



Summons to and
Agenda for a
Meeting on
**Thursday, 27th March,
2014**
at **10.00 am**



DEMOCRATIC SERVICES
SESSIONS HOUSE
MAIDSTONE

Tuesday, 18 March 2014

To: All Members of the County Council

Please attend the meeting of the County Council in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 27 March 2014 at **10.00 am** to deal with the following business. **The meeting is scheduled to end by 4.30 pm.**

Webcasting Notice

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

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

A G E N D A

1. Apologies for Absence
2. Declarations of Disclosable Pecuniary Interests or Other Significant Interests
3. Minutes of the meeting held on 13 February 2014 and, if in order, **(Pages 5 - 20)** to be approved as a correct record
4. Chairman's Announcements
5. Questions **(Pages 21 - 28)**
6. Report by Leader of the Council (Oral)
7. Facing the Challenge: Progress to Date and Phase 2 **(Pages 29 - 38)**
8. Transformation - Cabinet Committees Reform **(Pages 39 - 48)**
9. Select Committee: Maximising the Benefits from Kent's European Relationship **(Pages 49 - 130)**

10. Initial response to the Select Committee Report, 'Maximising the Benefits of Kent's European Relationship' - February 2014 **(Pages 131 - 148)**
11. Localism Act: Openness and accountability in local pay **(Pages 149 - 154)**
12. Treasury Management 6 Month Review 2013/14 **(Pages 155 - 162)**



Peter Sass
Head of Democratic Services
01622 694002

KENT COUNTY COUNCIL

MINUTES of a meeting of the Kent County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 13 February 2014.

PRESENT:

Mr E E C Hotson (Chairman)
Mr P J Homewood (Vice-Chairman)

Mrs A D Allen, Mr M J Angell, Mr D Baker, Mr M Baldock, Mr M A C Balfour, Mr R H Bird, Mr H Birkby, Mr N J Bond, Mr A H T Bowles, Mr D L Brazier, Mrs P Brivio, Mr R E Brookbank, Mr L Burgess, Mr C W Caller, Miss S J Carey, Mr P B Carter, CBE, Mr N J D Chard, Mr I S Chittenden, Mr B E Clark, Mrs P T Cole, Mr G Cooke, Mr G Cowan, Mrs M E Crabtree, Ms C J Cribbon, Mr A D Crowther, Mrs V J Dagger, Mr D S Daley, Mr M C Dance, Mr J A Davies, Mrs T Dean, Dr M R Eddy, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G K Gibbens, Mr R W Gough, Mr P M Harman, Ms A Harrison, Mr M J Harrison, Mr M Heale, Mr P M Hill, OBE, Mr C P D Hoare, Mrs S V Hohler, Mr S Holden, Mrs S Howes, Mr A J King, MBE, Mr J A Kite, MBE, Mr S J G Koowaree, Mr R A Latchford, OBE, Mr R L H Long, TD, Mr G Lymer, Mr B E MacDowall, Mr T A Maddison, Mr S C Manion, Mr R A Marsh, Mr F McKenna, Mr B Neaves, Mr M J Northey, Mr J M Ozog, Mr R J Parry, Mr C R Pearman, Mr L B Ridings, MBE, Mrs E D Rowbotham, Mr J E Scholes, Mr W Scobie, Mr T L Shonk, Mr C Simkins, Mr J D Simmonds, MBE, Mr C P Smith, Mr D Smyth, Mrs P A V Stockell, Mr B J Sweetland, Mr A Terry, Mr N S Thandi, Mr R Truelove, Mr M J Vye, Mr J N Wedgbury, Mrs J Whittle, Mr M E Whybrow, Mr M A Wickham and Mrs Z Wiltshire

IN ATTENDANCE: Geoff Wild (Director of Governance and Law) and Peter Sass (Head of Democratic Services)

UNRESTRICTED ITEMS

58. Apologies for Absence

The Director of Governance and Law reported apologies for absence from Mr Peter Oakford.

59. Declarations of Disclosable Pecuniary Interests or Other Significant Interests

There were no declarations made at this stage of the meeting. The Chairman stated that he would take declarations as they occurred.

60. Minutes of the meetings held on 12 December 2013 and, if in order, to be approved as a correct record

RESOLVED: that the Minutes of the meetings held on 12 December 2013 are correctly recorded and that they be signed by the Chairman.

61. Chairman's Announcements

(a) Death of Mrs Sarah Ward, OBE DL

The Chairman announced that it was with regret that he had to inform Members of the death of Mrs Sarah Ward, on 30 December 2013. Mrs Ward was a former Liberal Democrat Member for Darent Valley from 1991 to 1997. During her time at KCC she served on the Economic Development Sub-Committee, the Community & External Affairs Sub-Committee and as Co-Chairman of the Environmental Action Sub-Committee.

Mrs Dean, Mrs Hohler and Mr King gave tributes to Mrs Ward.

(b) Death of Mr William J McNeill, MBE

The Chairman stated it was his sad duty to have to inform Members of the death of Mr William J McNeill, MBE on 9 January 2014.

Mr McNeill was a former Conservative Member for Sevenoaks North East from 1981 to 1989. During his time at KCC he served on various Education Committees (he was Chairman of the Education Committee 1985-87), Performance Review Group, Personnel Group and the Police Authority. He was awarded an MBE in 1985 and was Chairman of the County Council 1987-89.

Mr King and Mrs Dean gave tributes to Mr McNeill.

At the end of the tributes, all Members stood in silence in memory of Mrs Ward and Mr McNeill.

After the silence, it was moved by the Chairman, seconded by the Vice Chairman and:

RESOLVED unanimously that the Council desires to record the sense of loss it feels on the sad passing of Mrs Ward and Mr McNeill and extends to their family and friends its heartfelt sympathy to them in their sad bereavement.

(c) New Year's Honours

The Chairman announced that, in the New Year's Honours list 42 honours had been bestowed on the people of Kent and it gave him great pleasure to inform the County Council of the following two Awards:

Most Excellent Order of the British Empire

Commander (CBE) Mr Paul Benedict Carter for services to local government

Member (MBE) Mr John Simmonds for services to local government

The Chairman moved, the Vice Chairman seconded that the Council agreed unanimously to record its sincere congratulations to Mr Carter, CBE and Mr Simmonds, MBE for the Honours they have received.

- (d) KCC response to the winter flooding

The Chairman stated that he wished to convey his thanks to all staff, crews and contractors who had been involved in looking after people, property, animals and services during the floods that had gripped many parts of the county since Christmas.

62. Budget 2014-15 and Medium Term Financial Plan 2014-17 (including Council Tax setting 2014-15)

(1) The Chairman reminded all Members that any Member of a Local Authority who was liable to pay Council Tax and who had any unpaid Council Tax amount overdue for at least two months, even if there was an arrangement to pay off the arrears, must declare the fact that they are in arrears and must not cast their vote on anything related to KCC's budget or Council Tax.

(2) He stated that all Members should have received a letter from the Head of Democratic Services, dated 5 February, setting out the process and order of the budget debate at today's meeting.

(3) The Chairman moved, the Vice Chairman seconded that:

- (a) Procedure Rule 1.12(2) be suspended in order that the meeting be extended to 5.00pm if necessary;
- (b) Procedure Rule 1.28 be suspended in order that the Leader be allowed to speak for a maximum of 12 minutes, the seconder of the original motion to speak for up to 5 minutes, the Leader of the UKIP, Labour, Liberal Democrat and Independents Groups for 10, 7, 5 and 3 minutes respectively, with the Leader being given a 5 minute right of reply and the lead Cabinet Member being allowed to speak for up to 5 minutes when introducing each Directorate debate; and
- (c) Procedure Rule 1.36 be suspended in order for the mover and seconder of the original motion to be permitted to speak on more than one occasion.

Carried without a vote

(4) The Chairman then invited Mr Wood, Corporate Director of Finance and Procurement, to give a presentation and comment on various issues relevant to the budget, including his advice on the level of reserves, and concluding with his 'Section 25' opinion.

(5) The Chairman then invited Dawn Hands, Managing Director of BMG Research, to give a presentation on the budget consultation.

(6) Mr Carter moved, Mr Simmonds seconded the approval of the contents of the Budget 2014/15 and Medium Term Financial Plan 2014/17 (including Council Tax setting for 2014/15) and to approve the following proposals:

- (a) Revenue budget requirement of £940.313m for 2014-15

- (b) Capital investment proposals of £634.6m over three years from 2014-15 to 2016-17 together with the necessary funding and subject to approval to spend arrangements
- (c) The Treasury Management Strategy as per section 5 of the Medium Term Financial Plan
- (d) Prudential Indicators as set out in Appendix B to the Medium Term Financial Plan
- (e) The Revised Minimum Revenue Provision (MRP) Statement as set out in Appendix C to the Medium Term Financial Plan including the revised policy regarding debt repayment
- (f) The directorate revenue and capital budget proposals as set out in draft Budget Book and delegate responsibility to Cabinet Members and Corporate Directors to manage the budget within the parameters set out in the Constitution and Financial Regulations
- (g) The single pay and reward approach outlined in paragraph 4.2 and delegate authority to the Cabinet Member for Corporate and Democratic Services to agree the reward thresholds for staff assessed as achieving and above, and to set the recalibration of the pay ranges, within the funding approved in the budget
- (h) The total Council Tax requirement of £529,125,091 to be raised through precepts on districts and the Council Tax rates set out in paragraph 2.2 (band D £1,068.66)

In addition:

- (i) The County Council is asked to note the financial outlook for 2015-16 and 2016-17 with further funding reductions and spending demands necessitating additional savings under the Facing the Challenge programme.

Amendment 1 – Public Health

- (7) Mr Burgess proposed, Mr Baldock seconded the following amendment:

Reduce spending and matching grant income on public health campaigns for adults (BB page 56 and 57 lines 91, 92 and 97) by £4 million particularly in relation to obesity, smoking and drug & alcohol services and re-invest in public health activities for children (line 90).

- (8) Following the debate the Chairman put to the vote the amendment set out in (7) above, when the voting was as follows:

For (15)

Mr D Baker, Mr M Baldock, Mr H Birkby, Mr N Bond, Mr L Burgess, Mr J Elenor, Mrs M Elenor, Mr M Heale, Mr C Hoare, Mr R Latchford, Mr B MacDowall, Mr F McKenna, Mr B Neaves, Mr T Shonk, Mr A Terry

Abstain (1)

Mrs P Brivio

Against (67)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr R Bird, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Mr C Caller, Miss S Carey, Mr P Carter, Mr N Chard, Mr I Chittenden, Mr B Clark, Mrs P Cole, Mr G Cooke, Mr G Cowan, Mrs M Crabtree, Ms J Cribbon, Mr A Crowther, Mrs V Dagger, Mr D Daley, Mr M Dance, Mr J Davies, Mrs T Dean, Dr M Eddy, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Ms A Harrison, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Ms S Howes, Mr A King, Mr J Kite, Mr G Koowaree, Mr R Long, Mr G Lymer, Mr T Maddison, Mr S Manion, Mr A Marsh, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mrs E Rowbotham, Mr J Scholes, Mr W Scobie, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mr D Smyth, Mrs P Stockell, Mr B Sweetland, Mr N Thandi, Mr R Truelove, Mr M Vye, Mr J Wedgbury, Mrs J Whittle, Mr M Whybrow, Mr A Wickham, Mrs Z Wiltshire

Lost

Amendment 2 – Adult Mental Health (to facilitate young adults with ongoing mental health issues)

(9) Mrs Howes moved, Miss Cribbon seconded the following amendment:

		£'000
Reduce	Modernisation of the Council (BB p61, line 138)	-88
Reduce	Communications and Consultation (BB p62, line154)	-600
Reduce	Contribution to/from reserves (BB p61, line 136) (from the Council Tax Equalisation Reserve contribution to the Council Tax base	-100
Add	Community Support Services for Mental Health (BB p45, line 19)	+788

(10) Following the debate the Chairman put to the vote the amendment set out in (9) above, when the voting was as follows:

For (24)

Mr M Baldock, Mr N Bond, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr G Cowan, Ms J Cribbon, Dr M Eddy, Ms A Harrison, Mr M Heale, Mr C Hoare, Ms S Howes, Mr R Latchford, Mr B MacDowall, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr A Terry, Mr N Thandi, Mr M Whybrow

Abstain (7)

Mr R Bird, Mr I Chittenden, Mr B Clark, Mr D Daley, Mrs T Dean, Mr G Koowaree, Mr M Vye

Against (51)

Mrs A Allen, Mr M Angell, Mr D Baker, Mr M Balfour, Mr H Birkby, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mr A Crowther, Mrs V Dagger, Mr M Dance, Mr J Davies, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr M Harrison, Mr P Harman, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham, Mrs Z Wiltshire

Lost

Amendment 3 – Older People (to give more targeted help to the charity sector)

(11) Mr Thandi proposed, Mr Cowan seconded the following amendment:

		£'000
Reduce	Communications and Consultation (BB p62, line 154)	-750
Add	Other adult services (BB p46, line 24)	+750

(12) Mrs Allen, Mr Brookbank, Miss Cribbon and Mr Kite all declared Other Significant Interests in this Amendment as non-voting observers/members of Age UK and left the Chamber for the debate on this amendment.

(13) Following the debate the Chairman put to the vote the amendment set out in (11) above, when the voting was as follows:

For (27)

Mr D Baker, Mr M Baldock, Mr H Birkby, Mr N Bond, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr G Cowan, Dr M Eddy, Ms A Harrison, Mr M Heale, Mr C Hoare, Ms S Howes, Mr R Latchford, Mr B MacDowall, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr A Terry, Mr N Thandi, Mr R Truelove, Mr M Whybrow, Mrs Z Wiltshire

Abstain (5)

Mr R Bird, Mr B Clark, Mrs T Dean, Mr G Koowaree, Mr M Vye

Against (47)

Mr M Angell, Mr M Balfour, Mr A Bowles, Mr D Brazier, Miss S Carey, Mr P Carter, Mr N Chard, Mr I Chittenden, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mr A Crowther, Mrs V Dagger, Mr D Daley, Mr M Dance, Mr J Davies, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham

Lost

Amendment 4 – Young Persons’ Travel Pass

(14) Mr Vye proposed, Mr Elenor seconded the following amendment:

Add £2.2m to revenue budget for Young Persons’ Travel Pass (BB page 59 line 115) in order to reduce the cost of the Pass for 16+ age group to £200

Deduct £2.2m from revenue budget for Contributions to/from Reserves (BB page 61 line 136), funded from the Council Tax Equalisation Reserve contribution funded from the Council Tax Base

(15) Following the debate the Chairman put to the vote the amendment set out in (14) above, when the voting was as follows:

For (36)

Mr D Baker, Mr M Baldock, Mr R Bird, Mr H Birkby, Mr N Bond, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr B Clark, Mr G Cowan, Ms J Cribbon, Mr D Daley, Mrs T Dean, Dr M Eddy, Mr J Elenor, Mrs M Elenor, Ms A Harrison, Mr M Heale, Mr C Hoare, Ms S Howes, Mr G Koowaree, Mr R Latchford, Mr B MacDowall, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr A Terry, Mr N Thandi, Mr R Truelove, Mr M Vye, Mr M Whybrow, Mrs Z Wiltshire

Abstain (0)

Against (46)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mr A Crowther, Mrs V Dagger, Mr M Dance, Mr J Davies, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham

Lost

Amendment 5 – Young Persons’ Travel Pass (to keep annual charge at £100 for 11-16 year olds and retain existing concessions, mainly funded by the additional tax base)

(16) Dr Eddy proposed, Mr Caller seconded the following amendment:

		£'000
Reduce	Contribution to/from Reserves (BB p61, line 136) from the Council Tax Equalisation Reserve	-2238
Reduce	Modernisation of the Council (BB p61, line 138)	-462
Add	Freedom Pass (BB p59, line 115)	+2700

(17) Following the debate the Chairman put to the vote the amendment set out in (16) above, when the voting was as follows:

For (32)

Mr D Baker, Mr M Baldock, Mr H Birkby, Mr N Bond, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr G Cowan, Ms J Cribbon, Mr D Daley, Dr M Eddy, Mr J Elenor, Mrs M Elenor, Ms A Harrison, Mr M Heale, Mr C Hoare, Ms S Howes, Mr R Latchford, Mr B MacDowall, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr A Terry, Mr N Thandi, Mr R Truelove, Mr M Vye, Mr M Whybrow, Mrs Z Wiltshire

Abstain (2)

Mr B Clark, Mr G Koowaree

Against (48)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr R Bird, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mr A Crowther, Mrs V Dagger, Mr M Dance, Mr J Davies, Mrs T Dean, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham

Lost

Amendment 6 – Apprenticeships (one off money to encourage local businesses to take on more apprentices, funded by an increased roll-forward of 2013/14 revenue budget underspend)

(18) Mr Truelove proposed, Mr Smyth seconded the following amendment:

		£'000
--	--	-------

Increase	Underspend rolled forward from previous years (BB p61, line 142)	-500
Add	14 to 19 years (BB p47, line 36)	+500

(19) Following the debate the Chairman put to the vote the amendment set out in (18) above, when the voting was as follows:

For (36)

Mr D Baker, Mr M Baldock, Mr N Bond, Mr R Bird, Mr H Birkby, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr B Clark, Mr G Cowan, Ms J Cribbon, Mr A Crowther, Mr D Daley, Mrs T Dean, Dr M Eddy, Mr J Elenor, Mrs M Elenor, Mr P Harman, Ms A Harrison, Mr M Heale, Mr C Hoare, Ms S Howes, Mr G Koowaree, Mr R Latchford, Mr B MacDowall, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr A Terry, Mr N Thandi, Mr M Vye, Mr M Whybrow

Abstain (0)

Against (45)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mrs V Dagger, Mr M Dance, Mr J Davies, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham, Mrs Z Wiltshire

Lost

Amendment 7 – Member Highway Fund

(20) Mr Baldock proposed, Mr Bird seconded the following amendment:

CAPITAL

Add £2.1m to capital budget for 2014/15 as Member Highway Fund (BB page 26) to be funded by additional borrowing (BB page 32)

REVENUE

Add £0.3m to revenue budget for Net Debt Costs (BB page 61 line 139)

Deduct £0.3m from revenue budget for Communications and Consultation (BB page 62 line 154)

(21) Following the debate the Chairman put to the vote the amendment set out in (20) above, when the voting was as follows:

For (25)

Mr D Baker, Mr M Baldock, Mr R Bird, Mr H Birkby, Mr N Bond, Mr L Burgess, Mr B Clark, Mr D Daley, Mrs T Dean, Mr J Elenor, Mrs M Elenor, Mr P Harman, Mr M Heale, Mr C Hoare, Mr G Koowaree, Mr R Latchford, Mr B MacDowall, Mr F McKenna, Mr B Neaves, Mr T Shonk, Mr A Terry, Mr N Thandi, Mr M Vye, Mr M Whybrow, Mrs Z Wiltshire

Abstain (0)

Against (57)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr A Bowles, Mr D Brazier, Mrs P Brivio, Mr R Brookbank, Mr C Caller, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mr G Cowan, Mrs M Crabtree, Ms J Cribbon, Mr A Crowther, Mrs V Dagger, Mr M Dance, Mr J Davies, Dr M Eddy, Mr T Gates, Mr G Gibbens, Mr R Gough, Ms A Harrison, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Ms S Howes, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr T Maddison, Mr S Manion, Mr A Marsh, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mrs E Rowbotham, Mr J Scholes, Mr W Scobie, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mr D Smyth, Mrs P Stockell, Mr B Sweetland, Mr R Truelove, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham

Lost

Amendment 8 – Highways (one off money to help fund pothole and pavement maintenance, funded by some of the surplus on the Council Tax Collection Funds. This surplus is provisionally earmarked for the Emergency Conditions Reserve in the draft budget proposals)

(22) Mr Caller proposed, Dr Eddy seconded the following amendment:

		£'000
Reduce	Contribution to/from Reserves (BB p61, line 136)	-1000
Add	General maintenance and emergency response (BB p53, line 68)	+1000

(23) Following the debate the Chairman put to the vote the amendment set out in (22) above, when the voting was as follows:

For (32)

Mr D Baker, Mr R Bird, Mr N Bond, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr B Clark, Mr G Cowan, Ms J Cribbon, Mr D Daley, Mrs T Dean, Dr M Eddy, Ms A Harrison, Mr M Heale, Mr C Hoare, Ms S Howes, Mr G Koowaree, Mr R Latchford,

Mr B MacDowall, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr A Terry, Mr N Thandi, Mr R Truelove, Mr M Vye, Mr M Whybrow, Mrs Z Wiltshire

Abstain (2)

Mr M Baldock, Mr H Birkby

Against (48)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mr A Crowther, Mrs V Dagger, Mr M Dance, Mr J Davies, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham

Lost

Amendment 9 – 20 mph Urban Traffic Zones

(24) Mr Baldock proposed, Mrs Dean seconded the following amendment:

Add £3.4m to capital budget for 2014/15 to 2016/17 for the signing cost of 20mph speed limits in urban zones (BB page 30) to be funded by existing planned borrowing (BB page 34)

Deduct £14.7m from capital budget for Lorry Park (BB page 30 line 4) and transfer the same level of borrowing (BB page 34 line 12) in 2014/15 and 2015/16 to fund this proposal

(25) Following the debate the Chairman put to the vote the amendment set out in (24) above, when the voting was as follows:

For (16)

Mr D Baker, Mr M Baldock, Mr R Bird, Mr H Birkby, Mr L Burgess, Mr B Clark, Mr D Daley, Mrs T Dean, Mr R Latchford, Mr M Heale, Mr G Koowaree, Mr F McKenna, Mr B Neaves, Mr T Shonk, Mr M Vye, Mr M Whybrow

Abstain (3)

Mr C Hoare, Mr A Terry, Mrs Z Wiltshire

Against (63)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr N Bond, Mr A Bowles, Mr D Brazier, Mrs P Brivio, Mr R Brookbank, Mr C Caller, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mr G Cowan, Mrs M Crabtree, Ms J Cribbon, Mr A Crowther, Mrs V Dagger, Mr M Dance, Mr J Davies, Dr M Eddy, Mr J Elenor, Mrs M Elenor, Mr

T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Ms A Harrison, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Ms S Howes, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr B MacDowall, Mr T Maddison, Mr S Manion, Mr A Marsh, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mrs E Rowbotham, Mr J Scholes, Mr W Scobie, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mr D Smyth, Mrs P Stockell, Mr B Sweetland, Mr N Thandi, Mr R Truelove, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham

Lost

Amendment 10 – Living Wage (excluding schools)

(26) Mr Whybrow proposed, Mrs Dean seconded the following amendment:

Add £0.2m to revenue budget Financing Items Unallocated (BB page 61 line 141)
(pending allocation of pay and reward provision already provided in the budget)

Deduct £0.2m from revenue budget for Modernisation of the Council (BB page 61 line 138)

(27) Following the debate the Chairman put to the vote the amendment set out in (26) above, when the voting was as follows:

For (35)

Mr D Baker, Mr M Baldock, Mr R Bird, Mr H Birkby, Mr N Bond, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr B Clark, Mr G Cowan, Ms J Cribbon, Mr D Daley, Mrs T Dean, Dr M Eddy, Mr P Harman, Ms A Harrison, Mr M Heale, Mr C Hoare, Ms S Howes, Mr G Koowaree, Mr R Latchford, Mr B MacDowall, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr A Terry, Mr N Thandi, Mr R Truelove, Mr M Vye, Mr M Whybrow, Mrs Z Wiltshire

Abstain (0)

Against (47)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mr A Crowther, Mrs V Dagger, Mr M Dance, Mr J Davies, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham

Lost

(28) Amendment 11 was withdrawn by Mr Smyth and Mr Cowan as it was identical to the previous Amendment.

Amendment 12 – Member Grants (to create a fund, useable across two years at a total of £60k per Member, funded from the existing proposed Member Grant budget and some of the surplus on the Council Tax Collection Funds. This surplus is

provisionally earmarked for working with CCGs (£1.991m) and District Councils (£0.529m) in the draft budget proposals)

(29) Miss Harrison proposed, Mr Smyth seconded the following amendment:

		£'000
Delete	Local Member Grants (BB p55, line 86)	-2100
Reduce	Contribution to/from Reserves (BB p61, line 136)	-2520
Reduce	Communications and Consultation (BB p62, line 154)	-420
Add	Contribution to/from Reserves (BB p61, line 136) earmarked for Member Grants	+5040

(30) Following the debate the Chairman put to the vote the amendment set out in (29) above, when the voting was as follows:

For (19)

Mr N Bond, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr G Cowan, Ms J Cribbon, Mr D Daley, Dr M Eddy, Ms A Harrison, Ms S Howes, Mr B MacDowall, Mr T Maddison, Mrs E Rowbotham, Mr W Scobie, Mr T Shonk, Mr D Smyth, Mr A Terry, Mr N Thandi, Mr R Truelove

Abstain (1)

Mr M Whybrow

Against (62)

Mrs A Allen, Mr M Angell, Mr D Baker, Mr M Baldock, Mr M Balfour, Mr R Bird, Mr H Birkby, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mr B Clark, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mr A Crowther, Mrs V Dagger, Mr M Dance, Mr J Davies, Mrs T Dean, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Mr M Harrison, Mr M Heale, Mr M Hill, Mr C Hoare, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr J Kite, Mr G Koowaree, Mr R Latchford, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr F McKenna, Mr B Neaves, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr M Vye, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham, Mrs Z Wiltshire

Lost

(31) As all of the amendments except the withdrawn amendment had been determined, the Chairman put to the vote the original Motion as set out in (6) above when the voting was as follows:

For (51)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mr N Chard, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mr A Crowther, Mrs V Dagger, Mr M Dance, Mr J Davies, Mr J Elenor, Mrs M Elenor, Mr T Gates, Mr G Gibbens, Mr R Gough, Mr P Harman, Mr M Harrison, Mr M Hill, Mrs S Hohler, Mr S Holden, Mr P Homewood, Mr E Hotson, Mr A King, Mr J Kite, Mr R Long, Mr G Lymer, Mr S Manion, Mr A Marsh, Mr M Northey, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr J Scholes, Mr T Shonk, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mr A Terry, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham, Mrs Z Wiltshire

Abstain (6)

Mr R Bird, Mr B Clark, Mr D Daley, Mrs T Dean, Mr G Koowaree, Mr M Vye

Against (23)

Mr D Baker, Mr M Baldock, Mr H Birkby, Mr N Bond, Mr L Burgess, Mr C Caller, Mr G Cowan, Ms J Cribbon, Dr M Eddy, Ms A Harrison, Mr M Heale, Mr C Hoare, Ms S Howes, Mr R Latchford, Mr B MacDowall, Mr T Maddison, Mr F McKenna, Mr B Neaves, Mr W Scobie, Mr D Smyth, Mr N Thandi, Mr R Truelove, Mr M Whybrow

Carried

(32) RESOLVED that the County Council approve the following:

- (a) Revenue budget requirement of £940.313m for 2014-15
- (b) Capital investment proposals of £634.6m over three years from 2014-15 to 2016-17 together with the necessary funding and subject to approval to spend arrangements
- (c) The Treasury Management Strategy as per section 5 of the Medium Term Financial Plan
- (d) Prudential Indicators as set out in Appendix B to the Medium Term Financial Plan
- (e) The Revised Minimum Revenue Provision (MRP) Statement as set out in Appendix C to the Medium Term Financial Plan including the revised policy regarding debt repayment
- (f) The directorate revenue and capital budget proposals as set out in draft Budget Book and delegate responsibility to Cabinet Members and Corporate Directors to manage the budget within the parameters set out in the Constitution and Financial Regulations
- (g) The single pay and reward approach outlined in paragraph 4.2 and delegate authority to the Cabinet Member for Corporate and Democratic Services to agree the reward thresholds for staff assessed as achieving and above, and to

set the recalibration of the pay ranges, within the funding approved in the budget

- (h) The total Council Tax requirement of £529,125,091 to be raised through precepts on districts and the Council Tax rates set out in paragraph 2.2 (band D £1,068.66)

In addition:

- (i) The County Council is asked to note the financial outlook for 2015-16 and 2016-17 with further funding reductions and spending demands necessitating additional savings under the Facing the Challenge programme.

This page is intentionally left blank

COUNTY COUNCIL**Thursday 27 March 2014****Question by Martin Whybrow to
Mark Dance, Cabinet Member for Economic Development**

Has KCC, as reported in the local media, contributed any funds to the planned Remembrance Arch in Folkestone? If so, how much was the amount, at what Committee was it approved, and can Members be provided with the Minutes relating to the decision?

Answer

Thank you Mr Whybrow for asking this question. Before I provide the answer let me just explain to everybody here today the significance of this Memorial.

Kent played a critical role in both World Wars as the frontline County. It is fitting therefore that we support commemorations across the County and in particular the Memorial Arch in Folkestone, promoted by the Step Short charity. This Arch will, most certainly, be at the forefront of the nation's programme of commemorations on 4 August this year.

It will provide a lasting legacy to the many that left these shores from Folkestone and paid the ultimate sacrifice as it replaces the original, long since lost, Arch in Folkestone. It will be a new attraction and destination for everyone as an important and innovative learning tool for our children and a valuable tourism asset for Folkestone and Kent generally.

The visitor economy in Kent is worth £64m per annum and it supports around 64,000 jobs. The Memorial Arch will add to the overall offer for visitors to Folkestone and East Kent and, along with other historical monuments and attractions, it will help businesses locally to serve visitors who are keen to visit, learn and remember.

The cost of designing and building the Arch is in the region of £0.56m and KCC has committed £150,000 to the project. This was approved by the Director of Economic Development under delegated authority as it supports the visitor economy specifically and regeneration generally as defined in Bold Steps and the Economic Development Business Plan. Other contributors include Shepway District Council, the Roger De Haan Charitable Trust, Folkestone Town Council along with a range of other businesses and private and charitable parties. Lend Lease, are project managing the build and installation programme as their contribution to the overall initiative. Finally, there is a further cohort of people, especially those at Step Short, who have made significant, longer term contributions of their time, skills and passion to realise this once in a lifetime opportunity to ensure that Kent marks one of the very important roles it played in the First World War.

COUNTY COUNCIL MEETING

Thursday 27 March 2014

Question by Rob Bird to Paul Carter, Leader of the Council

With reference to Maidstone Borough Council's Local Plan would the Leader please say:

- a) What the Borough Council need to do to make the new housing targets in their proposed Local Plan achievable and sustainable?
- b) What the implications would be if the housing targets are unrealistic and which Kent County Council is unable to support?
- c) What action is open to Kent County Council in the absence of an agreed Local Plan and Integrated Transport Strategy to ensure Kent's county town does not suffer from 20 years of planning decisions imposed by the Secretary of State?

Answer

Detailed consideration must be given to the extent of growth that the Maidstone area can sensibly accommodate. Everybody accepts there is a national housing shortage and we must allocate further space for economic growth. However, common sense must be applied in arriving at sensible housing numbers.

- a) To my mind, the Borough Council should reduce the quantum of housing proposed in their Local Plan down to circa 14,500/15,000 homes and choose locations with appropriate existing infrastructure to support growth, such as localities with good rail and road links and sufficient school accommodation.

For the sake of existing Kent residents, we should preserve the character of existing urban communities and villages, allowing residents to have a sense of pride in 'place'.

- b) If the housing targets are unrealistic and cannot be supported in infrastructure terms, Kent County Council may have no opportunity but to object to the Local Plan and launch a significant challenge at a public inquiry.
- c) In answer to Mr Bird's final question, there is no alternative but to get a sensible local plan adopted, which is achievable, deliverable, and sustainable. I will continue to focus my time and efforts in achieving this objective to benefit present and future Maidstone residents.

COUNTY COUNCIL MEETING

Thursday 27 March 2014

Question by Dan Daley to Paul Carter, Leader of the Council

This winter we have witnessed the devastating impact of flooding across the county. This has had far-reaching economic, social and environmental consequences. With our climate appearing to become increasingly turbulent, there is an increasingly pressing need for better flood defence and mitigation to help vulnerable communities, including those neighbourhoods which have been exposed to localised flooding.

The Leader's commitment to find the partnership funding to match Government backing for new flood defence and mitigation works is warmly welcomed. It is nonetheless understood that, in order to attract Central Government funding, the proposed schemes will need to satisfy the Treasury's investment criteria. Will the Leader confirm that KCC will ensure that a comprehensive audit of all the recently flooded areas will be undertaken which takes into account all the financial, social and environmental impacts?

Answer

Having witnessed first-hand the devastating effect of the floods on local residents and business owners of Yalding over the Christmas break, I am committed to the investment in flood defences to prevent such extensive water damage reoccurring in the future, and the associated risk to loss of life.

I was therefore delighted to hear Danny Alexander say "there is plenty of money there to build new flood defence schemes" on his visit to Yalding in February and his commitment to "make sure there is no Treasury barrier".

My letter to him outlined Kent County Council's commitment to find 50% of the implementation costs of increasing the capacity at the Leigh Barrier, and creating a Lower Beult storage area, provided we have Central Government's commitment to pay the other half.

I am awaiting Danny Alexander's reply. I accept that, in order to attract Central Government funding, the proposed schemes will need to satisfy the Treasury's investment criteria, and we will commission the necessary work, including the appropriate audits, when we have arrived at a conclusion, working with the Environment Agency and other interested parties, as to what holds the best solution to mitigate the substantial risk of future flooding.

COUNTY COUNCIL MEETING**Thursday 27 March 2014****Question by Gordon Cowan to****Roger Gough, Cabinet Member for Education & Health Reform**

On the 25 February, 2014 Kent County Council announced the closure of the Chaucer School in Canterbury following days of speculation over its future, and despite the secondary school which was placed into special measures a year ago, having had a further monitoring inspection by Ofsted in November last year, which found that the school was "making reasonable progress towards the removal of special measures". It is believed the school had a budget deficit of nearly £1million and that the school had to reduce its staffing levels because of the deficit, which then led to the closure of the school. It is not clear when the Cabinet Member knew that the school was in deficit or what he did to work with the school to reduce their deficit. It is also not clear when parents were notified of KCC's decision to close the school or whether the site will remain for educational purposes in the future. I wonder how many other schools in Kent have deficits and what the Cabinet Member is doing about those.

Can I therefore ask the Cabinet Member for Education and Health Reform for a detailed explanation of what he did and is doing in relation to these important matters?

Answer

The budget for Chaucer (excluding Post 16 provision) was £3.7m in 2013/14, falling to £2.7m in 2014/15 due to a reduction in pupil numbers. Had closure not been considered we would be presented with an untenable position from 2015/16 onwards as the school would be attracting a budget of less than £1m. It is not possible to run a secondary school with this level of funding and without action there would be an immediate detrimental impact on the quality of education provided for the pupils.

Current forecasts show that the school will end this financial year (2013/14) with a deficit of over £0.3m (revenue and capital combined) growing to £0.6m in 2014/15 and rising yet further to over £2m by 2015/16. Coupled with a falling roll this is not a financially viable position for any school.

When the 2012/13 accounts were closed in April 2013 the school ended the year with a deficit of £237k. As a result officers met with Governors, the DfE and Oasis Academy Trust (the prospective academy sponsors at the time) on 17 April 2013 to look at the financial position. Further detailed discussions ensued which left the authority with serious concerns over budget management and in May 2013 we issued a formal Notice of Concern requiring the school to take certain specific actions to bring the budget under greater control. Regular monitoring revealed that the school was not complying with the formal Notice and in November 2013 we formally

removed delegated powers from the Governing Body and seconded two members of staff from KCC Finance to work in the school.

It should be noted that in January 2013 the newly appointed Acting Principal of Chaucer did take action to try and balance the budget through a significant reduction in staffing. This management action in advance of the proposed move to academy status would have brought the budget back under control based on pupil numbers forecasted at that time. What could not have been anticipated when those savings measures were implemented was the scale of the continuing fall in roll which has now resulted in an untenable financial position.

National changes to school funding implemented in April 2013 have resulted in over 90% of school funding being derived from pupil numbers, compared to 71% in 2011/13. The significant decline in pupil numbers at Chaucer has therefore resulted in a corresponding decline in its revenue funding. Sadly it is now apparent that no amount of management action can mitigate the rapid and continuing loss in pupil numbers.

In following the statutory consultation process the Local Authority wrote to parents on 25th February 2014 to explain the proposals that were being brought forward. The Admissions team ensured a firm offer of an alternative school was provided to all parents with children in years 7, 8 and 9 on the announcement of the proposed closure and KCC continues to liaise with parents on securing places at alternative schools in the Canterbury area.

The Chaucer school site will remain operational until August 2015. It will then revert to the Local Authority's ownership and will be held for educational purposes within KCC's Property portfolio. Further analysis of future need will be undertaken to inform whether any part of the site can be disposed of or made available for alternative use. The LA is confident that future pupil number projections will not require another secondary school in Canterbury in the near future, and any small growth will be catered for by expanding provision in other local schools.

Changes to the national formula funding of schools, including the increase in the percentage of funding which is allocated to schools on the basis of pupil numbers, means that more schools are affected financially, and in a short space of time, where there is reduction in pupil numbers. We are now working with a much more diverse and volatile system where individual schools can choose to expand. Consequently we currently have 17 schools and PRUs, with delegated budgets, which are forecast to end 2013/14 in deficit. Staff from the Schools Financial Services and School Improvement teams are working closely with them to agree a recovery plan over a period of usually no more than 3 years to recover their financial position whilst doing all we can to protect standards and the quality of education provided. These recovery plans are monitored on a monthly basis.

COUNTY COUNCIL MEETING

Thursday 27 March 2014

**Question by Brian Clark to
Gary Cooke, Cabinet Member for Corporate & Democratic Services**

KCC has recently undertaken a project to adapt a school to meet the special needs of a local pupil. A key part of the project was an item of furniture costing approximately £1000 which the school specified and provided KCC with a suitable supplier. The supply chain started with KCC engaging a preferred supplier who passed it on to a property company, who in turn passed it on to yet another property company, who ordered the wrong item, which brought about lengthy delays and frustration. Would the cabinet member agree that this is a costly way to do business?

Answer

I have been informed of the situation at South Borough and confirm that property have been working closely with you and all other stakeholders to ensure completion of this project.

The procurement of the work was through a framework in place for capital works via the Scape Framework with Kiers, who subsequently sub contracted to Spencer Francis - which meant significant reduction in procurement time. This is a common approach with building works and depending on the requirements of the project, the supply of specialist equipment may or may not form part of the build contract.

Although the building aspects of the project were delivered on time the problems experienced were mainly the delivery of the specialist bed, initially from an unclear specification of what was required. In this particular instance it was most unfortunate that the contractor made an error. Whilst we apologise for the delays that this has caused, I can confirm that the contractor has taken responsibility for its error and it is understood that the appropriate bed has now been supplied. Fortunately, this appears to be an isolated issue.

COUNTY COUNCIL MEETING

Thursday 27 March 2014

**Question by Ian Chittenden to
David Brazier, Cabinet Member for Transport & Environment**

The “Kent Traffic Counts Program”, cancelled in 2011, was set up by KCC to independently collect data to assist officers to make transport planning decisions, monitor effects of traffic and their patterns. Today this is monitored by developer reports with officers having little independent data to scrutinise their validity.

For example, serious questions have been raised about figures and the effect on the local road system reported by developers for a 220 home scheme in Boughton Lane, Maidstone.

We are now facing intense upward pressure on home building targets with 19,600 new homes under consideration for the county town alone. What action is KCC taking to check that developer information proves accurate?

Answer

KCC has the ability to ask our independent transport consultants to check and validate developer's datasets. This decision is made based on the type and nature of the likely traffic issues in the area due to proposed development. Asking independent consultants to review the datasets requires financial resources from KCC, so this practice is not followed for all situations. Otherwise, KCC has the expertise and local traffic knowledge to sense check the datasets and assumptions made by the developer in their traffic assessment report. As part of sense checking, KCC also requires from the developer the raw datasets and a data collection report. The data collection report should show whether the data has been collected by a competent survey company, when the data was collected, what were the weather and traffic (incidents) conditions at that time.

This page is intentionally left blank

By: Paul Carter, Leader of the Council

To: County Council – 27 March 2014

Subject: Facing the Challenge: Progress to Date and Phase 2

Summary: This paper provides an update on Phase 1 of Facing the Challenge, including progress to date and the lessons learned ahead of Phase 2. It also outlines the broad scope for Phase 2 of transformation, which includes changes to medium term planning arrangements in KCC. This requires the early closure of Bold Steps for Kent as the medium term plan, and the development of a new Strategic Commissioning Plan [strategic statement] as part of Phase 2 transformation.

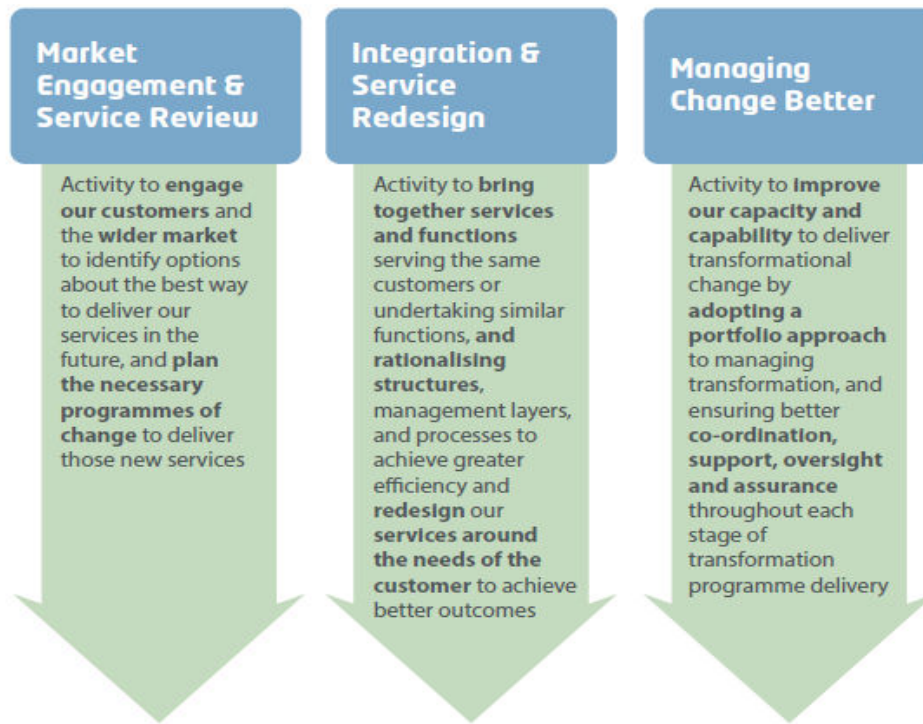
Recommendations:

County Council is asked to note:

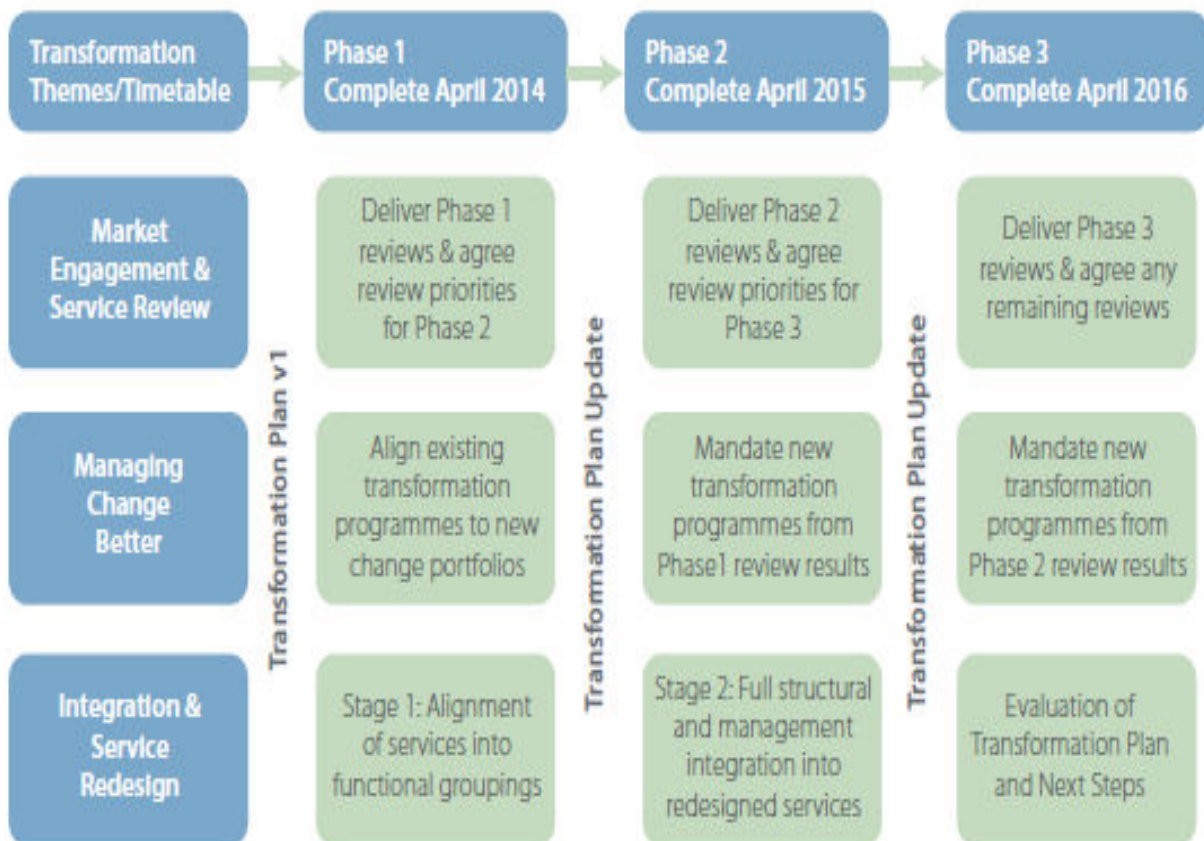
- (1) The progress to date on Phase 1 of Facing the Challenge
- (2) That the outturn of all Phase 1 Market Engagement and Service Reviews will be reported to County Council at its meeting in May 2014
- (3) The lessons learned as part of Phase 1 transformation
- (4) The need to bring additional resources into the organisation to support Phase 2
- (5) The proposal to close Bold Steps for Kent as the Medium Term Plan [strategic statement] for KCC
- (6) The development of a new strategic commissioning plan [strategic statement] for KCC to be developed as part of Phase 2 transformation
- (7) The services set out in paragraph 5.4 which will form the basis of Phase 2 Market Engagement and Service Reviews

1. Introduction:

1.1 In July 2013, County Council approved 'Facing the Challenge: Whole-Council Transformation' which set out our response to the increasing financial pressure local government faces as public sector austerity continues beyond 2015. 'Facing the Challenge: Delivering Better Outcomes' is the first whole-council transformation plan for KCC. It was approved by County Council in September 2013, and set out three themes for KCC's transformation. These are set out in the diagram overleaf:



1.2 It also set out the roadmap below for the transformation programme:



1.3 Phase 1 is due to complete at the end of April 2014. As we draw towards the end of Phase 1, it is appropriate that we consider progress to date, including what has gone well and any issues that need to be addressed, as well as arrangements for Phase 2.

2. Progress to Date:

2.1 The ambition and pace which was set out by County Council for Phase 1 of transformation was both significant and challenging. It is to the credit of all involved that Phase 1 will complete to time and to expectation. Key milestones achieved include:

- a) The engagement with staff on Facing the Challenge has worked well, with initial manager workshops outlining the scope and approach of the transformation programme followed up with a strong online presence on Knet and regular updates through KMail (weekly email to all staff) and Kascade (email update to managers). Moreover, specific workstreams to support cultural aspects of change as part of Facing the Challenge are now resourced and reporting through the transformation governance arrangements. As a result, **Facing the Challenge has strong traction across the senior and middle management tiers**, although it is recognised that more must be done to drive awareness and buy-in further down the organisation.
- b) The three transformation themes identified in Facing the Challenge (Managing Change Better, Market Engagement and Service Review, Integration and Service Redesign) have traction across the organisation, and have proved **strong pillars on which to develop and progress transformation activity**. As such Phase 2 transformation activity will continue to be structured around these three themes.
- c) County Council approved a revised operating framework in December 2013, including top-tier officer realignment. Despite the challenging timetable, there has been full consultation with affected staff, new posts created and the appointments process largely completed at the Corporate Director and Director tier, with all the posts covered at least on an interim basis and only the permanent appointments of a Corporate Director Growth, Environment and Transport, a Director of Early Help and Preventative Services and a permanent replacement for the Director Public Health still outstanding. As such, **the council is ready for the 'go live' of the new operating structure** from 1st April 2014.
- d) **All Market Engagement and Service Reviews are on course to be completed by the deadline of end April 2014**. The preferred option and outline business case for each service(s) being reviewed will be agreed, and progressed to Full Business Case stage where any necessary formal decisions are taken. A full outturn report of all Phase 1 reviews will be provided to County Council in May 2014. Services that are to be reviewed as part of Phase 2 reviews have been identified, and are set out in section 5.
- e) Change Portfolios have been established and work has been undertaken by the new Corporate Portfolio Office to support Chief Officers develop an **appropriate vision and change model to ensure effective management of key programmes** and projects for which they hold accountability as Senior Responsible Officers (SRO).
- f) The additional resource that has been brought into the organisation in support of transformation has largely added value, **bringing additional capacity and capability to the market engagement activity beyond that which is available in-house**, and has been important to delivering Phase 1 of transformation at the pace required.

- g) The transformation **governance arrangements put in place through Facing the Challenge have worked well**. The Transformation Advisory Group (TAG), which provides oversight and management of the transformation programme has met almost weekly throughout Phase 1, whilst Opposition Group Leaders have been engaged and informed on progress through the Transformation Board. There have also been updates to Cabinet Committees as required.

3. Lessons Learned through Phase 1:

3.1 Whilst Phase 1 is being delivered to time and to expectation, some key issues have been identified through Phase 1 that will require careful consideration as we transition to Phase 2 of Facing the Challenge:

- a) There is some **confusion about the strategic driver for the authority, whether it is Bold Steps for Kent or Facing the Challenge**. Bold Steps for Kent is the medium term plan until the end of 2014/15, whilst Facing the Challenge is the council's transformation programme. In many respects they are mutually reinforcing of each other, particularly regarding the need for a radically different local authority model, which is more commercial, focussed on prevention and the commissioning of services rather than direct provision. However, the need for clarity to support staff understanding and buy-in to transformation is critical.
- b) Whilst engagement with the market as part of Phase 1 transformation has been beneficial it must be undertaken carefully. The market has a clear preference for engagement around end-to-end service delivery rather than individual services or functions. As the organisation integrates into larger business units shaped around the similar clients and functions, market engagement will become easier. However, it is **vital we are clear about the outcomes we want our services to deliver before engaging the market** if we are to challenge providers to identify options which support outcomes as well as a reduction in costs.
- c) The review process has **identified further opportunities to improve efficiency within services** that should be taken before full market engagement takes place, so that we do not risk handing over achievable savings to market providers, who should be used to deliver additional savings beyond those which the authority can deliver itself. Intelligent market engagement requires our services to be operating at optimal levels to gear maximum benefit from market engagement. It should be noted that this does not mean that efficiencies alone can provide the solution to the financial challenge KCC faces. Market engagement will still be a crucial aspect of Phase 2 transformation.
- d) Whilst the headline financial challenge is widely accepted, there is **limited understanding about how these savings will translate onto individual services** over the medium term. There is some misplaced optimism in parts of the organisation that savings 'will land somewhere else'. This could lead to a short-term focus on immediate savings needs rather than developing innovative and sustainable service strategies. All services must make significant savings with further pressures likely to arise as part of the 2015 Comprehensive Spending Review.

- e) **Our capacity to deliver change in-house is more limited than originally anticipated.** There are a number of overlapping reasons for this. Firstly, significant in-house resources are already being expended delivering the existing savings targets within the Medium Term Financial Plan. Secondly, there is pressure on managerial capacity to deliver substantive change programmes and deliver business as usual within services. Thirdly, commercial understanding within services remains weak, which limits opportunities for effective market engagement, commercialisation or in-house design of alternative service delivery vehicles. Fourthly, there needs to be a stronger understanding of the factors driving service cost and greater understanding of corporate overheads to support market engagement activity.
- f) There is a need to provide greater **clarity about KCC as a strategic commissioning authority.** There are two drivers for this. Firstly, whilst the July 2013 Facing the Challenge paper outlined the vision for KCC operating as a strategic commissioning authority in the long-term, there is uncertainty about what this means in practical terms, especially given the very different interpretations and models of commissioning being applied across the local government sector. Secondly, the emerging options from Phase 1 reviews may require KCC (depending on future Member decisions) to move some services to different delivery models earlier than expected. In particular, emerging options for increasing use of Local Authority Trading Companies (LATCO) as delivery vehicles for some services will require new forms of governance, in line with a strategic commissioning authority.

4. Addressing the Issues:

4.1 Phase 1 of transformation has been a success, but if we are to drive transformation further, deeper and quicker, we recognise that there is a need to address issues head on. Our proposals to address the issues identified above are:

- a) It is clear that the overriding priority of the Council must be to deliver the transformation agenda set out within Facing the Challenge, and that this is the de-facto strategic driver for KCC. As such, and to provide absolute clarity for Members and staff, **we will be seeking County Council's approval to close Bold Steps for Kent** [the strategic statement for the authority] early, and will bring a close-down report to the County Council in May.
- b) **A new Strategic Commissioning Plan and Outcomes Framework for KCC will be developed through Phase 2 transformation** with the intention of it being adopted as the strategic statement from 2015/16 onwards, subject to approval by County Council. Although not yet finalised, our current thinking is that rather than a fixed four year plan, a Strategic Commissioning Plan might be a rolling four year plan, updated annually, to better support the organisation in responding to emerging pressures and issues, and facilitate joint commissioning with partners, such as health.
- c) In order to ensure that market engagement is effective, and that services are ready for market engagement, we will **refocus how Market Engagement and Service Reviews are undertaken in Phase 2.** The short timetable in Phase 1 meant that market engagement and service review aspects of reviews were undertaken concurrently. In Phase 2, the services review aspects will be

undertaken as a first stage, focusing on clarifying the outcomes the service is to achieve, and its efficiency and optimisation, before the second stage of review engages the market to identify alternative delivery models which might achieve service outcomes at lower cost. The longer time period (12-months) over which Phase 2 will run will allow a two-stage review process to operate.

- d) To make Facing the Challenge more real to staff and to drive home the financial challenge facing all KCC services, we will provide Directors with **robust medium-term (3-year) financial budgets at service level for all services** under their control. This will identify the medium term savings that they have to make and support the effective redesign and integration of services as part of Phase 2 transformation. By providing clarity on the medium term budgets, we expect Directors and Heads of Service to develop a sustainable strategy for their service to operate within budget over the medium term, rather than simply providing plans that deliver one year savings. This will require innovation and radical thinking from Directors and Heads of Service.
- e) We cannot deliver the ambitious transformation programme without having the necessary expertise and capacity within the Council to both design change programmes and then to deliver them. As such, we will seek to bring additional capacity and capability into the organisation to support Phase 2. In particular, **we will look to build on the innovative partnership delivery model developed as part of the Adult Social Care Transformation programme for the whole Facing the Challenge programme.** The aim is not just to boost the short-term capacity and capability of the organisation to deliver transformational change, but also to develop existing in-house capabilities through skills transfer so that the changes are sustainable and embedded.
- f) The end-state vision for KCC to operate effectively as a strategic commissioning authority by 2020 was agreed by County Council in July 2013. As we develop a new Strategic Commissioning Plan for KCC through Phase 2 transformation, **we will begin to put meat on the bones of what it means for KCC to be a strategic commissioning authority.** This will include engaging both Members and staff about a range of issues and challenges that the authority faces in becoming a strategic commissioning authority, including the functions and capabilities needed to undertake strategic commissioning effectively, the importance and development of an effective outcomes framework and the role of Members in a strategic commissioning model.
- g) **To be successful the Authority needs to change the way it does things in many ways.** The main emphasis for this change in approach and culture has been determined by the ambitions set out in the Facing the Challenge, the experience from the major change programmes already underway and from the outcomes of the engagement strategy with managers, staff and partners. It is critical that the corporate centre of the organisation supports services in both planning for and responding to the need to change across all the areas summarised in the table below. The overarching details and plans needed to achieve in these areas, including the workforce development strategy; workforce planning techniques; identification of areas of skills shortage; a practical approach to service redesign and the engagement and communication strategy are already in place. The detailed plans in place to strengthen support to managers will be reported in the May County Council paper.



5. Phase 2 Transformation:

5.1 The transformation roadmap agreed by County Council in September 2013 (and reproduced in para 1.2) anticipates Phase 2 running from May 2014 to April 2015. As noted earlier, the three transformation themes set out in Facing the Challenge have been strong pillars on which to build activity, and Phase 2 transformation activity will continue to be built around them.

5.2 **Integration and Service Redesign** in Phase 2 will see the full structural and management integration into redesigned services focussed on better meeting the needs of our customers. Facing the Challenge: Delivering Better Outcomes outlined a range of redesign principles (reproduced in the diagram at Appendix A) which Directors and Heads of Service will find useful when developing proposals for the redesign of services. As noted earlier, to support this redesign we will provide 3-year service level budgets to Directors and Heads of Service to support sustainable service design. Moreover, whilst KCC is not yet seeking a commissioner / provider split within services, as part of the redesign process, Directors and Heads of Service will identify those resources within their services which support commissioning and those which support the provision of services. This will allow a better understanding of our total commissioning resource, including its capacity and capability, and support assessment and benchmarking against future needs as a strategic commissioning authority.

5.3 **Managing Change Better** in Phase 2 will continue to focus on improving the organisation's capacity and capability to deliver complex change by improving the delivery of existing programmes and projects, enhancing corporate oversight and

support, as well as overseeing new projects which will implement any agreed changes to services resulting from Phase 1 reviews.

5.4 Market Engagement & Service Review in Phase 2 will build on the successful approach established in Phase 1, but will take a two-stage approach to review as noted in paragraph 4.1(c). Given the scale of the change taking place through Integration and Service Redesign, there will be fewer reviews in Phase 2 but these will be more focussed on services which face difficult demand management challenges. The services identified for Phase 2 review include:

- **SEN Assessment, Support & Transport** (to include: Assessment and Support of Children with SEN; Ed Psychology Service; Support to Statemented Pupils; Home to School Transport (SEN); Transport Operations and Admissions)
- **Home to School / College Transport** (to include: Transport Operations; Home to College Transport (incl. 16+ Travel Card); Home to School Transport – Mainstream)
- **Adoption, Fostering & Leaving Care** (to include: Adoption; Fostering and Leaving Care)
- **Community Safety & Regulatory Service** (to include: Community Safety; Community Wardens and Trading Standards)
- **Procurement**
- **Countryside Access** (to include: Country Parks)

6. Next Steps:

6.1 Facing the Challenge is an extensive transformation programme that seeks to radically reshape the authority in response to the future financial and service pressures it faces. Given the size and scale at which KCC operates, it is necessarily a large and complex programme, with many layers of activity and change touching almost every part of the organisation. As the amount of activity increases, it is vital that County Council is regularly updated on the activity, decisions and progress of Facing the Challenge. At its meeting in May, County Council will consider:

- A full outturn report on all Phase 1 reviews, ahead of proposals progressing to full business case development.
- A close down report on Bold Steps for Kent.
- Outline of the detailed plans to strengthen support to managers in delivering transformation.

Appendices:

Appendix 1: Service Redesign Principles

Background Documents:

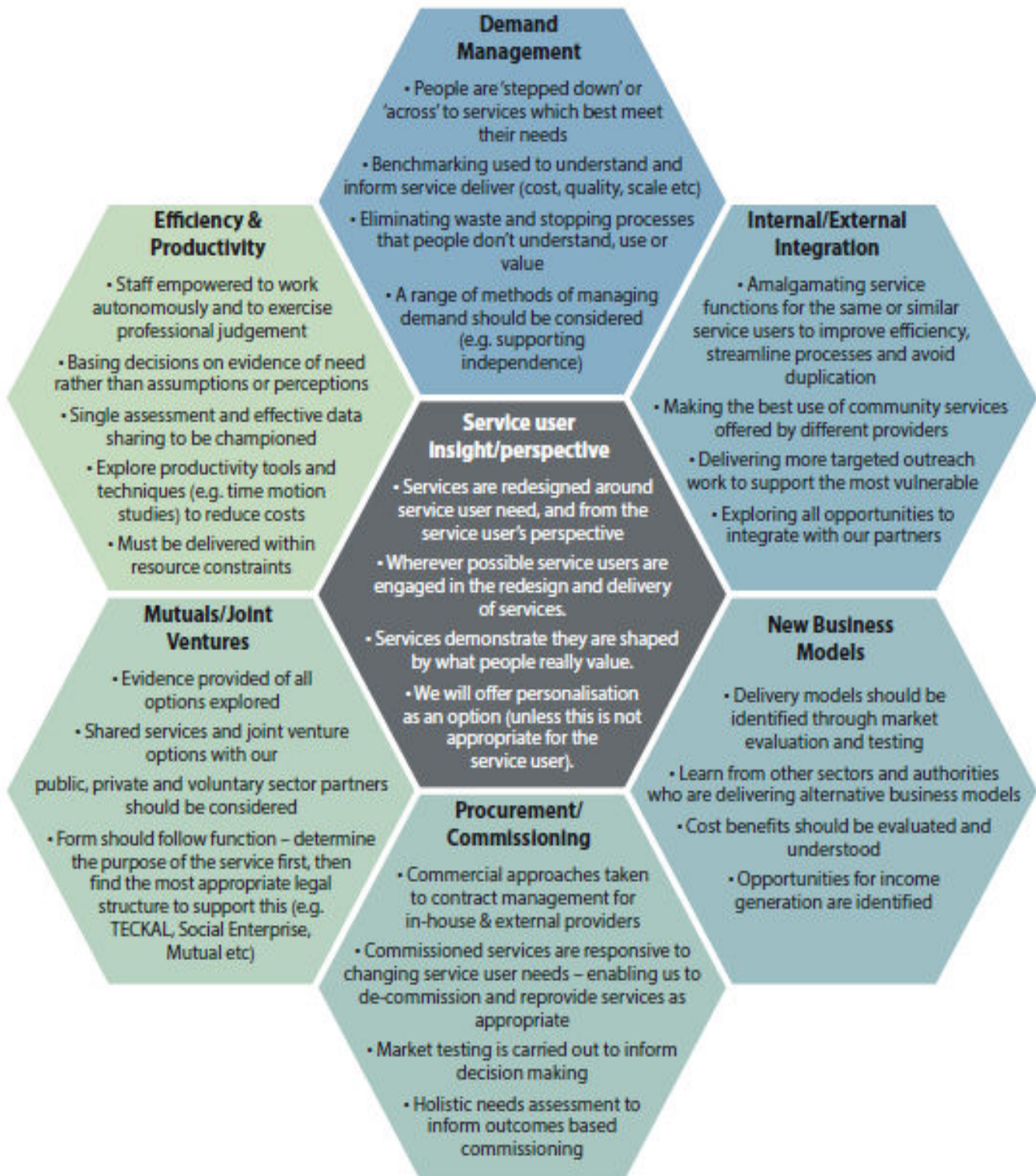
'Facing the Challenge: Whole-Council Transformation', Kent County Council, July 2013

'Facing the Challenge: Delivering Better Outcomes', Kent County Council, September 2013

'Facing the Challenge: Top Tier Realignment' Cabinet, October 2013

'Facing the Challenge: Phase 1 update and new Directorate structure', Kent County Council, December 2013

Appendix 1: Service Redesign Principles (from *Facing the Challenge: Delivering Better Outcomes*):



This page is intentionally left blank

By: Paul Carter CBE, Leader Kent County Council & Cabinet Member for Business Strategy, Audit and Transformation

To: County Council – 27 March 2014

Subject: Transformation - Cabinet Committee Reform

Summary: To report the reform and restructure of the Council's Cabinet Committees in light of the adoption by Council and Cabinet of the first stage of the 'Facing the Challenge' whole council transformation.

Recommendation:

That the Council note the changes made to Cabinet Committees to be introduced on 1 April 2014.

1. Introduction

- (1) County Council agreed to amend the top tier structure of the Council's staffing structure at its meeting of 12 December 2013 as part Phase 1 of the Facing the Challenge programme. It is now necessary to amend the Council's executive advisory Committees, Cabinet Committees, to reflect that new structure in order that they remain as effective as possible.
- (2) This report sets out the number, new titles and areas of responsibility for Cabinet Committees to become effective from 1 April 2014.

2. Details

- (1) In accordance with the instructions of the Leader, Cabinet Committees will be amended as set out in paragraph 2 below, in order to reflect the new directorates and to also reflect the cross-cutting nature of the services and functions of the Council.
- (2) There will continue to be 6 Cabinet Committees, named as follows:
 - Policy and Resources Cabinet Committee (including Property Sub-Committee)
To be responsible for those functions that fall within the Strategic and Corporate Services Directorate.
 - Education and Young People Services Cabinet Committee
To be responsible for those functions that fall within the Education and Young People Services Directorate
 - Growth, Economic Development and Communities Cabinet Committee
To be responsible for those functions that fall within the responsibilities of the Director of Economic Development as well as some functions transferred from the Communities Directorate and now located within the Growth, Environment and Transport Directorate

- Environment and Transport Cabinet Committee
To be responsible for the majority of the functions that fall within the responsibilities of the Director of Highways, Transportation and Waste and Director of Environment Planning and Enforcement and which sit within the Growth, Environment and Transport Directorate.
 - Children’s Social Care and Health Cabinet Committee
To be responsible for those functions that sit within the Social Care, Health and Wellbeing Directorate and which relate to Children.
 - Adult Social Care and Health Cabinet Committee
To be responsible for those functions that sit within the Social Care, Health and Wellbeing Directorate and which relate to Adults.
- (3) Full lists of responsibilities for each Cabinet Committee can be found at appendix 1. Should there be occasions where an issue does not fall within one of the categories or sub-categories as listed the Leader shall agree which Cabinet Committee will consider the matter.
- (4) Some functions are deliberately cross-cutting such as the preventative services maintained within the Education and Young People Cabinet Committee and, depending on the final outcome of any Cabinet reshuffle, are likely to require the attendance of more than one Cabinet Member and in some cases more than one Corporate Director. Cabinet Members and Corporate Directors will be expected to attend any meeting which has relevant items on the agenda but need not stay for those items that are not.

3. Next Steps

- (1) Cabinet Committee dates set for April will, be transferred to the most appropriate new Cabinet Committee. It is suggested that the dates be transferred in the following way:
- Economic Development Cabinet Committee on 15 April replaced by Growth, Economic Development and Communities Cabinet Committee
 - Education Cabinet Committee on the morning of 22 April replaced by Education and Young People Cabinet Committee
 - Communities Cabinet Committee on the afternoon of 22 April replaced by Children’s Social Care and Health Cabinet Committee
 - Policy and Resources Cabinet Committee on 23 April maintained
 - Environment Highways and Waste Cabinet Committee on 24 April replaced by Environment and Transport Cabinet Committee
 - Social Care and Public Health Cabinet Committee on 2 May replaced by Adult Social Care and Health Cabinet Committee.
- (2) In some instances, it may be necessary to create the agenda without an agenda setting meeting, but Chairmen and group spokespeople will be consulted where

appointed.

- (3) Cabinet Committee Chairmen and Cabinet Portfolio holders and responsibilities will be decided by the Leader and announced by the Monitoring Officer in due course.

4. Governance

- (1) Cabinet Committees are advisory Committees to the Cabinet and individual Cabinet Portfolio holders. As such changes to them can only be made on the 'Executive side' of the council's decision making structure.
- (2) The Council's Constitution affords these Executive responsibilities to the Leader under paragraph 2.15 of Appendix 4 part 2.

5. Recommendation

That the Council note the changes made to Cabinet Committees to be introduced on 1 April 2014.

Report Author

Louise Whitaker
Democratic Services Manager (Executive)
louise.whitaker@kent.gov.uk
01622 694433

This page is intentionally left blank

1) **Policy and Resources Cabinet Committee**

Finance:

- Audit and Risk,
- Financial Services
- Finance Business Partners
- Financial Management
- Strategic Finance
- Procurement

Human Resources

- HR Business Centre
- HR Employment Strategy inc. Internal Communications
- Organisation Development
- HR Business Partners
- HR Advisory Team
- Health & Safety including Staff Care Services

Information & Communication Technology

- ICT Commissioning
- ICT Operations
- Kent Connects
- Business Partners
- Enterprise Architecture
- ICT Infrastructure
- Service Support
- Business Solutions
- ICT Security

Governance & Law

- Democratic Services
- Legal Services
- Elections Member Services
- Information Risk

Policy & Strategic Partnerships

Business Intelligence

Commercial Services

Edukent

Income generation and Charging Policy

External Communications

Contact centre

Gateways

1a) Property Sub-Committee

Capital and Infrastructure Support, Strategic Asset Management/Rationalisation, Property Enterprise Fund, Business Partners – Directorate Property, Estates Management & Property Operations, Basic Need property updates

2) Education and Young People Services Cabinet Committee

Preventative Services

- Integrated Youth Services includes Youth Justice, Youth Work (including Youth Centres and outdoor activity centres)
- Children's Centres
- Early Intervention and Prevention for children, young people and their families including Family CAF co-ordination
- Adolescent Services Social Work Assistants
- Inclusion and Attendance includes Education Youth Offending, Educational Welfare, Inclusion Officers, Child Employment and Young Carers Co-ordination, Early Years Treasure Chest, Commissioned Services for early intervention and prevention
- Troubled Families

Education Planning and Access

- Provision Planning and Operations (includes school place planning and provision, client services, outdoor education and the work of the AEOs)
- Fair access Admissions and Home to School Transport (includes Elective Home Education, Home Tuition and Children Missing Education)
- Special Educational Needs Assessment and Placement Educational assessment processes for pupils with Special Educational Needs and Disabilities (includes Portage and Partnership with Parents, Educational Psychology Service)

Education Quality and Standards

- Early Years and Childcare Safeguarding and Education
- School Standards and Improvement including Governor services,
- School Workforce Development and Performance and Information,
- Skills and Employability for 14-24 year olds includes Kent Supported Employment & Community Learning & Skills
- Inclusion Support Service Kent (formerly MCAS)

School Resources

- Finance Business Partners
- Development of delivery model for support services to schools
- Academy Conversion

3) Growth, Economic Development and Communities Cabinet Committee

Economic Development

- Economic & Spatial Development
- Strategy & Development
- International Affairs
- Regeneration Projects including Grant and Loan schemes and other 'bid for funded' projects
- LEP reporting and monitoring
- Kent Film Office

Communities

- Arts
- Sport
- Libraries
- Registration and Archives
- Volunteering
- Big Society

4) Environment and Transport Cabinet Committee

Highways Transportation & Waste

- Highway Operations
- Programmed Works
- Transportation
- Public Transport
- Future Service Improvement
- Contract Management
- Waste Resource Management
- Road Safety including Road Crossing Patrols

Environment, Planning & Enforcement

- Sustainability and Climate Change
- Heritage Conservation
- Country Parks
- Strategic Transport Planning
- Regulatory Services-Including Public Rights of Way & Access
- Trading Standards
- Coroners
- Kent Scientific Services & Countryside Management Partnerships
- Flood Risk and Natural Environment
- Environment programmes
- Community Safety & Emergency Planning including Community Wardens
- Gypsy and Traveller Unit
- Local Development Plans

5) Children's Social Care and Health Cabinet Committee

Commissioning

- Children's Health Commissioning
- Strategic Commissioning - Children's Social Care
- Contracts and Procurement - Children's Social Care

- Planning and Market Shaping - Children's Social Care

Specialist Children's Services

- Initial Duty and Assessment
- Child Protection
- Children and young people's disability services including short break residential services
- Children in Care (Children and Young People teams)
- Assessment and Intervention teams
- Family Support Teams
- Adolescent Teams (Specialist Services)
- Adoption and Fostering
- Asylum
- CRU/OoH
- Family Group Conferencing Services
- Virtual School Kent

Child and Adolescent Mental Health Services

Transition planning

Health – when the following relate to children

- Children's Health Commissioning
- Health Improvement
- Health Protection
- Public Health Intelligence and Research
- Public Health Commissioning and Performance

6) Adult Social Care and Health Cabinet Committee

Strategic Commissioning Adult Social Care

- Quality assurance of health and social care
- Integrated Commissioning – Health and Adult Social Care
- Contracts and Procurement
- Planning and Market Shaping
- Commissioned Services including Supporting People
- LASAR (Local Area Single Assessment and Referral)
- KDAAT

Older People and Physical Disability

- Enablement
- In-house Provision – residential homes and day centres
- Adult Protection
- Assessment and Case management
- Telehealth and Telecare
- Sensory services
- Dementia
- Autism
- Lead on health integration
- Integrated Equipment Services and Disabled Facilities Grant

Occupational Therapy

Transition planning

Learning Disability & Mental Health

- Assessment and case management
- Learning Disability and mental health In-house Provision
- Adult Protection
- Partnership Arrangement with the Kent & Medway Partnership Trust and Kent Community Health NHS Trust for statutory services Operational support unit

Health – when the following relate to Adults (or to all)

- Adults' Health Commissioning
- Health Improvement
- Health Protection
- Public Health Intelligence and Research
- Public Health Commissioning and Performance

Supporting People and Supporting Employment

Generic Items to be addressed within each Cabinet Committee remit as appropriate:

- Performance and Risk Management issues
- Consideration of the 2015/16 Budget for recommendation by Cabinet to Council
- Consideration of Strategic Priority Statements prior to endorsement by Cabinet
- Consideration of policy framework document refresh for endorsement by Cabinet to Council
- Procurement
- Consultation
- Equalities
- Voluntary Sector relationships
- Income Generation and Charging Policy
- Transformation

This page is intentionally left blank

From: Mr Mark Dance, Cabinet Member for Economic Development
Barbara Cooper, Director – Economic & Spatial Development

To: County Council – 27th March 2014

Subject: Select Committee: Maximising the Benefits from Kent's European Relationship

Classification: Unclassified

Past Pathway of Paper: CMM, CMT, Corporate Board and Cabinet

Summary:

To receive and comment on the report of the Select Committee on Maximising the Benefits from Kent's European Relationship

Recommendations:

Council are asked to support the following recommendations:

- The Select committee is thanked for its work and for producing a relevant and balanced document.
- The witnesses and others who provided evidence and made valuable contributions to the Select Committee are thanked.
- Council's comments on the report and its recommendations are welcomed.

1. Introduction

1.1 This timely review has sought to demonstrate how Kent County Council and the County of Kent have benefited from European engagement, activities and funding during the recent EU funding programme period 2007-13; facilitated for the most part by International Affairs Group.

1.2 As we have entered a new EU funding programme period 2014-20 (and regardless of any possible change of status in the UK's relationship with the European Union) it is important that we understand the contribution of KCC's international work, the way in which it supports core priorities including those in Bold Steps for Kent and the potential economic benefits to KCC and Kent that may be achieved from EU engagement, activity and funding in the next few years.

1.3 Having been agreed at a meeting of Scrutiny Committee on 12th November, the Select Committee was established in December 2013 with its first meeting on 10th December. It began its work immediately to gain an insight into the review topic, focusing on the work of International Affairs Group in terms of engagement, activity and the securing of EU funding for projects and exploring the ways in which maximum benefits might be achieved in the forthcoming funding programme period.

2. Select Committee

2.1 Membership

The Select Committee was chaired by Mr Alex King. Other committee members were Mr Andrew Bowles, Mr Dan Daley, Mr Geoff Lymer, Mr Alan Marsh, Mrs Paulina Stockell and Mr Roger Truelove. Having attended the initial meeting on 10th December two UKIP members who had been put forward, withdrew from the process and the review proceeded with two vacancies.

2.2 Terms of Reference

The Terms of Reference agreed on 10 December were:

To determine:

- The benefits, disbenefits and challenges for KCC, Kent organisations and the Kent economy from KCC's European engagement and activities over the period 2008-13.
- The key lessons that may be drawn from engagement and activities undertaken during this period
- What KCC needs to do in order to maximise the potential benefits to the County from European engagement and activities in the future.

2.3 Evidence

The Select Committee held three half-day hearings at the beginning of January to gain an insight into the review topic. A short questionnaire was sent to individuals who were known to have led on EU funded projects in Kent in order to gather as much information as possible in the time available. In addition, written evidence was sought from a small number of individuals and during the review, a questionnaire was sent to KCC directors and senior managers; this received a high response rate in a very short period. Appendix 1 comprises a list of witnesses who contributed oral and written evidence to the review.

2.4 *Timescale*

The Select Committee met for the first time on 10th December and conducted a series of interviews on 7th, 8th and 14th January 2014. Surveys were distributed shortly before and after Christmas 2013 and the responses were analysed at the beginning of February with the report being compiled in mid February.

3. **The Report**

3.1 The key themes of the report's 10 recommendations include:

- Supporting the commissioning process for EU projects through the South East Local Enterprise Partnership (LEP)
- Ensuring there is a focus by the LEP on rural priorities for Kent
- Producing a new International Strategy and EU funding guide
- Prioritising partnership development
- Developing the Hardelot Centre
- Strengthening the role of KCC Brussels Office in particular regarding the accessing of EU Thematic funds
- Ensuring KCC has the resources to support and implement EU funded projects
- Enabling cost-effective project communications
- Raising the profile of Kent's international work and opportunities from EU funding
- Closing the 2% gap between the proportion of Kent businesses who export and the proportion nationally
- Ensuring Kent has improved international rail connectivity, particularly at Ashford

3.2 The full select committee report is attached as Appendix 2.

4. **Conclusions**

4.1 We welcome the report and would like to congratulate the Select Committee on completing this piece of work.

4.2 We would also like to thank all the witnesses who gave evidence to the Select Committee, and the officers who supported it.

4.3 Mr Alex King, Chairman, accompanied by Members of the Select Committee, will present the report to Council and the Committee would welcome your comments.

5. Recommendations

- 5.1 The Select committee is thanked for its work and for producing a relevant and balanced document.
- 5.2 The witnesses and others who provided evidence and made valuable contributions to the Select Committee are thanked.
- 5.3 Council's comments on the report and its recommendations are welcomed.

Research Officer to the Review:
Sue Frampton
Research Officer (Overview & Scrutiny)
01622 694993
Sue.frampton@kent.gov.uk

Democratic Services:
Denise Fitch
Democratic Services Manager
01622 694269
Denise.fitch@kent.gov.uk

Appendix 1: Oral and written evidence – list of contributors

Oral evidence/hearings:

7th January 2014 Interviews:

Ron Moys, Head of International Affairs Group

Ruth Wood, Head of Research and Strategy, Visit Kent

Dafydd Pugh, Head of KCC Brussels Office

Stephen Gasche, Principal Transport Planner – Rail (Enterprise and Environment)

Erica Russell, Head of Sustainability and Insight, BSK-CIC

8th January 2014 Interviews:

Carolyn McKenzie, Sustainability and Climate Change Manager

Jarvis, Kent Downs and Marshes Leader Programme Manager

Keith Harrison, Chief Executive, ACRK

Paul Wookey, Chief Executive, Locate in Kent

Rob Lewtas, Strategic Partner Manager, South East International Trade Team, UK Trade and Investment (UKTI)

14th January 2014 Interviews:

David Godfrey, Interim Director, South East Local Enterprise Partnership

Ross Gill, Economic Policy and Strategy Manager

Steve Samson, Trade Development Manager

Myriam Caron, European Partnership Manager

Tudor Price, Business Development Manager, Kent Invicta Chamber of Commerce

Written/supplementary evidence:

Baugh, Ian - Business Development Team Manager

Bearne, Amanda – Director of Marketing and Research, Locate in Kent

Brook, Peter - Partnership and Change Manager (Customer and Communities)

Bruton, Theresa - Head of Regeneration Projects (Enterprise and Environment)

Carter, Sean - Strategic Projects and Partnership Manager (Education Learning and Skills)

Chapman-Hatchett, Alice – Director, The Health and Europe Centre

Gasche, Stephen - Principal Transport Planner – Rail (Enterprise and Environment)

Gill, Ross - Economic Strategy and Policy Manager (Business Strategy and Support)

Harrison, Keith – Chief Executive, Action with Communities in Rural Kent (ACRK)

Hoffman, Rebecca - Customer Information Manager (Customer and Communities)

Jarvis, Huw – Kent Downs & Marshes Leader Programme Manager (Enterprise and Environment)

Jeynes, Melissa - Senior Accountant, External Funding and Specific Grants (Business Strategy and Support)

Lewtas, Robert - Strategic Partner Manager, South East International Trade Team, UK Trade and Investment (UKTI)

LIngham, Caroline - Programme Manager, West Kent Leader – Sevenoaks District Council

McKenzie, Carolyn – Sustainability and Climate Change Manager (Enterprise and Environment)

Milne, Elizabeth - Natural Environment and Coast Manager (Enterprise and Environment)

Moys, Ron - Head of International Affairs Group (Business Strategy and Support)

Ratcliffe, Joseph - Principal Transport Planner, Strategy Planning and Environment, (Enterprise and Environment)

Reeves, Mark – Project Manager (Customer and Communities)

Riley, Martyn - Economic Development Officer (Business Strategy and Support)

Samson, Steve - Trade Development Manager, (Business Strategy and Support)

Tidmarsh, Anne - Director of Older People and Physical Disability (Families and Social Care)

Vencato, Dr. Maria Francesca - Kent Brussels Office

Walby, Maureen – Project Manager, ACRK

Ward, Nicholas – Friday People

Wood, Ruth – Head of Research and Strategy, Visit Kent

Wookey, Paul – Chief Executive, Locate in Kent



Kent County Council
County
Maidstone
ME14 1XQ
08458 247247
County.hall@kent.gov.uk



Contents

Contents.....	3
Chairman’s Foreword.....	5
I EXECUTIVE SUMMARY	7
1.1 Committee membership.....	7
1.2 Establishment of the Select Committee	7
1.3 Glossary.....	7
1.4 Terms of Reference (TOR).....	8
1.5 Scope of the review	8
1.6 Exclusions.....	9
1.7 Evidence gathering.....	9
1.8 Key findings.....	10
1.9 Recommendations	11
2 INTRODUCTION – EU FUNDING	13
2.1 EU Funding	13
2.2 EU Funding into Kent (2007-2013).....	14
2.3 Rural Funding - LEADER.....	16
2.4 Changes to EU Structural (Cohesion) Funds 2014-20	19
2.5 Future funding opportunities.....	22
2.6 EU Disaster Funding	23
3 INTERNATIONAL PRIORITIES, RESOURCES AND EXPERTISE	25
3.1 KCC International Affairs Group.....	25
3.2 International Strategy	26
3.3 Prioritising resources to maintain and develop partnerships.....	28
3.4 Hardelet Centre	30
3.5 Brussels Office.....	33

4	EU FUNDED PROJECTS	35
4.1	Range of projects funded.....	35
4.2	Survey of EU Project Leads	42
4.3	Project Development and Implementation Support	44
4.4	Facilitating project communications.....	45
5	RAISING AWARENESS OF KCC'S INTERNATIONAL WORK	47
5.1	Awareness-raising within KCC to maximise funding opportunities.....	47
5.2	Publicising successful project outcomes.....	50
6	INTERNATIONAL TRADE AND CONNECTIVITY.....	51
6.1	Exporting for growth.....	51
6.2	Kent International Business and 2 Seas Trade.....	52
6.3	International rail connectivity.....	55
	Appendix 1: Glossary and Common Acronyms.....	59
	Appendix 2: Hearings.....	61
	Appendix 3: List of those contributing written or supplementary evidence.....	62
	Appendix 4: Questionnaire sent to leads for EU funded projects	63
	Appendix 5: Mini Questionnaire to Directors and Heads of Unit.....	65
	Appendix 6: EU Funding Opportunities 2014 – 20.....	66
	Appendix 7: KCC International Strategy 2009 – key areas of focus.....	68
	Appendix 8: European Commission Info graphic on Cohesion Policy changes	69
	Appendix 9: Kent International Business Events September-November 2013	70
	References	72
	ACKNOWLEDGEMENTS.....	75

Chairman's Foreword



It is harder to maintain an outward-looking focus and international profile with the economy at the very earliest stages of recovery. However, I believe it is even more important that the authority does so if the County is to take full advantage of the opportunities available from EU funding and, importantly, from valuable partnerships as well as opportunities to learn from the wide range of experience and expertise of our European counterparts.

For example, the backdrop to preparation of this report has been unprecedented flooding in the County and the South of England and we could gain much from our colleagues and partners in the Netherlands who have longstanding expertise in this area. EU funding can provide the opportunity for beneficial cross-border collaboration and EU funding streams (some as yet untapped by the county) could provide the very foundation for innovations on this and other vital issues. With regard to the costly clean-up operation for floods in Kent and elsewhere, KCC will be asking that national government explores all available avenues for EU disaster relief funding to benefit communities in Kent and elsewhere.

With one EU funding programme having just ended; the new programme for 2014-20 is potentially very positive for Kent with the County remaining eligible to benefit from a range of funding streams. They include the 'Interreg' cross-border, transnational and interregional cooperation programmes, the South East Local Enterprise Partnership EU Structural and Investment Fund (SIF) programme, as well as a range of EU-wide 'thematic' programmes such as Horizon 2020, the EU's programme for Research and Innovation. I believe KCC's continued and reinvigorated focus on this activity will help to maximise the share of EU funding that KCC and Kent organisations can achieve, in support of our core business priorities.

I am grateful to colleagues on the Select Committee for their energy in completing this major project in a relatively short period of time, and to Sue Frampton, our Research Officer, for covering a lot of ground and producing a highly readable report.



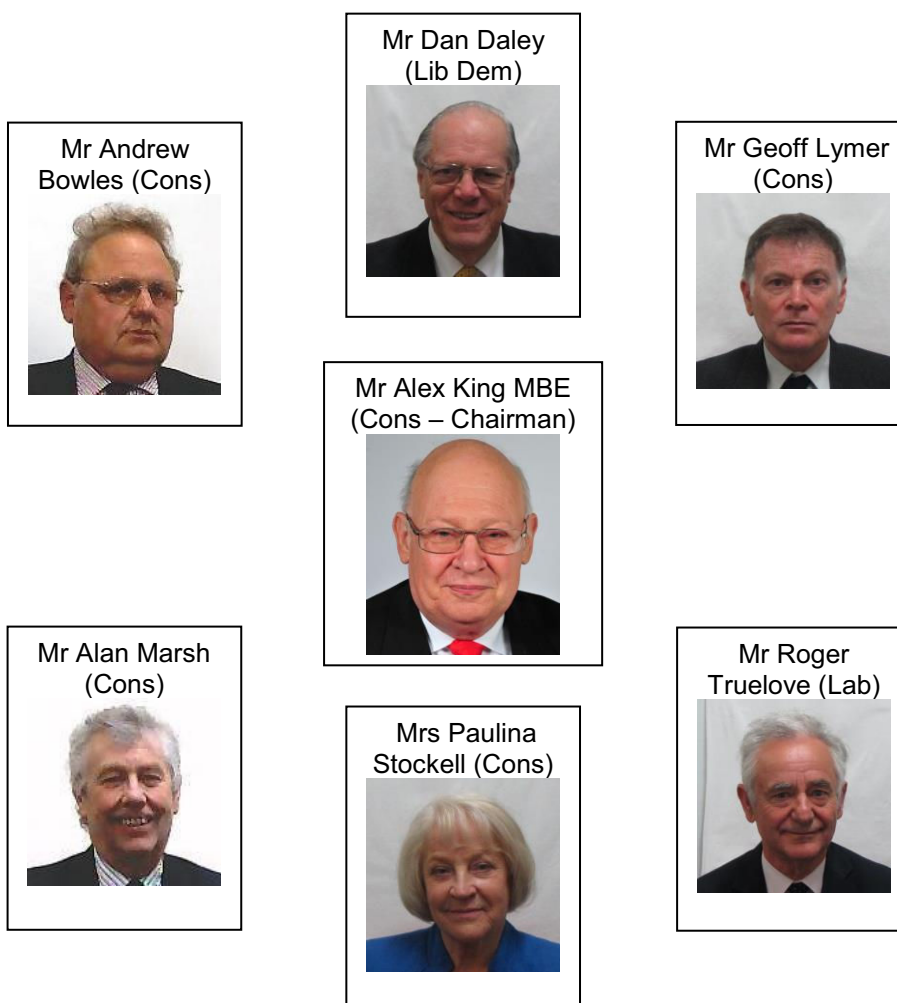
Select Committee Chairman

This page is left blank intentionally

I EXECUTIVE SUMMARY

1.1 Committee membership

The Select Committee comprised seven Members of the County Council; five Conservative, one Labour, one Liberal Democrat; the Chairman being Mr Alex King MBE. There were two UKIP vacancies. Kent County Council Members:



1.2 Establishment of the Select Committee

1.2.1 The Select Committee was approved by Scrutiny Committee on 12th November 2013, having resulted from concerns that there should be a clearer understanding of the benefits and challenges from Kent's international and EU funded work and activities as well as opportunities for the future.

1.3 Glossary

1.3.1 A glossary of common acronyms is provided at Appendix 1.

1.4 Terms of Reference (TOR)

1.4.1 To determine:

- The benefits, disbenefits and challenges for KCC, Kent organisations and the Kent economy from KCC's European engagement and activities over the period 2008-13.
- The key lessons that may be drawn from engagement and activities undertaken during this period
- What KCC needs to do in order to maximise the potential benefits to the County from European engagement and activities in the future.

1.5 Scope of the review

1.5.1 To determine the benefits and challenges for KCC, Kent organisations and the Kent economy from KCC's European engagement and activities over the period 2008-13:

Gain an understanding of how KCC's EU related work operates and is resourced

- **Projects:**
 - i. For which projects was EU funding secured during the last EU funding round (KCC and Kent) and what was the value of that funding?
 - ii. How do projects arise/how are they selected?
 - iii. (Highlight projects representing a number of sectors¹ and explore the challenges faced with regard to securing EU funding as well as the benefits to Kent realised (or anticipated) from project activity)
 - iv. Was KCC able to fully exploit opportunities for EU funding during this period/barriers to doing so/potential solutions.
 - v. What are the issues around match funding?
- **Policy:**
 - i. How has KCC exercised its role (in the UK and in Europe) in the last four years to influence and impact on European policy in order to benefit Kent?
 - ii. What have the outcomes of that activity been?

¹ This may include, for example, the areas of business, trade and export, inward investment, cross-border tourism, economic development and regeneration, rural development and the environment.

- Partnerships:
 - i. What partnerships have been developed in Kent in relation to European engagement (including Kent International Business)?

How does the learning from KCC's EU related work feed into business planning?

1.5.2 To determine the key lessons that may be drawn from engagement and activities undertaken during this period:

What has been learned from KCC's experience and activities in relation to policy, partnership and projects? Including:

- How could EU funding opportunities be maximised?
- What opportunities are there for income generation or cost-saving?

1.5.3 To determine what KCC needs to do in order to maximise the potential benefits to the County from European engagement and activities in the future:

- Make recommendations for action by KCC
- Make recommendations for any further research required to assist decision-making on this topic

1.6 Exclusions

1.6.1 It was agreed at the outset to exclude any wider debate in relation to the European Union, in order to reduce potential discord and focus as a committee on gaining the maximum benefit for the Council and for Kent.

1.7 Evidence gathering

1.7.1 Three half-day hearings were held in early January. A list of witnesses who attended hearings is given at Appendix 2. A list of witnesses who provided written or supplementary evidence is given at Appendix 3.

1.7.2 A questionnaire (Appendix 4) was sent to project leads (who could be readily identified) for EU funded Kent projects in the last programme period.

1.7.3 A 'mini-questionnaire' (Appendix 5) regarding awareness of KCC's International work and EU funding opportunities was sent to KCC directors and senior managers.

1.8 Key findings

- 1.8.1 Kent County Council (KCC) and Kent have benefitted significantly from European Union (EU) funding over the last EU funding programme (2007-13) with over £9 million in grants being secured for KCC and over £31 million for Kent during that period, facilitating more than 80 projects.
- 1.8.2 This has been possible due to the involvement and expertise of International Affairs Group (IAG) who have overall responsibility for the authority's European activities. Their work to develop cross-border partnerships and to influence EU and government policy continues to be a crucial factor in bringing EU funding into the County. The Select Committee believe that the role of KCC Brussels Office has a key part to play in this.
- 1.8.3 IAG maintain a strategic overview of EU funded projects in Kent and facilitate EU-funded projects in which KCC has an involvement, either as lead organisation or partner, however the authority's resources to support project development and implementation have become diluted and would benefit from renewed direction, support and commitment from the County Council. Some potentially valuable EU funding streams are as yet untapped.
- 1.8.4 **Provided this commitment can be achieved, there is potential for over £100 million in EU funding to be brought into the County during the next EU funding programme period 2014-20.**
- 1.8.5 Despite the availability of this significant sum to invest in the Kent economy and the fact that EU funds are integral to growth plans, there is generally a low awareness among many directors and senior managers of how EU funding could support the Council's core business priorities. Benefits to the County could be maximised on production of a revised International Strategy, a comprehensive EU funding guide and by a renewed focus on publicising project successes and future opportunities.
- 1.8.6 New arrangements for the administration of European Structural Investment Funds through the South East Local Enterprise Partnership (LEP) will provide opportunities for match-funding with national agencies, bringing a range of expertise to project partnerships. Local arrangements are in the early stages of development and it will be crucial for KCC to work closely with the LEP to promote the plans and priorities for Kent including, in particular, rural priorities; and for the LEP to benefit from KCC's considerable international expertise and experience. A commissioning plan is required to ensure that available resources are used to support core business priorities for Kent.
- 1.8.7 KCC has a resource in the Hardelot Centre that should be developed to bring greater educational and potentially trade development benefits to the County as well as providing income for reinvestment.

1.9 Recommendations

R1 That:

- *International Affairs Group (IAG) works to maximise funding, activity and projects from the South East Local Enterprise Partnership's (LEP) European Programme and supports the commissioning process for KCC, Kent and Medway projects through that programme*
- *the LEP delivery architecture includes the involvement of an appropriate rural organisation so that the rural priorities of the county will be pursued as an integral part of Kent and Medway's overall objectives for growth.*
- *KCC lobbies central government to ensure that it accesses appropriate EU national funding streams for rural issues and the EU Solidarity Fund in relation to recent floods*

R2 That International Affairs Group (IAG) updates KCC's International Strategy: Global Reach Local Benefit in concert with the Local Enterprise Partnership EU Structural Investment Funds Strategy for the South East and the Kent and Medway Local Growth Plan, taking account of and noting the recommendations of this report and that in addition, IAG produce or commissions EU funding guidance for the 2014-20 funding programme.

R3 That International Affairs Group prioritises its partnership development function, increasing its capacity to maintain and develop the relationship with local and European partners; businesses and Members of the European Parliament in the South East to maximise the potential for EU funding.

R4 That the Hardelot Centre is developed as a flagship link between South East England and Northern France: that solutions are sought for an increase in accommodation to enable a diversification of use (with a focus on language skills, cultural awareness and exchange) to foster Anglo-European partnerships and maximise trading opportunities for Kent businesses in Region Nord-Pas de Calais and further afield.

R5 That the role of KCC's Brussels Office is strengthened and refocused towards policy, influencing and the provision of guidance to KCC and Kent organisations with a particular emphasis on accessing EU Thematic funding and new Interreg funds for the benefit of Kent and its residents.

R6 That KCC ensures it has sufficient staff resources to optimise the development and implementation of EU funded projects (with, as a minimum, a leading role in each of the three new directorates).

R7 That KCC ensures International Affairs Group and EU project officers are enabled to take advantage of free/low cost communication options (e.g. Skype) in order to maximise cost effective communication/engagement opportunities with EU partner organisations.

R8 That International Affairs Group and KCC as a whole:

- seek to raise further the profile of Kent's international work to date and of the future opportunities from EU funding***
- with local partners, seek creative ways to publicise successful EU funded projects in Kent/within the South East Local Enterprise Partnership area, including through the building in of publicity measures and costs into future funding bids as part of the projects' communication strategies.***

R9 That KCC seeks, through EU project work, partnerships and trade development activities:

- to maximise export opportunities for Kent businesses, aiming to close the 2% gap between businesses that export in Kent and Nationally***
- to promote Kent as an attractive location for businesses in Europe and further afield***

R10 That KCC continues to make the case for improved international rail connectivity at both Ashford and Ebbsfleet, supported by the business case for Transmanche Metro which is due to be published later this year.

The Select Committee would like to express strong support for the Ashford Spurs project for which KCC is the lead authority, and which is at an advanced stage of development with most of the funding committed for the planning and design stage, since Ashford must be assured of future international rail connectivity in order to benefit the people of Kent and Kent businesses.

2 INTRODUCTION – EU FUNDING

2.1 EU Funding

2.1.1 There are numerous EU funding programmes at national, territorial (involving international co-operation) and pan European levels as shown in Figure 1 below.

Figure 1: European funding ‘in a nutshell’²

Type of Funding	‘National’ EU Programmes	Territorial Co-operation Programmes	Pan-European ‘Thematic’ Programmes
Example Programmes	European Regional Development Fund (ERDF) Competitiveness programme European Social Fund (ESF) <i>New EU Growth Programme combines ERDF and ESF</i>	Interreg IVA 2 Seas Interreg IVB Interreg IVC <i>Interreg V (2014-2020)</i>	Formerly FP7 (Framework Programme for Research) - <i>Now Horizon 2020</i> Life Programme (Environment) Youth programme
Coverage	Formerly based on Regional Development Agency (RDA) areas in UK <i>Now based on Local Enterprise Partnership (LEP) areas</i>	Cross border (e.g. France-UK) Transnational (e.g. NW Europe) Interregional (EU wide)	All EU Members States (and sometimes neighbouring regions)
Funding Rate	Normally 50%	50-75%	50-75%
Who can apply?	Public and not-for profit sectors	Public and not-for profit sectors	Various organisation types

² Steve Samson, Trade Development Manager – supplementary evidence.

2.1.2 A number of funding streams have been accessed by KCC/Kent from 2007-13. Primary sources of funding have been Interreg (trans-national co-operation funds) and the European Regional Development Fund (ERDF) Competitiveness and Employment Programme. Projects secured under the Seventh Framework Programme for Research and Technical Innovation included, for example, two projects under the Intelligent Energy Europe Programme worth around £500k.

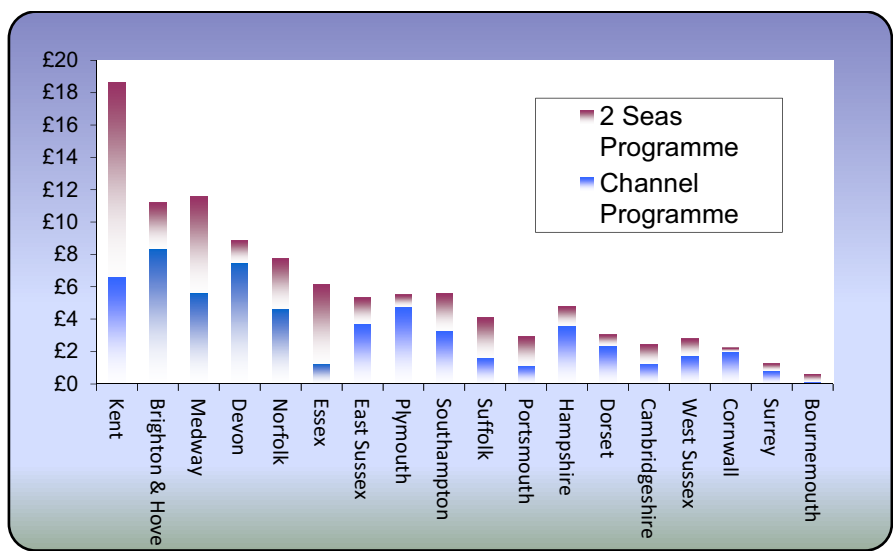
2.2 EU Funding into Kent (2007-2013)

KCC has secured from EU Funds at least £9 million and over £31 million for Kent in the last programme period

2.2.1 The Select Committee has learned that with respect to projects approved during the 2007-13 programme period KCC has facilitated, led or partnered on more than 80 EU funded projects; the funding secured for KCC was approximately £9.2 million with a total of more than £31.6 million for Kent as shown in the table (Figure 2) on the following page. The Kent amount includes £10 million allocated from the European Social Fund for employment and training measures including £700k from the Skills Funding Agency to support redundant workers from the Pfizer plant in Sandwich.³

2.2.2 The funding Kent has secured from the two cross-border cooperation programmes, Interreg IVA 2-Seas and Interreg IVA Channel, is well ahead of that achieved by other eligible English County and unitary areas as shown in Figure 3 below:

Figure 3: Interreg IVA Funding 2008-13: County and Unitary areas (£ million)⁴



³ Ron Moys, Head of International Affairs Group – written evidence

⁴ Ibid

Figure 2: EU Funding into Kent 2007-13

(0.85 exchange rate – please note figures are approximate as rates vary)

Name of Funding Programme	No. of Projects Approved involving Kent partners	Total Value of Projects (EU + match funding)	Total Value of EU Funding Secured for Kent	Total Value of EU Funding Secured for KCC
Interreg IVA 2 Seas	37	£89,561,539	£13,185,365	£6,239,985
Interreg IVA Channel	30	£39,575,068	£5,004,190	£1,510,391
Interreg IVB North Sea Region	2	£7,192,101	£641,340	£136,015
Interreg IVB North West Europe	8	£42,212,944	£1,713,138	£288,073
Interreg IVC	5	£6,945,559	£ 615,881	£615,881
South East ERDF Competitiveness	2	£1,244,976	£622,488	£373,401
European Social Fund	<i>(Data not readily available from Co-financing Organisations)</i>	£9,828,375 <i>(Estimate for Kent as Data only available at <u>Kent & Medway Level</u>)</i>	£9,828,375 <i>(Estimate for Kent as data only available at <u>Kent & Medway Level</u>)</i>	
TOTAL	84		£31,610,777	£ 9,163,746

- 2.2.4 Mr Moys, Head of International Affairs Group (IAG) informed the Select Committee that in addition to Interreg, Kent has also secured funding under the South East European Regional Development Fund (ERDF) Competitiveness Programme 2007-13, including the 'Low Carbon Futures' project (£373K in ERDF grant for Kent) aimed at helping local authorities to deliver carbon reductions⁵.
- 2.2.5 Similar levels of funding were facilitated by the group in previous programming periods beginning with Kent's participation in its first Interreg cross-border co-operation programme in 1992. Successes have included, for example, securing the only EU URBAN II programme in the South East worth £8.2 million, which financed 88 projects (11 led by KCC) in Dartford and Gravesham between 2002 and 2007.
- 2.2.6 During the final year of the EU funding programme for 2007-13 Kent seized a number of opportunities to obtain Interreg IV 'Cluster' funding. Cluster projects are EU funded at a rate of 100% (i.e. requiring no match funding from the partners). A total of 23 Clusters were approved by the Programme Authorities between July 2013 and January 2014 and it is significant to note that 8 (14%) of 56 successful UK project bids were made by Kent County Council demonstrating the commitment of officers to maximising the benefits to KCC and Kent from EU funding.⁶
- 2.2.7 The focus of this funding was to examine (jointly in 'clusters' of partner projects) the learning and outcomes from Interreg work undertaken over the past seven years. The eight projects for which KCC received approval attracted funding of £283,207 for the first phase of work.⁷ A second phase will look at the potential for future projects.⁸
- 2.2.8 Further details and examples of a number of projects are provided in Section 4.

2.3 Rural Funding - LEADER

- 2.3.1 Over the last funding programme period, the Rural Development Programme for England (RDPE) received money directly from the EU⁹; from where it was allocated to National LEADER areas as shown by the map on the next page (Figure 4).

⁵ Ron Moys, Head of International Affairs Group – written evidence

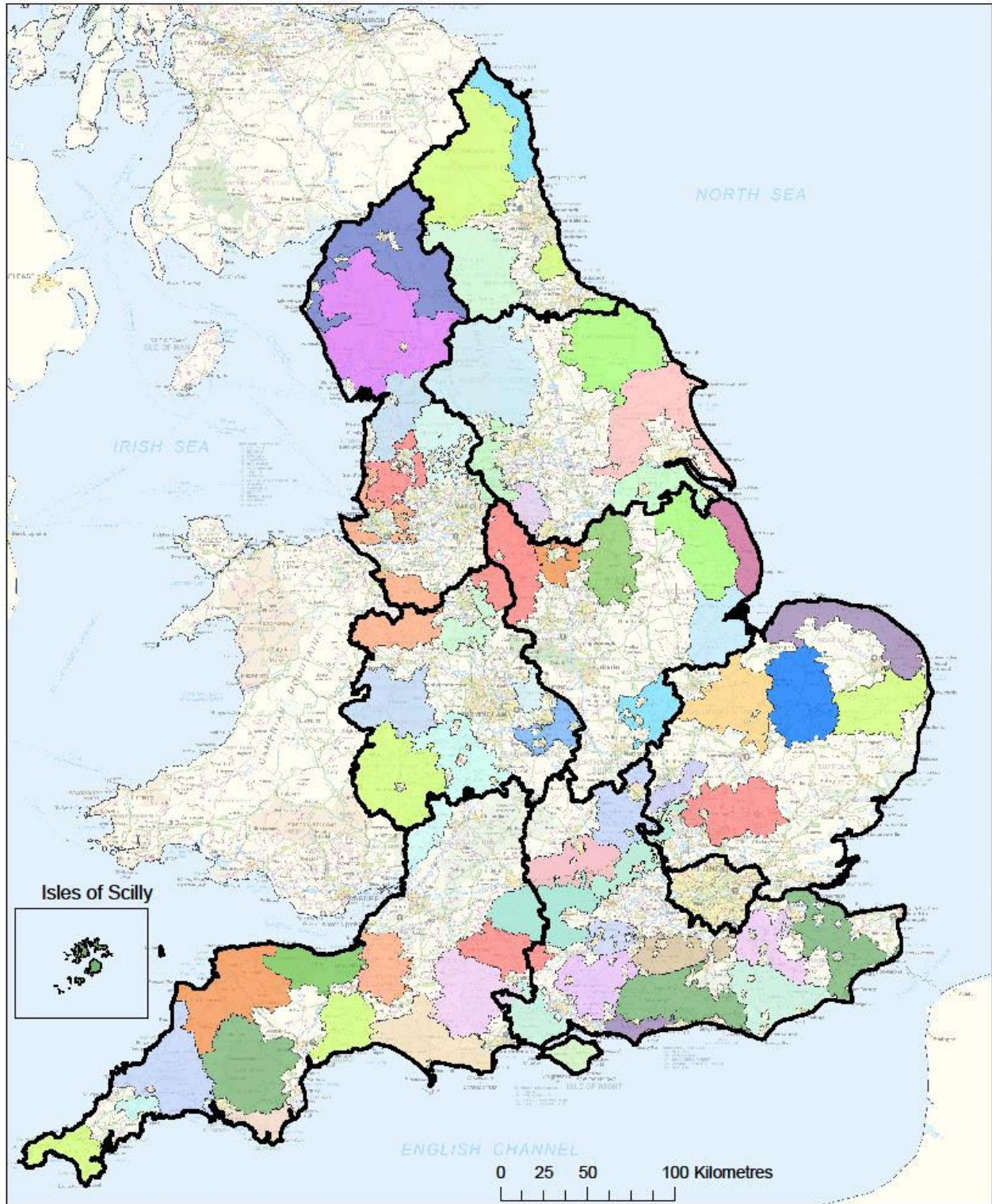
⁶ Source: List of EU Cluster Beneficiaries at http://s3.amazonaws.com/2seas-us/page_ext_attachments/1396/2014_01_20_Clusters_list_of_beneficiaries.pdf

⁷ 333,185 Euros at an exchange rate of 0.85

⁸ Carolyn McKenzie, Sustainability and Climate Change Manager - oral evidence

⁹ firstly to the South East England Development Agency (SEEDA) then the Department for Environment, Food and Rural Affairs (DEFRA)

Figure 4: Map showing national LEADER areas 2007-13



This map highlights the spread of Local Action Groups throughout England.

(c) Crown copyright All rights reserved Defra 100018880 2009

The bottom section of the figure contains four logos. From left to right: the RDPE network logo (a blue circle with white text), the defra logo (the word 'defra' in lowercase with a green leaf icon), the LEADER logo (a green square with a white leaf and the word 'LEADER' in uppercase), and the European Union flag logo (a blue rectangle with yellow stars) with the text 'The European Agricultural Fund for Rural Development Europe investing in the future'.


2.3.2 As the map shows, Kent achieved this funding for two separate areas: The Kent Downs and Marshes LEADER and the West Kent LEADER. The former, for which KCC was the accountable body, received EU funding of **£1.63 million**¹⁰ and the latter, for which the West Kent Partnership/Sevenoaks District Council was the accountable body, received around **£1.3 million**.

2.3.3 The Kent Downs and Marshes Local Action Group set its priorities (in line with those of the RDPE) as:

- Adding value to local products (with particular focus on the land-based sector)
- Fostering sustainable rural tourism (building on the unique landscape-asset base of the area)
- Assisting rural communities (including businesses) in managing change¹¹.

2.3.4 Individual projects could compete for funding of up to £50,000 and this was awarded based on fulfilment of criteria and objectives outlined in the Local Development Strategies. In total 116 rural projects were supported in Kent; three examples of which are outlined in Section 4. However, some rural areas of Kent were excluded due to the requirement for LEADER areas to have a maximum population of 150,000. Members understand that representations are being made to increase this up to 200,000.

2.3.5 Over the recent programme period over £4 million total funding (including match funds) has been brought in to the rural economy through the Kent Downs & Marshes LEADER and, significantly the cost to KCC has been less than £67,000.¹²¹³



All the available funds were allocated and 100% of the projects funded are, at the end of the programme period, continuing to operate
Huw Jarvis, Kent Downs & Marshes LEADER Programme Manager

2.3.6 In the current EU programme period, LEADER will continue to be an important and mandatory source of funding for sustainable rural development in Kent as part of new multi-fund arrangements for Community Led Local Development.¹⁴

¹⁰ EU funding granted to Kent Downs and Marshes in 2008 was £2.25m but this was reduced to £1.63 million in the 2010 funding review.

¹¹ Kent Downs and Marshes Local Development Strategy (2008) at:

<http://www.kentruralnetwork.org.uk/leader/kent%20downs%20marshes%20LDS%20submission.doc/>

¹² Huw Jarvis, Kent Downs and Marshes LEADER Programme Manager - written evidence

¹³ since staff time has been funded as part of project administration costs

¹⁴ Source: CLLD Guidance at http://enrd.ec.europa.eu/themes/clld/en/clld_en.cfm

2.4 Changes to EU Structural (Cohesion) Funds 2014-20

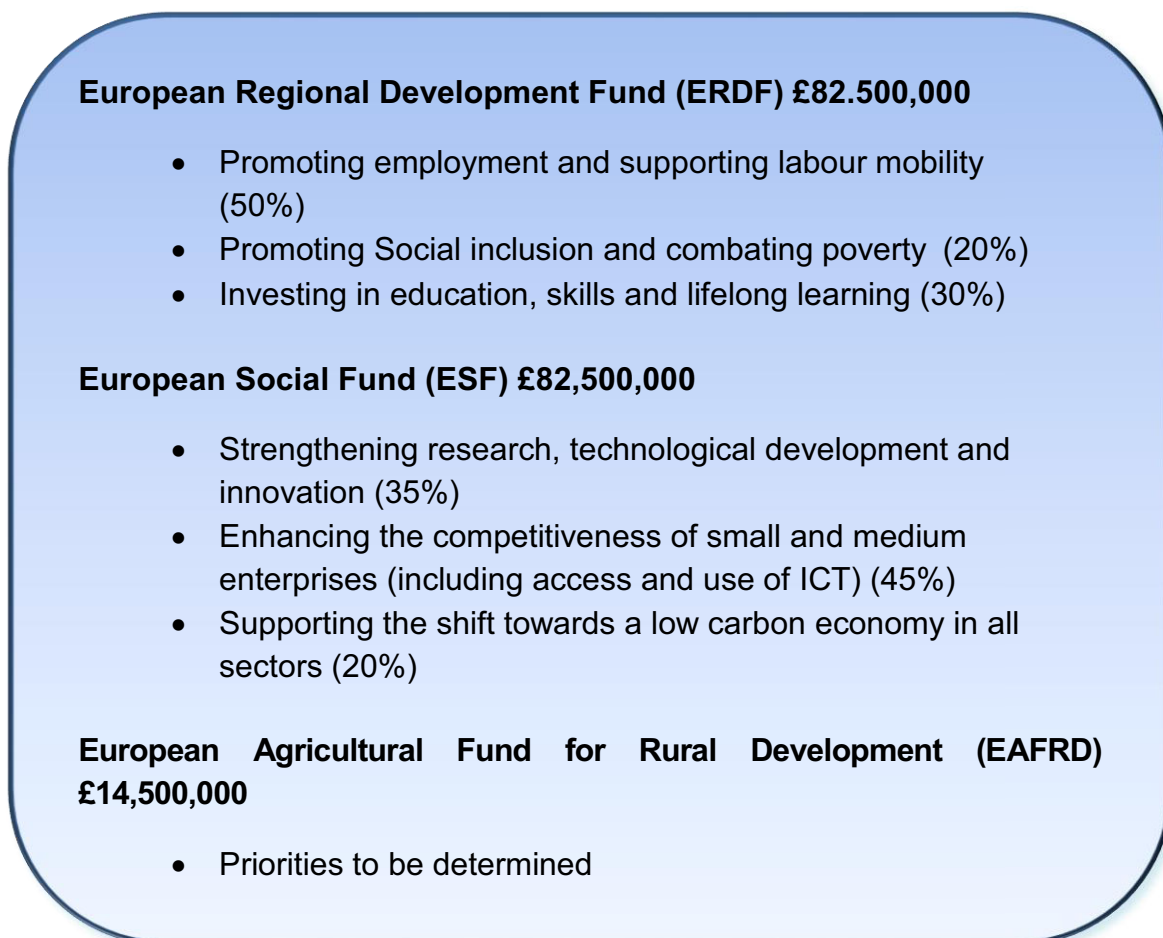
European Social Funds (ESF), European Regional Development Funds (ERDF) and European Agricultural Funds for Rural Development (EAFRD) funds are essential resources to deliver key elements of our Strategic Economic Plan
Chapter 12 - South East LEP ESIF Strategy (2014)

- 2.4.1 EU Common Strategic Framework (Structural) Funds are designed to increase employment and growth through investment in local projects. A national consultation took place in 2013 on fundamental changes to both the content and organisation/distribution of these funds, in an effort to make them simpler and easier to operate. Whether this aim will be achieved is not yet known. Funds included in the consultation were the European Regional Development Fund (ERDF), European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF)¹⁵. Central to the new model of operation is the EU Growth Programme combining objectives of the ERDF and the ESF with priorities including research and development, innovation, employment and skills, low carbon development and business competitiveness.
- 2.4.2 The value of the funding to England over the seven year period (2014-20) is €6 billion, under the new title of European Structural and Investment Funds (ESIF). Whereas during 2007-2013 up to 50% was top-sliced and administered nationally via Regional Development Agencies, for 2014-20 95% of the total fund will be administered locally through Local Enterprise Partnerships (LEPs) each of whom was asked by government to produce an ESIF Strategy linked to their Strategic Economic Plan.¹⁶ The Draft ESIF Strategy for the South East was submitted in the autumn and a final draft was submitted in January 2014.
- 2.4.3 The South East Local Enterprise Partnership (LEP) comprises East Sussex, Essex, Kent, Medway, Southend and Thurrock and it is the intention that EU funding will be aligned, as far as possible with growth funds to be managed as part of local economic plans.
- 2.4.4 Allocations across the South East Local Enterprise Partnership of EU Funding, with the amount from the European Agricultural Fund for Rural Development (EAFRD) having been more recently announced, are shown in Figure 5 below:

¹⁵ previously known as the European Fisheries Fund (EFF)

¹⁶ <http://www.southeastlep.com/about-us/activities/european-structural-and-investment-fund-strategy>

Figure 5: South East LEP EU fund allocations and priorities



2.4.5 It can be seen therefore that European funding of around £179.5m has been allocated to the South East Local Enterprise Partnership (LEP). It is proposed that Kent and Medway's share; around £70 million from 2014/15 with £505 million from the Local Growth Fund (from 2015/16) will fund the achievement of Kent and Medway's place, business and skills-based objectives.

Kent and Medway's share of EU funding through the LEP will be around £70 million

2.4.6 Strict criteria govern the use of EU funds, which may not be used for any purposes other than those outlined in the EU's Common Strategic Framework.

2.4.7 Members were concerned about the absence of focus on rural priorities in the South East LEP's draft strategy for EU Structural Investment Funds but are pleased to note from the final strategy that with regard to the European Agricultural Fund for Rural Development (EAFRD) *"an allocation between*

priorities will follow as soon as consultation has been carried out with our three County Rural Partnerships and Rural Community Councils and other rural interest groups.”¹⁷ However, to date the Local Enterprise Partnership (LEP) has not engaged with the Kent Rural Board or, for example, the two Local Action Groups involved in the delivery of LEADER.

- 2.4.8 As the EU SIF Strategy notes, over a third of Kent’s 18,000 businesses are rural and so rural networks will be key to the successful delivery of growth funds in Kent. Furthermore, given the success of LEADER locally, Members also believe that the experience and expertise of Kent’s Local Action Groups and their ‘formula’ for allocating LEADER funding could be utilised in future as the 2014-20 programme changes are implemented.
- 2.4.9 EU funding will in most cases require match-funding typically of 50% to be provided by the private, public or community sectors; with some central government match funds being provided through co-financing (known as Opt-ins). These arrangements are currently being finalised and an initial tranche of potential Opt-in agencies have been identified by government; others may yet be added. Opt-in arrangements will become binding commitments when European Structural Investment Fund Strategies are agreed by Government in March 2014. Those currently under consideration are shown in Figure 6 below:

Figure 6: Potential Opt-in organisations/programmes



¹⁷ SE LEP EU Structural Investment Funds Strategy pp45

2.5 Future funding opportunities

2.5.1 Research carried out for the Select Committee indicates that there are likely to be considerable future funding opportunities from ‘Interreg cross-border, transnational and interregional cooperation programmes; the South East LEP EU Structural & Investment Fund (SIF) programme as well as a range of other EU-wide thematic programmes.’ A matrix outlining opportunities from the various EU funding streams is provided as Appendix 6.¹⁸

A reasonable estimate for the amount of funding that might be secured for KCC and Kent from EU territorial programmes is £100 million

Ron Moys, Head of International Affairs Group – written evidence

2.5.2 There is potential for the estimated sum of £100 million EU funding for KCC and Kent to be exceeded and KCC’s commitment to a strengthened focus on the EU’s other thematic programmes would maximise this potential.¹⁹ (R5 refers)

2.5.3 Guidance provided to Local Enterprise Partnerships indicates ways that they may increase their financial sustainability by creating revolving funds and the EU provides mechanisms or ‘support instruments’ including JESSICA (JESSICA: Joint European Support for Sustainable Investment in City Areas) to facilitate this. While the provision of loans rather than grants could potentially help to maximise benefits from the available funding, further research into how such funds operate in practice would be necessary before proceeding.

2.5.4 Opportunities for commissioning were limited with the European Regional Development Fund (ERDF) at government office level however, within new arrangements for EU funding via the Local Enterprise Partnership (LEP) there is more scope for effective commissioning to ensure local priorities are met. However, greater clarity is required around the relationship between the Council and opt-in agencies, particularly where they commission third parties to carry out EU funded work. Various models for operation have been considered including a ‘federated’ model whereby a body such as the Kent Economic Partnership (which replaced the Kent Economic Board) would administer a proportion of LEP funding.²⁰ Furthermore, adopting a federated model would require a commissioning plan to be devised setting out the types of projects which would support Kent’s economic aims and objectives.²¹

¹⁸ Ron Moys, Head of International Affairs Group – written evidence

¹⁹ Ibid

²⁰ It may be necessary under EU guidance for a sub group to be appointed to carry out project approval.

²¹ Ross Gil, Economic Policy and Strategy Manager – written evidence

2.6 EU Disaster Funding

- 2.6.1 At a meeting of the Select Committee in January 2014 concern was expressed about the flooding experienced in Kent and elsewhere due to unusually harsh storms and heavy rainfall. It was determined that there were EU funds available for such events and an immediate request was made to investigate these. Subsequently, information regarding the EU Solidarity Fund was provided by the Head of International Affairs Group to the Kent County Council Cabinet Member for Economic Development, and KCC's Brussels Office.
- 2.6.2 Since then weather conditions and flooding have worsened and at the time of writing (mid February) it is believed that EU disaster funds have not been sought by the government. Applications may be made to the EU Solidarity Fund within 10 weeks of first damage occurring from a natural disaster. Clearly the South West of England has suffered extensive damage and hardship; flooding to the Thames Valley is also at unprecedented levels. Several areas of Kent have been badly hit and the full extent of damage to lives, livelihoods, property and infrastructure is not yet known, particularly as further severe weather is predicted.
- 2.6.3 Members believe it is entirely appropriate and necessary for the government to seek and if possible, obtain. EU funding to help address the severe problems communities, including those in Kent, are facing.

“The European Union Solidarity Fund (EUSF) was set up to respond to major natural disasters and express European solidarity to disaster-stricken regions within Europe. The Fund was created as a reaction to the severe floods in Central Europe in the summer of 2002. Since then, it has been used for 56 disasters covering a range of different catastrophic events including floods, forest fires, earthquakes, storms and drought. 23 different European countries have been supported so far for an amount of more than €3.5 billion.”

http://ec.europa.eu/regional_policy/thefunds/solidarity/index_en.cfm

R1 That:

- ***International Affairs Group (IAG) works to maximise funding, activity and projects from the South East Local Enterprise Partnership's European Programme and supports the commissioning process for KCC, Kent and Medway projects through that programme;***
- ***the LEP delivery architecture includes the involvement of an appropriate rural organisation so that the rural priorities of the county will be pursued as an integral part of Kent and Medway's overall objectives for growth;***
- ***KCC lobbies central government to ensure that it accesses appropriate EU national funding streams for rural issues and the EU Solidarity Fund in relation to recent floods.***

This page is left blank intentionally

3 INTERNATIONAL PRIORITIES, RESOURCES AND EXPERTISE

3.1 KCC International Affairs Group

- 3.1.1 International Affairs Group (IAG) has been the focal point for Kent County Council's European engagement and activities and a resource for the whole of Kent. Its 7 members of staff, based in the UK at Invicta House Maidstone, the Hardelot Centre in France and an office in Brussels, are responsible for overseeing and influencing EU policy and legislation relevant to KCC and Kent; for partnership development and EU funding. It has had an increasing focus on Kent's export and trade activities.
- 3.1.2 Spanning the 26 years since KCC first signed an agreement with the Regional Council of Nord-Pas de Calais prior to the opening of the Channel Tunnel, IAG has sought to exert influence on key European policy areas and programmes for the benefit of Kent. It has done so through the establishment of wide-ranging networks, contacts and strategic partnerships in Europe and the UK.
- 3.1.3 IAG also works at the appropriate geographic level to provide co-ordinated responses to EU and UK government policy consultations and reviews.
- 3.1.4 In 2009 IAG co-ordinated a cross-border programme of projects and events to celebrate the Year of Franco-British Partnership. The first Kent International Business event was held in October 2009 to support inward investment, tourism and commerce.
- 3.1.5 Throughout this time, a key objective has been to provide support to KCC Directorates to assist them in bidding for individual projects. IAG facilitate this work and strive to ensure projects are closely aligned to key priorities. A range of other Kent based organisations are also supported, particularly under Interreg. In the past two years the level of support IAG have been able to provide has contracted as resources have become stretched.
- 3.1.6 Following on from the work of this Select Committee, key priorities for International Affairs Group will include:
- Maintaining oversight and inputting to the development and implementation of the 2014-20 EU funding programme;
 - Influencing new programmes to reflect KCC and partners' priorities, including through participation in the Interreg Programme Preparation Groups (PPGs) and South East Local Enterprise Partnership (LEP) EU Working Group;
 - Lobbying and policy influencing, including with the government and European Commission, in support of KCC's EU funding and other policy objectives;

- Maintaining and strengthening links to key European and local partners (including Nord-Pas de Calais, West Flanders, Zeeland and the South East Local Enterprise Partnership) as a prerequisite for the development of future joint projects; (R6 refers)
- Working with Directorates to identify potential EU funding opportunities in support of their business priorities;
- Undertaking targeted initiatives to maximise take-up from key programmes;
- Seeking KCC representation on future decision-making committees;
- Promoting full use of the Kent Brussels Office.²²

3.2 International Strategy

3.2.1 KCC's International Strategy was approved by County Council in 2007 and the revised strategy Kent – Global Reach Local Benefit dates from 4 November 2009. Its areas of focus, organised under chapter headings are detailed in appendix 6. The key priorities noted in the strategy were:

- Concentrate on priorities and activities which bring best value in terms of meeting the County's needs;
- Capitalise on existing links;
- Consider new links only where they demonstrate clear and quantified added value;
- Maximise the benefits to Kent of income generation activities.

3.2.2 The 2009 strategy was accompanied by an updated funding guide: Connecting Kent to European Funding: A Guide to European Funding Opportunities for 2007-2013.

“Don't chase the funding: funding should support your Organisation's policy objectives. Identify what your organisation wants to achieve and how this can be supported through a transnational partnership - then look for potential funding sources.”²³

²² Ron Moys, Head of International Affairs Group - written evidence

²³ KCC International Funding Guide 2007-13

3.2.3 Many aspects of the strategy are still relevant today and the advice above was echoed by several officers. The Select Committee's concerns that this could lead to a duplication of effort as different Kent organisations pursue the same funding were alleviated by assurances from officers and external witnesses that strong networks in Kent prevent this from happening. It is also clear to Members that the KCC officers currently involved in identifying projects are well aware of the need for them to support policy objectives and that Kent has been successful in achieving its strategic aims in this regard.

Other areas don't see the funding as a core stream and take a less effective, ad hoc approach to applications

Erica Russell, BSK-CIC – oral evidence

3.2.4 Given that a new EU funding programme period has begun there is a need for an updated International Strategy and funding guide. As already outlined, there will be significant opportunities for Kent from the new funding round and since EU ERDF funding (with significant match funding from the local growth fund) is central to Kent and Medway's growth plan it is important that the strategic direction for international work is clear and mirrors new opportunities and priorities as outlined in the EU Structural Investment Fund Strategy and Local economic Plan.

3.2.5 Aligning KCC's International Strategy with priorities for Kent in the context of the wider South East Local Enterprise Partnership (LEP) area will also help to ensure that efforts are directed appropriately; reduce duplication and enable a focus on Kent's priorities when competing for funding. Furthermore, a revised strategy and funding guide will help to maximise opportunities to obtain EU funding for work it would otherwise be necessary for KCC to fund.

R2 That International Affairs Group (IAG) updates KCC's International Strategy: Global Reach Local Benefit in concert with the Local Enterprise Partnership EU Structural Investment Funds Strategy for the South East and the Kent and Medway Local Growth Plan, taking account of and noting the recommendations of this report and that in addition, IAG produces or commissions EU funding guidance for the 2014-20 funding programme.

3.3 Prioritising resources to maintain and develop partnerships

3.3.1 In the previous EU funding round, European Regional Development Fund (ERDF) was distributed in the South East through the regional development body the South East England Development Agency (SEEDA) which no longer exists. As outlined in Section 1 of this report, European Regional Development Fund (ERDF) and European Social Fund (ESF) of £179.5 million will now be administered through the South East Local Enterprise Partnership (LEP). This funding has benefited from previous cross-border co-operation on projects and furthermore new arrangements and local partnerships will remain a vital factor if the benefits of EU funding and other growth funds are to be maximised.

3.3.2 It is crucial that existing networks and partnerships are maintained and developed to avoid duplication of effort when identifying and bidding for EU funds. It has also been demonstrated that cross-border project work is most successful when undertaken with established and trusted partners and engaging with these partners helps to minimise any financial risk to the council. For example, the Select Committee learned that payment on one project had been delayed for some time because an inexperienced project partner had failed to conform to strict reporting criteria. Selecting the right partners for matching is therefore an important factor in project success and one that can help avoid any withholding of funds.

Work on your partnerships, they are vital!

*Carolyn McKenzie, Sustainability and Climate
Change Manager, oral evidence*

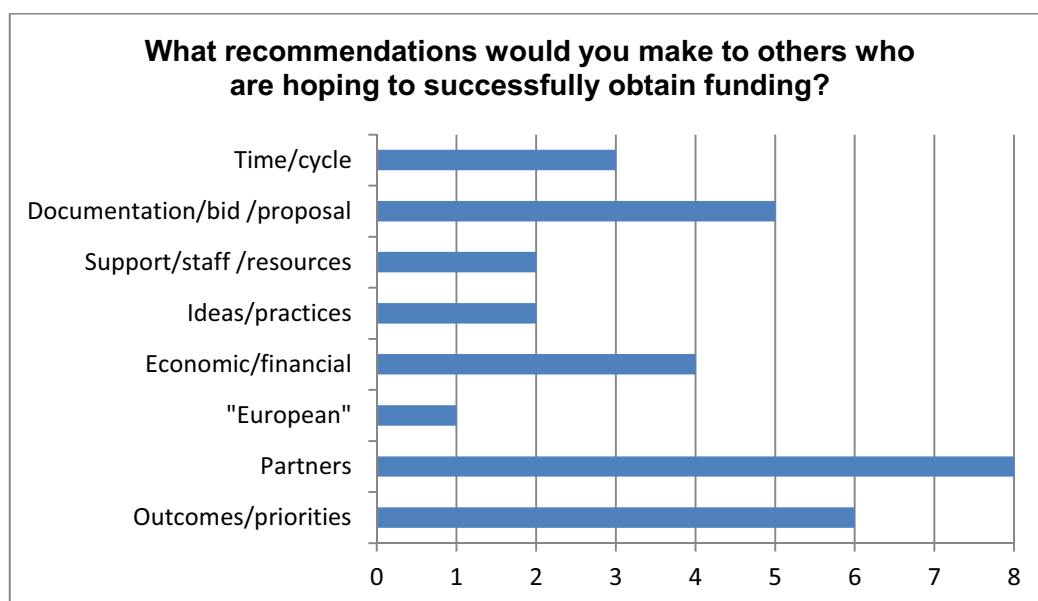
3.3.3 The criteria for EU funding are *more* stringent than those for other types of external funding and so it is considered to be a complex and specialist area. Financial management and regulatory issues associated with EU funding are undertaken by the External Funding and Specific Grants section within KCC's Chief Accountancy Team and this additional expertise within KCC is important so that International Affairs Group can focus on policy, partnerships and projects.

***The external funding team is excellent. They are
supportive, professional, knowledgeable and a key
reason for our success with EU funding to date.***

Ian Baugh, Business Development Team Manager, written evidence

3.3.4 The importance of selecting the right partners for projects was also borne out by results from a survey sent out for this review to EU project leads in Kent; an analysis of key words/themes is shown in Figure 7 on the next page. There is further discussion of survey results in the next Section.

Figure 7: EU Project Lead survey: Question 4 (key words analysis)



3.3.5 Given the County Council’s financial challenge and the need to transform the way it operates, it is important that in making necessary changes we ensure that we do not lose essential elements that have been shown to work well for the County. Optimum deployment of International Affairs Group’s limited staff resources and valued expertise is vital in order to reflect and respond effectively to current demands. EU Funding was described to the Select Committee on more than one occasion as ‘the only game in town’ and Members are of the view that the resources and expertise of International Affairs Group are essential components in unlocking this potential for the benefit of KCC and Kent.

Partnership working is a key priority - as the new programme comes on stream it is important to develop European, for example Nord-pas de Calais and UK partners, for example Essex via the Local Enterprise Partnership
Ron Moys, Head of IAG – written evidence

R3 That International Affairs Group prioritises its partnership development function, increasing its capacity to maintain and develop the relationship with local and European partners; businesses and Members of the European Parliament in the South East to maximise the potential for EU funding.

3.4 Hardelot Centre

3.4.1 Hardelot Centre, situated in a forest setting in the Pas-de-Calais region of Northern France, is a KCC-owned venue which can accommodate groups of up to 32 school children and young people (with 4 to 6 adult supervisors) on residential trips. It has on-site catering facilities and can provide a programme of on and off-site activities enabling children to experience the French language and culture. The site is valued by those who use it and feedback is excellent.

Thank you for a wonderful stay in Hardelot last week... there was a reception at the town hall where we met the mayor, town councillors and a representative from the education department. We were very well looked after and we all received gifts. It was a most enjoyable afternoon.
Knockhall Community Primary School, feedback



3.4.2 A study carried out by the European Commission in 2012 found that “98% of Europeans consider mastering other foreign languages as useful for the future of their children”²⁴. The decision on whether to include foreign language teaching in school curriculums remains the responsibility of individual EU Member States and the teaching of languages became optional in English secondary schools in 2002. However from this year there will be a renewed educational focus on languages with the introduction of compulsory foreign language lessons for primary school children at age 7. Kent is fortunate to have the Hardelot resource, which is also capable of further development for the benefit of children in Kent and further afield.

²⁴ EC Special Eurobarometer 386: Europeans and their languages pp7

3.4.3 Responsibility for the Hardelot Centre transferred from Education²⁵ to International Affairs Group in April 2011 and the desired outcomes for the Centre included:²⁶

- be a centre for English students to gain a short experience of France
- create opportunity for English and French students to meet and learn about each other's cultures
- forge a general partnership with Nord-pas de Calais that links the teaching of French in the UK and the teaching of English in France
- develop a progressively broader use of the Hardelot Centre for small conferences and seminars - for example a seminar with KCC representation in France (like the Brussels office)
- use the Centre as a place of education

3.4.4 Furthermore, the Centre is in close proximity to Hardelot Castle and there are aims to create a sustainable joint venture, linking it to the Centre.²⁷

3.4.5 The majority of the above aims have been achieved and the Centre has now become financially viable reaching a 'break even' point.²⁸ The Centre has seen an increase in bookings and has school parties confirmed to attend until 2016. The Select Committee learned that the only barriers to greatly increased bookings (and a good level of profitability) are the limits of the accommodation, and marketing of the Centre, which is currently poor with no stand-alone 'web-presence'. A low cost option for the centre is to retain it as it is but increase marketing, to improve bookings and profitability.

3.4.6 However, a relatively small amount of investment would enable the accommodation to be increased and improved, in line with KCC policy to ensure services are delivered effectively from suitable buildings. With improved capacity to host educational and other stays, Hardelot Centre could become profitable within a short time. A detailed options paper provided to Members²⁹ presented doubly advantageous proposals enabling the skills of the IAG Partnership Development Manager to be better utilised. The Select Committee reached agreement that at the very least, there should be increased marketing, and preferably development, of the Centre believing that not to do so, after bringing it to a point where profitability is in sight, would constitute a wasted opportunity.

²⁵ At that time Education was part of the Children, Families and Education (CFE) Directorate

²⁶ KCC (2014) Hardelot Business Plan 2013/14

²⁷ Ibid

²⁸ The total budget for 2013/14 was £50.2k.

²⁹ Two further options papers have been drafted but were not considered by the Select Committee.

- 3.4.7 Exposure to other cultures is a valuable part of children’s education and all areas of business, including professional fields of health and social care, require and are enriched by a high degree of cultural competence. KCC has a range of policies relating to cultural competence in its own work, for example policy and guidance issued to staff in relation to childcare.³⁰
- 3.4.8 However, it was highlighted in evidence, including the survey of EU project leads, that cultural and language issues have presented challenges to international project partnerships. A lack of cultural and language skills is also proven to be a barrier to successful international trade partnerships.

**Kent should be looking to get its stall set out,
trade is constantly evolving...**
Paul Wookey, Managing Director, Locate in Kent – oral evidence

- 3.4.9 Provided the accommodation can be increased, Members see potential for diversification of the Centre. As well as being a focus for the development of children’s cultural and language skills, the potential exists for it to be a base for engagement on international projects; host trade visits by Kent businesses exploring export opportunities (Section 6 refers), and for tourism.



R4 That the Hardelot Centre is developed as a flagship link between South East England and Northern France: that solutions are sought for an increase in accommodation to enable a diversification of use (with a focus on language skills, cultural awareness and exchange) to foster Anglo-European partnerships and maximise trading opportunities for Kent businesses in Region Nord Pas de Calais and further afield.

³⁰ KCC (2013) Cultural Competence in Kent

3.5 Brussels Office

- 3.5.1 KCC'S Brussels Office currently sits within the East of England Brussels Office, for which Essex County Council are the leaseholders on a one-year rolling basis. The lease expires on 31st January 2016. Rent is payable through Property Group's portfolio.³¹
- 3.5.2 It has been estimated that 70% to 80% of European legislation directly impacts on the work of local authorities. With the expansion of the European Union and consequent increased competition for funding, strong relations with the EU Institutions and other European partners is seen as vital in order to influence policy and access funding for the benefit of Kent. The influencing role and expertise of Brussels Office has been referred to in various pieces of evidence as has the reliance various individuals and organisations place on it. However with declining KCC (UK-based) resources for project support the balance of work in Brussels Office would appear to have tipped slightly away from the important influencing role.
- 3.5.3 The Select Committee have learned that it may be possible to further maximise the benefits of KCC's presence in Brussels and from the long-standing relationship with region Nord-Pas de Calais by relocating to new offices that the latter are acquiring. This would achieve a small saving on rent but be very advantageous in terms of increased opportunities to engage with well-established and trusted key partners. Since Nord-pas de Calais will be the Managing Authority for new Interreg funds for the 2014-20 programme; co-location would enable KCC to seize opportunities for funding quickly, as they arise.
- 3.5.4 A further (and so far untapped) aspect of EU funding that Brussels Office could be instrumental in securing for Kent is that of pan-European 'Thematic' funds. To date, the only barrier to securing such funding has been one of resource (in terms of staff capacity) however, given some redirection and renewed impetus, the potential benefits from 2014-2020 programmes such as Horizon 2020 could be significant and well worth pursuing for the benefit of KCC and Kent.

R5 That the role of KCC's Brussels Office is strengthened and refocused towards policy, influencing and the provision of guidance to KCC and Kent organisations with a particular emphasis on accessing EU Thematic funding and new Interreg funds for the benefit of Kent and its residents.

³¹ Information provided directly by Ron Moys.

This page is left blank intentionally

4 EU FUNDED PROJECTS

4.1 Range of projects funded

4.1.1 As outlined, over the EU programme period that has just ended, KCC has successfully achieved funding from several EU funding streams. It has been apparent that while EU funding is of immense value to KCC and for example provides 60% of the entire Sustainability and Climate Change budget; it can act as leverage for further funding from a variety of sources and, crucially, also opens doors to development through accessing partners' expertise.

EU funding provides opportunities beyond the monetary value for valuable learning and gaining of experience

- *Sean Carter, Strategic Projects and Partnership Manager - written evidence*

4.1.2 A variety of projects have been undertaken by KCC either as Lead organisation or project partner. Members were able to consider information on all these projects and a number are outlined on the following pages to give a flavour of the range of work that has been undertaken:

- **Education:**
The EASIER Project: (Educational Adaptive Script for Interactive Exchange on Remembrance)
- **Environment:**
The ARCH Project (Assessing Regional Habitat Change)
Low Carbon Projects: FUSION and Low Carbon Plus
- **Health:**
The CASA Project (Consortium for Assistive Solutions Adoption)
- **Tourism:**
The CAST Project: (Coastal Action for Sustainable Tourism)
- **Rural development:**
A number of projects funded by the Kent Downs & Marshes LEADER

4.1.3 Two further projects on trade development and rail transport are outlined briefly in section 6 of this report.

The EASIER Project: Facing the Great War

(Educational Adaptive Script for Interactive Exchange on Remembrance)

It is now 100 years since the start of the Great War and EASIER will address how to commemorate it sensitively; enhancing the knowledge and understanding of pupils. With EU funding of 40,000 Euros over two years, partners and schools in Kent and West Flanders will address a number of educational deficits in relation to the Great War; i.e. the need for:

- interactivity in current approaches in schools
- cross-curricular development (e.g. history/languages/geography)
- awareness on how both regions experienced the war
- a framework and guidelines for qualitative and sensitive approaches to the topic

“There has been an enormous learning curve already - 10-12 million soldiers passed through Folkestone to the Western Front and many Belgian refugees came into Kent”.

Remembrance Education, with an overriding message of peace for Europe, is defined by the Special Committee for Remembrance Education in Flanders as:

“working on an attitude of active respect in today’s society, based on the collective memory of human suffering that was caused by human activities such as war, intolerance, or exploitation and that must never be forgotten.”

The Project will involve young people actively in thinking and working on the theme and will develop a step-by-step guide or ‘Adaptive Script for Interactive Exchange on Remembrance.’ The Adaptive Script will be aimed at other teachers and pupils, enabling them to set up their own international project on the Great War with visits between the Westhoek and Kent; or Flanders and England more widely.

The Script will be designed to improve exchanges and interactive school partnerships. It will use a cross-curricular approach to aid examination of the Great War with sensitivity, historical criticism and caution; considering a number of perspectives in order to understand the impact on civilians and the military in both regions. A web site, social media and online learning community will be used in the classroom, in preparation for 3-day exchange visits between West Flanders and Kent.

The guide will be developed in close collaboration with teachers and calling on the expertise of the Special Committee for Remembrance education; the heritage sector, museums and the province of West Flanders. Two conferences will be arranged to inform teachers; contributing also to teachers’ continuous professional development.

The ARCH Project (Assessing Regional Habitat Change)

European Regional Development Fund (ERDF): Interreg IVA 2 Seas Interreg I
Cross Border Co-operation Programme - €659,061 for Kent



This 2.4 million euros environment project of great value to Kent was carried out between 2009 and 2013 with 50% ERDF funding. The project was a partnership between KCC and Nord-pas de Calais Regional Council delivered with the help of the Conservatoire Botanique de Bailleul, Medway Council, the District and Borough Councils of Canterbury, Maidstone, Swale, Tonbridge & Malling and Tunbridge Wells; the Environment Agency; Kent Wildlife Trust and Kent & Medway Biological Record Centre (KMBRC).

The partnership between Kent and the Nord-Pas de Calais region was appropriate since they share a common geology, climate and environment including internationally valued woodlands, chalk grasslands, and wetlands. A particular theme in Kent was to analyse the land cover change since 1961. The project, with KCC as lead partner, supported theme three of the Kent Environment Strategy:

“Valuing our Natural, Historic and Living Environment”.

Broadly, the aims were to:

- ensure that base biological data on the extent and distribution of key natural habitats met minimum standards across Kent and Nord-pas de Calais by carrying out a Landcover and Habitat Assessment in the project region.
- provide accurate biodiversity information and tools that positively influenced spatial planning, improved the general understanding and commitment towards biodiversity conservation and contributed to increasing habitat connectivity across the regions.
- explore the feasibility of using innovative tools and remote sensing techniques that would allow the development of a long-term monitoring system across the regions.

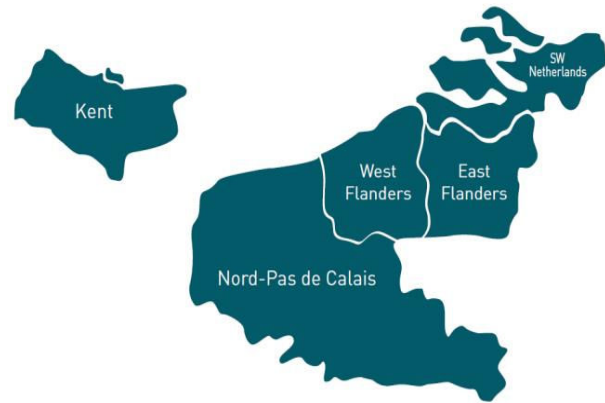
KCC’s ARCH project team compiled a comprehensive set of data on Kent’s landscape and habitats through extensive survey work, data validation and electronic mapping; the latter of which secured a national Avenza award from the British Cartographical Society. Key outputs for Kent (final reports at: <http://www.archnature.eu/>) have been:

- The Kent Habitat Survey
- The Kent Land Cover Change Analysis (screening tool enabling planning authorities to rapidly assess planning applications for potential impact on biodiversity)
- Change Analysis of UK Biodiversity Action Plan (BAP) Priority Habitat

LOW CARBON PROJECTS: FUSION

European Regional Development Fund (ERDF) Interreg IVA 2 Seas Programme
Project value €5,012,333 (€1,048,644 for KCC)

Having met or exceeded all targets for the EU-funded Low Carbon Futures Project, support for businesses in Kent continues through FUSION. The FUSION Project aims to increase economic growth in the 2 Seas region of Kent, Nord-pas de Calais, East and West Flanders and South West Netherlands, while reducing the environmental impact. It does so by promoting an eco-innovative mind-set in small to medium sized enterprises (SMEs) from start-up to high growth.



As lead partner for the project, working with BSK-CIC and the University of Kent, KCC is carrying out research into opportunities in the low carbon market and delivering 1:1 business support. The authority has a particular interest in supporting the development of new sustainable business models in Kent and aims to expand the low carbon, environmental technologies sector through developing effective strategies, policies and targeted business support packages; bringing social, economic and environmental benefits to the County.

LOW CARBON PLUS EU funding of €1.2 million Grants for businesses of up to €24,000 (£20,000)

Low Carbon Plus (LC+) is an integrated programme of financial assistance and business support. It aims to increase demand for low carbon technology and increase business efficiency and growth by providing assistance to SMEs in the low carbon and environmental goods and services sector across Kent and Medway.

KCC has secured a €2.4 million grant pot (50% EU-funded) to administer before June 2015; offering grants of £5,000 to £20,000 to SMEs in the sector.

The requirement from businesses is that they have projects that demonstrate business growth and/or job creation through the development, commercialization or production of low carbon or environmental goods, services or technologies. Businesses can also improve resource efficiency through 'Steps to Environmental Management' (STEM).

The CASA Project (Consortium for Assistive Solutions Adoption)

EU Interreg IVC funding of €3.2 million (€239,575 for KCC)

The 3 year CASA Telehealth project meets KCC's objective to 'Reduce demand on Health and Social Care Services'. It is led by the Flanders Ministry of Health with partners across Europe including in Denmark, Italy, Poland, Romania, Spain and Sweden. The UK partners are Kent County Council, The South East Health Technologies Alliance (SEHTA) and The NHS Scottish Centre for Telehealth & Telecare.

The EU funded CASA project has been important to KCC in its work to further the integration of Health and Social Care in Kent.

“KCC’s work on this project was a key component in KCC achieving Integration Pioneer Status; one of only 14 local authorities (of 105 bidders) to have done so.”

Anne Tidmarsh, KCC Director, Older People and Physical Disability



Through CASA project partners aim to develop a new generation of innovative personalised care solutions using technology, for older people at home and in their daily lives.

KCC's International Affairs Group and Families and Social Care Directorate will be directly involved in project delivery, underpinned by expertise drawn from the authority and from Health Services.

In particular, KCC co-ordinates the central work stream on Knowledge Transfer; identified as a key challenge by project partners. To address this there have been international study visits (as hosted by Kent in 2012), virtual working groups and staff secondments and exchanges to help embed new practices.

Key outcomes will be the joint production of a Strategy Paper detailing how the identified assisted living solutions could be deployed on a large scale and project activities to ensure key industry, national and European stakeholders are aware of the findings in order to bring sustainable future benefits to the partner areas.

The CAST Project

(Coastal Actions for Sustainable Tourism)

ERDF Interreg IVA 2 Seas funding of €1,404,804 (€734,290 for Kent)

***The quality of life derived from the coastline and countryside,
together with our close proximity to London and mainland Europe,
provides real economic benefits to the South East.***

(Source: SE LEP Strategic Investment Funds Strategy)

With the dual aims of addressing the decline of coastal tourism assets in Kent and meeting the KCC objective of 'Driving Economic Prosperity', lead partners KCC and Visit Kent, working with Westtoer (West Flanders) and Comité Départemental de Tourisme du Pas de Calais as well as District and Borough Councils of Dover, Shepway and Thanet, obtained EU funding of 1.4 million Euros (total budget €2.8m) to pursue common objectives in the partner areas including:

- Inspiring an innovative program of change to influence the future development of coastal assets.
- changing perceptions of the coast by strengthening the image (communicating with target groups in different ways using new technologies).
- involving local people as champions for their coastal community

Interconnected initiatives were implemented with the aim of increasing tourism activity in the coastal areas of Kent, Pas de Calais and West Flanders. Project activities included:

- analysis of coastal tourism facilities
- development of a coastal tourism management strategy
- production of coastal maps,
- targeted marketing campaign

Outcomes for Kent have so far included the development of volunteer networks and the organisation of 'active coast' weekends.

Kent Downs and Marshes LEADER Programme



Cheesemakers of Canterbury



Development measure: support, creation and development of micro-businesses

Producers of a range of cheeses including the successful Ashmore hard cheese, Cheesemakers of Canterbury have won British and International awards. LEADER Grant of £18,816 (50% of total project costs) enabled them to expand their production to a second location where they now produce a number of soft cheeses including one made from local goats' milk. The additional capacity enabled them to increase production of Ashmore Cheese to meet growing demand (which outstripped supply); adding to the space available to mature the cheese.



The Farriers Arms



Development measure: support, creation and development of micro-businesses



The Grade II listed Farriers Arms in the village of Mersham, near Ashford was founded in 1606. Following its closure in 2009, 80 village residents bought it and reopened it as a pub-restaurant after 5 months of extensive renovation. LEADER funding was sought to help further innovative plans to create a micro-brewery onsite and the project secured a grant of £7,842 (42% of the total costs) to fund building and ground works, brewing equipment and brewery training.

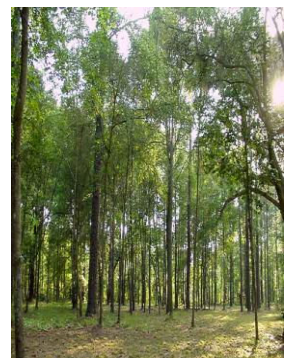


Norman Davidson



Development Measure: adding value to agricultural and forestry products

Sole trader Norman Davidson processes timber to produce woodland products including logs for the wood fuel sector. The business had reached capacity and was unable to meet growing demands for household and commercial wood fuel for fires and log burners. Mr Davidson applied for a LEADER grant to purchase new equipment which would increase the efficiency and capacity of his operation; reducing wastage. The logging expansion project secured a grant of £25,167 (40% of total costs) for firewood processing equipment.

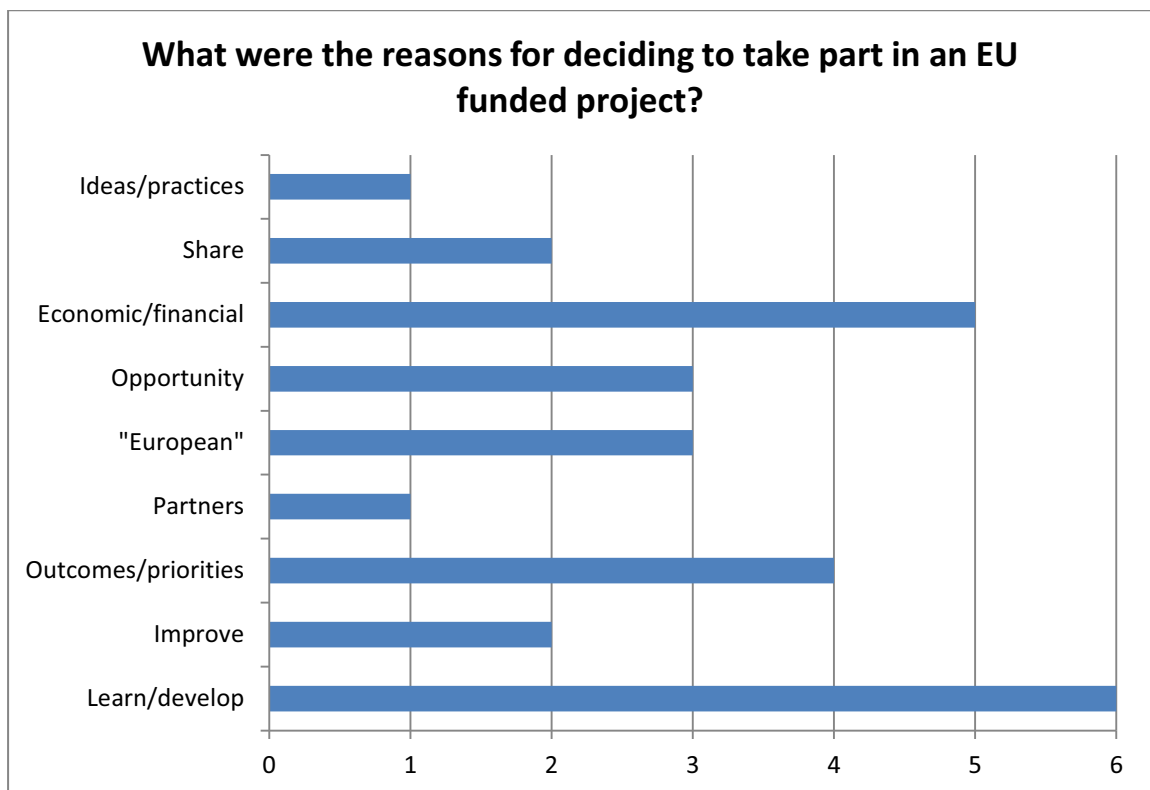


4.2 Survey of EU Project Leads

4.2.1 The questions sent to EU Project Leads are provided at Appendix 4.

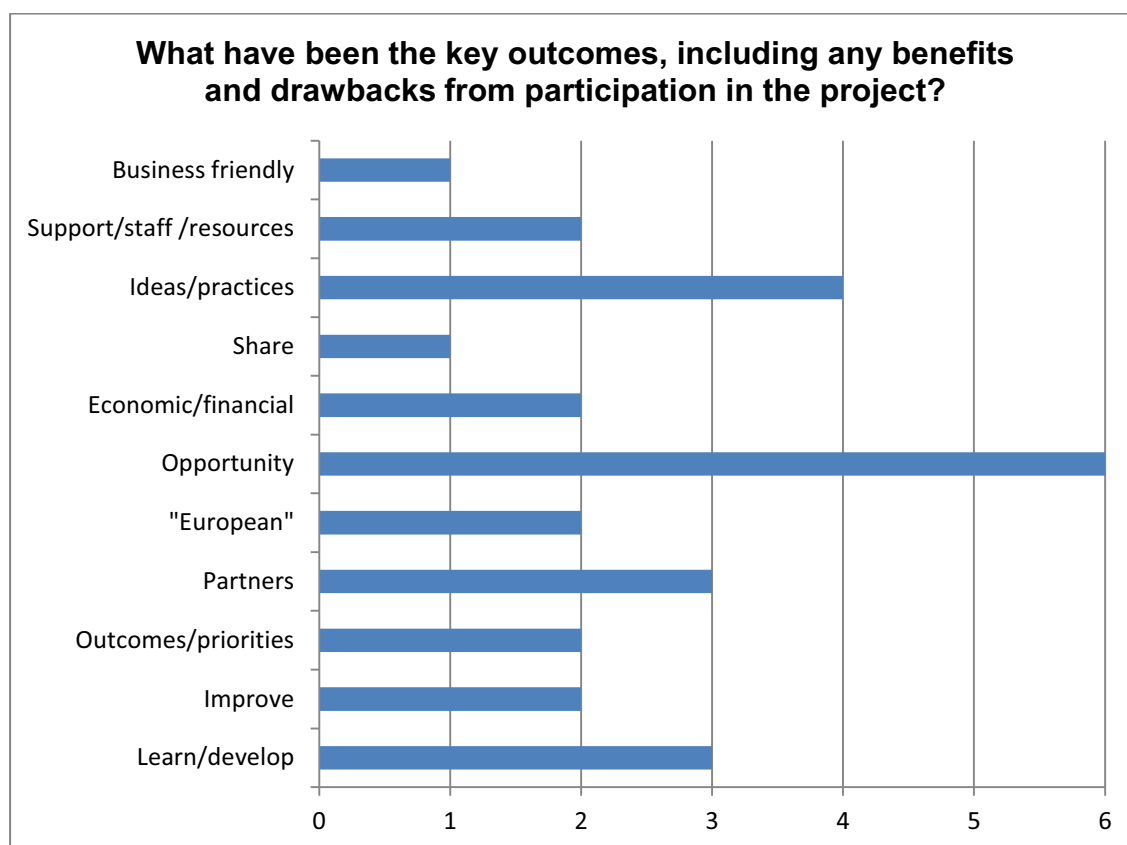
4.2.2 Respondents had a very short time over the Christmas period to return their responses; however the 10 questionnaire responses received represented a body of expertise gained over a large number of international projects. Answers were analysed for key themes and it is evident that, for those project leads who responded, while economic considerations played a large part in their deciding to take part in an EU funded project, the opportunity to learn and develop was also important, as shown in Figure 8 below. This is borne out by other written and oral evidence to the review.

Figure 8: Key themes from responses to Survey Question 1



4.2.3 The responses to Question 1 are consistent with those provided to Question 8 on project outcomes, where the top 3 themes relate to increased opportunities to learn and develop and to share ideas and practices, as shown in Figure 9 on the next page. When considering outcomes, achieving the funding for the project was rated as significant but less so than the opportunity to work with and learn from partners, developing mutually beneficial solutions; demonstrating the 'outward-facing' nature of the organisation and its project partners.

Figure 9: Key themes from responses to Survey Question 8

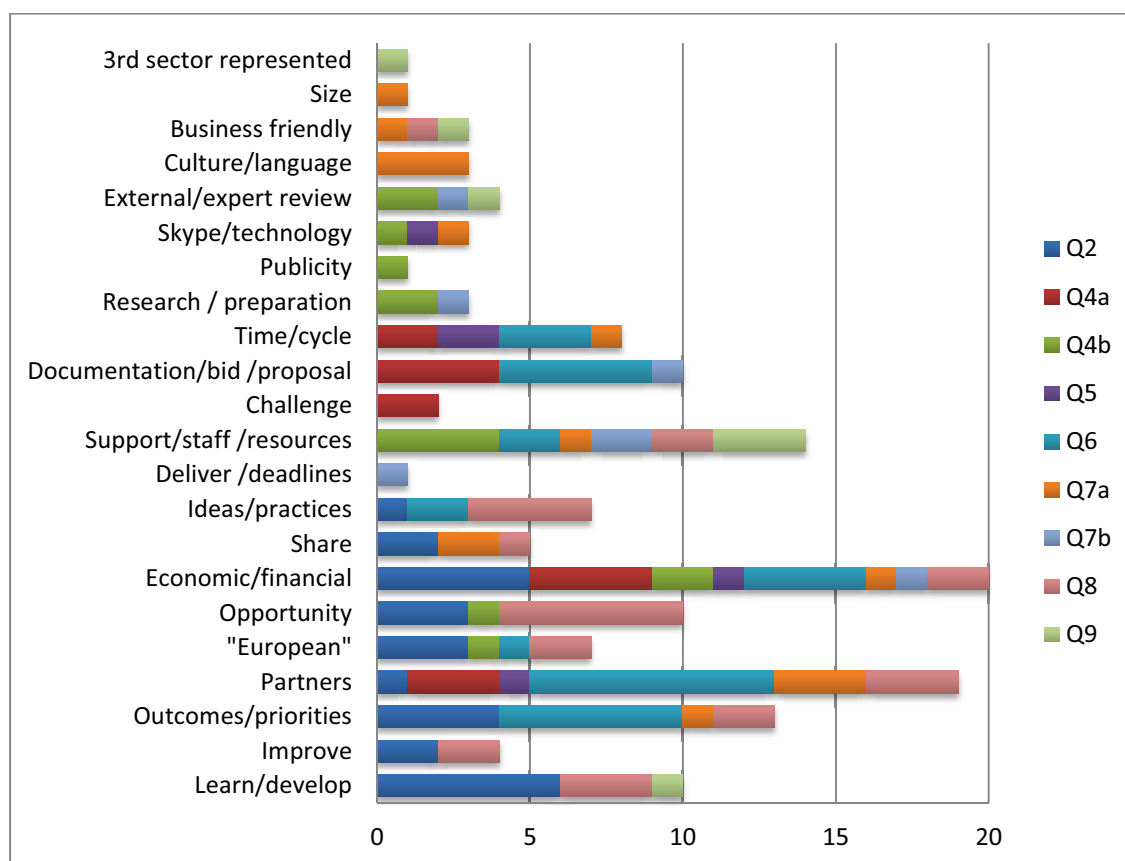


4.2.4 Evidence received from project partners in West Flanders reflects similar reasons for project participation to those of Kent partners. These were:

- Neighbourhood policy
- Stimulating cross border co-operation
- Finding strategic partners
- Using the available EU funds
- Working on common policy plans
- Developing good contacts and partnerships
- Creating stepping stone projects
- Creating transnational added value for local actions and investments
- Finding inspiration to tackle local challenges
- Sharing knowledge and expertise

4.2.5 Overall, answers provided via survey, were consistent with those opinions provided directly to the review. Figure 10 on the next page shows the general themes present in all the survey responses.

Figure 10: General themes/key words in survey responses (all questions)



4.2.6 In relation to addressing challenges faced in obtaining EU funding, some responders failed to note any; however, those mentioned most in both survey and oral/written evidence were in relation to project support staff/resources. Finding match funding and identifying the right partners were also significant challenges. With regard to working with international partners, the most significant challenges highlighted were associated with language and culture.

4.3 Project Development and Implementation Support

4.3.1 Currently International Affairs Group (IAG) relies on a small number of individuals in the Directorates to bring forward suitable projects; the numbers involved have declined and this has led to an imbalance of ‘interest’ across the authority and to missed opportunities for EU funding (even where potential funding streams have been identified by IAG).

4.3.2 The complexity of the EU funding landscape makes it essential to have professional support throughout project development and implementation; bid writing in particular is a crucial element as is a detailed understanding of programme rules. One expert witness said that (with respect to Interreg projects) ideally there should be engagement with the EU Joint Technical Secretariat throughout the project lifecycle to ensure the project remains ‘on track’ and fulfils the intended criteria.

- 4.3.3 Commissioning services in relation to EU projects and financial/regulatory aspects is likely to be costly since it is considered to be a specialist area.³²
- 4.3.4 The importance of KCC maintaining a strategic overview of Kent projects has already been highlighted though it should be noted that, as a small team, IAG necessarily focuses on those where KCC leads or has an involvement. KCC currently does not have the capacity to ‘monitor, identify and raise awareness of EU funding opportunities due to diminishing staff resources’.³³
- 4.3.5 Members therefore believe that in order to capitalise on the opportunities available from future EU funding, it will be essential for the Council to maintain EU project development and implementation support roles, though these do not necessarily need to rest within IAG. The Select Committee would like to see lead roles in each of the new ‘Corporate’, ‘People’ and ‘Place’ directorates³⁴. Though these roles could be considered ‘dedicated’ in that expertise in EU funded projects would be an essential component, general expertise in project management would provide the kind of flexibility required as KCC transforms.

R6 That KCC ensures it has sufficient staff resources to optimise the development and implementation of EU funded projects (with, as a minimum, a leading role in each of the three new directorates).

4.4 Facilitating project communications

- 4.4.1 A small number of project lead survey responses highlighted one specific barrier to effective project communications which is easily remedied. Though the need for face to face communication is acknowledged as an important aspect of international project work (particularly during the pre-project and development stages), European project partners frequently use conference call applications not currently supported by KCC. Officers have been pragmatic and devised their own ways of ensuring KCC can participate, however Members believe that it would be a simple ‘fix’ if all officers involved in international work could have access to readily available online communication tools such as Skype.

R7 That KCC ensures International Affairs Group and EU project officers are enabled to take advantage of free/low cost communication options (e.g. Skype) in order to maximise cost effective communication/engagement opportunities with EU partner organisations.

³² Mellisa Jaynes, Senior Accountant, External Funding & Specific Grants – written evidence

³³ Steve Samson, Trade Development Manager - oral evidence

³⁴ International Affairs will fall under the ‘Place’ banner in the next County Council structure

This page is left blank intentionally

5 RAISING AWARENESS OF KCC'S INTERNATIONAL WORK

Business units should be encouraged to consider the international perspective more frequently so that opportunities are not missed... With regard to wider audiences, it is important that we take a proactive approach to disseminating information, placing emphasis on added value and value for money
KCC (2009) International Strategy

5.1 Awareness-raising within KCC to maximise funding opportunities

5.1.1 In recent years (as demonstrated in sections 4 and 6) KCC has been active in project areas such as tourism, transport and trade. The Enterprise and Environment directorate has been particularly successful with projects including landscape management, habitat surveys, supporting the low carbon economy and resource efficiency for companies. However, far fewer projects have been identified and pursued by the Families and Social Care (FSC) and Education, Learning and Skills (ELS) directorates.³⁵

5.1.2 Despite the fact that KCC's international work has a good reputation; is supported by a number of KCC Members and Directors and recognised by Local Authorities at home and in Europe (for example KCC represents all South East local authorities on the Member State Programme Preparation Group (PPG) that has been preparing the new Interreg programme); for various reasons including political changes and restructuring, newer Members and new members of staff may still not be aware of KCC's international work and its potential for bringing in considerable funding.

5.1.3 In order to gauge the current level of awareness about potential opportunities from EU funding, a survey was sent to 102 KCC senior managers and directors as part of this review.³⁶ While Members expected there would be some variation across the organisation, it was surprising to find that generally, awareness of EU funding was very low.

5.1.4 From the 58 survey responses that were received, the majority (72%) had little or no awareness of either KCC's International work or of opportunities for EU funding as shown in figures 11 and 12 below:

³⁵ Steve Samson, Trade Development Manager - oral evidence

³⁶ A short deadline was set and 58 responses were received within one week

Figure 11: Survey of directors and senior managers – Question 1

Q1. What statement best describes your position/awareness regarding KCC's international work?

No/low level of awareness	19	32.76%
Directorate is currently liaising with IAG on international work	17	29.31%
Basic knowledge e.g. recent experience of presentation by KCC International Affairs Group (IAG)	15	25.86%
Directorate has utilised the expertise of IAG in the past but not currently	6	10.34%
n/a	1	1.72%
	58	100.00%

Figure 12: Survey of directors and senior managers – Question 2

Q2. What statement best describes your position/awareness regarding forthcoming opportunities for EU Funding 2014-20?

I am aware that a new European Funding round has begun but have no detailed knowledge of opportunities	22	37.93%
No/low level of awareness	14	24.14%
I am aware that a new European Funding round has begun and work is already under way to access one or more funding streams to support core priorities	10	17.24%
My unit has firm plans to access one or more funding streams to support core priorities	9	15.52%
n/a	3	5.17%
	58	100.00%

5.1.5 The willingness of senior managers to learn more about/consider the option of EU funding as a way of supporting core priorities was demonstrated by responses to question 3 which showed that just under 86% of those who currently have little or no awareness of it would be interested to learn more, as shown in figure 13 on the next page.

Figure 13: Survey of directors and senior managers – Question 3³⁷

Q3. If you answered ‘No/low level of awareness’ or ‘I am aware that a new European Funding round has begun but have no detailed knowledge of opportunities’ to question 2, which statement best describes your position with regard to accessing EU funding opportunities?

I would be interested in learning more about the opportunities for EU funding to support core priorities	36	85.71%
I would not be interested in learning more about the opportunities for EU funding to support core priorities	6	14.29%
	42	100.00%

5.1.6 The final survey question exploring why senior managers may not be interested in learning more about EU funding received 6 responses. Explanations offered by 4 people indicated they either felt it was not appropriate for or relevant to their area of business or perceived it to be ‘additional’ or ‘nice to have’ funding. While the former statement may be true – other evidence to this review indicates that with expert knowledge and understanding of funding streams, they can be used creatively to contribute to a range of objectives. For example, tourism is not a specific theme under the European Commission’s more limited list of thematic priorities to be financed under the new programme, but there is a particular focus on the theme of innovation. Therefore, with an appropriately innovative approach to projects, this potentially facilitates the inclusion of a wide range of business priorities, including tourism.³⁸

The framing of projects is key to future funding
Ron Moys, Head of International Affairs Group – oral evidence

5.1.7 The Select Committee’s activities and work recently commenced by International Affairs Group to promote its work via Directorate Management Teams will have gone some way towards addressing the lack of awareness of EU funding opportunities within KCC. The start of the funding round 2014-20 provides an initial ‘fallow period’ when more awareness-raising could take place.

³⁷ NB The number of people who responded to this question was greater than the number of those of answered a or b to the previous question, i.e. the condition for answering Q3.

³⁸ Ron Moys, Head of International Affairs Group – direct communication

5.2 Publicising successful project outcomes

- 5.2.1 As noted above, awareness of EU funding within KCC is low and there is some element of misconception about it which may be reflected among the wider community. Members of the Select Committee believe that it is important there is understanding of the role EU funding plays in the Growth plans of Kent, Medway and the wider South East Region, and the opportunities it provides.
- 5.2.2. The review has learned that funding for publicity is required to be built in to projects at the start as part of the communication strategy and therefore Members believe that there should be additional focus on this part of the project preparation process, in order to raise both the profile and understanding of the funding; the County Council's work to secure it and to celebrate and disseminate information about successful project outcomes.
- 5.2.3 Evidence to this review would indicate that, while the aim has been to adopt a proactive approach, as outlined in KCC's International Strategy, this has been somewhat eclipsed by essential transformational activity within the Council and could benefit from renewed focus through a revised and updated Strategy (R2); a refocusing of staff resources (R3, R5, R6) and renewed efforts to ensure KCC and Kent, including Kent businesses, gain maximum benefits from the EU funding available.

R8 That International Affairs Group and KCC as a whole:

- ***seek to raise further the profile of Kent's international work to date and of the future opportunities from EU funding***
- ***with local partners, seek creative ways to publicise successful EU funded projects in Kent/within the South East Local Enterprise Partnership area, including though the building in of publicity measures and costs into future funding bids as part of the projects' communication strategies.***

6 INTERNATIONAL TRADE AND CONNECTIVITY

Companies that export are 11% more likely to stay in business than those that do not and on average increase their income by £100k in the first 18 months

Rob Lewtas, Strategic Partner Manager, UKTI – oral evidence

6.1 Exporting for growth

6.1.1 Despite the obvious advantage Kent has in terms of proximity to London, Europe and wider markets and the proven advantages to businesses from exporting, Members were told of the challenge that exists to persuade Kent businesses including small and medium-sized enterprises (SMEs) of the benefits of doing so. Currently, only 4,500 of 57,000 businesses regularly export; less than 8% compared with a national average of 10% and it is estimated that closing the 2% gap could generate £114 million into the Kent economy based on the average increase in income of £100,000 in the first 18 months.³⁹

Closing the export gap in Kent by 2% could generate £114 million into the Kent economy

Rob Lewtas, Strategic Partner Manager, UKTI – oral evidence

6.1.2 New arrangements for European growth funds to be administered by Local Enterprise Partnerships at sub-regional level and the availability of the services of UK Trade and Investment (UKTI) as an opt-in partner are intended to reduce duplication on both export support and inward investment. Indeed, a study for the Local Government Association identified that:

“... a key role for local authorities is to ensure that export services across the sub-region offer a seamless service that is linked more widely to national support services.”⁴⁰

³⁹ Rob Lewtas, Strategic Partner Manager, South East International Trade Team, UKTI – oral evidence

⁴⁰ SQW (2012) pp iii

6.2 Kent International Business and 2 Seas Trade

6.2.1 Kent International Business (KIB) was set up by International Affairs Group's Trade Development Manager in response to a study carried out in 2010 by KCC and BSK-CIC⁴¹ which revealed that, in addition to Kent's lower than average export record, "No one organisation is charged with the task of increasing internationalisation in Kent."⁴² Kent International Business brings together a range of organisations (Figure 14 below) under the KIB partnership banner in order to simplify the business support landscape in Kent and provide a single point of access at <http://www.kentinternationalbusiness.co.uk/> so that businesses can easily find a range of business support. KIB also benefits from support from Kent's District and Borough Councils. The partnership was 'Highly Commended' in the 2013 Enterprising Britain Awards.

Figure 14: Organisations in the KIB partnership



6.2.2 The aims and objectives of KIB are to:

- raise awareness of the benefits of international trade (for the local economy)
- boost Kent's export levels and promote business growth
- ensure that trade support in Kent is more coherent, joined-up and visible
- provide relevant support to Kent companies for international trade⁴³

⁴¹ Kent International Business Study (2010)

⁴² Ibid pp4

⁴³ Steve Samson, Trade Development Manager – oral evidence

- 6.2.3 KIB has (as the recent accolade suggests) had some early success in meeting these aims through a range of events and visits, reaching around 1000 Kent businesses.
- 6.2.4 KCC's core priorities in terms of trade development have been supported by and have developed closely alongside three streams of EU funding into Kent: the 2 Seas Trade Project, outlined on the following page, the Enterprise Europe Network and the Chain 2 Project led by the Kent Science Park. Having started out with no dedicated budget, KIB now has £140,000 regeneration funding over 2 years (and may in future obtain EU funding through the South East Local Enterprise Partnership).
- 6.2.5 Examples of the trade development and engagement activities organised for Kent businesses by KIB are shown below; these took place between September and November 2013. The numbers are a count of the businesses who took part⁴⁴. Further details can be found in Appendix 9.

2 Seas Trade: Trip to HORECA Trade Fair, Ghent, Belgium - 15

KIB/UKTI: Exporting for Growth Event, Maidstone - 150

2 Seas Trade: Visit to AquaTech Trade Fair, Amsterdam - 8

2 Seas Trade/Kent Export Club: "How Companies can (and do) sell services to France" Event, Ashford - 12

UKTI/2 Seas Trade/Manston/KLM: Doing Business in the Netherlands, Manston - 33

2 Seas Trade: Innovation for Independent Living Conference (for businesses in Kent and Netherlands), Discovery Park - 44

2 Seas Trade: Regional Produce Show in Ghent - 4

2 Seas Trade: French-UK Networking Event (multi-sector) - 27

⁴⁴ Except in the case of the Exporting for Growth event which shows the number of individuals

2Seas Trade Project

EU Interreg funding of €760,468 (€417,971 for Kent)



The three year 2 Seas Trade project aims to help businesses trade in a nearby European region. Meeting KCC objectives of 'Driving Economic Prosperity' and 'Building a new relationship with business', with its project partners:

- Kent Invicta Chamber of Commerce
- Business Support Kent CIC
- Locate in Kent
- East Flanders Chamber of Commerce
- West Flanders Chamber of Commerce
- The West Flanders Development Agency (POM)
- The Chamber of Commerce for the SW of the Netherlands
- Canterbury City Council



KCC was able to deliver free support services including workshops, 1-2-1 advice, sector focused market visits and trade fair participation to Kent companies and those in SW Netherlands, East and West Flanders (Belgium) and Nord-Pas de Calais (France). A range of comments from event participants are highlighted below:

“It has helped me make decisions on where to go for exports.”

“Workshops have encouraged me to start looking at Belgium which led to a UKTI OMIS study and a visit which should soon result in distributor agreement”

“Gained additional market intelligence, met potential new clients, met potential new suppliers, met exciting partners and met potential new distributor in Turkey”.

“Good leads from European suppliers and people on trip.”

“Better understanding of the opportunity in each market/country & 3 good leads/contacts to sell direct or partner

- 6.2.6 KIB have worked closely with UK Trade and Investment (UKTI) on activities to build the capacity of Kent businesses to export and there is evidence of progress as UKTI are extending and increasing their activity in Kent in response to a growing demand for assistance following events in the County.
- 6.2.7 Members were told of outline plans for a future EU funded trade support programme which would *proactively seek out and engage* with particular Kent businesses and then through a range of bespoke activities, develop and grow their capacity for international trade, ultimately helping them to build trading links and business contacts in overseas markets.⁴⁵
- 6.2.8 Opting in to UKTI trade development services will provide match funds for EU funded work and this will enable KIB to offer market visits and trade fairs underpinned by UKTI's expertise in market intelligence gathering and sector specific support. To date there have been notable successes in food-related sectors but there is much scope for development in a range of sectors.

R9 That KCC seeks, through EU project work, partnerships and trade development activities:

- ***to maximise export opportunities for Kent businesses, aiming to close the 2% gap between businesses that export in Kent and Nationally***
- ***to promote Kent as an attractive location for businesses in Europe and further afield***

6.3 International rail connectivity

The South East LEP area is the UK's most important land and sea gateway to the rest of the world. It is situated in a pivotal position between London, mainland Europe and international markets and has transport infrastructure of national importance
South East LEP Structural Investment Funds Strategy

⁴⁵ Ibid

6.3.1 The proximity to mainland Europe and interconnections with the London economy and jobs market are considered to be major strengths of the South East Local Enterprise Partnership area in terms of future plans for growth. The map below (Figure 15) shows, in particular, the important rail links between Ashford and East Kent.

Figure 15: Map showing Kent's international rail connectivity



6.3.2 International Affairs Group (IAG) has a long history with regard to ensuring Kent maintains its international rail connectivity having successfully developed and managed an extensive campaign to reinstate Eurostar services to and from Ashford to Brussels after Eurostar announced in 2006 that it would cut services at Ashford and Calais. It was clear to KCC and its French partners in Nord-Pas de Calais that this would have detrimental consequences for accessibility, economic development and tourism in the areas concerned. Services were resumed from Ashford and Calais in February and December 2009 respectively.

6.3.4 International Affairs Group again sought to influence the agenda for cross-border rail transport following the introduction of competition on the use of High Speed lines and the Channel Tunnel, including at a high-level political conference to publicise findings of Transmanche Metro 2011/12 and this work theme continues with regard to service improvements at Ebbsfleet and Ashford International Stations and in particular signalling at the Ashford Spurs.

- 6.3.5 The Select Committee learned that European funding had been obtained specifically for a project at Ashford International Station designed to ensure that European high speed trains can continue to stop there. Vital feasibility work could not have gone ahead without this EU funding and at the time of writing, KCC and its project partners await a decision from the EU on further funding. The Ashford Spurs Project is outlined on the following page.
- 6.3.6 In exploring opportunities for future EU funding, the Select Committee has learned that there is potential for the EU Connecting Europe Facility to be sought in relation to the funding of £1.6 million required for Phase 3 delivery of the signalling system.
- 6.3.7 The safeguarding of international rail services at Ashford is one of the solutions identified for growth without gridlock in Kent and Medway.⁴⁶ It is the view of the Select Committee that it is a key solution.

R10 That KCC continues to make the case for improved international rail connectivity at both Ashford and Ebbsfleet, supported by the business case for Transmanche Metro which is due to be published later this year.

The Select Committee would like to express strong support for the Ashford Spurs project for which KCC is the lead authority, and which is at an advanced stage of development with most of the funding committed for the planning and design stage, since Ashford must be assured of future international rail connectivity in order to benefit the people of Kent and Kent businesses.

⁴⁶ KCC (2014) Unlocking the Potential: Going for Growth

The Ashford Spurs Project

Regions of Connected Knowledge (RoCK)

EU Funding Stream: Interreg IVB North West Europe

Ashford International Station was opened in 1996, two years after the start of Eurostar rail services between London and Paris/ Brussels. To enable high speed trains to use the station, spurs were constructed linking Ashford International Station to High Speed 1, which passes just to the north of the station. The spurs are owned and managed by Network Rail though no money has been provided by the Department for Transport (DfT) for the improvements now required.

The Ashford Spurs and the trains currently used by Eurostar (Class 373) use the standard domestic UK signalling/train protection systems: AWS and TPWS. However, these systems, which are not fitted on High Speed 1 as they are not appropriate for managing trains at very high speeds and are also not compatible with newer international passenger trains such as those on order for Eurostar and Deutsche Bahn. When the first of these new trains enter service in December 2016, they will not be able to call at Ashford. To address this problem, having obtained initial funding from RoCK, KCC approached partners Ashford Borough Council, Eurostar plc, HS1 Ltd and Network Rail to discuss possible solutions. Advanced Rail Technologies Ltd was commissioned to provide technical analysis and as a result it was decided to pursue the European Train Control System (ETCS). The identified solution will:

- provide future-proof protection, not limited to specific classes of train
- be technically acceptable and cost effective
- be deliverable before new trains come into full service.

Work undertaken on the Ashford Spurs could establish best practice for the interface between line side signals and ETCS and thus benefit the UK's deployment plan for the European Rail Traffic Management System (ERTMS) since the application of ETCS Level 1 to UK-style colour-light signalling has not so far been demonstrated in the UK.

Funding of £520k required for Phase 2 development, safety and regulatory work to be carried out by Network Rail will comprise contributions from KCC (£40k), Ashford Borough Council (£20k), HS1 (£20k), Eurostar (£20k) and Network Rail (£160K) (to be confirmed); a bid for £260k match-funding has been submitted to the EU.

The EU's decision on this Phase 2 funding is due in April 2014.

Appendix 1: Glossary and Common Acronyms

ACRK	Action with Communities in Rural Kent
ARCH	EU Project acronym: Assessing Regional Habitat Change
BAP	Biodiversity Action Plan
BIS	Department for Business, Innovation and Skills
CASA	EU Project acronym: Consortium for Assistive Solutions Adoption
CAST	EU Project acronym: Coastal Action for Sustainable Tourism
DCLG	Department for Communities and Local Government
DEFRA	Department for Environment, Food and Rural Affairs
EAFRD	European Agricultural Fund for Rural Development
EASIER	EU Project acronym: Educational Adaptive Script for Interactive Exchange on Remembrance
EFF	European Fisheries Fund (2007-2013)
EIF	European Integration Fund
EMFF	European Maritime and Fisheries Fund (new Fund from 2014 replacing the EFF)
ERDF	European Regional Development Fund
ESF	European Social fund
EU	European Union
EUSIF	European Union Structural Investment Funds
IAG	International Affairs Group
Interreg	European Union initiative to stimulate cooperation between EU regions (Financed by the ERDF)
KCC	Kent County Council
KD&M	Kent Downs and Marshes
LAG	Local Action Group
LDS	Local Development Strategy
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale, meaning 'Links between the rural economy and development actions'

LEP	Local Enterprise Partnership
NHS	National Health Service
PPG	Programme Preparation Group (of the European Union)
RDA	Regional Development Agency (now defunct)
RDPE	Rural Development Programme for England (funded by DEFRA and the EU)
RoCK	Regions of Connected Knowledge
SEEDA	South East England Development Agency (now defunct)
SE ERDF	South East European Regional Development Fund
SE ESF	South East European Social fund
SEHTA	South East Health Technologies Alliance
SELEP	South East Local Enterprise Partnership
SEP	Strategic Economic Plan
SIF	Structural Investment Funds
SME	Small and medium sized enterprises
UKTI	United Kingdom Trade and Investment
VCSE	Voluntary, community and social enterprise sector

Appendix 2: Hearings

7th January 2014 Interviews

9:00	a.m.	Ron Moys, Head of International Affairs Group
10.00	a.m.	Ruth Wood, Head of Research and Strategy Visit Kent
11.00	a.m.	Dafydd Pugh, Head of KCC Brussels Office and Stephen Gasche, Principal Transport Planner – Rail (Enterprise and Environment)
12.00	noon	Erica Russell, Head of Sustainability and Insight, BSK-CIC

8th January 2014 Interviews

9:00	a.m.	Carolyn McKenzie, Sustainability and Climate Change Manager
10.00	a.m.	Huw Jarvis, Kent Downs and Marshes Leader Programme Manager and Keith Harrison, Chief Executive, ACRK
11.00	a.m.	Paul Wookey, Chief Executive, Locate in Kent
12.00	noon	Rob Lewtas, Strategic Partner Manager, South East International Trade Team, UK Trade and Investment (UKTI)

14th January 2014 Interviews

9:00	a.m.	David Godfrey, Interim Director, South East Local Enterprise Partnership and Ross Gill, Economic Policy and Strategy Manager
10.00	a.m.	Steve Samson, Trade Development Manager
11.00	a.m.	Myriam Caron, European Partnership Manager
12.00	noon	Tudor Price, Business Development Manager, Kent Invicta Chamber of Commerce

Appendix 3: List of those contributing written or supplementary evidence

Please note some KCC job titles may have changed. This list also includes people who provided presentation material, where used in oral evidence sessions, and people who responded to questions sent out to EU Project Leads. The 58 responders to the Director/Senior Manager survey are not listed.

Baugh, Ian - Business Development Team Manager
Bearne, Amanda – Director of Marketing and Research, Locate in Kent
Brook, Peter - Partnership and Change Manager (Customer and Communities)
Bruton, Theresa - Head of Regeneration Projects (Enterprise and Environment)
Carter, Sean - Strategic Projects and Partnership Manager (Education Learning and Skills)
Chapman-Hatchett, Alice – Director, The Health and Europe Centre
Gasche, Stephen - Principal Transport Planner – Rail (Enterprise and Environment)
Gill, Ross - Economic Strategy and Policy Manager (Business Strategy and Support)
Harrison, Keith – Chief Executive, Action with Communities in Rural Kent (ACRK)
Hoffman, Rebecca - Customer Information Manager (Customer and Communities)
Jarvis, Huw – Kent Downs & Marshes Leader Programme Manager (Enterprise and Environment)
Jeynes, Melissa - Senior Accountant, External Funding and Specific Grants (Business Strategy and Support)
Lewtas, Robert - Strategic Partner Manager, South East International Trade Team, UK Trade and Investment (UKTI)
Lingham, Caroline - Programme Manager, West Kent Leader – Sevenoaks District Council
McKenzie, Carolyn – Sustainability and Climate Change Manager (Enterprise and Environment)
Milne, Elizabeth - Natural Environment and Coast Manager (Enterprise and Environment)
Moys, Ron - Head of International Affairs Group (Business Strategy and Support)
Ratcliffe, Joseph - Principal Transport Planner, Strategy Planning and Environment, (Enterprise and Environment)
Reeves, Mark – Project Manager (Customer and Communities)
Riley, Martyn - Economic Development Officer (Business Strategy and Support)
Samson, Steve - Trade Development Manager, (Business Strategy and Support)
Tidmarsh, Anne - Director of Older People and Physical Disability (Families and Social Care)
Vencato, Dr. Maria Francesca - Kent Brussels Office
Walby, Maureen – Project Manager, ACRK
Ward, Nicholas – Friday People
Wood, Ruth – Head of Research and Strategy, Visit Kent
Wookey, Paul – Chief Executive, Locate in Kent

Appendix 4: Questionnaire sent to leads for EU funded projects

Kent's European Relationship Select Committee – evidence request

We are seeking to gain the views of project managers (KCC/external) who have played a lead role in an EU funded project in Kent (over the last round) in order to inform a Select Committee Review on the above topic. The committee comprises 7 Members of Kent County Council and will be reporting in March 2014. The terms of reference are:

To determine:

- The benefits, disbenefits and challenges for KCC, Kent organisations and the Kent economy from KCC's European engagement and activities over the period 2008-13.
- The key lessons that may be drawn from engagement and activities undertaken during this period
- What KCC needs to do in order to maximise the potential benefits to the County from European engagement and activities in the future.

If your project is being highlighted to the select committee via another route you are still welcome to submit your own experience. (If you are attending a select committee hearing or submitting written evidence please feel free to treat this request as 'for information only').

Questions for European project leads (KCC and external)

You may have been involved in more than one project – if this is the case we ask that you focus on just one when answering the following questions.

1. Could you please provide a brief pen portrait of a European Union (EU) funded project you have been involved with since 2008 noting the relevant funding stream.
2. What were the reasons for deciding to take part in an EU funded project?
3. Was there any alternative funding available to you?
4. a) If you faced any challenges in obtaining EU funding for the project, please outline these?
b) Which local changes or developments might have helped you address such challenges?
5. a) If your approaches for funding failed, what were the reasons for this?

6. What recommendations would you make to others who are hoping to successfully obtain funding?
7.
 - a) If you faced any challenges with regard to working with European or local partners on projects, could you please outline these?
 - b) What local changes or developments might have helped you address such challenges?
8. What have been the key outcomes, including any benefits and drawbacks from participation in the project?
9. Please add any further comments/learning points you feel could inform the review.

NOTES

- a. *Please ensure that your name, organisation and Project name/date are on your response plus the approximate value of the EU funding, if obtained.*
- b. *The responses received, along with other evidence gathered, will assist the Select Committee to understand how challenges might be addressed and benefits to Kent maximised in the future.*
- c. *The select committee process is public so please do not include anything which is commercially sensitive or should not be shared.*
- d. *Please send your response to sue.frampton@kent.gov.uk with the subject heading **EU SELECT COMMITTEE by 10th January 2014**. Thank you!*
- e. *Because of the very short timescales – partial responses or ‘key points’ would be very welcome.*
- f. *More information about the Kent’s European Relationship Select Committee can be found at: <https://democracy.kent.gov.uk/ieListMeetings.aspx?CId=822&Year=0>*
- g. *Participants will be sent a link to the final report which is due in March 2014*

Appendix 5: Mini Questionnaire to Directors and Heads of Unit

This request was sent by email via Corporate Directors' staff officers. The majority of responses were received in the first week. A reminder was sent on 14th January which elicited a few more responses.

Request to all KCC Directors and 'Heads of' – 8th January 2014

As you may know a Select Committee on the above topic is now under way. The agreed Terms of Reference and Scope are attached. In order to inform the review you are invited to answer the following questions by return. This should take no more than 5 minutes of your time.

1. What statement best describes your position/awareness regarding KCC's international work
 - a. No/low level of awareness
 - b. Basic knowledge e.g. recent experience of presentation by KCC International Affairs Group (IAG)
 - c. Directorate has utilised the expertise of IAG in the past but not currently
 - d. Directorate is currently liaising with IAG on international work

2. What statement best describes your position/awareness regarding forthcoming opportunities for EU Funding 2014-20?
 - a. No/low level of awareness
 - b. I am aware that a new European Funding round has begun but have no detailed knowledge of opportunities
 - c. I am aware that a new European Funding round has begun and work is already under way to access one or more funding streams to support core priorities.
 - d. My unit has firm plans to access one or more funding streams to support core priorities.

3. If you answered a or b to question 2 which statement best describes your position with regard to accessing EU funding opportunities?
 - a. I would be interested in learning more about the opportunities for EU funding to support core priorities.
 - b. I would not be interested in learning more about the opportunities for EU funding to support core priorities.

4. If you answered b to question 3, please say why.

Appendix 6: EU Funding Opportunities 2014 – 20

(Ron Moys, Head of International Affairs Group – written evidence)

I Territorial Programmes

Programme	Total Funding (€m)	Priorities	Key KCC Strategies
Interreg VA '2 Seas' Cross-Border Co-operation	€150	Innovation Low Carbon Climate Change Resource Efficiency	'Unlocking the Potential' 'Innovation for Growth – Kent's approach to Smart Specialisation' Kent's Environment Strategy
Interreg VA 'Channel' Cross-Border Cooperation	€150	Innovation Low Carbon Environment and Resource Efficiency	'Unlocking the Potential' 'Innovation for Growth – Kent's approach to Smart Specialisation' Kent's Environment Strategy
Interreg VB North West Europe (NWE) Transnational Cooperation	€350	Innovation Low Carbon Resource and Materials Efficiency	'Unlocking the Potential' Innovation for Growth – Kent's approach to Smart Specialisation' Kent Environment Strategy
Interreg VB North Sea Region (NSR) Transnational Cooperation	€150	Innovation Environment Transport	'Innovation for Growth – Kent's approach to Smart Specialisation' Kent's Environment Strategy 'Growth without Gridlock'
Interreg VC Interregional Cooperation	€300	Innovation SME Competitiveness Low Carbon Environment and Resource Efficiency	'Unlocking the Potential' Innovation for Growth – Kent's approach to Smart Specialisation' Kent's Environment Strategy
South East LEP EU Structural and Investment Fund (SIF)	€185	Innovation SME Competitiveness Low Carbon Employment Education and Skills Social Inclusion	'Unlocking the Potential' Innovation for Growth – Kent's approach to Smart Specialisation' 'Learning Employment and Skills Strategy'

II Thematic Programmes

Competitiveness of Enterprises and SMEs (COSME)	€2,290	Promoting Entrepreneurship Access to Finance Access to New Markets Reducing Administrative Burdens	'Bold Steps for Business and the Economy'
Environment and Climate Action (Life+)	€3,450	Implementing EU environment and climate policy Low Carbon Economy Reversing biodiversity loss	Environment Strategy
Creative Europe Programme	€1,460	Supporting the cultural and creative sector Increase sector's contribution to jobs and growth	'Unlocking the Potential'
Erasmus +	€14,770	Boost skills and employability Increase quality and relevance of Europe's education system	'Learning, Employment and Skills Strategy'
Social Change and Innovation	€919,470	Supporting employment and social policies across the EU	'Bold Steps to Tackle Disadvantage'
Health for Growth	€450	Health Innovation Sustainability of health systems Responding to cross-border health threats	'Bold Steps for Health'
Connecting Europe Facility	€21,930	European networks in the field of energy, telecommunications and transport Building missing cross-border links Removing bottlenecks along main trans-European transport corridors	'Growth without Gridlock' 'Unlocking the Potential'
Horizon 2020	€79,400	Research and Innovation Address major societal Challenges Bridge the gap between research and the market International Cooperation	'Innovation for Growth – Kent's approach to Smart Specialisation'

Appendix 7: KCC International Strategy 2009 – key areas of focus

The Global Economy

- Supporting Kent companies to take advantage of new markets overseas
- Exploring new market opportunities for KCC's intellectual, physical and trading assets
- Maximising the relocation of new businesses to the County
- Developing and strengthening Kent's tourism potential
- Maximising the advantages of the 2012 London Olympics and Para Olympics
- Planning for and managing migration

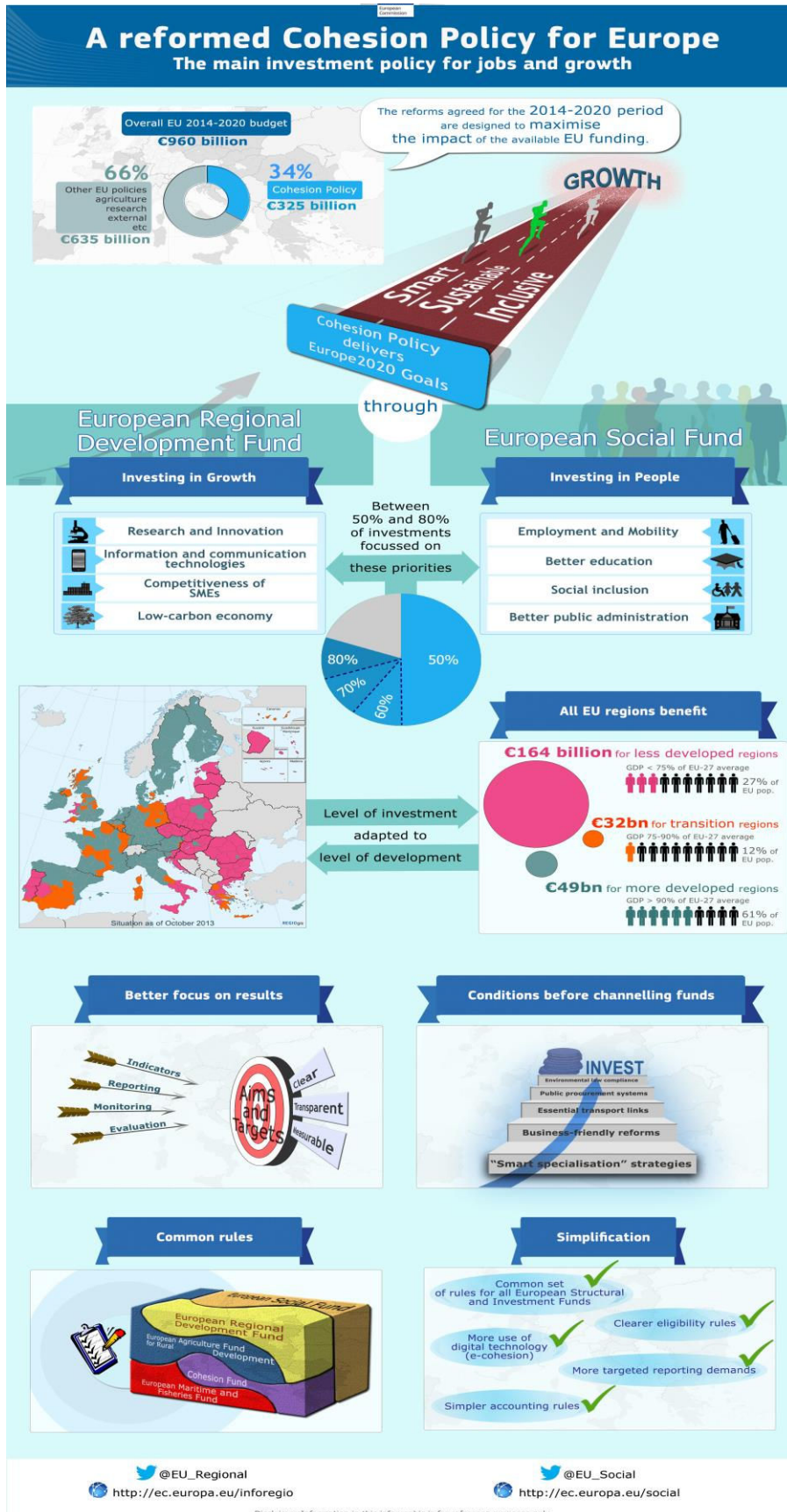
Developing Global Citizenship

- Supporting Kent companies to take advantage of new markets overseas
- Exploring new market opportunities for KCC's intellectual, physical and trading assets
- Maximising the relocation of new businesses to the County
- Developing and strengthening Kent's tourism potential
- Maximising the advantages of the 2012 London Olympics and Para Olympics
- Planning for and managing migration

Ensuring World Class Services

- To learn from international best practice and to explore new ideas to drive service innovation
- To use our international connection including our Brussels office to raise Kent's profile and show case its approach to service innovation
- Maximising European funding in to the County within the current 2007-13 EU funding regimes
- Campaign for Kent's inclusion in the 2013-2020 EU funding regimes
- Extending staff exchange programmes to aid recruitment and retention

Appendix 8: European Commission Info graphic on Cohesion Policy changes



Appendix 9: Kent International Business Events September-November 2013

Kent International Business & 2 Seas Trade Update November 2013

The autumn has been a busy time for both the 2 Seas Trade project and Kent International Business with a range of activities taking place to help Kent companies in their export activities. The below highlights some of the activities which we have organised over the last few weeks:

19 Nov, 2 Seas Trade Project Day Trip to HORECA Trade Fair, Ghent, Belgium

We took 15 Kent businesses by coach to this event in Belgium which focuses on the supply sector for the hospitality & catering industry. The day enabled Kent firms to research the Belgian market and meet potential business contacts. One Kent drinks producer secured an order at the event for 80 cases of his product from a Belgian importer as a result of a connection brokered by a KCC officer.



11 Nov, Exporting for Growth Event (KIB with UKTI), Maidstone

UKTI worked with KCC, HSBC and the IOD to organise the biggest “National Export Week” in the SE. Over **150 participants** (including a very high % of ‘real companies’) attended this morning seminar to find out more about the benefits of exporting and the range of trade support services available in Kent. Speakers included broadcaster Declan Curry, HSBC Chief Economist Mark Berisford-Smith and Guy Whitehead from Armourcoat in Sevenoaks. Three successful workshops were run on the subjects of international website optimisation, international trade finance and market selection.



6-7 Nov, Visit to AquaTech Trade Fair, Amsterdam



Through the EU funded 2 Seas Trade project, we took a delegation of **8 Kent companies** to visit Aquatech – a trade fair focusing on water treatment & management. As part of the visit, the businesses were able to participate in pre-arranged appointments as part of an EEN B2B Matchmaking event. Companies found the visit extremely useful e.g. One Kent company identified a potential new distributor in the Netherlands, another identified a range of technology transfer leads and another identified a range of potential new overseas clients.

31 Oct, “How Companies can (and do) sell services to France” Event, (Ashford)



This joint ‘2 Seas Trade’ & ‘Kent Export Club’ event focused on how business & professional service companies from Kent can start doing business in the French market. **12 Kent companies** heard from specialists in the French market about how to deal with the business culture and enter the market.

24 Oct, Doing Business in the Netherlands (Manston)



33 Kent firms attended this joint event with UKTI, Manston, KLM and 2 Seas Trade to promote business opportunities in the Dutch market. The event provided useful information about key opportunities for different sectors in the Netherlands. As a result of the event, one Kent firm is now in discussion with potential customers in the Netherlands and Denmark.

3 Oct, Innovation for Independent Living Conference, Discovery Park



This conference was an opportunity for firms from Kent, Belgium and the Netherlands to find out more about opportunities in the health and social care sectors in the different markets and to network with companies from the partner regions. **44 businesses took part.**

One Kent firm said *"Part of our overall market research and ideas towards developing new software innovations"*

20-22 Sep, Regional Produce Show in Ghent



The 2 Seas Trade project took **4 Kent food & drink producers** (Quex Foods, Cheesemakers fo Canterbury, Rough Old Wife Cider and Fudge Kitchen) to this consumer show in Belgium to enable them to test the market for their products. Companies found the experience very useful in determining which of their products worked well for the Belgian consumer market.

"I think there is definitely a market in Belgium for our products"

17 Sep, French-UK Networking Event (multi-sector)



The 2 Seas Trade project took **27 Kent companies** from various sectors to meet with a similar number businesses in Nord-Pas de Calais to make contacts and find out more about opportunities in the French market.

"...it was an interesting experience which definitely helped me understand French business a little more and make some new contacts"



References

BIS and DCLG (2013) Growth Deal Guidance Letter to LEPs

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224779/growth-deal-guidance-letter-to-leps.pdf

CBI (2013) The only way is Exports

http://www.cbi.org.uk/media/2021144/The_only_way_is_exports_April_2013.pdf

European Commission (2012) Community Led Local Development: Cohesion Policy 2014-20

http://ec.europa.eu/regional_policy/conferences/od2012/doc/community_en.pdf

European Commission (2012) Special Eurobarometer 386: Europeans and their languages

http://ec.europa.eu/public_opinion/archives/ebs/ebs_386_en.pdf

Gough, R (2009) With a Little Help From Our Friends – International Lessons for English Local Government, LOCALIS

http://www.localis.org.uk/images/articles/Jan%2009_With%20a%20Little%20Help%20From%20Our%20Friends.pdf

Heseltine M (2012) No Stone Unturned in Pursuit of Growth

<http://www.bis.gov.uk/assets/biscore/corporate/docs/n/12-1213-no-stone-untuned-in-pursuit-of-growth>

KCC (2013) Cultural Competence in Kent

http://kentchildcare.proceduresonline.com/pdfs/culture_comp_policy.pdf

KCC (2010) Growth without Gridlock

<https://shareweb.kent.gov.uk/Documents/News/growth-without-gridlock.pdf>

KCC (2010) Bold Steps for Kent

<https://shareweb.kent.gov.uk/Documents/priorities-policies-plans/Bold%20Steps%20for%20Kent/Bold%20Steps%20for%20Kent%20Dec%202010.pdf>

KCC (2013) Hardelot Business Plan 2014-19

KCC (2012) Innovation for Growth: Towards a New Approach to Innovation in Kent

<http://www.kent.gov.uk/pdf/Innovation%20Strategy%20overview%20v%202%2027%2001%2012.pdf>

KCC (2010) Kent International Business Study

KCC (2009) Kent – Global Reach Local Benefit: An International Strategy

KCC (2009) The Regeneration Framework: Unlocking Kent's Potential

<https://shareweb.kent.gov.uk/Documents/priorities-policies-plans/regeneration-framework.pdf>

Connecting Kent to European Funding 2007-13

<http://www.kent.gov.uk/pdf/eu-funding-guide-05-09%20.pdf>

Kent Forum (2011) Growing the Garden of England: A strategy for environment and economy in Kent

<https://shareweb.kent.gov.uk/Documents/environment-and-planning/environment-and-climate-change/the-kent-environment-strategy-and-progress-reports/kent-environment-strategy.pdf>

HMG (2013) Growth Deals: Initial Guidance for Local Enterprise Partnerships

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224776/13-1056-growth-deals-initial-guidance-for-local-enterprise-partnerships.pdf

NLGM (2009) Local Experiences, Global Perspectives

<http://pascalobservatory.org/sites/default/files/Local%20Experiences%20Global%20Perspectives.pdf>

SELEP (2013) European Structural and Investment Fund Strategy (EUSIF) Executive Summary

SELEP (2013) Innovation Driving Prosperity: Growth Deal and Strategic Economic Plan: Preliminary Submission

<http://www.southeastlep.com/images/pdf/activites/South%20East%20LEP%20Strategic%20Economic%20Plan%20Preliminary%20Submission%20FULL.pdf>

SELEP (2014) European Structural and Investment Fund Strategy: Final Submission January 2014

<http://www.southeastlep.com/images/SE%20LEP%20SIF%20-%20January%20Submission.pdf>

SQW (2012) Export markets and inward investment: The role of local councils. Final report to the Local Government Association

http://www.local.gov.uk/c/document_library/get_file?uuid=2eaedfba-4c14-487d-aaf8-18a1988d9cc6&groupId=10180

This page is left blank intentionally

ACKNOWLEDGEMENTS

The Select Committee would like to thank the KCC Officers, external witnesses and organisations who gave up their time to assist with this review by attending hearings, submitting written evidence, or taking part in informal consultation or advice-giving.

All the information received, whether or not it has been included in the final report, has contributed to the Select Committee's knowledge and appreciation of the issues.

We would also like to thank Ron Moys who acted as lead advisor to the Review; Sue Frampton (Research Officer to the review); Kiri Chaundy and Karen Sanders (Business Intelligence) and Democratic Services Manager Denise Fitch and colleagues, for their help with meetings.

This page is intentionally left blank

From: Mark Dance, Cabinet Member for Economic Development
Barbara Cooper, Director of Economic Development

To: County Council – 27 March 2014

Subject: Initial response to the Select Committee Report, ‘Maximising the Benefits of Kent’s European Relationship’ – February 2014

Summary: This report provides a first response to the EU Select Committee Report including an outline of proposed actions for taking forward the Report’s recommendations, together with an indication of timescales.

Recommendations:

The County Council is recommended to note and discuss the Directorate’s initial response to the Recommendations of the Select Committee Report on Kent’s European Relationships and the actions it proposes to take and that a further paper, including progress in implementing the Select Committee’s recommendations, be provided to the County Council in three months’ time.

Unrestricted

1. Introduction

1.1. This paper accompanies the Select Committee Report on Kent’s European Relationships to the County Council of 27 March 2014. It provides an initial response by the Portfolio Holder and responsible Directorate to the findings and recommendations of the Report and proposes actions needed to take these forward. A further paper, including progress in implementing the Select Committee’s recommendations, will be provided to the County Council within the usual three months’ timetable for a response.

2. Findings and Recommendations

2.1. We welcome the overall findings and recommendations of the Select Committee. This includes the recognition of the considerable financial benefits and ‘social value’ (e.g. in relation to educational, cultural and social care activities) of European projects to the delivery of KCC and Kent priorities in previous years.

2.2. We share the view of the Select Committee that there is potential for the county to again secure significant European funding in the new programming period 2014-20. The table below shows the total European funding available and the potential target for Kent under ‘territorial’, or geographically-defined programmes based on previous performance and, for example, the pro-rata share that Kent & Medway would expect to receive from the SELEP EU programme:

Territorial Programmes	Total amount of Funding from 2014-2020 (€m)	Potential funding opportunity for Kent from 2014-2020
Interreg VA '2 Seas' Cross-Border Co-operation	€200	£15 million
Interreg VA 'Channel' Cross-Border Cooperation	€150	£5 million
Interreg VB North West Europe (NWE) Transnational Cooperation	€350	£5 million
Interreg VB North Sea Region (NSR) Transnational Cooperation	€150	£3 million
Interreg VC Interregional Cooperation	€360	£2 million
South East LEP EU Structural and Investment Fund (SIF)	€185	£70 million
Total	€1,745	£100 million
Thematic Programmes		
Competitiveness of Enterprises and SMEs (COSME) (Entrepreneurship and access to finance)	€2,290	To be determined
Environment and Climate Action (Life+)	€3,450	"
Creative Europe Programme (Cultural & creative sector)	€1,460	"
Erasmus + (Skills & Employability)	€14,770	"
Social Change and Innovation (Employment & Social policy)	€919,470	"
Health for Growth (Health innovation)	€450	"
Connecting Europe Facility (Energy, transport & telecoms networks)	€21,930	"
Horizon 2020 (Research & innovation)	€79,400	"
TOTAL	€1,044,615m	"

2.3. As indicated in the Select Committee Report and shown in the table above, a reasonable estimate for the amount of funding that might be secured for KCC and Kent from EU **territorial** programmes is £100 million over the period 2014-20, based on the 2-3 Calls for Projects expected per annum under each programme. There are also a number of EU **thematic** programmes (see also para. 3.9) to which Kent will also have access in 2014-20. However, given that we currently have much less previous experience of these programmes, and particularly pending the detail of specific Calls for Projects, it is not feasible to provide meaningful targets at this stage. However, it is clear that a greater focus on thematic opportunities in the future could mean that our overall target is exceeded.

2.4. To secure this potential funding, will require an investment in staff resources (see also below) particularly in bid-writing capacity, if the county's share of future EU funding is to be maximised. We will be building capacity for delivering good quality bids within the overall framework for our future European activity outlined in the Select Committee Report. All of our European activities and project bids will, of course, need to support KCC's core priorities, benefit and improve the lives of Kent's residents and support the county's businesses.

2.5. These opportunities were also highlighted and discussed at a meeting of Corporate Board on 24 February 2014, when the Corporate Management Team was tasked with networking across the organisation in order to produce an approved list of programmes and themes to be taken forward. This exercise was to be completed within six weeks. A first indication of the types of project, including initial 'Expressions of Interest' already provided by Directorates, that might be delivered in the county is provided in the chart at **Annex 1**.

3. Response to the Recommendations

3.1. The table at **Annex 2** to this report summarises first ideas for actions to take forward the recommendations of the Select Committee Report, together with an indication of timescales. These will now be further developed, including in the light of discussion of the Report at the County Council. Additional comments at this stage relating to some of the key recommendations are as follows:

3.2. Recommendation 1

That:

- International Affairs Group (IAG) works to maximise funding, activity and projects from the South East Local Enterprise Partnership's (LEP) European programme and supports the commissioning process for KCC, Kent and Medway projects.

3.3. The South East Local Enterprise Partnership has been allocated a total of €185.9 million (£165 million) in EU European Regional Development Funding (ERDF) and the European Social Fund (ESDF) funding under its European Structural and Investment Funds (ESIF) programme for 2014-20. It was recently announced that a further £14.5 million for rural development will also be allocated to the programme from the European Agricultural Fund for Rural Development (EAFRD). This represents a good outcome, particularly compared to the equivalent South East Competitiveness Programme (worth £20 million in 2007-13) and reflects the arguments which KCC (IAG) presented to government for a more equitable distribution of funding than in the current programming period 2007-13.

3.4. As indicated above, IAG will now be working with Directorates and other partners to establish a pipeline of projects for when the programme comes on stream. This includes ensuring that governance processes, including project selection and partnership, enable Kent and Medway to maximise their access to the programme in line with a federated model.

Governance and decision-making processes

3.5. In this regard, the Government recently circulated a first draft (3 March 2014) of its 'Partnership Agreement' with the European Commission for the delivery of ESIF programmes in England, including proposals for the commissioning, selection and implementation of projects. The initial text of these proposals has already been substantially amended by Government following concerns raised

by the Local Government Association and individual local authorities (including KCC) that local choice and decision-making was not being properly reflected. As a minimum, there was a need for local partners to have a meaningful role in developing strategy and pipeline projects, involvement in/signing off of specifications and selecting projects.

3.6. Under its latest revised proposals (16 March 2014) the Managing Authority (Government) will continue to have overall responsibility (and liability) for delivering Programmes. This includes ensuring compliance with EU Regulations, issuing Calls for Proposals, the Technical Appraisal of bids, the management of tenders and contracts and the issuing of Funding Agreements. Thirty-nine local sub-committees, one for each Local Enterprise Partnership area, would, however, have a strengthened role in the decision-making process. The currently proposed role of local sub-committees would therefore include:

- Developing a pipeline of projects that meet local needs;
- Agreeing the breadth, scope and timing of Calls for Projects in each local area;
- Agreeing with the MA the selection of operations, especially in regard to prioritisation and the fit with local needs;
- Developing and agreeing Annual Implementation Plans, designing commissioning proposals and agreeing the use of 'Opt-ins'.

We will seek to ensure that such principles are followed through within federated arrangements, especially with regard to the role of the Kent & Medway Economic Partnership (KMEP). The Government's current proposals suggest that 'the exact format of such groups and its fit with local governance is a matter for partners provided arrangements are compliant with EC regulations.' It is also understood that the Government is also looking to make up to half of the €247 million set aside for Technical Assistance within Programmes available to Local Enterprise Partnerships and local partners to support delivery of their ESIF strategies in 2014-20.

3.7. We will also work with UKTI South East to develop 'Opt-In' arrangements to deliver locally tailored business support services and with other agencies, such as the Skills Funding Agency (SFA) or Manufacturing Advisory Service (MAS), where appropriate.

3.8. Recommendation 2

That:

- IAG produces or commissions EU funding guidance for the 2014-20 funding programme

3.9. A first draft Guide to the EU's 'Thematic Programmes' (see table at para. 2.2) has now been drafted and will be supplemented by information on the Interreg and SELEP programmes once these have been finalised. In addition to the latter, perhaps better known programmes, EU policies are also implemented

through a range of such EU-wide ‘thematic’ programmes which also have the potential to support KCC and Kent priorities.

3.10. However, there has generally been much less take-up of these programmes by KCC for a number of reasons. These include lack of awareness of the opportunities available, resource constraints (see below), the need to establish partnerships and the sometimes onerous specific eligibility and administrative requires which can be different for each programme. IAG, in particular through the Kent Brussels Office, will highlight relevant Calls for Proposals to KCC Directorates and work with them to increase our take-up of such programmes where they support our business priorities.

3.11. Recommendation 3

That:

International Affairs Group prioritises its partnership development function, increasing its capacity to maintain and develop the relationship with local and European partners, businesses and Members of the European Parliament in the South East to maximise the potential for EU funding

3.12. IAG will be maintaining and strengthening KCC’s links to our key European and local partners in order to enable the authority to develop joint EU-funded projects in the new programming period 2014-2020. For example, the Cabinet Member for Economic Development will for the first time sign a Memorandum of Understanding with the Province of West Flanders on 28 March 2014. This will prioritise cross-border working under the new Interreg programmes in sectors of importance to both regions, including the food industry, clean tech/blue energy, logistics and the creative and media industries. As outlined in the Select Committee Report, discussions are also underway with our longstanding partners in the Regional Council of Nord-Pas de Calais to strengthen our links through co-location of our respective offices in Brussels. This would be particularly advantageous as Nord-Pas de Calais will be Managing Authority for new Interreg programmes in 2014 – 20.

3.13. Recommendation 6

That:

KCC ensure it has sufficient staff resources to optimise the development of EU funded projects (with as a minimum, a leading role in each of the three new directorates)

3.14. We welcome the Select Committee’s recognition that much will depend on the prioritisation and commitment of human and financial resources (including meeting match-funding requirements) to this activity if the county’s share of future EU funding is to be maximised. This is even more the case at a time of

heavy pressure on public funding, and consequently increased competition from other local authorities. The Corporate Director of Finance has already signalled that additional resources could be provided in order to ensure in particular that the authority has sufficient bid-writing capacity. A detailed assessment of resourcing requirements will be carried out as a matter of urgency.

3.15. Recommendation 9

That:

KCC seeks, through EU project work, partnerships and trade development activities:

- To maximise export opportunities for Kent businesses, aiming to close the 2% gap between businesses that export in Kent and Nationally
- To promote Kent as an attractive location for businesses in Europe and further afield

3.16. As the Kent economy recovers, firms will be increasingly likely to consider overseas markets as a route to growth. There is still a large amount of untapped export potential in the county and KCC will continue to play a strategic role in boosting Kent's international trade through capitalising on existing international links and developing new ones in key growth markets. A partnership approach in Kent with key agencies such as UKTI, Chambers of Commerce and other business support agencies is vital in continuing to respond to the needs of businesses in the provision of trade development support. KCC aims to secure additional EU funding to support Kent firms into export markets and will work to ensure that the right support packages are available to Kent businesses wishing to pursue opportunities in international markets.

3.17. Recommendation 10

That:

KCC continues to make the case for improved International rail connectivity at both Ashford and Ebbsfleet, supported by the business case for Transmanche Metro which is due to be published later this year

3.18. KCC will follow up the Strategic Business Case submitted to government for investment at Ashford station. We will work alongside Eurostar, Network Rail, HighSpeed One and Ashford Borough Council to secure the political and financial support necessary to deliver this scheme in 2015/2016. Kent Brussels Office and KCC transport officers will liaise with the Department for Transport and European Fund Managers to seek financial support from the EU's Interreg North West Europe transnational co-operation programme for scheme development and the 'Connecting Europe Facility' for delivery. KCC will continue to make the case to Eurostar to make further use of Kent's

International stations as gateways and, should further services be brought forward by other operators, will seek to engage them in their planning phase.

4. Recommendation

- 4.1 The County Council is recommended to **NOTE** and **DISCUSS** the Directorate's initial response to the Recommendations of the Select Committee Report on Kent's European Relationships and the actions it proposes to take and that a further paper, including progress in implementing the Select Committee's recommendations, be provided to the County Council in three months' time.

Report Author:

Ron Moys
Head of International Affairs Group
01622 221943
ron.moys@kent.gov.uk

This page is intentionally left blank

I. Territorial Programmes

Programme	Total amount of Funding (€m)	Priorities	Examples of potential future Kent projects and themes:
Interreg VA '2 Seas' Cross-Border Co-operation	€200	Innovation Low Carbon Climate Change Resource Efficiency	<ul style="list-style-type: none"> • 'ISE' (Innovative Sector Exchange) project – building on the current '2-Seas Trade' project to support key Kent sectors in finding new export opportunities and markets. (KCC) • 'A Competitive Visitor Economy' project – developing skills and product innovation to maximise future tourism opportunities such as 'Paramount'. (Visit Kent). • Supporting the development of innovation capacity, especially for SMEs. • Creative and media industries – particularly focused on youth employment. • Development and adoption of new organisational and technological solutions, such as telehealth to deliver innovative social services. • Ageing, Integrated Care, Quality of Care, Alternatives Models of Care • (The Health and Europe Centre) • Development of renewable energy, in particular marine-related (off-shore wind, tidal energy, wave energy) • Adoption by transport, ports and logistics sectors of innovative low-carbon technologies and applications. •
Interreg VA 'Channel' Cross-Border Cooperation	€150	Innovation Low Carbon Environment and Resource Efficiency	

Interreg VB North West Europe Transnational Cooperation (NWE)	€350	Innovation Low Carbon Resource and Materials Efficiency	<ul style="list-style-type: none"> • 'Rail Freight Action Plan for Kent' project – delivering modal shift of freight from road to rail. • 'Ashford Spurs' – delivery of new European signalling system on the Ashford Spurs linking HS1 with Ashford International. • VMS technology to manage traffic between Overnight Lorry Parks in Kent during Operation Stack.
Interreg VB North Sea Region Transnational Cooperation (NSR)	€150	Innovation Environment Transport Climate Change Adaptation	
Interreg VC Interregional Cooperation	€360	Innovation SME Competitiveness Low Carbon Environment and Resource Efficiency	<ul style="list-style-type: none"> • Marine pollution – risk management research and the role of local authorities in shoreline response. • Biodiversity – identifying and addressing threats and opportunities in relation to the natural environment. • Enhancing the competitiveness of SMEs – entrepreneurship, SME 'internationalisation, set-up and management of seed-capital facilities.
South East LEP EU Structural and Investment Fund (SIF)	€185	Innovation SME Competitiveness Low Carbon Employment Education and Skills Social Inclusion	<ul style="list-style-type: none"> • Trade Support (under UKTI Opt-in arrangements) project - mapping of key international markets for priority sectors, sector-focused market visits, local event programmes etc. (KCC IAG) • Project for Unlocking Growth Potential and Innovation for High-tech Horticultural Industries – creation of a hub for embryonic and established small businesses. (East Malling Research). • Optimising the take-up of new technologies by rural business to maximise productivity

			<p>and competitiveness.</p> <ul style="list-style-type: none">• Low Carbon Business Support project (Low Carbon Kent) – SME access to low carbon information, linking businesses to the domestic market including energy plans in target areas and incentivising retrofit.• ‘Safe and Sensible (LED) Street Lighting’ project (KCC).• Supporting Growth & Jobs Through Active Local Social Inclusion project (Kent Community Foundation) – improving job preparedness of NEETs, active inclusion of disadvantaged individuals.• Project for Community Engagement of Vulnerable Adults through the Creation of Apprenticeships for Health & Social Care and IT Students (KCC) - an apprenticeships consortium between KCC, schools and the voluntary sector.• Community-Led Local Development (CLLD) projects in Ramsgate and Dover – youth unemployment and heritage-related tourism; Thanet – skills and employability; Tonbridge & Malling – deprived communities.
--	--	--	--

II. Thematic Programmes

Programme	Total amount of Funding (€m)	Priorities	Examples of potential future Kent projects and themes:
Competitiveness of Enterprises and SMEs (COSME)	€2,290 (€m)	Promoting Entrepreneurship Access to Finance Access to New Markets Reducing Administrative Burdens	<ul style="list-style-type: none"> The 'COSME' programme worth €2.4 billion across the EU in support of the competitiveness, growth and sustainability of EU enterprises.
Environment and Climate Action (Life+)	€3,450	Implementing EU environment and climate policy Low Carbon Economy Reversing biodiversity loss	
Creative Europe Programme	€1,460	Supporting the cultural and creative sector Increase sector's contribution to jobs and growth	
Erasmus +	€14,770	Boost skills and employability Increase quality and relevance of Europe's education system	<ul style="list-style-type: none"> 'Erasmus+' aimed at boosting skills and employability - support for KCC's Learning, Skills and Employment Strategy.
Social Change and Innovation	€919,470	Supporting employment and social policies across the EU	
Health for Growth	€450	Health Innovation Sustainability of health systems Responding to cross-border health threats	
Connecting Europe Facility	€21,930	European networks in the field of energy, telecommunications and transport	<ul style="list-style-type: none"> The 'Connecting Europe Facility' covering trans-European networks in the field of energy, telecommunications and transport – potential funding for re-signalling work

		Building missing cross-border links Removing bottlenecks along main trans-European transport corridors	needed to allow existing and future international trains to call at Ashford.
Horizon 2020	€79,400	Research and Innovation Address major societal Challenges Bridge the gap between research and the market International Cooperation	<ul style="list-style-type: none"> Horizon 2020 – project under ICT 2014 programme on take-up and re-use of data assets (UKC and Kent Connects).

Response to Select Committee Recommendations

Recommendations	Key Proposed Actions	Timescales
<p>R1 That:</p> <ul style="list-style-type: none"> International Affairs Group (IAG) works to maximise funding, activity and projects from the South East Local Enterprise Partnership's (LEP) European Programme and supports the commissioning process for KCC, Kent and Medway projects through that programme The LEP delivery architecture includes the involvement of an appropriate rural organisation so that the rural priorities of the county will be pursued as an integral part of Kent and Medway's overall objectives for growth. KCC lobbies central government to ensure that it accesses appropriate EU national funding streams for rural issues and the EU Solidarity Fund in relation to recent floods 	<ul style="list-style-type: none"> We will work with our LEP partners and government to ensure that governance processes, including commissioning, project selection and partnership arrangements, enable Kent and Medway to maximise their funding from the programme. We will develop bespoke 'Opt-in' arrangements with UKTI South East for the delivery of business support services and with other agencies, such as SFA and MAS, where appropriate. We will secure appropriate Kent & Medway rural representation on the SELEP EU Delivery Group, and develop a new EU Rural Development LEADER programme for East Kent We will seek funding for rural activities under the SELEP EU programme (KCC also wrote to DCLG in January 2014 urging the government to explore an application to the EU's Solidarity Fund in respect of flood damage). 	<p>March – December 2014</p> <p>March – December 2014</p>
<p>R2 That:</p> <ul style="list-style-type: none"> International Affairs Group (IAG) updates KCC's International Strategy: 'Global Reach Local Benefit' in concert with the Local Enterprise Partnership EU Structural Investment Funds Strategy for the South East and the Kent and Medway Local Growth Plan, taking account of and 	<p>We will revise the International Strategy to reflect the recommendations of the Select Committee, as well as incorporate new opportunities from the new programmes Structural Funds 2014-20, business and trade activities, and the refocusing of the Hardelot Centre and Kent Brussels Office</p>	<p>July 2014</p>

<p>noting the recommendations of this report and that</p> <ul style="list-style-type: none"> In addition, IAG produce or commissions EU funding guidance for the 2014-20 funding programme. 	<ul style="list-style-type: none"> A Guide to Key Thematic Programmes has been produced (February 2014). This will be revised to incorporate the other new programmes, such as Interreg, once they are finalised 	<p>Feb– December 2014</p>
<p>R3 That:</p> <ul style="list-style-type: none"> International Affairs Group prioritises its partnership development function, increasing its capacity to maintain and develop the relationship with local and European partners; businesses and Members of the European Parliament in the South East to maximise the potential for EU funding. 	<ul style="list-style-type: none"> Staffing of the Harelot Centre (See R4) will be restructured to enable the current Acting Manager to fulfil her core function as IAG's European Partnerships Manager KCC will sign an MOU with West Flanders as a key partner in the new EU programming period 2014-20 The Kent Brussels Office will relocate to the offices of Nord-Pas de Calais, our most longstanding European partner, as part of a strengthened relationship with NPDC (see R5 below). 	<p>October - March 2014</p> <p>March 2014</p> <p>November 2014</p>
<p>R4: That</p> <ul style="list-style-type: none"> The Harelot Centre is developed as a flagship link between South East England and Northern France: that solutions are sought for an increase in accommodation to enable a diversification of use (with a focus on language skills, cultural awareness and exchange) to foster Anglo-European partnerships and maximise trading opportunities for Kent businesses in Region Nord-Pas de Calais and further afield. 	<ul style="list-style-type: none"> An Options Paper will be produced in order to inform decision-making on the future of the Centre in the light of the Select Committee Recommendations. 	<p>April 2014</p>
<p>R5 That:</p> <ul style="list-style-type: none"> The role of KCC's Brussels Office is strengthened and refocused towards policy, influencing and the 	<ul style="list-style-type: none"> The Brussels Office will engage further with Directorates and reflect key corporate priorities in its work programme, in particular those that 	<p>April 2014</p>

<p>provision of guidance to KCC and Kent organisations with a particular emphasis on accessing EU Thematic funding and new Interreg funds for the benefit of Kent and its residents.</p>	<p>can be progressed through EU policy or funding activities.</p> <ul style="list-style-type: none"> • A hub for project development will be created with Nord-Pas de Calais Regional Office in Brussels, focusing particularly on thematic programmes such as Horizon 2020, Erasmus+ and the Connecting Europe Facility. • A programme of seminars in Brussels on Kent's policy objectives will build on key partnerships and opportunities for project development. 	<p>November 2014</p>
<p>R6 That:</p> <ul style="list-style-type: none"> • KCC ensures it has sufficient staff resources to optimise the development and implementation of EU funded projects (with, as a minimum, a leading role in each of the three new directorates). 	<ul style="list-style-type: none"> • An assessment of resource needs will be carried out including the potential for 'call-off' arrangements for bid-writers and the recruitment of a European Project Facilitator within IAG to support KCC Directorates with project development, technical support, bid-writing support and project implementation. 	<p>April 2014</p>
<p>R7 That:</p> <ul style="list-style-type: none"> • KCC ensures International Affairs Group and EU project officers are enabled to take advantage of free/low cost communication options (e.g. Skype) in order to maximise cost effective communication/engagement opportunities with EU partner organisations. 	<ul style="list-style-type: none"> • IAG will use such options wherever available and feasible. 	<p>June 2014</p>

<p>R8 That International Affairs Group and KCC as a whole:</p> <ul style="list-style-type: none"> • Seek to raise further the profile of Kent's international work to date and of the future opportunities from EU funding • With local partners, seek creative ways to publicise successful EU funded projects in Kent/within the South East Local Enterprise Partnership area, including through the building in of publicity measures and costs into future funding bids as part of the projects' communication strategies. 	<ul style="list-style-type: none"> • Directorates will be supported to strengthen the publicity element of their projects and Corporate Communications utilised more effectively to publicise EU project success stories. 	November 2014
<p>R9 That KCC seeks, through EU project work, partnerships and trade development activities:</p> <ul style="list-style-type: none"> • To maximise export opportunities for Kent businesses, aiming to close the 2% gap between businesses that export in Kent and Nationally • To promote Kent as an attractive location for businesses in Europe and further afield 	<ul style="list-style-type: none"> • KCC will continue to play a strategic role in coordinating International Trade support activity through the Kent International Business (KIB) initiative. • IAG will progress 'Opt-In' arrangements with UKTI South East which provide value for monthly and are tailored to deliver our local priorities and meet local business needs. • IAG will develop and submit a bid for a follow-up project to the successful "2 Seas Trade" project under the new Interreg programme 2014-20. 	<p>Ongoing</p> <p>June 2014</p> <p>September – December 2014</p>

<p>R10 That:</p> <ul style="list-style-type: none"> • KCC continues to make the case for improved international rail connectivity at both Ashford and Ebbsfleet, supported by the business case for Transmanche Metro which is due to be published later this year. • The Select Committee would like to express strong support for the Ashford Spurs project for which KCC is the lead authority, and which is at an advanced stage of development with most of the funding committed for the planning and design stage, since Ashford must be assured of future international rail connectivity in order to benefit the people of Kent and Kent businesses. 	<ul style="list-style-type: none"> • KCC will follow up the Strategic Business Case submitted to government for investment at Ashford station • Kent Brussels Office and KCC transport officers will seek financial support from European programmes for the Ashford Spurs development • KCC will continue to make the case to Eurostar for the further use of Kent's International Stations. 	<p>Ongoing</p>
---	--	----------------

By: Gary Cooke – Cabinet Member for Corporate & Democratic Services
Amanda Beer – Corporate Director of Human Resources

To: County Council – 27 March 2014

Subject: Localism Act: Openness and accountability in local pay

Classification: Unrestricted

Summary: This paper addresses the actions the Authority is required to make on pay as part of delivering its responsibilities under the Localism Act 2011.

1. Background

- 1.1 An objective of the Localism Act is to increase transparency of local pay. This requires councils to publish the salaries of senior officials, enabling local people to better understand how public money is being spent in their area.
- 1.2 The Act requires a local authority pay policy to be openly approved by democratically elected councilors on an annual basis.

2. Pay Policy Statements

- 2.1 The Pay Policy Statement for 2014/15 is attached in Appendix 1. As in previous years, and as agreed by County Council on 29 March 2012, the statement relates to:-
- (a) the level and elements of remuneration for each chief officer
 - (b) remuneration of chief officers on recruitment
 - (c) increases and additions to remuneration for each chief officer
 - (d) the use of performance-related pay (PRP) for chief officers
 - (e) the use of bonuses for chief officers
 - (f) the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority
 - (g) the publication of and access to information relating to remuneration of chief officers.

For the purpose of the Localism Act, a Chief Officer in KCC is defined as being at 'Director level'. This includes the County Council's Corporate Directors and Directors.

- 2.2 The provisions do not apply to the staff of local authority schools.

3. Pay Multiple

- 3.1 A pay multiple is calculated in order to measure the difference in pay between the norm and highest salary. The definition of pay multiple as defined in the 'Code of Recommended Practice for Local Authorities on Data Transparency'

document is the ratio between the highest paid salary and the median average salary of the authority's workforce.

3.2 KCC's current Pay Multiple figure is 8.0 : 1. This excludes schools.

4. Guidance

4.1 The policy is compliant with expectations and guidance in the Code of Recommended Practice along with supplementary updates which have been received.

5. Recommendation

5.1 County Council endorses the attached Pay Policy Statement.

Colin Miller
Reward Manager
Ext 6056

Kent County Council Pay Policy Statement 2014-15

The Authority seeks to be able to recruit and retain staff in a way which is externally competitive and internally fair. The Kent Scheme pay policy applies in a consistent way from the lowest to the highest grade.

- The pay policy is influenced by a number of factors which include local pay bargaining, market information, market forces, economic climate, measures of inflation and budgetary position.
- The policy referred to in this Statement is relevant to Council employees generally. The scope of this Statement does not include all Terms and Conditions as some are set on a national basis. These include Teachers covered by the school teachers pay and conditions in (England and Wales) document, Soulbury Committee, Adult Education, National Joint Council (NJC), Joint National Council (JNC) and the National Health Service (NHS).
- The Kent scheme pay range consists of grades KR2 – KR20; details of which are at the bottom of the page.
- The details of the reward package for all Corporate Directors and Directors are published and updated on the County Council's web site.
- KCC will publish the number of people and job title by salary band. This is from £58,200 to £59,999 and then by pay bands of £5,000 thereafter. This will include elements made on a repeatable or predictable basis such as market premium payments.
- The appropriate grade for a job is established through a job evaluation process which takes into account the required level of knowledge, skills and accountability required for the role.
- The lowest point of KCC's grading structure (bottom of grade KR2) is set such that the hourly rate is above the National Minimum Wage.
- Staff who are new to the organisation must be appointed at the minimum of the grade unless there are exceptional reasons to appoint higher. These must be based on a robust business case in relation to the level of knowledge, skills and experience offered by the candidate and consideration is given to the level of salaries of the existing staff to prevent pay inequality. For senior staff any such business case must be approved by the relevant Corporate Director.
- Council signs off the pay structure. The subsequent appointment of individuals, including those receiving salaries in excess of £100k, are in accordance with the pay structure and the principles outlined in the pay policy.
- Staff who are promoted should be appointed to the minimum of the grade. However their pay increase should equate to at least 2.5%.
- All progression within a grade is subject to performance as assessed through Total Contribution Pay (TCP) process and a percentage awarded for each appraisal level. This applies to all levels in the Authority and there are no additional bonus schemes for senior managers.
- The award for each appraisal rating is set annually following the outcome of the appraisal process.

- People at the top of their grade have the opportunity to receive a pay award which is consistent with others who have the same appraisal rating. This amount will be paid separately and not built into base pay.
- The 'Lowest' paid employees are defined as those employees on the lowest pay point of KCC's lowest grade, KR2. They receive relevant benefits and are remunerated in the same proportionate way as others.
- The entry level will increase to £13,505 which equates to £7.00 per hour.
- In order to establish the pay difference and the relative change in pay levels over time, a pay multiplier can be calculated. This is the base pay level of the highest paid employee shown as a multiple of the median Kent Scheme salary. This multiplier will be published on the County Council's website annually.
- KCC recognises that managers need to be able to reward performance in a flexible and appropriate way to the particular circumstances.
- Should it be shown that there is specific recruitment and retention difficulties, the Market Premium Policy may be used to address these issues.
- The Council would not expect the re-engagement of an individual who has left the organisation with a redundancy, retirement or severance package.
- Managers have delegated powers to make cash awards and ex-gratia payments when necessary and where not covered by any other provision as defined in the Blue Book Kent Scheme Terms & Conditions.
- Policies about termination payments and employer discretions under the Local Government Pension Scheme will be reviewed annually and published for all staff. These will be produced with the intention of only making additional payments when in the best interests of the Authority and maintaining consistency through all pay grades.

Kent Scheme Pay Scale 2014-15

£ (Maximum)		£ (Minimum)
£189,575	KR 20	£159,490
£157,636	KR 19	£136,722
£136,721	KR 18	£114,982
£109,109	KR 17	£91,800
£90,357	KR 16	£71,550
£71,549	KR 15	£62,934
£62,933	KR 14	£55,592
£55,591	KR 13	£49,612
£49,611	KR 12	£42,359
£42,358	KR 11	£36,808
£36,807	KR 10	£31,136
£31,135	KR 9	£27,223
£27,222	KR 8	£23,753
£23,752	KR 7	£20,878
£20,877	KR 6	£19,032
£19,031	KR 5	£17,303
£17,302	KR 4	£16,469
£16,468	KR 3	£14,527
£14,526	KR 2	£13,505

In addition to the pay award, employees are also automatically enrolled into the Local Government Pension Scheme (LGPS)

This page is intentionally left blank

By: John Simmonds, Deputy Leader and Cabinet Member for Finance and Business Support
 Andy Wood, Corporate Director Finance and Procurement

To: County Council – 27 March 2014

Subject: **Treasury Management 6 Month Review 2013/14**

Classification: Unrestricted

Summary: To present the Treasury Management 6 Month Review

For Decision

Introduction

1. This is a 6 month update on treasury management issues.

Background

2. The Treasury Management Strategy for 2013/14 has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2011, which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.

3. The Code also recommends that members are informed of Treasury Management activities at least twice a year-in fact we report to each meeting of this committee. This report therefore ensures this authority is embracing Best Practice in accordance with CIPFA's recommendations.

4. Treasury management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

5. Although formally this report is to 30 September it covers developments in the period since up to the date of this report.

6. The report was agreed by Governance and Audit Committee on 18 December 2013.

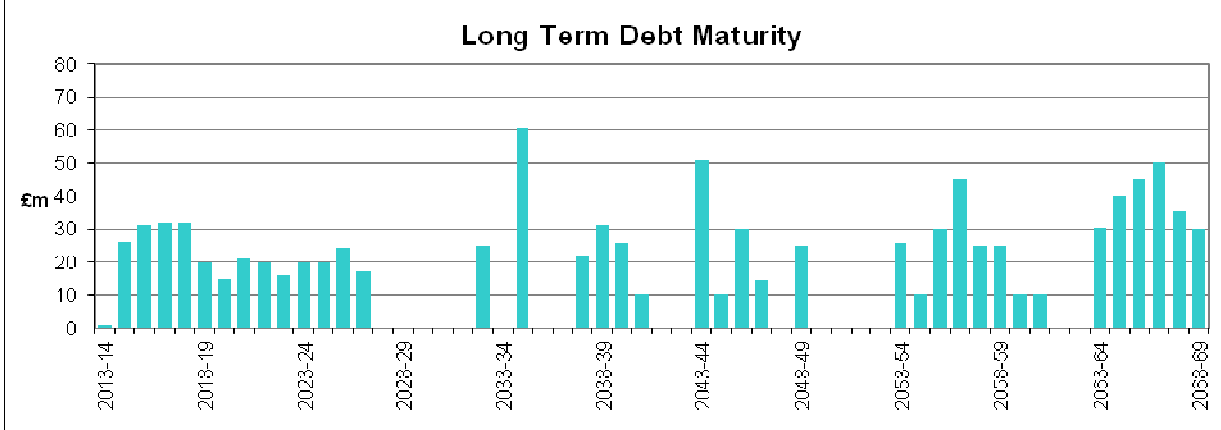
Debt Management

7. The PWLB remained an attractive source of borrowing for the Authority as it offers flexibility and control. As concerns mounted over the timing of the removal or 'tapering' of QE by the US Federal Reserve, gilts sold off and yields rose in May and June. The sharp rise in gilt yields led to a corresponding rise in PWLB rates while the most pronounced increase was for 10 year loans where rates as at 30 September were 0.83% higher than 1 April. Affordability and the "cost of carry" remained

important influences on the Authority’s borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing.

8. For the Authority the use of internal resources in lieu of borrowing has, therefore, continued to be the most cost effective means of funding capital expenditure. This has lowered overall treasury risk by reducing both external debt and temporary investments. Borrowing options and the timing of such borrowing will continue to be assessed in conjunction with the Authority’s treasury advisor.

9. As at 30 September the Council had long term borrowings of £1,012million with a maturity profile as follows:



10. Total external debt managed by KCC includes £42.6million pre-LGR debt relating to Medway Council and £2.5million for other bodies.

11. The forecast financing items under spend is £1.178million comprising a £1.582million shortfall in interest on cash balances due to lower than anticipated interest rates on deposits, offset by savings of £2.760million on debt charges as no new borrowing is planned.

Investment Activity

12. The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council’s aim is to achieve a yield commensurate with these principles. This has been maintained by following the Council’s counterparty policy as set out in its Treasury Management Strategy Statement (TMSS) for 2013/14.

13. During the 6 months to 30 September the Council’s maximum maturities for new investments have been:

- Royal Bank of Scotland, NatWest and Santander UK - overnight
- Barclays and Nationwide BS for a maximum period of 100 days
- Lloyds TSB and Bank of Scotland for a maximum period of 6 months

- HSBC Bank and Standard Chartered for a maximum period of 12 months
- DMO – 6 months

The maximum investment with a single financial institution is £50 million.

Counterparty Update

14. Counterparty credit quality is assessed and monitored with reference to Credit Ratings (the Authority's minimum long-term counterparty rating of A- (or equivalent) across rating agencies Fitch, S&P and Moody's); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; sovereign support mechanisms / potential support from a well-resourced parent institution; share price.

15. On 17 September the Government sold a 6% stake in the Lloyds Banking Group to institutional investors at a price of 75p and in a positive move Fitch upgraded Lloyds' viability rating to bbb+. Lloyds TSB Bank Plc subsequently changed its name to Lloyds Bank Plc with effect from 23 Sept 2013 and 632 Lloyds' branches were transferred to TSB Bank, a new bank which will be sold through a listing on the stock market in 2014. Following advice from Arlingclose the maximum duration of term deposits was increased to 6 months with Lloyds

16. Following a meeting of The Treasury Management Advisory Group (TMAG) on 31 July a recommendation for diversifying the Council's investment portfolio went to Cabinet.

17. At its meeting on 16 September Cabinet agreed that a core investment portfolio of £75 million be established. This would invest in:

- (1) Absolute Return Funds - Pooled funds investing in a range of asset types including equities, fixed income and alternatives.
- (2) Equity Income Funds - Either UK or Global funds focussing on companies which produce strong income i.e. dividend returns.
- (3) Property Pooled Funds - Very large well established balanced funds and funds with high covenant and long leases linked to RPI
- (4) Other - Opportunistic investments potentially linked to local economic regeneration projects. These would need to be low risk and securitised.

Cabinet agreed a maximum exposure of £5million in any one fund.

18. A decision has since been made to invest £5million in the Pyrford absolute return fund, and following a presentation from the CCLA to TMAG on 13 November, a £5million investment in the Local Authorities Property Fund has been agreed.

19. A list of the Council's investments on 15 November is attached at Appendix 1.

20. The average cash balances during the 6 months were £407million representing the Council's reserves, working cash balances, capital receipts and schools balances etc. Cash balances are expected to fall towards the end of the financial year.

21. The UK Bank Rate has been maintained at 0.5% since March 2009 and is not expected to rise until 2016. Since April interest rates on call accounts and term deposits have fallen as banks access cheaper sources of finance. New investments were made at an average rate of 0.62% and the Council anticipates an investment outturn of £2.52million, 0.58% for the whole year.

Compliance With Prudential Indicators

22. The Council can confirm that it has complied with its Prudential Indicators for 2013/14 set as part of the Council's Treasury management Strategy Statement. Details can be found in Appendix 2.

Recommendation

23. Members are asked to note the report.

Alison Mings
Treasury and Investments Manager
Ext: 7000 6294

KCC Investments as at 15 November 2013

Instrument Type	Counterparty	Principal Amount	End Date	Interest Rate	Territory
		£		%	
Fixed Deposit	Bank of Scotland	5,000,000	08/05/2014	0.75	UK Bank
Fixed Deposit	Bank of Scotland	5,000,000	22/01/2014	0.7	UK Bank
Fixed Deposit	Bank of Scotland	5,000,000	31/03/2014	0.75	UK Bank
Same Day Call Deposit	Bank of Scotland	7,550,000	n/a	0.4	UK Bank
Same Day Call Deposit	Barclays FIBCA	40,000,000	n/a	0.6	UK Bank
Fixed Deposit	Lloyds TSB	5,000,000	06/05/2014	0.75	UK Bank
Fixed Deposit	Lloyds TSB	5,000,000	19/11/2013	0.7	UK Bank
Fixed Deposit	Lloyds TSB	5,000,000	21/11/2013	0.7	UK Bank
Fixed Deposit	Lloyds Bank	5,000,000	27/12/2013	0.7	UK Bank
Fixed Deposit	Lloyds Bank	5,000,000	27/03/2014	0.75	UK Bank
Fixed Deposit	Lloyds Bank	5,000,000	22/04/2014	0.75	UK Bank
Same Day Call Deposit	Lloyds Bank	10,000,000	n/a	0.4	UK Bank
Same Day Call Deposit	NatWest	25,000,000	n/a	0.6	UK Bank
Same Day Call Deposit	Royal Bank of Scotland	50,000,000	n/a	0.85	UK Bank
Same Day Call Deposit	Santander UK	50,000,000	n/a	0.4	UK Bank
Certificate of Deposit	Standard Chartered	10,000,000	02/01/2014	0.53	UK Bank
Certificate of Deposit	Standard Chartered	10,000,000	06/01/2014	0.54	UK Bank
Certificate of Deposit	Standard Chartered	10,000,000	05/02/2014	0.56	UK Bank
Certificate of Deposit	Standard Chartered	10,000,000	12/02/2014	0.56	UK Bank
Certificate of Deposit	Standard Chartered	10,000,000	02/04/2014	0.54	UK Bank
Total UK Bank Deposits		277,550,000			
Fixed Deposit	Nationwide Building Society	10,800,000	25/11/2013	0.4	UK Building Society
Total UK Building Society Deposits		10,800,000			
Treasury Bill	Debt Management Office	5,000,000	25/11/2013	0.305	UK Govt.
Total UK Govt. Deposits		5,000,000			
Total Icelandic Bank Deposits		12,416,710			
Grand Total of All Deposits		305,766,710			

2013-14 Quarter 2 Monitoring of Prudential Indicators

1. Estimate of capital expenditure (excluding PFI)

Actuals 2012-13	£181.229m	
Original estimate 2013-14	£286.571m	
Revised estimate 2013-14	£291.057m	(this includes the rolled forward re-phasing from 2012-13)

2. Estimate of capital financing requirement (underlying need to borrow for a capital purpose)

	2012-13	2013-14	2013-14	2014-15	2015-16
	Actual	Original Estimate	Forecast as at 30-09-13	Forecast as at 30-09-13	Forecast as at 30-09-13
	£m	£m	£m	£m	£m
Capital Financing requirement	1,464.961	1,483.590	1,454.655	1,437.314	1,380.495
Annual increase/reduction in underlying need to borrow	-30.912	-2.825	-10.306	-17.341	-56.819

In the light of current commitments and planned expenditure, forecast net borrowing by the Council will not exceed the Capital Financing Requirement.

3. Estimate of ratio of financing costs to net revenue stream

Actuals 2012-13	14.55%
Original estimate 2013-14	13.42%
Revised estimate 2013-14	13.51%

4. Operational Boundary for External Debt

The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day to day cash flow management.

The operational boundary for debt will not be exceeded in 2013-14

a) Operational boundary for debt relating to KCC assets and activities

	Prudential Indicator	Position as at 30.09.13
	£m	£m
Borrowing	993	969
Other Long Term Liabilities	1,134	1,155
	<u>2,127</u>	<u>2,124</u>

(b) Operational boundary for total debt managed by KCC including that relating to Medway Council etc (pre Local Government Reorganisation)

	Prudential Indicator	Position as at 30.09.13
	£m	£m
Borrowing	1,040	1,011
Other Long Term Liabilities	1,134	1,155
	<u>2,174</u>	<u>2,166</u>

5. Authorised Limit for external debt

The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the County Council. The revised limits for 2013-14 are:

a) Authorised limit for debt relating to KCC assets and activities

	Authorised limit for debt relating to KCC assets and activities	Position as at 30.09.13	Authorised limit for total debt managed by KCC	Position as at 30.09.13
	£m	£m	£m	£m
Borrowing	1,033	969	1,080	1,011
Other long term liabilities	1,134	1,155	1,134	1,155
	<u>2,167</u>	<u>2,124</u>	<u>2,214</u>	<u>2,166</u>

The additional allowance over and above the operational boundary has not needed to be utilised and external debt, has and will be maintained well within the authorised limit.

6. Compliance with CIPFA Code of Practice for Treasury Management in the Public Services

The Council has adopted the Code of Practice on Treasury Management and has adopted a Treasury Management Policy Statement. Compliance has been tested and validated by our independent professional treasury advisers.

7. Upper limits of fixed interest rate and variable rate exposures

The Council has determined the following upper limits for 2013-14

Fixed interest rate exposure	100%
Variable rate exposure	30%

These limits have been complied with in 2013-14.

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	As at 30.09.13
	%	%	%
Upper 12 months	10	0	0.1
12 months and within 24 months	10	0	2.6
24 months and within 5 years	15	0	9.4
5 years and within 10 years	15	0	9.1
10 years and within 20 years	15	5	10.5
20 years and within 30 years	20	5	14.7
30 years and within 40 years	20	10	12.9
40 years and within 50 years	25	10	17.9
50 years and within 60 years	30	10	22.8

9. Upper limit for principal sums invested for periods longer than 364 days

Indicator	Actual
£30m	£0m