

ECONOMIC DEVELOPMENT CABINET COMMITTEE

Thursday, 8th November, 2012

9.30 am

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





AGENDA

ECONOMIC DEVELOPMENT CABINET COMMITTEE

Thursday, 8 November 2012, at 9.30 am Ask for: **Christine Singh**
Council Chamber, Sessions House, County Telephone: **01622 694334**
Hall, Maidstone

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 A H T Bowles, Mr K A Ferrin, MBE, Mr J A Kite, MBE,
Mrs J P Law, Mr R A Pascoe, Mr K Smith, Mrs E M Tweed and
Mrs C J Waters *and one vacancy.*

Liberal Democrat (1): Mr T Prater

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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A. COMMITTEE BUSINESS

A1 Introduction/Webcasting

A2 Membership

Members are asked to note that Mr Tim Prater has been appointed to the Committee to fill the vacancy for the Liberal Democrat Group and following the sad death of Mr M V Snelling there is a vacancy on this Cabinet Committee for

the Conservative Group.

- A3 Substitutes
- A4 Declarations of Members' Interest relating to items on today's Agenda
- A5 Minutes of the meeting held on 21 September 2012 (Pages 1 - 10)
- A6 Future Meeting Dates - 2013
Members are asked to note the future meeting dates for 2013

Wednesday, 9 January	Friday, 20 September
Friday, 19 April	Thursday, 7 November
Friday, 14 June	

(All meetings will commence at 10.00 am)

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

- B1 Incubators/Start Ups Workspace Programme (Pages 11 - 16)

C. MONITORING PERFORMANCE

- C1 Regeneration and Economic Development Portfolio Financial Monitoring 2012/13 (Pages 17 - 18)
- C2 2012/13 Half-Year Monitor Report (Pages 19 - 22)

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

- D1 Consultation on 2013/14 Revenue Budget (Pages 23 - 28)
- D2 Business Planning Priorities 2013/14 (Pages 29 - 32)
- D3 Community Infrastructure Levy (CIL) and Levers for Growth update (Pages 33 - 42)
- D4 Apprenticeships and Job Creation (Pages 43 - 52)
- D5 Visit Kent - Feedback from Presentation and Member visits (Pages 53 - 58)
- D6 Visit Kent and Locate in Kent Service Level Agreements (Pages 59 - 62)
- D7 Grow for it: East Kent - Presentation by Seven Hills Group (Charlotte Hastings, PR Consultant)
- D8 TIGER - Thames Gateway Innovation, Growth and Enterprise (Pages 63 - 78)
- D9 Verbal Update by 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

Wednesday, 31 October 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.

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KENT COUNTY COUNCIL

ECONOMIC DEVELOPMENT CABINET COMMITTEE

MINUTES of a meeting of the Economic Development Cabinet Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Friday, 21 September 2012.

PRESENT: Mr M A Wickham (Chairman), Mr N J Collor (Vice-Chairman), Mr D L Brazier (Substitute for Mr A H T Bowles), Mr K A Ferrin, MBE, Mrs J P Law, Mr R A Pascoe, Mr K Smith, Mrs E M Tweed, Mr M J Vye and Mrs C J Waters

ALSO PRESENT: Mr M C Dance, Mr R F Manning and Mrs S Matthews-Marsh

IN ATTENDANCE: Ms B Cooper (Director of Economic Development), Ms J Hansen (Finance Business Partner BSS), Mr R Gill (Economic Policy and Strategy Manager), Mr S Dukes (Economic Development Officer), Mr N Smith (Head of Development and Investments) and Mrs C A Singh (Democratic Services Officer)

UNRESTRICTED ITEMS

21. Membership

(Item A2)

1. The Chairman paid tribute to Mr Robertson. The Committee then stood in silence in memory of Mr M E Robertson.
2. RESOLVED that following the sad death of Mr Robertson there was a vacancy on the Cabinet Committee.

22. Minutes of the meeting held on 5 July 2013

(Item A5)

RESOLVED that the Minutes of the meeting were correctly recorded subject to Minute 4 being altered to read “the appointment of Mr A H T Bowles” and that they be signed by the Chairman.

23. Visit Kent - Presentation by Sandra Matthews Marsh, Chief Executive

(Item A6)

1. The Chairman welcomed the Chief Executive of Visit Kent, Mrs Sandra Matthews-Marsh, to the meeting and invited her to give her presentation. Mrs Matthews-Marsh welcomed the opportunity to speak to the Cabinet Committee before the Members took part in the 2 Visit Kent Tours in East and West Kent arranged in October.
2. Ms Matthews-Marsh gave a comprehensive presentation using overheads, as attached.

3. The Chairman reminded Members that the Service Level Agreement (SLA) for Visit Kent was due to end next year and Members would receive a report in November to discuss the way forward.

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

- a) In response to questions, Mrs Matthews-Marsh noted the annoyance of Members to North Yorkshire County Council using the title “Garden of England” and advised that North Yorkshire had a significantly larger marketing budget of £25 million in comparison to Kent, which had £2 million. Kent’s strength was in working in partnership. In reply to the second question regarding the “Portas” Pilot in Ashford, Mrs Matthews Marsh agreed to make contact with the pilot towns.
- b) A suggestion was made that there needed to be an emphasis on quality hotels in Kent. Mrs Matthews-Marsh advised that she was not aware of any hotels being built outside London in the South East. She considered that destination management planning would help with planning for quality hotels in the future. A Member advised that a new hotel was under construction in Margate.
- c) A Member considered that there should be a strategy for Tourism.
- d) In response to concerns raised, Mrs Matthews-Marsh advised that; (i) the Website had been running for 4 years and was due to be revamped. (ii) 91% of the bookings were now made digitally instead of creating leaflets, which had been central to Visit Kent’s Strategy and this would be reflected in the SLA. (iii) She disagreed with the comment made on the quality of the data and the figures detailed in the “Economic impact of tourism map” saying that the data was used across the country. In respect of Dartford’s figures these will be skewed by the percentage of visits to “Bluewater” and the jobs in retail but if those were taken out it would be 3000 or less jobs.
- e) A request was made for information on what KCC was doing, regarding tourism, to ensure that Visit Kent and Seven Hills etc were working on the same goals for Kent. Ms Cooper explained that Visit Kent was working closely with her and Seven Hills in planning the campaign. Ms Matthews Marsh assured Members that Visit Kent made it their business to stay aligned with their partners.

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

24. Growing Places Fund: Agreement to enter loan for Infrastructure to unlock economic activity 12/01908

(Item B1)

(Report by Mr M Dance, Cabinet Member for Regeneration and Economic Development, Mr J Simmonds, Cabinet Member for Finance and Business Support, Ms B Cooper, Director, Economic Development and Mr A Wood, Corporate Director of Finance and Procurement)

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

1. The Chairman invited the Economic Strategy and Policy Manager, Mr R Gill, to introduce the report. Mr Gill highlighted that the Growing Places Fund provided funding to unlock developments which would otherwise remain stalled. It was agreed by the Local Enterprise Partnership (LEP) that Essex County Council would act as the accountable body for all the funding received from Government and any subsidiary loans would to project delivery bodies would be the responsibility of the relevant local authority. Kent County Council (KCC) therefore had to enter into a series of credit agreements with Essex County Council to draw down any funds and would in turn need to enter into a series of loan agreements with third parties.

2. Members noted that Kent County Council would need to fully appraise all schemes. There would be a Key Decision that sought approval for delegated power to be given to the Corporate Director Finance and Director of Economic Development in consultation with the Cabinet Member for Regeneration on individual credit agreements.

3. It was anticipated that if all the current schemes being considered for Growing Places Fund came forward they could help in delivering approximately 2,100 jobs.

4. RESOLVED that:-

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

25. Kent Thameside Strategic Transport (Homes & Roads) Programme *(Item B2)*

(Report by Mark Dance, Cabinet Member for Regeneration & Economic Development, Mr B Sweetland, Cabinet Member for Environment, Highways & Waste, Mr D Cockburn, Corporate Director Business Strategy & Support and Mr M Austerbury, Corporate Director Enterprise & Environment)

(Mr S Dukes, Economic Development Officer, Economic & Spatial Development Unit was present for this item)

1. The Director of Economic Development, Ms Cooper introduced the report. Ms Cooper highlighted the following points:

- Kent Thameside (comprising many sites in Dartford and Gravesham) is a key transformer for the Thames Gateway.
- Kent County Council is seeking approval to recommit to acting as the accountable body for the transport projects which would include managing the programme and the funding.

- The estimated cost for the programme was £116.2m and anticipated funding was estimated at £84 million leaving a funding gap of £32.2million. Further public sector funding can not be secured currently. It is envisaged that opportunities will arise to secure additional public and private funding for the programme.
- As part of the recent negotiations, a revised S106 had been agreed for Land Securities and Dartford, Gravesham and KCC would each be contributing a proportion of their New Homes Bonus from the relevant sites.
- KCC had agreed to fund only what it was forecast to collect.
- All parties will come together in a Steering Group to agree an annual programme.

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

- a) A suggestion was made that KCC needed to coordinate the demands made by developers, as the focus was on highways but there would be demands for funding for community centres and school etc. Ms Cooper advised that that rest of the S106 agreement for Eastern Quarry had been retained as previously agreed but there are review points built into the agreement. Members were advised that the government had put out a consultation in August 2012 seeking views on the renegotiation of S106s agreed before April 2010.
- b) The programme was considered high risk especially in the current difficult economic times.
- c) In response to a question, Ms Cooper reassured the Committee that KCC would only spend what it would forecast to collect. There would be agreements with Dartford and Gravesham Borough Councils regarding the collection of S106/Cil monies. Mr Dukes had looked into the impact of different rates of development on cash flows. The annual programme would be agreed by the local authorities as well as Department for Transport (DfT), Highways Agency (HA) and Homes and Communities Agency (HCA).
- d) There was concern raised that Land Securities may have difficulty in selling the properties in the current economic climate. Ms Cooper concurred that this was a programme with big risk. Land securities had invested £120 million to secure the Eastern Quarry site and they still had a year of further work before they begin building homes. Land Securities have identified an accelerated build out programme and have appointed a project manager, Camland. Mr Dukes added that there would be rigorous monitoring through the proposed Steering Group.
- e) In reply to questions on whether the commitments were binding even with a change of government Ms Cooper said that she could not say whether any new government would hold to this commitment. The previous government offered significant monies but these were now not available within the current financial climate. Members also considered that £13 million contribution from the HCA was not particularly generous.
- f) Members requested regular updates.

- g) A suggestion was made that the marketing of the homes should think of a new name instead of Eastern Quarry. Ms Cooper explained that the developments would be marketed as villages in rural settings just 17 minutes outside London.

3. RESOLVED that:-

- a) the responses to comments and questions made by Members be noted;
- b) Kent County Council continues to act as the Accountable Body for the Kent Thameside Strategic Transport (Homes & Roads) Programme be agreed;
- c) the setting up of the Governance arrangements for the Kent Thameside Strategic Transport (Homes & Roads) Programme be entrusted to the Cabinet Member for Regeneration & Economic Development in consultation with Dartford and Gravesham Borough Councils be agreed; and
- d) the Corporate Director Business Strategy & Support be authorised, 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.

26. Kevin Lynes Apprenticeship Scheme (KLAS)

(Item B3)

(Report by Mr M Dance, Cabinet Member for Regeneration and Economic Development)

1. The Chairman invited Mr Dance to introduce the report. Mr Dance advised that the aim of the scheme was to benefit young people resident in low income households in Kent who required funding to benefit from an Apprenticeship Scheme to which they had been accepted or are currently undertaking. Initially the scheme would be funded by Kent County Council. It was proposed that a virement of £50,000 from the existing Kent Jobs for Kent Young People budget would be sought. The future aim would be to raise funds from outside organisations.

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

- a) Some Members raised their objections regarding a scheme being named after any individual County Councillor.
- b) Other Members supported the Scheme being named after Mr Lynes for all the work he had undertaken in this area.
- c) Members agreed to the assistance being given to young people following an apprenticeship.
- d) There was concern about how the scheme was going to be advertised to ensure that the funding reached those the scheme was set up to assist.

- e) A suggestion was made that applying for the funding should be as simple as possible.
- f) A request was made that the Cabinet Committee received progress reports on the areas coming forward to apply to the scheme.
- g) In response to why “Vulnerable Learners” would not be eligible for this Scheme, Mr Dance advised that “Vulnerable Learners” already had funding available in the original Kent Jobs for Kent Young People Fund.

3. RESOLVED that:

- a) The comments and responses to questions by Members be noted; and
- b) agreement be given to the Leader of the County Council carrying out the following:
 - (i) 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”;
 - (ii) Undertake the necessary actions to allow those monies to sit within, and be administered by, the Kent Foundation.
 - (iii) 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.
 - (iv) Agree the finalised scope, Terms of Reference and procedure rules for the Scheme and the Scheme’s Board; and
 - (v) Agree the final criteria for funding allocations from the Scheme in line with those detailed in this report.

27. Regeneration and Economic Development Portfolio Financial Monitoring 2012/13

(Item C1)

(Report by Mr Dance, Cabinet Member for Regeneration & Economic Development, Mr Cockburn, Corporate Director Business Strategy & Support)

(Ms J Hansen, Finance Business Partner, Business Strategy and Support was present for this item)

1. The Finance Business Partner, Business Strategy and Support, Ms Hansen advised that there were no variances in the first quarter’s full budget monitoring report for 2012/13.

2. The Chairman advised that the Budget Informal Member Group (IMG) had already held its first meeting on 11 September. He invited all Members of the Cabinet Committee to the next meeting of the Budget IMG, on Wednesday, 17

October, when the Chief Executive, Locate in Kent, Mr P Wookey, had been invited to attend.

3. RESOLVED that the revenue and capital forecast variances from budget for 2012/13 based on the first quarter's full monitoring to Cabinet be noted.

28. Budget Consultation 2013/14

(Item C2)

(Report by Mr Dance, Cabinet Member for Regeneration & Economic Development, Mr Cockburn, Corporate Director Business Strategy & Support)

(Ms J Hansen, Finance Business Partner BSS was present for this item)

RESOLVED that:-

- a) the consultation on the draft budget proposals launched on 6 September be noted;
- b) the proposed engagement on the specific budget issues for the portfolio of this Cabinet Committee be noted; and
- c) the Cabinet Committee debates the findings of the Budget IMG and the issues raised in the consultation at its November meeting.

29. Development and Infrastructure – Creating Quality Places.

(Item D1)

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

(Mr N Smith, Head of Development Investment was present for this item)

1. The Chairman invited the Head of Development Investment, Mr Smith to introduce the report. Mr Smith highlighted points that included:-

- The introduction and adoption of the Community Infrastructure Levy (CIL) over the next 2 years would take over Section 106 agreements although not exclusively .
- The CIL, unlike Section 106 agreement, covered strategic infrastructure affordable housing and viability had to be taken into account. KCC would work with Districts to agree the use of Section 106 and CIL to ensure developers are not charged twice for the same service.
- Under the Localism Act 2012 neighbourhoods would be able to retain a 'meaningful' proportion of the levy raised to implement community schemes, giving the community a greater say over how resources were deployed in their area.

- Kent County Council was developing an Integrated Infrastructure Finance Model to provide the evidence base to support the allocation of CIL.
2. Members made comments and asked questions which included the following:-
 - a) There was concern on the CIL being duly weighted on the development and the estimated cost of building a home of £60k seemed low and suggested must be higher now.
 - b) The local authority needed to be more assertive when it could not afford to pay for infrastructure.
 - c) A Member wanted to see less emphasis on enabling development than enabling infrastructure.
 3. RESOLVED that:-
 - a) the comments and questions by Members be noted;
 - b) the revised framework and technical approach to securing funding for community infrastructure for submission to the Corporate Board on 24 September and Cabinet on 15 October be noted; and
 - c) the next steps as outlined in section 4 of the report be noted.

30. Incubators / Start Ups Workspace Programme (Item D2)

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

1. The Director Economic Development, Ms Cooper introduced the report. The points raised included:
 - £3m from the Regeneration Fund was to be allocated to the provision of workspaces for start ups and micro businesses by utilising the empty properties and shops within the districts including properties owned by KCC. It was important that business support is provided too. There was no one solution for Kent.
 - Each bid will be considered against a set of criteria. In some instances, funding would be repaid through rent.
2. RESOLVED that the contents of the report and the proposed approach and next steps be noted, with thanks.

31. Richborough Energy Park (Item D3)

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

1. The Committee considered a report on the emerging proposals for the development of an energy park at the site of the former Richborough Power Station.

2. The Chairman invited Mr Smith to speak as he had requested the report. Mr Smith spoke of the potential for the project generating green energy through biomass generators, anaerobic digesters and wind power providing energy for every household in Kent. He spoke enthusiastically about the potential for local skills and training opportunities and a visitor's exhibition centre as part of the energy park. The Chairman thanked Mr Smith for bring the proposals on the development to the attention of the Cabinet Committee.

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

- a) Clarity was sought on how the proposals were going to be financed.
- b) There would be enormous planning implications in moving the materials around the County.
- c) A comment was made that although the general principle was welcomed they could not support another interconnector with Belgium like the already existing interconnector with France which only brought power to the United Kingdom (UK) from France.
- d) It was considered that we should be building our own generation of energy.
- e) The wood chip should be from the UK. If this project happened it would be important to ensure that Kent benefits, and not other countries, from the demand of woodchip.

4. RESOLVED that:-

- a) the comments and questions by Members be noted; and
- b) 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 be noted with thanks.

32. Verbal Update by the Director of Economic Development *(Item D4)*

1. The Chairman invited Ms Cooper to give her update which included the following:

- Discovery Park Limited – the new owners are very serious about Sandwich. They are seeking tenants from across the world. It is important to remember that the site houses the highest specification laboratories in the United Kingdom. This will however be a long process, probably taking 7-10 years before the previous employment levels are achieved. .
- TIGER – The £30m bid for innovation has been shortlisted and the bid team have been interviewed by BIS. Expecting an announcement some time in the autumn,.
- Grow for It: East Kent – This was a campaign for East Kent which would include building awareness outside of Kent to the opportunities in Kent as well as building pride amongst businesses and partners locally.. Seven Hills had

been appointed and are starting planning the campaign. Members requested a presentation by Seven Hills at a future meeting.

2. The Chairman gave the local Member for Romney Marsh, Mrs Waters the opportunity to give an update on Romney Marsh Nuclear Waste site since the last meeting of the Cabinet Committee. Mrs Waters made comments as follows:

- The survey results had shown that 33% of residents wanted further information, 63% did not want more information, and not one Parish wanted information. Shepway District Members agreed not to submit an Expression of Interest. Mrs Waters said that personally she had not been in favour of the proposal. She thanked Kent County Council, in particular Mr Ross Gill, Economic Strategy and Policy Manager.

3. RESOLVED that the information in the verbal update be noted with thanks.

Decision

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

Barbara Cooper, Director, Economic Development

To: Economic Development Cabinet Committee – 8 November 2012

Subject: Incubators / Start Ups Workspace Programme

Classification: Unrestricted

For Decision

The Cabinet Committee is asked to consider this report and either endorse or make further recommendations in shaping the Cabinet Member's decision regarding the proposed approach and next steps for an Incubators / Start Ups Workspace Programme.

- 1.1** At its meeting on 21 September 2012, the Economic Development Cabinet Committee (EDCC) considered and noted the proposed approach and next steps for an incubator workspace programme to support the development and growth of business start ups and micro-businesses in Kent.
- 1.2** The aim of the programme is 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 the private sector.
- 1.3** Prospective projects will be assessed against a range of criteria that will include:
 - Workspace provision will be restricted to new and micro-businesses only.
 - There must be flexible occupancy terms for businesses, such as monthly 'easy in-easy out' licences.
 - Evidence that there is on hand business support services and advice from accredited providers.
 - A requirement that businesses move on to larger premises when they become successfully established.
 - Opportunities to utilise vacant premises owned by the public and private sectors.
- 1.4** A competitive bidding process will operate over two discrete stages, and all prospective bids will be considered by the Cabinet Member for Regeneration and Economic Development in consultation with the Cabinet Member for Finance, Deputy Cabinet Member for Environment,

Highways and Waste and the Director of Economic Development. The first stage will involve inviting prospective bidders 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 the second (Full Bid) stage that would require the submission of detailed business plans.

Recommendations

- (i) The Cabinet Member for Regeneration and Economic Development will be asked to make a decision on taking the proposed programme forward, as set out in paragraphs 1.1 to 1.4 of this report.
- (ii) Members of the Economic Development Cabinet Committee are asked to consider and either endorse or make recommendations on the proposed decision to be taken by the Cabinet Member for Regeneration and Economic Development.

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)
Report to Economic Development Cabinet Committee dated 21 September 2012 (Item No D4, Incubators / Start Ups Workspace Programme)
Entry to Forward Plan of Key Decisions, Reference Number

ENTRY TO FORWARD PLAN OF KEY DECISIONS

Responsible Cabinet Member – Cabinet Member for Regeneration and Economic Development

Reference No:

Key

Section 1 – the decision needed, how it relates to Bold Steps for Kent (BS4K) and the Corporate Objectives of the Council/ What is the impact, costs and risks involved. With this proposed decision.

Title:

Incubators / Start Ups Workspace Programme

Decision needed

To agree the proposed approach and next steps for the Incubator / Start Ups Workspace Programme set out below.

Background

At its meeting on 21 September 2012, the Economic Development Cabinet Committee (EDCC) noted the proposed approach and next steps for an incubator workspace programme to support the development and growth of business start ups and micro-businesses in Kent. The County Council's Regeneration Fund has allocated £3m capital funding towards the programme, subject to approval of project criteria by the Cabinet Member for Regeneration and Economic Development in consultation with the Director of Economic Development. The programme will be supplemented by £1.5m from the government's Growing Places Fund (GPF), subject to approval of a detailed business case by the South East LEP in December 2012. The GPF is a recyclable fund, for which KCC will act as accountable body.

The aim of the programme is 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 the private sector. Prospective projects will be assessed against a range of criteria that will include:

- Workspace provision will be restricted to new and micro-businesses only.
- There must be flexible occupancy terms for businesses, such as monthly 'easy in-easy out' licences.
- Evidence that there is on hand business support services and advice from accredited providers.
- A requirement that businesses move on to larger premises when they become successfully established.
- Opportunities to utilise vacant premises owned by the public and private sectors.

A competitive bidding process will operate over two discrete stages, and all prospective bids will be considered by the Cabinet Member for Regeneration and Economic Development in consultation with the Cabinet Member for Finance, Deputy Cabinet Member for Environment, Highways and Waste and the Director of Economic Development. The first stage will involve inviting prospective bidders 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 the second (Full Bid) stage that would require the submission of detailed business plans.

Links to Bold Steps for Kent and Corporate Objectives

This decision supports the following priorities in Delivering Bold Steps:

- Priority 7 – Build a strong relationship with key business sectors across Kent.
- Priority 8 – Respond to key regeneration challenges, working with our partners.

Impact/costs and risks of proposed decision

The report to EDCC in September 2012 identified a minimum of eight projects at Expression of Interest stage which, if developed, have the potential to create at least 900-1000 jobs. It is anticipated that the programme will also support additional workspace projects, therefore increasing overall job creation potential.

The main risks are:

- Ensuring compliance with state aid regulations in using public funding to support the delivery of private sector development schemes.
- Risk of non-delivery of employment outputs, for example through continuing adverse market conditions.
- Risk of inability to repay the GPF element of funding according to the timescales set out in the funding agreement with the accountable body and LEP.

These risks will be fully considered through the assessment and due diligence process before individual proposals are brought for decision. The main costs will be in monitoring and reporting delivery: these will be met from within existing staff resources.

Section 2 – Who is taking the final decision and when

Decision taken by:

Cabinet Member for Regeneration and Economic Development

Date:

November / December 2012

Key Decision

Yes – involves commitment to expenditure of over £1m outside of current business plan

Section 3 – Who is to be consulted? If no please provide reasons?

Consultation

Consultation on the Incubators / Start Ups Workspace Programme has taken place with the Kent districts and partner organisations such as Business Support Kent, Kent Invicta Chamber of Commerce and the Kent Economic Board.

Has the matter already been discussed by a Cabinet Committee?

Yes

Is the matter referred to in your Business Plan or Medium Term Capital Programme?

Yes

Which Members and electoral Divisions are affected by this proposed decision?

The proposed schemes identified in the report to EDCC in September 2012 would affect Members representing divisions in Ashford, Gravesham, Maidstone, Shepway, Thanet and Tunbridge Wells districts. Potentially, depending on what other schemes might be brought forward, all Members could be affected by this proposed decision.

Section 4 – Responsible Officer – Who to contact for more information.

David Hughes
Head of Business Engagement and Economic Development
Economic Development
01622 221942
Dave.hughes@kent.gov.uk

Supporting documents: Report to Economic Development Cabinet Committee, 21
September 2012

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TO: Economic Development Cabinet Committee – 8 November 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

Summary:

Members of the Cabinet Committee are asked to note that the first quarter's full budget monitoring report for 2012/13 was reported to Cabinet on 17 September 2012. Members of the Cabinet Committee are also asked to note the subsequent update to this position which was reported in the monitoring exception report to Cabinet on 15 October 2012.

FOR INFORMATION

1. Introduction:

- 1.1 This is a regular report to this Committee on the forecast outturn for 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 first quarter's monitoring report for 2012/13 was reported to Cabinet Committees in September. An update to this position was reported in the monitoring exception report to Cabinet on 15 October. The relevant extracts from this exception report are included in the revenue and capital sections below.

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

- 3.1 The forecast remains at a nil variance with no movements reported in the exception report following the quarter 1 report provided to Cabinet Committees in September.

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

- 4.1 **Table 2** shows the movements reported in the exception report following the quarter 1 report provided to Cabinet Committees in September.

Portfolio	Forecast Variance £m	Movement from Qtr 1 report £m
Unfunded variance		
Funded Variance	0	0
Variance to be funded from revenue	0	0
Project underspend	-0.284	-0.284
Rephasing (to/from beyond 2012-15)	-11.310	-1.600
Directorate Total	-11.594	-1.884

Within the forecast movement, the main projects subject to re-phasing and overall variances are detailed below:

4.2 Movements in unfunded variance

There have been no movements in unfunded variance since the quarter 1 report.

4.3 Movements in re-phasing (to/from beyond 2012-15)

Movements since the quarter 1 report are detailed below:

Margate Housing: -£1.600m re-phasing. The financial model for the project has been updated to reflect the acquisition and re-development/refurbishment strategy that has been recently developed. As a result the projected profile of spend within the capital programme has been re-phased in line with the financial model.

4.4 Other movements

Euro Kent - forecast underspend of -£0.284m. This is due to a reduction in the forecast of compensation claims which are payable under the Land Compensation Act Part 1.

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 and the subsequent exception report.

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Background Documents: None

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

To: Economic Development Cabinet Committee
8th November 2012

Subject: 2012-13 half year monitor report

Classification: Unrestricted

Summary

The mid-year 2012/13 Business Plan monitoring provides highlights of the achievements to date for the Economic Development unit.

Members are also asked to NOTE this report.

1. Introduction

- 1.1 A light touch mid year Business Plan monitoring exercise was conducted in September with the aim of identifying achievements and also areas where tasks were not completed.

2. Mid year business plan monitoring

- 2.1 A summary of the findings of the mid year Business Plan monitoring for Economic Development and International Affairs Group is attached at Appendix 1.
- 2.2 Significant achievements have been reported up to the half year point.
- 2.3 The majority of projects, developments and activities are reported as progressing as expected, with completion by the year end.

3 Recommendation

- 3.1 Members are asked to NOTE this report.

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Background Documents:
None

2012/13 half-year monitor report: Economic Development**Achievements**

1. £4.5m funding has been secured for a Kent-wide business incubator programme expected to launch in November 2012.
2. Discovery Park, Enterprise Club has been delivered, supported by Job Centre Plus. The Park is now in new ownership and so far, approximately 800 jobs have been secured on site. International marketing of the Park to potential tenants is underway.
3. The Innovation and Growth support programme has been very successful. To date, 297 jobs have been created against a target of 400 and £20.2m of investment has been raised against a target of £24m. In addition, the High Growth Kent Team, who lead the project on behalf of KCC is providing support to new Pfizer spin outs.
4. Successfully secured £20m RGF funding for Thames Gateway (TIGER). See report elsewhere on agenda.
5. £100k has been secured via the East Kent Partnership for an East Kent Skills Fund.
6. Visit Kent recruited 135 Kent Greeters supporting the London 2012 Olympics. In total 37,246 Greets were undertaken during both the Olympics and Para-Olympics events.
7. Work on the Kent Forum Housing Strategy continues with the launch of the:
 - Older People's Accommodation Protocol on 10th August;
 - Local Authority Mortgage Scheme on 12th September in Tunbridge Wells and
 - Refresh of the Kent Forum Housing Strategy on 19th September
8. Appointed Seven Hills to market East Kent to inward investors.

Projects Delays

1. The Kent and Medway Investment project is not being taken forward though we continue to seek out and develop alternative, innovative funding mechanisms.
2. Due to national delays in the BDUK procurement pipeline, the contract award has been put back to April 2013, therefore the site survey work and commencement of infrastructure build will now not start before the end of the current business plan period.
3. Tontine Street public realm works forming part of the Folkestone Harbour and Heritage Quarter improvements have been delayed to 2013/14 as the highway is currently obstructed by another building project.

4. The planned trade mission to the US did not go ahead as other missions were being planned.
5. An Interreg bid for inward investment to support a Kent International Business Programme is not being progressed due to insufficient match funding. No further action is being taken as the project is also no longer a priority.

To: Economic Development Cabinet Committee – 8th November 2012

By: Mark Dance - Cabinet Member for Regeneration & Economic Development

David Cockburn – Corporate Director for Business Strategy & Support

Andy Wood – Corporate Director of Finance & Procurement

Subject: **Consultation on 2013/14 Revenue Budget**

Classification: Unrestricted

Summary: This report provides members with feedback on the recent consultation on 2013/14 budget and in particular how it relates to the Economic Development portfolio. The timing of this committee means we have not been able to fully analyse all the responses in time for this meeting. A full analysis of responses will be presented to Cabinet in December.

1. Introduction

1.1 Consultation on proposals for the 2013/14 revenue budget was launched on 6th September. This launch was much earlier than in previous years, allowing more time for respondents to make submissions and more time to consider responses. The consultation closed on 1st November.

1.2 The consultation included a variety of engagement approaches including:

- Media launch
- Easy to read consultation document (available in printed and on line versions)
- Tick-box questionnaire with the option of submitting a more detailed response
- 2 all day workshops with a cross section of Kent residents organised by independent market research firm Ipsos MORI
- Specific briefings and workshop sessions with a range of other stakeholders including business representatives, voluntary sector, youth county council and trade unions
- Engagement with representative member panels from Cabinet Committees
- Presentations by County Councillors to locality/local boards
- Briefing sessions for staff including Challenger group

1.3 This comprehensive consultation and communication strategy has been endorsed by Cabinet members with the aim of striking the right balance between in-depth engagement with a representative sample of Kent residents as well as wider engagement. We have devoted the majority of expense in engaging Ipsos MORI. Previous experience has demonstrated the additional benefit of independent market research rather than in-house. Ipsos MORI have given assurances that deliberative events with a small sample of residents can provide reliable and robust findings that are indicative of the larger population. The sessions included a cross section of the community and Ipsos MORI recommend that face to face engagement produces much higher quality research results than other forms of engagement.

1.4 In addition to the formal consultation process, Unison circulated a survey to KCC staff and others attending the County Council on 25th October. The results of this survey will be identified separately from the main consultation.

2. Consultation Proposals

2.1 The consultation identified that we are estimating an overall reduction in funding of £67m. These are estimates at this stage for consultation purposes as we have no provisional grant figures from central government or details of how the new funding arrangements will work under Local Government Finance Bill. We also only have an estimate for the Council Tax base, and at this stage districts have not agreed their local schemes for Council tax support to replace Council Tax benefit.

2.2 The funding estimate takes account of the loss of the one-off Council Tax Freeze grant for 2012/13 and the estimated loss of Formula Grant based on Spending Review 2010 planned totals. It also takes account of forecast changes in Dedicated Schools Grant due to additional pupils and conversion of academies.

2.3 The funding estimate includes the forecast impact of increased Council Tax base due to growing population and reduced collection rates due to transfer of responsibility for Council Tax benefit.

The funding estimate includes a freeze in the County Council element of Council Tax without any additional Government support (at the time of the launch the Council Tax freeze grant now on offer had not been announced).

2.4 The funding estimates will need to be updated when we get provisional grant settlements, more details of the new funding arrangements following Royal Assent of the Local Government Finance Bill and better estimates of Council Tax base and collection rates. Members should be aware that these were our best estimates based upon available information for consultation purposes.

2.5 The consultation also identified estimated additional spending demands of £32m. The majority of these (£19m) are unavoidable due to inflationary, legislative and demand led pressures. As with funding, these estimates are based on the best available information for consultation

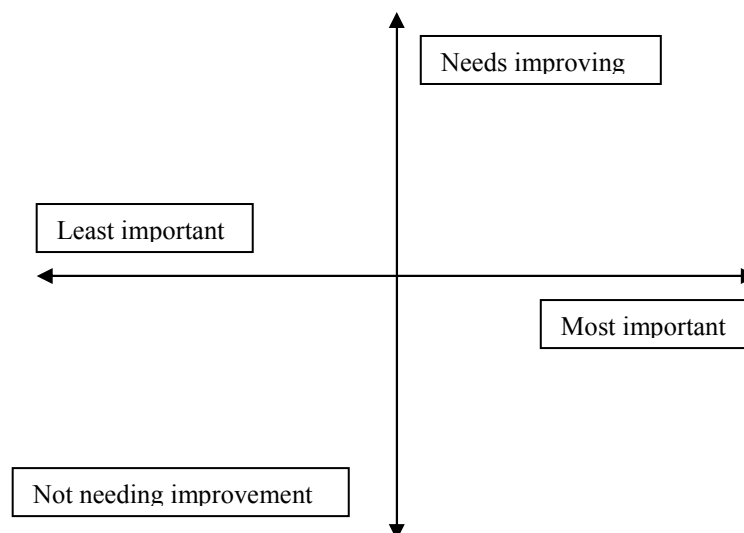
purposes and will need to be refined prior to the budget being finalised. It is essential that the final budget is set according to the most up to date information. The remaining £13m of estimated additional spending would not be unavoidable and is subject to local policy choices e.g. impact of funding new capital spending.

2.6 In order to balance the estimated funding reductions (excluding DSG) and additional spending demands the consultation outlined £60m of possible savings, income and service transformations. £13m of this £60m will arise from the full year impact of actions being taken during 2012/13 or from decisions which have already been taken. The consultation did not seek views on this £13m. The consultation focussed on £44m arising from key new proposals which would be implemented in 2013/14.

3. Feedback from MORI Workshops

3.1 Ipsos MORI organised workshops with Kent residents on Saturday 29th September and 6th October. The first workshop covered East Kent and was held in Canterbury, the second workshop, for West Kent, was held in Tonbridge. Both had between 30 to 40 attendees recruited from a variety of backgrounds and age ranges. This number is consistent with similar workshops organised in previous years.

3.2 The sessions ran from 10am until 4.30pm. In the first session participants had the opportunity to identify what they like and don't like about living in Kent. This was discussed in 4 smaller groups and each group was asked to map a range of KCC services against a scale of importance and scale of scope for improvement as below.



3.3 The remainder of the morning session gave participants an insight into other MORI research into opinions on public spending and a presentation on the issues facing KCC next year and the proposals in the budget consultation.

3.4 In the afternoon MORI explored in more depth with the 4 groups whether KCC should address the budget gap through savings or council tax increases (including other ways the council could raise council tax). MORI also explored with the groups examples of KCC services and whether savings should be determined by the County Council, by local communities, or by individuals taking greater responsibility.

3.5 We have not received the report from Ipsos MORI in time for this committee meeting. The full report will be presented to Cabinet in December.

4. Feedback from On-Line Questionnaire and Budget Consultation Document

4.1 Confirmation will be provided on 8th November of the total number of responses to the consultation which have been received. These are either from the questionnaire available on-line/included in the consultation document or e-mails to the dedicated address. This is the first year we have produced a plain English document, in addition to putting more resources into raising awareness of the budget consultation.

4.2 The response rate is considerably higher than in previous years but the number of respondents does mean that the results, although indicative of those who responded, may not be as robust as we would expect, or represent the views of the population at large. Therefore, we are suggesting that more emphasis should be placed on the qualitative exercise undertaken by Ipsos MORI than the general responses, although both provide an insight into the opinions of Kent residents.

4.3 The consultation only closed on 1st November and therefore we have not had sufficient time to undertake a full analysis for this committee. A full analysis will be presented to cabinet in December.

5. Feedback from Specific Focus Groups

5.1 We have had held consultation sessions with the KEB Business Advisory Board, representatives from the Voluntary and Community Sector, and Kent Youth County Council. At each of these sessions a brief presentation was given setting the background to the 2013/14 budget and outlining the proposals in the consultation. Participants were asked for comment on issues and in particular the approach to transformation, whether local communities could take more responsibility and whether Council tax should be frozen.

5.2 Analysis from these sessions will be presented to Cabinet in December together with the MORI report and individual consultation responses.

6. Informal Member Groups

6.1 The Cabinet Committee agreed to establish an Informal Member Group (IMG) to consider budget issues. The group for this committee was chaired by Mr Wickham and included Mrs Green, Mr Collor, Mr K Smith and Mrs Law representing the committee. The group met on two occasions, 11th September 2012 and 17th October 2012.

6.2 The group considered all aspects of the Regeneration and Economic Development portfolio.

Members considered a presentation on the 2012-14 MTFP and revenue budget for 2013/14. Officers highlighted that the portfolio had already delivered 39% savings on its net revenue budget over the current and previous financial years.

At its first meeting, Members of the IMG raised the following issues:

- a) Resilience – Would the Economic Development Division be able to sustain another incident like Pfizer.
- b) Economic Development is a small Division pro rata and would be in danger of being unable to give the service expected of it, if asked to for more reductions.
- c) Economic Development Division needed to be able to be reactive and flexible where necessary.
- d) Staff level should remain as they are at present.
- e) If capacity is critical the Director should have the ability to gain staff to deal with grants that would otherwise be lost.
- f) Have to be creative in how KCC conducts business with overseas partners with cross party support.

As the contribution to Locate in Kent is the largest item of expenditure in the Regeneration revenue budget, Members decided to invite Mr P Wookey, Chief Executive of Locate in Kent, to their next IMG in order to assess value for money and to consider whether the contribution was set at the correct level. Mr Wookey provided an in depth explanation of the history, performance targets and monitoring and future opportunities for Locate in Kent.

6.3 The Chairman and Members of the Budget IMG agreed to recommend to the Economic Development Cabinet Committee that the Economic Development Budget should remain at the same level in 2013/14.

7. Next Steps

7.1 A full report on the consultation will be presented to Cabinet on 3rd December. Cabinet will be asked to consider all issues that arose during the consultation, and to make a formal response. This will include issues discussed and agreed at this Cabinet Committee. Cabinet will agree any necessary changes to the budget proposals and if necessary issue a revised draft budget.

7.2 The revised draft budget will include an update of all the estimated additional spending demands and savings / income / transformations. The update will also include the provisional grant settlement and updated Council Tax base. This could mean that the revised draft will not be published immediately after Cabinet on 3rd December depending on when information is available.

7.3 Cabinet Committees will have a further opportunity to review the revised final draft budget in the January round of meetings prior to it going to County Council on 14th February for final approval (including setting the Council Tax for 2013/14).

8. Recommendations

8.1 Members are asked to:

(a) NOTE the budget consultation process and that full analysis of responses will be presented to Cabinet in December.

(b) NOTE that the IMG recommends that the Economic Development budget remains at it's current level for 2013/14 financial year.

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Background Documents: None

By: Mark Dance, Cabinet Portfolio Holder for Regeneration and Economic Development
David Cockburn, Corporate Director of Business Strategy and Support

To: Economic Development Cabinet Committee
8th November 2012

Subject: Business Planning Priorities - 2013/14

Classification: Unrestricted

Summary:

This report details provisional headline priorities for the 2013/14 Business Plan for the Economic Development and Regeneration teams. Cabinet Committee members are invited to consider and comment on the priorities, in order to influence the development of the draft Business Plan which will be discussed by EDCC members at their meeting in January 2013.

1. Introduction:

- 1.1 The County Council's economic development and regeneration function is provided through the Economic and Spatial Development (ESD) commissioning team in the Business Strategy and Support directorate, which is responsible for strategic policy formation and direction, and the Regeneration Projects (RP) delivery team in the Enterprise and Environment directorate, which has responsibility for project management and delivery. Their main purpose is to deliver the regeneration and economic objectives set out in Delivering Bold Steps and the County Council's regeneration framework, Unlocking Kent's Potential.
- 1.2 The annual Business Plan is owned and developed by the Director of Economic Development, Corporate Director and Cabinet Members, with support and quality assurance provided by the Policy and Strategic Relationships Team in the Business Strategy Division. The Economic Development Cabinet Committee has an important pre-scrutiny role in shaping and influencing the development of the Plan, before it is approved by Cabinet with a formal key decision in March 2013. The Cabinet Committee will then continue to have an oversight and assurance role of the Plan's delivery through the twice yearly 'business plan outturn' monitoring process.

2. Proposed Headline Priorities for 2013-14

- 2.1 To help achieve economic growth in the County, it is proposed to develop our work programme around the same three core priorities set out in the 2012-13 Business Plan. The delivery of those priorities remains very much a substantive work-in-progress for the County Council and its partners, and involves the continuation of a number of major activities as well as emerging projects. They are closely aligned to

the key economic development and regeneration objectives set out in Delivering Bold Steps and Unlocking Kent's Potential, and are set out briefly below for Members' consideration.

- a) **Encouraging Business Growth** – this will involve developing and strengthening our sector based approach to engaging with Kent's businesses; providing support and intervention where the County Council can have most impact to facilitate business and employment growth, such as initiatives to attract foreign direct investment and to promote international trade, and the development of workspace to support new and fledgling businesses; and providing specific support to businesses, such as those with growth potential and, in north and east Kent, through the TIGER and Expansion East Kent programmes.
- b) **Developing Strategy and Partnerships:** this will involve championing the needs of Kent's businesses, and working with external partners in the public and private sectors to deliver KCC's long term economic development and regeneration ambitions.
- c) **Delivering Infrastructure and Housing:** this involves continuing to develop and exploit new and existing funding streams and mechanisms to enable the delivery of new housing, infrastructure and regeneration projects to support economic growth. These include high-speed broadband, the provision of strategic infrastructure in north Kent, and working with the district councils in unlocking key development sites as well as targeted housing interventions.

2.2 The Business Plan will also identify emerging projects for the coming year address the financial and policy challenges influencing the delivery of the headline priorities. These include capitalising on opportunities for securing external funding and income generation, for example through the new Community Infrastructure Levy (CIL), and anticipating and responding to changes in national policy or legislation.

2.3 Members are invited to consider and comment on the headline priorities set out in paragraph 2.1 above.

3. Timetable

3.1 It is intended that, over the next few weeks, officers will develop the details to be included in the Business Plan under the headline priorities proposed above. The timetable for preparation and approval of the Plan is shown below alongside other relevant milestones.

- **November and December 2012** – details of draft Business Plan prepared by officers; budget and Medium Term Finance Plan (MTFP) finalised following Local government Finance Settlement.
- **January 2013** – EDCC considers final budget; Cabinet endorsement of draft budget and draft MTFP; EDCC considers draft Business Plan for 2013-14; following feedback from EDCC the draft Plan is then submitted to two Cabinet Members for approval.
- **February 2013** – County Council approves budget and MTFP; draft Business plan is submitted to Strategic Business Advisor for QA.
- **March 2013** – Business Plan is finalised.

- **April 2013** – Cabinet approves Business Plan; the new Plan is published online and implemented from April 2013.

4. Recommendation:

- 4.1 Economic Development Cabinet Committee is asked to COMMENT on and NOTE the headline priorities for the Business Plan 2013-14, as set out in this report.

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Background Documents:

None

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By: Nigel Smith – Head of Development

To: Economic Development Cabinet Committee
8th November 2012

Subject: CIL and Levers for Growth Update

Classification: Unrestricted

Summary: This paper updates the Cabinet Committee on progress and is for information only.

1. Introduction

- 1.1 Over the next 2 years the *Community Infrastructure Levy* (CIL) will become an important, alternative source of funding towards the cost of the infrastructure necessary to support new development. Key features are that it is a comprehensive tariff which, whilst taking viability into account, is designed to support a wider range of infrastructure, including transport. This will be subject to and tested for soundness at examination.
- 1.2 Districts as Local Planning Authorities are ‘charging authorities’ and, as such, have statutory access to CIL funds and the power to determine their use in line with District *Infrastructure Delivery Plans* and *Charging Schedules*. However, other partners including KCC continue to be responsible for providing essential statutory services and will, therefore, rely heavily on this funding. Whilst the actual amount of CIL received will depend on priorities, viability and consequent tariff levels there is a strong indication is that CIL will fall significantly short of the total cost (see below under ‘Growth Levers’). This both threatens future service delivery and has the potential to impede development. It is clear, therefore, that hard choices will need to be made and that charging authorities and statutory service providers need to work together if we are to minimise these risks and maximise development opportunities.

2. Progress to Date

a) Evidence Base

- 2.1 Authorities must prepare for the introduction of CIL by compiling evidence of the need for CIL receipts to fund services, deciding investment priorities, and negotiating agreements on the use of CIL receipts. The work already undertaken in this respect includes: KCC completing the financial modelling for community infrastructure (education, communities and adult social services) in the form of the ‘*Integrated Infrastructure and Finance Model*’ (IIFM). This work was

commissioned by KCC in 2010 in preparation for CIL and undertaken by URS Scott Wilson to provide an illustration of how services may be commissioned from KCC through CIL. In this respect, whilst it currently sets out the evidence base for KCC services in terms of supporting the process, other services are able to be added, as required. The IIFM provides a costed set of specific proposals to cater for needs that can be fed into the infrastructure plans produced by Districts. Whilst it has been promoted broadly across the county (through Kent Planning Officers Group etc) some authorities have also been using the IIFM to directly inform their own CIL processes - and we continue to work closely with each of them individually in this respect. Alongside the IIFM we have produced a revised Developers' Guide (***'Development and Infrastructure – Creating Quality Places'***) which sets out KCC's approach to development contributions and, in particular, CIL. This has been subject to extensive consultation and was finally approved by Cabinet Members on 15th October.

b) CIL Pilot

- 2.2 Ashford Borough Council (ABC), Dover District Council (DDC) and KCC jointly submitted a successful bid for Growth Area Transition Funding for a 'CIL Programme Manager' to oversee and coordinate progress on CIL. The pilot project is considering development of Infrastructure Delivery Plans, Charging Schedules etc for the implementation of CIL and is developing a tool to test scenarios (the ***'Viability and Infrastructure Funding Tool'***). The CIL Programme Manager is also helping to build capacity around the County through training events; regular reports to the Kent Planning Officers Group; and presentations to the Kent Forum as required.
- 2.3 A major consideration in defining the level of CIL, and therefore striking the balance between contributions and delivery of development, will be financial viability - the chief requirement of CIL regulations is that the imposition of CIL will not significantly restrict development opportunities. Deliverability of local plans and the infrastructure needed to support them is also a key test of soundness in the examination of Local Plans. The ***'Viability and Infrastructure Funding Tool'*** will allow the balance between individual planning policy requirements and contributions to infrastructure (such as the level of CIL) to be discussed and negotiated at individual district level. Subject to testing with initial authorities, the model will be available for general use. If funding permits, the CIL pilot Programme Manager will also be available to assist individual Districts.

c) Growth Levers

- 2.4 There is likely to be fierce and growing competition for funding from partner authorities including the NHS, Police, and Emergency Services - along with consideration of any planning policy requirements that the District may want to exercise, as mentioned above. There is, in addition

to all this, the commitment to provide a 'meaningful' contribution to neighbourhood's where development takes place. Therefore, the sum of money from CIL will be under great pressure from competing priorities.

- 2.5 The Government consistently asserts that local authorities now have all the growth levers necessary to stimulate growth / unlock sites. In this respect funding options, along with CIL, include TIF, BRR, Prudential borrowing, NHB, GPF etc. However, given the expectation that CIL will be sought to cover a wide range of district and strategic infrastructure, needs to take account of viability and, based on existing and previous cost planning work, it is clear that CIL will not fund everything.
- 2.6 North Kent and East Kent are currently considering CIL levels for their areas. Part of this work includes '**financial modelling in respect of growth levers**' undertaken by KCC in order to provide a forecast of the likely return from 'growth lever' funding, including CIL and New Homes Bonus (NHB) over time as set against infrastructure requirements (see Appendix A - which shows a selection of graphs along with the basic modelling assumptions). It is anticipated that this work can help identify a) the size of the gap and b) whether in time the combined funding package will fund the gap. Dartford, Maidstone and Sevenoaks are also the front runners in terms of taking their own CIL proposals forward and KCC has responded to their consultation and is in on going discussion with them in respect of priorities, the level of CIL etc accordingly.
- 2.7 It is proposed to continue the '**financial modelling in respect of growth levers**' and use the outcomes potentially as the basis for lobbying Central Government in respect of gap funding or forward funding against future CIL receipts (see 3. Moving Forward). In this respect, even if in the worst case scenario alternative forms of the necessary funding are not forthcoming, it is important to convey the significance of the potential consequences including: more congestion, less affordable housing and increasing competition for local school places.

3. Moving Forward

- 3.1 In terms of KCC's role in taking this agenda forward, we will continue to raise awareness of the issues relating to CIL and, specifically, the significant funding gaps and associated risks. In particular, we will continue to roll out the IIFM and Creating Quality Places as the basis for seeking development contributions and the evidence base for CIL in relation to KCC services and have dialogue with individual Districts in this respect in order to assist and influence their processes.
- 3.2 Also, in accordance with the conclusions of the Kent Forum meeting on 20th July, KCC will 1) work together with Ashford Borough to seek agreement on local priorities and develop an infrastructure plan using the '**Viability and Infrastructure Funding Tool**' along with other evidence, 2) Similarly work with individual Districts in this respect to

develop infrastructure plans on a consistent basis, and 3) having established a Leader Sub Group to oversee this work, lobby Government on the funding gap and possible solutions using the ***‘financial modelling in respect of growth levers’*** and other evidence.

4. Recommendations

4.1 The Cabinet Committee is asked to note the contents of this report.

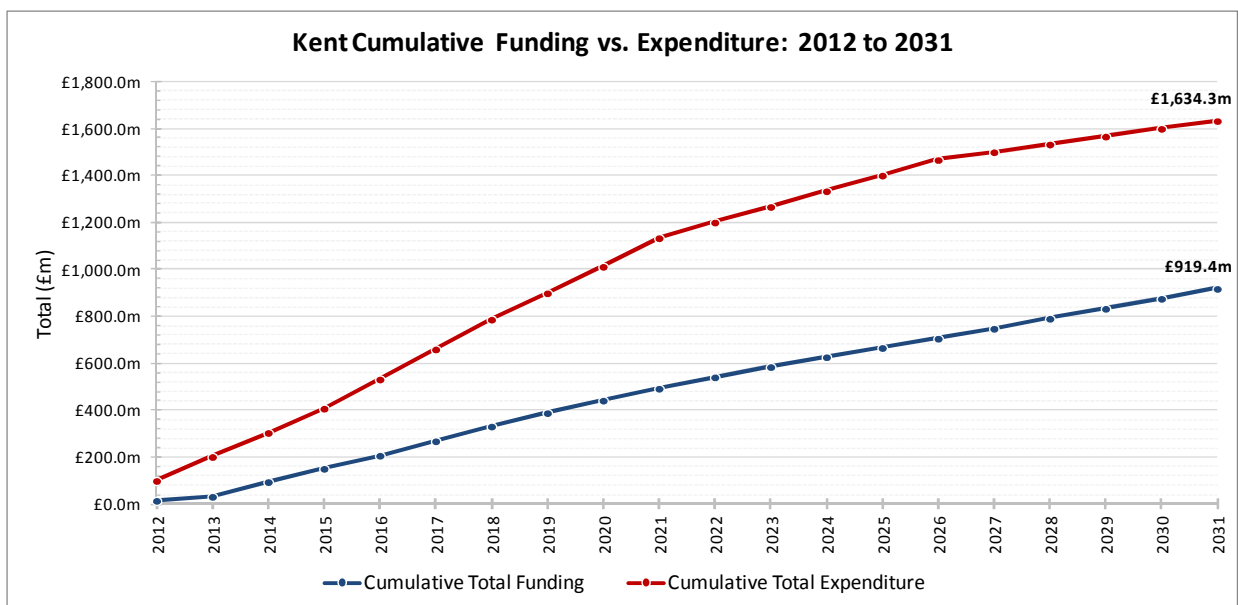
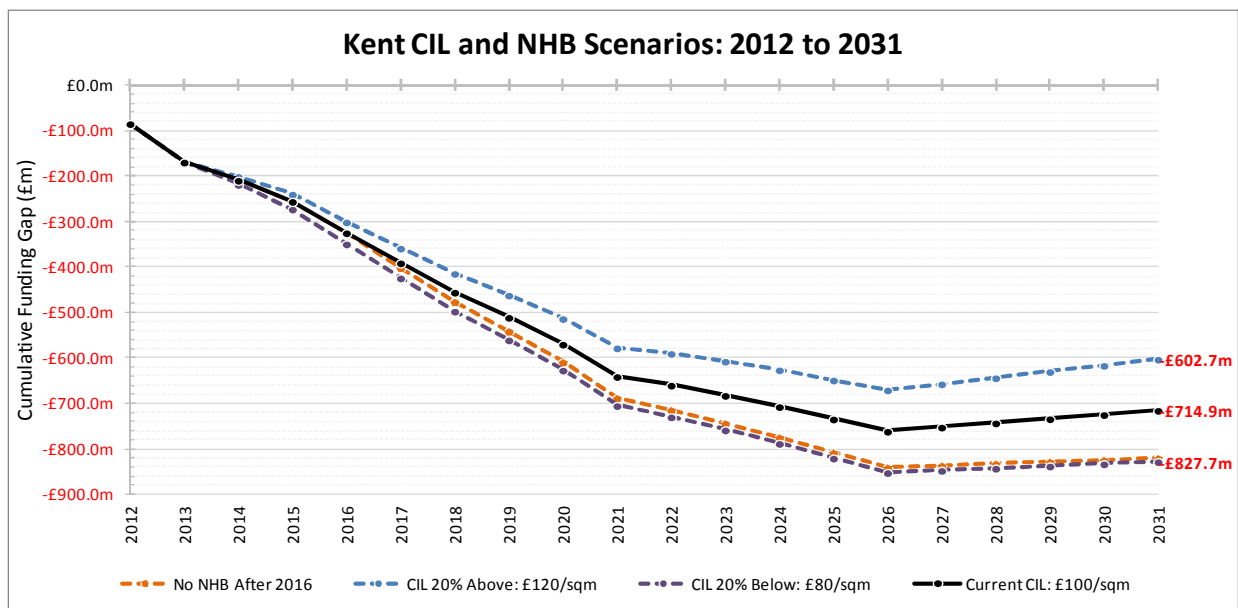
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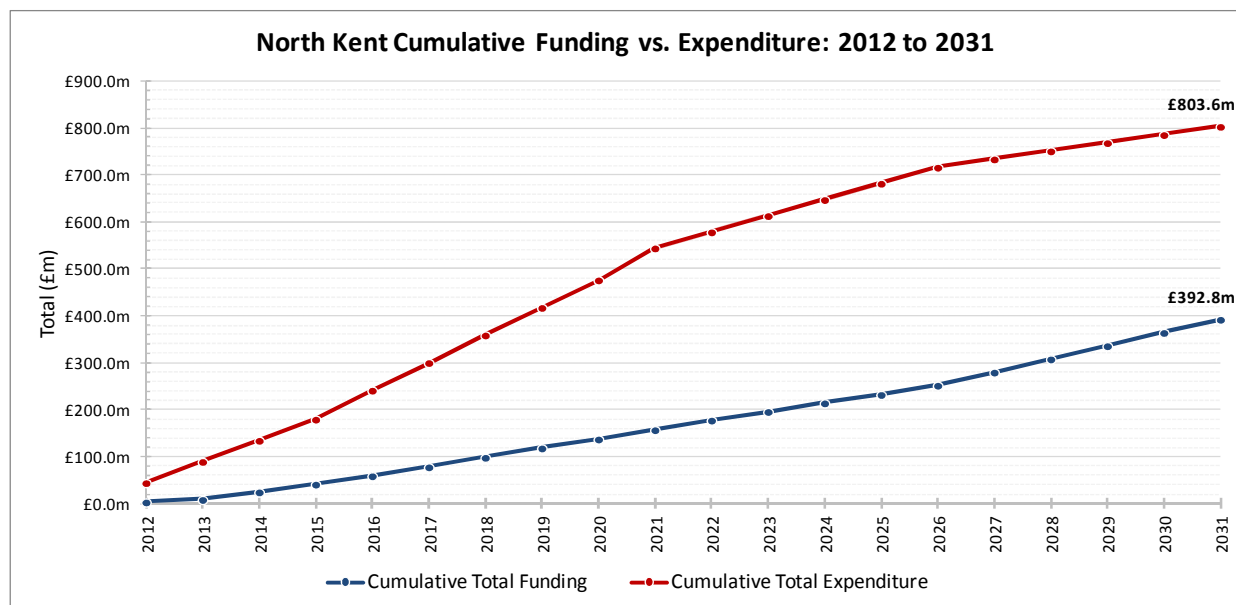
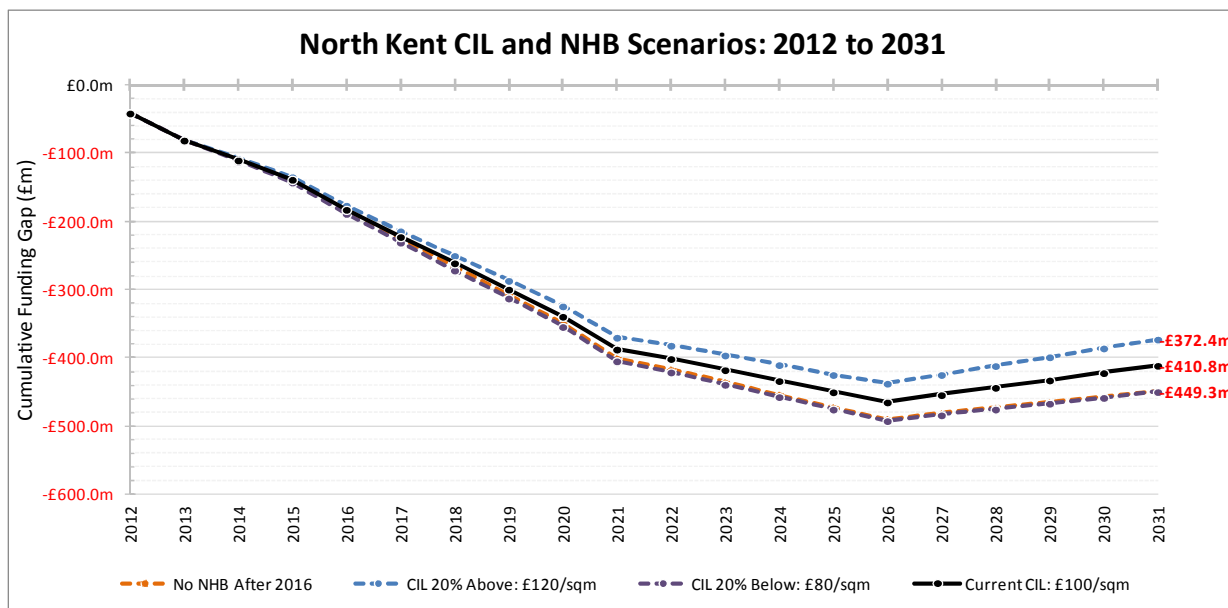
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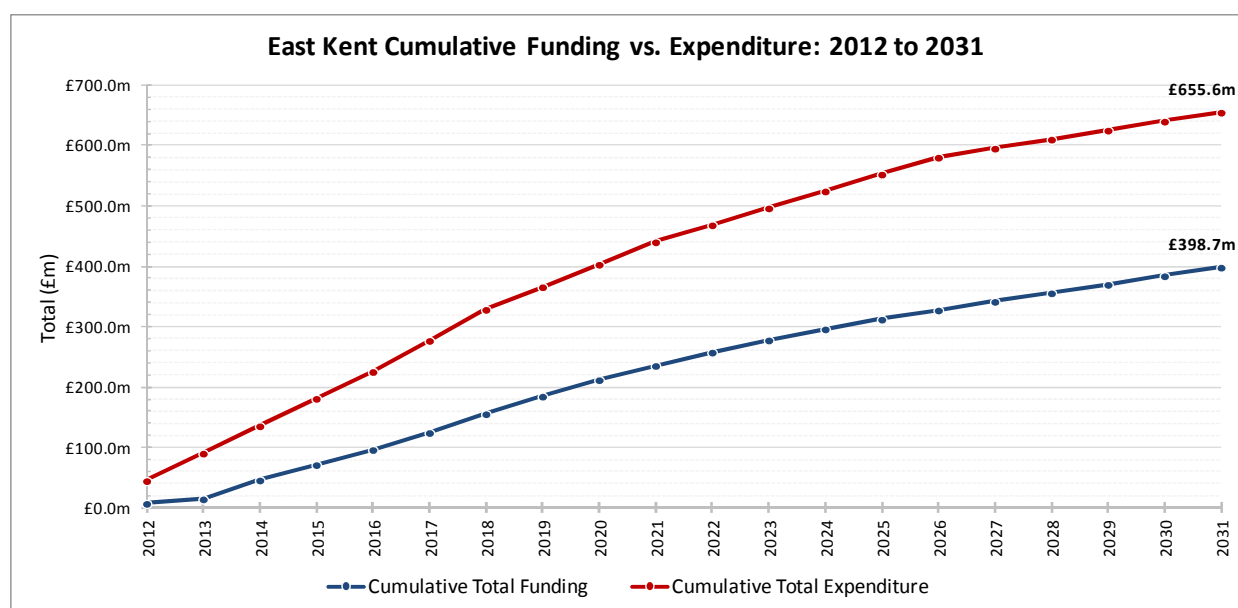
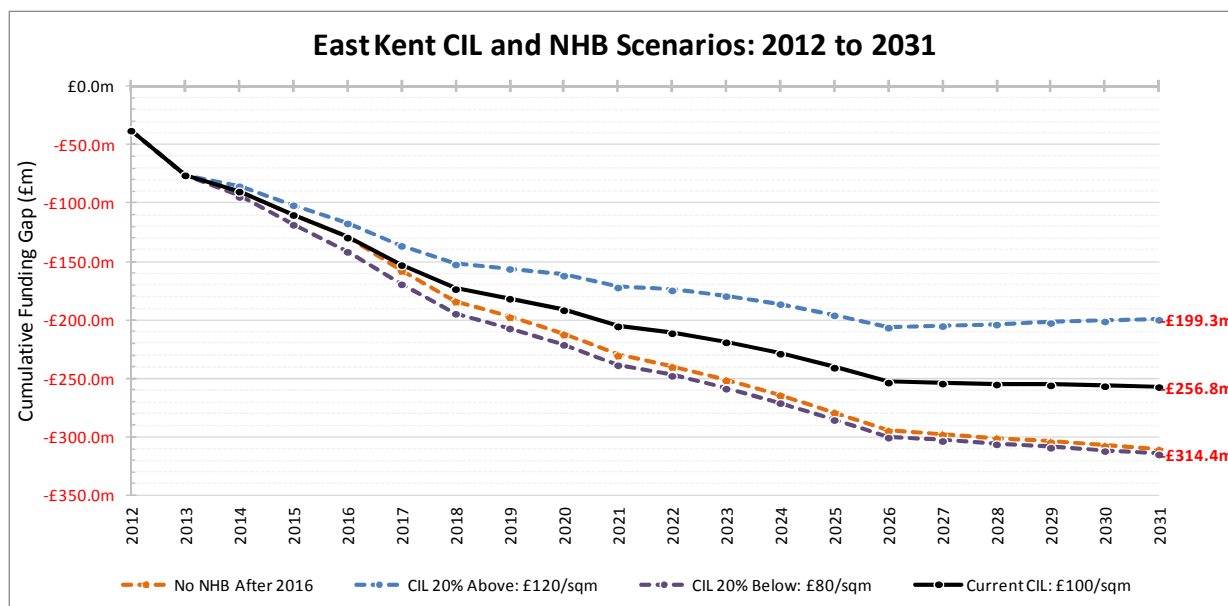
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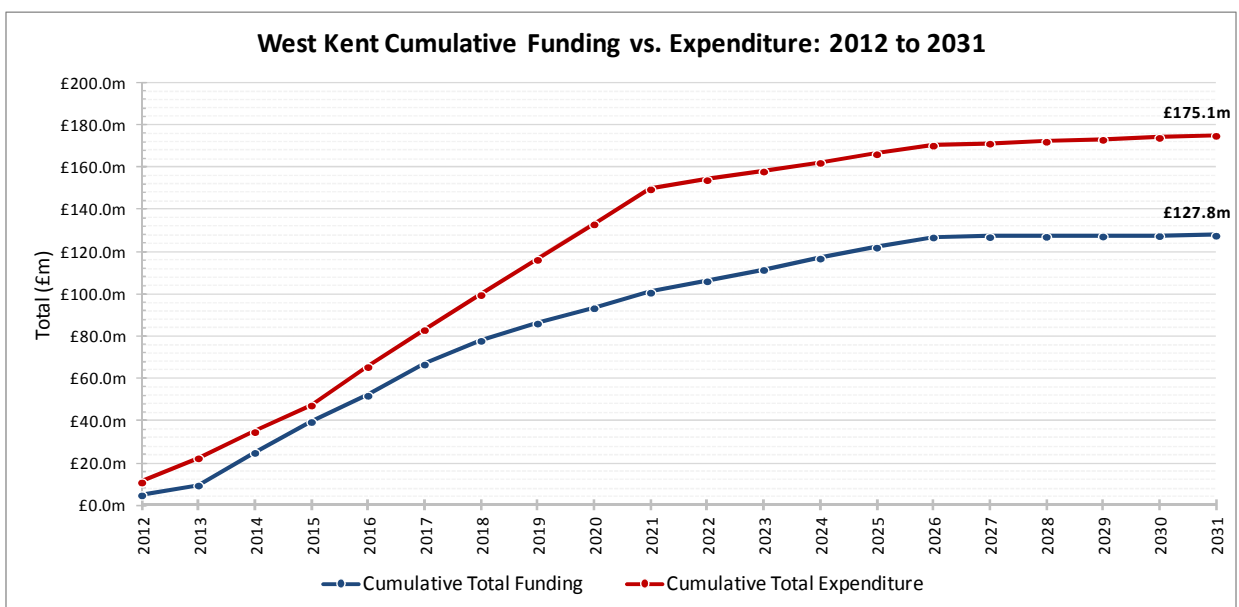
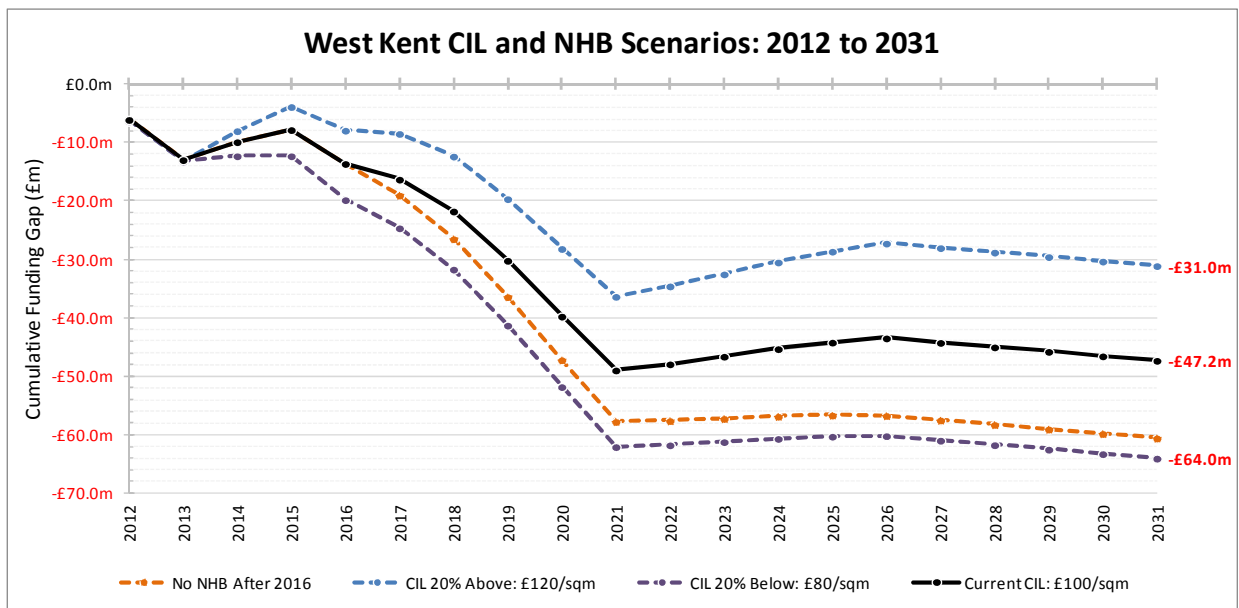
Background Documents:

None









Financial Modelling – Assumptions

- Designed to quantify likely infrastructure costs against ability to raise capital through 'growth lever' funding – CIL, NHB
- Based on £100 / sq m equating to £8,800 / unit
- Housing trajectories are those taken from Core Strategies / Local Plans
- Expenditure includes that identified in KCC's IIFM modelling and an assumption of 30% affordable housing (unless specifically indicated by individual Districts, in their IDP for example, to be otherwise)
- No allowance, other than outlined above, for other major public infrastructure including Police, Fire, NHS etc. (unless specifically indicated by individual Districts, in their IDP for example, to be otherwise)
- Highways infrastructure costings included where available, but not necessarily with commitment to the availability of funding

Other issues include –

- Assumes that all NHB goes into supporting growth – we know much of it is already committed by Districts to base budget and in any event could disappear
- Assumes strong build out rate and viability uniform across the County

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By: Sue Dunn – Head of Employability and Skills

To: Economic Development Cabinet Committee
8th November 2012

Subject: Apprenticeships and Job Creation

Classification: Unrestricted

Summary

The purpose of this paper is to outline the activities that are being undertaken within KCC to develop and deliver apprenticeship programmes and lead to job creation for young people in Kent.

1. Introduction

- 1.1 The purpose of this paper is to outline the activities that are being undertaken within KCC to develop and deliver apprenticeship programmes and lead to job creation for young people in Kent.
- 1.2 In September 2012 the 14-24 Learning, Employment and Skills Strategy (the strategy) was launched. One of its four key areas of focus is to improve vocational education, training and apprenticeships. Success will be measured by a significant increase in young people taking up and successfully completing an apprenticeship, including Kent's key sector areas, along with more young people following other vocational pathways that lead to higher level qualifications and a skilled job.
- 1.3 The strategy has reviewed and incorporated the existing Kent Apprenticeship Strategy 2011 to 2014, and all existing KCC lead apprenticeship programmes.
- 1.4 All KCC departments, Kent's business community, employers, FE colleges, work based learning providers, Higher Education institutions and other partners are key to this ambition, as we ensure that learners develop new employment skills and progress to new levels of learning and employment, receiving high quality work experience throughout.
- 1.5 The strategy will be delivered, co-ordinated and monitored by the new Skills and Employability Service headed by Sue Dunn.

2. Background

- 2.1 An apprenticeship comprises worked based learning, technical skills training and a job. All apprentices are employed and training at NVQ levels 2,3 and 4. The Skills Funding Agency support pre-

apprenticeship training for young people whose qualifications and experience mean they are not yet job ready. However the objective is always to get them to start a full apprenticeship, which means a job.

- 2.2 Over the last year there has been an increase in apprenticeship starts across all age ranges in Kent (Table 1)

Table 1: Apprenticeship Starts by age 2011/12

Age	April 2011	April 2012	Difference
16-18	3394	3736	+ 342
19-24	4565	5567	+ 1002
25+	3073	6372	+ 3299*

* Increase in number of 25+ Apprentices is mainly due to conversion of exiting staff on to Apprenticeships as Train to Gain funding has been withdrawn and will not be seen again under current legislation.

- 2.3 Table 2 below analyses the number of apprenticeship starts in Kent by district and by key sector areas. Approximately 9% of total apprenticeship starts are accounted for by these sectors. The strategy has a target of increasing these by 10% by August 2015.

Table 2: Apprenticeship starts by key sectors

District	Construction	Health/Social Care	Creative/Media	Hospitality	Land Based	Process/manufacture	STEM	Total
Ashford	70	0	0	80	20	0	30	200
Canterbury	30	0	0	40	20	0	20	110
Dartford	40	40	0	60	0	0	10	150
Dover	20	0	0	60	20	0	10	110
Gravesham	10	0	0	30	10	0	10	60
Maidstone	70	10	0	60	20	0	10	170
Sevenoaks	10	0	0	40	20	0	0	70
Shepway	20	0	0	40	0	0	10	70
Swale	110	0	0	40	10	20	40	220
Thanet	60	0	0	70	20	0	10	160
Tonbridge	20	10	0	40	10	0	10	90
Tunbridge Wells	10	0	0	30	0	0	0	40
Kent	470	60	0	590	150	20	160	1450

- 2.4 KCC currently operates three apprenticeship schemes:

- Kent Apprenticeships: facilitating employers, training providers and young people to get jobs and apprenticeships started.
- KCC Apprenticeships: KCC's own internal apprenticeship programme for young people to work within KCC.

- Kent Employment Programme: to support employers to offer apprenticeships to those young people who have been on Job Seekers Allowance for three months or more. Nine hundred grants of £2,000 are available for employers who meet the criteria, with the intention that most of the grants are allocated within an 24 month period. This is funded by Big Society Funding.

All three programmes are now managed from within the Skills and Employability Service where 22.6 FTE staff are involved in apprenticeship development.

- 2.5 The actions that KCC is currently undertaking, and has planned under the strategy, to increase the number of apprenticeships and create jobs, are described in the sections below.

3. Employer engagement and support

- 3.1 An employer support service been established to take enquiries, visit employers, inform them about apprenticeships and any funding opportunities that might be available to them. The advisor will match a training provider to the employer, support them through the recruitment process where necessary and then provide ongoing, light touch support.
- 3.2 Since June 2011 employer support service has been contacted by 378 businesses, resulting in 259 apprentices being employed under the Kent Apprenticeship programme. This is a conversion rate of 68.5% and there are a further 50 possible apprenticeships that are currently being developed between providers and the employers.
- 3.3 Under the Kent Employment Programme, 295 employers have contacted the team pledging a total of 289 Apprenticeship opportunities to date. 183 employers have been visited and 85 young people have started their employment and a further 16 applications are being processed. The team are working closely with Jobcentre Plus and Work Programme providers to ensure that the processes for employers and young people are streamlined and straightforward.
- 3.4 The employer support service works closely with other apprenticeship Initiatives that partners, such as district councils, run in their own areas. For example two “100 in 100” campaigns that have taken place since June 2011 which have raised the profile of apprenticeships in key target areas and had the following outcomes:
- Swale 100 in 100/ Year of the Apprentice, in partnership with Swale BC, secured 96 apprenticeships within 70 businesses
 - West Kent 100 in 100, in partnership with West Kent Partnership, secured 101 pledges from employers with 69 Apprentices employed in 49 businesses
 - Job Fairs in Thanet, Swale and Maidstone

- 3.5 Kent Apprenticeships had a large presence at Kent 2020 in April 2012, bringing together 18 Training Providers and Colleges in the Apprenticeship Zone. Kent Apprenticeships also organised 40 Apprentices to be at the event supporting organisers and stall holders and being ambassadors for Apprenticeships. Kent Apprenticeships has also sponsored the Apprenticeship of the Year KEiBA in 2012. This year the award attracted 29 high quality nominations and the three finalists have become Apprenticeship Ambassadors.
- 3.6 The materials produced for employers are being reviewed and updated and the new marketing campaign for employers will start in September.

4. Young People Engagement & Support

- 4.1 Since June 2011, 1196 young people have contacted Kent Apprenticeships. The Kent Apprenticeships team have also been in to schools to deliver workshops and assemblies to pupils. Information sessions have been run for Jobcentre Plus (JCP) staff to enable them to talk to their clients about apprenticeships. Kent Apprenticeships has supported JCP jobs fair events in Dover and Thanet providing up to date information on apprenticeships and local vacancies.
- 4.2 The Skills and Employability Service manage the Kent Choices 4 U website. This is a key communication channel to young people. Last year over 13,000 Year 11 students access their account on the website, and 11,500 made an online application.
- 4.3 The website has been updated and strengthened to enable young people to find out information about apprenticeships as they are making the decisions about their destination post 16. This is an indication of the potential for engagement with young people to encourage entry into apprenticeships. Kent Apprenticeships also attended the KC4U Live event to provide information to students who attended

5. KCC Apprentices and the Wider Public Service

- 5.1 KCC Apprenticeships, formerly known as The Kent Success Apprenticeship Programme was established in October 2006 and over 500 apprentices have been employed through the programme in KCC and in the wider public sector. Since June 2011 the support service has been reviewed, developed and streamlined to ensure that managers within KCC receive a fast, efficient service when they recruit an apprentice.
- 5.2 Kent Apprentices run a dedicated recruitment service for KCC managers from initial engagement, matching to the training provider, searching for and selection of candidates, supporting the interview process, facilitating the placement to providing ongoing support. In the

past year as the apprenticeship offer within KCC has widened, additional training providers have become delivery partners and we are now working with KEY Training Service, JACE Training, IPS International, KEITS and Hadlow College.

- 5.3 As well as support for managers, the advisors also co-ordinate recruitment service for young people. This includes initial screening with general information about Apprenticeships and KCC, matching candidates to vacancies, supporting the interview process, facilitating the placement, providing ongoing support for Apprentices including job search, workshops and networking opportunities.
- 5.4 In September 2010, Cabinet agreed to a change in recruitment procedures that means that any KR2-4 vacancy should be filled by an apprentice if it is deemed suitable and there are no redeployees. Since June 2011, 52 of these roles have been advertised, 15 vacancies filled by apprentices, 9 were not suitable and the rest were unable to be filled by Apprentices due to lack of suitable candidates or the location of the role.
- 5.5 A pilot programme has been developed and implemented with the Kent Youth Service who employed 12 youth work Apprentices in September 2011 across the County to work in young centres. They also employed 5 Apprentices at Bewl Water to undertake Activity Leadership roles. The Youth Service is currently recruiting the second cohort of youth work apprentices following the success of the pilot.
- 5.6 The KCC procurement policy was agreed by Cabinet in September 2010 and stipulates that in contracts over £1m, for every £1m labour spend 1 apprentice is employed within the programme. Within the Highways contract with Enterprise, a commitment has been made to employ 9 Apprentices and we are currently working with Enterprise to support their recruitment to those posts. KCC is undertaking a joint project with Thanet District Council where empty properties will be bought and renovated. KCC's property team will require support around apprenticeships when drawing up the tender documents for the lead contractor for the project.
- 5.7 Work has begun with the wider public sector with support being given to Dartford Borough Council to recruit and employ 7 Apprentices and Sevenoaks District Council to recruit and employ 3 Apprentices and providing light touch, ongoing support. Work is just starting with Shepway and Thanet District Council to support their recruitment of 5 and 2 Apprentices respectively, the recruitment process is currently underway and KCC will provide ongoing support.
- 5.8 Focused activity will begin to promote apprenticeships in schools. The employer engagement officers will start this targeted work in September. There is a target of 50% of schools in Kent to offer an apprenticeship by 2015.

6. Specialist and Bespoke Apprenticeship Schemes

- 6.1 A key aim of the strategy is to target support for vulnerable young people. The Vulnerable Learner Apprenticeship Project started in September 2010 and in Phase 1, 69 young people have been employed. 62 of those undertaking an apprenticeship – either Level 2 or Level 3 – and 7 young people undertaking an apprenticeship style Opportunity – a bespoke training and employment programme that KCC has developed for young people with learning disabilities.
- 6.2 A phase 2 is currently being implemented, the model having been adapted where possible to incorporate the lessons learnt from the first phase. With the funding available for this phase there are 35 places available; 10 disabilities (5 ASO), 5 care leavers, 14 young offenders and 6 young adult offenders (through the Probation Service). To date, 19 young people have been employed in phase 2 as an Apprentice with employers being sought for the remaining young people. It has been very challenging to find employers to participate in the second phase, perhaps indicative of the current economic climate.
- 6.3 Initial work is also underway with HMYOI Cookham Wood and HMYOI Rochester to look at what support those in custody need in order to access Apprenticeships when they are released. We are looking at what provision is delivered within the prisons and also what opportunities there might be for those released on temporary licence (ROTL).
- 6.4 In September 2011, Danish Oil and Natural Gas company (DONG) worked closely with the Swale Skills Centre to recruit nine new apprentices to train at Level 3 in wind farm maintenance and operations. These are the first such apprenticeships in the UK, and therefore DONG energy staff are undertaking a new nationally accredited qualification designed and delivered by staff at the Centre. This is a model for the development and delivery of apprenticeships with large employers from any key sector.

7. National Developments

- 7.1 Through the ambition of the strategy, and the resources committed through the Skills and Employability Service, KCC is well placed to exploit national initiatives as they develop. These include:
- 7.2 **Youth Contract.** Announced in December 2011, the Youth Contract is the flagship support programme for 16-24 year olds. It has 6 Key Elements to support the re-engagement of NEET young people and reduce youth employment. These are summarised in Table 3 below.

Table 3:

Element	Description	Responsibility
1	Wage incentive of £2,275 for business to employ an unemployed 18-24 year old for at least 26 weeks	Work Programme Providers
2	Work experience of 2-8 weeks for every unemployed 18-24 year old	JCP
3	Sector based academies which help businesses fill a vacancy, offer fully funded pre-employment training for the applicant, work experience and a guaranteed job interview for unemployed 18-24 year olds.	JCP
4	Apprenticeship wage incentive offering SMEs £1,500 to take on their first 16-24 year old apprentices (up to 10)	National Apprenticeship Service
5	Additional support to young people via enhanced access JCP adviser service and National Careers Service interviews	JCP
6	Flexible, bespoke training support for disengaged 16-17 year olds with low qualifications into sustainable education, training or employment with training	In Kent lead provider is Skills Training UK,

7.3 KCC already works closely with JCP so that SME's taking on apprenticeships via the Kent Employment Programme can also benefit under elements 1 and 4 of the Youth Contract, giving them a potential subsidy of £4275 in total.

7.4 **Employer Ownership of Skills Initiative.** In December 2011, DBIS m made available £250 million nationally to support employers to:

- Increase the impact of work readiness, workforce development and Apprenticeships activity
- Secure the training they need by having the influence they require over quality and content and can shape training provision to meet their needs
- Collaborate to address cross-sector or supply chain skills challenges is increased
- Increase employer leadership, commitment and investment in skills including the involvement of employers who do not have a track record of investing in skills.

- 7.5 In the first round of funding KCC is aware of one successful bid being submitted from Denne Construction, and an unsuccessful bid by “Visit Kent” in the hospitality and catering sector. Round 2 will be announced in the autumn.
- 7.6 **Skills support for the unemployed/redundant.** Funded by the Skills Funding Agency (SFA), FE colleges and providers can draw down funding to offer training programmes to the unemployed or redundant on a roll on/roll off basis that gives personalised skills training that meets the needs of employers and the local labour market, to maximise employment progression. Accredited units and qualifications must be included in the offer along with a definite sector based careers path for the individual. Providers must demonstrate that courses meet local employer needs. Once employed candidates can move onto an apprenticeship.
- 7.7 **DWP Innovation Funding.** In May 2011, the Government announced a new ‘Innovation Fund’ of up to £30 million over 3 years from 2012 to support social investment projects that help disadvantaged young people and those at risk of disadvantage. The Innovation Fund (IF) was commissioned in two rounds. The first round of the IF focused on 14-24 year olds and provision started in early 2012. The geographical areas supported were very limited and Kent was not part of these.
- 7.8 The second round focused on disadvantaged young people, and those at risk of disadvantage, aged 14 and 15 years to reduce prospects of them being or becoming long term NEET. It was launched in January 2012. Round 2 projects will engage disadvantaged young people when they are 14 or 15 years of age. Projects can work with these young people for up to three years and claim outcomes during this period.
- 7.9 Shortlisting has taken place and providers who can cover Kent have been selected, including A4e, Groundwork Trust, Shaw Trust and Working Links (Employment) Ltd. KCC will need to work with the providers who are ultimately successful to focus any provision in Kent.

8. Strategic Developments

- 8.1 Delivery of apprenticeships in Kent has been significantly strengthened by the development of a close working relationship with the National Apprenticeship Service (NAS), KATO and KAFEC under the Kent Apprenticeships Partnership. Priorities have been aligned and NAS have put additional resources in to Kent to support the work that the Partnership undertakes. Providers are now willing to work together under the Kent Apprenticeships Partnership where previously they stood alone. JCP is firmly on board with referrals made to the Kent Employment Programme and linkages made to the Work Programme. This has meant a joined up approach to apprenticeships in Kent resulting in increased opportunities for employers and young people.

- 8.2 A key focus in Kent is the progression from Intermediate to Advanced Apprenticeships with the opportunity to then move on to higher levels of apprenticeships and so initial discussions have taken place with NAS and providers to look at progression to ensure career progression through the apprenticeship route.
- 8.3 Members of the Skills & Employability Service have been trained as Apprenticeship Ambassadors to support the delivery of training to organisations such as JCP, CXK, Work Programme Providers as well as going in to schools to provide information to young people. This is a partnership project with NAS and KATO.
- 8.4 In September 2012 there will be 5 Employer Engagement officers working in the Skills & Employability service. Their priority will be to drive the uptake of apprenticeships across Kent by supporting employers to recruit increased numbers of apprentices, through the range of different programmes available both nationally and locally.

9. Conclusions

- 9.1 KCC has made good progress in raising the awareness of the value of apprenticeships in Kent, supporting businesses in Kent to offer apprenticeships to young people and supporting young people in applying for and undertaking an apprenticeship.

10. Recommendations:

- 10.1 Members are asked to note in order to deliver the targets within the 14-24 Learning, Employment and Skills strategy to 2015, the Skills and Employability Service will:
- Integrate all apprenticeship work undertaken by KCC into the “Kent Jobs for Kent young people” campaign.
 - Develop further the strong relationships with partners, including NAS, KATO, KAFEC and JCP, and any training providers that cover Kent through national funding programmes.
 - Develop a delivery model of the Skills and Employability Service to promote an all embracing “Apprenticeship Advisory Service” that supports all employers and all young people to access apprenticeships.
 - Continue to work closely with district councils, and other organisations that are promoting apprenticeships, to ensure a consistent message is given to young people and employers about the value of apprentices.
 - Develop a closer link with employers and training providers that offer apprenticeships within the KCC key sectors, and link them into sector conversations and other KCC sector actions.

- Take a strategic lead on the development of apprenticeship pathways through the growth in provision of Higher Apprenticeships in partnership with NAS.
- Develop employability programmes to equip all young people to be ready to access an apprenticeship. This will include regular work experience for all young people studying post-16.
- Be more proactive in identifying national funding opportunities that can add value to KCC apprenticeship work, and ensure we link in with existing initiatives.

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Background documents:

None

By: Mark Dance, Cabinet Member for Regeneration & Economic Development
Theresa Bruton, Head of Regeneration Projects

To: Economic Development Cabinet Committee
8th November 2012

Subject: Visit Kent – Feedback from Presentation and Member Visits

Classification: Unrestricted

Summary

This report sets out consideration currently being given by this committee to the existing activity of Visit Kent Ltd through a recent programme of presentations and visits by Committee members and will inform its consideration of the Service Level Agreement (SLA) between KCC and Visit Kent for the period 2013 – 2016 referred to in a separate report.

1. Background

- 1.1 Visit Kent Ltd is a private /public sector organisation originally established 10 years ago by KCC to take forward tourism marketing for the Kent tourism sector working in close association with the research, product development and quality assurance/training functions that were then led by a team within KCC. The company has continued to expand its operation and three years ago it was agreed that the two teams would work more closely together under a single business plan overseen by the Visit Kent Ltd Board. The Cabinet Member for Regeneration & Economic Development and the Head of Regeneration Projects are KCC's representatives on the private sector led Board.
- 1.2 Members of the new Committee requested an opportunity to acquaint themselves more closely with the activity of Visit Kent in advance of considering the new SLA.

2. Presentation / Visits

- 2.1 On 21st September 2012, Sandra Matthews Marsh, CEO from Visit Kent, presented to the Economic Development Cabinet Committee providing background on the volume and value of tourism in Kent as well as Visit Kent's key achievements over the last 10 years since its inception by Kent County Council. This included the major Kent Contemporary campaign, the award winning Greeters programme, the Big Weekend, the current extent of private and public sector

partnership support and external funding. It is summarised in the meeting minutes as presented in this meeting's agenda.

2.2 This was followed on 12th and 16th October with two fact finding tours arranged by the Visit Kent team so that Members of the Committee could meet a range of tourism businesses and stakeholders to help them understand the breadth and depth of the sector and their contributions to the local economy.

2.3 The visit programmes and attendees lists are attached at Appendix 1

3. Feedback from Visits

3.1 Members were able to learn more about the opportunities and challenges facing the tourism industry and its potential for growth by directly experiencing a number of Kent tourism destinations and through presentation and discussion with a range of tourism business representatives.

3.2 Headline messages and understanding included:

General:

- Tourism businesses benefit from Visit Kent in terms of significantly enhancing their collective marketing and PR compared to what they could achieve alone or in smaller groupings
- National bodies including English Heritage are able to maximise their marketing and PR budgets for their Kent attractions by working closely with Visit Kent.
- Visit Kent provides valuable access to / representation at national and international events, trade fairs, exhibitions and conferences.
- Visit Kent viewed as being there for the long term, continually building and adapting and providing certainty for its investors. This is important for local businesses and external clients, for example, when it can take 2-3 years to secure an overnight tour operator to Kent.
- Pivotal role Visit Kent plays in linking businesses together to ensure sum of the parts contributes to the greater whole e/g linking a hotel with an attraction when they have a large event
- KCC's involvement as a key stakeholder in Visit Kent giving businesses confidence to invest themselves

Opportunities:

- Building upon the customer in-sight (e.g. MyKent) and business intelligence (e.g. Business Barometer) to forward plan and build upon best practice.
- Improving infrastructure such as HS1
- Legacy of the London Olympics and the Greeters initiative
- Greater potential in the Cruise market and Coach market
- Shared ambition to be brand leaders and close association with Visit England
- Ongoing success of EU funding programmes to develop work streams.

Challenges:

- Cost pressures for tourism businesses in terms of fuel, food etc.
- Importance of developing and maintaining the quality of the welcome to Kent
- Brown tourism signs out of date, damaged, missing and difficult to arrange.
- Need for better and consistent High Speed Broadband and mobile phone coverage
- Need for well educated/skilled staff
- District Councils failing to zone land for Hotel and Tourism development in their plans.
- Need for more quality hotels especially in East Kent
- Too much regulation and bureaucracy

3.3 Members are invited to feedback their experience and thoughts following the visits

3.4 In feeding back Members are also invited to identify how they would like to hear about Visit Kent activity in the future and measure its progress and success which could include future presentations at Committee.

4. Recommendation:

4.1 Members of the Cabinet Committee are asked to:

- a) To discuss key perceptions and outcomes of the fact finding tours; and
- b) Invite Sandra Matthews-Marsh, Chief Executive, Visit Kent, to provide an update to the committee during the 2013/14 year.

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Background documents:

Appendix 1: Visit programme and attendances lists



Itinerary 1 – 12th 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

Committee Attendees: Andrew Wickham
Elizabeth Tweed
Nigel Collor



Itinerary 2 – 16th 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

Committee Attendees: Andrew Wickham
Keith Ferrin
Nigel Collor
Kit Smith

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

Barbara Cooper, Director for Economic and Spatial Development

**To: Economic Development Cabinet Committee
8th November 2012**

Subject: Visit Kent and Locate in Kent Service Level Agreements

Classification: Unrestricted

1. Background

- 1.1 Locate in Kent (LIK) and Visit Kent (VK) are companies established by KCC as an investment promotion agency and a tourism promotion agency respectively.
- 1.2. KCC currently has in place formal three-year Service Level Agreements (SLAs) with both organisations, which are due to expire in March 2013. Both SLAs contain a clause within them requiring KCC to re-negotiate renewed agreements with each organisation, for a further period, in the case of Visit Kent this is stipulated as a period of three years.
- 1.3. KCC is a major funder of both organisations. Forecast service charges for LIK for the current three-year SLA are around £2.2m. Estimated forecast service charges for VK are around £1.8m.
- 1.4. The SLA renewals present KCC with an opportunity to negotiate new service charges, changes to services and new performance standards with each organisation.
- 1.5. The renewal of the SLAs is contained within the Economic Development Business Plan for 2012/13. However, it will still require a key decision, as KCC is likely to be committing future revenue expenditure in excess of £1m.

2. Current performance

- 2.1. Both Visit Kent (VK) and Locate in Kent (LIK) have track records of success. Visit Kent is a recognised premier marketing agency or Destination Marketing Organisation (DMO) that promotes Kent as a visitor destination and provides support to the Kent and Medway tourism industry. This industry contributes £3.2 billion to the local economy and supports over 3,000 SMEs and 63,600 jobs. Since its inception LIK has assisted 790 companies to expand or relocate to Kent, helping to create over 27,900 new local jobs.
- 2.2. This strong performance is reflected in the headline performance indicators and outturn for 2010/11 and 2011/12 for LiK and VK below:

Headline Indicator	2010/11	2011/12
Annually create 3,100 gross jobs through support provided by Locate in Kent	2,588	3,243
Annually create £10m worth of income into the economy through marketing campaigns (Visit Kent)	£18.7m	£26.3m

3. Options

- 3.1. To ensure that re-negotiating SLAs with the existing organisations represents the best approach for KCC, officers have undertaken an options appraisal on alternatives to re-negotiation including: providing the services in-house, undertaking a competitive tendering process and discontinuing the services.
- 3.2. The appraisal found that the existing organisations have a proven successful record of delivery against key KCC economic objectives and represent strong partnership development with the private and public sector that would be difficult to replicate in the short term. The alternative options were found to carry significant potential financial risk/loss of leverage and/or reputational risk for KCC, which outweighed the potential benefits they might bring.
- 3.3. The preferred option is therefore to re-negotiate and renew the SLAs with Visit Kent and Locate in Kent.

4. Performance Standards

- 4.1. As part of re-negotiating the SLAs, there is an opportunity to develop new performance standards with both organisations to reflect how they support KCC's key priorities for economic growth.
- 4.2. KCC will work with both organisations to develop measures that reflect their contributions towards job creation/safeguarding, skills support and development, support to local businesses and financial leverage.
- 4.3. Additional measures for Visit Kent will reflect their role in promoting and marketing Kent as a tourist destination. This could include capturing the economic impact of tourism on Kent; return on investment for marketing campaigns; visitor satisfaction with Kent and perception/awareness of Kent as a visitor destination. Where possible this will make use of independent surveys and statistics captured by organisations including Visit England, to enable wider comparisons.
- 4.4. Additional measures for Locate in Kent will reflect their role in supporting businesses to locate or remain in Kent. They will build on and enhance the current wider performance framework that looks at performance relating to the sectors, location and skill levels of the jobs created or secured. They will also relate to the after care support provided by Locate in Kent, and the satisfaction of companies they work with.
- 4.5. KCC will also explore options to maximise the benefit to the organisation from the SLAs and consider how KCC could better use the expertise within, and the intelligence available to each organisation, particularly in relation to individual business engagement, to support wider economic growth objectives.

5. Next Steps

- 5.1. Subject to agreement by Economic Development Cabinet Committee (EDCC), contract negotiations will be undertaken between KCC and Visit Kent and Locate in Kent to develop new three-year SLAs, covering the period April 2013 to March 2016.
- 5.2. Drafts of the new SLAs will be brought back to EDCC in January 2013 for endorsement.

6. Recommendations

- 6.1 Members of Economic Development Cabinet Committee are asked to:
 - 1) Comment on the priorities for the new SLAs for Visit Kent and Locate in Kent as outlined in paragraph 4, and note the timetable set out in paragraph 5.

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Background Documents:

None

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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
8th November 2012

Subject: TIGER – THAMES GATEWAY INNOVATION, GROWTH AND ENTERPRISE

Classification: Unrestricted

Summary

Following a successful application to the Regional Growth Fund (RGF), the Government has awarded £20 million to Kent County Council to deliver the TIGER (Thames Gateway Innovation, Growth and Enterprise) programme. This will provide direct financial support to businesses in North Kent and Thurrock with the potential for growth with the aim of creating over 2,000 jobs and attracting a further £250 million in private sector investment.

To take TIGER forward, a Key Decision will be required to enable KCC to act as the accountable body for the programme and to enter into a formal grant agreement with the Government. This has been published in the Forward Plan.

This paper sets out the background to the TIGER programme, its aims and objectives and proposed arrangements for programme management and governance. It also sets out the formal agreements that need to be reached to draw down RGF funding. It is recommended that the Cabinet Committee:

- a) Considers the TIGER programme and the arrangements proposed for its delivery;
- b) Recommends that the Cabinet Member for Regeneration and Economic Development, through the Key Decision process:
 - i. Decides that KCC shall act as the accountable body for TIGER;
 - ii. Accepts the Government's offer of Regional Growth Fund grant in respect of the TIGER project, subject to due diligence and the approval of the terms of the draft grant agreement by the Director of Economic Development in consultation with the Cabinet Member for Regeneration and Economic Development;
 - iii. Delegates authority to the Director of Economic Development to sign on behalf of the County Council the final Grant Offer Letter

- c) Receives a further report outlining recommended governance and management options at the next meeting of the Cabinet Committee.

1. Introduction: The Regional Growth Fund

- 1.1 The Regional Growth Fund is a national Government fund which is available to support projects and programmes which will lead to the creation of private sector jobs, especially in areas affected by high levels of public sector dependency and relatively weak private business growth. Funding is allocated on a competitive basis, with two bidding rounds taking place in 2011 – the second of which led to the award of £35 million for the Expansion East Kent programme currently being delivered, and a further £5 million for improvements to the rail line between Ashford and Ramsgate.
- 1.2 In spring 2012, the Government announced a third round of RGF funding, with £1 billion available nationally. In response to the Government's call for projects, KCC (on behalf of Thames Gateway Kent Partnership) submitted an application in June for the TIGER programme. This has now been approved in principle by Government, with an allocation of £20 million.

2. TIGER – Thames Gateway Innovation, Growth and Enterprise

- 2.1 The TIGER programme aims to provide financial support to businesses seeking to invest in projects that will create higher-value employment through the development of new products, services and processes. It recognises that while funding is available for initial research and development (for example through the Technology Strategy Board), there is no public support available in North Kent for commercialisation, despite the clear gap in economic outcomes between the Thames Gateway and the South East's other growth areas and the continuing reluctance of the private sector to invest.
- 2.2 TIGER seeks to respond to this gap by providing targeted funding (mainly on an interest-free loan basis) to companies where this will secure additional private sector finance and support the sustainable job creation.
- 2.3 Geographically, the programme focuses on North Kent (Dartford, Gravesham, Medway and Swale) with the addition of Thurrock. This follows discussions with the South Essex local authorities, recognising the common issues faced by business across the Thames Gateway (as well as current challenges such as the significant job losses at the Coryton oil refinery).
- 2.4 The bid proposed the creation of three streams of funding that would be made available to business:

- a) A **rolling programme** of financial assistance, offered primarily within the state aid block exemptions permitting public support for investment aid to SMEs, aid for research and development and aid for young innovative enterprises;
 - b) A programme of support for the development of **innovation centres** across North Kent, building on the existing network;
 - c) A programme of **sector-focused competitions** for funding with set deadlines, which will assist the scheme in targeting particular areas of growth potential.
- 2.5 As most funding will be made available on a repayable basis, TIGER will be able to recycle funds. As most lending will be interest-free, the fund will not be truly sustainable, but it is anticipated that it will be able to recycle significant funds over the next decade.
- 2.6 TIGER aims to unlock private sector funding and loans as TIGER will only part-fund individual projects – with applicants required to demonstrate that they have secured additional private finance. It is anticipated that TIGER will secure around £250 million in private funding, taking into account the ability of the programme to recycle funds over the long term.
- 2.7 The original bid sought £30.5 million from Government, although given high demand for RGF resources, the actual allocation has been reduced to £20 million. Nevertheless, this represents a very good result for North Kent, and builds on the successful Expansion East Kent programme now underway.

3. **Accountability, governance and management**

Accountable body

- 3.1 As previously reported to the Cabinet Committee, our application to Government proposed that KCC shall act as the accountable body for TIGER. This will mean that KCC will receive the £20 million funding and will be responsible for issuing grant and loan agreements to individual businesses and for reporting on performance to Government. It will also be liable for any repayment of the RGF allocation in the event that outputs and conditions specified in the Government's grant agreement are not met. This role is essentially the same as the accountable body role that KCC currently performs in relation to the Expansion East Kent programme.

Governance arrangements

- 3.2 All applications for TIGER funding will need to be independently appraised. It was envisaged in the original bid that following appraisal, decisions to award grants or loans would be made by a private sector-

led panel operating as a sub-group of Thames Gateway Kent Partnership. KCC would reserve the right to refuse any applications that present an unacceptable level of risk.

- 3.3 However, there are other governance options which could be considered, and it is proposed that a full report outlining governance proposals is discussed at the next meeting of the Cabinet Committee.

Management arrangements and costs

- 3.4 There are likely to be economies of scale in managing the TIGER programme alongside Expansion East Kent, although there will be a need for some additional staff resource (employed by KCC), as well as additional funding for project appraisals and marketing. As the RGF grant will go directly to business, these management costs will need to be borne by local partners.
- 3.5 Revenue funding of up to £800,000 has been allocated from the KCC Regeneration Fund to contribute to the costs of managing TIGER. This will be supplemented by additional contributions from TGKP partners and from Thurrock, although the value of these contributions has yet to be agreed.

4. Securing the Regional Growth Fund grant

- 4.1 Following the Government's announcement of funding for TIGER, KCC will be required to commission due diligence of our draft grant offer. This is intended to assure both Government and the Council that we have the systems in place to effectively manage the programme. We are currently out to tender to procure independent due diligence.
- 4.2 Once Government are satisfied that due diligence has been completed, we will receive a draft final grant offer. This will form our contract with Government for the delivery of the programme and its outputs. The draft final offer will be subject to comment by KCC Legal and Finance before it is concluded, and it is recommended that the authority to enter into the grant agreement is delegated to the Director of Economic Development, subject to the due diligence process.

5. Risks

- 5.1 The main risk to KCC associated with its acceptance of a grant offer for TIGER is a failure to meet the jobs and leverage outputs associated with the programme, with the potential for grant to be clawed back by Government. This will be mitigated through the robustness of the appraisal and monitoring processes associated with each individual project and through close overall programme management.
- 5.2 A full risk register is attached as Annex 2.

6. Next steps

- 6.1 In our original application for RGF funding, we stated that we aim to launch TIGER to applicants from April 2013, providing five months from initial approval to conclude the grant agreement, launch initial marketing and determine governance arrangements.
- 6.2 A detailed setup plan is currently being drawn up leading to the launch of the scheme. It may however be possible to reduce this timescale, given the experience that we have of the setup of Expansion East Kent and the systems that are currently in place.

7. Recommendations

- 7.1 The Cabinet Committee is recommended to:
- a) Consider the TIGER programme and the outline arrangements proposed for its delivery;
 - b) Recommend that the Cabinet Member for Regeneration and Economic Development, through the Key Decision process:
 - i. Decides that KCC shall act as the accountable body for TIGER;
 - ii. Accepts the Government's offer of Regional Growth Fund grant in respect of the TIGER project, subject to due diligence and the approval of the terms of the draft grant agreement by the Director of Economic Development in consultation with the Cabinet Member for Regeneration and Economic Development;
 - iii. Delegates authority to the Director of Economic Development to sign on behalf of the County Council the final Grant Offer Letter
 - c) Receive a further report outlining recommended governance and management options at the next meeting of the Cabinet Committee.

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Annexes

Annex 1: TIGER programme summary

Annex 2: Risk register

Supporting documents

TIGER bid to Regional Growth Fund (available on request)



**Investing in Thames Gateway
business: A prospectus**
June 2012

EXECUTIVE SUMMARY

TIGER will unlock the growth potential of the Thames Gateway by providing a package of direct grant and loan support to businesses with real drive for innovation and growth. Focused on North Kent and Thurrock, it aims to create 3,400 jobs – and catalyse a higher-value, more competitive economy for the longer term.

We are seeking £30.5 million through the Regional Growth Fund to bring forward over £400 million in private sector investment over the next ten years. 100% of the proposed RGF investment will go direct to final business beneficiaries – with support costs funded locally.

This prospectus sets out our strategic case for investment in the Thames Gateway, our complementary programme for locally funded business support and our plans for practical delivery.

A business-led programme

TIGER has been driven by business and informed by business demand. It focuses on the need to unlock finance for small and medium enterprises seeking to commercialise innovative products, services and processes, where these will create jobs and growth.

Businesses have already come forward with investment projects, which have the potential to unlock growth, but which are constrained by a lack of private finance. TIGER will help to deliver Government's national objectives at a local level – making Regional Growth Fund investment directly available to local businesses.

Part of a coordinated approach to commercial growth, TIGER is backed by a consortium of new and emerging businesses, universities, banks, business organisations and the Thames Gateway local authorities, including:

SMEs	Banks
AvaPac (UK) Ltd (manufacturing)	Barclays
Capital Space Ltd (business centres)	Lloyds TSB
Entity Group Ltd (information systems)	HSBC
FloPlast Ltd (manufacturing)	NatWest
Food Machinery Co Ltd (manufacturing)	
Heat Domestic Ltd (renewable energy)	Larger businesses
Macknade Fine Foods (leisure)	Aesica Pharmaceuticals Ltd (life sciences)
ToxiMet Ltd (life sciences)	Delphi Diesel Systems (manufacturing)
Vivacta Ltd (life sciences)	Lafarge Cement UK Ltd (const'n materials)
	BAE Systems plc
	Wire Belt Co (manufacturing)
Business support and representatives	Private-public partnerships
Business Support Kent CIC	Thames Gateway Kent Partnership
Centre for Engineering and Manufacturing Excellence	South East Local Enterprise Partnership
EEF – the manufacturers' organisation	Universities
Federation of Small Business	Canterbury Christchurch University
Kent Invicta Chamber of Commerce	University of Cambridge Institute for Manufacturing
Locate in Kent	University of Greenwich
	University of Kent
<i>Plus Dartford Borough Council, Gravesham Borough Council, Kent County Council, Medway Council, Swale Borough Council and Thurrock Council</i>	

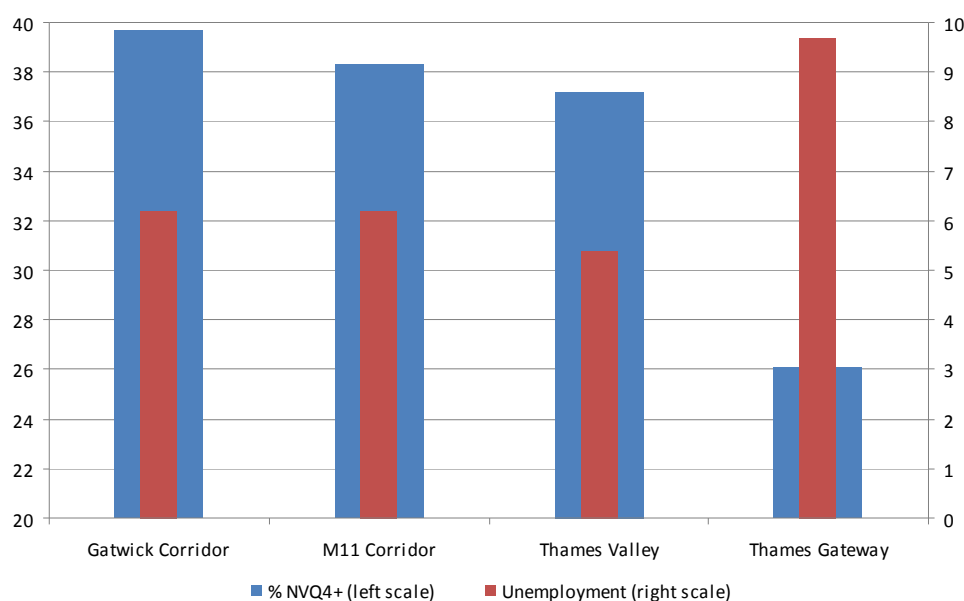
THE CASE FOR INVESTMENT

Unlocking the potential of the Thames Gateway

Stretching from the City to Sheerness and Southend, the Thames Gateway is a national priority for economic growth. As the potential for expansion to the west and north of London becomes increasingly constrained, the Thames Gateway is the country's great opportunity to expand the economy of the UK's only world city.

We have **significant opportunities**. Competitive land and labour costs alongside rapid national and international transport links make the Thames Gateway a potentially attractive business location. A substantial manufacturing base – mainly consisting of SMEs – is underpinned by global names such as BAE Systems and Delphi. Major opportunities in new sectors are emerging, for example with the development of the manufacturing industry in support of offshore wind energy in the Thames, and the designation of the Medway Estuary as a Centre for Offshore Renewable Engineering. There is the potential for the Thames Gateway to be as much of a powerhouse of the UK economy as the Thames Valley and the Gatwick and M11 Corridors. Yet despite its enormous potential, skills and business investment remain lower in the Thames Gateway than other areas surrounding London.

The gap: The South East's growth corridors compared¹



With investor confidence low and our traditional industrial base under pressure – as witnessed by the recent closure of Petroplus at Coryton – the gap between the Thames Gateway and London's other growth corridors could continue to grow – increasing the overall economic imbalance and leaving the Gateway's potential untapped.

So we need to build on our existing business base to create a higher value, more resilient economy – less dependent on the public sector and less vulnerable to economic shocks. This will only happen with private sector investment – and targeted support to ensure that it is unlocked.

¹ ONS Annual Population Survey. % of workforce qualified to NVQ4+ (Jan-Dec 2010); unemployment rate (Oct 2010-Sep 2011)

BUSINESS DEMAND

The TIGER approach to growth: What businesses are saying

Business, local authorities and support agencies have worked together to identify the drivers and actions necessary to unlock growth. Businesses were clear - provide additional support to **innovation and growth** focused on **directly incentivising businesses to invest** where this will lead to higher-value job creation which will unlock private finance.

Key issues that businesses have highlighted include²:

- Although grant support is available for research and development (through the SMART products offered by the Technology Strategy Board), there is often a gap in support for initial investment to commercialise new innovations, which an element of public sector support could help to unlock.

"Having demonstrated proof-of-principle for [our] technology, [we] are now ready to move towards commercialisation. As part of this, we are planning a significant upgrade in our manufacturing capability... leading to product introduction in 2015.... We expect that private investors will be encouraged to support the company if grant aid is available and that investors may make their support conditional [on this assistance]"

Small business (less than 50 employees) in life science sector, Sittingbourne

- The Regional Growth Fund potentially offers significant direct support to business, but most SMEs in the Thames Gateway are excluded from applying direct, due the £1 million threshold. Many businesses also commented on the complexity of previous grant support schemes and emphasised the need for clarity.
- Public sector financial support is welcome... but it only works if it kick-starts private investment. Business confidence remains low and needs to be encouraged. Well-designed low interest loan financing could help to fill the funding gap and ensure that businesses have a firm stake in the success of the project.
- A support package geared to the needs of SMEs with ambitions to grow is essential to the success of any local package of assistance. The new Growth Accelerator will be part of the solution – but local support in accessing finance and building local networks will be important alongside direct funding.
- A lack of quality, flexible accommodation linked with business support frequently holds young and innovative enterprises back – and discourages them from locating in the Thames Gateway. Where public sector has been made in supplying high quality innovation facilities, demand has been high, but developers are not yet confident enough to invest
- Business links are more important than political boundaries. Supply chain links across the Thames Gateway are complex – so we must not let conventional geographical borders get in the way of growth.

² Business consultations with Swale Economic Regeneration Partnership, Kent Invicta Chamber of Commerce, Thames Gateway Kent Partnership business forum, Kent Business Advisory Board, plus discussions with individual businesses. A full list of businesses that contributed expressions of interest in TIGER is available.

OUR PROPOSALS FOR GROWTH

Key principles: Aims and objectives

Building on our consultation with business, we have developed a programme which will:

- Help growing companies unlock access to private sector debt and equity finance;
- Concentrate assistance on those parts of the economy with the greatest potential to contribute to a sustained increase in value – balancing short-term job creation with long-term sustainability; and
- Form part of a wider package (locally funded) to support North Kent's business environment. We don't just want a three-year funding boost; we want a credible and stable framework for local growth.

The TIGER programme

Based on these key principles, we have designed **TIGER – Thames Gateway Innovation, Growth and Enterprise**. TIGER consists of a **core financial offer**, for which we are requesting RGF support, underpinned by a wider **support offer**, funded locally.

The core financial offer

At its heart, TIGER will offer **financial assistance** to businesses seeking to invest in new products, processes or markets, or potentially seeking to expand existing activities where they will lead to sustained employment.

The financial assistance package will consist of three products:

- a) **A rolling programme** of financial assistance. This will mostly be offered in the form of 'repayable finance' – i.e. an unsecured loan offered on grant conditions and with the requirement to meet job creation and other targets, paid back at 0% over an average period of five years.

However, recognising that there may be circumstances in which a potentially sustainable and job-creating project could not be viably delivered through a loan agreement, we will retain the flexibility to offer grant support where required. We anticipate that 75% of the value of the rolling programme will be offered in loans, with the remaining 25% offered as grant.

The rolling programme will be open to applicants at any time. Further details on the project application, approval and delivery process are set out in the next section. We have allocated **£20.5 million** to the rolling programme.

- b) **A programme of support to develop innovation centres** across the Thames Gateway. As business consultation demonstrates, a lack of quality accommodation holds young businesses back – and has discouraged others from establishing in the Thames Gateway. Where new facilities have been developed with public support, they are very successful. For example, the Medway Innovation Centre at Rochester (linked with the University of Greenwich) has an occupancy rate of around 90%, just four years after opening.

The TIGER innovation centres fund will provide part-funding to develop additional facilities, where demand can be demonstrated and ongoing support provided. We already have evidence of interest from the Centre for Engineering and Manufacturing Excellence (CEME) based at Dagenham in establishing an engineering design centre for SMEs in North Kent, and further proposals are emerging from a range of other potential

providers. Following the development of an independent demand study, assistance will be provided through a competitive process with fixed deadlines. Funding through the innovation centres programme will be issued on 100% repayable basis at 0% interest. We have allocated **£5 million** to the innovation centres programme.

- c) **A programme of competitions** for funding to support projects in the Thames Gateway's identified priority sectors, such as advanced manufacturing, low carbon and environmental goods and services or software and communications technology. This will operate through specified calls for projects with fixed deadlines for applications, along the lines of the process currently operated by the Technology Strategy Board.

Finance offered through competitions will be made available on the same basis as the rolling programme (i.e. 75% interest-free loans, with the remainder disbursed as grant). However, it will provide an additional mechanism to enable us to respond to changes in market demand. We will also target SMEs in key sectors with growth potential, especially where they are linked with supply chain opportunities associated with growth opportunities, such as the Sheerness and Medway CORE, or the major investment at London Gateway. We have allocated **£5 million** to the competitions programme.

What's the cost?³

We have analysed the cost per job for each of the three programmes, based on evaluations of previous grant and loan schemes and (in the case of the innovation centres programme) recent build costs. Overall, the average cost per job is estimated to be £11,450 (based on 2,664 jobs directly created or safeguarded). While some schemes have delivered lower costs per job, TIGER's focus is on quality and sustainability, not just short-term gain.

This overall figure assumes an element of displacement, which we have incorporated into the cost. However, displacement will be minimised as TIGER will be directed primarily at SMEs seeking investment to serve markets which are not purely local and where sufficient private finance cannot be accessed.

TIGER will also be partially sustainable – even assuming a loan default rate of 10%, the fund will still be able to issue loans and grants over a 20 year period – reducing the long-term cost to the taxpayer to around £5,000 per job created or safeguarded.

The support offer

Business has said that the core financial offer will only work if it is supported by a wider package of measures to promote innovation and business expansion. So TIGER is accompanied by a programme of **business advice** – funded by local partners – to support businesses with high growth potential in accessing private finance, TIGER investment and the supply chain opportunities associated with larger inward investment. This will be complementary to – and is backed by – the Government's Growth Accelerator service.

TIGER support offer...

- One-to-one support to assist potential applicants for TIGER finance
- Targeted support to businesses with high growth potential



... Linked with

- Growth Accelerator
- Local start-up support
- University Innovation Vouchers
- Medway Partners for Growth small business finance scheme

³ This section is a summary of the key points contained in TIGER: Technical Support Annex, June 2012

OUR PLANS FOR DELIVERY

Governance

The **Thames Gateway Kent Partnership Board**, a strong public-private partnership which has been running for 11 years chaired by business will, with the involvement of partners in Thurrock, be responsible for agreeing and keeping under review the **TIGER Investment Strategy**. This will confirm the key sectors on which we will focus, how we will encourage applications and how invitations to compete will be drawn up for the innovation centres and competitions elements.

The TGKP Board will appoint a decision-making **TIGER Panel** to approve applications. This will include a representative of the accountable body and will have a private sector majority, including representatives of our priority sectors.

The **accountable body** for TIGER will be Kent County Council (KCC). KCC has recent experience in launching and running a RGF2 -funded programme to support business in East Kent. This has included completion of the due diligence processes, appointment of independent appraisers, identification of investment priorities and the launch of the programme: applications for this programme are now being processed. KCC has also acted as the accountable body for funding programmes in the Thames Gateway, including the EU-funded URBAN programme. KCC will be responsible to Government for all RGF funds and for ensuring that systems are in place to deliver effective project appraisal, monitoring and compliance with state aid and other regulations.

TIGER Panel: Proposed members

We will appoint a private-sector chaired Panel to approve investment decisions. Membership is to be determined, but is likely to include representatives from major multinational organisations with a presence in the Gateway (such as Lafarge), medium-sized manufacturers at the core of the local business network (such as Wire Belt Co) and representatives of the smaller businesses who will be the main beneficiaries of TIGER.

Management and support

All costs of managing TIGER will be borne by local partners - 100% of RGF funding will go directly to business.

We will appoint a **Programme Manager** and a small team to ensure that the scheme is effectively promoted, applications are processed in a timely manner, projects are appraised, monitored and evaluated and the TIGER Panel is supported. Full programme management costs are set out in Part 2 of the RGF Application Form.

Promoting the programme

TIGER will be promoted by the Programme Management Team, TGKP partners and local business forums through targeted marketing to businesses in those sectors that are best placed to drive greatest value from the programme. Already, preliminary marketing has led to the submission of 12 pre-application expressions of interest from businesses that have real investment projects, but are facing a funding gap.

However, we anticipate that much of the marketing for TIGER will come from the banks and other private sector intermediary organisations, such as accountants and financial advisors. In consultation, the major High Street banks have indicated that they would welcome TIGER as a key product in unlocking access to bank lending.

“In my view, TIGER should assist businesses’ prospects for expansion and future job growth in the short to medium term by helping to de-risk projects and potentially unlock institutional investment... In principle, HSBC would be prepared to work alongside the scheme ... subject to our normal lending processes and criteria. [TIGER] will I believe be a vital component in Kent’s recovery”

Ed Wratten, Area Commercial Director, HSBC

There will also be opportunities to cross-market other public sector support programmes in a more targeted way. For example, links will be made between businesses benefiting from TIGER support and initiatives such as the Kent Employment Programme (within the Kent County Council area) to promote job opportunities for apprentices and recent graduates.

How it works: the customer journey

We want to ensure that TIGER genuinely unlocks private finance and delivers sustainable projects with real growth potential. All project proposals will be subject to robust appraisal, with a strong emphasis on innovation and value for money. For the rolling programme, the applicant journey will be as follows:

- When the programme is opened to applications, a comprehensive set of criteria will be issued specifying eligibility in the light of the state aid rules and the Investment Strategy
- Businesses will be able to apply at any time by completing a **pre-application enquiry form** available online. Businesses will also be able to access assistance from the support offer to help in their application.
- Pre-applications will be checked for basic eligibility (e.g. to ensure that the application is for investment in the North Kent or Thurrock parts of the Gateway). If eligible, a full application form will be issued.
- Once the business has submitted a full application form, it will be appraised by an independent appraiser, contracted through competitive tender.
- Once appraised, projects will be brought before the TIGER Panel, for approval or rejection.
- If approved, a loan or grant agreement will be drawn up by Kent County Council. Loan agreements will specify the profile of the loan payment linked to delivery milestones as well as the repayment schedule, depending on the needs of the project.

Similar arrangements will be put in place for the innovation centres and competition programmes, although with fixed deadlines and specified briefs.

ANNEX 2: RISK REGISTER

Risk	Inherent			Mitigation	Residual		
	Impact	Likelihood	I*L		Impact	Likelihood	I*L
Lack of appropriate projects – inability to spend	4	4	16	<ul style="list-style-type: none"> Marketing strategy developed Joint working with business representative/ support agencies and banks 	3	2	6
Excessive demand – inability to process applications in time	3	5	15	<ul style="list-style-type: none"> Maximisation of economies of scale via joint working with Expansion East Kent team Clear communication of scheme criteria 	3	3	9
Inconsistent project approval	3	4	12	<ul style="list-style-type: none"> Single programme manual Single programme management team 	2	2	4
Breach of state aid regulations resulting in clawback of grant	4	3	12	<ul style="list-style-type: none"> State aid considered as key element of project appraisal Clear published eligibility criteria Each project individually approved 	3	1	3
Failure to meet stated outputs	3	3	9	<ul style="list-style-type: none"> Jobs and leverage outputs highlighted as core criteria Robust independent appraisal process Ongoing project monitoring 	3	2	6
Failure to secure private sector leverage	3	3	9	<ul style="list-style-type: none"> Dialogue with banks and other potential investors Jobs and leverage outputs highlighted as core criteria Robust independent appraisal process Ongoing project monitoring 	3	2	6
Business failure	4	2	8	<ul style="list-style-type: none"> Business support and advice package offered Robust appraisal and monitoring 	3	1	3
Lack of additionality (projects would have happened anyway)	3	2	6	<ul style="list-style-type: none"> Additionality considered at appraisal stage 	3	1	3

