

From: Derek Murphy, Cabinet Member for Economic Development

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To: Growth, Economic Development and Communities Cabinet Committee – 18 January 2024

Subject: 23/00121 - Kent and Medway Economic Framework

Classification: Unrestricted

Past Pathway of report: N/A

Future Pathway of report: N/A

Electoral Division: All

Summary: This report introduces a new draft Kent and Medway Economic Framework. This sets out a high-level strategy which will guide activity to support the sustainable growth of the county's economy, through to 2030.

The Framework is a non-statutory document. It does not set out any specific future resource commitments for KCC. It will, however, help to make the case for future Government funding and powers, in the context of the forthcoming closure of the South East Local Enterprise Partnership. It will also provide a basis on which partners in local government, business, education, and the voluntary sector can work together in support of common objectives.

A first draft Framework was prepared in September, following earlier consultation on the emerging themes and structure. Further consultation took place in the autumn, including with Kent and Medway Economic Partnership and Kent and Medway Leaders. This revised draft takes account of comments received.

Recommendations:

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Economic Development, on behalf of Kent County Council, on the proposed decision to:

- endorse the Kent and Medway Economic Framework;
- support the Kent and Medway Economic Partnership in its implementation; and
- delegate to the Director Growth and Communities to take any necessary actions, including but not limited to entering into contracts or other legal agreements as required to implement this decision,

as shown at appendix A.

1. Background

1.1 In August 2020, Kent and Medway Leaders and Kent and Medway Economic Partnership (KMEP) approved an *Economic Renewal and Resilience Plan*.

This was a short-to-medium term strategy which set out a series of actions to support the economy during the recovery from the Covid-19 pandemic.

1.2 As the Renewal and Resilience Plan came to the end of its natural life, Leaders agreed in late 2021 to prepare a longer-term Kent and Medway Economic Framework, which would help to guide actions to support the growth and prosperity of the region through to 2030. The Framework has been developed in the context of:

- structural changes within the economy, especially the accelerating progress to decarbonisation and digital technology and the prospects that this brings for new forms of economic activity and workforce skill demands;
- other strategic developments such as the Local Skills Improvement Plan and the range of economic strategies agreed at local authority and sub-county level; and
- the forthcoming closure of the South East Local Enterprise Partnership, which historically has been used by Government as a vehicle for distributing and managing funding for local economic development and regeneration projects and the transfer of the Local Economic Partnership responsibilities to Kent County Council.

1.3 The proposed broad themes, ambitions and areas identified for action were considered by Leaders and the Cabinet Committee in 2022, and by KMEP in March 2023. Subsequently, a draft Framework document was produced in September. Consultation on the draft took place during this autumn with Kent and Medway local authorities, KMEP members and other key partners.

1.4 Following this consultation, an updated document has been prepared with revised ambitions and areas for action. A table summarising these is attached at Annex 1. The revised Framework document is attached at Annex 2.

1.5 A summary of the feedback we received during the consultation process is attached at Annex 3.

1.6 The Equality Impact Assessment is attached at Annex 4.

2. Key principles

2.1 Changes in Britain's national economy shape many of the factors affecting Kent and Medway but our local economy which borders the capital city of London, the Thames Estuary and our coast facing continental Europe has many distinctive features which this new economic framework seeks to improve.

2.2 Five key principles have underpinned the development of the Framework:

- It is a 'high level' strategy aimed at improving the standard of living in Kent and Medway. It sets out an overall 'narrative' for the development of the Kent and Medway economy. It outlines a series of ambitions/themes that are intended to provide areas of focus for shared activity. It does not set out a detailed action plan: instead, the Framework identifies areas for action which partners

in Kent and Medway can develop to forward the overall objectives of the Framework.

- Its ambitions and suggested areas for action are evidence-based: it seeks to build on Kent and Medway's strengths and address the county's weaknesses.
- It is a partnership strategy. While KCC has taken the lead in its development, it is anticipated that it will be 'owned' collectively by Kent and Medway Leaders and endorsed by KMEP with delivery involving a range of other partners connected to KMEP as the County's formally recognised Economic Growth Board. It is intended to align with, and add value, to other local plans and strategies. As already described, it has been extensively consulted upon to ensure wide stakeholder support.
- The document meets new requirements from Government to prepare and implement an Economic Strategy as former Local Economic Partnership responsibilities are transferred to Kent County Council from April 2024. The framework covers recommendations set out in the government's Local Economic Partnership transition guidance.
- It does not come with a central resource. There is no 'Economic Framework budget,' or a direct connection to a specific external funding source or central team but government has indicated that local economic strategies could be used as reference points for any future government funding streams allocated to Kent and Medway for economic development. Having a Framework in place, with partnership support, ought to be helpful in making the case for additional investment, and in helping partners to work together where there is mutual benefit.

3. Overview of content

3.1 The draft Economic Framework contains a summary analysis of Kent and Medway's economic strengths and opportunities, including its strong recent record in job creation and business stock expansion, its diverse and resilient business base, key sectoral strengths, connectivity, and innovation assets. It also highlights some challenges, especially associated with workforce skills, some significant geographical disparities and (in comparison with other parts of the Greater South East) a persistent relative productivity deficit.

3.2 Across these opportunities and current opportunities and challenges, it considers the transformational 'structural' trends (especially decarbonisation, increasingly sophisticated digitalisation, and long-term demographic change) that will impact on all aspects of the economy over the coming decade.

3.3 Based on this analysis, the draft Framework outlines a high-level objective of achieving a Kent economy which is more "productive, sustainable and inclusive" by 2030. To achieve this, it identifies five ambitions to:

- **Enable innovative, productive, and creative businesses**, through both the expansion of Kent and Medway's capabilities at the 'leading edge' of technology and by increasing opportunities for productivity growth across all sectors through adaption in response to technology and climate change, access to premises and potential for investment.
- **Widen opportunities and unlock talent**, building on (and extending) a strengthened relationship between employers and education at all levels,

supporting progression within the workforce and overcoming barriers to participation in economic activity.

- **Secure resilient infrastructure for planned, sustainable growth**, supporting joint work across Kent and Medway to maintain a dynamic understanding of the county’s infrastructure needs, and making the case for investment in its national connectivity infrastructure and the resilience of local business-critical infrastructure.
- **Place economic opportunity at the centre of community renewal and prosperity**, recognising the link between employment and business growth and improved health and social outcomes – aiming to improve these through innovation and higher productivity.
- **Create distinctive, diverse, and vibrant places**, identifying Kent and Medway’s diversity, ‘polycentricity’ and rural environment as a key strength and promoting investment through locally led strategies across the county.

3.4 These are brought together in the diagram below:

Fig. 1: Summary of the draft strategic framework



3.5 The key elements of the framework will be underpinned by the cross-cutting commitment to decarbonisation and reaching net zero in the county by 2050.

4. Implementation

- 4.1 The Economic Framework proposes 21 high-level ‘areas for action’ across the five ambitions. These are summarised in Annex 1. While flexible, these provide greater clarity to the focus of the Framework. They focus on areas for action that apply across Kent and Medway and they are intended to have county-wide significance.
- 4.2 The proposed actions do not imply a funding commitment from KCC. In some cases, KCC may have a leading role. But others will be led by KCC’s partners, the Kent Districts, higher and further education and elsewhere, with KCC in a supporting role. The Framework will provide a material support for proposals for external funding and for new (delegated) powers where appropriate.
- 4.3 It is anticipated that KMEP and its new subgroups will have a significant role in overseeing delivery of the Framework. At its last meeting on 5th December, KMEP formally agreed to align its future work programme with the five Framework ambitions.

5. Implications

Financial

- 5.1 There are no direct financial implications for KCC arising from the Framework. However, it will shape KCC’s future priorities in relation to economic development. This may include areas in which KCC plays a leading role, for example in relation to inward investment and direct business finance, as well as potential new areas of activity.

Equalities

- 5.2 An Equality Impact Assessment has been prepared and is attached at Annex 4. This has not identified any negative equalities impacts at strategic level (although individual initiatives taken forward with reference to the Economic Framework will be subject to further impact assessments).

Data protection

- 5.3 There are no data protection implications.

6. Next steps

- 6.1 Following Cabinet Member endorsement (and final endorsement by KMEP and Kent and Medway Leaders, anticipated at their next meetings), it is anticipated that the Framework will be launched in early spring.

7. Recommendations

- 7.1 The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Economic Development, on behalf of Kent County Council, on the proposed decision to:

- endorse the Kent and Medway Economic Framework;

- support the Kent and Medway Economic Partnership in its implementation; and
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as shown at appendix A.

8. Background documents and appendices

Appendix A: Proposed Record of Decision

Annex 1: Draft Economic Framework Ambitions and Action Areas

Annex 2: Draft Kent and Medway Economic Framework

Annex 3: Summary of Consultation on the First Draft Framework

Annex 4: Equality Impact Assessment

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