

**By: Kevin Lynes**  
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**To: Regeneration and Economic Development**  
**Policy Overview and Scrutiny Committee**

**16 November 2011**

**Subject: LOCAL ENTERPRISE PARTNERSHIP**  
**AND REGIONAL GROWTH**

**Classification: Unrestricted**

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**Summary:**

This paper updates the Committee on progress in taking forward the measures to promote economic growth set out in last year's Local Growth White Paper. In particular, it highlights the progress made in establishing the South East Local Enterprise Partnership and in securing investment in Kent through the Government's Regional Growth Fund.

The Committee is asked to note this report.

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**1. Introduction**

1.1. In November last year, the Government published the Local Growth White Paper. This contained a number of measures designed to promote regional growth, including the development of Local Enterprise Partnerships and the creation of a new Regional Growth Fund. The Policy Overview and Scrutiny Committee considered the implications of the White Paper in some detail, and asked for regular reports on progress.

**2. The South East Local Enterprise Partnership**

2.1. As the Regional Development Agencies are being wound up, the Government asked groups of local authorities and businesses to come together to form Local Enterprise Partnerships to promote economic development. With one or two small exceptions, LEPs have now been established throughout England.

2.2. Kent has entered into a partnership with Essex, East Sussex, Medway, Thurrock and Southend to form the South East Local Enterprise Partnership. This received Government endorsement in autumn last year, and is now fully established, with a Board and a smaller Executive Group now in place. Kent's representation on both the Board and the Executive Group is drawn from KCC

and the Kent Districts and from the Kent Business Advisory Board. A full list of Kent's Board members is listed in Annex 1.

- 2.3. During the summer, the LEP Board agreed to enter into a search and selection process to appoint a Chairman for the Partnership. Following this, the Executive Group has endorsed the appointment of John Spence as the new Chairman. John has a strong background in the banking and finance sector and has also been heavily involved in developing public-private partnerships through his former chairmanship of Harlow Renaissance Ltd, an urban regeneration vehicle.
- 2.4. In addition, the LEP has appointed three private sector vice-chairs, representing each of the three counties. Geoff Miles, as Chairman of Kent Economic Board and the Business Advisory Board, is the vice-chair representing Kent.
- 2.5. During the summer, the LEP Board endorsed a 'vision' document, which sets out a high-level aspiration to make the South East LEP area "the most competitive local economy in England". The vision document identified four strategic objectives and four key enabling activities:

Strategic objectives	Enabling activities
Secure the growth of the Thames Gateway  Promote investment in our coastal communities  Strengthen our rural economy  Strengthen the competitive advantage of strategic growth locations	Strategic transport infrastructure  Universal superfast broadband  Skills  New financial instruments

- 2.6. For each of the above activities, task and finish groups have been established to identify where there are opportunities for working together across the three counties and where there is potential for joint campaigning on key issues<sup>1</sup>. The task and finish groups will report back to the LEP Board in December.
- 2.7. Looking to the longer term, it is likely that LEPs will remain 'informal' alliances, rather than statutory strategic bodies. Last year's Local Growth White Paper stated that Government would not seek to place LEPs on a statutory footing, and there is no indication that this policy has changed. However, it is likely that LEPs will be used as conduits for some forms of Government funding, where Government wishes to ensure some form of regional prioritisation.

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<sup>1</sup> With the exception of the Thames Gateway objective, for which action has been remitted to the existing Thames Gateway Strategic Group (which includes London as well as Kent and Essex).

### 3. Regional Growth Fund

- 3.1. The Regional Growth Fund (RGF) is a major element of the Government's sub-national economic growth policy. It was launched last year with £1.4 billion Government funding to support the creation of private sector jobs in areas considered to be heavily dependent on the public sector. Two bidding rounds have so far taken place, with deadlines in January and July.
- 3.2. In the first round, no projects from Kent (or indeed the South East) were successful. However, the outcomes of the second round were announced on 30 October - Kent has met with significant success.
- 3.3. In particular, KCC has been successful in securing £40 million RGF investment in **Expansion East Kent**, which will provide finance to businesses in Canterbury, Dover, Shepway and Thanet, and also includes provision to support enhancements to line speed on the Ashford-Ramsgate rail route.
- 3.4. Our allocation for Expansion East Kent is currently subject to due diligence by Government and we are awaiting a contract. However, in the meantime, work is underway to establish governance and operational procedures for the project, with finance becoming available to business in spring 2012.
- 3.5. In addition, **Vestas** has been awarded RGF grant to support the development of its wind turbine manufacturing facility at Sheerness, while **Visit Kent** is a partner in a successful national tourism marketing and development project led by Visit England. RGF funding has also been secured by **Aeromet**, an advanced manufacturing business headquartered in Sittingbourne.
- 3.6. Kent has been more successful in securing RGF investment than any other South Eastern county, highlighting in particular the lobbying success of the Sandwich Economic Development Task Force following the Pfizer exit announcement and the work of KCC and partners in support of Vestas' development proposals.

### 4. Enterprise Zones

- 4.1. The Government's approach to economic development also focuses on measures to incentivise new investment through targeted tax incentives and simplified regulation. Enterprise Zones, originally developed in the 1980s, have been part of this approach.
- 4.2. Following a competitive process involving the LEP early in the summer, Kent has successfully secured Enterprise Zone designation for **Discovery Park**, formerly the Pfizer site at Sandwich. This will mean a business rate discount worth up to £55,000 per year for businesses locating onto the site, as well as a simplified planning regime. Work is currently underway with Dover District Council to develop an Implementation Plan for the Enterprise Zone, which will formally take effect from April 2012.

## **5. Growing Places Fund**

- 5.1. It is anticipated that the Government will shortly announce a further investment programme known as Growing Places Fund (GPF). GPF will be a £500 million national pot jointly funded by the Department for Transport and the Department for Communities and Local Government to support capital schemes. Government's intention is that GPF is used to fund local recyclable funds which can then be invested in projects that will generate a return (for example through developer contributions for transport schemes, or rental income on business space). There may potentially be opportunities to link this with the development of the Kent and Medway Investment Fund.
- 5.2. It is likely that GPF will be allocated on a formula basis to LEP areas. This could mean around £35 million for the South East LEP area (or £14-16 million for Kent and Medway). However, further guidance is awaited.

## **6. Next steps**

- 6.1. Since the Local Growth White Paper was published, Government has introduced several measures from which Kent is now starting to benefit. Over the coming months, a key focus will be on ensuring that the programmes that we have secured through Regional Growth Fund and Enterprise Zone allocations are implemented effectively, and that KCC continues to maximise the benefits to Kent from the Local Enterprise Partnership.

## **7. Recommendations**

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

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### **Background Documents:**

Annex 1: Kent membership of the Local Enterprise Partnership

Annex 2: John Spence – CV

## **ANNEX 1**

### **Kent membership of the South East Local Enterprise Partnership**

#### Board membership

Andrew Bowles	Swale Borough Council
Graham Brown	Denne
Paul Carter	Kent County Council
Rodney Chambers	Medway Council
Bill Fearon	K College
John Gilbey	Canterbury City Council
Steve Gobbi	Peel Ports
Prof Julia Goodfellow	University of Kent
Douglas Horner	Trenport Investments
Jo James	Kent Invicta Chamber of Commerce
Jeremy Kite	Dartford Borough Council
Geoff Miles	Maidstone Studios
Jon Regan	Hugh Lowe Farms
Paul Watkins	Dover District Council
Paul Winter	Wire Belt Co.
Mark Worrall	Tonbridge & Malling Borough Council

#### Executive Group membership

Graham Brown	Denne
Paul Carter	Kent County Council
Rodney Chambers	Medway Council
Steve Gobbi	Peel Ports
Geoff Miles	Maidstone Studios
Jon Regan	Hugh Lowe Farms
Paul Watkins	Dover District Council
Mark Worrall	Tonbridge & Malling Borough Council