

Agenda Item No:**Report No:****Report Title:** Local Enterprise Partnerships**Report To:** Cabinet**Date:** 13 February 2014**Cabinet Member:** Cllr Rob Blackman**Ward(s) Affected:** All wards**Report By:** Nazeya Hussain – Director of Business Strategy & Development**Contact Officers-**

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Purpose of Report:

To provide an update on progress with both Local Enterprise Partnerships (LEPs), and to provide information on the key projects being put forward by LDC and partners for inclusion within the growth strategies of both LEPs.

Officers Recommendation(s):

- 1 To receive this update and note the progress being made by SELEP and C2C LEP.
 - 2 To note the projects being put forward by LDC and partners for inclusion within the LEPs.
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Reasons for Recommendations

- 1 LDC lies within two LEPs – South East Local Enterprise Partnership (SELEP) and Coast 2 Capital Local Enterprise Partnership (C2C). All LEPs have been asked by Government to develop multi-year strategic plans to cover 2015/16 to 2020/21 which set out robust plans for local growth.

Information**2 SELEP and C2C**

- 2.1 SELEP is the largest LEP approved across the UK. SELEP has agreed a federated model; thereby devolving decision-making and delivery to a more local level. This will create three primary areas within SELEP – East Sussex, Greater Essex and Kent & Medway.

- 2.2** Governance of the devolved structure is still to be determined, however the latest thinking is that in East Sussex it will be based on 'Team East Sussex' (TES). TES is simply an informal pre-meet for the East Sussex members of the SELEP Board, to ensure everyone is on the same page ahead of full Board meetings; LDC is a member of the Board and therefore a member of TES.
- 2.3** C2C spans some of the UK's most successful and important economic regions. C2C includes the whole of West Sussex, London Borough of Croydon, City of Brighton & Hove and Lewes District in East Sussex.
- 2.4** C2C Board is made up of representatives from the private sector, HE/FE sector and local authorities. Although LDC is not a member of the Board officers attend and contribute to various executive working groups.
- 2.5** The Greater Brighton Economic Board (GBEB), part of City Deal bid, will be the investment agency to work in parallel with the C2C, to set and agree the City Region's growth priorities and to negotiate and secure funding from government. It is proposed that LDC is a member of the GBEB and is subject to a Cabinet report elsewhere on the Agenda.

3 Strategic Economic Plan (SEP)

- 3.1** Strategic Economic Plans (SEP) will form the basis for negotiations with Government on the Single Local Growth Fund (SLGF) allocations for SELEP and C2C.
- 3.2** Based on this SEP – and following a process of negotiation to take place between March and July 2014 – SLGF monies will be made available to all LEPs to invest in growth. The level of funding received will reflect:
 - (a)** The quality of the SELEP and C2C's strategic proposals and the activity that is proposed to bring about growth; and
 - (b)** The commitment of all partners within each LEP area to work efficiently and effectively together.
- 3.3** The Strategic Economic Plan must:
 - (a)** Demonstrate a wider commitment to growth;
 - (b)** Aim to align or pool local authority capital and revenue spend on growth – particularly on housing, transport, economic development, regeneration and planning;
 - (c)** Demonstrate effective collaboration on economic development activities; and
 - (d)** Deliver collective decisions, from all local authority leaders with evidence that these are underpinned by robust partnership agreements.

4 EU Structural & Investment Funds (ESIF) Strategy

- 4.1** In April 2013, the Government wrote to all LEPs to confirm that EU Structural & Investment Funds for 2014 – 2020 was to be allocated to LEPs to direct investment and deliver local growth strategies.
- 4.2** Each LEP was asked to set out their priorities for this funding through an ESIF Strategy linked to the SEP. Draft ESIF Strategies were submitted by SELEP and C2C in October 2013, with final submissions due to be made to Government by 31 January 2014.
- 4.3** ESIF Strategies provide an indication of how SELEP and C2C propose to invest their indicative allocations of EU Structural & Investment Funds to deliver jobs and growth across their respective areas between 2014 and 2020.

5 Background to EU Structural & Investment Funds

- 5.1** EU Structural & Investment Funds are designed to improve economic growth and social wellbeing across Member States. The Structural Funds cover a wide range of activities, all of which are designed to improve economic competitiveness and employment.
- 5.2** The two primary EU Structural & Investment Funds which the LEPs can bid for funding through are:
- (a)** European Regional Development Fund (ERDF). The objective of the ERDF is to help reinforce economic and social cohesion by redressing regional imbalances. ERDF has three broad objectives / priorities:
- Strengthening research, technological development and innovation;
 - Enhancing the competitiveness of SME's;
 - Supporting the shift to a low carbon economy in all sectors.
- (b)** European Social Fund (ESF). The ESF was set up to improve employment opportunities in the EU and contribute towards eradicating economic and social inequality. ESF also has three broad objectives / priorities:
- Promoting employment and supporting social mobility;
 - Promoting social inclusion and combating poverty;
 - Investing in education, skills and lifelong learning.
- 5.3** Both LEPs have received indicative ESIF allocations based on the above priorities. These are shown in the table below.

Objective / Priority by Fund	Indicative Allocation	
	SELEP	C2C
Innovation	£28,875,000	£8,420,240
SME Competitiveness	£37,125,000	£14,033,733
Low Carbon	£16,500,000	£5,613,493
European Regional Development Fund (ERDF)	£82,500,000	£28,067,466
Employment & social mobility	£24,750,000	£7,016,866
Education, skills & lifelong learning	£41,250,000	£7,016,866
Social inclusion & combating poverty	£16,500,000	£14,033,733
European Social Fund (ESF)	£82,500,000	£28,067,465

5.4 As shown, SELEP's indicative ESIF allocation is £165 million for the period 2014 – 2020; whilst C2C's indicative ESIF allocation is £56.1 million. It is important to note that each LEP is bidding for their allocation and successfully receiving these funds will depend on the strength of their respective SEPs and ESIF Strategies.

6 Projects for Submission to LEPs

6.1 LDC Officers have considered a number of projects for submission to both SELEP and C2C. These discussions have been led by the Regeneration team and have included key LDC departments including Planning Policy, Housing Strategy and Environmental Health. Discussions have also been undertaken with key external bodies, including the Environment Agency, ESCC, SELEP and C2C management.

6.2 The projects being put forward for EU Structural & Investment Funds by LDC and key partners are shown below.

Projects for ESIF	Description	Anticipated Funding Required	Where Submitted
Newhaven Growth Quarter <i>(led by LDC)</i>	Extension to NEC, NCDA and SDC at Denton Island to create a dedicated 'quarter' for cleantech growth industries. Total budget estimated at £2.23 million	£1.9 million	SELEP and C2C (This is subject to the outcome of the CCF funding bid – expected Jan 2014)
Local Enterprise & Apprenticeship Platform (LEAP) <i>(led by LDC)</i>	LEAP is an established initiative, and the funding required will enable an expansion of the scheme across Wealden and Eastbourne, as well as enabling additional enterprise training programmes for business startups in Lewes District	£300,000	SELEP only
North Street Quarter – Business Enterprise Centre <i>(led by Santon Group)</i>	Project being led by Santon Group and will create an innovation space for startup businesses. The Centre is a central component of the North Street Quarter development and will create high value jobs in the media and electronics industries. Total budget estimated at £4 million	£1.6 million	SELEP and C2C
North Street Quarter	Project being led by Santon Group and	£1.65 million	SELEP and C2C

<p>– Cultural Centre (led by Santon Group)</p>	<p>will create commercial space specifically tailored to the needs of cultural industries in Lewes. This has been developed in response to strong themes emerging from the ongoing public consultations. Total budget estimated at £3.65 million</p>		
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- 6.3** EU Structural & Investment Funds are not able to meet the full cost of projects, instead being able to contribute up to 50% of project costs. The LEPs will work with successful bidders to identify sources of match funding and leverage this money in from the public, private and civil society sectors.
- 6.4** Of those projects highlighted above, all have already secured requisite match funding other than the Newhaven Growth Quarter scheme – which is dependent on the outcome of the bid to Coastal Communities Fund.
- 6.5** The projects being put forward for the Single Local Growth Fund by LDC and key partners are shown below.

Projects for SLGF	Description	Anticipated Funding Required	Where Submitted
<p>Newhaven Flood Defences (led by LDC)</p>	<p>Proposed as match funding to the monies being allocated through Greater Brighton City Deal to enhance flood defences and facilitate economic growth in Newhaven. Total budget estimated at £8 – 9 million</p>	<p>£1.5 million £1.5 million</p>	<p>SELEP C2C</p>
<p>Newhaven Ring Road / Road Network Improvements (led by ESCC)</p>	<p>Junction improvements on A259, including town centre ring road and the A26 junction, to mitigate congestion and increase highway capacity. Total budget estimated at £1.5 million</p>	<p>£1 million</p>	<p>SELEP only</p>
<p>Newhaven Port Access Road (led by ESCC)</p>	<p>Extending the port access road towards the harbour mouth, supporting delivery of the Port Masterplan and helping to unlock employment space to the north of the port. Total budget estimated at £25 million</p>	<p>£25 million</p>	<p>SELEP only</p>

Financial Appraisal

The Finance Department has made the following comments:

- 7** As above, the projects highlighted have already secured requisite 50% match funding to meet the LEPs criteria for EU Structural & Investment Funds. The only possible project of concern would be Newhaven Growth Quarter if the bid to the Coastal Communities Fund is unsuccessful. LDC would need to find alternative sources of match funding to ensure this project can progress.

Legal Implications

The Legal Services Department has made the following comments:

- 8** None arising from this report. There may be legal implications arising in connection with individual projects which are approved by one or other of the LEPs if and when these projects up worked up in greater detail.

Sustainability Implications

- 9** I have completed the Sustainability Implications Questionnaire and there are no significant effects as a result of these recommendations.

Risk Management Implications

- 10** I have completed the Risk Management Checklist form and there are no risk management implications as a result of these recommendations.

Equality Screening

- 11** The proposals in this report have previously (September 2013) been screened for impact on equalities and there are no negative effects arising from this work.

Background Papers

- 12** N/A

Appendices

- 13** N/A