

Report to: CABINET

Date of Meeting: 7 January 2019

Report Title: South East Local Enterprise Partnership Sector Support Fund

Report By: Simon Hubbard, Director of Operational Services

Purpose of Report

1. To brief members on the success of the Coastal Communities Group of the South East Local Enterprise Partnership (SELEP) in securing Sector Support funding to develop a prospectus/supplement to complement the SELEP Economic Strategy Statement (previously known as the Strategic Economic Plan) and the forthcoming Local Modern Industrial Strategy of £40k matched against funding from a number of local authorities.
2. To seek authority to procure the consultants to develop and deliver this work on behalf of the Coastal Group.

Recommendation(s)

1. **That the Director of Operational Services or his nominees are authorised to procure contractors to undertake the work of developing a SELEP Coastal Communities prospectus.**
2. **The Chief Legal Officer is authorised to sign the contractual relationship to secure this work.**
3. **That agreement is given to the acceptance of grant aid via SELEP/East Sussex County Council and contributions from other councils towards this work.**
4. **That authority is given for the expenditure for this project up to a maximum value of £60k.**

Reasons for Recommendations

The work proposed is undertaken on behalf of a wider body of local coastal authorities with the aim of increasing support for regeneration and investment in the SELEP coastal communities. The Economic Strategy Statement and Local Modern Industrial Strategy are likely to be highly influential on future SELEP priorities. Future UK Shared Prosperity Funds are likely to be informed by these documents.

The work is intended to lead to enhanced co-operation between coastal partners and the development of more strategic relationships with potential funders, such as Arts

Council, Heritage Lottery Fund and Big Lottery as well as the SELEP funding opportunities.

Background

1. SELEP is the Local Enterprise Partnership covering the local authorities within East Sussex, Kent, Essex, Southend, Thurrock and Medway. It has the responsibility for leading and co-ordinating economic growth within the region and is a channel for government funds in this respect. LEPs are intended by government to be business led however the role of local authorities, particularly upper tier or unitary authorities is very significant. This is scarcely surprising given the structural and strategic nature of much of what is delivered – for instance transport or skills training.
2. The SELEP structure is a federated one with arrangements for each of Kent/Medway, Essex/Southend/Thurrock and East Sussex. A central accountability board exists to assess bids for funding to ensure funds are directed at regionally appropriate and deliverable projects. A Strategic Board exists which is primarily intended to consider regional strategic issues and have oversight of the organisations work. The chair is appointed while the vice chairs are the chairs of the respected federated areas. Locally the federated structure is called Team East Sussex (TES) and is chaired by Graham Peters a local business representative. The membership of both the Strategic Board and the TES Board is attached for member interest. The Hastings Borough Council Leader is one of the TES representatives to the SELEP Strategic Board.
3. SELEP is the largest of any LEP and contains around 25% of its population along the coast. Whilst some of the coast is prospering there are a number of coastal locations including Hastings that are significantly underperforming economically.
4. The SELEP Coastal Community Group was established alongside others (like rural areas) and was initially led through Tendring, Thanet, Hastings, Dover and Rother councils. Hastings led work around private sector housing (which gained funding of £666,666) and support to creative business (funding of £2.34m) alongside Tendring and Thanet. The group commissioned a 2012 study by Sheffield Hallam University into the coastal economy looking at the position and this remains the best analysis available of economic and social performance.
5. It has become clear however that a more long term and strategic approach to coastal issues is required. There have been considerable successes but the fact remains that SELEPs coast contains many places that continue to underperform economically but also offer great potential for improvement – and to raise the overall performance of the SELEP region. Hastings, Rother and Tendring were approached by Adam Bryan the Chief Executive Officer of SELEP to see if the new SELEP Economic Strategy Statement (ESS) which was approved in December 2018 could be supplemented by specific focus on the potential for coastal growth and how that might be achieved. In order to finance this work a bid has been put together and is based upon a revenue grant of £40,000 Sector Support Fund from SELEP and £20,000 divided between local authority partners over 2018/19 and 2019/20. At the time of writing the report ten local authorities have indicated support for the scheme on which basis the cost would be £2,000 per council divided over two financial years.

6. The value of undertaking such work has been further increased by the announcement that LEPs are to lead the development of new local industrial strategies within their areas which will be aligned to the national modern industrial strategy. SELEP anticipates that it will begin this work in early 2019 to have the strategy in place by March 2020. There is therefore an opportunity to ensure that the needs and priorities for developing business and employment area is strongly reflected. The Chief Executive Officer of SELEP appeared before the House of Lords Select Committee on regenerating Seaside Towns and outlined the potential that exists for enhancing the region's performance through increasing the productivity and contribution of the coast.

The Challenge

7. The SELEP coast is remarkably diverse. The 2012 Sheffield Hallam study commissioned by the Coastal Group identified 35 communities (excluding estuary towns)
 - 4 large seaside towns with substantial problems (Clacton, Margate, Ramsgate, Hastings)
 - 4 Ports with a fair measure of difficulties (Harwich, Dover, Folkestone, Newhaven)
 - 3 smaller places with acute problems (Jaywick, Camber, Sheppey)
 - 2 large towns with lesser problem (Eastbourne, Southend)
 - 6 smaller towns generally doing ok (Frinton/Walton, Whitstable, Herne Bay, Broadstairs, Deal, Bexhill)
 - A significant number of small generally more prosperous communities.

There have been improvements in many places. However the fact remains that the coast has a series of opportunities for joined up action and the use of resources. With some exceptions the coast has not closed the "performance" gap with the region or UK.

8. Not only is there significant diversity but these areas are:
 - Separated one from another. This presents the challenge of trying to improve several places in order to improve the performance of the coast as a whole.
 - Separate from the wider economy and market. These gaps are often physical, but also include skills, employment readiness and low land values to support development.
 - The level of deprivation on the coast remains high. On a Borough basis Hastings is the 2nd most deprived coastal community after Blackpool.
 - In addition 5 of the coastal Boroughs within this partnership have areas with category C assisted area status within them, recognised by the EU for their market failure, but also that they have the opportunity to combat this, via strategic intervention. These are in Hastings/Rother, Thanet, Tendring and Swale. There is an additional area in estuary based Medway.
9. The coast has recently excelled at culture. This has often been image changing and has attracted new visitors with higher spend and an influx of new residents. It has also produced a change of image for towns like Hastings, Margate, Folkestone

and Bexhill. However, this tends to be in limited areas (near seafronts with cheap Victorian property in many areas). This can mean:-

- Parts of towns are increasingly unaffordable to average wage earners.
 - Limited impact on much of the wider economy.
 - A view that these areas have been regenerated when in fact much remains to be done and what has been gained remains fragile.
10. The funds aimed directly at or often sought by coastal bidders often have strong cultural/artistic elements (Arts Council England, Heritage Lottery Fund etc). These are very useful but neglect the need to create more diverse economies capable of generating wider prosperity.
 11. Sustained physical intervention inside coastal towns to create employment, education space and new housing is required and it needs to be of sufficient scale to have meaningful outcomes. Developments on the outskirts of conurbations have to be managed carefully to avoid damage to town centre economies.
 12. It is often challenging to do things on the coast. Land values are often very low (not universally). Premises are often expensive because old buildings require sensitive treatment. Building costs are often high because local companies can obtain contracts in the London area. Public realm and seaside Victoria infrastructure requires significant investment and upkeep, often constrained by conservation and heritage listing restrictions.
 13. Low levels of skills and high levels of health issues often mean difficulties for employers considering investment.
 14. There are insufficient resources to drive the public realm improvements required to support investment by both the tourist industry or companies looking at an attractive place for relocation. Members are also aware of the impact of 180° market in coastal towns.
 15. Set against all of these factors has been the very significant success of places like Hastings, Margate and Dover in attracting resources that have begun regeneration. The coast has much to offer the region and UK and can point to effective delivery structures and partnerships.

Description of Project

16. The particular challenges facing coastal economies have been well documented by various research studies and has shaped government policy through initiatives such as the Coastal Communities Fund, Coastal Communities Teams, and the current House of Lords Select Committee inquiry.
17. The new SELEP Economic Strategy Statement (ESS) makes reference to the need for a bespoke package of investment to support coastal economies; however the economic case for such a bespoke package has yet to be articulated.
18. Coastal areas have of course received benefits from existing programmes such as the Local Growth Fund & Growing Places Fund; however these funding streams favour interventions that deliver direct economic outputs at a large scale. They do

not favour SME-led economies nor address some of the wider issues referred to in the new ESS; particularly around place-shaping and the need to invest in the wider social infrastructure in order to attract private sector investment in capital, jobs and skills. Coastal communities need to grow SME business and encourage investment by larger businesses as the opportunities arise.

19. This project is intended to prepare a coastal reinforcement to the new ESS, to act as an investment prospectus that will articulate the economic opportunities and priorities specific to coastal areas and make a strategic case for investment, based on an evidence-led approach that demonstrates the potential economic outcomes, benefits and the comparative costs of investing on the coast compared to areas of the region better connected to transport and economic infrastructures.

20. Consultants will be appointed to:

- consider the current and future opportunities of the Coastal Communities and their potential purpose in the regional economy;
- analyse the opportunities and barriers to investment and growth;
- identify a number of key strategic interventions that may accelerate growth;
- recommend to SELEP a limited number of strategic priorities for action, identifying key outputs and outcomes that will enable success to be measured

It will also be suggested to partners that an examination of funding potential post Brexit is undertaken given the current significance of EU funds.

21. The project prospectus will be thematically led, focussing on those areas which are of particular relevance and important to coastal economies; building on economic research carried out by Sheffield Hallam University and other relevant studies. The research identified the variation in economic and social conditions along the coast and forms the basis for both prioritisation and a flexible approach.

Financial Implications

22. The following councils have indicated commitment to support the project

Rother	Maldon	Eastbourne
Southend	Dover	Hastings
Tendring	Thanet	Rochford
Lewes		

It is possible that confirmation of SELEP funding may increase participation as it is intended to extend involvement in steering the project to those who have contributed to it.

23. A full commission for the consultants will be developed and a steering group set up to co-ordinate it. Commissioning will be through the East Sussex Procurement Hub.

24. It is envisaged that the work will be commissioned by August 2019 and completed by the end of December 2019, subject to the views of the steering group and the speed with which funding is released. Because only upper tier authorities can directly receive funding for LEP funded projects East Sussex County Council will

act as project sponsor and Hastings Borough Council will receive the funding through them and report back upon progress.

Policy Implications

25. Risk – Funding from partner councils may not be paid. Tendring Council have supplied confirmation of agreements from nine councils. Hastings Borough Council has received direct confirmation from Rochford. HBC's share will be funded from within existing budgets. This is regarded as relatively low risk.
26. Organisational – The project will impose initial burdens on legal services while the agreements are made. The supporting of the work will be undertaken via the regeneration team and offers a substantial opportunity for learning and development for staff. It is anticipated External Funding Officer will assume management responsibility will assume responsibility for day to day work. Oversight will be from the Director and Assistant Director.
27. Once the project steering group has convened a formal project plan will be adopted reflecting the partnerships agreed way forward.

Timetable of Next Steps

28. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
SELEP Board Decision	Board Meeting	Approved 07/12/2018	SELEP
Grant approved by sponsoring upper tier council	Lead Member decision	January 22/01/2019	East Sussex County Council
Consultancy brief shared & approved by stakeholders	Approval of brief by funding partners. Set up Steering Group	February 2019	Steering Group/HBC
Tender Process and selection of consultant	Consultancy advertised by East Sussex Procurement Hub	End February 2019	HBC/East Sussex Procurement Hub
Award Contract	Offer letter made + contract signed	August 2019	HBC on behalf of Steering Group
Stage 1 completion – stakeholder engagement & research	Submission of outcomes to Steering Group	November 2019	Consultant
Second stage – draft recommendations & consultation	Agreement of draft report by Coastal Group. Cross reference with partners working	December 2019	Coastal Steering Group

	on draft Industrial Strategy.		
Final draft submitted to SELEP board for approval	Adoption by SELEP Board	January/February 2020	SELEP Board

This provisional timetable will be reviewed by the Steering Group early in 2019 and is therefore subject to revision.

Wards Affected

N/A

Implications

Relevant project tools applied? Yes – Project documentation will be put into place once the Project Steering Group has reviewed the commissioning documents and timetable.

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	No
Human Rights Act	No
Organisational Consequences	Yes
Local People's Views	No
Anti-Poverty	No

Additional Information

Insert a list of appendices and/or additional documents. Report writers are encouraged to use links to existing information, rather than appending large documents.

Officer to Contact

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