

**REGENERATION AND ECONOMIC DEVELOPMENT  
POLICY OVERVIEW AND SCRUTINY COMMITTEE**

**Thursday, 19th January 2012**

**10.00 am**

Council Chamber, Sessions House, County Hall,  
Maidstone







## AGENDA

# REGENERATION AND ECONOMIC DEVELOPMENT POLICY OVERVIEW AND SCRUTINY COMMITTEE

Thursday, 19th January, 2012, at 10.00 am  
Council Chamber, Sessions House, County  
Hall, Maidstone

Ask for: **Christine Singh**  
Telephone **01622 694334**

*Tea/Coffee will be available 30 minutes before the meeting*

### Membership (12)

Conservative (11): Mr M C Dance (Chairman), Mr A R Chell, Mr N J Collor,  
Mr K A Ferrin, MBE, Mr P J Homewood, Mrs J P Law,  
Mr A Sandhu, MBE, Mr K Smith, Mr M V Snelling, Mrs E M Tweed  
and Mrs C J Waters

Liberal Democrat (1): Mr M B Robertson (Vice-Chairman)

### Webcasting Notice

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### UNRESTRICTED ITEMS

*(During these items the meeting is likely to be open to the public)*

#### Item

#### No

#### A. COMMITTEE BUSINESS

- A1 Introduction/Webcasting
- A2 Substitutes
- A3 Declarations of Members' Interest relating to items on today's Agenda
- A4 Minutes of the meeting held on 16 November 2011 (Pages 1 - 8)

#### B. ITEMS FOR CONSIDERATION

- B1 Presentations: Professor Peter Gregory, Chief Executive, East Malling Research
- B2 Growth without Gridlock: Regional Growth Fund and Rail Links to Thanet (Pages 9 - 10)
- B3 Feedback report from RED POSC Rural visits (Pages 11 - 18)
- B4 The Future of SEEDA's Assets (Pages 19 - 22)

- B5 Thanet - Economic Growth and Development - update (Pages 23 - 30)
- B6 Update on Strategic Projects (Pages 31 - 44)
- B7 Growing Places Fund and Regional Growth Fund (Pages 45 - 48)
- B8 Financial Monitoring 2011/12 (Pages 49 - 54)
- B9 Budget 2012/13 and Medium Term Financial Plan 2012/15 (Pages 55 - 60)

**C. SELECT COMMITTEE WORK**

- C1 Update on Select Committee Work (Pages 61 - 62)

**EXEMPT ITEMS**

*(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)*

Peter Sass  
Head of Democratic Services  
(01622) 694002

**Wednesday, 11 January 2012**

*Please note that any background documents referred to in the accompanying papers may be inspected by arrangement with the officer responsible for preparing the relevant report.*

## KENT COUNTY COUNCIL

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### REGENERATION AND ECONOMIC DEVELOPMENT POLICY OVERVIEW AND SCRUTINY COMMITTEE

MINUTES of a meeting of the Regeneration and Economic Development Policy Overview and Scrutiny Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 16 November 2011.

PRESENT: Mr M C Dance (Chairman), Mr M B Robertson (Vice-Chairman), Mr A R Chell, Mr N J Collor, Mrs J P Law, Mr A Sandhu, MBE, Mr K Smith, Mr M V Snelling, Mrs E M Tweed and Mrs C J Waters

ALSO PRESENT: Mr K G Lynes, Mr M A Wickham and Mr R J Lees

IN ATTENDANCE: Ms B Cooper (Director of Economic Development), Mr R Gill (Economic Policy and Strategy Manager), Ms J Hansen (Acting Finance Business Partner BSS), Mr D Shipton (Acting Head of Financial Strategy), Mrs E Harrison (Rural Regeneration Manager) and Mrs C A Singh (Democratic Services Officer)

#### UNRESTRICTED ITEMS

#### **96. Minutes of the meeting held on 23 September 2011**

*(Item A4)*

RESOLVED that the Minutes of the meeting held on 23 September were correctly recorded and that they be signed by the Chairman.

#### **97. Presentation: Kent Rural PLC**

*(Item B1)*

1. The Chairman invited the Cabinet Member, Mr Lynes and the Head of Kent Rural Regeneration, Mrs Harrison to give their presentation. Mr Lynes and Mrs Harrison focused on the following:

##### **The Kent Rural PLC Concept**

Since its launch in July 2011 at the County Show, Kent Rural PLC has held many meetings with various groups including local businesses, NFU and local government sectors. The discussions had been based on how the sector looked now and how best to grow the rural sector.

##### **Comparisons**

- a) If Kent's food sector was a PLC it would be worth £2.6 billion to our economy every year. This was likened to BMW Group Europe of 2.83 billion operating profit in 2010.
- b) Horticulture and agriculture were the lynch pin of Kent's £2.6 billion food sector.

##### **Branding**

- a) How much is the Garden of England brand worth to Kent. The Kent Rural PLC has looked at food security, the availability of water and land.

##### **The Kent Rural PLC's aims**

- a) Attracting investment - to support new entrants and existing businesses.
- b) Develop Skills – make the rural sector more attractive to young providing information to the careers centres.
- c) Change the perception of the rural sector with a modern image of the new technologies used in the sector.
- d) Build on the existing skills of Research & Development as part of the solution – East Malling Research seen as a real asset.
- e) Influencing, securing and supporting infrastructure including technology eg Broadband. Members noted that one third of Kent did not have Broadband which needed to be remedied to assist regeneration.
- f) Long term vision for where we want to be in the future.
- g) Create a brief by gathering an accurate rural evidence base to become an annual report.
- h) Need to ensure that the Spatial Plan understands and responds to this sector eg the Kent Rural Housing Protocol.

2. Members were given the opportunity to ask questions and make comments which included the following:

- It was suggested that the KCC logo should include the branding “Kent the Garden of England”. As Kent road signs needed replacing they should also have the branding. It was agreed to put this as a question to the next County Council meeting.
- Schools should be encouraged to visit establishments such as the East Malling Research Centre, so that children’s perceptions can be changed on how modern the rural sector is.
- In the current economic climate there was a need to encourage young people to look at a rural career path.

3. In response to a question, Mrs Harrison explained that schools in the areas without Broadband had connection to the education intranet but there was a bigger challenge when the children had homework in the evenings.

4. In response to a question, Mrs Harrison advised that renewable energies would be part of the second phase of the Kent Rural PLC agenda under the heading of “Low Carbon”.

5. The Chairman invited Mrs Harrison to give an update on the next rural visit. Members noted that the next visit was set for Friday, 25 November and that they would be visiting and meeting local business people involved in the Kent Downs and Marshes Leader Programme, which included a cheese producer and an example of a micro brewery.

6. RESOLVED that:

- a) agreement be given to a question being put to the December County Council meeting on the branding “Kent the Garden of England” being used on specified Kent road signage and forming part of the KCC logo; and
- b) the information given in the presentation and to Members be noted, with thanks.

## **98. Ambition Board - Growing the Economy: Inaugural Meeting – Verbal Update**

*(Item B2)*

1. Mr Lynes gave a brief presentation on the work of the Ambitions Board advising that the Board was a hybrid of the Kent Economic Board and the Kent Forum, set up to deliver what the other fora could not which included:

- Business aspirations.
- Trade Development.
- Improve dialogue with the Education establishments.
- Look at what workforce was required so that the right course can be made available.
- How best to work with the Kent Economic Groups.
- Business intelligence - where is the economy going?
- Identify the big asks of government as councillors were use to lobbying.
- County Councillor's role in monitoring "Vision for Kent".
- Requesting a common approach to planning.
- Answering developer's plea for stimulating development.
- How best to exploit business networks. – Building a relationship with trust private businesses would in turn help us.

2. In response to a question, Mr Lynes responded by saying that rather than the aims of the Ambitions Board being too ambitious he considered that in the current economic climate KCC needed to be prepared to shift and reinvent itself.

3. RESOLVED that the information given in the presentation and to Members be noted, with thanks.

## **99. Update on Strategic Projects**

*(Item B4)*

*(Report by Mr K Lynes, Cabinet Member for Regeneration and Economic Development and Mr D Cockburn, Corporate Director, Business Strategy and Support)*

1. The Director of Economic Development, Ms Cooper introduced the report and set out the work being undertaken. Members made comments and asked questions which included the following:

- a) A Member suggested that there would be wider use of the Winter Gardens, Margate, if there was suitable hotel accommodation in the area. Ms Cooper advised that officers were working on this issue, especially since the success of the number of visitors to the Turner Contemporary Art Galley. It was a matter of finding the right hotels. Ms Cooper agreed to include the work undertaken so far on this in a report that would give an update on Thanet to the next meeting of the POSC.

2. RESOLVED that:

- a) a report on the progress on Thanet, to include the work undertaken on hotel accommodation, be submitted to the next meeting of the POSC; and
- b) the information set put in the report and given to Members be noted, with thanks.

## **100. Restructuring of the Regeneration & Economy Function**

*(Item B5)*

*(Report by Mr K Lynes, Cabinet Member for Regeneration and Economic Development and Mr D Cockburn, Corporate Director, Business Strategy and Support)*

*(The Chairman secured the Committee's agreement to consider this item as urgent business as the papers could not be placed on public deposit with the required five days' notice).*

1. The Director of Economic Development, Ms Cooper introduced the report highlighting that through the reconfiguration of the teams within Regeneration & Economy Function the savings target of £500,000 2012/12 for staffing had been met. The new structure had been designed to maintain sufficient capacity, capability and flexibility to deliver regeneration projects activity from April 2012.

2. The proposals for the Economic Development function sit within the context of the restructure of the whole Business Strategy and Support Directorate. The formal consultation would take place from 1 November and would conclude on 30 November. The selection process for both aspects would take place in November/December.

3. Members were given the opportunity to make comments and ask questions which included the following:

- a) In response to a question, Ms Cooper assured Members that there had been discussions, when considering the proposals for the Regenerations Projects Team restructure, with the former interim Corporate Director, Education, Learning and Skills (ELS), Mr Andy Roberts and more recently with the Head of Employability and Skills, Ms Sue Dunn, who is producing a 14-24 Strategy, regarding areas of joint working to ensure that they were all travelling in the same direction. There was agreement that a programmed away day with both the ELS, Skills and Employability Team and Economic Development and Regeneration Projects Team be arranged once the ELS restructure was finalised in April to look at the business needs for the overarching 14-24 Strategy.

- b) Members agreed to a presentation on the ELS, Skills and Employability Team Business needs from the Economic Development and Regeneration Projects Team be given at a future meeting of this POSC.

4. RESOLVED that:

- a) a presentation on the ELS, Skills and Employability Team Business needs from the Economic Development and Regeneration Projects Team be given at a future meeting of the POSC;
- b) the proposals for the restructuring of Economic Development and Regeneration Projects Team and the progress to date be noted; and
- c) the information given to Members and the report be noted, with thanks

### **101. Financial Monitoring 2011/12**

*(Item B6)*

*(Report by Mr K Lynes, Cabinet Member for Regeneration and Economic Development and Mr D Cockburn, Corporate Director, Business Strategy and Support)*

*(Ms J Hansen, Acting Business Partner Finance and Procurement was in attendance for this item)*

*(The Chairman secured the Committee's agreement to consider this item as urgent business as the papers could not be placed on public deposit with the required five days' notice.)*

1. Ms Hansen tabled the correct report explaining that the report in the meeting papers had been circulated in error.
2. RESOLVED that the projected outturn for Regeneration and Enterprise for 2011/12 based on the based on the exception report to Cabinet on 17 October, be noted.

### **102. Revenue Budget 2012/13 and Medium Term Financial Plan 2012/13 To 2014/15**

*(Item B7)*

*(Report by Mr K Lynes, Cabinet Member for Regeneration and Economic Development and Mr D Cockburn, Corporate Director, Business Strategy and Support)*

*(Mr D Shipton, Acting Head of Financial Strategy and Ms J Hansen, Acting Business Partner, Finance and Procurement was present for this item)*

*(The Chairman secured the Committee's agreement to consider this item as urgent business as the papers could not be placed on public deposit with the required five days' notice).*

1. Mr Shipton gave a brief introduction to the report and highlighted that there were no additional budget pressures facing the Regeneration and Enterprising portfolio. He advised that Members would be given the opportunity to discuss the draft Revenue Budget 2012/13 and MTFP, which would include the provisional grant settlement at the County Council meeting on 15 December 2011 and at the POSC meeting on 19 January 2012.

2. Mr Shipton referred to paragraph 3 of the report headed "Latest Developments: National Context" regarding Business Rates and agreed to submit a report back to the next meeting of the POSC in January.

3. Members were given the opportunity to make comments and ask questions which included the following:

- a) A Member considered that the way the Units budget had been managed should be rewarded.
- b) There was concern for the "Growing the Economy" agenda if the Unit was asked to make further efficiencies and concurred with the recommendation made by the Budget IMG in paragraph 6.2 of the report.
- c) The Chairman stressed the need to continue to closely monitor the situation.

4. RESOLVED that:

- a) the latest forecasts for 2012/13 and the next two years be noted;
- b) the outlined 3 year plan for the Regeneration and Enterprise portfolio in Table 1 be noted; and
- c) the Cabinet be informed that the RED POSC has serious concerns about the Regeneration and Economic Development Units capacity, within its proposed resources, to undertake new initiatives without dropping existing regeneration work.

### **103. Local Enterprise Partnership and Regional Growth**

*(Item B3)*

*(Report by Mr K Lynes, Cabinet Member for Regeneration and Economic Development and Mr D Cockburn, Corporate Director, Business Strategy and Support)*

*(Mr R Gill, Economic Strategy and Policy Manager was present for this item)*

1. Mr Lynes introduced the report highlighting that the Local Enterprise Partnership (LEP) received government endorsement in the Autumn 2010 and was now fully established with a Board and a smaller Executive Group now in place. The LEP was chaired by the recently appointed Chairman, John Spence.

2. Kent had successfully secured £40million Regional Growth Fund investment in its bud "Expansion East Kent", which would provide finance to businesses in Canterbury, Dover, Shepway and Thanet and support enhancements to the Ashford-Ramsgate rail route. Mr Lynes also spoke on the Regional Growth Fund (RGF) grant awarded to Vesta in its wind turbine manufacturing in Sheerness.

3. Mr Lynes announced that the Enterprise Zone designation had been secured for the Discovery Park, formerly Pfizer site, at Sandwich, which would mean a

business rate discount worth up to £55k per year discount for any business locating onto the site.

4. In response to a question, Mr Gill advised that Pfizer was in confidential negotiations with two interested parties about the sale of the site.

5. In reply to a question, Mr Gill explained that the empty property rate was a complicated issue, especially in trying to make a case for the removal of the empty property rate or increasing the time. It would be possible to use Pfizer as a case study as this was a national issue.

6. In answer to a question, Mr Gill gave an example of how the RGF could be used. "If an engineering company employed 9 people and needed to purchase machinery to improve access to employing more staff the RGF could give half of the funding and the applicant would have to find the other 50%, which had to be private funding.

7. In reply to further questions as to whether there were enough businesses and whether this would prevent straight relocation in East Kent, Mr Gill explained that we had to be assured that the application was genuine through the set appraisal. He agreed that this was a lot of money that had to be spent in 2 years. The RGF could be used by existing businesses to set up in Kent if they were employing more people through relocating.

8. In answer to questions, Mr Gill advised that it was not know if this funding could be used for loans as it was a grant scheme. Ms Cooper explained that officers were busy refining the process as there was no additional funding to administer the delivery of the scheme. She reassured Members that banks were committed to the RGF. Kent's target was to establish 5000 jobs and considered that this was the best opportunity for East Kent.

9. Mr Gill advised that it was anticipated that the government would be announcing a further investment programme Growing Places Fund (GFP). This would be a £500 million national pot. The intention is that the GFP is used to fund local recyclable funds. It was not clear what the process would be but Mr Gill considered that the appraisal for projects would be complex.

10. In reply to a question, Mr Gill said that in general this would include capital enhancement for property but he would need to check against the schemes guidelines and report back outside the meeting.

11. Mr Gill advised that 2 to 3 grant advisors would be appointed and each applicant would be allocated an advisor to guide them through the informal and formal process.

12. RESOLVED that the information in the report and to Members be noted, with thanks.

#### **104. Update on Select Committee Work** *(Item C1)*

*(Report by Mr P Sass, Head of Democratic Services)*

1. The Chairman gave an update on the proposal for an Informal Member Group (IMG) to look at the implications of the Seasonal Agricultural Workers Scheme (SAW) (Minute 91(1)(f)). He advised that he had been in discussions with the Chairman of the Scrutiny Board, Mr Hotson, and that there was agreement that an IMG would be set up in the near future and would report directly to Cabinet.

2. Mr Smith, Chairman of the Select Committee for the Student Journey, gave an update to the POSC advising of his disappointment that the Strategy on 14-24 year olds would not be published until 2014 especially in light of the current climate where young people were having difficulty finding jobs.

3. RESOLVED that:

- a) the information given in the report and comments by Members be noted;  
and
- b) Members notify Mrs Singh suggestions they wish to put forward for consideration for the 2012 Select Committee Topic Review Programme.

**By:** Bryan Sweetland, Cabinet Member - Environment,  
Highways & Waste  
Paul Crick, Director of Planning and Environment

**To:** Regeneration and Economic Development Policy Overview  
& Scrutiny Committee - 19 January 2012

**Subject:** Growth without Gridlock – Regional Growth Fund and Rail  
Links to Thanet

**Classification:** Unrestricted

**Summary:** This brief report outlines progress to date with the County Council's Regional Growth Fund scheme to improve rail journey times to Thanet as outlined in our 20 year transport delivery plan, Growth without Gridlock.

## 1. Introduction

The successful £40m Regional Growth Fund (RGF) 'Expansion East Kent' programme to promote business growth and employment creation in East Kent, includes funding for 'Business Critical Infrastructure Grants'. £5m has been identified for the improvement of rail line speeds between Ashford and Ramsgate. It is an opportune moment to update Members on progress with this key proposal.

## 2. Rail improvements for Thanet

Rail journey times between Ramsgate and London via High Speed 1 will be reduced by approximately 10 minutes as a result of the line speed enhancement scheme. Progress is good and the County Council is working closely with Network Rail who are in the process of determining exactly what can be achieved and by when. The scheme is two phases:

Phase 1: Assessment of track, structures and level crossings for up to 90mph running speed;

Phase 2: Assessment of signalling for up to 90mph running speed.

Initial assessment of the track is that it is suitable for increasing the train speed and minimal work to the track will be required. This means that some of the speed restrictions can be lifted next year once Network Rail's statutory processes are completed and these could come into effect for the December 2012 timetable changes.

The critical issue will be the structures and level crossings (faster trains means greater sight distances will be required for vehicles / pedestrians) and these are all being assessed in the early part of 2012. It is mitigation at these which will be the greatest call on the £5m RGF money, but with double benefits - line speed

and improved safety. It is anticipated that all of the benefits will be realised by April 2014. The total cost of the project is estimated at £10m, with the balance of the funding coming from Network Rail.

The construction of a Thanet Parkway Station was the subject of a first-round RGF bid in January 2011. Unfortunately the bid was unsuccessful, as it was considered by Government that the bid would not create a sufficiently large number of direct jobs within the three-year period of the Fund but the business case for the Station nevertheless remains very strong, with a Benefit-Cost Ratio of 5:1, and KCC will continue to work with Thanet District Council, Manston Airport and local businesses to identify suitable delivery opportunities.

A new peak time high speed service to/from Deal and Sandwich, supported by the County Council, commenced in September. The service has reduced peak journey times to/from St. Pancras from 135 to 90 minutes and passenger uptake has been better than expected and continues to grow.

### **3. Funding for transport infrastructure**

Throughout the past 12 months, officers have met with Ministers and officials at DfT and DCLG, to call for greater flexibilities and freedoms around funding streams and local delivery. A business case for hypothecation of funding from new revenue streams is being developed with DfT officials, alongside discussions with investment bankers to gauge market appetite for investment in strategic transport infrastructure. The Government has proposed a new system of funding major schemes beyond 2015 through Local Transport Consortia which will provide greater freedoms and decentralisation of decision making to Local Transport Authorities. Indications are that SELEP (the South East Local Enterprise Partnership comprising Kent, Medway, East Sussex, Essex, Thurrock and Southend Councils), as a Local Transport Consortium, would receive approximately £36.8m per annum for four years from April 2015, giving a total of £147.2m. The Government will consult local authorities on Local Transport Consortia in spring 2012. At this stage no indication has been given as to how projects would be prioritised for funding.

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### **4. Recommendations**

Members are asked to note the progress outlined in this report.

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**Contact Officer:** Paul Crick  
Director of Planning and Environment  
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 01622 221527

**By: Kevin Lynes, Cabinet Member for Regeneration and Enterprise**

**David Cockburn, Corporate Director of Business & Solutions,  
Business Strategy and Support**

**To: Regeneration and Economic Development Policy Overview  
and Scrutiny Committee - 19 January 2012**

**Subject: Feedback report from REDPOSC Rural visits**

**Classification: Unrestricted.**

**Summary:** The report provides an overview of the recent rural visits to projects, funded through the **Kent Downs and Marshes LEADER Programme** (*The Rural Development Programme for England (RDPE) is funded by Defra and the EU. The European Agricultural Fund for Rural Development (EAFRD): Europe investing in rural areas*), by REDPOSC and outlines the key issues identified.

## **1. Introduction**

- 1.1 At their meeting on 24<sup>th</sup> June, REDPOSC identified that 'rural' would be a priority focus for the forthcoming year. Following on from visits to rural projects in September, a further visit was arranged to Kent Downs and Marshes Leader funded projects on 25<sup>th</sup> November.
- 1.2 The purpose of this report is to provide an overview of this visit, set out any issues raised and identify areas for possible future consideration.

## **2. Visits to Projects**

- 2.1 Members were taken on a tour by Kent Downs and Marshes Leader (KDM) programme staff. Members were also accompanied by representatives of the KDM Local Area Group Executive.
- 2.2 The Kent Downs and Marshes Leader is part of the Rural Development Programme for England (RDPE) funded by Defra and the EU. KDM Leader was awarded a total programme budget of £2.25 million in 2008 to support projects within a specific geographical area. Of this, £1.8 million was allocated to project costs, the remaining £450,000 being allocated to facilitation and administration of the programme.
- 2.3 The total programme budget was reduced in the 2010 Comprehensive Spending Review down to £1,651,933.
- 2.4 To date a total of approximately £1,100,000 has been awarded to projects, of which approximately £795,000 is in capital grants to small and micro enterprises. The total cost of these capital projects is

approximately £2,400,000 which means that the KDM Leader programme has levered in a further £1,600,000 of investment into the rural economy of the KDM Leader area – a leverage of 1:2. This investment has helped to create more than 25 FTE positions, whilst helping to sustain a further 150 jobs in the KDM Leader area. The programme will run until December 2013.

2.5 Members visited the following projects supported by KDM Leader:

(i) **CWP Fencing – Square Timber Production, Egerton**

CWP is a sole trader manufacturing chestnut pale fencing and posts from locally sourced sweet chestnut coppice. Approximately 50% is felled by CWP and the remainder is sourced from local companies, 90% of which harvest their timber from within the KD&M Leader area. The company has been running for three years and employs four full time workers and three self employed workers. Grant support was provided to CWP Fencing to aid the purchase of the equipment required to transport and process oversized, large chestnut timber into field and entrance gates, picket fencing and gate posts – developing a new market for a currently under utilised resource/product.

Funding was provided to support the purchase of the following items; timber trailer, horizontal band-saw, planer moulder, spindle moulder, dust extraction system and also towards the cost of installing the electrics.

**Key Findings;**

- The project provides a new use for sweet chestnut and is helping satisfy a demand for the product in France and Belgium. The company is growing and expanding in an area where there is little competition. The main beneficiary of KDM Leader support is CWP Fencing along with local woodland owners through the sale of timber and better management of under utilised woodland.
- KDM Leader support has helped the company expand at a quicker pace taking advantage of a gap in the market to potentially become a market leader. The support has helped cover the set up costs to develop this new market.
- Support has helped create 1 new FTE, support for a further 6.5 FTEs and is bringing neglected woodland into better management and economic use.

(ii) **Mersham Game, Smeeth.**

J. Wanstall and Sons is a family owned partnership established in 1918 and is engaged in a number of land based activities including arable and poultry farming, small horticultural crop rotation and a commercial shoot. The applicant also has additional interests including a Directorship at Foodari Ltd. Grant aid was provided to support the development of a game butchering/processing facility that would add significant value to the game shot on the applicant's farm and during the commercial shoots

held by the applicant and others across Kent.

Funding was provided to support the purchase of the following items of equipment; Sausage filler, burger maker, slicer, mincer, mixer, smoker, vacuum packer, over-wrapper, label printing scales, butchers block, refrigerated van, PA system, Portable BBQ and pop-up gazebo (x2. For use at farmers markets and events).

**Key Findings;**

- The project is adding value to game shot on the farm and other shoots in the vicinity. The game products are helping develop the market and are being introduced into the mainstream food market.
- The project has provided a diversified source of income while adding value to local produce and improving the traceability and provenance of that produce. Food miles have been reduced and local produce is being kept local instead of being exported to European markets which has previously been the primary outlet.
- 3 FTEs have been created and disused farm buildings have been brought back into commercial use.

(iii) **Cheesemakers of Canterbury – Soft Cheese, Hastingleigh.**

Cheesemakers of Canterbury is a small, ambitious company established in 2006. Within the first year of production Cheesemakers of Canterbury won both British and International Cheese Awards and have since gone from strength to strength. The company employs 4.5 FTE people and has a strong brand identity and product range. Grant aid was provided to support an expansion of the business that would allow the applicant to diversify into the production of soft cheese. An opportunity arose to purchase the necessary equipment for the planned expansion, in situ at separate premises. This meant that the new venture was able to establish itself quickly and could save on installation, set up and licensing costs. Furthermore, this enabled the relocation and expansion of existing semi-soft cheese production which in turn increased capacity to produce more hard cheese at the existing premises, satisfying the increasing demand.

Funding was provided to support the purchase of equipment, training, consultancy and professional fees.

**Key Findings;**

- Support has enabled a small, ambitious and respected company to expand its product range and satisfy growing demand for its distinctive, local added value produce.
- The business was at near capacity preventing further growth and expansion. Support has enabled development of new product lines. The business has been able to develop, grow and expand. It now produces one of the top 50 cheeses in Europe and is on the shortlist

to supply produce for the 2012 Olympics.

- Support has helped create 1.5 FTE, supported 3.5 FTEs, enabled 2 adults to gain new skills and supported two businesses.

(iv) **Brabourne Allotments**

Grant aid was provided to support the creation and development of a new community allotment site in the village of Brabourne Lees. The Parish Council leased a field from Shepherd Neame on renewable 10 year tenure and used the land to provide 40 allotment plots.

Funding was provided to support the purchase of sheds/communal shed, gates, reinforcing blocks for vehicle access, water butts, standpipes & associated pipe work and 'green' lavatory.

Although there were no real economic outputs from the project, it was an excellent example of a Village Renewal project demonstrating two communities working together, fitting well with the Localism and Big Society approach.

**Key Findings;**

- The project defined a community need on a piece of land that had become the target for anti-social activities. It has helped develop social cohesion and interaction by drawing together a number of organisations together with a common aim.

(v) **The Farriers Arms – Micro Brewery Project**

The Farriers Arms is a freehold village pub owned by 120 shareholders and employs between 8-10 FTE staff. The pub was purchased in April 2009 by 94 shareholders who are variously retired or in employment and come from a wide variety of trades. Trading commenced in November 2009 and at the time of this application approximately £850,000 had been invested in the pub. Grant support was provided to aid the purchase and installation of a micro brewery; to allow for the production of beers for sale at the pub. The pub is also acting as a community hub – putting on community events, a depository for deliveries for people in the village (parcels, letters etc), notice board and generally trying to put itself at the centre of community life. The pub has also developed a fine restaurant and function room.

Funding was provided to support the purchase of the following equipment and services; building works & ground works, second hand micro brewery equipment, brewery training and professional fees.

**Key Findings;**

- The project is delivering economic benefits to the business and is supporting local employment and local produce. It has become a hub for community activity bringing local people together. The use of local produce has benefitted other local suppliers and reduced food miles.

Contacts have been made with other Leader supported projects e.g. Cheesemakers of Canterbury and Mersham Game. Leader investment has supported 10 FTE and has enabled 1 person to gain new skills. The pub is now producing four beers and is looking to now sell to other pubs and develop a small bottling plant.

(vi) **Doughty Family Butchers – Refurbishment & Extension of Meat Processing and Packing Facilities.**

S.W. Doughty Family Butcher is a traditional family butcher located in the small rural village of Doddington. The business is a partnership between Brother and Sister Stuart and Alison, whose great grandfather founded the business back in 1919. The business provides high quality meat and poultry products including processed meats, supplied to both private and commercial customers within the Kent area. The butcher's also has its own slaughterhouse, as well as processing and packaging facilities which helps to ensure the provenance of locally sourced and supplied meat. The slaughterhouse also provides private kill and processing facilities for farmers and other rural enterprises. Grant aid was provided to support the replacement of two existing wooden processing sheds (dating back to Georgian times) with a larger, purpose built building. The new facility provided a much needed increase in capacity and a complete upgrade of the cutting, preparation, processing and packaging area. The business also plays a big role in the local community acting as a depository for parcels and prescriptions for villagers. It supports a number of community events and is an integral part of village life.

Funding was provided to supplement the costs of the building works & ground works, equipment, security system and the installation of utilities.

**Key Findings;**

- Modernisation of the processing area was essential for the business to expand and survive. Leader support ensured ongoing sustainability of a rural micro-business that has been at the heart of the local community for almost 100 years. Apart from the butcher's the shop and staff play central role in community life acting as a meeting point and service hub. The shop runs a free delivery service twice a week to schools, restaurants, the elderly and sick. The local secondary school is supplied with eyes and plucks for science lessons.
- The business has also been able to increase its output of processed meat products (to meet demand) which has enabled it to become financially sustainable. Support has helped create 1 FTE and sustain 5.5 FTEs.
- By helping this business modernize and upgrade its facilities, Leader has also been able to support the additional community aspects provided by the business.

### **3. Conclusion**

- 3.1 The above visits provided a helpful insight into how Leader support is addressing some key issues in rural areas – small and micro business support and expansion, local employment creation, community integration, support and encouragement for local produce, and sustainable use and protection of the environment.
- 3.2 Leader is continuing to support projects across the Kent Downs and Marshes area and will continue to do so until December 2013. There is close liaison with local authority partners to identify and develop projects that fit with local plans and strategies, and address some of the key issues affecting the countryside.
- 3.3 Members have requested another tour in early 2012 and this is being organised.
- 3.4 As with the district visits of last year, it may be timely for REDPOSC Members to consider the key issues emerging from the rural visits and to identify potential priorities for KCC and Regeneration and Economy in particular in championing and supporting the rural community.

### **4. Recommendation**

- 4.1 The committee is asked to note the report, discuss any issues that arise from the key findings and provide any suggestions for the future work of the Kent Downs and Marshes Leader Programme.

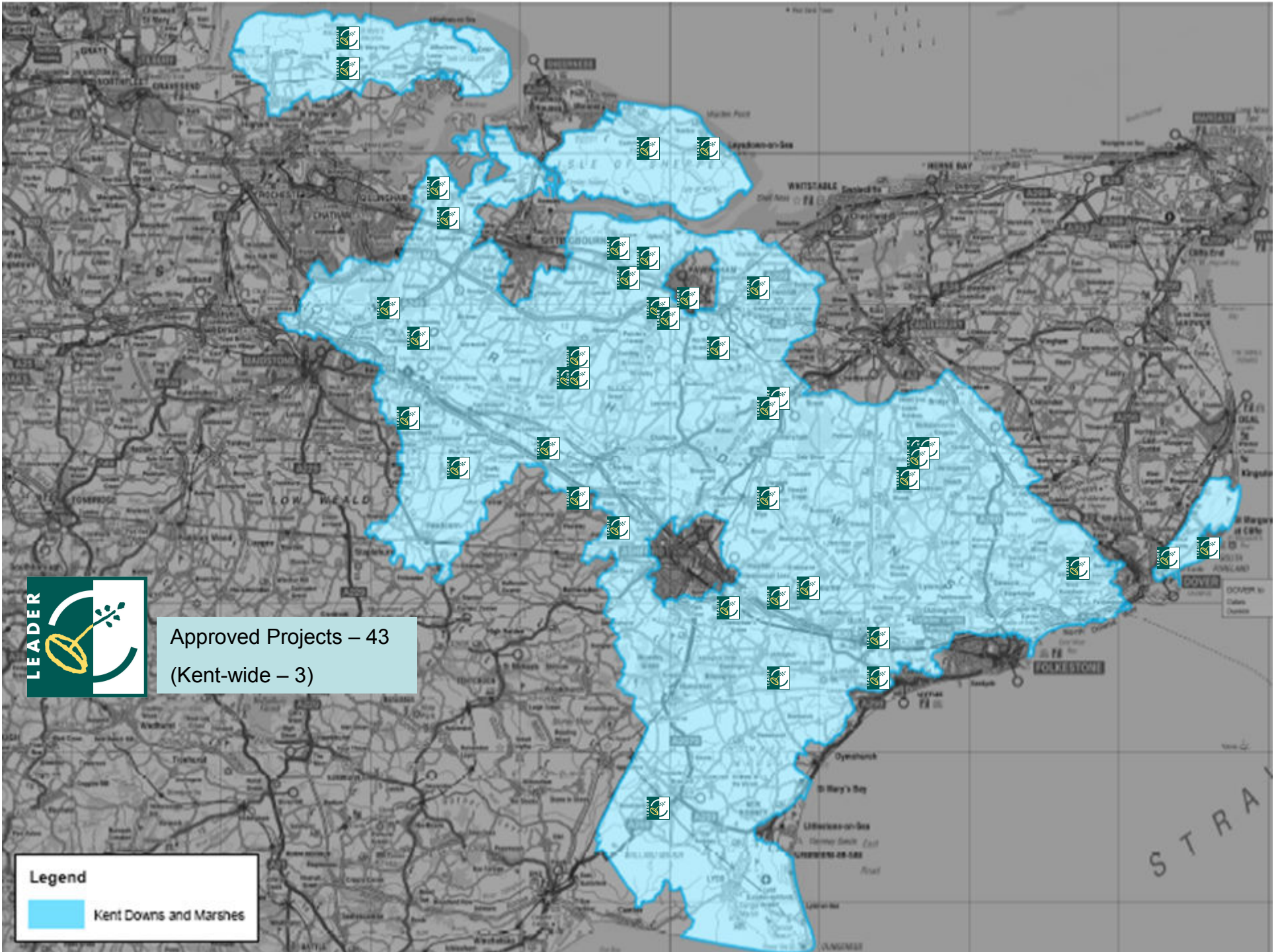
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**Background Documents:**

Map of Kent Downs and Marshes Leader area and identification of project supported.



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**By: Kevin Lynes, Cabinet Member for Regeneration and Economic Development**

**David Cockburn, Corporate Director, Business and Solutions**

**To: Regeneration and Economic Development Policy Overview and Scrutiny Committee - 19 January 2012**

**Subject: The Future of SEEDA's Assets**

**Classification: Unrestricted**

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**Summary:**

This report summarises how SEEDA's assets located in Kent will be managed going forward.

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**1. Introduction**

- 1.1 As part of its role in unlocking difficult sites, SEEDA had acquired many sites in Kent and Medway. With its demise the sites have been transferred to the HCA. This report explains the process for transfer as well as how local authorities are involved in their development and disposal.

**2. Detail**

- 2.1 Back in July 2011 BIS/CLG and Treasury agreed that all assets owned by Regional Development Agencies would be transferred to the Homes and Communities Agency (HCA) with the HCA remaining the accountable body for their development and disposal. It was also agreed that there would be significant opportunities for local authorities (and others) to influence the business plan and strategy. A series of local committees was proposed. The local committees would be responsible for preparing the local delivery plans which would need to be approved by the HCA. Although the delivery plans have to be self sustaining at local and a national level over a 10 year delivery period, they would be built from the bottom up. The HCA would be able to use the income from the portfolio to invest in developments that maximise economic outcomes. The HCA were also clear in their intention to deliver the economic and housing benefits for which the sites were originally acquired.
- 2.2 In Kent and Medway land and property assets were transferred from SEEDA to the HCA on 19<sup>th</sup> September (see appendix 1 for list of sites) together with a team of experienced staff based in

Kent. The sites will be managed as part of the National Stewardship Model, the key components of which are:

- Disposal strategy to secure delivery of original economic objectives over 10 years with a financial return back to Government
- Surplus capital and revenue returned to the National Programme on an annual basis
- Local authorities invited to act in an advisory capacity and to assist in project delivery
- Aim to balance income and receipts as far as possible locally but can make case for funding particularly if this helps to increase receipts which can support delivery elsewhere
- Annual process in terms of accounting any net surpluses from the National programme will be returned to government
- It will be iterative and can respond to changing circumstances
- Further acquisitions unlikely unless there is a compelling case.

2.3 The sites in Kent comprise 10 locations and range from large brownfield sites requiring enabling infrastructure such as Northfleet Embankment through to sites requiring more detailed planning such as Ashford to more 'oven ready' sites such as Rochester Riverside. To date, the portfolio of sites has received some £350m of public investment and in most cases only a limited amount of further investment is required to attract private sector partners and to realise receipts.

2.4 In Kent and Medway a member led Economic Assets Advisory Group (EAAG) has been established comprising the HCA and the Leaders from each authority with sites in their areas as well as the Portfolio Holder for Regeneration and Economic Development at KCC. The EAAG is supported by a Chief Officer Group.

2.5 The HCA has worked closely with officers from each authority to prepare a delivery plan for each site. Whilst some level of funding is required across the portfolio the majority of future investment is concentrated in three locations – Northfleet Embankment, Queenborough and Rushenden and Chatham Maritime. The resultant development programme seeks to maintain momentum at each of the 10 locations bringing forward sites for development at the earliest opportunity by funding any investment activities in the first 3 years.

2.6 The Economic Assets Advisory Group has approved the draft delivery plans for each site as well as the overall programme. Whilst the detail of the draft Delivery Plans are confidential and commercially sensitive at this stage, in summary the draft Delivery Plan shows investment of some £37m through to 2016/17 with

estimated capital receipts of some £53 - £66m (dependent upon disposal timescales and the market). This level of investment could result in over 6000 new homes, 12000 jobs and nearly 600,000m2 of commercial floorspace. However, the challenge will be to persuade the HCA to keep any financial gains from disposals within Kent and Medway as opposed to passing them to the National Programme. The HCA are very open to this debate.

- 2.7 The overall Delivery Plan will now be submitted by the HCA to the National Programme Team. Feedback is awaited but if necessary the HCA will call a meeting of the EAAG if changes are required. The EAAG will then meet quarterly to oversee delivery.

### **3. Conclusions**

- 3.1 Members are asked to note the contents of the report.

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**Background Documents:**  
None

## APPENDIX 1

<b>Sites in Kent / Medway transferred to HCA</b>
Elwick Place, Ashford
Rimmel site, Ashford
Commercial Quarter (including Crouch's Garage and International House)
Victoria Road and Beaver Road, Ashford
Dartford Northern Gateway sites
Buckland Mill
Northfleet Embankment
Queenborough and Rushenden sites
Chatham Maritime (including St Mary's Island)
Rochester Riverside

N.B It should be noted that the site at Betteshanger also transferred to the HCA under the Coalfields programme.

**By:** Kevin Lynes, Cabinet Member for Regeneration and Economic Development  
David Cockburn, Corporate Director Business Strategy and Support

**To:** Regeneration and Economic Development Policy Overview and Scrutiny Committee - 19 January 2012

**Subject:** Thanet – Economic Growth and Development – update.

**Classification:** Unrestricted

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**Summary:**

Following regular update reports on a range of Thanet projects and this Committee's visit to the District last year this report provides an overview and update of regeneration and economic development investment, outcomes and prospects going into the future.

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**1. Introduction**

- 1.1 Thanet is the most deprived part of Kent. A combination of poor accessibility, low skills levels, loss of traditional industries and disproportionate in-migration of benefit claimants has contributed to make conditions in Thanet markedly worse and less competitive than the rest of Kent and the South East. This is shown by various standard indicators:
- GVA per capita, which is a general measure of wealth in an area, was £11k pa in Thanet in 2009, compared with £17k in Kent and £19k in the South East. Table 1, below, which shows median earnings in 2011 shows Thanet lagging behind the rest of Kent and Great Britain.
  - In Thanet in 2010 there were 310 people in work for every 1000 people resident in the area compared with 390 in Kent and 450 in the South East.
  - Thanet has higher unemployment levels than the rest of Kent, with 5.8% of working age people in Thanet unemployed in 2011. Thanet also has the highest youth unemployment rate in the South East at 13.7% (December 2011). Unemployment in Thanet between 1996 and 2010 has been consistently higher than Kent and Great Britain as shown in Table 2 (below). Between November 2010 and November 2011 unemployment increased by 14.6%.

Table 1

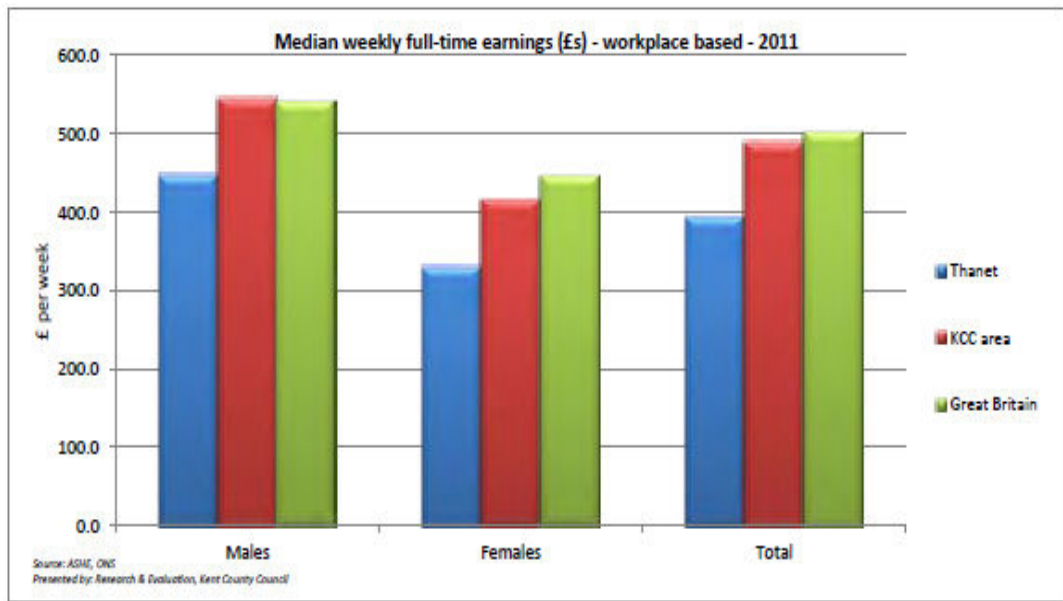
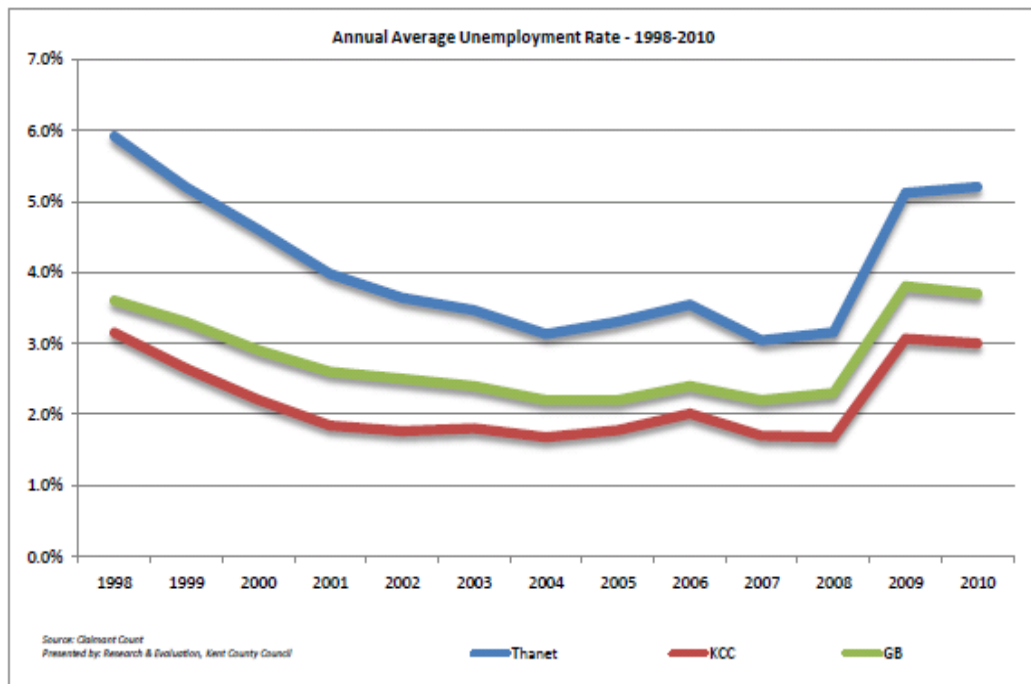


Table 2



## 2. What has been done – the big picture

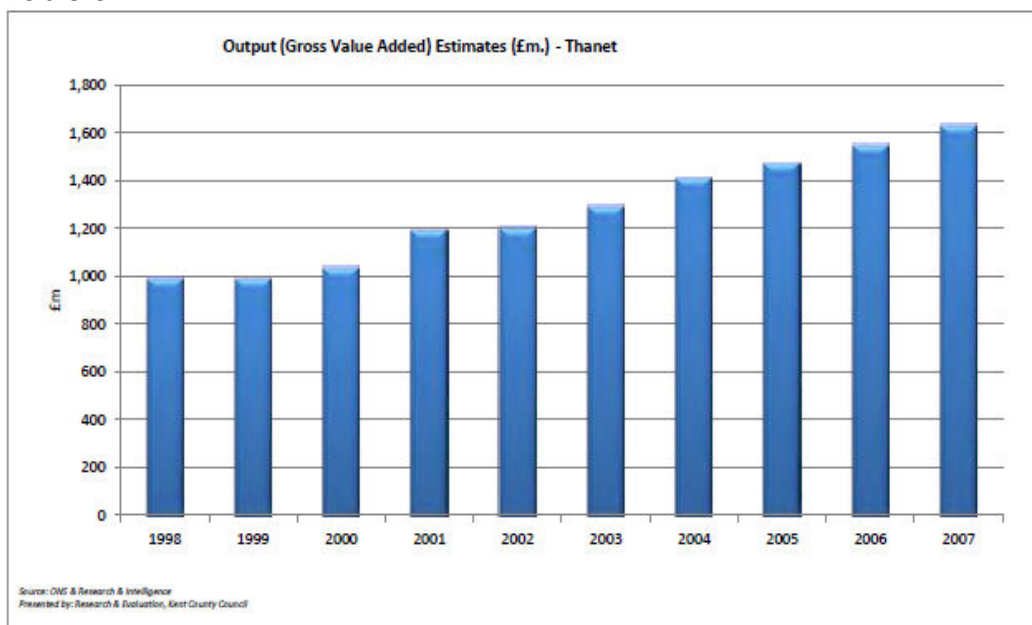
2.1 The underlying problems in Thanet have been recognised resulting in a substantial investment programme. An estimated £364m of capital investment has been spent or committed to major projects in Thanet over the past 10 years. These principally address the underlying problems of:

- **Improving accessibility.** Schemes have included Harbour Approach road, Eurokent Link Road, and East Kent Access (£150m)

- **Bringing forward sites for employment.** This includes work on the East Kent Spatial plan unlocking 114 ha of business land and workspace at Eurokent and Manston to develop commercial, retail and residential sites.
- **Developing the Visitor Economy.** Key projects have been Turner Contemporary, Dreamland and improvements in Margate old town and Ramsgate seafront (£32m)
- **Education and skills.** Initiatives such as Thanet Skills studio, Thanet works, The Marlowe Academy and Building Schools for the Future have all contributed to raising skill levels and developing apprenticeships (£82m+)
- **Housing and community investment.** The Housing Corporation has funded significant housing and neighbourhood renewal schemes. There have been various measures aimed at improving social development including children’s centres, extended schools, Kent poverty project (£63m)

Some of the results of this investment can be seen in Table 3 charting the rise of GVA in Thanet

Table 3



### 3. Overview of the current position

3.1 It is right to challenge how effective this investment has been in tackling the deep rooted problems in Thanet. A report by consultants DTZ (Sept 2010) assessed that, taking account of investment over the previous 5 years and including some additional investment, the net savings to the public sector by reduced dependency and increased tax income over the next 5 years should be in the region of £136m. Over the next 15 years

they further estimated that the proposed investment should create 2000 new jobs above current forecasts.

#### 4. Progress on Current Projects

4.1 A wide range of initiatives are underway or programmed for the future to support regeneration and economic development in Thanet. The key projects and progress are set out below:

#### 4.2 Improving Accessibility:

- Improving rail journey times to Thanet. The recent success of a Regional Growth Fund bid of £40m to East Kent contains £5m for Business Critical Infrastructure Grants. This fund will be used to improve track and therefore journey times on HS1 to Ramsgate to around 1 hour
- There is also the longer term aim to create a new parkway railway station near Manston to serve the new employment and residential site at Eurokent.
- Kent International Airport at Manston continues to present a major opportunity for East Kent. Infratil, the parent company are confirmed long-term investors and the airport's master-plan, last published and consulted upon in November 2009, will be reviewed again in 2013. Progress continues to be hampered as a result of the current economic climate though and it was disappointing to learn that Flybe announced its withdrawal from the end of March 2012. The airport is nevertheless reporting steady progress particularly with freight/cargo; has started to use its Equine Border Inspection Post; will be commissioning a new radar system this year, and has submitted its planning application for night time flying to Thanet District Council.

#### 4.3 Bringing forward employment sites and economic support

- **Regional Growth Fund (RGF) in East Kent.** The successful RGF bid means a £40m programme of grant support to businesses in East Kent.
- **East Kent Opportunities (EKO)**, the joint venture company between KCC and TDC, was established to bring forward key regeneration sites at Manston and Eurokent. A new link road was built at Eurokent providing relief to the Haine Road and improved access to the Marlowe Academy and two business centres and an outline planning application for a mixed use development has recently been submitted. The Manston site continues to be marketed and discussions are on-going with a number of interested parties for development of employment space. EKO also delivers 'Employ Thanet' a job and skills brokerage service, including a Jobs Fair in September that attracted 21 exhibitors/employers, 542 residents all of whom were on out of work

benefit. There are also Job Clubs in Margate and Ramsgate where both increased attendance and job outcomes (25 by the end of November) are being reported weekly and maximum support ensured by providing cross referrals between other key providers.

- At the **Port of Ramsgate** a new operation and maintenance base is under construction for London Array and will sit alongside the Thanet Offshore base already completed for Vattenfall. Together the two bases represent a significant industry presence and a long term commitment to the port bringing more than 125 new jobs. Further use of the port is being made by London Array's contractors during the construction of phase 1 of the development which is due for completion by the end of 2012. Alongside the new bases, improvements have been made to the port to improve access by specialist work boats and provide new mooring facilities. Future training for renewable energy technologies is proposed by Thanet College who have recently been successful in attracting £2 million of Government funding for a new centre to be open in 2013.

#### 4.4 Housing and community support

- **No Use Empty** Since its launch in 2005, KCC's Empty Property initiative has been successful in bringing 580 units in Thanet back into use. As well as advice and guidance, 135 capital loans with a value of £2.7m have been made, leveraging in a further £6.6m, representing a total investment of £9.3m in the housing market. This equates to around 200 jobs in construction to carry out this work and new housing provided for around 295 people. The scheme is now being expanded to look at larger properties of which there are many that would be eligible for support in Thanet.
- **Margate Housing Intervention programme** This initiative focuses on the many poor quality and multi-occupied premises in Cliftonville. The ultimate aim is to acquire and restore around 300 properties (10% of the housing stock) so as to increase the numbers of family housing, including owner occupation and create a more balanced community. KCC has committed £10m and Thanet a further £2m to a fund for the purchase and improvement of properties in the area - to date two large properties have been acquired which should be ready for occupation in late summer 2012. This fund will work as a 'rolling programme' with profits from selling restored properties being fed back into the fund to buy more properties. A social enterprise company is being developed in parallel to provide apprenticeships in construction for local young people.

#### 4.5 Improving the visitor economy - The Regeneration of Margate

- *Turner Contemporary* opened in April 2011, and has been an

outstanding success. The estimated annual visitor target of 156,000 was reached in July and visitor numbers for the first seven months have exceeded 330,000. There have been positive spin out effects into the old town with new shops and cafes opening and reports of turnover exceeding expectations by 300%. Similarly, the limited hotel accommodation in the town has had high occupancy rates. To date this effect is largely confined to the area close to Turner and parts of the rest of the town still have high vacancy levels.

- *Dreamland* The large Dreamland site on Margate seafront is currently being compulsorily purchased by Thanet District Council with an estimated completion of May 2012. A recent Heritage Lottery Fund (HLF) grant of £3m means that funding is now in place to deliver phase 1 works on the site which should start in summer 2012 and complete in 2013. The works will comprise essential repairs to the Dreamland cinema and restore the listed scenic railway and some landscaping. Further phases will seek to bring the cinema back into use and establish other heritage rides (currently in store) on the site.
- *Old town/cultural quarter* - Public realm improvements are largely complete around Turner Contemporary, the Harbour Arm and the Old Town
- *Sea Defences* - Essential sea defence work including an attractive revetment feature on Margate's seafront, have just started on site and will take 18 months to complete. As well as protecting the old town from flooding they will enhance the appearance and usability of the seafront
- *Rendezvous site* - This is the site owned by KCC adjoining Turner Contemporary. It has always been the aim to achieve a high quality hotel development or similar on this site – previous efforts failed due to the recession. With the success of Turner Contemporary, KCC (with Visit Kent) is now looking at options to attract a developer and operator in 2012 which could result in a hotel and restaurant on the eastern end of the site.
- *Winter Gardens* - The Winter Gardens, owned by Thanet District Council, is one of the key features of Margate. The aim is to restore the listed building and provide an improved live performance venue to complement other visitor attractions in the town.

#### 4.6 Improving retail

*Westwood Cross shopping centre.* The new shopping centre at Westwood Cross, accessible to all three Thanet towns (Ramsgate, Margate and Broadstairs) opened in 2005. It has expanded twice since opening and now provides 46 units with 475,000 sq ft of retail space, anchored by key stores like Debenhams and Marks and Spencer and employs around 350 people. The development at Westwood Cross has however been at the

expense of retail in Ramsgate and Margate which has declined. Parts of Margate's town centre now have up to 40% vacancy rates though this has been compensated somewhat by the growth of galleries, cafes and niche shops in the Old Town near to Turner Contemporary and the seafront.

## **5. Conclusions**

- 5.1 In summary, the significant regeneration focused investment in Thanet has started to make a difference though considerable challenges still remain and the current recession has further compounded issues. It is clear that reversing the deep seated problems in Thanet has to be part of a long term strategy where the successes along the way can be acknowledged and celebrated rather than sometimes getting lost in the face of ongoing or new challenges. DTZ's conclusions in 2010, that investment in Thanet will ultimately save the public purse, are almost certainly still true today.
- 5.2 Continued investment is required on infrastructure, employment, the visitor economy and in addressing some of the underlying social and housing problems as well as capitalising on opportunities such as the extension of the High Speed Train link to London and the new and rapidly growing renewable energy industry.
- 5.3 Recent successes like Turner Contemporary also demonstrate that some projects can exceed expectations and start to contribute to re-shaping the image of Thanet. It is important to build on this momentum and some of the initiatives planned for 2012 aim to do this. With the many other projects underway, as identified above, Thanet can realistically expect a better and more prosperous future.

## **6. Recommendation**

- 6.1 The Committee is recommended to note the contents of this report.

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**Background Documents:**

None

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**By:** Kevin Lynes  
Cabinet Member for Regeneration and Economic Development

David Cockburn, Corporate Director of Business & Solutions,  
Business Strategy and Support

**To:** Regeneration and Economic Development Policy Overview and  
Scrutiny Committee

19 January 2012

**Subject:** Update on Strategic Projects

**Classification:** Unrestricted

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**Summary:** This report provides Members with an update on the progress of key regeneration projects.

---

## 1. Introduction

- 1.1** This report provides Members with an update on progress of major regeneration projects being delivered by Regeneration and Economy.
- 1.2** The tables that follow present progress against projects in Ashford, Kent Thameside, Dover, Thanet, Swale and for specific countywide initiatives such as Kent and Medway Infrastructure Model, Integrated Infrastructure Finance Model, Developers Guide, Broadband, Sector Conversations, Kent Forum Housing Strategy and No Use Empty.



Project	Summary of project outcome	Cost of Project KCC/Partners £	Latest progress	Next Steps
<b>Ashford Growth Area</b>		<b>Lead Officer: Mike Bodkin - Contact 01622 221960</b>		
Ashford Growth Area	Delivery of the Ashford Programme to support sustainable growth.	Total Programme value £53.5m public sector funding (of which £22m GAF 3 and £5.5m KCC funding).	<ul style="list-style-type: none"> <li>Detailed transport modelling being undertaken to define offsite highway mitigation required for development of Chilmington urban extension.</li> <li>Range of employment scenarios being produced by consultants for Ashford BC, as precursor to review of LDF core strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Draft Chilmington Area Action Plan to be produced by ABC March 2012. Transport modelling to be finalised Jan 2012 as input to AAP.</li> <li>Review of Core Strategy to be developed from employment-led perspective during 2012.</li> </ul>
<b>Kent Thameside</b>		<b>Lead Officer: Mike Bodkin - Contact 01622 221960</b>		
Homes and Roads	To deliver 11 major transport schemes to support growth of 20,000 homes and 50,000 jobs.	Total cost - £200m (at 2009). (Price base varies for funding commitments) Regional Transport Programme (DfT) £46m (at 2008) HCA £23m (at 2008) DfT £26m (at 2007) Eastern Quarry £40m (at 2007) Developer Contributions £63m (at 2009).	<ul style="list-style-type: none"> <li>Further draft of KCC/DBC/GBC Partnership Agreement in progress.</li> <li>Extent of improvement package identified for Dartford Town Centre.</li> <li>Design of Rathmore Road Link progressing. Land issues identified and steps being taken to resolve them through discussion with relevant parties.</li> <li>Consultation for Gravesham BC Core Strategy in progress. Discussion regarding traffic modelling to support transport strategy.</li> <li>Initial review of Homes &amp; Roads Programme carried out to identify potential cost savings, alternative sources of funding and risks to delivery.</li> </ul>	<ul style="list-style-type: none"> <li>Partnership Agreement between KCC/DBC/GBC to be finalised.</li> <li>Governance structure to be drafted and discussed between KCC/DBC/GBC.</li> <li>Dartford Town Centre package of improvements to be agreed with Dartford BC.</li> <li>Detailed planning application to be submitted Jan/Feb 2012. On-going engagement with Gravesham BC.</li> <li>Response to Gravesham BC Core Strategy consultation. On-going work to define transport strategy.</li> <li>2<sup>nd</sup> Annual Progress Report to be prepared including a review of the Forward Delivery Programme. Document to be discussed and agreed with partners.</li> </ul>
Ebbsfleet Valley (including Eastern Quarry)	To deliver 11,000 homes and new community adjacent to Ebbsfleet station.	An estimated £100m worth of infrastructure secured by KCC and DBC to support the	<ul style="list-style-type: none"> <li>Positive initial discussion with Land Securities regarding the provision of a new primary school at Springhead Park.</li> <li>Awaiting formal agreement by Land Securities to the proposed reconfiguration of the remaining S.106 terms for community</li> </ul>	<ul style="list-style-type: none"> <li>Continue dialogue with Land Securities regarding the future provision of a primary school at Springhead Park and the overall implications for KCC infrastructure requirements.</li> </ul>

Project	Summary of project outcome	Cost of Project KCC/Partners £	Latest progress	Next Steps
		development of Eastern Quarry.	<p>infrastructure.</p> <ul style="list-style-type: none"> <li>Eastern Quarry transport assessment progressing with Base Models produced.</li> </ul>	<ul style="list-style-type: none"> <li>Seek to reach agreement on the contribution for the Homes and Roads programme arising from the Eastern Quarry permission.</li> <li>On-going engagement with transport assessment work.</li> </ul>
<b>Dover</b>		<b>Lead Officer: David Hughes - Contact 01622 221942</b>		
Whitfield	Development of Whitfield of up to 5,700 new homes and associated community infrastructure.	Significant private sector investment in build out of site and the provision of infrastructure. KCC Officer time in R&E/KHS regarding masterplanning and infrastructure provision.	<ul style="list-style-type: none"> <li>The applicant, Phillip Jean Homes (PJH) has been involved with a planning appeal outside Kent, therefore we have not been able to progress negotiations relating to Phases 1 and 1A.</li> </ul>	<ul style="list-style-type: none"> <li>Continue negotiations with PJH following their planning appeal hearing.</li> <li>Assist DDC with developing their approach to S.106 and CIL requirements.</li> </ul>
<b>Folkestone</b>		<b>Lead Officer: Theresa Trussell – Contact 01622 221362</b>		
HLF (Townscape Heritage Initiative) bid for £1.6m to enhance public realm and landmark buildings in Folkestone Old Town	Extending the creative and cultural offer of the Old Town to attract more tourists and visitors to Folkestone.	Total project cost £1.6m. KCC match funding £400k from Reg Fund (subject to approval). HLF grant of £1.2m Additional funding (in kind and capital) will be sought from Creative Foundation and Shepway District	<ul style="list-style-type: none"> <li>Bid submitted to HLF end of November 2011. This will be assessed in April 2012 and the outcome known in May 2012.</li> <li>Shepway District Council will produce a Conservation Area Management Plan prior to April 2012 as a requirement of the process.</li> </ul>	<ul style="list-style-type: none"> <li>Outline designs for Tram Road and Tontine Street have been produced.</li> <li>Consultation deferred to January in order not to conflict with current Beachfront public consultation.</li> </ul>

Project	Summary of project outcome	Cost of Project KCC/Partners £	Latest progress	Next Steps
		Council.		
<b>Swale</b>		<b>Lead Officer: Mike Bodkin – Contact 01622 221960</b>		
Queenborough/Rushenden Regeneration	Overall scheme to deliver 2000 new homes and related community/road infrastructure over 10 years.	Estimated cost of £26.4m of community infrastructure to be secured from S.106 CLG funding of £390k; KCC £15k to carry out environmental works.	<ul style="list-style-type: none"> <li>• Planning application with Swale BC to raise levels on first phase of development land</li> <li>• Rushenden Link Road completed and open</li> <li>• Hard landscaping and bulb planting completed on Queenborough Castle mound plus successful community engagement programme.</li> <li>• Assessment of community needs of area largely completed.</li> <li>• Support secured from HCA to keep Rushenden skills/community centre open.</li> </ul>	<ul style="list-style-type: none"> <li>• Work to spread material to raise levels</li> <li>• Completion of local interpretation programme at Queenborough Mound</li> <li>• Support to develop business plan for Rushenden skills/community centre alongside developing skills agenda (eg for wind technology on Sheppey).</li> <li>• Reassess education and community infrastructure needs and liaise with Swale BC regarding potential provision.</li> </ul>
Sittingbourne Northern Relief Road	Milton Creek Crossing. To join Eurolink and Kemsley Industrial Areas, relieving Town Centre.	Total cost £30.6m HCA £8m S106 £2.6 DfT £20m	<ul style="list-style-type: none"> <li>• Road completed and open.</li> </ul>	<ul style="list-style-type: none"> <li>• Contractors to complete on site. As part of their 'exit' to carry out various works eg primary path to facilitate movement on the adjoining country park (which has SBC and KCC involvement).</li> </ul>
	Bapchild Link. Completion of relief road from existing route to A2 at Bapchild route.	Total cost estimated between £15m to £45m, dependant on final route option selected,	<ul style="list-style-type: none"> <li>• Scheme reported to Swale JTB in December 2011. Agreed to include in Swale LDF Core Strategy as an Area Action Plan. Consultation to be Borough wide when scheme is brought forward.</li> </ul>	<ul style="list-style-type: none"> <li>• Proposal to include AAP in Core Strategy will be debated through the LDF EiP process. Liaison with Swale BC required to bring scheme forward in appropriate timescale.</li> </ul>
Sittingbourne Northern Relief Road /M2 Junction 5	M2/Junction 5 Completion of Transportation Strategy for Sittingbourne,	Total Cost estimated between £120m to £150m. (Preliminary costs	<ul style="list-style-type: none"> <li>• Short-term scheme to provide extra capacity on A249 southbound being studied for local housing development site.</li> </ul>	<ul style="list-style-type: none"> <li>• Report on progress and possible future options requested by Swale BC for presentation to March 2012 JTB.</li> </ul>

Project	Summary of project outcome	Cost of Project KCC/Partners £	Latest progress	Next Steps
	including solution to congestion / safety problems at M2 Junction 5.	only at this stage).		
Sittingbourne Town Centre	Remodelling / regeneration of Town Centre Retail Core and local road network.	Costs being borne by developers (Tesco / Spenhill).	<ul style="list-style-type: none"> <li>• Planning applications for major supermarket developments approved by Swale BC Planning Committee (Morrisons and Tescos).</li> <li>• Decision awaited from Government on whether to call-in Morrisons application.</li> <li>• Tesco subject to outstanding Article 14 holding direction of refusal from Highways Agency.</li> </ul>	<ul style="list-style-type: none"> <li>• Liaison with Spirit of Sittingbourne to bring forward wider Town Centre redevelopment proposals including potential transfer of KCC highways and other land.</li> <li>• Development Agreement between SoS and SBC to be signed early 2012. Transport Assessment of wider proposals to be developed during 2012.</li> <li>• Negotiations with Highways Agency under way to remove Article 14 for Tesco application.</li> </ul>
<b>Thanet</b>		<b>Lead Officer: Theresa Bruton - Contact 01622 221947</b>		
East Kent Opportunities LLP	Limited liability partnership created by KCC and Thanet DC to develop land holdings at Manston Business Park and Euro Kent adjacent to Westwood Cross. EuroKent spine Road opened November 2008.	KCC purchased Manston Park landholdings in June 2006 £5.35m. Now sits alongside TDC equivalent landholding at EuroKent in the LLP.	<ul style="list-style-type: none"> <li>• Eurokent outline mixed use planning submission made on 31October 2011 and registered with the local planning authority on the 14 November.</li> <li>• Manston – Review and improvement of marketing and media material including Web site redesign and promotion in conjunction with Locate in Kent.</li> </ul>	<ul style="list-style-type: none"> <li>• Eurokent - Preliminary promotion of site sales opportunities and exploration of housing and other land use interests from prospective parties.</li> <li>• All sales opportunities being pursued at Manston in difficult market conditions. Two current projects with good prospects.</li> <li>• 'Employ Thanet' Jobs Fair taking place in April 2012.</li> </ul>

Project	Summary of project outcome	Cost of Project KCC/Partners £	Latest progress	Next Steps
<b>Margate</b>				
Rendezvous site development	A quality mixed-use development at the eastern end of the Rendezvous site that is sympathetic to the Turner gallery and provides strong and effective linkages to the Old Town and the Winter Gardens. R&E are working with Thanet District Council (TDC), to transform the Grade 2 listed, Winter Gardens into a successful, modern operation.	Total cost will be determined by the eventual direction of the project.	<ul style="list-style-type: none"> <li>Decision to restart activity to secure hotel/mixed use scheme on the Rendezvous site (owned by KCC).</li> <li>Draft planning brief for Rendezvous site available.</li> <li>Flood defence works around Margate harbour have commenced (Nov 2011).</li> <li>Discussion with Thanet DC on future use of Winter Gardens and other similar venues in Margate.</li> <li>Investigation of flood risk realities in determining parameters for future seaward development at the Winter Gardens.</li> </ul>	<ul style="list-style-type: none"> <li>Approaches to potential hotel and other developers for future joint venture scheme on the Rendezvous site</li> <li>Agreement between KCC and TDC on planning brief</li> <li>Discussion and agreement with other users of the site (RNLI and Margate YC)</li> <li>Support to new users of the Winter Garden (eg national video gaming event Feb 2012) as part of achieving a more sustainable future for the WG</li> <li>Comparison of other seaside resorts in hosting live music events as key to future of Winter Gardens.</li> <li>Approach to HLF for future funding of the Winter Gardens.</li> </ul>
Development on the Dreamland site	To deliver the Dreamland Entertainment Complex & Heritage Amusement Park on a 10 acre site around the listed cinema and scenic railway.	£12.4m (Phase 1) including: SeaChange £4m HLF £3m TDC £0.75m Developer £4m	<ul style="list-style-type: none"> <li>TDC is in the process of compulsorily purchasing the Dreamland site (should be resolved April/May 2012).</li> <li>HLF have awarded £3m for phase 1 works at Dreamland. This will enable essential repairs to the cinema, restoration of the scenic railway and some landscaping in the park.</li> <li>Letter of support sent by KCC Leader to the Secretary of State to support the project and the CPO by TDC (Dec 2011).</li> </ul>	<ul style="list-style-type: none"> <li>Establishing with TDC the use of the Dreamland cinema vis a vis Winter Gardens and other live venues in Margate.</li> </ul>
<b>No Use Empty</b>		<b>Lead Officer: Steve Grimshaw - Contact 01622 221906</b>		
No Use Empty	Initiative launched in 2005 as part of its PSA 2	£5m	<ul style="list-style-type: none"> <li>Business Case submitted for MTP to extend NUE for 5 Years to 2016/17 (Loan fund will operate with £5m being</li> </ul>	<ul style="list-style-type: none"> <li>Submit bid to HCA for funding to complement the NUE Affordable Homes Project (Jan).</li> </ul>

Project	Summary of project outcome	Cost of Project KCC/Partners £	Latest progress	Next Steps
	commitments to examine better ways of delivering services and working more effectively with district councils by returning long term empty properties back into use.		<p>recycled).</p> <ul style="list-style-type: none"> <li>• Successful bid to Regeneration Fund for £1.2M to establish NUE Affordable Homes Project (Dec).</li> <li>• £5.4m loans awarded since start of Initiative, pulling in £11m leverage to date (Dec).</li> <li>• £941k of loans repaid (Dec).</li> <li>• Further applications for loans with a value of £1m currently being considered / processed (Dec-Mar).</li> <li>• 1,921 units returned to date since start of the Initiative. (Sep)</li> <li>• Annual Target to return 200 units has been exceed by 35 (235 achieved by Q2).</li> <li>• Approved first loan for Swale since joining Loan Fund.</li> </ul>	<ul style="list-style-type: none"> <li>• NUE guest speaker at Annual Capita Conference London (Jan).</li> <li>• Continue to process loan applications including first loans for Tonbridge &amp; Malling and Gravesham (Jan-Mar).</li> <li>• Meetings with districts and property owners who have been identified as having suitable properties for inclusion in the NUE Affordable Homes project (Jan/Feb).</li> <li>• Exploring potential to “franchise” NUE brand with legal services (Jan/Feb).</li> <li>• Follow up work on recovery of loans in relation to revised payment plans (further £100k due by March).</li> <li>• Follow up work with Eden Council who have expressed an interest in KCC administration their loan fund (subject to their funding being agreed).</li> <li>• Further discussion on raising awareness through Publicity/PR for 2012-13.</li> </ul>
<b>Kent Forum Housing Strategy</b>		<b>Lead Officer: Brian Horton - Contact 01622 221947</b>		
Kent Forum Housing Strategy	To develop and implement an integrated Housing Strategy for Kent and Medway.	£255k (rev) funding from the KCC Regeneration Fund. £200K (capital)	<ul style="list-style-type: none"> <li>• Work is progressing on the development of the first draft of the refreshed Housing Strategy; this will be shared with Kent Joint Chief Executives in January 2012 and the Kent Forum in February 2012, with a view to issuing a consultation version of the document by the end March 2012. New content on the key</li> </ul>	<ul style="list-style-type: none"> <li>• Since the launch of the Strategy, the Government has announced a raft of new housing-related measures, including the English Housing Strategy, which contains a number of new initiatives already under consideration for the refresh. These include: the</li> </ul>

Project	Summary of project outcome	Cost of Project KCC/Partners £	Latest progress	Next Steps
			<p>strategic housing issues facing Kent will be provided.</p> <ul style="list-style-type: none"> <li>• Further development work has been completed on the draft Heads of Terms and the identification of sites for a pilot project between KCC and a major constructor to develop new private sector housing using significant institutional investment.</li> <li>• Good progress has been made with partner Kent local authorities and lender representatives on the development of a Kent-wide Local Authority Mortgage Scheme to help first time buyers access the mortgage market.</li> <li>• KPOG have started an open dialogue with the Kent Developers Group, Kent Housing Group and HCA on the development of Housing and Planning Futures, the new methodology to help District and Boroughs to determine their future dwelling numbers and this will provide a bottom up housing growth ambition for the refresh of the Housing Strategy.</li> </ul>	<p>Mortgage Indemnity Scheme, releasing public sector land for housing development, reducing the burden of housing regulation, institutional investment in the private rented sector, Build to Rent and fiscal incentives to stimulate development.</p> <ul style="list-style-type: none"> <li>• To continue to progress delivery of the 25 work streams based on the recommendations detailed in the Implementation Plan, including delivery of a Kent-wide Local Authority Mortgage Scheme and new private sector housing with significant institutional investment.</li> </ul>
<b>Sector Conversations</b>		<b>Lead Officer: Megan McKibbin – Contact 01622 221914</b>		
Sector Conversations	Expanded network of business contacts with key business sectors – target no of new business contacts 800 Identify key actions	Total project cost £12K – 1.5K per event.  Partner contributions in kind – include subsidised	Health and Social Care event took place in September. <ul style="list-style-type: none"> <li>• 95 delegates attended.</li> <li>• Encourage more investment in telehealth and telecare technologies.</li> <li>• Identify and develop new delivery models to take full advantage of personalised budgets.</li> </ul>	<ul style="list-style-type: none"> <li>• Next event for Creative, Media and Communications planned for 29 February 2012.</li> <li>• Future Sector Conversations to be planned as required.</li> </ul>

Project	Summary of project outcome	Cost of Project KCC/Partners £	Latest progress	Next Steps
	<p>that will stimulate business growth</p> <p>Task &amp; Finish activities to address issues that will make a tangible difference to business growth</p>	venues, business champions time and speakers free of charge	<ul style="list-style-type: none"> <li>• Seek out capital funding to improve and develop existing environments to meet the demands of increasing numbers.</li> <li>• Develop a strategy to improve the image of the sector and its skills base.</li> <li>• Resolve the issues surrounding employing 16-18 year olds.</li> <li>• Develop a system to monitor quality of agency workers.</li> <li>• Ensure KCC procurement changes are widely understood by the care community.</li> <li>• Promote the 'Kent Card' and develop its capabilities.</li> <li>• Work is now underway to integrate these findings into appropriate directorate policies.</li> </ul>	
<b>Kent and Medway Investment Fund</b>		<b>Lead Officer: Adele Harrison – Contact 01622 694835</b>		
Kent and Medway Investment Fund	Revolving Fund to provide investment for regeneration	Phase 2: Development £650k – contributions from Medway & Districts subject to further discussion. KCC contribution up to £500k, subject to Regen Fund bid.	<ul style="list-style-type: none"> <li>• Asset reviews completed. Identified a number of potential sites for a LABV / JV to unlock capital for investment in the Fund. Proposals for LABV / JV to be developed through phase 2.</li> <li>• Set up of shell partnership is progressing. Agreements to be signed by mid February.</li> </ul>	<ul style="list-style-type: none"> <li>• Launch project governance early Q4.</li> <li>• Procure consultancy support for next development phase of KMIF.</li> </ul>

Project	Summary of project outcome	Cost of Project KCC/Partners £	Latest progress	Next Steps
<b>Pfizer/East Kent Recovery Package</b>				
<b>Lead Officer: Barbara Cooper – Contact 01622 221856</b>				
Pfizer/East Kent Recovery Package	<p>Following the announcement that Pfizer will exit the Sandwich site by the end of 2012, this project focuses on:</p> <p>a) Establishing new options for the future of the Sandwich site;</p> <p>b) Supporting staff, contractors and suppliers affected by closure; and</p> <p>c) Developing the broader economic strategy for East Kent.</p>	<p>Sandwich Task Force, East Kent Leaders and CE's, Business and HE.</p>	<ul style="list-style-type: none"> <li>• Task Force established in February and continuing to meet. Pfizer currently in commercially confidential negotiations with a single Preferred Bidder for the sale of the site.</li> <li>• Around 850 jobs now secure on site.</li> <li>• Enterprise Zone designation secured, giving a business rate discount for new occupiers and simplified planning procedures. Local Development Order currently being prepared by Dover District Council.</li> <li>• Funding package secured to deliver 1 in 200 flood risk protection for Sandwich site.</li> <li>• £40 million Regional Growth Fund allocation for Expansion East Kent programme to provide grants to business, unlock private finance and deliver improved infrastructure. Launch to businesses held in November. Contract with Government currently being negotiated; aim to launch in March.</li> <li>• Support package for business on Sandwich site assembled with High Growth Kent Team.</li> <li>• Package of financial support for new start-ups at Discovery Park being developed.</li> </ul>	<p><u>Regional Growth Fund</u></p> <ul style="list-style-type: none"> <li>• Due diligence and contract negotiation with Government (Jan/Feb).</li> <li>• Detailed grant schemes developed (Jan).</li> <li>• Governance arrangements developed (Dec – Feb).</li> <li>• Launch for applications (March).</li> </ul> <p><u>Enterprise Zone</u></p> <ul style="list-style-type: none"> <li>• Continued site marketing associated with EZ incentives.</li> <li>• Board established (Jan).</li> <li>• Certificate of Lawful Development in place (April), followed by Local Development Order.</li> </ul> <p><u>Business Support</u></p> <ul style="list-style-type: none"> <li>• Enterprise package launched (January) funded by KCC and Jobcentre Plus.</li> <li>• Financial package for interim business support launched (Jan).</li> </ul>
<b>Rural Superfast Broadband Project</b>				
<b>Lead Officer: Elizabeth Harrison – Contact 01622 694835</b>				
Unlocking Kent's Potential: Rural Superfast Broadband Project	To pilot innovative solutions to providing high speed access in areas of market failure for next generation broadband access.	£1.6m funding from KCC Regeneration Fund and £10 million funding from KCC Capital programme	<ul style="list-style-type: none"> <li>• Mini-tenders being developed for wave one pilots.</li> <li>• Revised Kent and Medway Local Broadband Plan submitted to BDUK to access allocated funding.</li> <li>• On line demand registration tool developed for Kent and Medway.</li> </ul>	<ul style="list-style-type: none"> <li>• Issuing of mini-tenders to procure wave one pilot solutions.</li> <li>• Commencing demand stimulation/registration work to underpin BDUK work.</li> </ul>

Project	Summary of project outcome	Cost of Project KCC/Partners £	Latest progress	Next Steps
<b>Developers Guide</b>		<b>Lead Officer: Nigel Smith – Contact 01622 221867</b>		
Developers Guide	A revision of the current Guide to reflect new innovative service delivery methods for ELS, C&C and FSC and KCC's approach delivering services in the current economic climate. The Guide will be informed by the IIFM above.	£25k for public consultation	<ul style="list-style-type: none"> <li>• Draft Guide undergoing internal consultation.</li> </ul>	<ul style="list-style-type: none"> <li>• Following informal consultation with key internal and external stakeholders, modify draft ready for formal public consultation in the New Year.</li> <li>• Consider appropriate amendments following public consultation and adoption by KCC.</li> </ul>

## **2. Recommendation:**

**2.1** Members are asked to note progress against each of the projects.

### **Lead Contact Officer:**

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**By:** Kevin Lynes, Cabinet Member for Regeneration and Economic Development  
David Cockburn, Corporate Director, Business and Solutions

**To:** Regeneration and Economic Development Policy Overview and Scrutiny Committee - 19 January 2012

**Subject:** Growing Places Fund and Regional Growth Fund

**Classification:** Unrestricted

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**Summary:**

Over the past year, the Government has introduced a number of new funding mechanisms for economic growth from which Kent can benefit. This paper updates the Committee on progress in taking forward Regional Growth Fund investment in East Kent and the potential for funding through the Growing Places Fund.

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**1. Introduction**

- 1.1. Following the abolition of the Regional Development Agencies and a range of specific funding programmes, the Government has refocused its investment in local economic development on a limited number of funding streams intended to promote (as the main priority) business growth and job creation. The Policy Overview and Scrutiny Committee considered the policy background and asked for regular reports on progress.

**2. Regional Growth Fund**

- 2.1. Regional Growth Fund is a £1.4 billion national fund to support the creation of private sector jobs in areas considered to be heavily dependent on the public sector. The fund is allocated on a competitive basis, and two bidding rounds have so far taken place.

Expansion East Kent

- 2.2. Kent has been successful in securing £40 million RGF investment in the **Expansion East Kent** programme, reflecting in particular the success of the work of the Sandwich Economic Development Task Force following the Pfizer exit announcement. The successful bid consists of two elements:
- £5 million to support **enhancements to line speed** on the Ashford – Ramsgate rail route;
  - £35 million to provide **grants and loans to businesses** seeking to invest in projects that will create jobs in East Kent.

- 2.3. It is intended that the business grants and loans scheme will be launched in March 2012. A preliminary 'launch' event took place in Margate in November and there have already been over 100 registrations of interest for potential projects to come forward once the scheme is up and running. In the meantime, significant work is underway to establish the programme. In particular, a panel of public and private sector experts chaired by the Leader (and including the Cabinet Member for Regeneration and Economic Development) has been established to provide oversight of the establishment and marketing of the programme. This group is a precursor to the Expansion East Kent Investment Board that will be established once the scheme is launched.
- 2.4. In order to access Regional Growth Fund monies, the Government has set out a number of conditions. These include a requirement on the recipient organisation (i.e. KCC) to procure an independent assessment of the organisation's proposed processes for issuing and administering grant. A procurement process is currently underway, and it is planned that KCC will be in a position to enter into a contract with Government in February.
- 2.5. Work is also in progress to establish the specific grant criteria. The rules surrounding public assistance to business are complex and are governed by European and national regulations to prevent state aid distorting the market. It will be important that the process of applying for a grant or loan is as simple as possible for the applicant, and activity is currently focused on establishing a single 'gateway' for applicants supported by clear advice and information. A series of commissions have been drafted for independent project appraisal, scheme marketing and programme management, and these services will be procured over the coming months.
- 2.6. Kent County Council will be responsible for administering the scheme. Under the conditions of our grant from Government, all the RGF investment must go directly to businesses, with administration funded from other sources. KCC's Regeneration Fund has now allocated up to £1.7 million over three years to support running costs, equating to approximately 4.25% of programme value.

#### Short-term assistance at Discovery Park

- 2.7. RGF funds will not be available before March. However, in the shorter term, a number of spin-outs from Pfizer are currently actively seeking venture capital and other finance and would benefit from limited public sector assistance to fund operating costs before they become fully established. There are currently around 20 start-up businesses that have acquired or are in the process of acquiring intellectual property from Pfizer, or are intending to provide technical or research services. The success of these businesses could make a major contribution to Discovery Park's future, although the short-term costs to new businesses are high.
- 2.8. KCC has made £200,000 available to support a grant scheme for new innovative enterprises at Discovery Park. It is intended that this will be

launched in January, operating as a flexible fund offering grants of up to £20,000 per business.

### Future Regional Growth Fund opportunities

- 2.9. The Government announced in November that the Regional Growth Fund is to be expanded by a further £1 billion, providing additional opportunities to apply. The criteria for applications have yet to be published, although it appears likely that there will be a bidding round in the spring.

## **3. Growing Places Fund**

- 3.1. Growing Places Fund is a £500 million national pot jointly funded by the Department for Transport and the Department for Communities and Local Government. Funding is allocated on a formula basis by Local Enterprise Partnership areas, with the South East LEP receiving £32.5 million. This equates to approximately £14.3 million for Kent and Medway were the formula to be applied more locally.
- 3.2. The Government's intention is to use the Growing Places Fund to establish a series of local recyclable funds which can invest in projects that will unlock jobs and/ or housing and generate a return (for example through developer contributions or future rental incomes). Funding will be deposited with a single accountable body for each LEP in this financial year and the Government intends that initial investments in projects that are 'oven ready' will be made as soon as possible.
- 3.3. The South East LEP Board agreed in December that Essex County Council will formally act as the accountable body, with a competitive process initiated to identify potential projects. A call for projects in Kent began in early December, coordinated by KCC, and more detailed expressions of interest have been invited by the LEP. Decisions on the first phase of projects to go forward will be made by the LEP Executive Group in February.
- 3.4. Should the Growing Places Fund prove successful, it is possible that Government will extend it further, although no announcements have yet been made.

## **4. Recommendations**

- 4.1 The Committee is recommended to note the contents of this report.

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30 December 2011

**TO:** Regeneration and Economic Development Policy Overview & Scrutiny Committee – 19<sup>th</sup> January 2012

**BY:** Kevin Lynes, Cabinet Member for Regeneration and Economic Development  
David Cockburn, Corporate Director, Business Strategy and Support

**SUBJECT:** Financial Monitoring 2011/12

**Classification:** Unrestricted

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**Summary:**

Members of the POSC are asked to note the second quarter's budget monitoring report for 2011/12 as reported to Cabinet on 5<sup>th</sup> December 2011 and the latest exception report on 9<sup>th</sup> January 2012.

**FOR INFORMATION**

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**1. Introduction**

1.1 This is a regular report to this Committee on the forecast outturn for the Regeneration portfolio within Business Strategy & Support Directorate budget.

**2. Forecast Outturn**

2.1 A detailed quarterly budget monitoring report is presented to Cabinet, usually in September, December and March, and a draft final outturn report in June. These reports outline the full financial position for each portfolio and are reported to POSCs after they have been considered by Cabinet. In the intervening months an exception report is made to Cabinet outlining any significant variations from the quarterly report.

2.2 The second quarter's monitoring report for 2011/12 was presented to Cabinet on 5<sup>th</sup> December 2011. An extract from the annex for the Business Strategy & Support Directorate pertaining to this portfolio is attached as annex 1. The figures within the annex relate to quarter 2 monitoring. An exception report was presented to Cabinet on 9<sup>th</sup> January 2012 which included an additional variation for this portfolio on the capital budget. Para 2.3.1 refers to the current position for the portfolio and the figures quoted may therefore vary from the quarter 2 tables.

**2.3 Capital**

2.3.1 The capital forecast for Quarter 2 showed an underspend of -£8.6m for 2011/12 due primarily to the need to make significant re-phasing to future years.

- The capital regeneration fund is considering various bids, the expenditure of which will now fall in to 2012/13, resulting in the need for re-phasing of -£4.2m.
- The Margate Housing project is progressing at a slower pace than anticipated due to the need to secure match funding from partners. In quarter 2, -£4.0m was re-phased to future years. In the subsequent exception report to Cabinet on 9<sup>th</sup> January 2012, it was noted that the outcome of the planning application for the re-development of the Hotel Lesley site to Thanet District council, was not expected until the end of

March/early April. Expenditure will now fall in to 2012/13 and budget of -£1.0m has therefore been re-phased to 2012/13.

- Projections for the value of claims under the Land Compensation Act for the Euro Kent road scheme have been reduced by -£0.2m and re-allocated to repay some of the capital investment. The balance of the projection for potential claims has been re-phased to 2012-13 as claims can be submitted until 30 November 2015.

### **3 Recommendations**

3.1 Members of the POSC are asked to note:

- a) the projected outturn for this portfolio for 2011/12 based on the second quarter's monitoring report to Cabinet and,
- b) the changes in the exception report of 9<sup>th</sup> January 2012 as detailed in para 2.3.1

Background Documents:

- 1) Cabinet 5<sup>th</sup> December 2011 – Revenue and Capital Budgets, Key Activity and Risk Monitoring
- 2) Cabinet 9<sup>th</sup> January 2012 – Revenue and Capital Budget Monitoring Exception Report

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## BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY OCTOBER 2011-12 FULL MONITORING REPORT

### 1. FINANCE

#### 1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits have been adjusted since the last full monitoring report to reflect a number of technical adjustments to budget.
- The inclusion of new 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by A-Z budget line:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Regeneration &amp; Enterprise portfolio</b>							
Directorate Management & Support	447		447	0	0	0	
Development Staff & Projects	3,968	-275	3,693	0	0	0	
<b>Total R&amp;E portfolio</b>	<b>4,415</b>	<b>-275</b>	<b>4,140</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Assumed Management Action:</b>							
- R&E portfolio						0	
<b>Forecast after Mgmt Action</b>				<b>0</b>	<b>0</b>	<b>0</b>	

#### 1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

There have been no adjustments to capital cash limits since last reported to this Committee for the Regeneration and Enterprise portfolio.

1.2.2 **Table 3** below provides a portfolio overview of the latest capital monitoring position excluding PFI projects.

	Prev Yrs Exp	2011-12	2012-13	2013-14	Future Yrs	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Regeneration &amp; Economic Development Portfolio</b>						
Budget	21,044	14,281	8,549	2,500	2,500	48,874
Adjustments:						
- Completed Projects	-3,820					-3,820
- Margate Eastern Seafront		193				193
						0
Revised Budget	17,224	14,474	8,549	2,500	2,500	45,247
Variance		-8,618	3,670	5,000	0	52
<b>split:</b>						
- real variance		+52				+52
- re-phasing		-8,670	+3,670	+5,000		0
<b>Directorate Total</b>						
Revised Budget	17,224	14,474	8,549	2,500	2,500	45,247
Variance	0	-8,618	3,670	5,000	0	52
<b>Real Variance</b>	<b>0</b>	<b>+52</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>+52</b>
<b>Re-phasing</b>	<b>0</b>	<b>-8,670</b>	<b>+3,670</b>	<b>+5,000</b>	<b>0</b>	<b>0</b>

### 1.2.3 Main Reasons for Variance

Table 4 below, details all forecast capital variances over £250k in 2011-12 and identifies these between projects which are:

- part of our year on year rolling programmes e.g. maintenance and modernisation;
- projects which have received approval to spend and are underway;
- projects which are only at the approval to plan stage and
- Projects at preliminary stage.

The variances are also identified as being either a real variance i.e. real under or overspending which has resourcing implications, or a phasing issue i.e. simply down to a difference in timing compared to the budget assumption.

Each of the variances in excess of £1m which is due to phasing of the project, excluding those projects identified as only being at the preliminary stage, is explained further in section 1.2.4 below.

All real variances are explained in section 1.2.5, together with the resourcing implications.

**Table 4: CAPITAL VARIANCES OVER £250K IN SIZE ORDER**

portfolio	Project	real/ phasing	Project Status			
			Rolling Programme	Approval to Spend	Approval to Plan	Preliminary Stage
			£'000s	£'000s	£'000s	£'000s
<b>Overspends/Projects ahead of schedule</b>						
			<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>
<b>Underspends/Projects behind schedule</b>						
Regen	Capital Regeneration Fund	phasing			-4,245	
Regen	Margate Housing	phasing			-4,000	
Regen	Euro Kent Road	phasing		-425		
			<b>-0</b>	<b>-425</b>	<b>-8,245</b>	<b>-0</b>

## 1.2.4 Projects re-phasing by over £1m:

### 1.2.4.1 Capital Regeneration Fund re-phasing of -£4.245m (in 2011-12)

There are various bids under consideration but no expenditure is planned in relation to these bids for 2011-12.

Revised phasing of the scheme is now as follows:

	Prior Years	2011-12	2012-13	2013-14	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget		5,120	1,980	2,500	2,500	12,100
Forecast		875	6,225	2,500	2,500	12,100
Variance	0	-4,245	+4,245	0	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
prudential		4,847	1,980		2,500	9,327
capital receipt		273		2,500		2,773
TOTAL	0	5,120	1,980	2,500	2,500	12,100
<b>Forecast:</b>						
prudential		602	6,225		2,500	9,327
capital receipt		273		2,500		2,773
TOTAL	0	875	6,225	2,500	2,500	12,100
<b>Variance</b>	<b>0</b>	<b>-4,245</b>	<b>+4,245</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 1.2.4.2 Margate Housing re-phasing of -£5.000m (-£4.000m in 2011-12 and -£1.000m in 2012-12)

This project is progressing, however the requirement for KCC investment drawdown is coming forward at a slower pace than anticipated due to the need to secure match funding from partners. A pilot scheme is being worked up which will commence in 2011-12, with substantial progress being anticipated in 2012-13 and 2013-14.

	Prior Years	2011-12	2012-13	2013-14	future years	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>BUDGET &amp; FORECAST</b>						
Budget		5,000	5,000			10,000
Forecast		1,000	4,000	5,000		10,000
Variance	0	-4,000	-1,000	+5,000	0	0
<b>FUNDING</b>						
<b>Budget:</b>						
prudential		5000	5000		0	10000
TOTAL	0	5,000	5,000	0	0	10,000
<b>Forecast:</b>						
prudential		1000	4000	5000		10000
TOTAL	0	1,000	4,000	5,000	0	10,000
<b>Variance</b>	<b>0</b>	<b>-4,000</b>	<b>-1,000</b>	<b>+5,000</b>	<b>0</b>	<b>0</b>

## 1.2.5 Projects with real variances, including resourcing implications:

There is a real variance of +£0.052m in 2011-12

**Regeneration & Enterprise portfolio:**

**Euro Kent Road: -£0.212m** (in 2011-12): the underspend is due to the Land Compensation Act part 1 claims projection reducing. The developer contributions set aside for compensation claims have been released to enable some of the capital investment to be repaid.

**Margate Eastern Seafront: +£0.156m** (in 2011-12): Additional costs due to changes to the original scheme including the costs of sub-base not factored in the original submission. The additional costs are to be met from revenue.

**Rendezvous Site – Margate: +£0.085m** (in 2011-12): This pressure relates to public realm works for Turner Harbour View. The funding is allocated in revenue, but the actual work carried out falls within capital definition.

**Dover Sea Change: +£0.023m** (in 2011-12): The Ringway contract for works was over budget by £0.011m, which is 0.6% of the £1.74m contract, there has been additional remedial work carried out in respect of railings. The overspend is to be met from revenue.

Taking these into account, there is an underlying nil variance.

**1.2.7 Project Re-phasing**

Cash limits are changed for projects that have re-phased by greater than £0.100m to reduce the reporting requirements during the year. Any subsequent re-phasing greater than £0.100m will be reported and the full extent of the re-phasing will be shown. The possible re-phasing is detailed in the table below.

	2011-12	2012-13	2013-14	Future Years	Total
	£k	£k	£k	£k	£k
<b>Euro Kent (Regen)</b>					
Amended total cash limits	+662	0	0	0	+662
re-phasing	-425	+425			0
<b>Revised project phasing</b>	<b>+237</b>	<b>+425</b>	<b>0</b>	<b>0</b>	<b>+662</b>
<b>Capital Regeneration Fund (Regen)</b>					
Amended total cash limits	+5,120	+1,980	+2,500	+2,500	+12,100
re-phasing	-4,245	+4,245	0	0	0
<b>Revised project phasing</b>	<b>+875</b>	<b>+6,225</b>	<b>+2,500</b>	<b>+2,500</b>	<b>+12,100</b>
<b>Margate Housing (Regen)</b>					
Amended total cash limits	+5,000	+5,000	0	0	+10,000
re-phasing	-4,000	-1,000	+5,000	0	0
<b>Revised project phasing</b>	<b>+1,000</b>	<b>+4,000</b>	<b>+5,000</b>	<b>0</b>	<b>+10,000</b>
<b>Total re-phasing &gt;£100k</b>	<b>-8,670</b>	<b>+3,670</b>	<b>+5,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL RE-PHASING</b>	<b>-8,670</b>	<b>+3,670</b>	<b>+5,000</b>	<b>0</b>	<b>0</b>

By: Kevin Lynes, Cabinet Member for Regeneration and Economic Development  
David Cockburn, Corporate Director, Business Strategy and Support

To: Regeneration and Economic Development Policy Overview & Scrutiny Committee – 19th January 2012

Subject: Budget 2012/13 and Medium Term Financial Plan 2012/15

Classification: Unrestricted

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Summary: The purpose of this report is to consult the Committee on the budget proposals for Regeneration and Economic Development, with reference to the draft KCC budget launched on 20<sup>th</sup> December 2011.

Members are invited to comment on the key issues on the proposed budget changes for the services provided by this Portfolio.

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## 1. Introduction

- 1.1 The Chancellor of the Exchequer made his Autumn Budget Statement to the House of Commons on 29<sup>th</sup> November 2011. This coincided with the latest economic forecasts from the Office for Budget Responsibility (OBR) which predicted that recovery from the recession would take longer than previously forecast and economic growth projections for the remainder of 2011 and throughout 2012 would be substantially less than earlier forecasts. The Government's deficit recovery strategy relies on steady and sustainable economic growth in order that tax revenues recover from the effects of recession and remain buoyant in the future. In spite of the lower growth predictions the Chancellor has stuck with the spending plans outlined in the 2010 Spending Review (SR2010).
- 1.2 The provisional Local Government Finance Settlement for 2012/13 was announced on 8th December 2011. This set out provisional grants for 2012/13 from the Department for Communities and Local Government (DCLG). This includes the vast majority of un-ringfenced grants. The grants from DCLG were in line with the provisional figures included in the 2011/12 settlement but no provisional amounts have been announced for the following years.
- 1.3 Following these announcements KCC launched its draft 2012/13 Budget and 2012/15 Medium Term Financial Plan (MTFP) for consultation on 20<sup>th</sup> December. The documents include much more

information about the national economic context and grant settlement, as well the Council's proposals. Members are asked to review these documents and bring them to the committee meeting where the proposals affecting this portfolio will be considered.

- 1.4 For 2012/13 the draft budget proposes freezing Council Tax at the same level as 2011/12 i.e. £1,047.48 for a band D property and taking up the one-off grant offered by government. Taking up this grant means that £14.4m of additional savings/income will have to be found in 2013/14 to offset the loss of grant. The Council Tax Freeze grant is factored into our calculations on the overall net loss of grant in 2012/13 and 2013/14.
- 1.5 The grant settlements for other Government departments had not been announced in time for the budget launch. Since these are largely ring fenced and its KCC policy to adapt spending in line with grant settlements these will not unduly affect the proposed budget.

## **2. Revenue Budget Proposals**

- 2.1 The draft budget book includes a portfolio summary, an updated A to Z of services and for the first time a detailed variation statement for each line in the A to Z showing all the changes between 2011/12 and 2012/13. The introduction of an A to Z of services rather than a portfolio by portfolio presentation of the budget was largely welcomed last year. The detailed variation statement is a further step towards greater transparency of the underlying assumptions behind the proposed budget. We recognise that removing the portfolio by portfolio presentation makes it more difficult for POSCs to scrutinise the proposals for individual portfolios. The A to Z entries relating to Regeneration and Economic Development can be found on pages 37 and 43 of the budget book and the relevant A to Z variation statements on pages 122 and 179. A summary is also attached as Annex 1.
- 2.2 The MTFP sets out the overall assumptions about the likely resources available over the next 3 years. It also sets out the forecast additional spending demands and the savings/income which would be necessary to achieve a balanced budget each year. The savings have been expressed as target amounts for efficiencies and service reforms under a number of themes. The MTFP has been redesigned to present a clearer overall picture over the three year period rather than portfolio by portfolio.
- 2.3 The MTFP includes a portfolio by portfolio analysis of the main changes within the proposed 2012/13 budget. This is presented in the same format as the previous multi year presentation. Experience has shown that although we produced a 3 year plan by portfolio nearly all of the issues relate to the first year and the detail for years 2 and 3 are largely aspirations and change significantly when the budget for these

years comes to be approved at a later date. The one year presentation by portfolio should help POSC members to focus on portfolio priorities for the coming year. Details relating to this Portfolio can be found on page 79.

- 2.4 As in 2011/12 the detailed budgets for individual service units and budget managers will be produced after County Council has agreed the draft budget in A to Z format. This detailed manager analysis will include staffing information for individual units.
- 2.5 Copies of the draft Budget Book and MTFP have been distributed to all Members (on the 16<sup>th</sup> December). You are asked to ensure you bring those to this meeting.
- 2.6 The draft budget for Regeneration and Economic Development delivers targeted savings of £1.9m over the two year period of 2011-13 and contains a further proposal to delete the £300k Communities Events Fund.

### **3 Capital Budget**

- 3.1 The starting point for the capital programme is the existing published capital programme for 2011/14. We have revised the presentation of the capital programme for individual schemes to shift the focus away from planned spending year by year and more towards the totality of spend and how this is financed. This will enable debate to focus on the merit of schemes, their affordability and overall timeliness rather than the detail of re-phasing individual amounts between years.
- 3.2 The proposed programme for Regeneration and Economic Development for 2012/15 is set out on page 18 of the budget book.

### **4. Recommendation**

- 4.1 Members are asked to note and comment on the revenue and capital budget proposals for this portfolio.

Background documents:

- Autumn Budget Statement; Cabinet, 5<sup>th</sup> December 2011
- Draft Budget Book 2012/13 and Medium Term Financial Plan 2012/15 (launched 20<sup>th</sup> December 2011)
- Previous Budget Monitoring and Planning Reports to the Corporate Policy Overview and Scrutiny Committee

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## Annex 1

Section 5 - A to Z Service Analysis (R&E portfolio)								
WHAT IS THE MONEY SPENT ON?								
2011/12 Approved	Portfolio	Service	Gross Expenditure	Service Income	Net Expenditure	Govt. Grants	Net Cost	Affordable Activity
Net Cost £000s			£000s	£000s	£000s	£000s	£000s	
		<b>Regeneration &amp; Economic Development</b>						
3,690	R&E	Development staff and projects	4,951	-1,502	3,449	0	3,449	Staff and project work on regeneration initiatives including Visit Kent, Locate in Kent, Produced in Kent, etc.
<b>3,690</b>		<b>Total Direct Services to the Public</b>	<b>4,951</b>	<b>-1,502</b>	<b>3,449</b>	<b>0</b>	<b>3,449</b>	
		<b>Management, Support Services and Overheads</b>						
447	R&E	Directorate Management & Support Business Strategy & Support (BSS)	165	0	165	0	165	
<b>447</b>		<b>Total Management, Support Services and Overheads</b>	<b>165</b>	<b>0</b>	<b>165</b>	<b>0</b>	<b>165</b>	2012/13 costs are not directly comparable with 2011/12 due to a change in treatment of some overheads.
<b>4,137</b>		<b>TOTAL</b>	<b>5,116</b>	<b>-1,502</b>	<b>3,614</b>	<b>0</b>	<b>3,614</b>	

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By: Peter Sass, Head of Democratic Services

To: Regeneration and Economic Development Policy Overview and Scrutiny Committee - 13 January 2012

Subject: **SELECT COMMITTEE - UPDATE**

Classification: Unrestricted

Summary: To update the Committee on the current topic review programme and to invite suggestions for future Select Committee topic reviews.

### Select Committee Topic Review Work Programme

1. (1) There are currently no Select Committee topic reviews in the work programme which fall under the direct remit of this Policy Overview and Scrutiny Committee.

(2) The Select Committee work programme consists of the following:-

- Dementia – Chairman Mrs T Dean – This report was received by Cabinet on 5 December 2011 and debated at County Council on 15 December 2011.
- Educational Attainment at Key Stage 2– Chairman Mr C Wells – The Committee has completed its evidence gathering sessions which included visiting a number of schools in October/November 2011. The report is currently being drafted and will be considered by the Committee in February/March 2012 prior to submission to Cabinet in May 2012 and County Council in July 2012.
- The Student Journey – Chairman Mr Kit Smith – The Committee has completed its evidence gathering sessions with key stakeholders including representatives from business and education, and from young people. The report is currently being drafted and will be considered by the Committee in February/March 2012 prior to submission to Cabinet and to County Council in May 2012.

### Suggestions for Select Committee topic reviews

2. (1) At the meeting of the Scrutiny Board on 2 November 2011 it was agreed to establish a Select Committee topic review on Domestic Abuse. Background research has begun and the Committee will start its work in early 2012. There will be resources available to start two new Select Committee reviews in May 2012. If Members have any topics that they would like to put forward for consideration for inclusion in the future topic review programme, they should contact the Democratic Services Officer for this POSC.

3. **Recommendation** Members are asked to note the Select Committee topic review update and to advise the Democratic Services Officer of any items that they would like to suggest for inclusion in the Select Committee topic review programme

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Background Information: *Nil*

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