



11.00	1	Welcome and Introductions	John Spence, Chair
	2	Minutes of last meeting Board to agree minutes of the last Full Board meeting, 7 th December 2011.	John Spence
11.05	3	Growth & Enterprise i) Workstream Board to receive progress update ii) The role of universities Board to receive report and take part in discussion led by Prof Julia Goodfellow iii) Growing Places Fund Board to receive report and make decisions as to the first projects to progress to final appraisal	Nicholas Cook Prof Julia Goodfellow Patrick McVeigh & Stephen Pritchard, invited
11.50	4	Transport & Infrastructure i) Prioritisation & Modelling Board to note interim report from SKM Colin Buchanan ii) Localisation of transport funding Board to consider draft LEP response to the consultation, with a view to submitting on 2 nd April. iii) Airport Study Board to receive presentation from Parsons Brinckerhoff, detailing progress to date.	Cllr John Kent Cllr John Kent Parsons Brinckerhoff, invited
12.35	5	Workstream & Enterprise Zone updates Board to receive updates from the workstream leads and Enterprise Zone representatives on progress to date, to agree recommendations and make decisions where sought.	Workstream leads EZ representatives
12.55	6	Any other business	John Spence
13.00	7	Close & networking lunch	John Spence
		<i>The Full Board meeting is held in public</i>	

Content overview

- a. Draft notes of Full Board meeting, 7th December 2011 (item 2)
- b. Update from growth workstream (item 3i)
- c. Note on the role of universities, previously tabled at Executive Group on 10th February (item 3ii)
- d. Growing Places Fund (item 3iii) – report and project summaries supplied as separate electronic files
- e. Progress report on transport prioritisation work (item 4i)
- f. Draft LEP response to the localising transport funding consultation (item 4ii)
- g. Workstream & Enterprise Zone updates
 - i) Broadband
 - ii) Skills
 - iii) New financial instruments
 - iv) Harlow Enterprise Zone
 - v) Sandwich Enterprise Zone

Please note that updates from the coastal and rural workstreams will be shared with the Board in due course.

a. Draft notes of Full Board meeting, 7th December 2011 (item 2)



Full Board members & alternates present

1	John Spence	Chair
2	Prof Mike Alder	Federation of Essex Colleges
3	Cllr Matthew Balfour <i>for Cllr Mark Worrall</i>	Tonbridge & Malling Borough Council
4	Cllr Tony Ball	Basildon District Council
5	Carole Barron <i>for Prof Julia Goodfellow</i>	University of Kent
6	Cllr Jeremy Birch	Hastings Borough Council
7	Graham Brown	Denne Construction Ltd
8	Keith Brown	Essex FSB
9	Cllr Paul Carter	Kent County Council
10	Cllr Rodney Chambers	Medway Council
11	Nicholas Cook	Birketts LLP
12	Capt Steve Gobbi	Peel Ports
13	Derek Godfrey	East Sussex Vice Chair / Ellis Builders
14	Cllr Neil Gulliver	Chelmsford Borough Council
15	Cllr Nigel Holdcroft	Southend Borough Council
16	Douglas Horner	Trenport Investments Ltd
17	Melanie Hunt	Sussex Downs College
18	Jo James	Kent Invicta Chambers of Commerce
19	Cllr John Kent	Thurrock Council
20	George Kieffer	Essex Vice Chair / Haven Gateway Partnership
21	Cllr Peter Martin	Essex County Council
22	Brett McLean	East Sussex FSB
23	Cllr Tony Nicholson	Lewes District Council
24	Jon Regan	Hugh Lowe Farms
25	Prof Colin Riordan	University of Essex
26	Denise Rossiter	Essex Chambers of Commerce
27	Vance Rowe	West Essex Alliance
28	Tom Sanderson	General Dynamics
29	Cllr Robert Standley	Wealden District Council
30	Bridget Taylor	BT
31	Cllr David Tutt	Eastbourne Borough Council
32	Cllr Lesley Wagland	Epping Forest District Council
33	Cllr Paul Watkins	Dover District Council
34	Paul Winter	Wire Belt Co Ltd

Other attendees present

35	Adam Bryan	Essex County Council / Secretariat
36	Rupert Clubb	East Sussex County Council (for broadband workstream)
37	Barbara Cooper	Kent County Council
38	Neil Davies	Medway Council
39	Tim Ingleton	Dover District Council
40	Cllr Kevin Lynes	Kent County Council
41	Patrick McVeigh	Shared Intelligence
42	Simon Neilson	Essex County Council / Secretariat
43	Stephen Pritchard	BBP Regeneration
44	Cath Shaw	Harlow Council
45	Frazer Thompson	Kent Business Advisory Board alternate
46	Anita Thornberry	Southend Borough Council

1. Welcome and Introductions

- 1.1 JS invited introductions from around the table and commenced the meeting at 11.01.

2. Minutes of last meeting

- 2.1 Minutes of the last meeting of the Full Board, 15th June 2011, were agreed. **Action:** Secretariat to publish on the internet.
- 2.2 JS reiterated the role of the LEP in effecting economic growth. He reminded the board of its role and the importance of focusing on making a practical difference and asked members to consider workstream progress in that context.
- 2.3 JS explained that arrangements for funding a dedicated secretariat are being made subject to final agreement across the upper tier local authorities. He paid tribute to the work of the current secretariat, explaining that the LEP now requires full time staff with the authority and influence to push it forward.
- 2.4 DH declared an interest in the Sandwich Enterprise Zone and would therefore take no part in that discussion.

3. Enterprise Zones update

Harlow

- 3.1 CS updated the Board on progress being made at Harlow and asked the Board to consent to the following:
- That Harlow Council is able to use its discretionary powers to offer business rate discounts to targeted businesses moving to the Enterprise Zone – which would have an impact on the redistribution of business rates receipts elsewhere in the LEP. To progress this, CS indicated that the working group would contact Government through JS rather than return to the Board on this issue; and
 - That reasonable upfront costs currently borne by Harlow Council in the development of the Enterprise Zone are recouped by being netted off any business rate increase.
- 3.2 In the interests of giving momentum to the development of the Enterprise Zone, the Board demonstrated strong favour and approved both a. and b. above.
- 3.3 The Board reiterated its desire to see full reporting, including metrics on job creation, on progress at the Enterprise Zones at each Board meeting, given the commitment that the LEP has made. **Action:** CS to bring full plans to the next Full Board meeting, 23rd March.

Sandwich

- 3.4 PC explained that the Enterprise Zone is progressing well, that 850 sustainable jobs are being retained at Discovery Park as it stands, and that a process for a purchaser of the site is well underway.

- 3.5 The Board discussed the empty rates issue at Sandwich and broader issues around business rates at Harlow and reached the conclusion that the LEP should write to HM Treasury in advance of the 10th February Executive Group to seek clarity and adjustments where necessary. **Action:** Kent, Dover and Harlow Councils to draft a letter to HM Treasury which will be signed off by the Board by electronic procedure and submitted to HM Treasury ahead of 10th February.

4. Growing Places Fund

- 4.1 PMc summarised the key recommendations of the report on the governance and management of the Growing Places Fund.
- 4.2 After a comprehensive debate, the Board agreed the following:
- a. That, reflecting its clout and influence and to ensure the prioritisation of the best schemes, all strategic investment decisions are made by the LEP and the £32.5m allocation is *not* simply allocated evenly across the area
 - b. That the Executive Group is mandated with the responsibility of prioritising schemes at its meeting on 10th February
 - c. That delegation of investment decisions does not go beyond the Executive Group (i.e., no sub-groups are formed)
 - d. That Essex County Council be the accountable body, issuing money on a project by project basis to the relevant authority
 - e. That we achieve an optimal mix of projects through intelligent inclusion and that no schemes would be precluded, even if they had previously stalled
 - f. That, in keeping with the LEP so far, administration costs and bureaucracy around this fund would be kept to an absolute minimum, with one Fund Manager potentially being resourced.
- 4.3 The Board noted the cost of the intelligence needed to support this type of decision making as a concern. It also raised concerns on the efficacy of linking the GPF with subsidiary funds and will address this at a later date.

5. The LEP and the National Infrastructure Plan

- 5.1 GK introduced his summary of the National Infrastructure Plan, which was welcomed. JS indicated that transport will form the major focus of the upcoming Executive Group meeting, on 10th February 2012 in Thurrock.
- 5.2 NH introduced the note on existing airport capacity in the context of his suggestion that the LEP should be proactively leading the national debates around major transport investments. Establishing the capacity of the airports we currently have was described as the first step. The paper was welcomed by members and the approach agreed as the logical way forward. NH was also pointed to an existing report which examines aviation capacity in the Greater South East.
- 5.3 JS also agreed that we should do practical things in the short term to maximise the use of our existing infrastructure. He felt the debate around airports should focus firstly on how we give businesses what they need from existing capacity and secondly on the options for preserving London Hub status, where many in the business world might welcome development in our area. Away from airports, he looked for us to develop our top tier priorities as had been done already at County level.

- 5.4 JK reported on the transport workstream and explained that progress has been slowed by the DfT's delayed decision on transport consortia and the impact of the autumn statement. **Action:** JK explained that he would ensure that interested businesses were brought on board and made a firm commitment to report to the 10th February Executive Group with a record of significant progress. JS added that the workstream should be remodelled, all interested parties added to the group, and that the urgency of the hub airport debate should be noted.
- 5.5 It was noted that agreeing a set of transport priorities for the LEP is an important first step; also that supporting the development of the London Gateway Port is a priority. JK also indicated that the LEP has a seat on the new stakeholder group for the Lower Thames Crossing which it needs to occupy through this work.
- 5.6 NG noted that one scheme in Chelmsford for substantial development is being blocked by the Highways Agency and, in response to a question from the Chair, there were indications that this is a widespread issue.
- 5.7 **Action:** The Board agreed to ask the Senior Officer Group to produce a quick factual analysis of schemes which could create homes and jobs which are currently being blocked by the Highways Agency. This to be undertaken straight away and circulated back to the Board for their information and further action.
- 5.8 **Action:** In summary, JS recommended that a revised transport workstream led by Thurrock's Assistant Chief Executive, which urgently establishes priorities and options for roads, Thames crossings, rail and aviation; incorporates all necessary public and private representation; and works to a revised terms of reference, is created with a report brought back to the February Executive Group meeting. The aviation lead was mandated to Southend Borough Council, given their lead on the study (5.2, above). This approach was unanimously agreed.
- 5.9 Supplementing this, JS called for a review and possible revision of all terms of reference for each of the workstreams, agreed by workstream leads and JS personally. **Action:** JS to progress with Senior Officer Group.

6. Workstream discussions

6.1 *Thames Gateway*

JS accepted a seat on the Thames Gateway Strategic Group, its availability having been raised by PC. JS to attend in a liaison capacity where value can be added. **Action:** PC to provide the membership of the TGSG to the secretariat, to then circulate to all Board members.

6.2 *Coastal*

NH introduced progress made by the workstream and highlighted the relevance of the coastal agenda to other LEP workstreams. It was agreed that the LEP should only intervene on issues common to all or most of our coastal towns and that future work would reflect this.

6.3 *Rural*

JR reported good progress and indicated that a finalised report would be shared with the next Executive Group. There are issues to resolve around what the workstream members can solve which is not already possible; and around the focus of the group, which currently is around food and food security, but will grow to encapsulate a range of issues such as tourism, leisure, craft industries etc.

6.4 *Broadband*

RC indicated that the group will meet in January to hold a further workshop. Work to focus on activities that stimulate demand, and lobbying rather than implementing solutions or being technologically specific. Work to do in the future around the comparison of BDUK allocations and the position of broadband 'dead spots' across the LEP.

6.5 *Skills*

MA articulated strong progress and a clear agenda for the skills work, with work already underway on bidding for ESF funds and clear aims indicated around increased employability, supporting start-ups, increasing the availability of apprenticeships and working in high growth sectors. Group has champions in each area, is trying to access LEP start-up funding, and will have action plans in place for the 10th February Executive Group meeting.

6.6 In response to a question, GK talked on the management of the European Regional Development Fund (ERDF), and explained that, reporting to CLG, management of this fund is undertaken by Local Management Committees (LMCs) in the old East and South East regions. GK is already involved as Deputy Chair on the overall committee and invited an Essex representative from the LEP to join the 'East of England' LMC. **Action:** Secretariat to follow up with a note to Essex members of the LEP.

6.7 *New Financial Instruments*

JS explained that Haydon Yates (formerly of RBS) has accepted his invitation to lead this workstream. HY is due to meet with officers very shortly and convene an expert panel which would offer a granular level of expertise, a proactive education facility for councils and businesses, and a 'surgery' style offering to constituent parts of the LEP and would act as a conduit for approvals.

6.8 A Board member raised the issue of business support and whether there is a role for the LEP. **Action:** Whilst noting that the LEP cannot cover all issues and that this may well exist as 'level two' LEP activity, JS invited the Board members to send a proposal to him for his consideration.

7. **A growth and enterprise focus for the LEP**

7.1 NC explained that, in respect of his workstream, the LEP should note the extent of the comprehensive work undertaken at the local level. He suggested mapping the key growth strategies together and suggested that a contribution from the Start-Up Fund would help expedite this. Business representation would be sought as a next step.

7.2 JS introduced his paper, summarised later as supporting economic growth where it can be unconstrained. He indicated that we need a factual handle on where our growing businesses are, and that this knowledge is central to advancing this work.

7.3 CR raised the availability of Insight East in terms of providing hard-edged economic intelligence to NC's workstream and providing the statistical basis that the Board advised it would like to see. **Action:** Secretariat to put Insight East in touch with NC.

7.4 Graham Brown expressed his interest in joining the group.

7.5 **Action:** JS suggested, and the Board agreed, that NC's workstream be reshaped, and terms of reference reconfigured. This to reflect JS's own paper, which was well received by the Board. It was

agreed that growth and enterprise should be the focus of the 23rd March Full Board.

8. Any other business

- 8.1 The Board agreed that, from this point on, LEP Full Board meetings would be held as public meetings, and that Executive Group meetings would be private.
- 8.2 The Secretariat outlined plans and the ministerial attendees for Monday 12th December's South East LEP parliamentary launch and indicated that the website, www.southeastlep.com, would be available from that date.
- 8.3 It was suggested that the LEP would benefit from understanding the private sector background of some of its council leaders, in order to be able to outwardly demonstrate the true extent of private sector drive behind it. **Action:** Secretariat to pick up in due course.

9. Close & networking lunch

- 9.1 JS closed the meeting at 13.09.

10. Postscript

- 10.1 On the basis of the above, the agendas for the next two meetings of the LEP are emerging as follows:

10th February Executive Group, Thurrock: Growing Places Fund prioritisation
Transport and Infrastructure priorities
Selected workstream updates

23rd March Full Board, London: Growth and Enterprise
Reports from Enterprise Zones
Transport and Infrastructure priorities
Comprehensive workstream updates

- 10.2 By the 10th February meeting of the Executive Group, all workstreams should be operating to consistent and clearly defined terms of reference and be able to start to demonstrate clear and decisive action. The Chair and Secretariat will be in touch with workstream leads to help progress this.

b. Update from growth workstream (item 3i)



1. Introduction & current objectives

The revised terms of reference, as approved by the Executive Board in February, are:

1. To look across the communities and businesses in the LEP area which are growing and/or which aspire to grow, and to identify issues which are either restricting or preventing growth and enterprise, or which are proven to encourage and support growth and enterprise in the LEP.

2. To identify (and seek to prioritise), common issues in the LEP area where LEP-wide or Governmental solutions are both appropriate and realistically achievable by the LEP (working with local authorities as required) and which are beyond the normal remit of local authorities.

3. To make representations to Government where needed in support of objective 2.

2. Key decisions & recommendations for the Board

The Work stream lead has agreed with the Chairman that two actions are required.

The first action is an exercise (to be out-sourced), to pull together relevant and existing research and papers on growth and barriers to growth. These elements are not new and have been the subject of consideration and debate for some time as part of economic growth work. It is felt that there is no need to re-invent this wheel and that good practice etc. could be distilled from previous work to enable application to SELEP. That work is to be commissioned by the Secretariat and the Director in consultation with the Work stream lead.

The second action is a series of low key working supper meetings with business representatives and the Chairman, Vice-Chairman and the Work stream lead which are intended to ascertain, at coal-face level, some of the barriers to growth experienced by businesses in the SELEP. The Vice-Chairman are to propose representative businesses to be invited to these meetings to reflect size, locality, key sectors etc.

A third action being considered, but not as yet secured/advanced, is to seek to secure from BIS a list of target businesses in SELEP that are considered growth prospects. This may be generated by reference to VAT return and similar data.

3. Achievements to date

A meeting with representatives of the public sector partners was held in November 2011 to discuss the work stream and the need to co-ordinate and extract information from existing "county" growth and development plans. It was accepted and agreed that much of the growth work was a local issue and that this would remain at district and county level and was thus not (due to the principle of subsidiarity) an area for the LEP involvement.

Revised Terms of Reference were settled in January 2012 reflecting discussions with the public sector partners and the Chairman.

4. Short, medium and long term action plan

The research paper should be commissioned and the business sampling meetings held and the results considered in order to secure stage one of Objective 1 of the revised Terms of Reference.

The work stream group should then meet with a view to reviewing the outcome of the above and to seek to identify the issues as advised and required by Objective 2 of the revised Terms of Reference. These would then be produced to the Board and should then be produced for wider consideration and comments by business across the LEP (initially via the various business groups working with and involved with the LEP).

Barriers for growth from existing work (and common-sense understanding of business issues), would be likely to include:

- Lack of management confidence
- Risk and debt management
- Employment law
- Transport and congestion and connectivity
- Skills and education programmes
- Finance availability
- Availability of (flexible and appropriate) business premises
- Planning processes
- Recruiting suitable staff
- Taxation
- Lack of exports
- Declining/changing sectors (e.g. pharmaceutical)

5. Risks/issues on the horizon

The risks are that the work being an area previously considered by many before us, end up merely being a further regurgitation of the well known and established barriers to growth, without provision of workable and meaningful solutions which are capable of practical and economic implementation within SELEP. This should not however prevent a meaningful attempt to succeed where others may have failed.

6. Membership of work stream

Work stream Lead: Nicholas Cook

Local authority members:

S Neilson (Secretariat)

A Thornbury - Southend

B Newman- Thurrock

K McNamara - East Sussex

R Gill - Kent

R Cooper - Medway

A Dawkes - ECC

Business sector members:

Essex - George Nicholls

East Sussex - Edward Brown

Others - to be advised by Vice-Chairs

7. Next steps

As 4 above.

NDC 16 03 12

c. Note on the role of universities, previously tabled at Executive Group on 10th February (item 3ii)



9 Higher Education Institutions in the LEP

Anglia Ruskin University
University of Brighton
Canterbury Christ Church University
University for the Creative Arts
University of Essex
University of Greenwich
University of Kent
University of Sussex
Writtle College

Universities are education providers and also large independent businesses with international dimensions.

Universities are a core part of the national and regional economic infrastructure, generating employment and output, attracting export earnings and contributing to GDP.

The nine Higher Education institutions in the LEP all contribute to their local economies, and, collectively, they contribute to the 'region', the country and internationally.

Universities are state-assisted private, autonomous institutions operating across public, private and voluntary sectors

Universities in the UK
contribute £45bn to
the economy

HEIs in the LEP have a total annual income of over £1.2bn

HEIs in the LEP have between 17% and 56% private funding

The combined annual expenditure for the HEIs in the LEP is over £1.1bn

We teach, provide high level skills, undertake research, and support innovation and enterprise

Every year 67,000 University students
volunteer with a charity and the most common
reason given is to help their local community

The HEIs in the LEP have over 150,000 students

We produce over 38,000 graduates each year

There are 28 HEI and business Knowledge Transfer Partnerships (KTPs) operating in the LEP area and 13 Low Carbon Knowledge East of England Partnerships (KEEPs) in Essex managed by Anglia Ruskin University

We help address the workforce development needs of employers through initiatives like Anglia Ruskin University's *HigherSkills@Work* which delivers work-based degree level courses for over 40 employers

As large businesses, Universities contribute to the economy and are engines for economic growth

Universities in the UK
support 580,000 jobs

The HEIs in the LEP employ over 15,600 staff

Brighton and Sussex Universities generate £1.072bn and the bulk, £967m is spent in Brighton and Hove and the south-east. They support 12,200 jobs, the majority of them in the city *

The Universities of Kent and Canterbury Christ Church joint expenditure impact in 2009/10 was £597.2m **

The University of Essex contributes a total £119m to the region's GVA ***

The total estimated annual spend of students studying at HEIs in the LEP area is £975m

University of Brighton and Sussex students' spending generates nearly £151m of output and creates around 1,474 jobs in the South East *

The Universities of Kent and Canterbury Christ Church joint expenditure of students off-campus is £166m, generating over £200m of output and creating around 1,965 jobs in the South East **

University of Essex graduates remaining in the region after graduation contribute an additional £13.7m to the eastern region ***

65% of graduates stay and work in the region in which their University is based after graduation

The Universities in the LEP area are significant export businesses

The combined total (direct & indirect) export earnings of the Universities of Kent and Canterbury Christ Church is £83m **

The gross export earnings of Universities in the UK is over £5.3bn per annum

The combined total (direct & indirect) export earnings of the Universities of Brighton and Sussex is £65m*

There are over 23,000 International students studying at the Universities in the LEP area

Personal (off-campus) expenditure of international students and visitors to UK Universities amounts to £2.3bn (14% of all UK receipts from overseas visitors)

The HEIs in the LEP work to support business and enterprise

In 2009-10:

- We provided consultancy services to over 400 companies of which 229 were SMEs
- We provided services/equipment related services to over 300 companies
- There were 11 University spin out companies in existence of which 10 had been in existence for 3 years or more. These 11 companies provided 29 jobs and had a combined turnover of £387k
- There were 13 staff start-up companies in existence of which 10 were still active after 3 years. These 13 start-up companies provided 56 jobs and had a combined turnover of £3.4m
- 74 graduate start-up companies were established with support from the Universities (mentoring, coaching, student enterprise programmes, business plan competitions, start-up funding)
- There were 318 graduate start-ups in existence providing 412 jobs, with a combined turnover of £16.8m

Anglia Ruskin University's *Ixion Holdings Ltd* provides support to over 10,000 companies in consultancy and training to all levels of management

The University of Brighton's *ProfitNet* programme supports over 1,000 companies in 3 countries, increasing skills, company innovation in both products and processes and overall financial performance

The University of Essex's *VentureNavigator* is a free online business support service offering business information resources and business assessments for creating and growing a new business

* *The economic impact of Brighton's Universities, Kelly & McNicoll, 2010*

** *The economic impact of Canterbury's Universities, Kelly & McNicoll, Viewforth Consulting, 2011*

*** *The Impact of the University of Essex on Regional Economic Growth and Prosperity, Public and Corporate Economic Consultants (PACEC), 2011*

Source: 2009 data from Universities UK reports: *Patterns and Trends in UK Higher Education, Recession to Recovery, Driving Economic Growth*

insighteast
economic intelligence for the east of england

d. Growing Places Fund (item 3iii) – report and project summaries supplied as separate electronic files

e. Progress report on transport prioritisation work (item 4i)

SELEP Transport Scheme prioritisation Stage 2 Progress Report

SKM was commissioned to carry out Stage 2 of the Prioritisation Study on 16 February 2012, following approval of Stage 1 at the SELEP Executive Board on 10 February 2012. The objective of Stage 2 is to apply the methodology developed in Stage 1 in order to assist the SELEP prepare a prioritised list of transport schemes for the sub-region. This stage requires the submission of a substantial amount of information on each scheme from the relevant transport authority.

A deadline of Friday 9 March 2012 was initially set for the return of all completed questionnaires. However, the immense volume of information required resulted in some questionnaires not being returned until the following Monday. In addition, the number of schemes in the SELEP areas has now risen to over 100. The data is being interrogated and the local transport authorities contacted to enable any gaps to be filled.

As a consequence, the prioritisation work cannot be completed in time to submit a final report to the Full Board meeting on the 23 March 2012. However, SKM will present its initial findings to the Strategic Transport Infrastructure Group at their meeting on Thursday 22 March 2012.

A draft report will be completed by 6 April 2012 and will be submitted to the Secretariat for distribution to the Full Board members for consideration. Any comments should then be returned via David Freestone (dfreestone@thurrock.gov.uk) of the Strategic Transport Infrastructure Group by 27 April 2012 so that the final report can be completed for consideration at the Executive Board meeting on 18 May 2012.

f. Draft LEP response to the localising transport funding consultation (item 4ii)



Department for Transport Consultation on Devolving Local Major Transport Schemes

1. INTRODUCTION AND BACKGROUND:

- 1.1 The current system for prioritising major schemes is a competitive process, which was put in place in October 2010 to deliver an affordable programme of schemes left over from the previous scheme of allocation known as Regional Funding Allocation.
- 1.2 The Department for Transport (DfT) is now undertaking a consultation to assist the design and introduction of a new system to prioritise and fund new transport schemes in the next Spending Review period. As local major transport schemes can take, on average, four years to move from business case to the start of construction, the consultation has been started now, in order that schemes be ready for delivery after 2015.
- 1.3 The scope of the consultation is immense and the implications far reaching. The consultation considers structure, sizing, configuration, governance and accountability arrangements for any new scheme beyond 2014/15.
- 1.4 The key dates are:
 - Consultation runs from 31st January to 2nd April 2012.
 - August 2012 – DfT publishes a range of indicative allocations for each LEP area.
 - December 2012 – Local Transport Bodies to submit for sign-off details of governance, financial management, accountability, and meeting and testing Value for money.
 - April 2013 – Local Transport Bodies to have agreed their programme of priorities for delivery after 2015.

2. ISSUES AND/OR OPTIONS:

- 2.1 There are a range of matters set out in the consultation, broadly covering the establishment of Local Transport Bodies, the requirement and introduction of financial assurances, propriety and accountability for decisions and on the residual role of the Department for Transport.

Forming Local Transport Bodies

- 2.2 It is proposed that Local Transport Bodies (LTBs) are formed to prioritise and oversee the delivery of local major transport schemes. The structure of the LTBs is to be agreed at a local level.
- 2.3 In terms of LTB geographical coverage, the DfT recommends that the LEP areas be a starting point, with engagement with other LEP areas a further possibility. Clearly the SELEP area is extensive and should form the basis of the LTB area. Adjoining LTB's could be engaged, as necessary, in the context of any cross boundary issues.
- 2.3 The consultation document provides some suggested options for membership of the LTBs. It is

suggested that they comprise of a consortium of local transport authorities and may also involve other delivery agencies. The Group are keen for other Agencies such as the Highways Agency and Network Rail, together with ports and airports to be an integral part of the LTB

- 2.4 The DfT states that local transport authority membership is essential to enable the required transparency and elected democratic decision making. The DfT advises that all decision-makers must be democratically accountable to the public electorate. It is also noted that the DfT has a preference for the LEPs to have a central and influential role in the LTBs at a level to be agreed locally and makes three suggested options:
- Option 1 would involve the LEPs in an advisory role only.
 - Option 2 would involve the LEPs as equal members of the LTBs with equal decision-making powers as other members.
 - Option 3 would give the LEPs the lead role in decision making and the final say (however it is acknowledged that there may be legal issues to overcome to enable this option and to meet the requirement of decision-makers to be democratically accountable to the public electorate).
- 2.5 Option 2, giving equal decision making powers to all full members of the LTB, including the LEP, would appear to be the most appropriate. This would provide public democratic representation from local authority members, and would enable transport authorities to provide valuable direction utilising their experiences. However, further consideration must be given to how the LEP can fulfil the requirement of all decision-makers being democratically accountable to the public. One Group member gave a preference for Option 3.
- 2.6 The consultation seeks assurances on governance, financial management, accountability and value for money. However, it is not proposed to provide central funding to enable LTBs to be set up or to operate. As part of the SELEP's response to the consultation, concern should be expressed about the lack of any such funding.
- 2.7 Views are sought on options, set out on page 14 of the consultation document, for promoting strategic investment and the delivery of large schemes although it is likely that there would only be a limited number of such schemes. The consultation paper sets out a preferred option 3, which would be to provide all funding to the LTBs to enable them to decide how it is used across their lists of priorities and without distinctions being made between the sizes of schemes. The general consensus is that this approach is reasonable. However, this was not the view of the entire group. There was also a view that a separate Government process should be in place to deal with the very large schemes with separate central funding and not simply top-slicing from the LTB budget. The Full Board may wish to consider this further.
- 2.8 In terms of a formula for distributing the money, the consultation sets out a number of options based on population, economic contribution or transport need. The paper prefers the per capita approach (population) reporting system used in Regional Funding Allocations. However, the consensus of the Strategic Transport Infrastructure Group is that a formula allowing a weighting to deliver planned growth should be used, but there is a risk. We do not know how the Government may incorporate this, it may well favour those areas that are not performing well (previously Government funding has favoured the North East and Midlands). If the Full Board considers that the risk is too great, then Option 1, a straight allocation by population, should be supported.
- 2.9 The consultation document recommends that the Local Transport Bodies need to start forming immediately. This is because a range of indicative allocations will be published by August this year and by the end of 2012 LTBs will have to submit proposals to meet the assurance framework. LTBs

will be expected to have agreed a prioritised programme of schemes for the next Comprehensive Spending Review period by April 2013.

Assurances on Implementation and Value for Money

- 2.10 The Government will require Local Transport Bodies to meet a central assurance framework including governance, accountability for decisions, financial propriety and regularity and meeting and testing value for money. In addition, processes will need to be in place to deal with risks to delivery such as cost overruns. The Group agrees that there is a need for an assurance framework but recommends that any Government auditing be proportionate and not overly onerous and must reflect local priorities.
- 2.11 It is clear that quality standards for approval will be required. The use of the tried and tested Transport Business Case process and the “WebTAG” appraisal process is preferred in the consultation. This approach appears to be reasonable, but must fully incorporate local priorities and polices and may not be necessary for all schemes. The Group considers that the process should be as simple as possible. Consequently, the general consensus is that Option 1 on page 27 of the consultation document gives most flexibility to the SELEP. However, views were split between the Group on this question.

Responses to The Set Questions

- 2.12 There are 8 set questions at the end of the consultation document and suggested responses are attached at appendix 1 below. These answers have been formed through a consensus approach creating a “best fit” from all the views of the members of the Strategic Transport Infrastructure Group.

3. NEXT STEPS

- 3.1 The timeframes have been set out at 1.4 of this report and the SELEP’s response to the consultation must be received by the DfT by 5pm on 2nd April 2012.
- 3.2 The SELEP should engage immediately with the local transport authorities within the LEP geographical area to enable the setting up of the necessary Local Transport Body (LTB). The Strategic Transport Infrastructure Group would be the ideal group to take up this challenge and, indeed, could form the basis of the new LTB.

Devolving local major transport schemes response from the South East Local Enterprise Partnership

Specific questions

Part 1: Local transport bodies – this section of the consultation document set out the context, rationale and objectives for forming local transport bodies. It also consider the options for distributing funding, facilitating strategic investment and the role of Local Enterprise Partnerships in decision-making.

1. Do you have any comments on the proposed role and membership, preferred scale and geographical scope in forming local transport bodies and consortia, in particular the options to facilitate strategic investment decisions and the types of schemes to be funded?

Response:

The SELEP considers that Option 2 on page 11 of the consultation document is the most desirable.....” *The Local Enterprise Partnership is a full member in a local transport body. It would have a say in the decision-making arrangements on an equal footing with other members. It would have joint accountability for decisions, which are made as part of the body – formal accountability for decisions would rest with the body as a whole.*”

The Local Transport Body (LTB) should include the local Transport Authorities and LEP and the SELEP are keen for other delivery agencies such as the Highways Agency and Network Rail to be an integral part of the LTB together with ports and airports.

In terms of geographical area, the SELEP’s view is that the LTB area should be the SELEP geographical area.

In terms of strategic investment, Option 3 on page 14 is the SELEP’s preference.....” *There is no separate distinction for big schemes, and no central encouragement or requirement to help promote their delivery. Individual Local Enterprise Partnership areas would get a budget to prioritise whatever schemes were agreed locally. However, the Government would stand ready and willing to help facilitate affective partnership working, where there is a request or concern raised by a local authority or Local Enterprise Partnership.*”

In terms of the formula to calculate the distribution of funding to the LTBs, the SELEP considers that a formula should be used allowing for a weighting to deliver planned growth.

2. Do you have any views on the membership of Local Enterprise Partnerships in local transport bodies, in particular whether they should have the final say in decision-making? Or on any other issues raised in relation to Local Enterprise Partnerships, and potential resourcing impacts?

Response:

The issue of membership is covered in the answer to question 1 above.

The SELEP is very concerned that Government funding is not being proposed for the establishment and operation of LTBs.

Part 2: This section of the consultation document explained the reasoning for providing assurances on governance, financial propriety and accountability for decisions. It also considered the options for the frameworks to support decision-making, meeting minimum quality standards on appraisal, and delivering value for money. It includes a proposed implementation timetable.

3. Do you have any thoughts or comments on assurance, in particular on whether there are any

alternative ways of providing assurance other than putting in place some central criteria for local transport bodies to meet?

Response:

The SELEP agrees there is a need for an assurance framework based on the DfT's, covering governance, accountability for decision-making, financial propriety and regularity, and meeting and testing value for money. However, it is recommended that any Government auditing be proportionate and not overly onerous and reflect local priorities.

4. Do you have any comments in relation to how local transport bodies should demonstrate that they are accountable to central Government for tax-payers' money and to local communities and citizens?

Response:

The SELEP acknowledges the recommendations set out in sections 2.25-2.28 of the consultation document and considers that they are appropriate considerations for the LTB.

5. Do you have any comments on the options for appraising and evaluating schemes, in particular in order to meet and test value for money?

Response:

The SELEP is of the opinion that Option 1 on page 27 is appropriate and allows the greatest flexibility to the LTB to fully incorporate local priorities and policies into the assessment process.

6. Do you have any comments on the proposed implementation timetable, and any practical issues raised?

Response:

The SELEP considers that the timetable is very challenging especially as the Government does not propose to fund the setting up and operation of the LTB's.

General questions

7. Do you have any general comments on proposals to devolve decisions and funding, and on any residual role for the Department?

Response:

The SELEP considers that Local Transport Bodies will be the ideal group to receive further devolved decisions of a regional nature and local authorities to receive devolved decisions of a more local nature.

8. Do you have any other comments on any of the other areas covered in the consultation?

Response:

The SELEP makes these further comments :

- Further thought should be given to how the LTB's should be working closely with the Highways Agency, Network Rail, Ports and Airports.
- Further consideration should also be given to how the LTB's should be involved in bidding for EU funding,

g. Workstream updates

i) Broadband

UNIVERSAL SUPERFAST BROADBAND WORKSTREAM

1. Introduction & current objectives (*reflecting the terms of reference*)

The current objectives of the Universal Superfast Broadband Workstream are: to identify activity that will maximise universal superfast broadband as a key driver in delivering the LEP's vision; to focus on issues which translate across all areas of the LEP and to recommend interventions where the LEP can add value, in particular identifying issues preventing superfast broadband accessibility; by exception, to lobby for Government-wide solutions.

The addition of *Mobile Coverage* to the Workstream is noted and will be progressed.

2. Key decisions & recommendations for the Board

At its Planning Workshop in February the Workstream defined its key aspirations for Broadband:

- Next Generation available in 100% of places
- Average speed 100MB per second
- Effective collaboration between providers and public sector to deliver coverage and speed
- Real executive power in LEP to deliver
- General understanding of 'broadband language'

and four Strategic Actions that the LEP could take in order to accelerate economic growth through intervention

- Promote more competition, choice and transparency
- Encourage national and local planning processes to support broadband infrastructure provision
- Business demand side stimulation and communication
- Supply side enhancements

3. Achievements to date

The Board is asked to note that all Local Authority areas submitted their Broadband Plans to the Dept for Culture Media and Sport (DCMS) by the deadline. Kent and Medway has had its Plan approved; both Essex and East Sussex are rated Green, ie that DCMS has high confidence that the timetable for approval will be met (by end April).

4. Short, medium and long term action plan (*shortened version*)

PROMOTE MORE COMPETITION, CHOICE AND TRANSPARENCY		
Action	Lead/Support	When
Prepare and upload to SELEP website a list of all broadband providers operating in SELEP area	Essex Chambers of Commerce / Jim Leask	By end April 2012
Prepare and upload to SELEP website a list of all cell providers operating in SELEP area	Essex Chambers of Commerce / Jim Leask	By end April 2012
Prepare case studies of a number of different pricing structures for businesses	Essex Chambers of Commerce / Jim Leask	By end April 2012
ENCOURAGE NATIONAL AND LOCAL PLANNING PROCESSES TO SUPPORT BROADBAND INFRASTRUCTURE PROVISION		

Action	Lead/Support	When
Prepare a circulate a model exemplar planning policy for broadband provision	Jim Leask / Workstream Group	By end March 2012 – draft available By end April 2012 – Workstream Group to discuss By end May 2012 – available to all LEP Local Authorities
SELEP and Workstream Group to be positioned to act as a consultee on local planning policies	Workstream Group	June 2012 onwards
Lobby government for additions to planning rules including LEP as statutory consultee, requirement for broadband to be considered in future developments and changes to planning and building regs	John Spense and SELEP Board / Workstream Group	Ongoing
DEMAND SIDE STIMULATION AND COMMUNICATION – BOTH FOR EXISTING AREAS AND WHERE THERE ARE GAPS		
Action	Lead/Support	When
Identify best practice in demand stimulation and whether experience can be transferred	Workstream Group - FSB/Chambers/Business Organisations	June 2012 onwards
Map expertise in HEI's	HEIs / Workstream Group	June 2012 onwards
Investigate possibility of Framework Contract for FSB members	East Sussex FSB	April 2012 onwards
SUPPLY SIDE ENHANCEMENTS – <i>under development</i>		

5. Risks/issues on the horizon

None identified at the current time; to be kept under review

6. Membership of workstream

Rupert Clubb (Chair)	East Sussex County Council
Brett McLean	Federation of Small Businesses
Bridget Taylor	BT
John Tolley	East Sussex Economic Advisory Board
John Phillip	West Essex District Councils
David Crawford	University of Essex
Jim Leask	Essex Chambers of Commerce
David Wilde	Essex County Council
Jon Regan	Hugh Lowe Farms
Jo James	Kent Invicta Chamber of Commerce
Andrew Aves	Federation of Small Businesses (Kent and Medway)
<i>Wireless provider tbc</i>	

7. Next steps

Progression of the Action Plan

ii) Skills

Introduction & current objectives:

The Skills group has agreed to focus on Science, Technology, Engineering and Manufacturing (STEM) as the underlying (but not exclusive) theme, and has identified a range of objectives clustered in the following areas: apprenticeships; higher and advanced level skills; supporting S.M.E.s; employability skills and enterprise.

'Champions' have been identified for each area and initial aims and targets were identified in January (Previously circulated).

Key decisions & recommendations for the Board:

The Skills group met on 16 March and consequent to the Executive group's request to narrow the action plan to a limited number of objectives in which the LEP can make a real difference, the following priorities were identified:

Sector focus:

1. developing sustainable construction skills;
2. business-led approaches to boosting growth and competitiveness in the creative industries (from digital media, to design engineering), with a focus on small and micro business.

Main objectives will relate to: apprenticeships; and higher and advanced level skills (With export as a key objective)

The Board is asked to agree in principle to these priorities and contribute to their promotion and development.

Achievements to date:

- ESF funds secured for 'skills support for unemployment' (£1m); and workplace training (£220k). A consortium of F.E. colleges in Kent and East Sussex led by Sussex Downs College
- '1000 in 100 days' – apprentices into work project, planning is underway across the SELEP Counties.
- SELEP Skills development opportunities have been presented and discussed in 2 significant conferences in Westminster (Good MP and Peer engagement), and a South East Region Local Authorities forum workshop – lively debate and some positive outcomes.
- Presentation to the Skills group from the CITB on potential links with SELEP – agreed actions:
 - SELEP to become the first LEP to adopt the *National Skills Academy for Construction* to generate the maximum achievable employment and skills outcomes e.g. circa 5000 apprentices and 10,000 local jobs could be secured.
 - Denne Construction are already leading in this approach, and Medway are in the process of adopting the 'client based' approach. CITB will support the LEP local authorities, housing associations and other clients to embed the strategy.

Agreed next steps:

1. If the SELEP Board wish to implement this proposal, then the CITB would facilitate a workshop with key

players to review the 'client based' approach.

2. PR launch of SELEP agreement to embed the client based approach.
 3. CITB will work with SELEP to develop an employment and skills plan and agree delivery partnership networks formed of colleges, JCP, NAS and other key stakeholders.
 4. CITB have also proposed a *Shared Apprenticeship Scheme* that would operate across SELEP and the East Anglia LEP, funded by CITB.
- A range of grass roots initiatives supported by Skills group members and stakeholders in their various areas of specialism continues to develop – SELEP provides very strong opportunities for new networking opportunities and short, effective communication links for businesses with mutual interests; there is emerging evidence of informal 'brokerage' services through Skills stakeholders.

Action plan:

This will now be revised consequent to the agreements at the Skills group meeting on 16 March.

Some current actions include:

- Commitment to the CITB and National Skills Academy for Construction '*Client-Based Approach*' which is developing and implementing an *Employment and Skills Strategy* on construction projects. A 5 year forecast of SELEP projects has been drafted to support infrastructure developments.
- Commitment to support an Apprentice Training Association (ATA) for *Build Networks* (Mostly S.M.E.s). A £2m bid to GIF is in progress involving 10 shared apprentice schemes (Ref a model in Liverpool), with support from Local Authorities in Essex and East Anglia (and potentially Kent). The '*Green Deal Provider*' initiative is an integral part of the project. Ref Peter Cook, Essex CC.
- Commitment to support a '*Skillset*' project promoted by the Government supported *Creative Industries Council* to bring Government and industry-led organisations to work together with SSCs and LEPs to give radical and innovative support to creative businesses.
- Some Skills stakeholders with interests in the 'coastal regeneration' agenda will engage with an existing ESF funded alliance of circa 12 colleges from Ramsgate to Southampton. The Sandwich EZ, and power industries initiatives are central to the project (Led by Graham Razey, Thanet College)
- To support a package of targets to improve apprentice numbers and success rates. Peter Cook (Essex CC) will facilitate an agreed set of targets for SELEP skills stakeholders (Some well known and engaged, and others not/hard to reach).
- **Illustrative targets:** 50% increase in 16-18, 19+ and Advanced apprentices over 2 years; 100% increase in Higher apprentices over 2 years – SELEP total currently stands at a total of **50 !**
The project will also support productive work experience placements, and JCP and the *Youth Contracts* programme will feature significantly. It is expected that the SFA will also provide support. One critical focus will be the current unacceptably high rates of apprentice attrition/drop out.

Risks:

The primary risk is the inability of the Skills group stakeholders to deliver the action plan effectively. They are willing volunteers who are cautiously optimistic.

Membership of the Skills workstream:

Bill Fearon – K College
Jane Spurgin - KAFEC

Roger Gabriel – Kent County Council
Melanie Hunt – Sussex Downs College
Chris Baker – University of Brighton
Dave Ashdown – Job Centre Plus
Helen Russell – Essex County Council
Peter Cook – Essex County Council
Jo James – Kent Invicta
Michael Alder - FEDEC
Trevor Cross – e2cv Technologies
Tony Allen – Skills Funding Agency
Dorothy Holland – National Apprenticeship Services
Paul Winter – Wire Belt Company
Joanne Fowler – Sussex Downs College
Graham Lewis - Prospects
Roger House – Big Solutions
Kieran McNamara – East Sussex County Council

Next steps:

Agreed actions will be progressed as soon as reasonably possible by designated members, and it is anticipated that achievements will not be dependent on the Skills group meeting schedule.

iii) New financial instruments

New Financial Instruments Workstream Update for Board Meeting 23rd March 2012

Group Terms of Reference

1. Initially, to gain and maintain an understanding of all financial instruments which are available to facilitate growth in the LEP area.
2. To then create an expert panel to support the LEP and its constituent parts, able to offer the following:
 - a. A granular level of expertise across a range of issues
 - b. Creative thinking on the basis of experience
 - c. A proactive education facility for councils and businesses
 - d. A 'surgery' style offering to all constituent parts of the LEP
3. To act as a conduit for the Board for those proposals which include the use of new financial instruments.
4. Where required, to provide input on particular funding opportunities (e.g. Growing Places Fund) to identify potential for collaboration and cooperation.
5. To lobby government on behalf of the LEP where necessary

Introduction & current objectives

Given the current financial environment within which both private sector and public sector partners are operating, the NFI work stream provides a prescient opportunity to help SELEP partners take stock of the varying funding options available to them and provide the Board with an indication of actions it should take on behalf of partners to ensure the use and benefit of instruments to support the LEP in the achievement of its aim and objectives.

To that end, the work stream Lead has chosen to focus attention initially on the first two of its above five objectives, the work on which will inform the approach to the delivery of the remaining three objectives.

Key decisions & recommendations for the Board

Whilst it is too early to have formed any concrete recommendations for the Board's attention, based on its initial work (produced last Autumn against objective 1 above, led by the Chairman) the work stream Lead has decided to focus current attention on the potential role of three financial instruments: Rolling Investment Funds, Bonds and Tax Increment Financing (TIF).

Present work is therefore focussing on the detailed examination of these three instruments through the convening of expert groups focussing on each, whose purpose is to draft reports on each instrument exploring its scope, use etc. The membership of these groups (plus added expert capacity) will form a wider expert panel, with the work they produce feeding into this wider group. This expert panel will then digest and add to the work on the three instruments and identify further individual and common actions, that will support the achievement of all five of the group's terms of reference objectives.

Achievements to date

- Drafting of initial report on potential funding instruments, received by the Executive Group in October 2011, exploring range of funding instruments that could support growth activity.
- Securing of new work stream lead in November 2011 (subsequent to Chairman taking up his current position).
- Securing of independent expert support for the NFI work, including colleagues from the Local Government Association (LGA) and New Local Government Network (NLGN – think tank).

- The recruitment of internal SELEP public sector and private sector leads for examination of individual instruments.
- First meeting of group examining Rolling Investment Funds held 1st March 2012.
- First meetings of Bonds group to be held on 28th March 2012 and TIF on 26th March 2012.

Short, medium and long term action plan

- Initial reports for each of the current instruments to be completed by the 20th April.
- Reports circulated to the wider reference group in readiness for a full NFI expert panel meeting in early May to discuss and confirm recommendations on the initial work and identify follow up work/new instruments for examination.
- Update on work stream recommendations and next steps to be taken to the 18th May SELEP Executive Group.
- Agreement through Executive Group and Board on lobbying strategy and other actions required in order to unlock any legislative or institutional barriers to the use of instruments, or minimise political risk.
- Instrument reports to be made available to SELEP partners for use. These reports will receive regular redrafting as the situation for each changes (for example, due to legislative or market changes) through the expert panel.
- Expert panel to continue to support the examination of new instruments and to provide support and advice on future funding opportunities as and when required (in consultation with other work streams as and when necessary). NFI expert panel should also support the capture of lessons learned from the use of funding streams and instruments (for example GPF, RGF, etc).
- Expert panel to keep abreast of new structures introduced by other LEPs and local authorities, both in UK and abroad.

Risks/issues on the horizon

It has been recognised by the work stream Lead and membership that considerable work is being progressed by individual local authorities (across all tiers) to understand their own roles and opportunities within the new landscape of local authority accessed financial instruments. The work of SELEP and the NFI work stream therefore has to complement this local work and not repeat or complicate it, as per its overriding recognition of subsidiarity.

Membership of Work Stream

Haydon Yates – Work stream Lead

Dominic Collins – Essex County Council, Work stream support

Adele Harrison – Kent County Council, local authority expert on rolling investment fund

George Kieffer – Essex Vice Chair of LEP, SELEP Board Member and private sector and partnership expert

Rachel Jarvis – East Sussex County Council, local authority expert on bonds

Mark Luntley – Local Government Association, expert on bonds

Paul Frayne – Essex County Council, local authority expert on TIF

Graham Brown – SELEP Board Member and private sector expert

Douglas Horner – SELEP Board Member and private sector expert

Tom Symons – Local Government Association, expert on new financial instruments

Simon Parker – Director, New Local Government Network

Next steps

As per the action plan above.

vi) Harlow Enterprise Zone

REPORT TO: SELEP BOARD
DATE: 23 MARCH 2012
TITLE: ENTERPRISE WEST ESSEX @ HARLOW IMPLEMENTATION
AUTHOR: CATH SHAW, HARLOW COUNCIL (01279) 446428 cath.shaw@harlow.gov.uk

1. Since the last report to the SELEP Board, in December 2011:

- A first draft of the proposed business rate discount scheme has been produced.
- Impact Assessments are underway to support the introduction of Local Development Orders¹ for the sites.
- A team led by Harlow College has been interviewed by DfE to assess the proposal for a University Technical College focussing on medical technologies.
- £100,000 has been awarded by the Skills Funding Agency to promote skills related to the EZ across West Essex.
- Discussions have been held with landowners, and with one business interested in locating in the EZ.
- Board membership has been agreed.
- A project pack to support the Growing Places Fund applications has been submitted

Next steps

2. In the next quarter, the team will be focussing on:

- Progressing development of the LDOs, for consultation in Spring 2012 and then referral to the Secretary of State.
- Strengthening engagement and joint working with key EZ landowners.
- Finalising the scheme of business rate discounts and modelling business rate income.
- Finalising an Inward Investment “Value Proposition” (sales pitch) for the EZ.
- Finalising and beginning implementation of a West Essex sector support strategy for Medical Technology, Advanced Manufacturing & ICT.

¹ Local Development Orders (LDOs) give permitted development rights – that is they take away the need for planning permission – for certain kinds of development.

vii) Sandwich Enterprise Zone

To: South East Local Enterprise Partnership Board
23 March 2011

From: Paul Carter – Leader, Kent County Council; Chairman, Sandwich Task Force
Paul Watkins – Leader, Dover District Council

Subject: UPDATE REPORT: SANDWICH ENTERPRISE ZONE

Background and overview

In February, Pfizer announced that it was to leave its research and development facility at Discovery Park, Sandwich by the end of 2012. This presented a major economic challenge to East Kent, with 2,400 jobs directly affected.

Following the closure announcement, the Government asked the Leader of Kent County Council to chair a Task Force focused on supporting the future of Pfizer's staff and contractors, the Sandwich site and the wider East Kent economy. The Task Force is the central partnership 'board', including the District Council and other key stakeholders, coordinating the response to Pfizer's exit and has submitted regular progress reports to the Secretary of State. Enterprise Zone designation was secured from Government in August, providing a key element of the wider programme of securing a new future for the Discovery Park site.

Recent progress

In the year since Pfizer announced its exit, significant progress has been made. The Sandwich Task Force launched its final report at Parliament on 6 March, setting out the major achievements that have been made over the past year. In particular:

- Pfizer announced in January that it has entered exclusive negotiations with a consortium led by **London & Metropolitan International Developments Ltd**, which could lead to the sale of the Discovery Park site. This follows global marketing by CB Richard Ellis and interest from a number of investors. In the meantime, the Sports and Social Club and Child Care centre have recently been sold.
- Over **800 jobs have now been retained on the site**. This includes a retained presence by Pfizer of some 650 jobs (focused on pharmaceutical science research, consolidating in one building, while retaining a presence in two others) and jobs in a number of research firms locating on the site.
- Several **spin-out proposals** are currently being developed. To support new business starts while they seek venture capital and other forms of finance, Kent County Council has launched an **Accelerator Grant** programme of flexible financial support linked with business support and advice offered through the High Growth Kent team.
- A funding package has been secured to deliver 1 in 200 year **flood protection** for the site and for Sandwich town. The total cost of the scheme is £24.7 million, contributed by Government, Kent County Council and Pfizer. The Environment Agency is progressing with the submission of a planning application for the whole of the flood works, which is anticipated in April 2012.

- **Enterprise Zone** designation has now been granted to the Sandwich site (discussed further below).
- Work is in progress to launch the £35 million **Regional Growth Fund** allocation secured by the Sandwich Task Force to provide the **Expansion East Kent** programme of financial support for business. The programme will be launched in March.
- A number of **transport improvements** are underway. Direct access to Sandwich from London St Pancras via **High Speed rail** started in September, funded by Kent County Council – bringing Discovery Park to within 1 hour 30 minutes of central London. In addition, funding through Network Rail and the Regional Growth Fund has been secured to support enhancements to the **Ashford-Ramsgate** rail line and reduce journey times to East Kent.

Discovery Park Enterprise Zone

The Discovery Park Enterprise Zone covers almost 105 hectares, including very high quality office and R&D accommodation currently occupied by Pfizer and associated companies, space formerly occupied by Pfizer's manufacturing facility and other support functions.

The Sandwich Enterprise Zone offers three key benefits to the overall Sandwich recovery programme:

- Firstly, all businesses locating on the site in the three years after April 2012 will be eligible for **business rate discounts** worth up to £275,000 per business over five years;
- Secondly, the site will be subject to a **simplified planning regime** through the adoption of a Local Development Order, which Dover District Council are in the process of developing in liaison with London and Metropolitan;
- Thirdly, as one of a limited number of EZs nationally, designation has **marketing value** as an indication of longer-term Government commitment. DCLG, BIS and UKTI are likely to develop a thematic marketing programme to ensure maximum capture of opportunities.

Progress in taking forward the Enterprise Zone

A draft **Implementation Plan** has been prepared by Dover District Council and submitted to Government and the new **Enterprise Zone Board** will be convened shortly

Pfizer has now signed Heads of Terms with London and Metropolitan and legal work and due diligence is ongoing.

Dover District Council is also currently preparing the **Local Development Order**, and discussions are underway with the new owners, London & Metropolitan.

Funding has now been secured from KCC for some of the early environmental survey work. DDC has commissioned Consultants to undertake wintering bird, landscape and seal surveys as part of the baseline work (this will provide solid basis for future redevelopment of the site and save time in the long term).

DDC is currently preparing a planning database for the Pfizer site – which is complex, as the site has developed incrementally since the 1950's – the purpose being to identify existing lawful uses on the site. Officers from DCLG have recently engaged with the District Council to talk through progress and visit the

Pfizer site. The exact details about what the LDO will include and how it will operate are currently being brought together by the District Council.

The aims of the LDO would include: to remove the need to make planning applications for certain types of development on the site; to provide a clear framework for business development making it easier to achieve economic growth; and to cover change of uses without the need for planning permission, but it can not remove the need for other consents, (e.g. building regulations). Development proposals falling outside the order would have to apply for planning permission in the normal way.

The **business rate discount** regime will come into effect from 1 April and work will take place with the new owners over the coming months to ensure that the incentive can be used to best effect.

However, the loss of Pfizer as a major ratepayer, in the context of the Government's proposals for business rates localisation and the inclusion of the Pfizer EZ site within Dover District Council's baseline, presents an unsustainable challenge to Dover District Council. Work is underway to support the exclusion of Discovery Park from the ratings baseline.

The **business rates issue** continues to worry all parties. It is of concern both to London and Metropolitan and local partners in view of the overhead cost it could impose relating to the scale of floor space to be brought into productive use (and prompt thoughts of the need for demolition). This has been raised with DCLG at officer level.

Although DCLG and BIS are keeping the matter under review, it is understood that London and Metropolitan, Dover District Council and Kent County Council are intending to make direct representations to Government. To this end, the LEP has been asked to support this approach.

Finally, the **Skills Funding Agency** has recently made available £100,000 to Kent County Council to support skills development at Discovery Park and East Kent, and work is underway to take this forward.

Recommendations

1. The Executive Group is recommended to note this report and the continued work underway to bring forward job creation and business expansion at Discovery Park.
2. The Executive Group is asked to support London and Metropolitan and Dover District Council with the Sandwich Task Force in making representations to Government on business rate issues.

Report authors

Ross Gill
Kent County Council
01622 221312
Ross.gill@kent.gov.uk

Tim Ingleton
Dover District Council
01304 872423
tim.ingleton@dover.gov.uk