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To: Economic Development Cabinet Committee - 3 December 2013

Subject: Unlocking the Potential/Strategic Economic Plan

Classification: Unrestricted

Electoral Division: All Divisions

### Summary

This paper:

- a) Sets out recent progress in preparing *Unlocking the Potential* and the South East Local Enterprise Partnership's Strategic Economic Plan;
- b) Introduces *Unlocking Potential – Maintaining Momentum: Prospective Priorities and Asks*, a discussion document to inform priorities for the SEP, attached as Annex 1;
- c) Outlines the proposed governance arrangements for Kent and Medway in the context of the South East LEP; and
- d) Sets out next steps

### Recommendations:

The Economic Development Cabinet Committee is recommended to

- a) **Note** this report; and
- b) **CONSIDER** the content of *Prospective Priorities and Asks*, especially in relation to the questions in para. 5.2.

## 1. Background

- 1.1. Last year, Kent Council Leaders and Business Advisory Board agreed to progress a revised version of *Unlocking the Potential*, as a new economic strategy for Kent and Medway. Shortly afterwards, the Government asked Local Enterprise Partnerships to prepare Strategic Economic Plans setting out their overall ambitions for their areas, their priorities for the allocation of devolved national and European funding and their 'asks' of Government for specific freedoms and flexibilities.
- 1.2. The South East LEP has appointed Shared Intelligence to develop the overarching Strategic Economic Plan for Kent and Medway, Essex and East Sussex and to prepare a strategy for the use of future European funding. However, within the context of the federated structure adopted for the LEP, it is envisaged that the LEP-wide Plan should be built up from local strategies and that the commissioning of activity should be the responsibility of KMEP and its equivalents in Essex and East Sussex.

- 1.3. A first draft of the LEP-wide Strategic Economic Plan has to be submitted to Government by 19 December. It is therefore important that Kent and Medway's – emerging priorities and 'asks' feed into this.

## 2. Unlocking Potential – Maintaining Momentum

- 2.1. The *Unlocking Potential – Maintaining Momentum: Prospective Priorities and Asks* document attached with this paper is a starting point in setting out Kent and Medway's potential priorities for the Strategic Economic Plan. It aims to set out the county's economic challenges and opportunities, focusing on a number of solutions involving either the use of additional investment or the negotiation of specific flexibilities.

- 2.2. The document is structured in six sections:

- **The starting point** (pages 2-7) sets out the background to the development of *Unlocking the Potential* and the Strategic Economic Plan. It also notes the scale of resources that could be available to Kent and Medway through the Single Local Growth Fund and European Structural and Investment Funds (potentially £70-80 million and £9-10 million per year respectively).
- **Big opportunities and big challenges** (pages 7-9) provides a summary analysis of the economic strengths, opportunities and challenges facing Kent and Medway, presenting a series of overarching questions for debate:
  - How do we unlock our key locations for housing growth?
  - How do we accelerate the growth of our key sectors and business opportunities?
  - How do we address persistent skills challenges?
  - How do we develop a more comprehensive and integrated approach to coastal renewal?
  - How do we best promote Kent and Medway as a place to live work and invest?
  - What should our approach be to future energy and resource constraints?
- **Places for Growth** (pages 10-21) addresses Kent and Medway's infrastructure challenges, in particular the viability issues impeding the delivery of many of the county's major locations for growth. A number of potential solutions are set out, including:
  - An indicative package of transport investments through the Single Local Growth Fund
  - New approaches to infrastructure financing, on a recyclable or gap funded basis
  - Selective devolution of delivery for priority transport schemes
  - New solutions to the use of public sector land to help bring forward development
  - Creating a greater diversity of choice and investment sources in new housing growth

In addition, the Places for Growth section includes a series of proposals for **coastal renewal**, focusing in particular on reducing concentrations of

deprivation and housing market failure alongside measures to promote new investment.

- **Business for Growth** (pages 22-29) focuses on opportunities to support business growth, in the context of positive signs of economic recovery and pressure to increase productivity alongside continuing constraints in access to business finance. Potential solutions focus on:
  - Bridging the business finance gap through public sector intervention
  - Developing a stronger understanding of key sector opportunities and demands
  - Developing a more integrated approach to innovation and growth (linking Government, local and university-backed activity)
  - Supporting trade and investment activity
  - Helping commercially driven business support proposals to come forward

The Business for Growth section also contains an overview of the potential for European funding to back future SME support activity.

- **People for Growth** (pages 30-36) focuses on the opportunities and challenges for the county in developing its workforce, concentrating on the operation of the skills and training market and the costs to the county of unemployment and worklessness. Potential solutions focus on:
  - Improving market intelligence, linked with the needs of our key growth sectors
  - Developing a more diverse vocational offer for young people
  - Increasing the ability of the existing workforce to train and re-train
  - Increasing access to the labour market and tackling worklessness.
- **Moving forward** (pages 37-38) sets out next steps in taking *Unlocking the Potential* and the Strategic Economic Plan forward.

2.3. The document should be read as a '**starter for ten**', rather than a draft of the final *Unlocking the Potential* strategy. Most of the proposed solutions will require further development, some may prove not to be possible, and there may be additional proposals that have not yet been considered. However, it is intended to spark debate and get partner views.

### **3. The Kent and Medway Economic Partnership**

3.1. As part of the proposed 'federated' model for the South East LEP, Kent Council Leaders decided earlier this year to establish a new Kent and Medway Economic Partnership (KMEP), to act as the LEP's Kent and Medway 'building block'. The new Partnership met for the first time on 11 November, and considered *Prospective Priorities and Asks* as the key agenda item.

3.2. It is proposed that the new KMEP will consist of 21 members, made up of:

Business	(11 – including chairman)
Kent County Council	(1 Leader)
Medway Council	(1 Leader)
Kent Districts	(6 Leaders)
Higher Education	(1 Vice-Chancellor)
Further Education	(1 Principal)

3.3. Consistent with the views of KCC and Kent Council Leaders that there should be clarity regarding the role of KMEP in relation to the central LEP, the terms of reference propose that the KMEP should:

- Determine and monitor the use of all funding devolved from the South East LEP to Kent and Medway; and
- Act as the commissioning body for projects and programmes in Kent and Medway funded through the Single Local Growth Fund and the European Structural and Investment Funds

3.4. This assumes that funding allocated by the Government to the LEP will broadly be distributed on a proportionate basis to each of the three county-regions. While this position has to be formalised by the LEP Board (and will be discussed at a LEP awayday on 22 November), this would clearly give a substantive role to KMEP.

#### 4. Next steps

4.1. *Prospective Priorities and Asks* document aims to help to establish a broader view on the potential of some of the emerging proposals.

4.2. However, following this, there are four broad strands of activity that need to take place in parallel:

- Developing the high-level **Kent and Medway strategy** through *Unlocking the Potential*, work on which is already underway;
- Developing the detail of our **asks and investment proposals** (both spatially and thematically), so that we have a credible 'growth deal' proposition to put to Government;
- Linking our emerging proposals with the **Local Enterprise Partnership**, so that they inform and are reflected in the draft Strategic Economic Plan; and
- Developing **commissioning arrangements** for future funding channelled through KMEP.

4.3. The priority focus in the short term is likely to be on developing **asks and investment proposals**, and work is underway to define these in broad terms. These can be at fairly high level for the first draft Strategic Economic Plan to be submitted to Government on 19 December, although we have been asked to submit an indicative breakdown of anticipated investment requirements. Further detailed work will also need to take place into the New Year before the submission of the full Plan in March.

4.4. Potentially, *Unlocking the Potential* and the Strategic Economic Plan could be important in unlocking additional investment and enabling new freedoms and flexibilities. In view of this, a Member Briefing is currently being arranged for early December, and the emerging proposals will be discussed at Economic Development Cabinet Committee on 3 December.

## 5. Issues for discussion

5.1. A number of comments on *Prospective Priorities and Asks* were received at the KMEP meeting, and several businesses and local authorities have since submitted further views.

5.2. However, at this stage, it would be helpful to get the views of the Board on the priorities outlined in the document. In particular:

- Does the high level narrative feel right? Does it broadly reflect Kent's priorities and those of Kent and Medway as a whole?
- Are there any areas missing that we should be focusing on?
- Are there any specific suggested solutions that could be discounted at this stage – and are there any on which there should be a particularly strong focus?
- Are there any other potential solutions that could be included?

## 6. Recommendations

6.1. Economic Development Cabinet Committee is recommended to:

- a) **Note** this report; and
- b) **CONSIDER** the content of *Prospective Priorities and Asks*, especially in relation to the questions in para. 5.2.

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