

**Wednesday 3 June 2020, 4.30-7.00pm**

**The meeting will be held virtually.**

**AGENDA**

	<b>Approx. time</b>	<b>Page</b>
1. Welcome & virtual meeting etiquette	4.30	-
2. Declaration of interests & minutes of previous meeting	4.35	2
<b><u>Strategy</u></b>		
3. COVID-19 Economic Recovery Plan	4.40	8
<b><u>Investment</u></b>		
4. Sector Support Funding: <ul style="list-style-type: none"><li>• Buy Local Food and Drink</li><li>• The extension of delivering skills of the future through teaching</li><li>• SEED (South East Export Development)</li></ul>	5.25	83
5. ERDF/SEEDA legacy funding	5.50	120
6. Award of Growing Places Fund	6.05	124
7. Local Growth Funding: Monitoring Report	6.30	158
8. AOB	6.55	-
<b><u>For information item:</u></b>		
A. KMEP and SELEP future meeting dates		195

## ITEM 2

**Subject:** DRAFT MINUTES of the Kent & Medway Economic Partnership (KMEP)  
meeting held at the Village Hotel, Maidstone on Tuesday 28 January 2020.

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### Attendees:

#### **KMEP Board Members**

Geoff Miles (Maidstone TV Studios   KMEP Chairman)	Jo James (Kent Invicta Chamber of Commerce)
Matthew Arnold (Stagecoach)	John Keefe (Getlink/Eurotunnel)
Alan Jarrett (Medway Council)	Jeremy Kite (Dartford Borough Council)
Simon Cook (Mid-Kent College)	Emma Liddiard (Global Media)
Martin Cox (Maidstone Borough Council)	Vince Lucas (VA Rail)
Shereen Daniels (HR Rewired)	Alan McDermott (Tunbridge Wells Borough Council)
Peter Fleming (Sevenoaks District Council)	Andrew Metcalf (Maxim PR)
Carol Ford (AC Goatham and Son)	David Milham (Federation of Small Business)
James Forknall (Kent County Agricultural Society)	David Monk (Folkestone & Hythe District Council)
Liz Gibney (Lee Evans Partnership)	Prof. Rama Thirunamachandran (Canterbury Christ Church University)
Roger Gough (Kent County Council)	Paul Winter (Wire Belt Company Limited)
Richard Hall (Trenport Property Holdings Ltd)	
Nicolas Heslop (Tonbridge and Malling Borough Council)	

#### **Observers & Presenters in attendance**

Allan Baillie (KCC), Jake Body (KCC), Kevin Burbidge (GBC), Lee Burchill (KCC), Prof. Mario Caccamo (NIAB EMR), David Candlin (TWBC), Kerry Clarke (KCC), William Cornall (MBC), Barbara Cooper (KCC), David Godfrey (KCC), Katharine Harvey (FHDC), Richard Hicks (MC), Dave Hughes (KCC), Rhiannon Mort (SELEP), Matthew Norwell (TGKP), Sarah Nurden (KMEP), Andrew Osborne (ABC), Michael Payne (KCC), Alex Riley (SELEP), David Smith (KCC), Edward Thomas (KCC), Emma Wiggins (SBC).

### Apologies:

#### **KMEP Board Members**

Troy Barratt (Contracts Engineering & BAMUK Group Ltd), Trevor Bartlett (Dover DC), Miranda Chapman (Pillory Barn), John Burden (Gravesham BC), Gerry Clarkson (Ashford BC), Rick Everitt (Thanet DC), Bob Russell (Beams International Ltd & Copper Rivet Distillery), Robert Thomas (Canterbury CC) and Roger Truelove (Swale BC).

## Item 1 – Welcome, introduction and apologies.

- 1.1 Geoff Miles (the KMEP Chairman) welcomed attendees to the meeting and accepted the apologies for absence as listed above.

## Item 2 – Declaration of Interests

- 2.1 No declarations of interest were received.

## Item 3 – Minutes of the previous meeting & matters arising

- 3.1 The minutes of the previous meeting were accepted as an accurate record.
- 3.2 The KMEP board were advised that Medway Council has withdrawn its Growing Places Fund bid entitled 'Britton Farm Mall'.

## Item 4 – Introductions to the new KMEP business board members

- 4.1 The KMEP Chairman explained that an open and transparent recruitment process had been undertaken between November 2019 and January 2020 to recruit 17 business leaders to the KMEP board. The process occurred in accordance with the KMEP terms of reference approved by KMEP on 26 November 2019.
- 4.2 The Chairman thanked all the business board members for applying and welcomed them formally to the board. Introductions took place around the table, and the business board members present at the meeting were given the chance to state what attracted them to applying to KMEP and/or their key ambition for Kent and Medway in 2020, as shown in table below:

<i>Business Leader</i>	<i>Position</i>	<i>Company</i>	<i>Comment made at meeting</i>
Matthew Arnold	Business Development Director	Stagecoach South East	Ambition is to help improve Kent's highway resilience and transport infrastructure. Stagecoach's 470 buses provide transport to residents and take 17,000 students to school daily.
Shereen Daniels	Managing Director	HR Rewired	Passionate about technology and digital skills. One ambition is to help create opportunities for young people. Also, as a resident of Gravesham and commuter to London, she is keen to support the provision of infrastructure for local SMEs (such as office workspace in the Ebbsfleet/North Kent area).
Carol Ford	Commercial Director	AC Goatham & Son Ltd	The firm has doubled the size of its business in the last 10 years. As a soft fruit producer, it is a net carbon contributor, and a key ambition is to focus on reducing emissions. The most significant challenge that faces the agriculture sector will be the recruitment of (seasonal) labour

			following Brexit.
James Forknall	Chairman	Kent County Agricultural Society (A charity)	Passionate to see Kent's road infrastructure improved and to positively impact education in the rural/agricultural sector. There is a feeling that this career option is not very well perceived in schools.
Liz Gibney	Partner	Lee Evans Partnership LLP	Passionate about the strategic housing delivery and ensuring it is fit and appropriate for local communities.
Richard Hall	Chief Executive Officer	Trenport Property Holdings Ltd	Has a diverse business portfolio, with connections to Trenport, Yodel, Very, Telegraph Media Group, and Lower Medway Drainage Board. He is committed to the wellbeing, social and economic development of those area and communities in which the firms operate.
Jo James	Chief Executive Officer	Kent Invicta Chamber of Commerce	Ambition to advocate on behalf of the business community across Kent & Medway, ensuring the voice of business is taken into account in all key decision making, and to ensure an environment that is conducive to business growth and enterprise.
John Keefe	Director of Public Affairs	Getlink Group	The Getlink Group own Eurotunnel, the Elec-link interconnector, Connect UK and the French national grid. As a major employer and actor in traffic congestion in Kent, firm is aware it has a key role for participating in the county. The ambition is to see the Kent and Medway road and rail networks made fit-for-purpose. Another key ambition is to ensure the Brexit transition progresses as smoothly as possible.
Emma Liddiard	Area Business Director	Global Media	Previous Chairman of the IOD in Kent, and has significant media connections. Wishes to bring people and firms together to produce the best outcomes for the local area.
Vince Lucas	Director	VA Rail Ltd	Strong experience in the rail network, and ambition is to see local areas working more closely with MPs and the Government to ensure future rail franchises create the right outcomes for passengers and local communities. The key ambition for 2020 is to help support the local area achieve a carbon net zero target by 2025.
Andrew Metcalf	Director	Maxim PR	Ambition is to see the delivery of game-changing infrastructure and the raising

			skills level. Also eager to see appropriate rebalancing of the national economy: the voice of business in Kent and Medway needs to be heard.
Geoff Miles	Chairman	Maidstone Studios Limited	Strongly believe that business leaders should give back to the local community, by helping to improve economic conditions as far as pragmatically possible. By KMEP working together as 'Team Kent', I feel we can make a positive difference and "make Kent and Medway a great place to live, work, visit and enjoy".
David Milham	Area Leader for Kent and Medway	Federation of Small Businesses	Small businesses are the backbone of the Kent and Medway economy. Applied to join KMEP as wish to help make Kent and Medway a place where small businesses can grow and thrive. A key ambition is to improve education and skills levels.
Paul Winter	Non-Executive Chairman	Wire Belt Company Ltd	As a former apprentice, he is very passionate about the promotion of skills and suitable career pathways. His core ambition is to see the Kent and Medway Leadership Academy launched. There is a strong and proven link between strong leadership and high productivity, and SMEs in particular could benefit. Another area of interest is climate change, and his firm is going electricity neutral.

## Item 5 - South East LEP's Local Industrial Strategy (LIS) Presentation

5.1 Alex Riley (SELEP Programme Manager) gave a detailed presentation on the draft Local Industrial Strategy for the South East Local Enterprise Partnership (SELEP). The slides are accessible to view at:

[http://kmep.org.uk/documents/SELEP\\_Draft\\_Local\\_Industrial\\_Strategy\\_Presentation.pdf](http://kmep.org.uk/documents/SELEP_Draft_Local_Industrial_Strategy_Presentation.pdf)

5.2 In response to the presentation, board members made the following comments:

- Peter Fleming commented on the terminology within the draft strategy, and asked for it to be simplified and used more consistently. The Greater South East, the South, and the South East LEP were three terms used within the document, each referring to a distinctly different geography of which readers may not be aware.
- Peter Fleming called for the characteristics of the South East to be brought to the fore, as the current ambitions do not differentiate this area sufficiently from other Local Enterprise Partnerships. Other board members echoed this view. Jo James commented on Kent being the 'Garden of England' and having relatively unique features, such as its wine and soft fruit production.
- Peter Fleming also asked for the strategy to refer to the role of London, its impact on the South East's business and residential environment, and the opportunities it presents.

- Vince Lucas spoke of changing national trends, such as greater urbanisation, fewer young people owning cars, the move towards carbon-neutral energy. The draft strategy focuses too much on the existing scenarios.
- Alan McDermott felt the emphasis on the coastal catalyst overlooked opportunities within the wider SELEP area. For example, West Kent has thriving professional, legal and financial sectors, which employ significant personnel (e.g. Axa in Tunbridge Wells with 1,000 employees). There are many skilled people in West Kent, that could help grow the economy if the correct interventions are made by SELEP. He also commented that Tunbridge Wells is developing two garden communities.
- Shereen Daniels urged SELEP to consider whether the argument to invest in SELEP is compelling; there is detail on a myriad of local characteristics, which may diminish the overall impact.
- John Keefe clarified that Channel Tunnel is not a port, so could not be supported by Maritime UK.
- John Keefe explained that Getlink is working on the delivery of the Elec-Link project, which will be the first electricity interconnector between France and the UK with the capacity to transport electricity to power more than 1.5 million households. The project is a significant part of their carbon neutral ambition, and John Keefe felt clean growth should feature more prominently in the draft SELEP strategy.
- John Keefe urged SELEP to refer to modal shift with regard to freight moving from road to rail.
- Jo James encouraged SELEP to strength the strategy on 'how' economic growth will be realised and the 'impact' of this growth. The document should accentuate how the decision to invest in SELEP will help to further develop the Midland's and northern economies.
- Jo James called on the strategy to consider the following factors: a) how to stimulate interest of businesses in driving forward innovation b) how to re-purpose town centres to thrive and become community hubs.
- She then commended SELEP on the content regarding skills. She asked SELEP to consider how the UK can overcome its reliance on the EU workforce, particularly in the agricultural sector, and include that in the draft strategy.
- Jeremy Kite spoke of the significant economic benefits that will be realised by a new road tunnel under the lower Thames. This new crossing will not only help Kent and Medway to grow, but will enable businesses in north and mid-England to transport goods more efficiently to the Ports. The level of positivity in the draft strategy regarding the crossing ought to be increased substantially, given the economic benefit.
- Liz Gibney suggested visual mapping should be incorporated, and could be targeted at different audiences.
- Andrew Metcalf commented on the number one priority for SELEP, which is the Lower Thames Crossing. He felt the tone of the draft strategy should be more narrative, telling a story of SELEP's key assets and sectors (such as professional, legal, accountancy services and architecture). He also felt that there ought to be high-level costing information included on the key investment priorities and policies for SELEP (e.g. the network of lorry parks for freight and town centre re-purposing).
- Paul Winter spoke of some unintended consequences of Central Government legislation. He asked if SELEP could ask for a continuous improvement group to be

formed with central government, where SELEP could highlight these consequences.

- Roger Gough supported a change to the tone within the document, especially in relation to the Lower Thames Crossing. The draft strategy should also clearly pinpoint the other sections of the wider highway network that need to be improved for the new crossing to operate efficiently.
- He then urged the SELEP team to cull any generic references in the document. The strategy should concentrate both on unique selling points and on the areas that SELEP wants to become strong in. These may not be sector strengths currently, but SELEP may have the human capital already to make companies want to relocate in our geography. He also recommended the removal of local authority wording.
- Vince Lucas commented on the under-utilisation of High Speed 1 network, which has capacity for growth. However, there is an affordability and subsidy issue for the network. This economic issue needs addressing if passenger numbers are to increase.

5.3 The Chairman thanked Alex Riley for his presentation.

#### **Item 6 - Q&A on SELEP Strategic Board Papers**

6.1 Barbara Cooper (KCC Corporate Director) drew KMEP's attention to the table on page 33 of the SELEP Strategic Board agenda pack. This table lists projects that are expected to slip and be delivered after the Government's target deadline of March 2021. There are other projects (such as the Kent and Medway Medical School and NIAB EMR's advanced horticultural zone) that can deliver prior to the Government's deadline if Local Growth Fund underspends become available. She asked the KMEP representatives on the SELEP Strategic Board to consider this.

6.2 Peter Fleming queried the draft Local Industrial Strategy inclusion of a reference to NIAB EMR as an exemplar case study which is supported by SELEP. It is undisputed that NIAB EMR is a first-class research and development institution, rather the query relates to the SELEP support, given no funding has been forthcoming.

#### **Item 7 & 8 - Local Growth Funding: Monitoring Report & AOB**

7.1 There were no questions or comments regarding agenda items 7 and 8.

### ITEM 3

**Date:** 3 June 2020

**Subject:** COVID-19 Economic Recovery Plan and Emerging Economic Impacts Report

**Report authors:** David Smith, Director of Economic Development, Kent County Council  
David Godfrey, Policy Adviser, Kent County Council  
Ross Gill, Consultant at SQW

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#### Summary:

The paper introduces a draft **Economic Recovery Plan** to support the Kent and Medway economy as it emerges from the Covid-19 crisis. The draft Plan considers the challenges that the economy will face after the immediate crisis has passed, and seeks to identify where local partners might focus their efforts. It is supported by an **Emerging Economic Impacts Report**, which will be regularly updated.

The current draft Recovery Plan is intended for discussion. In the light of comments (and the rapidly changing situation), a further version will be produced in June to provide further information on the actions that could be taken forward locally, and where we need to work with central Government.

#### Recommendation:

The KMEP Board is asked to consider and comment on the draft Recovery Plan, in particular the questions for discussion highlighted in the draft.

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### 1. Background

- 1.1 Work is currently underway via Kent Resilience Forum to develop a coordinated approach to Kent's recovery from the Covid-19 crisis. A key element of this work will focus on supporting the Kent and Medway economy as it recovers from what is likely to be a deep recession.
- 1.2 To progress this work, two papers have been produced and are attached with this report. These are an Emerging Economic Impacts Report and a draft Economic Recovery Plan.



## 2. Emerging Economic Impacts Report

2.1 The Emerging Economic Impacts Report provides an *initial* assessment of the economic impacts of the crisis on Kent and Medway, drawing on a range of official and unofficial data. It sets out:

- A summary of the current state of the Kent and Medway economy and its strengths and weaknesses as it entered the crisis
- An early assessment of the impacts (and potential impacts) on output, businesses and the labour market. As widely reported, these are expected to be severe, with the Office for Budget Responsibility anticipating a 13% contraction in GDP in 2020
- Some high-level scenarios for economic recovery. These range from a 'best case' involving a sharp contraction followed by a 'rebound', to a more prolonged depression
- A review of impacts by economic sector. This highlights negative impacts in every case (other than Health), although with very strong negative impacts on the visitor economy, retail and creative industries.

2.2 Since the paper was produced, further data has been released setting out the impact so far on unemployment. A summary of this is attached at Annex 1. Taking this and other new information into account, the Emerging Economic Impacts report will be regularly updated, and a refresh is currently underway. This will also include further analysis at district level.

## 3. Draft Economic Recovery Plan

3.1 The draft Economic Recovery Plan builds on the analysis contained in the Emerging Economic Impacts report. It looks ahead to the challenges the economy will face after the immediate health crisis has passed, and identifies (at high level at this stage) where local partners might focus their efforts, and where we will need to engage further support from Government. The framework outlined in the draft Plan proposes five 'channels' of activity:

- **Communications, confidence and trust:** Providing better intelligence to inform our actions and ensuring collaboration and partnership to drive our activity.
- **Open for business:** Taking action quickly to build confidence and demonstrate that our county and our towns are 'open'.
- **Supporting businesses in the return to growth:** Practical measures to help firms grow, innovate and adapt to changing circumstances and markets.
- **Accelerating employment and supporting the labour market:** Active measures to counter the likely steep rise in unemployment.
- **Investing in the future:** Bringing forward capital spending and planning for future investment

3.2 At this stage, the draft Plan is a **discussion draft**. It includes a series of questions for consideration, with the intention that a further iteration will be prepared in June. However, the draft Plan will need to be kept 'live' as the economic situation changes, central Government intervention evolves and we reach greater clarity on the detail of potential actions and asks.

#### **4. Recommendation**

4.1 The KMEP Board is asked to consider and comment on the draft Recovery Plan, in particular the questions for discussion highlighted in the draft.

## Annex 1

# Unemployment in Kent and Medway

## *Supplementary note to the economic impacts paper*

May 2020

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The *Emerging Evidence of Economic Impacts* paper was produced at the start of May. As the Covid-19 situation is fast-moving, it very quickly becomes out of date: it is intended that it will be updated regularly to take account of new information.

Earlier this week, the ONS published claimant count data for April, which gives us a picture of the rise in unemployment since the start of the Covid-19 crisis:

**Table 1: Claimant count, April 2020**

Area	April 2020	April 2020 (%)	Change Mar-Apr	% change Mar-Apr
Ashford	3,995	5.2	1,775	80.0
Canterbury	4,545	4.3	2,130	88.2
Dartford	3,110	4.5	1,505	93.8
Dover	4,340	6.3	1,765	68.5
Folkestone and Hythe	4,250	6.4	1,830	75.6
Gravesham	3,775	5.8	1,475	64.1
Maidstone	4,250	4.1	2,000	88.9
Medway	9,325	5.3	3,525	60.8
Sevenoaks	2,190	3.1	1,205	122.3
Swale	5,490	6.1	2,210	67.4
Thanet	7,245	8.9	2,615	56.5
Tonbridge and Malling	2,540	3.2	1,245	96.1
Tunbridge Wells	2,345	3.3	1,215	107.5
Great Britain	2,061,030	5.1	822,610	66.4
Kent & Medway	57,405	5.1	24,495	74.4

*Source: ONS, people claiming Universal Credit required to seek work and people claiming Jobseekers' Allowance. Rate represents claimants as a % of the local population aged 16-64*

## Key points

The [latest bulletin](#) is published on the KCC research site. Key points:

- Between March and April, there was a very sharp rise in unemployment everywhere. The overall claimant count in Kent and Medway increased by 74% to around 57,500 claimants. The increase was somewhat steeper in Kent and Medway than in the rest of Britain. It is worth noting that this data only counts those claiming Universal Credit and required to seek work, and those claiming Jobseekers' Allowance: the 'real' rate of unemployment is likely to be higher.

- There has been a rapid rise in those places where unemployment has historically been very low (e.g. a month-on-month increase of over 122% in Sevenoaks). This partly reflects the 'universal' nature of lockdown impacting on places with small numbers previously.
- Across Kent and Medway, the overall spatial pattern remains the same, with the highest unemployment levels in Thanet (which currently has the highest claimant count rate in the UK, at 8.9%). Although the % *increase* in Thanet is smaller than elsewhere, this is because it had high numbers in the first place.
- Among 18-24 year olds, the rate of increase is smaller (c. 58% in both Kent and Medway and Great Britain). But we are still within the academic year and the absence of new entry roles is not yet visible.
- Not all of the increase will necessarily be 'permanent': some will be a temporary consequence of lockdown. But It is worth noting that this is all still mitigated by the Coronavirus Jobs Retention Scheme – and there have already been a few weeks since the period that these figures reflect.

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# Covid-19 and the Kent and Medway economy: Emerging evidence of impact

Kent County Council

Version 1: 7 May 2020

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  - Life sciences
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## **Version control**

Version: 1

Date: 7 May 2020

Owner: David Smith, Director of Economic  
Development, Kent County Council

[David.smith2@kent.gov.uk](mailto:David.smith2@kent.gov.uk)

Date of next version: 22 May 2020

# Introduction

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- The health crisis caused by the Covid-19 pandemic has rapidly become an economic crisis. Much economic activity in the UK has closed down or been significantly reduced. While the Government has responded with an unprecedented package of measures to protect jobs and businesses, it is likely that the economic downturn will be severe.
- This report sets out an initial assessment of the economic impacts on Kent and Medway. It outlines:
  - the state of the Kent and Medway economy and its strengths and weaknesses as it entered the crisis
  - an early assessment of the impacts (and potential impacts) on output, businesses and the labour market, highlighting local variances where relevant
  - some high level scenarios for economic recovery, building on a series of scenarios set out in an earlier paper prepared at the start of the lockdown period
  - a review of impacts by sector – taking into account opportunities for future growth, as well as mitigation
- The assessment set out in this report will help to inform the Economic Recovery Plan being prepared as part of a suite of recovery strategies commissioned by the Kent Resilience Forum.
- However, it is important to note that the speed of the crisis means that we have limited ‘conventional’ data. We also don’t know how the current restrictions on activity will be released, or whether they may need to be reimposed. This paper therefore draws on a range of sources to provide a ‘best estimate’ of the economic impacts on Kent and Medway, recognising that the picture is changing rapidly and that these will need to be frequently updated.

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Covid-19 and the Kent and Medway economy

# Overall impacts and scenarios

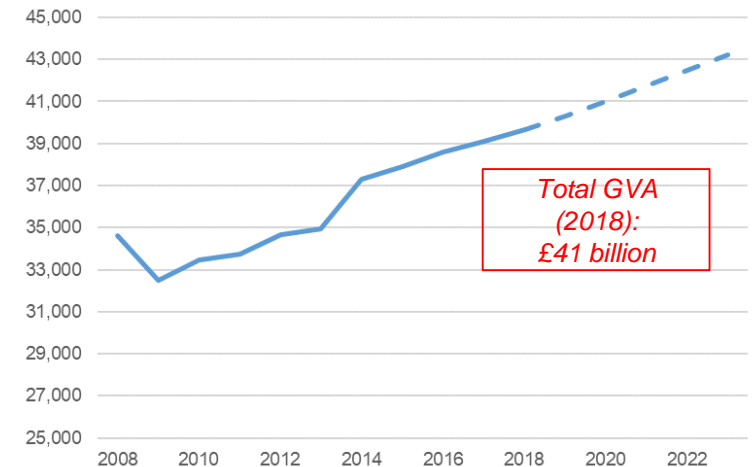


# Before the crisis: 'Business as usual'

## What was the outlook before the crisis hit?

- In terms of **output**, Kent and Medway's GVA was growing steadily, albeit slowly, in line with the UK picture, following a relatively slow recovery from recession at the start of the last decade. Average national forecasts in February anticipated GDP growth of 1.2% in 2020, rising to 1.4% in 2021 [1].
- **Unemployment** was low by historical standards, at around 3.8% of the workforce (slightly below the national average) [2]. Claimant count levels rose somewhat in the first months of 2020 (although partly linked with the rollout of Universal Credit).
- **Business stock** had grown steadily over the past decade – by around 27% between 2010 and 2019 [3]. Survival rates have also been slightly better than the national average.
- Historically, the county's economy has been **resilient** (given sectoral diversity and proximity to London and the Greater South East), with a strong SME base – although there is substantial variation in local assets, opportunities and weaknesses

Recent and projected GVA (£m), Kent & Medway



Source: Cambridge Econometrics, East of England Forecasting Model

- In terms of **productivity**, for each filled job, the Kent and Medway economy generated around £52,000 GVA. Productivity growth averaged 1.9% between 2008 and 2018 [4]: a weaker rate of growth than the longer term average, and slightly below the UK growth rate. Increasing productivity growth has been a major driver of national and local strategy.

# The Covid-19 economic crisis

- The Government announced legal restrictions on travel and economic activity on 23 March. This resulted in the temporary closure of a large part of the economy, including most non-food retail activity, and virtually all tourism, hospitality and leisure services.
- Economic activity was already falling, in the light of the crisis in China and Italy and the likelihood of restrictions in the UK. The ONS business survey in mid-March showed that almost half of firms had experienced reduced turnover, and about a quarter had reduced staffing levels.
- But the speed of the economic shock was fast and the scale is unprecedented. Analysis of consumer spending between mid-March and mid-April illustrates the extent of the drop in demand.
- The shock has multiple dimensions: it involves falling demand as well as supply constraints, and is affecting most of our trading partners as well as the UK itself. But unlike an event of similar universal impact (e.g. war or natural disaster), there is no loss of physical capital stock and not much loss of human capital: the building blocks are still there for 'recovery', although elements of the dislocation could be permanent.

## Rapidly falling consumer demand

Analysis of consumer spending using bank data indicates a national fall of about 45% in non-grocery spend in the week ending 14 April, compared with the same period last year [5]:

Change in consumer spend, selected towns %	
Ashford	-53
Canterbury	-53
Folkestone & Dover	-52
Tunbridge Wells	-49
Margate & Ramsgate	-46

But highlighting a technology-driven challenge (and opportunity) for the future, some localities recorded *higher* than normal consumer spend – mainly places with large e-commerce sectors where online consumer spending is logged.

- The next slide thinks through the relationship between the crisis and its potential impacts.

# Thinking through the impacts...

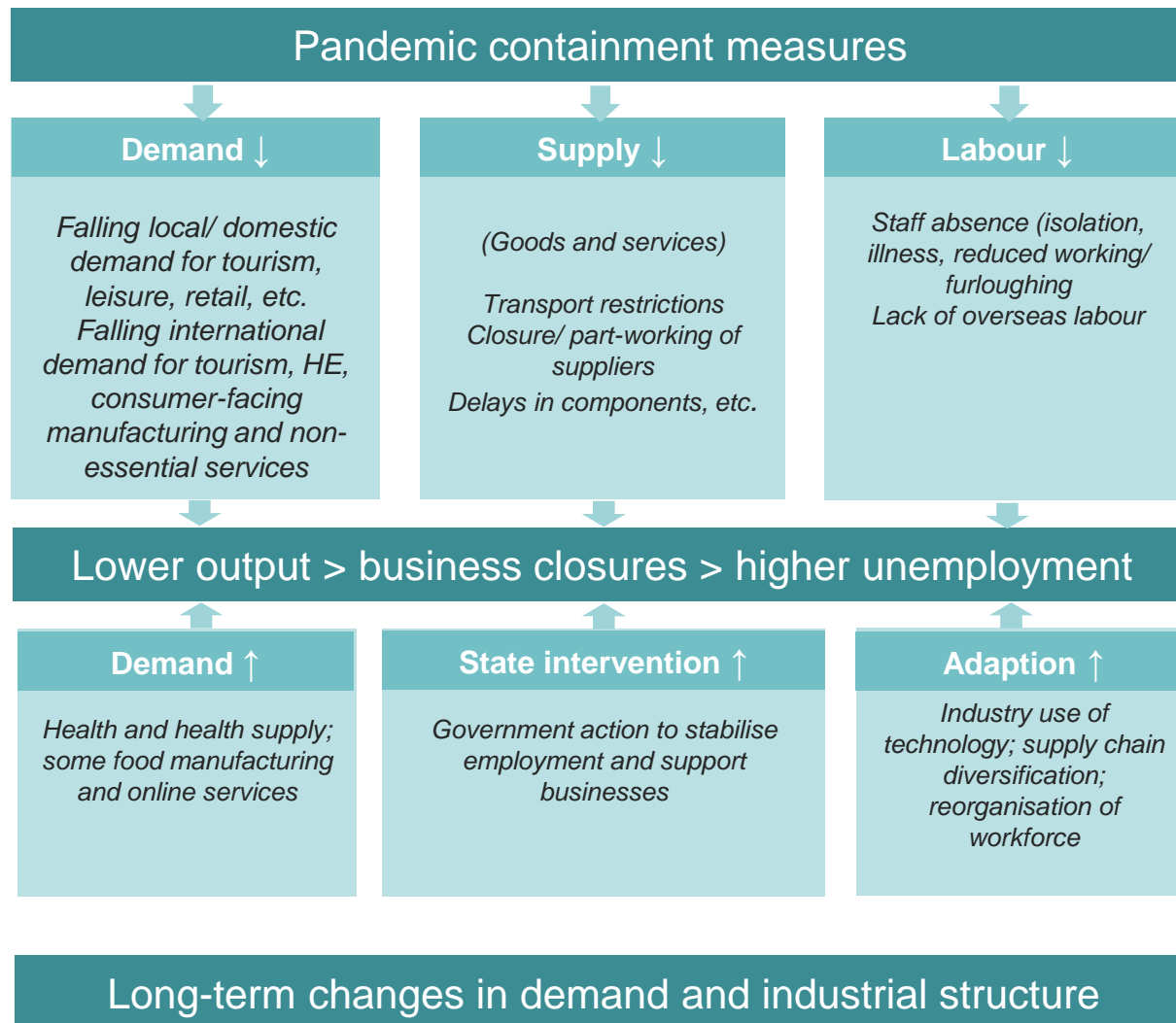
*Lockdown/ social distancing (initially short-term, but longer term timetable uncertain)...*

*Severe impacts on demand, plus some supply constraints and disruption to labour. The extent of these impacts on industry vary by sector, business model and customer base...*

*... and result in lower economic activity and disruption*

*But this is partially mitigated by changed working practices/ use of technology and by substantial state intervention (in the UK and in major customer/ supplier countries). And a few industries will see growth*

*This disruption will have long-term consequences (changes in demand, changes in industrial structure (exits, consolidation, etc.), permanent shifts in working practices... but unknown at present*



# Output (i): The short-term output loss

- The Office for Budget Responsibility has published a 'reference scenario' estimating a 35% fall in GDP during the second quarter of 2020. This is based on a series of broad-brush assumptions about the scale of the loss in each industrial sector group.
- Unsurprisingly, the output loss is expected to be greatest in those sectors that have largely 'shut down', with health and social care the only sector likely to experience output growth.
- Applying estimated output loss by sector to the sectoral composition of the Kent and Medway economy suggests a total loss in the second quarter of around £4.2 billion (or almost 40% of GVA – slightly greater than the UK average).
- However, this analysis is very high-level and sensitive to individual sector assumptions (as the OBR acknowledges). The sector impacts, and local factors, are considered later in this report.

*Estimated output loss in Q2, 2020 (estimate for Kent & Medway, based on OBR reference scenario)*

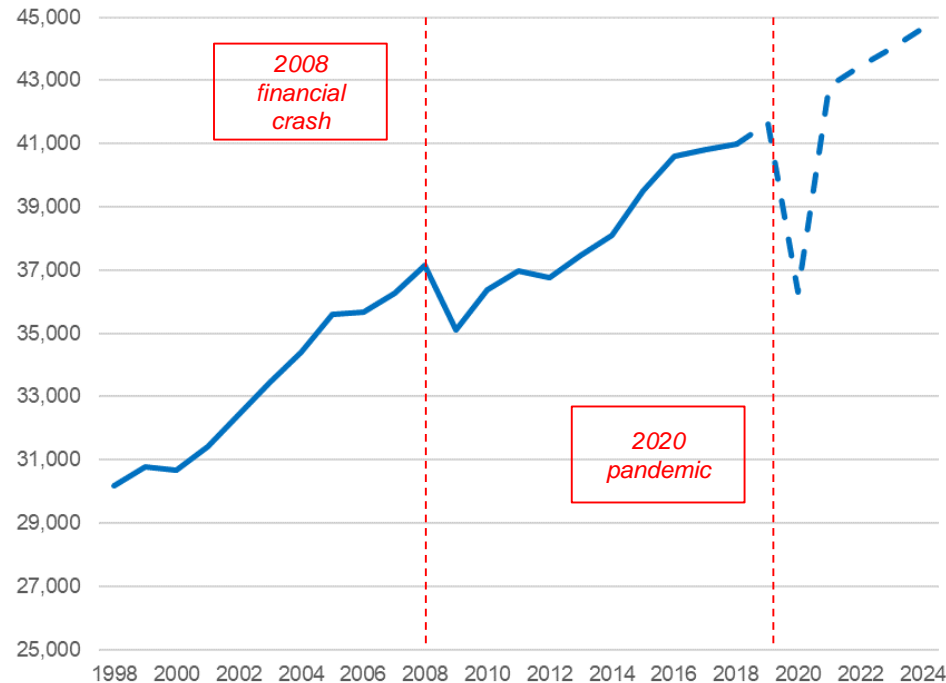
	Output loss (%)	Kent output loss, £m
Education	-90	-611
Accommodation & food services	-85	-230
Construction	-70	-760
Other services	-60	-246
Manufacturing	-55	-451
Wholesale, retail & motor trades	-50	-648
Information & communication	-45	-169
Professional, scientific & technical	-40	-250
Administrative & support service	-40	-239
Transport & storage	-35	-190
Mining, energy and water supply	-20	-77
Real estate	-20	-372
Public admin & defence	-20	-88
Financial & insurance services	-5	-209
Agriculture	0	0
Health & social care	50	373
<b>Total</b>	<b>-39</b>	<b>-4,166</b>

Source: OBR [6]; SQW analysis. See [methodological note](#)

# Output (ii): The outlook for 2020 and beyond

- Across the year as a whole, the OBR's reference scenario anticipates a sharp contraction of 13% in 2020 – but with a rapid return to growth in 2021.
- Applying the national estimate of impact to the Kent and Medway economy suggests a **negative impact of about £5.3 billion**, reducing annual output to roughly its value (in real terms) in 2010.
- This is substantially sharper than the loss of output following the 2008/09 financial crash (which saw a year-on-year reduction to Kent and Medway's GVA of about 5%, or £2 billion).
- However, the true extent of the contraction will depend on the impacts on specific sectors, the effectiveness of the Government's mitigation measures and the length of the lockdown and wider restrictions (both in the UK and abroad).

*Kent and Medway GVA, £m*

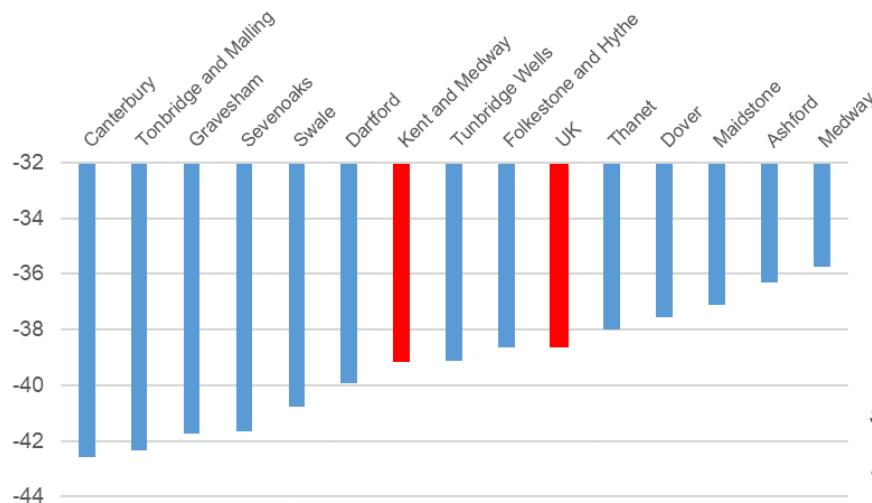


Source: ONS, Regional Gross Value Added (chained volume measure) in 2016 prices, estimated to 2020 and beyond based on OBR UK coronavirus reference scenario and historic growth rates; SQW analysis

# Output (iii): Local impacts

- All parts of Kent and Medway will be significantly impacted – and district-level estimates are highly indicative.
- While the sharpest anticipated quarterly fall in Kent and Medway is in Canterbury (reflecting the importance of the education sector and the hospitality and tourism-related economy), it is worth noting that in places with relatively large amounts of public sector activity (e.g. Maidstone), the overall output loss is somewhat lower:

## Indicative change in GVA (%), Q2 2020



### What is the range of output estimates?

The OBR's reference scenario (13% fall in 2020, followed by 17% growth next year) is widely quoted, and the methodology is published in a way that allows (rough) local estimates to be calculated.

But there is great uncertainty. Comparing with other forecasts (from the IMF, Treasury 'consensus' forecasts and PwC), the OBR reference scenario is relatively pessimistic on the outturn for 2020, but relatively optimistic in terms of the 'v-shaped' speed of recovery [7]. This range of estimates is unsurprising, given how novel the current situation is. We have therefore set out a series of high-level scenarios later in this report (building on those identified at the end of March) to guide Kent and Medway's future recovery plan.

Source: ONS, Regional Gross Value Added (chained volume measure) in 2016 prices, estimated to 2020 and beyond based on OBR UK coronavirus reference scenario. Note that this should be treated as highly indicative

# Labour market (i): Immediate employment impacts

- Given the speed of the crisis, we have limited 'hard' employment data relating to the employment impacts. There was a small rise in the claimant count in March (to 27,310 in Kent and Medway, or 2.9% of working age population) [8] – but we won't see the effect in April until the next data release on 19 May.
- However, there is evidence that the economic downturn is impacting employment. DWP reported that 950,000 new claims for Universal Credit were made between 16 and 31 March: this was reported to have risen to around 1.4 million new claims by mid-April [9]. Not all these claims will relate to job losses: some will be due to temporary reduction in income. But the increase is still substantial, and might be expected to feed into higher unemployment data.
- The Coronavirus Job Retention Scheme has mitigated the employment impact in the short term, with c.4 million jobs nationally furloughed – although some firms have announced permanent job losses [10]

## Analysing real-time vacancies [11]

One way of looking at changes in labour demand in the absence of official data is through changes in advertised vacancies. The Institute of Employment Studies at Warwick University used data provided by the online job brokerage Adzuna (which manages the Government's Find a Job scheme) to track changes in posted vacancies between 15 March and 12 April.

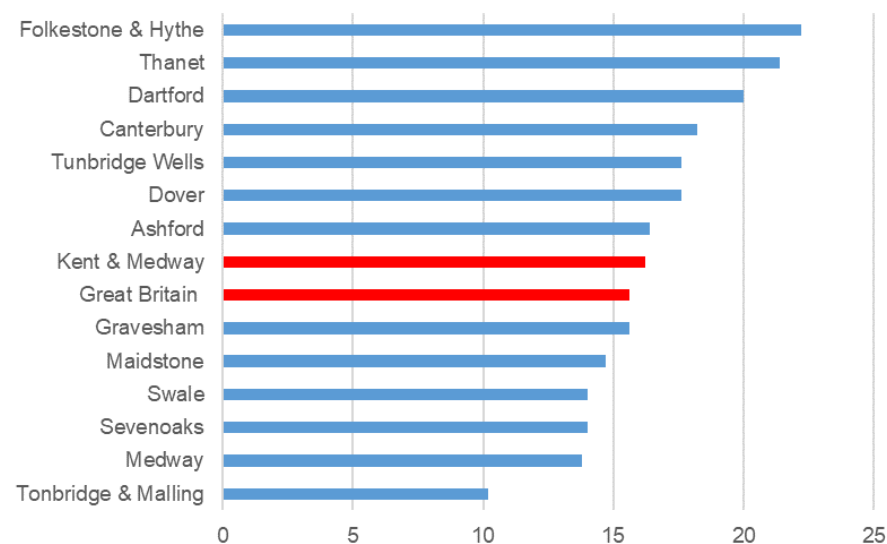
In Kent, vacancies fell by 45% (and by 42% in Medway) over the period, broadly in line with the UK-wide picture. Unsurprisingly, the sharpest falls nationally were in hospitality and catering, although with steep falls in HR, administration, sales and the third sector. By mid-April, vacancies in health, social care and cleaning accounted for a quarter of all vacancies nationally. Despite the very sharp declines, there were still around 13,200 vacancies identified via Adzuna across Kent and Medway by 12 April.

At this stage, this is an early snapshot, although the IES intend to publish more local analysis in the coming weeks.

# Labour market (ii): Shorter-term vulnerabilities

- Although the crisis will impact the whole economy, some jobs are especially vulnerable to the short-term consequences of the shutdown (some of which are likely to extend to the medium and longer terms – see the sectoral analysis later in this paper).

## Employee jobs in 'most vulnerable' sectors', %



Source: ONS, BRES (2018; % of all employee jobs, SQW analysis based on IFS Briefing Note BN278

- These are principally in the hospitality, retail, childcare, personal service and arts and leisure sectors – and in Kent and Medway are especially concentrated in Folkestone and Thanet (and Dartford, reflecting Bluewater).
- Analysis for the Institute for Fiscal Studies indicates that employment in these 'shutdown sectors' is disproportionately female, disproportionately composed of younger workers, and dominated by lower earners (those in the lowest decile of earnings are seven times more likely to work in 'shutdown' sectors as those in the highest) [12].
- Self-employment in these sectors is also especially vulnerable (c.f. relatively high levels of self-employment in childcare) [13].
- So, in the short term (and extending forwards as lockdown continues and/ or mitigation measures end), impacts are likely to fall on groups with relatively low incomes in the first place.



# Labour market (iii): Longer-term challenges

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- Most commentators expect a substantial increase in unemployment. The OBR's reference scenario anticipates a rise in the unemployment rate to around 10% in the second quarter of 2020 (which seems plausible given the rapid rise in Universal Credit claims to date). But the assumption is that the rise in unemployment is much smaller than the fall in output, since the Coronavirus Job Retention (furlough) Scheme and the Self-Employed Income Support Scheme should protect jobs and ensure that reduced output is mostly accounted for through fewer hours worked.
- But some losses in employment will be permanent, and the labour market recovery is likely to lag behind a return to output growth. On the OBR's (possibly optimistic) estimate of the rebound, there is no return to the pre-crisis level of unemployment until at least 2025.
- Historically, the unemployment rate in Kent and Medway tracks the national average (usually slightly below). But:
  - There is substantial diversity at local level (with consistently higher unemployment rates in Thanet and (to a lesser extent) elsewhere on the coast and Thames Estuary.
  - Unemployment (measured by claimant count) is higher among younger members of the workforce (aged 18-24) – and tends to be higher still in those parts of the county with the highest overall levels of unemployment.
  - So, given the analysis of 'vulnerable' sectors in the previous slide, we might anticipate concentrations of unemployment in those places and among those groups that were especially susceptible before the crisis... but much will depend on pace of lockdown exit, the nature of ongoing Government support and the 'shape' of the output recovery.

# Businesses (i): Headline impacts

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- Company insolvency data is released quarterly and on a national basis, so we don't yet have a clear picture of the impact of the crisis on business stock to date (in January to March 2020, the number of insolvencies actually fell, relative to the previous quarter).
- The Government's measures to protect business have been very extensive (see the full schedule of current measures in Annex 3) and appear to have protected firms in the short term. However, feedback from the Kent & Medway Growth Hub indicates that:
  - Access to finance is a key issue, especially for small businesses. However, many have experienced difficulty in accessing the Coronavirus Business Interruption Loan (reflecting wider national experience, although the Government has subsequently acted to respond to these concerns, including via the new Bounce Back Loans Scheme). Some small firms are also reluctant to incur additional debt, given the scale of the economic uncertainty.
  - Some firms reliant on international trade have experienced supply chain constraints (although there is evidence of local producers taking advantage of international supply chain gaps)
  - Some businesses have been able to diversify into new forms of production (e.g. delivering for NHS demand rather than normal markets). But Kent Invicta Chamber highlights challenges for firms in responding strategically, given the pressures of the immediate crisis
- More specific business responses and challenges are set out in the sectoral analysis later in this paper. There may also be further data and analysis to be added based on evidence from districts' management of business rate relief and grant schemes.

# Businesses (ii): Productivity and ‘high growth’

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- In the short run, there will be a productivity hit, since the aim of policy is to maintain workforce and physical capacity in the context of falling output.
- But longer term, we will need productivity growth to drive economic expansion: this was a policy concern before the crisis, and will continue to be afterwards – especially given the need for growth to offset substantially increased public debt.
- This suggests support for technology adoption and adaption; innovation and the commercialisation of innovation; and SMEs with the potential for growth and the capacity to bring new competition to markets. This might be especially important if there is a countervailing pressure towards consolidation in some markets.

## Reporting the impacts on high-growth businesses [14]

The business data firm Beauhurst has tracked around 28,500 ‘high growth’ businesses nationally to measure the potential impact of Covid-19:

- Across the dataset, Beauhurst report that around 68% are able to broadly able to maintain operations with a low to moderate level of disruption, with around 15% potentially benefiting from the crisis (mostly tech businesses operating in sectors where there is likely to be greater demand for digitally-based services).
- But scaleup businesses are seen as especially vulnerable during the pandemic: increased staff levels reduces agility to respond, and a high proportion of those within the dataset operate in areas of activity that demand high levels of interaction and are therefore vulnerable to shutdown.
- Later stage businesses also face significant risks, especially in the leisure and industrial sectors.

# Future scenarios: Overview

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- In the first iteration of *Towards a Recovery Plan*, we set out three high-level economic scenarios, based on some of the early analysis prepared by think tanks, banks and consultancies in March. Based on subsequent events (and further analysis), we have updated these in the slides that follow.
- The outlook remains very uncertain, so these should be considered as highly indicative. They are not ‘predictions’; rather, they are intended to set out a broad range of possibilities which should be borne in mind when thinking about the actions that the UK Government might take to support recovery, and the actions that might be considered at more local level.
- The three scenarios all assume recession. In March, initial ‘shock and recovery’ seemed plausible and formed one of our scenarios. Since then however, the consensus view is that the economic consequences of the pandemic will be severe (and while the UK appears to be ‘past the peak’ in terms of Covid-19 fatalities, the ‘best case’ scenario at the start of the crisis has not happened). We have therefore taken the OBR reference scenario as the starting point for two further ‘worse case’ scenarios.
- Several variables impact on the scenarios, most fundamentally the future direction of the public health emergency; the effectiveness of Government action as a ‘shock absorber’, and the wider international context.
- There is probably not much that can be done locally to fundamentally change the nature of each scenario. But there each scenario will imply local action, whether as ‘Government agent’, filling the gaps in the national offer, reorienting existing services and priorities to meet changed demand, and planning for longer-term investment.

# Scenario 1: OBR reference case

## Overview

- Lockdown impacts sharply on output in 2020 Q2, but rebounds in second half of the year, with public health measures successful in managing the spread of the virus
- Strong return to growth in 2021 (although not to the extent of ‘catching up’ to 2019 levels yet).
- Assumes that Government intervention is successful in maintaining business links and relationships, and in mitigating the effects of unemployment – although unemployment will still rise and labour market recovery will lag behind a return to output growth.
- Implicit assumption within this scenario that Europe and the US follow a similar trajectory, enabling a gradual normalisation of supply chains.

*“The effect of the health and economic measures together is greatly to restrict consumption and production, but to limit the associated falls in income (especially of households). Private sector savings consequently rise, mirroring the large increase in public borrowing. Since all the UK’s trading partners have been afflicted by coronavirus, we assume there is no effect on the trade balance”*

## Implications for Kent and Medway

- Active Government measures to support business stability will remain important (some delivered locally/ via local authorities) – although some output and businesses will be permanently lost
- As movement and trade returns, place-based initiatives may become important (e.g. in relation to visitor economy or investment marketing). However, a return to growth along the lines of the reference scenario is likely to be uneven in its sectoral impacts, with risks especially for tourism, hospitality and sectors reliant on international travel
- Unemployment is much higher than before (although not at the scale of 1980s unemployment rates). This will mean a need for active labour market policies (esp. aimed at younger workers) – potentially locally delivered and initiated. Spatial and community impacts of unemployment and short-time working may also be significant

# Scenario 2: Recovery, relapse, growth

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## Overview

- While Scenario 1 assumes broadly successful management of the crisis and a return to growth, Scenario 2 assumes a rockier path. While the Government public health and economic measures are successful, the economy is slower to rebound, due to (some combination of) a reimposition of restrictions to contain a second infection wave, weaker than expected market responses to the loosening of restrictions (i.e. savings hoarding, poor investor confidence), or continued lockdown in supplier/ customer markets.
- Subsidies and stimulus packages continue to support the economy, although changes in structural demand in some sectors may weaken the case for indefinite Government support, and hard choices will need to be made
- Consumers likely to be cautious in the face of weak recovery (feeding back into the recovery itself)
- Banks and investors likely to factor in the likelihood of further recessions/ weak growth
- Substantial underutilised capacity in labour and capital stock

## Implications for Kent and Medway

- Some return to 'normality' but likely business failures and rising unemployment.
- Active labour market measures important as in Scenario 2, but more challenging in the absence of new demand
- Long-term challenges for sectors most hit by 'shutdown', but major structural challenges for other sectors reliant on international travel (e.g. higher education)

# Scenario 3: Great depression

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## Overview

- 'L-shaped' recession, similar to that experienced after 1929: permanent loss of output, with combination of persistently weak demand, over-capacity and high unemployment
- Although the Government acts to mitigate impacts, a failure to achieve sustained growth erodes the sustainability of this over time.
- Assumption that this is accompanied by poor outcomes in other major trading partners, which may lead to wider economic crises (e.g. recurrence of the Eurozone crisis, sovereign default in weaker economies), with poor international/ inter-governmental responses.

## Implications for Kent and Medway

- Higher and sustained unemployment, with long-term scarring effects (especially for new entrants to the labour market)
  - Potentially downward pressure on wages in context of labour over-supply
  - Potentially a central policy focus on employment and jobs growth, in the context of very strong investment competition (within the UK and internationally...)
  - ... but potentially a sustained role for greater Government activity within the economy
- 
- Across all of these scenarios, there are still opportunities for growth – and the key drivers of growth (infrastructure, skills and innovation) still apply. But the scope to achieve these is obviously greater in the milder scenarios. Currently, most forecasts are in the 'Scenario 1/ Scenario 2' range.

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Covid-19 and the Kent and Medway economy

# Sectoral analysis



# Introduction to the sectoral analysis

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- The following slides consider the implications of the Covid-19 crisis for each of the main sector groups in Kent and Medway.
- Consistent with the OBR's analysis, we have mostly used the main SIC sections, as set out on Slide 5. However, we have....
  - Considered 'construction' and 'real estate' together under a 'development and construction' heading, covering the property market as a whole
  - Included 'accommodation and food service' within a broader category of 'visitor economy', reflecting the importance of the latter to the county's economy and the existence of a strong sector identity
  - Included 'information and communications' within a broader definition of 'digital tech', elements of which overlap with other sectors
  - Set out specifically the implications for the cultural and creative sector (included within the OBR's analysis within the 'other services' definition
  - Included a additional reference to the life sciences sector – a very small sector in employment terms, but one in which Kent and Medway is seen as having some key strengths.
- This analysis has limitations: there are many businesses which in reality are in multiple sectors, and sectoral definitions are becoming less useful as technology converges. But they are a useful way of subdividing the economy into recognisable categories, and help us to understand the impacts on groups of businesses.

# Agriculture (i)

## Scale of the sector

<b>Output (GVA, 2018)</b>	£351 m
<b>Enterprises (local units, 2019)</b>	2,460
<b>Jobs (2018)</b>	11,000
<b>LQ</b>	2.3
<b>OBR Q2 output change, %</b>	0

- While small as a share of Kent and Medway's overall output and employment, the agricultural sector is highly concentrated in the county, accounting for much of the country's soft fruit industry and associated with significant research capabilities (e.g. NIAB-EMR at East Malling). Although narrowly defined within the agriculture SIC code, farming forms a key component of the wider agri-food sector, linked with food development, manufacturing and distribution.
- Overall, the OBR's reference scenario anticipates no output loss in Q2 2020, reflecting continued strong demand for farm produce
- However, labour supply is a key bottleneck, given the reliance of the sector on seasonal workers from Eastern Europe, affected by the shutdown of most international travel (although there are some early indications of some relaxation). Switching to domestic sources of labour is challenging in the short term, especially given the (still) small supply of available local labour given the effect of the furlough scheme.
- Challenges in getting goods to market are highlighted by Produced in Kent, especially for smaller producers
- There is reportedly very little capacity in the cold chain, partly due to the absence of a final market for goods destined for the catering sector.

# Agriculture (ii)

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- There are also pressures on farm incomes linked with the closure of the hospitality and tourism sector. This impacts in two ways:
  - Through the closure of on-farm accommodation and catering operations, as well as the wider tourism offer (e.g. associated with part of the wine industry)
  - Through loss of demand for farm output from the catering/ hospitality market (including some local supply chains). There are examples of some producers reorienting sales to final customers, but this is often challenging.
- Despite these significant pressures, the National Farmers' Union reports that:

*“the farming sector is proving resilient during this period. For a majority of non-diversified farming businesses which have needed help to date, capital repayment holidays and, to a lesser extent, overdraft facilities are proving to be the most effective interventions being adopted to support cash flow rather than extensive take-up of the CBILS offer” [15]*

- Longer term, there may be opportunities for the sector, either through public demand for greater food security and shorter supply chains, or through moves to diversify sources of supply from across the European retail market. Set against this, Brexit presents an ongoing challenge to the sector in terms of markets and overseas labour supply.

# Energy, utilities and environmental technologies

## Scale of the sector

<b>Output (GVA, 2018)</b>	£1.47 bn
<b>Enterprises (local units, 2019)</b>	530
<b>Jobs (2018)</b>	8,800
<b>LQ</b>	0.9
<b>OBR Q2 output change, %</b>	-20

- The data above relate to the ‘mining, electricity and gas, and water supply and remediation’ sectors, although in Kent, the sector is essentially made up of energy, utilities and environmental technology (recycling, waste-to-energy, land remediation, etc.).
- In Kent and Medway, the sector is mainly concentrated in Swale, Medway and Tonbridge and Malling.
- Employment grew by around 12% in 2015-18, reflecting the increasing complexity of the energy sector
- The OBR’s reference scenario anticipates some loss of output in Q2 (likely through temporary closure of recycling and reprocessing activities). On the whole though, the sector provides essential services to population-derived demand, so is likely to be resilient.
- In the long term, there are strong prospects for sector growth in Kent & Medway, linked with the need for greater resource efficiency and the potential for renewable energy generation. In the shorter term, falling prices for fossil fuels (in the context of a collapse in demand) could present a competitive challenge, although the UK’s overall commitment to carbon reduction is very unlikely to change.

# Manufacturing (i)

Scale of the sector	
Output (GVA, 2018)	£3.375 bn
Enterprises (local units, 2019)	3,795
Jobs (2018)	47,000
LQ	0.8
OBR Q2 output change, %	-55

- Following declining output (in real terms) and employment in the mid-2000s, Kent and Medway's manufacturing sector has stabilised and grown since 2015. It currently accounts for about 8% of GVA and 7% of employment (although is quite concentrated locally, accounting for 14% of employee jobs in Swale, and with a large presence in Medway and Ashford).
- The sector is largely SME-based, with relatively few large 'anchor' businesses, and sub-sectorally diverse (outside traditional areas of strength such as paper manufacturing and construction materials, which are quite concentrated locally).
- Nationally, MAKE UK estimates that over 85% of manufacturers have continued to trade during the crisis [16]. This sounds positive. But about 80% of firms have seen a fall in orders so far and it should be borne in mind that some firms face significant costs in halting production despite falling sales
- There is an expectation that cashflow problems may increase over time. CBILS and C(L)BILS are an important response to this. As in many sectors however:
 

*“many manufacturers in the UK (mainly SMEs) do not see debt as a cure for their cash-flow problems. Undeniably, further gearing on SMEs balance sheet would only serve to delay, possibly even worsen the financial problems they would experience postCovid-19 without genuine confidence that orders will return”. [17]*

# Manufacturing (ii)

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- Around 80% of manufacturers have taken advantage of the Jobs Retention Scheme – but most have only furloughed a small proportion of staff. This reflects firms' continued production – but businesses have also highlighted the inflexibility of the scheme (for example, compensation for short-time working or reduced shift patterns might be more appropriate in some cases than furloughing individual posts).
- There is some diversity from a sub-sectoral perspective. The automotive industry has acted to furlough more staff, and firms exposed to likely long-term demand shifts have already announced permanent redundancies (e.g. Rolls-Royce). Kent's exposure to the vehicle and transport equipment sector is relatively modest, however.
- Around 6,000 jobs in Kent and Medway are in the food and drink manufacturing sub-sector (with an important overlap with agriculture). Overall, food demand has remained high: firms supplying the retail market have been resilient, and Kent Invicta Chamber reports strong demand for suppliers of flavourings and ingredients. However, foodservice businesses supplying the hospitality trade have experienced challenges, which may continue into the medium term. But some have partly switched to retail trade, and in the artisan segment of the market, Produced in Kent reports some 16 product launches since lockdown, indicating some confidence in future demand.
- There is evidence of some firms switching to production of products for NHS use (e.g. from drinks manufacture to production of hand sanitiser), and this ability to shift production has anecdotally been important in enabling firms to maintain cashflow. It would be useful to have further evidence on the extent of this.

# Development and construction (i)

Scale of the sector		
	Construction	Real estate
<b>Output (GVA, 2018)</b>	£4.146 bn	£7.146 bn
<b>Enterprises (local units, 2019)</b>	12,780	2,610
<b>Jobs (2018)</b>	45,000	10,000
<b>LQ</b>	1.4	0.8
<b>OBR Q2 output change, %</b>	-70	-20

- Kent and Medway has a large construction industry, linked with the scale of current (and planned) development in the county and the Greater South East market. The industry is widely distributed: its share of employment is greater than the national average in all but two of Kent's districts (Canterbury and Tunbridge Wells), although with a relatively high concentration in Dartford.
- Nationally, the number of live construction tender opportunities has fallen sharply – in April 2020, the number of open tenders was some 67% below average according to the Builders' Conference (although the total value of contracts awarded in April was actually higher than average) [18].
- Locally, housing developers report a steady fall in sales, with most customer-facing marketing activity temporarily closed down. However, falling demand has not yet translated into falling house prices, with local developers reporting that recent residential sales had been completed at the asking price – perhaps reflecting the lack of existing stock in the market.
- While much development has ceased during the lockdown, developers are planning a phased return to activity on-site from the start of May, with local consultees reporting positive engagement with Government on the social distancing/ protective measures needed to make this happen. In the first instance, the focus is likely to be on sites that are near to completion.

# Development and construction (ii)

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- There is evidence that the wider development 'system' is responding positively in enabling activity to be progressed during the lockdown – local authorities, for example, have continued to progress major planning applications with a view to enabling work to start as soon as possible.
- The cyclical nature of the construction industry means that there is substantial sector experience of peaks and troughs, potentially supporting resilience during the current crisis. That said, the industry in Kent is strongly SME-oriented, with high levels of self-employment. It is also worth noting that historically, recessions have tended to lead to an attrition of skills within the industry, impacting on capacity when demand recovers. A loss of activity in the short term could take some time to be recovered.

## *Longer term*

- Looking to the longer term 'recovery' phase, public investment in infrastructure could be an important component of the Government's demand-stimulation activity, and ministers have said that they intend to accelerate this. This chimes with the wider need in Kent and Medway to bring forward infrastructure in advance of housing development (linked with the proposed Kent and Medway Infrastructure Deal), although from a counter-cyclical point of view, smaller schemes are easier to get underway quickly and may be the priority.
- There may also be opportunities to accelerate measures to increase efficiency in the existing building stock (retrofit, etc.) to meet longer-term climate change targets.



# Transport and logistics (i)

## Scale of the sector

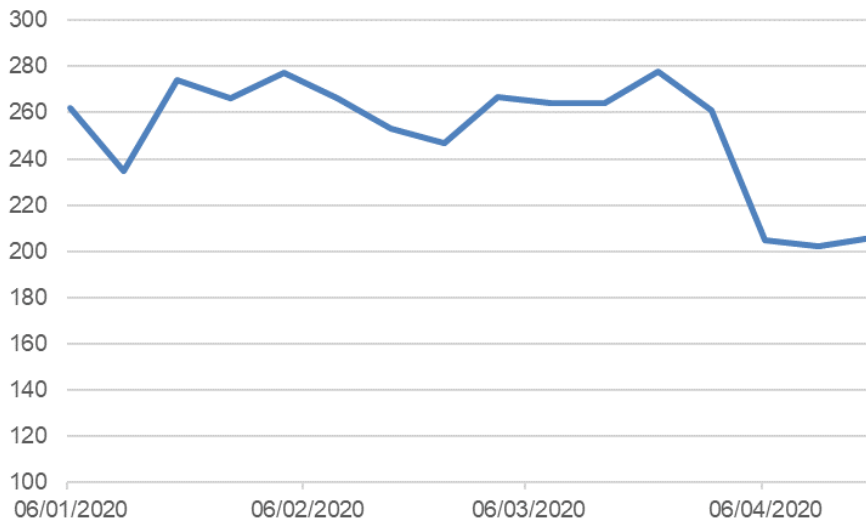
<b>Output (GVA, 2018)</b>	£2.225 bn
<b>Enterprises (local units, 2019)</b>	3,475
<b>Jobs (2018)</b>	40,000
<b>LQ</b>	1.2
<b>OBR Q2 output change, %</b>	-35

- The transport sector is substantial in Kent and Medway, with a distinctive sub-sectoral profile (including the UK's largest passenger port at Dover and international passenger operations via Eurotunnel/ Eurostar; and international freight activity through Dover, Sheerness and Eurotunnel).
- In terms of land-based distribution, the national picture appears to be mixed. Those involved in food distribution continue to experience high demand and demand from online trading has increased [19]
- The distribution system has been highly successful in maintain consumer supplies (although there is pressure on storage capacity as orders placed pre-pandemic continue to arrive, but without an outlet to final demand)
- However, the Road Haulage Association estimated in mid-April that around 50% of lorries were parked up, particularly those reliant on demand from construction, events and non-food manufacturing activity [20]. Continued un-used capacity will impact on cashflow; as in other sectors dependent on shift-working, the RHA has argued for flexibilities within the Jobs Retention Scheme to (for example) allow for weekly furloughing.
- Some labour supply challenges have been identified within the sector, especially given the ageing haulage workforce (although the Government has put in place a package of temporary regulatory relief, to allow longer hours working, etc.) [21]

# Transport and logistics (ii)

- Weekly shipping through the Port of Dover fell at the end of March, and has since remained more or less constant through the crisis. This is likely to include reduced freight volumes however, and the Port of Dover has highlighted the fact that the Port is largely a 'fixed cost' operation [22].
- Demand for public transport has collapsed following lockdown. The Government acted quickly to guarantee rail services; bus services have since been supported through a £167m Covid-19 Bus Services Support Grant.

## *Weekly ship visits through Port of Dover*



Source: ONS Weekly Shipping Data, 30 April 2020

# Retail and wholesale

## Scale of the sector

<b>Output (GVA, 2018)</b>	£4.967 bn
<b>Enterprises (local units, 2019)</b>	13,165
<b>Jobs (2018)</b>	123,000
<b>LQ</b>	1.2
<b>OBR Q2 output change, %</b>	-50

- Much of the retail and wholesale sector is included with the 'shutdown sectors' described below. However, analysis of the changes in spend volumes during the first weeks of the lockdown indicates a rise in grocery spend in most towns (including those in Kent), even as non-food retail spend collapsed by 70-75% [23]. This will be partly offset by online retailing and direct delivery (perhaps with some benefits to smaller producers and retailers), although the overall impact is highly negative for traditional retail models.
- This will likely compound the longer term structural challenges facing the retail sector, and some multiples have already announced store closures and redundancies. While footfall will return, the fact that the pandemic follows trading conditions that have been weak for some time means that for some firms, the current situation may be the 'final straw', despite the impact of Government mitigation schemes [24]
- In the medium term, continued social distancing measures will especially impact the leisure/ food and drink offer which has become a more important part of the town centre experience in recent years, impacting comparison retail even as demand for purchases rises.
- However, the increased pace of structural change may lead to a changed landlord/tenant relationship and to new opportunities for independents.

# Visitor economy

Scale of the sector		
	Accommodation & food service	Wider visitor economy
<b>Output (GVA, 2018)</b>	£1.032 bn	
<b>Enterprises (local units, 2019)</b>	5,365	7,365
<b>Jobs (2018)</b>	51,000	69,000
<b>LQ</b>	1	1
<b>OBR Q2 output change, %</b>	-85	

- Kent's visitor economy is a major employer, and impacts on a number of other sectors, including elements of retail, cultural and creative activities, transport and agriculture.
- Tourism and hospitality are among the worst hit sectors, given both the immediate and total loss of demand and the likelihood that a phased return to 'normality' is likely to benefit the sector later than most other branches of the economy (and some social distancing measures (e.g. fewer covers per restaurant) may not be viable within existing business models). The timing of the crisis is also important, given that much of the peak season is likely to be lost.
- Reductions in business travel may also persist in the longer term, although in the short run, some operators have switched to key worker accommodation (albeit that this is very limited in comparison with regular demand)
- This could potentially be offset later in 2020 (or next year) by an increase in domestic demand if international travel restrictions remain in place, or consumers are cautious about overseas travel. However, according to Visit Kent, some operators are facing tough decisions about whether to close for the remainder of the year. This is likely to mean job losses, given the time limits on the Job Retention Scheme

# Digital tech

Scale of the sector		
	Information and communications	Digital tech (Tech Nation definition)
<b>Output (GVA, 2018)</b>	1.367 bn	
<b>Enterprises (local units, 2019)</b>	5,480	4,610
<b>Jobs (2018)</b>	19,000	16,000
<b>LQ</b>	0.6	0.7
<b>OBR Q2 output change, %</b>	-45	

- The ‘digital sector’ is hard to define – increasingly, all businesses are ‘digital’, and some firms that rely on the exploitation and development of new digital technologies as their ‘core business’ will be included within other definitions (e.g. fintech within financial services). But the concept of the ‘digital tech’ sector is widely recognised, and set out in (for example) the Tech Nation report series. Within Kent and Medway, the sector is especially concentrated in West Kent, although it is generally seen as having widespread prospects for growth.
- Digital solutions have been an important part of the mitigation strategy for the current crisis, enabling much of the service sector to function remotely, and there has been an increase in the use of digital communications and services.
- Some of these changes may become permanent; more broadly, there is likely to be increased demand for digital health-related services, and for the further use of data in building supply chain and operational resilience [25]
- In relation to ‘high growth’ businesses analysed by Beauhurst, those in ‘tech sectors’ are most likely to be resilient, especially in e-health, EdTech and VoIP [26]
- However, in parts of the sector, such as digital marketing and communications, face-to-face activity remains important, and there are reports of some smaller firms effectively closing for the period of lockdown – although barriers to re-starting should be relatively modest

# Financial, professional and business services

	Financial & insurance	Professional, scientific & technical	Business admin & support
<b>Output (GVA, 2018)</b>	£1.64 bn	£2.29 bn	£2.159 bn
<b>Enterprises (local units, 2019)</b>	1,935	12,685	7,190
<b>Jobs (2018)</b>	20,000	44,000	61,000
<b>LQ</b>	0.8	0.7	1
<b>OBR Q2 output change, %</b>	-5	-40	-40

- Although rarely defined as a ‘priority sector’ in local policy, financial, professional and business services are a major employer, accounting for retail financial services (banks, building societies, etc.) and a diverse range of legal, accountancy, payroll, advisory and other services. It is widely distributed and largely responsive to local demand. However, the wider impact of the sector on the Kent economy is likely greater than the headline figures suggest, given the importance of financial and professional services to the London commuter economy.
- Financial services are likely to be resilient: much employment is delivering an essential good. However, the sector is subject to rapid technical change (e.g. the use of AI in determining insurance claims) and significant workforce change is anticipated in the next few years. The current crisis could accelerate this.
- Sectors reliant on more B2B interaction face a sharper short term contraction, although likely to be relatively resilient longer term. But we should probably know more about the composition and local growth challenges/ opportunities relating to this important sector group.

# Cultural and creative industries

## Scale of the sector

<b>Output (GVA, 2018)</b>	£533 m
<b>Enterprises (local units, 2019)</b>	3,705
<b>Jobs (2018)</b>	12,000
<b>LQ</b>	0.7
<b>OBR Q2 output change, %</b>	**

- Like ‘digital tech’ the economic footprint of cultural and creative activity is greater than its formal sector definition, given its relationship with the visitor economy, leisure activity and ‘sense of place’ that is important in driving some location and investment decisions. There is also an overlap with ‘digital’ (e.g. creative media, gaming, etc.).
- The sector is characterised by high levels of self-employment and freelance working, which are not reflected in employee jobs data.
- Cultural and creative activity has to a very large extent been closed down in the short term. The OBR does not make a formal estimate of the output loss, but it is likely to be in the 70-90% range, consistent with the visitor economy [27].
- Key challenges include the fragmentation and fragility of parts of the sector, given its reliance on micro businesses and freelancers *“Income breakdown and lack of access to credit can wipe away much of the productive fabric”* [28] – although there can be strengths in flexibility.
- There are close associations between commercial creative activity and those reliant on charitable or public funding (such as arts venues, theatres, academic institutions such as UCA, and so on) [29]. These are also impacted by the lockdown: there is a challenge in ensuring that as activity resumes, their long-term economic and social value is recognised in the context of competing demands for public support.

# Health and social care

## Scale of the sector

<b>Output (GVA, 2018)</b>	£2.838 bn
<b>Enterprises (local units, 2019)</b>	4,325
<b>Jobs (2018)</b>	95,000
<b>LQ</b>	1
<b>OBR Q2 output change, %</b>	50

- Health and social care is the only sector group anticipated by the OBR to experience an increase in output in the second quarter of 2020. Demand from the sector will also help to mitigate some negative impacts elsewhere (e.g. through the need for increased equipment and consumables supplies for the NHS)
- The sector is essentially local demand-driven, so impacts in Kent will mostly reflect those in the rest of the country
- Longer term, investment in the health economy is seen as a priority (for example through the investment in Kent and Medway Medical School), both to cater to rising demand and to potentially secure medical research capabilities in the county. Rising investment in the sector is therefore likely to be beneficial, socially and economically.
- In the shorter term, social care has been in the frontline of the human cost of Covid-19
- It is likely that the current crisis will highlight the challenges facing the social care sector, including its future sustainability in the context of rising demand, downwards pressure on costs and recruitment challenges. Changes in Government policy could lead to changes to the established business model.



# Life sciences

## Scale of the sector

<b>Enterprises (local units, 2019)</b>	125
<b>Jobs (2018)</b>	2,000
<b>LQ</b>	0.7
<b>OBR Q2 output change, %</b>	**

- In terms of jobs and business stock, the life sciences are a small sector in Kent and Medway. However, they have been regarded as a policy priority for some time (especially linked with Discovery Park), and support the UK's comparative advantage in the sector.
- In Kent and Medway, the sector is dominated by biopharmaceuticals (with a smaller medtech segment). It is generally 'higher value' and research intensive, although much of the employment base is in manufacturing
- Regardless of the current crisis, there are likely to be strong prospects for growth in the sector overall, and the Government response following the pandemic may increase the availability of research and innovation funding available to the sector. There may also be policy support for increased domestic manufacturing and storage capabilities, which could benefit the sector locally.
- There are however some challenges to the sector in Kent, partly linked with its relatively small scale compared with other concentrations of activity: over the medium/long term, increasing sector scale and developing the ecosystem (e.g. through the expansion of relevant university activity) will continue to be important.

# Education

## Scale of the sector

<b>Output (GVA, 2018)</b>	£2.661 bn
<b>Enterprises (local units, 2019)</b>	2,000
<b>Jobs (2018)</b>	72,000
<b>LQ</b>	1.2
<b>OBR Q2 output change, %</b>	-90

- While currently mostly closed, the education system will return to activity by the autumn and (for the school system) output will recover.
- However, higher education is likely to be more fundamentally impacted, through changes in student numbers (which could be affected if there are fewer international students from September) and perhaps, in conditions of wider recession, greater reluctance on the part of domestic students to incur debt.
- The Government has announced a support package for universities to weather the post-pandemic storm, although the disruption to income and established teaching models could be significant. It should be noted that universities are to some extent 'export-like', in that they directly attract external spend into the county.
- The universities are also strongly place-based, at Canterbury and Medway, and in the case of the former, play an important role in the city's wider visitor and creative economy.

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Covid-19 and the Kent and Medway economy

# Annexes

# Annex 1: Sector definitions

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- Sector definitions have been applied using SIC codes, as follows:
  - Agriculture: A
  - Energy, utilities and environmental technologies: B, D, E (this sector group is typically referred to as mining, electricity, gas and water supply, but the mining component in Kent is negligible)
  - Manufacturing: C (food manufacturing is defined as SIC codes 10 and 11)
  - Development and construction: F (construction) and L (real estate)
  - Transport and logistics: H
  - Retail and wholesale: G (retail is defined as SIC code 47)
  - Visitor economy: 55, 56, 79, 90, 91, 93. This is a broader definition than 'accommodation and food service' (Group I), recognising the relevance of visitor attractions, cultural activity, etc. There is some overlap with creative and cultural industries
  - Digital tech: 2620, 5821, 5829, 6110, 6120, 6130, 6190, 6201, 6202, 6203, 6209, 6311, 6312, 9511. This is the definition used by Tech Nation. It is somewhat narrower than the Information and communications SIC group (Group J)
  - Financial and professional services: K, M, N
  - Creative and cultural industries: 7311, 7312, 7111, 3212, 6010, 6020, 7410, 7420, 7430, 5811, 5812, 5813, 5814, 5819, 9101, 9102, 9001, 9002, 9003, 9004, 5911, 5912, 5913, 5914, 5920, 8552
  - Health and social care: Q
  - Life sciences: 2110, 2120, 2660, 3250, 7211
  - Education: P (higher education is defined as 854)

# Annex 2: Economic impact calculations (i)

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## *Quarterly sectoral output change*

- The OBR's estimate of the output loss in Quarter 2 is based on a series of sectoral assumptions applied to UK GDP. It should be emphasised that this is a 'scenario', not a forecast: the sectoral assumptions are very broad-brush, and changed assumptions would have a major impact on the total loss.
- The OBR has not published any sub-national scenarios. Since GDP is not published at local level, it is not possible to directly translate from the OBR assumptions to an estimate of local impact. However, it can be useful to have a 'rough' understanding of the *relative* impact on Kent (for example, does the local sectoral balance make the county more or less vulnerable?).
- To provide an indication of this, we have:
  - Inflated the most recent gross value added by sector for Kent and Medway (2018) to 2020, using 20-year average growth rates
  - Applied the OBR output change to the resulting estimated quarterly GVA for Kent and Medway
  - Applied the same process to each local authority district to provide an indication of differential local impact.
  - It should be noted that at district level, data for Agriculture and Mining and Utilities (SIC groups A, B, D and E) are aggregated. We have therefore held the balance within these sectors constant with those in the lowest statistical area (NUTS3) for which the data are broken down.

## Annex 2: Economic impact calculations (ii)

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### *Estimates of annual output change in 2020 and beyond*

- The OBR's reference scenario provides an estimate of a 13% fall in GDP in 2020, followed by 17% growth in 2021, and a return to 'steady state' thereafter. Again, this is a 'scenario', not a forecast.
- The workings behind the 13% annual output loss are not published, and there is no sectoral breakdown. So we cannot translate this into a local impact. For the total GVA figure on Slide 7, we have simply applied the OBR estimates to Kent and Medway total GVA, using Cambridge Econometrics estimates of current GVA derived from the East of England Forecasting Model.

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# The Kent and Medway economy and the coronavirus crisis

Economic Recovery Plan: Discussion draft

May 2020



**Emergency:**  
Supporting business  
through the crisis



**Recovery:**  
Getting Kent 'open for business'  
Building confidence, mitigating the negative impacts and laying the foundations  
for a sustainable recovery



**Sustainability:**  
Longer-term strategy for a resilient, sustainable and productive  
economy

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## Version control

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This version	Recovery Plan v9 19.05.20
Status	DRAFT
Next revision	5 June 2020
Owner	David Smith, Director of Economic Development, Kent County Council <a href="mailto:David.smith2@kent.gov.uk">David.smith2@kent.gov.uk</a>

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# Executive Summary

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## Introduction

1. The economic crisis caused by the global Covid-19 pandemic has become an economic crisis. UK output is expected to contract by around 13% in 2020 – and while there will be a return to growth, the economic dislocation will be significant.
2. The Government acted swiftly to put in place measures to mitigate the impacts on businesses and workers. These will need to wound down at some point, but they have helped to stabilise the economy in unprecedented circumstances. Local authorities have played a vital role in this, delivering much of the Government's support package.
3. So far, the focus has been on responding to the immediate emergency. This is still ongoing. This draft Plan builds on this, looking ahead to the challenges the economy will face after the immediate crisis has passed, identifying where local partners might focus their efforts. It contributes to the wider work of Kent Resilience Forum, and is part of a series of thematic recovery plans.

## Recovery Plan framework

4. This draft Plan is intended for discussion. It will be developed further in the light of comment and the rapidly changing situation, and a further version will be produced in early June. This will aim to provide further information on the actions that we could take forward locally and where we need to work with central Government. Throughout the paper, we have highlighted a series of questions to prompt discussion.
5. The framework outlined in the draft Plan proposes five 'channels' of activity. These are:
  - **Communications, confidence and trust:** Providing better intelligence to inform our actions and ensuring collaboration and partnership to drive our activity
  - **Open for business:** Taking action quickly to build confidence and demonstrate that our county and our towns are 'open'
  - **Supporting businesses in the return to growth:** Practical measures to help firms grow, innovate and adapt to changing circumstances and markets
  - **Accelerating employment and supporting the labour market:** Active measures to counter the likely rise in unemployment
  - **Investing in the future:** Bringing forward capital spending and planning for future investment
6. The actions proposed are at high level, and will to some extent be determined by the economic support measures that central Government takes. However, they provide a starting point for further development.

# 1. Introduction

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## Background: The Covid-19 economic crisis

- 1.1 The health crisis caused by the global Covid-19 pandemic has rapidly become an economic crisis. In the UK, unprecedented measures announced on 24 March to contain the health risks have resulted in the effective closing down of much economic activity. Globally, other countries have taken similar action, with a consequent fall in international trade and traffic.
- 1.2 The UK Government responded quickly at the end of March with a substantial package of measures to protect jobs and businesses, and this has been supplemented since. Local partners are central to the delivery of much of this: Medway Council and the Kent Districts have rapidly implemented rate relief and business grant schemes; a channel for support and advice has been running for over a month through the Kent and Medway Growth Hub; and KCC and other partners have delayed repayments on existing business loans.
- 1.3 At the time of writing, there are indications that restrictions on movement may be relaxed somewhat in the coming weeks and months. But it is unlikely that life will be 'back to normal' any time soon: social distancing measures could remain in place for the rest of the year or longer (and could even be tightened again in the event of a further wave of infections), with severe impacts on sectors reliant on bringing people together and face-to-face customer interaction. The scale of the short-term collapse in economic activity will also have longer term economic consequences, as trading relationships are disrupted, demand is weakened and Government mitigation measures are (at some point) unwound.
- 1.4 As the immediate crisis passes, there will therefore be an important medium-term role for local government in Kent and Medway – working alongside central Government and together with business and other local institutions – in supporting what may be a rocky road economic recovery and navigating the 'new normal'.

## Developing an Economic Recovery Plan: Key issues and principles

- 1.5 In the context of the current crisis, this paper sets out a draft Economic Recovery Plan. It should be noted that it is **not intended to cover the short-term immediate 'crisis' response**: emergency response mechanisms are in place and this work is already well underway. Instead, **it is focused on the measures required to support the economy over the medium-term 'recovery' phase** (the gold bar in the centre of the chart below), which will itself help to inform the development of Kent and Medway's longer-term strategy:

Figure 1-1: Response phases and indicative timescales



1.6 Three other points are also important to note:

- First, **this Economic Recovery Plan forms part of a series of 'recovery plans' being developed under the oversight of the Kent Resilience Forum.** Other work is underway in parallel to consider recovery in relation to other aspects of public services and community resilience – so within this plan, we focus on those issues that relate primarily to jobs, business growth and investment.

However, **economic recovery is fundamental to any broader concept of wellbeing.** High employment and secure work supports better social outcomes; economic growth ultimately feeds through into more money for public services and long-term investment; interventions ought to have positive implications for environmentally sustainable growth, and so on. While for practical purposes, the scope of this Plan is limited, the links to wider resilience are key.

- Second, **local economic 'levers' are limited** in the context of the scale of the Covid-19 shock. The emergency response to date has required very substantial central Government firepower, and it is likely that Government will maintain an interventionist approach for some time. We will need to work in this context – ensuring that central action meets local need, supplementing it where possible, securing the right level of investment in Kent and Medway and making sure that we are trusted partners with the capacity to pilot new approaches.
- Third, at this stage, **there is much that we don't know**, including the way in which lockdown restrictions will be eased. While the past month has seen the publication of some estimates of national economic impact, these should be regarded as indicative and will likely be revised in the weeks ahead. There will also be impacts on specific sectors and areas of activity that we are not yet aware of.

- 1.7 Bearing in mind the rapidly changing landscape, this draft Plan is intended as a discussion document. It builds on an earlier version prepared at the end of March, and takes into account further evidence and thinking since then. Throughout the document, we have highlighted issues for discussion and comment, to inform a further iteration in a month's time. In the meantime, work is underway to provide further detail on emerging actions, so that as some form of 'normality' returns, there is a proactive economic recovery plan in place.

## Plan structure

- 1.8 The remainder of this draft Plan is structured in three sections:
- Section 2 provides a summary of the potential economic impact on Kent and Medway. This draws on nationally-available information (including sector studies and Government and independent forecasts), supplemented by locally-gathered business insight. It highlights our *current* assessment of the economic challenge, although we recognise that no robust sub-national estimates of impact have yet been published.
  - Section 3 sets out a framework for action, outlining a series of 'channels' through which local partners in Kent and Medway should progress action over the next 12-18 months. As the situation is subject to change, these are at high level at present, but ought to guide planning and project development.
  - Finally, Section 4 explains how the draft Economic Recovery Plan will be refined and finalised, and how we anticipate it being translated into action.
- 1.9 A supplementary paper, setting out emerging evidence of economic impacts, has also been prepared to accompany this draft Plan. This provides further information to support the analysis in Section 2. As with this Plan, the impact evidence paper will be kept live to incorporate new information as it becomes available.

### Questions for consideration

Q1. Do you agree with the broad 'issues and principles' outlined above? Are there any others that you think should be added?

Q2. The focus of this draft Plan is on 'recovery' in the medium term (described as 12-18 months). It is not intended to be a long-term strategy in itself, although it will help to inform the longer term strategy, as we emerge from the post-Covid recovery phase. Do you agree with the 12-18 month focus, bearing in mind the information that we know at the moment?

Q3. How would you like to contribute to the development of the Recovery Plan?

## 2. The impact on the Kent and Medway economy

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### The economic shock: Speed and scale

- 2.1 The scale of the economic shock caused by the Covid-19 pandemic has been extraordinary, with all major industrialised countries implementing lockdowns or other actions leading to reduced economic activity. As death rates appear to have peaked, most countries are now easing restrictions (or are setting out plans to do so). However, the short-term economic cost is very high, with quarterly declines in GDP estimated at 25-35%<sup>1</sup>.
- 2.2 The economic shock has also been sudden. In February, when the Office for Budget Responsibility closed its forecasts for the March 2020 *Economic and Fiscal Outlook*, the near-term outlook for the UK was little changed from the previous forecast a year ago, with GDP growth of 1.4% expected in 2020. This was clearly overtaken by events, in a matter of a few weeks.

### Thinking through the economic impacts...

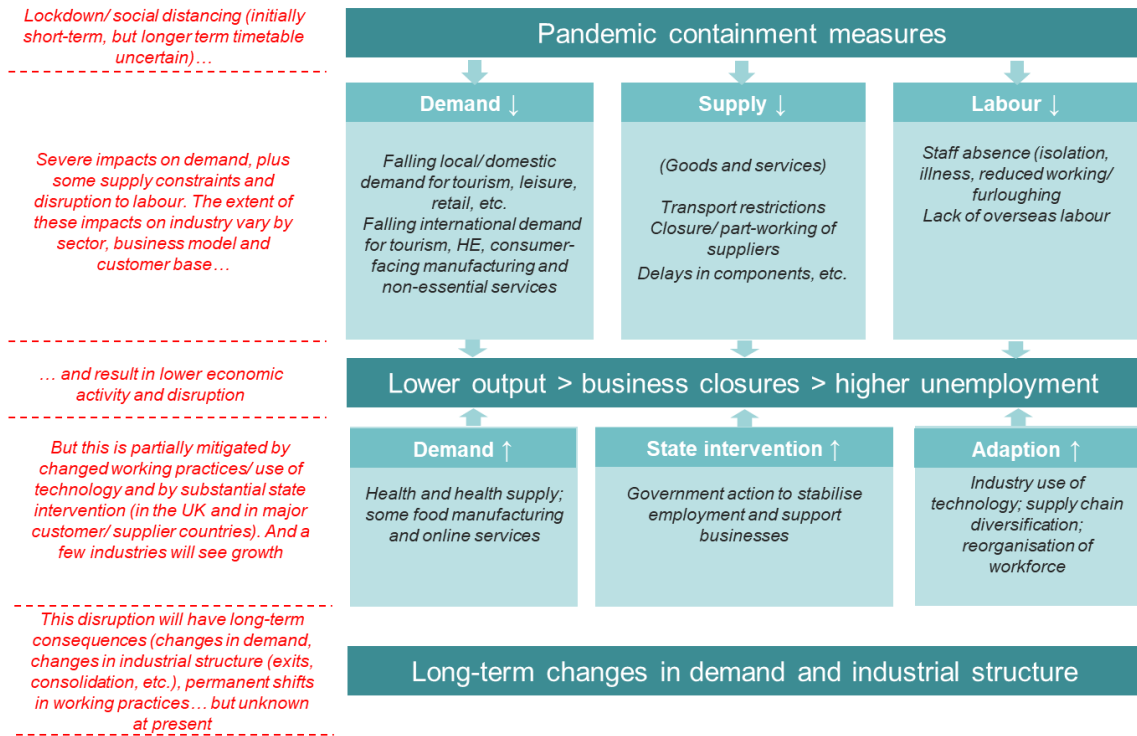
- 2.3 Figure 2-1 sets out a high-level impact model. In summary:
- Output is reduced by simultaneous demand, supply and labour market shocks:
    - On the **demand** side, domestic demand collapses in sectors most obviously affected by social distancing (obviously hospitality and tourism, but also travel, tourism, non-food retail and the supply chain supporting these sectors). While this is a direct consequence of lockdown, uncertainty reduces domestic demand in other sectors, and a combination of travel restrictions and consumer caution reduces demand in export markets (including areas such as international education).
    - On the **supply** side, producers experience delays in sourcing materials, with disruption impacting those sectors relying on 'just in time' production.
    - There are also **labour** constraints, due to less efficient (or simply new to the firm) ways of working, absence through sickness or shielding, or an inability to recruit (for example in those sectors reliant on seasonal overseas labour).
  - These output losses are mitigated through Government intervention and through growth in a few sectors (e.g. health, food retail and distribution and some digital services). They are also mitigated through the adoption of new working practices and technologies, or supply chain diversification.

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<sup>1</sup> OBR (14 April 2020), Commentary on the coronavirus reference scenario; OECD (26 March 2020), Evaluating the initial impact of Covid-19 containment measures on economic activity

- Some of the shocks and mitigations will lead to longer-term changes in demand and the ‘shape’ of the economy. For medium-term recovery, the task is both to reduce the risks of business closures and job losses *and* to enable the growth of those firms best able to respond to changed market conditions.

**Figure 2-1: Covid-19 economic impact model**



Source: SQW

## ... and what they mean for Kent and Medway

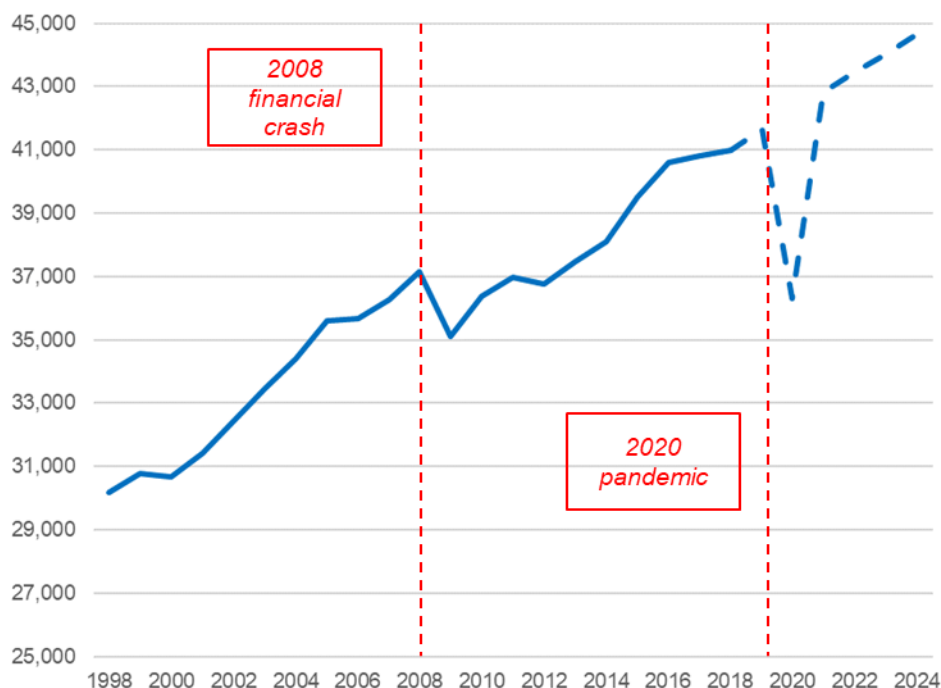
- 2.4 Estimating the scale of the economic ‘hit’ is challenging, as there is no precedent for the current situation. However, the Office for Budget Responsibility has developed a ‘reference scenario’, based on a series of broad-brush assumptions of the impact on each sector. Nationally, the OBR anticipates a contraction of around 13% of GDP in 2020, followed by a strong rebound in 2021<sup>2</sup>.
- 2.5 The OBR has not published any sub-national estimates based on these calculations (and it acknowledges that they are very high-level and sensitive to changes in the sectoral assumptions). But applying the broad rate of contraction to the Kent and Medway economy, we might expect an output ‘loss’ of around £5.3 billion this year – reducing annual output to its level (in real terms) in 2010 (see Figure 2-2). This is substantially sharper than the loss of output following the 2008/09 financial crash (which saw a year-on-year reduction to Kent and Medway’s GVA of about 5%, or £2 billion).
- 2.6 While the OBR’s reference scenario has been widely quoted, there is great uncertainty. Comparing with other forecasts (from the IMF, Treasury ‘consensus’ forecasts and PwC), the OBR reference scenario is relatively ‘pessimistic’ on the outturn for 2020, but relatively

<sup>2</sup> Office for Budget Responsibility (14 April 2020), *Commentary on the OBR Coronavirus Reference Scenario* (<https://obr.uk/coronavirus-reference-scenario/>)



'optimistic' in terms of the speed of recovery<sup>3</sup>. This range of estimates is unsurprising, given how novel the current situation is. Within the *Emerging Economic Impacts* paper which accompanies this Plan, we have described two other plausible scenarios based on a longer return to growth: the situation may become clearer over the next couple of months. But for now, the key points are that: a) there will be a sharp contraction this year; and that b) while there is likely to be some recovery in 2021, the shape of this is uncertain and the outlook is risky. Despite the OBR reference scenario, there is a strong likelihood that recovery will be uneven and will involve significant disruption, with the risk of longer-term damage through labour market scarring and loss of capacity.

**Figure 2-2: Kent and Medway GVA (£m, 2016 prices)**



Source: ONS, SQW analysis

- 2.7 Building on the rough indication of overall scale illustrated in Figure 2-2, the following paragraphs consider the implications of the crisis for Kent and Medway's main economic sectors and the labour market.

### *Sectoral implications*

- 2.8 Sectors are an imperfect way of thinking about the economy: increasingly, businesses are engaged in activities that cut across conventional sector definitions. But they are widely understood, and sectoral analysis forms the basis of the OBR's reference scenario. Drawing on business feedback and published evidence, the *Emerging Economic Impacts* report sets out how we think each of Kent and Medway's main sector groups will be impacted by the crisis. A summary table is set out in Annex B. In the short-to-medium term:

<sup>3</sup> PwC (21 April 2020), *UK Economic Update* (<https://www.pwc.co.uk/premium/covid-19/uk-economic-update-covid-19.pdf>); *Economist* (25 April 2020)

- **There will be very significant impacts on the hospitality, leisure and tourism sectors**, which have been virtually shut down for the time being and are likely to experience a slow release from the current restrictions. Kent and Medway has a large visitor economy, which relies on the summer season: even if restrictions are lifted in the next couple of months, there will be a severe impact which will not be recovered until 2021 – many months beyond the likely lifting of the Government's emergency support measures. Similar impacts are likely on the **creative and cultural** sector, which is reliant on events and interaction.
- **Non-food retail is severely impacted.** Spend in most Kent towns fell by around 50% at the start of April, almost all of the loss accounted for by a collapse in non-food spending. It is reasonable to assume that much of this trade will return as activity resumes – but it is likely to accelerate structural trends in the retail market, with implications for town centre economies.
- **Education has temporarily closed down.** This will return in due course – but a medium (and perhaps long) term loss of international students will have important impacts on Kent's higher education sector.
- **Food production is generally resilient in terms of demand, but faces labour supply problems**, as it is reliant on a seasonal (and to a large extent migrant) workforce. Social distancing measures and reduced migration could impose significant supply shocks on the industry.
- Falling freight volumes will put pressure on **transport and logistics**, but the sector in Kent is nationally vital for imports and exports of food and other essential supplies. Beyond logistics, the local demand-driven transport sector has already faced a collapse in demand: while the Government has stepped in to assure the viability of rail transport, there has been less action (so far) to support local public transport services.
- Kent and Medway's **construction sector** is large and (given extensive sub-contracting and supply chain links with allied traded) complex. The industry is already vulnerable to cyclical change, and the recovery from downturns can often be protracted as industry skills are lost.
- While public services will be resilient (in employment terms) in the short term, the crisis will impact on Kent's substantial – and diverse - **voluntary and community sector** (for example, through reductions in fundraising events and volunteer capacity). As well as impacts on community capacity, the VCS is an important employer and direct service deliverer.

2.9 Given the scale of the contraction, the picture is overwhelmingly negative – and would be much more so had the Government's package of measures not been introduced quickly. However, there are some opportunities for growth, particularly in digital products and services, and there is evidence of the agility of several businesses in switching to new markets and routes to market.

2.10 We are continuing to gather further information on the differential sectoral impacts of the economic crisis, with an ongoing series of 'round table' discussions with businesses underway. This will be reflected in further iterations of the *Emerging Economic Impacts*

report and in the development of this Plan. We also intend to consider in greater detail the **specific impacts at district level**, and the issues facing smaller sub-sectors or groups of businesses in which Kent and Medway has particular strengths and assets.

### *Implications for employment*

- 2.11 The OBR estimates a rise in the unemployment rate to 7% in 2020. If this rate applied to Kent and Medway (which is plausible, given that the county's unemployment rate is usually slightly below the national average), this would mean around 36,000 additional unemployed people of working age.
- 2.12 This is a substantial increase, and could mean a need for new policy approaches. We have not had high levels of general unemployment since the early 1990s, and in recent years, the causes of unemployment have mostly been either 'churn' as people quickly move into new jobs, or individual challenges. This year, the rise in unemployment will be driven by a very substantial loss of jobs. While the economy will pick up, jobs are likely to be slower to be created: higher unemployment is likely to be a challenge for some time.
- 2.13 Typically, unemployment disproportionately impacts younger workers, as new recruits are simply not hired. This is important, since the 'scarring' effects of unemployment on school and college leavers tend to be long-term. At the same time, there are likely to be challenges for older workers in re-entering the labour market: a situation which could present greater difficulties this time than in previous employment crises, given the later state pension age and the increasing tendency for people to work past typical retirement ages.
- 2.14 It should also be noted that the nature of employment has changed since we were last faced with very high unemployment. In particular, recent years have seen a trend towards increased self-employment and freelancing, both at the more precarious end of the labour market (the 'gig economy') and in more highly-paid occupational groups. This is especially significant in parts of the creative economy and emerging digitally-based sectors. Policy responses will need to acknowledge these changes.

### *Broader considerations*

In the longer term, the impact on the shape of the economy, coming at the same time as Brexit, could be profound. At this stage, it is too early to make a judgement, but popular attitudes to supply chain resilience, the costs of international travel and the funding of the care sector could all have an impact on policy and on the fundamental structure of some industries – as could the greater use of digital communications and home working during the crisis.

#### **Questions for consideration**

Q4. Are there other aspects of the impact of the Covid-19 crisis on the Kent and Medway economy that we should be considering and which would be useful to incorporate in future iterations of the *Emerging Economic Impacts* report?

Q5. Do you have access to economic intelligence and insight that it would be useful to capture? How can this best be pooled?

## 3. A framework for action

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- 3.1 Looking to the future, where should local partners best deploy their efforts to support recovery from the crisis?

### Short term: Continuing the emergency response

- 3.2 In the **short term**, the focus is on helping workers and businesses bridge the gap between now and the resumption of demand: essentially keeping the economy in ‘suspended animation’ until trade starts to take place again. The scale of intervention that this demands makes it a task for national Government: a full schedule of the measures taken by Government is set out in Annex 1. The indications are that these have been successful in providing businesses and workers with temporary security, and the feedback that we have had from business has been largely positive.
- 3.3 However, **local activity alongside the ‘national core’ has been vital**. Local government has been in the frontline of delivering practical and essential support as the delivery mechanism for those measures of Government support that have been channelled through the business rates system. In addition, we have set up the Covid-19 Business Support Helpline, initially to help firms navigate the immediate support on offer and, as this support has been taken up, to ensure that they are able to access a wider range of business support services. The Support Helpline is currently receiving around 370 calls per day, and demand remains high. We have also strengthened referral arrangements between relevant agencies across the county and have moved business-facing services online.
- 3.4 **This ‘short term’ response is not yet complete**. We anticipate that some of the emergency support measures put in place by Government will be revised over the coming weeks: these may mean additional local responsibilities and may lead to fresh demand on the Support Helpline and the county’s other support services. A gradual return to ‘normal’ activity will also mean that we need to implement new approaches to public transport and wider service delivery, which will be considered within other thematic recovery plans prepared with the oversight of Kent Resilience Forum.

#### Questions for discussion

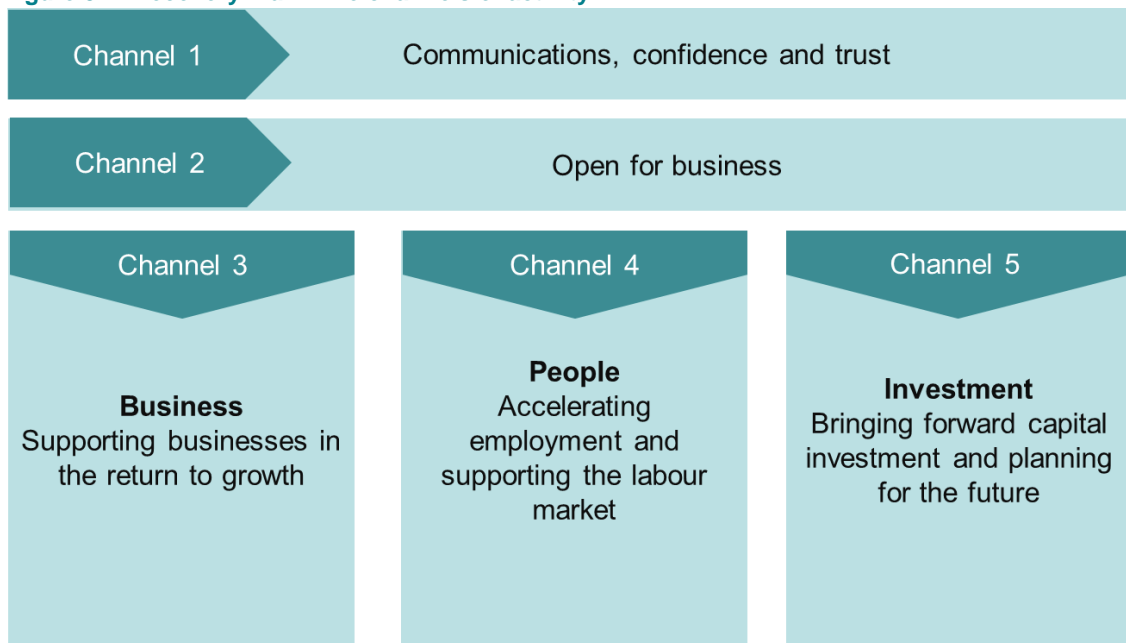
Q6. Within the current ‘emergency’ response (as it relates to direct business support), are there any gaps in provision? Are there any other actions that should be implemented at this point?

Q7. Delivery of the measures highlighted above requires resource (including activities carried out locally to deliver the Government’s package of support measures). Are these sufficiently resourced at present? What are the resourcing challenges looking ahead to the next 3-6 months?

## Medium term: Recovery

- 3.5 Although the emergency response will continue for several weeks, our focus in the medium term turns to 'recovery': helping the economy adjust to a new version of normality as the Government's emergency measures are wound down.
- 3.6 The nature and length of the recovery period is clearly uncertain, but our assumption at this stage is that the OBR and Bank of England scenarios broadly play out as a 'best case'. This means very significant contraction this year, which is likely to cause ongoing business disruption (including some business failures) and increased unemployment. A return to growth will follow – but there are risks of a weaker rebound than the OBR anticipates, and in any case, the jobs market is likely to lag behind a return to output growth.
- 3.7 Against this challenging backdrop, we have set out five 'channels' of activity that we see as forming the basis of a medium-term recovery plan. Two of these are over-arching, relating to communications and coordination and the need to demonstrate that the county is 'open for business', with the other three relating to support for businesses, the labour market and future investment:

**Figure 3-1: Recovery Plan: Five channels of activity**



### *Channel 1: Communications, confidence and trust*

- 3.8 The first 'channel' of activity underpins the others: there is no single agency responsible for 'delivering' the Economic Recovery Plan, and success will depend on open communications and coordination across a range of partners. Within the 'emergency' phase, we have had success in improving coordination between the county's business support providers and building a stronger pool of information about the impacts of the crisis. Over the medium term, we envisage that this 'channel' of activity will involve:
- **Reinforcing collaboration:** Building on recent experience, we will seek to improve referrals and dialogue across the range of public agencies responsible for interaction with business. There is evidence of a real appetite for this from

providers, with improved collaboration leading to direct business benefits in the short run (as firms are better able to access services and greater efficiency makes them more likely to seek support in the first place), and in the longer term (as gaps in provision are identified and measures put in place to address them).

In the first instance, additional resourcing (over and above service provision itself) is likely to be minimal: the task is to work together to respond effectively, not to create a new overarching infrastructure. This action is therefore a continuation of work underway. However, it will depend on the continuation of funding for service provision, the case for which strengthened collaboration and increased demand will help to support.

- **Gathering stronger intelligence:** Over the past month, we have built a stronger knowledge base on the impacts of the current crisis, drawing on national information and insight from business (especially through the support channels highlighted above). Maintaining this insight will perhaps be even more important in the next phase, as the 'generic' challenges of completely closed business activities give way to a wider range of responses to changed markets. Building on the 'better collaboration' set out above, we will seek to pool our intelligence.

We recognise that in some cases, specific business issues and difficulties will be commercially sensitive. We need a mechanism for managing this, so that there can be trusted dialogue. There are already established routes for this (for example, via Locate in Kent, Visit Kent and Produced in Kent), which are in regular dialogue with industry: it will be important to use these to ensure that assistance can be provided where appropriate.

- **Developing an overall 'communications plan':** This is likely to have a number of dimensions, including communications with Government, as well as between businesses, provider organisations and the wider public in Kent and Medway. This is likely to be relevant to the wider suite of Kent and Medway recovery plans (i.e. extending beyond this Economic Recovery Plan; in the first instance, consideration ought to be given to scope).

### *Channel 2: Open for business*

3.9 Linked with improved communications, there will be a need as we emerge from crisis to rebuild confidence and demonstrate that Kent and Medway is 'open for business'. This is likely to also be part of the early recovery strategies of other regions, and should include:

- **Focused efforts on place marketing.** Even though the tourism and hospitality sectors face a severely compromised summer season, it is important to maintain Kent's profile as a destination, and investment has been made into online resources to support the brand. However, there is likely to be less private sector funding available this year and next to support place-marketing activity: the call on the public sector (perhaps central Government as well as local partners) may be substantially greater.
- **Short-to-medium term measures to capture the gains from a resumption of trade.** The crisis will probably reinforce some of the structural shifts in consumer

behaviour that have impacted on traditional retail models, especially in town centres. Longer term, there is a need to rethink town centre roles, and measures to support this ought to be considered under Channels 5 and 6 below). But in the shorter term, measures to attract custom and promote confidence will be important – likely through a combination of town centre/ High Street promotional activities, local purchasing campaigns and smaller-scale capital investment. Given each town's unique offer (and set of partners) the 'drive' for this needs to be local. However, collaboration across districts on funding and perhaps sharing of delivery expertise and good practice could be helpful.

#### Questions for discussion

Q8. The actions above are largely related to place marketing, ensuring that Kent and Medway is clearly 'on the map' and open for business. Are they sufficient? Are they ambitious enough? What else needs to be done?

### *Channel 3: Business: Supporting businesses in the return to growth*

- 3.10 Building on the insight and intelligence gathered in Channel 1, recovery must include support for those firms that will grow, innovate and create jobs. At the time of writing, many businesses are in receipt of Government grant, the aggregate scale of which dwarfs any support that might be provided locally.
- 3.11 We anticipate that there will continue to be high levels of central Government support in the medium term, even as the Coronavirus Jobs Retention Scheme and other measures are wound down. It will be important (as set out in the principles at the start of this draft Plan) that any local direct business support offered locally is additional to the national offer and adds value to it. With that in mind, and subject to emerging central Government programmes, we will focus our support on resilience and growth potential, in particular:
- **Innovation:** Supporting firms in the development of new products, goods and services has long been an objective of business support. Alongside national support (e.g. via Innovate UK), potential interventions could include loan assistance (e.g. through the targeted deployment of Kent and Medway Business Fund); advisory support (e.g. through leadership and innovation advisory activities); and 'challenge-based' approaches to develop solutions to identified needs in the public sector.
  - **Adaption and adoption:** Before the crisis, there was an identified need to support firms in adapting to new technology and entering new markets. This will continue to be important: it is likely that for some businesses, the experience of the crisis will have increased their appetite for change, although there may still be significant cost barriers. Potential areas for action could focus on:
    - Advisory and potentially financial support in implementing digital technologies or measures that will reduce firms' carbon footprint (this could include cash support for carbon reduction, where they can help to deliver savings to businesses in the medium-term and help drive demand for trades-related activity, such as electrical installation, glazing and so on).

- Support in diversifying or accessing new markets, through adapting firms' product range or mode of delivery to meet new demand (or accommodate forced constraints on demand), or through export.
  - **Supply chain development:** There are long term 'resilience' benefits in strengthening local supply chains and building networks between firms. We will increase opportunities for local procurement, where this can help to safeguard local jobs and businesses and increase firms' stake in the local community.
  - **Sector-specific support:** Some sectors are more conducive to local, place-based support than others. There is a substantial programme underway to support the creative sector, especially important given the scale of the lockdown 'hit' that the sector faces. There are also established sector-focused support programmes for the food and farming sector (via Produced in Kent) and the visitor economy (via Visit Kent), which also offer a route to the innovation, adoption and adaption activities highlighted above.
    - It will also be important to ensure that we take action where possible to support those '**sub-sectors**' in which **Kent and Medway has significant assets** (for example, in the form of 'anchor' businesses, specific R&D capabilities, or (as in the case of port-related activity) nationally-significant infrastructure). This might require direct dialogue with central Government and with firms and institutions on an individual basis.
  - **New entrants:** Support for entrepreneurship needs to be carefully targeted: schemes to support micro business starts as a substitute for unemployment or under-employment tend not to have a good track record. But new business starts are important to the dynamism of the economy, and may be hampered if there is a general unwillingness from commercial lenders to take risks. There could be a value in support for new starts where there are clear business plans and potential to scale up.
- 3.12 Potentially, this is a complex package of measures, which will require funding from a number of sources (and the headings above are not necessarily exclusive). Many of the 'building blocks' are already in place (for example, through the Kent and Medway Business Fund, the LOCASE low carbon programme, Kent International Business, the innovation services delivered by the universities, and so on), but there could be scope for further investment from (for example) residual ERDF funds or other funding packages that the Government might seek to devolve.
- 3.13 As the business need is likely to be significant, the first step is to develop a package of potential products which could either seek funding or be supported by existing partners. In the first instance, this might take a high-level business case approach, considering evidence of need (in the context of the existing available product range and the likely 'market' – i.e. what's the gap?), delivery capacity and capability, financial viability and anticipated benefits, taking into account:
- Actions that are being delivered already and will support recovery (i.e. relevant 'business as usual')



- Additional measures that could be taken by joint working among local partners or through the redeployment of existing resources
  - Measures that will only be possible with additional or external resource, and which will likely need to form the basis of an 'ask and offer' of central Government.
- 3.14 We will seek to progress the development of a package of interventions over the rest of the quarter, with a view to developing a credible programme that could (in whole or in part) secure investment.
- 3.15 In line with the general approach set out in this draft Plan, we will seek to work on a collaborative, partnership basis (i.e. our aim will be to work to progress good ideas, rather than through a 'competitive bid' approach).
- 3.16 It will also be important to ensure that firms supported with public funds make a positive contribution to the 'better social outcomes' set out in Section 1 (for example, reducing the county's carbon footprint and supporting better pay and fair work). Through the Economic Recovery Plan, we want to lay the groundwork for a sustainable and resilient economy – with the businesses we support a part of that.

#### Questions for discussion

Q9. Do you agree with the general focus of this channel of activity? Do you think it is too widely, or too narrowly drawn (bear in mind that the business case process will help to identify where there are credible propositions)?

Q10. Is there anything missing (i.e. are you aware of an identifiable business need that ought to be supported over the medium-term, but which is not highlighted above)?

#### *Channel 4: People: Accelerating employment and supporting the labour market*

- 3.17 The OBR estimates that unemployment could rise to around 7% this year. In Kent and Medway, this would mean an effective doubling of the unemployment rate (which currently tracks the national average at around 3.8%). Recent increases in the new claims for Universal Credit suggest that an increase in unemployment is highly likely, and will probably have a significant impact once the Government starts to wind down the staff furlough scheme. Typically, unemployment remains high for some time after the economy returns to growth (as employers use up existing capacity first) and the OBR anticipates that this will happen in the current recession.
- 3.18 A significant increase in unemployment will be challenging for local partners: we have been used in recent years to low unemployment levels, and in the last recession, the impact was mitigated to some extent by short-time working and pay restraint. It is likely that the Government will propose new measures to deal with an emerging unemployment challenge, which might involve some variant of a furlough or short-time working scheme. Some of these may be delivered via local partners, and we will need to wait and see what these are.

3.19 However, we know that rising unemployment is likely to have specific distributional impacts in Kent and Medway. In particular, younger workers are likely to be more vulnerable (and the ‘scarring’ effects on those just entering the labour market are greater), and youth unemployment is anyway higher in the most disadvantaged areas – especially in Thanet. There is a risk as unemployment rises that the number of young people ‘not in employment, education or training’ (NEET) will rise substantially without intervention. We should start to think about supplementary active labour market measures and other actions that we could put in place: these include:

- **Temporary employment schemes:** KCC and other agencies ran several of these through the former Future Jobs Fund in 2009/10: essentially employing younger workers on minimum wage contracts (or as Apprentices) and deploying them as supernumerary staff within public and voluntary sector bodies. Some schemes, such as Thanet Works, also made people on these schemes available to private sector employers. A variant of this could be appropriate, especially if unemployment especially impacts on younger workers (and temporary employment schemes are relatively quick and cheap to set up).
- **Additional education and retraining capacity:** Lack of employment opportunities *could* mean additional demand for non-work based education within the higher and further education sectors. There could be a case for expanding capacity and/ or removing barriers to participation (such as travel costs, or, in the case of HE, tuition fees). Expanding local access to further and higher education could also have circular recovery benefits to the local economy if the global contraction and lack of confidence significantly weakens demand from overseas students. There may be an opportunity to consider how capacity can be expanded within the context of wider changes to the post-16 landscape.
- **Temporary employment redeployment and brokerage:** The supply and demand shock is likely to lead to some employment dislocation (e.g. under-supply of labour in the food and farming sector; over-supply in sectors reliant on discretionary consumer demand). These may even out without intervention once trade resumes, but there could be a case for a brokerage scheme, perhaps linked with an umbrella temporary employment scheme along the lines highlighted above.

3.20 In the past, local partners have run several labour market schemes (e.g. Thanet Works and the Employ Kent Thameside jobs brokerage scheme in recent years). However, there is likely to have been some attrition of experience given the recent absence of unemployment as a salient issue. In the first instance, there should be an investigation of options and their viability, perhaps leading to discussions with Government if there is the potential for pilot central initiatives locally.

#### Questions for discussion

Q11. Are there other labour market measures that we should be thinking about at this stage?

Q12. Where can local intervention best add value? Where has it added value in the past, and what might the relevance of that be to current circumstances (bearing in mind

changes in the role and responsibilities of Jobcentre Plus)? We would be especially interested in the views of JCP, private sector delivery partners and the education sector.

### *Channel 5: Investment: Investing for the future*

- 3.21 Long-term capital investment will play an important role in the future economic strategy that succeeds the Recovery Plan. However, it is vital that we plan for future investment during the recovery phase and that we seek to bring forward capital spending where we can – especially where it will deliver local business and employment opportunities and contribute to the delivery of a lower carbon, more sustainable economy
- 3.22 It is possible that the Government will seek to **accelerate local infrastructure spending** as a counter-cyclical measure. If so, there is a ‘ready-made’ programme in the form of the Local Growth Fund which it could channel funding through: it will be important to ensure that this is able to deliver at pace, and we will work with the South East LEP to make sure that it does. In the meantime, we will work to identify a pipeline of deliverable schemes.
- 3.23 Linked with this, we should be on the ‘front foot’ in **taking advantage of new propositions** where they have the potential to support our recovery strategy. For example, the Government’s proposals for freeports could be attractive to Kent and Medway: in developing the ‘case for Kent’, we should consider the medium and long term benefits (and how any disbenefits may be mitigated).
- 3.24 Looking to the longer term, we are already building the case for the delivery of advance infrastructure through the proposed **Kent and Medway Infrastructure Deal**. The timescale of this will run beyond the ‘recovery’ phase, but the current crisis may change the balance of the economic case (i.e., if private sector delivery is unviable in the medium term without upfront infrastructure investment). It will be important to set this out, alongside the case for other long-term investment in support of a greener, more sustainable economy.
- 3.25 In the shorter term, it might also be possible to **bring forward routine maintenance and repair** within the public sector estate where this could help to generate demand and employment. This should link closely with the opportunities for supply chain development set out in Channel 3 and the potential for investment in the public estate to improve energy efficiency.
- 3.26 In addition to these potential actions, **there may be situations in which the public sector needs to intervene in a direct way to safeguard employment**, to secure new investment in an environment which is likely to be highly competitive (in the context of over-capacity), or to secure land and premises for future economic use or housing delivery once the current crisis has passed. Historically, agencies such as the Regional Development Agencies and English Partnerships would have taken this role (and Homes England potentially still could in respect of housing sites). But there may be a role for KCC (and partners) as a strategic actor. This should be considered carefully, and with a view to longer term strategy, although in the shorter term, work could be done to explore potential structures, building on (for example) City Deal partnerships elsewhere.

### Questions for discussion

Q13. What do you think the appetite should be for direct public sector capital investment to safeguard employment or housing? How far do you think this should be explored as part of the Economic Recovery Plan?

Q14. Investment in the short term should promote longer term objectives, linked with the creation of a more sustainable, greener economy. What interventions should be made now to support this?

### Longer term: Future investment

- 3.27 As the analysis in Chapter 2 demonstrated, recovery is likely to take some time. The nature of the current crisis is also fundamental, and raises questions about several aspects of our political economy that we have either taken for granted, or which have been the subject of debate for years but without resolution (e.g. the resilience of local health and care systems).
- 3.28 This means that the medium-term horizon for the forthcoming **Enterprise and Productivity Strategy** will be different from how we imagined it a few months ago (even if it is not clear *how* different). Even though the fundamental drivers of growth – and some of Kent and Medway’s long-term challenges and opportunities – will remain the same, ‘recovery’ will need to seek a transition to a different (and positive) future, rather than a return to a pre-crisis baseline. As we move forward, we will need to align the thinking for the Recovery Plan and the EPS, so both are mutually supportive and relevant.

## 4. Moving forward

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### Evolving the Economic Recovery Plan

- 4.1 This paper is intended as a discussion document. While it builds on an earlier iteration prepared at the end of March, it remains at high level, and the way in which it evolves will depend on the way in which both the public health and economic emergencies evolve, and the response of central Government.
- 4.2 At this stage, views and comments are sought in relation to the questions set out in the paper, with a view to preparing a refreshed version at the start of June. In the meantime, work will continue in developing our understanding of the potential economic impacts on Kent and Medway.
- 4.3 Work will also progress in **develop a rolling action plan**, based on each of the 'channels'. In the first instance, this should involve identifying lead officers for each channel, breaking each one down into a series of tasks. In some cases, these are immediate (for example, the communications and dialogue actions in Channels 1 and 7); in some they involve planning ahead using existing mechanisms for practical action in the immediate aftermath of the crisis (e.g. the 'open for business' actions in Channel 2). In others, the present task is examining the viability and feasibility of possible actions, with the outcomes of this feeding back into further iterations of the Economic Recovery Plan.

### Governance arrangements

- 4.4 The Economic Recovery Plan will be progressed and delivered via the governance arrangements established by **Kent Resilience Forum (KRF)** to plan recovery from the Covid-19 crisis across.
- 4.5 To take a strategic lead in planning for the recovery and to ensure the coordination and delivery of consistent messages to the public, business and public sector staff, KRF has established a multi-agency **Recovery Advisory Group**. Supporting the Recovery Advisory Group, seven thematic 'cells' have been established, each of which is charged with assessing the impacts of the crisis and developing action plans for recovery. One of the 'cells' relates to the economy, illustrated in Figure 4-1.
- 4.6 The Economy Cell will 'own' and lead the Economic Recovery Plan. At the time of writing, the terms of reference and membership of this group are being developed, although it is envisaged that it will draw from a range of local government, education and private sector partners. Alongside the Economic Recovery Advisory Group, we also propose to consult with Kent and Medway Economic Partnership and its associated Business Advisory Board.
- 4.7 Through the Recovery Advisory Group structure, we anticipate regular dialogue with the plans being prepared for other aspects of recovery. For example, we anticipate that there will be a strong connection between the Economic Recovery Plan and the role of the Infrastructure Cell in considering transport, digital and ICT-related impacts. Future iterations of this Plan should take account of these links.

**Figure 4-1: Recovery Advisory Group structure**



Source: Kent Resilience Forum

4.8 Aside from formal governance, the way in which we work to progress the Recovery Plan is important. Over the next few months, three principles will underpin this:

- Partnership:** This has been central to the development of the longer-term strategy, and it needs to be central now. As the potential actions above indicate, some areas of activity will likely require district leadership, some will probably be driven at county-wide level; all will require business insight; and all ought to relate to initiatives that emerge nationally. In that context, the Recovery Plan will benefit from more ideas and suggestions. Strong local partnerships and ‘governance’ (both formal and informal) will be essential in ensuring a focus on those issues that are of distinctive importance to the Kent and Medway economy, and Kent and Medway Economic Partnership, Business Advisory Board and Kent and Medway’s local authority economic development teams will all have an important role.
- Initiative:** The current crisis is unusual, in that it is universal: *everywhere* in the UK (and most of the world) is affected. Typically, the local response to an economic shock (such as a factory closure) involves a specific appeal for Government intervention in some form. In this case, Government intervention will be demanded everywhere, and the Government’s measures will be economy-wide. There is also no sub-national economic development infrastructure to act directly as Government’s agent (other than in the large city regions). So local initiative (“doing it anyway”) is likely to be important. In that context, thinking through the deployment of available funds and how they could make the most significant impact should be taken into consideration alongside the channels of action set out above.
- Pragmatism:** Typically, interventions seeking government funding go through a business case process. This needs to be proportionate to the scale of the crisis and the speed of the response. In every case, we should start thinking now about the high level case for intervention (“*why do we think this will work, and how will we know when it has?*”), and we should be robust in that analysis – but in the current context, delivery at pace is the primary consideration.

# Annex A: Government emergency support

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A.1 The Government has announced a substantial package of support for businesses and employees impacted by the coronavirus crisis. At the time of writing (6 May 2020), this consisted of the following measures:

**Table A-1: Government emergency support measures**

Measure	Description
Coronavirus Job Retention Scheme	Helps employers to continue to pay part of the salary of employees who would otherwise have been laid off. For employees designated as 'furloughed', HMRC will reimburse 80% of wage costs, up to a cap of £2,500 per month. Government has recently indicated that this may be wound down as economic activity resumes
VAT deferral	Businesses will not need to make VAT payments between 20 March and 30 June, with accumulated liabilities payable by 31 March 2021
Self-employed income tax deferral	Income tax payments due in July will be deferred until 31 January 2021
Statutory Sick Pay Reclaim	SMEs will be able to reclaim the SSP for sickness absence due to COVID-19 for up to two weeks
Business Rates holiday for retail, hospitality and leisure	Automatic business rates holiday for retail, hospitality and leisure businesses in England in 2020/21 tax year
Retail and Hospitality Grants Scheme	Cash grant of up to £25,000 per property for businesses in retail, hospitality and leisure (where property has a rateable value of less than £51k), administered via local authorities.
Business Rates holiday for nurseries	Automatic business rates holiday for nursery businesses in England in 2020/21 tax year
Small Business Grant scheme	One-off cash grant of £10,000 for small businesses that pay little or no business rates because of Small Business Rates Relief, Rural Rates Relief and tapered relief, administered via local authorities
Coronavirus Business Interruption Loan Scheme	Government guarantee to commercial lenders of up to 80% on each loan, for loans, overdrafts, invoice finance and asset finance up to £5m and for up to 6 years. Supplementary Business Interruption Payment for smaller businesses to cover first 12 months' interest charges and fees
Bounce Back Loan Scheme	Introduced as a simpler alternative to CBILS. Loans of between £2,000 and 25% of turnover (up to a maximum £50k) for SMEs. 100% guaranteed by Government, and interest free for first 12 months (2.5% pa thereafter). Delivered via retail banks
Coronavirus Future Fund	Government convertible loans of £125k - £5 million subject to equal private investment. Delivered via British Business Bank and intended for firms that rely on equity investment
COVID-19 Corporate Financing Facility	Bank of England will buy short-term debt from larger companies

<b>Measure</b>	<b>Description</b>
Time to Pay	Case-by-case support from HMRC for firms that have missed their last tax payment or may miss their next one
Protection from Eviction	Commercial tenants who cannot pay their rent are protected from eviction to 30 June
Self-Employed Income Support Scheme	Support for self-employed people (including partnerships) who have lost income due to coronavirus. Taxable grant worth 80% of trading profits up to a maximum of £2,500 per month for the next 3 months

*Source: HM Government*



# Annex B: Summary of sectoral impacts

B.1 The table below summarises the implications of the Covid-19 crisis on selected sectors in Kent and Medway:

**Table B-1: Sectoral impacts with current jobs and relative concentration in Kent and Medway**

Sector	Scale and concentration	Potential impacts
Agriculture	11,000 jobs LQ: 2.3	<b>OBR estimated output loss in Q2: 0%</b> <ul style="list-style-type: none"> <li>Sector generally resilient given steady food demand</li> <li>Labour shortages due to loss of migrant labour</li> <li>Some difficulties in getting goods to market</li> </ul>
Energy, utilities and environmental technologies	8,800 jobs LQ: 0.9	<b>OBR estimated output loss in Q2: -20%</b> <ul style="list-style-type: none"> <li>Likely to be resilient as most output serves essential demand</li> <li>Strong longer term prospects for growth in Kent &amp; Medway</li> </ul>
Manufacturing	47,000 jobs LQ: 0.8	<b>OBR estimated output loss in Q2: -55%</b> <ul style="list-style-type: none"> <li>Most firms continuing to trade, but falling sales/ orders suggest potential future cashflow issues</li> <li>Kent's exposure to vulnerable sectors (e.g. automotive, aviation) limited</li> <li>Currently growth in some areas (e.g. food manufacturing) although firms supplying catering sector hit</li> <li>Risk of loss of markets if UK disrupted for longer than competitors</li> </ul>
Construction	45,000 jobs LQ: 1.4	<b>OBR estimated output loss in Q2: -70%</b> <ul style="list-style-type: none"> <li>Stoppage of activity, although gradual return on site</li> <li>Substantial experience of cyclical peaks and troughs, so resilience – but recession typically means loss of skills and lengthy time to rebuild</li> </ul>
Transport and logistics	40,000 jobs LQ: 1.2	<b>OBR estimated output loss in Q2: -35%</b> <ul style="list-style-type: none"> <li>Distribution sector highly successful in meeting demand – but some parts of sector (e.g. delivering events equipment) now idle</li> <li>Reliance on ageing workforce with implications for absence</li> </ul>
Retail and wholesale	123,000 jobs LQ: 1.2	<b>OBR estimated output loss in Q2: -50%</b> <ul style="list-style-type: none"> <li>Collapse of demand in non-grocery sector</li> <li>Switch to online retail</li> <li>Some recovery likely through pent-up demand, but likely to accelerate longer term structural shifts</li> </ul>
Visitor economy	69,000 jobs LQ: 1.0	<b>OBR estimated output loss in Q2: -85%</b>

Sector	Scale and concentration	Potential impacts
		<ul style="list-style-type: none"> <li>• Collapse in demand, likely to last for some time as restrictions persist</li> <li>• Specific challenges including loss of summer season, and likely loss of much international trade</li> </ul>
Digital tech	16,000 jobs LQ: 0.7	<p><b>OBR estimated output loss in Q2: -45%</b></p> <ul style="list-style-type: none"> <li>• Long term sector growth and rising demand for digital solutions (although loss of trade in marketing and local demand-responsive activities)</li> <li>• High dependence on freelancers in some sub-sectors</li> </ul>
Cultural and creative	12,000 jobs LQ: 0.7	<p><b>No OBR estimated output loss, but likely to be similar to visitor economy</b></p> <ul style="list-style-type: none"> <li>• Major shutdown of activity in short term. Likely to persist for some time</li> <li>• High reliance on freelance/ self-employment</li> </ul>
Finance and professional services	135,000 jobs LQ: 0.8	<p><b>OBR estimated output loss in Q2: -5%</b></p> <ul style="list-style-type: none"> <li>• Weaker demand, although likely to be generally resilient</li> <li>• Some other business services likely to be more strongly hit</li> <li>• Although not visible in jobs data, the sector is a large employer through jobs in London and is dependent on future City growth</li> </ul>
Health and social care	95,000 jobs LQ: 1.0	<p><b>OBR estimated output change in Q2: +50%</b></p> <ul style="list-style-type: none"> <li>• Rising demand for health services, investment potentially increased following crisis</li> </ul>
Education	72,000 jobs LQ: 1.2	<p><b>OBR estimated output loss in Q2: -90%</b></p> <ul style="list-style-type: none"> <li>• Largely shut down</li> <li>• Potentially severe impacts on university sector through loss of international student income and perhaps (in recession) weaker domestic demand</li> </ul>
Life sciences	2,000 jobs LQ: 0.7	<p><b>No estimated OBR output loss, but likely to be resilient</b></p> <ul style="list-style-type: none"> <li>• High investment overall, likely to be reinforced through crisis</li> </ul>

Source: SQW

## ITEM 4

**Date:** 3<sup>rd</sup> June 2020

**Subject:** Award of SELEP Sector Support Funding

**Report author:** Sarah Nurden, KMEP Strategic Programme Manager

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### Summary & Background

The South East LEP invites its working groups to bid for a share of the SELEP Sector Support Fund (SSF). A criterion for SSF bids is that the proposal is endorsed by at least one of SELEP's federated boards.

This paper describes three bids that seek KMEP's endorsement.

### Recommendation

KMEP is asked to consider and decide if it wishes to endorse or not endorse each of the following SSF bids:

- Buy Local Food and Drink
- The extension of delivering skills of the future through teaching
- SEED (South East Export Development)

If any bid is not endorsed, constructive feedback is sought from the board to provide to the project promoter and to SELEP.

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## 1. Introduction & background information

1.1 Every year between 2017/18 and 2019/20, SELEP invited its working groups to bid for a share of the SELEP Sector Support Fund (SSF). The SELEP working groups are:

- Business Support (Growth Hub)
- Coastal Communities
- Enterprise Zones
- Housing
- Rural
- Senior Officer Group
- Skills Advisory Group
- Social Enterprise
- South East Creative Economy Network
- Tourism
- U9 (University working group)

- 1.2 The SELEP Sector Support Fund provides revenue funding. The total amount available per year is usually set at £500k, but funding is yet to be secured for 20/21. However, there was an underspend of £206.5k in 19/20, and this funding has been rolled forward into 20/21. Consequently, the SELEP Strategic Board will meet on 12<sup>th</sup> June 2020 to determine which new projects should receive a share of this £206.5k. Before making their decision, the SELEP Board wishes to hear the views of the federated boards on each of the project proposals.
- 1.3 SELEP has set the following criteria for the Sector Support Fund:
- The project is pan-LEP in scope
  - The project will drive forward economic growth
  - The project is consistent with Strategic Economic Plan priorities
  - The project has at least 30% match-funding
  - The project provides value for money
  - The project meets legal requirements
  - The project has the support of at least one federated board
  - The project value is between £5k and £200k.
  - The project requires one-off spend and time-limited (Business as usual projects will not be funded using this money).

## 2. Projects seeking Sector Support Funding

- 2.1 A list of the projects that have previously been supported using Sector Support Funding is shown in Appendix A.
- 2.2 Three new Sector Support Fund bids have been submitted to SELEP. This paper will now provide an overview of each of these bids. The full bid details can be found in Appendices B, C and D.
- 2.3 It should be noted that the total amount sought equals £275,370 and this is in excess of the total amount of SSF available (£206,500). KMEP may wish to consequently endorse only two of the three proposals, as it is very difficult for any of the three projects to reduce their SSF ask without materially affecting the effectiveness of their project.

## 3. Buy Local Food and Drink

- 3.1 SELEP's rural working group is advocating for the 'Buy Local Food and Drink' project. The project seeks **£69,510** of SSF and the total project cost is £99,3000. The bid is led by Produced in Kent, Natural Partnerships CIC and Rural Community Council, and is pan-LEP in scope, and these organisations are providing the match-funding of £29,790.
- 3.2 The project (if funded by SELEP) will result in:
- the **creation of a regional website and portal to signpost customers to local food and drink businesses** within the SELEP region. The website ([www.buylocalfoodanddrink.co.uk](http://www.buylocalfoodanddrink.co.uk)) will be a centralised food and drink platform for the area aimed at consumers (B2C page) and businesses (B2B-page) looking to buy local produce in the South East.
  - A SELEP area wide Buy Local Food and Drink **marketing campaign** focussed on local producers, retailers and followed by hospitality and tourism experiences.
  - A **central database for food and drink businesses** in the SELEP area.

- A **series of business recovery support activities for food and drink businesses** based on a sector COVID-19 impact and recovery survey. These activities could include: surveys, training, 1-2-1 support, connecting suppliers with buyers, and knowledge exchange conference.

### 3.3 The rationale behind the bid is that:

- The Food and Drink sector is moving up the regional government agenda: In past years, food tourism has been growing in the South East. British food and drink (Buy British), and in particular English wine, has become hugely popular in and outside of the UK and customers have grown more environmentally aware, shifting their attention to local and sustainable food.
- COVID-19 has brought the role of the food and drink sector in our regional rural economy into sharp focus. The forced shutdown of pubs, restaurants and cafes has had a disastrous effect on the hospitality sector and its supply chain of growers, producers and distributors.
- COVID-19 has changed consumer behaviour. Firstly, there has been a disruption to the usual supply chains and shopping patterns. Secondly, there is a renewed focus by customers on buying locally to support all businesses in the food and drink sector to weather the COVID-19 storm and rebuild a sustainable business in the recovery period.

3.4 Floortje Hoette, Chief Executive of Produced in Kent, will join the virtual KMEP board meeting on 3<sup>rd</sup> June to answer any questions that Board Members may have on the bid.

## 4. The extension of delivering skills of the future through teaching: teaching for growth

4.1 The SELEP Skills Working Group is advocating for the extension of the delivering skills of the future through teaching project. As shown in appendix A, this scheme received £166.6k of SSF back in 2018/19 to help tackle the widespread shortage of tutors in FE colleges which hinders economic growth.

4.2 The new bid requests that this SSF programme is extended for another 12 months. The extension requires **£76,000** of SSF and the total project cost is £126,000. The bid is supported by the Skills Advisory Panel, provider networks and FE Colleges. This includes the Kent Association of Training Organisations (KATO) and Kent Further Education (KFE). Applicants (colleges and providers) will provide some of the match-funding of £50k by making a 50% contribution to bursaries. FE Sussex (which is a partnership of Sussex colleges) will continue to administer the scheme, having successfully delivered the original project exceeding targets. This involves close working with partners such as KATO and KFE.

4.3 The original project delivered:

- 97 bursaries to suitably qualified participants to train as teachers in the post-16 sector by studying for teacher training qualifications (24 bursaries at level 3 and 74 at level 4 and above). Of these bursaries, 12 were based in Kent and Medway. These included teacher training for tutors in construction, health care, IT, digital and creative and professional and technical. It is anticipated that numbers for Kent and Medway would be higher in an extended period, through conversations with KATO and KFE.
- Establishment of <https://www.becomealecturer.org/> to answer generic questions regarding post-16 teaching as a career and signpost enquirers to vacancies. Kent and Medway college and provider vacancies are featured on the site.

- Development and implementation of a high-profile publicity campaign using web, social media and radio to raise the awareness to industrial practitioners of opportunities the post-16 sector provides for a second career.
- Production of videos featuring industrial practitioners who have become teachers at <https://www.becomealecturer.org/> This includes Kent and Medway based videos featuring catering at Broadstairs College (EKC Group) and accountancy at Mid-Kent College (<https://www.becomealecturer.org/become-a-lecturer-videos/>). The extension will enable more videos to be produced.

4.4 The project extension (if funded by SELEP) will result in:

- **60 bursaries** to suitably qualified participants to train as teachers in the post-16 sector by studying for teacher training qualifications at levels 3, 4, or 5;
- **45 new entrant teachers qualified** and being retained in the sector beyond one year;
- Greater reach to SELEP sector skill priority areas. The extension will allow SELEP to target **five additional priority sector skills areas** (including (a) Professional, scientific and technical, (b) Transport and logistics, (c) Accommodation, food and logistics and (d) Manufacturing Engineering).
- **Increased reach of the project across a broader socio-economic range** of those wishing to become teachers;
- Continuation of the **high-profile social media campaign**; and
- The further development and subsequent legacy maintenance of the **[www.becomealecturer.org](https://www.becomealecturer.org/) website** for a period of 12 months
- Support with adaptation to online teaching in response to Covid-19 challenges

4.5 The rationale behind the bid is that:

- SELEP's Skills and Local Industrial Strategies highlighted the widespread shortage of tutors which hinders economic growth.
- The original project has been very successful in attracting new candidates to study to become tutors. Applications have been nearly 300% above target. Also, the match-funding for the original project exceeded the target of £81,300 by 45%.
- The annual churn rate of staff is approximately 14% averaged across the participating providers. Part of the project objective is to reduce this and it is recognised that this will take more time than the original project timescale.

4.6 Louise Aitken, SELEP Skills Manager, will join the KMEP board meeting on 3<sup>rd</sup> June to answer any questions that Board Members may have on the bid.

## 5. SEED (South East Export Development)

5.1 The SELEP Senior Officer Group, recognising SELEP's position as the international gateway between the UK and EU, has advocated for a project to be considered that will help support exporters and assist local firms with international trade after Brexit.

5.2 The SEED (South East Export Development) bid seeks **£129,860** of SSF and the total project cost is £169,860. The bid is led by Kent County Council, in partnership with Medway Council, the Sussex Chamber of Commerce and South Essex Councils. The match-funding will be provided by these organisations, the DIT (in terms of officer time) and the SME selected to participate in the scheme.

5.3 The project (if funded by SELEP) will result in:

- **Business Engagement:** a series of communication activities to recruit companies from the target sectors wishing to expand into international markets and assessing their suitability to participate in the project. This will be a crucial part of the project to ensure that a good representation of relevant businesses from across the SELEP area are engaged with and supported by the project.
- **Export preparation:** working to help selected companies get 'export-ready' (with hands-on support from DIT, accredited Chambers of Commerce and other strategic partners) through 1-2-1s and group training activities (covering topics like market selection in a shifting global environment, complying with new trade regulations, innovation & product adaptation for overseas markets, paperwork & customs, routes to multiple markets, managing risks around exports, distribution, getting paid and maximising time at exhibitions).
- **A SELEP Stand at an International Trade Show:** Organisation of a SELEP stand at a major international trade show, with dedicated space for 20 companies allowing them to showcase their products / services to global audiences from the right industry sectors. This will also allow the inward investment agencies from the federated areas to promote SELEP abroad as a place to do business. A video will be produced for display on the stand showcasing the best of the sector in the SELEP area and key investment sites and assets. Representatives of the Inward Investment Agencies in the SELEP area will be invited to attend the show to meet with international business contacts and also promote the area as place to invest and do business. Although most international trade fairs have been cancelled in 2020, it is anticipated that such activities will resume in 2021 and it is important that companies from the SELEP area are at the forefront of such opportunities to promote their products to an international audience to aid economic recovery.
- **A SELEP trade mission** will also be organised to enable a further 30 companies to visit the same show to carry out market research and participate in a range of matchmaking, meet the buyer and market insight presentations.
- The project will provide intensive support to **50 businesses from the SELEP area** with an estimated split per federated area as follows: 12 in North and mid-Essex, 8 in South Essex, 5 in Medway, 16 in Kent, and 9 in East Sussex.
- As a pilot, the project will support companies from a **priority industry sector** (either Life Sciences, Agri-Food, Environmental Technology or Digital & Creative) which is of strategic importance to the SELEP area and with significant export potential. The views of KMEP and SELEP's other federated boards are sought on the priority sector choice.

#### 5.4 The rationale behind the bid is that:

- Exporting helps businesses grow, become more innovative and productive, however, export levels in the SELEP area have tended to be quite low. Now more than ever, exporting will also be a key way for firms to become more resilient as spreading sales across a range of international markets can help to reduce business risk and aid recovery as the Covid-19 crisis begins to abate.
- Prior to the Covid-19 crisis, companies in the SELEP area had experienced significant uncertainty about the UK's future trade relations with the EU (and other international markets) and they now face further uncertainty in a rapidly changing and challenging international business landscape.
- Companies had already reported that they faced many challenges when it comes to exporting including a lack of access to international contacts and a lack of internal capacity to focus on export activity. SEED will seek to address these issues whilst considering how best to ensure that SELEP companies can be best supported to take advantage of opportunities to export their products and services as different international markets begin to open up again.

- SEED complements the existing export support offer from the Department for International Trade (DIT), Enterprise Europe Network (EEN) and Chambers of Commerce (CoC) and will deliver a tailored programme of support to businesses which are 'new to export' or which have significant potential to internationalise and expand activities into different export markets.

5.5 Steve Samson, Trade Development Manager at Kent County Council, will join the KMED board meeting on 3<sup>rd</sup> June to answer any questions that Board Members may have on the bid.

## 6. Recommendation

6.1 KMED is asked to consider and decide if it wishes to endorse or not endorse the each of the following SSF bids:

- Buy Local Food and Drink – Requests **£69,510**
- The extension of delivering skills of the future through teaching - Requests **£76,000**
- SEED (South East Export Development) - Requests **£129,860**

6.2 If a bid is not endorsed, constructive feedback is sought from the board to provide to the project promoter and to SELEP.



A list of the projects that have previously been supported using Sector Support Funding

<b>Financial year</b>	<b>Project</b>	<b>Project Description</b>	<b>Promoter</b>	<b>Amount of SSF allocated</b>
17/18	England's Creative Coast <i>(Project renamed from Cultural Coasting)</i>	England's Creative Coast is an immersive visitor experience driven by world-class art. More details at: <a href="https://www.englandscreativecoast.com/">https://www.englandscreativecoast.com/</a>	Tourism & SECEN working groups	<b>£50k p.a. for 3 years</b> (£150k in total)
17/18	Gourmet Garden Trails <i>(Project renamed from Colours and Flavours).</i>	Creation of a bespoke online and mobile planning tool and service that gives a unique database of beautiful gardens, high-quality boutique hotels, B&Bs, and food & drink venues and experiences.	Tourism working group	<b>£60k for one year</b>
17/18	North Kent Enterprise Zone – Rochester Airport	SSF paid towards: <ul style="list-style-type: none"> <li>○ the cost of commissioning expert consultancy support to progress the Local Development Order for the NKEZ Rochester Airport Technology Park</li> <li>○ an added-value package to increase the impact of the NKEZ marketing activity, &amp;</li> <li>○ the evaluation of the NKEZ.</li> </ul>	Enterprise Zone	<b>£161k</b>
18/19	Future Proof: Accelerating Delivery of High-Quality Development across the LEP	Development of a new financial product which can be applied to other development sites across SELEP in order to help accelerate the delivery of housing and overcome barriers.	Housing and Development working group	<b>£110k</b>
18/19	Kent Medical Campus Enterprise Zone	The SSF grant contributed towards covering the cost of anticipated total design stage costs of £260,000 for the development of an Innovation Centre on Kent Medical Campus Enterprise Zone.	Enterprise Zone	<b>£156k</b>
18/19	Future Skills for Rural Businesses	SSF funded a comprehensive skills evaluation to formulate recommendations for targeting future skills delivery, setting out priorities for the main rural sectors: <ul style="list-style-type: none"> <li>a) Agriculture</li> <li>b) Food &amp; drink: Production &amp; manufacture</li> <li>c) Horticulture production – vegetable crops, fruit and viticulture</li> </ul>	Rural working group	<b>£96k</b>
18/19	Good Food	A project supporting growers, processors,	Rural	<b>£60.4k</b>

	Growth Campaign	retailers, food businesses and new entrants through three main activities: <ul style="list-style-type: none"> <li>○ 3 x 'Meet the Buyer' business-to-business events.</li> <li>○ 4 x Food and Drink Conferences delivered with key speakers focussing on business development, start-ups, branding, product development, new markets, accessing buyers/suppliers, etc.</li> <li>○ Consultancy work setting out the emerging rural priorities as a result of the Brexit transition period.</li> </ul>	working group	
18/19	Coastal Communities Prospectus	<i>Please see the next section of the report for details.</i>	Coastal Communities Group	<b>£40k</b>
18/19	Delivering skills of the future through teaching: Teaching for growth	This project addressed the widespread shortage of tutors, teachers and trainers across the SELEP area, via: <ul style="list-style-type: none"> <li>○ Delivering a high-quality awareness raising campaign</li> <li>○ Making a contribution to teacher training costs aligned to priority sectors comprising of 40+ grants of up to £4,000.</li> <li>○ Providing programme management to capture and showcase existing &amp; related support available such as 'Teach-Too' and the tutor CPD work.</li> </ul>	Skills Advisory Group	<b>£166.6k</b>
19/20	SELEP Creative Open Workspace and Masterplan Prospectus	The project addresses a gap in suitable available workspace for the Creative, Cultural and Digital Sector across SELEP. Its outputs are: <ul style="list-style-type: none"> <li>○ A refreshed SECEN Prospectus to describe exemplary pipeline projects,</li> <li>○ A Creative Open Workspace report and toolkit,</li> <li>○ A Cultural Planning Policy Guidance that can be adopted by local authorities,</li> <li>○ A minimum of three Creative Enterprise Zones,</li> <li>○ SELEP-wide pipeline of investment-ready open workspace projects, &amp;</li> <li>○ Development of the governance and operating structure for a new creative workspace finance vehicle.</li> </ul>	SECEN	<b>£49k</b>
19/20	Energy and Clean Growth – Supply Chain	An in-depth analysis of the supply chain for the local energy and clean growth sector, and the creation of a Customer	Clean Growth	<b>£129.5k</b>

	Mapping	Relationship Management system that will then be used to develop a targeted Clean Growth Support Programme. Sector-based interventions will be prioritised and selected from the Clean Growth Support Programme and will be piloted as part of the project.		
19/20	Accelerating Opportunities within the Newhaven Enterprise Zone	SSF paid towards: <ul style="list-style-type: none"> <li>○ An Estates Improvement Plan</li> <li>○ Testing &amp; assessing options for creating an Industrial Business Improvement District, and</li> <li>○ Marketing of the Newhaven Enterprise Zone</li> </ul>	Enterprise Zone	<b>£115k</b>
<b>TOTAL allocated to date (since SSF established in June 2017)</b>				<b>£1,293,500</b>

## Appendix 2 Sector Support Fund (SSF) Application Template

<b>1. Project Title</b>	
BUYLOCAL SOUTH EAST	
<b>2. Project Location</b>	
Lead contact location, Produced in Kent, Rural Regeneration Centre, Blackman's Farm, Blackmans' Lane, Hadlow, Tonbridge, Kent TN110AX	
Primary delivery locations:	
<ul style="list-style-type: none"> <li>• Virtual delivery through online collaboration tools such as Zoom, Teams and Webjam</li> <li>• Produced in Kent, Blackman's Farm, Blackman's Lane, Hadlow, Tonbridge, Kent TN110AX (Floortje Hoette, CE)</li> <li>• Natural Partnerships CIC, Ivy Cottage, Poynings Road, Poynings, BN45 7AG</li> <li>• Rural Community Council of Essex, Threshelfords Business Park, Inworth Road, Feering, CO5 9SE</li> </ul>	
<b>3. Lead point of contact for Project</b>	
Name	Floortje Hoette
Organisation	Produced in Kent
Job Title	Chief Executive
Telephone	07734058309
Email	Floortje.hoette@producedinkent.co.uk
<b>4. Lead contact in County Council/ Unitary Authority (if different from above)</b>	
Name	Paul Jordan
Organisation	Kent County Council
Job Title	Principal Project Officer (Analysis), Growth, Environment & Transport
Telephone	03000 416328
Email	Paul.jordon@kent.gov.uk
<b>5. Description of Project (No more than 300 words)</b>	
<p>The Food and Drink sector is moving up on the regional government agenda: In past years, food tourism has been growing in the southeast, British food (Buy British) – in particular its wine – has become hugely popular in and outside of the UK and customers have grown more environmentally aware, shifting their attention to local and sustainable food .</p> <p>Covid19 has brought the role of the food and drink sector in our regional rural economy into sharp focus. The forced shutdown of pubs, restaurants and cafes has had a disastrous effect on the hospitality sector and its supply chain of growers, producers and distributors. Now is the moment to capitalise on a renewed focus on local buying to support all businesses in the food and drink sector to weather the Covid19 storm and rebuild a sustainable business in the recovery period.</p> <p>We therefore propose:</p> <ul style="list-style-type: none"> <li>• A <b>regional website and portal</b> to signpost customers to local food and drink businesses showing the SELEP region (<a href="http://www.buylocalfoodanddrink.co.uk">www.buylocalfoodanddrink.co.uk</a>), which is a centralised food and drink platform for the area aimed at consumers (B2C page) and businesses (B2B-page) looking to buy local in the Southeast</li> </ul>	

- A SELEP area wide **Buy Local Food and Drink marketing campaign** focussed on local producers, retailers and followed by hospitality and tourism experiences
- Central **database for food and drink businesses** in the SELEP area<sup>1</sup>
- A series of **business recovery support activities** for food and drink businesses based on a sector Covid impact and recovery survey g: This could include: surveys, training, 1-2-1 support, connecting suppliers with buyers, and knowledge exchange conference.

This work is supported by the need from local producers to develop business relations with local wholesale, retail and hospitality sectors to build their businesses. Additionally, a bespoke business support programme is required as expressed by the participants from the Good Food Growth Campaign (2019 – 2020)

#### 6. Federated Board endorsement

The process of endorsement by Federated Boards is underway.

#### 7. Project links to SELEP Economic Strategy Statement (ESS)

*Please identify which objectives within the current ESS that this project will assist in delivering*

ESS Priority areas	Description	Support provided by project
1. Creating ideas and enterprise	Increase the adoption of new technologies and processes	Through its virtual business recovery support package, the project will enable small rural businesses to access expertise to support development of new products/services, and build products/services started in response to the Covid19 crisis. Advice and training on new technologies and innovations in the areas of food production and delivery techniques, food processing, sales and marketing, routes to market and access to new markets will enhance economic development and support job creation.  The sector Covid19 impact and recovery survey will inform in which specific areas support will be provided
1. Creating ideas and enterprise	Respond to the increasing need for workspace flexibility	The online B2C and B2B platform created by the regional map, as well as the virtual business support offering provides food and drink businesses with a more efficient, cheaper and less time-consuming way of developing business relationships, knowledge exchange and upskilling
1. Creating ideas and enterprise	Ensure that the South East is Britain's gateway for trade and investment	The project, through its B2C and B2B platform, will provide an opportunity to businesses across the three federated areas to connect with each other, with larger regional, national (large retail) and international 'Buyers' as well as with customers residing within and outside of the SELEP area

<sup>1</sup> East Sussex will link their existing map to the regional 'landing page'

4. Creating Places	Supporting quality of life and quality of place	Covid19 has shown the pivotal role the food and drink industry is playing in our local economy and communities. By beating the Buy Local drum through its SELEP-wide marketing campaign, and by supporting growers, producers, retailers and businesses in the hospitality sector boost B2C and B2B sales and build regional supply chains, the project supports the regional economy, promotes a connected, healthy and happy community, and contributes to a well-maintained countryside and a better environment
5. Working together	Working and engaging with business across the South East LEP	The regional map and supporting marketing campaign provide customers looking for local produce an insight into the great variety of food and drink businesses in the SELEP area, with the regional map providing a direct Call to Action, boosting sales and subsequent business growth. The map and business support activities offer the opportunity for local producers to engage with broader market and build on the 'local produce' offer, offering a more sustainable approach to food production which directly supports local job creation and community cohesion.
<b>Rural Strategy Objectives</b>	<b>Description</b>	<b>Support provided by project</b>
RE1 Provide support for rural businesses and businesses in rural areas	<p>Entrepreneurial culture within which people are able to establish, develop and grow or relocate their business with access to a well-trained workforce in a rural location.</p> <p>Increase the number of business start-ups.</p> <p>Create sustainable employment opportunities in rural areas which in turn support's thriving communities.</p>	<p>The project directly supports this objective by creating a B2C and B2B platform through the creation of a regional map and database, boosting B2C and B2B sales, facilitating the creation of a more permanent regional business network and supply chain of independent food and drink businesses , which in turn will help employment and business growth across the sector.</p> <p>The business recovery support package provided will help businesses get back on their feet whilst forging business relations through the virtual and physical events offered.</p>
RE3 Support the development of sustainable rural tourism	<p>Work in partnership at a strategic level across the LEP to support a co-ordinated tourism offer.</p> <p>Broadened tourism business base creates sustainable and</p>	The food and drink offer is integral to the rural tourism sector. This project will help integrate it further by developing current and additional markets through its Buy Local marketing campaign.

	enhanced employment opportunities.	The Buy Local campaign will also extend a hand to the hospitality sector which has suffered disproportionately from the social distancing guidelines, promoting its offering and helping with B2B business development and targeted recovery support
RC2 Develop the skills of the rural workforce	Support the development of local businesses to help upskill and reskill people of all ages and enhance their access to jobs.	The project, through its baseline survey, provides an opportunity to assess current skills gaps post Covid19 and offer targeted upskilling activities
RC3 Build 'community capital' in our dispersed communities, villages and towns	Develop the entrepreneurial potential and resilience of rural communities.	The Buy Local marketing campaign across the SELEP area will boost business confidence, as well as community cohesion and resilience.
Ren3 Support sustainable development and planning to provide a sustainable future	To provide a sustainable future.	Promoting local buying supports the local economy, helps to create local and regional supply chains, and links into the environmental sustainability agenda

### 1. Total value (£s) of SSF sought (net of VAT)

£69,510

**PLEASE NOTE** that the value of SSF funding sought can be scaled down to a minimum of £49,800 by cutting back on marketing and PR costs but we feel that, in order to get the traction we need with a SELEP-wide marketing campaign, the £69,510 ask is justified.

### 2. Total value (£s) of project (net of VAT)

BUY LOCAL PROJECT COSTS		
Activity	Description	Expenditure
Website development		£3,500
Website maintenance	12 months	£2,000
Legal fees	T&C	£3,000
Project Manager	4 days p/m @£300 a day = £1200 p/m	£14,400
Marketing and admin staff support	4.5 days p/m @£200 a day = £900 p/m x 3 = £2700	£32,400
Social media and media advertising	Paid social media, pay per click campaign	£8,000
Marketing collateral		£5,000
PR activities and influencers	Virtual campaign launch, county, regional and national press	£18,000
Sector survey	10-day consultancy (design, data collection and analysis, report) @ £500 a day	£5,000
Business support activities	Virtual networking and training events, virtual 1-2-1 business	£8,000

	support, 1 regional Connecting Suppliers with Buyers, 1 conference	
<b>TOTAL project costs</b>		<b>£99,300</b>

### 3. Total value (£) of match funding (net of VAT)

£29,790

### 4. Funding breakdown (£s)

Source	2017/18	2018/19	2020/21	Total
SSF			£69,510	
Other sources of funding (please list below, add additional rows if necessary)				
Produced in Kent			£19,600	
Natural Partnerships CIC			£5,790	
Rural Community Council			£4,400	
Total Project Cost			£99,300	

### 5. Details of match funding

*Insert details of match funding, including who is providing match, at what value, on what terms and what assurances are there that the match will be provided*

The value of the match funding will be £29,790

Partners will provide the following:

Staff from partner organisations will absorb some of the project management, project marketing and PR support required for the projects:

Project management: Produced in Kent to cover costs of 2 days p/m @ £300 = £600 p/m x 12 = £7200.

Staff marketing support: Each partner to cover costs of 1 days p/m @200 = £200 x 12 = £2400.

PR support and commercial sponsorship: Rural Community Council and Natural Partnership to cover costs of £5390, Produced in Kent to cover costs of £5000.

In addition, the University of Kent will carry out a bespoke piece of work (sector survey) @£5000, which will be managed by Produced in Kent.

### 6. Expected project start and completion dates

Start project: Monday 15 June 2020

End project: 14 May 2021

### 7. Key Milestones

Key Milestones	Description	Indicative Date
Project initiated	Funding confirmed and contract awarded	15 June 2020
Project management group agreed	Structure formalised	19 June 2020
Project Group meetings	Virtual Last Thursday of each month	25 June 2020, and following
Regional marketing campaign developed	Content Strategy Marketing channels identified Key events	26 June 2020



Business info imported into website	Imported from HelpKentBuyLocal Added from Essex Link established from regional website to East Sussex webpage	26 June 2020
Website launched	Regional website County pages (branded)	1 July 2020
Marketing campaign launched	Press release Virtual launch event	1 July 2020
Content sector survey finalised	To be filled out by every new listing	1 July 2020
First News Bulletins to go out	Every County	8 July 2020
500 businesses listed on regional website, plus 250 on East Sussex website	250 per County	25 September 2020
Sector survey outcomes	Sector stats Impact Covid Recovery needs	25 September 2020
Business recovery support package finalised	Depending on outcomes survey, may include: Virtual networking events, sectoral support groups Virtual 1-2-1 business support Virtual training Connecting Suppliers with Buyers (2021) Conference (2021)	2 October 2020
Start of business support activities	<i>As agreed in support package</i> Virtual activities Connecting Suppliers with Buyers	19 October 2020 – 26 March 2020 January 2021 – March 2021
Conference	End of project activity	April 2021
1200 businesses listed on regional website		May 2021
End of project evaluation		14 May 2021
Strategy to monetize regional website by each county	To ensure financial sustainability project post-funding	June 2021
Project impact survey and report		November 2021
<b>8. Benefits created by 2021 (list benefits with number/amount and cash value if applicable)</b>		
Type of Benefit	Number of benefits created	Cash value of benefit (£)
Increased B2C sales – overall uplift of 2-5% across companies involved (acknowledging challenging economic climate)	800 companies (conservative sales estimate of £40 million annually)	Potentially 2% - 5% of £40 million = £0.8million – £2million
Increased B2B sales - overall uplift of 2-5% across companies involved (acknowledging challenging economic climate)	300 companies (conservative sales estimate of £30 million annually)	Potentially 2% - 5% of £30 million = £0.6million – £1.5million
New products developed	10 products developed and taken to market <sup>2</sup>	Potential additional revenue of circa £30,000 per product = £300,000

<sup>2</sup> Whilst the impact of the HelpKentBuyLocal campaign on this development remains to be assessed, Kent businesses since the start of the lockdown, have brought a surprising 16 new products to market – see press release Produced in Kent 30/04/20

Additional employment – target of 30 FTE posts (existing and start-ups)		£18,000 per FTE x 30 = £540,000
TOTAL		£4,340,000

**9. Value for Money – Benefit/Cost Ratio**

*Please insert your Benefit/Cost Ratio (i.e total value of benefits divided by total costs). Please indicate how you have quantified your benefits and over what period those benefits are expected to realised*

The Benefit/Cost Ratio is 48/1 and highlights the significant potential for the development of SELEP’s food and drink sector.

Monitoring will take place during the period of project delivery and continue 6 months beyond that point to ensure adequate time is allowed for an accurate review to take place.

The Buy Local marketing campaign will drive customer and business traffic to the regional website, as well as the County sites it feeds into, and ultimately to the businesses listed on there. A regional map will attract a larger (UK, London and international) audience, which opens up regional, national and potentially international export opportunities, as well as the attention of the large UK retailers looking to provide a ‘local’ offering to their customers.

Covid19 has seen a surge in businesses taking up home delivery or Take Away services, or pivoting in other, often very innovative ways. Project training provided on developing and further building these services (with available digital technologies) and successfully adapting one’s brand and business strategy in line with this operational change, will lead to at least 10 new products developed and taken to market. See also footnote.

Increase in trade across the food and drink sector in the SELEP region will lead to an increase in FTEs. The estimate above is a very conservative one.

**10. Value for Money – Other Considerations**

*Please detail benefits that cannot be quantified or cannot be quantified without lengthy or expensive analysis. This narrative should include details on why the benefit can’t be quantified. If your BCR does not meet the standard 2:1 – please use this section to set out why the investment should be considered*

The project will make a significant contribution to the development and sustainability of SELEP’s food and drink sector as outlined below:

**Promoting the sector through a regional website and Buy Local campaign**

- A visual map will be a catalyst in raising awareness about the wealth of local produce and products available to customers *and* businesses (local, regional, national), boosting B2C and B2B trade and strengthening regional supply chains
- A regional map will attract a wider customer audience to the businesses listed, broaden market horizons (UK and international) and encourage an entrepreneurial approach.
- A regional map will facilitate the creation of a more joined-up business sector network and community, improving communication, information-sharing and collaboration.
- A regional marketing campaign around local buying can create a real buzz and momentum and create serious media attention, which will benefit B2C and B2B trade for the food and drink sector.
- Being part of a Buy Local campaign builds confidence and encourages businesses in recovery, bringing new drive, creativity and energy into the sector.

- PR activities delivered by the three County project partners to their respective professional networks simultaneously will encourage a wide range of stakeholders (local and regional Government, local and regional business support organisations, strategic partners, media and corporate partners) to promote the Buy Local campaign, adding to its success.

**Undertaking a sector Covid19 impact and recovery survey**

- A sector survey will enable the project team to devise a business recovery support package that meets the needs of, and resonates with, those businesses involved.
- A sector survey at the start of the project can serve as a benchmark exercise against which the impact survey and report outcomes can be measured.
- Data collected in the sector Covid19 impact and recovery survey can serve as evidence towards the rural strategy in development, thus strengthening the case for more investment in the sector

**Providing a (virtual) business recovery support package**

- A virtual offering makes it easier and cheaper (no travel costs, less time away from the business) for businesses from across the SELEP region to join, which will boost attendance numbers. Training sessions can be recorded so that those unable to attend can still engage and learn at a later stage
- The virtual character of the majority of business support offered, enables the project to engage sector professionals at minimal cost
- Knowledge sharing will enhance confidence, help forge new business partnerships and encourage investment in business development
- The Connecting Suppliers with Buyers event and end-of-project Conference facilitate a virtual or physical environment to forge and consolidate business relationships

**Link to LoCASE**

- Project can be linked to LOCASE initiatives, reinforcing each other’s aims and objectives. Both are pan -LEP initiatives which offer support and/or business grants to SMEs.

**11. Dependencies and Risks**

*Please detail any scheme dependencies, risks and delivery constraints which may impact on the delivery of the project and or the benefits achieved through SSF investment in the Project*

Risks	Likelihood	Impact	Mitigation	Overall risk
Partner disengagement	Low	Mod/High	Partners well-known to one another and have already provided significant time in pulling the application together. They fully support the sector and have demonstrated a high level of commitment to the project	Low
Poor engagement from businesses	Mod	High	Businesses in Kent and East Sussex are already engaging in existing online networks – integration of these online networks into regional website will be no problem. Captive business audience in Essex because of existing business contacts through GFPG	Low

Lack of conference venues	Low	Low	Covid19 has seen a quick adaptation to virtual meetings, training sessions and networking events – audience will be receptive to this approach during and post-Covid	Low
Skill-set lacking to ensure effective project management	Low	High	Partners involved have a long and successful track-record of managing a broad range of complex, multi-faceted projects. A project management team will be formed to ensure effective delivery.	Low

### 12. State Aid Implications

This project does not breach State Aid Regulations. Whilst businesses will benefit from attending the proposed events any state aid implications are well within de minimis limits.

### 13. Contracting Body

Kent County Council, County Hall, Maidstone, Kent ME14 1XQ will be the contracting body.

**Lead contact:** Paul Jordan, Principal Project Officer (Analysis) | Growth, Environment & Transport

### 14. Project Governance Structure

- **Project Manager:** Jill Sargent, Produced in Kent  
Project manager to:
  - coordinate the overall project and project group
  - communicate with project funding body and account holder
  - Communicate with/develop business support content with external stakeholders
  - undertake project reporting and evaluation
  - be the primary admin of the regional website
  
- **Senior Responsible Officers:**
  - Kent: Jo Gurr, Produced in Kent
  - East Sussex: Paula Seager/Hilary Knight, Natural Partnerships CIC
  - Essex: Beverly Davies, Programme Manager for Essex Rivers LAG, Rural Community Council of Essex

Senior responsible officers to:

- Have access to business data of businesses listed in their area
- Undertake admin of listed businesses in their area
- Roll out Buy Local marketing campaign in their area



- Coordinate support activities in their area
- **Project group** to consist of Produced in Kent (Kent), Natural Partnerships CIC (East Sussex) and the Rural Community Council of Essex, plus the account holder (KCC)
- **Budget account holder:** Paul Jordan, Principal Project Officer (Analysis) | Growth, Environment & Transport, Kent County Council

**15. Declaration**

<b>Declaration</b>	<b>I certify that the information provided in this application is complete and correct</b>
<b>Signature (Lead applicant)</b>	
<b>Print Name</b>	<b>Paul Jordan, Principal Project Officer (Analysis)   Growth, Environment &amp; Transport</b>
<b>Organisation</b>	<b>Kent County Council</b>
<b>Date</b>	<b>1 May 2020</b>

*A version of this document will be made available on [www.southeastlep.com](http://www.southeastlep.com)*

## Sector Support Fund (SSF) Application Template

### **\*\*POST COVID-19 update\*\***

Specifically with regard to Covid-19 response, it should be noted that:

- The project focuses on attracting and supporting people from industry into sector relevant teaching. Supporting people into new careers such as teaching will become even more relevant in the recovery phase particularly for those who have been made redundant.
- The project provides opportunities to grow the digitally active teaching workforce and assessors of tomorrow thereby enabling greater on-line and remote delivery of technical education building upon lessons learnt during the Covid 19 outbreak
- A robust and effective skills system will be vital to recovery and ensuring that delivery is focused on the skills required for the economy post Covid-19.
- The project can be adapted to address digital and online learning training requirements to ensure the skills system is as robust as possible in remote learning delivery.

<b>1. Project Title</b>	
Delivering skills of the future through teaching: <i>teaching for growth</i> (EXTENSION PROPOSAL)	
<b>2. Project Location</b>	
LEP wide	
<b>3. Lead point of contact for Project</b>	
Name	Louise Aitken
Organisation	South East LEP Skills Advisory Group
Job Title	Skills Lead
Telephone	07826 531387
Email	<a href="mailto:Louise.aitken@southeastlep.com">Louise.aitken@southeastlep.com</a>
<b>4. Lead contact in County Council/ Unitary Authority (if different from above)</b>	
Name	As above – SELEP Secretariat C/O Essex CC
Organisation	
Job Title	
Telephone	
Email	
<b>5. Description of Project (No more than 300 words)</b>	
<p><i>This narrative should include evidence of impact in at least three of the four SELEP Federated areas and links to sector based working groups</i></p> <p>SELEP's Skills and Local Industrial Strategies highlighted the widespread shortage of tutors which hinders growth.</p>	

In November 2018, the Skills Advisory Group (now Skills Working Group) submitted a successful SSF proposal to address this. Due to SSF availability at this time, a scaled down version was agreed. This has been very successful. Therefore, an extension is proposed. This was also endorsed at 23<sup>rd</sup> April Skills Working Group particularly in response to covid-19 challenges.

The project has delivered:

- Bursaries to suitably qualified participants to train as teachers in the post-16 sector by studying for teacher training qualifications at Level 3, 4+
- Establishment of <https://www.becomealecturer.org/> to answer generic questions regarding post-16 teaching as a career and signpost enquirers to vacancies
- Development and implementation of a high-profile publicity campaign using web, social media and radio to raise the awareness to industrial practitioners of opportunities the post-16 sector provides for a second career  
Production of videos featuring industrial practitioners who have become teachers at <https://www.becomealecturer.org/>

Applications have been nearly 300% above target. Match funding has exceeded the target of £81,300 by 45%:

As of 23.04.20	Number of bursaries awarded	Total cash value of bursaries	Value of match funding achieved
Level 3	24	£9,240	£9,020
Level 4 and above	73	£116,309	£109,200
<b>Total</b>	97 (Target = 34)	£125,549	£118,220 (Target = £81,300)

#### Anticipated outcomes of project extension

- Increased reach of the project across a broader socio-economic range of those wishing to become teachers
- Post Covid-19 range of career change opportunities including digital focused teaching
- Greater reach to SELEP sector skill priority areas
- 60 new entrant teachers in skill shortage areas joining post-16 education and training providers and studying for Level 3, 4 and 5 teacher training qualifications
- 45 new entrant teachers qualified and being retained in the sector beyond one year

#### 6. Federated Board endorsement

*Please indicate which Federated Boards have endorsed the project, including dates of any relevant meetings.*

**Opportunity South Essex** - (endorsed by written procedure and confirmed by Ian Lewis on 23<sup>rd</sup> March 2020)

**Team East Sussex** – endorsed at meeting on 16<sup>th</sup> March 2020 (as per meeting minutes at <https://www.eastsussex.gov.uk/media/15030/tes-minutes-16-mar-2020.pdf>)

**Kent and Medway Economic Partnership** - endorsed in principle on 29<sup>th</sup> April. Note that full endorsement is subject to KMEP meeting on 3<sup>rd</sup> June.

**Success Essex** – this will be considered at the 11<sup>th</sup> May meeting so if endorsement is given, this will be confirmed ahead of 12<sup>th</sup> June Strategic Board.

## 7. Project links to SELEP Economic Strategy Statement (ESS)

*Please identify which objectives within the current ESS that this project will assist in delivering*

The SELEP economic Plan and Local Industrial Strategy (LIS) confirms skills as a top priority for the SELEP area. It's been identified as a cross cutting theme and priority for the LIS.

In order to deliver against the specific ambitions as below, addressing teaching shortages will be essential. This is particularly the case in delivering the sector growth the LIS sets out. Specifically, this project will deliver against the following objectives;

- Apprenticeship and industry relevant training growth
- Higher, technical and STEM based qualifications
- Raising skills levels overall
- Delivering against the skills capital projects to meet the training needs of more employers
- Piloting sector-based tutor training

The project outlined also addresses one of the key barriers to economic growth identified in the SELEP Skills Strategy 2018-2023 and for the new LEP Skills Advisory Panel.

The need for the project has been proven by its success as the KPI figures show. The annual churn rate of staff is approximately 14% averaged across the participating providers. Part of the project objective is to reduce this and we recognise this will take more time than the original project timescale.

Against this background we would like request funding for the project's continuation for a further 12 months which would enable

- I. The production of five additional areas to increase project reach targeting alternative priority sector skill areas including Professional, scientific and technical, Transport and Logistics, Accommodation, food and logistics and Manufacturing Engineering
- II. Funds to cover the award of 60 more bursaries spread across level 3 and above to March 2021 to appeal to those joining the post-16 sector in the post Covid-19 period of June 2020 and beyond
- III. Continuation of the high-profile social media campaign
- IV. The further development and subsequent legacy maintenance of the [www.becomealecturer.org](http://www.becomealecturer.org) website for a period of 12 months

## 8. Total value (£s) of SSF sought (net of VAT)

**£74,000**





	<b>Funds requested</b>
Granting of 60 new bursaries at an average rate of £800 per bursary	£48,000
Production of new series of 6 videos	£12,000
12 months maintenance of website, licencing and hosting	£4,000
Project administration and processing of bursary requests for 12 months	£12,000
<b>Total cost of project extension</b>	<b>£76,000</b>

**9. Total value (£s) of project (net of VAT)**

**£124,000**

**10. Total value (£) of match funding (net of VAT)**

**£50,000**

	Match funding
Granting of 60 new bursaries at an average rate of £800 per bursary	£48,000 (from FE employers)
Project administration and processing of bursary requests for 12 months	£2,000
<b>Total value of project extension match funding</b>	<b>£50,000</b>

**11. Funding breakdown (£s)**

Source	2019/20	2020/21	2021/22	Total
SSF		<b>£76,000</b>		

Other sources of funding (please list below, add additional rows if necessary)

Project administration by FE Sussex and processing of bursary requests for 12 months		£2,000		
Granting of 60 new bursaries at an average rate of £800 per bursary		£48,000 (from FE employers)		
<b>Total Project Cost</b>		<b>£126,000</b>		

**12. Details of match funding**

*Insert details of match funding, including who is providing match, at what value, on what terms and what assurances are there that the match will be provided*

We propose a revision to the original project specification to capitalise on the commitment of FE employers to this project by requiring them to provide a firm 50% cash match funding of qualification costs.

As project administrators FE Sussex will provide in-kind office services and infrastructure to the value of £2,000. (Telecommunications, ICT resources, travel, on-call availability etc).

Note that the original project was subject to a Request for Quotation process which FE Sussex were successful with. The extension would therefore involve a continuation of delivery by FE Sussex (working with partners in Essex and Kent as per current arrangements).

### 13. Expected project start and completion dates

As this is an extension, this could happen as soon as funding is confirmed. Assuming a June board approval, this would fit well with raising awareness in time for the new academic year in September 2020. The extension is proposed for a 12-month period.

### 14. Key Milestones

Key Milestones	Description	Indicative Date
Re-launch of bursary opportunities utilising <a href="http://www.becomealecturer.org">www.becomealecturer.org</a>	Promote further bursary opportunity to industry and partners	Upon funding award (June 2020)
Continuation of awareness raising campaign	Web / online/ press releases / leaflets/ events	Ongoing – June 2020 onwards
Additional videos featuring tutors in further LEP growth sectors	Add further sectors to the videos featured on the <a href="http://www.becomealecturer.org">www.becomealecturer.org</a>	June – to utilise in campaign / renewed bursary opportunity
Ongoing updating and maintenance of the <a href="http://www.becomealecturer.org">www.becomealecturer.org</a> website	Respond to feedback and ensure maximum effectiveness of site	From June / ongoing for 12 months

### 15. Benefits created by 2021 (list benefits with number/amount and cash value if applicable)

Type of Benefit	Number of benefits created	Cash value of benefit (£)
Tutors / trainers / teachers recruited through bursary	60	
Tutors / trainers / teachers recruited through awareness raising	200 (minimum)	
Individuals trained through new tutors / trainers / teachers	260 tutors / trainers teaching minimum of 100 people each – 26,000 individuals trained	SELEP average earnings (annual) £31,046 x 26,000 people into these jobs = £807,196k

## 16. Value for Money – Benefit/Cost Ratio

*Please insert your Benefit/Cost Ratio (i.e total value of benefits divided by total costs). Please indicate how you have quantified your benefits and over what period those benefits are expected to realised*

Overall, the extension will train approximately 26,000 individuals (through tutors trained). These individuals will enter growth sectors and address the skills shortages and lost productivity which are currently experienced. As per the calculation above, using the average earnings in SELEP as a measure the earning potential of these individuals collectively is £807,196k per annum. Dividing this by the total project extension of £124,000 represents an excellent return on investment.

Costs for the work undertaken represent excellent value also considering the reach and impact this will have:

- 260 tutors trained for a total project extension value of £124,000 = £476.92 per tutor
- Estimated 26,000 individuals trained growth sectors for total project value of £124,000 = £4.76 per individual trained / upskilled

## 17. Value for Money – Other Considerations

*Please detail benefits that cannot be quantified or cannot be quantified without lengthy or expensive analysis. This narrative should include details on why the benefit can't be quantified. If your BCR does not meet the standard 2:1 – please use this section to set out why the investment should be considered*

- This programme will be aligned to the priority sectors as set out in the LEP Skills Strategy and responding to post Covid needs. These are all facing skills shortages and represent lost productivity to the local area. Many offer higher than average earnings and therefore supporting individuals into these jobs will improve productivity and earnings across the LEP area.
- This project aims to unlock one of the biggest barriers and bottlenecks to skills training and jobs growth. This stifles productivity and growth locally. It could have national application and as such would clearly offer even greater value for money.
- Over the longer term, other funding streams can build upon any learning from this programme to continue focus on tutor training and recruitment.
- There is also interest in the programme for other LEP areas who have similar issues. Therefore this represents an excellent opportunity to establish the SELEP area as a leader on this issue.

## 18. Dependencies and Risks

*Please detail any scheme dependencies, risks and delivery constraints which may impact on the delivery of the project and or the benefits achieved through SSF investment in the Project*

Key partners remain fully committed to this programme. This includes key partners such as the Kent Association of Training Organisations (KATO), FE Kent, Sussex Council of Training Providers (SCTP), the Essex Provider Network and the Federation of Essex Colleges. The timely and successful delivery of the original project by FE Sussex gives a very good degree of confidence in a project extension.

Feedback from colleges who have been awarded bursaries further helps to illustrate the need for the project and its take up:

Bexhill College	Karen Hucker Principal	“For the past few years we have had difficulty in recruiting and retaining teachers of maths, English, science (chemistry and physics) and engineering. The SELEP campaign has enabled us to provide financial and practical support for new teachers when undertaking in-service training for teaching qualifications which has been an incentive for recruitment and retention. The generic website <a href="https://www.becomealecturer.org/">https://www.becomealecturer.org/</a> provides very good awareness raising of what life is like teaching in the post-16 sector”.
Plumpton College	Jeremy Kerswell Principal	“Over the past two years, Plumpton has adopted a large number of the new technical qualifications for full time students and apprenticeship standards for the workplace to ensure our students are best equipped for progression into an ever changing workplace. The attraction and development of staff is pivotal to this, and the SELEP bursary programme has enabled us to train a number of staff who have joined the college straight from industry and perhaps more importantly, establish a peer coaching and development network using advanced practitioners from across the college”.
Colchester Institute	Elaine Hart Director of Human Resources	“The SELEP bursaries have enabled us to continue to offer support to new teachers to gain a PGCE despite the pressures on our budgets. It has been an attractive part of a recruitment package which has drawn experts from industry into teaching”.
East Sussex College Group	Clive Cooke CEO	“Attracting staff into the sector in a realistic way, setting expectations of job roles and responsibilities and providing full induction to typical duties is key to their retention. This project has enabled us to tick all these boxes and improve our efficiency in trying to recruit the right staff first time. On the back of this we are incorporating becomealecturer.com into the recruitment procedures of hard to fill vacancies such as engineering, gaming and maths”.

**19. State Aid Implications**

*Please indicate how your project complies with State Aid Regulations*

*NB: A declaration of compliance with EU or other State Aid Regulations will be required prior to any SSF being provided. If your project is awarded SSF it will be subject to a condition requiring the repayment of funding in the event that the European Commission or UK Government determines that the funding constitutes unlawful State Aid*

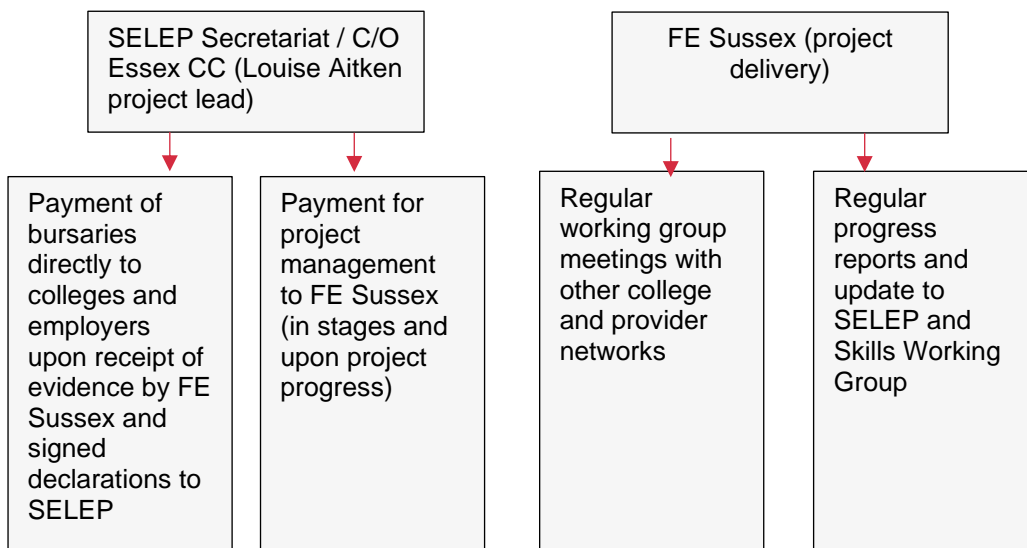
**20. Contracting Body**

As with the original project, Essex County Council as Accountable body will manage the funding (Louise Aitken, SELEP Skills Lead to lead) and utilise the existing agreement with FE Sussex as Delivery partner to ensure payments happen as per delivery against the key milestones.

**21. Project Governance Structure**

*Please explain the project governance structure (ideally as a diagram with accompanying text), including the Project Manager, Senior Responsible Officer.*

Note that the original project was subject to a Request for Quotation process which FE Sussex were successful with. The extension would therefore involve a continuation of delivery by FE Sussex (working with partners in Essex and Kent as per current arrangements). This is shown in the diagram as below.



**22. Declaration**

<b>Declaration</b>	<b>I certify that the information provided in this application is complete and correct</b>
<b>Signature (Lead applicant)</b>	
<b>Print Name</b>	Louise Aitken
<b>Organisation</b>	South East LEP



<b>Date</b>	29 <sup>th</sup> April 2020

*A version of this document will be made available on [www.southeastlep.com](http://www.southeastlep.com)*

## Appendix 2 Sector Support Fund (SSF) Application Template

<b>1. Project Title</b>	
SE Export Development (SEED)	
<b>2. Project Location</b>	
<ul style="list-style-type: none"> <li>Location of delivery &amp; supporting partners: Kent, Medway, North Essex, South Essex, East Sussex.</li> <li>Location of project beneficiaries (SMEs): whole SELEP area</li> <li>Location of project implementation: whole SELEP area and targeted international market</li> </ul>	
<b>3. Lead point of contact for Project</b>	
Name	Steve Samson
Organisation	Kent County Council
Job Title	Trade Development Manager
Telephone	03000 417167
Email	<a href="mailto:steve.samson@kent.gov.uk">steve.samson@kent.gov.uk</a>
<b>4. Lead contact in County Council/ Unitary Authority (if different from above)</b>	
N/A	
<b>5. Description of Project (No more than 300 words)</b>	
<p>Exporting helps businesses grow, become more innovative and productive but export levels in the SELEP area have tended to be quite low. Now more than ever, exporting will also be a key way for firms to become more resilient as spreading sales across a range of international markets can help to reduce business risk and aid recovery as the Covid-19 crisis begins to abate.</p> <p>Prior to the Covid-19 crisis, companies in the SELEP area had experienced significant uncertainty about the UK's future trade relations with the EU (and other international markets) and they now face further uncertainty in a rapidly changing and challenging international business landscape. Companies had already reported that they faced many challenges when it comes to exporting including a lack of access to international contacts and a lack of internal capacity to focus on export activity. SEED will seek to address these issues whilst considering how best to ensure that SELEP companies can be best supported to take advantage of opportunities to export their products and services as different international markets begin to open up again.</p> <p>SEED complements the existing export support offer from the Department for International Trade (DIT), Enterprise Europe Network (EEN) and Chambers of Commerce (CoC) and will deliver a tailored programme of support to businesses which are 'new to export' or which have significant potential to internationalise and expand activities into different export markets.</p> <p>As a pilot, the project will support companies from a priority industry sector (either Life Sciences, Agri-Food, Environmental Technology or Digital &amp; Creative) which is of strategic importance to the SELEP area and with significant export potential. The project will focus primarily on manufacturers of products within the chosen sector (as it is easier to display products at a trade show), but companies offering services will also have the opportunity to participate, especially through a trade mission.</p> <p>The project will deliver the following activities:</p> <ol style="list-style-type: none"> <li><b>Business Engagement:</b> a series of communication activities to recruit companies from the target</li> </ol>	

sectors wishing to expand into international markets and assessing their suitability to participate in the project. This will be a crucial part of the project to ensure that a good representation of relevant businesses from across the SELEP area are engaged with and supported by the project.

2. **Export preparation:** working to help selected companies get 'export-ready' (with hands-on support from DIT, accredited CoCs and other strategic partners) through 1-2-1 and group training activities (covering topics like market selection in a shifting global environment, complying with new trade regulations, innovation & product adaption for overseas markets, paperwork & customs, routes to multiple markets, managing risks around exports, distribution, getting paid and maximising time at exhibitions). This activity will include an element of responding to evolving business needs around export challenges and barriers to provide up to date and useful information to companies.
3. **A SELEP Stand at an International Trade Show:** Organisation of a SELEP stand at a major international trade show, with dedicated space for 20 companies allowing them to showcase their products / services to global audiences from the right industry sectors. This will also allow the inward investment agencies from the federated areas to promote SELEP abroad as a place to do business. A video will be produced for display on the stand showcasing the best of the sector in the SELEP area and key investment sites and assets. Representatives of the Inward Investment Agencies in the SELEP area will be invited to attend the show to meet with international business contacts and also promote the area as place to invest and do business. Although most international trade fairs have been cancelled in 2020, it is anticipated that such activities will resume in 2021 and it is important that companies from the SELEP area are at the forefront of such opportunities to promote their products to an international audience to aid economic recovery.
4. **A SELEP trade mission** will also be organised to enable a further 30 companies to visit the same show to carry out market research and participate in a range of matchmaking, meet the buyer and market insight presentations.

The project will provide intensive support to 50 businesses from the SELEP area with an estimated split per federated area as follows: Essex: 12, South Essex 8, Medway 5, Kent 16, East Sussex 9

The sector focus and therefore the target international trade show are due to be finalised by the delivery partners and will be decided at the start of the implementation phase when the partnership will review the most suitable international trade show opportunities and take into account the most up to date intelligence and feedback from potential beneficiary companies in the SELEP areas.

*An example below of a typical trade show stand used by Kent in the past gives an idea of what will be developed for SELEP within the SEED project:*





**6. Federated Board endorsement**

Please indicate which Federated Boards have endorsed the project, including dates of any relevant meetings.

- The draft application was sent to KMEP on 16 March for endorsement by written procedure as the physical meeting planned for 17 March was cancelled.
- The Success Essex Board also discussed the project at their meeting on 16 March and supported the bid. Their comments have been taken into account in this application.

**7. Project links to SELEP Economic Strategy Statement (ESS)**

According to DIT, firms that export show higher rates of productivity than those that solely operate in their domestic market. SEED will make an important contribution to Boosting Productivity as part of the ESS which states that *"We will help firms to create better links internationally, through exporting, importing or international partnerships."*

SEED will provide intensive support to businesses in SELEP's strategically important sector, whilst raising the profile abroad of the SELEP area's strengths.

The project aligns perfectly with the new South East Local Industrial Strategy which states:

- Strategic Opportunity; "the South East's critical role as a global gateway and as a leading location for inward investment, linking the UK with international markets. We will work with our gateways to strengthen these locations by ... capitalising on this to increase international trade and enterprise for the region"
- "We can increase domestic and international trade, supporting our businesses to take advantage of our successful track record in securing inward investment and export opportunities."
- "Driving up the UK's export ability – and its attractiveness to inward investors – will be a high priority and one from which the South East will benefit through its role as the UK's global gateway."
- "We will create a thriving business environment that supports our businesses to grow, innovate and to trade internationally. We will also continue to build a strong business-led voice for the South East economy, supporting growth through increased exports, foreign direct investment and exposure to wider markets."

SEED will directly contribute to the following SELIS key outcomes:

- "Increased international trade and investment as a result of improved skills and leadership capabilities"
- "Increased domestic and international trade"

**8. Total value (£s) of SSF sought (net of VAT)**

£129,860

**9. Total value (£s) of project (net of VAT)**

£169,860

**10. Total value (£) of match funding (net of VAT)**

£40,000

**11. Funding breakdown (£s)**

Source	2017/18	2018/19	2020/21	Total
SSF			£129,860	
Other sources of funding <i>(please list below, add additional rows if necessary)</i>				
Dedicated officer time from the partner Local Authorities (Kent, Medway, South Essex) and Chambers of Commerce			£25,000	
DIT SE, DIT East & EEN SE & East International Trade Advisor time			£5,000	
SME contribution towards travel and accommodation costs			£10,000	
<b>Total Project Cost</b>			£169,860	

## 12. Details of match funding

Each of the delivery partners (KCC, Medway Council & Sussex Chamber and South Essex) will contribute a dedicated amount of officer time for the management and implementation of the project.

Further in-kind support through local partners in the SELEP area: DIT International Trade Advisor time will be contributed to the project along with time dedicated to the project from Enterprise Europe Network and the accredited Chambers of Commerce in the SELEP area.

Support from inward investment agencies in the SELEP area in the form of officer time will also be secured for the trade show participation.

The beneficiary SMEs will make a contribution to travel & accommodation costs for the trade shows to help demonstrate their commitment to international sales but this will be proportionate so as not to create a barrier to their participation.

The total value of staff time put into the project by the deliver partners and supporting organisations is likely to exceed the figures above which are a conservative estimate of the overall match allocation for the project.

## 13. Expected project start and completion dates

1 September 2020 to 31 August 2021 (although the planning phase will begin with initial (virtual) meetings and discussions taking place as soon as the project is approved)

## 14. Key Milestones

Key Milestones	Description	Indicative Date
Promotion of SEED Project to target companies	<p>A series of promotional activities will be designed and delivered by the delivery partners as well as being disseminated by strategic local partners (export support organisations, business support organisations and sector groups) including:</p> <ul style="list-style-type: none"> <li>• Social media activity</li> <li>• Promotional flyers</li> <li>• Newsletter articles &amp; bulletins</li> </ul>	Oct-Nov 2020

<p>Selection of companies to participate in support programme</p>	<p>The partners will develop an Expression of Interest form and suitable selection criteria (focusing on export readiness, track record in the domestic market etc) and will invite companies to apply for the programme. The partners will select eligible companies (with expert advice from DIT, EEN, local authorities' ED Teams and the local Chambers of Commerce) for the project and companies which have already been working with core export support services may be particularly relevant for this project.</p>	<p>Nov-Dec 2020</p>
<p>20 x 121 export readiness visits to companies</p>	<p>Each company will receive a 1-2-1 visit from a DIT International Trade Advisor or equivalent Chamber of Commerce or EEN advisor/Local Authority Advisor to ensure that they are export-ready</p>	<p>Dec 2020 -Feb 2021</p>
<p>4 group export &amp; trade show training sessions (2 for each target sector)</p>	<p>Training sessions will be organised in the different federated areas for the selected companies based on their sector with tailored advice about regulations and exporting procedures. These will bring together advise &amp; expertise from the core existing, export service providers in the SELEP area (DIT, EEN, CoCs).</p> <p>Trade show preparation sessions will also be organised to ensure that the selected companies can properly prepare for the trade show stand and maximise their participation</p>	<p>Jan 2021 – March 2021</p>
<p>SELEP trade show stand organised at trade show (20 companies exhibiting)</p>	<p>The delivery partners will book stand space, commission the design of the SELEP stand and make all of the necessary logistical arrangements on behalf of the companies as well as organising receptions / promotional events to maximise the exposure of the companies at the events</p> <p>The partners will also use international connections (DIT overseas posts, EEN's extensive network and the British International Chambers of Commerce network) to make the most of in-market expertise and contacts for the companies.</p>	<p>April-June 2021</p>
<p>Trade Mission (30 companies) visiting trade show</p>	<p>The delivery partners will organise travel, logistics and a full programme of activity for companies attending the trade show as part of the SELEP trade mission.</p>	<p>April-June 2021</p>
<p>Follow-up support to companies</p>	<p>The delivery partners and their local export-support providers (DIT etc.) will work with companies to ensure that leads obtained at the trade show are followed up and that any potential barriers to overseas orders being fulfilled are tackled</p>	<p>July 2021 onwards (this will continue after the formal end of the project)</p>
<p>Evaluation report including details about benefits captured from participating</p>	<p>The partners will capture detailed feedback from the companies to gather information about immediate benefits for each participating company (e.g. leads</p>	<p>August 2021</p>

companies	generated, direct export sales etc.) which will be followed up at regular intervals after the project end date to capture longer term benefits.	
<b>15. Benefits created by 2021 (list benefits with number/amount and cash value if applicable)</b>		
Type of Benefit	Number of benefits created	Cash value of benefit (£)
New skills and knowledge gained by participating SMEs	50 SMEs with new knowledge and boosted internal export capacity	
International exposure for SMEs	50 SMEs exposed to new international markets	
Sales leads generated for companies	20 leads per exhibiting company gained at the trade shows	
New international business contacts made	200 new contacts made by companies participating in trade mission leading to international partnership or co-operation agreements	
Export orders / contracts secured	New export orders company in the year following the project implementation	£200,000 estimate (Average £10K per exhibiting company)
Increased turnover for exhibiting companies	10% increase in turnover between the start of the project and 6 months after the end of the project	
<b>16. Value for Money – Benefit/Cost Ratio</b>		
<p>Based on metrics detailed in an evaluation of UKTI's (now DIT) Tradeshow Access Programme by the London School of Economics in 2008, companies participating in a single trade fair report an average financial benefit of £40,000. Within the SEED project, the amounts will vary from company to company as we will focus on smaller companies who are 'new to export' or who have only limited export experience. So, based on enabling 20 companies to exhibit at an international trade show, we conservatively estimate total export wins to be more than £200,000. We would consider an export win to be new orders or contracts resulting from the participation in the trade shows in the year following the project as it can take some time for companies to follow-up on leads identified at trade shows and subsequently fulfil any export orders. SEED will therefore secure an equal return on investment for the SSF grant.</p> <p>In recent years, DIT-funded trade shows offered £70 return for every £1 spent (Gambica 2018) which shows the value of helping businesses with this type of activity.</p> <p>This project also adds value to previous initiatives funded by SELEP such as the 'Get Exporting' ESIF project which enhanced DIT's core service offer to companies in the SELEP area. This project goes a step further by removing the financial barriers faced by companies to enable them to exhibit at global trade events.</p> <p>We also anticipate other benefits for companies participating in the project such as increased productivity (a key characteristic of exporting companies) and potential collaborations. We will capture details of such benefits using a detailed project evaluation form which companies will complete at the end of the project.</p>		
<b>17. Value for Money – Other Considerations</b>		

Once a company has made the necessary internal preparations for export markets (ensuring compliance with regulations in target market, internationally-tailored communication and labelling materials, suitably skilled staff, decisions on shipping, logistics, payments and aftersales support etc.), in order for SMEs to successfully export, they need to ensure that their products and services are showcased in their target markets. Trade shows are a key way to do this. They offer a unique opportunity to meet potential buyers, collaborators and international industry contacts but attending and especially exhibiting are expensive. SMEs are often unable to resource attendance at such events meaning that they miss out on opportunities to win export business.

By undertaking a SELEP approach to organising a joint stand at a major international trade show, significant value for money is achieved. The costs of developing attractive trade show stands and booking exhibition space can run into tens of thousands of pounds which is beyond the reach of most small companies. Significant staff time is also required to make the necessary logistical and preparatory arrangements and most companies also struggle to do this.

The approach of the SEED project is to eliminate these costs for SMEs and to achieve excellent value for money by investing in a SELEP pavilion which will host 20 companies at an international trade show. The cost per company is significantly reduced. A further 30 companies will also be able to use the stand as a base during the trade mission.

## 18. Dependencies and Risks

Risk	Likelihood	Impact	Mitigation	Overall risk
The possibility of a lack of clarity at the end of the UK-EU withdrawal period causing additional uncertainty among businesses about trading relations with EU and international markets	Possible	High	Monitor Brexit implications during and after the 'Transition Period'	Medium
Risk of corona virus causing the ongoing cancellation or postponing of trade shows and preventing international trade	Possible	High	Plan the trade show participation and trade mission for mid-2021 when the impact of coronavirus will hopefully have significantly reduced	Medium
Failure to recruit sufficient numbers of companies to participate in the main project activities	Unlikely	High	Wide publicity campaign involving local partners in the different federated areas of SELEP and selecting well-known industry events and providing attractive package of hands-on support	Low
Failure to secure direct export wins at the trade shows themselves	Possible	High	Detailed training & preparation activities for companies prior to participating in international trade shows and ongoing support for companies to pursue leads gained after the events	Medium
Not being able to secure the right amount of stand space for the SELEP companies	Unlikely	High	Booking stand space well in advance with enough lead-in time to make all arrangements	Low
Exchange rate fluctuations	Possible	Medium	Costs incurred 'in-market' could be higher than planned if the value of the pound drops significantly	Low

This project was developed before the coronavirus crisis began when the global training environment was very different. Part of the rationale for the SEED project was to provide practical assistance to companies to help them navigate through the additional challenges caused by Brexit. The partners recognise that the world economy now looks very different and will approach the project flexibly to ensure that companies are receiving the right support in a way that ensures maximum exposure to the best international opportunities. The partners and potential beneficiary businesses have now got used to operating in new ways and will take a similar approach to ensure that the project achieves successful and lasting outputs and benefits for companies in the SELEP area.

## 19. State Aid Implications

The value of the support provided to beneficiary companies will be treated as secondary level State Aid under the EU De Minimis regulation (1407/2013). The partners will ensure that the following activities take place to ensure that beneficiaries (SMEs) selected are in line with state aid regulations:

1. Include a self-certification section on the project expression of interest form for companies to sign declaring any previous state aid awarded and that they have not received more than the permitted de minimis threshold during the last 3 fiscal years
2. Informing the beneficiary companies (at the selection stage) of the likely value of the state aid (project support) to be provided through the SEED project
3. Writing to each beneficiary company at the end of the project to confirm how much de minimis aid has been granted by the project.
4. Ensuring that records are retained by the beneficiary companies (SMEs) and the awarding bodies (project partners) for a period of 10 years after the end of the project.

## 20. Contracting Body

Kent County Council, Economic Development, Invicta House, County Hall, Maidstone, Kent, ME14 1XX

Mr David Smith, Director of Economic Development, [david.smith2@kent.gov.uk](mailto:david.smith2@kent.gov.uk) 03000 417176

## 21. Project Governance Structure

Project Manager:  
Steve Samson, Trade  
Development Manager, KCC

Project Officer:  
KCC

Project Lead:  
Medway  
Council

Project Lead:  
South Essex Local  
Authorities

Project  
Contact:  
Essex CC

Project  
Contact:  
Sussex Chamber

Support Partners: (company recruitment & export readiness support)



Essex Chambers  
of Commerce  
(TBC)

- Kent County Council will oversee the implementation of the project building in its experience of running & coordinating export support activities locally. A project manager will be supported by a dedicated

part-time project officer who will work on the day to day implementation of the project.

- South Essex and Medway will also nominate a lead officer for the project who will support the implementation of the project.
- Essex & East Sussex County Councils are unable to dedicate specific staff resource for the implementation of the project but will keep in contact with the project officers from the other federated areas to ensure a fair representation of businesses from all areas. External 'support partners' (DIT, EEN and Chambers from across the SELEP area will support the implementation of the project including identifying potential beneficiary companies and delivering export readiness training and advice.
- The above individuals will take part in the project steering group which will meet at regular intervals (and arrange regular teleconferences) to plan and oversee the implementation of the project.

## 22. Declaration

<b>Declaration</b>	I certify that the information provided in this application is complete and correct
<b>Signature (Lead applicant)</b>	Digital submission
<b>Print Name</b>	Steve Samson
<b>Organisation</b>	Kent County Council (Economic Development)
<b>Date</b>	30 April 2020

## ITEM 5

**Date:** 3 June 2020

**Subject:** ERDF/SEEDA Legacy Funding

**Report author:** Sue Berdo, Growth Hub Programme Manager, Kent County Council

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### Summary:

The paper informs KMEP board members about the ERDF/SEEDA legacy funding which is available for SELEP to use within the old SEEDA Region (i.e. Kent, Medway and East Sussex, not Essex). Conditions in relation to the use of 2007-13 legacy funds can be found at Appendix 1.

This paper outlines a proposal for the use of these funds. The SELEP Strategic Board will be asked to formally approve the proposal at their meeting on 12<sup>th</sup> June.

### Recommendation:

The KMEP Board is asked to comment on the proposal for the use of ERDF/SEEDA legacy funds, determining whether it wishes to endorse the proposal.

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## 1. Background

1.1 Kent first piloted, a Scale Up programme in Ashford in 2017, with just six businesses. Each of these six businesses received high-quality mentoring, support, and advice from an experienced growth coach. As a consequence of the programme, the following outcomes were delivered:

- 1.1.1 £20,000 of grant funding secured
- 1.1.2 £1,000,000 of capital investment secured
- 1.1.3 45 new jobs created
- 1.1.4 1 new premises (expansion)
- 1.1.5 Revenue growth of 20% on average across the six businesses

These impressive statistics helped to ensure the programme as an exemplar in the National Scale Up Institutes annual report and has facilitated the roll out of this programme countywide. The Programme was funded by Kent County Council's SEEDA



Legacy funding, some grant funding (SEBB) and local authority contributions; and was delivered by the Kent & Medway Growth Hub.

- 1.2 The design of the programme centred around a longer period of engagement with the experienced growth coach, which allowed for a greater understanding of the business operation, closer working relationships with key personnel, and more importantly, the delivery and implementation of an agreed plan. The full programme delivered was tracked and measured to demonstrate value and achievement for both the business and the funders.
- 1.3 Scale Up Kent 2019 Programme, identified around 50 businesses with the desire to grow their business. Those businesses, embarked on a programme of support which included the identification of clear goals and objectives, the development of skills to achieve growth, whilst embedding a culture of growth within the business to include accountability.

## **2. Recovery and Growth – Business Support**

- 2.1 In March 2020, when the COVID-19 pandemic was emerging, Kent County Council (KCC) together with the local authorities of Kent decided to use funding of £160,000 to create a new COVID-19 Business Support Line, and commissioned the Kent & Medway Growth Hub to run its operation.
- 2.2 The Kent & Medway Growth Hub Covid-19 Business Support Helpline has taken over 6500 calls in 8 weeks from Kent businesses, and what is becoming apparent is that existing business with potential to emerge from the pandemic require:
  - 2.2.1 Financial support to facilitate return to work/new working practices.
  - 2.2.2 Business Advice around remodelling, leadership and recovery.
  - 2.2.3 Financial support for those sectors last to leave lockdown.
  - 2.2.4 Digital upskilling of existing workforce.
- 2.3 Covid-19 is forcing companies to adapt quickly to change and redesign their products or services, create new ones, and/or explore alternative markets. Whilst some businesses just suspended their activities, others shut down completely, and their subsequent return will undoubtedly need to be phased, whilst they ensure that their working environment is Covid-19 compliant and they adjust to current supply and demand.

## **3. Kent & Medway Pivot Programme**

- 3.1 The Scale Up Programme as previously delivered, could easily be adapted, to support existing businesses who have the potential to emerge from the crisis if they successfully adapt and diversify or 'pivot'. If businesses develop new models and ways of working to resume trading throughout the easing of lockdown towards recovery, sustainable growth could be achieved. Such a Pivot Programme could provide the necessary business support around remodelling, leadership and recovery,

leading to such sustainable growth. It could also complement the financial support (loan or grant) that is currently available, as not all businesses will require financial support, as they would have accessed what has been provided via central government.

3.2 The number of businesses that potentially could access this type of support would very much depend on the delivery model:

3.2.1 Duration of support.

3.2.2 Virtual or face to face engagement.

Volume for face to face over 12 months could support 32 businesses versus a virtual model supporting around 100 businesses. Shortening the duration could significantly and positively impact both scenarios.

3.3 The Pivot Programme will be procured by Kent County Council (KCC). The intention is not to be prescriptive on exactly how this project will be delivered, rather to look for a supplier who offers experience and insight into achieving the objectives described within the tender and/or successfully adapting the original exemplar scale-up programme. Following formal contracting with the chosen supplier, the contract will be managed by KCC's Business Investment Team in the Economic Development Division.

3.4 The support of the Kent and Medway Economic Partnership, particularly the local authorities, would be most appreciated. KCC and the Kent & Medway Growth Hub would work together with other local authority colleagues, to recruit suitable businesses to join the Pivot Programme, via multiple channels using an expression of interest.

#### **4. Timeline**

4.1 Subject to a SELEP board decision, KCC could undertake the tendering process and the necessary preparatory work within a tightened timeframe to be agreed with Kent County Council procurement. Kent County Council would welcome a SELEP decision to be taken as soon as possible, as swift intervention is required now to support economic recovery.

#### **5. Recommendation**

The KMEP Board is asked to comment on and endorse the Pivot Programme proposal.

**Conditions in relation to the use of 2007-13 legacy funds:**

1. The Legacy Fund where possible should support 2014-20 ERDF Financial Instruments but where this is not possible stand-alone re-investment can be considered. Under Article 78(7) EU Regulation 1083/2006 resources returned to the operation from investments undertaken by funds as defined in Article 44 or left over after all guarantees have been honoured shall be reused for the benefit of urban development projects or of small and medium-sized enterprises (SMEs). This reuse refers to the first legacy investment and as this project originally supported SMEs it should be used for the same purpose.
2. A condition of this agreement is that the reinvestment is made in the same region covered by the Operational Programme area (i.e. in England: South East region.) Reference is made to page 48 of the Business Case which states as follows: - “Legacy funds generated from the loan funds will be reinvested in similar / appropriate financial instruments to meet any future market gap requirements within the region and which address similar goals with respect to the region’s ecological footprint”.
3. The fund operator should consult Local Enterprise Partnerships (LEPs) in the appropriate areas and obtain written evidence that LEPs support this as a strategic intervention. Minutes of LEP meetings can be accepted as evidence.

**ITEM 4**

**Date:** 3 June 2020

**Subject:** Award of Growing Places Fund

**Report Authors:** Sarah Nurden, KMEP Strategic Programme Manager

**1. The Growing Places Fund loan**

- 1.1 The South East Local Enterprise Partnership (SELEP) manages a recycled capital loan scheme called the ‘*Growing Places Fund*’ (GPF) programme.
- 1.2 The GPF funding operates as a low-interest loan. Interest is set at 2% below the Public Works Loan Board Fixed Loan Maturity Rate or 0% – whichever is higher on the day when the credit agreement is signed.
- 1.3 Prior to the COVID-19 pandemic, repayments were being made on previous GPF loans, which created the opportunity for SELEP to reallocate GPF loan funding to new projects between 2020/21 and 2025/26.
- 1.4 In Autumn 2019, SELEP advertised in an open call that it was seeking to allocate circa £21m of GPF. Back at that time, SELEP set these criteria to assess which bids would be awarded loan funding:

**Table 1 – 2019 GPF criteria**

Assessment Criteria	Pre-assessed by	Explanation:
Strategic Fit	Federated Board	<ul style="list-style-type: none"> <li>• The project should have a strong fit with SELEP and local economic objectives.</li> <li>• It should create/safeguard jobs, enable housing development, and/or create new learners.</li> </ul>
Need for intervention	Independent Technical Evaluator	The project should address a market failure & demonstrate the need for public-sector intervention.
Viability		The project should be viable with sensible cost assumptions, secured match-funding, identified timescales, and a sensible plan of how any operational revenue costs will be met.
Deliverability		The project should be deliverable within the timescale. The risk from potential constraints and project dependencies (including, but not limited to, land acquisition, planning approval, and environmental constraints) to the project cost and delivery timescales should be low.

Expected Benefits	<i>Independent Technical Evaluator</i>	<ul style="list-style-type: none"> <li>• The new/safeguarded jobs, homes, and skills benefits are expected to outweigh total project costs by at least a 2:1 ratio.</li> <li>• The projects should provide robust, justified and well-evidenced analysis of the estimated number of jobs, houses, learners.</li> </ul>
Pace of benefit realisation		<ul style="list-style-type: none"> <li>• The benefits should ideally immediately follow project completion.</li> <li>• The risk of project benefits not materialising should be low.</li> </ul>
Contribute to the establishment of a revolving fund		<ul style="list-style-type: none"> <li>• The project promoter should commit to a 5-year repayment schedule. (The GPF loan should be repaid by 31<sup>st</sup> March 2026).</li> <li>• There should be no concerns raised about the project through credit checks.</li> </ul>

1.5 Applicants were told that the SELEP Investment Panel would meet in the spring of 2020 to prioritise the GPF applications and determine which bids should be allocated funding (subject to the Accountability Board’s final approval).

1.6 Applicants knew that the SELEP Investment Panel’s decision would be informed by two factors:

- A prioritisation of the strategic fit completed by the local federated board (e.g. KMEP)
- A technical assessment of the scheme completed by SELEP’s independent technical evaluator (i.e. Steers).

## 2. Prioritisation of Strategic Fit

2.1 In response to the call for submissions, KMEP received 18 expressions of interest. At its meeting in November 2019, KMEP prioritised the bids solely on strategic fit and created this list of its eight most strategic projects in order of priority:

**Table 2 – Pre-COVID strategic fit assessment by KMEP**

1. **Wine Innovation Centre** – Applicant is NIAB EMR; GPF ask is £600k
2. **Herne Relief Road** – Applicant is Kent County Council; GPF ask is £3.5m
3. **Swanley Town Centre** – Applicant is Sevenoaks District Council; GPF ask is £1.49m
4. **No Use Empty Commercial Phase 2** - Applicant is Kent County Council; GPF ask is £2m
5. **Green Hydrogen** – Applicant is Ryse; GPF ask is £3.47m
6. **No Use Empty Residential** - Applicant is Kent County Council; GPF ask is £2.5m
7. **Coombe Valley** - Applicant is Alliance Building; GPF ask is £1m
8. **Hatchery @ Preston Farm** - Applicant is the Hatchery team; original GPF ask was £1m (now reduced to £500k).

2.2 Detailed information about each scheme can be found in Appendix A.

## 3. Banding of schemes on technical assessment

3.1 Between Dec 19 and March 20, SELEP’s Independent Technical Evaluator undertook a technical assessment of these eight Kent and Medway schemes. As part of this process, they met the applicants face-to-face to ask them clarification questions.

- 3.2 The outcome of the ITE assessment had been due to be presented at KMEP on 17<sup>th</sup> March, but the meeting was cancelled due to the emerging COVID-19 pandemic. The presentation for that meeting, written by the ITE, is attached separately as Appendix B.
- 3.3 In summary, the ITE banded the Kent and Medway schemes as follows:

**Table 3 – Pre-COVID technical assessment by KMEP**

<b>Schemes with high deliverability &amp; viability</b>	<ul style="list-style-type: none"> <li>• Wine Innovation Centre</li> <li>• Herne Relief Road</li> <li>• No Use Empty Commercial Phase 2</li> <li>• Green Hydrogen</li> <li>• No Use Empty Residential</li> </ul>
<b>Schemes with medium deliverability &amp; viability</b>	<ul style="list-style-type: none"> <li>• Swanley Town Centre</li> <li>• Coombe Valley</li> <li>• Hatchery @ Preston Farm</li> </ul>

4. Change in GPF process due to COVID-19

- 4.1 As a result of the COVID-19 pandemic, SELEP decided in April 2020 to pause and reflect on how best to use the GPF money, as this is the only significant tranche of funding at its disposal to support economic recovery from these unforeseen circumstances.
- 4.2 The SELEP Strategic Board decided on 17 April 2020 that the entirety of the funding should not be used to support the GPF applications, rather a proportion of GPF should be set aside to support specific COVID-19 economic recovery plans. The SELEP Strategic Board did not place a numerical value on the split between the two options, but it is understood that SELEP officers will recommend to the SELEP Strategic Board that £12m is used to support GPF projects.
- 4.3 The SELEP Strategic Board also noted that COVID-19 may have had an impact on the viability of some of the GPF applications, so a questionnaire was sent to each applicant asking if and how COVID-19 has impacted their scheme. The SELEP Capital Programme Team then analysed the risk. The table below shows the responses for Kent and Medway projects:

**Table 4 – Impact of COVID-19 on each GPF scheme**

Project title & short summary	Has COVID-19 impacted the project (according to scheme promoter)?						Risk assessment comments provided by SELEP officers
	Scope	Cost	Match-funding	Delivery Schedule	Scale of benefits	Repayment schedule	
<p><b>Wine Innovation Centre</b></p> <p>R&amp;D investment in UK's only research vineyard. GPF used to pay for construction of laboratory and fit out with fermentation tanks, fruit press, lab equipment, etc.</p>	Same (as before)	Same	Same	Same	<b>Increased:</b> Innovative technologies will impact the competitiveness of the sector.	Potentially <b>delayed</b> by one year (as land sale delayed)	<ul style="list-style-type: none"> <li>The risk to repayment may delay reinvestment of GPF into another project by a year.</li> </ul>
<p><b>Herne Relief Road</b></p> <p>Widen 'rat run' used between Herne Bay and Canterbury. New roundabout junctions, pedestrian &amp; cycling facilities to be provided. Project should reduce congestion &amp; traffic volumes in Herne village, whilst also providing the infrastructure required to support construction of new homes in the area.</p>	Same	Same	Same	Same	Same	Same	<ul style="list-style-type: none"> <li>There may be a risk that housing developments due to provide S106 funding contributions will not be progressed in accordance with the expected timetable, which could impact the repayment schedule. This may delay reinvestment of GPF into another project.</li> <li>There is a risk that costs could increase depending upon inflation. The project promoter would bear the risk.</li> </ul>
<p><b>Swanley Town Centre</b></p> <p>The overall programme will deliver a business hub, a replacement leisure centre, direct housing delivery &amp; mixed-use development including hotel, restaurant &amp; housing across five Sevenoaks D.C. owned sites in Swanley, which in turn will provide a catalyst for further private sector development. The GPF funding will be used to create a business hub in Swanley High Street.</p>	Same	<b>Increased</b> (within available budget)	Same	Same	Same	Same	<ul style="list-style-type: none"> <li>Complex project consisting of various different sites and types of development - consideration needs to be given as to whether all proposed land uses are still viable in the current economic climate and what the impact on the wider regeneration programme will be if certain elements are no longer viable.</li> <li>Indication that project costs have increased but no explanation as to why and to what extent.</li> <li>Outstanding concern regarding project affordability (as identified through the ITE assessment).</li> <li>Very little information provided regarding the impact of COVID-19 and how the project helps to support economic recovery.</li> <li>Demand for office/business hub workspace could</li> </ul>

							reduce as a result of COVID-19.
<p><b>No Use Empty Commercial Phase 2</b></p> <p>The project will provide short-term secured loans to bring empty commercial properties back into use for alternative commercial, residential or mixed-use purposes.</p>	Same	Same	Same	Same	Same	Potentially <b>delayed</b> by one year	<ul style="list-style-type: none"> <li>Whilst demand for the scheme remains, there is ongoing uncertainty regarding the impact that COVID-19 will have on the property market (particularly in High Street locations) which may impact on the ability to meet the current repayment schedule. This may delay reinvestment of GPF into another project.</li> </ul>
<p><b>Green Hydrogen Generation Facility</b></p> <p>Install the UK's largest zero carbon hydrogen production system near Herne Bay. The system will be powered by way of a direct connection to the on-land substation for the existing Vattenfall offshore windfarms.</p>	Same	Same	Same	Same	Same	Same	<ul style="list-style-type: none"> <li>Planning consent not yet granted. The planning application is due to be considered on 2 June.</li> </ul>
<p><b>No Use Empty Residential</b></p> <p>The project aims to improve the physical urban environment in Kent by bringing empty properties back into use as quality housing accommodation.</p>	Same	Same	Same	Same	Same	Potentially <b>delayed</b> by one year	<ul style="list-style-type: none"> <li>Whilst demand for the scheme remains, there is ongoing uncertainty regarding the impact that COVID-19 will have on the property market which may impact on the ability to meet the current repayment schedule. This may delay reinvestment of GPF into another project.</li> </ul>
<p><b>Coombe Valley</b></p> <p>Construction of 26 flats and 4 houses, all of which will be affordable in a deprived area. The units will be sold to Dover District Council housing association (subject to agreement). The GPF funding will be used to fund the required land acquisition.</p>	<b>Increased:</b> Potential to purchase another part of site, allowing 16 more units to be delivered.	Same	Same	Same	Same	Same	<ul style="list-style-type: none"> <li>Unknown effect on property market as a result of COVID-19. However, it is expected that demand for affordable units will remain at the current level or increase.</li> <li>Planning process is still ongoing.</li> </ul>
<p><b>Hatchery at Preston Farm</b></p> <p>The project will create 20,000 sq.ft. of exceptional flexible workspace aimed at helping small businesses grow faster. The site will be redeveloped</p>	Same	Same	<b>Increased:</b> £500,000 of funding has been secured	<b>Extended:</b> Minor delays occurred, such as	Same	Same	<ul style="list-style-type: none"> <li>GPF funding request has halved as alternative funding secured for Phase 1 therefore project benefits are also halved.</li> <li>Delays encountered in undertaking surveys etc. as a result of COVID-19, has the potential to impact on</li> </ul>



<p>into an innovative new work and community hub hosting approximately 250 workers.</p>			<p>from the Kent and Medway Business Fund.</p>	<p>surveys taking longer to complete, but nothing of significance.</p>			<p>the overall delivery programme.</p> <ul style="list-style-type: none"> <li>• Demand for office/business hub workspace could reduce as a result of COVID-19.</li> </ul>
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## 5. **Next Steps and Recommendations**

- 5.1 The SELEP Strategic Board is due to consider the GPF applications at its meeting on 12<sup>th</sup> June 2020, and determine which schemes should be prioritised to receive funding.
- 5.2 To aid their discussion, they have asked the federated boards to reflect on the comments of the ITE, and the results of the COVID-19 survey, and decide if they wish to retain or amend their local prioritisation.
- 5.3 As the available funding pot for these GPF schemes may decrease by circa 50%, KMEP may wish to select and order its four highest priorities.
- 5.4 The Wine Innovation Centre and the Herne Relief Road were the original top priorities for KMEP back in November 2019. The ITE technical assessment determined that both schemes had high deliverability and high viability. Whilst there is an element of risk introduced by COVID-19, this mirrors the increased risk experienced by all schemes (except Green Hydrogen & Coombe Valley). The first recommendation to the KMEP board is therefore to confirm if it wishes to retain these two projects as its first and second priority respectively.
- 5.5 The second recommendation put to the KMEP board is to reflect on its preferred third and fourth priority. Views of the board members will be sought at the meeting.
- 5.6 The KMEP Board are asked to:
  - Note the ITE assessment of each Kent and Medway bid (found in table 3 & appendix B)
  - Note the COVID-19 impact on each scheme (found in table 4).
  - Reflect on its original prioritisation of bids and decide if the priority order should be maintained or amended in advance of the SELEP Strategic Board on 12 June 2020.

## 1. Project Information

1.1 An overview of each Kent and Medway project is given below:

Project	Wine Innovation Centre
Project Promoter	NIAB EMR, based in East Malling
GPF Ask	£600,000
Project Description	<p>The East Malling Trust (EMT) in partnership with NIAB EMR propose to build a facility to host a Wine Innovation Centre at the East Malling Estate. The vision of this project complements NIAB EMR's investment in the only UK research vineyard to support Kent's wine sector to develop as global leaders in innovation.</p> <p>With 3,500 ha viticulture is the fastest growing agriculture sector in the UK. Despite the growing trend the industry is not profitable yet, due to adverse climate conditions and the lack of suitable bespoke agronomy approaches which have a direct impact on crop yields. The Wine Innovation Centre will build on the success of Kent's wine industry and the development of the East Malling Viticulture Consortium which includes members that collectively account for more than 60% of the wine production of the UK (e.g. ChapelDown, Gusbourne, etc). The majority of the UK's vineyards are located in Kent and the SELEP area; making this sector one of the most promising for growth and economic development in the next 10 years.</p> <p>This project will create infrastructure, services and high-tech facilities which will generate upwards of £1m million (over 5 years) in additional annual R&amp;D spend in the region. It will create 50+ new knowledge-based and highly skilled jobs at NIAB EMR and in the wider industry, in addition to safeguarding 20+ jobs.</p> <p>Accelerating investment at East Malling is a priority to ensure that NIAB EMR and its partners remain at the cutting edge of research and innovation and can secure future public and private sector funding. Access to the most advanced facilities is also essential to attract and retain high-calibre staff, provide the 'know-how' that is needed by industry to deliver sustainable growth and productivity gains, and ensure that Kent, and the SELEP area are established as world-class leader in wine making innovation.</p>

Project	Herne Relief Road – Bullockstone Road
Project Promoter	Kent County Council
GPF Ask	£3,500,000
Project Description	The Herne Relief Road – Bullockstone Road Improvement Scheme is located within Herne Bay.

	<p>Bullockstone Road is currently a constrained weight restricted narrow single carriageway unclassified route which does not provide a safe and suitable route for all users. Despite this, Bullockstone Road is regularly used as a “rat run” between the Greenhill area of Herne Bay and the A291 to Canterbury. Furthermore, the constrained nature of the route as a result of abutting hedges / vegetation and properties do not allow for the provision of walking and cycling.</p> <p>The A291 which travels through the centre of the village of Herne is a key corridor in the area as it provides access between the A299 and the A28 and thus further afield. The strategic importance of the A291 results in this route and the village of Herne being subject to large volumes of traffic. Consequentially, the already highly constrained village of Herne suffers from severe congestion which is documented within the 2017 Canterbury Local Plan.</p> <p>The Herne Relief Road improvements include:</p> <ul style="list-style-type: none"> <li>• the widening of Bullockstone Road to 7m</li> <li>• the provision of pedestrian and cycling facilities between A291 Canterbury Road and Lower Herne Village</li> <li>• improvements to drainage</li> <li>• construction of new roundabout junctions at Lower Herne Village and A291 Canterbury Road</li> </ul> <p>The scheme aims to:</p> <ul style="list-style-type: none"> <li>• Reduce congestion and traffic volumes in Herne</li> <li>• Provide infrastructure that supports the construction of around 2,500 new homes</li> <li>• Provide walking and cycling routes and easier access to bus routes</li> </ul>
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Project	Swanley Town Centre
Project Promoter	Sevenoaks District Council
GPF Ask	£1,490,000
Project Description	<p>The overall scheme is a programme for the creation of a business hub, a replacement leisure centre and direct housing delivery across 5 Sevenoaks District Council (SDC) owned sites in Swanley, which in turn will provide a catalyst for further private sector development. Such further private sector development will include the U +I Plc consented Swanley town centre regeneration scheme and a possible redevelopment of land at Broke Hill for a mixed development of leisure &amp; residential, subject to any revised scheme and planning consent being granted or granted at appeal. This proposed programme of development by Sevenoaks District Council is engineered to generate confidence and interest in investing in Swanley with other private-sector led initiatives following.</p> <p>In summary, the projects that make up the programme are as follows:</p>

	<ol style="list-style-type: none"> <li>1. The construction of a 'Business Hub' on Swanley High Street, with 17 residential units built on the first and second floor levels. The office space of 2,700 sq ft created within the hub will be leased out on flexible lease terms to local and start up business and office users on a business centre model, thus allowing collaborative working and incubator accommodation for companies at the very earliest stage of their development, as well as for freelancers and the self-employed.</li> <li>2. The re-development of the White Oak Leisure Centre to include enhanced spectator facilities and a 6 lane swimming and learner pools, a fitness suite for over 100 stations together with other replacement and enhanced ancillary facilities such as multi-purpose rooms, studios and a café/seating area.</li> <li>3. Over 150 residential units are expected to be developed directly by Sevenoaks District Council across the 5 individual sites.</li> <li>4. The development of 18 residential units and a play area at Alder Way, Swanley, with affordable housing provision at 40%.</li> <li>5. Three dwellings to be built at Russett Way, Swanley.</li> <li>6. A proposal for a mixed use scheme at Bevan Place, incorporating potentially hotel, restaurant and residential uses, all of which would be planning policy compliant and deliver a landmark high-density development to compliment the proposals of U+I Plc within their town centre scheme which secured planning approval at appeal.</li> </ol>
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Project	No Use Empty Commercial Phase 2
Project Promoter	Kent County Council
GPF Ask	£2,000,000
Project Description	<p>KCC is seeking £2m GPF funds to deliver a second phase of NUE Commercial which will bring more long term empty commercial properties back into use.</p> <p>KCC received £1m from GPF2 to deliver its NUE Commercial project (2018-2020). Phase II will enable KCC to build on the success of NUE Commercial and continue to provide short term-secured loans (up to 3 years) to landlords so they can bring empty commercial properties back into use, for alternative commercial, residential, or mixed-use purposes.</p> <p>It will continue to focus on town centres (particularly in coastal areas of Kent), where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.</p> <p>The NUE scheme is intended to provide pan-Kent benefits, with property owners from across the 12 districts able to apply for a loan. KCC have extended the invitation to work with Medway Council.</p>

	<p>Requested £2m GPF will:</p> <ul style="list-style-type: none"> <li>• return 18 empty commercial units back into use and</li> <li>• create 36 new residential homes.</li> </ul>
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Project	Green Hydrogen
Project Promoter	Ryse Hydrogen Ltd
GPF Ask	£3,470,000
Project Description	<p>In this project, new hydrogen production company Ryse Hydrogen Limited will install and operate the UK's largest zero carbon hydrogen production system in Kent. This will be powered by way of a direct connection to the on-land substation for the existing Vattenfall offshore wind farms - Kentish Flats and Kentish Flats Extension (in Herne Bay). In so doing, Ryse will demonstrate the economic and practical viability of generating hydrogen from wind energy to produce hydrogen on a bulk scale to be used in zero emission mobility solutions. In this way Ryse will become the first large scale producer of fully renewable and zero emission hydrogen fuel in the UK</p> <p>Ryse will distribute the hydrogen produced in Herne Bay to fuel fleets of hydrogen buses in the South East (first contracts to supply Transport for London buses have been secured). In addition to these first customers for hydrogen buses, the hydrogen supply will eventually expand to serve fleets of trucks, taxis and trains.</p> <p>Ryse requires this public support from the GPF loan in order to accelerate the pace of development. The company has been formed and is well capitalised to develop a first hydrogen production and dedicated hydrogen distribution system.</p> <p>However, without external support, the first system will be installed at a scale required to meet only the initial small customer demands for hydrogen. This leads to poor economics and a risk of a system stuck without capacity for expansion.</p> <p>Also, the ability to support future projects at scale will be constrained. Were this project in Herne Bay to proceed, Ryse is considering possibly establishing a second hydrogen production system in Kent (potentially in Thanet).</p> <p>Requested £3.47m GPF will:</p> <ul style="list-style-type: none"> <li>• Deliver 16 new permanent jobs on site, and 40 permanent jobs in the supply chain.</li> <li>• Deliver 471,000 tons per annum of carbon saving until 2035</li> <li>• Reduce air pollution by 1,685 tons of NOx, 21 tons of PM2.5, 414 tons of hydrocarbons in the period to 2035.</li> <li>• Result in 6 additional PhD learners, and 29 industrial placements for HE students.</li> <li>• Generate 1,610 sqm of commercial floorspace (current site is former BMX track).</li> </ul>

Project	No Use Empty Residential
Project Promoter	Kent County Council
GPF Ask	£2,500,000
Project Description	<p>KCC is seeking £2.5m GPF funds to scale up the No Use Empty (NUE) initiative to return an extra 100 long term empty properties back into use to provide much needed homes.</p> <p>KCC's award winning NUE initiative is the longest running empty homes initiative in the UK. Operating since 2005, it was expanded across all 12 districts in Kent (2009) returning an average of 400 empty homes back into use per year through a variety of interventions.</p> <p>The £2.5m will be used to provide short term secured recyclable loans (units of £25k), either as a 1st or 2nd charge, using the established application, approval and monitoring processes used by the NUE team.</p> <p>The scheme is intended to provide pan-Kent benefits, with property owners from across the 12 Kent districts able to apply for a loan. NUE are also willing to work with Medway Council to extend the scheme to cover the Medway towns as well.</p> <p>Lack of traditional finance remains a barrier when it comes to bringing empty homes back into use. Latest Council Tax records show a total of 6,738 long term vacant dwellings in Kent and Medway (5,340 in Kent and 1,398 in Medway). The number of long-term vacant dwellings has increased: Kent (12 districts) by 312 and Medway by 284.</p> <p>Requested £2.5m GPF will:</p> <ul style="list-style-type: none"> <li>• return 100 empty homes back into use and</li> <li>• create 50 new 'direct' jobs, and 40 new 'indirect' jobs.</li> </ul>

Project	Coombe Valley
Project Promoter	Alliance Building
GPF Ask	£1,000,000
Project Description	<p>Alliance Building Company Contracts Ltd is purchasing a site in an area of high deprivation and submitting a planning permission to construct for 26 flats and 4 houses. The planning permission will propose all 30 units are affordable, creating a development of 100% affordable housing. There is an early stage indication from Dover District Council they will purchase the units into their Housing Association housing stock. They can then determine the affordable tenure themselves, i.e. social rent, affordable rent, shared ownership, shared rent, rent to buy, discounted sale, starter homes etc.</p> <p>The site is within St. Radigunds, which is the most deprived ward in Dover, and within the top 5% most deprived wards within the nation</p>

	<p>according to the Indices of Multiple Deprivation Data from 2015. This results in lower high prices within the area, and without a public loan, the project is highly unlikely to be delivered due to market viability concerns.</p> <p>As well as the 30 affordable units, the scheme will create 6 new jobs at Alliance Building, and 24 further jobs within the supply chain, etc.</p>
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Project	Hatchery @ Preston Farm
Project Promoter	The Hatchery Team
GPF Ask	Original ask was £1,000,000. Now reduced to £500,000 as Kent & Medway Business Fund is providing match-funding
Project Description	<p>This project will create 20,000 sq ft of exceptional, flexible workspaces aimed at helping small business grow faster:</p> <p>A former farm (called Preston Farm) will be redeveloped into an innovative new work and community hub hosting approximately 250 workers, alongside spaces that will be made available to the local community and visitors, for education, recreation and social uses. In addition, we will hire a 'Hatchery team' of 5 employees to operate the hub and provide support for customers.</p> <p>The farm's existing commercial use is low-intensity with a small horse livery business and a tree surgeon based at the site. In total, there are approx. 8 employees currently working on site. Consequently, there is potential to grow significantly the employment at the site by 247 employees.</p> <p>The intention is to create a new business hub that will serve a number of different customer groups, but with a particular focus on SME businesses and freelancers. The project will see coworking space, markerspace, private offices, meeting rooms, and events space developed across the site. The hub will provide easy-in/easy-out terms and grow-on space to small businesses, as we recognise long-term leases can inhibit business growth.</p> <p>The GPF will be used, alongside private equity and a private loan, to redevelop and fit-out the site.</p> <p>The farm is located to the north of Sevenoaks, which is a district that currently has a very constrained supply of workspace for SMEs and freelancers to use, and high demand for such facilities.</p>



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# Growing Places Fund prioritisation

Kent and Medway schemes

Independent Technical Evaluator (ITE) Assessment

**Please note this presentation was written in March 2020 by the ITE, before the COVID-19 related decisions were made.**

## Growing Places Fund – round 3

Strategic Board agreed the approach to round 3 of the Growing Places Fund on 6<sup>th</sup> October 2019. The process involves three stages:

**Stage 1** – Federated Area assessment, sifting and prioritisation of projects based on Strategic Fit, using information from the Expression of Interest form

**Stage 2** – Independent Technical Evaluator (ITE) assessment

Stage 1 & 2 feed into the scheme prioritisation by the SELEP Investment Panel

**Stage 3** – SELEP Accountability Board funding decision

## Growing Places Fund – round 3

### Growing Places Fund Business Cases submitted

Federated Board	Number of Business Cases submitted	GPF ask of submitted Business Cases
Kent and Medway Economic Partnership	8	£15.56m
Opportunity South Essex	3	£7.5m
Success Essex	1	£3.5m
Team East Sussex	6	£18.62m
<b>Total</b>	<b>18</b>	<b>£45.18m</b>

### ITE Assessment of Strategic Outline Business Cases

Section of Business Case	Requirements
Need for intervention	Promoters should clearly set out the need for public sector intervention
Viability	Promoters should justify the total cost of the project including any assumptions made, the GPF required, the additional sources of funding and how secure they are
Deliverability	Promoters should provide evidence of the planning status, any additional approvals required, the property ownership and any legal requirements that might delay the project or benefits realisation
Expected benefits	Promoters should show the impact that the project is likely to have, the extent to which the stated projects benefits are dependent on the delivery of the GPF project and the scale of benefits
Pace of benefit realisation	Promoters will need to explain how quickly the project benefits will be realised once the investment has taken place
Contribution to the establishment of a revolving fund	Promoters will need to provide evidence of how they intend to repay the loan, together with an anticipated timetable for repayment by 31st March 2026

All areas of the Business Case will be assessed using a Red-Amber-Green system

## Outcome of ITE assessment

### Wine Innovation Centre (East Malling Trust/NIAB EMR), East Malling Estate

Whilst viticulture is the fastest growing agriculture sector in the UK, the industry is not yet profitable due to adverse climate conditions and the lack of suitable bespoke agronomy approaches which have a direct impact on crop yields. The Wine Innovation Centre will build on the success of Kent's wine industry and will generate upwards of £1m in additional annual R&D spend in the region. Accelerating investment at the site is a priority to ensure that NIAB EMR remains at the cutting edge of research and innovation.

£600,000 GPF is sought for the project.

Criteria	Need for intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to revolving fund
<b>RAG rating</b>	Green	Green	Green	Amber	Green	Green

**Expected Benefits (Amber):** The project delivers a number of important benefits, however, there are other GPF project submissions which offer a greater scale of benefits.

# Outcome of ITE assessment

## Herne Relief Road – Bullockstone Road Improvement Scheme, Herne Bay

The project will deliver widening of Bullockstone Road, provision of pedestrian and cycling facilities between A291 Canterbury Road and Lower Herne Village, improvements to drainage and the construction of new roundabout junctions at Lower Herne Village and A291 Canterbury Road. This will reduce congestion and traffic volumes in Herne, whilst also providing the infrastructure required to support construction of new homes in the area.

£3.5m GPF is sought for the project.

Criteria	Need for intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to revolving fund
<b>RAG rating</b>	Green	Green	Green	Green	Green	Green

# Outcome of ITE assessment

## Swanley Town Centre Regeneration Programme

The overall regeneration programme will deliver a business hub, a replacement leisure centre and direct housing delivery across five Sevenoaks District Council owned sites in Swanley, which in turn will provide a catalyst for further private sector development. The regeneration programme by Sevenoaks District Council is engineered to generate confidence and interest in investing in Swanley with other private sector led initiatives expected to follow.

£1.49m GPF is sought for the project.

Criteria	Need for intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to revolving fund
<b>RAG rating</b>	Green	Amber	Amber	Green	Green	Green

## Swanley Town Centre Regeneration Programme

**Viability** (Amber): The current spend profile suggests that costs significantly exceed identified funding sources in 2020/21 which raises concerns regarding the viability of the project. Clarification has been sought from Sevenoaks District Council.

**Deliverability** (Amber): The freehold to land at all five sites is currently owned by Sevenoaks District Council. Planning applications have been submitted for four of the sites. The benefits that are attributed to this scheme are for the entire regeneration programme. Delivery of the entire programme involves several complex, interdependent projects. The funding of each component is linked to the successful delivery of the previous component. This complexity presents a risk to delivery of the entire programme and realisation of the stated benefits.



# Outcome of ITE assessment

## No Use Empty Commercial Phase II, Kent wide

Phase II of the No Use Empty Commercial project will enable Kent County Council to build on the success of Phase I, which received £1m GPF funding, and continue to provide short term-secured loans to bring empty commercial properties back into use, for alternative commercial, residential or mixed-use purposes.

£2m GPF is sought for the project.

Criteria	Need for intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to revolving fund
RAG rating	Green	Green	Green	Amber	Green	Green

**Expected Benefits (Amber):** The project delivers a number of important benefits, however, there are other GPF project submissions which offer a greater scale of benefits.

# Outcome of ITE assessment

## Green Hydrogen Generation Facility, Herne Bay

The project involves the installation of the UK's largest zero carbon hydrogen production system near Herne Bay. The system will be powered by way of a direct connection to the on-land substation for the existing Vattenfall offshore windfarms. The project will demonstrate the economic and practical viability of generating hydrogen from wind energy to produce hydrogen on a bulk scale to be used in zero emission transport solutions.

£3.47m GPF is sought for the project.

Criteria	Need for intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to revolving fund
<b>RAG rating</b>	Green	Green	Green	Amber/Green	Green	Green

**Expected Benefits (Amber/Green):** The project delivers a number of important benefits, however, there are other GPF project submissions which offer a greater scale of benefits

## Outcome of ITE assessment

### No Use Empty Homes Initiative, Kent wide

The project aims to improve the physical urban environment in Kent, by bringing empty properties back into use as quality housing accommodation. The project is intended to provide pan-Kent benefits, with property owners from across all 12 Kent districts able to apply for a short-term secured loan to enable works to be undertaken to bring their properties back into effective use as quality housing.

£2.5m GPF is sought for the project.

Criteria	Need for intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to revolving fund
<b>RAG rating</b>	Green	Green	Green	Amber	Green	Green

**Expected Benefits (Amber):** The project delivers a number of important benefits, however, there are other GPF project submissions which offer a greater scale of benefits

## Outcome of ITE assessment

### Coombe Valley, Dover

The project will bring forward a new-build housing scheme providing 26 flats and 4 houses, all of which will be affordable. These units will be sold to Dover District Council housing association (subject to agreement). The land is currently being purchased via a Subject to Planning agreement and the Growing Places Fund will be used to fund this land acquisition.

£1m GPF is sought for the project.

Criteria	Need for intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to revolving fund
<b>RAG rating</b>	Green	Green	Amber	Amber	Green	Green

# Outcome of ITE assessment

## Coombe Valley, Dover

**Deliverability** (Amber): Pre-app planning assessments have not yet been undertaken. Planning application will not be submitted until June 2020 which would result in potential approval by February 2021. The early stage in the planning approval process at which this project sits raises uncertainty around the deliverability of the scheme.

**Expected Benefits** (Amber): The project delivers a number of important benefits, however, there are other GPF project submissions which offer a greater scale of benefits.

# Outcome of ITE assessment

## Hatchery at Preston Farm, Sevenoaks

The project will create 20,000sqft of exceptional, flexible workspace aimed at helping small businesses grow faster. Preston Farm, a former farm, will be redeveloped into an innovative new work and community hub hosting approximately 250 workers, alongside spaces that will be made available to the local community and visitors, for education, recreation and social uses.

£1m GPF is sought for the project.

Criteria	Need for intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to revolving fund
<b>RAG rating</b>	Green	Amber	Green	Amber	Green	Green

# Outcome of ITE assessment

## Hatchery at Preston Farm, Sevenoaks

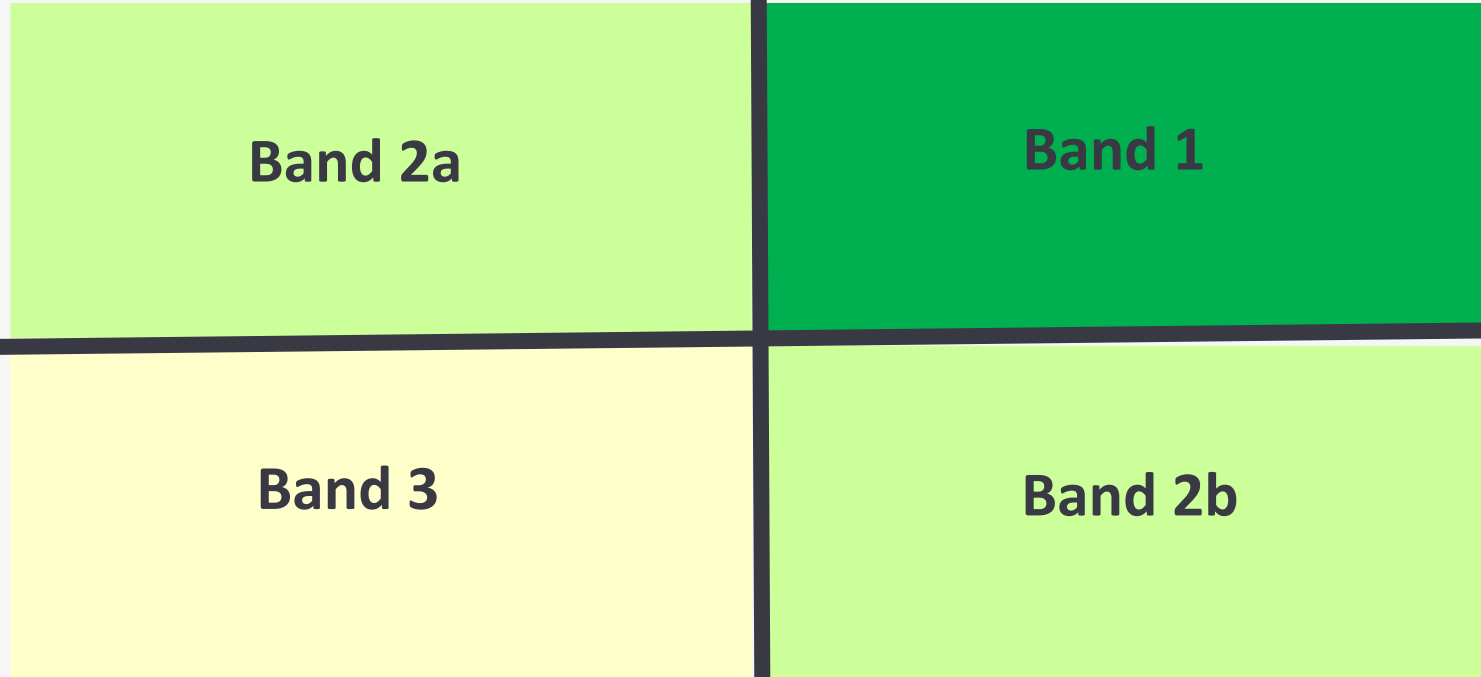
**Viability** (Amber): Only very high level designs have been completed for the site, therefore, further clarification as to how the costs are calculated is needed. Commentary has been provided as to how the build costs will be kept to the budgeted £2.4m. Despite this the fact that there are currently no plans or detailed costs around the fit out raises uncertainty around the viability of the project.

**Expected Benefits** (Amber): The project delivers a number of important benefits, however, there are other GPF project submissions which offer a greater scale of benefits.



High Federated Area priority  
(top 50% of ranked list)

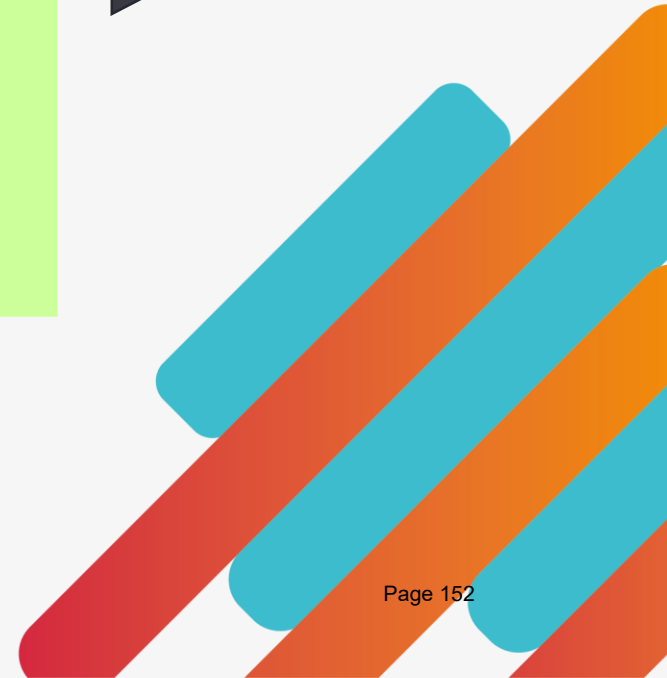
Medium  
deliverability  
/viability\*



High  
deliverability  
/viability

- Some deliverability/viability issues identified through ITE assessment

Medium/ High Federated Area  
priority (prioritised by Federated  
Boards but lower 50% of ranked list)





## Band 1 – High Strategic Fit (i.e. top 50% of local area submission) and high deliverability/viability

Project	GPF ask (£)	Total Project cost (£)	Fed Area Ranking	Need for Intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to a revolving fund
Wine Innovation Centre	600,000	1,555,000	KMEP 1	GREEN	GREEN	GREEN	AMBER	GREEN	GREEN
Herne Relief Road	3,500,000	11,996,200	KMEP 2	GREEN	GREEN	GREEN	GREEN	GREEN	GREEN
NUE Commercial Phase 2	2,000,000	4,590,000	KMEP 4	GREEN	GREEN	GREEN	AMBER	GREEN	GREEN
NUE South Essex	1,000,000	2,650,000	OSE 2	GREEN	GREEN	GREEN	AMBER	GREEN	GREEN
NE Bexhill Urban Extension	3,000,000	4,300,000	TES 1	GREEN	GREEN	GREEN	GREEN	AMBER	GREEN
Barnhorn Green Commercial and Health Development	3,500,000	10,000,000	TES 2	GREEN	GREEN	GREEN	GREEN	GREEN	GREEN
<b>Total</b>	<b>13,600,000</b>								

Band 2a – High Strategic Fit (i.e. top 50% of local area submission) but Amber/Red issues identified for deliverability or viability

Project	GPF ask (£)	Total Project cost (£)	Fed Area Ranking	Need for Intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to a revolving fund
Swanley Town Centre	1,490,000	34,159,000 (Swanley Town Regeneration Programme)	KMEP 3	GREEN	AMBER	AMBER	GREEN	GREEN	GREEN
North Essex Garden Communities	3,500,000	18,000,000	SE 1	GREEN	GREEN	AMBER	GREEN	AMBER	GREEN
Cockle Wharf, Leigh on Sea	3,500,000	7,773,770	OSE 1	GREEN	AMBER	AMBER	AMBER/GREEN	GREEN	GREEN
East Sussex College Group (ESCG)	1,750,000	2,000,000	TES 3	GREEN	GREEN	AMBER	GREEN	AMBER	GREEN
<b>Total</b>	<b>10,240,000</b>								

Band 2b – Medium/High Strategic Fit (i.e. identified as a priority for local area but in the lower 50% of Federated Area ranked list) and high deliverability/viability

Project	GPF ask (£)	Total Project cost (£)	Fed Area Ranking	Need for Intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to a revolving fund
Green Hydrogen Generation Facility	3,470,000	16,520,000	KMEP 5	GREEN	GREEN	GREEN	AMBER/GREEN	GREEN	GREEN
Observer Building, Hastings	3,366,500	7,291,601	TES 4	GREEN	GREEN	GREEN	AMBER/GREEN	GREEN	GREEN
No Use Empty Residential	2,500,000	7,590,000	KMEP 6	GREEN	GREEN	GREEN	AMBER	GREEN	GREEN
Fast track solutions for Hastings Manufacturing Sector	3,500,000	4,500,000	TES 5	GREEN	GREEN	GREEN	AMBER/GREEN	GREEN	GREEN
Centre Court, Devonshire Park, Eastbourne	3,500,000	3,500,000	TES 6	GREEN	GREEN	GREEN	AMBER/GREEN	GREEN	GREEN
<b>Total</b>	<b>16,336,500</b>								

Band 3 – Medium/High Strategic Fit (i.e. identified as a priority for local area but in the lower 50% of Federated Area ranked list) and Amber/Red areas for deliverability/viability

Project	GPF ask (£)	Total Project cost (£)	Fed Area Ranking	Need for Intervention	Viability	Deliverability	Expected benefits	Pace of benefit realisation	Contribution to a revolving fund
Coombe Valley	1,000,000	3,800,000	KMEP 7	GREEN	GREEN	AMBER	AMBER	GREEN	GREEN
Hatchery at Preston Farm	1,000,000	2,147,000	KMEP 8	GREEN	AMBER	GREEN	AMBER	GREEN	GREEN
South Essex Productivity Investment Fund	3,000,000	3,000,000	OSE 3	GREEN	AMBER	AMBER	AMBER	GREEN	AMBER
<b>Total</b>	<b>5,000,000</b>								



## Next steps

- The Board are asked to consider whether the information presented today impacts on their view of the local strategic prioritisation of the GPF projects.

## ITEM 7

**Date:** 3 June 2020

**Subject:** Local Growth Fund Rounds 1, 2, 3 and 3b: Delivery Progress Report

**Report authors:** Kerry Clarke, LGF Programme Manager, Kent County Council  
Jessica Jagpal, LGF Programme Co-ordinator, Medway Council

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### Summary

This report provides an update on the progress in delivering Kent and Medway's Local Growth Fund (LGF) programme, including those schemes that were allocated funding as part of the most recent round of Growth Deal funding (Round 3b).

The Board is recommended to:

1. Note the update on LGF project scheme delivery.
  2. Note the reallocation of funding from existing projects to new projects on the LGF3b pipeline list.
- 

### 1. Introduction

1.1. £177.22 million has been allocated from the Local Growth Fund (LGF) round 1, 2 and 3 to capital projects – primarily transport schemes - in Kent and Medway.

### 2. Kent and Medway's Forecast LGF spend in 2020/21

2.1. SELEP has not yet received its 2020/21 LGF grant allocation from Government; although two thirds of the allocation (£51.915m) is expected in May 2020; with the remaining third (£25.957m) to be paid in September 2020 following a summer review of the LGF programme.

2.2. At the time of writing this report; SELEP has not yet received the formal grant offer letter from Government which sets out the conditions of the LGF grant. There is therefore no current certainty on whether spend of the grant will be possible post March 2021.

2.3. SELEP Strategic Board will meet on 12<sup>th</sup> June 2020 to agree an approach to the possibility that a proportion of the LGF grant (up to £25.957m) may be withheld; as well as the Government statement that the Growth Deal ends on 31<sup>st</sup> March 2021. Until the papers for this meeting are published; it is not known what impact this could have on the current

programme and LGF3b pipeline of schemes. For the purposes of this report we have assumed that the programme will continue to be delivered; with any underspend reallocated to the next deliverable scheme on the LGF3b agreed pipeline.

- 2.4. In addition to the 2020/21 LGF allocation, £57.719m LGF was carried forwards by SELEP from 2019/20 into the final year of the Growth Deal (2020/21).

### **Spend Profile for 2020/21**

- 2.5. The total KCC LGF budget for 2020/21 = £26.834m
- 2.6. Current KCC LGF forecast spend for 2020/21 = £26.834m (based on update provided for May SELEP Accountability Board meeting).
- 2019/20 Q1 Predicted Spend = £4.740m
  - 2019/20 Q2 Predicted Spend = £3.562m
  - 2019/20 Q3 Predicted Spend = £4.407m
  - 2019/20 Q4 Predicted Spend = £14.126m
- 2.7. It should be noted that the Kent LGF forecast spend profile could change depending on the impact of Covid-19 on project delivery. The impact on the LGF spend is not yet known but an update will be given at the next KMEP meeting.
- 2.8. Total Medway LGF Budget for 2020/21 = £7.471m
- 2.9. Current Medway LGF Forecast spend for 2020/21 = £7.471m (based on update provided for February SELEP Accountability Board meeting).
- 2019/20 Q1 Predicted Spend = £0.839m
  - 2019/20 Q2 Predicted Spend = £2.054m
  - 2019/20 Q3 Predicted Spend = £1.900m
  - 2019/20 Q4 Predicted Spend = £2.678m

### **3. Business case development**

- 3.1. Project funding is only secured following the completion of a full project Business Case, its appraisal by the Local Enterprise Partnership's (LEP) Independent Technical Evaluator (ITE) (currently Steer) and approval by SELEP Accountability Board.
- 3.2. Across Kent and Medway, approval of a business case is required for three schemes; subject to the decisions to be made by SELEP Strategic Board on 12<sup>th</sup> June 2020.
- 3.3. In Kent, The Kent Strategic Congestion Management Programme (KSCMP) is a £4.8m package previously supported by KMEP and SELEP. It has a remaining £300k allocation which needs to be unlocked through a further business case submission.
- 3.4. It is proposed that an updated business case will be presented to the Accountability Board meeting on 3<sup>rd</sup> July 2020. Prior to this; approval will be sought from Accountability

Board via a change request for a change to the KSCMP programme. This will seek to remove the Watlington Crossroads scheme and request that the £300k allocation is either:

- Diverted to another approved scheme within the programme;
- Added to the request submitted in the new business case, or
- Returned to SELEP for reallocation through the LGF3b process.

- 3.5. If the change request is approved; the preferred option is for SELEP Accountability Board to agree to approve the reallocation of £200k for the new congestion relief scheme which a business case is currently being prepared for. The remaining £100k would then be returned for reallocation through LGF3b.
- 3.6. The Kent and Medway Medical School has been allocated its second phase (£4m) of LGF3b funding; and it is proposed that the business case will be presented to the Accountability Board Meeting on 3<sup>rd</sup> July 2020 for approval.
- 3.7. Innovation Park Medway (Rochester Airport Phase 3) - £1.5185m is due to be considered at the meeting of SELEP Accountability Board on 3<sup>rd</sup> July 2020.

#### **4. LGF3b Update**

- 4.1. On 29 June 2018, the South East LEP Strategic Board discussed and endorsed 'Developing a SELEP pipeline of Local Growth Funding (LGF) projects' and an open call was held between 29 June and 31 August 2018 for projects that are seeking capital grant funding.
- 4.2. The pipeline of projects would then be prioritised by SELEP Investment Panel and any additional LGF which became available would be reallocated to the projects on the agreed list.
- 4.3. At the SELEP Investment Panel on 8<sup>th</sup> March 2019, £15.448m LGF3b funding was reallocated to 9 projects, including Thanet Parkway and Innovation Park Medway for the KMEP area.
- 4.4. On the 28<sup>th</sup> June 2019, a second meeting of the Investment Panel was held, which agreed a further eight projects to progress utilising the £15.158m available at the time of the meeting. Table 1 illustrates the successful projects allocated LGF3b in March and June 2019.
- 4.5. In June 2019, the Investment Panel also agreed a ranked list of the pipeline projects to progress should additional LGF underspend become available. This included a further eight projects, as set out in Table 2.
- 4.6. All but two of the projects in Table 2 have now received LGF3b funding allocations; although several of these are still subject to business case approvals. SELEP Strategic Board will meet on the 12<sup>th</sup> June 2020 to discuss the letter from Government explained above in 2.1-2.3; and subject to the outcome of this discussion the business cases will be brought forwards for SELEP Accountability Board approval.



- 4.7. It is possible that further LGF will be returned for reallocation at July Accountability Board meeting as there are several projects which currently have deliverability issues. Projects may also become undeliverable due to Covid-19 and therefore need to return their LGF allocations.
- 4.8. In preparation for the possibility of additional funding becoming available; and to avoid further delays; NIAB EMR have submitted their business case within the timescales for consideration at the meeting of Accountability Board on 3rd July 2020. It will only be considered at the meeting if sufficient funding has been returned during the Accountability Board meeting in July 2020 and if the outcome of the SELEP Strategic Board on 12<sup>th</sup> July 2020 supports this approach.

**Table 1: LGF3b projects funding in May and June 2019**

Project	Local board	LGF allocation	Date of Business Case Approval	Additional Comments	Date when project will next be discussed by Accountability Board
<b>LGF3b projects agreed for funding by the Investment Panel in March 2019</b>					
Bexhill Enterprise Park North	East Sussex	£1,940,000	07-Jun-19	Rother District Council's planning committee refused the reserved matters application and an appeal has been lodged. An update will be provided to Accountability Board in July 2020	03-Jul-20
Digital Technologies Campus	OSE	£2,150,000	07-Jun-19		-
Colchester Institute	Success Essex	£100,000	14-Feb-20	Change request approved at Accountability Board 14/2/20; allocation reduced to £50,000 with the surplus returned for reallocation through LGF3b	-
Skills for Rural Businesses Post-Brexit	East Sussex	£2,918,000	07-Jun-19		-
USP College CEDTIL	OSE	£900,000	13-Sep-19		-
Thanet Parkway	KMEP	£4,000,000	14-Feb-20		18-Sep-20
Flightpath Phase 2	Success Essex	£1,421,500	07-Jun-19		-
Sidney Little Road Business Incubator Hub	East Sussex	£500,000	07-Jun-19		-
Innovation Park Medway (northern site) - Enabling Infrastructure	KMEP	£1,518,500		Delays due to LDO and Highways England comments. Business case yet to be approved	03-Jul-20
Subtotal		£15,448,000			
<b>LGF3b projects agreed for funding by the Investment Panel in June 2019</b>					
M2 J5 Improvements	KMEP	£1,600,000	14-Feb-20		-
Bexhill Creative Workspace	East Sussex	£960,000	13-Sep-19		-
Kent and Medway Medical School Phase 1	KMEP	£4,000,000	15-Nov-19		-
Exceat Bridge Replacement Phase 1	East Sussex	£1,500,000		Since being prioritised, the project has developed a funding gap of £1.2m. East Sussex CC await the outcome of a bid to the DfT's Maintenance Challenge Fund (outcome expected in April).	03-Jul-20
Tilbury Riverside	OSE	£2,360,000	13-Sep-19		-
Southend Town Centre Phase 1	OSE	£867,708	15-Nov-19		-
Basildon Innovation Warehouse	OSE	£870,000		Since being prioritised, the project promoters have discovered the earmarked innovation site does not have WiFi connectivity yet. Other sites are being explored to see if project can proceed elsewhere.	15-May-20
University of Essex Parkside Phase 3	Success Essex	£3,000,000	14-Feb-20		-
Subtotal		£15,157,708			

**Table 2: LGF3b Pipeline Projects agreed in June 2019**

LGF3b pipeline projects agreed at Investment Panel in June 2019 - Now funded					
University of Essex Parkside Phase 4	Success Essex	£2,000,000	14-Feb-20		-
Southend Town Centre Phase 2	OSE	£632,292		Business case submitted for SELEP approval at Accountability Board on 15th May 2019m - Deferred to 3rd July 2020	03-Jul-20
Kent and Medway Medical School Phase 2	KMEP	£4,000,000		Business case submitted for SELEP approval at Accountability Board on 15th May 2020 - Deferred to 3rd July	03-Jul-20
Exceat Bridge Replacement Phase 2	East Sussex	£610,579		Since being prioritised, the project has developed a funding gap of £1.2m. East Sussex CC await the outcome of a bid to the DfT's Maintenance Challenge Fund (outcome expected in April).	03-Jul-20
Eastbourne Fisherman's Quayside & Infrastructure Development Project	East Sussex	£1,080,000		The GPF project at Eastbourne Fisherman's Quay has been delayed. The Quay was to be constructed on land that was originally owned by Carillion. The project's repayments are delayed after Carillion's liquidation, and due to it taking longer to agree lease term with new owners (Premier Marinas). It is unsure how this LGF project related to the site is affected.	TBC
New Construction Centre, Chelmsford	Success Essex	£1,295,200		Business case to be submitted for SELEP approval	03-Jul-20
Subtotal		£9,618,071			
LGF3b pipeline projects agreed at Investment Panel in June 2019 - Awaiting Funding					
Colchester Grow-on Space - Queen Street	Success Essex	£3,777,451		£1.51m is in SELEP bank account for the project, £2.27m additional LGF required before a business case can be brought forwards.	-
NIAB East Malling Advanced Horticultural Zone	KMEP	£1,750,000		Awaiting LGF3b funding to become available. Business case currently going through Gate 1 Review.	Hoping to take a report to 03-Jul-20 meeting if sufficient LGF is returned
Subtotal		£5,527,451			

## 5. Scheme delivery

5.1. A Red, Amber, Green (RAG) spreadsheet (shown in Appendix D and E) provides an overview of progress in delivering each of the LGF capital projects in Kent and Medway.

For the **KCC programme**:

- 13 are Green (business case approved, funding fully secured and delivery on target).
- 7 are Amber (funding not yet secured; or scheme delay or funding issue which can be mitigated);
- 2 are Red (funding not yet secured and significant cost or delivery issues).
- 9 are completed
- 5 have been removed

For the **Medway programme**:

- 4 are Green (business case approved, funding fully secured and delivery on target)
- 3 are Amber (funding not yet secured; or scheme delay or funding issue which can be mitigated)
- 1 is Red (funding not yet secured and significant cost or delivery issues).

## 6. Recommendations

6.1. The Board is recommended to:

- Note the update on LGF project scheme delivery

- Note the reallocation of funding from existing projects to new projects on the LGF3b pipeline list.

## **7. Appendices:**

Appendix A: Business Case Update from the last SELEP Accountability Board Meeting

Appendix B: Forward Plan of Business Case submissions

Appendix C: Details of projects highlighted red in the RAG rating

Appendix D: RAG spreadsheet (Kent County Council schemes)

Appendix E: RAG spreadsheet (Medway Council schemes)

**Business Case Update from SELEP Accountability Board meeting on 14<sup>th</sup> February 2020 – Appendix A**

Outline business case submission dates	SELEP Accountability Board meeting date	Scheme	Description	Decision
15th November 2019	14th February 2020	M2 Junction 5, Stockbury	Junction improvement scheme	To Agree the award of £1.6m to support the delivery of the Project identified in the Business Case, which has been assessed as presenting high value for money with high certainties of achieving this. This is subject to written confirmation being provided to SELEP Secretariat and Accountable Body by Kent County Council (KCC) to confirm: 1. the Secretary of State for Transport’s approval of the Project following Public Inquiry (Currently delayed due to Covid-19) 2. the Highways England Project Business Case confirms that the Project presents high value for money, with a benefit cost ratio of over 2:1, and; 3. the full funding package is in place to deliver the Project. *
		Thanet Parkway	A new railway station in Thanet	To Approve the award of £14m LGF to the delivery of the Project which has been assessed as presenting high value for money with medium certainty of achieving this, subject to receipt of written confirmation from Kent County Council that planning permission for the Project has been granted. Written confirmation should be provided by 22nd July 2020 at the latest. *
		Innovation Park Medway northern site extended enabling infrastructure (Rochester Airport Phase 3) LGF3b	Innovation Park Medway Northern site enabling infrastructure, which includes utilities and spine road.	To Agree the Innovation Park Medway Phase 3 business case returns to the 3 <sup>rd</sup> July Accountability Board for a £1.519m LGF funding decision. IPM Phase 2 and Phase 3 must submit an update at the 3 <sup>rd</sup> July Accountability Board to demonstrate the project meets the five conditions for projects spending beyond the Growth Deal period, provide evidence of progress towards milestones and provide an update on mitigation sought by Highways England.

\* N.B. The formal minutes of the Accountability Board meeting were not available at the time of writing this report as they will be signed off at the next meeting of the Accountability Board on 3<sup>rd</sup> July 2020 (Accountability Board Meeting on 15<sup>th</sup> May 2020 was postponed).

### SELEP Accountability Board Forward Plan – Appendix B

Outline business case submission dates	SELEP Accountability Board meeting date	Scheme	Description	SELEP ask
6 <sup>th</sup> March 2020	<b>3<sup>rd</sup> July 2020</b>	Kent and Medway Medical School Phase 2	State of the art new Medical School at Canterbury Christchurch University and The University of Kent, Canterbury.	To approve the award of the £4m LGF3b funding for Phase 2 of the Project.
24 <sup>th</sup> April 2020	<b>3<sup>rd</sup> July 2020</b>	Kent Strategic Congestion Management Programme	Utilising the remaining £300k of the original £4.8m LGF allocation to deliver a highway improvement scheme.	To approve the remaining £300k allocation of LGF for the project.
24 <sup>th</sup> April 2020	<b>3<sup>rd</sup> July 2020</b>	Innovation Park Medway northern site extended enabling infrastructure (Rochester Airport Phase 3) LGF3b	Innovation Park Medway Northern site enabling infrastructure, which includes utilities and spine road.	To approve the LGF3b funding award of £1.5185m for Phase 3 of the project.
24 <sup>th</sup> April 2020	<b>3<sup>rd</sup> July 2020</b>	NIAB EMR	The construction of new state-of-the-art glasshouses and a low-carbon energy centre.	<p><u>NB This will only be considered if sufficient LGF has been returned in July 2020.</u></p> <p>To Approve the award of £1.75m LGF3b funding for the delivery of the project.</p>

### Details of projects highlighted red in the RAG rating - Appendix C

Scheme	Description	Budget	RAG Rating
Thanet Parkway	New railway station to the west of the Cliffsend village, Thanet	£34.51m (£14m LGF, up to £17.81m KCC, £2m TDC, £0.7m EKSDC)	

#### Progress:

- SELEP Strategic Board agreed on 31<sup>st</sup> January 2020 to approve that the project can spend a proportion of the LGF allocation outside of the Growth Deal period (i.e. post March 2021). This was subject to SELEP Accountability Board approval that the project meets the 5 criteria specified to permit spending after 31<sup>st</sup> March 2021.
- A full Business Case went through the SELEP Independent Technical Evaluation (ITE) process to confirm that the Project continues to present value for money, in light of the increase in Project cost and that the full funding package is in place.
- Approval for the £14m LGF allocation to the scheme was given at the SELEP Accountability Board on 14<sup>th</sup> February 2020, and the full funding package is in place following approval of the KCC Cabinet decision for KCC to contribute up to £17.81m towards the delivery of the scheme.
- The LGF cannot be drawn down until SELEP receive written confirmation from Kent County Council that Planning Permission has been granted for the project. This must be provided by 22<sup>nd</sup> July 2020 otherwise the decision may be taken at the Accountability Board meeting on 18<sup>th</sup> September 2020 to reallocate the £14m LGF.
- SELEP Accountability Board agreed on 14<sup>th</sup> February 2020 that the Project satisfies the five conditions agreed by the Board in February 2019 to allow LGF spend beyond the Growth Deal period. This is also subject to the Planning Permission being secured for the project.
- The revised planning application was submitted in November 2019, with the consultation closing on 20th January (although responses can be submitted up until the planning committee).

#### Issue:

- The project is not yet able to draw down from the LGF allocation until SELEP receives confirmation that the Planning Permission has been granted for the project.
- If Planning Permission is not in place by 22<sup>nd</sup> July 2020 then the £14m LGF allocation may be reallocated at the meeting of SELEP Accountability Board on 18<sup>th</sup> September 2020. Planning Committees are not taking place currently due to Covid-19 restrictions.

#### Mitigation:

- KCC, the Planning Consultant and the Network Rail design team are addressing the comments that have been raised during the planning process and will be submitting further information in due course.
- Proposed responses are being discussed with statutory consultees to mitigate the risk of further comments being raised after submission.

Scheme	Description	Budget	RAG Rating
Sturry Link Road, Canterbury	New link road connecting A28 Sturry Road to A291 Sturry Hill	£29.6m (£5.9m LGF £23.7m Developer Contributions)	

Progress:

- The outstanding planning applications, for the housing developments (being decided by Canterbury City Council) and the Project (being decided by KCC), are subject to a joint Appropriate Assessment (AA) being considered as part of the planning application and being agreed by Natural England. Natural England have withdrawn their objections to the scheme and as such the AA has been submitted for Natural England's formal approval.
- The planning applications for the key developments are due to be determined by CCC in May 2020.
- The planning application for the Project is due to be determined by KCC by July 2020.
- Approval was given at SELEP Strategic Board on 31<sup>st</sup> January 2020 for the project to spend a proportion of its LGF allocation post 31<sup>st</sup> March 2021; subject to SELEP Accountability Board approval that the Project satisfies the five conditions agreed by the Board in February 2019 to allow LGF spend beyond the Growth Deal period.

Issue:

- The delivery of the Project has been slower than anticipated due to the interdependency between the Project and the planning applications for the residential/ commercial development which is associated with the Project.
- The most significant Project risk is the availability of the private sector funding contributions towards the delivery of the Project. Although all the sites are allocated in the adopted Local Plan (July 2017), full planning consent has not yet been approved for any of the main three developers due to financially contribute towards the delivery of the Project.
- If satisfactory progress has not been made towards securing the full funding package and having the planning applications in place (By KCC for the delivery of the Project and by CCC in respect of the Broad Oak Farm and Sturry Developments) by the next update to the SELEP Accountability Board on the 3<sup>rd</sup> July 2020, the Board will consider the reallocation of LGF to new LGF3b projects.

Mitigation:

- Potential options have been identified to manage the cash flow position and to secure developer contributions which have been identified towards the delivery of the Project.
- The approval of the Strategic Board for the Project to spend outside of the Growth Deal means that the revised programme for delivery of the project and receiving of the Developer Contributions is achievable if planning permission is secured by July 2020.

Scheme	Description	Budget	RAG Rating
Innovation Park Medway – Phase 2	Innovation Park Medway (IPM) will deliver up to 100,000m <sup>2</sup> of high-quality, innovative commercial space, bringing forward 3,000 highly skilled jobs overall.	£3.7m LGF	

Innovation Park Medway (IPM) - Phase 2 was awarded £3.7m LGF3 at the February 2019 SELEP Accountability Board, to deliver the enabling infrastructure required to facilitate development of the first phase of the northern site of IPM. The works include; access road and surface parking, drainage and water provision, electricity and gas works, broadband fibre and landscaping. The site will offer access to world-class research and development and provide opportunities for the skilled talent pool at Medway's four universities. This phase of the project will bring forward 1,365 highly-skilled new jobs.

#### Progress:

- The business case for IPM Phase 2 was approved at February 2019 SELEP Accountability Board.
- A Local Development Order (LDO) is being progressed as a simplified planning route to deliver the site.
- Design for the enabling infrastructure works have now commenced and are progressing well. The design follows the principles set out in the IPM masterplan and design code, which will allow the design to be submitted through the LDO self-certification process, once the LDO has been adopted.
- A Development and Investment Plan was approved at Cabinet and Council in June and July 2019, which includes approval of funding for the landmark building. Medway Council has committed to delivering the first building on site; a landmark building at the top of the runway park. This feature building will act as a collaborative hub and demonstrate quality ambitions for the site. A design team has been appointed.

#### Issue:

LDO consultation responses are being addressed to incorporate any changes into the final LDO, including comments from statutory consultees; Highways England (HE) and Natural England (NE). HE's comments relate to traffic modelling and impact on the Strategic Road Network and discussion is ongoing to address these comments, prior to adoption of the LDO. SELEP have rated this project high risk due to the LDO not yet being approved.

The 14th February 2020 SELEP Accountability Board agreed that an update must be provided to the 3rd July SELEP Accountability Board to demonstrate IPM Phase 2 and Phase 3 meet the five conditions for spending beyond the Growth Deal period, must provide evidence of progress towards milestones and provide an update on mitigation sought by Highways England.

#### Mitigation:

There is ongoing liaison with HE around mitigation.

- A request for SELEP Strategic Board to endorse spend beyond the growth deal period was submitted in January and the decision will return to the June 2020 SELEP Strategic Board.



## Appendix D – Kent Schemes

Scheme	Description (Delivered by KCC unless stated)	Scheme delivery by	Budget	LGF Spend (millions) (to 2 decimal places)	Status	RAG Status	Comments	Key Events for Next Period	Target outcome
<b>Local Growth Fund Round 1 Schemes</b>									
Sturry Link Road, Canterbury	New link road connecting A28 Sturry Road to A291 Sturry Hill - requires a crossing of both railway & river. Start of works planned for Spring 2019.	20/21	£29.60m Made up of: £5.90m LGF £23.70m match	15/16 LGF spend = £0 16/17 LGF spend = £0.40 17/18 LGF spend = £0.39 18/19 LGF spend = £ 0.29  Profiled Spend 2019/20 = £2.39  Spend to date 2019/20 = £0.04  <i>LGF spend currently on hold</i>	<b>DETAILED DESIGN</b> (Business Case Approved)	→	Planning committees have been paused due to Covid-19 and so KCC are working with CCC to establish the procedure and date for the 2 developments to be determined. The KCC process for the Link Road Planning Permission has not yet been confirmed. Negotiations are continuing on the s106 agreements with the developers and CCC. A shortlist of tenderers has been prepared following the expressions of interest and assessment of the selection questionnaire and preparation of contract documents. The tender will be issued once the planning for the developments has been granted.	Continue tendering process for selection of a design and build contractor. Respond to queries raised through the planning application process. Progress the draft s106 agreement. Continue drafting of Compulsory Purchase Order (CPO).	Jobs = 250 Homes = 720
Middle Deal transport improvements, Dover	New road between Albert Road & Church Lane, Deal. Scheme being prepared & delivered by developer. <b>(Delivery by Quinn Estates)</b>	18/19	£1.55m Made up of: £0.8m LGF £0.75m match	15/16 LGF spend = £0 16/17 LGF spend = £0.8 17/18 LGF spend = Match funding only 18/19 LGF spend = Match funding only  Profiled to spend in 2019/20 = Match funding only	<b>CONSTRUCTION</b> (Business Case Approved)	→	Works started on site on the spine road week commencing 13th January 2020 with foul drainage installed throughout February. The road has been cut and contractor is starting to infill with stone. Delays have been experienced due to waiting on materials due to Covid-19.	Progress with site works.	Jobs = 150 Homes = 150

Maidstone Integrated Transport	Package of transport improvements.	16/17 to 20/21	<p>£11.85m</p> <p>Made up of:        £8.9m LGF        £2.95m match</p>	<p>15/16 LGF spend = £0        16/17 LGF spend = £0.27        17/18 LGF spend = £1.11</p> <p>18/19 LGF spend = £ 0.67</p> <p>Profiled Spend 2019/2020 = £ 3.101</p> <p>Spend to date 2019/20 = £1.316</p>	<p><b>VARIOUS STAGES OF DELIVERY</b>        (Business Cases approved for all phases)</p>	→	<p>Phase 1</p> <p>1) A20 London Road j/w Willington Street - Detailed design continues to progress, planning application delayed due to Covid-19.</p> <p>Phase 2</p> <p>2) Coldharbour R/bout – Design delayed by two weeks but does not affect the overall programme for delivery. Heads of Terms agreed with the RBLI and discussions being held in relation to the overage payment to the SoS.</p> <p>Phase 3</p> <p>3) A229 Loose Road Corridor</p> <p>3a) Wheatsheaf/Cripple Street/Boughton Lane. Design almost completed, awaiting responses from the public consultation to be able to progress any further. Looking at options for the demolition of the pub prior to the civils works, planning consent required and has been delayed by Covid-19..</p> <p>3b) Armstrong Road/Sheals Crescent – Design work continuing</p> <p>4) A20 London Road j/w Hall Road – Heads of Terms agreed</p>	<p>Review consultation responses and prepare report</p>	<p>Jobs = 1820        Homes = 1725</p>
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							with landowner. Tender will commence in conjunction with Coldharbour roundabout.  Public Consultation ran from 29 <sup>th</sup> January 2020 to 11 <sup>th</sup> March 2020.		
Sittingbourne Town Centre Regeneration (developer delivered), Swale	Re-alignment of St. Michaels' Rd & public realm improvements adjacent to rail station. <b>(Delivery by Spirit of Sittingbourne)</b>	17/18	£4.7m Made up of: £2.5m LGF £2.2m match	15/16 LGF spend = £0.34 16/17 LGF spend = £2.16 17/18 LGF spend = £0.00 18/19 LGF spend = £0.00  Profiled to spend in 2019/20 = Match funding only	<b>CONSTRUCTI ON</b> (Business Case Approved)	→	The retail quarter is completed, creating new retail employment and was trading successfully up to the 23rd March 2020. The nature of the occupiers is such that much of the retail scheme has remained trading.  The leisure quarter has been partially completed, with the opening of the Travelodge Hotel in February 2020. Practical completion of the balance of the site, comprising restaurants and multi-plex cinema is imminent. Given the nature of the occupiers, recruitment for the associated jobs has yet to be completed. The Multi-Storey Car Park supporting the development and providing new parking for Sittingbourne Town Centre opened early in 2020.  The residential element of the scheme has been subject to review and a new approach to delivery of the new dwellings is likely to change to better meet	Completion of Phase 1 Re-visit.  Southern Water phase 4 (section 2) drainage approval.  Resolve Structures coordination on Fountain Street Retaining Wall.  Progress Legal on Section 2.  Achieve TA on Section 2.  Commencement of	Jobs = 560 Homes = 214 & training facilities

						<p>local need.</p> <p>Phase 1 revisit is continuing in various areas of the overall scheme, including the resurfacing of West Street and St Michaels road. Ongoing but delayed by MSCP contractor.</p> <p>Phase 2 (main works at Station frontage) Remedial surfacing works have been ongoing where closures and weather have permitted. Further amendments to the bus area required following early RSA.</p> <p>Phase 3 (section 1) - The resurfacing of the carriageway wearing course will likely mean that this area will not complete until Q2 2020 in the warmer weather.</p> <p>Phase 4 (section 2) - Works have commenced with below ground drainage, carriageway re-alignment, utilities installations/diversions and the construction of the retaining structure for the new turning head on Fountain Street. This highway section is circa 6 weeks behind programme.</p>	<p>Phase 3 Section 1.</p> <p>Practical Completion of Section 3, 4 and 5</p>	
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Tunbridge Wells Junction Improvements (Phase 2 - A26 Cycle Route)	Junction improvement & A264 junction changes. Phase 1 works complete. Phase 2 construction planned for 2018/19	15/16 to 18/19	£1.8m LGF	<p>15/16 LGF spend = £0.60 16/17 LGF spend = £0.19 17/18 LGF spend = £0.05</p> <p>18/19 LGF spend = £0.32</p> <p>Profiled Spend 2019/20 = £0.25</p> <p>Spend to date 2019/20 = £0.008</p>	<b>DELIVERED - PHASE 1 DETAILED DESIGN/CONSTRUCTION- PHASE 2</b> (Business Case Approved for full allocation)	→	<p>Phase 2 (Section 1) delivered on time. Cycle lane and side road raised tables completed.</p> <p>The Phase 3 design is ongoing with a view to delivery between Nov 2020 and March 2021 although this is dependent on the outcome of the consultation and booking road space.</p>	Progress with detailed designs and implementation for phase 3	Jobs = 105 Homes = 85
West Kent LSTF	A package of measures to support travel by sustainable means. Start of works planned for 2015/16.	15/16 to 20/21	<p>Total across 6 years - £9.06m</p> <p>Made up of: £4.9m LGF £4.16m match</p>	<p>15/16 LGF spend = £0.8 16/17 LGF spend = £1.31 17/18 LGF spend = £0.33 18/19 LGF spend = £ 1.39</p> <p>Profiled Spend 2019/20 = £0.47</p> <p>Spend to date 2019/20 = £0.0948</p>	<b>VARIOUS STAGES OF DELIVERY</b> (Business Case Approved)	→	<p><b>Tunbridge Wells Public Realm phase 2 -</b></p> <p>KCC experienced long delays in appropriating the stone finishing for the new steps and this has been delayed further by Covid-19 as the Quarry has been closed. Works have recommenced and the scheme is due to complete by the end of June 2020.</p> <p>All other works have been completed.</p> <p><b>Maidstone East station –</b> Works have commenced on the station redevelopment with site clearance continuing throughout the Covid-19 restrictions. Planning Application and additional planting scheme drawings have been submitted to MBC.</p>	<p><b>Tunbridge Wells Public Realm phase 2 –</b> Completion of construction works.</p> <p><b>Maidstone East –</b> Secure planning permission; proceed with construction.</p>	Jobs = 345 Homes = 393

							<p><b>Tonbridge Station Interchange</b> - Project complete.</p> <p><b>Swanley Station</b> – Stakeholder meeting to take place in May and Southeastern will provide an update on the appointed contractor following the completion of the tender process. Construction may be delayed due to Covid-19 however the LGF allocation will be spent by March 2021.</p>	<p><b>Tonbridge Station</b> – Complete</p> <p><b>Swanley Station</b> – Commence construction</p>	
Kent Thameside LSTF	A package of measures to support travel by sustainable means. Start of works planned for 2015/16.	15/16 to 20/21	<p>Total across 6 years - £7.65m</p> <p>Made up of: £4.5m LGF £3.15m match</p>	<p>15/16 LGF spend = £2.05 16/17 LGF spend = £0.48 17/18 LGF spend = £0.72 18/19 LGF spend = £ 0.25</p> <p>Profiled Spend 2019/2020 = £0.45 Spend to date 2019/20 = £0.175</p>	<p><b>VARIOUS STAGES OF DELIVERY</b> (Business Case Approved)</p>	→	<p><b>Barrack Row Bus Hub</b> – Design work is continuing for the Garrick Street phase of the project. A planning application is being prepared for the canopies and the approval process may take up to 12 weeks rather than 8 weeks due to Covid-19. Construction is due to commence in early 2021; and the LGF allocation will be spent in full prior to March 2021.</p> <p><b>Princes Rd cycle route</b> – Phase 1 (Peanut Roundabout to footpath that runs parallel to cemetery) – Complete. Phase 2 – (Footpath parallel to cemetery to Princes Road Roundabout A282) – UKPN have confirmed that the fencing will not affect their cables. A new start date is being sought from the contractor but has been delayed due to Covid-19. In the interim temporary banners have been attached to</p>	<p><b>Barrack Row Bus Hub</b> – Complete detailed design</p> <p><b>Princes Rd cycle route</b> - Complete construction</p>	<p>Jobs = 843 Homes = 657</p>

							the existing cemetery fence to provide privacy to the graves.		
							<p><b>Gravesend Station to Cyclopark cycle route</b> - Construction started in March 2020. New House Lane and Dashwood Park works now completed. Coldharbour Road section is almost complete, contractor completing S278 works in conjunction with new housing estate.</p>	<p><b>Gravesend Station to Cyclopark cycle route.</b> Complete construction</p>	
Kent Strategic Congestion Management programme	Package of congestion management initiatives. Start of works planned for 2015/16.	15/16 to 20/21	Total across 6 years - £4.8m LGF	<p>15/16 LGF spend = £0.86 16/17 LGF spend = £0.69 17/18 LGF spend = £0.60 18/19 LGF spend = £ 0.24</p> <p>Profiled Spend 2019/20 = £0.89</p> <p>Spend to date 2019/20 = £0.245</p>	<p><b>VARIOUS STAGES OF DELIVERY</b> (Business Case approved £300k remains to be unlocked via a further business case or change request)</p>	→	<p><b>2018/19 schemes:</b> <b>A229 Bluebell Hill CITS Scheme</b> Following a second “TESTFEST” event in November 2019; it has been agreed to carry out a final test event to gather more data which was delayed by Covid-19.</p> <p><b>Wateringbury Crossroads</b> – The scheme costs have been reviewed and there is insufficient budget to proceed with the current design. A change request will be submitted for SELEP Accountability Board approval to reallocate a proportion of the funding (£200k) to an alternative scheme within the programme. The remaining £100k will be returned for reallocation through the LGF3b process.</p> <p><b>Tunbridge Wells link assessment</b> – KCC and TWBC have reviewed the options and</p>	<p><b>Wateringbury Crossroads</b> – Pursue change request with SELEP</p>	Jobs = 1903 Homes = 2230

						<p>have concluded that encouraging modal shift through the use of permeable accessibility would provide the best value for money. Work has commenced on ensuring there is political support for this approach and a project manager has been assigned.</p> <p><b>Dover TAP/ ITS assessment</b> Currently delayed due to COVID19 - it has been difficult to find companies willing to quote for new work such as the power installations for our VMS signage - as lockdown restrictions are eased it is hoped that this will become less of an issue.</p> <p><b>MOVA</b> 2 locations in Dover have been delayed due to COVID19 - Now looking at getting the first site programmed in for start of June. The remaining allocation will be spent on locations in Thanet and Tunbridge Wells and suitable locations are being investigated.</p> <p><b>HGV Trial</b> DfT are reviewing the powers for enforcement which are required for the scheme although this is currently on hold due to Covid-19. The trial area for the scheme has been identified.</p> <p><b>Flemmish Roundabout</b></p>	<p><b>Tunbridge Wells link assessment –</b> Progress designs and engagement process</p>	
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							Construction of highways works is complete. Traffic surveys are being arranged for post scheme monitoring. Feedback has been positive from the public.  <b>INRIX</b> Procurement process has commenced.		
Kent Sustainable Interventions programme	Package of smaller transport interventions. Start of works planned for 2015/16.	15/16 to 20/21	Total across 6 years - £3m LGF (£0.5m annually)	15/16 LGF spend = £0.14 16/17 LGF spend = £0.41 17/18 LGF spend = £0.53 18/19 LGF spend = £ 0.39  Profiled Spend 2019/20 = £0.65  Spend to date 2019/20 = £0.153	<b>VARIOUS STAGES OF DELIVERY</b> (Business Case approved)	→	<b>2018/19 schemes:</b>  <b>A228 Holborough, T&amp;M</b> - Complete.  <b>2019/20-20/21 schemes:</b> <b>Maidstone East Station Expansion</b> – legal agreement has been signed between KCC and Southeastern who will deliver the scheme in conjunction with the wider Station Redevelopment.  <b>Week Street/Sandling Rd Raised Table, Maidstone:</b> Detailed design has been completed and submitted for RSA Stage 2. Construction planned to commence in October 2020.		Jobs = 1335 Homes = 1440
Kent Rights of Way improvement plan	Package of ROWIP measures. Start of works planned for 2015/16.	15/16 to 20/21	Total across 6 years - £0.3m LGF	15/16 LGF spend = £0.19 16/17 LGF spend = £0.06 17/18 LGF spend = £0.14 18/19 LGF spend = £ 0.18  Profiled Spend 2019/20 = £0.15	<b>VARIOUS STAGES OF DELIVERY</b> (Business Case Approved)	→	<b><u>2018/19 schemes in progress –</u></b> <b>St Peter's Village scheme (extension from Aylesford to Burham.</b>  Works completed apart from		Jobs = 140 Homes = N/A

				Spend to date 2019/20 = £0.335			<p>the bespoke signage for three main locations of Peters Village which has been agreed and the order has been placed however the delivery and installation has been paused due to Covid-19.</p> <p><b>Leybourne Grange</b> – Works began on site week commencing 10<sup>th</sup> February 2020. Currently paused due to Covid-19 but contractor is due back on site imminently.</p> <p><b>Rucking Dyke Bridleway</b> – The Creation Agreement is still being agreed between Invicta Law and Taylor Wimpey, following some amendments to plans being identified. There has been no further update from Invicta Law. The contractor has programmed to start work on the route in summer 2020.</p>		
Innovation Investment Fund (Growth Hub Capital)	Loan support programme.	15/16 to 20/21	Total £6m (£1m annually)	<p>15/16 LGF spend = £0  16/17 LGF spend = £0.39  17/18 LGF spend = £2.95  18/19 LGF spend = £ 0.94</p> <p>Profiled Spend 2019/20 = £1.00</p> <p>Spend to date 2019/20 = £1.133</p>	<b>PHASE 8</b> (Business Case approved)	→	<p>Scheme currently closed to applications. Quarterly monitoring of successful recipients continues.</p> <ul style="list-style-type: none"> <li>•Phase 1 – Phase 6 – Complete with loans fully defrayed.</li> <li>•Phase 7 – 2 out of the 4 agreed loans have been partially defrayed in line with their Convertible Loan Agreements (Algaecytes Ltd £250k and Exoid technology ltd £200k).</li> </ul> <p>The offer for Ming Foods</p>		

						<p>Limited (£500k) has been revoked as it was not possible for the company to meet the security or match funding requirements.</p> <p>The Structural &amp; Weld Testing loan has not been progressed as they are still looking for suitable premises. They are now working with Locate in Kent and Swale to identify potential sites with the correct usage. It is hoped the loan can be defrayed by March 2020.</p> <p>•Phase 8</p> <p>CTO Technologies 15/05/19: Fully defrayed.</p> <p>Kafoodle 15/05/19: Declined loan (£249,283, Jobs Created 7.88, Jobs safeguarded 5), due to delays in match funding and needed to seek further investment from current investors.</p> <p>Drink Warehouse 15/05/19: Q2 19/20: Fully defrayed.</p>			
A226 London Rd/B255 St Clements Way, Dartford	Junction improvements.	19/20	£6.9m Made up of: £4.2m LGF £2.7m match	15/16 LGF spend = £0 16/17 LGF spend = £0.73 17/18 LGF spend = £0.85 18/19 LGF spend = £ 2.64  Profiled Spend 2019/20 = £0	<b>Construction Complete</b> (Business Case approved)	→	Works are now complete, with completion on 29 March 2019. Some minor defects are still to be corrected, mainly around landscaping works.	Correction of remaining defects. Work towards agreement of final account and finalise Health and Safety File. Arrange formal opening ceremony.	Jobs = 2395 Homes = 890

Thanet Parkway, Thanet	New rail station.	20/21	<p>£34.51m</p> <p>Made up of: £14m LGF £20.51m match</p>	<p>Awaiting Planning Permission</p> <p>Actual spend in 2018/19 = £0</p> <p>Profiled Spend 2019/20 = £0</p>	<p><b>GRIP STAGE 4</b> (Outline Business Case approved)</p>	→	<p>Significant work has been progressed on the Southern Water main investigation with the surveys concluding on 15th May. Results have been good in terms of picking up the pipes but awaiting data through to show the impact on the scheme.</p> <p>Heads of Terms for land purchase have been agreed on KCC's side and shall be submitted to the landowner for agreement – all the landowner's comments have been addressed so this is likely to be forthcoming. Negotiation on access licences has also commenced.</p> <p>Work with planning consultees to refine likely planning conditions has been fruitful. Thanet District Council has agreed to the final version of the Grant Agreement for £2m.</p> <p>Bid documents completed for New Stations Fund round 3 in accordance with the KCC decision that requested we seek alternative funding sources to reduce KCC's capital outlay.</p>	<p>Planning Approval to be achieved in July 2020</p>	<p>Jobs = 2100 Homes = 800</p>
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SELEP Coastal Communities	Housing-led economic regeneration in Cliftonville West/Margate Central <b>(Delivery by Thanet DC)</b>	20/21	£1.529m Made up of: £0.666m LGF £0.863m match	17/18 LGF spend = £0.06 18/19 LGF spend = £ 0.51  Profiled Spend 2019/20 = £0.09  Spend to date 2019/20 = £0.00	<b>CONSTRUCTION</b> (Business Case approved)	→	1. 24 Ethelbert Crescent - Project completed with handover of units. Final accounts to be issued. 2. 17-21 Warwick road- 9 x 2 bed flats. Main contractor appointed. Contract duration 51 weeks. Project estimated completion has slipped to June 2020 due to works being temporarily halted because of Covid-19 restrictions. Contractors are back on site in reduced numbers to comply with social distancing.		Jobs = TBC Homes = TBC
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### Local Growth Fund Round 2 Schemes

Ashford International Rail Connectivity (Ashford Spurs)	Signalling upgrade to maintain international rail services at Ashford <b>(Delivery by Network Rail)</b>	16/17 to 18/19	£8.6m Made up of: £0.7m partner funding; £7.9m LGF	15/16 LGF spend = £0 16/17 LGF spend = £0.17 17/18 LGF spend = £4.17 18/19 LGF spend = £1.41m  Profiled Spend 2019/20 = £2.143  Spend to date 2019/20 = £0.484	<b>GRIP STAGE 6 (Delivery)</b> (Business Case approved)	↑	Project complete.	Final accounts to be settled	Jobs = 1000 Homes = 350 & Retain International Rail Services
M20 Junction 10A (now a full junction to be delivered by	New Motorway Junction in Ashford <b>(Delivery by Highways England)</b>	19/20	£104.4m Made up of: £19.7m LGF £16m match £68.7m Highways England	Allocation for 2017/18 onwards (Direct from SELEP)  17/18 LGF spend = £8.30 18/19 LGF spend = £11.40  Profiled spend 2019/20 = match funding only	<b>CONSTRUCTION</b> (Business Case approved)	→	Work was fast-tracked by HE so that the east facing slip roads at the new junction, as well as the new A2070 link road, were open at the end of October 2019. The London Bound facing slip roads were also made available before Christmas 2019, leaving further	Final scheme to be completed in Q2 2020.	Jobs = 900 Homes = 1700

Highways England)							landscaping and NMU routes to be completed.		
<b>Local Growth Fund Round 3 Schemes</b>									
Dartford Town Centre Transformation	Part of a wider programme of work aimed at improving the economic performance of Dartford town centre through public sector funding of transport/public realm improvements. <b>(Delivery by Dartford BC)</b>	21/22	£12m Made up of: £4.3m LGF £7.7m match	18/19 Match funding spend = £0.41  2018/19 LGF spend = £0.52  Profiled LGF Spend 2019/20 = £3.36  LGF Spend to date 2019/20 = £0.913	<b>PHASE 1 CONSTRUCTION ON PHASE 2-4 Detailed DESIGN</b> (Business Case approved)	→	Phase 1 – Market Street The works were suspended at close of business 24-3-20. Works recommenced on 11-5-20 with reduced numbers of contractors on site and working practices adapted to comply with Covid-19 restrictions.  Phase 1a – High Street The completed design and Works Information received 30 March was delayed, resulting in a programme slippage of around 12 weeks. Activities to invite tenders will now be progressed, with the aspiration that the works will be procured and awarded by the time of resumption. There is not likely to be any direct financial impact, only time due to delay to preceding phases.  Phase 2 – Instone Road and Highfields Road junctions The detailed design is progressing - the formal issue has been delayed by 2-3 weeks, though it is not anticipated that this shall have a significant impact upon the ability to progress the Technical Approval process and the invitation of		Jobs = 1811 Homes = 2341

							<p>tenders. Construction is programmed to commence in September, which shall need to be reviewed as it is unlikely that this phase will be able to be carried out concurrently with the delayed Phase 1. There is not likely to be any direct financial impact, only time due to delay to preceding phases.</p> <p>Phase 4 – Home Gardens junctions A scoping and options report is being progressed, ahead of the procurement of a design consultant. Outline design is scheduled to commence in May 2020. There is not likely to be any financial impact, only time due to delay to preceding phases.</p> <p>Phase 3 – Hythe Street This phase is currently on hold pending the ongoing design and development if the adjacent and connected former Coop site. There is not likely to be any financial impact, only time due to delay to preceding phases.</p>		
<p>Kent &amp; Medway Engineering, Design, Growth &amp; Enterprise (EDGE) Hub</p>	<p>Scheme to construct &amp; equip the Kent &amp; Medway EDGE Hub. <b>(Delivery by Canterbury Christ Church University)</b></p>	<p>19/20</p>	<p>£21m Made up of: £6.12m LGF £14.88m match</p>	<p>17/18 LGF spend = £1.95 18/19 LGF spend = £ 4.17  Profiled Spend 2019/20 LGF = £0 - Match Funding only</p>	<p><b>CONSTRUCTION</b> (Business Case Approved)</p>	<p>→</p>	<p>The EDGE Hub building is now expected to be slightly delayed. The contractors took the decision to close the site between the end of March and mid-April, to ensure the health and safety of their staff. The site was reopened on 20 April, with contractors following social distancing guidelines and gradually increasing the</p>	<p>Further good progress is expected on the new building, and ongoing development of the main project work streams.</p>	<p>Jobs = 398 Homes = 0 Learners = 1250</p>

							number of workers on site. The site is currently operating with approximately 120 workers on site, predominately working inside the building (compared to over 200 workers on site in early March). It is currently anticipated that the building will be fitted-out and ready for teaching from early 2021.		
Leigh Flood Storage Area & East Peckham - unlocking growth	Scheme to reduce the risk of flooding in the catchment. <b>(Delivery by Environment Agency)</b>	22/23	£24.691m Made up of: £4.636m LGF £20.055m match	18/19 LGF spend = £ 0.98  Profiled Spend 2019/20 = £1.37  Spend to date 2019/20 = £0.618	<b>DETAILED DESIGN</b> (Phase 1 Business Case approved by SELEP in September 2018)	→	Medway Flood Relief Act of Parliament amendment submission for ministerial approval has been completed in draft for Area Manager review. Detailed design for works to Leigh FSA mechanical and electrical improvements awarded in principal. Consultation with stakeholders is ongoing.		Jobs = 70 Homes = 850
<b>ADDITIONAL SCHEMES</b>									
Open Golf Champions hip 2020	Transport Improvements at Sandwich Station <b>(Delivery by Network Rail)</b>	19/20	£3.546m Made up of: £1.09m LGF £2.456m match	18/19 LGF spend = £ 0.04  Profiled Spend 2019/20 = £1.33  Spend to date 2019/20 = £1.78	<b>GRIP Stage 5-8 (Construction)</b> (Business Case Approved)	↑	Excellent progress continues to be made, with the platform now completed and installation of new footbridge planned for May-June 2020.	Continue to progress with delivery including installation of the new footbridge.	Jobs = TBC Homes = TBC
<b>LGF3B SCHEMES</b>									



M2 Junction 5 Improvements	Junction improvements at M2 junction 5, Stockbury	20/21	£1.6m LGF	<p>Profiled LGF spend 2019/20 = £0.00</p> <p>Profiled LGF spend 2020/21 = £1.60</p>	<p><b>Detail design</b> – (Business Case preparation)</p>	→	<p>Public Inquiry has been delayed due to Covid-19; now estimated to proceed in August 2020.</p>	<p>Complete legal agreement with Highway England</p>	<p>Jobs = tbc Homes = tbc</p>
Kent and Medway Medical School	New medical school at Canterbury Christchurch University and University of Kent campuses	20/21	<p>£20.84m</p> <p>Made up of: £4m LGF £16.84m Match (£7.244m CCU and £9.6m UoK)</p>	<p>Profiled LGF spend 2019/20 = £4.00</p>	<p><b>CONSTRUCTION</b> – (Business Case Preparation)</p>	→	<p>Some delays to the CCCU and University of Kent buildings are now expected due to Covid-19, with handover expected later in the summer of 2020, and students starting to make use of the new buildings in late 2020 or early 2021. The business case for Phase 2 was due to be presented to Accountability Board at the 15<sup>th</sup> May 2020 meeting which was subsequently postponed. This will now be brought forwards at the next available Accountability Board meeting.</p>	<p>SELEP Accountability Board approval for Phase 2 Business Case</p>	<p>Jobs = 130.7 FTE Learners = 1018</p>

### SCHEMES COMPLETED OR REMOVED

Folkestone Seafront Resurfacing Shepway	Resurfacing of Tontine Street (in conjunction with S106 works).		<p>£0.65m</p> <p>Made up of: £0.5m LGF £0.15m S106</p>	Scheme Delivered – 2015/16				N/A
Maidstone Gyratory Bypass, Maidstone	A229 Gyratory Bypass, Fairmeadow.		<p>£5.74m</p> <p>Made up of: £4.6m LGF £1.14m match</p>	Scheme Delivered – December 2016				<p>Jobs = 1250 Homes = 2000</p>

M20 Junction 4 Eastern Overbridge	Widening of existing motorway overbridge.		£5.69m Made up of: £2.2m LGF £3.49m match	Scheme Delivered – February 2017	Jobs = 745 Homes = 1695
Tonbridge Town Centre Regeneration	Tonbridge High Street and adjacent transport improvements.		£2.65m  Made up of: £2.4m LGF £0.25m match	Scheme Delivered (Phase 1 completed - High Street improvements June 2016 Phase 2 completed - River Walk improvements April 2017 / Hadlow Road/Cannon Lane jct improvements completed September 2016)	Jobs = 366 Homes = 1000
Maidstone sustainable access to employment areas	New River Medway Pathway between Aylesford & Allington Lock.		£3m  Made up of: £2m LGF £1m match	Scheme Delivered (Main works complete - May 2017).	Jobs = 350 Homes = 475
Rathmore Road Link, Gravesend	New 2-way link road between Stone Street & Darnley Road		£9.5m  Made up of: £4.2m LGF £5.3m match	Scheme Delivered in January 2018 (Opening ceremony held on Friday 19 <sup>th</sup> January 2018)	Jobs = 215 Homes = 390
Folkestone Seafront (developer delivered)	Construction of platform & sea defences to facilitate development of Seafront.		£22.11m  Made up of: £5m LGF £17.11m match	Scheme Delivered (Main works complete – April 2018)	Jobs = 450 Homes = 1000
Dover Western Dock Revival	Package of highway improvements. (Delivery by Dover Harbour Board)		£5m LGF	Scheme Delivered (Highway improvements complete and Marina opened May 2019)	Jobs = 1685 Homes = 500 & Enables broader Western Docks Revival scheme
A2500 Lower Road Improvements Phase 1, Isle of Sheppey	Scheme to realign & improve the capacity of A2500 Lower Road/ Barton Hill Junction.		£1.805m  Made up of: £1.265m LGF £0.54m match	Scheme Delivered (Junction opened to traffic December 2019)	Jobs = 1500 Homes = 892

Westenhanger Lorry Park, Fort  
Halstead, A2 Off-Slip at  
Wincheap, Sturry ITP, East  
Peckham Flood Defence and  
A28 Chart Road.

**Projects removed from programme following approval by KMEP & SELEP AB**

### Updated RAG Status for Kent Projects

Jul-18	Sep-18	Nov-18	Mar-19	Jun-19	Sep-19	Nov-19	Jan-20	Mar-20	May-20
5 red	5 red	3 red	3 red	2 red	1 red	2 red	2 red	2 red	2 red
9 amber	9 amber	10 amber	10 amber	9 amber	11 amber	10 amber	9 amber	8 amber	7 amber
12 green	12 green	12 green	12 green	12 green	12 green	12 green	13 green	12 green	13 green
1 removed	1 removed	2 removed	2 removed	4 removed	5 removed	5 removed	5 removed	5 removed	5 removed
7 complete	7 complete	7 complete	7 complete	7 complete	7 complete	7 complete	7 complete	9 complete	9 complete
34	34	34	34	34	36	36	36	36	36

**Methodology** Green (business case approved, funding fully secured and delivery on target).  
 Amber (funding not yet secured; or scheme delay or funding issue which can be mitigated);  
 Red (funding not yet secured and significant cost or delivery issues).

**Key for Kent spreadsheet: The arrows denote the direction of travel.**

↑	denotes significant improvement/progress in scheme delivery
→	denotes a similar position as reported at the last KMEP meeting
↓	denotes scheme delivery experiencing a delay

## Appendix E – Medway Schemes

Scheme	Description	Scheme delivery by	Budget and LGF spend	Status	RAG Status	Comments	Key Events for Next Period	Target outcomes
<b>Local Growth Fund round 1 schemes</b>								
Strood Town Centre	Journey time and accessibility enhancements to the town centre including changes to the highway and improved public realm	Q2 20/21	<p><b><u>BUDGET</u></b> Total budget = £9.87m Made up of: - £8.6m LGF - £1.27m match funding</p> <p><b><u>LGF SPEND</u></b> 15/16 LGF spend = £0.2m  16/17 LGF spend = £1.772m  17/18 LGF spend = £0.944m  18/19 LGF spend = £1.384m  19/20 LGF spend = £3.172m  Profiled 20/21 LGF spend = £1.128m</p>	<b>CONSTRUCTION</b> (Business Case Approved)	→	<p>Most of the public realm and traffic improvements are complete.</p> <p>Network Rail approval of rail bridge lighting is pending, subject to determination of traffic management impacts of adjacent Rochester Bridge Trust works.</p> <p>Work has been delayed due to Covid-19 and its impact on the supply chain. Programme and budget will continue to be monitored.</p>	Work will continue on-site where possible, to deliver the remainder of the project.	Jobs = 360 -450  Homes = 600 -815
Chatham Town Centre place-making and public realm package	Improving the link between Chatham railway station and Chatham town centre and waterfront area and provision of a new civic space.	Q4 19/20	<p><b><u>BUDGET</u></b> Total budget = £4.9m Made up of: - £4.0m LGF - £0.9m match funding</p> <p><b><u>LGF SPEND</u></b> 15/16 LGF spend = £0.870m  16/17 LGF spend = £0.945m</p>	<b>CONSTRUCTION</b> (Business Case Approved)	→	<p>Work is complete on all placemaking elements and improvements to Chatham Railway Station forecourt.</p> <p>Event to mark completion of works has been delayed due to Covid-19 and will be rescheduled when possible.</p>	Event to mark completion of works to be scheduled.	Jobs = 6271  Homes = 3682

			<p>17/18 LGF spend = £0.881m</p> <p>18/19 LGF spend = £0.747m</p> <p>19/20 LGF spend = £0.756m</p>					
Medway Cycling Action Plan	A range of measures designed to improve access to cycling in the Medway area and improve upon and expand existing cycle facilities.	18/19	<p><b>BUDGET</b> Total budget = £2.8m Made up of: - £2.5m LGF - £0.3m match funding</p> <p><b>LGF SPEND</b> 15/16 LGF spend = £0.228m</p> <p>16/17 LGF spend = £1.15m</p> <p>17/18 LGF spend = £0.919m</p> <p>18/19 LGF spend = £0.203m</p>	<p><b>COMPLETE</b> (Business Case Approved)</p>	→	<p>The project is complete.</p> <p>All LGF funding has been spent.</p> <p>Baseline and one-year post completion reports have been submitted to SELEP.</p>	<p>All construction works are now complete.</p>	<p>Jobs = 390</p> <p>Homes = 261</p>
Medway City Estate connectivity improvement measures	An integrated package of infrastructure measures aimed at addressing the existing barriers to movement to and from and within the Medway City Estate.	<p>Phase 1 Q2 2017</p> <p>Phase 2 Q4 20/21</p>	<p><b>BUDGET</b> Total budget = £2.294m Made up of: - £2.2m LGF - £0.094m match funding</p> <p><b>LGF SPEND</b> 15/16 LGF spend = £0.3m</p> <p>16/17 LGF spend = £0.181m</p> <p>17/18 LGF spend = £0.021m</p> <p>18/19 LGF spend = £0.061m</p>	<p><b>PHASE 1 – COMPLETE</b> (Business Case Approved)</p> <p><b>PHASE 2 - CONSTRUCTION</b> (Business Case Approved)</p>	→	<p>Phase 1 of the project is complete. The new traffic signals at the entrance to the westbound tunnel bore are now operational and testing has identified the most effective signal timing to offer the most benefit to users of Medway City Estate, whilst causing minimal disruption on the remainder of the road network.</p> <p>The revised Business Case for Phase 2 of the project to deliver a slip road from Anthony's Way on the Estate onto Berwick Way, was approved by the September 2019 SELEP Accountability Board.</p> <p>Additional ground investigation works to determine the final retaining wall design has been completed. Land acquisition consultant</p>	<p>The impact the Phase 1 works have had on the flow of traffic leaving Medway City Estate will continue to be monitored.</p> <p>Phase 2 works will continue.</p>	<p>Jobs = 390</p>

			19/20 LGF spend = £0.058m  Profiled 20/21 LGF spend = £1.579m			has been appointed. Works are currently expected to commence in November 2020; there may be some slippage if delays are caused by Covid-19. Programme and budget will continue to be monitored.		
<b>Non-transport schemes - LGF rounds 2 and 3</b>								
Rochester Airport - phase 1	Introduction of Innovation Park Medway. Phase 1 of the project involves improvements to airport infrastructure - works which are required to facilitate the development of the Innovation Park.	Q3 20/21	<p><b>BUDGET</b> Total budget = £4.4m  Additional Council match funding may be required, below £500k threshold in SELEP Assurance Framework.</p> <p><b>LGF SPEND</b> 15/16 LGF spend = £0.0m  16/17 LGF spend = £0.179m  17/18 LGF spend = £0.182m  18/19 LGF spend = £0.260m  19/20 LGF spend = £0.412m  Profiled 20/21 LGF spend = £3.367m</p>	<b>CONSTRUCTION</b> (Business Case approved)	→	<p>Kier were appointed in March 2019 as the principle contractor.</p> <p>The Civil Aviation Authority have approved the layout and design of the control tower. All orders have been placed with companies to deliver the hangars and control tower and hub building.</p> <p>Kier have undertaken ground investigation borehole and soakaway testing. Archaeological investigations are complete.</p> <p>Some delay has been caused on site due to Covid-19. Programme and budget will continue to be monitored.</p>	The contractor will continue with works.	Jobs = 37
Innovation Park Medway (Rochester Airport - phase 2)	Introduction of an Innovation Park at Rochester Airport. Phase 2 of the project involves infrastructure works to enable the	Q2 21/22	<p><b>BUDGET</b> Total budget = £48.67m Made up of: - £3.7m LGF - £44.97m match funding</p> <p><b>LGF SPEND</b> 17/18 LGF spend = £0.0m  18/19 LGF spend =</p>	<b>DESIGN</b> (Business Case approved)	→	<p>The Business Case was approved at SELEP Accountability Board in February 2019.</p> <p>Design works for the enabling infrastructure have now commenced. Design of the landmark building has begun. Responses to the LDO consultation are being addressed to incorporate any changes into the final LDO, including Highways England (HE) and Natural England (NE). Discussions are ongoing with HE and NE.</p>	Design works will continue.	Jobs = 1544

	development of the Innovation Park.		£0.099m 19/20 LGF spend = £0.471m Profiled 20/21 LGF spend = £2.206m			SELEP have RAG rated this project red as the LDO is not yet adopted.  An update will be provided to the July 2020 SELEP Accountability Board to demonstrate IPM Phase 2 and Phase 3 meet the five conditions for spending beyond the Growth Deal period, evidence of progress towards milestones and an update on mitigation sought by Highways England.		
Innovation Park Medway (Rochester Airport – phase 3)	Innovation Park Medway extended Northern site enabling infrastructure.	20/21	<b>BUDGET</b> £1.5185m LGF	<b>BUSINESS CASE TO BE ASSESSED</b>	→	The project has been prioritised by SELEP Investment Panel for LGF3b funding.  The Business Case was submitted in July 2019 and will be considered at the July 2020 SELEP Accountability Board.	The project awaits a funding decision at July 2020 SELEP Accountability Board.	
Civic Centre site, Strood - flood mitigation measures	Improvements to flood defences at the former Civic Centre site to enable the development of the site. The former Civic Centre is a prime development site offering views across the river to Rochester Castle and Cathedral.	18/19	<b>BUDGET</b> Total budget = £92m Made up of: - £3.5m LGF - £88.5m match funding  <b>LGF SPEND</b> 15/16 LGF spend = £0.0m 16/17 LGF spend = £0.0m  17/18 LGF spend = £1.122m  18/19 LGF spend = £2.378m	<b>CONSTRUCTION</b> (Business Case approved)	→	The LGF element of the project is complete.  All LGF funding has been spent.  Baseline and one-year post completion reports have been submitted to SELEP.	The flood gates are to be installed.	Jobs = 610  Homes = 325



**Updated RAG Status for Medway Projects:**

RAG Status										
May 2018	July 2018	September 2018	November 2018	March 2019	June 2019	September 2019	November 2019	January 2020	March 2020	May 2020
0 red	1 red	0 red	0 red	3 red	1 red	0 red	0 red	1 red	1 red	1 red
1 amber	0 amber	3 amber	3 amber	1 amber	4 amber	5 amber	5 amber	4 amber	3 amber	3 amber
6 green	6 green	5 green	5 green	4 green	4 green	4 green	4 green	4 green	4 green	4 green
1 not required to spend until later	1 not required to spend until later	0 not required to spend until later	0 not required to spend until later	0 not required to spend until later	0 not required to spend until later	0 not required to spend until later	0 not required to spend until later	0 not required to spend until later	0 not required to spend until later	0 not required to spend until later
8	8	8	8	8	9	9	9	9	8	8

**Methodology**

Green (business case approved, funding fully secured and delivery on target).  
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# **FOR INFORMATION ITEMS**

## **FOR INFO ITEM**

**Subject:** Future meeting dates of the KMEP & SELEP Boards

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### **KMEP Board Meeting Dates**

- Wednesday 23 September 2020 – Hilton Hotel, Maidstone
- Wednesday 2 December 2020 – Hilton Hotel, Maidstone

Subject to the lockdown finishing, all meetings will be held at the Hilton Hotel, Maidstone, ME14 5AA and run from 4:30pm to 7:00pm. If the lockdown continues, they will happen virtually.

### **SELEP Strategic Board Dates**

The SELEP Strategic Board Meetings dates are:

- Friday 12 June 2020 – Starts at 10am – Virtual meeting
- Friday 2 October 2020 – Starts at 10am - High House Production Park
- Friday 11 December 2020 – Starts at 10am - High House Production Park.

### **SELEP Accountability Board**

- Friday 3 July 2020 – Virtual meeting
- Friday 18 September 2020 - High House Production Park
- Friday 20 November 2020 - High House Production Park

All meetings start at 10:00am

### **SELEP AGM**

- Wednesday 24 June 2020 – Details are awaited as to whether this meeting will still happen.