

Full Board Meeting Agenda

Friday 12th December 2014, 10:00am – 12:30pm

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

South East
Local Enterprise Partnership



10:00	1	Baroness Kramer, Minister of State for Transport	Baroness Kramer
10:20	2	Welcome and Apologies Minutes and actions	Peter Jones
10:25	3	Response to SE LEP Delivery Review	Peter Jones David Godfrey
10:55	4	Growth Deal 2 <ul style="list-style-type: none">• Oral update	Peter Jones David Godfrey Louise Morgan, BIS
11:10	5	ESIF and Local Implementation Plan	George Kieffer Lorraine George
11:20	6	Investment Fund update <ul style="list-style-type: none">• SEFUND update• Growing Places Fund (GPF)	Peter Jones David Godfrey Suzanne Bennett
11:30	7	Growth Deal 1 Implementation <ul style="list-style-type: none">• Implementation of Growth Hub	Peter Jones David Godfrey Tim Rignall
11:40	8	Core Funding 2015/16	Peter Jones Suzanne Bennett
11:50	9	BT and the support of business with the SE LEP Area	Andrew Campling, BT
12:20	10	Any other business	Peter Jones
12:30	11	Networking lunch	All

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SE LEP Board Meeting Minutes

Friday 26th September 2014, 10:00am – 12:30pm
 High House Production Park, Purfleet, Essex, RM19 1RJ

Full Board members & alternates present

1	Peter Jones	Chair
2	Cllr Jeremy Birch	Hastings BC
3	Cllr Bob Standley	Wealden District Council
4	Cllr Keith Glazier	East Sussex County Council
5	Derek Godfrey	Ellis Building Contractors
6	Graham Peters	East Sussex SME Commission & East Sussex Rural Partnership
7	Dave Fisk Alternate for Malcolm Diamond	Association of Chambers East Sussex (ACES)
8	Cllr Kevin Bentley Alternate for David Finch	Essex County Council
9	George Kieffer	Have Gateway Business
10	Julian Drury	C2C and South Essex Businesses
11	Cllr John Kent	Thurrock
12	David Burch	Essex Chambers
13	Cllr Chris Whitbread	West Essex Authorities
14	David Rayner	Birkett Long and Heart of Essex Businesses
15	Cllr Graham Butland	Braintree District Council & Essex Local Authorities
16	Cllr Paul Carter	Kent County Council
17	Geoff Miles	Maidstone Studios
18	Cllr Alan Jarrett Alternate for Cllr Rodney Chambers	Medway Council
19	Graham Brown	Bouygues UK & Denne Construction Ltd
20	Cllr Paul Watkins	Dover District Council
21	Paul Barrett Alternate for Jo James	Kent Invicta Chambers
22	Cllr Peter Fleming	Sevenoaks District Council
23	Nick Sandford	CLA & Godinton House and Estate
24	Julian Crampton	University of Brighton
25	Graham Razey	East Kent College
26	Cllr Ron Woodley	Southend BC

Apologies

Apologies had been received from Perry Gladding.

1. Welcome and Update

The Chairman welcomed members to a longer Board meeting than usual with a presentation on the Delivery Review by Irene Lucas at 12.30. He began by thanking Derek Godfrey, who was standing down as Vice Chairman, for his time in this role and the great contribution he had made. The Chairman was re-assured that Mr Godfrey was to remain on the SE LEP Board.

The Chairman then thanked Zoe Gordon for her outstanding work for the SE LEP Secretariat. This would be Mrs Gordon's last meeting before her maternity leave.

Following the re-arrangement of the BT item, the Chairman then referred to his intention and that of other Board members to "call-in" utility and other national providers to discuss their support of local business in providing the infrastructure for businesses to grow and how disruption could be minimised when undertaking development or remedial work.

Through a separate mechanism, in exercising responsibilities of the Growth Deal, the Chairman also wished to invite local authorities to meet the LEP to discuss their Local Plans in an effort to share best practice and support to get them agreed and in place.

The Chairman then congratulated:

- **Carole Barron** and her team on an excellent Universities' Catapult Bid which deserved to be successful
- **Zoe Gordon** and local areas in producing an SME Digital Capability bid includes support for the creative industries very appropriately
- **Andrea Stark** on the Backstage Centre's bid to become a National College
- **Kevin Bentley** on the very successful CORE Group meeting, with the SE LEP CORE Group now to be chaired by **Mark Dance** with SE LEP support

Further updates were received on:

- **Manston:** Paul Carter confirmed the owners of Discover Park had acquired the airport with an ambition to create over 4,000 jobs
- **Ebbsfleet:** Paul Carter indicated that Michael Cassidy had taken on the role of Chairman. £200m had been allocated to the Garden City development but it was considered more may be required
- **Free flow tolling:** John Kent confirmed this had been put back until November without clear reason. Communication had also been poor.
- **Davies Commission:** Alan Jarrett confirmed that the Estuary Airport had been ruled out; also that the planning application Rochester Airport was to be considered later that day.

Finally, the Chairman was delighted to confirm that Baroness Kramer, one of the Ministerial "Growth Quad", would be joining the next SE LEP Board meeting in December.

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

There were no matters arising from Board Members.

On actions, the Chairman commented that:

- Any interest earned on GPF cash balances are for the sole use of SELEP and included within the accounts as a source of income.
- Further work on advisory groups was underway and would come back in the Delivery Review discussion late.
- The draft letter on SEFUND was circulated as noted.
- A response had been sent to Ministers confirming the SE CORE Group.
- Letters of support were despatched supporting local housing projects as indicated.

The minutes of the meeting on Friday 30th May were agreed to be a correct record of proceedings.

3. Signing of LEP Accounts

It was noted that the Board have seen and approved the accounts on several earlier occasions subject to final adjustments but that this was the final statement.

The Chairman then thanked Paul Keegan for his work on the accounts and much more widely in supporting SE LEP.

The statement was approved and the Chairman signed the accounts.

4. Growth Deal Update

The Chairman welcomed the second round of the Growth Deal and was keen to do all possible to persuade Ministers to put as much funding as possible into Local Growth Fund.

Iain McNab (BIS) commented that the second round of the Growth Deal was intended to be a much more open process. He advised Board Members not to be overly concerned about the 6th October deadline which was to understand national demand for Local Growth Fund in advance of the Local Growth Committee meeting on 16th October. He encouraged the LEP to be rigorous in its prioritisation of schemes.

The Chairman commented that he had asked each area for 3 or 4 project priorities and asked members for an update, indicating progress. He also noted the Government feedback for some pan-LEP projects to be included to make the bid more attractive and the potential for allocating a percentage of funding for shared priorities or joint initiatives as had been the thinking in the original Growth Deal proposal.

Concerns were raised about the Skills Capital process in relation to local areas but it was confirmed this was a pan-LEP competition.

Paul Carter commented that there was a need to resolve the flow of Local Growth Funding more widely and that basic principles had to be agreed to devolve funding and accountability to local areas. If this could not be achieved the potential for break-up was real.

Geoff Miles felt the LEP had made a good start but that the relationship with Ministers had to be developed further to increase understanding of SE LEP.

Jeremy Birch indicated that rules and targets should be set for bids and noted the short timescale. He outlined work to develop the Coastal Communities Group bid that he hoped would be included as a pan-LEP project.

Local areas re-assured members of the development of local projects and the local prioritization underway.

Ron Woodley stressed the importance of bids being submitted and projects being delivered.

The Chairman ended the discussion by emphasizing the importance of a pipeline of projects because further opportunities, including potentially through SEFUND, were certain to be presented.

5. European Funding (ESIF) update

The Chairman congratulated George Kieffer on the establishment of the Shadow ESIF Committee and Lorraine George on the huge amount of work undertaken to develop the Local Implementation Plan (LIP) in a constantly changing operational environment.

George Kieffer introduced the paper updating members on progress with the LIP and the ESIF Committee indicating its terms of reference and the drawing of members from the federal areas. However, he noted that the structure of the Committee was nationally set. Mr Kieffer indicated that the paper reminded members of previous agreements and progress.

Recognising the impact on Higher Apprenticeships and more widely, as proposed it was agreed to increase the European Social Fund opt-in with the SFA by £10m.

6. Growing Places Fund Update

Paul Keegan introduced the Growing Places Fund paper providing an update to members on the programme and cash position. This had been reviewed in telecall between the Chairman, Vice Chairs and county/unitary leaders the previous week.

The Committee were re-assured at progress to make investments and to deliver schemes and noted progress.

The paper indicated the formal withdrawal of the Harwich Supply Base project and members confirmed their support of a further £850,000 to the University of Essex's Parkside Office Village project.

Further projects were discussed including Folkestone Seafront and the need for a strong project pipeline was confirmed to ensure money was spent and outcomes delivered. The use of remaining unallocated funds of around £1.5m was considered and it was agreed that this should be split between the existing, Discovery Park and Sovereign Harbour schemes.

The paper was agreed and the approach endorsed including allocations of £850,000 to Parkside Office Village and the remaining unallocated funds to be divided between the Discovery Park and Sovereign Harbour schemes and earmarked for drawdown.

7. SEFUND

The Director introduced Sarah Whitney, thanking her for the completion of the first phase of development of the SEFUND concept and her previous work in support of the SE LEP Growth Deal submission. He also noted the close involvement of the Accountable Body in developing Sarah Whitney's proposals.

Sarah Whitney presented her findings and recommendations in a presentation which would subsequently be circulated to the Board.

Alan Jarrett asked about the issue of incorporation of the fund and associated liability. It was agreed that lawyers would need to advise closely on its development. If the fund was unsuccessful it was important that the risk did not end up with the councils.

Paul Carter supported the federal approach with local special purpose vehicles to draw together SEFUND, local and other project investment for delivery.

The issue of risk was noted in relation to stalled sites and the need for the private sector to deliver a return. The importance of the investment strategy and project pipeline to identify where a real difference could be made would be critical.

Graham Brown commented that risk would always be present otherwise banks and the private sector would already be investing in the projects. He recommended identifying what other LEPS around the country were doing to progress similar schemes to see if there was merit in combining development activities in any way or sharing legal advice.

Kevin Bentley gave his support indicating the potential of the fund to give greater freedom of investment.

Ron Woodley raised the issue of debt and was assured that the primary investment risk would be carried by SEFUND as proposed.

It was agreed to develop the concept and feasibility of SEFUND further and to establish a Shadow Board to advance the work with representatives from each local area together with Graham Brown and Graham Peters who had specific expertise.

8. Growth Hubs

The Chairman apologized the late paper which had been delayed, but he emphasized the importance of developing with representatives from all areas and the importance of the project to SE LEP.

Zoe Gordon introduced the paper. There were questions around the need for a centralized hub and whether each local area could run independently. It was confirmed that the Government were looking to SE LEP to build on the work already undertaken for the Southend Growth Hub as a central point and that the proposal was then for local services to be tailored according to local need and provision by local areas.

Ron Woodley updated members on the successful development of the Southend Growth Hub.

Graham Butland commented on the need for any service to feel local, but not to re-create work that had already been completed.

It was confirmed that the funding being discussed was not the capital funding allocated to Kent & Medway but the £800,000 central revenue funding for the Growth Hub.

It was agreed to develop the proposal further and bring back to the Board in December.

9. AOB

The Chairman thanked members for their contributions and encouraged them to return for the presentation by Irene Lucas on the Delivery Review at 12.30pm.

10. Close

The meeting closed at 12.10pm.

Response to Delivery

Review

1. Purpose

To implement the recommendations of the Delivery Review undertaken by Irene Lucas CBE.

2. Recommendations

The Board is asked to:

- Agree the actions detailed in this report beneath each recommendation from the Delivery Review.

3. Background

This report is about obtaining greater funding and local flexibility for SE LEP and our local areas.

Feedback from Government has made it clear that by implementing the Delivery Review, SE LEP and its federated areas will be much better placed to maximise funding income and obtain greater local flexibility over the management of this funding through the Growth Deal.

Immediately, acceptance of the recommendations in this report would strengthen our Growth Deal 2 submission and enhance considerably our case to secure all Growth Deal funding annually in advance (with full programme management flexibility) rather than quarterly as currently prescribed.

4. Context

SE LEP was established in 2010 as one of 39 LEPs across the country to provide “clear vision and strategic leadership to drive sustainable private sector-led growth and job creation” (*Local Growth: Realising every place’s potential, 2010*).

In February 2014, our terms of reference were amended to streamline the operation of the SE LEP Board structure and embed our innovative federal model of operation. Through our SE LEP Growth Deal and Strategic Economic Plan submission agreed in March, our devolved governance arrangements and operation were further developed. Our highly-regarded SE LEP Transport Assurance Framework was then amended to reflect this model and continues to provide a sound basis for our devolved approach.

With the announcement of SE LEP's successful £442m Growth Deal in July, Irene Lucas CBE was commissioned to undertake a full Delivery Review. The aim of the Review was to ensure that SE LEP was fit for purpose to manage a major capital programme within its devolved structure and had the capacity to deliver both to time and budget.

Initial findings were presented to the SE LEP Board in September 2014 and approved for consultation. These have been received from all local areas, and from SE LEP's Accountable Body.

Drawing on these responses, this report makes a number of recommendations to the SE LEP Board. These embed our federal model and develop SE LEP's delivery and operational capacity. Together they provide a robust framework for programme management while liberating the SE LEP Board to perform a more strategic role, working seamlessly with local areas to champion growth across the SE LEP area.

Irene Lucas's Delivery Review is attached in full at Appendix 1.

5. Delivery Review Recommendations and SE LEP Actions proposed

Each recommendation from the Delivery Review is considered in turn below and clear actions proposed for SE LEP Board agreement.

Delivery Review Recommendation 1:

Whilst prioritisation has been a challenge – SELEP should revisit Shared Intelligence's analysis of the need to identify a handful of pan-LEP projects that have the potential to deliver a transformational impact to the local economy and make the South East 'the most enterprising region in England'.

Consultation responses from the local areas reflected the difficulty in defining "pan-LEP" projects. While there rightly appeared no appetite to manufacture artificial priorities, there was support for activity where the LEP's scale could be deployed for greater impact or where there were thematic links or common economic interests across the SE LEP area. This is explored further below.

i) Role of SE LEP Board

Our federated model must continue to devolve as much power as possible. However, it is vital that the SE LEP Board itself also has a clear role if SE LEP is to truly "punch its weight" in championing new powers and funding for local areas and in realizing the Board's aim of making the South East the most enterprising area in England.

With programme delivery clearly the responsibility of the Accountability Board under the new arrangements, it is proposed that the SE LEP Board's terms of reference be amended to clarify further the Board's role.

It is suggested that the existing Board is in future known as the 'Strategic Board' to prevent confusion with the proposed Accountability Board.

ii) Pan-LEP and Transformational Projects

Notwithstanding the difficulties in identifying truly pan-LEP projects, feedback from the Growth Deal process has also made clear that the inclusion of such projects, or those seen as having a wider transformational impact beyond a single area, would be well received and would support our Growth Deal bid.

To enable the SE LEP Board to agree a small number of high-impact pan LEP projects for inclusion in future Growth Deals a methodology developed by senior council officers - potentially involving a funding “top slice” - will be developed as an associated item for discussion and agreement at the next Board meeting.

SE LEP Recommendations

The SE LEP Board is recommended to:

- Agree to SE LEP’s terms of reference being updated to give the SE LEP Board – working with local partners - the primary role in:
 - Providing strategic leadership in agreeing SE LEP’s overarching strategic vision and priorities (i.e. Strategic Economic Plan).
 - Championing the SE LEP area as a whole where appropriate for growth and jobs.
 - Supporting pan-LEP activity on SEFUND, Rural and Coastal regeneration, U9 Universities activity, CORE, priority sectors as appropriate (eg Creative) and the Growth Deal.

Revised Terms of Reference incorporating these changes are attached as Appendix 2.

Delivery Review Recommendation 2:

SELEP should move quickly to an Accountability Framework model to ensure that there are robust governance processes in place and that progress in project assessment and delivery are managed transparently. Such a framework will provide the accountability structure for decision making and approving bids within the overarching vision of the Board and will satisfy the accountability processes for the Accountable Body.

The Accountability Framework model as recommended above is widely agreed in principle by all areas. However, the detail - including the responsibilities of SE LEP and local area accountability mechanisms – must be clear and concise if full agreement and acceptance is to be achieved across the LEP.

The Accountability Framework model is detailed through the proposed actions in response to later recommendations.

SE LEP Recommendation

The SE LEP Board is recommended to:

- Establish an Accountability Framework, as detailed in subsequent recommendations.

Recommendation 3:

The Accountability Framework model should be led by an Accountability Board (based on a modified Joint Committee model) comprising local authority voting representation (2) from

each of the federated areas alongside two adviser nominees representing H.E. or F.E. and business from each federated areas.

Consultation on the Delivery Review recommendations indicated general acceptance of a SE LEP Accountability Board, most agreeing the modified Joint Committee model proposed, but only if clear devolution of funding, programme management and accountability is delivered to local areas. This is explored further below.

i) SE LEP Accountability Board and Local Accountability Arrangements

The Government expects the LEP Board to maintain oversight and over-arching management responsibility of the SE LEP Growth Deal programme. Within our federal model, this over-arching function will be achieved by the establishment of the SE LEP Accountability Board which will also root funding decisions firmly within the local democratic process. Essex County Council would remain SE LEP's Accountable Body ensuring financial probity and compliance.

However, in such a large LEP area, local management of schemes and project spending is not only desirable but is **imperative** if full value and impact is to be obtained. As such, local accountability arrangements will be established in each local area through existing council/business partnerships to oversee local programme management. The form of these arrangements will be a matter for local determination.

The SE LEP Accountability Board, through Essex County Council as Accountable Body would enter into a Service Level Agreement (SLA) with each local area through the county/unitary S151 officer(s) supporting it. This SLA would include financial responsibilities, information requirements, terms of operation and resource to be provided by the LEP to fulfil these roles.

Financial "tolerance levels" would be set for local accountability boards to provide the parameters of operation at each level – these are likely to be expressed as an absolute and as a percentage of the local programme. It is anticipated most financial variances would be absorbed or retained locally with space for local prioritization in programme management within agreed tolerance levels.

Local accountability arrangements would provide regular quarterly monitoring reports to an agreed format to the SE LEP Accountability Board as agreed within its SLA.

ii) Devolution of Funding

SE LEP is the largest LEP outside of London and the most local. At the heart of this is the devolution of funding and local accountability.

By agreement of the SE LEP Accountable Board, the SE LEP Accountable Body (Essex County Council) will pass funding directly to the relevant county/unitary local authority or other legal entity which will assume legal responsibility for delivery. The Section 151 officer of this local body will carry out the normal stewardship role in terms of monitoring and accounting. They will be responsible for providing regular reports to the main Accountability Board as specified in the SLA.

Any funding which may be allocated for pan-LEP projects may be managed through the SE LEP Secretariat, SEFUND (once established) or alternative arrangements in agreement with the SE LEP Board and will also report regularly to the SE LEP Accountability Board.

All devolution of funding must be made in accordance with Government grant conditions.

SE LEP Recommendations

i) SE LEP Accountability Board and Local Accountability Arrangements

The SE LEP Board is recommended to:

- Request the county and unitary authorities to establish a SE LEP Accountability Board as an executive joint committee of the six authorities with the membership and terms of reference set out in Appendix 3.
- Request each county/unitary council to approve this proposal prior to 31st March 2015 (by when, for maximum impact on funding and flexibility, the full Accountability Framework model should be in place).

ii) Devolution of Funding

The SE LEP Board is recommended to:

- Agree the process of allocation of funding through the federal model, maximizing the devolution of funding, management and accountability to local accountability arrangements.
- Request Essex County Council as Accountable Body to issue a single grant agreement to each county and unitary authority to:
 - Provide a single grant to the relevant local authority for all schemes within its area.
 - Commit the local authority to all monitoring and reporting requirements that are required of the Accountable Body within its grant agreement with Government.
 - Commit the Accountable Body to making payment to the local authority on the same basis that it receives it from Government (e.g. if payment is made by Government quarterly in advance, it is paid from the Accountable Body to the local authority in the same way with transfer within a maximum number of days from receipt from Government).
 - Transfer all clawback provisions and other penalties in the grant agreement from Government to the local authority.
 - Commit the local authority to responsibility for any project overspend, and enable the local authority to retain the proceeds of project underspend within the grant agreement for use on other schemes or to offset overspend, provided that this is consistent with the primary grant agreement from Government.
 - Enable through the grant agreements provision for local authorities to transfer funds between each other on an *ad hoc* basis where more than one county/unitary are within the same local partnership.

Delivery Review Recommendation 4:

All other assurance sub groups requiring performance management should report into the Accountability Board.

Within a devolved model, there was limited support from local areas for any additional assurance sub groups, with performance management rightly taking place at the local level. Indeed, the only assurance sub-groups required would be the local areas.

Existing working groups established for specific purposes and advising the Board would need clear terms of reference and must not form a further layer between the SE LEP Accountability Board and local accountability arrangements.

SE LEP Recommendations

The SE LEP Board is recommended to:

- Agree the direct relationship between the SE LEP Accountability Board and the Local Accountability Boards.
- Agree the structure outlined in Appendix 4.

Delivery Review Recommendation 5:

The Accountability Board should be chaired by a Vice Chair from the LEP Board.

There was broad agreement on this proposal. However, it was noted that the only voting members on the SE LEP Accountability Board would be elected council representatives.

This proposal is reflected in the draft membership and terms of reference of the SE LEP Accountability Board (Appendix 3).

SE LEP Recommendation

The SE LEP Board is recommended to:

- Agree the Accountability Board be chaired by a Vice Chair from the LEP Strategic Board.

Delivery Review Recommendation 6:

The Section 151 Officer of the Accountable Body should be a member of the Accountability Board.

This recommendation was supported, with the S151 Officer of the Accountable Body (Essex County Council) working closely with their 5 counterparts in local areas.

However, as an officer of a constituent authority cannot be a member of a joint committee it is recommended that the role should be advisory and this is reflected in the draft membership and terms of reference (Appendix 3).

SE LEP Recommendation

The SE LEP Board is recommended to:

- Agree the S151 Officer (or her representative) from the Accountable Body attend the SE LEP Accountability Board as an adviser

Delivery Review Recommendation 7:

The SELEP Accountability Board should meet quarterly (or ad hoc as necessary) and become the main performance management structure within the LEP. It should:

- ***Be responsible for appraisals and approvals in accordance with Board recommendations.***
- ***Ensure accountability from each of the federated areas relating to expenditure and programme delivery.***
- ***Ensure that any variations to schemes are dealt with properly and speedily with the minimum of bureaucracy.***
- ***Provide quarterly performance reports on an exceptions basis to the Board.***
- ***Ensure that timely reports on progress are available for central government.***

The role of the SE LEP Accountability Board was agreed to be critical component in providing Government the re-assurance it required to support greater funding for SE LEP and local areas and obtaining maximum flexibility over the Growth Deal Capital Programme. Some amendments were proposed to reflect the project appraisal to be undertaken in local areas and the devolved arrangements.

The Review's recommendations are reflected in the Accountability Board's draft terms of reference (Appendix 3).

SE LEP Recommendation

The SE LEP Board is recommended to:

- Confirm the proposed role of the Accountability Board.

Delivery Review Recommendation 8:

As a matter of urgency publish a 'SELEP Guide to Governance Delivery and Performance Management' setting out clearly the accountability framework and processes by which bids are assessed, risks considered, approvals made and performance managed.

This was universally considered a sensible recommendation and one that should follow swiftly after the approval of the new arrangements proposed in the Delivery Review.

SE LEP Recommendation

The SE LEP Board is recommended to:

- Agree publication of a "SE LEP Guide to Governance Delivery and Performance Management" drawing together in one place the new arrangements.

Delivery Review Recommendation 9:

The SELEP Senior Officers Group (SOG) should be formally recognised to serve the SELEP Accountability Board to ensure that there is a consistent approach to reporting and performance management.

Responses varied from little need for the Group if common performance management was applied, to support for a much more formal role mirroring the Accountability Board with senior local authority officers attending and primary link to local boards and councils. Generally, the role of senior officers in providing valuable advice and support to the LEP was recognised and there was an agreed need for SOG to have a clear role.

SE LEP Recommendation

The SE LEP Board is recommended to:

- Confirm SOG's formal role within the Accountability Framework model and continued support to the Director.
- Agree that the SE LEP Accountable Body be represented at SOG meetings.

Delivery Review Recommendation 10:

A neutral Senior Programme and Project Management Officer (SPPMO) Regeneration and Transport be appointed with strong relationship management and brokerage skills to act as the main contact for government and the federated areas.

While there was support for the role of capital programme co-ordination and for this to be resourced through the SE LEP Secretariat, the role was seen to be part of the broader programme management arrangements across local areas. A specialism in transport was seen to be secondary to programme management skills.

To ensure close co-ordination with local programme managers, a SE LEP Programme Office was also proposed.

SE LEP Recommendation

The SE LEP Board is asked to agree:

- Immediate recruitment of a Senior Programme & Project Management Officer to:
 - Work to the Accountability Board in co-ordinating programme management information across the LEP.
 - Present SE LEP wide monitoring to the SE LEP Accountability Board.
 - Manage the Independent Technical Evaluator resource to ensure consistency and support of business plan development as required by local areas.
 - Draw upon specialist advice for the SE LEP Accountability Board as required.
 - Co-ordinate regular meetings of relevant capital programme managers across the LEP as required.
 - Implement with local areas the decisions of the SE LEP Accountability Board.
 - Work closely with the SE LEP Board Accountable Body to ensure full compliance and reporting to meet Government requirements.

Delivery Review Recommendation 11a:

A SELEP Employment and Skills Partnership with representation from each of the federated areas should work with the Skills Funding Agency in developing appropriate reporting. The Employment and Skills Partnership would provide reports to the Accountability Board on approved projects, conduct the necessary risk assessment and progress updates.

Opinions varied in the consultation on the need for this group, its role, its membership and its relationship with existing Employment & Skills Boards.

However, in the response to Recommendation 4 above, it is clear that the reporting line between Local Accountability Boards and the SE LEP Accountability Board will be direct. This amends the above recommendation. The role of the Skills Group would be to manage the SE LEP-wide SFA contract for capital and EU funding.

Clarity is required on what this group is and what it is not.

SE LEP Recommendation

The SE LEP Board is recommended to:

- Agree terms of reference for a Skills Working Group which would:
 - Develop technical specifications and timetables with the Skills Funding Agency to administer the competitive bidding rounds for SE LEP Skills Capital competition.
 - Manage the relationship with the SFA, particularly relating to Skills Capital and EU programmes, advising the Board as appropriate on SE LEP (not local) arrangements and providing a direct link to local areas.
 - Provide specialist governance of existing ESF funding and other funding streams under LEP influence (eg EU Skills Support for Workforce).
 - Provide specialist advice to the SE LEP Board and ESIF Committee on EU SIF opt-in arrangements.
 - Provide expert advice to the Board on new projects as appropriate.
 - Provide a direct link with officers supporting local Employment and Skills Board.
 - Reflect the priorities, views and recommendations of local Employment & Skills Board, ensuring federated priorities are central to pan-LEP initiatives/funding opportunities.
 - Provide expert skills advice to the LEP Board in ensuring that skills remains a high priority within the LEP.

Delivery Review Recommendation 11b:

A new post be created within the secretariat to support the Employment and Skills Partnership as Senior Employment and Skills Officer (SESO), acting as the interface between the SFA and other partners in the delivery of the Growth Deal, and overseeing performance reporting to the Accountability Board.

As above, there were differing opinions on the need or otherwise of this role and the relationship to local areas. Any role would need to be clearly defined and not duplicate or second-guess the local Employment and Skills Boards.

SE LEP Recommendation

The SE LEP Board is asked to:

- Agree to the appointment of a SE LEP Skills position whose remit would be to support the Board and ESIF Committee in managing the Skills Capital Process and ESIF Skills

programmes. (This could be for an initial 6 month period to provide support for the intensive activity expected early in 2015 to release ESIF funding).

- Agree to consider further at a later date the need or otherwise the permanent appointment recommended in the Delivery Review at the SE LEP Board meeting in February 2015

Delivery Review Recommendation 12:

That an expert consultancy panel be created to provide independent advice to the Accountability Board on the assessment of bids to ensure transparency of process and assurance.

Variations in consultation responses reflected differing understandings of the role of the expert panel which is intended to provide a framework of specialist consultants.

SE LEP Recommendation

The SE LEP Board is asked to:

- Approve in the establishment of a framework panel of consultants to “call off” for specific tasks, broadening this to include potential support for the SE LEP Accountability Board which would be overseen by the Senior Programme and Project Management Officer (Recommendation 10).

Additional SE LEP Recommendation

Underpinning the actions above, the SE LEP Board is asked to agree:

- The SE LEP Secretariat structure in appendix 5

Appendices

Appendix 1	Irene Lucas’s Delivery Review
Appendix 2	SE LEP Terms of reference (additions highlighted)
Appendix 3	Accountability Board – Membership and Terms of Reference
Appendix 4	SE LEP Board and Group Structure
Appendix 5	SE LEP Secretariat Structure

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Date: 5th December 2015

APPENDIX 1

Review of the South East Local Enterprise Partnership's Delivery Arrangements

Irene Lucas CBE
November, 2014

Background

The South East Local Enterprise Partnership (SELEP) brought together key leaders from business, local government, and further and higher education to create 'the Most Enterprising Economy in England'.

SELEP is the largest enterprise partnership outside London, covering Essex, Southend, Thurrock, Kent, Medway and East Sussex. This part of England has a combined population of 3.9 million, with over 130,000 businesses supporting more than 1.3 million jobs – contributing some £63 billion a year to the national economy.

SELEP was set up by the government to be the body that determines the region's strategic economic priorities while making investments and delivering projects that drive growth and create local jobs. With eight ports, high-speed rail links, and national and regional airport capacity, South East England is the major economic gateway and strategic route between mainland Europe, London and the rest of the country. It is also home to nine major universities with internationally renowned research and teaching strengths.

Purpose of the Report

Given its scale and complexity, establishing a LEP to cover the South East region has been a challenging process. This has involved the creation of a federated structure to ensure every area is represented with the support of Essex County Council operating as the accountable body for the whole LEP.

Board members are keen to move on from the initial setting up phase towards the delivery of major skills, transport and infrastructure projects that will increase prosperity in the South East. To do this, the LEP was clear that they needed to :

- Clarify the governance and accountability structure of the partnership and embed the LEP's federal structure.
- Establish robust delivery arrangements and ensure that the LEP maximises opportunities from the Growth Deal process and subsequent deals.
- Ensure that the accountable body provides flexible and high quality support.

To that end the board commissioned Irene Lucas CBE to carry out a light touch external Review of the South East Local Enterprise Partnership's Delivery Arrangements ('the Review'), and make recommendations on how the LEP can make further progress by addressing the following:

- **How best to ensure an effective local delivery structure for federated areas and providing SE LEP, partners and ECC as accountable body with clarity about management, delivery, financial flows and risk.**
- **Whether other bodies can have accountable body status delegated to them and if so under what circumstances.**
- **How financial and delivery risks are best managed effectively.**
- **The need for specialist advice from SE LEP and how SE LEP is to be resourced including the capacity located within partners, local authorities and the SE LEP Secretariat.**

The recommendations in this report are structured around the following four key issues:

- Governance
- Accountability
- Finance and Delivery
- Resourcing

Methodology

In carrying out the review each of these issues was assessed gathering a range of evidence. This included:

- Interviews with a wide range of key stakeholders (see Appendix 1).
- Review of documentation, including the SE LEP business plan (see Appendix 2)
- Desktop research.
- Review of other LEP arrangements and performance nationally (Appendix 3).
- Preparatory briefing from SELEP, senior local politicians and chief executives.
- Consultation with government departments.
- Presentation of interim findings to the SELEP Board on 26th September 2014.

Governance

How best to ensure effective local delivery?

SELEP were keen to benchmark their performance against other areas. An analysis of the governance and delivery arrangements in other LEPs revealed that the absence of a national performance framework has made this almost impossible. A number of think-tanks and bodies such as the National Audit Office (NAO) who have analysed the performance of LEPs nationally have been critical of policy development in this area. A summary of their analysis is attached in Appendix 3.

Some of the most pertinent analysis came from the NAO who observed that ‘the Government’s commitment to **‘ensuring an orderly transition from RDAs to the new delivery landscape has not been achieved’**, and that it is **‘not clear that the government has achieved its objective to increase democratic accountability and transparency’**, chiefly due to **‘significant capacity issues’** at local level (Funding and Structures for Local Economic Growth, National Audit Office, 2013).

NAO recommended that DCLG and BIS should:

- Review the current arrangements for coordination, accountability and transparency of local growth programmes.
- Continue to monitor and develop the capability and capacity of LEPs.
- Develop project monitoring frameworks to allow genuine comparisons between different programmes.
- Develop a strategy for evaluating the 'additionality' of jobs created in Enterprise Zones.

The government has responded to some of this criticism and is committed to encouraging the development of LEP assurance frameworks that will aid the effective devolution of growth funding, whilst giving LEPs considerable freedom to determine how to implement national standards of transparency and accountability through their own local governance arrangements. Nevertheless, expectations on the Local Growth Fund will require LEPs to have:

- Clear governance and decision making.
- Strong well understood partnership arrangements.
- Transparent decision making.
- Clear arrangements for options appraisal and prioritisation of projects.
- Performance arrangements so that Boards can demonstrate delivery, value for money, outputs and outcomes.

The Current Position

Positives

It is without doubt that SELEP has significant potential to improve performance in relation to economic development and growth. It has all the right players around the table representing an area in an unrivalled strategic geographic location, home to well-regarded businesses, universities, colleges and local authorities.

Much progress has been made to refine the governance of the SELEP board to make it more agile and representative, and with a strong chair, experienced directors and private sector commitment it provides a powerful voice to government.

There is wide acknowledgement that the Board has real potential to work together and develop transformational projects, but that to do this some refinement of the LEP's delivery structures are necessary to ensure that the current £440 million of funding is spent wisely and effectively and that the board can prepare with confidence for the next bidding round.

Areas for improvement

Since its inception, the scale and complexity of the SE LEP has presented a challenge to effective prioritisation and to clear decision-making. Roles and responsibilities within the LEP are unclear and the accountability and performance management framework is not well defined. This has meant that limited progress has been made on prioritisation and **no transformational projects have yet been identified**. Local prioritisation processes have been extensive and robust within each federated area.

While it is felt that the Board is representative and members of the board are the right people to drive forward the ambition of SELEP, some board members feel that whilst there is equal representation in terms of geography this has not led to equity of influence. The private sector

contribution is welcomed but sometimes seen as ineffective around the board table, and businesses feel better able to contribute within their Federated Areas.

This inability to shape the priorities of the LEP Board has led to a high degree of frustration—particularly as such a significant amount of the funding is earmarked for transport and infrastructure. The private sector representatives respect the role of the local authorities in this sphere but feel that opportunities to set out an ambitious plan for the wider area may have been missed at this stage.

Analysis of other LEPs has shown governance is not a case of one-size-fits-all, and further structural reform – although tempting – would be an unhelpful and time-consuming distraction at this stage.

With Growth Funding secured and more in the pipeline it would be more beneficial now for the LEP to focus on delivery rather than refining the shape of the Federated Model to address its perceived imperfections.

With clear and robust governance arrangements in place, and a much better understanding of roles and responsibilities, the model can be made to work quickly and effectively.

In addressing the issue of how best to ensure an efficient local delivery structure for federated areas whilst providing SELEP partners and Essex County Council (as the LEP's accountable body) with clarity and assurance about delivery, funding flows and risk management, the recommendations in this report take into account this important and unique local context.

Accountability

Whether other bodies can have accountable body status delegated to them and if so under what circumstances?

This is a critical question, and the simple answer is that it cannot. All Local Growth Funds will be paid as a Section 31 grant determination to a lead 'accountable body' for each LEP, in SELEP's case Essex County Council.

This model applies irrespective of the different structures and accountability frameworks that exist across the country.

To safeguard the probity of the LEP's accounting procedures Essex CC cannot delegate its accountable body status to anyone – but it can accept the decision-making powers of an **accountability framework** that could take a variety of forms.

Any accountability framework would depend upon the SELEP Board defining their strategic goals with enough unanimity, clarity and confidence to make delegating their delivery work in practice. In all of the following examples a combined authority, the board of a company, or a joint committee is delegated to deliver the objectives of the LEP - but subject to performance management by the SELEP Board and the financial oversight of the LEP's accountable body.

An analysis of governance options

1. Combined authority

A combined authority is a formal structure to lead collaboration between local authorities on transport, skills and economic growth. They are legally independent and accountable bodies designed to provide a strong and sustainable platform for regions and sub-regions to obtain devolved powers and resources from Government and drive economic growth.

To establish a combined authority a Statutory Order needs to be agreed in order for the regulations to become law (and Government agreement is also required to amend or dissolve the combined authority). Combined authorities have been established in Greater Manchester, the North East England, Merseyside, West Yorkshire and the Sheffield City Region. Plans are now in place to establish a combined authority in Birmingham and the Black Country.

In the North East, for example, the view was taken that as the seven local authorities already met regularly and shared a vision for the region's economy, it would be beneficial to formalise this relationship by establishing a combined authority to work with the local LEP to create the best possible conditions for growth in jobs, investment and living standards and to prioritise and deliver high quality infrastructure and improved skill levels.

2. Incorporation

An incorporated company limited by guarantee, with representation from all the partners around the SELEP board table would create a dynamic new entity with the capacity and expertise to drive forward the economic vision for South East England. Such a company would have the entrepreneurial freedom to identify the projects that would deliver the overarching objectives of the LEP, executing their delivery with pace and professionalism - but still subject to the transparent and rigorous checks and balances required by the accountable body's approvals processes.

Such an arrangement has been typically used to good effect by local authorities who want to partner with a private sector company or consortium for the delivery of a specific project – such as the multi-million pound Building Schools for the Future programme, or large waste management contracts that cover several local authority areas.

3. A community interest company

A variation on this would be for the SELEP to form a Community Interest Company (CIC), with the expressed purpose of managing the implementation of economic growth schemes. CICs are limited liability companies designed for social enterprises and established by the Companies (Audit, Investigations and Community Enterprise) Act 2004), and, to give just one example, have been used by councils to trade as energy providers under the government's Green Deal scheme. The greater part of any profits they generate are restricted and may only be used for community purposes, which in this case would be economic growth across the SELEP area.

This would bring a number of significant benefits as CICs marry together a commercial business model with a clear focus on community benefit - whilst allowing the local authority members on the board of the CIC to retain decision-making powers over what to invest in, as well as influence over quality assurance, procurement policies and so on. It also allows councils to receive dividends (capped at 20% of its investment per annum by CIC rules), and exercise shared control over the uses to which the profits generated by the CIC might be put and to benefit residents as a result – i.e. reinvestment into priority areas for growth.

4. Statutory Joint Committee

Under the 1972 Local Government Act local authorities can delegate certain powers to a statutory joint committee with binding decision-making powers. This would provide democratic accountability for the allocation of growth funding and the pooling of the area's local economic development resources. In most cases these would be considered to be 'executive' powers so the local authority members of such a joint committee would need to be cabinet level elected members who alone have the authority to make executive decisions.

A joint committee would assume the responsibility for recommending to the board which projects that are likely to meet SELEP's strategic goals, and then, if the Board was satisfied, they would have the confidence to instruct the accountable body (Essex CC) to allocate and administer funding for eligible projects. This would allow the Board to maintain the strategic overview and decision making capability and concentrate on developing the big strategic projects, whilst the Joint Committee would receive independent advice and progress reports on the projects including variation, and report upward to the main Board on an exceptions basis.

Governance and Accountability recommendations

Given the governance challenges faced by SELEP, it is understandable that the Strategic Economic Plan lacks the shared ambition that the area deserves. The LEP has struggled to prioritise large scale transformational projects. Instead, there is wide acknowledgement that the SELEP compiled the individual priorities and plans from the federated areas of Kent and Medway, Essex, Thames Gateway South Essex and East Sussex and aggregated them into one document. There is however an appetite to revisit opportunities for prioritisation in the future.

Recommendation 1

Whilst prioritisation has been a challenge – SELEP should revisit Shared Intelligence's analysis of the need to identify a handful of pan-LEP projects that have the potential to deliver a transformational impact to the local economy and make the South East 'the most enterprising region in England'.

There is a strong narrative around many potential pan-LEP projects that came to light during the interviews such as coastal communities work, strong rural themes and a compelling argument around creative industry.

Having a genuinely shared ambition and focus on agreeing and achieving transformational priorities would send out a strong message to government and undoubtedly enhance the success of future bids.

Recommendation 2

SELEP should move quickly to an Accountability Framework model to ensure that there are robust governance processes in place and that progress in project assessment and delivery are managed transparently. Such a framework will provide the accountability structure for decision making and approving bids within the overarching vision of the Board and will satisfy the accountability processes for the Accountable Body.

Recommendation 3

The Accountability Framework model should be led by an Accountability Board (based on a modified Joint Committee model) comprising local authority voting representation (2) from each of the federated areas alongside two adviser nominees representing H.E. or F.E. and business from each federated areas

This would mean that the **LEP Board** would become the business-led body that brings together the business community, local government leaders and representatives of further and higher education to define the 'what' – the overarching strategic vision and priorities for economic growth as set out in an economic plan for South East England.

This would then be supported by an **Accountability Board**, based on Statutory Joint Committee principles, made up of key stakeholders selected for their expertise on deciding the 'how' – using a robust assessment methodology to assess which projects are most likely to deliver the overall vision. These would then be recommended to the Board for final approval.

By separating these two functions, the LEP will be better able to make progress on setting its strategic priorities and selecting the right projects to deliver them.

Recommendation 4

All other assurance sub groups requiring performance management should report into the Accountability Board as per the diagram below.

At this stage there could be three such sub groups reflecting the current spend. These would include the Employment and Skills Partnership Group, the Transport Assurance Board and a Board to manage SEFUND. (See Figure 1 below) In future as further funding bids are made for other schemes appropriate subsidiary boards could be created.

Two of these three themed groups are in existence currently and provide advice to the Main Board. It is proposed that this arrangement is formalised. The Boards will support the work of the federated areas and provide advice as and when required to provide assurance to the Accountability Board.

The SEFUND Board does not currently exist but it is assumed that in order to satisfy wider financial regulations relating to investment that this would be required in the future.

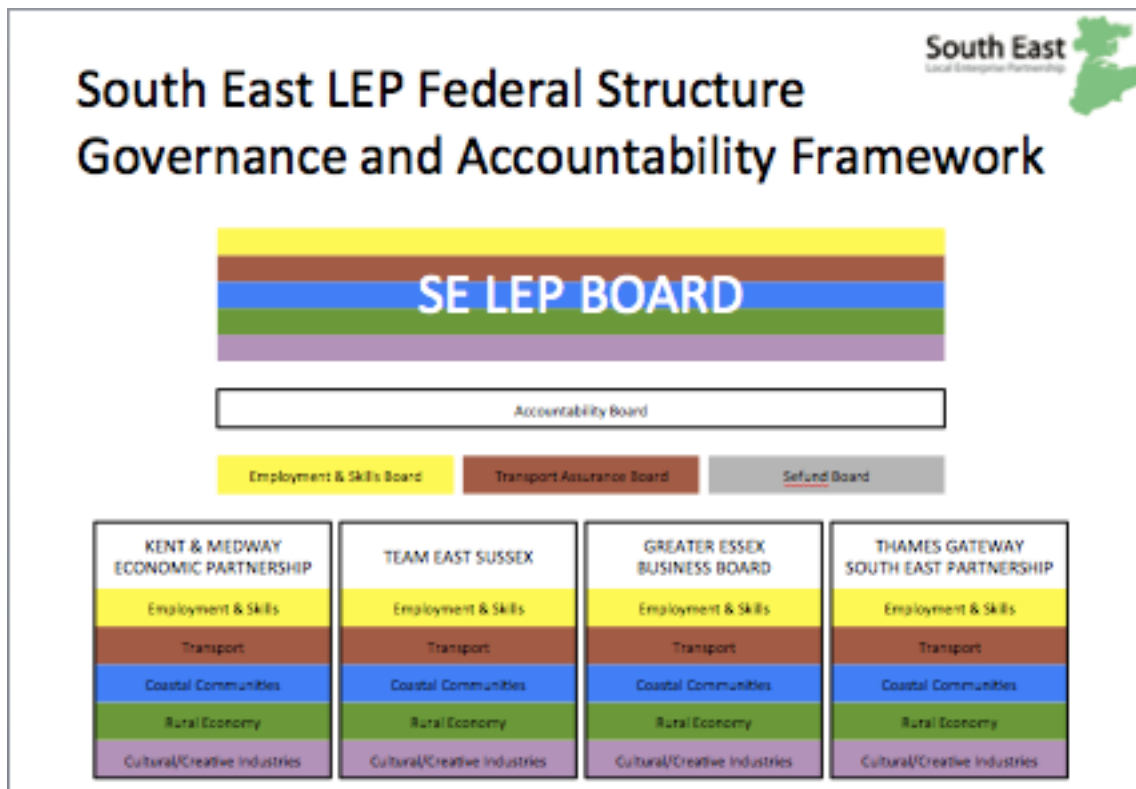


Figure 1

Recommendation 5

The Accountability Board should be chaired by a Vice Chair from the LEP Board.

Recommendation 6

The Section 151 Officer of the Accountable Body should be a member of the Accountability Board.

Recommendation 7

The SELEP Accountability Board should meet quarterly (or ad hoc as necessary) and become the main performance management structure within the LEP. It should:

- Be responsible for appraisals and approvals in accordance with Board recommendations.
- Ensure accountability from each of the federated areas relating to expenditure and programme delivery.
- Ensure that any variations to schemes are dealt with properly and speedily with the minimum of bureaucracy.
- Provide quarterly performance reports on an exceptions basis to the Board.
- Ensure that timely reports on progress are available for central government.

Finance and Delivery

How are Financial and Delivery Risks Best Managed Effectively?

There is a clear expectation on LEPs that projects and bids are assessed transparently and clearly linked to an overall Economic Plan. Therefore clarity on lead roles, milestones and outcomes is essential, alongside robust risk assessment and performance management arrangements.

As shown earlier there is no national benchmarking of how LEPs are performing, so SELEP is in a similar position to other recently constituted LEPs. Nevertheless, the significant funding secured by SELEP so far, means that there will be a high degree of scrutiny from government on how SELEP ensures that it is fit for purpose to achieve this, and SELEP's reputation regarding the achievement of its objectives and spend will influence the government's attitude toward future funding.

Clearer performance metrics will help SELEP to evidence success and build up its reputation as a high-performing organisation that can get things done for the benefit of the South East. This will provide a strong platform for future bids and sends out a strong message that partners can hit the ground running to ensure that projects commence and funding flows effectively from 1st April 2015.

The Current Position

Positives

Although progress has been limited, all of the organisations represented around the Board table have delivered major projects.

Good quality, detailed programme and project management processes are already in place within each of the lead organisations. These can form the basis of the performance management required without creating new models.

There is widespread agreement that the existing LEP finance and delivery arrangements are not satisfactory and need to improve.

This review is timely and, if recommendations are adopted and are effective, the work will put SELEP in a strong position to satisfy the test of financial and delivery assurance of the projects and funding.

Areas for Development

The lack of prioritisation at a LEP level is preventing SELEP from focusing on delivery, and this is a key financial risk to the whole of the SELEP. There are only limited processes in place to assess bids and roles and responsibilities within the LEP are still unclear.

In the absence of a clear approval process and performance management framework Essex CC's role as accountable body has become the default project approval mechanism. The weakness in accountability structures means that even for those projects where match funding has been identified, there is a lack of confidence amongst key stakeholders over their ability to deliver because of lack of clarity of process and resultant delays.

Much of the frustration comes from a lack of understanding about how the process of approval and flow of funding will work and a sense that there is an element of 'heavy handedness' in the way that the approval of projects and funding has taken place in the past. There is a sense that as this is currently a 'single authority' function with Essex County Council, as the Accountable

Body, they are perceived as a gatekeeper to the funds. There is wide concern that if the current arrangements continue this is likely to lead to blockages in the system once significantly more funding decisions need to be made.

There is a significant amount of sympathy with Essex County Council who are required to ensure financial probity, minimize risk and ensure compliance. They are providing the service without the benefit of any wider accountability process. There are no real structural levers for Essex County Council to pull to ensure that reports are delivered on time or that there is appropriate understanding of progress or spend.

All those interviewed are unclear about the role of the Board, Accountable Body and Secretariat in relation to approvals, and there is a concern that should processes not be satisfactory the reputational damage caused to SELEP will impact future funding decisions.

European Funding

The links between European Structural Funds and SELEP was varyingly understood. There was acknowledgement that the two processes – the LEP bidding process and the ESIF bidding processes have different criteria and timescales, but there was consistently high praise for the skills of the secretariat team, and the European officer is highly regarded and perceived as effective.

There was a concern that the opportunity for getting greater value than the sum of the parts of these two funding streams may be limited to employment and skills on this round as the majority of Local Growth Fund spend will be on transport and infrastructure.

Employment and Skills Funding

With regard to the employment and skills element of the Local Growth Fund there was a concern that the co-operation between organisations was currently of a voluntary and *ad hoc* nature. Partners felt that their role was unclear and unconstituted, and concern was expressed about a lack of clarity over matched funding that appeared in the bid as a global sum - without any detailed understanding of its source.

There are robust performance arrangements planned for the employment and skills funding in partnership with the Skills Funding Agency (SFA) who will manage the process. There is however a lack of understanding regarding the body that will report on progress with the SFA and SELEP. No officer capacity or project management expertise currently exists in the secretariat to provide this report, and where reports are submitted on performance management they are inconsistent and not prepared within a shared format.

SEFUND

SEFUND is seen as an exciting opportunity to become self-sustaining over the longer term. However, few LEP members understand how it could work.

With only a limited portfolio of mainly transport projects it was deemed difficult to see an earn-out potential for an investor from roads and infrastructure – or indeed how risk-sharing and under-writing from the LAs would work.

At the time of writing further work had been commissioned to bring structure and clarity to the proposals.

Finance and Delivery Recommendations

It is important not to assume that putting a framework in place, as outlined in the Governance and Accountability section will resolve understanding of the processes, procedures and performance management to deliver a robust, transparent regime satisfying the Board and external stakeholders that SELEP is managing risks, funding and delivery.

The timescales involved mean that there should be early resource and energy in clarifying the processes, developing protocols and ensuring that there is an adequate training programme in place to embed these across all the organisations engaged in bidding and delivery.

Recommendation 8

As a matter of urgency publish a ‘SELEP Guide to Governance Delivery and Performance Management’ setting out clearly the accountability framework and processes by which bids are assessed, risks considered, approvals made and performance managed

Resourcing

How SELEP should be resourced and what specialist advice it needs

The current position

Although this is the largest Local Enterprise Partnership in the country outside London, SELEP is supported by one of the smallest secretariats in the country.

The secretariat comprises three officers and an administration assistant. However, their roles exceed those of a normal secretariat in that they are required to research and write reports in addition to progress chasing reports from others. It must be noted that this officer team is well regarded and has works hard to carry out its primary role which is to support the SELEP Board and act as the conduit of information for local authorities and other organisations.

The significant increase in the level of funding and the performance and risk management associated with very different projects and programmes will place additional burdens on this team. As outlined this will be accompanied by a higher level of reporting and scrutiny by government and increasingly the need to involve and inform the wider public and business communities.

There is little appetite for recreating arrangements equivalent to the former Regional Development Agency, but most partners recognise that as the LEP needs to demonstrate pace and professionalism it is essential that the core LEP team have the right skills mix and capacity – or access to capacity – to deliver.

There is a real concern that the delivery of the £440m Local Growth Fund will be jeopardised by bureaucratic bottlenecks and the fact that qualified regeneration professionals do not like being challenged by what they see as unqualified colleagues who are not specialists. Having access to experts is essential and will help the Accountability Board to address this.

Most stakeholders understand that project approval and performance management cannot continue to be the remit of the finance officers and the accountable body.

Resourcing Recommendations

There is no doubt that the current arrangements will not cope with the additional workload, significant funding and the scrutiny that will surround its expenditure.

In interviews it was apparent that there is little appetite for a large bureaucratic centre. These recommendations are therefore light touch in terms of additional personnel. The recommendations also call on existing resources elsewhere in the system. These include harnessing some of the excellent expertise on the Senior Officers Group and the informal Employment and Skills officer group to do more, but not significantly more than the reporting arrangements that should already exist within their own programme management structures.

The recommendations are therefore a blend of heavy reliance on existing arrangements and the addition of personnel essential to properly satisfy performance and risk management arrangements and demonstrate that there are clear and robust arrangements.

In addition an 'expert panel' drawn from relevant private sector consultancies should be recruited on a term contract basis (12 months) on either a retainer or a draw down arrangement on a day rate basis. The benefit of having a panel who work together with SELEP colleagues on a regular basis will mean that they are aware of processes and will become familiar with the type of projects.

This independent advice can be called in as required to provide project appraisal advice and assist in any technical respect. This resource would provide expertise to the Accountability Board.

Recommendation 9

The SELEP Senior Officers Group (SOG) should be formally recognised to serve the SELEP Accountability Board to ensure that there is a consistent approach to reporting and performance management

The SOG will be empowered to act as representatives of their respective local authorities, with a responsibility to disseminate messages to the appropriate political leaders, officers and partners within their local authorities and federated areas. The primary accountability of the SOG remains to their Local Government employer and senior officers would need to keep their respective Federated areas advised of progress.

It was evident that project management best practice exists already within the local authorities. SOG could prepare a consistent approach to reporting on project risk, progress etc. as a matter of urgency. This will then be included within the SELEP Guide to Governance, Delivery and Performance Management as outlined in Recommendation 8.

Recommendation 10

A neutral Senior Programme and Project Management Officer (SPPMO) Regeneration and Transport be appointed with strong relationship management and brokerage skills to act as the main contact for government and the federated areas

Recommendation 11a

A SELEP Employment and Skills Partnership with representation from each of the federated areas should work with the Skills Funding Agency in developing appropriate reporting. The Employment and Skills Partnership would provide reports to the Accountability Board on approved projects, conduct the necessary risk assessment and progress updates.

Recommendation 11b

A new post be created within the secretariat to support the Employment and Skills Partnership as Senior Employment and Skills Officer (SESO), acting as the interface between the SFA and other partners in the delivery of the Growth Deal, and overseeing performance reporting to the Accountability Board

It may be possible that this role could be filled on secondment from one of the existing authorities.

Recommendation 12

That an expert panel be created to provide independent advice to the Accountability Board on the assessment of bids to ensure transparency of process and assurance.

Such an arrangement would bring crucial additional independent capacity and expertise in the main funding areas to support the Accountability Board via experts employed on a draw down contract. A long-term relationship would allow suppliers to become familiar with the geography and nature of likely projects.

Conclusion

There is a real ambition and appetite in the region to make South East England the most enterprising economy in the country. The LEP has a huge opportunity to make rapid progress with the first tranche of funding and could be in a strong position for the second and subsequent rounds.

Around the LEP Board table and within the federated areas and their constituent organisations there is an enormous amount of talent. I was repeatedly humbled during the interviews by the passion and commitment of many of those that I spoke to.

Without exception all those that I interviewed were keen to ensure that their place was the beneficiary of funding – not for self-interest but a genuine desire to improve the communities, places and opportunities where they live and work.

The evolution of the South East LEP has not been without its challenges but there is a definite desire to move on and ensure that the funding that will flow through next year is delivered effectively.

The recommendations in this report are deliberately pragmatic and made with due respect to the views of those interviewed. I hope it will be a useful tool in ensuring that all the ambition, passion and commitment in SELEP is rewarded.

Appendix 1

Interview and discussion list

Bentley, Cllr Kevin, Deputy Leader of Essex County Council
Bishop, Stephen - ex Cabinet Office
Brown, Graham, Housing Lead, Denne Construction
Bryan, Adam, Head of Place, Essex County Council
Carter, Cllr Paul, Leader of Kent County Council
Chambers, Cllr Rodney, Leader of Medway Borough Council
Cockburn, David, Head of Paid Service Kent County Council
Cooper, Barbara, Corporate Director for Growth, Environment & Transport, Kent County Council
Cooper, Robin, Director of Regeneration, Medway Borough Council
Cox, Steve, Economic Development Lead for Thames Gateway and South Essex
Crampton, Julian, Vice Chancellor Brighton University and Chair of East Sussex Economic Development Company
Davies, Neil, Chief Executive of Medway Borough Council
Farant, Graham, Chief Executive, Thurrock Council
George, Lorraine, EU Engagement Lead
Glazier, Keith, Leader of East Sussex County Council
Godfrey, David, South East LEP Director,
Godfrey, Derek, Vice Chair – East Sussex (and Chair of Team East Sussex), Ellis Builders / Eastbourne Chamber
Gordon, Zoe, Business Engagement & Communications SE LEP Secretariat
Harris, James, Assistant Director Economy and Transport East Sussex County Council
Jones, Peter, Chair of South East LEP
Keegan, Paul, Interim Finance Business Partner, SE LEP Secretariat
Kieffer, George, Vice Chair – Greater Essex (and chair of the Haven Gateway Partnership)
Killian, Joanna, Chief Executive, Essex County Council
Lee, Margaret, Executive Director for Finance, S151 Essex County Council
McNab, Iain, BIS Local Relationship Manager
Miles, Geoff, Vice Chair – Kent and Medway (and Chair of Kent & Medway Economic Partnership)
Osborne, Terry, Head of Governance Essex County Council
Payne, Helen, Shared Intelligence
Razey, Graham, Principal of East Kent College
Russell, Helen, Lead Commissioner for Employment and Skills Essex County Council
Sambrook, Lee, Head of South East and East Engagement Team at Department for Transport
Sandford, Nick, Rural economy lead, Kent CLA (Country Land and Business Association)
Shaw, Becky, Chief Executive, East Sussex County Council
Shostak, Lee, Chair of Shared Intelligence
Smith, Miles, Interim Legal Manager, Essex County Council
Stark, Andrea – Chief Executive, High House Production Park
Tinlin, Rob, Chief Executive, Southend Borough Council
Watkins, Cllr Paul, Leader of Dover District Council

Recommendations were presented to the SE LEP Board in September for wider consultation.

Appendix 2

Documents Reviewed

Funding and Structures for Local Economic Growth, National Audit Office (2013)

Local Enterprise Partnerships, Ninth Report of Session, House of Commons, Business, Innovation and Skills Committee (2012–13)

Where Next for Local Enterprise Partnerships? The Smith Institute (2013)

Emerging models for leadership and governance of local economic development' LGIU Policy Briefing (June 2014)

Rising to the Challenge: how LEPs can deliver local growth strategies, All Party Parliamentary Group (APPG) on Local Growth (October 2013)

Encouraging a British Invention Revolution, Sir Andrew Witty's Review of Review Universities and Growth (2013)

The Future Of Local Enterprise Partnerships: The Small Business Perspective, Centre for Local Economic Strategies and Federation of Small Businesses (September 2014)

South East Local Enterprise Partnership Growth Deal (2013)

South East Local Enterprise Partnership, European Structural And Investment Fund Strategy Final Submission (January 2014)

Growing Places Fund – Authorisation of Allocations, Briefing Note on Process (October 2014)

South East Local Enterprise Partnership, Establishing SEFUND – Draft Working Paper (August, 2014)

South East Local Enterprise Partnership, Transport Assurance Framework

Appendix 3 Policy background

In 2010, the government set out their objectives for local economic growth in the White Paper *Local growth: realising every place's potential*. These were focused on achieving “strong, sustainable and balanced growth that is more evenly shared across the country and between industries”. How this was to be achieved was explained by the 2011 ‘Plan for Growth’ published jointly by HM Treasury and the Department for Business, Innovation & Skills. This included:

- Shifting powers to local communities and businesses through the introduction of Local Enterprise Partnerships.
- Focused investment through the Regional Growth Fund, the Growing Places Fund, Enterprise Zones and City Deals
- Increasing confidence to invest through reforms to the planning system and the introduction of new growth incentives and powers for local authorities

By April 2014, Local Enterprise Partnerships (LEPs) – together with their local authority (LA) partners – had submitted final strategic economic plans (SEPs) and EU structural and investment fund strategies (EUSIF2014-20) to government. These are worth over £5 billion of EU structural

funding, and at least £2billion p.a. of Local Growth Fund (LGF) - likely to be allocated to transport, skills, housing and other growth-based interventions

In addition LEPs are integral partners in 28 city deals, 24 Enterprise Zones, a number of other government programmes (e.g. Regional Growth Fund), and significant influencers of sub-national transport and skills decision-making.

With the Labour Party's review 'Mending the Fractured Economy', carried out by Lord Adonis, also arguing that 'major devolution to the cities and county regions of England is the key to a balanced economic recovery in which prosperity is shared, and fractures are healed' it is likely that further decentralisation of funding for infrastructure, transport, housing and training is likely to carry on regardless of who holds the majority in Westminster.

The emerging picture regarding performance

The creation of Local Enterprise Partnerships has been the centerpiece of the government's localist approach to economic growth, but their implementation has undoubtedly been challenging - with impact particularly difficult to judge given the absence of a standard national performance framework that would allow easy comparison between areas.

The What Works Centre for Local Economic Growth was launched in late October 2013 (taking the National Institute of Clinical Excellence as an archetype) to 'analyse which policies are most effective in supporting and increasing local economic growth' for the benefit of both policymakers and practitioners. They aim to work with a range of organisations including LEPs to help them apply this evidence to their projects and programmes. However the Centre's work has only just begun – albeit in in two areas of interest to LEPs: adult skills and business support.

In the meantime a number of government bodies, parliamentary committees and think tanks have been carrying out their own assessments of LEPs' performance so far, and as well as offering trenchant critiques of national policy in this area they have highlighted a number of challenges faced by LEPs themselves, and how they can be overcome.

The National Audit Office's report ***Funding and Structures for Local Economic Growth (2013)*** concluded that it is not clear that the government has achieved its objective to "increase democratic accountability and transparency, and ensure that public expenditure is more responsive to the needs of local business and people".

The report also highlighted that

- The government's commitment to "ensuring an orderly transition from Regional Development Agencies to the new delivery landscape" has not been achieved.
- The government does not have a clear plan to measure outcomes and evaluate performance and therefore show value for money across the programme
- Local Enterprise Partnerships are making progress at different rates, with some LEPs facing significant capacity issues (exacerbated by the demands placed upon them to oversee Growth Deals *and* EU Structural Funds).
- LEPs are allocating funding from the Growing Places Fund to local projects but evidence of new jobs, houses and improved transport to date has been limited
- The allocation of the Regional Growth Fund has been responsive to local businesses but links to the local democratic process are complex and weak in certain instances (although increasing democratic accountability and transparency was never an objective for the Regional Growth Fund).

The NAO recommended that DCLG and BIS should

- Review the current arrangements for the coordination, accountability and transparency of local growth programmes
- Continue to monitor and develop the capability and capacity of Local enterprise Partnerships
- Develop project monitoring frameworks to allow genuine comparisons between different programmes
- Develop a strategy for evaluating the additionality of jobs created in Enterprise Zones
- Work with Local Enterprise Partnerships to ensure that their local transparency arrangements are robust and meet the expectations placed on local authorities.

Similarly, the House of Commons, Business, Innovation and Skills Committee in their report **Local Enterprise Partnerships, Ninth Report of Session (2012–13)** criticised uncoordinated government policy in this area, and whilst agreeing that LEPs (and the private investors within LEPs) should set their own priorities, they were concerned that in the absence of a standardised national performance management regime there is ‘no tangible way of measuring success’.

They also concluded that

- The relationship of LEPs with government departments – falling as it does between CLG and BIS – is ‘confusing and inconsistent’
- LEPs should develop a set of benchmarks, relevant to their local economies, against which communities can measure their success.
- Some local economies no longer matched the boundaries of their LEP

They also had a lot to say on the governance of LEPs, highlighting that ‘accountability, transparency and proper scrutiny remain crucial’ to the success of LEPs. Although the balance between board size (manageability) and optimal representation is challenging, the committee argued strongly that LEP boards should properly reflect the local area and include

- Small or medium enterprises (potentially through Chambers of Commerce)
 - ✓ Large businesses;
 - ✓ Local employees (for example a Union);
 - ✓ Local government; and
 - ✓ The education sector (including skills and apprenticeship providers, FE colleges and schools)

The emerging picture relating to governance

In 2013 a collection of essays edited by The Smith Institute entitled **Where Next for Local Enterprise Partnerships?** identified a very wide variation in approaches to prioritisation, governance and performance management:

- LEPs have either adopted a sector focus (typically four to six sectors, but in some cases into double figures), a thematic focus (such as skills, inward investment or connectivity) or both.
- About 50% of LEPs have adopted some form of legal incorporation, with the remainder as voluntary partnerships or part of wider local authority-based governance arrangements.
- The size of board varies, from 26 in the case of the South East LEP (to under 10 in Worcestershire, and board representatives per capita from over 1:700,000 in London and 1:200,000 in D2N2 and Greater Manchester to under 1:50,000 in over a quarter of LEPs.

- Evaluation and monitoring is vital to demonstrate worth and contribution to local and national growth, but only a handful of the 39 LEPs has a performance management framework in place.

The Smith Institute argue strongly that the role of the chair is crucial to the success and focus of the LEP through defining what the LEP is about and articulating its strategy and priorities. Moreover, where LEPs such as London and Greater Manchester are an explicit subset of mayoral and combined authority governance they have much greater accountability, legitimacy and likelihood of success.

Overall though, they conclude that little systematic thought has been given to the long-term institutional development needs of LEPs, and that

‘central government had been unrealistic in its expectation that unincorporated, loose partnership configurations (lacking a statutory footing, policy tools and specific resources) could make any more than a symbolic difference to the growth and regeneration of subnational territories.’

On governance, the LGIU Policy Briefing ‘**Emerging models for leadership and governance of local economic development**’ (June 2014) identified a number of different models being pursued by LEPs across the country. These include Statutory Joint Committees: A 'CA-lite' variant which may be worth exploring in SE England:

- **The 'Supervisory Board'** of nine LA leaders (metropolitan and shire districts) of the Greater Birmingham and Solihull LEP - working alongside the LEP as accountable body, and formal decision-making body for implementation of the SEP, LGF and EUSIF
- **The 'Economic Prosperity Board' model** - of which Derby, Derbyshire County Council and the Derbyshire districts is an example. The 'D2' EPB has ten LA full members with BIS, LEP and business representative non-voting members. It is responsible for leading economic growth in the D2 part of the D2N2 LEP area; and will also keep issues such as pooling resources and shared services under review. It is expected to become a statutory EPB in April 2015.
- **Statutory Joint Committee models** - a number of LAs are establishing statutory joint committees under the Local Government Act 1972 which enables constituent LAs to delegate the discharge of functions to the Joint Committee. In this context, the functions are tending to be democratic accountability for LGF money; coordinating the area's local economic development resources; and providing assurances to government of binding decision-making in any 'growth deal' - city deal or LEP-based.

The All Party Parliamentary Group (APPG) on Local Growth, a cross-party group which seeks to raise the profile of local growth issues in Parliament published a report, **Rising to the Challenge: how LEPs can deliver local growth strategies** in October 2013 which set out a number of recommendations for Government, LEPs and local authorities to make the Local Growth Deal process as effective as possible and tie it to an ongoing shift towards the devolution of economic power to localities.

The report made a lot of recommendations on how government support to LEPs could improve, but for LEPs themselves they called for more pooling of local authority economic development resources across LEPs and more transparent processes to assess which projects deserve investment. They also argued for the expansion of combined authorities and joint committees

to free up private sector members to focus where they can add most value, as well as better engagement of backbench councillors in LEP activities.

On the role of universities in driving growth Sir Andrew Witty's review '**Encouraging a British Invention Revolution**' saw LEPs as key anchors of local prosperity, but noted their vast disparities of capacity and ambition. He emphasised the importance of geographical areas understanding and playing to their sectoral strengths and investing in industries, specialisms and areas of research where they enjoy a comparative advantage over other areas. By directing a significant share of their EU Structural and Investment funds towards so-called 'Arrow Projects' LEPs should support universities, industry and other partners to develop new technologies with the potential for international market advantage.

Finally, the most recent study of LEPs- '**The Future Of Local Enterprise Partnerships: The Small Business Perspective**' (September 2014) – produced jointly by the Centre for Local Economic Strategies and Federation of Small Businesses, made a number of important points that resonate with our analysis of the situation in SELEP.

Firstly, they welcomed the 'localist' policy of creating business-led LEPs, in contrast to the RDAs which their members saw as 'overly bureaucratic, driven by the public sector, stiflers of private sector innovation, and poor value for public money.' However, they were concerned that resources are not yet sufficient to meet the delivery responsibilities of LEPs, that a 'lack of clarity on the remit, purpose and function of LEPs from Government has resulted in widespread misunderstanding and friction' as well as unhelpful 'mission creep', and finally that the absence of a national performance framework across LEPs, 'hampers accountability to local stakeholders and hinders robust assessment of LEP performance'.

Alongside the policy recommendations to government, the advice given in the report to LEPs themselves is also relevant for our purposes, and can be summarised as:

- Work collaboratively on an internal and external basis – and ensure the involvement of small businesses
- Use the economic development knowledge of local government, pooling resources where appropriate to ensure value for money
- Build evaluation into the activities of the LEP using project appraisal methods such as those recommended in the Green Book.

Given all this, it is almost impossible to objectively compare the performance of all 39 LEP areas given the absence of a standard set of metrics, or, indeed, given how various the scope and governance models are across the country. However, these reports offer a range of recommendations that should help LEPs to self-assess their capacity to deliver their priorities.

APPENDIX 2

SE LEP GOVERNANCE AND TERMS OF REFERENCE

DECEMBER 2014

1. PURPOSE, OBJECTS AND PRINCIPLES

1.1. Role of the Local Enterprise Partnership

1.1.1. The South East Local Enterprise Partnership (the LEP) is a strategic body, which brings together the public and private sectors to support economic growth in its constituent areas.

1.1.2. It shall:

- a) Progress priorities of cross-border economic importance where there is real synergy and added value in working together;
- b) Support the conditions through which a more creative, responsive and flexible working relationship can exist between business and government at all levels;
- c) Seek resources, freedoms and flexibilities to progress strategic growth priorities; and
- d) Operate in the spirit of transparency, openness and collaboration to support the public interest.

1.1.3. In pursuit of this role, the LEP may act to bring together intelligence, expertise and community and business support to identify priorities and develop solutions to maximise the LEP area's economic opportunities and address barriers to growth.

1.2. Legal status

1.2.1. The LEP is an informal partnership. It does not have legal status to enter into contracts and will act through one of its county/unitary local authority partners as Accountable body.

1.3. Subsidiarity

1.3.1. The LEP operates on the principle of subsidiarity. This means that decisions should be taken at the practical level closest to the communities and businesses affected by those decisions.

1.3.2. The LEP therefore:

- a) Only considers priorities consistent with 1.1 above; and
- b) Devolves responsibility for local prioritisation, funding and delivery to local partners as appropriate.

1.3.3. The LEP does not seek to establish a uniform sub-structure. Rather it recognises that partners may come together in a variety of forms to address particular issues; that these may change over time; and that this dynamism is part of the LEP's success.

2. GOVERNANCE

2.1. General

2.1.1. The LEP shall be governed by the SE LEP Strategic Board.

2.2. Local Enterprise Partnership Strategic Board

2.2.1. The LEP Board shall be responsible for:

- a. setting the strategic direction and priorities of the LEP;
- b. satisfying themselves that the business plan is in accordance with the strategic direction and that the milestones are sufficiently ambitious;
- c. considering and agreeing a position on major items of strategic importance;
- d. monitoring performance of the operations and activities of the LEP;
- e. ensuring that funds delegated or assigned to the LEP for investment, where the Board has determined a method of allocation, are being implemented to best effect on behalf of government; and
- f. deciding how the activities of the LEP should be delegated.

Additionally, the SE LEP Strategic Board should take a leading role in:

- a. Providing strategic leadership in agreeing SE LEP's overarching strategic vision and priorities (ie Strategic Economic Plan)
- b. Championing the SE LEP area as a whole where appropriate for growth and jobs
- c. Supporting pan-LEP activity on SEFUND, Rural and Coastal regeneration, U9 Universities activity, CORE, priority sectors as appropriate (eg Creative) and the Growth Deal

The LEP Strategic Board shall also establish in partnership with the county/unitary authorities a SE LEP Accountability Board to become the main performance management structure within the LEP. Working closely with local area accountability arrangements, the SE LEP Accountability Board will provide the accountability structure for decision-making and approval funding within the overarching vision of the Board which will satisfy the accountability processes for the Accountable Body.

The membership and terms of reference of the SE LEP Accountability Board shall become an Appendix to this paper.

LEP Board membership

2.2.2. The LEP Board shall be constituted as follows:

- a) The Chair of the LEP Board (in addition to the representatives below);
- b) 5 business representatives from Essex, Southend & Thurrock;
- c) 4 business representatives from Kent and Medway;
- d) 3 business representatives from East Sussex;
- e) 5 local government representatives from Essex, Southend & Thurrock, of which 3 must be from Thames Gateway South Essex;
- f) 4 local government representatives from Kent and Medway;
- g) 3 local government representatives from East Sussex;
- h) 1 representative of the higher education sector;
- i) 1 representative of the further education and skills sector.

2.2.3. Each of the areas shall determine their own processes for the selection and term of office of their representatives.

2.2.4. The process for selecting representatives from business and local government shall be determined within each of the areas. The process for selecting the HE/ FE representatives shall be determined by the HE/FE sectors.

Chair

2.2.5. The LEP Board shall have a private sector Chair.

2.2.6. The chair shall be appointed by the Board, with their performance subject to annual review.

2.2.7. Duties of the Chair will be:

- a) to chair and ensure the smooth and effective operation of the Board;
- b) to lead on the development of strategy;
- c) to participate in the appointment of and directly manage the Director of the LEP bringing any significant performance or staffing issues to the attention of the Board and the accountable body;
- d) to ensure the secretariat is operating effectively and within its mandate, that budgets are appropriately applied and that proper policies and processes are in place and observed;
- e) to ensure effective liaison with all constituents of the LEP and government and to undertake representation / communication / lobbying activity as required according to the business plan or emerging strategies or needs; and
- f) to comply with any reporting requirements of the accountable body.

2.2.8. The Board will have three vice-chairs, one each covering Essex, Southend & Thurrock; Kent & Medway; and East Sussex. The vice-chairs will be drawn from the private sector and will be determined by each of the three areas.

Representation and attendance

2.2.9. It is important that attendance at the LEP Board is at a consistent and senior level. For local authorities, this will normally be at Leader level or equivalent.

2.2.10. Each member of the Board can name one alternate to attend in his / her place who is authorised to take decisions on his / her behalf. Alternates from local authorities shall be elected members or a representative of the Leader mandated to take decisions.

2.2.11. For the Board to be quorate at least 14 members must be present. Of these at least 3 representatives must be from the 6 county/unitary councils. In addition there must also be 1 business representative from each of the areas of: Essex, Southend & Thurrock; Kent 7 Medway; and East Sussex.

2.2.12. Only members of the Board or their alternates may sit at the meeting table and vote. Others may attend and take part by the invitation of the Chair.

2.2.13. Officers and members of bodies participating in the LEP but not invited to attend and participate may attend as observers. The number of observers may be limited at the discretion of the Chair.

2.2.14. Meetings of the Board are open to the press and public as observers, with the exception of any items that should be treated confidentially for commercial or other reasons. Filming or recording of proceedings need to be agreed in advance with the Secretariat.

Decisions

2.2.15. The Board shall operate on the basis of consensus.

2.2.16. In the event that a consensus cannot be achieved on a matter requiring decision, that decision shall be taken by vote and carried if it is supported by over 50% of those present. All matters to be considered for decision must have been circulated in writing to all members of the Board at least 2 clear working days before the meeting. No decision can be taken without notice having been given.

2.2.17. In the event that a decision is required outside of a scheduled meeting, the Chair may decide to hold an Extraordinary Meeting. Such meetings shall be coordinated by the Secretariat, and shall operate according to the provisions of paragraph 2.2.16.

2.2.18. Alternatively, the Chair may decide to seek agreement to a proposal via Electronic Procedure. In such cases, the Secretariat shall write to each Board member requesting agreement to a specified course of action. Board Members shall be given no fewer than five working days to respond to the Secretariat. For a decision to be made, the provisions of paragraph 2.2.16 shall apply. For a decision to be taken by Electronic Procedure, the number of members participating and the composition of those members must be as required for a quorate meeting. Over 50% of members responding to the request must indicate agreement to the proposal.

2.2.19. All decisions made by Electronic Procedure shall be ratified at the next scheduled meeting of the Board.

Meetings and papers

2.2.20. The Board will meet 3-4 times a year. A calendar of future meetings will be set for a year at a time.

2.2.21. The agenda and papers for meetings shall be approved by the Chair and issued at least 5 working days in advance of the meeting.

2.2.22. The agenda and papers shall be disseminated by the Secretariat, with the agreement of the Chair. Board members wishing to propose items for the agenda should contact the Secretariat. Final papers for Board discussion shall be made available on the LEP website as soon as they are disseminated to the Board, except for papers which are not suitable for release into the public domain for example due to them containing personal information about individuals or commercially sensitive data.

2.2.23. Minutes of meetings of the Board shall be approved in draft form by the Chair and disseminated to Board members no later than ten working days following the meeting. Minutes shall remain in draft until approval by the Board at the Board's next meeting.

2.2.24. Minutes shall be made publicly available on the LEP website no more than five working days following approval by the Board, except for minutes which are not suitable for release into the public domain for example due to them containing personal information about individuals or commercially sensitive data. Any minutes which are not released into the public domain will be stored confidentially by the secretariat.

Conflicts of interest

2.2.25. The Board shall ensure that all conflicts of interest are fully disclosed.

2.2.26. The Secretariat shall maintain a Register of Board Members' Interests. This shall include all company directorships, trusteeships, elected offices, remunerated posts and other relevant interests. The Register of Board Members' Interests shall be made available to any interested party at any time. Board members shall supply information to the Secretariat for inclusion in the register, or a nil return, on joining the Board, in response to any request for an update and on becoming aware of any new interest. The secretariat will circulate a request for information about interests annually.

2.2.27. Should a Board Member's interests change, s/he shall inform the Secretariat at the earliest opportunity.

2.2.28. Should an issue be discussed by the Board which presents a conflict of interest to a Board member, the Board Member shall declare the conflict of interest, regardless of whether s/he has previously declared the interest in the Register of Board Members' Interests. Such declarations shall be minuted. A Conflict of Interest may pertain to the interest of a partner, family member, close friend or organisation associated with a Board member. For example if a partner, family member or close friend may be affected by a decision (to a greater extent than the majority of Council tax payers in the area will be affected) then the member should declare an interest and abstain from discussion and may be asked to withdraw at the Chairman's discretion. If the member is associated with an organisation (other than a local authority) as employee, director, contractor, trustee, member or shareholder and that organisation may be particularly affected by a decision then that board member should withdraw from any discussion and may not vote on the matter.

2.2.29. Board Members shall not vote or participate in discussions on any issues on which they have registered an interest.

Sub groups

2.2.30. The Board may initiate task and finish groups to undertake work to further the Board's objectives. Such groups must have clear terms of reference agreed with the Chair, shall be fully accountable to the Board and shall cease operation when their work is complete. Each sub group must have both elected council member and business representation or involvement.

2.2.34. Within this framework, the Board may agree sub-committees such as that for an investment fund, establish technical working groups to support activities and recognise linked sector or geographical groupings which support the LEP's ambitions and operation.

3. SECRETARIAT AND ADMINISTRATION

3.1. Secretariat

3.1.1. The Board shall appoint a Secretariat. The Secretariat shall consist of one or more named individuals with specific responsibility for:

- a) ensuring the efficient administration of the Board;
- b) ensuring the Board operate within their terms of reference;
- c) providing information and support to the Chair;
- d) monitoring work commissioned by the Board and reporting on progress to the Board;

- e) co-ordinating the production of papers and agenda items, in liaison with the officer Support Group (see Section 3.2);
- f) managing communications activity on behalf of the LEP;
- g) undertaking such tasks as directed by the Board, Chair and Vice Chairs;
- h) ensuring compliance with Financial Regulations of the Accountable Body;
- i) ensuring that an appropriate process is followed for setting of budgets and preparation of accounts within the LEP which are approved by the accountable body; and
- j) Reporting to the Accountable Body as required by it.

The secretariat will be employed by an upper tier local authority and will work within the policies and procedures of the employing body.

3.1.2. The costs of the Secretariat and any financial liabilities of the accountable body resulting from being the accountable body of the LEP shall be borne equitably between the six upper tier authorities using population figures as the basis for calculating their contribution. Financial contribution towards secretariat costs may be used as a contribution to match funding made available from government or other sources and should be agreed annually.

3.2. Senior Officer Group

3.2.1 The Secretariat shall be supported by a Senior Officer Group (SOG). The SOG shall consist of officers employed by LEP Board member organisations (presently usually one from each of the county/unitary authorities but other officers may also participate from time to time), and shall be responsible for preparing papers as required, undertaking specific pieces of work as mandated by the Board or Executive Group.

3.2.2 The SOG shall be convened by the Secretariat according to business need. It shall have no fixed membership, and may expand or contract over time.

3.2.3 The SOG shall have no decision-making powers. It exists purely to expedite the business of the LEP and to provide support and advice to the Secretariat.

3.3 Communications

3.3.1 The Board shall operate on the basis of transparency, openness and good communications.

3.3.2 The Board shall be responsible for the LEP's communications strategy. This shall include communications to Board members, participating organisations and the wider public and shall include the maintenance of an up-to-date, relevant and accessible website. The Secretariat shall be responsible for implementation of the communications strategy.

4. AMENDMENTS TO TERMS OF REFERENCE

4.1 The Board may amend these terms of reference at any time, according to the procedure in paragraph 2.2.16.

Amendments were agreed by the Board in December 2014 to establish the SE LEP Accountability Framework. They were previously amended in December 2013 and agreed by the SE LEP Board on 14th February, 2014. (These replace those drafted September 2012 and agreed by SE LEP Full Board on 12th October 2012 and the Governance & Terms of Reference agreed at the Interim SE LEP Board Meeting 14th March 2011).

APPENDIX 3

SE LEP ACCOUNTABILITY BOARD

The SELEP Accountability Board is an executive joint committee of the following authorities. It is constituted under S.101 (5) (a) LGA 1972 and Reg. 11(6) of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 (2012/1019).

East Sussex County Council

Essex County Council

Kent County Council

Medway Borough Council

Southend On Sea Borough Council

Thurrock Borough Council

Membership

9 members appointed as follows

Voting Members

1 member appointed by each of the 6 member councils (6)

Non-voting Co-opted members

A Vice Chairman of the SELEP Strategic Board appointed by the Strategic Board

One member appointed by the Accountability Board on the nomination of the higher education sector (1)

One member appointed by the Accountability Board on the nomination of the further education sector (1)

Chairman

The Vice Chairman of the SELEP Strategic Board appointed to the Accountability Board shall be the Chairman of the Accountability Board.

Quorum

One third of the members including at least two voting members

Terms of Reference

Within the Partnership's Growth Deal and Strategic Economic Plan and such other plans as may be approved by the Strategic Board, the Accountability Board will be responsible for the implementation of the Partnership's Accountability and Assurance framework and all processes by which bids are assessed, risks considered, approvals made and performance managed including:

- Appraisals and approvals in accordance with Board recommendations.
- Monitoring project assessment and delivery.
- Ensuring accountability from each of the federated areas relating to expenditure and programme delivery.
- Approving variations to schemes.
- Quarterly performance reporting on an exceptions basis to the Strategic Board.
- Reporting on progress to central government.

- Any other accountability or assurance function required by central government or recommended by the Partnership's auditors or the Chief Finance Officer of the Partnership's accountable body.

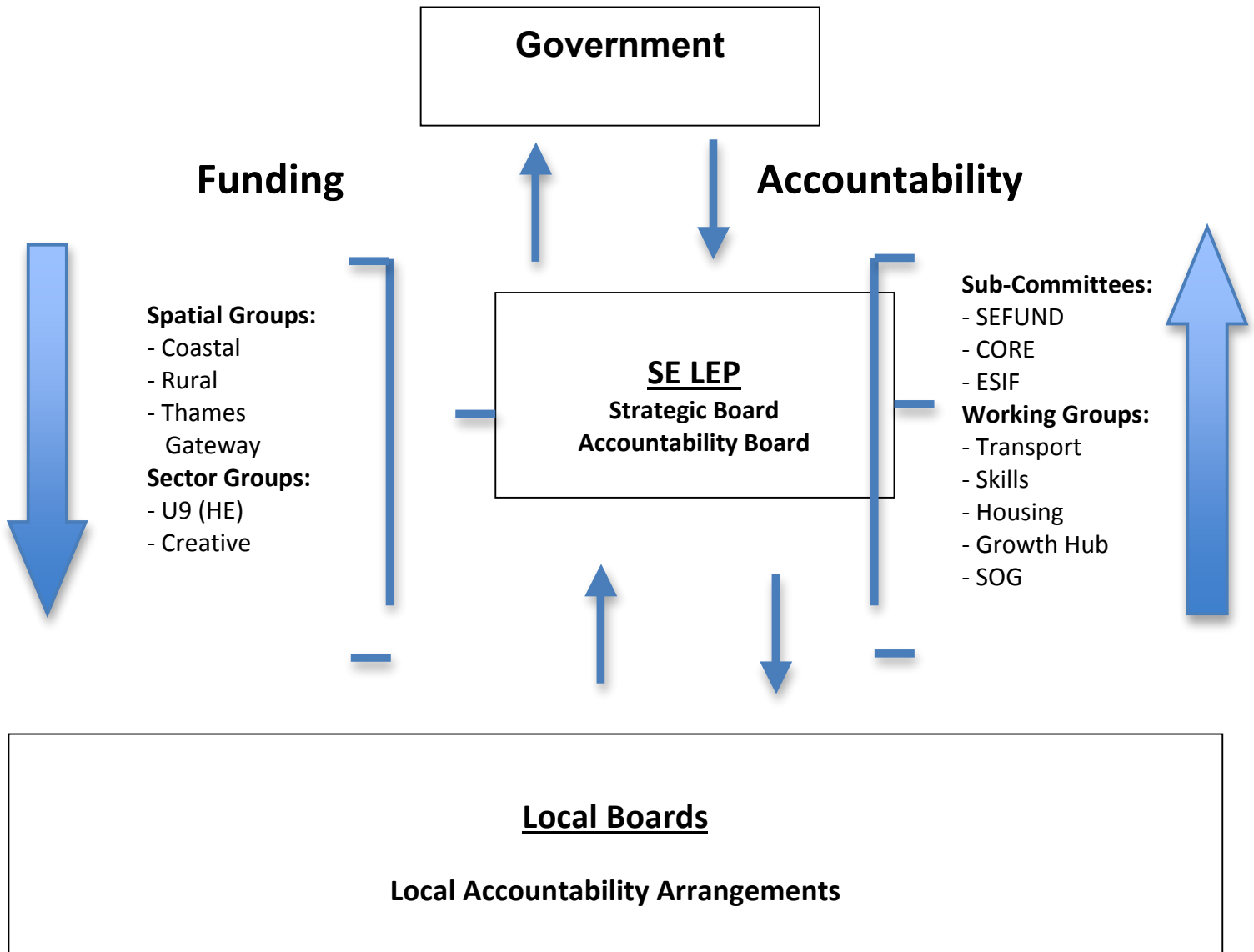
The Accountability Board will be advised by the Accountable Body's chief finance officer.

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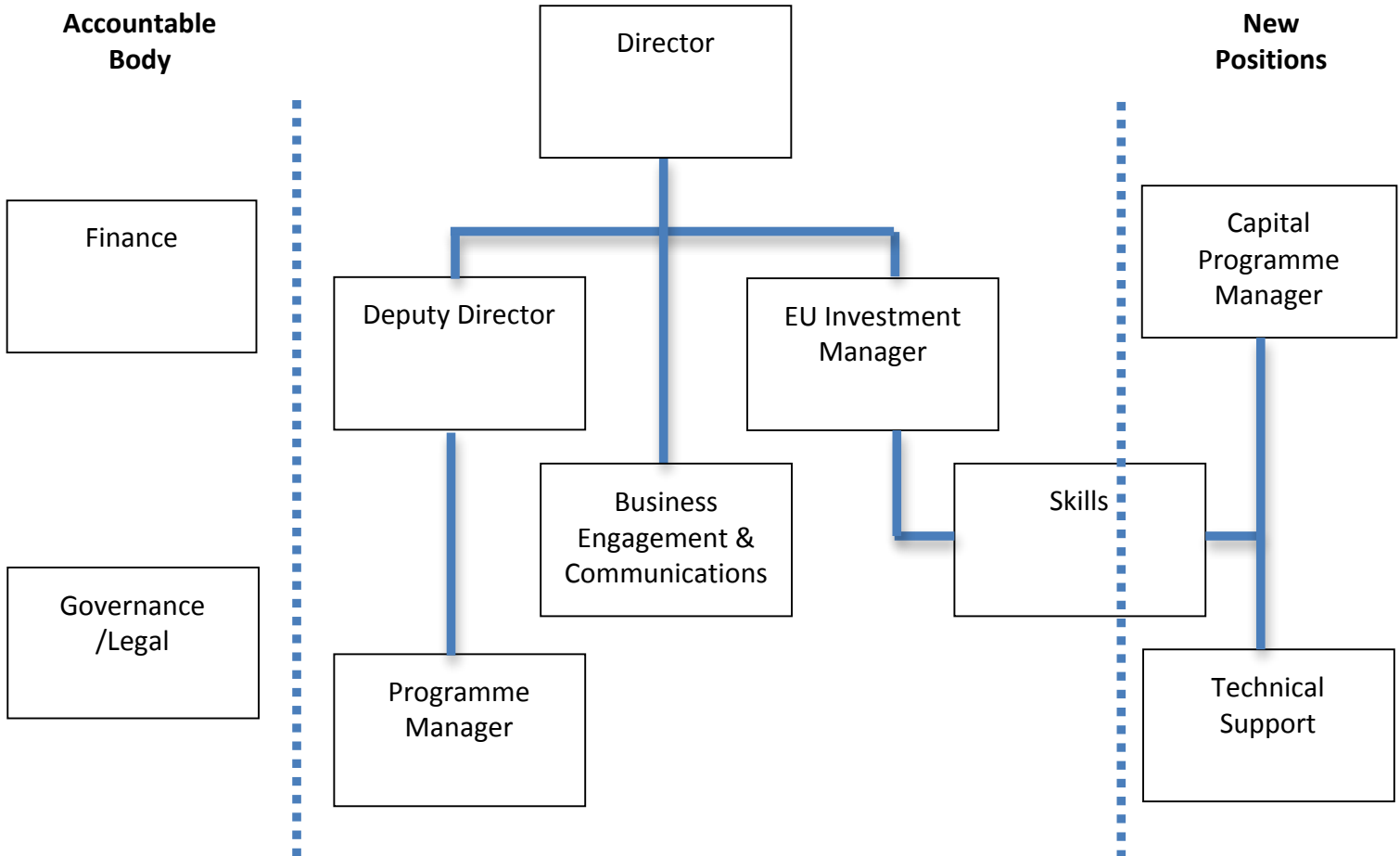
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APPENDIX 4

SE LEP Board and Group Structure



SE LEP Secretariat Structure



SE LEP EU Structural Investment Fund (ESIF) Update

Purpose:

This paper updates Board Members on:

1. Work currently being undertaken to establish the South East ESIF Committee membership and the important role of this committee
2. Discussions currently taking place nationally about Limited Intermediate Body (IB) status for LEPs
3. Progress with the SE LEP EU Structural Investment Fund (ESIF) strategy, with respect to the three main EU funding programmes: European Regional Development Fund (ERDF), European Social Fund (ESF) and the European Agricultural Fund for Rural Development (EAFRD)
4. The on-going and iterative process of drafting of the EU Local Implementation Plan (LIP)
5. Timetable to the launch of the programmes and first calls for applications

Recommendations:

The Board is asked to note:

- a) The SE LEP ESIF Committee will meet in shadow in January 2015 and will report directly to the National Growth Board
- b) The national discussions taking place around Limited IB status for LEPs
- c) Progress developing the EU SIF strategy and proposals for further development to ensure approval by the Government including recent developments with Community Led Local Development (CLLD)
- d) The progress with the LIP
- e) The timetable to delivery of the first applications

1. The SE LEP ESIF Committee

The SE LEP ESIF Committee will meet in January 2015 in shadow to prepare for the first calls for applications. The Chairman has asked Business Board member, George Kieffer as vice chairman of SELEP to lead the work of establishing the Committee and considerable work has been carried out to enlist membership according to the Terms of Reference set by the European Commission and reflecting the SE LEP area; it is still work in progress. The Local Growth Delivery Team will act as secretariat for the Committee and meetings will take place quarterly in London. The Committee will report to the National Growth Board but have important links to the SE LEP Board and federal Boards.

2. Discussions taking place on Limited Intermediate Body Status

The negotiations between the Government and the European Commission (EC) on all three EU funding programmes have been protracted in this funding period 2014 -20. A key reason for the delay has been the EC's lack of acknowledgement of the role of Local Enterprise Partnerships with the Managing Authorities. The EC's position is that the responsibility for all aspects of the programmes should rest with the Managing Authorities (DCLG for the European Regional Development Fund (ERDF), DWP for the European Social Fund (ESF) and DEFRA for European Agricultural Fund for Rural Development (EAFRD)). If not and LEP's want to influence the project pipeline and selection, then they should take on the formality of IB status.

Until recently, London was the only area with IB status but the perceived threat to the LEP role in the funding programmes has resulted in a letter from the LGA and LEP network to Nick Dexter at Deputy Director DCLG (emailed separately). The letter proposes that some LEPs are interested in taking on Intermediate IB status and a list of LEPs with a strong interest and those with "some" interest, including SE LEP to keep all options open, is attached. At present, the full implications of taking on IB status, even in a limited capacity are not clear in terms of resource requirements and risk. It is expected that this will be raised at the National Growth Board meeting on the 9th December 14. An oral update will be given at the SE LEP Board meeting.

3. Progress Update progress on the development of the EU ESIF Strategy

- **ERDF** – SE LEP's agreed ESIF strategy focused the ERDF spend on Innovation and Smart Specialisation, SME Competitiveness and Low Carbon. Part of the spend under these thematic objectives already agreed by SELEP partners is £26 million for an Access to Finance. Work has started to define what can be covered by the fund with DCLG working with the European Investment Bank and consultants Regeneris who are just completing the first draft of the ex-ante evaluation. There will be a need to build SEFUND into these discussions. In addition, part of the strategy was to support Growth Hubs post March 2016 and also work with UKTI, MAS and Growth Accelerator. The contracts with the latter organisations, are worth just under £8 million, will be contracted under standard open calls for applications.
- **ESF** – Reflecting the needs identified by local partners, we have agreed to work with 3 Opt-in providers (Skills Funding Agency, DWP and the Big Lottery) who provide some of the match funding as Opt-in agencies. There remains unmatched funding of £13.5 million which will be discussed with partners January with regard the focus of the calls for applications within the strategic framework set by the ESIF and SEP. Further guidance on Community Led Local Development (CLLD) has been received and a Government led workshop will be taking place in January 2015 . The EC has strongly opposed the use of CLLD in England as described in the national Operational Programmes and has stated it expects only 5 or 6 in total to be approved in England. The SE LEP area alone has 5 prospective CLLD areas and the LEP secretariat is waiting for further clarification from DCLG on how to take this forward.
- **EAFRD**- Work continues on the rural chapter of the ESIF. Wide partner consultation has been taking place across the LEP area with new guidance received from DEFRA in October to help match the needs identified with the eligible activities. Work on the SELEP Rural Strategy agreed at the last Board meeting and as required by DEFRA is now underway with a launch planned for the first quarter of 2015.

4. The EU Local Implementation Plan (LIP) (See appendix for further information, tables emailed separately)

The LEP submitted the draft LIP at the end of September to Government giving information about spending profiles, outputs and plans for calls for applications in 2015. The document is entirely based on the Government Guidelines and the ESIF strategy approved by the SELEP Board in December 2013 and still has many gaps as further detailed information is awaited from DWP and DCLG. The LIP has been described as an iterative process and work is on-going.

5. Timetable

The England Partnership Agreement has been approved and the adoption of the ERDF, ESF and EAFRD programmes the next key stage. The current information is that the ESF and EAFRD programmes may be adopted before the end of the year and that the ERDF programme will be adopted in January. On this basis Government is provisionally preparing a programme wide launch in February 2015 with a general and open call for applications expected at that point. There are, however a number of issues to be resolved before that point including the finalisation the LIPS from all 39 LEPs and the formal agreements between the Opt-in agencies and the DWP

Appendix

South East Local Enterprise Partnership ESIF Annex 3 tables October 2 2014

Explanatory note

The spreadsheets accompanying this board pack are provided as requested by BIS with information representing the best estimates currently available. They should be regarded as provisional and subject to change, pending further development of the SELEP programme locally, and in light of continuing evolution of the UK's programme and resulting guidance from Government.

A number of important points and assumptions should be borne in mind:

- In Annex 3A, both spend and output assumptions at the 2018 milestone are all based on 26% of the total figure, this representing the profile set out in August guidance. These numbers are subject to change pending further development of the programme and in particular the timing of activities
- In Annex 3B and 3C, both allocation and output assumptions for the first round of the SELEP programme are based on 40% of the total, on the basis of N+3 applying to work commissioned during 2015-2018.
- Most activities are currently presented as starting in March 2015, which we see as the earliest feasible date on current projections. We anticipate some programmes will begin later. We also anticipate that in the first three year period – 2015-2018 – there will be more than one call for applications under many of the programme areas. Assuming a March first round, we would expect to open further calls in the Autumn of 2015, or alternatively to use open calls for some area as appropriate. The strategy for each programme area will be established as part of development of the programmes in detail during the remainder of 2014.
- CLLD is expected not to begin until the Summer of 2016, following guidance in August.
- Due to the issues involved in its establishment we do not expect the Access to Finance FI to begin until the Summer of 2015 at the earliest
- YEI is expected to be completed during the first part of the programme in conformity with Commission requirements.
- Opt-In provision for ERDF and ESF is shown in 3C. The allocations represent our best current estimate, but are subject to completion of negotiations with the different Opt-in providers. This also applied to output assumptions, where final agreement of unit costs particularly in ESF will be necessary. We expect to factor the Opt-in providers' 10% management fee to our output expectations.
- In ESF in particular we are currently unable to provide detailed output figures due to uncertainties over the expected programmes, and queries as to the assumptions underlying indicators provided. This applied in particular to the male:female split, and to ESF PA2 where the social inclusion and enterprise indicators may be at odds with our intended programmes. We expect the further and revised indicators will be used in later iterations of the programme.

- Non Opt-in matched provision features in the SELEP programme. The sources of match will be detailed in further iterations.
- At present we expect almost all activities to be available across the SELEP area. The exceptions are CLLD, which must be allocated to eligible areas (the most deprived 20%), and YEI which is focused on one particular area with defined high levels of youth unemployment (>25%).
- EAFRD is not included in this table. Separate returns will be provided in due course using the template provided by DEFRA.

SEFUND

1. Purpose

The purpose of this report is to:

- To update SE LEP Board members on the establishment of the SEFUND Shadow Board and the appointment of consultants to establish SEFUND.

2. Recommendations

The Board is asked to:

- Note the update and agree to receive the full design and feasibility work in March 2015 to establish SEFUND.

3. Background

At its last meeting, the SE LEP Board agreed to the establishment of a SEFUND Shadow Board to oversee the design and feasibility stages of the SEFUND project.

The SEFUND Shadow Board met at the Cabinet Office on 13th November to agree clear terms of reference and the process to recruit consultants to undertake the design and feasibility stages.

Drawing on expert internal procurement, legal and economic development advice, the specification circulated to the SEFUND Shadow Board last week was developed and CBRE appointed.

Recognising Government interest in the SEFUND model, the timetable for completion of this work is challenging:

Date	Completion
w/c 1 st December	Contract awarded
12 th December	SE LEP Board Meeting – update
9 th January	Feasibility Report – interim findings
23 rd January	Feasibility Report
20 th February	Design Report – interim findings
6 th March	Design Report
20 th March	SE LEP Board approval

SEFUND aims to be operational by 1st April, 2015.

SEFUND Shadow Board members are:

Peter Jones (Chairman)
Graham Brown
Graham Peters

David Rayner
Murray Foster
David Finch

Paul Carter
Keith Glazier
Niamh Matthews
(Cabinet Office)

Author: David Godfrey

Position: Director

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Date: 5th December 2015

GROWING PLACES FUND (GPF) - UPDATE

Purpose:

1. The purpose of this paper is to give Board Members an update on the deployment of the GPF covering the further allocations made to projects at the last Board meeting and to consider the implications of allowing the rescheduling of repayments.

Recommendations:

2. The Board is invited to:
 - **NOTE** the additional allocations made at the September Board meeting;
 - Consider the implications of rescheduling repayments due under the GPF as a general point of principle and **AGREE** to the Accountable Body proposal that all requests for rescheduling repayments should be made to the Board (or Accountability Board should this operating model be adopted) on an individual basis; and
 - Consider the case for the rescheduling of Parkside Office Village and **ENDORSE** the Secretariat's agreement to this change.

Background:

3. The Growing Places Fund was launched in November 2011 as investment capital designed to unlock stalled projects in order to stimulate growth. The government stated that GPF should be used to:
 - Support the delivery of homes and/or jobs in the short term;
 - Contribute to the delivery of the LEP's strategic priorities; and
 - Establish a sustainable revolving fund.
4. A full update and review of GPF was made at the last Board meeting and

Additional Allocations

5. Following a full update at September's Board meeting it was agreed that the Harwich Supply Base Project would be withdrawn. This withdrawal resulted in a further £2.28m of funds being available for investment.
6. The Board agreed that the funds would be allocated to current projects that have already been appraised. The allocation has been made as follows:
 - **Parkside Office Village/Knowledge Gateway - £815,000**
 - **Sovereign Harbour - £715,000**
 - **Discovery Park - £715,000**

7. The Accountable Body and the relevant sponsoring authorities are working to update the agreements for these projects or issue new agreements where applicable. Please see paragraph 9 below detailing a potential risk of the Parkside Office Village project not being able to proceed.

Rescheduling of Repayments

8. The Parkside Office Village project was agreed at the Board meeting on 12th October 2012. It was approved on the basis of a single repayment of £2,400,000 being made on 30th September 2015. The project was underwritten by Essex County Council in the first instance with full back-to-back agreements with University of Essex ultimately underwriting the loan.
9. The project sponsors are now requesting that the repayment of the loan be reprofiled as follows:
 - £400,000 – March 2016
 - £800,000 – March 2017
 - £1,200,000 – March 2018
10. The reasons given for the rescheduling are as follows:
 - Despite being agreed in October 2012, the loan was not completed until April 2013 which has delayed the completion of the development to June 2014, leaving only 15 months to full repayment following completion.
 - There have also been delays in the installation of fibre broadband to the site and broadband won't be live until early December.
 - The major lettings thus far have been made with a 12 month rent free period which is common in the local property market
 - There has been little interest in major lettings; the bulk of enquiries have come from small young or start up tech businesses.
 - Due to these factors there is not sufficient income flowing from the scheme by September 2015 to serve the interest and capital repayments if commercial refinancing was required at that point.
 - The spread of repayments will allow a better match to income and outgoings and support one of the earliest completing projects of the SELEP GPF.
 - Should the repayment rescheduling not be approved, the University will not be able to take forward the Phase 1 a project that is being funded through the additional £815,000 allocated at the last Board meeting.
11. The Secretariat and the Accountable Body would like the Board to consider the wider principle of allowing the rescheduling of repayments for projects already agreed and a process for any future requests alongside the specific request from the University of Essex.
12. It is proposed by the Accountable Body that requests for rescheduling of repayments should be considered and approved by the Board or Accountability Board should that model of operation be implemented on an individual basis. This will allow the Board to consider the issues and risks of each change. This will ensure that a precedent is not set that will allow multiple reschedulings which undermine future investments and the sustainability of the recycled fund.

The Board is asked to **AGREE** that all rescheduling of repayments should be considered on a case by case basis by the appropriate Board under the new operating model.

13. The Secretariat proposes that agreement is given to reschedule the repayments of the Parkside Office Village given the strong delivery of the project thus far and the confidence in the wider programme as demonstrated by the additional allocation made at the last Board meeting.
14. The Accountable Board advises that there is sufficient funding available to support the increased term however it should be noted that this will delay the funds available for future rounds of investment. It is assumed that the loan will continue on an interest free basis and therefore delays to rescheduling will not result in increased interest receipts.
15. Should the Board agree to approve the Parkside Office Village rescheduling, it is proposed that agreement on actual repayment dates be delegated to the Director of the SELEP as long as the final date is no later than March 2018. There are potential State Aid issues that need to be considered and this may require some adjustment to the dates as now proposed.

The Board is asked to **endorse** the increase in repayment term for Parkside Office Village to March 2018 and **delegate** authority to agree actual dates of repayment to the Director and Chair of the SELEP.

Growth Deal 1 Implementation

Purpose

1. To update Board Members on the implementation of Growth Deal 1.

Recommendations

2. The Board is asked to:
 - Agree the proposals made to implement the Growth Hub concept across the South East LEP (Appendix 1)
 - Note progress on the implementation of Growth Deal 1.

Background

3. In July, the SE LEP Growth Deal announced by Government secured £442.1m of Local Growth Fund to support economic growth. The investment agreed was focussed on four key areas:
 - Enhancing Transport Connectivity – including major road-building schemes.
 - Improving Business Support and Productivity – including capital commitments and Growth Hub business co-ordination.
 - Raising Local Skills levels – including the SE LEP Skills Capital Programme.
 - Supporting Housing and Development – including a new relationship with the Homes & Communities Agency.
4. An oral update will be provided at the Board meeting including:
 - Grant letter from Government and official Growth Deal signing.
 - Lock-down of capital programme profiles and funding.
 - Progression towards agreed metrics for Growth Deal Monitoring.
 - Appointment of an Independent Technical Evaluator to work with scheme promoters to ensure sign-off of transport and non-transport business cases by SE LEP Board and wider programme management.
 - Launch of SE LEP Skills Capital Programme.
 - SE LEP “Building the Future” Housing Conference to inform Growth Deal delivery.
 - Implementation of SEFUND, SE LEP’s real estate and infrastructure fund.
 - Wider activity to deliver SME Competitiveness Funding, promote Social Enterprise/Social Value.
 - Progress to achieve annual funding (rather than quarterly).
 - Timetable to delivery and regular reporting to the SE LEP Board.
5. This paper links directly to those on the implementation of the SE LEP Delivery Review and the establishment of SEFUND.

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Date: 5th December 2014

IMPLEMENTATION OF A SOUTH EAST GROWTH HUB BY APRIL 2015

Purpose

1. The purpose of this report is to outline the requirements of the SE LEP Growth Deal in respect of Growth Hubs and to seek the Boards approval of the approach that is being developed in response to these requirements. This report builds on the report considered by the Board at their meeting on 26 September 2014.

Recommendation

2. The Board is invited to approve:
 - a. The proposed approach to implementing the South East Growth Hub project;
 - b. The methodology for the allocation of funding received as part of the SE LEP Growth Deal with Government; and
 - c. Arrangements for securing implementation of the Growth Hub by 1 April 2015.

Background

3. Within the first Growth Deal SE LEP was provided with £800,000 of revenue funding for "Growth Hub business support co-ordination, subject to minimum conditions that reflect the position agreed by the Government review on business support and services." In return for this funding SE LEP is expected to provide £400,000 of public and private funding in 2015/16 to support the delivery of the Growth Hub, and leverage at least £5.0m from other local sources.
4. The £800k has to be spent in 2015/16 this spend deadline is an issue in relation to onward funding from 2016/17 as, apart from the possibility of European Regional Development Funds no other funding has as yet been identified.
5. Within the Deal there was a separate allocation of £6m of capital funding to establish a Kent and Medway Growth Hub. That allocation does not form part of this paper and is specific to Kent and Medway.

Growth Hub

6. A Growth Hub is described by BIS as a 'One Stop Shop' for business support that helps businesses to navigate their way through the complexity of growth initiatives and business support services available both locally and nationally. A Growth Hub should offer businesses access to free help, expert advice and specialist services through a combination of routes:
 - Signposting through an online portal, by phone or in person;
 - Referrals to local and national schemes supporting business growth;

- Growth Audits or diagnostics and expert advice to assess options and unlock finance; and
 - Connecting to B2B support groups and organisations.
7. BIS have been asked to negotiate Growth Hubs with all LEPs, and are seeking to employ common criteria to ensure minimum standards and consistency in how LEPs develop their local offer. Growth Hubs are expected to establish strong working links between all of the institutions involved in providing business, innovation and trade support in the area (national, local, public and private), with effective leadership under the strategic governance of the LEP and formal agreements with the partners. In terms of minimum criteria:
- **Governance:** The Growth Hub must have clear and inclusive governance arrangements with appropriate business representation, and a clear plan for delivering and sustaining the Growth Hub, including other sources of funding and match funding where possible.
 - **Signposting and diagnosis:** The Growth Hub must actively promote all forms of business support available in their area (aligning with the Business is GREAT campaign) and provide a diagnostic and signposting service for all businesses which covers all available business support across the LEP area (national, local, public and private). This service will be provided through a range of different mediums – a website, telephone line, face-to-face advice, account management – and make use of existing national assets, such as GOV.UK and the Business Support Helpline.
 - **Local/national integration, rationalisation and simplification:** The Growth Hub must support the integration of national and local business support, this means committing to:
 - Co-locating national and local business support advisers to ensure ease of access for customers and greater collaboration between providers;
 - Aligning the local growth hub brand with the Business is GREAT brand so that the two appear together.
 - Entering into a formal agreement with national programmes which sets out how the two will work together, and where possible quantifies these and other conditions.
 - The Growth Hub must also demonstrate that it is intending to create a more coherent and simpler local landscape for business, by mapping business support in its area, gathering data, and, working with its partners, reviewing and rationalising schemes.
 - **Performance and evaluation:** The Growth Hub must commit to a common evaluation framework to measure performance, customer satisfaction and impact, which will be in line with the framework already in place for Wave 2 City Growth Hubs.
8. In conversations with BIS representatives they have suggested that the SE LEP approach should build on the existing 'Growth Hub' in Southend which was funded through the City Deal and is clearly recognised as good practice. They have also stressed the need for SE LEP to be seen to be adding value to the work of federated areas. In developing the approach to Growth Hubs there is clearly the opportunity to identify a LEP wide overarching project which will provide reassurance to Government and potentially unlock more resources.

The South East LEP Growth Hub

9. The emerging approach to the SE LEP Growth Hub seeks to respond specifically to the conversations referred to in paragraph 7 whilst at the same time recognising the distinct needs of each of the federated areas, for example in providing support to the identified growth sectors. The approach also responds to the minimum criteria.
10. It should be noted that the detailed arrangements relating to the development, implementation and operation of the growth hub will be the subject of more detailed conversations at SE LEP and federated area level once the Board have endorsed the general approach. The proposals as they currently stand have been developed by a small steering group of officers representing the four federated areas, business umbrella organisations and the HE sector. The proposals in this paper were agreed by all partners.
11. In very simple terms it is proposed that the Growth Hub would consist of a SE LEP website/portal containing general information about the LEP and links to national business support programmes. This content would largely be drawn from the GOV.uk website. The portal would be supported by a CRM (Customer Relationship Management) System which would be used across the entire LEP area allowing for comparative and monitoring data to be collected and also achieving economies of scale and avoiding duplication. The CRM system is very flexible and allows the opportunity for local specification. This LEP portal and CRM system would, as required by BIS, build on the good practice established by Southend in developing their Growth Hub.
12. While Southend have a key role to play in sharing their learning, good practice and contacts it should not be assumed that they will be able to provide the lead role in supporting the SE LEP Growth Hub following implementation as this will be a significant call on resources. While they would be happy to help if asked this would need to be resourced accordingly. The issue can, if necessary, be considered as part of the more detailed discussions.
13. Beneath this high level SE LEP 'umbrella' it is suggested that each federated area would develop its own bespoke portal and content. These local sites would provide a specific business support offer to each of their localities.
14. These local offers would be capable of being accessed through the SE LEP portal by businesses that signify their location either by clicking on a digital map or entering a postcode or address. Where it is possible we will introduce seamless transition between 'local' and LEP level sites. Clearly branding is an issue to address in future detailed discussions.
15. The online portal will be supported by business navigators and diagnosticians but these arrangements will be for each federated area to determine. The allocation of monies from the £800k Growth Deal funding may be used to help with this aspect of the Growth Hub offer.
16. This proposed approach responds to the specific points raised by BIS both in building on the work that Southend have done as part of their City Deal and in developing a LEP wide project that provides some reassurance to government. If the Board agrees the general approach then further detail and implementation arrangements will be developed.

Costs

17. To help establish the potential costs of developing a SE LEP Growth Hub initial discussions have been held with the company that worked with Southend to develop their arrangements. From these discussions the company have suggested indicative costs of:

- Research, project management, design and build of master website: £44,000 to £52,000 (excluding VAT). This would include:
 - Creation of a master brand identity and logo, or extension of the existing Business Southend creative look and feel;
 - Creation of sub brands for local areas based on the master brand identity (if required);
 - Creation and delivery of brand guidelines for the master brand and sub brands ;
 - Design and build of the master website:
 - Mapping of user journeys.
 - Page concepts.
 - Design refinement and templates.
 - Website build.
 - Application of new identity to the Business Portal.
 - Website content population (content to be provided by LEP).
 - Device and browser testing.
 - Deployment, manual, training.
- Re-skinning of local sites, based on using existing information: £6,000 to £8,000 (excluding VAT). This would include:
 - Brand design, application and development of templates;
 - Applying new design to existing WordPress framework; and
 - Testing, population, deployment, manual.

18. Additional costs could include hosting for each site and additional licences for the CRM system.

19. These costs have been used to inform the proposed distribution of the Growth Hub money outlined below.

Distribution of Growth Deal monies in 2015/16

20. The Growth Hub Steering Group considered a range of options for the distribution of Growth Deal monies which were based on the following assumptions:

- The overall amount of funding available is £800,000.

- Of this, some resources will be managed centrally to provide a LEP landing page and data collection. This is assumed to be a maximum of £100,000 and will be worked up in more detail as proposals take shape. If the full amount is not required this will be added to the balance to be distributed.
- The remaining £700,000 is distributed to the four federated areas using an agreed formula.

21. Following discussion the Steering Group recommended that the funding should be distributed on the basis of a base allocation plus a proportionate share based on business stock. The base allocation was considered to be important as there are some fixed base costs associated with establishing the Growth Hub which are likely to bear disproportionately on smaller areas. The selected option assumes an equal base allocation of £50k to each area to compensate for fixed costs, with the balance distributed proportionately by business stock share:

		Base allocation	Residual	Total
Kent	&	50,000	204,265	254,265
Medway		50,000	70,111	120,111
East Sussex		50,000	76,410	126,410
South Essex		50,000	149,215	199,215
Essex		50,000		
Total		200,000	500,000	700,000

Next steps

22. BIS have requested an update on SE LEP's proposals for the use of the Growth Deal funding and will test these proposals against the minimum criteria specified at paragraph 6. The feedback from BIS will be helpful in developing the proposed approach in more detail.

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Position: Head of Commissioning – Economic Growth, ECC

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Date: 1st December 2014

CORE FUNDING 2015/16

Purpose

1. The purpose of this report is to update the Board on revenue funding being made available for next financial year from Government; gain confirmation of commitment from upper tier authorities to financial contributions and next steps to the production of a full operating budget for the Partnership.

Recommendation

2. The Board is invited to approve:
 - a. The submission of an application for the full £250,000 of core funding for 2015/16; and
 - b. Those members who represent the upper tier authorities are asked to confirm that financial contribution to the partnership in 2015/16 will be made on the same basis as this year, totalling £200,000.

Background

3. Government has recently confirmed that £250,000 funding per LEP will be available for the coming financial year in line with the announcement made in 2012. As in previous financial years each LEP is required to match the £250,000 from local sources. Applications for this funding are required by 17th December 2014.
4. It has also been confirmed that a further £250,000 of funding to support the development and implementation of strategy will be made to the South East LEP. This funding is not required to be matched locally.

2015/16 Core Funding

5. The Secretariat and Accountable Body are currently working together to produce a budget for 2015/16. There are a number of factors still to be agreed that will impact the budget including the implementation of the Accountability Framework as a result of the delivery review. However, applications for Core Funding must be made now. It is proposed that the SELEP makes a bid for the full £250,000 available.
6. The agreed contributions for 2014/15 per upper tier authority are as follows:

Authority	£
East Sussex County Council	26,180
Essex County Council	71,760

Kent County Council	72,500
Medway Council	13,040
Southend Council	8,400
Thurrock Council	8,120
Total	200,000

It is proposed that these contributions are continued to 2015/16 and used as cash match.

7. The remaining £50,000 is proposed to be matched through the application of the Vice Chairs' time spent supporting various projects and workstreams including SEFUND, Accountability Framework and EU Funding. Whilst it is recognised that resources from across the whole of the partnership have provided support to the SELEP, these can only be recognised as match where those resources are 'wholly under the control of the LEP'.
8. It has been confirmed that funding will be paid through un-ringfenced Section 31 grant. This means that there will be very limited restrictions on the expenditure that can be supported through this grant.
9. Government has indicated that will be working with LEPs on an individual basis to formulate plans for funding post 2015/16 and how LEPs can move to a self-funding position.

2015/16 Budget

10. As stated above, the operating budget for 2015/16 is currently being constructed. This will be presented for approval prior to April 2015. The agreed Accountability Framework and implementation plan for the Local Growth Deal will be reflected in the budget, along with agreed support for local arrangements.

Author: Suzanne Bennett

Position: Finance Business Partner – ECC as Accountable Body

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Date: 1st December 2014

BT and the support of business within the SE LEP area

Purpose:

1. The purpose of this paper is to:
 - To meet senior representatives of BT to discuss enhanced services to SE LEP businesses including progress with the roll-out of high speed broadband.
 - To ensure minimum disruption to SE LEP businesses from ongoing infrastructure improvement works.
 - To begin a process of engagement and discussion with major business infrastructure providers in the UK.
 - To champion and improve services to SE LEP businesses.

Recommendations:

2. The Board is recommended to:
 - Receive a presentation from BT and to explore support for SE LEP businesses.
 - Raise any issues of clarification or concern on behalf of SE LEP businesses.
 - Agree the role of SE LEP in support of local broadband roll-out as defined in our Growth Deal.

Background:

3. The SE LEP Board has expressed its clear desire to invite major business infrastructure providers to Board meetings to:
 - Understand and discuss development plans that will benefit SE LEP businesses.
 - Make the case for enhanced provision within the South East to support SE LEP Growth ambitions.
 - Voice any issues or concerns on behalf of SE LEP businesses.
 - Forge a new relationship with all national or South East providers.
4. In our Growth Deal (July 2014), SE LEP is committed to:

“Support the extension of superfast broadband coverage to 90% of UK premises by 2016, via existing broadband projects. The Local Enterprise Partnership will commit to work with local partners and BT to support delivery. To support extension of superfast broadband coverage to 95% of UK premises by 2017 the Local Enterprise Partnership will also work with local partners to help ensure match funding is in place for the next round of projects.”

5. We are delighted that Andrew Campling (General Manager for London, Southern and Eastern England) from BT, accompanied by Peter Cowen (Partnership Director for South East England) and Annette Thorpe (Partnership Director for the east of England) will be joining us to make a brief presentation and take questions and answers.
6. In their presentation, Andrew Campling will cover:
 - Progress with the roll-out of high speed broadband, including the commercial and BDUK programmes.
 - SME usage and business potential.
 - Ongoing engagement and relationship with SE LEP.
7. It is recognised that BDUK Broadband roll-out is led locally with considerable investment and drive from local authorities. It is proposed that SE LEP's role may be one of support in relationships with Government and providers for local areas and of focus on the commercial roll—out programme.
8. It is proposed that UK Power Networks are invited to the SE LEP Board meeting in February 2015.

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Date: 5th December 2014