

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

To: Regeneration and Economic Development Policy Overview
Committee – 30th July 2009

Subject: Regeneration & Economy Unit Financial Outturn and Unit
Operating Plan Outturn for 2008/09

Classification: Unrestricted

Summary:

This report summarises the 2008/09 financial outturn, together with annual operating plan outturn information, for the Regeneration & Economy Unit within the Chief Executive's Department. The report brings together financial and key activity and performance outcome information in the same place.

FOR INFORMATION

1. Introduction:

- 1.1 Last year each directorate prepared a combined unit level budget and performance outturn report for the September cycle of service POC meetings (Corporate Services was piloted in June). Following this exercise it was recommended that outturn reports need to be included in July cycle of POC meetings, even though in some instances finalising the data represents a challenge.

2. Regeneration & Economy 2008/09 Financial Outturn

The tables below show the full budget lines for the old Regeneration and Supporting Independence portfolio. The Regeneration line in the table includes Supporting Independence (which had underspends and rephased projects of £0.463m). In the figures quoted in the paragraph below, in order to isolate just the Regeneration and Economic Development elements of the table, the outturn position for Supporting Independence has been removed – hence the figures quoted do not match those in the table.

2.1 Regeneration & Economy Outturn - Revenue

The net revenue outturn for just Regeneration and Economic Development was £5.903m against a cash limit of £6.168m, giving an underspend of £0.265m. This underspend was caused by two issues. Firstly, there was rephasing of the bio-fuels project, with £0.075m transferred into 2009-10. Secondly, we took the opportunity of applying some HCA grant to the A2 linear park project, thus releasing £0.19k of KCC money into the new financial year. Apart from these two phasing issues, there was basically a balanced budget, which was an excellent achievement in a difficult year.

RSI Revenue

Service Unit	Director	Original budget £000s (net)	Approved cash limit £000s (net)	Final outturn £000s (net)	Variance from cash limit £000s (net)
Regeneration Projects Group (including Supporting Independence)	DC	4,602	5,424	4,698	-726
Economic Development Group	DC	2,156	2,160	2,158	-2
Planning and Development Group	MA	884	1,054	995	-59
Planning Applications Group	MA	739	1,009	769	-240
Total Regeneration and Supporting Independence		8,381	9,647	8,620	-1,027

Rephased projects

Bio-fuels	75
A2 linear park	190
Shaw Grange remedial work	240
Waste and mineral local development framework	59
Supporting independence	228
Net real underspend	-235

2.2 Regeneration & Economy Outturn - Capital

There was a significant rephasing of Regeneration capital projects, with £1.639m being transferred into the new financial year.

The empty property initiative did not use £0.510m of its original allocation for 2008-09, as a result of the general down turn in property development

Some costs of Phase 1 and 2 of the Gravesend Old Town Hall project slipped into the new financial year, leaving £0.382m unspent in 2008-09

Dover Priory station approach road project slipped slightly with £0.093m being rephased into the new year and the Dover Sea Change project also had rephasing of £0.35m

There was also a rephasing of £0.266m on the Eurokent spine road project as we were unable to carry out traffic calming work as time was needed to assess the traffic impact on the existing road.

RSI Capital

	2008/09 Spend				Total Scheme Cost		
	Original Budget £000s	Approved Cash Limit £000s	Final Outturn £000s	Variance from Cash Limit £000s	Approved Cash Limit £000s	Forecast Spending £000s	Variance from Cash Limit £000s
Schemes with Approval to Spend							
Kent Thameside Major Works Delivery board	480	610	513	-97	3,950	3,853	-97
Swale Forward Board (Major Works Delivery)	255	0	0	0	0	0	0
Arts & Business Centre at Folkestone Academy	800	2,223	2,223	0	3,500	3,500	0
Empty Property Initiative	2,000	1,000	490	-510	6,625	6,625	0
Dover Priory Station Approach Road	0	300	206	-94	1,710	1,710	0
Total Approval to Spend	3,535	4,133	3,431	-701	15,785	15,688	-97
Schemes with Approval to Plan							
De-dualling Fort Hill Road	450	1,553	1,614	61	1,630	1,691	61
Euro Kent (East Kent)	4,304	4,634	4,368	-266	6,605	6,605	0
Gravesend Community Arts Complex	850	1,485	1,102	-383	2,047	2,047	0
Capital Regeneration Fund	2,500	0	0	0	11,874	11,874	0
Dover Sea Change	0	350	0	-350	750	750	0
Total Approval to Plan	8,104	8,022	7,085	-937	22,906	22,967	61
TOTAL	11,639	12,155	10,516	-1,638	38,691	38,655	-36

3. Regeneration & Economy 2008/09 Unit Business Plan Outturn

A detailed performance return has been made by the Head of Service for the Regeneration & Economy Unit within the Chief Executive's Department. This return is appended to this report (Appendix one).

4 Recommendations

4.1 Members of the Regeneration & Economic Development POC are asked to:

- a) NOTE the revenue and capital financial outturn for 2008/09
- b) NOTE the performance outturn for 2008/09
- c) COMMENT on the evolving process of reporting financial and performance outturn together and delivery against Unit business plans.

Lead Officer contacts:

Richard Hallett
Directorate Finance Manager EH&W
Tel: 01622 694035

Nigel Smith
Head of Development Investment
Tel: 01622 221930

Regeneration & Economy

Executive Director's Summary

The past year has been one of significant change for the Regeneration and Economy Unit. In October 2008 they transferred to the Corporate Centre, within the Chief Executives Department, reporting to the Executive Director Strategy, Economic Development & ICT. Filling key posts in the new structure of this unit is proving to be a key issue that will be resolved during the coming weeks. Despite this change, staff have continued to deliver a high level of service to stakeholders and customers, and there have been notable successes, including:

- Publication of the 'Kent Regeneration Framework: Unlocking Kent's Potential';
- Launch of the Backing Kent Business campaign;
- Reinvigorating the Kent Design Initiative;
- Rolled out the 'No Use Empty' initiative across all Kent districts;
- Secured multi-million pounds of external funding to support and deliver long-term regeneration programmes across the County.

2008/09 has seen an increasingly challenging external environment for the Regeneration and Economy division. In the year to March 2009, the UK economy contracted by 4.1% and output continues to fall. Within Kent, after fifteen years of falling or static unemployment, numbers claiming Jobseekers' Allowance more than doubled in 2008/09, with particularly high increases among young adults. Delivery of regeneration schemes around the county has also slowed as a result of falling residential and commercial demand. The division has sought to respond to the challenges of recession, for example through our work through the Backing Kent Business campaign.

Recession is also impacting on the availability of public sector funds for regeneration. With private sector activity at record lows, the regional development agency, SEEDA, announced significant budget cuts and a reprioritisation of investment plans. Similar reductions in funding have been announced by other central government agencies, and further cuts are likely over the coming year.

At the same time, the national policy environment for the work of the division has continued to change rapidly as a result of the Government's review of sub-national economic development activity. This is likely to lead to an enhanced role for the County Council, and new legislation is currently going through Parliament that will bring new statutory duties for economic development to the Authority. In 2008/09, the Government also created the national Homes and Communities Agency (HCA), integrating housing and regeneration funding. The HCA wishes to create with local authorities local investment plans to prioritise their investment, and the division has engaged in dialogue and planning with the HCA to maximise the opportunities for Kent.

Business Plan Performance 2008-09 Regeneration & Economy

Directors Summary

Performance against planned outcomes:

At the end of 2008/09 the division was involved in 68 live projects with a combined total of 211 planned outcomes of which 74% were fully completed. Where outcomes were not achieved, this has been mainly due to economic downturn affecting partners and funding availability. The majority of incomplete outcomes are being taken forward with either a revised timetable or a revised approach to reflect current circumstances.

Overall:

Despite the economic turbulence of the past year, the Division has delivered some remarkable achievements including securing multi-million pounds of external funding to support and deliver long-term regeneration programmes across the County including £7.75m for Dover, £1.7m for North Kent A2 Activity Park and £2m directly supporting rural communities to enable business enterprise development and improve access to services for rural residents. Additionally, as the accountable body for Kent Thameside, the division has levered in multi-million pounds of funding supporting homes and job creation in the area.

Regeneration Framework

The Division supported the development of the Kent Regeneration Framework and has assisted in establishing the Regeneration Board and co-ordinated reporting to Cabinet Terms of Reference of the framework's supporting strategies. Additionally, the Division has led the Backing Business Campaign launched in December 2008.

Other highlights

Other specific highlights include:

- Opening of the Performing Arts and Business Centre in Folkestone which includes business incubator space
- Completion of Elwick Road, shared space scheme in Ashford
- Launch of new Kent Excellence in Business Awards
- Overcame funding and legal issues relating to public realm improvements to Dover Priority Station approach to ensure project will complete in 2009/10
- Completed public realm improvements at Margate's Rendezvous Site to enable development of Turner Contemporary
- De-Dualling of Fort Hill, Margate, to overcome the physical and psychological separation between the Seafront and the Old Town
- Completed phase 1 refurbishment works for Gravesend Old Town Hall and secured funding to enable completion of phase 2 in 2009/10
- Assisted delivery of a range of community-led projects in rural areas including Wealdon Wheels (access to services) and Funding Buddies (access to funding)

<p>opportunities). The latter has successfully generated an additional £1m of funding for rural communities</p> <ul style="list-style-type: none"> • A cultural tourism initiative supporting Folkestone, Whitstable and Turner Contemporary generated £929k through day trips and short breaks to the area • The “Greeters Programme” initiated in Kent has attracted interest from other UK and EU based tourism organisations and the division has developed a consultancy package which it is hoped will protect the brand and ensure Kent is the sole source of advice and training in the UK for this initiative • Exceeded its target figure for 2008/09 and rolled out the No Use Empty initiative across all Kent districts • Agreed £9.8m developer contributions from all development sites coming forward during the year • Reinvigorated the Kent Design Initiative • Launch of the Backing Kent Business campaign and on-line business support centre • Successful Kent 2020 Business Expo.
--

Summary Business Plan details

The Division has a key role in delivering regeneration aspirations of the growth agenda for Kent and specifically leads on several T2010 targets focused on the economy, regeneration and sustainable housing. The economic slow down has impacted on the Division’s activities and has caused delays in its ability to deliver on some planned outcomes though many continue to be pursued for resolution in 2009/10 financial year. Overall though, despite the more difficult climate in which the Division is operating, the majority of outcomes have been delivered and in many cases exceeded. A full report of performance against all outcomes is available on request.

Key Performance Indicators & Activity Levels

Indicator	2006/07 Actual	2007/08 Actual	2008/09 Target	2008/09 Actual/ Est	Trend ▲ (Better) ► (Same) ▼ (Worse)
Number of jobs created/safeguarded in Kent (excludes Medway) cumulative since 2005/06	5,729	9,068	12,208	12,854	▲
Number of new companies investing in Kent (excludes Medway) cumulative since 2006/07	111	177	247	247	▲
Value of on-line bookings made on the Destination Management System	New system	£305,503	£500K	£285,168	3yrs Data not available

Explanation for above Target not being met:

Appendix 1

Indicator	2006/07 Actual	2007/08 Actual	2008/09 Target	2008/09 Actual/Est	Trend ▲ (Better) ▶ (Same) ▼ (Worse)
Target has not been met due to the economic slow down which has seen both a reduced number of accommodations bookings overall and a reduction in the number of days for bookings. Also a number of commercial operators have now entered this market. During 2009/10 a review will be undertaken to see where KCC can add value and from this determine its future role in this area.					
Number of jobs in the visitor economy in Kent (full time equivalents)	49,555 (2003 data)	50,669 (2006 data)	50,185	Not available until 2010	3yrs Data not available
Number of visits to the Visit Kent website	975,000	977,473	1,325,000	1,260,964	▲
<u>Explanation for above Target not being met:</u> Although there is an upward trend in visits, the target was set prior to the economic down turn impacting on holiday bookings.					
Number of long-term empty properties brought back into use in Kent (cumulative since 2006/07)	172	339	511	728*	▲
* Final confirmation due May 09					
Percentage of developer contributions sought to agreed (minor sites under 500 units)	82%	82%	80%	85.7%	▲
Developer contributions secured from minor sites	£4.8m	£3.7m	£3m	£6.1m*	▲
Cumulative developer contributions secured from major sites over 500 units	£43.80	£170.2m	£174.7m	£173.9m**	▲

* Of note are two developments. In Ashford, contributions of £1.1m are deferred and will only be released if certain sales triggers are met. In Sevenoaks, contributions of £1.1m were agreed for the proposed development of the West Kent Cold Store.

** Although actual performance against the target is lower this is due to the overall number of housing units agreed being lower than originally expected. KCC secured agreement for 100% of contributions for services.

Benchmarking Information

Any service comparison related to national or local Performance Indicators, cost of services provided

N/A

Performance Against Projects/Developments / Key Actions

Year end monitoring		
Task Complete Number / (%)	Part complete and being carried forward Number / (%)	Red Tasks Number / (%)
155 (74%)	36 (17%)	20 (9%)

Performance against planned outcomes:

At the end of 2008/09 the division was involved in 68 live projects with a combined total of 211 planned outcomes of which 74% were fully completed. Where outcomes were not achieved, this has been mainly due to economic downturn affecting partners and funding availability. The majority of incomplete outcomes are being taken forward with either a revised timetable or a revised approach to reflect current circumstances.

Explanation for incomplete developments being carried forward, or those not started.

Project/ development/ key action	Planned outcome/ deliverable as per unit business plan	Reason(s) why and actions to rectify
Coastal		
Redevelopment of former coalfields	Lead KCC input to master plan for Snowdon	English Partnerships not willing to fund work on grounds of commercial viability. Now planning intervention at Aylesham village via provision of business and training facility
Margate renewal – town centre action plan	Selection of a development partner	SEEDA –led project which they have put on hold due to downturn in market
Margate parking access and movement	Consultation on specific parking projects	Consultation on hold allowing progress on higher priority projects.
Margate Lower high Street pedestrian improvements	Development of outline design for public realm improvements	Thanet District Council withdrew support for work to be undertaken
Folkestone Tontine Street public realm improvements	Produce tender documents for appointment of contractors	Studies by Jacobs showed schemes were not technically feasible to go ahead
Natural East Kent	Area action plan from Lydden and Pegwell Bay	Local group that were involved in process withdrew
Growth Areas		
Sheppey area	Site on site with Rushenden Relief Road	Processes are in place but cannot commit to contract until resolution of SEEDA funding gap for scheme
Kent Thameside Strategic Programme	Appointment of programme manager	CLG funding cannot be drawn down due to ongoing appraisal work
Economy and Skills		

Project/ development/ key action	Planned outcome/ deliverable as per unit business plan	Reason(s) why and actions to rectify
Enterprise skills/ start-up business support	Work with Property to identify four potential opportunities to develop new workspace provision facilities including Manston Park	Though space is being provided at Gravesend Old Town Hall and at the Marlowe Innovation Centre other sites have not come forward partly as a consequence of KCC property strategy to realise capital assets for funding of other mainstream priority actions
Rural Regeneration		
Non food crops centre	<ol style="list-style-type: none"> 1. Establish a charitable trust and secure first phase international funding 2. Attract additional UK and international non-food crop partners 	<p>Need to assess future of project and whether to continue</p> <p>As above</p>
Partnership based delivery programmes	Secure and set up 3 new rural funding streams and their respective administrative structures through Leader 2008 -2013 Programme	Only 2 secured
Post Office closures	Undertake research and report on impacts on post office closures on Kent's rural communities	Post Office have refused to disclose key information pertinent to research despite FOI challenge
Produced in Kent	Increase membership revenue by 10%	Only 5% increase secured as a result of economic down turn affecting membership rates
Kent Wide		
Kent Foresight projects – Sustainable Future Industries Centres	Completion of stage 3 SusCon centre for construction excellence and urban renaissance in Kent Thameside	Funding to complete not secured – project is being transferred to CFE to link to 14 – 24 vocational training offer
Regional Eco-innovation action programme	Subject to funding, investigate potential for INTERREG funding for pilot programme and	Funding was re-prioritised and therefore not forthcoming for this project

Appendix 1

Project/ development/ key action	Planned outcome/ deliverable as per unit business plan	Reason(s) why and actions to rectify
	implement if successful	
Kent Design	Plan for a major design related conference in the North Kent area in 2009	Priority of this planned deliverable is being re-examined.
KCC Regeneration Strategy (now Framework)	Delivering 2008/09 actions in the KCC Regeneration Strategy	Delays in producing framework document meant no actions agreed for 2008/09

Towards 2010

Target 1: Substantially increase the number of new jobs by increasing the number of companies investing in Kent and the number of businesses starting up or expanding	On course
Target 2: Concentrate on the regeneration of Kent's deprived areas and support business growth in these areas, seeking maximum funding from Government and the EU to support the necessary infrastructure, including roads, utilities, telecoms and other services	On course
Target 3: Support a programme of town centre regeneration	On course
Target 4: Support rural businesses and communities to build a strong entrepreneurial culture	On course
Target 7: Fulfil Kent's potential as a premier tourist destination	On course
Target 39: Bring back into use the large number of empty homes in Kent	On course
Target 40: Ensure that new housing developments include the right infrastructure and local facilities and cater for a mix of age groups and incomes	More progress needed
Target 44: Establish a Global Centre in Kent that will lead the world in developing crops to provide energy, medicines and other products	More progress needed
Target 46: Lobby Government, the water companies and developers to ensure that house building programmes do not threaten Kent's water supplies	On course

External Evaluation

N/A

2008/09 Monitoring Report - Regeneration and Economy

ENVIRONMENTAL PERFORMANCE AND CLIMATE CHANGE

ISO14001

Objective/target	Progress (R/A/G)	Supporting performance data
Commitment to support revised KCC Environment Policy and implementation plans	Green	<ul style="list-style-type: none"> Project plans now include requirement to show direct and wider policy fit including sustainability and environmental
Reduce energy and water use within E&R occupied buildings to support achievement of T2010 target 42	Amber	<ul style="list-style-type: none"> Corporate target which overall is being met but progress outside KCC main office buildings is not clear
A 20% reduction in the amount of print and copy paper used	Green	<ul style="list-style-type: none"> Systems devised to recycle paper at printers Directorate target for recycling paper is being met
All external and internal documents to be produced on recycled paper, with ISO 14001 logo displayed	Red	<ul style="list-style-type: none"> Not all publications suitable for recycled paper
All staff to have individual environmental targets or an environmental behaviour as part of TCP	Red	<ul style="list-style-type: none"> Reminders have been sent to staff at appraisal times but no system to measure compliance
All new printers to have double sided capability. All existing printers to defaulted, where possible, to double-sided	Green	<ul style="list-style-type: none"> All new purchases / leases include requirement for double-sided printing and eco-tone functionality
Reduction in business mileage within the	Green	<ul style="list-style-type: none"> Promotion of car sharing options

Objective/target	Progress (R/A/G)	Supporting performance data
division		<ul style="list-style-type: none"> • CEPG have set up systems to record and monitor mileage and results are reported to the Leadership Team • All mileage (casual, essential and lease has reduced compared to 2007/08)
Develop action plan following “Green Office Benchmarking Audits”	Green	<ul style="list-style-type: none"> • Report received with priority actions and how these will be met

CLIMATE CHANGE ADAPTATION

Objective/target	Progress (R/A/G)	Supporting performance data
<p>Partnership working / policy influencing – all regeneration areas</p> <ul style="list-style-type: none"> • Follow up work on mapping exercises carried out in 2007/08 to identify specific actions for business activity / project development identified as having a major impact on climate change (recommendation 2) • Develop a Climate Change Action Plan for the Division including identification of lead officers and timescale for delivery (recommendations 9 and 11) • Review business continuity plan to ensure it adequately covers climate change impacts on business activities / objectives (recommendation 2) • Increased focus on masterplanning to reduce reliance on cars to travel around 	<p>Red</p> <p>Red</p> <p>Green</p> <p>Green</p>	<p>All project plans are now required to consider wider policy fit including environmental impacts</p> <p>As above</p> <p>Included as an appendix to Divisional Continuity Manual and forms part of annual update process</p> <p>Support for sustainable public transport schemes at major developments, <i>Fastrack</i> in Dartford and Smartlink in Ashford. Road</p>

Objective/target	Progress (R/A/G)	Supporting performance data
<p>town centres (recommendation 7)</p> <ul style="list-style-type: none"> • Make sustainability standards part of selection criteria in selection process for developer partners (recommendation 6) • Influence and negotiate with partners to take forward recommendations on sustainable energy provision (recommendation 4) • Advocacy of Kent Design with housing builders to consider impacts of climate change on housing design particularly in relation to PPS25 on flood risk assessment (recommendation 3) 	<p>Amber</p> <p>Green</p> <p>Green</p>	<p>and public realm improvements to increase pedestrian areas within town centres, for example, dedualling of Fort Hill, Margate, Dover Priory Station Approach, Tontine Street, Folkestone</p> <p>Currently, it is the responsibility of individual project managers to include sustainability within selection processes. More work is needed to promote objective</p> <p>Progress made with partners in development of wind farm. Planning permission for the sub-station at Graveney for the largest planned off shore windfarm in the Thames Estuary has been granted. The sub-station is an essential element of infrastructure needed for the project. All other consents are in place. Also completed Ashford Energy Study. Queenborough and Rushenden regeneration projects incorporate energy efficiency solutions. Building schools for the future incorporates energy efficiency and renewable technologies in schools design</p> <p>As per specific outcomes in the business plan (detailed above)</p>
<p>Project Delivery</p> <ul style="list-style-type: none"> • Further develop and advocate water 	<p>Green</p>	<p>See actions taken under Towards 2010 target 46</p>

Objective/target	Progress (R/A/G)	Supporting performance data
<p>saving projects in areas of high demand. Monitor and report on performance of projects (recommendation 3)</p> <ul style="list-style-type: none"> As part of Empty Property Initiative roll out, link property renovation/improvement work to KCC actions on water and energy efficiency to reduce carbon impact of properties brought back into use via the project (recommendation 3) Provide KCC lead on response to Government proposals on Eco-Towns / Eco Region 	<p>Green</p> <p>N/A</p>	<p>No Kent town bids were successful</p>
<p>Management (workforce development)</p> <ul style="list-style-type: none"> Research, develop and disseminate information to staff on impacts of regeneration activity on climate change so that it is better integrated in business cases for project development (recommendations 1 and 2) Greater focus on ISO 14001 objectives to raise staff awareness and meet 	<p>Red</p> <p>Green</p>	<p>All project plans are now required to consider wider policy fit including environmental impacts</p> <p>New systems in place for recycling and being developed to monitor mileage. General continued support and reminders to all staff on</p>

Objective/target	Progress (R/A/G)	Supporting performance data
directorate targets		environmental impacts of office working.