

**ECONOMIC DEVELOPMENT CABINET COMMITTEE**

**Friday, 21st September, 2012**

**10.00 am**

**Council Chamber,  
Sessions House,  
County Hall, Maidstone**







## AGENDA

### ECONOMIC DEVELOPMENT CABINET COMMITTEE

**Friday, 21 September 2012, at 10.00 am**  
**Council Chamber, Sessions House, County**  
**Hall, Maidstone**

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

*Tea/Coffee will be available 15 minutes before the start of the meeting*

#### **Membership (13)**

Conservative (11): Mr M A Wickham (Chairman), Mr N J Collor (Vice-Chairman),  
Mr K A Ferrin, MBE, Mr J A Kite, MBE, Mrs J P Law,  
Mr R A Pascoe, Mr K Smith, Mr M V Snelling, Mrs E M Tweed,  
Mrs C J Waters, Mr M C Dance and Mr A H T Bowles

Liberal Democrat (1): Vacancy

Labour (1) Mrs E Green

#### **UNRESTRICTED ITEMS**

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

#### **Webcasting Notice**

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By entering the meeting room you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If you do not wish to have your image captured then you should make the Clerk of the meeting aware.

#### **A. COMMITTEE BUSINESS**

A1 Introduction/Webcasting

A2 Membership

Members are asked to note that following the death of Mr M Robertson there is a vacancy on this Cabinet Committee.

A3 Substitutes

A4 Declarations of Members' Interest relating to items on today's Agenda

A5 Minutes of the meeting held on 5 July 2013 (Pages 1 - 12)

A6 Visit Kent - Presentation by Sandra Matthews Marsh, Chief Executive (Pages 13 - 14)

**B. Key or Significant Cabinet/Cabinet Member Decision(s) for Recommendation or Endorsement**

- B1 Growing Places Fund: Agreement to enter loan for Infrastructure to unlock economic activity 12/01908 (Pages 15 - 24)
- B2 Kent Thameside Strategic Transport (Homes & Roads) Programme (Pages 25 - 50)
- B3 Kevin Lynes Apprenticeship Scheme (KLAS) (Pages 51 - 54)

**C. MONITORING PERFORMANCE**

- C1 Regeneration and Economic Development Portfolio Financial Monitoring 2012/13 (Pages 55 - 64)
- C2 Budget Consultation 2013/14 (Pages 65 - 68)

**D. Other Items for Comment/Recommendation to the Leader/Cabinet or Officers**

- D1 Development and Infrastructure – Creating Quality Places. (Pages 69 - 110)
- D2 Incubators / Start Ups Workspace Programme (Pages 111 - 114)
- D3 Richborough Energy Park (Pages 115 - 118)
- D4 Verbal Update by the Director of Economic Development

**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

**Friday, 14 September 2012**

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

**KENT COUNTY COUNCIL**

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**ECONOMIC DEVELOPMENT CABINET COMMITTEE**

MINUTES of a meeting of the Economic Development Cabinet Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Thursday, 5 July 2012.

PRESENT: Mr M A Wickham (Chairman), Mr N J Collor (Vice-Chairman), Mr A H T Bowles, Mr K A Ferrin, MBE, Mrs E Green, Mrs J P Law, Mr R A Pascoe, Mr M B Robertson, Mr K Smith, Mr M V Snelling, Mrs E M Tweed and Mrs C J Waters

ALSO PRESENT: Mr M C Dance, Cabinet Member

IN ATTENDANCE: Mr R Gill (Economic Policy and Strategy Manager), Mr W Gough (Employment Programme Manager), Ms J Hansen (Finance Business Partner BSS), Mr Jarvis (Kent Downs and Marshes Leader Manager), Ms J Ward (Senior Partnership Officer) and Mrs C A Singh (Democratic Services Officer)

**UNRESTRICTED ITEMS**

**3. Election of Chairman**

*(Item A2)*

Mrs Law proposed, seconded by Mrs Tweed that Mr A Wickham be elected Chairman of this Cabinet Committee

*Carried*

*Mr Wickham took the Chair*

**4. Membership**

*(Item A4)*

RESOLVED that the appointment of Mr Davies to this Cabinet Committee be noted.

**5. Election of Vice Chairman**

*(Item A5)*

Mr K Smith proposed, seconded by Mrs Tweed that Mr N J Collor be elected Vice Chairman of this Cabinet Committee.

*Carried*

**6. Declarations of Members' Interest relating to items on today's Agenda**

*(Item A6)*

Mr Bowles declared a non pecuniary Interest in relation to Item D5 "Growing Places Fund" as he is the Vice Chairman of the Thamesgateway Kent Partnership.

**7. Minutes of the meeting held on 29 March 2012**

*(Item A7)*

RESOLVED that the Minutes of the meeting held on 29 March are correctly recorded and that they be signed by the Chairman.

#### **8. Future Meeting Dates 2012/13**

*(Item A8)*

RESOLVED that the future meeting dates for this Cabinet Committee be noted as follows:

Tuesday, 1 May 2012	Wednesday, 9 January 2013
Thursday, 5 July 2012	Friday, 19 April 2013
Friday, 21 September 2012	Friday 14 June 2013
Thursday, 8 November 2012	Friday 20 September 2013
	Thursday 7 November 2013

*(All meetings will commence at 10.00 am)*

#### **9. 12/ 01841 Local Authority Mortgage Scheme (for information) and Heritage Lottery fund (HLF) - Folkestone Townscape Initiative - Acceptance of Grant Offer from the HLF and delivery activity for the project**

*(Item C1)*

RESOLVED that the decisions; Local Authority Mortgage Scheme and Heritage Lottery fund (HLF) - Folkestone Townscape Initiative - Acceptance of Grant Offer from the HLF and delivery activity for the project taken between meetings of this Cabinet Committee, be noted.

#### **10. Bold Steps for Kent - Progress Report**

*(Item C2)*

The Cabinet Committee agreed to take this Report with Item D9 "Verbal Update" on the agenda to reduce repetition of issues that needed to be raised.

#### **11. Regeneration and Economic Development Financial Outturn 2011-12**

*(Item C3)*

*(Report by Mr M Dance, Cabinet Member for Regeneration and Economic Development and Ms B Cooper, Director Economic Development)*

1. The Chairman invited Ms Hansen to introduce the report. Ms Hansen gave a brief introduction highlighting this report would be submitted to the Cabinet meeting on 9 July. There were no major issues in 2011-12 for this portfolio. The extensive Capital and Revenue programmes were delivered to budget. The first exception report for 2012-13 would also be reported at the next Cabinet Committee meeting and there were no variances to report for this portfolio. The full monitoring as at the first quarter was scheduled to be reported to Cabinet on 17 September.

2. Ms Hansen stated that there were no issues on variances in Capital for 2011-12. She explained that the variance in the final column of £150k and £100k would be funded from the capital regeneration fund (variance -£250k) as approved by the Regeneration Board. The Cabinet Committee, at its meeting on 9 July, would be

asked to agree the virements from the Fund to the individual projects and this would then be monitored against for those schemes throughout 2012-13.

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

- a) In reply to a question Ms Hansen advised that Old Town Hall Operating cost was a capital spend on upkeep of the building and other major works and was not operational cost. There was an Old Town budget in revenue.
- b) In response to a question on the variance of outturn income of £1.7million against budget of £1.3million, Ms Hansen advised that £397k was made up of small variances across many projects. A lot of schemes were funded by European grants, which meant that there was a problem with forecasting what the grants would be.

4. In anticipation that the Policy and Resources Cabinet Committee at its meeting on 11 July, would agree to each Cabinet Committee setting up a Budget IMG, and this being ratified by County Council at its meeting on 19 July, the Chairman sought Members nominations for the Economic Development Cabinet Committee's Budget IMG Mrs Law, Mrs Waters, Mrs Green, Mr K Smith, Mr Robertson Mr Collor and Mr Wickham indicated their interest.

5. RESOLVED that:-

- a) The responses to questions and comments made by Members be noted; and
- b) The Revenue and Capital Financial outturn for 2011-12 be noted

## **12. Economic Opportunities for Romney Marsh**

*(Item D1)*

*(Report by Mr M Dance, Cabinet Member for Regeneration and Economic Development and Ms B Cooper, Director Economic Development)*

1. The Economic Strategy and Policy Manager, Mr Ross Gill, introduced the report. Members made comments and ask questions. The points raised included:

- a) The local Member, for Romney Marsh, Mrs Waters, made comments as follows:
  - Referring to paragraph 1.1 of the report advising that there were ancillary buildings on Dungeness A that could be used.
  - Dungeness B closure was looking to be extended by license by 20 years.
  - Referring to paragraph 1.4 of the report advised that the loss of jobs etc with Dungeness was worth £40 million to the Romney Marsh economy.
  - Mrs Waters advised that Romney Resource Centre undertook skilling people up and training.

- Good work had been undertaken to secure a bid from the Nuclear Decommissioning Authority for Romney Marsh, as historically most funding was allocated to Northern areas of England.
  - Mrs Waters advised that a public meeting had been held in Romney Marsh which concluded that the area was diverse, reliant on the town of New Romney, there was a low economy base, no major employer and the area suffered low aspiration. This had resulted in a Task Force being set up, subject to Shepway District Council's ratification. There will be 10 Champions, one for each project area, to include; Young People, identifying and promoting quality of life and Transport.
  - Mrs Waters sought support from KCC, the local District Council and the Managers of Dungeness A and B, with funding and data.
- a) Members of the Committee gave their support for the work being undertaken by Mrs Waters and the Romney Marsh Task Force.
  - b) There was an opinion that there needed to be a focus on the local airport.
  - c) It was considered that there needed to be a better bus service from Romney Marsh to Ashford to improve employment prospects.
  - d) Members congratulated Mrs Waters on the Task Force and the work they would be undertaking
  - e) A Member suggested that locally produced food, tourism and history in the Romney Marsh area should be promoted and suggested through Produced in Kent and Visit Kent.
  - f) The following suggestions were made; (1) There may be an issue with trying to keep the high skilled jobs in the area following the closure of Dungeness A and B. (2) For Lydd Airport to be developed there needed to be a high speed rail link. (3) The future for Romney Marsh needed to be thought of on a larger scale such as locating a Post Graduate Institution there. A local Member for Shepway advised that the land was unsuitable to build on.
  - g) A suggestion was made that the Shepway Development Framework may include proposals on employment which could be the route to gain funding from central government.
  - h) It was advised that Shepway District Council was waiting for the Lydd Airport expansion to be approved by the Secretary of State. If approved this would necessitate the road infrastructure being developed. It was anticipated that the report on the airport would be available by August this year.
  - i) A request was made for a "spider" diagram of the issues involving Romney Marsh to be circulated to Members.

2. In response, Mr Dance gave his support to the work being undertaken by Mrs Waters and the Romney Marsh Task Force. He offered KCC's plethora of data that may assist their cause. Mr Dance concurred with the view of a bigger plan for the area as this would act as a trigger for necessary funding. The issue would be monitored by this Cabinet Committee.

3. RESOLVED that the responses given to the comments and questions made by Members and the report be noted, with thanks.

### **13. Innovations Strategy**

*(Item D2)*

*(Report by Mr M Dance, Cabinet Member for Regeneration and Economic Development and Ms B Cooper, Director Economic Development)*

1. The Economic Strategy and Policy Manager, Mr Gill, gave a brief introduction to the report. Members were given the opportunity to make comments and ask questions. Points raised included:

- a) There was an opinion that similar strategies had been put forward in the past but had not been successful. It was suggested that Kent could do something similar to Silicon Roundabout, London Borough of Hackney, which was successful. In reply, Mr Dance advised that the focus on innovation as a driver of growth had increased over recent years and the European Union had recently launched a process to support the development of regional innovation strategies, focused on “smart specialisation”, which aligns with Kent’s existing sector focused economic development strategy. Meetings had already taken place with Kent companies and there was an existing skills base in Kent.
- b) A request was made for a progress report to the September meeting.

2. RESOLVED that:-

- a) the responses to comments and questions made by Members and the report be noted;
- a) agreement be given to the development of an innovation strategy for Kent capable of leading to a more coordinated approach within the county and potentially leveraging additional resources through alignment with the European Union’s current innovation strategy programme;
- b) agreement be given to the development of the draft prospectus as a basis for consultation with partners and the adoption of a Kent Innovation Strategy later this year; and
- c) a progress report on be submitted to the September meeting of this committee.

### **14. Kent Rural PLC Initiative**

*(Item D3)*

*(Report by Mr M Dance, Cabinet Member for Regeneration and Economic Development and Ms B Cooper, Director Economic Development)*

*(Mr H Jarvis, Kent Downs & Marshes Leader Programme Manager, was present for this item)*

1. The Chairman invited the Kent Downs & Marshes Leader Programme Manager, Mr Jarvis, to introduce the report. He highlighted the following:

- The initial findings from the Kent Rural PLC would form part of a presentation at a breakfast meeting event at the County Show in partnership with the Kent County Rural Agricultural Society, when the Secretary of State for Environment and Rural affairs would be present.
- The report itself will be launched at a sector specific event in October when the full findings will be presented and discussed.
- The report would be submitted to this Cabinet Committee beforehand for information.

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

- a) In response to a question, Mr Dance advised that at present there was no central database for rural based employment opportunities and one of the aims was to set this up.
- b) A request was made for a list of the people involved in the Kent Rural PLC Steering Group.
- c) A request was made for the background documents for this report to be sent to Members of this Committee.

3. RESOLVED that the responses to comments, questions and requests made by Members and the report be noted, with thanks

## **15. Regional Growth Fund: Proposal for North Kent**

*(Item D4)*

*(Report by Mr M Dance, Cabinet Member for Regeneration and Economic Development and Ms B Cooper, Director Economic Development)*

1. The Economic Strategy and Policy Manager, Mr Gill, gave a brief introduction to the report highlighting that Kent County Council's application for the third round of RGF funding (£1 billion) was submitted on 13 June for the "TIGER" Programme for £30.5 million. The decision on the bid would be given in October. Nationally there had been 400 bids made for the RGF funding.

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

- a) A request was made for the background information on this report in future.
- b) A request was made for the number of jobs the income would create.

3. RESOLVED that responses the comments and questions made by Members and the report be noted, with thanks.

## **16. Growing Places Fund**

*(Item D5)*

*(Report by Mr M Dance, Cabinet Member for Regeneration and Economic Development and Ms B Cooper, Director Economic Development)*

1. The Economic Strategy and Policy Manager, Mr Gill, gave a brief introduction highlighting that the South East Local Enterprise Partnership (LEP) had received and allocation of £32.5 million of which £16 million is allocated to Kent's projects. Essex County Council would act as the accountable body for the overall South East allocation. KCC will need to enter into a credit agreement and would act as the guarantor [this was currently being considered by KCC legal] with Essex County Council which will require a Key Decision and would be taken in August.

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

- a) It was agreed that on future reports to this committee the number of jobs a project was anticipated to generate would appear at the beginning of the report.

3. RESOLVED that:

- a) the responses to comments and requests made by Members and the report be noted; and
- b) the Cabinet Committee Members receive details of the decision on KCC entering into the credit agreement in line with the procedures in the Constitution for decisions taken outside Cabinet Committee meetings.

## **17. Update on Kent Jobs for Kent Young People Campaign**

*(Item D6)*

*(Report by Mr M Hill, Cabinet Member for Customer & Communities, and Ms A Honey, Corporate Director, Customer & Communities)*

*(Mr W Gough, Employment Programme Manager, was present for this item)*

1. The Chairman invited the Employment Programme Manager, Mr Gough, to introduce the report. Mr Gough updated the information in the report before Members advising that the successes were; 165 Kent businesses had made contact about the Scheme and 109 had requested an appointment with a KCC Apprenticeship Advisor which had resulted in 153 opportunities pledged by businesses of which 46 vacancies had been advertised through Job Centre Plus. Mr Gough explained that the scheme was advertised to employers through radio bill boards and the press.

2. Members were advised that Apprenticeship Scheme had moved from Communities and Communities portfolio to Education, Learning and Skills portfolio.

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

- a) In reply to a question, Mr Gough advised that the being unemployed for 3 months was part of the criteria for them being on the scheme to receive an apprenticeship funding.
- b) Members noted that there was no data available on the effectiveness of the scheme as it needed to be running for at least 2 years to be able measure the benefits.
- c) Mr Gough assured Members that there was very good engagement with the District Councils advising that Gravesham had taken 5 apprentices. Thanet, Tonbridge and Shepway had their own schemes.
- d) Mrs Waters offered Mr Gough the opportunity of using the 10 poster sites in Romney Marsh.
- e) A suggestion was made for the advertising posters to be placed in more diverse places.
- f) In reply to a question, Mr Gough explained that the term “Apprenticeship” means that it had to be a government recognised scheme where the training and funding are made by the government. The scheme helps with giving transferrable skills, at level 2 or above with a minimum of a 12 month contract. The young person would be kept on by the business or leave with a qualification to find employment elsewhere. There were also work trials for a 4 week period where the young people were retained their Benefits before committing to a 12 month apprenticeship.
- g) Members were advised that this scheme was aimed at Kent employers. Within the Apprenticeship Strategy there was a Marketing Strategy for young people and parents.

4. RESOLVED that the responses to comments and questions by Members and the report be noted, with thanks.

## **18. Expansion East Kent Update**

*(Item D7)*

*(Report by Mr M Dance, Cabinet Member for Regeneration and Economic Development and Ms B Cooper, Director Economic Development)*

*(Ms J Ward, Expansion East Kent Programme Manager, was resent for this item)*

1. The Chairman invited the Expansion East Kent Programme Manager, Ms Ward, to introduce the report. Ms Ward highlighted the following points:

- Kent County Council had been awarded £40 million from the Regional Growth Fund.

- £35 million would be give direct financial assistance to businesses in East Kent to support job creation. [It is anticipated that this would create 5000 jobs]. This would be though interest free loans; and non repayable grants that would be available in exceptional circumstances.
  - £5 million would be used to support improvements to the rail line between Ashford and Ramsgate to enhance journey times.
2. Members would be given the opportunity to make comments and ask questions which included the following:
- a) It was mentioned that there had been problems in knowing where and who to contact in getting the application forms. It was advised that the form was on [www.kent.gov.uk](http://www.kent.gov.uk). There were also Business Support Clinics, which offers a range of services, for the County, to assist applicants with the form. There is also due to be a national scheme. KCC needed to keep its distance, as the lender, until the businesses had gone through the Scheme. The advice to the business is to have their Business Plan and investment ready.
3. RESOLVED that the responses to comments and questions by Members and the report be noted, with thanks.

**19. Future Tours: Locate in Kent Visit Kent and Produced in Kent**  
(Item D8)

*(Verbal report by Mr A Wickham, Chairman, Economic Development)*

1. The Chairman sought Members views on whether they wished to focus the tours on Locate in Kent, Visit Kent and Produced in Kent. The points raised included:
- a) a suggestion was made that the Cabinet Committee should focus on tourism in Kent, looking at the funding streams and what worked.
- b) Members agreed to the number of jobs being created due to the schemes etc within a report to appear at the top of each Economic Development report, when appropriate.
2. RESOLVED that the first tour be arranged to focused on tourism and future Economic Development Cabinet Committee reports include the number of jobs to be created at the top of the report, when appropriate.

**20. Verbal Update by Director of Economic Development**  
(Item D9)

*(Report by Mr M Dance, Cabinet Member for Regeneration and Economic Development and Ms B Cooper, Director Economic Development)*

*(Members agreed to discuss item C2 and D9 together)*

1. The Chairman invited the Economic Strategy and Policy Manager, Mr Gill, to introduce the report. Mr Gill highlighted the following:-

- The three priorities in Bold Steps are; (i) the development of relationships in key business sectors (ii) responding to major regeneration challenges and (iii) supporting the delivery of new housing and infrastructures.
- Following discussions with the key business sectors, the challenge was how to take the recommendations forward. There were themes that came through the conversations for super fast broadband, encouraging networking, access to finances for SMEs which could be taken forward generically. There were also initiatives that were sector specific. These would be answered through Kent's mainstream programmes and specific answers to them.
- High Growth Kent Project, which Kent funds, the contract comes to an end on 31 December. There is a new government service called "Growth Accelerator" [the contractor is Grant Thornton, which would offer similar services to High Growth Kent.
- Through consultation and discussion with businesses they have said that they lack decent business accommodation on flexible terms, such as the Medway Innovations Centre, Chatham Dockyard. Discussions had taken place with some of the District Councils on rolling out a future programme of supported work space, which potentially could lead to a regeneration fund bid.

2. Mr Gill then spoke on the challenges which included;

- Discovery Park – The period of exclusivity between Pfizer and London Metropolitan had come to an end so are now in discussion with other parties
- A sale of Thamesteel, Isle of Sheppey, had been agreed.
- In Sheerness, Vesta Wind Systems and the Port of Sheerness had decided not to proceed with the offshore on shore development. Locate in Kent continued to work with the ports and a number of potential investors.
- Kent Forum - There was a report looking countywide community infrastructure and the new levers for growth that had emerged prepared. The conclusion of the paper was to demonstrate the funding gap needed for the levers for growth.
- Future funding opportunities – At present there were no opportunities for Regional Growth Funding. There was an opportunity for European Structural Funds within Kent and the Assisted Area Map (AAM) as it affects the County. At present Thanet and the northern part of Dover benefits from the AAM. A new Map would be published in 2014 and Kent would be working and lobbying to keep that Assist Area status.
- The Local Enterprise Partnership (LEP) – Key issues are; Growing Places Fund. There were major pieces of work in the field of transport which the LEP was taking a close view on one of which was the publication of a consultancy report on aviation capacity across the South East as to how we can make best use of existing capacity and looks at the various options for a future Hub Airport might be. LEP had also looked at transport schemes across the LEP area, largely in preparation for the Local Transport Board (LTB), to be established next year. Guidance on the LTB is awaited from Government.

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

- a) Kent needed to grasp the huge scope for business in renewable energy businesses. Assurance was given that much work was being undertaken in this area already.
  - b) In reply to a question, Mr Gill advised that there was no conflict between the Bold Steps for Kent the Aviation Strategy.
4. RESOLVED that the responses to comments and questions by Members and the verbal update be noted with thanks.

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**Itinerary 1 – 12<sup>th</sup> October**

**9.30am**

Depart County Hall

**10:00am – 11.00am**

Site Visit – Leeds Castle

- Welcome - Amanda
- Welcome and Background - Victoria Wallace

**12.00 – 2.00pm**

Site Visit – Port Lympne

- Welcome and Background – Bob O’ Connor
- 5 Business Pop Ups – 5 minutes on who they are and opportunities and challenges for their businesses,
- Networking Lunch – where members can find out more from the businesses etc. Plus invite key tourism officers from districts
- Show round of Port Lympne award winning lodges

**3.00pm – 4.00pm**

Site Visit – Buckmore Park

- Welcome and Background – Chris Pullman

**4.30pm**

Drop off at County Hall



### Itinerary 2 – 16<sup>th</sup> October

**9:30am**

Pick Up from County Hall

**10:30am – 11.00am**

Site Visit – Dover Cruise Terminal

- Welcome - Amanda/Sandra
- Background on Cruise – Claire Newman

**11.30 – 12.30pm**

Site Visit – Dover Castle

- Welcome and briefing –Neil McCollum

**1.00pm – 2.30pm**

Site Visit – Canterbury Cathedral

Welcome – John Meardon

- 5 Business Pop Ups – 5 minutes on who there are, opportunities and challenges for their businesses, importance of partnership
- Networking Lunch – where members can find out more from the businesses etc. Joined by Tourism officers from Thanet, Canterbury and Shepway

**3.00pm – 4.00pm**

Site Visit - Shepherd Neame Visitor Centre

- Welcome and Tour – Graham Hukins

**4.30 pm**

Drop off County Hall

**By:** **Mark Dance**  
**Cabinet Member for Regeneration and Economic Development**

**John Simmonds**  
**Cabinet Member for Finance and Business Support**

**Barbara Cooper**  
**Director, Economic Development**

**Andy Wood**  
**Corporate Director of Finance and Procurement**

**To:** **Economic Development Cabinet Committee**  
**21 September 2012**

**Subject:** **GROWING PLACES FUND**

**Classification:** **Unrestricted**

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### **Summary**

Growing Places Fund provides loan finance via Local Enterprise Partnerships to bring forward infrastructure where this will unlock homes and jobs. Following a call for projects, four schemes in Kent have been recommended by the South East Local Enterprise Partnership for approval, and a number of additional schemes are in the appraisal process.

In order to draw down the funding, Kent County Council will need to enter into a series of credit agreements with Essex County Council which has been appointed to act as the accountable body for the LEP. KCC will also need to enter into a number of subordinate agreements with third parties for the delivery of individual projects. A Key Decision to enter into the necessary agreements to draw down Growing Places Funding is published in the Forward Plan.

This report sets out a mechanism for managing Growing Places Fund investment in Kent, KCC's proposed role and the formal agreements that need to be reached. It is recommended that the Cabinet Committee:

- a) Considers the proposed arrangements for managing the Growing Places Fund investment; and
- b) Recommends that the Cabinet Member for Regeneration and Economic Development, through the Key Decision process:
  - i. Decides that KCC shall enter into credit agreements to draw down Growing Places Fund for projects to a maximum and cumulative value of £27 million, subject to the approval of each individual project and credit agreement by the Corporate Director for Finance and Procurement and the Director of Economic Development, in consultation with the Cabinet Member for Regeneration and Economic Development and the Cabinet Member for Finance and Business Support; and

- ii. Delegates to the Corporate Director for Finance and Procurement the authority to enter into credit agreements to draw down Growing Places Funding, in consultation with the Director of Economic Development.

## **Employment impacts**

If all the current schemes being considered for Growing Places Fund in Kent were to come forward, they could help to deliver around 2,100 jobs. However, the anticipated jobs outputs of some projects still need to be tested through appraisal.

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### **1. Introduction: Growing Places Fund**

- 1.1. The Growing Places Fund was launched by central Government in late 2011. £770 million has so far been allocated to Local Enterprise Partnerships on a formula basis. This means that the South East LEP (covering Kent, Essex and East Sussex) has so far received an allocation of £49.2 million.
- 1.2. Formally, GPF is unringfenced capital grant. However, the Government's intention is that it should be used to create local recyclable funds which can provide funding for infrastructure where this will help to unlock jobs and housing.
- 1.3. To deliver GPF locally, the South East LEP Board has agreed that:
  - a) Essex County Council shall act as the accountable body for the overall South East allocation (as the LEP is an informal partnership, it cannot itself receive grants);
  - b) The funding allocated to the LEP shall be treated as a single fund, recycled over time. This fund shall offer loans on an interest-free basis, except where interest must be charged in order to be compliant with state aid regulations;
  - c) To minimise the risk to the accountable body, maximise local control and simplify the management of the fund, all loan agreements on individual schemes will be between Essex County Council as accountable body and the relevant county or unitary authority. This will mean that KCC will be the borrowing authority for all approved schemes in Kent, and will need to put in place subsidiary agreements where projects are being delivered by third parties.
- 1.4. The full £49.2 million has now been provided by Government and is currently held in an interest-bearing account with Essex County Council (with all interest accruing to the Fund).

### **2. Growing Places Fund projects in Kent**

- 2.1. Following receipt of Growing Places Fund monies, two calls for projects have taken place. These have resulted in the LEP approving funds for four projects in Kent (subject to some clarifications), and giving in-principle support to a further five to come forward with more detailed proposals.

### Projects approved for funding

- 2.2. The following Kent projects were approved by the LEP on 7 September:
- Dartford Town Centre (£900,000 loan allocation)
  - Dartford Northern Gateway (£2.5 million)
  - Ebbsfleet Valley (£4 million)
  - Live Margate (£5 million)
- 2.3. KCC has commissioned a full appraisal of all these projects by independent consultants DTZ. The summary appraisal report is attached at Annex 3. In addition, all appraisals have been considered by the accountable body as part of their due diligence process.
- 2.4. In some cases, further discussion needs to take place with the project delivery bodies to ensure that repayment terms are satisfactory to KCC and that state aid compliance has been addressed. However, subject to these issues being resolved, the LEP is content that KCC enters into credit agreements with the accountable body for all four projects.

### Projects approved for further development

- 2.5. Following a second call for projects, the LEP has given in-principle approval for a further four projects to develop full business cases for appraisal. These are:
- KCollege Engineering & Technology Centre, Ashford (£2.622 million)
  - Workspace Kent (incubator facilities) (£1.5 million)
  - Sturry Road, Canterbury (£629,000)
  - A28/ Matalan Roundabout, Ashford (£3.6 million)
- 2.6. In addition, approval has been given for Aylesham Village Expansion (£5.5 million) to come forward should sufficient funds remain unallocated after December or should a reduced application be possible.
- 2.7. The total value of all the Kent schemes approved by the LEP is £12.4 million, with those in the pipeline worth £13.851 million. If all schemes were to proceed, the total potential value of all credit agreements to which KCC would be party would be **£26.251 million**. This is around 53% of the total funds available across the LEP. A summary of all the schemes is set out in Annex 1.

## **3. Taking the projects forward**

- 3.1. In order to draw down the funding, KCC will need to enter into an individual credit agreement with the accountable body for each project. This will commit the authority to repay 100% of the funding to a specified timetable. A draft credit agreement has been drawn up by Essex County Council in consultation with KCC and the other unitary and county councils in the LEP.
- 3.2. In some cases, a subordinate loan will then need to be put in place between KCC and the organisation delivering the project. This will generally follow the primary credit agreement, ensuring that KCC's repayment risk is minimised.

- 3.3. KCC is in a position to enter into credit agreements in respect of some projects (such as Live Margate and Dartford Town Centre) very quickly, as all issues raised during the appraisal process have been addressed. However, in some cases, it will take longer to reach a point at which all risks have been satisfactorily addressed.
- 3.4. Subject to Key Decision by the Cabinet Member for Regeneration and Economic Development, it is therefore recommended that:
- a) Kent County Council enters into individual credit agreements to draw down Growing Places Fund for projects to a maximum cumulative value of £27 million (i.e. the maximum value of all current LEP-approved and pipeline projects). This shall be subject to the approval of each individual project and credit agreement by the Corporate Director for Finance and the Director of Economic Development, in consultation with the Cabinet Member for Regeneration and Economic Development and the Cabinet Member for Finance and Business Support, and following full project appraisal; and
  - b) Subject to being satisfied as to the detailed terms and conditions, the Corporate Director for Finance and Procurement be granted delegated authority County Council to enter on behalf of the County Council credit agreements to draw down Growing Places Funding, in consultation with the Director of Economic Development;
  - c) Progress in entering credit agreements, Fund drawdown and repayment and outputs be reported regularly to the Economic Development Cabinet Committee.

#### Alternative option

- 3.5. The alternative to the recommended process set out above is for KCC to take a single decision to enter into a series of credit agreements for all approved projects once all appraisal issues have been satisfied. This approach would have some advantages, but would also mean that some projects that are ready to go would be delayed, while those that are in the pipeline for appraisal over the next few months would need to seek a fresh decision.
- 3.6. The recommended option therefore seeks to ensure that projects can move forward as appropriate, while making sure that a robust individual project sign-off process is in place. The recommended option also only allows for credit agreements to be entered into in respect of the list of schemes and maximum values set out in Annex 1.

#### **4. Risks**

- 4.1. Clearly, there is financial risk attached to this programme. This risk will be significantly mitigated by the independent assessment of business cases submitted by subordinate borrowers, and by close monitoring of each project. Everything possible will be done to minimise these risks and managing the cash flow will be part of that, as will seeking assurance to the ability to repay
- 4.2. A full Fund-wide risk register is attached as Annex 2.

## **5. Future Growing Places Fund monies**

- 5.1. It is likely that further rounds of Growing Places Fund will be made available, either through additional Government allocations or through locally recycled funds. However, there are no further rounds anticipated imminently, and the LEP has not yet determined how the next round will operate.
- 5.2. However, to ensure that Kent is best placed to take advantage of new funds as they become available, it would be useful to maintain a pipeline of potential projects, to be considered by the Cabinet Committee on a regular basis.

## **6. Recommendations**

- 6.1. The Cabinet Committee is recommended to:
  - a) Note the contents of this report and considers the proposed arrangements for managing Growing Places Fund investment;
  - b) Recommend that the Cabinet Member for Regeneration and Economic Development, through the Key Decision process, takes forward the process set out in paragraph 3.4;
  - c) Receive further reports on the progress of the Growing Places Fund in Kent and the projects benefiting from it, and to regularly consider emerging pipeline projects.

### **Report author**

Ross Gill  
Economic Strategy and Policy Manager  
01622 221312 (7000 1312)  
07837 872705  
[Ross.gill@kent.gov.uk](mailto:Ross.gill@kent.gov.uk)

7 September 2012

## ANNEX 1: SUMMARY OF KENT PROJECTS PROPOSED FOR GROWING PLACES FUND

### 1. Projects approved for funding by the LEP Board

Total number of jobs: 318

Total number of homes: 1,616

Scheme	Summary description	Issues/ points to note	LEP decision
<b>Dartford Town Centre</b> GPF requested: £900k  <b>Jobs: 246</b> <b>Homes: 44</b>	This project will prepare the former Co-op department store site in Dartford town centre for a new civic centre, retail and residential development. GPF funding will pay for the demolition of the old Co-op for temporary use as a car park pending the relocation of Dartford BC from its current offices. This then releases the Station Quarter (where the civic centre is currently located) for mixed retail and residential use. Repayment will be made by from parking revenue and capital receipt.	This is a fairly straightforward project, which will be delivered by Dartford Borough Council. The appraisal has been completed and there are no fundamental issues.	Approval, subject to clarification of points relating to our (KCC's) loan agreement with Dartford. This is unlikely to be problematic
<b>Dartford Northern Gateway</b> GPF requested: £2.5m  <b>Jobs: 72</b>	This project will build grow-on space for The Base, a business incubator facility located on a former warehouse site in Dartford. It will also provide an access road to the third phase of The Base. It will create around 100 jobs and support the development of the strategic Northern Gateway site at an early stage. Repayment will be initially through the rental income from the new business units, with the balance through capital receipt on sale of the site.	The project itself is straightforward. However, we are awaiting a decision from the HCA (who own the site) regarding their future involvement in the project. This may take until December to resolve, although alternative delivery options are available, and once funding is made available the project could proceed quickly.	Approval, subject to clarification of the HCA's role. This is a fair recommendation.
<b>Live Margate</b> GPF requested: £5	This project will contribute to the Live Margate housing renewal programme. It will create an investment programme	This is part of a larger project with a total value (at present)	Approval subject to confirmation of

Scheme	Summary description	Issues/ points to note	LEP decision
m <b>Homes: 72</b> <i>(NB – the main outputs are in the wider contribution to regenerating Margate)</i>	that will enable redevelopment of existing poor quality, poorly managed multi-occupancy homes and replace it with a quality balanced mixed tenure offer. Repayment will be through sale of refurbished homes.	of £23 million and is a high priority.	drawdown and payback timescales.
<b>Ebbsfleet Valley</b> GPF requested: £4m  <b>Homes: 1,500</b>	This project will fund improvement works to Southfleet Road (the road linking the A2 with Swanscombe via Ebbsfleet) to provide new access to Eastern Quarry and Station Quarter North. This will unlock the Castle Hill and Weldon phase of Eastern Quarry.  The Growing Places Fund loan will be repaid by a through plot sales within Castle Hill and Weldon	Need to clarify whether state aid is present and to fully agree repayment mechanism with developer to minimise risk for KCC	Approval subject to clarification of the repayment and state aid issues.

## 2. Projects approved in principle, to come forward for full appraisal

Total number of jobs: 1,759

Total number of homes: 1,972

Scheme	Summary description	Issues/ points to note	LEP decision
<b>KCollege</b> GPF requested: £2.622 m  <b>Jobs: 470</b> <b>Homes: 241</b>	This project supports KCollege's planned relocation within Ashford, by funding the fit-out of a new Engineering and Construction Centre. This will enable the disposal of its current site to proceed.	Full appraisal needs to be undertaken	Approved to go forward as a 'Category A' project to work up a full business case.

Scheme	Summary description	Issues/ points to note	LEP decision
<b>Workspace Kent</b> GPF requested: £1.5m  <b>Jobs: 500</b>	This project will contribute to the proposed KCC Incubators Programme, and is matched with proposed funds from the KCC Regeneration Fund.	Full appraisal needs to be undertaken, although this will be done quickly.	Approved to go forward as a 'Category A' project to work up a full business case.
<b>Sturry Road</b> GPF requested: £629k  <b>Jobs: 250</b>	This project will pay for enabling works (highway improvements, provision of mains services, etc) to enable a retail/ trade counter development to go forward in Canterbury. The project is led by a private sector developer (Glenbeigh Ltd). It is supported by Canterbury City Council and has planning permission	Full appraisal needs to be undertaken. However, outputs are good for a relatively modest amount of funding. Interest will need to be charged as the scheme is state aid.	Approved to go forward as a 'Category A' project to work up a full business case.
<b>A28/ Matalan Roundabout</b> GPF requested: £3.6m  <b>Jobs: 191</b> <b>Homes: 950</b>	This project will fund improvements to the Matalan Roundabout on the A28 at Great Chart, Ashford. This will help to unlock employment and housing at the Chilmington Green development in Ashford and is the first of a series of improvements to the A28 corridor. Repayment will be via developer contributions	We have now carried out appraisal of this project. However, full planning permission is some way off, so we cannot enter into a loan agreement yet	Approved to go forward as a 'Category A' project for business case to be considered alongside other schemes approved in principle
<b>Aylesham</b> GPF requested: £5.5m  <b>Jobs: 348</b> <b>Homes: 781</b>	This project will pay for highways, hard and soft landscaping and community infrastructure as part of the Aylesham Village Expansion scheme. The project submitted an application in GPF Round 1, and while not rejected, was assessed as a lower priority at the time.	£5.5 million in excess of funds currently available	Approved to go forward as 'Category B' – to work up a business case to come forward should any Category A projects fail to proceed.

## ANNEX 2: RISK REGISTER

Risk	Inherent			Mitigation	Residual		
	Impact	Likelihood	I*R		Impact	Likelihood	I*R
Failure to secure repayment from subordinate borrowers	5	4	20	<ul style="list-style-type: none"> <li>Robust appraisal of repayment source</li> <li>Allowance for delay in subordinate repayment in repayment timetable in primary credit agreement</li> <li>Clear obligations within subordinate loan agreement</li> <li>Regular monitoring by KCC</li> </ul>	5	2	10
Failure to meet stated outputs	3	4	12	<ul style="list-style-type: none"> <li>Clear and consistent measurement of outputs through appraisal process</li> <li>Regular monitoring by KCC</li> </ul>	3	3	6
Breach of state aid regulations (resulting in obligation to repay grant-equivalent)	4	3	12	<ul style="list-style-type: none"> <li>Clear analysis of state aid issues at appraisal</li> <li>Commercial (reference rate) interest charged where state aid present</li> </ul>	3	1	3
Project delay impacting on repayment timetable	4	4	16	<ul style="list-style-type: none"> <li>Regular monitoring by KCC and dialogue with delivery body</li> <li>Regular reports to LEP</li> <li>Early renegotiation of repayment timetable if delays unavoidable</li> </ul>	2	3	6
Changes to LEP structure/ future GPF allocations	2	4	8	<ul style="list-style-type: none"> <li>Primary credit agreement between KCC and Essex County Council</li> </ul>	1	4	4
Lack of additionality	3	4	12	<ul style="list-style-type: none"> <li>Additionality considered at appraisal</li> <li>Competitive process for project allocation</li> <li>100% repayment limits cost</li> </ul>	2	2	4

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By: **Mark Dance, Cabinet Member for Regeneration & Economic Development.**  
**Bryan Sweetland, Cabinet Member for Environment, Highways & Waste.**

**David Cockburn, Corporate Director Business Strategy & Support.**  
**Mike Austerberry, Corporate Director Enterprise & Environment.**

To: **Economic Development Cabinet Committee**  
**21 September 2012**

Subject: **Kent Thameside Strategic Transport (Homes & Roads) Programme**

Classification: **Unrestricted**

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### **Summary**

This report sets out the current conditions under which the Kent Thameside Strategic Transport (Homes & Roads) Programme is being developed and implemented covering in particular, the available funding, management of risk and the proposals for governance arrangements of the programme. It is proposed to seek a further Key Decision from Cabinet on 15<sup>th</sup> October in light of the considerable changes to the progress of development and the available funding that have taken place since a previous decision was taken on 21<sup>st</sup> February 2008 (Decision No. 07/01108).

### **Recommendations**

Members of the Cabinet Committee are asked to consider the contents of this report, advise as appropriate and endorse the following recommendations to be considered by Cabinet: -

- a.) Confirm that Kent County Council continues to act as the Accountable Body for the Kent Thameside Strategic Transport (Homes & Roads) Programme.
- b.) Entrust the setting up of the Governance arrangements for the Kent Thameside Strategic Transport (Homes & Roads) Programme to the Cabinet Member for Regeneration & Economic Development in consultation with Dartford and Gravesham Borough Councils.
- c.) Authorise the Corporate Director Business Strategy & Support, in consultation with the Corporate Director Enterprise & Environment, to negotiate and execute legal and/or partnership agreements pursuant to the delivery and management of the Kent Thameside Strategic Transport (Homes & Roads) Programme.

## **1. Introduction.**

- (1) The Kent Thameside Strategic Transport (Homes & Roads) Programme is a package of improvements that respond to the complexities encountered in assessing the individual impacts and mitigation measures for significant development across the boroughs of Dartford and Gravesham. A Key Decision was taken on 21<sup>st</sup> February 2008 (Decision No. 07/01108) agreeing to the County Council acting as the Accountable Body for the programme.
- (2) The 20-year programme aims to provide key transport infrastructure improvements that would enable the planned level of development in Kent Thameside to be realised. Ultimately the development will result in some 22,600 new homes and around 1 million m<sup>2</sup> of commercial development with the potential for 60,000 jobs. The programme would be largely funded through a combination of public sector grant and private sector contributions.
- (3) Since the original decision was taken there have been considerable changes to the progress of development and the available funding. This report sets out the current conditions under which the programme is being developed and implemented covering the available and anticipated funding; the scope of the revised programme; the management of the risks involved with such a programme; and proposals for the programme's governance arrangements.
- (4) It is proposed to seek a further Key Decision from Cabinet on 15<sup>th</sup> October 2012 confirming the County Council as the Accountable Body and initiating governance arrangements for the programme. In accordance with Corporate Governance Arrangements, local members within the boroughs of Dartford and Gravesham will be consulted.

## **2. Financial Implications.**

- (1) As the Accountable Body for the programme the County Council is responsible for the management of the programme and administration of the funding. A dedicated Programme Investment Fund has been set up for the programme within the County Councils corporate financial system. A cash flow model has also been developed to assist the financial management process.
- (2) The current estimated cost for the programme is £116.2m and anticipated funding is estimated at £84.0m leaving a funding gap of £32.2m (current prices). Further details of the sources of funding for the programme are shown in Table 1 below. Management of the financial risk associated with the funding gap is to implement schemes contained within the programme only within the level of available funding.
- (3) In the course of the management of the programme the situation may arise where the County Council is required to use its Prudential borrowing powers to ensure that schemes are completed. The estimated cost to the County Council is £800,000 per annum for every £10m borrowed. Although it is not envisaged that the County Council would exercise these powers to cover the shortfall in funding it may be necessary to use such powers to overcome short-term cash flow issues when implementing individual schemes. In such circumstances the County Council's borrowing costs would be funded through the programme.

**Table 1: Anticipated Income and Forecast Expenditure for the Kent Thameside Strategic Transport Programme.**

<u>Income</u>		
HCA Funding		£13.0m
S.106/CIL	- Residential	£35.9m
	- Commercial	£5.3m
Eastern Quarry S.106 Contribution		£24.7m
New Homes Bonus		£5.1m
<b>Total Income</b>		<b>£84.0m</b>
Estimated Programme Costs		£116.2m
Current Funding Gap		£32.2m

- (4) Discussions with Dartford and Gravesham Borough Councils have identified potential funding of around £5m from the New Homes Bonus initiative. This is based on an agreed 50% of the income from New Homes Bonus generated solely from the Eastern Quarry, Northfleet West Sub-Station and Springhead Park development sites. An estimated 1170 dwellings are expected from these sites between 2012/13 and 2015/16 based on information received from Land Securities and the Borough Councils. This would result in a cost to the County Council of around £1.0m with the Borough Councils bearing the remaining cost.

### **3. Bold Steps for Kent & Policy Framework.**

- (1) The programme would deliver key improvements to the transport network enabling the planned level of development across the boroughs of Dartford and Gravesham to be realised. This would contribute to Ambition 1 of the Vision for Kent (To Grow the Economy) by delivering the critical infrastructure to create the conditions for economic growth.
- (2) The programme is in line with priorities 8, 9 and 10 of Bold Steps for Kent driving economic prosperity through unlocking key sites in the Thames Gateway Kent region, helping to deliver the Kent & Medway Housing Strategy and ensuring that new housing development is matched with the appropriate infrastructure.
- (3) The programme is identified within the Local Transport for Kent 2011-16 and would deliver a priority for the Thames Gateway Kent area set out in the integrated transport strategy Bold Steps for Transport “*Growth Without Gridlock*”.

### **4. The Report**

#### **(1) Funding**

- a.) Funding for the programme largely consists of public sector grants (principally through the Department for Communities & Local Government) and private sector developer contributions. A funding agreement was signed with the

Homes & Communities Agency in March 2010 which secured a £13m grant towards the programme. Following the Government's Comprehensive Spending Review in October 2010 there has been uncertainty regarding further public sector funding commitment to the programme and discussions have been taking place with both DCLG and DfT. The discussions with Government have concluded that further funding for the programme from the HCA in the current CSR period (2011/12 to 2013/14) is not available and is also unlikely in the next CSR period (2014/15 to 2016/17).

- b.) Neither of the Government departments regards themselves in a position to make funding commitments to the programme for future years (i.e. beyond 2016/17) as these would fall beyond the tenure of the current and potentially next Government. As a result of the discussions with Government a joint proposition has been agreed (see Appendix 1 for the full proposition). The key elements of this proposition are: -
- i.) The Department for Transport (DfT) and the Highways Agency (HA) will invest further work to refresh the business case/preliminary designs for the A2 Bean and Ebbsfleet junction improvements.
  - ii.) The DfT and the HA commit to joint working with Kent Partners on the development of appropriate transport interventions on the strategic road network necessary to mitigate the impacts of the planned development in Kent Thameside, and in assessing the case for such proposals, would give due weight to the wider economic benefits afforded by these improvements.
  - iii.) The Department for Communities & Local Government (DCLG), the DfT and the Homes & Communities Agency (HCA) will maintain a close dialogue with Kent Partners to provide advice and highlight opportunities arising from new Government policy and initiatives as these emerge or are clarified.
  - iv.) Dartford Borough Council, Gravesham Borough Council and KCC will each contribute a proportion of their New Homes Bonus income, from the specific sites identified in 2(4), towards the programme.
  - v.) KCC will act as the accountable body, accepting and managing the risks in the programme but only for solutions that total the amount forecast to be collected from S.106/CIL, i.e. £65.9m.
- c.) Whilst this proposal does not provide any funding commitment to the programme there is a key commitment on the part of the DfT/HA to invest in further work to refresh the business case/preliminary designs for the A2 Bean and A2 Ebbsfleet junction improvements. These two schemes alone constitute nearly 70% of the total cost of the programme and are currently scheduled to be implemented between 2021/22 and 2026/27. At present it is assumed that the A2 Ebbsfleet improvements would come first but one aspect of the business case/design work to be carried out for these junctions will be determining the timing of the improvements. Between the present and 2021/22 it is currently anticipated that across Kent Thameside some 13,800 additional dwellings and 590,000m<sup>2</sup> of commercial floorspace could be built. In terms of development

sites that have a more direct impact on the A2 Bean and A2 Ebbsfleet junctions, some 4,100 additional dwellings could have an impact on the A2 Ebbsfleet junction by 2021/22 whilst some 1,600 additional dwellings could have an impact on the A2 Bean junction.

- d.) Since Autumn 2009, negotiations have taken place with Land Securities regarding a Deed of Variation to the existing S.106 Agreement for Eastern Quarry. The original agreement provided a £40m contribution to the programme paid over a 7-year period from the commencement of development regardless of the pace of development. In the current economic situation this condition has become onerous and an obstacle to Land Securities attempts to secure a development partner. The Deed of Variation, completed on 17<sup>th</sup> August, sees a reduction in the contribution to £24.7m, proportionate to the reduced scale of the programme, paid on a phased basis as a tariff per dwelling. The full £24.7m would be paid by completion of the 4,500<sup>th</sup> dwelling. The Deed of Variation only relates to the contribution towards the Kent Thameside Strategic Transport Programme. All other obligations contained within the original S.106 Agreement remain unchanged.
- e.) In addition to the contribution from Eastern Quarry a further £41.2m is anticipated from developers through either S.106 Agreements or the Community Infrastructure Levy. To date £1.16m of this funding has been received whilst a further £0.81m has been secured but not yet received. Further contributions of £3.77m are identified in permissions issued, but these may be subject to further negotiation, and some £1.86m is pending agreements. Altogether this amounts to around £7.6m of funding for the programme, around 18% of that anticipated.

## (2) Review of Programme

- a.) The receipt of £13m funding from HCA signalled the start of the programme. The funding has been focused on Dartford Town Centre improvements and the Rathmore Road Link scheme in Gravesend. In the case of Dartford this supports major development sites in and adjacent to the town centre that are coming forward. The Rathmore Road Link scheme is a key element of the Gravesend Transport Quarter proposals that has already seen Phase 1 implemented by Gravesham BC.
- b.) The uncertainty over public sector funding for the programme and the continuing poor market conditions causing concern over the ability of development to fund major infrastructure improvements, instigated a review of the programme in the Autumn of last year. This review has looked at reducing the overall cost of the programme and investigating alternative sources of income. In terms of the overall cost of the programme this, in consultation with our Kent Thameside partners, has reduced from an initial estimate of £200.2m to a current budget estimate of £116.2m. This has been achieved through the removal of some schemes from the programme and revising the cost of other schemes based on more recent experience of the costs of major transport infrastructure. Further details on how the review has reduced the cost of the programme are contained in Appendix 2.

- c.) Investigation of alternative sources of funding for the programme looked at the following initiatives: -
- i.) **Growing Places Fund** – this initiative was not considered suitable for the programme as it is principally focused on generating economic activity in the short term and has to be used to establish revolving funds.
  - ii.) **Business Rate Retention** – this has significant potential but at present there are too many uncertainties and issues regarding how this would operate.
  - iii.) **New Homes Bonus** – a limited amount of potential funding has been identified for the programme through discussion with Dartford and Gravesham Borough Councils. There are concerns on how this would impact on revenue budgets and in the discussions with Government no guarantees have been given that this initiative will continue to be funded beyond 2015/16.

### (3) Risks

- a.) A risk assessment was conducted on the programme as part of the economic appraisal that was submitted to secure the £13m funding from the HCA. This has been revised and updated using the County Council's Corporate Risk Management process and a copy of this is attached as Appendix 3.
- b.) The most significant risks are those that would result in a shortfall in the level of funding available for the programme. With each risk there are potential options to overcome any shortfall but ultimately if the funding shortfall is not overcome then implementation of the programme would need to be limited to the level of available funding. This would mean further prioritisation being applied to the programme, balancing the development need against acceptable levels of congestion. The key significant risks are: -
  - i.) Developer contributions are less than anticipated. In this instance further development could be identified and over the course of the programme there will be development coming forward that is not currently anticipated. Balanced against this, however, is the additional impact that this development would have on the transport network. There is a requirement for the Core Strategies produced by the Borough Councils to be regularly reviewed. This provides the opportunity to review the transport impacts and adjust development contributions. The Cash Flow Model developed for the programme is reviewed more regularly regardless of the review periods for the Core Strategy.
  - ii.) Competing priorities for CIL mean that less funding is available for the programme. A Partnership Agreement is proposed between KCC/DBC/GBC as part of the Governance arrangements for the programme that should mitigate this risk.
  - iii.) Further public sector funding is not secured. This is the current situation with the £32m shortfall. The DCLG/DfT proposal includes a commitment to work with Kent Partners to identify future Government initiatives that

could provide funding for the programme. It is also anticipated that an agreement would be reached with DfT, as a result of its commitment to refresh the business case/design for the A2 Bean and A2 Ebbsfleet schemes that should see some additional public sector funding being provided for these schemes.

- iv.) Alternative sources of funding are not identified. Neither the DCLG nor the DfT consider themselves in a position to make funding commitments to the programme for future years. The timescale of the programme does mean that economic conditions are likely to change and the prospect of putting a case to Government for further public sector funding is not out of the question. Alternatively additional developer funding could be identified as mentioned in (3)(b)(i) above with the same consequences.
- c.) The higher level risks are those predominantly related to fluctuations in the anticipated income, changes affecting programme costs and circumstances where implementation could be delayed. These risks are generally more manageable, would not necessarily result in a shortfall of the overall funding for the programme and have alternative options that could be employed to mitigate the risk. The key high risks are: -
  - i.) Use of CIL to provide funding for the programme is successfully challenged. It is important that the programme is identified within both the Core Strategies and the CIL Charging Schedules produced by the Borough Councils with appropriate supporting evidence. The programme has been developed in close working partnership with both Dartford and Gravesham Borough Councils and there is a continued commitment by all parties to the programme. The proposed Partnership Agreement between KCC/DBC/GBC should also provide further mitigation of this risk.
  - ii.) Continued slow rate of development means that receipt of developer contributions is delayed. An advantage of the programme is that the implementation of individual schemes can be adjusted to match the progress of development. Monitoring of the progress of development and regular review of the Cash Flow Model developed for the programme should enable mitigation of this risk. A commitment to implement individual schemes would only be made if sufficient funding is forecast to come forward. Any short-term cash flow issues encountered with the implementation of individual schemes would be covered by use of KCC's Prudential borrowing powers with the cost of this covered by the programme.
  - iii.) Statutory procedures/land acquisition results in delays and increased costs to individual schemes. Mitigation of this risk would involve robust project management of individual schemes with early identification and regular review of the key risks to implementation. Good communication with key stakeholders and those directly affected by the schemes should also reduce the level of risk. Much of the land required for the schemes is either in the control of local authorities or developers who have a vested interest in the implementation of the schemes. Both KCC and the Highways Agency can, if necessary, issue Compulsory Purchase Orders to acquire the land necessary to implement the scheme.

- iv.) Construction cost increases of individual schemes. Mitigation of this risk would involve robust project management of individual schemes with cost estimates that are regularly reviewed as the scheme is developed and include a risk based contingency. In the case of schemes on the local road network the local authorities are open to developers implementing schemes as an “In-Kind” contribution, equivalent to their financial contribution towards the programme, taking on the risks associated with its construction. For schemes on the local road network, which fall under the responsibility of KCC to implement, any short-term cash flow issues could be covered by use of KCC’s Prudential borrowing powers with the cost of this covered by the programme. It is currently envisaged that the Highways Agency would be responsible for the implementation of the A2 Bean and A2 Ebbsfleet schemes. The agreement reached between KCC and the DfT covering the development and implementation of these two schemes will include appropriate clauses covering the level of shared risk between the parties.

#### (4) Governance Arrangements

- a.) The programme was conceived in 2007 under the auspices of the Kent Thameside Partnership. Since this partnership was dissolved the programme has continued under an informal arrangement between the key stakeholders, namely Dartford Borough Council, the Department for Transport, the Homes & Communities Agency, Gravesham Borough Council, the Highways Agency and Kent County Council. With funding now available and the programme starting to move into its implementation stage, it is appropriate that more formal Governance arrangements are established.
- b.) The suggested components of the Governance arrangements for the programme are set out in Appendix 4 attached to this report. The key component of these arrangements is the setting up of a Steering Group. It is proposed that the Cabinet Member for Regeneration & Economic Development is entrusted with the task of setting up this Steering Group in consultation with Dartford and Gravesham Borough Councils.

### **5. Conclusions.**

- (1) Conditions have significantly changed since the programme was conceived. Efforts have been made to reduce the overall cost of the programme but with the uncertainty over future public sector funding and tough market conditions for development there is currently a £32m funding gap.
- (2) The justification for the programme and its objectives has largely remained unchanged. The proposed improvements to transport network are still needed to enable the planned level of development to be achieved. Some public sector funding has already been secured along with developer contributions and implementation of the programme has started.
- (3) There are significant risks inherent in the programme and strong management will be required to ensure that these do not materialise. The establishment of

formal Governance arrangements along with a robust monitoring and reporting structure will reinforce the management of the programme.

- (4) The programme will be delivered over a 15-20 year period and there is a long term commitment on the part of all of the key stakeholders to the growth agenda in Kent Thameside as witnessed by the DCLG/DfT proposition. Whilst there is currently a funding gap it is envisaged that opportunities will arise to secure additional funding for the programme. In the meantime, the expedient management of the risk presented by the shortfall in funding is to implement schemes only within the available level of funding.

## **6. Recommendations**

(1) Members of the Cabinet Committee are asked to consider the contents of this report, advise as appropriate and endorse the following recommendations to be considered by Cabinet: -

- a.) Confirm that Kent County Council continues to act as the Accountable Body for the Kent Thameside Strategic Transport (Homes & Roads) Programme.
- b.) Entrust the setting up of the Governance arrangements for the Kent Thameside Strategic Transport (Homes & Roads) Programme to the Cabinet Member for Regeneration & Economic Development in consultation with Dartford and Gravesham Borough Councils.
- c.) Authorise the Corporate Director Business Strategy & Support, in consultation with the Corporate Director Enterprise & Environment, to negotiate and execute legal and/or partnership agreements pursuant to the delivery and management of the Kent Thameside Strategic Transport (Homes & Roads) Programme.

## **7. Background Documents**

Key Decision No. 07/01108

## **8. Contact Details**

Stephen Dukes, Economic Development Officer  
Economic & Spatial Development Unit  
Business Strategy & Support

01622 – 221962  
[stephen.dukes@kent.gov.uk](mailto:stephen.dukes@kent.gov.uk)

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## **Attachments**

- Appendix 1: Letter from Mike Penning, Parliamentary Under-Secretary of State for Transport, DfT and Grant Shapps, Minister for Housing & Local Government, DCLG dated 17<sup>th</sup> July 2012.

- Appendix 2: Review of Kent Thameside Strategic Transport Programme.
- Appendix 3: Risk Assessment for Kent Thameside Strategic Transport Programme.
- Appendix 4: Proposed Governance Arrangements for Kent Thameside Strategic Transport Programme.

DCLG/DfT Ministerial Letter



*Department for  
Transport*

Clr Paul Carter  
Leader of Kent County Council  
County Hall  
MAIDSTONE  
Kent  
ME14 1XQ

The Rt Hon Grant Shapps MP  
*Minister for Housing and Local Government*

*Department for Communities and Local  
Government*  
Eland House  
Bressenden Place  
London SW1E 5DU

Tel: 0303 444 3460  
Fax: 020 7828 4903  
E-Mail: [grant.shapps@communities.gsi.gov.uk](mailto:grant.shapps@communities.gsi.gov.uk)

[www.communities.gov.uk](http://www.communities.gov.uk)

17 July 2012

Dear Councillor Carter

**KENT THAMESIDE DEVELOPMENT - UNLOCKING EASTERN QUARRY**

We are writing to set out our Department's proposals to unlock the proposed development at the Eastern Quarry site in Kent Thameside.

Our officials have been working closely together both to get a clear understanding of the issues and barriers to progress with this development site, and to try and reach agreement on a way forward that unlocks delivery of new housing in the short term and provide a continuing commitment to the longer term delivery of the development proposals.

We understand that the Dartford Borough Council Development Control Committee is to shortly consider agreement to the varied section 106 planning agreement for the Eastern Quarry site with Land Securities, and want to set our proposals for Government support in progressing and managing the provision of the necessary transport infrastructure improvements to support the development proposals.

This Government has recognised the importance of infrastructure in supporting housing provision and that infrastructure support and prioritisation is a key concern for communities, local authorities and the private sector. Investment in infrastructure that unlocks growth is essential to winning the confidence of communities and the private sector for large-scale, long-term projects.

In terms of the specific transport proposals in the Homes and Roads Programme, which underpins the Kent Thameside development plans, two major improvements to the junctions on the A2 at Ebbsfleet and Bean are necessary to mitigate the overall cumulative traffic impacts of the Kent Thameside development.

However, the identified delivery timing of these proposals in 2021-22 to 2023-24 and 2024-25 to 2026-27 respectively, are such that they fall within future spending review periods, and we cannot take such delivery funding decisions within this spending review period.

Both our Departments however recognise the need to unlock the housing development at Eastern Quarry and are, in these circumstances, proposing to invest further in the necessary development work on the two major junction improvements, and continue to provide support, help and guidance to the local authorities on both the further development of the proposals, and the on-going management of the supporting transport investment programme.

In doing so, our Departments clearly recognise the importance of economic and housing growth in Kent Thameside and recognises that approval of the varied section 106 planning agreement for the Eastern Quarry development will unlock around 4,500 new homes and around 95,000 m<sup>2</sup> of commercial development.

We also understand that you seek assurances from Government on its continuing support for the development in Kent Thameside. We have therefore set out in an attachment to this letter our detailed proposals for both investment now in the development of the major infrastructure projects but also the continuing involvement and support in the management and delivery of the supporting transport infrastructure programme.

I hope these proposals demonstrate our clear commitment to working closely with you and your partners towards the successful delivery of housing and economic growth. In return for these commitments, we look to agreement to the variation to the existing planning agreements for Eastern Quarry that will allow the planned development to take place.

It is important that we can reach agreement on the way forward, and I would be grateful if you could consider the details of this proposition, and let us or our officials know of decisions in this matter.

If it is possible to reach agreement we would look to make a public announcement that would confirm that a way forward has been found, and that delivery of the new housing will take place as planned. We are more than willing to discuss if necessary, any concerns you may still have in order to reach a final resolution to these long-standing issues.

Yours sincerely,

*Mike Penning*  
*MP*

*Grant Shapps*

**MIKE PENNING**

**GRANT SHAPPS**

## Department for Transport and Department for Communities and Local Government Proposal

- **The Department for Communities and Local Government**, and the **Department for Transport** issues a statement that supports and welcomes economic growth and housing delivery in Kent Thameside. The **Departments** also accept that by approving the Deed of Variation for Eastern Quarry that in effect 4,500 homes and around 95,000m<sup>2</sup> of commercial development are unlocked in Kent Thameside.
- The **Department for Transport** and the **Highways Agency** commit to close joint-working with the Kent Partners to determine and agree the details of the scope and timing of the work necessary to refresh the business cases/preliminary designs of the proposed major project improvements to the junctions on the A2 at Bean and at Ebbsfleet.
- The **Department for Transport** and the **Highways Agency** will invest in further work to refresh the business case/preliminary designs of the A2 Bean and Ebbsfleet junction improvements, as part of the development necessary for future delivery of the proposals.
- The **Department for Transport** and the **Highways Agency** commit to joint-working with the Kent Partners on the development of the appropriate transport interventions on the strategic road network necessary to mitigate the impacts of the planned development in Kent Thameside, and in assessing the case for such proposals, would give due weight to the wider economic benefits afforded by these improvements.
- The **Department for Transport** commit to joint-working with the Kent Partners to provide assistance and guidance where necessary on the development of transport interventions on the local road network, and guidance on the necessary appraisal requirements for such proposals.
- **The Department for Transport** and the **Highways Agency** will discuss and agree with Kent Partners their role and participation in the future governance and management arrangements for the Homes and Roads programme.
- In terms of future Kent Thameside related planning applications, the **Highways Agency** commits to continue to carry out its development planning function in accordance with Government planning policy and guidance current at the time.
- The **Department for Communities and Local Government**, the **Department for Transport** and the **Homes and Communities Agency** will maintain a close dialogue with Kent and Partners to provide advice and input on progressing specific transport schemes and highlighting the opportunities arising from new Government policy and incentives (such as business rates retention) as these emerge or are clarified.
- The **Homes and Communities Agency** will remain a member of the Homes and Roads Steering Group.
- The **Homes and Communities Agency** will explore future funding opportunities to support later phases of the Kent Thameside development.

- The **Homes and Communities Agency** has already invested £13m in the Homes and Roads Programme and is committed to work with all parties to identify what appropriate funding initiatives are available from time to time, and give guidance and act in its enabling role as a broker.

In return for these commitments, the Departments' expect that:

- **Dartford & Gravesham Borough Councils** will ensure developer contributions are provided towards the Homes and Roads Programme through s106 agreement, and in due course Community Infrastructure Levy (CIL) mechanisms;
- **Dartford Borough Council, Gravesham Borough Council and Kent County Council** will each contribute a proportion of their New Homes Bonus income towards the Homes and Roads Programme for as long as New Homes Bonus can be legally collected and used in this manner;
- **Land Securities** and its partners commit to a timescale for delivering their first homes by 2013 with a total of 1,500 homes by 2020; and to contribute £24.7m towards the Homes and Roads Programme through the completion in total of 4,500 homes at Eastern Quarry.
- **Kent County Council, Dartford Borough Council, Land Securities Eastern Quarry Limited and Coutts and Co** will sign the Deed of Variation to the S106 Agreement for Eastern Quarry which would change the terms of the original S106 Agreement in the following respects:
  - i) Transport contribution reduced from £40m to £24.7m;
  - ii) Payment schedule changed from 7 year plan commencing when development starts, to payment spread over the first 4,500 homes, pro rata with completions;
  - iii) First five years payments at a discount rate, with the discount recovered through the remaining payments.
- Regarding the management and delivery of the Homes and Roads Programme **Kent County Council** will act as accountable body, accepting and managing significant risk in the Programme, including scheme cost inflation and project over-runs but only for solutions that total the amount forecast to be collected from S106 and CIL i.e. £65.9m (£94.5m at inflated prices).
- The programme covering improvements to the local road network would be agreed between **Kent County Council, Dartford Borough Council and Gravesham Borough Council**. Details of the improvements to the Strategic Road Network included in the Homes and Roads programme would be additionally agreed by the **Department for Transport** and the **Highways Agency**, and their delivery would be subject to the development of a robust business case and consideration of delivery funding availability. If further monies are required **Kent partners** and the **Department for Transport** are committed to identifying possible alternative funding streams.

## Review of Kent Thameside Strategic Transport Programme

Scheme	Estimated Costs (including contingency)		Comments
	Initial	Current	
A2 Ebbsfleet Junction	£34.0m	£30.0m	The scheme provides for the enlargement and signalisation of the roundabouts forming this junction along with the widening of slip-roads and link-roads. Discussions have been held with the DfT/HA regarding the scale and timing of these improvements to reach the revised target cost for the overall scheme. Transport modelling work still shows this interchange to be one of the priority locations for improvement.
A2 Bean Junction	£54.9m	£50.0m	The scheme provides for the enlargement and signalisation of the roundabouts forming this junction, improvements to slip-roads and improvements to the bridge across the A2. Discussions have been held with the DfT/HA regarding the scale and timing of these improvements to reach the revised target cost for the overall scheme. Transport modelling work still shows this interchange to be one of the priority locations for improvement.
A2 Demand Management	£34.5m	Suspended from Programme	Little work has been done to define this scheme and its initial inclusion was on the basis that no further capacity improvements would be made to the A2 and, therefore, future traffic growth would need to be managed. The scheme will also be influenced by a number of factors external to Kent Thameside including: - <ul style="list-style-type: none"> <li>- Planned development in the Medway Towns</li> <li>- Strategic routing of traffic to/from Dover</li> <li>- Dartford Crossing "Free-Flow" charging</li> <li>- The location of a future Lower Thames Crossing.</li> </ul>
B262 Hall Road Junction	£3.4m	Removed from Programme	Works to be implemented as part of a planning application for the expansion of an adjacent retail store are expected to improve this junction. The scheme has been removed from the programme with the works being provided by the developer regarded as an "In-Kind" contribution to the programme.

Scheme	Estimated Costs (including contingency)		Comments
	Initial	Current	
A226 London Road/St Clements Way Junction	£8.5m	£8.5m	There is currently a conceptual design for the improvement of this junction that involves enlargement of the existing roundabout and the provision of an underpass for north-south traffic. However, there are concerns about the feasibility of this scheme and its cost which could impact on its viability. Transport modelling work still shows this junction to be one of the priority locations for improvement. It is proposed to test the feasibility/viability of the current scheme and investigate alternative options for the improvement of this junction. Potential alternative options could include enlargement of the existing roundabout with the provision of traffic signals or replacement of the existing roundabout with a signal controlled junction.
A226 Thames Way (STDR4) Dualling	£14.3m	£8.9m	The A226 Thames Way (formerly South Thameside Development Route – Stage 4) has been constructed as a single carriageway but land has been safeguarded and the structures built to accommodate future widening to a dual-carriageway. The proposal to widen a 1.6km section of the A226 and modify the existing junctions to accommodate this remains the same. A revised cost estimate has been produced based on more recent evidence and experience from East Kent Access Phase 2.
Urban Traffic Management & Control (UTMC)	£8.0m	£4.5m	The requirements for area-wide UTMC across have changed since this scheme was originally conceived. The scheme was to be co-ordinated with the A2 Demand Management measures but with this suspended from the programme the UTMC has been reconsidered. Part of the UTMC scheme has been incorporated within Dartford Town Centre Improvements. The extent of the remaining UTMC measures have been revised to meet more local needs.
Dartford Town Centre Improvements	£11.4m	£4.5m	Negotiations have resulted in a number of improvements within Dartford town centre being provided directly by developers as “In-Kind” contributions, thereby reducing the overall costs of this scheme. The transport network constituting Dartford Town Centre has been defined and within this network locations requiring improvement identified. The estimated cost for further improvements has been broadly based on the costs put forward by the developer’s.

Scheme	Estimated Costs (including contingency)		Comments
	Initial	Current	
Rathmore Road Link, Gravesend	£11.4m	£8.0m	This scheme is currently being designed and a detailed planning application was submitted in April 2012. A detailed costs estimate for the scheme was produced in February 2012 and includes a contingency for inherent risks. This cost estimate will be reviewed on a regular basis. Start of construction is currently estimated for late Autumn 2013 subject to statutory procedures.
A206 Marsh Street Junction	£3.4m	Removed from Programme	Traffic modelling of the latest development pattern in North Dartford has revealed that there is no longer a need to improve this junction.
Fastrack – Northfleet to Garrick Street	£14.3m	Suspended from Programme	A concept design was produced for this scheme providing bus priority for Fastrack (including sections of dedicated carriageway) through Imperial Business/Retail Park and along Clifton Road/Bath Street to the Garrick Street Interchange. Potential changes to the development pattern at Northfleet Embankment, being considered within Gravesham BC's Core Strategy, are likely to have an impact on the provision of a Fastrack route between Greenhithe and Gravesend town centre. With the possibility that the scheme currently designed could become redundant it has been suspended from the programme subject to further review pending the impact of the revised development pattern for Northfleet Embankment.
M25 (A282) Junction 1A	Not Initially Included	Consideration for Inclusion in Programme Suspended	In the course of reviewing the programme consideration was given to the inclusion of a scheme to improve congestion at this junction after concerns regarding its future capacity were raised by the Highways Agency in relation to proposed development in North Dartford. A study was completed in November 2010 that identified a number of options to reduce the anticipated congestion. In further discussions with the DfT/HA it has been recognised that the problems encountered are predominantly related to congestion at the Dartford Crossing and it would be better to co-ordinate any planned improvement with the Dartford Crossing "Free-Flow" Charging Regime. This is not due to be implemented before December 2013.
Admin Costs	£2.1m	£1.8m	
<b>Total Cost of Programme</b>	<b>£200.2m</b>	<b>£116.2m</b>	

## Risk Assessment for the Kent Thameside Strategic Transport Programme

Risk No.	Category	Risk	Probability of Occurrence (P)	Impact			Overall Impact (I) = (C+T+Q)/3	Risk Assessment	Mitigation/Management
				Cost (C)	Time (T)	Quality (Q)			
1.	Partnership	The Governance arrangements for the programme established between the key stakeholders breaks down.	2	2	3	1	2.0	Moderate (2.2)	Regular liaison between the key stakeholders involved in the delivery of the programme will ensure that any issues are identified, discussed and resolved before they can escalate. Procedures will be adopted within the Governance arrangements to deal with any conflicts/unresolved issues.
2.	Partnership	There is a breach of one or more of the funding agreements.	3	3	3	1	2.3	Moderate (3.2)	Monitoring of the milestones and outputs of the programme to meet the requirements of the funding agreements. Regular liaison with the signatories of the funding agreements will ensure that any issues are identified, discussed and resolved. Procedures will be adopted within the funding agreements to deal with any conflicts/unresolved issues.
3.	Demand	A reduction in anticipated demand leads to a fall in the level of development reducing the demand for transport improvements.	4	5	3	4	4.0	High (4.4)	Development is planned to take place over a 20-year period during which there is expected to be fluctuations in market conditions that would balance out. Regular monitoring of development and assessment of its impact on transport demand will enable a co-ordinated response and timely adjustment of when schemes are implemented. Ultimately if the planned level of development is not realised then demand for transport would be reduced and the programme would be reduced in scale.

4.	Demand	Development occurs at a rate faster than expected requiring transport improvements earlier than anticipated.	1	5	5	2	4.0	Moderate (1.4)	Development is planned to take place over a 20-year period during which there is expected to be fluctuations in market conditions that would balance out. Regular monitoring of development and assessment of its impact on transport demand will enable a co-ordinated response and timely adjustment of when schemes are implemented. Flexibility is built within the programme and investment fund to allow schemes to be brought forward to meet demand. A Cash Flow Model will be used to determine whether sufficient funds are available to commit to implementation of schemes.
5.	Funding	Deed of Variation to S.106 Agreement for Eastern Quarry is not agreed with Land Securities.	1	5	5	4	4.7	Moderate (1.5)	Negotiations with Land Securities to resolve issues regarding contribution to programme contained in existing S.106 Agreement has resulted in agreement on "Heads of Terms" for Deed of Variation. Continued liaison to ensure Deed of variation is signed. Ultimately failure to agreed Deed of Variation would lead to appeal of the S.106 which if successful would need to be renegotiated.
6.	Funding	Developer contributions from Eastern Quarry are not forthcoming due to cessation of development.	3	5	3	4	4.0	High (3.4)	Suitable clauses are included within the deed of Variation to the S.106 Agreement for Eastern Quarry to cover such an event. Ultimately if development in Eastern Quarry ceases then demand on transport network would be reduced. The programme has the flexibility to allow alternative schemes to be implemented. Monitoring the progress of development will ensure that any commitment to implement a scheme matches available funding.
7.	Funding	Developer	4	5	5	4	4.7	Significant	The programme approach to strategic transport

		contributions from S.106 Agreements/CIL do not produce the level of funding anticipated.						(4.5)	infrastructure improvements allows flexibility to react to changing circumstances. Alternative sources of funding would be explored to cover any shortfall from development this could include further public sector funding if available. CIL charging for the programme could be extended beyond the current timescale of 2030/31. Ultimately the programme could be reduced in its scope to match the available funding.
8.	Funding	Developer contributions from S.106 Agreements/CIL produce a level of funding in excess of that anticipated.	1	2	2	1	1.7	Low (1.2)	Flexibility within the programme would enable schemes to be brought forward to take advantage of any additional funding. Governance arrangements will allow key stakeholders to determine if any additional schemes should be added to the programme.
9.	Funding	Use of CIL to secure developer contributions towards the programme is successfully challenged.	2	5	2	2	3.0	High (2.3)	Programme established in Infrastructure Delivery Plan of the Core Strategies for Dartford and Gravesham and in the CIL Charging Schedules. Sufficient evidence provided to justify need for infrastructure, costs and charge to development. Use of more limited negotiations under traditional S.106 Agreements.
10.	Funding	Competing priorities for funding raised by CIL results in a reduced level of funding from developer contributions.	4	5	5	4	4.7	Significant (4.5)	CIL is reviewed at 5-year intervals. Flexibility in programme to delay implementation of schemes if necessary. Governance arrangements would include a Partnership Agreement between the local authorities. Programme could be reduced to match available funding. CIL funding for programme could be extended beyond 2030/31.
11.	Funding	Continued slow-down in the rate of development leads	3	4	5	2	3.7	High (3.4)	Any delay in development would delay the need for transport intervention. Flexibility within the programme to delay schemes. Developer

		to a delay in the receipt of developer contributions.							contributions would also be index linked using the Road Construction Tender Price Index so that delayed contributions would match potential increases in construction costs. CIL funding could also be extended beyond the current assumed limit of 2030/31.
12.	Funding	Further public sector funding contributions are not secured.	5	5	5	4	4.7	Significant (5.5)	Alternative sources of funding explored to cover shortfall. CIL funding could also be extended beyond the current assumed limit of 2030/31 or, if feasible, the level of CIL funding could be increased assuming the programme has priority over other community infrastructure. Programme would be reduced in scale to match available funding.
13.	Funding	Alternative sources of funding are not identified to overcome the potential shortfall in funding.	5	5	5	4	4.7	Significant (5.5)	Approach to Government to provide additional public sector funding. CIL funding could also be extended beyond the current assumed limit of 2030/31 or, if feasible, the level of CIL funding could be increased assuming the programme has priority over other community infrastructure. Programme would be reduced in scale to match available funding.
14.	Planning	Designs for the implementation of individual schemes contained in the programme fail to gain planning permission.	3	4	4	3	3.7	High (3.4)	Dartford and Gravesham Borough Councils have a prominent role in development and governance of programme. A risk based contingency will be included in costs for each scheme. Strong communication of the progress of schemes with key stakeholders and public. Alternative options considered for schemes.
15.	Planning	The purchase of third party land required to deliver individual schemes	3	3	4	1	2.7	High (3.3)	A large proportion of the schemes require land that is either in the control of the local authorities or developers who have an interest in the programme being implemented to facilitate

		contained in the programme is not achieved.							their own development. Consultation with developers to reach agreement on safeguarding of land for schemes. Both KCC and the Highways Agency can use powers of Compulsory Purchase Orders to acquire the land necessary to implement schemes.
16.	Construction	Construction costs increase.	4	4	2	4	3.3	High (4.3)	Estimated scheme costs derived to level of design of scheme and through experience and comparison with similar projects. Risk based contingency will be included in the scheme costs. Costs regularly reviewed and refined as the schemes progress. Developer contributions linked to Road Construction Tender Price Index. Flexibility within the programme to adopt alternative options.
17.	Construction	Scheme costs turn out to be less than initially estimated.	1	3	1	1	1.7	Low (1.2)	Costs regularly reviewed and refined as the schemes progress. Risk based contingency will be included in the scheme costs. Flexibility within the programme to transfer cost savings to other schemes. Governance arrangements will allow key stakeholders to determine if any additional schemes should be added to the programme.
18.	Construction	Unforeseen ground conditions and/or utilities apparatus results in increased costs and/or delays to the construction of schemes.	4	4	3	4	3.7	High (4.4)	Thorough assessment of conditions and site surveys at an early stage of the scheme design to identify potential problems. Risk based contingency will be included in the scheme costs. Alternative options considered where a risk has been identified as having an impact on the scheme costs or its viability.

**Risk Assessment Scoring**

Probability	5 Very Likely	<b>Low</b> <b>(5.1)</b>	<b>Moderate</b> <b>(5.2)</b>	<b>High</b> <b>(5.3)</b>	<b>Significant</b> <b>(5.4)</b>	<b>Significant</b> <b>(5.5)</b>
	4 Likely	<b>Low</b> <b>(4.1)</b>	<b>Moderate</b> <b>(4.2)</b>	<b>High</b> <b>(4.3)</b>	<b>High</b> <b>(4.4)</b>	<b>Significant</b> <b>(4.5)</b>
	3 Possible	<b>Low</b> <b>(3.1)</b>	<b>Moderate</b> <b>(3.2)</b>	<b>High</b> <b>(3.3)</b>	<b>High</b> <b>(3.4)</b>	<b>High</b> <b>(3.5)</b>
	2 Unlikely	<b>Low</b> <b>(2.1)</b>	<b>Moderate</b> <b>(2.2)</b>	<b>High</b> <b>(2.3)</b>	<b>High</b> <b>(2.4)</b>	<b>High</b> <b>(2.5)</b>
	1 Very Unlikely	<b>Insignificant</b> <b>(1.1)</b>	<b>Low</b> <b>(1.2)</b>	<b>Moderate</b> <b>(1.3)</b>	<b>Moderate</b> <b>(1.4)</b>	<b>Moderate</b> <b>(1.5)</b>
	1 Minor	2 Moderate	3 Significant	4 Serious	5 Major	
	Impact					

## **Proposed Governance Arrangements for the Kent Thameside Strategic Transport Programme**

- (1) The following components are proposed for the Governance arrangements for the programme to be established through consultation and agreement with the key stakeholders. Currently the key stakeholders include Dartford Borough Council, the Department for Transport, the Homes & Communities Agency, Gravesham Borough Council, the Highways Agency and Kent County Council.
- (2) **Accountable Body**

Kent County Council currently acts as the Accountable Body for the programme through a decision taken on 21<sup>st</sup> February 2008 (Decision No.07/01108). In this role the County Council will enter into agreements necessary to secure funding for the programme and will manage the programme ensuring that delivery is achieved within an acceptable level of risk. It will set-up and administer a dedicated fund for the programme and use its borrowing powers when necessary to ensure the delivery of the programme.
- (3) **Funding Agreements**

Separate but inter-related funding agreements will be entered into by the County Council as the Accountable Body to secure both the public and private sector funding needed to deliver the programme. Where required this will include agreements under Section 106 of the Town & County Planning Act 1990 or Section 278 of the Highways Act 1980 or other such agreements that would secure contributions from development.

A funding agreement has already been signed with the HCA that has secured a £13m contribution towards the programme. At present further agreements are anticipated between the County Council and: -

  - a.) Dartford and Gravesham Borough Councils
  - b.) Department for Transport
- (4) **Programme Investment Fund**

A dedicated account has been established within the County Council's corporate financial system to hold both the public and private sector funding contributions. This account is solely for the use of the programme and will be subject to an independent audit.
- (5) **Steering Group**

It is proposed to establish a Steering Group initially with representatives from each of the key partners involved in the delivery of the programme. This Steering Group will meet at regular intervals to discuss matters related to the programme such as the progress of the schemes, milestones and outputs, ongoing costs and expenditure, availability of funding, the suitability of schemes in the programme, any proposed changes to the programme and any other matters as agreed by the Steering Group. The Steering Group will agree the Forward Delivery Programme.

(6) Forward Delivery Programme

A Forward Delivery Programme will be produced, in consultation with the key stakeholders, and will set out the planned expenditure and timescale for the delivery of individual schemes contained within the programme. The Forward Delivery Programme will be reviewed on an annual basis.

(7) Annual Progress Report

An Annual Progress Report will be produced which will cover: -

- a.) Expenditure on the programme to date;
- b.) Progress of the schemes contained in the programme;
- c.) Status of the Programme Investment Fund and any income that has been received;
- d.) Progress in meeting outputs and milestones;
- e.) An explanation of any delays and/or mitigating actions;
- f.) Any variations that are needed to the programme as a result of changed circumstances;
- g.) The planned expenditure for forthcoming years and the timescales for bringing forward implementation of the schemes; and
- h.) Any other matters as agreed by the Steering Group.

(8) Programme Manager

It is proposed to appoint a dedicated Programme Manager for the programme who will be responsible for its day-to-day management with the post funded from the programme. The Programme Manager would report to the Steering Group but direct line management would rest with the County Council. The Programme Manager will act as the “*Client’s Representative*” for the commissioning of schemes within the programme.

(9) Delivery Agents

The programme contains schemes that would improve both the Strategic Road Network and the Local Road Network. Delivery agents would be responsible for the implementation of individual schemes. At present this role would fall to the Highways Agency for those schemes that are part of the Strategic Road Network and to Kent Highway Services for those schemes that are part of the Local Road Network.

(10) Monitoring

Suitable data will be collected over the duration of the programme to ensure that: -

- a.) any reporting requirements set out in the funding agreements are fulfilled;
- b.) outputs and milestones of the programme are recorded; and
- c.) the programme achieves its intended aims and objectives.

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**By: Mark Dance**  
**Cabinet Member for Regeneration and Economic Development**

**To: Economic Development Cabinet Committee – 21<sup>st</sup> September 2012**

**Subject: Kevin Lynes Apprenticeship Scheme (KLAS)**

**Classification: Unrestricted**

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**Summary:** To report the development of the Kevin Lynes Apprenticeship Scheme (KLAS) and recommend a route to establishing, and method for administering, that scheme for the consideration and comments of the Cabinet Committee to which the Leader can have regard when taking the decisions reported within.

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## **1. Introduction**

- 1.1 Members will recall, from my letter sent to all County Council Members on the 14<sup>th</sup> May 2012 that I was investigating with the Leader of the Council the concept of establishing a legacy for the late County Councillor Kevin Lynes in the form of the Kevin Lynes Apprenticeship Scheme (KLAS). A copy of that letter is attached hereto by way of background. Useful thoughts and discussions have since ensued with a number of officers, Members, outside organisations and Kevin's partner at the time of his death about what the scheme might hope to achieve and how it might operate.

## **2. Purpose and Scope of Scheme**

- 2.1 It is proposed that the KLAS is a fund set up for the benefit of young people, resident in low income households in Kent, who require funding to benefit from an Apprenticeship Scheme to which they have been accepted or are currently undertaking. It is envisaged that the KLAS would provide funding of up to £1,000 per applicant, following the successful completion of a straightforward application process.
- 2.2 The KLAS will initially be fully funded by Kent County Council. It is proposed that this be achieved by the virement of £50,000 from the existing Kent Jobs for Kent Young People budget. This will be a one-off commitment from KCC and it is hoped that after the first year the scheme will be able to continue by securing grants and donations from various sources. The ability to do so will be embedded in the way in which the scheme is established and administered particularly in the involvement of the Kent Foundation
- 2.3 The Kent Foundation is a charity run by KCC that already supports young people in need of help to start their own businesses and raises funds to continue this work. As the stringent governance measures required to conduct such charitable work are already in place at the Kent Foundation it is recommended that the scheme

funds sit within this sphere to enable continued raising of funds in the future.

- 2.4 It is intended that KLAS funding be available to young people who:
- Are aged between 16 and 22
  - Are not in employment
  - Are not vulnerable learners
  - Are resident in the Kent Administrative area
  - Live in a low income household
  - Have secured an Apprenticeship or intend to secure one and have an endorsement to that effect
- 2.5 It is envisaged that KLAS funds can be used to support successful applicants seeking an Apprenticeship or further training which will lead to an Apprenticeship. Examples of such support might be – necessary equipment (including safety equipment), travel expenses or qualifications for which there is no other funding source but each application will be reviewed on a case by case basis. Controls will be in place for each part of the process to ensure that the funding is used for the purpose intended, that the young person is attending and achieving desired results and, where either of these requirements is not met a clawback process will be enacted. All beneficiaries will be required to sign a Funding Agreement.
- 2.6 A Scheme Board will be established to take decisions on grant giving and provide direction for the scheme in the future. It is envisaged that this Board will be made up by the Cabinet Member for Regeneration & Economic Development, two Kent County Council officers with relevant professional backgrounds and Kevin Lynes partner at the time of his death, Jackie Hinchliffe.
- 2.7 Full Terms of Reference and Procedure Rules are being drafted and these will, respectively, finalise the details of the funds remit and how it will work once established.

### **3. Implementation and Next Steps**

- 3.1 The first step to starting the work of the scheme is to agree the viement of funds from the Kent Jobs for Kent Young People Fund. In conjunction officers alongside myself and the Leader will finalise the scope and Terms of Reference for the Scheme, agreeing the technical aspects of the criteria for allocation of the funds and the establishment of a Board.
- 3.2 In addition formal arrangements will be enacted with Kent Foundation in order that they can administer the scheme on behalf of KCC. Once that is completed we will be able to advertise the Scheme and seek further contributions from outside organisations – there is already a commitment to advertise the proposed Scheme at the upcoming 2020 exhibition and existing Business Advisory Boards and Exhibitions, subject to the KCC agreeing to progress the scheme.

#### **4. Recommendations:**

4.1 The Economic Development Cabinet Committee is asked to consider and either endorse or make recommendations on the decision by the Leader to:

- (a) Agree the virement of £50,000 from the existing Kent Jobs for Kent Young People Budget to a newly established budget code entitled Kevin Lynes Apprenticeship Scheme;
- (b) Undertake the necessary actions to allow those monies to sit within, and be administered by, the Kent Foundation
- (c) Agree the establishment of a Board, as detailed in the report, to have responsibility for allocation of grants to individuals and the direction of travel for the Scheme.
- (d) Agree the finalised scope, Terms of Reference and procedure rules for the Scheme and the Scheme's Board;
- (e) Agree the final criteria for funding allocations from the Scheme in line with those detailed in this report;

#### **Author Contact Details:**

Name                                      Graeme Bridgland  
Directorate                                Business Strategy

Email:    Graeme.bridgland@kent.gov.uk                                      Tel:    01622 694270

**Mr Mark Dance – Member for Whitstable**  
**Cabinet Member for Regeneration &**  
**Economic Development**  
**Email address – mark.dance@kent.gov.uk**

To: All Kent County Council Members

14<sup>th</sup> May 2012

Dear Colleague,

## **A LEGACY TO KEVIN**

It was with enormous pleasure that I accepted the role of Cabinet Member for Regeneration and Economic Development, a position vacated by our late colleague, Kevin Lynes. He is a tough act to follow and I can assure all Members I will give my all to continue his good work.

Many of you who knew Kevin would have been impressed by the passion and commitment he showed in all aspects of his work and within his local area. Kevin was especially passionate about encouraging young and old to achieve all they could in life. In this respect Kevin was a great supporter of apprenticeship schemes and believed they should continue to flourish.

It is in this regard I have agreed with the Leader of the Council and Kevin's partner/family that a Bursary Scheme be set up as a lasting legacy with a potential fund of £50,000 - the Kevin Lynes' Apprenticeship Scheme (KLAS). It is envisaged we would seek sponsorship of this Scheme including donations from individuals and businesses/organisations committed to growing the Kent economy.

Full details of the scheme have yet to be finalised although it is envisaged it will capture all ages and be spread across all aspects of the work agenda. It will also be spread geographically across Kent and touch both urban and rural sectors. There is more work to be done in preparation for this Scheme but I would anticipate Bursaries could be for travel, training costs etc and could well range from just a few hundred to potentially a few thousand pounds.

It is unfortunate that many individuals continue to struggle to secure and retain meaningful work positions. There has always been a concern that talented individuals and their families leave Kent to secure work elsewhere. It is hoped this Bursary will go some way towards halting that exodus and assist in training and retraining individuals for the benefit of both Kent residents and businesses.

I would commend this initiative to all colleagues and seek your indulgence in supporting the concept as we move from idea to inception through to roll out and continuing development.

Yours sincerely,

**Mark Dance**

**TO: Economic Development Cabinet Committee – 21 September 2012**

**BY: Mark Dance, Cabinet Member for Regeneration and Economic Development**  
**David Cockburn, Corporate Director of Business Strategy and Support**

**SUBJECT: Regeneration and Economic Development Portfolio Financial Monitoring 2012/13**

**Classification: Unrestricted**

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**Summary:**

Members of the Cabinet Committee are asked to note the first quarter's full budget monitoring report for 2012/13 reported to Cabinet on 17 September 2012.

**FOR INFORMATION**

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**1. Introduction:**

1.1 This is a regular report to this Committee on the forecast outturn for Regeneration and Economic Development Portfolio.

**2. Background:**

2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio and will be reported to Cabinet Committees 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. The relevant sections from the annexes from the first quarter's monitoring report for 2012/13 for the Business Strategy and Support, and Environment, Highways and Waste Directorates are attached.

**3. Regeneration and Economic Development Portfolio 2012/13 Financial Forecast - Revenue**

3.1 There are no exceptional revenue changes since the writing of the attached quarter 1 report.

**4. Regeneration and Economic Development Portfolio 2012/13 Financial Forecast - Capital**

4.1 There are no exceptional capital changes since the writing of the attached quarter 1 report.

## **5. Recommendations**

- 5.1 Members of the Economic Development Cabinet Committee are asked to note the revenue and capital forecast variances from budget for 2012/13 based on the first quarter's full monitoring to Cabinet.

Jackie Hansen  
Business Strategy and Support Finance Business Partner  
Tel 01622 69(4054)  
Email [jackie.hansen@kent.gov.uk](mailto:jackie.hansen@kent.gov.uk)

# BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY JUNE 2012-13 FULL MONITORING REPORT (EXTRACT)

## 1. FINANCE

### 1.1 REVENUE

1.1.1 The cash limits that the Directorate is working to, **and upon which the variances in this report are based**, include adjustments for both formal virement and technical adjustments, the latter being where there is no change in policy. The Directorate would like to request formal virement through this report to reflect adjustments to cash limits for changes required in respect of the allocation of previously unallocated budgets, where further information regarding allocations and spending plans has become available since the budget setting process and to reflect adjustments required as a result of the finalisation of restructuring. Within the Regeneration and Economic Development portfolio, there have been revisions to the Development Staff and Projects budget to reflect changes in the external funding of a number of projects. This has increased gross by £1.093m and income by £1.055m; the difference of +£0.038m on gross is a correction to the element of this budget that sits within the Enterprise and Environment Directorate and therefore a corresponding reduction is shown within Annex 4 of this report.

Table 1a shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with roll forward from 2011-12 as approved by Cabinet in July and the inclusion of 100% grants (i.e. grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 to the executive summary,
- the total value of the adjustments applied to each A-Z budget line.

#### **Cabinet is asked to approve these revised cash limits**

Table 1b shows the latest monitoring position against these revised cash limits.

1.1.2.1 **Table 1a** below details the change in cash limits by A-Z budget since the published budget:

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement		
	G	I	N	G	I	N	G	I	N
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Business Strategy and Support:</b>									
<b>Regeneration &amp; Economic Development portfolio</b>									
Directorate Management & Support	166		166	166	0	166	0	0	0
Development Staff & Projects	3,731	-263	3,468	4,823	-1,319	3,504	1,092	-1,056	36
<b>Total R&amp;ED portfolio</b>	<b>3,897</b>	<b>-263</b>	<b>3,634</b>	<b>4,989</b>	<b>-1,319</b>	<b>3,670</b>	<b>1,092</b>	<b>-1,056</b>	<b>36</b>

1.1.2.2 **Table 1b** below details the revenue position by A-Z budget against adjusted cash limits as shown in table 1a:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
<b>Regeneration &amp; Economic Development portfolio</b>							
Directorate Management & Support	166	0	166	0	0	0	
Development Staff & Projects	4,823	-1,319	3,504	0	0	0	
<b>Total R&amp;ED portfolio</b>	<b>4,989</b>	<b>-1,319</b>	<b>3,670</b>	<b>0</b>	<b>0</b>	<b>0</b>	

#### 1.1.4 Actions required to achieve this position:

None

#### 1.1.5 Implications for MTFP:

The MTFP assumes a breakeven position for 2012-13.

#### 1.1.6 Details of re-phasing of revenue projects:

None

#### 1.1.7 Details of proposals for residual variance:

The Directorate is wholly committed to delivering a balanced outturn position by the end of the financial year and will continue to consider all options to ensure this happens. Robust arrangements are in place on a monthly basis to ensure that forecasts and expenditure are closely monitored and where necessary challenged.

## 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.

1.2.2 The Business Strategy and Support directorate has an approved budget for 2012-15 of £137.603m (see table 1 below). The forecast outturn against this budget is £127.193m, giving a variance of -£10.410m.

1.2.3 Tables 1 to 3 summaries the Directorate's approved budget and forecast.

1.2.4 Table 1 – Revised approved budget

	Total	Business Strategy, Performance & Health Reform	Regeneration & Economic Development	
	£m	£m	£m	
Approved budget last reported to Cabinet	131.581	28.088	103.493	
Approvals made since last reported to Cabinet	6.022	5.997	0.025	e.g. roll forwards, additional fund & virements
<b>Revised approved budget</b>	<b>137.603</b>	<b>34.085</b>	<b>103.518</b>	

1.2.5 Table 2 – Further changes to budget for Cabinet to approve

1.2.6 Cabinet is asked to approve that the underspend of £0.193m on solar panels is moved back to the Energy Efficiency & Renewable Energy in the KCC Estate project which is in approval to plan.

1.2.6 Table 3 – Summary of Variance

	Total	Business Strategy, Performance & Health Reform	Regeneration & Economic Development
Reason	£m	£m	£m
<b>Unfunded variance</b>			
Funded variance (from table 2)	0.000	0.000	0.000
Variance funded by revenue	0.000	0.000	0.000
Project underspend	-0.700	-0.700	0.000
<b>Rephasing (beyond 2012-15)</b>	-9.710	0.000	-9.710
<b>Total variance</b>	<b>-10.410</b>	<b>-0.700</b>	<b>-9.710</b>

#### Main reasons for variance

1.2.8 Table 4 below, details each scheme indicating all variances and the status of the scheme. Each scheme with a Red or Amber status will be explained including what is being done to get the scheme back to budget/on time.

1.2.9 Table 4 – Scheme Progress

Scheme name	Total cost	Previous spend	2012-15 approved budget	Later Years approved budget	2012-15 Forecast spend	Later Years Forecast spend	2012-15 Variance	Total project variance	Status Red/amber/green
<b>Regen</b>									
East Kent Empty Property Initiative	6.625	5.356	1.269	0.000	1.269	0.000	0.000	0.000	
Euro Kent	6.398	5.974	0.424	0.000	0.424	0.000	0.000	0.000	
Dover Priory Station Approach Road	1.604	1.575	0.029	0.000	0.029	0.000	0.000	0.000	
Rural Broadband Demonstration Project	1.584	0.000	1.584	0.000	1.584	0.000	0.000	0.000	
Tontine Street Public Realm Improvement	0.100	0.006	0.094	0.000	0.094	0.000	0.000	0.000	
Old Town Hall Operating Costs Capital	0.150	0.006	0.144	0.000	0.144	0.000	0.000	0.000	
Swale Parklands	0.999	0.827	0.172	0.000	0.172	0.000	0.000	0.000	
Broadband	20.000	0.000	20.000	0.000	20.000	0.000	0.000	0.000	
Capital Regen Fund	14.351	0.000	11.851	2.500	11.851	2.500	0.000	0.000	
Empty property Initiative	8.451	0.000	5.951	2.500	5.951	2.500	0.000	0.000	
Margate Housing	10.000	0.000	10.000	0.000	10.000	0.000	0.000	0.000	
Regional Growth Fund	40.000	0.000	40.000	0.000	30.290	9.710	-9.710	0.000	Phasing
LAMS	12.000	0.000	12.000	0.000	12.000	0.000	0.000	0.000	
<b>Regen Total</b>	<b>122.262</b>	<b>13.744</b>	<b>103.518</b>	<b>5.000</b>	<b>93.808</b>	<b>14.710</b>	<b>-9.710</b>	<b>0.000</b>	

#### 1.2.10 Status:

Green – Projects on time and budget

Amber – Projects either delayed or over budget

Red – Projects both delayed and over budget

#### 1.2.11 Assignment of Green/Amber/Red Status

1.2.12 As this is the first of the new capital monitoring formats, the red/amber/green statuses are assigned from the current position. A project will not show as amber or red if they have been delayed or over budget in the past but this has now been resolved. Any such issues would have been reported on in previous monitoring reports to Cabinet.

1.2.13 Projects with variances to budget will only show as amber if the variance is unfunded, i.e. there is no additional grant, external or other funding available to fund.

1.2.14 Projects are deemed to be delayed if the forecast completion date is later than what is in the current project plan.

**Amber and Red Projects – variances to cost/delivery date and why.**

1.2.15 Regional Growth Fund – the rephasing of -£9.710m into 2016-17 is due to the re-profiling of the programme based on the best estimates of applications expected for the Expansion East Kent Fund.

**Key issues and Risks**

1.2.18 No key issues or risks have been identified.

## ENTERPRISE & ENVIRONMENT DIRECTORATE SUMMARY JUNE 2012-13 FULL MONITORING REPORT (EXTRACT)

### 1. FINANCE

#### 1.1 REVENUE

- 1.1.1 The cash limits that the Directorate is working to, **and upon which the variances in this report are based**, include adjustments for both formal virement and technical adjustments, the latter being where there is no change in policy. The Directorate would like to request formal virement through this report to reflect adjustments to cash limits required for the following changes required in respect of the allocation of previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.

Within the Regeneration and Economic Development portfolio there have been revisions to the Development Staff and Projects budget to reflect changes in the external funding of a number of projects. This has decreased gross by £0.606m and income by £0.568m; the difference of -£0.038m affects the element of this budget that sits within the Business Strategy and Support Directorate hence a corresponding increase is shown within Annex 6 of this report.

Table 1a shows:

- the published budget,
- the proposed budget following adjustments for both formal virement and technical adjustments, together with roll forward from 2011-12 as approved by Cabinet in June and July and the inclusion of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 to the executive summary,
- the total value of the adjustments applied to each A-Z budget line.

#### **Cabinet is asked to approve these revised cash limits**

Table 1b shows the latest monitoring position against these revised cash limits.

- 1.1.2.1 **Table 1a** below details the change in cash limits by A-Z budget since the published budget:

Budget Book Heading	Original Cash Limit			Revised Cash Limit			Movement		
	G	I	N	G	I	N	G	I	N
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Regeneration &amp; Economic Development portfolio</b>									
Development Staff & Projects	1,277	-1,239	38	671	-671	0	-606	568	-38
<b>Total E&amp;E controllable</b>	<b>178,111</b>	<b>-28,538</b>	<b>149,573</b>	<b>180,482</b>	<b>-25,188</b>	<b>155,294</b>	<b>2,371</b>	<b>3,350</b>	<b>5,721</b>

1.1.2.2 **Table 1b** below details the revenue position by A-Z budget against adjusted cash limits as shown in table 1a:

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>							
Development Staff & Projects	<b>671</b>	<b>-671</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

1.1.4 **Actions required to achieve this position:**

None

1.1.5 **Implications for MTFP:**

None

1.1.6 **Details of re-phasing of revenue projects:**

None

1.1.7 **Details of proposals for residual variance:** *[eg roll forward proposals; mgmt action outstanding]*

None

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**TO: Economic Development Cabinet Committee –  
21<sup>st</sup> September 2012**

**BY: Mark Dance, Cabinet Member for Regeneration and  
Economic Development  
David Cockburn, Corporate Director of Business Strategy  
and Support**

**Subject: BUDGET CONSULTATION 2013/14**

Classification: Unrestricted

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**Summary:** To update the Committee on the 2013/14 budget consultation launched on 6<sup>th</sup> September.

**Recommendation:** Members are asked to note the launch of consultation and that feedback will be provided in the November round of meetings

## **FOR INFORMATION**

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### **1. Introduction**

1.1 Consultation on the draft budget proposals for 2013/14 was launched on 6<sup>th</sup> September. The consultation will run for 8 weeks up to 1<sup>st</sup> November 2012. The consultation has been launched much earlier than in previous years. This allows more time for consideration of the options and more time for Cabinet and Cabinet Committees to consider consultation responses.

1.2 The consultation is accompanied by a brief paper which outlines the challenge the council faces in addressing additional spending demands while at the same time Government grants are reducing and a proposal to freeze Council Tax for the third successive year. This combination means £60m of savings need to be found next year.

1.3 The package of savings for some Cabinet Committees, includes some which are the full year impact of savings we have made as part of 2012/13 budget. We are not specifically seeking views on these full year amounts as decisions have already been taken following full consultation.

1.4 The consultation focuses on £42m of savings which are the key new proposals. This includes proposals to address the £28m of savings that were not identified at the time the current Medium Term Financial Plan (MTFP) was agreed, as well some items which were included in the current plan but not in detail as there was no impact in 2012/13.

## **2. Current Medium Term Financial Plan**

2.1 The starting point for the budget proposals is the current MTFP. We have updated all the estimates in the original plan, including estimates for forecast inflation and demographic pressures as well as the latest on timing for delivery of savings. Launching consultation early inevitably means these estimates are less robust than they would be later in the year. In particular we have had to estimate the amounts we are likely to get in Government grant as we do not even have provisional grant figures to work from. We have had to estimate the likely number of domestic households for Council Tax purposes as districts will not make the formal assessment until later in the year.

2.2 At this stage for consultation purposes we have not produced individual portfolio plans. Instead we have produced an overall summary for the whole council showing how the net expenditure (gross expenditure less service income) is proposed to reduce from £1.78bn in 2012/13 to £1.71bn for 2013/14. Cabinet Members feel it important to consult about the broad principles and direction of travel at this stage and consultation on detailed implementation can follow at a later date once the overall strategy has been agreed. The key issues for the Economic Development portfolio will be considered at that meeting.

2.3 For simplicity Cabinet Members agreed that we should consult about net expenditure i.e. before Government grant income, rather than net spend after specific grants (as previously quoted in budget plans). Cabinet Members felt that distinguishing between specific and un-ring-fenced grants was unnecessarily complex and distracted from the main message of additional spending demands + reduced grants + freeze Council Tax = need for significant savings.

## **3. Engagement with Cabinet Committees**

3.1 Cabinet Committees have already been asked to establish an Informal Member Group (IMG) to consider the specific budget issues for each portfolio. The IMG for this committee is chaired by Mr Wickham, and includes Mrs Green, Mr Collor, Mr K Smith and Mrs Law. The IMG has already set a schedule of meetings throughout the autumn. There are no specific terms of reference for the IMG and each group will agree their own working arrangements and which officers should be invited to provide evidence.

3.2 It is intended that the IMG will report its findings to the November meeting together with any specific issues for the Economic Development portfolio arising from the consultation. This should provide the Cabinet Committee with sufficient information and evidence to make recommendations to the Cabinet Member. These recommendations can then be considered by Cabinet in December prior to issuing any changes to the final draft budget. This will provide Cabinet Committees the opportunity to scrutinise the

response to consultation prior to the final budget being presented to County Council in February.

3.3 In light of this process Cabinet Committee's need to decide whether they want to debate about the proposals in the consultation paper at this meeting, or whether this should be deferred until November after the IMG has undertaken detailed examination.

#### **4. Recommendation**

4.1 Members are asked to

- (i) note the consultation launched on 6<sup>th</sup> September
- (ii) note the proposed engagement with Cabinet Committees
- (iii) decide at which meeting(s) they wish to debate the consultation

*Contact officer:*

Jackie Hansen  
Finance Business Partner (Business Strategy & Support)  
Tel 01622 69(4054)  
Email [Jackie.hansen@kent.gov.uk](mailto:Jackie.hansen@kent.gov.uk)

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By: Mark Dance  
Cabinet Member for Regeneration and Economic Development

Barbara Cooper  
Director Economic & Spatial Development

To: Economic Development Cabinet Committee  
21<sup>st</sup> September 2012

Subject: Development and Infrastructure: Creating Quality Places

Classification: Unrestricted

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**Summary:**

Development and Infrastructure: Creating Quality Places is intended to replace the current KCC approach to securing funding for community infrastructure set out in KCC's Guide to Development Contributions and the provision of Community Infrastructure.

The revised approach sets out KCC's vision for growth and its partnership approach to secure funding for necessary community infrastructure to support housing growth across Kent through existing and proposed public funding sources and from the private sector.

The document also sets out the technical assessment process used in the Integrated Infrastructure and Finance Model (IIFM) which has been developed to identify the additional community infrastructure required as a consequence of forecast housing growth and an estimate of when this is required, its costs and available funding.

KCC has undertaken both an informal and formal consultation on the document and the main themes from the consultation exercise have been reported to the Development Contributions Cabinet Sub-Group and the Regeneration Board. The attached document incorporates agreed changes as a consequence of the consultation.

The intention is to submit the final document to Cabinet on 15<sup>th</sup> October.

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**1. Introduction**

1.1. KCC has a long-standing commitment to ensuring that new housing growth is supported by new/enhanced community infrastructure to ensure quality of life for new and existing communities living in areas of housing development. This includes:

- The publication in 2002 (updated 2007) of the current "KCC Guide to Development Contributions and the provision of Community Infrastructure.

- The publication in June 2003 of “Kent – What Price Growth” (WPG) which set out the approximate costs of community infrastructure to support the housing targets set by the former Government.
  - The publication in October 2009 of “Unlocking Kent’s Potential – Kent County Council’s framework for regeneration in which KCC pledged to update the work in WPG with a more robust assessment of the County’s needs and in particular the implications for KCC services.
- 1.2. WPG was produced in more economically buoyant times and in the context of a major expansion of Government expenditure. Today, economic circumstances are more fragile and Government funding for infrastructure has been substantially reduced. At the same time, the Government has made radical changes to the planning system including introduction of Community Infrastructure Levy (CIL), National Planning Policy Framework and the Localism Act.
  - 1.3. These changes have provided the backdrop for a radical review of our current approach to infrastructure provision. The revised approach is set out in the document “Development and Infrastructure: Creating Quality Places”. Part 1 of the document sets out KCC’s partnership approach for working with Districts, parish and town councils and the development industry in seeking funding to support delivery of necessary community infrastructure. Examples of how KCC works with Districts in this respect are outlined in section 3 of this report.
  - 1.4 The document also sets out in part 2, KCC’s technical assessment process used in the Integrated Infrastructure Finance Model (IIFM). The IIFM is a strategic modelling tool which has been developed by KCC to provide the evidence base to support the allocation of CIL receipts to fund KCC services. The development of the IIFM has drawn together key assumptions for assessing demand for and supply of KCC services ensuring that these are based on consistent and shared datasets and approach. KCC services included in the IIFM are Education (primary and secondary), Adult Social Care and Communities (Community Learning, Libraries and Archives and Integrated Youth Service).
  - 1.4. In overview the IIFM provides a framework for provision on a district by district basis, based on:
    - a) An estimate of the demand for school places, social care and community facilities that will be needed by people living in existing housing stock allocating any existing capacity to these people first;
    - b) An estimate of the net additional need arising from people who will live in new housing developments, taking into account any remaining surplus capacity in existing facilities for use by these people;
    - c) An estimate of capital and revenue cost of new infrastructure and when it is needed.

Appendix 1 provides an example of output from the IIFM.

## **2. Consultation Process**

- 2.1. The consultation process on the document was undertaken in three phases:
- a) Phase 1 – an internal informal consultation within KCC to draft the initial consultation document. As part of this phase, SNR Denton was asked to critique the document including the approach and methodologies being used by KCC in service provision planning. Denton concluded that the model has produced a much more credible evidence base that is evident in the current guide and will provide a sound basis for inputting into forthcoming CIL Charging Schedules.
  - b) Phase 2 - an external informal consultation with key stakeholders (Kent Planning Officers Group, Kent Developers Group, Kent House Builders Group etc) involving presentations to meetings and circulation of the draft document.
  - c) Phase 3 – an external 12-week formal consultation with key stakeholders (Districts, Town and Parish Councils, Kent Developers and House Builders, Planning Consultants) and the public.
- 2.2. Overall, the document was well-received. Main themes emerging from the consultation document were reported to Development Contributions Cabinet Sub-Group and Regeneration Board in May alongside proposed changes to the final document. All consultees have been made aware of the agreed changes via email and a Consultation Statement has been posted on the KCC website.
- 2.3. The revised document is attached at Appendix 2.

## **3. Working with Districts**

- 3.1 KCC has been very successful in securing development contributions, mainly through Section 106 Agreements. Since 2002, KCC has agreed (from April 2002 to June 2012) approximately £58m in contributions on developments of less than 500 houses, plus financial contributions, school sites and infrastructure on larger sites.
- 3.2 Much of this success is due to the working relationships we have with the Districts, particularly where viability is an issue. Examples of joint working to unlock development include:
- Land being reserved at Chilmington Green, Ashford for provision of community services. The intention is for co-location within a Community Hub type facility but if this is not possible, services would be in close proximity of each other to create a focal point for the community.

- Agreed a Deed of Variation at Westwood Cross, Thanet whereby the developer will directly deliver an on-site multi-purpose hub facility including dedicated space for adult social care, 8 wheelchair accessible homes with nomination rights for KCC, time limited free use of space by community learning and youth services, a 2FE primary school site plus additional financial contributions and a financial contribution to provide additional resources and expansion of Broadstairs Library.
- Secured an Adult Social Care Centre at Lowfield Street, Dartford as part of the Tesco development
- Ongoing discussions with Sevenoaks District Council regarding dual use of the Community Centre at Dunton Green
- Renegotiated phasing of development contributions for a hub facility at Martello Lakes, Leisure Centre, Shepway, also securing free use of the hub for youth services, and, wheelchair accessible housing as part of the affordable housing provision.

#### **4. Next Steps**

- 4.1. Outputs from the IIFM are already being used to inform District Local Development Framework documents, particularly their emerging Infrastructure Delivery Schedules. The outputs are also feeding into the joint work between KCC and Districts to provide District-specific prioritised investment schedules of community infrastructure projects. A key element of this work will be to review all projects identified in the IIFM alongside other KCC and District Infrastructure project requirements. This will also involve an assessment of current available funding for each project and how any identified funding gaps can be met.
- 4.2. To assist this work, KCC is developing a cash-flow modelling tool which forecasts likely returns from expected funding streams such as CIL, S106 and NHB set against the costs of infrastructure requirements. This work is at an early stage of development and as such is focused mainly on KCC infrastructure projects as these are most readily available. Going forward, the intention is to work with Districts to include all infrastructure requirements to provide a more comprehensive analysis of costs and funding. Appendix 3 provides example outputs from this model.
- 4.3. Depending on the outcome of this meeting, it is intended to report to Corporate Board (24<sup>th</sup> September) for consideration before submitting a final draft document to Cabinet on 15<sup>th</sup> October.

#### **5. Recommendation**

- 5.1 Members are recommended to confirm the revised framework and technical approach to securing funding for community infrastructure for submission to:

- a) Corporate Board – 24<sup>th</sup> September
- b) Cabinet – 15<sup>th</sup> October

5.2 Members are further recommended to note and give support to the next steps as outlined in section 4 of this report

**Report author:**

Theresa Warford  
Economic Development Officer  
01622 221927  
theresa.warford@kent.gov.uk  
9 August 2012

**Background documents:** None

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# Development and Infrastructure – Creating Quality Places

September 2012

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## Executive Summary

This document sets out the framework by which KCC will work together with Districts, Parishes, Town Councils and the development industry to deliver the necessary community infrastructure to support the forecast level of housing growth in Kent. For the purposes of this document, community infrastructure covers primary and secondary education, adult social care, community learning, libraries and archives and youth. KCC also has statutory responsibility for other services such as highways. Appendix 5 lists the main service contacts for KCC that may require development contributions. It also provides additional information on KCC Highways and Transportation approach.

The framework sets out the approach, funding sources and methodology for calculating the quantum of contributions required towards funding the necessary community infrastructure for the next 20-25 years. This information will be used to assist and inform Section 106 Agreement negotiations and the emerging Community Infrastructure Levies (CIL) throughout the County. The framework and its resultant outputs replace the previous KCC Developer's Guide and should be substituted for the Developer's Guide where that document is referred to in existing Section 106 Agreements.

This document sets out KCC's vision for growth and its partnership approach to seeking to secure funding for the necessary community infrastructure to support that growth through existing and proposed public funding sources and from the private sector. (Part 1)

The document then outlines, in Part 2, the KCC's technical assessment process used in the Integrated Infrastructure Finance Model (IIFM) which has been developed to identify what additional community infrastructure is required as a consequence of forecast growth and when. The quantum is then capable of being converted to a per household or per dwelling contribution, although this document does not set out the specific financial contributions.

The document then provides a series of methodology statements for each service provider.

The framework has been prepared in challenging economic circumstances both for the public sector and development industry. This means it is more important than ever to work together to develop joint innovative and pragmatic solutions to unlock housing development to support both long-term economic growth and ensure quality places for Kent people to live and work.

## **Development and Infrastructure – Creating Quality Places**

This document sets out a framework by which KCC will work together with Districts and the development industry to deliver necessary community infrastructure. It has been prepared in challenging economic circumstances both for the public sector and development industry. This means it is more important than ever to work together to develop joint innovative and pragmatic solutions to unlock housing development to support both long-term economic growth and ensure quality places for Kent people to live and work.

### **PART 1: The Vision**

#### **1. Kent Context**

The recent recession and continuing depressed level of economic activity has meant tighter restrictions on investment funding and mortgage lending by banks. Government funding has substantially reduced. Despite some signs of recovery in the housing market sector site viability and demand currently remain fragile.

These changes present challenges to current approaches to infrastructure provision. In response we will develop alternative, more innovative cost-effective solutions. Solutions that are based on shared objectives and priorities to stimulate local housing and jobs growth. This includes working with Districts, Parishes, Town Councils and Developers to develop more innovative and flexible solutions to deliver community infrastructure based on public and private sector funding sources. **Section two below outlines some of these options in more detail.**

This document has been developed to update and revise KCC's approach to development contributions to ensure the approach complements and supports the strategic policy approach and housing delivery objectives set out in the Kent Forum Housing Strategy, Bold Steps for Kent and Unlocking Kent's Potential: Kent County Council's framework for Regeneration.

#### **2. Approaches to providing infrastructure and funding**

The scale of development in Kent is still to be determined but is likely to be substantial. The South East Plan provided for a target of 139,420 dwellings in Kent and Medway from 2006 to 2026. It is the government's intention to revoke this plan and through the Localism Act give power to Districts to decide the housing targets for their area – these could be significantly different to those set out in the South East Plan. The picture will become clearer during 2012 as Districts and Boroughs make further progress with their Local Plans and begin reviews of adopted plans.

The main funding source for new infrastructure from new housing has until now been development contributions negotiated through S106 agreements. Whilst S106 agreements and the CIL (once implemented) will remain a source of future funding, current economic and financial constraints on the housing market will potentially reduce viability of housing schemes.

Moreover, reductions in local government revenue budgets will put more pressure on current levels of service provision. New provision, where it can be justified, must also be sustainable within revenue budgets. Maintaining a rigid approach to infrastructure provision will undermine the ability to deliver new housing. We recognise that a more flexible and varied approach is required.

KCC will work with the local community, developers and other service providers to support innovative approaches to providing infrastructure which reduce cost whilst ensuring well designed, quality places to live and work. The following list offers examples of these approaches. They are not exhaustive and we would be happy to explore other suggestions.

### **Provision**

- Integrated provision/Community hubs development. An example is the integration of community and primary education provision at The Bridge, Dartford<sup>1</sup>. The community hub planned for Chilmington Green, Ashford is another example and plans to host primary education provision, GP surgeries, dental care, library access point, café, police, community space, adult social care, nursery and children's centre with external space for children's play area, school playing field and community area.
- Gateway<sup>2</sup> provision such as in Ashford and Tunbridge Wells town centres where a range of services can be provided from a single building. At Ashford Gateway Plus, a full library service, community learning, council housing and benefits advice, Citizen Advice Bureau, Social Services and café are provided from one building.
- Provision of new equipment, for example, library book stock instead of a building extension project
- Where appropriate, the provision of a flexible space, outreach provision and commuted sums would enable new communities to determine the shape of their community facilities
- Time-limited commuted contributions to extend services offered at existing facilities, for example by funding additional opening hours, class sessions, accessibility improvements etc.
- New technology based solutions such as accessing services via provision of high-speed broadband, particularly in rural areas or to provide Internet based gateway provision instead of a property based solution
- Provision of houses meeting wheelchair accessible standard (as promoted in the Kent Forum Housing Strategy) within larger development schemes. Eight wheelchair accessible units are included in the Martello Lakes development, Shepway in lieu of financial contributions for use for older people diagnosed with Alzheimer's.
- Direct provision of facilities by the developer. For example, the S106 agreement for Eastern Quarry development includes scope for the developer to directly provide the primary schools. In Shepway, a Care Home provider included an additional 55sqm in

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<sup>1</sup> <http://www.thebridgedartford.co.uk/>

<sup>2</sup> [http://www.kent.gov.uk/your\\_council/contact\\_us/ore\\_offices\\_and\\_gateways/gateway.aspx](http://www.kent.gov.uk/your_council/contact_us/ore_offices_and_gateways/gateway.aspx)

their new development in lieu of contributions for use for older people diagnosed with Alheimers.

- Community facilities, for example, changing facilities, based in high foot-fall facilities such as retail outlets, supermarkets, leisure centres to enable full access for people with learning and physical disabilities.

### **Funding Sources**

Whilst it is reasonable to expect housing development to make a contribution to the cost of required infrastructure, KCC recognise that in many circumstances this can only provide a proportion of the funds necessary for the provision of community facilities. Therefore, alongside looking at new ways of providing infrastructure, KCC with its partners, is committed to explore and seek to use the widest range of potential funding sources including:

- Community Infrastructure Levy (CIL)
- Section 106 (S106)
- Pooled New Homes Bonus (NHB)
- Business Rate Retention (BRR); Tax Increment Funding (TIF)
- Joint working with public and private sector, on a case-by case basis, on use of and disposal of publically owned land and possible property vehicles
- Local bonds

### **CIL**

CIL is being worked up across the County and will gradually be introduced over the next two years. The CIL regulations require charging authorities (in Kent, the Districts) to identify the total infrastructure needed to support new development as the basis for creating a charging schedule as a source of funding to mitigate impact of new development. Where introduced<sup>3</sup>, it will, largely though not exclusively, replace the S106 Agreement approach with a set charge for infrastructure in a defined area. Benefits of a CIL charging schedule include the following:

- Funding raised can be used to support a wide range of infrastructure projects based on locally-determined priorities for growth and community development
- Provides greater transparency and gives an early indication to developers of how much contribution will be expected from them
- Funding streams for infrastructure will be more predictable allowing
  - more effective service planning and delivery of infrastructure
  - opportunity to encourage/enhance ability to attract other investment in an area
- Linking of funding to specific projects providing greater transparency of how and where contributions are being spent to support community development
- Under the Localism Act (2012), neighbourhoods will be able to retain a proportion of the levy raised to implement community schemes area thus giving local communities greater say over how resources are deployed in their area

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<sup>3</sup> While it is very likely that most/all Districts will adopt CIL, this is not compulsory. The IIFM has been calibrated to assist both S106 and CIL approaches

Work has already started on preparing charging schedules. Ashford and Dover Districts are piloting an approach to test issues raised by CIL. Tunbridge Wells and Sevenoaks Districts are also working in partnership preparing evidence to support a CIL charging schedule. Dartford Borough Council and Sevenoaks District Council have recently consulted on a preliminary draft Community Infrastructure Levy Charging Schedule for their areas.

### **Section 106**

S106 payments will continue to exist alongside CIL but post 2014 and where CIL is adopted their use will likely be limited to provide on-site provision for major developments sites. KCC will work with Districts to agree the use of S106 and CIL to ensure developers are not charged twice for the same service.

### **New Homes Bonus**

New Homes Bonus provides a financial incentive to encourage housing delivery. The bonus is equal to the national average council tax for each additional property built and is paid for the following six years after construction as a non ring-fenced grant. In two tier authority areas such as Kent, the bonus will be split between both tiers though the scheme allows for pooling of funding towards delivering infrastructure. Currently the scheme is intended to run to 2016/17 after which the bonus will be paid on a six-year rolling basis.

### **Business Rate Retention - Tax Increment Funding**

The Government White Paper, 'Local Growth: Realising Every Place's Potential' (2011), introduces new powers for local authorities such as TIF to enable them to borrow against future growth in business rates to forward fund investment. Earlier work with partners has already identified a number of development schemes as being potentially suitable for TIF including:

- Ebbsfleet Valley, Dartford and Gravesham
- EuroKent, Thanet
- Ashford Eureka Park

Reports have been submitted to DCLG and we await their response. Dependent on the response received, we will continue working in partnership to pursue opportunities.

### **Joint working with public and private sector – working with Private Rented Sector**

Kent Forum is actively exploring options to build on interest from the private sector to invest in housing through the creation of a national fund to support private sector investment in residential property development. The Homes and Communities Agency and Berkley Homes are already piloting two schemes in Kent where this approach is being tested; one at Holborough Lakes in Snodland and the other at Victory Pier in Gillingham. Discussions are also being held with advisers, investors, developers and local authorities about other possible sites that could be used.

### **Local Bonds**

The Local Government Association is seeking to secure Government support to allow councils to borrow from financial markets via a bond issue arrangement as a potentially less expensive

method for borrowing than from the Public Work Loan Board. The proposals are in the early stages of development and if pursued, it would take up to 2-3 years to establish a collective bond agency to issue the bonds which would be used to pay for vital infrastructure.

### **3. Other Housing Provision Initiatives**

The **No Use Empty (NUE)** Initiative seeks to return empty properties across Kent back into occupied use. NUE provides loans in units of £25k up to a maximum of £175k per applicant over three years at 0% interest to bring empty homes back into occupied use. NUE has been in operation since 2005 and at 31 March 2012, 2,126 homes back into use.

Building on this successful model, KCC is leading a related three-year initiative, **No Use Empty Affordable Rental Homes**. Working in partnership across all 12 Districts in Kent and Registered Providers, this project will focus on bringing large family-size homes back into use as affordable rented homes. The project is also receiving financial backing from the HCA. The project has set a minimum target of bringing 40 homes back into use over the three years.

## Part 2: KCC Approach to Developer Contributions

### 1. Aims and Objectives

As local planning authorities, Districts will decide the level of growth required to deliver their individual needs and aspirations. KCC as a provider of statutory services will work alongside Districts to deliver the vision and objectives in the Core Strategy documents.

KCC will ensure that the information provided to Districts supports the case for infrastructure and is based on a sound and consistent evidence base to ensure the commitments made in Core Strategies complement joint service objectives, and, are affordable. To assist this task, KCC has developed a strategic modelling tool, the Integrated Infrastructure and Finance Model (IIFM). The IIFM enables early identification of the implications of district-specific population and housing growth over a 20-25 year time horizon. In summary, the IIFM provides a framework for service providers to assess, for each district on a development site(s) basis:

- the demand for school places, social care and community facilities (community learning, libraries and archives and youth) that will be needed by the existing population living in current housing stock allocating any existing capacity to these people first
- the additional need arising from the likely population make up of new housing incorporating any remaining surplus capacity in existing facilities for use by these people
- an assessment of the existing capacity of those facilities
- if a new facility or service enhancement is needed, accountability for provision, an indication of when this is required, its estimated cost and available funding to meet costs

This revised approach is intended to provide greater consistency and transparency across KCC services in planning for growth including the flexibility to consider alternative solutions for service provision, such as revenue and Internet based, on a district by district basis. Our aim is that the model outputs will give Districts greater certainty to help plan and support delivery of infrastructure which complements well-designed buildings and communities. The IIFM outputs will be shared with Districts to inform their Local Development Frameworks and, in particular their developing Infrastructure Delivery Schedules.

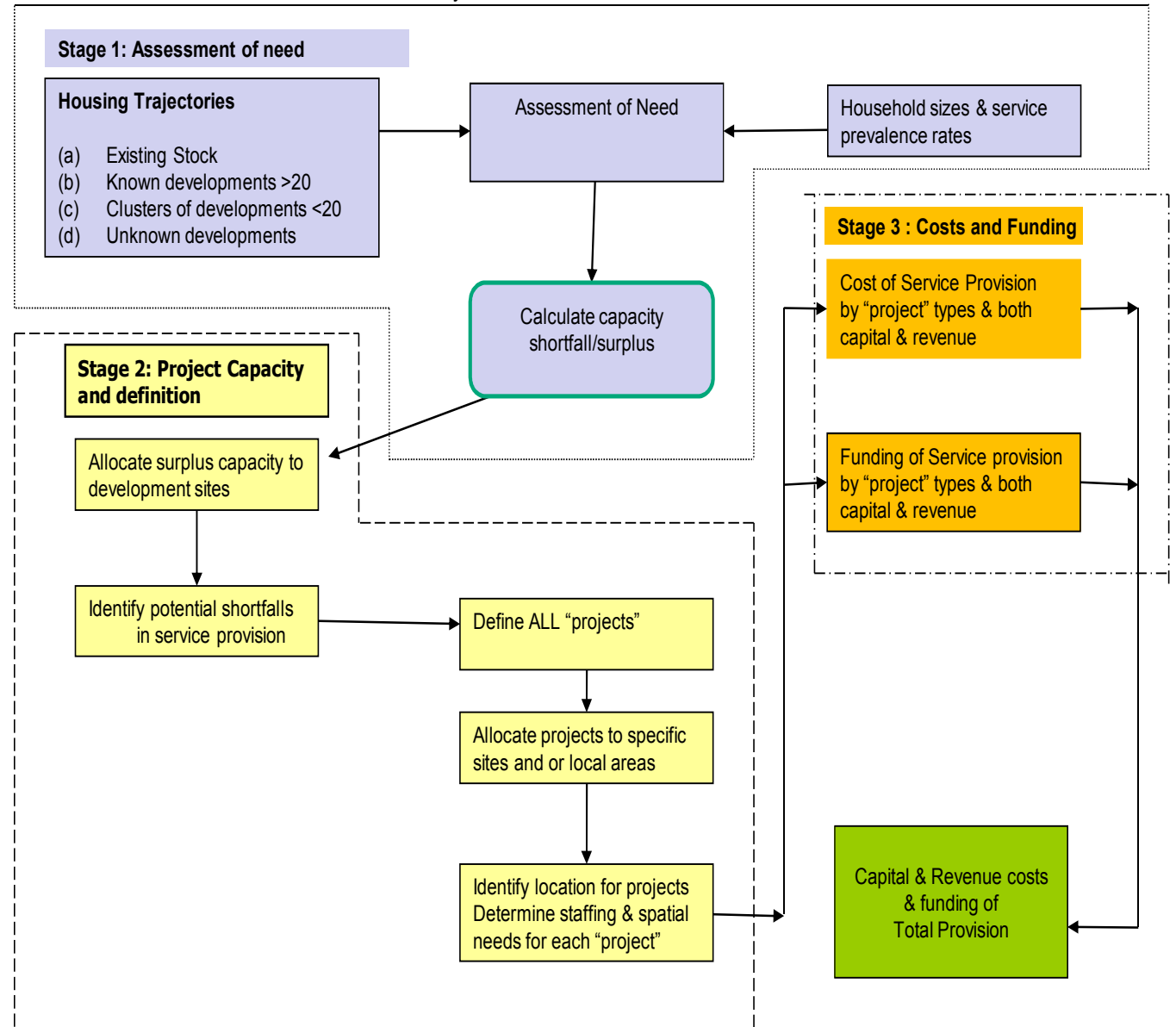
### 2. KCC Infrastructure Planning Framework

In developing the IIFM, KCC has adopted a county approach based on common datasets and methodologies with a clear auditable trail of underlying evidence and data sources, recorded as part of the model's functionality. The IIFM is structured around three core elements:

- Assessment of need - stage 1
- Assessment of capacity and project definition - stage 2
- Assessment of the project costs and financial contributions - stage 3

This is illustrated in the diagram below:

IIFM – Service Provider Model Functionality and Flow



## Stage 1 - Assessment of Need

The starting point for assessment of need is District-specific occupancy profiles of existing housing stock at 2006, and overlaid on this, District-specific occupancy profiles expected from new housing developments set out over 5-year development tranches 2007-11 to 2022-2026 and a further period of beyond 2026 to capture housing that will be approved but not delivered within the timeframe of District Core Strategies. Occupancy profiles have been used in preference to an assumed housing mix as this approach better enables KCC to develop an understanding of how infrastructure needs vary by District and over time.

Need from new housing is analysed as follows:

- individual assessment for developments of 20 or more units
- grouped assessment for clusters of smaller developments under 20 units based on electoral wards
- unknown development, where development is expected but sites have not yet been determined

The inclusion of existing housing stock allows KCC service providers to make a distinction between the evolving needs of the existing population and the needs associated with new development. The following principles have been used:

- Where a new development is built within the catchment area of an existing facility, a proportion of households moving into the new development will be from existing housing in the catchment area and therefore this does not generate new demand, however these relocating households will vacate dwellings in the existing stock which are likely to be new to the catchment area and will generate new demand.
- Demographic changes may result in either an increased or reduced demand for services. Where KCC's approach identifies an anticipated increase in demand, the costs of meeting these needs are considered separately from need arising from new development. Conversely where there is an anticipated reduction in demand, this may free up capacity in existing infrastructure which is allocated proportionally across all new developments in the relevant time period to reduce the requirement for additional infrastructure.
- Houses may be vacant or shared, resulting in either a higher or lower number of households within the area therefore KCC's approach also incorporates district specific sharing and vacancy rates applied to both existing and new housing to account for household fragmentation and a decline in the average household size over time.

This approach results in an estimated number of households as the basis for calculating the potential number of KCC service users to which the following formula is applied:

$$\{[SAH * SR] + [NAH * (1 - SR)]\} * DR * \text{Household count}$$

Where:

- SAH (Stock Age Households) are District-specific and is the number of people in the age group relevant to each service (for example primary school pupils), out of each household. There is a SAH for each year to 2026. . The variation of SAHs by time period captures changes in the demographic profile of the existing population, including declining average household size and different dynamics within each age group. This data is sourced from KCC's Zero Net Migration projections (Sept 2009), as the best proxy to estimate change in occupancy of existing stock households. They are updated on an annual basis.
- SR is the retained Services Ratio. This is the proportion of users in a new development that have relocated from the existing housing stock but who continue to use the same local facility as before moving. This data is sourced from 2005 KCC MORI New Build Survey.
- NAH (New-build Age Household) are District-specific and is the number of people in the age group that is relevant to each service, out of each household moving in to new developments. This data is sourced from 2005 KCC MORI New Build Survey.
- DR is the Demand Ratio. This is the number of people who are likely to use services, and thereby a facility, out of the household members in the relevant age group. This data is sourced from KCC service providers. Where available, this information is District-specific.

Use of District-specific data enables KCC to tailor requirements to local need and development plans. Appendix 4 has a worked up example of the formula to assess need.

## **Stage 2 - Assessment of Capacity and project definition**

In assessing need, service providers have undertaken a review of current capacity of existing infrastructure. Any surplus is allocated firstly to meet the demand from service users in existing households before consideration of potential need from service users from new developments. If this process identifies a residual need for new or enhanced infrastructure service providers have, in the first instance, determined the specific projects that will most effectively meet this need including revenue-based solutions though we are open to alternative solutions that assist site viability and which can also meet service needs.

The same method is used to assess current and future capacity but on a service-specific basis. The following tables outline the main assessment criteria and performance outputs employed by each service. The information in the following tables is based on the current service delivery strategies of service providers. These strategies are kept under review via KCC's medium and annual business planning processes to enable KCC to respond to changes arising from new legislation, demographical changes and also how people will want to access/ have services provided in the future. Users of this document are advised to check the relevant pages on KCC's website: [WWW.kent.gov.uk](http://WWW.kent.gov.uk) for latest information.

## Primary and Secondary Education

<p>Statutory basis</p>	<p>Education Acts 1944 – 2011  The Schools Standards and Framework Act 1998  The Education (School Premises) Regulations 1999  The Education and Inspections Act 2006  Education and Skills Act 2008  Apprenticeships, Skills, Children and Learning Act 2009  Academies Act 2010</p>
<p>Service Delivery</p>	<p>The Commissioning Plan for Education Provision 2012-2017 provides the framework by which KCC will commission future primary and secondary education provision in Kent.</p> <p>This document sets out how KCC will carry out its responsibility for ensuring that there are sufficient places of high quality for all learners, while at the same time fulfilling its other responsibilities to raise education standards, and be the champion of children and their families in securing good quality education. The purpose of the document is to be transparent about the future need for education provision in Kent in order to enable parents and education providers to put forward proposals as to how these needs might best be met.</p>
<p>Methodology</p>	<p>School capacities and forecast rolls assessed for those primary and secondary schools situated within the local settlement area pertaining to the application site and deemed to include those schools best placed to meet the education needs of new development and most likely to be affected by the additional pupil product</p> <p>Known and expected future surplus/deficit arising from demographical changes</p> <p>Pupil product ratios (PPR) based on methodologies and assumptions in the IIFM as outlined above</p>
<p>Project Requirement (where necessary)</p>	<p>Contribution towards the cost of new school places</p> <p>Wherever possible KCC will allocate surplus places in existing schools within the local area and meet additional need by expansion of schools in the area. Where this is not possible a new facility and school site will be required. The school site is expected to be provided at no cost to KCC. Appendix 2 contains the site transfer requirements.</p> <p>Where additional facilities and sites are required due to the cumulative effect of development proportionate contributions towards build and land costs will be necessary to enable delivery.</p> <p>Through the LDF process, KCC will work with Districts to provide Districts and</p>

	developers with early indication of potential requirement for new schools to give advance notice of required sites and associated site requirements.
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<b>Adult Social Care</b>	
Statutory basis	<p>National Assistance Act 1948  The Chronically Sick and Disabled Act 1970  Mental Health Act 1983  NHS and Community Care Act 1990  NHS Act 2006  Our Health, Our Care, Our Say 2006  Valuing People Now 2007  Putting People First 2007  Transforming Social Care 2008  The Heath and Social Care Bill 2008  National Dementia Strategy 2009  Equity and excellence: Liberating the NHS 2010  Partnership Strategy for Learning Disability 2012-15</p>
Service Delivery	<p>The service provides support to older people, people with physical or sensory disabilities, people with learning disabilities and people with mental health problems. Personalisation is the primary focus for service delivery – putting the individual at the centre of the care process giving individuals greater choice and control to decide the service and support they want provided. There is also a government directive for health and social care to work together, as people who require social care, usually also need medical care as well.</p> <p>Delivery models are therefore primarily focused on enabling clients to remain in their own homes by using assistive technology and by providing suitable accommodation solutions and community support whilst fully participating in community life.</p> <p>Projects in the community may be commissioned to providers in the social care sector.</p>
Methodology	<p>SWIFT management information system and population estimates to identify the prevalence rates of potential “capital need” clients</p> <p>Number of potential clients based on methodologies and assumptions in the IIFM as outlined above</p>
Project Requirement (where necessary)	<p>Contribution towards enhancement or provision of a range of community facilities including:</p>

- **Community / local hubs** within shared buildings: community resource from which a range of services can be delivered. Hubs may include adult changing facility, assessment clinics and can be used for demonstrating assistive technology.
- **Adult changing places<sup>4</sup>** in community buildings: to enable full access to people with disabilities to key community buildings, such as libraries, Gateways and leisure centres
- **Co-location with health:** co-location of social and health care staff to enable joint/single assessment, diagnosis and enablement services. This could be via new GP practices, new build health and social care centres
- **Integrated dementia day care hubs:** community facility to deliver a 24 hour integrated dementia care service including “in-reach” and “outreach”, early onset dementia resource, memory clinics, and respite care.
- **Building community capacity:** this space is secured for rural areas where facilities are scarce. The funding will contribute towards enhancing local and community venues which are essential for statutory and voluntary organisations to deliver services. These can be used for outreach work such as advice and information surgeries and assessment clinics
- **Assistive technology (also referred to as Telecare):** provision of practical resources to increase the user and their carer’s safety and comfort of staying in their own home as well as promoting independence. This includes the purchase and installation of equipment.
- Unless provided for by Districts through existing planning policy, enhanced standards of housing provision **Enhanced standards of housing provision:** to enable wheelchair users of any age and people with disabilities to access suitable housing solutions. This will enable service users to live in the community with care and support at home rather than in residential care institutions.

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<sup>4</sup> <http://changing-places.org/>

<b>Community Learning</b>	
Statutory basis	Learning and Skills Act 2000 New challenges New Chances (BIS Policy Statement – December 2011)
Service Delivery	The service is provided on a district-wide basis and is based on a hub and spoke service delivery model. Each district will have one main centre building. Additionally outreach provision provides more locally based adult learning provision outside of the main centres to ensure services can be accessed across a wide geographical area.
Methodology	Number of potential clients based on methodologies and assumptions in the IIFM as outlined above  Service performance targets: <ul style="list-style-type: none"> <li>• Attendances per session</li> <li>• Staff requirement per session</li> <li>• Space requirement per class and per session</li> </ul>
Project Requirement (where necessary)	Contributions for short term funding whilst classes become established and build up to a viable size to include: <ul style="list-style-type: none"> <li>• Additional staffing or class room hours at either main centres or via outreach venues to increase the number of classes</li> <li>• Additional stock and equipment at either main centres or via outreach venues to increase the number of classes</li> <li>• Where existing assets cannot be used, new build (as a last resort)</li> </ul>

<b>Libraries and Archives</b>	
Statutory basis	<p>Public Libraries and Museums Act 1964</p> <p>Other national guidance relevant to this service can be found in</p> <ul style="list-style-type: none"> <li>• Building Better Libraries for the Future</li> <li>• Framework for the Future and Public Library Service Standards</li> </ul> <p>The Local Government Act (1972) requires local authorities to take proper care of their records and archives.</p>
Service Delivery	<p>The service is provided on a District-wide basis and is based on a hub and spoke service delivery model. Each District has one main centre library (the hub) and archive building from which the full range of library and archive service is provided. Spokes (smaller libraries and the mobile library service) provide more localised delivery services and provide access points to the main hub services. Additionally, the Library and History Centre in Maidstone provides all Kent residents access to a county-wide centre of excellence library and archive service</p>
Methodology	<p>Number of potential clients based on methodologies and assumptions in the IIFM as outlined above</p> <p>Service performance targets:</p> <ul style="list-style-type: none"> <li>• Space per 1,000 population</li> <li>• Items of stock per head</li> <li>• Weekly customer contact time in hours per Full Time Employee</li> </ul>
Project Requirement (where necessary)	<p>Contributions towards:</p> <ul style="list-style-type: none"> <li>• Extended opening hours (i.e. additional running costs and staffing costs). Additional book stock and IT equipment</li> <li>• Building improvements and refurbishment to accommodate additional users and/or book stock and equipment</li> <li>• Where existing assets cannot be used, new build (as a last resort)</li> </ul>

<b>Youth Service</b>	
Statutory basis	<p>Section 53 of the Education Act 1944  Section 11 of the Further Education Act 1992  Sections 15 and 508 of the Education (Consolidation) Act 1996  Section 1 Subsection 6 of the Education Act 2006</p> <p>There is a legal duty for Local Authorities to provide youth service facilities in their area and to work with communities to encourage and promote the constructive development and health of its young people.</p>
Service Delivery	<p>The service caters for young people from 11 to 25 years though the prime focus is on 13 to 19 year olds. From 1 January 2013, service delivery will combine a KCC delivery service and commissioned services. The KCC service will comprise, for each District, a building-based service facility, a street-based project and at least one school-based Youth Community worker. In addition, commissioned youth work activity will be delivered by a range of local providers</p>
Methodology	<p>Number of potential clients based on methodologies and assumptions in the IIFM as outlined above</p> <p>Service performance targets:</p> <ul style="list-style-type: none"> <li>• Attendances per session</li> <li>• Staff requirement per session</li> <li>• Space per attendee</li> <li>• Hours per session</li> </ul>
Project Requirement (where necessary)	<p>Contributions towards short term funding whilst sessions become established and build up to a viable size to include:</p> <ul style="list-style-type: none"> <li>• Additional stock and commissioned services</li> </ul>

## **Stage 3 Project Costs and Financial Contributions**

### **Project costs**

Project costings used in the IIFM are based on actual schemes, QS work undertaken on behalf of KCC and revenue data. Where applicable percentage uplifts for professional fees, contingency and fit out has been added.

Need and capacity in existing infrastructure will vary between Districts. Overall project requirements and, therefore costs, will also vary between individual Districts and development schemes. The IIFM is calibrated to identify particular sites to projects for S106 purposes and can also be used to estimate the total infrastructure costs of services included in the IIFM on an area-wide basis for use in CIL charging schedules.

Additionally, the IIFM identifies existing and potential funding available and source(s), on a project basis, to calculate a net project cost. Information supplied to Districts for charging schedules is the net project cost. Project costs do not include a land cost though this can be added to the model to enable full understanding of the cost implications of service provision where land is needed to deliver the service.

### **Financial contributions**

As stated earlier in this document, Districts are responsible for setting of CIL charges and for collection of CIL receipts. KCC will work with Districts to provide a prioritised investment schedule of necessary projects including typical costs and review of funding sources available for each project. Where there is an identified need for a project due to new housing development that is not supported through CIL receipts, it will not be possible for KCC to underwrite these projects. The consequence will be a reduction in service provision for both existing and new communities.

Where contributions are being secured via S106, KCC will continue to work with partners to profile payments, where necessary to enable development to proceed, provided sufficient monies are available at the appropriate time to commission and deliver the necessary infrastructure required.

### **Viability**

A major element in defining the level of CIL will be financial viability which is a material consideration under the CIL regulations. As stated earlier in this document, KCC recognises that a balance is needed between contributions from developments and delivery of development necessary for economic growth. It is clear that developer contributions (CIL or S106) cannot meet the full costs of infrastructure needed to support new housing and there is a risk to all services regardless of who is/will provide them of a significant funding gap. KCC is therefore working with North Kent Districts on a financial model intended to provide a forecast of the likely return from a mix of funding sources including developer contributions, New Homes Bonus and Business Rate Retention over time set against infrastructure requirements to identify pressure points and funding gaps.

**Updating and review**

This guide will be revised periodically as required to reflect significant changes in National and Local legislation and policy frameworks. Assumptions, occupancy ratios and project cost figures used in the IIFM will be reviewed annually by KCC. Where appropriate, individual S106 agreements will make provision for indexation of contributions to ensure that pricing is inflation- proofed. Build costs will normally be linked to the Royal Institute of Chartered Surveyors Building Cost Information indices.

## Legal and Planning Context

### **National Planning Policy Framework: (NPPF)**

Published in March 2012, the NPPF is intended to make the planning system less complex and more accessible, to protect the environment and promote sustainable growth. In the framework, local plans are seen as the key to delivering sustainable development. As such, Local Plans should include the strategic priorities and policies that will deliver them including the provision of community infrastructure. The framework also imposes a duty on Local Planning Authorities to co-operate on planning issues that cross administrative borders. This includes cultural and community infrastructure.

### **Localism Act**

The Localism Act (2012) gives new rights for local communities to shape new development via the preparation of a neighbourhood plan, development order or a Community Right to Build order. Neighbourhood plans, where approved by the majority of local people, will become part of the local strategic Development Plan and form the basis of determining planning applications in the area.

### **S106**

KCC seeks to secure development contributions using powers under Section 106 of the Town and Country Planning Act 1990 (as amended). S106 provides that anyone with an interest in land may enter into a planning obligation which is enforceable by the local planning authority. Obligations may:

- Restrict the development or use of land
- Require operations to be carried out in, on, under or over the land
- Require the land to be used in any specified way
- Require payments to be made to the Local Planning Authority, either in a sum or periodically

Under the Act, KCC seeks development contributions to secure community infrastructure on or off site to meet demand from new housing developments where it is demonstrated that requests meet the three legal tests outlined in the Planning Act 2008 and the Community Infrastructure Regulations 2010 in that the planning obligation is:

- necessary to make the development acceptable in planning terms
- directly related to the development; and
- fairly and reasonably related in scale and kind to the development

Contributions can be in kind or in the form of a financial contribution. Payments can include

maintenance costs. Contributions can be pooled<sup>5</sup> where the combined impact from a number of developments creates a need for new infrastructure or facilities.

### **CIL**

The introduction of the Community Infrastructure Levy (CIL Regulations 2010) requires charging authorities to identify the total infrastructure needed to support new development as the basis for creating a charging schedule as a source of funding to mitigate impact of the new development. The outputs from the IIFM are consistent with this approach and can be fed into the Local Development Framework process in which local planning authorities set out their policies and requirements. The IIFM is calibrated to consider individual developments of 20 or more units and clusters of developments under 20 units based on electoral wards. Outputs can be produced at both a district and development site level thus meeting the requirements of current planning and proposed future planning regimes.

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<sup>5</sup> From April 2014, restrictions will apply to pooled contributions

### General Site Transfer Requirements

**This list is illustrative and not exhaustive and will be flexibly applied for each individual site.**

1. The developer/landowner to provide site investigation report and to effect a transfer free from:
  - contamination (including radiation),
  - protected species
  - ordnance
  - rubbish (including broken glass)
  - any adverse soil conditions or occupation

Where appropriate the following indemnities may be required.

2. The County Council to be granted a Licence for access onto the site, prior to transfer for the purpose of surveying and carrying out technical investigations.
3. The site and any associated areas i.e. playing fields are fit for purpose, above flood plain level and adequately drained. (The early involvement of KCC Property is encouraged in this respect)
4. The site to be level, regular-shaped and undivided (i.e. a single unit with no public footpaths crossing the site). It should offer ease of access to intended users, i.e. school children, parents, staff and deliveries etc. Where appropriate, indemnities may be required.
5. The site to be clearly pegged out on site to the satisfaction of the delegated representative of KCC's Head of Property, and fenced with GIS co-ordinates prior to completion of the transfer.
6. The site to be freehold unencumbered and conveyed for the nominal consideration of £1 with full title guarantee and vacant possession with no onerous covenants.
7. Prior to the use of the site or any ground/construction works i.e. the building of a school and subject to the approval of KCC, the developer/landowner is to provide, at their own cost, suitable free and uninterrupted construction access to a suitable location on the site boundary. Haul roads should be constructed, at no cost to KCC, and maintained to a standard capable of accommodating HVGs and other construction traffic.
8. Prior to the use of the site for its intended purpose, and adopted highway (or highway capable of being adopted), which is suitable for the intended use of the site is to be

provided up to a suitable point on the site boundary together with a suitable alternative vehicular access for deliveries etc., if required and also close to public transport,. The highway and any alternative access is subject to approval by KCC.

9. Prior to the site transfer adopted services and utilities will be provided to an agreed location(s) on the site boundary of sufficient capacity and depth to accommodate the maximum potential requirement without mechanical and upon transfer. Necessary statutory undertakers' plant (such as electricity sub-stations or transfer stations) shall be located outside of the site boundary and the County shall not be liable for any costs (including legal costs) associated with the installation and commissioning of such plant.
10. No mobile phone masts, overhead cables etc within 250m of a school site and where possible the developer/landowner to impose a covenant that none will be erected within this distance of any site boundary.
11. Rights to enter so much of the adjoining land within the ownership of the Developer as is reasonably necessary to carry out construction works on the site. The County Council to be responsible for making good any disturbance caused to the reasonable satisfaction of the adjoining owner in the exercise of these rights.
12. The landowner to be responsible for the County Council's legal costs and surveyor's fees together with administrative costs incurred during negotiations and in completing the Section 106 Agreement, taking transfer of the land including Land Registry costs, the granting of any easements/licences, or any other documentation and any Project Management agreements.
13. Plan of the site to a scale of 1:1250 to be supplied prior to transfer showing site levels, access, boundaries and details of any adjoining development. The plan is to be provided in a suitable electronic format together with paper copies.
14. Adjoining uses should not cause interference, conflict or be inappropriate in any way to the use of the site i.e. the curriculum delivery for schools. This also includes adverse conditions disruption and inconvenience by noise, dust, fumes, traffic circulation, artificial lighting etc.

### List of assumptions and information sources used in KCC infrastructure Planning Framework

**Service age groups** in the IIFM have been sourced from KCC service providers. They are:

<b>Service Group</b>	<b>Age Group</b>
Primary Education	4 – 10
Secondary Education	11 – 15
Sixth Form	16 - 17
Libraries	All
Community Learning	19+
Youth Services	13 - 19
Learning Disabilities	18 – 64
Physical Disabilities	18 – 64
Older People	65+
Assistive Technology	18+

**Stock age population per household (SAH)** figures have been sourced from Zero Net Migration projections (September 2009) provided by KCC Research & Intelligence Team. These can be updated annually.

**Retained services ratio (SR)** has been sourced from the 2005 KCC MORI New Build Survey

**New build age group per house hold (NAH)** has been sourced from the 2005 KCC MORI New Build Survey.

The **demand ratio (DR)** has been sourced from:

- Education: ONS mid-year population estimate data and January school census data (KCC, Management Information). This is updated annually.
- Adult Learning: Service target
- Youth: nationally set target: 25%
- Kent Adult Social Care: KASC Swift (management information system) Mid year population estimates, Office of National Statistics. These are updated annually.

## Assessment of need example

Example is based on a housing development of 379 households which will be built out as follows:

Total Dwellings	Period 2013	Period 2014	Period 2015	Period 2016	Period 2017
379	82	252	45	0	0

To convert dwellings into households, the model applies District-specific vacancy and household sharing rates. These are currently sourced from the 2001 Census data. Using current Gravesham data, the number of households is calculated as:

- $82 - ((82 * 1.76\%) + (82 * 0.10\%)) = 80.47$  households
- $252 - ((252 * 1.76\%) + (252 * 0.10\%)) = 247.31$  households
- $45 - ((45 * 1.76\%) + (45 * 0.10\%)) = 44.16$  households

Going forward, vacancy rates will be updated annually in line with KCC's new population forecasting model. Sharing rates will be updated once the 2011 Census data becomes available.

To assess client need from each developed, the following formula is applied:

$$\{[SAH * SR] + [NAH * (1 - SR)]\} * DR * \text{Household count}$$

### Education

<b>Service: Primary Education (4-10 Age Group)</b>							
Period	((SAH *	SR) +	(NAH *	(1-SR))) *	DR *	Households	Need Assessment
2013	((0.20492 *	0.62) +	(0.22381 *	(1-0.62))) *	0.988 *	80.47	16.86
2014	((0.20955 *	0.62) +	(0.22381 *	(1-0.62))) *	0.988 *	247.31	52.52
2015	((0.21055 *	0.62) +	(0.22381 *	(1-0.62))) *	0.988 *	44.16	9.40
<b>Total</b>							<b>78.78</b>

<b>Service: Secondary Education (11-15 Age Group)</b>							
Period	((SAH *	SR) +	(NAH *	(1-SR))) *	DR *	Households	Need Assessment
2013	((0.19945 *	0.75) +	(0.16190 *	(1-0.75))) *	0.91 *	80.47	13.91
2014	((0.20364 *	0.75) +	(0.16190 *	(1-0.75))) *	0.91 *	247.31	43.48
2015	((0.20825 *	0.75) +	(0.16190 *	(1-0.75))) *	0.91 *	44.16	7.90
<b>Total</b>							<b>65.29</b>

<b>Service: Sixth Form Education(16-17 Age Group)</b>							
Period	((SAH *	SR) +	(NAH *	(1-SR))) *	DR *	Households	Need Assessment
2013	((0.14014 *	0.75) +	(0.07143 *	(1-0.75))) *	0.438 *	80.47	4.33
2014	((0.13466 *	0.75) +	(0.07143 *	(1-0.75))) *	0.438 *	247.31	12.87
2015	((0.13174 *	0.75) +	(0.07143 *	(1-0.75))) *	0.438 *	44.16	2.25
<b>Total</b>							<b>19.45</b>

### Families and Social Care

<b>Service: Learning Disability Capital Clients (18-64 Age Group)</b>							
Period	((SAH *	SR) +	(NAH *	(1-SR))) *	DR *	Households	Need Assessment
2013	((1.45256 *	0.60952) +	(1.66667 *	(1-0.60952))) *	0.00187	80.47	0.23
2014	((1.44420 *	0.60952) +	(1.66667 *	(1-0.60952))) *	0.00187	247.31	0.70
2015	((1.43746 *	0.60952) +	(1.66667 *	(1-0.60952))) *	0.00187	44.16	0.12
<b>Total</b>							<b>1.05</b>

<b>Service: Physical Disability Capital Clients (18-64 Age Group)</b>							
Period	((SAH *	SR) +	(NAH *	(1-SR))) *	DR *	Households	Need Assessment
2013	((1.45256 *	0.60952) +	(1.66667 *	(1-0.60952))) *	0.001	80.47	0.12
2014	((1.44420 *	0.60952) +	(1.66667 *	(1-0.60952))) *	0.001	247.31	0.37
2015	((1.43746 *	0.60952) +	(1.66667 *	(1-0.60952))) *	0.001	44.16	0.06
<b>Total</b>							<b>0.55</b>

<b>Service: Older People Capital Clients (65+ Age Group)</b>							
Period	((SAH *	SR) +	(NAH *	(1-SR))) *	DR *	Households	Need Assessment
2013	((1.45256 *	0.60952) +	(1.66667 *	(1-0.60952))) *	0.04377	80.47	1.03
2014	((1.44420 *	0.60952) +	(1.66667 *	(1-0.60952))) *	0.04377	247.31	3.22
2015	((1.43746 *	0.60952) +	(1.66667 *	(1-0.60952))) *	0.04377	44.16	0.58
<b>Total</b>							<b>4.83</b>

<b>Service: Assistive Technology Capital Clients (18+ Age Group)</b>							
Period	((SAH *	SR) +	(NAH *	(1-SR))) *	DR *	Households	Need Assessment
2013	((1.89100 *	0.60952) +	(1.73333 *	(1-0.60952))) *	0.0081 *	80.47	1.19
2014	((1.88950 *	0.60952) +	(1.73333 *	(1-0.60952))) *	0.0081 *	247.31	3.66
2015	((1.88812 *	0.60952) +	(1.73333 *	(1-0.60952))) *	0.0081 *	44.16	0.65
<b>Total</b>							<b>5.50</b>

**Customer and Communities**

<b>Service: Libraries and Archives: (All ages)</b>							
Period	((SAH *	SR) +	(NAH *	(1-SR))) *	DR *	Households	Need Assessment
2013	((2.41907 *	0.60952) +	(2.34762 *	(1-0.60952))) *	1 *	80.47	192.42
2014	((2.41377 *	0.60952) +	(2.34762 *	(1-0.60952))) *	1 *	247.31	590.56
2015	((2.40845 *	0.60952) +	(2.34762 *	(1-0.60952))) *	1 *	44.16	105.31
<b>Total</b>							<b>888.29</b>

<b>Service: Community Learning: (19+ Age Group)</b>							
Period	((SAH *	SR) +	(NAH *	(1-SR))) *	DR *	Households	Need Assessment
2013	((1.85947 *	0.60952) +	(1.70476 *	(1-0.60952))) *	0.03757	80.47	5.43
2014	((1.85951 *	0.60952) +	(1.70476 *	(1-0.60952))) *	0.03757	247.31	16.71
2015	((1.85820 *	0.60952) +	(1.70476 *	(1-0.60952))) *	0.03757	44.16	2.98
<b>Total</b>							<b>25.12</b>

<b>Service: Integrated Youth Service (13-19 Age Group)</b>							
Period	((SAH *	SR) +	(NAH *	(1-SR))) *	DR *	Households	Need Assessment
2013	((0.06048 *	0.75) +	(0.24286	(1-0.75))) *	0.25	80.47	2.13
2014	((0.06068 *	0.75) +	(0.24286	(1-0.75))) *	0.25	247.31	6.56
2015	((0.06018 *	0.75) +	(0.24286	(1-0.75))) *	0.25	44.16	1.16
<b>Total</b>							<b>9.85</b>

The formula calculates the gross need for the site. This process is repeated for all forecast development in the period. Once this process is completed, Service Providers assess current and future capacity of existing facilities within a geographical area and across the time period of developments allocating any surplus capacity including future capacity arising from demographical changes in the existing population across each development site for each period. The amount of surplus is pro rata to the need arising from each development, capped to the total need from the development. This approach enables a fairer distribution of existing surpluses across all developments and removes unfairness that the last development coming forward for assessment bears the total of additional infrastructure requirements.

## List of KCC Service Contacts

KCC Service	Contact Name	Email address	Telephone Number
Developer Contributions	Paul Campion	paul,campion@kent.gov.uk	01622 221346
Primary and Secondary Education	Bryan Fitzgerald	bryan.fitzgerald@kent.gov.uk	01622 694146
Families and Social Care: Ashford, Canterbury, Dover, Shepway, Swale and Thanet	Rocio Arias-Dumeige	rocio.arias-dumeige@kent.gov.uk	07789 750851
Families and Social Care: Dartford, Gravesham, Maidstone, Sevenoaks, Tonbridge and Malling and Tunbridge Wells	Nicola McLeish	nicola.mcleish@kent.gov.uk	07703 749586
Community Learning	Ian Forward	ian.forward@kent.gov.uk	01795 415901
Libraries and Archives	Lesley Spencer	lesley.spencer@kent.gov.uk	01622 696501
Integrated Youth Service	Mike Leppard	mike.leppard@kent.gov.uk	01622 694241
Highways and Transportation	Paul Lulham	paul.lulham@kent.gov.uk	01233 614062

### **Additional Information: Highways and Transportation**

KCC is the Highway Authority for Kent. It is responsible for the management and maintenance of all adopted roads in the county other than motorways and trunk roads, which are the responsibility of the Highways Agency. KCC is also the Local Transport Authority for Kent and actively promotes alternatives to car-based travel to improve the accessibility, sustainability and efficiency of the highway network. The County Council plays a key role in improving road safety through training, media campaigns and physical measures.

New development can place pressure on both the transport system and the environment. It is therefore important to ensure that not only the land-use strategy set out in Local Plans, but also each individual development for which planning consent is granted, is as sustainable as possible. If development does not make a fair and proportionate contribution to the mitigation of its impact on the transport network, there could be safety and capacity consequences which could prejudice the delivery of subsequent developments identified as being necessary to meet adopted housing and employment targets.

#### **Strategic transport infrastructure**

In order for the Local Plans produced by Kent's District Councils to be considered 'sound' by the Planning Inspectorate, they must include full consideration of how the impact of planned development on the transport network will be mitigated. KCC works closely with the Districts and the Highways Agency to develop comprehensive transport strategies, underpinned where appropriate by multi-modal modelling, identifying the strategic transport infrastructure required to deliver housing and employment growth. Examples include improvements to motorway junctions and enhanced public transport facilities, which in future are likely to be funded primarily by the Community Infrastructure Levy.

#### **Site-specific transport infrastructure**

KCC requires that, even where there are no other planning or environmental issues, the transport impact of all but the smallest development proposals should be assessed at planning application stage, either through the submission of a Transport Statement or, if the transport impact is likely to be significant, a Transport Assessment. KCC's Guidance on Transport Assessments and Travel Plans is available to download at [www.kent.gov.uk](http://www.kent.gov.uk). Transport Assessments should consider accessibility by all modes of transport and quantify the overall impact of the development on the local transport network, to provide a basis for identifying and agreeing any required mitigation measures. These will then be conditioned on the development by the Local Planning Authority and delivered either directly by the developer through a Section 278 Agreement (Highways Act 1980) or by KCC through a Section 106 Agreement (Town and Country Planning Act 1990).

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ADULT SOCIAL CARE SERVICE SUMMARY	Capital requirement				Commuted Revenue Requirement				Gross Project Cost	Current Banked Funding	Net Project Cost	
	PROJECT	2012-16	2017-21	2022-26	Beyond 2026	2012-16	2017-21	2022-26				Beyond 2026
	Assistive Technology	£14,083	£14,505	£7,291	£9,925							
Aylesham Local Hub	£165,766	£0	£0	£0					£ 165,766	£14,412	£ 151,354	
Building Community Capacity	£70,089	£56,441	£19,986	£0					£ 146,516		£ 146,516	
Changing Places @ Dover Leisure	£39,832	£0	£0	£0					£ 39,832		£ 39,832	
Changing Places @ Tides at Deal	£39,832	£0	£0	£0					£ 39,832		£ 39,832	
Co-location with Health at Deal	£29,208	£29,382	£29,382	£0					£ 87,971		£ 87,971	
Co-location with Health at Whitfield	£29,382	£29,382	£58,763	£58,763					£ 176,290		£ 176,290	
Integrated Dementia Care @ Whitfield	£296,793	£0	£0	£0					£ 296,793		£ 296,793	
Local Hub provision within Dover Town	£597,938	£0	£0	£0					£ 597,938		£ 597,938	
Local Hub provision at Deal	£300,410	£0	£0	£0					£ 300,410		£ 300,410	
Whitfield Local Hub A	£148,764	£0	£0	£0					£ 148,764		£ 148,764	
Whitfield Local Hub B	£0	£0	£291,152	£0					£ 291,152		£ 291,152	
<b>Totals</b>	<b>£1,732,096</b>	<b>£129,708</b>	<b>£406,574</b>	<b>£68,688</b>	<b>£14,412</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£2,337,067</b>	<b>£14,412</b>	<b>£2,322,655</b>	

COMMUNITIES SERVICE SUMMARY	Capital requirement				Commuted Revenue Requirement				Gross Project Cost	Current Banked Funding	Net Project Cost	
	PROJECT	2012-16	2017-21	2022-26	Beyond 2026	2012-16	2017-21	2022-26				Beyond 2026
	<b>LIBRARIES AND ARCHIVES</b>											
Dover District Library Stock	£168,990.87	£173,801.35	£62,717.98	£168,890.10	£0.00	£0.00	£0.00	£0.00	£574,400.29		£574,400.29	
Aylesham Library Spatial and Staffing	£0.00	£18,062.59	£7,418.77	£0.00	£0.00	£36,898.07	£8,491.63	£0.00	£70,871.06		£70,871.06	
Deal Library Spatial and Staffing	£25,431.74	£5,523.07	£0.00	£0.00	£26,416.11	£5,736.85	£0.00	£0.00	£63,107.77		£63,107.77	
Dover Library Spatial and Staffing	£0.00	£0.00	£0.00	£209,238.14	£151,333.80	£170,079.17	£86,090.10	£233,143.32	£849,884.52		£849,884.52	
Dover Mobile Library Spatial	£8,931.22	£6,463.82	£2,753.21	£0.00	£0.00	£0.00	£0.00	£0.00	£18,148.26		£18,148.26	
Sandwich Library Spatial and Staffing	£6,885.62	£6,896.71	£0.00	£0.00	£10,549.40	£10,566.39	£0.00	£0.00	£34,898.11		£34,898.11	
<b>INTEGRATED YOUTH SERVICE</b>												
Youth Service Centre based Spatial and Staffing	£0.00	£0.00	£0.00	£16,008.30	£0.00	£0.00	£0.00	£86,119.55	£102,127.85		£102,127.85	
<b>COMMUNITY LEARNING</b>												
Adult Learning Centre based Spatial and Staffing	£9,206.46	£8,797.81	£6,992.75	£14,268.11	£70,875.00	£68,850.00	£30,375.00	£60,750.00	£270,115.13		£270,115.13	
Adult Learning Outreach Spatial and Staffing	£8,098.29	£7,678.36	£3,404.85	£6,833.13	£48,093.75	£45,562.50	£20,250.00	£40,500.00	£180,420.88		£180,420.88	
<b>TOTALS</b>	<b>£58,553.33</b>	<b>£53,422.36</b>	<b>£20,569.58</b>	<b>£246,347.67</b>	<b>£307,268.06</b>	<b>£337,692.97</b>	<b>£145,206.73</b>	<b>£420,512.87</b>	<b>£2,163,973.87</b>	<b>£0.00</b>	<b>£2,163,973.87</b>	

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**By: Mark Dance, Cabinet Member for Regeneration and Economic Development**

**Barbara Cooper, Director, Economic Development**

**To: Economic Development Cabinet Committee – 21 September 2012**

**Subject: Incubators / Start Ups Workspace Programme**

**Classification: Unrestricted**

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**Summary:**

This report explains the background and proposals for a £3m incubator workspace programme to support the development and growth of business start ups and micro business in Kent. The report sets out the context to the programme, what the approach might be and the proposed next steps.

Members are asked to note the contents of the report and to agree the proposed approach and next steps.

The project proposals referred to in this report together have the potential to create, support and sustain at least 900-1,000 jobs.

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## **1. Introduction**

**1.1** Small entrepreneurial businesses play a vital role in the health of the Kent economy. They provide jobs, help to diversify the local economy and contribute towards wealth creation. The UK Business Survey, undertaken in 2011<sup>1</sup>, reaffirms the dependence on micro businesses with recent figures showing that 76% of all Kent firms have less than 5 employees. However, the same survey also shows that as a county we are underperforming in terms of new business sustainability because between 2008 and 2011 the number of new firms surviving in Kent after three years declined faster than the national average. The challenge therefore is to sustain and grow start ups and micro businesses to help ensure that they continue to make a vital contribution to the performance of Kent's economy.

**1.2** There is a lot of recent research evidence which shows that new small businesses with growth potential have a much greater chance of surviving after five years when they are given the opportunity both to locate in relatively cheap premises offered on "easy-in easy-out" terms, and where business support services are also available to nurture them through the first 2 or 3 years of existence.

**1.3** There is also local evidence to back this up through current projects

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<sup>1</sup> KCC Research and Evaluation Statistical Bulletin: UK Business Survey 2011 – Information on Businesses in Kent (February 2011)

based in Canterbury, Westwood, Folkestone and the Medway Towns, where low-cost space for new and micro businesses has been popular and successful. All of the schemes were enabled by the public sector working with other partners, mainly through a mix of capital funding, the provision of land and/or buildings and the availability of support services through a local provider.

## **2. Proposed approach**

- 2.1** So far we have been approached informally by officers in several district councils, by established workspace providers (such as Basepoint) and by other local organisations (including Business Support Kent and the Kent Invicta Chamber of Commerce) about whether KCC would consider supporting financially the provision of incubator workspace and/or premises for new and micro businesses. Potential projects that currently we are aware of are described briefly in the appendix to this report and have been put forward in response to demand expressed by local businesses.
- 2.2** There is a range of proposals, ranging from small revenue funded projects in refurbished, older premises to major capital investment in new-build schemes. The proposals are just expressions of interest at this stage, and we would require much more information if any of these were to proceed further with financial support from KCC, but together they could have the potential to create at least 900-1,000 jobs.
- 2.3** Furthermore, there may also be other opportunities for supporting workspace projects that we are not yet aware of. However, from the discussion we have had so far with district council colleagues, there is an appetite in some parts of the county for supporting start ups and micro businesses in their early stages of development by providing workspaces on easier occupancy terms than would usually be available through more conventional private sector provision. We will also look for opportunities to utilise empty properties owned by KCC and the district councils, and we will explore the potential use of vacant premises owned by the private sector.
- 2.4** The aim of our programme would be to support the provision of incubator and start up workspace in key locations where district councils, partner organisations and the business community are able to demonstrate that there is clear evidence of need that is not being met by private sector providers. We would also require prospective bidders to meet specified criteria, that could for example include the following:
- Workspace provision would be restricted to new and micro businesses only.
  - There would need to be flexible occupancy terms for businesses, such as “easy in-easy out”, monthly licences.
  - Evidence that there are available business support services and advice from accredited providers.
  - Entry selection criteria that would include a requirement that businesses, when successfully established, move on to other, larger premises (usually after 3-5 years).

- Seeking receipts, where appropriate.

**2.5** It is proposed that a competitive bidding process will be operated over two discrete stages, and that all prospective bids to the funding will be considered by the Regeneration Fund Sub Group chaired by Mark Dance. The first stage would involve inviting district councils and other organisations (such as Business Support Kent) to submit an Expression of Interest which includes a project outline, evidence of need and information about costs and expected impact. Shortlisted bids that meet the criteria would progress to a Full Bid stage that would require prospective bidders to submit detailed business plans. As part of this process we will look for income opportunities where appropriate, for example where KCC could take a share of rental income.

### **3. Next steps**

**3.1** In August this year, we submitted an application to the South East LEP's Growing Places Fund for financial support (of £1.5m) towards the workspace programme which, if successful, would increase the availability of funding for Kent based projects to £4.5m. We are pleased to report that the application has been placed on the priority approvals list, subject to satisfactory completion of due diligence requirements by the end of October.

**3.2** The proposed next steps and timetable for the Incubators / Start Ups Workspace are, therefore:

- During September we will put together programme details, including criteria and bidding guidance;
- Also during September, we will explore opportunities to utilise vacant KCC premises and the potential use of empty private sector premises, working with district councils;
- In October we will invite district councils and other local organisations (such as BSK and Basepoint) to submit prospective first stage bids by the end of November;
- First stage bids will be assessed for submission to Regeneration Fund Sub Group in January, and shortlisted projects will be invited to submit full bids by the end of January for consideration by the Sub Group in February 2013.
- Completion of Growing Places Fund information

### **4. Recommendation**

**4.1** Members are asked to note the contents of the report and to agree the proposed approach and next steps.

#### **Author Contact Details:**

Name David Hughes  
 Directorate Business, Strategy and Support  
 Email: dave.hughes@kent.gov.uk  
 Tel: 01622 221942

Background Documents: Report to Regeneration Board dated 24 July 2012 (Item No 3, Kent Incubation Centres Challenge Fund)

Appendix to Item D4: Potential workspace projects

Location	Description of proposal	Partners	Job creation potential	Indicative costs	Potential KCC contribution	Scope for income generation
Various in the county (details to be worked up)	"My Desk" workspace proposal – up to 15 potential locations using empty properties – with business support provided	Business Support Kent	c. 155 start ups over 5 year period	£75K	£75K	No, but could pay back KCC investment
Unit 12, Mountfield Road, Romney Marsh	Incubator centre plus business support (refurb of existing buildings)	Shepway DC, Kent Channel Chamber, RR2K	c. 25	£65K (capital) £155K (revenue for 2 years only)	£220K	Yes, after 2 years
International House, Ashford	Incubator centre plus business support	Ashford BC, HCA, Kent Invicta Chamber	c. 35	c. £50K	Up to £25K	No
Eureka Park, Ashford	Mix of new build units for manufacturing and office start ups and micros	Basepoint	c. 300	£3.9m	£750K	Yes, after 4 years
Marlowe innovation Centre, Westwood	Expansion of existing centre to 50 units for new and micro businesses	Friends of Marlowe and Folkestone Academies	c.70	£1m	£500K	No
Tunbridge Wells (town centre)	Incubator workspace for new and micro businesses in creative sector	Tunbridge Wells BC	N/A	N/A	N/A	N/A
Eclipse Park, Maidstone	Workspace for new and micro businesses plus business support	Maidstone BC, private sector	N/A	N/A	N/A	N/A
Northfleet	1390sq m managed workspace and business support for start ups in port related activities	HCA, Gravesham BC, Enterprise First	150	£2.14m	N/A	Potentially yes

**By:** Mark Dance, Cabinet Member for Regeneration and Economic Development  
Barbara Cooper, Director Economic Development

**To:** Economic Development Cabinet Committee- 21 September 2012

**Subject:** Richborough Energy Park

**Classification: Unrestricted**

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**Summary:** This report details the emerging proposals for the development of an energy park at the site of the former Richborough Power Station. Some initial thoughts are offered on the economic benefits of this development to the local and wider Kent community.

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## **1. Introduction**

- 1.1 The original Richborough Power Station in East Kent operated from 1962 to 1996, with final demolition being undertaken earlier this year. It originally burnt coal, but later converted to oil and bitumen. The station was also the site of an experimental wind turbine in 1989, which at 1MW was the biggest then installed anywhere in the UK. There is still an interconnector from the original power station in place which is now the grid link for the Thanet Offshore Wind Farm.
- 1.2 Since 2000, ownership of the site has rested with a company called Richborough A Ltd. In 2007 Richborough A appointed BFL Management Ltd (BFL) to be the masterplan developers providing the expertise, infrastructure and services to bring the site back into use as a green energy park. When fully operational, the park could employ up to 100 full time staff.

## **2. The proposed development**

### **2.1 Biomass Combined Heat and Power (CHP)**

A proposed biomass CHP plant (20-30MW) capable of producing enough electricity to power the equivalent of 20,000 homes together with heat for local businesses and agriculture. It would be fuelled using a sustainable woodchip source requiring approx. 300,000 tonnes per annum. The current wood resource annually available in Kent is approx. 60,000 tonnes per annum. There is potential to utilise some of this resource and to grow more. However, the availability of cheaper woodchip resources from Europe suggests the bulk of this requirement would need to be imported.

### **2.2 Anaerobic Digester**

A proposed anaerobic digester plant (3MW) capable of producing enough electricity to power the equivalent of 1500 homes. Anaerobic digestion is the process whereby green wastes can be converted into useful products by micro-organisms in the absence of air. Biomass is put inside sealed tanks and naturally occurring micro-organisms digest it, releasing methane that can be used to provide

clean renewable energy. The residue material left over at the end of the process is rich in nutrients and can be used as a fertiliser. Almost any biomass can be used including food waste, crop residues, slurry and manure. The proposed plant would require 40,000 tonnes of green wastes per annum which it is anticipated could be sourced from the local area.

### 2.3 Peaking Plant

A proposed gas or diesel fired peaking plant (20-30MW). A peaking plant is a backup power station that operates when there are high levels of demand for electricity (peak demand) or shortfalls of electricity supply. Due to the increase in renewable technologies in the UK such as wind, it is important that the National Grid secures a supply of backup power when these technologies cannot produce the required output. It is anticipated that a peaking plant at Richborough would operate between 100 and 300 hours over a year.

### 2.4 Electricity Interconnector with Belgium

National Grid plans to use part of the site for an electricity interconnector with Belgium. The interconnector is a joint project between National Grid and Elia, the Belgian transmission system operator, and would be the first electricity link between the two countries. The link would allow power to flow in both directions and would be the third electricity interconnector connection between Kent and Europe after France and the Netherlands.

## 3. Planning considerations

3.1 The proposals have not yet been formalised into a planning application(s). However, the brownfield nature of the site, its long association with power generation, its allocation for waste separation and transfer and energy from waste proposals suggest the development is consistent with local planning policy. Notwithstanding this, there will be issues to resolve around traffic impact, emissions and ecology. In the case of transport, while the local highway network is much improved, there is potential to import fuel stocks via the Port of Ramsgate and by rail.

3.2 BFL have been working on the development of proposals and a masterplan for the site. They have undertaken a series of public consultations to inform this, most recently in June when BFL held two local exhibitions. Further consultation has been on going with various stakeholders including officers from Kent, Thanet and Dover. It is not known at this stage whether a single planning application will be made for the whole park which may place it within the remit of the Planning Inspectorate, now the agency responsible for operating the planning process for nationally significant infrastructure projects. A phased approach bringing forward proposals on a technology by technology basis would see applications dealt with by the local planning authorities with KCC handling the energy from waste proposals.

## 4. Economic benefits and opportunities

4.1 The development of an energy park is consistent with the County Council's economic strategies as expressed through the 'Bolds Steps for Kent' and 'Unlocking Kent's Potential' the framework for regeneration. It also supports

objectives set out in the 'Kent Environment Strategy' and 'Low Carbon Opportunities for Growth'. Locally it can strengthen the vision put forward by Laura Sandys, MP for Thanet, that East Kent has the potential to become a leading hub for green energy technology and engineering. Alongside the existing offshore wind farms, solar farms and potential in other offshore renewable technologies, the proposed energy park adds further critical mass to this idea.

- 4.2 The energy park will regenerate and bring back into use a 60 acre brownfield industrial site creating up to 100 local jobs and a further 500 during the construction phase. It has the potential to be a UK exemplar for new green energy technologies and a source of local renewable energy generation reducing both carbon emissions and reliance on fossil fuels. The energy park can also support the growth of allied businesses in the locality consistent with the objectives of the East Kent Expansion scheme. The marketing company, Seven Hills, have been made aware of this opportunity for inclusion in their inward investment campaign for East Kent.
- 4.3 The presence of an energy park will also be good from the perspective of local skills and training opportunities. Thanet College has a growing interest in green energy skills and will be opening a new Centre for Environmental Technologies in 2013. The potential for a visitor exhibition centre as part of the energy park has also been mentioned. This could help to raise awareness of new renewable technologies as well as providing an information point for advice and support linked to domestic and business energy efficiency.

## **5. Recommendation**

That the Cabinet Committee notes the emerging proposals for an energy park at Richborough and without prejudice to KCC's position on future planning applications acknowledges the economic benefits for Kent linked to this development.

### **Author Contact Details:**

Name: Neil Hilkene  
Directorate: Economic & Spatial Development  
Email: [neil.hilkene@kent.gov.uk](mailto:neil.hilkene@kent.gov.uk)  
Tel: 01622 221352

Background Documents: None

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