

South East LEP

Creating the most enterprising
economy in England

Annual Report 2013/14



What LEPs are

About the South East LEP

The South East Local Enterprise Partnership (SE LEP) is the business-led, public/private body established to drive new economic growth across East Sussex, Essex, Kent, Medway, Southend and Thurrock.

As well as being the biggest LEP outside of London, it is also one of the most local. The LEP operates a fully devolved model with increased reach into local communities through its Local Partnerships.

By 2021, the South East LEP's aim is to:

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

In July, the LEP's Growth Deal secured £442 million of investment for the South East LEP area with more to come. Matched by private and public funds, this will be invested in a programme of activities that will transform our transport and business infrastructure. The Growth Deal also brings new influence over rail, skills and housing programmes.

"When Lord Heseltine and I met the LEP earlier this year, we were encouraged by the direction that the proposal set out, particularly in addressing transport bottlenecks and support for small and medium-sized businesses."

**Rt. Hon. Greg Clark MP Minister
of State Cabinet Office**

Local Enterprise Partnerships (LEPs) bring together businesses and councils to form partnerships whose geography properly reflects the natural economic areas of England. LEPs understand their economy and are directly accountable to local people and local businesses.

Local Enterprise Partnership's "provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area." They decide what the priorities should be for investment in roads, buildings, and facilities in the area as part of an integrated approach to growth and infrastructure delivery. LEPs represent a major step forward in fostering a strong environment for business growth.

HM Government: Local growth: realising every place's potential

Charlie Elphicke MP Dover:

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

Minister: "I do agree"

Hansard, 2013



The South East LEP area comprises East Sussex, Essex, Kent, Medway Southend and Thurrock



Chairman's Review

A defining Year

This has been a defining year for the South East Local Enterprise Partnership.

In just twelve months, we have launched a major Growth Deal with the Government to accelerate new jobs, homes and investment. We have laid plans for the release of £165m of EU funding to support growth and skills. And we have established a new, devolved way of working - one which retains our scale and power as the largest LEP outside of London, but, through our federated structure, also makes us one of the most local.

Growth Deals in July 2013

The launch by Government in July of local Growth Deals brought the activity of LEPs across the country into sharp focus. This followed hard on the heels of guidance on EU Structural and Investment Funds, adding dramatically to our role, responsibilities and influence, which had already been steadily growing.

In August, I was delighted to be appointed Chairman of the LEP, to help drive the delivery of these initiatives forward. I quickly recruited David Godfrey as my new interim Director to support the LEP.

Working through our local areas with business, local councils, higher and further education across East Sussex, Essex, Kent, Medway, Thurrock and Southend, we rapidly set about developing our Growth Deal proposals.

Following an interim submission in December, our final bid was presented to Government at the end of March, an impressive and ambitious document detailing our bid to the new £2 billion Local Growth Fund and our "asks" of Government for new freedoms and flexibilities to drive local economic growth with the aim of generating 200,000 private sector jobs, completing 100,000 new homes and leveraging investment totalling £10 billion over the next 6 years.

New Ways of Working

I was also recruited with a clear objective of making the federal structure of the LEP work, empowering decision-making in local areas.

In December, we agreed new ways of working which streamlined our Board membership by devolving responsibility to local areas. We continue to develop and strengthen this model which is critical to the delivery of our Growth Deal and was fundamental to our bid.

EU Structural & Investment Funds

In parallel with our Growth Deal, work to develop a strategy for the £165m EU Structural Investment Funds continued apace. An interim submission was made to Government in October with a full strategy submitted in January.

With an overriding objective to support new jobs and skills, we continue to work closely with the Government to ensure this funding is released to support projects across the LEP area from early 2015.

Wider influence

Nor is this all. Responding directly to local business we commissioned research and reports to influence and shape policy on the Lower Thames Crossing, mobile communication "cold spots" and aviation. We held events to ensure business, councils, universities, colleges, charities and social enterprises are able to contribute directly to the development of our Growth Deal and EU strategy.

We supported bids for the extension of Assisted Area Status, for an additional Centre of Renewable Energy (CORE) and to back our critical Enterprise Zones in Harlow and Discovery Park in Sandwich. We have continued to champion growth

in our unique rural and coastal areas, in the Thames Gateway and through a new relationship with our universities. We have spoken at events across the country and we have welcomed Ministers and officials to the SE LEP area.

Looking ahead

The year ahead will undoubtedly be challenging as we put our Growth Deal into practice. We must build on the investment and new responsibilities we have, forging new relationships with Government and its agencies to ensure it is our local business priorities that drive investment, new jobs and economic growth across the SE LEP area.

Finally, I would like to extend my thanks, and that of the LEP, to my predecessor John Spence and previous Director Susan Priest. Both worked tirelessly in their support of the LEP and their belief in locally driven economic growth.

I look forward to working with you all in the exciting year ahead.



A summary of achievements of the South East LEP

DEC 2012

- Autumn Statement - Government will create a 'Single Local Growth Fund', devolving a greater proportion of growth related spending on the basis of Strategic Economic Plans (SEP) developed by LEPs.

MAR 2013

- Government response to Heseltine Review accepting 81 out of 89 recommendations and outlining the intention to develop a single pot for 15/16 to include transport and skills funding.

APR 2013

- SE LEP Mobile 'cold spots' survey ran from March-May 2013 with results presented to Board in June 2013
- Baseline economic data report prepared by the University of Essex to help inform the EU and SEP strategies.



MAY 2013

- Surveys undertaken with Freight and Haulage organisations to inform SE LEP response to the Lower Thames Crossing Consultation.
- Process to identify consultants to help with the development of Strategic Economic Plan started.



JUN 2013

- SE Local Transport Board (SE LTB)
- Business only events held in local areas to engage on Lower Thames Crossing views, Strategic direction of EU funding and Strategic Economic Plans.
- SE LTB Major scheme prioritisation process undertaken.
- Nominations sought for new SE LEP Chair.
- New Ways of Working first presented to SE LEP Board with the aim of streamlining LEP structures.
- Greengauge 21 study, prepared in conjunction with SE LEP and calling for HS1 and HS2 routes to be linked published.

JUL 2013

- SE LEP response to Lower Thames Crossing Consultation on preferred corridor route submitted.
- Series of consultation events with partners on Skills, Innovation, Smart Specialisation, Green Infrastructure, Rural, Coastal and Low Carbon undertaken throughout Summer and Autumn to help inform the development of the EU SIF strategy.
- Survey of business views on long and short term aviation capacity undertaken.
- Growth Deal guidance published



AUG 2013

- Peter Jones started in role as new SE LEP Chair.
- Review of Access to Finance schemes in SE LEP area undertaken to help inform EU strategy.
- Business aviation survey details submitted as evidence to the Davies Commission.
- Antony Forster confirmed as SE LEP representative on National Local Management Committee (LMC) considering how LEPs will influence EU funds.



OCT 2013

- Rt Hon Michael Fallon MP, Business Minister, attended SE LEP Board meeting.
- David Godfrey appointed as Interim Director for SE LEP.
- Zoe Gordon confirmed as Business Engagement & Communications Manager.
- SE LEP Board agreed to undertake a review of risk sharing and process for agreeing Growing Places Fund (GPF) projects.



NOV 2013

- SE LEP special meeting considered in detail new governance arrangements for the LEP and how the federated model will operate.

DEC 2013

- Confirmation of SE LEP Federated model which sees responsibilities devolved to local areas for delivery of projects in line with the Strategic Economic Plan, business engagement and monitoring of spending on growth related activity.



JAN 2014

- Final EU Structural Investment Fund Strategy submitted to Government.
- Feedback received from Government on draft Strategic Economic Plan and where further details need to be developed.
- Draft Strategic Economic Plan submitted to Government

FEB 2014

- SE LEP Board assumed responsibilities for the SE Local Transport Board following steer from Government that overall accountability and management of the LTB programme will lie with LEPs.
- Assisted Area Status consultation ended and areas within the South East identified in provisional list



MAR 2014

- Final Strategic Economic Plan submitted to Government.
- New process for GPF funding agreed by SE LEP Board, to allow projects to progress more quickly for 2014-15.

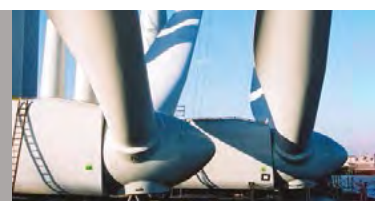


APR 2014

- Assisted Area Status confirmed to include wards within Tendring, Medway, Hastings, Rother, Dover, Swale, and Thanet.

MAY 2014

- Centre for Offshore Renewable Energy (CORE).



Our SE LEP area Enterprise Zones

HARLOW ENTERPRISE ZONE

During 2013/14 Harlow Enterprise Zone has made significant delivery progress. Design work on two new road schemes, funded through GPF, at London Road and Cambridge Road is nearing completion and these will go on site in November 2014 and February 2015 respectively. The EZ was successful in its bid for DCLG's Capital Grant funds which will now provide 11.2m for land acquisition and site infrastructure at London Road North. Acquisition negotiations are now underway and when this process is complete the procurement process for a development partner will be launched.

Harlow Council has also worked with the Homes and Communities Agency to jointly fund (5m in total) a package of infrastructure works at the London Road South site. This package was formally announced by the Local Growth Minister Kris Hopkins MP in July 2014. These works are due to commence in September, which will then trigger a multi-million private investment in the development of a new business park and data centre complex.

At the Templefields site, more than 120 new jobs have been created through new businesses moving into the area. Landowners report that this is due to the positive publicity created by the Enterprise Zone status. The EZ has also responded to three international inward investment enquiries demonstrating, even at this early stage, that the site is capable of attracting interest from major occupiers.

Over the last year Harlow Enterprise Zone has created a communications plan and new marketing materials part of which can be demonstrated through the new website www.harlowez.org.uk and Twitter account - @HarlowEZ. In conjunction with the London Stansted Cambridge Consortium, the Harlow Enterprise Zone was also present at the MIPIM property exhibition in March and this has resulted in some strong developer interest in the proposition.



"There has been substantive progress made by local and national partners over the last year to move this Enterprise Zone forward and this is thanks to the hard work of you and your colleagues."

**Kris Hopkins MP, Minister for
Housing, Communities & Local
Government**

DISCOVERY PARK ENTERPRISE ZONE

The Enterprise Zone (EZ) at Discovery Park continues to go from strength to strength, leading the way in the national EZ programme. As the second anniversary of Discovery Park Limited's ownership of the site approaches at the end of July, there are currently more than 80 companies situated at the site with over 1500 people employed. The companies clustering in the science, pharma and innovation sector together comprise a mix of international, national expertise, being supported by a wide range of companies engaged in the service and support sectors. It is expected that, with further companies in various stages of legal process, the 100 company mark will be achieved in the near future resulting in significant progress toward the EZ target of 3000 jobs by 2017.

Despite this progress, significant challenges remain with the costs and magnitude associated with the provision of infrastructure for preparing the next phases of the existing buildings for use and development of the site for the uses proposed in the site wide masterplan which is currently in process. This has seen the award of successful grant from DCLG through the Building Foundations for Growth Programme, one of only 12 EZs to receive such an award, with continuing need for the commitment from SELEP to the Growing Places Fund.

Following strong support from the business community, including direct representations to Ministers during visits to Discovery Park, the recent announcement in the Growth Deal supporting Thanet Parkway Station is also to be welcomed.



"We're inspired by joining the scientific hub of excellence that Discovery Park has fast become... Discovery Park ticks all of the boxes. Its close to all forms of transport to continental Europe as well as direct flights to North America and Asia, there are state of the art facilities and valuable support from the local government."

**Kim Gilliam, Commercial Director,
Genia Biomedx UK**

Funding sources

EU update

Partners from across the SE LEP area worked together to produce the EU Structural and Investment Fund Plan (ESIF). This is a high level strategy describing plans for spending on projects under seven EU thematic objectives including innovation, SME support, low carbon, employability, skills and social inclusion.

SE LEP has been awarded an indicative allocation of £165 million of Regional Development Funds (ERDF) and European Social Fund (ESF) and a further £14.5 million from the European Agricultural Fund for Rural Development. This will bring a total of almost £180 million of EU funding in the SELEP area. Partners are already preparing the project pipeline in anticipation of the funds flowing in the first quarter of 2015.

The SE LEP ESIF received conditional approval from Government in March 2014.

Growing Places Fund

The Government's Growing Places Fund (GPF) is designed to accelerate developments that may have stalled as a result of a restricted financial climate, to enable the creation of new jobs and homes.

Out of a national pot of £500m, SE LEP received £49m to help support schemes across our area.

The GPF schemes were chosen following a prioritisation process and the Growing Places Fund operates on a revolving investment basis.

The schemes we are currently funding are outlined below:

GPF Projects as at 30.06.14	Area	Allocation £m
Parkside Office Village	Essex	2.4
Chelmsford NE Urban Expansion	Essex	1.0
Harlow EZ / Enterprise West Essex	Harlow EZ	3.5
Offshore Renewables @ Harwich	Essex	2.3
Revenue Grant - Harlow EZ	Harlow EZ	0.4
EZ Start-Up Costs	Harlow EZ	0.2
Priory Quarter - Phase 3 Hastings	East Sussex	7.0
North Queensway, Hastings	East Sussex	1.5
Bexhill Business Mall	East Sussex	6.0
Live Margate	Kent	5.0
Workspace Kent	Kent	1.5
Rochester Riverside Access Road	Medway	4.4
Chatham Waterfront	Medway	3.0
Grays Magistrates Court	Thurrock	1.4
SELEP Revenue Support	SELEP	0.4
Sovereign Harbour, Eastbourne	East Sussex	4.6
Discovery Park	Kent	4.6
Total		49.2

Provisional Financial Position - Year-Ending 31st March 2014

Commentary on Provisional Financial Results for year-ending 31st March 2014

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

Table 1 - Income

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

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

Table 2 - Expenditure

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

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

Looking ahead

The £442 million Growth Deal funding allocation follows SE LEP's successful submission of an innovative Growth Deal to drive economic expansion over the next six years. This was developed by business, local authority and education leaders within the local SE LEP areas.

It is important to recognise the level of commitment and extensive work that has gone into preparation of the Growth deal, the EU Strategy and other activity undertaken throughout the year. The LEP is a sum of its parts and these achievements would not have been possible without support from a wide range of local partners.

THANK YOU and we look forward to continuing these efforts into the new year.

We are now entering a constructive new relationship with Government, providing us with the flexibility to channel national investment into the projects which are the highest priorities for business success and jobs in the south east. This is only the beginning of our ambitions: through the federated Boards we have bold plans for economic growth and will be seeking additional funding to make them a reality.

Our Growth Deal with Government is just the start, the exciting part now begins!

It is now for us all business, councils and all partners to build on this, to deploy the LEPs size and scale and to deliver the ambitious levels of business, economic and housing growth we all seek.



Much has been happening and we have many plans for the future. Please keep up to date:

Visit www.southeastlep.com

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Contact us lep@essex.gov.uk

