

**ECONOMIC DEVELOPMENT CABINET COMMITTEE**

**Tuesday, 3rd December, 2013**

**10.00 am**

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







## AGENDA

### ECONOMIC DEVELOPMENT CABINET COMMITTEE

**Tuesday, 3 December 2013, at 10.00 am**      Ask for:      **Christine Singh**  
**Council Chamber, Sessions House, County**      Telephone:      **01622 694334**  
**Hall, Maidstone**

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

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

- Conservative (8):      Mr M A Wickham      (Chairman),      Mr S Holden      (Vice-Chairman),  
Mr M A C Balfour,      Mr A H T Bowles,      Miss S J Carey,  
Mr J A Kite, MBE, Mr G Lymer and Mr C Simkins
- UKIP (2):      Mr R A Latchford, OBE and Mr F McKenna
- Labour (2)      Mrs E D Rowbotham and Mr R Truelove
- Liberal Democrat (1):      Mr R H Bird

#### **UNRESTRICTED ITEMS**

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

#### **Webcasting Notice**

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

- A1 Introduction/Webcasting
- A2 Substitutes
- A3 Declarations of Members' Interest relating to items on today's Agenda
- A4 Future Meetings Dates 2014

Thursday, 23 January  
Tuesday, 15 April  
Tuesday, 8 July  
*(All Meetings will commence at 10.00am and will be held in the Darent Room)*

Tuesday, 16 September  
Tuesday, 2 December

- A5 Minutes of the meeting held on 20 September 2013 (Pages 7 - 16)
- A6 Verbal Update by Cabinet Member for Economic Development
- A7 PRESENTATION: "Plan Bee" by Mr Sean Holden, Vice Chairman of EDCC

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

- B1 Decision No:13/00080 - Procurement of an organisation to deliver Visitor Economy Services for Kent County Council Area (Pages 17 - 54)
- B2 Decision No: 13/00079 - Procurement of an organisation to deliver Inward Investment Services for Kent County Council Area (Pages 55 - 80)

**C. MONITORING PERFORMANCE**

- C1 Regeneration and Economic Development Portfolio Financial Monitoring 2013/14 (Pages 81 - 86)
- C2 Half-year Performance Dashboard and 2013/14 Business Plan Monitoring (Pages 87 - 94)

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

- D1 Budget 2014/15 and Medium Term Financial Plan 2014/17 Consultation (Pages 95 - 100)
- D2 Unlocking the Potential/Strategic Economic Plan (Pages 101 - 144)
- D3 Members' Visits to East Kent Businesses (Pages 145 - 160)
- D4 Supporting Kent Businesses through Procurement (Pages 161 - 170)
- D5 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

**Monday, 25 November 2013**

**KENT COUNTY COUNCIL****ECONOMIC DEVELOPMENT CABINET COMMITTEE**

MINUTES of a meeting of the Economic Development Cabinet Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Friday, 20 September 2013.

PRESENT: Mr M A Wickham (Chairman), Mr M A C Balfour, Mr R H Bird, Mr H Birkby (Substitute for Mr R A Latchford, OBE), Miss S J Carey, Mr S Holden, Mr T A Maddison (Substitute for Mrs E D Rowbotham), Mr C Simkins, Mrs P A V Stockell (Substitute for Mr A H T Bowles) and Mr R Truelove

ALSO PRESENT: Mr M C Dance

IN ATTENDANCE: Ms B Cooper (Director of Economic Development), Mr R Gill (Economic Policy and Strategy Manager), Horton (Strategic Housing Advisor), Mr D Shipton (Head of Financial Strategy), Ms J Ward (Senior Partnership Officer) and Mrs C A Singh (Democratic Services Officer)

**UNRESTRICTED ITEMS****13. Declarations of Members' Interest relating to items on today's Agenda**  
*(Item A3)*

None

**14. Date of next meeting**  
*(Item A4)*

RESOLVED that the next meeting of the Cabinet Committee had been rescheduled for Tuesday, 3 December 2013 at 10.00 am and the meeting scheduled for Thursday, 7 November be deleted.

**15. Minutes of the meeting held on 14 June 2013**  
*(Item A5)*

RESOLVED that the Minutes of the meeting held on 14 June 2013 were correctly recorded and that they be signed by the Chairman.

**16. Verbal Update by Cabinet Member for Economic Development**  
*(Item A6)*

1. The Cabinet Member for Economic Development, Mr Dance, gave his verbal update and highlighted the following:

- Business Advisory Board - Members of the Board [which includes representatives from Legal and Rural y, car dealerships, Ferry Company] had reported that they were seeing positive growth in the market place with an increase in orders although, some were now experiencing issues with

material supplies and labour, particularly in the construction sector Ms Cooper added that the members of the Business Advisory Board had all said that the market was the best they had seen year on year since 2007.

- TIGER – Financial support that been awarded to support job creation.
- Expansion East Kent – An event to mark 50 companies receiving RGF was being planned.
- “Grow for It” campaign – A Life Science conference and further London events were to take place. Members noted that Ashford Borough Council were to consider being included in the campaign.
- NEETs – For Young people Not in Employment, Education or Training innovative ways were being looked at to address this issue in areas of East Kent and Ashford

2. Mr Dance responded to comments and questions by Members which included the following:

- a) The Education, Learning and Skills and Economic Development Directorates were working closely and with Kent schools and Further Education providers to remedy the issues of the appropriate skills base for the businesses in Kent.
- b) Representatives from businesses are encouraged to attend schools to talk about entering the work place and the many roles that make up their business
- c) Mr Dance advised that a Hospitality Guild was being developed with Shepard Neame which would have recognised qualifications whilst allowing movement of employees within the hospitality sector around the County.
- d) There was work to be carried out on whether Careers advice was good throughout Kent and how many pupils were told about the range of occupations present in the county.
- e) Mr Dance agreed to speak with the Dover District Council and the Ferry companies regarding concerns raised about the Ferry companies recruitment.

3. RESOLVED that responses to comments and questions by Members and the information given in the verbal update be noted with thanks.

## **17. PRESENTATION: East Malling Research by Ross Newham, Head of Communications, EMR**

*(Item A7)*

1. The Chairman welcomed the Head of Communications, East Malling Research (EMR), Mr Newham, to the meeting and invited him to give his presentation.

2. Mr Newham gave his presentation using overheads appended to these Minutes and highlighted the following points:

- The challenge was to produce as much food between 2000 and 2050 AD as was produced between 1500 and 2000AD.
- The production of food had to be achieved with a shortage of labour and no extra land available to double the output of energy and fertilisers and a limited water supply.

- The crops produced had risen from 6-7 tonnes per hectares to 8-10 tonnes hectares.
- EMR had received £160 million investment by the government.
- EMR was invited to apply for a Programme Grant (ISPG) for improving the resilience of perennial cropping systems. This was in Partnership with the University of Reading.
- EMR were addressing their requirements and needs by adopting new technologies, attracting international interest and creating employment for 15 additional staff.

3. Mr Newham responded to comments and questions by Members which included the following:

- a) Mr Newham advised that some patents for new varieties of fruit were well established and were certificated. This had been achieved through both commercial and public funding.
- b) A commercial division was going to be established at EMR.
- c) Mr Newham advised that land use policy did not fall in the scope of EMR but did say that the production of more crops would have to be sustainable and would be achieved through innovation.
- d) Business spin offs would be developed by the new EMR commercial division.
- e) Mr Newham considered that rather than being resistant, farmers had a history of trying new products and working with supermarkets etc and were always trying to do things differently.
- f) Mr Newham stated that there were no genetically modified (GM) crops grown in the European Union. However, he advised that modified cotton clothes etc were being worn in this country and EMR used the technology in the laboratory for testing. There were no aims to produce GM crops in this country as consumers in the UK and EU were not ready for this. The benefits for GM food may not be as strong in Europe as they may be for other parts of the world.
- g) The Chairman advised that “set aside” was usually in low yielding cropping areas.
- h) The limit on production from land was due to how much sunlight there was. There were many things that could be carried out including a reduction of waste through storage. A reduction in gluts [more even distribution] throughout the year.
- i) Mr Newham explained that funding was not received directly from DEFRA as the funding went directly to the Technology Strategy Board (TSB) and EMR receive some funding from the TSB. Meetings were held by EMR with DEFRA to discuss issues such as long term storage facilities and continued development.
- j) Mr Newham confirmed that there was interest from China in EMR producing fruit crops but help was needed from central government in bring those to fruition.

4. The Cabinet Committee was invited to visit East Malling Research.

5. RESOLVED that:

- a) the responses to comments and questions by Members; and

- b) the information in the presentation and the invitation to visit EMR be noted with thanks.

**18. Decision Number: 13/000070 - Escalate: Decision to enter into Regional Growth Fund grant agreement**

*(Item B1)*

*(Report by Ms B Cooper, Director of Economic Development)*

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

1. The Economic Strategy and Policy Manager, Ross Gill, introduced the report which informed Members of the successful application to the Regional Growth Fund and the government award of £5.5 million to Kent County Council to deliver the Escalate programme and sets out the aims and objectives and proposed arrangements for the programme management and governance.

2. Mr Gill noted the comments made by Members and responded to questions which included:

- a) Congratulations were extended to Ross Gill for all his work on the successful bid.
- b) This is an excellent opportunity for businesses in West Kent.

3. RESOLVED that:-

- a) the responses to comments and questions by Member be noted; and
- b) the Economic Development Cabinet Committee endorses the decision to be taken by the Cabinet Member for Regeneration and Economic Development:
  - i. to decide that KCC shall act as the accountable body for Escalate;
  - ii. accept the Government's offer of Regional Growth Fund grant in respect of the Escalate project, subject to the approval of the terms of the draft grant agreement by the Director of Economic Development in consultation with the Cabinet Member for Regeneration and Economic Development; and
  - iii. Delegate authority to the Director of Economic Development to sign on behalf of the County Council the final Grant Offer Letter.

**19. Regeneration and Economic Development Portfolio Financial Monitoring 2013/14**

*(Item C1)*

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



1. The Cabinet Committee considered a report on the first quarter's full budget monitoring report for 2013/14 reported to Cabinet on 16 September.
2. RESOLVED that the revenue and capital forecast variances from budget for 2013/14 for the Regeneration and Economic Development Portfolio based on the first quarter's full monitoring to Cabinet be noted.

## **20. 2012-13 Business Plan Full Monitor Report**

*(Item C2)*

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

1. Ms Cooper introduced a report requested at the last meeting of this Cabinet Committee. The report gave an overview of performance against each business activity in the Economic Development and Spatial Unit 201/13 Business Plan, highlighting the key achievements and outstanding issues, many of which had been developed further during 2013/14.
2. Ms Cooper explained that the red status for the Kent and Medway Investment Fund reflected the decision not to pursue the Fund as it had not been of an appropriate scale and it held too much risk. Alternative funding sources were being explored.
3. RESOLVED that the responses to comments and questions by Members and the information set out in the report and Performance Review appended to the report be noted.

## **21. Performance Dashboard**

*(Item C3)*

*(Report by Mr D Cockburn, Corporate Director of Business Strategy and Support)*

1. Ms Cooper introduced the report that gave an update on the performance to date against key performance targets in the 2013/14 Economic Development Spatial Business Plan. The report did not include the jobs created by Locate in Kent and Produced in Kent as a new process was being set up to ensure that each job was counted once in instances where there was multiagency involvement.
2. Ms Cooper predicted that the first quarter jobs created would be a higher figure than 285.
3. RESOLVED that the report be noted.

## **22. Medium Term Financial Outlook**

*(Item D1)*

*(Report by Mr A Wood Corporate Director of Finance and Procurement)*

*(Mr D Shipton, Head of financial Strategy, was present for this item)*

1. Mr Shipton introduced the report on the latest funding projection for the next four years and the implication for KCC's financial planning and included information on

the three key government consultations launched over the summer and the likely timetable for setting the 2014/15 Budget and Medium Term Financial Plan. He explained that a full consultation report would be submitted to the December cycle of Cabinet Committee meetings and then a report on the results of the consultation to the January meetings.

2. RESOLVED that the potential implication on future funding settlements and the council's Budget /Medium Term Financial Plan and the likely timetable for setting the 2014/15 budget be noted.

**23. Kent Local Authority Mortgage Scheme (LAMS) and Help to Buy**  
*(Item D2)*

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

*(Mr B Horton, Strategic Housing Adviser, was present for this item)*

1. Mr Horton introduced the report which set out the priorities of the Kent LAMS which was set up to help first time buyers to buy second hand homes and would compliment the new governments Help to Buy scheme.

2. Mr Horton responded to comments and questions by Members which included the following:

- Mr Horton advised that the way in which the scheme worked it could not be limited to "Kent people" and this scheme could bring economically active people to Kent.
- Members noted that Lloyds TSB would continue as a provider of capital finance until the full details of the new product was known in January 2014.

3. RESOLVED that:-

- a) the responses to comments and questions by Members be noted; and
- b) the progress made on the implementation of the Kent Local Authority Mortgage Scheme and update on the government's Help to Buy Scheme be noted.

**24. Strategic Economic Plans for Future Funding for Growth**  
*(Item D3)*

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

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

1. The Economic Strategy and Policy Manager, Mr Gill gave a presentation, using overheads, appended to these Minutes. The presentation covered: 1. Where we are currently in revising *Unlocking the Potential* as the Economic Growth Strategy for Kent and Medway; 2. Progress in preparing a Strategic Economic Plan for the whole Local Enterprise Partnership area covering Kent, Essex, and East Sussex and

ensuring consistency between this document and *Unlocking the Potential*; and 3. The sources of the additional funding that was anticipated coming forward in the next couple of years linked with these plans.

2. Mr Gill and Ms Cooper responded to comments and questions by Members which included the following:

- a) The Strategy was very clear and should be supported.
- b) Mr Gill considered that more could be done with Kent MPs especially on the agenda item "Assisted Areas Designation" as there was a role for Kent MPs in lobbying their constituencies.
- c) Although the Single Local Growth Fund had been referred to as unringfenced, it was likely that in practice, there would be restrictions on its use. In addition, Mr Gill considered that the use of the New Homes Bonus funding that had been incorporated into the Single Local Growth Fund could be an item of discussion for the new Kent and Medway Economic Partnership.
- d) Ms Cooper advised that the Business Advisory Board, at its last meeting, discussed the membership of the Kent and Medway Economic Partnership (the name of which has yet to be agreed). It was agreed that as the district councils nominated their 6 representatives, the businesses through the Business Advisory Board would nominate their 11 representatives. The Local Authorities would not determine nominations from either the business sectors or district councils.
- e) Future update reports would be submitted to this Cabinet Committee

3. RESOLVED that the responses to comments and questions by Members and regular updates be submitted to this Cabinet Committee be noted.

## **25. Assisted Areas Review**

*(Item D4)*

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

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

1. The Economic Strategy and Policy Manager, Mr Gill, introduced a report that outlined the current value of Assisted Area designation to Kent; explained the consultation process and outlined KCC's proposed response.

2. Mr Gill advised that only a limited number of places were designated as Assisted Areas, and the map, was to be reviewed every 7 years. The Government had launched the first phase of consultation on the new map for the period 2014-20.

3. KCC was working closely with Thanet and Dover to retain their Assisted Area designation and it was also proposed that part of Medway and Swale could secure additional designation.

4. Mr Gill noted comments and responded to questions by Members which included the following:

- a) Mr Gill explained that there were areas which would be difficult to build a case for as any proposed Assisted Area needed to have a contiguous population of 100,000, meet a number of needs-based criteria based on unemployment levels out of work benefit claimants and manufacturing employment and provide evidence of local opportunity, such as employment sites and funding schemes which could take advantage of Assisted Area designation; and
- b) Suggestions were put forward on the case for support for the proposed Paramount development at Swanscombe and links with the wider development of Thanet (including Dreamland and other leisure and tourism developments).

5. RESOLVED that:-

- a) the responses to comments and questions by Members and the report be noted; and
- b) the Economic Development Cabinet Committee endorses the efforts being made to retain Assisted Area designation in Thanet and Dover with additional designation in Medway and Swale, and that this be reflected in KCC's consultation response.

**26. Verbal Update by Director of Economic Development**

*(Item D5)*

1. Ms Cooper gave her verbal update highlighting the following points:
  - A £1.3m bid to the Heritage Lottery Fund had been successful to help improve buildings in the Old Town of Folkestone, Kent.
  - Following a presentation by the Leader to the Parliamentary Under Secretary of State at the Department for Communities, Mr Bandon Lewis MP, KCC and its partners in the Thames Gateway had been asked to identify a stimulus package to unlock growth.
2. RESOLVED that the information given in the verbal update be noted with thanks.

**27. Expansion East Kent Update**

*(Item D6)*

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

*(Mrs J Ward, Regional Growth Fund Programme Manager was present for this item)*

1. The Regional Growth Fund Programme Manager, Mrs Ward, introduced a report on the Expansive East Kent programme that opened in 2012. The programme offered 0% loans to SMEs wanting to start up or expand their businesses in Canterbury, Dover, Shepway and Thanet. The programme had a target of creating and safeguarding 5,000 jobs and had the opportunity to offer grant and equity investment in exceptional circumstances to businesses.

2. Mrs Ward advised that 137 applications had been approved and were awaiting full approval.
3. The Cabinet Member for Economic Development congratulated Mrs Ward and her Team for all the work carried out on this project.
4. Members noted that the next visits would be held on Thursday, 10 October 2013, Thursday, 14 November 2013 and Wednesday, 4 December 2013.
5. RESOLVED that the responses to comments and questions by Members and the dates of future visits be noted.

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

To: Economic Development Cabinet Committee – 3 December 2013

Subject: Decision No: 13/00080 - Procurement of an organisation to deliver Visitor Economy Services for Kent County Council Area

Classification: Unrestricted

Past Pathway of Paper: Economic Development Cabinet Committee – 6 March 2013

Electoral Division: All

**Summary:**

KCC previously operated a three-year Service Level Agreement with Visit Kent, for them to deliver Visitor Economy services in Kent. The latest 3 year agreement expired on 31<sup>st</sup> March 2013, however this was extended for a year whilst KCC investigated the best way to secure these services in future.

Advice from the Department for Business, Innovation and Skills, received in May 2013, was that the market for these services had developed sufficiently that a procurement exercise would be necessary.

This report details the process that has been followed, and outlines the requirements that KCC have asked bidders to meet when submitting their proposals.

**Recommendation:**

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Regeneration and Economic Development on the proposed decision to award the contract for Visitor Economy Services for Kent County Council Area as attached at Appendix A.

**1. Introduction**

- 1.1 As a part of its efforts to grow the Kent economy, Kent County Council has been a long term supporter of the visitor economy. Since 2003 this support has been delivered through Visit Kent (VK) which was established by KCC as a tourism promotion agency. Until March of this year, KCC had funded Visit Kent on a three year service level agreement.
- 1.2 As was reported to this committee in March 2013, following discussions held with legal and procurement advisors, it was felt that

there was a need to examine the contractual relationship with Visit Kent, as since we first created the organisation, the market for these types of services had changed. Whilst advice was sought from the Department for Business, Innovation and Skills (BIS) on the best way to proceed, the existing agreement with Visit Kent was extended by one year, with an end date of March 2014.

- 1.3 In May 2013, BIS advice was received that the market for these type of services had matured to the point where a competitive procurement exercise should be undertaken to secure Visitor Economy Services for Kent going forward.

## **2. Financial Implications**

- 2.1 The contract will commence upon 1 April 2014 and will continue until 31 March 2017 *unless* terminated in accordance with the Conditions of Contract laid out in the Invitation to Tender. Subject to satisfactory performance and availability of funding from KCC, the contract will be extended for an additional 3 years (until 31 March 2020).
- 2.2 The value of the contract is estimated to be £280,000 excluding VAT per annum (this represents a reduction on this contract, when set against last years spend of £339,000). However, tenderers were made aware of the fact that, due to budgetary pressures on KCC, only the first year of the contract would be guaranteed at this level. Tenderers were also asked to show how they would deliver a 10% reduction in year 2, and year 3 of the contract.

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

- 3.1 As one of its three clear aims within Bold Steps for Kent, Kent County Council is committed to growing the economy of Kent. Ensuring a strong visitor economy in Kent, attracting visitors and visitor spend and providing support to Kent tourism businesses is a key element in achieving this aim.

## **4. The Procurement Process**

- 4.1 Following the receipt of the advice from BIS, work was undertaken with the Procurement team to procure these services.
- 4.2 A procurement plan was developed, and was discussed by the KCC Procurement Board
- 4.3 Following the Procurement Board, the Tender Specification documents were developed, and were then issued via the Kent Business Portal.



The timetable for the process was:

Proposed Procurement Timetable	
Issue OJEU Advertisement and Invitation to Tender	August 14 2013
Closing date and time for Tender Submissions	September 24 2013
Commencement of Tender Evaluation Period (including Post Tender Clarification, as necessary)	September 2013
Contract Award (includes mandatory ten day standstill period)	November/December 2013
Contract Commencement Date	April 2014

## 5. The Requirement

**5.1** The tender specification, outlining the service that we are looking for, is laid out in full in appendix 1 with the service requirements detailed in full from page 13.

**5.2** In brief, the service that we asked tenderers to supply could be summarised as:

*The successful supplier will be required to deliver a first class 21<sup>st</sup> century visitor economy service for Kent. They will have the vision and the leadership to set a clear strategy to make Kent one of the premier visitor destinations in the country. They will develop creative and innovative solutions to grow the Kent visitor economy throughout the life of the contract; increasing visitor numbers and the amount of visitor spend across the County.*

*The service should support KCC's priorities for the visitor economy, which are*

- *Promote the county to target visitor markets to increase levels of visitors to Kent and the value of visitor spend*
- *Support growth in the Kent visitor economy*
- *Provide high quality support to the Kent tourism business sector*
- *Improve the skills levels of employees within the Kent visitor economy*
- *Attract additional public and private sector investment*

**5.3** The procurement process is currently continuing with the expectation that the successful contractor will be notified shortly.

## **6. Recommendation**

- 6.1** The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Economic Development on the proposed decision to award the contract for Visitor Economy Services for Kent County Council Area as attached at Appendix A.

## **7. Background Documents**

Kent County Council Tender Document for Visitor Economy Services in Kent

## **8. Contact details**

Report Author:

Name: Wayne Gough, Economic Development Manager  
Telephone Number: 01622 221960  
Email address [wayne.gough@kent.gov.uk](mailto:wayne.gough@kent.gov.uk)

Relevant Director:

Name: Barbara Cooper, Director of Economic Development  
Telephone Number: 01622 221856  
Email address [barbara.cooper@kent.gov.uk](mailto:barbara.cooper@kent.gov.uk)

## KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

<p><b>DECISION TO BE TAKEN BY:</b></p> <p><b>Mark Dance, Cabinet Member for Economic Development</b></p>
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<p><b>DECISION NO:</b></p> <p>13/00080</p>
--

<p><b>For publication or exempt – please state</b></p>
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<p><b>Subject:</b></p> <p><b>Procurement of an organisation to deliver Visitor Economy Services for Kent County Council Area</b></p>
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<p><b>Decision:</b></p> <p>As Cabinet Member for Economic Development I agree to award the contract for Visitor Economy Services for the Kent County Council Area</p>
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<p><b>Reason(s) for decision:</b></p> <p>Decision exceeds key decision financial criteria</p>
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<p><b>Cabinet Committee recommendations and other consultation:</b></p>
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<p><b>Any alternatives considered:</b></p>
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<p><b>Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:</b></p>
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.....  
signed

.....  
date

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**Kent County Council  
Tender Document**

**for**

**Visitor Economy Services in Kent**

**Tender No: SS12155**



Documents Prepared By:

**Strategic Sourcing & Procurement  
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## Section One

## Scope and Context

### 1. Introduction

Kent County Council is the largest local authority in England covering an area of 3,500 square kilometres. It has an annual expenditure of over £1bn on goods and services and a population of 1.3m. Kent County Council provides a wide range of personal and strategic services on behalf of its residents, operating in partnership with 12 district councils and 289 parish/town councils and working closely with Medway Council and other neighbouring authorities, central Government and the private sector.

### 2. Services required

This tender relates to the administrative area of Kent County Council

As one of its three clear aims within Bold Steps for Kent, Kent County Council is committed to growing the economy of Kent. Ensuring a strong visitor economy in Kent, attracting visitors and visitor spend and providing support to Kent tourism businesses is a key element in to achieving this aim.

Kent County Council is seeking a supplier that can provide the strategic lead on the visitor economy in Kent. The successful supplier must have an excellent understanding of the key issues facing the tourism sector in Kent and a strong track record of delivering similar services.

The successful supplier will be expected to develop innovative and creative solutions to grow the Kent visitor economy and support KCC's priorities for this sector, which are to:

- Promote the county to target visitor markets to increase numbers of visitors to Kent and the value of visitor spend
- Support growth in the Kent visitor economy
- Provide high quality support to the Kent tourism business sector
- Improve the skills levels of employees within the Kent visitor economy
- Attract additional public and private sector investment

Currently these services are delivered by Visit Kent Limited

Kent County Council will retain a small in-house tourism function which will focus on research and identifying national and European funding opportunities. The successful supplier will be expected to work closely in partnership with KCC in these areas.

### 3. Contract period

The contract will commence upon 1 April 2014 and will continue until 31 March 2017 *unless* terminated in accordance with the Conditions of Contract in section five of this Invitation to Tender. Subject to satisfactory performance and availability of funding from KCC, the contract will be extended for an additional 3 years (until 31 March 2020).

### 4. Contract value

The value of the contract is estimated to be £280,000 excluding VAT per annum.



Whilst it is hoped that this level of funding will continue for the first three years of the contract, the exact amount of funding beyond March 2015 is subject to KCC's own budgetary position. Payment will be made in arrears with the exception of the first three months which will be paid in advance.

## **5. Estimated quantities**

Any quantities shown within this Invitation to Tender and any relevant documentation are estimated and may be subject to variation and therefore do not form any basis of guarantee.

Strategic Sourcing & Procurement is the lead division within the Authority on all procurement matters and are undertaking the tendering of this requirement.

## Section Two

## Instructions to Tenderers

### 1. General

These instructions are designed to ensure that all tenderers are given equal and fair consideration. It is important that you provide all the information asked for in the format and order specified. Please use the Question and Answer facility within ProContract if you require clarification on any sections of this Invitation to Tender.

Tenderers should read these instructions carefully before completing the tender response. Failure to comply with the completion and submission requirements may result in the rejection of the tender. Participation in the tender process automatically signals that the tenderer accepts these conditions of participation.

**Tenderers are requested to address ALL the requirements set out below, providing details of how each requirement will be met and examples of the tenderers similar previous experience, and the knowledge that the tenderer has of the visitor economy in Kent. Responses such as “noted”, “agreed”, “compliant” or similar do not provide sufficient information to form a reasoned evaluation of the proposed solution and consequently will be marked as non-compliant.**

**A detailed project/evidence scenario should be provided and in the relevant place within the tender the tenderer should explain the relevance of this to that specific question, random references will not be evaluated.**

The Invitation to Tender consists solely of this document.

The detail of this document and all associated documents is to be treated as private and confidential and for use only in connection with this tender process. Copyright of all tender documents, including any amendments or further instructions, shall remain with Kent County Council. This Invitation to Tender is not transferable

### 2. Timescales

Set out below is the proposed procurement timetable.

<b>Proposed Procurement Timetable</b>	
Issue OJEU Advertisement and Invitation to Tender	<i>August 14 2013</i>
Closing date and time for Tender Submissions	<i>September 24 2013</i>
Commencement of Tender Evaluation Period (including Post Tender Clarification, as necessary)	<i>September 2013</i>
Contract Award (includes mandatory ten day standstill period)	<i>October 2013</i>
Contract Commencement Date	<i>April 2014</i>

These dates are provided for information purposes only. Kent County Council does not guarantee to complete each phase by the date stated above.

During the tender evaluation period, Kent County Council may shortlist a number of tenderers. Short listed tenderers may be asked to deliver a presentation at the Council's offices (see Requirement 9). Tenderers should be prepared to accommodate this request. Exact dates will be notified nearer the time.

### 3. Tender Clarification

All clarification and communication from tenderers during the period of this procurement exercise must be directed via the Question and Answer facility within ProContract.

Kent County Council will endeavour to answer all questions as quickly as possible, but cannot guarantee a minimum response time. In line with the Public Contracts Regulation 2006 Kent County Council will respond to any request for clarification at least 4 days before the deadline for receipt of tenders.

No requests for clarification will be accepted after noon on 24 September 2013.

In order to ensure equality of treatment of tenderers, Kent County Council intends to publish the questions and clarifications raised by tenderers together with the Council's responses (but not the source of the questions) to all participants on a regular basis.

Kent County Council reserves the right not to respond to a request for clarification or to circulate such a request where it considers that the answer to that request would or would be likely to prejudice its commercial interests.

#### **4. Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE)**

The view of the Council is that the Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE) Regulations which implement the Acquired Rights Directive may apply to this contract, and specifically to the members of Visit Kent Limited staff who are involved in the delivery of the current contract, however Tenderers should seek their own legal advice as to the applicability of TUPE and as to the effect of the TUPE clause contained in the contract Terms and Conditions.

To enable the Council to evaluate your tender on the basis that TUPE will apply we have collated anonymised information pertaining to the employment of staff (including staffing costs and conditions of employment).

The Council will be happy to provide you with a copy of this information but firstly we need your written agreement that you will only use the information provided for the purposes of evaluating your tender, that you will not disclose it to any third party and that you will destroy it once the tender process is concluded if you are not the successful tenderer. We also only provide you with this information on the basis that we give no warranties as to its accuracy and that we cannot accept any liability for any inaccuracies contained therein.

If you wish to see the information that we hold please provide your written undertaking that you agree to the above terms via ProContract as soon as possible.

#### **5. Preparation of Tender**

The information contained within this document should be regarded as a statement of Kent County Council's current position as it is able to determine at this time. Tenderers must carefully examine and consider the tender documents and satisfy themselves of the appropriateness and validity of any information provided. In submitting a tender tenderers shall be deemed to have read and understood all of the tender documents.

Tenderers may not propose alternative solutions to meet Kent County Council's requirement.

## **6. Freedom of Information**

In accordance with the obligations and duties placed upon public authorities by the Freedom of Information Act 2000 (the 'FoIA'), the Authority may, acting in accordance with Secretary of State's Code of Practice on the Discharge of the Functions of Public Authorities under Part 1 of the said Act, or the Environmental Information Regulations be required to disclose information submitted by the tenderer to the Authority.

In respect to any information submitted by a tenderer that it considers to be commercially sensitive the tenderer should:

- Clearly identify such information as commercially sensitive;
- explain the potential implications of disclosure of such information; and
- provide an estimate of the period of time during which the tenderer believes that such information will remain commercially sensitive.

Where a tenderer identifies information as commercially sensitive, the Authority will endeavour to maintain confidentiality. Tenderers should note, however, that, even where information is identified as commercially sensitive, the Authority may be required to disclose such information in accordance with the FoIA or the Environmental Information Regulations (the 'EIR'). In particular, the Authority is required to form an independent judgment concerning whether the information is exempt from disclosure under the FoIA or the EIR and whether the public interest favours disclosure or not. Accordingly, the Authority cannot guarantee that any information marked 'confidential' or "commercially sensitive" will not be disclosed.

Where a tenderer receives a request for information under the FoIA or the EIR during the procurement process, this should be immediately passed on to the Authority and the tenderer should not attempt to answer the request without first consulting with the Authority.

## **7. Tender Validity**

The tenderer is required to hold the tender open for acceptance for a period of *ninety (90)* days from the closing date for the submission of tenders.

## **8. Conditional Tenders**

Conditional tenders will be disregarded where the condition upon which a tender is based cannot be fulfilled.

Tenderers should, however, note that once a contract is entered into this stands alone. If a conditional tender is accepted then the relevant amount in that tender forms the basis of the contract with that condition. Therefore if for any reason another contract to which the condition relates is later terminated, the tenderer will not be able to require the price in this contract to be increased to what its associated conditional tender would have been. All contract variations are controlled via the variation to contract procedure.

## **9. Submission of Tenders**

Failure to return all of the items in the following table may cause your tender to be non-compliant and not considered.

Item	Checklists to ensure all items are included in the tender submission?
Tender Response with all sections completed	
Appendix A – Anti Collusion Certificate	
Appendix B – Deed of Guarantee	
Appendix C – Diversity Questionnaire	
Appendix E - Form of Tender	

All documents requiring a signature must be signed:-

- where the tenderer is an individual by that individual;
- where the tenderer is a partnership, by at least two duly authorised Partners;
- where the tenderer is a company, by a Company Director, where such person is duly authorised for that purpose.

The tender and any documents accompanying it must be in the English language.

Tenders must be returned electronically via ProContract no later than noon on 24 2013.

A 10MB file will take approximately 5 minutes on average to upload on a standard Broadband connection (256Kbps upload speed). Please take this into consideration when uploading larger files, and ensure that you leave enough time to complete your submission.

Instructions on how to submit your response can be found within the 'Help' facility in ProContract. These instructions should be consulted in order to ensure that your response is submitted correctly.

To submit a response the 'Submit Response' button must be used and an email of confirmation will be provided when a submission is successful. Tenderers should retain this email of confirmation.

Responses will only be accepted via ProContract.

### 10. Right to Reject/Disqualify

Kent County Council reserves the right to reject or disqualify a tenderer where:

- the tenderer is guilty of serious misrepresentation in relation to its tender; expression of interest; and/or the tender process; and or
- there is a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the tenderer.

### 11. Right to Cancel, Clarify or Vary the Process

Kent County Council reserves the right to:

- amend the terms and conditions of the Invitation to Tender process,

- cancel the evaluation process at any stage without liability; and/or
- require the tenderer to clarify its tender in writing and/or provide additional information. (Failure to respond adequately may result in the tenderer not being selected).
- Award the contract to more than one supplier if it is felt that this would achieve best value
- Not to award the contract at all
- Award only part of the intended contract
- Discontinue the process at any time without liability

## **12. Canvassing**

Any tenderer who directly or indirectly canvasses any officer, member, employee, or agent of Kent County Council concerning this Invitation to Tender or who directly or indirectly obtains or attempts to obtain information from any such officer, member, employee or agent concerning any other tenderer, tender or proposed tender will be disqualified.

## **13. Disclaimers**

Kent County Council, nor their directors, officers, members, partners, employees, other staff or agents:

- makes any representation or warranty as to the accuracy, reasonableness or completeness of the Invitation to Tender; or
- accepts any responsibility for the information contained in the invitation to tender or for their fairness, accuracy or completeness of that information nor shall any of them be liable for any loss or damage arising as a result of reliance on such information or any subsequent communication.

Any contract concluded as a result of this Invitation to Tender shall be governed by English law.

## **14. Collusive Behaviour**

Any tenderer who:

- fixes or adjusts the amount of its tender by or in accordance with any agreement or arrangement with any other party; or
- communicates to any party other than Kent County Council any amount or approximate amount of its proposed tender or information which would enable the amount or approximate amount to be calculated (except where such disclosure is made in confidence in order to obtain quotations necessary for the preparation of the tender or insurance or any necessary security); or
- enters into any agreement or arrangement with any other party that such other party shall refrain from submitting a tender; or

- enters into any agreement or arrangement with any other party as to the amount of any tender submitted; or
- offers or agrees to pay or give or does pay or give any sum or sums of money, inducement or valuable consideration directly or indirectly to any party for doing or having done or causing or having caused to be done in relation to any other tender or proposed tender, any act or omission;

Shall be disqualified.

### 15. Deed of Guarantee

In the event of a tendering company having a parent company or being financed by an external source a Deed of Guarantee will be required in the form as shown in Appendix C.

Tenderers are required to state, within their tender submission, if either of the above is applicable to them and if so, what organisation will be providing the guarantee.

The Deed of Guarantee will be forwarded with the contract should the tenderer be successful. If a Deed has been sent with the contract, a signed contract returned on its own will not be accepted.

### 16. Assessment of tenders

All tenders received will be considered on the information contained in the tender or obtained by Kent County Council as a direct result of the tender process.

Tenders will be assessed on the basis of most economically advantageous offer which will take into account the criteria, weightings and sub-weightings (if any) included within Appendix D Evaluation Spreadsheet.

Tenderers' responses to the questions under the heading 'Selection' will be evaluated first on a pass/fail basis and only in the event that tenderers pass all of these requirements will their responses to questions under the 'Award' heading be evaluated.

The assessment methodology that will be used to assess these criteria at Award Stage only will be as follows:

Minimum		Scoring Methodology				Maximum
0	1	2	3	4	5	
Meets none of the requirement	Meets some of the Requirement	Meets most of the Requirement	Meets the requirement	Exceeds requirement	Greatly exceeds the requirement	
				Scope for additional marks		

It should be noted that by using this methodology there may be scope for tenderers to exceed the stated requirements and achieve the additional marks. Innovation and solutions that provide additional value may also achieve additional marks.

***Important Note***

Unless identified as a mandatory requirement, tenderers are required to address ALL the requirements with details of how each requirement is met. Responses such as “noted”, “agreed”, “compliant” or similar do not provide sufficient information to form a reasoned evaluation of the proposed solution and consequently will be marked as non-compliant.

**17. Council Not Bound**

Kent County Council does not bind itself to accept the lowest or any tender for all or any part of the requirement and will not accept responsibility for any expense or loss which may be incurred by any tenderer in the preparation of the tender.

Any discussions or correspondence between Kent County Council and tenderers shall be conducted without any obligation whatsoever by Kent County Council to enter into or become bound by any contract.

Unless agreed in writing by, **Strategic Sourcing and Procurement** no amendment or modification can be made to the Invitation to Tender documentation.

Kent County Council will not be bound by any contract until the Contract is embodied in a formal document and signed by all parties

**18. Contract Document**

The contract to be awarded shall be in the form of the draft contract in Section Four of this document incorporating the Terms and Conditions within Appendix F, which will be signed by all parties and such contract shall incorporate the tender documents, the duly completed Form of Tender, Anti-Collusion Certificate, Deed of Guarantee (if applicable), pricing schedule, the Conditions of Contract and any other relevant documentation.

**19. Consortia Tenders**

Tenderers are permitted to submit a tender response as a consortium. The lead tenderer who will act as single point of contact during the procurement process and as the Contracting Party must be clearly identified in the tender response.



## Section Three

## Requirement

### Selection Stage

Tenderers submitting a response will be required to complete the following sections. Each tenderer's response to the questions contained within the Award Stage will only be evaluated in the event they pass the Selection Stage.

#### 1. Diversity

Tenderers are required to be aware of Kent County Council's commitment to diversity. As part of this commitment the Council requires that the tenderer is not only compliant with all statutory requirements but also demonstrates an ongoing commitment that ensures fairness of treatment is being applied and improved by the potential Supplier during the life of the Contract.

It is the responsibility of the successful Supplier(s) to ensure that when any relevant changes occur they are notified to Kent County Council.

Tenderers are requested to complete and return Appendix D as part of their tender submission.

Tenderer's confirm Appendix D has been completed and attached to your tender response
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#### 2. Business Case Study to show Capacity, Knowledge & Experience

Tenderers must provide details of their previous experience of service delivery that is relevant to the requirement and the experience, accreditation and quality assurance of both the organisation, sub-contractors and any key staff that will be involved in service delivery.

Tenderers must give details of their knowledge and understanding of the visitor economy in Kent (or a comparable area) and the contribution this sector can make to the wider economic growth of a place, particularly job creation and business growth

Tenderers should provide case study details evidencing similar service provision, to include details of customer names, contact names and numbers together with details of contract values.

Tenderer's response to Question 2
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#### 3. Insurance

Please submit copies of the following insurance certificates (Kent County Council's required indemnity limits are shown in brackets below), or confirm that your organisation will have the following levels of insurance in place at the start of the contract in the event your organisation is successful:

- i. Employers Liability insurance (not less than £5,000,000 each and every claim)
- ii. Public Liability insurance (minimum of £5,000,000 each and every claim)

- iii. Professional Indemnity insurance (minimum £1,000,000 any one claim and in the aggregate)

Any submitted insurance certificates must clearly state the policyholder, insurance company, type of insurance and indemnity level.

Tenderers confirm that they have the above levels of Insurances in place or will have the above levels of Insurances in place at the start of the contract if successful

(i)

(ii)

(iii)

#### **4.Financial**

- (i) Please provide option A below as a separate Annex attachment. Where Option A is not available, please provide an explanation as to why and provide option B. Where this is not possible, please provide an explanation as to why and provide option C. Please indicate which one of the options you have provided by typing 'attached' in the relevant box.

This information should be provided in English and in UK Sterling. If the original documents are not in English, please provide copies of the originals and a certified translation into English. If the sums in the documents are not expressed in UK Sterling then copies of the original documents shall be provided together with a UK Sterling rate equivalent copy utilising the pound buy exchange rate applicable on 28/02/2013 which equivalent copy documents shall be certified by the auditors. The original accounts should have been signed and dated by Directors and auditors or marked as draft.

##### **Option A**

Please enclose copies of audited accounts and annual reports for the organisation for the last three financial years , to include but not exclude any other information:

- Balance sheet
- Profit and loss account
- Cost of sales
- Full notes to the accounts
- Directors report/Auditors report
- Cash flow statement

Please ensure that you do NOT send abbreviated accounts.

##### **Option B**

Where this information is not available in an audited form, please provide a statement of your organisation's turnover, profit & loss account, balance sheet and cash flow position for the last three financial years.

##### **Option C**

A statement of your cash flow forecast for the current year and a bank letter outlining the current cash and credit position.

**Note:** Where the organisation has been trading for an insufficient period of time, please provide the information requested for the period since trading commenced.

Tenderer's response to Question 4(i)- attach the requested information and tick one from below:

Option A is provided

Option B is provided

Option C is provided

- (ii) Provide details of the Annual Turnover (in £ Sterling) specifically in the provision of the works, goods and/or services required by the Council as described in Section 3, Overview of Requirements, for the last year. (If you cannot provide these details, please give a full explanation).

Tenderer's response to Question 4(ii)

- (iii) Please confirm whether your organisation met the terms of its banking facilities and loan agreements (if any) during the past year?

If the answer to the above is no please state what were the reasons, and what has been done to put things right.

Tenderer's response to Question 4(iii)

*The financial evaluation will include an assessment of each organisation and the financial sustainability of their offer. Where the risk is deemed too high the organisation will be given the opportunity to provide more information. If this further information is not sufficient then the organisation will be failed and will not proceed in to further qualitative evaluation.*

## **Award Stage**

**Tenderers are requested to address ALL the requirements set out below, providing details of how each requirement will be met and examples of the tenderers similar previous experience, and the knowledge that the tenderer has and how this will be used specifically on the visitor economy in Kent. Responses such as “noted”, “agreed”, “compliant” or similar or other responses which do not provide sufficient information to form a reasoned evaluation of the proposed solution and consequently will be marked as non-compliant.**

**A detailed project/evidence scenario should be provided including at least one case study reference for each requirement and in the relevant place within the tender the tenderer should explain the relevance of this to that specific question, random references will not be evaluated. Failure to provide appropriate and relevant case studies will attract scores under the headings of failure to meet the requirement under the evaluation section of this tender.**

The successful supplier will be required to deliver a first class 21<sup>st</sup> century visitor economy service for Kent. They will have the vision and the leadership to set a clear strategy to make Kent one of the premier visitor destinations in the country. They will develop creative and innovative solutions to grow the Kent visitor economy throughout the life of the contract; increasing visitor numbers and the amount of visitor spend across the County.

The service should support KCC’s priorities for the visitor economy, which are

- Promote the county to target visitor markets to increase levels of visitors to Kent and the value of visitor spend
- Support growth in the Kent visitor economy
- Provide high quality support to the Kent tourism business sector
- Improve the skills levels of employees within the Kent visitor economy
- Attract additional public and private sector investment

The service will consist of the following:

### Requirement 1 – Marketing and Promotion

The successful supplier will be required to promote Kent as a top UK visitor destination and an attractive place to visit, to both the domestic and international markets. They should (1) identify key target visitor markets for the County and (2) develop and run successful marketing campaigns across a range of media, aimed at increasing visitor numbers and visitor spend across the County. The successful supplier should (3) look to build on Kent’s heritage and natural environment to create exciting and modern marketing campaigns. (4) There should be a particular focus on increasing the number of overnight visitors to, and short stays in Kent.

Marketing activities should also be user friendly and include an attractive, intuitive, interactive web presence, including the use of social media, using new technologies in innovative and creative ways to enhance the visitor experience and encourage visitors to Kent. Information should be made available to potential visitors (including those from key overseas markets) in an accessible, easily navigable, and searchable way, and should be developed for use on mobile platforms. Information from key partners (especially those identified in Requirement 4) should be integrated within the site, presenting a seamless experience to potential visitors.

The successful supplier will also need to establish robust methods of measuring visitor satisfaction and explain how these are linked to their marketing activities.

The successful supplier will need to ensure that the role of Kent County Council in supporting the visitor economy (including as the funder of these services) is effectively publicised, and that where applicable, they work collaboratively with Kent County Council Communications team.

Tenderer's response to Requirement 1:

### Requirement 2 – Sector Support

The successful supplier will be required to support the tourism sector, and help it remain an effective and successful contributor to the Kent economy. They should seek out opportunities to support new business growth in the Kent tourism sector, including hotel development, and encourage and support new job creation and apprenticeship opportunities.

The successful supplier will be expected to be advocates for the Kent tourism sector. They will need to provide a strong voice for the industry, ensuring that Kent is properly represented to national, regional and international audiences and key tourism bodies. They will need to ensure that the importance of the Kent tourism sector to the wider Kent economy is understood and valued by partner organisations.

They should ensure that Kent tourism businesses have access to strong intelligence that provides an understanding of the current and future visitor markets and are equipped with the necessary skills, by reference to market leading organisations and the most current exemplar organisations in the tourism sector to successfully appeal to these markets. They should also help the sector to develop first class customer care skills throughout its workforce.

The successful supplier will be required to develop a strong business support function for tourism businesses in Kent. This should include but not be limited to networking events, training and skills development, market analysis and keeping Kent tourism businesses up-to-date on the latest developments in the tourism sector.

Tenderer's response to Requirement 2

### Requirement 3 - Securing investment

Kent County Council will require the successful supplier to leverage a return on their financial investment of a minimum of 2.5:1 in each year from public or private sector sources.

The successful supplier will need to demonstrate a realistic and sustainable plan to increase levels of private sector investment in their services over the life of the contract.

The successful supplier should demonstrate their experience of identifying and pursuing all sources of national or European funding to help deliver projects. The successful supplier will be expected to secure funding for the benefit of the visitor economy in Kent. Kent County Council's in-house tourism function will work with the successful supplier to help identify public sector funding opportunities and assist in the preparation of funding bids where required.

Following successful award of funding, the successful supplier will manage and deliver projects on Kent County Council's behalf, working with partners, including Kent County Council's tourism function, as appropriate. Results and learning from funded projects will be made available to relevant organisations across the tourism sector in Kent.

Kent County Council will, where a funding proposal would support our strategic objectives, be able to provide funding (within the constraints of available resources), which can be used as project match-funding where required to secure investment from national or European funding programmes.

Tenderer's response to Requirement 3

#### Requirement 4 – Partnership Working with Kent County Council departments and initiatives

Kent County Council delivers some services directly, or funds other agencies to deliver services on our behalf, which have as a purpose promoting Kent as a place to explore, enjoy culture, and leisure, or as a place to locate and grow a business. We would expect the successful supplier to work closely with these services, and others who promote Kent, to ensure a comprehensive offer is available to the visiting public, and that access to information produced by these services is easily accessible.

We would expect a successful supplier to work with these services to create innovative partnerships and campaigns which promote Kent.

These services would include, but not be limited to:

Produced in Kent  
Locate in Kent  
Grow for It – East Kent  
Explore Kent  
KCC Culture and Sports Group

In addition, KCC supports a range of initiatives to promote Kent and support relocation of businesses (for example Grow for It – East Kent), and the successful supplier would expect to be a supportive partner in ensuring the success of these initiatives by building upon the current links, and other initiatives at the request of the council.

Tenderer's response to Requirement 4

#### Requirement 5 – Governance/Client Liaison

The successful supplier will be required to create an advisors group to strategically advise on the delivery of this contract, this group should meet on a quarterly basis. Kent County Council would be represented on this group by the Cabinet Member with the relevant portfolio, and by the Director of Economic & Spatial Development. The remaining members would be expected to be formed from key stakeholders from the tourism sector in Kent, with membership to be agreed by Kent County Council. Final say over strategic direction will reside with Kent County Council.

The identified Account Manager for the successful supplier will also be required to meet regularly with Kent County Council, on a monthly basis, or as otherwise agreed by KCC, to update on progress and to review performance data.

The identified Account Manager for the successful supplier will be required to appear at, and prepare reports for, Kent County Council committee meetings as and when requested.

Tenderer's response to Requirement 5

#### Requirement 6 – Coping with Reduced Funding

Kent County Council, like all local authorities, is required to make savings over coming years, and cannot guarantee to sustain levels of funding at the level of £280,000 that is available for the first year of the contract (1<sup>st</sup> April 2014 – 31<sup>st</sup> March 2015).

Tenderers are asked to show how they would accommodate a potential 10% reduction to funding in year two of the contract, and a further 10% in year three

Tenderer's response to Requirement 6

#### Requirement 7 - Service Outcomes

The successful supplier will be expected to achieve the following service levels:

1. A 4% increase per annum in the number of visitors attracted to Kent as a result of their marketing campaigns
2. A 6% increase per annum in visitor spend into the Kent economy through their marketing campaigns
3. A 4% increase per annum in the number of jobs within the Kent visitor economy as a result of their marketing campaigns
4. A 1% increase per annum in levels of visitor satisfaction with Kent
5. Secure external investment to match fund KCC investment by at least 2.5:1
6. An 85% satisfaction level with its business support services, amongst users of the service

Baselines will be agreed before the start of the contract or where appropriate set during the first year of the contract.

The successful supplier will be required to share supporting information and evidence in relation to KPI performance with KCC officers as and when requested. KCC officers may on an annual basis, undertake sample audits on a minimum of 10% of projects.

These service levels will be monitored on a quarterly basis and reviewed at the appropriate quarterly review. In extreme cases of performance failure Kent County Council may terminate the contract. Kent County Council will use performance against these targets in the first three years of the contract to determine whether a contract extension will be granted. If an extension is granted, then during years 4, 5, and 6, performance management measures leading ultimately to contract termination will be invoked if performance does not meet targets.

Submission of a tender document indicates acceptance of the above service levels.

The performance measures will be reviewed at the end of each year of the contract, and any adjustments to targets will take effect three months after agreement. Exceptionally, by mutual agreement these service levels may be modified during the contract period.

Tenderer response to Requirement 7:

**Requirement 8 - Account Management**

a) Tenderers should detail the names and contact numbers of the individuals who will be supporting the contract throughout the contract term, in the table below. Tenderers should give details of an appropriate escalation path within their organisation for use in the event Kent County Council may experience problems with any aspect of the contract. Please provide names, job titles and contact numbers in the table below.

Account Management (commercial) Escalation:

<b>Account Management Escalation Path</b>					
<b>Escalation Stage</b>	<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>Mobile</b>	<b>Email</b>
1st Point					
2 <sup>nd</sup> Point					
3 <sup>rd</sup> Point					
4 <sup>th</sup> Point					
5 <sup>th</sup> Point					

b) In the event that any supplier personnel allocated to this contract move to another role within or outside of the supplier organisation, the supplier must replace the person with a person of equivalent skills, knowledge and experience. Kent County Council may request Curriculum Vitae of the affected personnel to evidence this.

Tenderer's response to Requirement 8b:



**Requirement 9 - Interviews**

A maximum of 5 tenderers will be selected (according to the evaluation criteria) to attend an interview. Selected tenderers will be notified of the date, and this should be attended by the team that tenderers will use to deliver the requirement if successful. After the interviews have been completed, the interviews will be scored on the same basis as the other questions and requirements (see Appendix D – Assessment of Tenders).

Tenderer response to Requirement 9:

**Contract Period**

The contract will commence upon **1 April 2014** and will continue until **31 March 2017** unless terminated in accordance with the Conditions of Contract. Subject to satisfactory performance the contract will be extended for an additional 3 years (until 31 March 2020).

Tenderer response to proposed contract period:

**Terms and Conditions**

Tenderers are required to confirm their acceptance of Kent County Council's Terms and Conditions, as stated within Appendix F. Should you have any comments regarding the Terms and Conditions, please include details within your response.

Tenderer's response to Terms and Conditions

**Sub-Contractors**

Tenderers must state if any part of their proposed supply solution requires the use of sub-contractors. Kent County Council reserves the right to reject the use of any particular sub-contractor.

Name of Sub-Contractor	Details of Sub-Contractor Activity

The use of any sub-contractor shall not relieve the eventual supplier of any liabilities or obligations of this contract.

**Quantity**

Any quantities shown within this Invitation to Tender and any relevant documentation are estimated and may be subject to variation and therefore do not form any basis of guarantee.

**Delivery**

Official Kent County Council purchase orders will state the date by which the services are required. The successful tenderer must notify the originator of the purchase order immediately upon receipt of the order, if the delivery date is not achievable. Kent County Council may seek compensation for late delivery.

Delivery must be made to the address stated on the purchase orders.

**IMPORTANT NOTE**

If your organisation is currently subject to changes in ownership, including but not limited to sale of the business division, management buy-out, merger, acquisition or any other form of significant change, or is reasonably expected to be subject to such changes during this tender process, please provide an explanation of these changes and how they are expected to affect your submission. It should be noted that should such changes occur during the tender process it may result in all aspects of the process being re-evaluated.

## Section Four

## Conditions of Contract

### Standard Conditions of Contract for the Provision of Services

*CONTRACT TO BE COMPLETED ON CONTRACT AWARD SEE APPENDIX F FOR THE DRAFT CONTRACT CONDITIONS.*

### Contract for the Purchase of Services

This Contract is made the ..... day of ..... 20...

B E T W E E N :

**THE KENT COUNTY COUNCIL** of **County Hall Maidstone Kent ME14 1XQ** (“the Council”)

**(Insert full name of supplier)** registered in England and Wales whose company number is **(Insert company number)** and whose registered office is at **(Insert company’s registered office address)** (“the Supplier”)

1. The Council shall purchase and the Supplier shall provide to the Council the Services mentioned in the Contract (“the Services”) in accordance with the terms set out in this Contract and in accordance with the following documents annexed:

- (a) Conditions of Contract
- (b) Kent County Council Tender Document entitled “.....” Sections 1, 2 and 3
- (c) Form of Tender
- (d) Anti-Collusion Certificate
- (e) (Insert in date order the name of any other documents that define the contract)
- (f) Pricing Schedule
- (g) Supplier’s Tender Document “.....”

All the above documents form the Contract.

2. The price for the Services (“the Services Price”) and method of payment is to be as mentioned in the Contract (but subject to any alterations to be made under the Conditions of Contract).

## General

The Council's Contract Reference Number is *(insert Council's contract reference number)*

"The Contract Officer" or their delegated representative for this Contract means *(insert name and title of person who takes responsibility for this Contract)*

-or-

**Any appropriately authorised officer of the Council**

The Contract Period during which this Contract is in force (but subject always to this Contract coming to an end under the Conditions of Contract: from the [ ] day of [ ] to the [ ] day of [ ] inclusive

*(insert dates where applicable otherwise delete - this clause probably only applicable where it is a long term supply contract for services or for unascertained quantities of goods)*

The following provisions shall apply to the Services:

The Services to be purchased under this Contract including any instalment of the goods or part thereof are:

*(insert all relevant details of the Services:- type/model/make/quantity - where appropriate refer to Invitation to Tender/)*

The Services shall be delivered to:

*(Insert delivery address details, or if no address is known at this time, insert the words 'such locations as notified by the Council to the Supplier from time to time')*

Date/dates of delivery shall be:

*(Insert delivery schedule details. If you know the delivery dates insert them here. If you do not, simply add the words 'such dates as agreed between both parties from time to time')*

Delivery times: Delivery shall be between the hours of 9 a.m. and 4 p.m. unless otherwise stated below

*(if you do not know the required delivery times, simply add the words 'Delivery will be made at such times as agreed between both parties from time to time')*

Special delivery times:

*(Insert specific delivery time required or delete this heading)*

IN WITNESS whereof this Contract has been signed by or on behalf of both parties on the date given above

Signed on behalf of and authorised by the Council:

Signature \_\_\_\_\_

Name \_\_\_\_\_

Position \_\_\_\_\_

Date \_\_\_\_\_

Signed on behalf of and authorised by the Supplier:

Signature \_\_\_\_\_

Name \_\_\_\_\_

Position \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

## APPENDIX A ANTI COLLUSION CERTIFICATE

1. We certify that:

- (i) This tender is a bona-fide tender;
- (ii) We have not fixed or adjusted the amount of the tender by or under or in accordance with any agreement or arrangement with any other person;
- (iii) We have not and we undertake that we will not before the award of any contract for the Services:-
  - (a) communicate to any person other than the person calling for this tender or a person duly authorised by him the amount or approximate amount of the tender or proposed tender, except where the disclosure, in confidence, of the approximate amount of the tender was necessary to obtain insurance premium quotations required for the preparation of the tender;
  - (b) enter into any agreement or arrangement with any person that he shall refrain from tendering, that he will withdraw any tender once offered or vary the amount of any tender to be submitted;
  - (c) pay, give or offer to pay or give any sum of money, inducement or other valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other tender or proposed tender for the Services any act or thing of the sort described at (a) or (b) above.

2. We further certify that the principles described in paragraphs 1(iii), (a), (b) and (c) above have been, or will be, brought to the attention of all sub-contractors, suppliers and associated companies providing Services or materials connected with the tender and any contract entered into with such sub-contractors, suppliers or associated companies will be made on the basis of compliance with the above principles by all parties.

3. In this certificate, the word "individuals" includes any individuals and any body or association, corporate or unincorporated; "any agreement or arrangement" includes any transaction, formal or informal and whether legally binding or not; and "the Services" means the Goods and/or Services in relation to which this tender is made.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_

Signature \_\_\_\_\_ in the capacity of \_\_\_\_\_

Duly authorised to certify the contents of this Anti-Collusion Certificate for and on behalf of:-

\_\_\_\_\_

Postal Address

\_\_\_\_\_

\_\_\_\_\_

Fax No: \_\_\_\_\_ Telephone No \_\_\_\_\_

**APPENDIX B DEED OF GUARANTEE (For information only)**

THIS AGREEMENT is made the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

BETWEEN: \_\_\_\_\_

whose registered office is situated at \_\_\_\_\_

(hereinafter called "the Guarantor") of the one part and

THE KENT COUNTY COUNCIL

of

County Hall Maidstone Kent ME14 1XQ

(hereinafter called "the Council") of the other part

**Whereas**

1. This agreement is supplemental to a contract (hereinafter called "the Contract") entitled " \_\_\_\_\_ " and made between \_\_\_\_\_ (hereinafter called "the Supplier") of the one part and the Council of the other part whereby the Supplier has agreed to perform a Service for the Council upon the terms and conditions more particularly described therein.
2. The Supplier is a subsidiary company of the Guarantor or is financed by the Guarantor.
3. The Guarantor has agreed to guarantee the due performance of the Contract in manner hereinafter appearing

NOW the Guarantor hereby agrees with the Council as follows:

- 3.1 If the Supplier (unless relieved from the performance by any Condition of the Contract or by the decision of a tribunal of competent jurisdiction) shall in any respect fail to perform the Contract or commit any breach of its obligations thereunder or shall cease to exist then the Guarantor will indemnify the Council against all losses damages costs and expenses which may be incurred by it by reason of any default on the part of the Supplier in performing its obligations contained in the Contract to the extent that such losses damages costs and expenses are or would otherwise be recoverable by the Council.

3.2 The Guarantor shall not be discharged or released from this guarantee by any agreement conduct omission breach or repudiation by the Supplier or the Council or by any forbearance whatsoever on the part of the Council.

Signed and delivered as a Deed by \_\_\_\_\_  
**(add Company name assuming it is a limited company) acting by (add the names of a Director and Company Secretary or two Directors):**

SIGNED \_\_\_\_\_ DIRECTOR

NAME \_\_\_\_\_

SIGNED \_\_\_\_\_ COMPANY  
SECRETARY/DIRECTOR

NAME \_\_\_\_\_

**OR**

Signed and delivered as a Deed by \_\_\_\_\_  
**(add Name of Partner if partnership) duly authorised in that behalf in the presence of:**

SIGNED \_\_\_\_\_  
PARTNER

WITNESS SIGNATURE \_\_\_\_\_

WITNESS NAME \_\_\_\_\_

WITNESS ADDRESS: \_\_\_\_\_

\_\_\_\_\_



## Questions for Tenderers

*The following questions will be assessed before a tenderer is invited to enter into a contract with the Council*

As an employer and service provider the Council takes a proactive approach to its obligations arising from equalities legislation. Among them are:

Race Relations Act 1976 (amended 2000)    Sex Discrimination Act 1975

Disability Discrimination Act 1975

The Council considers it essential that all organisations wishing to provide services on their behalf are able to demonstrate that all reasonably practicable steps are taken to allow equal access and equal treatment in employment and service delivery for all.

### 1. Do you have an Equal Opportunities Policy?

Yes

No

If Yes, please provide a copy of your company policy on equalities/fairness. If No, you will not be automatically excluded from the tender process, but we strongly advise that you develop a policy on equal opportunities.

### 2. Is it your policy as an employer to comply with your statutory obligations under current equalities legislation and accordingly, your practice not to treat one group less favourably than others because of their gender, race, colour, ethnic origin, disability, sexuality, age or religion in relation to decisions to recruit, train or promote employees? +

Yes

No

### 3. In the last three years has any court or tribunal found a case of unlawful discrimination against your Company? +

Enforcement action will not disbar your Company from inclusion, but failure to disclose it will.

Yes

No

If Yes, please provide details and the action taken to prevent a recurrence on a separate sheet.

### 4. In the last three years has your Company been the subject of a formal investigation by the Commission for Racial Equality, the Disability Rights Commission or the Equal Opportunities Commission on grounds of alleged unlawful discrimination? +

Investigation will not disbar your Company from inclusion, but failure to disclose it will.

Yes

No

If Yes, please provide details and the action taken to prevent recurrence on a separate sheet.

If Yes, have any of these allegations been upheld    Yes     No     How Many

*continued overleaf*

**5. Does your Company observe, as far as possible, the Commission for Racial Equality's Code of Practice for Employment, the Disability Rights Commission's Employment and Occupation Code of Practice and the Equal Opportunities Commission's Code of Practice which provide practical guidance to employers, and others, on the elimination of discrimination and the promotion of equalities/fairness in employment and training?**

Yes  No

**6. Is your policy on Equal Opportunities set out :**

a. In instructions to those concerned with recruitment, training or promotion of employees?

Yes  No

*If Yes, please provide details*

b. In documents available to employees, recognised Trade Unions or other employee representative groups?

Yes  No

*If Yes, please provide details*

c. In recruitment advertisements or other literature?

*If Yes, please provide a copy of a recent recruitment advertisement*

**7. How many employees are there within your company?**

Total number

Permanent   
Temporary

If this number has changed substantially over the last three years please provide the same information for the preceding two years.

Year   
Total number

Permanent   
Temporary

Year   
Total number

Permanent   
Temporary

The Council will take your answers to these questions into account in its selection process. It is not a legal requirement for a company to answer 'yes' to all of the questions before they will be considered for selection and greater importance will be given to the answers received for the 3 questions marked +

\*The Council's diversity policy is available upon request

Tender Reference: **SS12155**  
I/We the undersigned offer to supply:

**Visitor Economy Services for Kent**

as detailed in Section 3 of this Invitation to Tender document to Kent County Council on the terms and conditions stated in Section 4 of this Invitation to Tender document and Appendix F.

I/We understand that Kent County Council is not bound to accept in whole or part the lowest or indeed any tender it may receive.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Name of Tendering Organisation and Registration Number if applicable:  
\_\_\_\_\_

Registered Number  
\_\_\_\_\_

Registered Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

## Appendix D Tender Evaluation

### 1. Introduction

The tender process will be conducted fairly to ensure that tenders are evaluated fairly.

### 2. Evaluation of Tenders

Tenderers response to the questions contained in ProContract and any other information, specifically related to the evaluation of tenders and requested by the council in the Invitation to Tender will be evaluated against the criteria in the table below.

Evaluation Criteria	
Diversity	Pass/Fail
Business Reference	Pass/Fail
Insurance	Pass/Fail
Financial	Pass/Fail
Capacity, Knowledge & Experience	Pass/Fail
Marketing & Promotion	20%
Sector Support	20%
Securing Investment	15%
Partnership Working	10%
Governance/Client Liaison	3%
Coping with Reduced Finance	10%
Service Outcomes	20%
Account Management	2%

**From:** Mark Dance, Cabinet Member for Economic Development  
David Cockburn, Corporate Director – Business, Strategy and Support

**To:** Economic Development Cabinet Committee – 3 December 2013

**Subject:** Decision No: 13/00079 - Procurement of an organisation to deliver Inward Investment Services for Kent County Council Area

**Classification:** Unrestricted

Past Pathway of Paper: Economic Development Cabinet Committee – 6 March 2013

Electoral Division: All

**Summary:**

KCC previously operated a three-year Service Level Agreement with Locate in Kent, for them to deliver inward investment services in Kent. The latest 3 year agreement expired on 31<sup>st</sup> March 2013, however this was extended for a year whilst KCC investigated the best way to secure these services in future.

Advice from the Department for Business, Innovation and Skills, received in May 2013, was that the market for these services had developed sufficiently that a procurement exercise would be necessary.

This report details the process that has been followed, and outlines the requirements that KCC have asked bidders to meet when submitting their proposals.

**Recommendation:**

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Economic Development on the proposed decision to award the contract for Inward Investment Services for Kent County Council Area as attached at Appendix A.

**1. Introduction**

- 1.1 As a part of its efforts to grow the Kent economy, Kent County Council has had a long term aim to secure inward investment into the county, and supporting existing companies to expand in Kent, rather than relocating out of the county. Since 1997 this has been delivered through Locate in Kent, which was established by KCC as a investment promotion agency. Until March of this year, KCC had funded Locate in Kent through a three year service level agreement.

- 1.2 As was reported to this committee in March 2013, following discussions held with legal and procurement advisors, it was felt that there was a need to examine the contractual relationship with Locate in Kent, as since we first created the organisation, the market for these types of services had changed. Whilst advice was sought from the Department for Business, Innovation and Skills (BIS) on the best way to proceed, the existing agreement with Locate in Kent was extended by one year, with an end date of March 2014.
- 1.3 In May 2013, BIS advice was received that the market for these type of services had matured to the point where a competitive procurement exercise should be undertaken to secure inward investment services for Kent going forward.

## **2. Financial Implications**

- 2.1 The contract will commence upon 1<sup>st</sup> April 2014 and will continue until 31<sup>st</sup> March 2017 unless terminated in accordance with the Conditions of Contract laid out in the Invitation to Tender. Subject to satisfactory performance and availability of funding from KCC, the contract will be extended for an additional 3 years (until 31<sup>st</sup> March 2020).
- 2.2 The value of the contract is estimated to be £625,000 + VAT per annum (this represents a reduction on this contract, when set against last years spend of £750,000). However, tenderers were made aware of the fact that, due to budgetary pressures on KCC, only the first year of the contract would be guaranteed at this level. Tenderers were also asked to show how they would deliver a 10% reduction in year 2, and year 3 of the contract.

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

- 3.1 Inward investment is a key part of delivering one of the three key aims of Bold Steps for Kent – To help the economy grow. By procuring these services we will ensure a continued focus on attracting new investment into Kent, and into Kent's priority sectors, including life sciences, creative and media, land based and low carbon industries.

## **4. The Procurement Process**

- 4.1 Following the receipt of the advice from BIS, work was undertaken with the Procurement team to procure these services.
- 4.2 A procurement plan was developed, and was discussed by the KCC Procurement Board
- 4.3 Following the Procurement Board, the Tender Specification

documents were developed, and were then issued via the Kent Business Portal.

The timetable for the process was:

Proposed Procurement Timetable	
Closing Date and time for Tender Submissions	Midday Wednesday 6 <sup>th</sup> November 2013
Commencement of Tender Evaluation Period	w/c 11 <sup>th</sup> November 2013
Interviews	w/c 25 <sup>th</sup> November 2014
Contract Award	w/c 16 <sup>th</sup> December 2014
Contract Commencement Date	1st April 2014

## 5. The Requirement

- 5.1** The tender specification, outlining the service that we are looking for, is laid out in full in Appendix B with the service requirements detailed in full from page 12.
- 5.2** In brief, the service that we asked tenderers to supply could be summarised as:

*Kent County Council is seeking a supplier that can be the inward investment agency for Kent. The successful supplier must have an excellent understanding of the key issues companies face when looking to relocate, an understanding of the commercial property market in Kent, how to identify and develop leads, how to support companies during the relocation process, and how to support relocated companies following relocation. The successful supplier should have a strong track record of delivering similar services. The successful supplier should have a strong understanding of the loans, grants and funds that could be available and how to access support for companies from national programmes.*

*The successful supplier will be expected to develop innovative and creative solutions to secure inward investment in Kent and support KCC's priorities for inward investment, which are :*

- *Securing investment into the county of Kent that will create jobs*
- *Promoting the county to target markets and high value sectors*
- *Competing with other locations being considered by the investor and developing compelling reasons why the company should invest*

*in Kent*

- *Maintaining close contact with companies who invest in Kent, supporting them to establish and grow in Kent*
- *Attracting potential investors and providing key information to help decision making.*
- *Working closely with key partners in the county and internationally in collaboration with UK Trade and Investment*

**5.3** The procurement process is currently continuing with the expectation that the successful contractor will be notified shortly.

## **6. Recommendation**

**6.1** The Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Member for Economic Development on the proposed decision to award the contract for Inward Investment Services for Kent County Council Area as attached at Appendix A.

## **7. Background Documents**

Kent County Council Tender Document for Inward Investment Services in Kent

## **8. Contact details**

Report Author:

Name: Wayne Gough. Economic Development Manager  
Telephone Number: 01622 221960  
Email address: [wayne.gough@kent.gov.uk](mailto:wayne.gough@kent.gov.uk)

Relevant Director:

Name: Barbara Cooper, Director of Economic Development er  
Telephone Number: 01622 221856  
Email address: [barbara.cooper@kent.gov.uk](mailto:barbara.cooper@kent.gov.uk)



## KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

<p><b>DECISION TO BE TAKEN BY:</b></p> <p><b>Mark Dance, Cabinet Member for Economic Development</b></p>
--

<p><b>DECISION NO:</b></p> <p>13/00079</p>
--

<p><b>For publication or exempt – please state</b></p>
--

<p><b>Subject:</b></p> <p><b>Procurement of an organisation to deliver Inward Investment Services for Kent County Council Area</b></p>
--

<p><b>Decision:</b></p> <p>As Cabinet Member for Economic Development I agree to award the contract for Inward Investment Services for the Kent County Council Area</p>
---

<p><b>Reason(s) for decision:</b></p> <p>Decision exceeds key decision financial criteria</p>
---

<p><b>Cabinet Committee recommendations and other consultation:</b></p>
---

<p><b>Any alternatives considered:</b></p>
--

<p><b>Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:</b></p>
---

.....  
signed

.....  
date

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**Kent County Council  
Tender Document**

**for**

**Inward Investment Agency Services for  
Kent**

Documents Prepared By:

**Strategic Sourcing & Procurement  
Kent County Council  
Sessions House  
County Hall  
Maidstone  
Kent  
ME14 1XQ**

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## **Section One                      Scope and Context**

### **1. Introduction**

Kent County Council is the largest local authority in England covering an area of 3,500 square kilometres. It has an annual expenditure of over £1bn on goods and services and a population of 1.3m. Kent County Council provides a wide range of personal and strategic services on behalf of its residents, operating in partnership with 12 district councils and 289 parish/town councils and working closely with Medway Council and other neighbouring authorities, central Government and the private sector.

### **2. Services required**

This tender relates to the administrative area of Kent County Council

As one of its three clear aims within Bold Steps for Kent, Kent County Council is committed to growing the economy of Kent. Securing inward investment into the county of Kent, whilst supporting existing Kent based companies to expand and grow in Kent, is a key element in achieving this aim.

Kent County Council is seeking a supplier that can be the inward investment agency for Kent. The successful supplier must have an excellent understanding of the key issues companies face when looking to relocate, an understanding of the commercial property market in Kent, how to identify and develop leads, how to support companies during the relocation process, and how to support relocated companies following relocation. The successful supplier should have a strong track record of delivering similar services. The successful supplier should have a strong understanding of the loans, grants and funds that could be available and how to access support for companies from national programmes.

The successful supplier will be expected to develop innovative and creative solutions to secure inward investment in Kent and support KCC's priorities for inward investment, which are :

- Securing investment into the county of Kent that will create jobs
- Promoting the county to target markets and high value sectors
- Competing with other locations being considered by the investor and developing compelling reasons why the company should invest in Kent
- Maintaining close contact with companies who invest in Kent, supporting them to establish and grow in Kent
- Attracting potential investors and providing key information to help decision making.
- Working closely with key partners in the county and internationally in collaboration with UK Trade and Investment

Currently these services are delivered by Locate in Kent Limited

The current supplier has secured, via an application to the Kent County Council Regeneration Fund, additional funding of £180,000 per annum, over a three year period (beginning May 2013), for additional pro-active work to encourage Foreign Direct Investment from France, Germany and the United States of America, through the commissioning of country agents. At present, only the first

years funding is approved, and additional funding will depend upon outcomes. The selected supplier would need to re-apply to the Regeneration Fund to secure the final two years allocated funding.

### **3. Contract period**

The contract will commence upon 1 April 2014 and will continue until 31 March 2017 *unless* terminated in accordance with the Conditions of Contract in section five of this Invitation to Tender. Subject to satisfactory performance and availability of funding from KCC, the contract will be extended for an additional 3 years (until 31 March 2020).

### **4. Contract value**

The value of the contract is estimated to be £625,000 + VAT per annum.

Whilst it is hoped that this level of funding will continue for the first three years of the contract, the exact amount of funding beyond March 2015 is subject to KCC's own budgetary position.

### **5. Estimated quantities**

Any quantities shown within this Invitation to Tender and any relevant documentation are estimated and may be subject to variation and therefore do not form any basis of guarantee.

Strategic Sourcing & Procurement is the lead division within the Authority on all procurement matters and are undertaking the tendering of this requirement.

## Section Two Instructions to Tenderers

### 1. General

These instructions are designed to ensure that all tenderers are given equal and fair consideration. It is important that you provide all the information asked for in the format and order specified. Please use the "Discussion" facility within ProContract if you require clarification on any sections of this Invitation to Tender.

Tenderers should read these instructions carefully before completing the tender response. Failure to comply with the completion and submission requirements may result in the rejection of the tender. Participation in the tender process automatically signals that the tenderer accepts these conditions of participation.

The detail of this document and all associated documents is to be treated as private and confidential and for use only in connection with this tender process. Copyright of all tender documents, including any amendments or further instructions, shall remain with Kent County Council. This Invitation to Tender is not transferable

### 2. Timescales

Set out below is the proposed procurement timetable.

<b>Proposed Procurement Timetable</b>	
Closing Date and time for Tender Submissions	Midday Wednesday 6 <sup>th</sup> November 2013
Commencement of Tender Evaluation Period	w/c 11 <sup>th</sup> November 2013
Interviews	w/c 25 <sup>th</sup> November 2014
Contract Award	w/c 16 <sup>th</sup> December 2014
Contract Commencement Date	1st April 2014

These dates are provided for information purposes only. Kent County Council does not guarantee to complete each phase by the date stated above.

During the tender evaluation period, Kent County Council may shortlist a number of tenderers. Short listed tenderers may be asked to deliver a presentation at the Council's offices (Appendix D – Supplier Assessment, Interview). Tenderers should be prepared to accommodate this request. Exact dates will be notified nearer the time.

### 3. Tender Clarification

All clarification and communication from tenderers during the period of this procurement exercise must be directed via the "Discussion" facility within ProContract.

Kent County Council will endeavour to answer all questions as quickly as possible, but cannot guarantee a minimum response time. In line with the Public Contracts Regulation 2006 Kent County Council will respond to any request for clarification at least 4 days before the deadline for receipt of tenders.

No requests for clarification will be accepted after noon on **Wednesday 16<sup>th</sup> October 2013.**

In order to ensure equality of treatment of tenderers, Kent County Council intends to publish the questions and clarifications raised by tenderers together with the Council's responses (but not the source of the questions) to all participants on a regular basis.

Kent County Council reserves the right not to respond to a request for clarification or to circulate such a request where it considers that the answer to that request would or would be likely to prejudice its commercial interests.

### 4. Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE)

4.1 The view of the Council is that the Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE) Regulations which implement the Acquired Rights Directive may apply to this contract. This would involve members of staff who are currently employees of KCC, and also to the members of Locate in Kent Limited staff who are involved in the delivery of the current contract, however Tenderers should seek their own legal advice as to the applicability of TUPE and as to the effect of the TUPE clause contained in the contract Terms and Conditions.

#### 4.2 Local Government Pension Scheme (LGPS) – Admission to Admitted Body

Tenderers will also need to apply for Admitted Body status with the Local Government Pension Scheme. Due to the timescales involved with application for Admitted Body status, Tenderers will be required to begin the application process before their tender is submitted. The documents at Appendix F detail the process.

#### 4.3 LGPS Guarantee Bond

In undertaking the admission process the successful tenderer will be required to provide a Guarantee Bond in relation to the sum of £291,000.00, being the current estimated amount assessed by the Fund Actuary for the first year to secure the payment to the Administering Authority of contributions and other sums due under the Admission Agreement and/or the Regulations from the Transferee Admission Body to the Administering Authority in respect of all Eligible Employees. This sum will then be reviewed for subsequent years.



#### 4.3 Provision of TUPE Information

To enable the Council to evaluate your tender on the basis that TUPE will apply we have collated anonymised information pertaining to the employment of staff (including staffing costs and conditions of employment).

The Council will be happy to provide you with a copy of this information but firstly we need your written agreement that you will only use the information provided for the purposes of evaluating your tender, that you will not disclose it to any third party and that you will destroy it once the tender process is concluded if you are not the successful tenderer. We also only provide you with this information on the basis that we give no warranties as to its accuracy and that we cannot accept any liability for any inaccuracies contained therein.

If you wish to see the information that we hold please provide your written undertaking that you agree to the above terms via ProContract as soon as possible.

#### 5. Preparation of Tender

The information contained within this document should be regarded as a statement of Kent County Council's current position as it is able to determine at this time. Tenderers must carefully examine and consider the tender documents and satisfy themselves of the appropriateness and validity of any information provided. In submitting a tender tenderers shall be deemed to have read and understood all of the tender documents.

Tenderers may not propose alternative solutions to meet Kent County Council's requirement.

#### 6. Freedom of Information

In accordance with the obligations and duties placed upon public authorities by the Freedom of Information Act 2000 (the 'FoIA'), the Authority may, acting in accordance with Secretary of State's Code of Practice on the Discharge of the Functions of Public Authorities under Part 1 of the said Act, or the Environmental Information Regulations be required to disclose information submitted by the tenderer to the Authority.

In respect to any information submitted by a tenderer that it considers to be commercially sensitive the tenderer should:

- Clearly identify such information as commercially sensitive;
- explain the potential implications of disclosure of such information; and
- provide an estimate of the period of time during which the tenderer believes that such information will remain commercially sensitive.

Where a tenderer identifies information as commercially sensitive, the Authority will endeavour to maintain confidentiality. Tenderers should note, however, that, even where information is identified as commercially sensitive, the Authority may be required to disclose such information in accordance with the FoIA or the Environmental Information Regulations (the 'EIR'). In particular, the Authority is

required to form an independent judgment concerning whether the information is exempt from disclosure under the FoIA or the EIR and whether the public interest favours disclosure or not. Accordingly, the Authority cannot guarantee that any information marked ‘confidential’ or “commercially sensitive” will not be disclosed.

Where a tenderer receives a request for information under the FoIA or the EIR during the procurement process, this should be immediately passed on to the Authority and the tenderer should not attempt to answer the request without first consulting with the Authority.

## 7. Tender Validity

The tenderer is required to hold the tender open for acceptance for a period of *ninety (90)* days from the closing date for the submission of tenders.

## 8. Conditional Tenders

Conditional tenders will be disregarded where the condition upon which a tender is based cannot be fulfilled.

Tenderers should, however, note that once a contract is entered into this stands alone. If a conditional tender is accepted then the relevant amount in that tender forms the basis of the contract with that condition. Therefore if for any reason another contract to which the condition relates is later terminated, the tenderer will not be able to require the price in this contract to be increased to what its associated conditional tender would have been. All contract variations are controlled via the variation to contract procedure.

## 9. Submission of Tenders

Failure to return all of the items in the following table may cause your tender to be non-compliant and not considered.

Item	Checklists to ensure all items are included in the tender submission?
Appendix A - Anti Collusion Certificate	
Appendix C – Diversity Questionnaire	
Tender Response with all sections completed, including Appendix D Supplier Assessment Part A Selection Part B Award	
Appendix G - Form of Tender	
Appendix H – Statement of Undertaking for TUPE Disclosure (if requested)	

All documents requiring a signature must be signed:-

- where the tenderer is an individual by that individual;
- where the tenderer is a partnership, by at least two duly authorised Partners;
- where the tenderer is a company, by a Company Director, where such person is duly authorised for that purpose.

The tender and any documents accompanying it must be in the English language.

Tenders must be returned electronically via ProContract no later than **noon on Wednesday 6<sup>th</sup> November 2013.**

A 10MB file will take approximately 5 minutes on average to upload on a standard Broadband connection (256Kbps upload speed). Please take this into consideration when uploading larger files, and ensure that you leave enough time to complete your submission.

Instructions on how to submit your response can be found within the 'Help' facility in ProContract. These instructions should be consulted in order to ensure that your response is submitted correctly.

To submit a response the 'Submit Response' button must be used and an email of confirmation will be provided when a submission is successful. Tenderers should retain this email of confirmation.

Responses will only be accepted via ProContract.

#### **10. Right to Reject/Disqualify**

Kent County Council reserves the right to reject or disqualify a tenderer where:

1. the tenderer is guilty of serious misrepresentation in relation to its tender; expression of interest; and/or the tender process; and or
2. there is a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the tenderer.

#### **11. Right to Cancel, Clarify or Vary the Process**

Kent County Council reserves the right to:

- amend the terms and conditions of the Invitation to Tender process,
- cancel the evaluation process at any stage without liability; and/or
- require the tenderer to clarify its tender in writing and/or provide additional information. (Failure to respond adequately may result in the tenderer not being selected).
- Award the contract to more than one supplier if it is felt that this would achieve best value

- Not to award the contract at all
- Award only part of the intended contract
- Discontinue the process at any time without liability

## **12. Canvassing**

Any tenderer who directly or indirectly canvasses any officer, member, employee, or agent of Kent County Council concerning this Invitation to Tender or who directly or indirectly obtains or attempts to obtain information from any such officer, member, employee or agent concerning any other tenderer, tender or proposed tender will be disqualified.

## **13. Disclaimers**

Kent County Council, nor their directors, officers, members, partners, employees, other staff or agents:

- makes any representation or warranty as to the accuracy, reasonableness or completeness of the Invitation to Tender; or
- accepts any responsibility for the information contained in the invitation to tender or for their fairness, accuracy or completeness of that information nor shall any of them be liable for any loss or damage arising as a result of reliance on such information or any subsequent communication.

Any contract concluded as a result of this Invitation to Tender shall be governed by English law.

## **14. Collusive Behaviour**

Any tenderer who:

- fixes or adjusts the amount of its tender by or in accordance with any agreement or arrangement with any other party; or
- communicates to any party other than Kent County Council any amount or approximate amount of its proposed tender or information which would enable the amount or approximate amount to be calculated (except where such disclosure is made in confidence in order to obtain quotations necessary for the preparation of the tender or insurance or any necessary security); or
- enters into any agreement or arrangement with any other party that such other party shall refrain from submitting a tender; or
- enters into any agreement or arrangement with any other party as to the amount of any tender submitted; or
- offers or agrees to pay or give or does pay or give any sum or sums of money, inducement or valuable consideration directly or indirectly to any party for doing or having done or causing or having caused to be done in relation to any other tender or proposed tender, any act or omission;

Shall be disqualified.

#### 15. Deed of Guarantee

In the event of a tendering company having a parent company or being financed by an external source a Deed of Guarantee will be required in the form as shown in Appendix C.

Tenderers are required to state, within their tender submission, if either of the above is applicable to them and if so, what organisation will be providing the guarantee.

The Deed of Guarantee will be forwarded with the contract should the tenderer be successful. If a Deed has been sent with the contract, a signed contract returned on its own will not be accepted.

#### 16. Assessment of tenders

All tenders received will be considered on the information contained in the tender or obtained by Kent County Council as a direct result of the tender process.

Tenders will be assessed on the basis of most economically advantageous offer which will take into account the criteria, weightings and sub-weightings (if any) included within Appendix E Tender Evaluation.

Tenderers' responses to the questions under the heading 'Selection' will be evaluated first on a pass/fail basis and only in the event that tenderers pass all of these requirements will their responses to questions under the 'Award' heading be evaluated.

The assessment methodology that will be used will be as set out under each question in the Appendix D – Supplier Assessment Document (Attachment 1).

It should be noted that by using this methodology there may be scope for tenderers to exceed the stated requirements and achieve the additional marks. Innovation and solutions that provide additional value may also achieve additional marks.

#### ***Important Note***

Unless identified as a mandatory requirement, tenderers are required to address ALL the requirements with details of how each requirement is met. Responses such as "noted", "agreed", "compliant" or similar do not provide sufficient information to form a reasoned evaluation of the proposed solution and consequently will be marked as non-compliant.

#### 17. Council Not Bound

Kent County Council does not bind itself to accept the lowest or any tender for all or any part of the requirement and will not accept responsibility for any expense or loss which may be incurred by any tenderer in the preparation of the tender.

Any discussions or correspondence between Kent County Council and tenderers shall be conducted without any obligation whatsoever by Kent County Council to enter into or become bound by any contract.

Unless agreed in writing by **Strategic Sourcing and Procurement** no amendment or modification can be made to the Invitation to Tender documentation.

Kent County Council will not be bound by any contract until the Contract is embodied in a formal document and signed by all parties

#### **18. Contract Document**

The contract to be awarded shall be in the form of the draft contract in Section Four of this document incorporating the Form of Agreement within Appendix G, which will be signed by all parties and such contract shall incorporate the tender documents, the duly completed Form of Tender, Anti-Collusion Certificate, Deed of Guarantee (if applicable), pricing schedule, the Conditions of Contract and any other relevant documentation.

## Section Three

## Requirement

The successful supplier will be required to deliver a first class 21<sup>st</sup> century inward investment agency for Kent. They will have the vision and the leadership to set a clear strategy to market and promote Kent as one of the premier inward investment destinations in the country. They will develop creative and innovative solutions to grow the number of jobs created by inward investment throughout the life of the contract; increasing the number of companies relocating to Kent, or making the decision to expand and grow in Kent.

The service should support KCC's priorities for inward investment, which are

- Securing investment into the county of Kent that will create jobs
- Promoting the county to target markets and high value sectors
- Competing with other locations being considered by the investor and developing compelling reasons why the company should invest in Kent
- Maintaining close contact with companies who invest in Kent, supporting them to establish and grow in Kent
- Attracting potential investors and providing key information to help decision making.
- Working closely with key partners in the county and internationally in collaboration with UK Trade and Investment

The service will consist of the following:

### Requirement 1 – Marketing and Promotion

The successful supplier will be required to promote Kent as a top UK inward investment destination and an attractive place to; locate a business, work and live, to both the domestic and international markets. They should identify key target markets for the County and develop and run successful marketing campaigns across a range of media and events, aimed at increasing inward investment into the County. The successful supplier should look to build on Kent's strengths to create exciting and modern marketing campaigns.

Marketing activities should also include an attractive, intuitive, interactive web presence, using new technologies in innovative and creative ways to encourage investment in Kent. Information should be made available to potential investors (including those from key overseas markets) in an accessible, easily navigable, and searchable way, and should be developed for use on mobile platforms. Information from key partners (especially those identified in Requirement 4) should be integrated within the site, presenting a seamless experience to potential inward investors, giving them a comprehensive picture of the advantages that Kent can offer to their business and their employees.

The successful supplier will be able to develop compelling arguments for potential investors to convince them that Kent is the preferred location for their investment

The successful supplier will need to develop a close working relationship with UKTI, ensuring that the Kent offer is integrated with their work.

The successful supplier will need to ensure that the role of Kent County Council in supporting inward investment services (including as the funder of these services) is effectively publicised, and that where applicable, they work collaboratively with Kent County Council Communications team.

#### Requirement 2 – Providing advice and support to potential investors

The successful supplier will be required to have a comprehensive understanding of the commercial property market in Kent, and will be able to provide a professional advice and support service to potential investors, supporting them to find suitable business accommodation in Kent.

The successful supplier will have a comprehensive understanding of the business environment in Kent, including the skills available in the workforce, and will be required to provide Kent specific intelligence to potential investors on their sectors.

The successful supplier will have a comprehensive understanding of the grants, loans and other funding that would be available to potential investors, and will be able to provide advice to potential investors on available funding, grants and loans applicable to their business.

The successful supplier will work closely with business and public sector networks, and will be able to utilise these networks to aid the conversion of leads to actual investments

#### Requirement 3 – Providing Support for businesses to set up in their new location

The successful supplier will be required to develop a package of support that will assist investors to successfully complete their set up in a new location, this could include, but may not be limited to:

- Finalising property requirements
- Relocation support for transferring staff
- Linking to staff recruitment resources
- Linking to professional services providers
- Connecting into local networks
- Linking to sources of funding

#### Requirement 4 – Supporting investors to grow in Kent

The successful supplier will be required to deliver a programme of post investment support that will ensure newly located businesses are supported following their investment and will be required to share details of these interactions with partners in KCC.

#### Requirement 5 - Securing other Funding to support the Programme

Kent County Council will require the successful supplier to leverage a return on their funding of a minimum of 0.5:1 in each year from public or private sector sources.

The successful supplier will need to demonstrate a realistic plan to increase other levels of funding, both public and private, in their services over the life of the contract.



The successful supplier should demonstrate their experience of identifying and pursuing all sources of national or European funding to help deliver projects.

## Requirement 6 – Partnership Working with Kent County Council departments and initiatives

Kent County Council delivers some services directly, or funds other agencies to deliver services on our behalf, which have as a purpose, supporting business growth in Kent, or promoting Kent as a place to visit, to explore, enjoy culture, and leisure, or as a place to locate and grow a business. We would expect the successful supplier to work closely with these services, and others who promote Kent, to ensure a persuasive offer is available to potential investors, and that access to information produced by these services is easily accessible.

We would expect a successful supplier to work with these services to create innovative partnerships and campaigns which promote Kent, or support business growth in Kent.

These services would include, but not be limited to:

Kent County Council Business Engagement initiatives

Grow for It – East Kent

Expansion East Kent

TIGER

Escalate

High Growth Kent

Workspace Kent

Visit Kent

Produced in Kent

The successful supplier would be expected to be a supportive partner in ensuring the success of these initiatives, and other initiatives at the request of the council.

## Requirement 7 – Governance/Client Liaison

The successful supplier will be required to work with an advisors' group to strategically advise on the delivery of this contract, this group should meet on a quarterly basis. Kent County Council would be represented on this group by the Cabinet Member with the relevant portfolio, and by the Director of Economic & Spatial Development. The remaining members would be expected to be formed from key stakeholders from the business sector in Kent, with membership to be agreed by Kent County Council. Final say over strategic direction will reside with Kent County Council.

The identified Account Manager for the successful supplier will also be required to meet regularly with Kent County Council, on a monthly basis, or as otherwise agreed by KCC, to update on progress, share details of potential investors, and businesses supported, and to review performance data. The identified Account Manager for the successful supplier will be required to appear at, and prepare reports for, Kent County Council committee meetings as and when requested.

### Requirement 8 – Coping with Reduced Funding

Kent County Council, like all local authorities, is required to make savings over coming years, and cannot guarantee to sustain levels of funding at the level of £625,000 that is available for the first year of the contract (1<sup>st</sup> April 2014 – 31<sup>st</sup> March 2015).

Tenderers are asked to show how they would accommodate a potential 10% reduction to funding in year two of the contract, and a further 10% in year three

### Requirement 9 - Service Outcomes

The Tenderer will be expected to provide (as part of their tender submission) an indicative number of jobs they will secure, in the first three years of the contract, with a yearly breakdown.

The breakdown will be required to clearly indicate the numbers of jobs the Tenderer predicts to secure that will be:

- New jobs that result from securing foreign direct investment into Kent
- New jobs that result from securing UK originating investment into Kent
- New jobs that result from supporting existing Kent companies to relocate and expand within Kent
- The number of jobs that are safeguarded by supporting existing Kent companies to relocate within Kent

The potential supplier should explain how they will measure the numbers they identify, and how they will rank the importance of their input to securing these investments.

Further to the number of jobs the supplier predicts to secure, the successful supplier will be expected to achieve the following service levels:

1. More than 75% of jobs created are located in East Kent (District/Borough council areas of Ashford, Canterbury, Dover, Shepway, Thanet) and Thames Gateway (District/Borough council areas of Dartford, Gravesham and Swale)
2. More than 50% of all jobs achieved and forecast over the next three years will be professional or managerial positions or jobs in the knowledge based industries.
3. More than 75% of jobs secured in high value growth sectors as identified in 'Unlocking Kents' Potential'.
4. 100% of companies where jobs are created are personally visited in the 12 months following their relocation, and an update on estimated job creation information and capital expenditure is collected.
5. 90% of companies where jobs are created agree that the support they received from the successful supplier was critical (without assistance, the project would have not gone ahead at all) or important (helpful in influencing them to expand in, or relocate to Kent)
6. 90% of successes are satisfied with the post investment support they received in the first 12 months following project completion

Baselines will be agreed before the start of the contract or where appropriate set during the first year of the contract.

The successful supplier will be required to share supporting information and evidence in relation to KPI performance with KCC officers as and when requested. KCC officers may on an annual basis, undertake sample audits on a minimum of 10% of projects.

These service levels will be monitored on a quarterly basis and reviewed at the appropriate quarterly review. In extreme cases of performance failure Kent County Council may terminate the contract. Kent County Council will use performance against these targets in the first three years of the contract to determine whether a contract extension will be granted. If an extension is granted, then during years 4, 5, and 6, performance management measures leading ultimately to contract termination will be invoked if performance does not meet targets.

Submission of a tender document indicates acceptance of the above service levels.

By mutual agreement these service levels may be modified during the contract period. The performance measures will be reviewed at the end of each year of the contract, and any adjustments to targets will take effect three months after agreement

#### Requirement 10 - Account Management

Tenderers should provide the names and contact numbers of the individuals who will be supporting the contract throughout the contract term. Tenderers should give details of an appropriate escalation path within their organisation for use in the event Kent County Council may experience problems with any aspect of the contract.

In the event that any supplier personnel allocated to this contract move to another role within or outside of the supplier organisation, the supplier must replace the person with a person of equivalent skills, knowledge and experience. Kent County Council may request Curriculum Vitae of the affected personnel to evidence this.

**Section Four**

**Conditions of Contract**

As contained in Appendix I Form of Agreement

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

To: **Economic Development Cabinet Committee – 3 December  
2013**

Subject: **Regeneration and Economic Development Portfolio  
Financial Monitoring 2013/14**

Classification: **Unrestricted**

**Summary:**

The Cabinet Committee is asked to note the second quarter's full budget monitoring report for 2013/14 reported to Cabinet on 2 December 2013.

**Recommendation(s):**

**The Economic Development Cabinet Committee** is asked to note the revenue and capital forecast variances from budget for 2013/14 for the Regeneration and Economic Development Portfolio based on the second quarter's full monitoring to Cabinet.

**1. Introduction:**

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

**2. Background:**

2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio together with key activity indicators and will be reported to Cabinet Committees after they have been considered by Cabinet. These quarterly reports also include financial health indicators, prudential indicators, the impact on revenue reserves of the current monitoring position and staffing numbers by directorate. In the intervening months a mini report is made to Cabinet outlining the financial position for each portfolio. The second quarter's monitoring report for 2013/14 is attached.

2.2 The attached relevant annex from the Cabinet report is presented in the pre-election portfolio structure. Given the inevitable changes that are coming from "Facing the Challenge", the Cabinet Member for Finance & Procurement has agreed that in terms of competing priorities, value added and risk, the work involved in mapping the pre-election portfolios to the post-election portfolio structure exceeds the benefits to be had, given the relatively short period that these new portfolios will be in existence before a further major change takes effect. Therefore, reporting for the remainder of this financial year will continue in the pre-election portfolio structure.

### **3. Recommendation(s):**

**The Economic Development Cabinet Committee** is asked to note the revenue and capital forecast variances from budget for 2013/14 for the Regeneration and Economic Development Portfolio based on the second quarter's full monitoring to Cabinet.

### **4. Contact details**

Report Author

- Jackie Hansen, Business Strategy and Support Directorate Finance Business Partner
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- Email address: jackie.hansen@kent.gov.uk



**EXTRACT FROM ENTERPRISE & ENVIRONMENT DIRECTORATE SUMMARY**  
**SEPTEMBER 2013-14 MONITORING REPORT**

**1. REVENUE**

1.1		Cash Limit	Variance Before Mgmt Action	Management Action	Net Variance after Mgmt Action
	<b>Directorate Total (£k)</b>	-	-	-	-

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

Budget Book Heading	Cash Limit			Variance	Explanation	Management Action/ Impact on MTFP
	Gross	Income	Net	Net		
	£'000	£'000	£'000	£'000	£'000	
<b>Regeneration &amp; Enterprise portfolio</b>						
Development Staff & Projects	656.6	-656.6	0.0	0		
<b>Total E&amp;E controllable</b>	<b>656.6</b>	<b>-656.6</b>	<b>0.0</b>	<b>0</b>		
<b>Assumed Mgmt Action</b>						
- R&E portfolio						
<b>Total Forecast <u>after</u> mgmt action</b>	<b>656.6</b>	<b>-656.6</b>	<b>0.0</b>	<b>0</b>		

**EXTRACT FROM BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY**  
**BUSINESS STRATEGY AND SUPPORT (EXCL. PUBLIC HEALTH) SUMMARY**  
**SEPTEMBER 2013-14 MONITORING REPORT**

**1. REVENUE**

1.1		Cash Limit	Variance Before Mgmt Action	Management Action	Net Variance after Mgmt Action
	<b>Total (£k)</b>	<b>+3,882</b>	-	-	-

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

Budget Book Heading	Cash Limit			Variance	Explanation	Management Action/ Impact on MTFP
	Gross	Income	Net	Net		
	£'000	£'000	£'000	£'000	£'000	
<b>Regeneration &amp; Enterprise portfolio</b>						
Directorate Management & Support	172.2	0.0	172.2	+3		
Development Staff & Projects	5,043.7	-1,333.7	3,710.0	-3		
<b>Total R&amp;E portfolio</b>	<b>5,215.9</b>	<b>-1,333.7</b>	<b>3,882.2</b>	<b>0</b>		
<b>Assumed Management</b>						
- R&E portfolio						
<b>Total Forecast <u>after</u> mgmt action</b>	<b>5,215.9</b>	<b>-1,333.7</b>	<b>3,882.2</b>	<b>0</b>		

## 2. CAPITAL

2.1 The working budget for 2013-14 is £38,308k. The forecast outturn against the 2013-14 budget is £36,955k giving a variance of - £1,353k.

2.2 **Table 2** below details the Regeneration and Economic Development Capital Position by Budget Book line.

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status <sup>1</sup>	Explanation of Project Status	Actions
<b>Individual Projects</b>									
Dover Priory Station Approach Road	0	-3	0	0			Green		
Broadband	23,500	2,650	0	0			Green		
Empty Property Initiative	7,500	3,710	0	0			Green		
Eurokent Road (East Kent)	65	84	-69	-69	Rephasing		Green		
Folkestone Heritage Quarter	380	402	-300	-300	Rephasing	Re-alignment of budget to agree with updated project plan, this has not affected the completion date.	Green		
Incubator Development	0	262	0	0			Green		
LIVE Margate	6,800	6,508	0	0			Green		
Managed Work Space - The Old Rectory	160	174	0	0			Green		
Marsh Million	0	100	0	0			Green		
No Use Empty - Rented Affordable Homes	750	750	0	0			Green		
Old Town Hall	94	25	0	0			Green		
Regeneration Fund Projects	5,061	3,555	0	0			Green		

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status <sup>1</sup>	Explanation of Project Status	Actions
Regional Growth Fund, including Expansion East Kent	37,200	14,384	0	0			Green		
Rural Broadband Demonstration Project	1,897	1,568	-984	-984	Re-phasing	Spend will be incurred on four or five local schemes this year with the remainder of the funding being kept as a contingency. The rephasing is not expected to impact on the completion date of the overall project.	Green		
Swale Parklands	0	65	0	0			Green		
TIGER	20,000	4,000	0	0			Green		
Tram Road/Tontine Street Road Works	0	74	0	0			Green		
<b>Total</b>	<b>103,407</b>	<b>38,308</b>	<b>-1,353</b>	<b>-1,353</b>					

1. Status:

Green – on time and within budget

Amber – either delayed completion date or over budget

Red – both delayed completion and over budget

By: Mark Dance  
Cabinet Member for Regeneration and Economic Development

Barbara Cooper  
Director, Economic Development

To: Economic Development Cabinet Committee - 3 December 2013

Subject: Half-year Performance Dashboard and 2013/14 Business Plan  
Monitoring

Classification: Unrestricted

Electoral Division: All

**Summary:**

This report updates Economic Development Cabinet Committee Members on performance to date against project activities set out in the 2013-14 Economic Development and Spatial Unit business plan.

**Recommendation:**

The Cabinet Committee is asked to REVIEW and DISCUSS the report.

**1. Introduction**

**1.1** The objective of Kent's Economic Development function is to create the environment for business to grow and jobs to be created. To help achieve this objective the Unit has developed a work programme centred around three core priorities closely aligned to the key economic development and regeneration objectives set out in Delivering Bold Steps and Unlocking Kent's Potential:

- Encouraging Business Growth;
- Delivering Infrastructure and Housing; and
- Developing Strategy and Partnerships.

**1.2** This report updates Economic Development Cabinet Committee Members on performance against our key performance indicators from 1<sup>st</sup> April 2013 and 30<sup>th</sup> September 2013 and also provides a commentary on key business activities.

## 2. Performance review

### 2.1 Performance to date

Indicator	Performance 1 April 2013 to 30 September 2013	Business Plan Targets	
		Target to 30 September 2013	Annual target
Number of jobs created <sup>1</sup>	2,532	1,250	4,050
Financial leverage secured	£41,257,532	£25,000,000	£67,000,000

Current performance shows good progress has been made to reach the overall target of 4,050. Regional Growth Fund programmes (Expansion East Kent and TIGER) account for 40% of the total jobs reported.

#### Commentary on key business activities

##### Direct Access to Finance

- 2.2** We continue to provide access to finance to small and new businesses wishing to grow within Kent. At 1<sup>st</sup> November 2013, Expansion East Kent has allocated £19.84million to 61 businesses (full contract stage and current pipeline cases) which will deliver 1612 full time equivalent jobs and secure an additional £55.5 million from the private sector. In North Kent, TIGER has allocated £4.3m to 16 businesses (full contract and current pipeline cases) which will deliver 457 full time equivalent jobs and secure £4.8m private sector investment. We aim to launch the Escalate project to businesses in West Kent, Maidstone and parts of East Sussex in December.
- 2.3** The Marsh Million fund for small business on Romney Marsh, supported by Magnox and the district councils in Ashford and Shepway is now open to applicants and by 15<sup>th</sup> November attracted 21pre-applications, 17 of which have been put forward to full application stage.
- 2.4** Along with Magnox and Shepway District Council the KCC Workspace Incubator Challenge Fund is providing financial support to establish a new incubator centre at New Romney which over three years will deliver 45 jobs (created or safeguarded) and support 30 new businesses located in / using facilities of incubator units. In addition, 20 businesses will leave the incubator space and move into second phase facilities and 100 businesses will receive specialist advice.
- 2.5** The School for Creative Start-Ups Kent programme started in October 2013 at the Quarterhouse in Folkestone following a marketing campaign over the preceding two months. There are 86 early stage start-up businesses involved,

<sup>1</sup> Jobs created performance figures includes committed new jobs and safeguarded jobs in Kent and Medway.

comprising 94 people in total. The majority of successful participants are from Folkestone, Canterbury and Thanet although coverage is countywide and the range of creative activities involved includes digital, cuisine, fashion, product design and broadcast media. KCC is fully funding the programme which runs from October 2013 to June 2014.

### **Business support activity**

- 2.6** A business support programme has been established across all districts in Kent. Although the programme of support varies across Kent this is in order to meet the needs of the business communities. The partnership arrangements with districts and business support organisations have been successful and have identified a further need for support to the medium size businesses in order to support their growth plans.
- 2.7** We are reporting to the 18<sup>th</sup> November Regeneration Board on two key initiatives within the Business Engagement Programme.
- The Key Kent Companies (KCC) initiative seeks to identify and build relationships with businesses in Kent considered significant to the county, or who show strong promise for the future, or who are in key sectors of the economy. We will look to provide a direct line of contact, offering meetings with key KCC staff, organising regular networking opportunities, and ensuring that the businesses are receiving the full range of advice and services that they could benefit from in Kent. We will look to involve them in these programmes, and use them as a reference pool for future programmes, where they are willing.
  - The second paper discusses the creation a Unified Business Portal with a simple, category-based structure, covering a wide range of business support.
- 2.8** Learning from the sector conversations previously held with the Construction Sector, Kent County Council were the lead sponsors of the Kent Construction Expo, enabling the Council to engage with a wide range of businesses on a number of subjects, whilst delivering a networking opportunity for businesses in Kent. The Leader of the Council provided the opening address of the event, and Kent County Council services were promoted from a joint stand that included cross-directorate representation, giving businesses the opportunity to understand how they could benefit from services which included Kent Jobs for Kent Young People, the three RGF Loan Schemes; Tiger, Escalate, and Expansion East Kent, alongside the Warm Home scheme, and Fusion (advice and grants for Low Carbon), and the Kent Design and Development Awards.
- 2.9** As a part of developing the Kent and Medway strategic growth plan, the Kent and Medway Economic Partnership have organised a series of sector focus groups to identify opportunities and challenges in the relevant sectors so that they can be included in the refreshed Unlocking Kent's Potential plan. During November meetings will have been held with business leaders from Finance (8<sup>th</sup>), Land based (20<sup>th</sup>), Low Carbon (21<sup>st</sup>), Creative & Digital, (19<sup>th</sup>) Construction & Development (27<sup>th</sup>) and Tourism & Hospitality (28<sup>th</sup>), A Life Sciences & Healthcare meeting is planned for 10<sup>th</sup> December.

- 2.10** In January 2013, we commissioned High Growth Kent (HGK) to provide coaching for businesses with high growth potential. At 30th September, 25 companies have received coaching. In October, HGK launched its first HGK ONLINE Coach alerts which will go to over 300 senior executives that are part of its Alumni network. Also being offered are coaching evenings where through a combination of peer to peer learning and coaching, key topics and updates will be provided.
- 2.11** We continue to market Kent both overseas and in the UK. LIK activity has created/safeguarded 1,120 jobs between 1<sup>st</sup> April 2013 and 30<sup>th</sup> September 2013. In the same period, 662 enquiries and 87 new projects were added to the pipeline. The majority of these, 61% were knowledge based and 88% were in high growth sectors. LIK 'lead generating' agencies retained in USA and France/Germany are actively developing plans for the next six months. One US company has visited Kent twice during September/early October.
- 2.12** The 2 Seas Trade project is delivering a series of activities to help Kent companies increase their export trading activity. In April, 8 Kent companies attended a workshop event on Culture & Legislation in EU markets. Three further are planned for October: "Selling Services to France", "Doing business in the Netherlands" and "Innovation for Independent Living Conference" and will involve over 50 Kent companies. Kent businesses have also participated in market visits to France and Belgium including Infopol (security sector), in May 2013, Ghent (12 Kent companies) and Environord (eco-tech sector), in June 2013, Lille (23 Kent companies). Two further events are planned for September and October: "French-UK B2B networking event (multi-sector) in Lille and "Aquatech (water management and treatment" in Amsterdam.
- 2.13** The KIB100 scheme was launched in June 2013 but take up is not yet at the target level. We have 25 Kent business members and need to continue to promote and grow the scheme. Consequently, the sector-focused market visit has not yet been delivered as partners were waiting for input and ideas from the KIB 100 to ensure that the sector focus and selected market was determined by the views of Kent businesses. Feedback and discussions from businesses indicate that peer to peer mentoring is valuable for them but not many have signed up.
- 2.14** Kent Invicta Chamber of Commerce was commissioned to deliver 6 "Export Start Up" roadshows but was unable to attract suitable registrations for any of the planned events. KICC is currently reworking its proposal to deliver the workshops for new exporters during the current financial year. The first event should take place in West Kent in January.

#### **Support to key business sectors**

- 2.15 Rural.** The LEADER Programme is on course to close down on 31<sup>st</sup> December with all outstanding projects completed and all claims submitted. Consultation and debate on the new Rural Development Programme for England has been continuing all year and is now culminating in a consultation exercise on the implementation of CAP reform in England, which has just



been launched (November 1). This consultation will, in part, decide how much funding will be available to Leader programmes and what priorities Leader programmes should focus on in their submissions. In July, Defra awarded £30k to KCC to develop a new LEADER programme for submission in July/August 2014 for a new programme start in January 2015.

**2.16** Produced in Kent (PinK) have undertaken the following lobbying activity:

- 10% Local campaign launched at County Show with political support from Helen Grant MP.
- Sponsor now in place (Lenham Storage) to promote the campaign across the county.
- Written evidence supplied to MAS in their discussion with DEFRA on efficacy of local food. PinK has now been invited to present their case to DEFRA in person early 2014.
- All Kent MPs have been written to individually to make them aware of PinK role and to make them aware of the 10% campaign. They will be reminded again at Christmas.
- PinK signed up Turner Gallery and a major care home group (Avante Care) as corporate members to assist in raising profile of PinK.

**2.17** PinK has also attended and displayed at all major relevant events including the County Show and Canterbury Food and Drink Festival.

**2.18** PinK's development work has included:

- Work to register PinK trademark is underway with Board approval.
- Other funding opportunities being explored include engaging in commercial activity including retail sales, selling consultancy and training services.
- Engaging with Invicta Chamber of Trade to deliver training workshops for the West Kent Partnership (which will be paid for by WKP).
- Securing support of City and Guilds to design and develop the 1<sup>st</sup> Certificate in Farmers' market management'. This will be unique to Kent but applicable and saleable globally as the C&G accreditation has international recognition.
- Developing strategy for food hubs and incubation units.

**2.19 Tourism.** A new business plan for 2013 -2017 approved by the Visit Kent Board is in place focusing on Know Kent (marketing), Grow Kent (business support and development) and Welcome Kent (skills and customer care). 36 Key Performance Indicators have been set and are monitored on quarterly basis. Note that this plan will need to be reviewed and updated once the results of the recent KCC tender are confirmed.

**2.20** Visit Kent is working closely with KCC, People 1<sup>st</sup> and the National Hospitality Guild to develop A Kent Hospitality Guild and is preparing a funding bid to the Regeneration Fund to drive this project forward.

- 2.21** Visit Kent with partners has delivered a range of activity to profile the county and support economic growth. This has included:
- Launch of new website with mobile responsiveness, itinerary building and near-by cross selling functionality. All tourism businesses and event have a free listing.
  - Expansion of Kent Contemporary Campaign, a major London advertising campaign to include Port Lympne, Ashford Designer Outlet and Bluewater.
  - Off Peak campaign with HS1 and Southeastern with a presence for a week at St Pancras Station promoting Autumn Breaks
  - 2for1 campaign in partnership with Southeastern, Stagecoach, Arriva and the cross channel operators with over 15,000 voucher downloads so far.
- 2.22** **Low Carbon Sector.** KCC were involved in an ERDF bid led by the Isle of Wight Council and designed to support sector growth across the region through a new public private body. However, the project delivery plan proved unworkable and the County Council has now withdrawn from the project. This work is now being progressed through The Kent and Medway Offshore Renewables Working Group and a new bid has been prepared for EU Structural Funds allocated to the LEP and which will become available from mid-2014. In the meantime funding has been made available by TGKP of up to £35k to support interim activities to strengthen supply chain development in the Kent CORE and to support preparation of a bid for LEP EU funding in 2014.
- 2.23** We have also been taking action to maximise Kent's designation as a CORE. The University of Chichester were commissioned and have completed supply chain database and gap analysis study. The next steps will be to integrate the database with existing sector business directories and roll out recommended actions on supply chain development. The Kent Wind Energy web portal ([www.kentwindenergy.co.uk](http://www.kentwindenergy.co.uk)) has recently been refreshed to improve its role as an information resource supporting sector development in Kent.
- 2.24** BBP Regeneration Ltd have been commissioned to undertake a Green Box feasibility study to look at the potential for a visitor and low carbon technologies centre in North East Kent. This is a partnership project with Thanet District Council. The study is being funded through FUSION, an Interreg IVA 2 Seas Programme project and is nearing completion with possible locations for the centre identified at East Kent College in Broadstairs and the former Hovis Mill site in Ramsgate. The preferred choice will depend on the consultant's recommendations in respect of business case and viability.
- 2.25** A spatial risk assessment for water has been commissioned and the draft report was issued at the beginning of November. The final report is now due in the first week of December. We have also facilitated the development of a programme of support for agricultural and horticultural businesses on water availability which will be presented to the Task Group for sign off on November 27<sup>th</sup>.

### **Developing economic assets**

- 2.26** Phase 2 residential development land sales have gone very well with Areas 01, 03 and 05 and 57 completed and now under construction. Area 62 has been successfully tendered and is likely to be completed before end of December 2013. It is intended to submit a revised Phase 3 Outline Planning Application for Kings Hill by the end of the end of 2014. The land disposal strategy has therefore been held in abeyance until the re-master plan/resubmission has been completed and progressed to a determination.. Area Residential land demand and values are still very strong particularly where the Kings Hill Partnership promotes land sales with detailed consents in place, thereby significantly reducing risks and delays to land transaction process.
- 2.27** The Land sale of Manston Park, Plot 5 completed in May 2013 and the development of site for incubator space units has progressed rapidly. All three buildings are under construction, and we expect they will be completed in early summer 2014. Further land sales are looking promising with regular approaches forthcoming from agents Savills, Locate in Kent and directly to East Kent Opportunities (EKO) LLP. Expansion East Kent funding is improving those prospects.
- 2.28** The Eurokent Outline Planning Application is essential to secure a future viable business plan for EKO. However the application was refused by Thanet District Council. EKO is to appeal the decision.

### **Housing and Infrastructure**

- 2.29** Discussions are underway with Local Authorities across Kent on the infrastructure required to support growth to inform the preparation of Infrastructure Delivery Plans. These plans have an important role in informing how development contributions (whether CIL or S106) might be allocated to support growth and the potential roles of different delivery organisations in bringing forward infrastructure. A Corporate Major Sites Group has been established to improve communication across the authority to ensure that Directorates input effectively to this process and any issues that need be addressed are teased out. We have also established a major sites database to refine site specific requirements and to take into account the outcome of site specific S106 negotiations.
- 2.30** The Thames Gateway Kent Partnership has recently provided a briefing to the Thames Gateway Ministers Brandon Lewis and Kris Hopkins on delivery issues. This included feedback from the Kent Developers Group and drew on some of the work of the KCC Major Sites Group. A further meeting is planned to discuss specifics.
- 2.31** The number of empty properties brought back into use, under the No Use Empty Initiative (NUE) between April 2013 and September 2013 is 297, (cumulative total since 2005 is 3,006). The total number of jobs supported for

the same period is 74, (cumulative since 2005 is 404).NUE is experiencing high demand for short term loans and is expected to have its best year ever. As at 30 September 2013, NUE has approved loans totalling £2M, supporting 99 individual units, for this financial year. This brings the total amount loaned to £8.6M, which has leveraged £13.8M giving a total investment of £22.4M to date. The value of loans repaid to date is £3.5M, (40%) with no formal recovery required.

- 2.32** The NUE Affordable Homes Project has funding value of £1.8M Capital Funds (£1M KCC regeneration fund and £795k from Homes and Communities Agency (HCA). The overall target is to achieve 45 units of affordable accommodation by 31<sup>st</sup> March 2015. The first project approved is in Folkestone and scheduled to complete January 2014 returning 7 units. This is a former commercial property used as offices that have been empty for several years. Further projects have been identified in Folkestone and Gravesend.

### **Profiling Kent**

- 2.33** We have profiled Kent at:

- The business to business conference which took place on April 25<sup>th</sup> and was a great success with over 400 exhibitors and over 3,500 delegates.
- The 2020 Start Up conference which took place on October 23 and was this year expanded with the launch of Kent 2020 Marketing Live. The event went very well and had more exhibitors and delegates than last year's inaugural event.
- The KEiBA Event took place on 27 June.
- Three Kent Ambassador briefings on the topics of Health, Olympic Legacy and Sport in Kent and the Kent Coastline have been held. A fourth briefing on Creative Industries is planned for 4<sup>th</sup> December.

## **3. Recommendation**

- 3.1** The Cabinet Committee is asked to REVIEW and DISCUSS the report.

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Background Documents:

**None**

From: Mr Mark Dance, Cabinet Member for Economic Development and Mr Andy Wood, Corporate Director Finance & Procurement

To: Economic Development Cabinet Committee – 3 December 2013

Subject: **Budget 2014/15 and Medium Term Financial Plan 2014/17 Consultation**

Classification: Unrestricted

Electoral Division: All

**Summary:** Consultation on the forthcoming Budget and Medium Term Financial Plan was launched on 8<sup>th</sup> November. The aim of the consultation is to better inform Kent residents and businesses of the financial challenge the authority faces as a result of continued reductions in funding from central government combined with additional spending demands and restrictions on our ability to raise Council Tax. We also want to better engage with people and the consultation seeks views on the broad direction and pace of travel rather than the detail of specific proposals. We have commissioned specific market research to support the consultation and explore issues in more detail. We will undertake more detailed consultation about specific aspects of the budget before changes are implemented.

**Recommendation:**

The Economic Development Cabinet Committee is asked to consider and comment on the consultation strategy/process. The Cabinet Committee is also invited to make any recommendations to the Cabinet Member for Economic Development arising from the draft financial proposals outlined in the consultation for inclusion in the final draft budget to be considered by Cabinet on 22<sup>nd</sup> January prior to debate at County Council on 13<sup>th</sup> February.

## 1. Introduction

- 1.1 This report provides Economic Development Cabinet Committee members with more background to the current budget consultation and an opportunity to engage as part of the consultation prior to the finalisation of the draft budget proposals. During the September round of Cabinet Committee meetings members were informed that the consultation could not be launched until November.
- 1.2 The overall objective of the consultation is to inform more people of the financial challenge the authority faces and to engage with them about how we respond. Previously we have consulted about the detail of budget proposals but have not been successful in getting a wide engagement. The main consultation this year is based on a campaign “2 questions 2 minutes” where we ask residents to devote a small amount of time to answer two fundamental questions.

- 1.3 The main campaign will be backed up with a summarised “at a glance” presentation of the budget challenge for the next three years (with additional detail for those who wish to explore the budget issues in more depth). We have provided an on-line tool to enable those who wish to provide more feedback through submitting their opinion on what should be KCC’s budget priorities over the coming years.
- 1.4 In previous years we have been successful in carrying out market research with a small representative sample of residents, and engagement with this group has worked well through face to face workshops. We have run these workshops again this year (albeit employing a different independent market research agency from previous years). This agency has also carried out an e-mail survey of the on-line tool with a wider sample of Kent residents, and undertaken a similar process of workshop and surveys with KCC staff. We have also previously engaged with key stake-holder groups (businesses, voluntary sector, young people, trade unions, etc.) and have repeated and enhanced this as part of the consultation process.
- 1.5 The consultation closes on 13<sup>th</sup> December. The outcome from the main campaign together with the feedback from the more in depth responses on-line, the independent market research findings and discussions with key stake holder groups will be available for the January cycle of meetings. The final draft budget will be considered by Cabinet on 22<sup>nd</sup> January before it is presented to County Council on 13<sup>th</sup> February for final approval.

## **2. Financial Implications**

- 2.1 We have kept the overall cost of the consultation process within the same amount as last year (£50k budget). Within this we have devoted more resource to promoting the campaign and have obtained significantly more independent market research by using a new agency (BMG Research). To stay within budget and to comply with communications standards we have significantly reduced the volume of printed material and produced more information on-line.
- 2.2 The overall financial equation presented in the consultation shows estimated government funding reductions of £142.6m over the next 3 years. We are confident that the reduction for 2014/15 (£39m) is robust (this is based on the indicative settlement included in the 2013/15 MTFP adjusted for subsequent announcements), although there is more uncertainty about the estimate for 2015/16. We anticipate we will get the outcome of Government decisions on the 2014/15 and 2015/16 settlement when the provisional settlement is announced in December (likely to be around 19<sup>th</sup> December). We are not anticipating a provisional settlement for 2016/17 (the June Spending Round only related to 2015/16 and we are expecting that 2016/17 will not be resolved until a new government is elected following General Election in 2015). Therefore the amounts identified in the consultation and the final draft MTFP can only be our best estimates.
- 2.3 We also estimated additional spending demands over the next 3 years of £139.5m. There is still some uncertainty about the pressures for 2014/15 (these will be updated in light of the latest budget monitoring) and we have made provision for emerging pressures in the following years i.e. reasons un-quantified at this stage. Within the pressures for 2014/15 we know we need

to find £24.9m to replace the one-off savings in the 2013/14 which were necessary due to late and unexpected changes in the funding arrangements. We have offset the additional spending with forecast increase in Council Tax base (0.5%), impact of Council Tax Collection and inflationary uplift to our share of Business rates. These reduce the pressure of additional spending demands to £130m.

- 2.4 Overall this means the County Council is facing the challenge to find and estimated £273m to balance the budgets over the next 3 years as a result of a combination of funding reductions and additional spending demands. Within the draft budget included in the consultation we assumed a Council Tax increase for 2014/15 of 1.99% (the referendum limit). If this were agreed and repeated for the following two years, this would produce £31.4m additional income over 3 years and reduce the savings target to £241.2m.

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

- 3.1 Putting more power into the hands of Kent residents so that they have the opportunity to shape how services are provided to them and their local communities is a key feature of Bold Steps. This budget consultation is an essential feature of this by engaging better with Kent residents in a way which encourages them to respond.
- 3.2 We have been conducting budget consultations for a number of years. We have found that direct engagement with focus groups has worked well but we have been less successful in communicating the budget challenge with residents at large or engaging with them about the council's spending priorities. This year's strategy has been developed to build on the successful aspects from previous years whilst at the same time getting this wider communication and engagement. We aim to achieve this by presenting a simpler message and asking fewer questions while at the same time providing the opportunity for those who wish to delve deeper. Early indications are this enhanced strategy is achieving the overall objective of better communication and more engagement.
- 3.3 We will provide a demonstration of the on-line facilities to the committee meeting.

### **4. The Report**

- 4.1 KCC has strong track record of delivering difficult budgets. Over the last 3 years the budget has included savings of £269m. We have achieved these savings and delivered balanced budget, albeit inevitably there have been some areas which have over delivered and some areas which haven't achieved their budget targets. The challenge of the next three years will be to deliver further savings of a similar magnitude to the previous three years.
- 4.2 As part of this challenge we will have to insist on much greater financial rigour and delivery of budgets as our scope to over deliver to cover shortfalls elsewhere will be severely restricted. The new structures being proposed under "Facing the Challenge" will include medium term financial targets. To support this we are proposing to present the final draft MTFP in directorate format rather than the portfolio presentation used in the past. This will enable

senior managers to have a much better understanding of their contribution to meeting the budget challenge.

- 4.3 We have considered alternative options to engage residents in budget consultation and have concluded that the proposed “2 questions 2 minutes” campaign offers the best chance of wider engagement. In particular we have looked at other on-line tools and use of more market research but were concerned these would not meet our expectations of engagement with the wider public.
- 4.4 We have undertaken an Equalities Impact Assessment of the overall budget consultation and setting process. In particular we have sought to ensure that on-line engagement meets with KCC’s access criteria. Equality Impact Assessment of individual proposals within the overall budget package will be carried out prior to the more detailed consultation and implementation which will be needed after the budget has been approved. In some instances managers have been given authority to start planning for implementation in advance in order to ensure savings can be delivered for the next financial year but this cannot be completed until the budget has been approved and all necessary consultation and Equality Impact Assessment has been completed.
- 4.5 Consultation on the overall budget closes on 13<sup>th</sup> December. Following that we will analyse the results and report them to Cabinet and Cabinet Committees in January. We will produce a final draft budget which will be considered by Cabinet on 22<sup>nd</sup> January and will be open for a short window for any final comments prior to publication of County Council papers for 13<sup>th</sup> February. The precise format for the County Council debate has not yet been agreed, although it is likely to follow a similar pattern to previous years with the day devoted to debate about the proposed budget and scope to consider amendments. At this stage we are not suggesting that alternative budgets should be prepared for consideration at County Council, but we have not finally ruled this out.
- 4.6 The budget must be agreed by the County Council which in doing so sets the Council Tax precept for the forthcoming year and gives delegated authority to Cabinet Members and Corporate Directors to manage services within the resources allocated. As already indicated there will be a requirement for further more detailed consultation prior to individual elements within the budget being implemented. The “at a glance” presentation of the 3 year plan presented as part of the consultation is designed to help understanding and engagement and unlike previous years is not a full draft of the budget and MTFP “for consultation”. This means we will only produce two versions of the full budget and MTFP, “final draft for Cabinet/County Council” and the “final approved version following County Council”.

## **5. Conclusions**

- 5.1 We have developed a revised and enhanced consultation and engagement strategy with the aim of improving Kent residents’ understanding of the financial challenge facing local authorities and to better engage with them to get their views how we should respond. The main “2 questions 2 minutes” campaign is aimed at having a face to face debate with a much wider audience and to get instant feedback (or signpost them to KCC’s website to



give a response to either the 2 questions or the more detailed budget modelling tool).

- 5.2 Ideally we would have launched consultation earlier with a longer period for response. However, uncertainty around the 2015/16 settlement would have meant we would have been restricted to the 2014/15 budget and previous experience has shown that we need to engage about the substantial challenge we are facing over a number of years.

## 6. Recommendation:

The Economic Development Cabinet Committee is asked to consider and comment on the consultation and engagement strategy/process set out in this report. The Cabinet Committee is also invited to make any recommendations to the Cabinet Member for Economic Development arising from the draft financial proposals outlined in the consultation for inclusion in the final draft budget to be considered by Cabinet on 22<sup>nd</sup> January prior to debate at County Council on 13<sup>th</sup> February

## 7. Background Documents

- 7.1 Consultation materials published on KCC website can be found at:  
[http://www.kent.gov.uk/your\\_council/council\\_spending/budget\\_consultation.aspx](http://www.kent.gov.uk/your_council/council_spending/budget_consultation.aspx)

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By: Ross Gill  
Economic Strategy and Policy Manager

To: Economic Development Cabinet Committee - 3 December 2013

Subject: Unlocking the Potential/Strategic Economic Plan

Classification: Unrestricted

Electoral Division: All Divisions

**Summary**

This paper:

- a) Sets out recent progress in preparing *Unlocking the Potential* and the South East Local Enterprise Partnership's Strategic Economic Plan;
- b) Introduces *Unlocking Potential – Maintaining Momentum: Prospective Priorities and Asks*, a discussion document to inform priorities for the SEP, attached as Annex 1;
- c) Outlines the proposed governance arrangements for Kent and Medway in the context of the South East LEP; and
- d) Sets out next steps

**Recommendations:**

The Economic Development Cabinet Committee is recommended to

- a) **Note** this report; and
- b) **CONSIDER** the content of *Prospective Priorities and Asks*, especially in relation to the questions in para. 5.2.

**1. Background**

- 1.1. Last year, Kent Council Leaders and Business Advisory Board agreed to progress a revised version of *Unlocking the Potential*, as a new economic strategy for Kent and Medway. Shortly afterwards, the Government asked Local Enterprise Partnerships to prepare Strategic Economic Plans setting out their overall ambitions for their areas, their priorities for the allocation of devolved national and European funding and their 'asks' of Government for specific freedoms and flexibilities.
- 1.2. The South East LEP has appointed Shared Intelligence to develop the overarching Strategic Economic Plan for Kent and Medway, Essex and East Sussex and to prepare a strategy for the use of future European funding. However, within the context of the federated structure adopted for the LEP, it is envisaged that the LEP-wide Plan should be built up from local strategies and that the commissioning of activity should be the responsibility of KMEP and its equivalents in Essex and East Sussex.

- 1.3. A first draft of the LEP-wide Strategic Economic Plan has to be submitted to Government by 19 December. It is therefore important that Kent and Medway's – emerging priorities and 'asks' feed into this.

## 2. Unlocking Potential – Maintaining Momentum

- 2.1. The *Unlocking Potential – Maintaining Momentum: Prospective Priorities and Asks* document attached with this paper is a starting point in setting out Kent and Medway's potential priorities for the Strategic Economic Plan. It aims to set out the county's economic challenges and opportunities, focusing on a number of solutions involving either the use of additional investment or the negotiation of specific flexibilities.

- 2.2. The document is structured in six sections:

- **The starting point** (pages 2-7) sets out the background to the development of *Unlocking the Potential* and the Strategic Economic Plan. It also notes the scale of resources that could be available to Kent and Medway through the Single Local Growth Fund and European Structural and Investment Funds (potentially £70-80 million and £9-10 million per year respectively).
- **Big opportunities and big challenges** (pages 7-9) provides a summary analysis of the economic strengths, opportunities and challenges facing Kent and Medway, presenting a series of overarching questions for debate:
  - How do we unlock our key locations for housing growth?
  - How do we accelerate the growth of our key sectors and business opportunities?
  - How do we address persistent skills challenges?
  - How do we develop a more comprehensive and integrated approach to coastal renewal?
  - How do we best promote Kent and Medway as a place to live work and invest?
  - What should our approach be to future energy and resource constraints?
- **Places for Growth** (pages 10-21) addresses Kent and Medway's infrastructure challenges, in particular the viability issues impeding the delivery of many of the county's major locations for growth. A number of potential solutions are set out, including:
  - An indicative package of transport investments through the Single Local Growth Fund
  - New approaches to infrastructure financing, on a recyclable or gap funded basis
  - Selective devolution of delivery for priority transport schemes
  - New solutions to the use of public sector land to help bring forward development
  - Creating a greater diversity of choice and investment sources in new housing growth

In addition, the Places for Growth section includes a series of proposals for **coastal renewal**, focusing in particular on reducing concentrations of

deprivation and housing market failure alongside measures to promote new investment.

- **Business for Growth** (pages 22-29) focuses on opportunities to support business growth, in the context of positive signs of economic recovery and pressure to increase productivity alongside continuing constraints in access to business finance. Potential solutions focus on:
  - Bridging the business finance gap through public sector intervention
  - Developing a stronger understanding of key sector opportunities and demands
  - Developing a more integrated approach to innovation and growth (linking Government, local and university-backed activity)
  - Supporting trade and investment activity
  - Helping commercially driven business support proposals to come forward

The Business for Growth section also contains an overview of the potential for European funding to back future SME support activity.

- **People for Growth** (pages 30-36) focuses on the opportunities and challenges for the county in developing its workforce, concentrating on the operation of the skills and training market and the costs to the county of unemployment and worklessness. Potential solutions focus on:
  - Improving market intelligence, linked with the needs of our key growth sectors
  - Developing a more diverse vocational offer for young people
  - Increasing the ability of the existing workforce to train and re-train
  - Increasing access to the labour market and tackling worklessness.
- **Moving forward** (pages 37-38) sets out next steps in taking *Unlocking the Potential* and the Strategic Economic Plan forward.

2.3. The document should be read as a '**starter for ten**', rather than a draft of the final *Unlocking the Potential* strategy. Most of the proposed solutions will require further development, some may prove not to be possible, and there may be additional proposals that have not yet been considered. However, it is intended to spark debate and get partner views.

### **3. The Kent and Medway Economic Partnership**

3.1. As part of the proposed 'federated' model for the South East LEP, Kent Council Leaders decided earlier this year to establish a new Kent and Medway Economic Partnership (KMEP), to act as the LEP's Kent and Medway 'building block'. The new Partnership met for the first time on 11 November, and considered *Prospective Priorities and Asks* as the key agenda item.

3.2. It is proposed that the new KMEP will consist of 21 members, made up of:

Business	(11 – including chairman)
Kent County Council	(1 Leader)
Medway Council	(1 Leader)
Kent Districts	(6 Leaders)
Higher Education	(1 Vice-Chancellor)
Further Education	(1 Principal)

3.3. Consistent with the views of KCC and Kent Council Leaders that there should be clarity regarding the role of KMEP in relation to the central LEP, the terms of reference propose that the KMEP should:

- Determine and monitor the use of all funding devolved from the South East LEP to Kent and Medway; and
- Act as the commissioning body for projects and programmes in Kent and Medway funded through the Single Local Growth Fund and the European Structural and Investment Funds

3.4. This assumes that funding allocated by the Government to the LEP will broadly be distributed on a proportionate basis to each of the three county-regions. While this position has to be formalised by the LEP Board (and will be discussed at a LEP awayday on 22 November), this would clearly give a substantive role to KMEP.

#### 4. Next steps

4.1. *Prospective Priorities and Asks* document aims to help to establish a broader view on the potential of some of the emerging proposals.

4.2. However, following this, there are four broad strands of activity that need to take place in parallel:

- Developing the high-level **Kent and Medway strategy** through *Unlocking the Potential*, work on which is already underway;
- Developing the detail of our **asks and investment proposals** (both spatially and thematically), so that we have a credible 'growth deal' proposition to put to Government;
- Linking our emerging proposals with the **Local Enterprise Partnership**, so that they inform and are reflected in the draft Strategic Economic Plan; and
- Developing **commissioning arrangements** for future funding channelled through KMEP.

4.3. The priority focus in the short term is likely to be on developing **asks and investment proposals**, and work is underway to define these in broad terms. These can be at fairly high level for the first draft Strategic Economic Plan to be submitted to Government on 19 December, although we have been asked to submit an indicative breakdown of anticipated investment requirements. Further detailed work will also need to take place into the New Year before the submission of the full Plan in March.

4.4. Potentially, *Unlocking the Potential* and the Strategic Economic Plan could be important in unlocking additional investment and enabling new freedoms and flexibilities. In view of this, a Member Briefing is currently being arranged for early December, and the emerging proposals will be discussed at Economic Development Cabinet Committee on 3 December.

## 5. Issues for discussion

5.1. A number of comments on *Prospective Priorities and Asks* were received at the KMEP meeting, and several businesses and local authorities have since submitted further views.

5.2. However, at this stage, it would be helpful to get the views of the Board on the priorities outlined in the document. In particular:

- Does the high level narrative feel right? Does it broadly reflect Kent's priorities and those of Kent and Medway as a whole?
- Are there any areas missing that we should be focusing on?
- Are there any specific suggested solutions that could be discounted at this stage – and are there any on which there should be a particularly strong focus?
- Are there any other potential solutions that could be included?

## 6. Recommendations

6.1. Economic Development Cabinet Committee is recommended to:

- a) **Note** this report; and
- b) **CONSIDER** the content of *Prospective Priorities and Asks*, especially in relation to the questions in para. 5.2.

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## **UNLOCKING POTENTIAL – MAINTAINING MOMENTUM: PROSPECTIVE PRIORITIES AND ASKS**

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A starting point for discussion by the new Kent and Medway Economic Partnership  
November 2013

Version 1

# THE STARTING POINT

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This document is a starting point for discussion. It sets out some initial ideas for debate at the first meeting of the new Kent and Medway Economic Partnership - highlighting potential priorities and asks of Government. It is not just a bid for cash, but is also about the freedoms and flexibilities we want to seek to accelerate progress. Informing the development of *Unlocking the Potential* and the South East Strategic Economic Plan, it is not the final strategy, or a draft of the final strategy; it is a 'starter for ten'.

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## How we got here

### ***Building on momentum***

Last year, business and local government leaders agreed to prepare a new economic strategy for Kent and Medway, updating *Unlocking Kent's Potential*, the previous strategy prepared in 2008/09.

Working together, we have achieved much over the past five years. But the wider policy and economic landscape has changed radically. After financial crisis and deep recession, we are now seeing a slow return to growth: we should remain cautious, but unemployment in Kent and Medway has fallen for six consecutive months and businesses are reporting an upturn in trading conditions.

So this is the time to ensure that Kent and Medway is best placed to take advantage of emerging recovery – building on achievements and investment to date and clearly setting out our priorities.

### ***Building investment***

We also have a new opportunity to influence public sector investment in infrastructure, skills and support for business. Following **Lord Heseltine's Review of Growth**, the Government has asked each Local Enterprise Partnership to prepare a 'strategic economic plan', setting out its growth priorities and how it will seek to invest devolved funding from the UK Government's Single Local Growth Fund and the next round of European Structural and Investment Funds.

Potentially, this could mean around **£80-90 million per year for Kent and Medway**: while not all of this is 'new money', it nonetheless represents an opportunity to direct resources where they will best help to unlock growth – although devolved freedoms might be even more important.

However, we are in a competitive world. So the investment that we are able to secure from future UK and European funds will depend on the **robustness of our business case** and the clarity of our priorities.

## Delivering growth – together: The past five years

Since *Unlocking Kent's Potential* was published in 2009, we have...

- Built a much stronger relationship between the public sector and **Kent business**, through the previous Kent Economic Board and Business Advisory Board linked with local and district forums;
- Secured Government commitment to some of our most pressing **strategic transport** needs. This would include a Lower Thames Crossing, the dualling of the A21 and faster connections on High Speed One;
- Delivered transformational cultural and tourism investment in **coastal Kent**, for example through the highly successful Turner Contemporary at Margate
- Attracted £40 million investment to bring **superfast broadband** to rural Kent – ahead of most other counties;
- Secured over £65 million investment from the **Regional Growth Fund** in East, North and West Kent – helping to create over 8,000 new jobs through direct finance to businesses with the appetite for growth;
- Delivered quality locally responsive **business support** services, supporting start-ups, high growth and low carbon businesses and promoting key sectors and trade opportunities;
- Helped xxx people into **employment** through initiatives such as the Kent Employment Programme and Apprenticeship Programme and Employ Medway
- Worked together as county, district and unitary authorities to plan for community infrastructure and **unlock major developments** – including sharing risk to bring forward a national priority for growth at Eastern Quarry;
- Delivered jobs and homes in key investment locations – continuing to develop **Kings Hill** as a flagship location to live and work in the west of the county;
- Developed new solutions to bring forward housing – such as the **Kier Kent** initiative, securing institutional investment in mixed tenure housing on public land
- Taken decisive action together with Government to establish a new future for **Discovery Park** following Pfizer's decision to exit – securing Enterprise Zone designation, new investment and over 1,300 jobs on site.
- Unlocked **better housing** through innovative solutions in using public sector land, providing finance for retrofit (including through the Energy Companies Obligation) and the re-use of empty homes
- Effectively **promoted Kent** through Locate in Kent, Visit Kent and Produced in Kent and supplementing it with major campaigns such as Kent Contemporary and Grow for It!

Despite difficult economic times and a constrained public spending climate, we have a positive record of achievement. With local government and business working more closely than ever before, we have built a strong momentum with which to move forward.

### ***A new approach for Kent and Medway***

In Kent and Medway, we are preparing a strategic economic plan jointly with Essex and East Sussex through the **South East Local Enterprise Partnership** – England’s largest strategic LEP, established to reflect the scale and importance of the opportunities, challenges and infrastructure requirements that we share with our neighbours.

Kent and Medway is at the heart of the South East LEP. As part of the LEP, we need a strong voice through a growth alliance of government and business leaders to attract new investment, plan for the future and take action to remove the barriers to growth. So we have established a new **Kent and Medway Economic Partnership** with a business majority and with fully devolved powers and funding from the South East LEP.

It is proposed that the new Kent and Medway Economic Partnership will consist of 21 members, made up of:

Business:	11 members (including Chair)
Kent County Council:	1 member (Leader)
Medway Council:	1 member (Leader)
Kent Districts:	6 members (Leaders)
Higher education:	1 member (Vice-Chancellor)
Further education:	1 member (Principal)

Plus non-voting participants from key partner bodies (such as the Homes and Communities Agency). Draft terms of reference will be discussed at the first meeting of the new Partnership.

### **Future investment: What’s on the table?**

There are two main sources of government investment that will be available to support economic growth in the next few years: the Single Local Growth Fund and European Structural and Investment Funds.

The **Single Local Growth Fund** is worth just over £2 billion nationally in 2015/16 (with potentially similar amounts in future years). The majority of this funding is from Department for Transport, with additional funds provided for skills – and it also includes part of the **New Homes Bonus** receipts currently retained by local authorities and which we must secure.

This could mean roughly **£70-80 million** for Kent and Medway per year, if strong proposals and a robust overall strategic case is made – although it should be noted that the scale of transport allocations so far has been limited and public finances remain constrained.

The **European Structural and Investment Funds** offer support for skills development and access to the labour market, and funding to support business growth projects, including direct access to finance.

There is about £165 million in European funding across the South East LEP between 2014 and 2020 – which equates to about **£9-10 million** per year for Kent and Medway.

The allocation of these sources of investment is closely associated with the development of the strategic economic plan required by Government. But while significant, they are limited compared with the scale of total private and public investment in overall economic growth – and with the scale of our ambitions and our funding requirements. So alongside prioritising SLGF and European funding, we will need to demonstrate how it unlocks and adds value to other investment.

## Where we're going

### ***The Strategy: What we're aiming to do***

*Unlocking the Potential* has **three key goals**:

Firstly, it must set out our **ambition and our strategic priorities for the next 5/10/15 years** – looking at the challenges and opportunities that the county faces and identifying medium and long term solutions to break down barriers to growth, including (where appropriate) specific freedoms from regulation that we will need to negotiate with central Government.

Secondly, in the context of these strategic priorities, it must set out our **overall investment requirements**, linking what we must do to unlock growth with what we need from the Single Local Growth Fund and European funding and the investment that we are already securing for the local economy as businesses, councils, universities and colleges.

Thirdly, it must set out **what success will look like** and how we will measure the success of our overall strategy and the specific interventions associated with it.

By linking our big ambitions for the future of Kent and Medway with our specific investment priorities, we aim to develop a robust strategy for the county and a credible pitch for maximum Government investment – recognising that national policy will change over time, economic shocks will inevitably occur, and we need to remain flexible.

### ***What we've done so far...***

So far, we have...

- Prepared a draft **Kent and Medway Economic Review**, summarising the state of the county's economy and its prospects for the future - comments and input would be welcome
- Discussed **broad principles** for *Unlocking the Potential* with Business Advisory Board, Kent Council Leaders, the sub-county partnerships in North, East and West Kent and with a range of local business forums
- Identified key locational **priorities for growth** at sub-county level
- Established the new **Kent and Medway Economic Partnership**, bringing business and local government leaders together in a stronger partnership for growth
- With partners in the South East LEP, developed a draft strategy for **future European funding** and worked on the principles of the South East Strategic Economic Plan.

### ***What we need to do next***

We now need to put more detail into the content of *Unlocking the Potential*, so that it reflects Kent and Medway's shared strategic priorities and makes the best possible case for our big investment asks.

But we don't have much time. Government wants to see a draft of the South East strategic plan by 19 December, and it is important that we feed into that. So although we can refine and develop *Unlocking the Potential* over the next few months, we need to have a clear idea of our broad shared priorities – and our investment asks – in the next few weeks.

## A ‘starter for ten’

### ***A starting point for discussion***

To start to put some flesh on the bones of our priorities and investment asks, this document provides a ‘starter for ten’ for discussion by the new Kent and Medway Economic Partnership.

It is not intended to be a draft strategy. But it is intended to set out some broad priorities, potential solutions and issues for debate which business and government leaders can discuss, challenge, pull apart and add to.

**If we have a strategy that we can all buy into, then we have a strategy that we can all sell – to the LEP, to Government and to business.**

So – within the broad headings within this document, what is missing? What needs to be changed? What is unrealistic – or not ambitious enough? What should we be asking of Government?

### ***A bigger conversation with business – and with elected Leaders***

The new Kent and Medway Economic Partnership will have the key role in considering and approving *Unlocking the Potential*. But it is essential that there is wider input into its development. The next meeting of Kent Council Leaders on 20 November will therefore take place in joint session with Business Advisory Board members.

In addition, it is also proposed that we hold a series of focused workshops with key business sectors, over the coming month, including:

- Life sciences
- Manufacturing

- Creative and media
- Green technology
- Land based
- Tourism and cultural
- Development and construction
- Health and social care

In addition, we will shortly launch a wider business survey, capturing the views of the broader business community, alongside discussions with business in forums at county, sub-county and local level.

### ***Outline structure***

Earlier this year, Kent Council Leaders and Business Advisory Board agreed that *Unlocking the Potential* should be focused around the three interlinked themes of Unlocking Infrastructure, Unlocking Business Growth and Unlocking Skills.

Building on progress to date, the remainder of this document focuses on:

- How do we bring forward our **places for growth** - through infrastructure investment and measures to unblock housing and commercial development?
- How do we drive the potential of **business** – through access to finance, support for growth and a refreshed sector focus?
- How do we unlock the potential of **people** in Kent and Medway - strengthening skills, supporting access to employment and reducing dependency?
- How do we promote renewal throughout Kent and Medway – especially addressing the challenges of our **coastal** communities

# BIG OPPORTUNITIES - AND BIG CHALLENGES

We have a growing population, growing business stock and improved infrastructure. But the world is competitive and we still face barriers to business growth. The Kent and Medway Economic Review sets out the opportunities and challenges we need to address to unlock growth.

Opportunities and strengths	Challenges
<b>Population</b>	
<ul style="list-style-type: none"> <li>Population growth – including a rising working age population</li> </ul>	<ul style="list-style-type: none"> <li>Rising dependency ratio (fewer workers as a proportion of a growing population base)</li> <li>Delivering housing and services to meet rising and changing demand</li> </ul>
<b>Strategic infrastructure</b>	
<ul style="list-style-type: none"> <li>Internationally-important road, rail and port infrastructure</li> <li>Major investment in high speed rail – opening up opportunities in North and East Kent</li> <li>Commitment to Third Thames Crossing and improved A21</li> <li>Under-exploited assets (e.g. Manston and Lydd airports)</li> <li>Easy access to markets in London, the rest of the UK and Europe</li> </ul>	<ul style="list-style-type: none"> <li>Massive constraints at Dartford Crossing and bottlenecks on strategic and local road network</li> <li>Slow – and in some cases deteriorating – services on ‘classic’ rail routes</li> <li>Extensive inter-urban road traffic</li> <li>Limited rural digital connectivity – although being addressed through major investment</li> </ul>

Opportunities and strengths	Challenges
<b>Growth locations</b>	
<ul style="list-style-type: none"> <li>Major growth locations of national importance, especially in Ashford and the Thames Gateway</li> <li>Return to housing market growth following Government stimulus schemes (e.g. Help to Buy)</li> <li>Significant critical infrastructure in place</li> <li>Cost of land relative to location near London and near Europe</li> </ul>	<ul style="list-style-type: none"> <li>Viability gaps on key developments</li> <li>Major gaps in funding to provide transport and other infrastructure to bring key sites forward – especially in East and North Kent</li> <li>Slow delivery in some cases as developers risk-averse</li> <li>Therefore lower housing delivery than required to meet demand</li> </ul>
<b>Business growth</b>	
<ul style="list-style-type: none"> <li>National return to growth</li> <li>Relatively high resident earnings – reflecting strength of commuter market</li> <li>Growing and diverse business stock</li> <li>Strong presence in key sectors</li> </ul>	<ul style="list-style-type: none"> <li>Continued reluctance of banks to lend, despite emerging economic recovery</li> <li>Persistent lag in GVA between Kent &amp; Medway and the rest of the UK</li> <li>Relatively low workplace</li> </ul>

Opportunities and strengths	Challenges
with growth potential Very strong recent growth in knowledge economy employ	wages– although this suggests a price advantage and an opportunity
<b>Employment and skills</b>	
<ul style="list-style-type: none"> <li>• Resilience in recession, with unemployment lower than in previous downturns, and currently falling</li> <li>• Changing employment demand – creating new opportunities in higher-value activities</li> <li>• High overall economic activity rates</li> <li>• Improving qualifications for new entrants to labour market</li> <li>• Significant HE presence, with four universities in Kent</li> </ul>	<ul style="list-style-type: none"> <li>• Persistently higher unemployment, especially in coastal Kent</li> <li>• Significant vocational skills gaps and opportunities, impacting on sectors with growth potential</li> <li>• Workforce qualification rates lag behind national average</li> <li>• Links between business and universities and further education variable</li> <li>• Negative impacts of competition between providers</li> </ul>
<b>Resilience</b>	
<ul style="list-style-type: none"> <li>• Overall industrial base comparatively resilient to impact of rising energy costs</li> </ul>	<ul style="list-style-type: none"> <li>• Some key sectors (land-based, manufacturing) vulnerable to rising natural resource and energy prices</li> <li>• Local concentrations of worklessness and deprivation exacerbated by welfare reform</li> </ul>

## In summary...

The good news is that **Kent and Medway has positive long-term prospects for growth**. We are adjacent to Europe’s richest and biggest metropolitan area, with easy access to markets and job opportunities. Our transport infrastructure has improved over the past few years and we have Government commitment to vital strategic links. The county’s economy has been relatively resilient in recession, and we have growing strengths in a number of key sectors.

Despite these positive prospects, **our growth potential is constrained** by three key factors. Firstly, the gap between the costs of the **infrastructure** needed to open up new growth opportunities and the receipts that these developments will yield is wide, and getting wider – impairing our ability to deliver the growth that the county and the UK need.

Secondly, in common with much of the UK, persistent **skills** challenges limit our ability to respond to changing employer demand – especially as the delivery of alternative approaches to vocational skills comes under pressure from changing Government policy.

Thirdly, concentrated worklessness compounded by local market failures means that we **waste resources** in mitigating deprivation, instead of promoting local growth.

**So how do we overcome our constraints to unlock our potential?**



## BIG QUESTIONS: HOW DO WE UNLOCK THE POTENTIAL?

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With the prosperity of London on our doorstep – and made closer by High Speed One – how do we attract the value, wealth and dynamism out to Kent and Medway?

- How do we unlock our **key locations** for housing and commercial growth (such as Ashford and the Thames Gateway), where they remain difficult to bring forward despite a return to growth – and how do we make the most of major growth opportunities in coastal Kent?
- We have key **sector strengths** and growth opportunities – so how do we build momentum, accelerate progress and understand what business is telling us?
- How do we address persistent **skills** challenges and build on good practice to develop a new approach for Kent and Medway?

*and...*

- How do we develop a more comprehensive, integrated approach to **coastal renewal** – preventing progress being undermined by benefit reform?
  - How do we best **promote** Kent and Medway as a place to live, work and invest?
  - What should our approach be to future **energy and resource constraints** – and are there opportunities for Kent and Medway?
-

## PLACES FOR GROWTH

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Kent and Medway is growing rapidly. By 2031, the county will have an additional 218,000 residents – equivalent to a new city the size of Southampton. But if we are going to accommodate this anticipated level of growth, we will need to ensure that we bridge the infrastructure funding gap – and find new solutions to unlock delivery.

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### The potential...

Kent and Medway has grown significantly over the past 30 years. Since 1981, the population has risen by 16%, but as lifestyles have changed and household sizes have become smaller, our housing stock has risen by around a third over the same period.

Over the past decade, much of this growth has been in the county's **growth areas**, especially in the Thames Gateway and at Ashford, linked with the availability of brownfield land and greatly improved transport infrastructure – and with the delivery of additional employment land.

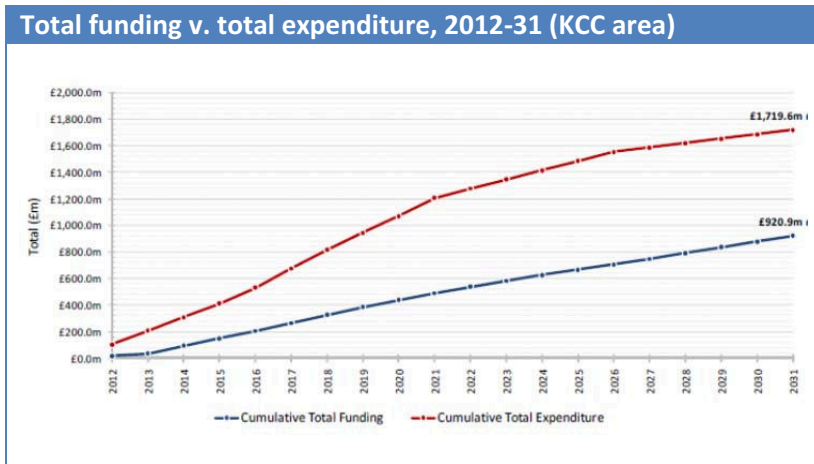
Planned growth means the delivery of about 6,900 units each year to 2031. This is somewhat higher than the ten-year historic trend – but there is significant capacity for growth, with planning permission granted – but development yet to start – for around 35,000 dwellings across the county.

### The challenge...

We have plans for growth. But delivery is slow – in 2012/13, we only built half as many homes as in 2007/08.

The housing market has shown signs of a return to growth as the Government's Help to Buy scheme increases access to mortgages and drives up demand. But **development on many key sites is stalled**: recent work in the Thames Gateway found that almost half of all sites (delivering 43% of jobs and 46% of homes) were either delivering more slowly than forecast or not at all. With high latent demand and developers reluctant to commit, there is a risk that rising access to credit will translate into higher prices for constrained supply, rather than additional delivery.

We also know that receipts from the **Community Infrastructure Levy**, S106 contributions and the other 'levers for growth' introduced by Government in recent years are likely to fall far short of delivering the infrastructure required to bring sites forward.



This wide gap between CIL and other receipts and infrastructure costs is especially great in parts of North and East Kent, partly reflecting relative values, and partly reflecting the high infrastructure costs associated with developing many of the county's key brownfield sites.

**So, we have capacity for growth and demand is being restored – but high costs, low receipts and developer unwillingness to bring units forward in volume mean that we are not currently meeting demand.**

However, there is no alternative to development in the Thames Gateway and in key growth locations such as Ashford if the country is to deliver the additional housing that London and the wider South East need in order to meet their potential and contribute to national growth. The scale of the gap means that we can't deliver growth on our own - so we need a new deal with Government to address our key challenges.

## Solutions...

As part of our Growth Deal with Government, potential solutions include:

1. Linking investment from the **Single Local Growth Fund** (albeit limited) to projects that will directly unlock infrastructure to bring forward key sites
2. Developing new approaches to **infrastructure financing** on a recyclable or gap funded basis
3. Selective **devolution** of delivery for priority transport infrastructure schemes, where these are critical for growth
4. Developing new solutions to the use of **public sector land** to help bring forward development
5. Creating new solutions to **housing growth** - bringing a greater diversity of tenure choice, attracting new sources of investment and ensuring that our existing stock is fit for purpose

### 1. *Directing SLGF investment to unlock critical infrastructure*

Investment in Kent and Medway's **nationally-significant infrastructure** is critical for the county's growth. So the Government's decision to proceed with a third Thames Crossing is very welcome – **and it is vital that we have an early decision on the preferred route for the Crossing** so that work can begin to secure private sector finance and plan for delivery.

Apart from the investment that we require in national schemes, we anticipate that Kent and Medway could receive **£70-80 million from the Single Local Growth Fund in 2015/16** (based on a rough pro-rata calculation), with the prospect of similar amounts in future years. Of this,

£35-50 million is likely to be allocated from the Department for Transport through three main funding streams. However, the SLGF is in principle unringfenced, so we could choose to allocate a higher amount of it to transport schemes, if they unlock housing and employment growth.

However we choose to allocate it, we need to compete for this funding with the rest of the country and the key to success will be the extent that we can clearly demonstrate that our priorities unlock housing and jobs. In Kent and Medway, transport schemes present the largest single infrastructure cost barrier to bringing major development sites forward – for example, Junction 10a on the M20 at Ashford will cost around £36 million to deliver, but is critical in enabling around 10,000 new homes to come forward. So we have a strong – and vital - case to make.

The Government has requested a six-year schedule of priority transport infrastructure investments linked with the delivery of new jobs and homes, against which SLGF monies will be allocated. Work is currently underway to define the schedule and to prepare business cases for those schemes that are able to come forward at an early stage, so that this can be reflected in both *Unlocking the Potential* and the South East LEP's Strategic Economic Plan.

At this stage, the emerging priority schedule identifies schemes to the value of £439 million over six years, with an anticipated requirement in SLGF funding of £265 million (and the balance made up of CIL receipts and other contributions).

**This means a transport programme funded through SLGF worth around £44 million per year** – just under 70% of the total amount of SLGF funding that Kent and Medway might expect to secure in a median scenario.

A summary of our transport investment priorities for SLGF and other funding is set out overleaf. Based on the work of the sub-county partnerships and Local Planning Authorities' Infrastructure Delivery Plans, further work is underway to specifically link the contribution of each scheme to unlocking housing and jobs growth and to set out the wider public and private sector contribution to bringing each scheme forward so that in *Unlocking the Potential* and our business case to Government we can demonstrate how our transport priorities deliver growth and lever additional investment. But of course, this does not include the major national schemes that are also critical for the county's growth.

#### Solutions: Transport infrastructure to unlock growth

##### **Solution 1: A SLGF transport allocation to deliver our growth aspirations**

Kent and Medway's growth aspirations are of national significance. But some of our most important sites are held up by major transport constraints – which are also already impacting on the wider economy. So we need a SLGF allocation of around £44 million per year over the next six years, matching our transport investment needs *and* the growth that this will unlock.

**We will** set out our requirements linked with economic outcomes, total scheme delivery costs and other contributions ahead of the submission of the Strategic Economic Plan.

**We ask Government to** provide us with the investment package that delivers our planned growth aspirations.

DRAFT Priority transport schemes and indicative SLGF allocations <sup>1</sup>			
Scheme	Total cost	SLGF	Delivery by
<b>North Kent</b>			
A2 Bean Junction			
A2 Ebbsfleet Junction			
A226 London Rd	£8.7 million	£4.2 million	2018/19
Dartford town centre	£4.5 million	£1 million	2017/18
Northfleet station and link	£12 million	£7 million	2018/19
A226 Thames Way dualling	£8.9 million	£4.9 million	2020/21
A289 Four Elms	£16.3 million	£11.1 million	2016/17
A228 Grain Crossing	£15 million	£15 million	2019/20
Chatham town centre	£4.9 million	£2 million	2015/16
Chatham station public realm			
Strood town centre	£10 million	£9 million	2017/18
LSTF Medway City Estate	£2 million	£2 million	2017/18
M2 J3 capacity improvements			
A2 Corridor improvements	£2 million	£2 million	2015/16
Medway Tunnel maintenance	£5 million	£5 million	2016/17
LSTF Medway cycling plan	£3 million	£2.5 million	2016/17
Sittingbourne town centre	£4.5 million	£1 million	2017/18
Sittingbourne Northern Relief Rd	£28.6 million	£23.1 million	2020/21
A249 Grovehurst junction	£8.5 million	£1.7 million	2019/20
M2 Junction 5A Kent Science Pk			
M2 Junction 5 improvements			
A249 Stockbury – Maidstone			
M2 J7 Brenley Corner			
<b>East Kent</b>			
M20 Junction 10A	£35.9 million	£19.7 million	2017/18
A28 Chart Road	£19.5 million	£10.2million	2018/19
Ashford public transport	£10 million	£10 million	2018/19
Ashford International stn/ access			
Ashford spurs signalling			
Sturry Link Road	£28.6 million	£5.9 million	2019/20

<sup>1</sup> Note that this schedule is indicative, and not all schemes listed have been fully approved.

A28 Sturry Rd integrated transpor	£0.5 million	£0.25 million	2015/16
A2/A28 off-slip/ link, Wincheap	£12 million	£2 million	2018/19
A2 dualling Lydden - Dover			
Dover bus rapid transit	£5.6 million	£3.1 million	2018/19
A256 Duke of York, Whitfield	£5.5 million	£5 million	2019/20
Newingreen Junction	£0.7 million	£0.4 million	2016/17
Folkestone Harbour maintenance	£0.5 million	£0.5 million	2015/16
Margate junction improvements	£10 million	£6.5 million	2019/20
Westwood Relief Strategy	£9.2 million	£5.3 million	2017/18
Thanet Parkway	£12 million	£7 million	2016/17
Ashford-Ramsgate rail imp's			
<b>Maidstone</b>			
M20 Junction 7 P&R	£9.5 million	£7.6 million	2015/16
Maidstone Gyrotory Bypass	£5.7 million	£4.56 million	2015/16
Linton Crossroads P&R	£6.3 million	£1.3 million	2015/16
<b>West Kent</b>			
M25/M26 connectivity			
M20 J4 Eastern overbridge	£4.4 million	£2.2 million	2015/16
Direct rail to City			
North Farm Relief Strategy	£10.5 million	£8.5 million	2020/21
Tunbridge Wells P&R	£10 million	£8.5 million	2017/18
A26 London Rd/ Speldhurst Rd jct	£2 million	£1.75 million	2015/16
A21 dualling Tonbridge -Pembury			
<b>County-wide strategic</b>			
Third Thames Crossing			
Op Stack/ Overnight lorry park	£18 million	£10 million	2017/18
Op Stack/Additional lorry park	£18 million	£15 million	2020/21
<b>Other</b>			
Door to door LSTF	£12 million	£10 million	2019/20
Congestion management	£12 million	£12 million	2020/21
Growth delivery interventions	£40.5 million	£10.5 million	2020/21
Medway Integrated Trans Block	£6 million	£6 million	2020/21
<b>Total</b>	<b>£438.5 million</b>	<b>£265.3 million</b>	

	HA/ Network Rail schemes
	Already funded via LTB

## Delivering Growth without Gridlock

In 2010, we published *Growth without Gridlock*, our delivery plan for Kent's strategic transport needs. This focused on the road, rail, air and sea infrastructure that we require to support the growth of the UK and local economies, and set out a high-level funding plan concentrating on the potential for private sector investment.

Alongside the development of *Unlocking the Potential* and our priorities for transport investment over the next seven years, we are refreshing *Growth without Gridlock*, and a new draft will be prepared shortly for consideration by the Kent and Medway Economic Partnership. This will directly inform and be informed by *Unlocking the Potential* – ensuring that our economic strategy and our transport priorities work together for growth.

### 2. *Developing new approaches to infrastructure financing*

In addition to direct transport investment, there may be a case for creating additional sources of finance to bridge the funding gap in paying for flood defence, remediation and other infrastructure works.

We have explored a number of solutions to infrastructure financing. The established East Kent Spatial Development Company is already delivering a pipeline of projects; while in 2010, we investigated the potential of a larger scale Kent and Medway Investment Fund.

Is there a rationale for a larger-scale public sector land development fund? We need to do further work to establish this, and in particular to

understand the nature of the market failure that any new solution might seek to overcome.

However, options which might be explored further include:

- **Fully recyclable development funds**, along the lines previously proposed for Kent and Medway Investment Fund (and as operated by EKSDC). Such a fund could seek to invest in mixed-use and commercial development schemes on an equal basis with the private sector, with the returns reinvested in the Fund. Potentially, a development fund could be supported by the European Regional Development Fund, although European-backed land funds can be complex to establish and generally preclude residential development.
- **Gap funding and semi-recyclable solutions:** A fully recyclable fund may help to bring forward some schemes that are commercially viable and near to market. But in some cases, there may be a need for upfront gap funding on a grant or partially-recoverable basis to support high infrastructure costs.

At the same time, we can expect to receive around £15.2 million from **New Homes Bonus** receipts as part of Kent and Medway's overall Single Local Growth Fund settlement. This funding is directly linked to housing delivery and has previously been held by local authorities.

We believe that we must retain the delivery incentive embedded within the original New Homes Bonus model, and ensure that funds raised as a result of housing delivery in Kent and Medway are used to generate further growth in the county.

Depending on a full business case and market assessment, we could create a **Kent and Medway Housing Growth Fund**, using the county's share of pooled NHB receipts to fund projects (on a grant or loan basis as determined) that will bring forward additional housing – maintaining the housing growth incentive and increasing the size of the Fund over time in line with delivery. Potentially, this Fund could also absorb unspent Growing Places Fund balances, placing them under local accountability.

- **Demand incentives:** Help to Buy has provided a major stimulus to the housing market – and developers are reporting that it is working. But delivery on many of our major sites remains slow, and if we are going to achieve our objective of capturing more of London's prosperity, we may need more targeted, localised incentives.

One option could include helping to **reduce the prohibitive cost of commuter rail fares**. While High Speed One has slashed journey times to London, ticket prices remain some of the highest in Europe – so while the journey between Ebbsfleet and St Pancras is equivalent to a Tube ride from Zone 3, a peak ticket costs as much as an off-peak ticket to [Birmingham].

Working with Southeastern and the development industry, we could examine a number of new solutions to reduce Kent's rail price penalty – including temporary subsidies for occupiers in new developments, learning from the budget airline industry to develop lower cost ticketing options and establishing how raising overall demand could help to increase service frequency on key routes.

- **Access to finance for smaller developers:** We often focus on our major sites. But over the next five years, an estimated xxxx new homes will be delivered on sites of less than 50 units, often with fewer infrastructure constraints and by smaller developers with strong local supply chains.

However, access to finance for smaller developers is constrained for both commercial and residential development, as banks remain risk-averse despite the current return to growth. Building on the experience that partners in Kent and Medway have in managing a range of other business finance solutions (including Expansion East Kent, TIGER and No Use Empty), we could investigate the potential for a credit facility for smaller developers.

#### Solutions: Infrastructure finance

Work that we have done in the Thames Gateway and across Kent and Medway suggest that there may be a need for public sector intervention in development finance, levering in additional private sector investment.

We will investigate the market gap and the rationale for public sector intervention against a range of finance and governance options, based on the clear goals of housing delivery and job creation, focused on:

**Solution 2:** The potential for a recyclable investment fund to help bring forward near-to-market sites

**Solution 3:** Targeted gap funding and softer public sector financing packages to overcome key infrastructure constraints

**Solution 4:** Increasing demand by reducing the Kent rail price penalty

**Solution 5:** Supporting access to credit for smaller, local developers

### 3. A more pragmatic relationship with regulatory bodies

Many of Kent and Medway's key growth sites are in complex locations – subject to flood risk, environmental limits and constrained existing infrastructure. So national regulatory bodies and utilities providers have a central role in working with private developers and local authorities to strike a balance between preserving environmental and infrastructural resilience and delivering the economic growth that society needs.

In Kent and Medway, we have examples of excellent co-operation between regulatory agencies, developers and local authorities. At Sandwich, a positive and pragmatic response by the Environment Agency to the need for vital flood defences helped to safeguard the future of Discovery Park and secure Enterprise Zone designation.

But this positive approach is not always shared by other agencies. In particular, it is especially important that we develop a better relationship with bodies such as Natural England, so that they understand and engage with the local growth agenda.

#### Solutions: Better regulation

##### **Solution 6: Working with regulatory agencies**

Building on our positive relationship with the Environment Agency and the HCA, we will invite other regulatory bodies to the Kent and Medway Economic Partnership so that we can develop more creative solutions to meeting differing objectives.

But where the actions of Government agencies impede the delivery of nationally-important growth locations, we expect Government to take a firmer pro-growth stance.

### 4. Devolution for smarter delivery

Much of Kent and Medway's transport infrastructure is critically important to the UK economy, and it is right that it is nationally managed.

However, in some cases, Highways Agency processes and contingency standards mean that delivery of relatively simple trunk road improvement schemes cost far more than they would if they were delivered by the local authority. For example, Kent County Council estimates that the cost of the dualling of the A21 between Tonbridge and Pembury could be reduced by around xx% (from £70 million to £xx million) were it to be locally delivered. However, the Government has historically been unwilling to concede devolution, perhaps because of concerns over the liability for cost overruns or future maintenance costs.

Where relatively straightforward schemes can be delivered more quickly and cost-effectively and where they will unlock additional economic opportunity, we could seek a more pragmatic deal with Government.

#### Solutions: Smarter strategic transport delivery

##### **Solution 7: Selective devolution of strategic transport schemes**

Based on the local highways authority's track record in delivering major schemes on time and within budget, we will seek to agree a **Selective Devolution Protocol** with the Department for Transport which will allow us to undertake the delivery of specific schemes where there are cost, time and economic advantages in doing so, with risks shared between central and local government.



## 5. Smarter use of public sector land

Combined, central and local Government hold extensive stocks of land across Kent and Medway, which are no longer required for operational public service purposes. These could be part of a part of the solution to bring forward development land – but at present, represent a missed opportunity.

- **Securing the value of the HCA economic asset portfolio:** At present, the HCA has ownership of around xxx hectares of land, including major Thames Gateway sites such as Northfleet Embankment, Chatham Maritime and Queenborough and Rushenden. Largely inherited from SEEDA’s portfolio of regeneration sites, these have the combined potential to deliver up to xxx homes and create around xxx new jobs.

While some sites are unlikely to be brought forward in the short-to-medium term, it is estimated that the eventual disposal of the HCA’s economic assets will yield a receipt of around £xxx million by 2020. This could be recycled within Kent and Medway, or used to match European funds invested in a development fund (see **Solution 2**), should the Kent and Medway Economic Partnership decide to establish one. However, at present, all receipts default to central Government – so although we have an excellent working relationship with the HCA in managing the portfolio, we have no guarantee of an eventual return to the local economy.

## Solutions: Smarter use of public sector land

### Solution 8: Securing HCA economic assets

As part of a coordinated approach to bringing forward key development sites, including the creation of public sector-supported funding solutions, we will examine the viability of securing local control of receipts from the HCA’s economic assets – and potentially other Government assets - in Kent and Medway (either at Kent and Medway strategic level or at local authority level as economically appropriate), ensuring that land receipts can be recycled locally.

- **Better coordination of public sector assets:** With the HCA now also operating as the Government’s land agent, our positive relationship could help Kent and Medway to develop a broader strategy for the exploitation of public sector land assets.

In times of significant public spending restraint, the default for many public sector agencies in both central and local government is to focus on the short-term financial gains from asset disposals. But short-term financial gain may be at the cost of longer-term economic value – so by pursuing short-term interests, we miss the bigger prize.

Recognising this, the Government has agreed to collaborate with local partners in a number of metropolitan city regions to develop a comprehensive register of public sector assets, so that these can be considered in relation to local economic ambitions and possible marriage opportunities and private sector investment can be explored.

As part of a coordinated effort to make the most of our locally held assets alongside those of central Government, we could take a similar approach in Kent and Medway, linked with potential new funding solutions.

#### Solutions: Smarter use of public sector land

##### **Solution 9: Public sector land register**

We will seek Government agreement to cross-departmental cooperation in the preparation of a comprehensive public sector register of non-operational assets. Not restricted to those sites formally deemed to be surplus to requirements, this exercise could take a broad view of total land holdings, informing a further analysis by private and public sector experts of the potential to extract maximum long-term economic value for the county.

#### **6. New solutions to housing growth**

House prices relative to average earnings remained high throughout the economic downturn, exacerbated by constraints on access to mortgage credit. Government stimulus measures – pioneered in Kent and Medway through the Local Authority Mortgage Scheme – have increased demand, but the prices to earnings ratio is set to worsen. So we need new solutions to help households on average incomes to access housing with greater choice in tenure options.

Building on the approach set out in the Kent and Medway Housing Strategy and linked with our proposed commitments above to make better use of public sector land, Kent County Council, in partnership with Kier, launched the **Kier Kent Initiative** earlier this year. This deal packages together KCC-owned sites in Sevenoaks, Canterbury and Swale and brings

in institutional investment to build new homes for affordable, intermediate and private rent and open market sale, enabling new affordable homes to be delivered without Government grant.

We know that there are a growing number of institutions seeking investment opportunities in housing, and there is the potential to expand mixed tenure schemes on public sector land and to raise interest in the potential of institutional investment in the private rented sector.

Linked with this, a number of local authorities in Kent and Medway also have the appetite to invest in the expansion of their own housing stock (potentially enabling additional private sector development alongside it), but are currently prevented from doing so by the cap on the maximum amount of housing debt that can be held by the authority (the **Housing Revenue Account debt cap**). Lifting the HRA debt cap would be a relatively straightforward measure that Government could take, matched by a local commitment to develop.

#### Solutions: New approaches to housing growth

##### **Solution 10: A new market for institutional investment**

As part of a new approach to maximising the economic value of public sector land, we will seek to extend opportunities for private institutional investment in new models for housing development, creating a new mix between private rent, affordable housing and market ownership to respond to the challenges of the housing market and increased demand for choice and flexibility.

**Solution 11:** Linked with a clear local appetite to expand housing development, we will seek Government action to lift the HRA debt cap and will work to quantify how this extra flexibility will translate into new housing delivery.

In addition, we retain a positive relationship with the **Homes and Communities Agency**, and through effective planning and coordination by Kent and Medway’s local authorities and housing associations, we have secured substantial HCA investment.

We could seek to build on this by establishing a more formal Kent and Medway-HCA relationship, giving the county’s businesses and local authorities a stronger role in setting HCA investment priorities.

#### Solutions: Building on our relationship with the HCA

##### **Solution 12: A new commissioning role**

Together with the HCA, we will consider how a new role for the Kent and Medway Economic Partnership in setting broad housing and infrastructure priorities could help the HCA in delivering its objectives – while maximising investment in Kent and Medway and directing it to places where it can best support growth.

#### **7. Making sure our existing housing stock is fit for purpose**

Delivering new homes is vital for growth – but most of the housing stock that we will be using in 50 years’ time already exists, and much of it is vulnerable to pressure from rising energy costs. Over half the homes in Kent are insufficiently insulated, and over 13% of the county’s residents live in fuel poverty. However, addressing the problem yields both a social and an economic gain: if all of the homes in Kent and Medway requiring better energy efficiency were to be retrofitted, it could help generate up to 7,000 jobs.

Obligations on energy companies to pay for carbon emissions by funding energy efficiency measures could provide a source of funding for retrofit,

and the Kent and Medway Green Deal Partnership is launching a series of pilot projects funded through the **Energy Companies Obligation (ECO)**, bringing around £xx million into Kent and Medway.

Through the management of the ECO pilots and previous retrofit initiatives and through the delivery of the successful **No Use Empty** programme, which brings empty residential properties back into use, we have demonstrated that we can successfully deliver complex funding programmes for existing homes – with district, unitary and county councils working together.

We could lever this experience further by seeking devolution of the administration of the Government’s **Green Deal** programme, which is currently poorly marketed and has very weak take-up. While there are some challenges in the model (in particular the long-term repayment obligation attached to the property), there would be real synergy in promoting Green Deal alongside the ECO pilots and our other energy efficiency programmes. Given the importance and growth potential of Kent and Medway’s green technology sector and the work that is currently underway in developing an energy efficiency and low carbon supply chain, there could be great opportunities to develop the local supplier market as well as promote improved resource efficiency.

#### Solutions: Improving the existing housing stock

##### **Solution 13: Devolved Green Deal delivery**

Based on our experience of delivering improvements in the existing housing stock, and linked to the Kent and Medway housing and environment strategies, we will consider how we could deliver better outcomes for the Government’s Green Deal programme if funded delivery were to be devolved to Kent and Medway.

## A fresh approach to coastal renewal

The Kent and Medway coast has great potential. Much has been achieved in recent years, as new investment has helped Turner Contemporary and Folkestone Creative Quarter open up opportunities in the cultural, creative and tourism sectors. Accessibility to most coastal towns has been transformed through High Speed One – with further improvements on the way.

Yet Kent's coastal and estuarial towns continue to face challenges that hold them back from reaching their full potential. Deep social problems in parts of Thanet, Sheppey and elsewhere hamper growth and waste human potential. With recent welfare reforms increasing the flow of vulnerable people to cheaper accommodation on the South East coast, we need to ensure that the progress we have made is not undermined by new problems made in Whitehall.

### **Potential solutions: Coastal Innovation Zones**

We are making massive efforts to attract new investment into coastal Kent, with the Expansion East Kent and TIGER loan schemes and better transport links all helping. But there may be a case for a package of more localised, targeted interventions, focused on reducing concentrations of deprivation and housing market failure:

**Solution 14: Tougher selective licensing:** Thanet's selective licensing regime has helped to remove some of the worst poor quality accommodation in Margate and Cliftonville. But with a maximum fine of £20k and complex enforcement procedures, the sanctions on dilapidated, unfit properties are insufficient. We need far more draconian powers to shut down non-compliant landlords eradicate housing that is totally unacceptable in the 21<sup>st</sup> century.

We will consider the case (including the costs and likely impacts) of requesting that Government **increases the maximum fine and permits the local housing authority to retain fine proceeds** – ramping up the penalty and enabling a ring-fenced fund to be built up from fines collected to reinvest in measures to improve the local housing stock.

**Solution 15: Reducing the flow of vulnerable people:** Benefit-driven migration to deprived parts of coastal Kent neither works in the interests of the existing community nor that of the new arrivals. The weakness of the local employment market is compounded and the 'negative market' in low quality housing – paid for by the taxpayer and suffered by the intended beneficiary – persists. The outcome is partly a market failure, but it is more accurately a policy failure.

So we need to change the policy. We will consider imposing caps on the number of looked after children or total volumes of social housing within designated Coastal Innovation Zones, and with other parts of the South East we will seek dialogue with Government on measures to reduce demand for low-quality, low-cost housing.

## A fresh approach to coastal renewal

We recognise that this could impose costs on 'sending' areas (especially London Boroughs that are already under financial pressure and having to respond to Government policy) and we will seek solutions that deliver a more equitable outcome.

**Solution 16: Investing in market renewal:** We are already investing heavily in housing market renewal through the Live Margate programme, although comprehensive renewal programmes are expensive and have lengthy payback periods. We will consider the potential for expanding existing interventions through the Single Local Growth Fund and, as part of an integrated package, through additional direct investment from the Homes and Communities Agency.

**Solution 17: Promoting positive in-migration and access to employment:** We need to develop measures that help to attract wealth and prosperity to coastal Kent, building on the real advantages that the area has and mitigating some of the disadvantages of distance and travel costs. Along with our proposal set out in Solution 4, we will discuss with Southeastern the viability of measures to reduce the High Speed One price penalty (either as temporary subsidy or through a change in pricing strategy) to make the area's attractiveness more consistent with its quicker journey times.

Improving links between disadvantaged communities and centres of employment is also a challenge, especially in relatively isolated locations, and we will consider the potential for improved community transport and other solutions to get people to work.

**Solution 18: Coordinated local programmes:** In aggregate, public sector spending in some of our most disadvantaged communities is substantial – taking account of social transfers, housing payments, investment in economic growth, additional health and education spending and so on. Major efforts are being made to ensure that all these join up, with the aim of reducing mitigation costs and increasing investment.

But do we need a more concerted and targeted approach? We could consider the case for this, ensuring that if a new strategic approach is warranted, it adds value to work that is already underway, joins existing programmes before creating new ones and makes sure that it does not create an additional bureaucracy.

# BUSINESS FOR GROWTH

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With a strong SME base and growing sector strengths, business in Kent and Medway will be leading the county's return to growth. So we must ensure that we have a positive environment for business expansion – where businesses with the appetite for growth can secure the finance, the land, the people and the ideas to create jobs and prosperity.

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## The potential...

Kent and Medway has an entrepreneurial economy, driven by thousands of small and medium-sized businesses. Of 63,650 businesses across the county, 89% employ fewer than ten people – and of these, most employ fewer than five. Throughout the recession, our business stock grew, with the potential to expand further as the economy returns to growth.

Our business base is also changing. The county's 'knowledge economy' remains relatively small. But it is growing at almost twice the national rate of growth. With economic recovery, a greater presence in higher value activities puts Kent and Medway in a stronger position.

We also have strengths in a number of key growth sectors, including life sciences, green technology, creative and media industries, land-based activity and manufacturing. Benefiting from improving transport links, easy access to large markets and forthcoming improvements in digital connectivity, the overall outlook for growth is positive.

## The challenge...

Aside from the infrastructure and skills challenges set out elsewhere in this document, there are three key challenges for businesses seeking to grow.

Firstly, **access to finance** continues to be a constraint, with bank lending still lower than before the credit crunch, although with some recent signs of improvement. There are also well-evidenced gaps in the availability of equity finance on viable terms, especially for younger businesses with innovative – but therefore risky – propositions. This is a national challenge, but there is some evidence that it is a greater challenge outside the venture capital heartland around London, Oxford and Cambridge – so we need to attract more capital out to Kent.

Secondly, the business environment is becoming **increasingly competitive**. As emerging markets become increasingly sophisticated, the local – and UK – economy will need to become increasingly productive, generating more output with fewer human resource inputs. This will

mean increasing our ability to create new products, processes and services, making it more important that those companies with the ability to grow and create jobs and wealth are able to access the finance and market intelligence that they need.

Thirdly, in an increasingly competitive world, the impact of **regulation** can be significant. Some regulatory costs are driven by unnecessary process and complexity, and can be reversed. But we know that some parts of the county's economy (especially parts of the manufacturing and land-based sectors) will be affected longer term by rising environmental legislation and resource costs which will need to be managed and mitigated if Kent and Medway is to remain competitive.

## Solutions...

Business growth is dynamic – and **most business finance and most innovation will be delivered by the market in open competition**. And the way business works is changing as well: new technology means more diverse ways of working across more markets.

So we need to choose interventions carefully – acting where there is a clear added value. As part of our Growth Deal with Government, potential solutions include:

1. Bridging the gap to business finance
2. Understanding our key business sectors
3. A more integrated approach to innovation and growth
4. Supporting growth through trade and investment
5. Backing new – commercially-driven – solutions

### **1. Bridging the gap to business finance**

The financial crisis destroyed small business lending in Britain. So the Regional Growth Fund is a massively powerful tool to back SMEs with the appetite for growth – and to help unlock private finance.

Kent and Medway currently benefits from a number of RGF-funded **business finance programmes**. Expansion East Kent and TIGER, both funded by the Regional Growth Fund, are fully operational. Escalate in West Kent will launch in early December and a smaller programme to support SMEs in the low carbon sector will launch in early 2014. In Medway, the successful Partners for Growth scheme has made flexible loans available to local small businesses for many years.

Experience so far shows that there is a high demand for loan finance targeted at those businesses with the strongest propositions for growth and job creation, with Expansion East Kent having already committed around £17 million of its £30 million allocation.

With effective systems in place and a focus on job-creation, innovation and private leverage strongly enforced by locally accountable decision-making boards, there is substantial scope to increase our existing programmes, including rolling out access to the schemes to businesses in those parts of the county that do not currently fully benefit.

In addition, we know that there is a gap in equity finance. But large, public-sector backed equity schemes have a mixed record of success – and there is no case for repeating the failures of the unaccountable schemes run by the former Regional Development Agencies.

Instead, there may be more scope in promoting the opportunities in Kent and Medway to potential investors, using local knowledge and potential co-financing on an initially small scale. This approach is currently being tested at Discovery Park as part of the overall goal of developing the life science sector at the Enterprise Zone.

#### Solutions: Enabling access to finance

##### **Solution 19: Building on Expansion East Kent and TIGER**

Based on our experience of our existing Regional Growth Fund programmes, we could seek additional investment to expand the provision of loans to business, linked with clear job creation and leverage targets. The new European Regional Development Fund programme could be a significant source of investment for this.

##### **Solution 20: Pragmatic approaches to equity finance**

Working on the basis of our sector-based strategy, we will explore the potential for public sector funding to match targeted investment by willing and appropriate commercial investors. We will also explore the potential to generate further interest in Kent from equity funds backed by Capital for Enterprise Ltd.

## **2. Developing our key business sectors**

Following the publication of *Unlocking Kent's Potential* in 2009, we committed to building a much better relationship between the public sector and business, and to developing a much better understanding of our key business sectors. We have had considerable success, and the business-local government relationship is better now than at any time in

### **Key sectors for growth**

The Kent and Medway Economic Review identifies the following sectors with prospects for growth:

- **Green technology**, including offshore wind, low carbon retrofit and construction, waste management and recycling and environmental technologies to support carbon reduction, supported by the national designation of the Kent and Medway CORE
- **Life sciences and medical technologies**, building on significant concentrations at Sandwich, Dartford and Kent Science Park (as well as at Medway and Ashford)
- **Creative and media industries**, with very high growth over the past decade, especially in the software and electronic publishing sub-sectors in West Kent
- **Food production**, with opportunities in particular arising from the increasing intensity of horticultural production and Kent's significant agricultural research presence
- **Manufacturing and engineering**, especially in Medway and North Kent, increasingly focused on SMEs, although with a number of larger businesses such as BAE Systems, Delphi and Cummins
- **Construction**, significantly impacted by the recent economic downturn but with strong future prospects associated with housing and commercial growth in the county
- **Higher education**, with concentrations at Canterbury and Medway and a significant role in the local economy
- **Tourism**, building on recent investment in cultural infrastructure and improved connectivity



the past. But there is more that we need to do, so over the coming month, we will be running a series of events with businesses in priority sector groups – understanding priorities from a wider range of businesses across the county.

### **3. *Joining up national and local approaches to innovation and growth***

A better understanding of our growth sectors will help to inform how schemes such as Expansion East Kent and TIGER can be best targeted, and how the county's skills and planning systems can respond to business need in creating an environment conducive to growth.

But it is important that we focus on those businesses with the greatest potential for growth. At present, a number of financial support and advisory schemes are offered to promote innovation and growth – and in five areas, there could be extra value through better coordination:

- Firstly, a disproportionate amount of new job creation comes from those businesses with the potential to achieve levels of growth of 20% or more per year. The Government's **Growth Accelerator** programme aims to support businesses in this category, offering business coaching with advice on access to finance, marketing etc. Locally, Growth Accelerator is complemented by **High Growth Kent**, which offers support to businesses at an earlier stage of development with aspirations of 'graduating' to Growth Accelerator.

The Government has launched an 'opt-in' proposal through which Growth Accelerator could match ERDF funds in exchange for an enhanced local service. Rather than a simple opt-in to the Government's Growth Accelerator template, we could seek to ensure

### **'Opt-in' deals for European funding**

All European funding programmes require match funding – usually of at least 50%. Within the guidance on the establishment of the 2014-20 European structural and investment funds programme, the Government has proposed a series of deals through which local enterprise partnerships can 'opt in' to a package of support, with a contribution from the LEP European funding allocation matched by Government.

There are six opt-ins proposed, from:

- Growth Accelerator (support for high growth businesses)
- UK Trade and Investment (trade development)
- Manufacturing Advisory Service
- Social Housing Retrofit (with European Investment Bank co-financing)
- Skills Funding Agency (programmes to support access to skills)
- Big Lottery Fund (projects to support social inclusion)

There is also likely to be a further opt-in proposal from the Department of Work and Pensions to support labour market inclusion programmes, although the details of this have yet to be published.

At this stage, it is unclear whether all of the opt-ins represent good value for money, although it does appear that in some cases, we may be able to negotiate better terms for Kent and Medway than those published in the Government's original guidance. But a strategic decision will need to be made regarding Kent and Medway's take-up of the opt-in proposals, set against other potential demands on ERDF and ESF funding.

that we agree a high growth package for Kent and Medway, linked with High Growth Kent and support for businesses with growth potential through our access to finance programmes.

- Secondly, in the **low carbon sector**, there is already a strong understanding of the local business base, linked with the Kent Wind Energy and South East Carbon Hub supply chain initiatives – and this helps in joining up local supply and demand and helping businesses access other support from the public and private sectors.

Supporting the development of the low carbon economy will be a key theme in the European structural and investment funds programme and there could be an opportunity through ERDF funding to establish an expanded and better coordinated offer to low carbon businesses. Through effective negotiation of the proposed opt-in arrangement with the Manufacturing Advisory Service, this could also mean a better link between Kent Wind Energy, access to finance available via Expansion East Kent and TIGER, the offshore renewables grant scheme managed by MAS and programmes such as the Advanced Manufacturing Supply Chain Initiative (AMSCI).

- Thirdly, Kent and Medway's **university** sector offers a substantial potential, both for the development of new businesses established by university graduates and as a hub for research and knowledge which could have wider commercial application.

There are several examples of strong university-business links (for example, the spin-out businesses supported by University of Kent and Canterbury Enterprise Hub, and the direct connections of University

of Greenwich with Medway Innovation Centre). There are also good connections between university specialisms and local sector strengths (for example, University of Greenwich in relation to engineering, University for the Creative Arts and creative industries and East Malling Research and the land-based sector).

But more could be done to link the universities' innovation support activities with the other services available locally – creating a more joined-up approach.

- Fourth, we must ensure that business in Kent and Medway benefit fully from national initiatives to promote innovation. We have successfully used High Growth Kent to generate a pipeline of businesses to the Government's Growth Accelerator, and we could potentially take forward a similar approach in relation to the **Technology Strategy Board** – using local programmes to drive local demand for TSB research and development competitions.
- Finally, across all sectors of the economy, the application of new technology will create new business opportunities – and make some existing activities obsolete. Alongside our current activity in Kent and Medway to increase **digital connectivity**, we also need to make a greater effort to drive up demand for new technology and identify ways in which this could be better supported locally – for example in new forms of workspace provision.

The emerging Digital Action Plan will set out a basis for further demand stimulation activity – focused on understanding new opportunities and practical support, rather than conventional marketing approaches

## Solutions: Joining up approaches to innovation and growth

### Solution 21: High Growth Kent

Through local negotiation of the proposed 'opt-in' for the Growth Accelerator service, we will seek to ensure strong links to local businesses with high growth potential, developing a strong pipeline from Kent and Medway.

### Solution 22: Low Carbon Kent

The potential of the low carbon economy in Kent and Medway is matched by the high priority the sector is given nationally as an area for growth. We could seek through ERDF funding and the proposed opt in arrangements to develop a better coordinated programme to support innovative low carbon business, adding to the activities that are already underway.

### Solution 23: University-business links

Despite a strong university presence, links between higher education and business are not as deep as they could be. With universities wanting to develop a stronger relationship with the county's businesses and vice-versa, we could seek to develop a county-wide programme to enable our businesses to benefit from university research, expertise and people.

### Solution 24: Better links with innovation

Building on existing programmes, we could seek to develop a more coherent relationship with Technology Strategy Board, linking local and national programmes – potentially linked with the approach to better university-business relationships described above.

## 4. Supporting growth through trade and investment

Next to the markets of continental Europe and the rest of the UK, Kent and Medway is well-placed to benefit from **international trade**. However, we know that Kent companies are less likely to export than firms elsewhere in the South East.

Through **Kent International Business**, Kent County Council, local business support providers and UK Trade and Investment (UKTI) are helping Kent and Medway firms to access new markets. There is substantial scope to expand this activity, linked with the development of the county's key growth sectors, and there is potential to secure additional investment in

trade development activity through UKTI as part of the 'opt-in' arrangements proposed for the use of future European Regional Development Fund money.

On paper, the standard UKTI trade opt-in offer falls short of meeting Kent and Medway's needs. But the local UKTI team has expressed a willingness to be flexible, and a prospective joint programme is being developed, which could mean a better deal for Kent and Medway. However, if the Kent and Medway Economic Partnership does decide 'buy' the UKTI opt-in offer, we will need to be certain where accountability and control lies – making sure that Kent and Medway businesses and local government leaders are the commissioners, not central Government.

While a good local relationship has been forged with the trade development arm of UKTI, the latter's performance in supporting **inward investment** into Kent and Medway could be much sharper. With the

county hosting a key Enterprise Zone at Discovery Park and some of the country's most important commercial development sites in the Thames Gateway and at Ashford, we need a new deal if we are going to attract the investment we need to unlock growth.

Fortunately, we have the basis of a deal with the investment that Kent County Council makes into Locate in Kent, the county's inward investment agency, which with a budget of £xxx, including support for foreign direct investment, makes it the largest inward investment body in the south of England outside London.

As part of our Growth Deal with central Government, we could seek the designation of Kent as a **UK inward investment gateway**, with a joint commitment from UKTI to match local support for inward investment activity, focused around those sectors in which the county has both national strengths and significant inward investment opportunities. As part of this commitment, local partners could offer a coordinated approach, linking our access to finance and innovation support described above in a clear offer to priority sectors that goes beyond marketing and promotion.

##### **5. Backing new – commercially driven – solutions**

Most business advice, support and access to finance will be provided commercially, in the market place. So our focus in Kent and Medway is on adding value to the private sector, by supporting emerging sectors with wider growth potential, making funds available where they will lever additional private investment, or by providing services to business which would not otherwise be viable on a commercial basis.

#### **Solutions: Promoting trade and investment**

##### **Solution 25: Kent International Business**

To increase Kent and Medway's export ability, we will seek to maximise the potential of the proposed opt-in to UK Trade and Investment services – negotiating a local deal that secures a programme of locally commissioned activity to support SMEs in accessing new overseas markets.

##### **Solution 26: A new deal for inward investment**

We will seek to use the commitment that we already make locally to secure a better deal from UKTI – putting a national focus on those sectors and locations with nationally-significant growth opportunities. In the first instance, we could seek to secure UKTI commitment to a joint project focused on identifying nationally important assets and opportunities as the basis for a new joint approach.

#### **Solutions: Clarity and accountability**

##### **Solution 27: Clear opt-in arrangements**

The Government's proposals for 'opt-in' deals – allowing European funding to be used to bring in additional services with central Government funding as match – are a good idea in making EU funds go further and in ensuring that they are joined up with nationally-funded programmes.

However, the Government's opt-in prospectus is unclear where project commissioning and accountability lie. In Kent and Medway, we are clear that good management requires good governance and transparency – so clarity in contracting and management arrangements will be essential before we enter into any commitments for the use of the county's public money.

In addition, we also have a role in supporting innovation, for example by part-funding initial setup costs on projects that could ultimately become commercially sustainable. For example, recent investment by Kent County Council has enabled the **School for Creative Start-ups** to locate in Folkestone, providing a new, intensive, coaching service for young enterprises.

Similarly, we have made support available for new **workspace** where demand can be evidenced and where there are wider social and economic impacts (for example through the positive re-use of existing premises or in locations where viability is likely to be marginal).

There could be an opportunity to lever the value of our existing investment in new solutions and opportunity projects by using some of Kent County Council's capital Regeneration Fund as match to ERDF or potentially an element of Single Local Growth Fund.

#### Solutions: New innovation

##### **Solution 28: A Growth Challenge Fund**

KCC currently operates a Regeneration Fund, which can be used as entirely 'clean match' to other sources of capital funding, and which funds initial investment in projects which are additional to mainstream provision and which will lead to new jobs and business growth.

We could consider aligning the Regeneration Fund with ERDF or SLGF capital funds to create a £4-6 million Business Growth Fund for Kent, focused on new opportunities and innovation.

# PEOPLE FOR GROWTH

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Workforce skills are improving as are school attainment levels. But as the labour market becomes tighter, we must ensure that Kent and Medway has a workforce which can drive and benefit from the economic opportunities of the future.

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## The potential

Kent and Medway has major opportunities for new employment. Growth is forecast in key sectors, major developments (such as Swanscombe) offer prospects for large-scale job creation and opportunities in London – in commuting distance for much of the county – are set to increase.

At the same time, the recent recession saw a much smaller rise in unemployment than previous economic downturns, and unemployment is now falling – both among the workforce overall and among younger workers. With greater flexibility, the labour market should be able to respond more quickly as employment opportunities return.

We also have an increasingly skilled workforce. While workforce skills still lag behind the national average, the gap is diminishing and school attainment levels in Kent and Medway now outperform the rest of the country. The proportion of the county's workforce employed in the 'knowledge economy' is also rising, with total knowledge economy employment increasing by around 15% between 1998 and 2010, almost double the national rate of growth.

## The challenge

Although Kent and Medway's workforce is growing, we know that in the longer term, the working age population is set to fall as a proportion of the population as a whole. So we will need to be delivering more value if we are to retain living standards – and we will need to think about how we train and retrain to maximise the potential of our workforce.

Yet at present, 20% of employers in Kent and Medway report skills shortages, higher than the national average – and many employers report concerns about work readiness and employability among new entrants into the labour market.

At the same time, developing the range and quality of vocational courses required to support employers and new entrants to the workforce is a challenge, especially in an environment in which competition for students often impacts on the viability and quality of provision and where vocational options remain perceived as of lower status within the education system. Although well-established apprenticeship programmes

are highly regarded and are very competitive, there are still too few of them, and while demand for apprenticeship places is rising, the capacity of employers to provide them is limited, especially in an economy overwhelmingly dominated by SMEs.

Finally, while unemployment is falling, and the unemployment peak has been lower in the recent recession than during previous downturns, significant concentrations of worklessness remain, especially (although not exclusively) within Kent and Medway's coastal communities, impacting on individual life chances and acting as a drag on the economy as a whole.

## Solutions

The previous version of *Unlocking Kent's Potential*, published in 2009, placed a strong emphasis on developing **a closer relationship between skills provision and the current and future needs of the local economy**. This led to a number of successful innovations, including the strengthened emphasis on apprenticeships, delivery of the Kent Employment Programme offering additional incentives to small businesses to take on apprentices and recent graduates, and the creation of new models of employer-led vocational training, such as Swale Skills Centre at Sittingbourne.

We need to maintain momentum in delivering a more employer-relevant offer. As part of our Growth Deal with Government, potential solutions include:

1. Improving market intelligence, linked with the needs of our key growth sectors
2. Developing a more comprehensive vocational offer for young people, better linked with the world of work
3. Increasing the ability of the existing workforce to train and retrain, increasing resilience as the economy changes
4. Increasing access to the labour market and tackling worklessness, especially in disadvantaged communities

### 1. *Improving the market*

Nationally, England has a market-based approach to skills provision, with providers competing for students. This competitive approach can help to drive responsiveness to learner demand, but its effectiveness is limited by four **market failures**, which we must tackle.

- Firstly, employers report skills mismatches – and providers are keen to respond. But the **labour market intelligence** that we have available is often insufficient, with knowledge of future demand across travel-to-work areas and its links with training provision more limited than providers would like.

Significant efforts have been made to address this, through the provision of better information to schools and colleges on local economic growth opportunities. However, this could be developed further to create a stronger intelligence base.

- Secondly, alongside better market intelligence for providers, there is a need for higher quality **information, advice and guidance for**

**learners.** Businesses in a number of sectors – including those such as manufacturing, land-based industry and tourism which have significant growth potential in Kent and Medway – report that learner perceptions of employment prospects and earning potential are often underestimated, outdated and inaccurate.

The recent devolution of careers services to schools risks compounding this shortfall. In an economy which will see relatively fewer new entrants to the workforce over time, this presents a major challenge, as employers become unable to secure the skills they need. So there is a need for a more comprehensive information, advice and guidance offer.

- Thirdly, **competitive pressures** on schools to maximise student numbers can mean an over-provision of fairly limited course offers in school sixth forms, and an under-provision of often more expensive vocational courses requiring larger student numbers in order to be viable. While the market-led approach is unlikely to change (and also has benefits), better information could help to drive market improvements.

## **2. Developing a more diverse vocational offer**

Since the publication of the previous Regeneration Framework, we have seen a significant expansion of alternative vocational opportunities, with **University Technical Colleges** planned for Dartford and Medway, complementing existing further education and skills centre provision.

### **Solutions: Making the market work more effectively**

In Kent and Medway, we want better information so that the market for skills provision works as efficiently as possible – in the interests of learners and employers:

#### **Solution 29: A stronger intelligence base**

Using the Kent and Medway Employment, Learning and Skills Board as the skills commissioning arm of the Kent and Medway Economic Partnership and building on work already done at local level, we will design a better coordinated, accessible labour market information system, providing FE colleges, schools and private providers with the information on economic growth opportunities that they need in order to plan for the future.

#### **Solution 30: A more joined-up approach to information, advice and guidance**

While responsibility for careers advice rests with individual providers, we could ensure a stronger county-wide approach, linked with more accurate information on future employment prospects, building on existing routes to information (such as Kent Choices4u) and with employer leadership in designing access to advice and work experience.

There could be a number of ways in which a more joined-up offer could be designed: over the coming months, we could consider these with a view to commissioning a coordinated service, potentially with the use of ESF funds.

#### **Solution 31: Avoiding wasteful competition**

Through the better market intelligence set out above, we will seek to create a system which is better informed about opportunities and prospects, and better able to make choices in a competitive environment.



However, learners and employers still report that they are unable to access the provision that they need. Improving the flow of market information will help to change this to an extent, but we also need to increase the supply of vocationally-relevant provision. At the same time, employers in Kent and Medway can suffer from an outflow of skilled employment given the strength of the neighbouring London market – so we need to identify ways in which we can retain skills and talent and aspiration locally.

There are three aspects to our approach to creating a more diverse vocational offer:

- **Changing the focus of existing provision**, in response to greater employer input into curriculum development;
- **Developing new forms of provision**, through the use of further education capital funding incorporated within the Single Local Growth Fund; and
- **Developing new approaches** to ongoing skills development in response to identified needs in specific sectors, encouraging higher levels of employer involvement and greater retention of locally trained and qualified people within industry.

### **3. Increasing the ability of the workforce to train and re-train**

While it is vital that the supply of new entrants to the labour market have the skills that employers need and are able to access quality jobs, most people who will be in Kent and Medway's workforce in 2030 are already working. As working lives get longer, and as the economy adapts to new markets and technology, it will become increasingly important that

## **Solutions: More diverse vocational options**

### **Solution 32: A new focus to existing vocational provision**

In Kent and Medway, the further education sector is the core of our vocational learning offer – in many cases, enjoying strong local employer links.

However, we could provide a stronger basis for employer engagement through a clearer role for business in developing a skills framework to inform the course offer, linked with the more integrated approach to market intelligence described above.

We also recognise that while there is much good practice in Kent and Medway, there is no local monopoly of wisdom – so through the Kent and Medway Economic Partnership and the Employment Learning and Skills Board, we will seek to learn from best practice in other parts of the country.

### **Solution 33: Commissioning choice**

Potentially, the incorporation of a proportion of future further education capital funding within the Single Local Growth Fund provides an opportunity for the Kent and Medway Economic Partnership to focus capital allocations on additional provision clearly linked with employer demand. Potentially, this could provide an opportunity for alternative forms of provision (such as building on the Skills Centre model) as well as for provision within the FE sector.

At this stage, the conditions on SLGF further education capital funding are unclear. However, as part of our Growth Deal, we will seek maximum flexibility in the use of the funding to respond to economic need, and – consistent with any regulatory requirements on the use of the funding – we will set out our commissioning plan for its most effective use.

### Solutions: The Kent Guild Model

#### **Solution 34: A new way to link employers with skills and careers development**

Employers need new employees to know about opportunities in industry, and they need new entrants to the labour market to have relevant skills. But they also need to be able to retain good quality staff – creating positive cycle of good perceptions of the industry, good skills, good prospects and good retention.

In Kent and Medway, employers and colleges in the hospitality sector have recognised that while colleges have high progression rates into industry (98% of those leaving East Kent College’s hospitality and catering courses go into the sector), retention in Kent is lower, and employer engagement in supporting ongoing career and skills development has historically been weak. This has potentially negative consequences for Kent’s important tourism industry and for our skills base.

So work is underway with employers in the hospitality sector, further education providers and Kent County Council to develop a **Hospitality and Catering Guild** – an employer-led body setting out sector skill needs, informing the curriculum and agreeing quality standards for ongoing skills development and employer participation.

Potentially, this could serve as a model for other sectors, and we will explore as part of our Growth Deal with Government how it could be supported.

people are able to train and re-train as their careers change. There is potentially a strong sector-based approach to workforce development, as investment in the skills base helps the overall growth of Kent and

Medway’s key sectors. However, there is often a disincentive for employers to invest in training: costs to SMEs may be high (in time lost as well as direct financial outlay), and although there may be a long term benefit to the sector or the wider economy, that gain may not be captured by the individual employer.

Building on the thinking embedded within the Guild Model described opposite, we could develop an approach which seeks to incentivise greater employer leadership in workforce training, focused on key sectors or key competencies (such as leadership and management skills) identified by the Kent and Medway Employment, Learning and Skills Board.

This could involve the creation of a training fund to support employers in working directly with providers (in the public or private sectors) to develop training for staff where this will demonstrably support business growth and the wider economy.

### Solutions: Supporting workforce development

#### **Solution 35: Workforce Development Fund**

Based on our key sector and business needs, we will investigate the potential for a Kent and Medway Workforce Development Fund to promote business growth and overcome market failures in workforce training.

This could also potentially include provision for key skills (literacy, numeracy, etc.) for adults, within the context of employer demand and opportunities.

#### 4. Increasing access to the labour market

Unemployment is starting to fall. But in parts of Kent and Medway, too many people remain distant from the world of work. Across the county, over 100,000 people are in receipt of out-of-work benefits. This is more than 10% of the working age population, a proportion which rises to over 17% in Thanet, and which is much higher in several coastal and urban communities.

Improving access to the labour market, especially in areas of concentrated disadvantage, is a long standing policy objective – and a number of interventions are yielding success, such as the Employ Medway brokerage service and the Kent Employment Programme, which offers financial incentives to employers to take on new recruits.

However, worklessness is often ‘sticky’: as the economy returns to growth, cyclical unemployment falls fairly quickly, but those who are furthest away from the labour market continue to find it hard to engage, especially where they face multiple challenges to accessing employment and a benefits system which continues to penalise those who take on temporary or insecure employment and risk losing entitlements as a result. At the same time, we know that the adverse consequences of benefit reform (set out in the section on coastal renewal on page x) are serving to *increase* aggregate numbers of benefit-dependent households in Margate and other coastal towns – making the situation worse.

The national benefits system is complex and hard to change. But there is much that can be done locally to link people with economic opportunity and to make the system work more effectively.

Potentially, we could take a four-pronged approach:

- Firstly, **increasing demand** for workers at risk of unemployment and worklessness by incentivising employers to take on new staff – both through measures that reduce the complexity of the recruitment process and through financial incentive packages. This is likely to be of additional value in areas where the labour market is weak.
- Secondly, **better targeting skills and employment support** at people who are excluded, or who are at risk of being excluded, from the labour market. This could include adding value to the Work Programme by engaging the services of a wider range of providers in the voluntary and community sector (as well as the private and public sectors) and improving direct provision at local level.
- Thirdly, **improving physical access** to employment opportunities, recognising the spatial mismatch between areas of job growth and areas of concentrated economic inactivity, and the limits to the extent to which this mismatch can be overcome in the short to medium term.
- Fourthly, linking actions to increase labour market exclusion at local level with **wider community development** interventions – for example, the local housing market interventions described in the coastal renewal section and the Troubled Families initiative.

This approach could be partly funded through the European Social Fund, which already supports a range of activities delivered by the voluntary, private and public sectors. Within the Government’s proposals for the use

of European funding after 2014, the **Skills Funding Agency** has put forward an 'opt-in' proposal, which will link an element of ESF funding with an element of the funds that we will have available through the Single Local Growth Fund. The SFA has a strong track record in effectively commissioning and monitoring ESF-funded projects, so we will explore with the SFA how we can put together a commissioning plan for labour market access, potentially including the following solutions:

#### Solutions: Labour market access

##### **Solution 36: Making recruitment easy**

The Employ Medway scheme has demonstrated that a system of job brokerage which provides employers with a pipeline of candidates and helps jobseekers become employment ready can help to reconcile supply and demand for those at risk of labour market exclusion. We will consider how this model could be extended further.

##### **Solution 37: Focusing on young people in the labour market**

We could seek to extend the current Kent Employment Programme to offer a wider range of opportunities to drive demand for young people in the workforce – for example, adding to the current financial incentives for employers taking on apprentices with a further incentive package for employers offering temporary work placements for unemployed young people.

##### **Solution 38: Better integrated skills and employment support**

Through the new ESF programme, we could seek to focus on more localised solutions in targeted outreach locations, including linked with wider community support, and we will consider how this can translate into the new commissioning plan for Kent and Medway.

##### **Solution 39: Transport solutions**

Access to employment is frequently a barrier, especially in rural parts of the county. Subsidised public transport and pooled scooter/ car hire schemes on the 'wheels to work' model can be effective, and we will explore the potential of developing these further in Kent and Medway.

# MOVING FORWARD

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This document is a starting point in defining our asks and investment priorities as part of a new Kent and Medway Growth Deal. Over the next few months, we will need to clarify these further as we develop the new version of *Unlocking the Potential* and link this with the South East LEP's Strategic Economic Plan.

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## Comments and discussion

This paper is intended as a discussion document by members of Kent and Medway Economic Partnership and the wider local government and business community.

At this stage, it would be helpful to get a broad consensus on the asks and priorities. In particular:

- Does the high level narrative feel right? Does it broadly reflect Kent and Medway's priorities?
- Are there any areas missing that we should be focusing on?
- Are there any specific suggested solutions that could be discounted at this stage – and are there any on which there should be a particularly strong focus?
- Are there any other potential solutions that should be included?

## Next steps

Following debate at the Kent and Medway Economic Partnership, there are (broadly) four strands of activity that need to take place in parallel:

- **Developing the Kent and Medway strategy**, through *Unlocking the Potential* – setting out the bigger picture for the county in the context of our broader opportunities, challenges and aspirations;
- **Developing the detail of our asks and investment proposals**, so that we have a credible 'growth deal' proposition to put to Government. As well as setting out the case for investment from the Single Local Growth Fund and European funding, this will also need to outline those areas in which we want to secure additional freedoms and flexibilities – which might potentially be more important than the financial allocations.

We have made a start in this document in outlining some of these potential asks and priorities. But we do not yet know whether all of

our proposals are viable or whether they would all deliver the consequences we would want to see. So substantial further work needs to be done against each of them to ensure that our eventual proposals are solid.

- **Linking our proposals with the Local Enterprise Partnership.**

Although the South East LEP will operate on a devolved basis, with core functions residing at Kent and Medway level, the LEP needs to submit a coherent Strategic Economic Plan to Government, setting out a joint approach for Kent and Medway, Essex and East Sussex.

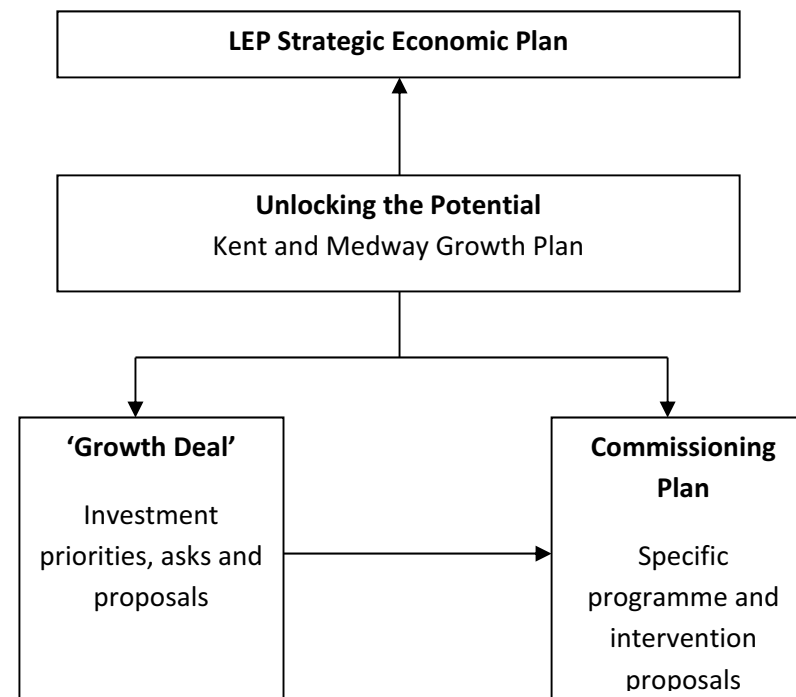
We will therefore need to feed our emerging asks and priorities into the joint strategy that is currently being prepared. The LEP needs to submit a draft strategy (still at fairly high level) by 19 December, so we will need to influence that, and further work will continue at LEP level into the New Year until the final Strategic Economic Plan is produced in March/ April.

- **Developing commissioning arrangements.** It is anticipated that the Kent and Medway Economic Partnership will act as the key commissioning body for funding that is channelled via the LEP. The details of this are likely to be resolved at the next LEP Board, and the draft Kent and Medway 'bill of rights' sets out a potential basis for this devolution of responsibility.

Based on this, it is likely that we will need to develop a commissioning plan or equivalent in the New Year, setting out the arrangements for working with any of the 'opt-in' deals proposed as part of the European funding package and outlining how we will bring programmes and projects forward.

### Bringing the strategy together

The diagram below illustrates how the strategy for Kent and Medway should come together in the context of the LEP and the Strategic Economic Plan...



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

To: Economic Development Cabinet Committee – 3 December 2013

Subject: Members' Visits to East Kent Businesses

Classification: Unrestricted

Electoral Division: All

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## Summary

KCC were awarded £35m of RGF grant funding from the Department of Business, Innovation and Skills (BIS) for the Expansion East Kent programme. This funding is available until March 2016. The recycle element of the loan will be available beyond 2013 for businesses in the East Kent area.

The programme offers 0% loans to SMEs wanting to start up or expand their businesses in Canterbury, Dover, Shepway and Thanet. The programme has a target of creating and safeguarding 5,000 jobs. The programme also has the opportunity to offer grant and equity investment in exceptional circumstances to businesses.

## Recommendation

The Cabinet Committee is requested to NOTE the report.

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### 1. Introduction

- 1.1. As of 1<sup>st</sup> November 2013, 53 companies have received funding with a further 7 companies awaiting a decision by the Investment Advisory Board.
- 1.2. The 53 companies already approved for funding will during the lifetime of their project, receive just over £18 million and will create over 1,560 jobs. In addition the companies will generate private sector leverage of approximately £50 million.
- 1.3. As of 1<sup>st</sup> November there are 65 applications in the pipeline and these applications, if approved total £7.5 million.
- 1.4. As part of the contractual agreement with BIS, KCC is required to report and provide case studies on every company who receives funding. The attached Pen Portraits document (see Appendix 1) provides the information required. This document is also used as part of the marketing campaign and can be viewed on the website by potential applicants to the programme.

## **2. Visits to East Kent businesses**

- 2.1. The Expansion East Kent programme has given KCC the opportunity to engage with a large number of businesses in the area and therefore has supported the development of a stronger relationship with the business community in the East Kent area.
- 2.2. Visits to the companies in receipt of funding were arranged for the Leader, members of the Investment Advisory Board and members of the Economic Development Cabinet Committee.
- 2.3. On 10th October visits were made to:
  - H V Wooding Ltd - a medium sized family manufacturing business based in Hythe. It is one of the UKs leading manufacturers of precision engineered components and assemblies. The company received £1.1m and would be creating 16 new jobs and safeguarding 35 posts. The company provide a tour of the premises and discussed with members the full details of their expansion plans and the difficulties of taking on new employees with high level engineering skills.
  - Viking Recruitment - have plans to build a world class training facility for the maritime industry to meet new business demand because of changes in international legislation. Their plans include developing a low carbon building with 3 floors of training suites, breakout areas, an environmental pool for survival training and a 120-seat international conference facility including a restaurant and bar. The company have funding approved for £1.3m and will create over 25 new jobs and safeguard 47 jobs in the Dover area. Funding for this proposal has yet to be released due to awaiting confirmation of match funding from the companies bank.
- 2.4. Further visits have been arranged for late November (see Appendix 2 – Schedule of Visits).
- 2.5. Feedback from the companies visited has been very positive. They welcomed the opportunity to showcase their business and engage with Council Members.

## **3. Recommendation**

- 3.1 The Cabinet Committee is requested to NOTE the report.

### **Author Contact Details:**

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### **Background Documents:**

None



**THANET**

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**The Cupcake Cafe (Mrs Lisa Hemingway)**  
**(0184-3231300) - lisa@thecupcake.biz**

**Expansion East Kent Funding approved: £16,715 Total Jobs: 4 (3.33 FTEs)**  
**Total Number of Jobs Created = 3 (1 Full Time and 2 (1.33 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 1 (1 Full Time and 0 (0 FTEs) Part Time)**

Expansion of successful cupcake cafe business to allow the business to offer additional services such as outside catering.

**South East Bottling Limited (Mr Duncan Sambrook)**  
**(0207-2280598) - duncan.sambrook@sambrooksbrewery.co.uk**

**Expansion East Kent Funding approved £170,000 Total Jobs: 10 (8.66 FTEs)**  
**Total Number of Jobs Created = 10 (6 Full Time and 4 (2.66 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0**

This is a joint venture to start a new contract beer bottling facility in Ramsgate. This new contract bottling facility will bottle beer for brewers in the South East of the UK.

**That Nail Place (Ms Sarah Abel)**  
**(01303-256305) - thatnailplace@btconnect.com**

**Expansion East Kent Funding approved: £30,000 Total Jobs: 8 (8 FTEs)**  
**Total Number of Jobs Created = 8 (8 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0**

Expansion of salon and accredited academy from Folkestone to Thanet. To open a salon where apprentices would be trained on the job in a commercial salon by fully qualified therapists / Assessors. The academy would also be open to other salons in the area to send their apprentices to train with us.

**Baines Bigg & Hyman (Mr Julian Bigg)**  
**(07802-294462) - julesb@fresh-produce.co.uk**

**Expansion East Kent Funding approved: £40,000 Total Jobs 17 (14.2 FTEs)**  
**Total Number of Jobs Created = 17 (3 Full Time and 14 (11.2 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0**

Aim to open Ramsgate Music Hall a vibrant and enjoyable music venue. The venue will include a 120 capacity live music venue, a three floor rehearsal space and an attractive bar featuring regular club nights.

## THANET (Contd.)

**Bumble Beez Ltd (Mrs Sarah Cannon)**  
**(07813-240630) - cannon.ramsgate@virgin.net**

**Expansion East Kent Funding approved: £30,000 Total Jobs: 20**  
**Total Number of Jobs Created = 20 (8 Full Time and 12 (12 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0**

Bumble Beez is an iconic Family Entertainment Centre. The aim is to attract families from around Kent including those with disabilities who would not usually be able to access such facilities. They also intend to provide a high quality food and beverage facility.

**Royal Harbour Hotel (Mr James Thomas)**  
**(01843-591514) - jamesthomas10@me.com**

**Expansion East Kent Funding approved: £500,000 Total Jobs: 28 (27.75 FTEs)**  
**Total Number of Jobs Created = 22 (22 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 6 (0 Full Time and 6 (5.75 FTEs) Part Time)**

The hotel sits within adjoining Grade 2 listed buildings in one of Ramsgate's premier garden crescents with outstanding views over Ramsgate's jewel in the crown, the Royal Harbour. The aim is to increase the present en-suite bedroom stock of 20 rooms by up to 10 extra rooms and to invest in a new 50-seater restaurant on the premises, which will not only cater for hotel residents, but will attract outside loyal customers.

**Southeast Retail Ltd (Mr Nick Conington)**  
**(07794-336063) – nick@sandshotelmargate.co.uk**

**Expansion East Kent Funding approved: £500,000 Total Jobs: 35 (27.75 FTEs)**  
**Total Number of Jobs Created = 35 (20 Full Time and 15 (8.87 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0**

Southeast Retail Limited is the property owning company and parent company of the Sands Hotel in Margate. The proposal is to develop a 20-bedroom upscale boutique hotel, together with bar, restaurant and ice cream parlour. The hotel is expected to employ between 25 and 35 staff.

## SHEPWAY

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**Chalkhill (Mr Thomas Gamgee)**  
**(07540-741736) - t.gamgee@chalkhillaccountancy.co.uk**

**Expansion East Kent Funding approved: £30,000                      Total Jobs: 7 (7 FTEs)**  
**Total Number of Jobs Created = 6                      (6 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 1                      (1 Full Time and 0 (0 FTEs) Part Time)**

Chalkhill is a small start up accountancy practice supporting start up leisure and tourism and R&D businesses in the East Kent Area.

**H V Wooding Ltd (Mr Karl Dodd)**  
**(01303-264471) - kdodd@hvwooding.co.uk**

**Expansion East Kent Funding approved: £1,100,000                      Total Jobs: 51 (51 FTEs)**  
**Total Number of Jobs Created = 16                      (16 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 35                      (35 Full Time and 0 (0 FTEs) Part Time)**

H V Wooding is a medium sized manufacturing business based in Hythe. It is one of the UKs leading manufacturers of precision engineered components and assemblies.

**Cuisine Frozen Foods Limited (Mr Ian Matthews)**  
**(07834-991859) - ian.matthews@cuisinefrozenfoods.com**

**Expansion East Kent Funding approved: £176,000                      Total Jobs: 64 (64 FTEs)**  
**Total Number of Jobs Created = 60                      (60 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 4                      (4 Full Time and 0 (0 FTEs) Part Time)**

To establish a manufacturing unit to produce ready meals for food service multiple retail customers

**Elite Flooring Ltd (Mr Terry Marsh)**  
**(01303-892405) - terry@elite-flooring-online.com**

**Expansion East Kent Funding approved: £40,000                      Total Jobs 4 (4 FTEs)**  
**Total Number of Jobs Created = 4                      (4 Full Time and 0 Part Time)**  
**Total Number of Jobs Safeguarded = 13                      (13 Full Time and 0 Part Time)**

Elite Flooring is an expanding commercial business working on large scale contracts installing safety flooring, carpets and design flooring. They are looking to expand into the domestic market with a retail outlet, employing 5 new staff to manage that outlet.

**SHEPWAY (contd)**

**Hybrid UKT Air Conditioning Limited (Mr Ungarelli Giuliano)**  
**(0203-2868191) - info@hybrid-ukt.co.uk**

**Expansion East Kent Funding approved: £425,100                      Total Jobs: 35 (35 FTEs)**  
**Total Number of Jobs Created =            30                      (30 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded =    5                      (5 Full Time and 0 (0 FTEs) Part Time)**

The initiative is to promote assemble, distribute and sell high quality heating/air conditioning units in England and exporting significantly to abroad for residential, commercial and professional use. This Italian company will be relocating its business to England.

**ATEC-3D LTD (Mr Sean Spratley)**  
**(0781-4492500) - sean.spratley@atec-3d.com**

**Expansion East Kent Funding approved: £30,000                      Total Jobs 5 (5 FTEs)**  
**Total Number of Jobs Created =            5                      (5 Full Time and 0 Part Time)**  
**Total Number of Jobs Safeguarded =    0**

This company incorporates scientific research and development and training to develop new hardware and software for diverse, field-based activities. Funding would enable them to expand their company by setting up a new office, purchasing equipment and employing 2 additional full-time staff.

## DOVER

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**Cleantec Innovation (Mr Wayne Simpson)**  
**(01843-865358) - wayne@cleantecinnovation.com**

**Expansion East Kent Funding approved: £85,000 Total Jobs: 6 (6 FTEs)**  
**Total Number of Jobs Created = 6 (6 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0 (0 Full Time and 0 (0 FTEs) Part Time)**

Cleantec Innovation is a small manufacturer looking to expand its operations and create employment in the local area

**London Fancy Box Co Ltd (Mr Matthew Lawson)**  
**(01304-209922) - m.lawson@londonfancybox.co.uk**

**Expansion East Kent Funding approved: £385,000 Total Jobs 40 (40 FTEs)**  
**Total Number of Jobs Created = 20 (20 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 20 (20 Full Time and 0 (0 FTEs) Part Time)**

Expansion of manufacturing company producing printed packaging boxes. Funding to support investment in new generation manufacturing machinery to allow growth into additional markets to meet growing demand.

**Sandwich Leisure Limited (Mr Alan Smith)**  
**(01304-612681) - info@sandwichleisurepark.co.uk**

**Expansion East Kent Funding approved: £300,000 Total Jobs: 25 (20.13 FTEs)**  
**Total Number of Jobs Created = 10 (4 Full Time and 6 (3 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 15 (11 Full Time and 4 (2.13 FTEs) Part Time)**

Investment to allow expansion of successful holiday destination, to improve infrastructures of glamping site to make all year round facilities feasible and provision of lodged accommodation.

**A C Wellard & Partners Ltd (Mr Matt Hayes)**  
**(01304-826880) - matt.hayes@acwellard.co.uk**

**Expansion East Kent Funding approved: £150,000 Total Jobs: 54 (52.66 FTEs)**  
**Total Number of Jobs Created = 28 (27 Full Time and 1 (0.73 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 26 (22 Full Time and 4 (2.93 FTEs) Part Time)**

The core business is the wholesale of fresh fruit and vegetable produce. The project is to expand the business by building new warehouse space, updating facilities and allowing the business to consolidate and expand their position in the industry.

## DOVER (contd.)

**Fudge Kitchen Ltd (Mr Martin Wise)**  
(01303-864400) - martinwise@hotmail.co.uk

**Expansion East Kent Funding approved: £110,000 Total Jobs: 19 (15.03 FTEs)**  
**Total Number of Jobs Created = 17 (7 Full Time and 10 (6.033 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 2 (2 Full Time and 0 (0 FTEs) Part Time)**

Company operates retail units which manufacture handmade fudge and sell to the public. To expand the business a new product has been developed with a view to exporting and also selling as wholesaler meaning additional industrial space is required.

**EligoChem Limited (Dr Graham Maw)**  
(01304-648406) - graham@eligochem.com

**Expansion East Kent Funding approved £140,000 Total Jobs: 12 (10.5 FTEs)**  
**Total Number of Jobs Created = 9 (9 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 3 (0 Full Time and 3 (1.5 FTEs) Part Time)**

EligoChem designs, synthesis and markets compound libraries with good drug properties that access novel chemical space for use in drug discovery screening. EligoChem have refined a technology to enable rational design and selection of compounds that can display different physical properties in solution and in biological membranes.

**Baypoint Club Ltd (Mr Tony Harrison)**  
(01304-613022) - tonyharrison@baypointclub.co.uk

**Expansion East Kent Funding approved: £400,000 Total Jobs: 42 (37.7 FTEs)**  
**Total Number of Jobs Created = 35 (23 Full Time and 12 (8.37 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 7 (3 Full Time and 4 (3.33 FTEs) Part Time)**

To enhance and expand the ex Pfizer Sports and Social Club to make it accessible to everyone living and working in East Kent regardless of background or socio economic status with the aim of improving their health and well-being

**Mylan (Dr David Waite)**  
(01304-626217) - David.Waite@mylan.co.uk

**Expansion East Kent Funding approved: £413,000 Total Jobs 80 (80 FTEs)**  
**Total Number of Jobs Created = 28 (28 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 52 (52 Full Time and 0 (0 FTEs) Part Time)**

Mylan have the exclusive worldwide rights to develop, manufacture and sell a generic equivalent to Glaxo Smith Kline Advair which is used to treat asthma and chronic obstructive pulmonary disorder (COPD). As a result, Mylan plans to set up a Research & Development Unit of excellence at the Discovery Park in Sandwich focused on respiratory inhalation.

## DOVER (contd.)

**Creative Minds Nursery Ltd (Ms Esme Chilton)**  
**(01304-370310) - esme@future-creative.org**

**Expansion East Kent Funding approved: £100,000**                      **Total Jobs (13 FTEs)**  
**Total Number of Jobs Created = 14**                      **(12 Full Time and 2 (1 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded =**                      **(0 Full Time and 0 (0 FTEs) Part Time)**

This nursery will provide high quality care and education, catering for up to 95 children from 3 months to 5 years old. It will offer holistic creative learning in response to the Early Years Foundation stage and equip children with the skills to support all aspects of development.

**AlgaeCytes Limited (Dr Naz Bashir/John Dodd)**  
**(01227-469256) - nazbashir@algaecytes.com**

**Expansion East Kent Funding approved: £500,000**                      **Total Jobs 22 (21 FTEs)**  
**Total Number of Jobs Created = 17**                      **(15 Full Time and 2 (1 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 5**                      **(5 Full Time and 0 (0 FTEs) Part Time)**

Algaecytes is a private company founded in 2010, commercialising 25 years of algae research by world leading bio-scientists. It is seeking to raise finance to build 2 demonstration units in Sandwich to produce high purity Omega 3 oils from freshwater algae.

**Flying Fish Hovercraft (Mr Russ or Emma Pullen)**  
**(01304-619820) - russ@flyingfishhovercraft.co.uk**

**Expansion East Kent Funding approved: £156,556**                      **Total Jobs 32 (32 FTEs)**  
**Total Number of Jobs Created = 24**                      **(24 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 8**                      **(8 Full Time and 0 (0 FTEs) Part Time)**

The company is aiming to modernise and expand business, develop overseas markets, research & develop new products and treble the workforce and achieve a £2.5m turnover within 3 years.

**Choochoos Nursery (Ms Karla Tabony)**  
**(01227-464230) - info@choochoos.co.uk**

**Expansion East Kent Funding approved: £40,000**                      **Total Jobs 20 (15.26 FTEs)**  
**Total Number of Jobs Created = 20**                      **(10 Full Time and 10 (5.26 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0**

The company will provide full-day childcare provision for approximately 50 children from birth to five. Choochoos will offer flexible care and education providing exceptional individual teaching experiences of the highest quality in a safe, friendly, well resourced and caring environment.

**DOVER (contd.)**

**TRN - The Research Network Ltd (Dr Andrew McElroy)**  
**(01304-648406) - andy.mcelroy@trn.net**

**Expansion East Kent Funding approved: £100,000 Total Jobs: 13 (12.33 FTEs)**  
**Total Number of Jobs Created = 9 (9 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 4 (2 Full Time and 2 (1.33 FTEs) Part Time)**

TRN is a small pharmaceutical research company based in Sandwich. It is proposed to invest in additional business development in China, India, USA and Europe. It is proposing to invest innovative web-based scientific software to support the TRN collaborative drug research model.

**Miles and Barr (Dover) Limited (Mr Peter Hickson)**  
**(01843-570500) - peterhickson@milesandbarr.co.uk**

**Expansion East Kent Funding approved: £50,000 Total Jobs 7 (7 FTEs)**  
**Total Number of Jobs Created = 7 (7 Full Time and 0 Part Time)**  
**Total Number of Jobs Safeguarded = 0**

The aim of the project is to promote young entrepreneurial prospective business owners to start and grow their own business.



## CANTERBURY

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**InfoGuardian Limited (Mr Dean Brazier)**  
(07710-080096) - dbrazieruk@btinternet.com

**Expansion East Kent Funding approved: £120,000 Total Jobs: 12 (12 FTEs)**  
**Total Number of Jobs Created = 12 (12 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0**

InfoGuardian will provide managed Anti-virus, Firewall and Intrusion Prevention services to SMEs in the UK. The Security Operations Centre will be based in Canterbury, Kent and the service will be marketed through the existing security reseller channel

**Shearwater Systems Limited (Miss Jane Conner)**  
(07776-236399) - janeconner25@googlemail.com

**Expansion East Kent Funding approved: £1,045,714 Total Jobs: 77 (74.76 FTEs)**  
**Total Number of Jobs Created = 75 (72 Full Time and 3 (1.26 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 2 (1 Full Time and 1 (0.5 FTEs) Part Time)**

Shearwater will design and develop innovative software to support a burgeoning need for mobile software applications in healthcare. The company will focus on creating Mobile Health Record (MHR) software applications that allow clinicians to work seamlessly between acute hospital and community care settings including the patient's home

**Tankerton Arms (Mr Nigel Ranger)**  
(01227-779216) - nranger@hotmail.co.uk

**Expansion East Kent Funding approved: £10,000 Total Jobs: 7 (3.33 FTEs)**  
**Total Number of Jobs Created = 7 (2 Full Time and 5 (1.33 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0**

To open a micropub in Tankerton following the success or similar ventures in East Kent. It will serve beers from local microbreweries, local ciders and wine provided by a local wine merchant. It will have no music, hot food or spirits with an emphasis on an atmosphere that encourages good conversation.

**Kent Auto Panels Ltd (Mr Graham Furneaux)**  
(01303-228200) - graham.furneaux@kapmotorgroup.co.uk

**Expansion East Kent Funding approved: £200,000 Total Jobs 18 (18 FTEs)**  
**Total Number of Jobs Created = 18 (18 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0 (0 Full Time and 0 (0 FTEs) Part Time)**

This project is to create a high-tech, all makes vehicle service and repair facility in Canterbury. The business will target cost conscious motorists and will offer 'while-u-wait' services but will also be able to carry out involved work and not just 'fast fit' type of work.

## CANTERBURY (contd.)

**My Deliciously Healthy Kitchen (Mrs Emily Hawkes)**  
**(07730-882033) - emshealthykitch@gmail.com**

**Expansion East Kent Funding approved: £10,000 Total Jobs: 5 (5 FTEs)**  
**Total Number of Jobs Created = 5 (5 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0**

Offering demonstration led healthy eating cookery lessons with an accompanying website showing the lessons on video so people can cook along at home and have instant access to all the information and recipes taught in the classes. The lessons will be based on easy to learn recipes using fresh, local produce and will include menu planning for budgeting and ideas to eliminate wastage.

**Interactive Red (Ms Villy Pereboom)**  
**(01227-490220) - villy@interactivered.com**

**Expansion East Kent Funding approved: £40,000 Total Jobs: 15 (14.67 FTEs)**  
**Total Number of Jobs Created = 9 (8 Full Time and 1 (0.67 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 6 (6 Full Time and 0 (0 FTEs) Part Time)**

Expansion of this web design and development business to increase both the staff team and to develop greater capabilities to undertake different project areas and provide additional services to customers.

**Creabilis Ltd (Mr Alex Leech)**  
**(01227-830515) - aleech@creabilis-sa.com**

**Expansion East Kent Funding approved: £840,000 Total Jobs: 50 (49.67 FTEs)**  
**Total Number of Jobs Created = 39 (39 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 11 (10 Full Time and 1 (0.67 FTEs) Part Time)**

Creabilis is a clinical stage European biotechnology company developing novel treatments for dermatological and inflammatory diseases.

**Playtime Theatre Company (Mr Nickolas Champion)**  
**(01227-266272) - playtime@dircon.co.uk**

**Expansion East Kent Funding approved: £7,000 Total Jobs 8 (2.24 FTEs)**  
**Total Number of Jobs Created = 4 (0 Full Time and 4 (0.97 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 4 (0 Full Time and 4 (1.27 FTEs) Part Time)**

To purchase an additional van which would be used to transport equipment (props, scenery, lighting and sound) and personnel to venues. To also purchase IT equipment, concomitant software and additional workstation required for additional sales staff.

## CANTERBURY (cont.)

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**JC Morrison LLP (Mr Bill Morrison)**  
**(01843-861078) - annabelduplessis@hotmail.co.uk**

**Expansion East Kent Funding approved: £235,000 Total Jobs: 16 (14.67 FTEs)**  
**Total Number of Jobs Created = 11 (9 Full Time and 2 (1 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 5 (4 Full Time and 1 (0.67 FTEs) Part Time)**

Purchase and re-development of a petrol station and convenience store in Barham near to Canterbury.

**UK Mobile Bars Limited (Mr Paul Bishop)**  
**(01227-830984) - paul@ukmobilebars.com**

**Expansion East Kent Funding approved: £32,500 Total Jobs: 17 (15.6 FTEs)**  
**Total Number of Jobs Created = 15 (12 Full Time and 3 (1.6 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 2 (2 Full Time and 0 (0 FTEs) Part Time)**

Formed in 2009, UK Mobile Bars is a mobile bar hire services for weddings, parties and events. Job creation is required to fulfil the growth opportunity in the current new business pipeline and kick start a 5 year growth plan.

**Giram UK Ltd (T/A Q'Straint) (Mr Nick Rowe)**  
**(01227-773035) - nrowe@qstraint.co.uk**

**Expansion East Kent Funding approved: £900,000 Total Jobs: 44 (43.03 FTEs)**  
**Total Number of Jobs Created = 15 (15 Full Time and 0 (0 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 29 (26 Full Time and 3 (2.03 FTEs) Part Time)**

Expansion of company developing, manufacturing and supplying effective wheelchair passenger safety solutions for public and private transportation. Funding for a specialised research and development facility in the Canterbury area. This will enable the company to carry out their global research and development programme within East Kent.

**Venomtech Ltd (Mr Steven Trim)**  
**(01227-827114) - s.trim@venomtech.co.uk**

**Expansion East Kent Funding approved: £100,000 Total Jobs 9 (8.33 FTEs)**  
**Total Number of Jobs Created = 6 (5 Full Time and 1 (0.8 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 3 (2 Full Time and 1 (0.53 FTEs) Part Time)**

Venomtech Ltd is the only commercial venom laboratory in the UK, supplying fractionated snake, scorpion and spider venom arrays to the pharmaceutical industry for drug discovery

**Club Burrito (Ms Ruth Linklater)**  
**07500 905 321 - clubburrito@gmail.com**

**Expansion East Kent Funding approved: £37,000 Total Jobs 5 (4.2 FTEs)**  
**Total Number of Jobs Created = 5 (2 Full Time and 3 (2.2 FTEs) Part Time)**  
**Total Number of Jobs Safeguarded = 0**

To expand its current chain of Mexican fast food café bars, providing high quality fast food with specialist soft drinks and boutique beers, in an informal and stylish atmosphere.

**Thursday, 10 October (9.30-12.00) - Hythe**

Investment Advisory Board Members: Paul Carter, Mark Dance, Ian Ellis

County Councillors: Andrew Bowles, Susan Carey, Charlie Simkins, Rob Bird, Andrew Wickham

COMPANY	CONTACT	DETAILS	ADDRESS	DATE/TIME
H V Wooding (Shepway)	Karl Dodd	A medium sized manufacturing business based in Hythe. It is one of the UK's leading manufacturers of precision engineered components and assemblies. HV Wooding's client list includes top international companies such as Rolls Royce, Schneider Electric, Honeywell and ABB.	Range Road Industrial Estate Range Road, Hythe, Kent CT21 6HG	10 October (9.30 am)
Viking Recruitment	Dieter and Stuart Jaenicke	To build a world class training facility for the maritime industry due to meet new business demand because of changes in international legislation. Developing a low carbon building with 3 floors of training suites including breakout areas, an environmental pool for survival training and a 120-seat international conference facility including a restaurant and bar.	Beechwood Business Park, Menzies Road, Dover CT16 2FG	10 October (11.00 am)

## Thursday, 14 November (10.00-12.30) - Dover

Investment Advisory Board Members: Paul Carter, Mark Dance, Ron Roser

County Councillors: Hod Birkby, Roger Latchford, Andrew Wickham, Andrew Bowles, Sean Holden & Geoff Lymer

COMPANY	CONTACT	DETAILS	ADDRESS	DATE/TIME
Cuisine Frozen Foods SITE VISIT ONLY BY JACQUI	Ian Matthews (Stephen meeting)	To establish a manufacturing unit to produce ready meals for food serving multiple retail customers.	Unit P3 Lypne Industrial Estate, Lypne, Hythe, Kent CT21 4LR	14 November (10.00 am)
London Fancy Box	Matthew Lawson	Expansion of manufacturing company producing printed packaging boxes. Funding is required to support investment in new generation manufacturing machinery to allow growth into additional markets to meet growing demand.	Unit 11, Poulton Close, Dover CT17 0XB	14 November (11.30 am)

**Wednesday, 4 December (1.00-4.00 pm) – Folkestone/Canterbury**

Investment Advisory Board Members: Paul Carter, Mark Dance,  
County Councillors: Hod Birkby, Roger Latchford, Andrew Bowles, Sean Holden, Rob Bird

COMPANY	CONTACT	DETAILS	ADDRESS	DATE/TIME
InfoGuardian	Dean Brazier	This company will provide managed anti-virus, Firewall and Intrusion Prevention services to SMEs in the UK. The Security Operations Centre will be based in Canterbury and the service will be marketed through the existing security re-seller channel.	Unit 26, Canterbury Innovation Centre, University Road, Canterbury, CT2 7FG	4 December (1.00 pm)
Interactive Red	Villy Pereboom	Expansion of this web design and development business to increase both the staff team and to develop greater capabilities to undertake different	2 Roper Yard, Roper Road, Canterbury, CT2 7EG	4 December (2.15 pm)
Kent Auto Panels	Graham Furneaux	This project is to create a high-tech, all makes vehicle service and repair facility in Canterbury. The business will target cost-conscious motorists and will offer “while-u-wait” services but will also be able to carry out involved work and not just “fast fit” type of work.	Shorncliffe Motor Park, Ross Way, Folkestone, CT20 3UJ	4 December (3.00 pm)

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

To: Economic Development Cabinet Committee – 3 December 2013

Subject: Supporting Kent Businesses through Procurement

Classification: Unrestricted

Electoral Division: All

**Summary:**

This report highlights the progress made by the County Council to date in supporting Kent businesses through procurement, and provides an update on proposed future developments.

**Recommendation:**

The Cabinet Committee is asked to NOTE and COMMENT on the actions set out in this report for supporting Kent businesses through procurement.

**1. Introduction**

- 1.1** With an annual spend of £230 billion; public sector procurement has the potential to create significant business and growth opportunities through increased participation by small and medium sized businesses (SMEs), as well as improving the public sector's access to SMEs' creativity and innovation.
- 1.2** SMEs are an important engine for growth, both nationally and for the Kent economy. Over 99% of the UK's 4.8 million businesses are SMEs (less than 250 employees), and are responsible for over 14 million jobs and for almost half of the net growth in jobs since 2011. In Kent, the proportion of SMEs is similar to the national figure: however, the really telling statistics are that 98% of the county's 50,600 businesses have less than 50 employees, and 89% have less than 10 employees. Kent is predominantly a small-business economy.
- 1.3** There are also many examples of small suppliers delivering significant benefits to the public sector through greater innovation and at comparatively a lower cost base than larger businesses. Recent data from the Office of National Statistics Annual Business Survey 2012 shows that, on average, SMEs create around £34 of gross value added to the UK economy for every £100 of turnover, while the comparative figure for large businesses is £27.
- 1.4** Despite this, historically small and medium sized businesses have found that bidding for public sector contracts can be over bureaucratic, time-consuming and expensive. This has been recognised most recently by Lord Young's report, *Growing Your Business*, published in May 2013, and by Lord Heseltine's report *No Stone Unturned* which was published in March 2013.

## **2. KCC's approach to procuring goods, services and works**

- 2.1** The County Council's procurement processes have been transformed over the past couple of years. This has a key focus on supporting Kent businesses, and recognises the need to be open, transparent and proportionate in order to reduce barriers to entry for small and medium sized businesses and social enterprises. This approach has been developed in consultation not only with KCC directorates but also with Kent businesses and with organisations such as the Federation of Small Businesses (FSB).
- 2.2** Following its recent report, *Local procurement: making the most of small businesses*, the FSB has produced a charter designed to promote positive procurement between small businesses and local authorities. The charter sets out 15 best practice recommendations to encourage a better procurement process for local small firms (see Appendix 1). The approach to procurement now taken by the County Council is consistent with the charter's recommendations.
- 2.3** The benefits of procuring from local suppliers and contractors, in particular small businesses, are also consistent with *Delivering Bold Steps* in terms of increasing value through procurement and managing risk as well as supporting Kent's business.
- 2.4** For all procurements over £50,000 in value, it is a County Council requirement that a procurement plan must be prepared (see Appendix 2). The plan has a wide ranging check list of requirements that include Social Value and how the procurement will support Kent businesses. Procurement plans that are in excess of £1 million must be approved by Procurement Board, which comprises Members and Senior Officers.

## **3. Spend analysis**

- 3.1** The County Council now has a target of 60% for contract expenditure with first and second tier Kent businesses (where second tier comprises sub-contractors or suppliers to the main contractor that KCC is paying directly). Performance against the target is measured annually using spend data that is analysed by an external data specialist (Atamis) and matched to supplier information. In 2012-13 for example, KCC's expenditure with Kent suppliers (first tier) was £571million, which represents about 58% of contract expenditure. Using an assumption that that a further 10% of contract spend is going to sub-contractors or local suppliers in the second tier, then it is likely that the target of 60% will have been exceeded.
- 3.2** It should be noted that the increased use of Kent suppliers and contractors is due partly to the consideration of contract size and breaking down procurements into packages that not only deliver value for KCC but also enable small and medium sized businesses to compete. Indeed, the analysis by Atamis of 2012-13 spend by KCC, as shown in the table below, indicates that about 77% of the value of KCC contracts were secured by SME's. This is to be welcomed.



Size of business	Spend (£m)	%
Large (over 250 employees)	129.3	22.8
Medium (51-250)	186.1	32.8
Small (21-50)	124.8	22.0
Micro (less than 20)	96.3	17.0
Individual (1)	31.5	5.6
	568.0	100.0

#### **4. Engagement with Kent businesses**

- 4.1** Engagement with potential suppliers is carried out on a project by project basis. Supplier engagement events are undertaken for all major procurement activity, and SMEs and social enterprises are invited to attend so that where appropriate businesses can be encouraged to work together in consortia.
- 4.2** The County Council has also developed the Kent Business Portal ([www.kentbusinessportal.org.uk](http://www.kentbusinessportal.org.uk)) which is intended to advertise tender opportunities with not only KCC but also several of Kent district councils, Medway Council and the Kent Fire and Rescue Service.
- 4.3** The Portal will also allow its main contractors to advertise sub-contract opportunities, and this will allow SMEs to see sub-contract opportunities on larger projects that might otherwise be out of their reach. In early November, KCC Economic Development sponsored the Kent Construction Expo in association with the Kent Invicta Chamber of Commerce. One of the main highlights of the Expo event was the showcasing of the developing Business Portal and an opportunity for small businesses to have face to face meetings with most of the major companies that have recently secured large contracts with the County Council.
- 4.4** It should be noted that KCC now has a growing supplier base of local small and medium sized businesses that are increasingly successful in winning a good proportion of County Council and other public sector contract opportunities. This is shown in the diagram above. The County Council will also continue to engage with local businesses through trade bodies, FSB and other local business groups.
- 4.5** KCC also provides feedback to all suppliers, as required under the Remedies Directive, but will spend additional time where requested with small businesses and social enterprises to help ensure that their tendering capability might be improved for future procurement calls. We are also considering providing training for small businesses during the next 12 months.
- 4.6** Payment practices have traditionally been a controversial area for local authorities. The County Council will usually contract on 30 days net payment, but now has a target of paying contractors in 14 days which has been delivered in 90% of contracts. KCC also has clauses in its contracts to require contractors to pay their subcontractors/suppliers in a timely manner. However, there is

always room for improvement and the need to improve monitoring and ensure that compliance is recognised.

## **5. Financial and legal implications of supporting local businesses**

- 5.1** In following a policy of supporting smaller Kent businesses in its approach to procurement it might be argued that KCC is missing out on economies of scale. However, in considering our procurement plans we look at the benefits of aggregation against letting contracts in smaller packages. This is because aggregation does not always result in better value, and each procurement needs to be assessed in its own right.
- 5.2** The Federation of Small Businesses, in its document *Making the most of small businesses, one year on*, states that every pound spent with a local small or medium sized business will generate an additional sixty three pence of benefit for the local economy. If this is the case then there is a good argument from a wider strategic view to spend both locally with Kent based smaller businesses. Furthermore, evidence provided by FSB also suggests that smaller local businesses are often more agile and have lower overheads than much larger businesses.
- 5.3** In supporting local businesses in its approach to procurement, the County Council needs to comply with EU and Council regulations.

## **6. Conclusions**

- 6.1** KCC has been working to support Kent business and is performing fairly well achieving 58% of expenditure with Kent business, but this work needs to continue and further effort will be put into sub-contractors and training in the future.

## **7. Recommendations**

- 7.1** The Cabinet Committee is asked to NOTE and COMMENT on the actions set out in this report for supporting Kent businesses through procurement.

### **Author Contact Details:**

Name: Henry Swan, Head of Procurement  
Directorate: Business Strategy and Support  
Telephone: 01622 696637  
Email: henry.swan@kent.gov.uk

### **Background Documents:**

None



**Federation of Small Businesses**  
The UK's Leading Business Organisation

**KEEP TRADE  
LOCAL**

## Small Business Friendly Procurement Charter

### Declaration of Support

This charter is designed to promote positive procurement between small businesses and local authorities. Following an FSB report '**Local procurement: making the most of small businesses**' the FSB identified the barriers that small businesses face when accessing local and national procurement. This charter makes 15 best practice recommendations to encourage a better procurement process for local small firms.

#### Strategy and Policy

- Adopt a procurement strategy that explicitly recognises the significant benefits of procuring from local small businesses, without compromising your legal stipulations.
- Have an economic development strategy that takes into account the needs of the existing local economy, and a procurement strategy that is based on a comprehensive analysis of spend.
- Actively consider how much of each procurement decision should be assigned to social value considerations.
- Within your procurement strategy set out how you will ensure best practice is followed and how you will monitor progress.
- Break down contracts into smaller lots wherever practical.

#### Spend Analysis

- Have mechanisms in place to record and analyse where, and with which businesses, your money is spent. This should include measuring the size of enterprise – medium, small or micro.
- Ensure you have initiatives that support local SMEs with the tender process (i.e. training opportunities and supplier pre-engagement activity) and develop the potential of a local small business supplier base.
- Monitor and take account of the local economic impact of your key spending decisions.

#### Process Simplification

- Use a relevant national, regional and sub-regional portal to advertise your procurement opportunities wherever appropriate to do so.
- Ensure the use of selection requirements is proportionate and based purely on the needs of the contract.

#### SME Engagement

- Ensure you have initiatives that support local SMEs with the tender process and develop the potential of a local small business supplier base.
- Provide detailed, specific and timely feedback to all businesses that request it, under the provisions of the Remedies Directive 2009, in order to improve a business's bidding capabilities.
- Ensure that regular training opportunities and supplier pre-engagement activity is available for small businesses in their area.

#### Payment Practices

- Pledge to pay suppliers on time to agreed terms and actively seek opportunities to reduce the payment time.
- Use contract clauses to ensure that prime contractors pass on the council's payment terms to their subcontracted suppliers, and that the subcontracted suppliers likewise pass on terms throughout the supply chain.

Local Authority: .....

FSB Region: .....

Position: .....

FSB Chairman: .....

Signed: .....

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Signed: .....

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## Procurement Plan



<b>TITLE:</b>	<b>VALUE:</b>	<b>Ref:</b>
<b>Procurement Lead:</b>	<b>Date:</b>	
<b>Client Lead:</b>	<b>Position:</b>	

**Description:** *What is required to be bought? Description, volumes, values and changes over time. Describe Clients and Funding source*

**Linkage to Category Strategy:**

*Is there a Procurement Board approved Category Strategy? Does this PP comply with it? If not, why not? Consider Kent Businesses how has this been addressed?*

**Business Objectives:**

- *Clear statements of what the business objectives are for this procurement. Should be available in the Business Case.*

**Current Supply arrangements:**

*description of the current supply set-up: supplier, volumes, spend levels, how it works, what works well, what doesn't, contract end date, etc. If new requirement, say so*

**Market Position:**

*an assessment and description of the supply market. Size, KCC position, competitiveness, development opportunities, risks, etc*

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**Procurement Risks:**

*what are the main risks in carrying out this procurement (what could go wrong?) How do we mitigate these risks?*

<b>Risk</b>	<b>Controls/Mitigating Action</b>
	➤
	➤
	➤
	➤

**Procurement Route Options & Evaluation:**

Part: A/B                      OJEU:  
*Should this be a framework or contract? Why?*  
*Multi-supplier or single supplier? Why?*  
*Open, Restricted, CD? Why?*  
*Single Tender Action? Why?*  
*E-Auction why not?*

**Procurement Route Recommendation:**

*Summary of selected route and why*

**Outline Timescales:**

*Advert Date? PQQ date etc ..... Planned award date. Any key milestone or review dates eg Cabinet Meeting*

**Resources Required:**

*How much of your time roughly will this consume eg 10 days over a 2 month period. Client resources: are they lined up adequately? If not what do we need to do?*  
*Attach RACI if required*

**Reviews Planned:**

*what planned reviews are there or are needed through the procurement? Legal? Finance? Procurement Board?*

**Approval to Proceed:**

Signed:

Name:

Date:

## Check List

Please review items on check list and complete response box and where appropriate include in plan above.

Check Item	Action Required	Response
Social Value	Social Value needs to be considered	<i>Ensure consideration of Social Value is recorded</i>
Equalities Impact Assessment	Is and impact assessment necessary, most cases this will be a requirement the Service are responsible for carrying this out. If in doubt contact Janice Hill, Equalities & Diversity Officer 01622 221981	<i>Please confirm in place if reqd, don't forget this is a service responsibility not procurement</i>
Legal Support Required	Legal support requirement should be considered and agreed with the client. Also if a risk of challenge has been highlighted this should be communicated to legal and added to the risk register on the shared drive.	<i>Record in Risks and Risk matrix</i>
Kent Business	Ensure plan has addressed supporting Kent Business	
TUPE/Pension Staff Transfers	Ascertain if there is any possibility of staff transfers and discuss with Client. If TUPE or Pensions may be involved for TUPE discuss with legal for Pensions see Steven Tagg	<i>Ensure Client has considered these, if any staff transfer involved inform Legal to ensure TUPE and Pension strategy is clear.</i>
Environment	Are there environmental issues or implications in this contract	
Business Continuity	Business continuity issues this does not just mean IT but consideration of providing essential services	
Financial Risk	What is the financial risk associated with this contract, <b>Supplier Risk:</b> how much assessment of the supply base is necessary, what is the risk if a supplier fails. If the tender is above EU value we should use Finance Projects Team to carry out financial assessments. <b>Budget Risk:</b> Is the budget confirmed for the duration of the contract	<i>Ensure an agreed financial evaluation of contractors is laid out in the procurement plan.</i>  <i>Check budget/funding with finance Business Partner.</i>
Collaboration/Access to Contract	Will this contract be shared with others, if so how is procurement being undertaken.	<i>Detail in plan</i>

RACI Template (The template below is an example only please draw up template to suit your project)

Team Member	Proc Officer	Service Lead	Service Specialist	Service Director	etc
<b>Action</b>					
Draft Procurement Plan	A/R	C	C	I	
Specification	C	A	R	I	
Tender using Procontract	R	A	C	I	
Evaluation	C	A/R	R	I	

RACI	Definition
Accountable	The role who is responsible for ensuring the action takes place (can only be one)
Responsible	The role or roles who actually carry out the action
Consulted	Roles that will be consulted about the task (views need to be considered)
Informed	Roles that will be informed (no decision making or influencing role)