GROWTH ECONOMIC DEVELOPMENT AND COMMUNITIES CABINET COMMITTEE

Tuesday, 19th July, 2016

10.00 am

Darent Room, Sessions House, County Hall, Maidstone

Kent County Council
kent.gov.uk

AGENDA

GROWTH ECONOMIC DEVELOPMENT AND COMMUNITIES CABINET COMMITTEE

Tuesday, 19 July 2016 at 10.00 am
Darent Room, Sessions House, County Hall, Maidstone

Ask for: **Christine Singh**
Telephone: **03000 416687**

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

Membership (13)

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

Webcasting Notice

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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

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

A - Committee Business

A1 Introduction/Webcast announcements

A2 Apologies and Substitutes

To receive apologies for absence and notification of any substitutes present

A3 Declarations of Interest by Members in items on the Agenda

To receive any declarations of interest made by Members in relation to any matter on the agenda. Members are reminded to specify the agenda item number to which it refers and the nature of the interest being declared

A4 Minutes of the meeting held on 17 May 2016 (Pages 7 - 16)

To consider and approve the minutes as a correct record

A5 Verbal updates by Cabinet Members and Corporate Director

To receive verbal updates by the relevant Cabinet Members.

A6 Presentation on Ebbsfleet Garden City

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

None

C - Other items for comment/recommendation to the Leader/Cabinet Member/Cabinet or officers

C1 Local Growth Fund Round 3 and Large Local Major Schemes (Pages 17 - 38)

To receive a report that advises on the Government launch of two new calls for project proposals that will help unlock economic growth in local areas. In the first call, Local Enterprise Partnerships (LEPs) are invited to bid for a share of the third tranche of Local Growth Funding (LGF), worth £1.8 billion across England. In the second call, LEPs are invited to bid for a share of the Large Local Major Schemes funding, worth £475m across England.

C2 East Kent and Kent Downs and Marshes LEADER Programmes (2014-2020) (Pages 39 - 54)

To receive a report that briefly describes how the two programmes were put together by KCC with support from the respective district councils and local organisations since autumn 2014, what the outputs are, and how they will be delivered during the period to 2020.

C3 Impact of the EU Referendum on European Funding (Pages 55 - 68)

To receive a report that highlights the important contribution of EU funding to the delivery of our corporate outcomes since ‘Interreg 1A’ in 1991 and considers the implications of the ‘Brexit’ on our current programmes.

C4 Devolution in Kent and Medway (Pages 69 - 120)

To receive a report that introduces Kent and Medway’s proposals for devolution, sets out how they may be progressed and outlines potential next steps.

C5 Work Programme 2016/17 (Pages 121 - 128)

To receive a report that gives details of the proposed work programme for the Growth, Economic Development and Communities Cabinet Committee.

D - Monitoring of Performance

D1 RGF Programmes and Framework for Monitoring Report (Pages 129 - 144)

This report provides an update on the allocation of funds to companies in the format previously agreed by the Growth, Economic Development and Communities Cabinet Committee.

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)

Peter Sass
Head of Democratic Services
(01622) 694002

Monday, 11 July 2016

Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.

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KENT COUNTY COUNCIL

GROWTH ECONOMIC DEVELOPMENT AND COMMUNITIES CABINET COMMITTEE

MINUTES of a meeting of the Growth Economic Development and Communities Cabinet Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Tuesday, 17 May 2016.

PRESENT: Mr M A Wickham (Chairman), Mr S Holden (Vice-Chairman), Mr M Baldock, Mr D L Brazier, Miss S J Carey, Mr B E Clark, Mrs M E Crabtree (Substitute for Mr A H T Bowles), Mr G Lymer, Mr F McKenna, Mrs E D Rowbotham, Mr C Simkins, Mr B J Sweetland (Substitute for Mr J A Kite, MBE) and Mr R Truelove

ALSO PRESENT: Mr M C Dance and Mr P M Hill, OBE

IN ATTENDANCE: Mr D Smith (Director of Economic Development), Mr R Gill (Economic Policy and Strategy Manager), Mr R Fitzgerald (Performance Manager), Mrs K Stewart (Director of Environment Planning and Enforcement), Mr S Rock (Head of Trading Standards), Ms S Dunn (Head of Skills and Employability), Mr D Hughes (Head of Business Engagement and Economic Development), Ms K Eslea (Head of Learning, Turner Contemporary) and Ms C A Singh (Democratic Services Officer)

UNRESTRICTED ITEMS

152. Apologies and Substitutes
(Item A2)

Apologies for absence were received from Mr Kite, Mr Sweetland attended as substitute and Mr Bowles, Mrs Crabtree attended as substitute.

153. Declarations of Interest by Members in items on the Agenda
(Item A3)

Mr Sweetland and Mr Dance made a declaration of interest on Item C3 as they were Directors of Locate in Kent.

Mr Brazier made a declaration on item A6 as he is an ambassador for Turner Contemporary.

154. Minutes of the meeting held on 3 March 2016
(Item A4)

RESOLVED that the Minutes of the meeting held on 3 March 2016 were correctly recorded and that they be signed by the Chairman.

155. Verbal updates by Cabinet Members
(Item A5)

1. The Cabinet Member for Economic Development Services, Mr Dance and the Cabinet Member for Communities, Mr Hill, gave their verbal updates on issues that had taken place since the last meeting of this Cabinet Committee.

2. Mr Dance spoke on the following:
- The Regional Growth Fund – The March invoices have been despatched to the recipients of the fund and repayment was awaited. The scheme would be review in June and at the same time an assessment would be made of the banks position.
- Mr Dance attended Living Land at the Kent show ground - This scheme was aimed at Primary school children to give them an insight to the rural sector including its jobs and where food comes from.
- He also attended 2020 Vision Live – This event had increase in popularity year on year with over 300 companies taking part. At the event business representatives enjoyed a wide range of inspirational speakers on various topics and were able to network.
- Mr Dance advised that the 2020 Start Up would be held in October 2016 – This was aimed at Entrepreneurs.
- Ebbsfleet Garden City – There was a visit from Brandon Lewis, MP, Housing Minster, and Lord Heseltine who were happy with the progress. There would be seven to eight major developers building by spring next year 1200k per year on going. Mr Dance advised that there was a real drive to develop high quality commercial property around Ebbsfleet Station with a project to erect a multi-storey carpark quarter.

3. Mr Hill advised that Sandgate Library would be run by the Parish Council on KCC's behalf. The hand over took place in April 2016.

4. Mr Hill advised that the final of the Kent School Games would be held on 30 June at the University of Kent, Canterbury. Members of the County Council would receive an invitation to the event nearer the time via email.

5. The Kent cultural celebration event would be held on 18 September 2016 and Members would receive an invitation to the event.

6. In response to a question by a Member Mr Dance confirmed that the necessary infrastructure would be put in place to accommodate the extra housing at Ebbsfleet. He advised that a subgroup had been set up to deal with this specific issue.

7. RESOLVED that the information given in the verbal updates be noted with thanks.

156. PRESENTATION
(Item A6)

1. The Cabinet Member for Community Services, Mr Hill and the Head of Learning and Visitor Experience, Turner Contemporary, Ms Karen Eslea, were invited by the Chairman to give their presentation.

2. Mr Hill referred to the “Rough Guide” handout on Margate, that had been tabled, that had appeared on the website headed “How Margate got cool”. He introduced Ms Eslea to Members and then gave a presentation using overheads on the vision and inception of the Turner Contemporary which opened in April 2011 to the present day.

3. Ms Eslea set out the galleries achievements in the five years that it had been open. The gallery did not have a permanent collection but had forged partnerships that allowed it to change the exhibits every three or four months. Before the gallery opened work had been undertaken to gain an audience. There had been world class exhibits by artists including works by Joseph Turner, Leonardo Da Vinci, Grayson Perry and Tracey Emin. The Gallery had the honour of welcoming visits by Her Majesty the Queen in 2011 and HRH the Duchess of Cambridge in 2015. The Gallery had been chosen as the venue in April to launch the new £20 note which would feature JMW Turner by the governor of the Bank of England, Mark Carney with director of Turner Contemporary, Victoria Pomery and artist Tracey Emin.

4. Ms Eslea then explained the economic impact that Turner Contemporary had on Margate. There had been to date 1.9 million visits to the gallery and it was predicted that this number would rise to 2 million by June 2016. Members noted that 40% of the visits to Margate came to the gallery. Since Turner Contemporary was opened 72 new businesses had started in Margate. House prices had risen to an average of £204k. Southeastern Trains had advised that over the past three years passenger numbers to Margate had risen by 100k from 220k to 329k.

5. Ms Eslea commented on the social impact advising of the learning programmes that were renowned across the world. Ms Eslea had visited China, Japan and Oslo giving advice on the learning programmes.

6. Members noted the work undertaken on a Schools Programme, an intergenerational programme that looked at inspiring 4 to 10 year olds to become the new leaders for the future by transforming neglected sites in Margate. Parents were also included through their support of their children. A City and Guilds Course was being developed with Canterbury Christ Church University for Parents. There were plans for this work to be shared with the House of Lords.

7. Ms Eslea concluded that Turner Contemporary also had a social return that included civic pride and an inspirational and spiritual space.

8. Mr Hill thanked Ms Eslea for all the work she had undertaken in the five years that she had been in post.

9. Mr Hill concluded that he considered the Gallery an outstanding success and that it had and was making an impact on the future of Margate and was money well spent by all the partners.

10. Mr Hill and Ms Eslea responded to questions by Members as follows:

a) Members thanked Mr Hill and Ms Eslea for their presentation and considered it a great cultural investment.

b) It was suggested that there was a need to show how Turner Contemporary had moved areas of Margate out of deprivation. Mr Hill advised that it would take time and Turner Contemporary could not achieve this on its own. He suggested that with more visitors more money was spent in the town. He was confident that new businesses coming into the area would provide results.

c) A suggestion was made that the increase in house prices would not improve the level of deprivation in Cliftonville and would not help local people but would provide for those people coming into the area. Mr Hill said that house prices were an indication that things were improving in an area. Mr Dance agreed that there had been a lot of bad housing in the area that had mostly gone through failing fire standards. Many of those houses went to auction and KCC had bought and refurbished them and rented them.

d) Ms Eslea explained that she did visit other galleries and although Turner Contemporary was developed through a sense of place, it was ambitious. The gallery was part of the Plus Tate Network, 35 galleries across the country that shared works. Turner Contemporary was a leader in that network.

e) Ms Eslea advised that the artist Tracey Emin was passionate about Turner Contemporary. She had contributed to the gallery both financially and gave her time to speak to local children as part of the Learning programme on changing aspirations.

f) Mr Dance agreed that the private rental sector in Margate had dropped. He advised that the bad housing in the area was being addressed. This included the local authority buying those rundown properties through auction and refurbishing them and then renting them; and through the scheme “No Use Empty” which had turned around four and a half thousand houses in the area of Margate. People who wanted to rent were looking for better housing.

g) Ms Eslea advised that there was a mixture of both contemporary and historical art shown at the gallery. Members noted that the investment research being undertaken with Christchurch, Canterbury would be launched in the Autumn.

h) A comment was made that originally local people were generally against the development of an art gallery in Margate but their opinions had now changed with a high level of local people enjoying the gallery regularly. The area also enjoyed a great deal of employment generated from visitors.

i) A suggestion was made that the social aspect brought to the area through the Turner Contemporary gallery needed to be kept on the radar.

j) Mr Baldock agreed to follow up on his question regarding housing in Margate outside the meeting.

11. RESOLVED that the responses to comments and questions by Members and the information given in the presentation be noted with thanks.

157. Trading Standards - Business Charging Policy
(Item B1)

1. The Cabinet Member for Community Services, Mr Hill, introduced a report that outlined the opportunity to generate income for the provision of non-statutory advice

to businesses by the Trading Standards Service and sought endorsement of the proposed decision he was due to take to implement the scheme.

2. The Director of Environment Planning and Enforcement, Mrs Stewart, advised that the Trading Standards Service was a vital part of public protection group of services within the Growth and Environment and Transport Directorate. Trading standards did not only enforce but were increasingly providing a preventative model of consumer protection and supported KCC's outcomes around a safer environment, particularly for the Kent community. The proposal for the introduction for charging for advice would further develop a fairer and sustainable service.

3. The Head of Trading Services, Mr Rock, highlighted that the reasons for the Policy for charging to be changed was to create a level playing field and fairer charging policy between those companies that chose to enter into a Primary Authority relationship that where charged for advice and those companies that did not enter into a relationship with Trading Standards that received advice for free.

4. Mrs Stewart and Mr Rock responded to questions as follows:

a) Mr Rock advised that the Primary Authority for the last financial year was around £15k. The business advice provided based on last year would be £35k, if option 3 was agreed that figure would drop to £14k on the basis of providing an hours free advice to businesses over the lifetime of the business to help them develop and grow. Compliance advice provided last year totalled 700 hours; part of which would have been more than just compliance and would include advice to develop that business, whereas now there would be a clear line drawn between dealing with compliance and advice that would be charged thereafter. This would amount to approximately £30k this year.
b) Mr Rock agreed that those figures would be reflected in future reports to the Cabinet Committee.
c) Mr Rock advised that Trading Standards conducted a survey in July of 2015 businesses of all sizes. 50% of those businesses were willing to pay for business advice. The rate surveyed was lower than £70 per hour, at £35 per hour. He reminded Members that the first hour of advice was free but there was also the option for signposting free advice to good online facilities including Business Companion. One Trading Standards Officers post could be covered for £50k. The money received from the cost recovery of business advice would be returned to the service to ensure they could continue to provide support to other parts of the service including protecting the most vulnerable.
d) A comment was made that the website page for Trading Standards was clear and good for businesses
e) A request was made for the geographic split of where the services were being used to be included in future progress reports to this Cabinet Committee so that consideration could be given to where resources should be focused.
f) Mr Rock clarified that there were 5.6 FTEs officers working in Business Advice Services Team with 30 staff overall that could provide additional support to the team.

5. RESOLVED that:-

(a) the responses to comments and questions by Members be noted; and

(b) the Cabinet Committee endorsed the decision to be taken by the Cabinet Member for Community Services on the proposed decision to:

i. agree the introduction of a charging policy for the provision of advice to businesses by the Trading Standards team.

ii. agree a charging policy in line with option 3; the first hour free for tailored advice to a maximum of one hour (for the lifetime of the business) and £70 per hour thereafter.

iii. agree that the service will provide fully chargeable advice to businesses located outside of the County of Kent

iv. Further explore opportunities to work collaboratively with other authorities and to delegate the decision to undertake such arrangements where appropriate to the Head of Trading Services in consultation with the Cabinet Member for Community Services

158. Thames Estuary 2050 Growth Commission
(Item C1)

1. The Economic Strategy and Policy Manager, Mr Gill, introduced a report that sets out the role of the Commission and introduced the initial views expressed by Kent County Council. He highlighted the following:

- The Commission was at an early stage and the Terms of Reference had not been settled.
- The aim of the Commission was to have a 30 year view of planning and economic development.
- The Commission's membership would include the Secretary of State for Communities and Local Government and the Minster for the Thames Gateway, a number of prominent experts in planning and development. A full list would be forwarded to Members when available.
- The Leader asked for the County Council's views to be sent in early. The County Council response focus included (i) solutions to the infrastructure funding gap identified in the Growth and Infrastructure Framework; and (ii) emphasised the wider infrastructure investment required for projects such as the Lower Thames Crossing and the impact on the A2, Dover.

2. Mr Gill responded to questions by Members as follows:

a) Mr Truelove made the following points:
- This was a significant report that required Kent wide political input.
- KCC Members views were not sort before the response was produced and submitted.
- The bullet points made in the report and considered that the infrastructure deficit was crucial.
- Economic polarization was critical.

- This was an excellent response and KCC needed to continue to influence what happened in the future.
  Mr Dance thanked Mr Truelove for his comments and advised that this was the opening stage and Members were being asked for their ideas.

b) Mr Baldock raised the following points regarding the accuracy of the report:
   - Referring to paragraph 1.1 - Need to ensure that there is no confusion between Thames Gateway and Thames Estuary in the text.
   - Referring to paragraph 1.3 – The areas covered were wider than previously consider
   - Referring to paragraph 2.2 – This bullet point was welcomed. Referring to page 37 – He considered that the Science Park was not as prominent as it was six months ago due to the change of ownership. The potential for housing at Rushenden should read "1200". He accepted that the figures were continually adjusted.
   - Referring to page 41 – The A2 was indicated to be outside the boundary He considered that for consistency this should read "that it should be inside the boundary of focus". With regard to the second bullet point he had concerns that KCC was perpetuating that journey times were greatly improved for much of North Kent. He considered that this was not true for those living outside the main station. Those that were off the High Speed 1 North coast were having extended journey times. This needed to be reflected.
   - Referring to page 47, paragraph 2.2.3 – This was hugely important as Lower Thames Crossing is indicated to go to the A2/M2 with no guaranteed progress of the traffic from the A2/M2 corridor onto the M20/A20 corridor.
   - Referring to page 51, paragraph 2.3.15 – He considered that if the full potential of the new project, KCC needed to look at the whole of North Kent. He suggested that Swale Borough Council's Local Plan reflected the next 20 years incorporating the opportunities for investment in Brenley Corner on the A2.

c) Mr Sweetland made the following points:
   - Referring to page 46, paragraph 2.2.1, he questioned and sought clarification on the wording *"the Government's strongly supports for a Lower Thames Crossing to the east of Gravesend",* saying that he understood that the government had not made a decision.
   - Mr Gill advised that the way the wording was phrase in the report was short hand for the fact that that was the only option the government consulted on rather than any formal decision on the consultation being made yet by the government.
   - Mr Sweetland stressed that he considered that the author of the report was wrong to word the report in this manner.
   - Mr Gill reiterated that this was not his decision but rested with the Leader of the County Council and others. He considered that the report aimed to set out information on housing numbers etc, but agreed that there was information within the report that was inaccurate as highlighted by Mr Baldock. The aim was to set out a broad pitch for KCC's requirements of the Growth Commission as it starts work.

- Mr Sweetland formally asked that the Minutes reflected that information in the report was factually incorrect.
- Mr Clark commented on his surprise that the links to Maidstone were not a core part of the report, especially regarding Bluebell hill, A229 and Sittingbourne Road, A249. He considered that there would be a migration of people to and from Maidstone. With economic growth going west to east he found it astounding that Maidstone was not mentioned Mr Gill advised that there was no boundary.
- Mr Gill explained that Mr Clark's comments reflected the big challenges in the Strategic Planning Zones. KCC had set out what this meant for the area set out by the Commission for Kent, but it was difficult to where you draw the boundary when focusing on the area that the Commission is focusing on. Mr Clark made a request that this be considered in future discussions.
- Mr Brazier spoke for the small local communities that were concerned that there would be pressures on their rural areas for leisure etc and housing. He was concerned that there was no acknowledgement of the concept of the Thames Gateway. This needed to be planned for.

3. RESOLVED that:-

(a) the comment and responses to questions by Members are noted; and

(b) subject to the corrections highlighted by Members being made the initial response to the Thames Estuary 2050 Growth Commission be noted.

159. Skills Commission: Progress report and the potential for devolution
(Item C2)

1. The Economic Strategy and Policy Manager, Mr Gill, and the Head of Skills and Employability, Ms Dunn introduced a report that was requested on a regular basis to provide an overview of progress since the Kent and Medway Skills Commission was established. Mr Gill advised that the report was in two parts (i) an update on how the targets were met and (ii) a reflection on thoughts for devolution in relation to skills. Ms Dunn advised that there were seven sector Guilds set up. A briefing on; what the Guilds had achieved to date and a series of actions, would be held on 28 June 2016.

2. Ms Dunn advised that Guilds for the Financial and Public Service sector were being considered and would be taken to the KMEP for endorsement in the near future.

3. RESOLVED that KCC's response to the Thames Estuary 2050 Growth Commission be noted.

160. Locate in Kent Contract Performance Review
(Item C3)

1. The Cabinet Committee considered a report introduced by the Head of Business and Enterprise, Mr Hughes, that provided a review of the performance of

the inward investment services contract with Locate in Kent for the period April 2014 to March 2016.

2. RESOLVED that the report be noted.

161. Work Programme 2016
(Item C4)

1. The Democratic Services Officer invited Members to suggest any additional topics to be considered at future meetings to the work programme.

2. Members of the Cabinet Committee suggested the following topics:

- Trading Standards – 6 monthly update
- Otterpool Garden City
- Thames Estuary Commission

3. The Chairman sought Members views regarding a trip to be arranged in June to regeneration sites in Margate. A Member commented that setting up visits was costly and were often not well attended. Members agreed to visit Margate in their own time and asked for the visit to be removed from the work programme.

4. RESOLVED that the work programme be agreed, subject to the suggestions by Members, listed above being added to the work programme for consideration.

162. Performance Dashboard
(Item D1)

1. The Business intelligence Manager - Performance, Mr Fitzgerald, introduced the end of year Performance Dashboard report that provided the progress on performance against targets for the Key Performance Indicators (KPIs) included in this year's Directorate Business Plans. He highlighted that generally this was a good picture with only one indicator that was off target that had previously been discussed by Members. He advised that "No Use Empty had more than achieved its target and made a strong contribution to the increase of available housing stock. He referred to the red indictor which was "On line contact to the service" that despite it being a long way off where it should be at the beginning of the year there had been improvement each quarter. He concluded by referring to the "Sports Income" on page 89 advising that he had March data available which showed that it had not reached its target but was very close.

2. Mr Fitzgerald responded to questions by Members as follows:

a) Mr Hill agreed to answer Mr Truelove's questions regarding where the Sports funding came from, in particular football, outside the meeting.
b) Mr Clark considered that there should be robust targets for the Libraries Service for next year. Mr Fitzgerald advised that the targets had been reviewed carefully in the business plan process and the indicator that appeared red would be a tracked indicator as it was expected to follow the trend of the visits and how this can measure to move towards the new service specification.

c) A comment was made that there was a need to understand how people are using libraries with the decline in people visiting the libraries. Mr Hill advised that this was a national picture that the use of the library was in decline and there was a need to look for additional use of the building and make it a better community asset.

3. RESOLVED that the responses to questions by Members and the report be noted.

163. Redesign of the Mobile Library Service
(Item E1)

1. The Cabinet Member, Mr Hill, advised that this was an information report to advise that a decision on the "Redesign of the Mobile Library Service" was taken outside the cycle of meetings. As a result the procedures set out in the Constitution were followed and no objections were received to the decision being taken. The decision was taken and implemented saving time and £12,500.

2. RESOLVED that the Cabinet Committee noted that the decision regarding the Redesign of the Mobile Library Services had been taken in accordance with the process set out in Appendix 4 Part 6 of the Councils Constitution to progress and implement the Redesign of the Mobile Library Service.

From:	Matthew Balfour, Cabinet Member for Environment & Transport Mark Dance, Cabinet Member for Economic Development Barbara Cooper, Corporate Director for Growth, Environment & Transport
To:	Growth, Economic Development & Communities Cabinet Committee – 19 July 2016
Subject:	**Local Growth Fund Round 3 and Large Local Major Schemes**
Decision No:	16/00050
Classification:	Unrestricted
Past Pathway	Environment & Transport Cabinet Committee – 8 July 2016, Cabinet – 18 July 2016
Future pathway	Decision by the Leader of the Council
Electoral Division:	All

Summary:
The Government has launched two new calls for project proposals that will help unlock economic growth in local areas. In the first call, Local Enterprise Partnerships (LEPs) are invited to bid for a share of the third tranche of Local Growth Funding (LGF), worth £1.8 billion across England. In the second call, LEPs are invited to bid for a share of the Large Local Major Schemes funding, worth £475m across England.

Recommendations:

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Leader of the Council on the proposed decision for Kent County Council as attached at Appendix C to:

• Endorse the Local Growth Fund Round 3 (LGF3) and Large Local Major Scheme (LLMS) bid submissions to Government proposed by the Kent & Medway Economic Partnership & the South East Local Enterprise Partnership.

• Act as the accountable body for projects within Kent County Council's geographical boundaries that are selected by the Government to receive LGF3 and LLMS funding.

• Delegate to the Section 151 Officer the authority to sign on KCC's behalf a grant offer letter or equivalent, where this is required to draw down funds following business case approval.

1. Introduction

1\. 1. In July 2014, the Government announced that it planned to invest at least £12 billion nationally to promote growth in local economies through a series of 'Growth Deals' that would operate over six years from 2015/16. This money, known as Local Growth

Funding (LGF), would finance infrastructure and skill schemes that in turn would unlock housing growth and encourage job creation.

1. 2. In the first round of Local Growth Funding (LGF1), £133 million was allocated to schemes in Kent and Medway; and in the second round (LGF2), a further £19.5 million was received. In addition, £22 million was allocated to establish a Skills Capital Fund for distribution across the South East Local Enterprise Partnership (SELEP).

1. 3. In March 2016, the Secretary of State for Communities and Local Government announced the release of a third tranche of Local Growth Funding (LGF3), worth £1.8 billion across England. He also announced a project call, worth £475m nationally, for 'Large Local Major Schemes' (LLMS).

1. 4. The Government has stipulated that LGF3 and LLMS funding will be allocated to Local Enterprise Partnerships[1] (LEPs) through a competitive bidding process. No LEP will be entitled to a particular share of funding, rather funding will be apportioned based on the strength of specific project proposals and their alignment with a wider strategy for economic growth.

2. The Local Growth Fund Round 3 (LGF3)

Eligibility criteria and information issued by the Government

2.1 The Secretary of State for Communities and Local Government issued a letter on 12th April (see appendix A) describing the LGF3 eligibility criteria. In summary, the criteria are:

a) Proposed schemes should increase growth, over and above the impact of the existing Growth Deal. The LEP submission should provide details on what the proposed schemes will deliver in terms of job creation, investment and housing.

b) Strong collaboration between the partnership and the local area must underpin the proposal. This work must be owned by both political and business leaders.

c) Proposed schemes that are aligned with mayoral Combined Authorities (or proposed Combined Authorities) will have an advantage.

d) Proposed schemes should include a greater level of private sector investment than in previous rounds, as well as match funding from other bodies such as universities.

e) Proposed schemes should engage with government's key objectives within the wider local context (such as plans for housing delivery and the area reviews into further education).

f) The delivery of existing Growth Deals will play a part in the Government's consideration of proposals.

[1] Local Enterprise Partnerships (LEPs) are partnerships between local authority and business leaders set up in 2011 by the Department for Business, Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the local area.

Timeline for the submission

2.2 The SELEP submission detailing the proposed LGF3 schemes must be returned to the Government by no later than Thursday 28th July. The Secretary of State intends to announce the final allocations of LGF3 funding around the time of this year's Autumn Statement.

LGF3 schemes endorsed by the Kent and Medway Economic Partnership

2.3 Through the Kent and Medway Economic Partnership (KMEP), which is a federated board of the South East Local Enterprise Partnership (SELEP), information on the LGF3 funding opportunity was distributed to Kent County Council, Medway Council, and 12 District Councils. The local authorities were asked by KMEP to submit business cases for potential LGF3 schemes that would unlock economic growth and reflect the local strategic priorities. 34 business cases were received.

2.4 KMEP met on 14 June 2016 to consider these 34 business cases. The Partnership considered each scheme in relation to four prioritisation attributes. These were:

- a value for money score;
- a match-funding score;
- a deliverability score; and
- a sub-county partnership prioritisation score.

2.5 As a result of the discussion, KMEP recommended the business cases for 21 schemes be developed further and included within SELEP's LGF3 submission to Government. A description of these 21 schemes, plus the ranking KMEP gave to each scheme, can be found in appendix B.

2.6 The total value of these 21 schemes is £75.53m. For context, if the Government had chosen to base the allocations on the population, a proportionate share of the £1.8bn fund would have resulted in roughly £140m for the South East LEP, with circa £60m for Kent and Medway.

3. Large Local Major Schemes (LLMS)

3.1 The Large Local Major Schemes (LLMS) fund is intended to support transport schemes which are too large to receive LGF3. The Department for Transport (DfT) guidance sets out that schemes within the SELEP area need to exceed the minimum funding threshold of £75 million.

3.2 LLMS funding (like LGF3) will be allocated via LEPs, and will be based on a competitive process. As the LLMS fund itself is only £475 million nationally, only a limited number of schemes will be funded.

3.3 To bid for LLMS, LEPs are required to submit large scale transport business cases to the DfT, which are compliant with the Department's business case development methodology (known as WebTAG).

3.4 The DfT recognises that there are very few large scale projects with a WebTAG-compliant business case already developed, due to the high cost of undertaking this type of project development work. The DfT is therefore allocating some of the £475m to support LEPs in developing new WebTAG-compliant business cases (known as LLMS development funding).

3.5 To secure LLMS development funding, bids should have some match funding, have a strong strategic case and must demonstrate that the scheme cannot be funded through LGF3.

3.6 Where the LLMS development fund is made available to support the development of a new WebTAG-compliant business case, there is no guarantee that these projects will be subsequently granted capital funding for project delivery and implementation.

Large Local Major Scheme endorsed by the Kent and Medway Economic Partnership

3.7 KMEP received a report at its meeting on 14 June which explained that no Large Local Major Schemes are sufficiently developed to submit a WebTAG-compliant business case to the Government by its deadline of 2t July.

3.8 A presentation was given to KMEP identifying potential schemes which would benefit from LLMS development funding. Of the schemes proposed, KMEP recommended that SELEP submit a bid to Government for LLMS development funding to finance the production of a WebTAG-compliant business case for improvements to Junction 7 on the M2, which is known locally as Brenley Corner.

3.9 Junction 7 of the M2 is located on the strategic European transport route of the A2/M2 that runs from the Port of Dover through to the Midlands and the North of England, via the Dartford Crossing. People, wishing to travel to Canterbury and Dover via the A2, are currently compelled to use the slip road from the M2 to the Brenley Corner roundabout before joining the A2. This current configuration of the junction creates peak hour congestion on a regular occurrence, as traffic on the strategic Highways England road network mixes with traffic on the local road network.

3.10 This scheme, which was endorsed by KMEP, fits both the strategic SELEP-wide objective to support bifurcation and a new strategic route from the Port of Dover to the proposed new Lower Thames Crossing, as well as the local objective of supporting growth in Swale, Canterbury and wider East Kent.

4. Financial & Legal Implications of LGF3 and LLMS

4.1 The LEP Assurance Framework[2] issued by the Government in 2014 defines the governance arrangements that must exist between a LEP and a local authority. It states that Local Growth Funds, allocated to a LEP, will be paid via a Section 31 grant determination to a lead local authority (called the accountable body). The framework says “the LEP has a vital leadership role to play, responsible for developing and maintaining the Strategic Economic Plan and determining the key funding priorities to which LGF and other resources should be directed”, but the accountable body will retain the legal and financial responsibility for ensuring the proper use and administration of the funding in accordance with the grant funding letter/agreement.

5. **Recommendations**

[2] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/386642/bis-14-1241-local-enterprise-partnership-LEP-national-assurance-framework.pdf

5.1 The Cabinet Committee is asked to consider and endorse, or make recommendations to the Leader of the Council on the proposed decision for Kent County Council as attached at Appendix C to:

- Endorse the Local Growth Fund Round 3 (LGF3) and Large Local Major Scheme (LLMS) bid submissions to Government proposed by the Kent & Medway Economic Partnership & the South East Local Enterprise Partnership.

- Act as the accountable body for projects within Kent County Council's geographical boundaries that are selected by the Government to receive LGF3 and LLMS funding.

- Delegate to the Section 151 Officer the authority to sign on KCC's behalf a grant offer letter or equivalent, where this is required to draw down funds following business case approval.

6. Appendices

- Appendix A: Secretary of State's letter of 12th April describing the LGF3 funding opportunity
- Appendix B: Description of KMEP-endorsed LGF3 bids
- Appendix C: Proposed Record of Decision

7. Contact details

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Department for Communities and Local Government

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Chris Brodie
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Room D208
Essex County Council
County Hall
Chelmsford
CM1 ILX

12 April 2016

Dear Chris

Competing for Growth – Further Growth Deals

Across the country, Local Enterprise Partnerships have used the existing Growth Deals to build stronger local economies. Every new job created as a result of a Growth Deal makes someone's life better: there's little more important work than this.

I am delighted, therefore, to invite proposals for the **next round of Growth Deals**.

We are looking for even more ambition in this round: the competition is open to every LEP, but no area is entitled to a particular share of funding. We'll make the awards on the basis of the merits of the cases you make, in light of the criteria I outline below. The stronger your proposal, the greater your chance of success - it's that simple.

Here are the criteria we will use in our review:

- You should explain how new funding will help to increase growth in your area, over and above the impact of your existing Growth Deal. What barriers (in transport, skills, housing supply, for example) could be overcome by new investment? **Propose a specific figure** for funding, and describe the purpose to which it would be put. (The e-mail you received from Louise Morgan, the BIS Local Deputy Director for London & East, made clear the funding for which everyone is competing). As in previous rounds, I will look for you to provide details on what your proposals will deliver in terms of job creation, investment and housing, as well as what will be required to achieve this in terms of cost and capacity.

- **Strong collaboration between your partnership and the local area** must underpin your proposal. This work must be owned by both political and business leaders in your area.

- The need for **stronger, reformed governance structures** implies that proposals that are aligned with mayoral Combined Authorities (or proposed Combined Authorities) will have an advantage. You would do well to outline the positive role your partnership is taking in strengthening local governance.

- As your Partnership will be more engaged with local business now than was the case in 2014, your proposal should include **a greater level of private sector investment** than in previous rounds, as well as match funding from other bodies such as universities. My expectation is that LEPs will have SME representation on their Board and I would like to see a proposition on how you will implement this in your proposal.

- Your strategy should **engage with government's key objectives within the wider local context** (such as plans for housing delivery and the area reviews into further education).

- And, of course, the **delivery of existing Growth Deals** will play a part in my consideration of proposals. We expect your proposals to set out the systems in place to ensure value for money and proper use of public money.

Your proposal will also be seen in the context of your bid, should you make one, for Local Transport Majors funding. Local Transport Majors funding allows several areas to fund transport projects beyond that which individual Local Enterprise Partnerships have previously delivered. Ministerial colleagues in the Department for Transport will write to you shortly to explain how that funding will be awarded.

Your new Growth Deal proposal should be submitted by summer recess, and my officials will contact you in due course regarding your challenge session. I intend to announce the winners of this competition around the time of this year's Autumn Statement. BIS Local teams are ready to support you in preparing your proposals — make good use of them.

To support this round of funding, I was pleased to announce continued core funding for LEPs into 2017-18, to enable you to plan for the future with confidence. We will provide further guidance on this in due course.

I hope you share my excitement about this new round of Growth Deals, and look forward to reading your proposals.

Greg Clark

Rt Hon Greg Clark MP

CC. Adam Bryan, Executive Director South East LEP

Appendix B

Scheme priority	Proposed scheme seeking LGF3 funding	Local Authority	LGF3 ask	Accumulative total	Description
1	Dartford Town Centre Transformation	Dartford BC + Kent CC	£4,300,000	£4,300,000	This scheme will incentivise private sector investment in major stalled development sites and improve the economic performance of Dartford Town centre through public sector funding of transportation and public realm improvements. Comprising multiple elements, the scheme will see the introduction of a market square and the creation of a shared surface space; the reconfiguration of the Hythe Street/Westgate Street junction and public realm improvements to High Street. All this will be accompanied by a programme of highway works including signal synchronisation and a new road layout to improve traffic flow. The benefits of the scheme include: Increased draw from the immediate catchment area from current 15% to 25% (provisional); 25% increased footfall in town centre (provisional); 25% increased in town centre expenditure (provisional). Over 4000 new jobs and dwelling are expected to be generated from the project.
2	Ashford Spurs	Ashford BC + Kent CC	£4,800,000	£9,100,000	The scheme invests in the new signalling infrastructure required to allow international trains to continue to stop at Ashford International Station. In doing so, the project will: safeguard approximately 1,000 jobs in Ashford which have been located in the town precisely due to its international rail service; stimulate the creation of 1000 additional jobs by encouraging business location and expansion decisions based on the existence and future guarantee of the international rail service; stimulate housing growth to match the growth in jobs; support the creation of a further education hub adjacent to the international station with courses which attract students from other European countries; support further economic growth in Ashford and in the wider East Kent region; create a town in which people want to live, work and participate in business activity; promote modal shift from road or air to rail transport, providing environmental benefits and a reduction in congestion.

3	Fort Halstead	Sevenoaks DC + Kent CC	£1,500,000	£10,600,000	This scheme allows Sevenoaks District Council to purchase and develops the Fort Halstead (ex-MOD) site for employment, housing and a hotel. If the bid is successful, the site will become Sevenoaks District Council's largest new employment site, unlocking over 1000 new jobs (especially high-tech jobs), nearly 500 residential units, an 80 bed hotel and a new village centre. The employment site will deliver: 127,000sq ft of A grade HQ style offices, 29,000 sq ft of light industrial floorspace, 5,000 sq ft of laboratories, and 18,300 sq ft of precision engineering. Demand for commercial premises is currently very strong and availability very low.
4 =	Strood Civic Centre - Flood Defences	Medway Council	£3,500,000	£14,100,000	The Civic Centre is a brownfield site in Strood, that was cleared a number of years ago and is currently used for car parking, that Medway Council wishes to develop to enable a mixed use regeneration site. The site is at considerable risk of flooding and requires protection works before it can be redeveloped, but once protected will be an area of prime, high quality residential land with potential for premium housing, offering fantastic views and access to the River Medway, Rochester Castle and Rochester Cathedral. The site will also provide valuable employment land, which will be targeted at SMEs, encouraging local cafes, restaurants and independent retailers to locate there. Regenerating the site is expected to unlock over 1,500 jobs and over 300 dwellings.
4 =	Rochester Airport Technology Park	Medway Council	£3,700,000	£17,800,000	First phase of enabling infrastructure at Rochester Airport Technology Park site to encourage private sector developers to invest in construction on the land (benefiting from Enterprise Zone tax discounts), unlocking the land for commercial use. There will be leverage funding opportunities from the public sector, BAE Systems, Sheppey Industries and the University of Greenwich, all are active stakeholders in the master plan development, in order to fully exploit the Enterprise Zone status. The site is in the ownership and control of Medway Council.

6	A2500 Lower Road Improvement	Swale BC + Kent CC	£860,000	£18,660,000	The A2500 Lower Road improvements scheme will improve the A2500/Barton Hill Junction, an existing pinch point on the network and a barrier to development on the Isle of Sheppey. The limited route options for traffic wanting to enter or leave the Island places a significant demand on the A2500 Lower Road across the typical weekday periods, particularly near the junction. The Island's tourism-related economy, coupled with the significance of the prison service on the Island (the largest employer on the Isle) gives rise to further peaks in traffic demand. Unsurprisingly, the cumulative pressures being placed on the A2500 Lower Road and its junction with Barton Hill is currently resulting in significant delays and issues concerned with journey time reliability for all users, which has reached an unacceptable level. In the context of the emerging Local Plan a proportionate amount of development allocations will bring the transport network under greater strain, with increasing focus on the need for significant upgrade. The rationale for the A2500 Lower Road highway improvements is to ensure the travelling public can place a suitable level of confidence in journey time reliability.
7	Kent & Medway Engineering, Design, Growth & Enterprise (EDGE) Hub	Ashford BC, Canterbury CC, Dover DC, Medway Council, Swale BC, Kent CC + North Kent	£6,000,000	£24,660,000	This scheme, sponsored by CCCU, will see the construction and equipping of a Kent + Medway EDGE Hub. This will be a new 3,588m^2 facility in Canterbury, with satellite facilities at Discovery Park, Medway Campus + other parts of Kent, will support high value employment, growth and investment in Engineering + Technology businesses, and become a centre of excellence in this field. The Hub will be worth approx £10m per year to the Kent + Medway economy, and attract numerous learners. The expectations are there will be over 1000 additional student enrolments in Engineering, Product Design, and Technology and over 250 Degree Apprenticeships. LGF investment will take the University's existing plans to expand science at the former Canterbury Prison site to the next level by adding a whole new suite of Technical + Professional Education opportunities at the facility. The scheme has a multitude of other benefits for local scientific and engineering businesses, with expanded PhD, Masters, Undergraduate research project programmes responding to local employer and business needs in the new subject areas. The scheme will also deliver over 12,000 additional school student visits to experiential + innovative Engineering + Technology-themed careers and learning events

					at the new facilities to improve the careers, advice and guidance, and building a passion for science in the region.
8	Leigh Flood Storage Area	Tonbridge & Malling BC + Kent CC	£4,545,000	£29,205,000	The scheme will increase the capacity of the Leigh Flood Storage Area and will deliver local flood mitigation works at East Peckham in order to achieve greater protection for both existing homes and businesses and to unlock new residential and commercial development. The Leigh Flood Storage works will have additional benefits in diminishing the flood risk to Yalding. A partnership has been formed between Tonbridge + Malling BC, Maidstone BC, Kent County Council, + the Environment Agency. Together they have raised £1.08 million toward developing solutions to reduce the risk of flooding to vulnerable communities in the catchment. This project is referred to as the River Medway Flood Storage Areas project, which started work in January 2015. Its objective is to identify options to reduce the risk of flooding, select preferred options and prepare a business case in line with Defra and Treasury rules by 2018. An inter-related project is also required to reduce the risk of flooding in East Peckham. For the detailed design + construction phases it is likely that both projects will be merged to seek efficiencies from capacity building and a shared cost base.
9	A2 off-slip at Wincheap, Canterbury	Canterbury CC + Kent CC	£4,400,000	£33,605,000	This scheme will fund a new A2 Coastbound off-slip road at Wincheap, Canterbury, and support the delivery of over 1,000 new houses, over 68,000sqm of gross employment floor-space, + over 1,500 new jobs through enabling new residential + commercial development in Thannington, South West Canterbury + at Wincheap Retail Estate. The project will also improve journey time reliability by reducing congestion + providing direct access to an expanded Wincheap Park + Ride site. The scheme also includes the construction of a new gyratory system through Wincheap. This forms part of wider programme of improvements which intend to keep the A28 road corridor moving through East Kent by removing key bottlenecks + impediments as well as preparing for future developments + regeneration.

10	Dartford Station Mound & Hythe Street	Dartford BC + Kent CC	£3,600,000	£37,205,000	The proposed bid seeks funding for enabling works to bring forward sites for development. On Station Mound this would include the regrading of the site (it is a man-made mound) to increase the development platforms + bring it down to street level at its southern end/town centre side, with improved links to Hythe Street crossing Home Gardens. For Hythe Street this would involve site clearance, preparation + highway improvements. The Station Mound Site comprises Dartford Station, station car park + Dartford BC's offices with associated parking. The Hythe Street Site includes the site of the former Co-Op store (now demolished) + the former multi-storey car park off Kent Road (also demolished). Whilst immediately adjacent to the shopping core, the Station Mound site in its current configuration is poorly connected with the town centre. The site is not maximising its value as a station site with frequent train services to London. A joint marketing exercise for the two sites has been carried out by the three landowners working in partnership. Whilst there is some private interest the sites are not viable at current land values. The Station Mound site, in particular, lacks viability because it is a man-made mound which requires significant re-profiling to achieve an appropriate quantum of development. Development of the sites could provide for up to 500 homes + a mix of retail + leisure uses with the potential for other supporting uses. It would improve one of the key walking routes into the town centre from the station to the main shopping core.
11	Swanley Town Centre	Sevenoaks DC + Kent CC	£1,900,000	£39,105,000	Local Growth Funding is sought is to kick start the redevelopment of three sites in Swanley for residential development, for the provision of business incubator space and for the development of new lesiure facilities that would generate new employment in the town. All the three sites identified by the bid are at the end of their useful life, unattractive, not in economic use + create a tired and uninspiring impression to visitors as they reach this important 'gateway' to the town. By development of the sites for a mixture of housing and business use, the entrance to Swanley at a strategic location, juxtaposed with the London Road leading from the M25 junction 3 and the footpath to Swanley station will be transformed. Across the three sites, over 1000 new jobs and thousands of new dwellings will be provided. At the same time, the District Council has funding to improve the railway station, footway and cycle paths connecting the station to the

					Centre. The subject sites are in very close proximity and together will transform the Town.
12 =	East Kent Spatial Dev. Company - Hurricane Way Hawkinge Project	Shepway DC + Kent CC	£500,000	£39,605,000	This scheme will see the investment of £1million in the development of 3 self-contained office buildings proving 11 individual suites totalling 1,400 sqm. The office scheme is proposed as part of a wider employment scheme. It is proposed that the investment will provide the East Kent Spatial Development Comapny (EKSDC) with a 50% interest in the 3 office buildings and land through a joint venture and with the balance held by Pentland homes. Pentland homes will be responsible for the construction of the scheme and funding the balance of the costs alongside providing the land. EKSDC will retain 50% ownership of the office buildings on completion and will be responsible for the management of the scheme which will include an incubator hub for business start-ups. The area is expected to see significant growth in housing and employment over the next ten years which will establish a significant pool of local labour and create a new local market. It is not anticipated that rental values in this location will support the development of this type of new office accommodation without support from EKSDC.
12 =	Ashford Town Centre Regeneration Project	Ashford BC + Kent CC	£969,240	£40,574,240	This scheme provides the framework for the transformational large scale regeneration and development of Ashford Town Centre, with over 1,000 homes and 1,000 jobs. The 5 key developments include the major new Commercial Quarter office development in Ashford, only 38 minutes from London St Pancras, and an emerging major office location within Kent and the South East. These developments are regenerating town centre brownfield sites that have been vacant for approximately 20 years, with this project providing the investment in highways and pedestrian infrastructure that unlocks these pioneering high risk developments, and helps create a new more dynamic property market in Ashford and East Kent. This project delivers improvements to existing junctions within the town centre to support increased activity and traffic flow throughout the area, improvements to parking to accommodate new capacity to facilitate the developments, but also improvements to the public realm and pedestrian movement between Ashford International Station, the town centre and surrounding developments.

14	Chatham Place-making	Medway Council	£4,000,000	£44,574,240	This scheme will see the transformation of Central Chatham to create a City Centre environment, attracting inward investment, raising local aspirations and core destination for Medway, an area that aspires to become a Waterfront City with a population of 330,000 by 2035. The re-imagined city centre will create a high quality public space that highlights and enhances access to, and connections between world class heritage at Fort Amherst and Barrier Ditch, Old Town Hall, proposed Chatham Waterfront Marina, Chatham Bus Hub, Pentagon Centre, Chatham High Street, Chatham Waterfront mixed use regeneration, Medway Creative Quarter and the proposed Medway Street regeneration. The private sector operated Chatham Waterfront Marina adjacent to the public space will bring an active leisure activity to the area. Place-making and public realm improvements of city centre include redesigning Military Square, landscaping of The Paddock and Chatham Waterfront, development of Chatham Marina, mixed use regeneration development of adjacent areas such as Medway Street. Areas of improved landscaping will create an informal amphitheatre for viewing significant events on the existing big screen. The improved public space will raise residential and investor aspirations to activate land redevelopment and mixed use regeneration of the Medway Street area, adjacent to the city centre. Investment follows development of Strategic Route and improved wayfinding into Chatham, improvements at Chatham train station, and development of Chatham Bus Hub.

15	Woodsgate Corner roundabout	Tunbridge Wells BC + Kent CC	£550,000	£45,124,240	This scheme delivers a roundabout to replace existing traffic signalised junction on key route into/out of Tunbridge Wells town centre. The A264/A228 is already a congested route into and out of Tunbridge Wells town centre already and one which TWBC received lots of complaints about from businesses and residents. A corridor study recently commissioned by KCC and TWBC identified that both the Woodsgate Corner junction and the Halls Hole Road junction could be improved significantly through the replacement of the existing signalised junctions with roundabout schemes. Improving the flow of traffic on the A264/A228 will support economic growth in the town centre of Royal Tunbridge Wells (homes and jobs). It will help to support the delivery of the Tunbridge Wells Site Allocations DPD, which proposes approximately 4500 new dwellings in and around the Tunbridge Wells Urban Area by 2026. The Site Allocations SPS also proposes approx. 30,000 m2 net comparison floorspace and 1,700 m2 net convenience floorspace in and around Tunbridge Wells town centre. This project will support this delivery.
16	Paddock Wood junction improvements	Tunbridge Wells BC + Kent CC	£3,000,000	£48,124,240	The scheme involves improvements to two key junctions along the B2017 Badsell Road with the aim to increase vehicular capacity in support of housing delivery in Paddock Wood. The existing junctions with the B2160 and the A228 do not have sufficient capacity for additional traffic associated with forthcoming development sites. The improvements are imperative to ensuring the highway infrastructure does not hinder the delivery of housing provision within the district. There are three housing sites coming forward in the Paddock Wood area with a total delivery of nearly 1,000 homes; Church Farm, Mascalls Court Farm and Mascalls Farm. These developments would in turn support local businesses including retail in Paddock Wood town centre. Paddock Wood is already a key employment area and the proposed developments include a Primary School which will be a new employer in the area. The necessary improvements to existing junctions are vital to ensure the wider economic benefits are realised. The three development sites are directly dependant on the delivery of the two junctions. However, it is unviable for the

					developers to fund the full cost of the project. Without Local Growth Fund investment, the requirement for the delivery of these highway improvements will become a delivery constraint and barrier to the completion of the planned new houses.
17 =	Duke of York's roundabout	Dover DC + Kent CC	£3,000,000	£51,124,240	The Duke of York's Roundabout is a key junction on the A2 Strategic Transport Route serving not only a major role in the Trans Continental Route accessing the Port of Dover but also fulfilling a unique local role as a primary junction serving both Dover and Deal. Locally, it also the major junction serving the principle housing allocation in Dover District at Whitfield along with the one of the major East Kent employment and business allocations at White Cliffs Business Park. The junction serves the adjacent Connaught Barracks Site owned by the Homes and Communities Agency (being one of four sites announced by the Prime Minster on 4 January for Accelerated Delivery). In addition, the junction will face significant increase in additional traffic generated by the implementation of the Lower Thames Crossing. It will provide much needed resilience to the Trans European Network in the event of interruptions of service on the M20/A20 Route.
17 =	Westwood Relief Strategy	Thanet DC + Kent CC	£4,900,000	£56,024,240	Westwood Relief Strategy addresses severe congestion at the main intersection of roads across Thanet District. This pinch-point is also the access to the extremely successful Westwood Cross Shopping Centre. The bottleneck has an adverse impact on accessibility in Thanet and directly impedes growth in Westwood itself. The initial phases of the Westwood Relief Strategy have been delivered through a combination of private sector and Department for Transport Local Pinch Point Funding. LGF3 is now required to deliver the final stage of the Westwood Relief Strategy, known as Tesco's Link Road, to achieve all the economic and transport benefits associated with the project. These include: Safeguarding existing jobs due to better business; Creating new jobs due to potential expansion; Improving journey time for shopping and business trips; Enabling the delivery of new residential development in Westwood; Additional and Indirect Jobs created through construction works.

17 =	Maidstone Medical Campus Highway Works	Maidstone BC + Kent CC	£7,466,340	£63,490,580	The scheme involves the reconfiguration and signalisation of the M20 Junction 7 grade separated gyratory, the A249 / Bearsted Road roundabout junction and the enlargement of the Bearsted Road / New Cut Road roundabout junction to improve junction capacity and traffic flow in order to accommodate the traffic associated with the Maidstone Medical Campus (MMC) development, which is part of the North Kent Innovation/Enterprise Zone. The scheme includes the construction of the on-site access road required to service the development plots, and provision of new pedestrian crossing facilities. The purpose of this funding bid is to attract businesses to locate at the Enterprise Zone and to assist in the delivery of the Maidstone Medical Campus. The scheme will deliver over 2,500 jobs and nearly 500 houses.
20	Investment in NIAB EMR Biotech Hub	Tonbridge & Malling BC + Kent CC	£6,037,000	£69,527,580	This scheme will support the further development of the NIAB EMR biotech hub that will support innovation, research and spin-out businesses. The proposed development includes the purchase of an Industry Standard Glasshouse and energy centre; three laboratories (for genetics service, fruit processing; and fruit analysis); IT infrastructure; and farming infrastructure. This investment will: accelerate the commercialisation of existing and new UK developed plant-based intellectual property; help to develop new UK varieties and crops, for export and including added value uses in food and health; help to develop new and improved tools for agricultural production including application of engineering and bio-tech solutions by UK SMEs with the potential for international export; and create supply chain resilience for UK fresh produce. There are a number of other wider industry benefits to this scheme, most notably as a consequence of re-enforcing the strong role that Kent has to play in the UK horticultural industry by creating nearly 1,000 jobs, and safegaurding over 14,000 jobs in the SELEP area in the horticultural sector and in downstream industries associated with horticulture.

21	Port of Ramgate	Thanet DC + Kent CC	£4,000,000	£73,527,580	This scheme funds phase 1 of a 3 phase expansion strategy to increase the Port's capacity and resilience. Phase 1 delivers the construction of a new double-deck ro-ro berth at the Port of Ramsgate, that will improve the Port's handling capacity, particularly for unaccompanied freight vehicles. The Port is a municipal port owned and operated by Thanet District Council. Ramsgate Port currently has the capacity to accommodate up to 500,000 HGV's per annum. This investment will increase that capacity to 1 million HGV's per annum. At 58 miles, Ramsgate is the same distance via the M2 from the QE2 Bridge as Dover and offers an opportunity to meet future freight demand by linking with the continental road and rail network via the Port of Calais. The port also offers cost effective routes to Northern Europe via Ostend, Dunkirk and Vlissingen.

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KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TAKEN BY	DECISION NO:
Paul Carter, Leader of the Council	16/00050

For publication

Key decision*
Affects more than 2 Electoral Divisions

Subject: Local Growth Fund Round 3 and Large Local Major Schemes

Decision:

As the Leader of the Council, I agree that Kent County Council will:

- Endorse the Local Growth Fund Round 3 and Large Local Major Scheme bid submissions to Government proposed by the Kent & Medway Economic Partnership & the South East Local Enterprise Partnership.
- Act as the accountable body for projects within Kent County Council's geographical boundaries that are selected by the Government to receive Local Growth Fund 3 and Large Local Major Schemes funding.
- Delegate to the Section 151 Officer the authority to sign on KCC's behalf a grant offer letter or equivalent, where this is required to draw down funds following business case approval.

Reason(s) for decision:

The decision is required to enable a bid submission to government by the Local Enterprise Partnership so that funding may be secured from the third tranche of Local Growth Funding and Large Lcoal Major Schemes.

Cabinet Committee recommendations and other consultation:
This decision is being taken to the:

- Environment & Transport Cabinet Committee on 8 July 2016
- Cabinet on 18 July 2016
- Growth, Economic Development & Communities Cabinet Committee on 19 July 2016

Any alternatives considered:

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

.... signed

.... date

From: Mark Dance, Cabinet Member for Economic Development

Barbara Cooper, Corporate Director for Growth, Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee -19 July 2016

Decision No: 14/00107

Subject: East Kent and Kent Downs and Marshes LEADER Programmes (2014-2020)

Classification: Unrestricted

Past Pathway of Paper: GEDC Cabinet Committee 16 September 2014.

Future Pathway of Paper: None

Electoral Divisions: Ashford, Canterbury, Maidstone, Swale, Shepway, Dover, Thanet.

Summary
There are three LEADER Programmes for Kent for the period 2014-2020, which in total cover about 95% of the rural area of Kent, and about 400,000 of its population. This report focuses on the two Programmes (North Downs and Marshes, and East Kent) that will be managed and delivered by Kent County Council, which will also act as the accountable financial body. The third Programme (West Kent) will be delivered by the West Kent Partnership, and Sevenoaks District Council is the accountable body.

The report briefly describes how the two programmes were put together by KCC with support from the respective district councils and local organisations since autumn 2014, what the outputs are, and how they will be delivered during the period to 2020.

Recommendation
The Growth, Economic Development and Communities Cabinet Committee is asked to consider and note the report.

1. Introduction

1.1 At the meeting of the Growth, Economic Development and Communities Cabinet Committee on 16 September 2014, Members considered a report that described the work undertaken to develop a Kent Downs and Marshes LEADER Programme bid for funding from the Rural Development Programme for England (2014-2020), and the opportunity to create a new LEADER Programme area in East Kent (see Annex 1). This report updates Members on progress in developing the two Programmes, and the next steps for taking them forward.

1.2 LEADER (Liaison Entre Actions de Developpement de l'Economie Rurale)[1] is part of the Rural Development Programme for England (RDPE) for the period 2014-2020, and is funded by the European Agricultural Fund for Rural Development. LEADER is managed by the Rural Payments Agency on behalf of the Department for Environment, Food and Rural Affairs (Defra).

1.3 The funding for LEADER Programmes is allocated to individual Local Action Groups (LAGs) covering a specific LEADER area. Each LAG comprises representatives of the private, public and third sectors who work together to develop and implement a Local Development Strategy, and are responsible for making decisions whether to fund rural projects that benefit the rural economy by delivering jobs and growth. The Deputy Cabinet Member for Economic Development (Sean Holden) represents KCC on the LAGs for the East Kent and Kent Downs and Marshes LEADER Programmes.

1.4 There are three LEADER Programme areas in Kent; East Kent, Kent Downs and Marshes, and West Kent. The County Council is the accountable body for the East Kent and Kent Downs and Marshes LEADER Programmes. The accountable body for West Kent is Sevenoaks District Council. This report focuses on the two LEADER areas that the County Council is responsible for.

2. Activity and progress

2.1 Following the submission of bids to Defra by KCC and Sevenoaks District Council, three Kent-based LEADER Programmes were approved in November 2014 – the existing West Kent and Kent Downs and Marshes areas, and the new East Kent area. This means for the first time, nearly 95% of the county's rural area is covered by LEADER, comprising around 400,000 people. A map showing the three Programme areas is attached at Annex 2.

2.2 Training on the processes for delivering the new Programmes, the recruitment of LAG members, developing potential projects and preparing initial Delivery Plans were undertaken during 2015. These were signed off by Defra and contracts signed in February 2016. The County Council has now entered a formal agreement with Defra to be the Accountable body for the East Kent and Kent Downs and Marshes LEADER Programmes. KCC has also been allocated budgets for these LEADER areas, and will carry out functions set out in the annual Delegated Authority Agreement with Defra.

2.3 LEADER funding for eligible projects is available to a wide range of rural based interests. These include rural businesses, farmers, foresters, growers, landowners, environmental organisations, cultural, heritage and community providers, and voluntary and charitable organisations. The maximum amount of grant that can be applied for is £50,000 or 40% intervention, whichever is the lesser. Applicants are subject to State Aid regulations under agricultural or

[1] The literal English translation is "Liaison among actors in rural development".

industrial ‘de minimis’ rules, and must declare any other sources of public funding received.

2.4 Over the term of the Programme, which will end in 2020, both LEADER Programmes must deliver on outputs agreed with Defra which focus on businesses supported and the number of jobs created. The output tables for East Kent and Kent Downs and Marshes are attached at Annex 3. Applicants undertake a competitive application process for funding and projects must deliver against one of the six LEADER priorities. A list of the priorities are attached at annex 4.

2.5 To date, 36 outline application forms have been sent to potential applicants in the East Kent LEADER area. So far, five completed outline applications have been returned and 2 invited to full application stage, of which one has been completed and submitted to KCC for consideration. In the Kent Downs and Marshes LEADER area, 53 outline applications have been sent out. Twenty have been returned and seventeen invited to full application. Seven full applications have been completed and submitted to KCC for consideration.

2.6 This follows a similar pattern to previous LEADER Programmes, before 2014, where initial response from potential applicants has been slow. However, this tends to pick up quite rapidly as the Programme reaches its mid-term point.

2.7 Further reports about the progress of the two LEADER Programmes will be provided to future meetings of this Cabinet Committee.

3. Financial Implications

3.1 The Kent Downs and Marshes LEADER Programme has been awarded £1.886m for the period to 2020, and the East Kent LEADER £1.586m, for projects that contribute to rural economic growth in their respective areas. For information, the West Kent Programme was awarded £1.813m.

3.2 The LEADER funding includes a provision for administration and running costs up to a maximum of 18%. This will provide 100% of the costs of two full time staff, in the Economic Development team, who will deliver the Kent Downs and Marshes and East Kent LEADER Programmes.

3.3 LEADER is an EU-funded Programme. Now that the UK has voted to leave the EU, the government will have a period of two years to negotiate a withdrawal agreement once Article 50 of the EU Treaty is invoked. The UK will remain a member of the EU during this time and the instruction from Defra is that the Rural Development Programme for England 2014-2020, of which LEADER is a part, will operate under ‘business as usual’ until further details are made known.

4. Policy Framework

4.1 East Kent and Kent Downs and Marshes LEADER Programmes will contribute to the Council’s Strategic Statement 2015-2020, and in particular the Strategic Outcome “Kent communities feel the benefits of economic growth by being in-work, healthy and enjoying a good quality of life", by engaging with and providing external investment to rural businesses and communities to achieve growth and jobs.

5. Equality and Diversity

5.1 Both Programmes comply with KCC's Equality and Diversity Policy, which is submitted to the Rural Payments Agency with each LEADER Annual Delivery Plan. Applicants must also consider how their project meets the equality and diversity cross cutting theme for LEADER and ensure that a project does not disadvantage anybody in terms of the protected characteristics under the Equality Act 2010.

6. Conclusions

6.1 The LEADER approach to rural development brings together organisations and individuals involved in developing the rural economy, assisting rural communities and enhancing the natural landscape through interventions designed to benefit local rural businesses and communities.

6.2 The LEADER Programme brings rural investment into the county, creates and safeguards jobs, helps with business creation and assists local communities manage change.

6.3 LEADER now covers approximately 95% of rural Kent comprising some 400,000 population, which will benefit from over £5m of EU funding and an additional £7.5m of matching external investment. This will stimulate rural development within the county by creating jobs and economic growth.

7. Recommendation

Recommendation:

The Growth, Economic Development and Communities Cabinet Committee is asked to consider and note the report.

Background Documents.

East Kent and Kent Downs and Marshes Local Development Strategies;
Annual Delivery Plans for East Kent and Kent Downs and Marshes LEADER Programmes.

Contact details

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Annex 1:	GEDCCC Minute and Record of Decision
Annex 2:	Map of LEADER areas in Kent
Annex 3:	LEADER Output tables
Annex 4:	LEADER Priorities

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KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:	DECISION NO:
Mr M Dance, Cabinet Member for Economic Development	14/00107

For publication

Non Key decision

Subject: Support for Kent Downs and East Kent LEADER Programmes 2015- 2020

Decision:

As Cabinet Member for Economic Development, I agree to:-
KCC remaining the accountable body for Kent Downs and Marshes Leader for the new Programme period ending in 2020 and also takes on this function for East Kent Leader. This would enable both Leader groups to have one administrative team looking after both and a sharing of back office functions, resulting in efficiencies and reduced staff costs.

Reason(s) for decision:
The new Leader Programmes will help the economy grow, tackle disadvantage and put the citizen in control. The Programmes will engage with rural businesses and communities to achieve growth and jobs They will provide external investment from the EU and Defra funded RDPE 2014-2020 to enable the above actions to be met.

Cabinet Committee recommendations and other consultation:
RESOLVED that the Growth, Economic Development and Communities Cabinet Committee endorses the decision to be taken by the Cabinet Member, Economic Development for KCC to remain the accountable body for Kent Downs and Marshes Leader for the new Programme period ending in 2020 and also takes on this function for East Kent Leader. This would enable both Leader groups to have one administrative team looking after both and a sharing of back office functions, resulting in efficiencies and reduced staff costs.

Any alternatives considered:
No

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:
No

.... signed

26 · 9 · 14 · .... date

MINUTE EXTRACT

KENT COUNTY COUNCIL

GROWTH ECONOMIC DEVELOPMENT AND COMMUNITIES CABINET COMMITTEE

MINUTES of a meeting of the Growth Economic Development and Communities Cabinet Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 16 September 2014.

PRESENT: Mr M A Wickham (Chairman), Mr S Holden (Vice-Chairman), Mr M Baldock, Mr M A C Balfour, Mr A H T Bowles, Miss S J Carey, Mr B E Clark, Mr G Lymer, Mr F McKenna, Mrs E D Rowbotham, Mrs P A V Stockell (Substitute for Mr C Simkins) and Mr R Truelove

ALSO PRESENT: Mr M C Dance, Mr P M Hill, OBE, Mr J Bunnett and Ms A McNulty, Chief Executive, Education Business Partnership, Kent

IN ATTENDANCE: Ms B Cooper (Director Economic Development), Mrs T Bruton (Head of Regeneration Projects), Mr R Gill (Economic Policy and Strategy Manager), Mr R Fitzgerald (Performance Manager), Mr M Scrivener (Corporate Risk Manager), Ms A Agyepong (Equalities and Diversity Manager) and Ms C A Singh (Democratic Services Officer)

UNRESTRICTED ITEMS

33. Support for Kent Downs and East Kent LEADER Programmes 2015- 2020
(Item B1)

(Report by Mr M Austerberry, Corporate Director for Growth Environment and Transport)

(Mrs T Bruton, Head of Regeneration Projects, was present for this item)

1. The Head of Regeneration Projects, Mrs Bruton, introduced a report that gave a background to the activity undertaken to develop a Kent Downs and Marshes LEADER Programme bid for funding from the Rural Development Programme for England 2014-2020. The report also dealt with the opportunity that had arisen to create a new LEADER area in East Kent as part of the process which will enable more of the rural parts of the county to benefit from the opportunities provided by external funding.

2. Mr Holden commented that he welcomed the East Kent Programme and the opportunity to cover as much of the existing "white space" as possible. Mrs Bruton advised that if all Kent LEADER bids were successful a wider area would be covered leaving a much smaller percentage excluded due to the density and population barrier which was capped at 150,000.

3. RESOLVED that the Growth, Economic Development and Communities Cabinet Committee endorses the decision to be taken by the Cabinet Member, Economic Development for KCC to remain the accountable body for Kent Downs and Marshes Leader for the new Programme period ending in 2020 and also takes on this function for East Kent Leader. This would enable both Leader groups to have one administrative team looking after both and a sharing of back office functions, resulting in efficiencies and reduced staff costs.

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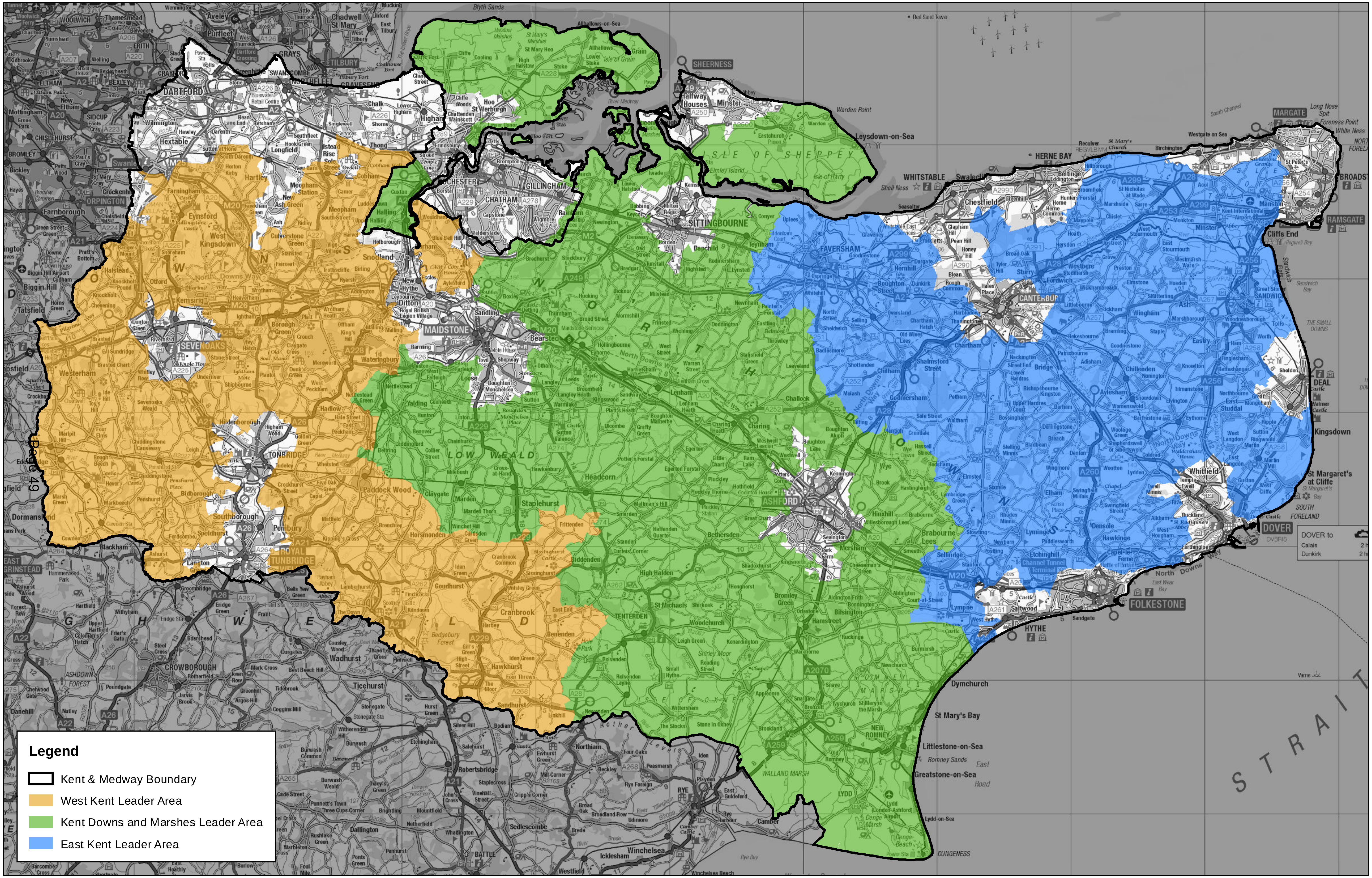

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Annex 3 – LEADER Outputs

LEADER group name	**East Kent LEADER**
Accountable Body name	**Kent County Council**

PROPOSED - 2016/17 Delivery Plan	**Programme Outputs**						
	2015/2016	**2016/2017**	**2017/2018**	**2018/2019**	**2019/2020**	**2020**	**Total**
Support for Increasing Farm Productivity							
No. of Projects	0	1	2	3	3	0	9
No. of Businesses or Holdings Benefitting	0	1	2	3	3	0	9
No. of Jobs Created	0	0	0.5	2	2	0	4.5
Support for Micro and Small Enterprises and Farm Diversification							
No. of Projects	0	4	6	6	7	1	24
No. of Businesses or Holdings Benefitting	0	4	6	6	7	1	24
No. of Jobs Created	0	6	10	10	12	3	41
Support for Rural Tourism							
No. of Projects	0	1	2	3	3	0	9
No. of Jobs Created	0		1.5	2	2	1	6.5
Provision of Rural Services							
No. of Projects	0	0	1	2	1	0	4
No. of Businesses Benefitting	0	0	2	4	2	0	8
Jobs Created	0	0	0.5	1.5	0.5	0	2.5
Support for Cultural and Heritage Activity							
No. of Projects	0	0	0	1	1	1	3
No. of Businesses Benefitting	0	0	0	2	2	1	5
Jobs Created	0	0	0	0.5	0.5	0.5	1.5
Support for Increasing Forestry Productivity							
No. of Projects	0	2	1	1	1	0	5
No. of Businesses or Holdings Benefitting	0	2	1	1	1	0	5
Jobs Created	0	5	0.5	0.5	0.5	0	6.5

LEADER group name	**Kent Downs & Marshes**
Accountable Body name	**Kent County Councils**

PROPOSED - 2016/17 Delivery Plan	**Programme Outputs**						
	2015/2016	**2016/2017**	**2017/2018**	**2018/2019**	**2019/2020**	**2020**	**Total**
Support for Increasing Farm Productivity							
No. of Projects	0	2	3	3	2	0	10
No. of Businesses or Holdings Benefitting	0	2	2	3	2	1	10
No. of Jobs Created	0	1	1	2	1	0	5
Support for Micro and Small Enterprises and Farm Diversification							
No. of Projects	0	7	7	9	6	1	30
No. of Businesses or Holdings Benefitting	0	7	7	9	6	1	30
No. of Jobs Created	0	10.5	12	15	10	0.5	48
Support for Rural Tourism							
No. of Projects	0	2	2	3	2	0	9
No. of Jobs Created	0	1.5	1.5	2	2	0	7
Provision of Rural Services							
No. of Projects	0	1	1	2	2	0	6
No. of Businesses Benefitting	0	2	2	4	2	0	10
Jobs Created	0	1	1	1.5	1.5	0	5
Support for Cultural and Heritage Activity							
No. of Projects	0	1	2	2	2	0	7
No. of Businesses Benefitting	0	2	2	3	2	0	9
Jobs Created	0	0	1	1	1	0	3
Support for Increasing Forestry Productivity							
No. of Projects	0	3	2	2	1	0	8
No. of Businesses or Holdings Benefitting	0	3	2	2	1	0	8
Jobs Created	0	1.5	0.5	0.5	0	0	2.5

Annex 4

LEADER Programme Priorities;

1. **Support for increasing farm productivity** – These grants support a wide range of farm investments. They are particularly for businesses that want to invest in innovative practices and new technologies to help them become more sustainable and productive
2. **Support for micro and small enterprises and farm diversification** – Grants provided for developing or starting a micro or small business and farm diversification projects.
3. **Support for rural tourism**- Grants for projects or businesses that develop high quality visitor products and services that link tourism providers, extend the tourism season and encourage visitors to stay.
4. **Provision of rural services** – Support to alleviate some of the difficulties faced by rural communities, particularly the lack of access to services and the provision of infrastructure. Projects should make a contribution to growing the local economy.
5. **Support for cultural and heritage activity**- Promotion, enhancement and maintenance of cultural heritage and events where this creates a sense of local identity through raised awareness of their importance and/or helps protect heritage features against damage and decay.
6. **Support for increasing forestry production** – Grants to deliver permanent supply chains and jobs that, at the same time, restore regular management to local woods and encourage a greater degree of added value to timber output.

The priorities underpin all three LEADER areas in Kent.

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From: Mark Dance, Cabinet Member for Economic Development

Barbara Cooper, Corporate Director for Growth, Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee - 19 July 2016

Subject: Impact of the EU Referendum on European Funding

Classification: Unrestricted

Past Pathway of Paper: N/A

Future Pathway of Paper: N/A

Electoral Divisions: All Divisions

Summary:
This paper highlights the important contribution of EU funding to the delivery of our corporate outcomes since ‘Interreg 1A’ in 1991 and considers the implications of the ‘Brexit’ on our current programmes.

Recommendation:
The Growth, Economic Development and Communities Cabinet Committee is asked to NOTE this report.

1. Introduction

1.1. KCC has pursued European activity since it signed a Cooperation Agreement in 1987 with the Regional Council of Nord-Pas de Calais ahead of the opening of the Channel Tunnel. As a direct result of this link, Kent became the first county in mainland Britain, and the first maritime border region, to obtain funds from the European Union’s ‘Interreg’ cross-border cooperation programme.

1.2. The authority has a strong track record of securing access to EU funding including, for example, successful lobbying in previous years for ‘Objective 2’ status for Thanet and ‘URBAN 2’ in North Kent. The county has been a significant beneficiary of support from Interreg and a range of other EU funding programmes.

2. The implications of Brexit for EU Funding

2.1. Now that the UK has voted to leave the EU, the government will have a period of two years to negotiate a withdrawal agreement once Article 50 of the EU Treaty is invoked. The UK will remain a member of the EU within the two years. Although this period could be extended, this will end in late 2018 on the assumption that negotiations begin this autumn. This compares to our current EU-funded programmes which run to the end of 2020, with funds able to be spent up to the end of 2022.

2.2. With the first Calls for EU-funded projects having only taken place in March-April 2015, the 'Brexit' vote comes at a particularly important time for the delivery of the new programmes. DCLG, Programme Managing Authorities and the European Commission have said that the implications of a departure during the mid-point of programmes are unclear. On the one hand,

- prior to the referendum results, the organisations managing transnational funding schemes indicated that the UK's Partnership Agreement with the European Commission (which set out its planned use of ESIF funds between 2014-20) comprised a contractual obligation to maintain current programmes for the full period;

- there is a requirement for all projects under our current Interreg '2-Seas' and 'Channel' cross-border co-operation programmes to have a UK partner as a prerequisite for eligibility. Grants could, therefore, potentially continue to be secured until the end of 2020 and our already approved projects (as well as those approved during the negotiation period) may continue to be financed.

On the other hand,

- partnerships applying for EU funding under the transnational Interreg and pan-European programmes such as Horizon 2020, are very unlikely to work with UK partner organisations as doing so would lead to additional complications for management and could put their projects at risk;

- EU funding is financed by Member State budget contributions and, post-Brexit, the UK's financial commitment could cease, potentially along with future allocations of ESIF funding (the UK government has also consistently argued over successive programming periods for the 'repatriation' of EU Structural Funds).

3. EU Funding into Kent

3.1. The European Structural and Investment Funds ('ESIF') comprise three main Funds:

- **European Regional Development Fund** (ERDF) supports innovation, SME competitiveness and the development of a low carbon economy.

- **European Social Fund** (ESF) enables employability and skills support and social inclusion projects.

- **European Agricultural Fund for Rural Development** (EAFRD) supports the growth of the land-based economy.

3.2. Given cuts to local authorities' funding, ESIF Funds have been important for the delivery of KCC's core priorities through a range of co-financed projects and have also represented longer term funding streams for the County Council. **Annex 1** summarises the EU funding secured by Kent over the five consecutive programming periods for which the county has been eligible since 1991-1994. A total of some £220 million in EU grants has been secured to date.

3.3. Under the ERDF, projects have included support for economic development and regeneration; business, trade and inward investment; low carbon economy, tourism and the environment. The European Social Fund has financed improvements in education, training and employment in the county, whilst the LEADER rural development programmes have provided grants to local farmers, growers, rural businesses and communities

3.4. For the current period 2014-20, KCC has an overall target of securing £100 million in EU funding across Kent. **Annex 2** lists the KCC and non-KCC projects currently in the pipeline. The implications of the withdrawal of the UK from the EU now pose a threat to meeting this target, and the delivery of our priorities. The UK government faces a choice in the longer term over whether to replace the EU's European Structural and Investment Funds with national regional development spending. In the shorter term, the main issue concerns the implications of the departure for our current EU-funded programmes and projects and those which are already under development.

4. Conclusion

4.1. Kent County Council should continue to deliver EU-funded projects that have already been approved and contracted where it is in our best interest to deliver positive outcomes for Kent. KCC should also actively pursue opportunities to maximise the current round of EU funding to support further projects which will deliver against Kent priorities.

5. Recommendation:

The Growth, Economic Development and Communities Cabinet Committee is asked to NOTE this report.

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Relevant Director:
David Smith, Director of Economic Development
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Annex 1
EU Funding Into Kent

Programming Period 1991-1994

Programme	Coverage	Amount (£m)
Interreg 1A	County-wide	14.27
Total		**14.27**

Programme Period 1994-1999

Programme	Coverage	Amount (£m)
Interreg 2A	County-wide	15.00
Objective 2	Thanet only	26.00
European Social Fund	County-wide	2.42
Total		**43.42**

Programming Period 2000-2006

Programme	Coverage	Amount (£m)
Interreg 3A	County-wide	20.00
Objective 2	Thanet only (+ 'Sandwich Corridor')	21.00
URBAN 2	North Kent	7.40
European Social Fund	County-wide	23.65
LEADER +	Mid-Kent	1.35
Total		**73.40**

Programming Period 2007-2013

Programme	Coverage	Amount (£m)
Interreg 4A '2 Seas'	County-wide	13.18
Interreg 4A 'Channel'	County-wide	5.04
Interreg 4B North Sea	County-wide	0.64
Interreg 4B North West Europe	County-wide	1.71
Interreg 4C	County-wide	0.62
South East ERDF Competitiveness Programme	County-wide	0.62
European Social Fund	County-wide	9.83
LEADER	West Kent, Kent Downs & Marshes	3.00
Total		**34.64**

Programming Period 2014-2020 (Funding secured to date)

Programme	Coverage	Amount (£m)
Interreg 5A ‘2 Seas’	County-wide	0.43
Interreg 5A ‘Channel’	County-wide	
Interreg 5B ‘North Sea’	County-wide	
Interreg 5B ‘North West Europe’	County-wide	
Interreg ‘Europe’	County-wide	0.22
South East LEP ‘ESIF’ (ERDF)	Kent and Medway	4.30
South East LEP ‘ESIF’ (ESF)	Kent and Medway	
South East LEP ‘ESIF’ (EAFRD)	Kent & Medway	0.07
Connecting Europe Facility	Port of Dover	42.30
LEADER	West Kent, Mid-Kent, East Kent	5.30
Total		**52.62**

Annex 2

KCC/Kent Projects - Status as at June 2016

Project	Organisation/Contact	Grant sought for KCC/Kent	Project Summary	Current Status
Interreg 5A 2 Seas Programme				
ISE (Innovative Sector Exchange)	**Kent County Council** – Steve Samson	£431,000 (inc. £123,000 for Kent Invicta Chamber)	A business support project to help Kent companies innovate and internationalise by connecting them to SMEs in nearby European partner regions to promote collaborations and innovation	Approved at Programme Monitoring Committee (PMC) meeting on 29 February 2016. (Green)
SCAPE (Shaping Climate Change Adaptive Places)	**Kent County Council** _ Elizabeth Milne	£tbc	To make coastal landscapes better adapted and more resilient to climate change.	Full Application submitted on 5 May 2016 (PMC 6-7 July). (Amber)
Triple A (Adoption of low carbon technologies by homeowners through increased Awareness and easy Access)	**Kent County Council** – Carolyn McKenzie	£240,000	A financing scheme for domestic energy efficiency measures	Full Application submitted on 7 May 2016 (PMC 6-7 July).
Triple C (Climate resilient community-based catchment planning and management)	**Kent County Council** – Max Tant	£tbc	Climate resilient community-based catchment planning and management – will support natural flood management measures in the Upper Darent.	Full Application submitted on 9 May 2016 (PMC 6-7 July).
CASCADE (Community Areas of Sustainable Care and Dementia Excellence in Europe)	**International Health Alliance** – Alice Chapman-Hatchett /**Canterbury Christ Church University** – Carolyn Jackson	£4.5 million (inc. Medway)	To develop a financially sustainable approach to elderly/dementia care (EDC) that can be replicated across Europe.	Full Application submitted on 9 May 2016 (PMC 6-7 July).

Annex 2

Project	Organisation/Contact	Grant sought for KCC/Kent	Project Summary	Current Status
LOWCAR (Low Carbon Transport in the Leisure Sector)	**Kent County Council** – Kent Downs AONB, Catherine Brady	£1.6 million (inc. Medway)	To shift behaviour from car use to low carbon transport (LCT) modes.	Full Application submitted on 9 May 2016 (PMC 6-7 July).
DWELL (Diabetes and WELLbeing)	**International Health Alliance** – Alice Chapman-Hatchett	£525,000	To encourage people with poorly controlled diabetes to make sustainable changes to health and wellbeing related behaviour.	Reworked Full Application submitted on 5 May 2016 (PMC 6-7 July)
PROFIT (PROfessional Framework for Innovation in Tourism)	**Visit Kent**	£240,000	To support Kent-based tourism SMEs to innovate and adapt traditional business models to encourage long-term growth.	Reworked Full Application submitted on 9 May 2016 (PMC 6-7 July).
EDUCAT (Empowerment of Disabled People Through co-production of Assistive Technology)	University of Kent	£1,505,000	Empowering disabled people through assisted technology.	Reworked Full Application submitted on 9 May 2016 (PMC 6-7 July).
INCASE (Towards Industry via Networking Control Applications and Sustainable Engineering)	University of Kent/University of Greenwich	£1,769,000	Facilitate smart growth through the development of automation technologies.	Reworked Full Application submitted on 9 May 2016 (PMC 6-7 July).
Adapt2Cs	**Kent County Council – Christine Wissink**	£360,000	To implement innovative adaptation solutions in recovery from flooding/drought.	Concept Note rejected at PMC on 29 February 2016 (Red)
PACE (Providing Access to Childcare and Employment)	**Kent County Council** – Sean Carter	£275,000	Develop and test new models for childcare services to facilitate new routes to employment for vulnerable parents.	Full Application submitted on 9 May 2016 (PMC 6-7 July)
Interreg 5A France-England Channel Programme				
CHEFS (Channel Hub for Enhancing Food Specialties)	**Produced in Kent** – Stephanie Durling	£233,700	A project to increase the contribution of protected food marks to the local economy, add value to the food & drink sector products and help over 200 agri-food SMEs innovate and reach new markets	Phase 2 Full Application submitted. (PMC on 29 June)

Project	Organisation/Contact	Grant sought for KCC/Kent	Project Summary	Current Status
Student Entrepreneurs	Kent Science Park – Richard Wheeler	£53,600	Increase the creation of enterprises by students, including through youth entrepreneurship.	Full Application rejected at PMC April 2016.Advised to submit new Concept Note .
ADAPT	**International Health Alliance** – Alice Chapman-Hatchett	£4.5 million	Development of innovative assisted technology for people with severe cognitive and physical disabilities.	Phase 2 Full Application to be submitted.
Give Trades	University of Greenwich – Andres Coca-Stefaniak	£173,000	Using traditional markets as a catalyst for job creation, skills development and growth through the visitor economy.	Phase 2 Full Application submitted (PMC on 29 Jun)
Wellness	**KCC , AONB** - Catherine Brady		Developing tourism and creating new products linked to health and wellbeing	Phase 1 Application submitted (PMC on 29 June)
Interreg 5B North West Europe (NWE) Programme				
Boost4Health	**Kent County Council** (with Locate in Kent) – Steve Samson	£197,000	A project to connect Kent's new life science cluster and companies from different European countries and support them in their export journey by providing access to relevant expertise and business contacts through an innovation voucher scheme.	Full Application approved at PMC on 25 February 2016.
Transnational Centre for Carbonation Technology (TC2T)	**Kent County Council** – Chris Seamark	£100,000	To bring together new technology providers, waste managers, building materials producers, regulators and end users to make eco-materials containing solid CO^2 a commercial reality.	Step 1 Application approved by PMC on 25 February 2016- Full application to be submitted by 24 June 2016.
Interreg 5B North Sea Region (NSR) Programme				
Inn2Power	**Kent County Council** – Carolyn McKenzie	£185,000	To improve innovation capacity and access to the offshore wind industry for SMEs by creating the appropriate support conditions.	Referred back – reworked Full Application submitted by deadline of 14 March 2016.

Project	Organisation/Contact	Grant sought for KCC/Kent	Project Summary	Current Status
FRAMES (Flood Resilient Areas by Multilayer Safety)	**Kent County Council** - Christine Wissink	£263,000	A project focusing on risk and crisis management and develop new mechanisms to improve local resilience to flooding.	Referred-back. Reworked Full Application submitted by deadline of 14 March 2016.
BEGIN (Blue Green Infrastructure through social Innovation)	**Kent County Council** – Will Moreno	£70,000	To identify climate adaptation solutions for flooding in urban areas (Swale) service management approaches, business cases and social innovation approaches.	Referred back – reworked Full Application submitted by deadline of 14 March 2016.
USE-IT	**Kent County Council on behalf of the Kent Connects Partnership** – Carol Patrick	£170,000	To increase digitisation to adapt to increasing customer and staff demands for easily accessible and better structured public services.	Full Application submitted by deadline of 14 March 2016.
Interreg 5C (Europe) Programme				
PASSAGE (Public authority supporting low carbon growth	**Kent County Council** – Carolyn McKenzie	£213,000	Development of low carbon strategies to prevent pollution in maritime borders.	Approved at PMC on 10 February 2016.
SME Internationalisation Exchange (SIE)	**Kent County Council** – Steve Samson	£195,000	A policy exchange project focusing on the challenges and solutions for SME internationalisation. The project will enable KCC to learn and test new ways of supporting Kent SMEs into export markets and to forge links with other EU regions to help with market entry.	Approved at PMC on 10 February 2016.
Nine (Networking Innovation in Health & Care)	**Kent County Council** – Anne Tidmarsh	£175,000	Exchange of experience to improve policies in support of innovation infrastructure (e.g. incubators, technology information centres, research centres) addressing the key societal challenges in the field of health, demographic change and well-being.	Rejected at PMC on 10 February 2016.

Project	Organisation/Contact	Grant sought for KCC/Kent	Project Summary	Current Status
CONCH (Capitalising on our natural and cultural heritage)	**Kent County Council** – Chris Drake	£472,000	A policy exchange project focusing on maximising the value of Kent's natural and cultural heritage.	Rejected at PMC on 10 February 2016.
South East LEP ESIF Programme (ERDF)				
LOCASE (low carbon across the South East)	**Kent County Council** – Chris Seamark	£2,500,000	A business support project for supporting the shift towards a low carbon economy in all sectors.	Approved.
Inward Investment Kent	**Kent County Council** – David Hughes	£1,840,000	A joint project with Locate in Kent to retain and attract investment into the life science sector, including the development of the emerging Biogateway Kent Life Science Cluster.	Approved.
I2S (Innovate to Succeed)	University of Greenwich	£500,000	To provide tailored support to SMEs to help them enhance their innovation management capability including in depth diagnostic assessment and a bespoke package of support.	Full Application currently being assessed.
South East Business Boost (SEBB)	**Kent County Council** (with Medway) – Ross Gill	£949,000 over 3 years	SEBB will provide direct 1:1 and one to many advice to Start-Up and early stage businesses and firms that are seeking to grow through process and product innovations. It also offers a grant programme focused on innovation	Full Application currently being assessed.
Growth Hub Business Finance	**Kent County Council** – Ross Gill	£3,006,000	To help small businesses to achieve their potential for growth through targeted financial assistance, bridging the gap in available finance and enable them to create and adopt innovative products and processes, enter new markets and unlock commercial finance.	Previous I3 (Innovation Investment Initiative advised to re-submit wider project to 2nd Call under Delegated Grants and Loans – rejected at 'Gateway'.

Project	Organisation/Contact	Grant sought for KCC/Kent	Project Summary	Current Status
South East LEP ESIF Programme (ESF)				
Employment Support for people with disabilities and long term health issues	Sussex Community Development Foundation	£3,574.000 over 3 years	Funding for third sector partnerships to provide intensive and ongoing practical employment support for disadvantaged people with long term physical health issues or disabilities to move into sustainable volunteering, education, training or employment across the Kent, Medway and East Sussex area.	Stage 1 Application approved. Full stage 2 Application to be submitted by end of November 2016.
Employment support for people with mental health issues	Porchlight and Sussex Community Development Foundation	£2,260,00 over 3 years	Funding for third sector partnerships to provide intensive and ongoing practical employment support for disadvantaged people with either a primary or secondary mental health condition to move into sustainable volunteering, education, training or employment across the Kent, Medway and East Sussex area.	Stage 1 Application approved. Full stage 2 Application to be submitted by end of November 2016.
Employment support for carers	Southdown Housing Association	£483,000 over 3 years	Funding for third sector partnerships to provide intensive and ongoing practical employment support for carers to move into sustainable volunteering, education, training or employment across the Kent, Medway and East Sussex area.	Stage 1 Application approved. Full stage 2 Application to be submitted by end of November 2016.
Employment support for older people	Social Enterprise Kent CIC	£483,000 over 3 years	Funding for third sector partnerships to provide intensive and ongoing practical employment support for older people (aged 45 and over) to move into sustainable volunteering, education, training or employment across the Kent, Medway and East Sussex area.	Stage 1 Application approved. Full stage 2 Application to be submitted by end of November 2016.

Project	Organisation/Contact	Grant sought for KCC/Kent	Project Summary	Current Status
Employment support for lone parents	Gingerbread (national charity)	£831,000 over 3 years	Funding for third sector partnerships to provide intensive and ongoing practical employment support for lone parents to move into sustainable volunteering, education, training or employment across the Kent, Medway and East Sussex areas	Stage 1 application approved. Full stage 2 application to be submitted by end of November 2016.
Employment support for people with difficulty sustaining employment	Royal British Legion Industries Ltd	£870,000 over 3 years	Funding for third sector partnerships to support people who are furthest from the labour market to overcome barrier to move towards and into sustainable volunteering, education, training or employment across the Kent, Medway and East Sussex area.	Stage 1 application approved. Full stage 2 application to be submitted by end of November 2016.
South East LEP ESIF Programme (EAFRD)				
Biddenden Fruit Handling and Contract Processing	Biddenden Vineyards – Richard Barns	£59,200	Purchase and installation of new fruit handling and pressing machinery.	Approved at ESIF Committee on 15 March 2016.
Bax Farm Smoothies	Bax Farm – Oliver Doubleday	£47,600	Purchase of fruit juice processing equipment to aid start-up venture for apple, pear and cherry juice.	Full Application being assessed for approval by Written Procedure.
Simpson's Wine Estate Business Growth	Simpson's Wine Estates – Ruth Simpson	£105,000	Conversion of 2 agricultural buildings into a winery.	Full Application being assessed for approval by Written Procedure.
Connecting Europe Facility (CEF) Programme				
Ashford Spurs	**Kent County Council** - Dafydd Pugh/Stephen Gasche	£1,900,000*	Re - signalling at Ashford International Station to allow existing and future international trains to stop at the station	*Although European CEF funding for this amount was secured, for cost and technology reasons, the

Project	Organisation/Contact	Grant sought for KCC/Kent	Project Summary	Current Status
				project is now to be fully funded domestically by SELEP.
BRIDGE (Building the Resilience of International & Dependent Gateways in Europe)	Port of Dover – Richard Christian	£18,900,000	Maritime and civil works – including new quay walls, dredging, land reclamation to create additional freight vehicle capacity.	Implementation underway.
BRIDGE - Motorways of the Sea II	Port of Dover – Richard Christian	£23,450,000	Financing of refrigerated cargo terminal in Dover and relocation of cargo operations to initiate port-centric distribution and utilise empty backloads.	Implementation underway.
ERASMUS + (Education & Training)				
BOOST (boosting the creativity of teaching)	**Kent County Council** – Sue Tunnicliffe	£158,000	To develop a methodology for developing a whole school approach to creative teaching.	Submitted by Phase 1 deadline of 30 March 2016.
Leadership in Schools	**Kent County Council**/University of Southern Denmark – Sue Tunnicliffe	£51,000,,000	A project to look at different models of leadership and leadership development in different educational structures to encourage more of the profession to develop and move into senior leadership roles in schools.	Submitted by Phase 1 deadline of 30 March 2016 (Decision expected August 2016)
Inclusion for Young Newcomers!	**Kent County Council** – Sean Carter	£62,700	Comparative research across systems of education in Europe to improve classroom teaching and practice and consider similarities and differences.	Submitted by Phase 1 deadline of 30 March 2016 (Decision expected August 2016)
Virtual Classrooms	**Kent County Council** – David Knox	£241,000	The project will service a core of health needs learners and the wider county where appropriate to raise attainment and outcomes for English, Maths, Science and ICT.	Submitted by Phase 1 deadline of 30 March 2016 (Decision expected August 2016)

Project	Organisation/Contact	Grant sought for KCC/Kent	Project Summary	Current Status
ECO Early Years	**Kent County Council** – Pam Rawling	£74,000,	To develop a framework to support early years teaching	Submitted by Phase 1 deadline of 30 March 2016 (Decision expected August 2016)
TABLO	**International Health Alliance** – Alice Chapman-Hatchett	£52,000	To train staff in the use of the Arts for the benefit of patients with long-term conditions	Approved

By: Mark Dance - Cabinet Member for Economic Development

Barbara Cooper - Corporate Director for Growth Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee - 19 July 2016

Subject: Devolution in Kent and Medway

Classification: Unrestricted

Past pathway of paper: None

Future pathway of paper: None

Electoral Division: All

Summary
In recent years, the Government has encouraged groups of local authorities to come forward with proposals for taking additional devolved powers. Earlier this year, Kent and Medway Leaders agreed to progress a devolution proposal: following this, a prospectus was developed outlining a series of potential measures to support infrastructure, skills and innovation, linked with proposed governance changes.

Given current policy uncertainty at national level, the Leaders have decided not to submit the devolution proposal to Government at this time. However, there is scope to take forward many of the actions proposed within it, within existing governance arrangements.

This paper introduces Kent and Medway's proposals for devolution, sets out how they may be progressed and outlines potential next steps.

Recommendations
The Cabinet Committee is recommended to consider and note this report.

1. Introduction: The 'devolution' agenda

The recent national picture

1.1. For over a decade, there has been an increasing policy focus on the potential for transferring specific central Government powers and budgets to city and county regions. This has been driven by a growing consensus that government in England is excessively centralised and by a widespread view that devolved powers and accountability can have positive effects on economic growth[1].

1.2. Since 2010, the Government has adopted an incremental, 'deal' based approach, inviting groups of local authorities to come forward with proposals for devolution, linked with commitments to stronger sub-regional governance. To date, this has resulted in the Government concluding 'devolution agreements' with 11 areas[2]. Initially, these focused on the major metropolitan city regions, with the first agreement concluded in 2014 with Greater Manchester. More recently, these have been followed with agreements in non-metropolitan areas, with deals concluded in Cornwall, Lincolnshire and East Anglia.

1.3. Although each devolution agreement is, in principle, locally negotiated, there are strong similarities between them, with a focus on infrastructure, skills and business support and (in some cases) health and social care integration. At the same time, all of the devolution agreements that have been concluded to date include proposals for extensive governance change. In all but one case, this has involved the creation of a statutory sub-regional Combined Authority and an elected mayor. The Government has been clear that it considers governance change – including an elected mayor – to be a condition for future devolution agreements, a position that has been reinforced by the 2016 Cities, Local Government and Devolution Act.

Challenges and opportunities

1.4. The Government's approach to devolution has presented both challenges and opportunities. Separate deals with different places has led to a tension between local proposals and a desire from Whitehall for national consistency. The geography of devolution is often confusing, and the roles of different bodies (such as Local Enterprise Partnerships) are unclear. In particular, the Government's emphasis on elected mayors and new Combined Authorities has made devolution agreements difficult to progress, especially outside the major cities where the case for a mayor is less compelling.

1.5. However, there is still a broad consensus in support of decentralisation in England, which has been reinforced by further devolution to Scotland and Wales. There is some evidence that where devolution agreements are in place, Government investment has been easier to secure. Over the longer term, should the current, limited, decentralisation prove successful, there may also be a stronger argument for the transfer of further powers.

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[1] See IPPR (2014), *Decentralisation Decade: A plan for economic prosperity, public service transformation and democratic renewal in England*; RSA City Growth Commission (2014), *Unleashing Metro Growth: Final recommendations of the City Growth Commission*; IPPR (2015), *Empowering Counties: Unlocking county devolution deals*

[2] These are: Cornwall, East Anglia, Greater Manchester, Lincolnshire, Liverpool City Region, North East, Sheffield City Region, Tees Valley, West of England (Bristol City Region) West Midlands, West Yorkshire

2. Developing proposals for devolution in Kent and Medway

2.1. Kent County Council has supported the concept of devolution to city and county-regions for many years: the Council originally set out a 'blueprint' for far-reaching devolution in *Bold Steps for Radical Reform*, published in 2009. However, KCC has taken the view that a devolution proposal for Kent and Medway is only viable or desirable if it is with the support of Medway Council and the Kent Districts as well as KCC, and it has been important that any devolution proposal is developed by consensus.

2.2. Earlier this year, the Kent and Medway Leaders agreed to progress a devolution proposal, based on both devolution from central Government to Kent and Medway and decentralisation within the county to the sub-county groups in East, West and North Kent. This led to the preparation of a draft devolution prospectus – *Growth, Productivity, Accountability: Strong relationships, new solutions* - attached as Annex 2.

2.3. The draft devolution prospectus set out some 21 specific proposals for discussion with Government, with the long term aim of enabling Kent and Medway to deliver planned growth and increase productivity to the UK average by 2031. To support these objectives, the prospectus focused on:

a) Housing and infrastructure, including proposals for transport devolution, the development of a strategic spatial plan for Kent and Medway and a Government-backed infrastructure finance review;

b) Employment and skills, including commissioning powers at Kent and Medway level over 16-19 funding and a better coordinated approach to careers services; and

c) Innovation and growth, including further Enterprise Zone designation and better integration of the range of support products offered by universities, local authorities and other partners.

2.4. Recognising the strong view of Leaders that a mayoral model is not appropriate for Kent and Medway, the prospectus proposed a simpler governance model based on a Kent and Medway Devolved Powers Board (KMDPB), constituted as a local authority joint committee under Section 101 of the 1972 Local Government Act. It also provided for an increased role for the three sub-county partnerships as mechanisms for the better coordination and pooling of local government services.

3. The current position

3.1. Following the result of the recent EU referendum and in view of the forthcoming change in the Government's leadership, the Leaders decided in June that **the**

draft devolution proposal will not now be submitted to Government. While recognising the benefits of a transfer of powers from central to local government, the Leaders considered that devolution is unlikely to be an immediate priority for the Government and that a reorganisation of local governance arrangements is likely to be a significant distraction from delivery.

3.2. However, the Leaders resolved to continue working within existing powers and structures to progress increased joint working at sub-county level, defend residents from further cuts to council budgets and strongly make the case for those major infrastructure priorities that are vital to the future of the economy. A statement setting this out has been published and is attached at Annex 1.

4. Next steps

4.1. Following on from the Leaders' decision, work is continuing on improved joint working within Kent and Medway. The draft prospectus also contained a number of proposals which can either be taken forward locally without Government involvement, or which can be progressed with Government on an individual basis.

4.2. It may be helpful to revisit these over the coming months to establish which proposals are priorities for Kent and Medway, and whether – in the light of a changed Government focus - there are additional asks that KCC and its partners may wish to pursue.

5. Recommendations

5.1. The Cabinet Committee is recommended to consider and note this report.

Contact details

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Annexes:

Annex 1: Statement on devolution from Kent Council Leaders
Annex 2: *Growth, Productivity, Accountability: Strong relationships, new solutions* – Kent and Medway draft prospectus for devolution

ANNEX 1:
STATEMENT ON DEVOLUTION FROM KENT COUNCIL LEADERS

At a meeting of the Kent Council Leaders (the partnership of County, Unitary and District Council Leaders for Kent and Medway) on 27 June 2016, there was unanimous agreement that now was not the appropriate time for Kent and Medway to submit a devolution bid to the Government.

Leaders were of the opinion that whilst a transfer of powers and freedoms from Central to Local Government was highly desirable and might eventually bring great benefits to local residents, the current pressures on Government, not least from the need to focus upon EU exit negotiations, means that devolution is unlikely to be a priority for it in the medium term. Kent Councils are wholly focussed on the delivery of good services to the communities they serve and feel strongly that reorganising local government at this time could be a significant distraction, particularly if resources and support from Government were limited.

In any event, Kent Council Leaders believe that many of the services they provide can be delivered smarter, and more efficiently, within the existing local government framework.

They have resolved to

- Continue to build on the joint working and trusted relationships that have developed whilst working on the devolution agenda. In particular, joint working between clusters of authorities in East, West and North Kent will continue without any formal devolution agreement and will have a particular focus on improving the efficiency and effectiveness of existing services. Kent County Council and the District and Borough Councils will share more, collaborate more and work harder to minimise duplication and waste. The success of joint working lies not in any structure or administration but in the delivery of better and more efficient services that are popular with residents, are common sense and reliable.

- Continue to defend the residents of Kent and Medway from further cuts to council budgets and make clear that our councils have already delivered significant savings and that further reductions would be entirely counterproductive to the county's continued economic growth.

- Continue to support major national infrastructure projects in Kent and Medway, such as the construction of a Third Lower Thames Crossing and the Operation Stack Lorry Park. These major infrastructure projects are vital to improving both the quality of life for Kent and Medway residents but also to support economic growth at a national level. Any reductions in infrastructure spending would be short-sighted and counterproductive to the national and local interest.

4 July 2016

Signed by Kent Council Leaders:

Paul Carter (Chair), Leader of Kent County Council

David Jukes (Vice-Chair), Leader of Tunbridge Wells Borough Council

Gerry Clarkson, Leader of Ashford Borough Council

Simon Cook, Leader of Canterbury City Council

Jeremy Kite, Leader of Dartford Borough Council

Paul Watkins, Leader of Dover District Council

John Cubitt, Leader of Gravesham Borough Council

Fran Wilson, Leader of Maidstone Borough Council

Alan Jarrett, Leader of Medway Council

Peter Fleming, Leader of Sevenoaks District Council

David Monk, Leader of Shepway District Council

Andrew Bowles, Leader of Swale Borough Council

Chris Wells, Leader of Thanet District Council

Nicolas Heslop, Leader of Tonbridge & Malling Borough Council

Growth, productivity, accountability:
Strong relationships, new solutions

Kent and Medway's prospectus for devolution

Initial draft for consideration by Kent and Medway Leaders

June 2016

A note on the discussion draft

This document is the first draft of a devolution prospectus for Kent and Medway, for discussion by Leaders on 27 June. It sets out proposals for devolved powers from Government, building on the Leaders' discussions in May and in the context of the work already underway to support more responsive and better integrated joint working across local government in Kent and Medway. It also outlines proposals for strengthened governance.

This devolution prospectus seeks to be ambitious and specific to Kent and Medway's opportunities and challenges. So while we have reviewed the content of Devolution Agreements that have been concluded in other parts of the country, we have not adopted them wholesale: the prospectus reflects local conditions, not a national template.

However, there may be areas where the draft could be more ambitious or innovative – or realistic. Throughout the document, we have highlighted specific questions for comment and discussion.

Contents

Summary: Strong relationships, new solutions

This is Kent and Medway's prospectus for a new devolution agreement with Government. It seeks to unlock our ambitious levels of growth, develop our skills to become increasingly productive and competitive in the global economy and better manage the opportunities and challenges of neighbouring the UK's only global city. It sets out our proposed solutions and the arrangements we will put in place to deliver them, building on strong local partnerships.

Strong relationships

Devolution is about strong relationships, where local responsibility, trust and accountability drive better decisions and better outcomes. Our devolution agreement will drive stronger relationships across local government, with business, with Whitehall and with our neighbours:

A strong relationship with Government: We do not seek the transfer of powers and functions for the sake of it. Nor do we want a devolution agreement that is a carbon copy of one prepared for a different place at a different time. Instead, we want to forge a new, strategic, mutually beneficial and locally-specific relationship with central Government, where nationally and locally we contribute to shared objectives. Where we do seek the transfer of powers or functions, we will do so on the basis of clear, evidence-based business cases setting out our capacity and capability to deliver.

A strong relationship between councils in Kent and Medway: We are proud of our local government structures in Kent and Medway. Working together, there is much that we have achieved. We will build on this, strengthening joint services in our sub-county areas in North, West and East Kent and decentralising where decisions can best be taken locally. Through our proposed Kent and Medway Devolved Powers Board, we will strengthen governance, where devolution will drive greater joint decision-making and shared accountability.

A strong relationship with business: Our devolution proposals will support growth and greater productivity. But it is our 58,000 businesses, most of them SMEs, that will employ, train, trade, make and invest – the activities that drive the economy. We have a long-standing partnership between business and local government both at strategic and local level, and there is a strong role for Kent and Medway Economic Partnership in our proposals.

A strong relationship with London and the South East: Kent and Medway is a clearly-defined historic, political and economic unit. But our links with London are vitally important, and will become more so as the capital expands. Our position as the gateway to continental Europe as well as part of the growing Greater South East also presents us with unique challenges as well as opportunities. Through our proposals, will strengthen our links with our neighbours.

New solutions

The success of devolution will be measured by the tangible benefits it offers for our residents and businesses. So within this prospectus, we propose a series of measures which will deliver better coordinated government, more innovative financing solutions and greater responsiveness to local need. Focused on the three drivers of growth – infrastructure, skills and innovation – we have set out 21 proposals for discussion with Government:

New solutions for housing and infrastructure

- To ensure a more strategic approach to development and the infrastructure it requires, we seek to prepare a **Statutory Spatial Plan for Kent and Medway**, to be unanimously agreed by Kent and Medway's planning authorities and building on the Growth and Infrastructure Framework (Measure HI1, page 25)
- To support the development of the Spatial Framework and to provide oversight and coordination of agencies with a role in development (including the HCA and the Environment Agency), we seek to establish a **Housing, Planning and Infrastructure Commission**, independently chaired and with Government participation (Measure HI2, page 25)
- To build better coordination across London and the South East, we will support a new **strategic transport partnership for the South East and a Standing Conference on Growth in the South East or similar body**, provided that these include the participation of the Greater London Authority and Government (Measure HI3, page 26)
- To increase capacity within Local Planning Authorities to more effectively support major applications, we seek Government support for **regulatory change to devolve the setting of planning fees** to the Kent and Medway Devolved Powers Board, subject to a target-linked commitment to reduce administrative costs (Measure HI4, page 27)
- To create a simpler and more efficient approach to local infrastructure funding, we seek a **new deal on the use of the Local Growth Fund**. This would consist of a block allocation of funds to Kent and Medway based on the proportion of England's housing growth we will deliver, linked with a housing delivery target and future allocations dependent on performance (Measure HI5, page 27)
- To consider mechanisms to bridge the longer term infrastructure funding gap, we recommend the establishment of a **Greater Thames Estuary Infrastructure Finance Review,** with the involvement of the Infrastructure Commission (Measure HI6, page 28)
- To improve the quality and use of our public transport network in the context of growth, we will **carry out a review of the case for bus franchising**, with a view to seeking franchising powers and we will continue to work with the Department for Transport to influence the specification for the new South-Eastern rail franchise and with DfT and Transport for London for Southeastern Metro services (Measure HI7, page 29)
- To ensure the resilience of Kent and Medway's major local routes in the context of increasing use, we will explore the potential for designation of a **Key Route Network**

with the potential to share maintenance budgets with Highways England (Measure HI8, page 30)

New solutions for employment and skills

- To increase the employer voice in planning future skills provision, and to enable future devolution of commissioning powers, we will secure **more formal status for the Kent and Medway Skills Commission** (Measure ES1, page 33).
- Following the formalisation of the Skills Commission and in the light of the outcomes of the forthcoming Area Review of further education, we will seek **devolution of commissioning powers over 16-19 funding**, with commissioning powers to be transferred to the Kent and Medway Devolved Powers Board (Measure ES2a, page 34).
- Using the same mechanism, we seek **devolution of the Adult Skills Budget**, recognising the need to deliver greater value from a diminished overall budget (Measure ES2b, page 34).
- To ensure that the **Adult Education Budget** is responsive to local economic need, we will explore with Government the potential for the allocation of the AEB as a block grant as part of our devolution agreement (Measure ES2c, page 35).
- Depending on future funding and linked with the enhanced role of the Skills Commission, we will ensure the full devolution of any future **Skills Capital funding** to Kent and Medway, so that it can be allocated in accordance with a clear strategic plan (Measure ES2d, page 35).
- We will ensure that the new **Advanced Learner Loan facility** is effectively marketed for qualifications where there is an economic demand and we will explore with Government the potential for additional subsidy for borrowers in areas within deprived communities where there is evidence of low take-up (Measure ES3, page 35).
- To ensure that careers services are better coordinated and better linked to local business intelligence, we seek devolution of the funding for the **Careers Enterprise Company** in the short term and the integration of all other publicly-funded careers services over the longer term (Measure ES4, page 35).
- To enable greater flexibility and better targeting towards priority sectors or clear skills shortages, we seek **devolution of the Apprenticeship Grant for Employers**, linked with our wider business support programme (Measure ES5, page 36).
- To support more people back into work – especially those furthest from the labour market – we will use our strong employer links to co-design the delivery of the new **Work and Health Programme** when it starts to come into effect from 2017 (Measure ES6, page 36)

New solutions for innovation and growth

- Building on the success of our Regional Growth Fund programmes, we will **consolidate our direct business finance schemes into a Kent and Medway Business Finance programme**. We will explore with Government the extent to which this could consolidate a range of other funds operated by the British Business Bank and other Government agencies (Measure IG1, page 39).

- We will integrate our finance programmes with our wider business support offer. Following this, we seek **direct Government funding and recognition of the Kent and Medway Growth Hub** and we will seek a direct discussion with BIS to determine how national programmes can be most effectively linked (Measure IG2, page 40).
- We will **strengthen university links with the local economy** and we seek Government support for a more integrated system for coordinating the support offered by universities to innovative SMEs (Measure IG3, page 40).
- To support growth in specific locations, we will consider the case – and seek Government support – for **new Enterprise Zone designations** where there is a clear sector focus and potential for high-value business growth (Measure IG4, page 40).
- To make the most effective use of available funding, we will seek a **fresh conversation with Government regarding the management of the European Structural and Investment Funds** (Measure IG5, page 41).

Clear targets

We will measure the success of the proposals set out in this prospectus through two clear, long term targets for growth and productivity:

- We will deliver **planned growth of 158,500 net additional homes** over the 2011-31 period. This will mean a step change in delivery: to meet the target, we must deliver 8,391 homes each year for the remainder of the period – substantially in excess of historic rates of delivery.
- We will **increase Kent and Medway's productivity to the UK average** by 2031. This will mean that we will need to significantly change our growth trajectory, delivering productivity growth greater than that of the UK as a whole.

These targets are ambitious. They will only be achieved if we unlock the infrastructure, skills and innovative capacity that the measures set out in this prospectus seek to achieve. But we believe they are attainable – indeed, we must achieve them if we are to make our full contribution to national growth.

We believe that this prospectus sets out a programme for devolution that is ambitious, pragmatic and focused on growth. We welcome the views of Government and we look forward to building a strong partnership for delivery.

1. Context: Opportunities and challenges

This prospectus sets out our ambition for a new relationship between central and local government in Kent and Medway to accelerate housing and employment growth, create a more productive economy and ensure greater accountability to our citizens.

Starting from an analysis of the challenges and opportunities facing Kent and Medway over the next 10-20 years, it outlines our shared local strategy. It presents a series of proposals for devolved powers and better joint working with national Government and a new model for clearer, more accountable governance.

Devolution is a long term endeavour and building new relationships takes time. However, the gain from the greater productivity and efficiency that devolution could yield is significant. We invite Government to join us on this journey.

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1. 1. A new approach to local leadership

1.1.1. It is now widely acknowledged that England is one of the developed world's most centralised countries. Setting out the new Government's approach in May 2015, the Chancellor of the Exchequer resolved to change this:

> *"We all know that the old model of trying to run everything in our country from the centre of London is broken. It's led to an unbalanced economy. It's made people feel remote from the decisions that affect their lives. It's not good for our prosperity or for our democracy.*
>
> *[So] today I can tell you we will go much further and deliver radical devolution to the great cities of England... It is time for you to take control of your own affairs."*[1]

1.1.2. Since then, individually negotiated 'devolution agreements' have been concluded with eight city regions. This approach has also been extended to areas outside the major cities, with an agreement concluded with Cornwall and further agreements being progressed with Greater Lincolnshire, East Anglia and Cambridgeshire and Peterborough. Each agreement sets out how they could achieve better economic and public service outcomes if provided with devolved powers to effect change. However, each agreement is also unique, reflecting the specific priorities and circumstances of the area.

1.1.3. Over time, it is likely that devolution agreements will expand, as they demonstrate success and local arrangements become established. So specific, individual deals

[1] George Osborne, 14 May 2015

could lead to a longer term change towards a mutually beneficial relationship between central and local government.

1. 2. Kent and Medway's strategy: Five key principles

1.2.1. In Kent and Medway, we welcome the Government's offer. We believe that devolution presents significant opportunities for accelerating economic growth and reforming public services. We are pragmatic: we seek better outcomes for our businesses and residents, not powers and governance changes for their own sake. This prospectus therefore sets out our proposals for devolution, within the context of a strategic approach based on five key principles:

Kent and Medway's five key principles

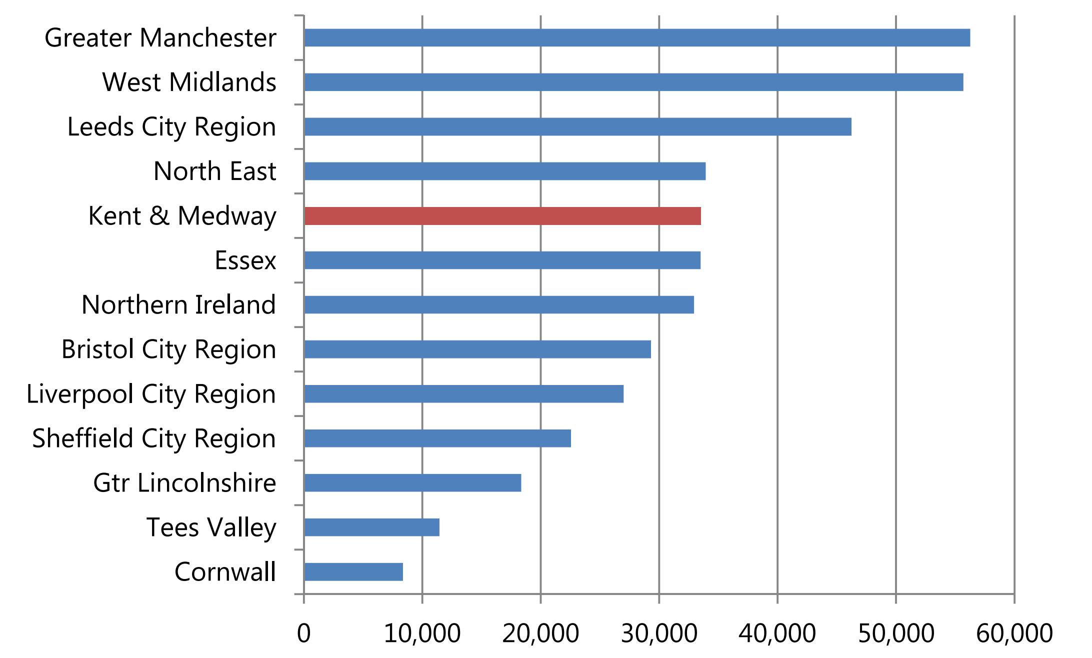
1. Kent and Medway is the right geography on which a devolution agreement should be based...
2. Local leadership and decentralisation to Kent's districts and sub-county areas are integral to our proposals...
3. We will work better together with Greater London and the rest of the South East, recognising our symbiotic economic relationship and the impact of and opportunities for growth.
4. Our proposals are based on a clear analysis and understanding of the specific opportunities and challenges that Kent and Medway face...
5. We take a pragmatic approach to governance, ensuring that the form of governance follows the practical functions that we seek to devolve or change.

Principle 1: Kent and Medway is the right geography on which a devolution agreement should be based

1.2.2. Credible proposals for devolution are based on coherent, stable geographies that align with public services and economic reality. In addition to its strong historic identity, there are three reasons why it is clear that Kent and Medway provides the most appropriate geography for devolution and strategic joint working.

1.2.3. First, with a population of over 1.7 million, **Kent and Medway is comparable in size with the major city regions** with which the Government has already concluded devolution agreements. With GVA of around £35.9 billion, the Kent and Medway economy is in fact somewhat larger than that of the Liverpool, Sheffield and Bristol city regions. Since it is growing faster than all of these cities and faster than the UK as a whole, it will over time account for a greater share of the national population.

Regional scale: Devolution Agreements and other areas, total GVA (2013, £)[2]



1.2.4. Second, the established Kent and Medway geography is a **'functional economic area'**. While commuter flows to London are high (and London is of vital importance to the Kent economy), the local labour market is relatively self-contained within the county, as are the travel-to-learn areas of our further education providers. Kent and Medway's peninsular geography provides a logical framework for considering strategic transport: the county contains all road and rail infrastructure south-east of London and is largely coterminous with the South East rail franchise area.

1.2.5. Third, the Kent and Medway geography also **aligns with the boundaries for a range of public services and partnership bodies**. There is an established history of joint working between its 14 local authorities (Kent County Council, Medway Council and 12 District authorities). The office of the Police and Crime Commissioner and the Kent Fire and Rescue Authority both operate to the Kent and Medway boundary, while the Kent and Medway Economic Partnership (effectively the county's LEP) brings business and local government together to take a strategic, county-wide view. Within the complex health economy, a single Sustainability and Transformation Plan for health and social care integration is being developed.

[2] ONS, NUTS2/3

Principle 2: Local leadership and decentralisation within Kent and Medway are an integral part of our devolution proposals

1.2.6. Kent and Medway is a coherent, stable geography – but it is also inherently complex and diverse. There is no single, dominant centre, and the county's administrative, educational, cultural and economic infrastructure is distributed across its main towns and cities. Economic opportunity and the capacity and viability for growth vary substantially and our communities range from the urban and industrial to the deeply rural and coastal.

1.2.7. This presents us with a challenge that is different, and in some ways greater, than that presented to the city regions. In particular, it means that our strategy for economic growth and public service reform must be responsive to local dynamics as well as operating at scale, taking into account the opportunities and challenges highlighted opposite**. So, integrated with our proposals for devolution from central Government to Kent and Medway is a commitment to build stronger, more decentralised relationships at sub-county and local level**. This commitment will also make many of the measures set out in this prospectus more deliverable, allowing initiatives to progress at sub-county level, where there is local support and ambition.

1.2.8. There are already established partnerships in West Kent, North Kent and East Kent, involving the local authorities as well as other partners. These partnerships will be central to delivering the measures set out in this prospectus. Work is underway to establish where services can be shared across partners or devolved from county to sub-county or local level, where they can be made more responsive and deliver savings to the public purse. This work is integral to our plans for devolution and service transformation and is reflected in our proposals.

Principle 3: Our devolution proposals take account of growth in the wider South East

1.2.9. Kent and Medway is a sensible geography for devolution, but clearly it does not sit in isolation from the rest of the South East. London has always been vital to the county's economy as a source of demand for goods and services and as an essential labour market; with Greater London's rapid expansion as Britain's only world city, the opportunities for (and growth pressures on) Kent and Medway will continue to grow. At the same time, Kent and Medway clearly benefits from the infrastructure of the Greater South East (such as the airports at Heathrow, Gatwick and Stansted) and the wider strategic transport network, just as the rest of the country benefits from Kent's position as a gateway to continental Europe.

North Kent	
Dartford, Gravesham, Maidstone, Medway, Swale Population: 784,000; New homes, 2011-31: 74,800	
Opportunities	**Challenges**
• Government priority for investment in the Thames Estuary • Major infrastructure investment, including Ebbsfleet International and high speed rail • Proximity to London and London infrastructure • University investment at Medway • Strong manufacturing base	• High costs associated with brownfield development impact on viability • Relatively weak productivity and workforce skills base compared with other London growth corridors • Strategic transport constraints along A2/M2 corridor and associated with Dartford Crossing • Significant concentrations of deprivation

East Kent	
Ashford, Canterbury, Dover, Shepway, Thanet Population: 641,900; New homes, 2011-31: 60,100	
Opportunities	**Challenges**
• Greatly improved access following HS1 • Nationally-significant university presence at Canterbury • Presence in growth sectors, including at Discovery Park • Land for development, with local ambition to bring forward • Investment in coastal regeneration • Nationally-important port infrastructure	• Comparatively small business base and productivity challenges • Major developments faced with viability challenges • Significant coastal deprivation challenges • Pressure from high freight volumes as Port and Eurotunnel use expands • Continuing – although changing – perceptions of peripherality

West Kent	
Sevenoaks, Tonbridge and Malling, Tunbridge Wells Population: 358,342; new homes, 2011-31: 22,800	
Opportunities	**Challenges**
• Dynamic business stock, particularly in growth sectors • Proximity to London • Relatively high levels of GVA and disposable income • Buoyant housing/ development market • Attractive investment location	• Clear environmental limits to growth (including metropolitan Green Belt and flood risk) • Constrained infrastructure • Relatively high house prices and tight labour market

1.2.10. There is no conflict between devolution to city and county-regions and a wider strategic view: in the North of England, Manchester, Liverpool, Leeds and Sheffield work together as part of the 'Northern Powerhouse' to progress actions that can best be delivered at strategic regional level, without compromising their own autonomy or identity. As part of our devolution proposals, **we will continue to work closely with the Greater London Authority and with councils and partnerships surrounding London** to ensure that the growth of the South East is sustainable and managed, and that Kent and Medway benefits from it.

Principle 4: Our devolution and integration proposals are based on a clear analysis of Kent and Medway's opportunities and challenges

1.2.11. In Kent and Medway, **we only seek additional powers and flexibilities to the extent that they will lead to public service and economic benefits**. So, reflecting the Government's intention that devolution agreements should be individually negotiated and bespoke to local conditions, we have started with an analysis of the challenges and opportunities that we face, and considered what we need to change in order to address them. A summary of our challenges and opportunities is set out in the next section, with a full analysis contained within a separate Evidence Base.

1.2.12. In some cases, we can already effect change locally: where this is the case, we are doing so. However, where devolved powers are required or stronger partnerships must be built with central Government and its agencies, we have set out the case.

Principle 5: Our form of governance follows from our proposals for change

1.2.13. Our proposals for devolution follow on from our analysis of what we need to achieve. It therefore makes sense that our approach to delivery is based on how we can most effectively bring forward these proposals.

1.2.14. It is obvious that a simple strategic governance model is more challenging to achieve in a multi-centred county across 14 local authorities with different powers than it is across half a dozen metropolitan boroughs that have already shared metro-wide functions for the past thirty years – so we will not concentrate on governance at the expense of delivery. As part of our proposals, we will therefore take a **pragmatic approach to governance arrangements**, ensuring that form follows function and that we remain open to future change.

Questions for discussion

The principles outlined above aim to link devolution *to* Kent and Medway and decentralisation and better joint working *within* Kent and Medway. They also set out an approach that argues for a specific and unique deal for Kent and Medway and a distinct local governance model. Do you agree with these principles and do they reflect a fair starting point for discussion? Should any be added or deleted?

1.3. Opportunities and challenges

1.3.1. Looking ahead to the next 15-20 years, the following paragraphs consider the major opportunities and challenges that Kent and Medway will face – and which our proposals for devolution and partnership reform must address. We have identified three key areas of opportunity and challenge:

- **Growth:** Managing, supporting and maximising the potential of a growing and changing population;
- **Productivity:** Creating an increasingly productive, innovative and skilled economy;
- **Efficiency:** Delivering better social outcomes at constant or reduced cost to the taxpayer

Growth

1.3.2. **Kent and Medway is growing rapidly.** Over the period to 2031, our population is expected to rise by 293,000. This is an increase of 17% –equivalent to the current population of Medway and substantially greater than the rate of increase in most other parts of the country. Much of this above-average growth will be driven by significant in-migration, especially from London as the capital's dynamic economy continues to create employment opportunities but limited housing – and rapidly rising house prices – increase demand in neighbouring counties. In the decade to 2011, Kent and Medway saw net in-migration of about 110,000 people from London: given continuing economic growth set against London's fairly poor record in delivering new and affordable housing, this trend is likely to continue. As in the rest of the country, our population is also ageing: by 2031, 18% of the county's population will be aged over 70, compared with 13% today.

1.3.3. **We have a strong understanding of the drivers and constraints on growth.** Last year, we commissioned the Kent and Medway **Growth and Infrastructure Framework**, setting out infrastructure requirements to support planned growth across Kent and Medway, the costs associated with this and the likely funding gap, taking into account anticipated developer contributions, public funding and commercial delivery. Shaped and endorsed by all the local authorities in Kent and Medway, the Growth and Infrastructure Framework provides a strong strategic evidence base to support local planning and priorities.

Faster growth: Projected increase in population 2015-30 (%)[3]

UK, South East and metropolitan city regions:

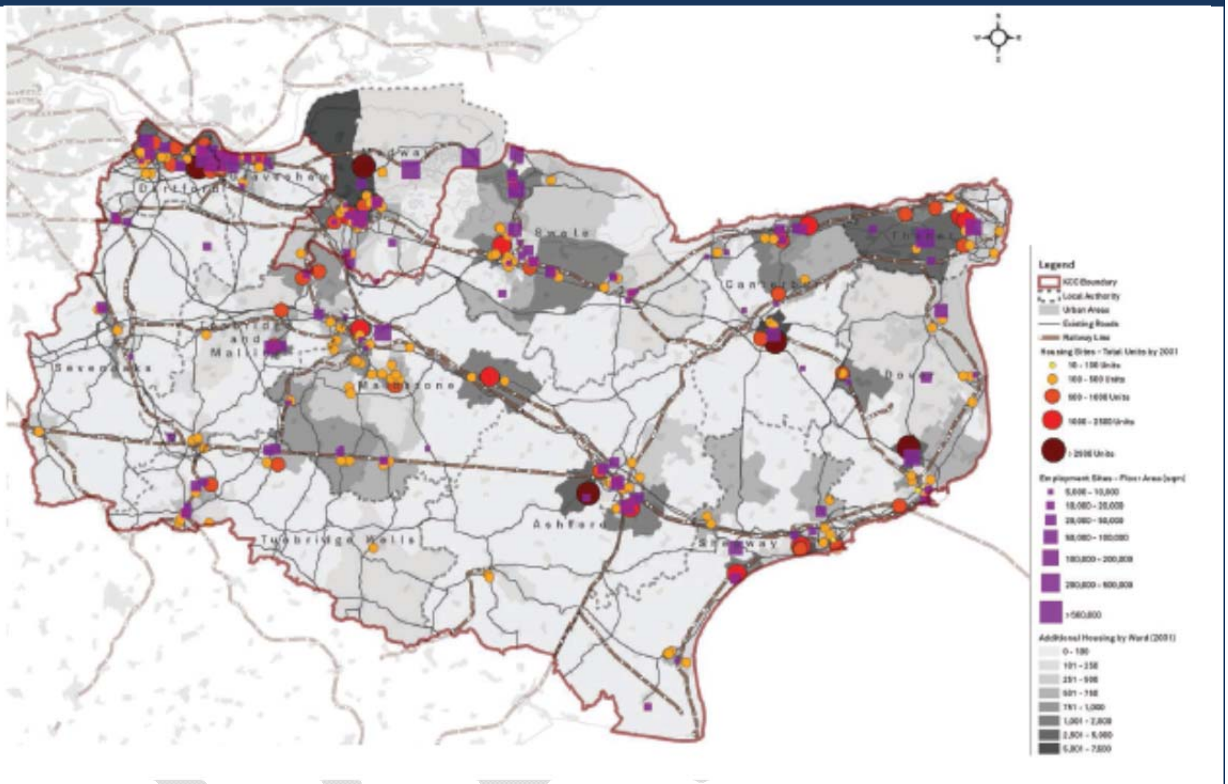
1.3.3. The Growth and Infrastructure Framework demonstrates the opportunities that growth creates for Kent and Medway. Obviously, the county benefits from London employment: over 100,000 people in Kent and Medway currently commute to the capital, while overall employment in London is expected to rise by 41,000 jobs a year over the next twenty years. Our scope to benefit from these has been reinforced through new infrastructure, with High Speed One bringing towns and cities such as Folkestone and Canterbury to within an hour of central London and opening up new potential on the Kent coast. With many Kent and Medway businesses serving markets across London and the South East, a growing population is a significant business opportunity.

1.3.4. We therefore welcome growth - and we recognise that Kent and Medway is vital to the wider growth of the South East. The development of a new Garden City at

[3] Eurostat (2016), Main scenario demographic balances for NUTS2 regions. These projections are comparable across regions; they differ from the GIF projections, and are more conservative.

Ebbsfleet and the recent proposals for a Garden Town at Otterpool near Folkestone both present opportunities for housing and employment growth of national significance, complementing growth within the county's established towns and cities.

Locations for growth: Major housing and employment sites[4]



1.3.5. However, if we are to achieve our potential, there are challenges that we must overcome, and which we will seek to address through our devolution and integration proposals:

1.3.6. First, **delivery is hampered by high infrastructure and environmental costs which compromise viability.** Generally, the greater the distance from London, the greater the infrastructure funding gap – so while there is capacity for growth, viability is often very challenging, especially in parts of East and North Kent. The Growth and Infrastructure Framework identified a total funding gap of £2.01 billion to 2031 (equivalent to £118 million per year, excluding the costs of the new Lower Thames Crossing), which will need to be bridged if planned levels of growth are to be delivered.

1.3.7. Second, **traffic volumes on our road network are rising**, driven by population growth and increased local demand and by high freight volumes due to Kent's position as the gateway to Europe – so maintenance costs rise and the opportunity

[4] Kent County Council (2015), Growth and Infrastructure Framework. Insert better map for final version

for new development to come forward in the absence of significant new investment is limited. However, although the scale of growth in Kent and Medway is substantially greater than that which will be experienced in most city regions, **our mechanisms for strategic planning and co-ordination are limited** (both within Kent and Medway and in liaison with neighbouring authorities across the South East) and limited capital funding sources (such as the Local Growth Fund) are centrally controlled, uncertain and allocated on a project-by-project basis, rather than strategically.

1.3.8. Third, as well as increased demand on all services through aggregate population growth, demand for social care and health services is rising rapidly as our **population ages.** This will reinforce our programme of further integration of the health and social care system, building on the Kent and Medway Sustainability and Transformation Plan currently being developed.

Productivity

1.3.9. The Kent economy faces a productivity challenge. This is both a national and a local issue. Despite rising employment and a growing economy, the UK's output per hour worked lags behind that of our major competitors. Bridging this gap is vital to our national prosperity: if Britain were to increase its productivity to that of the United States, we would raise GDP by around £21,000 for every household[5].

1.3.10. In Kent and Medway, we have a double challenge. **Productivity remains persistently below the national average** and the gap has widened over the past decade. While to some extent this reflects the 'London effect' as people commute to higher value jobs, the gap cannot be explained entirely by this: commuting levels are similarly high in Surrey and other counties to the west of London, but labour productivity is significantly higher. More likely, Kent and Medway's productivity gap reflects a history of relatively low-value employment and an associated skills base.

1.3.11. If we are to raise the productivity of the UK overall, **we need to deliver a significant productivity improvement in Kent and Medway**. This is challenging, but linked with our ambitious growth aspirations, it is achievable. With over 58,000 businesses – 89% of which employ fewer than ten people – Kent and Medway has a strong, resilient and diverse business base which is set to grow as our population increases. Over the past decade, **our economy has become increasingly innovative**, with the proportion of the workforce employed in the 'knowledge economy' growing at twice the national rate. Better technology, combined with proximity to London and faster transport connections is supporting the growth of new sectors and business models, strengthening the county's attractiveness as an investment location. So we aim to

[5] HM Treasury (2015), *Fixing the Foundations: Creating a more prosperous nation*

drive productivity improvements through a series of local programmes linked to the national economic agenda.

The productivity challenge: GVA per hour worked (£)[6]

1.3.12. There is much that can be done locally to drive further improvements. Infrastructure improvements will reduce time delays and increase efficiency. A stronger voice for local employers and for economic evidence in the commissioning of skills provision will help to create a more productive workforce. And a more efficient way of integrating the often confusing range of government-backed business support programmes should help firms to innovate and grow.

Efficiency

1.3.13. The local authorities in Kent and Medway have an excellent record in improving efficiency through shared services and more effective commissioning. Since 2010/11, the 14 local authorities have made combined savings worth £x, at the same time as responding to rising demand pressures.

1.3.14. However, we will need to go further. Overall public expenditure will continue to fall as a percentage of overall GDP until 2020 and this will continue to impact local government finances, even as locally-generated income rises as a proportion of total local government revenue. Over time, the public sector is likely to become smaller relative to the private sector within the UK economy.

[6] ONS

1.3.15. This will mean that we will need to be more creative in our proposals for delivering the services and funding the infrastructure that our growing communities need, building on the principles of decentralisation within Kent and Medway set out earlier in this paper.

1.4. Long term goals and targets

1.4.1. Linked with our clear focus on growth and productivity, we have adopted two long term targets for the next fifteen years.

1.4.2. First, **we will accelerate housing delivery to meet planned levels of growth.** As set out above, we are ambitious for growth: we have sites available and in many cases consent granted that will see Kent and Medway outpace every neighbouring county and every city region outside London.

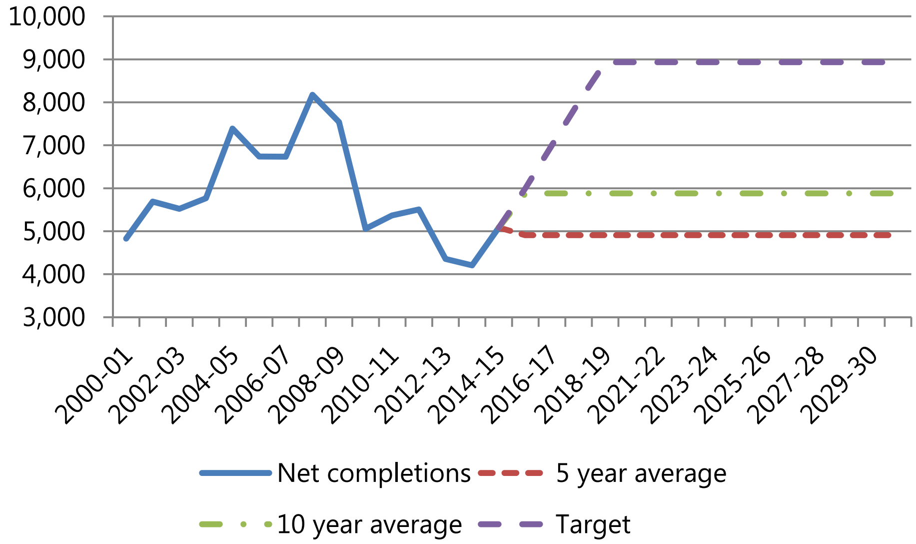
1.4.3. To meet these targets, we must deliver an average of 8,391 homes per year for the remainder of the period. But annual average rates of delivery fall significantly short of this, for the reasons explained above. So through the measures set out in this prospectus, we will aim to achieve the target set out in the Growth and Infrastructure Framework of 158,500 new homes between 2011 and 2031.

1.4.4. Second, **we will increase our productivity to the UK average by 2031**. As our analysis above sets out, Kent and Medway has for decades been comparatively unproductive. We must use the opportunity of growth to reverse this, building on faster connections, better use of technology and stronger skills to drive greater output.

1.4.5. Reaching this target will mean a step change in direction: if we continue at our current rate of productivity growth, the gap between Kent and Medway and the rest of the UK will get even wider. So we must start to outperform national growth: reaching the 2031 target will mean a 3.1% annual increase in GVA per hour worked.

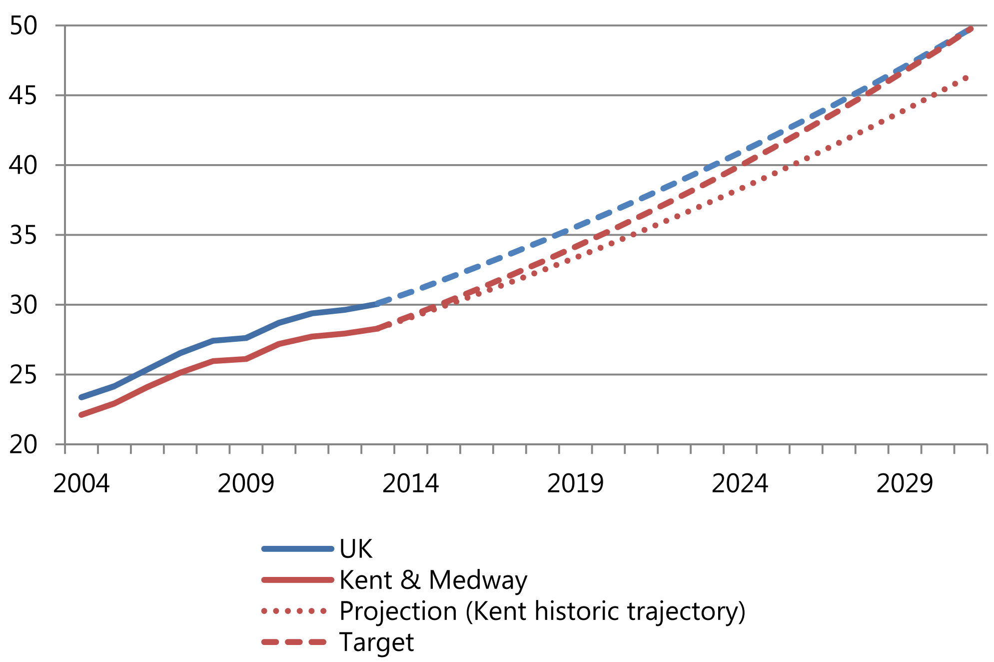
Target 1: We will deliver planned housing growth by 2031

Actual net completions and forward projections based on historic delivery and target[7]



Target 2: We will reach UK levels of productivity by 2031

Actual and projected productivity (nominal GVA per hour worked, £)[8]



[7] Growth and Infrastructure Framework; KCC/ Medway Council, Housing Information Audit
[8] ONS. Subnational productivity (August 2015). Projections based on historic trajectory.

1.5. Informing our programme of change

1.5.1. Not all our challenges will be resolved through devolution. But building on the analysis of opportunities and challenges set out above, the next section sets out solutions that will help us to accelerate growth and raise productivity.

Questions for discussion
The analysis above summarises the main challenges and opportunities that Kent and Medway faces, and to which the proposed solutions in the next chapter respond. Has the analysis adequately reflected our main challenges and opportunities? Should any other issues be highlighted at this stage? Are the long-term targets (for growth and productivity) the right ones? Should we be setting any more detailed targets?

2. Solutions: Our programme for change

Building on the opportunities and challenges we have identified, this chapter sets out our proposed solutions, focused on:

- Housing and infrastructure: Accelerating growth
- Skills: Developing a skilled, productive workforce
- Innovation and growth: Supporting higher value, growing businesses

2.1. Housing and infrastructure: Accelerating growth

The case for change

2.1.1. Over the next fifteen years, around 159,000 new homes will need to be delivered in Kent and Medway to satisfy anticipated demand – and it is vital that these are accompanied by the right strategic and community infrastructure. However, as the previous section outlined, much of the infrastructure needed to support growth is currently unaffordable, with an estimated £118 million annual funding gap across Kent and Medway over the period to 2031.

2.1.2. This funding shortfall does not fall evenly across Kent and Medway. In parts of the county – especially the west – environmental constraints rightly limit the scope for new development: where sites are available, viability is generally high. But in East and parts of North Kent, where capacity is greater, unusually high infrastructure costs and lower land values frequently make development unviable, even though local authorities are ambitious for growth and planning permission is in place. We therefore have a perverse situation: where we have the capacity for new development and where growth would yield the greatest local economic benefits, it is often the most difficult to bring forward.

2.1.3. Overcoming this perverse situation is essential if Kent and Medway is to contribute to the recognised need for new housing in the South East. However, while the county contains some of Britain's most important development sites, we currently lack the tools for effective strategic planning.

What we have done already

2.1.4. We have started to fill the strategic infrastructure planning gap. The Growth and Infrastructure Framework published last year is now the most comprehensive strategic infrastructure plan in the South East outside London, setting out the total infrastructure required to meet planned growth – taking into account nationally-funded infrastructure such as health and strategic transport, as well as local services. As the Growth and Infrastructure Framework develops, it will result in a clear set of priorities across Local Planning Authorities and infrastructure providers, helping us to future-proof major projects to avoid infrastructure constraints and support us in identifying and prioritising demands for new public investment.

2.1.5. We have also been successful in accessing new infrastructure support from the Local Growth Fund – around £149 million through the first two rounds. However, the scale of the Fund is limited in comparison with the identified infrastructure need and the requirement to bid on a project-by-project basis to central Government militates against a strategic approach. So while we have an excellent understanding of our infrastructure demands and costs, we lack access to the funding levers we need to deliver.

Proposed solutions

2.1.6. We do not expect Government to fully bridge the infrastructure funding gap. But we can help to provide greater certainty for developers, local authorities and infrastructure providers through a stronger strategic framework, a more predictable, targeted approach to public funding and innovative measures to increase the resources available to local authorities, where this will result in improved delivery.

2.1.7. We seek to achieve this through the following measures:

Planning

HI1: A statutory Spatial Framework for Kent and Medway
HI2: A Kent and Medway Housing, Planning and Infrastructure Commission
HI3: A new relationship with London and the wider South East
HI4: Stronger planning resourcing

Finance

HI5: A new approach to consolidated and devolved infrastructure funding
HI6: New approaches to long term infrastructure financing

Transport

HI7: A better integrated public transport network
HI8: Linking the strategic and local networks

HI1: A statutory Spatial Framework for Kent and Medway

2.1.8. The Growth and Infrastructure Framework provides a starting point for a more strategic approach to development across Kent and Medway – and it has been developed with Local Planning Authorities and infrastructure providers.

2.1.9. We seek to build on the success of the GIF and the Kent and Medway housing and environment strategies by developing a more comprehensive Spatial Framework, setting out overall strategic housing and employment targets for Kent and Medway built up from sub-county and district level, encouraging co-operation between local authorities and providing greater certainty.

2.1.10. The Spatial Framework will be unanimously agreed by Kent and Medway's Local Planning Authorities and approved by the Kent and Medway Devolved Powers Board (see Section 3) in consultation with the Housing and Planning Commission described below. We envisage an iterative approach to the production of the Spatial Framework: initially, it is anticipated that it will be a non-statutory document prepared as a further development of the Growth and Infrastructure Framework, which is currently being refreshed. However, over time and depending on the evolution of devolved governance arrangements for Kent and Medway, we anticipate eventual statutory status.

HI2: A Kent and Medway Housing, Planning and Infrastructure Commission

2.1.11. To support the development of the Spatial Framework and to provide greater coordination and oversight of those public bodies with a role in housing and spatial development, we will establish a Housing, Planning and Infrastructure Commission (HPIC), reporting to the KMDPB.

2.1.12. It is envisaged that the Housing, Planning and Infrastructure Commission will operate within the established sub-county structures for North Kent, West Kent and East Kent, reflecting the strong local authority planning cooperation within these areas and their distinct growth and development contexts. It is anticipated that the Commission will be independently chaired and will include representation from the Homes and Communities Agency and the Environment Agency (and potentially Highways England, Network Rail and utilities providers) as well as the local authorities, with associate consultative representation from Kent Developers Group. It will:

- Oversee the development of the Spatial Framework (and future iterations of the Kent and Medway Housing Strategy and similar documents) on behalf of the KMDPB;
- Monitor and influence the investment plans of the HCA, Environment Agency and other central Government bodies where these impact on growth;

- Encourage greater access to specific Government funds to unlock development (such as the loan products managed by the HCA) and advise on strategic priorities;
- Develop proposals for the better shared management of public sector land, building on the success of the One Public Estate initiative and developing proposals to ensure that capital gained from the release of central and local government land to facilitate housing and commercial growth is reinvested into local infrastructure delivery;
- Consider the business case for new special-purpose vehicles (such as Local Development Corporations) to respond to local development priorities.

2.1.13. No devolved powers are required from Government to establish the HPIC, and we already have a good relationship with the HCA and Environment Agency on which we can build. However, we would welcome Government support for the establishment of the HPIC and Government direction to its agencies to operate within the oversight of the Commission.

HI3: A new relationship with London and the wider South East

2.1.14. 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. For many years, our relationship with our neighbours has been piecemeal: the former South East Government Office region excluded London and the non-Kent parts of the Thames Gateway; the existing South East LEP covers only one part of the region and has no spatial planning mandate anyway. In the past, large regional bodies such as the Government Office and RDA were also unfocused, bureaucratic and expensive. We need a sharper, more flexible mechanism to work with our neighbours on matters of strategic concern.

2.1.15. Current legislation prevents Greater London from being part of a Sub-national Transport Board. However, a more coordinated approach, considering the relationship between London's growth and that of the rest of the South East, would be helpful. Given the size of the Greater South East region and the range of interests involved, it is unlikely that this will come forward without Government mandate.

2.1.16. Work is underway to consider a new strategic transport partnership for the South East, with the involvement of Transport for London and the Department for Transport, as well as authorities in Kent and Medway and beyond. This is welcome and we encourage Government support for this, either as an STB (subject to legislative change) or as an informal structure. We would also welcome participation in a Standing Conference on Growth in the Greater South East, or similar body, where this involves the participation of the Greater London Authority and has active Government support and involvement.

Making the most of the Thames Estuary 2050 Growth Commission

Earlier this year, the Chancellor of the Exchequer announced the establishment of a new Thames Estuary 2050 Growth Commission, under the chairmanship of Lord Heseltine. The Commission brings together senior Government ministers with a number of leading figures from the worlds of development, planning, design and finance to examine the long term potential of the Thames Estuary, stretching from London Docklands as far as Thanet.

The development and regeneration of the Thames Estuary is the largest single growth opportunity in the Greater South East. So in Kent and Medway, we welcome the Commission's establishment. As the Commission begins its work, we urge the Government to ensure that it takes into consideration the significant infrastructure challenges that hold back the Estuary's potential and to consider the solutions that we have identified both in this document and in the evidence that we have submitted directly to the Commission.

HI4: Stronger planning resourcing

2.1.17. Given the scale of growth with which they have to deal, Local Planning Authorities in Kent and Medway are under considerable pressure, with resource constraints compounded by the proximity of London and the buoyant market for planning professionals in the private sector. However, the charges that local authorities may impose on developers are fixed nationally – meaning that in some cases, the taxpayer effectively subsidises much of developers' planning costs.

2.1.18. Subject to a target-linked commitment to further reduce administrative costs through shared services, and subject to consultation, we seek Government support for to amend the Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) Regulations to **devolve the setting of planning fees in Kent and Medway to the KMDPB**, on the advice of the Housing, Planning and Infrastructure Commission, in order to increase capacity to more effectively support major applications.

HI5: A new approach to consolidated and devolved infrastructure funding

2.1.19. At a time of constrained public expenditure, we do not anticipate an increase in aggregate Government capital investment. But a smarter, better coordinated approach could help to provide better value for central Government funds.

2.1.20. The current primary source of discretionary Government funding to unlock infrastructure is the Local Growth Fund. Overall, this is a significant fund, worth over £2 billion per year nationally. However, the system for accessing it encourages non-strategic bidding and requires officials in Whitehall to assess multiple small-scale capital schemes, the impacts of which are entirely local.

2.1.21. We seek a **new deal on the use of the Local Growth Fund** in Kent and Medway. With our infrastructure priorities outlined in the Growth and Infrastructure Framework (and in the future in the new Spatial Framework), and with a Housing, Planning and Infrastructure Commission established to take a strategic view, we seek a block allocation of LGF funds to Kent and Medway based on the proportion of England's overall housing growth that the county will deliver. To incentivise delivery and to ensure that LGF funds are allocated to the most effective projects, our allocation would be linked to a housing delivery target attributable to the block grant, with future years' allocations dependent on performance. This will simplify the management of the Fund and remove the need for central Government to spend resources approving individual projects.

2.1.22. Linked with the devolution of the Local Growth Fund, we also wish to explore with Government the potential for regulatory change to enable us to integrate the use of developer contributions with our enhanced approach to strategic planning – enabling **Community Infrastructure Levy payments to be pooled within Kent and Medway's three sub-county areas**, where this will lead to housing growth. We wish to begin a dialogue with Government to consider how regulatory changes may be brought forward, recognising the size of the county and the significant imbalance between capacity and viability of growth.

HI6: New approaches to longer-term infrastructure financing

2.1.23. However, while these reforms offer a starting point, they will not address the major, long term infrastructure challenges that we face. So in parallel with relatively straightforward measures to increase the efficiency of the Local Growth Fund and the use of developer contributions, we seek a broader conversation with Government on longer term infrastructure financing.

2.1.24. Many of our greatest challenges – and our most significant growth locations – are situated in the Thames Estuary. We therefore recommend the establishment, with Government of a **Greater Thames Estuary Infrastructure Finance Review**, working with our partners elsewhere in the Estuary to consider the options for the future financing of infrastructure across the greater Thames Estuary area, including the A2/M2 and M20/A20 corridors as far as Dover. This would build on work already carried out locally to consider the potential for:

- Reinvestment of part of the proceeds of tolling on the Lower Thames Crossing to support future infrastructure improvements on the A2/M2 Corridor;
- Partial hypothecation charges for foreign HGVs entering the UK via Kent, compensating for the abnormal pressure on the county's road network;

- Tax increment financing, linked to the hypothecation of an element of stamp duty raised through the sale of new homes, where this will support advance delivery of new infrastructure;
- The potential for Treasury-backed local authority bonds to encourage investment in transport infrastructure improvements;
- Reinvestment of HCA capital receipts through the disposal of regeneration sites.

… as well as other infrastructure financing options

2.1.25. This approach would be consistent with the remit set by HM Treasury to the Infrastructure Commission in respect of the Cambridge-Milton Keynes-Oxford corridor. This states that *"the Commission should evaluate options for funding and financing in a way that minimises the taxpayer burden and ensures that those who benefit the most bear a fair share of the cost"*, sequential to an analysis of priority infrastructure[9].

2.1.26. The future development of the Thames Estuary and the infrastructure associated with it is nationally significant, so it is vital that the Infrastructure Finance Review proceeds with active Government support. We will therefore seek Treasury support for a leading role for the Infrastructure Commission in taking forward the Infrastructure Finance Review, following the precedent in the Cambridge-Milton Keynes-Oxford Corridor. We recommend that the Review is prepared alongside the work of the Thames Estuary 2050 Growth Commission, with the aim of preparing a final statement by the Autumn Statement in 2017.

HI7: Better integrated public transport

2.1.27. Growth will bring increased commuting and increased pressure on our public transport network. This will mean a need for additional infrastructure, and we have set out in above our proposals for a better deal for infrastructure financing. In addition, we also seek to improve the operation of our public transport network. We are already influencing the specification for the new South-Eastern rail franchise which will run from July 2018; as part of this we are pursuing options for smart ticketing and other improvements. We are also working closely with Transport for London and DfT as they develop proposals for control by TfL over Southeastern Metro services from the new franchise period; through the proposals set out in Measure HI3, we will seek to develop a stronger relationship with TfL and the Greater London Authority that will support this.

2.1.28. Currently, Kent and Medway has a fully deregulated bus system. However, while this is effective in some parts of the county, users frequently report slow and complex journeys and the requirement for subsidy on some routes has become unsustainable.

[9] HM Treasury (March 2016), A plan for unlocking growth, housing and jobs in the Cambridge-Milton Keynes-Oxford Corridor: Terms of reference

Linked with our growth agenda, we want to ensure that bus services are better co-ordinated, simpler to use and more attractive to a wider range of customers. We have already demonstrated through the Fastrack system in Dartford and Gravesham the effectiveness of a franchising model that provides for better control and planning.

2.1.29. The Bus Services Bill currently going through Parliament will enable 'franchising authorities' (in our case Kent County Council and Medway Council) to introduce a franchising scheme for all or part of their area, subject to the approval of the Secretary of State for Transport, where there is a strong local track record and an appropriate economic geography. **We will carry out a review of the case for bus franchising** taking into account the different service requirements of different parts of Kent and Medway. In preparing this, we will consult with Department for Transport officials in order to inform our case to the Secretary of State.

HI8: Linking the strategic and local networks

2.1.30. Kent and Medway's strategic road network is of vital national significance and increasingly heavily used as cross-Channel freight increases at the same time as local growth accelerates. Government support for the new Lower Thames Crossing highlights this strategic significance.

2.1.31. Rapidly rising pressure on the strategic network has consequences for the local highways network as well. In particular, routes such as the A229 and A249 connect major urban centres and are critical links in joining the A2/M2 and M20 corridors, while the A299 forms the main strategic link to the Thanet conurbation. However, the resources available to maintain these essential connections fall significantly short of those available to Highways England for the strategic network.

2.1.32. We will explore the potential for the designation of a number of major highways as part of a **Key Route Network** with the potential to share maintenance budgets with Highways England where pressures on major local roads have the potential to impact the strategic network.

Questions for discussion

The focus of this section is on developing a more strategic approach to planning, with the aim of accelerating growth. How do you see a Spatial Framework for Kent and Medway working in practice? Would it have the effect of providing greater certainty and clarity – and how should it be developed to ensure that this is the case?

How should a Housing, Planning and Infrastructure Commission relate to the three sub-county partnerships?

The proposed devolution of infrastructure funding suggests a transfer of responsibility for allocation from the Kent and Medway Economic Partnership to the new Kent and Medway Devolved Powers Board, as described in Section 3. Do you agree with this?

The draft proposed an infrastructure finance review, recognising Government's lack of support to date for fiscal devolution and the nationally significant infrastructure gaps we need to bridge. Do you agree with this approach? If not, what should be explicitly asking for at this stage? Currently, the proposal is drafted as relating to the Thames Estuary, recognising the Government's priority for this area: is this right, or should we be asking for this to cover the whole of Kent and Medway?

2.2. Employment and skills: Developing a skilled, productive workforce

The case for change

2.2.1. In Kent and Medway, there is much that has been achieved in recent years. We have a strong further education sector and improving attainment rates and we have launched shared, county-wide 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 often compromised: employers cite skills constraints as among the biggest barriers to growth.

What we have done already

2.2.2. Labour and training markets are generally local, so it makes sense that efforts in driving improvements in skills provision should be locally led, with strong business involvement.

2.2.3. In Kent and Medway, we have established a new model to give employers a more central role in articulating economic demand. We have established a series of **'guilds'**, sector-based, employer led forums working with providers to develop new pathways to learning and employment. There are currently seven guilds established and up and running, with the most recent – covering health and social care – focused on breaking down the barriers to individuals seeking to work across the two sectors.

2.2.4. Across the county, we have also established an independently-chaired **Kent and Medway Skills Commission**, with a business majority drawn from the membership of the guilds. Combining the practical employer voice with the robust labour market intelligence set out in the Kent and Medway **Workforce Skills Evidence Base**, the Skills Commission aims to set out what the economy needs and works with providers to focus on how these needs can be met within a demand-led system.

Proposed solutions

2.2.5. Businesses are committed to making the Skills Commission work. Engagement is high and practical learner pathways have been developed. But without substantive commissioning powers and a mechanism to control disparate funding streams, there is only so far we can go in reorienting the skills system to the needs of the economy.

2.2.6. Later this year, the Government will carry out an **Area Review** of further education provision in Kent and Medway, as part of a national review programme, with a view to streamlining provision and supporting responsiveness to local economic need. In those areas with devolution agreements in place, there is a central role for the Combined Authority or equivalent body in leading the review process. Kent and Medway will not be in a position to take on this role at the point at which the Area Review is carried out; however, building on the establishment of the Skills Commission and following the outcomes of the Area Review, we propose the following measures to establish greater coordination of the local skills system:

ES1: Formal status for the Kent and Medway Skills Commission
ES2: Funding devolution:
a) 16-19 funding
b) Adult Skills Budget
c) Adult Education Budget
d) Skills Capital funding
ES3: Flexibility within the Advanced Learner Loan facility
ES4: Local coordination of careers services
ES5: Supporting employers in recruiting apprentices
ES6: Joint design of the Work and Health Programme

ES1: Formal status for the Kent and Medway Skills Commission

2.2.6. At present, the Kent and Medway Skills Commission is an entirely voluntary arrangement: it has no formal status or permanent secretariat. While it has a reporting line to Kent and Medway Economic Partnership, KMEP is itself an informal body. This limits the extent to which the Commission can operate as a planning body and act as a vehicle for devolved powers.

2.2.7. We will establish the Skills Commission on a stronger, more formal footing. In addition to its existing reporting line to Kent and Medway Economic Partnership, we will establish the Commission as a sub-group of the new Kent and Medway Devolved Powers Board (KMDPB), described in Chapter 3 and constituted in the first instance as a local authority joint committee. The Commission will be supported by the joint KMDPB secretariat, with an independent chair appointed through a public appointments process. Alongside this more formalised status – and as the role of the Commission increases – we will seek to expand employer involvement (including employers in the public and voluntary as well as the commercial sectors), both on the Commission itself and via the Guilds.

2.2.8. While we do not require any Government approval for the Skills Commission to be formally constituted in this way, we would welcome Government recognition of the KMDPB and Skills Commission as vehicles for devolution.

ES2: Funding devolution

2.2.9. The Skills Funding Agency and the Education Funding Agency currently administer a range of funding streams which support vocational and basic skills. We believe that where learners and providers are mainly locally based and where there is (or should be) a strong link between provision and employer demand, these funding streams should be devolved where possible so that they are responsive and coordinated. In the first instance, we seek the devolution of the 16-19, Adult Skills and Adult Education budgets so that they can be locally commissioned. Depending on the success of devolved commissioning, we may wish to explore the potential for removing un-ringfencing specific funding streams to create a Single Kent and Medway Skills Budget.

a) Devolution of 16-19 funding

2.2.10. Following the formalisation of the Skills Commission, we will seek devolution of commissioning powers over 16-19 funding.

2.2.11. Currently, colleges, schools, academies and other providers receive annual 16-19 funding allocations directly from the Education Funding Agency. These are based on a funding formula that takes account of student numbers, adjusted for subject and area costs. But the EFA, as a national agency, has no ability to consider local economic demand in its funding allocations: it runs a formula-based process, not an economy-based one.

2.2.12. In the past, local authorities have managed the process of 16-19 commissioning – so we know that a locally-managed system is viable. However, we recognise that a strong business voice is vital in the commissioning process. So we therefore seek commissioning powers to be transferred to the new KMDPB (or its successor bodies as appropriate), to be exercised in the light of the outcomes of the Area Review via the Skills Commission. We envisage that the KMDPB would receive an annual EFA allocation at least equivalent to the total allocation otherwise available to Kent and Medway, with the authority to commission according to local economic demand within that amount.

b) Devolution of the Adult Skills Budget

2.2.13. The Adult Skills Budget is administered by the Skills Funding Agency and supports learning provision primarily for people aged 19-23 undertaking Level 1 and 2 English and maths and vocational courses. Agreements concluded elsewhere in the country have included devolution of the Adult Skills Budget; in Kent and Medway, this would be welcome as it would enable the use of the budget to be commissioned through the same mechanism as proposed above for 16-19 funding, taking into account local economic demand and specific community needs. It should be noted that the Adult Skills Budget has been significantly reduced recently and is likely to diminish further over the next few years: greater local coordination through a commissioning plan for the reduced pot of funding could help to deliver greater value.

c) Devolution of the Adult Education Budget

2.2.14. The new Adult Education Budget combines budgets for Community Learning, discretionary learner support and non-apprenticeship adult further education. It is the Government's intention to ensure that the use of the AEB is linked with local economic need and that it is focused on provision which cannot otherwise be paid for by employers and learners. We share these objectives.

2.2.15. Within this context, the Government has already indicated a willingness to make the AEB available via block grant as part of devolution agreements, where local partners can enter into local delivery agreements. As part of our proposed devolved funding package, we will seek to enter into such an agreement.

d) More effective use of future Skills Capital funding

2.2.16. It is unclear at present whether there will be any more Skills Capital funding allocated as a ringfenced sum within the Local Growth Fund. However, as part of our integrated approach, we seek devolution of any funding to the Skills Commission, where it can be allocated in accordance with a Kent and Medway skills strategy.

2.2.17. We do not require any agreement from Government to effect this change. Skills Capital funding is already devolved to Local Enterprise Partnerships, so we will ensure a direct transfer to control via the Skills Commission and the KMDPB under the federated arrangements that exist for the South East LEP.

ES3: Flexibility within the Advanced Learner Loan facility

2.2.18. Advanced Learner Loans are administered by the Skills Funding Agency and Student Finance England and are available to learners aged 24 and over to undertake courses leading to Level 3 and 4 qualifications.

2.2.19. There is no case for devolution of the loan facility, since it is clearly more efficient to run a volume loans system nationally. However, there is a role for the Kent and Medway Skills Commission in working with businesses and providers to ensure that loan availability is effectively marketed (and potentially subsidised by the private sector) for qualifications for which there is a recognised local economic demand. We also seek to explore with Government the potential for additional subsidy, funded from within the loan facility, for borrowers within deprived communities (such as in coastal East Kent) where there is evidence of low take-up.

ES4: Local coordination of careers services

2.2.20. The provision of careers information, advice and guidance is piecemeal and confusing. In addition to services provided by the National Careers Service, the nationally-funded Careers Enterprise Service seeks separately to promote employer engagement with schools, while Jobcentre Plus also now has a remit to deliver careers advice services. This is overly complicated.

2.2.21. It is obvious that the task of linking local schools with local employers to provide information about local career opportunities should be managed locally. In Kent and Medway, the Skills Commission and the sector-based guilds also provide a mechanism to ensure greater employer involvement.

2.2.22. In the short term, when the contract for the Careers Enterprise Company comes to an end, we seek the devolution of the funding associated with it to Kent and Medway so that an alternative service can be commissioned locally. Over time, we will seek to integrate this with local commissioning of other nationally-funded careers services (such as those provided by Jobcentre Plus), so that we achieve a fully joined-up Kent and Medway careers platform.

ES5: Supporting employers in recruiting apprentices

2.2.23. The Apprenticeship Grant for Employers supports businesses to recruit people aged 16-24 through the apprenticeship programme, where they would not otherwise be able to do so. While the grant is offered nationally, it has been devolved in some areas, offering greater flexibility on eligibility requirements.

2.2.24. This greater flexibility would be welcome in Kent and Medway. It would enable the Skills Commission to focus access to the grant on small employers within priority sectors or working in activities where there is evidence of high skills demand. By linking the administration of the grant with our other grant and loan programmes for business, we will also be able to incorporate the Apprenticeship Grant within the integrated business support programme described in more detail below.

ES6: Joint design of the Work and Health Programme

2.2.25. A strong understanding of the local economy and strong links with local employers provide an opportunity to build a more integrated approach to helping people back into work.

2.2.26. The 2015 Spending Review announced the creation of a new Work and Health Programme (WHP) to support claimants with health conditions or disabilities and those unemployed for over two years back into work. This will replace the current Work Programme and Work Choice in 2017. Overall, the budget for the WHP is likely to be smaller than that for the predecessor programmes – but there is an opportunity with the launch of the new programme to create better local integration and relevance.

2.2.27. The Department for Work and Pensions has expressed a willingness to work closely with local areas, and co-design or co-commissioning arrangements have already been agreed as part of a number of Devolution Agreements. Building on these, we will seek **co-design of the Work and Health Programme by DWP and the KMDPB**. Through this arrangement, we envisage that within a funding envelope, the KMDPB will:

- Set out local outcomes that the WHP should deliver, in addition to core employment outcomes;
- Agree, with DWP, the contracting geography, taking account of the sub-county economic areas and determine tender evaluation together with DWP;
- Seek to join up public services – in particular in the Health sector – to improve outcomes.

Questions for discussion

Together, the proposals outlined above seek to consolidate a range of vocational and basic skills funding streams into a better coordinated, devolved package which is more responsive to employer demand. They also outline a stronger role for the Skills Commission, linked with a governance model described in greater detail in the next chapter.

Is the focus of our employment and skills proposals right? Are there other areas where we should be seeking devolved powers or funding? Do you agree with the increased formalisation of and proposed broader role for the Skills Commission?

2.3. Innovation and growth: Supporting higher value, growing businesses

The case for change

2.3.1. Kent and Medway enjoys a strong and diverse business base. With the national economy growing, businesses report improved trading conditions, are optimistic about the prospects for growth and will benefit from the new infrastructure investment and development taking place in the county. However, as the previous chapter illustrated, productivity in Kent and Medway lags behind that of the rest of the South East: in part, this is due to skills and infrastructure challenges, but it also reflects capacity and resource constraints which limit businesses' ability to invest and expand.

2.3.2. The Government has streamlined the national support offer available to businesses, but the landscape remains complex and is often characterised by competing publicly-funded programmes. Building on our successful record in delivering support to business, we aim to deliver a better coordinated, integrated business support system.

What we have done already

2.3.3. Across Kent and Medway, we have a strong record in delivering programmes to directly support business, driven by a long-established partnership between the public and private sectors. Since 2012, **we have delivered England's largest Regional Growth Fund programme**, investing £55 million in Kent and Medway businesses through loans and equity investments. To date, we have created almost 3,000 jobs and levered £xx million in private investment, and later this year we will start to reinvest as the original loan capital is repaid.

2.3.4. Since 2011, **we have delivered England's most successful Enterprise Zone**, at Discovery Park near Sandwich. Five years ago, this world-class pharmaceutical research facility was threatened with closure and blighted by flood risk. Today, it is in private ownership, hosting over 2,400 jobs in xx companies with plans for further expansion. Building on this success, the **North Kent Innovation Zone** brings EZ status to key growth locations at Ebbsfleet Garden City, Rochester Airport Technology Park and Kent Medical Campus at Maidstone.

2.3.5. We have focused resources on **key sectors with the potential for growth.** Building on the success of Discovery Park Enterprise Zone, we have offered targeted export support and seedcorn funding to life science businesses; we continue to back industry-led programmes to develop Kent's food sector and we support tourism in Kent through place marketing and product development.

2.3.6. We also offer **one of the country's most comprehensive inward investment services** through Locate in Kent, which since 201x has helped to attract xx,000 jobs into the county. We are in the process of developing this service by integrating it further with our wider business support offer.

Proposed solutions

2.3.7. Our aim over the coming year is to move beyond the efficient delivery of specific, separately managed support programmes, so that we start to deliver an integrated business support service, bringing together national and local products, sharing data to better serve the customer and targeting services based on better quality evidence.

2.3.8. We seek to deliver this through the following measures, the majority of which we will bring forward without the need for further powers from Government:

IG1: Consolidating and developing our finance programmes
IG2: Integrating our finance programmes with the wider support offer
IG3: Strengthening university links
IG4: Creating new Enterprise Zones
IG5: Improving the effectiveness of European funding

IG1: Consolidating and developing our finance programmes

2.3.9. Following the success of Kent and Medway's Regional Growth Fund programmes, we have commissioned a comprehensive review of business demand and economic opportunity to ensure that as funds are reinvested, the programme is most effectively targeted. This will report in the summer, enabling a relaunched Kent Business Finance programme to open later in the year.

2.3.10. The new Kent Business Finance programme could offer a vehicle to simplify, consolidate and better target a range of other funds currently offered by Government, including loan products offered via the British Business Bank and Innovate UK and residual funds held by the South East LEP. We have already started discussions with the British Business Bank regarding the potential for greater joint working. Building on this and following our economic need and demand review, we will seek to discuss with Government the opportunity for the consolidation of additional funds within Kent Business Finance, linked with a clear investment strategy responsive to local economic need

IG2: Integrating our finance programmes with the wider support offer

2.3.11. There is a strong case for offering publicly-backed support to innovative SMEs – but as a recent Government review pointed out:

> *"There seems to be a plethora of organisations charged with providing advice to businesses, especially SMEs.... If there is a logic behind the distribution of responsibilities across these organisations, it is not evident to the uninitiated, and the overwhelming impression is that the complexity of the landscape acts as a barrier and inhibitor for smaller businesses wishing to access support."*[10]

2.2.11. We can't afford duplication and inefficiency. So this year, following a pilot project, we are re-commissioning the Kent and Medway Growth Hub, with a view to integrating it with our finance products and the support services that are offered by the universities and other partners. Linked with this, we seek a conversation at strategic level directly between BIS and Kent and Medway to determine how we can most effectively link national programmes with the locally integrated service that we are establishing. This should include formal recognition of the Kent and Medway Growth Hub by BIS, accompanied by direct funding.

IG3: Strengthening university links with the local economy

2.3.12. Universities are important drivers of innovation – and the four Kent and Medway universities do have strong employer links. However, with an economy overwhelmingly dominated by SMEs, we have a limited ability to generate business-university innovation partnerships on the scale of those found in areas with larger anchor businesses.

2.2.13. So we need to find new solutions that will enable local universities to respond more easily to business demand and enable SMEs to better access university expertise. Working with the higher education sector and building on the establishment of the innovative Engineering, Design, Growth and Enterprise (EDGE) facility at Canterbury and Medway, we will work with our higher education institutions to seek Government support for a more integrated system for coordinating the support offered to SMEs by universities, linked with support offered via Innovate UK, Kent and Medway's network of innovation centres and the Kent and Medway Growth Hub.

IG4: Creating new Enterprise Zones

2.3.14. Enterprise Zones are cost-effective and simple solutions to support growth in specific locations. In Kent and Medway, we have focused our Zones on specific sectors, such as life sciences at Discovery Park, medtech at Kent Medical Campus and engineering at Rochester Airport Technology Park, ensuring that we minimise displacement.

[10] BIS (2015), Dowling Review of University-Business Research Collaborations, p.63

2.3.15. Building on this approach, we will consider the case – and seek Government support where appropriate - for further Enterprise Zone designations where there is a clear sector focus, potential for high-value business growth and a business case demonstrating that the initial costs associated with business rates growth will be recouped through overall rates growth.

IG5: Improving the delivery of European funding

2.3.16. With public finances constrained, European funds are an important source of investment in business growth. The focused approach that we have taken in Kent and Medway has been highly successful, especially in supporting trade development and low carbon growth.

2.3.17. However, the nationally-run European Structural and Investment Funds programme in the South East fails to deliver its potential and is rapidly becoming a missed opportunity. The programme was launched in 2014: so far, it has failed to spend a pound from its European Regional Development Fund allocation – with the risk that funds will be decommitted unless progress is accelerated.

2.3.18. With four years of the programme yet to run, we need pragmatic solutions for more efficient delivery. We do not believe that devolving the administration of the programme at this stage is viable – but we will seek a fresh conversation with Government at strategic level to discuss how we can help deliver better management based on a clearer strategy.

Questions for discussion

Our focus above is on delivering a consolidated business support programme. Is this the right focus? Should we be more explicitly focusing on specific sectors or types of business, or should we be considering new types of intervention?

3. Delivery: Smarter, accountable governance

To deliver the proposals set out in this document, we must adopt a new way of working. Although there are strong relationships in place between Kent and Medway's local authorities and with the business community, we need better mechanisms for joint decision-making. The Government is also clear that devolved powers will only be granted to places where there are robust governance mechanisms in place.

However, our plans for devolution and service integration are about delivery and growth, not bureaucracy. This section therefore sets out how we will put pragmatic, workable governance arrangements in place at the same time as ensuring that we make real progress on the ground.

3.1. Our current governance model: Strengths and limitations

3.1.1. Today, Kent and Medway has a county-wide governance model based on an informal partnership structure. Kent and Medway Leaders meet regularly, supported by a dedicated secretariat. The Kent and Medway Economic Partnership, a 'federated' part of the South East Local Enterprise Partnership, brings business and local government leaders together to progress priorities to support economic growth. Within West Kent, North Kent and East Kent, there are also established sub-county partnerships that enable strong local collaboration.

3.1.2. There are advantages to this system: it is flexible and it involves minimal bureaucracy. However, it does not enable collective decision-making and its informality can mean that it lacks clarity. The absence of a clear, specific Kent and Medway institution also means that it is difficult for Government to devolve powers within the current structure.

3.2. A new approach

3.2.1. As we move forward to progress the measures outlined in this document, we will put in place a stronger governance model which can be delivered quickly, with the potential for it to be further strengthened over time, subject to consultation.

3.2.2. The proposed Kent and Medway governance model is illustrated below. It consists of:

The 14 local authorities and three sub-county partnerships

3.2.3. As we have set out elsewhere in this prospectus, Kent County Council, Medway Council and the 12 Kent Districts have a strong history of working together. Within our proposed structure, the three established sub-county partnerships have a central role in setting priorities and identifying how services can be best coordinated. In parallel with the proposals set out in this document, work is underway to establish how functions can be devolved within Kent and Medway to West Kent, East Kent and North Kent – and to consider where functions can be pooled by participating local authorities within these groupings. Each sub-county area is supported by a partnership arrangement, and these will be represented on each of these on the Advisory Commissions and on KMEP.

A Kent and Medway Devolved Powers Board (KMDPB)

3.2.4. The KMDPB will consist of the leaders of the Kent and Medway local authorities, constituted as a Joint Committee under Section 101 of the 1972 Local Government Act. This enables local authorities to delegate specific powers and functions to be exercised jointly. Linked with the measures outlined in this document, the KMDPB will:

- With support of the Local Planning Authorities, approve the Kent and Medway Spatial Framework;
- Approve other joint strategies as required;
- Via an accountable body, hold devolved or pooled funds, determine their allocation and monitor their use;
- Jointly commission services (for example utilising the devolved skills budgets)
- Oversee the progress of all measures identified as part of a devolution and integration agreement.

3.2.5. For other matters, the Leaders may of course continue to meet outside the formal structure of the KMDPB.

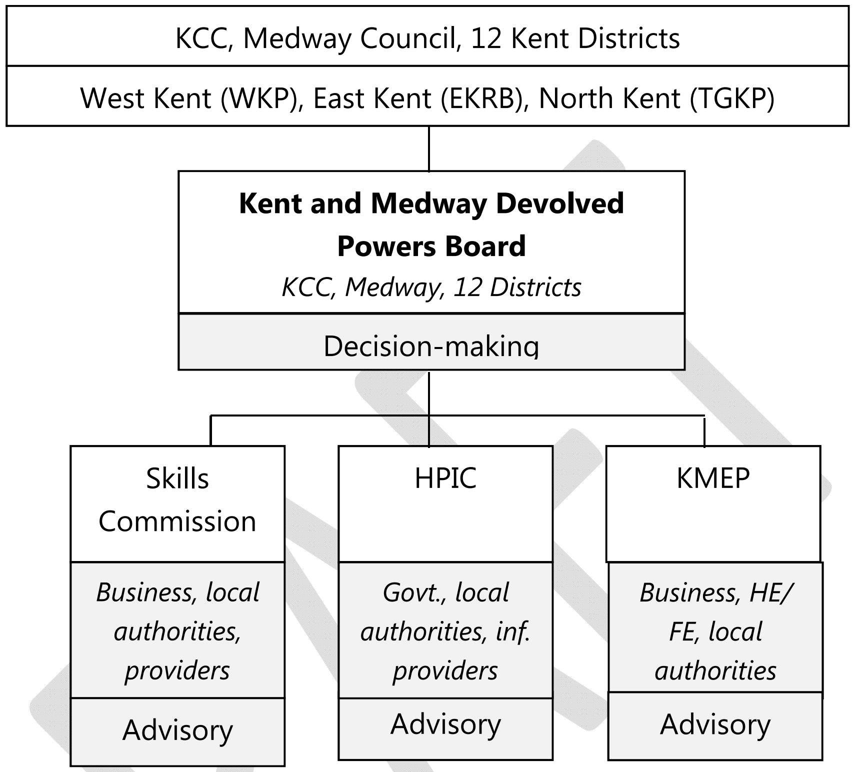
Two advisory Commissions

3.2.6. We will establish two Commissions to advise the KMDPB:

a) **The Skills Commission:** This has already been established. It brings together businesses from the main economic sectors within Kent and Medway with learning providers and local authority representation to articulate economic demand. The Skills Commission will advise the KMDPB on the commissioning of services using devolved skills budgets and will be responsible for maintaining robust demand analysis;

b) **The Housing, Planning and Infrastructure Commission (HPIC):** The HPIC will oversee the activities of those Government agencies in Kent and Medway with responsibility for planning and housing (principally, but not exclusively the Homes and Communities Agency and the Environment Agency). It will bring together local authority representatives from Kent and Medway's three sub-county areas with Government agencies, with associate private sector representation. It will also oversee the preparation of the Spatial Framework, advise on Kent and Medway's input into wider spatial planning across the Greater South East and support other strategic planning activities as appropriate.

The proposed Kent and Medway governance structure



Kent and Medway Economic Partnership (KMEP)

3.2.7. Kent and Medway Economic Partnership is the county's primary public-private partnership. For most practical purposes, it functions as the Local Enterprise Partnership, with the 'formal' South East LEP now having an essentially residual monitoring role.

3.2.8. Through our new governance arrangements, we will clarify the role of KMEP, so that it functions increasingly as a strategic business advisory body, with increasingly diverse and representative membership, enabling devolved funding decisions to be made more transparently by the KMDPB. For clarity and to remove duplication, we would welcome the Government's formal recognition of KMEP as Kent and Medway's Local Enterprise Partnership, with the associated grant allocation following as appropriate.

3.3. Future evolution

3.3.1. We believe that the governance arrangements will be relatively straightforward to put in place. They do not require any formal consultation, Government approval or legal change. We will therefore seek to establish the KMDPB and its associated Commissions, and to change the terms of reference of existing bodies where required, by the end of 2016.

3.3.2. However, we recognise that as additional devolved powers are negotiated and as strategic joint working demonstrates success, there may be a requirement for more formal structures, such as a Combined Authority.

3.3.3. Given the requirement for formal consultation on a Combined Authority scheme ahead of Secretary of State decision, we will begin the process of considering the potential for a Combined Authority at an early stage. Once established, the KMDPB will be mandated to carry out a review of potential governance arrangements, including a Combined Authority option.

Questions for discussion

The governance arrangements outlined above seek to provide a more formal structure than exists at present. It would be fairly simple to set up a Kent and Medway Devolved Powers Board as a Joint Committee, and there are many examples of Leaders' Boards being constituted in this way. In practical terms, it is a viable option.

However, the Government's position has so far been clear: devolution agreements will only be concluded where there is a Combined Authority and a Mayor. The model outlined above clearly falls short of this; so far, where similar models have been put forward to secure devolved powers, they have been rejected.

Do you wish to put forward the governance option set above as a practical way forward, despite likely Government resistance, or would you prefer to commit at this stage to a more radical proposal?

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From: Peter Sass, Head of Democratic Services

To: Growth, Economic Development and Communities Cabinet Committee – 19 July 2016

Subject: **Work Programme 2016/17**

Classification: **Unrestricted**

Past and Future Pathway of Paper: Standard agenda item

Summary: This report gives details of the proposed work programme for the Growth, Economic Development and Communities Cabinet Committee.

Recommendation: The Growth, Economic Development and Communities Cabinet Committee is asked to consider and agree its Work Programme for 2016/17.

1. Introduction

1.1 The proposed Work Programme, appended to the report, has been compiled from items in the Future Executive Decision List and from actions arising and from topics identified at the agenda setting meetings, held 6 weeks before a Cabinet Committee meeting in accordance with the Constitution, by the Chairman, Mr Wickham, Mr Holden, Vice Chairman and 3 Group Spokesmen, Mr Clarke, Mr Truelove and Mr Baldock.

1.2 Whilst the Chairman, in consultation with the Cabinet Member, are responsible for the programme's fine tuning, this item gives all Members of this Cabinet Committee the opportunity to suggest amendments and additional agenda items where appropriate.

2. Terms of Reference

2.1 At its meeting held on 27 March 2014, the County Council agreed the following terms of reference for the Growth, Economic Development and Communities Cabinet Committee '*To be responsible for those functions that fall within the responsibilities of the Director of Economic Development as well as some functions transferred from the former Communities Directorate and now located within the Growth, Environment and Transport Directorate'*. The functions within the remit of this Cabinet Committee are:

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

Sport
Libraries
Registration and Archives
Volunteering
Big Society

3. Work Programme 2016/17

3.1 The proposed Work Programme has been compiled from items in the Future Executive Decision List and from actions arising and from topics, within the remit of the functions, listed in paragraph 2.1 above, of this Cabinet Committee, identified at the agenda setting meetings [Agenda setting meetings are held 6 weeks before a Cabinet Committee meeting in accordance with the Constitution]. The attendees of the agenda setting meetings are; Mr Wickham, (Chairman), Mr Holden, (Vice Chairman) and 3 Group Spokesmen, Mr Clarke, Mr Truelove, Mr Baldock; and Mr Dance (Cabinet Member for Economic Development) and Mr Hill (Cabinet Member for Community Services).

3.2 An agenda setting meeting was held on 26 May 2016, when items for this meeting's agenda and future agenda items were agreed. The Cabinet Committee is requested to consider and note the items within the proposed Work Programme, set out in appendix A to this report, and to suggest any additional topics to be considered at future meetings where appropriate.

3.3 The schedule of commissioning activity 2015-16 to 2017-18 that falls within the remit of this Cabinet Committee will be included in the Work Programme and considered at future agenda setting meetings to support more effective forward agenda planning and allow Members to have oversight of significant services delivery decisions in advance. The next agenda setting meeting is scheduled for Thursday, 1 September 2016.

3.5 When selecting future items the Cabinet Committee should give consideration to the contents of performance monitoring reports. Any 'for information' items will be sent to Members of the Cabinet Committee separately to the agenda and will not be discussed at the Cabinet Committee meetings.

4. Conclusion

4.1 It is vital for the Cabinet Committee process that the Committee takes ownership of its work programme to deliver informed and considered decisions. A regular report will be submitted to each meeting of the Cabinet Committee to give updates of requested topics and to seek suggestions for future items to be considered. This does not preclude Members making requests to the Chairman or the Democratic Services Officer between meetings for consideration.

5. Recommendation: The Growth, Economic Development and Communities Cabinet Committee is asked to consider and agree its Work Programme for 2016.

6. Background Documents: None

7. Contact details

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Appendix

GROWTH, ECONOMIC DEVELOPMENT AND COMMUNITIES CABINET COMMITTEE WORK PROGRAMME 2016/17

(Members agreed that the number of jobs being created through the work being undertaken in the reports presented to the Cabinet Committee should appear at the top of each report where appropriate)

STANDARD AGENDA ITEMS	
Item	**Cabinet Committee to receive item**
Verbal updates by the relevant Cabinet Members and Directors	At each meeting
Portfolio Dashboard	At each meeting
Budget Consultation	Annually (November/December)
Final Draft Budget	Annually (January)
Annual Equality and Diversity Report	Annually (September)
Risk Register – Strategic Risk Register	Annually (last submitted in April 2015)
Directorate Business Plan	March 2016
Work Programme	At each meeting

Agenda Section	Items
Wednesday, 12 October 2016	
A – Committee Business	• **Declarations of interest** • **Minutes** • **Verbal Updates** • **PRESENTATION**
B - Key or Significant Decisions for Recommendation or Endorsement	•
C – Other Items for comment / recommendation	• Opportunities for Kent film and broadcast media • **Annual Equality and Diversity Report** • **Contract Management** • Work Programme 2016/17
D - Performance Monitoring	• **Portfolio Dashboard**

Tuesday, 13 December 2016	
A – Committee Business	• **Declarations of interest** • **Minutes** • **Verbal Updates** • **PRESENTATION**
B - Key or Significant Decisions for Recommendation or Endorsement	•
C – Other Items for comment / recommendation	• LGF Individual project scheme approval • Further FE provision and forthcoming strategic area review • Opportunities for Kent for food and drink sector including work of Produced in Kent • **Performance of Libraries** • **Budget Consultation** • **Work Programme 2016/17**
D - Performance Monitoring	• **Portfolio Dashboard**
Thursday, 19 January 2017	
A – Committee Business	• **Declarations of interest** • **Minutes** • **Verbal Updates** • **PRESENTATION**
B - Key or Significant Decisions for Recommendation or Endorsement	•
C – Other Items for comment / recommendation	• **Final Draft Budget** • **Work Programme 2017**
D - Performance Monitoring	• **Portfolio Dashboard**

Items for that have not yet been allocated to a meeting	
A – Committee Business	• **PRESENTATIONS** • **Margate Seafront** • **Presentations on the 4 District Deals** • **(Ashford, TWBC, TMBC and SBC)**
B - Key or Significant Decisions for Recommendation or Endorsement	• Otterpool Garden City • **Thames Estuary Commission** • How libraries are used in light of reduced book lending - request by Susan Carey
C – Other Items for comment / recommendation	• **Paramount Theme Park project on Swanscombe Peninsula – regular updates** • **Ebbsfleet Development Corporation - Tom Marchant**

	• **Mobile phone masts** • **Skills Commission update** • **Trading Standards – 6 monthly updates** ***(last report - May 2016)*** • **Thames Estuary Commission**
D - Performance Monitoring	•

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By: Mark Dance, Cabinet Member for Economic Development

To: Growth, Economic Development and Communities Cabinet Committee – 19 July 2016

Subject: RGF Programmes and Framework for Monitoring Report

- Expansion East Kent (East Kent and Ashford)
- Tiger (North Kent and Thurrock)
- Escalate (West Kent and parts of East Sussex)

Classification: Unrestricted

Background Information

Since November 2011 the Department of Business, Innovation and Skills (BIS) has allocated £55 million to KCC for three schemes:

- Expansion East Kent (£35 million)
- Tiger (£14.5 million)
- Escalate (£5.5 million)

These schemes provide funds for companies with investment plans that will lead to job creation. For the majority of the companies the loan finance is provided at 0% interest, with a repayment period of between 5 and 7 years. The schemes have also allocated grants and equity investments.

This report provides an update on the allocation of funds to companies in the format previously agreed by the Growth, Economic Development and Communities Cabinet Committee.

Recommendation:
The Cabinet Committee is asked to consider and note the report.

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1. Update on all RGF Schemes

1.1 As of 15 June 2016, KCC has committed £56 million (£55m plus accrued interest and recyclable funds) across the three RGF schemes since April 2012. In total, 250 companies have been supported through the RGF schemes managed by Kent County Council.

1.2 These companies have loan agreements to create 5,744 jobs and will leverage in over £84 million from private and public sector investment. The overall job target is 6,910 jobs to be created or safeguarded over the period of recyclable funds. The monitoring returns covering the period October 2015 to January

2016 include evidence of employment contracts for the creation of 1,483 jobs and safeguarded jobs of 1,420.

Job Status	Target to Date	Actuals to Date	Percentage against target
Jobs Created	2,526	1,483	59% (Amber)
Jobs Safeguarded	1,537	1,420	92% (Green)

1.3 The cumulative total of the companies who have defaulted on their loans is as follows:-

Bad Debts previously reported in Red Category A:	**No of Companies**	**Percentage of number of companies supported**	**Loan Value**	**Percentage of overall defrayed funds £56,280,327**
Total Bad Debt	16	6.40%	£3,244,430	5.73%

2. Detailed Cumulative Summary of Monitoring

2.1 As part of the loan agreement, each company is contracted to provide quarterly monitoring returns. These returns are in arrears of the previous quarter, and upon receipt and internal validation, one of the following RAG ratings is applied:

- Green Risk Status: full return received and no outstanding issues.
- Amber Risk Status: partial return received and/or issues re contracted milestones.
- Red Risk Status: no return received and non-achievement of key milestones; loan repayment, job outcomes and/or delay to planned objectives

2.2 The following table provides a headline summary of actual performance against contractual target for all three RGF programmes for the period of October 2015 to 31 January 2016. All information has been fully validated and is accurate as at 15 June 2016.

No of companies awarded investment and completed contract stage	No of companies in monitoring reporting cycle	No of companies being reported on	No of companies in Green Risk Status	No of companies in Amber Risk Status	No of companies in Red Risk Status
250	218	204	132 (65%)	35 (17%)	37 (18%)
Loan Values					
£56,280,327	£51,593,053	£47,234,620	£32,879,546	£9,948,960	£4,406,114

Out of the 204 companies, within this monitoring reporting cycle, 82% fall within green and amber. This equates to a monetary loan value of £42,828,506.

3. Details of Red Risk Status

3.1 The table below provides details on 37 companies (18%) that have been RED risk status. The red risk status falls into three categories as follows:

Breakdown of Red Risk Status **18%**	**Category A Non Payment of Debt**	**Category B Nil Return of Monitoring Form**	**Category C Significant shortfall on milestones / targets**
No of Companies	8 (4%)	12 (6%)	17 (8%)
Combined Loan Value	£1,695,100	£676,500	£2,034,514
Actions to be taken	Companies in Administration	Follow up emails and site visits	Companies under review variations of contract offered

3.2 The cumulative total of the companies who have defaulted on the loans is as follows:-

Bad Debts previously reported in Red Category A:	**No of Companies**	**Percentage of number of companies supported**	**Loan Value**	**Percentage of overall defrayed funds**
	8	3.20%	£1,529,330	£56,280,327
Current Bad Debt	8	3.20%	£1,695,100	
Total Bad Debt	16	6.40%	£3,244,430	5.73%

3.3 KCC Legal and Internal Audit have been advised of the 16 companies which have gone into liquidation and are working with, the RGF manager in all cases.

4. Profile for Repayments of Funds (as at 15 June 2016)

4.1 There are two loan repayment periods each financial year i.e. September and March. The cumulative estimated amount to be received by March 2016 was £6,811,848. The actual amount receipted to date is £6,635,537, which represents an achievement of 97%. The table below provides details of the repayment profile.

<table>
<tr><th>2013/14
Target and
Actual</th><th>2014/15
Target and
Actual</th><th colspan="3">2015/16
Target and
Actual</th><th>TOTAL TO DATE</th></tr>
<tr><td>Target= £338,548
Actual =£338,548</td><td>Target =£1,401,607
Actual £1,445,711</td><td colspan="2">Sep 15
Target=£2,568,791
Actual=£2,600,269</td><td>Mar 16
Target=£2,502,902
Actual=£2,250,829</td><td>Target=£6,811,848
Actual=£6,635,357
97%</td></tr>
<tr><td>2016/17
Targets</td><td>2017/18
Targets</td><td>2018/19
Targets</td><td>2019/20
Targets</td><td>2020/21
Targets</td><td></td></tr>
<tr><td>£7,802,950</td><td>£8,038,668</td><td>£7,396,090</td><td>£5,276,283</td><td>£4,232,536</td><td></td></tr>
<tr><td colspan="5">Total Repayment due by 2021 = £39,558,377</td><td></td></tr>
</table>

5. Recommendation:

The Cabinet Committee is asked to consider and note the report.

6. Delivery of Schemes

6.1 Annex 1 provides full details on the monitoring returns of the **Expansion East Kent programme**.

6.2 Annex 2 provides full details on the monitoring returns of the **Tiger programme.**

6.3 Annex 3 provides full details on the monitoring returns of the **Escalate programme**.

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Annex 1

Expansion East Kent Programme

Background Information

The Expansion East Kent Programme was launched in December 2012. As at 15th June 2016 KCC has committed £36.2m to 159 companies within the local authority areas of Ashford, Canterbury, Dover, Shepway and Thanet. The main programme was suspended on 1st February 2015 and is no longer open to new applicants. The Small Business Boost programme was closed January 2016.

This annex provides full details of the funding awarded to companies within the East Kent and Ashford area from the Expansion East Kent and Small Business Boost programmes.

---

1. Funding Awarded

1.1 The table below shows total funding committed, a breakdown per local authority, the number of jobs to be created and private sector investment (matched funding).

Expansion East Kent & Small Business Boost Scheme	Funds Awarded £	Private Investment £	No of Companies	No of jobs to be created	Saved posts	Total no of Jobs created/ safeguarded posts
Ashford	£250,500	115,578	9	25.49	6	31.49
Canterbury	£10,682,935	8,915,084	49	1,261.03	90.53	1,352.56
Dover	£13,110,861	£28,377,539	33	686.79	246.11	932.9
Shepway	£6,243,468	£10,070,900	26	484.72	129.55	614.27
Thanet	£5,994,966	8,906,781	42	405.75	270.28	676.03
Total	**£36,282,729**	**£56,385,882**	**159**	**2863.73**	**742.47**	**3,606.25**
Total Committed Funding	**£36,282,729**	**£56,385,882**	**159**	**2,864**	**742**	**3,606**

1.2 Within the Expansion East Kent scheme, there is:

(a) an equity programme, whereby the Investment Advisory Board, agreed to ring fence and commit, £5 million. All the funds for equity investments have been committed but some funds still require to be defrayed, see below:

- Committed to businesses = £4,504,589
- Equity Investments fees = £404,589
- Uncommitted = £90,822

- *(Remaining funds to be defrayed to businesses = £1,725,000)*

(b) a small loan scheme, Small Business Boost, whereby the Investment Advisory Board agreed to ring fence £1 million, from the original £35m. All the original allocation for Small Business Boost has been committed and defrayed. An additional allocation (£602,648), from the accrued interest and recycled loan repayments, as directed by the Investment Advisory Board, has been made available:

- Original allocation, committed and defrayed = £1 million
- Additional allocation, committed to businesses = £602,648
- Remaining funds to be defrayed by 30th June 2016 = £30,000

2. Defrayment of Funds (to include additional allocation to SBB)

2.1 Each company applying to the programme provides a profile for the drawdown of funds. This drawdown would be dependent on the needs of the businesses and the companies' plans for growth. The profile for the defrayment of funds is as follows:-

Funds committed and defrayed as at 15th June	= £34,032,318}	£36,282,729
Estimated funds to be defrayed by 30th June 2016	£1,755,000}	

3. Profile for Repayments of Funds (as at 15 June 2016)

3.1 All repayment of loans and returns on Equity Investments will be reinvested into future financial support programmes for businesses. The table below provides details on the repayment profile. The total amount to be repaid is £21,831,870. Twelve companies have been awarded equity investments.

3.2 There are two loan repayment periods per financial year i.e. March and September. The cumulative estimated amount to be repaid by March 2016 was £3,308,283. The actual amount receipted to date is £3,304,327, which represented an achievement of 99.88%. The target figure is subject to change, due to contract variations and applicants deciding to repay their loan in full earlier than anticipated, to allow early release of KCC charges.

2013/14 Target and Actual	**2014/15 Target and Actual**	**2015/16 Target and Actual**		**TOTALS TO DATE**
Target=£335,294 Actual=£335,294	Target=£776,563 Actual=£820,663	Sep 15 Target=£1,191,105 Actual=£1,244,954	Mar 16 Target=£1,005,321 Actual=£903,412	**Target=£3,308,283 Actual=£3,304,327 99.88%**
2016/17 Target	**2017/18 Target**	**2018/19 Target**	**2019/20 Target**	**2020/21 Target**
£4,362,138.92	£4,428,090.34	£3,987,318.34	£2,770,043.34	£2,974,395.81
Total Repayment due by 2021 = £21,831,870				

4. Monitoring Returns (Q3 October 2015 to January 2016)

4.1 The monitoring returns for the Expansion East Kent programme for the period October 2015 to January 2016 have resulted in 74% being allocated Green status (performance fully met as per loan agreement) or Amber status (slight slippage but in the main delivery of job outputs as per loan agreement) as follows:

No of companies awarded investment	No of companies in monitoring reporting cycle	No of companies reporting on	No of companies in Green Risk Status	No of Companies in Amber Risk Status	No of Companies in Red Risk Status
159* *16 companies have yet to enter the monitoring cycle *2 companies have 2 loans *2 companies have part loan and part equity *5 previous bad debts*	134* *includes 5 loans repaid 1 MR cycle complete 8 equity investments	120	73 (61%)	16 (13%)	31 (26%)
Combined Loan Value					
£36,282,729	£33,752,589	£29,394,156	£22,334,617	£4,149,593	£2,909,946.21

It is important to note there are three categories with the RED status – see table below.

Breakdown of Red Risk Status 25%	Category A Non Payment of Debt	Category B Nil Return of Monitoring Form	Category C Significant shortfall on milestones / targets
No of Companies	6 (5%)	12 (10%)	13 (11%)
Combined Loan Value	£1,615,100	£676,500	£618,346
Actions to be taken	Companies in Administration or ceased trading	Follow up email	Companies under review

Bad Debts previously reported in Red Category A:	**No of Companies**	**Percentage number of companies supported**	**Loan Value**	**Percentage of overall defrayed funds** **£36,282,729**
	5	3.14%	£1,004,330	7.22%
Current Bad Debt	6	3.77%	£1,615,100	
Total Bad Debt	11	6.91%	2,619,430*	
*Total bad debt recovered £128,026 to date**				

The action taken on 31 (26%) companies in RED Status is as follows:-

Category A =	6 companies – bad debt
Action taken:	All 6 companies are in administration - awaiting meeting of the Creditors
Category B =	12 companies - nil return of monitoring form
Action taken:	All 12 Companies have received follow up emails and site visits have been undertaken and or scheduled to be undertaken prior to the June 2016 monitoring process being concluded.

Category C =	13 companies - Significant delays in the following areas: 8 companies: • Job creation significantly behind, loss of staff/poor retention, and/or no employment contracts to sufficiently evidence job creation 3 companies: • Issues with loan repayments being met 1 company: • Delays in project delivery, contract variation could be required. 1 company: • is currently dormant.
Action taken:	Discussions and/or site visits have been undertaken and/or are scheduled to ascertain any business issues. Where necessary contract variations have been undertaken or will be.

4.2 The creating and safeguarding of contractual job targets have been verified from the monitoring returns covering the period October 2015 to January 2016. The evidence gathered includes employment contracts and payroll reports. The full details of jobs created and safeguarded are below:

Job Status	Target to Date	Actuals to Date	Percentage against target
Jobs Created	1697	792	47% (Amber)
Jobs Safeguarded ***(includes Indirect Jobs)***	740	778	105% (Green)

Annex 2

Tiger Programme

Background Information

The Tiger Programme for North Kent and Thurrock was launched in March 2013. As at 31st March 2015 KCC had committed £14,490,000 to 51 companies within Dartford, Gravesham, Medway, Swale and Thurrock. The programme is no longer open to new applicants.

This annex provides full details of the funding awarded to companies within the North Kent and Thurrock area from the Tiger programme.

---

1. Funding Awarded

1.1 The table below shows total funding committed, a breakdown per local authority, the number of jobs to be created and private sector investment (matched funding).

Tiger Programme	Funding per Local Authority £ m	Private Investment £ m	No of Companies	No of jobs to be created	Saved Posts	Total number of Jobs
Dartford	1,477,247	1284,003	9	157.69	50.24	207.93
Gravesham	881,062	843,375	5	44.08	62	106.08
Medway	4,335,489	2,598,870	15	257.6	158.97	416.57
Swale	6,674,502	17,030,958	17	318.03	340.84	658.87
Thurrock	1,121,700	379,937	5	132.48	18.53	151.01
Total	**14,490,000**	**22,137,143**	**51**	**909.88**	**630.58**	**1540.46**
Total Funding Committed	**£14,490,000**	**£22,137,143**	**51**	**910**	**631**	**1540**

2. Defrayment of Funds

2.1 Each company applying to the programme provides a profile for the drawdown of funds. This drawdown would be dependent on the needs of the businesses and the companies' plans for growth. The profile for the defrayment of funds is as follows:

Funds defrayed as of close of programme March 2015	**= £14,490,000**

3. Profile for Repayments of Funds (as at 15 June 2016)

3.1 All repayment of loans, and returns on Equity Investments, will be reinvested into future financial support programmes, for businesses. The table below provides details on the repayment profile. The total amount to be repaid is £12,590,303. Two companies were awarded equity investments (£1,424,072).

3.2 There are two loan repayment periods per financial year i.e. March and September. The cumulative estimated amount to be repaid by March 2016 was £2,446,204. The actual amount receipted to date is £2,386,418, which represented an achievement of 97.56%. The target figure is subject to change, due to contract variations and applicants deciding to repay their loan in full earlier than anticipated, to allow early release of KCC charges.

2013/14 Target and Actual	**2014/15 Target and Actual**	**2015/16 Target and Actual**	**2013/14 Target and Actual**	**TOTALS TO DATE**
Target=£3,254 Actual=£3,254	Target=£493,284 Actual=£493,284	Sep 15 Target=£903,256 Actual=£881,684.76	Mar 16 Target=£1,046,410 Actual=£1,008,196	**Target=£2,446,204** **Actual=£2,386,418** **97.56%**
2016/17 Target	**2017/18 Target**	**2018/19 Target**	**2019/20 Target**	**2020/21 Target**
2,253,241.72	2,443,757.72	2,413,112.77	1,971,919	1,062,067.83
Total Repayment due by 2021 = £12,590,303				

4. Monitoring Returns (Q3 October 2015 to January 2016)

4.1 The monitoring returns for the Tiger programme for the period October 2015 to January 2016, have resulted in 87% being allocated Green status (performance fully met as per loan agreement), or Amber status (slight slippage but in the main delivery of job outputs as per loan agreement), as follows:

No of companies awarded investment	**No of companies in monitoring reporting cycle**	**No of companies reporting on**	**No of companies in Green Risk Status**	**No of companies in Amber Risk Status**	**No of companies in Red Risk Status**
51* *2 bad debts 2 loans repaid 2 equity investments (=£2,117,134)	45	45	31 (69%)	10 (22%)	4 (9%)
Combined Loan Value					
£14,490,000	**£12,372,866**	**£12,372,866**	**£6,941,079**	**£4,015,619**	**£1,416,168**

It is important to note there are three categories within the RED status – see table below.

Breakdown of Red Risk Status 9%	Category A Non Payment of Debt	Category B Nil Return of Monitoring Form	Category C Significant shortfall on milestones / targets
No of Companies	0	0	4
Combined Loan Value			£1,416,168
Actions to be taken			Companies under review

Bad Debts previously reported in Red Category A:	No of Companies	Percentage number of companies supported	Loan Value	Percentage of overall defrayed funds £14,490,000
	2	4%	£485,000	3.35%
Current Bad Debt	0	0	0	
Total Bad Debt	2	4%	£485,000	

The action taken on 4 (9%) companies in Red Status is as follows:

Category A =	
Action taken:	
Category B =	
Action taken:	
Category C =	3 companies: • Significant delays in the areas of recruitment (one with retention issues also) 1 company: • Significant delays with regard to recruitment, potential bad debt (company has stopped trading and is awaiting receipt of R & D Tax Credit payment, which will be passed to KCC (loan value £121,213)
Action taken:	All 4 Companies are being closely monitored with regard to achievement of outputs, site visits have been arranged and/or scheduled; and contract variation discussions are taking place.

4.2 The creating and safeguarding of contractual job targets have been verified from the monitoring returns covering the period October 2015 to January 2016. The evidence gathered includes employment contracts and payroll reports. The full details of jobs created and safeguarded are below:

Job Status	Target to Date	Actuals to Date	Percentage against target
Jobs Created	564	486	86% (Green)
Jobs Safeguarded	624	490	79% (Green)

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Annex 3

Escalate

Backround Information

The Escalate Programme for West Kent and parts of East Sussex was launched in December 2013. As at 31st March 2015 KCC had committed £5,510,000 to 40 companies and the programme is no longer accepting any new applications.

This annex provides full details of the funding awarded to companies within the districts of West Kent and three districts of East Sussex from the Escalate programme.

---

1. Funding Awarded

1.1 The table below shows total funding committed, a breakdown per local authority, the number of jobs to be created and private sector investment (matched funding).

Escalate Programme	Funding per Local Authority £m	Private Investment £m	No of Companies	No of Jobs to be created	Saved Posts	Total number of Jobs
Maidstone	2,720,588	3,058,832	12	158.56	108.67	267.23
Rother	56,000	56,000	1	7	0	7
Sevenoaks	594,000	563,720	6	33.6	18.27	51.87
Tonbridge + Malling	698,510	685,863	7	55.37	18	73.37
Tunbridge Wells	1,158,250	1,397,250	11	151.11	21.26	172.37
Wealden	280,250	280,250	3	17.27	7	24.27
Total	****5,507,598**	**6,041,915**	**40**	**422.91**	**173.2**	**596.11**

**Hastings Funding total is zero*
***£10,000 uncommitted within Tiger and £2402 contribution to marketing*

Total Funding Committed	**£5,507,598**	**£6,041,915**	**40**	**423**	**173**	**596**

2. Defrayment of Funds

2.1 Each company applying to the programme provides a profile for the drawdown of funds. This drawdown would be dependent on the needs of the businesses and the companies' plans for growth. The profile for the defrayment of funds is as follows:

Funds defrayed as of close of programme March 2015	**= £5,507,598**

3. Profile for Repayments of Funds (as at 15 June 2016)

3.1 All repayment of loans, and returns on Equity Investments, will be reinvested into future financial support programmes, for businesses. The table below provides details of the repayment profile. The total amount to be repaid is £5,137,600. One company was awarded equity investment in the sum of £250,000.

3.2 There are two loan repayment periods per financial year i.e. March and September. The cumulative estimated amount to be repaid by March 2016 was £1,056,561. The actual amount receipted to date is £1,004,611, which represented an achievement of 95%. The target figure is subject to change, due to contract variations and applicants deciding to repay their loan in full earlier than anticipated, to allow early release of KCC charges.

2014/15 Target and Actual	**2015/16 Target and Actual**		**TOTAL TO DATE**	
Target=£131,760 Actual=£131,760	Sep 15 Target=£473,630 Actual=£473,630	Mar 16 Target=£451,171 Actual=£399,221	**Target=£1,056,561 Actual=£1,004,611 95%**	
2016/17 Targets	**2017/18 Targets**	**2018/19 Targets**	**2019/20 Targets**	**2020/21 Targets**
£1,187,570.32	£1,166,820.32	£995,659.32	£534,915.82	£196,072.40
Total Repayment due by 2021: £5,137,600				

4. Monitoring Returns (Q3 October 2015 to January 2016)

4.1 The monitoring returns for the Escalate programme for the period October 2015 to January 2016, have resulted in 95% being allocated Green status (performance fully met as per loan agreement), or Amber status (slight slippage but in the main delivery of job outputs as per loan agreement), as follows:

No of companies awarded investment	**No of companies in monitoring reporting cycle**	**No of companies reporting on**	**No of companies in Green Risk Status**	**No of Companies in Amber Risk Status**	**No of Companies in Red Risk Status**
40* *includes 1 bad debt	39	39	28 (72%)	9 (23%)	2 (5%)
Combined Loan Value					
£5,507,598	£5,467,598	£5,467,598	£3,603,850	£1,783,748	£80,000

It is important to note there are three categories with the RED status – see table below.

Breakdown of Red Risk Status 5%	Category A Non Payment of Debt	Category B Nil Return of Monitoring Form	Category C Significant shortfall on milestones / targets
No of Companies	2	0	0
Combined Loan Value	£80,000		
Actions to be taken	£15,000 with KCC debt recovery £65,000 company ceased trading		

Previously reported Bad Debts in Red Category A:	No of Companies	Percentage number of companies supported	Loan Value	Percentage of overall defrayed funds £5,507,598
	1	2.5%	£40,000	2.18%
Current Bad Debt	2	5%	£80,000	
Total Bad Debt	3	7.5%	£120,000	

The action taken on 2 (5%) companies in Red Status is as follows:

Category A =	1 company: • Sent to KCC Debt Recovery. 1 company: • Company has ceased trading.
Action taken:	1 company: • Debt Recovery to advise as to whether it will be cost effective to try to recover £15,000 via the courts. Will then require Director sign-off. 1 company: • The company has ceased trading, and set up another company the next day with a totally different name (a 'phoenix company'). Initially the company agreed to a contract variation, under the new trading name. Unfortunately all attempts to progress this have failed, as the company will not engage at all.
Category B =	
Action taken:	
Category C =	
Action taken:	

4.2 The creating and safeguarding of contractual job targets have been verified from the monitoring returns covering the period October 2015 to January 2016. The evidence gathered includes employment contracts and payroll reports. The full details of jobs created and safeguarded are below:

Job Status	Target to Date	Actuals to Date	Percentage against target
Jobs Created	265	205	77% (Green)
Jobs Safeguarded	173	152	88% (Green)

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