From: Derek Murphy, Cabinet Member for Economic Development

Simon Jones, Corporate Director for Growth, Environment and

Transport

To: Growth, Economic Development and Communities Cabinet

Committee - 5 March 2024

Subject: Update on Transition of Local Enterprise Partnership

Responsibilities to Kent County Council

Classification: Unrestricted

Past Pathway of report: Key Decision (October 2023)

Future Pathway of report: N/A

Electoral Division: All

Summary:

This report provides an update on progress to date and future plans for Local Enterprise Partnership (LEP) integration and the transfer of responsibilities from the South East Local Enterprise Partnership (SELEP) to Kent County Council (KCC) from April 2024.

Recommendation:

The Cabinet Committee is asked to note the update on the transfer of relevant South East Local Enterprise Partnership (SELEP) responsibilities to Kent County Council from April 2024.

1. Background

- 1.1 Local Enterprise Partnerships (LEPs) were set up by Government in 2011 as business-led partnerships which would play a key role in determining local economic priorities and undertaking activities to drive growth and job creation. The South-East LEP (SELEP) is the largest of the 38 English LEPs and has brought together three counties (Kent, Essex and East Sussex) and three Unitary Authority areas (Southend, Thurrock and Medway).
- 1.2 Last year the government confirmed its intention to cease funding LEPs and to transfer responsibilities to local authorities from 1 April 2024.
- 1.3 A report was presented to GEDCCC on 26 September 2023 outlining early plans for the transfer of relevant SELEP responsibilities to KCC. A subsequent key decision was taken by the Cabinet Member for Economic Development to confirm that former SELEP functions could be transferred to KCC on behalf of Kent & Medway as a Functional Economic Area (FEA). FEAs are expected to have a minimum population of 500,000 and government will not support any

- post-LEP activity being delivered within smaller geographies. KCC has been working very closely with Medway Council on LEP transition plans.
- 1.4 This report provides an update on LEP transition progress and plans to ensure the successful integration of former LEP functions at a local level.

2. Transfer of Functions:

- 2.1 Two sets of complementary government guidance have been published which highlight a number of principles that need to be taken into account. The most recent <u>guidance note</u> issued by the Department for Levelling Up, Housing and Communities (DLUHC) on 19 December confirmed several points which will shape what needs to be put in place in Kent & Medway to ensure a smooth transition.
- 2.2 Three main functions are being transferred to Upper Tier Local Authorities:
 - 1. Local Economic Planning
 - 2. Business Representation
 - **3.** Delivery of Government Programmes (where directed)
- 2.3 Local Economic Planning: FEAs are expected to produce (or update) an economic strategy on an ongoing basis to support local decision making. Kent & Medway already have this in place in the form of the new Kent & Medway Economic Framework (KMEF) which was considered at the 18 January 2024 GEDCCC meeting following an extensive consultation with local partners and stakeholders.
- 2.4 The guidance specifies that strategies should include a strong evidence base, local economic opportunities & challenges and opportunities for strategic connections across regions. They should also link to other relevant local plans including Local Visitor Economy Partnerships, local transport plans, and local skills provision plans. The final KMEF adheres to these principles.
- 2.5 Areas bidding for government funding in future may be asked to demonstrate how any proposals fit into their local economic strategy.
- 2.6 Business Representation: Areas should retain or establish a formal Growth Board which ensures an "effective, independent and diverse business representation". The Kent & Medway Economic Partnership (KMEP) which has operated as a federated board under SELEP remains the most appropriate vehicle for this role as it fully aligns with expectations set out in the guidance. KMEP is made up of the 14 Local Authority Leaders (or Cabinet Members) from Kent & Medway, two Education Representatives (Further and Higher Education) and 17 Private Sector Representatives including three business membership organisations: Kent Invicta Chamber of Commerce, the Federation of Small Businesses and the Institute of Directors. KMEP aims to represent the diversity of the Kent business community through its private sector membership in terms of geographical spread, industry sectors, size of businesses and protected characteristics. KCC will continue to provide the secretariat function for KMEP and its workstreams.

- 2.7 The guidance indicates that private sector and employer perspectives are expected to be able to enhance local economic strategies and interventions including:
 - Business, trade and investment support
 - Challenge / insight on business impacts of public sector initiatives
 - Provide delivery expertise, market credibility and a vehicle for leveraging match funding for public sector programmes
- 2.8 Demonstrating a strong business voice will also be an eligibility requirement for some government programmes. Local Authorities have been encouraged to consider how business boards can feed into local economic priorities and how businesses could have representation on other local fora. Kent & Medway will achieve this through consulting existing business groups such as the K&M Business Advisory Board, district business networks and through direct links that KCC and its partners have with the local business community.
- 2.9 <u>Delivery of Government Programmes:</u> In the short term, KCC will take on accountable body status for three capital funding programmes that are currently administered by SELEP:
 - Local Growth Fund (LGF) four transport projects are currently being delivered across the county with the latest planned for completion by December 2026.
 - Getting Building Fund (GBF) two recently approved projects to establish new flexible workspace in Gravesend and Maidstone will be completed by December 2024.
 - Growing Places Fund (GPF) eight projects are currently underway and will
 complete by 2027. Some £14m of loan-based funding for these projects is due
 to be returned to KCC between 2025 and 2027 and will be used as an
 evergreen fund to support Kent-based projects that align with priorities set out
 in the Kent & Medway Economic Framework. Medway Council is due to be
 repaid a further £2m from Medway-based projects which it will re-use to
 support economic growth projects in Medway.

KCC will be required to monitor live LGF and GBF projects and report on their progress to government until March 2025. KCC's 'Major Projects Sponsoring Group' (formerly KCC's SELEP Sponsoring Group) will continue this role to ensure that KCC-led projects progress as planned. Medway Council (MC) will fulfil the same role for these legacy capital programmes within their geography, although government has requested a combined reporting process for KCC and MC which KCC will coordinate.

2.10 KCC will take on full responsibility for the Kent & Medway Growth Hub, the 'one-stop-shop' business support service which provides signposting and advice to local firms. KCC has managed the Kent & Medway contract under SELEP since inception in 2015 and the service has been delivered by the Kent Invicta Chamber of Commerce (KICC). Government funding will enable the core service to continue for the 2024-25 financial year although (at the time of preparing this report) the Department for Business & Trade is yet to confirm the exact value of the funding allocations for Growth Hubs in 24/25. It is anticipated that KICC will continue to deliver this service for Kent & Medway. Areas are asked by government to consider how additional resource can be contributed locally to enhance the service offer.

- 2.11 While there have been no announcements about future rounds of LGF or GBF, the LEP integration guidance indicates that future government programmes could be rolled out under the post-LEP FEA geographies. For example, DWP intends to operate its new supported employment programme, Universal Support, through local authorities under new FEA geographies from late 2024. This represents a shift from recent government programme funding allocations. The most recent programmes intended to replace European Union funding and support economic growth have been implemented at district and unitary authority level. Each of the Kent District Councils received approximately £1m of UK Shared Prosperity Funding (UKSPF) in 2022 to cover a three-year period and many Levelling Up Funding (LUF) awards were allocated to District Councils or Unitary Authorities across the UK including Swale, Ashford, Folkestone & Hythe, Dover, Canterbury and Gravesham. For information only, please see annex 2 & 3 for a summary of UKSPF and LUF projects in Kent.
- 2.12 <u>Assurance:</u> the LEPs operated in line with principles set out in a national Assurance Framework. The government is due to publish new assurance information setting out the processes required to be followed by local authorities for the new FEAs.

3. Resources:

- 3.1 Government has confirmed that it will provide 'up to £240,000' per local functional economic area, including Kent & Medway for 2024-25. The final amount will depend on the final number of FEAs in place from April which will be between 39 and 42. Funding allocations are subject to final business case approval and the approval of integration plans by government. The funding is expected to be used for the three functions outlined above at 2.2 and former LEP activity. Areas are also being encouraged to consider how this 2024/25 revenue funding might ensure that their economic strategies are laying the groundwork and building capacity for future devolution agreements.
- 3.2 In order to secure the 'up to £240,000' core revenue funding for 2024-25, KCC will need to submit a short funding application form to DLUHC in the next few weeks, signed by the council's Section 151 officer, outlining how Kent & Medway intends to use the funding. The content of the application will need to be agreed with Medway Council as the other Upper Tier Local Authority (UTLA) in the area. Funding will be paid as a one off grant during the 24-25 financial year.
- 3.3 It is anticipated that this funding will be used to ensure that KCC has adequate staff resource to fulfil the duties set out above and can make progress with the implementation of priorities set out in the K&M Economic Framework (KMEF). The funding is effectively ring-fenced for activity that will support economic growth.
- 3.4 The SELEP Strategic board agreed last year that any residual funding remaining should be used to enable any SELEP staff to transfer to Local Authorities to support the integration of LEP functions for a period after the closure of the LEP. KCC and some of the other Local Authorities in the SELEP area have submitted role profiles to SELEP for consideration. The roles are

designed to support the implementation of key priorities set out in the KMEF. SELEP staff are currently considering these opportunities and should any wish to transfer to KCC on a fixed term contract, they have been invited to complete a short application form. Should any staff be successful in applying for a role within KCC, the fixed term contract (12-18 months approx.) and any pension and redundancy liabilities will be fully funded by the SELEP residual funding to be provided to KCC.

3.5 In addition to potential staff members transferring to local authorities, SELEP intends to apportion any remaining residual funding to the six Upper Tier Local Authorities in the area. KCC could receive between £400K and £550K to support economic development work. Any funding not earmarked for the transfer of staff will be used to implement key priorities set out in the KMEF such as sector development, skills and training, business support, decarbonisation or wider work to promote the county externally.

4. Future Plans:

- 4.1 The Kent & Medway Economic Framework sets the strategic context for the post-LEP economic growth agenda in Kent & Medway in addition to links with other local strategies such as the emerging Local Transport Plan, the Integrated Care Strategy and district and borough local plans. Future economic development work in Kent & Medway will align to these priorities and will be structured under five headings which mirror the five ambitions in the KMEF:
 - Business
 - Skills & Workforce
 - Infrastructure
 - Investment & Growth
 - Place & Identity
- 4.2 The Kent & Medway Economic Partnership will oversee the implementation of the KMEF supported by a number of existing and new boards, sector groups, thematic groups, partnership groups and organisations working to achieve KMEF priorities. Annex 1 provides a high level overview of how KMEP and a range of interlinked groups will be structured in future. A number of these groups will replace at a local level some of the sector and partnership groups operated by SELEP and others will be established. This wider structure aims to facilitate joint working across the county to tackle barriers to growth and unlock opportunities, enable the prioritisation of investment opportunities in Kent & Medway and provide a route to access and channel future funding. The KMEP board has also specified that the transition to Net Zero should remain a crosscutting objective for all future activity.
- 4.3 Although detailed implementation plans, targets, key performance indicators and resource requirements for the KMEF are yet to be developed, high level progress will be tracked by the Kent & Medway Economic Dashboard produced by the KCC Analytics team. Additional data requirements will be considered for each of the five ambitions in the KMEF to ensure that progress can be monitored.

5. Financial Implications

- 5.1 As described at 3.2, along with the other 40 or so post-LEP Functional Economic Areas, KCC will receive an allocation of 'up to £240,000' to support the integration of LEP functions for the 2024-25 financial year. This funding should be sufficient to cover day to day operations of the new responsibilities as well as initial work to develop activity under the Kent & Medway Economic Framework as the strategic plan recognised by government.
- 5.2 Additional revenue funding provided to both KCC and Medway Council from SELEP's residual funding will enable activity to be implemented locally to take forward some of the action areas outlined in the Kent & Medway Economic Framework.
- 5.3 Core post-LEP funding for local authorities for future financial years has not been announced and will be subject to the Government Spending Review.

6. Legal implications

- 6.1 In order to support the practical arrangements of the transition process, Essex County Council (ECC) as accountable body for SELEP is currently preparing a legal agreement to support the formal transfer of legacy responsibilities (including capital programmes) to Kent County Council. KCC and ECC's legal teams will work together to ensure that the interests of all parties are protected.
- 6.2 KCC may be required to sign agreements with government to formally adopt Accountable Body status for the capital programmes and confirm adherence to the pending Assurance Framework but details are not yet known.

7. Equalities implications

- 7.1 An EqIA for LEP transition has been developed and any further EqIAs required to support the implementation of new programmes or activities will be prepared as required.
- 7.2 It is not anticipated that there will be any negative equalities and diversity impacts resulting from the transition of SELEP responsibilities to KCC. As was the case with SELEP, programmes, activities and policies adopted at a local level will adhere to core Public Sector Equality Duty requirements.

8. Other corporate implications

- 8.1 The Economy Team within Growth & Communities will continue to lead the integration process. Current staff resource within the team will focus on ensuring a smooth transition.
- 8.2 KCC's legal, finance and human resources teams will continue to support the transition process to ensure that KCC's interests are protected.

9. Governance

9.1 Stephanie Holt-Castle, Director of Growth and Communities, will inherit the main delegations via the Officer Scheme of Delegation

10. Conclusions

10.1 The government's decision to allocate LEP responsibilities to Local Authorities will provide a range of opportunities for Kent & Medway to unlock growth opportunities, enable the prioritisation of investment opportunities in Kent & Medway and provide a route to access and channel future funding

11. Recommendation(s):

The Cabinet Committee is asked to note the update on the transfer of relevant South East Local Enterprise Partnership (SELEP) responsibilities to Kent County Council from April 2024.

12. Background Documents

- GEDCCC Report on LEP Transition 26 September 2023
- Guidance for local authorities delivering business representation and local economic planning functions (December 2023)
- <u>Guidance for LEPS and local and combined authorities: integration of LEP</u> functions into local democratic institutions (August 2023)

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Local Growth Board

Kent & Medway Economic Partnership

Local Economic Strategy

Kent & Medway Economic Framework

Ambitions / Work Streams

Business Infrastructure

Investment & Growth

Workforce & Skills

Place & Identity

Links to Strategic
Sector &
Partnership

New & Existing
Business /
Sector Groups &
Partners

New & Existing Infrastructure / Sector Groups & Partners New & Existing
Investment /
Sector Groups &
Partners

K&M Employment Task Force, skills groups & partners New & Existing
Place Sector
Groups &
Partners

Cross Cutting
Themes

Green Economy, Transition to Net Zero, Decarbonisation

Annex 2- UK Shared Prosperity Fund (UKSPF) in Kent (Activity falling within three priority areas, 'Community and Place', 'Supporting Local Business' and 'People and Skills')

District	Funding Towards / Project Description
Ashford	Projects completed:
	Ashford UnFramed Mural Festival (£25,000 UKSPF)
	Hello Ashford interactive feedback scheme (on Town Centre changes) via engagement platform
	Hello Lamp Post.
	Ashford Temporary Furniture and Parklets
	Projects currently underway:
	Town Centre Accessibility Study
	• Eat Well Spend Less Roadshow events until March 2025. 3 events completed and additional
	events planned over coming months.
	Risk and Violence Reduction Programme delivered by Charlton Athletic Community Trust, activity
	has successfully begun and will run until March 25.
	'On the Map' programme being delivered by Visit Kent will run until March 2025. It will provide a
	programme of business support for destinations and venues as well as supporting the marketing of Ashford's growing wine sector.
	 VCSE Sector Support <u>programme</u> – procured in July 2023, running until March 25.
	 ABC currently scoping out the People and Skills activity. This work will likely include work around
	Green Skills, Outreach, First Steps into work or education, and a bespoke piece of work focusing on Creative Skills locally.
Canterbury	'Pride in Place' grants UKSPF 2024/25, up to £10,000 per application.
	 'Skills and Employability' grants 2024/25, to £10,000 per application.
Dartford	Funding for the first two priorities 'Community and Place' and 'Supporting Local Business' was planned to commence in 2022/23, while the 'People and Skills' priority will commence in 2024/25.
Dover	Projects completed so far with funding (2022-2023):
	 Events (Dover Skate Fest, Christmas events, Spring Clean Campaign, Easter fun day, skateboard coaching, fashion through the ages on Deal Pier etc.)
	Market Square improvements (bollards, jetwashing, speakers)
	Snargate Street bench refurbishment and cycle rack
	Tourism Campaign
	Energy efficiency measures including new boilers and insulation
	New town centre defibrillators and defibrillator training
Folkestone & Hythe	Bed Project – providing beds and bedding to ensure a better quality of sleep which assists in a
	child's development and helps an adult's work readiness.
	 Energy efficiency project – addressing food poverty and other cost of living issues. Additionally,

	 cookery classes to develop skills in how to eat healthily on a budget and reduce food waste. Working with local businesses to identify in what areas they are unable to fill vacancies due to skills shortages. Additionally, green skills courses.
Gravesham (proposed)	 1) Community and Place: Town Centre Improvements to improve accessibility within Gravesend Town Centre Community Infrastructure and green space improvements including new/improved community facilities Cultural and youth development Cost of Living Crisis 2) Supporting Local Business: Gravesend Borough Marke Visitor Development – activity in support of strengthening Gravesham's visitor product, building on recent experiential tourism development initiatives. Business Support and Networking Construction Skills Hub – feasibility studies and engagement with businesses and developers to respond to a need for expansion in local construction skills provision arising from Gravesham's regeneration programme. 3) People and Skills: Employability support – initiatives to support people furthest from the job market where there are gaps in provision for basic skills etc.
	 Green Skills – development of specific low caron technology skills training and initiatives leading to expansion of course tutors. Skills gap analysis – ongoing work to identify and address local skills gap. Jobs and careers fairs – working with partners to design and host events and to develop community-based career pathways into work.
Maidstone	Project updates 2023: Engaging Students (June 2023) Wild About Maidstone (September 2023) Two editions of Borough Insight Magazine (Oct 2022 & Oct 2023) Maidstone River Festival (July 2023) 'Green Spaces' project (Brenchley Gardens, Maidstone Community Support Centre, Maidstone Museum. Maidstone Lit Fest Maidstone Fringe Festival (July 2023) Drama Group Pilot (July 2023) Kerala Cultural Association Festival (August 2023)

	Sounds Around Our Town (September 2023)
	Allocated a total of £1,199,253. Further project updates
Sevenoaks	Funding used for creative proposals that promise to deliver results. Supporting economically inactive people to overcome barriers to work by providing cohesive, locally tailored support including access to basic skills – digital, English, maths and ESOL (intervention E33). SDC are looking to commission projects that span Sevenoaks district in support of specific groups of disadvantaged people. They will also be allocating up to £25,000 per project agreed.
Swale	Community Infrastructure Grant scheme awarding grants of between £1,000 and £7,000 to organisations to cover no more than 75% of the costs of the works. Under the themes of the grant, examples of projects could include:
	warm and sustainable, for example grants for insulation, green power or LED lighting in community facilities.
	fit for purpose, for example alterations, improvements and new facilities.
	digitally connected, for example fast broadband and Wi-Fi.
	 welcome and work, for example café development or creating or improving meeting and workspace.
	mobility, for example electric vehicle charging points or bike storage.
Thanet	£300,000 allocated to the creation of a Shared Prosperity Grant Fund, which will be distributed amongst the district's voluntary, community and social enterprise (VCSE) groups. Fund launched on 22 November 2023.
	• Thanet Community Small Grants Fund (one-off grants of between £1,000 and £10,000 with a small element for capital projects.
	Thanet Community Development Grant Programme – a two-stage process aimed at organisations wishing to test and trial new project ideas. The programme will seed fund community organisations and enable them to nurture impactful social action projects. Both stages will be competitive due to limited funds.
	Thanet Community Lotto Grants launching early 2024.
Tonbridge & Malling	Successes in Year one and two include:
	 activities for young groups and clubs in areas of deprivation the mobile CCTV cameras for use in areas of anti-social behaviour and fly-tipping are currently located in four 'hot-spots' across the borough. the Shopfront and Vacant Unit Improvement scheme supporting independent retailers and food and drink businesses, has awarded funding to 18 projects across the borough.

	 the creation and launch of a Community Development Grant scheme – 22 projects have been awarded grants in Round 1 of this scheme. a further round of our successful Green Business Grant scheme – 8 projects have been awarded grants for 2023/24. As of August 2023, the West Kent Business Support Programme has supported 228 businesses, with 1-to-1 business mentoring support given to 34 businesses. Further projects scheduled: the introduction of digital information boards the trialling of bee friendly bus shelters an artistic wayfinding project in Tonbridge
Tunbridge Wells	 Sherwood Lakes Improvement Scheme Creative Tunbridge Wells Cranbrook & Sissinghurst Community Kitchen Southborough Football Pitch Drainage Tunbridge Wells Farmers Market Visit Tunbridge Wells marketing programme Commercial E-Bike/E-Cargo Bike Scheme Employment support for economically inactive people Enrichment and volunteering activities.

Annex 3 – Levelling Up Fund in Kent

District	Funding Towards / Project Description
Ashford	Allocation of £14.7m from aims to support the Ashford International Studios / Newtown Works project. This will regenerate a 4.8 hectare brownfield site with five grade II listed buildings in the heart of Ashford town, into a dynamic Ashford International Film Studios along with commercial and residential development.
Canterbury	Connected Canterbury: Unlocking The Tales of England: Part of the wider 'Tales of England' Masterplan:
	Canterbury Castle & grounds – stabilisation / restoration for event space
	 Marlowe Kit (former Poor Priests' Hospital) – restoring mediaeval Great Hall & Chapel for creative learning centre, heritage destination, riverside café
	Occasional events space in Westgate Square and Clock Tower
	Transforming bus station & St George's Lane as green entry points
	Investing in car parks (EV charging, docked cycle hire, trees, lighting)
	'Story gardens' and heritage routes
Dover	Focus on renewing Bench Street (derelict / brownfield site) to include: • A 2000m2 Creative Campus to provide digital & creative training and curriculum expansion at Dover Technical College.
	 A 690m2 business centre for start-ups Expansion of the current Dover Cycle Scheme - 6 additional cycle hub locations - rentable standard and e-bikes
	 450m2 of public car parking retaining four EV charging points. 800m2 of riverside parklet, an accessible green space
	Then longer-term high-quality town centre housing and increased commercial opportunities on the western side of the site.
	Benefits: increased employment 52 FTE, 133 qualifications p/a, 7.5% land value and active travel uptake.
Folkestone & Hythe	Folkestone - A Brighter Future has a number of components to be delivered by March 2025: • Station arrival and Town Centre connections
	 Improved Town Centre gateway Folca building (former Debenhams building) into a 'town lab' to encourage new and experimental uses into the town centre, also improving the public realm on Sandgate Road encouraging footfall in this area of the town centre. KCC has been requested to act as the delivery partner for the transport and public

	real elements of the scheme.
Swale	 1) Beachfields regeneration – a prominent town centre & seafront site. Expanded and reconfigured Healthy Living Centre – new GP facilities, consolidated space for the VCS, new café, soft play, and facilities specifically targeted at teenagers. Outdoor adventure golf and gym. Enhanced public realm from the train station to sea front area
	2) Sheppey College extension (working with EKC Group) Expansion to Sheppey College, with new FE courses, a new Junior College (age 14 – 16) and increased community and adult learning provision. The curriculum offer is being developed with the support of local employers.
	 3) Masters House workspace - new workshop units targeted at creative and cultural industries. 27 targeted outputs and outcomes including: Environmental performance upgrades to existing buildings Increased visitor numbers Enhanced progression of learners to HE / employment
	 Ennanced progression of learners to HE / employment 750sqm educational floorspace 82sqm workshop space Additional 449sqm leisure / health footprint
Thanet	 Refurbishments to Port Infrastructure New fishing facilities in Ramsgate The Clockhouse and Pier Yard public space Access to Opportunities hub in the High Street New green campus facility Restoration of Smackboys / Sailor's Church
	Newington Community Centre project https://www.thanet.gov.uk/services/levelling-up-fund/