

Kent and Medway Economic Partnership

KENT AND MEDWAY ECONOMIC PARTNERSHIP BOARD

8 September 2014

ITEM 4

Subject: Capital investment in skills: Strategy and priorities for Kent and Medway

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Summary

The South East LEP's Growth Deal included an allocation of £22 million in skills capital funding. While a series of indicative projects were identified in the Strategic Economic Plan, no allocations to individual schemes have yet been made, and the distribution of the funding will be subject to competitive process.

This report outlines the projects indicatively identified in the Strategic Economic Plan and sets out the anticipated process for securing funds. It also seeks the in-principle views of KMEP Board on the broad distribution of funding, so that these may inform future discussions at the LEP.

1. Background

- 1.1. The Local Growth Fund included an element of skills capital funding previously administered centrally by the Skills Funding Agency. In its Strategic Economic Plan, the LEP set out a number of indicative projects: for Kent and Medway, these had a total funding request of £11.75 million for projects starting in 2015/16 and £17.5 million in future years and are set out in the table in Annex 1. Kent and Medway's indicative priorities included a large allocation for the development of the new campus at Ashford, with (in future years) a further large indicative allocation for provision at Sittingbourne. However, some of the later schemes proposed were notional.
- 1.1. In the LGF allocation, the South East LEP received **£22 million for a skills capital fund over 2015/16 and 2016/17**. The Growth Deal commits the LEP to run a competitive process for the allocation of this funding to projects (which may be from private providers and employers as well as the further education sector), with the Skills Funding Agency acting for the LEP in administering the competition.

2. Allocating the skills capital fund for 2015/16 and 2016/17

- 2.1. The SFA will provide an administrative function in assessing applications for funding and in ensuring that the funding competition is managed fairly and efficiently. To support this, the SFA have offered to share their existing guidance and assessment process. It is anticipated that the process for seeking, assessing and approving applications will take around 30 weeks, meaning that funds may start to be committed in summer 2015.
- 2.2. However, it will be for the LEP to define the broad priorities for the competition. The LEP Board has not yet discussed this, but work is underway at officer level to develop a draft strategy for consideration by the LEP Board. In parallel with this, there are two issues which the KMEP Board may wish to consider, relating to the *distribution* of funding and the *balance* between large and smaller schemes. The following paragraphs take each issue in turn.

Funding distribution

- 2.3. £22 million is a relatively small amount of funding across the whole of Kent and Medway, Essex and East Sussex. It has therefore been assumed that the fund will exist as a 'single pot' across the LEP area (i.e. it will not be geographically ringfenced to Kent and Medway and the other 'federated' areas). Notionally, were the fund to be allocated on a pro rata basis, Kent and Medway might expect to receive around £9.5 million – but this would probably impose a higher administrative cost, would obviously place a ceiling on the amount Kent and Medway can secure and is not currently supported by the SFA.
- 2.4. As funding is unlikely to be devolved, KMEP will probably not have a formal role in determining allocations. However, it can of course express priorities and support strong applications from Kent and Medway.

Balance between large and smaller schemes

- 2.5. The LEP could decide to allocate some of the £22 million fund for major projects, and some for smaller-scale specialist equipment and estates condition work. However, there is inevitably a tension on where the balance should be drawn between fairly small-scale projects across the LEP and investment in major projects that will make a significant wider difference.

3. Funding in future years

- 3.1. There is no commitment at present to skills capital funding in future years. However, bearing in mind that the Local Growth Fund is, in principle, un-ringfenced, there may be scope to bring forward additional skills capital proposals either in response to additional national calls for projects or in response to underspend within the South East programme. As ever, the Government takes the line that efficient spend in the next two years will stand the LEP in good stead for future resources.

4. Recommendations and issues to consider

4.1. The Board is recommended to note this report. Recognising that any call for projects by the SFA must reflect LEP priorities, and recognising that the LEP must be directed by local views, the Board may wish to consider:

- a) Whether the indicative priorities set out in the Strategic Economic Plan (especially for start in 2015/16 and 2016/17) are still right;
- b) Where – in principle – the balance should be struck between the use of funding for major and smaller schemes; and
- c) Indicative priorities beyond 2017/18.

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ANNEX 1: Indicative skills capital projects in Kent and Medway included in the Strategic Economic Plan

Project	Likely FE college lead	Indicative request (£m)	Comments
2015/16 start			
Swale Skills Centre, Sittingbourne*	-	0.75	Expansion to adjacent building
MidKent College, Medway	MidKent	0.50	Equipment purchase
Ashford International College	Hadlow	9.50	New campus build
Tunbridge Wells vocational	Hadlow	1.00	Expansion of North Farm Ctr
Total		11.75	
Future years start			
Sittingbourne FE provision	Unknown	4.00	
Ebbsfleet Garden City FE provision	Unknown	2.50	Indicative: No current proposal
Thanet vocational provision	East Kent	1.00	
Dover vocational provision	East Kent	5.00	
Folkestone FE provision	East Kent	5.00	
Total		17.5	

(* - Not eligible for SFA funding)

