



SOUTH EAST  
LOCAL ENTERPRISE  
PARTNERSHIP

# STRATEGIC BOARD AGENDA PACK

**Friday 6<sup>th</sup> December 2019**

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



# Agenda

<b>Item 1</b>	10:00	Welcome and introductions	Chris Brodie	
<b>Item 2</b>	10:05	Minutes and actions from 4 October 2019 meeting Declarations of Interest Matters arising – January Board meeting draft agenda	Chris Brodie	Pg. 4
<b>Item 3</b>	10:15	LEP Review <ul style="list-style-type: none"><li>• Decision on forming a company limited by guarantee without share capital called South East LEP Ltd (SELEP Ltd)</li><li>• Decision to amend the decision of October 2019 to not stipulate that one of the Federated Board representatives must be the Chair of that Board</li><li>• Decision to agree that members of the reconstituted Strategic Board should be the Directors of SELEP Ltd</li><li>• Decision to agree the Articles of Association</li><li>• Decision to agree that all Directors will attend an induction session</li><li>• Decision to agree that Federated Boards and Local Authorities should provide names of intended Directors by January 15<sup>th</sup></li></ul>	Adam Bryan	Pg. 12
<b>Item 4</b>	11:00	Succession Planning and Deputy Chair <ul style="list-style-type: none"><li>• Decision on succession planning approach</li></ul>	Adam Bryan	Pg. 17
<b>Item 5</b>	11:10	Sector Support Fund <ul style="list-style-type: none"><li>• Decision to endorse the Accelerating Opportunities within the Newhaven EZ project</li></ul>	Rhiannon Mort	Pg. 20
<b>Item 6</b>	11:20	Capital Programme Report <ul style="list-style-type: none"><li>• Decision to agree to increase the additional LGF allocation to the A13 Widening project</li><li>• Decision to endorse the revised repayment schedule for the North Queensway GPF project</li></ul>	Rhiannon Mort	Pg. 28
<b>Item 7</b>	11:35	Social Enterprise Prospectus <ul style="list-style-type: none"><li>• Decision to endorse the Social Enterprise Prospectus</li></ul>	Penny Shimmin /Alex Riley	Pg. 41

<b>Item 8</b>	11:45	Transport for the South East	Rhiannon Mort	Pg. 43
		<ul style="list-style-type: none"> <li>• Decision to delegate authority for the SELEP Chair to approve the final version of the consultation response</li> <li>• Discuss the vision and priorities set out in the Strategy</li> <li>• Provide any further comments on the Strategy</li> <li>• Discuss the extent to which the TfSE Transport Strategy should inform future investment decision making</li> </ul>		
<b>Item 9</b>	12:00	SELEP Statement of Accounts 2018/19	Lorna Norris	Pg. 54
		<ul style="list-style-type: none"> <li>• Confirm consideration of the Statement of Accounts</li> </ul>		
<b>Item 10</b>	12:10	Energy Hub Decision	Jo Simmons	Pg. 60
		<ul style="list-style-type: none"> <li>• Decision to become a formal member of the GSEEH</li> <li>• Decision to delegate responsibility for final agreement of the legal documentation the CEO in conjunction with the Accountable Body</li> <li>• Decision to delegate the representation of SELEP on the GSEEH board to the CEO</li> </ul>		
<b>Item 11</b>	12:15	ERDF Legacy Funding – SEEDA areas only	Jo Simmons	Pg. 62
		<ul style="list-style-type: none"> <li>• Decision to agree to the potential investment proposed by MHCLG in principle</li> </ul>		
<b>Item 12</b>	12:20	LIS Discussion	Helen Russell/ Sharon Spicer	Pg. 65
		<ul style="list-style-type: none"> <li>• Discuss the proposed content and provide a clear steer that will support and focus efforts in finalising the draft LIS</li> </ul>		
<b>Item 13</b>	12:55	AOB	Chris Brodie	

## October 2019 Agenda

<b>Attendees.....</b>	<b>2</b>
<b>Item 1: Welcome and introduction .....</b>	<b>3</b>
<b>Item 2: Minutes of last meeting, declarations of interest and matters arising .....</b>	<b>3</b>
<b>Item 3: Investment Panel Minutes.....</b>	<b>3</b>
<b>Item 4: Terms of Reference.....</b>	<b>3</b>
<b>Item 5: LEP Review .....</b>	<b>4</b>
<b>Item 6: Sector Support Fund .....</b>	<b>6</b>
<b>Item 7: GPF Round 3 Prioritisation.....</b>	<b>6</b>
<b>Item 8: SME Internationalisation Exchange Project.....</b>	<b>7</b>
<b>Item 9: A13 Widening project update .....</b>	<b>7</b>
<b>Item 10: AOB .....</b>	<b>8</b>

### Future Strategic Board meeting dates:

6<sup>th</sup> December; January 31<sup>st</sup> 2020; 20<sup>th</sup> March; 12<sup>th</sup> June; (24<sup>th</sup> June AGM); 2<sup>nd</sup> October; 11<sup>th</sup> December; and 19<sup>th</sup> March 2021.

## October 2019 Attendees

<b>Chair</b>	Chris Brodie	
<b>Chief Executive Officer</b>	Adam Bryan	SELEP
<b>EBB and OSE business representatives</b>	Colette Bailey	Metal
	David Burch	Essex Chamber of Commerce
	David Rayner	Birkett Long
	George Kieffer	Vice Chair
	Perry Glading	Chair of the Thurrock Business Board
<b>EBB and OSE local government representatives</b>	Cllr Tom Cunningham	Braintree District Council
	Cllr David Finch	Essex County Council
	Cllr Rob Gledhill	Thurrock Council
	Cllr Ron Woodley	Southend on Sea Borough Council
	Cllr Chris Whitbread	Epping Forest District Council
<b>KMEP business representatives</b>	Douglas Horner	KMEP business rep
	Geoff Miles	Vice Chair
	Jo James	Kent Invicta Chambers
	Paul Thomas	Development Land Services Limited
<b>KMEP local government representatives</b>	Cllr Roger Truelove	Swale Borough Council
	Cllr Mark Dance	Kent County Council
	Cllr Peter Fleming	Sevenoaks District Council
	Cllr Adrian Gulvin	Medway Council
<b>TES business representatives</b>	Ana Christie	Sussex Chamber of Commerce
	Clive Soper	FSB
	Graham Peters	Vice Chair
<b>TES local government representatives</b>	Cllr David Tutt	Eastbourne Borough Council
	Cllr Ann Newton	Wealden District Council
	Cllr Peter Chowney	Hastings Borough Council
<b>Higher education representative</b>	Professor Karen Cox	University of Kent
<b>Further education representative</b>	Angela O'Donoghue	South Essex College
<b>Social enterprise representative</b>	Penny Shimmin	Sussex Community Development Association

### Apologies from:

Cllr Butland (*Cllr Cunningham as substitute*)  
 Cllr Carter (*Cllr Dance as substitute*)  
 Cllr Chambers (*Cllr Gulvin as substitute*)  
 Cllr Monk (*Cllr Truelove as substitute*)  
 Cllr Glazier (*Cllr Newton as substitute subject to item 4's approval*)

### Item 1: Welcome and introduction

- 1.1. Chris Brodie opened the meeting.

### Item 2: Minutes of last meeting, declarations of interest and matters arising

- 2.1. Chris Brodie asked Board members to declare any relevant interests. The following interests were declared:
- 2.2. George Kieffer: item 6 regarding the Future Proof project as Chair of the Haven Gateway Partnership; item 6 Clean Growth due to involvement with North Essex Energy Group (part of the Haven Gateway Partnership); and item 8 as Chair of the ESIF sub-committee.
- 2.3. Jo James: item 8 as the Kent Chambers of Commerce had been involved with this project.
- 2.4. Graham Peters: item 6 as Interim Chair of the Newhaven Enterprise Zone.
- 2.5. Colette Bailey: item 6 as Metal was involved in the England's Creative Coast project.
- 2.6. Penny Shimmin: item 6 as a Board member of the Newhaven Enterprise Zone.
- 2.7. Chris Brodie asked the Board whether they agreed that the minutes of the last meeting were an accurate record of the meeting.
- 2.8. The Board **agreed** and approved the minutes of the last meeting as accurate.
- 2.9. Chris Brodie reminded the Board that there was an item with a confidential appendix at the end of the agenda, which would require the recording to be stopped and only Board members, civil servants, Local Authority officers and SELEP Secretariat would be able to stay in the room.
- 2.10. Chris Brodie thanked the Secretariat for organising a successful AGM that showcased the work of the SELEP.
- 2.11. Adam Bryan provided the Board with an update around Brexit. He explained that the Growth Hub had been notified of additional funding to deliver the business readiness programme in collaboration with Hertfordshire and London LEP. Adam Bryan advised the Board that SELEP was reporting on local business intelligence back to BEIS on a weekly basis, using intelligence gathered through the Growth Hubs.

### Item 3: Investment Panel Minutes

- 3.1. Chris Brodie asked the members of the Board that were also members of the Investment Panel to agree the minutes of the last Investment Panel meeting as an accurate record of the meeting.
- 3.2. The minutes of the last Investment Panel meeting were **agreed** as accurate by members of the Investment Panel.

### Item 4: Terms of Reference

- 4.1. Chris Brodie apologised to the Board for the late circulation of the paper, which was amended to allow for East Sussex County Council to be represented at this meeting.
- 4.2. Adam Bryan explained that the purpose of the paper was to accommodate full engagement, and that Cllr Newton was sat at the back of the room as a potential substitute if this amended version was agreed.
- 4.3. It was **agreed** to amend the Terms of Reference as proposed, and Cllr Newton joined the table.

## Item 5: LEP Review

- 5.1. Chris Brodie introduced this item with a brief reminder of the context of the LEP Review. Chris Brodie reiterated his belief in the federated structure, and the Board composition as it stood at the time of this meeting. However, he stated that the Government was adamant that there were no other options available other than to comply.
- 5.2. Two subgroups were created to discuss the detail of this work; one to discuss the Board composition and the other to concentrate on legal personality.
- 5.3. Chris Brodie was the chair of the Board composition subgroup and provided feedback alongside the paper from the group as follows:
  - a) the subgroup decided in principle to maintain the current way of working as much as possible;
  - b) the composition proposed in the paper adhered to the requirement of a Board with a 2/3 private sector majority;
  - c) the subgroup discussed the need for more gender balance to meet the required 26%;
  - d) the subgroup discussed the issue of the reduction of Local Planning Authority representation on the Board and proposed that all Local Planning Authorities would have the right to attend and speak at Strategic Board meetings but would not have a vote. The intention behind this would be to reassure the Local Planning Authorities that their voice is important to SELEP, whilst adhering to Government requirements.
- 5.4. Members of the subgroup expressed support for the proposals. Jo James added that the 20<sup>th</sup> business seat was the only seat that remained unclear, and she clarified that the view from the Kent and Medway Economic Partnership (KMEP) was that they would be happy with this seat being allocated to Team East Sussex (TES).
- 5.5. Graham Peters also expressed his support for the 20<sup>th</sup> seat being allocated to Team East Sussex.
- 5.6. Perry Glading added that Opportunity South Essex (OSE) would not agree with this as they disagreed with a formula based on population and were concerned that these seats would be too limited by geography rather than finding the most suitable candidate across the SELEP area. Therefore, the recommendation from OSE was that seats 17-20 could be decided on a sector basis as SELEP appointments.
- 5.7. Jo James disagreed with OSE's position because this would result in Kent being allocated 2 business seats, which would be unfair and would penalise KMEP for working co-operatively across Kent and Medway.
- 5.8. Ana Christie, David Tutt, Paul Thomas and Peter Chowney each expressed their support of the 20<sup>th</sup> seat being allocated to TES.
- 5.9. David Rayner expressed his support for the recommendation from OSE as outlined by Perry Glading, and circulated, with permission of the Chair, a table containing statistics (this document had not been previously seen by any Board members or officers) to support his position. He added that if this recommendation were not adopted, then the 20<sup>th</sup> seat should go to the Essex Federated Board.
- 5.10. Peter Fleming questioned the number of Federated Boards in the SELEP, adding that the Board should just vote to avoid repetitive discussions.
- 5.11. Penny Shimmin expressed discomfort that the proposal from the Board Composition subgroup was changed at the joint subgroup meeting, as originally the seat was allocated to TES.
- 5.12. George Kieffer asked the Board to remember that this Board was a partnership, and that a single vote would not make a significant difference. He continued that there should be trust within the SELEP that everyone would work for the benefit of the whole SELEP area, with economic growth as a priority.

- 5.13. Geoff Miles explained that it was agreed at the first meeting of SELEP that the geographical counties would work collaboratively with each other.
- 5.14. Graham Peters added that size was not irrelevant but balance was much more important.
- 5.15. The Board **agreed** an amended version of the Board composition proposal, with the amendment being that the 20<sup>th</sup> seat would be allocated to Team East Sussex. **21 voted in favour**, 5 voted against and 2 abstained.
- 5.16. Chris Brodie explained that a Deputy Chair position would need to be introduced as a Government requirement.
- 5.17. Adam Bryan added that the job description for this would need to be agreed by electronic procedure in a short timescale, rather than presented to the Board in December as previously stated in the paper. He explained that Government had clarified, since the papers were circulated, that the Deputy Chair candidate would need to be identified in advance of the January annual performance review. He added that this would replace the Vice Chair positions currently in place.
- 5.18. The Board agreed to the introduction of a Deputy Chair as proposed.
- 5.19. Adam Bryan explained the proposed approach to recruitment as detailed in the paper.
- 5.20. Jo James expressed that seats 17-20 should be recruited by the Federated Boards and not limited by sector.
- 5.21. Adam Bryan emphasised the importance of aligning the business representation on the Board with the priorities of SELEP.
- 5.22. It was agreed that all business representatives should be recruited in the same way.
- 5.23. Perry Glading questioned the requirements of seats 17-20 and asked whether SELEP intended to control these seats in order to target certain sectors.
- 5.24. Adam Bryan responded that it is important to be locally led, and that whoever joins the Board would need a certain understanding of the agenda.
- 5.25. It was agreed that the wording would be made consistent for all business representatives.
- 5.26. Colette Bailey questioned why there was an emphasis on sector, as her understanding was that the business representatives were representing the Federated Board, not their sector specifically.
- 5.27. Chris Brodie agreed that each Federated Board would submit their own representatives and offered his support and involvement where this was sought.
- 5.28. George Kieffer stated that there should be a job description for Board members as well as the Chair and Deputy Chair.
- 5.29. The Board **agreed** to the proposed approach to recruiting and assembling the board, with the caveat that it would be made clearer that all business representatives (except the Chair and Deputy Chair) would be chosen by Federated Boards, and that seats 17-20 would not be recruited differently to the other business seats.
- 5.30. David Rayner presented the feedback from the Legal Personality subgroup as Chair of the subgroup as follows:
- a) SELEP going forward would be a company limited by guarantee;
  - b) there was difficulty in distinguishing the corporate structure and the overall governance structure;
  - c) the subgroup was given assurance that the Accountability Board would always follow the decisions of the Strategic Board unless there was a failure of procedure;
  - d) the subgroup was promised a draft Memorandum of Understanding by the end of August, and this had now moved to the end of October;
  - e) the subgroup proposed that the Board of Directors would be the Strategic Board and that advice would be sought around responsibilities and director's liability insurance;



- f) the subgroup also propose that the Federated Board members should be the members of the company, which would keep numbers limited whilst allowing for wider engagement.
- 5.31. Jo James expressed her concern around receiving documentation, and that March would be too late.
- 5.32. Douglas Horner added his support to Jo James' statement, and that the Articles of Association in particular might be atypical. He continued that the framework document would also be important, and that the papers still referred to the SELEP as either the Strategic Board or a combination of the Strategic and Accountability Boards. He also supported having the Federated Board members as members of the company and suggested a limit on the number of members that a Federated Board could appoint.
- 5.33. David Finch reminded the Board that the SELEP Ltd documentation would need to go through governance processes with Essex County Council in order for ECC to continue in its role as the Accountable Body. The same process would be repeated with the upper tier Local Authorities.
- 5.34. Paul Thomas added that he wanted time to get independent legal advice.
- 5.35. David Rayner responded that officers would also scrutinise the documentation.
- 5.36. David Burch said that the open invitation to attend scrutiny committees should be more about engagement and not just attendance.
- 5.37. Adam explained the current arrangements for Scrutiny Committees and that he had personally attended several meetings in the past.
- 5.38. Graham Peters asked if the SELEP had been speaking to the Government to ensure that they were satisfied. It was generally agreed that this task would be difficult to do without the documentation, however there would be ongoing positive engagement with Government.
- 5.39. Mark Dance left the meeting. Chris Brodie asked him to pass on the thanks and best wishes of the SELEP to Paul Carter.
- 5.40. The Board **agreed** to retain the Accountability Board and Accountable Body as proposed.
- 5.41. The Board **agreed** that the membership of the SELEP Ltd. would consist of Federated Board members as proposed.
- 5.42. Adam Bryan reiterated the approach to scrutiny, but that this should be advertised more widely.
- 5.43. The proposed approach to scrutiny was **agreed**.
- 5.44. The update regarding induction was **noted**.
- 5.45. Angela O'Donoghue expressed a concern that the diversity conversation had been limited to gender, and that a statement was required as a commitment towards broadening the diversity of the Board. This was generally agreed.
- 5.46. The update regarding diversity was **noted**.
- 5.47. The update regarding governance documents was **noted**.
- 5.48. The planned activity before the next meeting was **noted**.

## Item 6: Sector Support Fund

- 6.1. Adam Bryan presented to the Board.



SSF and GPF.pptx

- 6.2. The Board **agreed** to endorse the Clean Growth project.
- 6.3. The Board **noted** the update on the delivery of the SSF programme.

## Item 7: GPF Round 3 Prioritisation

- 7.1. Adam Bryan presented (please refer to the above presentation) and explained the key aspects of the paper.
- 7.2. Adam Bryan explained that the paper proposed the use of banding, as a single list could cause issues when prioritising later alongside the ITE evaluation.
- 7.3. Jo James added that there were frustrations when the ITE changes priorities from the original local priorities, and that there would need to be a way of taking local priorities more into account.
- 7.4. There was a discussion around the need for more research and development projects in the SELEP area, however it was agreed that this was not relevant for GPF although these projects were important for the SELEP in general.
- 7.5. David Rayner added that the ITE had been known to make mistakes, and therefore it would be crucial to review before the final business case is finalised.
- 7.6. Paul Thomas added that the ITE is advice, and that a ranking list that considered banding could be a solution.
- 7.7. Colette Bailey asked if the ITE would be available at the moment of prioritisation within the Federated Boards to mitigate any issues. Adam Bryan responded that that ITE would be engaged with the business case.
- 7.8. Graham Peters added to Colette Bailey's point, stating that it would be important to know at which stage the ITE would be engaged.
- 7.9. It was **agreed** that GPF Round 3 will be initially prioritised by Federated Boards using a single ranked list instead of banding.
- 7.10. The Board **agreed** the remainder of the process as set out in the report.
- 7.11. The Board **noted** that interest will be charged at two percent below the Public Works Loan Board Rate or zero- whichever is higher.
- 7.12. The Board **noted** that the availability of GPF for reinvestment would be dependent on repayments being made for existing projects.

## Item 8: SME Internationalisation Exchange Project

- 8.1. Steve Samson presented to the Board.



SIE SELEP Board  
Presentation.pptx

- 8.2. The Board **noted** the update to the project.

## Item 9: A13 Widening project update

- 9.1. The discussion during this item included information from a confidential appendix which was not included in these minutes.
- 9.2. Thurrock Council's Section 151 officer explained the project issues to the Board that had resulted in the project requiring extra funding.
- 9.3. The Board **noted** the update report on the A13 widening project.
- 9.4. The Board **agreed** the provisional allocation of additional LGF, as detailed in confidential appendix 1 subject to:
  - a) a funding decision by the Accountability Board;
  - b) the Accountability Board being satisfied that the full funding package is in place to complete the delivery of the Project; and

- c) the Accountability Board being satisfied that the Project continues to present high value for money.
- 9.5. The Board **noted** that the additional LGF funding decision, detailed in appendix 1, is a capped funding contribution to the Project.
- 9.6. The Board **noted** the intention for quarterly updated to continue to be provided to the Accountability Board each quarter on the delivery of the Project, to the point of Project completion. Updated will also be provided to the Strategic Board through the Capital Programme Update reports.

### **Item 10: AOB**

- 10.1. Adam Bryan read out a confidential statement to the Board regarding Hadlow College. Chris Brodie declared a non-pecuniary interest as Chair of the Students Loan Company.

Chris Brodie closed the meeting.

## Item 3: LEP REVIEW

### 1. Purpose

- 1.1. The purpose of this report is to update the Strategic Board (the Board) on the work of the Legal Personality sub-group and seek approval for the registration of a company limited by guarantee without share capital, to ensure full compliance of the LEP Review is implemented.

### 2. Recommendations

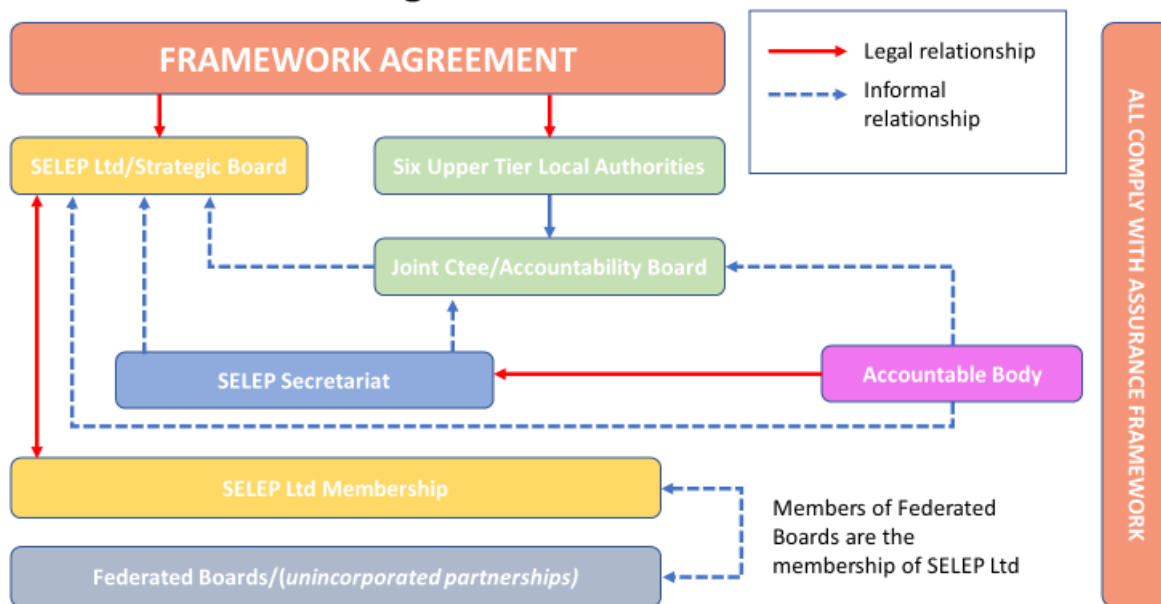
- 2.1. The Board is asked to:
  - 2.1.1. Agree that a company limited by guarantee without share capital called **South East LEP Limited** (SELEP Ltd) should be incorporated with Companies House, subject to governance of the three county and three unitary Local Authorities;
  - 2.1.2. Agree the recommendation from the sub-group that the Articles of Association should not stipulate that the Chair of each Federated Board should be one the directors for that area but allow for Federated Boards to select which members should be the SELEP representatives, this amends the decision of the Board in October 2019;
  - 2.1.3. Agree that the members of the reconstituted Strategic Board commencing March 2020 should be the Directors of SELEP Ltd, pending approvals from their own organisations where applicable;
  - 2.1.4. Agree that the Articles of Association at Appendix A should be the Articles of Association of SELEP Ltd;
  - 2.1.5. Agree that all Directors of the Board will attend an induction session before the first meeting of the Board in March 2020;
  - 2.1.6. Agree the requirement for Federated Boards/Local Authorities to provide names of intended Directors by 15<sup>th</sup> January (these can be indicative, pending approvals being secured) to be announced at the 31<sup>st</sup> January Strategic Board. Board members who do not have approval in advance of the registration of the company in February will not be able to be registered as Directors of the Board or take their place on the new Board; and
  - 2.1.7. Note the draft Framework Agreement, setting out the arrangements between SELEP Ltd and the members of the Accountability Board. A final version of this document will be brought to the Board of Directors following incorporation for agreement and is also subject to agreement by the 3 County Councils and 3 Unitary Councils within the SELEP area.

### 3. Background

- 3.1. As Board members are aware, all LEPs have been instructed to comply with the recommendations of the Government report "[Strengthened Local Enterprise Partnerships](#)", known as the LEP Review. At the last meeting of the Board it was agreed that the membership of the Board would be reconfigured to ensure that requirements on the size and composition of LEP Boards was met. It was also agreed that a Deputy Chair would be recruited and action would be taken to improve the diversity of the Board.
- 3.2. The main element of the recommendations still outstanding is the incorporation of the Partnership. The Board has agreed in principle that a company limited by guarantee without share capital should be the model adopted and that Federated Board members should be invited to become the membership of the company.

4. Following these decisions the Legal Personality sub-group of the Board has been working on the legal documentation for the new company and discussing how the wider partnership will work once a limited company has been established. **SELEP Ltd and wider partnership**
  - 4.1. At the last meeting of the Board it was agreed that Accountability Board would continue to function with the same remit as current arrangements. The Accountability Board is a Joint Committee of the six Local Authorities who form the committee (East Sussex County Council, Essex County Council, Southend-on-Sea Borough Council, Thurrock Council, Kent County Council and Medway Council). As such it is constituted under public law rather than company law. The sub-group has been working to explore how these two different functions can be brought together.
  - 4.2. A Framework Agreement has been drafted to set out the roles of the two boards and how they will interact. SELEP Ltd and the six Local Authorities will be party this agreement. The draft can be found at Appendix B. Contained within the document is the updated Joint Committee Agreement for the Accountability Board, found at Schedule 2. The Monitoring Officers (the officers with responsibility for ensuring correct legal and governance arrangements in Local Authorities) of the six Local Authorities have reviewed the Framework Agreement and provided comments back.
  - 4.3. The Framework Agreement sets out the detail of the relationship which is summarised below:

### SELEP Governance Diagram



4.4. The broad summary responsibilities of the different parties set above is as follows:

### SELEP Responsibilities



4.5. A Guide to Governance has been constructed to assist both Board Members and other interested parties in understanding the new structure and can be found at Appendix C. The Guide to Governance is a summary document and the local Assurance Framework sets out the full detail of all the governance arrangements. The Assurance Framework will need to be updated to reflect the revised governance structure. Should Board agree to incorporate on the basis set out in this paper, the revised Assurance Framework will be brought to Board to consider in January 2020.

4.6. The Monitoring Officers of the three County Councils and three Unitary Councils have been

### 5. SELEP Ltd Articles of Association and Structure

5.1. As agreed in principle at the last meeting of the Board, the most appropriate model for incorporation is a company limited by guarantee without share capital. It was also agreed that the Directors of the limited company should be the members of the Strategic Board and the membership of the company (broadly equivalent to shareholders) should be the members of the Federated Boards. On this basis draft Articles of Association have been constructed and can be found at Appendix A.

5.2. In order for the company to be incorporated it is necessary to file with Companies House the Articles of Association and the names of the Directors of the company; this will be undertaken by Essex County Council (ECC), subject to their Governance processes. The Articles of Association can be changed but any changes would have to be voted on by the members of the company.

5.3. The Articles have been drafted to reflect the operating procedures of the current unincorporated partnership as far as possible. The Articles have been drafted in conjunction with the Framework Agreement to ensure that the documents are complementary and do not create any unintended conflicts on any issues.

5.4. Strategic Board has previously agreed that SELEP Ltd will hold no assets or liabilities and the financial undertakings will continue to be conducted by the Accountable Body on SELEP's behalf.

The Articles have been drafted on that basis. The Board should note the intention of Essex County Council to take a formal decision on undertaking the role of the Accountable Body of SELEP Ltd in early 2020.

- 5.5. Legal advice has been sought from Counsel on potential liabilities of the Directors of SELEP Ltd and other parties of the Framework Agreement. A summary of the Counsel's opinion can be found at Appendix D.
- 5.6. Directors' Insurances will be procured by the Accountable Body on behalf of the Directors of SELEP Ltd Board. The details of the cover will be shared with those Board members becoming Directors in advance of registration. The costs of the Directors' Insurance will be met from the SELEP Secretariat Operational budget.
- 5.7. Business Board members who are nominated to become Directors will be able to recoup up to £500 (including VAT) of legal costs should they wish to seek independent legal advice on their liabilities as Director. Those Board members eligible should contact the Secretariat for information on how this can be claimed and evidence required. The Secretariat should be contacted in advance of instructions being given.
- 5.8. When discussing the article for the appointment of private sector directors the sub-group believed that the recommendation agreed at the last Board meeting that each Federated Board puts forward their Chair plus the appropriate number of other private sector representatives would restrict the Federated Board from exercising their own choice in who should be the SELEP representative. Therefore, the group makes the recommendation that it should be the decision of the relevant Federated Board which private sector members are put forward to be Directors of SELEP and it would not be a requirement that the Chair must be a Director.

## **6. Director Sign Up and Induction**

- 6.1. To enable Local Authority Councillors to become Directors of SELEP Ltd it will be necessary for them to take a decision in line with their constitutions. The legal team at Essex County Council is working with the Monitoring Officers of the other five authorities to produce a standardised report and information required to be presented.
- 6.2. Federated Boards and Local Authorities are asked to provide details on who will be the Board members for their areas/organisations, so that the Secretariat can work with them through the incorporation process and provide any support for other governance that may be required in other organisations. This information must be provided to SELEP Secretariat by 15 January 2020.
- 6.3. Directors of a Limited company have certain duties under law and a guidance note can be found at Appendix E. To ensure all Board members have a full understanding of both the revised governance arrangements and new requirements, induction sessions will be run by the Secretariat in advance of the first meeting of the new Board in March 2020. Every Board member must attend a session in advance of taking their seat at the Board. All future Board members will also be required to attend an induction session in advance of their first meeting at the Board.

## **7. Next Steps**

- 7.1. Once the Board is happy to proceed it will be necessary for the Secretariat and the Accountable Body to support partners to take the relevant decisions through third party organisations. An update on progress will be provided to Board at their January 2020 meeting.
- 7.2. The Secretariat, in conjunction with Essex County Council's Legal Services, will begin to complete the paperwork necessary to incorporate the company and liaise with the Board members who will be become Directors. When approvals are gained from the Board and ECC has approval to

complete the paperwork, the company will be registered with Companies House and Government informed that SELEP is now compliant with this element of the LEP review.

- 7.3. The SELEP Secretariat team will circulate details for induction sessions to Board Members so that time can be held in calendars and arrangements made.
- 7.4. Work will continue on the Framework Agreement in advance of it being considered by the six Local Authorities and then SELEP Ltd once it has been incorporated.
- 7.5. The Secretariat will work with the Accountable Body to ensure that requirements for filing of information with Companies House are both programmed and maintained once SELEP Ltd is incorporated.

## **8. Accountable Body Comments**

- 8.1. To support the decisions set out above, the ECC Cabinet will need to agree the following:
  - 8.1.1. To establish the company SELEP Ltd on behalf of SELEP;
  - 8.1.2. For an Executive Member of Essex County Council to be a Director on SELEP Co;
  - 8.1.3. To sign the Framework Agreement, which includes the refreshed joint committee arrangements for the Accountability Board;
  - 8.1.4. To continue in the role of Accountable Body of SELEP Ltd; in undertaking this role, it is necessary to ensure that ECC is not exposed to increased risk as a result of the new arrangements and ensuring that any additional costs associated with the operation of the LEP are fully recompensed.
- 8.2. These decisions are planned to be taken in early 2020.

## **9. Appendices**

- 9.1. Appendix A – Draft Articles of Association
- 9.2. Appendix B – Draft Framework Agreement
- 9.3. Appendix C – Guide to Governance
- 9.4. Appendix D – Summary of Counsel’s Opinion
- 9.5. Appendix E – Guidance for Directors of Limited Companies

Author: Suzanne Bennett

Position: Chief Operating Officer

Contact details: [Suzanne.bennett@southeastlep.com](mailto:Suzanne.bennett@southeastlep.com)



## Item 4: Deputy Chair Recruitment Update and Succession Planning

### 1. Purpose

- 1.1. The purpose of this report is to provide an update on Deputy Chair recruitment and to ask the Strategic Board (the Board) to consider succession planning ahead of an update to the Assurance Framework in January 2020.

### 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. Note the update on the recruitment of a Deputy Chair;
  - 2.1.2. Agree the proposed approach to succession planning for the co-opted Board members as detailed below; and
  - 2.1.3. Note the intention to draw together the approaches for the purposes of the refreshed Assurance Framework.

### 3. Background

- 3.1. Following the agreement to accelerate the process for the recruitment of the Deputy Chair, an electronic procedure was instigated to gain agreement on approach and membership of the Selection Panel. The detail of the electronic procedure can be found at Appendix A and the results of the voting at Appendix B.
- 3.2. It is a requirement of the National Assurance Framework to ensure appropriate succession planning arrangements are in place, and this needs to be added to the Assurance Framework.

### 4. Deputy Chair Recruitment Update

- 4.1. The Selection Panel for the Deputy Chair recruitment has been convened and, in line with the electronic procedure, is made up of:
  - 4.1.1. The Chair
  - 4.1.2. A Vice-Chair
  - 4.1.3. An education representative
  - 4.1.4. A County/Unitary Authority representative
- 4.2. An Executive Search and Recruitment company (Audeliss) has been appointed to assist in the selection process, facilitated by Essex County Council's HR Team. The Secretariat and the Selection Panel are working closely with Audeliss to ensure that a diverse and high caliber pool of potential candidates are selected. If Board members would like to make recommendations of possible candidates to be approached or if private sector members of the Board would be interested in the role themselves, please could they contact Suzanne Bennett ([Suzanne.bennett@southeastlep.com](mailto:Suzanne.bennett@southeastlep.com)).
- 4.3. The interview and selection day will be held on the 23<sup>rd</sup> of January, for the recommendation of the panel to be considered by the Board at their meeting on the 31<sup>st</sup> of January.

### 5. Succession Planning

- 5.1. The Assurance Framework is currently being updated to be presented to the January Board meeting, and part of this update will include a new section on succession planning.
- 5.2. Currently we have a number of different approaches to succession planning for different categories of Board members which is appropriate and will continue (see Table 1 below for details). To aid understanding and to ensure transparency we need to collate these different policies into a single section of the Assurance Framework. There is no intention to change the

currently agreed processes.

- 5.3. The Board has agreed that the Deputy Chair should be recruited from the private sector. This will help support the succession planning for the Board and complies with the best practice guidance from Government.
- 5.4. An approach to the co-opted members of the new Board will need to be put into place for next iteration of the Assurance Framework that will cover operations from April 2020. A proposed approach for each category is suggested below for Board’s consideration and comment.

**Table 1: Succession Planning for Full Board Members (new Board arrangements)**

Category of Board Member	Succession Approach	Policy/Governance
Chair of SELEP	Open recruitment – run by SELEP Secretariat/Decided by SELEP Strategic Board	Chair Recruitment Policy
Deputy Chair of SELEP	Open recruitment – run by SELEP Secretariat/Decided by SELEP Strategic Board	Deputy Chair Recruitment Policy
Local Authority Members	Each Local Authority puts forward their representative. Must be a leader or member of Cabinet	Terms of Reference/Articles of Association
Federated Board business representatives	Nominated by Federated Boards. Recruitment to Federated Boards via open recruitment	Federated board recruitment policies which comply with SELEP Board Recruitment policy

**Proposed Approach for Co-opted Members**

- 5.5. In order to vote on the Board of Directors it will be necessary for the co-opted members to be Directors of SELEP Ltd for the year of their service. This means that there may need to be approvals gained from their employing organisation. The Assurance Framework runs from April to March, as does the financial year and the delivery plan for SELEP. It is recommended that the year that co-opted members serve would also be April to March (covering June, September, December and March Boards) to align.

**Further Education, Higher Education and Social Enterprise Co-opts**

- 5.6. It is proposed that these co-opts will be nominated by their sector groups as per the current process, set out within the SELEP Board Recruitment process. This would be the Skills Advisory Group, the U9 Group and the Social Enterprise Group respectively.
- 5.7. To comply with the requirements of the LEP Review it is proposed that Strategic Board should consider the future year’s Delivery Plan at its December Board meeting and make any recommendations to the sector groups for particular skills/knowledge from their representatives that would align with the Delivery Plan. The sectors groups would have to confirm names of representatives at the March Board.

### **Local Authority Co-opts**

- 5.8. There are two Local Authority co-opted seats on the Board. These seats are reserved for representatives of District/Borough/City Councils. It proposed that at their December meeting, the Strategic Board discuss which two of the three shire areas would be invited to put forward a representative for the forth-coming year, again looking for alignment with the Delivery Plan for that year. As discussed at the October Strategic Board meeting, the co-opted districts/cities/boroughs for 2020/2021 will come from Kent and Essex.
- 5.9. The District/Borough/City Councils for the relevant area would then be asked to select a representative who must be confirmed by the March meeting of the Strategic Board. This will enable the representatives to sit as a Director from the first Board meeting due to take place in 2020/21.

### **6. Accountable Body Comments**

- 6.1. The appointment of a Deputy Chair was a requirement for the SELEP following the LEP review in July 2018.
- 6.2. SELEP Accountable Body, Essex County Council (ECC) will ensure employment law legislation and tax regulations are met on behalf of the candidate appointed to the role of SELEP Deputy Chair.
- 6.3. The process by which the 5 co-opted positions will be appointed after the initial year must reflect the National Assurance Framework requirement that these positions are held for up to one year by individuals with appropriate specialist knowledge.

### **7. Appendices**

- 7.1. Appendix A: Deputy Chair Electronic Procedure
- 7.2. Appendix B: Deputy Chair Electronic Procedure results paper

Author: Amy Ferraro

Position: Governance Officer

Contact details: [amy.ferraro@southeastlep.com](mailto:amy.ferraro@southeastlep.com)

Date: 19th November 2019

## Item 5: Sector Support Fund (SSF)

### 1. Purpose

- 1.1 The purpose of this report is to seek Strategic Board (the Board) endorsement for a Sector Support Fund (SSF) project which has been submitted to SELEP for revenue funding support.
- 1.2 This report also provides an update on the delivery of SSF projects to date.

### 2. Recommendations

- 2.1 The Board is asked to:
- 2.2 Endorse the following project for funding through the 2019/20 SSF allocation:
  - 2.2.1 *Accelerating Opportunities within the Newhaven Enterprise Zone* (£115,000).
- 2.3 Note the update on the delivery of the SSF programme

### 3. Background

- 3.1 In June 2017, the Board agreed to establish the SSF using the Growing Places Fund revenue monies, with the intention of offering revenue funding to support the pan-LEP sector-based activities of the SELEP working groups.
- 3.2 The aim of the funding is to support projects which:
  - 3.2.1 Impact across all Federated areas;
  - 3.2.2 Demonstrate a positive contribution to SELEP's mission to create the conditions for increased numbers of jobs and homes, safeguard existing jobs and raise skills levels across the area;
  - 3.2.3 Support the delivery of SELEP's Strategic Economic Statement; and
  - 3.2.4 Provide high value for money.
- 3.3 Full details of the criteria are set out in Appendix A and in the [Sector Support Fund guidance note on the SELEP website](#).
- 3.4 In addition to the SSF being available to support the activities of SELEP's working groups, the decision report to the Board in June 2017 set out the scope for SSF to support the establishment of Enterprise Zones. This is due to the precedent which has been set through the previous awards of revenue funding to the Harlow Enterprise Zone.
- 3.5 The SSF funding totals £500,000 per annum and is intended to be made available on an annual basis over a four-year period, between 2017/18 and 2020/21, with a maximum of £200,000 being available per project.
- 3.6 For projects to secure an SSF allocation the proposal must secure support from at least one Federated Board and be endorsed by the Strategic Board. However, the formal funding decision is made by the SELEP Accountable Officer, being the Chief Executive Officer (CEO) with delegated responsibility, following endorsement of the project by the Board.

3.7 An Independent Assessment is also completed by the SELEP Accountable Body, Essex County Council (ECC), for all SSF applications. This assessment considers the project's suitability against the agreed assessment criteria, detailed in Appendix A and the requirements of the SELEP Assurance Framework.

#### **4. SSF Investment to Date**

4.1 To date, the Board has endorsed eleven projects for SSF support to a maximum value of £1,178,500 (as shown in Appendix B):

##### 2017/18 endorsements

- 1.1.1 The *South East Creative Economy Network (SECEN) Cultural Coasting* project (£150,000 over three years, £50,000 per year);
- 1.1.2 The *Tourism and SECEN Colours and Flavours* project (£60,000); and
- 1.1.3 The *North Kent Enterprise Zone* (£161,000).

##### 2018/19 endorsements

- 1.1.1 The *Kent Medical Campus Enterprise Zone – Innovation Centre Design Work* project (£156,000);
- 1.1.2 The *Good Food Growth Campaign* project (£60,400);
- 1.1.3 The *Future Proof: Accelerating Delivery of High-Quality Development across the LEP* project (£110,000);
- 1.1.4 The *Planning and prioritising future skills, training and business support needs for rural businesses across SELEP* project (£96,000);
- 1.1.5 The *Coastal Communities Supplement to the SELEP Strategic Economic Plan* project (£40,000);
- 1.1.6 The *SELEP Skills Advisory Group – Delivering skills of the future through teaching: teaching for growth* project (£166,600);
- 1.1.7 *SELEP Creative Open Workspace Master Plan* project (£49,000) – awarded from 2019/20 SSF funding allocation.

##### 2019/20 endorsements

- 1.1.1 The *Energy and Clean Growth – Supply Chain Mapping* project (£129,500).

4.2 Further information on each of the projects listed above can be found in Appendix C.

## **5. SSF Applications 2019/20**

- 5.1 A number of new applications are being developed to seek funding through the SSF opportunity and one application has been submitted to SELEP for consideration and endorsement by the Board at this time.
- 5.2 The application which has passed the Independent Assessment by the SELEP Accountable Body is:
  - 5.2.1 *Accelerating Opportunities within the Newhaven Enterprise Zone* (£115,000).
- 5.3 The outcome of this assessment is presented in Appendix D.

## **6. Accelerating Opportunities within the Newhaven Enterprise Zone (the Project)**

### Scope

- 6.1 The Newhaven Enterprise Zone, which launched in 2017 and covers approximately 79 hectares, is a catalyst for positive growth in Newhaven and the wider sub region. The overall objective of the Enterprise Zone is to deliver sustainable regeneration and a shift towards a higher value economy in Newhaven. Whilst the focus is on eight sites which are dispersed throughout the town, the ambition to create 70,000m<sup>2</sup> of new and refurbished employment floor-space and 2,000 FTE jobs over a 25-year timeframe will impact across the SELEP region as well as supporting enterprise growth and job creation in East Sussex.
- 6.2 Considerable progress has been made since the Enterprise Zone strategic framework was launched and an effective dialogue with local business leaders and landowners established. It is now important that Newhaven creates some quick wins to capitalise on the momentum created and to leverage the investment that the Enterprise Zone can generate.
- 6.3 The project focuses on Avis Way, which is a key industrial estate in the Newhaven Enterprise Zone. The project will work in three ways, each directly responding to the coastal communities and growth hub agenda, whilst also indirectly delivering against infrastructure, skills and social enterprise.
- 6.4 The three key focuses of the project are:
  - 6.4.1 *Avis Way Estates Improvement Plan* - A business led forum has already been established and an Estate Audit and Improvement Plan drafted. The project seeks to refine the Audit and Improvement Plan, as well as designing and delivering improvements to the estate which will encourage productivity, competitiveness and will attract new investment to the area.
  - 6.4.2 *Avis Way Business Improvement District* - The project will test and assess options for creating an Industrial Business Improvement District which will build on the business forum and create a sustainable model to continue investment in the estate and enhance the trading environment.
  - 6.4.3 *Marketing of the Newhaven Enterprise Zone* - A creative and coherent plan will be prepared and delivered, targeting both the community and businesses. The objective is to address and overcome the negative perception of the town, whilst simultaneously promoting the town for investment.

- 6.5 The project will contribute to delivering the priorities of the SELEP Strategic Economic Statement through:
- 6.5.1 Creating Ideas and Enterprise - Newhaven is one of four Enterprise Zones within the SELEP area and was created to drive economic growth, with a focus on the creative and marine industries. The project will create an environment and provide support infrastructure to enable businesses to achieve sustainable growth and high value jobs, which support Newhaven and the wider sub region to become a more productive and prosperous economy.
  - 6.5.2 Developing tomorrow's workforce - The project will contribute to raising peoples' awareness of employment opportunities available locally and engage them in what the employment and skills offer of a future Newhaven could be.
  - 6.5.3 Accelerating Infrastructure - This project will directly support an evidence base and delivery plan that identifies infrastructure investment required, the business case and lobbying for that investment. Critically, the estate improvements will boost land values and confidence to refurbish and invest in new industrial development at Avis Way. It will target both public and private sector for funding, along with investment of its own Enterprise Zone Business Rate Uplift.
  - 6.5.4 Creating Places - This project will specifically support quality of place and connect business and people to drive forward plans that enhance the workspace, cultural and natural assets.
  - 6.5.5 Working Together - Having suffered from years of stagnation and decline, there is now widespread policy support and enabling investment to accelerate Newhaven's transition from an economy based on low value manufacturing and processing, to a higher value economic role. There is a genuine 'coalition for growth' between businesses and public agencies and this project aims to take collaboration and partnership working to a new level by testing and developing new models and governance arrangements to involve businesses in estate renewal.
- 6.6 The project application sets out a number of benefits that are expected to be realised as a result of the project. These benefits include:
- 6.6.1 Acceleration of refurbished business space – 1,006sqm of refurbished business space to be brought forward 2 to 3 years earlier as a result of the SSF investment;
  - 6.6.2 Increased take up of industrial space across the Newhaven Enterprise Zone – it is expected that the project will facilitate the take up of 1,500sqm of vacant space across the Enterprise Zone;
  - 6.6.3 Business contribution to public realm/place making – the move to pre-Business Improvement District status assumes a contribution of £500 per business for future public realm improvements; and
  - 6.6.4 Acceleration of gross jobs delivery target for Avis Way – the gross jobs delivery target for Avis Way is 116 jobs. It is expected that the project will accelerate delivery of these jobs by 30%.

6.7 The *Accelerating Opportunities within the Newhaven Enterprise Zone* project was endorsed by Team East Sussex on 30<sup>th</sup> September 2019.

### Funding

6.8 The total cost of the *Accelerating Opportunities within the Newhaven Enterprise Zone* project is estimated at £197,500.

6.9 A £115,000 SSF grant to the project would cover 58% of the project costs, with the remaining £82,500 being provided by East Sussex County Council, and Newhaven EZ business rate up-lift.

**Table 3 Funding Breakdown: Accelerating Opportunities within the Newhaven Enterprise Zone project**

Sources	2019/20	Total
SELEP SSF	115,000	115,000
Match funding		
East Sussex County Council	40,000	40,000
Newhaven Enterprise Zone Business Rate up-lift	42,500	42,500
<b>Total</b>	<b>197,500</b>	<b>197,500</b>

6.10 East Sussex County Council has committed £40,000 in match funding, a combination of revenue and capital funding, to support delivery of proposed enhancements to the Avis Way Industrial Estate. The funding will be used to deliver all capital aspects of the project, including:

6.10.1 Conducting a vehicular entry point signage audit, building upon the indicative map produced by the Enterprise Zone of where business signage is required;

6.10.2 Manufacture and installation of additional signage and replacement of old signage for amenities and businesses; and

6.10.3 Manufacture and installation of anti-idling signage around the ring road and the major approaches, to proactively encourage drivers to switch off their engines when in queues of traffic.

6.11 The contribution from East Sussex County Council will be committed and spent by 31<sup>st</sup> March 2020.

6.12 The Newhaven Enterprise Zone Strategy Board has committed £42,500 in grant funding to the project as a means of pump priming future investment in Newhaven. This funding will be provided through Newhaven Enterprise Zone Business Rate up-lift. The Enterprise Zone is in its third year of the business rates uplift scheme which has accumulated £1.1m by the end of the second year and is expected to grow further; the £42,500 contribution is incorporated into the operational budget of the Enterprise Zone.

6.13 In addition to the financial contributions stated in Table 3 above, in-kind match contributions will be provided through officer time and resources from both Newhaven Enterprise Zone and Lewes District Council.



## Outcome of Independent Technical Review

6.14 The Independent Technical Review has confirmed that the project meets the criteria for funding (see Appendix D).

### **7. Current SSF funding ask**

7.1 The *Accelerating Opportunities within the Newhaven Enterprise Zone* project, as outlined in this report, is the third project to be considered for funding from the 2019/20 SSF allocation, and as a result there is sufficient funding available to support the application.

7.2 Table 4 below shows the 2019/20 SSF budget, taking into account the project under consideration.

**Table 4: 2019/20 SSF allocation**

SSF annual allocation for 2019/20	£500,000
<b>Projects identified for investment in 2019/20</b>	
SELEP Creative Open Workspace Masterplan and Prospectus	£49,000
Energy and Clean Growth - Supply Chain Mapping	£129,500
Accelerating Opportunities within the Newhaven Enterprise Zone	£115,000
<b>Total SSF allocated (subject to Board endorsement) in 2019/20</b>	<b>£293,500</b>
SSF unallocated in 2019/20	£206,500

7.3 Subject to the Board endorsing the *Accelerating Opportunities within the Newhaven Enterprise* project, there remains a total of £206,500 unallocated SSF funding in 2019/20.

### **8. Next Steps**

8.1 It is acknowledged that further SSF projects are currently being developed and it is anticipated that these projects will be presented to the Board for endorsement at future meetings to be considered for funding from the 2019/20 SSF allocation.

8.2 Subject to the endorsement of the project by the Board, a recommendation will be made to SELEP CEO for the approval of the project to enable a grant agreement to be put in place for the transfer of funding to East Sussex County Council.

### **9. Update on delivery of approved SSF projects**

9.1 At the meeting on 7<sup>th</sup> December 2018, the Board requested that regular updates be given on the projects funded through the SSF.

9.2 Ten of the eleven SSF projects which have been endorsed by the Board have now been approved by the SELEP CEO, with seven of these projects now having a signed legal agreement in place. To date, funding has been drawn down against all seven of these projects, with further draw down requests expected in relation to other SSF projects before the end of the 2019/20 financial year.

- 9.3 Formal monitoring and evaluation processes have now been implemented for all projects in the SSF programme. This will allow updates to be provided to the Board on the delivery of the SSF projects on a regular basis. Detailed information about each SSF project, based on monitoring returns provided by scheme promoters, is set out in Appendices B and C.
- 9.4 A more comprehensive update report on the delivery of SSF projects will be presented to the Board in March 2020.

## **10. Sector Support Fund programme risks**

- 10.1 An important part of the SSF reporting process is the completion of a high-level risk assessment for each project. Scheme promoters are asked to assess the project risk in four specific areas:
- 10.1.1 **Delivery Risk** - What are the delivery risks that the project faces? What mitigation is required to reduce the delivery risk?
- 10.1.2 **SSF Spend Risk** - If SSF spend is delayed relative to the timescales agreed in the legal agreement, an explanation for the delay is sought.
- 10.1.3 **Delivery of project benefits** - Is there risk to the delivery of the project outputs and benefits as stated in the original application?
- 10.1.4 **Other Risk** - Have any other risks/issues arisen that will impact the delivery of the scheme?
- 10.2 Each risk area is assigned a rating of Red (high risk), Amber (medium risk) or Green (low risk), with these ratings being combined to produce an overall project risk rating which is measured on the same scale. This risk analysis is set out in Appendix C. No high-risk issues have been identified to date.

## **11. Accountable Body Comments**

- 11.1 Up to £500,000 of the GPF revenue grant was available in 2019/20 (plus carry forward of £301,600) to support the SSF programme, of which £321,500 remains unallocated. The Newhaven Enterprise Zone project is seeking £115,000 and therefore there is sufficient funding available to support the request for this Project, leaving £206,500 to support future funding bids in 2019/20. The total funding of £115,000 is all required in 2019/20.
- 11.2 No key risks have been identified with this project and the Independent Technical Review has confirmed that the criteria for funding have been met.
- 11.3 This grant is a fixed maximum contribution to the Project; any Project over spends incurred will be required to be addressed by the Project delivery partner.
- 11.4 The grant will be transferred to East Sussex County Council via a grant agreement with the Accountable Body; the grant agreement will include a requirement for claw back of the funding if it is not fully expended or not expended in line with the Project Bid Document.

## **12. Appendices**

- 12.1 Appendix A – Sector Support Fund Guidance Note, including eligibility criteria and 2019/20 timetable for applications to come forward
- 12.2 Appendix B – Summary of SELEP endorsed SSF projects
- 12.3 Appendix C – Update on the delivery of Sector Support Fund projects
- 12.4 Appendix D – Independent Assessment of SSF application

## **13. Background Papers**

- 13.1 *Accelerating Opportunities within the Newhaven Enterprise Zone* application (available on request from author)

Author: Helen Dyer

Position: SELEP Capital Programme Officer

Contact details: [helen.dyer@southeastlep.com](mailto:helen.dyer@southeastlep.com), 07826 951715

## Item 6: Local Growth Fund Capital Programme Update

### 1. Purpose

- 1.1 The purpose of this report is to provide the Strategic Board (the Board) with an update on the delivery of the Local Growth Fund (LGF) capital grant programme and Growing Places Fund (GPF) capital loan programme.
- 1.2 A detailed update on the delivery of all LGF and GPF projects is provided within the Accountability Board Agenda Pack from the meeting on the 15<sup>th</sup> November 2019. A link to this Agenda Pack is provided at the end of this report.

### 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 Note the update on the delivery of the LGF and GPF programmes
- 2.1.2 Agree to increase the additional LGF allocation to the A13 Widening project by £450,000 from £8.492m to £8.942m. This will increase the total LGF allocation to the project to £75.0m, as per the original LGF allocation to the project as set out in the Growth Deal.
- 2.1.3 Endorse the revised repayment schedule for the North Queensway GPF project
- 2.1.4 Note an increase to the estimated amount of GPF available for reinvestment through GPF Round 3 from £20.724m to £25.228m.

### 3. Local Growth Fund - Overview

- 3.1 Through three rounds of LGF allocations by central government, SELEP has secured a total of £579m investment in projects across SELEP, aimed at boosting skills, unlocking barriers to development and driving economic growth.
- 3.2 To date, a total of £357.5m LGF has been spent on the delivery of these LGF projects, to the end of Q2 2019/20, with 33 projects having been completed to date.
- 3.3 The number of projects included within the LGF programme has increased following the Investment Panel meeting on the 28<sup>th</sup> June 2019. At the last Investment Panel meeting, the Panel agreed a further eight projects to progress utilising the £15.158m available at the time of the meeting. As such, there are now 107 projects included in the LGF programme.
- 3.4 In June 2019, the Investment Panel also agreed a ranked list of the pipeline projects to progress should additional LGF underspend become available, as set out in Table 1 below.

**Table 1 Pipeline of projects prioritised by Investment Panel June 2019 (to progress if additional LGF unallocated funding is identified)**

Project	Federated Area	LGF ask (£m)
University of Essex Parkside Phase 4	Greater Essex	2.000
Southend Town Centre Tranche 2	OSE	0.632
Kent and Medway Medical School Tranche 2	KMEP	4.000
Exceat Bridge Replacement Tranche 2	East Sussex	0.611

Project	Federated Area	LGF ask (£m)
Eastbourne Fisherman's Quayside & Infrastructure Development	East Sussex	1.080
New Construction Centre, Chelmsford	Greater Essex	1.295
Colchester Grow-on Space - Queen Street	Greater Essex	3.777
NIAB	KMEP	1.750
<b>Total</b>		<b>15.146</b>

- 3.5 If/when sufficient additional LGF is identified to fund the next project on this ranked list then this project will be able to progress to the Accountability Board for funding approval. Updates on any unallocated LGF will be provided to the Accountability and Strategic Board at each meeting, and the scheme promoter for the next project in line for funding will be informed.
- 3.6 Since June 2019, a further £72,717 unallocated funding has been identified. This funding has been identified from A28 Chart Road project, as spend on the A28 Chart Road projects in 2018/19 was marginally lower than reported to the Board in June 2019. As such, the amount of funding to be returned to SELEP has increased from £7.371m to £7.444m.
- 3.7 Deadlines have been set by the Accountability Board for project issues to be resolved on a number of high risk LGF projects. If these issues are not resolved by February 2020, the Accountability Board will be asked to consider the reallocation of funding from these projects. This may result in additional LGF unallocated funding becoming available for reinvestment in pipeline projects.
- 3.8 No further Investment Panel meetings are planned in relation to the LGF3b process, until the amount of unallocated LGF exceeds the value of the pipeline.

#### **4. Accountability Board Funding Decisions**

- 4.1 A majority of the LGF projects included within the current LGF programme have now come forward for Accountability Board approval, including new LGF3b projects.
- 4.2 On the 15<sup>th</sup> November 2019, the Accountability Board approved the award of £8.568m to the following three projects:
- 4.2.1 Kent and Medway Medical School (£4.0m LGF);
  - 4.2.2 Grays South (£7.1m LGF) – in addition to the existing £3.7m LGF award; and
  - 4.2.3 Southend Town Centre (£867,708 LGF).
- 4.3 Further information about these funding decisions can be found within the Accountability Board Agenda Pack.

#### **5. LGF Spend position**

- 5.1 The 2019/20 LGF spend forecast totals £123.527m. This figure has increased relative to the planned spend of £107.314m as expected at the outset of 2019/20 financial year. This increase in the forecast LGF spend in 2019/20 is due to:
- 5.1.1 An increase in the slippage of LGF spend from 2018/19 to 2019/20; and
  - 5.1.2 The inclusion of new LGF3b projects within the SELEP LGF programme.

- 5.2 Despite this increase in the forecast spend during 2019/20, a slippage of £33.711m LGF is forecast from 2019/20 to 2020/21. This increase in LGF slippage from 2019/20 since the last update to the Board mainly reflects the additional £8.942m LGF the DfT has transferred to Essex County Council, Accountable Body for SELEP in November 2019, as set out in section 7.3.5 below.
- 5.3 The forecast LGF slippage in 2019/20 will be carried forward to the final year of the LGF programme (2020/21). This will increase the delivery pressures within the final year of the LGF programme.

## **6. Project Evaluation**

- 6.1 Post scheme evaluation is required for each LGF project as the project is completed. Each County Council/ Unitary Authority is required to provide monitoring reports on the delivery of intended project outcomes to date at the end of each financial quarter. This includes the delivery of new jobs, houses, apprentices and new learners. A commitment to monitoring and evaluation is a condition of funding, as set out in the Service Level Agreement between the SELEP Accountable Body and each County Council/ Unitary Authority.
- 6.2 To date, it is reported that a total of 14,609 jobs and 20,835 dwellings have been completed through LGF investment, as shown in Table 3 below. This is relative to the 78,000 jobs and 29,000 homes which SELEP committed to deliver through its Growth Deal by 31<sup>st</sup> March 2021. It is likely that the output and outcomes will continue to increase through the remainder of the Growth Deal, as projects progress to completion and given the time lag between investment taking place and benefit realisation.
- 6.3 Work is underway to ensure that where project benefits have started to be realised, these are reported to SELEP and Central Government. As part of the SELEP Delivery Plan, annual forecasts have been agreed for the number of jobs and houses which are expected to be delivered within each financial year. SELEP will track progress against these targets. The creation of new jobs through LGF investment is proving more challenging to monitor as methods of collecting this data are more resource intensive.
- 6.4 In 2019/20 financial year, it is expected that 12,661 jobs and 5,223 houses will be delivered as a result of LGF investment across the SELEP area. Limited progress has been reported to SELEP against the target number for jobs and homes to be delivered in 2019/20. This may be in part due to housing completion figures being made available by district authorities on an annual basis following the completion, rather than the quarterly basis sought by central government and therefore SELEP.
- 6.5 There is also a risk, as a result of the uncertainty around Brexit, that private sector investment decisions may be deferred and as such, there may be delays to the benefits of LGF investment being realised.

**Table 2 Project Outputs Reported to Date**

	To date			Forecast in 2019/20		Total forecast through delivery of the LGF programme	
	Jobs	Homes	Other outputs	Jobs	Houses	Jobs	Houses
East Sussex	1,376	1,841	0.5km of newly built road and 3km of new cycle route built	2,350	409	4,916	2,708
Essex	11,451	13,600	3.6km resurfaced, 3.8km newly built road, and 13km of new cycle route built	3,554	1,950	52,817	46,300
Kent	169	3,094	7.0km of road resurfaced, 1.2km of newly built road and 18.6km of new cycle route built	5,670	1,177	25,197	23,454
Medway	1,433	1,144	1.145km of road resurfaced and 13.6km of new cycle route built	867	1,616	19,057	9,905
Southend	0	1156	3.432km of road resurfaced, 0.626km of newly built roads and 0.408km of new cycle route built	0	0	3,864	5,346
Thurrock	180	0	3.75km off-carriageway new cycle/shared use paths, 0.995km of on-carriageway cycle way, 7.5km of footways to off-carriageway cycle/shared used paths.	220	71	20,547	6,859
<b>Total</b>	<b>14,609</b>	<b>20,835</b>		<b>12,661</b>	<b>5,223</b>	<b>126,398</b>	<b>94,572</b>

## 7. Deliverability and Risk

7.1 Appendix 1 sets out a delivery update and risk assessment for all projects included in the LGF programme, as summarised in Table 2 below. A score of 5 represents high risk whereas a score of 1 represents low risk.

7.2 The risk assessment has been completed based on the following three parameters, in accordance with the reporting to the Ministry for Housing, Communities and Local Government (MHCLG):

7.2.1. **Delivery** – considers project delays and any delays to the delivery of project outputs/outcomes. SELEP has considered the delay between the original expected project completion date (as stated in the project business case) and the updated forecast project completion date.

To ensure consistency with MHCLG guidance on the assessment of LGF project deliverability risk, all projects with a great than 3 month delay are shown as having a risk of greater than 4, unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.

7.2.2. **Financial** – considers changes to project spend profiles and project budget. SELEP has considered the certainty of match funding contributions, and changes to spend in 2019/20 between the planned spend (agreed with the Board at the outset of the financial year) and the updated spend forecast for 2019/20).

7.2.3. **Reputation** – considers the reputational risk for the delivery partner, local authority and SELEP

**Table 3 LGF project delivery, financials and reputational risk (5 high risk, 1 low risk)**

Score	Delivery	Financials	Reputation	Overall
5	10	10	2	5
4	13	8	5	9
3	9	16	12	21
2	13	9	16	22
1	62	64	72	50
<b>Total</b>	<b>107</b>	<b>107</b>	<b>107</b>	<b>107</b>

7.3 Five projects have been identified as having a high overall ‘red’ project risk (overall risk score of 5).

7.3.1 **A28 Chart Road, Kent**

The delivery of the A28 Chart Road scheme in Ashford is currently on hold following the failure of the developer to provide the security bond required for Kent County Council to forward fund the delivery of the scheme. At the last meeting of the Board, the Board agreed to reallocate the unspent LGF allocation to this project. This funding has been reinvested through the LGF3b process. The project remains under review to ensure that the £2.756m<sup>1</sup> LGF spend on the project to date remains a capital cost.

7.3.2. **A28 Sturry Link Road, Kent**

The developer contributions towards the delivery of the project have not yet been secured. The planning applications, for the residential development sites that are due to financially

<sup>1</sup> The total reported spend on the project has reduced from £2,756,409 (as reported to the Board in Sept 2019) to £2,756,283



contribute to the project, are due to be considered by Canterbury City Council planning committee over the next few months. The planning application for the construction of the LGF funded part of the link road is also due to be considered by KCC planning committee in December 2019 or January 2020.

LGF spend on the project has been placed on hold until the local funding contributions to the projects have been confirmed. On the 15<sup>th</sup> November 2019, the Accountability Board agreed that if satisfactory progress has not been made towards securing the full funding package, planning consent for the project and planning consent for the developments due to financially contribute to the project by the 14<sup>th</sup> February 2020, the Board will be asked to consider the reallocation of the LGF award to the project.

### 7.3.3. **Thanet Parkway, Kent**

In April 2019, the Accountability Board approved the award of £14m LGF to Thanet Parkway project, subject to confirmation from Kent County Council S151 officer that the total project cost does not exceed £27.65m and that all the funding has been secured to enable the delivery of the project.

An increase to the total project cost has been identified through the completion of the Network Rail Governance for Railway Investment Projects (GRIP) Stage 4: Single Option Development to £34.513m. This increase in project cost is primarily due to the inclusion of upgrades to a level crossing which is adjacent to the new railway station within the total project cost.

Kent County Council has set out a proposed funding package to meet the increase in project cost. This is due to be considered by Kent County Council Cabinet on the 2<sup>nd</sup> December 2019. Work is also underway in parallel to reduce the project cost and challenge the inclusion of the level crossing within the scope of the project.

On the 15<sup>th</sup> November 2019, the Accountability Board agreed that if the full funding package required to meet the increased total project cost cannot be confirmed by 14<sup>th</sup> February 2020, the current LGF allocation to the Project may be reallocated to Projects included on the LFG3b single pipeline.

### 7.3.4 **Innovation Park Medway (Phase 2)**

There are various phases of this project which have been supported through LGF investment. Phase 2 will deliver site enabling infrastructure works to support the development of the Enterprise Zone site as per the Masterplan.

The Masterplan and Local Development Order (LDO) have been developed and have been consulted on by Medway Council but concerns have been raised by Highways England which has prevented the adoption of the LDO to date. Specifically, Highways England's interest in the project relates to the impact of the Innovation Park on M2 Junction 3.

A series of meetings have been organised between Medway Council and Highways England to consider their concerns. If the issues relating to the adoption of the LDO can be quickly addressed, it is expected that construction works will commence on start on site in April 2020 and that Phase 2 of the project can be delivered within the SELEP growth deal period ending 31st March 2021.

On the 15<sup>th</sup> November 2019, the Accountability Board agreed that a further update report must be provided to the Board in February 2020, to either consider the award of funding to the Project or consider reallocation of the £1.519m LGF through the LGF3b process.

### 7.3.5 **A13 Widening, Thurrock**

The Board has previously been made aware of the cost increase to the project and the likely delays beyond the previous expected completion date. An external audit of the project has been completed. Thurrock Council has subsequently retained the advice and support of the auditors to help resource the project and implement the recommendations of the audit. The initial findings of the external audit report identified some additional risks to the timescales for the delivery of the project. These delays will have implications for the total cost of the project, which is still being considered by Thurrock Council.

In September 2019, the Board were made aware of an additional £8.492m LGF which the Department for Transport intend to transfer to SELEP as an un-ringfenced grant. The Board agreed that the additional LGF should be allocated to the A13 widening project to help meet the increase in costs for the project.

In an updated grant condition letter, received by SELEP on 16<sup>th</sup> October 2019, the DfT have revised this figure to £8.942m.

The Board is asked to **agree** that a further £450,000 LGF should be allocated to the A13 widening project. If agreed, this will increase the total LGF allocation to the A13 widening project to the total £75m LGF originally identified for the project within the original 2014 Growth Deal.

Alternatively, the Board may wish to allocate the additional £450,000 to the next project on the LGF3b pipeline as set out in Table 1.

Should the Board agree the increase in LGF allocation to the Project, this is subject to the following three conditions:

- 1) A funding decision by the Accountability Board;
- 2) The Accountability Board being satisfied that the full funding package is in place to complete the delivery of the Project; and
- 3) The Accountability Board being satisfied that the Project continues to present high value for money.

## **8 Growing Places Fund (GPF)**

8.1 In addition to the LGF programme, SELEP also operates a £49.21m GPF capital loan fund programme. To date, GPF has either been invested or allocated for investment in a total of 21 capital infrastructure projects, as detailed in Appendix 2.

8.2 GPF repayments have been made from a number of projects, with £17.672m having been repaid to date and a further £9.523m expected to be repaid in 2019/20. The amount of GPF expected to be repaid in 2019/20 has reduced relative to the £10.024m GPF expected to be repaid at the last meeting of the Board, as a result of a revised repayment schedule for North Queensway as set out in 9 below.

- 8.3 Whilst some of this funding has already been invested through GPF Round 2, launched in 2017, there is expected to be sufficient GPF available by the end of 2019/20 to commence a new call for GPF projects. In September 2019, the Board agreed the process for the reinvestment of GPF in new projects. Work is currently underway for Federated Board's to prioritise projects which meet the eligibility criteria for GPF investment.
- 8.4 Based on the updated amount of GPF to be repaid in 2019/20 and the payments due to be made in 2020/21 for projects which are already allocated GPF, it is expected that £20.723m GPF will be available for reinvestment as part of GFP Round 3 between 2020/21 and 2021/22 (as set out in Table 4 below).
- 8.5 The amount of GPF available for reinvestment will remain under review. Risks have been identified to the repayment of GPF for the Eastbourne Fisherman's Quay project, Innovation Park Medway and Workspace Kent, due to project delays. The impact of these project delays will be monitored by the SELEP Secretariat and Accountability Board. If required, revised repayment schedules will be brought to the Accountability Board for consideration in February 2020.
- 8.6 A risk to the delivery of Discovery Park GPF project has previously been identified. The project was allocated £5.3m in 2014 but the delivery of the project has not progressed because of changes in land ownership and challenges in securing planning consent for the site. At the last Accountability Board meeting, the Board agreed an extension until the 31<sup>st</sup> March 2021 for legal agreements to be put in place between Kent County Council and the third party project promoter.
- 8.7 The project promoter has subsequently confirmed that they no longer wish to proceed with the loan. As such the £5.3m GPF will be returned to SELEP in full in 2019/20. This will increase the estimated amount of GPF available for investment through GPF Round 3, from £20.723m to £25.228m, as set out in Table 4 below.
- 8.8 Whilst the amount of GPF available for reinvestment has increased, it is intended that the maximum amount of GPF that each Federated Board can bid for will remain capped at £20.723m, as some Federated Board's have already met to consider their priorities for GPF investment.

**Table 4 Amount of GPF available for reinvestment through GPF Round 3 (£m)**

	2019/20	2020/21	Total
GPF funding available (opening balance minus committed GPF payments for existing project)	8.323		
Expected repayment to SELEP	15.323	6.034	21.357
Delayed repayment for North Queensway	-0.500	0.500	
GPF available for investment	23.146	6.534	29.680
<b>GPF available with 15% discount applied</b>	<b>19.674</b>	<b>5.554</b>	<b>25.228</b>

## 9 North Queensway GPF project

- 9.1 The £1.5m GPF investment in the North Queensway project has been used to fund junction improvements and preliminary site infrastructure works to prepare the site for commercial/industrial development. The GPF funded aspects of the project have been delivered, the GPF has been invested in full and £1.0m GPF has been repaid to SELEP. However the repayment of the remaining £500,000 remains outstanding.

- 9.2 In March 2017, the Accountability Board agreed a revised repayment schedule for the project, to delay the repayment of the remaining £500,000 from 2016/17 to 2017/18. This was due to the commercial development at the site not having come forward at the expected rate, to provide repayments on the GPF loan. At that time, a risk was identified that further delays to the GPF repayment may occur until the commercial space is delivered to provide the revenue stream to repay the loan. This risk did materialise, and in February 2018, the Accountability Board were asked to delay the GPF repayment to 2019/20.
- 9.3 When the project was considered in February 2018, it was agreed by the Strategic Board that *“where delays are identified to a project’s GPF repayment schedule on more than one occasion, this should be brought to the attention of the Strategic Board prior to the recommendation being made to the Accountability Board for approval of any further slippages”*.
- 9.4 A further delay to the repayment of the final £500,000 has subsequently been identified. The development of the site has been delayed as a result of challenges in securing planning consent for the commercial development due to concerns raised by statutory consultees; particularly in relation to drainage issues. Whilst there is high demand from third party developers and occupiers, the challenges in securing planning consent has deterred private sector investment in the site.
- 9.5 Sea Change Sussex, as the delivery organisation for the project, is therefore intending to carry out further site enabling works. This will provide additional infrastructure to address these challenges to enable stalled sales to progress. These infrastructure works include the installation of a pumping station and provision of mains drainage, water and electricity supplies to the site.
- 9.6 Sea Change Sussex are currently working with the utility companies in respect of finalising capacities/costings, with a view to go out to tender for the works by the end of December 2019 and to start on site for the services works in early 2020. It is anticipated that the programme for the services works will be a maximum of 6 months.
- 9.7 This additional infrastructure investment is being prioritised by Sea Change Sussex from their own reserves. Sea Change Sussex is also now taking forward a planning application for 4,000m<sup>2</sup> of industrial accommodation on part of the site to help accelerate the process. This will enable Sea Change Sussex to either sell off development plots, as originally envisaged, sell completed buildings or generate rental income to make the final GPF repayment.
- 9.8 As additional time is required to complete these further infrastructure works at the site, a request has been brought forward to delay the repayment of the final £500,000 from 2019/20 to 2020/21. Negotiations for the sale of the development plots will be carried out in parallel with these drainage and electrical works to enable plot sales to be concluded once the works have been completed. As such, Sea Change Sussex consider the repayment of the final £500,000 instalment, at the end of 2020/21, to be currently achievable with present market conditions.
- 9.9 As the commercial space has not been developed at the pace originally expected within the application to SELEP, the impact of the project in creating new jobs has also been delayed. Demand for the commercial space at North Queensway is high, and Sea Change Sussex has received interest from over 40 companies who are seeking industrial premises in the area. As such, the project benefits are still expected to be delivered, but at a slower pace than originally expected.

9.10 The delay to the North Queensway GPF repayment will reduce the amount of GPF available for reinvestment in 2020/21 but increase the amount available in 2021/22. As such there will be no net impact on the total amount of GPF available for reinvestment through GPF Round 3.

9.11 The Board is reminded that Sea Change Sussex has a strong track record for delivery, and securing occupation of the commercial units that have been thus far funded through our GPF programme. Both the Bexhill Business Mall (now Glovers House) and Priory Quarter, Hastings have been developed, occupied, disposed of and the resulting £13m has been repaid into the revolving fund, enabling the delivery of important projects elsewhere in SELEP.

**Table 4 – North Queensway Revised repayment schedule (£m)**

	Repaid to date	2016/17	2017/18	2018/19	2019/20	2020/21	Total
<b>Original</b>	1.000	0.500					1.500
<b>Revised Mar 2017</b>	1.000		0.500				1.500
<b>Revised Feb 2018</b>	1.000				0.500		1.500
<b>Updated Nov 2019</b>	1.000					0.500	1.500
<b>Movement (between Feb 2018 and Nov 2019)</b>					-0.500	0.500	

## 10 Update on existing GPF projects

10.1 A deliverability and risk update is provided for each GPF project in Appendix 2. Ten GPF projects have now been completed, with the benefits of investment starting to be realised. It is reported that 1,740 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 5 below.

10.2 Additional benefits are expected to be delivered through the completion of the remaining GPF projects and through the follow-on investment which has been unlocked through the infrastructure delivered with GPF investment. It is expected in many cases that there will be a time lag between spend of the GPF investment and benefit realisation due to the use of the GPF funding to enable wider development at the project location.

10.3 A RAG rating is being used to assess how the completed projects are progressing towards delivering the jobs and homes outcomes stated within the Business Case. To date, it can be seen that the Parkside Office Village project has exceeded the number of jobs stated within the project Business Case, and that the Charleston Centenary project has met the forecast jobs figure for the project.

10.4 North Queensway and the Centre for Advanced Engineering projects have both been completed, however, no job outcomes have been reported to date. It is understood that the jobs figures for both projects are still being calculated.

10.5 There are also a number of completed projects which are demonstrating progress towards meeting the outcomes defined in the Business Case but have not yet reached the forecast, including Harlow West Essex and Sovereign Harbour.

10.6 The No Use Empty Commercial project continues to make good progress towards delivery of the benefits outlined in the project Business Case. To date 13 jobs have been created (of the 16 forecast in the Business Case) and 13 homes have been delivered (of the 28 forecast). In addition, it has been noted in the latest GPF reporting that 15 commercial units have now been contracted to be brought back into use. This significantly exceeds the forecast of 8 commercial units which was set out in the Business Case.

10.7 These RAG ratings will be updated in advance of each Board meeting, based on the GPF project update reports submitted by local areas.

**Table 5 - Monitoring of GPF project outcomes**

Name of Project	Outcomes defined in Business Case		Outcomes delivered to date		Variance	
	Jobs	Houses	Jobs	Houses	Jobs	Houses
Round 1 GPF Projects						
Priory Quarter Phase 3	440	0	240	0	-200	0
North Queensway	865	0	0	0	-865	0
Rochester Riverside	1004	374	25	94	-979	-280
Chatham Waterfront	211	159	0	0	-211	-159
Bexhill Business Mall	299	0	98	0	-201	0
Parkside Office Village	127	0	270	0	143	0
Chelmsford Urban Expansion	600	4000	0	919	-600	-3081
Grays Magistrates Court	200	0	183	0	-17	0
Sovereign Harbour	299	0	214	0	-85	0
Workspace Kent	198	0	116	0	-82	0
Harlow West Essex	4,000	1,200	390	200	-3610	-1000
Discovery Park	130	250	0	0	-130	-250
Live Margate	0	66	0	37	0	-29
Round 2 GPF Projects						
Colchester Northern Gateway	81	450	0	0	-81	-450
Charleston Centenary	6	0	6	0	0	0
Eastbourne Fisherman	4	0	0	0	-4	0
Centre for Advanced Engineering	56	0	0	0	-56	0
Fitted Rigging House	300	0	185	0	-115	0
Javelin Way Development	311	0	0	0	-311	0
Innovation Park Medway	307	0	0	0	-307	0
No Use Empty Commercial	16	28	13	13	-3	-15
<b>Totals</b>	<b>9,454</b>	<b>6,527</b>	<b>1,740</b>	<b>1,263</b>	<b>-7714</b>	<b>-5264</b>

\*Variance is the difference between the expected outcomes stated in the Business Case and those delivered to date

Key:

	Projects which have been completed and which have delivered the jobs or homes outcomes as defined in the Business Case.
	Projects which have been completed and which have shown some progress towards delivering the jobs or homes outcomes as defined in the Business Case.

	Projects which have been completed but which have not yet shown any progress towards delivering the jobs or homes outcomes as defined in the Business Case.
	Projects which are ongoing/yet to start and would therefore not be expected to be delivering jobs and homes outcomes in line with the figures defined in the Business Case.

## 11 Accountable Body Comments

- 11.1 All funding allocations that are agreed by the Accountability Board are dependent on the Accountable Body receiving sufficient funding from HM Government. LGF Funding allocations for 2019/20 have been confirmed, however, funding for future years remains indicative.
- 11.2 Government has made future LGF funding allocations contingent on full compliance with the revised National Local Growth Assurance Framework. Allocations are also contingent on the Annual Performance Review of SELEPs LGF programme by Government and assurance from the Accountable Body's s151 Officer that the financial affairs of the SELEP are being properly administered.
- 11.3 A key assessment made in the Annual Performance Review is effective delivery of the Programme; it is noted that there was a high level of slippage from 2018/19 into 2019/20 totalling £57.799m; in addition, slippage of in excess of £22.766m is already reported into 2020/21. This creates a risk to delivery in the remaining 16 months of the programme. To mitigate this risk, the Board has previously agreed criteria to enable LGF to be allocated to Projects for spend after March 2021 where those criteria are met; Government officials have indicated that they are satisfied with this approach.
- 11.4 LGF is transferred to the Partner Authority through a Funding Agreement or a Service Level Agreement. The Funding Agreements set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 11.5 ECC, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 11.6 Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.
- 11.7 With respect to the GPF programme, each project awarded GPF is required to enter into a credit agreement with the Accountable Body. This sets out the terms and conditions of the GPF loan and the schedule upon which repayments against that loan must be paid.
- 11.8 It is noted that delivery of outcomes for both the LGF and GPF programmes remain behind targets set out in the Growth Deal and the Board is advised to continue to seek updates in this respect, as part of its role in monitoring delivery of the Growth Deal and to identify opportunities for lessons learnt to inform future investment and delivery of the SELEP strategies.

## 12 Appendices

- 12.1 Appendix 1 – LGF project update
- 12.2 Appendix 2 – GPF project update

### **13 Background reports**

#### 13.1 Accountability Board Agenda Pack 15<sup>th</sup> November 2019

Author: Rhiannon Mort  
Position: SELEP Capital Programme Manager  
Contact details: [Rhiannon.Mort@southeastlep.com](mailto:Rhiannon.Mort@southeastlep.com), 07917 650933  
Date: 18<sup>th</sup> November 2019



## Item 7: Social Enterprise Prospectus

### 1. Purpose

1.1 The purpose of this report is to seek endorsement from the Strategic Board (the Board) of Social Enterprise Prospectus.

### 2. Recommendations

2.1 The Board is asked to note and formally endorse the Social Enterprise Prospectus.

### 3. Background

3.1 The Social Enterprise Working Group (the Working Group) was formed to ensure there is a voice for the social enterprise sector and to provide a platform for social enterprise to build momentum and a network across the South East.

3.2 The Working Group commissioned the development of a prospectus to help define the social enterprise sector, identify its opportunities and act as an evidence base for future funding and investment.

3.3 The Working Group has been working with partners at a local level to promote the findings of the Prospectus, with a view to delivering formal launch events across the federated areas in early 2020.

### 4. The Social Enterprise Prospectus

4.1 The Social Enterprise Prospectus (the Prospectus) promotes the importance of social enterprise as a sector that not only promotes social value, but as a significant business sector in its own right, contributing in excess of £2.3 billion to the local economy.

4.2 The Prospectus sets out the central aspiration for the South East to be recognised as the capital of social enterprise. It sets out the scope and opportunities of the sector, presents case studies that illustrate its range and value, presents consultation findings and reviews provision to assess what support is required for social enterprises to flourish, and presents the following seven priorities for the sector:

1.1.1 Providing a wide range of business support;

1.1.2 Coordinating information on the sector;

1.1.3 Promoting networking opportunities;

1.1.4 Engaging the procurement and commissioning agendas;

1.1.5 Encouraging access to suitable finance;

1.1.6 Improving promotion of the sector;

1.1.7 Measuring social impact.

4.3 There is also an associated Research Appendices which contains supporting information on the wider context, primarily focussing on information relating to the inclusive economy, related strategies and

what it means to be a social enterprise. It is envisioned that this will be periodically updated with further supporting information and case studies as and when it becomes necessary.

4.4 There is no SELEP budget associated with this prospectus.

4.5 Implementation Plan

4.5.1 The Working Group has begun work on an Implementation Plan linked to the priorities for the social enterprise sector outlined in the prospectus but is awaiting SELEP endorsement of the prospectus before exploring detailed implementation.

4.5.2 It is intended that the Implementation Plan will define how progress is monitored against the priorities in the prospectus and the Working Group is in the process of producing a draft action matrix to define potential work over the next calendar year.

4.5.3 The Implementation Plan will also define when stakeholders will be updated, including when there will be updates to the Strategic Board on progress against the prospectus objectives.

**5. Accountable Body comments**

5.1 There are no comments from the Accountable Body on this report.

**6. Background Documents**

6.1 Appendix A: Social Enterprise Prospectus

6.2 Appendix B: Social Enterprise Research Appendices

Author: Alexander Riley

Position: Programme Manager

Contact details: alexander.riley@southeastlep.com

## Item 8: Update on Transport for the South East and Transport East

### 1. Purpose of Report

- 1.1. The purpose of this report is to provide the Strategic Board (the Board) with an update on activities being led by Transport for the South East (TfSE). Specifically, this report seeks the Board's input into the SELEP consultation response to the TfSE Draft Transport Strategy (the Strategy).
- 1.2. The Strategy has not yet been considered by all the TfSE constituent authorities within the SELEP area through their own governance processes. As such, the Board is asked to provide their initial views on the Strategy but to agree that the final response can be approved by the SELEP Chair prior to the 10<sup>th</sup> January 2020 deadline.

### 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. Agree to delegate authority for the SELEP Chair to approve the final version of the consultation response to be submitted by 10<sup>th</sup> January 2020
  - 2.1.2. Discuss the vision and priorities set out in the Strategy, to inform SELEP's response to the consultation.
  - 2.1.3. Provide any further comments on the Strategy to SELEP Secretariat by 3<sup>rd</sup> January 2020 to be considered as part of SELEP's consultation response.
  - 2.1.4. Discuss the extent to which the TfSE Transport Strategy should inform future investment decision making for transport projects in the TfSE area.
  - 2.1.5. Note the progress update on Transport East's Transport Strategy.

### 3. Sub National Transport Bodies

- 3.1. As part of the devolution agenda, Government introduced legislation for the development of Sub National Transport Bodies (STB), within the Local Transport Act 2008. Since then, several STBs have emerged with Transport for the North being the first STB to achieve statutory status in April 2018.
- 3.2. The STBs developing across the SELEP area extend beyond the SELEP geography and includes two STBs; **TfSE** (covering Kent, Medway, East Sussex, Brighton & Hove, West Sussex, Surrey, Hampshire, Isle of Wight, Southampton, Portsmouth and Berkshire Local Transport Body) and **Transport East** (covering Essex, Southend-on-Sea, Thurrock, Norfolk and Suffolk and observed by Bedford, Cambridge, Hertfordshire, Peterborough).
- 3.3. Both TfSE and Transport East are currently set up as informal partnerships, but TfSE is currently progressing towards seeking statutory status from Government. The Board has previously considered TfSE's proposal to government for statutory status and an update is provided on this in section 7.



#### 4. Transport for South East (TfSE) Area

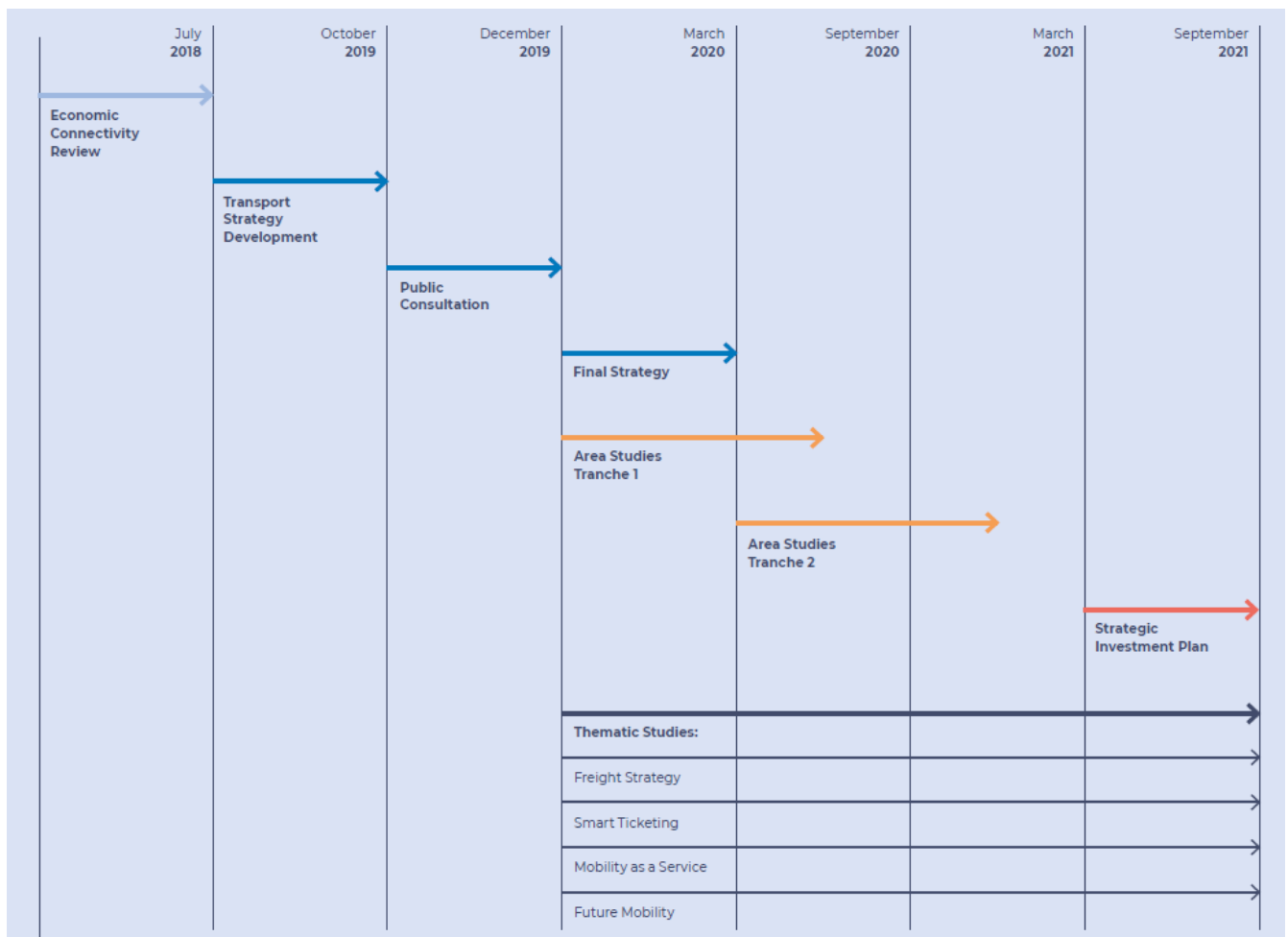
Figure 1 TfSE geography



- 4.1. The five LEP's across the TfSE area are represented on the TfSE Shadow Partnership Board by two co-opted LEP Board members. These two LEP seats are currently held by representatives from Enterprise M3 and Coast to Capital but there is opportunity to rotate the LEP representation. Christina Ewbank, from Team East Sussex (TES), is identified as an alternate if one of the other two named LEP board members are unable to attend. SELEP is also represented on the TfSE Transport Forum (a wider group of stakeholders) by Clive Soper (FSB).
- 4.2. TfSE has been successful in bringing together partners, from local authorities and LEPs, with the overall mission to grow the South East's economy by delivering a quality, integrated transport system that makes the region more productive and competitive and improves the quality of life for all whilst protecting the environment.
- 4.3. TfSE has attracted attention from central government, which helped secured a £1m grant from the Department for Transport to support the development of the transport strategy in 2018/19. A further £500,000 was award to TfSE in May 2019 to take forward a technical work programme.
- 4.4. Work has quickly progressed on the development of the Transport Strategy for the TfSE area. The first stage of this work was the development of an Economic Connectivity Review, which was the first step towards the development of the Strategy. This is supported by a suite of technical documents including:
  - 4.4.1. Freight, Logistics and International Gateways
  - 4.4.2. Smart and Integrated Ticketing
  - 4.4.3. Future Transport Technology

- 4.4.4. Strategic Policy Context
  - 4.4.5. Relationship between the South East and London
  - 4.4.6. Funding and Financing Options
  - 4.4.7. Potential Impact of Brexit; and
  - 4.4.8. Integrated Sustainability Appraisal
- 4.5. An initial draft of the TfSE Transport Strategy has now been produced and is being consulted on by TfSE until 10<sup>th</sup> January 2020.
- 4.6. The Strategy itself sets the overarching vision but does not seek to prioritise specific transport interventions as part of the scope of the Strategy. Further work is planned by TfSE to take forward the implementation of the Strategy through a series of area studies and through the development of a Strategic Investment Plan. This will be supported by further thematic studies, including a Freight Strategy, Smarter Ticketing, Mobility as a Service and a Future Mobility Study. The timescales for these follow-on areas of work are set out in Figure 2 below.

**Figure 2 – Timescales for future studies**



## 5. Consideration by SELEP

- 5.1. In SELEP's response to the consultation, it is advised that SELEP should respond with strong support for the Strategy.
- 5.2. The Strategy provides a well-developed evidence-based and integrated approach to strategic transport planning; covering environmental, social and economic issues and opportunities. It presents a balanced approach to tackling constraints on the network and improving strategic connectivity to our Ports and International Gateways, whilst setting a vision for a more sustainable future in the medium to long term (up to 2050).
- 5.3. The Strategy aligns well with SELEP's Economic Strategy Statement (Smarter, Faster, Together), the Tri-LEP Energy Strategy and the emerging themes of SELEP's Local Industrial Strategy (LIS).
- 5.4. SELEP officers and Board members have been engaged through the process of developing the Strategy. The Strategy has been developed with extensive engagement with stakeholders through a series of workshops involving local authority officers, transport operators, business representatives, special interest groups and transport user groups.
- 5.5. The launch of the consultation period for the Strategy has been publicised through a series of launch events. One of which was held at Canterbury Christ Church University in October 2019. The feedback received from these events has been positive and indicates that the Strategy has been well received by stakeholders across the area.
- 5.6. The Strategy is not due to be finalised until April 2020, but opportunities are being sought to utilise the information and evidence prepared through the Strategy within SELEP's own LIS. From the work which has been undertaken in developing the LIS and the supporting evidence base there are cross cutting issues and opportunities identified with the Strategy.
- 5.7. It is expected that local authorities will provide individual responses to the consultation on the detail of the Strategy and to consider the implications for transport and land use planning at a local level. As such, it is proposed that SELEP's consultation response should focus on the aspirations, vision and goals of the strategy and to consider how the Strategy may influence SELEP's own investment decision making in relation to transport infrastructure.
- 5.8. Some initial draft SELEP officer comments have been set out in section 6 below, following the structure of the consultation document response form.
- 5.9. Board members, particularly local authority members, may not yet have considered the Strategy through their own governance processes. At this stage, the Board is therefore asked to provide some initial views on the Strategy, to help develop SELEP's response to the consultation. The Board is asked to agree to delegate authority for the SELEP Chair to approve the final version of the SELEP consultation response, to reflect Board member views.
- 5.10. Board members are asked to feed in any comments on the Strategy to the SELEP Secretariat by the 3<sup>rd</sup> January 2020 for consideration as part of SELEP's consultation response.

## 6. Transport Strategy

- 6.1. The draft consultation document is available on the [TfSE website](#). A high-level summary of the structure and content of the Strategy is provided below, along with SELEPs draft comment to be included as part of the consultation response.

### Section 1 – Context

- 6.2. Section 1 sets out the context for the development of the Draft Transport Strategy. It provides an overview of the role of TfSE and how TfSE have worked in partnership with key stakeholders to develop a shared 2050 vision for the South East. It explains the link between the Economic Connectivity Review that was published in July 2018 and the draft Strategy.
- 6.3. This section explains the rationale for moving away from the traditional transport planning methodology of ‘predict and provide’ to a ‘decide and provide’ approach by choosing a preferred future with preferred transport outcomes rather than responding to existing trends and forecasts.
- 6.4. This new approach proposes a shift away from the current focus on planning for vehicles to one based on providing for people and places. Instead of expanding the network to address congestion this approach would see increased investment in public transport alternatives, developing integrated land use planning policies, adopting emerging transport technologies, and adopting demand management policies. The latter would involve users paying for the mobility they consume on a ‘Pay as you Go’ basis with the potential to better manage demand across the network – using pricing mechanism and tariff structures across modes to incentivise those using all vehicle types to travel at less busy times or by more sustainable modes. The section goes on to explain the innovative ‘future demand scenario approach that was used to identify a preferred future – the Sustainable Route to Growth, and the significant economic, environmental and social benefits that this preferred future would deliver’.
- 6.5. SELEP’s consideration - The focus of the Strategy on “planning for places” and “planning for people” is a welcomed approach. ‘Communities for the future’ is identified as an emerging opportunity as part of SELEP’s developing LIS and ‘Creating Places’ is one of five main priorities within the current SELEP Economic Strategy Statement (ESS).
- 6.6. Within our ESS, the point is made that greater productivity is only useful if it improves living standards and the communities within which we live. As well as delivering ‘growth’ we need to create places to which South East residents and businesses aspire.
- 6.7. Across the SELEP geography, we will be delivering 30% of the Garden Communities housing in the UK. Our Garden Communities are leading new approaches for improved planning development and for the coordination of infrastructure investment, with some Garden Communities developing specific specialisms. This provides the opportunity for implementing best practice and sharing learning; not just with other Garden Communities but for developments at sites across the South East. As such, there is an opportunity for SELEP, Garden Communities and TfSE to continue to work at looking at ways of incorporating the principles of the Strategy, for better integration of land-use and transport planning.
- 6.8. It is important that the focus on people is also central to the vision, as users and consumers. This is reflected through the Strategy and the further work which TfSE intend to complete looking at future mobility through the Future Mobility Study.



- 6.9. A future scenario for the South East has been developed based on the following six key features, termed “Sustainable Route to Growth”. It is proposed that SELEP should respond in support of this vision for the future, which aspires for:
- 6.9.1. The South East is less reliant on London and has developed its own successful economic hubs;
  - 6.9.2. The benefits of emerging technology are being harnessed;
  - 6.9.3. Land-use and transport planning are better integrated;
  - 6.9.4. A shift away from private cars towards more sustainable transport modes;
  - 6.9.5. Targeted demand management measures, with more mobility being consumed on a ‘pay as you go basis’ and
  - 6.9.6. The transport system delivers a cleaner, safer environment

## **Section 2 – Our Area**

- 6.10. Section 2 ‘Our Area’ introduces the economic, social and environmental characteristics of the South East area. It explores the relationship between the South East and the rest of the UK, including London. It sets out the policy context for the Strategy and goes on to describe the South East’s transport networks and key transport movements. It highlights the importance of international gateways for national and international trade. This section sets out the challenges of achieving better integrated economic, spatial and transport planning in the South East.
- 6.11. SELEP Consideration -The context about our area provides a strong case for investment in the South East, which is in keeping with the evidence which has been developed as part of our own LIS evidence base. The Strategy highlighting the economic value and opportunity of the South East, with the potential to grow the number of jobs from 3.3m today to 4.3m and increase productivity from £183bn to between £450bn and £500bn Gross Value Added (GVA) per year.
- 6.12. The recognition in the Strategy of the South East region as an important international gateway resonates with the emerging themes of our LIS. Our emerging LIS and supporting evidence base also identifies the importance of the area as a global gateway as one of the strategic opportunities for our area, with transport and logistics being a major sector of employment and commercial activity.
- 6.13. The TfSE Economic Connectivity Review 2018 makes a strong case for the need for transport investment to increase productivity and identifies the severe impacts of not investing. As stated in the TfSE Economic Connectivity Review, the South East is a major area for international trade and foreign investors are attracted by excellent international connectivity, proximity to major markets, higher education and research facilities. This would be significantly undermined without a period of sustained investment in infrastructure.
- 6.14. The Strategy, in a later section, identifies the constraint and challenges in relation to accessibility to our international gateways. The infrastructure constraints for access to the Port of Dover is identified as one of eight main challenges. An amendment should be made to the Strategy to recognise the Channel Tunnel as its own international gateway. This section could also potentially be enhanced by drawing further on the evidence from the Economic Connectivity Review, as set out in 6.6 above, to make the case about the importance of connectivity to our international gateways. This would help



the economic opportunities to be understood from the Strategy, without the need to cross-reference supplementary reports.

6.15. The approach within the Strategy to consider the relationship with London and the rest of the UK is a welcomed approach. Consideration for the connectivity beyond the TfSE boundary is important, as whilst Essex, Southend-On-Sea and Thurrock falls outside of TfSE's geography, the connectivity across the SELEP will become increasingly important with the Lower Thames Crossing.

6.16. The Lower Thames Crossing is recognised in the Strategy as an opportunity for the area. It's important that the impact of the Lower Thames Crossing is fully considered as part of the next stage of work by TfSE to undertake Area Studies. The Area Studies should consider the impact of the Lower Thames Crossing on changing travel patterns across the SELEP area.

### **Section 3 - Our Vision, Goals and Priorities**

6.17. Section 3 'Our Vision, Goals and Priorities' provides an overview of the outcomes that TfSE and stakeholders seek to achieve by 2050. It sets out an ambitious vision which provides the overall direction of the Strategy, as well as goals and priorities which are key to delivering sustainable economic growth.

6.18. The TfSE vision states that:

*'By 2050, the South East of England will be a leading global region for net-zero carbon, sustainable economic growth where integrated transport, digital and energy networks have delivered a step-change in connectivity and environmental quality.'*

*'A high-quality, reliable, safe and accessible transport network will offer seamless door-to-door journeys enabling our businesses to compete and trade more effectively in the global marketplace and giving our residents and visitors the highest quality of life.'*

Key to translating the vision into more tangible actions are three strategic goals;

- improving productivity and attracting investment to grow our economy and better compete in the global marketplace;
- improving health, safety, wellbeing, quality of life, and access to opportunities for everyone; and
- protecting and enhancing the South East's unique natural and historic environment.

6.19. Expanding on this vision, the Strategy sets out a further 15 economic, social and environmental goals, as show in Figure 3 below.

6.20. SELEP Consideration - It is proposed that SELEP should respond in support of the overarching vision and the 15 strategic goals identified in the Strategy.

**Figure 3 Strategic Goals**



## Section 4 Our Strategy

6.21. Section 4 'Our Strategy' outlines how TfSE proposes to deliver its vision for 2050. Key issues and opportunities are identified across six journey types. The six journey types are:

- Radial Journeys – radiating out from Greater London
- Orbital and Coastal Journeys – along east-west corridors.
- Inter-urban Journeys – medium distance movements between economic hubs and the strategic road network
- First Mile/ Last Mile Journeys – short distance movements at the beginning or end of a journey, International Gateways and Freight Journeys
- Future Mobility Journeys – any journey type that will be facilitated by emerging technologies.

The exploration of each journey type is then followed by a summary of schemes and initiatives that could be introduced to address the issues and opportunities identified.

- 6.22. SELEP Consideration - The Strategy section of the document considers configuration of the transport network based on six different journey types, as listed in above. It is recommended that SELEP supports the approach which has been identified, subject to the amendments suggested in section 6.14.
- 6.23. Whilst it is not intended that SELEP should respond with comments for each of the challenges/opportunities within the Strategy, one cross cutting comment that SELEP may want to make relates to the cost of public transport.
- 6.24. Within the 'Local Journeys' section, one of the challenges identified is that public transport is not always affordable for everyone. This challenge rings true but does not just relate to local journeys. The issue of affordability of public transport impacts all journey types and the current pricing of public transport does not necessarily incentivize its use over the private car. This may be a point for TfSE to review and consider further when progressing the next steps towards the implementation of the Strategy.

## **Section 5 – Implementation**

- 6.25. Section 5 'Implementation' provides an overview of how the Strategy will be delivered, outlines broad priorities for interventions and sets out how key partners will be involved in the delivery of the Strategy. The interventions and timescales have been developed with the assistance of key stakeholders throughout the Strategy development process. The section goes on to describe several key performance indicators (KPIs) which will be used to monitor the progress of the Strategy. The governance structures in place to provide oversight and delivery functions of TfSE are also included. This section concludes with an overview of the future programme of studies to support the delivery of the Strategy, including the programme of area studies that will identify schemes and initiatives that will be incorporated into a Strategic Investment Plan (SIP).
- 6.26. SELEP consideration - TfSE is currently seeking statutory status, which will provide TfSE with a direct influence over the national investment decisions made by government, Network Rail and Highways England. The powers and responsibilities sought from government are intended to align and help deliver the vision set out in the Strategy.
- 6.27. The KPI's include some ambitious indicators such as 'no transport scheme or interventions result in net loss of biodiversity'. Each of the indicators are linked to the strategic goals/priorities set out in Figure 3.
- 6.28. The extent to which the Strategy is intended to influence local decision making and wider public policy discourse is not explicitly clear. However, to drive the changes required to meet the KPIs will require 'buy-in' not just from TfSE constituent authorities and LEPs but also Districts and wider stakeholders.
- 6.29. Given that the SELEP is a partner of TfSE, the Board may wish to consider the extent to which the Strategy, following adoption, should be used to inform SELEP's position in relation to future transport infrastructure investment decisions. Whilst future funding streams, such as the Shared Prosperity Fund, remain unclear, the Strategy may help provide a steer on the investment of future funding by SELEP within the TfSE area; along with SELEP's LIS.



- 6.30. As set out in 4.6, following the agreement of the Strategy, TfSE will be progressing further work towards the implementation of the Strategy through the Area Studies, Thematic Studies and the development of a Strategic Investment Plan.
- 6.31. One further potential area of work for LEPs and TfSE to collaborate on is to consider the suitability of existing approaches to the assessment and economic appraisal of specific transport projects based on the 'decide and provide' approach advocated in the Strategy.
- 6.32. Traditional approaches to the assessment of transport projects tend to focus on the benefits of a project in reducing journey time and congestion based on historic and forecast trends; the 'predict and provide' approach. Methods of economic appraisal have developed for the assessment of walking, cycling and sustainable transport interventions, but the traditional benefit cost ratio approaches generally favour interventions which tackle road congestion.
- 6.33. As such, new initiatives may be required to support investment decision making based on the 'decide and provide' approach advocated in the Strategy.

## **7. TfSE update on Statutory Status**

- 7.1. A twelve-week stakeholder consultation took place between 7 May 2019 and 31 July 2019 on TfSE's proposal to seek statutory status. A total of 96 consultations responses were received from a wide range of stakeholders, including national agencies, district and borough authorities, constituent authorities, LEPs (including SELEP), neighbouring authorities, user groups and operators.
- 7.2. The proposal has been updated to reflect the feedback and, on the 11th December 2019, the TfSE Shadow Partnership Board will be considering the updated proposal to Government for Statutory Status.
- 7.3. It is currently intended that the Strategy and the proposal to government for statutory status will be submitted to government following agreement of the Strategy by the TfSE Shadow Partnership Board; currently scheduled for April 2020.

## **8. Transport East Strategy Development**

- 8.1. Work is also progressing on the development of a Transport Strategy for Transport East. The key messages emerging from the evidence base are due to be discussed at the Transport East Summit on the 26<sup>th</sup> February 2020. It is currently expected that the draft Transport East Transport Strategy will be prepared by September 2020, but this will be kept under review and may be amended based on any policy changes from central government.
- 8.2. The overarching Transport East vision is as follows:  
  
*"Our vision is of a thriving economy for the East, with fast, reliable and resilient transport infrastructure driving forward a future of inclusive and sustainable growth for decades to come."*
- 8.3. The emerging themes and areas of focus for Transport East include global gateways, multi-centred connectivity and energized coastal communities, as set out in Figure 4 below.



**Figure 4 Transport East Themes**

<b>Global Gateways</b>	Better connected ports and airports to help UK businesses thrive and boost the nation's economy through greater access to international markets and facilitates Foreign Direct Investment (FDI).
<b>Multi-Centred Connectivity</b>	Enhanced links between our fastest growing places and business clusters; enabling the area to function as a coherent economy and improving productivity.
<b>Energised Coastal Communities</b>	A reinvented, sustainable, coast for the 21 <sup>st</sup> century which delivers on our ambition to become the UK's foremost all-energy coast, as well as a competitive visitor offer

## 12. Accountable Body Comments

12.1 There are no comments from the Accountable Body.

Author: Rhiannon Mort

Position: SELEP Capital Programme Manager

Contact details: [Rhiannon.mort@southeastlep.com](mailto:Rhiannon.mort@southeastlep.com)

## Item 9: SELEP 2018/19 Statement of Accounts

### 1. Purpose

- 1.1 The purpose of this paper is to present the audited SELEP Statement of Accounts for financial year ending 31<sup>st</sup> March 2019 to the Strategic Board (the Board) for their consideration.

### 2. Recommendations

- 2.1 The Board is asked to confirm they have considered the Statements of Accounts 2018/19.

### 3. Background

- 3.1 As an unincorporated partnership, SELEP has no formal legal identity. To allow the partnership to function, Essex County Council (ECC) acts as the Accountable Body; in this role, ECC is not able to utilise SELEP funds for its own purposes and so separate financial records are maintained on behalf of SELEP and separate Statements of Account are produced for the partnership.
- 3.2 The Statements are included in Appendix 1 of this report and have been prepared in accordance with proper practices as set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and are subjected to a full external audit. The Section 151 Officer of the Accountable Body has responsibility for the production of the Statements and the content therein.
- 3.3 The Statements for 2018/19 have been audited and the external auditor, Mr Athos Louca, has confirmed that the Statements for the year ended 31 March 2019 are prepared, in all material respects, in accordance with the financial reporting provisions. No significant difficulties were identified during the audit and there are no significant findings from the audit that the Board should be aware of.
- 3.4 The Accountability Board has responsibility and oversight of the SELEP Financial position and a full report was made to them on the provisional position for 2018/19 at their meeting on 22<sup>nd</sup> May 2019. Following the audit, this position hasn't materially changed. However, the Strategic Board are also afforded an opportunity to consider the Statements of Accounts and pose any questions they may have to the Accountable Body.

### 4. 2018/19 Accounts Summary Revenue Position

- 4.1 Table 1 details the total revenue spend by the SELEP in financial year 2018/19. In addition to the Secretariat budget, this table includes all specific revenue grants such as Growing Places Fund (GPF), Transport: Delivery Excellence, the grant from the Careers Enterprise Company to support the Enterprise Advisors and the pan LEP Energy Strategy grant.
- 4.2 At the end of the financial year, income exceeded expenditure resulting in a surplus of **£237,000**. The budgeted position was a deficit of **£385,000**, to be funded from reserves, which means there is a variance of **£622,000** against that original budgeted position.



**Table 1 SELEP Consolidated revenue position 2018/19**

	<b>Provisional Outturn £000</b>	<b>Final Budget £000</b>	<b>Variance £000</b>	<b>Variance %</b>
Staff salaries and associated costs	630	760	(130)	-17%
Staff non salaries	26	32	(6)	-20%
Recharges (incl. Accountable Body)	130	145	(15)	-10%
<b>Total staffing</b>	<b>785</b>	<b>937</b>	<b>(152)</b>	<b>-16%</b>
Meetings and admin	55	71	(16)	-22%
Chairman's allowance	20	20	-	0%
Consultancy and projects	457	610	(153)	-25%
Local Area Support	150	150	-	0%
Grants to third parties	1,235	1,588	(353)	-22%
<b>Total other expenditure</b>	<b>1,918</b>	<b>2,439</b>	<b>(521)</b>	<b>-21%</b>
<b>Total expenditure</b>	<b>2,703</b>	<b>3,376</b>	<b>(673)</b>	<b>-20%</b>
Grant income	(1,857)	(2,317)	460	-20%
Contributions from partners	(200)	(200)	-	0%
Other Contributions	(24)	-	(24)	0%
External interest received	(860)	(474)	(386)	81%
<b>Total income</b>	<b>(2,941)</b>	<b>(2,991)</b>	<b>50</b>	<b>-2%</b>
<b>Net expenditure</b>	<b>(237)</b>	<b>385</b>	<b>(622)</b>	<b>-161%</b>
<b>Contributions to/(from) reserves</b>	<b>237</b>	<b>(385)</b>	<b>622</b>	<b>-162%</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>

4.3 Table 2 summarises the use of revenue grants applied in 2018/19 and reconciles to the Grant Income line included in Table 1 above.

**Table 2 – SELEP Grants**

	<b>Provisional Outturn £000</b>	<b>Final Budget £000</b>	<b>Variance £000</b>	<b>Variance %</b>
General Grants (Secretariat Budget)	(500)	(500)	(0)	0%
<u>Specific Grants:</u>				
GPF Revenue Grant	(500)	(948)	448	-47%
Enterprise Zone - Commercial Funding	(23)	(23)	-	0%
Growth Hub	(656)	(656)	-	0%
Transport: Delivery Excellence (TDE)	(10)	(10)	(0)	0%
Careers Enterprise Company (CEC)	(125)	(88)	(37)	42%
Energy Strategy Grant	(43)	(92)	49	-53%
<b>Total Grant Income</b>	<b>(1,857)</b>	<b>(2,317)</b>	<b>460</b>	<b>-19.9%</b>

- 4.4 Table 3 below shows that the General Reserve totalled **£748,000** at the end of 2018/19; the Accountability Board agreed in May 2019 that the general reserve should have a minimum funding level of £165,000. This is to ensure that any costs of closure, should the LEP cease to function, will be covered.

**Table 3 – SELEP General Reserve**

	<b>£000</b>
Opening balance 1st April 2018	511
<b>Changes in year</b>	
Updated contribution to reserves	237
<b>Total</b>	<b>237</b>
<b>Balance at 31st March 2019</b>	<b>748</b>
Minimum value of reserve	<b>165</b>

- 4.5 The Accountability Board agreed the 2019/20 budget at their meeting of 16<sup>th</sup> November 2018. That budget includes a planned withdrawal of £400,000 from the SELEP General Reserve to meet the expected spend in this financial year, leaving a balance of £348,000 uncommitted.
- 4.6 The latest position reported to Accountability Board in November 2019 however, forecasts an underspend position at the end of 2019/20 and a reduced forecast contribution from the General Reserve of £106,000; this results in a forecast closing balance on the reserve of £642,000 by March 2020. The reasons for this movement in the forecast position are set out in the Half Year Update on SELEP Revenue Budget 2019/20 reported to Accountability Board in November 2019, included in Appendix 2. This report also agreed proposals for use of some of the accumulated reserves during 2020/21, taking the balance down to the minimum recommended amount of £165,000; this position will be subject to review at the outset of 2020/21, to take into account the final outturn reserves position at March 2020.



## 5. Grant Income

5.1 Government grants and third-party contributions are recognised as due and credited as income in the Comprehensive Income and Expenditure Statement, when there is reasonable assurance that:

5.1.1 There are no conditions for use attached to the grants or contributions, or that the Partnership has complied with any conditions that are attached to their use; and

5.1.2 The grants and contributions will be received.

5.2 Where a grant or contribution has been received, but the conditions are not satisfied, the amount will be carried in the Balance Sheet as a grant receipt in advance.

5.3 An analysis of the grants that have been credited to the Net Cost of Services within the Comprehensive Income and Expenditure Statement is as follows:

2017/18			2018/19		
Capital grants £000	Revenue grants £000	Total £000	Capital grants £000	Revenue grants £000	Total £000
<b>Department of Business, Innovation and Skills</b>					
-	656	656	-	656	656
-	28	28	-	43	43
-	684	684	-	699	699
<b>Department for Transport</b>					
-	-	-	-	-	-
-	15	15	-	10	10
10,637	-	10,637	9,747	-	9,747
10,637	15	10,652	9,747	10	9,757
<b>Careers Enterprise Company LTD</b>					
-	132	132	-	125	125
-	132	132	-	125	125
<b>Department of Communities and Local Government</b>					
-	161	161	-	500	500
-	500	500	-	500	500
-	27	27	-	23	23
69,977	-	69,977	80,387	-	80,387
69,977	688	70,665	80,387	1,023	81,410
80,614	1,519	82,133	90,134	1,857	91,991



5.4 An analysis of the grants carried in the Balance Sheet as a receipt in advance is as follows:

2017/18			2018/19		
Capital	Revenue	Total	Capital	Revenue	Total
£000	£000	£000	£000	£000	£000
<b>Department of Business, Innovation and Skills</b>					
-	92	92	-	75	75
-	92	92	-	35	35
-	92	92	-	35	35
<b>Department for Transport</b>					
-	10	10	-	-	-
19,067	-	19,067	12,794	-	12,794
19,067	10	19,077	12,794	-	12,794
<b>Department of Communities and Local Government</b>					
45,477	2,564	48,041	45,477	2,065	47,542
-	23	23	-	-	-
26,525	-	26,525	37,878	-	37,878
72,002	2,587	74,589	83,355	2,065	85,420
91,069	2,689	93,758	96,149	2,100	98,249

## 6. Local Growth Fund Grant (incl. LTP Major Projects Grant)

6.1 In 2018/19, Local Growth Fund (LGF) capital grants of £95.213m were made to SELEP to deliver the Growth Deal as agreed between the partnership and Government. A further £45.593m was carried forward from 2017/18 to be applied in year. Of the total £140.806m, £90.134m was allocated to the County Councils and Unitary Authorities in the SELEP region to invest in projects approved by the partnership's Accountability Board. The remaining £50.672m has been carried forward for application in 2019/20 and later years of the programme (see item 6 for further information on the delivery of the LGF programme).

**Table 4: Summary of LGF Grant position in 2018/19**

	Opening Balance on 1 April 2018	Grant Received	Grant Contributions to third parties	Closing Balance on 31 March 2019
	£000	£000	£000	£000
Local Growth Fund (see note below)	26,526	91,739	(80,387)	37,879
Local Growth Fund (Retained Schemes)	19,067	3,474	(9,747)	12,794
<b>Total Grant Income</b>	<b>45,593</b>	<b>95,213</b>	<b>(90,134)</b>	<b>50,673</b>

Note: The grant contribution to third parties includes £14.294m of LGF yet to be spent delivering projects; when this amount is taken into account, the total LGF closing balance at 31 March 2019 increases to £64.967m.

## **7. Growing Places Fund Grant**

- 7.1 A grant of £49m was made to the SELEP under the Growing Places Fund initiative established by the Ministry of Housing Communities and Local Government and the Department for Transport in 2011. The Growing Places Fund grant was to be used to establish a revolving infrastructure fund that could be used across the SELEP area to bring forward economic regeneration projects that have stalled.
- 7.2 A total of £5.817m of the grant was paid out in loans during the financial year in 2018/19. The total repayments made in 2018/19 totalled £9.332m.
- 7.3 For loans allocated prior to 2017, it was agreed by the Board that no interest would be charged; when the Board agreed to the second round of GPF funding in 2017/18, it agreed to the charging of interest on all new loans would be at 2% below the Public Works Loan Board rate or zero (whichever is higher). The rate is agreed at the point of the credit agreement being signed and is fixed through the duration of the agreement. To date, no interest has been applied on the GPF loans.
- 7.4 In the Accounts, the GPF loans are reflected as loans at less than market rate, known as soft loans. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the loan. Further information regarding the application of soft loans can be found on page 19 in the Statement of Accounts.
- 7.5 Further information regarding the delivery of the GPF programme is considered in agenda item 6, including details of the third round of GPF loan allocations.

## **8. Next steps**

- 8.1 The Statement of Accounts 2018/19 will be published publically on the SELEPs website and are included in Appendix 1 of this report for Board members to consider.

## **9. Appendices**

- 9.1 Appendix 1 - SELEP Statement of Accounts 2018/19
- 9.2 Appendix 2 - Half Year Update on SELEP Revenue Budget 2019/20 and Outline Revenue Budget 2020/21 – presented to Accountability Board in November 2019 (found on SELEP website)

Author: Lorna Norris

Position: Essex County Council (SELEP Accountable Body), Senior Finance Business Partner

Contact details: [lorna.norris@essex.gov.uk](mailto:lorna.norris@essex.gov.uk)

## Item 10: Greater South East Energy Hub Board

### 1. Purpose

1.1 The purpose of this report is to progress the establishment of the Greater South East Local Energy Hub (GSEEH), by agreeing to SELEP becoming a member of the GSEEH Board, which will enable the appointment of the Chief Executive as Hub Board member for SELEP.

### 2. Recommendations

2.1 The Strategic Board is asked to:

1.1.1 Agree to SELEP becoming a member of the GSEEH;

1.1.2 Delegate responsibility for final agreement of the legal documentation to the Chief Executive in conjunction with the Accountable Body;

1.1.3 Note that approval of the agreement will not enable the Chief Executive Officer to make decisions as part of the GSEEH that will create, or have the potential to create, a financial liability for either SELEP Ltd (once formed) or the Accountable Body without appropriate approvals having been sought in advance; and

1.1.4 Agree that the representation of SELEP on the GSEEH Board should be delegated to the CEO and he should represent SELEP as set out below in 4.3.

### 3. Background

3.1 The Strategic Board was previously updated on progress to establish the GSEEH at its meeting on 28<sup>th</sup> June 2019.

3.2 The GSEEH is one of five Hubs established by the Department for Business, Energy and Industrial Strategy (BEIS) to facilitate the implementation of LEP Local Energy Strategies, and is in receipt of £4.9m of grant funding from BEIS for this purpose. It is a requirement from BEIS that the Hub shall be overseen by a decision-making board of representatives from each of the eleven constituent LEPs comprising the GSEEH region. The GSEEH Board will oversee the work of the Hub and ensure that it is meeting its objectives as agreed with BEIS, as follows:

1.1.1 Increase the number, quality and scale of local energy projects being delivered;

1.1.2 Raise local awareness of opportunity for and benefits of local energy investment;

1.1.3 Enable local areas to attract private and/or public finance for energy projects;

1.1.4 Identify working model for the Energy Hub team to be financially self-sustaining after the funding period.

3.3 It has been the responsibility of Cambridgeshire Peterborough Combined Authority (CPCA), as Accountable Body for the grant funding for the GSEEH and the employer of the Energy Hub team, to establish the governance structure of the GSEEH constitution and board, which must ensure compliance with both local and national assurance frameworks applicable for all LEPs.

#### **4. Formalisation of the Greater South East Energy Hub Board**

- 4.1 CPCA has established the Greater South East Energy Hub as a sub Board of their own organisation and has invited the LEPs who are part of the wider South East to nominate members of the GSEEH Board. The members of the GSEEH Board must be able to make decisions on the allocation of funding. At the last meeting of the Strategic Board members indicated their preference for this role to be delegated to the Chief Executive Officer.
- 4.2 Given the time commitment for the GSEEH Board member, the levels of funding available and the large area over which that funding must be spread, it is still recommended that the Chief Executive be the SELEP representative on GSEEH Board.
- 4.3 It is proposed that the Chief Executive will act as a champion for projects within the SELEP area that have strategic fit with the agreed Tri-LEP Energy Strategy. If the GSEEH requires decisions that create, or have the potential to create, a financial liability for either SELEP Ltd or the Accountable Body then the Chief Executive will be required to gain approval from the appropriate governing body in advance of attending the relevant meeting of the GSEEH.
- 4.4 CPCA have constructed a Memorandum of Understanding for each LEP/Accountable Body to agree depending on legal structure. As SELEP is currently still unincorporated this will need to be agreed by the Accountable Body. It is requested that SELEP agreement of the terms of the Memorandum of Understanding be delegated to the Chief Executive Officer on the basis that the final decision to be party to that agreement will lie with the Accountable Body.

#### **5. Accountable Body Comments**

- 5.1 If the Board agree to become a formal member of the GSEEH, the Accountable Body will undertake the appropriate governance to seek approval to enter into the partnership agreement with GSEEH; This will be subject to the Accountable Body being satisfied with the terms of the final agreement.
- 5.2 A requirement of the Accountable Body is that approval of the agreement will not enable the Chief Executive Officer to make decisions as part of the GSEEH that will create or have the potential to create a financial liability for either SELEP Ltd (once formed) or the Accountable Body, without appropriate approvals having been sought in advance.

Author: Jo Simmons  
Position: Business Development Manager  
Contact details: jo.simmons@southeastlep.com

## Item 11: ERDF South East Sustainability Loan Fund 2007-13 Legacy Fund

### 1. Purpose

- 1.1 The purpose of this report is to inform Strategic Board (the Board) of some potential additional funding that the Ministry for Housing, Communities and Local Government (MHCLG) are considering making available to LEPs that cover the geography of the old South East England Development Agency (SEEDA) region – this includes Kent, Medway and East Sussex.

### 2. Recommendations

- 2.1 The Board is asked to:

- 1.1.1 Note that the potential funding could only be invested in East Sussex, Kent and Medway and could not be applied in Essex, Southend or Thurrock;
- 1.1.2 Agree to the potential investment being proposed by MHCLG in principle. Agreement to accept the funding is pending further information on the terms and conditions that may be associated with the funding and confirmation of the value of funding. Acceptance of this funding will be considered by Accountability Board in line with other specific grant acceptances;
- 1.1.3 Note that the Accountable Body would need to consent to the acceptance of funding following further information being available on the terms and conditions of the funding; and
- 1.1.4 Note the intention to bring back to the Board a proposition on how the funds will be invested in the SELEP area once terms and conditions and values are known.

### 3. Background

- 3.1 At the recent meeting of the European Structural and Investment Funds (ESIF) Committee for the SELEP area, MHCLG disclosed that there was a financial instrument that had been funded through earlier iterations of the ERDF programme which was now due to be wound up.
- 3.2 There is approximately £1.2 million of legacy funding associated with the financial instrument and MHCLG has worked to identify how this funding could be further invested in line with requirements from the ERDF 2007-2013 Programme. As the current programme is not supporting any similar financial instruments, nor have any come forward under the latest call, they are unable to re-invest into the latest programme.
- 3.3 MHCLG has identified that they could use the legacy funding to make a stand-alone investment into Growth Hubs as this would comply with requirements. MHCLG has not yet provided details on what basis this investment into Growth Hubs would be made and what terms and conditions would be put on the funding. They have however, made clear that the investment can only be made to those areas that were previously eligible to apply for support under the original project. This is East Sussex, Kent and Medway.



- 3.4 Current indicative levels of funds available and how these funds are split across the various LEPs can be found at Table 1 below.
- 3.5 Whilst full details of terms and conditions of the funding have yet to be circulated, MHCLG has provided some indicative requirements which are set out below in Annex 1.
- 3.6 The ESIF Committee was supportive of MHCLG re-investing these funds in the proposed manner. The Board is now asked to confirm that it is happy in principle with the re-investment on the basis set out in Annex 1. Further details are needed before a proposition on how the funds would be allocated to Growth Hubs and any requirements on Growth Hubs in the application of the funding, but this will be brought back to Board when MHCLG makes this detail available.
- 3.7 The funding will be paid via the Accountable Body and therefore the Accountable Body will need to be content with the terms and conditions that accompany it. It is currently unable to provide an assessment of this given the lack of detail made available. As a result, the Board is asked for agreement in principle to the investment at this time. In line with acceptance of other specific grants, approval will be sought from Accountability Board when a formal grant offer is made and the Accountable Body is content to accept on SELEP's behalf.

**Table 1 Estimated Legacy Allocations in the South East Region:**

LEP Area	ERDF Allocation €	Allocation %	Estimated Legacy allocation £
Buckinghamshire Thames Valley	€9,882,883	6.05%	£72,583
Coast to Capital	€34,429,540	21.07%	£252,861
Enterprise M3	€25,015,460	15.31%	£183,721
Oxfordshire LEP	€9,912,483	6.07%	£72,800
Solent	€21,960,778	13.44%	£161,286
South East	€47,533,610*	29.09%	£349,101
Thames Valley Berkshire	€14,657,402	8.97%	£107,648
<b>Total for the region</b>	<b>€163,392,156</b>	<b>100.00%</b>	<b>£1,200,000</b>
*The total allocation for South East LEP is €95m but Essex is not within the 2007-13 South East England region.			

**4. Accountable Body Comments**

- 4.1 The Accountable Body will review the terms and conditions of funding when they are made available by the MHCLG, and assuming that these are considered to be reasonable, will make a recommendation to Accountability Board to approve the acceptance and use of the grant.
- 4.2 Assuming acceptance of the grant, this will then be transferred to the respective delivery authority through a grant agreement that reflects any conditions that may apply.

Author: Jo Simmons  
 Position: Business Development Manager  
 Contact details: jo.simmons@southeastlep.com

## **Annex 1: Conditions in relation to the use of 2007-13 legacy funds:**

1. The Legacy Fund where possible should support 2014-20 ERDF Financial Instruments but where this is not possible stand-alone re-investment can be considered. Under Article 78(7) EU Regulation 1083/2006 resources returned to the operation from investments undertaken by funds as defined in Article 44 or left over after all guarantees have been honoured shall be reused for the benefit of urban development projects or of small and medium-sized enterprises (SMEs). This reuse refers to the first legacy investment and as this project originally supported SMEs it should be used for the same purpose.
2. A condition of this agreement is that the reinvestment is made in the same region covered by the Operational Programme area (i.e. in England: South East region.) Reference is made to page 48 of the Business Case which states as follows: - “Legacy funds generated from the loan funds will be reinvested in similar / appropriate financial instruments to meet any future market gap requirements within the region and which address similar goals with respect to the region’s ecological footprint”.
3. The fund operator should consult Local Enterprise Partnerships (LEPs) in the appropriate areas and obtain written evidence that LEPs support this as a strategic intervention. Minutes of LEP meetings can be accepted as evidence.



## Item 12: Propositions for the Local Industrial Strategy

### 1 Purpose

- 1.1 The purpose of this report is to present the Strategic Board (the Board) with recommendations on the suggested propositions to feature in the SELEP Local Industrial Strategy (SE LIS) for consideration and discussion.

### 2 Recommendations

- 2.1 The draft of the SE LIS will be presented at the January 2020 Board meeting and therefore this report is aimed at providing Board members with draft content, both in terms of the overarching strategic opportunities that the SE LIS might feature, but also reflecting other local strengths and priorities that we want highlighted as key mechanisms to increase productivity in the South East.

- 2.2 The Board is asked to:

- 2.1.1. Discuss the proposed content and provide a clear steer that will support and focus efforts in finalising the draft SE LIS. In doing so Board members are asked to consider the content in Appendix 2 and provide feedback on whether:

2.1.1.1. They agree with the three distinctive strategic opportunities that SELEP should promote to Government through the LIS, also set out in paragraph 4.5 below;

2.1.1.2. There are any key challenges or opportunities that they feel are not represented through the proposed opportunities and/or policy themes;

2.1.1.3. There are any specific local commitments or actions that they would like to see reflected in the LIS, or specific asks we should take to Government.

- 2.1.2. Note that feedback from Board members will be incorporated into the drafting of the LIS document, to be presented to the Strategic Board on 31st January 2020.

- 2.1.3. Note that the draft SE LIS will now be presented to the Board on 31<sup>st</sup> January 2020 for approval to submit to Government;

- 2.1.4. Note the engagement that has taken place with partners and stakeholders in order to feed into the content being presented in this report; and

- 2.1.5. Note the next steps to take us to presentation of the SE LIS in January 2020.

### 3. Background

- 3.1 Since June 2019, SELEP has undertaken work to build the evidence base for the SE LIS. This has included a comprehensive statistical evidence base that sets out productivity data across the SELEP area and broken down into federated areas where possible. It is being built upon with qualitative and quantitative evidence being garnered from existing strategies and plans and from the meetings and workshops that have been held with partners and stakeholders. A calendar of engagement is attached as Appendix 1.

- 3.2 Officers in the federated areas have continued to work very closely with the SELEP Secretariat to align the approach to the SE LIS with that of the Productivity Strategies that are being developed in parallel across three of the four areas; and identify the shared agenda that will get the best possible response from Government. Work is also ongoing to align the development of SE LIS with the strategies and work of existing SELEP sub groups.
- 3.3 A significant challenge for this piece of work has been around timing. Despite political changes and uncertainty, the Cities and Local Growth Unit has remained steadfast that they should be provided with a locally-agreed version of the SE LIS well in advance of the end of March 2020 deadline for completion of the co-design phase and securing agreement with Government. It is now planned that the draft SE LIS will be presented to the Board for approval on 31<sup>st</sup> January 2020.
- 3.4 The National Industrial Strategy set the scene of Government's approach to growth and productivity. This is set around five foundations – Ideas, People, Place, Infrastructure and Business Environment and four grand challenges – Ageing Society, Clean Growth, Future of Mobility and Artificial Intelligence and Data. In the Local Industrial Strategy (LIS) policy prospectus, Government made clear that each LEP should produce a LIS that builds on its distinctive strengths, challenges and opportunities in providing the local response to the national strategy.
- 3.5 The structure of the strategy itself is not a set template but, of those that have been agreed, there is a structure that has broadly been adopted and therefore clearly resonates with Government. There is an articulation of a small number of key overarching propositions and then a wider range of priorities and opportunities, set out under the five foundations. This will include clarity on the commitments that are required, from local partners and from Government, to take forward these opportunities and the impact that this action will have.
- 3.6 The overarching strategic propositions should resonate with the entire area and draw upon some of the unique strengths, assets and opportunities prevalent in the region. Under the five foundations we will set out a range of wider priorities and opportunities that may be place, sector, cluster or asset based.

#### **4 Overarching Propositions and Productivity Foundations**

- 4.1 A first draft of the SE LIS evidence base report was produced in September and provides a single comprehensive review of the SELEP economy, structured against the five foundations of productivity as set out in the national Industrial Strategy, and highlighting areas of focus that SELEP may wish to address through the SE LIS. This will continue to be a live document that will be iterated and supplemented as required throughout the development of the SE LIS. Summary findings of productivity data are available on slides 14-18 in appendix 2 (page 106 in the Appendices Pack).
- 4.2 In developing the evidence base and the subsequent propositions, the SELEP team have continued to engage interest groups and individuals throughout the process, with the federated boards and SELEP working groups engaged continuously, including through the regular Stakeholder Group and Core Group meetings. Information is also being provided to a wider audience through the SELEP newsletter and website. In addition, five dedicated engagement events have taken place during October and November, with invitations targeted to businesses, partners and individuals with an interest/expertise relevant to the thematic topic(s) being discussed at each workshop. 130 stakeholders participated in these events.

- 4.3 The SELEP team is in regular dialogue with the Cities and Local Growth Unit, who will also facilitate engagement with Whitehall departments on specific elements of the SE LIS as the process develops. In October the team met with the BEIS analyst who is assigned to work with SELEP in preparation for Government scrutiny of the evidence base and logic chains that will take place via the Local Industrial Strategy Analytical (LISA) panel. The date for the SELEP LISA panel is tentatively agreed as the 14th January 2020, and we will be sharing the LIS evidence base and logic chains with the BEIS analytical team for feedback ahead of that date.
- 4.4 As a result of the work to date, four policy themes have emerged which broadly reflect the five foundations of productivity, but within the SELEP context, considering our economic challenges and opportunities, as well as the local priorities from across the federated areas and the SELEP working groups. These four themes have been tested and refined through the engagement workshops and are proposed as:
- 1.1.1. Inclusive and sustainable communities
  - 1.1.2. Connected places
  - 1.1.3. Productive businesses
  - 1.1.4. Clean and resilient growth
- 4.5 We believe this is a beneficial structure to support the development of our priorities, interventions and asks for the SE LIS. This work is supported by ‘logic chains’, set out in Appendix 2, which are the model through which Government have asked LEPs to evidence that the action they take to address identified priorities, both links to the evidence around challenges and opportunities and will also result in the outcome/change that is required.
- 4.6 These policy themes help to underpin and highlight the distinctive strengths and strategic opportunities within the SELEP region. These strategic opportunities need to deliver a united message and ambition for the region, which speak to our distinctiveness, will have strong resonance with Government and as such, provide a compelling case for investment in our region. These are presented under three strategic LEP wide opportunities:

*UK’s Global Gateway – Our infrastructure provides key connectivity for the UK into Europe and the world. We will work with our gateways to identify how we can strengthen these locations by addressing congestion and reliability associated with transport and digital infrastructure, incl. routes to London, and how we can capitalize on this to increase international trade and enterprise for the region.*

*Communities for the Future – We will deliver 30% of the Garden Communities housing in the UK and drive design and innovation that provide communities for the future, across the region. Our developments and interventions will deliver Research & Development outcomes that will embed the future of living and work, including resident well-being, mobility, healthy ageing and sustainable energy and learn lessons and share knowledge for application to existing communities.*

*Coastal Catalyst – We will improve the economic fabric of our coastal areas to encourage private sector investment, supply chain development and job growth. We will implement programmes to increase productivity through growth of the Visitor Economy and the creative and cultural and*

*tourism sectors; capitalize on the clean energy potential of the coast and establish a new maritime sector group to maximise growth opportunities.*

- 4.7 As part of the ongoing development of the SE LEP LIS evidence base, logic chains have been developed which show the link from our local economy to the priority themes outlined in para 4.4. These are available on slides 8-11, appendix 2 (page 99 in the Appendices Pack).
- 4.8 In addition to the development of our local evidence base and priorities, SELEP have been in dialogue with the wider group of Southern LEPs, which brings together colleagues from Hertfordshire, Thames Valley Berkshire, Enterprise M3, Solent and Coast to Capital LEPs. This group is working to develop a common shared evidence base and narrative, which can articulate clearly what the Southern LEPs together bring to the national economy and how we define the relationship between the Southern LEPs and London. This work will continue to develop in parallel to our local SE LIS process, and it is anticipated that it will support SELEP's strategic opportunities, for example as the UK's global gateway, whilst helping to communicate the scale, impact and potential of the Greater South East. The Southern LEPs group, whilst in its infancy, has the longer term aim of positioning the south of England more strongly in competitive dialogue with the Midlands and the North and will be a stronger feature of our strategy work moving forward. Government, and the LEP Network, are encouraging LEPs to form groupings of this nature.
- 4.9 Our relationships with our neighbouring LEPs are an important feature of the development of the LIS. We have been talking regularly to the economics team at the GLA, continue our close working with Hertfordshire and we also remain in dialogue with New Anglia LEP, particularly in relation to shared ambitions around renewable energy and clean growth. Though determined in this context by the positioning of Enterprise Zones in the document, our relationship with Coast to Capital on issues relating to Newhaven EZ and its development remain important.

## **Next Steps**

- 4.10 SELEP will review all feedback from the federated board discussions and those which took place at this Strategic Board meeting and utilise this to help draft the strategy document.
- 4.11 Ongoing discussions with Government departments will continue as we further refine the narrative to ensure that approval by Government is as smooth a process as possible following submission. This will include review by the Local Industrial Strategy Panel (LISA), a cross Whitehall panel that assess the line of sight between evidence and propositions.
- 4.12 The Board is asked to note the planned activity between this and the next Board meeting.

## **5 Accountable Body Comments**

- 5.1 It is a requirement of the National Assurance Framework that LEPs implement a LIS, which can be published on the website, that considers the following activities:
- 5.1.1 **Strategy** - Developing an evidence-based Local Industrial Strategy that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across their area;
- 5.1.2 **Allocation of funds:** Identifying and developing investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to

improve productivity across the local economy;

5.1.3 **Co-ordination:** Using their convening power, for example to co-ordinate responses to economic shocks; and bringing together partners from the private, public and third sectors; and

5.1.4 **Advocacy:** Collaborating with a wide-range of local partners to act as an informed and independent voice for their area.

5.2 The progress on the development of the LIS was an area identified by Government as 'requiring improvement' by SELEP following the Annual Performance Review in January 2019. Following this assessment, an improvement plan was agreed with the Cities and Local Growth Unit; this was presented to Accountability Board on the 7<sup>th</sup> June. Progress on delivery of the LIS is expected to be re-assessed part of the next Annual Performance Review of SELEP in January 2020.

Author: Helen Russell and Sharon Spicer

Position: Strategy and Intelligence Managers

Contact details: [helen.russell@southeastlep.com](mailto:helen.russell@southeastlep.com),  
[sharon.spicer@southeastlep.com](mailto:sharon.spicer@southeastlep.com)