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To: County Council
16 July 2015

Subject: Kent and Medway Local Enterprise Partnership

Classification: Unrestricted

Past pathway of paper: None

Future pathway of paper: None

Electoral Division: All

Summary

This paper introduces the case to change the geography of the South East Local Enterprise Partnership. It seeks the support of the County Council for the establishment of a new Kent and Medway LEP, which will be more relevant to business and will be more effective in securing resources and planning for growth.

Recommendations:

The County Council is recommended to:

- a) ENDORSE the business case for the establishment of a Kent and Medway LEP, for submission to the Secretary of State; and
- b) NOTE the implications for Kent County Council arising from the establishment of the Kent and Medway LEP.

1. Background

- 1.1. In 2010, the Government invited groups of local authorities and businesses to come forward with proposals to establish Local Enterprise Partnerships (LEPs). These were intended as public-private bodies that could set an economic vision for their areas and secure funding from Government to support growth.
- 1.2. Nationally, the majority of LEPs are based around city and county regions, reflecting established economic geographies. However, in 2010/11, the Government encouraged the establishment of a South East LEP, covering

Kent and Medway, Essex, East Sussex, Thurrock and Southend. This is currently the largest LEP in England outside London, covering a diverse area with a population of over 4 million.

- 1.3. While the Government has made funding available to the South East LEP for the delivery of transport schemes, the scale and complexity of the LEP has made the prioritisation of schemes difficult and bureaucratic. The current LEP arrangements are also widely recognised as failing the principles of localism and subsidiarity.
- 1.4. Consequently, KCC, Medway Council, the Kent Districts and business leaders have developed a proposal for a clearer, more accountable Kent and Medway LEP, which will be submitted to the Secretary of State before the summer recess. This was considered and endorsed by Kent and Medway Economic Partnership on 6 July.

2. The case for a Kent and Medway LEP

- 2.1. The proposal for a new Kent and Medway LEP is set out in *The Compelling Case for Change*, attached as Annex 1.
- 2.2. In summary, *The Compelling Case* notes that:
 - Kent and Medway is a coherent economic geography with a strong and long-standing business-led partnership. It is also already coterminous with the boundaries for a range of other institutions and public services. With a population of around 1.7 million, it would still be one of the largest LEPs in the country.
 - Faced with rapid growth, infrastructure constraints and complex skills challenges, there is a need for a stronger, locally-relevant partnership to plan for the future to unlock Kent and Medway's growth opportunities.
 - However, the current South East LEP arrangements are unable to facilitate this, since it has not proved possible to meaningfully take decisions across such a diverse geography, and the LEP has struggled to establish a clear purpose beyond its role as a distribution mechanism for Government grant.
 - The Cities and Local Government Devolution Bill currently proceeding through Parliament provides opportunities for cities and counties to bring forward proposals for devolved powers and funding. However, only those places that can demonstrate clear priorities, leadership and delivery

capacity will be able to make a strong case. A clearer, more logical geography for our economic partnership will strengthen the case for Kent.

- *The Compelling Case* therefore proposes the establishment of a Kent and Medway LEP.

2.3. The case focuses on a strategy based on three areas of activity, reflecting those set out in the Kent and Medway Growth Plan:

- Creating a more highly skilled, more productive workforce (set out on pages 11-12);
- Accelerating the delivery of planned housing by ensuring the provision of necessary infrastructure (pages 13-14);
- Supporting dynamic and innovative businesses to grow (pages 15-17).

2.4. Recognising the close links that Kent and Medway has with its neighbours, the case also highlights the need to continue to work closely with partners in Essex, East Sussex and beyond in respect of coastal renewal; with London in relation to housing growth pressures and the development of the Thames Gateway; and with partners in East Sussex along the A21 Corridor. A new Kent and Medway LEP will need to maintain and extend relationships beyond its boundaries.

3. Proposed operational arrangements

3.1. Pages 18-19 of the draft case set out an operating model for the Kent and Medway LEP. This is based on a modified version of the existing Kent and Medway Economic Partnership, the terms of reference for which are already compatible with Government guidance for LEP composition. It is proposed that all local authority leaders are directly represented on the new LEP Board.

3.2. The proposed Kent and Medway LEP structure also includes an independently-chaired Skills Commission, as a stronger evolution of the existing Kent and Medway Employment, Learning and Skills Partnership Board and a replacement of the skills arrangements that are currently in place as part of the South East LEP structure.

3.3. The proposed operating model suggests that like most LEPs, the Kent and Medway LEP will be constituted in the first instance as an informal partnership. However, a Joint Committee model may be developed to support this if required in due course.

4. Implications for Kent County Council

Financial implications

- 4.1. The direct financial implications of a Kent and Medway LEP are expected to be modest. The existing South East LEP has a budget for 2015/16 of £1.145 million. This includes a contribution from KCC of £72,000, in addition to central Government grant and contributions from the other constituent authorities.
- 4.2. As the current South East LEP involves some duplication of activity, it is envisaged that there will be an overall management cost saving, although it should be noted that Government grant contributions to LEPs from 2016/17 have not yet been confirmed.
- 4.3. In addition to management costs, there are project funds held by the South East LEP, for which Essex County Council acts as the accountable body. *The Compelling Case* sets out an approach for the transfer of these funds to new Kent and Medway arrangements.

Governance implications

- 4.4. The new Kent and Medway LEP will be an informal partnership. In advance of its launch, work will take place during the summer to put in place full operating arrangements, including the terms of reference and membership for the new Partnership and its relationship with KCC's governance structure.

5. Next steps

- 5.1. The *Compelling Case* proposes the establishment of the new Kent and Medway LEP by 1 October. Achieving this target will be important, in order to allow Kent and Medway to prepare for new Government funding programmes (and potentially to enable the development of additional devolution proposals) in the autumn.
- 5.2. Work will take place with the existing South East LEP Secretariat to ensure a smooth transition. Progress to date, including the Government's response to the proposal for a Kent and Medway LEP, the terms of reference for the new body and any Decisions required by KCC will be reported to the Growth, Economic Development and Communities Cabinet Committee on 16 September.

6. Recommendations

- 6.1. The County Council is recommended to:

- a) ENDORSE the business case for the establishment of a Kent and Medway LEP, for submission to the Secretary of State; and
- b) NOTE the implications for Kent County Council arising from the establishment of the Kent and Medway LEP.

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Attachments:

Annex 1: The Compelling Case for Change: The new Kent and Medway Local Enterprise Partnership