

By: Roger Gough, Cabinet Member for Regeneration & Supporting Independence
Adam Wilkinson, Managing Director for Environment & Regeneration

To: E&R Policy Overview Committee – 20 November 2007

Subject: Kent Regeneration Fund

Classification: Unrestricted

Summary: To provide an annual report on bids made to the Kent Regeneration Fund and money spent to March 2007.

For Information

1. Introduction

- 1.1 As agreed 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 £1.5m per year.

Funding Available by Financial Year

2003-2004	£1,382,385
2004-2005	£1,375,000
2005-2006	£750,000
2006-2007	£1,500,000
2007-2008	£850,000 (Provisional forecast)

Total £5,857,385

- 1.2 The Fund, which is drawn from the County Council's own development proceeds, provides the capacity to:

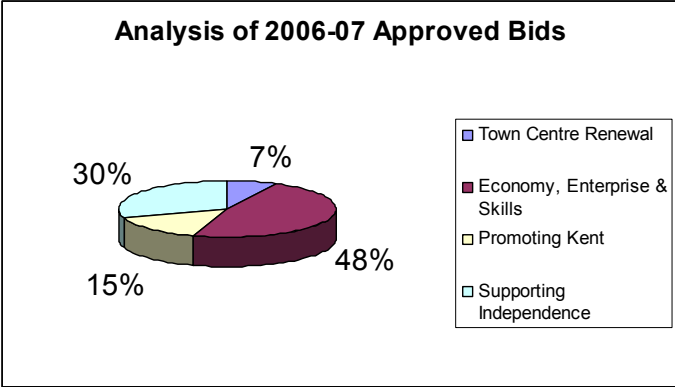
- pump prime investment from other sources,
- invest in key catalytic projects and lever in funding from other sources,
- unblock progress on key projects where swift action is needed
- develop innovative new ways to deliver strategic priorities and
- promote Kent as a destination for inward investment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

- 1.3 The Kent Regeneration Fund is 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 Fund Review

- 2.1 2006-07 saw fewer new bids approved from the Kent Regeneration Fund than in previous years. This reflects a tightening in the criteria, including the requirement from October 2006 for new proposals to link to "Towards 2010" targets, as well as the fact that some funding is already taken up by projects approved in prior years.

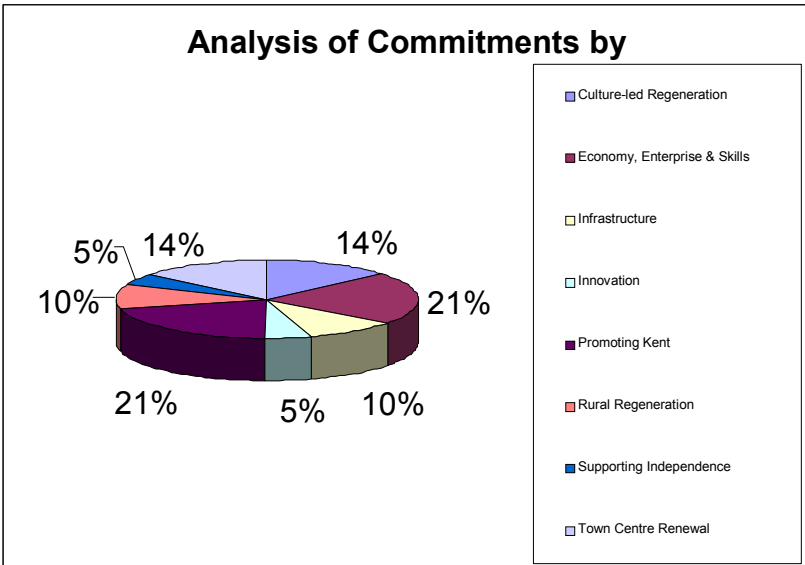
2.2 Eight new bids were approved in 2006-07 totalling £410,750. Of this sum, almost half was in support of new Economy, Enterprise & Skills projects and just under a third for Supporting Independence projects.



2.3 The Kent Regeneration Fund is scheduled to run to 31 March 2008, at which point its operation and possible continuation will be reviewed. Evaluation of current and completed projects to 31 March 2007 shows that monies have been allocated to the following areas:

Analysis of Commitments by Area (Current & Completed Projects)

Culture-led Regeneration	£747,060
Economy, Enterprise & Skills	£1,197,150
Infrastructure	£563,246
Innovation	£275,000
Promoting Kent	£1,156,897
Rural Regeneration	£550,500
Supporting Independence	£257,329
Town Centre Renewal	£783,166
	<u>£5,530,348</u>



2.4 It is noteworthy that to date approximately 20% of the Kent Regeneration Fund has been allocated to International Portfolio projects including: Support to Kent International Airport – EUJet (£121,000); Consultancy Work - Transatlantic Flights into Manston (£50,000); Supporting Direct Flights Manston-Virginia (£150,000); Trade, Inward Investment &

Tourism - Virginia (£265,000); Tourism & Trade - Smithsonian Folklife Festival - Promotion & Underwriting (£225,416); USA Tourism Marketing Campaign (£50,000); Building Alliances with new EU Member States (£30,000); PASCAL Observatory (£50,000); The Development of a Network of Strategic Innovation Gateways (£70,000); Underwriting EBN Congress 2007 (£140,000); Underwriting for UK in Bound Convention in 2006 (£40,000).

2.5 A further 20% has been has been deployed into projects supporting activities in other KCC Directorates / Portfolios. Communities Directorate projects delivering notable regeneration impacts include: Preparation for the Olympics 2012 (£20,000); Dover Sea Sports Centre - a project of national as well as local significance (£250,000); and the provision of early marketing support to the Turner Contemporary project (£486,000). In Adult Social Services Directorate, early pump-priming for the Thameswood Supported Employment Project (£66,000) brought 23 people with a learning disability into permitted employment and 11 previously long-term unemployed into full time employment. In addition, 32,000 sq. ft of redundant industrial buildings have been utilised for the project and facilities furnished with £250,000 equipment. The Study & Pilot to Take Vocational Curriculum Forward (£50,000) delivered two complete programmes of the schools enterprise programme involving around 150 senior teachers and heads from across Kent. The programme was designed to equip teachers with the tools to run “breaking the barriers to entrepreneurship” programmes with pupils, supporting the core work led by Children, Families and Education Directorate.

2.6 Leverage is an important consideration. Project managers were asked to provide details of match funding achieved to support their projects and also to give (where possible) an indication of future regeneration benefits or investment that could be unlocked as a consequence of their projects. Analysis of completed projects, based on data provided by project managers, shows that overall the £2 million investment to 31 March 2007 has achieved a match funding gearing ratio of almost 1:5. The fund has exceeded expectations in terms of the wider benefits which might be delivered with a ratio of just over 1:22 across all projects.

Completed Projects Spend 2004-2007	Match	Match funding ratio to original investment	Wider Benefits	Wider benefits ratio to original investment
£2,114,032	£10,071,500	4.76	£46,360,885	21.93

2.7 For example, the project to provide SEGAS Grant Business Advisors (£50,000) brought in £270,000 grant to Kent businesses unlocking private sector capital investment of over £2 million and the creation of 57 jobs. The Archery World Cup event will raise the profile of archery within the county, and could be the precursor to further events up to 2012, which in turn will help to promote Kent’s potential as a national and international centre for archery and para-archery. It is also hoped that the event could underline Kent’s case as a 2012 preparation camp for archery. An independent appraisal undertaken through Grand National Archery Society has suggested that the event will be worth at least £0.5m to Dover’s local economy, with additional potential benefits to regeneration and inward investment. The significant longer-term benefits associated with the hosting the Tour de France also provides a good recent example.

2.8 During 2006-07, in accordance with the terms of the Fund, a total of £60,500 completed project underspend was returned to the Kent Regeneration Fund for reallocation to new projects. In the current financial year, approximately £70,000-£80,000 will be returned to the fund from the project to underwrite the hosting of the EBN (European Business Network) Congress in Kent in June 2007.

3 Progress Report

- 3.1 This is the fourth annual progress report on the Kent Regeneration Fund and covers the period to 31 March 2007.
- 3.2 Attached are schedules providing an overview of bids approved or submitted for approval to the Kent Regeneration Fund and projects completed during 2006-07.
- 3.3 The application criteria for the fund are shown at paragraph 4 below.
- 3.4 A summarised version of this report and accompanying schedule will be taken to the Environment & Regeneration Policy Overview Committee on 20 November 2007.

4 Kent Regeneration Fund Application Criteria

- 4.1 The following criteria set out the type of projects eligible for funding and the terms of the Kent Regeneration Fund, which must also be fulfilled if proposals are to be approved.

4.2 Eligible Proposals

- 4.2.1 Proposals will need to demonstrate links to projects, programmes and/or policy statements in the 'Vision for Kent' or 'Towards 2010' (from June 2006), the Supporting Independence Programme and 'Kent – What Price Growth?'
- 4.2.2 Proposals will be welcomed which support development in deprived areas and/or promote technical innovation and raising quality standards in relation to construction methods, environmental management, energy production/consumption and design. Support will also be considered for proposals attracting appropriate national pilots or demonstration projects to Kent.
- 4.2.3 Scoping studies and other forms of preparatory work will be usually agreed only where the substantive project has been identified as a priority and where the study is considering options for implementation rather than basic feasibility.
- 4.2.4 The Kent Regeneration Fund can be used to purchase expertise not available within KCC. KCC staffing costs will not normally be supported from the fund, although fixed-term contracts will be considered where this is more appropriate than using an external contractor.

4.3 Terms of the Kent Regeneration Fund

- 4.3.1 The Kent Regeneration Fund cannot be used to substitute existing budgets. It can be used for time-limited expenditure only, with no ongoing adverse financial implications for KCC base budgets.
- 4.3.2 Proposals should explore options to lever in other funding. Proposals should demonstrate a target 'gearing' of 1:5, either as a result of this money acting as the KCC contribution to directly match external funding, or as a result of initial investment unlocking subsequent development.
- 4.3.3 The Kent Regeneration Fund can be used to make upfront investment in a scheme, the cost of which is then recovered from others subsequently so that the Fund is reimbursed for the original investment.
- 4.3.4 Partners may submit proposals only if they match (1:1 or better) the KCC contribution being sought from the Kent Regeneration Fund and the 1:5 gearing then applies to that joint total.

4.3.5 No more than 15% of the Kent Regeneration Fund in any one year can be used for small-scale projects (those of £20k or less).

4.3.6 All project underspends will be returned to the Kent Regeneration Fund for allocation to new projects.

5 Recommendation

5.1 To **note** the Kent Regeneration Fund progress schedule to 31 March 2007.