

**GROWTH, ECONOMIC DEVELOPMENT AND
COMMUNITIES CABINET COMMITTEE**

Thursday, 10th January, 2019

10.00 am

Council Chamber - Sessions House



AGENDA

GROWTH, ECONOMIC DEVELOPMENT AND COMMUNITIES CABINET COMMITTEE

Thursday, 10 January 2019 at 10.00 am
Council Chamber - Sessions House

Ask for: **Georgina Little**
Telephone: **03000 414043**

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

Membership (16)

Conservative (13): Mr A M Ridgers (Chairman), Mr S Holden (Vice-Chairman), Mrs P M Beresford, Mrs R Binks, Mr A Booth, Mr A H T Bowles, Mr A Cook, Mr P J Homewood, Mr J A Kite, MBE, Mr G Lymer, Mr P J Messenger, Mr S C Manion and Mr J Wright

Liberal Democrat (2): Mr I S Chittenden and Mr A J Hook

Labour (1) Mr D Farrell

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UNRESTRICTED ITEMS

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

- 1 Introduction/Webcast announcements
- 2 Apologies and Substitutes
To receive apologies for absence and notification of any substitutes present
- 3 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
- 4 Minutes of the meeting held on 15 November 2018 (Pages 7 - 16)
To consider and approve the Minutes as a correct record

- 5 Verbal updates by Cabinet Members and Corporate Director
To receive verbal updates from Mr M Hill, OBE (Cabinet Member for Community and Regulatory Services) and Mr M Dance (Cabinet Member for Economic Development).
- 6 Visit Kent Report & Presentation (Pages 17 - 20)
To note the contents of the report.
- 7 Preparations by HM Government and the European Commission for a No-Deal Brexit (Pages 21 - 28)
To note the plans being put in place by the Government and the European Commission for a No-Deal Brexit; this paper complements the paper considered under item 7 of the County Council's agenda on 13 December 2018 on the work of the County Council to prepare for the possible event of a No-Deal Brexit.
- 8 Removal of the Housing Revenue Account Debt Cap (Pages 29 - 34)
To note the advice on the Housing Revenue Account borrowing cap, and the work that is now being undertaken in response to the change.
- 9 Capital Programme 2019-22, Revenue Budget 2019-20 and Medium-Term Financial Plan 2019-22 (Pages 35 - 46)
To note the draft capital and revenue budgets and MTFP, including responses to consultation and government provisional settlement; and suggest any changes which should be made before the draft is presented to Cabinet on 28th January and full County Council on 14th February.
- 10 Members' Recent Visit to Gravesham District (Pages 47 - 56)
To receive and endorse the report.
- 11 Work Programme 2019/20 (Pages 57 - 64)
To receive a report by General Counsel that gives details of the proposed Work Programme for this 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)

Benjamin Watts
General Counsel
03000 416814

Wednesday, 2 January 2019

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 Council Chamber - Sessions House on Thursday, 15 November 2018.

PRESENT: Mr A M Ridgers (Chairman), Mrs R Binks, Mr A Booth, Mr I S Chittenden, Mr A Cook, Mr D Farrell, Mr S Holden (Vice-Chairman), Mrs T Dean, MBE (Substitute) (Substitute for Mr A J Hook), Mr J A Kite, MBE, Mr G Lymer, Mr P J Messenger and Mr J Wright

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

IN ATTENDANCE: Mrs B Cooper (Corporate Director of Growth, Environment and Transport) and Mr D Smith (Director of Economic Development) and Miss G Little (Democratic Services Officer).

UNRESTRICTED ITEMS

105. Apologies and Substitutes

(Item 2)

Apologies were received from Mr S Manion, Mrs P Beresford, Mr A Bowles and Mr A Hook. Mrs T Dean attended as a substitute for Mr A Hook.

106. Declarations of Interest by Members in items on the Agenda

(Item 3)

There were no declarations of interest received

107. Minutes of the meeting held on 5 September 2018

(Item 4)

RESOLVED that the minutes of the last meeting held on 5 September 2018 are a correct record and that they be signed by the Chairman.

108. Future Meeting Dates for 2019/20

(Item)

It was RESOLVED that the Committee noted that the following dates had been reserved for its meetings in 2019/20:

Thursday 9 May 2019

Wednesday 26 June 2019

Friday 13 September 2019

Thursday 28 November 2019

Friday 17 January 2020

Tuesday 10 March 2020

Friday 8 May 2020

All meetings would take place at County Hall, Maidstone, and would commence at 10.00 am

109. Verbal updates by Cabinet Members and Corporate Director

(Item 5)

1. Mr Hill, OBE (Cabinet Member for Community and Regulatory Services) announced the following:
 - (a) Tonbridge Library which had undergone a refurbishment was re-opened to the public on 1st October 2018;
 - (b) the Jasmin Vardiom Dance Company celebrated its 20th anniversary on 22nd October 2018. Mr Hill applauded the success of the of company and welcomed its permanent location in Ashford, Kent; and
 - (c) the Libraries, Registration and Archive (LRA) Service received the Customer Service Excellence Award. The new criteria that had been implemented and assessed by Compliance Plus demonstrated the LRA's ongoing improvement and the positive impact of its services on local communities.
2. Mr Mark Dance (Cabinet Member for Economic Development) announced the following:
 - (a) The Kent Property Market Review was unveiled at Leas Cliff Hall, Folkestone, and was well attended by key figures from Kent's property sector. The Property Market Report identified that investment activity had increased in Kent as smaller businesses were becoming increasingly attracted to the affordability and connectivity that Kent offered. House prices within Thanet had also increased by 7% which was above the national average. Mr Dance agreed to circulate the Property Market Booklet to Members of the Committee;
 - (b) the 2018 edition of the MegaGrowth 50 award was attended by Kent County Council. The event showcased a variety of privately-owned industries which had successfully increased their turnover growth within the county and shared their experience and accomplishments of international exportation; and
 - (c) that the Kent Design and Developments Awards announced the University of Kent's Sibson Building as project of the year.

110. Libraries, Registration and Archives Draft Strategy including Proposal for a New Library Tiering Model

(Item 6)

James Pearson (Head of Libraries, Registration and Archives) and Jackie Taylor-Smith (Strategic Manager Business Development Libraries, Registration and Archives) were in attendance for this item.

1. Mr M Hill, OBE (Cabinet Member for Community and Regulatory Services) introduced the report that outlined the key features of the draft Libraries, Registrations and Archives (LRA) Strategy which included the proposal for a new Library tiering model and revised opening hours. The report also provided details on the proposed public consultation process to gain feedback on the strategy and proposals. Mr Hill highlighted the importance of libraries, the impact they had on helping to tackle social isolation and the ambition to encourage greater responsibility on Kent's partner agencies and volunteers to manage the operation of library services outside of normal staffing hours. Mr Hill thanked the Members Working Group, chaired by Mrs Hohler (Deputy Cabinet Member for Community and Regulatory Services) that helped to develop the ambitions and detail of the strategy.
2. Mrs S Hohler paid further tribute to the Members Working Group and commended the work of the LRA service and the pivotal role it played within the community.
3. Before the commencement of the discussion, Mr Pearson informed the committee that a revised version of the LRA Strategy was circulated as a supplementary appendix on the grounds that it contained inaccuracies regarding library opening hours. Mr Pearson assured the committee that the error was immediately rectified and that all public consultation material was corrected. Mr Pearson proceeded to the report and drew Members attention to the strategy overview which set out the priorities for the LRA Service. The key principles of the strategy were to retain and maximise the use of the LRA's community network of buildings, explore the potential for working with partners in the delivery of services and optimise library opening hours through a new library tiering model. The key highlights included New Marketing and promotional approach, digital strategy development, archive digitisation and a service that continues to innovate. The table in Appendix A provided a summary of the five agreed ambition statements and the associated proposals included within the strategy. Mr Pearson assured Members that whilst there would be an overall reduction in library opening hours across the county of 20%, the tiering model would optimise library performance and create a revenue saving of up to £1 million.
4. Mrs Taylor-Smith said that the consultation period would run for a 10-week period from Wednesday 21 November 2018 and would be will be promoted on the Kent County Council website and at all service points. During the consultation period, the LRA service would also facilitate a number of drop-in sessions at its library centres should the public or staff wish to discuss the proposals within the strategy.
 - (a) In response to concerns regarding the benefit and cost of public consultations, Mrs B Cooper (Corporate Director of Growth, Environment and Transport) said that the Department for Digital, Culture, Media & Sport (DCMS) commissioned a compulsory library toolkit for Councils; should the GET Directorate fail to complete each stage of the process the Council could face judiciary review. In addition, Mr Pearson said that that the LRA service had worked in conjunction with the Strategic Commissioning's Analytics team and the consultation team to carry out an intelligence led review, however, a

positive aspect of the consultation was the opportunity to engage directly with the people of Kent regarding the future direction of the whole service and ensuring that their views were incorporated in the final strategy.

- (b) Mr Pearson said that the LRA Service had briefed staff on the strategy a week ago and the possible implications that the strategy may have on them should the proposals be implemented. The LRA management team were in the process of speaking to staff and would continue to engage with staff should they have any concerns. Staff have also been involved in workshops to develop the ambition statements the strategy is built on.
- (c) With regards to whether a volunteer toolkit could be commissioned to further accommodate the public use of library centres outside of staffing hours, Mrs Taylor-Smith said that the Library Extra pilot scheme used technology assisted opening facilities which allowed members of the public to access library centres outside of staffed hours. The results of the Library Extra scheme would be evaluated in August 2019 and presented to the committee in due course. In addition, Mr Pearson assured the committee that volunteering was pivotal part of the LRA services succession planning and was a key feature within the strategy. The LRA service hoped to develop new opportunities for its volunteers and was looking at ways to equip both staff and volunteers with the necessary skills needed.
- (d) In response to members requests for the data regarding the library tiering model, Mrs Taylor-Smith said that the data was available for each site and this would be published online as part of the public consultation in due course.
- (e) Mrs Cooper informed the committee that the LRA Service was primarily responsible for evaluating library premises and therefore determined how these could be utilised more efficiently. Whilst the Property team would need to be involved, Mrs Cooper asked that Members direct all their inquiries regarding library property to Mr Pearson.
- (f) Members commended the work of the officers and the local authority for the value it places on its library services.

- 5. RESOLVED that the draft strategy and proposals for public consultation, be noted.

111. Turner Prize *(Item 7)*

Karen Eslea (Head of Learning and Visitor Experience, Turner Contemporary) was in attendance for this item.

- 1. Mrs Eslea (Head of Learning and Visitor Experience, Turner Contemporary) presented a series of slides that exhibited the significance of the Turner prize award ceremony. The prize was best renowned for triggering public debate around new developments in contemporary British art and following its successful

bid, the Turner Contemporary in Thanet would host the Turner Prize awards ceremony in December 2019.

- (a) In response to Members request for additional information on the impact that the Tuner Contemporary has had on children visiting the gallery, Mrs Eslea said that the Tuner Contemporary offered a number of workshops to schools, all of which were delivered by the galleries trained Philosophers. Inspired by JMW Turner's spirit of enquiry, the Tuner offered a unique range of educational activities, events and projects that empowered children to take control of their own learning, whether this be through hand-on exploration or philosophical enquiries, the Tuner gallery tailored its school visits to be led by the children. The Turner had also taken a lead on international training, inspiring the Tate Modern and galleries in Oslo to adapt their way of working. Further to this, the E-programme funded by the Heritage Lottery fund and Arts Council enabled children in Ramsgate from disadvantaged wards to research the history of Ramsgate harbour and used their work to inspire and lead change within Kent.
- (b) Mr D Smith (Director of Economic Development) assured Members that work was being carried out in conjunction with Tuner Contemporary, Thanet District Council and Southeastern Railway to facilitate the increase of visitors and traffic to Thanet during the event.
- (c) In response to questions regarding the number of international visitors and the impact this had on Kent, Mrs Eslea said that the Turner Contemporary used an intelligence led approach to research and record data on all its visitors. Statistics revealed that 7% of the Tuner Contemporary's visitors were international, however, targets were in place to increase international visits. The Turner Contemporary worked in partnership with other facilitators across the country to ensure its exhibitions coincided with other events to increase visitor attraction and expenditure within Kent.
- (d) With regards to the provisions in place to assist with international visitors, Mrs Eslea said that research was being conducted in conjunction with Creative Coast to look at how Turner Contemporary could better facilitate international visitors. The Turner Contemporary was also consulting with its in-house Community Access Group to review ways in which the Turner Contemporary could improve its accessibility to both national and international visitors ahead of the Turner Prize exhibition in 2019.

2. RESOLVED that the information set out in the presentation and given in response to comments and questions be noted.

112. Kent Guilds: Presentation *(Item 8)*

1. The Chairman informed the Committee that the item 'Kent Guilds Presentation' had been deferred.

2. Mrs B Cooper (Corporate Director of Growth, Environment and Transport) confirmed that the item would be presented at the next Cabinet Committee on 17 January 2019.
3. RESOLVED that a report and presentation detailing the Kent Guilds, be presented to the Committee in January 2019.

113. Performance Dashboard

(Item 9)

Barbara Cooper (Corporate Director of Growth, Environment and Transport) was in attendance for this item.

1. Mrs B Cooper introduced the Performance Dashboard which showed progress made against targets set for Key Performance Indicators (KPIs) and referred, in particular, to the summary on page 136.
2. RESOLVED that the report be noted.

114. Preparing the evidence to support a Kent and Medway Enterprise and Productivity strategy

(Item 10)

David Smith (Director of Economic Development) and Johanna Howarth (Deputy Director of Economic Development) were in attendance for this item.

1. Mr S Holden (Deputy Cabinet Member for Economic Development) introduced the report which provided the committee with an update on the proposed approach to engagement and evidence gathering that would support the development of the Kent and Medway Enterprise and Productivity Strategy.
2. Mrs J Howarth highlighted to Members that the main objective of the strategy was to evidence and address the underlying causes of Kent and Medway's comparatively low productivity levels compared to Kent's international competitors. Mrs Howarth directed Members to Appendix A of the report which outlined the work required to be undertaken by consultants and the expected timeframe for completion.
 - (a) Mrs Howarth confirmed that tenders for the consultants were due to be received on 19 November 2018 and appointments would be made by early December 2018.
 - (b) In response to queries regarding whether there would be additional financial implications, Mr Smith confirmed that the GET Directorate had identified a budget of £49,000 with the intent of procuring a high-quality service from the chosen consultancy company. However, should there be a necessity for additional funding, the decision to increase spend would be considered in due course.

- (c) Members queried the decision made to form a Leader's Working Group opposed to a cross-party working group to look at the Kent and Medway Enterprise and Productivity Strategy; and sought assurance from the General Counsel regarding the governance and membership of the groups. Mr Holden (Chairman of the Enterprise and Productivity Leader's Working Group) advised Members of the Committee that the group was not a sub-committee of the Growth, Economic Development and Communities Cabinet Committee, it was solely established for the purpose of providing assurance and administrative support to the Leader. Mrs B Cooper (Corporate Director of Growth, Environment and Transport) agreed to seek advice from the General Counsel.
- (d) In response to concerns regarding the strategy's 2050-time horizon, Mr Smith informed the Committee that shorter timescales proved to be impractical for the necessary planning and implementation of large infrastructure. Therefore, Kent County Council and the Government agreed that the Kent and Medway Enterprise and Productivity Strategy coincide with the Thames Estuary 2050 Growth Commission. The time horizon would be reviewed in 2020 and would continue to be reviewed on a five-year basis to ensure that Kent County Council met increased performance objectives and could afford its aspirations.

3. RESOLVED that:

- (a) the evidence gathering commission be noted; and
- (b) the General Counsels guidance be sought regarding the governance and membership of Working Groups.

115. Strengthened Local Enterprise Partnerships (LEPs) Update
(Item 11)

David Smith (Director of Economic Development and Sarah Nurden (KMEP Strategic Programme Manager) were in attendance for this item.

1. Mr M Dance (Cabinet Member for Economic Development) introduced the report that provided Members with an update on the latest activity and response from Kent County Council to Government concerning the reforms to leadership, governance, accountability, financial reporting and geographical boundaries within the Local Enterprise Partnerships (LEPs).
2. Mrs S Nurden informed the Committee that the Government issued a report in July 2018 that set out a series of commitments and reforms to be implemented by LEPs before April 2019. In September 2018 the Ministry of Housing, Communities and Local Government held a workshop and announced that the governance work would form part of a three-stand policy by Government. The first strand would be reforming the governance of LEPs to ensure that the role of the LEP was appropriate; the second strand focused on the strategy whereby Government anticipated that LEPs would write local industrial strategies by March 2020; and the third strand looked at the UK shared prosperity fund, whereby Government

would expect to see the local industrial strategies, written by the LEPs, acting as key drivers in pulling down the UK shared prosperity funding. Mrs Nurden directed Members to the appendices within the report which contained the letter from the Kent and Medway Enterprise Partnership (KMEP) to the South East Local Enterprise Partnership (SELEP) regarding the retainment of geographical boundaries of the LEPs, the draft SELEP implementation plan, and the letter from the County Councils Network (CCN) to the Secretaries of State to retain local authority representation on the LEP. Mrs Nurden said that there had been no indication of Minister's reactions following the submission of the SELEP implementation plan, however, sought agreement from Members to report on the Government's response at a future Committee.

- (a) In response to Members request for clarity as to what the Government aimed to achieve through its series of reforms, Mr Smith said that this had been challenged by Council Leaders (as set out in appendix A) as there was no clear fault that the proposal aimed to remedy. The key concern was that the Government sought to achieve greater accountability in LEPs through local authority representation whilst at the same time, dilute the local authority's role in the development of the strategy. Mr Smith assured Members that the accountability of Kent County Council and the decisions it took fell within the terms of the County Council's procedures and rules. Kent County Council was not dictated to by SELEP, the SELEP was a vehicle where the views of a number of interests could be brought together to produce a strategy and form bids to Government for finance. Mr Smith said that the LEP did not obstruct the traditional reporting process to scrutiny committee, Full Council or Cabinet Committees and assured Members that the accountable body of the local authority continued to report in line with Council procedures.
- (b) Mrs B Cooper (Corporate Director of Growth, Environment and Transport) said that both the Environment and Transport Cabinet Committee and the Growth, Economic Development and Communities Cabinet Committee were informed of all key decisions taken by Kent County Council. Whether the decision was a Kent County Council generated scheme, a SELEP scheme or Department for Transport Scheme, the GET directorate ensured that full governance was applied.
- (c) In response to questions about LEP transparency and accountability, Mrs Nurden offered Members the opportunity to liaise outside of the meeting regarding any questions or concerns they wished to address.

3. RESOLVED that the update report be noted.

116. Regional Growth Fund (RGF) Programmes Monitoring Report *(Item 12)*

David Smith (Director of Economic Development) and Martyn Riley (Programme Manager) were in attendance for this item.

1. Mr D Smith introduced the report which provided a summary of Kent County Council's monitoring returns from companies that received loans from the three Regional Growth Fund programmes for the period 1 April 2018 to 30 June 2018.
 - (a) Mr M Riley assured Members that efforts had been made to recover the maximum amount of loan value from companies that were in the process of going into administration. Advice had been sought from Kent Invicta Law and Kent County Council's Internal Audit team to ensure that all mechanisms of debt recovery were legally applied.
2. RESOLVED that the report be noted.

117. Work Programme 2018 - 2019

(Item 13)

1. RESOLVED that the work programme be noted subject to the inclusion of:
 - (a) A presentation on the performance of guilds; and
 - (b) Update on the preparedness to respond to Brexit – Transport, Borders and Emergency Planning

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From: Mark Dance, Cabinet Member for Economic Development
Barbara Cooper, Corporate Director, Growth, Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee –
10 January 2019

Subject: Visit Kent

Key Decision: No

Classification: Unrestricted

Past Pathway of Paper: None

Future Pathway of Paper: None

Electoral Division: Countywide

Summary: Kent County Council's current contract with Visit Kent runs from April 2014 to the end of March 2020. Visit Kent's presentation to the Cabinet Committee will review the performance of visitor economy in Kent in 2017. The presentation will also look back over 2018, based on information drawn from in Visit Kent's monthly Business Barometer.

Recommendation: The Cabinet Committee is asked to note the contents of this report.

1. Introduction

1.1 Every two years Visit Kent uses the Cambridge Economic Model¹ to evaluate the number and length of trips to Kent and Medway (domestic and international), the economic impact in terms of monetary value and the number of jobs supported. The data is also broken down by District. In 2016 the headline results (based on the full year 2015) were 60.6 million visits, £3.6 billion value and 72,000 jobs. The results of the most recently available research (based on the full year 2017) will be released on 9 January so the final results have not yet been received. Visit Kent's presentation to the Cabinet Committee on 10 January is expected to include the confirmed 2017 figures.

2. The current contract with Visit Kent

2.1 The contract requires Visit Kent to develop and deliver innovative and creative solutions to grow Kent's visitor economy, and to support KCC's priorities for this sector. These are to:

¹ Kent's value and volume study uses figures derived from the Cambridge Economic Impact Model. The research was undertaken by research agency Destination Research. The model utilises information from national tourism surveys and regionally based data. It distributes regional activity as measured in those surveys to local areas using drivers such as accommodation stock and occupancy which influence the distribution of tourism at the local level.

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

2.2 Information about visitor numbers, visitor spend and jobs across the county are obtained by Visit Kent through the Cambridge Model and reported to the County Council.

2.3 The current contract with Visit Kent was awarded by the County Council in 2014 and runs until March 2020. The procurement process for the visitor economy contract for the period after March 2020 is expected to commence in autumn 2019.

3. Performance over the past year

3.1 Visit Kent has continued to undertake a number of high-impact, targeted marketing campaigns in 2018. These included:

- The Kent Contemporary campaign targeted at London visitors who increasingly associate the county not only for its rich heritage but also for its attractive landscape and coastline;
- The Visit Kent Cruise Partnership between the port of Dover and several leading attractions in Kent; and
- The annual Big Weekend event which attracted over 185,000 visitors to local attractions.

4. 2019 and beyond

4.1 Visit Kent has worked with niche businesses and organisations to create campaigns that drive high value visits to high profile industries and sectors in the county. These include the Golf in Kent partnership working towards the 2020 Open Golf tournament in Sandwich, leading the marketing campaign for the 2019 Turner Prize event at the Turner Contemporary in Margate and the Wine Garden of England that has brought together Kent's leading wineries to showcase Kent as a premier wine destination.

4.2 Visit Kent has also set up the Promoting Kent Group, comprising Locate in Kent, Produced in Kent, the Kent Film Office and Explore Kent. The Group is working together on joint campaigns to capitalise on several major events and anniversaries taking place in Kent over the next couple of years.

5. Financial implications

5.1 The total value of the County Council's support for Visit Kent for the period April 2018 to March 2020 is £310,000 per annum. This comprises the main contract (maintained at £280,000), plus £30,000 to provide for staffing to support the development of externally funded projects.

6. Legal implications

6.1 The current contract with Visit Kent runs until March 2020.

7. Equalities implications

7.1 The contract with Visit Kent contains provisions for ensuring that the County Council's equalities and diversity policies are adhered to. Visit Kent has its own equalities and diversity standards which are consistent with those of the County Council.

8. Conclusion

8.1 Visit Kent continues to have a significant impact on raising the county's profile as a key tourism destination and on developing Kent's visitor economy. The contract will help to maintain the momentum achieved over the past few years and ensure that the county achieves maximum benefit from major events taking place in 2019 and 2020.

10. Recommendation

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

Background Documents - None

Report Author: David Hughes Head of Business and Enterprise Telephone number: 03000 417099 Email: dave.hughes@kent.gov.uk	Relevant Director: David Smith Director of Economic Development Telephone number: 03000 417176 Email: david.smith2@kent.gov.uk
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From: Mark Dance, Cabinet Member for Economic Development
Barbara Cooper, Corporate Director, Growth, Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee –
10 January 2019

Subject: Preparations by HM Government and the European Commission for a No-Deal Brexit

Key Decision: No

Classification: Unrestricted

Past Pathway of Paper: None

Electoral Division: Countywide

Summary: The final outcome of the UK's Brexit negotiations are still unclear at the time this report has been prepared. This report reviews the current preparations for a No Deal Brexit.

Recommendation: The Cabinet Committee is invited to note the plans being put in place by the Government and the European Commission for a No-Deal Brexit; this paper complements the paper considered under item 7 of the County Council's agenda on 13 December 2018 on the work of the County Council to prepare for the possible event of a No-Deal Brexit.

1. Background

- 1.1** The United Kingdom leaves the European Union on 29th March 2019 at 23:00 hours Greenwich mean time. The legal default position is that all EU primary and secondary law will cease to apply to the United Kingdom from that moment, unless a ratified withdrawal agreement is in place that establishes another date.
- 1.2** The UK Government and the European Commission have been negotiating the terms of the UK's departure since July 2017 and, in November 2018, published a draft Withdrawal Agreement. This Agreement provides for a transition period after 29th March 2019 where the UK will continue to apply the entire body of EU law. This period lasts until 31st December 2020 but can be extended in July 2020, by mutual agreement, for a further one or two years.
- 1.3** This draft agreement is subject to further discussion in Brussels and in Parliament but will require ratification by both the UK and EU parliaments. If either the UK or European Parliament fails to ratify legislation to give effect to the Agreement before 29th March 2019, the UK will leave the E.U. with no transition agreement in place. This is colloquially described as the "No-Deal Brexit". It would mean that all EU legislation would cease to apply in the UK at that moment in time and there would be no transition period to give businesses,

governments and citizens additional time to adjust.

- 1.4 This paper sets out details on preparations within the UK and EU for the possibility of a No Deal Brexit. At the present time it seems unlikely that all required legislative, policy, systems and process changes to prepare for the UK's exit are deliverable by this date on either side of the Channel.

2. UK Government preparations

- 2.1 The Government has published over one hundred technical notices setting out where leaving the EU without a withdrawal agreement in place would affect government bodies, businesses and individuals and how they should prepare for this situation. At the time this paper was being drafted, the Cabinet confirmed its intention to implement Brexit 'No Deal' plans in full and to send advice to businesses and business umbrella organisations on no-deal planning. We have not been able to analyse this advice and the rest of this section therefore covers Government actions prior to this date.

- 2.2 **Legislative changes:** Many of the areas for action by the Government identified in the technical notices require legislation to be put in place. Much of this is secondary legislation and the EU Withdrawal Act, adopted in the Summer of 2018, provides the legal framework for this programme. The Government estimated in November that some 700 statutory instruments would be required. Of these, the Hansard Society calculated that the Government had laid 265 before Parliament by mid-December.

- 2.3 The Government also has a number of major pieces of primary legislation to adopt. Bills on sanctions, road haulage, nuclear safeguards and customs have already received royal assent. Those on trade, agriculture, fisheries and reciprocal healthcare arrangements were working their way through Parliament in December.

- 2.4 **Changes to specific policy areas:** Over the course of 2018, the National Audit Office and several Parliamentary committees have highlighted concerns about readiness of Government departments for a 'No Deal' Brexit. The Government says it has 320 workstreams running to prepare for a 'No Deal' Brexit and breadth of policy areas affected is highlighted by its technical notices. Many establish requirements for new systems and processes to replace those currently carried out by EU bodies and several new IT systems would need to be ready by the end of March 2019.

- 2.5 A number of areas affect cross-border trade to and from the UK via the short straits crossing points between Kent and northern France in the event of a no deal Brexit. The Government's border planning assumptions, published on 7th December, confirmed that EU member states are getting ready to operate full

third country controls on trade with the UK. The Government's assumption is that the impact would be felt in reduced access into Dover and Folkestone for up to six months. However, the Government also stated its desire to work closely with EU Member States to ensure the continued full flow of goods. HMRC published an impact assessment of changes at the border in December together with specific guidance on import and export processes for users of ro-ro ports and the Channel Tunnel in December. Further guidance has been promised for publication in January 2019.

- 2.6** On 17th December, the Government was able to confirm that the UK would remain within the Common Transit Convention in the event of a no deal Brexit: this ensures traders will only have to pay import duties once (at their final destination) and make a single customs declaration when crossing multiple borders in the EU and its neighbouring countries that are also signatories to the Convention.
- 2.7** **Communication with businesses:** this began in earnest with the publication of the UK's 'No Deal' notices from late Summer onwards. HMRC launched in October a "partnership pack" to help businesses and intermediary organisations supporting businesses work through customs processes and procedures that are likely to apply in a 'No Deal' scenario. HMRC also wrote to UK traders known to be operating in the UK and EU only to inform them of the need to get ready for changes.
- 2.8** Government departments have also published specific advice at moments when traders need to take action immediately. Examples of this are:
- Notice given to hauliers to apply for European Conference of Ministers of Transport permits (ECMT permits) if they wish to continue carrying out haulage in the EU.
 - Notice from HMRC to all traders planning to continue trading with the EU should register for a UK Economic Operator Registration and Identification Number.
- 2.9** The Government is also seeking to engage with traders within the EU. The Border Delivery Group is planning a series of outreach events on the near continent to reach customers of the short straits crossing points (the Channel Tunnel; Dover; Calais; Dunkirk) to ensure businesses and industry are aware of potential changes in trading arrangements, what they need to do to prepare, and what government officials will be doing to help to protect the movement of goods in trucks across at the border. The first of these events will take place in Lille on 15th January.
- 2.10** **Citizens' rights:** The Government published a policy paper in December setting out how EU citizens would be able to secure their rights to settled status in the event of a no deal Brexit. The main changes to how proposals would apply with a

withdrawal agreement are that only EU citizens resident by 29th March 2019 will be eligible to apply to this scheme (as opposed to 31st December 2020 in the event the Withdrawal Agreement is adopted) and they will have until 31 December 2020 to apply for settled status.

3. European Union preparations

3.1 The European Commission and EU member states have been preparing a set of legal, administrative and practical measures to address the scenario where the UK leaves the EU without an agreement in place. These cover actions at the EU, national and local levels and are aimed at public administrations, citizens and businesses.

3.2 To drive forward preparations at the EU level, a dedicated team was set up in the European Commission's Secretariat-General towards the end of 2017. This team has:

- **Overseen the preparation of information notices on the legal changes that would apply to the UK and to business with the UK in a day one no deal scenario:** these cover a similar set of areas to the no deal notices published by the UK Government.
- **Analysed existing EU legislation to identify where primary of secondary legislation may be needed at EU level:** a programme of legislation is foreseen, and this covers a number of areas of particular concern. On animal exports, for example, the Commission has noted its intention to swiftly list the UK as an "authorised third country" so the UK may continue to export animal and animal products to the EU after Brexit. For aviation, the Commission has said provided reciprocal action is taken by the UK, that it will propose measures on aviation traffic rights and safety to avoid an abrupt interruption in flights between the UK and EU.
- The Commission will also adopt legislation to exempt UK travellers from a requirement to obtain a visa for short stays in the EU. UK travellers will, however, be required to register on the EU's forthcoming visa waiver system, ETIAS, for entry to the Schengen Zone. This visa would cost 7 euros for three years.
- **Liaised with the EU's agencies to make sure they are ready to process applications and authorisations from UK entities:** in many instances, UK businesses wishing to continue to trade with the EU will require new licences and authorisations issued by EU bodies to replace those held by UK entities that will no longer be valid after the UK's exit.
- **Coordinated a series of seminars for EU member states to compare the legal and administrative measures they will need to take:** this has focussed on areas of particular concern such as residency and visa-related issues; financial services; air and road transport; customs;

sanitary/phytosanitary rules; and the transfer of personal data. The presentations from the most recent sectoral seminars in November and December are freely accessible on line at: https://ec.europa.eu/info/council-working-party-article-50-preparedness-seminars_en

3.3 The European Commission has also set out its approach to preparing for a 'No Deal' Brexit in two policy papers. The July 2018 paper emphasised that responsibility for Brexit preparedness was a matter for all stakeholders and citizens and not just national governments. This has been followed up by a paper in November 2018 that set out a series of principles for contingency planning. According to the Commission, any measures that the EU or member states adopt:

- “Should not replicate the benefits of membership of the Union, nor the terms of any transition period.”
- Should be temporary in nature: they should not, in principle, go beyond the end of 2019.
- Should be adopted unilaterally by the EU: this means they can be revoked by the EU or its member states at any time.
- Should be compatible with EU law, including any international obligations the EU has
- Should not remedy delays where other responsible stakeholders have not acted in time: this principle, in particular, is to avoid situations of unfair competition.

3.4 On 19th December, the European Commission published 14 pieces of legislation to implement contingency measures for a no deal Brexit. According to the Commission, the areas covered are ones where a no deal scenario would create major disruptions for citizens and businesses in EU member states.

The measures proposed included the following areas:

- road transport: the EU will allow hauliers to continue to carry goods into the European Union until the end of 2019 without the requirement to hold an ECMT permit. However, they will not be able to carry out cabotage in the EU. (This is the right for hauliers to collect and deliver loads within another EU country).
- Aviation: point-to-point flights from the UK to the EU will be allowed until 30th March 2020.
- Financial services: EU firms will continue to be allowed to have access to UK central clearing counterparties and to UK central security depositories for 12 and 24 months respectively.

Accompanying the package are a further policy paper and memo setting out in more detail the changes the Commission foresees if the UK leaves the EU without a withdrawal agreement in place. The areas covered include citizens' rights to stay in the EU; social security coordination; financial services; air, road

and rail transport; the application of customs, VAT and veterinary rules.

The Commission intends to have any further proposals for secondary legislation ready by 15 February 2019. This is also the date by which EU member states must propose any plans to the Commission for new or extended border inspection posts in ports that wish to continue receiving live animals or animal products from the UK.

4. Preparations by EU member states

4.1 Measures taken by EU member states have focussed in particular on resolving the legal situation of UK citizens living in other EU countries, the rights of EU citizens returning from the UK, and on policy and legislative requirements for cross-border trade between the UK and EU after Brexit. The measures taken have fallen into three broad areas:

- **Legislation:** EU member states have been examining where they may need to amend national legislation to address challenges arising from Brexit. The Dutch and French Governments, for example, have published single overarching legislation to bundle together powers to issue emergency legislation in specific areas. Germany, on the other hand, has divided the measures it is taking across a series of Bills while, in Belgium, legislation is being developed to take account of the different competences spread across the country's different levels of government.
- **Communication to businesses and citizens:** several countries have launched single, cross-government online portals to link to advice and support available from different government departments. Countries such as the Netherlands and Ireland were also quick to put in place impact-scanning tools and certain financial incentives to help businesses identify areas of exposure to Brexit.
- **Changes to government services in specific policy areas:** Brexit requires a number of changes to systems and processes, such as for customs where goods passing between the UK and EU will be treated as imports and exports, and for foodstuffs where animals and animal products, in particular, will be subject to EU health-related import conditions. All the countries bordering the UK have begun recruitment drives for new customs officials and veterinarians in anticipation of the restoration of customs controls and certain plant and animal health checks. How these changes can be made to work at ro-ro ports with as little disruption as possible appears to be a shared concern in the Netherlands, Belgium, Ireland and France.

4.2 To illustrate national preparations for Brexit more fully, we set out some examples of the actions taken by the UK's nearest neighbour, France, in the paragraphs below.

4.3 **Legislative changes in France:** in early December, the French Parliament

approved legislation allowing the French government to take emergency measures by decree addressing the situation of French nationals returning from the UK; the situation of British in France; the movement of people and goods to and from the UK. The measures include powers to derogate from statutory planning and consultation requirements to construct and fit out infrastructure in ports, stations and airports required for re-establishing controls on people of goods going from or to the UK.

4.4 Cross-government coordination: in early October, the French Government appointed a cross-government coordinator for border delivery, M. Vincent Porquery de Boisserin. While M.de Boisserin's role is similar to that of Karen Wheeler at the UK Border Delivery Group, it is not yet clear what administrative support he has available to fulfil this role effectively.

4.5 Communication to business: The French Government published a business planning guide in the Autumn and launched a series of seminars on customs to be delivered jointly by the French customs service and the Chamber of Commerce network. Brexit.gouv.fr, a cross-government portal with links to advice for citizen and businesses from different government services, went live in November.

4.6 Government services at the border: France has recruited 250 new customs officers in 2018 with a further wave of 350 to be recruited before March 2019. We understand the French Government will shortly take a decision on a single site for the long-term provision of customs and veterinary checks in the vicinity of the port of Calais and the Channel Tunnel terminal in Coquelles. We believe that discussions are ongoing between the French Government and the European Commission for the approval of temporary border inspection arrangements for animals and animal products to be ready at the end of March 2019 at the port of Calais and the Channel Tunnel. In addition, we understand the French Government is seeking a derogation, so fish and shellfish transported through the port of Calais can continue unimpeded onto Boulogne, the centre of fish processing in France, where a border inspection post already exists.

5. Recommendation

The Cabinet Committee is invited to note the plans being put in place by the Government and the European Commission for a No-Deal Brexit; this paper complements the paper considered under item 7 of the County Council's agenda on 13 December 2018 on the work of the County Council to prepare in the event of a No-Deal Brexit.

Background Documents - None

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From: Mark Dance, Cabinet Member for Economic Development
Barbara Cooper, Corporate Director - Growth, Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee
– 10 January 2019

Subject: Removal of the Housing Revenue Account Debt Cap

Classification: Unrestricted

Summary

The Prime Minister announced at the October 2018 Conservative Party Conference that the Government would scrap the Housing Revenue Account borrowing cap on council housing investment. The Government's intention in providing extra borrowing headroom is to support local authorities build more houses, contributing to the 300,000 per annum target. This paper provides members with background on the Housing Revenue Account borrowing cap, views of the sector, and how in Kent local authorities are responding to this significant change.

Recommendation

The Growth, Economic Development and Communities Cabinet Committee is asked to note the advice on the Housing Revenue Account borrowing cap, and the work that is now being undertaken in response to the change.

1. Introduction – Housing Revenue Account and the borrowing cap

- 1.1 For those local authorities that have retained their council housing, housing finances are contained within the Housing Revenue Account (HRA) – a ringfenced budget which effectively operates as a business of its own separate to the councils' other operations. The HRA is a ringfenced budget within the council's General Fund. The ring-fence is there to stop Rent Payer and Rate Payer cross subsidies between the separate council activities. The HRA income comes from rents and service charges collected from tenants and is spent exclusively on building and maintaining council housing.
- 1.2 Councils can borrow money within their HRAs to build more or refurbish/regenerate existing homes. Each council has however, up to now, had a limit on how much they are allowed to borrow which has been far tighter than the value of its housing stock. This was a Treasury imposed limit to control public sector borrowing levels (which impact on the level of national government debt). This debt cap greatly restricted the ability of those authorities that had reached their cap to invest in building new homes.
- 1.3 HRA borrowing caps were first introduced for all 169 stock-retaining councils as part of local government self-financing reforms in April 2012.

These reforms permitted councils to keep the rents they collected locally for the first time. Each authority's debt level was based on a complex calculation based on the previous HRA subsidy system, with some councils receiving funding at the time of the buy-out.

2. Reforms to the Housing Revenue Account Borrowing Cap

2.1 In his Autumn Statement in December 2013, the then Chancellor of the Exchequer, George Osborne announced that he would provide councils with another £300m of HRA borrowing headroom to help Councils build 10,000 additional affordable homes. However, the bidding criteria for the £300m were complex – including new requirements to dispose of higher-value homes to help pay for development. This resulted in less than half the money being allocated, with provision made for 1,700 homes.

2.2 In spite of the increase in borrowing headroom, Councils continued to call for more borrowing flexibility. Only 3,000 homes are being built annually. Over recent years, further freedoms and flexibilities have been offered:

- March 2017: Three councils – Stoke, Sheffield and Newark and Sherwood met officials at the then DCLG. They had hoped to strike 'bespoke deals' with government on their HRA caps, to gain additional headroom in exchange for promises on housing delivery.
- May 2017: The then housing minister Gavin Barwell advised that "innovative" councils were being invited to come forward with bids to increase their HRA borrowing caps as part of an election pledge to deliver "a new generation of social housing".
- November 2017: In his Autumn Budget, Chancellor of the Exchequer, Philip Hammond announced that the government would provide £1bn of additional borrowing capacity for councils in "areas of high affordability pressure". It was reported in the trade press that at least eight other councils had approached government with requests for HRA deals by this time, and Savills research had said that lifting the cap could deliver an additional 15,000 homes.
- June 2018: The prospectus for the £1bn programme was published. The £1bn was limited to areas where average weekly private rents were at least £50 a week higher than social rents, with half the money reserved for London boroughs. However, there were fewer restrictions associated with the additional borrowing capacity and councils were advised that they could blend the money with grant or Right to Buy receipts.

2.3 Finally, at the 2018 Conservative Party conference, three days after the bidding for the £1bn programme closed, the Prime Minister announced the plan to scrap the HRA borrowing cap. This shift was part of Government plans to support local authorities alongside private developers and housing associations to boost house building volumes, contributing to the Government's 300,000 new homes (all types/ tenures by 2020). Savills estimated that removal of the cap could see 100,000 additional council homes delivered.

2.4 Since the announcement, removal of the HRA cap has been widely welcomed by the local government sector. Appendix A sets out reactions from parts of the local government and housing sector. Appendix B is a statement on the Housing Revenue Account Borrowing Cap from the Chairman of Kent Housing Group.

Case Study: *The headlines from the Ashford Borough Council's bid for an increase in debt cap were that they submitted 25 sites, to provide 334 new homes for affordable rent (including houses, bungalows and flats) with funding drawn down by March 2022. The council effectively applied for £61m of headroom in order to put these plans into practice. To put this ambitious bid into context, the council has built 280 new homes since 2011 – still a major achievement compared with figures across the southeast.*

Since the announcement that the cap has been removed, the Council has gained approval from members to put these plans into action and increase 50% of borrowing linked to Housing. Whilst work commences on the delivery of these schemes a review of the governance arrangements for approving programs and land acquisitions needs to be undertaken as well as work with Members to establish an appetite for investment in Affordable Housing.

3. Recommendation

3.1 The Growth, Environment, and Communities Cabinet is asked to note the advice on the Housing Revenue Account borrowing cap, and the work that is now being undertaken in response to the change.

4. Report Authors

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Appendix A – Housing Sector Reaction as reported in Inside Housing October 2018:

Gavin Smart, deputy chief executive at the Chartered Institute of Housing, said the announcement was “excellent news”.

“We have been calling on the government to lift the local authority borrowing cap to help councils build more genuinely affordable homes, so it’s great to see the prime minister listening to the voice of housing professionals,” he said.

He added that councils still needed to be building “the right homes, in the right places, at the right prices”.

Lord Gary Porter, chair of the Local Government Association, said: “It is fantastic that the government has accepted our long-standing call to scrap the housing borrowing cap. We look forward to working with councils and the government to build those good quality, affordable new homes and infrastructure that everyone in our communities need.”

He pointed to the 1970s when councils built more than 40% of homes. “Councils were trusted to get on and build homes that their communities needed, and they delivered, and it is great that they are being given the chance to do so again,” he said.

Ruth Davison, executive director of public impact at the National Housing Federation, said: “For years, everyone who builds affordable homes – both councils and housing associations – have argued this cap on council borrowing puts the brakes on building more homes.

“Housing associations are already working hard to build the homes that people need – this announcement will allow them to work more effectively in partnership with councils, pooling their resources and maximising their impact.”

Appendix B – Kent Housing Group

1. The Kent Housing Group (KHG) has advocated strongly for the removal of the HRA debt cap, featuring in recommendations of previous iterations of the Kent and Medway Housing Strategy.
2. Of the 13 local housing and planning authorities in Kent and Medway, 8 have retained all or part of their council housing, potentially standing to gain from the removal of the HRA debt cap. They are: Dartford, Gravesham, Medway, Dover, Folkestone and Hythe, Ashford, Canterbury and Thanet.
3. KHG do not currently have local data on the potential impact for Kent and Medway. Further work will need to be done with authorities to understand the potential appetite to employ the additional borrowing capacity to build new council housing.
4. Local Authorities will however face similar challenges to house builders and Housing Associations in gearing up for large scale housing delivery. They will require skills and competencies not widely left in local authorities. It has been over four decades since councils were building in excess of 100,000 homes a year, with fewer than 3,000 homes delivered in most recent years. Council housing departments with an appetite to build will need to identify sites, get planning and negotiate the complex regulatory framework to get new homes built.
5. Kent Housing Group (KHG) ¹ is working with local authorities to share best practice and explore ways to maximise the opportunity provided by the removal of the cap.

Brian Horton – Chairman, Kent Housing Group

¹ KHG is a forum for social housing organisations in Kent. KHG has representation from all twelve Kent District and Boroughs, Medway Council, fifteen housing associations and Kent County Council. KHG also has affiliated representation from Homes England, Kent Developers Group (KDG), Kent Planning Officers Group (KPOG), South East Local Enterprise Partnership (SELEP), National Housing Federation (NHF) and the National Landlords Association (NLA).

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From: Mark Dance, Cabinet Member for Economic Development
Mike Hill, OBE, Cabinet Member for Community and Regulatory Services

To: Growth, Economic Development and Communities Cabinet Committee – 10th January 2019

Subject: Capital Programme 2019-22, Revenue Budget 2019-20 and Medium-Term Financial Plan 2019-22

Classification: Unrestricted

Summary: County Council received a report and presentation on the Autumn Budget Statement on 18th October 2018. That report set out an update to the Medium-Term Financial Plan (MTFP) for 2019-20 including progress on proposals to resolve the unidentified gap in the original plan, and high-level outline plans for 2020-21 and 2021-22. The report marked the start of a communication and consultation campaign to support decisions on the final budget in February.

The final draft budget proposals were published on 2nd January 2019 to support the scrutiny and democratic process through Cabinet Committees, Cabinet and culminating in the annual County Council budget setting meeting on 14th February. This report provides the Growth, Economic Development and Communities Cabinet Committee with an opportunity to comment on the draft budget proposals and make recommendations to Cabinet Members as part of this process.

Members are asked to bring to this meeting the draft (black combed) 2019-20 Budget Book document published on 2nd January 2019, as information from this document is not repeated in this report.

Recommendations:

Members of the Growth, Economic Development and Communities Cabinet Committee are asked to:

- a) NOTE the draft capital and revenue budgets and MTFP, including responses to consultation and government provisional settlement; and
- b) SUGGEST any changes which should be made before the draft is presented to Cabinet on 28th January and full County Council on 14th February.

1. Introduction

- 1.1 The Local Government Finance Act 1992 and KCC Constitution requires the Council to consult on and ultimately set a legal budget and council tax

precept for the forthcoming financial year, 2019-20. The accompanying draft Budget Book and MTFP document (hereafter referred to as the Budget Book) sets out the detailed draft proposals.

This document is designed as a reference document and includes a number of sections/appendices. This report is produced as a guide to help navigate the document. We have reduced the amount of information included in the draft Budget Book for Cabinet Committees to help focus on the key budget issues.

- 1.2 The democratic process through Cabinet Committees, Cabinet, and ultimately full Council is the culmination of the budget setting process which takes almost a year to evolve beginning almost immediately after the budget is approved in February.

This starts with the forecasts for the subsequent year(s) in the MTFP as set out at the same time as the approved budget for the forthcoming year, including the indicative central government settlement. These are based on estimates and subject to regular revision and refinement. It has become common that the MTFP usually has an unidentified savings gap for the future years which needs to be resolved, particularly so when future years are in a new spending review period.

- 1.3 In the last three years we have reported an interim update of the MTFP to County Council through the Autumn Budget Statement report. This includes updates to the forecasts and progress on identifying solutions to the unresolved gap. This also marks the launch of formal consultation as required under the Council's Constitution and is necessary to set a legal budget and council tax.

The draft budget published in January for the final democratic process reflects the response to this consultation, further updates to forecasts, and final proposed resolution of any outstanding gap. Even then, this final draft can be subject to further changes leading up to the full Council meeting in February (including any amendments agreed at the meeting).

- 1.4 The final approved budget and MTFP is published in March.

2. Fiscal and Economic Context

- 2.1 The national fiscal and economic context is an important consideration for the Council in setting the budget. This context does not just determine the amount we receive through central government grants, but also sets out how local government spending fits in within the totality of public spending. This latter aspect essentially sets the government's expectations of how much local authorities would raise through local taxation.

- 2.2 In previous years we have set out a full analysis of the national economic and fiscal context in section 2 of the draft Budget Book. This analysis has been based on the Chancellor of the Exchequer's Autumn Budget and the Office for Budget Responsibility's (OBR) economic and fiscal outlook. The Autumn Budget is now the government's main annual tax and spend

policy instrument. The March statement is now just an update to economic and fiscal forecasts.

- 2.3 The Autumn Budget 2018 (AB18) was announced on 29th October (nearly a month earlier than previous years) and was made against a highly uncertain economic climate.

Consequently, we are not convinced of the value of publishing the full analysis in the draft Budget Book publication in January bearing in mind the risk of further changes by the time of the February Council meeting.

Instead we will include a short summary in this report for cabinet committees and provide the fuller analysis closer to the County Council meeting in February.

- 2.4 The Chancellor retained his two main fiscal rules in AB18; the cyclically adjusted budget deficit to be below 2% of Gross Domestic Product (GDP), and total debt as % of GDP to be falling, both by 2020-21.

The latest OBR report suggests a stronger fiscal performance with total debt already peaking at 85.2% in 2016-17 and reducing to 83.7% forecast for 2018-19 and 79.7% for 2020-21.

The annual deficit is predicted to reduce from 1.9% in 2017-18 to a forecast 1.2% in 2018-19. This improved performance is derived from higher than previously forecast economic growth (despite poor performance in first quarter of 2018 due to adverse weather), lower than planned public spending in 2017-18, and higher forecast tax yields for 2018-19 and beyond.

- 2.5 This improved performance allowed the Chancellor additional headroom to increase public spending plans and reduce some taxes in AB18. Most of the additional spending was allocated to the NHS, although some additional monies were allocated to local government including extra funding for social care in 2018-19 and 2019-20, road maintenance in 2018-19, one-off injection for schools in 2018-19, and removing the borrowing cap on local authority social housebuilding. There was also additional spending to support the implementation of Universal Credit and defence spending.
- 2.6 The tax reductions included increases in personal allowances on income tax, freezing fuel and alcohol duties, increases in business investment allowances and new buildings allowances, and reductions in business rates for medium sized high street premises. Some additional tax is planned to be raised from extending the reforms to off-payroll working (IR35) to larger private sector organisations, and introduction of new digital services tax on the revenues of digital businesses, both from April 2020.
- 2.7 The changes result in the forecast budget deficit initially increasing from £25.5bn in 2018-19 to £31.8bn in 2019-20 (1.2% of GDP to 1.4% of GDP), before then reducing in later years. The Chancellor retained £15.4bn

(0.7%) of the headroom to the 2% deficit target to hedge future economic and fiscal uncertainty.

- 2.8 The provisional local government finance settlement was announced on 13th December. This announcement is one of the key elements of the Council's budget process as it includes several significant grants and council tax referendum principles.
- 2.9 In previous years the settlement has included changes to the distribution of government grants. The 2019-20 settlement had only minor changes to the indicative allocations for 2019-20 in the 2018-19 settlement, notably affecting business rate top-up following the 2017 revaluation and New Homes Bonus (supported by additional money to maintain the 0.4% baseline). The settlement included an additional distribution to all authorities from the excess business rates levies paid to central government and additional Rural Services Grant (the latter does not affect KCC).
- 2.10 The provisional settlement confirmed the additional money announced in AB18 for social care. The 2019-20 settlement includes further substantial reductions to the Revenue Support Grant (RSG) as per previous indicative allocations (KCC's RSG is reducing from £37.6m to £9.5m in 2019-20) although the negative RSG for 162 has been redressed, indexation uplift in business rate top-up, the final tranche of the Improved Better Care Fund, and additional compensation for the business rate reliefs announced in AB18.
- 2.11 The settlement also confirmed that the council tax referendum threshold for 2019-20 will be 3% (unchanged from last year's announcement), and the final year of the social care council tax precept is also unchanged (this allowed for a 6% increase over the three years 2017/20, with no more than 3% in each of the first two years). The Autumn Budget Statement report included KCC's proposals for an increase up to but not exceeding the referendum threshold, and final 2% social care council tax precept.

The settlement means the council tax proposals in the final draft budget are unchanged from that report. The only changes to council tax from the Autumn Statement are the notification of the estimated council tax base and collection fund balances from districts (the Autumn Statement was based on KCC's own forecasts).

- 2.12 The settlement also confirmed that the Kent business rate pool between KCC, 10 Kent district councils, and Kent and Medway Fire and Rescue Authority, will be re-instated following the 2018-19 100% retention pilot and the failed bid for a further pilot in 2019-20. The pool announcement increases the County Council's share of retained business rates from the assumption included in the Autumn Statement report. The Kent and Medway bid for a further business rate retention pilot for 2019-20 was not approved.

- 2.13 We have no indicative grants or council tax referendum limits for 2020-21 and beyond. We will not know these until after the outcome of the Spending Review anticipated sometime during 2019.

We are also awaiting further details on the proposed 75% business rate retention arrangements, and the reforms following the Fair Funding review. These are likely to have a significant impact on future year's budgets and the Council's MTFP, this uncertainty makes forward financial planning very imprecise.

The high-level three-year plan (appendix A(i)) in the final draft Budget Book is based on prudent assumptions about the outcome of the Spending Review, additional business rate retention, Fair Funding review, and council tax referendum principles consistent with the OBR assumptions in their latest fiscal and economic outlook report.

3. Revenue Budget Strategy and Proposals

- 3.1 The Council's revenue expenditure is what we spend on the provision of day to day services e.g. care for the elderly and vulnerable adults, supporting children in care, maintain and managing the road network, library services, etc.

It includes the cost of salaries for staff employed by the Council, contracts for services commissioned by the Council, the costs of servicing debt incurred to support the capital programmes, and other goods and services consumed by the Council.

Revenue spending priorities are determined according to the Council's statutory responsibilities and local priorities as set out in the MTFP, with the ultimate aim of delivering the vision set out in the Strategic Statement.

- 3.2 The final draft budget book includes the following sections in relation to the revenue budget proposals:

- Section 2 – Revenue Budget Summary by Directorate
- Section 3 – Key Service Analysis by Directorate
- Appendix A(i) – High Level 2019-22 three-year Revenue Plan
- Appendix A(ii) – Detailed 2019-20 Revenue Plan by Directorate
- Appendix B – Budget Risk Register
- Appendix C – Assessment of Levels of Reserves

The revenue budget sections set out the planned spending on services, the revenue plans in the appendices show the main reasons for year on year changes.

- 3.3 In order to meet the legal requirement to set a balanced budget the Corporate Director of Finance must be satisfied that it is based on robust estimates and includes adequate provision for reserves to cover risks and uncertainties.

The 2019-20 draft budget includes provision for £59.5m of additional spending demands (realignment of existing budgets plus forecasts for future demand and cost increases) and £12.9m to replace the use of one-offs on the 2018-19 approved budget. This combined £72.4m of spending demands together with the £28.1m reduction in RSG (referred to in paragraph 2.9) make up the total £100.5m budget challenge for 2019-20.

- 3.4 The spending demands have only marginally increased from the £52.85m forecast in the Autumn Statement report to County Council on 18th October (after taking account of the additional £6.2m of spending from the extra ring-fenced adult social care winter monies). This reflects the very latest update in order to satisfy the robustness requirement.

These spending demands include the need to realign budgets based on current activity/costs, future known unavoidable cost increases (including contractual price increases, legislative changes and financing capital programme), contingent sums for future eventualities (including estimated demand, non-specific price increases and contract retender), and local choices (including investment in services, and Kent pay scheme).

- 3.5 The 2019-20 draft budget includes savings and income proposals of £42.9m. This is less than the £57.5m identified in the Autumn Statement report to County Council but does resolve the £16.4m unidentified gap reported at the time. The reduced savings are possible following the additional grant announcements in AB18 (paragraph 2.9 above), as well as a higher than forecast council tax base estimate (paragraph 2.10) and the additional proceeds from the reapproval of the business rate pool (paragraph 2.11).

- 3.6 The revenue budget can be summarised in the updated version of the equation reported to County Council in the Autumn Statement and presentation by the Acting S151 Officer at the meeting (as shown below). This equation assumes the Council agrees the proposed council tax precept increases up to but not exceeding the 3% referendum limit and the 2% social care levy. Section 6 of this report sets out the main revenue spending demands and savings/income proposals for the services within the Growth, Environment and Transport directorate that fall within the remit of this Growth, Economic Development and Communities Cabinet Committee.

FINANCIAL CHALLENGE			SOLUTION		
	£'000	£'000		£'000	£'000
• Spending Demands		59,527.5	• Council Tax		40,355.1
- realignment	-9,491.4		• Business Rates		-4,482.4
- unavoidable	31,249.6		• Savings		42,855.3
- contingent sums	28,967.5		- Identified	32,005.3	
- local decisions	8,801.8		- Use of reserves	10,850.0	
• One-offs 2018-19		12,858.6			
• Grant Reductions		28,153.0	• Grant Increases		21,811.1
		100,539.1			100,539.1

- 3.7 The 2020-21 and 2021-22 plans are presented at a high level for the whole council in appendix A(i). As identified in paragraph 2.12 this

represents a prudent estimate of future funding following the Spending Review and possible changes to the funding distribution for local government as a whole.

The plans also include forecasts for future spending pressures, replacing the use one-offs to balance the previous year's budget, forecast council tax base and council tax referendum limits, and the estimated need for further savings (including full year effect of previous years, future identified options and unidentified gap). There are so many uncertainties that there is little to be gained from setting future plans in any more detail at this stage.

4. Budget Consultation

- 4.1 As described in paragraph 1.3 consultation on the Council's revenue budget and council tax proposals was launched on 11th October to coincide with the publication of the Autumn Budget Report to County Council. The consultation closed on 21st November. This consultation sought views on council tax and KCC's budget strategy.

The consultation was web based supported by a social media campaign. This approach achieved the aim of increased engagement at lower cost and received a total of 1,717 responses (compared to 965 responses last year). Furthermore, there were fewer numbers who started a response but did not complete (698 compared to 953 last year).

- 4.2 The campaign also aimed to increase public understanding of the Council's budget and the financial challenge arising from rising demand for/cost of providing Council Services, reductions/changes in central government funding, the need to find cost savings whilst at the same time protecting valued services, and impact on council tax. We will need to undertake further evaluation of the extent to which these aims were achieved.
- 4.3 Overall there were fewer proportion of respondents supporting council tax increases than in previous years although in general the suggestions where the Council could make alternative savings would not balance the budget equation. In relation to the budget strategy a significant majority either agreed or strongly agreed that this should support delivery of the three strategic outcomes outlined in the Council's Strategic Statement. A comprehensive report on consultation activity and responses is published on the Council's website (see link in background documents).

5. Capital Programme

- 5.1 Capital expenditure is spent on the purchase or enhancement of physical assets where the benefit will last longer than the year in which it is incurred e.g. school buildings, roads, economic development schemes, IT systems, etc. It includes the cost of purchasing land, construction costs, professional fees, plant and equipment and grants to third parties. As with revenue, capital spending plans are determined according to the Council's

statutory responsibilities and local priorities as set out in the MTFP, with the ultimate aim of delivering the vision set out in the Strategic Statement.

- 5.2 Capital spending has to be affordable as the cost of interest on borrowing and setting aside sufficient provision to cover the initial investment funded by loans over the lifetime of the asset, are borne as revenue spending each year over a very long period. This affordability would also apply to invest to save schemes which need to have a reasonable payback.
- 5.3 Section 1 of the draft Budget Book sets out the proposed 2019-22 programme and associated financing requirements. The summary provides a high-level overview for the whole council, and the individual directorate pages provide more detail of rolling programmes and individual projects.
- 5.4 The 2018-21 programme was developed assuming a limit of no more than £100m of additional borrowing for new schemes over the three-year period. All of this capacity was used up in the three-year plan leaving no room for new schemes in subsequent years. Since the original programme was agreed some new projects have been committed e.g. additional capital spending on highways schemes approved by full Council in July 2018. We have also re-evaluated the programme where spending can be reduced or can be fully externally funded.
- 5.5 However, some further additional capital spending is essential to meet statutory responsibilities or will be an invest to save for the future. This spending would have to be funded from additional borrowing of £64.5m over the three-year programme. We can fully mitigate the revenue impact over this period through refinancing other schemes, but in the longer term beyond 2021-22 this additional borrowing would have an estimated £4.5m additional revenue cost for another 20/30 years.

6. **Headline Directorate Proposals**

- 6.1 Included within the **additional spending demands** of £59.5m (See 3.3) are new pressures totalling £6.9m for the Growth, Environment and Transport (GET) directorate, a number of which fall within the remit of this Committee.

The vast majority of pressures, in relation to this Committee, relate to the Coroners Service (£1.5m) and preparing for Brexit/improving border controls (£0.2m).

The latter pressure represents the establishment of a new border control team at the ports, along with a contribution to a Brexit co-ordinator post. The funding set aside for the new border team (for up to 8 staff) could be insufficient pending the outcome of Brexit negotiations as up to 14 staff could be required. This will need to be an in-year pressure.

By far the largest pressures facing the GET directorate that fall within the remit of this Committee is that of the Coroners service (£1.5m). Whilst KCC will not host the soon-to-be-implemented Medical Examiner (ME)

service, it will have implications (0.3m) on the Coroners service as the number of referrals, as well as the complexity of cases, are expected to increase with some deaths previously not referred, now requiring a review by a Coroner.

In addition, there are significant pressures (£0.2m) in relation to increased activity, as well as budget re-alignment of in-year pressures (£1m) that include increased post mortem/body storage costs associated with our Service Level Agreements (SLA's) with the 4 NHS Trusts, increase in costs of the Body Removal contract (whereby the previously subsidised service provided by funeral directors is now at full cost recovery) as well as increased pathology and toxicology expenditure.

A number of these increases are not unique to Kent and KCC is working with the Senior Coroners to investigate ways to reduce/mitigate such rising costs and this includes the exploration of whether Digital Autopsy e.g. a non-invasive scan, could be both more efficient and more sensitive as well as being more cost effective. A capital bid (see 6.3) is being developed and it is hoped that this would be an invest-to-save project that would yield revenue savings.

- 6.2 Included within the new ***savings and income proposals*** of £42.9m (See 3.5) for KCC are net budget reductions totalling £4.8m for the GET Directorate, a number of which fall within the remit of this Committee.

By far the largest savings proposal is the delivery of the LRA Ambition and this is currently mid-way through the consultation phase. The most significant element of the saving, if progressed, is the review of opening hours and this could deliver in the region of £1m of savings over two years, with £0.5m phased for 2019/20.

There are also two savings within the Economic Development division that contribute to this £4.8m total GET savings figure, the first being a £0.2m reduction (over two years) to the grant to the Turner Contemporary Trust and the second being a one-off dividend (£0.3m) from a joint venture with East Kent Opportunities.

Total savings and income proposals within the GET directorate amount to £4.8m, with the above savings contributing £1m to that figure. The remaining options relate primarily to efficiencies, income generation and transformation as well as proposals that fall outside of the remit of this Committee.

- 6.3 Section 5.5 above references additional borrowing of £64.5m over the next three years and there are two primary areas within the remit of this Committee that will benefit from ***additional capital investment***, namely Coroners and Javelin Way development.

The Coroners service is assessing the feasibility of two schemes, the first being the Digital Autopsy facility referred to above (that will also potentially require a body storage facility), with the second progressing an option to co-locate all Coroners staff as well as courts for investigations. These

schemes have been included in the capital programme for 2019/20 and beyond, with feasibility and investigative works progressing.

The Javelin Way development is a £9m scheme, which will include a facility for the Jasmin Vardimon Dance school and will be effectively paid for by a contribution from Arts Council England and by building out and selling/leasing commercial units so the project is anticipated to be self-funding.

There are a number of other schemes already within the Capital Programme for 19/20 and beyond that fall within the remit of this Committee (Turner, Tunbridge Wells Cultural Hub – the Amelia – to name but two) but the only new investment are the schemes listed above.

7. Recommendations

Recommendations:

Members of the Growth, Economic Development and Communities Cabinet Committee are asked to:

- a) NOTE the draft capital and revenue budgets and MTFP, including responses to consultation and government provisional settlement; and
- b) SUGGEST any changes which should be made before the draft is presented to Cabinet on 28th January and full County Council on 14th February.

8. Background Documents

8.1 KCC's Budget webpage

<https://www.kent.gov.uk/about-the-council/finance-and-budget>

8.2 KCC's approved 2018-19 Budget and 2018-20 Medium Term Financial Plan

https://www.kent.gov.uk/_data/assets/pdf_file/0010/79714/medium-term-financial-plan-and-budget-information.pdf

8.3 Autumn Budget Report to County Council 18th October 2018

<https://democracy.kent.gov.uk/documents/s86875/Autumn%20Budget%20Statement%20Final%20version.pdf>

8.4 KCC Budget Consultation launched 11th October 2018

<https://www.kent.gov.uk/about-the-council/finance-and-budget/our-budget>

8.5 Chancellor's Autumn Budget 2018 29th October 2018

<https://www.gov.uk/government/topical-events/budget-2018>

8.6 Office for Budget Responsibility fiscal and economic outlook 29th October 2018

<https://obr.uk/efo/economic-fiscal-outlook-october-2018/>

8.7 Provisional Local Government Finance Settlement 13th December 2018

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2019-to-2020>

8.8 KCC report on 2018 Budget Consultation

8.9 KCC Draft Budget Book 2nd January 2019

9. Contact details

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From: Mark Dance, Cabinet Member for Economic Development
Barbara Cooper, Corporate Director, Growth, Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee
- 10 January 2019

Subject: Members' Recent Visit to Gravesham District

Classification: Unrestricted

Past Pathway of Paper: None

Future Pathway of Paper: None

Electoral Division: All

Summary: This report is in two parts. It summarises the outcomes of the recent visit by KCC Members to Gravesham District and outlines the programme of future visits to other Kent districts in 2019.

Recommendation: The Cabinet Committee is asked to receive and endorse the report.

1. Introduction

- 1.1 At the November 2017 meeting of this Cabinet Committee, Members agreed that officers arrange a programme of informal visits to Kent districts. The objective was to provide an opportunity for Cabinet Committee Members to gain an understanding of the economic development and regeneration opportunities and challenges within each of the Kent districts.
- 1.2 This report summarises the main outcomes of Members' visit to Gravesham District on 16 November 2018.

2. Visit to Gravesham District

- 2.1 The visit to Gravesham District on 16 November was arranged with the full support of officers and Members of Gravesham Borough Council, who provided a briefing about the economic development and regeneration opportunities and challenges for their district which are listed below:

- Employment space
- North Kent Enterprise Zone
- Lower Thames Crossing
- Tourism and Culture
- Town Centre Regeneration:
 - Transport Quarter improvements
 - St Georges shopping centre refurbishment
 - Heritage Quarter development
 - River frontage and ferry transport

The highlights of the visit summarised in Appendix 1 to this report.

Particular issues identified on the day are outlined below:

- High Speed One - need for more rolling stock as this is an issue at peak times when there is standing room only.
- Gravesend-Tilbury ferry and particularly a Sunday service. The ferry service provides access to employment and tourism opportunities at London Gateway, Amazon and Tilbury cruise terminal.
- Crossrail extension to Ebbsfleet - seen as crucial to opening up links to City Airport and Canary Wharf.
- Additional quality commercial space – lack of space and employment opportunities would help address the second lowest gross value added per head in Kent.
- Housing pressure – lack of sites and, as many are small, it is difficult to secure funding for additional school spaces.
- Lower Thames crossing – Gravesham Borough Council keen to work with KCC and other stakeholders on getting the best from Lower Thames Crossing and associated infrastructure.
- Development of maritime related skills via support for the Port of London Authority.
- Empty properties - keen to build on KCC's No Use Empty scheme.

These issues will be followed up by Officers as appropriate and with the relevant organisations.

3. Programme of Further Visits

- 3.1 Further Member visits to Kent districts are being arranged in collaboration with district and borough officers. The format for each visit involves a day-long tour of the principal economic development and infrastructure developments within each district.
- 3.2 The next visit is planned for 26 February 2019 to Ashford. The itinerary has yet to be finalised with district council colleagues, but it is anticipated the town centre, transport, housing and the southern expansion of the town will be the main features.
- 3.3 Owing to the scale and complexity of proposed development, a separate visit to the Ebbsfleet Garden City has been arranged.
- 3.4 No visits are planned for March and April owing to District Council Elections on 2nd May.
- 3.5 The indicative visit programme is:

Ashford Borough Council	26th February
Ebbsfleet Development Corporation	10th May
Folkestone & Hythe District Council	14th June
Tunbridge Wells Borough Council	2nd July
Thanet District Council	6th September

Further visits are being planned for the remaining districts.

- 3.6 At the last meeting of the Committee it was agreed that, should places be available, invitations will be extended to the Chair and Members of the Environment & Transportation Cabinet Committee. Page 48

4. Financial Implications

4.1 The cost of coach hire is approximately £350 per visit.

5. Recommendation

Recommendation: The Cabinet Committee is asked to receive and endorse the report.

6. Contact details

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Highlights of the visit to Gravesham Borough Council and the key economic development and regeneration issues and priorities:

A map and information pack were provided to all Members attending the visit.

Introduction

- The Borough covers 99.02 km² with Thames river frontage of 11km including all tide deep wharfage
- Traditional gateway to the Port of London
- Gravesend, Northfleet in the urban area and Higham, Shorne, Cobham, Meopham and Vigo in the rural area with AONB and North Kent Marshes
- Heart of the Thames Gateway a national priority regeneration area
- Gravesend is just 25 miles from Central London

Community profile

- Population 106,100 with 79% urban 21% in rural area (2017 ONS)
- Diverse community 17.2% BME

Business profile

- 3,830 VAT/PAYE based enterprises (2018 ONS)
- 3,500 employ less than 10 members of staff
- Largest business sectors by employee not including Education:
 - Wholesale and retail trade; repair of motor vehicles and motorcycles 15.5%
 - Human health and social work activities 13.3%
 - Administrative and support service activities 9.2%
- Largest employers after the Council, Education providers and supermarkets: PLA, Britannia Refined Metal, Kimberley Clark and Comma Oil

Improving connectivity

- Quick access to M25 / M20 / M26 / A2/M2
- Fastrack very successful
- High Speed One services since December 2009 BUT pricing high!
- New landing facilities for Tilbury. A real opportunity for Gravesend foot passenger ferry to access jobs at Tilbury Port (£2.5 million investment and also KCC subsidy)
- Lower Thames Crossing – GBC to look to minimise impact and make best of any opportunities
- Thames Clipper Trial September 2017
- Cross Rail – Abbey Wood – Autumn 2019
- Potential for Cross Rail extension to Ebbsfleet International Station Eurostar services Ebbsfleet International opened 2007
- City Airport, Southend Airport, Stanstead, Gatwick, Heathrow
- Ports – Tilbury, London Gateway
- Tilbury Cruise Terminal

Housing

- Council Housing stock 5850 but 30 per year lost to private sector
- Affordable target is 30%
- Targets:

- 6170 in Core Strategy
- 165 homes completed last year
- Short of space to deliver houses due to Greenbelt to the south of A2

Economic Performance

- Unemployment 2.2% (Sept 18)
- Youth Unemployment 3.8% (Sept18)
- NEETS 2.99% (June 18)
- Bit smallest economy in the south east
- Gravesham has the lowest GVA in Kent in 2016
- GVA per head 2016:
- Gravesham £17,068 (Dartford £30,073, Kent £21,933, South East £28,683)

Challenges

Employment Space

- Availability of employment space is a key issue for the borough and it is increasingly difficult to meet demand for business space locally, for companies looking to start up, grow or move into this area.
- This is partly down to long term planning issues around Ebbsfleet, complex brown field regeneration sites and green belt land allocations.
- Geographical restrictions:
 - North of the Borough/Town is the River Thames
 - South of A2 Greenbelt
 - West of the District is Dartford – Garden City.
 - East of the District sensitive wildlife habitat – North Kent Marshes and ancient woodland
- Low skill levels in local community despite proximity to London
- Lack of space to create Innovation Hub(s)

Why new employment space is required:

- No new significant commercial development in 10 years.
- Help provide a greater number, variety and quality of jobs for local residents.
- Grow the local economy by accommodating business start up's and allowing established businesses to grow in the Borough.
- Loss of 90% of Town Centre office space to permitted development rights to residential.
- Increase business rate income – 75% retained business rates post RSG
- Only one major employment allocation outside of complex brown field sites - Land South of Coldharbour Road. When on out on the open market early 2018– sold at 20% above market value – allocated with outline pp for 5,500m2 Enterprise Space, bought by Kier Development 2018 pre-application for Lidl store and retail – trade counters.
- Receiving up-to 8 industrial and office enquiries per month that the borough is unable to accommodate.

Opportunities:

North Kent Enterprise Zone

- Multi-site Zone comprises three schemes:
 - Ebbsfleet Garden City (Lead: Ebbsfleet DC with Gravesham BC)
 - Kent Medical Campus (Lead: Maidstone BC)

- Rochester Airport Technology Park (Lead: Medway Council)
- Total 64 hectares
- 230,000m² new development floorspace for start-ups and
- SME expansion
- Building on existing specialisms – life-sciences, medtech, advanced manufacturing and engineering, digital technologies
- Up to 9,900 jobs by 2025/26
- Strengthening the Kent Innovation Corridor

Benefits of the NKEZ

- Part of a national programme and brand
 - Government priority – national and international recognition
 - No specific support programmes but assistance offered where needed to overcome barriers
 - Department for International Trade involvement on inward investment opportunities
- Benefits for occupiers
 - Business rates discount up to £55,000 annually for 5 years (max £275,000)
 - Or 1st year Enhanced Capital Allowances (in Assisted Areas)
- For NKEZ we have chosen business rates discounts
 - Available to businesses taking up occupation before 31 March 2022 (for whom discounts last up to March 2027)
 - Incentive fully-funded by Government
- For local authorities (by agreement with SELEP)
 - Retain 100% of the uplift in business rates on EZ sites for 25 years for investment in EZ sites and into enterprise and growth in the LA's area
 - Ring-fenced from NNDR reforms

Lower Thames Crossing

Question asked if the spoil from the working could be used to create new employment spaces?

Tourism & Culture

- Culture to play a big part in Gravesend town centre regeneration
- The Diamond area: Theatre/Market building/River and arts venue on board Lightship LV21
- Successful regeneration Market Buildings in 2016
- Link to Old Town Hall owned by KCC
- Proposed transformation in Queen Street and High Street
- Woodville Halls theatre – keeps footfall in town centre

Town Centre

- Challenging national high street picture and Gravesend also competes with Bluewater, Westfield Stratford and Lakeside
- However, Vacancy rates below national average 8.6% - nationally stands at around 13%!
- Strong independent retailer sector and new leisure offers such as the Panic Room which is bringing significant visitors to the town centre.
- The Borough Council continues to invest in the town
- Borough Market – £1.8m HLF bid – open 6 days a week – focus of an Interreg project 'Go Trade' to make traditional markets a hub to attract more visitors to town centres and increase town centre spend.

- There are ambitious plans to regenerate the Heritage Quarter around leisure rather than retail

St Georges Shopping Centre

Major refurbishment of existing shopping centre

Heritage Quarter development

Major new development east and west of the Old High St mainly on land currently car park Reef Estates to deliver mixed use development

Timescales: Planning permission in 2019 with 2021/22 opening

Walking Tour of the Town Centre - highlighting issues raised in the morning's presentation including:

- Transport Quarter
- Borough Market building / Old Town Hall
- Heritage Quarter
- Riverside / Ferry / Pontoon / LV21 art venue
- Port of London Authority control centre

Working Lunch

Short presentation by the Port of London Authority: The Thames Vision – PLA

Information around the presentation was provided on in a folder to all attendees

Afternoon Tour

- North Kent Enterprise Zone sites
- Coldharbour Road South and North
- North East Gravesend – Red Lion Business Park
- Canal Basin

Key Asks of KCC:

KCC were asked to consider support for:

- Need for more High Speed One rolling stock which is an issue at peak times when it's standing room only.
- Gravesend-Tilbury ferry - important because it provides access to employment and tourism opportunities at London Gateway, Amazon and Tilbury cruise terminal. However, the downside is that ferry services don't operate on Sundays.
- Crossrail extension to Ebbsfleet seen as crucial to opening up links to City Airport and Canary Wharf.
- Gravesham has the second lowest GVA in Kent, which GBC thinks is due primarily to the lack of quality commercial space and associated employment opportunities.

- Gravesham has significant housing pressures because of the lack of available sites. Many existing sites are small which means that it's difficult to secure funding for additional school spaces.
- GBC keen to work with KCC and other stakeholders on getting the best for the county from Lower Thames Crossing and associated infrastructure.
- Port of London Authority seemed keen to support development of maritime related skills, as evidenced by the skills academy involving local schools.
- KCC happy for NUE to be involved more - keen to build on what KCC can offer to support getting commercial units back into use / or mixed residentials

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From: Benjamin Watts, General Counsel

To: Growth, Economic Development and Communities Cabinet Committee
– 10th January 2019

Subject: Work Programme 2019-2020

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 2019/20.

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 identified during the meetings and at agenda setting meetings, in accordance with the Constitution.
- 1.2 Whilst the Chairman, in consultation with the Cabinet Members, is 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. Work Programme 2019 - 2020

- 2.1 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 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.
- 2.2 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.
- 2.3 The schedule of commissioning activity which 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.
- 2.4 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.

2.5 In addition to the formal work programme, the Cabinet Member for Economic Development, the Chairman of the Cabinet Committee and other interested Members are intending to visit all district councils over the next two years starting with Dover, Dartford, Swale and Thanet.

3. Conclusion

3.1 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 2019/20.

6. Background Documents: None

7. Contact details

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**GROWTH, ECONOMIC DEVELOPMENT AND COMMUNITIES CABINET COMMITTEE
WORK PROGRAMME 2019/20**

(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)

Item	Cabinet Committee to receive item
Portfolio Dashboard	At each meeting
Final Draft Budget	Annually (January)
Annual Equality and Diversity Report	Annually (September)
Risk Register – Strategic Risk Register	Annually (March)
Work Programme	At each meeting
Programme of Visits to Districts	At each meeting
Regional Growth Fund Monitoring	Bi-annual reporting

Thursday 7 March 2019				
Page No	Item	Key Decision	Date added to WP	Additional Comments
1	Intro/ Web announcement (Standing Item)	NO		
2	Apologies and Subs (Standing Item)	NO		
3	Declaration of Interest (Standing Item)	NO		
4	Minutes (Standing Item)	NO		
5	Verbal Update (Standing Item)	NO		
6	Performance Dashboard (Standing Item)	NO		Deferred January report to March
7	Skills - Presentation on the performance of guilds (no report)	NO	29/03/2018	Deferred from July to September 2018 Deferred from September to November 2018 Deferred from November to January 2019 Deferred from January to March 2019
8	Risk Register – Strategic Risk Register (Annually March)	NO		
9	18/00048 - Turner Contemporary (TBC)	YES	31/07/2018	Deferred from November 2018 to Jan 2019 Deferred from Jan – CC date TBC
10	Report back from district visits (Standing Item)	NO		
11	Work Programme (Standing Item)	NO		

9 May 2019				
No.	Item	Key Decision	Date added to WP	Additional Comments
1	Intro/ Web announcement (Standing Item)	NO		
2	Apologies and Subs (Standing Item)	NO		
3	Declaration of Interest (Standing Item)	NO		
4	Minutes (Standing Item)	NO		
5	Verbal Update (Standing Item)	NO		
6	Performance Dashboard (Standing Item)	NO		
	Work Programme (Standing Item)	NO		

26 June 2019				
No.	Item	Key Decision	Date added to WP	Additional Comments
1	Intro/ Web announcement (Standing Item)	NO		
2	Apologies and Subs (Standing Item)	NO		
3	Declaration of Interest (Standing Item)	NO		
4	Minutes (Standing Item)	NO		
5	Verbal Update (Standing Item)	NO		
6	Performance Dashboard (Standing Item)	NO		
	Work Programme (Standing Item)	NO		

13 September 2019				
No.	Item	Key Decision	Date added to WP	Additional Comments
1	Intro/ Web announcement (Standing Item)	NO		
2	Apologies and Subs (Standing Item)	NO		
3	Declaration of Interest (Standing Item)	NO		
4	Minutes (Standing Item)	NO		
5	Verbal Update (Standing Item)	NO		
6	Performance Dashboard (Standing Item)	NO		
	Work Programme (Standing Item)	NO		

28 November 2019				
No.	Item	Key Decision	Date added to WP	Additional Comments
1	Intro/ Web announcement (Standing Item)	NO		
2	Apologies and Subs (Standing Item)	NO		
3	Declaration of Interest (Standing Item)	NO		
4	Minutes (Standing Item)	NO		
5	Verbal Update (Standing Item)	NO		
6	Performance Dashboard (Standing Item)	NO		
	Work Programme (Standing Item)	NO		

17 January 2020				
No.	Item	Key Decision	Date added to WP	Additional Comments
1	Intro/ Web announcement (Standing Item)	NO		
2	Apologies and Subs (Standing Item)	NO		
3	Declaration of Interest (Standing Item)	NO		
4	Minutes (Standing Item)	NO		
5	Verbal Update (Standing Item)	NO		
6	Performance Dashboard (Standing Item)	NO		
7				
8				
9				
	Work Programme (Standing Item)	NO		

10 March 2020				
No.	Item	Key Decision	Date added to WP	Additional Comments
1	Intro/ Web announcement (Standing Item)	NO		
2	Apologies and Subs (Standing Item)	NO		
3	Declaration of Interest (Standing Item)	NO		
4	Minutes (Standing Item)	NO		
5	Verbal Update (Standing Item)	NO		
6	Performance Dashboard (Standing Item)	NO		
7				
8				
9				
	Work Programme (Standing Item)	NO		

8 May 2020				
No.	Item	Key Decision	Date added to WP	Additional Comments
1	Intro/ Web announcement (Standing Item)	NO		
2	Apologies and Subs (Standing Item)	NO		
3	Declaration of Interest (Standing Item)	NO		
4	Minutes (Standing Item)	NO		
5	Verbal Update (Standing Item)	NO		
6	Performance Dashboard (Standing Item)	NO		
7				
8				
9				
	Work Programme (Standing Item)	NO		

Items for Consideration that have not yet been allocated to a meeting	
Presentations	
Other	<p>Otterpool Garden Town</p> <p>Theme Park project on Swanscombe Peninsula – regular updates (The London Resort Company Holdings (LRCH) regeneration project)</p> <p>Ebbsfleet Development Corporation</p> <p>17/00047 Faversham Creek Swing Bridge</p> <p>Enterprise and Productivity Strategy (on-going)</p> <p>Apprenticeships and update on the Carillion Apprenticeship adoption grant</p> <p>South East Local Enterprise Partnership (SELEP's) Strategic economic plan</p>

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