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**Meeting:** Executive  
**Date:** 18 March 2014  
**Subject:** Strategic Economic Plan for South East Midlands Local Enterprise Partnership

**Report of:** Cllr James Jamieson, Leader of the Council

**Summary:** The report invites the Executive to endorse the emerging South East Midlands Local Enterprise Partnership Strategic Economic Plan as part of the Local Growth Deal negotiations. The report recommends that the Chief Executive, in consultation with the Leader, is authorised to approve the SEMLEP Strategic Economic Plan and Local Growth Deal negotiations on behalf of the Council.

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**Advising Officer:** Richard Carr, Chief Executive  
**Contact Officer:** James Cushing, Economic Policy and Investment Manager  
**Public/Exempt:** Public  
**Wards Affected:** All Wards  
**Function of:** Executive  
**Key Decision** Yes  
**Reason for urgency/  
exemption from call-in  
(if appropriate)** Not applicable.

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

The purpose of the Strategic Economic Plan is to enable and accelerate the delivery of economic growth across the South East Midland area. This will respond directly to our corporate priorities of:

- Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow;
- and
- Better infrastructure – improved roads, broadband reach and transport.

## **Financial:**

1. The Spending Review in June 2013 included a minimum of £2bn for LEPs to deploy through a local growth fund. There is no new money; the funding is an amalgam of current funds. The source of the funds to be used in 2015/16 is the Local Authority Transport Majors fund (£819m nationally), Local Sustainable Transport Fund (£100m capital nationally) Integrated Transport block (£200m), Further Education Capital (330m) and Adult Skills ESF Match funds (£170m). The new homes bonus was proposed to also be part of this fund to a level of £400m nationally, but this was withdrawn following the Autumn statement.
2. The funding is paid to a lead local authority or to a combined authority nominated by the LEP Board.
3. Locally, the position on each of these funding sources is as follows:

**Local Authority Transport Majors** – Woodside Connection and M1 J13/A421 priorities approved by Local Transport Board that were endorsed by the SEMLEP Board in 2013.

**Local Sustainable Transport Fund** - £2m capital, £3m revenue.

**Integrated Transport Block** - £1.1m.

**Adult Skills** - £1.6m.

**Further Education Capital** – historically, nationally, a heavily oversubscribed and competitive fund, but exposure of potential new local schemes is not known. Central Bedfordshire College was successful in the last allocation of capital in 2013 securing £9 million to modernise facilities.

## **Legal:**

3. Any projects supported under Single Local Growth Fund would need to have a formal agreement in place. Any agreements that the Council would enter into would need to be reviewed in line with Treasury contract requirements.

## **Risk Management:**

4. The risk of any individual projects will be considered on a project by project basis, and a full risk register for any project will be generated. At a wider level the major risks associated with the Strategic Economic Plan are failure to secure approval/sufficient funding through government to deliver CBC priorities.

## **Staffing (including Trades Unions):**

5. The staffing impact associated with the delivery of these major schemes if they fail to secure funding will need to be assessed as the detail of the Growth Deal progresses.

**Equalities/Human Rights:**

6. An equality impact assessment will be required at the level of the SEMLEP Strategic Economic Plan. The Strategic Economic Plan contains an evidence base highlighting the rationale for targeting any interventions.

**Public Health:**

7. The SEMLEP strategic Economic Plan seeks to directly enhance the economy of the area and so improve the economic determinants of health, particularly focused on increasing employment and tackling deprivation.

**Community Safety:**

8. Not applicable.

**Sustainability:**

9. Local Sustainable Transport Funding could be impacted in terms of the loss of investment in travel choice reducing options to promote sustainable forms of travel including public transport, cycle and walking routes. Likewise the Strategic Economic Plan looks to support rural diversification and enhancement of the environment, including supporting the growth of the low carbon economy.

**Procurement:**

10. Not applicable.

**Overview and Scrutiny:**

11. SEMLEP is being considered at the Sustainable Communities Overview and Scrutiny Committee on 3 April 2014.

**RECOMMENDATIONS:****The Executive is asked to:**

1. **endorse the emerging South East Midlands Local Enterprise Partnership Strategic Economic Plan; and**
2. **authorise the Chief Executive, in consultation with the Leader of the Council, to agree on behalf of Central Bedfordshire Council the submission of the SEMLEP Strategic Economic Plan and Local Growth Deal negotiations.**

**Reason for Recommendations:**

*So that the Council can effectively promote its priorities and contribute towards the development of the Strategic Economic Plan, whilst also meeting the Government's deadlines and processes for the final submission of the plan in March 2014.*

## **Executive Summary**

12. This paper sets out the requirement for the South East Midlands Local Enterprise Partnership to develop and submit to Government, a Strategic Economic Plan, setting our local economic priorities up to 2020 as part of the Local Growth deals process. This Strategic Economic Plan also acts as the area's bid for funding as part of the Local Growth Fund. Executive endorsement of the emerging Strategic Economic Plan is sought.
13. The Council has been active in both supporting the development of the Strategic Economic Plan, and also in submitting potential projects for the Local Growth Fund. The Government has set tight deadlines for the production of the plan as such it is proposed that the Executive Authorises the Chief Executive, in consultation with the Leader, to agree the submission of the SEMLEP Strategic Economic Plan and Single Local Growth Deal negotiations.

## **Strategic Economic Plan**

14. In response to the Heseltine Review, the Government announced the creation of The Local Growth Fund, in the Autumn statement. This is a £2 billion per annum fund up to 2020/21 to support the delivery of local growth priorities. An element (approximately £1bn) of this fund will be allocated directly to Local Enterprise Partnerships (LEPs) and the remaining funding will be distributed on a competitive basis.
15. As part of this process each of the 39 national Local Enterprise Partnerships were requested to submit a draft Strategic Economic Plan by the 19 December 2013 as part of the Growth Deal process. A draft was submitted by SEMLEP. The plan lays out the South East Midlands' economic priorities for intervention and opportunities for investment over the period 2015-2020.
16. The Strategic Economic Plan is also required to align with the European Structural and Investment Plan for the period 2014-2020. SEMLEP has an indicative allocation of £76m over this seven year period and submitted its first draft of this plan on the 22 October 2013 and a further revision on the 31 January 2014.
17. The SEMLEP vision is that the South East Midlands aspires to be amongst the most innovative, successful and high performing economies in England by 2020. The Strategic Economic Plan notes that by 2020 the South East Midlands has the potential to deliver 111,200 new jobs; with 86,700 new homes.
18. The SEMLEP Strategic Economic Plan is structured around four pillars of business productivity, markets, workforce skills and infrastructure. It recognises the sector strengths of high performance technology, manufacturing and advanced technology, logistics and the creative and cultural sector, based on an evidenced base and economic analysis across the whole SEMLEP area.

19. The Local Growth Fund allocation for 2015/16 is made up from a range of existing funding blocks, including, Local Authority Transport Majors, Local Sustainable Transport Fund (LSTF) Integrated Transport Block, Further Education and European Social Fund Match (relating to Adult Skills Funding) Capita. It was originally intended that an element of New Homes Bonus would be included within the Single Local growth Fund. This is not now the case.

### **Central Bedfordshire Request**

20. To inform the plan, SEMLEP requested all 11 partner authorities to submit initial project proposals in November 2013. Officers submitted on behalf of the Council project templates for 35 Outline Schemes.
21. Officers also provided details for the inclusion of two local case studies to illustrate the economic potential of our area that could be delivered in 2015/16. These were Millbrook Proving Ground and the Wixams development, in addition to details of the Council housing and employment delivery potential, with respect to the Development Strategy.

### **Current Status of Strategic Economic Plan**

22. The Strategic Economic Plan draft submitted on 19 December 2013 sought investment of £226m for over 100 projects across the four pillars, of which £127m was for infrastructure investment to start delivery in 2015/16. The total gross spend against the request was £532m. A second phase for the remaining four years of the plan 2016-2020 listed a further £595m total project costs seeking a contribution of £376m from future Local Growth funds.
23. SEMLEP was one of the first of the 39 LEPs to gain some initial comments directly from the cabinet office minister, Greg Clarke on the 8 January 2014. Lord Heseltine was also present at the meeting with a number of civil servants from Cabinet Office, CLG and BIS.
24. Minister's feedback emphasised the following:-
  - (a) the competitive nature of the Growth Deal and indicted that an allocation of £226m from a national £2bn single pot was too ambitious.
  - (b) LEPs that can demonstrate a high degree of collaboration including with over lapping LEPs are likely to do better. This also includes highlighting how existing resources are being used to deliver the objectives of the plan.
  - (c) Local Authority Leaders should mobilise support from their local MP's.
  - (d) Support from the wider business community and large businesses should be enlisted for the local Strategic Economic Plan.

## **Next Steps**

25. The Strategic Economic Plan will be revised in light of the initial feedback based on comments from across Government departments to take a second draft to the Ministers in mid/late February. SEMLEP Local Authority Leaders and Chief Executives will continue to support the SEMLEP Board and to seek support from our MP's and business community leaders. SEMLEP will also continue to work with neighbouring LEPs to seek strong alignment including with the Buckinghamshire, Thames Valley Local Enterprise Partnership, Oxfordshire Local Enterprise Partnership and the Northamptonshire Local Enterprise Partnership.
26. The SEMLEP area covers four Local Transport Boards (LTB), Northampton, Buckinghamshire, Oxfordshire and South East Midlands (covering the four unitary authorities in SEMLEP). The South East Midlands LTB schemes in priority order are listed below; these have been included with the Strategic Economic Plan:
  - (a) Woodside Connection
  - (b) A6-A428 Bedford Western Bypass
  - (c) London Luton Airport Surface Access
  - (d) A421/J13 dualling.
27. While the Council has submitted a number of schemes to the Strategic Economic Plan, SEMLEP is currently reviewing and prioritising potential projects to ensure that the Local Growth Fund ask is both ambitious and achievable. The principles for prioritisation for the first tranche of Growth Deal funding are:
  - Deliverability, risk and spend in 2015/16
  - Focused on available Capital Funding sources
  - Strategic Fit
  - Levering in external public and private resources and Value for Money
  - Additionality and outputs.

## **Conclusion and Next Steps**

28. The Growth Deal negotiations are expected to continue with an anticipated final outcome being known in June/July.
29. Reflecting the Government's timescales for the production of the Strategic Economic Plan, the on-going negotiated nature of Growth Deals and the Council's current high level of input and engagement in the production of the Strategic Economic Plan, it is proposed that the Council endorses the emerging Strategic Economic Plan and continues to contribute to its development.

30. Furthermore, given the on-going, fast changing nature of the Strategic Economic Plan and Growth Deal Funding, it is proposed the Chief Executive, in consultation with the Leader of the Council, is authorised to approve the final version of the Strategic Economic Plan, project prioritisation, Growth Deal negotiations and ultimate submission to Government.

**Appendices:** None.

**Background Papers:** (open to public inspection)  
None.