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To: Regeneration and Economic Development Policy Overview and Scrutiny Committee - 19th January 2010

Subject: Review of Regeneration and Economy Project Activity

Classification: Unrestricted

Summary:

This report details the outcomes of the review of Regeneration and Economy's business activities against the priorities in the Regeneration Framework and sets out a future work programme that gives more emphasis to strategic issues and to commissioning.

1. Introduction

- 1.1 At its meeting on 22 July, the Regeneration Board agreed that a review of the Regeneration & Economy Division's activities should be carried out.
- 1.2 The principal drivers for this review are:
- The need to ensure alignment of the Division's activities with the main priorities set out in the Regeneration Framework – 'Unlocking Kent's Potential';
 - The establishment of the new Regeneration Board and a need for a fresh mandate from it in relation to the Division's priorities;
 - Recognition that the economy (and all that it entails) is the single most important factor in addressing deprivation - a challenge that is still very real for KCC.
 - New statutory requirements for upper tier authorities in respect of Local Economic Assessment and Economic Prosperity Boards as well as the Homes and Communities Agency's new method of prioritisation through the sub regional "single conversations";
 - An increasingly challenging financial climate which will see a reduction in the Division's resources both from within KCC's own resources but also from our external partners, with significant uncertainty for 2011 onwards. However, there are two areas of work that will help shape KCC's decisions about future priorities, namely the visits being undertaken by

REDPOSC members to every district and their subsequent observations; and the conclusions to be drawn from the imminent refresh of What Price Growth.

- A need for collaborative working with the districts and Integrated Spatial Planning with regards to LDFs and any future proposals regarding county wide structure plans.

2. Current Work of the R&E Division

- 2.1 Appendix 1 lists all of the division's activities and Appendix 2 shows the staffing complement per area of activity. The appendices are very detailed but they do serve to i) show how the current activities align (or not) with the Regeneration Framework; ii) identify the resources allocated to the activity and iii) provide a commentary on proposals for future involvement.
- 2.2 The Division's work programme is consistent with specific targets set out in the Vision for Kent, Towards 2010, Kent Agreement 2 and the Rural Regeneration Framework. The programme has both a Kent wide focus - empty properties, Kent Design, Locate in Kent, developer contributions and a marked geographic focus on the growth areas of north Kent and Ashford, the deprived areas of coastal East Kent, and the rural agenda. There has also been growing emphasis on the needs of business and local communities through the 'Backing Kent Business' and 'Backing Kent People' campaigns as well as focus on new and emerging sectors such as the visitor economy and environmental technologies.
- 2.3 The new approach set out in the Regeneration Framework sees the proactive engagement of the wider authority including CFE, EHW in promoting and delivering regeneration across the county.

3. The Future

- 3.1 Our priorities are determined by the objectives of the Regeneration Framework. As such, the focus will be on:
- "Owning" the Regeneration Framework ensuring that the supporting strategies align with its principles as well as monitoring and reporting delivery against the actions.
 - Delivering the key strategies highlighted in the Regeneration Framework for which we are directly responsible:
 - Kent Spatial Vision
 - Integrated Housing Strategy for Kent
 - Working with our colleagues in Research, Strategy and International Division to meet new statutory obligations to conduct a Local Economic Assessment for Kent and to establish an Economic Prosperity Board. We will also resource the KCC input into the "single conversations" to be undertaken by the HCA across Kent both to ensure alignment with the

Regeneration Framework and to take a strategic Kent-wide view on relative priorities.

- The Regeneration Framework articulates a desire to work more effectively with the Districts and Borough Councils of Kent in the delivery of economic development and regeneration. In principle, given that these are concurrent areas of responsibility, there should be significant added value to be gained by closer working between the two tiers of local government. This could be essential given the impending loss of significant amounts of government funding for regeneration and economic development from 2011 in many parts of Kent.
- Developing a strong relationship with business. We will publish the Sectors Strategy and work to deliver any activities which flow from it. This should lead to an improved package of business support, relevant to the needs of Kent's economy and its growth sectors in particular.

We will review our programme of activities under Backing Kent Business, to ensure that Kent is a "business friendly county" and local companies are successfully securing contracts with KCC. We will also ensure that the rural activities are aligned with this campaign.

There are a number of high profile events such as Kent Excellence in Business Awards, Kent 2020 Business Expo, Taste of Kent Awards, and many more which celebrate Kent business success. However, although they are high profile and successful initiatives which celebrate the best in Kent's economy, they do take up considerable resource in both staff time and money. Officers already work with the private sector on many of these events and it is proposed that we seek ways of continuing to do this but on a more significant basis.

- Maximising opportunities associated with major developments, especially around Ashford, North Kent and coastal East Kent. This will see continued efforts to bring forward regeneration at Dover, Margate, Sittingbourne/Sheppey, Ashford, Dartford and Gravesham.

The uncertainty of future levels of government and regional funding for these areas means we cannot forecast the future level of our involvement. We will need to look at KCC's input to these areas beyond that date. We will look at smarter ways in which we engage with the partnership bodies in the growth areas in particular, to ensure that we are using our staffing resources as efficiently as possible. But we will also boost our senior level engagement in these partnerships (as appropriate) to ensure that we are giving them consistent and sufficient attention and that the KCC input adequately covers all our service and strategic interests. We will also seek to identify alternative methods of delivery, such as through the HCA Single Conversation process, exploring more creative ways of partnering with the private sector, and pursuing innovative funding solutions, such as Tax Incremental Financing, etc. Of significance here will be the outcomes from REDPOSC member visits to each district.

- Building on the success of our housing, regeneration and economic development projects to:
 - Return a further 600 empty properties into use between 2010 - 2012, further expanding our No Use Empty campaign.
 - Continue with our Backing Kent People Campaign and ensure the successful establishment of the Kent Credit Union, 'Kent Savers', as a fully fledged, independent mutual society.
 - We will continue to focus on bringing forward business/employment space such as Manston and Eurokent in Thanet as well as our continued role in Kings Hill.

- In line with the Regeneration Framework's commitment to promote Kent, we will be continuing to promote Kent through Locate in Kent and Visit Kent, but ensuring that we do so in the most efficient and effective ways possible. We are negotiating new 3 year SLAs with both organisations to ensure that future delivery aligns with our priorities; reaps demonstrable outcomes; and exploits fully future opportunities whilst recognising the challenges facing KCC's budget.

- Revising the Kent Design Guide to help meet the Regeneration Framework objective of ensuring that new developments are built to the highest standards.

4. What we propose to stop

- 4.1 We will be seeking to relinquish, as soon as can be practically achieved, our lead role in a number of projects which may be sufficiently established to hand on to others to manage; judged to be of limited strategic value; or which are nearing their end. Examples include the Kent Rural Towns Programme, Natural East Kent and Herne Bay regeneration proposals. Some projects can be relinquished relatively quickly, while others may require rather longer to negotiate an exit strategy where other partners are concerned.
- 4.2 We will radically change our approach to providing financial support to partnerships. We will be working within a new funding climate post March 2011, when external funding to key partnerships, such as those in the growth areas as well as partnerships such as Industrial Communities Alliance, Kent Association of Local Councils and Conference Kent, may reduce significantly. Given our own budget pressures it is proposed that after March 2011 we will operate a general presumption of ceasing funding to those partnerships, (for the growth areas these are currently costing of the order of £239k), and instead consider bids to the Regeneration Fund where each can be assessed on their own merits.

5. Review of Lead Directorates

- 5.1 Given the new approach which sees regeneration now at the heart of the Council's activities, and with the emphasis on the different portfolios of the Council playing their part to deliver regeneration, we have looked at priority projects which we consider other teams or directorates may be better placed to take forward. Subject to negotiations with respective teams over the next

few months, it is proposed that a number of projects are transferred to Environment, Highways and Waste Directorate including A2 diversion at Whitfield, A2 skip roads at Canterbury, Margate parking access and movement project and Swale green infrastructure; to Property Group including management of Old Rectory business space and Whitfield Enterprise Centre in Dover.

6. Approach to commissioning and monitoring the work of the Division

- 6.1 In order to be totally transparent in our delivery it is proposed that as funding is freed from current activities that the funding is transferred into the Regeneration Fund (split between revenue and capital as appropriate). Any new projects or projects wishing to seek further funding would then be subject to approval via the Regeneration Fund. This means that prior to any new work being commissioned by the Regeneration and Economy Division, a full business case will be required which sets out (i) project purpose and rationale, (ii) fit with Regeneration Framework and other KCC priorities, (iii) what the expected resource requirements are, including project management, and (iv) what arrangements will be put in place for exiting from the activity. Each business case will then be appraised by the Division's Programme office, and referred to the Regeneration Board for decision.

7. Financial Implications

- 7.1 Currently, Regeneration and Economy has an annual core budget of £5.8m plus a £2.5m capital and £1m revenue funding for the ringfenced Regeneration Fund. The proposals in this paper are seeking to improve transparency of delivery by transferring funding from a core, allocated budget through to increased commissioning via a larger Regeneration Fund (split appropriately between capital and revenue).

8. Issues for discussion

- 8.1 Members are asked to approve the new work priorities for the Division as set out in this report and Appendix 1.

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Background Documents:

None