

To: E&R Policy Overview Committee – 6 November 2008

From: Kevin Lynes, Cabinet Member for Regeneration & Supporting Independence  
Richard Hallett, Finance Manager, Environment & Regeneration Directorate

Subject: **Kent Regeneration Fund**

Classification: **Unrestricted**

---

Summary: This paper provides a 2007-08 Kent Regeneration Fund project progress update and confirms arrangements for continuation of the fund.

---

## **1. Introduction**

(1) The Kent Regeneration Fund was established in April 2003 as part of the wider financial strategy to secure economic growth and social infrastructure alongside the planned housing growth in Kent. Applications to the fund are invited in support of activities related to the Regeneration and Supporting Independence Portfolio.

(2) The Fund, which is drawn from the County Council's own development proceeds, provides the capacity to:

- pump prime investment from other sources;
- invest in key catalytic projects and lever in funding from other sources;
- unblock progress on key projects where swift action is needed;
- develop innovative new ways to deliver strategic priorities; and
- promote Kent as a destination for inward investment and tourism.

(3) Evaluation of current and completed projects is conducted both during and at the end of each financial year and reported to Cabinet Members and E&R Policy Overview Committee. Any project underspend is returned to the fund for reallocation.

## **2. Project Progress Reports for 2007-08**

(1) Project progress schedules are attached for all live projects at Appendix A and for projects completed during 2007-2008 at Appendix B.

(2) 13 new bids were approved in 2007-2008 totalling £850,650. Of this sum, just over half was in support of Town Centre Renewal projects and just over a fifth on projects Promoting Kent.

(3) An evaluation of Completed Projects spend during 2007-2008 shows that monies have been directed into the following areas:

## Analysis of Completed Projects 2007-2008

Total	Area	% Spend by Area
£531,018	Economy, Enterprise & Skills	33%
£440,500	Rural Regeneration	28%
£251,327	Promoting Kent	16%
£167,000	Town Centre Renewal	10%
£113,680	Innovation	7%
£50,000	Infrastructure	3%
£45,550	Supporting Independence	3%
£0	Culture-led Regeneration	0%
<b>£1,599,074</b>	<b>Total</b>	<b>100%</b>

### 3. Five Year Review of Project Spend

(1) Previous annual progress reports to E&R Policy Overview Committee (POC) have provided information to Members relating to spend on individual projects supported by the Fund.

(2) A key project eligibility criterion is leverage. Analysis of completed projects, based on data provided by project managers, shows that overall the £3,713,106 spend to 31 March 2008 achieved an overall direct match funding gearing ratio in the fund of **1:4.5**.

(3) Of this completed project spend to date, approximately 20% has been on International Portfolio projects. Investment by the fund in these projects has resulted in a raising of Kent's profile on the international stage, led to deals being signed by a number of Kent businesses and increased business exports for the County. It has also resulted in increased income to Kent through tourism above initial expectations and the securing of funding for US tourism campaigns through to the London Olympics in 2012. 23% of the fund has been deployed into projects supporting activities in other KCC Directorates/Portfolios, demonstrating the corporate nature of regeneration across the County Council.

(4) Projects also have demonstrated wider benefits of the Kent Regeneration Fund for example in terms of:

- **Unblocking project progress** – for example two *URBAN Kent Thames Gateway Projects* which contribute to Kent's overall goals and the *SIP agenda* are supported by the fund. Match funding is a key component and without the support of the fund, these projects were in danger of not going forward within the time constraints of the *URBAN Programme*.
- **Encouraging innovation and providing opportunities to pilot new approaches** – the *Community Entrepreneurship (Trading Up) programme* through *European EQUAL funding* - developing enterprise skills in deprived communities project – has been running for 3 years. The project is led by *Business Link Kent* but the idea originated at *KCC* with £20,000 from the *Kent Regeneration Fund*.

- **Providing flexibility beyond MTFP budget constraints** –*the fund has been invaluable in achieving things which simply could not be done within normal funding – for example, for Kent Tourism/KTA, the ‘UKinbound’ 2006 convention was a unique one-off opportunity to showcase Kent to a key travel trade audience, which is not a core market for KTA, and to pre-promote events such as the Tour de France. Without the Fund’s support, Kent would never have secured this prestigious event (held in Ashford) which resulted in a direct leverage ratio of 1:2 for the Fund’s contribution of £40,000, in addition to the wider impact of increased profile for Kent amongst the inbound tourist charter industry.*
- **Unlocking funding** – *the funding has been used extensively in the coastal towns, mostly for large-scale projects involving many different funding partners. A good example is Dover Sea Sports Centre where a Regeneration Fund contribution of £250,000 has achieved an overall leverage of 1:10.*
- **Facilitating joined-up project working across KCC** –*the Kent-Virginia project is a good example of a cross-directorate and multi-agency project that could only be funded through the Kent Regeneration Fund. As stated above, investment by the fund has resulted in a significant number of benefits to Kent businesses and increased tourism spend in the County. For example, the Fund contributed £200,000 towards the costs of the Kent delegation to the Smithsonian Folklore Festival in Washington, achieving a direct leverage of 1:3.8 on this amount. In terms of resultant tourism spend alone, Visit Kent has estimated an increase of 26,000 visitors and £14m to the County over a five year period.*

#### **4. Re-alignment of Fund with KCC Regeneration Strategy**

(1) The Kent Regeneration Fund will support the implementation of the County Council’s forthcoming Regeneration Strategy and the delivery of corporate objectives across KCC. It will have a key role in leveraging in partner resources to kick start key projects delivering on shared Kent regeneration outcomes. Detailed analysis of the baseline indicators will provide the basis for resource allocation to deliver against regeneration priorities and will also provide a platform for conversations with key delivery partners about possibilities for aligning their own strategies and, importantly, pooling of resources

(2) Ownership of KCC’s Regeneration Strategy will rest with Cabinet Members with regular overview by this Policy Overview Committee. A Cabinet Member and officer cross-directorate Board is proposed, to lead development of the Strategy and to oversee and monitor its implementation. It is further proposed that in future this Board (reporting to Cabinet and E&R POC) will have a leading role in the bid approval process to ensure appropriate allocation of resources. Project progress will also be regularly reported to the Board and to this Policy Overview Committee, in addition to the existing reporting channels.

(3) The application criteria for the fund (see Appendix C) will be revisited and strengthened to align with the emerging themes and aspirations of the Strategy. The revised criteria will be reviewed and approved by the Board and E&R POC, alongside the KCC Regeneration Strategy.

## **5. Future Cash Flow Arrangements**

(1) Following agreement by Cabinet in April 2003, the Kent Regeneration Fund has access to up to 50% of the expected distribution from Kings Hill, up to a maximum of £1.5 million per annum. However, the current income distribution arrangement has proved somewhat cumbersome in terms of managing shortfalls in forecasted income, the most recent in 2007-08 where there was no distribution for the Fund against bids approved.

(2) Corporate Finance has forecast a £4.5 million distribution from Kings Hill for the Kent Regeneration Fund between 2008 and 2013. Based on this information, a more secure cash flow for the Fund has been proposed with set annual provision of £1 million being made by Corporate Finance, who will assume the risk for income recovery. A more even cash flow over the lifetime of the Fund will allow for improved forward planning and prioritisation of Regeneration Strategy programmes and projects. It will also insulate against the current downturn in the property market and any future similar market conditions.

(3) After deduction of already approved project allocations against the £1 million budget book provision for 2008-2009, a balance of £443,617 is available for allocation to new projects in the current financial year.

## **6. Recommendations**

(1) Policy Overview Committee Members are asked to note:

(a) Kent Regeneration Fund progress schedules to 31 March 2008

and

(b) realignment of the Kent Regeneration Fund under revised criteria linked to the forthcoming KCC Regeneration Strategy

## **Background Documents**

Appendix A – Kent Regeneration Fund Schedule – Approved & Pending Bids as at 31 March 2008

Appendix B – Kent Regeneration Fund Schedule – Completed Projects 2007-2008

Appendix C – Kent Regeneration Fund Application Criteria

## **Other Useful Information:**

Strategic Planning Policy Overview Committee Report 25 January 2006

Strategic Planning Policy Overview Committee Report 21 November 2006

Environment & Regeneration Policy Overview Committee Report 20 November 2006

Regeneration Strategy for KCC - Cabinet Report 6 February 2008

## **Author Contact Details**

Richard Hallett

Environment & Regeneration Finance Manager

✉ [richard.hallett@kent.gov.uk](mailto:richard.hallett@kent.gov.uk)

☎ 01622 694035