

ECONOMIC REGENERATION AND LEISURE COMMITTEE MEETING

Date: Tuesday 15 September 2020

Time: 6.30 pm

Venue: Remote Meeting - The public proceedings of the meeting will be broadcast live and recorded for playback on the Maidstone Borough Council website.

Membership:

Councillors Bartlett, Mrs Blackmore (Vice-Chairman), Cox, Fort, Mrs Gooch, Harper (Chairman), Hinder, Lewins and Webb

The Chairman will assume that all Members will read the reports before attending the meeting. Officers are asked to assume the same when introducing reports.

AGENDA

Page No.

1. Apologies for Absence
2. Notification of Substitute Members
3. Urgent Items
4. Notification of Visiting Members
5. Disclosures by Members and Officers
6. Disclosures of Lobbying
7. To consider whether any items should be taken in private because of the possible disclosure of exempt information.
8. Minutes of the Meeting Held on 14 July 2020 1 - 5
9. Presentation of Petitions
10. Question and Answer Session for Members of the Public
11. Questions from Members to the Chairman (if any)
12. Committee Work Programme 6
13. Reports of Outside Bodies
14. Review of the Economic Development Strategy 7 - 29

Issued on Monday 7 September 2020

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

INFORMATION FOR THE PUBLIC

In order to ask a question at this remote meeting, please call **01622 602899** or email committee@maidstone.gov.uk by 5 p.m. one clear working day before the meeting (i.e. by 5 p.m. on Friday 11 September 2020). You will need to provide the full text in writing.

If your question is accepted, you will be provided with instructions as to how you can access the meeting.

In order to submit a written statement in relation to an item on the agenda, please call **01622 602899** or email committee@maidstone.gov.uk by 5 p.m. one clear working day before the meeting (i.e. by 5 p.m. on Friday 11 September 2020). You will need to tell us which agenda item you wish to comment on.

If you require this information in an alternative format please contact us, call **01622 602899** or email committee@maidstone.gov.uk.

To find out more about the work of the Committee, please visit www.maidstone.gov.uk.

Should you wish to refer any decisions contained in these minutes to the **Policy and Resources Committee**, please submit a Decision Referral Form, signed by **three** Councillors, to the **Head of Policy and Communications** by: **29 July 2020**

MAIDSTONE BOROUGH COUNCIL

ECONOMIC REGENERATION AND LEISURE COMMITTEE

MINUTES OF THE MEETING HELD ON TUESDAY 14 JULY 2020

Present: Councillors Bartlett, Mrs Blackmore, Cox, Mrs Gooch, Harper (Chairman), Hinder, Lewins, Webb and Young

Also Present: Councillor Adkinson

119. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Fort.

120. NOTIFICATION OF SUBSTITUTE MEMBERS

It was noted that Councillor Young was present as a Substitute for Councillor Fort.

121. URGENT ITEMS

There were no urgent items.

122. NOTIFICATION OF VISITING MEMBERS

It was noted that Councillor Adkinson was present as a Visiting Member for Item 14 – Bus Station Improvement Project.

123. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

124. DISCLOSURES OF LOBBYING

Councillor Cox had been lobbied on Item 15 – Update on Covid-19 Business Grants.

125. EXEMPT ITEMS

RESOLVED: That all items be taken in public as proposed.

126. MINUTES OF THE MEETING HELD ON 16 JUNE 2020

RESOLVED: That the minutes of the meeting held on 16 June 2020 be approved as a correct record and signed at a later date.

127. PRESENTATION OF PETITIONS

There were no petitions.

128. QUESTION AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

129. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members to the Chairman.

130. COMMITTEE WORK PROGRAMME

It was noted that the Member Consultation as shown on the Committee Work Programme, related to the Member Briefing concerning the Economic Development Strategy Review, as agreed at the previous meeting of the Committee.

The finance reports to be delivered to the Committee later in the year would be added to the work programme.

The Head of Regeneration and Economic Development confirmed that the feedback arising from the public consultation process in relation to the bus station improvement project would be brought to the Committee in October 2020.

RESOLVED: That the Committee Work Programme be noted.

131. REPORTS OF OUTSIDE BODIES

There were no reports of Outside Bodies.

132. BUS STATION IMPROVEMENT PROJECT

The Head of Regeneration and Economic Development introduced the report and highlighted that the Council had been working with Stakeholders which included Kent County Council, Arriva and Capital and Regional throughout the design process.

It was noted that an eight-week public consultation process would take place, with the provision of display boards and a comment box within the Mall for one week. The public consultation was due to start on the 22 July 2020, however in order that advertising could be maximised, this would likely start in early August 2020. The use of additional poster sites would be considered. The Over 50's forum and numerous Disability groups would be consulted.

It was confirmed that an online survey, that would be compatible with screen assisted technology, would be available on the Council's website as part of the consultation process. An officer would be able to provide assistance over the phone to residents unable to complete the survey online. The project would be promoted by the Council's Communication Team through multiple channels.

Mr Felix Lewis gave a presentation to the Committee on the designs for the bus station improvement project, as a representative of CF Architects. During the presentation, particular attention was given to the use of colour and lighting to improve the overall attractiveness of the bus station, the cleaning and improvement of surfaces and concourses and that cosmetic improvements rather than structural changes would be pursued. A public art piece would be commissioned for placement near the north entrance of the bus station.

An animation of the bus station with the proposed works included within the report and presentation was then shown to the Committee. This would be distributed to Members.

Questions were raised about using a one-way system within the bus station. The Head of Regeneration confirmed that a one-way system was ruled out earlier in the project process as it was not feasible in this space and without significant wider work on the road network beyond the scope of the project.

In response to questions, Mr Lewis confirmed that the timber would be replaced in order that a softer appearance be achieved. It was confirmed that an insect hotel could be included in the designs and that actions would be taken to allow the placement of digital boards to display live bus times retrospectively. It was noted that numbers would be placed on the portals to highlight each bus stop and that bins and disabled seating would be included within the final designs.

Several members expressed a wish to have planters within the bus station, however it was confirmed that there would not be enough natural light to sustain their growth.

The Head of Regeneration and Economic Development informed the Committee that there was a contingency of £70,000 within the budget.

RESOLVED: That the draft designs be approved for public consultation.

133. UPDATE ON COVID BUSINESS GRANTS

The Head of Regeneration and Economic Development introduced the report which included a list of the initiatives undertaken by Central Government in response to the Covid-19 pandemic. In the implementation of those initiatives, the Council had commissioned Kent and Medway Growth Hub to provide advice and guidance to businesses in accessing the initiatives. This was done in conjunction with other Local Authorities and Kent County Council.

The Head of Regeneration and Economic Development explained the basis of the Business Rates Relief Scheme, the Small Business Grant Fund and Retail Hospitality and Leisure Fund and the Discretionary Grant Scheme. The conditions for both grant schemes included that a business had to have been trading on 11 March 2020, had been solvent and had made the relevant state aid declarations.

In relation to the Small Business Grant Fund and Retail, Hospitality and Leisure Fund, it was confirmed that over 2100 grants had been paid to local businesses, which totalled 98% of the original and additional funding allocated to the Council by Central Government. The Council was originally allocated £27.5 million in funding with a further sum of over £800,000 provided due to the level of approved applications received.

In relation to the Discretionary Grant Scheme, over 300 applications had been received with 247 grants having been provided by the Council. A total of £1.4 million in funding was provided, with 82% having been paid out to applicants.

It was noted that any businesses which applied to one of the schemes, that would have better suited the criteria of a different scheme, were directed as such. Of the applications received, there had been 14 appeals which were being overseen by the Director of Finance and Business Improvement.

A request was made that a written update be provided to the Committee at an appropriate opportunity, with regard to the economic recovery of the Borough.

RESOLVED: That the content of the report be noted, and the Committee express their thanks to the officers involved in the provision of business grants.

134. UPDATE ON THE MEDTECH INNOVATION PROGRAMME

The Compliance and Projects Manager introduced the report and gave a short presentation to the Committee regarding the MedTech Innovation Programme which had been funded in part by the European Regional Development Fund.

The Compliance and Projects Manager noted that the programme was expected to support 270 jobs and contribute £120 million in growth value to the economy within the next decade. It was noted that £390,000 of the funding had been designated to the MedTech Innovation Business Support Programme that aimed to increase the competitiveness of small and medium sized businesses over the South East Local Enterprise Partnership Area. The programme's objective would be to support 185 businesses within the next three years, create 159 new jobs and introduce 133 products to the market.

It was noted that NCL Technology Ventures, a company that has invested in technology start-ups, had been selected to deliver the MedTech Innovation Programme. During the Covid-19 pandemic, NCL had experienced continued high demand and it was felt that the Health Sector would be a growing industry.

It was confirmed that the workshops proposed would now take place via webinar in light of the Covid-19 pandemic. A ranking system would be

introduced, dependent on the stage of development achieved by the small and medium sized enterprises. The 'Atom' stage would involve a higher number of workshop-based support; the 'Electron' stage would be divided equally between workshops and one-to-one support; the 'Nucleus' stage would have the most bespoke one-to-one sessions. Once each company had completed the 12-hour programme they would be able to perform a pitch to NCL on numerous topics that included sales, market analysis and financial planning.

The Compliance and Projects Manager confirmed that the Innovation Centre was due to open in early July 2021.

RESOLVED: That the content of the report be noted.

135. DURATION OF MEETING

6.30 p.m. to 8 p.m.

2020/21 WORK PROGRAMME

	Committee	Month	Origin	CLT to clear	Lead	Report Author
Lockmeadow Property Management Strategy	ERL	20-Oct-20	Asset Management	Yes	Mark Green	Mark Green
Bus Station Improvement Project - Public Consultation Response	ERL	20-Oct-20	Officer Update	Yes	John Foster	John Foster
Draft Medium Term Financial Strategy 2021/22-2025/26	ERL	17-Nov-20	Governance	No	Mark Green	Ellie Dunnet
Q2 Budget and Performance Monitoring 2020/21	ERL	17-Nov-20	Officer Update	No	Mark Green	Ellie Dunnet
Medium Term Financial Strategy & Budget Proposals 2021/22	ERL	19-Jan-21	Governance	No	Mark Green	Ellie Dunnet
Q3 Budget and Performance Monitoring 2020/21	ERL	16-Feb-21	Officer Update	No	Mark Green	Ellie Dunnet
Making Maidstone More Active - Update	ERL	TBC	Officer Update	?	John Foster	Mike Evans
Tour of the Business Terrace	ERL	TBC	Briefing		John Foster	John Foster
Town Centre Opportunity Sites Delivery Strategies	ERL	TBC	Officer Update	?	William Cornall	John Foster

Agenda Item 12

Review of the Economic Development Strategy

Final Decision-Maker	Economic Regeneration and Leisure Committee
Lead Head of Service	<i>John Foster</i> , Head of Regeneration and Economic Development
Lead Officer and Report Author	<i>Chris Inwood</i> , Regeneration and Economic Development Manager.
Classification	Public
Wards affected	All

Executive Summary:

Since the adoption of the Economic Development Strategy in 2015 the national and regional landscape and policy background supporting economic growth has changed significantly, with the publication of the National Industrial Strategy leading to the Local Industrial Strategy agenda and the Local Enterprise Partnership (LEP) review strengthening LEP'S position and role in delivering growth, Kent County County's (KCC's) emerging Enterprise and Productivity Strategy 2050, recent Thames Gateway Initiatives, such as the Thames Estuary Production Corridor and the North Kent Enterprise Zone.

And notably the impacts of Brexit and climate change to the national and local economy are yet to be fully understood.

The Council's adopted Local Plan is currently undergoing a review with a forward look at least until 2037, it includes a call for sites and a Local Economic, Retail and Leisure Needs Assessment. Early indications predict the Council will be required to deliver an additional residential units above the adopted plans current position and increased B class employment space going forward. The review may lead to the development of one or more new Garden Communities.

During the original timescale for the revision of the Economic Development Strategy the country/globe has faced a period of Economic Lockdown due to COVID 19 having a significant impact on the local economy of Maidstone.

It is therefore timely that the current Economic Development Strategy is reviewed in line with these changes.

The review captures the positive role the Council can undertake to encourage and enable investment and deliver inclusive growth in the Borough.

The reviews outputs, are:

- A full colour revised Economic Development Strategy to 2037, including an executive summary.*
- An interim report setting out the analysis and feedback from stakeholder consultations with, Councillors, Officers, external stakeholders, and the*

business community.

- *An action plan phased annually over 5 years*

Purpose of Report

To introduce the Council's consultants Litchfields, provide an update on progress of the revision of the Council's Economic Development Strategy, present an interim summary document and gain approval for the strategies' public consultation programme.

This report makes the following recommendations to ERL committee:

1. To note the interim summary document and strategy's programme going forward.
2. That approval is given to the public consultation programme for the revision of the Economic Development Strategy.

Timetable

<i>Meeting</i>	<i>Date</i>
ERL	15 th September 2020

Review of the Economic Development Strategy

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p><i>The relevant Strategic Plan objectives are:</i></p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • A thriving Place <p><i>Accepting these recommendations will substantially assist the Council achieving the above strategic outcomes.</i></p>	Head of Regeneration and Economic Development
Risk Management	<ul style="list-style-type: none"> • Without a review of the adopted EDS the Council is at risk of not reaching its targets on Inclusive growth. 	Head of Regeneration and Economic Development
Financial	<ul style="list-style-type: none"> • Projects to promote economic development, including the study by Litchfields described in this report, have been funded from MBC's share of business rates growth arising from the Council's membership of the Kent business rates pool. Owing to the potential reduction in business rates income arising from Covid-19, it remains to be determined whether it will be beneficial to continue with the pool from 2021/22 onwards. If the pool does not continue or if there is negligible growth, this source of funding for economic development activity will no longer be available. If the pool continues in existence the use of any proceeds is in any case subject to decisions to be made by the Council as part of the budget setting process about how to set a balanced budget in 2021/22 and future years. 	Section 151 Officer & Finance Team
Staffing	<ul style="list-style-type: none"> • We will deliver the recommendations 	Head of Regeneration

	with our current staffing.	and Economic Development
Legal	<ul style="list-style-type: none"> • The objectives and actions outlined in the Initial Proposition Paper report are matters which the Council is permitted to undertake under the Functions Regulations and section 111(1) of the Local Government Act 1972, which empowers the Council to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions. • Under Section 3 of the Local Government Act 1999 local authorities have a duty to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The review of the Economic Development Strategy demonstrates compliance with the statutory duty. • It is a function of the Economic Regeneration and Leisure Committee to oversee the development, review and implementation of the Council's Economic Development Strategy and, therefore, it falls to this Committee to consider the recommendations in this report. 	Team Leader (Corporate Governance), MKLS
Privacy and Data Protection	<ul style="list-style-type: none"> • The data will be held and processed in accordance with the data protection principles contained in the Data Protection Act 2018. 	Team Leader (Corporate Governance), MKLS
Equalities	<ul style="list-style-type: none"> • An equalities impact assessment will be carried out for this project. 	Policy & Information Manager
Public Health	<ul style="list-style-type: none"> • A strong local economy with 	Senior Public

	<p>residents in good and secure employment has significant and positive impacts on the health and wellbeing of individuals and their families.</p> <ul style="list-style-type: none"> COVID-19 has shown how public health and work/the economy are inextricably linked. It has also further highlighted the health inequalities which already existed. The review of the Economic Development Strategy recognises these implications and must take into consideration that those hit hardest by the economic impacts of COVID-19 are likely to be those who were already economically vulnerable and in particular the impact of unemployment on particular groups/areas within the Maidstone Borough. To ensure that there are 'opportunities for all' a strong emphasis needs to be placed on making it easier for people who are disadvantaged in the labour market to obtain and keep work and to improve the quality and access of jobs across the social gradient. 	Health Officer
Crime and Disorder	<ul style="list-style-type: none"> Not applicable 	Head of Service or Manager
Procurement	<ul style="list-style-type: none"> On accepting the recommendations, the Council will then follow procurement exercises for [listed parts of the action]. We will complete those exercises in line with financial procedure rules. The actions need procurement that for [reasons] we cannot complete in line with financial procedure rules. So, we will seek a waiver through [procedures] 	Head of Service & Section 151 Officer
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> Heritage is Respected Health Inequalities are Addressed and Reduced 	Head of Regeneration and Economic

	<ul style="list-style-type: none"> • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>The review of the adopted EDS supports the following cross cutting objectives:</p> <p>'Heritage is Respected' the brief includes a section on building on our current rich assets.</p> <p>Health Inequalities are addressed and reduced: The economy is one of if not the biggest determining factor in reducing health inequalities</p> <p>'Deprivation and Social Mobility is Improved' the brief includes a section on Skills and progression in work and our consultants will liaise with the councils Inclusion Board as part of the consultation process.</p> <p>'Biodiversity and Environmental Sustainability is respected' the brief includes encouraging businesses to reduce their carbon footprint, waste, and energy consumption.</p>	Development
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2. INTRODUCTION AND BACKGROUND

The existing strategy was adopted in 2015 and has delivered a series of positive achievements. Key successes include:

- An increase in business start- up and survival rates with the implementation of The Business Terrace, supporting wrap around 121 business support and workshops and events programme.
- A successful bid for the North Kent Enterprise Zone which includes the Kent Medical Campus.
- A successful ERDF and SELEP funding bid for the Innovation Centre, accompanied by a fully funded business support programme supporting Medtech and Lifescience starts ups and additional staff. The contractors are now on site.
- Enhancing the Town Centre, the introduction of a successful Business Improvement District, 'One Maidstone' and public realm works.
- Skills, skills gap, and CV working with Mid Kent College, hosting MEBP at the college and working with the Kent Foundation to develop an entrepreneurship pilot programme for Mid Kent College students.

- 2.1 In June 2019 ERL Committee was asked to consider a motion from Full Council which proposed that the Economic Development Strategy Review should include the additional following themes: The arts, Parks and open spaces improvements, The destination management plan, The visitor and

leisure economy, Promoting low or carbon neutral growth and building on our current rich assets. ERL Committee supported the motion with some changes and these elements were included in the Economic Development Strategy review tender brief and covered in more depth at the inception meeting.

- 2.2 The Council went out to full procurement in January 2020 seeking consultants to undertake a review of the Councils current Economic Development Strategy. Four consultants showed initial interest with two consultancies submitting full tender responses, Hatch Regeneris and Litchfield.
- 2.3 Litchfields were chosen as the councils preferred bidder as in addition to submitting a quality tender response, they are the Councils consultants for the Local Economic, Retail and Leisure Needs Assessment for the Local Plan review and were commissioned by the South East Local Enterprise Partnership to develop the LEP's Local Industrial Strategy. Therefore, they have both an in-depth knowledge of Maidstone's local economy and SELEP's emerging priorities in the Local Industrial Strategy. They were instructed on 17th February 2020, with an implementation meeting held on the 28th February.
- 2.4 Following the implementation meeting the strategy's work programme was paused during Lock Down as the councils Economic Development Team concentrated on the COVID 19 Business Grants. The strategy's original brief was also revised to focus on the economic impacts of Covid-19 on Maidstone's Economy and the implications this poses for the revision of the Economic Development Strategy.
- 2.5 The work programme was picked up again in mid - June with Litchfield's presenting interim findings on the effects and implications of Covid 19 on the local economy and a series of virtual consultation workshops and meetings were held in June, July, and August.

3. Interim summary document:

- 3.1 This report sets out some of Lichfield's emerging analysis and an initial proposition around which the future strategy might be framed –comprising an updated vision statement, and a series of key themes and strategic priorities which could support this. For each of these Lichfields identify a rationale for their inclusion and some overarching enabling factors to help deliver future actions.
- 3.2 Clearly this process is happening in the context of the effects of the Covid-19 pandemic, and so there is a need to consider both the support that Maidstone's economy will need through recovery in the short and medium term, as well as how the area's potential can be enhanced over the longer-term.
- 3.3 It should be noted that these are initial findings for discussion. They are based on consultation feedback received to date (including via two Council

workshops with Members and Officers held in August) and will be subject to change and further refinement as the strategy moves to the full drafting stage in the coming weeks. It has already been noted by officers that some themes around the role of the public sector, green economy, climate change and the arts and culture have not been captured yet. The first long draft will also set out MBC's role in relation to other organisations tasked with promoting economic development. The Report can be found in Appendix One.

- 3.4 The report details the draft vision: *By 2037 Maidstone will excel as the 'Business Capital of Kent', defined by a strong entrepreneurial spirit, an unrivalled urban-rural economic offer, and which offers opportunities for all of our communities.*
- 3.5 Underpinning this overall vision are five key priorities around which our plan for future activities to realise Maidstone's economic potential is framed:
- 1) *Open for business*
 - 2) *A diverse and productive economic base*
 - 3) *A thriving rural economy*
 - 4) *Opportunities for all*
 - 5) *Destination Maidstone town centre*
- 3.6 *Feedback from this ERL committee will be used to refine the draft economic vision and supporting objectives. A series of enabling actions will then be defined to help realise the vision over the first five years of the strategy period.*

4. Consultation Programme and timetable:

- 4.1 The following consultation programme has been put in place and started to make up time due to the projects pause during Lock Down. The programme ensures the consultants emerging options, actions, and opportunities the revised Economic Development strategy should focus on are capturing the views and requirements of the whole Council and its stakeholders.
- 4.2 A set of virtual workshops and meetings were held between the 26th June to the 12th August.

Table One:

Stakeholders:	Date:
All Members workshop	12 th August 2020
Engagement with the Councils Inclusion Board to understand the Councils emerging work around inclusive growth, financial inclusion, social mobility, and deprivation.	20 th July 2020
Officers workshop,	11 th August 2020
Maidstone Economic Business Partnership workshop on Covid 19 Economic recovery and implications.	26 th June 2020

- 4.3 In addition to the virtual workshops, the consultants are also undertaking 121 telephone interviews with our strategic partners, Mid Kent College, Kent County Council, Locate In Kent, Thames Gateway Kent Partnership, and the South East Local Economic Partnership. Dialogue has also been held with the Department of Works and Pensions.
- 4.4 **Public consultation:** To ensure that all sizes and sectors of the business community across both the rural and urban areas of the Borough and residents have an opportunity to input, an online survey will be circulated to the Economic Developments local business database and will be available on the councils website. This will be heavily promoted by social media to increase participation. It is proposed that the public consultation will be for 8 weeks starting on the 21st of October.
- 4.5 The work programme to full adoption is:
- The draft Economic Development Strategy and 5year action plan will be presented to ERL on the 20th October.
 - 8 weeks public consultation programme starting on the 21st October.
 - Review of the draft Economic Development Strategy to reflect public consultation feedback.
 - Completed Economic Development Strategy and 5year action plan will be presented ERL on the 19th January 2021 for full adoption.

5. RECOMMENDATION

- 5.1 This report recommends that ERL committee approves the public consultation programme for the revision of the Economic Development Strategy and timescale for full adoption.
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6. RISK

Please refer to the Risk Management section.

7. PREVIOUS COMMITTEE FEEDBACK

- 7.1 February 2019's Full Council resolved that the Economic Development Strategy Review should include the following: The arts, Parks and open spaces improvements, The destination management plan, The visitor and leisure economy, Promoting low or carbon neutral growth and building on our current rich assets. In accordance with Council Procedure Rule 17.5, the motion, was referred to the Policy and Resources Committee for consideration. Subsequently, at its meeting on 27 March 2019, the Policy and Resources Committee referred the motion to ERL Committee. ERL debated the motion on the 4th July 2019 and finally approved a wording on the 2nd July 2019:

This Council notes the considerable progress made in economic development over the last 5 years including:

- Maidstone East
- The Business Terrace
- Kent Medical Campus Innovation Centre
- Public Realm improvements
- Investment in infrastructure e.g. Bridge Gyrotory, Cycle Path etc...

In the review of the Council's Economic Development Strategy, planned for later this year, the Council resolves to ensure that, through encouraging and enabling direct investment, the positive role that the following can offer in supporting the local economy is recognised:

- Place making initiatives such as improvements to parks and open spaces, arts and cultural developments, public realm.
- The visitor and leisure economy, events and festivals.
- Protecting well located and attractive employment space and bringing forward new employment space.
- Encouraging businesses to reduce their carbon footprint, waste and energy consumption

8. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION:

- 8.1 That ERL Committee note the interim summary document
- 8.2 That ERL Committee agree the Economic Development Public Consultation programme of 8 weeks starting on the 21st October 2020.
- 8.3 That ERL note that the draft Economic Development Strategy and 5year action plan will be presented to ERL on the 20th October.
- 8.4 That ERL Committee agree the full adoption of the Economic Development Strategy and 5year action plan on the 19th January 2021.

9. REPORT APPENDICES

- *Appendix 1: Interim Summary Document*

LICHFIELDS



Maidstone Economic Development Strategy

Initial Proposition Paper

For internal use only

2 September, 2020



Introduction

Lichfields is supporting Maidstone Borough Council to prepare a new Economic Development Strategy for the Borough up to 2037.

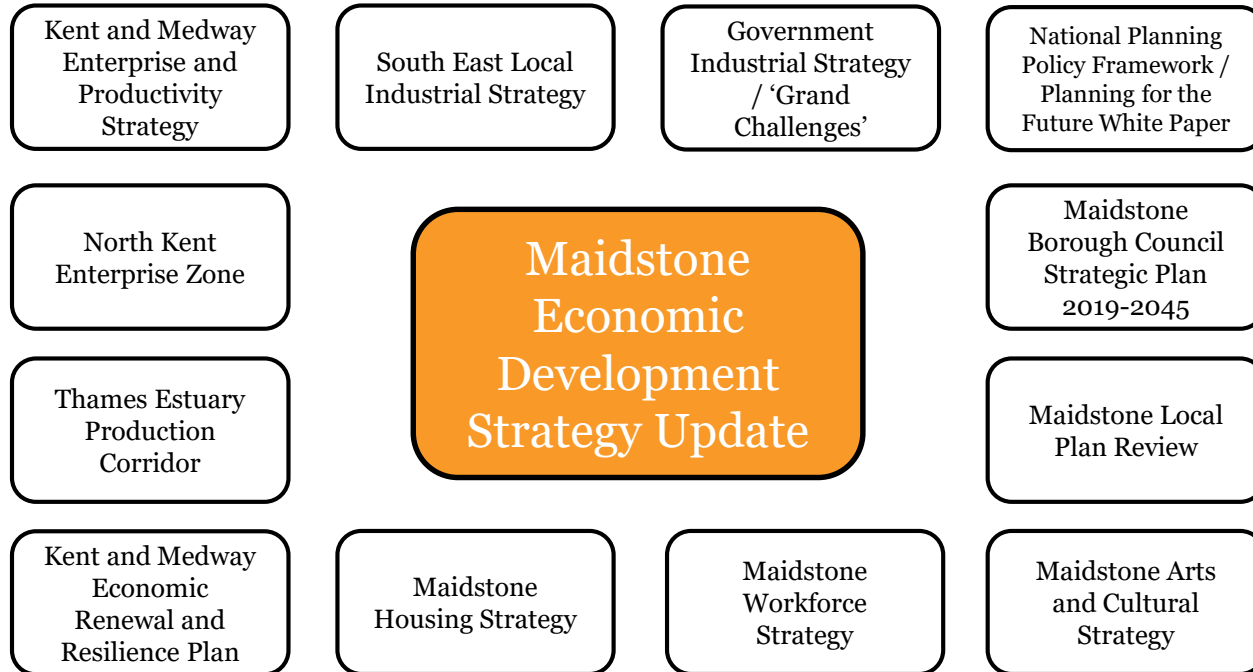
This slide deck sets out some of our emerging analysis and an initial proposition around which the future strategy might be framed – comprising an updated vision statement, and a series of key themes and strategic priorities which could support this. For each of these we identify a rationale for their inclusion and some overarching enabling factors to help deliver future actions.

Clearly this process is happening in the context of the effects of the Covid-19 pandemic, and so there is a need to consider both the support that Maidstone's economy will need through recovery in the short and medium term, as well as how the area's potential can be enhanced over the longer-term.

It should be noted that these are initial findings for discussion, and therefore are strictly for internal use only. They are based on consultation feedback received to date (including via two Council workshops with Members and Officers held in August) and will be subject to change and further refinement as the strategy moves to the full drafting stage in the coming weeks.

Strategic context

There are a range of strategic drivers and growth opportunities that provide an important context for Maidstone's new Economic Development Strategy.



Summary SWOT analysis

The strategy also needs to have regard to the particular economic circumstances that exist in Maidstone, and immediate economic impacts and implications posed by Covid-19.

Strengths

- Strong employment growth (exceeding Local Plan creation target)
- Significant growth in enterprises in recent years, coupled with healthy levels of business survival
- High levels of economic activity
- Proximity to key infrastructure assets incl High Speed One and M20
- Strong population growth, underpinned by the area's attractiveness as a place to live

Weaknesses

- Declining working age population in recent years
- Relatively low local workforce productivity
- Less highly qualified workforce than the South East, particularly at NVQ level 4 and above
- Lower than average earnings (workplace and resident-based)
- Pockets of deprivation continue to persist in urban areas

Opportunities

- Above average levels of workers employed in higher paid occupations
- Strong levels of self-employment and business start-up present opportunities for increasing entrepreneurial activity locally
- Significant scale of planned housing/population growth across Kent
- Enhanced connectivity through Thameslink services

Threats

- Covid-19 impacts and risk of increasing unemployment
- Uncertainty around recovery profile for Borough's key sectors
- Resident skills may not be sufficient to take advantage of higher value job opportunities
- Decreasing high street and retail trade activity

Towards a new vision statement

We have started by defining a (draft) updated vision for the Borough's economy, underpinned by five key themes that will provide a framework for future activities.

The vision must build upon the existing strengths and unique assets of the Borough, taking account of opportunities to 'lead the way' within a competitive environment and deliver a step change in economic performance and prosperity.

It should also respond to identified weaknesses and challenges to growth such as relatively low workforce productivity locally and pockets of persistent socio-economic deprivation amongst some communities in the Borough.

On this basis, we propose an updated economic vision statement as shown to the right. This is underpinned by five strategic priorities that are explored on the following pages where we identify the **rationale** for each priority and an initial view on **enabling factors** – where the Council is likely to have greatest influence – to overcome key challenges to economic prosperity and set a path to achieving our vision for Maidstone in 2037.

By 2037 Maidstone will excel as the 'Business Capital of Kent', defined by a strong entrepreneurial spirit, an unrivalled urban-rural economic offer, and which offers opportunities for all of our communities.

Overarching proposition

Underpinning this overall vision are five key priorities around which our plan for future activities to realise Maidstone's economic potential is framed.

Draft Vision:

By 2037 Maidstone will excel as the 'Business Capital of Kent', defined by a strong entrepreneurial spirit, an unrivalled urban-rural economic offer, and which offers opportunities for all of our communities.

Five strategic priorities for realising our vision:

22



Open for business

Maximising our economic role at the heart of Kent to create a positive and entrepreneurial environment in which businesses can grow and thrive



A diverse and productive economic base

Diversifying our economic base and boosting productivity by growing high value activity, including existing strengths in life sciences and new opportunities for clean growth



A thriving rural economy

Realising the potential of our rural assets (such as sector strengths in viticulture and tourism) and overcoming barriers to growth through enhanced infrastructure and connectivity



Opportunities for all

Taking an inclusive approach to growth to ensure that all of our communities can benefit from economic success and prosperity



Destination Maidstone town centre

Re-imagining Maidstone's town centre as a vibrant, mixed-use destination with a thriving day and night time economy befitting a modern county town

Priority 1:

Open for business

Rationale

Maximising our economic role at the heart of Kent to create a positive and entrepreneurial environment in which businesses can grow and thrive.

Home to more than 7,000 businesses and 168,000 residents, Maidstone already represents a powerhouse for growth and a popular business location. It has a high business start up rate indicating that the Borough plays an important role as an incubator of new businesses and innovation; and those businesses that do start in Maidstone have a strong chance of survival.

However, we know that many of our businesses are suffering significant disruption as a result of Covid-19, with lockdown measures effectively forcing some key industries such as hospitality, recreation and retail to temporarily 'shut down'. The short term focus of our strategy must therefore be on business survival and resilience to help them through this challenging time.

We want to offer a welcoming environment to entrepreneurs by providing the required facilities and floorspace, together with the opportunities to integrate in wider business networks and supply chains and take advantage of the agglomeration economies that already exist in Maidstone to thrive.

Through the Economic Development Strategy, we want to build on the success of The Business Terrace - the Council's Growth Accelerator – by continuing to provide state-of-the-art flexible workspace to business start-ups, but also encourage our existing business base to scale-up and attract new business investment through our role as the Business Capital of Kent.



Enabling Factors

- Provision of business premises and land
- Infrastructure and connectivity
- Skills and talent
- Business networks, support and advice
- Placemaking and business environment

Priority 2:

A diverse and productive economic base

Rationale

Diversifying our economic base and boosting productivity by growing high value activity, including existing strengths in life sciences and new opportunities for clean growth.

Maidstone needs to broaden its economic foundations to not only support business resilience over the short term as the economy recovers from Covid-19, but to also position itself for future growth opportunities over the coming years.

Despite some strong indicators of economic performance, the Borough faces a series of underlying economic weaknesses and challenges to boost workplace productivity in line with regional and national averages, driven in part by strong representation of lower value activities such as hospitality, recreation and social care. Whilst the public sector has traditionally provided a good source of local employment, there is significant scope to diversify the local economy through private sector growth and with it, high quality employment opportunities for our residents.

This is reinforced through the National Industrial Strategy and at sub-regional level by the South East Local Industrial Strategy, with their emphasis upon driving economic productivity, boosting earning power and responding to the global Grand Challenges of ageing society, future of mobility, clean growth and artificial intelligence.

Over the short term, we need to position the Borough to realise distinctive sector growth and innovation opportunities associated with med-tech (by maximising economic impact from the Maidstone Innovation Centre) and emerging productivity opportunities presented by the green recovery agenda, by upskilling our workforce, facilitating knowledge-sharing/business clustering and leveraging benefits for all parts of the economy.



Enabling Factors

- Provision of high quality 'innovation space'
- Skills brokerage and training opportunities
- Facilitating business networks and clusters
- Provision of land for inward investment

Priority 3:

A thriving rural economy

Rationale

Realising the potential of our rural assets (such as sector strengths in viticulture and tourism) and overcoming barriers to growth through enhanced infrastructure and connectivity.

Maidstone accommodates a successful rural economy that provides a vital source of employment for many of the Borough's residents and is home to a network of smaller towns and villages that are important commercial centres in their own right.

It is already home to a vibrant mix of industries including manufacturing, agriculture and tourism and an unrivalled portfolio of heritage and visitor assets. Whilst many of our rural businesses have successfully diversified their economic offer over recent years, others offer significant potential for further growth and development over the coming years, in turn helping to diversify the Borough's economic base and boost local productivity.

Particular growth opportunities have been identified around the Borough's burgeoning viticulture industry – which represents one of the UK's fastest growing agri sectors - and related potential to drive up the economic value and contribution made by the Borough's rural tourism sector.

We also know that rural parts of the Borough face particular challenges and barriers to growth and prosperity, so our strategy focuses on enhanced infrastructure provision and connectivity to unlock these opportunities and enable a thriving rural economy.



Enabling Factors

- Infrastructure, transport and connectivity
- Provision of start-up and grow-on business space
- Supportive local planning policy for rural diversification
- Sector clusters and support networks
- Place promotion and targeted campaigns

Priority 4:

Opportunities for all

Rationale

Taking an inclusive approach to growth to ensure that all of our communities can benefit from economic success and prosperity.

Inclusive growth lies at the heart of the Council's corporate agenda, and is reflected within this Economic Development Strategy through an overarching emphasis on economic opportunity for all; a Borough where everyone can realise their potential.

Whilst the Borough ranks within the least 50% deprived local authorities in England in terms of deprivation, some entrenched pockets of deprivation persist within the urban areas of Maidstone town, with key segments of the Borough's population particularly vulnerable to the ongoing economic effects of Covid-19 such as unemployment and reduced earnings. Issues of social mobility are also prevalent amongst some groups of the local population (such as young people and adults) and this acts as a constraint to economic growth that this strategy seeks to address.

The Borough has seen little change in socio-economic inequality over recent years, indicating that an alternative approach is now needed to tackle often deep seated, inter-generational challenges and better connect the opportunities associated with a growing economy to our communities.



Enabling Factors

- Targeted employability and skills support
- Digital infrastructure and connectivity
- School careers programmes
- Job brokerage

Priority 5:

Destination Maidstone town centre

Rationale

Re-imagining Maidstone's town centre as a vibrant, mixed-use destination with a thriving day and night time economy befitting a modern county town.

Like many other parts of the country, Maidstone's town centre has undergone unprecedented change over recent years in response to major structural shifts in the wider retail, leisure and office markets; a process that has been rapidly accelerated by Covid-19. Yet it remains an important economic centre, the Borough's largest employment location and a significant focus for future investment.

To remain relevant and well-loved by the communities it serves, the town centre is in need of rejuvenation, future oriented thinking and support to respond to evolving consumer habits and emerging opportunities to repurpose the built environment. In particular, it will need to diversify its existing offer to include a broader range of leisure, 'experienced-focused' and evening economy uses, commensurate with its county town role and status. The portfolio of Opportunity Areas provide significant spatial capacity in this regard, supported by a forthcoming Area Action Plan and ambitious town centre regeneration strategy.

The scale of the town centre's existing economic contribution and catalytic potential makes it's renaissance a critical underpinning component of the Borough's updated Economic Development Strategy, given the opportunities it provides to facilitate business growth, innovation and a more diversified, inclusive economic base.



Enabling Factors

- Proactive planning policy (inc. forthcoming town centre AAP)
- Placemaking and public realm
- Provision of start-up and grow-on business space
- Connectivity and accessibility



Next steps

Feedback from the September Economic Regeneration and Leisure Committee will be used to refine the draft economic vision and supporting strategic objectives. A series of enabling actions will then be defined to help realise the vision over the first 5 years of the strategy period.

Further 1-2-1 consultation on the Economic Development Strategy update is currently ongoing with a number of key strategic stakeholders including Kent County Council, Thames Gateway Kent Partnership, Locate in Kent, the South East Local Enterprise Partnership and Mid Kent College. This will be used to test the strategy's emerging vision, priorities and strategic alignment.

A full draft Economic Development Strategy will be prepared by early October for presentation at the October Economic Regeneration and Leisure Committee.

This will be followed by an 8-week period of public consultation on the draft strategy, and finalisation of the strategy by January 2021.

Agenda Item 15

ECONOMIC REGENERATION & LEISURE COMMITTEE

8 September 2020

1st Quarter Financial Update & Performance Monitoring Report 2020/21

Final Decision-Maker	Economic Regeneration & Leisure Committee
Lead Head of Service	Mark Green, Director of Business Improvement
Lead Officer and Report Authors	Ellie Dunnet, Head of Finance Paul Holland, Senior Finance Manager (Client) Carly Benville, Senior Business Analyst
Classification	Public
Wards affected	All

Executive Summary

This report sets out the 2020/21 financial and performance position for the services reporting into the Economic Regeneration & Leisure Committee (ERL) as at 30th June 2020 (Quarter 1). The primary focus is on:

- The 2020/21 Revenue and Capital budgets; and
- The 2020/21 Key Performance Indicators (KPIs) that relate to the delivery of the Strategic Plan 2019-2045.

The combined reporting of the financial and performance position enables the Committee to consider and comment on the issues raised and actions being taken to address both budget pressures and performance issues in their proper context, reflecting the fact that the financial and performance-related fortunes of the Council are inextricably linked. The report for this quarter has a particular focus on the impact the Covid-19 pandemic has had on the Council's financial position and performance.

Budget Monitoring

Overall net expenditure at the end Quarter 1 for the services reporting to ERL is £435,000, compared to the approved budget of £256,000, representing a shortfall of £179,000.

Capital expenditure for the services reporting to ERL of £34,000 has been incurred against the approved budget of £3.901m. Forecast spend for the year is £1.340m.

Performance Monitoring

20% (1 of 5) targetable quarterly key performance indicators (KPIs) reportable to the Economic Regeneration & Leisure Committee achieved their Quarter 1 (Q1) target.

Purpose of Report

The report enables the Committee to consider and comment on the issues raised and actions being taken to address both budget pressures and performance issues as at 30th June 2020.

This report makes the following Recommendations to the Committee:

1. That the Revenue position as at the end of Quarter 1 for 2020/21, including the actions being taken or proposed to improve the position, where significant variances have been identified, be noted;
2. That the Capital position at the end of Quarter 1 be noted; and
3. That the Performance position as at Quarter 1 for 2020/21, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted.

Timetable

<i>Meeting</i>	<i>Date</i>
Economic Regeneration & Leisure Committee	15 September 2020

1st Quarter Financial Update & Performance Monitoring Report 2020/21

CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>This report monitors actual activity against the revenue budget and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's Medium-Term Financial Strategy which is linked to the Strategic Plan and corporate priorities.</p> <p>The Key Performance Indicators and strategic actions are part of the Council's overarching Strategic Plan 2019-45 and play an important role in the achievement of corporate objectives. They also cover a wide range of services and priority areas.</p>	Director of Finance and Business Improvement (Section 151 Officer)
Cross Cutting Objectives	This report enables any links between performance and financial matters to be identified and addressed at an early stage, thereby reducing the risk of compromising the delivery of the Strategic Plan 2019-2045, including its cross-cutting objectives.	Director of Finance and Business Improvement (Section 151 Officer)
Risk Management	This is addressed in Section 5 of this report.	Director of Finance and Business Improvement (Section 151 Officer)

Issue	Implications	Sign-off
Financial	<p>Financial implications are the focus of this report through high level budget monitoring. Budget monitoring ensures that services can react quickly enough to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of strategic priorities.</p> <p>Performance indicators and targets are closely linked to the allocation of resources and determining good value for money. The financial implications of any proposed changes are also identified and taken into account in the Council's Medium-Term Financial Strategy and associated annual budget setting process. Performance issues are highlighted as part of the budget monitoring reporting process.</p>	Senior Finance Manager (Client)
Staffing	<p>The budget for staffing represents a significant proportion of the direct spend of the Council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.</p> <p>Having a clear set of performance targets enables staff outcomes/objectives to be set and effective action plans to be put in place.</p>	Director of Finance and Business Improvement (Section 151 Officer)
Legal	<p>The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables the Committee to remain aware of issues and the process to be taken to maintain a balanced budget.</p> <p>There is no statutory duty to report regularly on the Council's performance. However, under Section 3 of the Local Government Act 1999 (as amended) a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. One of the purposes of the Key Performance Indicators is to facilitate the improvement of the economy, efficiency and effectiveness of Council services. Regular reports on Council performance help to demonstrate best value and compliance with the statutory duty.</p>	Principal lawyer (Corporate Governance), MKLS

Issue	Implications	Sign-off
Privacy and Data Protection	The performance data is held and processed in accordance with the data protection principles contained in the Data Protection Act 2018 and in line with the Data Quality Policy, which sets out the requirement for ensuring data quality. There is a program for undertaking data quality audits of performance indicators.	Policy and Information Team
Equalities	There is no impact on Equalities as a result of the recommendations in this report. An EqIA would be carried out as part of a policy or service change, should one be identified.	Equalities and Corporate Policy Officer
Public Health	The performance recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
Crime and Disorder	There are no specific issues arising.	Director of Finance and Business Improvement (Section 151 Officer)
Procurement	Performance Indicators and Strategic Milestones monitor any procurement needed to achieve the outcomes of the Strategic Plan.	Director of Finance and Business Improvement (Section 151 Officer)

1. BACKGROUND AND INTRODUCTION

- 1.1 The Medium Term Financial Strategy for 2020/21 to 2024/25 - including the budget for 2020/21 - was approved by full Council on 26th February 2020. This report updates the Committee on how its services have performed over the last quarter with regard to revenue and capital expenditure against approved budgets.
- 1.2 The report particularly focuses on the impact of the Covid-19 pandemic on the financial position and performance of the service areas that fall under this committee, and provide some further detail around particular areas of concern.
- 1.3 This report also includes an update to the Committee on progress against its Key Performance Indicators (KPIs).
- 1.4 Attached at **Appendix 1**, is a report setting out the revenue and capital spending position at the Quarter 4 stage. Attached at **Appendix 2**, is a report setting out the position for the KPIs for the corresponding period.

2. AVAILABLE OPTIONS

- 2.1 There are no matters for decision in this report. The Committee is asked to note the contents but may choose to take further action depending on the matters reported here.
-

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 In considering the current position on the Revenue budget, the Capital Programme and KPIs at the end of June 2020, the Committee can choose to note this information or could choose to take further action.
- 3.2 The Committee is requested to note the content of the report and agree on any necessary action to be taken in relation to the budget position and/or the KPIs position.
-

4. RISK

- 4.1 This report is presented for information only and has no direct risk management implications.
- 4.2 The Council has produced a balanced budget for both revenue and capital income and expenditure for 2020/21. The budget is set against a backdrop of limited resources and a difficult economic climate. Regular and comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives the Committee the best opportunity to take actions to mitigate such risks.
-

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The KPIs update ("Performance Monitoring") is reported to service committees quarterly: Communities, Housing & Environment Committee; Economic Regeneration & Leisure Committee; and the Strategic Planning & Infrastructure Committee. Each committee will receive a report on the relevant priority action areas. The report is also presented to the Policy & Resources Committee, reporting on the priority areas of "A Thriving Place", "Safe, Clean and Green", "Homes and Communities" and "Embracing Growth and Enabling Infrastructure".
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The Quarter 1 Budget & Performance Monitoring reports are being considered by the relevant Service Committees during September and October 2020, including a full report to the Policy & Resources Committee on 16th September 2020.

- 6.2 Details of the discussions which take place at Service Committees regarding financial and performance management will be reported to Policy and Resources Committee where appropriate.
- 6.3 The Council could choose not to monitor its budget and/or the Strategic Plan and/or make alternative performance management arrangements, such as the frequency of reporting. This is not recommended as it could lead to action not being taken against financial and/or other performance during the year, and the Council failing to deliver its priorities.
- 6.4 There is significant uncertainty regarding the Council's financial position beyond 2020/21, arising from the impacts of the Covid-19 crisis and the Council's role in responding to this. Future finance reports to this committee will ensure that members are kept up to date with this situation as it develops.
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7. REPORT APPENDICES

- Appendix 1: First Quarter Budget Monitoring 2020/21
 - Appendix 2: First Quarter Performance Monitoring 2020/21
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8. BACKGROUND PAPERS

None.

First Quarter Financial Update 2020/21

Economic Regeneration & Leisure Committee
15th September 2020
Lead Officer: Mark Green
Report Authors: Ellie Dunnet/Paul Holland

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Part A

Executive Summary & Overview



This report provides members with a financial update for the first quarter of 2020/21, covering activity within this committee's revenue and capital accounts for this period, and a projected outturn for the year.

Members will be aware that since the budget was agreed in February, the position for 2020/21 and future years has changed significantly as a result of the Covid-19 pandemic. Specific impacts include:

- Redirection of existing resources to support vulnerable people
- Administering government support schemes, notably business rate reliefs and grants
- Temporary closure of many Council facilities
- Reduction in levels of activity in many other Council services
- Income generating activities severely impacted by overall contraction in economic activity
- Change in working patterns, with almost all office-based staff now working from home
- Reduced levels of Council Tax and Business Rates collection.

This has resulted in many service areas reporting or projecting adverse variances against the budget for 2020/21, particularly in relation to income. The overall projection for the council is summarised in table 1 below, and shows that the potential impact of Covid-19 on the council's financial position is £8.547m. These projections are based on information submitted to central government as part of the monthly financial monitoring return which councils have been asked to complete to enable a comprehensive picture of the financial impact of Covid-19 on local authorities to be compiled by the Ministry of Housing, Communities and Local Government. The projections are based on the information available to finance officers at the time of submitting the return and are being regularly updated as the situation unfolds and further information becomes available.

	£000
Additional Spending	1,377
Income Reductions:	
Business Rates (MBC share)	1,901
Council Tax (MBC share)	950
Other Income	4,319
Total	8,547

Table 1, Covid-19 financial impact

Income reductions related to business rates and council tax were based on estimates made earlier in the financial year. Collection rates have actually proved better than anticipated so this will mitigate the financial impact, although there will still be a significant loss overall.

It should be noted that the projections detailed within table 1 will not necessarily align to the in year budget outturn projections. This is partly due to the statutory accounting arrangements for council tax and business rates which impact on the timing these losses reaching the general fund balance. In addition to this, the variances above reflect an estimate of the financial impact of Covid-19 and do not take into account other factors which may impact on the budget outturn.

To date, support totalling £2.2m has been received from the government. A further support package to compensate for fees and charges losses has been announced recently and will be confirmed later this month. Any residual in year deficit will need to be met from reserves. Given the all-encompassing impact of Covid-19 across many of the council's services, mitigation for losses will be treated as a corporate exercise, and we will therefore not necessarily seek to apportion all unringfenced support received across service committees. The impacts which arise from areas within this committee's remit are detailed within section B of this report.

Headline messages arising from other sections of this report are summarised below:

Part B: Revenue budget – Q1 2020/21

- Overall expenditure at the end Q1 for the services reporting to ERL is £0.435m, compared to the profiled approved budget of £0.256m, representing a shortfall of £0.179m. The forecast year end outturn for ERL is a shortfall of £0.668m.
- We are anticipating funding to mitigate the impact of losses from fees and charges income, however, the value of support to be received will not be confirmed until October. Initial calculations indicate that this funding could be in the region of £1.7m for the council as a whole.

Part C: Capital budget – Q1 2020/21

- Capital expenditure for the services reporting to ERL of £34,000 has been incurred against the approved budget of £3.901m. Forecast spend for the year is £1.340m.

Part B

First Quarter Revenue Budget 2020/21

B2) Revenue Budget

B1.1 The table below provides a detailed summary on the budgeted net income position for ERL services at the end of Quarter 1. The financial figures are presented on an 'accruals' basis (e.g. expenditure for goods and services received, but not yet paid for, is included).

ERL Revenue Budget & Outturn

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2020 £000	Actual £000	Variance £000	Forecast 31 March 2021 £000	Forecast Variance 31 March 2021 £000
Cultural Development Arts	12	3	2	1	12	0
Museum	12	4	7	-3	12	0
Carriage Museum	4	1	1	-1	4	0
Museum-Grant Funded Activities	0	-4	-10	6	0	0
Hazlitt Arts Centre	284	84	92	-8	284	0
Festivals and Events	-31	-39	0	-39	0	-31
Lettable Halls	-4	-1	-3	2	-4	0
Community Halls	75	24	19	5	75	0
Leisure Centre	-185	-76	-85	9	-185	-500
Mote Park Adventure Zone	-107	-55	2	-57	-51	-56
Cobtree Golf Course	-35	0	0	0	-35	0
Mote Park Cafe	-56	-6	-4	-2	-56	0
Parks & Open Spaces Leisure Activities	-5	-1	0	-1	-5	0
Mote Park Leisure Activities	-38	-9	1	-10	-38	0
Tourism	27	7	2	4	27	0
Museum Shop	-19	-5	5	-10	-19	0
Maintenance of Closed Churchyards	3	1	7	-6	3	0
Sandling Road Site	24	6	6	-0	24	0
Business Support & Enterprise	5	5	5	0	5	0
Business Terrace	77	52	58	-5	77	0
Business Terrace Expansion (Phase 3)	-13	-3	-8	5	-13	0
Market	-58	12	46	-34	-8	-50
Economic Dev - Promotion & Marketing	-173	-43	-0	-43	-173	0
Leisure Services Section	58	27	28	-1	58	0
Cultural Services Section	543	135	128	6	543	0
Visitor Economy Section	117	29	28	1	117	0
Economic Development Section	280	74	64	10	280	0
Market Section	82	20	23	-3	82	0
Head of Regeneration and Economic De	94	24	21	3	94	0
Salary Slippage 4ERL	-32	-8	0	-8	0	-32
Totals	941	256	435	-179	1,109	-668

- B1.2 The table shows that at the end of the first quarter overall net expenditure for the services reporting to SPI is £0.435m, compared to the approved budget of £0.256m, representing a shortfall of £0.179m. It should be noted that this forecast does not take into account further government support for income losses announced recently. The planned scheme will see councils absorbing losses of up to 5% of planned sales, fees and charges income, with the government compensating for 75p in every pound of 'relevant losses' thereafter. We are therefore confident that the position will improve from the forecasts set out in tables 2 and 3 above.
- B1.3 The table indicates that in certain areas, significant variances to the budgeted income levels have emerged during the first quarter of the year. The reasons for the more significant variances are explored in section B2 below.

B2) Variances

- B2.1 The impact of Covid-19 and lockdown can be seen most significantly in those areas where income is a significant element of the budget. This has been exacerbated by the fact that the period of lockdown covered the late Spring and early Summer period when the Council would normally expect visitor numbers to the market and leisure facilities to be high. However the market and some leisure facilities were able to re-open in July and this has led to a partial recovery in terms of income received, but given that the peak Summer period has now passed it is highly unlikely that any significant recovery will be possible. The year end forecast is for a shortfall of £0.668m, but that does not include the potential recovery of fees and charges from the government outlined earlier in this Appendix or measures taken to mitigate the overspend such as deferring recruitment plans and cancelling non-essential expenditure.
- B2.2 The forecasts are based on the circumstances as they stand at present, and assume a gradual return to normal levels of activity, but the timescale of that is less clear, and of course the possibility of a second wave of the virus remains a risk that needs to be considered.

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
Economic Regeneration & Leisure Committee	£000		
Festivals & Events – Events planned for spring and summer were cancelled due to the Covid-19 pandemic, and it is unlikely that there will be sufficient further opportunities to significantly reduce the shortfall in income.		-39	-31
Mote Park Adventure Zone – The facility was closed during the lockdown period, and the contractor was granted contract relief in recognition of this. Although it has now re-opened there is unlikely to be a significant reduction in the shortfall for the year.		-58	-56

Market - The market was closed during the lockdown period, and consequently there was a significant drop in income. Although it has now re-opened the current forecast assumes that there will only be a gradual recovery.		-34	-50
Leisure centre – Following the closure of the leisure centre at the start of the lockdown period, Serco Leisure have indicated that they propose to take advantage of their contractual position and recover their losses from MBC, less £5,000 which would be payable by the Leisure Trust. Details remain subject to negotiation and the projected variance represents a preliminary view of the likely outcome.			-500
Salary Slippage - This is a credit budget, which allows for service underspends on salaries, due to temporary vacancies arising from staff turnover. This adverse variance offsets underspends in other service areas.		-8	-31

Part C

First Quarter Capital Budget 2020/21

B1) Capital Budget: Economic Regeneration & Leisure (ERL)

B1.1 The position of the 2020/21 ERL element of the Capital Programme at the Quarter 1 stage is presented in Table 3 below. The budget for 2020/21 includes resources brought forward from 2019/20.

Table 4: ERL Capital Programme 2020/21 (@ Quarter 1)








Capital Programme Heading	Estimate 2020/21 £000	Actual to June 2020 £000	Budget Remaining £000	Q2 Profile £000	Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2021/22 £000
Economic Regeneration & Leisure								
Mote Park Visitor Centre (inc.ESB)	2,053	4	2,049	20	10	10	44	2,009
Mote Park Lake - Dam Works	1,723	31	1,692	322	442	377	1,171	552
Museum Development Plan	125		125	25	50	50	125	
Total	3,901	34	3,867	367	502	437	1,340	2,561

B1.2 Comments on the variances in the table above are as follows:

- Mote Park Visitor Centre – the project has been deferred for a year while the capital programme is reviewed in light of the Covid-19 pandemic. The budget retained for this year will enable preliminary work such as architecture and design to proceed.
- Mote Park Lane – Dam Works – the project is now under way and should be substantially completed by the end of the financial year.

First Quarter Performance Monitoring 2020/21









Key to performance ratings

RAG Rating		Performance Summary	Direction	
	Target not achieved			Performance has improved
	Target slightly missed (within 10%)			Performance has been sustained
	Target met			Performance has declined
	Data Only		N/A	No previous data to compare

RAG Rating	Green	Amber	Red	N/A ¹	Total
KPIs	1	0	4	1	6
Direction	Up	No Change	Down	N/A	Total
Last Quarter	0	0	5	1	6
Last Year	0	0	5	1	6




- 20% (1 of 5) targetable quarterly key performance indicators (KPIs) reportable to the Economic Regeneration & Leisure Committee achieved their Quarter 1 (Q1) target¹.
- Compared to last quarter (Q4 2019/20), none of the KPIs have improved or sustained their performance; all 5 of 6 KPIs have declined¹.
- Compared to last year (Q1 2019/20), none of the KPIs have improved or sustained their performance; all 5 of 6 KPIs have declined¹.

A Thriving Place

Performance Indicator	Q1 2020/21				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Customer satisfaction with the Hazlitt	N/A	75%	N/A	N/A	N/A
Number of visits per month to Visit-Maidstone.com	43,175	40,000			
Footfall in the Town Centre	1,043,484	1,693,084			
Number of students benefitting from the museum's educational service	0	2,250			
Footfall at the Museum and Visitors Information Centre	0	7,373.55			

¹ PIs rated N/A are not included in the summary calculations

* Indicates data that has not been authorised

Performance Indicator	Q1 2020/21				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Number of users at the Leisure Centre	0	209,367			
Percentage of vacant retail units in the town centre	Annual KPI				
Business Rates income from the Town Centre	Annual KPI				
Total value of business rateable properties	Annual KPI				

	Percentage of unemployed people in Maidstone (out-of-work benefits) [NOMIS]				
	Value	Target	Status	Short Trend (Last Month)	Long Trend (Last Year)
April 2020	4.1%				
May 2020	5.5%				
June 2020	5.3%				

The percentage of unemployed people in Maidstone, in April 2019 and May 2019, was 1.6% and in June 2019 was 1.7%, so unemployment has risen significantly since last year. The NOMIS data also highlights that the percentage of unemployed people in Maidstone in March 2020 was 2.2%.

Under 'A Thriving Place', all targetable quarterly KPIs were missed by more than 10% except one KPI that achieved its quarterly target. One KPI is an information-only KPI, and is shown in the above table.

Please note, the '**Customer satisfaction with the Hazlitt**' figure for Q1 2020/21 could not be calculated because the Hazlitt Theatre was closed, therefore no surveys were completed. Also, as this is a new KPI for 2020/21, we cannot make a comparison on previous years. At present, there has been no clear indication from national government about the timescales for reopening theatres. Staff have also been furloughed.

The '**Footfall in the Town Centre**' KPI missed its quarterly target by 38%. Q1 2020/21 fell under the period of lockdown imposed by national government, due to coronavirus (COVID-19). Town centre shops re-opened on 15 June 2020, and there has been a cautious recovery.

The '**Number of students benefitting from the museum's educational service**' KPI was 0 in Q1 2020/21. This is the same for the '**Footfall at the Museum and Visitors Information Centre**' KPI. No visits were possible in the first quarter of 2020/21 due to lockdown. Although the museum was closed, and school cancellations began at the beginning of March 2020, the Learning Team

provided some online services instead. They devised daily learning activities for pupils learning at home with activity sheets and short films. It is not possible to work out how many children took up these activities, however feedback from social media has been positive.

The KPI looking at the '**Number of users at the Leisure Centre**' was 0 in Q1 2020/21. The leisure centre closed in March 2020 due to the lockdown. The leisure centre has re-opened in Q2 2020/21, however capacity will be greatly reduced to allow for social distancing, and some services will not be available. Demand and user levels will continue to be assessed and reported, however it is expected that the target for Q2 2020/21 will also be missed.