

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 Tuesday, 1 December 2015.

PRESENT: Mr S Holden (Vice-Chairman in the Chair), Mr M Baldock, Mr A H T Bowles, Mr D L Brazier, Miss S J Carey, Mr B E Clark, Mrs M E Crabtree (Substitute for Mr M A Wickham), Mr J A Kite, MBE, Mr G Lymer, Mr F McKenna, Mrs E D Rowbotham, Mr C Simkins and Mr R Truelove

ALSO PRESENT: Mr M C Dance and Mr P M Hill, OBE

IN ATTENDANCE: Mrs B Cooper (Corporate Director of Growth, Environment and Transport), Mr R Gill (Economic Policy and Strategy Manager), Mrs T Bruton (Head of Regeneration Projects), Mr D Smith (Director of Economic Development), Ms J Ward (Regional Growth Fund Programme Manager), Mr R Fitzgerald (Performance Manager), Mr D Hughes (Head of Business Engagement and Economic Development) and Mr A Saul (Democratic Services Officer)

UNRESTRICTED ITEMS

110. Apologies and Substitutes

(Item A2)

1. Apologies for absence were received from Mr Wickham.
2. Mrs Crabtree attended as substitute for Mr Wickham.

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

(Item A3)

1. Mr Brazier declared that he was a Director of Cyclopark Charitable Trust.

112. Minutes of the meeting held on 15 September 2015

(Item A4)

1. The minutes were agreed and signed.

113. PRESENTATION

(Item A5)

1. The Chairman welcomed Paul Barber, Managing Director of Discovery Park, to the meeting.
2. Mr Barber gave a presentation on the proposed Stone Hill Park Development to the Committee. He responded to comments from Members as follows:

- a) Confirmation was given that Discovery Park had a healthy relationship with Kent Science Park. Their facilities differ and they do not find themselves in competition.
- b) In regards to achieving this site being a one hour commute from London there would have to be some train station and track improvements.
- c) He explained that good relationships existed with the University of Kent and Christchurch University, Canterbury. There are also emerging relationships with Universities in Northern France and Belgium.
- d) It was confirmed that housing on the proposed Stone Hill Park Development would be no prescriptive and that Discovery Park was not shy about attracting others into the area as opposed to focusing on those with skills that are lacking in Thanet.
- e) He stated some form of grass landing strip would be preserved and aviation open days would still be an option.

3. Mr Barber also stated that he was very satisfied with Locate in Kent as they had provided a great service in helping to secure an Indian investor for the Stone Hill Park Development.

4. The Chairman thanked Mr Barber for his presentation and for answering questions posed to him by the Committee.

114. Verbal updates

(Item A6)

1. The Cabinet Member for Economic Development, Mr Dance, made the following comments and announcements:
 - a) £308 million has been invested in ensuring the Ebbsfleet Garden City project is progressed more quickly.
 - b) That Mr Dance, Mr Kite and Mr Cubitt (the Leader of Gravesham) now sit on the Board for the Ebbsfleet Development Corporation.
 - c) A consultation on a third Thames Crossing will begin in 2016. Regular updates on this subject will return to the Committee.
 - d) Recognition was given to the impact of these plans on Swale.
2. Mr Kite, as the Leader of Dartford as well as a County Member, spoke further on the Ebbsfleet Garden City development. He stated we had to be committed to the infrastructure so this growth can be managed such as the third Thames crossing.
3. The Cabinet Member for Community Services, Mr Hill, made the following comments and announcements:
 - a) The board of the Turner Contemporary has appointed a new chairman, Mr Steve Sunnucks. Mr Sunnucks has a reputation as a formidable retail expert whose last role was as the global president for Gap.
 - b) An interesting piece of work was being undertaken with Roger Wilkin, Interim Director of Highways, Transportation and Waste, which seeks to attract money to art projects by means of cultural commissioning. This is achieved using the Governments requirements for social value on large Local Authority contracts.
 - c) Winners from the annual John Downton awards would be on display in the Turner Contemporary for the next few weeks following the meeting.

115. Folkestone Seafront Regeneration - Local Growth Fund grant

(Item B1)

1. The Economic Strategy and Policy Manager, Mr Gill, introduced a report that asks the Cabinet Committee to endorse the Council accepting £5.1 million of Central Government funding for the Folkestone Seafront Regeneration Project that will come forward in 2016/17. Mr Gill confirmed this is a part of the £120 million grant funding secured for Kent through the Local Growth Fund which has been discussed at this Committee in previous meetings. An indicative allocation of funding had been approved by Government via the South East Local Enterprise Partnership (LEP). He also stated that this project was a clear priority for Shepway District Council.
2. To secure the funding, the private sector developer responsible for the project had been invited to submit a full business case to the LEP's Independent Technical Evaluator. Mr Gill confirmed that the developer was given a deadline of 8 January 2016 to submit the business case. Subject to its satisfactory appraisal and approval by the LEP's Accountability Board in February, it was proposed that KCC would draw down the funding on the LEP's behalf and would then enter into a subordinate grant agreement with the developer.
2. A view was expressed by Members that the risk analysis was very clear.
3. Mr Gill received comments and responded to questions by Members as follows:
 - a) In response to comments made Mr Gill confirmed that thorough work had to be done on determining the state aid implications of the project. The developer will be required to seek independent legal advice. The LGF funding is currently an indicative allocation and KCC wouldn't enter into costs until it was approved.
 - b) Mr Gill advised that the £5.1 million would be broken down across financial years. The first £4 million would be for the 2016/17 period and this would be followed by £1.1 million for the 2017/18 period. Any flexibility on this would be decided between KCC and the LEP.
 - c) In regards to safeguards on this fund Mr Gill explained that the LEP receives the grant upfront and that it would be invested on a Staged Payment Basis.
4. A comment was made this was very welcome news and funding. A view was also expressed that the Folkestone Harbour Company has already invested a lot on Folkestone Seafront and further investment was very much needed.

RESOLVED that the Cabinet Committee endorsed the decision to be taken by the Cabinet Member for Economic Development to agree the recommendations outlined in the report.

116. To approve a Deed of Variation to the Operator Agreement between KCC and Cyclopark Trust for the operation of the park.

(Item B2)

1. The Head of Regeneration Projects, Theresa Bruton, introduced a report that asked the Cabinet Committee to endorse the proposed decision to agree to enter into a Deed of Variation to the Operator Agreement with Cyclopark Trust to take on the additional lease and funding arrangements as detailed further in Appendix B of the report.
2. Theresa received comments and responded to questions by Members as follows:
 - a) In regards to whether Cyclopark would be self-financing in future Ms Bruton advised that KCC would continue to fund £125,000 for the next seven years as determined in the Operator Agreement. She confirmed that Cyclopark Trust's ambition was to develop and grow the business and to eventually becoming self-supporting.
 - b) She also advised that the primary ambition for KCC and its partners was for the success of Cyclopark as a legacy of the London Olympics and Paralympics Games in Kent. This was already proving a great community and visitor destination. A financial return for KCC has not been established as a requirement of that provision.
 - c) In response to a query into the publicity of the site it was confirmed an outreach programme was already being pursued enthusiastically which includes visits to and from schools. It was also emphasised that Members were welcome to visit the site should they be interested.
3. RESOLVED that the Cabinet Committee endorse the decision to be taken by the Cabinet Member for Economic Development to agree to enter into a Deed of Variation to the Operator Agreement for the Cyclopark Trust to take on the additional lease and funding arrangements as found at Appendix 2 of the report.

117. Inward Investment Services procurement

(Item B3)

1. The Head of Business Engagement and Economic Development, Dave Hughes, introduced a report on the procurement of inward investment services for the period April 2016 to March 2019. The report was asking the Cabinet Committee to endorse the Cabinet Member for Economic Development to enter into a contract with the successful bidder once the selection process is completed. This procurement would also cover the Medway area. Mr Hughes If they are not successful with securing the European Regional Development fund they will continue the procurement but with less money available for it.
2. Mr Hughes received comments and responded to questions by Members as follows:

- a) A concern was raised that there were different figures of the total cost of the proposed contract as shown on page 49 than those on page 44. Mr Hughes explained that these figures are different as the financial contributions changed over the last 4 weeks.
 - b) He responded to concerns raised by confirming that at this time market engagement had yet to begin. Interest from other companies has yet to be ascertained.
 - c) It was confirmed that a report would come to the January meeting of the committee on the progress and performance of Locate in Kent.
3. Mr Baldock gave the recommendation that the decision to enter into this contract await a progress report to the Cabinet Committee in January.
 4. Mr Baldock's recommendation was put to the vote;
Lost, 11 votes to 2.
 5. The Chairman then put the recommendation in the report to the vote;
Carried, 11 votes to 2.
 6. RESOLVED that the Cabinet Committee endorse the Cabinet Member for Economic Development enter into a contract with the successful bidder once the selection process is completed as outlined in Appendix B of the report.

118. Innovation Investment Initiative: Local Growth Fund grant
(Item B4)

1. The Economic Strategy and Policy Manager, Ross Gill, introduced a report that seeks the support of the Cabinet Committee for KCC accepting a Local Growth Fund grant allocation to operate a programme of loans to businesses. He explained that this would run on the same platform as the existing Expansion East Kent, TIGER and Escalate schemes. Loans would be aimed at small businesses in Kent and Medway with the potential for innovation and growth. Recipient businesses will be decided by competitions, as opposed to an open application system. This allocation was approved by the Accountability Board of the LEP on 13 November 2015.
2. Mr Gill received comments and responded to questions by Members as follows:
 - a) He stated that we could seek to prioritise companies with significant export potential.
 - b) It was clarified that this is Capital Funding so it could not be used to support export promotion activities.
 - c) He confirmed that this is entirely a loan product and that a number of lessons have been learned in this area over the past few years that Mr Gill was confident they had taken on board.

3. RESOLVED that the Cabinet Committee endorse the recommendation in the report.

119. Urgent item as agreed by the Chairman - urgent decision re-equity investment fund

1. The Chairman agreed to take an urgent item to allow discussion of the recent urgent decision taken to establish a limited liability partnership for delivery of Equity Investments from RGF funds.
2. Mr Clark sought clarification regarding the use of urgency procedures on this occasion.
3. In response David Smith CBE, Director of Economic Development, drew attention to page 211 of the agenda in Annex 1 of item C2, in particular to the Funding Awarded to companies from the Expansion East Kent programme. The Growth, Environment and Transport Directorate had been advised both by internal and external legal advisors that any further delay in incorporating these funds into a limited legal partnership would have caused KCC to be no longer properly compliant with State Aid rules and regulations. Any breach of State Aid rules would have incurred legal costs of approximately £39k, which would otherwise be saved, and as such urgency procedures were utilised.

120. Developing future workforce skills in Kent and Medway
(Item C1)

1. The Economic Strategy and Policy Manager, Ross Gill, introduced the Workforce Skills Evidence Base and the Adult Learning Strategy explored further in the report. He informed the committee that input from Voluntary Sector colleagues had also been incorporated into the plan. Employers had been asked directly for their input in understanding the skill gaps in Kent and Medway businesses.
2. Taking the Adult Learning Strategy forward and taking actions that arise from it would be the responsibility of Sue Dunn, The Head of Skills and Employability, and her team. She gave further information on the Adult Learning Strategy as follows;
 - a) That we have a strategy for 14-24 which has shown significant success in decreasing youth employment in challenging areas.
 - b) That part of the aim of this plan was reducing unemployment. In Kent there are still 5 districts where we are above the national average for youth unemployment.
 - c) Kent still has a number of adults with poor literacy and poor numeracy. A big part of the strategy will be responding to those adults who cannot access the labour market due to the skills they are lacking.
 - d) The Guilds was set up to provide a forum in which KCC, employers and skills providers discuss matters such as where they are lacking skills and use this information when developing the skills agenda. Through this Employers will be involved in driving the skills agenda.

3. Ms Dunn received comments from members and responded as follows;

- a) It was confirmed that Public Sector key partners were included in the Adult Learning Strategy such as the NHS.
- b) Local Authority has proven a 'trail blazer' in Apprenticeship schemes. KCC has been leading the way in this.
- c) It was stated that KCC's Community Learning and Skills (CLS) are key in our efforts to assist and where required reskill unemployed adults outside of the 14-24 group. Colleges have had a particular priority for working with this client group. Ms Dunn explained to further assist this group commissioning has to pick up on making this information available for these adults.
- d) In response to concerns on information provided by the Job Centre being too limited it was explained that the best way to tackle this will be finding appropriate channels to better share information to those needing to reskill or upskill. This would be taken into account in a new communication strategy aimed at adults disenfranchised from the labour market.

4. Congratulations were given by Mrs Crabtree to Sue Dunn and her team on their great work and a very good report.

5. RESOLVED that the Cabinet Committee considered the report.

121. RGF Programmes and Framework for Monitoring Report
(Item C2)

1. The Regional Growth Fund Programme Manager, Jacqui Ward, introduced a report providing an update on the allocation of funds to companies as agreed in a previous meeting of this Committee. A summary of the allocations for these three projects (Escalate, Expansion East Kent and Tiger) was detailed further in the report. She confirmed that her team had a listing of companies that have gone into bad debt and they have been able to pull back and secure a repayment.
2. Ms Ward received comments and responded to questions as follows:
 - a. In regards to concerns raised with an article in the Kent Messenger it was confirmed that in response to their Freedom of Information request only information in the Public Domain had been shared.
 - b. Ms Ward also stated that the Group Leaders had been given a presentation detailing each company.
3. RESOLVED that the report is considered and noted.

122. Work Programme 2016
(Item C3)

1. The Committee was invited to make suggestions for additional items for consideration of future items.

2. RESOLVED that the work programme for 2016 be agreed.

123. Performance Dashboard
(Item D1)

1. The Performance Manager, Mr Fitzgerald, introduced the report and highlighted the following;

- a) That the Regional Growth Fund (RGF) is at an Amber rating and is almost on target for job generation.
- b) That the ONS figures showed a recent drop in employment. This is unexpected as it is out of line with national and regional trends. This is assumed to be a blip in the figures and the next quarter will be observed carefully to see if this trend continues.

2. In response to comments from members David Smith CBE, Director of Economic Development, explained that the Amber rating on page 234 (Reference ED04) was caused by one project funded by the RGF that was delayed by 6 months. He explained that it had been a very ambitious target to meet and that he was confident that the Amber Performance Indicator rating would go Green soon.

3. RESOLVED that the current performance is noted.