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To: Regeneration and Economic Development Policy Overview and Scrutiny Committee - 19 January 2012

Subject: Thanet – Economic Growth and Development – update.

Classification: Unrestricted

Summary:

Following regular update reports on a range of Thanet projects and this Committee's visit to the District last year this report provides an overview and update of regeneration and economic development investment, outcomes and prospects going into the future.

1. Introduction

- 1.1 Thanet is the most deprived part of Kent. A combination of poor accessibility, low skills levels, loss of traditional industries and disproportionate in-migration of benefit claimants has contributed to make conditions in Thanet markedly worse and less competitive than the rest of Kent and the South East. This is shown by various standard indicators:
- GVA per capita, which is a general measure of wealth in an area, was £11k pa in Thanet in 2009, compared with £17k in Kent and £19k in the South East. Table 1, below, which shows median earnings in 2011 shows Thanet lagging behind the rest of Kent and Great Britain.
 - In Thanet in 2010 there were 310 people in work for every 1000 people resident in the area compared with 390 in Kent and 450 in the South East.
 - Thanet has higher unemployment levels than the rest of Kent, with 5.8% of working age people in Thanet unemployed in 2011. Thanet also has the highest youth unemployment rate in the South East at 13.7% (December 2011). Unemployment in Thanet between 1996 and 2010 has been consistently higher than Kent and Great Britain as shown in Table 2 (below). Between November 2010 and November 2011 unemployment increased by 14.6%.

Table 1

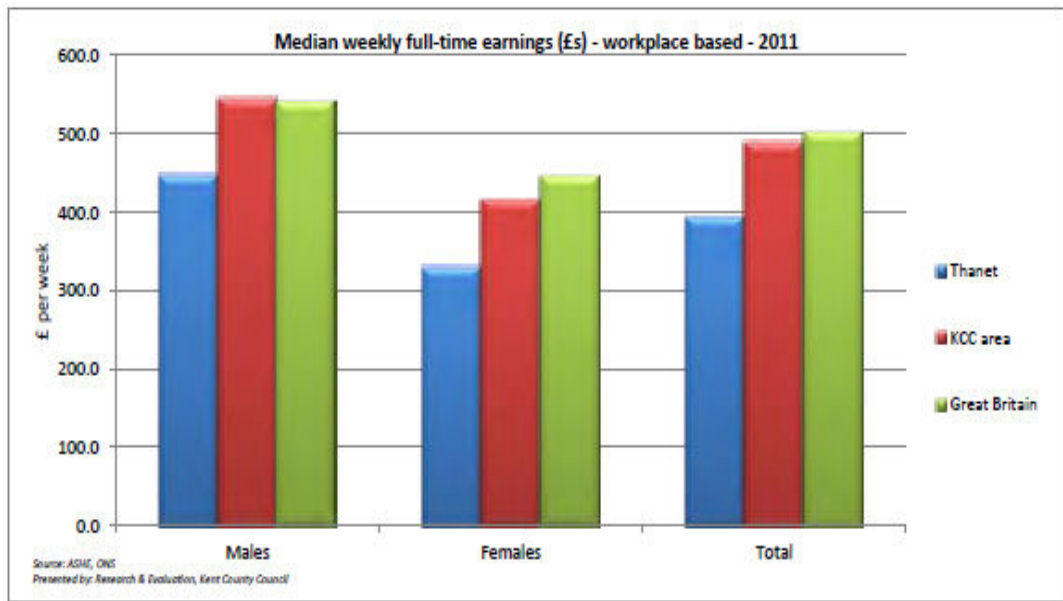
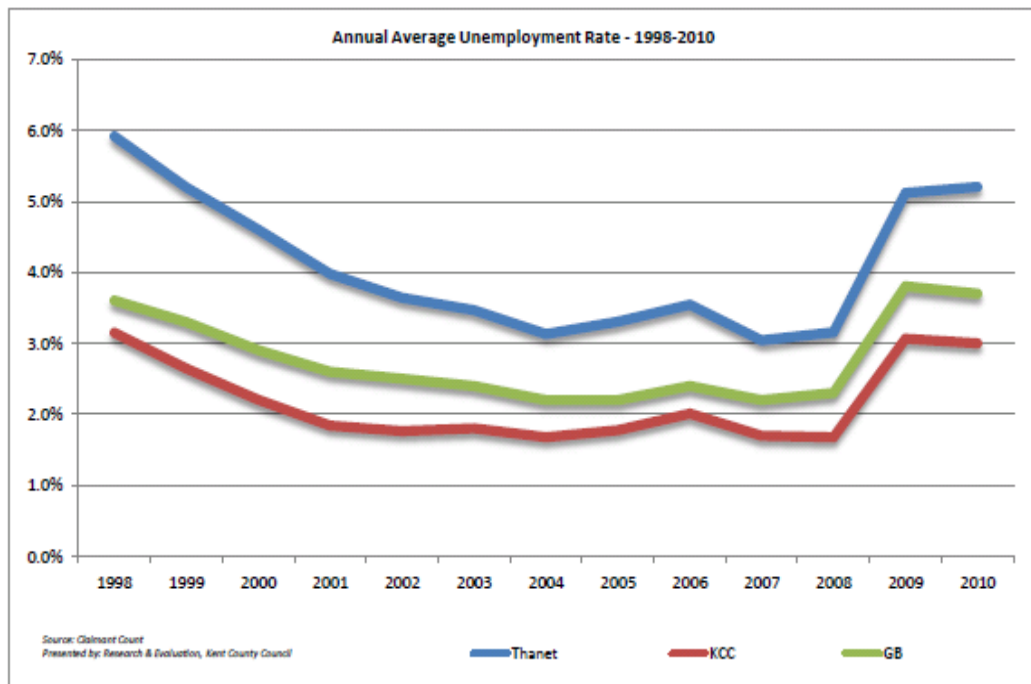


Table 2



2. What has been done – the big picture

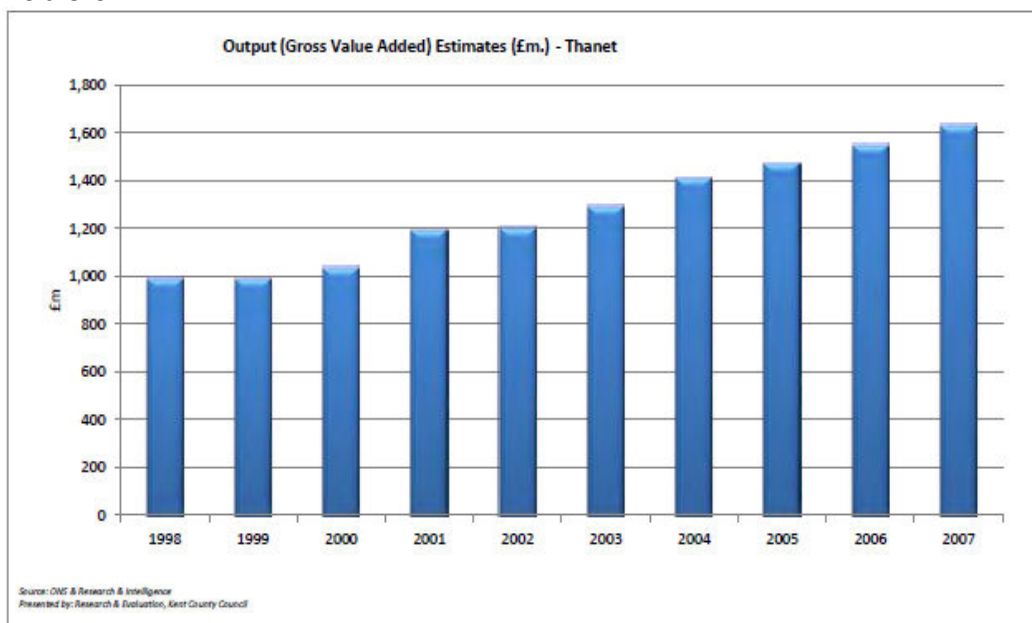
2.1 The underlying problems in Thanet have been recognised resulting in a substantial investment programme. An estimated £364m of capital investment has been spent or committed to major projects in Thanet over the past 10 years. These principally address the underlying problems of:

- **Improving accessibility.** Schemes have included Harbour Approach road, Eurokent Link Road, and East Kent Access (£150m)

- **Bringing forward sites for employment.** This includes work on the East Kent Spatial plan unlocking 114 ha of business land and workspace at Eurokent and Manston to develop commercial, retail and residential sites.
- **Developing the Visitor Economy.** Key projects have been Turner Contemporary, Dreamland and improvements in Margate old town and Ramsgate seafront (£32m)
- **Education and skills.** Initiatives such as Thanet Skills studio, Thanet works, The Marlowe Academy and Building Schools for the Future have all contributed to raising skill levels and developing apprenticeships (£82m+)
- **Housing and community investment.** The Housing Corporation has funded significant housing and neighbourhood renewal schemes. There have been various measures aimed at improving social development including children’s centres, extended schools, Kent poverty project (£63m)

Some of the results of this investment can be seen in Table 3 charting the rise of GVA in Thanet

Table 3



3. Overview of the current position

- 3.1 It is right to challenge how effective this investment has been in tackling the deep rooted problems in Thanet. A report by consultants DTZ (Sept 2010) assessed that, taking account of investment over the previous 5 years and including some additional investment, the net savings to the public sector by reduced dependency and increased tax income over the next 5 years should be in the region of £136m. Over the next 15 years

they further estimated that the proposed investment should create 2000 new jobs above current forecasts.

4. Progress on Current Projects

4.1 A wide range of initiatives are underway or programmed for the future to support regeneration and economic development in Thanet. The key projects and progress are set out below:

4.2 Improving Accessibility:

- Improving rail journey times to Thanet. The recent success of a Regional Growth Fund bid of £40m to East Kent contains £5m for Business Critical Infrastructure Grants. This fund will be used to improve track and therefore journey times on HS1 to Ramsgate to around 1 hour
- There is also the longer term aim to create a new parkway railway station near Manston to serve the new employment and residential site at Eurokent.
- Kent International Airport at Manston continues to present a major opportunity for East Kent. Infratil, the parent company are confirmed long-term investors and the airport's master-plan, last published and consulted upon in November 2009, will be reviewed again in 2013. Progress continues to be hampered as a result of the current economic climate though and it was disappointing to learn that Flybe announced its withdrawal from the end of March 2012. The airport is nevertheless reporting steady progress particularly with freight/cargo; has started to use its Equine Border Inspection Post; will be commissioning a new radar system this year, and has submitted its planning application for night time flying to Thanet District Council.

4.3 Bringing forward employment sites and economic support

- **Regional Growth Fund (RGF) in East Kent.** The successful RGF bid means a £40m programme of grant support to businesses in East Kent.
- **East Kent Opportunities (EKO)**, the joint venture company between KCC and TDC, was established to bring forward key regeneration sites at Manston and Eurokent. A new link road was built at Eurokent providing relief to the Haine Road and improved access to the Marlowe Academy and two business centres and an outline planning application for a mixed use development has recently been submitted. The Manston site continues to be marketed and discussions are on-going with a number of interested parties for development of employment space. EKO also delivers 'Employ Thanet' a job and skills brokerage service, including a Jobs Fair in September that attracted 21 exhibitors/employers, 542 residents all of whom were on out of work

benefit. There are also Job Clubs in Margate and Ramsgate where both increased attendance and job outcomes (25 by the end of November) are being reported weekly and maximum support ensured by providing cross referrals between other key providers.

- At the **Port of Ramsgate** a new operation and maintenance base is under construction for London Array and will sit alongside the Thanet Offshore base already completed for Vattenfall. Together the two bases represent a significant industry presence and a long term commitment to the port bringing more than 125 new jobs. Further use of the port is being made by London Array's contractors during the construction of phase 1 of the development which is due for completion by the end of 2012. Alongside the new bases, improvements have been made to the port to improve access by specialist work boats and provide new mooring facilities. Future training for renewable energy technologies is proposed by Thanet College who have recently been successful in attracting £2 million of Government funding for a new centre to be open in 2013.

4.4 Housing and community support

- **No Use Empty** Since its launch in 2005, KCC's Empty Property initiative has been successful in bringing 580 units in Thanet back into use. As well as advice and guidance, 135 capital loans with a value of £2.7m have been made, leveraging in a further £6.6m, representing a total investment of £9.3m in the housing market. This equates to around 200 jobs in construction to carry out this work and new housing provided for around 295 people. The scheme is now being expanded to look at larger properties of which there are many that would be eligible for support in Thanet.
- **Margate Housing Intervention programme** This initiative focuses on the many poor quality and multi-occupied premises in Cliftonville. The ultimate aim is to acquire and restore around 300 properties (10% of the housing stock) so as to increase the numbers of family housing, including owner occupation and create a more balanced community. KCC has committed £10m and Thanet a further £2m to a fund for the purchase and improvement of properties in the area - to date two large properties have been acquired which should be ready for occupation in late summer 2012. This fund will work as a 'rolling programme' with profits from selling restored properties being fed back into the fund to buy more properties. A social enterprise company is being developed in parallel to provide apprenticeships in construction for local young people.

4.5 Improving the visitor economy - The Regeneration of Margate

- *Turner Contemporary* opened in April 2011, and has been an

outstanding success. The estimated annual visitor target of 156,000 was reached in July and visitor numbers for the first seven months have exceeded 330,000. There have been positive spin out effects into the old town with new shops and cafes opening and reports of turnover exceeding expectations by 300%. Similarly, the limited hotel accommodation in the town has had high occupancy rates. To date this effect is largely confined to the area close to Turner and parts of the rest of the town still have high vacancy levels.

- *Dreamland* The large Dreamland site on Margate seafront is currently being compulsorily purchased by Thanet District Council with an estimated completion of May 2012. A recent Heritage Lottery Fund (HLF) grant of £3m means that funding is now in place to deliver phase 1 works on the site which should start in summer 2012 and complete in 2013. The works will comprise essential repairs to the Dreamland cinema and restore the listed scenic railway and some landscaping. Further phases will seek to bring the cinema back into use and establish other heritage rides (currently in store) on the site.
- *Old town/cultural quarter* - Public realm improvements are largely complete around Turner Contemporary, the Harbour Arm and the Old Town
- *Sea Defences* - Essential sea defence work including an attractive revetment feature on Margate's seafront, have just started on site and will take 18 months to complete. As well as protecting the old town from flooding they will enhance the appearance and usability of the seafront
- *Rendezvous site* - This is the site owned by KCC adjoining Turner Contemporary. It has always been the aim to achieve a high quality hotel development or similar on this site – previous efforts failed due to the recession. With the success of Turner Contemporary, KCC (with Visit Kent) is now looking at options to attract a developer and operator in 2012 which could result in a hotel and restaurant on the eastern end of the site.
- *Winter Gardens* - The Winter Gardens, owned by Thanet District Council, is one of the key features of Margate. The aim is to restore the listed building and provide an improved live performance venue to complement other visitor attractions in the town.

4.6 Improving retail

Westwood Cross shopping centre. The new shopping centre at Westwood Cross, accessible to all three Thanet towns (Ramsgate, Margate and Broadstairs) opened in 2005. It has expanded twice since opening and now provides 46 units with 475,000 sq ft of retail space, anchored by key stores like Debenhams and Marks and Spencer and employs around 350 people. The development at Westwood Cross has however been at the

expense of retail in Ramsgate and Margate which has declined. Parts of Margate's town centre now have up to 40% vacancy rates though this has been compensated somewhat by the growth of galleries, cafes and niche shops in the Old Town near to Turner Contemporary and the seafront.

5. Conclusions

- 5.1 In summary, the significant regeneration focused investment in Thanet has started to make a difference though considerable challenges still remain and the current recession has further compounded issues. It is clear that reversing the deep seated problems in Thanet has to be part of a long term strategy where the successes along the way can be acknowledged and celebrated rather than sometimes getting lost in the face of ongoing or new challenges. DTZ's conclusions in 2010, that investment in Thanet will ultimately save the public purse, are almost certainly still true today.
- 5.2 Continued investment is required on infrastructure, employment, the visitor economy and in addressing some of the underlying social and housing problems as well as capitalising on opportunities such as the extension of the High Speed Train link to London and the new and rapidly growing renewable energy industry.
- 5.3 Recent successes like Turner Contemporary also demonstrate that some projects can exceed expectations and start to contribute to re-shaping the image of Thanet. It is important to build on this momentum and some of the initiatives planned for 2012 aim to do this. With the many other projects underway, as identified above, Thanet can realistically expect a better and more prosperous future.

6. Recommendation

- 6.1 The Committee is recommended to note the contents of this report.

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Background Documents:

None