

10:00	1	Welcome and Apologies	Peter Jones
10.05	2	Minutes of Special Board Meeting on 26th March 2014 Matters Arising & Recent Developments	Peter Jones
10.10	3	Growth Deal Update a. Feedback from Government and next steps.	David Godfrey
10.25	4	European SIF Strategy a. Update on progress of the ESIF with presentation from DCLG on funding delivery.	David Morrall DCLG
10:50	5	Board Advisory Groups b. To endorse the proposed structures and ways of working.	David Godfrey
11.00	6	SE LEP Core activities and Budget 2014/15 a. To present the accounts for 2013/14; and b. Outline the budget and planned activity for 2014/15.	Peter Jones David Godfrey Paul Keegan
11:20	7	Growing Places Fund (GPF) Update a. To receive an update on all GPF projects; and b. To review the Harlow Enterprise Zone business plan for GPF revenue drawdown.	Paul Keegan
11:35	8	CORE – Centres for Offshore Renewable Engineering a. To endorse proposals for an enlarged SE LEP CORE area to support the offshore renewables industry.	Peter Jones
11:40	9	Cultural and Creative Industries a. Presentation from Creative and Cultural Industries Group.	Andrea Stark
11:55	10	Any other business	All
12:00	11	Close & networking lunch	Peter Jones

Content overview

- a. Draft minutes of the Special Board meeting, 26th march 2014 (Item 2. Page 3)
- b. Growth Deal Update (Item 3. Page 10)
- c. European SIF Strategy (Item 4. Page 14)
- d. Board Advisory Groups (Item 5. Page 16. Item to follow)
- e. SE LEP Core Activities and Budget (Item 6 Page 17)
- f. Growing Places Fund Update (Item 7a. Page 24)
- g. Growing Places Fund – Harlow EZ Update (Item 7b. Page 27)
- h. CORE (Item 8. Page 31)



Draft Special Board Meeting Minutes

Wednesday 26th March 2014, 10:00am – 12:00pm
High House Production Park, Purfleet, Essex RM19 1RJ

Full Board members & alternates present

1	Peter Jones	Chair
2	Jo James	Kent Invicta Chamber
3	Derek Godfrey	Ellis Building Contractors
4	Graham Brown	Bouygues UK
5	Cllr John Gilbey <i>for Cllr Paul Watkins</i>	Canterbury City Council
6	Cllr John Kent	Thurrock Council
7	Cllr Rodney Chambers	Medway Council
8	Brett McLean	East Sussex FSB
9	Cllr John Lamb <i>for Cllr Nigel Holdcroft</i>	Southend on Sea Borough Council
10	Julian Drury	C2C / South Essex businesses
11	Cllr Keith Glazier	East Sussex County Council
12	Geoff Miles	Vice Chair / Maidstone Studios
13	David Rayner	Birkett Long
14	Cllr Kevin Bentley <i>for Cllr David Finch</i>	Essex County Council
15	Cllr Rupert Simmons	East Sussex County Council
16	Cllr David Tutt	Eastbourne Borough Council
17	Cllr Tony Ball	Basildon District Council
18	Cllr Jeremy Birch	Hastings Borough Council
19	Graham Razey	East Kent College
20	Cllr Peter Fleming	Sevenoaks Borough Council
21	George Kieffer	Vice Chair / Haven Gateway Businesses
22	David Burch	Essex Chambers
23	Cllr Paul Carter	Kent County Council
24	Julian Crampton	Brighton University
25	Ian Davidson <i>for Cllr Peter Halliday</i>	Tendring District Council
26	Malcolm Diamond	Trifast plc & TR Fastenings Ltd
27	Nick Sandford	Country Land and Business Association (CLA)

Other attendees present

1	David Godfrey	South East LEP
2	Katharine Harvey	South East LEP
3	Iain McNab	BIS Local
4	Lee Shostak	Shared Intelligence
5	Stephanie Mitchener	Essex County Council
6	Emma-Louise Galinis	South East LEP
7	Ross Gill	Kent County Council
8	John Shaw	Seachange Sussex
9	Robin Cooper	Medway Council
10	Keith Cornwell	Thames Gateway South Essex Partnership
11	David Liston-Jones	Thames Gateway Kent Partnership
12	Richard Longman	Thames Gateway Kent Partnership
13	Ros Dunn	Essex County Council
14	Adam Bryan	Essex County Council
15	John Houston	Epping Forest District Council
16	Cllr Andrew Bowles	Swale Borough Council
17	Terry Osborne	Essex County Council
18	Joel John	Basildon District Council
19	Chris Whitbread	Epping Forest District Council
20	Susan Priest	Shepway District Council

21	Richard Puleston	Essex County Council
22	James Harris	East Sussex County Council
23	Steve Cox	Thurrock Council
24	David Bull	Thurrock Council
25	Roger Blake	RailFuture

Action Summary

Item 2: Minutes of last meeting, Matters Arising and Recent Developments

1. There will be an item for discussion on the proposed SE LEP Board sub groups at the next Board meeting in May.

Item 3: Growth Deal and Strategic Economic Plan

2. Two Board members from each of the four areas are to be nominated to approve the final SEP. Subsequently, it was the Chairman, Vice Chairs and local authority leaders from each area that were nominated to do this
3. Board members interested in taking part in the negotiations with Government are to inform the Chair or Secretariat.
4. Board members are to actively promote the SEP and to take all opportunities to try to influence ministers during the negotiation period.

Item 4: Growing Places Fund - update

5. The SE LEP secretariat will work with the SE LEP Accountable Body to make the necessary amendments to the agreements for existing GPF projects, as well as for new GPF projects, no longer need to be underwritten by upper tier authorities

Item 5: SE LEP Budget 2014/15

6. Board members are to consider whether any partner organisations could offer up support for the SE LEP Secretariat in the future

1. Welcome and Apologies

- 1.1 The meeting started at 10:00.
- 1.2 The Chair introduced this Special Board meeting which was to agree our Growth Deal and Strategic Economic Plan. He thanked the SE LEP Secretariat team, Shared Intelligence and the large numbers of officers and Board members that have worked hard over the last couple of months to get us to where we are today.
- 1.3 Apologies were received from Perry Gladding and it was noted that Cllr Kevin Bentley was representing Cllr David Finch, Cllr John Lamb was representing Cllr Peter Holdcroft and Cllr John Gilbey was representing Cllr Paul Watkins.

2. Minutes of last meeting, Matters Arising and Recent Developments

- 2.1 The minutes of the last Board meeting 13th December 2013 were agreed.
- 2.2 Re Action 7, Kevin Bentley indicated Essex County Council is still to formally take the decision to take on the Accountable Body responsibilities from the SE LTB and that this is to be considered as part of the wider responsibilities around any Local Growth Fund allocation.
- 2.3 Kevin Bentley requested that the Board should discuss taking the transport subgroup forward. The Chair explained that the intention was to discuss the composition of all the subgroups proposed under the new governance arrangements at the next Board meeting in May.

Action: There will be an item for discussion on the proposed SE LEP Board sub groups at the next Board meeting in May.

3. Growth Deal and Strategic Economic Plan

- 3.1 The Chair explained that he had wanted to circulate a fuller draft of the final SEP to the Board, but the input from all areas had not been received in time. What had been put forward was the essence of our proposal and the Board was asked to consider it in this light. Comments from the Accountable Body had not yet been received and these would need to be taken into account for the signoff.
- 3.2 The Chair explained that there had been a tension in writing the document in balancing the focus at the SE LEP and area level and also in meeting the government requirement for 'a short sharp' document but also having the project detail. He noted that there was still work to do on the governance structure– namely the relationship between local area delivery partnerships and the coastal advisory group and the TGSG.
- 3.3 Lee Shostak from Shared Intelligence thanked all the officers for all their help in preparing the SEP. He reported that feedback so far from Government, through Stephen Bishop our Local Growth Team liaison officer, had been positive and complementary on the progress that the partnership has made; they believe that we are now working as an effective partnership. Government were also comfortable with the level of detail that has been provided.
- 3.4 Lee tabled a note at the Board meeting which summarised the LGF request to date. He made the following points:

- Although each devolved area may have produced their jobs and homes enabled figures differently, he did not foresee this as a problem, as they have the expertise and the Government has produced little guidance for this.
- The transport bid is for projects that were previously funded through the DfT's transport major fund and while our bid is seen as being 'courageous', there has been no suggestion that we should cut this back.
- At present we are still considering whether we should present the median, -20% and -40% envelopes of schemes in an annex. This will come up during the negotiation phase and a decision is required as to whether this is offered up at this stage.

3.5 The Chair invited Graham Razey who has been involved in the skills proposals, to summarise the position on skills in the SEP. Graham made the following key points:

- The clear message from government was not to ask for things that have already been taken away, such as on careers guidance.
- The government's view is that there is enough money in the system for skills and where there is a need, employers should pay more and have a greater influence over how funding on skills capital and revenue is spent. They are impressed with the Employment and Skills Boards across the area and how these will direct funding.
- Thanks to Helen Russell at Essex CC who has drafted the skills chapter, and Paul Sayers and David Godfrey who has helped on the capital funding process

3.6 The Chair invited Graham Brown who has been involved in the housing proposals to speak. Graham highlighted how the development of the proposals has been an inclusive process that has involved local authorities, the HCA, Housing Associations and the private sector. The response from government so far was positive. Our proposals will include working with the HCA and gaining greater influence on where they direct their resources and to lobby government that our needs are greater than the pro rate allocation we have received to date. Key to this will be the implementation of the 2015 homes in 2015 pilot and to put some resources into taking this forward.

3.7 The Chair then opened the debate up to Board members and the key points made included:

- The prominence of coastal communities in the SEP was welcomed, but that there needs to be more emphasis on the 'unrealised economic potential' of these places, recognition of coastal group is the governance structure and clarity on the governance for the SEFUND housing ask 8 which is the housing renovation fund branded under the SEFUND banner.
- Clarification from Chair that we have agreed a devolved model which means that the LGF resources will be passed to the operational areas to develop and deliver the projects. The 15% top slice will remain at the centre to meet emergencies and will be the principle funding for SEFUND. However, the 15% top slice will not be mentioned in the SEP as this is unnecessary and would dilute the cohesive approach we will be presenting. There was further debate about this issue with Iain McNab confirming that in his opinion it would not help our case to mention the top slice in the text of the SEP. He indicated that government was comfortable with what has come forward so far.
- The importance of the A13 was raised and concern was expressed over the stance taken in the SEP. The Chair explained that the intention was to seek for the Government to wholly fund the required road improvements and take over responsibility for it. He felt that any other stance at this stage would weaken our negotiating position. John Kent proposed that SE LEP should prioritise the A13 should the government not agree to fund it. Responses

from Board members indicated that this would be pre-emptive and should be considered at a later stage once our LGF allocation was known.

- There was concern that the economic rationale for transport investments was not well enough linked to economic growth.
- The growth corridor approach was felt to have been of real benefit and had in itself stimulated positive discussion.
- There needed to be greater emphasis on our ability to deliver this programme of investment and the government was expecting this.
- Areas should be presented in alphabetical order. This was agreed.
- Concern was expressed that the Kent chapter has not yet been seen and that it would need to be succinct to be in line with the rest of the document.

3.8 There was agreement that the draft final SEP was going in the right direction and the Chair asked for a couple of Board members from each of the four areas to be nominated to undertake the final signoff of the document for submission. The Chair also asked for Board member interested in taking part in the negotiations with Government to let him or the Secretariat know.

Action: Two Board members from each of the four areas are to be nominated to approve the final SEP. Subsequently, it was the Chairman, Vice Chairs and local authority leaders from each area that were nominated to do this.

Action: Board members interested in taking part in the negotiations with Government are to inform the Chair or Secretariat.

3.9 The Chair asked Iain McNab from BIS to explain the process that the Government is adopting during the negotiation phase. Iain explained that the timetable is ambitious and challenging. It is anticipated that Ministers will have a good idea about LGF allocations by the end of May with the announcement in July. The focus will be on 2015/16 allocations and beyond that it will be 'fuzzier'. There is to be a ministerial case conference to discuss the SE LEP proposal on 16th April. Every single LEP plan will be reviewed and they will be looking at individual projects too. It is envisaged that the government will be in frequent contact with the LEP during April and May to seek greater clarity.

3.10 It was agreed that lobbying local MPs about our proposals and getting them on side will be very important and the Chair urged Board members take all opportunities to do this in order to make our case and influence Ministers.

Action: Board members are to actively promote the SEP and to take all opportunities to try to influence ministers during the negotiation period.

4. Growing Places Fund - update

4.1 The Chair invited Stephanie Mitchener from Essex County Council, the SE LEP Accountable Body, to introduce the item. Stephanie explained that from the review undertaken by Paul Keegan £9.2 mill of headroom had been identified and there were three proposals identified for being taken forward - Sovereign Harbour; Discovery Park and the MedTech Campus at Harlow Enterprise Zone.

4.2 The Chair explained that a meeting had been held to discuss GPF on 6th March and it had been agreed that if the £2m for the MedTech campus was no longer needed, this should be split equally between Sovereign Harbour and Discovery Park, should they be supported by the business case assessment. Kevin Bentley indicated that the MedTech Campus could no longer work as a loan, but

he requested that the £2m allocation be used to replace a proposed HCA LIF loan for the Enterprise Zone, should it fail the due diligence process with the HCA. John Lamb also proposed an alternative which was for the allocation to be used to support other MedTech campuses elsewhere, such as in Southend. The Chair proposed that the Board should stick with the original decision of the earlier meeting and split the allocation between Sovereign Harbour and Discovery Park. He said that ensuring that our GPF allocation was being spent and used to best effect would be paramount to government in our LGF discussions. This was agreed by the Board.

- 4.3 The Chair explained that one of the issues that has delayed GPF spend is the current model which requires upper tier authorities to underwrite any GPF loan in their area. While it had been agreed at the October Board meeting that this should remain, further discussions with government suggested that they would not seek any repayment of GPF should there be defaults on any loans. Indeed other LEPs have allocated GPF on a grant basis. In view of this the Chair asked for the Board to reconsider the decision at the last Board meeting.
- 4.4 During the debate a number of points were made including:
- Support for speeding up the process and the requirement that local authorities underwrite these loans causes delay.
 - The Board should also consider removing the requirement for local authorities to underwrite the GPF loans for existing projects.
 - Council tax payers should not be underwriting the national tax payer.
 - Removing the need for local authorities to underwrite loans would give the wrong signals and if the risk is now to lie with SE LEP, then Board members would need to consider the risk exposure and would need to consider more information on risk profiles.
 - It would be incumbent on all Board members to ensure that risk is minimised as much as possible, to ensure that the fund remains 'revolving' in the future.
 - The proposal to incorporate GPF into the SEFUND structure, which is to be professionally managed, will ensure that risk is minimised as far as possible.
 - Making these changes will encourage private sector proposals for GPF loans to come forward.
- 4.5 The Chair asked the Board to vote on the proposed changes. A vote was taken with twenty six Board members in favour and one Board member against. ***Therefore the proposed change was carried – upper tier local authorities no longer need to underwrite GPF projects and this will be applied retrospectively to all existing GPF projects, as well as to future projects.***

Action: The SE LEP secretariat will work with the SE LEP Accountable Body to make the necessary amendments to the agreements for existing GPF projects, as well as for new GPF projects, which no longer need to be underwritten by upper tier authorities

5. SE LEP Budget 2014/15

- 5.1 The Chair introduced this item and explained that some funding streams had not yet been confirmed. Some resource would be expected to be available to support local partnerships and he will be considering whether some of the tasks that the Secretariat will need to undertake would be better outsourced. The Chair requested that Board members consider whether partner organisations could offer up support in the future, such as secondments, etc.

Action: Board members are to consider whether any partner organisations could offer up support for the SE LEP Secretariat in the future.

- 5.2 Paul Carter made the point that we would need to see what the LGF allocation was and to consider what tasks could be done at the devolved area rather than SE LEP level.
- 6. AOB**
- 6.1 Paul Carter gave an update on the recent government announcement of an Ebbsfleet Garden City and the intention to establish an Urban Development Corporation (UDC) to progress this. This proposal was welcomed by local partners and it is hoped that it would increase the pace of the development at Ebbsfleet.
- 6.2 Ian Davidson informed the Board that Harwich is bidding to be part of the CORE (Centre for Offshore Renewable Energy) group of areas, of which Kent and Medway is already a member.
- 6.3 The meeting closed at 11.54am.

SE LEP GROWTH DEAL - UPDATE

Purpose

1. This paper introduces an update to Board Members on the SE LEP Growth Deal.

Recommendations

2. The Board is asked to:
 - a) Note progress on the Growth Deal;
 - b) Support ongoing communications with Government; and
 - c) Support the promotion of SE LEP Growth Deal/Strategic Economic Plan investment proposals and opportunities.

Growth Deal & Strategic Economic Plan Submission

3. Following the submission of the SE LEP Growth Deal and Strategic Economic Plan on 31st March, there has been a huge effort in Whitehall to assess LEP investment proposals. As a result, SE LEP has had to meet a number of requests for project information including further funding profiles, supporting information including business plans and project rankings.
4. The overriding focus at present is on those projects that are scheduled to commence in 2015/16, on their deliverability and on private sector leverage.
5. While initial clarification meetings have been undertaken on housing and transport, and there is close and constructive contact with Government Departments, Please see attached letter from Greg Clarke MP with official Ministerial feedback on our proposals. There is also no formal process for negotiation at present.
6. It is understood the Local Growth Fund nationally is some three times oversubscribed. However, Ministers are still expected to make funding allocations in July.
7. As such, it is vital that SE LEP, corporately and through federal areas, continues to promote the Growth Deal/Strategic Economic investment proposals and opportunities, particularly the SEFUND investment model.

Next Steps

8. It is critical that activity to support our submission continues. This must involve Board members, demonstrate the strength of our federal arrangements and be targeted for maximum impact.
9. In securing the best possible funding allocation for the SE LEP we wish to promote key projects in local areas to demonstrate the impact that LGF investment could have in accelerating development and leveraging private sector investment. Action is already underway to achieve this through federal areas, working closely with MPs and local businesses.

10. In securing key “asks” of government and flexibilities, it is proposed to focus on major proposals for maximum impact. These are:
- **SEFUND:** Ensuring real flexibility in the funding process to enable SEFUND to be established
 - **Major Transport schemes:** Highlighting the impact that delivery of major national road and rail schemes would have on promoting growth and jobs, including the A13, M11, M2/A2 and A21
 - **Adult Skills:** Securing private sector influence through the LEP of an increasing amount of the Adult Skills budget, thereby helping to influence providers
 - **Access to Finance:** Supporting business through the provision low/zero cost investment and loans
 - **Housing:** Enabling real local influence over HCA funding locally, piloting a new approach to accelerate housing investment
 - **Coastal:** Highlighting a range of asks to promote an economic resurgence in coastal towns, including the proposed Coastal Renovation Fund
11. A summary paper is attached and further detail will be provided at the Board meeting.
12. Board Members are asked to continue their support for the Growth Deal by promoting key opportunities and investments to Ministers, MPs and business. Key messages have been developed to assist Board members and partners with this. This document will follow next week together with a timetable of planned activities to support the ongoing negotiations.



Cabinet Office

Rt Hon Greg Clark MP
Minister for Cities and the Constitution

Email psgregclark@cabinet-office.gsi.gov.uk

70 Whitehall
London
SW1A 2AS

Telephone +44 (0)20 7276 2370
Web www.cabinetoffice.gov.uk

Peter Jones
Chair, South East Local Enterprise Partnership
Essex County Council
PO Box 11
County Hall
Market Road
Chelmsford
Essex
CM1 1LX

southeastlocal.enterprisepartnership@essex.gov.uk & peter@warrenders.net

16 May 2014

I thought you might like to have an update on the progress of the consideration of Growth Deals, given that we are in the time between the submission of your Strategic Economic Plan at the end of March and the announcement of the Growth Deals in July.

I'm grateful for all of the hard work that you and your colleagues have put into developing your plan, and for the help you are now giving to me and my officials to clarify aspects of the plan and to understand the what is most important to you within it. Those of you that have successfully negotiated City Deals will be familiar with this iteration – to strike a deal we need to be able to demonstrate that what is proposed will clearly benefit your area and the country as a whole.

As I expected there are three times more proposals that fit this description than there are central funds available in the early years – indeed, it would have been disappointing if there were a scarcity of fundable plans.

So one of the things my ministerial colleagues and I will need to do is to decide which plans should get what level of funding – in addition to the new powers and flexibilities that are being sought.

That means assessing the plans according to the criteria we set out last summer in the guidance, namely:

- ambition and rationale for intervention – this includes identifying the barriers to and opportunities for growth in the area, prioritisation of interventions and evidence to support how proposed solutions will address the issues raised;
- value for money – of the proposed interventions including economic benefits and costs and specific outcomes such as jobs and housing;

- deliverability and risk – this includes the strength and commitment to partnership working, both between the public and private sectors and across the functional economic area, realistic assumptions and timeframes for interventions and a strong commitment to transparency and evaluation.


It will clearly be impossible for all plans to be given all of the funding they have requested, which is why it is useful to know what your local assessment is of the priorities within the plan, and how you would best make use of less than you have bid for. That way, decisions can be informed by your preference rather than be simply imposed from Whitehall.

Because in a competitive fund LEPs' plans will be compared with those of other LEPs, clearly the benefits you predict for the local and national economy are being carefully scrutinised so that fair judgements can be made.

For both reasons, as with City Deals, there will be questions of clarification which my team will continue to be in touch about as the assessment continues during the next two months. And as a deal between your LEP and the Government, there may be some asks that the Government will be making of you that you will need to consider during the weeks ahead.

Having read and scrutinised several times already each of the plans it is already clear to me that the announcements we will make in July are going to be transformational – there is an abundance of proposals that will not only make a huge difference to local economies, but, cumulatively, will represent the biggest transfer of initiative for driving growth from Whitehall to towns, cities and counties than England has seen in living memory. And that is just the first year of a programme that is guaranteed for five future years.

I know that you will be eager to hear the outcome of the process as soon as you can, but I think it is only fair to make the announcements for all LEPs together. So I am grateful for your patience and assistance the weeks ahead.

with best wishes


RT HON GREG CLARK MP

SE LEP EU STRUCTURAL INVESTMENT FUND - UPDATE

Purpose

1. This paper introduces an update to Board Members on progress with the EU Structural Investment Fund strategy.
2. Reflecting the importance of the EU SIF to Board Members and to the SE LEP area, the Board Meeting will receive a presentation from David Morrall, currently Head of East and South East of England ERDF Programme Delivery Teams & 2014-2020 Policy.

Recommendations

3. The Board is asked to:
 - d) Note progress on the EU SIF strategy and proposals for further development to ensure approval by the Government.

Progress Update

4. Following the submission of the SE LEP EU Structural Investment Fund strategy on 31st January, we are pleased to confirm that conditional approval was received alongside the other 38 other LEPs. SE LEP's indicative allocation is £165 million from the Structural Investment Fund that must match-funded pound for pound.
5. Since this time:
 - We have received detailed feedback on the ESIF and have been asked to address each of the comments over the forthcoming months.
 - In particular we have been asked to draw up tables of information relating to each of the 7 thematic objectives by the end of May 2014. These are on track to completion with the help of local partners.
 - We are holding a number of clarification sessions with stakeholders from across the area ensure that the ESIF is in accord with local priorities.
 - Reflecting the proposals of local partners, we have agreed to work with 7 Opt-in providers (UKTI, MAS, Growth Accelerator, Skills Funding Agency, DWP and the Big Lottery) who provide some of the match funding.
 - The Memoranda of Understanding with each of these Opt-in agencies have not yet been agreed but will be negotiated in the forthcoming months.
 - Further guidance from the Government is awaited on how to progress Community Led Local Development (CLLD) groups and also on the requirements of Access to Finance schemes.
 - Administration arrangements around the Calls for Applications, submission of applications, approval and rejection decisions are under discussion. SELEP will establish an EU Sub-committee that is one of 39 LEP sub-committees reporting to the National Growth Board, as well as to our own SELEP Board.
 - Local Areas will play a critical role in developing the project pipeline and the Local Area Boards will decide on the strategic fit of each project application.

- The UK partnership agreement with the European Commission has been delayed. This will impact on the final approval of all ESIFs.
6. It is anticipated that the first calls for applications will take place early in 2015 once the ESIF has received formal approval

FULL BOARD MEETING

Friday 30th May 2014

Agenda Item: 5

Pages:

SE LEP BOARD ADVISORY GROUPS

This paper will follow early next week

SE LEP CORE ACTIVITIES AND BUDGET

Purpose

1. The purpose of this paper is to **update** the Board on:
 - a) the provisional final position against revenue budgets for financial year 2013/14; and
 - b) revenue budgets for 2014/15.

The paper also seeks **approval** for the utilisation of the funds within the General Balance (a reserve held for general purposes) following the drawdown of a carry forward to 2014/15.

Recommendations

2. The Board is invited to **approve**:
 - a) A revised 2014/15 budget totalling £1.071m aligned to the delivery plan presented in Annex A;
 - b) Utilising the usable reserves brought forward from 2013/14, currently identified at £230,000, to support the revised 2014-15 budgeted expenditure of £1.071m. This is subject to production of the final audited accounts and confirmation of the Reserves at that point;
 - c) That a balance of £6,000 is held within the General Balance to support any future severance costs arising from current staffing establishment, which will be kept under review as staffing establishment changes; and
 - d) That the remainder of the General Balance (£3,000) is held for future unforeseen costs should they arise.

Provisional Final Position – Revenue Budgets 2013/14

3. Financial year 2013/14 ended on 31st March 2014. The Financial Statements will be submitted for external audit scrutiny and, subject to satisfactory completion of the audit by that time, will be presented to the Board in July for sign off. The information in this report has yet to be audited and there may be minor changes between this position and the final report.

Provisional Final Financial Position - Income 2013/14

4. Table 1 shows the provisional position for Income received and utilised during the year. Interest received on cash balances was higher than anticipated due to a slower than expected drawdown of Growing Places Fund (GPF) allocations, and the planned utilisation of usable reserves from 2012/13 was not needed due to the higher balance and the overall favourable outturn on expenditure.

Table 1

Income	FY Actual	FY Budget	Over / (Under)
	£'000	£'000	£'000
Grant Income	(500)	(500)	-
Contributions OLAs	(91)	(200)	109
Interest Received	(262)	(175)	(87)
Transport Grant utilisation	(54)	(112)	58
Capacity Fund	(41)	-	(41)
Release 2012-13 Reserve	-	-	-
Total Income	(947)	(987)	39

Provisional Final Financial Position - Expenditure 2013/14

5. Table 2 shows the provisional position for expenditure incurred during the year. Expenditure was overall slightly favourable to Budget, primarily as a result of non-utilisation of the Transport Grant (£58k) which will be carried forward to 2014/15, offset by under-spend on staffing and consultancy with general expense showing an increase, resulting from the increased use of external venues for meetings and events.

Table 2

Expenditure	FY Actual	FY Budget	Over / (Under)
	£'000	£'000	£'000
Staffing Costs	337	417	(80)
Consultancy	277	331	(55)
Office & General Expenses	85	55	30
AB Support Costs	99	72	27
Capacity Fund Expenditure	41	-	41
Transport Grant Expenditure	54	112	(58)
Total Expenditure	893	987	(94)
Net Income / Expenditure	(55)	-	(55)

Provisional Final Financial Position - Reserves 2013/14

6. Table 3 sets out the provisional position on General or Useable Reserves that are available for carry-forward to 2014/15. The surplus from 2013/14 has been added to the General Reserves being held for the SELEP and approval is sought for £230,000 of the balance to be used to support the planned budgeted expenditure for 2014/15 as set out in section 9 below.

The Board is requested to approve the drawdown of £230,000 from the General balance in 2014/15.

7. Should the drawdown be approved the General Fund balance remaining will be £9,000. In keeping with the approach taken at the end of 2012/13, it is proposed that part of that balance be earmarked for any future Secretariat severance costs that may be required. The estimated liability based on current employees as at the end of 2013/14 would be around £6,000.
8. As the value is not sufficient to warrant the establishment of an earmarked reserve it is proposed that the funds continue to be held within the General Balance but ring-fenced. The value of any severance liability will continue to be monitored in line with staff establishment and accruals of further benefits by current employees.

The Board is requested to approve the ring-fencing of £6,000 within the General Fund for severance liabilities.

Table 3

General Reserves 2013-14	
	£'000
Reserves b/fw d from previous year	(184)
Used 2013-14	-
Surplus / Deficit 2013-14	(55)
Closing Balance c/fwd	(239)

Provisional Final Financial Position Cash Balances – 2013/14

9. Table 4 sets out the provisional position on total Cash Balances that are available for carry-forward to 2014/15, largely representing the un-drawn portion of the GPF original allocation of £49m. The Cash Balances are made up of two distinct elements:

- a) Capital Grants – Unspent portion of the Growing Places Fund Balance and Transport Grant Balance, which amount to £37.6m and
- b) Revenue expenditure and commitments which amount to £0.6m

Table 5 sets out the makeup of the Cash Balances as at 31st March 2014 and the use of these funds going forward.

Table 4

Cash Movements 2013-14	
	£'000
Opening Balance b/fw d	41,839
Advances - GPF	(3,887)
Increase A/P	268
Net Income / Expenditure 2013-14	55
LTB Grant B/F utilised	(54)
Closing Balance c/fwd	38,220

Table 5

Use of Cash Balances / Reserves as at 31.03.14	
	£'000
Growing Places Fund	37,571
Transport Grant	78
Accounts Payable	333
Reserves	239
Closing Balance c/fwd	38,220

2014/15 Budgets

10. Following confirmation that the core funding has now been received, and assuming that the Board agree to the recommendation to utilise the available reserves as set out above, the revised budget for 2014/15, aligned to the SELEP core objectives and deliverables is shown in Table 6 below. The Core Objectives are set out under Annexe A.

Table 6

Income / Funding 2014-15 - £'000		Expenditure 2014-15 - £'000	
Core Funding	(500)	Staffing	350
EU Funding	-	Consultancy & Events	434
Contributions' OLAs	(200)	Office & General Exp	105
Interest Receivable	-	AB Support costs	91
Capacity Fund	(26)	Capacity Fund Exp	26
LTB Remaining Balance	(65)	Transport Grant Exp	65
Reserves b/Fw d	(230)		
GPF Revenue	(50)		
Total	(1,071)	Total	1,071

11. It is currently forecast that it will be necessary to use £50k of the £377k set aside from the GPF grant (see funding allocations in the GPF Update provided in the Board papers to the 30th May 2014 Board Meeting) to support the planned activities for 2014-15. However, no provision has yet been made for any interest receivable and it is likely that this sum or a large portion thereof will not be required, dependent upon the drawdown schedule for the current allocation to GPF Projects.

Capacity Fund

12. A further £25,900 is available in Capacity Funding for 2014/15 and it is expected that the full value will be claimed by year-end.

Contributions from Other Local Authorities

13. The Budgeted expenditure as set out above assumes that the £200k of contributions from Other Local Authorities agreed in principal by the participating Councils will be made during the course of the year.

Annexe A – Core Budget Objectives 2014-15

The Headline objectives supported by the indicative budget above are as noted hereunder and presented for approval.

In particular, Board Members are asked to note:

- The clear objectives for the LEP working within and supporting the federal model;
 - The support of Local Area Boards/Partnerships;
 - The activity in preparation for Growth Deal and Strategic Economic Plan investment in 2015/16;
 - The investment in accelerating opportunities for investment within the SE LEP area;
 - The recruitment of an operations manager to the SE LEP Secretariat; and
 - The use of reserves to support increased activity linked to the Growth Deal/Strategic Economic Plan.
-

SOUTH EAST LOCAL ENTERPRISE PARTNERSHIP

Headline Objectives and Budget 2014/15

Role: SE LEP is one of 39 LEPs established to "provide clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their areas"

Objective	Sub-objective	Outcomes	Budget: £110k
1: To secure the best possible Growth Deal for the SE LEP area	<p>1.1 To lead negotiations, brokering meetings and co-ordinating information flow</p> <p>1.2 To highlight pan-LEP or joint initiatives, complementing local activities to promote local area asks</p> <p>1.3 To communicate and engage with business and political leaders to support the Growth Deal working closely with federal areas to deliver this</p>	<ul style="list-style-type: none"> £800m (min) LGF allocated Flexibility in programme funding Agreement to 6 major asks Support of top 12 projects <p><i>Figures not for public domain</i></p>	<p>Including:</p> <ul style="list-style-type: none"> Support for Growth Deal representation including negotiations, events, communications Full year provision for consultancy support as required

Objective	Sub-objective	Outcomes	Budget: £280k
2: To deliver SE LEP's Strategic Economic Plan (including EU SIF) according to our Growth Deal	<p>2.1 To support the establishment of local delivery arrangements through the federal model and the devolution of funding through Local Delivery Plans</p> <p>2.2 To establish Business Advisory Groups to support SEP delivery including the Transport and Skills Advisory Groups</p> <p>2.3 To meet national requirements to release ESF, ERDF and EARDF funding, reflecting local need and demand in investing for growth and jobs</p> <p>2.4 To establish the SEFUND concept and replace the Growing Places Fund</p>	<ul style="list-style-type: none"> Release of £165m EU SIF funding ESIF Annual Delivery Plan 5 Board Advisory Groups operational Local Delivery Plans in place for federal areas for immediate 2015/16 start SEFUND established 	<p>Including:</p> <ul style="list-style-type: none"> Support of Local Area Boards/Partnerships Establishment of Local Delivery Plan process to devolve funding ESIF Consultancy support Support to Transport, Skills, Rural and Housing groups, including Independent Technical Evaluator for Transport

Objective	Sub-objective	Outcomes	Budget: 125k
3: To accelerate opportunities for investment and growth within the SE LEP area	<p>3.1 To support business engagement in shaping growth investment</p> <p>3.2 To enable and support increased business involvement in SE LEP activities, working closely with federal areas</p> <p>3.3 To deliver a co-ordinated communications strategy with federal areas</p>	<ul style="list-style-type: none"> • Priority sectors (where demand) supported • Business involvement in LEP doubled • All private sector Board members enabled to play wider advocacy role • SE LEP profile increased 100% 	<p>Including:</p> <ul style="list-style-type: none"> • Activity to accelerate local growth, including CORE, priority sectors, Inward Investment • Communications • Pan-LEP Group support

Objective	Sub-objective	Outcomes	Budget: 580k
4: To model SE LEP's business operation on the very best practice in the private sector	<p>4.1 To investigate incorporation of SE LEP and to make recommendations to the Board</p> <p>4.2 To support the Accountable Body function and to manage the LEP budget, delivering in accordance with best practice across the sector</p> <p>4.3 To recruit and retain the very best staffing resource to support SE LEP activities</p> <p>4.4 To define and refine the LEP's role post-LGF and its parameters of operation</p>	<ul style="list-style-type: none"> • Future LEP model in place • LEP fully compliant with Government conditions • Future role of SE LEP agreed • Full LEP team in place 	<p>Including:</p> <ul style="list-style-type: none"> • Incorporation • Support from Accountable body • Operations Manager recruitment • Staffing



GROWING PLACES FUND (GPF) UPDATE

Purpose

1. The purpose of this report is to provide an update on the GPF and cash position for all projects identified and agreed to as 'Live Projects' following the Special Board Meeting of 26th March 2014.
2. At the Special Board Meeting of 26th March 2014, a list of Projects was put forward, which fully utilised the GPF allocation of £49m, and included 3 'Pipeline' projects totalling £9.2m to be allocated as follows:

MedTech @ Harlow	£2.0m
Sovereign Harbour, Eastbourne	£3.6m
Discovery Park, Kent	£3.6m
Total	£9.2m
3. Following further reviews, it was determined that the MedTech Project could not proceed within timescale and the sum of £2.0m was re-allocated equally to Sovereign Harbour & Discovery Park.
4. The current list of Projects is set out Table 1 and shows that at this point the fund is fully allocated.

Table 1

	Project	Authority	Round	Allocation
1	Parkside Office Village	Essex	R1	2,400,000
2	Chelmsford NE Urban Expansion	Essex	R1	1,000,000
3	Harlow EZ / Enterprise West Essex	Essex	R1	3,500,000
4	Offshore Renewables @ Harwich	Essex	R2	2,280,000
5	Revenue Grant - Harlow EZ	Essex	EZ	400,000
6	EZ Start-Up Costs	Essex	EZ	244,389
7	Priory Quarter - Phase 3 Hastings	East Sussex	R1	7,000,000
8	North Queensway, Hastings	East Sussex	R1	1,500,000
9	Bexhill Business Mall	East Sussex	R3	6,000,000
10	Live Margate	Kent	R1	5,000,000
11	Workspace Kent	Kent	R2	1,500,000
12	Rochester Riverside Access Road	Medway	R1	4,410,000
13	Chatham Waterfront	Medway	R2	2,999,042
14	Grays Magistrates Court	Thurrock	R3	1,400,000
15	SELEP Revenue Support			376,622
16	Sovereign Harbour, Eastbourne	East Sussex	P	4,600,000
17	Discovery Park	Kent	P	4,600,000
	Total			49,210,053
	Remaining Balance of Fund			-

5. Progress on the Pipeline (“P”) Projects:

a. Sovereign Harbour, Eastbourne

- The Business Case and supporting “Project Pack” has been received from East Sussex County Council (“ESCC”) and has been passed across for independent appraisal in line with the existing Process for those Projects which will be under-written by the relevant Authority.
- In parallel the Credit Agreement is being drawn up with engagement by both legal representatives (Essex County Council (“ECC”) and ESCC
- The full allocation of £4.6m has been requested for immediate drawdown.

b. Discovery Park, Kent

- The Business Case has only just been received by the secretariat and has not yet been reviewed. This will be done as a matter of urgency and the findings reported on within the next week.
- Following that review, and dependent upon the outcome, the project will proceed to due diligence and engagement by the respective legal representatives.

6. Drawdowns to date:

Progress remains slow and since the Special Board Meeting only £0.5m has been paid out. However, requested drawdowns in process / due to be paid this quarter are as follows:

Bexhill, ESCC	£4.0m
Priory Quarter, ESCC	£0.7m
Sovereign Harbour	£4.6m
Harlow EZ	£0.1m
Chatham Waterfront, Medway *	£1.4m
Rochester Riverside, Medway *	£2.0m
Parkside Office Village, ECC *	£0.9m
Total	£13.7m

* to be confirmed

7. This would bring the cumulative drawdowns to £25.9m leaving £23.3m yet to be drawn down.

8. Table 2 shows the amounts yet to be drawn down by Project

Table 2

	Project	Authority	Round	Allocation	Drawdowns *	Balance
1	Parkside Office Village	Essex	R1	2,400,000	2,400,000	-
2	Chelmsford NE Urban Expansion	Essex	R1	1,000,000	100,000	900,000
3	Harlow EZ / Enterprise West Essex	Essex	R1	3,500,000	-	3,500,000
4	Offshore Renewables @ Harwich	Essex	R2	2,280,000	-	2,280,000
5	Revenue Grant - Harlow EZ	Essex	EZ	400,000	147,379	252,621
6	EZ Start-Up Costs	Essex	EZ	244,389	244,389	-
7	Priory Quarter - Phase 3 Hastings	East Sussex	R1	7,000,000	6,965,000	35,000
8	North Queensway, Hastings	East Sussex	R1	1,500,000	1,500,000	-
9	Bexhill Business Mall	East Sussex	R3	6,000,000	5,750,000	250,000
10	Live Margate	Kent	R1	5,000,000	-	5,000,000
11	Workspace Kent	Kent	R2	1,500,000	-	1,500,000
12	Rochester Riverside Access Road	Medway	R1	4,410,000	2,476,409	1,933,591
13	Chatham Waterfront	Medway	R2	2,999,042	1,437,500	1,561,542
14	Grays Magistrates Court	Thurrock	R3	1,400,000	250,000	1,150,000
15	SELEP Revenue Support			376,622	-	376,622
16	Sovereign Harbour, Eastbourne	East Sussex	P	4,600,000	4,600,000	-
17	Discovery Park	Kent	P	4,600,000	-	4,600,000
	Total			49,210,053	25,870,677	23,339,376
Remaining Balance of Fund				-	23,339,376	

* Drawdowns are amounts actually drawdown to date and/or received for Processing as of 22 May 2015

Other activities

- Following the Board decision in March that Authorities would no longer be required to underwrite GPF loans, we are currently reviewing due diligence requirements and will report back more fully at the July Board Meeting.

Author: Paul Keegan
Date: 23rd May 2014

HARLOW ENTERPRISE ZONE - GPF REVENUE GRANT

Purpose

1. This paper sets out what has been delivered with the revenue grant to Harlow in 2013/14 and then puts forward an expenditure profile for 2014/15 to secure approval for this financial year.

Recommendations

2. The Board is asked to:
 - a) Note progress made in 13/14; and
 - b) agree the release of the approved revenue grant for the Harlow Enterprise Zone for £252,000 in 2014/15.

Background

3. In March 2013 the SELEP Board agreed to provide revenue grant support to the Harlow Enterprise Zone of £200,000 per annum for a period of five years with this to be reviewed and agreed on an annual basis.
4. In December 2013 it was further agreed that, due to the Enterprise Zone Project Director only taking up post in November 2013, the unspent funds of approximately £50,000 in 2013/14 would be carried forward into 2014/15.

This report sets out what has been delivered with the revenue grant in 2013/14 and then puts forward an expenditure profile for 2014/15 to secure approval for this financial year. The Board is asked to agree the release of the approved revenue grant for the Harlow Enterprise Zone for £252,000 in 2014/15.

Expenditure in the previous financial year

5. In the last financial year the revenue grant was spent as follows: -

Staffing costs (Project Director & Harlow Council regen.)	£70,419
Office costs	£723
Professional fees (legal and surveying)	£26,441
Marketing and Communications	£27,350
Research and Development	£22,447
Total	£147,380

6. This expenditure has delivered the following activity:

- Recruitment of a full time Project Director;
- Successful application to DCLG for a capital grant of £11.2m to enable land acquisition and infrastructure delivery at London Road North;
- Design and production of signage in three locations around the Enterprise Zone;
- Development of a funding package to bring forward infrastructure delivery at London Road South this summer;

- Development of a clear proposition and communications plan with the support of the Essex County Council communications team;
 - Design and production of the new Enterprise Zone website – www.harlowez.org.uk;
 - Design and production of marketing materials;
 - Initial marketing activity at the MIPIM property exhibition which has resulted in three solid leads for a development partner;
 - Three propositions developed for major international investors demonstrating that Harlow is a location that can compete for significant Foreign Direct Investment;
 - 120 new jobs attracted into the Templefields area in the last year;
 - Research activity into our competitor landscape in the sub-region; and
 - Research project with the London Stansted Cambridge Consortium into the nature of demand for space in the Life Sciences sector.
7. Therefore, by the end of the 2013/14 financial year we are in the position whereby significant progress has been made on each of the three sites in the Harlow Enterprise Zone.
8. London Road South: Harlow Council has been brokering discussions with the HCA and the developer, Goldacre Ventures, to provide a Local Infrastructure Loan of £2.5m. This is being matched with a loan of £2.5m from Harlow Council to bring forward essential infrastructure and demolition work on the site. This will then lever in £42m of private investment in the development of a Data Centre complex and new Business Park comprising 200,000 square feet of Grade A office space. Work will commence later this summer.
9. London Road North: The successful Capital Grant application from CLG is enabling the acquisition of 75% of the site and the provision of road and utilities infrastructure. Work in the last year has focussed on securing the funding, which is now confirmed, and opening discussions with the existing landowners. Control of the site is essential if we are to have credibility and attract a joint venture development partner, both of which should be achieved during 2014/15.
10. Templefields: Harlow Council has negotiated with the key landowner for the provision of access for a new road. This is agreed in principle and it is envisaged that once the legal work and detailed design is completed construction activity will commence in January 2015. This is being funded through the GPF round 1 project for Harlow.

Proposed expenditure plan for 2014/15

11. Activity for the new financial year will focus on the following:

12. London Road South

Objective: To support the landowner in delivering a programme of enabling infrastructure and also in securing tenants for the completed development.

Activities:

- Finalise the loan funding agreements to enable the infrastructure delivery, demolitions and building refurbishment works to proceed in this financial year.
- Establish regular professional team meetings to co-ordinate activity between Harlow Council and Goldacre Ventures.
- Work with Anglia Ruskin University and Goldacre Ventures to explore options for the development of the Med Tech Innovation Centre on the site.

- Support the landowner in marketing the site and identifying potential tenants, assisting to remove any potential blockages where they may exist.

13. London Road North

Objective: To deliver a site that is largely in Harlow Council ownership with a preferred development partner in place and infrastructure delivery under way to create a Med Tech Campus and Science Park.

Activities:

- Complete the freehold acquisition of two parcels of land from the existing landowners.
- Secure legal advice on the appropriate mechanisms to achieve the development of the remaining parcel of land.
- Finalise demand analysis to inform the development, its target market and potential occupancy requirements.
- Produce an outline masterplan of the site that can be used for marketing and developer procurement purposes.
- Undertake an OJEU procurement process to appoint a preferred development partner.
- Agree a programme and timetable with ECC for the delivery of enabling infrastructure to the site, with work commencing on the construction of a new road in quarter three of this year.
- Develop and agree with Anglia Ruskin University Med Tech campus Partnership a marketing campaign to deliver occupiers for a Med Tech Campus.
- Work with ECC to progress the detailed design of Junction 7a on the M11

14. Templefields

Objective: To deliver some long lasting environmental improvements, commence implementation of major infrastructure upgrades and deliver a masterplan for the re-development of the estate.

Activities:

- Facilitate a legal agreement between Essex County Council and Picton Capital to enable the construction of the link road.
- Ensure the commencement of construction of the new road to connect with the Cambridge Road within the financial year.
- Work with ECC to identify an alternative location for the Civic Amenity Site and bring forward a costed plan with designs for the re-development of the existing site.
- Work with Network Rail to develop a plan to improve pedestrian access to the estate from Harlow Mill station.
- Deliver a programme of environmental improvements and implement measures to prevent further incidences of illegal parking by travellers and others.
- Produce an outline masterplan for the long term re-development of the estate.

15. It is proposed that the budget to deliver these activities is allocated as follows:

Staffing costs	£125,000
Office costs	£2,000
Professional fees	£33,000
Marketing and Communications	£57,000
Project Activity (environmental improvements & masterplanning)	£35,000
Total	£252,000

16. By the end of the financial year we expect to be in the following position:

- a) Substantial landholding acquired at London Road North.
- b) Preferred development partner selection process nearing completion.
- c) Construction activity underway at London Road South.
- d) Major new tenants announced at London Road South.
- e) Infrastructure delivery on site at Templefields and London Road North.
- f) Masterplans completed for London Road North and Templefields.
- g) Costed plan agreed with Essex County Council for the re-location of the Civic Amenity Site and a new development for that site.
- h) Delivery programme agreed with Anglia Ruskin University for a Med Tech Innovation Centre.
- i) Environmental improvement scheme delivered for Templefields.
- j) Marketing campaign launched targeted at prospective occupiers.

The SELEP Board is requested to approve the release of the funds as agreed.

Accountable Body View

17. Essex County Council (ECC) acting as the Accountable Body (AB) for the South East Local Enterprise Partnership (SELEP) hereby confirm that the amounts set out above are in accord with the allocation agreed to by the Board, namely £400k (Four Hundred Thousand Pounds) for the two years' ending 31st March 2015, and. further confirm that the allocation of £400k is within the limits of the available Growing Places Fund.
18. There are no new financial implications arising from this decision, other than the planned use of GPF to support the Harlow Enterprise Zone.

CORE - CENTRES FOR OFFSHORE RENEWABLE ENGINEERING

Purpose

1. The LEP's Strategic Economic Plan submitted at the end of March requested that Harwich be given CORE status in recognition of its use by the wind industry in the construction of projects and its potential to support the future growth of this sector.
2. The Minister of State for Business and Energy, the RT Hon Michael Fallon MP, has written to the Chairman (Annex 1) supporting the proposal but suggesting that the LEP achieve it by looking at the focus of the existing CORE designation in the South East and reconfigures it to include Harwich rather than developing separate County based propositions for the market. This report considers the impact of this proposal and makes recommendations on how the LEP should respond to the Minister.

Recommendations

3. The Board is asked to:
 - a) **Agree** the LEP advises the Minister that it supports the reconfiguration of the Kent CORE to include Harwich and Brightlingsea;
 - b) **Agree** the LEP brings to the Minister's attention the need for greater support for the CORE initiative nationally to increase co-ordination and enhancement of England's international offer;
 - c) **Agree** the LEP makes available suitable funding to support the early rebranding and preparation of new marketing material for the expanded CORE; and
 - d) **Consider** how the LEP can best support the future resourcing of the expanded CORE to continue its growth and to maintain a competitive sector offer. In particular the need to support activities focused on attracting inward investment, supply chain development, skills and training, business support, management and communication.

Background

4. Centres for Offshore Renewable Engineering (CORE) are partnerships between central and local government and LEPs. They are areas designated as being the most suitable to meet the needs of the offshore wind industry. Government has identified six locations, including Kent which is the most southerly of the CORE designations. The characteristics of the CORE areas combine proximity to major offshore renewable developments with deep water ports, large amounts of available land for development, access to a skilled workforce and an experienced local supply chain. In addition some of these areas benefit from enterprise zones, Assisted Area status and Regional Growth Fund schemes.
5. The Thames Estuary has been at the forefront of the development and expansion of offshore wind energy in the UK for well over a decade and is a leading area for installed generation capacity. There are 495 operational turbines with a further 109 due to be added as part of approved extensions to projects making a total installed capacity of 2.1GW. The estuary is currently home to the world's

largest offshore wind farm in the London Array. In generation terms the estuary projects are capable of meeting the annual electricity requirement of 1,723,662 Kent and Essex homes.

6. Kent and Essex ports on both sides of the estuary have helped to facilitate the construction of projects and to provide bases for their ongoing operation and maintenance. The growth has created new business opportunities and jobs helping to strengthen local economies with a lasting legacy expected to extend beyond 25 years.
7. Offshore wind development is now beginning to move into deeper coastal waters bringing forward larger projects and new challenges for the industry. This latest phase is covered by the Round 3 development programme and confirms the significant level of UK ambition to grow offshore wind towards 40GW of installed capacity by 2030.
8. A key area for development is the eastern seaboard of England where very substantial development zones are planned far into the North Sea. Kent and Essex ports are strategically well located to support the building of new projects, in particular the East Anglia Zone which is potentially around 10 times the size of the London Array. Furthermore, proximity to Northern Europe means they also have the potential to support other countries as they bring forward their own offshore wind plans.
9. The scale of existing and planned development represents a massive long term investment with offshore wind forming a key part of our future energy mix. The Government believes the expansion can sustain a home based supply chain and reduce our hitherto overseas dependency for key components and skills with the potential to create 30,000 new jobs for the UK. The CORE designations are an integral part of this ambition.

Kent CORE

10. The Kent CORE has at its heart the Medway Superhub offering some of the best coastal and deep water development sites for offshore wind manufacturers including the Port of Sheerness and London Thamesport on the Isle of Grain. Sheerness is a location that has already attracted the interest of turbine manufacturers and has the benefit of planning consent for the development of an integrated turbine manufacturing and assembly plant.
11. At the eastern end of the Kent CORE is the Port of Ramsgate. This port has played a key role in supporting project construction and is now an important centre for operations and maintenance and related services. Three further locations at Whitstable, Sittingbourne and Medway contribute to the CORE offer with industry support in the areas of port services, operations and maintenance, supply businesses and training. The broader sector supply chain extends across and beyond Kent and Medway.
12. The Kent CORE is being supported by public sector partners without, to date, any input from the LEP. Activities have focused on attracting inward investment, building local supplies chains, business support, skills development and the communication of opportunities. Currently, the Thames Gateway Kent Partnership, with additional support from Thanet District Council, is leading a project to enhance the capacity of the CORE and explore the options for its longer-term resourcing. The project runs until the end of September 2014. Sustaining and enhancing the CORE's role in promoting sector growth beyond this point will depend upon securing appropriate resources.

Including Harwich in the CORE

13. Public and private sector interests in Essex have been lobbying the Government for Harwich to be designated a CORE. As previously highlighted Harwich has played an important part in project development to date particularly in the role of laydown port during construction works. This type of

facility adjacent to deep water and where pre installation assembly work can also be carried out is vital to the offshore wind industry. The Essex partners have ambitions that Harwich's role could be extended to include manufacturing, fabrication and assembly as well as utilising available quayside to extend current O & M services (currently operated out of Harwich Navyard) and the commercial intensification of land in close proximity to the various port operations to support supply chain activities.

14. The issue of CORE status being awarded to Harwich has been discussed with the national CORE group which includes BIS. The Minister's proposal now before the Board reflects the outcome of those discussions. In his letter the Minister has recognised the importance of Harwich to the offshore wind sector and its potential to complement the Kent CORE as part of a reconfigured offer within the South East LEP.

Implications of the proposal

15. Officers from Kent and Essex have considered the advantages and disadvantages of the proposal which are listed below.

Advantages

- Harwich (together with Brightlingsea) will bring further complementary activities and infrastructure to the CORE which will strengthen the South East's ability to compete against other locations in the UK and Europe. The latter is a particularly important issue for the South East as some of the UK's strongest competitors are sited in North European ports.
- Harwich's function as a marshalling and logistics facility to support construction, operations and maintenance and the opportunities for manufacturing and other related activities would support the potential for manufacturing at key sites in the Medway Superhub, notably Sheerness and Thamesport. It should be noted that the potential at Sheerness and Thamesport is not confined to manufacturing but could include the full range of activities supporting offshore wind.
- Kent and Essex have been actively supporting the growth of offshore wind sector for the past decade and the formation of an expanded CORE will bring together the strengths of the key locations in the Thames Estuary including the ability to promote the South East's offer in a more effective and coordinated manner.
- The Thames Estuary extends from Margate to Harwich and has been a lead area for project development. The Thames Estuary offers a strong geographical and brand identity recognisable to the industry and for international marketing purposes.
- SELEP supports the growth of offshore renewables and has prioritised it as a key sector in the LEP Strategic Economic Plan and the European SIF Strategy. Reconfiguring CORE to include Harwich and Brightlingsea and secure this status for the Haven Ports represents an early win for the plan.
- The ports of Sheerness, Thamesport, Ramsgate, Harwich, Brightlingsea have been included on the Government's new Assisted Area Status map due to take effect from 1st July 2014.
- A co-ordinated approach and single joint bid to funding streams including future EU SIF could be more effective than individual bids and unlock a higher level of support for sector growth initiatives across Kent, Medway and Essex.
- The local leadership on both sides of the estuary is committed to realising the economic benefits that the growth in offshore renewables can bring.

Disadvantages

- The inclusion of Harwich and Brightlingsea could be seen to dilute the Kent CORE offer and the change in an established brand could be confusing.
- While the offshore wind industry is fast expanding it is also a very competitive sector. Reconfiguring the Kent CORE to include competing locations could be seen as detrimental by existing CORE partners in Kent and Medway.

- The LEP's Strategic Economic Plan also promotes the credentials of Newhaven as an operations and maintenance port to support the Rampion Offshore Wind Farm. Extension of the Kent CORE to include Harwich could prompt similar requests for the inclusion of Newhaven and other South East ports.
- The dispersed nature of the sites could stretch the credibility of the notion of a 'centre' and make effective partnership working difficult.
- Reconfiguration would have direct short-term costs while limited staff and monetary resources to grow the CORE could be spread even more thinly unless additional resources are made available.

Conclusions

16. The conclusion of officers is that the advantages of the proposed reconfiguration outweigh the disadvantages and therefore the change is good news and will strengthen the South East's sector offer. An illustrative spatial diagram of how the reconfigured CORE might look is attached at Annex 2. The strategic benefits from the change are considered to outweigh the potential negatives and given the federated model now applied to SELEP this is one of the few instances of an area wide initiative. The disadvantages can for the most part be addressed through appropriate working arrangements and further support for the initiative from the LEP. For example, through local briefings of key stakeholders within Kent and Medway i.e. TGKP and KMEP to increase understanding behind Harwich's inclusion, the port's capability and the role it will play in supporting the CORE.
 17. As mentioned earlier the Kent CORE to date has been supported locally without any assistance from the LEP. This differs from the other COREs where support has been forthcoming from their respective LEPs. There will be immediate costs associated with the reconfiguration to cover rebranding and the publication of new marketing material. There is also the question of the how the CORE can be supported in the longer term and the underlying structure needed to make the most of this opportunity. This is something for Kent and Essex partners to resolve and put in place. In the meantime the Board is requested to consider whether LEP funding can be made available to support these requirements.
 18. With regard to the specific issue of including other South East ports, the CORE initiative is very much founded on strategic location and geographical proximity to the key development zones. Although Newhaven lies close to the planned Rampion Offshore Wind Farm in the English Channel and will benefit economically from this development, it is considered too remote from eastern seaboard to be part of the CORE. The Minister has referred to the inclusion of Brightlingsea, a small port on the South Essex coast. This port hosts operations and maintenance activities for the Gunfleet Sands development as well as an established builder of fast catamaran support vessels for the offshore wind industry. In this case it does make sense to include the port within the CORE.
 19. If the Board is minded to respond positively to the Minister's proposal, the opportunity should also be taken to bring to the Minister's attention the urgent need for greater support for the CORE initiative nationally. In particular support to increase co-ordination, joint activities and to enhance promotion of England's international offer. This is much needed if we are to strengthen our position to attract industry to Britain against increasingly competitive European ports. This is an area where SELEP might collaborate with other CORE LEPs.
-



Department
of Energy &
Climate Change

Mr Peter Jones
Chairman
South East LEP



Department
for Business
Innovation & Skills

1 Victoria Street
London
SW1H 0ET

T +44 (0) 20 7215 5000
E enquiries@bis.gov.uk

www.bis.gov.uk
Our ref: MCB2014/07347
Your ref:

April 2014

Dear Peter,

As part of the Strategic Economic Plan for the South East LEP, you have requested Centre for Offshore Renewable Engineering (CORE) status for Harwich. Over the past months my officials have been working with Essex County Council and Tendring District Council to understand the Harwich 'offer' to the offshore wind industry as a precursor to the wider CORE partnership considering Harwich's request.

The CORE partnership was asked to consider, and provide BIS with views on, whether Harwich demonstrated the key characteristics of a CORE, namely:

- the right infrastructure for offshore wind manufacturing
- access to a skilled workforce
- an experienced local supply chain
- committed local leadership.

The CORE partners recognised that Harwich does already play an important role in the offshore wind industry and that the area has ambitions to do significantly more. That said, it was felt that it had not been fully demonstrated that Harwich meets the CORE characteristics, with questions in particular about access to a skilled workforce and an experienced local supply chain. I understand from officials that the area could demonstrate these characteristics to a greater degree if it widened the geographic area, for example to include Brightlingsea.

CORE is essentially a partnership between Whitehall and those LEPs who see offshore wind as a key priority for their area. As such, the South East LEP is already included in the CORE network, although historically the designation has applied solely to Kent.

I would like to suggest that the South East LEP looks again at the focus of its CORE designation and reconfigures it to encompass Harwich (alongside the other key sites across the LEP) rather than focusing on a single county. This approach would give Harwich the CORE designation, recognise the role it plays in the offshore wind industry, and maintain the strength and integrity of the current format of the CORE partnership.

If you agree with this approach, my officials will inform the other five LEPs that make up the CORE partnership that Government supports a South East CORE that brings together the strengths of a number of locations in the LEP area.

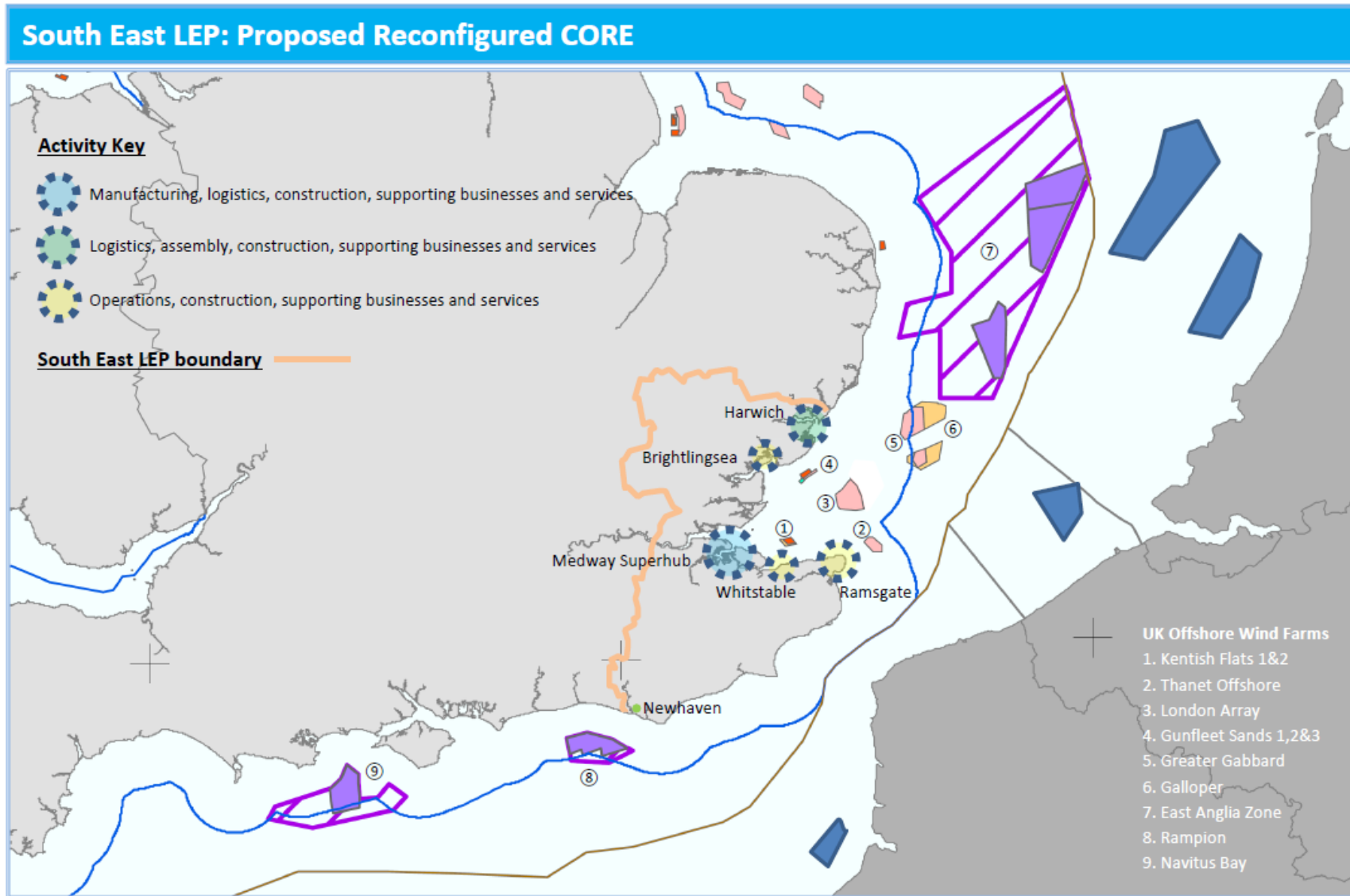
I am copying this letter to David Godfrey, South East LEP Director.

7 May 14

Michael Fallon

THE RT HON MICHAEL FALLON MP
Minister of State for Business and Energy

Annex 2 – Spatial diagram of the proposed CORE area.



© Kent County Council/NPH/21st May 2014