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To: Economic Development Cabinet Committee – 5 July 2012

Subject: Bold Steps for Kent – Progress Report

Classification: Unrestricted

Summary: This paper updates Members on the progress made to date against the economic development priorities in Bold Steps for Kent

Members are asked to review the report, including the appropriateness and relevance of the indicators currently included in the Unit's Business Plan.

1. Introduction

1.1 Helping the economy to grow is one of the three ambitions set out in Bold Steps and the Unit has lead responsibility for the three growth priorities:

- Priority 7: Build a strong relationship with key business sectors across Kent
- Priority 8: Respond to key regeneration challenges working with our partners
- Priority 9: Support new housing that is affordable, sustainable and with the appropriate infrastructure

1.2 Section two outlines, in summary, progress since April 2012 against each priority.

2. Build a strong relationship with key business sectors across Kent

Activity includes:

2.1 Innovation Strategy for Kent

A major element in supporting Kent's businesses to grow is focused on developing the county's innovative potential. Kent already has a good record in supporting innovation. However there is potential for a more strategic and co-ordinated approach. Working with International Affairs Group, we have produced a draft Innovation Strategy intended to bring together different sources of support and as starting point for discussions

and potential access to EU funding. This work is now being taken forward jointly by Economic Development and International Affairs Group and is elsewhere on today's agenda.

2.2 High Growth Kent

The High Growth Kent team provides specialist business support services targeted at innovative and high growth Kent businesses. With support from the Regeneration Fund the Team has been able to lever £1.2m EU funding of which £775,000 has been drawn down. The project end date is 31st December 2012. Outputs to 31 March 2012 include:

- 140 portfolio clients supported with growth strategies – (project target is 250)
- £17m investment (rounded) raised by Kent and Medway businesses receiving the Innovation and Growth service – project target is £24m
- 283 jobs created – (project target is 400)
- 314 network clients assisted with innovation service – (project target is 294).

Further updates are expected at the end of July.

2.3 2 Seas Trade

International Affairs Group lead on this project which is being supported by EU funding and the Regeneration Fund. The project is supporting Kent businesses into the export market. The project end dates is 31st December 2013. Outputs to 31 March include:

- 111 Kent businesses have participated in local workshops covering different aspects of international trade – (project target is 125)
- 31 Kent businesses have received a 1-2-1 visit from an international trade advisor to discuss their export readiness – (project target is 10)
- 5 Kent food & drink businesses exhibited at an international trade fair in Belgium and identified important leads which are currently being followed up (including restaurant chains, distributors etc) – (project target is 30).
- 9 Kent Logistics firms taken to the Netherlands for market visit – (project target is 30). The visit focused on fact-finding but some business contacts were facilitated by the project and are being followed up (the event took place at the end of May so concrete results are not yet known). The project partners are considering a reciprocal visit to Kent to include a further networking event to bring together companies to establish trade links.

In addition to the original project target outputs the project has delivered the following:

- 21 Kent businesses have participated in Business 2 Business

networking.

- 17 Kent sustainable construction businesses participated in match-making event with firms from all over Europe

Further updates are expected at the end of July.

2.4 **Incubator and business space provision**

The unit is developing a proposal for increasing incubator support which will form the basis of a bid to the Regeneration Fund. This work is being undertaken in liaison with Kent Districts to determine the potential demand locally and for supporting projects.

Additionally, with support from the Regeneration Fund, planning is underway to expand the managed workspace provision at the Old Rectory in Northfleet to provide up to 11 new workstations. The Old Rectory is a KCC-owned building, managed by Basepoint enjoying 95-100% occupancy of business units.

2.5 **Rural business support**

- **Kent Rural PLC** Annual report and evidence base has been commissioned and will be presented to the Kent Show on Friday 13th July.
- **Kent Downs and Marshes Leader programme** has now awarded £1,109,583 from its programme budget of £1,321,456. The majority of these awards have been in capital grants to small and micro enterprises and community enhancement projects. The total cost of these capital projects has been approximately £2.8m which has helped to create 26 FTE positions, whilst sustaining a further 120 jobs in the KDM Leader area. Also, 61 businesses have been helped to grow their current activities as a result of Leader assistance and nine new products have been created.
- **Produced in Kent** was established by KCC in 2005. The company aims to deliver a range of activities to support Kent's Food & Drink Sector and promote Kent's local produce. Since its inception, membership has increased by 15% (numbers) and 38% (income) and the company is now supporting 211 food, drink and craft related businesses in Kent. A new 3 year strategic plan for 2012-2015 is in place focussing on supporting & developing the Food & Drink sector in Kent. **Planned activities** for 2012/13 include:
 - A project to create a Knowledge Base of the Food & Drink sector in Kent by March 2013
 - New activities aimed at creating new channels to market for members including a 6 week food and drink festival at St. Pancras Station in September and 'meet the supplier' events for the retail and hospitality sectors by December 2012

- Investigating exporting opportunities for members and gaining a better understanding of supermarket local sourcing policies by March 2013.

2.6 **Expansion East Kent Programme**

KCC is the accountable body for this £40m programme which aims to create and safeguard 5,000 new jobs, grow 500 East Kent businesses, lever in £320m of private sector investment and unlock private sector debt and equity finance by offering businesses the opportunity to access percentage free loans. The Regeneration Fund is supporting the management and administration of the programme which was formally launched on 27th April 2012.

As of 11th June, 175 pre-applications have been received. Partner activity includes:

- Delivery of Enterprise business support to potential applications – KCC/JCP, Kent Invicta Chamber and Kent Channel Chamber;
- Voluntary involvement from a range of partners to support businesses to apply i.e. Locate in Kent, consortium of bank representatives.

A full report on the programme's governance was presented to Cabinet on 14th May.

2.7 **Sector Conversations**

To date, the Unit has delivered 5 consultation events involving about 500 businesses and related organisations. Events have covered:

- **Food Production with Horticulture and Agriculture.** Held in January 2011, this event was attended by 122 delegates, of whom 85% were rural based businesses.
- **Construction and Development.** Held March 2011, this event was attended by 104 attendees of whom 88% were businesses.
- **Low Carbon.** Held in May 2011, this event was attended by 80 delegates of whom 70% were businesses.
- **Health and Social Care.** Held in September 2011, this event was attended by 95 delegates of whom 80% were businesses.
- **Creative, Media and Communications.** Held in February 2012, this event was attended by 170 businesses, of which over 55% were small to micro businesses.

Common themes emerging from the events are:

- Access to superfast broadband is regarded as essential to most businesses.
- Concern over the delays and apparent inconsistency in the current planning control system across the county, and uncertainties as to how future planning policy might impact on business and housing growth.
- Raised profile of business sectors especially where marketing and promotion can assist for example in encouraging the development of local and mutually supportive business networks.
- Access to finance is a major concern for many businesses, especially SMEs.

Two further sector-based consultation events in tourism and advanced manufacturing and engineering are planned over the next 12 months alongside thematic events focusing on international trade development and investment (probably in east Kent and in partnership with UKTI), the business opportunities to be captured from enhanced digital capacity (in partnership with Thanet DC), and the scope for further capitalising on renewable energies and low carbon technologies. We have also begun work with the Business Advisory Board and 6 of the main banks to explore how access to business finance and related business support can be improved. This initiative was launched at Kent 2020 in April 2012, and will be followed by further events supported by the British Banking Association starting in July.

The Unit is also providing specific support to key business sectors. These include:

2.8

Visit Kent

- Evaluation of the 2012 **Big Weekend Out** is underway where over 80,000 requests from Kent residents for nearly 17, 000 free tickets from 123 Kent attractions were entered into the on-line ballot. 21 media partners were involved and a similar model is being adopted by Visit Britain
- The '**Kent is GREAT**' campaign was launched at Kent 2020 event in April where Visit Kent worked with Number 10 and Visit Britain to extend the national 'GREAT' campaign to key points of entry in the county using the Kent Contemporary images in partnership with HS1, Port of Dover, Eurotunnel and Kent International Airport. Visit Kent secured free poster space and Number 10 match funded the production. These will be up from June until October
- The 2012 **Kent Contemporary** campaign launched in May including a new image for Turner Contemporary along with those for Hever, Dover and Chatham Historic Dockyard. The project is building upon the impressive Return on Investment of 65:1 for 2011.

- The '**Look**' campaign - to deploy the official London Organising Committee of the Olympic and Paralympic Games 2012 LOOK (dressing throughout the county) across Kent is underway. *Look* is only available to non-commercial partners and is county-wide. It will feature in key hubs and points of arrival during the games period: Ashford, Canterbury, Dover, Folkestone (including Eurotunnel), Maidstone, Margate, Ramsgate, Sevenoaks, Brands Hatch and Tonbridge. There will be three signature *Look* outputs:
 - Projection on the Cliffs of Dover of the Olympic Rings and Paralympic logo
 - Turner Contemporary will be dressed with a large pink ribbon to recognise that the Tracey Emin show is part of the London Festival
 - The Tall Ship carrying the Torch into Dover will be dressed with flags and banners.

2.9 Low Carbon Kent

Regeneris has completed the economic analysis work identifying the size of the low carbon economy in Kent, its distribution across the county and how Kent compares to other counties. The outputs from the report have fed into the Green Business Event that was held on 28 June to take forward the development of the Kent Low Carbon offer.

2.10 Locate in Kent

Performance to date is recorded in the table in Appendix 1. It is very early in the year to get any indication of whether targets are likely to be achieved at the end of the year. Overall, Locate in Kent is close to the cumulative target of total jobs, and very close to the Foreign Direct Investment target. Locate in Kent expect to achieve most targets by the end of the year.

2.11 TIGER

This project is intended to deliver support to grow innovative businesses in the Thames Gateway via provision of financial assistance to businesses seeking to invest in the area. A bid has been prepared and was submitted in June to Round 3 Regional Growth Fund funding.

3. Respond to key regeneration challenges working with our partners

Activity includes:

3.1 Discovery Park Enterprise Zone

The Enterprise Board is now established. Dover District Council is taking forward the Local Development Order. The period of exclusivity between Pfizer and London Metropolitan has ended with no deal finalised, and therefore the process to find new owners for the site

continues.

3.2 Sheppey Task Force

The Sheppey Task Force last met in March. Thamesteel is now under new ownership. The new owners hope to restart production soon though further details are awaited. With the recent announcement regarding the termination of Vestas option for Sheerness, Members and officers from Swale Borough Council and KCC are to meet to discuss future opportunities.

3.3 Kings Hill

Progressive residential land sales have been agreed and programmed for 2012. The Master Plan Review is ongoing and a public consultation exercise started in June 2012.

3.4 Telehealth

This three-year Interreg IVC project to develop a new generation of innovative, personalised care solutions, using technology for the elderly at home and outdoors is being led by International Affairs Group. KCC has recently received confirmation of the final grant – 155,000 euros and the project will therefore start-up in July. Kent will have the opportunity to host an international study visit later in the year in partnership with the South East Health Technologies' Alliance.

A paper is being prepared for the Kent and Medway Teletechnology Strategy Group to highlight further European opportunities for Kent and the strategy to maximise them.

3.5 Cyclopark

This project completed with the opening of a new activity park on 27th May. Cyclopark provides 43 hectares of high quality, traffic-free, multi-use facilities for cycling, mountain-biking, cyclo-cross, BMX, skateboarding, distance running and cycling events. It is the only facility of its type in the UK; putting Kent “on the map” for cycling provision, and is expected to attract up to 100,000 visitors per year from a wide catchment area. At 12th June, the Park has received 5,480 visitors.

3.6 Folkestone Townscape Heritage Initiative

This is a partnership project including KCC, Shepway District Council and the Creative Foundation to undertake a programme of improvement works to Folkestone Old Town which will both compliment existing and assist further regeneration of the area by improving the offer in the Old Town, Creative Quarter and Harbour area. The project secured funding of £400,000 funding from the Regeneration Fund as match funding for a bid to HLF Townscape Heritage Fund. HLF has recently announced the project's success in being awarded a 'first round pass' including development funding of £50,000 which will support the development of a detailed second round bid to secure the £1.3m total project grant allocation.

4. Support new housing that is affordable, sustainable and with the appropriate infrastructure

Activity includes:

4.1 Kent and Medway Investment Fund

The Kent and Medway Investment Fund aims to unlock regeneration and development by using local authority assets and funds to lever private sector investment. A feasibility study and concept model for KMIF has been produced. Medway, Maidstone, Canterbury and Tunbridge Wells Districts are committed to exploring the model further and are developing proposals together with KCC. Investment priorities and project pipeline are currently being developed and will be presented to the Leaders/Chief Executive's Group in July.

4.2 Infrastructure and Finance Model (including revision of KCC's Developer Guide to provision of community infrastructure)

IIFM

The IIFM is a gap funding model developed to underpin KCC's service provision planning and in response to the introduction of the Community Infrastructure Levy. To date, outputs from the model have been used to inform District Infrastructure Delivery Schedules and site allocations documents.

Current development work includes modifications and refinements to the model to enable more detailed analysis of housing impacts on services and also to make the model more user-friendly for service providers; and easier to maintain.

Developer's Guide

The current guide has been updated to complement the revised assessment process for service provision planning contained in the IIFM. To date, we have undertaken two informal consultations with KCC staff and key stakeholders. A formal consultation concluded on 24 April 2012. The guide is being updated to reflect these changes and the final draft will be considered by Cabinet for formal adoption as KCC policy.

4.3 Development Contributions

KCC seeks development contributions from all development sites where there is a proven impact on current service provision. Sites are identified as minor (up to 500 units) and major (500 or more units). Minor site work is outsourced to Mouchell Parkman. Since 2002, KCC has secured about £53 million in contributions from minor sites to support primary and secondary education, adult social services, libraries and archives, community learning and youth services. This represents a success rate of 85%.

Negotiations on major sites can take many years to complete. Since 2002, KCC has secured 9 primary and 2 secondary school sites,

additional adult social services and community facilities and £81m in cash contributions. We are currently involved in negotiations on the following sites:

- Ashford: Cheeseman's Green and Chilmington
- Dartford: Northern Gateway East, Stone Pit, Northfleet West Sub-Station
- Dartford and Gravesham: Ebbsfleet
- Dover: Aylesham, Connaught Barracks, Whitfield
- Thanet: Martello Lakes, Westwood Cross, Eurokent

4.4 No Use Empty

This highly successful project has brought 2,126 empty properties back into occupied use since 2005.

The project provides loan funding for landlords to carry out work to enable empty homes to be brought back into occupied use. For 2012-13 the project has a budget of £2.2m. To the end of May 2012 loans of £427,000 have been approved for projects valued at £840,000. To date the loan funding has levered in an additional £11.4 million to Kent.

First quarter results for 2012/13 are expected at the end of July.

4.5 No Use Empty – Affordable Rented Homes

This project has been made possible through funding support from the Regeneration Fund which is providing £1 million capital to match fund HCA financing of £795,000. The project is intended to deliver up to 40 family-size homes for the rental market. If successful, the money from the Regeneration Fund will be paid back to fund within 3 years or could be used to continue the project.

The project is to be launched in July. The project has set a target to deliver 5 units in 2012/13. Currently there are 3 potential projects identified and these are being progressed. KCC legal services are undertaking a review of the existing No Use Empty loan agreements for the new project.

4.6 Housing Interventions

- **Local Authority Mortgage Scheme:** A Cabinet decision has been taken to proceed with the Kent Local Authority Mortgage Scheme, potentially investing up to £12m in partnership with Districts and Boroughs to help first time buyers in Kent access affordable mortgage finance. The decision to enter into the scheme was approved by Canterbury City Council on 26th April and KCC and CCC officers are working to launch as soon as possible. A number of other Districts and Boroughs are actively considering taking part in the Scheme.
- **Growing Places Fund:** KCC has successfully attracted £5m of

Growing Places funding from the South East Local Enterprise Partnership, subject to due diligence, to deliver the Live Margate Housing Intervention Programme. Thanet District Council has been awarded £4.1m from the HCA “clusters of Empty Homes” programme. This brings the total investment in Live Margate to £21.1m.

4.7 Broadband (BDUK project)

The Kent and Medway BDUK Local Broadband Plan was signed off in January 2012. Early sign off has enabled Kent and Medway to be among the first local authorities to use the BDUK procurement framework.

Recent progress includes :

- More than 12,000 votes received for the ‘Make Kent Quicker’ campaign which was launched in February 2012 supported by all District partners, Kent Association of Local Councils, Kent Federation of Small Businesses, Action with Communities in Rural Kent and the Kent Community Engagement Officers to maximise reach into target rural areas.
- Invitation to Tender documentation and data room in place
- Supplier day held
- Awaiting BDUK to complete State Aid notification sign off with EU

5. Growth without Gridlock

5.1 The following project supports priority 10 of Bold Steps for Kent - Deliver Growth without Gridlock.

Homes and Roads

The Homes & Roads Programme is a targeted package of transport infrastructure improvements that would enable some 22,600 homes and around 1 million m² of commercial development to be delivered across the Kent Thameside area over the next 20 years.

To date, the £13m HCA funding allocated to the Homes & Roads Programme for 2009/10 and 2010/11 has been drawn down by KCC and is being utilised to deliver transport infrastructure improvements to support development in the town centres of Dartford and Gravesend. However the Government’s Comprehensive Spending Review in October 2010 created uncertainty over previously agreed public sector funding commitments to the programme and there are on-going discussions with Government regarding commitment to programme.

A review of the programme to identify cost savings and alternative sources of funding has indicated that the original cost of £200m could be reduced to around £116m. This review is to be agreed between

stakeholders. Discussions are also being held with DCLG and DfT to identify how the project can be unlocked.

Work has started on the design of Rathmore Road Link in Gravesend and a detailed planning application submitted was in April 2012. Construction is scheduled to start in Autumn 2013.

6. Recommendation

- 6.1** Economic Development Cabinet Committee is asked to discuss the contents of this report.

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Background Documents:
None

**Economic and Spatial Development Unit KPIs
Report for month May 2012**

Monthly Indicators	Month Result	Month RAG	Direction of Travel	Year to date Result	Year to date RAG	Year end Target	Previous year
Locate In Kent SLA							
Number of gross jobs (direct and indirect) created or safeguarded through investment facilitated by Locate in Kent	447	AMBER	N/A	447	AMBER	3,100	3,217
Percentage of gross jobs created that are professional or management positions, or jobs in knowledge based industries	18%	AMBER	N/A	18%	AMBER	45%	69%
Percentage of gross jobs created that are in high value growth sectors	26%	AMBER	N/A	26%	AMBER	50%	89%
Percentage of gross jobs created that are located in Ashford, Thames Gateway in North Kent, coastal East Kent	69%	AMBER	N/A	69%	AMBER	75%	61%
Percentage of gross jobs that are created by company expansions within Kent	98%	GREEN	N/A	98%	GREEN	20%	64%
Percentage of total gross jobs that are created by relocations and expansions into Kent	2%	AMBER	N/A	2%	AMBER	10%	24%
Percentage of projects that are international projects relocating or expanding in Kent from outside of the UK	27%	GREEN	N/A	27%	GREEN	28%	28%
Visit Kent SLA							

