

**Kent and Medway  
Joint Local Economic Assessment**

**Scoping report**  
**DRAFT FOR COMMENT**

**October 2009**



## Contents

<b>1. Background to the Local Economic Assessment</b>	
Introduction	3
Purpose of the Local Economic Assessment	4
Linkages with statutory and other key strategic documents	4
Rationale for a joint Kent and Medway approach	5
<b>2. Content and scope of the Local Economic Assessment</b>	<b>7</b>
Overall structure	7
Geographical scope	7
<b>Content</b>	<b>8</b>
- Topic Paper 1: Analytical overview	8
- Topic Paper 2: Demography	8
- Topic Paper 3: Economic scale and structure	8
- Topic Paper 4: Enterprise and innovation	9
- Topic Paper 5: Employment and skills	9
- Topic Paper 6: Deprivation	10
- Topic Paper 7: Commercial and residential development	10
- Topic Paper 8: Infrastructure	11
- Topic Paper 9: Environmental constraints and opportunities	11
- Topic Paper 10: Regulation, business support and economic development activity	11
- Topic Paper 10: Economic forecasts	11
- Overall summary	11
<b>3. Joint Economic Assessment process and timescales</b>	<b>12</b>
Governance arrangements	12
Consultancy support	13
Budget	13
Project timetable	14

# **1. Introduction: Background to the Local Economic Assessment duty**

## **Introduction**

- 1.1. Under legislation going through Parliament, Kent County Council (KCC) and Medway Council will each have a duty to prepare Local Economic Assessments of their areas. Local Economic Assessments are intended to set out a robust analysis of the state of the local economy and to inform future Regional Strategy and Local Development Frameworks.<sup>1</sup>
- 1.2. KCC and Medway Council intend to prepare a joint Local Economic Assessment for the whole of Kent and Medway. This paper sets out KCC's and Medway's proposals for the scope of the joint Local Economic Assessment, in particular:
  - The purpose of the Local Economic Assessment and the rationale for developing it as a jointly between Kent and Medway
  - The geographical basis for the Assessment process
  - The areas that the Assessment will cover and the data that will be used in support of them
  - Mechanisms for prioritising investment and considering options for sub-regional economic governance
  - The process and timetable for taking the Local Economic Assessment forward
- 1.3. The Government published draft statutory guidance on Local Economic Assessments in August 2009. This scoping report reflects the draft guidance and covers all those areas that Government envisages should be considered in an Economic Assessment. However, the draft guidance allows for considerable flexibility, enabling the scope set out in this paper to be responsive to Kent and Medway's specific local circumstances.
- 1.4. Within the current legislation, KCC will have a duty to consult and engage with Kent District Councils on the preparation of the Local Economic Assessment. Districts will in turn have a duty to cooperate. The views of District Councils on the contents of this draft Scoping Report, particularly the proposed topic papers that will contribute to the Assessment, are welcome.

---

<sup>1</sup> Local Democracy, Economic Development and Construction Bill 2009, para. 63(1)

## **Purpose of the Local Economic Assessment**

- 1.5. The Local Economic Assessment (LEA) duty emerges from the Government's Review of Sub-National Economic Development and Regeneration (the Sub-National Review, or SNR), which concluded that local authorities should play a stronger role in economic development and regeneration and that economic decision making should be increasingly devolved to local and sub-regional level. Specifically, the duty is contained within the Local Democracy, Economic Development and Construction (LDEDC) Bill, currently going through Parliament. There is a broad political consensus on the need for increased local devolution, with the Conservative Party's Green Paper, *Control Shift* generally continuing the approach of the SNR.
- 1.6. The Local Economic Assessment duty is intended to support the reforms proposed under SNR by:
  - Providing local authorities and other stakeholders with an understanding of how economic conditions shape places at a range of spatial levels, in order to inform priorities, resource allocations and actions
  - Reflecting the economic character of the area (including the diversity within the area); and
  - Adding and contributing to other strategies and plans
- 1.7. The core objectives of the Local Economic Assessment, as set out in the draft guidance, are to:
  - Provide a sound understanding of the economic conditions in the area and how they affect residents and businesses
  - Identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and opportunities
  - Identify local economic geography, including the links between Kent and Medway and the wider economy
  - Identify constraints on sustainable economic growth and employment
- 1.8. Given these objectives, it is clear from the preliminary material produced alongside the LDEDC Bill that while Assessments are intended to be robust and evidence-based, they are not intended to be purely statistical exercises, and this intent is reflected in this draft scoping document.

## **Linkages with statutory and other key strategic documents**

- 1.9. The Local Economic Assessment is intended to inform a number of key strategic documents:

- 1.10. **Sustainable Community Strategies:** The assessment should form part of the evidence base for Sustainable Community Strategies (within the KCC area at both county-wide and district level), and should inform future local area agreement and multi area agreement negotiations
- 1.11. **Local Development Frameworks:** The assessment should both inform, and be informed by, LDFs. The economic assessment will support Local Planning Authorities in carrying out their duties under Section 13 of the Planning and Compulsory Purchase Act 2004, which require them to keep under review any matters that may affect the development of the area, including economic characteristics. Draft PPS4 also requires that LPAs should work with authorities preparing local economic assessments to maintain a sound economic evidence base<sup>2</sup>.

On the other hand, the Local Economic Assessment is intended to take account of evidence prepared by local authorities in the development of Local Development Frameworks

- 1.12. **Regional Strategy:** The assessment should form part of the evidence base for the integrated Regional Strategy and the Regional Implementation Plan (although the development of the assessment will also have to have regard to existing strategies at regional level).
- 1.13. Future **sub-regional economic development strategy.** There is no formal requirement for the Assessment to lead to a Kent and Medway economic development strategy. However, given that Kent Prospects (the overall framework for the KCC area) is now several years old and will need to be replaced, and given likely changes in the economic development policy landscape, there would be a logic in producing a Kent and Medway economic strategy following the Local Economic Assessment. This will however be a decision for the Kent and Medway local authorities in due course.

### Rationale for a joint Kent and Medway approach

- 1.14. As upper tier authorities, both Medway Council and KCC will have duties to prepare local economic assessments, and there is no requirement on us to prepare a joint assessment.
- 1.15. However, the Government's Policy Statement takes the view that economic assessments should not be constrained by administrative boundaries, and encourages joint assessments where economic links between authorities are strong. In particular, the Policy Statement notes that county councils may undertake joint assessments with neighbouring unitaries<sup>3</sup>.

---

<sup>2</sup> CLG (2009), PPS4: Planning for Prosperous Economies, Policy EC1, p.16.

<sup>3</sup> CLG (January 2009), LDEDC Local Economic Assessments: Policy Statement, p.7.

- 1.16. Given this encouragement, there is a strong rationale for carrying out a joint assessment between Medway Council and KCC. This is reflected in both:
- Strong economic linkages (with for example Medway forming part of the same travel to work area as Maidstone and much of Swale and Tonbridge and Malling), and
  - A history of cooperation in economic governance (for example through the Multi-Area Agreement for North Kent and joint coverage by agencies such as Locate in Kent)
- 1.17. In addition, given Medway's geographical position, much of the analysis needed to inform the economic assessment for Kent will need to take account of Medway, and vice-versa, so a joint assessment will reduce potential duplication.
- 1.18. Finally, the LDEDC Bill contains provisions for greater sub-regional economic cooperation (for example through the establishment of an Economic Prosperity Board or similar vehicle). Should KCC, Medway Council and the Kent Districts wish to establish such an entity, a joint local economic assessment will help in setting out a common evidence base to support a strategy for it.

## 2. Content and scope of the Local Economic Assessment

### Overall structure

- 2.1. The Economic Assessment will need to deliver a comprehensive analysis of the area's economy. This is intended to be as objective and complete as possible, and will therefore need to cover a wide range of topics, set out in Section 2.3 below.
- 2.2. The Assessment will be produced through a series of **topic papers**, which will largely be freestanding, but which will be synthesised at the end of the process to produce an overall analysis which, when summarised, will form the Local Economic Assessment document. An advantage of the topic paper approach is that individual papers can be revised in the light of specific changes of circumstance, without the need for wholesale revision of the overall Assessment.

### Geographical scope

- 2.3. The Assessment will cover the whole of Kent and Medway. However, the Assessment **will seek to use the 12 districts and the Medway Council area as the fundamental building-blocks**, recognising that the Assessment will need to be of practical value in informing LDFs, which are district responsibilities, and Sustainable Community Strategies, developed at sub-county level on a district or multi-district basis. The Assessment will therefore seek to provide accessible district economic assessments within the context of an overall sub-regional assessment. This district-level approach will also enable aggregation to sub-regional partnership level where appropriate. The Assessment will therefore be both *sub-regional* where analysis is most appropriate at this level, and *local* where a finer spatial grain is required. This is particularly important, given the economic diversity of Kent and Medway.
- 2.4. However, the Assessment will also analyse functional economic areas, recognising that these cut across administrative boundaries and are also likely to overlap. In this context, the assessment will also need to consider the **economic links beyond Kent and Medway** (into London, Essex/ Thurrock, Surrey and East Sussex), taking into account the extensive inter-county travel to work areas. In the preparation of the Assessment, we will therefore need to work closely with neighbouring authorities (and with SEEDA).

## **Content**

### **Process**

- 2.5. The following paragraphs set out proposed topic areas, with the key areas that these will seek to analyse. For each of the topic papers, detailed briefs will be drawn up, setting out existing data (and other information) that will be drawn upon and gaps in intelligence which will need to be filled. The topic papers approach allows for district-by-district breakdown and the use of locally-specific information where appropriate (for example, district or multi-district economic development strategies and the evidence bases prepared for them).
- 2.6. While the topic papers will seek to avoid duplication, there may be a limited amount of overlap between them. This can however be resolved when the individual topic papers are edited to form chapters in the overall Local Economic Assessment document.
- 2.7. All topic papers will obviously draw on available data. However, they are not intended to be purely repositories of data, and will also contain an overview of the relevant strategic context as well as qualitative analysis (including business views) where appropriate. In particular, each topic paper is intended to be forward looking, setting out how different scenarios might impact on the future of Kent and Medway, rather than purely setting out a snapshot of the current state of the area.

### **Topic Paper 1: Analytical overview**

- 2.8. This will set out a starting point for the Assessment, providing a summary of the state of the Kent & Medway economy, a review of the county's recent economic history and recent relevant national and international trends and a summary of sub-county diversity.
- 2.9. This can take the Kent Prospects basket of indicators as a starting point; ultimately, the topic paper will also become the introductory chapter of the economic assessment, with a summary of the rest of the analysis.

### **Topic Paper 2: Demography**

- 2.10. This will establish the implications of population change and migration for the future workforce, and more generally the impacts of demographic change (especially an ageing population) on the local economy.

### **Topic Paper 3: Economic scale and structure**

- 2.11. This paper will seek to analyse the strengths and weaknesses of Kent and Medway as an employment and business development

environment, considering in particular the sectoral composition of the county's economy, including diversity and concentration, and opportunities and constraints on growth.

#### **Topic Paper 4: Enterprise and innovation**

2.12. This paper will follow from Topic Paper 3 in examining enterprise development in Kent and Medway, including levels and trends in business start-ups, levels and trends in self-employment, levels of knowledge intensity (following on from the sectoral analysis in Topic Paper 3) and enterprise-focused links with higher education. The paper will also provide an overview of existing arrangements for enterprise and innovation support.

#### **Topic Paper 5: Employment and skills**

2.13. This paper will form a core element of the Assessment, and will cover a series of inter-related sub-topics:

- An analysis of the Kent workforce and labour market
- Skills levels, trends and identified shortfalls
- Worklessness

2.14. Taking each of these in turn:

##### ***Analysis of the Kent workforce and labour market***

2.15. This aims to provide a broad understanding of the local occupational structure at county-wide, district and sub-regional level, including:

- Employment, unemployment and economic activity;
- Employee earnings and diversity across the county;
- Travel to work and commuting patterns. These may be subject to considerable change given the start of High Speed 1, and the paper will seek to consider the impacts of HS1.

##### ***Worklessness***

2.16. The final report of the Tackling Worklessness Review (the Houghton Report) published in March, recommended that local authorities carry out worklessness assessments<sup>4</sup>. Emerging guidance states that these should form an integral part of local economic assessments (although the duty is not anticipated to be exclusive to upper-tier authorities). Given the obvious overlap between an analysis of worklessness and its causes, the wider labour market and skills attainment, it makes sense to incorporate the worklessness assessment within the wider employment and skills topic paper.

---

<sup>4</sup> Tackling Worklessness: A review of the contribution of English local authorities and partnerships, Final Report, CLG (2009). Note that in 2009, authorities in receipt of Future Jobs Fund monies will be required to prepare Preliminary Worklessness Assessments.

- 2.17. Building on the workforce analysis in the earlier part of the paper, the worklessness assessment will aim to:
- Consider how labour market conditions are changing
  - Set out a demographic profile of those claiming out of work benefits
  - Identify those people most at risk of redundancy and long term unemployment
  - Identify districts, towns and neighbourhoods suffering from (or at risk of) worklessness
  - Identify concentrations of young people not in education, employment or training
  - Consider existing capacity to support those who are unemployed or made redundant

### **Skills**

- 2.18. This will provide an analysis of current skills levels, including:
- Current workforce educational attainment levels
  - Identified skills gaps (taking advantage of the sector-based analysis in Topic Paper 3)
  - School and further education attainment levels and trends
  - Higher education progression, attainment and retention
- 2.19. The outcomes of the skills analysis may in due course help to inform the workings of the Employment and Skills Board and/ or other commissioning bodies.

### **Topic Paper 6: Deprivation**

- 2.20. This paper will inevitably overlap somewhat with the worklessness assessment in Topic Paper 5. However, it will be important in setting out the wider nature of deprivation in Kent and Medway, including:
- Factors leading to concentrations of multiple deprivation at district and neighbourhood level
  - Patterns and impacts of concentrated and dispersed deprivation
- 2.21. This paper will also take account of the proposed duty set out in Section 21 of the Child Poverty Bill for KCC and Medway Council to undertake an assessment of the needs of children living within poverty and will take account of and contribute to evidence prepared in the course of the development of the Child Poverty Assessment.

### **Topic Paper 7: Commercial and residential development**

- 2.22. This paper will consider:
- The nature of local housing markets in Kent and Medway, future housing development and its economic impacts
  - Trends in take up of employment land
  - Current employment land availability by amount, type and quality
  - Major development sites

2.23. Much of the information on which this topic paper will be based will be incorporated within existing Employment Land Reviews and Strategic Housing Market Assessments. Given the volume of existing information, Topic Paper 7 may be presented as two sub-papers.

### **Topic Paper 8: Infrastructure**

- 2.24. This paper will consider:
- Utilities provision and potential constraints on development
  - The impact of new transport provision on economic development (e.g. HS1)
  - Existing transport infrastructure constraints
  - Telecommunications infrastructure and constraints

### **Topic Paper 9: Environmental constraints and opportunities**

- 2.25. This paper is likely to overlap somewhat with other topic papers, and is to some extent a cross-cutting theme. Essentially, it has three functions:
- Firstly, to establish the environmental limitations restricting certain forms of economic activity;
  - Secondly, to provide an assessment of the potential economic impacts of climate change;
  - Thirdly, to set out economic opportunities for the county emerging from increased environmental regulation and the need to develop new technologies.

### **Topic Paper 10: Regulation, business support and economic development activity**

- 2.26. This paper will consider the impact on the local economy of:
- Local and national regulatory mechanisms
  - Existing programmes for business support and representation
  - Regeneration programmes and partnerships, their effectiveness and future funding arrangements.

### **Topic Paper 11: Economic forecasts**

2.27. This paper sets out forecasts (with appropriate caution) for the county's economy.

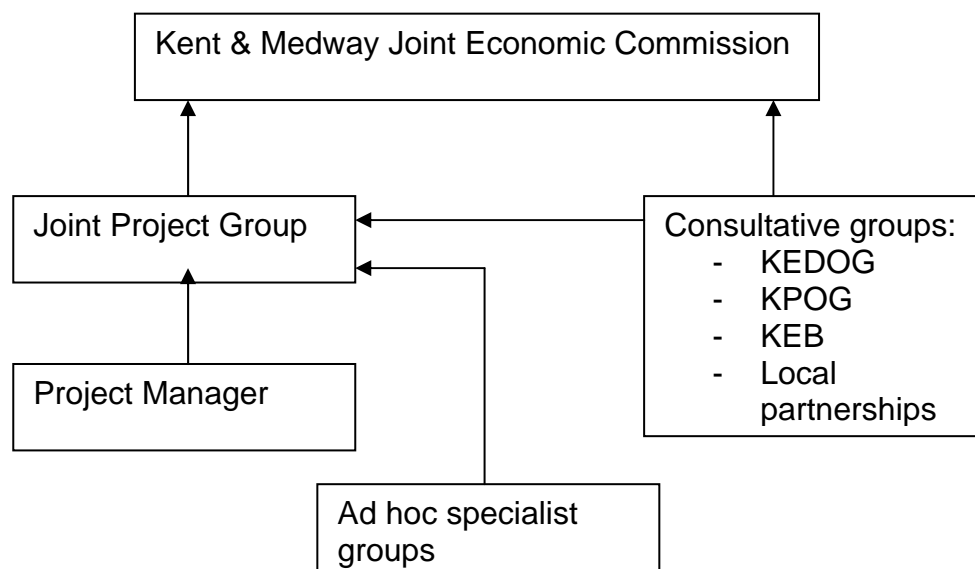
### **Overall summary**

2.28. The eleven topic papers overall provide the evidence for the economic analysis part of the assessment. However, the accessibility of all eleven papers will be limited for the general audience. The more widely disseminated published version will be in summary form setting out the overall analysis.

### 3. Joint Economic Assessment process and timescales

#### Governance arrangements

- 3.1. To provide a mechanism for oversight of the economic assessment, a Joint Economic Commission is proposed. This will be jointly chaired by the Cabinet Members for Regeneration at Medway Council and KCC, with the Leaders of the twelve Kent Districts (or their representatives) also invited to participate. The Commission will be an informal, 'task and finish' body, the work of which will cease once the Assessment is complete.
- 3.2. The Commission will be supported by a small Joint Project Group (JPG), made up of officers from Kent County Council and Medway Council. This shall include designated Lead Officers within each Council and a single nominated Project Manager for the Assessment. The JPG will have the responsibility of managing the Assessment.
- 3.3. In addition to the local authorities which will be represented on the Commission, it is anticipated that:
- The Kent Economic Development Officers' Group (KEDOG), which includes District, County and Medway EDOs at operational level, plus SEEDA, Business Link and Locate in Kent, shall have a lead consultative role
  - Kent Economic Board shall also have a lead consultative role (in respect of the business community at county-wide level), and regular reports on progress shall be taken to the Board.
  - Regular consultation shall also take place with Kent Planning Officers' Group (KPOG), sub-regional partnerships (e.g. TGKP) and other key agencies (such as the HCA).
- 3.4. The following diagram sets this out:



## Proposed Joint Commission membership and lead officers

### Joint Commission chairs:

Kevin Lynes (Kent County Council)

Jane Chitty (Medway Council)

### Additional Commission members

To be determined, but including the Leaders of all Kent Districts (or their representatives)

### Joint Project Directors

David Oxlade (Kent County Council)

Robin Cooper (Medway Council)

### Project Manager

Ross Gill (Kent County Council)

- 3.5. Given the diverse range of issues covered in the eleven proposed topic papers, a wide range of officers from various organisations will need to be involved at some point. However, the general intention is to minimise bureaucratic processes: as such, *ad hoc* groups will be convened to support specific actions through the Assessment process, but standing sub-committees of the Joint Commission will not be established.

## Consultancy support

- 3.6. Overall co-ordination of the Local Economic Assessment will be carried out by officers with KCC and Medway Council, via the governance and consultative mechanisms set out above. Where possible, specific analysis and research will also be undertaken in-house where there are the expertise and resources to do so.
- 3.7. However, specific consultancy support will be required for individual pieces of work. This will be set out in the briefs for the individual topic papers and where required, specific client groups will be established.

## Budget

- 3.8. Resources available for the Assessment are currently being finalised within KCC and Medway. Use of a joint budget will be based on the content of this Scoping Report and will be determined by the Joint Project Group.

## Project timetable

- 3.9. Formally, the duty to prepare a Local Economic Assessment will not come into force until April 2010. However, we are encouraged by Government to progress the Assessment in advance of that, and it would be in our interests to do so, bearing in mind the value that the Assessment may have in setting out Kent and Medway's strategic case for additional future investment.
- 3.10. The timetable below therefore assumes that a significant amount of work is carried out in advance of the formal start of the duty, with a target for the full completion of the Assessment in autumn 2010.

Indicative timetable 2009/10												
Task	2009		2010									
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Joint Commission meetings												
TP1: Analytical Overview												
TP2: Demography												
TP3: Economic Scale & Structure												
TP4: Enterprise & Innovation												
TP5: Employment & Skills												
TP6: Deprivation												
TP7: Residential & Commercial												
TP8: Infrastructure												
TP9: Environmental constraints												
TP10: Regulation & ED Support												
TP11: Economic Forecasts												
Interim LEA												
Draft LEA document												
Final LEA document												

Ross Gill  
6 October 2009