

Report to: **Cabinet**

Date: **9 March 2004**

By: **Chief Executive**

Title of report: **Devolved delivery arrangements for economic development and regeneration in East Sussex**

Purpose of report: **To propose measures to manage and operate sub-regional devolved delivery funding for East Sussex and maximise outcomes**

RECOMMENDATIONS

The Cabinet is recommended to:

- 1. approve the proposals for sub-regional devolved delivery management; and**
- 2. approve the outline priorities for spend in financial year 2004/5.**

1. Financial Appraisal

1.1 East Sussex has been assigned £750,000 by the South East England Development Agency (SEEDA) from the regional single pot programme to support implementation of the Area Investment Framework (AIF) Action Plan 2004-2005. It is recommended that East Sussex County Council (ESCC) should be accountable for funding, with the East Sussex Economic Partnership (ESEP) as the managing partnership. The funding allocation contains £75,000 contribution to programme costs.

2. Introduction

2.1 This paper outlines the management structure it is proposed should be adopted over the next year in order to implement sub-regional devolved delivery in East Sussex, with an indication as to longer term options. These proposals are to be put to the ESEP at its meeting on 3 March; an oral update on the outcome of the meeting will be made at the Cabinet meeting. The paper also discusses the broad priorities for programme expenditure as presented to the ESEP. A more detailed discussion of these issues is covered in Appendix 3.

2.2 The Regional Economic Strategy (RES) commits SEEDA to using AIFs as a mechanism for prioritising their investment in priority areas of economic regeneration.

2.3 When established, the Regional Development Agencies (RDAs) inherited a large number of existing programmes (e.g. Single Regeneration Budget – SRB) and most of their funding was “ring-fenced”. As these programmes naturally expire, RDAs have greater spending flexibility (single pot). This year SEEDA used this to fund the development of AIFs in the region. Next year funding will be allocated to each AIF area to begin implementation of the action plan.

2.4 Each AIF consists of a socio-economic baseline, an investment audit (what funding is being spent or planned by a range of agencies for each AIF area), a gap analysis (comparison of need and opportunity vs. actual and planned investments) and an action plan that allocates sub-regional single pot funds to priority actions based on need, opportunity and other investment streams.

2.5 East Sussex has managed to argue, uniquely within the South East, that regeneration activities need to encompass the whole county. Two separate AIFs have been developed; one covering the Hastings and Bexhill Task Force area (dovetailing with the work of the Executive Delivery Vehicle) and one covering the rest of East Sussex. The Cabinet approved the proposed plan for the executive delivery vehicle for the Hastings and Bexhill Task Force on 27 January 2004.

2.6 Development of the East Sussex AIF has been led by the ESEP, with work undertaken by the consultancy Arup. This began in July and proceeded, with a range of consultative events, through to final presentation of the Draft AIF to the ESEP Board in December 2003. A final AIF document has been developed, the action plan of which forms Appendix 1. This is due to be put to the ESEP meeting on 3 March for approval.

3. Priority Themes and Actions for East Sussex

3.1 The East Sussex AIF builds on the ESEP sustainable economic development strategy, incorporating key projects proposed by ESCC, and adopted in 2003. The summary diagram that highlights the key elements and linkages of this strategy form Appendix 2. The AIF includes a matrix (see Appendix 1, Table 1.4) that shows how the proposed short term actions link to the longer term aspirations and to the RES.

3.2 The priority themes and actions proposed meet clearly identified need, are compatible with other investment and are consistent with regional and local targets (e.g. SEEDA Tier 3 targets, local PSA targets). They include a strong focus on supporting business and sector development, development of strategic sites and business premises, workforce skills development, urban and rural regeneration and building demand for, and use of, broadband.

3.3 SEEDA has accepted the East Sussex AIF and made an offer of £750,000 for the financial year 2004/5 to implement the actions. Of this, £250,000 is ring-fenced to support rural projects and a 50/50 capital/revenue split is applied.

3.4 As a result of current regeneration funding patterns within the County, there is an initial need to focus non-rural spend in the Newhaven area during 04/05. The need to “hit the ground running”, the scale of the funding and the desire to fund a relatively small number of projects with strong delivery partners means that projects in 04/05 will focus on improving the amount and quality of business support, creating business space in Newhaven, driving up workforce skills and stimulating access to and demand for broadband by business.

4 The Way Forward

4.1 A series of interim changes to ESEP have been recommended, in order to ensure that this is a more robust, accountable partnership (see Appendix 4). As ESEP is an unincorporated partnership it cannot be in direct receipt of public funding. It is proposed that ESCC takes on this role, with a clear risk management strategy, and acts as the employer and host for programme management staff, with costs covered by a contribution from the devolved delivery programme.

4.2 It is further proposed that the SEDE Team makes an effective contribution to programme management by absorbing within its existing budget the costs of officer time and the hosting arrangements for the Team. In addition, the AIF priorities should form the basis for the Team's business plan, allowing ESCC funding to leverage both SEEDA devolved delivery funds and partner contributions, maximising the impact of ESCC spend (see Appendix 4).

4.3 In the longer term, ESEP will be looking to constitute itself legally in order to manage its own affairs. This is the subject of separate work being undertaken by ESEP and will be reported separately.

5 Conclusion and Reasons for Recommendations

5.1 East Sussex has the opportunity to benefit from a devolved delivery regeneration programme that delivers a coherent programme of economic development and regeneration. It will be the only county in the South East with such comprehensive devolved delivery arrangements.

5.2 Initially ESCC will need to provide the accountable authority functions. This will involve a full risk assessment and will require involvement of finance and law officers in negotiating with SEEDA. Any outcome must be acceptable to ESCC, SEEDA, ESEP and individual partners.

5.3 The potential is to create a partnership that manages the delivery of a minimum of £12 million of regeneration funding in the period 2004/2007.