



Summons to and
Agenda for a
Meeting on
**Thursday, 16th July,
2015**
at **10.00 am**



DEMOCRATIC SERVICES
SESSIONS HOUSE
MAIDSTONE

Wednesday, 8 July 2015

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, 16 July 2015 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 the live or subsequent broadcast via the Council's internet site or by any member of the public or press present.

By entering into this room you are consenting to being filmed. If you do not wish to have your image captured please let the Clerk know immediately.

Voting at County Council Meetings

Before a vote is taken the Chairman will announce that a vote is to be taken and the division bell shall be rung for 60 seconds unless the Chairman is satisfied that all Members are present in the Chamber.

20 seconds are allowed for electronic voting to take place and the Chairman will announce that the vote has closed and the result.

A G E N D A

1. Apologies for Absence
2. Declarations of Disclosable Pecuniary Interests or Other Significant Interests in items on the agenda
3. Minutes of the meeting held on 21 May 2015 and, if in order, to be **(Pages 5 - 14)** approved as a correct record
4. Chairman's Announcements
5. Questions

6. Report by Leader of the Council (Oral)
7. Kent and Medway Local Enterprise Partnership **(Pages 15 - 42)**
8. Kent and Medway Growth and Infrastructure Framework **(Pages 43 - 48)**
9. Monitoring and Outcomes from the Select Committee topic review programme - May 2013 to June 2015 **(Pages 49 - 82)**
10. Presentation of the Kent Invicta Award to Sir Robert Worcester KBE DL
11. Motion for Time Limited Debate
Manston

Proposed by Mr R Latchford, OBE and seconded by Mr M Heale

“In the light of the progress and determination of Government in support of Manston, it is imperative that this council show absolute support to both reinstate and operate Manston as an Airport, not only to regenerate East Kent but to provide the extra capacity required by the aviation industry not withstanding any extra capacity for an expansion of Gatwick.

The current opportunity clearly demonstrates that no subsidy is required from KCC and it is important that KCC reflect the aspirations and the will of the people we represent.

We the elected members of KCC wish it to be known that we fully support the restitution of Manston as a Regional/International Airport in line with Government Policy.”



Peter Sass
Head of Democratic Services

KENT COUNTY COUNCIL

MINUTES of the Annual meeting of the Kent County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 21 May 2015.

PRESENT:

Mr M J Harrison (Chairman)
Mr T Gates (Vice-Chairman)

Mrs A D Allen, MBE, Mr M J Angell, 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 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, Mrs T Dean, MBE, Dr M R Eddy, Mr J Elenor, Mrs M Elenor, Mr G K Gibbens, Mr R W Gough, Mr P M Harman, Ms A Harrison, Mr M Heale, Mr P M Hill, OBE, Mr C P D Hoare, Mrs S V Hohler, Mr S Holden, Mr P J Homewood, Mr E E C Hotson, 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 F McKenna, Mr B Neaves, Mr M J Northey, Mr P J Oakford, Mr J M Ozog, Mr R J Parry, Mr C R Pearman, Mr L B Ridings, MBE, Mrs E D Rowbotham, 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, Mrs C J Waters, Mr J N Wedgbury, Mrs J Whittle, Mr M E Whybrow, Mr M A Wickham and Mrs Z Wiltshire

IN ATTENDANCE: Amanda Beer (Corporate Director Engagement, Organisation Design & Development), David Cockburn (Corporate Director Strategic & Corporate Services), Barbara Cooper (Corporate Director of Growth, Environment and Transport), Peter Sass (Head of Democratic Services), Geoff Wild (Director of Governance and Law) and Andy Wood (Corporate Director Finance and Procurement)

UNRESTRICTED ITEMS

1. Election of Chairman

(Mr P J Homewood the present Chairman presided for this item)

(1) Mr P B Carter, CBE moved and Mr A J King, MBE seconded that:

Mr M J Harrison be appointed Chairman of the County Council.

Carried without a vote

(2) Thereupon Mr Harrison took the chair, made his Declaration of Acceptance of Office and returned thanks for his election.

(3) Mr Harrison, Mr Hotson, Mrs Stockell and Mr Parry paid tribute to Mr Homewood and thanked him for the manner in which he had carried out his duties as Chairman of the Council from May 2014 to the present day.

(4) Mr Homewood suitably replied.

2. Election of Vice-Chairman

(1) Mr A H T Bowles moved, Mr M C Dance seconded that:-

Mr T Gates be appointed Vice-Chairman of the Council.

Carried without a vote

(2) Mr Gates thereupon made his Declaration of Acceptance of Office and returned thanks for his appointment.

3. Apologies for Absence

The Director of Governance and Law reported apologies from Mr N Chard, Mr J Davies, Mr A Marsh and Mr J Scholes.

4. Declarations of Disclosable Pecuniary Interests or Other Significant Interests

None.

5. Minutes of the meeting held on 26 March 2015 and, if in order, to be approved as a correct record

RESOLVED that the minutes of the meeting held on 26 March 2015 be approved as a correct record

6. Chairman's Announcements

(a) Mr Charles Coyne

(1) The Chairman announced with great sadness the death of Mr Charles Coyne on 15 April 2015.

(2) Mr Coyne was a former Conservative Member for Tonbridge West from 1991 to 1997. During his time with KCC he served on the Education Committee, Education Case Sub Committee, Fire and Public Protection Committee, Social Services Committee and the Children and Adult Services Committee.

(b) Mr Alan Pascoe

(3) The Chairman stated that it was with great regret that he had to inform Members of the death Mr Alan Pascoe on 17 April 2015.

(4) Mr Alan Pascoe was a former Conservative Member for Dartford South West from 1989 to 1993. During his time with KCC he served on the Property, Supplies and Services Group, Highways and Public Transport Sub-Committee, Planning Sub-Committee, Environment, Planning and Transportation Committee, Environment Sub-Committee (Vice Chairman) and the Fire and Public Protection Committee.

(c) Mr Frank Gibson, OBE

(5) The Chairman announced with much sadness that he had to inform Members of the death Mr Frank Gibson, OBE on 22 April 2015.

(6) Mr Gibson was a former Conservative Member for Gravesham Rural from 1986 to 2005. During his time with KCC he served on a large number of committees, in particular the Development Planning and Transportation Committee, Highways and Transportation Sub-Committee, Economic Development and Tourism Sub-Committee, Education Committee, Highways Advisory Board, Policy and Resources Committee and the Kent Thames-side Joint Executive Committee. He served as Chairman of the Transport Operations Board in 1998 and Vice Chairman of the Strategic Planning Committee from 1998 until 2000. He was elected Chairman of the County Council in 2003-04 and awarded Honorary Alderman of the Council in 2009.

(7) Mrs S Hohler, Mr L Ridings, MBE, Ms J Cribbon and Mrs T Dean paid tribute to Mr Gibson

(d) Mrs Diana Marshall

(8) The Chairman stated that it was with regret that he also had to inform Members of the death of Mrs Diana Marshall on 28 April 2015.

(9) Mrs Marshall was a former Conservative Member for the Sevenoaks Central Division from 1989 until 1997. During her time in office, Mrs Marshall served on a number of committees including the Education Committee and some of its Sub-Committees; together with a number of the Policy and Resources Sub Groups including Finance, Information and Review Group; Personnel Group and the Property Supplies and Services Group.

(10) Mrs Marshall's funeral would be taking place on Friday 22 May, at St Mildred's Church, Beatrice Avenue, Whippingham, on the Isle of Wight.

(11) Mr A King, MBE paid tribute to Mrs Marshall.

(12) Members stood in silence in memory of Mr Coyne, Mr Pascoe, Mr Gibson and Mrs Marshall.

(13) After the minute's silence the Chairman moved, the Vice-Chairman seconded and it was resolved unanimously that this Council desires to record the sense of loss

it feels on the sad passing of Mr Coyne, Mr Pascoe, Mr Gibson and Mrs Marshall and extends to their families and friends our heartfelt sympathy to them in their sad bereavements.

(e) Romney Marsh By-Election

(14) The Chairman welcomed back Mrs Carole Waters as the newly elected Member for the Romney Marsh Electoral Division of Kent County Council following the by-election on 7 May 2015.

(f) The Chairman's Long Service Award for Members:

(15) The Chairman referred to a new tradition that he was establishing and he awarded long service awards to the following Members who had completed a minimum of 20 years' service:

Mr Martin Vye (Canterbury City South West)
Mr Alex King (Tunbridge Wells Rural)
Mrs Sarah Hohler (Malling North)
Mr Tom Gates (Faversham)
Mrs Trudy Dean (Malling Central)

(g) Proposed financial assistance for the people of Nepal

(16) The Chairman announced that following consultation with all Group Leaders, it was proposed that Kent County Council gives a donation of £10,000 to support the Nepalese people as they try to recover and rebuild their lives following the recent devastating earthquakes in their country. Negotiations were underway with senior members of the Gurkha regiment, as to where best to direct the donation to ensure it reached those in most need.

(h) Chairman's Charities

(17) The Chairman informed Members that the charities that he would be supporting during the year were Demelza House and Riding for the Disabled.

7. Questions

In accordance with Procedure Rule 1.17(4), seven questions were asked and replies given.

8. Report by Leader of the Council (Oral)

(1) The Leader updated the County Council on events since the previous meeting.

(2) Mr Carter referred to the welcome appointment of Kent MP Greg Clark as Secretary of State for Communities and Local Government. He welcomed Mrs Waters back to the County Council following the Romney Marsh by election. He also congratulated Mr Scobie on a well fought election in Thanet South.

(3) In relation to local government finance, Mr Carter, referred to a South East Seven meeting which he had attended with Mr Simmonds and he gave the headlines from a talk by Professor Tony Travers. Mr Carter stated that as local government finance was one of the few areas of public spending that had not been protected it was assumed there would be challenging times financially for local government over the next 5 years. However, he stated that with the Medium Term Plan KCC was well placed to make the necessary substantial savings.

(4) Mr Carter referred to the LGA's recently published document "DevoNext" which he commended to all Members. This document pitched for devolution to local government, in partnership with other public agencies within their area; with no one size fits all approach. Greg Clark MP had indicated that devolution would include County Councils as well as city areas. Mr Carter referred to the complex local partnership landscape including the proposal for a different LEP arrangement. Mr Carter mentioned the strong position Kent was in and the ground breaking work carried out in relation to health and social care integration and the recognition by the Department of Health of Kent's role in vanguard projects such as the one in Whitstable.

(5) Mr Carter stated that he had spoken at the 20/20 launch, which was celebrating the success of the apprenticeship programme. He referred to the fact that nationally 20-22% of young people were not able to enter an apprenticeship training programme as they did not have a NVQ level 2 qualification. If Kent had the freedom to spend on skills training this was something that he would want to address. He emphasised the importance of evolving the Kent Infrastructure Growth Plan, which looked at ensuring that Kent managed growth and matched infrastructure funding and costs. This would ensure that Kent was well placed to have a dialogue with the Government on the Kent Powerhouse.

(6) Mr Latchford, the Leader of the Opposition, referred to the Leader's comments on devolution, which he hoped would be included in the Queen's Speech. He emphasised the importance of ensuring that additional responsibilities were given the appropriate funding.

(7) Regarding the stand alone Kent and Medway LEP, his group supported this in principle. He hoped that this and the related the strategic economic plan came to fruition.

(8) In relation to skills funding, Mr Latchford supported the Leader's statement about the need to improve funding and to ensure that the opportunity to increase employability options was open to all, not just young people. He expressed the view that careers advice was sorely needed as part of a properly funded service.

(9) Mr Latchford acknowledged that although the issue of Health and Social Care was showing signs of improvement there was still much to be done. He noted the work of the Health and Wellbeing Board and the need to engage with the health sector in debates about growth and future funding of health provision.

(10) Mr Latchford referred to the item later in the meeting on the Local Growth Fund, Governance Arrangements which he supported.

(11) Mr Latchford requested the Leader to do all in his power to ensure that KCC received adequate funding to discharge the responsibilities placed on it by central government.

(12) Mr Cowan, Leader of the Labour Group, stated that he was pleased to hear from the Leader regarding the potential for a Kent Powerhouse. He also welcomed the appointment of Greg Clark MP as the new Secretary of State for Communities and Local Government. In relation to the proposed standalone Kent and Medway LEP, whilst acknowledging that the current South East LEP was too big, he hoped that the Kent and Medway LEP was not too small.

(13) Mr Cowan emphasised the importance of a commitment on skills training as part of devolution to Counties and the need for Kent to have more innovation in industries with Discovery Park in Sandwich showing the way. The key to devolution was whether central government would deliver especially in relation to funding.

(14) Mrs Dean, Leader of the Liberal Democrat Group, referred to the general election and a petition that had been presented to the government in favour of proportional representation.

(15) In relation to devolution for local government, Mrs Dean stated that this had to be achieved with District Councils, economic organisations and businesses. There needed to be clarity on which powers would be devolved to which tier of local government. She stated that government had a record of delivering powers without the means to raise the related monies. She expressed concern about the proposal for devolution to be linked to an elected Mayor.

(16) Mrs Dean referred to the changes from the implementation of the Care Act and referred to certain private providers who were withdrawing from the provision of residential accommodation because apparently local authorities were not meeting their costs.

(17) In terms of the skills agenda, Mrs Dean referred to the increasing number of academies and free school, which did not have to deliver the national curriculum.

(18) Mr Whybrow, Leader of the Independents Group, express concern about the reduction in local government funding, potentially leading to local government only being able to deliver a diluted form of statutory services.

(19) In relation to Health and Social Care devolution, Mr Whybrow expressed similar concerns to Mrs Dean and the need for Government to provide quick decisions in relation to the Care Act.

(20) Mr Whybrow echoed the view of the LGA that further local government funding reductions over the next five years was not an option.

(21) In replying to the other group leaders' comments, Mr Carter stated that in relation to devolution the most important thing was that Whitehall must break down the barriers and let local government devolution take place. This must be supported by adequate funding. He referred to the social care budgets and the implications of the Care Act, and in relation to residential care homes, he pointed out that the market

was changing with older people preferring extra care housing to enable them to live as independently as possible.

(22) Mr Carter referred to a statement by Greg Clark MP about there being county as well as city devolution; he would see how this would be brokered with the aim of making sure that Kent was one of the first adopters. Regarding the LEP he would be sharing the case for a Kent and Medway LEP with Members shortly.

(23) In relation to Kent's relationship with its District Councils, he stated that there would always be challenges in a two tier area, but all Councils were united behind the Kent and Medway Growth Plan. At the last Kent Leaders' Group it was agreed that KCC would work with District Councils' on a proposal for a combined local authority for Kent. He emphasised that it was important to make sure that there were effective relationships with all public agencies and business groups via the Kent and Medway Economic Partnership, and likewise via the Health and Wellbeing Board with Kent's CCG's, supported by a willingness to work together to innovate and improve.

(24) Regarding the freedom that academies and free schools had in relation to the national curriculum, he stated that community schools should also have this freedom to innovate or to do things differently within certain criteria.

9. Revised Proportionality Calculations and Committee Membership

(1) The Chairman moved and the Vice-Chairman seconded the following motion:

"The County Council is invited to:

- (a) agree the revised proportionality calculations and confirm that the Labour Group is invited to fill an additional committee place at the expense of the UKIP Group in accordance with the overall proportionality rules; and
- (b) agree that the decision on which committee the Labour Group gains a seat at the expense of the UKIP Group be delegated to the Head of Democratic Services in consultation with the Leaders of the UKIP and Labour Groups. "

(2) The motion was agreed without a formal vote.

(3) RESOLVED that

- (a) the revised proportionality calculations be agreed and that the Labour Group be invited to fill an additional committee place at the expense of the UKIP Group in accordance with the overall proportionality rules; and
- (b) the decision on which committee the Labour Group gains a seat at the expense of the UKIP Group be delegated to the Head of Democratic Services in consultation with the Leaders of the UKIP and Labour Groups.

10. Updated Financial Regulations

(1) Mr Simmonds moved and Miss Carey seconded the motion that Members consider and approve the updated Financial Regulations and Delegated Authority Matrix of Approval Limits.

- (2) The motion was agreed without a formal vote.
- (3) RESOLVED that the updated Financial Regulations and Delegated Authority Matrix of Approval Limits be approved.

11. Statutory Officer Disciplinary Procedures

- (1) Mr Cooke moved and Mr Simmonds seconded the following motion

“The County Council is requested to approve for inclusion in the Personnel Management Rules provision for the proposed procedures for the Head of Paid Service, Monitoring Officer and Chief Finance Officer as outlined in this report, and that this process be extended to include all statutory roles, including the Director of Children’s Services, Director of Adult Social Services and Director of Public Health.”

- (2) The motion was agreed without a formal vote.
- (3) RESOLVED that the provision for the proposed procedures for the Head of Paid Service, Monitoring Officer and Chief Finance Officer as outlined in the report be approved for inclusion in the Personnel Management Rules and that this process be extended to include all statutory roles, including the Director of Children’s Services, Director of Adult Social Services and Director of Public Health.

12. Local Growth Fund: Governance Arrangements

- (1) Mr Carter moved and Mr Dance seconded the following motion:

“The County Council is invited to endorse the establishment of a joint executive committee with East Sussex County Council, Essex County Council, Medway Council, Thurrock Council and Southend-on-Sea Borough Council, for the purposes of managing the Local Growth Fund and other funds which may be directed by Government to the South East Local Enterprise Partnership; and advise the Leader of the Council accordingly.”

- (2) The motion was agreed without a formal vote.
- (3) RESOLVED that the establishment of a joint executive committee with East Sussex County Council, Essex County Council, Medway Council, Thurrock Council and Southend-on-Sea Borough Council, for the purposes of managing the Local Growth Fund and other funds which may be directed by Government to the South East Local Enterprise Partnership be endorsed; and the Leader of the Council be advised accordingly.

13. Annual report of the Independent Member Remuneration Panel

(Mr S Wiggett and Mrs S Addis, Members of the Independent Member Remuneration Panel, were present for this item)

- (1) The Chairman moved and the Vice-Chairman seconded the following motion:

- (a) there should be no changes to the Members' Allowance Scheme for 2015/16 but the County Council is asked to note the Panel's views about the introduction of indexation from 2017;
- (b) the County Council be recommended to formally adopt the scheme as set out in Appendix 2 to this report; and
- (c) the views of the Panel requested by the political group leaders on the tax liability for home to office journeys made by elected members during the period 1 April 2009 to 31 March 2013 be noted.

(2) Mr Carter moved and Mr Simmonds seconded the following amendment:

In place of the published recommendation (a), (b) and (c) insert:

- (a) The County Council thanks the Remuneration Panel for its report. It requests the Remuneration Panel recommend an indexation scheme to the July meeting of the County Council for implementation beginning with the financial year 2016/17;
- (b) the County Council be recommended to formally adopt the proposed Members' Allowances scheme as set out in Appendix 2 to this report for one year; and
- (c) While noting the observations of the Panel, as detailed in "(c)" of the original motion, the Council agrees to follow the recommendations of the Section 151 Officer; it being noted that the Selection and Member Services Committee would be discussing the matter at a meeting the following day with the Section 151 officer present to enable him to clarify his advice to Members. .

(3) Following a debate the Chairman put the amendment set out in paragraph (2) above to the vote and the vote cast were as follows:

For (43)

Mrs A Allen, Mr M Angell, Mr M Balfour, Mr A Bowles, Mr D Brazier, Mr R Brookbank, Miss S Carey, Mr P Carter, Mrs P Cole, Mr G Cooke, Mrs M Crabtree, Mr A Crowther, Mrs V Dagger, Mr M Dance, 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 M Northey, Mr P Oakford, Mr J Ozog, Mr R Parry, Mr C Pearman, Mr L Ridings, Mr C Simkins, Mr J Simmonds, Mr C Smith, Mrs P Stockell, Mr B Sweetland, Mrs C Waters, Mr J Wedgbury, Mrs J Whittle, Mr A Wickham

Against (36)

Mr M Baldock, Mr R Bird, Mr H Birkby, Mr N Bond, Mrs P Brivio, Mr L Burgess, Mr C Caller, Mr I Chittenden, Mr B Clark, Ms J Cribbon, Mr G Cowan, 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 T Maddison, Mr B MacDowall, 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)

Amendment carried

- (4) The Chairman declared the substantive motion to be carried without a formal vote.
- (5) RESOLVED that
 - (a) the Remuneration Panel be thanked for its report and that they be requested to recommend an indexation scheme to the July meeting of the County Council for implementation beginning with the financial year 2016/17;
 - (b) the proposed Members' Allowances scheme as set out in Appendix 2 to this report be adopted for one year; and
 - (c) While noting the observations of the Panel, as detailed in "(c)" of the original motion, the Council agrees to follow the recommendations of the Section 151 Officer; it being noted that the Selection and Member Services Committee would be discussing the matter at a meeting the following day with the Section 151 officer present to enable him to clarify his advice to Members.

By: Paul Carter
Leader of the Council

Barbara Cooper
Corporate Director – Growth Environment and Transport

To: County Council
16 July 2015

Subject: Kent and Medway Local Enterprise Partnership

Classification: Unrestricted

Past pathway of paper: None

Future pathway of paper: None

Electoral Division: All

Summary

This paper introduces the case to change the geography of the South East Local Enterprise Partnership. It seeks the support of the County Council for the establishment of a new Kent and Medway LEP, which will be more relevant to business and will be more effective in securing resources and planning for growth.

Recommendations:

The County Council is recommended to:

- a) ENDORSE the business case for the establishment of a Kent and Medway LEP, for submission to the Secretary of State; and
- b) NOTE the implications for Kent County Council arising from the establishment of the Kent and Medway LEP.

1. Background

- 1.1. In 2010, the Government invited groups of local authorities and businesses to come forward with proposals to establish Local Enterprise Partnerships (LEPs). These were intended as public-private bodies that could set an economic vision for their areas and secure funding from Government to support growth.
- 1.2. Nationally, the majority of LEPs are based around city and county regions, reflecting established economic geographies. However, in 2010/11, the Government encouraged the establishment of a South East LEP, covering

Kent and Medway, Essex, East Sussex, Thurrock and Southend. This is currently the largest LEP in England outside London, covering a diverse area with a population of over 4 million.

- 1.3. While the Government has made funding available to the South East LEP for the delivery of transport schemes, the scale and complexity of the LEP has made the prioritisation of schemes difficult and bureaucratic. The current LEP arrangements are also widely recognised as failing the principles of localism and subsidiarity.
- 1.4. Consequently, KCC, Medway Council, the Kent Districts and business leaders have developed a proposal for a clearer, more accountable Kent and Medway LEP, which will be submitted to the Secretary of State before the summer recess. This was considered and endorsed by Kent and Medway Economic Partnership on 6 July.

2. The case for a Kent and Medway LEP

- 2.1. The proposal for a new Kent and Medway LEP is set out in *The Compelling Case for Change*, attached as Annex 1.
- 2.2. In summary, *The Compelling Case* notes that:
 - Kent and Medway is a coherent economic geography with a strong and long-standing business-led partnership. It is also already coterminous with the boundaries for a range of other institutions and public services. With a population of around 1.7 million, it would still be one of the largest LEPs in the country.
 - Faced with rapid growth, infrastructure constraints and complex skills challenges, there is a need for a stronger, locally-relevant partnership to plan for the future to unlock Kent and Medway's growth opportunities.
 - However, the current South East LEP arrangements are unable to facilitate this, since it has not proved possible to meaningfully take decisions across such a diverse geography, and the LEP has struggled to establish a clear purpose beyond its role as a distribution mechanism for Government grant.
 - The Cities and Local Government Devolution Bill currently proceeding through Parliament provides opportunities for cities and counties to bring forward proposals for devolved powers and funding. However, only those places that can demonstrate clear priorities, leadership and delivery

capacity will be able to make a strong case. A clearer, more logical geography for our economic partnership will strengthen the case for Kent.

- *The Compelling Case* therefore proposes the establishment of a Kent and Medway LEP.

2.3. The case focuses on a strategy based on three areas of activity, reflecting those set out in the Kent and Medway Growth Plan:

- Creating a more highly skilled, more productive workforce (set out on pages 11-12);
- Accelerating the delivery of planned housing by ensuring the provision of necessary infrastructure (pages 13-14);
- Supporting dynamic and innovative businesses to grow (pages 15-17).

2.4. Recognising the close links that Kent and Medway has with its neighbours, the case also highlights the need to continue to work closely with partners in Essex, East Sussex and beyond in respect of coastal renewal; with London in relation to housing growth pressures and the development of the Thames Gateway; and with partners in East Sussex along the A21 Corridor. A new Kent and Medway LEP will need to maintain and extend relationships beyond its boundaries.

3. Proposed operational arrangements

3.1. Pages 18-19 of the draft case set out an operating model for the Kent and Medway LEP. This is based on a modified version of the existing Kent and Medway Economic Partnership, the terms of reference for which are already compatible with Government guidance for LEP composition. It is proposed that all local authority leaders are directly represented on the new LEP Board.

3.2. The proposed Kent and Medway LEP structure also includes an independently-chaired Skills Commission, as a stronger evolution of the existing Kent and Medway Employment, Learning and Skills Partnership Board and a replacement of the skills arrangements that are currently in place as part of the South East LEP structure.

3.3. The proposed operating model suggests that like most LEPs, the Kent and Medway LEP will be constituted in the first instance as an informal partnership. However, a Joint Committee model may be developed to support this if required in due course.

4. Implications for Kent County Council

Financial implications

- 4.1. The direct financial implications of a Kent and Medway LEP are expected to be modest. The existing South East LEP has a budget for 2015/16 of £1.145 million. This includes a contribution from KCC of £72,000, in addition to central Government grant and contributions from the other constituent authorities.
- 4.2. As the current South East LEP involves some duplication of activity, it is envisaged that there will be an overall management cost saving, although it should be noted that Government grant contributions to LEPs from 2016/17 have not yet been confirmed.
- 4.3. In addition to management costs, there are project funds held by the South East LEP, for which Essex County Council acts as the accountable body. *The Compelling Case* sets out an approach for the transfer of these funds to new Kent and Medway arrangements.

Governance implications

- 4.4. The new Kent and Medway LEP will be an informal partnership. In advance of its launch, work will take place during the summer to put in place full operating arrangements, including the terms of reference and membership for the new Partnership and its relationship with KCC's governance structure.

5. Next steps

- 5.1. The *Compelling Case* proposes the establishment of the new Kent and Medway LEP by 1 October. Achieving this target will be important, in order to allow Kent and Medway to prepare for new Government funding programmes (and potentially to enable the development of additional devolution proposals) in the autumn.
- 5.2. Work will take place with the existing South East LEP Secretariat to ensure a smooth transition. Progress to date, including the Government's response to the proposal for a Kent and Medway LEP, the terms of reference for the new body and any Decisions required by KCC will be reported to the Growth, Economic Development and Communities Cabinet Committee on 16 September.

6. Recommendations

- 6.1. The County Council is recommended to:

- a) ENDORSE the business case for the establishment of a Kent and Medway LEP, for submission to the Secretary of State; and
- b) NOTE the implications for Kent County Council arising from the establishment of the Kent and Medway LEP.

Contact details

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Attachments:

Annex 1: The Compelling Case for Change: The new Kent and Medway Local Enterprise Partnership

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THE COMPELLING CASE FOR CHANGE

The new Kent and Medway Local Enterprise Partnership

July 2015

KMEP Kent
& Medway
Economic
Partnership

This document sets out a compelling case to change the geography of the South East Local Enterprise Partnership.

It proposes the establishment of a new Kent and Medway LEP – one which is highly relevant to business and which builds on a cohesive economic geography, a deep understanding of our economic challenges and opportunities and an excellent partnership between business and government.

Our new Partnership will deliver faster and better for Kent and Medway and for the UK. This document sets out how we will build a new approach to delivering the skills, the infrastructure and the innovation for a highly productive economy – and how we will work together strategically and with strong governance across the county to deliver long term growth.

The existing South East LEP slows down the delivery of our ambitions. We will be more focused and more effective through a Kent and Medway Local Enterprise Partnership. But we are committed to working together with our neighbours in Essex, East Sussex and London. We are working with our partners to ensure a smooth transition from the South East LEP to better arrangements.

It's time for change. We have a compelling case for a better future. We ask Government to back our proposals.

1. INTRODUCTION

This document sets out the compelling case to change the geography of the South East Local Enterprise Partnership. It proposes the establishment of a new Kent and Medway LEP which is highly relevant to business and will be effective in delivering growth.

This case is produced by the business-led Kent and Medway Economic Partnership, with the support of the Leaders of Kent County Council, Medway Council, the 12 Kent Districts and higher and further education. Together, the new partnership will deliver substantial benefits to businesses and communities in Kent and Medway – and will contribute to the growth of the whole UK.

We understand that partners in Essex are preparing a similar proposal. We are working closely with our neighbours to ensure a smooth transition from the existing South East LEP to new arrangements.

We are ambitious for growth. Over the next five years, the Kent and Medway LEP will:

- **Create a more highly skilled, more productive workforce**
Despite improving attainment rates in Kent and Medway, the skills system does not always work: employers find it hard to have a clear voice; funding regimes are poorly coordinated and perverse incentives within the system mean that young people frequently lack appropriate information about the opportunities that are available to them. Through better use of intelligence and funding and stronger strategic partnerships, we will improve provision of and access to vocational and technical education – doubling the number of apprentices by 2020 and substantially reducing the number of young people not in employment, education or training.
- **Accelerate housing growth through infrastructure delivery**
At present, annual housing delivery meets less than 50% of planned requirement, creating both a local and a national challenge. Our new Kent and Medway Growth and Infrastructure Framework will provide us with the evidence to effectively prioritise the infrastructure needed for planned growth and to seek new solutions.

By 2020, we aim to substantially increase housing growth to match need – with the right infrastructure to support it. **This will mean an additional 2,350 homes per year across Kent and Medway**, removing barriers to growth in areas with viability constraints.
- **Support dynamic and innovative businesses to grow**
Despite economic growth and a diverse and resilient business base, many firms are unable to access the finance and support they need. We will deliver better coordinated support to help businesses unlock their potential, focused on increasing productivity and innovation. **By 2020, we aim to eliminate the productivity gap between Kent and Medway and the rest of the UK.**

The new LEP will focus on stronger growth and stronger productivity across Kent and Medway - building on the momentum **across the Kent Coast and the Thames Gateway** and attracting new prosperity to the county.

2. CONTEXT: OPPORTUNITIES AND CHALLENGES

Kent and Medway is a coherent economic geography. It is coterminous with the boundaries for a range of public services, has a strong historic identity and forms a cohesive economic area – and we also have an excellent business-led partnership in place.

Kent and Medway is growing rapidly. It is vital that we plan strategically to deliver the infrastructure we need, working together with all tiers of local and national government and building stronger relationships with our neighbours in London and the wider South East.

To do this, we need a simpler, stronger partnership for long term growth. A new Kent and Medway LEP, linked with more robust democratic governance, will achieve this.

Opportunities

Kent and Medway is vital to the UK's growth.

In the period to 2031, the population of Kent and Medway is expected to rise by 293,300 – equivalent to a new city larger than Medway. This represents an increase of 17%, substantially higher than in the country overall.

Kent and Medway contains some of Britain's most important growth locations. Ebbsfleet will see the UK's first modern garden city, while greatly improved connectivity via High Speed One is driving the expansion of Ashford and the regeneration and growth of the Thames Gateway and East Kent. Our strategic port, rail and road infrastructure is also vital in linking continental Europe with London and the rest of the UK, and is becoming increasingly important as freight and passenger volumes rise.

Kent and Medway has the size and scale to deliver effectively.

With a population of over 1.7 million and growing, the Kent and Medway LEP will be the eighth largest in England. Our economy accounts for around £33.5 billion in GVA – larger than the economy of Northern Ireland – and the county's boundaries align with established travel-to-work and travel-to-learn markets.

The dynamism and growth of the London economy presents new opportunities.

London has always been important to Kent as a market and an employment destination. With improved transport connections, there are new opportunities to attract investment from London to the High Speed One Corridor – taking advantage of the sustained growth of Britain's only world city.

We have a strong business base and opportunities for growth in key sectors.

With over 58,000 businesses – 89% of which employ fewer than ten people – we have a strong, resilient and diverse business base. Over the past decade, our economy has become increasingly innovative, with knowledge economy employment growing at twice the national rate.

In particular, we will build on our track record in working with our key sectors to deliver growth:

Kent and Medway's key sector opportunities	
Sectors	Opportunities
Life sciences	6,000 jobs. Concentrations of activity at Discovery Park Enterprise Zone and at Kent Science Park near Sittingbourne, with emerging opportunities at the new Maidstone Medical Campus.
Creative and media	14,000 jobs; 85% sector growth over the past decade. Strengths in software and digital media, especially in Tunbridge Wells, Maidstone, and coastal East Kent.
Low carbon	21,000 jobs in renewable energy, energy efficiency and carbon reduction technologies – and underpinned by the designation of the Kent coast as a Centre for Offshore Renewable Engineering.
Land-based	Comparative advantage in horticulture, accounting for over two thirds of national top fruit production. Research-intensive growth opportunities, such as at East Malling Research.
Manufacturing	44,000 jobs, accounting for over 10% of Kent and Medway's GVA. Strong concentrations in Medway and Swale, with major businesses such as BAE Systems and Delphi supporting a strong SME base, with some that have considerable opportunities for expansion and productivity improvement.
Construction	36,000 jobs. Proximity to the London and South East market and major developments in Kent and Medway support growth in the sector, with new opportunities in sustainable construction technologies.
Tourism and leisure	64,000 jobs. Strong tourism product offer in coastal, historic and rural Kent, which will be reinforced by major investment in new attractions, including the proposed Paramount development in North Kent.
Ports, transport and logistics	27,500 jobs, supported by Kent and Medway's location between London and continental Europe. Kent's transport infrastructure is of national significance, with rising freight volumes driving major investment at the Port of Dover.
Health and social care	105,800 jobs. Demand rising rapidly, reinforced by Kent and Medway's growing and ageing population, with an growing range of providers in the public and private sectors .

We have a long and successful partnership between business and local government.

We have had an excellent partnership between local government and the private sector dating back to the 1990s. Kent and Medway Economic Partnership is chaired by business and includes business leaders from all areas and sectors of the county's economy. This is supported by:

- The Kent and Medway **Business Advisory Board**, containing over 45 strategic businesses and all the business representation organisations;
- Four strong **sub-county partnerships** in East Kent, West Kent, the Thames Gateway and Maidstone;
- The **Kent and Medway Council Leaders**, bringing together local government with a powerful democratic voice; and
- Strong partnerships with our **four universities** – Canterbury Christ Church University, University of Greenwich, University of Kent and the University for the Creative Arts; and with the **further education** sector, through KAFEC, the Kent Association of Further Education Colleges.

A clear geography for service delivery

Many services are already delivered across Kent and Medway. For example:

- **Kent Invicta Chamber of Commerce** is the single, united accredited Chamber for the whole of Kent and Medway, providing a strong voice for business with over 1,200 members;
- **Sector groups** operating county-wide in the land-based, creative and construction and development sectors;
- **Locate in Kent**, our inward investment agency, operates across Kent and Medway and is jointly funded by business and the public sector
- **Visit Kent**, the tourism promotion and development agency, builds on the county's strong brand and identity;
- **Produced in Kent** promotes Kent produce and supports the rural economy, building on the county's role as the 'garden of England';
- From this year, the new **Kent and Medway Growth Hub** will provide a coordinated point of access to all the support services for business across the county.

Beyond the economic growth agenda, Kent and Medway is also the 'default' strategic geography for a range of public services and systems, ranging from road and rail transport to the police service. A new Kent and Medway LEP will help us to better coordinate and grow these services across a credible geography that businesses, government and the public understand.

We have a strong track record of success.

We have many years of delivering complex major projects and programmes to support economic growth, on time and within budget. In recent years, this has included major transport schemes such as East Kent Access, the transformation of Chatham Maritime into a major university centre, and the continuing development of Kent's flagship business park at Kings Hill.

We also have an excellent record in delivering Government-funded programmes where management has been devolved locally. For example:

A track record of successful delivery

Growing business through the Regional Growth Fund

Before 2010, Government direct financial support to business was made available centrally from Whitehall. It was hard to access, offered as grant and had a limited impact on the local economy.

Since 2011, Kent and Medway has secured £55 million from the Regional Growth Fund to provide local programmes meeting local business need. We have taken a different approach: almost all finance is now offered as loan or equity, meaning that funds can be recycled locally, and all decisions are made locally by a business-led panel. We have focused our support on businesses with the appetite and capacity for growth, recognising that innovation and long-term potential is present in all sectors.

To date, the £35 million Expansion East Kent scheme alone has created or safeguarded over 3,500 jobs, supporting 75 businesses and leveraging £67 million in additional private investment.

Improving connectivity through superfast broadband

Kent and Medway's large and dynamic rural economy has been hampered by poor digital connectivity and improving access to broadband infrastructure was a high priority in the county's previous economic growth strategy.

The Government has devolved the delivery of superfast broadband. Funding of £9.87 million from Broadband Delivery UK has been matched with £10 million from Kent County Council and a further £20 million from BT, the infrastructure provider. By December 2015, 91% of all properties in Kent and Medway will benefit from superfast broadband of up to 24 mbps, and every property will have access to a service of at least 2 mbps. Overall, 60,000 properties will benefit, with further improvements planned for a second phase.

Delivering England's most successful Enterprise Zone at Discovery Park

In 2011, the East Kent economy was faced with a major challenge when its largest private sector employer, Pfizer, announced that it intended to exit its major site at Sandwich.

The Government asked local political and business leaders to bring together a task force to identify a new future for the site and support the wider East Kent economy

At the time of the exit announcement, Sandwich faced the prospect of 2,400 direct job losses, in addition to much wider supply chain impacts. Today, as a result of joint working between central and local government and the private sector, over 2,000 people are employed on site in over 100 companies, mostly focused on high value scientific R&D – and the Enterprise Zone at Discovery Park is now the most successful in England.

Challenges

Although we have major opportunities for growth, we are facing significant challenges:

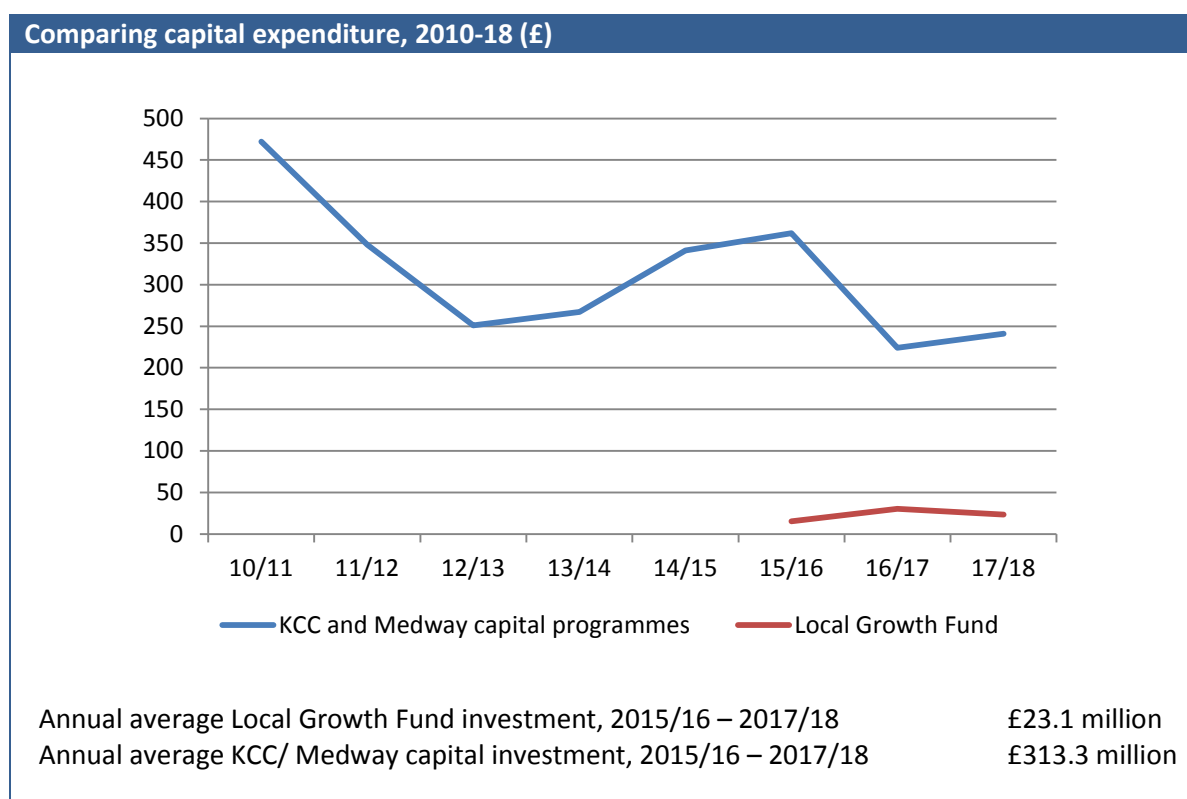
Infrastructure constraints limit our ability to unlock key growth locations.

High infrastructure costs frequently limit the viability of many of our major growth sites. This is especially the case in those parts of the county where land values are relatively low, particularly in East Kent and parts of the Thames Gateway.

We are facing a major shortfall in the projected capital investment needed to deliver housing and commercial growth.

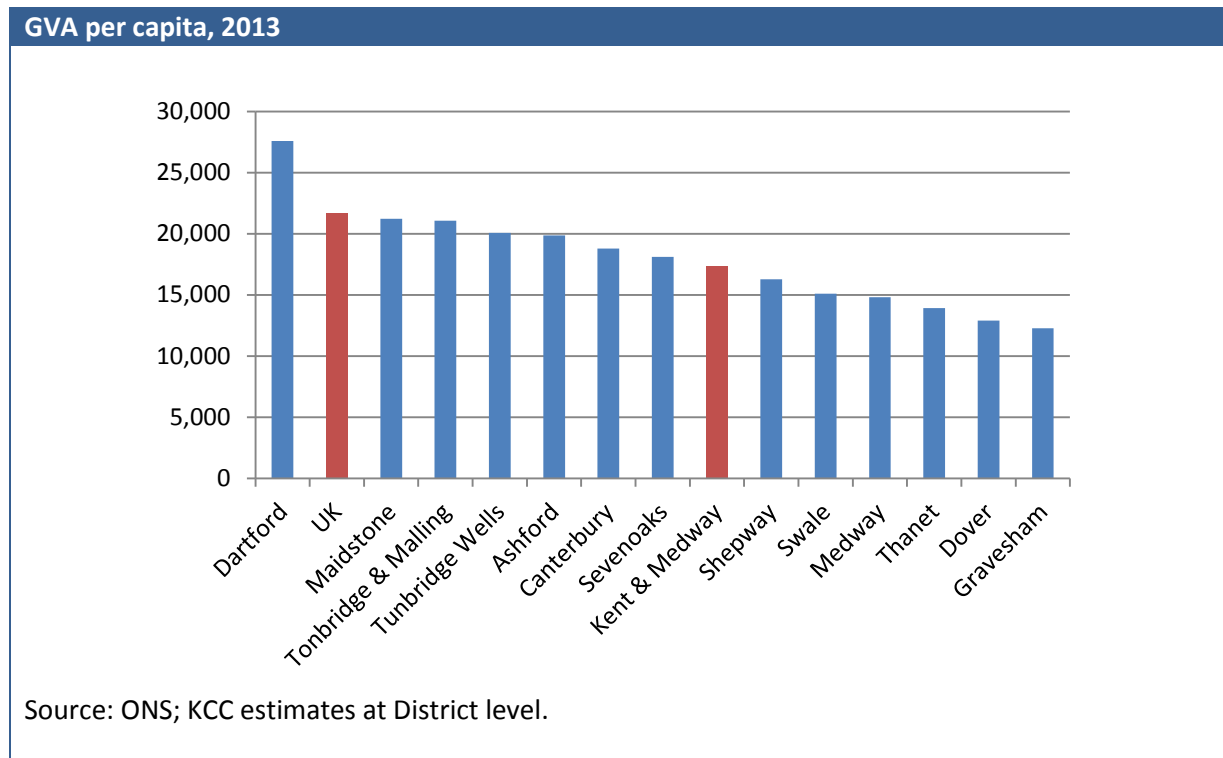
The new Kent and Medway Growth and Infrastructure Framework estimates that in the period to 2031, there is a £118 million annual gap between the costs of the county’s total infrastructure requirements and the funding (from developer contributions and other sources) that is likely to be available.

Government funding will not make up this gap. The Local Growth Fund is small compared with the transport investment previously made directly available to Kent County Council and Medway Council from Government, and it is just a fraction of the KCC and Medway combined capital programmes, as illustrated below. So will need to find new, innovative solutions - many of which will be led by the private sector - to overcome the funding gap.



There are significant economic imbalances across Kent and Medway.

High Speed One will change Kent’s economic geography, as journey times to London are greatly reduced. However, economic imbalances across the county remain significant, with some high local concentrations of worklessness, especially among younger people. This impacts on our ability to deliver growth, as demand is weaker in those areas – especially in coastal Kent and in the Thames Gateway – where both the capacity and the need for new development are greatest.



Businesses face difficulties in securing the skills that they need.

In an economy dominated by small and micro businesses, it is often difficult for employers to navigate the system to aggregate demand and influence provision. At the same time, learners do not always have accurate perceptions of employment opportunities, especially in those sectors of the Kent economy with strong growth potential, and opportunities for young people to engage in vocational skills opportunities at an early stage are too frequently limited.

We need a more coordinated approach to overcome information gaps on the part of employers, learners and providers and better align provision with the needs of the Kent and Medway economy.

Kent and Medway is not fulfilling its potential for innovation and growth.

While the county has a growing stock of dynamic and innovative businesses, the county still lags behind the rest of the South East on many key indicators of innovation potential. This partly reflects our traditional industrial legacy – but our position in one of Europe’s most dynamic regions and our greatly improved connectivity gives us an opportunity to do better. This will mean improving access to the full range of business support and finance products backed by Government, as well as improving practical links between Kent and Medway businesses and the higher education sector in the county and beyond.

3. SOLUTIONS

How will the Kent and Medway LEP make a difference?

Taking into account our opportunities and challenges, we will increase growth and productivity over the next five years by:

1. Creating a highly skilled, more productive workforce
2. Substantially accelerating housing growth through the delivery of essential infrastructure;
3. Supporting dynamic, innovative businesses to grow; and
4. Building significant momentum behind the growth and regeneration of the Kent and Medway coast and the Thames Gateway.

Over the next four months, we will prepare a fresh **Strategic Economic Plan** for Kent and Medway. This will build on the detailed Growth and Infrastructure Framework that we have produced, setting out our priorities for the next five years in the context of a longer term strategy¹. It will also identify where we can deliver more effectively through the devolution of powers and resources.

Creating a more highly skilled, more productive workforce

In Kent and Medway, there is much that has been achieved in recent years. We have a strong further education sector, improving attainment rates and shared strategies for both young people and adults. Yet the skills system is often dysfunctional: employers find it hard to have a clear voice, funding regimes are poorly coordinated and perverse incentives within the system mean that young people frequently lack the right information about the opportunities that are available to them. This means that potential is too often wasted and productivity is too often compromised: employers cite skills constraints as among the biggest barriers to growth.

Labour and training markets are generally local, so it makes sense that LEPs should take a central role in driving improvements in skills provision. The South East LEP has proved to be too large and too disparate to do this effectively, so we need urgently to put this right. A new Kent and Medway LEP, focused on a clearer economic area, provides us with a new opportunity.

We will establish a new **Kent and Medway Skills Commission**, reporting to the Kent and Medway LEP. Independently chaired, the Commission will bring together key employers and providers to focus on how the needs of the county's economy can be met within a demand-led system by:

- Ensuring that we have **excellent labour market intelligence** and making sure that this intelligence is used effectively. In a diverse area, this will mean developing stronger partnerships at district and sub-county level and more effectively joining up the data and employer relationships that local partners hold.

¹ KMEP (July 2015), Kent and Medway Growth and Infrastructure Framework

- Developing a new model to **inform 14-24 pathways** across Kent and Medway. In particular, we must better manage the negative impacts of competition between providers, which often limits the real choices available to young people, especially in relation to technical and vocational learning. We will develop a model which provides much better, employer-driven information about career and training options. As part of this, we will seek the devolution of the **National Careers Service** budget to the Kent and Medway LEP, enabling us to create a more ambitious framework for careers information, advice and guidance.
- Ensuring that the **resources available for technical and vocational learning** are maximised and distributed effectively. We will establish a clear **Vocational Learning Strategy** for capital and revenue funding, sequential to the new Strategic Economic Plan, to direct the future allocation of the Skills Funding Agency's devolved capital fund and the use of mainstream LGF funds for higher and further education. Building on the devolution of capital funds, we will also seek further freedoms and flexibilities from central Government and a strong role for the new Kent and Medway Skills Commission in setting the priorities for SFA, EFA and Jobcentre Plus revenue budgets where they relate to technical and vocational provision.
- Reducing **unemployment among people aged 18-25**, substantially cutting the number of young people **not in employment, education or training (NEET)**. We will increase the supply of post-16 Level 1 courses, with clear progression routes to Level 2, ensuring that all have access to vocationally-relevant basic skills provision.
- Increasing the number of **apprenticeships**. In Kent and Medway, the number of apprenticeship positions offered by employers exceeds demand from young people, in contrast to the national trend, despite the career opportunities to which apprenticeships can lead. We aim to overcome barriers to participation (such as the frequent entry-level requirement for Level 2 qualifications), identifying beacon providers in every district linked with our improved intelligence base.
- Extending the growth of **higher education** as a key driver of innovation and productivity. Working with our four universities, we will ensure strong progression routes, especially in the scientific, technical and engineering skills that the economy needs.
- Reforming **community learning**, so that it is focused on the needs of the Kent and Medway economy, ensuring that those most distant from the labour market are supported back to work. We will concentrate resources on tackling **entrenched disadvantage**, better linking investment in skills with housing, health and social care. In Kent, we are already developing a **Social Impact Bond** to attract private and social investment in services that will reduce worklessness and we will progress discussions with prospective investors to launch the Bond in 2016.

Across the country, we have a market-driven, demand-led system. We welcome this, but we recognise that the system suffers information and coordination failures. It is the duty of the Kent and Medway LEP to overcome these. By 2020, we aim to double the number of apprentices in Kent and Medway and to substantially reduce the number of young people considered NEET. These are ambitious targets, but ones that we must achieve, and we will come forward with detailed proposals in our new Strategic Economic Plan in autumn 2015.

Accelerating infrastructure and housing delivery

It is essential that housing growth is accompanied by the infrastructure necessary to support it. Yet as the previous section outlined, much of the infrastructure required to support growth is unaffordable, with an estimated £118 million annual funding gap across Kent and Medway in the years to 2031.

A new strategic framework for growth

Last year, we commissioned the South East's most comprehensive strategic infrastructure plan through the **Kent and Medway Growth and Infrastructure Framework**. This has enabled us to identify innovative solutions for future infrastructure funding that will minimise the cost to the purse, providing:

- An evidence-based analysis to support future conversations with Government on funding options and barriers to delivery;
- Clear analysis to support consideration of how Kent and Medway – linked with other parts of the wider South East – can contribute to accommodating London's long term growth;
- Evidence to support the development of Local Plans as they evolve;
- An opportunity to co-ordinate the planning of new service delivery models for health, utilities and other community infrastructure to reduce long term costs;
- A single, strategic and more coherent voice for Kent and Medway, backed by Kent County Council, Medway Council and all the District and Borough Councils;
- An articulation of need for the right level of community infrastructure in place shaping across Kent and Medway;
- Innovative ways to fund necessary capital investment.

This will result in a clear shared set of priorities across Local Planning Authorities and infrastructure providers, helping us to future-proof major projects to avoid future infrastructure constraints. It will enable the new Kent and Medway LEP to identify demands for future infrastructure investment via the Local Growth Fund and other devolved capital funds, ensuring that public sector support is directed towards those projects that will best deliver long-term growth, alongside other sources of investment. The Framework will therefore act as the spatial basis for the new Kent and Medway Strategic Economic Plan.

Planning for growth across the South East

In a densely populated area with efficient transport links and one of the world's great cities on our doorstep, planning for the future must take account of growth across the wider South East and the opportunities that it brings for Kent and Medway. It will be important that the new Kent and Medway LEP works with our neighbours - so we will seek to create an alliance of LEPs and local authorities across the greater South East, focusing 360° around London.

In particular, we will work closely with:

- Greater **London**, as the primary employment destination for those commuting out of the county, a vital source of demand for Kent and Medway businesses and as an important (and growing) source of demand for housing, linked with the growth of the High Speed One corridor;
- The **Thames Gateway**, where for over 20 years, partners in North Kent have worked closely with colleagues in South Essex and London to deliver transformational regeneration, and which remains the South East’s most important long term growth corridor. With a clearer partnership structure, we will build much stronger relationships with London and across the Thames Gateway to drive forward growth;
- The rest of the South East to the west, including Surrey (along the M25 corridor towards Gatwick and Heathrow) and the **A21 corridor** from West Kent into East Sussex, in particular working with the emerging Surrey and Sussex partnership;
- The **South East coast**, where many of the challenges – and solutions – faced by parts of Kent are shared by our neighbouring coastal towns (see box below);
- South East-wide bodies, including South East England Councils (SEEC), the South East Strategic Leaders (SESL) and the South East 7 shared services group, linking the intelligent approach pioneered by the Growth and Infrastructure Framework with the emerging plans of our neighbouring county regions.

Through a more intelligent approach to strategic planning and by developing new solutions to infrastructure delivery and funding, we aim to accelerate growth. At present, we are failing to deliver the housing numbers that we need to meet the demands of a rising population. By 2020, we aim to have reversed this. This will mean the delivery of an additional 2,350 homes per year across Kent and Medway over actual annual delivery in the past five years, with the community and transport infrastructure needed to support them. In particular, we will need to focus on developing solutions to overcome the viability gap, especially in coastal Kent and Medway.

Unlocking the potential of the Kent and Medway coast

Coastal Kent has significant opportunities for growth. Transport connections are greatly improved through High Speed One, major cultural investment has driven new economic opportunities in places such as Margate and Folkestone, and the expansion of the Port of Dover is moving ahead.

However, Kent and Medway’s coastal and estuarial towns face significant long-term challenges associated with the decline of traditional industries and lower-value tourism. This is especially reflected in local concentrations of deprivation, linked in places such as Margate with poorly functioning housing markets.

These challenges are not unique to Kent and Medway; they are also faced by our neighbours in Sussex, Essex and beyond. As well as working locally to support coastal growth and regeneration, we will also increase our collaboration with our neighbours to develop bigger solutions – together with Government – to address the housing and labour market challenges that we cannot resolve through local action and resources alone. We will also seek to build on the opportunities presented by London’s growth to attract prosperity to the Kent coast.

Supporting dynamic, innovative businesses to grow

Kent and Medway enjoys a strong and diverse business sector. With the national economy growing, businesses report improved trading conditions and are positive about the prospects for growth. However, productivity in Kent and Medway lags behind that of the rest of the South East: in part, this is due to the skills and infrastructure challenges outlined earlier, but it also reflects capacity and resource constraints which limit businesses' ability to invest and expand.

The new Kent and Medway LEP will be more visible and relevant to business, and will take a stronger role in more effectively influencing and coordinating the government support that is available. In particular, we will bring increased focus to support for those businesses with the appetite and capacity for innovation and growth by:

- Supporting businesses in overcoming the **finance gap** that impedes their ability to invest in new products and in new processes and systems that could improve their productivity. We will build on the success of Kent and Medway's Regional Growth Fund programmes to ensure that publicly-backed loan and equity investment focus on the most innovative businesses with the greatest potential for long term growth.
- Improving Kent and Medway's **innovation support system**, working with our universities to support the role of higher education in driving growth and building much stronger links between the range of support offered by universities, innovation centres and local programmes and the national support offered via Innovate UK.

In particular, there is an opportunity for the new Kent and Medway LEP to have a central role in determining the county's future business support and innovation landscape by clearly setting the strategy for the use of all future European Regional Development Fund in Kent and Medway, ensuring that it links with and adds value to national and local provision.

- Increasing the availability of **support for business, by business, within the private sector**, through sector networks, peer support and development programmes.
- Linked with this, providing a coordinated route to clear business advice and support via the **Kent and Medway Growth Hub**, a pilot for which will be launched in 2015. This will provide a central, up-to-date web-based service for business support and financial assistance, supplemented with business advice. Alongside the establishment of the Growth Hub and to inform the new Strategic Economic Plan, we will examine the effectiveness of existing public sector support in increasing innovation and productivity, so that future programmes – whether they are delivered through local, national or European funding – are best designed to meet business need.

Through clear business leadership, the Kent and Medway LEP will ensure that our business support system is better integrated and more responsive to business need. Overall, we aim to increase productivity in Kent and Medway so that we bridge the gap with the UK average by 2020.

4. THE KENT & MEDWAY LOCAL ENTERPRISE PARTNERSHIP

The need for reform

The challenges and opportunities that we face in Kent and Medway, and the solutions that we have identified, require a Local Enterprise Partnership that reflects a credible economic geography and aligns with stable institutions and partnership arrangements.

There is therefore an overwhelming case to change the current South East LEP arrangements. In May, the South East LEP Board agreed that the geography and structure of the existing LEP impedes delivery and are no longer fit for purpose. The South East LEP Board therefore asked for alternative proposals to come forward.

Why the current arrangements are broken

Originally, partners in Kent and Medway approved the creation of a Kent and Medway LEP. However, the Government at the time encouraged the establishment of a regional LEP covering Kent and Medway, Essex and East Sussex. With a population of over 4 million, the South East LEP became the largest LEP in England, apart from Greater London.

Fundamentally, the South East LEP failed the tests of localism and subsidiarity. The LEP did not reflect a functional economic area, and the links between its three component county-regions were relatively weak. Consequently, the South East LEP struggled to establish a clear purpose beyond its role as a vehicle for the distribution of Government grant, and was never able to articulate a clear strategy for growth.

It has proved impossible to meaningfully prioritise and make decisions across the South East LEP area, as businesses and local government leaders in each county have limited understanding of the detailed priorities of their neighbours. As a result of this, the process of prioritisation has become increasingly bureaucratic: consultants have been brought in to set priorities, systems have become more and more complex, governance has been reviewed five times in as many years. This has resulted in delays to delivery.

While the South East LEP tried to adopt a ‘federated’ model, passing funding and power back to Kent and Medway, Essex and East Sussex, this was never properly embedded and it created additional complexity. Despite the best efforts of partners across Kent and Medway, Essex and East Sussex, the South East LEP has not been the most effective vehicle to support local growth. It is time to change.

Considering new arrangements: the changing policy landscape

Following the general election, there is new momentum behind a new settlement for England that will enable better, more accountable local decision-making to deliver growth. As well as the recently-announced devolutionary settlement for Manchester, the Government has also committed

to an extension of Growth Deals across England’s cities and counties and, in the Cities and Local Government Devolution Bill, is looking for local leaders to come forward with compelling proposals.

“There is clear evidence that devolution can help deliver economic growth and rebalance the economy, making clear the benefits to the nation of greater powers, not just for our major cities, but also for our non-metropolitan areas”

DevoNext: English Devolution – Local solutions for a successful nation, LGA 2015

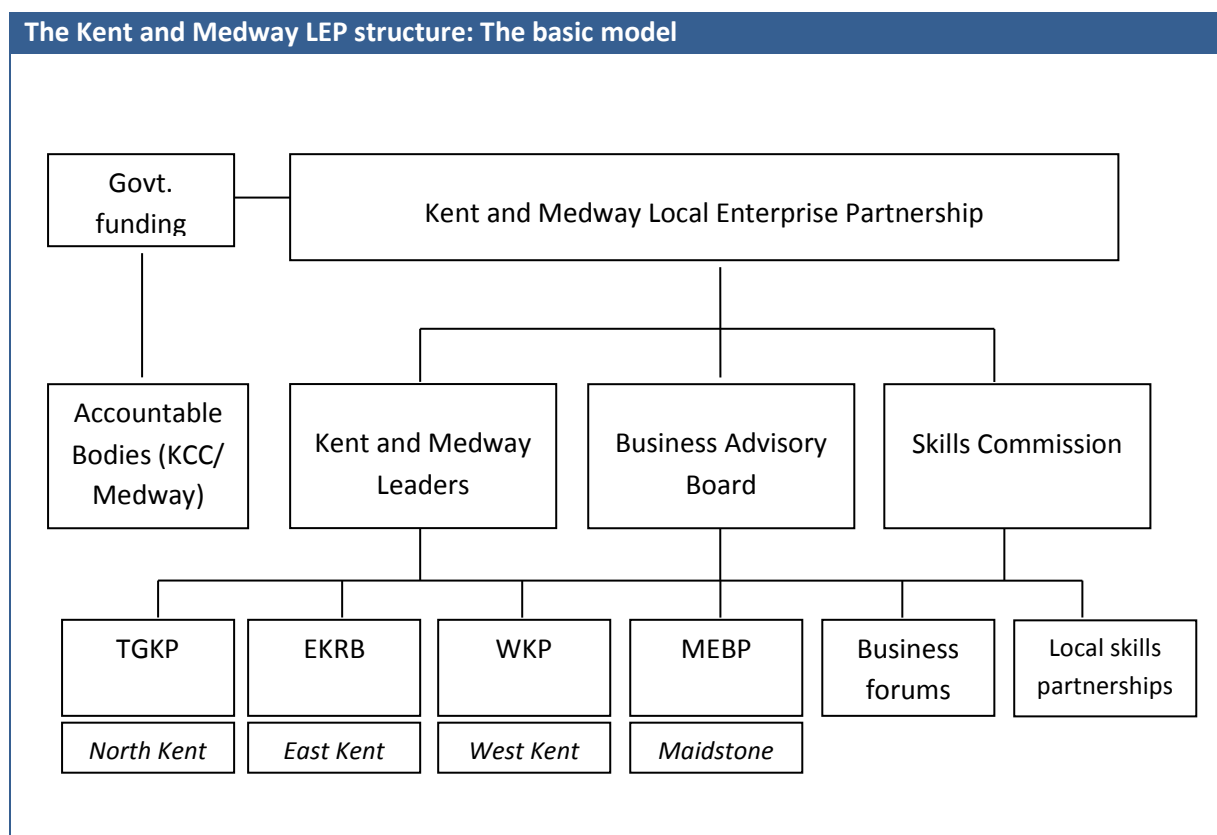
This presents a significant opportunity for cities and counties to bring forward proposals for devolution. However, only those places that can demonstrate clear priorities, clear leadership and clear delivery capacity will be able to make a credible case for devolved power and funding. In 2014, we saw that despite its growth potential, the South East LEP was only able to secure a national average per capita allocation from the Local Growth Fund, and no significant freedoms or flexibilities. This is not good enough given the scale of the challenges and opportunities that our outlined in this document – but it is not surprising.

Recognising the importance of stable and credible partnerships, the Independent Commission on Local Government Finance chaired by Darra Singh has set out **seven characteristics** that areas likely to be able to press forward in developing stronger place-based budgeting approaches should be able to demonstrate. We have analysed Kent and Medway’s economic geography and partnership structures in relation to all of these, and we believe that a Kent and Medway LEP will meet all of these criteria:

Finance Commission’s 7 criteria for place based budgeting	
Rating	Criteria
5*	A coherent and cohesive economic area
5*	An area with sufficient mass and scale to manage a wide range of public services
5*	Robust and visible leadership with real knowledge of the area
5*	Mature governance arrangements
5*	Sound risk management
5*	Strong relationships across the full range of local public services
To be judged	A well-articulated business case setting out how better outcomes will be achieved.

How the Kent and Medway LEP will work

The new Kent and Medway LEP will have a simple and straightforward governance model:



Kent and Medway Local Enterprise Partnership

The Kent and Medway Enterprise Partnership will become the new Kent and Medway LEP, chaired by a business leader and with a business majority.

The existing KMEP already meets Government guidelines for LEP composition and terms of reference and is a long-established and successful public-private partnership. However, the new Kent and Medway LEP provides an opportunity to create an even more representative partnership, bringing together all tiers of local government and businesses from all sectors of the economy. The new Kent and Medway LEP will include all Council Leaders on its Board, expanding business representation accordingly.

Building on our successful strong track record, the Kent and Medway LEP will be a genuine partnership between business and government, considering and approving all county-wide strategies and plans which impact on its objectives and will monitor progress towards the core outcomes and major projects which will affect the county's economy.

Kent and Medway Leaders

In the majority of LEPs, the business-led LEP Board is backed by a body with a clear democratic mandate. This is constituted in different ways in different places, although the Government has expressed a preference for robust and stable governance.

All Council Leaders will be represented on the LEP Board. We will also examine the business case for a Joint Committee model as the basis for more formal governance arrangements in the longer term.

Kent and Medway Business Advisory Board

BAB has existed for a decade, and brings together strategic businesses from across Kent and Medway and all the major business representative bodies and enjoys direct links with district business forums. We will expand representation on BAB, building even stronger links with the wider Kent and Medway business community and with business groups at local level.

BAB is an advisory body, providing KMEP with a wide range of commercial views, intelligence and expertise. BAB already consists of around 45 individual members, and there is a strong appetite to further expand representation.

Kent and Medway Skills Commission

As set out in Section 3, we will establish a new Skills Commission, with an independent chair, bringing together business and providers to ensure that we deliver the workforce skills that the future economy will need. The Skills Commission will report directly into the Kent and Medway LEP.

The sub-county partnerships

Successful sub-county partnerships for North Kent, East Kent, West Kent and Maidstone already exist and have an important role in developing the pipeline of local investment priorities (linked with the planning process and the Growth and Infrastructure Framework). The terms of reference for each sub-county partnership vary, recognising local diversity, and these will be supplemented with strengthened local skills partnerships, linked with the Skills Commission.

Accountable body

In the first instance, the Kent and Medway structure will not be constituted as a legal entity. A local authority will therefore need to act as an accountable body for the purposes of public funds attached to the partnership. In practice, this role is likely to be adopted by either Medway Council or Kent County Council, but there is no reason why more than one authority could not exercise this role in respect of different funds.

Kent and Medway LEP Management Team

It is vital that the new LEP hits the ground running, and that there is no gap in delivery during the transition phase. So we will put in place a small and efficient Kent and Medway LEP Management Team, headed by a Director, from 1 October, supported by the substantial resources that partners will continue to invest in delivery.

5. A SMOOTH AND EFFICIENT TRANSITION

It is important that we move quickly to new arrangements, establishing the Kent and Medway Local Enterprise Partnership and closing the South East LEP as soon as possible. However, **it is vital that transition has no negative impact on delivery**, so we will work closely with the South East LEP chairman, secretariat and accountable body, and with the successor LEPs in Essex and East Sussex to ensure a smooth transfer to new arrangements.

Managing existing funding streams and projects

There are some funds held by the South East LEP, for which Essex County Council acts as the accountable body. Most of these are allocated to specific capital projects, mainly for transport infrastructure, which are being delivered locally. During the transition phase, existing funds will need to either be transferred to the new arrangements or managed jointly, as outlined in the table below:

Fund	Suggested approach
Local Growth Fund (£450m SE LEP; £133m Kent & Medway)	<p>This funding is capital and is specifically allocated to identified projects (mostly transport-related) that have already been prioritised by KMEP.</p> <p>Project funding will transfer to the new Kent & Medway LEP via its designated Accountable Body, with decisions made locally and with direct reporting to Government from 1 October.</p> <p>As part of this, the Kent and Medway LEP will adopt the existing Assurance Framework process put in place by the South East LEP in the short term to ensure continuity.</p>
Skills Capital Fund (£22m SE LEP)	<p>This is mostly allocated and will be spent by March 2017. Future devolved funds will be transferred to the Kent and Medway LEP, with the Skills Commission playing a leading role in identifying priorities and need.</p>
European Structural & Investment Funds (£180m SE LEP)	<p>ESIF funds are not devolved, and remain under Government management, although there is a geographical allocation to the LEP.</p> <p>Later in 2015, the ESIF Strategy will have to be updated to reflect agreement to the national Operational Programme; this will provide an opportunity to develop a new Kent and Medway ESIF is consistent with the Kent and Medway Strategic Economic Plan. However, some funds may need to continue to be held jointly, given existing commitments (especially in relation to the European Social Fund) or to benefit from economies of scale), and there will still be advantages in progressing specific projects that cross boundaries.</p>
Growing Places Fund/ SEFUND	<p>GPF funding (and interest held on unspent balances) could be disaggregated to each successor LEP, potentially enabling the</p>

(£49m SE LEP)	establishment of a Kent & Medway land and property fund. We will also explore over the course of the summer whether there is value in retaining a shared fund.
Other residual funds	Transferred to new Accountable Bodies on formula basis (less residual management costs incurred by Essex CC in its current accountable body role).

The timetable for change

A new Kent and Medway Local Enterprise Partnership will be established by 1 October 2015.

Based on the submission of this business case to Government in July, work will take place over the summer to finalise terms of reference and operating arrangements for the new LEP. As our new structure is based on the existing KMEP, this should be straightforward. At the same time, we are working with our colleagues in East Sussex and Essex to ensure that the transition to new arrangements in all three parts of the LEP is consistent and that a proposal for the closure of the South East LEP in its current form can be developed with consensus. We will also work with Essex County Council as the Accountable Body for the existing South East LEP to manage the transfer of responsibilities.

The last meeting of KMEP in its current form will take place on 14 September and we will launch the new LEP on 1 October.

Core costs and management arrangements

For the past four years, the Government has provided core funding to LEPs. The South East LEP core budget for 2015/16 is £1.145 million. This is financed by £600,000 in Government grants, £200,000 in local authority contributions (including £72,000 from Kent County Council and £13,000 from Medway Council), with the remainder in underspend from previous years.

We recognise the pressure that public finances are under, both at national and local level. We will seek an overall management cost saving, ending the duplication inherent in the existing LEP model. However, it will be important that central funding, especially for project and programme monitoring, is redistributed, and we will work with the LEP Secretariat and the other county-regions to establish an equitable and pragmatic solution.

Working with our neighbours

The replacement of the South East LEP with stronger, clearer partnerships will benefit Kent and Medway, Essex and East Sussex. Colleagues north of the river are submitting a strong proposal for a Greater Essex Local Enterprise Partnership, and we are aware that partners in East Sussex are in discussion with West Sussex, Surrey and Government on the potential for a new Combined Authority. Working together with our neighbours, we will develop a solution that will work for business across the South East LEP.

Moving forward

Kent and Medway is a diverse but coherent economic geography. It is coterminous with the boundaries for a range of public services, has a strong historic identity and forms a cohesive economic area – and we also have an excellent business-led partnership in place.

It is also growing rapidly. It is vital that we plan strategically to deliver the infrastructure we need, working together with all tiers of local and national government and building stronger relationships with our neighbours in London and the wider South East.

**A simpler, stronger partnership for long term growth will help to deliver this.
We need a Kent and Medway Local Enterprise Partnership.**

By: Paul Carter, Leader
 Matthew Balfour, Cabinet Member
 for Environment and Transport
 Barbara Cooper, Corporate Director of Growth,
 Environment and Transport

To: County Council –

Subject: Kent and Medway Growth and Infrastructure Framework

Classification: Unrestricted

Summary: This report provides an overview of the work carried out to produce a Growth and Infrastructure Framework for Kent and Medway along with the key findings of that work. It also draws conclusions on further steps that could be taken to begin to address the significant challenges facing Kent and Medway in delivering its growth agenda.

FOR DECISION

Background

1 (1) Members will be aware that since the removal of Structure Plans and the Regional Spatial Strategies followed by the implementation of Local Plans, there has in effect been limited ability to plan at the strategic level for housing and jobs growth and the infrastructure needed to facilitate this. In recognition of this, Kent Leaders agreed it would be valuable to have a countywide view on:

- a) growth planned to 2031 across Kent and Medway;
- b) the infrastructure needed to support this growth;
- c) the cost of this infrastructure;
- d) likely public and private sector funding during this period: and,
- e) the extent of funding gap to deliver the necessary infrastructure.

(2) A Growth and Infrastructure Framework (GIF) has therefore been developed over the last few months working in close collaboration with Medway Council and Kent’s twelve district authorities as well as the health and utilities sectors. The Kent and Medway Economic Partnership have been, and will continue to be appraised of the GIF work and its findings. The document is very much a “live” document and it is intended it will be updated annually and continually refined as part of that process. It should be noted that to date we have found that our approach is being emulated, with other

counties beginning to follow the model we have established for Kent and Medway.

Our Approach

2 (1) The approach to developing the GIF has very much relied on the principle that the infrastructure identified must be essential to delivering the countywide growth to 2031. The picture presented therefore is very much the “best case” scenario and provides an evidence base across the county both on a district by district basis as well as by infrastructure type.

(2) The development of the GIF involved establishing an in depth understanding of:

- Planning housing and jobs to 2031
- Population growth and drivers
- Economic growth and drivers
- Future funding levels
- Infrastructure requirements and costs.

(3) The broad headings for this identified infrastructure requirement is covered by 3 main sections:

a) Statutory infrastructure provided by local government – education, transport, adult social services and community facilities.

b) Utilities

c) Health care which has been considered by:

i) forecasting forwarded based on current health care models

ii) forecasting based on provision of a modern fit-for-purpose

21st century healthcare system.

(4) The GIF presents its findings by:

- Local authority area
- Infrastructure type
- Kent and Medway overall summary.

Estimating the Cost

3 (1) Costs for the statutory local government infrastructure have been assessed using a number of sources. The amount of funding anticipated as being available to 2031 has taken into account continuation of existing Government funding as well as reasonable estimates of what would be likely to come through developer contributions via S106 and Community Infrastructure Levy where that is in place. Any variation in demand and therefore infrastructure requirement will either widen or reduce the identified funding gap.

(2) Education – population growth and distribution of development was used to assess the number of additional primary and secondary school places that would be needed. Costs of these additional places were based on

an assessment of the current cost to KCC of provision as well as benchmarking on similar infrastructure projects across the country.

(3) Transport – Infrastructure requirements were established by extracting key information from Kent’s Local Transport Plan, Growth without Gridlock, KCC’s 20 year transport delivery plan, the transport strategies supporting the district authorities Local Plans, the Local Enterprise Partnership’s priority projects as well as the National Infrastructure Plan and Highways England Route Based Strategies. Costs of the identified infrastructure were again based on KCC work as well as national benchmarking on similar capital projects.

(4) Adult Social Services – KCC’s Social Care Accommodation Strategy sets out the forecast change in demand for the full range of care clients. This demonstrates the need for considerable investment in older persons nursing and extra care accommodation as well as supported accommodation for clients with learning disabilities. This provision however has been assumed as being funded by the private sector and voluntary organisations.

(5) Community – a number of key new library facilities and youth service space requirements have been identified through Local Plans in order to serve growth at various strategic development sites. For other community and sports facilities, this requirement was devised from projects identified in Local Plans as well as an analysis using Sport England and best practice standards.

(6) Utilities – Scarcity around water and sewerage provision can severely impact the capacity to deliver growth. The water companies’ 5 year plans need to be closely aligned to planned development therefore discussion with local authorities during their development to ensure a strong sense of placemaking that will deliver growth will be sought. Electricity companies similarly plan for the short to medium term only. The Long Term Development Statement for the South East considers electricity requirements plans to 2023 only. This work models demand annually based on “natural growth” in energy demand. The distributor companies require the developer to pay for the necessary new or upgraded infrastructure. Similarly for gas provision, this is determined on an application by application basis. Where there is no forward planning on infrastructure requirements, the GIF has used a per dwelling and commercial floorspace benchmark energy connection cost for the growth forecasts. The same approach was used for broadband provision. A key role for the public sector will be to hold utilities companies to account for delivery of their services to ensure growth can be delivered when and where required through potentially establishing County Council scrutiny arrangements for utility provision matching plans to actual delivery

(7a) Healthcare – continuation of existing healthcare model uses the population growth forecasts to establish level of demand for healthcare services. Future requirements and associated costs and funding assumptions for primary, acute and mental healthcare are based on benchmark modelling

and has not yet, due to time constraints, been validated or agreed by the NHS. This will form part of the ongoing development and refinement of the GIF as a live document. For acute hospital and mental health beds needed, this is based on the current UK bed to person ratios (i.e. steady state) and has been applied according to the forecast population growth.

(7b) Healthcare – this scenario acknowledges that the continuation of the existing healthcare model is unsustainable and will require a significant redesign and modernisation to move towards an integrated care model for the 21st century, such as the vanguard Estuary View Medical Centre in Whitstable. Costs for this model have been extrapolated and applied to the Kent and Medway population including growth forecasts. For the majority of healthcare capital asset provision it has been assumed that the private sector will provide.

Summary of Findings

4 (1) While the key findings below are presented at the Kent and Medway level, the GIF also breaks down this information on a district by district basis and also by each infrastructure type. In considering these findings, it should be borne in mind that the GIF is a “live” document that will continually evolve as district Local Plans develop and more detailed information becomes available.

The scale of Growth

Fact (2011-31)	Growth	Context
158,500 new homes*	21%	Equivalent to providing twice the amount of housing currently in Dartford district
293,300 new people	17%	Equivalent to 1 new person for every 6 currently in Kent and Medway or double the population of Swale Borough
135,800 new jobs	19%	Equivalent to providing twice the number of jobs Canterbury district currently has

*Note – these figures are in line with Office of National Statistics figures

The cost of Growth

Total for Kent and Medway	Total Cost	Cost per annum
Infrastructure Cost to 2031	£6.74 billion	£397 million
Secured Funding*	£0.706 billion	£42 million
Expected Funding**	£4.02 billion	£237 million
Funding Gap	£2.01 billion	£118 million

* Funding that is in the bank or signed up

** Funding that is anticipated to come in via government, developer contributions or private sector.

Conclusions

5 (1) The evidence base provided through the GIF clearly demonstrates there will be a significant funding gap in delivering the infrastructure vital to ensure we achieve sustainable, high quality communities (place shaping). This also makes clear that while across Kent and Medway we are committed to delivering this growth, it will be a real challenge and the scope to accommodate greater levels, particularly in view of the potential pressure coming from London, is severely limited. Similarly, while it will be a challenge to deliver the quantity of growth we are seeking, it will also be challenging to ensure that this is the high quality development we would want for Kent and Medway and will include a review of the Kent Design Guide.

(2) The GIF work also points to the fact that the Community Infrastructure Levy (CIL) has not been widely adopted across the County reflecting variations in land value, development viability and the amount of money that will be collected. This highlights the urgent need for a conversation with Government on potential changes to the CIL and developer contributions systems to better reflect varying viability and retail price of new homes in an area, while facing relatively fixed infrastructure unit costs. This conversation needs to ensure that any changes to the CIL system will begin to address the type of challenge we are familiar with in terms of viability across some parts of the county, for instance, in East Kent.

(3) The identified funding gap also suggests the need to work with the private sector to establish a significant 'Institutional Investment' pot that could be drawn down by private providers at preferential interest rates to help delivery of vital infrastructure. This could be particularly helpful in terms of modernising the healthcare system.

(4) An in-depth review of all other potential additional funding mechanisms and their ability to fund infrastructure is recommended, accepting the public sector borrowing requirement needs to be reduced

(5) The GIF also highlights the need to ensure wider linkage across asset management to best utilise not only the KCC estate but also more broadly the public estate via Government's One Public Estate initiative.

(6) The work of the GIF potentially provides the starting point for the provision of a single Infrastructure Delivery Plan for Kent and Medway reflecting the robust partnership working with the district authorities and Medway.

(7) A dialogue with other County Councils in the South East on strategic issues and priorities, in particular transport, to support growth. This could include linkages to London and radial routes to better connect the wider South East. Similarly, common issues such as the cost of commuting to

London linked to surrounding counties ability to bring prosperity out of the capital should be considered.

(8) Evidence to resist inappropriate growth where infrastructure funding has not been secured or planned for.

Recommendation

6. It is recommended that Council debates and provides comment on the emerging conclusions set out in Section 5 of this report.

Author: Ann Carruthers
Title: Head of Strategic Planning and Policy
Phone no: 03000 413347

Background Documents: none

By: Gary Cooke – Cabinet Member for Corporate and Democratic Services
Peter Sass – Head of Democratic Services

To: County Council – 16 July 2015

Subject: Select Committee Topic Review Update – May 2013- July 2015

Classification: Unrestricted

Introduction

1. (1) The Select Committees are widely recognised as one of the successes of the Overview and Scrutiny function.

(2) Both Executive and non-Executive Members have recognised the benefits of the Select Committee process. From a non-Executive point of view it provides the opportunity to look at a topic in depth and the majority of Members have found this process very rewarding as it has enabled them to influence Kent County Council policy. From an Executive Member point of view, Select Committee reports have added strength to portfolios and provided outcome focused recommendations on key issues.

(3) Select Committees are sub-committees of the Scrutiny Committee, comprising non-executive Members who have had a major influence on national and local policy. The quality of Select Committee reports has been recognised within Kent and beyond.

Topic Reviews 2013-2015

2. (1) There have been two Select Committee topic reviews completed during this period. These are:

(a) Select Committee on Kent's European Relations, which was chaired by Mr A J King, MBE and submitted its report to County Council on 27 March 2014.

(b) Select Committee on Commissioning, under the Chairmanship of Mr M Angell, which submitted its report to County Council on 15 May 2014.

Monitoring of Select Committee recommendations

3. (1) Set out in the Constitution is an agreed process for monitoring Select Committee recommendations, which has been developed over the past 12 years with the aim of ensuring that the outcomes from the Select Committee are embedded within the work of the Directorates and Portfolios.

(2) In accordance with the agreed process, each of these Select Committees is due to meet or has met to consider in detail the progress made on their recommendations, approximately one year after each report was considered by County Council.

(3) Attached as **Appendix 1** is the progress made to date on each of the recommendations of the Select Committee on Kent's European Relations. This will be considered by the Select Committee when it meets on 28 July 2015.

(4) **Appendix 2** is the progress made to date on each of the recommendations of the Select Committee on Commissioning. This was considered by the Select Committee on 30 June 2015

(5) In both cases it is recommended that consideration is given to ongoing monitoring of these recommendations by the Select Committees, under the oversight of the Scrutiny Committee, on a six monthly or annual basis.

Highlights

4. (1) The County Council should celebrate achievements made through the Select Committee process. Set out below are some highlights from the two reviews, which demonstrate their importance and the impact they have had on the policy of the County Council and its partner organisations.

Kent's European Relations

Recommendation

(2) "That the 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." (R1)

Outcome

(3) Establishment of a project pipeline – "IAG has worked with Directorates and other partners to develop a pipeline of KCC and Kent projects for submission to the South East Local Enterprise Partnership European Structural and Investment Funds growth programme and the other EU programmes for which the county is eligible in 2014 – 20. A significant number of project applications have already been submitted this year or are in preparation for upcoming calls from within the pipeline of Kent projects."

Commissioning - "Better Outcomes, Changing Lives, Adding Social Value"

(4) The recommendations from this Select Committee have played an important role in providing Member input at an early stage into the development of key documents, such as "Increasing Opportunities, Improving Outcomes", the Commissioning Framework and the draft Voluntary and Community Sector policy

Recommendation

(5) "That further work is undertaken to the Member role and what mechanism would best strengthen Member oversight of commissioning, procurement and contract management; and Member involvement earlier in the process and pre market engagement; and Members are supported through training." (R26)

Outcome

(6) This recommendation led to the establishment of the Commissioning Advisory Board, which has provided the opportunity for non-Executive Members to consider in detail and have an input into commissioning proposals at an early stage.

Current Select Committee work programme

5. (1) In December 2014 the Scrutiny Committee agreed its Select Committee work programme. Currently, the Select Committee on Corporate Parenting is completing its evidence gathering. Once this Select Committee has presented its report to County Council the next Select Committee will be on Energy Security.

RECOMMENDATION

6. The County Council is asked to note the report, celebrate the impact and added value that the outcomes of the Select Committee reports provide for Kent residents and agree that further monitoring of the recommendations from these two Select Committees be carried out either on a six monthly or annual basis, as considered appropriate by the Select Committee.

Enquiries:

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03000 416647*

Background Documents – [KCC Select Committee reports](#)

Select Committee – Kent’s European Relations

Select Committee Recommendations	Proposed Actions	Progress to date	Status
<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 SELEP programme • IAG to highlight opportunities to KCC Directorates and other organisations • 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 from the EAFRD 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). 	<ul style="list-style-type: none"> • IAG has worked with Directorates and other partners to develop a pipeline of KCC and Kent projects for submission to the South East LEP ESIF programme and the other EU programmes for which the county is eligible in 2014 – 20. A significant number of project applications have already been submitted this year or are in preparation for upcoming Calls from within the pipeline of Kent projects. • The Kent Rural Board receives updates from the LEP on rural projects and has provided the LEP with feedback on its Rural Strategy. Links between the KRB and the LEP need to be strengthened for future working as do links between the Board and the LEP Rural Stakeholders Group which is due to be established to assess projects coming forward for funding. • KCC wrote to DCLG in January 2014 urging the government to explore an application to the EU’s Solidarity Fund in respect of flood damage but this was not pursued by the UK 	<p>Ongoing</p> <p>Complete but keep under review</p> <p>Complete</p>
<p>R2 That:</p> <ul style="list-style-type: none"> • International Affairs Group (IAG) updates KCC’s International Strategy: 	<ul style="list-style-type: none"> • We will revise the International Strategy to reflect the recommendations of the Select 	<ul style="list-style-type: none"> • An updated European Strategy 2014-20 has been drafted which reflects the recommendation of the Select Committee 	<p>Complete</p>

<p>'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</p> <ul style="list-style-type: none"> In addition, IAG produce or commissions EU funding guidance for the 2014-20 funding programme. 	<p>Committee, as well as incorporate new opportunities from the new programmes Structural Funds 2014-20, business and trade activities, and the refocusing of the Harelot Centre and Kent Brussels Office</p> <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>Report including priorities for:</p> <ul style="list-style-type: none"> Securing EU Funding Boosting Kent's Business and Trade Ensuring International rail connectivity Maintaining and developing local and European partnerships where these support the development of funding bids or support policy learning and best practice <ul style="list-style-type: none"> A Guide to Thematic Programmes has been produced together with internal Fact Sheets and guidance on other programmes such as Interreg 	<p>Complete</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). 	<ul style="list-style-type: none"> Partnership development has included: <ul style="list-style-type: none"> The signing of a Memorandum of Understanding with West Flanders In Ypres on 28 March 2014 Co-location of the Kent Brussels Office with the region of Nord-Pas de Calais. This will be Strategically advantageous to KCC in terms of Joint project development and NPDC is Managing Authority for several of the new EU funding programmes for which Kent is eligible in 2014-20 	<p>Actioned and ongoing</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 	<ul style="list-style-type: none"> A Full Options Paper including associated business cases and relevant facts and figures to be prepared. 	<ul style="list-style-type: none"> Developments at Harelot have been focused on reducing expenditure and increasing income to make the Centre financially self-sufficient. This is being achieved through staff restructuring, re-negotiation of utility contracts, tighter financial management, a reduction in food waste and more effective marketing to increase bookings. The Centre's business plan for 2015/16 contains the aim to break- 	<p>Actioned and ongoing</p>

<p>businesses in Region Nord-Pas de Calais and further afield.</p>		<p>even</p> <ul style="list-style-type: none"> The Hardelot Centre is currently part of a process of competitive dialogue with external bidders as part of EduKent's procurement exercise for its Schools Services. This could offer a solution to the accommodation issue amongst other benefits. A decision on whether or not to award an external contract is expected by the autumn. 	
<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 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. 	<ul style="list-style-type: none"> The Brussels Office will develop a detailed Work Programme and engage further with Directorates and reflect key corporate priorities in its work programme, in particular those that can be progressed through EU policy or funding activities. 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. 	<ul style="list-style-type: none"> The co-location of the Brussels Office with Nord-Pas de Calais took place in January 2015. Brussels Office is leading our efforts on specific policy fields including efforts to maintain Kent's international rail connectivity (see Recommendation 10 below) and for the integration of health and social care. 	<p>Actioned and Ongoing</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. 	<ul style="list-style-type: none"> Lead contacts for project development have been identified within GET, SCHW and EYPS. Directorates will also need to build strong project management capacity working closely with IAG and the External Funding and Specific Grants Team. 	<p>Ongoing</p>
<p>R7 That:</p> <ul style="list-style-type: none"> KCC ensures International Affairs Group and EU project officers are 	<ul style="list-style-type: none"> IAG will use such options wherever available and feasible. 	<ul style="list-style-type: none"> KCC ISG has advised that standard Skype is 'an insecure means of communication and 	<p>Not actioned</p>

<p>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.</p>		<p>that, even where the intention was to use it as a channel for non-sensitive information, use would result in broadcast of infrastructure data classified as 'official' by CESC and the Cabinet Office.'</p> <ul style="list-style-type: none"> • Teleconference facilities are, however, increasingly being used for partnership and project development meetings as an alternative to travel. Communications options are also being considered as part of actions under Recommendation 8 below. 	
<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. 	<ul style="list-style-type: none"> • Discussions are currently underway with KCC Corporate Communications to develop appropriate internal and external communication strategies including branding and channel development e.g. via social media etc. together with a 'customer mapping' exercise. 	<p>Ongoing</p>
<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. 	<ul style="list-style-type: none"> • Several new KCC EU projects in support of SME business and trade have been developed for submission to the new EU programmes inc: <ul style="list-style-type: none"> – 'Innovative Sector Exchange' (Interreg 2-Seas) – Kent and Medway Trade Development (SELEP ESIF) – 'Internationalisation of SMEs' (Interreg Europe) 	<p>Ongoing</p>

	<ul style="list-style-type: none"> • IAG will develop and submit a bid for a follow-up project ('ISE' - Innovative Sector Exchange) to the successful "2 Seas Trade" project under the new Interreg programme 2014-20. 		
<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 signalling 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 Phase 2 of the Ashford Spurs development. • Following meetings with Network Rail and the European Commission in May 2014, the feasibility of a bid to the EU's Connecting Europe Facility will be examined for funding the implementation phase of the project. • KCC will continue to make the case to Eurostar for the further use of Kent's International Stations. 	<ul style="list-style-type: none"> • The final Business Case for the Transmanche Metro Project will be presented at the Final Regions of Connected Knowledge (RoCK) project conference in Brussels on 17 June 2015. The Business Case has concluded that there was a commercially viable case for more connections between Kent and Nord-Pas de Calais • An application to the EU 'Connecting Europe Facility' was submitted on 23 February 2015 for a project worth €5.3 million requesting just under €2.7 million in EU support for the resignalling of Ashford Spurs. This complements the match-funding to be provided through the SELEP Growth deal. If successful the finance will be made available for a period between March 2016 and March 2018 	<p>Complete</p> <p>Actioned and ongoing</p>

Select Committee – Commissioning

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
Commissioning Landscape					
R1. Support the development of a balanced and mixed economy of potential service providers, balancing cost and maximising where appropriate the use of VCSE and SME organisations with the capacity and skills needed to achieve the outcomes required.	KCC is striving to be an excellent commissioning authority, this means being focused on the delivery of our strategic outcomes, having a strong understanding of the customer needs and that we consider all options in striving to get the best services that are value for money for our residents. By working in this way we will support a mixed economy, with no provider bias. The strengths of the VCS and SMEs will be recognised by having the appropriate intelligence on the services they deliver, their expertise and skills to make informed decisions on service delivery. We will be looking at how we can improve the skill base of our commissioners and the commissioning support specialisms needed to support them. We will also ensure that commissioners are supported to robustly appraise all delivery options available to them	Early 2015	<ul style="list-style-type: none"> • Transformation Team • Procurement • Commissioning 	KCC's Strategic statement has now been adopted and focuses on ensuring that every pound spent in Kent is delivering better outcomes for Kent's residents, communities and businesses. This provides the mandate for commissioners and providers across the private and voluntary sectors to innovate and radically redesign what we do and how we do it, to meet the outcomes for Kent. Who delivers the services to improve outcomes will depend on who is best placed to achieve them across the public, private and voluntary sector. However we recognise that there is an ongoing development need to improve the pre-market engagement stage of the commissioning cycle and to ensure that all our commissioners are able to	Ongoing

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
	during the early commissioning stages.			robustly appraise all delivery options.	
KCC as an excellent commissioner					
R 2. Clarify KCC Commissioning objectives and approach, and develop a KCC Commissioning Strategy.	As referenced in the Facing the Challenge reports to County Council in May, KCC is developing a new Strategic Outcomes Framework and Commissioning framework. These will define what it means for KCC to be a strategic commissioning authority including the functions and capabilities needed and will also set out the strategic outcomes for the authority. The framework will provide clear guidance to commissioners, providers and partners about what good commissioning will look like for KCC.	April 2015	<ul style="list-style-type: none"> • Policy with Commissioning and Procurement 	Policy has delivered the new KCC strategic statement, which sets out our strategic outcomes and has been agreed by County Council. The Commissioning framework has been agreed by County Council and an online toolkit has been developed to provide guidance and tools to staff in support of the Commissioning authority model.	Delivered
R3. Define roles, responsibilities and relationships in commissioning cycle, agree who is best placed to carry out the different tasks, and decide when and how legal advice should be considered in the procurement cycle.	The analysis of roles and responsibilities within the report is welcomed and should be used as a basis to review the procurement and commissioning function in the Phase 2 reviews and to inform the development of our commissioning support. It is recognised that we need	Early 2015	<ul style="list-style-type: none"> • Policy • Commissioning • Transformation Team • Procurement 	KCC's commissioning toolkit defines the different roles and responsibilities throughout the commissioning cycle including the roles of commissioning and procurement functions. Review of commissioning and procurement is on-	Ongoing

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
	<p>to define clearly our Commissioning and procurement functions and make a distinction between commissioning and the role of service managers.</p> <p>The development of a Commissioning Framework for the authority will provide clarity on the process KCC uses for commissioning, setting out the key steps, good practice and defining roles and responsibilities at each stage of the cycle. It will also illustrate the resources available to commissioners to draw upon.</p>			going.	
R4. Develop the culture of commissioning and contract management, with an ethos of collaborative relationships.	<p>Whilst it is the responsibility of operational commissioners to work with potential providers to explore and encourage where appropriate opportunities for greater collaboration, it should not be the role of the County Council to dictate how the sector/potential providers should operate. It is however the responsibility of KCC to help shape the market in Kent and make it aware of our commissioning</p>	Ongoing	<ul style="list-style-type: none"> • Commissioning • Procurement 	An e-learning module on commissioning and contract management has been developed and is now available for all staff, which highlights the importance of effective relationships between KCC and its providers. In addition an in-depth contract management training programme has been developed by Procurement for all contract managers, to develop skills in commercial acumen, developing effective	Delivered

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
	<p>intentions. Whilst sub-contracting can be a useful and effective way of commissioning services we recognise that we must put mechanisms in place to manage the supply chain and ensure that all providers are equally treated and that smaller VCSE entities can benefit from sub- contracting arrangements. Our new commissioning framework will make clear how we will support the VCSE to effectively engage in KCC procurement exercises and what we expect of all providers both internal and external which are commissioned by KCC, this will include looking at how we can support sub-contracting and consortia arrangements.</p>			<p>relationships, and managing contracts effectively and has been delivered to 83 managers with more courses to follow.</p> <p>We are also supporting the development of collaborative relationships with providers, for example by developing a commissioning toolkit specifically for local arts and culture organisations to help them engage effectively in commissioning activities.</p> <p>Through KCC's consultation on its Strategic Statement a provider feedback survey has been agreed and will be a key mechanism for understanding whether we are successful in making progress against this recommendation.</p> <p>A key part of the VCS policy is to review how we provide infrastructure support to the sector and how this can help to build collaborative relationships in the future.</p>	

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
R 5. Extend the Kent Compact or similar agreement to include private sector providers working with the VCSE organisations.	Whilst we are sympathetic to the points raised in relation to sub-contracting we do not believe that the Compact is the right mechanism for managing how the private sector works with the VCSE in potential sub-contracting arrangements. This should be achieved through the development of good contracts and through the management of the supply chain, ensuring that all providers are treated fairly and equally, as stated in R4.	Ongoing	<ul style="list-style-type: none"> • Commissioning • Procurement 	N/A see R4	
R 6. Invest time defining the desired outcomes and measures (quantitative and qualitative), ensuring these are user and communities focused and evaluate impacts (not outputs), using Co-production of outcomes and measures where appropriate.	We absolutely agree that defining outcomes is critical for specifying and securing the right services. This should be based on a blend of quantitative and qualitative measures and we recognise the need to improve our evaluation with regards to qualitative analysis. We also support that wherever possible outcome measures should be co-produced. The development of a Strategic outcomes framework will provide the foundation for aligning commissioning objectives of clients and services to	On going	<ul style="list-style-type: none"> • Commissioning • Policy 	The outcomes defined in KCC's new strategic statement were informed by both public and staff consultation and reflect the priorities of the residents of Kent. They provide a 'golden thread' which will run through all our plans and strategies including our commissioning activity. This will enable us to report annually on our progress and the impact our activity is having on the lives of our residents and our communities. We recognise that moving to an outcome	Ongoing

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
	<p>the strategic outcomes KCC wants to achieve as a county at a population level.</p> <p>The strategic outcomes framework will be informed by public consultation. The new commissioning framework will also set out how we will ensure that each contract established by KCC links directly to the new outcomes framework.</p>			<p>based approach will require us to have a stronger focus on evaluation and we recognise that this is something we must improve upon.</p> <p>Our strategic statement has been informed by consultation with residents and staff and significant changes were made to the document in response to this engagement. The document has been widely welcomed in its simplicity and that this approach enables greater accountability.</p> <p>We are already starting to see that our strategic outcomes are referenced within our commissioning with the document being opened 4500 times by staff on our website.</p> <p>A recent Commissioning Network meeting for commissioners was dedicated to exploring how we can be focusing more on these outcomes in our</p>	

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
				commissioning activity.	
R 7. Improve how we join up commissioning across the authority. There is a need for better collaboration and partnership building across silos and with providers.	The strategic commissioning plan and outcomes framework will span client groups and define outcomes which will drive commissioning and service activity, encouraging collaboration across the council. The county wide commissioning framework will ensure that there is consistency in the way we commission and will set out how we will commission with partners. We recognise that better engagement with partners provides opportunities to identify innovative models of service delivery and we are moving towards closer joint commissioning arrangements with colleagues in Health in this way. We also expect commissioners to engage with providers who very often have innovative ideas about how to deliver services which are not focused on organisational boundaries.	April 2015 and ongoing	<ul style="list-style-type: none"> • Policy • Commissioning 	<p>Whilst we have delivered the commissioning framework and set out our strategic outcomes for the authority which we believe will help us to look for opportunities for collaboration, we recognise that it will take some time to embed practice across the local authority. We therefore suggest progress should be reviewed routinely.</p> <p>This will be a specific focus of the new Business Intelligence and Development division currently being recruited to.</p>	Ongoing
Engagement and Communication					
R 8. Provide more opportunities to co-design and co-produce services	The development of a KCC commissioning framework will set out the principles		<ul style="list-style-type: none"> • Commissioning 	The commissioning framework sets out our commitment to	Ongoing

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where appropriate, to capture the value of what organisations are already doing, and ideas to innovate.	underpinning our commissioning including our commitment to involving residents in the co-production of services and monitoring the effectiveness of commissioned services. There will be an expectation that operational commissioners will work alongside customers and organisations to ensure that we are clear on the outcomes we are seeking to effect through our services and that we build upon best practice.			community engagement and co-production within all our commissioning, although the best way of achieving this should be the decision of the commissioning manager or officer. Our commissioning toolkit also provides examples of best practice and guidance on how to engage our customers. However it will take some time for practice to be embedded consistently across all areas of KCC and therefore it is suggested that this is routinely reviewed.	
R 9. Need to ensure that specifications are 'fit for purpose' and reflect market engagement, identify level of need and desired outcomes, allow innovation and flexibility, leading to better contracts.	We agree that service specifications are a critical product to driving effective commissioning. We acknowledge that we must get better at designing them and at how we arrive at our specifications, engaging providers and service users. However our specifications must also be proportionate and flexible to ensure that we do not limit the innovation of providers. Our commissioning framework will recognise this balance but there will always need	Autumn 2014	<ul style="list-style-type: none"> Commissioning 	The commissioning toolkit provides best practice examples and templates for service specifications and our commission framework clearly sets out our core standards. Market engagement activity is improving, for example Public Health and Waste Management both recently held market engagement events which received very positive responses from local providers. However we recognise that our pre- market engagement	Ongoing

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	to be an element of judgement made by the commissioner to ensure that we get the right specifications and better contracts as a result.			could still be improved to ensure that our specifications are robust and reflect real need. We therefore suggest that this is routinely reviewed to ensure progress.	
R 10. Actively consider how service users and stakeholders can have greater input and influence in the specification, and service users in the evaluation of tenders.	There are already examples where KCC has successfully involved service users and stakeholders in the development of specifications and we strongly support this approach wherever possible. Our commissioning framework will place great importance on the analyse and review stages of the commissioning cycle and our approach to commissioning will be underpinned by the principles of co-production and service user engagement throughout the cycle. It will be the responsibility of operational commissioners to ensure that there are opportunities for input and influence in the specification wherever appropriate and this should be built into the commissioning timetable.	On going	<ul style="list-style-type: none"> • Commissioning 	As set out under R8 service user and stakeholder engagement is a core part of our commissioning framework and whilst there are already good examples across the authority, provided in our commissioning toolkit this must continue to be embedded consistently across the authority.	Ongoing

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
	There will be an expectation that commissioner will be able to evidence service users and customer input into the design of the commissioning specification wherever appropriate.				
R 11. Ensure appropriate and timely communication throughout the market engagement and tendering processes – about timeliness, communicating reasons for changes, levels of awareness.	We strongly support the principle of engaging early with the VCSE and private sector to inform our commissioning plans and specifications. This will enable commissioners to understand what the sector can provide and will ensure that they are well informed of our commissioning intention. This is vital to the delivery of innovative services based on quality specifications.	On going	<ul style="list-style-type: none"> • Commissioning • Procurement 	<p>KCC's commissioning framework commits to timely engagement with the market however in practice we believe we can build on the already existing good practice of all major and many minor procurements involving early market engagement this is an area where we need to continue to improve and standardise our practice across the authority. This is also featured in the new Public contracts regulations which encourage pre market engagement. We believe that this should be routinely reviewed as we progress our commissioning approach across the authority.</p> <p>All 2015/16 business plans contain a timeline of commissioning intentions for each Directorate and these will</p>	Ongoing

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				be published online to provide visibility of KCC's commissioning intentions, thereby giving providers as much notice as possible of potential procurement exercises.	
R 12. Promote contracting opportunities to VCSE and SMEs and Better or enhanced promotion of the Kent Business Portal to increase awareness (including with small and micro enterprises), and for the Portal to be more easily navigable.	The effectiveness of the portal should be considered within the phase review of procurement to ensure that the portal is responsive and easily accessible.	Starting Summer 2014	<ul style="list-style-type: none"> Transformation Team Procurement 	The Kent Business Portal is promoted by both KCC and the other Kent partners . KCC Procurement have presented at 2020, Construction Expo, Sector Training and Mentoring Programme (STAMP) for VCS organisations. And many other meetings across Kent.	Ongoing
R 13. Extend the use of the portal to enable other local Authorities to promote contract and subcontracting opportunities, broadening potential access for VCSE and SMEs.	Procurement will explore the possibility for the portal to be used by other local authorities outside of the County.	Ongoing	<ul style="list-style-type: none"> Procurement 	As stated by Procurement the portal is Kent focused and therefore we do not intend to expand the portal out of the County. The Portal is now actively being used by 9 District Councils, Medway, Fire and Rescue, some schools and some Parish Councils. We are also having sub-contract opportunities posted (this needs to increase) Additionally we now have suppliers seeking partners through the	

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				portal (mainly VCS).	
Procurement process					
<p>R14. Strengthen our processes to access and utilize knowledge of Commissioners and potential providers – KCC should consider within the current Tendering process and complying with procurement law how KCC can strengthen our understanding of the local knowledge and experience of organisations, for example by incorporating:</p> <ul style="list-style-type: none"> - visits to existing services of potential providers - reflecting knowledge of past performance/experience of working with a provider, both good and not so good. 	<p>KCC’s commissioning framework will set out our required standards and principles throughout the commissioning cycle and will place equal importance on the review element of the cycle. Commissioners will be expected to review the performance and effectiveness of commissioned services and use this intelligence to inform re-commissioning of services and future service specifications. This should also include using the experience of other local authorities where providers have already undertaken similar services on their behalf.</p>	<p>Ongoing from Autumn 14</p>	<ul style="list-style-type: none"> • Procurement • Commissioning 	<p>KCC’s commissioning framework sets out our required standards and principles throughout each stage of the commissioning cycle and we continue to review progress. There are examples of good practice where pre-market engagement is being used to understand the impact of potential commissioning choices for example in Adult Transformation phase 2 and Learning Disability Residential providers.</p> <p>Spending the Councils Money (the rules that must be followed when purchasing goods and services for The Council) have been simplified and will be published on the external web site in the next few weeks</p>	<p>Ongoing</p>
<p>R 15. Simplify and standardise procurement processes further to remove or minimise procurement process barriers by:</p> <ul style="list-style-type: none"> - introducing reduced and less onerous requirements for low value contracts 	<p>We agree with the principles set out and will look at how these issues will be addressed and the viability within the Phase 2 review of procurement.</p>	<p>Ongoing from summer 14</p>	<ul style="list-style-type: none"> • Procurement • Transformation Team 	<p>Under the new EU regulations the PQQ stage has been abolished for all contracts below the EU threshold. However KCC have already adopted a risk based approach to procurement, only requiring</p>	<p>Ongoing</p>

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<p>(e.g. financial evidence – self certification/documentation for low risk/low value followed by a more detailed analysis if proceed to award stage, proportionate pre papers or discontinuing PQQ where appropriate)</p> <ul style="list-style-type: none"> - simplifying and standardising the core and online PQQ, retaining the flexibility to add additional questions for more complex service areas - better co-ordination of Commissioning and co-ordinating the diary of tenders across KCC where possible and introducing a plan of tenders - giving earlier notice of intention to put contract out to tender and more time for the completion and submission of tenders. 				<p>appropriate financial evidence if at all subject to risk.</p> <p>We have been leaders in local government in using the Dynamic Purchasing System (DPS) and the new</p> <p>The new EU regulations allow for a much more light touch regime for previously Part B services with a higher threshold of EUR 750,000. Whilst the details of the UK’s light touch regime is not yet fully known this does provide an opportunity to carry out a far less onerous process for those services which come under the banner of ‘social services’.</p> <p>Furthermore there is also scope to reserve contracts for services under the light touch regime (social services) to mutual and social enterprises including some VCS organisations and carrying out a light touch regime in this this respect.</p> <p>It is therefore recommended that we review progress once the new regulations are fully</p>	

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R 16. Promote opportunities to VCSE and SMEs through publication of lower value contracts (i.e. £5K) and greater transparency regarding low value contracts that are available.	Whilst we understand the principle and reason for lower value contracts, Spending the Councils Money already allows officers to purchase or contract services under £8k without 3 quotes and without the need for a disproportionately resource intensive process. However we agree that this should be done in a transparent manner; procurement should ensure that they hold the intelligence on a range of VCSE and SME provider and can offer advice on who can provide these lower value services. They should also ensure that lower value contracts over £5k are reported.	On going	<ul style="list-style-type: none"> • Procurement 	embedded. As stated officers already have the ability to purchase or contract services under £8K without 3 quotes and procurement have provided updated guidance since the introduction of the new public contracts regulations. Contracts are recorded on the Kent Business portal.	Delivered
R 17. Reflect Social Value sufficiently in our procurement decisions – need to actively consider how much of each procurement decision should be assigned to Social Value, and not only between price and quality.	KCC is committed to considering social value within our commissioning however there are limitations to the Social Value Act which must be acknowledged. The Act only applies to public services above the relevant monetary thresholds in the Public Contracts Regulations (2006) whether they fall under Part A or B of those	Ongoing	<ul style="list-style-type: none"> • Commissioning • Procurement 	Whilst we have made much progress on social value embedding it within our commissioning framework and consistently across our strategies and policies such as our Strategic Statement and VCS policy, we recognise that this is an area which will continue to evolve. The measurement of social value and return of	Ongoing

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
	<p>regulations, this is £173,934. However we will ensure that social value is considered in all commissioning exercises where it is relevant to the service being commissioned, irrelevant of contract value, to ensure that community benefits are maximised. It is therefore for operational commissioners to determine how they will recognise social value where appropriate and evidence it on a case by case basis during the pre-procurement process. We will expect all commissioning specifications, where appropriate to evidence how social value has been considered and what is being recommended in the specification with regards to social value. This must be relevant to what is proposed to be procured.</p> <p>A social value toolkit is being developed by operational commissioners which will offer guidance to commissioners about how social value can be considered and evidenced</p>			<p>investment is being developed nationally and we will continue to develop our approach locally, although this must be done through our commissioners on a case by case basis and alongside the VCS in particular. Furthermore through robust pre market engagement we can define social value relevant to the service in question.</p> <p>An operational commissioner's toolkit has not been developed however KCC's commissioning toolkit gives guidance on how social value can be factored into procurement processes. We will continue to review if anything else is required over and above this.</p>	

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
	within the procurement process. This will need to be clear and transparent so that all potential providers, regardless of the sector can demonstrate their added value.				
Support to develop the market and build capacity					
R 18. Actively consider how best to support the development of the market and build capacity, particularly how best to provide support to VCSE and to SMEs.	KCC is committed to supporting the growth of SME's and the VCS and values the vital role they play in Kent. However we also recognise that the local authority must act within procurement law. Adult social care's recent purchase of a short term (18 month) market development service to support the VCS is welcomed. However it is important that we consider the support needs right across the VCS, therefore we will be reviewing our support to the sector as part of the development of our VCS Policy. This will require us to review the existing infrastructure support which is funded through KCC and how this can best meet the future needs of the VCS sector.	Winter 2014	<ul style="list-style-type: none"> • Policy • Commissioning 	KCC is currently consulting the VCS on its Voluntary and Community Sector Policy, which includes setting out our future relationship and engagement with the sector and a review of support provided to the sector. This is defined both in terms of support to the wider VCS and those parts of the sector that deliver services on behalf of KCC and in this sense KCC's role in developing the market. Adult social care and public health have funded for the past 18 months a time limited programme of market development support to the VCS sector which is intended to support the sector within a commissioning authority model and to effectively engage in procurement. The	Ongoing

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
				evaluation of this programme will be used to inform future market development support and the VCS policy will define the principles which will underpin our future offer of support.	
Contracts and grants					
R 19. Break down larger contracts into smaller lots, wherever practical.	Whilst it is right that commissioners consider the most appropriate process for securing the best outcomes and best value for residents it will not always be appropriate or cost effective to break contracts down into smaller lots. In some cases a grant arrangement may be more appropriate for small scale niche services and the development of our VCS Policy will help to set standards around the use of grants and contracts with the VCS.	Autumn 2014	<ul style="list-style-type: none"> • Policy • Procurement 	<p>The new Public Contracts Regulations do encourage contracting authorities to break contracts into lots to facilitate SME participation. However, whilst the flexibility of breaking contracts down into lots is welcomed and KCC has been actively doing this where appropriate, our approach to lots needs to be without bias and carefully considered on a case by case basis so as to avoid perverse consequences for example destabilising geographical coverage of services.</p> <p>In recognition that in some cases a grant arrangement may be more suitable, the VCS policy is currently out for consultation and sets out</p>	Ongoing

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
				a grant framework which will underpin all our future grant funding. This will provide consistency in our approach and ensure our grant funding is transparent. The Policy will be agreed by early Autumn 15.	
R 20. Requirement for prompt payment terms all the way down our procurement supply chain continues to be built into contracts; and improve monitoring of this requirement to ensure compliance.	KCC now has a target for paying contractors in 14 days which has been delivered within 90% of contracts. We recognise that there is always room for improvement and the importance of prompt payment in particular for SME's and VCS organisations who have limited access to credit. We will therefore, through our procurement department put in place plans to ensure that delivery upon this target continues to improve.	On going	<ul style="list-style-type: none"> Procurement 	Prompt payment of sub-contractors is being incorporated into all of our new contracts and is a requirement of The Public Contracts Regulations 2015. Good contract management is required to ensure that the agreement is complied with.	
R 21. Recognise there is a clear role for 'smart' grants that are innovative, and outcome based. Need to ensure that their use is transparent and are time and task specific, and monitored /evaluated for success.	KCC recognises the value of grant funding in supporting the vital role of the VCS in Kent. We are developing a VCS policy which will set out principles and standards around our engagement with the sector, including setting out standards around the appropriate	Autumn 14	<ul style="list-style-type: none"> Policy Commissioning 	As set out under R19 KCC's VCS policy sets out our commitment to grants and establishes a grant funding framework and criteria for all future grants. This will enable a consistent approach to grants and ensure that all grant funding is transparent. This is	Ongoing

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	<p>use of grants and contracts. By having a standardised approach to grants and a transparent process in place we will be able to monitor the impact of our funding and provide clarity to the sector about the use of grants. It will be for commissioners to ensure that they are operating in accordance to these principles and that we are using the most effective and appropriate funding mechanism for each of our services.</p>			<p>currently out for consultation with the sector. An annual assurance report will be taken by Corporate Policy to Cabinet to ensure that all our grant funding awarded by Commissioners, is linked to our strategic outcomes and upholds the principles within the policy.</p>	
<p>R 22. Improve the capabilities to performance manage contracts; and ensure the capacity to monitor and evaluate performance and support improvement when appropriate.</p>	<p>The management of contracts is integral to the success of a commissioning authority and we already have examples of good practice within the local authority, for example Highways. However we recognise that this is an area where we need to strengthen our skill se. It is essential that the contracts put in place are of a high quality and enable the authority to act when standards are not being met or to improve performance when needed through the close monitoring of contract delivery.</p>	<p>On going</p>	<ul style="list-style-type: none"> • Commissioning • Procurement 	<p>An e-learning module on commissioning and contract management has been developed and is now available for all staff, which highlights the importance of effective relationships between KCC and its providers. In addition an in-depth contract management training programme has been developed for all contract managers, to develop skills in commercial acumen, developing effective relationships, and managing contracts effectively.</p> <p>Furthermore the</p>	<p>Delivered</p>

Select Committee Recommendation	Proposed Actions	Timescales	Responsible owner	Progress to date	Status
				Business plans for 15/16 provide information on whether services are provided in-house or contracted out. This information has enabled Members to call in services to Committee and look at the contractual arrangements and management.	
R 23. Stipulate that all contracts have clearly scheduled performance reviews and evaluate outcomes/outcome evaluations – for instance ensure contracts have schedule of reviews.	KCC agrees that the review function is vital; effective commissioning authorities use their data analysis information and expertise to test and question the effectiveness of services at regular intervals. This can lead to ‘fine tuning’ or even major changes to specifications before re-commissioning, to learn from what has worked and not worked. It is also recognised that we need to focus our contract management and evaluation on outcomes rather than outputs and this is something we will take forward.	On going	<ul style="list-style-type: none"> Commissioning 	Procurement have developed a Contract Management Guide and an Operations Manual Template which should be jointly completed by the Procurement Lead and the Contract Manager with the details of review meetings and methodology for ensuring compliance to contracts.	
R 24. Complete the Contracts register to include all contracts over 50k – and include details of the named contract manager, and Lead	We agree with this recommendation and will take this forward as a matter of urgency. The Local Authorities (Data Transparency code) will	Early 2015	<ul style="list-style-type: none"> Procurement 	KCC intend to maintain a list of all contracts over £50k on the Contract Register, moving forward suppliers when registering on the portal	Ongoing

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Director	become mandated when regulations under section 3 of the Local Government, Planning and Land Act 1980 come into force. This will require the local authority to publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. This will need to include a range of information including details of the goods or services being provided and the department responsible and whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation. Procurement will be putting in place plans to ensure that this information is collected and made available.			will be able to confirm whether they are an SME or a VCS organisation, currently we report SME and VCS spend by analysing our spend data on an annual basis. Given the size and scale of KCC business, assessment of the cost-benefit of compliance under the Transparency code in relation to contracts (spending) over £5K is underway. This will be considered by Corporate Directors in due course.	
R 25. Manage internally provided Services with as much rigour for outcomes, and performance management as other providers.	As set out in our Whole Council Transformation paper in 2013, KCC as a commissioning authority must have a strong understanding of the outcomes it wants to achieve and the capability of providers including in-	On going	<ul style="list-style-type: none"> • Commissioning • Performance and Risk 	The County Council approved Commissioning Framework makes clear that we expect internal services to be managed with as much rigour as external services. Different parts of KCC currently have different	Ongoing

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	house to deliver these. In-house providers will therefore have to compete to deliver contract specifications with external suppliers, with no differentiation in the way our contracts are managed between internal and external providers.			ways of doing this and as such a review is currently underway to establish how we can ensure more robust mechanisms for testing the value for money of our internal services.	
Member role					
R 26. Further work is undertaken to the member role and what mechanism would best strengthen member oversight of commissioning, procurement and contract management; and member involvement earlier in the process and pre market engagement; and members are supported through training.	The May 2014 County Council paper accepted that further work on the role of the Member in a commissioning authority was urgently needed, and to that end the Leader has established a cross party Member Working Group on Commissioning, chaired by Eric Hotson, which will examine the key issues raised in this recommendation, and which will report back through Selection and Member Services Committee to County Council. The Group will also consider the appropriate training required for Members in a commissioning authority. It is expected to report its final recommendations before the end of the year.	December 2014	<ul style="list-style-type: none"> • Policy 	Following the Select Committee a cross party working group was established and considered the role of Members in a strategic commissioning authority. This met four times through July to October 2014. This group reported to County Council in October and concluded that Cabinet Committees were not sufficiently developed to be able to undertake an extensive role in commissioning, and therefore recommended that a Commissioning Advisory Board (CAB) be established to undertake this role. Its focus is on allowing non-executive members the opportunity to scrutinise commissioning decisions in depth as early as	Aspects delivered but ongoing

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				<p>possible in the commissioning cycle, with Cabinet Committees focusing on examining contract and performance of contracts. County Council agreed to review CAB at the end of 12 months, in autumn 2015 to determine whether CAB should continue in its current or a revised form or whether alternative arrangements might be more appropriate. This is still the intention.</p> <p>The Directorate Business plans now set out for the first time, which services are delivered in-house, which services are delivered by external providers and when the contracts end. It is hoped that this transparency will provide members with the information they need to request reports through relevant Cabinet Committees on the performance and evaluation of contracts and scrutinising both commissioners and providers for contract delivery.</p> <p>In a relatively short life span CAB has considered</p>	

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				<p>a number of transformation and commissioning issues including Property LATCO proposal/business case, proposal for a Library Trust and the business case for the back office procurement exercise, to name but a few. However one of the main aims of the group has been to build a stronger and direct working relationship with commissioning officers.</p> <p>A number of bespoke training events and briefings on aspects of the commissioning process have been arranged and will continue to be organised and repeated to support elected Members. Last Autumn over 60 members attended a sessions delivered by INLOGOV on what it could mean for an elected member as the Council moved towards a Commissioning Authority. Other sessions have also been held on procurement, the various models of service delivery and shortly some</p>	

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				<p>sessions on performance management of contracts will be provided. The cross party Member Development Steering Group has recently started a dialogue with officers in Organisation and Development and Democratic Services to determine those skills or aspects of member development an elected Member will need for discharging this role. One of the modules of the Workforce Development Plan for developing a commission ready workforce is a workshop for all Members and Corporate Directors to enable a joint understanding of our ambition to become a strategic commissioning authority.</p>	
Social Value					
<p>R 27. To maximise and give greater recognition to Social Value, incorporate consideration of social value questions in tender evaluation criteria and procurement decisions where possible, and develop a Social Value Charter.</p>	<p><i>Refer to action under recommendation 17.</i></p>	<p>Autumn 2014</p>	<ul style="list-style-type: none"> Commissioning 	<p>See update to R17</p>	