

**By:** Kevin Lynes, Cabinet Member, Regeneration  
David Cockburn, Executive Director Strategy,  
Economic Development and ICT

**To:** Regeneration and Economic Development Policy  
Overview and Scrutiny Committee, 1<sup>st</sup> April 2011

**Subject:** The Strategic Context for future public sector  
investment in Thanet

**Classification:** Unrestricted

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**Summary:**

This report summarises the recently commissioned Thanet Strategic Context report and outlines the actions initiated to take forward the investment priorities identified within it.

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## **1. Introduction**

- 1.1** For many years, high levels of social disadvantage and a persistent economic decline have led to a general recognition that Thanet is Kent's first regeneration priority. Accordingly, the district has attracted government attention and considerable amounts of public sector funding. It has Assisted Area Status, has benefitted from two rounds of Objective 2 ERDF funding and received significant SRB and Townscape Heritage Initiative support. Geographical peripherality was recognised as a major constraint and, in consequence, several tranches of investment have brought significant improvements to the road and rail infrastructure that serves the district. In addition, exceptional public sector investment has been directed at schools, strategic infrastructure, land and property, and a variety of major regeneration projects, including Turner Contemporary.
- 1.2** Many individuals, families, community groups and companies have benefited from public funding directed towards the district over the years. However, despite all of this, using almost all accepted indices, Thanet's overall position relative to Kent, the SE region and the UK as a whole stubbornly refuses to improve. Indeed, the likely impact of public sector spending cuts on an area with a high level of public sector dependency and the impending closure of Pfizer suggest that without further intervention the situation is likely to deteriorate further. Additional investment from public and private sources has been committed and proposals are coming forward for a range of capital and revenue investment to continue the process of regeneration in the district. However, before making still further commitments, it is important that the County Council and its

partners understand what has been the impact of past public sector regeneration initiatives, what outcomes might be expected from future investment from both public and private sector sources and where that investment might be most effective.

- 1.3** As a result, using a comprehensive set of information provided by officers from KCC, Thanet District Council (TDC), SEEDA and the Homes and Communities Agency (HCA), KCC commissioned DTZ to provide an initial appraisal of past, present and future investment in the district.

## **2. Background to the Thanet Strategic Context report**

### **2.1** The report produced by DTZ:

- documents both the major investments made over the past decade in Thanet and current committed investment plans;
- identifies the full range of interventions now planned in the district where there is currently no formal funding commitment;
- makes an assessment of the impact that past and planned investment has had or can be expected to have on the socio-economic characteristics of the district; and
- assesses how this change in district socio-economic profile would translate into reduced requirements for public expenditure and benefit payment (e.g. if unemployment were to fall) and increased government receipts (e.g. greater tax revenues from higher employment levels).

The outcomes are a detailed cost and benefit analysis with a clear indication of the areas where future investment should be concentrated

### **2.2** Key outcome indicators

The Government's top priority is to reduce the UK public sector deficit. It can therefore be expected to prioritise public sector investment that contributes to economic growth and, by stimulating growth, generates additional tax revenues and reduces public expenditure. In considering the value of public sector investment, it is therefore important to consider its impact upon a relatively small number of key indicators of socio-economic performance that can be linked to estimates of how changes in these variables feed into increased taxes, reduced benefit payments or reduced requirements for other public spending, e.g. provision of services.

The indicators adopted were therefore:

- the number of people in employment
- the number of people claiming Job Seekers Allowance
- the number of people claiming Incapacity Benefit or Employment Support Allowance
- the number of people claiming Housing Benefit
- property values
- crime rates
- average earnings
- Gross Value Added.

**2.3** While the main focus of this study is on economic, housing and crime outcomes, it is accepted that other measures may be of value in addressing progress towards strategic objectives, particularly in measuring the quality of life. Measures of educational attainment, life expectancy and health targets, and changes in the number of those requiring support from caring agencies were all considered but it was difficult to establish clear linkages between these and the economic and regeneration interventions under consideration.

### **3. Report Findings**

- 3.1** The executive summary of the report, attached as Appendix 1, outlines the impacts of past, present and future public sector investment in Thanet. It shows that Thanet has benefited from a very substantial programme of public sector investment in the last 10 years, with £155m already invested in capital projects and a further £209m committed to projects currently underway.
- 3.2** It estimates that the capital investment initiated over the last five years will deliver a net increase of 2060 jobs over and above the currently forecast levels for the period 2010-24. This would generate total additional tax revenues and cost/benefit savings of £27.2m p.a.
- 3.3** This capital investment has laid the foundations for future growth, improving the district's accessibility, bringing forward a good range of business sites and improving the area's visitor potential. This has started to generate significant private sector investment e.g. Westwood Cross Shopping Centre, Manston Airport, Thanet Earth and Vattenfall, which could be expected to continue as other regeneration projects come to fruition.

### **4. Future Investment Priorities**

- 4.1** While recognising that the public and private sector investment will become scarcer in the coming decade, the report concludes that the momentum for change needs to be maintained. Five interventions having positive impacts on tax revenues and cost savings are identified. They are:

- Improvements to HS1 line speeds and the creation of a Thanet Parkway Station;
- The promotion and development of Manston Airport;
- Commitment to the delivery of improved broadband coverage for the district;
- The delivery of the Cliftonville West/Margate Central Housing Intervention Strategy; and
- A concentration on improving the skills and employability of local people.

**4.2** Of these the two key public sector investment priorities are identified as:

- Improvements to HS1 line speeds and the creation of a Thanet Parkway Station, and
- The delivery of the Cliftonville West/Margate Central Housing Intervention Strategy

**4.3** In an addendum to the report, DTZ also express the belief that there is an immediate need to create a decision making and co-ordinating body for Thanet to take forward the range of key economic development and infrastructure activities that will make a fundamental difference to Thanet's competitive position. Such an economic development board would need to bring together key players from the public and private sectors to ensure that interventions and investments are prioritised and properly co-ordinated.

## **5. Meeting the challenge - an action plan for Thanet**

**5.1** In taking forward the priorities identified in the Thanet Strategic Context report, KCC has a strong direct involvement in following key strategic actions:

- Improvements in HS1 line speeds between Ashford and Ramsgate
- The establishment of a Thanet Parkway Station
- The delivery of the Cliftonville West/Margate Central Housing Intervention Strategy
- The finalisation and delivery of the Thanet Work and Skills plan
- Improved Broadband access
- Establishing district-wide partnership approach to regeneration and economic development
- The Margate Task Force

A summary matrix indicating the current position in relation to each

of these actions is attached as Appendix 2.

**5.2** In addition to the key projects identified above, KCC is engaged with partners to take forward activities relating to:

- The visitor economy
- The growth of the district's cultural economy, post the Turner Contemporary launch
- Promoting and maximising the potential of Manston Airport
- Margate town centre's regeneration – public realm, Dreamland, cultural quarter, further seafront development (Rendezvous/ Winter Gardens)
- Off-shore Wind Farm development linked to the Port of Ramsgate
- Site development (via East Kent Opportunities LLP)
- The No Use Empty initiative

## **6. Conclusions**

**6.1** Members are asked to:

- Note the conclusions and recommendations of the DTZ report;
- Note the actions being taken regarding the implementation of the recommendations; and

Consider receiving further reports on progress at future meetings.

### **Author Contact Details:**

Name: Theresa Bruton  
Officer Title: Head of Regeneration Projects  
Directorate: Chief Executive's

Email: Theresa.bruton@kent.gov.uk

Tel: 01622 221957

### **Background Documents:**

*Thanet Strategic Context – a report to Kent County Council and Thanet District Council from DTZ (November 2010)*