

KENT COUNTY COUNCIL

GROWTH ECONOMIC DEVELOPMENT AND COMMUNITIES CABINET COMMITTEE

MINUTES of a meeting of the Growth Economic Development and Communities Cabinet Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Wednesday, 12 October 2016.

PRESENT: Mr M A Wickham (Chairman), Mr S Holden (Vice-Chairman), Mr A H T Bowles, Mr D L Brazier, Mr B E Clark, Mr M J Harrison (Substitute for Vacancy), Mr J A Kite, MBE, Mr G Lymer, Mr R A Marsh (Substitute for Mr C Simkins), Mrs E D Rowbotham, Mr R Truelove and Mrs Z Wiltshire (Substitute for Mr F McKenna)

ALSO PRESENT: Mr M C Dance, Mr P M Hill, OBE and Mrs S V Hohler

IN ATTENDANCE: Mrs B Cooper (Corporate Director of Growth, Environment and Transport) and Mrs A Hunter (Principal Democratic Services Officer)

UNRESTRICTED ITEMS

175. Apologies and Substitutes

(Item A2)

Apologies for absence were received from Mr Simkins and Mr McKenna. Mr Marsh and Mrs Wiltshire attended as their respective substitutes.

176. Declarations of Interest by Members in items on the Agenda

(Item A3)

- (1) Mr Bowles declared an interest in Item B2- Recycling the Regional Growth Fund: The Kent and Medway Business Fund as he was a member of the Tiger Strategy Board for the RGF Tiger Fund which is a strategic board and does not make decisions on applications received from businesses.
- (2) Mr Kite declared an interest in Item B2- Recycling the Regional Growth Fund: The Kent and Medway Business Fund as he was a member of the Tiger Strategy Board and the Tiger Approval Panel which makes recommendations to Kent County Council, as the accountable body, on the funds awarded, or not, to business.
- (3) As they considered the interests were not Disclosable Pecuniary Interests or Other Significant Interests as defined by legislation and the Council's constitution, they remained in the meeting.
- (4) There were no other declarations of interest.

177. Minutes of the meeting held on 19 July 2016

(Item A4)

Resolved that the minutes of the meeting held on 19 July 2016 are correctly recorded and that they be signed by the Chairman.

178. Verbal updates by the Cabinet Members

(Item A5)

- (1) Mr Hill (Cabinet Member for Community Services) said a cultural celebration which was a sister event to the Kent School Games had taken place at the Winter Gardens in Margate on 18 September. The celebration which brought 150 able bodied and disabled young performers together was very moving and of a very high standard.
- (2) Mr Hill also said that the Libraries, Registration and Archives Service had recently received a Customer Excellence Award. He thought the award was particularly well deserved as the service had experienced many challenges and undergone a major restructure in the last twelve months.
- (3) Mr Dance (Cabinet Member for Economic Development) said there was little information about the impact of Brexit on local businesses, however, concerns had been raised by the business community that foreign companies might decide to invest in Malta or Ireland rather than in Kent unless products made in Kent could acquire a CE mark. Mr Dance said efforts were being made to ensure that Brexit negotiations took account of the value of the mark to local businesses and to ensure that any products that were currently CE marked did not lose it.
- (4) In response to questions, he said that:
 - Kent companies were competitive and able to bid for contracts in competition with companies from other European countries;
 - The value of the pound against the euro was favourable for exports and that they were likely to increase
 - The value of the pound was also favourable for tourism which had grown by 15% and was worth £3.2 billion to the county.
- (5) Comments were made that the universities in Kent were concerned about the potential loss of European funding which was important for research. However it was also said that four of the top 10 universities in the world were in the UK, 10 of the top 50 universities were also in the UK whereas no European universities were ranked in the top 50 and that the UK could be robust in any negotiations with the EU or European organisations.
- (6) Mrs Cooper (Director of Growth Environment and Transport) said that the North Kent Enterprise Zone had signed a memorandum of understanding with partners, including local authority partners, and suggested that a report be received at a future meeting of the Cabinet Committee.
- (7) Resolved that the verbal updates be noted.

179. Final Report on Kent 2012 Legacy

(Item C2)

- (1) Mr Wickham proposed that this item be moved forward on the agenda to enable Mr Hill (Cabinet Member for Community Services) to attend another meeting.
- (2) Mr Hill said Kent County Council had played a leading role in supporting the national London 2012 Campaign and had worked from the beginning to ensure a legacy for Kent.
- (3) Stephanie Holt (Head of Countryside, Leisure and Sport) introduced the report which set out the achievements of the Kent 2012 Campaign in delivering its legacy commitments i.e. those commitments designed to make an impact after the London 2012 Olympic Games. She said the Government had awarded Kent County Council Beacon Status in 2009 for Securing Legacy off the back of the London 2012 Games, the award was at the highest level of Outstanding, and that Kent had been the only authority in the country to have been recognised at that level. Mrs Holt referred to the key achievements of the Campaign set out in paragraph 1.4 of the report, the sporting legacy set out in section 2, the education legacy set out in section 3 and the tourism legacy set out in section 4. She also said Kent County Council had received visits from the Local Organising Committee of the Tokyo Olympics who wanted to replicate Kent's success by delivering a legacy following the 2020 Olympic Games.
- (4) Members said that the legacy of the Olympics could be seen, not only in measurable outcomes, but also because Kent had demonstrated itself to be a "go-getting" community. Comments were also made about the positive impact of athletes visiting schools; the need to engage with health providers and secure investment in sport facilities from health and wellbeing budgets.
- (5) In response to questions, Mrs Holt said: Sport England now recognised dance as a physical activity; work was underway with district councils, through the Growth and Infrastructure Framework, to access developer contributions to be used for sports facilities; and that the importance of sport and activity in commissioning health services was also recognised.
- (6) Mrs Holt undertook to provide information about the Kent Capital Grant scheme and Sport England's small grant fund and acknowledged the challenge of involving girls in sport.
- (7) Tribute was paid to the work Mr Hill and officers had done to ensure there was a legacy from the London 2012 Games.
- (8) Resolved that:
 - (a) The report be noted;
 - (b) The intention not to continue to formally or further capture the Kent Olympic and Paralympic Legacy be noted.

180. Partnership Agreement Kent Film Office and Shepway District Council
(Item B1)

- (1) David Smith (Director of Economic Development) and Ms Lindemann (Manager – Kent Film Office) introduced the report which asked the Cabinet Committee to consider and endorse or make recommendations to the Cabinet Member for Economic Development on his proposed decision.
- (2) In response to a question, Ms Lindemann said that the Kent Film Office would continue to provide advice to film makers regardless of whether there was an agreement in place with the relevant district council.
- (3) Resolved that the Cabinet Committee endorsed the proposed decision of the Cabinet Member for Economic Development to authorise the Director for Economic Development to:
 - (a) Sign, on behalf of Kent County Council, the Partnership Agreement between the Kent Film Office and Shepway District Council for the period 2016-17, and
 - (b) Implement the financial and governance arrangements set out in section 2 therein.

181. Recycling the Regional Growth Fund: The Kent and Medway Business Fund

(Item B2)

- (1) Mr Bowles declared an interest in this item as he was a member of the Tiger Strategy Board for the RGF Tiger Fund which is a strategic board and does not make decisions on applications received from businesses.
- (2) Mr Kite declared an interest in this item as he was a member of the Tiger Strategy Board and the Tiger Approval Panel which makes recommendations to Kent County Council, as the accountable body, on the funds awarded, or not, to business.
- (3) As they considered the interests were not Disclosable Pecuniary Interests or Other Significant Interests, as defined by legislation and the Council's constitution, they remained in the meeting.
- (4) Jacqui Ward (Regional Growth Fund Programme Manager) introduced the report which asked the Cabinet Committee to consider and endorse or make recommendations to the Cabinet Member on a proposed decision to launch a new scheme to invest recycled Regional Growth Fund (RGF) loan repayments.
- (5) Mrs Ward said that since 2011 Kent and Medway had benefitted from government investment of £55 million from the RGF and this had supported the Expansion East Kent, Tiger and Escalate business loan schemes. All of the original funding had been disbursed but as loans were repaid about £5-£7 million each year would be available for reinvestment in companies with growth potential. Mrs Ward also said that the Tiger Strategy Board and others had been consulted about the proposal and there was interest from the business community in the proposed Kent and Medway Business Fund.

- (6) Mr Smith (Director of Economic Development) said that on reflection it would be more realistic to launch the new fund in January 2017 and not December 2016 as suggested in paragraph 4.1 of the report.
- (7) In response to comments and questions officers said:
- (a) The report was intended to set out the principles of establishing a fund and not to describe the mechanics of the three funds currently in place or the detailed operation of the proposed new scheme;
 - (b) The money to be recycled came from repayments on loans that had been given over the previous three years;
 - (c) £6.6 million was currently held in the bank;
 - (d) It was estimated that around £39.5 million would be repaid by 2021 meaning that up to £5-£7 million would be available each year for re-investment;
 - (e) Loans would be interest free but 3% would be charged on each loan to cover administrative costs.
- (8) The Cabinet Committee was broadly supportive of the proposal to recycle Regional Growth Fund monies but were concerned about the proposed governance arrangements particularly in relation to authority to sign off loans.
- (9) Mr Bowles proposed that further consideration be given to the governance arrangements and that a further paper be received by the Cabinet Committee at its meeting on 12 December 2016. This was seconded by Mr Marsh and agreed by the Cabinet Committee.
- (10) Resolved to recommend to the Cabinet Member for Economic Development that:
- (a) This report be withdrawn; and
 - (b) A further report which addressed the concerns of Members be presented to the next meeting of the Cabinet Committee on 13 December 2016.

182. Developing Stronger Partnerships with Kent Universities

(Item C1)

- (1) David Smith (Director of Economic Development) said the report followed a series of presentations by the universities to the Cabinet Committee which had shown that, while relationships between the sector and business were positive, there was not a clear shared strategy between KCC (or the Kent and Medway Economic Partnership) and the universities. The report highlighted some areas where KCC and the universities could work more closely together.
- (2) The Cabinet Committee welcomed the fact that tangible initiatives were being considered.
- (3) Resolved that the report be noted

183. Apprenticeship Levy

(Item C3)

- (1) Mr Davison, Region Director – The Manufacturers’ Organisation provided information to the Cabinet Committee about the impact of the levy on employers represented by the Manufacturers’ Organisation.
- (2) He considered that the levy was in effect a tax of 0.5% on the paybill, and that the digital voucher scheme was complex and difficult to administer. He said not all companies recruited the same number of apprentices each year and it was not clear for how long the voucher would be valid. A presentation providing more information about the Manufacturers’ Organisation’s views is available on-line as an appendix to these minutes.
- (3) Allan Baillie (Skills and Employability Manager) introduced the report presented to the Cabinet Committee which summarised how the apprenticeship levy would work and the likely impact on KCC and other employers in Kent. He said KCC had a role in increasing access to apprenticeships in both the public and private sectors and could use its procurement and commissioning process to require contractors to employ apprentices. In addition a new apprenticeship recruitment website to help both employers and apprentices had been developed. He also said there might be opportunities for the authority to generate income and support employment programmes by selling training programmes outside the county and by providing the assessments required as part of the new apprenticeship standards. Mr Baillie said KCC would pay the levy and, therefore, would be able to draw down from the fund. Up to 10% of this could be allocated within its supply chain, for example to support the transition from Level 2 to Level 3 apprenticeships in care homes.
- (4) In response to questions, Mr Davison said that an apprenticeship had to last a minimum of one year and one day but could last longer and could be used to re-train people within an organisation. He also said that: manufacturing organisations were four times more productive than they had been as a result of investing in people; the drive to increase apprenticeships was well supported but the process to unlock funding was very complex; companies would re-shape their recruitment to maximise the draw down from the fund; and it was likely there would be more apprenticeships aimed at graduates.
- (5) The Committee supported the drive to increase the number of apprenticeships and while some Members welcomed the Apprenticeship Levy, others thought it was overly complex and bureaucratic.
- (6) Resolved that:
 - (a) The report be noted
 - (b) The proposed establishment of a Member and officer working group to support KCC’s approach to increasing the take-up and quality of apprenticeships be noted;

- (c) A working group comprising one officer, one Member and representatives from the business community be established to represent the views of young people and employers on the proposed levy and to lobby government to simplify it.

184. Work Programme 2016/17

(Item C4)

Resolved that the work programme be agreed subject to a further report on Recycling Regional Growth Fund monies and an item called Visit Kent – Contract Extension being included for December 2016.

185. Visit Kent Contract Performance Review

(Item D1)

- (1) David Hughes (Head of Business and Enterprise) introduced the report which set out details of the activity undertaken by Visit Kent since April 2014 against the requirements set out in the contract. He said that KCC had entered into a three-year contract with Visit Kent in April 2014 and there was an option to extend that contract for a further three years. Mr Hughes also introduced Jackie Westlake and Michael Daly, from Visit Kent.
- (2) Ms Westlake drew the Cabinet Committee's attention to some of the highlights for Visit Kent since 2014 including: the award of funding from the Discover England Fund and Interreg to showcase Kent's gardens, its food and drink sector and to provide business support to small businesses; and the intention to establish a wholly owned subsidiary called Go Places Ltd to support public/private sector investment by building on the successful model of the Visit Herts initiative.
- (3) Mr Daly said that partnerships with a range of public and private sector organisations had resulted in significant investment. He thanked Kent County Council on behalf of Mr Neame and the other members of the Visit Kent Board for its support and said they looked forward to having the contract with KCC renewed for a further three years.
- (4) Comments were made about: the impact of tourism on specific areas and in particular to the fact that during the summer, the number of visitors to Whitstable often resulted in traffic gridlock; the difficulty in having brown tourist signs updated or removed; and the positive impact of the Turner Contemporary in increasing visitors to Margate.
- (5) Resolved that the report be noted.

186. Performance Dashboard

(Item D2)

- (1) Richard Fitzgerald (Business Intelligence Manager – Performance) introduced the report which set out progress made against targets for Key Performance Indicators. He said data up to the end of August was included in the report and that none of the results had changed when more recent data was taken into account.

- (2) Mrs Hohler (Deputy Cabinet Member for Community Services) drew particular attention to the data relating to the Libraries, Registration and Archive Service.
- (3) In response to a question relating to ED04 (Confirmed FTE jobs created/safeguarded through RGF), Mr Smith said performance was slightly below target as a result of delays to some projects however this was not regarded as an obstacle to the overall delivery of the target. He also said that a breakdown of new jobs created and jobs safeguarded would be provided at the next meeting of the Cabinet Committee on 13 December 2016.
- (4) Mr Smith also said it was desirable that jobs would be created or safeguarded as a result of awards from the RGF; however, funding could also be awarded to increase productivity and develop the local economy. He said it had been calculated that the average cost of each job created in Kent was £9,000 which was 20% cheaper than the national average. These figures were currently being independently verified and would be reported to the Cabinet Committee on 13 December 2016. This report would also include information about the number of companies that had moved to Kent as well as Kent companies that had received funding.
- (5) In response to a further question, Mr Fitzgerald said targets were set as part of the business planning process and that the targets and performance being considered related to the period from 1 April 2016 to 31 March 2017.
- (6) Resolved that the performance report be noted.

187. Annual Equality and Diversity Report

(Item D3)

- (1) Stephanie Holt (Head of Countryside, Leisure and Sport) and Akua Agyepong (Corporate Lead: Equality and Diversity) introduced the report which set out a position statement for services within the Growth, Environment and Transport Directorate regarding equality and diversity work and progress on KCC equality and diversity objectives for 2015/16. Mrs Holt made particular reference to the approach to equality and diversity adopted by the directorate in the last year. She referred to: the emphasis on data; efforts to understand how people with “protected characteristics”, as defined by the Equality Act, interacted with services; staff training; and achieving the second highest grade of the sports industry equality and diversity accreditation which positioned Kent Sport as a national leader.
- (2) In response to a comment that the process was bureaucratic and unnatural, Mrs Cooper (Corporate Director – Growth Environment and Transport) said that the consideration of equalities and diversity issues was embedded in the work of the directorate and was an integral part of the analysis and review stages of any project.
- (3) In response to a comment about whether it might ever be possible to design and deliver services that were blind to these issues, Mrs Agyepong said that at the moment some groups of people felt excluded or prohibited from particular activities and services. For example: girls were reluctant to participate in sport;

disabled children had different educational outcomes compared with their able bodied counterparts; and graduates from black and minority ethnic groups had less success in securing employment.

- (4) In response to a comment about the impact of overgrown vegetation near footpaths on people who used mobility scooters, it was suggested that the Member contacted the Highways team.
- (5) Resolved that:
 - (a) The current performance be noted;
 - (b) This report be received annually in order to comply with the Public Sector Equality Duty.

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EEF Presentation to KCC

Jim Davison
Region Director
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October 2016

Apprenticeship Levy

Apprenticeship Levy – the basics (1)

- Applies to all employers in England, Wales, Scotland and Northern Ireland
- No exemptions – it's a tax of 0.5% of the pay bill
- Follows the employer NIC's contribution
- You don't pay the first £15,000 of the tax
- "Connected companies" only get one £15,000 deduction
- But they can share it across different companies in the group
- Therefore, a single company with a pay bill of £3 million will pay no levy
- Employers will then receive digital funds, to the value of their levy contributions
- Only receive funds for English "fraction" of a company's paybill
- These digital funds can be used to buy apprenticeship training
- Levy paying employers will received a 10% top-up on their digital funds

Apprenticeship Levy – the basics (2)

- Employers pay from April 2017
- Employers declare levy payable based on their cumulative pay bill over the financial year
- First declaration will be May 2017 for their April pay bill
- Funds will appear in their digital account shortly after
- New funding model starts 1st May 2017
- Pre-May 2017 Apprenticeships will keep current funding
- Digital funds can only be spent on post-May Apprenticeships
- Payments will leave accounts from June 2017
- Non-levy payers use current system until 1 May 2017

Non-levy payers

- Non-levy payers will be required to pay 10% of the cost of the training and assessment.
- The remaining 90% will be funded by government.
- (If a levy-payer has insufficient funds in their digital account, they too will move over to this co-investment).
- Employers with less than 50 employees recruiting 16 to 18 year old **or** a 19-24 year old who has been in care or has a Local Authority Education, Health and Care plan will have 100% of training costs cover.

How much money do I have to spend?

Number	Band limit
1	£1,500
2	£2,000
3	£2,500
4	£3,000
5	£3,500
6	£4,000
7	£5,000
8	£6,000
9	£9,000
10	£12,000
11	£15,000
12	£18,000
13	£21,000
14	£24,000
15	£27,000

Why? Setting limits on the amount of government or digital funds that can be used for a single apprenticeship supports quality training whilst ensuring apprenticeships are affordable for individual employers and deliver value for taxpayers.

Every apprenticeship will be placed in a funding band

- All existing and new apprenticeship frameworks and standards will be placed within one of these funding bands. This will depend on the level and type of apprenticeship.
- The upper limit of each funding band will cap the maximum amount of digital funds an employer who pays the levy can use towards an individual apprenticeship.
- The upper limit of the funding band will also cap the maximum price that government will 'co-invest' towards, where an employer does not pay the levy or has insufficient digital funds and is eligible for extra support.

Employers can negotiate the best price for the training they require

- Employers will be able to negotiate prices with providers.
- If employers want to spend more than the funding band limit, using their own money, then they will be free to do that.
- Funding bands do not have a lower limit.

To note: standards more generously funded

To note: STEM uplift for L2 & L3 frameworks

Examples of funding bands

Number	Band Upper Limit	Number	Band Upper Limit
1	£1,500	9	£9,000
2	£2,000	10	£12,000
3	£2,500	11	£15,000
4	£3,000	12	£18,000
5	£3,500	13	£21,000
6	£4,000	14	£24,000
7	£5,000	15	£27,000
8	£6,000		

Travel Services:
Leisure & Tourism
Level 2
(Framework)



Electrotechnical:
Electrical
Maintenance
Level 3
(Framework)



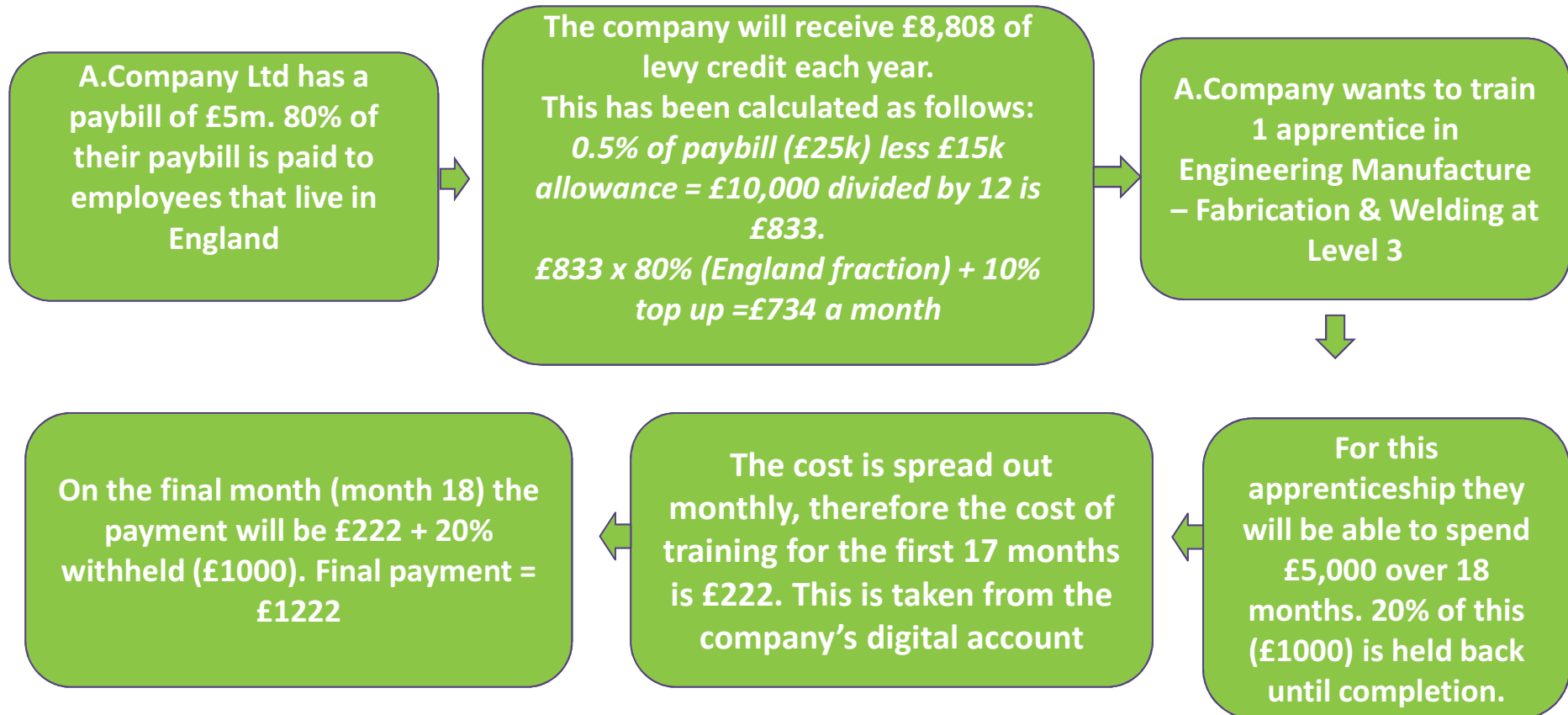
Financial Services:
Credit Controller
Level 2
(Standard)



Aerospace:
Aerospace
Manufacturing
Fitter
Level 3
(Standard)



What does the process look like?



Additional payments

Funding for 16-18 year olds

Government proposing to pay £1,000 to employers, and a further £1,000 to training providers if they train a 16-18 year old apprentice.

Employer funding will be paid through the training provider.

Disadvantaged young people

Government proposing to pay £1,000 to employers, and a further £1,000 to training providers if they train 19-24 year olds leaving care or who have a Local Authority Education and Healthcare plan.

Employer funding will be paid through the training provider.

Funding for additional learning support

This is the extra amount that the government is proposing to pay to the training provider where an apprentice requires additional learning support as a result of conditions such as dyslexia, learning difficulties or disabilities.

Funding for English and Maths training

When employers agree with their training provider that their apprentice needs training to meet the minimum standards in English and/or maths this will be funded.

The guidance states it will not come from an “employer’s digital account”.

However, it is not clear where the money actually comes from – we believe it is from the levy pot!

Funding rules

Transferring funding

- During 2018, government has proposed to introduce means for employers to transfer up to 10% of the levy funds entering their digital account in a given year, to another employer with a digital account.
- This would include transferring to an ATA
- Government will assess the impact of these arrangements before considering how they could be expanded.

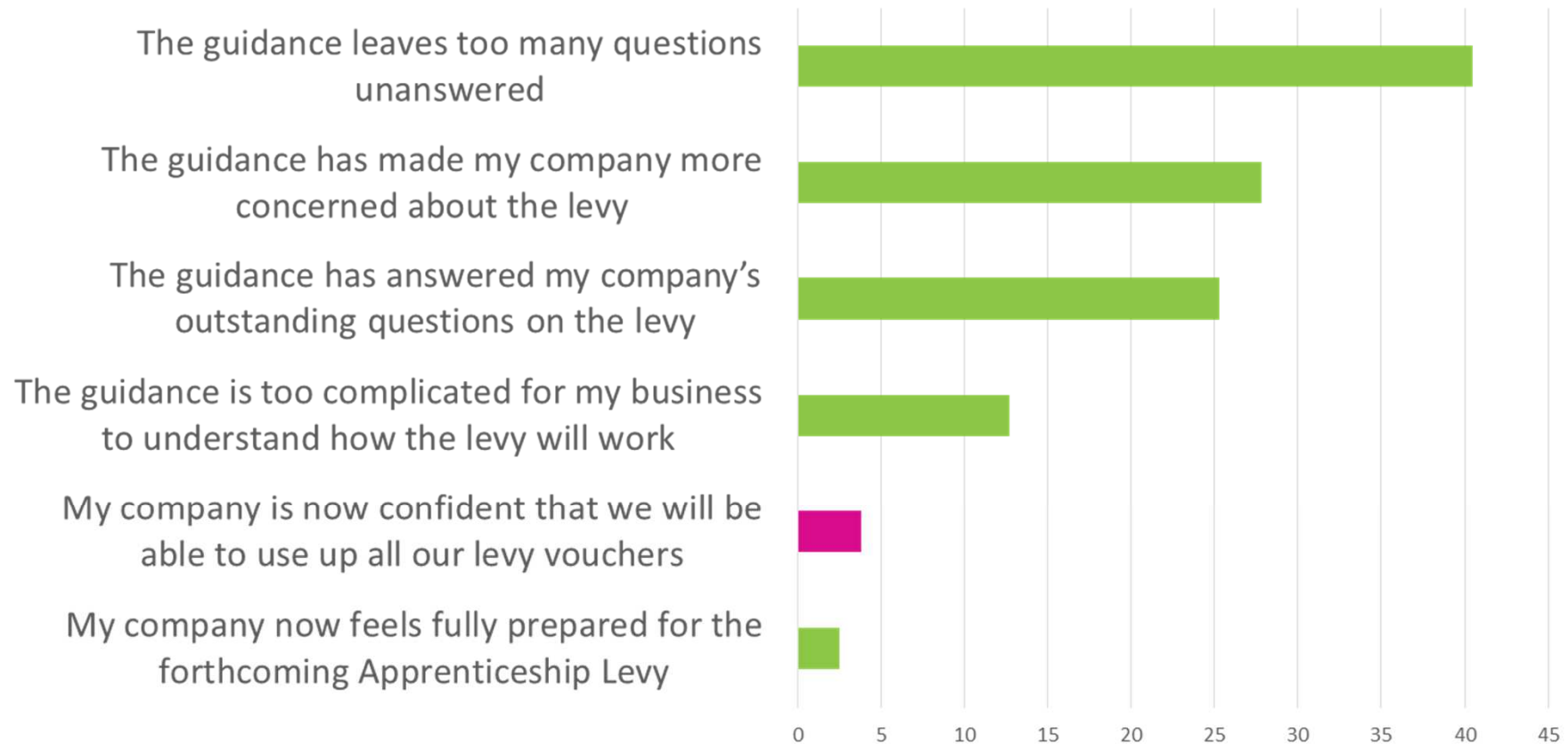
Prior qualifications

- Employers will be able to use funds in their account or access government co-investment support to train any individual to undertake an apprenticeship at a higher level than a qualification they already hold.
- Government is proposing that an individual can be funded to undertake an apprenticeship at the same or lower level than a qualification they already hold, if the apprenticeship will allow the individual to acquire substantive new skills and the content of the training is materially different from any prior training or a previous apprenticeship.

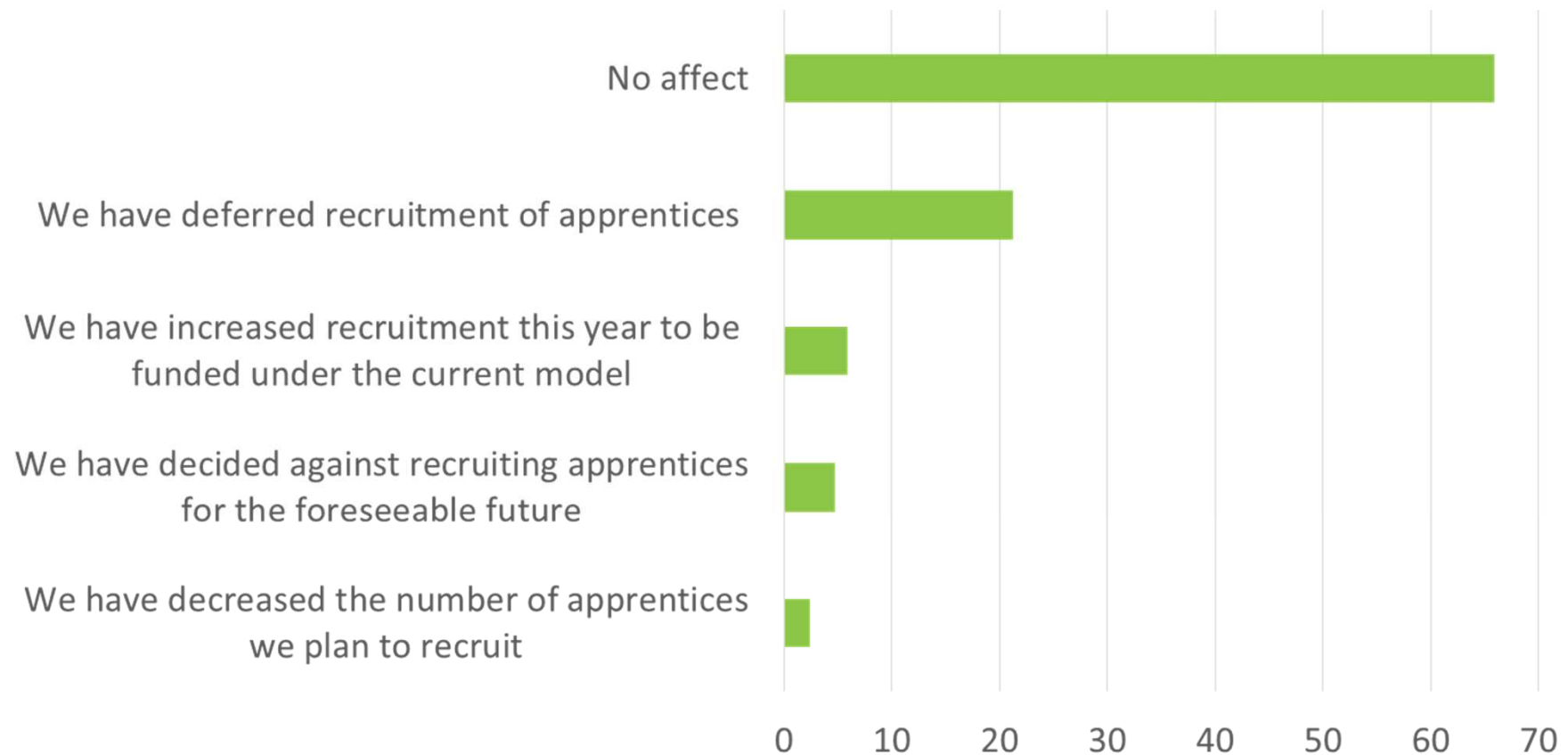
Cross-border funding

- The current apprenticeship funding rules place conditions on which individuals can be funded to undertake an apprenticeship through the English system.
- Government is proposing to simplify the current rules and apply a single test for whether apprenticeship training can be funded through the English system: whether the apprentice's main place of employment is England.
- The proposed definition of workplace is the physical place of work, designated by the employer, where the apprentice is expected to spend the majority of their time during their apprenticeship.

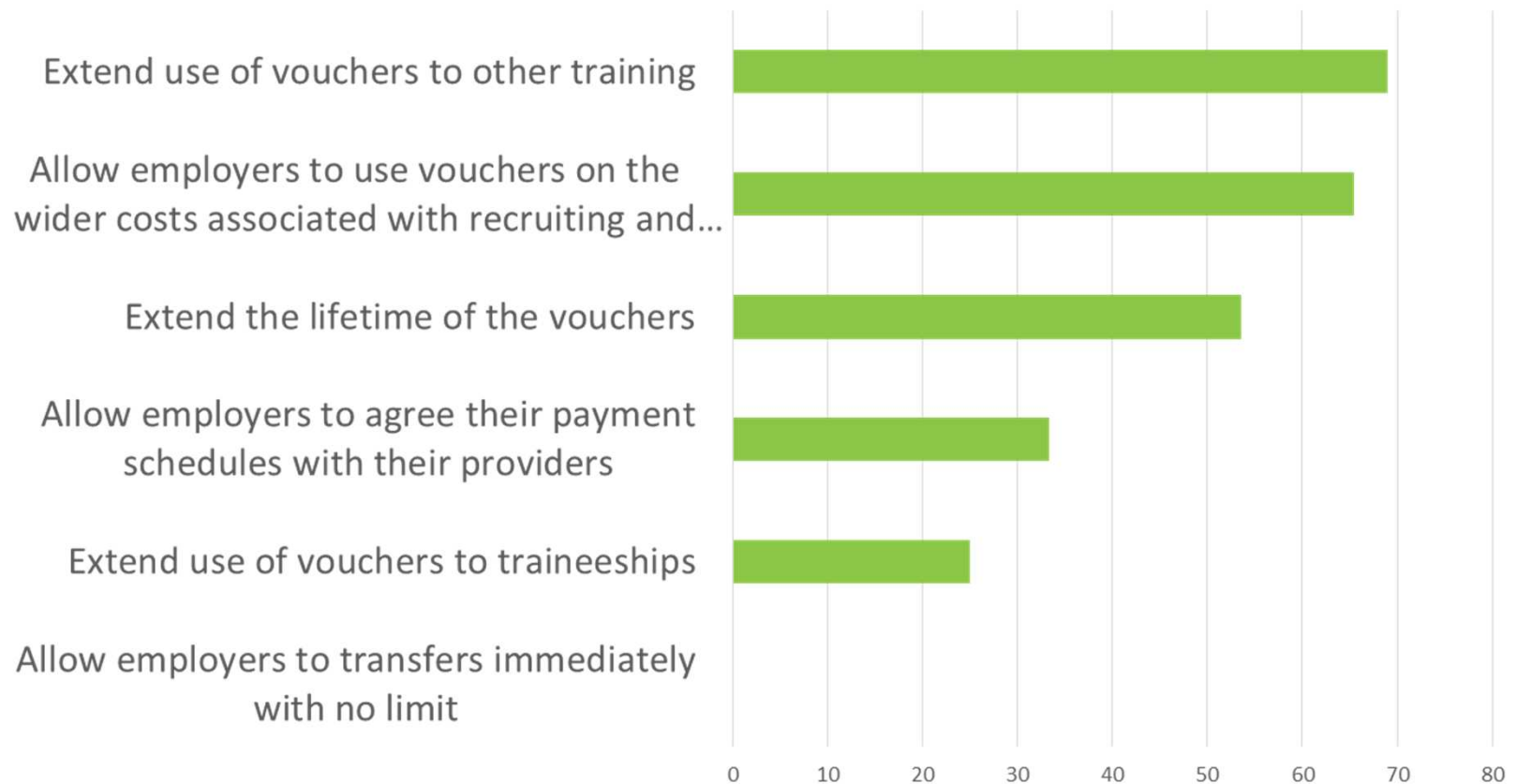
Manufacturers' reactions to latest funding guidance, % companies agreeing with statements



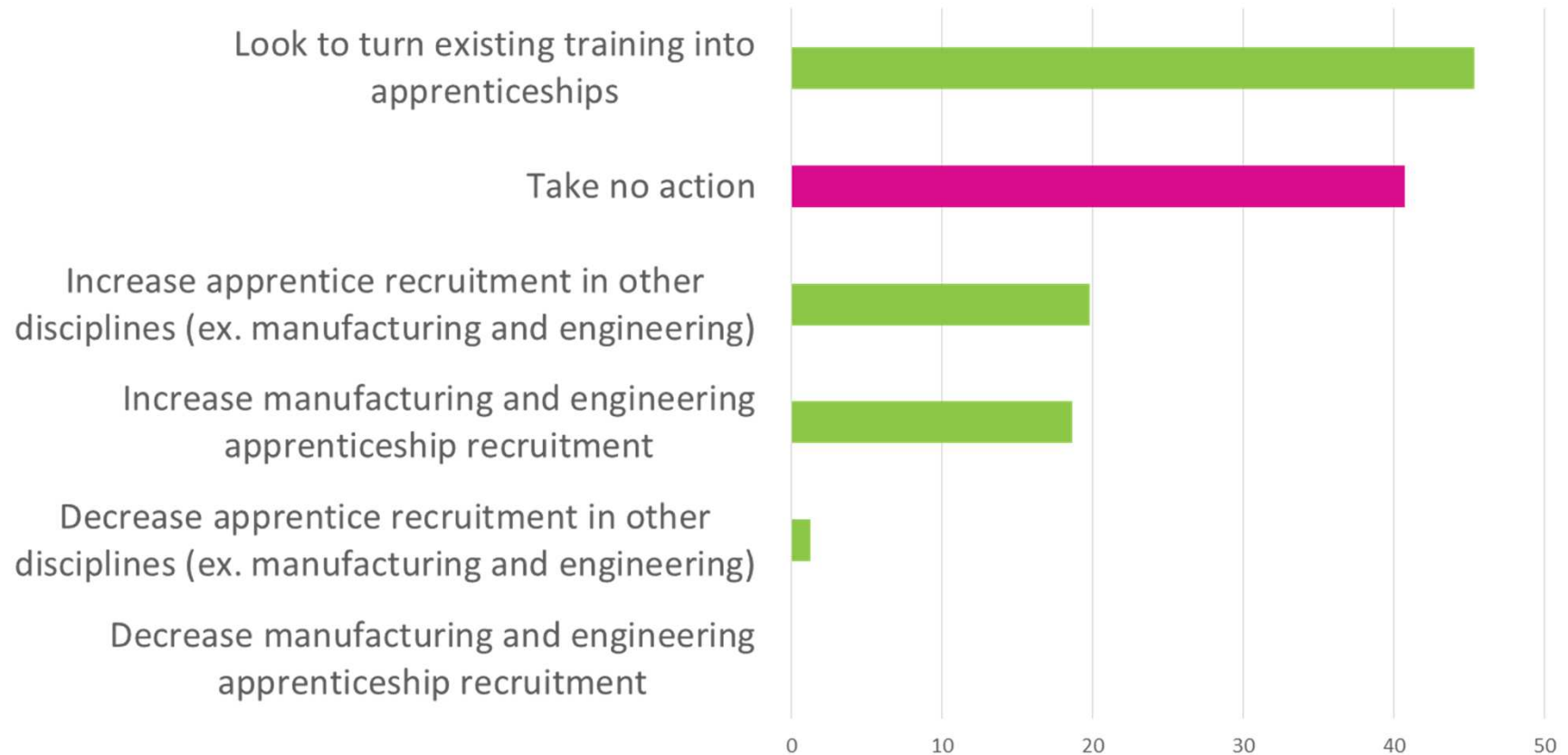
The delay to the guidance has had some, but limited, impact on recruitment, % companies agreeing with statements



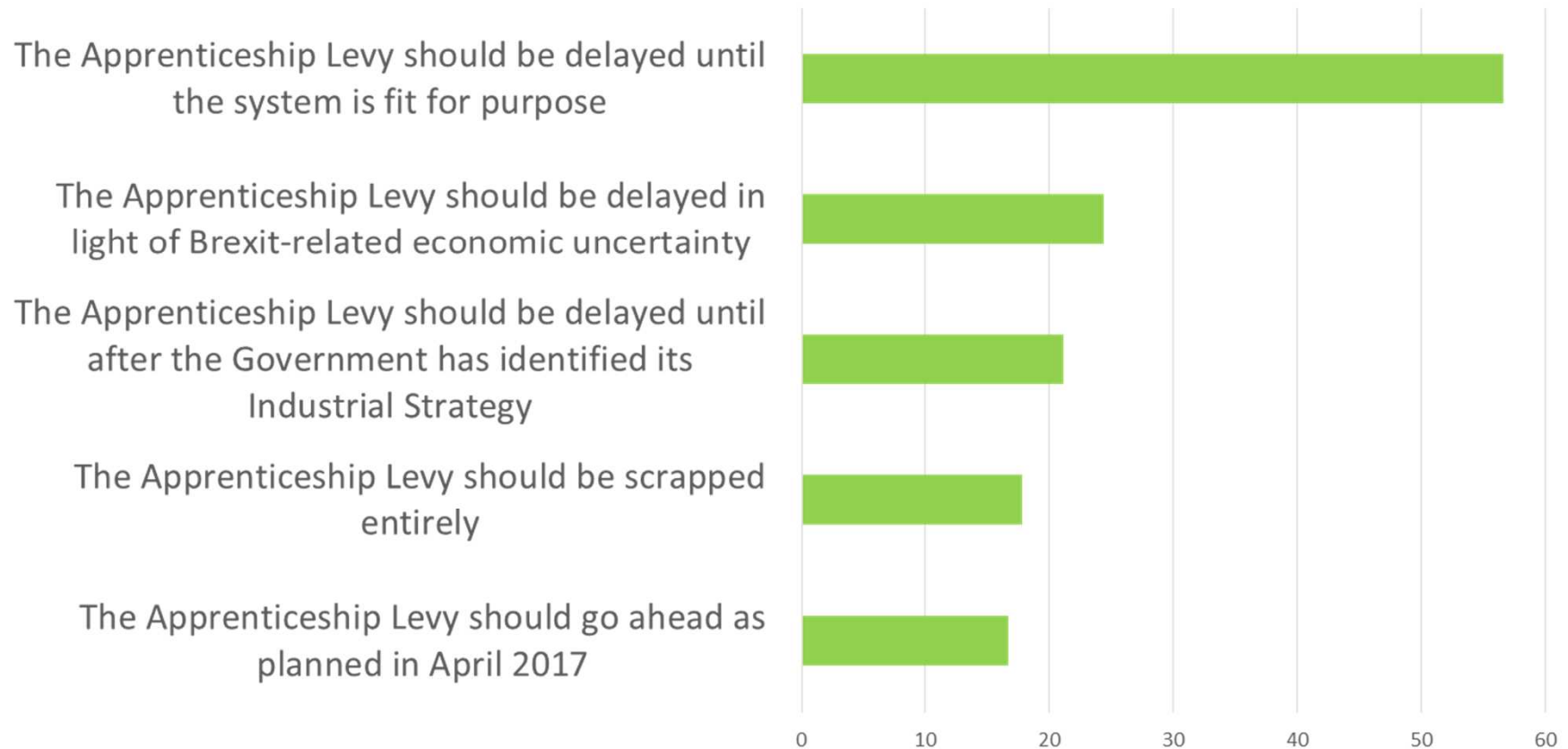
Govt could do more to help manufacturers spend their vouchers % companies agreeing with statements



Manufacturers will take some, but limited, action in response to levy % companies citing actions they will take following the levy



Manufacturers see a strong case for a delay, % companies stating whether the levy should be delayed and why



EEF recommendations going forward:

1) Delay the apprenticeship levy

- major questions marks over design of levy and digital system
- system lacks flexibility and does not give employers control
- delay would buy Govt time to get it right

2) Extend the lifetime of vouchers for levy-vouchers

- Engineering apprenticeships last up to 4 years
- Some companies don't recruit annually
- Manufacturers recruitment aligns with academic cycle

EEF recommendations going forward:

3) Give employers greater flexibility to spend their vouchers on training and training costs

- Manufacturers not confident in spending their vouchers
- Only by expanding spend will they be able to use them

4) Streamline the process for designing new standards

- going to see accelerated demand for new standards
- SMEs need to support to get involved
- concern that those with niche needs won't be served by current standards
- Institute for Apprenticeships is not yet operational
- IfA must be fully operational by end of 2016

Timeline for next steps...

- End of October – funding rates finalised
- End of October – funding rules (e.g. transferability finalised)
- End of October – English “fraction” proposal finalised
- Mid- November – HMRC regulations on levy closes
- December – HMRC guidance on calculating and paying the levy

**Unknowns: when the new IfA board will be announced
and when the IfA will be operation
Unknowns: When SMEs can access the DAS**

QUESTIONS?

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