

Strategic Board Meeting Agenda

Friday 24th June 2016 10:00am–12:30pm

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

For information: a special meeting of the Accountability Board is taking place from 9am-10am

10.00	1	Welcome and introductions - Including the handover to our new Chairman	George Kieffer, Geoff Miles & Graham Peters
10.05	2	Introductory statement from our new Chairman - Initial reflections and plans for the future	Chris Brodie
10.15	3	Minutes and actions from 11 th March 2016 meeting page 2 Matters arising	Adam Bryan
10.20	4	Growth Deal Round Three page 8 - Discussion on process and structure of the response - <u>Decision</u> on ‘snapshot’ (for immediate submission) - Update on next steps	Adam Bryan
10.50	5	Thames Estuary Commission page 15 - Including discussion on we collectively engage with it	Steve Cox, Thurrock Council
11.05	6	SEFUND page 18 - Including <u>decision</u> on next steps and wider sector support and resourcing implications	Adam Bryan
11.25	7	Update on SELEP’s strategic housing work page 21 - Including <u>decision</u> on next steps with the HFI’s HBR programme and work around utilities mapping.	Brian Horton with Natalie Elphicke, HFI
11.55	8	Enterprise Zones – next steps on Harlow and the North Kent Innovation Zone page 28 - Including <u>decision</u> on use of business rates uplift in Harlow	Andrew Bramidge, Harlow EZ Richard Longman, TGKP
12.15	9	BT - Future engagement and support of SELEP’s agenda – mobile connectivity; BDUK roll out; Ultrafast.	Giles Ellerton, BT
12.28	10	Any other business - Sign off of Chairman’s hospitality and subsistence policy page 45 - Resourcing update - Plans for 15 th July AGM & Growth Deal sign off session	Adam Bryan
12:30	11	Close & Lunch	

Attached for information only:

- Material from 10th June [Accountability Board](#)
- Material from 24th June [Accountability Board](#)

Future Meeting Dates

- AGM 15th July 2016
- 23rd September 2016
- 9th December 2016 (Meeting dates to March 2018 be circulated shortly)

SELEP Strategic Board Meeting Minutes

Friday 11 March 2016, 10:00am

High House Production Park, Purfleet, Essex RM19 1RJ

South East
Local Enterprise Partnership



Full Board members & alternates present

George Kieffer	Interim Chair & Essex Vice Chair
Andrew Metcalfe (Alternate)	Maxim
Catriona Wood (Alternate)	Writtle College
Cllr Bob Standley	Wealden District Council
Cllr Graham Butland	Braintree District Council
Cllr John Kent	Thurrock Council
Cllr Kevin Bentley	Essex County Council
Cllr Mark Dance (Alternate)	Kent County Council
Cllr Paul Watkins	Dover District Council
Cllr Peter Chowney	Hastings Borough Council
Cllr Peter Fleming	Sevenoaks District Council
Cllr Rodney Chambers	Medway Council
Cllr Ron Woodley	Southend Borough Council
Cllr Rupert Simmons (Alternate)	East Sussex County Council
David Burch	Essex Chambers
David Rayner	Birkett Long
Derek Godfrey	Chamber of Commerce / Ellis Building Contractors
Geoff Miles	Kent Vice Chair , Maidstone Studios
Graham Peters	East Sussex Vice Chair , East Sussex Rural Partnership
Graham Razey	East Kent College
Lucy-Emma Harris (Alternate)	Pixelwork
Murray Foster	Greater Essex Businesses
Nick Sandford	Godinton House & Estate
Paul Thomas	Orbit Homes
Perry Glading	Forth Ports
Philip Johnson (Alternate)	Locate East Sussex
Stephen Waite	Writtle College

Also in attendance:

Louise Morgan, BIS

Cath Goodall, BIS

Apologies

Apologies were received from Graham Pendlebury, Cllr Keith Glazier, Julian Drury, Cllr Paul Carter & Graham Brown.

1. Welcome

- 1.1. George Kieffer welcomed the group including BIS colleagues Louise Morgan and Cath Goodall and the representatives from Highways England.
- 1.2. Presenters for the Lower Thames Crossing were also welcomed.
- 1.3. George explained to the Board that the agenda had been ordered to accommodate a private board session to discuss the appointment of the new Chairman.

2. Minutes and matters arising from 11th December 2016 Board Meeting

- 2.1. The minutes of the meeting held on Friday 11th December were agreed to be a correct record of proceedings except for one typographical error. Murray Foster was in attendance but this was not recorded.
- 2.2. All actions had been completed or were covered elsewhere in the agenda.

3. Matters Arising

- 3.1. Paul Thomas highlighted that the HFI item had been put back to the June Board meeting but that the information paper provides Board members with a briefing on progress to date. He advised that the Housing Business Ready Programmes were underway and very positive so far. By the June Board meeting all six pilots will have been carried out and the Board will be better informed of the outcomes and opportunities for future engagement. Paul and George Kieffer also attended the HFI's Business Breakfast, where Brandon Lewis spoke of the SELEP's involvement and made reference to the exemplary work of Ashford Borough Council (our first pilot Local Authority), in moving forward the housing agenda. Both Paul and George said this was a very positive event.
- 3.2. In updating the Board on the Growth Hub, Interim Director Adam Bryan confirmed that the Growth Hub and Cultural Prospectus would be launched by Rt Hon John Whittingdale MP, Secretary of State for the Department of Culture, Media and Sport at the House of Commons on the 14th March, marking significant progress for both pieces of work.
- 3.3. Adam also advised that the team are working on cross-LEP activities to capitalise on a shared voice and influence on strategic matters. For example in collaboration with the London LEP, the team are holding a business engagement event on 5th April on the West Anglia Main Line developments and had more cross-LEP activities planned for the coming months.
- 3.4. The Secretariat has also received a grant offer letter from DCLG with formal notification that that the 2016/17 allocation of Local Growth Fund is £82.5m. This was as anticipated.
- 3.5. Adam confirmed that the Independent Technical Evaluator contract (a service required by Government in the allocation of funding), is expiring at the end of March and, as the value is above public procurement OJEU thresholds, it is currently being retendered.
- 3.6. In the absence of a paper on SEFUND, Kim Mayo from the Accountable Body gave a verbal update. Whilst a paper was expected for the meeting the report from Pinsents was received too late to provide her with sufficient time to assess the options proposed and consider the impact to enable an informed and meaningful discussion for Strategic Board members. She assured members that this is very much in train and is keen to keep the momentum by drawing people together to assess the options. Kim highlighted that it would be beneficial to review the options of the SEFUND model for affordability in the context of the Team Plan, to be discussed under item 7. She then indicated that the Board should have a discussion on SEFUND at the June Strategic Board meeting and the Board were happy with this approach.

4. Assurance Framework

- 4.1. George Kieffer highlighted that a refresh of the Assurance Framework has been necessary to satisfy Government requirements and that minor amendments had been incorporated in to the document. He welcomed Adam Bryan to take the Board through the amendments.
- 4.2. Adam advised that the changes being brought forward were simply to ensure that the Assurance Framework better reflects the way that the SELEP currently operates.
- 4.3. Adam reminded Board members that the Assurance Framework is a live document and can be revised at any Strategic Board meeting to reflect operational changes. He advised that this document and the full suite of refreshed governance documents would be reviewed and worked up when the new SELEP leadership team (Chairman & Permanent Director), are both in post. These would then be presented to the September meeting for consideration.
- 4.4. Nick Sandford suggested that this review should reconsider rural being listed a geographical area, rather a sector.
- 4.5. Paul Watkins asked if there was flexibility on LGF spend across the federal model. Adam confirmed that there is flexibility to move monies within the programme as required, but that SELEP currently has to report all changes to Government.
- 4.6. The Board **AGREED** the revised Assurance Framework and **NOTED** that a full review of this and SELEP governance will be brought to the September 2016 Strategic Board meeting.

5. Recruitment of Managing Director

- 5.1. After inviting any applicants to leave the room, George Kieffer introduced Kim Mayo from the Accountable Body to present her report on recruitment progress. He reiterated the importance of engaging the new Chairman in the process fully.
- 5.2. Kim updated Board members on the process to date. So far initial sifting had been carried out between the Accountable Body, Gatenby Sanderson and the Vice Chairs and partners from across the patch. As a result preliminary meet and greets had been undertaken by Gatenby Sanderson to assess those preferred candidates.
- 5.3. Kim advised that she was seeking a decision on the process going forward, including how the panel would be constructed and whether the SELEP Board would wish to make the overall decision on the appointment, in the same way as they have for the Chairman, or if they would empower the chosen panel to make this decision on their behalf.
- 5.4. Nick Sandford queried the timescale and if it would be dependent on the new Chairman. Kim advised that it would but was still aiming for interviews in April.
- 5.5. George Kieffer reiterated the need to move quickly as the chosen candidate could have a lengthy notice period and the secondment offered by Essex County Council for the Interim Director is due to end in June.
- 5.6. The Board **AGREED** to all recommendations in the covering report and selected option one which delegated the power to the panel to formally appoint the successful candidate. The Accountable Body and Secretariat will work collaboratively to take this forward.

****Closed Session****

6. Presentations and questions with final candidates for the Chairman position

- 6.1. The meeting was now confirmed as a closed session and supporting officers were asked to convene in the mezzanine.
- 6.2. George Kieffer updated Board members of the process of recruiting the Chairman and highlighted the importance of ensuring that the final decision rests with Strategic Board.

- 6.3. George thanked the panel for their time and commitment and reflected on the report that presented their findings following the interviews.
- 6.4. Separately scheduled, two candidates presented to the Board on the following topic: 'What are the key challenges facing the South East LEP over the next 5 years'.
- 6.5. A series of pre-agreed follow up questions were asked by George Kieffer.
- 6.6. Once both candidates had been thanked and had left the room, the Board took the opportunity to discuss the candidates. Appointment Panel members Graham Peters and David Rayner both commented on their preferred candidate from the previous discussion and informed the Board that the presentations from both candidates reflected their previous considerations.
- 6.7. George initiated a vote to determine the successful candidate. The vote (24 - 0) was unanimous.
- 6.8. The Board **AGREED** to appoint Christian Brodie as new SELEP Chairman.

****Open Session** Public meeting reconvened**

7. Lower Thames Crossing

- 7.1. Adam Bryan advised that the purpose of this item was for Board members to engage in open dialogue with Highways England on the route consultation for the Lower Thames Crossing and for that dialogue to contribute to the emergent SELEP response.
- 7.2. Representing Highways England, Mike Brown was welcomed to the meeting. He delivered a presentation on the progress to date, series of timescales and route options to update the Board on the current position. It was agreed that these slides would be circulated to the Board for reference.
- 7.3. The Board asked Mike a series of questions and encouraged the Department to press the Minister to make a decision so this can be progressed as soon as possible. Mike agreed that consultation with businesses and communities would encourage the decision and encouraged participation in the consultation far and wide.
- 7.4. Geoff Miles queried the 5 year time lag before the build begins and highlighted the frustration amongst businesses as traffic is worsening. Mike noted that there may be potential to reduce timescales but the complications re planning and development consent orders mean it is difficult to judge at this stage.
- 7.5. Paul Thomas reiterated the point that timing is key and statutory dates should be listed.
- 7.6. Perry Glading queried whether there was consultation on option A as well as C. Mike confirmed that this option is still on the table but that the business case does not stack up, so the focus has been on the variations of option C.
- 7.7. Ron Woodley expressed his concern that the sole focus on direct links to the M25 and failure to link with M11 and open the East of England up to significant growth lacks vision.
- 7.8. Graham Peters asked about the opportunities for different options in opening development land and Mike advised that there are some small variations within option C, but that appetite on housing plans would need to be considered.
- 7.9. Kevin Bentley suggested that Local Authorities use their influence to lobby the minister and encourage certainty.
- 7.10. John Kent queried why route 3 was preferred to route 4 as this is not in keeping with local preferences. Mike advised that this was seen to be the better business case and that the assessment had been undertaken using the WEBTAG approach.
- 7.11. George thanked Mike for his time and reiterated the need to urge progress and lobby ministers. He highlighted the need to consider the economic gain in the long term and how this would open up opportunities for the region.
- 7.12. Phil Swann from Shared Intelligence was welcomed to the meeting and ran through initial findings of their engagement with stakeholders. Reiterating the earlier discussion, Phil commented that the need for certainty and speed of decision making were articulated time and time again. He also

highlighted there was strong support for the crossing but there are significant concerns re the fit to strategic transport across the areas and resilience needed to open up significant growth.

- 7.13. Phil advised of his current thoughts on the structure of the consultation that Shared Intelligence are commissioned to provide on behalf of the SELEP. He confirmed that the response would highlight where LEP partners are in opposition to the proposals.
- 7.14. Adam highlighted that the timescales for consultation are extremely tight however suggested that following a series of engagement events Shared Intelligence will be creating a report and this will be circulated to Board members according to the previously agreed timetable, enabling a response ahead of the deadline. Adam reminded Board members that SELEP is responding in its own right, but that this voice is not considered greater than any single response so it must push the issue by engaging with Government departments and encouraging stakeholders to respond to the consultation.
- 7.15. Given the national importance of this route, Philip Johnson asked of wider engagement outside of the region. Adam confirmed that the SELEP is liaising with the LEP Network to encourage participation further afield.
- 7.16. The Board **APPROVED** the process for signing off the final version of the SELEP submission.

8. SELEP Team Plan 2016/17

- 8.1. Adam introduced the item and confirmed its purpose of making the Board aware of the planned activities for 16/17 along with providing complete transparency on the SELEP team's financial position, in order for them to consider options for financing.
- 8.2. Adam presented a series of slides and took members through a framework of activity for the SELEP team and associated costs. It was evident that the allocation from Government and Local Authorities alone would not enable the SELEP to fulfil expectations of Government and partners and Adam recommended that the SELEP team should move to a model of quarterly consideration of the LGF programme, with LGF monies transferred on a quarterly basis as required by the projects, enabling better management of the capital programme. Though minimal, any additional interest accrued centrally by adopting this approach would help fill the gap in the balanced budget approach.
- 8.3. Louise Morgan confirmed that she understood it to be common practice for LEPs to use generated by holding LGF capital balances until such point that they are needed by funded schemes.
- 8.4. Kevin Bentley raised a concern also shared at the Accountability Board, as to why the largest LEP in the country responsible for half a billion in LGF should receive the same Government grant as much smaller, single county LEPs. Louise Morgan confirmed that BIS have put the point to Ministers but that it remains as the current position. The Board members were in agreement that this issue need to be pursued.
- 8.5. Kevin also queried the expense of the Independent Technical Evaluator that the SELEP have accessed and asked if it could be dealt with in house by the Accountable Body. Adam and Louise confirmed that this is required by Government to be fully independent and is an essential requirement.
- 8.6. Nick Sandford commented that the SELEP team is often too lean and that with more investment much more can be achieved.
- 8.7. Rupert Simmons praised the Board on its recent strength and unanimity in recent months and suggested that to bring in a new Chairman, the Board must to agree enough resource to enable him to fulfil his role. East Sussex County Council would continue to contribute to maximise SELEP's opportunity and encouraged all to make the same commitment.
- 8.8. Ron Woodley agreed with Rupert and encouraged Board members to view the long term impact.
- 8.9. George Kieffer summarised the discussion and asked Board members to consider their preferred option.
- 8.10. The Board unanimously **AGREED** to support Adam's option 3 – the 'balanced' budget which included the nuanced approach to distributing LGF. It was also **AGREED** to lobby Government for a fairer outcome on funding allocations

9. Any Other Business

- 9.1. Graham Peters took the opportunity to thank George for his support as Interim Chair and fellow Board members reiterated their thanks.
- 9.2. John Kent raised a concern with Highways England's refusal to clean roads under construction, which has caused notable environmental disruption on specific sites by the A13. He encouraged any feedback to be sent to him before Tuesday the following week.
- 9.3. Kevin Bentley raised the need to discuss Devolution at the next Strategic Board meeting. This was supported by all.
- 9.4. Geoff Miles praised the secretariat for their efforts in delivering a significant amount of work.

10. Close & Lunch

- 10.1. The outgoing interim Chairman thanked all Board members, presenters and guests for their attendance and contribution.

For decision	x
For endorsement	
For information	
mark with 'x'	

Growth Deal Round Three

1. Purpose



- 1.1 The purpose of this paper is to inform the Board as to the process laid out by Government for responses by LEPs to the third round of Growth Deal; to endorse the approach taken so far; to sign off the 'snapshot' submission for immediate onward transmission; and to agree the steps to be taken up until the SELEP response is submitted to Government.

2. Recommendations

- 2.1 The Board is asked to:
- AGREE** the snapshot of the bid (circulated separately) to enable this to be sent to Government during the meeting;
 - AGREE** the working structure of the submission. The recommended approach is described below;
 - AGREE** the schedule for completing the submission. The recommended approach is described below; and
 - NOTE** the letters from the Cities and Local Growth Unit at Appendix 1

3. Background

- 3.1 On the 12th and 13th April, Government wrote to all LEPs inviting them to submit for the next round of Growth Deals (Greg Clark MP letter, 12th April) and to submit schemes to the Large Local Major Schemes Fund (Robert Goodwill letter, 13th April). SELEP circulated all this information to board members and partners immediately on receipt.

Fund	Local Growth Fund / Growth Deal	Large Local Majors
Sponsor	CLG-led	DfT
Overall value	£1.8bn nationally in Round Three	£475m-£191m = £324m nationally
Deadline	21 st July	21 st July
Letter	 20160412 Letter from Greg Clark to SE	 Kieffer.pdf

- 3.2 SELEP officers and officers from across the area have been working together since then to ensure that the overall SELEP submission both reflects the requirements of the federal areas and speaks to Government with the degree of unity required. Significant work has been undertaken in the federal areas to develop project business cases according to the SELEP universal template and to prioritise those projects locally using consistent assessment methodologies, often with the involvement of

independent consultants. This body of technical work is not to be underestimated; and it will all be provided to Government in a separate appendix pack to the proposal to demonstrate the rigorous approach taken in all parts of SELEP.

3.3 The SELEP Senior Officer Group (SOG) has met frequently to progress the work and a smaller 'drafting group' has been convened to ensure that the narrative to the final document is universally owned. SOG, recognising the requirements of Government, agreed that for presentational purposes, the submission should be stylised in a number of pan-LEP themes which were developed on the basis of the projects which were starting to emerge from the federated areas. Those working themes (a thematic approach being endorsed by BIS) are drafted as follows:

- Thames Gateway
- Skills and universities
- Enterprise Zones & Employment
- Housing and communities

It is evident from the above that this structure is designed to correspond with the LGF's sponsoring departments, and therefore make it easier for Government to align SELEP's bid with the available funding. Board members may well choose to change these themes, and hence the structure of the document. One suggestion may be to have a fifth category around something like 'strategic connectivity' which will enable us to strongly position road schemes of major importance, or rail interventions which feature highly on our radar and that of Government – such as work around ensuring the future of international rail connectivity at Ashford or funding bids relating to Junction 7a on the M11.

3.4 Greg Clark MP's letter suggests that some priority will be given to those Local Growth Fund submissions which are underpinned by devolution deals and/or combined authorities. In countering this, it is important for SELEP's response to address the challenge squarely and to be framed in a way which resonates with current Government policy. To that end, it is clear that the Thames Gateway area will feature significantly in the submission. It will also be important for SELEP to respond with a single unified list; maximising the likelihood of a strong settlement.

3.5 The latter point was discussed at the Accountability Board on Friday 10th June. The consensus view from the six upper tier authority leaders was that SELEP should work to produce a single list of priorities. The approach to achieving that is written in the schedule below; and the Strategic Board are asked to approve it.

3.6 Given that there was flexibility in the recently re-procured ITE contract to support SELEP on certain strategic items, Steer Davies Gleave have agreed to provide independent facilitation of the process to create a single SELEP priority list. Those steps are written in to the schedule below and will be elaborated upon during the board meeting discussion. Steer Davies Gleave will review all submitted business case material; assessment and appraisal methodologies (including the common assessment matrix where used); and the inputs into the single Government spreadsheet. Ultimately, the criteria laid out in Greg Clark's letter will be paramount in the process of determining a draft priority list for review.

Structure

3.7 The document structure has been agreed across the officer cohort and the LEP Director is currently engaged with officers across the area to develop the narrative. We do not intend to produce a long

document, nor will we employ consultants in its preparation. Getting it right will nevertheless be resource intensive for the SELEP team and the drafting group (one representative per federated area) over the coming weeks; we will endeavour to meet all deadlines and keep the board fully apprised on progress.

- 3.8 We are engaged in conversations with neighbouring LEPs on our collaborative working agenda and the response will be enhanced by concrete references to work we are involved in with Hertfordshire, Greater Cambridge, Greater Peterborough, London and Coast 2 Capital LEPs.

Draft structure:

Preface: Covering letter from Chris Brodie supported by the three VCs

1. **Opening narrative**, including reference to the strongest projects in the submission – either one from each federated area, or the top four or five projects on the list
2. **Performance** on delivery of Growth Deal so far which will provide a summary of 15/16 spend and real examples of projects which have delivered using LGF in 15/16 or GPF in previous years
3. **Governance of the Growth Deal** now and in the future, including: Assurance Framework, Accountability Board, Capital Programme Management and Independent Technical Evaluation.
4. **SELEP's strategic focus and the themes underpinning our submission**
 - Thames Gateway
 - Skills and universities
 - Enterprise Zones and Employment
 - Housing and Communities

The priority list. A simplified version of the filled in BIS spreadsheet, highlighting the criteria in Greg Clark's letter, i.e. funding sought; purpose; jobs created; leverage; housing enabled; and barriers overcome. Links to overarching themes also highlighted.
5. **Large Local Majors** Proposals – indicating links to LGF proposals where possible.
6. **Collaborative** work with other LEPs
7. **SELEP's role in supporting devolution** across the area and how the prioritised projects and our shared delivery of them support that agenda. Including commentary on SME and other business engagement at the SELEP board level and in the federated areas.
8. **Concluding remarks** and plans for the next two years (aligned with AGM theme)

Appendix pack:

- Fully completed BIS spreadsheet
- LGF project business cases, economic appraisals and other supporting information per federated area
- Supporting material for Large Local Majors bids

Schedule

3.9 Excluding the most of the steps taken by officers *before* the 24th June, the schedule below is based on what has previously been shared with the Board. It indicates the SELEP schedule only and does not attempt to convey work ongoing in the federal areas to any degree of detail, nor reflect the SOG drafting group phone calls which happen weekly. The significant additional steps, highlighted in blue, require Board agreement today.

Action	Rationale	Deadline
<u>SELEP engagement with local areas</u> as project business cases are developed and assessments and prioritisation completed	Ensuring that the covering narrative reflects projects coming forward.	Ongoing
<u>Submission of 'snapshot'</u> of the developing proposal to Strategic Board. This will be in the form of a PowerPoint presentation based on the structure in 3.7, above	To enable discussion at the Board meeting	Wednesday 22nd June, 5pm
<u>Strategic Board agreement</u> of the snapshot and the recommendations in this paper	To allow for electronic submission to localgrowthfund@communities.gsi.gov.uk by 12pm	Friday 24th June
Pan-LEP officer (<u>SOG/TOG</u>) conference call	To work up narrative in light of the board's feedback on the snapshot and to prepare for ministerial challenge session	Monday 27th June PM
<u>Ministerial Challenge Session</u> , including Chair, Vice Chairs and Director according to availability	To shape the full response and take initial soundings	To be confirmed by Government
Pan-LEP officer (<u>SOG/TOG</u>) meeting	To finalise the draft narrative response (not including the list)	Monday 4th July 9.30am -3pm.
<u>Deadline for submission of completed business cases, prioritised lists and the completed BIS spreadsheet to Steer Davies Gleave and SELEP Director</u>	To enable work to be undertaken ahead of the 11 th July meeting	Monday 4th July, 5pm
<u>Pan-LEP officer meeting, facilitated by Steer Davies Gleave</u>	To draft the single SELEP priority list which will accompany the narrative document	Monday 11th July, 10am -2pm
<u>Special meeting</u> of federated board chairs, LA leaders and Vice Chairs (or their delegates)	To review the single list and planned submission	Tuesday 12th July, AM TBC
<u>Submission of draft response to SELEP Strategic Board members</u>	(Inclusive of all business plans and lists from local areas)	Tuesday 12th July
<u>Final approval</u> at pre-AGM special session for Strategic Board member	To achieve sign off	Friday 15th July
Exceptional changes and modifications, with any material changes shared back with the whole Strategic Board	Contingency	Friday 15th - Friday 22nd July
<u>Planned date for SELEP submission of response</u>		12 noon Tuesday 26th July
Government's deadline for submission to localgrowthfund@communities.gsi.gov.uk		Before 12 noon Thursday 28th July

4. Next steps

- 4.1 The SELEP team will continue to work with officers in the federal areas to develop the overall proposal and assimilate the information from partners according to the schedule above. We will revert to the 15th July session ahead of the AGM with a final draft of the document.
- 4.2 Government have been clear that the engagement of MPs will be important as we try to garner support for the project proposals in the overall SELEP document. While much of this activity should stem from the federated areas' engagements with their own MPs, the support of all board members in talking positively to MPs about the separate project proposals and the strategic impact of the submission overall would be welcomed.

Author: Adam Bryan
Position: Managing Director
Contact details: adam.bryan@essex.gov.uk, 07884 475191
Date: 24th June 2016

Appendix 1 – Deadline email from BIS

Thu 02/06/2016 17:55

Dear Adam

Further to the letter you received from the Communities Secretary, Greg Clark, on 13 April, I am writing to you to provide further clarity on the process and timescales for submitting proposals for this next round of Growth Deals.

Your proposals should be submitted electronically to localgrowthfund@communities.gsi.gov.uk by 12 noon on Thursday 28 July 2016. We will not consider any proposals submitted after this deadline.

The format of your proposal is at your discretion. However, it should make a clear and well-evidenced case for investment within your area, including joint approaches over larger areas where this makes sense. You should specifically address the criteria set out in the Secretary of State's letter. Your proposal should also set out a specific figure for the LGF funding sought, along with a prioritised list of projects making up this figure. Cath will be in touch over the coming days to talk through the information needed here, which **should form an integral part of your submission and be sent to us by the same deadline.**

Following on from the NAO's review of LEP accountability, the final component of your submission will relate to value for money evidence – the final bullet in Greg Clark's letter. As part of our assessment, we will test each LEP's approach to value for money by considering benefit-cost ratios and sampling the project approval documentation from a small number of projects that you are already implementing. This will be light touch and is not designed to unpick decisions you have made on individual projects. Again, Cath will be in touch shortly to specify the projects where we will be seeking further information, and the information needed. **You will already have this documentation, therefore we are seeking quick responses where possible. In all cases we will need this information by the time you submit your final proposal.**

DEADLINE FOR SNAPSHOTS AHEAD OF CHALLENGE SESSIONS

Challenge sessions

Each LEP will have a ministerial challenge session. The purpose of this will be to give you an opportunity to pitch your ideas to ministers, who will provide high-level feedback. This will help you to shape your proposal ahead of final submission. Challenge sessions will take place from the end of June onwards. Cath will contact you to confirm the time, date and location of your challenge session by mid-June. We recognise that LEP chairs in particular may have periods of unavailability where they are out of the country or similar. **You should let Cath know by no later than Tuesday 7 June any dates that your chair would be unable to attend a challenge session** between the snapshot and final submission dates.

Ahead of any challenge sessions taking place, you will need to submit a snapshot of your developing proposals. The snapshot should be in a format which you could use to pitch to ministers and should – as a minimum – outline your thoughts on the overall amount of Local Growth Fund you will be seeking (broken down into your main themes), an indication of what this 'buys' (e.g. jobs, housing, leverage), and any interventions you want to draw ministers attention to in particular. **This is not a draft proposal, and we are not expecting a project list to be submitted at this point, however it is an important part of the submission process.**

Those LEPs who have later challenge sessions will have an opportunity to provide any significant updates to their pitches nearer the time of the session, however for consistency **we will expect to see a snapshot from all LEPs by 12 noon on Friday 24 June.**

Finally, you should also be mindful of your obligations the Equality Act 2010, and tell us in your submission about the potential impact of your proposals on groups with protected characteristics, in consideration of Section 149(1) of the Act.

As always, please continue to talk to Cath or to me as your proposal develops.

Kind regards

Louise

08 June 2016 15:32

Adam

Further to Louise's email below I attach here the spreadsheet which LEPs need to use to provide the prioritised list of projects that make up a LEP's LGF ask. I know you are keen to have this as soon as possible as the LEP works up its priorities.

On the project list key points are:

- LEPs should provide a full, prioritised project list for their requested LGF.
- LEPs should complete as much of the sheet as they can, based on the information they have.
- It is acknowledged that given the timing of the future funding, many projects may still be in the early stages of development.
- This will form part of the Growth Deals assessment and may impact on funding award.
- This sheet should be completed and returned alongside LEPs' proposals by noon July 28.

Regards

Cath



Project Programme
Sheet 160601.xlsx

For decision	
For endorsement	x
For information	
mark with 'x'	

Thames Estuary 2050 Growth Commission

1. Purpose

1.1 The purpose of this paper is to update the Strategic Board on progress in establishing the Thames Estuary 2050 Growth Commission.

2. Recommendations

2.1 The Board is asked to note the report and the intention of the team to engage SELEP with the Commission moving forward. Progress will be reported at Strategic Board meetings through 2016 and 2017.

3. Background

3.1 In his budget in March 2016 George Osborne announced that he had asked Lord Heseltine to lead a Commission to develop a long-term vision and delivery plan for the Thames Estuary region. While the budget contained little further detail about the Thames Estuary 2050 Growth Commission, Lord Heseltine has provided some further insight in subsequent interviews.

3.2 Speaking to the *Financial Times* he indicated that the Commission will draw on best practice from around the world, including Docklands and Canary Wharf, as it looks to transform the estuary area by boosting economic activity, training and attracting skilled workers, and maximising planned infrastructure, including a new river tunnel. He went on to suggest that the Commission will be 'trying to capture some of the imagination and qualitative impact' that helped to regenerate and transform east London through places like Canary Wharf, London City Airport and the Excel business centre. He said that he was aiming to take 'a visionary approach' in his new role and claimed that the Thames estuary was 'probably this country's greatest single prospective area for growth'.

3.3 Lord Heseltine also said that he would be adopting the same philosophy on the project as the Government did in the 1980s, when investment was encouraged through the creation of enterprise zones which offered tax incentives and a relaxation of planning rules which encouraged businesses to move into deprived areas.

3.4 While the scope and remit of the Commission has yet to be finalised the full list of Commissioners has been published:

- Lord Michael Heseltine - <https://www.gov.uk/government/people/michael-heseltine>
- Rt Hon Greg Clark MP - DCLG Minister - <https://www.gov.uk/government/people/greg-clark>
- Rt Hon Mark Francois MP - DCLG Minister - <https://www.gov.uk/government/people/mark-francois>

- Lord Jim O’Neill - Treasury Minister - <https://www.gov.uk/government/ministers/commercial-secretary-to-the-treasury>
- Lord Andrew Adonis - Chair of the National Infrastructure Commission - <https://www.gov.uk/government/people/andrew-adonis>
- Lord Norman Foster – (Architect: Foster & partners) - <http://www.fosterandpartners.com/about-us/team/senior-executive-partners/norman-foster/>
- Sir Edward Lister (appointed in personal capacity not as Chairman) - <https://www.london.gov.uk/people/mayoral/sir-edward-lister>
- Sir John Armit – (Institute of Civil Engineers) - <https://www.gov.uk/government/people/john-armitt>
- Prof Alice Gast – (Imperial) - <https://www.imperial.ac.uk/about/leadership-and-strategy/president/about-the-president/>
- Gregory Hodkinson – (Arup Group) - http://www.arup.com/news/2014_04_april/01_april_gregory_hodkinson_appointed_chairman_of_arup_group
- George Iacobescu – (Canary Wharf) - https://en.wikipedia.org/wiki/George_Iacobescu
- Prof Dr Uwe Krueger - (Atkins CEO) - <http://www.atkinsglobal.co.uk/en-GB/investor-relations/company-information/leadership>
- Sir Stuart Lipton – (Lipton Rogers Developments LLP) - <http://www.standard.co.uk/business/markets/sir-stuart-lipton-the-veteran-property-developer-with-a-vision-for-a-swathe-of-rundown-london-9920001.html>
- Nicola Shaw – (High Speed 1 CEO) - <http://www.telegraph.co.uk/business/2016/03/23/national-grid-taps-hs1-boss-nicola-shaw-to-be-uk-director/>
- Tony Pidgley – (Berkeley Group) - <http://www.berkeleygroup.co.uk/investor-information/board-of-directors>
- Sadie Morgan - dRMM director - <http://drmm.co.uk/news/?i=sadie-is-appointed-national-infrastructure-commission-member>
- Geoffrey Spence - Head of infrastructure at Lloyds Bank - <https://www.energyvoice.com/other-news/people/97506/former-adviser-to-chancellor-joins-lloyds-in-energy-role/>

4. Key dates

4.1 Moving forward there are some key dates in the formation of the Commission:

- 15 June – the Commissioners will meet to finalise the scope;
- 7 July – Commissioners will have a boat trip along the Thames;
- 14 July – Thames Estuary 2050 Growth Commission will be launched; and
- w/c 1 August date to be confirmed – Lord Heseltine to attend the Thames Gateway Strategic Group.

4.2 By the time the Strategic Board meets the Commissioners will have met to agree the scope. It is hoped that a Government representative can provide a verbal update to the Board meeting.

5. Maximising the opportunity:

5.1 The formation of the Commission represents a tremendous opportunity for SELEP in seeking to achieve the aspirations set out in the Strategic Economic Plan. Over the coming weeks and months it will be important to think about how we can maximise this opportunity. This will include:

- Demonstrating the significance of the Thames Estuary to the SELEP area, the London economy and wider South East;
- Setting out SELEP's wider economic vision in the SEP and the role of the Thames Estuary within it;
- Supply the economic evidence that underpins the SEP and the strong project pipeline;
- To invite Lord Heseltine and the Commission to visit South Essex and North Kent and meet with SELEP; and
- To maximise the opportunities the Commission brings to strengthen the profile of the Thames Estuary and the South East for existing and new businesses.

5.2 Though a certain priority will be given to the Thames Gateway in the Local Growth Fund response, only when the scope of the Commission is clear we will be in a better position to reflect on SELEP's role in supporting it. We will consider the Commission again at the September Strategic Board meeting and in the context of our planned refresh of the SEP.

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Date: 14 June 2016

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

SEFUND

1. Purpose:

- 1.1 The purpose of this paper is to update the Strategic Board on a recent meeting between the Chairman and the Vice Chairmen and to inform members as to a recommended course of action in respect of SEFUND.

2. Recommendations:

- 2.1 The Board is asked to:
- a. **AGREE** to the recommendation from the Chairman and Vice Chairmen to cease work on SEFUND and to review the status of the Investment Strategy both in the light of this and SELEP's plans for a refresh of the SEP later this year;
 - b. **NOTE** the flexibility provided to the SELEP team around sector support and how this will be deployed for pan-LEP benefit; and
 - c. **ENDORSE** plans for the SELEP team to come back to the Strategic Board at the September meeting and agree a process, aligned with a new investment strategy, for utilising Growing Places Fund capital returns to best effect as soon as practicable (we anticipate £5.9m by 31/03/17).

3. Background:

- 3.1 In 2014 SELEP defined its ambition for the South East Fund (SEFUND) and CBRE were invited to explore the feasibility of such a fund and provide options as to how it would be managed and governed.
- 3.2 CBRE put forward a detailed Feasibility Study which directed that the fund would be linked to the Strategic Economic Plan, with a starting fund of £50m, and structured for a 10 year period. All profit would be retained by the fund, with its ambition to have a £5bn Property and Infrastructure Fund for the SELEP by the end of that period.
- 3.3 CBRE prepared an Investment Strategy (which was undertaken in consultation with partners). It recommended that the investments for the fund should be focused on Grade A office space.
- 3.4 The management of the fund was indicated to be a firm of Chartered Surveyors with development, real estate finance and fund management expertise or a professional property fund manager with the governance being driven through a SEFUND Investment Board, made up of representatives from each county and unitary council, business members from the SELEP Board and a senior official from Government.

- 3.5 The legal firm Pinsent Masons were brought in to provide legal on the structure proposed by CRBE. At that time the preferred option (by the shadow SEFUND board and CBRE) was to establish SEFUND as a Limited Partnership, with the establishment of an Essex Company through which SELEP participants could invest in SEFUND through Essex County Council as the Accountable Body. The paper put forward by CBRE in March 2015 provided detail as to the proposal sought at that time.
- 3.6 Having considered the work undertaken by CBRE, the Accountable Body was concerned that the decisions being put before the Strategic Board did not provide a comparison on alternative 'non company' based options. It did not inform the SELEP of a block of finance model, which could be run without the need to establish a complex company structure. Therefore, Pinsent Masons were invited to put forward an additional paper which brought this information together. The Board agreed on 22 May 2015 for further work on the development of a formal structure to take place.
- 3.7 Work on this aspect stalled for some time, before attempts were made to resurrect it in early 2016. Pinsent Masons were commissioned to deliver an addition piece which would expand on the previous paper. However, delays in pulling this together meant that the paper was delivered too late for the Strategic Board in March, and a verbal update was provided. That paper is embedded below.



PINSENTSEFUNDREP
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- 3.8 The Strategic Board heard at the March meeting, for the first time, the full extent of the operating budget for SELEP and the constraints that it operates under. In light of those constraints, the Chairman and Vice Chairman met on the 20th May to discuss SEFUND afresh; and to take into account all work previously undertaken.
- 3.9 The Chairman and Vice Chairman reached the unanimous view that SELEP should not proceed with SEFUND and indicated that they would be seeking the agreement of this recommendation at the Strategic Board in June.
- 3.10 The rationale for this decision was based on the lack of sufficient start-up and ongoing funding described at the March Strategic Board and implications this would have for launching the fund.
- 3.11 Additionally, concerns were raised around the ability of the fund to pay back in the timescales required; the extent of the need for Grade A commercial office space across the LEP; and the transformative impact that successful devolution deals might have across the area in the coming months which would close down the space in which SEFUND was designed to operate. This would likely manifest as a series of devolved powers to local areas from Government, empowering local authorities and other partners with the tools to establish alternative or competitor real estate and infrastructure investment tools.
- 3.12 There are three immediate opportunities provided by a decision to not proceed:
- 3.12.1 By not transferring all of available Growing Place Fund into a pot to support SEFUND, SELEP could continue to charge a proportion of the team's and the Accountable Body's time against the GPF revenue grant – as it has done in previous years. This will go some way to addressing the funding gap in the agreed team budget which continually low interest rates are not certain to fill.

3.12.2 Additionally, in the event of the Strategic Board agreeing the recommendation, it is the case that the GPF revenue grant can now be utilised in direct support of SELEP's strategic agenda insofar as a link with the outcomes of GPF investments can be evidenced. To that end, we could increase the sector support element of the 16/17 budget from £60,000 (as per March's Strategic Board paper) to up to £250,000; bringing us more in line with other LEPs. As discussed in that same paper, any proposals seeking SELEP's support in this context should be of pan-LEP impact and design and should be presented to future meetings of the Strategic Board for approval. We might anticipate to be in a better position to extend or re-establish our work in the following areas (examples only):

- Coastal workstreams;
- Rural projects of strategic impact;
- Forestry related interventions;
- Further work around the creative sector;
- Broader roll-out of HFI's HBR programme and utilities work;
- Increased support to and engagement with the Ports sector;
- Project engagement around the Smart Cities agenda;
- Re-instigate work around mobile connectivity/4G;
- Supporting social enterprise;
- Business rates maximisation in local areas;
- Production of a refreshed SEP; or
- Extended support for Enterprise Zones.

Chris Brodie is due to talk to the Board about plans for the next two years at the July AGM. That discussion will draw out major strategic issues which SELEP should seek to address and which may also require additional revenue support.

3.12.3 GPF capital returns are expected to total £5.9m by the end of March 2017. While this provides a very positive opportunity for SELEP to continue an approach to rolling capital investment, it is not of the scale necessitated by SEFUND. Nevertheless, it provides SELEP with a great opportunity – aligned with a refreshed SEP and possibly refreshed Investment Strategy – to make investments of its own. The SELEP team intends to come back to the SELEP board at the September meeting with a proposed approach to reinvesting this money in the area. In the meantime we are eager to accumulate views from Board members as to how to do this to best effect.

3.13 On agreement of the recommendation, the suggested changes can be implemented straight away.

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Date: 24th June 2016

For decision	x
For endorsement	
For information	
mark with 'x'	

Update on SELEP's strategic housing work

1. Purpose:

1.1. The purpose of this paper is to:

1.2. Update Board members on SE LEP housing activity, including:

- Progress following "Duty to Co-operate" workshops with local planning authorities held across our federal areas
- Outcomes of SELEP's pilot with the Housing & Finance Institute (HFi) which has provided the Housing Business Ready (HBR) Programme for six Local Authorities (LA) in the SE LEP region.

2. Recommendations:

2.1. The Board is asked to:

- **NOTE** the positive progress of activity to date
- **CONSIDER** options for continued engagement with the HFi with a recommendation for option 4, which incorporates the prospect for further SELEP LAs to access the HBR Programme and for the SELEP to play a key role in strategic utilities and infrastructure mapping
- **NOTE** that the arrangements for the future of the Housing Working Group are to be considered as part of the wider discussion on SELEP governance at the September 2016 Strategic Board.

3. Supporting Detail:

3.1. The HFi: <http://www.thehfi.com/>

- Housing Business Ready Programme: <http://thehfi.com/housing-business-ready/>

3.2. HFi Impact Report on HBR Pilots:



Impact Report SELEP
HBR Pilot.pdf

4. Background:

4.1. In March 2016, the Strategic board were presented with a paper outlining SELEP's housing activity, incorporating recommendations following a series of "Duty to Cooperate" workshops that had been recently held with Local Authorities, alongside achievements to date on the collaborative HFi and SELEP pilot to deliver the Housing Business Ready programme to six pilot local authorities.

4.2. This paper provides the board with achievements of activity to date, and is supplemented by a verbal presentation by Brian Horton and Natalie Elphicke on the outcomes of the HBR pilot programme.

5. “Duty to Cooperate Workshops”

5.1. Following 4 workshops, covering the full geographic spread of SELEP, a series of recommended actions as identified by local planning authorities have now the following tabled priorities.

5.2. These workshops have enabled the SELEP to define a clear role in how we will work to achieve our ambition to deliver 100,000 additional new homes in the South East by 2021 and in doing so, influencing and supporting partners in delivering their planning responsibilities.

Top three priorities: Per Workshop

Workshop	Priority	Progress
South Essex	Lobby Government to make a decision on the Lower Thames Crossing (LTC) as soon as possible and work with LAs to look at wider infrastructure implications of LTC and impact on both Kent and Essex sides.	The debate on the LTC is of great significance for SELEP partners and it has submitted a single response to the recent Highways England consultation. This response was part of an approved process of significant business engagement and communications across the whole SELEP area and continued engagement with Government is a key priority to ensure that the benefits of the crossing are maximised.
	Facilitate discussions with Government to improve better coordination between departments and agencies and to change the language used/ approach which could have a detrimental impact on long term sustainable growth in the area.	SELEP has an ongoing dialogue with Government at a senior level on promoting delivery of the growth agenda in the SELEP area. Most recently, that is evidenced by emerging work with HFi and Government on infrastructure dependency mapping and the broader utilities agenda.
	Facilitate discussion with Lord Adonis about strategic infrastructure priorities in the wider South East to support London’s growth as part of the National Infrastructure Commission’s role.	This priority has been superseded by our engagement with the emerging Lord Hesselstine’s Thames Estuary Commission. The substance of this priority will also be addressed as part of the

Workshop	Priority	Progress
		proposed infrastructure and utility work with HFi.
East Sussex	SELEP to work with C2C LEP to highlight importance of A27/A259 and lobby Government.	<p>The SELEP secretariat has continued to support East Sussex and work with Coast 2 Capital LEP (C2C) on lobbying Government</p> <p>A259 is the subject of discussions around LGF Round 3 and we are in discussion with C2C with respective submissions to Government.</p>
	SELEP to work with LAs (and others) to look at different models and opportunities for infrastructure funding.	The opportunity for SEFUND was explored at the time. The secretariat and relevant partners will continue to have dialogue with LA partners and others on any new opportunities for infrastructure funding, which could be realised via GPF capital returns, subject to further discussions and approvals with Board members.
	Establish a developer forum for East Sussex to build up a more collaborative relationship with developers.	Following successful work with South Essex to establish a Developer Forum in the Thames Gateway SE area, to reflect the successes of the Kent Developers' Group, the LEP secretariat has worked with colleagues in East Sussex to promote the opportunity to establish a Developers' Forum in the area. This has been well received by partners and the first meeting of 'Development East Sussex' is due to take place on 27 th June 2016.
Kent & Medway	Support a better understanding of the skills agenda and how it impacts on planning i.e. matching education with sector/business needs and ensuring the right land/premises are available to support them	<p>A consistent theme from the HBR activity has been concern from industry and from LAs over the creation of additional skills capability to meet the additional housing supply. Alongside supporting housing delivery in itself, there is an opportunity to boost skills, jobs and growth opportunities for the area.</p> <p>The HFi have recommended that</p>

Workshop	Priority	Progress
		<p>additional training capability, perhaps through new construction and other skills academies in the area may be highly beneficial.</p> <p>The SELEP secretariat will look to link this priority with the existing activity of the Skills Action Group, to develop firm proposals for future action.</p>
	<p>Facilitate a more coordinated approach to Infrastructure planning and delivery – better approach to investment priorities, regulation of utilities/ broadband and mobile coverage</p>	<p>This priority has been taken forward as part of the joint work to date with the HFi and is directly addressed as part of option 4 , below, which offers considerable scope for influence and engagement with:</p> <ul style="list-style-type: none"> • Central Government: DCLG, Cabinet Office & PM’s Office; • Industry and Research: Water UK, NHBC, Localis, HBF; • Local Government: At borough, district and County Council level.
	<p>Develop a better understanding of what is needed to support the rural economy in terms of planning, taking into account Government expectations around its changing role (Government’s Rural Productivity Plan).</p>	<p>Rural issues have been identified in discussion with LA partners as part of the Housing Business Ready Programme. Excellent examples of rural housing delivery have been evidenced but this is an area of work that we recognise requires further attention in the future.</p>
Essex	<p>SELEP to support work to develop an overview of infrastructure needs (like the Kent & Medway Growth & Infrastructure Framework) which looks at needs at LEP, county, unitary and district level.</p>	<p>ECC is leading the delivery and funding of the Greater Essex Growth & Infrastructure Framework.</p>
	<p>More co-ordinated approach to evidence base to support both Local Plan and LEP work.</p>	<p>This is an area that is addressed through the metrical analysis provided by HFi with those authorities involved in the Housing Business Ready Programme. However we recognise that we need to be able to work more effectively as a LEP secretariat to support local planning authorities in evidencing both Duty to Cooperate and shared</p>

Workshop	Priority	Progress
	SELEP to build a better and more transparent relationship with LAs, particularly those involved in planning (both Members and officers).	<p>areas of priority with the LEP.</p> <p>The LEP secretariat is actively engaged in supporting the work of existing partnerships across the LEP area to support the housing, planning and growth agenda. This includes: attendance at Housing, Planning and Development Forums across; TGSE, Essex, East Sussex, Kent. Through attendance at these forums, the secretariat has taken the opportunity to promote the sharing of best practice across the LEP area.</p> <p>This priority is also an important aspect of both LEP secretariat and Board member activity in the Housing Business Ready programme.</p>

6. The HFI & SELEP Pilot – Housing Business Ready Programme

6.1. Following agreement in December, this pilot was formally launched with the HFI in January 2016.

6.2. The following six Local Authorities were selected to participate in the programme:

- Ashford
- Braintree
- Colchester
- Eastbourne
- Maidstone
- Thurrock

6.3. Brian Horton and Lucy Spencer-Lawrence have provided officer support and coordination in securing these sessions, with strong Board Member engagement from George Kieffer, Geoff Miles, Graham Brown, Graham Peters and Paul Thomas.

7. Key Findings

7.1. We have seen significant value in this programme which helps councils to articulate and review their strategy to deliver homes. The overall ambition and appetite of the pilot from LAs for better and greater delivery has been impressive. Throughout the programme we have seen LAs working hard to acquire expertise in direct delivery, to drive private sector activity and partnerships in their areas and to understand and address local housing needs.

8. Capacities Mapping

- 8.1. The HFi recently published a well-received paper, How to Build More Homes, Faster which recommended capacity mapping of infrastructure dependencies for housing. In essence this is working out what homes are being brought forward, what they are dependent on in order to accelerate housebuilding beyond that which would happen anyway, and working to move required dependencies forward. This work has attracted a huge amount of interest including with:
- Central Government: DCLG, Cabinet Office & PM’s Office;
 - Industry and Research: Water UK, NHBC, Localis, HBF;
 - Local Government: At Borough, District and County Council level.
- 8.2. During the programme, the HFi explored this issue with several councils in the SELEP area who said they would find it helpful in their forward planning if the LEP could take a leadership role to articulate these dependencies. This work would also support SELEP in its strategic enabler role by allowing it to conduct cost-benefit analysis of potential infrastructure investments and to give insight to achievability of overall targets.
- 8.3. This work would include gathering information on the housing pipeline in the SELEP area, identifying the utility, transport and other requirements that that these plans rest on and working with SE LEP, public and private sector bodies to help move dependencies forward. As part of this work, the HFi would provide SELEP with a detailed report back on housing capacities and dependencies in the LEP area.
- 8.4. The HFi has gathered widespread interest in this work. They would like to welcome SELEP as the area for a national pilot to build on our collaboration to date, forming part of option 4, below. A small contribution would then be matched by other interested parties, ensuring greater impact.

9. Future Collaboration with the HFI

- 9.1. Following a very successful joint delivery of this pilot programme, the SELEP team recommend that further collaborations with the HFI are taken forward. The HFI provides impartial, technical expertise that can support Local Authorities to address challenges and support SELEP to deliver its Duty to Cooperate role and positively contributes to a number of our Growth Deal commitments and the priorities as listed in the table above.
- 9.2. They are also well integrated within Government, offering SELEP real opportunities to engage in high profile and impactful work.
- 9.3. The Board is asked to consider the following options and note that upon careful review **OPTION 4 IS RECOMMENDED** by the Secretariat:

<p>Option 1</p> <p>Fully Funded HBR Programme Roll Out:</p>	<p>To deliver a second series of HBR programmes, to focus on LAs that will be considered for Local Growth Fund bids and otherwise face coastal challenges. LAs discussed represent equal spread across the SELEP geography: Hastings, Thanet, Tendring and Southend. The HFi have received expressions of interest from 3 of these areas, in addition</p>	<p>Gross Cost: £30k Cost to SELEP: £30K</p>
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	to other LAs. As part of this option, the HFi would also continue to work with SELEP to secure broader benefit for the area with County, workshop or further individual programmes.	
Option 2 Discounted HBR Programme Roll Out	To spread the programme more widely, this option enables SELEP to part fund a series of HBR programmes, with a discounted rate passed on to Local Authorities. At a 50% discounted rate, SELEP contribution could part fund a further 10 LAs, or 20 at a 25% discounted rate. Further combinations or targeted approaches could be explored by the HFi.	Gross Cost: £60K Cost to SELEP: £30K Cost to LAs: £30K
Option 3 Capacities Mapping Contribution	To fully part fund capacities mapping work detailed in section 8, above. Note that this option does not contain a Housing Business Ready Programme Element.	Gross Cost: £40k Cost to SELEP: £10k Contribution from other partners: £30k
Option 4 Recommended Funded Coastal Community HBR & Capacities Mapping Contribution	This options combines an element of option 1, to fund the identified LAs in four coastal communities and option 3, to part fund contribution to a capacity mapping pilot in the SE LEP	Gross Cost £30K Workshops: £20k Capacities Mapping: £10k Cost to SELEP: £30K

10. Housing Working Group

10.1. To date, SELEP's Housing Working Group has operated effectively on an ad-hoc basis and we are grateful for the contribution made by Graham Brown, Tracey Kerly of Ashford Borough Council, Paul Thomas and George Kieffer.

10.2. The secretariat are looking to review the remit of the group to reflect progress in recent months and will look to present further information to the Strategic Board as part of the governance review in September.

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Date: 16th June 2016.

For decision	x
For endorsement	x
For information	x
mark with 'x'	

Enterprise Zones

1. Purpose

- 1.1 The purpose of this paper is to update the Strategic Board on the progress of the North Kent Innovation Zone and the Harlow Enterprise Zone and to consider the below recommendations.

2. Recommendations

- 2.1 The Board is asked to:

- a. **NOTE** both reports.

North Kent Innovation Zone (NKIZ)

- b. **ENDORSE** the establishment of governance arrangements for NKIZ and the future reporting arrangements (paragraph 5.f and summarised in Annex A);
- c. **ENDORSE** the proposal that contributions towards initial expenditure should be met from the SELEP's activities budget according to agreements with the Managing Director and Accountable Body (paragraph 6);
- d. **NOTE** the proposed steps towards concluding an MOU with DCLG by end-September (paragraph 7).

Harlow Enterprise Zone

- e. **CONSIDER** the proposals for the allocation of the business rate uplift generated by the Enterprise Zone and **AGREE** to pursue one of the following options:
- To agree the proposal from Harlow and notionally allocate up to £73.15m of NNDR uplift to the activities outlined in Tables a), b), c) and d) of Appendix 2;
 - To do nothing – provide no ring fence – allowing the allocation of business rates as and when the income is received; or
 - To make provision for a smaller ring-fenced allocation of £9.650m plus borrowing costs (tables a and b), which is the investment that is assumed in the modelling work to deliver the £119m net uplift in business rates, with an option for Harlow to come back for further ring-fenced allocations as the EZ matures
- f. **AGREE** the proposal for a monitoring process to be established between SELEP and Harlow Council to ensure that the ongoing apportionment of business rate uplift is consistent with the rate of development activity.

3. Background

3.1 A comprehensive update on both Enterprise Zones is provided in Appendices 1 & 2.

3.2 Given its impact on the LEP and on the advice of the Accountable Body, the Board should consider the following pros and cons when deciding on the allocation of future business rate uplifts generated by the Harlow Enterprise Zone:

- *To agree the proposal from Harlow and notionally allocate up to £73.15m of NNDR uplift to the activities outlined in Tables a), b), c) and d) of Appendix 2*

Pros	Cons
<ul style="list-style-type: none"> • It is Harlow’s assessment of what is necessary and it is investment not just in the Enterprise Zone but a wider location in a key strategic corridor for the LEP • It is supported by GEBB 	<ul style="list-style-type: none"> • It is very large allocation based on modelling that has yet to be proven • The size of the allocation would restrict SELEP’s ability to make investments in other parts of the area

- *To do nothing – provide no ring fence – allowing the allocation of business rates as and when the income is received*

Pros	Cons
<ul style="list-style-type: none"> • It gives the SELEP full access and freedom to allocate what is there income stream across the area. 	<ul style="list-style-type: none"> • The business rate growth is predicated on at least the first two tables of investment – without this investment the EZ is likely to fail and no income stream would be available • Harlow would be at a disadvantage as compared to other EZs nationally who can reinvest business rates to develop the EZ.

- *To make provision for a smaller ring-fenced allocation of £9.650m plus borrowing costs (tables a and b), which is the investment that is assumed in the modelling work to deliver the £119m net uplift in business rates, with an option for Harlow to come back for further ring-fenced allocations as the EZ matures*

Pros	Cons
<ul style="list-style-type: none"> • It ensures that the investment that is included in the models can be made • Allows Harlow to come back once there is track record of delivery and so the Board can make decisions based on proven record 	<ul style="list-style-type: none"> • Offers less assurances for Harlow

3.3 If an allocation is made it is the SELEP team’s view that each package of investments should be subject to the Independent Technical Evaluation process - with the support of the SELEP team and the secretariat. This would ensure that all investment decisions follow the same robust process and

that we can give a guarantee to Government and to the Board that assurances around VFM are being sought.

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Date: 24th June 2016

Strategic Board Meeting
Friday 24th June 2016
Agenda Item: 8
Pages: 7 (including Annex)



NORTH KENT INNOVATION ZONE

Purpose:

1. The purpose of this paper is to:
 - a. Update the Strategic Board on progress in developing the South East's new Enterprise Zone, the North Kent Innovation Zone (NKIZ);
 - b. Advise the Strategic Board about the proposed governance and implementation arrangements, and the process for SELEP to provide initial administrative funding through the Secretariat; and
 - c. Remind the Strategic Board of Government's wish to agree a Memorandum of Understanding relating to each new enterprise zone, and to explain the next steps.
2. There will be a short presentation to the Board on 24 June summarising progress to date, latest developments and next steps.

Recommendations:

3. The Board is asked to
 - a. **NOTE** this report and the work programme for progressing the NKIZ (paragraph 5);
 - b. **ENDORSE** the establishment of governance arrangements for NKIZ and the future reporting arrangements (paragraph 5.f and summarised in **Annex A**);
 - c. **ENDORSE** the proposal that contributions towards initial expenditure should be met from the SELEP's activities budget according to agreements with the Managing Director and Accountable Body (paragraph 6);
 - d. **NOTE** the proposed steps towards concluding an MOU with DCLG by end-September (paragraph 7).

Background:

4. The Board received for information a brief update report on NKIZ at its 11 March meeting. The Board will recall that the NKIZ is a multi-site enterprise zone announced by Government last November and comprising sites in three locations – Kent Medical Campus (Maidstone), Ebbsfleet Garden City and Rochester Airport. The enterprise zone incentives are due to come into effect from 1 April 2017.

Consideration:

- (i) **Progress and current activity**

5. A project group, facilitated by Thames Gateway Kent Partnership, is undertaking preparatory work on the implementation of the EZ. The work programme covers broadly the following areas:
- a. **Commercial propositions and marketing strategy.** Details of the precise offer at each site, in terms of sector focus and differentiation, target markets, premises and accommodation options and other facilities, are still under discussion. Some of the schemes are more advanced than others. The marketing and branding of the EZ overall, and the packaging of each of the sites as parts of the whole, needs expert professional input. The intention is to commission a marketing and branding strategy over the summer, to be in a position formally to launch marketing activity in the autumn. This will involve committing revenue expenditure – covered in paragraph 6 below.
 - b. **Site preparation and infrastructure requirements.** The infrastructure requirements to enable development at each of the sites are being clarified. Some of these are the subject of Local Growth Fund proposals that are also being considered by the Board at this meeting. In the case of Rochester Airport, funding for the phase 1 enabling works for the Airport redevelopment (LGF Round 2) were approved by the Accountability Board on 10 June; a further proposal for phase 2 infrastructure works is included in the package of LFG Round 3 proposals from Kent & Medway (item 4 on the Agenda). Similarly, a proposal for improvements around M20 junction 7 to support and accommodate traffic growth arising from the Kent Medical Campus and other development is also included in the LGF Round 3 proposals from Kent & Medway.
 - c. **Planning arrangements.** Local authority partners are examining the options for accelerated planning arrangements, including Local Development Orders. Different solutions are likely to apply to the different sites, taking into account planning history and local delivery arrangements (for instance, the role of the Development Corporation for Ebbsfleet Garden City).
 - d. **Investment strategy.** This will be a key document setting out principles and priorities for investment to deliver the EZ, including the utilisation of future retained business rates income to meet the borrowing costs of up-front investment required.
 - e. **Arrangements for operations, support and delivery.** The EZ already benefits from a certain amount of dedicated resource in the form of officer time, but some of that will need to be formalised and other specific expertise may need to be procured. A prerequisite for the EZ to compete effectively is to be able to offer excellent comprehensive support to enquirers, investors and occupying businesses.
 - f. **Governance.** The EZ needs effective arrangements for oversight, leadership and accountability. A summary of the proposed arrangements for the NKIZ Strategic Board and local delivery teams is set out in **Annex A** to this paper. Governance is inevitably slightly more complex because of the multiple sites and stakeholders. It would be helpful to establish the NKIZ Strategic Board as soon as possible to direct and take ownership of the ongoing work programme, and important to identify a suitable Chair. The SELEP Strategic Board may have suggestions to offer as to the process and/or individuals who might be approached to serve as Chair. Subject to any feedback on this point, the Board is invited to endorse the arrangements set out in **Annex A**, including that Thames Gateway Kent Partnership should oversee the process of establishing the governance arrangements, liaising with the SELEP Managing Director as necessary.

(ii) Resourcing next steps

6. Developing the detail on what resources the NKIZ will require operationally (separate from any capital investment) is work in progress. Successful delivery of Enterprise Zones is a strategic priority for SELEP, and we would naturally be looking to SELEP, as well as other partners, to contribute towards the EZ's

resource requirements. An early priority is access to revenue funding to enable the commissioning of appropriate marketing and communications work to get underway. The Board is therefore asked to agree that some commitments from the SELEP activities budget are made in the short term and are agreed with the SELEP Managing Director in the context of the SELEP operating budget for 2016/17 and in conversation with the Accountable Body (ECC). Further proposals will be brought to future meetings of this Board, and to other partners.

(iii) Memorandum of Understanding

7. The Government wishes to conclude a Memorandum of Understanding (MOU) with each LEP with a new EZ setting out the commitments and undertakings on both sides to help support delivery. A template for the MOU was sent to LEP and Local Authority Chief Executives on 7th March. The Cities and Local Growth Unit aim to conclude MOUs – for all EZs (both those that commenced this year and those that commence in April next year) – by the end of September.
8. We are seeking clarification from DCLG on some of the wording of the MOU and the flexibility to adjust this more accurately to reflect the approved NKIZ bid document. The MOU is expected to set out, at least in outline, the intentions for the EZ in terms of marketing strategy, financing and investment strategy, governance, resources (capacity and skills), data collection and monitoring. As indicated above, these are priorities for the work programme over the next 3 months. The MOU will therefore be an agenda item for the Accountability Board and Strategic Board meetings in September (and a progress report will also be taken to the next meeting of the Kent & Medway Economic Partnership on 1 August).

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Date: 13 June 2016

Annex A: North Kent Innovation Zone – Governance Arrangements

Introduction

1. The EZ bid document indicated that there would be two tiers of governance: individual delivery boards for each site/scheme, and an overall strategic board for the EZ as a whole. This Annex summarises the provisional structure and composition of the different boards, and the relationship to the SELEP Strategic Board.
2. The governance arrangements need to be sufficiently robust to provide assurance to stakeholders and to central Government that the enterprise zone will be well run, and sufficiently light-touch to enable resources to be focused on delivery in a business-like manner with the minimum necessary bureaucracy.
3. Governance arrangements will need to be kept under review as the enterprise zone evolves to ensure these remain fit for purpose.
4. It is proposed that Thames Gateway Kent Partnership should oversee the process of establishing the NKIZ Strategic Board, liaising with the SELEP Managing Director as necessary.

NKIZ Strategic Board (SB)

5. Purpose

- To set the vision for the NKIZ and define the ingredients that will make it a success.
- To provide strategic oversight of, and direction to, the NKIZ as a whole and any dedicated staff.
- To agree, and monitor progress on, fulfilling key strategic objectives set down in core documents including the implementation plan, investment strategy and marketing strategy.
- To hold the Delivery Boards/Teams for the individual EZ schemes to account for progress and outcomes.
- To promote the interests of the NKIZ at all levels including with national and local government, SELEP, industry bodies, academic institutions, businesses and potential investors.

6. Status

- The SB is an informal, voluntary board. It is not a legal entity and has no powers of its own to enter into contracts, procure goods and services or employ staff. Any such matters shall be carried out on behalf of the SB by the Accountable Body, which is [to be confirmed]. Terms of reference will be adopted subject to approval by the SB.

7. Composition

• Chair (private sector)	• Representative from Thames Gateway Kent Partnership ¹
• One representative from each of the constituent schemes (3)	• Representative for the HEI Sector
• Chief Executive, Locate in Kent	• Representative from the Accountable Body
• Managing Director, SELEP	• EZ Coordinator / Director
• Senior Officer, KCC	

¹ TGKP's representation could be through the EZ Coordinator/Director whilst the Partnership fulfils that role, or separately if that role is resourced in some other way.

8. Chair

- The SB will be chaired by a senior person appointed with the agreement of other members of the SB. Ideally the Chair will have 'line of sight' to the Kent & Medway Economic Partnership and the SELEP Strategic Board, and invited to attend KMEP/SELEP meetings on behalf of the NKIZ.
- The Chair should preferably be a private sector figure, well-respected in Kent & Medway, firmly committed to the NKIZ objectives and with relevant experience of, for example, target growth sectors, enterprise / innovation or commercial development, as well as demonstrable leadership / chairing qualities. The specification for the role should be flexible and non-prescriptive to encourage a broad search for potential candidates.
- The Chairman's role would be unpaid, [but reasonable expenses may be payable in line with the Accountable Body's normal policy].

9. Other SB Members

- Most of the seats on the SB would be defined as indicated in para 7 above. The critical point is that individuals have the right skills, connections and expertise to provide direction for the NKIZ and effectiveness in driving delivery through the local boards.
- SB Members would technically be *ex officio*, but in practice their selection would be as much on a personal as positional basis.
- Subject to endorsement by the SELEP Strategic Board of the arrangements for establishing the NKIZ SB, invitations / nominations may be handled via the Thames Gateway Kent Partnership.
- As per the chairman, roles would be unpaid [but reasonable expenses may be payable in line with the SELEP/Accountable Body's normal policy].

10. Meetings

- The SB would normally meet approximately quarterly.
- Other persons may be invited to attend SB meetings, on the basis of particular expertise or contribution relevant to the meeting(s) in question, e.g. relevant industry sector specialists.

11. Secretariat

- Support for the SB would be via the EZ Coordinator/Director with appropriate support agreed by partners.

Local Delivery Boards/Teams

12. Purpose

- To be responsible for driving and overseeing the day-to-day delivery of the enterprise zone sites within their area, including preparation, development, commercial operation and ongoing support.
- To bring together relevant landowner, public sector and business/industry interests that have the skills, tools and capacity to direct the technical, commercial and management aspects of delivering the EZ.
- To provide tactical guidance and support to the professional team leading projects, programmes and other operational activities associated with the delivery of the EZ.
- To serve as the forum in which local stakeholder management issues are addressed.

13. Status

- Like the SB, local delivery boards/teams will be informal, voluntary arrangements. They will not be legal entities nor have powers of their own to enter into contracts, procure goods and services or employ staff. Each board/team would be expected to have broadly similar terms of reference, subject to any local variations agreed by the local board/team and approved by the SB.

14. Composition

- For the individual sites, the suggested make up of the local delivery board/team arrangements is provisionally as set out below². It will be up to the local board/team to appoint or confirm the Chair – who would normally also be that scheme’s representative on the SB.

*The **Ebbsfleet** Delivery Board / Team (max 10 people) will consist of:*

<ul style="list-style-type: none"> • Senior Officers (e.g. Director level) from Dartford Borough Council, Gravesham Borough Council, Ebbsfleet Development Corporation 	<ul style="list-style-type: none"> • EDC Project Manager
<ul style="list-style-type: none"> • Senior representatives (e.g. Directors) of the relevant landowners (Land Securities, Tarmac, EIGP) 	<ul style="list-style-type: none"> • Co-opted industry / business sector / HEI experts (as appropriate).
<ul style="list-style-type: none"> • Development partner(s) as appropriate. 	

*The **Kent Medical Campus** Delivery Board / Team (max 10 persons) will consist of:*

<ul style="list-style-type: none"> • Chief Executive of Kent Medical Campus Ltd 	<ul style="list-style-type: none"> • MBC Project Manager
<ul style="list-style-type: none"> • Director of Regeneration and Place, Maidstone Borough Council 	<ul style="list-style-type: none"> • Representative(s) from the landowner’s Agents (i.e. Director(s) from Jones Lang LaSalle and/or DHA Planning)
<ul style="list-style-type: none"> • Chief Executive of European School for Osteopathy 	<ul style="list-style-type: none"> • Co-opted industry / business sector / HEI experts (as appropriate)
<ul style="list-style-type: none"> • Chief Executive of KIMS 	<ul style="list-style-type: none"> • [Representatives from the tenants - tbc.]

*The **Rochester Airport** Delivery Board / Team (max 10 persons) will consist of:*

<ul style="list-style-type: none"> • Leader / Cabinet Member of Medway Council (as Chair) 	<ul style="list-style-type: none"> • Medway Council Project Manager
<ul style="list-style-type: none"> • Senior Officer (Director / Assistant Director) from Medway Council 	<ul style="list-style-type: none"> • Senior officer from Tonbridge & Malling District Council
<ul style="list-style-type: none"> • Other landowner representatives (BAE Systems, Sheppey Industries, Rochester Airport Limited) 	<ul style="list-style-type: none"> • Co-opted industry / business sector / HEI experts.
<ul style="list-style-type: none"> • Development partner(s) as appropriate. 	

² It is assumed that the NKIZ Director/Coordinator will participate in each delivery board.

15. Meetings

- The local delivery boards/teams will make their own meeting arrangements, probably on the basis of a monthly frequency in the first instance.
- Other persons may be invited to attend SB meetings, on the basis of particular expertise or contribution relevant to the meeting(s) in question, e.g. relevant industry sector specialists.

16. Administrative / logistical support

Mobilising the board/team and providing logistical and administrative support will be the responsibility of the relevant local Project Manager.

Reporting and accountability arrangements

17. The right to set up and operate an Enterprise Zone reflects an agreement between central Government (specifically the Secretary of State for DCLG), the local authorities in whose area(s) the site(s) are situated and the relevant Local Enterprise Partnership(s). (The proposed Memorandum of Understanding sets out the terms of that agreement.) It is therefore important that the local authorities and the LEP remain closely involved with an enterprise zone and provide it with the necessary support to help it succeed.
18. For NKIZ, the relevant local authorities will be directly involved through the local delivery boards/teams. SELEP and the Accountable Body (for NKIZ) will be directly involved through representation on the NKIZ Strategic Board.
19. It is proposed that the NKIZ Strategic Board should provide periodic updates to the Kent & Medway Economic Partnership and to the SELEP Strategic Board – the frequency to be agreed.
20. The Memorandum of Understanding proposed by Government indicates quarterly monitoring (management information) requirements, which the local authorities and LEPs are expected to use their best endeavours to fulfil. It is suggested that aside from any narrative, reporting between the NKIZ and SELEP/KMEP should not go beyond the categories of information required for monitoring by central Government.
21. Expenditure by or on behalf of the NKIZ will be reported through its Accountable Body to partners and stakeholders.

HARLOW ENTERPRISE ZONE

1. Purpose:

- The purpose of this paper is to support the funding of key strategic investments within Harlow to be funded from the Enterprise Zone business rates uplift, which will then enable the successful delivery of the Enterprise Zone. Through this mechanism, delivery of the Enterprise Zone can be ensured in a manner that is self-financing rather than through other funding sources such as LGF. This will be achieved by borrowing undertaken by Harlow Council with the business rate uplift repaying that borrowing.
- A draft of this paper was presented to the Greater Essex Business Board on 31 May 2016 and received full endorsement.

2. Recommendations:

It is recommended that:

- A sum of £23.15m of the business rate uplift is allocated to the activities identified in Tables a), b) and c) below.
- A further sum of up to £50m is allocated to support the delivery of projects identified in Table d) with the precise amounts for each to be determined by Harlow Council as the project costs for each are developed and the timescales become clearer.
- A monitoring process takes place between SELEP, Harlow Council and the Accountable Body on the phasing of the apportionment of business rate uplift to ensure that this is consistent with the rate of development activity and the actual delivery of business rates that are available for investment with any business rates in excess of those allocated in (i) and (ii) above subject to further consideration by SELEP.

3. Background

- The Harlow Enterprise Zone is one of the key strategic projects in the SELEP area and will be a significant contributor to the delivery of new jobs in this area. The proposals for the Enterprise Zone show the delivery of more than 1 million square feet of new commercial floorspace, 210,000 square feet of refurbished Grade A office space and the creation of 3,000 – 4,000 new jobs.

Accordingly it will be a substantial economic driver in the region. It also has the potential to spur new housing growth and wider economic benefits that will accrue from supply chain development.

- Harlow Council has always seen the Enterprise Zone as one part of a three pronged physical infrastructure strategy to deliver the long term growth and regeneration of the town – the others being housing growth and town centre renewal. From the days of the East of England Plan Harlow has been identified as a major opportunity area and as a sub-regional centre. However, the town has been unable to capitalise upon its excellent strategic location to deliver this potential, largely as a result of poor quality infrastructure, a lack of diversity in its housing stock and a town centre that has become in need of regeneration.
- There is now significant potential to deliver this opportunity: -
- The creation of the Enterprise Zone has raised confidence in the ability of the town to deliver high level jobs as evidenced by the decisions of Arrow Electronics and Raytheon Systems (two large multi-national companies) to make substantial investments in the EZ this year.
- The announcement by the Government that Public Health England will base its National Science Hub in Harlow from 2019, bringing 2,400 high level science jobs to the town.
- The emerging Local Plans in West Essex and East Hertfordshire which are identifying the potential for an additional 46,000 new homes in the Harlow area.
- This potential can be realised through the delivery of the Enterprise Zone and investment in the associated supporting infrastructure. .

Enterprise Zone establishment

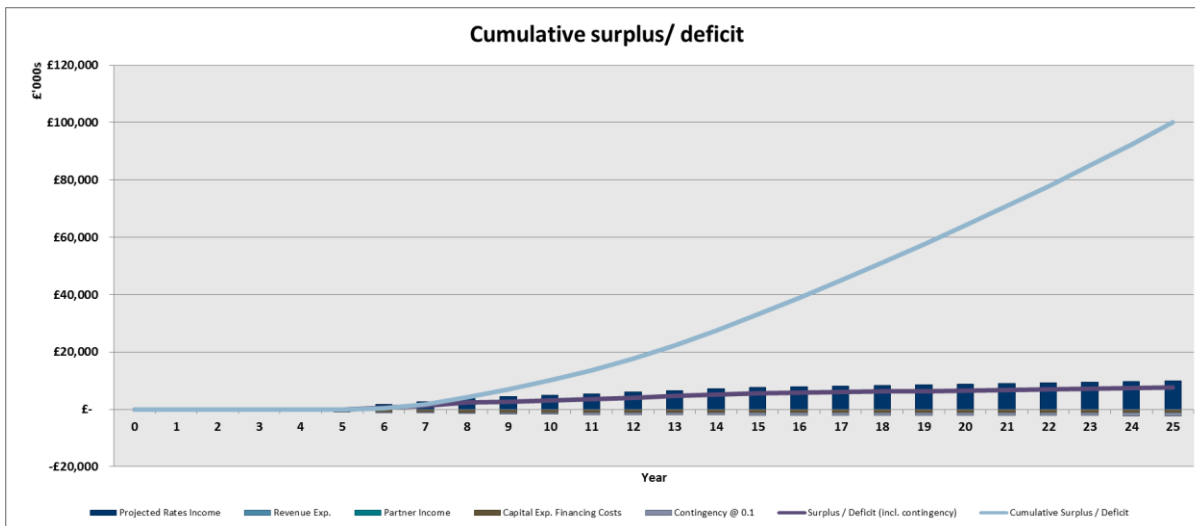
- When the Enterprise Zone status was granted to Harlow in 2011, it was part of a unique arrangement which also saw the creation of the Discovery Park Enterprise Zone in Kent, permitting two Enterprise Zones in one LEP area. This arrangement had two particular impacts for Harlow:
 - The value of the uplift in Business Rates accruing from activity in the Enterprise Zone was to be passed to SELEP for a 25 year period.
 - Harlow Council would not receive a rebate from central Government for any business rate discounts offered as incentives to businesses locating in the EZ, unlike all other Enterprise Zones in England.
- However, it was also agreed with SELEP (Executive Group meeting, September 2013) that Harlow should be “no worse off” through delivering an Enterprise Zone. This means that Harlow Council should have access, at the very least, to the business rate uplift it would have secured through the normal flexibilities available to local authorities. This is explored further in later sections of this report. It was also acknowledged that some financial investments needed to be made in the Enterprise Zone to ensure its success, since without a successful Enterprise Zone there is no additional business rate income. Accordingly, there has been an agreement that SELEP would:
 - 1) Provide a revenue grant of £1m over a five year period to support the development of the EZ through to March 2018.
 - 2) Reimburse the set up costs incurred by Harlow Council in 2011-13, largely around the production of the Local Development Orders. This amounted to a sum of £244,389.

- 3) Reimburse the costs of any business rate discounts offered by Harlow Council.
- It was also agreed that the last of these items would be financed through the uplift in business rates that accrued from activity in the Harlow Enterprise Zone, along with the £1.5m GPF money allocated to the Templefields Link Road project.
 - Since the original establishment by the Government of 24 Enterprise Zones, there has been a second wave of an additional 20 Zones, announced in last year's Autumn Statement. In the bidding guidance for this second round, it was again identified that LEPs would be the beneficiaries of the uplift in Business Rates but it was made explicitly clear that there was an expectation that this uplift was to be used in the first instance to fund the development of the Enterprise Zone. In fact, DCLG and BIS are now requiring Enterprise Zones to report quarterly on the amount of business rate uplift that has been invested and on the amount of borrowing that has been undertaken to facilitate this.

Financial Model

- Cushman and Wakefield was commissioned by DCLG to produce a national business rate model which would forecast the delivery of business rate uplift against the projected build out of the EZ. This also calculates the capital investment required to deliver this build out and provides a cash flow which identifies borrowing requirements and annual surplus/deficit. The model has been approved by the Treasury and is currently being used by a number of Enterprise Zones and LEPs across the country. Harlow Council has extended this commission to provide a bespoke model that reflects the current development and plans on the London Road site.
- The model demonstrates that a sum of £119m can be identified as the net increase in business rates from the Harlow Enterprise Zone. Further details on the assumptions behind this figure are provided in the annex to this report. Against this sum, investments can be made to secure the delivery of the EZ and the resulting business rates.
- Example: The following graph has been produced by Cushman & Wakefield to demonstrate the surplus that can be achieved once existing commitments are factored in such as the refund of business rate subsidies and the existing GPF funded highways work. For the purposes of illustration it has assumed investment in the activities identified in tables a) and b) below and the finance costs of the loans required to deliver this investment.

Enterprise Zone funding to fund direct investment into the site



- This demonstrates that the model generates a significant surplus of £100 million after the borrowing has been paid down, and that the model is healthy in the early years with a maximum deficit of only £90,000 in 2017, which is the second year after the first investment is made. The graph has assumed the investment of the sums identified in tables a) and b) below, plus the financing costs, relating to infrastructure and land acquisitions.

Investment Requirements

- Further investment will be required to ensure the success of the Enterprise Zone and the broader regeneration of Harlow with which it is inextricably linked. This investment will be financed through borrowing undertaken by Harlow Council secured against the future uplift in business rates that will accrue from the Enterprise Zone. The risk associated with this borrowing sits with Harlow Council, and not with SELEP, in the event that business rate delivery is below the level forecast.
- This further investment can be broken down into a number of categories:
 - a) Short term infrastructure investment in the London Road site to ensure it is market ready.
 - b) Land acquisitions at London Road to complete the site assembly.
 - c) Investment in projects designed to bring forward additional development on the Enterprise Zone sites.
 - d) Wider investment in the growth and regeneration of Harlow. This will be essential to creating the wider package that will bring high quality companies to Harlow – a better quality town centre, transport infrastructure improvements and the provision of essential services to facilitate the growth of the town.

a) **Infrastructure Investment**

Activity	£	Timescale
Design and construction of Spine Road	3,000,000	2016/17
Fibre optic cable installation	500,000	2016
Sewerage ducting	120,000	2016

Archaeological investigations	30,000	2016
Sub-total	3,650,000	

b) Land acquisitions

Activity	£	Timescale
Purchase of remaining Newhall Land (2 acres)	1,000,000	2016
Purchase of Powerrapid land (10 acres)	5,000,000	2016-17
Sub-total	6,000,000	

c) EZ site development

Activity	£	Timescale
Support the re-location of Civic Amenity Site	1,500,000	2018
Harlow Mill Station access and landscaping	2,000,000	2018-19
Science Park small business unit development	10,000,000	2017-18
Sub-total	13,500,000	

d) Wider regeneration activities

Activity	£	Timescale
Harlow Town Centre re-development	25,000,000	2017-19
M11 Junction 7a contribution	30,000,000	2019-20
Northern bypass – scheme development	5,000,000	2018-19
Hospital re-development	25,000,000	2019-22
Crossrail 2 contribution	15,000,000	2029-30
Sub-total	100,000,000	

- The investment in projects in Harlow Town Centre is designed to increase the attractiveness of the town centre for private sector retail, leisure and residential development. A vibrant town centre and increased good quality housing will be essential pre-requisites of attracting businesses to Harlow and the Enterprise Zone. We know that this has been a major barrier to attracting companies to Harlow with businesses such as GlaxoSmithKline citing the poor quality offer of the town centre as a significant factor in poor job retention.
- Investment in the delivery of Junction 7a on the M11 is essential not only for the growth of the town but also the actual full delivery of the Enterprise Zone. There is a Highways England restriction on the development of the Harlow Enterprise Zone at London Road until the new junction is delivered, which in essence prevents delivery of 10 acres of the site until the junction is in place. Inevitably this new junction will be delivered through a cocktail of funding including central government and developer contributions but we would wish to see some investment secured through the business rates mechanism to provide some certainty of delivery at an early stage.
- Longer term projects for which investment may be sought to deliver further growth include a northern bypass from a new motorway junction to facilitate housing growth to the north of the town. There is a requirement to create a new hospital for the sub-region and a new out of town location could enable the re-development of the existing town centre site for a significant housing

scheme. Finally, Harlow Council has submitted a case to the Crossrail 2 Growth Commission for the northern terminus of Crossrail 2 to be located at Harlow. It may be in the future that SELEP could look at being part of the funding package to help deliver this significant upgrade to the rail infrastructure on the West Anglia Line.

4. Conclusions

- The Harlow Enterprise Zone will be a significant economic accelerator for the SELEP area but it needs investment in infrastructure to ensure this delivery. Harlow Council will undertake the borrowing required to deliver this investment but needs to ensure that this is backed by the uplift in business rates to repay this borrowing. This is consistent with the new DCLG guidance on Enterprise Zones which states that it is expected that in the first instance business rate uplift is to be utilised for the purpose of Enterprise Zone delivery.
- The model identifies a net sum of £119m of uplift that is potentially available to invest in development. It is considered that a prudent sum of £90m could be identified for investment once financing costs are accounted for.
- Following the principle that the Council should be “no worse off” from having an Enterprise Zone, the modelling undertaken by Cushman and Wakefield identifies that the Council would have received in the region of £12m (as set out in the Annex) if the development had taken place without EZ status, albeit over a longer period of time.
- Tables a), b) and c) above identify £23.15m of investment required in the short term to deliver the immediate infrastructure and enable broader development within the Enterprise Zone. This would include the £12m identified above which would have been received by Harlow Council if Enterprise Zone status had not been secured. In addition to this, the Council would wish to see allocations made to the activities identified in Table d). The quantum of these latter investments and the detail of delivery will need to be explored further over the next year as these schemes become more developed and there is greater certainty on costs and other sources of funding. However, Harlow Council would wish to agree a formula with SELEP through which a specific proportion of the uplift is allocated to projects in Harlow.
- As a key strategic priority of SELEP it is important that the delivery of the Harlow Enterprise Zone is supported. The recommendations in this report provide a means by which the additional business rates produced by the Enterprise Zone can be reinvested to support its success. Harlow Council, in being prepared to borrow against future business rate revenue flows, is illustrating its commitment to the success of the Enterprise Zone.

ANNEX: FINANCIAL MODEL ASSUMPTIONS

(a) The financial model

The Cushman & Wakefield model is based on the developers' assumptions for the build out of the two sites at London Road – Kao Park (Goldacre Ventures) and Harlow Science Park (Vinci). It should be noted that any uplift in business rates associated with the Templefields site has not been factored into the model. This is because it is largely a fully occupied industrial estate and there will be no uplift in the short term. Whilst in the longer term development with higher value and higher density uses will almost certainly be achieved, it is considered prudent at this stage not to factor in any uplift.

Projected business rate income from the two London Road sites from 2011 to 2036 has been forecast through the model to be £147m. This is based on the developers' forecasts of delivery of rateable units and estimated rental levels based on the recent lettings at Kao Park. The model has assumed: -

- Bad debt provision at 3%
- Reductions for other forms of business rate subsidy (e.g. Small Business Rate Relief or charitable relief) estimated at 2%
- 10% contingency for a slower than forecast build out of rateable properties
- A sum of £5m to cover the cost of business rate discounts offered to new occupiers
- Repayment of the £1.5m GPF loan from SELEP for the Templefields Link Road.

This will provide a net business rate income to 2036 of £119m.

(b) The 'no worse off' position

As identified in the main paper, it has been agreed that Harlow Council should be no worse off through having an Enterprise Zone. In other words, if some development had occurred without the Enterprise Zone status being granted then Harlow Council would have received some of the uplift in business rates through the normal provisions.

Cushman & Wakefield were asked to model this to assess the minimum financial position for the Council. In doing this they have used the following assumptions: -

- The London Road North site would have been built out 50% more slowly than if there had been no Enterprise Zone.
- The Kao Park site would have been delayed by two years. Given that a developer was already in place for this site with a clear plan for its development the main accelerator has been the planning flexibilities provided by the Local Development Order which may have brought the development forward by 1 – 2 years. Accordingly, the model has assumed a two year delay to this development if there had been no EZ.

With the additional assumptions from the full model in paragraph (a), the 'no EZ' position shows a potential gross business rate uplift of £80m, as opposed to the figure of £147m. Once the provisions detailed above are factored in it produces a net business rate income of £63m. Of this, Harlow Council would have retained £12m under the normal scheme agreed with government.

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

SELEP Chairman Subsistence and Hospitality Policy

1. Purpose:

- 1.1. The purpose of this paper is to ensure that the SELEP has an agreed and transparent policy in place with regard to the hospitality and subsistence claims that may be made by the Chairman of the Board.

2. Recommendations:

- 2.1. The Board is asked to **AGREE** the SELEP Strategic Board Chairman's hospitality and subsistence policy attached at Appendix 1.

3. Supporting Detail:

- 3.1. Appendix 1: Chairman's hospitality and subsistence policy

4. Background:

- 4.1. With the appointment of the new Chair of the SELEPs Strategic Board it was deemed as good and appropriate Governance to review the arrangements in place for payment of hospitality and subsistence claims to the Chair of the board.
- 4.2. The policy attached at Appendix A sets out the arrangements by which the Chair can claim for subsistence and hospitality.
- 4.3. The policy is designed to safeguard the use of public funds, and to protect and enhance the reputation of SELEP and the South East region. All claims, gifts or hospitality must uphold the SELEP integrity and meet the highest standards of public life.
- 4.4 The Board is asked to consider and approve the policy.
- 4.5 It is intended that the policy will be published on the SELEP website to ensure transparency.

5 Financial Implications

- 5.1 All approved claims for hospitality and subsistence will be funded by the SELEP Secretariat budget.

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Date: 24th June 2016

SELEP Chairman Subsistence and Hospitality Policy

The aim of this policy

The policy is designed to safeguard the use of public funds, and to protect and enhance the reputation of SELEP and the South East region. All claims, gifts or hospitality must uphold the SELEP integrity and meet the highest standards of public life.

1. Travel and Subsistence

- 1.1 Claims for travel and subsistence should be submitted monthly using the template as provided by the secretariat. Payment will be made direct to a Bank or Building Society account via BACS in accordance with the payment dates which will be notified from time to time.
- 1.2 All claims must be supported by appropriate receipts.
- 1.3 The Chairman must satisfy himself that the amounts claimed are correct, fair and reasonable, and that they have been incurred in the course of an "Approved Duty".
- 1.4 Failure to supply receipts and appropriate detail will result in non-payment of claims. If in exceptional circumstances the necessary receipts or documentation could not be retained a written explanation to that effect should be included.
- 1.5 Claims must be submitted to and approved by the Accountable Body.

2. Approved Duties

- 2.1 An "Approved Duty" is:
 - (a) Attendance by the Chairman at any of the following meetings;
 - i. SELEP Boards;
 - ii. SELEP Committees or Sub-Committees as may be established from time to time;
 - iii. Federal Boards;
 - iv. Federal Committees or sub-committees as may be established from time to time;
 - v. any working group within the SELEP area;
 - vi. any Spatial Groups (including Coastal, Rural and Thames Gateway);
 - vii. any Sector Groups (including U9 (HE) and Creative);
 - viii. any Local Authority or Business Partners;
 - ix. Central Government and its departments;
 - x. Secretariat;
 - xi. Accountable Body;
 - xii. Vice Chairman.
 - (b) An activity in connection with the discharge of any function of the SELEP;
 - (c) Any other duty where the reasonable attendance is;
 - i. in pursuance of the role and duties of Chairman; and
 - ii. to conduct business relevant to the work of the SELEP.

3. Subsistence Claims

Travel Expenses

- 3.1 Travel by personal car for will be reimbursed at the rates set for tax allowance purposes by the Inland Revenue for business travel. Currently these are:
- 45p per mile for the first 10,000 miles and 25p per mile thereafter.
 - An additional 5p per mile can be claimed for carrying a fellow SELEP member on a business journey;
 - 24p per mile for use of own motorcycle and
 - 20p per mile for use of own bicycle.
- 3.2 Travel expenses will be reimbursed for relevant journeys between premises as agreed for tax purposes.
- 3.3 When claiming mileage for using a motor vehicle fuel VAT receipts must be provided; the receipt(s) should show that sufficient fuel to undertake the journey(s) was purchased prior to the journey(s) taking place. However, if the Chairman is registered for VAT and provides a copy of the relevant VAT Certificate to the Secretariat, they can claim mileage without receipts.

Other travel expenses

- 3.4 Parking fees and public transport fares will be reimbursed at cost, but only on production of a valid ticket or receipt. The cheapest available fare for the time of travel should be purchased.
- 3.5 Rail travel other than within the SELEP area or London should be booked in advanced to enable use of discounting arrangements and to ensure the most economical means of travel has been chosen for the journey. All rail travel must be Standard Class.

Taxi

- 3.6 Taxi fares will only be reimbursed on production of a valid receipt and only if the use of public transport or the chairman's own car is impracticable.

Air travel and travelling abroad

- 3.7 Air travel and any journey undertaken abroad must be approved by the Strategic Board prior to the journey being undertaken.
- 3.8 The Strategic Board must be advised of the nature and purpose of the journey, the overall costs of the journey and the benefit to be achieved. All air travel must be economy class.

Meals

- 3.9 Meals may only be claimed where there has been attendance on an Approved Duty for four hours or more. The four hour period will include time travelling to and from the Chairman' normal place of residence, and which include the periods of the day specified below:

Breakfast: starting before 7:30am £5.00

Lunch: 12 noon to 2:30pm	£10.00
Dinner: ending after 8:30pm	£20.00

3.10 Expenditure on alcohol will never be reimbursed and must not be claimed.

Hotels

3.11 Where hotel stays are necessary, hotel accommodation will be paid at the following rates:

Main Cities in UK (Bristol, Birmingham, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, London (including Gatwick and Heathrow), Manchester, Newcastle, Plymouth and Reading).	£150.00
Elsewhere in UK	£100.00
Foreign hotels – reasonable, but not luxury class	3 quotes

Telephone / E Mail

3.12 No claims can be made for the cost of Broadband connection, or telephone bills whether they are land line, mobile or both.

Stationery

3.13 No claims can be made for the cost of printer cartridges, printer paper, envelopes, stamps, pens, files etc or for any of these to be provided free of charge for use at home.

4. Non Claimable expenses

4.1 Public funds should not be used to purchase gifts of any kind. For example, none of the following can be reclaimed through the expenses system:

- Christmas or other greetings cards;
- Staff or Member entertaining, including Christmas lunches and other parties;

- Gifts to members of staff or other Members or ex-members of staff or ex-Members;
- Gifts, gratuities or donations of any nature to external bodies or individuals;
- Prizes to staff members or Members rewarding special work efforts or good business ideas, other than through the approved corporate scheme – the costs of which would not be met through the expenses claim system;
- Cards for those officers sitting exams, or "get well" cards;
- Leaving gifts;
- Long service awards; and
- Flowers in respect of bereavements.

5. Hospitality

5.1 Public funds should not be used for offering hospitality to third parties. If it is likely that a 'typical' member of the public would think that using public funds to offer hospitality, or the acceptance of a

particular offer of hospitality is inappropriate, then it probably is and should therefore not be offered.

- 5.2 In exceptional circumstances the Chairman may be in a position where they are required to provide hospitality (for example: buying lunch for the purpose of managing the reputation of the SELEP). The need to incur such expenses must be approved in advance by the Managing Director of the SELEP.
- 5.3 In these circumstances there must be appropriate supporting information provided with the claim which includes relevant receipts and demonstrates the authorisation given, the reasons for the need to offer hospitality, and the names of those involved (both those of the external body offered the hospitality, and any SELEP member or officer present).
- 5.4 It is expected that the subsistence rates set out in paragraph 3.9 would normally apply. However in exceptional circumstances there may be occasions when a higher level of hospitality is appropriate. In these cases, a maximum of £40 per head, may be paid.
- 5.5 Catering may be provided for formal meetings with external bodies in certain circumstances, for example, if meetings take place outside of normal office hours.
- 5.6 The SELEP is funded entirely through public funds and everyone's conduct is expected to be of the highest standard. It is essential that all individuals are seen to be open and honest in any dealings with outside individuals and organisations. These relationships are examined in detail through formal and regular channels, such as auditors. They are also of great interest to the public through Freedom of Information requests and other ad hoc channels.
- 5.7 However, the role of Chairman incorporates a large element of networking, which by their very nature will include an expectation of their attendance at formal hospitality events. Such offers of hospitality from third parties may be accepted if:
 - a. the invite is as a direct result of the position as Chairman of the SELEP; and
 - b. it will provide a platform within which the Chairman will be able to actively pursue the SELEP's objective and further networking to the benefit of the SELEP.
- 5.8 In the interest of openness and transparency, the Chairman should declare all offers of hospitality made, indicating whether it has been declined or accepted, using the on line Declaration process, within 28 days of receipt of the offer.