

Kent and Medway Economic Partnership

Monday 14 September 2015, 5.00-7.30pm
Inspiration Suite, Village Hotel
Castle View, Forstal Road, Maidstone ME14 3AQ

AGENDA

	Page	Approx. time
1. Welcome, introductions and apologies for absence	-	5.00
2. Minutes of previous meeting and matters arising	2	5.05
3. Future rail infrastructure	5	5.10
4. Future workforce skills	17	5.40
<i>See Item 4 supplementary paper</i>		
5. New Enterprise Zones	24	6.10
6. Operation Stack: The cost to the Kent and Medway economy	34	6.30
7. Local Growth Fund monitoring report	37	6.50
<i>See Item 7 supplementary paper</i>		
8. The future of KMEP and the South East LEP: Progress report	39	7.10
9. Future meeting dates and AOB	-	7.20

Kent and Medway Economic Partnership

KENT AND MEDWAY ECONOMIC PARTNERSHIP BOARD

14 September 2015

ITEM 2

MINUTES of a meeting of the Kent & Medway Economic Partnership (KMEP) held in the Darwin Room, Medway Innovation Centre, Maidstone Road, Chatham ME5 9FD on Monday 6 July 2015.

Board members present

BAB members

Paul Barrett, C4B Business & Barretts Motor Group
Graham Brown, Denne & Bouygues UK Housing
Vince Lucas, V A Consultancy Ltd
Geoff Miles, The Maidstone Studios
Jon Regan, Hugh Lowe Farms Ltd & Weald Granary Ltd
Paul Thomas, Regional Land Manager, Orbit Homes
Paul Winter, Wire Belt Company Limited

Local Authority elected representatives

Rodney Chambers, Medway Council
Paul Carter, Kent County Council
Peter Fleming, Sevenoaks & Tonbridge & Malling
David Jukes, Tunbridge Wells District Council
David Monk, Shepway District Council
Michael Holloway, Dover & Thanet

Higher Education representative

Rama Thirunamachandran, Canterbury Christ Church University

Further Education representative

Graham Razey, Principal, East Kent College

Apologies

Andrew Bowles, Swale Borough Council
Simon Cook, Canterbury City Council
John Cubitt, Gravesham Borough Council
Nicolas Heslop, Tonbridge & Malling Borough Council
Douglas Horner, Trenport Investments Ltd & CBI South East Council
Alan Jarrett, Medway Council
Jeremy Kite, Dartford Borough Council
Pav Ramewal, Sevenoaks DC
Nick Sandford, Kent Country Land Association
Paul Watkins, Dover District Council

Officers in attendance

William Benson, Tunbridge Wells Borough Council
Ann Carruthers, KCC
Barbara Cooper, KCC
Edwina Crowley, Thanet District Council

Neil Davies, Medway Council
John Foster, Maidstone Borough Council
Ross Gill, KCC
David Godfrey, SELEP
David Hughes, KCC
Abdool Kara, Swale BC
Tim Ingleton, Dover District Council
David Liston-Jones, Thames Gateway Kent Partnership (TGKP)
Susan Priest, Shepway District Council
David Smith, KCC
Jacqui Ward, KCC
Louise Whitaker, KCC

1. Welcome, introductions and apologies

Mr Geoff Miles, Chairman, KMEP welcomed those present to the meeting and received apologies, as set out above.

2. Minutes of previous meeting and matters arising

The minutes of the previous meeting held on 22 June 2015 were agreed as a correct record.

3. Kent and Medway Local Enterprise Partnership: Business case and governance arrangements

Ross Gill, Economic Strategy and Policy Manager, KCC introduced the report for Partnership Members. He explained that the Case for Change had been revised following the elected Leaders' meeting and following receipt of comments from KMEP and other stakeholders. In particular, in addition to the emphasis on the Thames Gateway and Higher Education having been strengthened, the governance element had been most modified

The governance changes were as follows:

- a) That all Local authority Leaders would be directly represented in order to create a more inclusive and representative partnership ;
- b) As a consequence of the increased political representation, business representation would be expanded accordingly and would continue to reflect the geographical and sectoral distribution of business across Kent and Medway;
- c) That any additional bodies commissioned by the LEP would also have representatives from all tiers of local government and business representatives as members;
- d) That should a Kent and Medway LEP be established, a LEP Management Team would be put in place, headed by a new role of LEP Director to support its work.

Further to the information provided partnership members were also directed to the equivalent Essex documentation included in the agenda packs and informed that should the proposals be agreed a detailed transition plan would be drafted for consideration.

Paul Carter, Leader, KCC regarded the new structure as sound regardless of whether the Government was agreeable to the creation of the K&M LEP. It would continue to be a viable way forward as a strengthened federated model with agreements in place with Essex as accountable body to facilitate it. He recommended that whether as a LEP or as strengthened federated model

the new structure would need the right secretariat and officer support to be successful. Finally he reminded partnership members that the introduction of the Cities and Local Government Devolution Bill was likely to concentrate minds further on these issues of governance and rigour surrounding LEP's as devolution deals were unlikely to be agreed unless signed off by the relevant LEP.

Mr Miles, Chairman, KMEP reported that work would begin in earnest to attract further business representation and that this representation would be as representative as possible. However he was clear that any new members would be welcomed with a view to reviewing that membership in the future to assess how representative it was, both geographically and by sector. In the short term the key was to increase numbers sufficiently to make a new LEP, with all Local Authorities represented, a viable option.

A discussion followed regarding possible ways to attract business members to the table.

Further comments were received as follows:

- a) That the figures in the 'Compelling Case for Change' were not consistent with those presented to the partnership in the Draft Kent and Medway Growth Infrastructure Framework and should be amended accordingly;
- b) That reference to the importance of the ports and logistics sector should be added to the sectoral analysis within the report;
- c) That officers should liaise with those at Essex County Council in order that both documents may be submitted to government together.

It was resolved, by consensus, that:

- 1) The proposals set out in the case for change be agreed;
- 2) The case for change be submitted to Government Ministers for consideration, with the equivalent documentation from Essex CC;

3. AOB

It was reported that the current contract of the Chairman of SELEP, Peter Jones was due to expire at the end of July 2015.

The meeting closed at 5:30pm.

Kent and Medway Economic Partnership

KENT AND MEDWAY ECONOMIC PARTNERSHIP BOARD

14 September 2015

ITEM 3

Subject: Future rail infrastructure in Kent and Medway

Board Lead: Vince Lucas

Report author: Stephen Gasche
Principal Transport Planner (Rail), Kent County Council

Introductory note

At the last meeting of KMEP Board, the Board requested a substantive discussion on the issues for Kent and Medway associated with the new Southeastern rail franchise from 2018.

The attached paper sets out Kent County Council's proposed input to inform the franchising process. At this stage, it is written to cover the KCC area, but could also be expanded to include Medway. It contains information regarding growth opportunities and local priorities that prospective franchise holders should be aware of.

At the Board meeting, a presentation will be given on the new franchising process. The Board is asked to consider discuss this.

Report author

Stephen Gasche

Principal Transport Planner (Rail), Kent County Council

03000 413490 | Stephen.gasche@kent.gov.uk

9 September 2015

NEW SOUTHEASTERN FRANCHISE

Information for bidders from Kent County Council August 2015

This paper sets out the key issues of concern to Kent County Council, and is being made available to Train Operating Companies (TOCs) interested in bidding for the New Southeastern franchise due to commence in June 2018.

The County Council reserves the right to raise further issues during the bid preparation process, and welcomes any discussions that the bidders may require.

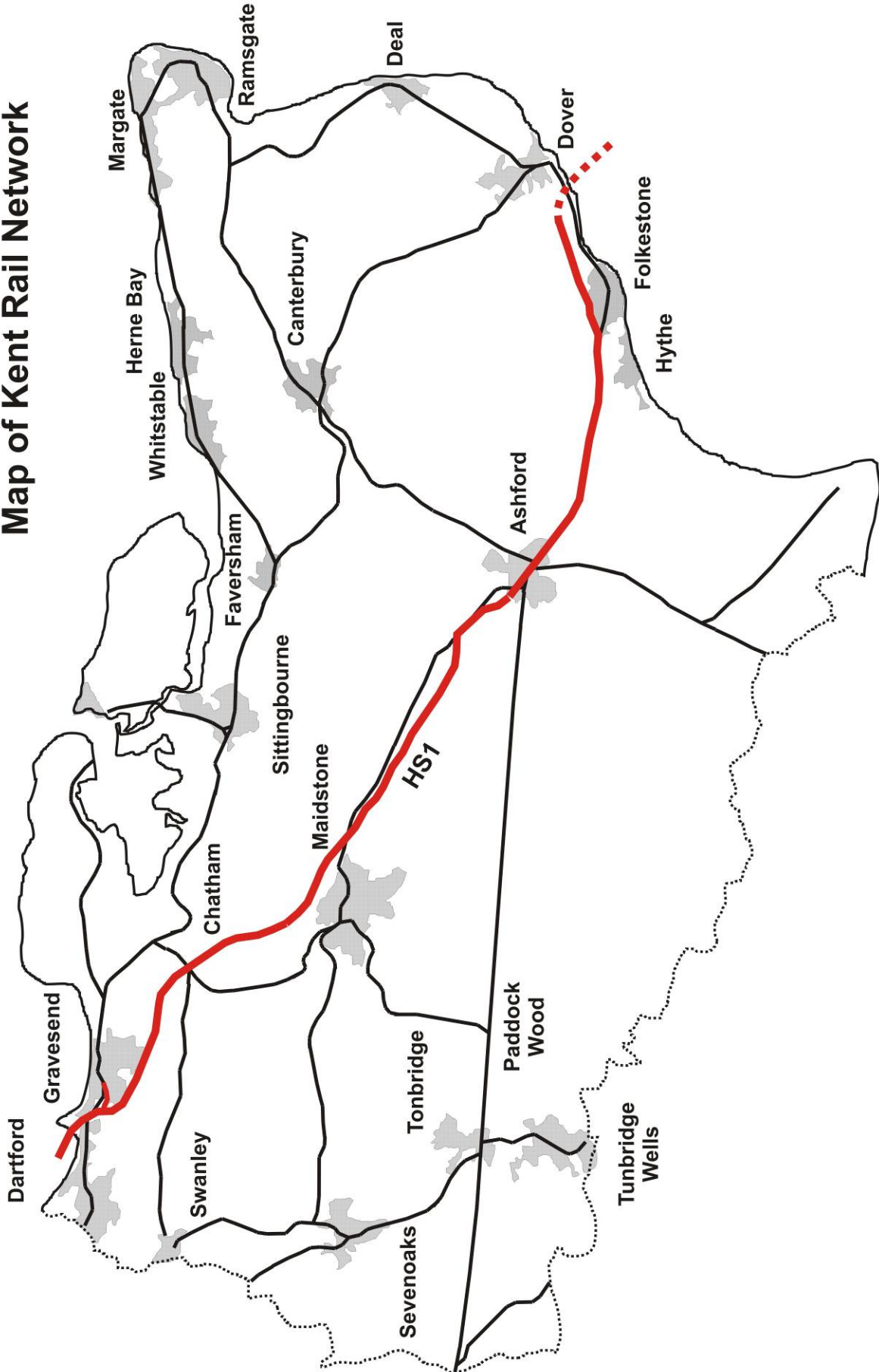
Contact Officer

The main contact for the franchise discussions is:

Stephen Gasche
Principal Transport Planner – Rail
Transport Strategy Team
Kent County Council
Invicta House
MAIDSTONE
Kent
ME14 1XX

stephen.gasche@kent.gov.uk

Map of Kent Rail Network



The New Southeastern Franchise in Kent

Introduction

The New Southeastern franchise operator will be the primary rail service provider in Kent. If the proposed transfer of TfL Metro services is actioned at the same time as, or shortly after the start of, the new franchise, then Kent County Council will become the primary stakeholder.

This places a great responsibility on the part of Kent County Council, and also provides the Council with an unprecedented opportunity. If the TfL Metro transfer is made, the new franchise will consist only of the existing Mainline Southeastern network and its High Speed services. These will serve the whole county of Kent, the Medway Council area, and the Hastings line from Kent into East Sussex.

Kent County Council welcomes the opportunity to play an enhanced role as the principal stakeholder in the new franchise, with the sole aim of ensuring the delivery of a better rail service for all the people of the County of Kent.

Schedule for New Franchise Consultation

DfT start stakeholder consultation	Jun 2016
Completion of consultation	Oct 2016
OJEU notice published	Nov 2016
ITT notice published	Apr 2017
Award of new franchise	Feb 2018
Start of new franchise	Jun 2018

Key concerns

- **Sufficient capacity**

There are several key locations on the Kent rail network where there is insufficient capacity provided by the existing service. This is partly due to a need for new infrastructure upgrades, partly due to the need for additional rolling-stock, and partly due to the limitation in the number of paths available for Kent's trains through to the London termini.

There will also be significant drivers of passenger demand during the period of the new franchise, provision for which is included in the additional rolling-stock requirements listed below. Specifically these will include:

- Ebbsfleet Garden City and Swanscombe Peninsula, including the Paramount Leisure Park development (due for gradual growth 2015 to 2025)
- Tunbridge Wells, Tonbridge and Sevenoaks (continual growth in demand)
- Maidstone (growth in town and environs)

- Ashford Growth Town (Chilmington Green and Park Farm East)
- Canterbury (continuous growth in City and environs)
- Folkestone (growth in town and Hawkinge)
- Dover (growth in town and Whitfield)

The principal locations where the need for growth in rail provision has been identified are:

High Speed

Canterbury West
 Dover Priory
 Folkestone Central
 Folkestone West
 Ashford International
 Ebbsfleet International

There is now a specific proposal for the inclusion of electrification of the Marshlink route between Ashford and Hastings in the funding allocation for Network Rail's Control Period 6 (CP6). With a working presumption that this upgrade will be delivered during CP6, the New Southeastern franchise will be expected to include the operation of High Speed services on this route. The following stations in East Sussex should therefore also be included here, the first two of which are also included in Network Rail's Kent Route:

Rye
 Hastings
 Bexhill

Mainline

Faversham
 Sittingbourne

Maidstone East*
 West Malling*
 Borough Green & Wrotham*
 Otford*

Tunbridge Wells
 Tonbridge
 Sevenoaks

**There will be significant easement at these stations when the New Thameslink franchise service from Maidstone East to the Thameslink core stations commences in 2018*

Any increase in the provision of Mainline services will be dependent on two key factors:

- The provision of sufficient paths to the London termini
- The provision of additional Mainline rolling-stock for peak period operation

At present the peak paths to and from London termini are full (with the exception of some limited spare capacity on the route from Lewisham to Victoria via Nunhead). In practice therefore the greatest opportunity for any Mainline service enhancement in the new franchise will be in the strengthening of existing services in the off-peak and weekend periods. There is significant overcrowding on “shoulder-peak” services on Mainline routes, and also on late evening departures from London. These issues will need to be addressed by the new franchise operator to ensure the delivery of a better Mainline service at these times for rail passengers.

The list of stations where capacity improvements are required excludes those located within the Medway Council area. The capacity needs of these stations will be addressed by Medway Council’s submission for the new franchise.

- **Reduction in journey times** within and beyond the county

All opportunities to reduce journey times for travel within and beyond Kent should be included in bids to operate the new franchise. Journey Time Improvement (JTI) schemes deliver significant benefits in terms of passenger time saved and more efficient use of rolling-stock and crews, and act as an incentive to deliver economic growth.

Kent already has one JTI scheme in progress: Ashford via Canterbury West to Ramsgate. This is a joint project between Kent County Council, Network Rail, London and Southeastern Railway and the Department for Business, Innovation & Skills. It is being delivered in part with grant from the Regional Growth Fund (RGF), and in part from within the funding allocation for Network Rail’s Control Period 5 (CP5). It is planned to deliver up to 10 minutes journey time saving, including the saving already delivered at Ashford by the removal of joining and dividing of High Speed trains.

Potential JTI Schemes for Consideration

Ashford – Ramsgate (due for completion by 2019/20)

Ashford – Hastings (as part of potential electrification by 2020/21)

Swanley – Maidstone East (would benefit new franchise and new Thameslink services)

Tonbridge – Hastings: upgrade in power supply to raise capacity on this route

- **Higher quality and additional rolling stock**

There is a critical need for both higher quality and additional quantity of rolling-stock in Kent. The existing Southeastern fleet operating in Kent

comprises Class 395 High Speed stock, Class 375 Mainline stock, and some Class 465/466 'Networker' stock.

High Speed

There will be a requirement for Government to place an order for the following new Class 395 (or successor) High Speed units:

12 new 6-car sets for uplift to Ashford / Canterbury / Dover service
 4 new 6-car sets for new Rye / Hastings / Bexhill service
 10 new 6-car sets for uplift to Ebbsfleet service (to serve Paramount and Ebbsfleet GC)

Total: 26 new 6-car sets (includes operational spares)

Mainline

There is a DfT plan to cascade stock from Thameslink from 2017 onwards, whereby the new Class 700 stock on that franchise will release 25 x 4-car Class 377 Eurostars and a further number of Class 319 trains to Southeastern. These would in turn release all the Class 465/466 stock, which would transfer to the Metro network to strengthen existing workings and thus deliver additional capacity there.

Kent County Council supports this cascade plan, as it will at last enable the removal of the Networker trains from Kent where they are not fit for purpose. The Mainline Kent network requires Mainline trains with appropriate facilities for mid to long distance journeys, and the DfT cascade proposal should deliver this enhancement by the time the new franchise commences.

Beyond 2018, the following enhancements will be required in the New Franchise:

- Class 375 stock to be completely re-furbished, with partial transfer of 1st Class to Standard Class seating included
- Class 377 stock to have at least partial re-furbish and re-livery on transfer
- Class 319 stock to have at least partial re-furbish and re-livery on transfer
- Class 465/466 stock to be removed, and replaced with transferred stock as above.

The Mainline Kent network should then be served as follows:

Class 375:	Mainline London - Chatham – Ramsgate / Dover
Class 375:	Mainline London – Tonbridge – Ashford – Ramsgate / Ramsgate
Class 377:	Mainline London – Maidstone East – Ashford – Canterbury West
Class 375:	Mainline London – Tonbridge – Tunbridge Wells - Hastings
Class 319:	Mainline London – Tonbridge – Tunbridge Wells

The two Community Rail Partnership (CRP) lines should be served as follows:

Class 375/3: Strood – Maidstone West – Tonbridge
 Class 375/3: Sittingbourne – Sheerness-on-sea

- **Improved punctuality / reliability of service provision and response to disruption**

During the previous year there has been a general improvement in punctuality and reliability by the existing operator. This is partly due to the changes introduced in the January 2015 timetable, and partly due to a significant improvement in operating performance.

The one performance element still in need of improvement in this area is the ability to respond to, and recover from, disruption. Service disruption can be caused by a range of incidents, many of which are outside the control of the operator. However, the new franchise award must require the chosen operator to establish robust procedures to restore the service as quickly as possible with the support of accurate passenger information.

- **Improved connectivity to destinations within and beyond the county**

The requirements for service enhancements in the new franchise have been set out above. There is also a need for improved connectivity, both within and beyond the county, at these specific stations:

- Strood, for passengers between Maidstone West and Medway Towns
- Tonbridge, for passengers between Maidstone West and Redhill / Gatwick
- Otford, for passengers between Sevenoaks and Maidstone East
- Ashford, for passengers between Sandling / Westenhanger and Hastings / Brighton
- Dover Priory, for passengers between Sandwich / Deal and Canterbury East

- **Station improvements**

In general:

- Stations and their environments should be recognised as gateways to the towns, villages and environments they serve. Stations should be clean, tidy and efficient, and as far as is practicable those close to major employment areas should reflect their business location.
- Rail travel should be integrated with other sustainable modes, such as bus, river, walking and cycling. There should be appropriate interchange infrastructure improvements and through ticketing initiatives with other service providers. The development of station travel plans with stakeholders should be encouraged for principal stations.

Additional aspirations for all stations would be to include, where not already in existence:

- Cycle parking: improved quantity and security of cycle parking at all stations, and where it exists already upgrades to covered provision.
- Ticket vending machines offering the full range of tickets available from that station.
- Access for all: while good progress has been made at many stations in Kent, there are many which still do not offer level access to all platforms. As funding permits, provision should be made to extend this facility to as many stations in Kent as practicable.

- **Partnership working**

Good partnership working is one of the hallmarks of modern franchise operation. Kent County Council regards such partnership working as key to delivering an excellent rail service for all its residents and visitors.

The principal elements of good partnership working for the New Franchise will be:

- Commitment to attend and participate in KCC's annual Rail Summit at County Hall, Maidstone
- Clarify local channels of communication with identified personnel as contact officers and project managers
- Create with KCC a '**Quality Rail Partnership**' between the new franchise operator, Network Rail and KCC to develop and improve the rail network in Kent.
- **Smart Ticketing**
 - The new franchise operator should be required to continue the development of the Smart Ticketing initiative developed by Southeastern, and to extend it to cover individual as well as season tickets
 - This Smartcard scheme should also incorporate an option for flexible ticketing, whereby commuters can choose to travel on fewer days of the week, reflecting modern office / home working practices
 - The new franchise operator should also adopt a collaborative approach with KCC to jointly deliver a 'Kent Smartcard' scheme which would incorporate travel by bus and rail in the county.
- **Passenger Information**
 - The New Franchise operator should be required to develop the existing joint working arrangements with Network Rail (South East route) to

ensure unified communications to passengers. The provision of smart phones for station staff needs to be supported by a unified approach to the provision of on-screen train displays and PA announcements.

- This approach is especially important in responding to disruption in service, when a unified approach with clear information becomes an even greater need for the travelling public.

- **First Class Accommodation**

- The public consultation for the new franchise should offer the option of either retention of existing first class seating on the Mainline stock, or converting it to Standard Class so as to increase capacity. There is still a significant minority market for First Class travel in the peak periods on Mainline services, but this virtually disappears outside the peak periods.

- **Community Rail Partnerships**

- The New Franchise operator should be required to commit to financial support for, and officer engagement with, the Kent Community Rail Partnership (CRP). This CRP has been successfully supported by the existing franchise operator, and this work should continue.

- There are currently two routes in Kent supported by the Kent CRP:

Medway Valley Line (Strood – Paddock Wood)
Swale Rail (Sittingbourne – Sheerness-on-sea)

- The new franchise operator should support the current proposal for an extension of the Medway Valley CRP route from Paddock Wood to Tonbridge, and should accompany this support with an all-day extension of these CRP services to and from Tonbridge to improve connectivity with the rest of the rail network.

- **Documentation**

- Kent County Council's 'Rail Action Plan for Kent' (April 2011), together with its current Local Transport Plan (LTP3, April 2011), set out its approach to transport and rail issues. The LTP is currently in the process of being replaced with a new Local Transport Plan (LTP4), to be effective from 2016 onwards.

- Both documents should be considered by the New Franchise operator as the strategic transport policy for Kent when proposing any improvements or changes to the railway infrastructure and service levels in Kent. The documents can be found at www.kent.gov.uk.

Appendix A - Projected Housing and Employment Growth in Kent to 2031

Below are possible areas of growth that could affect the New Franchise up to at least 2031:

Housing

The following figures for each District in Kent indicate the forecast level of housing development, between 2011 and 2031, according to local authority housing trajectories (correct at May 2015):

District	Additional housing 2011-31	% increase
Ashford	14,000	+28%
Canterbury	16,200	+25%
Dartford	18,100	+44%
Dover	10,000	+19%
Gravesham	7,100	+17%
Maidstone	16,200	+25%
Medway	22,100	+20%
Sevenoaks	3,600	+7%
Shepway	8,600	+17%
Swale	11,300	+19%
Thanet	12,000	+18%
Tonbridge and Malling	13,300	+27%
Tunbridge Wells	5,900	+12%

Employment

The following figures for each District in Kent indicate the forecast level of employment creation in each District to 2031:

District	Additional employment 2011-31	% increase
Ashford	17,200	+32%
Canterbury	17,000	+25%
Dartford	22,100	+40%
Dover	400	+1%
Gravesham	7,000	+22%
Maidstone	12,000	+16%
Medway	20,100	+20%
Sevenoaks	7,000	+15%
Shepway	500	+1%
Swale	9,900	+19%
Thanet	5,000	+11%
Tonbridge and Malling	7,700	+13%
Tunbridge Wells	9,900	+18%



High Speed Class 395 waiting departure from Ashford International bound for London St Pancras (Interim Service - June 2009)

Kent and Medway Economic Partnership

KENT AND MEDWAY ECONOMIC PARTNERSHIP BOARD

14 September 2015

ITEM 4

Subject: FUTURE WORKFORCE SKILLS IN KENT AND MEDWAY

Board Lead: Graham Razey

Report authors: Ross Gill
Economic Strategy & Policy Manager, Kent County Council

Allan Baillie
Skills and Employability Manager, Kent County Council

Summary

The Compelling Case for Change identified the creation of a 'more highly skilled, more productive workforce' as the key priority for economic growth in Kent and Medway. It outlined a series of actions to strengthen the local skills system and employers' engagement with it.

This report:

- a) Sets out work that has taken place over the course of the summer to develop a stronger evidence base on the future demand for skills within the Kent and Medway workforce and proposes how this may be used to inform future provision;
- b) Proposes the establishment of a new 'Skills Commission', directly linked with KMEP, to strengthen the employer voice at Kent and Medway level, better coordinate provision and act as a potential mechanism for the future devolution of funds and powers; and
- c) Proposes the development of a jointly-owned Workforce Skills Strategy Statement for Kent and Medway to guide future actions.

The Board is RECOMMENDED to:

- a) Consider and comment on this report, in particular the key questions highlighted for discussion within the text; and
 - b) Ask the Employment, Learning and Skills Board to consider the terms of reference and potential work programme for a new Skills Commission, and to report back to KMEP later in the autumn.
-

1. Background: Challenges and opportunities

- 1.1. Within the *Compelling Case for Change*, KMEP said that ‘creating a highly skilled, more productive workforce’ is the most pressing priority for the future of the Kent and Medway economy:

“In Kent and Medway, there is much that has been achieved in recent years. We have a strong further education sector, improving attainment rates and shared strategies for both young people and adults. Yet the skills system is often dysfunctional: employers find it hard to have a clear voice, funding regimes are often poorly coordinated and perverse incentives within the system mean that young people frequently lack the right information about opportunities that are available to them”¹.

- 1.2. This situation is not unique to Kent and Medway. The Government’s recent Productivity Plan noted that weaknesses in the UK’s skills base are long-standing and are a major contributor to the country’s productivity gap with its major competitors. However, it is widely recognised that more effective coordination and employer engagement at local level will be an important part of the solution. Building on the skills flexibilities already offered to some city regions, the Productivity Plan sets out an invitation to local areas to ‘participate in the re-shaping and re-commissioning of local provision’, so that it is better geared to local economic priorities and future skills demands².
- 1.3. Responding to this, KMEP committed in the *Compelling Case* to a series of actions, set out in Annex 1. These are relevant and practical regardless of future LEP arrangements: some can be delivered within existing powers and moving forward will provide a stronger basis for Kent and Medway to secure further resources whatever the governance mechanisms within which KMEP has to work.

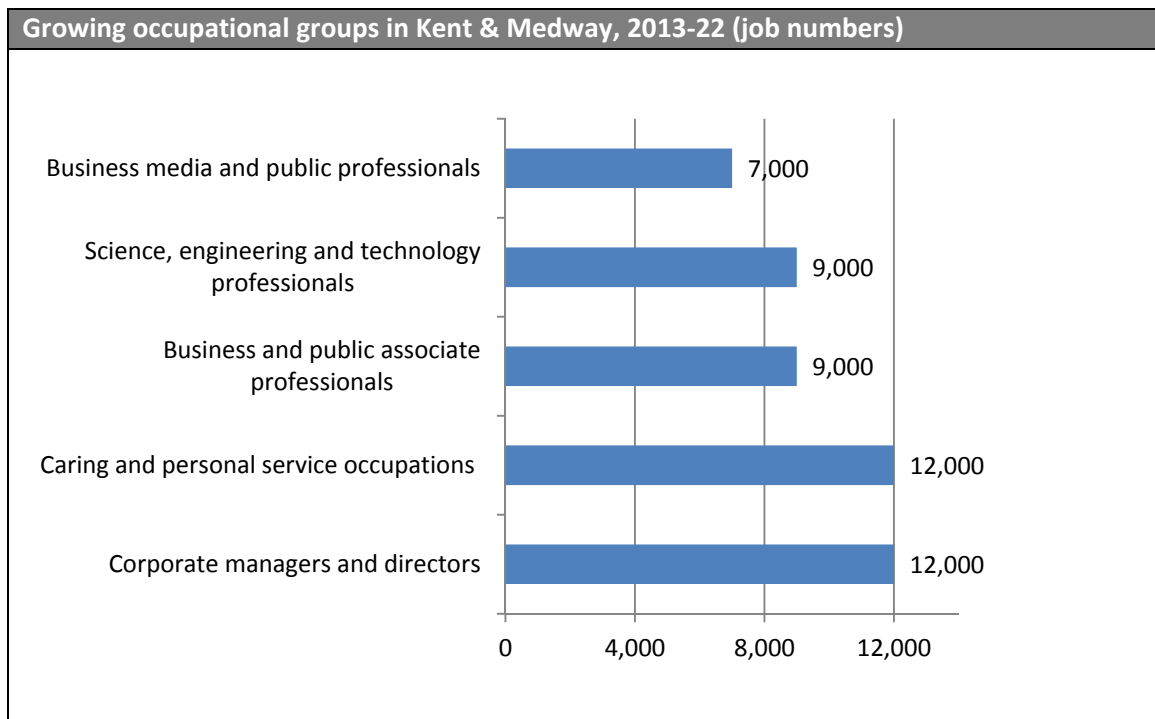
2. Strengthening the evidence base

- 2.1. Evidence of future skills demand is often fragmented and hard to access in a consistent format – and there is often a mismatch between forecasting data and employers’ practical experience and knowledge. The absence of a consistent understanding of future employment demand by sector, qualification and occupational group makes it more difficult to inform provision and to provide clear information to learners about future job prospects.
- 2.2. Earlier this year, KMEP commissioned the preparation of a **Workforce Skills Evidence Base (WSEB)** to provide a clearer, central source of labour market intelligence for Kent and Medway. This considers forecast employment growth over the next decade by sector and occupational group at both Kent and Medway and individual district level. In developing the WSEB, data analysis was supplemented with a series of twelve sector-based focus groups with employers. A copy of the full draft report (which includes an executive summary) is included with this agenda pack.

¹ KMEP (July 2015), *The Compelling Case for Change*, p. 11

² HM Treasury (July 2015), *Fixing the Foundations: Creating a more prosperous nation*, pp. 23-26

2.3. The WSEB finds that while overall employment grew by only 1% across Kent and Medway in 2009-13, there are likely to be around 41,000 jobs added to the labour market over the next decade. By 2022, it is anticipated that Level 4+ qualifications (equivalent to Foundation Degree or higher) will be required by at least half the workforce, with the largest increases in the following occupational groups:



2.4. The WSEB highlights a number of sector-specific skills, recruitment and retention issues. A recurring theme that emerged from the employer focus groups was the need to improve information and advice to young people on available employment opportunities, and for key sectors to be presented in a positive light to prospective recruits.

2.5. The WSEB could have an important role in influencing future skills provision as well as in providing better information to learners about future prospects. Following comments from KMEP and the Employment, Learning and Skills Board, a final version of the WSEB will be published. It will of course be important to make the information available in an accessible format and to ensure that it is regularly updated.

Questions for discussion

- Does the analysis within the draft WSEB reflect Board members’ understanding of the challenges and opportunities facing specific sectors?
- Are there any key issues that are missing, or which have been inadequately considered?

3. Developing a Kent and Medway Skills Commission

3.1. The *Compelling Case* set out a proposal to establish a **Kent and Medway Skills Commission**, reporting to KMEP, bringing together both employers and providers to focus on how the needs of the economy can be met within a demand-led system.

- 3.2. The basis for the Skills Commission already exists in the form of the Kent and Medway Employment, Learning and Skills Board (ELSPB). However, the profile of the ELSPB has historically been relatively low, employer representation and voice are limited and the ELSPB is currently not fully integrated with KMEP.
- 3.3. Within the *Compelling Case*, it was envisaged that a new Skills Commission should take a more strategic role, ideally with a high-profile chair independent of the local authorities and providers (although of course providers will need to be represented on the Commission). Reporting into KMEP, the Skills Commission could potentially have a central role in:
- Owning, developing and maintaining the Workforce Skills Evidence Base and ensuring that it is effectively used;
 - Ensuring that there is a strategic approach to the future use of skills capital funding in Kent and Medway (and other funds that may be devolved by Government in due course);
 - Developing more effective mechanisms for the provision of careers information, advice and guidance, based on direct employer input;
 - Developing sector-led frameworks, such as the Guild approach.
- 3.4. Over time, the role of the Skills Commission could of course expand further.
- 3.5. There is further work to be done to establish terms of reference for the Skills Commission. If KMEP Board is in broad agreement with the areas of focus set out above, it is recommended that the existing ELSPB be asked to work up detailed proposals for the establishment of the Skills Commission, so that these can be considered by KMEP later in the autumn. The Skills Commission could then be established in early 2016.

Questions for discussion

- Does the Board wish to proceed with the establishment of a Skills Commission, as set out in the *Compelling Case*?
- Are the areas on which the Skills Commission might initially focus appropriate? If not, what should be added or changed?

4. Developing a shared strategic approach

- 4.1. Consultation took place earlier this year on Kent County Council's Adult Learning, Employment and Skills Strategy 2015-18, and a copy of the final published strategy is attached for information with this agenda pack. However, there is not at this point a skills strategy shared by all KMEP partners, although a single, agreed strategy statement could be helpful in supporting the work programme of the new Skills Commission.
- 4.2. Building on the Workforce Skills Evidence Base and the priorities set out in recently-published partner strategies, it is suggested that a light-touch Skills Strategy Statement is prepared alongside the establishment of the Skills Commission for endorsement by KMEP.

5. Recommendations

5.1. The Board is recommended to:

- a) Consider this report, particularly the key questions highlighted in the text;
- b) Ask the Employment, Learning and Skills Board to consider the terms of reference and potential work programme for a new Skills Commission, and to report back to KMEP later in the autumn.

Report author

Ross Gill

Economic Strategy and Policy Manager, Kent County Council

03000 417077 | 07837 872705 | ross.gill@kent.gov.uk

8 September 2015

Relevant documents

Attached:

Workforce Skills Evidence Base (draft), August 2015

KCC (2015), Adult Learning, Employment and Skills Strategy 2015-18

Available on KMEP website:

KMEP (2015), *The Compelling Case for Change*

Annex 1:**Creating a highly skilled, productive workforce: What we said in the *Compelling Case***

Across the country, we have a market-driven, demand-led system. We welcome this, but we recognise that the system suffers information and coordination failures.

We will establish a new **Kent and Medway Skills Commission**, reporting to the Kent and Medway LEP. Independently chaired, the Commission will bring together key employers and providers to focus on how the needs of the county's economy can be met within a demand-led system by:

- Ensuring that we have **excellent labour market intelligence** and making sure that this intelligence is used effectively. In a diverse area, this will mean developing stronger partnerships at district and sub-county level and more effectively joining up the data and employer relationships that local partners hold.
- Developing a new model to **inform 14-24 pathways** across Kent and Medway. In particular, we must better manage the negative impacts of competition between providers, which often limits the real choices available to young people, especially in relation to technical and vocational learning. We will develop a model which provides much better, employer-driven information about career and training options. As part of this, we will seek the devolution of the **National Careers Service** budget to the Kent and Medway LEP, enabling us to create a more ambitious framework for careers information, advice and guidance.
- Ensuring that the **resources available for technical and vocational learning** are maximised and distributed effectively. We will establish a clear **Vocational Learning Strategy** for capital and revenue funding, sequential to the new Strategic Economic Plan, to direct the future allocation of the Skills Funding Agency's devolved capital fund and the use of mainstream LGF funds for higher and further education. Building on the devolution of capital funds, we will also seek further freedoms and flexibilities from central Government and a strong role for the new Kent and Medway Skills Commission in setting the priorities for SFA, EFA and Jobcentre Plus revenue budgets where they relate to technical and vocational provision.
- Reducing **unemployment among people aged 18-25**, substantially cutting the number of young people **not in employment, education or training (NEET)**. We will increase the supply of post-16 Level 1 courses, with clear progression routes to Level 2, ensuring that all have access to vocationally-relevant basic skills provision.
- Increasing the number of **apprenticeships**. In Kent and Medway, the number of apprenticeship positions offered by employers exceeds demand from young people, in contrast to the national trend, despite the career opportunities to which apprenticeships can lead. We aim to overcome barriers to participation (such as the frequent entry-level requirement for Level 2 qualifications), identifying beacon providers in every district linked with our improved intelligence base.

- Extending the growth of **higher education** as a key driver of innovation and productivity. Working with our four universities, we will ensure strong progression routes, especially in the scientific, technical and engineering skills that the economy needs.
- Reforming **community learning**, so that it is focused on the needs of the Kent and Medway economy, ensuring that those most distant from the labour market are supported back to work. We will concentrate resources on tackling **entrenched disadvantage**, better linking investment in skills with housing, health and social care. In Kent, we are already developing a **Social Impact Bond** to attract private and social investment in services that will reduce worklessness and we will progress discussions with prospective investors to launch the Bond in 2016.

Kent and Medway Economic Partnership

KENT AND MEDWAY ECONOMIC PARTNERSHIP BOARD

14 September 2015

ITEM 5

Subject: NEW ENTERPRISE ZONES

Board Lead: -

Report authors: Ross Gill
Economic Strategy & Policy Manager, Kent County Council

Summary

Earlier this year, the Government invited Local Enterprise Partnerships to submit proposals for new Enterprise Zones. These are defined locations for commercial development that, if approved, would benefit from business rate discounts to occupiers and would permit the local retention of 100% of business rate growth. The deadline for the submission of proposals to Government is 18 September.

Within Kent and Medway, three prospective Enterprise Zone proposals have come forward, in North Kent and Maidstone; Thanet (Manston and Port of Ramsgate); and Shepway. In addition, work is underway to bring forward a further proposal for Betteshanger in the event that there is a further Enterprise Zone round. In the current round, it is likely that no more than one proposal will be approved in any single LEP, and the South East LEP has asked KMEP and its equivalents to clearly prioritise local proposals prior to submission.

This report sets out the potential benefits of Enterprise Zone designation, outlines the process followed in Kent and Medway, and provides a summary of the emerging proposals with a headline assessment of the information received to date.

The Board is recommended to consider the proposals, and to determine the priority order in which they should be submitted to Government, based on the benefits to the Kent and Medway economy.

1. The new Enterprise Zones programme

1. 1. In 2011, the Government launched a new programme of Enterprise Zones. Following a competitive process, 24 locations have so far been designated as Enterprise Zones, benefiting from a combination of business rate discounts and planning flexibilities. These include Discovery Park at Sandwich, one of the country's most successful Zones with over 2,000 people now employed on site.

1. 2. This summer, the Government published a prospectus for additional Enterprise Zones and invited Local Enterprise Zones to come forward with proposals. The prospectus sets out the incentive package that would be available to new Enterprise Zones as:
 - **Business rate discounts for new occupiers.** The Government will pay for business rate discounts of up to £55,000 per year for five years for businesses that locate within an Enterprise Zone by 31 March 2022 (i.e. if a business locates within an EZ in March 2022, it will be able to claim discounts up until March 2027);
 - **Enhanced capital allowances for plant and machinery,** where the Enterprise Zone is located within an Assisted Area (in Kent and Medway, this means parts of Medway and Swale and parts of Thanet and Dover);
 - **Local business rate retention.** The guidance says that LEPs will be able to retain 100% of business rate growth for 25 years, with the 'expectation' that this is used to fund development on the Enterprise Zone sites.

2. Criteria

2. 1. Within the Enterprise Zones prospectus, the Government has stated that all Enterprise Zones:
 - Must have the support of the relevant local authority and the LEP; and
 - Should be 'clear sites': i.e., they should benefit new occupiers, rather than existing businesses on site.
2. 2. In assessing proposals for Enterprise Zone status, the Government will be measuring the extent to which they will:
 - **Deliver economic growth,** with a sound commercial rationale for the site and relevance to the Strategic Economic Plan;
 - **Demonstrate value for money,** measured through land value uplift and new employment without displacement impacting on other sites in the area;
 - **Have a clear plan for implementation,** including plans for marketing to new occupiers, clear governance and a plan for resolving any planning or infrastructure challenges.
2. 3. Applications are particularly encouraged from clusters of sites, provided that each site is individually credible.

3. Process

- 3.1. The Government has been clear that there is unlikely to be more than one new Enterprise Zone per LEP area, and has asked LEPs to prioritise schemes within their areas. Within the South East, it has been proposed by the vice-chairs that the LEP will submit one list from each 'federated' area, as agreed by KMEP and its equivalents.

- 3.2. At the start of August, initial expressions of interest were sought from across Kent and Medway. This resulted in ten sites being put forward. Subsequently, these have been consolidated into three proposals, which are set out in Annexes 1-3. These are:

Draft full applications received:

- **North Kent Innovation Zone**, including Ebbsfleet Garden City, Rochester Airport Innovation Park and Kent Medical Campus at Maidstone

Earlier stage applications:

- **Channel Tunnel Enterprise Zone**, including a number of sites in Shepway; and
- **Port of Ramsgate and Manston Cluster.**

- 3.3. In addition, a proposal for Enterprise Zone designation for Betteshanger Business Park, a former coalfield site in Dover now in the ownership of the Hadlow Group, has been developed. It is likely that this may come forward to seek Enterprise Zone designation at a later date, once further work has been carried out to clarify the planning position and prospective investor and occupier demand.
- 3.4. In the current round, full applications must be submitted to Government by 18 September.
- 3.5. Formally, bids must be submitted by the South East LEP and signed off by the chief executive and Leader of the relevant local authority (or authorities) before submission.

4. Headline assessment of proposals

- 4.1. We have not sought consultancy input into the assessment of the proposals received so far. However, the table below provides a headline assessment against the criteria set out by Government. At present the North Kent proposal emerges as the strongest based on the greater information that has been set out for this so far.

Initial assessment			
Criteria	Proposal		
	North Kent	Channel Tunnel	Ramsgate/ Manston
Is there local authority support?	Yes	Yes	Yes
Will a full proposal come forward by 18 September?	Yes	Probably	Probably
Are the sites clear?	Yes	Yes	Mostly
Is there a clear commercial rationale?	Yes and proposal includes details of viability studies and market assessment	Emerging – application at early stage	Emerging, although further work underway

Is there a clear sectoral focus?	Yes – component areas well defined	Several sites supporting a number of sectors	Yes
Is there evidence of employment creation as a result of the Zone?	Yes, based on floorspace analysis and market assessment (although not fully consistent across all sites)	Yes, based on floorspace analysis	Yes, based on floorspace analysis and recent performance
Is there a plan for implementation in place?	Yes	Not fully stated yet	Emerging

5. Recommendations

- 5.1. KMEP Board is asked to consider the current Enterprise Zone proposals, and to determine:
- a) Which should be developed further for submission to Government; and
 - b) The priority order in which they should be submitted.
- 5.2. For KMEP's information, Annexes 1-3 present each proposed Zone as it currently stands, based on the information that the proposed Zone promoters have provided.

Report author:

Ross Gill

Economic Strategy and Policy Manager, Kent County Council

03000 417077 | 07837 872705 | ross.gill@kent.gov.uk

8 September 2015

Annex 1: North Kent Innovation Zone

Promoter	Thames Gateway Kent Partnership
Location	Ebbsfleet Garden City (Dartford/ Gravesham) Rochester Airport Innovation Park (Medway) Kent Medical Campus (Maidstone)
Business case status	Full draft submitted

Overview

The **North Kent Innovation Zone** focuses on three specific sites within the North Kent Innovation Corridor: Ebbsfleet Garden City, Kent Medical Campus and Rochester Airport Innovation Park. All of these are focused on developing higher-value economic activity. In total, the proposed Zone covers approximately 62ha and has potential for 219,000 sq. m of development.

Regarding delivery and governance, the application proposes local delivery arrangements for the individual sites with an overarching board providing strategic leadership, accountability, coordinated marketing and monitoring.

Ebbsfleet Garden City

This proposal focuses on two areas within the seven strategic sites encompassed by the Garden City:

- **Ebbsfleet Valley North East** (4.08ha) will focus on start-up and micro-businesses and smaller professional services organisations specialising in the support of front and back office activities of larger city-based UK and European organisations covering IT, communications, marketing and other support services. The site will create up to 28,000m² of innovation space targeted at firms that support the creative industries, including web/internet firms, software/coding and CGI and graphics. The location is ideal for these organisations to support London and European based industry and the proposed future London Paramount development in the north of the Garden City.
- **Northfleet Embankment** (19.37ha) will cover two sites (East and West) focused primarily on larger sized units with flexible working space and shared facilities available for single or multiple occupancy, plus innovation space for smaller high-tech companies. These units would be targeted at firms seeking to operate in construction (and especially modular build), construction related industries and advanced/high-end manufacturing alongside the provision of specialist technical training, in a total of up to 44,000m² of B1/ B2 space.

The **Ebbsfleet Baseline Masterplan** (June 2015) provides an indication of the development possible at Ebbsfleet Garden City. Studies for Locate in Kent and the local authorities demonstrate a shortfall in the requirements for industrial and office space in Dartford and Gravesham, and Ebbsfleet Development Corporation will be commissioning a full commercial review this autumn.

Kent Medical Campus (Maidstone)

KMC will create a 16ha medical campus that complements the newly-opened **Kent Institute of Medicine and Surgery (KIMS)** and provide 98,000m² flexible accommodation for co-location of

medical and life-science companies, a neuro-rehabilitation centre and HE training facilities for medical and healthcare professions.

The site is allocated in the draft Local Plan as a medical campus, and the site has outline planning permission with detailed consent for offsite infrastructure improvements.

EZ status would help incentivise start-up companies and SMEs operating in specialist fields and disciplines, and mobilise inward investment needed to support required infrastructure and at-risk investment in buildings. The expectation is that the campus will create up to 2,000 new jobs by 2022 and up to 3,000 by 2027.

The site has already attracted interest from healthcare investors, and offers have been made for the next phase of development. There has also been interest from biotech and medtech start-ups and SMEs, although this will require speculative development, which EZ designation will help to incentivise.

Rochester Airport Innovation Park (RAIP)

Rochester Airport is owned by Medway Council and is located 2 miles south of Rochester, 1 mile from junction 3 of the M2. The site currently consists of two grass runways and ageing airport infrastructure, with operational buildings and some businesses ancillary to aviation.

There is a Masterplan setting out the economic vision for the site, adopted in January 2014, securing a future for the operational airport and creating new business space. This proposes closing one runway, creating a new paved runway and replacing, refurbishing and repositioning operational uses within the site. This will release land for redevelopment and also lift airport safeguarding restrictions from other portions of land allowing their redevelopment, including land owned by BAE Systems to the north and by Sheppey Industries to the south.

Planning permission was granted for the Phase 1 works to re-configure the operational airport on 6 February 2015. The Phase 1 works will enable development of the sites designated for inclusion in the EZ.

The site has excellent transport access, marketing visibility and broadband connectivity. On land identified in the Masterplan, there is potential to develop around 47,800 m² of B2 and B1 commercial space, and 1,056 m² of A3 café / restaurant space to complement the overall site offer. The current land value is estimated at £34,600/ha but under current usage delivers only £863/ha business rates income. Informal advice from a leading Commercial Agent located in Medway suggests serviced land plots at Rochester Airport would command approximately between £1.24 million and £1.36 million per hectare, indicating very substantial land value uplift.

A series of studies have been undertaken examining economic options for Rochester Airport, with the Employment Land Needs Assessment (July 2015) identifying a shortage of good quality B1 and B2 business premises and recognising the airport as a well-placed commercial site. Medway Council has received enquiries from several advanced manufacturing businesses seeking freehold or long leasehold sites of the type proposed for the airport, and these are summarised in the draft application.

Annex 2: Channel Tunnel Enterprise Zone

Promoter	Shepway District Council
Location	Sites in Shepway
Business case status	Initial expression of interest

Overview

This proposal consists of a number of sites in Shepway.

The availability of a range of good quality start up, grow on and larger business premises has been identified as a particular constraint inhibiting the growth of the local economy in Shepway. Enterprise Zone (EZ) designation would therefore enable opportunities to bring forward employment sites located along the channel tunnel corridor, which in turn will benefit from good motorway access, the Channel Tunnel, High Speed 1 rail link, and proximity to the Port of Dover.

The sites that will form the EZ are:

Land West of Shearway Business Park

- Total site area = 7.55 ha
- Employment use = 2 ha
- Planning consent – yes (Y13/0024/SH)
- Delivery: 2016 to 2020

Land East of Shearway Business Park (Folkestone & Dover Water Company Site)

- Total site area = 5.16ha
- Employment use = 2ha
- Planning consent – no (designated employment site in Local Plan)
- Delivery: 2018 to 2022

Cheriton Park West

- Total site area = 3.87ha
- Employment use = 3.87ha
- Planning consent – no (designated employment site in Local Plan)
- Delivery: 2018 to 2022

Link Park

- Total site area =11.04ha
- Employment use = 11.04ha
- Planning consent – yes (Y09/0145/SH)
- Delivery: 2016 to 2020

Link Park Extension

- Total site area = 21.47ha
- Employment use = 21.47ha
- Planning consent – yes (Y06/0552/SH) (Y15/0880/SH)
- Delivery: 2018 to 2022

Junction 11 Growth Area

- Total site area = 197.63ha
- Employment use = 41.64ha
- Planning consent – no (undesignated employment site in Local Plan)
- Delivery: 2020 to 2030

Stop 24 Site

- Total site area = 18.53ha
- Employment use = 2ha
- Planning consent – yes (for current uses)
- Delivery: 2018 to 2022

Total Land Area

- Total site area = 265.25 ha
- Employment Land covered by EZ = 84.02ha

Potential Employment Space & Jobs

- B1a Offices (business park type) : 26,345 sq m
- B1, B2, B8 (business / light industrial - start up & move on units): 60,933 sq m
- B1, B2, B8 (business / industrial / logistics – larger units): 82,668 sq m
- Total floorspace: 169,946 sq m
- Total jobs: 4,109

Annex 3: Port of Ramsgate and Manston Cluster

Promoter	Thanet District Council
Location	Sites in Thanet: Port of Ramsgate, Manston Airport, Manston Business Park
Business case status	Expression of interest

Overview

The Port of Ramsgate is in a strong position to maximise its geographical location to service mainland Europe (second closest port to Europe after Dover) and it is well linked to the UK motorway network via the recently upgraded (dual carriageway) A299 and Ramsgate Harbour Approach Road. The expansion of the port is currently constrained by available space but this could be addressed by the development of an off site logistics hub at Manston. The Bid also includes Manston Business Park which has capacity for a further 46 hectares of development and is a key strategic employment allocation within the Borough that could accommodate manufacturing employers.

Overall aim of the bid is to diversify employment opportunities in the renewable, transshipment and manufacturing. It will help to promote skills development and higher value jobs in an area of relatively high unemployment and low wages.

Port intensification supported by the logistics hub

At present, the Port (which occupies around 10 hectares) can handle 300,000 freight units per year,. With an off-site logistics hub the capacity of the port could double to around 600,000 units. The Port would seek to promote the unaccompanied freight market which would complement activities at Dover Port which has limited capacity for such movements.

The key activities that would take place at the hub would include:

- accommodation of vessel discharge traffic prior to it being processed and released by UKBF (immigration and customs).
- Stevedoring for trans-shipments,
- the pre-assembly of accompanied and tourist shipments,
- lorry parking and facilities (eg accommodation, food and servicing) for both arriving and departing freight and space to accommodate the storage of trade cars – both import and export.

A hub could also provide warehousing and processing facilities that would add value to cargoes from the Port and could prepare/store local produce, such as from Thanet Earth and other local producers before market.

The Port is also a centre of excellence in the renewable energy sector supporting the maintenance of the largest off shore windfarms in the world. This sector is helping to develop an increasingly skilled work force by working closely with the education sector and offers considerable expansion potential.

Overall the employment potential of the Port with an off-site hub is around 800 jobs which could be fully mobilised within the next 2-3 years.

Manston Business Park

The other main component of the bid is Manston Business Park. This is an allocated business site directly accessible from the A299 dual carriageway. Some 29 hectares of the site have been developed and it currently accommodates 35 businesses and around 1,000 jobs including Cummins. It is owned by East Kent Opportunities LLP (a joint venture between Kent County Council and Thanet District Council).

Manston Business Park is suitable for engineering, storage and distribution uses. Commercial demand has increased recently, but significant capacity remains (just under 46 hectares), with scope for the Park to potentially accommodate a further 3,000 jobs. This is a strategic employment allocation and the pace of delivery here needs to be accelerated to underpin the wider local plan growth agenda.

The initial focus will be on accelerating demand for B2 and B1c industrial floorspace, especially in the advanced manufacturing sector. Based on recent occupation, it is envisaged that the majority of businesses in the short term will be SMEs but there is also scope to accommodate firms wishing to expand into larger premises. The EZ will assist this by encouraging speculative provision for which there is a latent demand.

The bid is not dependent on the reuse of the Airport but neither does the bid prejudice that use should a viable proposal come forward. There would be potential synergies between an Airport use (especially freight) and the proposed logistics hub/EZ. The airfield, could still host aircraft service, accommodate supply chain support for maintenance and other activities, crew training and aircraft recycling facilities. These activities would provide jobs and training and could also benefit from an EZ designation.

Kent and Medway Economic Partnership

KENT AND MEDWAY ECONOMIC PARTNERSHIP BOARD

14 September 2015

ITEM 6

Subject: OPERATION STACK: THE COST TO THE KENT AND MEDWAY ECONOMY

Board Lead: Jo James

Report authors: Ross Gill
Economic Strategy & Policy Manager, Kent County Council

Summary

The extended imposition of Operation Stack in summer 2015 imposed a significant burden on the Kent and Medway economy. This report provides a summary of recent surveys and analysis undertaken by Kent Invicta Chamber of Commerce, Visit Kent and Kent County Council to understand the cost imposed on business.

There could be a value in preparing a more comprehensive economic impact report to support partners' efforts in developing longer-term solutions to the problems presented by Operation Stack and in pressing for funding. The Board is recommended to note the report and the evidence gathered so far, and to consider the case for additional work.

1. Introduction

- 1.1. In summer 2015, Operation Stack was imposed on some 32 occasions, as a result of a combination of industrial action in France and migrant activity. Reduced cross-Channel traffic flows impacted both nationally and locally, and the effects of this were exacerbated by the imposition of Stack.
- 1.2. However, although the impact of Stack is well-known to those local businesses and residents that experience it, there is a risk that as this summer's crisis recedes from the headlines, the effect of the disruption becomes less prominent as a national concern. It is therefore important to ensure that there is a robust understanding of the impacts, both to ensure that our message to Government is credible and to help inform the actions that partners might take (both in infrastructure provision and support for business) to mitigate the effects.

2. Quantifiable impacts

- 2.1. At the start of the crisis, research by Kent County Council estimated a cost to the Kent and Medway economy arising from Operation Stack of around £1.45 million per day, based on delays to passenger journey times, reduced visitor numbers and costs to the road haulage industry³. Scaling this figure up to the 32 days' disruption caused by Operation Stack gives an approximate cost of **£46 million**.
- 2.2. However, it is likely that this figure is a substantial under-estimate. The disruption caused by a single imposition of Stack can be partially mitigated through rescheduling or longer working hours, so the daily cost is relatively moderate. However, longer or more frequent imposition obviously increases the costs exponentially. Visit Kent is currently carrying out research to quantify the overall impact on the tourism industry.

3. The effects on Kent and Medway businesses

- 3.1. Both Visit Kent and Kent Invicta Chamber of Commerce have recently carried out business surveys to consider the effects of Stack. At the start of the crisis, **Visit Kent's survey** of the county's top 100 tourism businesses found that three quarters reported a negative business impact and that over one third reported cancellations and lost business. A more recent survey carried out after the crisis had received wide publicity found 45% of tourism businesses reporting cancellations, with 59% considering that they had lost up to 20% of business as a result of Stack:

"Several groups booked in from France and London-based tour groups have cancelled directly as a result of Stack. We estimate a loss of £20,000 in revenue"⁴

"Guests are put off coming to the area because of Operation Stack and traffic chaos. I am now left out of pocket for unsold weeks and the costs of discounting for weeks to come"

- 3.2. More broadly, Visit Kent's evidence reports that the positive image of Kent as an attractive and accessible destination has been impacted. Although this is hard to quantify, it clearly presents a significant challenge given the successful efforts made in recent years to promote Kent as a destination:

"Psychologically, it is not over, people think that the roads in Kent are clogged with traffic. Please get the news out that this is a great time to visit the area"

- 3.3. In August, Kent Invicta Chamber of Commerce brought together several trade associations and local authorities to discuss the impacts of Stack. Subsequently, the Chamber issued a survey of

³ Kent County Council, July 2015, reported in Kent Police briefing paper. It should be noted that the £1.45 million cost estimate relates to costs borne by the Kent and Medway economy only; i.e. costs accruing nationally or internationally (for example to the freight industry based outside or carrying goods from outside Kent) are not included in the figure. The national costs are therefore substantially greater.

⁴ All quotes taken from Visit Kent survey

its members inviting anecdotal feedback. 130 businesses responded to the survey, with all reporting a financial impact. Reflecting the Visit Kent analysis, businesses in the tourism and hospitality sector reported especially significant impacts, which have the potential to be longer term than those experienced as a result of delays to movement of goods.

- 3.4. The Chamber also sought feedback from other accredited chambers across the UK on the impacts of Stack and perceptions of Kent. Most chambers elsewhere had a good knowledge of the effects of Stack, and reported that in parts of the country, there was great concern among businesses relying on exports of the reliability of the transport connections through Kent.

4. Next steps

- 4.1. Overall, there is strong evidence that Kent and Medway business has been significantly affected by the imposition of Operation Stack.
- 4.2. 70% of the businesses surveyed by Kent Invicta Chamber said that they would be willing to participate in future surveys and discussions about longer term solutions. As partners develop proposals for measures to relieve the impact in future, it may be useful to carry out further analysis to ensure that the business and economic case for action is as robust as possible.

Report author:

Ross Gill

Economic Strategy and Policy Manager, Kent County Council

03000 417077 | 07837 872705 | ross.gill@kent.gov.uk

9 September 2015

Kent and Medway Economic Partnership

KENT AND MEDWAY ECONOMIC PARTNERSHIP BOARD

14 September 2015

ITEM 7

Subject: LOCAL GROWTH FUND MONITORING REPORT

Board Lead: -

Report authors: Mary Gillett
Major Projects Planning Manager, Kent County Council

Summary

This paper provides an update on the progress of those schemes allocated funding through the Local Growth Fund. The Board is recommended to note the report.

1. Introduction

Since April, Local Growth Fund money has started to become available to deliver the capital projects agreed through Round 1 of the Growth Deal. However, before funding can be secured, all schemes must be independently appraised by the Independent Technical Evaluator appointed by the South East LEP, and all business cases must be approved by the Accountability Board.

The spreadsheet accompanying this agenda pack provides a monitoring update on progress in delivering all the LGF capital projects in the Kent County Council area Medway through both Rounds 1 and 2 of the Growth Deal. An update on projects in Medway will also be presented to the Board on Monday.

2. Growth Deal revenue schemes

In addition to the major capital schemes set out in spreadsheet, there is also a £254k revenue allocation to deliver the Kent and Medway Growth Hub. This will provide a central signposting and initial advisory service to businesses seeking national and local sources of support. The procurement process to secure a core provider for this service has now concluded, and the successful provider will be announced next week.

3. Next steps

The South East LEP has recently reappointed Steer Davies Gleave (SDG) to continue to act as the Independent Technical Evaluator for all LGF capital schemes. SDG will now be working on the LGF Round 2 projects as they come forward.

It may be useful for the Board to receive a presentation from SDG explaining the process through which projects are appraised and approved, and this will be arranged for the next meeting of the Board.

4. Recommendations

The Board is recommended to note this report.

Report author:

Mary Gillett

Major Projects Planning Manager, Kent County Council

03000 411638 | mary.gillett@kent.gov.uk

10 September 2015

Kent and Medway Economic Partnership

KENT AND MEDWAY ECONOMIC PARTNERSHIP BOARD

14 September 2015

ITEM 8

Subject: THE FUTURE OF KMED AND THE SOUTH EAST LEP: PROGRESS REPORT

Board Lead: Geoff Miles

Report authors: Ross Gill
Economic Strategy & Policy Manager, Kent County Council

Summary

This report provides an update on the future of the South East LEP following proposals made to review its boundaries and structures.

The Board is recommended to note this report and to consider next steps.

1. Introduction

- 1.1. At its last meeting, KMED agreed to write to the Secretary of State, proposing that there is a compelling case to change the boundaries of the South East LEP. In KMED's submission to Government, it called for the establishment of a new Kent and Medway LEP – based on KMED - and set out a series of priorities on which the new Partnership would focus. The case proposed that the new Kent and Medway LEP should be established by 1 October.
- 1.2. Alongside Kent and Medway's submission, a similar proposal was also submitted from partners in Essex, while East Sussex County Council has explored the potential for a devolution agreement with its neighbours in West Sussex and Surrey.

2. The Government's response

- 2.1. The Government has not responded directly to the case set out by Kent and Medway. However, after the contract of the former LEP chairman came to an end on 31 July, the Secretary of State wrote to the LEP's three vice-chairs advising them that he was not minded to consider any boundary changes at present.
- 2.2. At present, the South East LEP therefore remains extant. The three vice-chairs recently wrote to the Secretary of State requesting that he give consideration to the submissions that were made to him earlier in the summer; a copy of their letter is attached as Annex 1.

3. Potential next steps

- 3.1. While a formal Government response is awaited, the existing LEP arrangements remain in place. The South East LEP Board will meet later this month, while the Accountability Board (the Joint Committee of the six transport authorities established to approve business cases and significant programme variance) meets on Friday 11 September.
- 3.2. It is anticipated that the LEP Board will consider papers relating to:
 - a) The chairmanship of the LEP: The current draft proposal recommends the appointment of a vice-chair to act as an interim chairman, pending an open recruitment and selection process for a permanent chairman;
 - b) Future operating arrangements for the LEP: The current draft proposal recommends that the LEP adopts a strengthened 'federal' model. This is set out in a report to the Accountability Board, attached as Annex 2.
- 3.3. However, regardless of the future of the South East LEP, there are actions contained within the *Compelling Case for Change* that can be taken forward by KMEP – for example, those set out in Item 4. Following the *Compelling Case*, the expansion of KMEP to include full local authority representation and expanded business representation is underway, and formal recommendations for changes to the KMEP's terms of reference will be considered at the next meeting.

4. Recommendations

- 4.1. The Board is recommended to note this report and to consider next steps.

Report author:

Ross Gill

Economic Strategy and Policy Manager, Kent County Council

03000 417077 | 07837 872705 | ross.gill@kent.gov.uk

9 September 2015

ANNEX 1



4 September 2015

c/o LEP Secretariat
Essex County Council
C328, County Hall
Chelmsford
CM1 1LX

Rt Hon Greg Clark MP
Secretary of State for Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF

Dear Secretary of State,

Thank you for your letter of August 11. We consider it worth setting out the chronology behind the Panel's decision not to renew Peter's contract and subsequent events, and have done this in appendix 1 and also attach as appendix 2 the letter written by Essex County Council, the Accountable Body, to Tom Walker confirming the legitimacy of that decision.

We are aware that some Board members have expressed dissatisfaction with the Panel's decision and a few have called for an emergency Board meeting. However, we are satisfied that the Board authorised the Panel to settle the issue and they did so properly, taking into account the feedback gained from other Board members and in accordance with the mandate given by the Board. We would like to emphasise that the Board members expressing dissent are in minority and it would be inappropriate for a delegated decision to be called back in simply because a small number of vocal members do not like the outcome reached by the mandated sub-group. This is not the way the SELEP operates.

However, in the interests of good governance, the Accountable Body will be taking a report to the next Board meeting in September, seeking ratification of the interim arrangements, namely that the 3 vice chairs will lead the SELEP with one of them acting as the Interim Chair until a new Chair can be appointed. We have already started that process, namely a review of the job description, and consideration of executive search partners to assist with the identification of suitable candidates.

In the interim, we would like to reassure you of our commitment and ability to fulfil the role of interim chairman. We all three are experienced businessmen and board members. As you will be aware, George Kieffer has already been chairman of SELEP and we are confident that, pending appointment of a chairman, we will comfortably be able to manage the existing programmes and bid for new ones with the continuing help of our most able Secretariat and our Accountable Body, ECC.

Our only wish is to proceed calmly but with energy and momentum to move the business led agenda of SELEP forwards and we entirely concur that internal debates of the sort which have taken place over the last months and days only hinder that progress.

We note that you consider it inappropriate to meet one group of participants. We have followed a legitimate process agreed by the SELEP board and are the *de facto* joint chairs of SELEP. As such, in order to achieve clarity, we would urgently ask again for a meeting with you. Whilst we accept that we are a small part of the whole Board, we are nevertheless the vice chairmen as selected by the whole Board, and representing our respective business boards but acting in the interests of the whole Board it would be very helpful to meet with you.

Finally, we note the contents of your 3rd paragraph concerning the future of SELEP or alternative structures. Notwithstanding these comments, submissions have been made to you regarding boundary changes to SELEP and we do hope you will give them serious consideration as there are some very real concerns raised by the authorities who have made those submissions and some of the business representatives who support those submissions.

With best wishes.

Yours faithfully,



George Kieffer



Geoff Miles



Graham Peters

Cc
Tom Walker
Graham Pendlebury
Iain McNab

**Annex 2:
Report to LEP Accountability Board, 11 September 2015**

Title of report: Strengthening SE LEP's Federal Arrangements

Report by: David Godfrey

Enquiries to: david.godfrey@kent.gov.uk

1. Purpose of report

1.1 The purpose of this paper is:

1.2 To present for early discussion initial recommendations to strengthen SE LEP's federal model of operation prior to the development of a fuller options paper for the SE LEP Strategic Board on 25th September, 2015.

2. Recommendations

2.1 The Board is asked:

2.2 To consider potential changes to SE LEP's operation to *"strengthen the federal model...improving local influence, local accountability and local delivery"*. Potential changes may include:

- Revising the role of Chairman to reflect the strength of the federal areas
- Reducing the size of the Strategic Board to ensure a single focus on strategic issues as defined in the revised terms of reference
- Increasing tolerance levels to provide even greater flexibility for local capital programme management
- Re-stating pro-rata arrangements for each of the 4 federal areas for any new funding bids with clear local prioritisation within LEP-wide submissions
- Providing greater financial support to the federal Boards

2.3 To agree that a fuller paper should be presented on these and any wider options by the SE LEP Secretariat to the SE LEP Strategic Board meeting on 25th September, 2015.

3 Background

3.1 In considering future Chairmanship arrangements for SE LEP, it was agreed that a paper should be presented to the SE LEP Strategic Board on 25th September to consider options to strengthen further the federal arrangements of the LEP.

At a telecall meeting between the Vice Chairs and the Accountable Body on 14th August, it was agreed that the SE LEP Director, *"with support from the Senior Officers Group, to draft a paper for the Vice Chairs, in consultation with business boards, proposing options to strengthen the federal model to achieve the outcome*

of improving local influence, local accountability and local delivery. Outcomes to be tested and clarified as part of this process”.

3.2 This short paper introduces several options to be presented for initial comment and discussion at the SE LEP Accountability Board prior to further development by the SE LEP Secretariat and wider discussion through Federal Boards.

3.3 Initial options for change may include:

- **Revising the role of Chairman to reflect the strength of the federal areas**
Currently under consideration (see item 2), the Nominations Sub Group noted that the role of the Chairman should now be revised to reflect the federal model.

This could include greater joint-working arrangements with the Vice Chairs, required attendance at Federal Board meetings and a reduced representative role to reflect the strength of the federal areas. The role of the Vice Chairs would also need to reflect these changes to the Chairman’s role.

- **Reducing the size of the Strategic Board to ensure a single focus on strategic issues as defined in the revised terms of reference**

The SE LEP Assurance Framework and Terms of Reference clearly define the more focussed role of the Strategic Board, the role of the Accountability Board and the breadth of responsibility of the Federal Boards. Reflecting this, the Strategic Board could be reduced significantly from its existing 27 members while maintaining its private sector majority in line with the Assurance Framework.

- **Increasing tolerance levels to provide even greater flexibility for local capital programme management**

Almost £60m has now been devolved to Federal Boards through their county/unitary councils. The intention has always been to increase tolerance levels for local capital programme management and this should be explored further as part of our Assurance Framework arrangements with Government (recognising that all changes currently have to be reported and agreed with Government through the Accountability Board process and that greater flexibility must be balanced with wider programme management across the LEP). Representations on this issue have already been received.

- **Re-stating pro-rata arrangements for each of the 4 federal areas for any new funding bids with clear local prioritisation**

Local priorities defined by Federal Boards were clearly followed in the allocation of the £46m Growth Deal extension funding in December putting Federal Boards fully in charge of project prioritisation with pro-rata funding allocations. This approach could be cemented for any future bids with pro-rata allocations of 85% of funding for Federal Board prioritisation with 15% retained for pan-LEP priorities to be defined by

the SE LEP Board (though it is noted that not all partners would agree this specific apportionment).

- **Providing greater financial support to the federal Boards**
Funding of £100k has been agreed to support Federal Boards through their county/unitary councils for local capital programme management. Options for further funding could be developed to reflect wider Federal Board responsibilities including project pipeline development while retaining the slim-line SE LEP Secretariat.

- 3.4 In considering the above, it should be noted that this preliminary paper has been developed prior to full consultation with Federal Boards or the Senior Officers Group and is for discussion only, with further detail to be presented to the Accountability Board.

- 3.5 Any changes to arrangements must have the support of the Federal Boards and of Government through our Assurance Framework.

- 3.6 These initial options aim to build on the model agreed by the SE LEP Board in December 2014 in response to the Delivery Review undertaken by Irene Lucas CBE which are reflected in the published Assurance Framework and amended SE LEP Terms of Reference