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To: Regeneration and Economic Development
Policy Overview and Scrutiny Committee 23 September 2010

Subject: LOCAL ENTERPRISE PARTNERSHIP

Classification: Unrestricted

Summary:

This summer, the Government asked local authorities and business leaders to put forward proposals to create new Local Enterprise Partnerships (LEPs). It is intended that LEPs will form the basis for future local economic development policy, including the allocation of Regional Growth Fund monies.

Together with colleagues in Essex, KCC has submitted a proposal for a strategic Kent and Greater Essex LEP.

This paper:

- Sets out the background to the creation of Local Enterprise Partnerships;
- Outlines the Kent and Essex proposition and the process for its development;
- Introduces the new Regional Growth Fund and the anticipated process for its future allocation; and
- Sets out the next steps in taking the Kent and Essex LEP forward

The Committee is asked to note this report.

1. Introduction

- 1.1. The Coalition Government has moved swiftly to abolish the architecture of regional government. In particular, the Regional Spatial Strategy has been abolished, and the Regional Development Agency, SEEDA, will be wound up in 2011/12.
- 1.2. In place of the Regional Development Agencies, the Government has announced the establishment of new Local Enterprise Partnerships (LEPs), and an initial letter from Vince Cable and Eric Pickles to local authorities, major businesses and higher education institutions sought proposals by 6th September.
- 1.3. Government has also announced the establishment of a new Regional Growth Fund (RGF), worth £1 billion nationally in 2011/12 and 2012/13. LEPs will have a key role in determining priorities for the Regional Growth Fund,

and having a viable LEP in place is likely to be a key factor in accessing RGF funds.

- 1.4. It should be noted that the establishment of LEPs is set against a backdrop of significant reductions in public spending. In this context, the new LEPs will clearly need to develop a new model for local economic development, with less public subsidy, reduced administration and increased private leverage.

2. Developing the Kent and Essex proposal

- 2.1. Following Government's decision to establish LEPs, KCC consulted with business, Medway, the Kent Districts and other partners on the concept of a Kent and Medway LEP. This resulted in a general consensus in favour of a Kent and Medway proposition.
- 2.2. However, we are aware of concerns by business and Government that LEPs should be of sufficient scale to operate at a strategic level and aggregate resources and priorities. There are clear risks in ignoring these concerns, especially given the size and resources of the Northern and Midland city regions, the scale of public and private investment that is required in Kent to achieve our regeneration ambitions, and the risk that we could lose out if we are unable to articulate our priorities and scope for growth on a national stage.
- 2.3. At the same time, with the abolition of the regional architecture, we are now able to develop strategic alliances beyond the South East region. We have already worked extensively with Essex in taking forward the Thames Gateway and in considering the potential for a new Lower Thames Crossing. Kent and Essex also have very similar economic opportunities and challenges, for example in relation to transport infrastructure, the scale of development opportunity and our skills profiles.
- 2.4. We have therefore worked jointly with Essex in progressing a Kent and Essex LEP. If successful, this would be the largest LEP in England and, with a population base of 3.4 million, would be larger than any city regions outside London.

3. The proposal

- 3.1. A copy of the Kent and Essex LEP proposal, *Unlocking the Potential*, is attached as Annex 1. In summary, the proposal focuses on four key themes:
 - Unlocking **infrastructure** for business growth (encompassing proposals for strategic transport infrastructure, broadband connectivity and measures to provide better incentives for development and the use of public assets)
 - Unlocking **investment** for job creation (including allocation of future Regional Growth Fund monies, inward investment, access to finance and European funding)
 - Unlocking **skills** for the economy, including the establishment of a strategic Skills Commission and a closer relationship with the further and higher education sectors

- Unlocking **innovation and business support**, including a more streamlined and responsive business support system and a focus on removing the regulatory and organisational blockages to business growth.
- 3.2. In addition, the proposal contains a specific focus on the opportunities presented by the Thames Gateway, Growth Areas (including Ashford and the Growth Points at Maidstone and Dover), coastal renewal and rural Kent.
 - 3.3. Consultation on the Kent and Essex LEP proposal has taken place with Kent Economic Board's Business Advisory Board, which strongly supported the concept. Further consultation has also taken place with the Kent Districts, seven of which (at the time of writing) had confirmed their support for the proposal.
 - 3.4. The Kent and Essex LEP is the only LEP proposal that Kent County Council is supporting. However, it should be noted that Medway Council is not at this stage supportive of the Kent and Essex proposal and has submitted an alternative Kent and Medway proposition (based on our earlier draft proposal). Nevertheless, should the Kent and Essex LEP be successful, Medway will of course be an integral part of the new arrangement.
 - 3.5. There are also two other proposals that relate to Kent. Firstly, a Bexley, Dartford and Gravesham LEP has been submitted by Bexley Council. This is a fairly brief submission that is essentially a lobbying paper in support of Crossrail. Secondly, Tourism South East have proposed a sectoral partnership in support of the tourism industry across the South East region.

4. Next steps

- 4.1. Nationally, some 58 proposals for Local Enterprise Partnerships had been received by Government by the 6th September deadline. Ministers are currently reviewing these and are expected to provide feedback in early October. It is anticipated that Government will want to see strong proposals move forward quickly and are likely to encourage a limited number of 'pathfinder' LEPs. Should the Kent and Essex proposal be successful, we anticipate establishing a shadow LEP Board in November, with a full Board operational from April 2011 as the Regional Development Agencies wind down.
- 4.2. Initial proposals for the Regional Growth Fund are expected to be announced in December. RGF is likely to be highly competitive, largely capital and strongly geared towards maximising private sector leverage and delivery of 'hard' job outcomes. An innovative approach to RGF will be important if we are to be successful in Kent, and work is currently underway to examine the potential for an Infrastructure Fund which could combine a portfolio of public sector assets and funding streams to attract private sector investment.

5. Recommendations

- 5.1. The Committee is recommended to note the contents of this report.

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Background Documents:

Annex 1: Unlocking the Potential: A proposal for a Kent and Greater Essex Local Enterprise Partnership

Letter from the Secretaries of State for Communities and Local Government and Business, Innovation and Skills inviting proposals for the establishment of Local Enterprise Partnerships

<http://www.communities.gov.uk/documents/localgovernment/pdf/1626854.pdf>

Full national list of LEP proposals

<http://nds.coi.gov.uk/content/Detail.aspx?ReleaseID=415344&NewsAreaID=2>