guidance will be available.**

Action: Draft EU SIF to be submitted as presented with the cover letter as agreed in item 5b. Asterisks are to be inserted into the financial table on page 22 noting where ERDF might be drawn from to support the Urban Development Fund total. Lorraine George and Shared Intelligence to progress;

Action: Work will continue in the Autumn to develop the final version of the EU SIF strategy recognising the feedback received. This will be considered by the December Board meeting before submission to Government by 31st January 2014;

Action: Opportunities for businesses to engage with the EU SIF process to be communicated clearly to Board members. Vice chairs to support future planned events to help encourage business attendance.

6. Growing Places Fund

6a. Alternative risk sharing models

- 6.1 The Board were updated on the work undertaken to change the approach to risk for projects supported by Growing Places Funding. This was an action originally requested at the 7th December Board Meeting 2012 and reiterated at the 28th June 2013 Board meeting, as a result of concerns expressed by some Board members which were causing delays to some projects already approved by the Board.
- 6.2 The views of Board members were mixed. The current structure was supported as the preferred model by some, because the initial aim of the GPF was for it to be a revolving fund and the alternative risk model could expose the fund and potentially leave less available to directly support projects.
- 6.3 Some Board members were concerned that if Local Authority partners were not willing to underwrite projects, due to a high level of risk, then this was not a viable project and not a risk that the GPF fund should take on.
- 6.4 Some Board members were of the view that these were always projects that are difficult to deliver and that is why they were applying for GPF in the first place. Therefore it is not fair to expect Local Authority partners to bear the risk and that this risk should lie with the fund itself to enable as many projects as possible to move forward.
- 6.5 A vote was taken; twenty five Board members were in favour of Option A; and seven in favour of option B. **Therefore Option A was carried – *The GPF remains as a revolving fund with upper tier authorities underwriting each project and passing that risk to project delivery organisations where possible.***
- 6.6 **Action: GPF projects should continue on the basis as agreed at the Executive Group meeting held on 24th May 2013; projects in the pipeline should be brought forward where they are ready for investment in order to introduce further competition and pace into the completion process. GPF project sponsors should liaise with the Accountable body to take these projects forward.**

6b. Harlow EZ GPF Round 1 project

- 6.7 As Board members voted for no change to the GPF contracting model, they were asked to consider item 6b which sought for an exemption for enterprise zones from the GPF model, with the risk for these GPF projects to be held by the fund itself rather than by the upper tier authority.
- 6.8 As part of Round 1 GPF, an agreement in principle was made for a loan of £3.5m for highways improvements to access the sites of the Harlow Enterprise Zone. The repayment model for this was to be partly through business rate uplifts from the site. As the retained business rates from the Enterprise Zone are passed in their entirety to the SE LEP, the Board agreed in September 2012 that the expected business rate revenue stream could be used to partly repay the GPF. ECC would normally seek a back to back agreement with the project delivery body to cover the repayment risk of any GPF loan, but in this case this was not feasible, as Harlow Council will not receive the future uplift in Business rates. Therefore an exemption was requested which would enable the GPF fund to bear the risk of repayment, recognising the special circumstances of this case.

A vote was taken and twelve Board members agreed with option A, which was to make an exemption in this instance for the Harlow Enterprise Zone. One Board member agreed with option B to support this alternate risk model for all Enterprise Zones in the SE LEP area. Twenty One Board members did not vote for either option. Although this option was not rejected the item could not be carried as In accordance

with the Terms of Reference for the LEP (*paragraph 2.2.20) Over 50% of those present must be in agreement for a vote to be carried.

Action: Harlow Council to liaise with Essex as the Upper Tier Authority to establish a way forward for this project.

* paragraph 2.2.0. In the event that a consensus cannot be achieved on a matter requiring decision, that decision shall be taken by vote and carried if it is supported by over 50% of those present.

7. New ways of working

- 7.1 The Board were asked to note the progress towards a devolved model, note the proposed changes to the Board structure to reflect this new way of working and agree to implement the new structure.
- 7.2 Representation was made that it is important for the FE sector to have a voice at both local and strategic LEP Board level given the increasing role for LEPs in setting the skills agenda.
- 7.3 Further detail was requested on what the SE LEP Board and Local Boards would look like and the responsibilities for these; some members felt unable to commit to the proposals without this detail. It was felt to be a need for further clarity that local Boards would be empowered to influence decisions and delivery and that the local business voice would be heard.
- 7.4 Due to late agreement on local board arrangements for the Essex, Southend and Thurrock , some amendments were announced at the meeting that were different from those previously tabled.
- 7.5 It was noted that the proposals in the 2013 Budget for the New Homes Bonus Funding to be allocated to LEPs through the growth deal negotiations was a barrier to Districts Councils agreeing a way forward, without there being a formal route to influence future spending of these funds which are generated in their local areas.
- 7.6 In view of the debate, the Board welcomed the suggestion for further debate on this topic at a Board 'awayday' on 22nd November which would conclude the issue. This would enable the detail around new ways of working to be discussed further, with a view to the new federal model being finalised and then endorsed at the next Board meeting in December. It would also provide the opportunity for a broader discussion around SEP priorities, the urban development fund and other financial instruments.

Action: Secretariat to circulate further details of Board Awayday to be held on 22nd November.

- 7.7 **Action: Any suggestions to the future structures at SE LEP or local Board level should be shared with David Godfrey as soon as possible at David.Godfrey@kent.gov.uk**

8. Financial Update

- 8.1 The Board noted the current forecast financial position for the SE LEP to the end of the financial year March 2014. There were no questions from Board members.

9. Activity Report

- 9.1 Additional detail was provided on the Harlow Enterprise Zone update item. A new Enterprise Zone Director, Andrew Bramidge, has been appointed and will start in post on 4th November 2013.

9.2 The Board noted the detail provided in the activity report. There were no questions from Board members.

10. AOB

10.1 It was suggested that a working group to help the LEP with wider 'blue-sky' thinking might be welcomed and support was offered for this from Douglas Horner.

10.2 Peter Jones gave thanks to Susan Priest for her hard work during her time as SE LEP Director and recognised the challenges that the role provided. Peter noted the achievements made by the LEP during her tenure and the valuable support and leadership she has provided to the partnership. Susan leaves to take up a post as Corporate Director at Shepway District Council. David Godfrey from Kent County Council is to act as Interim SE LEP Director.

10.3 The meeting closed at 12:27pm.

ACTION LOG & MATTERS ARISING

4th OCTOBER FULL BOARD MEETING

Item 4: Matters arising and recent developments

Secretariat to continue to develop links with Hadlow and other land based colleges. *Ongoing.*

Item 5: Investment Decisions

5a. HEIs driving innovation and economic growth.

The initiative is to be further developed and considered within the forthcoming debate around the Strategic Economic Plan priorities. HEIs are to continue to work with partners at both the local and SE LEP level to refine and develop these proposals for inclusion in the SEP and the EU SIF. *Ongoing.* This was an agenda item at the SE LEP Board Awayday 22nd Nov.

5b. Urban Development Fund

The Board agreed that a cover letter from Peter Jones should outline the ambition to pursue an Urban Development Fund be prepared and included in the EU SIF submission on 7th October 2013. *Completed*

Further work, led by John Shaw, is to be undertaken during the Autumn to assess the potential of this fund and to specify the detail of how the fund could and should operate across the SE LEP area. *Ongoing.* This was an agenda item at the SE LEP Board Awayday 22nd Nov.

5c. EU SIF Draft Document

Draft EU SIF to be submitted as presented with the cover letter as agreed in item 5b. Asterisks are to be inserted into the financial table on page 22 noting where ERDF might be drawn from to support the Urban Development Fund total. *Completed.* The draft EU SIF was submitted by the 7th Oct deadline.

Work will continue in the Autumn to develop the final version of the EU SIF strategy recognising the feedback received. This will be considered by the December Board meeting before submission to Government by 31st January 2014; *Ongoing.* See item 6 on the agenda.

Opportunities for businesses to engage with the EU SIF process to be communicated clearly to Board members. Vice chairs to support future planned events to help encourage business attendance. *Ongoing*

Item 6: Growing Places Fund

6a. Alternative risk sharing models

GPF projects should continue on the basis as agreed at the Executive Group meeting held on 24th May 2013; projects in the pipeline should be brought forward where they are ready for investment in order to introduce further competition and pace into the completion process. GPF project sponsors should liaise with the Accountable body to take these projects forward. *Ongoing.*

6b. Harlow EZ GPF Round 1 project

Harlow Council to liaise with Essex as the Upper Tier Authority to establish a way forward for this project. *Ongoing.* See item 7 on the agenda.

Item 7: New ways of working

Secretariat to circulate further details of Board Awayday to be held on 22nd November. Completed.

Any suggestions to the future structures at SE LEP or local Board level should be shared with David Godfrey as soon as possible at David.Godfrey@kent.gov.uk. Completed. See item 4 on the agenda.



Cabinet Office

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LEP Chairs

5 December 2013

Greg Clark

I wanted to write to set out how I hope to engage with you and LEP colleagues over the coming months as you continue to develop your Strategic Economic Plans.

I recognise that you are all involved in intensive development work for your Strategic Economic Plans and I am pleased that you have all indicated that you will be able to submit a first draft by 19th December. Many of you have demonstrated a high level of ambition already through your city deal. That experience, along with the progress updates that you submitted in October, have given us a strong indication of the level of ambition and commitment that will come through the Growth Deals.

To help you realise that ambition you will be able to access the Local Growth Fund. My ambition through the City Deals programme, now continuing through Local Growth Deals, is to transfer more resources from central Government to localities. Top-slicing the New Homes Bonus was not consistent with that, so following today's Autumn Statement and in response to the recent Government consultation, outside of London the New Homes Bonus element will no longer form a part of the fund. The total level of funding available in 2015/16 will remain at £2 billion. The Autumn Statement restated the Government's commitment to a Local Growth Fund that will be at least £2 billion every year in the next Parliament. I recognise the importance of a fund that is flexible enough to meet local growth priorities and we will determine the future composition of the LGF in the next Spending Review. Of course Growth Deals are not just about the Local Growth Fund and I encourage you to make the case for additional freedoms and flexibilities to deliver growth.

Growth Deals are about partnership between Government and Local Enterprise Partnership in pursuit of a shared objective of growth. I am confident that you have the experience and expertise in your partnerships to put forward quality plans that meet the criteria we published in July. At this stage I do not want to constrain your ambition through more prescriptive process or guidance but we will aim to address any queries that you have through our feedback on your draft plans.

Over the coming few months I aim to meet with all LEP Chairs in my capacity as lead Minister for Growth Deals. My office is liaising with BIS Local colleagues to timetable visits in order that I meet with every LEP early in the New Year. I hope that I will be able to meet with you collectively and individually as part of this programme. I am looking forward to joining you at your LEP Chairs day on 21st January.

To support you further I have brigaded team resources more effectively to drive the local growth agenda. A new cross-Government Director of Local Growth role has been created, reporting to me. Emma Ward will lead a team located in the Cabinet Office to drive the overall process and challenge Government departments. She will also lead a joint BIS/DCLG team bringing together existing policy teams from those departments working on the delivery of growth deals reporting to me. BIS Local will support the Growth Deal process and will continue to act as the primary interface with LEPs at the local level.

I look forward to further discussion and negotiation!

Yours sincerely

A handwritten signature in black ink, appearing to be 'GC' with a stylized flourish.

RT HON GREG CLARK MP



Department for
Communities and
Local Government

Local Authority Leaders

The Rt Hon Eric Pickles MP
*Secretary of State for Communities and Local
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5 December 2013

Dear Colleague,

AUTUMN STATEMENT

Today the Chancellor announced the details of the Coalition Government's Autumn Statement. I just wanted to take the opportunity to highlight some of the announcements which relate to local government funding and finance.

Local government funding

Whilst the Chancellor has announced new, further departmental savings for departments, local government has been protected. The Chancellor has said this is to encourage councils to take up the council tax freeze offer which is again available to local authorities in the coming financial year.

We have also listened and carefully considered the responses to the recent consultation on allocating an element of the New Homes Bonus to Local Enterprise Partnerships. In light of the powerful arguments made by colleagues in local government, we will not be making changes to the New Homes Bonus for councils outside London (in London, there is a stronger case for pooling given the Greater London Authority's role in planning). The £2 billion Local Growth Fund will be made up from other decentralised budgets.

Following a consultation, we have today confirmed there will be a new a national Council Tax discount of 50% for family annexes from April 2014. This will support extended families living together, for example with children saving for a new home or elderly parents (who would not otherwise qualify for the existing exemptions). It will be fully funded by central government.

Cutting business rates and helping local shops

To continue to prioritise local growth we have announced a £1.1 billion package to reduce the burden of business rates on businesses. This includes:

- The 3.2% RPI increase for 2014-15 will be reduced to 2%.
- There will be a £1,000 discount for all retail, pubs, cafes (excluding banks and betting offices) with rateable values below £50,000 for two years.

- The doubling of Small Business Rate Relief will continue for a further year.
- Ratepayers will continue to keep their Small Business Rate Relief entitlement for a year where they take on a second property
- New occupiers of former retail premises which have been unoccupied for a year will receive a 50% discount for 18 months.
- There will be a consultation on reforms to the business rates appeals process and a commitment to clear 95% of the September 2013 backlog of appeals before July 2015.

Local authorities will be fully refunded for the loss in revenue resulting from these changes. This is part of a wider package of practical measures to help local high streets which will be published tomorrow (Friday).

Increasing funding for housing

We have announced a number of new measures to support house building. This includes a £1 billion, six year investment programme to fund infrastructure to unlock new locally-led, large housing sites. This will support the delivery of around 250,000 houses. We are doing more to support Right to Buy: introducing Agents to help buyers complete their purchase, and a £100 million fund to improve applicants' access to mortgage finance. We also intend to consult on a Right to Move for social tenants wanting to take up work or training in another area.

Reforming the Housing Revenue Account was a key Coalition Agreement pledge. We have already decentralised housing finance, but we appreciate there is further scope for greater flexibility.

We have announced a review into the role of local authorities in supporting overall housing supply. Accompanying this, the Government has announced a limited increase in Housing Revenue Account borrowing.

The additional £300 million will be allocated via a competitive bidding process with support given to councils who can produce good business cases, agreed by their local enterprise partnership, that bring in local authority owned land and other forms of cross-subsidy such as sales of high value vacant property, raising funds to provide more overall homes.

Delivering savings from cutting fraud

Alongside the roll out of the Single Fraud Investigation Service, DCLG and DWP are investing in local government's capacity to tackle non-welfare fraud. This package of support will include extra funding over 2014-15 and 2015-16 which will be able to support new fraud investigator posts in councils focussed on tackling corporate fraud.

Transforming local services

To incentivise asset sales and support investment in transforming local services, the Government will allow local authorities new flexibility to use £200 million of receipts from asset sales over 2015-16 and 2016-17 to pay for the one-off costs of service reforms. We will publish a prospectus inviting bids to access a share of this flexibility in the New Year.

Support for health and social care

At the Spending Round, we took a major step forward in bringing together health and social care services around vulnerable people, with the new pooled Better Care fund of £3.8 billion. You are already working with your colleagues in health to develop your plans. In response to your concerns about the Fund being for only one year, the Statement spells out the Government's intention to make sure pooled funding is an enduring part of the health and social care system beyond 2015-16. We will also work to give local public services the same long-term indicative budgets as departments, to allow more up-front investment and local deals.

I hope these proposals will provide stability for local government, help drive further service improvement and support hard-working people and local firms in your locality.

A handwritten signature in black ink that reads "Eric Pickles". The signature is written in a cursive, slightly slanted style.

THE RT HON ERIC PICKLES MP

NEW WAYS OF WORKING

Purpose and Recommendations

1. To agree a devolved model of operation for SE LEP which gives maximum advantage in negotiating our Growth Deal with Government and provides the framework for effective local delivery.
2. The Board is asked to:
 - a. **Agree** the devolved model of operation described to increase both the opportunity for Government funding and freedoms and to better reflect and support local area economic priorities;
 - b. **Agree** changes to the Board structure as discussed at the Board Awayday and support changes to the Secretariat to reflect this new way of working;
 - c. **Agree** that SE LEP's Terms of Reference should be amended to reflect these changes, including the Board membership, as set out in paragraph 22, comprising the current Executive Group, one further local council member and one further business representative from the Thames Gateway South Essex area and one representative from the Further Education Sector. The individual HE and FE representatives will be chosen from East Sussex, Kent or Medway to retain geographical balance within the board;
 - e. **Agree** the Accountable Body's recommendation that, in consultation with the Chairman, the a firm of external advisers will be appointed to develop an appropriate governance framework for the LEP which will reflect the new devolved model of operation and which will set out the arrangements that exist within the partnership for the efficient despatch of business and the use of resources allocated to the partnership through the Accountable Body. These arrangements will include a revised terms of reference for the Board and a quorum for Board meeting. It will also include a set of criteria to be agreed by the Board by which future schemes or proposals will be assessed;
 - f. **Agree** that a report should be commissioned for the next SE LEP Board to consider the advantages and disadvantages of incorporation;
 - g. **Agree** to extend the contract with Shared Intelligence, on terms to be agreed by the Accountable Body, in consultation with the Chairman;
 - h. **Agree** that support from Sea Change Sussex should be available to SE LEP with reimbursements for clear deliverables to an agreed value until 31st March 2014 pursuant to an interim contract to be entered into with the Accountable Body; and
 - i. **Agree** to implement the new model in seeking the very best deal from both the Strategic Economic Plan and Strategic Investment Framework.

Background

3. SE LEP must be ruthlessly focused on securing the very best Growth Deal from Government for its members, in terms of both funding and local freedoms to enable the SE LEP area to realise its full growth potential. Until the conclusion of negotiations with Government in July, all that SE LEP now does must contribute to this goal.
4. In our drive for jobs, growth and housing through the Strategic Economic Plan (referred to from here as the "Growth Deal") and related funding, our ambition must be to capitalise on the scale of the SE LEP 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. Our Growth Deal investment priorities must be those areas or sectors of major job and business growth, with projects “ready for delivery” and which deliver real outcomes prioritised across the board. We will be under great pressure to deliver and the Government has indicated very strongly it wishes us to agree a new model of working very quickly, supported by appropriate governance arrangements. Following the Board Awayday, we now need to formally endorse our shared position.

Towards a devolved model

6. A new devolved model must preserve the priorities and integrity of the whole LEP and, through the principle of subsidiarity, lead to more effective local working, prioritisation and delivery. We must show the benefits of a devolved model clearly by demonstrating how the power of businesses and councils working together across the SE LEP area and through our devolved model can be unleashed for economic growth.
7. SE LEP must always prioritise growth and must use the strength of its devolved model to deliver this. Local areas know their growth potential but SE LEP can add scale of ambition and business clout. While the LEP remains accountable to Government for the ambition and delivery of the Growth Deal, the majority of prioritisation and programme development will be done locally where growth is to be delivered.
8. To prioritise growth and local delivery in delivering shared SE LEP ambitions, the new model proposes:
 - Devolution of 85% of our Local Growth Fund (LGF) allocation locally to be overseen and agreed by the SE LEP Board against local commissioning plans, programmes or projects developed by local business-led/local government partnerships; and
 - 15% of our LGF to be available for pan-LEP priorities, cross-LEP economic growth and infrastructure opportunities and to respond to economic shocks. Any investment will be within clearly agreed parameters and support the priorities of the Growth Deal.
9. Recognising the strategic importance of the Thames Gateway, our new ways of working will also include:
 - A dedicated chapter in the Growth Deal for the Thames Gateway;
 - Further specific development of the Thames Gateway stimulation package, recognising this is the only area within SE LEP with a dedicated Government Minister;
 - Additional representation for Thames Gateway South Essex on the main SE LEP Board recognising this area’s make-up of county, district and unitary councils; and
 - Agreeing the A13 as a national priority in servicing London Gateway and pressing for full funding from the Highways Agency in the first instance.
10. More widely, the SE LEP Board will also:
 - Ensure involvement of a much greater number of local businesses and councillors in real local decision-making through devolved local board and partnership;
 - Ensure that projects which are “development-ready” and which have clear and ambitious outcomes are appropriately prioritised;
 - Monitor delivery, VFM and economic impact (with the facility to shift funding in extremis);
 - Agree local commissioning plans for devolved funding; and
 - Welcome recent Government announcements on the New Homes Bonus.
11. It is recognised that in the spirit of true partnership and devolved working some compromises are being made for the greater good of the LEP and the success of our Growth Deal submission.

Realising the benefits of scale

12. It is imperative that we use the scale and strength of the LEP to maximize Government, EU and private sector investment into the SE LEP area. The sum of the whole, in terms of SE LEP-wide investment and freedoms secured through the Growth Deal, as well as influence over national spending programmes, will be much greater than that which could be achieved by the sum of the parts. We will also show the real benefits of devolved delivery in prioritising growth locations.
13. The scale of the LEP and the ambitions of local areas also offer real opportunities in terms of developing sizable property funds, with leverage that would simply be unattainable on a smaller scale.
14. The changes outlined below draw upon the points above, build on the most successful elements of the current governance arrangements and reflect discussion and agreements at the recent SE LEP Board Awayday on 22nd November.

SE LEP Board

15. Members overwhelmingly agree the current Board structure is somewhat unwieldy and that a smaller representative body, combined with much greater local working and decision-making, is required.
16. The current Executive Group will become the new SE LEP Board, with direct links to strengthened local economic partnerships.
17. The new SE LEP Board will meet 4 times a year:
 - 14th February, 2014
 - 30th May, 2014
 - 26th September, 2014; and
 - 12th December, 2014
18. In addition to current Executive Board members, as indicated above, one further local council member and one further business representative from the Thames Gateway South Essex (TGSE) area will join the new Board.
19. Responding to strong representation from the FE sector and noting the LEP's responsibilities regarding Skills funding, the new Board will also be joined by one representative from the Further Education sector.
20. Recognising the increased TGSE presence, it is proposed that the HE and FE representatives will be chosen from East Sussex, Kent or Medway to retain geographical balance within the Board.
21. The new Board make-up is as follows:
 - a) The Chairman of the LEP Board (in addition to the representatives below);
 - b) 5 business representatives from Essex, Southend & Thurrock (including 3 TGSE);
 - c) 4 business representatives from Kent and Medway;
 - d) 3 business representatives from East Sussex;
 - e) 5 local government representatives from Essex, Southend & Thurrock (including 3 TGSE);
 - f) 4 local government representatives from Kent and Medway;
 - g) 3 local government representatives from East Sussex;
 - h) 1 representative of the higher education sector; and

- i) 1 representative from the further education sector

22. 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 devolved model.

23. This new Board structure will take effect immediately.

SE LEP Assembly

24. To set out our ambitions and work programme and to be accountable to a much wider audience, we will hold an annual SE LEP Assembly to inform and shape our wider strategy and delivery. This will be an all-day event with major private and public sector speakers and briefing/discussion sessions on matters of real substance. The first of these will be held on:

- 18th July, 2014.

SE LEP Working Groups

25. In making the strongest possible case to Government for funding and for new freedoms and flexibilities, cross-LEP working on themes common across the LEP area will be essential if we are to build a powerful and distinctive bid. However, the work of any groups must be focused exclusively on the emerging Growth Deal and its delivery, with a very direct role within the LEP and the potential to make a real difference in strengthening our bid. All such groups must have aims and exits (as appropriate) agreed by the Chair. Current groups are:

- Thames Gateway (through the Thames Gateway Strategic Partnership)
- Coastal Communities
- Rural
- Transport
- Skills/Work readiness
- Higher education
- Housing

26. It is vital that SE LEP groups include both business and local council representatives.

Local Area Partnerships and Funding

27. SE LEP cannot dictate how local area partnerships should operate, nor should it, providing that the SE LEP Board (and SE LEP's Accountable Body) is satisfied that any local delivery arrangements are both robust and accountable.

28. Broad planning parameters for funding have been defined within which proposals and local commissioning plans should be developed and prioritised for the areas for LEP agreement. These planning parameters will form the basis for devolved funding for local decision-making, investment and delivery in accordance with the area detail in the Growth Deal.

29. The planning parameter is for 85% of funding to be split 3 broad ways per capita across East Sussex, Kent/Medway and Essex/TGSE.

30. However, we recognise that local partnership arrangements differ in their make-up, particularly with two unitary councils in TGSE. As such, while we encourage joint working and co-ordinated prioritisation north of the Thames through the new "Essex Together" group, we accept that Essex/TGSE proposals may be prioritised separately.

31. Within broad area prioritisation of local programmes/project proposals, there will be +/-20% scaling to reflect flexibility and ambition. This will include transport schemes.
32. The LEP through its Accountable Body will commission councils and others directly for the delivery of agreed commissioning plans or for programme/project outcomes.

A Powerful but Small Secretariat

33. To support this model, the small central team will be made up of permanent staff and secondees with specific skills drawn from SE LEP's public and private sector members and these costs will be borne from resources available to SE LEP.
34. The immediate and over-riding emphasis of the team will be the Growth Deal and the European Structural and Investment Fund (SIF) Strategy. In achieving this, they must manage the SE LEP Board business efficiently, respond to Government initiatives, seek further funding opportunities and support Board members in representing the LEP at the highest levels.

Staffing

35. With the departure of Susan Priest as Director, David Godfrey is to be seconded on an interim basis from KCC to support the LEP for three days a week, providing strong Whitehall and Westminster experience and expertise in crafting deals. David will remain a KCC employee and remain on KCC terms and conditions. It should be noted that KCC terms and conditions, and governance policies relating to employees are different from those of the Accountable Body. This means that the Accountable Body cannot provide any view of compliance to its policies relating to Gifts and Hospitality, Expenses, Declaration of Interests, or Performance. In addition, the Director post within ECC is a politically restricted post (as are all posts at this level employed within the authority) to ensure advice given is politically neutral. This restriction does not apply to the KCC post. A permanent Director will be recruited by 31st March, 2014 with the recruitment process commencing in the New Year administered by Medway Council.
36. In addition, Zoe Gordon (nee Myddelton) has been successfully recruited to the position of Business Engagement & Communications Manager with a specific responsibility to support business members of SE LEP.
37. Arrangements are being made to secure the continuing services of Lorraine George to lead the development of the European Structural and Investment Fund Strategy, with Lorraine moving full-time to SE LEP from Essex County Council from December 2013 until 31st March 2015.
38. Katharine Harvey continues to provide high-level support and continuity as Interim Deputy Director. Katharine's contract will be extended to 31st March 2014 to provide ongoing capacity. This extension will also enable the interim Director to be involved directly in a replacement.
39. Emma-Louise Galinis will continue to provide valuable administrative support. Zoe Gordon, Lorraine George, Katharine Harvey and Emma-Louise Galinis are ECC employees and as such are employed on the terms and conditions and are subject to the standards and policies of ECC. The Accountable Body is therefore in a position ensure compliance against appropriate governance arrangements of ECC.
40. It is noted with gratitude that Sea Change Sussex has provided advice and support at no cost to SE LEP on issues of project and programme delivery and in the development of property funds. It is proposed that this support should continue to be available - where agreed and approved with Sea Change Sussex - with reimbursement to Sea Change Sussex for clear deliverables until 31st March 2014 pursuant to an

interim contract to be entered into with the Accountable Body and, in parallel, for a contract to be tendered to provide this service in the new financial year. This process will be administered by Medway Council. Given the important role that Sea Change play in the delivery of GPF projects in East Sussex, it should be noted that it has been agreed that Sea Change will not play any part in reviewing the GPF programme on a wider basis.

41. Continuing support with the Growth Deal and EU Strategy will be commissioned from Shared Intelligence by extending their existing contract to 31st March.
42. Essex County Council has confirmed its willingness to remain as Accountable Body for SE LEP providing the necessary resources to fulfill this role with a contribution from SE LEP funds to cover the associated costs, as is currently the case. It is proposed that Paul Keegan will provide maternity cover for Suzanne Bennett.
43. It is also proposed that SE LEP should consider the benefits of incorporation, drawing on the experience of other LEPs which have been established in this way.
44. Given the growing importance of the SE LEP in the economic prosperity of the area it covers, and the significant sums of money, both public and private which are likely to come under its direction, the Accountable Body recommends that, in consultation with the Chair, it will appoint a firm of external advisers to develop an appropriate governance framework for the LEP which will reflect the new devolved model of operation. This will set out the arrangements that exist within the LEP for the efficient despatch of business and the use of resources allocated to the partnership through the Accountable Body. These arrangements will include a revised terms of reference for the Board and a quorum for Board meeting. It will also include a set of criteria to be agreed by the Board by which future schemes or proposals will be assessed.

Author: David Godfrey **Position:** Interim Director, South East LEP **Date:** 6th December 2013.



BOARD MEETING

Friday 13th December 2013

Agenda Item: 5

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DRAFT SOUTH EAST STRATEGIC ECONOMIC PLAN

Purpose

1. The Board is asked to:
 - a. **Consider** the main content of the summary draft SE Strategic Economic Plan (attached separately);
 - b. **Agree** to the recommendations for sign-off of the draft SE Strategic Economic Plan (SEP) for the deadline date; and
 - c. **Note** the proposed approach for wider consultation of the SE SEP with businesses.

Draft South East Strategic Economic Plan

2. The key headlines and priorities for the SE LEP area are outlined in the attached summary of the draft SE SEP. Summaries of Chapter 13 Components of the Deal and Chapter 15 Resource Requirements will be circulated on Wednesday 11th December.
3. It is to be noted that although the draft has to be submitted to Government by 19th December 2013, this should be seen as very much a first draft; there will be ample opportunity for further debate during the Spring. The final version is due to be submitted by 31st March 2014.

The Board is asked to consider the priorities of the SE LEP area as outlined in the attached summary of the draft SE SEP and provide initial views and comments.

Sign-off Arrangements for the Draft SE SEP

4. As well as discussion on the key priorities and draft summary of the document, it is important that all Board members have the opportunity to feedback comments on full version of the Draft SE SEP which will be circulated following the Board meeting on 13th December. However, in view of the tight deadline for submission, it is proposed that:

The Board agrees that any immediate comments on the full draft SE SEP from Board members are forwarded to the SE LEP Secretariat by 5pm Tuesday 16th December.

The Board agrees that responsibility for the final sign-off of the draft SE SEP is delegated to a small number of Board members to be agreed with the SE LEP Chair.

Proposed approach for consultation for the SEP

5. In developing their Strategic Economic Plans LEPs are expected to build strong relationships with business, and to engage businesses and other local partners in the process of identifying challenges and agreeing priorities. Specifically, consultation is expected with all relevant local partners, including the local Chambers of Commerce and other business bodies. Through our devolved way of working, we are extremely well placed to achieve this.
6. Business is well represented on the SE LEP Board which has provided input into the emerging SEP and received regular updates on progress. Working through local areas, for the wider business community there have been local events; a business survey in some areas; focus groups, and other mechanisms to

ensure business input into the early drafting of the Strategic Economic Plan. As the Plan takes shape, there is a need to undertake further local engagement activity to gather business perspectives on the composite document.

7. Working closely with local areas, it is proposed that the following activities are undertaken to raise the profile of the SEP and gather further business views:
 - Publish the SEP document on the SE LEP website, inviting businesses to provide direct feedback;
 - Develop an external facing 'executive summary' of the SEP, in a style which can be easily understood by businesses;
 - Use existing communications networks managed by local business groups to provide a consistent set of messages on the SEP and to inform businesses on how feedback can be given, including:
 - Chambers of Commerce newsletters and events;
 - FSB newsletters and events;
 - IOD policy view or similar;
 - University business schools and their networks; and
 - Local authority and private sector groups – with LEP or partner representatives presenting at meetings;
 - Promote opportunities for businesses to engage through Twitter and LinkedIn;
 - Create a LinkedIn group discussion or online webinar (if appropriate) with specific businesses;
 - Prepare press releases focussing on the headlines for the SEP and encouraging local media attention;
 - Exploring opportunities for interviews with Peter Jones and/or Board Members (such as on local radio, if appropriate) to set out our ambitions and ask for feedback; and
 - Identifying opportunities for Chair/Vice Chairs/Board Members to attend development sites or the premises of business who could deliver projects that would support identified SEP priorities, with associated PR and communications around these visits.
8. In the long term, the aim of the SEP is to attract investment and support local areas to deliver activity that will promote growth. When the final plan is complete and submitted (31 March 2014), this will provide a basis for negotiation with Government to mid-July when the Local Growth Deals will be announced.
9. Specific engagement activity will be required during the March-July negotiation period to:
 - Raise the profile of the SEP priorities and headlines, encouraging support from local business and partners in lobbying Government to support the ambitious plans set out in the SEP; and
 - Further improve the reputation of the SE LEP with key national decision-makers (including an explanation of why the devolved model will deliver better for the SEP and SE LEP as a whole).
10. Any feedback or suggested contacts would be welcomed, and should be shared with Zoe Gordon. 01245 431469 or zoe.gordon@essex.gov.uk

Author: Katharine Harvey/Zoe Gordon **Position:** Interim Deputy Director/Business Engagement & Communications Manager SE LEP **Date:** 6th December 2013.

BOARD MEETING

Friday 13 December 2013

Agenda Item: 6

Pages: 3

South East
Local Enterprise Partnership



EU STRUCTURAL AND INVESTMENT FUND (SIF) STRATEGY

Purpose and Recommendations

1. The purpose of this paper is to present the Board with some key decisions and proposals regarding the final draft of the EU SIF, ready for submission to the Government on the 31 January 2014.
2. The Board is asked to:
 - **Approve** the principles and approach to the selection of the Opt-in agencies in order to secure some match funding for future projects to deliver local area priorities;
 - **Approve** ESF opt-in negotiations to begin with the Department for Works and Pensions (DWP), the Skills Funding Agency (SFA), the Prince's Trust and the BIG Lottery where there is local area demand;
 - **Approve** ERDF opt-in negotiations to begin with ERDF are UKTI, MAS and Growth Accelerator where there is local area demand
 - **Note** the information and pipeline requirements regarding the use of ERDF for the JESSICA fund and the need for clear demand and pipeline detail;
 - **Approve** that the £10 million notionally allocated to a Low Carbon Social Housing retro-fit fund is reallocated;
 - **Note** the high level of interest LEP wide in Community Led Local Development (CLLD);
 - **Approve** the process for final EU SIF approval by the Chairman;
 - **Note** the Business process development for submission of projects being prepared by DCLG.

Background

3. The SE LEP area has been given an indicative allocation of £165 million EU funding to deliver its strategic priorities in line with the Strategic Economic Plan (SEP) which is in development. The first draft EU SIF was submitted to BIS 7th October and feedback was subsequently received from Government Departments, regarding requirements to improve and develop.
4. The EU SIF is a funding vehicle for some of the growth and skills objectives outlined in the Strategic Economic Plan (SEP) but is also subject to additional European Commission rules.

Opt-Ins

5. It should be noted that the £165 million of EU funding has to be match funded £1 for £1 and it is recognised that local authorities will not be able to provide very much, if any, match funding for projects. However, a number of Government agencies and a charitable organisation are offering to do this in part through "opt-ins", developed in local areas and agreed through the LEP.
6. Half the EU SIF funding, or £82.5 million, is for European Regional Development Fund (ERDF) activities. The potential Opt-in agencies for ERDF are UKTI, MAS and Growth Accelerator.

7. The other half of the funding is for European Social Fund (ESF) activities. The potential Opt-in agencies for ESF are the Department for Works and Pensions (DWP), the Skills Funding Agency (SFA), the Prince's Trust and the BIG Lottery.
8. Under the devolved structure of SE LEP, local area requirements of the Opt-in agencies have to be of prime consideration with the scale and strength of SE LEP deployed in the negotiation process.
9. On this basis it is proposed to that the LEP brokers meetings with the appropriate Opt-in agencies, inviting a representative(s) from each interested area to a series of meetings with representatives from each of the Opt-In agencies to discuss their offer and the LEP partner requirements. It is proposed that these meetings will be facilitated by the LEP secretariat during early January so that the outcome of these meetings can be reflected in the final version of the EU SIF due to be submitted by the 31st January 2014.

Jessica Property Fund

10. As noted previously, our Jessica Property Fund proposal will require an evidence base, rationale and steps towards ex-ante evaluation set out in the final EU SIF submission. While it is appreciated that much of the pipeline and demand information should emanate from the area submissions for the Strategic Economic Plan, the absence of these could result in rejection. Feedback from BIS indicates that a clear "intervention logic" is required which links statistical evidence – to rationale- to strategic objectives and needs to run through our EU SIF document.

Access to finance

11. There is growing local demand for access to finance schemes, building on existing successful local arrangements. As with the Jessica Property Fund proposal, clear market demand and evidence base information will be required.

Low Carbon Retrofit for Social housing

12. A working group has been exploring the merits of this opportunity and has recommended that this is not a competitive source of finance. It is recommended that the Board should no longer include this in the EU SIF. This will enable £10 million of ERDF funding to be re-allocated.

Community Led Local Development - CLLD

13. CLLD is a way of geographically targeting additional support for local communities to enable local responses to community need. It builds on the highly successful LEADER programme. Up to 5% of the combined ESF and ERDF allocation can be spent on this activity. It should be noted that there appears wide interest from across the LEP in pursuing CLLD.

Timetable for final preparations and submission

14. The following outlines the stages towards completion of the EU SIF :
 - 13 December LEP Board approves:
 - Approach to the Op-Ins;
 - Re-allocation of the Social Housing retro-fit fund allocation;
 - Approach to Jessica and access to finance funds; and
 - On-going work with CLLD
 - w/c 6th January Opt-in meetings
 - 23 January final version of the EU SIF to be circulated for Board approval
 - w/c 27th January Chairman's approval

- 31 January final submission to BIS

Business Processes for project approval

15. DCLG has prepared the first draft of the proposed business processes for approving projects submitted for EU SIF funding; this will need to be overlaid on to the LEP's devolved governance structure. The proposal indicates the LEP's key role in checking the strategic fit of projects with the EU SIF

Author: Lorraine George **Position:** SE LEP secondee **Contact:** 01245 430472 **Date:** 6th December 2013.



GROWING PLACES FUND AND ENTERPRISE ZONES

Purpose

1. The purpose of this paper is to ask the Board to make a clear decision on what risk and contracting approach should be taken in the case of one individual Enterprise Zone GPF project and all future GPF projects related to Enterprise Zones.
2. The individual Enterprise Zone project in question is the Round 1 GPF project for Harlow Enterprise Zone. Harlow District Council is requesting that option b is selected. This option would mean that the GPF itself bears the risk of non-repayment for £2 million of the £3.5 million investment. This element of the repayment is due to be made from the retained business rate income created in Enterprise Zones that are passed to the LEP.

Recommendation

3. The Board are asked to consider the three options set out below and select one option to take forward, noting that the Accountable Body's recommendation is that Option b is selected
 - a) Keep the current risk approach where County Councils / Unitaries underwrite the total risk for all GPF projects with no exceptions (this would mean that this project would not move forward); or
 - b) Vary the contracting arrangements, specifically in this instance, for just the Round 1 Harlow Enterprise Zone project (so that £2 million of the risk is not underwritten); or
 - c) Allow different risk approach for all Enterprise Zone related projects

Background

4. 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 SE LEP and ECC. In practice this meant that ECC would underwrite the total value of repayments of the loan and would therefore seek to put in place a back to back agreement with Harlow District Council to repay the loan on the basis that the District Council would benefit from increases in business rates arising from the development, and S106 agreements.
5. However, as the uplift in the business rates from the Harlow Enterprise Zone is passed to the SE LEP, the SE LEP Board was asked to consider the Harlow DC request that it (i.e. SE LEP) would be responsible for the repayment of the business rate element of the loan. The remainder of the loan will be paid by the S106 receipts as originally intended.
6. The loan is being used to fund three highway projects that enable access to both sites that form the Harlow Enterprise Zone. At London Road, £1.5 million of the loan is being used to support the construction of a new access to the site. This will be repaid from Section 106 contributions from adjacent development. The remaining £2m of the GPF loan will be used to construct a new access into the Templefields site and associated junction improvements. The repayment of the £2 million will come from the increase in business rates that will be generated from development of the Enterprise Zone – development that this project will support.

7. ECC, like other County Councils, would normally seek back to back agreements with the relevant District Council to cover its repayment risk of any GPF loan for infrastructure works. In this case, this is not feasible because as previously stated, Harlow Council will not receive the future uplift in the Business Rates. Instead, these funds will go directly to SE LEP. Consequently 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 by recognising the special circumstances applicable in this case.
8. As the SE LEP has flexibility in the use of the Business Rate uplift generated by the EZ, it 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.
9. This project is of significant strategic importance to the Harlow Enterprise Zone because it removes the principal barrier to the long term re-development of Templefields, which is the lack of access to the estate from Cambridge Road to the east. At present, the estate is a one kilometre long cul-de-sac with low value and low level uses congregated at the eastern end. It will be impossible to facilitate the transformation of the estate into a modern high tech business park without proper road access. The GPF funding will deliver this and we have a willing landowner who is contributing the land. If a mechanism is not found to release the GPF funding, then the project will not go ahead. It is difficult to see another scenario in the short to medium term where alternative funding might be sourced given the low current land values on Templefields. The reality is that all work on this part of the Enterprise Zone will cease since the road access is the trigger for all other activity.
10. The options:
 - a) Keep the current risk approach where County Councils / Unitaries underwrite the total risk for all GPF projects with no exceptions
 - b) Vary the contracting arrangements, specifically in this instance, for just the Round 1 Harlow Enterprise Zone project
 - c) Allow different risk approach for all Enterprise Zone related projects

Option a)

11. This is the 'as is' option where County Councils / Unitaries are required to underwrite the risk of all GPF projects.
12. **In reality, this is a "no go" and in terms of finance, unworkable given that the uplift in NNDR passes directly to SE LEP. It would also remain unacceptable to both ECC and Harlow DC and in effect kill-off the project with serious implications for the future of the Harlow EZ**

Option b)

13. This is the preferred option of Essex County Council, as Accountable Body, because it would expedite progress with this key project and it aligns the responsibility for repayment with the source of funding. This option will enable this instrumental project to unlock access to the Templefields site to get underway and realise an increase in business rates that would arise as a result of the development the project unlocks. The Board are reminded of SE LEP's role in the promotion of Enterprise Zones and providing support to ensure their success.

Option c)

14. This considers widening this approach to all GPF projects related to the two Enterprise Zones within the South East LEP area. This does appear sensible given the responsibility of LEPs for the Enterprise Zones' success; particularly if they are reliant on Business Rates uplift to repay the principal. However, we should also consider that this approach could be on a case by case basis, applicable only to Enterprise Zones, enabling the Board to consider the risk of individual projects.

Financial Implications

15. 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. Option A detailed at paragraph 8 is the no change option and therefore there is no increased risk exposure to the Fund.
16. 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.
17. However, in the Accountable Body's view, the Harlow Enterprise Zone project presents a low risk of non or delayed repayment. Financial modelling of future potential income streams from the retained business rates has been commissioned. This modelling forecasts income at a sufficient value to make the repayments even where based on a worst case scenario of occupancy on both sites. Therefore, we are satisfied that option B presents a low risk to the Fund.
18. The Accountable body would advise that, should the Board wish to change the contracting model for all Enterprise Zone projects as per Option C, each project should be assessed for risk on a case-by-case basis. This would allow the Accountable Body to make an analysis of the impact of any particular risk profile on the Fund and advise the Board accordingly. Should higher risk projects be selected to be taken forward under this option, future allocations of the GPF dependent on repayments would need to be reduced in line with the risk profile.

The Decision Required

19. SE LEP has a responsibility to drive the success of Enterprise Zones. The works that the Harlow Enterprise Zone project will deliver are instrumental in the unlocking of the Enterprise Zone, so there is some urgency in confirming the way forward.
20. **The Board is asked to make a clear decision 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 SE LEP. In agreeing to this, there is a risk that the additional income will not be realised and so GPF will not be repaid, although in the Accountable Body's view, the Harlow Enterprise Zone project presents a low risk of non or delayed repayment. Financial modelling of future potential income streams from the retained business rates has been commissioned. This modelling forecasts income at a sufficient value to make the repayments even where based on a worst case scenario of occupancy on both sites. Therefore, we are satisfied that option B presents a low risk to the Fund.**

21. 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 SE LEP.
22. 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.

Author: Margaret Lee **Position:** Executive Director for Corporate Services, ECC (Acting as Accountable Body for SE LEP **Date:** 6th December 2013.

BUSINESS ENGAGEMENT AND COMMUNICATIONS

Purpose and Recommendations

1. Enabling full business engagement through the Board and beyond is vital to the success of SE LEP, working closely with local area business partnerships. The purpose of this paper is to inform the SE LEP Board about the initial work of the Business Engagement and Communications Manager role, the objectives of the role-holder and the emerging programme of activity to be taken forward over the coming months
2. The Board is asked to:
 - **Note** the proposed activities and approach to business engagement; and
 - **Provide** feedback on the proposed mechanisms, channels and approaches and any additional key contacts directly to the role holder.

Background

3. As the profile and expectations of LEPs have evolved through 2013, with Government departments, and their agencies, increasingly wanting to work with and through LEPs, there is additional need to demonstrate value added business input across a variety of matters. With this in mind, along with a self-assessment of SE LEP performing only to a satisfactory level in 2012, the case was made for a dedicated role within the SE LEP Secretariat to focus on securing a business mandate, and on developing a strong network to engage the wider business community across all LEP activities.
4. Since taking up this role in October 2013, the Business Engagement and Communications Manager has undertaken a series of initial meetings with businesses and business representatives with the aim of developing the SE LEP network and gaining insight from businesses into the kind of action and activity that would add most value. Across the local areas, common themes have emerged, including:
 - The need to simplify the language and terminology around the LEP and its activities (especially funding) and to avoid technical detail where it is not essential. Suggested actions would be to develop a glossary of terms, a Board member induction process and introduction and summary documents;
 - Acting as a conduit between the business and public sector – offering a support role and briefing to business Board members where appropriate;
 - To enable sharing of best practice across the local geographies of the LEP;
 - Increasing the use of social media to reach businesses, especially LinkedIn;
 - To facilitate business to business exchanges on LEP matters and allow sharing of ideas;
 - To explain the LEP to businesses, why it is here and what it can do for businesses; and
 - Presenting a positive image of the LEP and focussing on the benefits.
5. The post will be outcomes driven and the success of the role will be determined by the extent to which the LEP has the relationships, structures and processes in place a) for two-way engagement, b) to secure a true business mandate, and c) to effectively represent local business views.

Approach

6. The work of the post-holder in supporting the SE LEP's approach to business engagement and communications will be designed to deliver on the following objectives:

- To support the development of a Strategic Economic Plan (SEP) and European Structural Investment Funds Strategy (ESIF) to ensure buy-in from, and the support of, the business community;
 - To engage with significant businesses and business groupings across the SE LEP area to ensure far reaching penetration and a strong business mandate for SE LEP activities;
 - To support and engage with the SE LEP Vice Chairs and business representatives to gather views and intelligence from the business community and use this to influence SE LEP decisions;
 - To establish a communications and engagement programme, agreed by partners and supported by specialist third party input where appropriate;
 - To manage key SE LEP communications channels (e.g. briefings, website, business/press enquiries) and to monitor the impact of this engagement activity; and
 - To work with business representative organisations and other bodies who have wide access to the business community.
7. The activities to be undertaken will vary across the geography of the LEP to take account of the federated structures, but will include:
- Developing a proactive approach to involve the businesses community in the work of the LEP through formulating a comprehensive SE LEP Communications Plan and timeline which identifies key messages, key audiences and methods;
 - Developing a core script on key SE LEP issues to ensure a common voice from SE LEP;
 - Developing a programme and support offer to Vice Chairs for a series of 121 engagements with key businesses;
 - Establishing good relationships with local business support bodies, Chambers, FSB, CBI, IoD;
 - Regularly attending local business events to raise the visibility and profile of SE LEP;
 - Identifying strategically important businesses and sectors for growth in the SE LEP area and developing agreed routes of engagement with local federated areas;
 - Supporting the Vice Chairs to raise their profile locally as ambassadors for SE LEP and demonstrating a clear route to the LEP for local communities; and
 - Preparing SE LEP materials to ensure effective engagement with the business Vice Chairs and other business board members eg. Glossary of terms, Board member induction process and summary documents.
8. The effectiveness of these activities will be monitored in a number of ways, including:
- Number of businesses engaged with from a particular mailing or activity;
 - Feedback from events/attendees;
 - Demonstration of expanding the reach of SE LEP through database development;
 - Increased networking activity;
 - Well established and positive relationships with Vice Chairs;
 - Understanding of the local operating environment for engaging business across the areas; and
 - Well established and suitable ways of working alongside the areas.
9. Any feedback would be welcomed on additional activities that SE LEP should undertake, or business groupings that SE LEP should look to engage with. Feedback should be shared with Zoe Gordon 01245 431469 or zoe.gordon@essex.gov.uk

Author: Zoe Gordon **Position:** Business Engagement & Communications Manager **SE LEP Date:** 6th December 2013.