

Thursday 7 September 2017, 5.00-7.00pm

**Hilton Hotel, Bearsted Road, Maidstone, Kent, ME14 5AA
(off Junction 7 of the M20).**

AGENDA

	Approx time	Page
1. Welcome, introductions and apologies for absence	5.00	
2. Minutes of previous meeting, matters arising & action tracker	5.05	2 + 10
3. Growing Places Fund	5.15	12
4. Housing Infrastructure Fund	5.40	18
5. Open Golf	6.05	22
6. London Resort - an update <i>Presentation given by:</i> <ul style="list-style-type: none">• <i>Humphrey Percy, CEO, LRCH</i>• <i>Andy Martin, Communications Director, LRCH</i>• <i>Chris Potts, Director, Savills</i>	6.20	<i>Presentation</i>
7. AOB	6.50	
For information items:		
A. KMEP and SELEP future meeting dates		28

Parking notice

Parking at the Hilton Hotel is free, but the hotel asks board members to validate their ticket at the reception in order to exit the barrier.

ITEM 2A

Date: 7 September 2017

Subject: DRAFT MINUTES of a meeting of the Kent & Medway Economic Partnership (KMEP) held in the Inspiration Suite, Village Hotel, Castle View, Forstal Road, Maidstone on 20 July 2017.

Attendees:

KMEP Board Members

Geoff Miles (Chair | The Maidstone Studios)
Paul Carter (Kent County Council)
Rodney Chambers (Medway Council)
Miranda Chapman (Pillory Barn Design Ltd)
Mike Cosgrove (Swale Borough Council alternate)
Sarah Dance (Sarah Dance Associates)
Peter Fleming (Sevenoaks District Council)
Douglas Horner (Trenport Investments Ltd)
Jo James (Kent Invicta Chamber of Commerce)

Andrew Metcalf (Maxim PR)
David Monk (Shepway District Council)
Graham Razey (East Kent College)
Paul Thomas (Dev. Land Services Ltd)
Paul Watkins (Dover District Council)
Fran Wilson (Maidstone Borough Council)
Paul Winter (Wire Belt Company Limited)

Chris Brodie (SELEP Chairman)

Observers & Presenters in attendance

Matthew Balfour (KCC), Kevin Burbridge (GBC), Georgina Button (SELEP), Lee Burchill (KCC), Simon Dodd (KCC), John Foster (MBC), Katharine Harvey (SDC), Dave Hughes (KCC), Tim Ingleton (DDC), Richard Kidd (TDC), Tomasz Kozlowski (MC), Matthew Norwell (TGKP), Sarah Nurden (KMEP), Andrew Osborne (ABC), Karla Phillips (KCC), Joe Ratcliffe (KCC), Mark Raymond (TMBC), Jim Sims (The Service Design Company), David Smith (KCC), Katie Stewart (KCC), Emma Wiggins (SBC)

Apologies:

KMEP Board Members

Paul Barrett (C4B Business & Barretts Motors), Andrew Bowles (SBC), Gerry Clarkson (ABC), Simon Cook (CCC), Philip Cunningham (Cripps LLP and Chartway), Nick Fenton (Kent Developers Group), Iain Hawthorn (HSBC Bank Plc), Nicolas Heslop (TMBC), David Jukes (TWBC), Jeremy Kite (DBC), Jane Ollis (IOD), Jon Regan (Hugh Lowe Farms Ltd & Weald Granary Ltd), Nick Sandford (Kent Country Land Association), Steve Sherry (RBLI), Prof. Rama Thirunamachandran (CCCU), David Turner (GBC), Chris Wells (TDC)

Item 1 – Welcome, introductions and apologies

- 1.1 Mr Geoff Miles, KMEP Chairman, welcomed those present to the meeting and received apologies as set out above.
- 1.2 The Chairman notified the attendees that Mr Iain Hawthorn from HSBC Bank Plc and Mr Nick Fenton from Kent Developers Group have become KMEP board members, following the retirement of Ian Patterson and resignation of Kevin Godfrey. This follows a request for volunteers from the Kent and Medway Business Advisory Board; this in line with the process stipulated within the KMEP terms of reference.
- 1.3 Douglas Horner alerted the KMEP Board Members that he has stood down from the CBI.

Item 2 – Minutes of previous meeting and action tracker

- 2.1 The minutes of the previous meeting were agreed as a correct record and signed by the Chairman accordingly.
- 2.2 Action Tracker: Katie Stewart drew members' attention to the Housing Infrastructure Fund. This is a capital grant programme of up to £2.3 billion nationally, which aims to deliver up to 100,000 new homes in England. Funding will be awarded to local authorities on a highly competitive basis.
- 2.3 There are two funding streams which Kent and Medway Councils could apply to:
 - **Marginal Viability Funding**: [Single and lower tier local authorities](#) can bid for this first funding stream. Bids can be up to **£10 million** for Marginal Viability proposals. For these schemes, the DCLG will provide the final, or missing, piece of infrastructure funding to get additional sites allocated or existing sites unblocked quickly. The DCLG expects the infrastructure to be built soon after schemes have been awarded funding, and for the homes to follow at pace.
 - **Forward Funding**: The [uppermost tier of local authority](#) can bid for this second funding stream. Bids can be up to **£250 million** for Forward Funding proposals. The DCLG will back a small number of strategic and high-impact infrastructure schemes. They may put in the first amount of funding, which then gives the market confidence to provide further investment and make more land available for development and future homes.
- 2.4 The DCLG call on all tiers of government to work together, and with their Local Enterprise Partnerships, to develop strong bids. Katie Stewart asked for close communication between the Councils on emerging project bids. Rodney Chambers emphasised the importance of working with Medway Council.
- 2.5 The deadline for submitting business cases is 28 September 2017 for both MVF and FF funding streams.

- 2.6 KMEP board members discussed garden settlements being the focus of the forward funding bids. While Ebbsfleet has received separate funding from Government, various board members proposed Otterpool Park as the subject of a forward funding bid. This garden town would see 12,000 houses built over the next 30 years. In addition, Paul Carter invited suggestions on where the next garden village/town/city could be built. Rodney Chambers commented that there could be a garden settlement built on the Hoo peninsular.
- 2.7 With respect to the marginal viability funding, David Monk (Shepway DC) said Mountfield Road is unlikely to come forward as a potential investment to unlock homes in the short term. Paul Watkins (Dover DC) and Fran Wilson (Maidstone BC) both thought that there would be two potential bids from each of their districts.
- 2.8 It was agreed that Katie Stewart would circulate an email to KMEP Board Members on the next steps, and that KMEP would discuss the potential bids when it next meets on 7th September, so the formal endorsement of the LEP could be sought.
- 2.9 Action Tracker: Joe Ratcliffe said that an announcement on whether the Government would fund bifurcation of the A2 or the redesign of the Brenley Corner is most likely to come at the end of 2019, when the new Road Investment Strategy 2 (2020-25) will be published.
- 2.10 Action Tracker: Sarah Nurden drew board members' attention to the stakeholder engagement by the DCLG on the UK Shared Prosperity Fund. This could be combined with the Local Growth Fund in the future. It appears there is a desire to distribute this funding based on regional prosperity, and hence the KMEP Strategic Programme Manager encouraged all councils to consider making representations to the DCLG on the distribution method for this fund.

Item 3 – South East LEP's Strategic Economic Plan

- 3.1 The Partnership received a presentation from Jim Sims (from The Service Design Company) and Georgina Button (SELEP Strategy Manager) on the South East LEP's Strategic Economic Plan. The new Plan will be a 5 year action plan which recognises the importance of the federated model. It will touch upon the opportunities and challenges of Brexit, the distinction of the South East LEP from London and the north. It will be supported by a Skills Strategy and an Infrastructure Investment Strategy.
- 3.2 In response, the Partnership made the following comments:
- Andrew Metcalf welcomed the timing of the refresh, and the onus on bringing additional clarity to the SEP. He urged the SELEP team to identify the strengths of the SELEP area, such as Turner Contemporary, and to remember the wide target audience, i.e. business, communities, government, etc.
 - Jo James welcomed the announcement that the SEP would be more concise.
 - A business leader queried if national interest in the industrial strategy was waning. Paul Carter and Peter Fleming had attended a conference with Greg Clark that day,

and he had spoken passionately about the industrial strategy. A white paper will be issued in the autumn.

- Douglas Horner asked the SELEP team to emphasise the evolution of the economic strategy. The new SEP should have a longer timeframe, be innovative and hard-working. The barrier posed by the lack of global business headquarters in Kent and Medway, and their associated supply chains, needs addressing. Increasing the interface between businesses and universities is imperative, and Douglas Horner would be keen to see how the SEP proposes to achieve this.
- Miranda Chapman emphasised a 'macro' perspective is required. There is a need for a place identity that marks SELEP/KMEP out as different to the remainder of the UK. We have been known as the Garden of England and the Gateway to Europe. Branding is important. Miranda Chapman was keen on Douglas Horner's idea to have an innovation corridor from Cambridge University to Discovery Park, and asked the consultant to research this further.
- Paul Winter spoke of the challenges that arise from working in silos, particularly in the national skills arena. It is a barrier to productivity and a detractor to business. He spoke of the Department for International Trade that produce brochures of projects for foreign investors to consider investing in. He hoped that the SEP may include a list of schemes that could be shown to private investors, to help decrease reliance on the public purse, and allow projects to be delivered at a more accelerated rate. He requested a positive tone is used in the narrative, and queried if the focus would be on prosperity and productivity or on regeneration. There is a disparity between London and the prosperous South East, and Kent and Medway. This issue needs to be addressed.
- Jim Sims spoke of the lower incidents of patent registrations in this country.
- A KMEP board member asked the SELEP team to look at the shared agenda across all federated areas, and consider the interaction with London. Businesses do not focus on the geographical boundaries. There was a request to include economic baseline data from across the SELEP region: with the data shown for SELEP, and then each federated board area alongside.
- Graham Razey proposed the SEP should inspire the next generation to live, work and be prosperous. He urged the SELEP team to ask the next generation about the outcomes they seek. A better understanding is needed as to why talented people will stay within a locality after graduation.
- Jim Sims spoke of the Youthful Cities report that looked at what young people wanted in several large cities across the globe. The report describes the next generation as digital nomads, who use easy jets to reach work, as previous generations would have used a bus. The issue of affordability was a significant issue for young people. There are more young people unemployed now on a global scale than during the depression. There is an 'information elite' focussed on creativity and technology. The creative sector should be fostered as they are more resilient to automation.
- Graham Razey spoke of the need to align the national skills agenda around digital skills.
- Paul Winter mentioned that Kent and Medway have an above average level of 'lifestyle' companies, and also SME industries. The fractured business landscape makes it more difficult to have the economic infrastructure to support them. The EDGE Hub has been a very positive step forward, and would be an excellent concept

to roll out in the future. Peer to peer knowledge transfer could produce more resilient sectors.

- Paul Winter and Graham Razeby both urged SELEP to look to a longer timeframe as changes to the skills landscape take time to show results.
- Fran Wilson represents one of the most deprived Maidstone wards. The young people in her ward want a decent job, but transport reliability (in terms of journey times) and high fares can act as a barrier. She urged the SELEP team to use positive, upbeat, language about the additional benefits that can be realised. Expand on the excellent position we are in to unlock the barriers. Her priorities were improvements to highways infrastructure, and supporting small industries that have nowhere to go. The document should be similar to a sales document which a business would use to sell itself. Tell the government what SELEP can achieve.
- Paul Carter recalled Greg Clark's phrase from about 6 years ago, when he said 'we cannot create economic growth but we can create the environment and conditions that are conducive to growth'.. He urged the SELEP team to consider the inhibitors to growth, one of which is the availability of commercial space. One local developer had commented that there is little profit in building speculative commercial space, and so there may need to be a public subsidy to lubricate this. Also recruitment of the right staff in the right place is an issue – particularly in the health and social care arena.
- Paul Carter referred to the Localis 'making of an industrial strategy' report. The report highlights a number of 'stuck places' across England, particularly in coastal regions. This idea could be built upon in the SELEP report. He spoke of the sectors that had a strong foothold on Kent: creative and bioscience. He asked the SELEP team to look at the past successful RGF grants to businesses, and use this as an indicator in the design of future proposals. One proposal that could be included in the SEP is to have a RGF scheme to increase the number of businesses exporting goods to Europe.
- Douglas Horner asked the team to consider why local science parks are succeeding. Is it the impact of clustering like-minded businesses, and if so should clustering be rolled out? He urged SELEP to develop proposals that would increase the scale of economic growth and accelerate the pace of change. He agreed there should be list of prospective schemes which KMEP want the private and public sector to invest in.
- Sarah Dance thought there should be two timelines within the document. Each section should give the short-term wins that will bring instant results, and also explore the longer term changes that will yield future economic growth.
- She encouraged SELEP to read its competitors' SEPs, and see what SELEP can offer over and above their prospectuses. She felt that the SEP should speak of our prosperity, but also the real challenges we have, and the diversity in the county. She agreed that there should be consultation with young people, as their views about work can differ significantly. She mentioned SELEP need not be reliant on attracting large companies – if SELEP were to encourage business clusters, then the cluster itself can be greater than the sum of its parts. The SEP should focus on how to attract businesses to cluster here, using Kent's unique selling points, which are the coastal location, the good school system, and the connection to the world through Europe.
- Mike Cosgrove spoke about how Kent's economic landscape has changed beyond all recognition since the 1970s. The Government is keen to back winners, so it is the right time to put in a well thought through proposal. The SME nature of KMEP brings advantages and disadvantages as these businesses must focus on the day job. Assets

in Kent and Medway are its decent education and healthcare system, and its transport connectivity.

- Mike Cosgrove urged KMEP to consider the bold future-thinking interventions that will make a step change ('the Star Trek vision of the future'). He was eager for the SEP to provide greater transparency about the activities of the universities. Swale is within 10 miles of two Kent universities, but as a local Councillor, he is not aware of how their activities impact Swale. He conclude by asking the SELEP team to: a) show success, b) act with fluidity and pace, and c) centre the SEP around 2 or 3 key proposals that the government would warmly welcome.
- Andrew Metcalf said the planning system brought challenges. The lack of commercial property is a great concern. The SEP should set out a strategic planning vision, identifying how housing and commercial space will be built out, and how it can be made to happen quicker.
- Jo James encouraged the consultants to use language aimed at a target audience of central government and private inward investment bodies. She encouraged SELEP to consider the basic interventions that would make a difference, such as growing exports. In the last 9 months, there has been a growth in exports, with many more SME exploring this option.
- Paul Thomas asked for consideration of the procurement rules and other regulation that can be a barrier to starting up a business. Making quicker government decisions is a key issue for businesses, e.g. when hearing planning appeals etc.
- Paul Watkins mentioned the EU funding which KMEP has benefited from. SMEs are the major businesses in KMEP, and to support these firms to grow, KMEP needs to ensure there is transitional businesses accommodation with more flexible lease terms. He also pointed out that all SELEP regions have a coastline, so coastal regeneration could be a shared priority. He concluded by mentioning the shortfall in skilled people, and that upskilling the populous would increase productivity.

3.3 KMEP thanked the SELEP Strategy Manager and Consultant for their presentation, and asked them to circulate their questions for written responses.

4. South East LEP's Skills Strategy

4.1 Georgina Button, SELEP Strategy Manager, updated the KMEP Board on the development of the SELEP Skills Strategy. She made the following comments:

- The format for the strategy has been discussed with the SELEP Skills Advisory Group.
- SELEP's Skills Advisory Group (SAG) agreed that this should be an employer-led concise, ambitious vision and articulation of shared priorities.
- The strategy is to be used for lobbying, funding and conveying the national importance of the SELEP area
- It is to be endorsed by Sector Skills Councils / industry bodies, have an under-pinning evidence base, and include best practice and case studies.
- 100 responses to the SELEP Skills Survey have been received to date.
- Over half respondents have had a negative experience related to skills.
- Virtually all respondents want a simplified landscape.
- Many have flagged the need for adult (in work and out of work) training and funding which is flexible.

- The responses highlighted the challenges of Brexit, the apprenticeship levy and funding.
- The skills survey is still live, and can be accessed at: <http://www.southeastlep.com/skills/skills-survey>
- SELEP is producing a YouTube channel, which includes apprenticeship videos (<https://www.youtube.com/channel/UcKA5bGNj1ss8Xm4OjM1Va6g>). It is also piloting a skills portal (see <https://my.opportunitiesoutheast.co.uk>).
- There is a European Social Fund (ESF) workshop on 12th September.

4.2 In response to the presentation, the KMEP Board made the following comments:

- There is a need for the devolution of skills funding at a local level to produce better outcomes.
- The strategy must include a strong narrative as to why the current system is not working.
- The survey ought to be advertised more broadly, as 100 respondents is too low. Jo James offered to circulate the survey to the FSB and IOD, and Sarah Dance to the Cultural Transformation Board and SECEN.
- There needs to be a skills audit every 5 years to enable us to have a much better understanding of skills gaps.
- The data provided in the Skill Strategy should provide data at a macro SELEP level, and then break it down on a more micro basis (e.g. at district level).
- There is a need to influence the thinking of 5, 6, 7 year olds so they explore career options at this early age.

4.3 The Chairman thanked Georgina Button for the presentation.

5. Local Growth Fund 1 & 2: Delivery Progress Report

5.1 Lee Burchill (KCC LGF Programme Manager) introduced the LGF Delivery Progress Report.

5.2 Central government has sent the SELEP 2017/18 Grant Offer Letter. The total LGF indicative amount allocated to SELEP between 2017/18 and 2020/21 is £316,615,142; this is the amount SELEP is expecting based on the LGF award announcements. However the forecast spend profile differs from SELEP's original expectations. In 2017/18, 2018/19 and 2019/20, the Government's indicative grant allocation to SELEP is less than expected. However, in 2020/21, the LGF indicative allocation from Government exceeds the current LGF spend profile.

5.3 Paul Carter asked which organisation accrues interest on the LGF allocation. The answer is that SELEP receives the interest, as LGF allocations are transferred on a quarterly basis to project sponsors.

6. Any Other Business

- 6.1 The next meeting date for KMEP is 7th September. This is an additional meeting called to discuss the Growing Places Fund and the Housing Infrastructure Fund. The venue is the Hilton Hotel by Junction 7 of the M20, not the Village Hotel.
- 6.2 Paul Winter commented on information item B, which lists the European Social Fund contracts. Some unfavourable feedback had been received from employers, whose employees had attended an ESF training course. It was agreed that Graham Razey would invite the ESF contractors with the largest contracts to attend the SELEP ESFA workshop on 12th September.

ITEM 2B

Date: 7 September 2017

Subject: Action Tracker and Progress Update

The table below provides a brief update on matters previously discussed by the Board, and give notices about forthcoming events.

Topic	Progress update
SEP production	<p>Over the summer, the KMEP Strategic Programme Manager organised two workshops related to refreshing SELEP's Strategic Economic Plan. The event was primarily aimed at individuals who would not have yet had chance to input their views at the KMEP and BAB meetings held in July. The workshops were attended by a total of 80-100 local stakeholders. Invitations were sent to business leaders (that do not sit on BAB), university academics, further education principals, skills guild chairpersons, KCC officers, district officers, rural and environmental representatives, infrastructure leads, EFA, social enterprises, sub-county partnership chairpersons, Locate in Kent, cultural leads, developers, port, road, rail and air operators, and other interested parties. Jim Sims of The Service Design Company attended the workshops so he could hear first hand the views of local stakeholders.</p> <p>A written overview of the feedback received will be distributed to KMEP Board Members shortly via email.</p>
European Social Fund Workshop	<p>A reminder that there is a European Social Fund workshop on 12th September. More information is being circulated by email.</p>
SELEP Accountability Board agenda	<p>On 22nd September, the SELEP Accountability Board is expected to discuss the following KMEP business cases:</p> <ul style="list-style-type: none"> • A26 Cycle Route in Tunbridge Wells. • The A2500 Lower Road, in Swale. • The EDGE Hub in Canterbury. <p>There will also information papers on:</p> <ul style="list-style-type: none"> • Open Golf • A289 Four Elms to Medway Tunnel
SELEP Strategic Board agenda	<p>On 22nd September, the SELEP Strategic Board is expected to discuss the following topics:</p> <ul style="list-style-type: none"> • The Strategic Economic Plan refresh

	<ul style="list-style-type: none">• An update on the Growth Hubs' performance to date• A presentation by Adam Cooper, Policy & Engagement Director at the National Infrastructure Commission.• A presentation by Kevin Bentley on proposals for an East of England Sub-national transport board.• Capital Programme update.• Growing Place Fund update.• SELEP working group updates.• Formal endorsement sought from the board for the Housing Infrastructure Fund bids.• Growth and Housing Fund bid update.
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ITEM 3

Date: 7 September 2017

Subject: Growing Places Funding

Report author: Sarah Nurden, KMEP Strategic Programme Manager

Summary

This report describes the process to allocate £9.317 million of Growing Places Fund (GPF) repayments to new projects across SELEP between 2017/18 and 2019/20. It also includes extracts from the expressions of interests received, following the call for GPF project proposals.

The Board is recommended to:

- Discuss the expressions of interests received, and select bids up to the total value of £4,658,500 to proceed to the stage 2.
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1. Introduction

1.1 The Growing Places Fund (GPF) was established by the Department for Communities and Local Government (DCLG) and the Department for Transport (DfT) in 2011 to unlock economic growth, create jobs, and build houses in England. GPF is a recycled capital loan scheme.

1.2 Previously, £48.7m of GPF loans were issued by SELEP. Repayments are now being made on these loans, which creates the opportunity to allocate £9.317 million of GPF repayments to new projects across SELEP between 2017/18 and 2019/20.

1.3 The profile for reinvesting this GPF is shown below:

	2017/18	2018/19	2019/20	Total
GPF available	£2.673m	£3.190m	£3.454m	£9.317m

2. Interest rate for the GPF loans

2.1 The SELEP Strategic Board met on 9th June and agreed that an interest rate will be applied to future GPF capital loans:

- Interest will be charged at 2% below the Public Works Loan Board (PWLB) Fixed Maturity Rate on the date that the project commences.
- Where projects fail to meet their agreed repayment schedule, the interest will default back to the market rate.

3. Process for awarding GPF to new projects

3.1 On 9th June, the SELEP Strategic Board agreed a three-stage process to determine which projects would be awarded a GPF capital loan:

- Stage 1 – Each federated board sifts the expressions of interest
- Stage 2 – The SELEP Investment Panel prioritises projects based on the Strategic Outline Business Cases (SOBC). These SOBC will have been RAG-rated by Steer Davies Gleave.
- Stage 3 – The SELEP Accountability Board awards the funding based on the Outline Business Case.

4. Stage 1 – KMEP sifts Expressions of Interests

4.1 This additional KMEP board meeting has been called to complete stage 1 of the process, i.e. KMEP is asked to review the expressions of interest received, and decide which projects should be sent to SELEP for prioritisation in stage 2. Please note KMEP is asked to not prioritise the projects, but make a yes / no decision as to which projects go through to stage 2.

4.2 SELEP has stipulated that each federated board can only put through projects up to 50% of the total value of SELEP funding available. Hence the total value of the projects, which KMEP selects to progress to stage 2, **cannot exceed £4,658,500.**

4.3 A call for expressions of interest was made in June 2017. Emails advertising this opportunity were sent to all KMEP and BAB board members, local authorities' officers, HE and FE colleagues, and an advert was placed on the KMEP website. In response, 7 expressions of interest were received. The projects (in alphabetical order) are:

- a) Beach Street Regeneration in Herne Bay - £2m of GPF sought.
- b) Fitted Rigging House in Chatham Historic Dockyard - £0.8m of GPF sought
- c) Innovation Park in the North Kent Enterprise Zone - £0.65m of GPF sought
- d) Javelin Way Development in Ashford - £2m of GPF sought
- e) Programme of projects across Kent, led by No Use Empty - £1m of GPF sought
- f) Programme of projects in Dover, Thanet and Shepway, led by EKSDC - £1.75m of GPF sought
- g) Stonelees Park Golf Club Hotel - £2m of GPF sought.

Total amount sought from 7 bids = £10.2m

4.4 SELEP asks each federated board to sift the expressions of interest against these criteria:

Criterion: Aligns with SELEP's strategic objectives

SELEP proposed that the GPF investments should be aligned with the four themes identified in the Local Growth Fund Round 3 prioritisation (excluding the place based Thames Estuary theme) and the themes for SELEP's sector groups:

SELEP LGF3 themes:

- Skills and employability
- Job Creation and Enterprise Zones
- Homes, Communities and Culture
- Strategic Connectivity

SELEP working group themes:

- Coastal Communities
- Creative Enterprise
- Housing and Development
- Growth Hub
- Rural
- Skills
- Tourism
- Social Enterprise

Criterion: Requires a capital loan

Criterion: The expected benefits exceed project costs

- SELEP propose that KMEP assesses the project benefits relative to the amount of GPF sought and total project cost, with consideration for the total GPF available for investment across SELEP.
- SELEP encouraged each federated board co-ordinator to meet with their Independent Technical Evaluator (Steer Davies Gleave) before the sifting took place to understand how expected benefits would be assessed by SDG. In this conversation with SDG, it has become clear that they will assess the cost per job and cost per house against the HCA guidance, and will red rate any schemes whose cost per job exceeds HCA guidelines.

Criterion: Complies with legal requirements for investment of public funds (including state aid rules)

Criterion: Has local match-funding of 30% (part of match can be land value)

Criterion: Can repay loan by 2022

5. **Stage 2 - The SELEP Investment Panel prioritises projects based on the Strategic Outline Business Case**
 - 5.1 For those projects chosen by the federated boards to proceed to stage 2, a Strategic Outline Business Case (SOBC) will be written and submitted to SELEP by 28 September 2017. Each SOBC must be signed by a county or unitary council's S151 Officer.

5.2 These SOBCs will then be RAG-rated and ranked by Steer Davies Gleave. The criteria that will be used by Steer Davies Gleave are:

Criterion: Expected Benefits

- The SOBC should show the impacts that the project is likely to have and the timescales over which these benefits will be achieved.
- Scheme promoters should provide robust evidence of the estimated number of jobs and homes that the scheme is going to support, safeguarded jobs and/or skills benefits.

Criterion: Deliverability

- The SOBC should provide evidence of the planning status and any additional approvals required, the property ownership, and any legal requirements that might delay the programme of implementation/development. The GPF loan must also not provide state aid.

Criterion: Contribution to the establishment of a revolving fund

- Steer Davies Gleave will RAG-rate SOBCs that commit to:
 - a 3 year loan repayment schedule as green.
 - a 5 year loan repayment schedule as amber.
 - a longer repayment schedule than 5 years as red.

5.3 If following this initial RAG-rating, the value of the prioritised schemes exceed the amount of GPF available, Steer Davies Gleave will further differentiate between the various projects based on their performance against the following 'high importance' criteria:

Criterion: SELEP Strategic Fit

The SOBC should evidence:

- the need for intervention with reference to the market failure that the funding will address.
- why SELEP funds are required for this scheme and that other sources of funding have been exhausted.
- How the project fits with the LEP vision, objectives and policy.

Criterion: Viability

- The SOBC should justify the total cost of the project including any assumptions made, the GPF required, the additional sources of funding and how secure they are.
- An initial, high level, financial appraisal will be required highlighting the underlying assumptions and expected viability of the investment.

Criterion: Amount of GPF sought

The amount sought must be between £2m and £0.25m.

5.4 The resultant RAG-rated prioritised spreadsheet will be presented by Steer Davies Gleave to the SELEP Investment Panel on 17 November 2017. The SELEP Investment Panel

comprises the SELEP Accountability Board members plus the SELEP Chairman and Vice-Chairmen.

5.5 The SELEP Investment Panel will be asked to agree the allocation of up to £9.317m GPF available between 2017/18 and 2019/20, but with flexibility to provisionally allocate funding to future years pending this funding being available. Projects will be prioritised to align with the availability of GPF, based on the scheduled repayments.

5.6 Where a project is placed on the waiting list, these projects will be considered by the Investment Panel should additional GPF become available above the £9.317m over the next three years.

6. Stage 3 - The SELEP Accountability Board awards the funding based on the Outline Business Case

6.1 As per standard SELEP procedure, all the GPF projects will then need to produce an outline business case, and present it to the SELEP Accountability Board for approval in order to draw down funding. This is a requirement of the Assurance Framework. SELEP promises the review will be proportionate to the amount of GPF sought.

7. The Expressions of Interest

7.1 Please refer to the commercially sensitive appendix 1 (circulated separately), which includes a summary of the schemes, and then the full project descriptions submitted by the scheme promoters, the expected benefits and a site plan (where appropriate).

8. Technical Assessment of the Expressions of Interest

8.1 To maximise the chances of a KMEP project being placed on the final SELEP list, the assessment considers both stage 1 and stage 2 criteria, i.e.

- a) Aligns with SELEP's strategic objectives / Strategic Fit
- b) Requires a capital loan
- c) The expected benefits exceed project costs
- d) Complies with legal requirements for investment of public funds (including state aid)*
- e) Has local match-funding of 30% (part of match can be land value)
- f) Can repay loan by 2022
- g) Deliverability*
- h) Contribution to the establishment of a revolving fund
- i) Viability*
- j) Amount of GPF sought

8.2 As the technical assessment in stage 2 will be completed by Steer Davies Gleave, the KMEP Strategic Programme Manager met with them. *They provided advice that has helped her form an overall RAG rating for deliverability, viability and compliance with legal requirements. The KMEP Strategic Programme Manager was also encouraged to

consider the HCA guidelines for the cost per job and cost per house when assessing if the expected benefits exceed project costs.

8.3 Please now refer to the separate A3 sheet (called Appendix 2).

9. Recommendation

9.1 The Board is recommended to:

- Discuss the expressions of interests received, and select bids up to the total value of £4,658,500 to proceed to the stage 2.

ITEM 4

Date: 7 September 2017

Subject: Housing Infrastructure Fund - Update and endorsements

Report authors: Katie Stewart, Director of Environment Planning and Enforcement, KCC
Tom Marchant, Head of Strategic Planning and Policy, KCC
Joe Ratcliffe, Transport Strategy Manager, KCC

Summary

This report provides an update on the development of Housing Infrastructure Fund bids for Kent and Medway. The Board will be asked at the meeting for its views and endorsement of both the Forward Fund projects being proposed by Kent County Council and Medway Council, and the Marginal Viability Fund (MVF) bids being developed by Medway and district authorities in Kent. Given the tight timeframe for the development of bids, two appendices with the MVF and Forward Fund projects proposed will follow prior to 7 September 2017.

The Board is recommended to:

1. comment on and endorse the Forward Fund proposals for Kent and Medway to be circulated and presented at the meeting; and
 2. comment on and endorse the emerging MVF bids to be circulated and presented at the meeting.
-

1. Introduction

1.1 As reported to the 20 July 2017 KMEP meeting, the Government has recently announced a £2.3bn Housing Infrastructure Fund (HIF) to deliver up to 100,000 high quality new homes by unlocking infrastructure.

1.2 The Fund is to be awarded on a “highly competitive basis” to unlock new homes in the areas of “greatest housing demand.” The purpose is to:

- Deliver new physical infrastructure¹ to support new and existing communities;

¹ “Physical infrastructure” is not prescriptively defined and can include transport and travel, utilities, schools, community, heritage and healthcare facilities, digital communications, green infrastructure, blue infrastructure (sustainable drainage systems, flood defences) and land assembly.

- Make more land available for housing in high demand areas, resulting in new additional homes that otherwise would not have been built;
- Support ambitious local authorities who want to step up their plans for growth and make a meaningful difference to overall housing supply; and
- Enable local authorities to recycle the funding to other infrastructure projects, achieving more and delivering new homes in the future.

1.3 As a reminder, there are two types of fund available through the HIF:

- **Forward Funding** for high impact infrastructure projects to be submitted by upper tier local authorities. The Government envisages these funds to be the first amount of funding to give market confidence to provide further investment and make more land available for development and future homes. Whilst authorities can make more than one expression of interest, the Government has made clear that only the first priority is guaranteed to be considered. Bids generally up to £250 million.
- **Marginal Viability Funding** for lower tier local authorities to bid; to provide the final, or missing, piece of infrastructure funding. Bids generally up to £10 million.

1.4 Whilst the split of the funding between the two Funds is not confirmed, it is understood that the Government is looking to allocate most of the £2.3bn to Forward Fund proposals.

1.5 Following the announcement in July 2017, Kent County Council, Medway Council, and the District Councils have been working to develop expressions of interest for the Forward Fund and bids for MVF elements of the HIF. The Homes and Communities Agency (HCA) has also been engaged to provide advice and guidance on the development of projects that fit the Government's criteria.

1.6 These projects have been identified using an evidence-based approach, drawing on existing strategies such as the Kent and Medway Growth and Infrastructure Framework, Local Transport Plans and local plans and strategies to provide a robust platform from which to articulate the need for the proposed schemes.

1.7 This report provides an update on progress in the development of these bids. An annex to this report will be circulated as a late item prior to 7 September 2017 setting out the specific proposals for Forward Fund and MVF projects, which will be presented in more detail at the KMEP meeting on 7 September 2017.

2. Forward Fund

2.1 The Forward Fund is intended to unlock high impact infrastructure to enable significant housing growth. Further guidance published by the Department for Communities and Local Government (DCLG) since the original announcement has clarified the criteria that should be considered in putting forward projects for this pot, detailed below:

- a. Good Value for Money from a Benefit to Cost Ratio (BCR) using a ready reckoner that takes account of:
 - i. Land value uplift
 - ii. Total amount of funding provided by central Government
- b. Strategic approach that demonstrates:
 - i. Local leadership
 - ii. A clear evidence base that the scheme will unlock new and better homes
 - iii. Diversification of the housebuilding market with new entrants and SME builders
 - iv. Joint working between local authorities
- c. Deliverability of both the infrastructure and the subsequent housing with a delivery plan that demonstrates:
 - i. The strength of the overall development strategy
 - ii. Progress made to date
 - iii. Position on land ownership and control
 - iv. Planning status
 - v. Strength of active commitment from key partners and delivery bodies
 - vi. Project management and governance approach
 - vii. Understanding of key delivery risks and their mitigations
 - viii. The number of critical dependencies, especially those outside of the local authority's control
 - ix. The nature of the local housing market and why the proposed delivery approach suits that market
- d. Other considerations:
 - i. Funding profile
 - ii. Geographical capacity of an area to deliver the infrastructure development
 - iii. Wider economic considerations.

2.2 Against this criteria, Medway Council and Kent County Council have been developing Forward Fund projects, the detail of which will be circulated prior to 7 September 2017. The Board will be asked to consider endorsing these Forward Fund projects formally.

3 Marginal Viability Fund (MVF)

3.1 The District Councils and Medway Council have also been developing bids to submit to the MVF. An emerging list of these projects will be shared in the annex to be circulated prior to 7 September 2017. The Board will be asked to consider endorsing these projects formally.

3.2 In the case of Kent districts, Kent County Council has been working with the District Councils in the development of these bids, in some cases providing direct support, and in all cases considering the opportunity to formally endorse these projects.

4 Next steps

4.1 The views of KMEP will be taken on board, and for those projects endorsed by KMEP, these will also be put forward for SELEP endorsement.

4.2 The Forward Fund expressions of interest and MVF bids are still in development, and as such, most will not be finalised until the final week before the deadline of 28 September 2017. Therefore, it is recommended that the Board delegate authority to the Chair of the Board to provide and sign letters of endorsement from KMEP for the project leads to include in their submissions.

5 Recommendations

5.1 The Board is recommended to:

- comment on and endorse the Forward Fund proposals for Medway and Kent to be circulated and presented at the meeting; and
- comment on and endorse the emerging MVF bids to be circulated and presented at the meeting.

ITEM 5

Date: 7 September 2017

Subject: Open Golf 2020: Royal St George's Golf Course, Sandwich

Report authors: Stephanie Holt, Head of Countryside, Leisure and Sport, Kent County Council
Katie Stewart, Director of Environment Planning and Enforcement, Kent County Council

Summary

This report provides an update on the paper that KMEP received 30/01/17 regarding Open Golf: KMEP and SELEP Support

The Board is recommended to:

- Endorse that the permanent option be the preferred option of KMEP
 - Endorse the recommended increased contribution from SELEP towards this project
 - Consider and endorse the intention to provide funding for the permanent solution from Kent LGF programme underspends
 - Note that Steer Davies Gleave will receive the business case 08/09/17. They will in turn deliver their recommendations to SELEP Accountability Board on 17/11/17
-

1 Introduction/Background

1.1 The Open is a prestigious sporting event that independent research demonstrates brings significant economic benefits to the area in which the event is held, due to the global profile it provides the area and the resulting interest from international business and spectators.

1.2 The last time Kent hosted The Open in 2011, it generated a £77m benefit to the Kent economy, of which £24.14m was direct additional spend. In 2020, the economic impact is forecast to be in excess of £85m, of which at least £26.8m is forecast to be direct additional spend.

1.3 However, critical transport improvements are required at Sandwich Station to enable the expected number of spectators to access the Royal St George's Golf Course when The Open is underway. Without these transport improvements, The Royal and Ancient

have confirmed that Kent will not be invited to host The Open again, and we will lose the resultant economic impact.

- 1.4 This report provides an update on the development of the transport solution, and seeks endorsement from the Board as to the new preferred option, as well as endorsement of the funding approach to that preferred option.

2 Temporary Option

- 2.1 Initially, on agreeing to host the event, partners agreed that a temporary platform extension would be appropriate to provide the necessary capacity for the duration of the event. To this end, in January 2017, KMEP were consulted upon a temporary infrastructure solution at Sandwich Railway Station. At the time, the Board were asked to note the ask of SELEP for a contribution of £300,000 which was agreed subject to:
- (a) available financing being identified by SELEP Accountability Board,
 - (b) a commitment in principle from The Royal and Ancient to the event returning three times
 - (c) SELEP's sponsorship of the event being publicised in the Royal and Ancient media coverage.
- 2.2 Since the January KMEP meeting, further work has been undertaken to develop the project with Network Rail and partners. Part of this work has been to confirm costings of the temporary infrastructure. The cost estimates and funding proposals for the temporary solution are included below:

TEMPORARY SOLUTION COSTINGS

	£
Baseline Delivery Cost	1,297,000
Design Cost @15%	194,550
Management Cost @10%	129,700
Revised Sub-Total	1,621,250
Contingency @ 35%	567,438
Revised Sub-Total	2,188,688
Industry Risk Fund & Fee Fund @ 7%	153,208
Rounding	4
TOTAL ESTIMATED COST	2,341,900

TEMPORARY SOLUTION - PROPOSED FUNDING TO BE EXPLORED WITH KMEP, SELEP AND THE R&A

	£	% share
Kent County Council	250,000	11%
Dover District Council ¹	100,000	4%
South-East LEP ²	750,693	32%
Royal & Ancient	421,542	18%
Department for Transport ³	819,665	35%

**PERMANENT SOLUTION - PROPOSED FUNDING TO BE
EXPLORED WITH KMEP, SELEP AND THE R&A**

	£	% share
Kent County Council	250,000	6%
Dover District Council ¹	100,000	2%
South-East LEP ²	1,025,745	24%
Royal & Ancient	1,418,735	33%
Department for Transport ³	1,504,720	35%
TOTAL FUNDING	4,299,200	100%

NOTES

¹ Dover DC contribution includes that from 4 other East Kent DCs

² Subject to positive BCR in business case and approval by SELEP Accountability Board.

This dependent on underspend on other Kent LEP-funded projects, primarily Ashford Spurs.

³ DfT funding ask now increases to full level of contingency at 35% of estimated total.

- 3.3 KCC are in negotiations with The Royal and Ancient, based on the above proposed funding break down.

4 Proposed sources of LEP Funding

- 4.1 KCC officers have examined a number of potential funding sources for the SELEP contribution. Those that are considered suitable for The Open Golf relate to Kent programme underspends or uncommitted funding within KMEP's LGF allocations.
- 4.2 Underspend on Ashford Spurs is considered to be the likely source of the proposed £750,693 SELEP contribution to the Temporary Option. The underspend on Ashford Spurs will not be known until March 2018, but is currently anticipated to be c. £2 million, enabling this to be the funding for the proposed SELEP contribution to the Permanent Option too.
- 4.3 The Sustainable Interventions Programme is a second potential source for SELEP to draw upon, if required or preferred. On behalf of SELEP, Kent County Council has some schemes already planned against this programme for 2017/18 but no commitments have been made yet on how we would spend the £500,000 p.a. available through the Sustainable Interventions Programme in 18/19 or 19/20.

5 Timeline and next steps

- 5.1 This paper is to gather KMEP's comments on the permanent option proposal in principle, and KMEP's comments on and endorsement of the proposed funding solution for the permanent option. These comments will feed directly into the SELEP Accountability Board 22/09/17.

- 5.2 KMEP's comments will also inform further negotiations with The R&A as to their contribution to the permanent option, and will inform KCC's ongoing conversation with the DfT regarding continuing the principle of funding the contingency costs of either the temporary or the permanent option.
- 5.3 A final report will be presented to SELEP Accountability 17/11/17 by Steer Davies Gleave regarding their recommendations as the Independent Technical Evaluator as to the Sandwich Railway Station infrastructure required to enable The Open to return. Their recommendations will be based on two grounds; Value for Money, and Certainty of Business Case Being Achieved.
- 5.4 A final oral report will be presented to KMEP 23/11/17, reporting on the SELEP Accountability Board decision.

6 Recommendations

- 6.1 The Board is recommended to:
- Endorse that the permanent option be the preferred option of KMEP
 - Endorse the recommended increased contribution from SELEP towards this project
 - Consider and endorse the intention to provide funding for the permanent solution from KMEP LGF programme underspends
 - Note that Steer Davies Gleave will receive the business case 08/09/17. They will in turn deliver their recommendations to SELEP Accountability Board on 17/11/17

FOR INFORMATION ONLY PAPERS

KMEP 7th September 2017

FOR INFORMATION ITEM A

Date: 7 September 2017

Subject: Future Meeting Dates for KMEP and SELEP

KMEP Board Meeting Dates

The future Kent & Medway Economic Partnership meeting dates are:

- Tue 26 September 2017
- Thu 23 November 2017
- Mon 29 January 2018
- Mon 26 March 2018 – Held at the Hilton Hotel, Maidstone
- Mon 21 May 2018
- Mon 16 July 2018
- Mon 24 September 2018
- Mon 26 November 2018

All meetings, except for the meeting on 26 March 2018, will be held at the Village Hotel, Maidstone.

All meetings start at 5pm and finish at 7pm.

SELEP Strategic Board Meeting Dates

The future SELEP Strategic Board meeting dates are:

- Friday 22 September 2017 | Venue = High House Production Park, Purfleet | 10.30am start.
- Friday 15 December 2017 | Venue = Ashford College, Kent | 10.30am start.

SELEP Accountability Board Meeting Dates

The future SELEP Accountable Board meeting dates are:

- Friday 22 September 2017 – **REARRANGED FROM 8 SEPT** – Start time = 9am
- Friday 17 November 2017

All meetings will be held at the High House Production Park, Purfleet.