

From: Mark Dance
Cabinet Member for Regeneration and Economic Development

Barbara Cooper
Director of Economic Development

To: Economic Development Cabinet Committee
23 January 2014

Subject: Unlocking the Potential: Going for Growth:
The Kent and Medway Growth Plan

Classification: Unrestricted

Electoral divisions: All

Summary

This paper introduces *Unlocking the Potential: Going for Growth*, the draft Kent and Medway Growth Plan and explains its relationship with the South East Local Enterprise Partnership's Strategic Economic Plan and potential future Government and European funding.

It invites comments on the draft *Unlocking the Potential* and sets out proposals for finalising the document and developing a 'Commissioning Plan' to guide the investment of future resources as they become available.

Recommendation

The Economic Development Cabinet Committee is recommended to **NOTE** this report and the draft of *Unlocking the Potential* attached at Annex 1.

1. Background

- 1.1. Last year, the Government asked Local Enterprise Partnerships (LEPs) to develop Strategic Economic Plans setting out their ambitions for growth and their priorities for investment from the Government's new Local Growth Fund and European structural and investment funds. At the same time, it was agreed last year that a new version of *Unlocking the Potential*, Kent and Medway's growth strategy, would be prepared alongside and consistent with the South East LEP's strategic economic plan.
- 1.2. The Government asked for a draft Strategic Economic Plan to be submitted by 19 December. The LEP therefore submitted a first draft of its plan, *Innovation driving Prosperity* by this date. A first draft of *Unlocking the Potential: Going for Growth*, the Kent and Medway component of the Plan, was completed at the same time and was submitted to Government as part of the LEP's package of proposals.

2. ***Unlocking the Potential: Going for Growth: The current draft***

- 2.1. The current draft of *Unlocking the Potential: Going for Growth* is attached with this report as Annex 1. Consistent with previous discussions at Economic Development Cabinet Committee, Kent and Medway Economic Partnership, Kent Council Leaders and Business Advisory Board, it focuses on the three key themes of:
- **Places for Growth**, unlocking jobs and homes in those locations with the capacity and appetite for growth;
 - **Business for Growth**, focusing on growth in key business sectors to drive forward innovation, investment and jobs;
 - **Skills for Growth**, maximising the potential of the Kent and Medway workforce, with a central role for employers.
- 2.2. The draft includes proposals for funding from the Local Growth Fund of £575 million over six years from 2015/16 and £70 million from European Structural Funds over seven years from 2014. This request represents Kent and Medway's proposed 'share' of funds allocated to the South East LEP and is reflected in the overall South East LEP strategic economic plan. The draft of *Unlocking the Potential* breaks down the high-level investment request as follows:
- **Transport Investment Programme (£358.7 million)**, focused on transport proposals that will unlock housing and employment growth and additional private sector funding. An indicative schedule of priority transport schemes has been prepared and was discussed at the December meeting of KMEP.
 - **Skills and Employment programme (£65 million)**, including Kent and Medway's allocation of European Social Fund monies and anticipated match funding from the Skills Funding Agency.
 - **Direct Business Finance (£57.5 million)**, offering loan or equity finance to businesses with the potential for growth – building on the existing schemes offered by Expansion East Kent, TIGER and Escalate, with the goal of unlocking additional private finance.
 - **Land Development (£51.9 million)**, creating a fund to invest in bringing forward sites for jobs and homes. Recognising the diversity of the market and variable viability across Kent and Medway, it is envisaged that such a fund would operate on both commercial and gap funding based models.
 - **Skills Capital Fund (£20 million)**, investing in further and vocational educational facilities, especially in those parts of Kent and Medway where there has been less investment in new provision in recent years.
 - **Business Support (£15 million)**, offering direct support to businesses for growth and innovation and building on existing services such as High Growth Kent.
 - **Marketing and Promotion (£7 million)**, promoting opportunities in key sectors and marketing Kent and Medway as a place in which to invest and do business.
- 2.3. It should be noted that at this stage, these indicative allocations remain notional, and reflect anticipated departmental investment into the Local Growth Fund (for example, the largest source of funding is from Department for Transport) and likely funding regulations as well as Kent and Medway priorities.

- 2.4. In addition to our funding proposals, *Unlocking the Potential* contains twenty **solutions for growth**, some of which require specific freedoms and flexibilities to be granted by central Government. The full list is set out on pages 49-66 of the draft and is summarised on page 10.

3. Finalising *Unlocking the Potential*

- 3.1. The Government has asked us to work to a tight timetable. The LEP must submit a revised Strategic Economic Plan by 31 March. Within the federal structure adopted by the LEP, *Unlocking the Potential* and Kent and Medway Economic Partnership (KMEP) will set out Kent and Medway's priorities for the Strategic Economic Plan, so locally, we need to work to the same timescales.
- 3.2. It is therefore envisaged that over the coming weeks, the draft of *Unlocking the Potential* will be considered by business representation bodies, other local authorities, sub-county partnerships and other bodies, as well as Economic Development Cabinet Committee, with a revised strategy prepared for approval by KMEP prior to submission to Government in March. It is anticipated that the Government will also provide feedback shortly on the LEP's Strategic Economic Plan and *Unlocking the Potential*, which we will need to take into account in preparing the revised draft.
- 3.3. During spring and summer, a period of negotiation is anticipated between the LEP and Government regarding the specific allocation of Local Growth Fund monies. It is envisaged that the outcome of this will be reported to the Cabinet Committee in early autumn, along with the final version of *Unlocking the Potential*.

4. Developing a Commissioning Plan

- 4.1. At this stage, the investment requests and proposed solutions in *Unlocking the Potential* are high level. However, it is anticipated that Government will provide indicative allocations of Local Growth Fund by the autumn. As the allocation of LGF is competitive, it is important that further work is done to work out the detail of our investment proposals.
- 4.2. It is therefore proposed that Kent and Medway Economic Partnership develops a '**Commissioning Plan**', setting out how the Partnership seeks to invest funds devolved to it from the South East LEP, within the parameters of the indicative allocations set out in *Unlocking the Potential*. Development of the full Commissioning Plan is likely to take longer than 31 March and some aspects will depend on central Government guidance which we are still awaiting. In due course, further work will also need to take place to clarify governance arrangements linked with KMEP's intended future role in allocating and monitoring the use of public funds. However, while there are several unknown factors at this stage, starting to provide greater detail is important to our final submission, and a Commissioning Plan will be critical to KMEP's (and KCC's) future role in influencing funding.
- 4.3. The development of the Commissioning Plan will clearly need to involve a number of KCC directorates, building on extensive input to date in the development of *Unlocking the Potential* from across the authority. Linked with this, a revised draft of *Growth*

without Gridlock, Kent and Medway's 20-year transport delivery plan, is currently being prepared, reflecting the importance of transport infrastructure in unlocking growth and the significance of transport investment within Kent and Medway's proposed Local Growth Fund allocation.

5. Recommendations

- 5.1. The Cabinet Committee is recommended to note this report and the draft of *Unlocking the Potential* attached at Annex 1.

Report author

Ross Gill
Economic Strategy and Policy Manager
Kent County Council
01622 221312 | 07837 872705 | ross.gill@kent.gov.uk
14 January 2014

Supporting documents

Unlocking the Potential: Going for Growth (attached)

Innovation driving Prosperity (<http://www.southeastlep.com/about-us/activities/262-developing-a-growth-strategy-and-prioritising-investment-in-the-south-east>).