

ECONOMIC DEVELOPMENT CABINET COMMITTEE

Thursday, 5th July, 2012

10.00 am

**Darent Room,
Sessions House,
County Hall, Maidstone**





AGENDA

ECONOMIC DEVELOPMENT CABINET COMMITTEE

Thursday, 5 July 2012, at 10.00 am
Darent Room, Sessions House, County Hall,
Maidstone

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

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

Membership (12)

Conservative (10): Mr A H T Bowles, Mr N J Collor, Mr K A Ferrin, MBE,
Mr J A Kite, MBE, Mrs J P Law, Mr R A Pascoe, Mr K Smith,
Mr M V Snelling, Mrs E M Tweed, Mrs C J Waters and
Mr M A Wickham

Liberal Democrat (1): Mr M B Robertson

Labour (1) Mrs E Green

UNRESTRICTED ITEMS

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

Webcasting Notice

Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site – at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed.

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

A. COMMITTEE BUSINESS

A1 Substitutes

A2 Election of Chairman

A3 Introduction/Webcasting

A4 Membership

Members are asked to note that Mr Andrew Bowles has filled the vacancy on this Cabinet Committee.

A5 Election of Vice Chairman

A6 Declarations of Members' Interest relating to items on today's Agenda

A7 Minutes of the meeting held on 29 March 2012 (Pages 1 - 2)

A8 Future Meeting Dates 2012/13

The Committee is asked to note the future meeting dates as follows:-

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

(All meetings will commence at 10.00 am)

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

C. MONITORING PERFORMANCE

C1 Decisions on Local Authority Mortgage Scheme and Heritage Lottery fund (HLF) - Folkestone Townscape Initiative - Acceptance of Grant Offer from the HLF and delivery activity for the project

Members are asked to note that these decisions were taken between meetings as it could not reasonably be deferred to the next diarised Economic Development Cabinet Committee meeting. The views of the Cabinet Chairman and Group Spokesmen of the ED Cabinet Committee were consulted prior to the decision being made in accordance with the new governance arrangements.

C2 Bold Steps for Kent - Progress Report (Pages 3 - 16)

C3 Business Plan Outturn Monitoring 2011-12 and Budget IMG (to follow)

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

D1 Economic Opportunities for Romney Marsh (Pages 17 - 22)

D2 Innovations Strategy (Pages 23 - 44)

D3 Kent Rural PLC Initiative (Pages 45 - 46)

D4 Regional Growth Fund: Proposal for North Kent (Pages 47 - 58)

D5 Growing Places Fund (Pages 59 - 62)

D6 Update on Kent Jobs for Kent Young People Campaign (Pages 63 - 68)

D7 Expansion East Kent Update (Pages 69 - 74)

D8 Future Tours: Locate in Kent Visit Kent and Produced in Kent

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

Thursday, 28 June 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.

This page is intentionally left blank

KENT COUNTY COUNCIL

ECONOMIC DEVELOPMENT CABINET COMMITTEE

MINUTES of a meeting of the Economic Development Cabinet Committee held in the on Thursday, 29 March 2012.

PRESENT: Mr N J Collor, Mr D S Daley (Substitute for Mr M B Robertson), Mr M C Dance, Mr K A Ferrin, MBE, Mrs E Green, Mr M J Harrison (Substitute for Mr R A Pascoe), Mr J A Kite, MBE, Mrs J P Law, Mr K Smith, Mr M V Snelling, Mrs E M Tweed, Mrs C J Waters and Mr M A Wickham

ALSO PRESENT: Mrs P A V Stockell

IN ATTENDANCE: Mr P Sass (Head of Democratic Services)

UNRESTRICTED ITEMS

1. Membership

(Item 1)

The Committee noted its Membership as set out on the agenda.

2. Election of Chairman

(Item 3)

Mr K Smith proposed and Mrs E M Tweed seconded that Mr M C Dance be elected Chairman.

Carried Unanimously

This page is intentionally left blank

By: Mark Dance
Cabinet Member for Regeneration and Economic Development

Barbara Cooper
Director, Economic Development

To: Economic Development Cabinet Committee – 5 July 2012

Subject: Bold Steps for Kent – Progress Report

Classification: Unrestricted

Summary: This paper updates Members on the progress made to date against the economic development priorities in Bold Steps for Kent

Members are asked to review the report, including the appropriateness and relevance of the indicators currently included in the Unit's Business Plan.

1. Introduction

1.1 Helping the economy to grow is one of the three ambitions set out in Bold Steps and the Unit has lead responsibility for the three growth priorities:

- Priority 7: Build a strong relationship with key business sectors across Kent
- Priority 8: Respond to key regeneration challenges working with our partners
- Priority 9: Support new housing that is affordable, sustainable and with the appropriate infrastructure

1.2 Section two outlines, in summary, progress since April 2012 against each priority.

2. Build a strong relationship with key business sectors across Kent

Activity includes:

2.1 Innovation Strategy for Kent

A major element in supporting Kent's businesses to grow is focused on developing the county's innovative potential. Kent already has a good record in supporting innovation. However there is potential for a more strategic and co-ordinated approach. Working with International Affairs Group, we have produced a draft Innovation Strategy intended to bring together different sources of support and as starting point for discussions

and potential access to EU funding. This work is now being taken forward jointly by Economic Development and International Affairs Group and is elsewhere on today's agenda.

2.2 High Growth Kent

The High Growth Kent team provides specialist business support services targeted at innovative and high growth Kent businesses. With support from the Regeneration Fund the Team has been able to lever £1.2m EU funding of which £775,000 has been drawn down. The project end date is 31st December 2012. Outputs to 31 March 2012 include:

- 140 portfolio clients supported with growth strategies – (project target is 250)
- £17m investment (rounded) raised by Kent and Medway businesses receiving the Innovation and Growth service – project target is £24m
- 283 jobs created – (project target is 400)
- 314 network clients assisted with innovation service – (project target is 294).

Further updates are expected at the end of July.

2.3 2 Seas Trade

International Affairs Group lead on this project which is being supported by EU funding and the Regeneration Fund. The project is supporting Kent businesses into the export market. The project end dates is 31st December 2013. Outputs to 31 March include:

- 111 Kent businesses have participated in local workshops covering different aspects of international trade – (project target is 125)
- 31 Kent businesses have received a 1-2-1 visit from an international trade advisor to discuss their export readiness – (project target is 10)
- 5 Kent food & drink businesses exhibited at an international trade fair in Belgium and identified important leads which are currently being followed up (including restaurant chains, distributors etc) – (project target is 30).
- 9 Kent Logistics firms taken to the Netherlands for market visit – (project target is 30). The visit focused on fact-finding but some business contacts were facilitated by the project and are being followed up (the event took place at the end of May so concrete results are not yet known). The project partners are considering a reciprocal visit to Kent to include a further networking event to bring together companies to establish trade links.

In addition to the original project target outputs the project has delivered the following:

- 21 Kent businesses have participated in Business 2 Business

networking.

- 17 Kent sustainable construction businesses participated in match-making event with firms from all over Europe

Further updates are expected at the end of July.

2.4 **Incubator and business space provision**

The unit is developing a proposal for increasing incubator support which will form the basis of a bid to the Regeneration Fund. This work is being undertaken in liaison with Kent Districts to determine the potential demand locally and for supporting projects.

Additionally, with support from the Regeneration Fund, planning is underway to expand the managed workspace provision at the Old Rectory in Northfleet to provide up to 11 new workstations. The Old Rectory is a KCC-owned building, managed by Basepoint enjoying 95-100% occupancy of business units.

2.5 **Rural business support**

- **Kent Rural PLC** Annual report and evidence base has been commissioned and will be presented to the Kent Show on Friday 13th July.
- **Kent Downs and Marshes Leader programme** has now awarded £1,109,583 from its programme budget of £1,321,456. The majority of these awards have been in capital grants to small and micro enterprises and community enhancement projects. The total cost of these capital projects has been approximately £2.8m which has helped to create 26 FTE positions, whilst sustaining a further 120 jobs in the KDM Leader area. Also, 61 businesses have been helped to grow their current activities as a result of Leader assistance and nine new products have been created.
- **Produced in Kent** was established by KCC in 2005. The company aims to deliver a range of activities to support Kent's Food & Drink Sector and promote Kent's local produce. Since its inception, membership has increased by 15% (numbers) and 38% (income) and the company is now supporting 211 food, drink and craft related businesses in Kent. A new 3 year strategic plan for 2012-2015 is in place focussing on supporting & developing the Food & Drink sector in Kent. **Planned activities** for 2012/13 include:
 - A project to create a Knowledge Base of the Food & Drink sector in Kent by March 2013
 - New activities aimed at creating new channels to market for members including a 6 week food and drink festival at St. Pancras Station in September and 'meet the supplier' events for the retail and hospitality sectors by December 2012

- Investigating exporting opportunities for members and gaining a better understanding of supermarket local sourcing policies by March 2013.

2.6 **Expansion East Kent Programme**

KCC is the accountable body for this £40m programme which aims to create and safeguard 5,000 new jobs, grow 500 East Kent businesses, lever in £320m of private sector investment and unlock private sector debt and equity finance by offering businesses the opportunity to access percentage free loans. The Regeneration Fund is supporting the management and administration of the programme which was formally launched on 27th April 2012.

As of 11th June, 175 pre-applications have been received. Partner activity includes:

- Delivery of Enterprise business support to potential applications – KCC/JCP, Kent Invicta Chamber and Kent Channel Chamber;
- Voluntary involvement from a range of partners to support businesses to apply i.e. Locate in Kent, consortium of bank representatives.

A full report on the programme's governance was presented to Cabinet on 14th May.

2.7 **Sector Conversations**

To date, the Unit has delivered 5 consultation events involving about 500 businesses and related organisations. Events have covered:

- **Food Production with Horticulture and Agriculture.** Held in January 2011, this event was attended by 122 delegates, of whom 85% were rural based businesses.
- **Construction and Development.** Held March 2011, this event was attended by 104 attendees of whom 88% were businesses.
- **Low Carbon.** Held in May 2011, this event was attended by 80 delegates of whom 70% were businesses.
- **Health and Social Care.** Held in September 2011, this event was attended by 95 delegates of whom 80% were businesses.
- **Creative, Media and Communications.** Held in February 2012, this event was attended by 170 businesses, of which over 55% were small to micro businesses.

Common themes emerging from the events are:

- Access to superfast broadband is regarded as essential to most businesses.
- Concern over the delays and apparent inconsistency in the current planning control system across the county, and uncertainties as to how future planning policy might impact on business and housing growth.
- Raised profile of business sectors especially where marketing and promotion can assist for example in encouraging the development of local and mutually supportive business networks.
- Access to finance is a major concern for many businesses, especially SMEs.

Two further sector-based consultation events in tourism and advanced manufacturing and engineering are planned over the next 12 months alongside thematic events focusing on international trade development and investment (probably in east Kent and in partnership with UKTI), the business opportunities to be captured from enhanced digital capacity (in partnership with Thanet DC), and the scope for further capitalising on renewable energies and low carbon technologies. We have also begun work with the Business Advisory Board and 6 of the main banks to explore how access to business finance and related business support can be improved. This initiative was launched at Kent 2020 in April 2012, and will be followed by further events supported by the British Banking Association starting in July.

The Unit is also providing specific support to key business sectors. These include:

2.8

Visit Kent

- Evaluation of the 2012 **Big Weekend Out** is underway where over 80,000 requests from Kent residents for nearly 17, 000 free tickets from 123 Kent attractions were entered into the on-line ballot. 21 media partners were involved and a similar model is being adopted by Visit Britain
- The '**Kent is GREAT**' campaign was launched at Kent 2020 event in April where Visit Kent worked with Number 10 and Visit Britain to extend the national 'GREAT' campaign to key points of entry in the county using the Kent Contemporary images in partnership with HS1, Port of Dover, Eurotunnel and Kent International Airport. Visit Kent secured free poster space and Number 10 match funded the production. These will be up from June until October
- The 2012 **Kent Contemporary** campaign launched in May including a new image for Turner Contemporary along with those for Hever, Dover and Chatham Historic Dockyard. The project is building upon the impressive Return on Investment of 65:1 for 2011.

- The '**Look**' campaign - to deploy the official London Organising Committee of the Olympic and Paralympic Games 2012 LOOK (dressing throughout the county) across Kent is underway. *Look* is only available to non-commercial partners and is county-wide. It will feature in key hubs and points of arrival during the games period: Ashford, Canterbury, Dover, Folkestone (including Eurotunnel), Maidstone, Margate, Ramsgate, Sevenoaks, Brands Hatch and Tonbridge. There will be three signature *Look* outputs:
 - Projection on the Cliffs of Dover of the Olympic Rings and Paralympic logo
 - Turner Contemporary will be dressed with a large pink ribbon to recognise that the Tracey Emin show is part of the London Festival
 - The Tall Ship carrying the Torch into Dover will be dressed with flags and banners.

2.9 Low Carbon Kent

Regeneris has completed the economic analysis work identifying the size of the low carbon economy in Kent, its distribution across the county and how Kent compares to other counties. The outputs from the report have fed into the Green Business Event that was held on 28 June to take forward the development of the Kent Low Carbon offer.

2.10 Locate in Kent

Performance to date is recorded in the table in Appendix 1. It is very early in the year to get any indication of whether targets are likely to be achieved at the end of the year. Overall, Locate in Kent is close to the cumulative target of total jobs, and very close to the Foreign Direct Investment target. Locate in Kent expect to achieve most targets by the end of the year.

2.11 TIGER

This project is intended to deliver support to grow innovative businesses in the Thames Gateway via provision of financial assistance to businesses seeking to invest in the area. A bid has been prepared and was submitted in June to Round 3 Regional Growth Fund funding.

3. Respond to key regeneration challenges working with our partners

Activity includes:

3.1 Discovery Park Enterprise Zone

The Enterprise Board is now established. Dover District Council is taking forward the Local Development Order. The period of exclusivity between Pfizer and London Metropolitan has ended with no deal finalised, and therefore the process to find new owners for the site

continues.

3.2 Sheppey Task Force

The Sheppey Task Force last met in March. Thamesteel is now under new ownership. The new owners hope to restart production soon though further details are awaited. With the recent announcement regarding the termination of Vestas option for Sheerness, Members and officers from Swale Borough Council and KCC are to meet to discuss future opportunities.

3.3 Kings Hill

Progressive residential land sales have been agreed and programmed for 2012. The Master Plan Review is ongoing and a public consultation exercise started in June 2012.

3.4 Telehealth

This three-year Interreg IVC project to develop a new generation of innovative, personalised care solutions, using technology for the elderly at home and outdoors is being led by International Affairs Group. KCC has recently received confirmation of the final grant – 155,000 euros and the project will therefore start-up in July. Kent will have the opportunity to host an international study visit later in the year in partnership with the South East Health Technologies' Alliance.

A paper is being prepared for the Kent and Medway Teletechnology Strategy Group to highlight further European opportunities for Kent and the strategy to maximise them.

3.5 Cyclopark

This project completed with the opening of a new activity park on 27th May. Cyclopark provides 43 hectares of high quality, traffic-free, multi-use facilities for cycling, mountain-biking, cyclo-cross, BMX, skateboarding, distance running and cycling events. It is the only facility of its type in the UK; putting Kent “on the map” for cycling provision, and is expected to attract up to 100,000 visitors per year from a wide catchment area. At 12th June, the Park has received 5,480 visitors.

3.6 Folkestone Townscape Heritage Initiative

This is a partnership project including KCC, Shepway District Council and the Creative Foundation to undertake a programme of improvement works to Folkestone Old Town which will both compliment existing and assist further regeneration of the area by improving the offer in the Old Town, Creative Quarter and Harbour area. The project secured funding of £400,000 funding from the Regeneration Fund as match funding for a bid to HLF Townscape Heritage Fund. HLF has recently announced the project's success in being awarded a 'first round pass' including development funding of £50,000 which will support the development of a detailed second round bid to secure the £1.3m total project grant allocation.

4. Support new housing that is affordable, sustainable and with the appropriate infrastructure

Activity includes:

4.1 Kent and Medway Investment Fund

The Kent and Medway Investment Fund aims to unlock regeneration and development by using local authority assets and funds to lever private sector investment. A feasibility study and concept model for KMIF has been produced. Medway, Maidstone, Canterbury and Tunbridge Wells Districts are committed to exploring the model further and are developing proposals together with KCC. Investment priorities and project pipeline are currently being developed and will be presented to the Leaders/Chief Executive's Group in July.

4.2 Infrastructure and Finance Model (including revision of KCC's Developer Guide to provision of community infrastructure)

IIFM

The IIFM is a gap funding model developed to underpin KCC's service provision planning and in response to the introduction of the Community Infrastructure Levy. To date, outputs from the model have been used to inform District Infrastructure Delivery Schedules and site allocations documents.

Current development work includes modifications and refinements to the model to enable more detailed analysis of housing impacts on services and also to make the model more user-friendly for service providers; and easier to maintain.

Developer's Guide

The current guide has been updated to complement the revised assessment process for service provision planning contained in the IIFM. To date, we have undertaken two informal consultations with KCC staff and key stakeholders. A formal consultation concluded on 24 April 2012. The guide is being updated to reflect these changes and the final draft will be considered by Cabinet for formal adoption as KCC policy.

4.3 Development Contributions

KCC seeks development contributions from all development sites where there is a proven impact on current service provision. Sites are identified as minor (up to 500 units) and major (500 or more units). Minor site work is outsourced to Mouchell Parkman. Since 2002, KCC has secured about £53 million in contributions from minor sites to support primary and secondary education, adult social services, libraries and archives, community learning and youth services. This represents a success rate of 85%.

Negotiations on major sites can take many years to complete. Since 2002, KCC has secured 9 primary and 2 secondary school sites,

additional adult social services and community facilities and £81m in cash contributions. We are currently involved in negotiations on the following sites:

- Ashford: Cheeseman's Green and Chilmington
- Dartford: Northern Gateway East, Stone Pit, Northfleet West Sub-Station
- Dartford and Gravesham: Ebbsfleet
- Dover: Aylesham, Connaught Barracks, Whitfield
- Thanet: Martello Lakes, Westwood Cross, Eurokent

4.4 No Use Empty

This highly successful project has brought 2,126 empty properties back into occupied use since 2005.

The project provides loan funding for landlords to carry out work to enable empty homes to be brought back into occupied use. For 2012-13 the project has a budget of £2.2m. To the end of May 2012 loans of £427,000 have been approved for projects valued at £840,000. To date the loan funding has levered in an additional £11.4 million to Kent.

First quarter results for 2012/13 are expected at the end of July.

4.5 No Use Empty – Affordable Rented Homes

This project has been made possible through funding support from the Regeneration Fund which is providing £1 million capital to match fund HCA financing of £795,000. The project is intended to deliver up to 40 family-size homes for the rental market. If successful, the money from the Regeneration Fund will be paid back to fund within 3 years or could be used to continue the project.

The project is to be launched in July. The project has set a target to deliver 5 units in 2012/13. Currently there are 3 potential projects identified and these are being progressed. KCC legal services are undertaking a review of the existing No Use Empty loan agreements for the new project.

4.6 Housing Interventions

- **Local Authority Mortgage Scheme:** A Cabinet decision has been taken to proceed with the Kent Local Authority Mortgage Scheme, potentially investing up to £12m in partnership with Districts and Boroughs to help first time buyers in Kent access affordable mortgage finance. The decision to enter into the scheme was approved by Canterbury City Council on 26th April and KCC and CCC officers are working to launch as soon as possible. A number of other Districts and Boroughs are actively considering taking part in the Scheme.
- **Growing Places Fund:** KCC has successfully attracted £5m of

Growing Places funding from the South East Local Enterprise Partnership, subject to due diligence, to deliver the Live Margate Housing Intervention Programme. Thanet District Council has been awarded £4.1m from the HCA “clusters of Empty Homes” programme. This brings the total investment in Live Margate to £21.1m.

4.7 Broadband (BDUK project)

The Kent and Medway BDUK Local Broadband Plan was signed off in January 2012. Early sign off has enabled Kent and Medway to be among the first local authorities to use the BDUK procurement framework.

Recent progress includes :

- More than 12,000 votes received for the ‘Make Kent Quicker’ campaign which was launched in February 2012 supported by all District partners, Kent Association of Local Councils, Kent Federation of Small Businesses, Action with Communities in Rural Kent and the Kent Community Engagement Officers to maximise reach into target rural areas.
- Invitation to Tender documentation and data room in place
- Supplier day held
- Awaiting BDUK to complete State Aid notification sign off with EU

5. Growth without Gridlock

- 5.1** The following project supports priority 10 of Bold Steps for Kent - Deliver Growth without Gridlock.

Homes and Roads

The Homes & Roads Programme is a targeted package of transport infrastructure improvements that would enable some 22,600 homes and around 1 million m² of commercial development to be delivered across the Kent Thameside area over the next 20 years.

To date, the £13m HCA funding allocated to the Homes & Roads Programme for 2009/10 and 2010/11 has been drawn down by KCC and is being utilised to deliver transport infrastructure improvements to support development in the town centres of Dartford and Gravesend. However the Government’s Comprehensive Spending Review in October 2010 created uncertainty over previously agreed public sector funding commitments to the programme and there are on-going discussions with Government regarding commitment to programme.

A review of the programme to identify cost savings and alternative sources of funding has indicated that the original cost of £200m could be reduced to around £116m. This review is to be agreed between

stakeholders. Discussions are also being held with DCLG and DfT to identify how the project can be unlocked.

Work has started on the design of Rathmore Road Link in Gravesend and a detailed planning application submitted was in April 2012. Construction is scheduled to start in Autumn 2013.

6. Recommendation

- 6.1** Economic Development Cabinet Committee is asked to discuss the contents of this report.

Author Contact Details:

Name Theresa Warford
Directorate Business, Strategy and Support

Email: Theresa.warford@kent.gov.uk Tel: 01622 221927

Background Documents:
None

**Economic and Spatial Development Unit KPIs
Report for month May 2012**

Monthly Indicators	Month Result	Month RAG	Direction of Travel	Year to date Result	Year to date RAG	Year end Target	Previous year
Locate In Kent SLA							
Number of gross jobs (direct and indirect) created or safeguarded through investment facilitated by Locate in Kent	447	AMBER	N/A	447	AMBER	3,100	3,217
Percentage of gross jobs created that are professional or management positions, or jobs in knowledge based industries	18%	AMBER	N/A	18%	AMBER	45%	69%
Percentage of gross jobs created that are in high value growth sectors	26%	AMBER	N/A	26%	AMBER	50%	89%
Percentage of gross jobs created that are located in Ashford, Thames Gateway in North Kent, coastal East Kent	69%	AMBER	N/A	69%	AMBER	75%	61%
Percentage of gross jobs that are created by company expansions within Kent	98%	GREEN	N/A	98%	GREEN	20%	64%
Percentage of total gross jobs that are created by relocations and expansions into Kent	2%	AMBER	N/A	2%	AMBER	10%	24%
Percentage of projects that are international projects relocating or expanding in Kent from outside of the UK	27%	GREEN	N/A	27%	GREEN	28%	28%
Visit Kent SLA							

Monthly Indicators	Month Result	Month RAG	Direction of Travel	Year to date Result	Year to date RAG	Year end Target	Previous year
Run an effective visitor economy partnership monitored by the VK Board, and measured by the retention of the current level of investors (85)	98	GREEN	N/A	98	GREEN	85	93

Quarterly Indicators	Month Result	Month RAG	Direction of Travel	Year to date Result	Year to date RAG	Year end Target	Previous year
Annually create £10m worth of income into the economy through marketing campaigns such as Kent Contemporary, My Kent, PR and trade	Available July	N/A	N/A	N/A	N/A	£10m	£18.7m
Other Indicators							
Number of long term empty properties brought back into use in Kent	Available July	N/A	N/A	N/A	N/A	200	354
Percentage of developer contributions delivered against target (Sites under 500 units)	Available July	N/A	N/A	N/A	N/A	80%	85.6%

Annual Indicators	Month Result	Month RAG	Direction of Travel	Year to date Result	Year to date RAG	Year end Target	Previous year
Visit Kent SLA							
Engage with 20,000 Kent residents through Big Day Out / Big Weekend Out and 10,000 through Cross channel Cross Channel Big Day Out	Available March	N/A	N/A	N/A	N/A	N/A	51,631

This page is intentionally left blank

By: Mark Dance
Cabinet Member for Regeneration and Economic Development

Barbara Cooper
Director, Economic Development

To: Economic Development Cabinet Committee - 5 July 2012

**Subject: ECONOMIC OPPORTUNITIES FOR ROMNEY MARSH:
DISCUSSION PAPER**

Classification: Unrestricted

Summary:

Nuclear power has been a key driver of the Romney Marsh economy since the 1960s. However, in 2006, Dungeness A site entered decommissioning, with the adjacent Dungeness B site scheduled to start decommissioning in 2018 or 2023.

Work is underway to press for continued nuclear power generation through the development of Dungeness C. However, the prospects of this remain uncertain. In the meantime, work has been taken forward to identify other potential actions that could be taken to support the local economy.

This report presents:

- The anticipated economic impact of the decommissioning of the existing sites at Dungeness;
- Potential alternative sources of employment; and
- KCC's potential approach

This report is intended as a basis for discussion. The Cabinet Committee is recommended to consider its contents and the role that the County Council could play in support of a new economic future for Romney Marsh.

1. Introduction: Decommissioning nuclear power generation at Dungeness

- 1.1. Dungeness nuclear power station consists of two sites. Dungeness A site began power generation in the 1960s, reached the end of its power generation lifetime in 2006 and is now in the early stages of the decommissioning process. Dungeness B site began power generation in the 1980s and is scheduled to enter decommissioning in 2018 or (if its operating licence is extended) 2023.
- 1.2. Nuclear power generation makes a significant contribution to the Romney Marsh economy. Dungeness A and B combined directly employ over 700 people, with additional employment generated by sub-contractors. The two sites account for around 45% of the jobs in Lydd ward, and around 20% of the

jobs in Romney Marsh as a whole¹. A high proportion of employees also live within the immediate local area, especially in Lydd and New Romney. Typically, jobs supported by the power generation and decommissioning industries are full-time and relatively secure. Current jobs offer employment for a range of skill levels, including a number of technical engineering roles.

- 1.3. The employment impacts of the decommissioning process are relatively long term. The headcount at Dungeness A is anticipated to fall from the current level of around 405 to around 30 by 2027, with most losses taking place in 2017-19. Detailed plans for the decommissioning of Dungeness B have yet to be developed, but it is likely that the process will follow a similar pattern, with job losses throughout the 2020s and 2030s. This means that in the medium term, there will still be employment demand from Dungeness, as many jobs will need to be replaced due to retirement and natural turnover. However, this demand will progressively decline.
- 1.4. This will present a significant challenge to the future of the Romney Marsh economy. The local economy is heavily dominated by jobs in power generation and related sectors. The area also experiences unemployment rates higher than the national and Kent averages and relatively high concentrations of deprivation, and is in a peripheral location, illustrating its vulnerability to a long-term loss of employment.

2. Economic futures after decommissioning

- 2.1. What economic opportunities could be explored to support alternative employment on Romney Marsh? Broadly, potential opportunities fall into three categories:
 - Securing further employment in the nuclear sector;
 - Generating alternative employment locally within other parts of the economy; and
 - Making best use of the employment prospects in the wider travel to work area.
- 2.2. The following paragraphs consider these opportunity groups in more detail.

Securing further employment in the nuclear sector

- 2.3. Clearly, alternative sources of employment in the nuclear sector would help to retain the skills base and wider supply network that the area has built up over the past four decades.
- 2.4. An opportunity for new employment in the sector exists with the potential for the development of Dungeness C as a new nuclear power station. This was proposed by EDF Energy (the current operators of Dungeness B) in an initial

¹ Regeneris Consulting/ Shepway District Council (February 2012), Romney Marsh Socio-Economic Impact Assessment. The Romney Marsh area is defined for the purposes of this report as the five wards of Dymchurch & St Mary's Bay, Lydd, New Romney Coast, New Romney Town and Romney Marsh,

list of potential sites published in 2009. However, Dungeness C has not so far been taken forward on the Government's list of preferred sites within the National Policy Statement due to environmental constraints. Nevertheless, evidence of local support for Dungeness C, proximity to electricity demand and the presence of existing local infrastructure may mean that the potential for a new power station could be revisited. Kent County Council has commissioned further work to explore the potential case and a public meeting to discuss the opportunity was held on 21 June.

- 2.5. The Committee will also be aware of current proposals to develop a nuclear research and disposal facility. Consultation is currently underway to determine whether Shepway District Council will submit an expression of interest in such a facility to Government. This subject is due to be debated at County Council on 19 July.

Generating alternative employment locally in other sectors of the economy

- 2.6. In 2011, Shepway District Council, with support from KCC and the Nuclear Decommissioning Authority, commissioned a 'Socio-economic Plan' for Romney Marsh, focused on the opportunities for alternative employment generation. The final report of this study was published in February 2012. In addition to recommending that a continued case should be made for the development of Dungeness C, the report proposes the development of a coordinated community economic development plan, based around three themes:
- Supporting local employment, including actions to support current Dungeness employees in transferring skills to meet alternative employment demand and promoting access to apprenticeships and further education for young people;
 - Diversifying the business base, including actions to develop business start-up space, provide support to new and growing businesses and focus in particular on the Marsh's strengths in the tourism and quality food sectors;
 - Helping Romney Marsh remain a great place to live, including actions to support local community-based projects.
- 2.7. The Nuclear Decommissioning Authority operates a socio-economic fund, which provides support to areas affected by the closure of nuclear power stations. Historically, most of this funding has been allocated to Scotland, North Wales and Cumbria, with relatively little made available to the South. However, the NDA and Magnox (which operates Dungeness A in the decommissioning phase) have supported the development of the Socio-economic Plan, and have indicated that funding may be available for suitable projects with strong employment outcomes.
- 2.8. KCC already operates a number of projects and programmes which will help to deliver local economic growth on Romney Marsh. These include:

- The £35 million Expansion East Kent programme of interest-free loans to business with growth potential
- The Kent Downs and Marshes Leader programme, which has provided grant support to farm diversification, rural business and tourism development projects;
- The Kent Employment Programme, providing additional support for employers in employing apprentices and recent graduates;
- Rollout of the Make Kent Quicker campaign to provide superfast broadband to 90% of homes by 2015 (and universal access to at least 2mb per second);
- The emerging development of a county-wide programme to support flexible incubator space for small businesses, which could potentially support proposed developments on the Marsh.

2.9. Following the recommendations of the Plan, Shepway District Council is establishing a multi-agency Partnership Group to take forward the themes that have been identified, and has invited participation from KCC. Given the community-oriented focus of the Plan, it is appropriate that the Group is led by local partners. However, there is potentially a strategic role that KCC could play in securing a package of NDA/ Magnox funding for the Marsh, linked with local priorities and the programmes that we already operate in the area.

2.10. In addition, it should also be noted that the owners of Lydd Airport have submitted an application for expansion. This application has been through examination in public and has been called in by the Secretary of State for determination. The outcome of the Secretary of State's decision is awaited.

Making best use of the employment prospects in the wider travel-to-work area

2.11. It is unlikely that Romney Marsh's future employment needs will be satisfied entirely within the Marsh. At present, there is significant out-commuting from the Marsh, mainly to Folkestone and Ashford (and to a lesser extent, Dover, Maidstone and London). Ashford in particular offers capacity for significant employment growth (and road links are relatively good), and both Ashford and Folkestone are centres for skills and other provision which serves the Marsh. Future consideration of an economic development strategy for Romney Marsh will therefore need to consider how residents can best take advantage of opportunities in the wider area, alongside those emerging through indigenous local growth or the expansion of additional nuclear industry employment.

3. Issues for discussion and next steps

3.1. A number of questions for discussion emerge from the brief overview of potential alternative employment options following decommissioning. In particular:

- Are there any other strategic options in addition to the choices set out in this report that should be considered?

- What should KCC's role be in making the case for Dungeness C?
- How should KCC participate in the development of a local economic development programme for Romney Marsh?
- How can we best use our existing programmes (Expansion East Kent, Leader, etc) to contribute to the development of the Marsh?

3.2. The Committee is recommended to consider these questions and to discuss the opportunities and challenges affecting Romney Marsh, and KCC's potential response.

Report author:

Ross Gill

Economic Strategy & Policy Manager

01622 221312

07837 872705

Ross.gill@kent.gov.uk

25 June 2012

Supporting documents:

Romney Marsh Socio-Economic Impact Study (February 2012)

Romney Marsh Socio-Economic Action Plan (February 2012)

This page is intentionally left blank

By: Mark Dance
Cabinet Member for Regeneration and Economic Development

Barbara Cooper
Director, Economic Development

To: Economic Development Cabinet Committee - 5 July 2012

Subject: INNOVATION IN KENT:
THE POTENTIAL FOR A STRATEGIC APPROACH

Classification: Unrestricted

Summary:

As part of Kent's sector-based approach to economic development, there is an increasing focus on developing the county's innovative potential. KCC has also recently taken steps to foster commercial innovation in targeted sectors and locations.

However, the combined activities of KCC, the higher education sector and the county's business support agencies could be better co-ordinated. There may also be potential to improve business access to national and EU innovation funding streams and maximise the contribution of major programmes such as the Expansion East Kent Regional Growth Fund programme and the emerging Thames Gateway Regional Growth Fund proposal (see Item D4).

An initial prospectus has been produced setting out how a more co-ordinated Kent 'innovation strategy' might be prepared. This has been developed in response to a European initiative and reflects the potential for Kent to influence – and benefit from – future European resources for innovation and growth.

This report sets out the context within which the innovation prospectus has been developed, summarises its content and proposes some next steps in taking it forward. The Cabinet Committee is recommended to discuss this report and agree the recommendations in paragraph 6

1. Introduction: What is innovation and why is it important?

- 1.1. Innovation basically means doing things better in new ways. This might be the result of years of research (for example in the drug discovery industry), or the outcome of trial and error. It might involve the creation and exploitation of a completely new product, or it might involve new applications for existing products or services.
- 1.2. In recent decades, economies have become much more knowledge intensive, with growth increasingly dependent on the ability to generate and apply knowledge. As a result, firms are investing more in research and

development. In 1970, UK firms invested just £4 in intangible investments (such as software, R&D, marketing and training) for every £10 they invested in buildings, plant and machinery. Today, the ratio is reversed – so for every £10 in buildings, plant and machinery, firms are investing £13 in ‘intangibles’. Over the same period, the proportion of knowledge workers has doubled.

- 1.3. This matters locally because those places that can develop environments most conducive to innovation will be best placed to benefit from future growth. There is a substantial base of evidence that shows that if we can improve access to finance and premises for high growth, raise our stock of knowledge-intensive skills and increase collaboration between higher education and business, our opportunities for growth will increase¹.

2. Kent's current approach

- 2.1. Kent's focus on innovation as a driver of growth has increased in recent years as a result of our sector-based approach to economic development. For example:
 - The retention and development of Discovery Park at Sandwich as a world-class centre for **scientific research and development** is a major focus of activity, with KCC providing start-up funding through the Accelerator Grants scheme to innovative young enterprises on the site;
 - The development of Kent Rural plc as a new approach to the future of Kent's rural economy is highlighting the research-intensity and innovative capacity of the county's **food production** sector and Kent's key R&D assets such as East Malling Research Centre;
 - The recent sector conversation with **creative** industries has demonstrated the high growth potential of businesses, especially in rapidly expanding areas such as video gaming and software development;
 - Opportunities for growth in new products developed as part of the move towards a **lower carbon** economy (for example in the offshore wind energy sector) is driving demand for innovation within the supply chain as well as offering Kent the opportunity to benefit from the innovative capacity of inward investors.
- 2.2. In addition, KCC operates a business support service geared towards the specific needs of innovative and high-growth businesses through the **High Growth Kent** team, which provides coaching for entrepreneurs and has been highly regarded, especially at Discovery Park. We have also mainstreamed support for innovation through general business growth programmes – for example, the Expansion East Kent Regional Growth Fund scheme will be able to offer finance for R&D, and the current proposal for RGF funding for TIGER (Thames Gateway Innovation and Growth) focuses in particular on support for

¹ Lizzie Crowley (2011), *Streets Ahead: What makes a city innovative*, Work Foundation; Government Office for Science (2011), *Technology and Innovation Futures: UK growth opportunities for the 2020s*.

businesses seeking to develop new products and markets . Much of Kent's focus on improving **infrastructure** for growth – especially broadband connectivity – will benefit innovative businesses.

- 2.3. However, it is possible that more could be done to bring together different sources of support for innovation across the county. For example, Kent's universities are potentially a key asset, and there are some very positive examples of their involvement in the commercialisation of research (e.g. the role of the University for the Creative Arts in respect of the creative sector) and in their support for students seeking to establish their own businesses. However, this has never been fully linked with the wider support offer around the county. Kent currently falls behind other parts of the country on measures of innovation intensity, but has significant potential that the economy has for growth – so developing a more strategic approach may be important.

3. The European opportunity

- 3.1. The European Union has recently launched a process to support the development of regional innovation strategies². This is focused on the development of a 'smart specialisation' approach, which encourages local areas to focus on their key sectoral strengths, recognising that not all areas will have potential for growth in the same sectors. This approach aligns well with Kent's existing sector-focused economic development strategy.
- 3.2. Following the initiative of the International Affairs Unit, Kent has been successful in being recognised as one of three UK 'regions' out of a current total of 35 across Europe represented on the European Commission's 'platform group' for the development of regional innovation strategies. The European Commission has also indicated that after 2013, a national or regional innovation strategy for smart specialisation will need to be in place as a pre-condition for receiving future EU funding for innovation - Kent's early engagement with the process is therefore likely to be helpful.

4. Towards a strategy

- 4.1. The attached document, *Innovation for Growth: Towards a new approach to innovation in Kent* sets out a prospectus for a potential innovation strategy. This has been written to provide an indication to European partners of our current approach, and provides a starting point for debate and future development.
- 4.2. The prospectus suggests a focus on three key themes:
- Theme 1: Innovation opportunities for growth, focusing on opportunities for innovation in the four key growth sectors of:
 - Renewables and low carbon goods and services
 - Life sciences

² Regional Innovation Strategies for Smart Specialisation - RIS³
<http://ipts.jrc.ec.europa.eu/activities/research-and-innovation/s3platform.cfm>

- Food production
 - Creative industries
 - Theme 2: Innovation infrastructure for growth, focusing on the need to develop:
 - Communications infrastructure
 - Business premises for innovation
 - Access to finance
 - Theme 3: Innovation skills for growth, focusing on the actions needed to support an innovative workforce through:
 - Higher education
 - Vocational skills
 - Skills for business
- 4.3. The prospectus also sets out a broad approach to developing the strategy further in partnership with businesses, business support agencies, the higher education sector and central and local government.

5. Moving forward

- 5.1. So far, the prospectus has not been discussed outside KCC, and it remains an initial draft. However, if we are to develop an innovation strategy for Kent, it will clearly need to be discussed and developed together with other partners. With the agreement of the Cabinet Committee, it is proposed that the prospectus is developed into a document for consultation over the summer and early autumn, with a view to publishing a Kent Innovation Strategy in late 2012, potentially for adoption as a partnership strategy by the Kent Forum.

6. Moving forward: Recommendations

- 6.1. The Cabinet Committee is asked to consider this report and the attached prospectus document and to:
- a) agree to the development of an innovation strategy for Kent capable of leading to a more coordinated approach within the county and potentially leveraging additional resources through alignment with the European Union's current innovation strategy programme;
 - b) agree to the development of the draft prospectus as a basis for consultation with partners and the adoption of a Kent Innovation Strategy later this year

Report author:

Ross Gill
 Economic Strategy & Policy Manager
 01622 221312
 07837 872705
Ross.gill@kent.gov.uk

20 June 2012

Supporting documents:

Innovation for Growth: Towards a new approach to innovation in Kent (January 2012)

This page is intentionally left blank



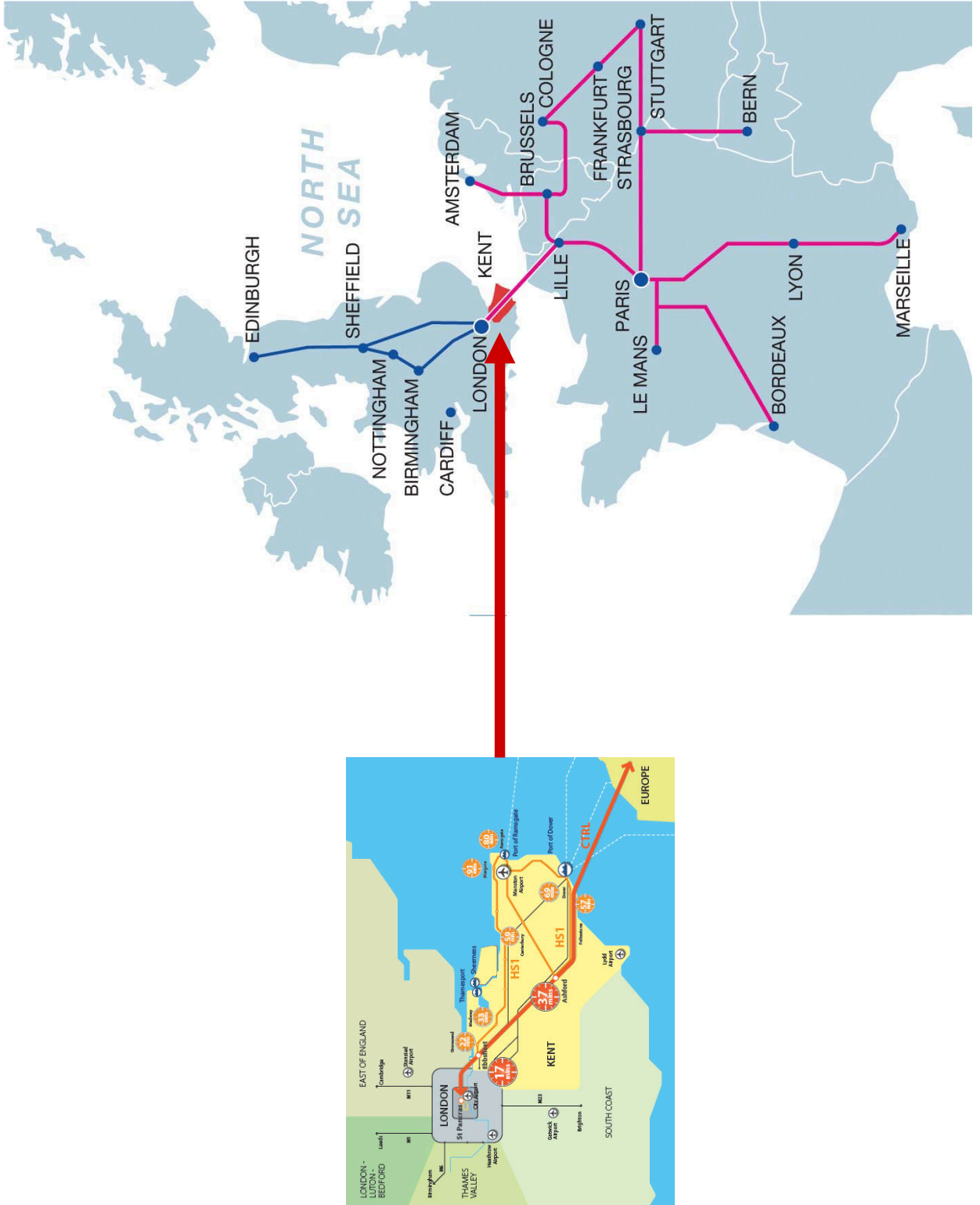
Innovation for Growth

Towards a new approach to innovation in Kent

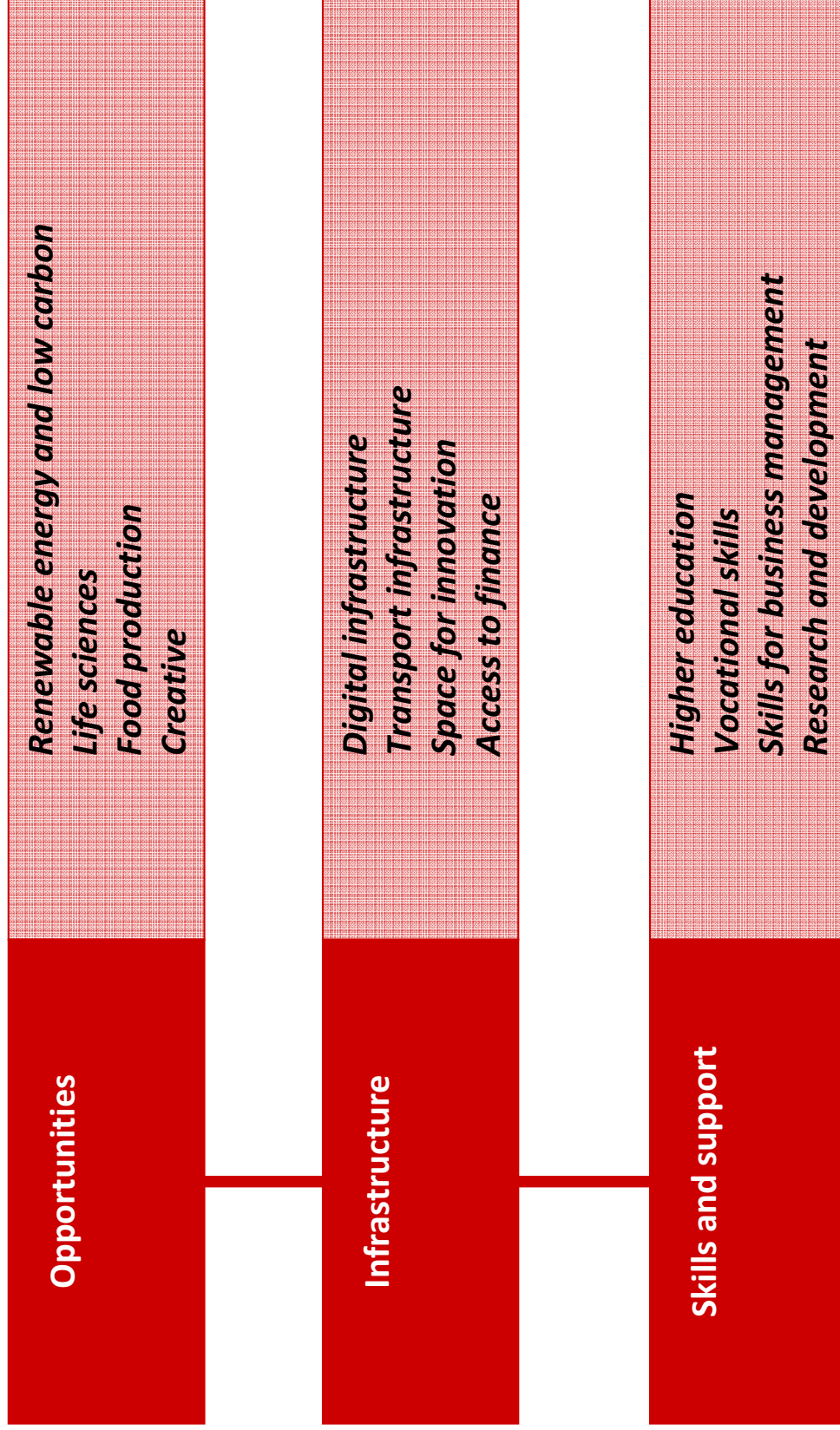
Kent's emerging approach to Smart Specialisation

January 2012

Welcome to Kent: At the heart of Northwest Europe



Overview: Towards a new approach to innovation



Contents

Innovation for Growth: Towards a new approach to innovation in Kent

Innovation is crucial motor of economic growth. Today's economic outlook is challenging – but we know that the places that are able to capture and exploit new ideas will drive economic recovery and be best placed to benefit from it.

The European Union recognises the importance of innovation, pledging to invest more in research, innovation and entrepreneurship. As part of this, the EU is keen to support the development of **innovation strategies** at regional level, setting out how 'smart growth' and innovation can be unlocked. These strategies will be key in determining how European Structural Funds will be used in the future.

At the same time, there is an increasing focus in Kent on how we can maximise our innovation potential. We have significant strengths in key sectors, such as life sciences, renewable energy and the land-based economy and we are well placed between London and continental Europe. But we also face challenges in the supply of technical skills and digital connectivity which we are working hard to overcome.

So there is now an opportunity to develop a coherent approach to innovation in Kent, combining the county's natural advantages and priorities with the potential for national and European investment. Ahead of the European Regional Innovation Strategy summit in January 2012, this prospectus sets out the case for a coordinated approach to innovation in Kent, and outlines how we could move forward to create a better environment for growth.

- | | |
|---|----|
| 1. The innovation challenge | 5 |
| 2. Unlocking Kent's innovation potential
<i>Opportunities for Growth Infrastructure for Growth Skills for Growth</i> | 7 |
| 4. Moving forward
<i>Towards a strategy</i> | 15 |
| 5. Who to contact | 15 |

The innovation challenge

Innovation is critical to future prosperity – and there is a key role that local and regional partnerships can play in creating the best possible environment for innovation and growth. This prospectus sets out the potential for a new strategic approach to innovation for Kent.

What is innovation – and why does it matter?

Innovation means doing things better in new ways. It might be the result of years of research – or the outcome of trial and error. It might involve the creation and exploitation of a completely new product – or it might involve new applications for existing products or services.

It isn't always easy to measure innovation. But we do know that since the 1970s, economies worldwide have become much more knowledge intensive, with growth increasingly the result of the ability to generate and apply knowledge.

This means that more has been invested in skills and development. In 1970, UK firms invested just £4 in intangible investments (such as software, R&D, marketing and training) for every £10 they invested in buildings, plant and machinery. Today, the ratio is reversed – for every £10 in buildings, plant and machinery, UK firms are investing £13 in 'intangibles'. Over the same period, the proportion of knowledge workers has doubled. The drive to innovate to increase competitiveness is inexorable.

This matters locally because those places that can develop the best environments for innovation will be best placed to benefit from future growth. So if we can increase collaboration between higher education and business,

improve access to finance and premises and raise our stock of knowledge-intensive skills, the benefits will be felt throughout the economy.

Why we need a new approach

Although the shift towards increasing knowledge-based employment has taken place across the world, different places have different opportunities to take advantage of it. Not everywhere will share the same sector mix, the same initial skills endowment, the same access to markets and networks or the same anchor firms or higher education institutions. So any new approach to innovation needs to start from an understanding of local opportunities and challenges – an approach the European Union calls 'smart specialisation'. This is even more important in the current economic climate, with the associated contraction in local public sector driving a need to develop new, private sector goods and services.

So this prospectus sets out an approach for Kent based on focusing on our assets, maximising our strengths and setting out what we could do to overcome the challenges to realise our innovative potential

The innovation challenge

Kent's economy today

Kent is Britain's gateway to Europe, and Europe's gateway to Britain. The county has a pivotal position between London and the Continent, reinforced by the presence of the UK's only high speed rail link, connecting London with Brussels and Paris and the world's busiest passenger port at Dover.

Recent decades have seen the decline of some of the county's traditional extractive, mass-production and domestic tourism industries. However, this has been accompanied by rising strengths in services and higher-value manufacturing. In particular, the county has significant advantages in renewable energy, higher-value food production, life sciences and creative industries – sector strengths that will be explored in the next section of this prospectus.

Kent's population is rising rapidly, with an increase of over 9% over the past decade, ahead of the national average. In particular, the county contains nationally-significant **growth areas** at Ashford and in the Thames Gateway – both associated with high speed international rail connections and the potential for major employment expansion.

A local policy base for innovation

In 2011, the UK Government published the **Innovation and Research Strategy for Growth**. This focuses on supporting business R&D in sectors in which the UK excels, within the context of making the broader business environment

conducive to innovation and growth. This approach is followed locally in Kent's **Regeneration Framework**, which sets out the county's priorities for investment in skills and infrastructure, and focuses on the broad sectors with the greatest future growth potential.

Since the Regeneration Framework was published, a series of conversations with Kent's leading and fast-growing businesses has helped identify barriers to growth and innovation. This provides a solid base of intelligence to support a future innovation strategy, and is the starting point for the focus areas set out in this prospectus.

Kent's economy: Key indicators

	Kent	UK
GVA per head	£16,454	£21,103
Unemployment rate	3.9%	3.4%
% employees in knowledge economy	15%	18.3%
% workforce qualified to NVQ4 (degree level)	33.4%	35.8%
New businesses as % of stock	11.8%	11.3%
Business survival rates (after 3 years)	65.1%	66.1%

Unlocking Kent's innovation potential

To develop a new approach to innovation in Kent, the county needs to focus on its strengths and address its challenges.

What are our opportunities and challenges?

A recent UK think tank report said that successful places are those *which have developed innovation ecosystems where networks of firms, universities, government and other institutions come together to develop new products and services*". (Work Foundation, 2011)

Taking this as a starting point, what are the key opportunities and challenges that Kent faces in expanding our innovation potential?

Opportunities

Emerging growth **sector strengths** in renewable energy and low carbon technology, life sciences, food production and creative industries

Strong links to **concentrations of innovation** – especially London (just 17 minutes from North Kent by high-speed rail)

Excellent **international connections** – 1 hour to the main London airports, and direct international rail links

Strong **university** presence, with four universities based at Canterbury and three at Medway and good industry-university links

High quality **space for R&D and innovation**, including one of Europe's largest scientific research park and extensive employment land and the UK's only horticultural R&D centre

Improving **business support networks** focused on innovation and growth

Growing **entrepreneurial culture** and good business start-up rates

Universal **superfast broadband** within the next three years

Challenges

Limited **access to finance** to support innovation – especially since the 2008 crisis

Skills shortages in key specialist and technical areas

Loss of some **anchor employers** at the core of the local innovation system – such as the significant contraction of Pfizer's presence at the Sandwich R&D facility

Dispersed **geography** – no single urban centre of innovative activity

Unlocking Kent's innovation potential

Towards a strategic focus

Based on this brief analysis of the county's key opportunities and challenges, there are **three key areas** on which an innovation strategy for Kent could focus:

1. *Innovation opportunities for growth*

Opportunities to support the growth potential of our key sector strengths.

2. *Innovation infrastructure for growth*

Maximising our advantages as Britain's gateway county and overcoming the innovation challenges presented by limited digital connectivity

3. *Innovation skills for growth*

Making the most of our research and higher education potential and addressing the technical skills challenges that hold back innovation.

Theme 1: Innovation opportunities for growth

There are opportunities for innovation in every sector of the economy. However, a 'smart specialisation' approach is about identifying where Kent has a comparative advantage: where the prospects for growth are unique and where the long term benefits for the Kent economy are greatest.

Why focus on sectors?

Although innovation can happen in any sector, some sectors are more innovation intensive – with greater concentrations of knowledge-intensive employment – than others, and the added value generated by an expansion of knowledge-intensive activity can spill over into the wider local economy.

Our focus is on those areas of the economy which have high potential for increasing knowledge-intensive employment and in which Kent has distinct advantages on which it can capitalise.

Although further work needs to be done to determine the specific sectoral focus of a future Kent strategy, our initial analysis points to **four key sector groups** in which Kent has clear opportunities for growth.

Renewables and low carbon goods and services

The global market for low carbon goods and services is expanding rapidly, and strong growth within the sector is forecast over the next few years. Already, the UK is the world's sixth largest producer of low carbon goods and services, and the sector employs around 17.500 people in Kent.

Particular opportunities in Kent include:

Unlocking Kent's innovation potential

Offshore renewable energy: New offshore wind farms within 200 miles of the Kent coast will offer over 13,000MW of generating capacity, putting Kent at the heart of one of Europe's most important locations for offshore renewables.

Already, the county is a major centre for operations and maintenance. However, with proposals by Vestas to develop a major high-value manufacturing facility on the North Kent coast, there is an opportunity to develop the local supply chain to support the development of the world's largest wind turbines – with huge R&D input.

Energy efficiency: As the costs of carbon rise, the market for new technologies and techniques to reduce consumption is growing. Kent is well placed to take advantage of this in two ways:

Firstly, with some of the UK's most ambitious plans for urban development in the Thames Gateway and at Ashford, Kent has great potential for piloting innovation in **new building techniques** and less carbon-intensive forms of service delivery. SusCon, a new centre of excellence in building technologies, has already opened at Dartford, demonstrating new approaches and providing skills training to support the delivery of over 50,000 new homes in North Kent over the next twenty years.

Secondly, good transport connections, easy access to the high-value South East market and a strong presence in the

wider environmental sector, Kent is an important location for resource efficient consultancy and R&D.

Case study: Ecologia

Based at Kent Science Park near Sittingbourne in North Kent, Ecologia is a rapidly growing environmental consultancy and contractor. The company provides high quality site investigation and remediation through an in-house team of scientists, engineers, chemists and geologists.



Demonstrating the potential to grow through innovative solutions to rising environmental costs, Ecologia has expanded from its Kent base and now operates throughout the UK as well as in Italy and Ireland.

www.ecologia-environmental.com

By providing a supportive skills and planning environment for the renewables industry and by raising demand for low carbon goods and services, Kent can build on its real potential in this growing sector

Unlocking Kent's innovation potential

Life sciences

Kent has had a strength in pharmaceuticals and life sciences for many years. But with massive changes in the global structure of the industry, the county is having to adapt to an innovation-intensive future.

In recent years, two of Kent's major pharmaceuticals manufacturing plants have closed, and in 2011, Pfizer announced that it was exiting its world-class R&D facility at Sandwich.

However, Kent still has a huge advantage in the continued presence of a highly-skilled, high-value scientific workforce. At Sandwich, over 700 jobs are being retained in R&D in diverse range of R&D companies – with individual entrepreneurs driving innovation in place of the old 'big pharma' model. The site has already been designated an **Enterprise Zone** with additional freedoms and tax incentives to support business growth

This reflects the transition experienced in other places with major pharmaceutical sectors, such as Michigan and New Jersey, and demonstrates Kent's continuing ability to retain skilled staff and grow new companies.

With an opportunity to build on the legacy of pharmaceutical investment and grow new business and ideas, Kent County Council is already investing in grants to business and early-stage support to promote and develop the sector.



Product of innovation: Wind turbine manufacturing

Unlocking Kent's innovation potential

Food production

Kent's food sector is worth around £2.6 billion, and the county contains some of the UK's most productive horticultural industry.

Innovation is central to the sector's success, with an increasing need to develop new solutions to water scarcity and competition and demand driving a search for new crop varieties.



Kent already has a centre of excellence in crop research at East Malling Research Centre – the only one of its type in the UK - which has plans to expand its activities, and a number of businesses are at the forefront of raising productivity. The county also benefits from strong networks within the land-based sector, linking research and agricultural production.

Creative industry

The creative industries are inherently innovative and new channels of communication have led to the emergence of products and markets that a few years ago just didn't exist.

Creative and media industries tend to cluster in metropolitan areas. But Kent has a different offer with potential to grow. Businesses in the sector have told us that what they value about Kent is its proximity to the London airports and international rail routes combined with its high quality natural environment – space to develop new ideas, combined with access to global networks.

Employment in the creative industries has doubled in Kent in the past decade, with over 35% of creative employment – and the fastest rise – in the computer games and software design sub-sector.

Kent also benefits from the University of the Creative Arts, with three campuses around the county, supporting access to a skilled future workforce.

An innovative public sector

The public sector can also drive innovation. Kent has a long history of innovation in new service provision to drive new markets and in engaging with transnational programmes to unlock growth

Unlocking Kent's innovation potential

Theme 2: Innovation infrastructure for growth

As well as focusing on key innovative sector groups, an innovation strategy for Kent also needs to concentrate on the infrastructure that the county needs to support their growth.

Communications infrastructure

Positively, Kent is unique in the UK in having an international rail connection, and easy access to continental Europe is one of the county's defining features. Transport infrastructure has also improved in recent years, with major road improvements and the introduction of high-speed rail services to London. All this is important in increasing the county's attractiveness to high-value business.

However, significant shortfalls remain in our **digital infrastructure** which present a brake on Kent's innovative potential. Much of rural Kent lacks fast broadband access – a particular constraint on the county's key land-based and creative sectors and on the often highly creative and innovative businesses based in rural areas.

With UK Government support, Kent is about to embark on a £43 million programme to provide superfast broadband to those parts of the county to which the market will not deliver – and ensuring the success of this will be a cornerstone of our innovation strategy.

Space for innovation

Innovation can take place anywhere – but evidence shows that where there is greater potential for collaboration, there are more opportunities to exploit new ideas.

As a diverse county, with many medium-sized towns and cities and a large rural area but no single metropolitan centre, it is even more important that our approach to innovation incorporates physical space for collaboration.

Innovation centres already exist at Medway, Dartford and Canterbury, with a specialist facility for creative businesses at Chatham. However, Kent County Council has plans to expand the range of facilities across the county..

Access to finance

Following the credit crunch of 2008, access to finance to support innovation remains a critical issue. Public sector financial support can never substitute for the commercial market, but through the **Expansion East** Kent scheme, R&D and investment aid will help unlock bank lending and venture capital investment over the coming years.

Unlocking Kent's innovation potential

Theme 3: Innovation skills for growth

Kent needs to support an innovative workforce – through university and technical skills and in business management

Higher education

With four universities concentrated at Canterbury and Medway, Kent's higher education provision is a strength. The role of Kent's universities in commercialising research and developing spin-outs is also important – at the University of Kent for example, support is offered in accommodating new businesses and brokering commercial opportunities. However, more could be done to link university support for innovation across the county and integrate it with financial and other support provided by national Government, such as that offered via the Technology Strategy Board.

Vocational skills

The UK has historically tended to lag behind many competitors in the quality and commercial relevance of vocational skills provision. Research suggests that this hampers innovation: fewer people with high-level technical skills can drive forward process innovations, and weaknesses in skills for manufacturing, engineering and science have driven the exploitation of many British inventions elsewhere.

If we are to make the most of our potential in the key sector areas highlighted earlier, we need to improve our technical skill levels. Industry has raised this locally with, for example



the creative sector demanding higher-level technical computer programming skills. Building on excellent existing practice in delivering a much better technical offer for the offshore wind sector, a key aspect of our innovation strategy will be supporting the workforce needed to deliver tomorrow's new ideas.

Skills for business

Not all good ideas become good products – but bringing knowledge to the market demands strong business skills. In Kent, investment in the High Growth Kent team is providing business mentoring and coaching for firms with the potential to expand, including new businesses and established companies. Integrating this with access to finance (as highlighted on the previous page) and national and sector-specific support products could be a key focus of a Kent innovation strategy.

Moving forward

Towards a smart specialisation strategy

This document sets out an overview of a potential new approach to innovation in Kent, consistent with the county's economic development priorities and the concept of 'smart specialisation' set out in the European Union's Regional Innovation Strategy guidance.

Over the coming months, Kent County Council will be exploring the potential for developing this approach with:

Businesses in Kent via the Kent Chambers of Commerce, Kent Business Advisory Board (a panel of leading businesses from across the county established to inform economic strategy) and local business consortia.

Business support agencies, in particular the High Growth Kent service funded by Kent County Council to support businesses with significant potential to grow.

Sector-specific business development groups where these are relevant to our emerging priority sectors. In particular, we will engage with Kent Rural Board (the strategic body for the land-based sector), the Kent Offshore Renewables Working Group, Creative Kent and the life sciences cluster at Discovery Park and Kent Science Park.

Higher education, building on the strengths of the county's four universities

Government at national and local level – working with the twelve Kent District councils within the county, and linking with the Department for Business, Innovation and Skills and Department for the Environment, Food and Rural Affairs at national level.

In taking this work forward, we will examine the potential for a new approach to innovation to unlock public and private investment and build on the focused approach we are developing.

More information

For more information on Kent's approach to innovation and our links with the European RIS3 process, contact:

Ron Moys
Head of International Policy
Kent County Council

Tel: +44 1622 221943
Ron.moys@kent.gov.uk
www.kent.gov.uk



Kent County Council

www.kent.gov.uk

January 2012

By: Mark Dance
Cabinet Member for Regeneration and Economic Development

Barbara Cooper
Director, Economic Development

To: Economic Development Cabinet Committee - 5 July 2012

Subject: Kent Rural PLC initiative

Classification: Unrestricted

Summary: This item reports on the development of the Kent Rural PLC initiative and the commissioning of a 'Kent Rural PLC' annual report.

1. Introduction

- 1.1** Kent has a significant food sector which is estimated to generate £2.6 billion per annum for the County's economy. The sector has been identified within the Regeneration Framework as a priority sector, given its growth potential and increasing concerns over future food security.
- 1.2** The Kent Rural PLC initiative was a key outcome of the Agricultural, Horticultural and Food Production Sector Event—and a small, private sector-led steering group has been developed to take the initiative forward.
- 1.3** The title of this initiative "Kent Rural PLC" is based on the premise that if the value of this sector to the Kent economy was aggregated its turnover would rival that many FTSE 100 companies. Presenting the value, growth prospects and investment potential of the sector in a PLC style "annual report" will raise awareness of its profile - and showcase the opportunities it can offer for investors, employees, supply-chain and product development.

2. Purpose

- 2.1** Whilst the overall objective of the initiative is to raise the profile of the economic value of Kent Agricultural and Horticultural production, it is with the explicit aims of:-
- Increasing investment in the sector
 - Demonstrating and maximising its multiplier effect in the Local Economy
 - Expanding job opportunities and the creation of quality jobs

- Raising the productive capacity through investment, exploitation of R&D resources and innovation
- Improving the image of the sector to make it more attractive to new entrants and young people.

3. Implementation and next steps

3.1 A key element in taking forward the initiative has been the commissioning of a 'the Kent Rural Plc report'. This is being produced in the style of an annual report – providing an overview of performance and financial indicators, an assessment of the asset value of agricultural business in Kent, strategic prospects for business in the sector and profiling key investment and growth opportunities.

3.2 The Steering Group will be outlining the key headlines of this research at the Kent Show in partnership with the Kent County Agricultural Society. A verbal update will be provided at the Committee meeting.

4. Recommendation

The Committee is asked to note the progress with the Kent Rural PLC report.

Author Contact Details:

Name Elizabeth Harrison
Directorate Business Strategy

Email: liz.harrison@kent.gov.uk Tel: 01622 221381

Background Documents:
None

By: Mark Dance
Cabinet Member for Regeneration and Economic Development

Barbara Cooper
Director, Economic Development

To: Economic Development Cabinet Committee - 5 July 2012

Subject: REGIONAL GROWTH FUND: PROPOSAL FOR NORTH KENT

Classification: Unrestricted

Summary:

Kent County Council, together with other partners in the Thames Gateway Kent Partnership, has submitted a proposal to the third round of the Government's Regional Growth Fund for TIGER – Thames Gateway Innovation, Growth and Enterprise. TIGER seeks £30.5 million in Government support to establish a programme of direct loan and grant support to business for projects that will increase employment (especially higher-value employment) in North Kent.

This paper introduces the TIGER project and our application to the Regional Growth Fund and outlines the implications for KCC should the application be successful.

The Committee is asked to note this report.

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 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 successful of the Expansion East Kent programme, which is now being delivered.
- 1.2. Earlier this year, the Government announced a third round of RGF funding, with £1 billion available to be allocated nationally. In response to the Government's call for projects, KCC (on behalf of Thames Gateway Kent Partnership) submitted an application on 13 June for the TIGER programme.

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. To enable this, we have requested £30.5 million grant assistance from RGF.
- 2.3. Geographically, the bid 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 proposes the creation of three streams of funding that would be made available to business, were the TIGER proposal to be successful:
 - 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. Supporting the bid, we have received a number of preliminary expressions of interest from business in North Kent for investment projects that could be taken forward should the application be successful. We have also secured support from the major High Street banks, recognising that TIGER could help to unlock bank finance.

3. Accountability, governance and management

- 3.1. The bid to Government proposes that Kent County Council would act as the accountable body for TIGER, in the event that the application is successful. This will mean that KCC will be responsible for issuing grant and loan agreements to individual businesses and for reporting on performance to Government. This role will essentially be the same as the role that KCC currently performs in relation to the Expansion East Kent programme. To support the programme, we will also need to appoint a small management team.

- 3.2. While there may be economies of scale in managing the TIGER programme alongside Expansion East Kent, management (including support for business applicants) is likely to cost around £1.5 million over the three years from 2013/14 to 2015/16. This will partly be funded by other North Kent partner authorities, but if successful in securing TIGER, it is anticipated that there will be an application to the KCC Regeneration Fund of £750-850k to cover KCC's contribution.
- 3.3. The bid sets out indicative governance arrangements, which envisage that decisions to award grants or loans will be made by a private sector-led panel operating as a sub group of Thames Gateway Kent Partnership. However, the details of how this will operate are to be determined.

4. Next steps

- 4.1. The deadline for applications to RGF was 13 June. Previous rounds have been highly competitive, and we understand that there have been around 400 applications to the current round (although details of these have not been made available).
- 4.2. BIS is expected to announce which bids have been successful in October or November. Initial offers of grant will be subject to due diligence, with the programme likely to start in April 2013.

5. Recommendations

- 5.1. The Cabinet Committee is recommended to note this report.

Report author:

Ross Gill
Kent County Council
01622 221312
07837 872705
Ross.gill@kent.gov.uk
8 June 2012

Supporting documents:

Annex 1: TIGER application overview (copies of the full application to the Regional Growth Fund are also available on request).

This page is intentionally left blank



**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)	Larger businesses
Heat Domestic Ltd (renewable energy)	Aesica Pharmaceuticals Ltd (life sciences)
Macknade Fine Foods (leisure)	Delphi Diesel Systems (manufacturing)
ToxiMet Ltd (life sciences)	Lafarge Cement UK Ltd (const’n materials)
Vivacta Ltd (life sciences)	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>	

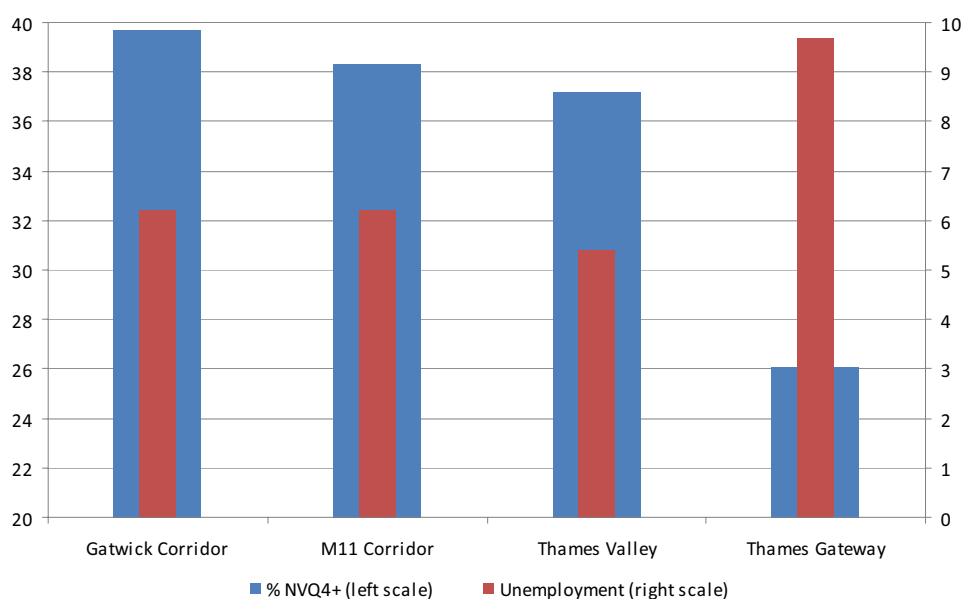
THE CASE FOR INVESTMENT

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.

By: Mark Dance
Cabinet Member for Regeneration and Economic Development

Barbara Cooper
Director, Economic Development

To: Economic Development Cabinet Committee

5 July 2012

Subject: GROWING PLACES FUND

Classification: Unrestricted

Summary:

Growing Places Fund provides loan finance via Local Enterprise Partnerships to bring forward infrastructure where this will unlock homes and jobs. Subject to final appraisal, the South East LEP has allocated £16 million to support projects in Kent.

In order to draw down this funding, KCC will need to enter into a credit agreement with Essex County Council as the accountable body for the LEP. This will require a Key Decision to be taken, and this has been notified in the Forward Plan to take place in August. However, in preparation for this, work is underway to complete final appraisal on all the Kent projects and ensure that the draft credit agreement minimises the risks to KCC.

This report sets out:

- a) The background to the Growing Places Fund and the projects to which funding has been allocated;
- b) The work that is currently underway to appraise the Kent projects and to consider the draft credit agreement;
- c) Proposed arrangements for monitoring the delivery of the Kent Growing Places Fund projects and the repayment of loans to the overall Fund.

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

1. Introduction: Growing Places Fund

- 1.1. The Growing Places Fund (GPF) was launched by the Government in late 2011. £500 million has been made available in an initial tranche, which has been allocated to Local Enterprise Partnership areas on a formula basis. This means that the South East LEP (covering Kent, Essex and East Sussex) has received £32.5 million.

- 1.2. Formally, GPF is unringfenced capital grant. However, the Government's intention is that it should be used to create local recyclable funds which can provide funding for infrastructure where this will unlock jobs and housing.
- 1.3. To deliver GPF locally, the South East LEP Board agreed in December that:
 - a) Essex County Council shall act as the accountable body for the overall South East allocation (as the LEP is an informal partnership, it cannot itself receive grants);
 - b) The £32.5 million allocated to the LEP area shall be treated as a single fund, recycled over time;
 - c) However, to minimise the risk to the accountable body, and to maximise local control, individual loan agreements will be entered into between Essex County Council as accountable body and the relevant upper-tier authority. This will mean that subsidiary agreements will be required where projects are being delivered via third parties.
- 1.4. The full amount of GPF funding has now been provided by Government and is currently held in an interest-bearing account with Essex County Council (with all interest accruing to the Fund).

2. Growing Places Fund projects

- 2.1. Following a call for projects in January, the LEP Board decided in March to allocate funding to the following schemes:
 - **Dartford Northern Gateway:** Development of business incubator space, delivering an estimated 100 jobs. Indicative GPF allocation: £2.5 million
 - **Dartford Town Centre:** Demolition of the former Co-op store to allow for the relocation of Dartford Borough Council's offices and the eventual redevelopment of Station Quarter. Delivers 120 jobs and 37 homes. Indicative GPF allocation: £900,000
 - **Ebbsfleet Valley:** Improvement works to Southfleet Road, opening up access to Eastern Quarry and Station Quarter North, ultimately unlocking 1,500 homes. Indicative GPF allocation: £4 million
 - **A28/ Matalan Roundabout:** Highway improvements at Great Chart, Ashford, opening up employment and housing opportunities at Chilmington Green and directly releasing 2,300 homes. Indicative GPF allocation: £3.6 million
 - **Live Margate:** Contribution to housing market renewal programme in Margate and Cliftonville, delivering 275 homes. Indicative GPF allocation: £5 million.
- 2.2. This means a total of £16 million available to projects across Kent, which is just under half of the amount available throughout the LEP area, representing a generally good deal for Kent.

3. Taking the projects forward

- 3.1. The indicative allocations to individual projects have been made on the basis of initial appraisals considering strategic fit with the goals of the LEP, deliverability within the next three years, housing and job outputs and ability to repay. However, all allocations have been made subject to the completion of full appraisal to the satisfaction of both the borrowing authority (Kent County Council) and the accountable body for the Fund overall (Essex County Council).
- 3.2. All projects are currently undergoing **full appraisal** to a standard format agreed with the LEP. KCC has appointed DTZ to support the appraisal of the five Kent projects. In particular, DTZ have been asked to sign off all appraisals to confirm that they have been satisfactorily completed to Treasury standards and to reach assurance that loan repayment conditions will be met. It is intended that all appraisals will be complete by week beginning 9 July.
- 3.3. Once completed, all appraisals will be considered by the accountable body as part of the accountable body's due diligence process.
- 3.4. Meanwhile, a draft **credit agreement** has been drawn up between Essex County Council (as the accountable body) and the upper-tier borrowing authorities. This is currently being considered by KCC Legal. Once agreed, it is anticipated that KCC's credit agreement with Essex County Council will form the basis for subsidiary loan agreements between KCC as the primary borrower and individual project delivery organisations (such as developers) where appropriate.
- 3.5. Following the conclusion of all project appraisals and the finalisation of the primary credit agreement and subsidiary loan agreements, a further report will be prepared recommending that KCC enters into a series of agreements with Essex County Council to draw down GPF funding. This will form the basis for the **Key Decision**, scheduled in the Forward Plan to be taken in August by the Cabinet Member for Regeneration and Economic Development.
- 3.6. In borrowing GPF funds, KCC will be incurring risk. The nature of this risk will depend on the individual projects and will be fully considered in the appraisal process and within the Key Decision report. However, the key risk to KCC is that the GPF loan will not be repaid by the subsidiary borrower, although KCC will remain responsible to the accountable body for repayment to the Fund. Passing on the conditions within the standard credit agreement to subsidiary borrowers will mitigate against this risk.

4. Management and monitoring

- 4.1. Management of loan issuance and repayment and the monitoring of outputs will be undertaken by the Economic Development division and a programme

manager will be appointed to liaise with individual projects and with the accountable body. The costs of this will be covered from existing resources.

- 4.2. The performance of the Kent projects will be reported regularly to Cabinet Committee. It is not envisaged that the LEP will have a role in the day-to-day monitoring of GPF performance, although the LEP Board will maintain a strategic overview of the Fund overall.

5. Future GPF allocations

- 5.1. Since March, a second tranche of approximately £15.9 million in GPF funding has been awarded to the South East LEP area. This has not yet been allocated to projects, although the LEP Board will consider at its next meeting on 22 June how a further call for projects should be managed.

6. Recommendations

- 6.1. The Cabinet Committee is recommended to consider this report and the work currently underway to enable KCC to borrow GPF funds to bring forward projects in Kent, subject to a Key Decision to be taken in August.

Report author:

Ross Gill
Economic Strategy & Policy Manager
01622 221312
07837 872705
Ross.gill@kent.gov.uk
20 June 2012

Supporting documents:

None

To: Economic Development Cabinet Committee

From: Mike Hill, Cabinet Member for Customer & Communities
Amanda Honey, Corporate Director, Customer & Communities

Subject: Update on Kent Jobs for Kent Young People Campaign

Date: 5th July 2012

Classification: Unrestricted

Summary:

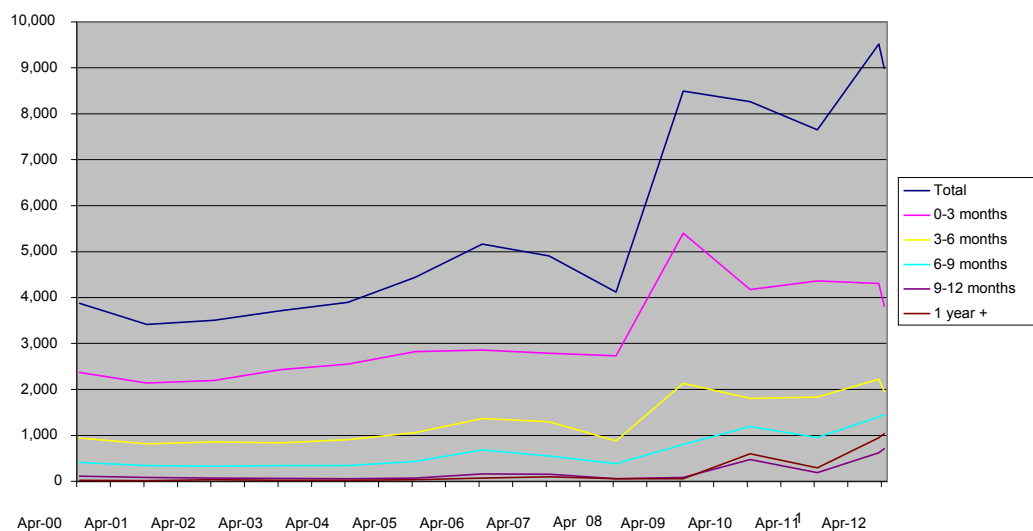
This paper discusses the progress of the Kent Jobs for Kent Young People Campaign.

Kent Jobs for Kent Young People

1. Introduction

1.1 In response to the high levels of youth unemployment, the Council allocated £2m from the Big Society Fund to assist employers to create jobs for 18-24 year olds. The chart below shows the levels of unemployment since 2000, and the doubling of unemployment from pre-recession levels. Whilst the last three months have seen reductions in the overall levels of 18-24 yr old unemployment, the number of young people who have been unemployed for more than three months is still increasing, and currently stands at over 5,200.

Kent 18-24 Claimant Count and Length of Claim from



1.2 Utilising the £2m, the Kent Jobs for Kent Young People scheme has been developed to support employers to offer apprenticeships to those young people who have been signing on for three months. One thousand grants of £2,000 are available for employers who meet the criteria, with the intention being that most of the grants are allocated within an 18 month period.

1.3 Whilst the scheme was in development, the government introduced two grants for employers, a £1500 grant for companies to recruit apprentices, and a £2,275 grant for employers who recruit from the Work Programme (the government programme for those people who are long term unemployed). However, neither of the government schemes completely met the needs of Kent based businesses, nor provided long term opportunities for unemployed young people. Therefore we have worked collaboratively with apprenticeship providers, Job Centre Plus, and the two Work Programme Providers for Kent to bring added value to these schemes, as outlined below:

- KCC Grant
 - £2m from Big Society Fund to create one thousand, £2000 grants for employers that recruit an 18-24 yr old who has been on benefits for 3 months or longer
- Youth Contract – Wage support via Work Programme
 - £2,275 for 6 month opportunity
 - With our funding becomes £4,275 for 20 months employment (inc. minimum 12 month apprenticeship)
- National Apprenticeship Service Grant
 - £1500 for 12 month apprenticeship – open to all
 - With our funding becomes £3500 for 15 months employment (inc. minimum 12 month apprenticeship) only for Job Centre clients

1.4 The following criteria apply to a business that wishes to access the grants:

- Based in Kent
- Private companies up to 250 employees
- Social Enterprises /Voluntary Orgs ,
- Public Sector ,
- Offer minimum 12 month opportunity,
- Not to have started an apprentice in past 2 years – unless recruiting from Work Programme clients

1.5 In addition to a grant for businesses, the campaign includes the opportunity for businesses to access the Apprenticeship small business support service provided by Kent County Council, which ensures that the

whole process of recruitment is as simple as possible.

1.6 During the initial development of the scheme it had been intended to include an option for graduates, however it was decided that to keep messages simple, the first phase would concentrate on apprenticeships, with a graduate element to be launched later.

1.7 The scheme was launched at the Kent 2020 Business to Business event on 19th April

2. Success to date

2.1 In February and March the Programme Manager met with a variety of business bodies to secure their support for the programme, including Invicta Chamber, Federation of Small Businesses, social care providers and housing providers. When the programme was launched these organisations included details in their newsletters. This coupled with appearances at business networking events, some limited newspaper advertising, and word of mouth has led to the following statistics:

- 150 Businesses making contact
- 97 businesses requesting an appointment with a KCC Apprenticeship adviser
- 136 opportunities pledged by businesses

2.2 Following the initial contact, and if required the appointment with the apprenticeship adviser, the opportunities are then taken forward to be advertised with either JCP or the Work Programme, or both if the employer wishes. At the time of writing we have:

- Advertised 46 vacancies
- 13 young people have either started their apprenticeship (or their 4 week work trial)
- 13 employers are at interview stage
- 20 vacancies are currently open to applicants.

2.3 Funding

In May, the Campaign was successful in securing £48,000 from Job Centre Plus (JCP) Flexible Support Fund to support the administration of the campaign, with a target of delivering 70 opportunities for JCP candidates in the next three months. If this is achieved, there will be an opportunity to apply for an additional £300,000.

2.4 Developing Partnerships

In addition to working closely with JCP, Work Programme providers, and Apprenticeship training providers, we have also reached agreement with Lloyds TSB, who have agreed to distribute (via their 50 small business advisors) 3,000 leaflets on our behalf to each of the companies that

banks with them. In total our partners have agreed to distribute 9,000 leaflets on our behalf over the coming months.

2.5 Secretary of State Visit

On 24th May, Iain Duncan Smith visited the Maidstone Community & Skills Centre to hear about the programme, and to meet with two of the young people who had been supported by the scheme. He felt that the way we had tailored our support to enhance the government programmes held lessons for other areas, and that there were elements he would like to take forward nationally.

3. Next Steps

3.1 Marketing

The marketing plan for the project sees an expansion during the next two months, now that the systems have been tested, and partnerships firmly established. A radio ad will be broadcast on both KM-FM and Heart radio, whilst billboards will initially be tested in Maidstone and Ashford districts. This will be complemented by press and web adverts, and supported by human interest press releases focussed on local areas, using case studies from young people that have been successfully recruited.

This extensive campaign will run until end of October, when it will be evaluated. This timeline recognises that businesses tend to recruit less during November and December, and the intention is that the marketing campaign will be intensified again in early 2013.

3.2 Graduate element

As discussed above, it is intended that a graduate element is launched in the autumn, with a number of organisations already expressing interest in participating. It is intended that some of these organisations are used to pilot the scheme.

3.3 Administration of the programme

The Kent jobs for Kent Young People programme has been designed and developed within the Customer & Communities portfolio to reflect the fact that the funding is a part of the Big Society Fund, and to build upon the knowledge and experience within the directorate following both its successful delivery of 890 jobs through the Future Jobs Fund, and the development of the apprenticeship strategy, including the small business apprenticeship support service.

However, as the programme is now up and running successfully it was felt that it would be more appropriate to locate it with the Skills & Employability team within the Education, Learning & Skills directorate, with portfolio responsibility transferring accordingly.

4. Conclusion

The Kent Jobs for Young People Campaign has made significant progress since launching in April. This is a result of the strong partnerships built up over the five months prior to launch, and the constant testing of proposals with partners, and with employer groups.

It is already clear that there is a demand from employers for help to access apprenticeships, and that those employers are ready to hire young people, and are not deterred by the fact that the young people have been unemployed over the previous months.

Contact Officer:

Wayne Gough ext 4512

This page is intentionally left blank

By: Mark Dance
Cabinet Member for Regeneration and Economic Development

Barbara Cooper
Director, Economic Development

To: Economic Development Cabinet Committee – 5 July 2012

Subject: Expansion East Kent Update

Classification: Unrestricted

Summary:

In November last year, the government announced that Kent County Council had been awarded a grant of £35 million under the second round of the Government's Regional Growth Fund. This will be used to fund Expansion East Kent, a programme of financial support to business in east Kent for investments that will lead to job creation. This report summarises the aims of the Expansion East Kent programme, and provides a brief update on the development of the scheme.

1. Introduction

The Regional Growth Fund

- 1.1** The Regional Growth Fund (RGF) is a national fund worth some £2.4 billion between 2012 and 2016. It is intended to support job creation and private sector growth in areas that are disproportionately dependent on employment in the public sector.
- 1.2** Last year, following the decision by Pfizer in February 2011 to exit its research and development facility at Sandwich, the County Council successfully applied to the government's Regional Growth Fund for investment as part of a wider package of measures to promote economic development in east Kent. Submitted on behalf of the Sandwich Economic Development Task Force, following a number of detailed discussions with east Kent businesses, the County Council secured £40m in RGF investment, comprising:
- £35m to support the Expansion East Kent programme of direct financial assistance to business; and
 - £5m to support improvements to the rail line between Ashford and Ramsgate to enhance journey times.

The Expansion East Kent Programme

1.3 It is intended that Expansion East Kent will deliver a programme of financial support to those businesses with plans to expand and create employment opportunities in the east Kent districts of Canterbury, Dover, Shepway and Thanet. It opened to receive applications at the end of April 2012, and it is envisaged that two types of funding will be available directly to businesses until the end of March 2016. These are :

- Repayable finance – this means loans offered to business on an interest free, unsecured basis, with monies recycled to maintain the fund over a longer period than 2016. It is envisaged that most of the funding will be offered on this basis.
- Grants – non repayable grant will also be available in exceptional circumstances, for example for larger inward or mobile investments.

1.4 The main aims of the programme are therefore to:

- increase employment in East Kent by generating a total of 5,000 jobs – 4,000 new jobs and 1,000 safeguarded jobs;
- rebalance the local economy by expanding the small business base;
- attract inward investment;
- change the perceptions of East Kent as a place in which to invest and start a business; and
- retain the area's skills base following the closure of Pfizer.

1.5 At present the programme is open to most sectors in the local economy, except for those where EU State Aid restrictions apply, and we are particularly keen to encourage applications from sectors where new investment is important and potentially can yield significant economic benefits - for example, manufacturing, advanced engineering, tourism, life sciences and low carbon / renewable technologies.

2. Operational structure

2.1 The County Council is the accountable body for Expansion East Kent, and the diagram in Annex 1 sets out the operational and governance structure. This aims to maintain a balance between independent, private sector advice and clear accountability.

2.2 In developing the programme, officers have worked closely with the main banks, local accountants, East Kent District Councils and the principal business intermediary organisations in East Kent (including the Chambers of Commerce, Locate in Kent, Visit Kent and the High Growth Kent team at Business Support Kent) to ensure not only that they are fully aware of Expansion East Kent but also that they are able to support businesses in developing applications for financial assistance. This is a crucial stage in the process.

2.3 Annex 2 sets out the application process. The purpose of the Pre-Application stage is that a business is able to provide an outline of its proposal which can then be checked by officers against given eligibility criteria. Full applications are appraised independently by PWC, and their assessment is then considered by the Investment Advisory Board which in turn will make recommendations to the County Council as the accountable body.

3. Progress to date

- 3.1** To date around 220 pre applications have been received from potential business applicants, and around 50% of those have been asked to submit a full application having met the eligibility criteria. Of the remainder that have not proceeded to full application stage, most of these may be in a position to reconsider their applications so that they could resubmit. Where practicable officers have advised businesses to consider attending one of the 'Enterprise Clubs' that have been set up across east Kent in partnership with Kent Invicta Chamber of Commerce, Kent Channel Chamber of Commerce and Jobcentre Plus.
- 3.2** Over 70% of applications have been received from very small businesses (less than 10 employees) and start-up businesses, and most of these from within the main sectors of:
- Manufacturing;
 - Services: and
 - Wholesale and retail activities (including hotels and smaller tourism establishments).
- 3.3** A total of 11 full applications have now been received, and these are being progressed through the appraisal process. To date 5 have now been identified for onward progression to PWC, and these should soon be passed to the Investment Advisory Board for recommendation to the County Council. Should these be successful, they would generate some 300 jobs for the area at a cost to the Expansion East Kent programme of some £11,000 per job. Significant private sector investment would potentially also be levered in by these businesses.
- 3.4** It should be noted that these are very early days for the programme, and significant further progress is expected as current Pre Applications are progressed through to Full Application stage. Further updates will be provided to future meetings of this Committee.

4. Recommendation

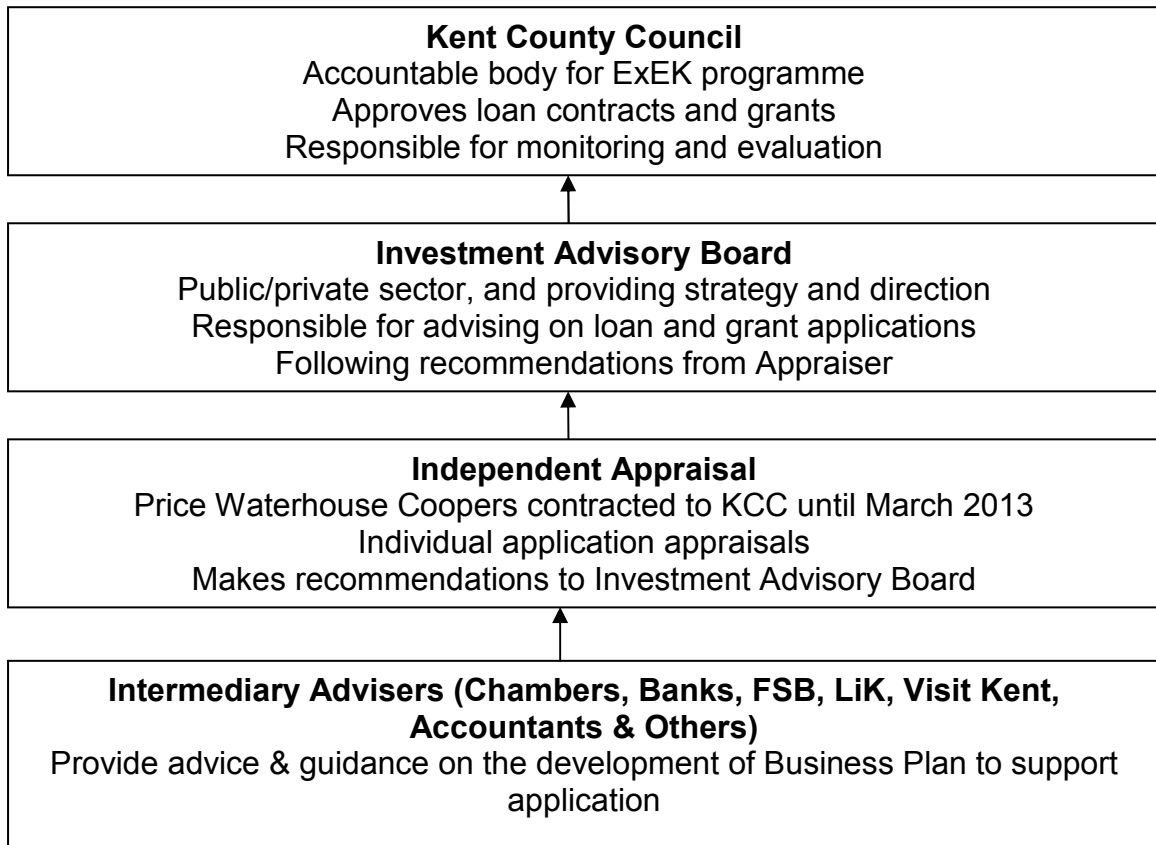
- 4.1** Members are asked to note the progress in the Expansion East Kent programme.

Author Contact Details:

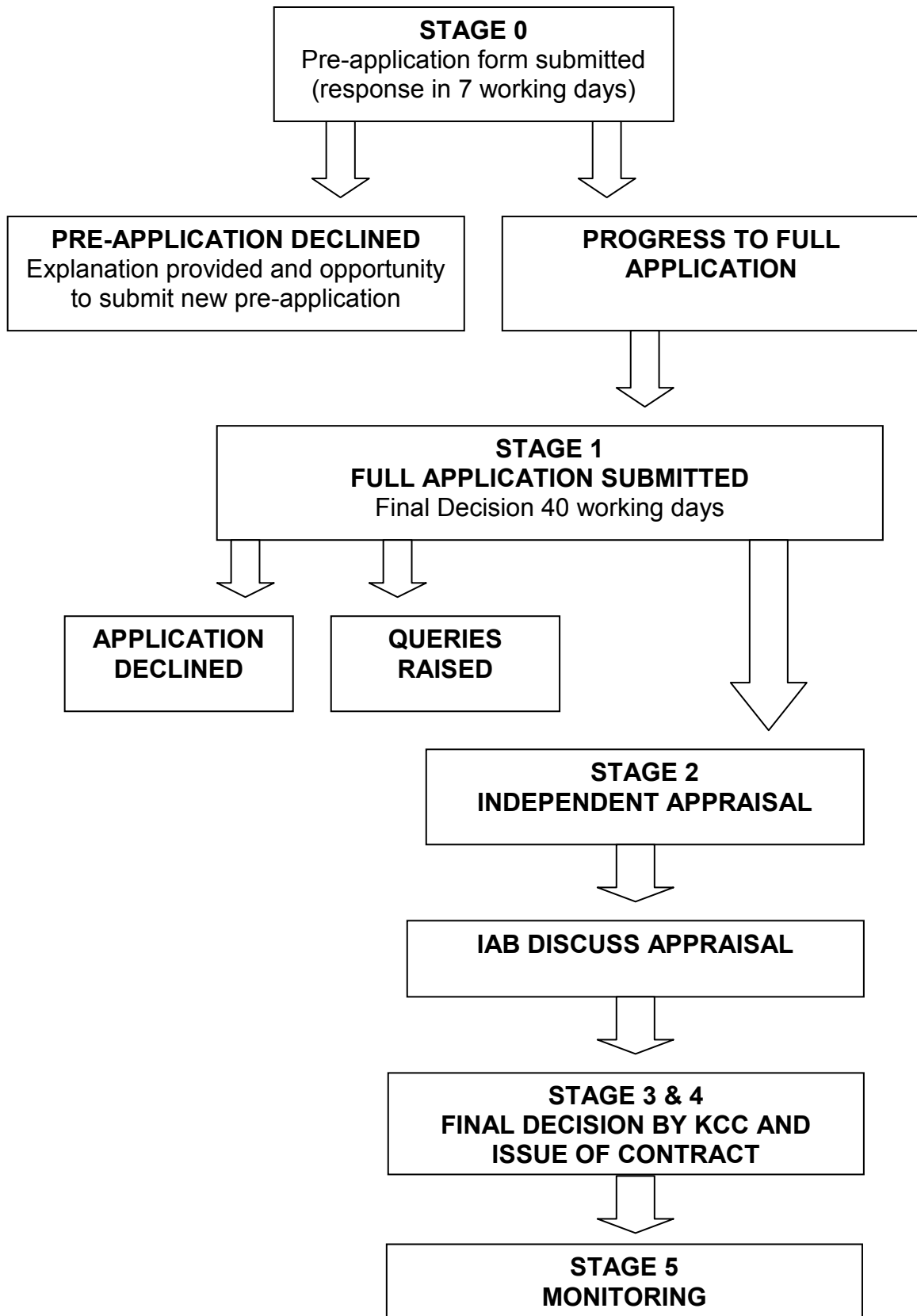
Name: Jacqui Ward, Expansion East Kent Programme Manager
Directorate Business Strategy and Support
Email: Jacqui.ward@kent.gov.uk Tel: 01622-693252

Background Documents: None

Annex 1 : Operational and governance structure



Annex 2 : Outline Application Process



This page is intentionally left blank