

**ECONOMIC DEVELOPMENT CABINET COMMITTEE**

**Friday, 20th September, 2013**

**10.00 am**

**Council Chamber, Sessions House, County Hall,  
Maidstone**







## AGENDA

### ECONOMIC DEVELOPMENT CABINET COMMITTEE

**Friday, 20 September 2013, at 10.00 am**  
**Council Chamber, Sessions House, County**  
**Hall, Maidstone**

Ask for: **Christine Singh**  
Telephone: **01622 694334**

*Tea/Coffee will be available 15 minutes before the start of the meeting*

#### **Membership (13)**

- Conservative (8): Mr M A Wickham (Chairman), Mr M A C Balfour, Mr A H T Bowles, Miss S J Carey, Mr S Holden, Mr J A Kite, MBE, Mr G Lymer and Mr C Simkins
- UKIP (2): Mr R A Latchford, OBE and Mr F McKenna
- Labour (2) Mrs E D Rowbotham and Mr R Truelove
- Liberal Democrat (1): Mr R H Bird

#### **UNRESTRICTED ITEMS**

*(During these items the meeting is likely to be open to the public)*

#### **Webcasting Notice**

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#### **A. COMMITTEE BUSINESS**

- A1 Introduction/Webcasting
- A2 Substitutes
- A3 Declarations of Members' Interest relating to items on today's Agenda
- A4 Date of next meeting

Members are asked to note that the next meeting of the Cabinet Committee has

been rescheduled for **Tuesday, 3 December 2013 at 10.00 am**. Please delete Thursday, 7 November meeting from your diary.

- A5 Minutes of the meeting held on 14 June 2013 (Pages 1 - 6)
- A6 Verbal Update by Cabinet Member for Economic Development
- A7 PRESENTATION: East Malling Research by Ross Newham, Head of Communications, EMR

**B. Key or Significant Cabinet/Cabinet Member Decision(s) for Recommendation or Endorsement**

- B1 Decision Number: 13/000070 - Escalate: Decision to enter into Regional Growth Fund grant agreement (Pages 7 - 16)

**C. MONITORING PERFORMANCE**

- C1 Regeneration and Economic Development Portfolio Financial Monitoring 2013/14 (Pages 17 - 22)
- C2 2012-13 Business Plan Full Monitor Report (Pages 23 - 48)
- C3 Performance Dashboard (Pages 49 - 52)

**D. Other Items for Comment/Recommendation to the Leader/Cabinet or Officers**

- D1 Medium Term Financial Outlook (Pages 53 - 62)
- D2 Kent Local Authority Mortgage Scheme (LAMS) and Help to Buy (Pages 63 - 72)
- D3 Strategic Economic Plans for Future Funding for Growth (Pages 73 - 76)
- D4 Assisted Areas Review (Pages 77 - 98)
- D5 Verbal Update by Director of Economic Development  
To include: "Facing the Challenge - Delivering Better Outcomes Transformation Plan"

**EXEMPT ITEMS**

*(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)*

Peter Sass  
Head of Democratic Services  
(01622) 694002

**Thursday, 12 September 2013**

**KENT COUNTY COUNCIL**

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**ECONOMIC DEVELOPMENT CABINET COMMITTEE**

MINUTES of a meeting of the Economic Development Cabinet Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Friday, 14 June 2013.

PRESENT: Mr M A Wickham (Chairman), Mr M A C Balfour, Mr A H T Bowles, Miss S J Carey, Mrs T Dean, Mr S Holden, Mr R A Latchford, OBE, Mr G Lymer, Mr F McKenna, Mr R J Parry (Substitute), Mr C Simkins and Mr R Truelove

ALSO PRESENT: Mr M C Dance

IN ATTENDANCE: Ms B Cooper (Director of Economic Development), Mr W Gough (Economic Development Manager), Mr D Hughes (Head of Business Engagement and Economic Development) and Mrs A Hunter (Principal Democratic Services Officer)

**UNRESTRICTED ITEMS**

**2. Election of Vice-Chairman**

*(Item A3)*

Proposed by Mr Parry, seconded by Ms Carey and

**RESOLVED** that Mr Holden be elected as Vice-Chairman of the Economic Development Cabinet Committee.

**3. Declarations of Members' Interests relating to items on today's Agenda**

*(Item A4)*

There were no declarations of interest.

**4. Minutes of the meeting held on 6 March 2013**

*(Item A5)*

**RESOLVED** that the Minutes of the meeting held on 6 March 2013 are correctly recorded and that they be signed by the Chairman.

**5. Overview of Economic Development - Verbal**

*(Item A6)*

*(Report by Ms B Cooper, Director of Economic Development)*

- (1) Ms B Cooper gave a presentation on "Unlocking the Potential – KCC's role in delivering growth and backing business in Kent". The presentation covered: the changing growth agenda, KCC's strategy for growth, and the implementation of that strategy including business growth, infrastructure and development, and strategy and partnerships

- (2) Ms Cooper responded to questions by Members and confirmed that:
- (a) The EU is the primary source of increased funding and efforts should continue to secure such development funding;
  - (b) The role of district and borough councils in economic development is non-statutory and the role and contribution varies across Kent;
  - (c) In west Kent the emphasis is on supporting business start ups particularly as there are not many large sites to bring forward for development;
  - (d) Various methods are used to assess the value of KCC's role in economic development particularly as most development activity takes place in conjunction with partner organisations. It was confirmed that in some cases KCC managed the process in its entirety such as Expansion East Kent, in other cases shared the success with others in unlocking potential housing sites and in other cases KCC was able to bear some of the risk to "push projects over the line" to completion;
- (3) It was considered that the emphasis of this Committee should be a strategic one with a clear focus on Kent as a whole and not on individual electoral divisions or districts.
- (4) **RESOLVED** that the responses to Members' comments and questions and the information in the verbal report be noted.

## **6. Growing Places Fund**

*(Item B1)*

*(Report by Mark Dance, Cabinet Member for Economic Development, and Barbara Cooper, Director – Economic Development)*

- (1) Ms Cooper introduced the report which gave details of the Growing Places Fund that provides loan finance via the Local Enterprise Partnerships to bring forward infrastructure where this would unlock homes and jobs. Subject to final appraisal the South East LEP has allocated £6 million to support projects in Kent.
- (2) Mr Dance and Ms Cooper asked for the Committee's comments on the final appraisals for:
- (a) Up to £629,000 to bring forward a commercial site at Sturry Road, Canterbury and
  - (b) Up to £2.95 million to deliver the second phase of The Base Incubator and Business Centre at Dartford.
- (3) Mr Dance and Ms Cooper confirmed that the appraisals for the Discovery Park Enterprise Zone, Sandwich and Southfleet Road, Ebbsfleet would not go forward at this time.
- (4) In response to questions and comments Ms Cooper said that:

- (a) The Growing Places Fund calls for applications three times each year and applications are shortlisted by using criteria such as whether planning permission exists, the ability of the applicant to repay the loan and the likelihood of jobs being created and sustained;
  - (b) The viability of projects was independently assessed on a case by case basis;
  - (c) Loans must usually be re-paid within 1-5 years to enable the money to be recycled, due diligence is undertaken and the loans cannot generally be used to subsidise companies of particular sizes or types;
  - (d) As the Growing Places Fund is used to support organisations that cannot get funding from elsewhere there is, necessarily, a higher risk profile than commercial banks would support;
  - (e) There is not a single figure of “cost per job”. For example the cost per job funded by the Regional Growth Fund is between £12K-£15K while the cost per job funded by Expansion East Kent is between £7k-£25K and the cost of jobs in life sciences tend to be higher than hotel and catering jobs.
- (5) **RESOLVED:**
- (a) That the final appraisals for: up to £629,000 to bring forward a commercial site at Sturry Road, Canterbury and up to £2.95 million to deliver the second phase of The Base Incubator and Business Centre at Dartford be endorsed.
  - (b) That that the appraisals for the Discovery Park Enterprise Zone, Sandwich and Southfleet Road, Ebbsfleet be not considered at this time.

## **7. 2012-13 Business Plan Summary Monitor Report**

*(Item C1)*

*(Report by Mark Dance, Cabinet Member for Economic Development, and David Cockburn, Corporate, Director for Business Strategy and Support)*

- (1) Mr Dance introduced the report which gave an overview of the performance against each business priority in the Economic Development and Spatial Unit 2012-2013 Business Plan highlighting key achievements and outstanding issues. It also provided a full year outturn performance for key indicators reported to the Performance Evaluation Board.
- (2) During the discussion there was a request that the full summary of performance referred to in paragraph 2.3 of the report be provided at a future meeting of the Economic Development Cabinet Committee.
- (3) Questions were raised about: the percentage of new jobs in Kent that were “home grown” compared with the jobs being attracted from elsewhere; the importance of attracting jobs not only from Europe and North America but also from London and elsewhere in the UK; the future role of the International Board; the need for graduate level jobs; and for international schools.

- (4) Mr Dance said that: the future of the International Board was being reviewed; next year would be very important for INTERREG Bids and work was already underway but further local intelligence on partners' activities would be required to maximise success.
- (5) Mr Dance also said that he sat on the Business Advisory Board at Canterbury Christ Church University and both this university and the University of Kent had an international outlook. He said the life and bio science industries would provide high quality job opportunities for graduates.
- (6) **RESOLVED:**
  - (a) That the comments and answers to questions be noted;
  - (b) That a full summary of performance be presented to a future meeting of the Committee.

## **8. Unlocking Kent's Potential: Developing a Growth Plan for Kent**

*(Item D1)*

*(Report by Mark Dance, Cabinet Member for Economic Development, and Barbara Cooper, Director – Economic Development)*

- (1) Ms Cooper introduced the report which set out progress to date in developing “Unlocking Kent’s Potential” and explained how it was being taken forward in the light of changing Government policy and the evolution of the South East Local Enterprise Partnership.
- (2) The Economic Development Cabinet Committee had previously considered proposals for a re-refresh of “Unlocking Kent’s Potential” to develop a new strategy for economic growth at its meeting in March 2013. Since then initial consultation with business and with district and borough council leaders had taken place. In addition the Government had proposed devolving some economic development funds and had asked Local Enterprise Partnerships to prepare growth plans setting out future investment priorities. This was considered to be an opportunity to which the refreshed Unlocking Kent’s Potential would need to respond.
- (3) In response to questions, Ms Cooper said that the annual spending review on 28 June would indicate the size of a new Single Local Growth Fund that would be available in 2015, Kent County Council’s plans for growth would need to be sufficiently robust to benefit from any funding provided nationally and would therefore concentrate on three priorities – unlocking infrastructure, unlocking business growth and unlocking skills
- (4) **RESOLVED:**
  - (a) That the contents of the report be noted;
  - (b) That a further report, including a draft consultation version of Unlocking Kent’s Potential, be received at the next meeting of the Economic Development Cabinet Committee on 20 September 2013.



## **9. School for Creative Start-ups Kent**

*(Item D2)*

*(Report by Barbara Cooper, Director of Economic Development. David Hughes, Head of Business Engagement and Economic Development was also present for this item)*

- (1) The Cabinet Committee considered a report on a proposal to establish a School for Creative Start-ups Kent. Mr Hughes introduced the report and said the proposed school was an innovative, initially two-year programme based in Folkestone specifically designed to teach artists and designers the skills required to turn their aspirations into viable, scalable and successful businesses. He also said the school was based on the successful model developed by entrepreneur, Doug Richard, at the London based school for Creative Start-ups and the aim was to work with up to 200 potential start up business over a two-year period.
- (2) In response to questions Mr Hughes said:
  - (a) The project was not solely aimed at young people;
  - (b) 60 applications for each place which cost £3,500 were received at the London School for Creative Start-ups and it was anticipated that many applications would be received in Folkestone;
  - (c) Only 4 out of 100 participants on the London course did not complete it
  - (d) It was proposed to provide places at the school free to participants for the first year;
  - (e) Additional financial and in-kind support was likely to be forthcoming from Shepway District Council and the Creative Foundation and a bid for funding had been submitted to the Coastal Community Fund;
  - (f) It was proposed to support the project in Folkestone for two years with a view to it becoming self-financing in accordance with the London model;
- (3) Comments were also made about:
  - (a) the risk to KCC and the wish to know more about Doug Richard and the London School for Creative Start-ups;
  - (b) the value placed on learning provided free to the beneficiary;
  - (c) the need to look at what beneficiaries of the courses should be able to give back to Kent, perhaps through apprenticeships or mentoring;
  - (d) the desirability of providing tapering support over the two years of the project;

- (e) The desirability of ensuring the course is accredited so as to make it attractive, bankable and saleable for those participating.
- (4) **RESOLVED** that the proposal to set up a Kent based School for Creative Start-ups in Folkestone be supported.

## **10. Maximising Business Engagement**

*(Item D3)*

*(Report by Wayne Gough, Economic Development Manager. Wayne Gough was present for this item)*

- (1) Mr Gough introduced the report which looked at possible solutions for maximising the benefits of KCC's relationship with business. He said that the vision was to: have a strong relationship with the business sector to support growth and jobs; understand the needs of business; respond quickly to what business is saying; facilitate Kent companies in accessing appropriate support and in facilitating opportunities for business to network and develop mutually beneficial relationships.
- (2) In response to questions and comments he said it was not intended to duplicate any mechanisms already in place, the emphasis would be on signposting business to services and funding; instigating 1:1 meetings with 50 key Kent companies, facilitating the creation of sector based groups along the lines of Kent Rural Plc to enable networking and to provide a sector based reference group that can advise KCC on sector specific support.
- (3) **RESOLVED** to support the draft action plan for maximising business engagement set out at Appendix 1, 2 and 3 of the report.

## **11. Theme/Visits for Economic Development Cabinet Committee Members eg Visits to RGF Winners - Verbal**

*(Item D4)*

- (1) Mr Wickham said that previously the Economic Development Cabinet Committee had received presentations from various organisations and had visited a range of businesses to learn about their opportunities, successes and any impediments to success and these visits had been very worthwhile.
- (2) **RESOLVED** to arrange visits to some of the winning applicants to the Regional Growth Fund

## **12. Verbal Update by the Director of Economic Development**

*(Item D5)*

There was no verbal update.

**From:** Mark Dance, Cabinet Member for Economic Development  
Barbara Cooper, Director of Economic Development

**To:** Economic Development Cabinet Committee - 20 September 2013

**Subject:** Decision Number: 13/000070 - Escalate: Decision to enter into Regional Growth Fund grant agreement

**Classification:** Unrestricted

**Past Pathway of Paper:** Listed on Forward Executive Decisions

**Future Pathway of Paper:** Cabinet Member Decision

**Electoral Division:** All in Maidstone, Sevenoaks, Tonbridge & Malling and Tunbridge Wells

**Summary:** Following a successful application to the Regional Growth Fund (RGF), the Government has awarded £5.5 million to Kent County Council to deliver the Escalate programme. This will provide direct financial support to businesses with the potential for growth in Maidstone, West Kent and the A21 Corridor, with the aim of creating over 300 jobs and attracting a further £25 million in private sector investment.

To take Escalate forward, a Key Decision will be required to enable KCC to act as the accountable body for the programme and to enter into a formal grant agreement with the Government. This has been published in the Forward Plan.

This paper sets out the background to the Escalate programme, its aims and objectives and proposed arrangements for programme management and governance. It also sets out the formal agreements that need to be reached to draw down RGF funding.

**Recommendations:**

The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Economic Development on the proposed decision to:

- i. agree that KCC shall act as the accountable body for Escalate;
- ii. Accept the Government's offer of Regional Growth Fund grant in respect of the Escalate project, subject to the approval of the terms of the draft grant agreement by the Director of Economic Development in consultation with the Cabinet Member for Regeneration and Economic Development; and
- iii. Delegates authority to the Director of Economic Development to sign on behalf of the County Council the final Grant Offer Letter

## **1. Introduction: The Regional Growth Fund**

- 1.1. The Regional Growth Fund is a national Government fund which is available to support projects and programmes which will lead to the creation of private sector jobs, especially in areas affected by high levels of public sector dependency and relatively weak private business growth. Funding is allocated on a competitive basis, and KCC has so far been successful in securing £55 million to deliver the Expansion East Kent and TIGER (Thames Gateway Innovation, Growth and Enterprise) access to finance schemes, both of which are now operating successfully.
- 1.2. Earlier in 2013, the Government announced a third round of RGF funding, with over £300 million available nationally. In response to the Government's call for projects, KCC (together with West Kent Partnership and Oxford Innovation, the providers of the Government's Growth Accelerator service) submitted an application in March for the Escalate programme. This has now been approved in principle by Government, with an allocation of £5.5 million.

## **2. Escalate**

- 2.1. The Escalate programme aims to provide financial support to businesses with high growth potential that are able to create sustainable, higher-value employment. The programme recognises that while West Kent has a relatively strong economy, reduced bank lending has impacted its small business base, creating a particular challenge for innovative businesses with both high growth potential and higher risk profiles.
- 2.2. Escalate seeks to respond to this gap by providing targeted loan funding (normally interest-free and unsecured) to companies where this will secure additional private sector finance and support job creation.
- 2.3. Geographically, Escalate will be available for investment in Maidstone, Sevenoaks, Tonbridge and Malling and Tunbridge Wells, as well as in the East Sussex districts of Hastings, Rother and Wealden. All funds will need to be committed by the end of March 2015. However, as loans are repaid, the fund will recycle locally for at least ten years (at which point the Government may decide to recover remaining repayments or continue the fund, depending on performance and market need).
- 2.4. All businesses seeking funding from Escalate will need to demonstrate that they have strong growth potential, are able to create or safeguard employment as a result of an Escalate loan and will unlock additional private sector investment. To ensure that all businesses applying to Escalate receive appropriate support (including assistance in accessing other sources of finance), all applicants will be required to register with either the High Growth Kent service funded by KCC or the national Growth Accelerator service.
- 2.5. To generate early demand for Escalate, KCC has allocated £150,000 to a small pilot loan scheme, known as Accelerator Plus. This was launched in July, with a closing date for applications of 17 September.

### **3. Accountability, governance and management**

#### Accountable body

- 3.1. The original application to Government for the Regional Growth Fund proposed that KCC shall act as the accountable body for Escalate. This will mean that KCC will receive the £5.5 million funding in quarterly tranches and will be responsible for issuing grant and loan agreements to individual businesses and for reporting on performance to Government. It will also be liable for any repayment of the RGF allocation in the event that outputs and conditions specified in the Government's grant agreement are not met. This role is the same as the accountable body role that KCC currently performs in relation to the TIGER and Expansion East Kent programmes.

#### Governance arrangements

- 3.2. All applications for Escalate funding will need to be independently appraised. It was proposed that following appraisal, decisions to award loans will be made by a panel of businesses and local authority representatives, on which KCC will be represented by the Cabinet Member for Regeneration and Economic Development. As accountable body for the programme, KCC will reserve the right to refuse any applications that present an unacceptable level of risk.

#### Management arrangements and costs

- 3.3. Escalate will be managed by the team within KCC that already manages TIGER and Expansion East Kent. Because the RGF grant will go directly to business, these management costs will need to be borne by KCC and its local partners – although there are significant economies of scale in managing Escalate alongside our existing schemes.
- 3.4. Revenue funding of up to £194,000 has been allocated from the KCC Regeneration Fund to contribute to the costs of managing Escalate. It is anticipated that the District Councils will also support the local marketing of the scheme.

### **4. Securing the Regional Growth Fund grant**

- 4.1. Following the Government's announcement of funding for Escalate, the Department for Business, Innovation and Skills is currently undertaking an Operational Review of the scheme. This is intended to ensure the Government that the programme will be managed effectively and that employment and other outputs will be met.
- 4.2. Once Government are satisfied that the Operational Review has been completed, we will receive a draft final grant offer. This will form our contract with Government for the delivery of the programme and its outputs. The draft final offer will be subject to comment by KCC Legal and Finance before it is concluded, and it is recommended that the authority to enter into the grant agreement is delegated to the Director of Economic Development, subject to the due diligence process.

## **5. Risks**

5.1. The main risk to KCC associated with its acceptance of a grant offer for Escalate is a failure to meet the jobs and leverage outputs associated with the programme, with the potential for grant to be clawed back by Government. This will be mitigated through the robustness of the appraisal and monitoring processes associated with each individual project and through close overall programme management.

5.2. A risk register is included as Annex 1.

## **6. Next steps**

It is intended that Escalate will be launched to applicants in November, once we have our full grant secured.

## **7. Recommendations**

The Cabinet Committee is asked to consider and endorse or make recommendations to the Cabinet Member for Economic Development on the proposed decision to:

- i. agree that KCC shall act as the accountable body for Escalate;
- ii. Accept the Government's offer of Regional Growth Fund grant in respect of the Escalate project, subject to the approval of the terms of the draft grant agreement by the Director of Economic Development in consultation with the Cabinet Member for Regeneration and Economic Development; and
- iii. Delegates authority to the Director of Economic Development to sign on behalf of the County Council the final Grant Offer Letter

### **Report author:**

Ross Gill

Economic Strategy and Policy Manager

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### **Relevant Director:**

Barbara Cooper

Director of Economic Development

01622 221856

[Barbara.cooper@kent.gov.uk](mailto:Barbara.cooper@kent.gov.uk)

### **Annexes**

Annex 1: Risk Register

### **Support documents**

Escalate bid to Regional Growth Fund (available on request)

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## ANNEX 1: RISK REGISTER

Risk	Inherent			Mitigation	Residual		
	Impact	Likelihood	I*L		Impact	Likelihood	I*L
Lack of appropriate projects – inability to spend	4	3	12	<ul style="list-style-type: none"> <li>Initial Accelerator Plus scheme to drive demand</li> <li>High Growth Kent/ Growth Accelerator promoting scheme</li> <li>Marketing strategy developed</li> <li>Joint working with other business representative/ support agencies and banks</li> </ul>	3	2	6
Excessive demand – inability to process applications in time	3	4	12	<ul style="list-style-type: none"> <li>Experienced delivery team and robust systems</li> <li>Applicants required to receive business support in applying</li> <li>Clear communication of scheme criteria</li> </ul>	3	3	9
Inconsistent project approval	3	4	12	<ul style="list-style-type: none"> <li>Single programme manual</li> <li>Single programme management team</li> </ul>	2	2	4
Breach of state aid regulations resulting in clawback of grant	4	3	12	<ul style="list-style-type: none"> <li>State aid considered as key element of project appraisal</li> <li>Clear published eligibility criteria</li> <li>Each project individually approved</li> </ul>	3	1	3
Failure to meet stated outputs	3	3	9	<ul style="list-style-type: none"> <li>Jobs and leverage outputs highlighted as core criteria</li> <li>Robust independent appraisal process</li> <li>Ongoing project monitoring</li> </ul>	3	2	6
Failure to secure private sector leverage	3	3	9	<ul style="list-style-type: none"> <li>Dialogue with banks and other potential investors</li> <li>Jobs and leverage outputs highlighted as core criteria</li> </ul>	3	2	6



				<ul style="list-style-type: none"> <li>• Robust independent appraisal process</li> <li>• Ongoing project monitoring</li> </ul>			
Business failure	4	2	8	<ul style="list-style-type: none"> <li>• Integrated support from High Growth Kent/ Growth Accelerator</li> <li>• Robust appraisal and monitoring</li> </ul>	3	1	3
Lack of additionality (projects would have happened anyway)	3	2	6	<ul style="list-style-type: none"> <li>• Additionality considered at appraisal stage</li> </ul>	3	1	3

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# KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

**DECISION TO BE TAKEN BY:**

Cabinet Member for Regeneration and Economic Development

**DECISION NO:**

13/000070

**For publication or exempt – please state**

**Subject:** Escalate: Decision to enter into Regional Growth Fund grant agreement

**Decision:**

As Cabinet Member for Regeneration and Economic Development, I agree to

- i. KCC acting as the accountable body for Escalate;
- ii. Accept the Government's offer of Regional Growth Fund grant in respect of the Escalate project, subject to the approval of the terms of the draft grant agreement by the Director of Economic Development in consultation with the Cabinet Member for Regeneration and Economic Development; and
- iii. Delegates authority to the Director of Economic Development to sign on behalf of the County Council the final Grant Offer Letter

**Reason(s) for decision:**

The Escalate programme aims to provide financial support to businesses with high growth potential that are able to create sustainable, higher-value employment. The programme recognises that while West Kent has a relatively strong economy, reduced bank lending has impacted its small business base, creating a particular challenge for innovative businesses with both high growth potential and higher risk profiles.

Escalate seeks to respond to this gap by providing targeted loan funding (normally interest-free and unsecured) to companies where this will secure additional private sector finance and support job creation.

**Cabinet Committee recommendations and other consultation:**

To be entered after the meeting and considered by the Cabinet Member when taking the decision.

**Any alternatives considered:**

**Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:**

.....  
signed

.....  
date

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From: Mark Dance, Cabinet Member for Economic Development  
David Cockburn, Corporate Director of Business Strategy and Support

To: Economic Development Cabinet Committee – 20 September 2013

Subject: Regeneration and Economic Development Portfolio Financial Monitoring  
2013/14

Classification: Unrestricted

Summary: The Cabinet Committee is asked to note the first quarter's full budget monitoring report for 2013/14 reported to Cabinet on 16 September 2013.

Recommendations: The Economic Development Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2013/14 for the Regeneration and Economic Development Portfolio based on the first quarter's full monitoring to Cabinet.

## 1. Introduction

This is a regular report to this Committee on the forecast outturn for the Regeneration and Economic Development Portfolio.

## 2. Background

2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio together with key activity indicators and will be reported to Cabinet Committees after they have been considered by Cabinet. These quarterly reports also include financial health indicators, prudential indicators, the impact on revenue reserves of the current monitoring position and staffing numbers by directorate. In the intervening months a mini report is made to Cabinet outlining the financial position for each portfolio. The first quarter's monitoring report for 2013/14 is attached.

2.2 The attached extracts from the relevant annexes from the Cabinet report are presented in the pre-election portfolio format.

2.3 The Cabinet Member for Finance and Procurement is currently assessing the resource implications of mapping the information to the post-election portfolio structure, in light of the current change programme. An update on this position will be reported verbally at this meeting.

## 3. Recommendation

The Economic Development Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2013/14 for the Regeneration and Economic Development Portfolio based on the first quarter's full monitoring to Cabinet.

#### **4. Contact details**

Report Author

Jackie Hansen

Business Strategy and Support Directorate Finance Business Partner

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**EXTRACT FROM ENTERPRISE & ENVIRONMENT DIRECTORATE SUMMARY**  
**JUNE 2013-14 FULL MONITORING REPORT**

**1. REVENUE**

1.1		Cash Limit	Variance Before Mgmt Action	Management Action	Net Variance after Mgmt Action
	<b>Directorate Total (£k)</b>	-	-	-	-

1.2 **Table 1** below details the revenue position by A-Z budget:

Budget Book Heading	Cash Limit			Variance	Explanation	Management Action/ Impact on MTFP
	G	I	N	N		
	£'000	£'000	£'000	£'000	£'000	
<b>Regeneration &amp; Enterprise portfolio</b>						
Development Staff & Projects	656.6	-656.6	0.0	0		
<b>Total E&amp;E controllable</b>	<b>656.6</b>	<b>-656.6</b>	<b>0.0</b>	<b>0</b>		
<b>Assumed Mgmt Action</b>						
- R&E portfolio						
<b>Total Forecast <u>after</u> mgmt</b>	<b>656.6</b>	<b>-656.6</b>	<b>0.0</b>	<b>0</b>		

**EXTRACT FROM BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY**  
**JUNE 2013-14 FULL MONITORING REPORT**

**1. REVENUE**

1.1		Cash Limit	Variance Before Mgmt Action	Management Action	Net Variance after Mgmt Action
	<b>Total (£k)</b>	-	-1	-	-

1.2 **Table 1** below details the revenue position by A-Z budget:

Budget Book Heading	Cash Limit			Variance	Explanation	Management Action/ Impact on MTFP
	G	I	N	N		
	£'000	£'000	£'000	£'000	£'000	
<b>Regeneration &amp; Enterprise portfolio</b>						
Directorate Management &	0.0	0.0	0.0	+3		
Development Staff & Projects	0.0	0.0	0.0	-4		
<b>Total R&amp;E portfolio</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-1</b>		
<b>Assumed Management</b>						
- R&E portfolio						
<b>Total Forecast <u>after</u> mgmt</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>		



## 2. CAPITAL

2.1 The working budget for 2013-14 is £38,306k. The forecast outturn against the 2013-14 budget is £37,324k giving a variance of - £982k.

2.2 **Table 2** below details the Regeneration and Economic Development Capital Position by Budget Book line.

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status <sup>1</sup>	Explanation of Project Status	Actions
<b>Individual Projects</b>									
Dover Priory Station Approach Road	0	14	-17	-17	Real - prudential	Underspend to go back into the Regeneration Fund pot (see below)	Green		Cash limit change
Broadband	23,500	2,650	0				Amber	Due to delays at a national level in finalising the BDUK procurement framework and the UK state aid notification with the EU.	
Empty Property	7,500	3,710	0				Green		
Eurokent Road (East	65	84	0				Green		
Folkestone Heritage	380	400	2	2	Real - grant		Green		Cash limit
LIVE Margate	6,800	6,508	0				Green		
Managed Work Space	160	174	0				Green		
No Use Empty -	750	750	0				Green		
Old Town Hall	94	25	0				Green		
Regeneration Fund Projects	5,061	3,900	17	17	Real - prudential	To reflect the underspend on Dover Priory Station Approach Road.	Green		Cash limit change

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status <sup>1</sup>	Explanation of Project Status	Actions
Regional Growth Fund, including Expansion East Kent	37,200	14,384	0				Amber	Spend realigned to show actual payments rather than committed funds.	
Rural Broadband Demonstration Project	1,897	1,568	-984	-984	Re-phasing	Spend will be incurred on four or five local schemes this year with the remainder of the funding being kept as a contingency. The rephasing is not expected to impact on the completion date of the overall project.	Green		
Swale Parklands	0	65	0				Green		
TIGER	20,000	4,000	0				Green		
Tram Road/Tontine Street Road Works	0	74	0				Green		
<b>Total</b>	<b>103,407</b>	<b>38,306</b>	<b>-982</b>	<b>-982</b>					

## 1. Status:

Green – on time and within budget

Amber – either delayed completion date or over budget

Red – both delayed completion and over budget

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**By:** Mark Dance, Cabinet Member for Regeneration and Economic Development

**To:** Economic Development Cabinet Committee  
20<sup>th</sup> September 2013

**Subject:** 2012-13 Business Plan Full Monitor Report

**Classification:** Unrestricted

**Electoral Division:** All

**Summary**

In response to a request at the last meeting of the Cabinet Committee, this report gives an overview of performance against each business activity in the Economic Development and Spatial Unit 2012-13 Business Plan highlighting key achievements and outstanding issues. It should be noted that many of these activities have developed further during 2013/14

**Recommendation:**

Members are asked to REVIEW this report

**1. Introduction**

- 1.1 The purpose of the Unit is to create the environment for business growth and job creation – “to help the economy to grow.” To help achieve economic growth, we have developed a work programme based around three core priorities closely aligned to the key economic development and regeneration objectives set out in Delivering Bold Steps and Unlocking Kent’s Potential.
- 1.2 The three core priorities are:
- **Encouraging Business Growth:** developing and strengthening a sector based approach, engaging with businesses and providing support and intervention where the County can have most impact through initiatives such as workspace development, promoting international trade and Expansion East Kent business loan programme (and more recently loan finance programmes in North Kent (TIGER) and West Kent (ESCALATE)).
  - **Delivering Infrastructure and housing:** stimulating development by securing funding and delivery of capital projects such as High Speed Broadband and working with Districts to unlock key development sites as well as targeted housing market interventions.

- **Developing Strategy and Partnerships:** championing the needs of Kent business and working with partners to deliver KCC's long-term regeneration and economic development ambitions.

## **2. Performance review**

- 2.1 A full summary of business plan target performance outcomes and narrative is attached at Appendix 1 including final outturn achievements for key performance indicators.
- 2.2. Each activity has been assessed against a RAG ranking where:
- Red denotes that the priority was not completed;
  - Amber denotes that the priority was partially completed or is continuing; and
  - Green denotes that the priority was completed.
- 2.3 The delivery of the Unit's core priorities continues to be a substantive work-in-progress for the County Council and its partners, and planned activity in the current 2013/14 business plan involves the continuation of a number of major programmes and projects as well as new initiatives such as TIGER and Foreign Direct Investment activities.

## **3 Recommendation**

- 3.1 Members are asked to REVIEW this report.

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### **Background Documents:**

None

# Annual Plan 2012/13

## End of Year Monitoring

### Economic Development and Spatial Unit

PRIORITY 1: Business Growth		DESCRIPTION OF PRIORITY: Supporting Kent's businesses to grow faster than the national average through delivery of a targeted business growth support packages.			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
	<b>BUSINESS SUPPORT</b>				
<b>1</b>	<b>Innovation and growth</b>				
1.1	Develop Innovation Strategy for Kent	Ross Gill	May 2012	Green	Strategy was used to inform revised version of Unlocking Kent's Potential
1.2	Complete 2-year High Growth project and deliver final outcomes: <ul style="list-style-type: none"> <li>£24m investment raised</li> <li>400 jobs created</li> <li>250 Companies (Portfolio clients) supported with growth strategies</li> <li>660 Companies (Network clients) assisted with innovation and growth services</li> <li>130 Companies assisted to bid for public sector contracts across Europe</li> <li>84 Companies making the transition to paid for services</li> <li>24 Commercial Agreements (deals) signed</li> <li>13 Technology Partnerships established</li> </ul>	David Hughes	December 2012	Green	<ul style="list-style-type: none"> <li>Created a network of 494 Kent businesses with growth potential</li> <li>Provided coaching support to 262 companies</li> <li>Created 413 jobs</li> <li>Raised £39.8m investment</li> <li>Signed 21 international partnership agreements</li> <li>Worked with 12 'spin out' businesses at Discovery Park resulting in 10 securing funding through KCC Accelerator scheme</li> <li>Clients included 6 finalists and 2 winners at 2011 KEIBA awards</li> </ul>
1.3	Explore potential support for businesses with high growth potential alongside the National Business Coaching for Growth Scheme	David Hughes	December 2012	Green	High Growth Kent now provides a coaching offer for Kent businesses not yet eligible for entry on to Growth Accelerator (GA) scheme, the aim being to provide an escalator to GA. Over the period Jan-Mar 2013 HGK has achieved a conversion rate of 34% of businesses moving to the GA scheme. These include several Expansion East Kent businesses.

PRIORITY 1: Business Growth		DESCRIPTION OF PRIORITY: Supporting Kent's businesses to grow faster than the national average through delivery of a targeted business growth support packages.			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
<b>2</b>	<b>Incubator and small business units programme</b>				
2.1	Concept developed for a Kent-Wide Programme	David Hughes	April 2012	Green	Concept developed, applications being received for funding
2.2	Complete with Ashford Borough Council and Kent Invicta Chamber of Commerce provision of premises at International House	David Hughes	July 2012	Amber	In process of application coming forward, the identified location was let commercially by the HCA. An alternative location is currently being examined
2.3	Commission generic business support programme for Start-ups and micro-businesses with district councils	David Hughes	Autumn 2012	Amber	<ul style="list-style-type: none"> <li>StartMyBiz scheme for Canterbury district started in late 2012 with local partners.</li> <li>Generic support package developed with accredited Kent chambers in support of Expansion East Kent scheme.</li> <li>One year pilot programme of workshop based and 1-1 support being developed with Ashford and Maidstone districts, and with West Kent Partnership in collaboration with three districts.</li> <li>Generic support package for north Kent to be commissioned in April 2013 by KCC in support of TIGER programme.</li> </ul>
<b>3</b>	<b>Rural business support</b>				
3.1	Deliver a range of targeted support activity through Service Level Agreements with Action with Communities	Theresa Bruton	March 2013	Green	<ul style="list-style-type: none"> <li>£7,050,000: Value of Local Needs Housing opened as a result of Rural</li> </ul>





PRIORITY 1: Business Growth		DESCRIPTION OF PRIORITY: Supporting Kent's businesses to grow faster than the national average through delivery of a targeted business growth support packages.			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
	<ul style="list-style-type: none"> <li>Provide quarterly reports and bespoke update reports for partners</li> <li>Achieve annual programme spend according to spend profile for the year</li> <li>Hold LAG AGM and mini-conference to decide the future of the LAG post programme end in December 2013</li> <li>As a result, work with the LAG to develop a continuation strategy or exit strategy</li> </ul>		<p>March 2013</p> <p>March 2013</p> <p>June 2013</p> <p>Marc 2013</p>	<p>Green</p> <p>Green</p> <p>Amber</p> <p>Amber</p>	<p>Quarterly and end of year reports provided for LA partners. Quarterly reports for Defra and update reports given at each LAG Executive meeting. Various briefings and statistical information also provided for reports when required.</p> <p>All project funds now committed. Annual programme spend achieved according to profile.</p> <p>On hold until Defra provides final information on the new Rural Development Programme for England 2014-2020 and guidance for LAGs on developing new Leader programmes. This information is due out at the end of May. Therefore, AGM still on track for June.</p> <p>LAG is working on a continuation strategy and will be bidding for transition funding from Defra to develop a bid and Development Strategy for a new Leader programme from 2014.</p>
3.3	<p>Through the Produced in Kent Joint Venture company deliver annual business plan including key actions below:</p> <p>Investigate the local sourcing policy of all the major supermarkets and identify newbusiness development opportunities</p>	Theresa Bruton	March 2013	Green	Several PinK businesses successfully supplying major supermarkets for first time.

PRIORITY 1: Business Growth		DESCRIPTION OF PRIORITY: Supporting Kent's businesses to grow faster than the national average through delivery of a targeted business growth support packages.			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
	<ul style="list-style-type: none"> <li>Create a detailed, usable knowledge base of the Food &amp; Drink sector in Kent</li> </ul>		March 2013	Red	Deferred to 2013/14
	<ul style="list-style-type: none"> <li>Deliver the Kent Food and Drink festival and the Taste of Kent Awards - aimed at promoting Kent producer businesses</li> </ul>		July 2012 and September 2012	Green	Successfully completed with 40 businesses attending
	<ul style="list-style-type: none"> <li>Deliver 3 member networking events to encourage collaboration and business development opportunities</li> </ul>		April 2012, July 2012 and November 2012	Green	3 events delivered including a range of training and workshops as well as networking activities  Produced in Kent and its members delivered a showcase of the best of Kent produce as part of the Kent Tourism Conference 2013 at Dover Cruise Terminal in March.
<b>4</b>	<b>Expansion East Kent (Regional Growth Fund)</b>	David Hughes			
4.1	Complete programme set up		June 2012	Green	Programme active from June.
4.2	Deliver grant funding		March 2013	Green	Commitment of over £15million of grants and loans made to companies
	<b>INVESTMENT AND TRADE</b>				
<b>5</b>	<b>Discovery Park Enterprise Zone</b>	Ross Gill			
5.1	Enterprise Club delivered, supported by Jobcentre Plus		December 2012	Green	Site acquired by Discovery Park Ltd
5.2	On-going marketing of site to investors and end-users		March 2013	Amber	Activity underway to secure further investment on site

PRIORITY 1: Business Growth		DESCRIPTION OF PRIORITY: Supporting Kent's businesses to grow faster than the national average through delivery of a targeted business growth support packages.			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
5.3	On-going work to ensure effective links to Expansion East Kent Programme		March 2013	Green	Using partnerships and agency contacts to promote Expansion East Kent Programme to Discovery Park businesses and potential businesses
<b>6</b>	<b>Sheppey Task Force</b>				
6.1	Lead Sheppey Task Force: <ul style="list-style-type: none"> <li>• First task force report</li> <li>• External funding package developed</li> </ul>	Ross Gill	April 2012 June 2012	Green	Activity completed; task force closed in Q1 2012/13
<b>7</b>	<b>Locate in Kent</b>				
7.1	Maximise Kent's Inward Investment potential through delivery of Service Level Agreement targets for 2012/13 (See PI tables)	Theresa Bruton	March 2013	Amber	Detailed performance in PI table below
<b>8</b>	<b>Develop Kent Sector Brand</b>				
	<b>I. Visit Kent</b> <ul style="list-style-type: none"> <li>• Kent Contemporary London Campaign to generate at least 40:1 return on investment through day trips and short breaks to Kent</li> <li>• Welcome to Kent Online – new interactive training game to engage over 1,000 people in training to develop customer care skills and product knowledge</li> <li>• Recruitment, training and deployment of volunteers to be Games Time Greeters</li> </ul>	Theresa Bruton	May  April 2012  September 2012	Green  Green  Green	Third year of London Campaign successfully completed and achieved 86:1 ROI. This equates to an additional 304,098 visitor nights and 310,589 additional day trips worth in total £15m. Set to deliver year four with partnership support secured. Over 130 organisations have signed up their staff to the training and it continues to be available to access going forward. 134 volunteers were recruited , trained and deployed across the county for the 2012 London Games resulting in 2,500 volunteer hours over 32 days.

PRIORITY 1: Business Growth		DESCRIPTION OF PRIORITY: Supporting Kent's businesses to grow faster than the national average through delivery of a targeted business growth support packages.			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
	<ul style="list-style-type: none"> <li>Flying the Flag – to dress the county with 2012 flags and banners to create a sense of occasion as part of the 2012 London Games celebrations</li> <li>Launch new state of the art website to increase visits</li> </ul>		September 2012	Green	Close work with LOCOG ensured London Games events in Kent were well presented
			October 2012	Green	Launched formally at Kent 2020 Vision Live in April 2013 following EU procurement procedure delays. Already received an award from British Destinations.  Visit Kent was also the major partner in the Kent Tourism Conference 2013 at the Dover Cruise Terminal.
	<p><b>II. Low Carbon Kent</b></p> <ul style="list-style-type: none"> <li>Economic potential of key areas assessed, and priorities identified.</li> <li>Develop 'Low Carbon Kent' Prospectus and action plan outlining opportunities and Kent's business support offer, launched at Kent 2020.</li> <li>Roll out of Low Carbon Kent Service' – Review annually</li> </ul>	Ross Gill	April 2012	Green	Regeneris report was published in 2012
			April 2012	Green	16 businesses exhibited at Kent 2020 and research into low carbon opportunities is being carried out around water, offshore wind, marine renewables, retrofitting and waste.
			May 2012	Green	Low Carbon Kent business network has 1,271 members, 151 providers of low carbon services and technologies. Free sustainable business advice continues to be delivered through EU funding.

PRIORITY 1: Business Growth		DESCRIPTION OF PRIORITY: Supporting Kent's businesses to grow faster than the national average through delivery of a targeted business growth support packages.			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
	<ul style="list-style-type: none"> <li>Green Business Conference</li> <li>Kent Renewable Energy Action Plan signed up to by Kent partners.</li> <li>Kent offshore wind, biomass and retrofit supply chain networks set up and supported.</li> <li>Reviewed annually: Delivery of low carbon and renewable energy opportunities identified in the Renewable Energy Action Plan.</li> </ul>		May 2012  July 2012  July 2012  March 2013	Green  Green  Green  Green	First Green Business Conference in June 2012 with 87 delegates, second one planned in November 2013.  Plan is finalised with Kent partners and is moving into delivery phase  Networks are set up and ongoing work within KCC and with partners to progress  Delivery underway and ongoing
	<b>III. Kent Rural PLC</b> <ul style="list-style-type: none"> <li>Completion of the Kent Rural PLC evidence base</li> <li>Launch of Kent Rural PLC Annual Report at County Show</li> </ul>	Elizabeth Harrison Elizabeth Harrison	July 2012  July 2012	Green  Green	Completed for Kent Rural PLC Report  Kent Rural PLC report launched by private sector led Kent Rural PLC Board on the 26 <sup>th</sup> October 2012.
8.2	Working in partnership with KCC Directorates and external partners develop and deliver actions from the action plan for Creative Kent	David Hughes	July 2013	Amber	<ul style="list-style-type: none"> <li>Joint commission by BSS and C&amp;C directorates of Creative Workspace Demand Study. Draft report to be made available in April 2013.</li> <li>Discussions ongoing with School for Creative Start Ups and Creative foundation to establish Kent initiative at Folkestone.</li> </ul>

<b>PRIORITY 1: Business Growth</b>		<b>DESCRIPTION OF PRIORITY:</b> Supporting Kent's businesses to grow faster than the national average through delivery of a targeted business growth support packages.			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
8.3	Continue programme of sector conversations to include Digital and Gaming in partnership with KCC Directorates and external partners develop and deliver actions from subsequent action plans	David Hughes	March 2013	Green	Advanced Manufacturing and Digital events delivered in Feb/March 2013
8.4	Work with banks and funding institutions to find ways to better unlocking finance. Initiative to be launched at Kent 2020	David Hughes	April 2012	Green	Advice workshops involving the main banks were held at Kent 2020 (April 2012) and KICC trade exhibition at Ashford (July 2012).
8.5	With International Affairs Unit, devise and deliver a Trade Development Programme	David Hughes	March 2013	Green	Trade Development Programme agreed with partners and UKTI as part of Kent International Business initiative.

KEY MILESTONES		DATE (month/year)	RAG Status	Comments
A	Completions of High Growth Project contract	December 2012	Green	Created 413 jobs
B	Business Innovation Centre operational	July 2012	Amber	Both Maidstone and Ashford are developing bids through the workspace incubator challenge fund programme
C	Expansion East Kent RGF Programme in place to deliver grant fund	April 2012	Green	Programme established and £8m loans approved
D	Discovery Park Enterprise Club delivered	December 2012	Green	950 jobs secured on site
E	Olympic Games initiatives in place	July 2012	Green	Included opening of Cyclopark in May by Sports Minister and tourism initiatives such as Games Time Greeters.
F	Low Carbon Kent Green Conference	May 2012	Green	Held in June attended by 87 delegates,

KEY MILESTONES		DATE (month/year)	RAG Status	Comments
G	Kent Food and Drink Festival	July 2012	Green	Major presence at the County Show in July and the Canterbury Festival in September
H	Taste of Kent Awards	September 2012	Green	Launched in September and awards event held in February which had biggest entry and attendance to date

<b>PRIORITY 2: Strategy and Partnerships</b>	<b>DESCRIPTION OF PRIORITY:</b> Work with partners to provide a strategic voice for Kent businesses to influence, promote and secure shared regeneration and economic development objectives for Kent
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ACTIONS		Accountabl e Officer	End Date (month/year)	RAG Status	Comments
<b>RELATIONSHIP WITH BUSINESS</b>					
<b>1</b>	<b>Kent Economic Board / Business Advisory Board</b>	David Hughes			
1.1	Facilitate meetings and monitor delivery of 2012/13 programme and action plan		March 2013	Green	Both the Kent Economic Board and Business Advisory Board have met bi-monthly during the year. They are chaired by Geoff Miles, chairman of Maidstone TV Studios and the Kent vice chair of the South East Local Enterprise Partnership. They provide a 'critical friend' role to KCC, and issues considered include trade development, aviation, broadband, and Kent's economic growth priorities. The Business Advisory Board members also provide a valuable commentary about business performance.
1.2	Facilitate Skills for Economy task force meetings and monitor delivery of 2012/13 programme and action plan		May 2012 July 2012 October 2012	Green	This has been subsumed into the Employment and Skills Board which is chaired by KCC Employment Skills team.

PRIORITY 2: Strategy and Partnerships		DESCRIPTION OF PRIORITY: Work with partners to provide a strategic voice for Kent businesses to influence, promote and secure shared regeneration and economic development objectives for Kent			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
<b>2</b>	<b>Profiling Kent businesses</b>				
2.1	Work with key partners to profile Kent businesses through participation at strategic business initiatives including: : <ul style="list-style-type: none"> <li>• Kent 2020 Vision</li> <li>• Kent Excellence in Business Awards</li> <li>• Kent Property Market Review</li> <li>• Kent Design Awards</li> </ul>	Theresa Bruton	April 2012 June 2012 October 2012 November 2012	Green	All events successfully held and in all cases the number of entries and/or attendees were the highest yet. KCC well profiled and Kent business given high profile and strong sectoral or business to business networking and business linking opportunities.
2.2	Working with other KCC directorates plan and deliver annual Kent Ambassador Programme	Theresa Bruton	March 2013	Green	Ambassadors group engaged in a range of briefings and visits (see under key milestones below) to inform their knowledge of Kent and current relevant issues. Direct support to a range of businesses and local organisations arose from some of this activity
<b>STRATEGIC ECONOMIC PARTNERSHIPS</b>					
<b>3</b>	<b>Partnership working</b>				
3.1	With partners, identify priority areas and work to secure policy and funding support for these areas within: <ol style="list-style-type: none"> <li>Thames Gateway Kent</li> </ol>	Ross Gill	May 2012 September 2012 November 2012	Green	Application to Regional Growth Fund Round 4 for TIGER (Thames Gateway Innovation, Growth and Enterprise) submitted and £20 million secured.
	II. East Kent Regeneration Board	David Hughes	May 2012 July 2012 September 2012 November 2012 January 2013 March 2013	Green	East Kent Growth Plan developed and launched



PRIORITY 2: Strategy and Partnerships		DESCRIPTION OF PRIORITY: Work with partners to provide a strategic voice for Kent businesses to influence, promote and secure shared regeneration and economic development objectives for Kent			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
	III. Kent Rural Board (dates to be agreed for 2012/13)	Elizabeth Harrison		Green	Good stakeholder support for BDUK rural broadband programme achieved
	IV. South East Local Economic Partnership	Ross Gill	June 2012 October 2012 December 2012	Green	LEP has given ongoing support to the development of the Enterprise Zone. It has also established the Local Transport Board to prioritise local transport investment.
3.2	Raise Kent's profile in relation to Best Practice	Barbara Cooper	March 2013	Green	Successfully procured and started the roll out of the 'Grow for It: East Kent' campaign which included the development of a website and distribution of several editions of a newsletter, a launch in Dover to 300+ local businesses, a London Launch to promote life sciences and the Expansion East Kent funding, a start up bus provided at a number of destinations across the area, and support to the digital conversation run as a precursor to 'GEEK' event in Margate and the KCC-organised tourism conference in March. A programme for 2013/14 is being planned.

KEY MILESTONES		DATE (month/year)	RAG Status	Comments
A	Kent 2020 Vision	April 2012	Green	Promoted as one of the biggest annual business to business event in the South East both exhibitors and delegate numbers exceeded previous years. Expected to continue to grow as plans are underway for its eighth year
B	Kent Excellence in Business Awards	June 2012	Green	Over 500 attendees and a waiting list at the fifth KEiBA business awards event where entries numbers were higher than last year and the number of first time entrants also exceeded expectation.
C	Kent Ambassador event programme: <ul style="list-style-type: none"> <li>Hornby and Olympic legacy opportunities</li> <li>Green Technology – raising awareness of Kent-based projects/initiatives</li> <li>Waste – raising awareness of Kent-based projects/initiatives</li> <li>Heritage and tourism</li> </ul>	March 2012 July 2012 September 2012 December 2012	Green	All events /visits/briefings well attended and well received by participants. Additional briefings covered: Canterbury Cathedral, Discovery Park, Health Agenda, Kent 2020, Oasis Domestic Refuge, Olympic Legacy and Sport, Kent Coastline, Update on Police Policy, Rochester Cathedral and Creative Industries
D	Kent Design Awards	November 2012	Green	Biannual awards ceremony followed different format in responding to businesses requesting greater networking opportunity. Over 200 attendees at successful event at the Marlowe Theatre, Canterbury.
E	Kent Property Market Report	October 2012	Green	Over 250 representatives of the Kent property sector attended the 2012 report launch event.

PRIORITY 3: infrastructure and Housing		DESCRIPTION OF PRIORITY: Develop and exploit new and existing funding streams and mechanism to enable delivery of new housing, infrastructure and regeneration schemes to support economic growth			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
	<b>ENABLING MECHANISMS</b>	Nigel Smith			
<b>1</b>	<b>Kent and Medway Investment Fund</b>	Adele Harrison			
1.1	Develop and agree Fund structure and Governance arrangements		December 2012	Red	Project not being taken forward. Alternative funding methods are being explored
1.2	Develop project pipeline		September 2012	Red	See above
1.3	Obtain Member approval to enter into KMIF structure (Limited Partnership or Company) and launch Fund		January 2013	Red	See above
<b>2</b>	<b>Integrated Infrastructure and Funding Model</b>				
2.1	Complete formal consultation on framework approach in Integrated Infrastructure and Finance Model and adopt as KCC policy	Theresa Warford	June 2012	Green	Policy adopted by Cabinet October 2012
2.2	Deliver 2012/13 model development work targets: <ul style="list-style-type: none"> <li>Revisions to database completed</li> <li>Integration of service provider forecasting and assessment processes</li> <li>Incorporation of Corporate Model into Service Provider models</li> <li>Service Provider facilities mapping against known development sites</li> <li>Full documentation of model as prerequisite to exploring future potential commercial viability</li> </ul>	Theresa Warford	April 2012 December 2012 December 2012 January 2013 March 2013	Green	Revised, more streamlined models developed for all Service Providers and specific updates to ELS model to incorporate Travel To School patterns and education planning areas making these coterminous with EDGE schools commissioning model .
2.3	Support Kent Forum Community Infrastructure Levy preparation	Theresa Warford	March 2013	Green	Number of internal working groups established to join up KCC actions and messages. Initial meetings held

PRIORITY 3: infrastructure and Housing		DESCRIPTION OF PRIORITY: Develop and exploit new and existing funding streams and mechanism to enable delivery of new housing, infrastructure and regeneration schemes to support economic growth			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
					with each District on CIL leading to agreement to look at development of joint protocols and 5-year rolling infrastructure delivery plans.
<b>3</b>	<b>Developer Contributions</b>				
3.1	Agree 80% of community service requirements from minor development sites (up to 500 units)	Paul Campion	March 2013	Green	90.6% contributions sought agreed
3.2	Lead negotiations for KCC community infrastructure service requirements at major sites (500 or more units)	Paul Campion	March 2013	Green	Negotiations underway on a number of sites across the County
3.3	Tender for and procure external partner to act for KCC to negotiate and secure developer contributions from minor sites: <ul style="list-style-type: none"> <li>• Procurement Board</li> <li>• Tender process to contract award</li> </ul>	Paul Campion	April/May 2012 November 2012	Amber	. Tender specification prepared. Procurement commenced April 2013 via OJEU prodedures
<b>4</b>	<b>East Kent Spatial Development Company (EKSDC)</b>				
4.1	Support EKSDC via Board membership role	Theresa Bruton	March 2013	Green	Company continues to bring forward projects that will help unlock investment in employment sites and related infrastructure initiatives in East Kent whilst recouping income from earlier investments
<b>5</b>	<b>No-use Empty</b>	Steve Grimshaw			
5.1	Deliver annual No Use Empty annual target of 200 homes	Steve Grimshaw	March 2013	Green	<ul style="list-style-type: none"> <li>• 426 Delivered for 2012-13 (Best return since start of NUE)</li> <li>• Total since inception is 2,207 Countywide</li> <li>• £7M Loans awarded to date</li> </ul>

PRIORITY 3: infrastructure and Housing		DESCRIPTION OF PRIORITY: Develop and exploit new and existing funding streams and mechanism to enable delivery of new housing, infrastructure and regeneration schemes to support economic growth			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
					<ul style="list-style-type: none"> <li>£13M Leverage</li> <li>£20M Total Investment</li> <li>£3M Loans Repaid to date</li> <li>Loan Scheme now Kent wide</li> </ul>
5.2	Deliver an additional 100 homes in Thanet and Dover	Steve Grimshaw	March 2013	Green	157 Delivered for 2012-13
5.3	Develop and launch Rented Affordable Homes model to deliver 5 homes in its initial year	Steve Grimshaw	March 2013	Amber	HCA contract being finalised not issued until Jan 2013. A project to deliver 7 homes in relation to initial year target is in place subject to contract.
<b>6</b>	<b>Housing Market Interventions</b>				
6.1	Work with Districts to pilot a Kent Local Authority Mortgage Scheme with Tunbridge Wells, Tonbridge and Malling and Shepway likely to be early adopters. <ul style="list-style-type: none"> <li>Launches in:</li> </ul>	Brian Horton	April 2012 Spring 2012 Summer 2012 Autumn 2012	Green	Scheme has been launched in Tunbridge Wells (September 2012) and Gravesham (February 2013). We have authority to progress with Shepway, Tonbridge and Malling and Canterbury and a number of other Districts are progressing towards approval.
6.2	With Customer and Communities, Property Group, HCA and Thanet District Council deliver the Margate Housing Renewal Programme: <ul style="list-style-type: none"> <li>Establish Joint Venture</li> <li>Start work on three pilot properties: <ul style="list-style-type: none"> <li>Embassy Hotel</li> <li>Hotel Leslie</li> <li>Godwin Road</li> </ul> </li> </ul>	Brian Horton	June 2012  Summer 2012 Autumn 2012 Autumn 2012	Red  Green	Decision taken not to proceed with a joint venture. Work has begun at the Embassy Hotel to re-model back into 2 x 4 bedroom family homes. KCC has secured ownership of the Hotel Leslie

PRIORITY 3: infrastructure and Housing		DESCRIPTION OF PRIORITY: Develop and exploit new and existing funding streams and mechanism to enable delivery of new housing, infrastructure and regeneration schemes to support economic growth			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
					with planning consent to redevelop as 5 new houses. TDC has compulsorily purchased Godwin Road and is actively working on redevelopment options for the site.
6.3	<p>With Kent Forum deliver Kent Housing Strategy workstreams and action plans:</p> <ul style="list-style-type: none"> <li>Deliver a refresh of the strategy by December 2012</li> <li>Develop a Kent-wide Older People's Accommodation Protocol to increase the delivery of housing for older people</li> </ul> <p>Deliver a Kent-wide Extra Care Housing Strategy with KCC's Families and Social Care Directorate to assist in realising future savings with adult social care</p>	Brian Horton	<p>December 2012</p> <p>May 2012</p> <p>October 2012</p>	Green	<p>Refreshed Strategy was delivered in September 2012. Subsequent implementation plan has been endorsed by the Kent Leaders and Chief Executives.</p> <p>Older People's Accommodation Protocol was completed in May 2012 and launched in August 2012 by the Bishop of Dover.</p> <p>The Extra Care Housing Strategy has been subsumed into the wider FSC Accommodation Strategy which is due to be delivered by end of 2013.</p>
	<b>INFRASTRUCTURE FOR GROWTH</b>				
<b>7</b>	<b>Transport infrastructure</b>				
7.1	On behalf of Environment and Enterprise secure RGF funding to support rail line speed enhancements	Ross Gill	April 2012	Amber	Grant offer secure subject to Network Rail commitment to match funding for Phase 2 of scheme,
<b>8</b>	<b>Broadband</b>				
8.1	Progress delivery of Kent and Medway Broadband Programme via delivery of 2012/13 action plans and	Elizabeth Harrison		Green	<ul style="list-style-type: none"> <li>Broadband procurement completed and delivery contract</li> </ul>

PRIORITY 3: infrastructure and Housing		DESCRIPTION OF PRIORITY: Develop and exploit new and existing funding streams and mechanism to enable delivery of new housing, infrastructure and regeneration schemes to support economic growth			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
	targets for : <ul style="list-style-type: none"> <li>• BDUK project</li> <li>• Secure good evidence of demand through the Make Kent Quicker Campaign</li> <li>• Procurement framework completed</li> <li>• Commence procurement of a network supplier for project and contract award</li> <li>• State aid sign off</li> <li>• Commencement of site surveys</li> <li>• Commence implementation of infrastructure build</li> </ul>		March 2013  May 2012 November 2012  October 2012 December 2012 January 2013		now in place with BT. <ul style="list-style-type: none"> <li>• Due to slippage in the BDUK Programme at a national level due to delays in finalising the national procurement framework and securing sign off the UK State Aid Notification, BDUK, we were not able to launch our ITT until the end of October. This means that, whilst survey work has now commenced, the infrastructure build is behind the schedule originally envisaged with our original plan. Nevertheless, it should be stressed that these delays have impacted all Counties and Kent was able to secure and maintain one of the first slots on the Government;'s procurement pipeline and complete the procurement work according to the revised project plan.</li> </ul>
	<b>BUSINESS ENVIRONMENT</b>				
<b>9</b>	<b>Thames Gateway Kent</b>	Nigel Smith			
9.1	Homes and Roads Programme: <ul style="list-style-type: none"> <li>• Complete review of Homes and Roads Programme with DCLG to secure Government commitment and future funding</li> <li>• With Land Securities complete Deed of Variation on Eastern Quarry Development</li> </ul>	Stephen Dukes	April 2012  Spring 2012  March 2013	Green	<ul style="list-style-type: none"> <li>• Review completed – Report to Cabinet (Key Decision 12/01953) on 15<sup>th</sup> October 2012. Ministerial letter received 17<sup>th</sup> July 2012 confirming DCLG/DfT commitment.</li> </ul>

PRIORITY 3: infrastructure and Housing		DESCRIPTION OF PRIORITY: Develop and exploit new and existing funding streams and mechanism to enable delivery of new housing, infrastructure and regeneration schemes to support economic growth			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
	<ul style="list-style-type: none"> <li>Commence work on identified schemes in revised programme</li> </ul>				<ul style="list-style-type: none"> <li>Deed of Variation to Eastern Quarry S.016 signed on 17<sup>th</sup> August 2012</li> <li>Limited to design of Rathmore Road link with submission of planning application</li> </ul>
9.2	Agree S106 for Lowfield Street and Essential Land (Millpond and GSK site) to support Dartford Town Centre transport improvement schemes	Stephen Dukes	June 2012	Amber	Developer for Lowfield Street withdrew application. Resubmission expected May/June 2013. S.106 for Millpond/GSK East site signed 19 <sup>th</sup> December 2012.
9.3	Work with Dartford Borough Council and Land Securities to unlock housing development in Eastern Quarry	Stephen Dukes	March 2013	Amber	Progress delayed by agreement between Land Securities and Highways Agency on methodology for Southfleet Road access improvements.
9.4	Raise profile of Thames Gateway businesses: <ul style="list-style-type: none"> <li>Investment Panel / Spotlight Event</li> <li>Business breakfast for larger North Kent businesses</li> </ul>	Stephen Dukes	Late Spring May 2012	Red Green	
<b>10</b>	<b>East Kent</b>				
10.1	Work with Ashford Borough Council to unlock Chilmington Green housing development in Ashford	Nigel Smith	March 2013	Green	KCC represented on working group looking to develop Heads of Terms for site
10.2	Work with Customer and Communities and KCC Property to explore future options for Rendezvous Site and Winter Gardens	Barbara Cooper	March 2013	Green	
10.3	<ul style="list-style-type: none"> <li>Through the East Kent Opportunities Joint Venture secure mixed use planning application For EuroKent</li> </ul>	Theresa Bruton	March 2013	Amber	Eurokent planning application delayed in LPA process.



PRIORITY 3: infrastructure and Housing		DESCRIPTION OF PRIORITY: Develop and exploit new and existing funding streams and mechanism to enable delivery of new housing, infrastructure and regeneration schemes to support economic growth			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
	<ul style="list-style-type: none"> <li>Ensure on-going marketing of development sites at Manston Business Park</li> </ul>			Green	New enquiries up for MBP, completed land sale of Plots 5 & 10 for new HQ development and Cummins expansion.
<b>11</b>	<b>Kent Rural Board</b>	Elizabeth Harrison			
11.2	Work with the Kent Rural Housing Group to champion the Rural Housing Protocol		March 2013	Green	DVD developed to promote the rural housing protocol
<b>12</b>	<b>Kings Hill</b>				
12.1	Manage Joint Venture and partnership with Liberty Property Trust Ltd to deliver KCC interests for Kings Hill site: <ul style="list-style-type: none"> <li>Review of Masterplan</li> <li>Completion of central area development (retail)</li> <li>Completion of central area residential dwellings excluding Area E</li> <li>Completion of remaining sports pitches/pavilions and allotments on Heath Farm</li> </ul>	Nigel Smith	May 2012 February 2012 October 2012 October 2012	Amber Amber Green Amber	New Master Plan & Phase 3 to be submitted May 2013 Retail/Waitrose and new public toilets complete, Control Tower completion July 2013 All work underway, pitches complete with pavilion & allotments under construction and expected to complete Autumn 13
<b>13</b>	<b>Legacy Projects</b>				
13.1	Manage the completion and transfer of capital projects <ul style="list-style-type: none"> <li>Cyclopark opening</li> <li>Swale Parklands</li> <li>Folkestone Harbour and Heritage Quarter – access improvements</li> </ul>	Theresa Bruton	May/June 2012 May 2012 July 2012	Green	Cyclopark opened as planned in May 2012 and Operator Agreement established with Cyclopark Charitable Trust. Final planting at Churchfield Marshes (Swale Parklands) delayed because

<b>PRIORITY 3: infrastructure and Housing</b>		<b>DESCRIPTION OF PRIORITY:</b> Develop and exploit new and existing funding streams and mechanism to enable delivery of new housing, infrastructure and regeneration schemes to support economic growth			
ACTIONS		Accountable Officer	End Date (month/year)	RAG Status	Comments
					of poor weather. Design work for introduction of two way traffic on Tram Road and two way for buses on Tontine Street being finalised with first stage works planned for Autumn 2013 to avoid main tourist season.

KEY MILESTONES		DATE (month/year)	RAG Status	Comments
A	KMIF launch	December 2012	Red	Project not being taken forward
B	Adoption of revised Developer's Guide	June 2012	Green	Adopted October 2012
C	IIFM model developed	December 2012	Green	Revised models developed in line with changes to service delivery models
D	Complete S106 agreement for Northfleet West Sub-Station in Dartford	March 2012	Amber	Developer considering changes to Masterplan. Negotiations regarding S.106 are on-going.
E	Rented Affordable Homes Loan Scheme launched	July 2012	Green	Scheme has identified 7 initial projects
F	Phase 1 of Local Authority Mortgage Scheme launched	April 2012	Green	Scheme underway in Tunbridge Wells and Gravesham
G	Commence BDUK procurement for private sector investor	January 2013	Green	Procurement finalised with BT being awarded contract in March 2013
H	Investment Panel / Spotlight Event chaired by Sir Edward Lister	Late Spring	Red	Event not held
I	Study commissioned for future options of Winter Gardens	April 2012	Green	Customer and Communities procured Study

KEY PERFORMANCE AND ACTIVITY INDICATORS			
Ref:	PERFORMANCE INDICATOR	Floor Performance Standard	2012-13 Performance
	<b>Agreed targets for Locate in Kent:</b>		
1	Annually, over the period 2010/11 to 2012/13 to create 3,100 gross jobs <sup>1</sup>	3,100	2,864
2	Percentage of total gross jobs <sup>1</sup> created that are professional or management positions, or jobs in knowledge based industries.	45%	47%
3	Percentage of total gross jobs <sup>1</sup> created that are in high value growth sectors.	50%	83%
4	Percentage of total gross jobs created <sup>1</sup> that are located in Ashford, Thames Gateway in North Kent, coastal East Kent.	75%	60% <sup>2</sup>
5	Percentage of total gross jobs <sup>1</sup> that are created by company expansions within Kent.	20%	77%
6	Percentage of total gross jobs <sup>1</sup> that are created by relocations and expansions into Kent.	10%	7%
7	Percentage of projects that are international projects relocating or expanding in Kent from outside of the UK.	28%	25%
8	At least 90% of successes will agree that LiK's assistance was either critical, quite important, or helpful	90%	85%
	<b>Agreed Targets for Visit Kent</b>		
9	Run an effective visitor economy partnership monitored by the VK Board, and measured by the retention of the current level of investors (85)	85	95
10	Annually create £10m worth of income into the economy through marketing campaigns such as Kent Contemporary, My Kent, PR and trade and £30m over three year SLA	£10m	£27m cumulative since 2010/11
11	Engage with 20,000 Kent residents through Big Day Out / Big Weekend Out and 10,000 through Cross channel Cross Channel Big Day Out	30,000	82,000 ballot applications

<sup>1</sup> Total gross jobs include gross jobs created, gross jobs safeguarded and indirect jobs.

	<b>Other indicators</b>		
12	Number of long term empty properties brought back into use in Kent	200	456
13	Percentage of developer contributions delivered against target (Sites under 500 units)	80%	90.6%

The overall jobs target has been affected by slower conversion of projects due to the impact of the recession and delays in decisions whilst companies apply to the Expansion East Kent and TIGER finance schemes.

**By:** Mark Dance, Cabinet Member for Regeneration and Economic Development  
David Cockburn, Corporate Director for Business Strategy and Support

**To:** Economic Development Cabinet Committee  
20 September 2013

**Subject:** Performance Dashboard

**Classification:** Unrestricted

**Electoral Division:** All

**Summary**

This report updates Members on performance to date against key performance targets in the 2013-14 Economic Development and Spatial Unit business plan.

**Recommendation**

Members are asked to REVIEW this report.

**1. Introduction**

- 1.1 In 2012-13, the Unit carried out a review of its key performance indicators and underlying methodologies based on KCC's new approach to economic growth which has a greater focus on delivering business support and job creation. Consequently we are developing two new indicators around jobs created/safeguarded and financial leverage to capture the overall impact in supporting business growth and job creation in the Kent economy. Performance from 1 April 2013 to 30 June 2013 is shown below along with a commentary on key business activities.

**2. Performance review****2.1 Performance to date**

Indicator	Performance Quarter 1	Business Plan Targets	
		Quarter 1 target	Annual target
Number of jobs created	285	500	4,050
Financial leverage secured	£29,702,765	£10,000,000	£67,000,000

The above table relates to Leader, No Use Empty and Regional Growth Funded programmes (Expansion East Kent and TIGER) managed by KCC and Visit Kent and excludes Locate in Kent and High Growth Kent. We have

received monitoring returns from Locate in Kent and High Growth Kent but these are subject to verification with the agencies involved and therefore we have not included them at this stage until the verification process is completed, after which we expect to report higher performance figures.

## 2.2. **Commentary on key business activities**

In July, we secured £5.5m from the Regional Growth Fund (RGF) for ESCALATE, a programme which will offer interest-free loans to businesses with growth potential in West Kent (Maidstone, Sevenoaks, Tonbridge and Malling and Tunbridge Wells). It is intended to launch the scheme in November. Alongside Expansion East Kent and TIGER, securing ESCALATE means that KCC with our partners has successfully bid for £65.5m RGF investment to support Kent businesses.

2.3 As of 30 June 2013, Expansion East Kent has allocated £17,425,085 to 48 businesses at full contract stage and current pipeline cases which will deliver 1,048 jobs. Similarly TIGER has allocated £1,669,875 to 6 businesses which will deliver 141 jobs<sup>1</sup>. Additionally, in July, with our partners, Magnox, Ashford Borough Council and Shepway District Council, we launched Marsh Million, a new £1m fund directly supporting small and start-up businesses on the Romney Marsh. The fund is open to applications from 20<sup>th</sup> September.

2.4 KCC is also investing directly with businesses through our Accelerator Plus; a £150k Scheme aimed at high-growth businesses in West Kent and Maidstone. This Scheme is based on the successful Accelerator Grant programme at Discovery Park which has created/secured 43 jobs and secured £4m in additional private sector investment.

2.6 High Growth Kent and Locate in Kent are also supporting the Regional Growth Fund programmes by making clients aware of the programmes and assisting them with applications.

2.7 We are also working with Locate in Kent to support inward investors focusing particularly on key sectors such as life sciences, green technology and renewable power and have contracted with suppliers to increase foreign direct investment in to Kent from USA and Northern Europe with a target of creating 750 new jobs over three years.

2.8 The £4.5m workspace Incubation programme launched in 2012 financed from Growing Places Fund and KCC's Regeneration Fund is supporting 6 public-sector and private-sector led projects across Kent which will deliver 340 jobs and provide 2,948 square metres of new/refurbished business incubation and workshop space supporting 240 new start-ups and small/micro businesses.

## 3 **Recommendation**

3.1 Members are asked to REVIEW this report.

### **Author Contact Details:**

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<sup>1</sup> Pipeline cases may not reach full contract stage, based on Board decisions

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**Background Documents:**  
None

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**From:** John Simmonds – Cabinet Member for Finance and Procurement  
 Andy Wood – Corporate Director Finance & Procurement

**To:** Economic Development Cabinet Committee 20 September 2013

**Subject:** Medium Term Financial Outlook

**Classification:** Unrestricted

**Past Pathway of Paper:** None

**Future Pathway of Paper:** None, this report provides background information to recent government consultations about future funding settlements

**Electoral Division:** All

**Summary:** This report is to keep members informed of the latest funding estimates for the next four years and the implications for KCC’s financial planning. The report includes information on three key government consultations launched over the summer and the likely timetable for setting the 2014/15 Budget and Medium Term Financial Plan

**Recommendation(s):**

The Cabinet Committee is asked to note the potential implications on future funding settlements and the council’s Budget/Medium Term Financial Plan and the likely timetable for setting the 2014/15 budget.

**1. Introduction**

- 1.1 The Government has recently launched 3 consultations which provide more information about the final settlement for 2014/15 and indicative settlement for 2015/16. The purpose of this report is to provide committee members with summary of the potential implications for KCC in advance of consideration of the forthcoming Budget and Medium Term Financial Plan (MTFP).
- 1.2 The estimated funding settlement figures included in this report are speculative at this stage. The figures will become more definitive following the outcome of Government’s consultations and the publication of funding settlements. Members are reminded that the local government funding settlement from the Department for Communities and Local Government (DCLG) is only part (albeit a significant part) of the overall resource equation for the council. The total resources available to the council will also be influenced by grants from other government departments, Council Tax and Business Rates tax bases.

## **2. Financial Implications**

- 2.1 The proposals in the government consultation will have a significantly detrimental impact on future funding settlements. Future budgets are likely to continue to require significant year on year savings of a similar magnitude to those that have been made in each of the last three year's budgets.
- 2.2 The council's proposed response will emerge when the draft Budget and MTFP are published for consultation later in the year. The final Budget and MTFP will be presented to County Council on 13<sup>th</sup> February 2014.

## **3. Bold Steps for Kent and Policy Framework**

- 3.1 The financial outlook was included in Bold Steps for Kent. This predicted that we would be facing a reducing resource base over the period of the current Spending Round (2011/12 to 2014/15). As it has transpired this prediction has proved remarkably accurate although the requirement for savings due to reduced resource base is likely to carry on for longer than anyone could have foreseen at the time.

## **4. Background**

- 4.1 Prior to the Spending Review 2010 (SR2010) we forecast that KCC would need to make savings of £340m in real terms over the forthcoming four year spending review period. We predicted this would arise from the combination of reduced government grants (in response to tackling the budget deficit), freezing/limitations on increasing Council Tax, and increasing spending demands (mainly due to inflation and population related demands). So far this forecast has proved to be remarkably prescient as over the last 3 years we have had to make savings of between £80m to £100m per annum.
- 4.2 These savings have come from a variety of efficiency and service transformations which have largely been achieved with minimal impact on front line services. We have also had to balance the budget by taking one-off savings such as utilising reserves and in-year under spends due to the late announcements on changes to the funding arrangements. These measures are only a short term solution and need to be replaced with long term sustainable savings.
- 4.3 SR2010 covered the four years from 2011/12 to 2014/15. The next spending review has been deferred until after the 2015 General Election. In the meantime the Government has announced its spending plans for 2015/16 in the June Spending Round 2013. This paper explores the indicative funding for the last year of the current SR2010 period, the implications of the 2015/16 announcement (including consultation on specific details) and speculation on potential funding settlements for 2016/17 and beyond.

## **5. 2014/15 Indicative Funding Allocations**

- 5.1 The provisional indicative allocations for 2014/15 were included in section 3 of the MTFP. These were based on the provisional settlement announced in December and showed an overall reduction in KCC's Start-up Assessment Funding Assessment (SUFA) from £411.9m to £378.3m (£32.6m reduction). The indicative settlement was subsequently updated to £378.7m (£32.2m reduction) but this was not considered significant enough to change the final version of the published MTFP.

- 5.2 The Chancellor's Budget Statement in March announced a further 1% reduction in local authority funding for 2014/15 as part of revised spending plans. At the time we had no indicative figures but we estimated this would equate to a further £3.3m reduction on top of the £32.2m set out in final indicative allocations. This estimate has subsequently been borne out in the illustrative funding allocations included in the technical consultation for 2014/15 and 2015/16 (see section 7 below) which show a revised Settlement Funding Assessment (SFA) for 2014/15 of £375.4m as a result of the additional 1% reduction and revised RPI forecast for Business Rate uplift.
- 5.3 The full impact of the 1% reduction is proposed to be taken from the Revenue Support Grant (RSG) component of the funding methodology, and within RSG the Council Tax Freeze element is to be protected. This means the remaining RSG would be reduced by an average of 1.78%. The impact of this protection on the Council Tax Freeze element is marginal but nonetheless welcome. The Business Rate element of the funding methodology has been updated for the latest Retail Price Index (RPI) forecast.
- 5.4 The technical consultation also includes a proposal to top-slice an additional £95m from the amount allocated to local authorities in order to fund the safety net protection for those authorities with reduced Business Rate yield. Originally it was intended that the safety net would be funded from the levy on authorities with large increases supported by a £25m top-slice as prudent provision should the two not balance. Business Rate forecasts submitted by billing authorities indicate that £25m will not be enough and the Government proposes to increase this to £120m for 2014/15. The consultation also considers whether this additional top-slice for the safety net should be partially offset by reducing the top-slice for capitalisation by £50m. If agreed these top-slice changes would equate to a further £0.7m reduction in KCC's baseline allocation.
- 5.5 The impact on the indicative allocations for 2014/15 of all the proposals in the consultation is set out in table 1 below. Overall this shows the reduction in funding for KCC has worsened from 7.8% to 8.8% as a consequence of the changes.

Table 1	Kent County Council				England				
	RSG		Business Rates	Total	RSG		Business Rates	Total	
	CT Freeze £m	Balance £m	£m	£m	CT Freeze £m	Balance £m	£m	£m	
Final 2013/14 settlement	8.613	238.120	164.145	410.878	356.308	14,819.093	10,898.554	26,073.956	
Final 2014/15 indicative settlement	8.437	201.081	169.179	378.697	349.038	12,275.003	11,232.825	23,856.866	
Impact of 1% Reduction		197.496		375.429		12,056.140		23,659.095	
Impact of RPI forecast			169.497				11,253.917		
Impact of Safety Net topslice		196.794				12,011.140			
Revised proposed SFA	8.437	196.794	169.497	374.727	349.038	12,011.140	11,253.917	23,614.095	
Original Reduction				-32.181				-2,217.090	-8.5%
Revised Reduction				-36.150				-2,459.861	-9.4%

- 5.6 The KCC total of £374.7m for 2014/15 represents the estimated SUFA. The actual funding available to the council will depend on the local share of the Business Rate yield as SUFA will not equate to actual funding beyond 2013/14. We will not know the local share of Business Rates until billing authorities calculate the tax base, this will be at the same time the Council Tax base is calculated.

5.7 We are developing a monitoring system with district councils so that we can more accurately forecast both the Business Rate and Council Tax bases (including the impact of Council Tax Support Schemes and collection rates). We anticipate that variations between the Business Rate tax base and the assumptions in SUFA will be marginal for 2014/15 but will become more significant in future years. At this stage £374.4m is included in the updated MTFP i.e. £36.15m reduction on 2013/14.

## 6. 2015/16 Settlement

6.1 The Spending Round 2013 announced a 10% reduction in the overall funding for local government in real terms (8.2% in cash terms). This was demonstrated by the reduction in the departmental “Resource DEL” for local government from £25.6bn in 2014/15 to £23.5bn in 2015/16. Resource DEL is the approved Departmental Expenditure Limit and represents the amount of revenue spending delegated to individual Government Departments.

6.2 The technical consultation published on 25th July included a proposed SFA for local government in 2015/16 of £20.519bn, this compares to the revised SFA for 2014/15 of £23.614bn described in section 5, and represents a 13.1% reduction in cash terms. Table 2 shows the breakdown for KCC and nationally.

Table 2	Kent County Council			England		
	RSG	Business Rates	Total	RSG	Business Rates	Total
	£m	£m	£m	£m	£m	£m
2014/15 Revised Indicative Allocation	205.231	169.497	374.727	12,360.178	11,253.917	23,614.095
2015/16 Proposed Indicative	151.354	174.253	325.607	8,949.809	11,569.678	20,519.487
Year on Year Change	-26.3%	2.8%	-13.1%	-27.6%	2.8%	-13.1%

6.3 The consultation does not include an explanation of how an overall 10% reduction in real terms (8.2% in cash) has translated into a 13.1% reduction (in cash) to the main source of funding allocated to local authorities. To understand this we need to look more closely at the funding included within Resource DEL. This is not as straightforward as it may seem as the detail of what is included in Resource DEL is not published and we have had to make some assumptions. Table 3 shows these assumptions for 2013/14 and the provisional figures for 2014/15 and 2015/16.

Table 3	2013/14 £m	2014/15 £m	Change	2015/16 £m	Change
<b>Local Government Settlement</b>	<b>26,074</b>	<b>23,614</b>	<b>-9.4%</b>	<b>20,519</b>	<b>-13.1%</b>
<b>Held Back</b>					
NHB contribution	506	800		1,100	
Capitalisation	100	50			
Safety Net	25	120		50	
Other Grants	916	774		774	
<b>New Grants</b>					
Collaboration and Efficiency Fund				100	
Fire Transformation Fund				30	
Social Care New Burdens				335	
Independent Living Fund				118	
Troubled Families				200	
Sub Total	27,621	25,358		23,226	
Transfers	-3,884				
Rough Total	23,700	25,400		23,200	
Published Resource Del	23,900	25,600	<b>7.1%</b>	23,500	<b>-8.2%</b>

- 6.4 If our assumptions about the “Resource DEL” are correct it would appear that what has been presented as new funding for local authorities in 2015/16 has actually been funded at the expense of the main SFA for local authorities i.e. money local authorities would have otherwise received through RSG/Business Rates mechanism. The reduction in the main SFA funding is also greater due to increased holdbacks (this is the case for 2014/15 and 2015/16). These changes explain why the reduction in SFA is greater than the overall 10% reduction for local government in real terms. This means local authorities will have to make greater savings on existing spending than 10% implied by Spending Round announcement. This has taken most authorities by surprise and the 13.1% reduction has already attracted an adverse reaction within local government circles when it was announced.
- 6.5 The Government launched a separate consultation on 25th July regarding the funding for the new Local Growth Fund (LGF). The Government has already determined that the LGF should be created by redirecting existing funding from education and skills, transport, and housing. This consultation deals with the proposal that £400m would be pooled from New Homes Bonus (NHB) between authorities within each Local Enterprise Partnership. In essence legislation would be passed requiring local authorities to pass on a fixed % of NHB to the LEP. The consultation considers two options:
- A standard % for all authorities (35.09% based on forecast value of NHB in 2015/16)

- An alternative in two tier areas with the upper tier transferring 100% of its NHB and lower tier councils a lower % (estimated around 18%) to deliver the same overall amount for the whole authority area as option 1.
- 6.6 The estimated impact on KCC would result in the loss of NHB of between £2.8m to £8.2m. The NHB in 2013/14 is worth £4.5m to the county council and £17.9m to district councils. Some of the transfer would in effect come from projected growth in NHB over the next two years which could be worth between £3m to £3.7m to KCC. District councils are predicted to lose between £5.7m to £11.1m under the proposals. NHB is a significant source of funding for district councils.
- 6.7 The Spending Round 2013 also included an announcement that the Education Services Grant (ESG) would be reduced by £200m as part of the spending changes for DfE. ESG was introduced in 2013/14 by transferring just over £1bn from the local government settlement to DfE. DfE allocates the grant to academies and local authorities as un-ring-fenced funding for central services on a per pupil basis. The amount allocated to academies is more per pupil than the amount allocated to local authorities. This arrangement replaced the previous Local Authority Central Share Equivalent Grant (LACSEG) adjustment which had been challenged.
- 6.8 We have previously recognised that it is not unreasonable that local authority funding for central services should reduce as more schools convert to academy status. The logic of this is incontrovertible. However, we have challenged both the LACSEG and the ESG methodologies for taking too much from local authorities and creating a two tier funding between academies and local authority maintained schools. We have no detail on how the latest reduction in ESG will be applied but the impact for KCC could equate to a loss of between £4m to £5m in addition to any reductions as a consequence of further academy conversions.
- 6.9 Overall we are estimating that we could lose between £56m to £64m of funding in 2015/16 as a result of the Spending Round 2013. This is significantly more than we have faced in the last two years, and similar to the reduction in 2011/12 when local government bore the brunt of the first round of funding reductions following SR2010. These predicted funding reductions together with the inevitable additional spending demands arising from inflation and population growth means we are likely to need to find savings in excess of £100m in 2015/16. This would be the fifth consecutive year of making savings of this magnitude.
- 6.10 Some of this reduction will be offset by the new funding streams. The government stated that these would significantly reduce the impact and the total package equates to a 2.3% reduction in overall local authority spending. We remain sceptical of this calculation, particularly if the new funding streams bring with them additional spending obligations. The new streams (with national funding amounts) include the following
- £3.8bn pool for integrated health and social care
  - £330m fund for transforming services (including an additional £200m for troubled families)
  - £335m to invest in 2015/16 in advance of changes to social care in 2016/17
  - Support for further Council tax freeze 2014/15 and 2015/16

- A joint programme with Department for Education to review pressures on children's services
- Flexibility to use capital receipts to fund one-off revenue costs of service reform

6.11 At this stage we have very little information about how these funding streams will be allocated and what strings will be attached to them.

## **7. Technical Consultations**

7.1 We have already referred to the technical consultations. Three consultations were published towards the end of July. Each has a different deadline for responses (shown in brackets):

- New Homes Bonus and the Local Growth Fund (19th September)
- Local Government Finance Settlement 2014/15 and 2015/16 (2nd October 2013)
- Proposals for the use of capital receipts from asset sales to invest in reforming services (24th September 2013)

7.2 As these are largely technical consultations the response will be agreed by the Cabinet Member for Finance and Procurement (Deputy Leader) following discussion with the Leader and relevant Cabinet Members. Where timing allows we will include the draft response/final response as background documents to this report.

7.3 The main issue in the NHB consultation is the differential arrangements proposed in two tier areas. Whilst we recognise the significance of NHB grant to district councils we should not underplay the role the county council plays in promoting housing growth or that NHB has been used to underpin the council's overall budget. The rest of the consultation deals with enforcement, accountability, arrangements for London, authorities which are part of more than one LEP and committed expenditure.

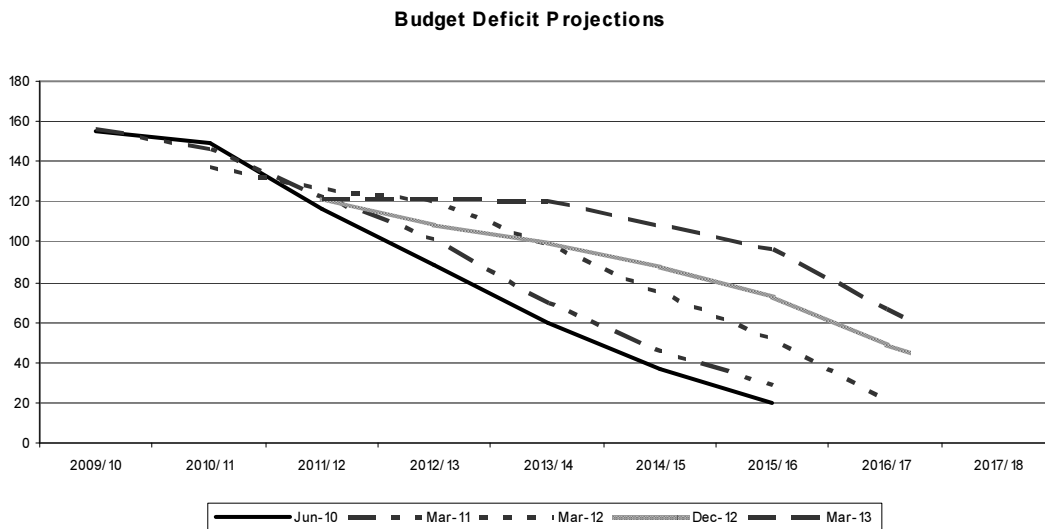
7.4 The main issue in the finance settlement consultation is the unexpected reductions for 2015/16 dealt with in section 6 of this report. The consultation itself seeks views on technical changes to the formula used to determine individual authority shares. The consultation also deals with integrating the existing Council Tax Freeze grants into the main funding arrangements and adjustments for Carbon Reduction scheme.

7.5 The consultation on use of capital receipts for asset sales is largely self explanatory. Currently receipts from asset sales can only be used to fund new infrastructure projects. Under the proposals in the consultation we would also be able to use receipts to fund one-off revenue purposes to stimulate organisational change. The consultation deals with the practical implementation and potential scope of alternative arrangements.

## 8. 2016/17 and Beyond

- 8.1 The Chancellor of the Exchequer has already indicated that there are likely to be further public spending reductions needed in 2016/17 and 2017/18 if the objective of eliminating the structural deficit is to be achieved. He has indicated that reductions will be of a similar magnitude to SR2010 and Spending Round 2013. We have no detail where these reductions might fall and whether the protected departments (schools, health and overseas development) will continue to be protected.
- 8.2 Some independent analysts are predicting that spending reductions may have to carry on until 2020 if current trends continue. Certainly it has been the case that in spite of spending reductions the projections for eliminating the budget deficit have progressively been extended. This is represented in graph 1 below which shows that each year projections in the Autumn Statement and annual Budget Statement have got worse.

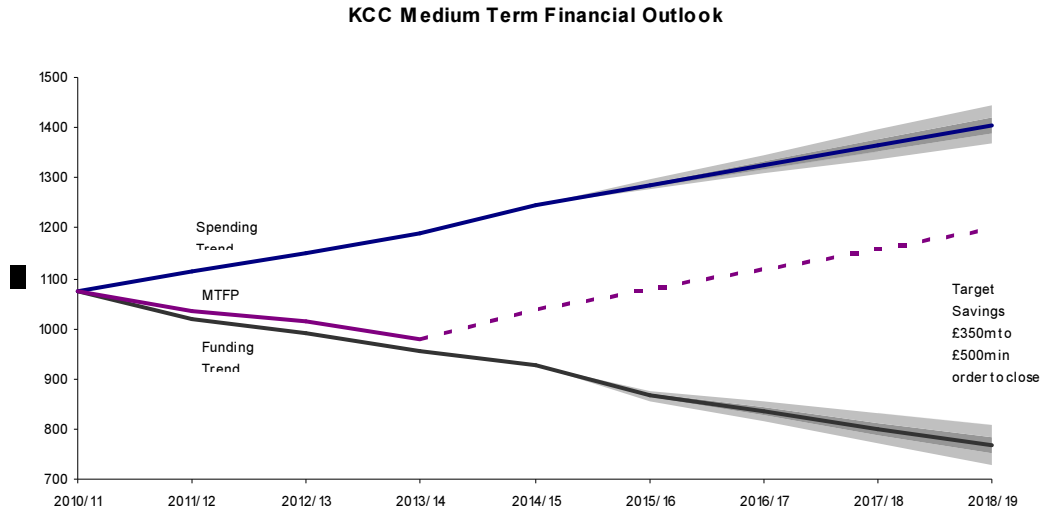
Chart 1



- 8.3 We have plotted the funding and spending changes for KCC since 2010/11 on a like for like basis. This includes the impact of changes in grant mechanisms e.g. transfer from specific to un-ring-fenced grants; and the transfer of responsibilities e.g. learning disability, public health, Council Tax support, etc. We have then projected funding and spending on similar basis forward to 2018/19. This gives us the most plausible picture over the longer term, although inevitably as we look beyond more than 2 years the estimates become vague with greater likelihood of variation.
- 8.4 The graph also shows our progress to date in balancing the budget. This shows that each year we have nearly reached the underlying spend necessary for a balanced budget but each year there has been a small element of one-offs. Chart 2 shows the projections for KCC up to 2018/19 and progress to date.



Chart 2



8.5 Chart 2 exemplifies the challenge we face. This was referred to in the County Council paper on 18th July “Facing the Challenge” and officers have already embarked on a transformation programme for the council to meet this challenge. As previously indicated the scope of the savings and the long period of year on year reductions are unprecedented.

**9. Timetable for 2014/15 Budget**

9.1 As indicated in section 5 the reductions for 2014/15 are largely as we anticipated. We are developing plans how savings can be achieved without compromising the longer term objectives for the whole council transformation. We will be looking to issue a draft budget for consultation in November. Whilst we would have liked to carry out consultation earlier the uncertainty over the recent technical consultations and Business Rate/Council Tax base means this isn’t advisable without excessive caveats.

9.2 We aim to report feedback from consultation to Cabinet and Cabinet Committees in January. Whilst the timing for this is tight it will still enable us to publish a final draft budget and MTFP in time for County Council papers for the 13th February meeting when the budget will be discussed and resolved.

**10. Conclusions and Recommendations**

10.1 The purpose of this report is to provide members with more information about the latest funding projections for future years. As in previous years decisions on the level of Council Tax and how we cover unavoidable spending demands and local policy/service initiatives will also have to be factored into the budget. What is clear is that we will not be able to balance the budget without making further substantial savings over the next 4 to 5 years.

10.2 What is also clear is that announcements on grants for further Council Tax freezes are likely to be around 1%. Referendum levels for excessive increases are also likely to be around 2%. This leaves very little room for manoeuvre on Council Tax

10.3 Members are asked to NOTE the potential implications on future funding settlements and the council’s Budget/Medium Term Financial Plan and the likely timetable for setting the 2014/15 budget.

## **11. Background Documents**

- KCC Budget Book 2013/14 and Medium Term Financial Plan 2013/15
- New Homes Bonus and the Local Growth Fund – DCLG Technical Consultation Document
- Local Government Finance Settlement 2014-15 and 2015-16 – DCLG Technical Consultation Document
- Proposals for the use of capital receipts from asset sales to invest in reforming services – DCLG Technical Consultation Document

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**By:** Mark Dance, Cabinet Member for Regeneration and Economic Development

**To:** Economic Development Cabinet Committee  
20<sup>th</sup> September 2013

**Subject:** Kent Local Authority Mortgage Scheme (LAMS) and Help to Buy

**Classification:** Unrestricted

**Electoral Division:** All

**Summary:**

The Kent and Medway Housing Strategy identified access to mortgage finance as a key priority for Kent and Medway.

The average age of First Time Buyers is 37 and rising.

The **Kent Local Authority Mortgage Scheme (Kent LAMS)** provides 95% mortgages for Kent first time buyers, priced as if 75% mortgages backed by an LA indemnity.

Kent LAMS helps First Time Buyers to buy second-hand homes and is a compliment to the new Government **Help to Buy** scheme.

Kent LAMS has the capacity to provide up to 800 mortgages and up to 4000 further consequential sales in the Kent housing market.

Subject to Lloyds TSB's usual lending criteria, borrowers are able to select any existing property with a cost limit set by the individual districts not to exceed £350,000.

KCC in partnership with the Districts launched the Kent LAMS in Tunbridge Wells in September 2012 and Gravesham in February 2013, providing affordable up to 95% loan to value mortgages for local first time buyers. To date, there are 28 mortgages against the scheme in Tunbridge Wells and 8 in Gravesham.

In Tunbridge Wells the average property value in the LAMS scheme is £196,065, average loan £184,034, average loan to value 93.86% and average age of first applicant 29. In Gravesham the average property value in the LAMS scheme is £151,800, average loan £143,876, average loan to value 94.78% and average age of first applicant 27.

As this first phase of Kent LAMS is in partnership with Lloyds TSB, it will only apply to "secondhand" properties. It will not be used for the purchase of newbuild properties.

Shepway launched in August 2013 with Kent LAMS and we hope to be able to roll it out to other areas in Kent during 2013. KCC has £9.5M available to do this (£1M to match fund each remaining District and 500k for a second round with Shepway if required.)

**Recommendation:**

Members are asked to NOTE the progress made in implementing the Kent Local Authority Mortgage Scheme and to note the update on the governments new Help to Buy Scheme.

**1. Introduction**

- 1.1 The Kent and Medway Housing Strategy identifies access to home ownership, particularly for first time buyers (FTBs), as a key concern for Kent and Medway and recommends the need for innovative solutions to overcome the current restrictions in available mortgage finance.
- 1.2 The average age of FTBs without assistance from the “Bank of Mum and Dad” is now recognised as standing at 37 and rising, some commentators believe this to be as high as 41 in parts of West Kent
- 1.3 Large deposit requirements from mortgage lenders are thought to be one of the key hurdles preventing even high income FTBs from being able to obtain mortgages. Deposit requirements of 20 – 25% are commonplace, which in Kent would equate to between £28K and £55K, depending on the type of property purchased.
- 1.4 In March 2011 Sector Treasury Services, an independent provider of capital financing, treasury advisory and strategic public sector consultancy services, in partnership with Lloyds TSB, announced a new Local Authority Mortgage Scheme (LAMS) initiative (known as “Local Lend a Hand”), aimed at helping FTBs who can afford to repay monthly mortgage payments but are unable to provide the level of deposit currently required by mortgage lenders to access finance.
- 1.5 The scheme has been launched by a number of Unitary and District authorities, including Blackpool, Warrington, Blaby, Nuneaton, Luton and Hastings. Other two-tier County and District partnership schemes have been launched in Gloucestershire and in Hertfordshire, using our “Kent model”.

**2. Outline of the scheme**

- 2.1 The scheme is aimed at helping new FTBs who can afford mortgage repayments - but not the initial deposit – to get on to the property ladder.
- 2.2 Under the scheme, the FTB is required to provide a deposit of at least 5% of the purchase price of a property. The Local Authority then makes up to 20% available in the form of a cash-backed indemnity to the mortgage provider. This allows the FTB to obtain a mortgage they otherwise may not have been able to access. The FTB is then granted a mortgage for the outstanding 95% of the purchase price, but at interest rates that would normally only be available to those with a 25% deposit. The borrower would still repay the principal as if it were a 95% mortgage, but at more favourable interest rates. The local authority indemnity would only apply for the first five years after the mortgage has been taken out.

- 2.3 In order to cover the indemnity the local authority has to deposit up to £2m with the mortgage lender for an initial five year period starting from the date the authority agrees to take part in the LAMS. Interest will be paid on this initial investment at a premium rate (in the case of Lloyds TSB this will be 0.7% above their usual commercial rate). The initial five year investment will cover a different time period than the five year indemnity in most cases as the indemnity only starts once the mortgage has been granted and the house purchase is completed.
- 2.4 The table below sets out indicative prices in Kent for the types of property most likely to be purchased by FTB households, the minimum amount of deposit the FTB would be required to find, the maximum level of indemnity the scheme would provide and the residual mortgage amount the FTB would have to repay.

Type of Property	Average Price	FTB Deposit (5%)	Indemnity Required (20%)	FTB Mortgage Amount (95%)
Flat	£139,323	£6,967	£27,865	£132,356
Terrace	£174,408	£8,720	£34,882	£165,688
Semi-detached	£218,306	£10,915	£43,661	£207,391

- 2.5 As an example, across Kent, assuming all 12 District Councils participate and invest £1m, which is matched by £1m from KCC, (making a total of £24m) the scheme could support the purchase of: 861 flats, 688 terrace houses or 549 semi-detached houses.
- 2.6 Mortgages are on a repayment basis, the safest way of making sure the loan decreases over time and is repaid by the end of the term.
- 2.7 Local Authorities are able to specify 2 eligibility criteria. These are:
  - (i). Maximum loan value
  - (ii). Postcodes covered by the scheme
- 2.8 These criteria are set on a district by district basis rather than at Kent-level, to take account of local variations and local housing strategies.
- 2.9 No other eligibility criteria is able to be set, so Local Authorities cannot limit this scheme to specific types of FTB, such as key workers, graduates, those in social housing etc.
- 2.10 The existing scheme is not open to all types of FTB purchases. It does not support property purchased to be let, second homes, Right to Buy cases, shared ownership or shared equity cases. Lloyds TSB has a specific policy not to lend on new build homes, we understand this is because they do not want additional newbuild in their mortgage portfolio rather than any inherent difficulties with mortgages on newbuild. Other mortgage providers may be more willing to lend on new build.

### 3 Kent LAMS

- 3.1 Following discussions with Sector, Lloyds and District Councils, KCC has developed a County-wide two-tier scheme known as the Kent Local Authority Mortgage Scheme (KLAMS).
- 3.2 Under the scheme, each participating District Council enters into a direct agreement with Lloyds (or other approved mortgage providers) but under the KLAMS banner. KCC enters into a separate match-funding loan agreement with each participating District Council, whereby we match-fund the amount deposited by the District into the scheme. To comply with State Aid requirements, each District is only available to deposit a maximum of £2m with an individual lender. KCC would therefore be looking to provide match-funding of up to £1m per District authority, a total of £12m if each Kent District participates in KLAMS.
- 3.3 KCC Legal have drawn up a Match Funding Loan Agreement, which states that KCC and the Districts would agree to an equal split of the financial risks and rewards associated with the scheme. KCC would receive 50% the interest earned on the deposit and would pay 50% of any amount required to be paid by the Local Authority in respect of any borrower's default. In the case of interest, Lloyds pay this to the District, who would then be required to remit 50% of this to KCC under the match funding agreement. In the case of default, Lloyds would notify the District of any liability and the District would notify KCC of the 50% the authority would required to pay.
- 3.4 It is essential to understand the relationships under the Kent LAMS:
- |                             |   |             |
|-----------------------------|---|-------------|
| FTB to mortgage lender      | - | contractual |
| mortgage lender to district | - | contractual |
| district to county          | - | partnership |
- 3.5 There is no relationship between the FTB and district or county, or the mortgage lender and the county.

### 4 Progress in other areas

- 4.1 Thanet, Canterbury and Tonbridge and Malling have all received Member agreement to Kent LAMS, subject to officers doing due diligence and we are progressing this with them and Maidstone have indicated they are actively considering Kent LAMS.

### 5 Help to Buy

- 5.1 In a recent development the government unveiled details of the second mortgage guarantee part of the government's **Help to Buy** scheme, they have advised that only credit worthy borrowers will be able to buy homes. This follows progress with the first part of the scheme which was launched in April 2013 and which offers loans to give people the chance to buy a new-build home with a deposit of just 5 per cent. It has also began to outline the

framework of the mortgage guarantee scheme, which is due to launch in January, which will see the government take on the risk of default by borrowers by guaranteeing a proportion of a loan on any property costing up to £600,000. An update on **Help to Buy** is attached at **Annex A** with Kent and Medway figures at **Annex B**.

- 5.2 The scheme aims to boost mortgage availability by £130billion by reducing the risk to the lender. The initial equity loan stage enables potential homeowners to buy a new-build home worth up to £600,000 with a government loan of up to 20 per cent, interest-free for five years. After the first five years they must start repaying the government loan and see interest begin to be charged on it, starting at a low rate of 1.75 per cent. The next stage will be extended to existing homes as well as newly-built properties, again up to a value £600,000. It will see the government offer guarantees totaling up to £12billion on £130billion on 95% mortgage lending.
- 5.3 The government have stated that guarantees will only be available to borrowers who can afford the mortgages, while those with impaired credit ratings will be excluded. Guarantees will also not be available for second home purchases, and lenders will be required to collect a declaration stating that the borrower has no interest in a property anywhere else in the world. It will not be able to be used in conjunction with another state scheme. Lenders will pay a fee to use the guarantee, based on loan-to-value banding.

## **6 Recommendation**

- 6.1 Members are asked to NOTE the progress made on the implementation of the Kent Local Authority Mortgage Scheme and update on the government's Help to Buy Scheme.

## **7. Background Documents**

- 7.1. **Kent and Medway Housing Strategy 2012-2015:**  
<https://shareweb.kent.gov.uk/Documents/community-and-living/Regeneration/KFHS%20Refresh%20FINAL.pdf>

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## Help to Buy

You may be able to get financial help through a Help to Buy home ownership scheme if you live in England and can't afford to buy a home.

The 4 types of Help to Buy scheme are:

- [Help to Buy equity loans](#)
- [Shared Ownership](#)
- [NewBuy](#)
- [Help to Buy mortgage guarantees](#) - available from January 2014

### Help to Buy equity loans

Help to Buy equity loans are open to both first-time buyers and home movers on new-build homes worth up to £600,000.

You won't be able to sub-let your home if you use this scheme.

### How it works

With a Help to Buy equity loan:

- you'll need to contribute at least 5% of the property price as a deposit
- the government will give you a loan for up to 20% of the price
- you'll need a mortgage of up to 75% to cover the rest

### Example

#### For a property worth £200,000

	Amount	Percentage
Cash deposit	£10,000	5%
Equity loan	£40,000	20%
Your mortgage	£150,00	75%

If the home in the table above sold for £210,000, you'd get £168,000 (80%, from your mortgage and the cash deposit) and pay back £42,000 on the loan (20%). You'd need to pay off your mortgage with your share of the money.

### Equity loan fees

You won't be charged loan fees for the first 5 years of owning your home.

In the 6th year, you'll be charged a fee of 1.75% of the loan's value. After this, the fee will increase every year. The increase is worked out by using the [Retail Prices Index](#) plus 1%.

Your Help to Buy agent will contact you before the fees start, to set up monthly payments with your bank. You'll also be sent a statement about your loan each year. Fees don't count towards paying back the equity loan.

### Shared ownership schemes

Shared ownership schemes are provided through housing associations. You buy a share of your home (between 25% and 75% of the home's value) and pay rent on the remaining share.

You'll need to take out a mortgage to pay for your share of the home's purchase price.



Shared ownership properties are always [leasehold](#).

### **Eligibility**

You can buy a home through shared ownership if:

- your household earns £60,000 a year or less
- you're a first-time buyer (or you used to own a home, but can't afford to buy one now)
- you rent a council or housing association property

### **Older people**

You can get help from another Help to Buy scheme called 'Older People's Shared Ownership' if you're aged 55 or over.

It works in the same way as the general shared ownership scheme, but you can only buy up to 75% of your home. Once you own 75% you won't have to pay rent on the remaining share.

Your local [Help to Buy agent](#) can help you.

### **People with disabilities**

Home Ownership for People with Long-Term Disabilities (HOLD) can help you buy any home that's for sale on a shared ownership basis if you have a long-term disability.

You can only apply for HOLD if the properties available in the other Help to Buy schemes don't meet your needs, e.g. you need a ground-floor property. Your local [Help to Buy agent](#) can help you.

### **Buying more shares**

You can buy more shares in your home any time after you become the owner. This is known as staircasing.

The cost of your new share will depend on how much your home is worth when you want to buy the share. If property prices in your area have gone up, you'll pay more than for your first share. If your home has dropped in value, your new share will be cheaper.

The housing association will get the property valued and let you know the cost of your new share. You'll have to pay the valuer's fee.

### **Selling your home**

If you own 100% of your home, you can sell it yourself. When you put it up for sale, the housing association has the right to buy the property back first. This is known as 'first refusal' and the housing association has this right for 21 years after you fully own the home. If you own a share of your home, the housing association has the right to find a buyer for it.

### **NewBuy**

NewBuy lets you buy a newly built home with a deposit of only 5% of the purchase price.

## Who qualifies?

To qualify for NewBuy, your new home must be:

- a new build – being sold for the first time or for the first time in its current form (e.g. a new flat that used to be part of a house)
- priced £500,000 or less
- your main home (you can't use NewBuy to buy a second home or a buy-to-let property)
- owned fully by you (you can't use NewBuy for shared ownership or shared equity purchases)
- built by a builder taking part in the scheme

To qualify you must be either:

- a UK citizen
- someone with the right to remain indefinitely in the UK

You don't have to be a first-time buyer and there's no limit on your level of income. But you can't use NewBuy with any other publicly funded mortgage scheme.

## Help to Buy Mortgage Guarantees

**From 1 January 2014**, the Help to Buy mortgage guarantee will help you buy a home with a deposit of only 5% of the purchase price.

Help to Buy mortgage guarantees will be open to both first-time buyers and home movers. However, you won't be able to get a Help to Buy mortgage guarantee if you're planning on renting out the property.

The guarantee is provided to your lender - not to you.

## Eligibility

To qualify for a Help to Buy mortgage guarantee, the home you want to buy must:

- be offered for sale at £600,000 or less
- not be a [shared ownership](#) or [shared equity](#) purchase

The property can be newly built or already existing.

You don't have to be a first-time buyer and there's no limit on your level of income. But you can't use Help to Buy with any other publicly funded mortgage scheme.

## Annex B

### Kent & Medway Help to Buy figures Equity Loans from 1 April 2013 - 16 August 2013

<b>Help to Buy</b>	<b>Reserved</b>	<b>Exchanged</b>	<b>Completed</b>	<b>Totals</b>
<b>Kent (excl. Medway)</b>	154	46	82	282
<b>Medway</b>	16	8	10	34
<b>Totals</b>	170	54	92	316

Figures provided by:



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**By: Mark Dance**  
**Cabinet Member for Regeneration and Economic Development**

**Barbara Cooper**  
**Director, Economic Development**

**To: Economic Development Cabinet Committee -20 September 2013**

**Subject: STRATEGIC ECONOMIC PLANS AND FUTURE FUNDING FOR GROWTH**

**Classification: Unrestricted**

**Electoral Division All**

### **Summary**

As previously reported to the Cabinet Committee, work is underway to prepare *Unlocking the Potential*, a new growth plan for Kent and Medway, which will set out the county's ambitions, opportunities and challenges for economic growth and replace the existing Regeneration Framework as our main economic strategy.

At the same time, the Government has asked the Local Enterprise Partnership to prepare a 'Strategic Economic Plan' setting out a programme for the use of future Government and other funding. This is likely to be an important document in enabling Kent to access future investment and it will be important that it reflects the priorities set out in *Unlocking the Potential*.

This paper sets out:

- a) The **funding** that is likely to be made available for economic growth over the next few years;
- b) The role that the *Unlocking the Potential* and the **Strategic Economic Plan** will play in helping to access this as well as setting out broader ambitions; and
- c) The development of stronger **governance arrangements** for the South East LEP to ensure that local accountability is improved.

### **Recommendation**

The Cabinet Committee is recommended to CONSIDER this report.

## **1. Funding for growth: New sources of investment**

- 1.1. In recent years, Kent County Council, working with partners, has been successful in securing substantial investment to meet the county's economic growth priorities, Since 2010, this has included almost £10 million to deliver superfast broadband (plus £20 million from the private sector) and over £60

million from the Government's Regional Growth Fund to help businesses access finance, and we have also been successful in accessing further investment from the Homes and Communities Agency, Environment Agency and other bodies, despite general public sector austerity.

- 1.2. Looking to the future, it is likely that there will be at least one further round of Regional Growth Fund. However, the Government's current emphasis is on two new forms of funding which have been made available to Local Enterprise Partnerships: firstly, the **Single Local Growth Fund** (or Single Pot) and secondly, a new **European Structural and Investment Funds** programme. Both of these present opportunities for Kent, which the following paragraphs set out.

#### Single Local Growth Fund

- 1.3. The Single Local Growth Fund (SLGF) will be worth £2.02 billion in 2015/16, of which £1.12 billion will come from the Department for Transport, including the funds which have already been allocated to Local Transport Bodies. This nominally equates to about £150 million for the South East LEP overall, or about £65 million for Kent and Medway – although there is an opportunity to secure more than this with strong project proposals:

<b>SLGF funding 2015/16 (and potential future annual amount)</b>			
<b>Source</b>	<b>England £ million</b>	<b>SE LEP £m (approx. nominal)</b>	<b>Kent &amp; Medway £m (approx. Nominal)</b>
Transport			
- Local Authority Transport Majors	819	62	27
- Local Sustainable Transport Fund	100	8	3
- Integrated Transport Block	200	15	6
Skills			
- Further Education capital	330	25	11
- ESF match funding	170	13	6
New Homes Bonus	400	30	12
<b>Total</b>	<b>2,019</b>	<b>152</b>	<b>66</b>
Capital	1,449	109	47
Revenue	570	43	19

- 1.4. Some of this funding is already committed, and the New Homes Bonus element already belongs to local authorities anyway. However, the Government has suggested that around £2 billion per year may be available through the SLGF up to 2020/21: the bulk of this is likely to come from the Department for Transport and will mostly be allocated on a competitive basis, with the proportion that is already committed diminishing over time. So potentially, the Fund could be an important pot of future funding, especially for transport capital schemes. Formally, the SLGF is not ringfenced, although clearly contributing departments will want their priorities reflected in its use,

and there will be restrictions on the use of some elements (such as the skills funding which will be committed as match to the European Social Fund).

### European Structural and Investment Funds

- 1.5. The LEP has also been allocated €185.9 million (approx. £165 million, or £23.6 million per year) in European Structural and Investment Funds between 2014 and 2020. This is a substantial allocation and is separate from and additional to the funds that Kent and Medway also receive through Interreg.
- 1.6. The LEP's allocation is indicative, in that all funding will continue to be held by central Government and projects will be appraised, approved and monitored by DCLG. However, LEPs (or panels appointed by them) will have a role in considering project applications.
- 1.7. Based on current Government guidance, it is anticipated that the European funding will be divided between:
  - European Regional Development Fund (£82.5 million) for business support, innovation, low carbon development and potentially access to finance schemes; and
  - European Social Fund (£82.5 million) for access to employment, social inclusion and lifelong learning.
- 1.8. All European funds require match. The Government has put forward a number of packages which would provide central Government match to draw down European funds for an enhanced local service in relation to business support, skills and social development. Work is underway to examine whether or not these are likely to represent good value.

## **2. The Strategic Economic Plan and *Unlocking the Potential***

- 2.1. The Government has asked LEPs to each prepare a **Strategic Economic Plan**. This will provide the basis for the allocation of the competitive element of the Single Local Growth Fund, and is also intended to provide a wider vision and commitment to growth, including aligning local authority spend and demonstrating effective collaboration. The Strategic Economic Plan should also set out a high level assessment of the value for money of the interventions proposed, and the Government has invited LEPs to set out 'asks' of Government within their Plan, reflecting the City Deal format. At the same time, the South East LEP has also been asked to prepare strategies for future European funding, setting out how the £165 million allocation will be used.
- 2.2. While the LEP has appointed consultants to draw a high-level strategy together, the South East LEP is very large and diverse, and substantive delivery will take place at county and local level. It will therefore be important to ensure that the Strategic Economic Plan reflects Kent's opportunities and

ambitions and builds on our wider economic vision. Work is already underway to develop ***Unlocking the Potential***, a new growth plan for Kent and Medway, which will both set out Kent's priorities for the Strategic Economic Plan and outline longer term ambitions.

- 2.3. A draft of *Unlocking the Potential* is being prepared and substantial work will need to take place in the autumn to define and articulate Kent's priorities. A presentation on current progress will be given to the Cabinet Committee.

### **3. Developing the Local Enterprise Partnership**

- 3.1. When it was established, the South East LEP was envisaged as a 'light touch' strategic partnership. However, the Government has increasingly placed additional responsibilities onto LEPs - including the requirement to prepare the Strategic Economic Plan – and the LEP will be a significant conduit for future Government funding.
- 3.2. In this context, the LEP is discussing changes to its governance arrangements which will see decision-making and resource allocation powers devolved further to local areas. While the details of this have yet to be resolved, the Kent Leaders agreed in July to establish a new 'Kent and Medway Economic Partnership' to act as a devolved LEP board for the county.
- 3.3. It is anticipated that the new Kent and Medway Economic Partnership will consist of the Leaders of KCC and Medway Council, six District Leaders, 11 business representatives and one representative each from the further and higher education sectors, and will replace the existing Kent Economic Board.
- 3.4. An initial meeting of the new Partnership is likely to take place in October, with the Partnership having a key role in directing the emerging *Unlocking the Potential* and Kent and Medway's input into the Strategic Economic Plan.

### **4. Recommendations**

- 4.1. The Cabinet Committee is recommended to NOTE this report and the presentation to be given to the Committee, and to COMMENT on Kent's future economic priorities.

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3 September 2013



**By:** Mark Dance  
Cabinet Member for Regeneration and Economic Development  
Barbara Cooper  
Director, Economic Development

**To:** Economic Development Cabinet Committee - 20 September 2013

**Subject:** Assisted Areas Review

**Future Pathway  
of Paper:** Economic Development Cabinet Committee - 3 December 2013

**Electoral  
Division:** Thanet and Dover

**Classification:** Unrestricted

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## Summary

At present, Thanet and part of Dover is designated as an 'Assisted Area', meaning that higher levels of public sector assistance can be provided to businesses (for example through schemes such as Expansion East Kent) than would otherwise be permitted.

Only a limited number of places are designated as Assisted Areas, and the map is reviewed every seven years. The Government recently launched the first phase of consultation on the new map for the period 2014-20.

The consultation provides an opportunity to retain Assisted Area designation for Thanet and Dover. Based on the likely criteria, it is also possible that part of Medway and Swale could secure additional designation.

This paper sets out the current value of Assisted Area designation to Kent, explains the consultation process and outlines KCC's proposed response. The Cabinet Committee is recommended to consider the report and to endorse efforts by KCC with partners to retain Assisted Area designation in Thanet and Dover and to secure additional designation in Medway and Swale.

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## 1. Introduction

1.1. The rules governing the amount and nature of state aid that can be provided to industry are determined at European level and are strictly enforced. However, within the rules, some areas considered to be in need of additional support are designated as 'Assisted Areas', enabling national and local government to offer higher levels of grant assistance to business. In practical terms, this means that:

- Within Assisted Areas, public investment aid can be provided to large companies (whereas there is a general ban on assistance to large businesses elsewhere);
- Small and medium businesses can benefit from a higher amount of assistance as a proportion of total project cost than would otherwise be permitted.

- 1.2. It should be noted that **Assisted Area designation does not itself bring any extra money**. Rather, it means that where local or national government grant support to business already exists (such as through TIGER or Expansion East Kent), it can be used more flexibly.
- 1.3. There is a ceiling imposed by the European Commission on the proportion of the UK population that may be within an Assisted Area. Consequently, there is a limit on the number of places that are covered by the designation. Most of these are in the North of England, Scotland and Wales, with Thanet and Dover currently the only places in Kent (and the wider South East) to benefit, although other parts of the county have had partial coverage in the past.

## **2. The review of Assisted Areas**

- 2.1. The map of Assisted Areas is reviewed every seven years. A review is now underway, so that a revised map comes into force in mid-2014.
- 2.2. The map is ultimately approved by the European Commission and the process of designating specific Assisted Areas has to conform to a number of requirements set at European level. However, the review is mostly a matter for the UK Government, which has wide discretion on the areas that it can designate, provided that:
  - Combined, Assisted Area coverage does not exceed a maximum coverage of 27% of the UK population; and
  - Each Assisted Area must contain a **minimum contiguous population** of 100,000.
- 2.3. Within the new map, the proportion of the UK population that can be covered by Assisted Area designation is somewhat higher than it is at present, so there is a realistic prospect that some additional areas can be designated.

## **3. The consultation process**

- 3.1. The Government has now launched a consultation on a new Assisted Areas map. This will take place in two stages:
  - Firstly, consultation on the **criteria** to be used in determining Assisted Areas and on **initial proposals** for places to be included on the map. This phase of the consultation has started;
  - Secondly, consultation on a **proposed map**. This phase will take place towards the end of the year
- 3.2. The first phase of the consultation has a deadline of **30 September**. Local Enterprise Partnerships are particularly asked to respond, although we can also respond as a County Council.

## **4. Opportunities for Kent**

- 4.1. In order to be viable, any proposed Assisted Area needs to have a contiguous population of 100,000, meet a number of needs-based criteria (likely to be based on

unemployment levels, out of work benefit claimants and manufacturing employment), and provide evidence of local opportunity, such as employment sites and funding schemes which could take advantage of Assisted Area designation. Few areas are likely to receive Assisted Area designation in the South, and the likely criteria exclude most places in Kent – however, there are two locations which can make a strong case.

- 4.2. Firstly, **Thanet and the Sandwich, Eastry and Whitfield** wards of Dover already have Assisted Area designation, covering Discovery Park Enterprise Zone and the employment sites at Thanet Central Island. This is proving important in enabling Expansion East Kent funds to be used most effectively, and the Government has indicated that the existing map is likely to be a material consideration in drawing up the new one. With Thanet and Dover District Councils, KCC has prepared a business case for the retention of Assisted Area designation, which is attached as Annex 1.
- 4.3. Secondly, the '**Medway-Swale arc**' also appears likely to meet Government's criteria. This area covers the western part of Swale along the A249 Corridor, as well as the Isle of Grain and the main employment areas in Rochester, Chatham and Gillingham. Work is underway with Swale Borough Council and Medway Council to set out a detailed business case.

## **5. Proposed response**

- 5.1. Based on the business cases being developed, it is proposed that Kent County Council responds to the consultation setting out the case for the retention of Assisted Area status in Thanet and Dover, and the designation of a new Assisted Area in part of Medway and Swale. As well as responding in our own right, it will be important to also ensure that these priorities are reflected in the response being developed by the South East Local Enterprise Partnership.

## **6. Recommendations**

- 6.1. The Cabinet Committee is recommended to:
  - a) Consider the contents of this report; and
  - b) Endorse efforts being made to retain Assisted Area designation in Thanet and Dover with additional designation in Medway and Swale, and to reflect this in KCC's consultation response.

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### **Annexes**

Annex 1: East Kent Assisted Area; Business case for retaining Assisted Area designation

#### **Support documents**

Consultation on the map of Assisted Areas 2014-20

<https://www.gov.uk/government/consultations/assisted-areas-map-2014-to-2020>

Analysis of anticipated criteria and potential geographical coverage (available on request)

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# **THE EAST KENT ASSISTED AREA:**

## **Business case for retaining Assisted Area designation**

**September 2013**

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## EXECUTIVE SUMMARY

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Thanet and the northern part of Dover are currently designated as the **East Kent Assisted Area**. This means that higher levels of public support can be made available to back business growth – attracting investment and creating jobs in an area that has experienced major economic challenges.

The added flexibility of Assisted Area designation is helping business to make the most of new opportunities. Government investment through the Regional Growth Fund is helping businesses unlock private investment and create new jobs. One of the country's most successful Enterprise Zones at Discovery Park is growing as a centre for scientific research and development. New investment in road and rail infrastructure has made East Kent much more accessible and opened up our business growth locations. With a strong local focus on growth, the outlook for the future is increasingly positive.

However, long term structural economic change continues to present major challenges for the East Kent Assisted Area. These have been compounded in recent years with major private sector job losses, notably following Pfizer's partial exit from Sandwich. Looking to the next few years, we must maintain a concerted effort to attract investment, grow businesses and create jobs.

In 2014, the Assisted Areas map will change and Government consultation has begun on the design of on a new map, which will be fixed to 2020.

**Retaining Assisted Area designation is a vital part of our strategy for securing business growth, job creation and further private investment. This paper sets out our business case.**

With the support of the Expansion East Kent loan scheme, backed by Government, we are supporting businesses with the appetite for growth and expansion. Making the most of targeted, repayable investment aid, we will focus on:

- **Securing the success of Discovery Park Enterprise Zone**, maximising the incentives associated with Enterprise Zone status, supporting the reconfiguration of the Zone to accommodate new business uses and backing the growth of new businesses in life science and related sectors.
- **Investing in business growth** across the Assisted Area, supporting East Kent's SME base and ensuring that public sector support maximises private sector investment.
- **Making Assisted Area designation an integral part of a supportive local climate for growth** – linking financial assistance with a positive approach to planning, co-ordinated business support and effective marketing of investment opportunities.

In East Kent, we have the capacity and the appetite for growth, the infrastructure to deliver, a strong track record and a strong partnership between business and government. Across East Kent, business and local government are committed to retaining the flexibilities that Assisted Area designation brings to unlock our growth potential.

# 1. ASSISTED AREAS AND THE REVIEW PROCESS

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## What does Assisted Area designation mean?

- 1.1. To prevent distortion of competition, there are strict European rules limiting the amount of public funding (or 'state aid') that can be provided to businesses in grant or soft loan support. However, some locations that experience particular economic challenges are designated as 'Assisted Areas'. This designation means that higher levels of grant support can be made available to private businesses than would apply elsewhere – offering an increased incentive to businesses seeking to grow and create employment.
- 1.2. The European Commission has recently reviewed the permitted limits on state aid to industry<sup>1</sup>. For 2014-20, Assisted Area designation will mean the ability to make available additional investment aid to industry as follows:

Type of firm	Maximum project intervention rate	
	Within Assisted Areas <sup>2</sup>	Outside Assisted Areas <sup>3</sup>
Small businesses (49 employees or fewer)	30%	20%
Medium businesses (50-249 employees)	20%	10%
Large businesses (over 250 employees)	10%	Not permitted

- 1.3. If public funding is available, small and medium enterprises in Assisted Areas can benefit from higher levels of investment than they can elsewhere. Larger businesses (potentially including significant inward investors) can only benefit from investment aid if it relates to an investment in an Assisted Area.

## Reviewing the Assisted Area map

- 1.4. Assisted Areas are formally designated and published as a map. The map is reviewed every seven years, and the review process is currently underway. This will result in the publication of a new Assisted Areas map, which will be in force from 2014 to 2020.
- 1.5. The UK Government has launched its consultation on the shape of the new map. Nationally, just over 27% of the UK population will be covered by Assisted Area designation: while some particularly disadvantaged areas (such as Cornwall) are already defined, most areas are still to be designated.
- 1.6. To be designated as an Assisted Area, a location must have a **minimum population** of at least 100,000, and must be located in a county-region with a **GDP per head** below the EU average. The existing East Kent Assisted Area meets both criteria. The current map is a material consideration in the preparation of the new one, and East Kent has a strong case.

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<sup>1</sup> European Commission (2013), Guidelines on Regional State Aid for 2014-20

<sup>2</sup> Maximum permitted aid intensities for Regional Investment Aid within non-predefined Art. 107(3)(c) areas. See Commission Guidelines, p.28

<sup>3</sup> Maximum permitted SME Investment and Employment Aid (within current guidelines). Note that a number of other forms of assistance are also available for specific sectors and activities. See BIS (2011), The State Aid Guide: Guidance for state aid practitioners

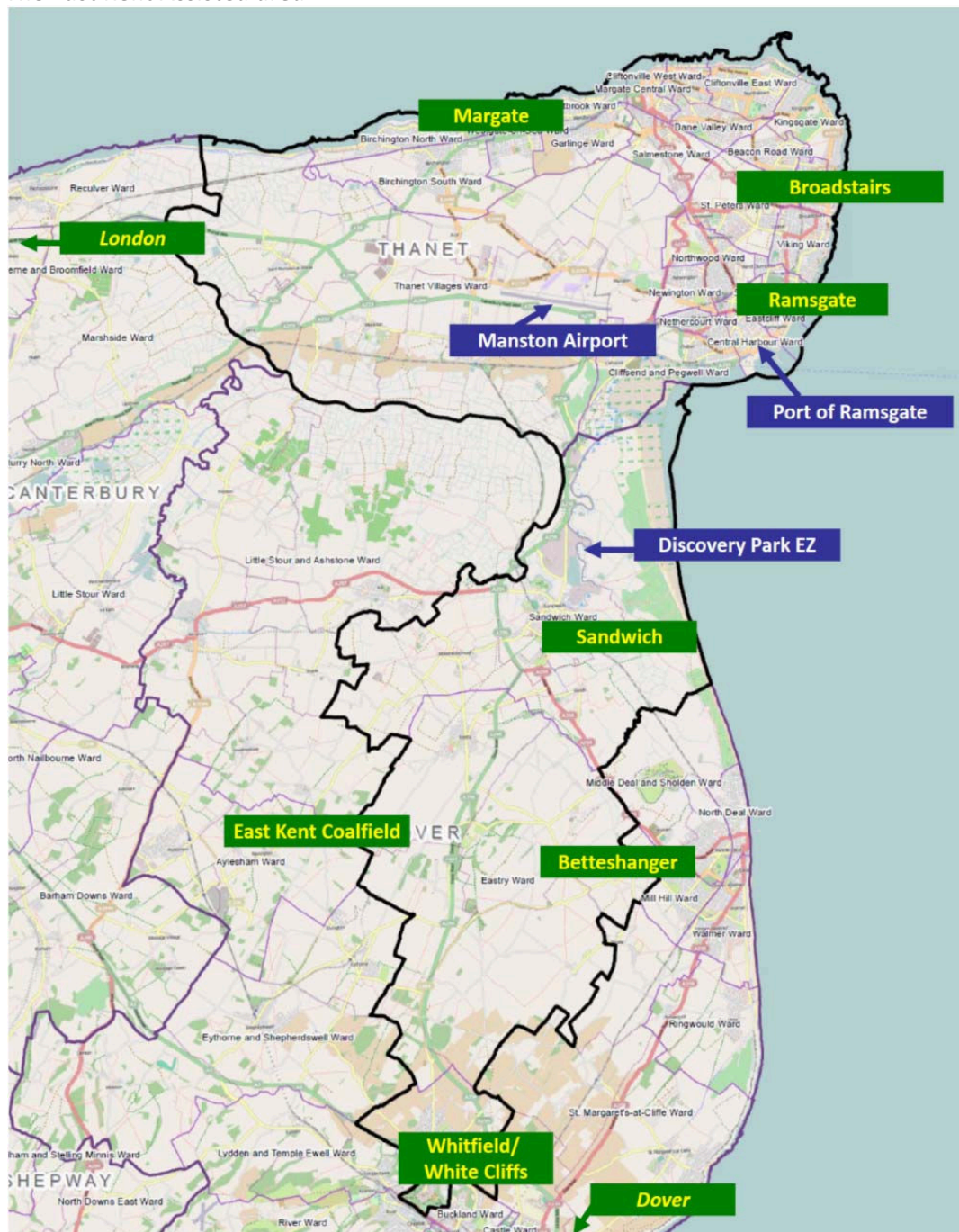


## 2. CHALLENGES AND OPPORTUNITIES

### The East Kent Assisted Area

- 2.1. The East Kent Assisted Area covers the whole of the District of Thanet and the wards of Sandwich, Eastry and Whitfield in the District of Dover. The area has a population of 151,700, and a business base of around 5,000 active enterprises, 85% of which employ fewer than ten people. The area incorporates both **need and opportunity** – both extensive areas of employment land with scope for development and a substantial labour market.

### *The East Kent Assisted area*

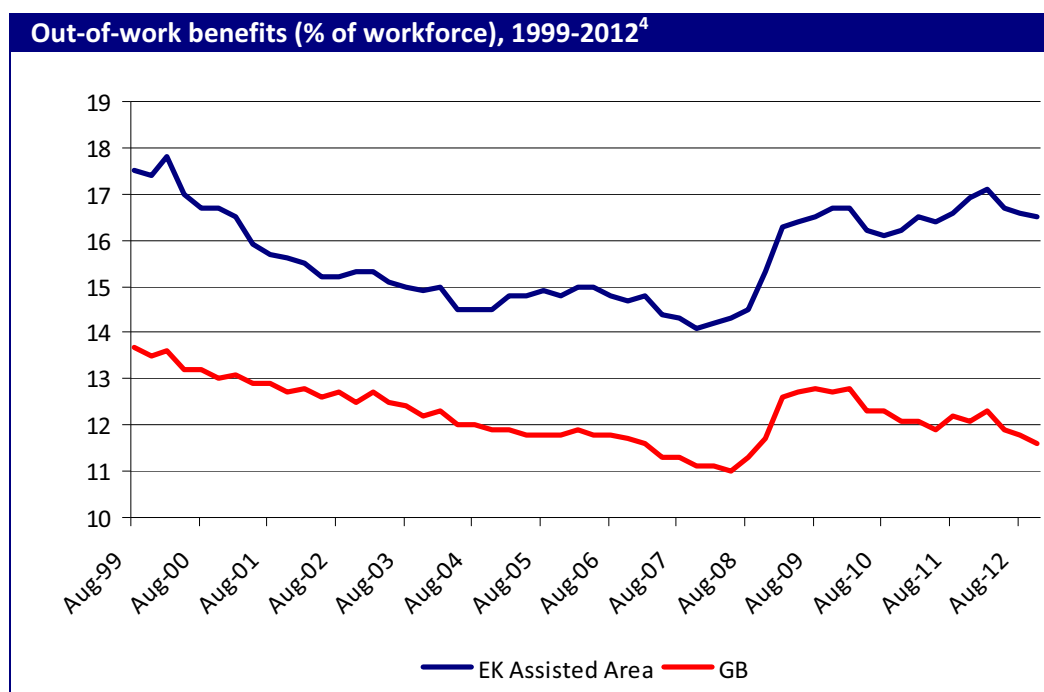




- 2.2. For several years, East Kent had faced major economic challenges. However, despite the recent economic downturn and a persistent prosperity gap with the rest of the country, there are growing signs of structural improvement.

### Challenges

- 2.3. In recent decades, the East Kent Assisted Area has seen significant **structural change**. In common with many coastal communities, the Thanet towns have faced long-term challenges associated with the decline of traditional seaside tourism and reflected in high levels of benefit dependency and intense localised deprivation. The Assisted Area includes most of the former East Kent Coalfield, in a process of transition since the 1980s, as former mining communities adapt to new opportunities in the wider economy, and outstanding work remains to be done to complete the Coalfields Programme at Betteshanger. Technological change and improved productivity have also led to long-term job losses in the area's important port-related industries.
- 2.4. These challenges impact on the prosperity of the Assisted Area, which remains **below the national and county averages** on most indicators. Almost 15,000 people currently claim some form of out-of-work benefit in the Assisted Area: 16.5% of the workforce, compared with 11.6% nationally, with a persistent long term gap. During recession, the gap has widened, reflecting the local economy's vulnerability to cyclical change.



- 2.5. Higher than average levels of worklessness are also reflected in sharp concentrations of **deprivation**, with the Assisted Area accounting for seven of the ten most deprived neighbourhoods in East Kent and a persistent **skills gap**<sup>5</sup>.
- 2.6. These long term challenges have been compounded by **recent economic shocks**. In particular, the decision by Pfizer to exit its research and development facility at Sandwich threatened the direct loss of 2,400 jobs at East Kent's largest private sector

<sup>4</sup> ONS/NOMIS

<sup>5</sup> East Kent Economic Review, p.31

employer, as well as the abandonment of a world-class scientific research facility. Elsewhere, the collapse of ferry operators SeaFrance and Transeuropa have led to further job losses on top of ongoing reductions in public sector employment.

- 2.7. Historic structural challenges and a perception of East Kent as a relatively peripheral location have led to a long term **investment shortfall**. Thanet has one of the lowest amounts of built-out employment floorspace in Kent, with a significant stock of poor quality property, presenting a challenge to the area in attracting new investment<sup>6</sup>.

## Opportunities

- 2.8. Despite these challenges, the outlook for East Kent is positive. Businesses are reporting signs of recovery. New investment into Discovery Park is exceeding original expectations. Reinforcing the increasingly positive national outlook, East Kent's rising growth potential is driven by three key factors.
- 2.9. Firstly, there is **capacity for growth**. Around 195 ha of serviced employment land is currently available and ready for development, including land at Discovery Park, Sandwich, Eurokent and Manston Business Park, White Cliffs Business Park at Whitfield and Betteshanger. This offers considerable potential as investor perceptions start to change and as capacity in neighbouring districts is constrained<sup>7</sup>.
- 2.10. Secondly, **major infrastructure improvements** have sharply reduced East Kent's historic peripherality:
- **High Speed One** has cut rail journey times from Margate and Ramsgate to London from almost two hours to around 1h15. Although journey times remain longer than those to comparator locations (such as Folkestone), recently secured Government investment is set to lead to further reductions.
  - The recent completion of the **East Kent Access** road scheme now means direct dual carriageway connections between Sandwich, Ramsgate and the motorway network.
  - Proximity to major **ports** at Dover and Ramsgate provide the area with excellent connections to continental Europe, as well as significant opportunities. The **Port of Dover** (just outside the Assisted Area) is currently benefiting from a £75 million capital investment programme. The **Port of Ramsgate** is a major operations and maintenance centre for the offshore wind industry, with the potential for an enhanced role as new opportunities for offshore wind and marine energy develop.
  - **Manston Airport** at the centre of the Assisted Area and adjacent to a major business park offers the potential for substantial growth where road, rail and air connections meet.
  - More broadly, strategic plans for a **Lower Thames Crossing** and new expansion of the port at Calais offer wider opportunities on which East Kent can capitalise.

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<sup>6</sup> Thanet District Council/ Experian (2012), Thanet Economic and Employment Assessment, p.16

<sup>7</sup> Thanet Economic and Employment Assessment, p.16; DTZ/ Kent County Council (2011), East Kent Property Market Analysis, p. 16

- 2.11. Thirdly, local and national government support is starting to unlock **new private investment**. Over 1,300 jobs have been created or safeguarded at **Discovery Park** since it was designated as an Enterprise Zone – making it one of the most successful EZs in the country. The successful **Expansion East Kent** programme is helping businesses access private finance alongside public support to expand. Together, local partners are joining up these initiatives with a coordinated and positive approach to planning and growth.
- 2.12. Fourthly, there are tentative signs that East Kent has improving prospects in **sectors with strong growth potential**. Despite starting from a relatively low base, the past decade has seen much faster growth in knowledge economy employment in the Assisted Area than in the national or Kent economies<sup>8</sup>, supported by a strengthened higher and further education sector. Growing strengths include:
- **Life sciences and pharmaceuticals:** East Kent has historically had a strong presence in the life sciences sector, linked with Pfizer’s major presence. Following Pfizer’s partial exit, the prospect of a skills outflow was (and remains) a real threat. However, with the establishment of some 10 spin-out companies and significant investor interest at Discovery Park Enterprise Zone, a cluster of life science businesses is starting to develop.
  - **Manufacturing:** International manufacturers in the Assisted Area include **Cummins Power Generation** at Manston, **Flambeau** plastic processing at Ramsgate and **Fujifilm Sericol** ink systems at Broadstairs. Cummins recently announced plans to expand their operations, backed by support from the Regional Growth Fund. However, most of the local manufacturing base is made up of small and medium enterprises.
  - **Low carbon and environmental goods and services:** The low carbon sector is expanding rapidly. Opportunities at **Port of Ramsgate** are of national significance, with the North Kent coast from Medway to Thanet designated by Government as a Centre for Offshore Renewable Engineering (CORE). Vattenfall and London Array have both developed operations and maintenance facilities at the Port, in addition to further facilities maintained by Vestas and Siemens<sup>9</sup>. The Assisted Area also includes the **Richborough** Corridor, with substantial potential as a centre for energy generation and transmission.
  - **Creative and cultural industries:** Building on recent investment in **cultural** infrastructure (such as Turner Contemporary at Margate), visitor numbers and ‘higher value’ tourism are growing rapidly – with over a million visitors to Turner since the centre opened in 2011.
- 2.13. There is much to be positive about in the East Kent Assisted Area, and it is clear that it has ‘turned the corner’ in its potential for economic growth. However, much of East Kent’s confidence is tentative: for example, while the Discovery Park Enterprise Zone has been very successful in attracting 1,300 jobs, this represents only half the number employed on site at the start of 2011, and far fewer than the 6,000+ employed by

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<sup>8</sup> East Kent Economic Review, p.19

<sup>9</sup> Thanet Economic and Employment Assessment, p.12; Kent CORE Prospectus, January 2013, p.9

Pfizer in the early 2000s. Clearly, there is a case for continued support to accelerate growth and grow business confidence in East Kent's future.

<b>Summary: Challenges and opportunities in the East Kent Assisted Area</b>	
<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Long-term structural economic change and the legacy of traditional industries</li> <li>• Persistently high levels of unemployment and benefit dependency compared with national average</li> <li>• Relatively low-wage, lower-skilled employment base</li> <li>• Major economic shocks (in particular the exit of Pfizer at Discovery Park)</li> <li>• Investor perceptions of peripherality and distance from markets</li> </ul>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Greatly improved transport connections by road and rail</li> <li>• Emerging growth opportunities in key sectors</li> <li>• Direct public support for business growth through Expansion East Kent</li> <li>• Extensive and competitively priced employment land</li> <li>• Strong strategic focus (by business and government) on driving forward growth</li> </ul>

### 3. 2014-20: OUR STRATEGY FOR THE FUTURE

#### Growing business and jobs in the Assisted Area

- 3.1. Assisted Area designation is an important additional flexibility in providing support to business. But to maximise the opportunity, there must be financial incentive products available for businesses to access and local partners must work together to create business demand, support value-for-money projects and monitor outputs effectively.
- 3.2. With backing from the Government’s Regional Growth Fund, businesses in the Assisted Area can now benefit from **Expansion East Kent**. Unlike previous regional aid schemes, Expansion East Kent is not based on grants – instead, it offers loans (normally on an interest-free and unsecured basis) to businesses with the appetite for growth and job creation in East Kent, where public support can help unlock additional private finance<sup>10</sup>. Because the interest forgone counts as state aid, Assisted Area designation is important in enabling Expansion East Kent to fill the higher investment gap that projects in Thanet and Dover often face.
- 3.3. The Assisted Area accounts for just under 30% of the Expansion East Kent eligible area by population. In the original business case for Expansion East Kent, an ambitious target was set to invest 50% of the fund in the Assisted Area, focusing more of the investment on those parts of East Kent in greatest need of economic growth. So far, we are well on our way to achieving this target, with **49% of contracted loans or loans in negotiation committed to projects within the Assisted Area**:

<b>Expansion East Kent: Investment in the East Kent Assisted Area since April 2012</b>				
	<b>Expansion East Kent loan value</b>	<b>Private sector leverage</b>	<b>Intervention rate</b>	<b>Jobs created/safeguarded<sup>11</sup></b>
<b>Loans approved and contracted</b>	£2,051,271	£5,304,205	27.9%	232
<b>Loans in negotiation</b>	£6,000,000	£26,120,000	18.8%	347
<b>Total</b>	<b>£8,051,271</b>	<b>£31,424,205</b>	<b>20.4%</b>	<b>579</b>

- 3.4. Although Expansion East Kent has been successful so far in supporting business expansion and unlocking private finance, the next seven years will be critical in ensuring that it makes a real difference to the economy. Using Expansion East Kent as a source of investment, linked with a supportive climate for growth, we will focus on :
- Securing the future of Discovery Park Enterprise Zone;
  - Investing in business growth; and
  - Making Assisted Area designation an integral part of a supportive local climate for growth.

<sup>10</sup> Note that Expansion East Kent is an interest-free loan scheme. The grant equivalent value is therefore the commercial-equivalent rate of interest that is forgone

<sup>11</sup> Estimate based on contracted outputs and outputs proposed in loan applications in negotiation

### **Better value support for business growth: Expansion East Kent**

Expansion East Kent was awarded £35 million from the Regional Growth Fund in 2011, following Pfizer's exit from Sandwich. The programme offers loans to businesses with job-creating investment projects, with all repayments recycled.

Businesses applying for loans are checked for eligibility before submitting a full application, which is then rigorously appraised to ensure value for money, effective delivery and state aid compliance. Full applications are considered by an Investment Advisory Board of elected members and business experts before approval.

With robust business advice and scrutiny, the programme is delivering new investment into East Kent, with £17 million contracted or in the pipeline so far.

Kent County Council is the accountable body for Expansion East Kent, monitoring drawdown, spend, job creation and private sector leverage. Key to the scheme's success is its position at the centre of a wider business growth system, with banks and investors marketing Expansion East Kent and matching investment; Chambers of Commerce and other agencies offering support; and District Councils supporting applicants and ensuring efficient delivery of planning consents where required.

### **Securing the future of Discovery Park Enterprise Zone**

- 3.5. Discovery Park Enterprise Zone is Pfizer's former European R&D headquarters in Sandwich. Covering 3 million sq ft of floorspace – much of it of very high quality – the Pfizer complex was by far the largest employment site in East Kent. Now under new ownership, work is underway to reconfigure Discovery Park to enable it to compete at a global level in attracting a wider range of new occupiers.
- 3.6. Establishing a new future for Discovery Park as a centre for scientific R&D is a national and a local priority – and a priority in the South East LEP's Strategic Economic Plan. A task force was established by the Secretary of State for Business, Innovation and Skills to identify new opportunities for the site, and in summer 2011, Discovery Park was designated an Enterprise Zone. This means that reconfiguration can proceed with simplified planning through a Local Development Order, while businesses on the site enjoy five year business rate discounts of up to £55,000 per year.
- 3.7. To date, Discovery Park has been successful in using the Enterprise Zone and Expansion East Kent incentives and coordinated inward investment support to attract a number of new occupiers. As well as a retained presence by Pfizer, Mylan (the world's third largest generic pharmaceuticals company), Peakdale Molecular and 15 smaller businesses in the pharmaceutical, life science and associated sectors now employ over 1,300 people. This is a positive rate of job creation, ahead of projections when the Enterprise Zone was established. Work is now progressing on the second stage of the masterplan for the site. Nevertheless, there is still substantial capacity at Discovery Park (including purpose-built R&D accommodation and space for new development), so there is still a long way to go to recover the net loss of employment created by Pfizer's exit and to enable Discovery Park to reach its full potential.
- 3.8. There are three ways in which Assisted Area designation will be important to Discovery Park.

- 3.9. Firstly, **supporting the reconfiguration of the site**. While early demolitions of outdated buildings and renovations have been funded privately by the owners, full reconfiguration of Discovery Park is complex and expensive, given its original design for a single occupier. There is therefore likely to be a need for public sector assistance alongside private investment, potentially worth up to £8 million over five years. A proposal is currently being developed that would make Growing Places Fund investment available on ‘repayable investment aid’ terms to part-finance capital works on the site. However, the viability of this proposal is dependent on the retention of Assisted Area status, given the potential intervention rate required.
- 3.10. Secondly, **maximising the incentives associated with Enterprise Zone designation**. The existing Enterprise Zone business rate incentive is offered as a form of *de minimis* aid, so is unaffected by Assisted Area designation. However, in some Enterprise Zones, enhanced capital allowances are available on plant and machinery. Due to the intervention rate associated with these, enhanced capital allowances are only available in Enterprise Zones within Assisted Areas.
- 3.11. Although enhanced capital allowances are not currently available at Discovery Park, the Treasury has agreed in principle to negotiate their availability should there be an investment proposition for which they would provide an appropriate incentive. With substantial land available on site for manufacturing, enhanced capital allowances may help to unlock new investment and we wish to retain the potential for their use.
- 3.12. Thirdly, **delivering investment to firms in the life science and related sectors** at Discovery Park. Expansion East Kent has already supported four businesses at Discovery Park, with a total investment of £1,125,000 creating 124 jobs. The pharmaceuticals and life science sector is a priority for Expansion East Kent and will be important in Discovery Park’s future growth as a research and development centre.

#### Real investment: Algaecytes

Algaecytes was established in 2010 to commercialise research into the exploitation of algae technologies – extracting nutrients such as Omega 3 from algae and using them for fertilisers, animal feeds and fuel.

Based at Discovery Park, Algaecytes secured £500,000 in an Expansion East Kent loan which, alongside private investment will develop two demonstration units and help to create 21 new jobs.

#### Investing in business growth

- 3.13. The East Kent Assisted Area has an economy dominated by small enterprises. As large private employers and the public sector continue to outsource and as new technology changes the opportunities available to small businesses to sell to wider markets, the importance of East Kent’s SME base will grow.
- 3.14. However, ‘enterprise intensity’ – measured by the number of businesses per 10,000 of working age population – is lower in the Assisted Area than in the rest of the country (around 490 enterprises per 10,000 population, compared with 600 nationally)<sup>12</sup>. The ‘knowledge intensity’ of the area’s business stock is also lower than elsewhere.

<sup>12</sup> East Kent Economic Review, p.25

- 3.15. Over the next seven years, we will use Assisted Area designation to strengthen the local business base, expanding intensity, value and productivity. It will therefore be important to link the additional financial incentives offered by the Assisted Area with support available to promote businesses' growth potential.

### Creating a supportive environment for growth

- 3.16. Bridging the investment gap and making public finance available alongside private investment in businesses with growth potential is just one aspect of an environment conducive to growth. Positive planning, practical business support and effective marketing of East Kent's investment assets are equally important:
- At **Discovery Park**, Dover District Council has quickly progressed a Local Development Order, offering simplified planning to investors alongside Enterprise Zone financial incentives. The District Council is also working closely with the owners of Discovery Park to bring forward new and reconfigured business premises and support occupiers in accessing rate discounts.
  - A range of other **business support** products are available across the Assisted Area. In particular, the **High Growth Kent** service (which supports businesses with high growth potential) has a focus on business at Discovery Park, while sector-based support through **SUCCESS** (supporting creative industries) and **Kent Wind Energy** (supporting the development of supply chain opportunities in the renewable energy sector) are targeting major local opportunities.
  - A better **skills** environment is being created, with a strong sector-based focus offered by **East Kent College** and new investment by **Hadlow College** within the Assisted Area at Betteshanger – with a new East Kent Skills Plan focused on better employer and education links.
  - Across East Kent, the district and county councils work together closely as part of the **East Kent Regeneration Board**. The Board provides a framework for prioritising investments of strategic importance, and a joint **East Kent Growth Plan** was recently adopted by Ashford, Canterbury, Dover, Thanet and Shepway, demonstrating a willingness and ability to cooperate across district boundaries and develop complementary plans. With capacity in the Assisted Area for new housing and commercial land to support the needs of more constrained neighbouring districts, retention of Assisted Area designation is recognised as a strategic priority by East Kent Regeneration Board.
  - Marketing East Kent's **investment potential** is also vital. Locate in Kent has helped to create or safeguard 1,752 jobs in the Assisted Area through relocation or expansion since 2007, through targeted marketing, advice and support. Recently, efforts to promote East Kent as an investment location have been boosted through the **Grow for It!** Campaign.

#### Grow for It!

The **Grow for It!** Campaign is a major marketing and events programme focused on East Kent's culture, connectivity, quality of life and sites for growth. This adds value to the extra incentives of the Assisted Area – complementing financial support with the quality of life that will help new investors to attract and retain staff. Major events have already been held to promote East Kent, with a key investment event due to be held at Discovery Park shortly.



## 4. ENSURING DELIVERY; MEASURING SUCCESS

- 4.1. With strict limits on the number of places that can be designated as Assisted Areas, it will be important that those that are designated in 2014-20 demonstrate that they have made effective use of the status.
- 4.2. Monitoring progress could take place on two levels:
- Firstly, at overall **strategic outcome level**, measuring changes in economic performance over time. This measures the success of the economy overall, informing the direction that local strategy should take.
  - Secondly, at **specific output level**, measuring the success of the interventions directly reliant on Assisted Area designation.
- 4.3. Further work needs to be done to define outcomes and outputs, and this will be done once we know the detail of the Government's final criteria. However, they could be set out as follows:

Assisted Area indicator	Baseline	2020 target
<b>Strategic outcome</b>		
JSA claimant count	4.6% (GB average*1.84)	3.1% (or GB average*1.25)
Total jobs	46,800 (jobs density of 0.44)	64,200 (jobs density of 0.6)
Business density (per 1,000 work age pop)	490 (Dover and Thanet average)	574 (East Kent average)
<b>Assisted Area outputs</b>		
% of total Expansion East Kent investment in Assisted Area	30% (pro rata share)	50%
Jobs created through investment reliant on differential Assisted Area incentives	<i>Tbd</i>	<i>Tbd</i>
£ leverage secured through investment reliant on Assisted Area incentives*	<i>Tbd</i>	<i>Tbd</i>

\* Broken down by the three strategy themes of supporting Discovery Park Enterprise Zone, supporting local business growth and attracting inward investment.

- 4.4. Achievement of these headline indicators will have wider consequential benefits. In particular, additional employment generated as a result of the additional public support made possible by Assisted Area designation has the potential to reduce benefit dependency and worklessness, and work already underway with Jobcentre Plus to link Expansion East Kent beneficiaries with local jobseekers will support this.
- 4.5. We will carefully monitor the effectiveness of Assisted Area designation is fairly straightforward. In East Kent, the success of the Expansion East Kent scheme is already monitored and reported to the Investment Advisory Board, as described in the box on page 9. More broadly, East Kent Regeneration Board (the sub-county alliance of Ashford, Canterbury, Dover, Shepway and Thanet together with Kent County Council) monitors the overall performance of the East Kent economy in the light of the published East Kent Growth Plan and will consider the ongoing importance of Assisted

Area designation as a shared priority. At strategic level, the importance of the Assisted Area will be set out in *Unlocking the Potential*, Kent's new strategic economic plan. Jobs created and safeguarded through new investment will also be monitored by Locate in Kent, the county's inward investment agency. Monitoring at every level will ensure that Assisted Area designation fulfils its full role – delivering jobs and supporting growth in East Kent.

## ANNEX 1: Assisted Area eligibility criteria

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There is a two-stage process for determining which places may be designated as Assisted Areas. The first stage takes place at European level, the second at UK Government level. At the time of writing, the first stage is complete, although further information is awaited regarding how the second stage will proceed.

### Stage 1: European-level criteria

The European Commission published its **Guidelines on Regional Aid 2014-20** in June 2013. This sets out the conditions under which regional aid may be made available in the period 2014-20.

This defines:

- a) The **proportion** of the population of the UK (and every other EU member state) may be covered by 'Assisted Area' designation;
- b) The **minimum criteria** that areas must meet in order to be defined as Assisted Areas; and
- c) The **additional aid incentives** that are permissible as regional aid.

Taking each of these in turn:

#### a) **UK population coverage**

27.05% of the UK population may be covered by Assisted Area designation. However, there are some areas that have 'predefined' coverage, either because their GDP is less than 75% of the EU average, or because they are considered to be sparsely populated areas<sup>13</sup>.

Taking these into account leaves a maximum of 22.79% of the UK population which may be additionally covered by Assisted Area designation.

#### b) **Minimum eligibility criteria**

As a minimum, to be eligible as an Assisted Area, an area must be a **contiguous area of at least 100,000 population** located in a NUTS-2 (Kent and Medway) or NUTS-3 (KCC area) region with either:

- i) A GDP per capita below or equal to the EU-27 average; OR
- ii) An unemployment rate above or equal to 115% of the EU-27 average

The current East Kent Assisted Area meets these minimum criteria, as the population is over 100,000 and Kent and Medway has a GDP per capita of 90% of the EU average<sup>14</sup>.

#### c) **Additional aid incentives**

Maximum aid intensities may not exceed:

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<sup>13</sup> These areas are West Wales and the Valleys, Cornwall and parts of the Highlands and Islands of Scotland.

<sup>14</sup> Eurostat

- i) 30% for small enterprises
- ii) 20% for medium enterprises
- iii) 10% for large enterprises

It should be noted that these aid intensities apply only to regional investment aid. They do not apply to aid provided under the *de minimis* rule (which provides that any company not in a restricted sector may receive up to €200,000 over three years), SME Employment Aid, or R&D and other forms of assistance that are thematic rather than regional.

### **Stage 2: UK level criteria**

It is up to the UK Government to determine where Assisted Areas should be located, within the maximum population coverage and the minimum eligibility criteria set by the Commission.

Conventionally, this is done through the publication of additional criteria, and the Government is consulting on proposed metrics.

### **The current consultation**

The Government is currently consulting with Local Enterprise Partnerships and other interested parties on options for locations to be included on the future Assisted Area map. This phase of the consultation will end on 30 September.

The current consultation states that the existing map is a material consideration in the preparation of the new one, although existing Assisted Areas have been asked to identify scope for a 20% reduction in coverage.

A second phase of consultation will take place later in the year, based on the publication of a draft map.

## ANNEX 2: Summary economic data

The East Kent Assisted Area is formed from a number of wards. The data that Government will use in establishing criteria has not yet been published. However, the following provides a summary of relevant data that we have available.

Ward	Population	Working age pop	Jobs	Jobs density	JSA (%)	Out of work benefits
Beacon Road	4,624	3,179	900	0.28	4.1	14.3
Birchington North	3,700	2,521	200	0.08	2.3	7.8
Birchington South	6,261	4,314	900	0.21	3.3	13.3
Bradstowe	4,067	2,820	1,300	0.46	2.6	8.2
Central Harbour	8,240	6,011	3,300	0.55	7.9	21.2
Cliffsend & Pegwell	4,703	3,491	500	0.14	2.1	8.0
Cliftonville East	6,268	4,271	900	0.21	2.9	8.8
Cliftonville West	9,145	6,306	2,400	0.38	19.1	41.8
Dane Valley	7,819	5,296	500	0.09	6.9	21.3
Eastcliff	8,022	5,784	1,800	0.31	7.8	23.3
Garlinge	4,849	3,435	600	0.17	4.0	13.9
Kingsgate	2,147	1,548	400	0.26	1.4	5.4
Margate Central	5,383	3,878	3,000	0.77	15.3	39.8
Nethercourt	4,588	3,271	300	0.09	3.3	10.2
Newington	5,044	3,452	1,600	0.46	7.9	25.5
Northwood	6,510	4,619	2,600	0.56	4.6	19.5
St Peters	7,042	4,915	5,000	1.02	2.0	6.9
Salmestone	5,768	3,934	4,200	1.07	5.5	17.4
Sir Moses Montefiore	5,123	3,563	500	0.14	4.9	14.6
Thanet Villages	6,738	4,885	3,700	0.76	2.2	8.9
Viking	7,023	4,956	2,200	0.44	2.7	8.4
Westbrook	4,126	3,077	700	0.23	6.5	16.1
Westgate-on-Sea	6,996	4,926	1,400	0.28	4.6	16.3
Eastry	5,199	3,758	900	0.24	2.5	10.0
Sandwich	7,043	5,034	4,300	0.85	2.0	9.1
Whitfield	5,142	3,702	2,700	0.73	1.9	9.0
<b>Total</b>	<b>151,570</b>	<b>106,946</b>	<b>46,800</b>	<b>0.44</b>	<b>4.6</b>	<b>14.0</b>
GB				0.78	2.5	11.6

### Sources:

**Population:** 2011 census

**Working age population:** 2011 census

**Jobs:** BRES, 2011

**Jobs density:** Ratio of jobs to working age population. GB: ONS Jobs Density 2011. Ward level: Calculated using 2011 census and BRES job data

**JSA claimant count:** % of working age population claiming Jobseekers' Allowance. DWP, May 2013

**Out of work benefit claimants:** % of working age population claiming out of work benefits (JSA, Employment Support Allowance, incapacity benefits, lone parents and others on income related benefits). DWP, November 2012

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