

ECONOMIC REGENERATION AND LEISURE COMMITTEE MEETING

Date: Thursday 12 November 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, Cox, Fort, Mrs Gooch, Harper (Chairman), Hinder, Lewins, Round 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.

<u>AGENDA</u>	<u>Page No.</u>
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 20 October 2020	1 - 4
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	5
13. Reports of Outside Bodies	
14. Evidence Base for the revised Economic Development Strategy	6 - 53

Issued on Wednesday 4 November 2020
Over/:

Continued

Alison Broom

Alison Broom, Chief Executive

15. 2nd Quarter Financial Update & Performance Monitoring Report 2020/21 54 - 75

PART II

To move that the public be excluded for the items set out in Part II of the Agenda because of the likely disclosure of exempt information for the reasons specified having applied the Public Interest Test.

**Head of Schedule 12 A and
Brief Description**

16. Hazlitt Theatre Options Paragraph 3 – 76 - 88
Information relating to the financial or business affairs of any particular person (including the authority holding that information)

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 Tuesday 10 November 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 make a 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 Tuesday 10 November 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, Communications and Governance** by: **5 November 2020**

MAIDSTONE BOROUGH COUNCIL

ECONOMIC REGENERATION AND LEISURE COMMITTEE

MINUTES OF THE MEETING HELD ON TUESDAY 20 OCTOBER 2020

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

152. APOLOGIES FOR ABSENCE

There were no apologies for absence.

153. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members.

154. ELECTION OF THE VICE-CHAIRMAN

RESOLVED: That Councillor Round be elected as Vice-Chairman.

155. URGENT ITEMS

The meeting was adjourned from 6.40 p.m. to 7.50 p.m. to allow an all Member Briefing to take place on the Hazlitt Theatre and Museum.

156. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

157. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

158. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

159. EXEMPT ITEMS

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

160. MINUTES OF THE MEETING HELD ON 15 SEPTEMBER 2020

RESOLVED: That the Minutes of the meeting held on 15 September 2020 be approved as a correct record and signed at a later date.

161. PRESENTATION OF PETITIONS

There were no petitions.

162. QUESTION AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

163. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members to the Chairman.

164. COMMITTEE WORK PROGRAMME

The Committee were informed that the 17 November 2020 meeting date had been moved forward to 12 November 2020, to allow three reports on the Hazlitt Theatre, Museum and Economic Status of the Nation to be presented to the Committee.

The Draft Economic Development Strategy (EDS) would be presented to the Committee in December, with the full EDS to be presented in March 2021.

RESOLVED: That the Committee Work Programme be noted.

165. REPORTS OF OUTSIDE BODIES

There were no reports of Outside Bodies.

166. LOCKMEADOW MANAGEMENT AND STRATEGY PROGRESS REPORT

The Leisure Property Manager introduced the report that outlined the progress made since the Council acquired Lockmeadow. A marketing consultant and the Communications team had improved the venue's marketing which had resulted in an increase in followers and social media posts. A shop local themed campaign had resulted in 50 enquiries and 20 new stallholders.

Improvement works had been undertaken that included modernisation of the fascia, removal of the cattle grid structure, opening of the town square for future events to be held and the opening of the Odeon LUXE. A food hall was proposed with the designs shown in Appendix 1 to the report and a feasibility study would be conducted moving forward. Discussions with the Council's planners were underway, with a working group to be formed to improve the links between Lockmeadow and the Town Centre, including signage and the pedestrian journey. Future investment into the venue would include a children's play area and a riverside café.

Several Members expressed a preference for a larger food hall to attract more customers and greater advertisement of the Town Square. It was noted that the Council had been approached by Gravity, to discuss the

introduction of a sports bar to provide games such as mini golf and table tennis.

In response to questions, eight of the twenty stallholders that had attended the market from the communications campaign had continued attendance, with the difficulty in securing long-term stallholders noted. The car park's security was considered and the installation of bollards had been delayed whilst a review of the payment systems in place was ongoing. There had been a few incidents of anti-social parking which were dealt with efficiently. It was noted that a cycle hub was being considered with the Council's planners due to the increase in cycling as a result of the Covid-19 pandemic.

RESOLVED: That

1. The contents of the report be noted; and
2. The Committee endorse the feasibility work on the Food Hall concept and on improving links with the Town Centre.

167. MAIDSTONE BUS STATION PROJECT

The Regeneration and Economic Development Manager introduced the report that provided the results from the public consultation that occurred between 21 July 2020 to 17 September 2020. A majority of the 404 responses that were received came from the online survey, with the Economic Development Team having organised a static display in the Mall for six days, which included a Saturday. Just under two thirds of respondents stated that the improvements proposed were either 'very good' or 'good'. Of the 222 comments received within the surveys, only 31 were classed as negative.

Particular attention was drawn to the priorities of the respondents by age group, whereby the top priority for all was the improved lighting. The refurbished floors, bus signage and timetabling, seating and eastern-side canopy refurbishment all featured within the top three across the age groups. Further, only 16.5% of respondents stated that they would not be more likely to use the Bus Station from the proposed improvements. The Arts and Culture Officer would be submitting a funding bid to support the public art installation proposed.

The Regeneration and Economic Development Manager confirmed that the designs previously shown at the July 2020 meeting had been further developed and that the concerns expressed about the wooden roof had been addressed.

If agreed, the valuation period for tender would take place between 26 November 2020 until 10 December 2020, with the contract to be awarded from 17 December 2020 to January 2021. The Bus Station would be closed for 12 of the 16 weeks of refurbishment, with the Bus Stops relocated to King Street. To facilitate this, the bollards within the cycle lane on King Street would be temporarily removed and replaced by the

Council upon completion of the Bus Station works. The replacement was not deemed a significant expenditure and further discussion between the Council, Kent County Council (KCC) and Arriva would take place on 12 November 2020.

In response to questions, it was re-confirmed that the lighting in the Bus Station was not sufficient to accommodate plant life and that Arriva would be able to install live timetabling boards at a later date. Further confirmation on the effect of the Bus Station relocation on the taxi rank would be provided after the Council's meeting with KCC and Arriva.

RESOLVED: That

1. The results of the public consultation survey as set out in Appendix 1 to the report, be noted;
2. The designs of the bus station as set out in Appendix 2 to the report be approved, and that these go out to tender for contractors to carry out the works;
3. The Director of Finance and Business Improvement is granted delegated authority to appoint and enter into a building contract with the winning contractor; and
4. If the tendered offers received are over budget, a report be presented to the Committee prior to the contract being awarded.

168. DURATION OF MEETING

6.30 p.m. to 9.p.m.

Note: The meeting was adjourned between 6.40 p.m. – 7.50 p.m.

2020/21 WORK PROGRAMME

	Committee	Month	Origin	CLT to clear	Lead	Report Author
Draft Economic Development Strategy	ERL	15-Dec-20	Officer Update	Yes	John Foster	Chris Inwood
Draft Medium Term Financial Strategy 2021/22-2025/26	ERL	15-Dec-20	Officer Update	Yes	Mark Green	Ellie Dunnet
Fees and Charges 2020/21	ERL	15-Dec-20	Governance	No	Mark Green	Ellie Dunnet
Medium Term Financial Strategy & Budget Proposals 2021/22	ERL	19-Jan-21	Governance	Yes	Mark Green	Ellie Dunnet
Q3 Budget and Performance Monitoring 2020/21	ERL	16-Feb-21	Officer Update	No	Mark Green	Ellie Dunnet
Economic Development Strategy	ERL	16-Mar-21	Officer Update	Yes	John Foster	Chris Inwood
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	Yes	William Cornall	John Foster

Agenda Item 14

Economic Regeneration and Leisure Committee

12 November 2020

Evidence Base for the revised Economic Development Strategy

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

Executive Summary

The report sets out a "State of the Nation" analysis including business and labour market information and projections which compares Maidstone's position relative to other Local Authority areas, as well as historic trends in Employment, Business, Population, Labour Market using the most up to date information available.

The State of the Nation Report forms part of the evidence base to help inform and support sections within the revised strategy.

The full Report can be found in appendix one.

Purpose of Report

To introduce key findings and note the State of the Nation Report.

This report makes the following recommendations to this Committee:

1. To note the State of the Nation Report.

Timetable

Meeting	Date
Committee ERL	12 th November 2020

Evidence Base for the revised Economic Development Strategy

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p><i>The four Strategic Plan objectives are:</i></p> <ul style="list-style-type: none"> • <i>Embracing Growth and Enabling Infrastructure</i> • <i>Safe, Clean and Green</i> • <i>Homes and Communities</i> • <i>A Thriving Place</i> <p><i>Accepting these recommendations will substantially assist the Council achieving the above outcomes.</i></p>	Head of Regeneration and Economic Development
Cross Cutting Objectives	<p><i>The four cross-cutting objectives are:</i></p> <ul style="list-style-type: none"> • <i>Heritage is Respected</i> • <i>Health Inequalities are Addressed and Reduced</i> • <i>Deprivation is reduced and Social Mobility is Improved</i> • <i>Biodiversity and Environmental Sustainability is respected</i> <p><i>The review of the adopted EDS supports the following cross cutting objectives: 'Heritage is Respected' the brief includes a section on building on our current rich assets. Health Inequalities are addressed and reduced: The economy is one of if not the biggest determining factor in reducing health inequalities '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. 'Biodiversity and Environmental Sustainability is respected' the brief includes encouraging businesses to reduce their carbon footprint, waste, and energy consumption.</i></p>	Head of Regeneration and Economic Development

Risk Management	<i>Without a review of the adopted EDS the Council is at risk of not reaching its targets on Inclusive growth</i>	Head of Regeneration and Economic Development
Financial	<ul style="list-style-type: none"> <i>The proposals set out in the recommendation are all within already approved budgetary headings and so need no new funding for implementation.</i> 	Section 151 Officer & Finance Team
Staffing	<ul style="list-style-type: none"> <i>We will deliver the recommendations with our current staffing.</i> 	Head of Regeneration and Economic Development
Legal	<p>The objectives and actions outlined in the State of the Nation 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.</p> <ul style="list-style-type: none"> 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. 	Principal Solicitor Contentious and Corporate Governance
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. 	Policy and Information Team

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"> The report is for noting however good quality employment is an important determinant of health and therefore any negative impact the consequences of COVID-19 has on the labour market is likely to have a negative impact on the health of individuals and population health. 	Public 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

2. INTRODUCTION AND BACKGROUND

2.1 The State of the Nation Report prepared by Litchfields acts as an evidence base to inform and support sections within the revised Economic Development Strategy. It is divided into five themes Employment, Business, Population, Labour Market and Covid 19. The report uses the latest data currently available and supplements the earlier analysis on emerging Covid-19 related economic impacts and implications for the Borough (prepared in July 2020) and preparation of a short paper setting out an initial proposition around which the EDS Update might be framed (prepared September 20

2.2 As well as presenting a picture of Maidstone's economy the report also benchmarks the Borough's economic performance with the Borough's nearest neighbours, Kent, the wider South East and UK.

2.3 Key summary findings include:

- 91,400 workforce jobs were based in the Borough in 2019, an increase by 7.7% over the 10-year period since 2009.
- The four largest employment sectors in 2019 were administration and support services (11.8%), public administration and defence (9.8%), health (9.3%) and construction (9.3%).

- The average gross weekly earnings for Maidstone residents in 2019 was £579, 6% lower than the average for Kent, 8.9% lower than in the South East and 1% lower than the UK average.
- The proportion of Maidstone Borough's working age population that is self-employed is higher than the Kent, regional and national average.
- 89.6% of the Boroughs businesses employ less than 10 employees.
- 795 new businesses were started in 2018, a rate of 76.8% per 10,000 residents aged 16-64.
- 1,180 more residents travel out of the Borough for work than workers travelling in from other authority areas
- Borough's stock of industrial and office floorspace has been in gradual decline since 2001, but retail increased by 3.6%.
- Pre -Covid Maidstone performed relatively well in terms of unemployment, with rates broadly behind other parts of Kent, the South East and Great Britain.
- Whilst the Borough ranks within the least 50% deprived local authorities in England in terms of deprivation, this masks some significant variations within the Borough.
- Covid-19 forecasts from Experian (prepared in June 2020) imply a short term economic impact equivalent to £575 million and 4,000 jobs across the Borough during 2020, taking at least two years for the local economy to recover to pre Covid-19 levels of economic activity.

2.4 This committee report covers some of the key evidence headlines in more detail from Litchfields analysis based on the report's themes. The full State of the Nation Report can be found in appendix one.

3. STATE OF THE NATION REPORT MAIN FINDINGS

3.1 Local employment and recent growth trends. 91,400 workforce jobs were based in the Borough in 2019, an increase by 7.7% over the 10-year period since 2009. This is compared to Kent, the South East and the UK workforce growth of 12.5%, 12.9% and 12.7% respectively between 2009 and 2019.

3.2 Employment by Sector. The four largest employment sectors in 2019 were administration and support services (11.8%), public administration and defence (9.8%), health (9.3%) and construction (9.3%). These sectors are higher percentages when compared to Kent, the South East and UK. As might be expected Maidstone has a higher concentration of jobs in the public administration and defence sectors than the south east average reflecting Maidstone's County Town role.

3.3 Employment spatial distribution. Figure four of the report highlights that the Boroughs primary and secondary employment sectors are dispersed across the Borough with the greatest concentrations around Maidstone town. The larger employers in both these sectors are located on the towns

edge clustered around the main employment sites of Parkwood and 20/20 Business Park.

- 3.4** The Boroughs professional services sectors are made up by smaller businesses employing less than 50 employees located within the urban area of the Borough with smaller clusters around Headcorn, Marden and Staplehurst. The distribution of lower value sector employment activity again has the largest concentrations in the urban area of the Borough with smaller clusters again in Headcorn, Staplehurst and Marden. This would be expected being the boroughs main settlements and the location of employment space.
- 3.5 Job Density.** Figure seven illustrates the job density ratio of jobs to residents aged 16-64 against our near neighbours, the south east and UK. The ratio of jobs to working age residents in Maidstone is 0.87, similar to the South East and UK averages but notably higher than for Kent as a whole (0.76). This suggests there is scope to expand the supply of local job opportunities to match the Boroughs growing working age population.
- 3.6 Self- Employment.** The proportion of Maidstone Borough's working age population that is self-employed is higher than the Kent, regional and national average, see figure eight. Alongside other indicators such as business start-up rates, self -employment provides a positive indicator of local entrepreneurial performance and culture. However, research from the Enterprise Research Centre indicates that self -employment within the sectors most hit hard by Covid 19 are twice as likely of being at risk of losing their livelihood to those in paid employment. This could have a negative impact on the Borough as COVID economic impacts continue.
- 3.7 Work Force Productivity.** Figure nine illustrates GVA per workforce job of the Borough, near neighbours, South East and UK. Workforce productivity in Maidstone falls behind Kent (10.2%), South East (21.3%) and UK-wide averages (17.7%), driven by a strong concentration of lower value sectors locally.
- 3.8 Business base and Change.** The Borough had just under 8,000 active businesses in 2018. As figure ten illustrates this is higher than all of its near neighbours apart from Medway indicating that Maidstone acts as a business centre within the Kent context.
- 3.9** The Borough's business base increased by 18.0% between 2009 and 2018, a lower level of growth than recorded across Kent (20.4%), the South East (19.7%) and UK (25.5%) during this period.
- 3.10 Business Demography.** Most of the Boroughs businesses are micro SME's (89.6%) employing less than 10 employees. This is comparable with our near neighbours, Kent, Southeast and UK percentages. With 0.4% classed as large employing 250 employees plus. This is a higher percentage than the Kent and Southeast average and comparable with Medway, Tonbridge and Malling and the UK.

3.11 Business Start Ups. 795 new businesses were started in 2018, a rate of 76.8% per 10,000 residents aged 16-64. This figure is higher than the rate for Kent (59.5%) but lower than the Southeast (79.7%) and UK (91.4%).

All our near neighbours experienced an increase between 2009-2018 but with varied percentages. Maidstone's growth increased by 22.6% higher than Ashford (3.4%) and Tonbridge and Malling (9.4%) but is lower than Medway (53%) and Tunbridge Wells (34.3%).

3.12 Business Floorspace. Figure thirteen shows that the Borough's stock of industrial and office floorspace has been in gradual decline since 2001, but retail increased by 3.6%. The largest decline was in office stock, but the Borough still records more office space than Ashford, Swale, Tunbridge Wells and Tonbridge and Malling. Not unsurprisingly the office market is concentrated with Maidstone town with Industrial space distributed more evenly across smaller and rural areas. Figure fifteen.

3.13 Population Change. The population (as at 2019) totals just over 171,800. The pace of population growth over the last 10 years exceeds all of its neighbouring authority areas at 13.3%. Population growth in the Borough also exceeded the county, regional and national average over this time – 9.7% in Kent, 8.1% in the South East and 7.3% in the UK.

3.14 Working Age Population Change. The working age population in 2019 was 104,500. This is an increase of 7.3% between 2009 and 2019, a lower rate of increase than Tonbridge and Malling (8.2%) and Ashford (7.6%) but higher than Tunbridge Wells (0.6%), Medway (2.2%) and Swale (7.2%). Exceeding the Kent, regional and national averages over this time (5.1%, 3.2% and 3.2% respectively). (Figure eighteen)

3.15 Population projections. ONS 2018 based population projections intimate that Maidstone's population will increase by 16.1% to 2037. In comparison the working age share projections indicate a 10.2% increase. Although higher than Kent, Southeast and UK levels suggests an aging population in the Borough going forward.

3.16 Social Economic Deprivation. Figure twenty illustrates how the relative levels of deprivation varies across the Borough. Whilst the Borough ranks within the least 50% deprived local authorities in England in terms of deprivation, this masks some significant variation within the Borough, with pockets of entrenched deprivation found in and around Maidstone town centre and to the south of the urban area.

3.17 Labour Market, economic activity. Maidstone's economic activity rate comfortably exceeds regional and national averages but has fluctuated considerably over the last 10 years as seen in figure twenty-three.

3.18 Unemployment. Maidstone has historically performed relatively well in terms of unemployment, with rates broadly behind other parts of Kent, the South East and Great Britain. In 2019 the model-based unemployment rate for residents aged 16+ in Maidstone was 2.9%, amounting to c.2,600 people in absolute terms. This unemployment rate was lower than the averages for Kent (3.8%), the South East (3.0%) and Great Britain (3.9%).

3.19 When compared to its neighbouring authorities, Maidstone's unemployment rate (2.9%) was higher than that for Tunbridge Wells (2.5%) and Tonbridge & Malling (2.6%) but lower than in Swale (4.7%), Medway (4.1%) and Ashford (3.7%). Figures have increased since Covid19 and are likely to increase further now that Furlough has ended as businesses get less government support to retain staff.

3.20 Residents Skills. The proportion of working age residents in Maidstone with NVQ4+ level qualifications increased between 2009 and 2019 by a lower rate (7.0 percentage points) than the average for Kent (8.0 points), the South East (10.7 points) and the UK (10.5 points). Similarly, the proportion of Maidstone's workforce with no qualifications decreased during this period but at a lower rate (3.0 percentage points) than the average for Kent (3.8 points), the South East (3.3 points) and the UK (4.7 points).

3.21 Residents occupations. Maidstone residents are more heavily represented in managerial, professional, and associated occupations, than the Kent, Southeast and the UK. At the same time, residents are also significantly more represented in lower skilled elementary occupations than in Kent, the South East and the UK. The occupational profile for Maidstone Residents is therefore less balanced than other parts of the country. See figure twenty-nine.

3.22 Earnings. The average gross weekly earnings for Maidstone residents in 2019 was £579, 6% lower than the average for Kent, 8.9% lower than in the South East and 1% lower than the UK average (Figure thirty-one). This figure increased by 11.0% between 2009 and 2019, a significantly lower rate than in Kent (18.9%), the South East (18.5%) and the UK (19.7%) over the same period.

3.23 Commuting Patterns. Maidstone's location at the heart of Kent means it shares strong labour market relationships with adjoining areas, in particular Tonbridge and Malling. The Borough is characterised as a slight 'net' exporter of labour, with 1,180 more residents travelling out of the Borough for work than workers travelling in from other authority areas. With London accounting for a large share of out commutes.

3.24 Covid 19. The outbreak of Covid-19 has already had a significant effect on the Borough's economy, with impacts still unfolding as the economic disruption continues. Covid-19 forecasts from Experian (prepared in June 2020) imply a short-term economic impact equivalent to £575 million and 4,000 jobs across the Borough during 2020, taking at least two years for the local economy to recover to pre Covid-19 levels of economic activity.

3.25 It is important to note the 'real time' nature of the evolving economic situation emphasises the need to keep on top of data and intelligence as it emerges, to monitor impacts as they unfold, and use this to review the Economic Development Strategy response on a timely basis.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 *This report recommends that ERL Committee notes the State of the Nation report an important element of and evidence base in support of the revision of the councils Economic Development Strategy.*

5. RISK

5.1 . This report represents a point in time assessment, drawing on a variety of different sources of information including publicly available datasets and published evidence. The analysis incorporates the latest data and other evidence available at the time of preparation late 2020 but will be subject to change. The accuracy of the data deprived from third party sources has not been checked or verified by Litchfields.

6. PREVIOUS COMMITTEE FEEDBACK AND CONSULTATION PROGRAMME.

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: 15 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
-

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 *That ERL Committee note the State of the Nation Report.*

The work programme to full adoption is:

8. The draft Economic Development Strategy and 5year action plan will be presented to ERL on the 15th December.
 9. 8 weeks public consultation programme starting on the 16th December.
 10. Review of the draft Economic Development Strategy to reflect public consultation feedback.
 11. Completed Economic Development Strategy and 5year action plan will be presented ERL on the 16th March 2021 for full adoption.
-

12. REPORT APPENDICES

- *Appendix 1: State of the Nation Report*

13. BACKGROUND PAPERS

LICHFIELDS

16

Maidstone Economic Development Strategy State of the Nation Report

Maidstone Borough Council

Final Report

November 2020

This report has been prepared by Nathaniel Lichfield & Partners (“Lichfields”) on behalf of Maidstone Borough Council under the terms of engagement dated 29 April 2020. The report is intended for use by Maidstone Borough Council and may not be relied upon by any other party. Lichfields accepts no duty of care or liability for any loss occasioned to any person acting or refraining from acting as a result of any material within this report.

This report has been prepared based on publicly-available information and information supplied by third parties. The analysis and interpretation of information and conclusions are based on current conditions and views which may be subject to change. Lichfields has relied upon the accuracy of data and other information supplied without independent verification. The analysis in this report draws upon and applies Lichfields proprietary methodologies. Estimates of economic impacts and the underlying assumptions are illustrative and do not constitute forecasts.

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Structure

18

1	Introduction	4
2	Employment	6
3	Business	15
4	Population	22
5	Labour market	28
6	Covid-19	37

1. Introduction

This report presents a headline assessment of Maidstone's economy and trends in recent performance to provide a baseline position for development of the EDS.

Introduction

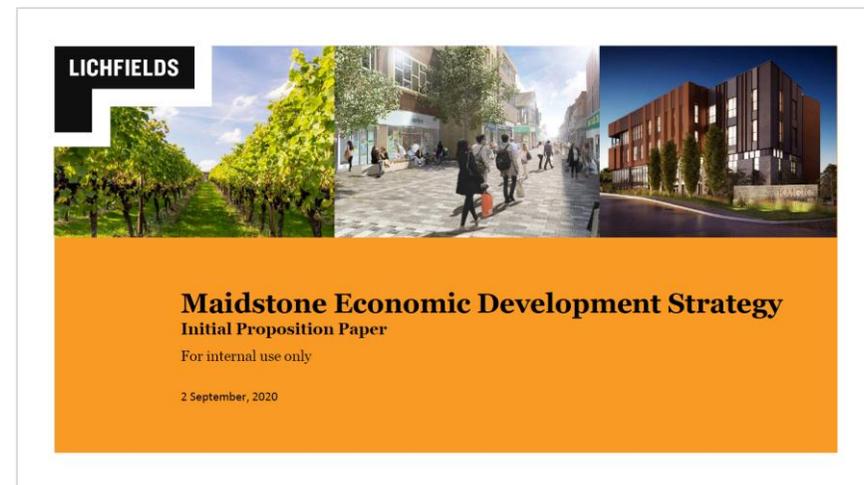
This 'State of the Nation' report has been prepared by Lichfields to provide a refreshed evidence base to inform an update of Maidstone Borough Council's Economic Development Strategy (EDS) by establishing the economic baseline for the Borough in terms of current economic performance and recent trends.

It draws on the latest economic statistics to benchmark Maidstone Borough's performance within the context of surrounding local authority areas, Kent, the wider South East and UK as a whole. Analysis is grouped by theme to cover employment, business, labour market and emerging implications from the Covid-19 pandemic.

This snapshot represents a key output from the EDS Update and supplements earlier analysis on emerging Covid-19 related economic impacts and implications for the Borough (prepared in July 2020) and preparation of a short paper setting out an initial proposition around which the EDS Update might be framed (prepared in September 2020).

Caveats and Limitations

It is important to note that this report represents a point-in-time assessment, drawing on a variety of different sources of information including publicly-available datasets and published evidence. The analysis incorporates the latest data and other evidence available at the time of preparation during late 2020 but will be subject to change. The accuracy of data derived from third party sources has not been checked or verified by Lichfields.



Structure

1 Introduction

2 Employment

3 Business

4 Population

5 Labour market

6 Covid-19

2. Employment base and change

Maidstone accommodates a sizeable economy with over 91,000 workforce jobs but has experienced lower recent levels of growth than its neighbouring authorities.

Local employment and recent growth trends

In 2019, 91,400 workforce jobs were based in Maidstone Borough, having increased by 7.7% over the 10 year period since 2009.

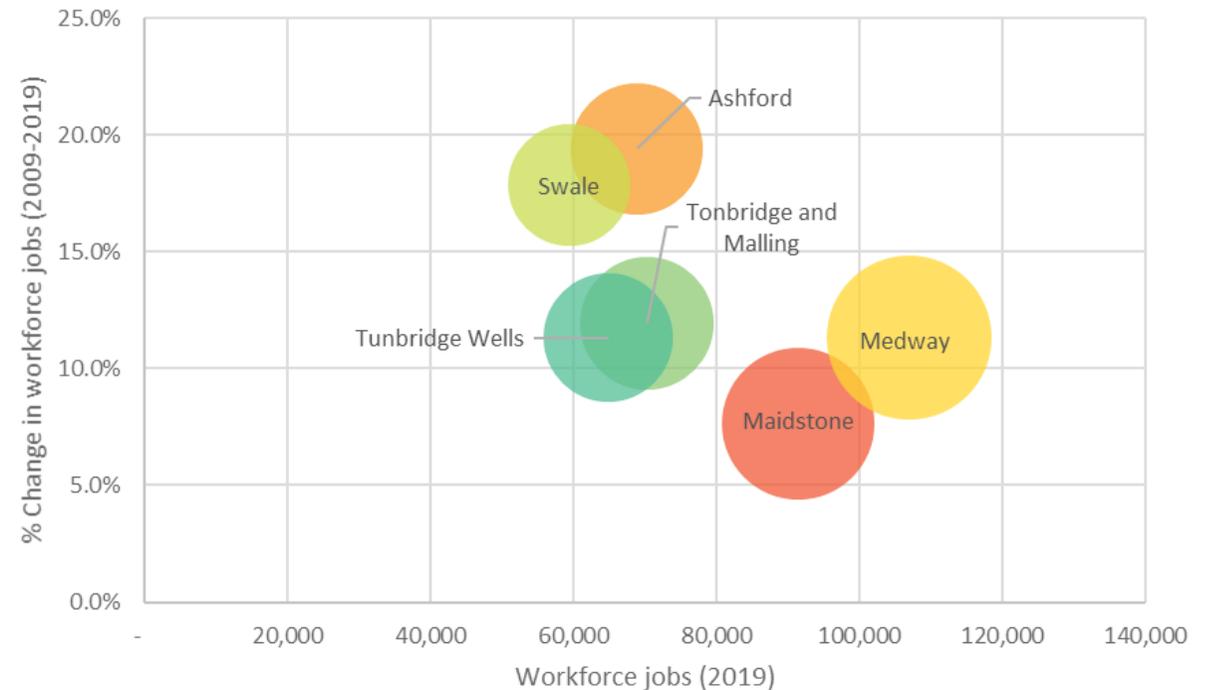
Compared to its five neighbouring authority areas, only Medway had a higher number of workforce jobs in 2019 (at 106,900) (Figure

21

However, Maidstone experienced the lowest level of job growth compared to its neighbours between 2009 and 2019, falling significantly behind Ashford which recorded the strongest growth over this period (19.4%).

More widely, Kent, the South East and the UK recorded workforce growth of 12.5%, 12.9% and 12.7% respectively between 2009 and 2019; all outpacing Maidstone's performance.

Figure 1: Employment by local authority (2019)



Source: Experian (March 2020) / Lichfields analysis

2. Employment by sector

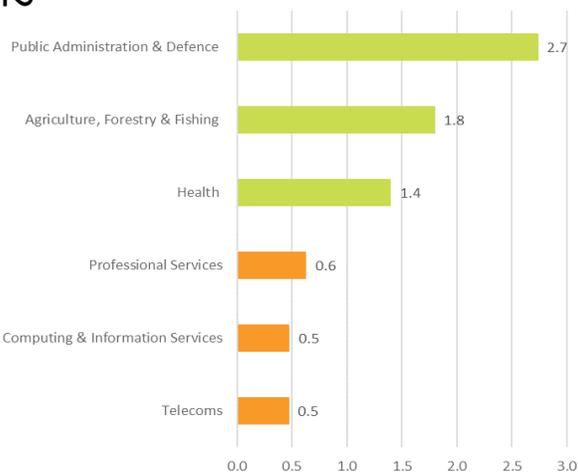
Employment in Maidstone is dominated by public administration and support services, health and construction sectors.

Employment by sector

The four largest employment sectors in Maidstone in 2019 were admin & supportive services (11.8%), public admin & defence (9.8%), health (9.3%) and construction (9.3%). These sectors account for larger shares of local employment in Maidstone compared with Kent, the South East and the UK (Figure 3).

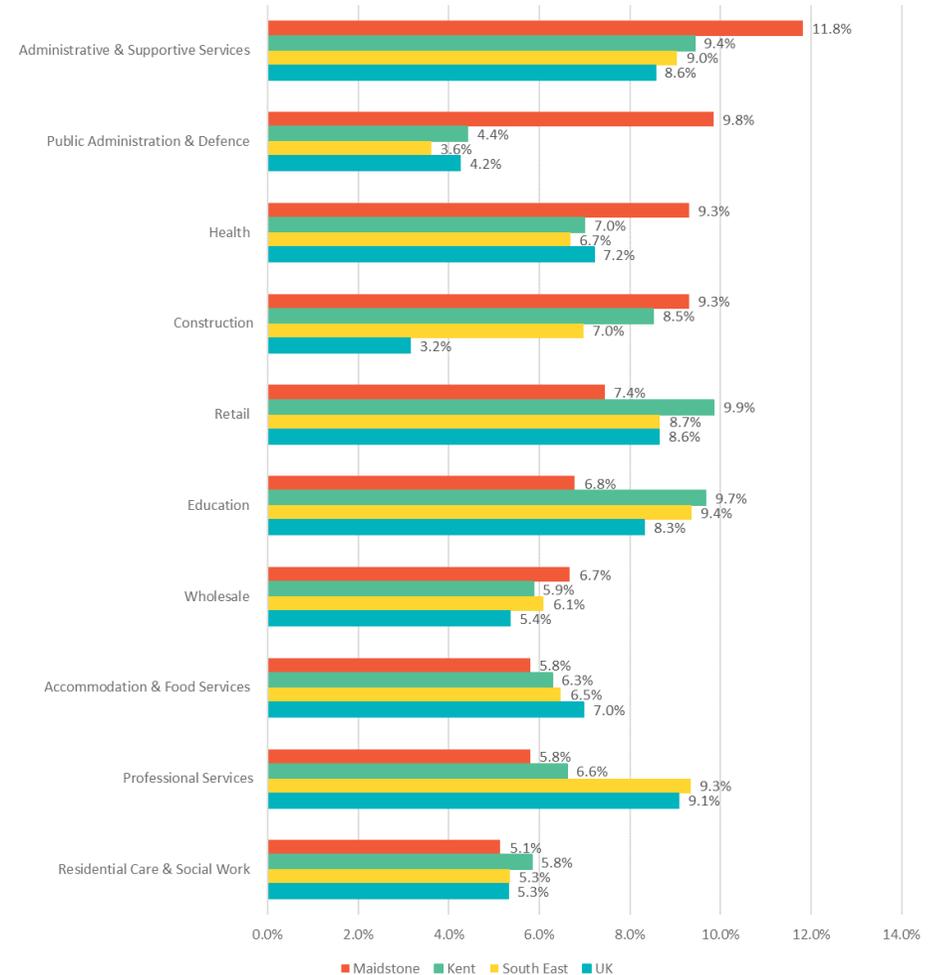
Reflecting its county town role, Maidstone has a much higher concentration of jobs in the public admin and defence sector than the South East, with a Location Quotient (LQ) of 2.7 (Figure 2). By comparison, professional services, computing & information services and telecoms have a much more limited presence (with LQs: 0.6, 0.5 and 0.5 respectively).

Figure 2: Employment Location Quotients: top and bottom 3 sectors



Source: Experian (March 2020) / Lichfields analysis

Figure 3: Total employment by sector; top 10 industries (2019)



Source: Experian (March 2020) / Lichfields analysis

2. Employment spatial distribution

Primary and secondary employment sectors are dispersed across the Borough, but with the strongest concentrations in and around Maidstone town.

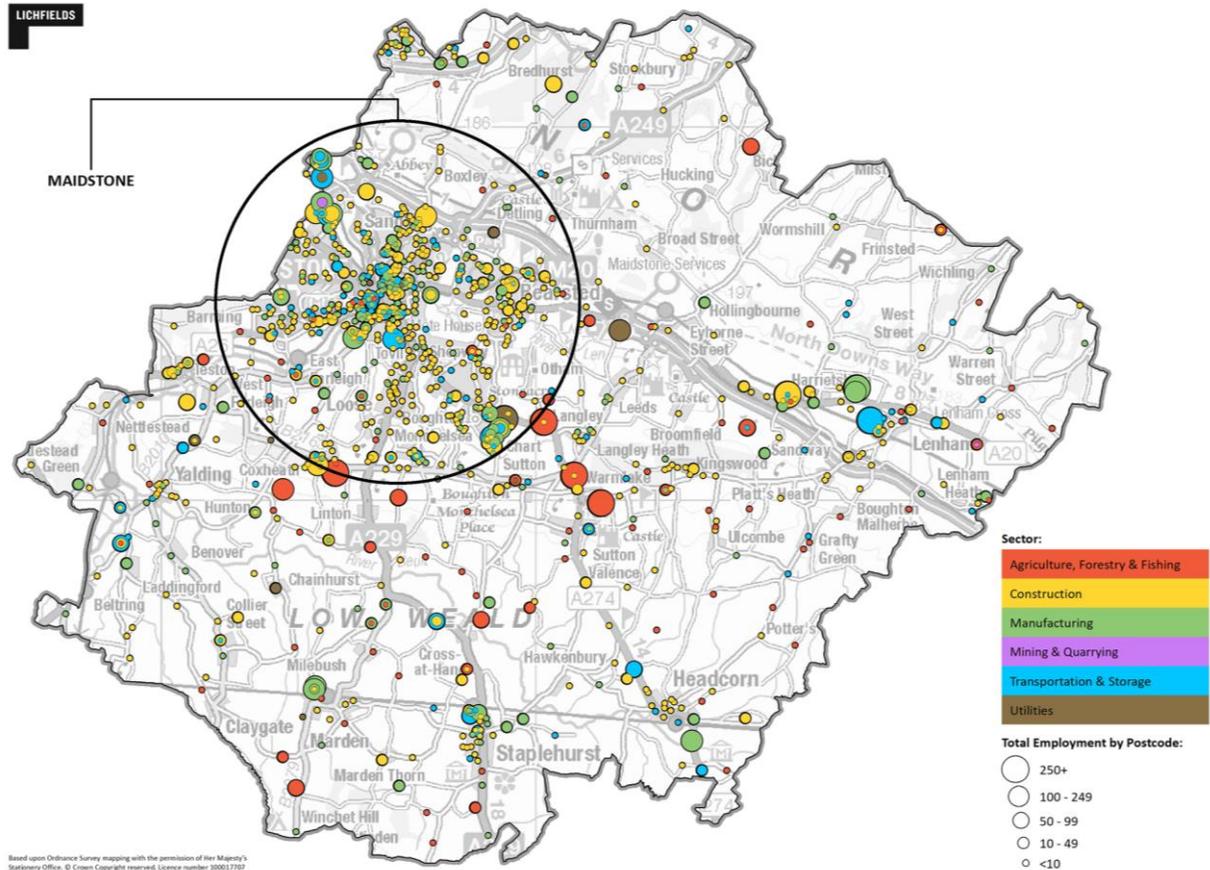
Spatial distribution

Figure 4 illustrates where jobs based in primary and secondary sectors of the economy are located across the Borough. 'Primary' sectors involve the production of raw materials and basic foods, while 'secondary' sectors comprise industries that produce a finished, usable product or are involved in construction.

The map highlights a large number of small scale construction firms located around Maidstone town, while agriculture, forestry and fishing employers tend to be more dispersed across southern and central parts of the Borough.

It also shows many small-scale manufacturing and transportation and storage employers near to Maidstone town centre. The larger employers in both sectors are located on the edges of the town, with particular clusters in Parkwood Industrial Estate, 20/20 Business Park and the industrial estates shared with Tonbridge and Malling located on the Forstal Road.

Figure 4: Spatial distribution of employment



Source: ONS 2019 / Lichfields analysis

2. Employment spatial distribution

Professional services employment tends to be supported by smaller businesses and largely concentrated within the urban area of Maidstone.

Spatial distribution

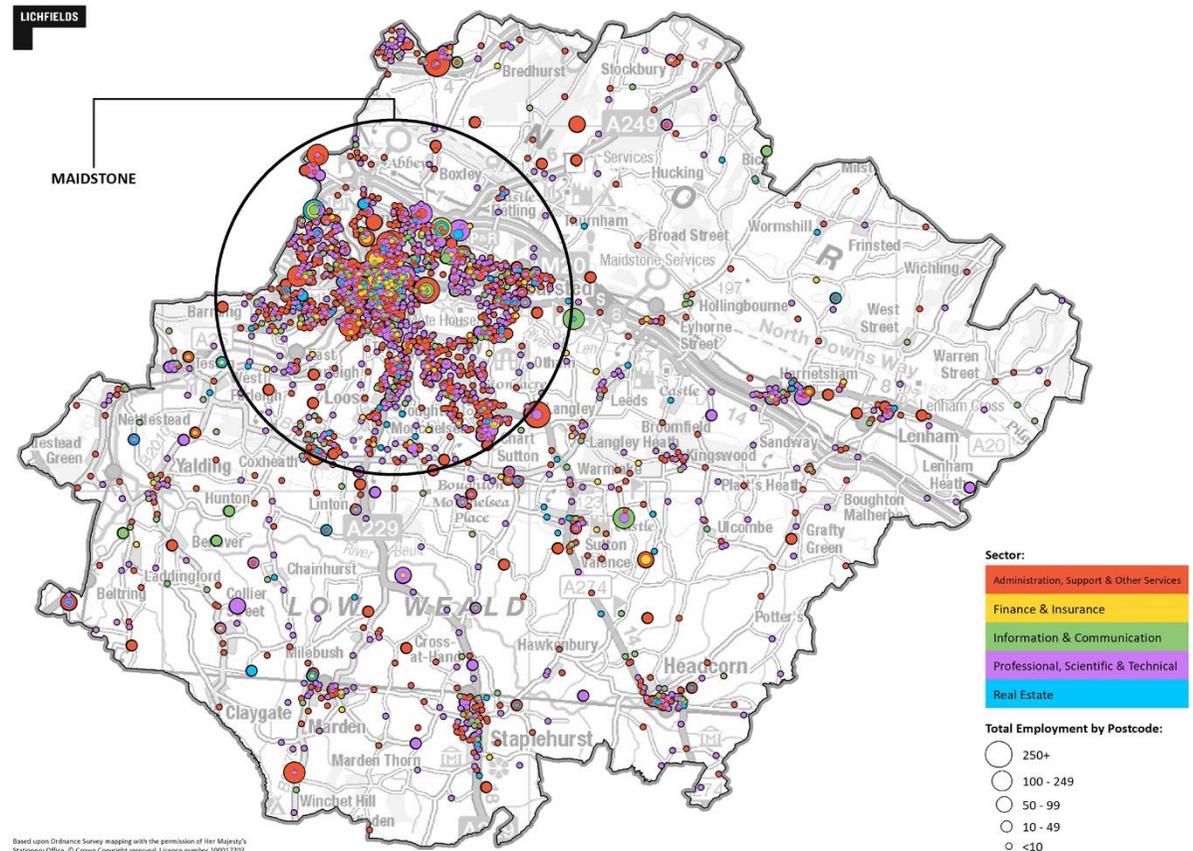
Figure 5 maps the location of employers operating in sectors of the economy typically associated with private sector and professional services.

Again, this illustrates the strong contribution of Maidstone town in accommodating these typically higher value activities, both within the town centre and its outskirts.

Smaller clusters of service based activity are also found within secondary settlements such as Headcorn, Marden and Staplehurst.

Many of the Borough's professional services businesses are very small in size, employing less than 50 staff.

Figure 5: Spatial distribution of employment



Source: ONS 2019 / Lichfields analysis

2. Employment spatial distribution

Maidstone town and the M20 represent a key location for the Borough's lower value service sector employment activity.

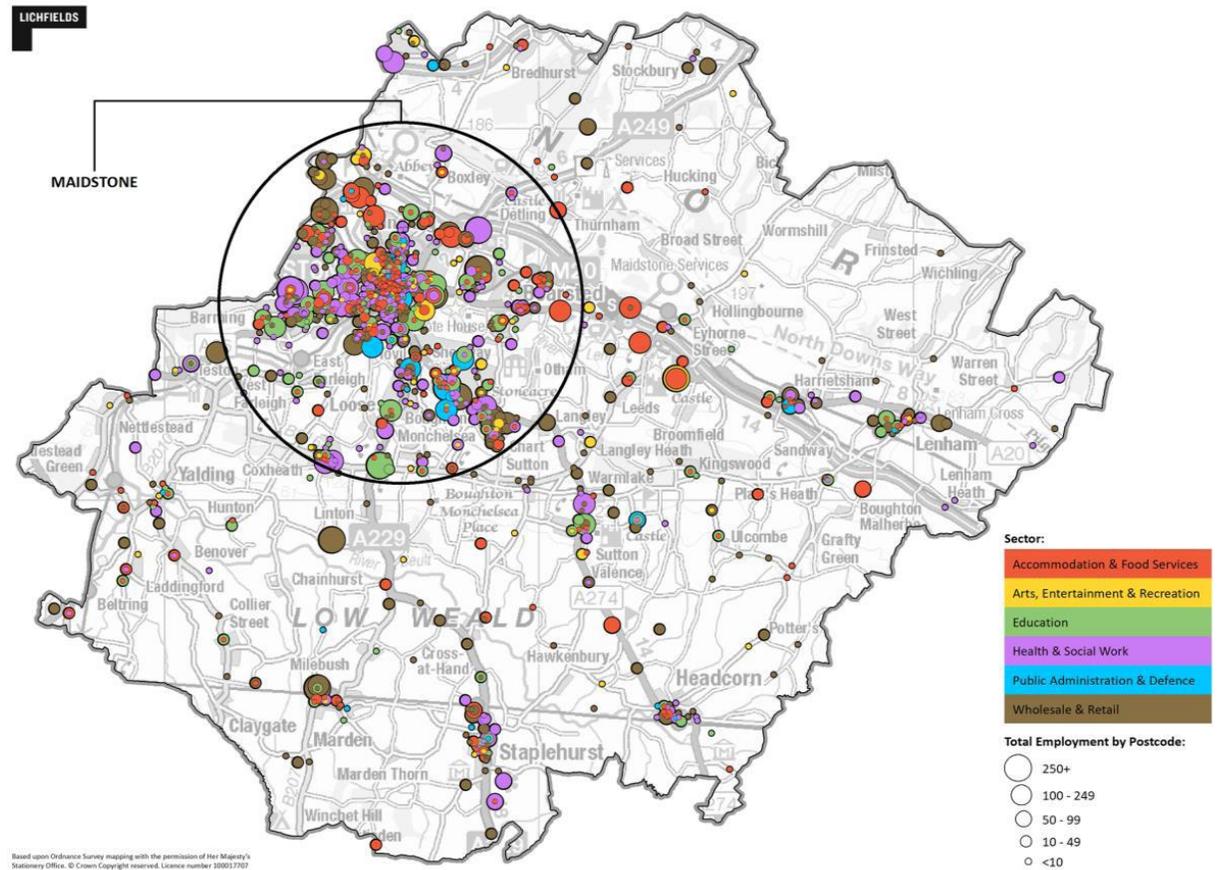
Spatial distribution

Figure 6 presents the location of employers operating in typically lower value service sectors such as retail and the public sector.

The largest concentration is located in Maidstone town, with smaller concentrations found in secondary settlements such as Headcorn, Marden and Staplehurst. There is also a cluster of accommodation and food services employers located along the M20 in close proximity to motorway junctions.

The presence of sizeable clusters of public admin employment in Maidstone town underlines its county town role. Health and social work and education employers are typically located on the main roads that lead into the centre or in the suburban parts of Maidstone town such as Oakwood Park. There are also some wholesale and retail employers on the larger industrial estates (e.g. Parkwood Industrial Estate).

Figure 6: Spatial distribution of employment



Based upon Ordnance Survey mapping with the permission of Her Majesty's Stationery Office. © Crown Copyright reserved. Licence number 100017707

Source: ONS 2019 / Lichfields analysis

2. Job density

The ratio of jobs to working age residents in Maidstone at 0.87 is similar to the South East and UK averages but notably higher than for Kent as a whole (0.76).

Job density

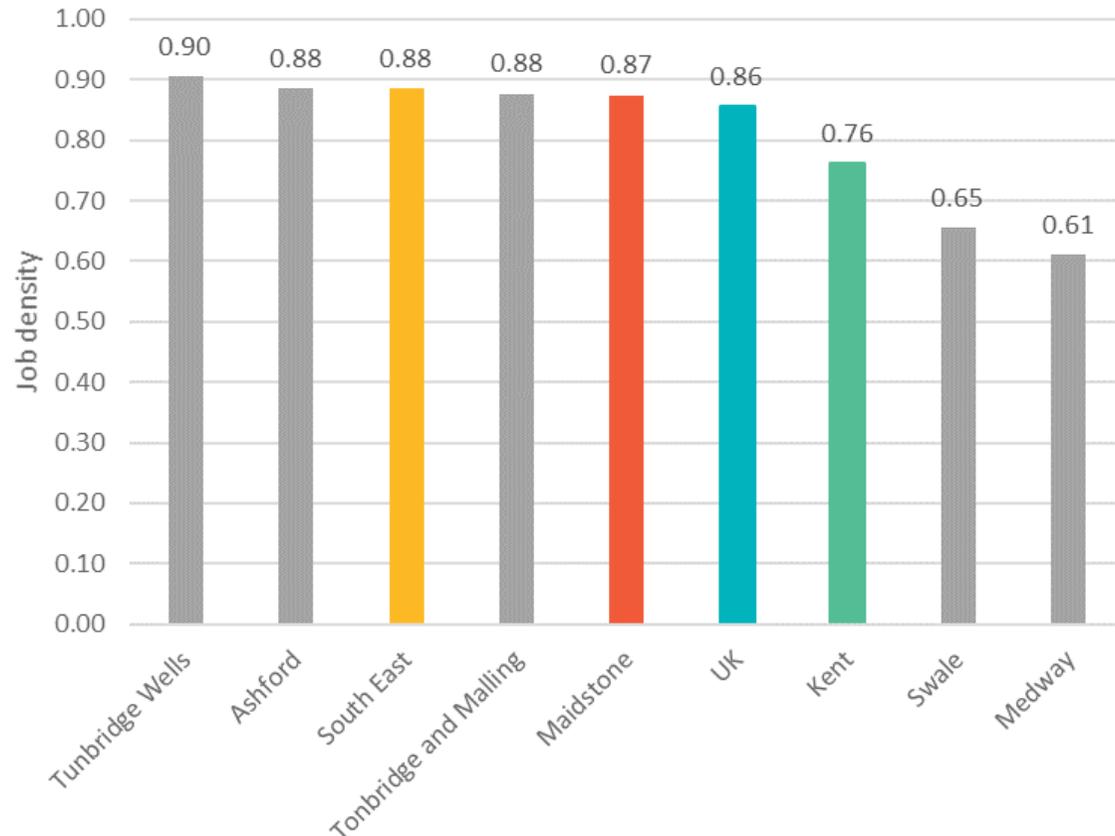
In 2019, the ratio of jobs to working age residents in Maidstone was 0.87. This means that there was 0.87 locally based jobs for each working-age resident of the Borough.

This was slightly lower than three of its five neighbouring authorities, with the highest ratio in Tunbridge Wells (0.90) and the lowest in Medway (0.61) (Figure 7).

Job density in Maidstone was slightly lower than in the South East region (0.88) but slightly higher than the UK average (0.86) and significantly higher than the Kent-wide average of 0.76.

It suggests there is scope to expand the supply of employment opportunities locally to better match the Borough's growing working age population.

Figure 7: Job density (ratio of jobs to residents aged 16-64) (2019)



Source: Experian (March 2020), ONS Mid-Year Estimates (2019) / Lichfields analysis

2. Self-employment

Maidstone has a relatively high share of self-employed workers although local trends have fluctuated over recent years.

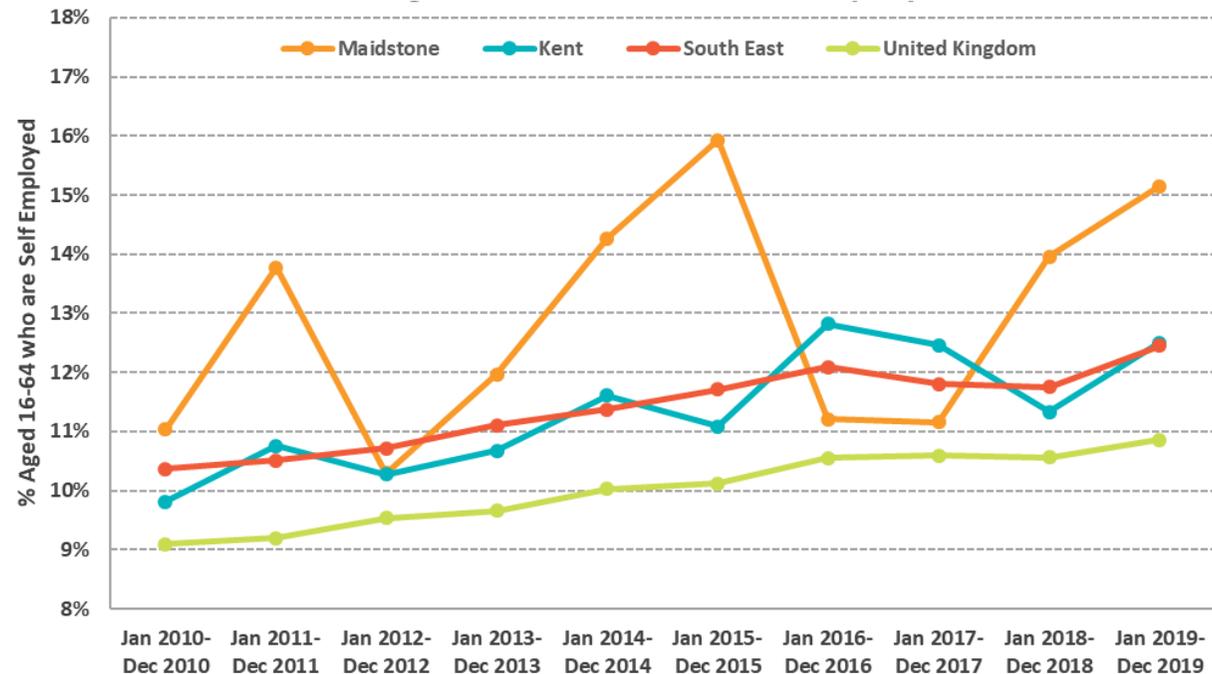
Self-employment

The share of Maidstone Borough's working age population that is self-employed is higher than the Kent, regional and national average, and this is a trend that has broadly continued over the past ten years, albeit with some variation year-on-year (see Figure 8).

Alongside other metrics such as business start-ups (see page 17), this provides a positive indicator of local entrepreneurial performance and culture, and could leave the Borough well placed to respond to the economic impacts of Covid-19.

Indeed, the economic impact on self-employed people has received much attention given their association with sectors most affected by Covid-19 so far. For instance, recent analysis by the [Enterprise Research Centre](#) concluded that the odds of being at risk of losing one's livelihood is twice as high if one is self-employed compared to being in paid employment.

Figure 8: % Residents aged 16-64 who are self-employed



Source: ONS, (2020); Annual Population Survey

2. Workforce productivity

Workforce productivity in Maidstone falls behind Kent, South East and UK-wide averages, driven by a strong concentration of lower value sectors locally.

Workforce productivity

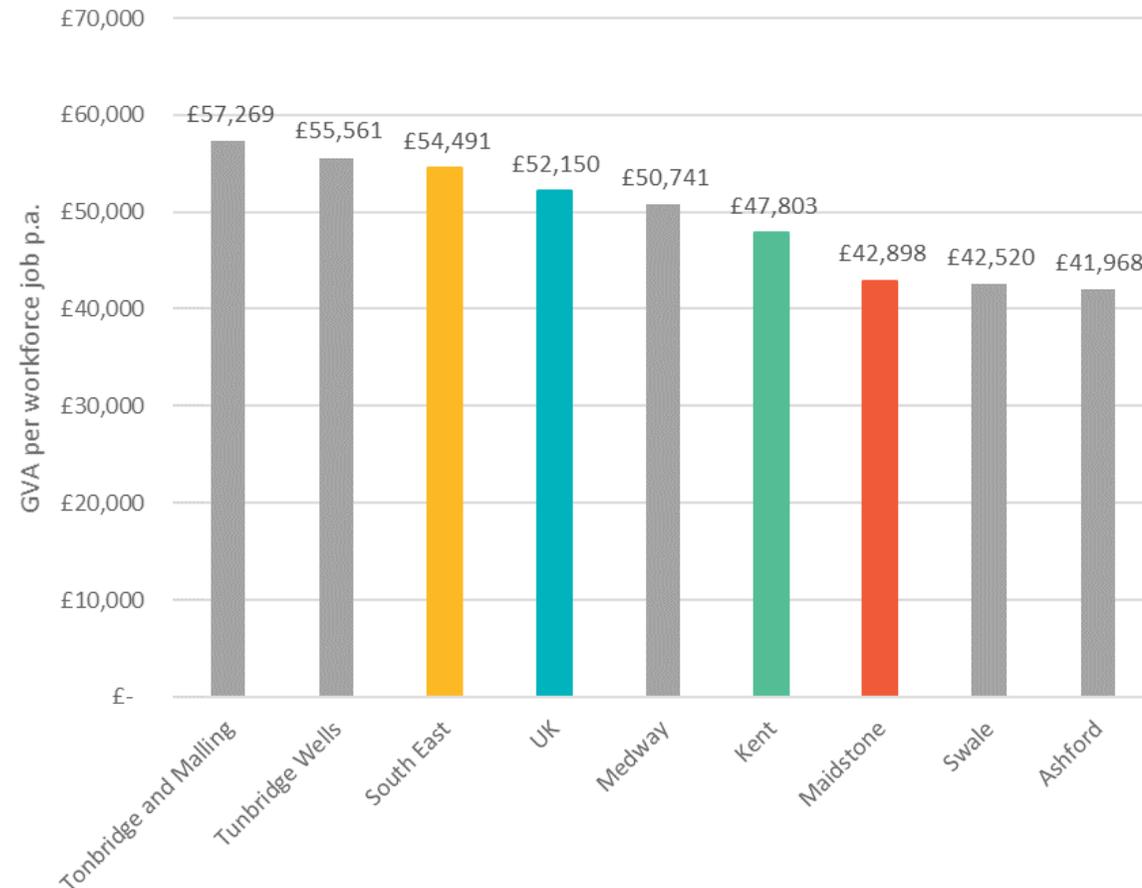
In 2019, each workforce job in Maidstone Borough was estimated to generate £42,989 in economic output, measured in terms of Gross Value Added (GVA).

This level of workforce productivity was 21.3% lower than the South East, 17.7% lower than the UK and 10.2% lower than the Kent-wide average (Figure 9). It also falls significant behind many of its neighbouring authority areas including Medway, Tunbridge Wells and Tonbridge & Malling.

In Maidstone, those sectors generating the highest levels of productivity in 2019 were real estate (£562,750), telecoms (£91,000) and utilities (£73,167). However, these sectors account for a relatively small share of employment locally.

Sectors with the lowest levels of productivity in Maidstone include residential care & social work (£11,000 per workforce job), recreation (£19,857) and accommodation & food services (£20,226).

Figure 9: GVA per workforce job (2019)



Source: Experian (March 2020) / Lichfields analysis

Structure

- 1 Introduction
- 2 Employment
- 3 Business**
- 4 Population
- 5 Labour market
- 6 Covid-19

3. Business base and change

Maidstone accommodates a sizeable business base although the pace of business growth has lagged behind Kent, South East and UK averages over recent years.

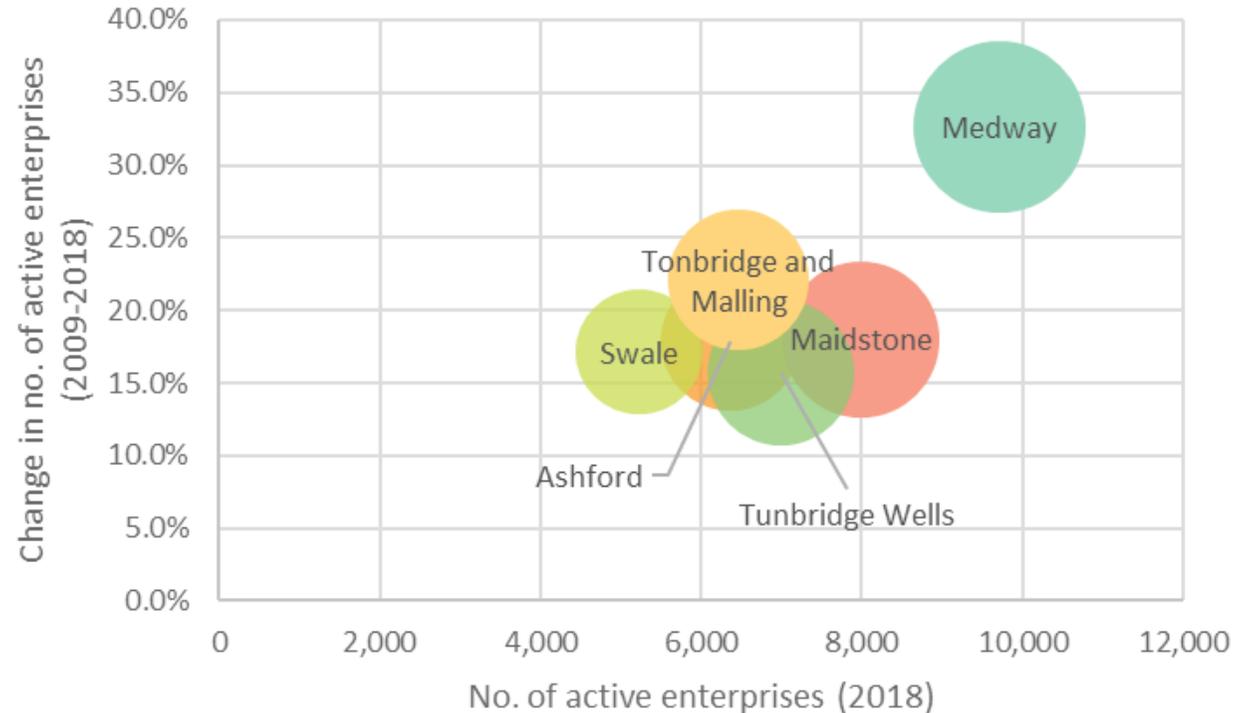
Business base and change

In 2018, there were just under 8,000 active businesses in Maidstone. This was higher than all of its neighbouring authorities apart from Medway and underlines the important economic role that the Borough plays as a business centre within a Kent context (Figure 10).

The Borough's business base increased by 18.0% between 2009 and 2018, representing a lower level of growth than recorded across Kent (20.4%), the South East (19.7%) and UK (25.5%) during this period.

Levels of growth in neighbouring authorities ranged between 15.7% in Tunbridge Wells and 32.7% in Medway. Only Medway experienced higher levels of growth than the UK average of 25.5%.

Figure 10: Business base and change (2009-2018)



Source: ONS Business demography / Lichfields analysis

3. Business demography

Micro businesses make up the vast majority of enterprises in Maidstone, broadly reflecting regional and national averages.

Business demography

The vast majority of enterprises based in Maidstone are micro-sized (89.6%), employing between 0 and 9 people.

The remaining businesses are split 8.3%, 1.7% and 0.4% between small, medium and large size enterprises (Figure 11). This business profile is similar to that in Kent, the South East and the UK, although Kent and the South East both had a slightly higher proportion of micro businesses and a smaller proportion of small, medium and large businesses.

In the local area, Ashford accommodates the largest proportion of micro businesses (91.5%), exceeding the Kent, South East and UK average. Maidstone, Medway and Tonbridge and Malling accommodate the largest proportion of large businesses (0.4%), exceeding the Kent and South East average and matching that for the UK.

Figure 11: Size of enterprise by employment

	Size of enterprise			
	Micro (0-9)	Small (10-49)	Medium (50 to 249)	Large (250+)
Maidstone	89.6%	8.3%	1.7%	0.4%
Ashford	91.5%	7.0%	1.2%	0.2%
Medway	90.6%	7.7%	1.3%	0.4%
Swale	89.3%	8.7%	1.7%	0.3%
Tonbridge and Malling	89.0%	9.0%	1.5%	0.4%
Tunbridge Wells	90.3%	8.3%	1.2%	0.2%
Kent	90.0%	8.2%	1.5%	0.3%
South East	90.2%	6.9%	1.3%	0.3%
UK	89.5%	8.6%	1.5%	0.4%

Source: ONS, UK business activity, size and location (2020) / Lichfields analysis

3. Business start-up

New business start-up in Maidstone outperforms Kent-wide averages but falls behind rates recorded across the wider South East and UK.

Business start-up

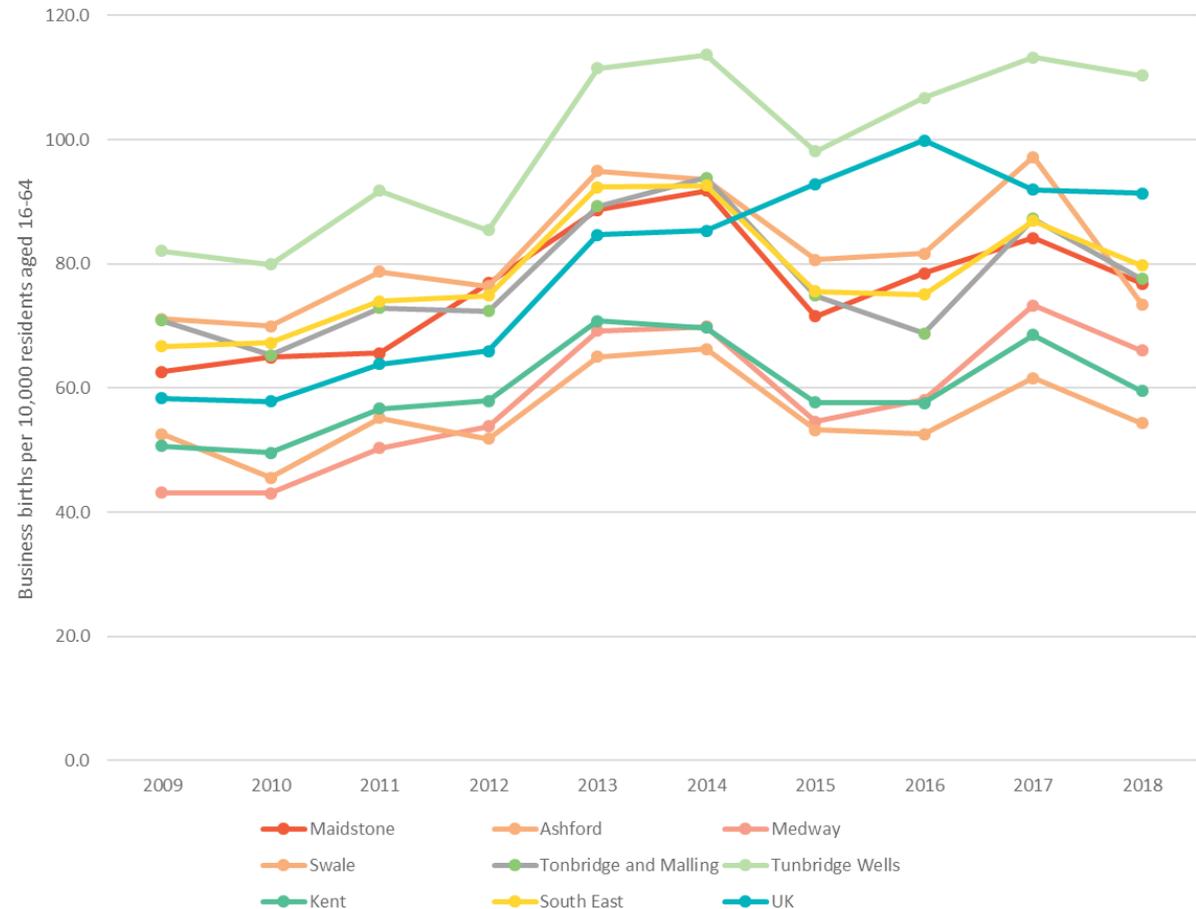
There were 795 new businesses registered in Maidstone in 2018, representing a start-up rate of 76.8 per 10,000 residents aged 16 to 64. This was higher than the rate for Kent (59.5) but lower than for the South East (79.7) and the UK as a whole (91.4).

In the local area, Tunbridge Wells recorded the highest rate of business births (110.3) and Swale the lowest (59.5) (Figure 12).

Between 2009 and 2018, the annual rate of enterprise births increased by 22.6% in Maidstone, which was a higher level of growth than Kent (17.4%) and the South East (19.6%) but significantly lower than the UK average (56.5%).

All of Maidstone's neighbouring authorities experienced an increase in the number of new business registrations between 2009 and 2018, although the rate of increase varied considerably. Maidstone's increase of 22.6% was significantly higher than that in Swale (3.3%), Ashford (3.4%) and Tonbridge and Malling (9.4%) but significantly lower than in Medway (53.0%) and Tunbridge Wells (34.4%).

Figure 12: Business start-up rates per 10,000 residents aged 16-64



Source: ONS Business Demography / Lichfields analysis

3. Business floorspace

The Borough’s stock of industrial and office floorspace has gradually been declining, and now accommodates smaller markets than many of its neighbours.

Business floorspace

The Borough’s commercial floorspace comprises some 716,000sqm of industrial floorspace (62.4%), 261,000sqm of retail floorspace (22.8%) and 168,000sqm of office floorspace (14.6%) as at 2019.

Between 2001 and 2019, the stock of retail floorspace increased by 3.6% in Maidstone – a lower level of increase than in Kent (9.7%), the South East (7.9%) and England (9.7%). The Borough now accommodates more retail space than Ashford, Swale and Tonbridge & Malling, but less than Medway and Tunbridge Wells (Figure 14).

During this period, industrial floorspace decreased by 7.6% in Maidstone, compared to lower level of decrease of 4.4% in Kent and 3.9% in England and an increase of 1.6% across the South East.

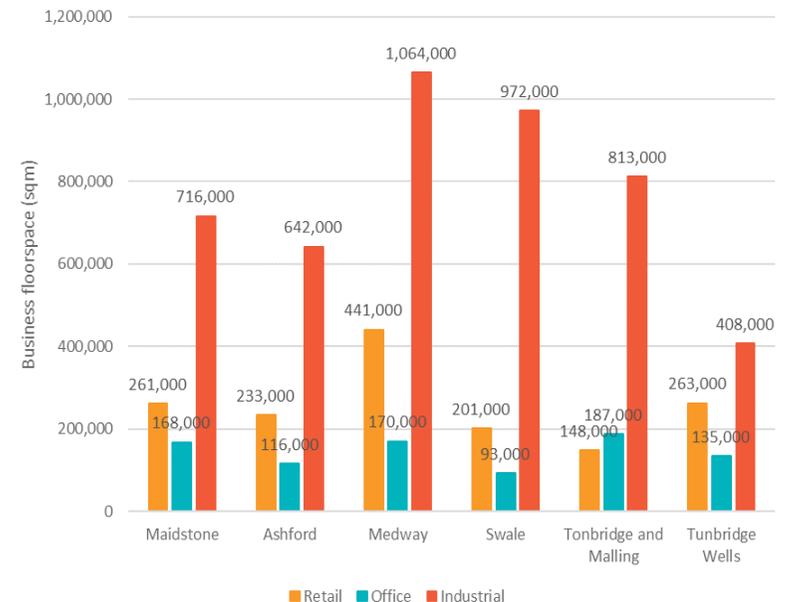
The most significant decrease was recorded for office floorspace, which declined by 17.6% in Maidstone, compared to an increase of 2.7% in Kent, 2.9% in the South East and 11.1% in England. Nevertheless, the Borough still records more office space than its neighbouring authority areas of Ashford, Swale and Tunbridge Wells.

Figure 13: Business floorspace change in Maidstone (2001-2019)



Source: VOA (2019) / Lichfields analysis

Figure 14: Business floorspace by local authority (2019)



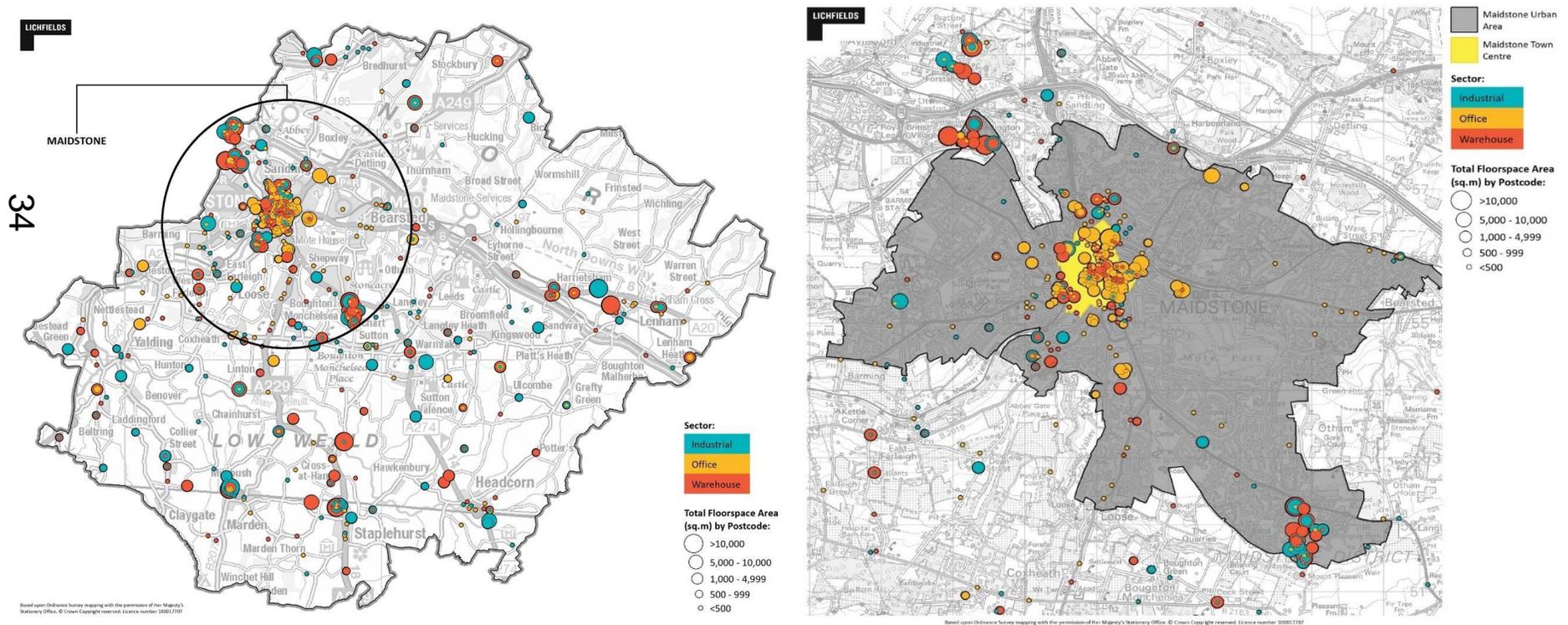
3. Business floorspace

The Borough's office market is largely concentrated within Maidstone town, with industrial space distributed more evenly across smaller and rural areas.

Business floorspace

In terms of business (B use class) space, the maps below show that the Borough's stock of office space tends to be concentrated in and around Maidstone town centre, with relatively little stock accommodated elsewhere. By comparison, industrial and warehousing floorspace is much more evenly distributed across the Borough, within smaller settlements and along key transport routes including the M20 and A229.

Figure 15: Spatial distribution of industrial, office and warehousing floorspace



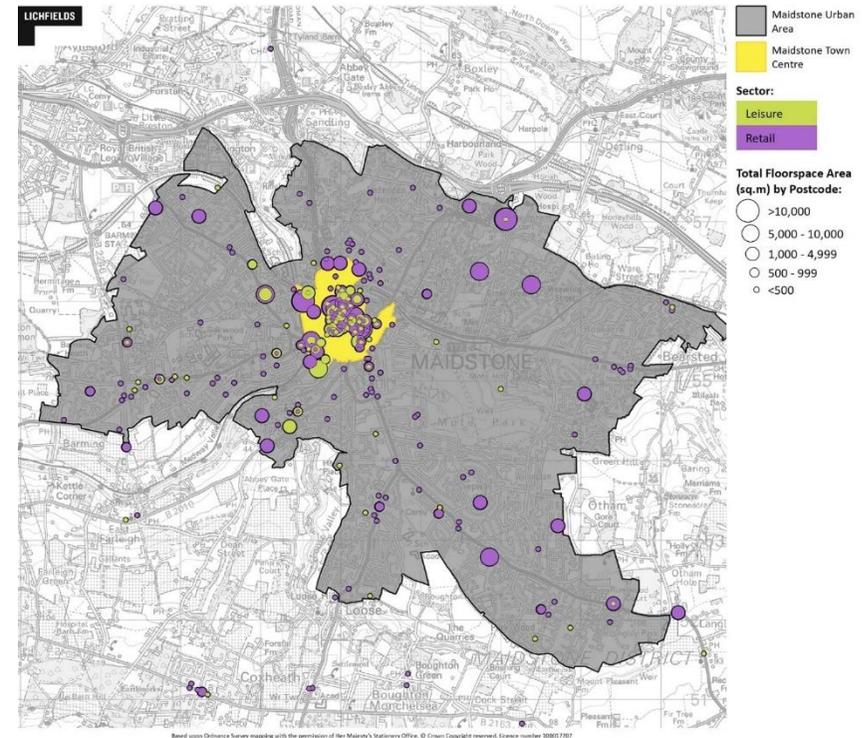
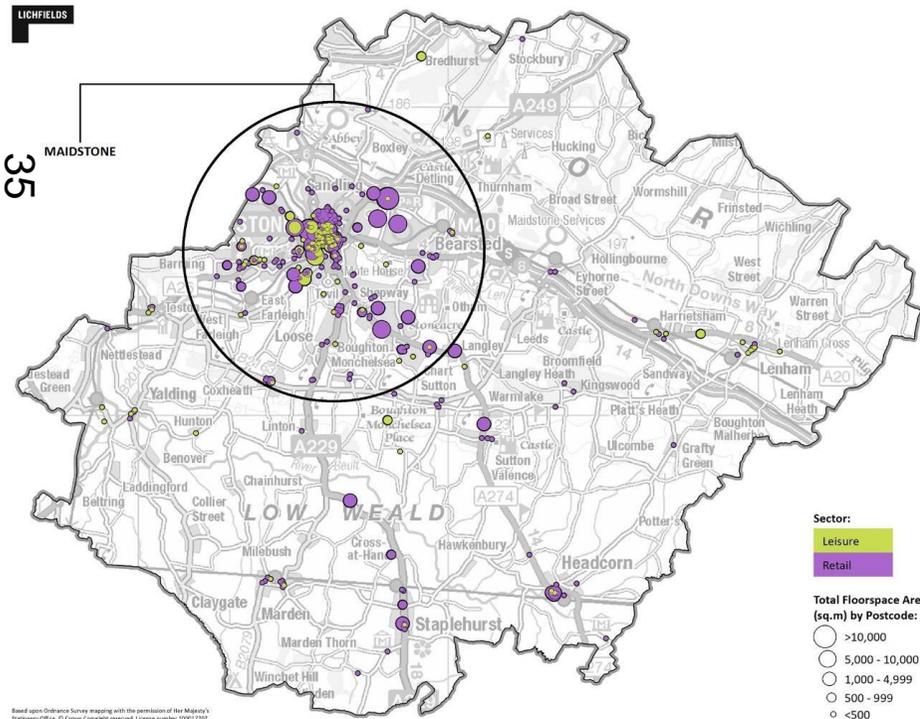
3. Business floorspace

Retail and leisure space is overwhelmingly concentrated within the Maidstone urban area, reflecting the town centre's draw and role in the retail hierarchy.

Business floorspace

In contrast with 'B Class' uses, the vast majority of retail and leisure floorspace is concentrated within Maidstone town centre, with some other smaller clusters found at Eclipse Park and Newnham Court. Some of the Borough's smaller centres such as Staplehurst and Headcorn also accommodate retail and recreation business space, but to a much smaller degree than Maidstone town.

Figure 16: Spatial distribution of retail and leisure floorspace



Source: VOA 2019 / Lichfields analysis

Structure

- 1 Introduction
- 2 Employment
- 3 Business
- 4 Population**
- 5 Labour market
- 6 Covid-19

4. Population change

The Borough has experienced strong population growth over the last ten years and accommodates a sizeable resident base within a Kent context.

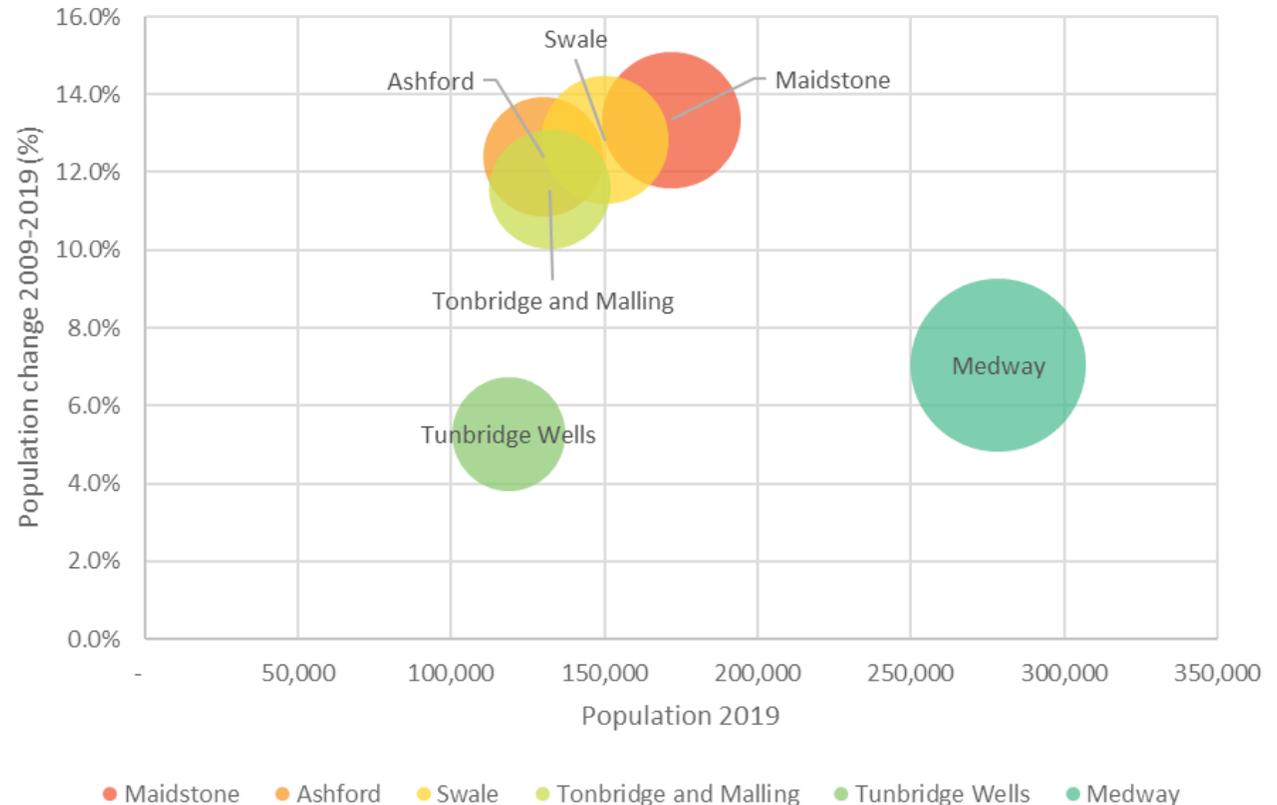
Population change

Maidstone's resident population totals just over 171,800 (as at 2019). Of Maidstone's five neighbouring authorities, only Medway has a larger population (278,550) (Figure 17).

The pace of population growth over the last 10 years (2009 to 2019) in Maidstone Borough exceeded all of its neighbouring authority areas at 13.3%.

Population growth in the Borough also exceeded the county, regional and national average over this time – 9.7% in Kent, 8.1% in the South East and 7.3% in the UK.

Figure 17: Total population and change (2009-2019)



Source: ONS Mid-Year Estimates

4. Working-age population change

Growth in Maidstone's working age population has been comparatively slower, albeit still outperforming Kent, South East and UK rates over the last 10 years.

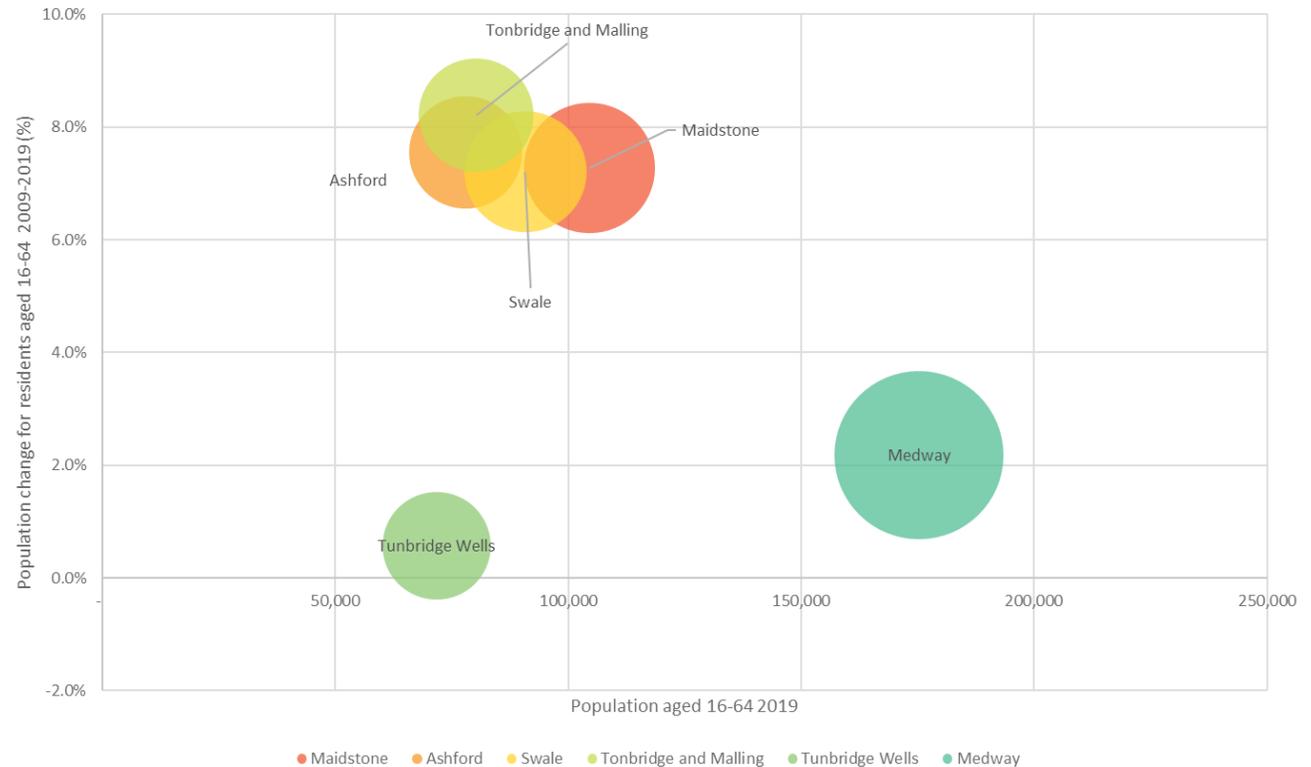
Working-age population change

Maidstone had a resident working age population of 104,500 in 2019, accounting for just over 60% of the total population. Of its neighbouring authorities, only Medway had a larger working age population, which accounted for 63% of its population.

Working age population in Maidstone increased by 7.3% between 2009 and 2019, which was a lower rate of increase than Tonbridge and Malling (8.2%) and Ashford (7.6%) but higher than Tunbridge Wells (0.6%), Medway (2.2%) and Swale (7.2%) (Figure 18).

This rate of working age population growth within Maidstone Borough also exceeded Kent, regional and national averages over this time (5.1%, 3.2% and 3.2% respectively).

Figure 18: Working age population and change: Residents aged 16-64 (2009-2019)



Source: ONS Mid-Year Estimates

4. Population projections

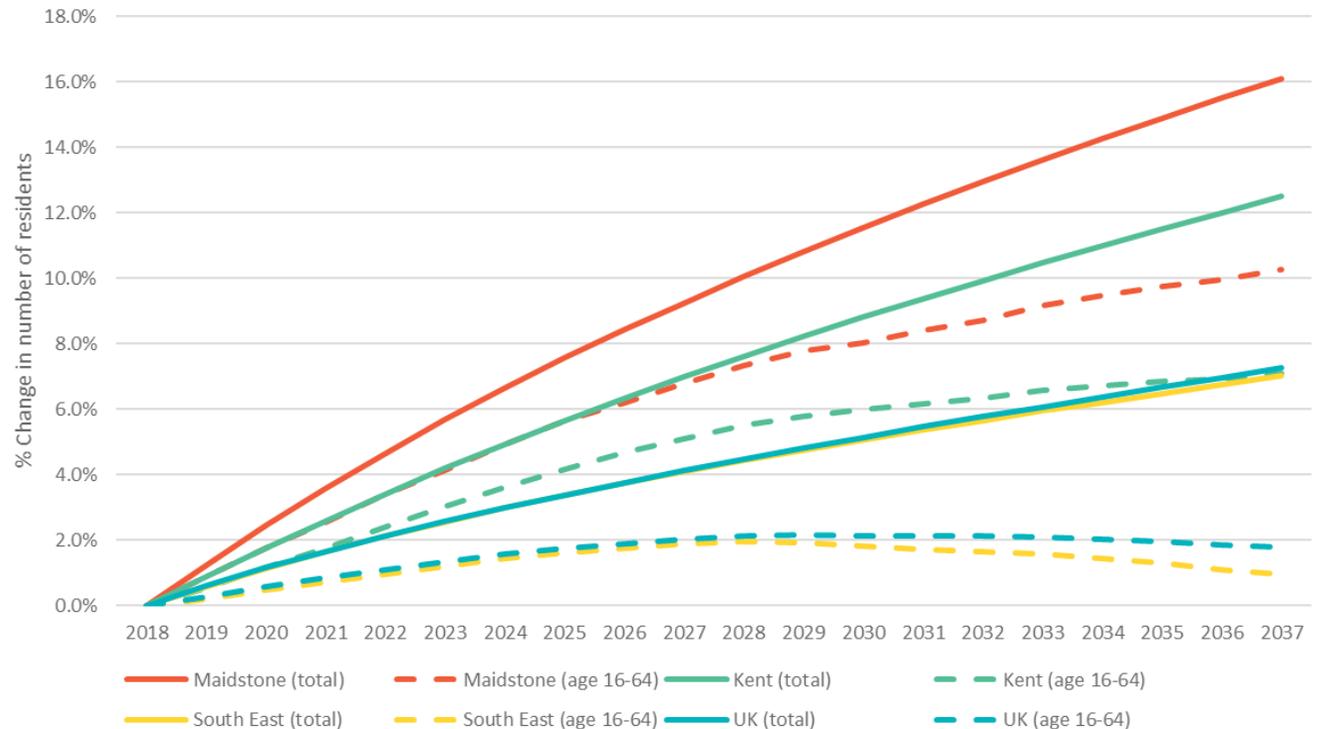
This strong population growth is expected to continue in future, with Maidstone continuing to outperform other areas, but characterised by an ageing population.

Population projections

The ONS 2018-based population projections suggest that Maidstone’s population base could increase by 27,340 people (16.1%) between 2018 and 2037. This rate of increase is higher than that expected for Kent (12.5%), the South East (7.0%) and UK as a whole (7.3%).

The working age share of the Borough’s population is projected to increase by just 10.2% over this time. Whilst this scale of increase is significantly higher than that expected across Kent (7.1%), the South East (0.9%) and UK (1.8%), it suggests that recent trends towards an ageing population in the Borough will continue going forward.

Figure 19: Future population change (2018-2037)



Source: ONS Population projections / Lichfields analysis

4. Socio-economic deprivation

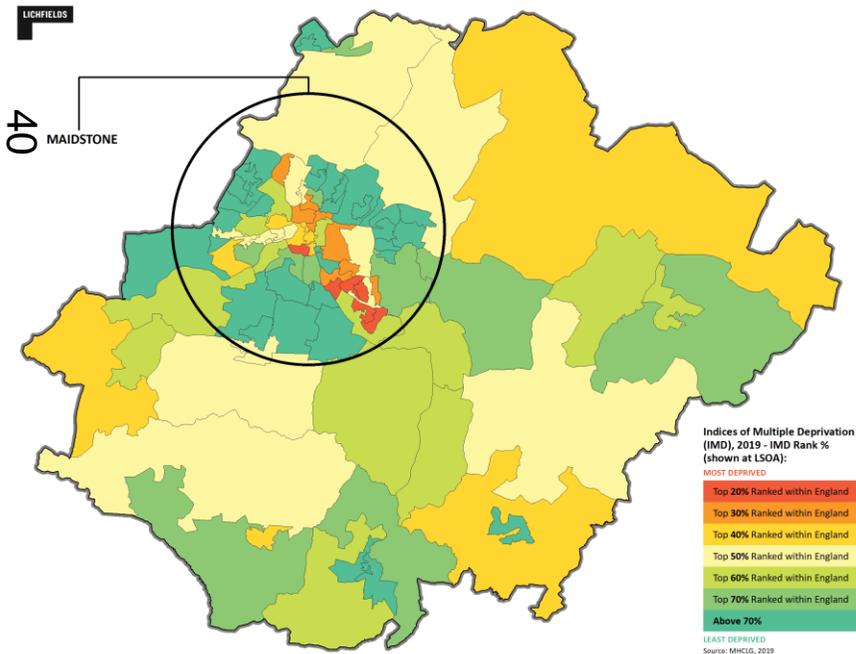
Although the Borough ranks relatively well in terms of deprivation overall, this masks some significant pockets of socio-economic challenges within urban areas.

Deprivation

MHCLG's Indices of Multiple Deprivation (IMD) measures relative levels of deprivation within local authority areas and LSOAs in England across several domains of deprivation to produce an overall score; Figure 20 illustrates how this relative level of deprivation varies across the Borough. Whilst the Borough ranks within the least 50% deprived local authorities in England in terms of deprivation, this masks some significant variation within the Borough with some entrenched pockets of deprivation found in and around Maidstone town centre and to the south of the urban area.

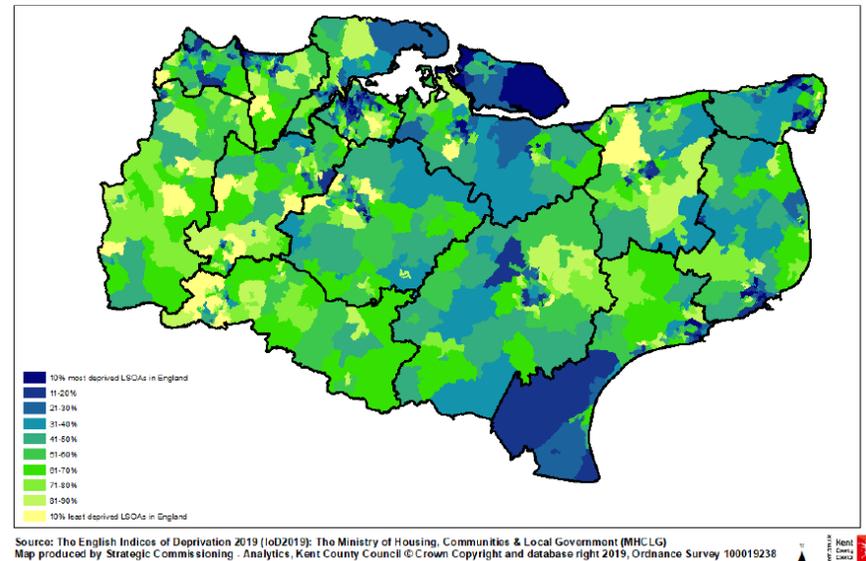
Within a Kent-wide deprivation context, the Borough performs relatively well (Figure 21) but has seen little change or improvement within its most acute pockets of socio-economic deprivation over the last few years.

Figure 20: Overall deprivation by LSOA



Source: Lichfields analysis, drawing on MHCLG, (2020); Index of Multiple Deprivation

Figure 21: Overall IMD – Rank of LSOAs in Kent & Medway



Source: Kent County Council Strategic Commissioning Statistical Bulletin: The Index of Multiple Deprivation (IMD2019): Headline findings for Kent (January 2020)

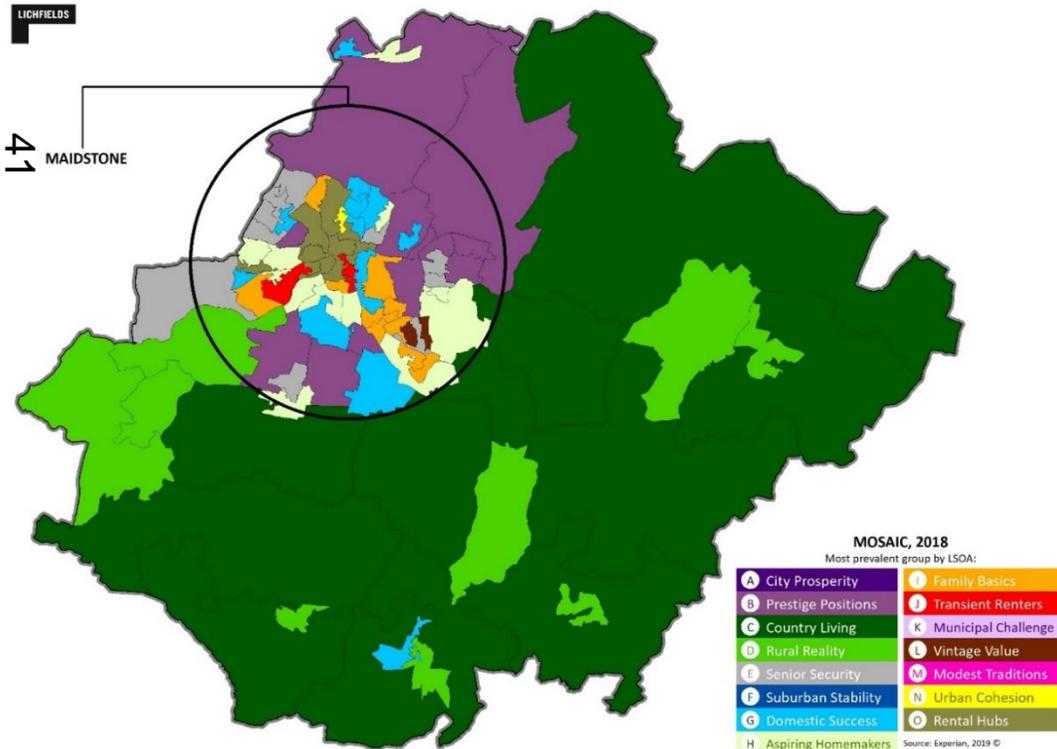
4. Demographic profile

Maidstone Borough is characterised by a mixed socio-economic profile but with stark contrasts between its urban and rural areas.

Demographic characteristics

Experian's Mosaic dataset can be used to profile the local population based on a series of person-type, household types and group typologies. Mosaic classifies areas (LSOAs) into one of fifteen categories dependent on prevailing demographic characteristics. For Maidstone Borough, this identifies a stark rural-urban split, with Maidstone town characterised by a mixed socio-economic profile, and rural parts of the Borough dominated by 'country living' and 'rural reality' socio-economic groups. A summary of the most dominant demographic groups across the Borough as a whole is provided below.

Figure 22: Mosaic socio-economic classification by Lower Super Output Area



Source: Experian 2018 / Lichfields analysis

Maidstone State of the Nation Report

Aspiring Homemakers (14.1%)

Younger households who have often only recently set up home. They usually own their homes in private suburbs.

Domestic Success (12.3%)

Well-qualified older singles with incomes from successful professional careers in good quality housing, and affluent families with growing children living in upmarket housing in city environments.

Country Living (10.7%)

Well-off homeowners who live in the countryside often beyond easy commuting reach of major towns and cities. Some are landowners or farmers, others run small businesses from home; some are retired and others commute to professional jobs.

Prestige Positions (9.9%)

Affluent couples living in financial security with spacious homes in prestigious and established residential areas. While some are mature empty-nesters or elderly retired couples, others are still supporting their teenage or older children.

Rural Reality (8.5%)

People who live in rural communities and generally own their relatively low cost homes. Their moderate incomes come mostly from employment with local firms or from running their own small businesses.

Structure

- 1 Introduction
- 2 Employment
- 3 Business
- 4 Population
- 5 Labour market**
- 6 Covid-19

5. Economic activity

Maidstone's economic activity rate comfortably exceeds regional and national averages but has fluctuated considerably over the last 10 years.

Economic activity

In 2019, the economic activity rate for residents in Maidstone aged 16-64 was 83.6%, which was higher than the rate for Kent (81.4%), the South East (82.0%) and the UK (78.8%) (Figure 23).

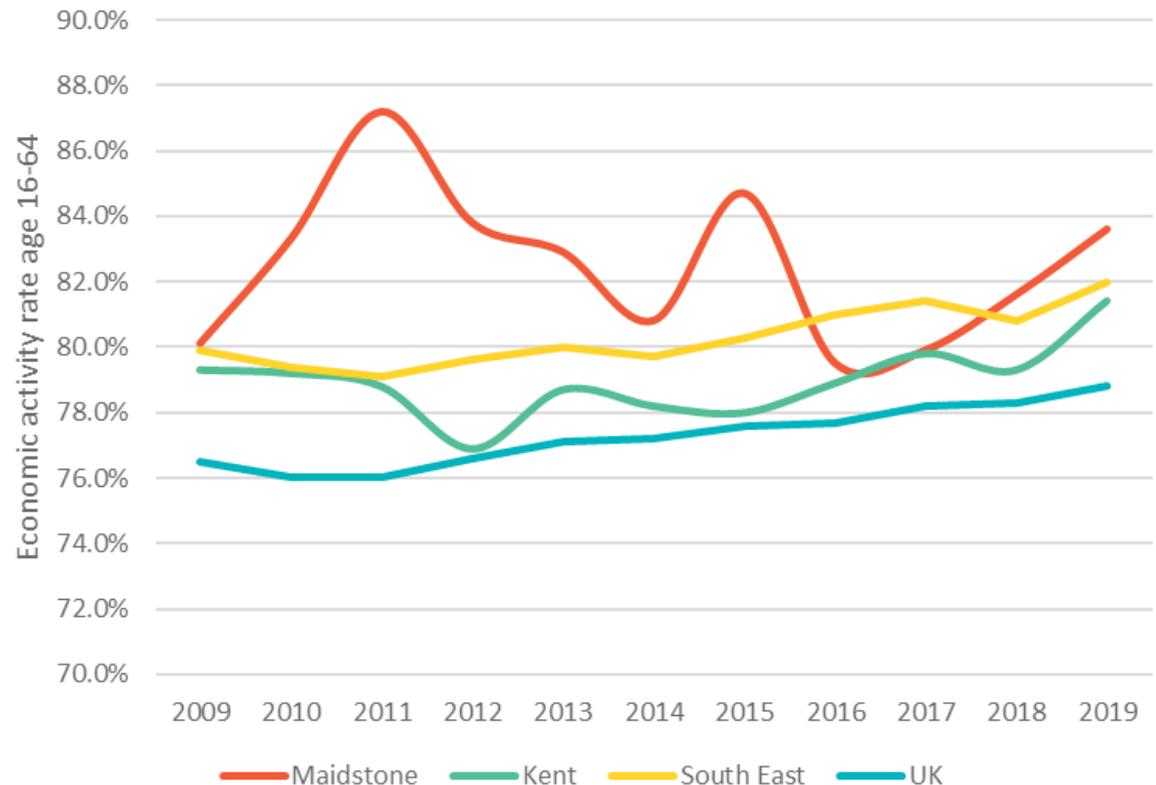
When compared to its neighbouring authorities, Maidstone's economic activity rate was the second highest, with Tonbridge and Malling recording the highest rate at 88%.

Between 2009 and 2019, economic activity within Maidstone Borough increased by 3.5 percentage points. However, this rate varied considerably year-on-year over this period, fluctuating between 79.5% in 2016 and 84.7% in 2015.

The overall increase in economic activity rates in Maidstone over this period was higher than in Kent, the South East and the UK (2.1, 2.1 and 2.3 percentage points respectively).

Across its group of neighbouring authorities, Tonbridge and Malling achieved the highest overall increase in economic activity between 2009 and 2019 (7.5 percentage points). Swale was the only neighbouring authority to experience a decline (0.3%).

Figure 23: Economic activity rate (age 16-64)



Source: ONS Annual Population Survey / Lichfields analysis

5. Unemployment

Maidstone has historically performed relatively well in terms of unemployment, with rates broadly behind other parts of Kent, the South East and Great Britain.

Unemployment

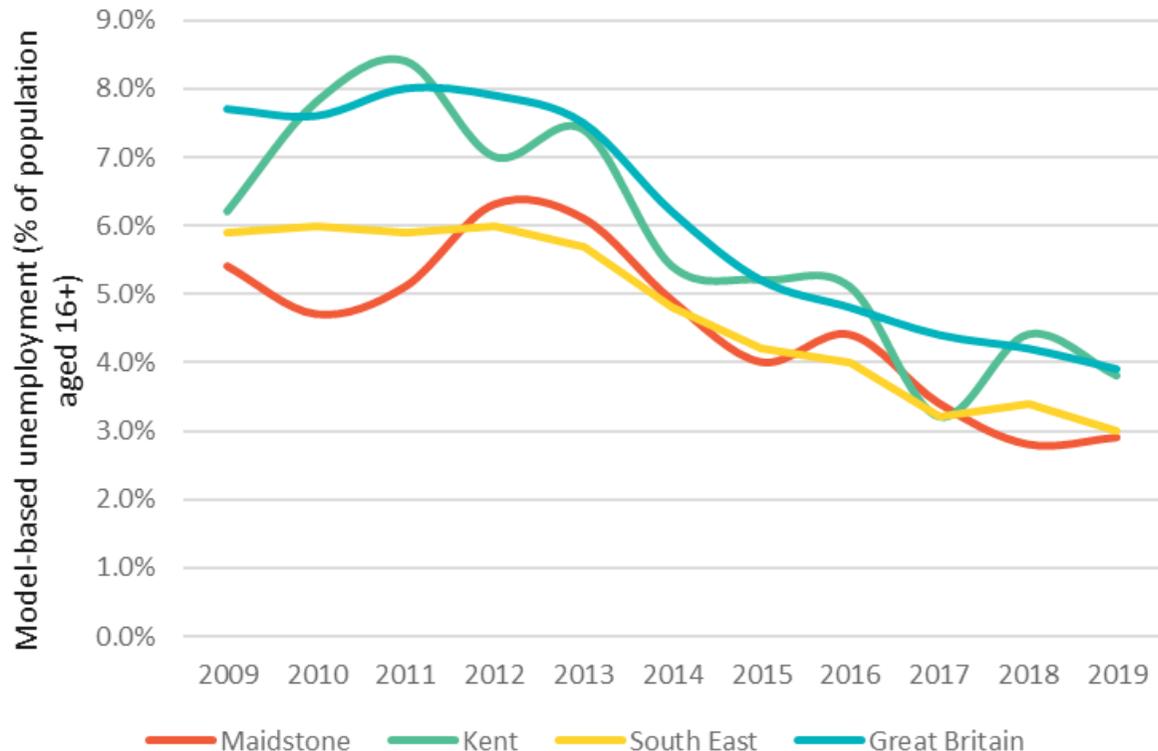
In 2019, the model-based unemployment rate for residents aged 16+ in Maidstone was 2.9%, amounting to c.2,600 people in absolute terms. This unemployment rate was lower than the averages for Kent (3.8%), the South East (3.0%) and Great Britain (3.9%).

When compared to its neighbouring authorities, Maidstone's unemployment rate (2.9%) was higher than that for Tunbridge Wells (2.5%) and Tonbridge & Malling (2.6%) but lower than in Swale (4.7%), Medway (4.1%) and Ashford (3.7%).

As shown in Figure 24, the Borough's unemployment rate has decreased by 2.5 percentage points between 2009 and 2019, representing a higher level of decrease than Kent (2.4 points), equal to that in the South East (2.9 points) but lower than the average for Great Britain (3.8 points).

In the local area, Medway experienced the largest decrease in its unemployment rate (5.3 percentage points) followed by Swale (3.2 points), then Maidstone (2.5 points).

Figure 24: Unemployment rate (age 16+)



Source: ONS Model-based unemployment / Lichfields analysis

5. Claimant Count

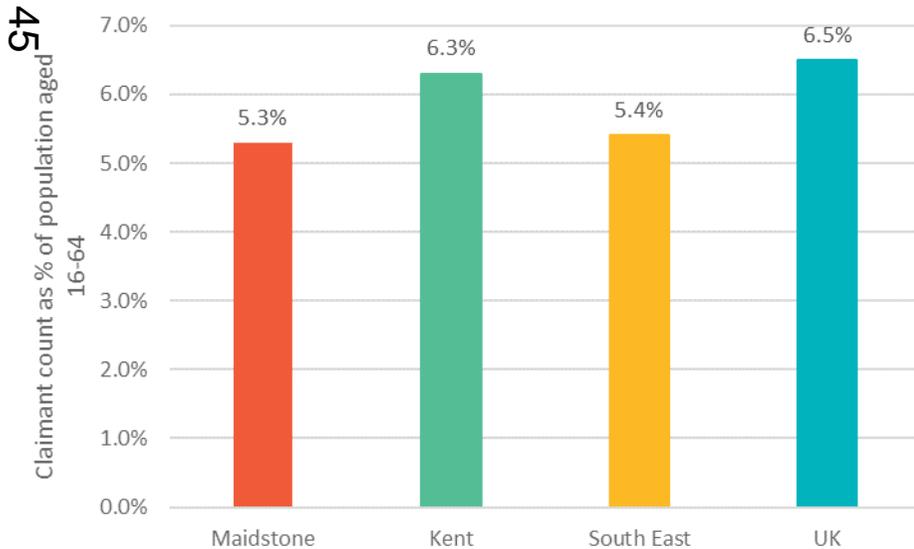
The Claimant Count in Maidstone has increased sharply following the outbreak of Covid-19 but remains lower than other parts of Kent, the South East and UK.

Claimant count

In September 2020, the Claimant Count represented 5.3% of the Borough’s working age population. This figure was lower than that in Kent (6.3%) and the UK (6.5%) and slightly lower than the proportion of Claimants in the South East (5.4%) (Figure 25).

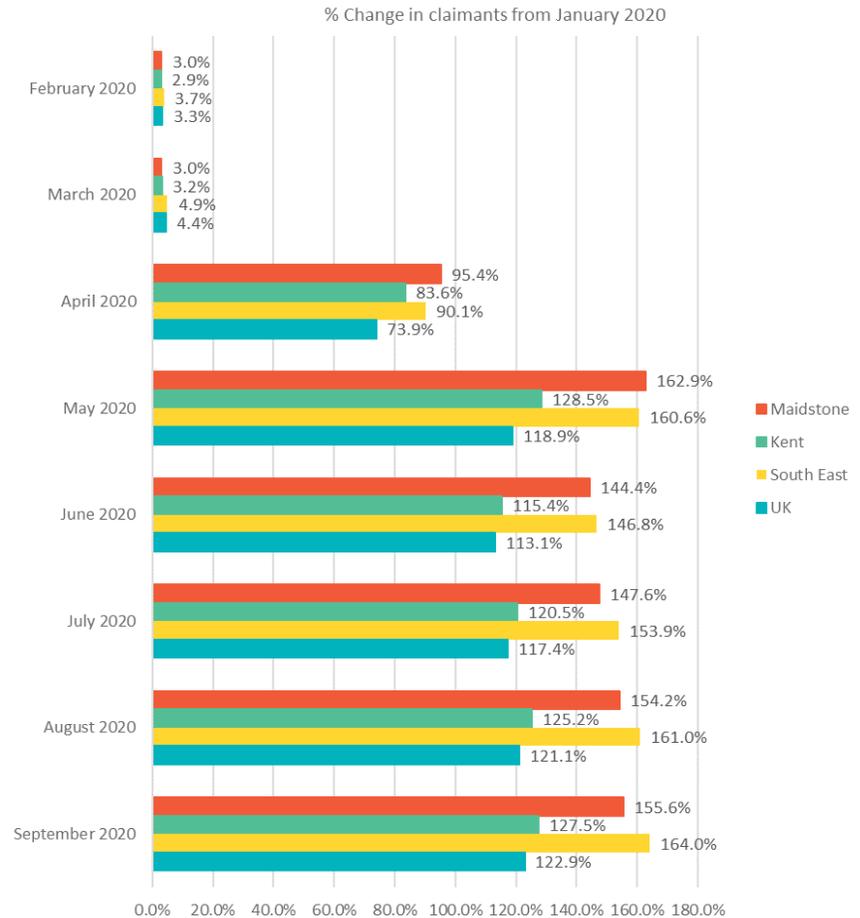
The increase in Claimant Count since the beginning of the year has been notably sharp within Maidstone, particularly by April as lockdown fully ‘kicked in’ and key sectors locally began to shut down. By September 2020, the number of Claimants in Maidstone had increased by 155.6% since January 2020, compared to 127.5% in Kent and 122.9% in the UK. However, this was lower than the South East average of 164.0% (Figure 26).

Figure 25: Claimant Count as % of working age population (September 2020)



Source: ONS (2020); Claimant Count (experimental)
 Note: Includes claimants of Jobseekers Allowance (JSA) and some Universal Credit (UC) Claimants

Figure 26: Change in Claimant Count since January 2020



5. Resident skills

The skills profile of Maidstone's residents broadly matches county, regional and national averages, but with scope for improvement at either end of the spectrum.

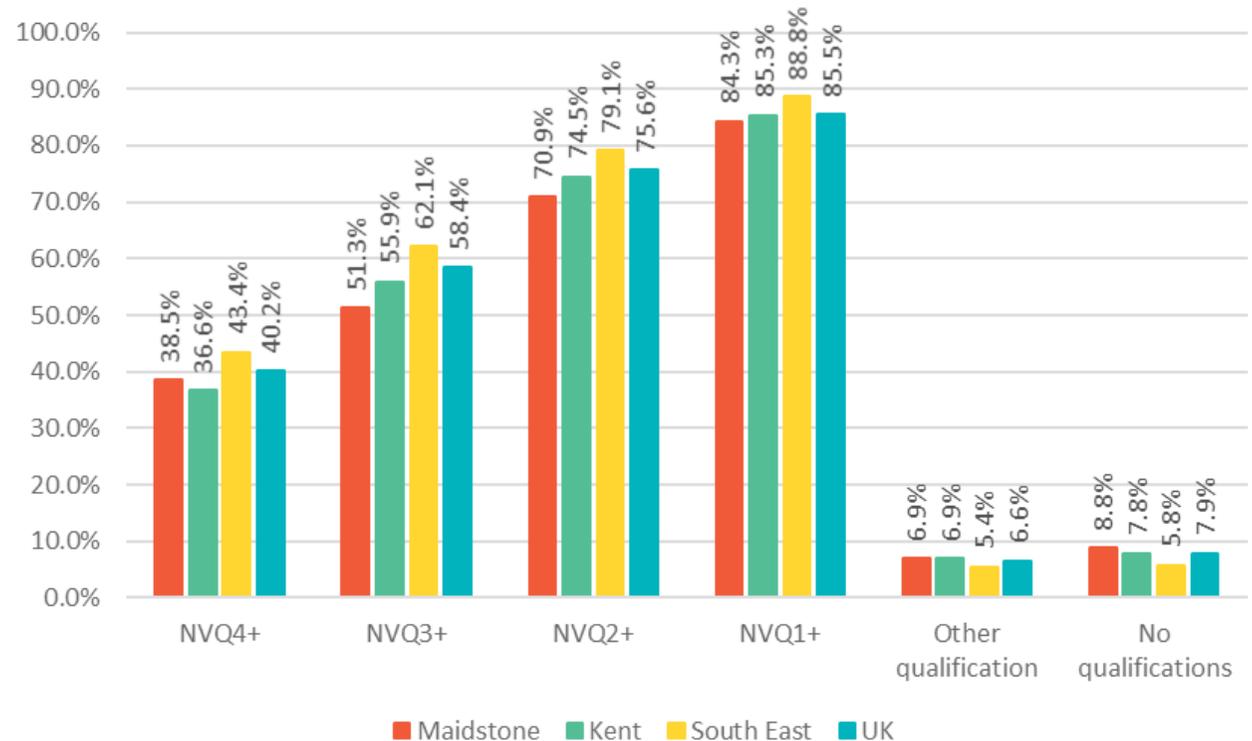
Resident skills

In 2019, just over a third (38.5%) of residents aged 16-64 in Maidstone held a degree or higher-level qualification (NVQ4+). This proportion of highly skilled residents was higher in Maidstone than in Kent (36.6%) but fell behind the equivalent proportion for the South East (43.4%) and the UK (40.2%).

A lower proportion of Maidstone residents held NVQ levels 2 and 3 qualifications than each of the regional and national averages.

Meanwhile, the proportion of Maidstone's residents with no qualifications (8.8%) was higher than the averages in Kent (7.8%), the South East (5.8%) and the UK (7.9%).

Figure 27: Resident qualifications (2019)



Source: ONS Annual Population Survey (2019) / Lichfields analysis

5. Resident skills

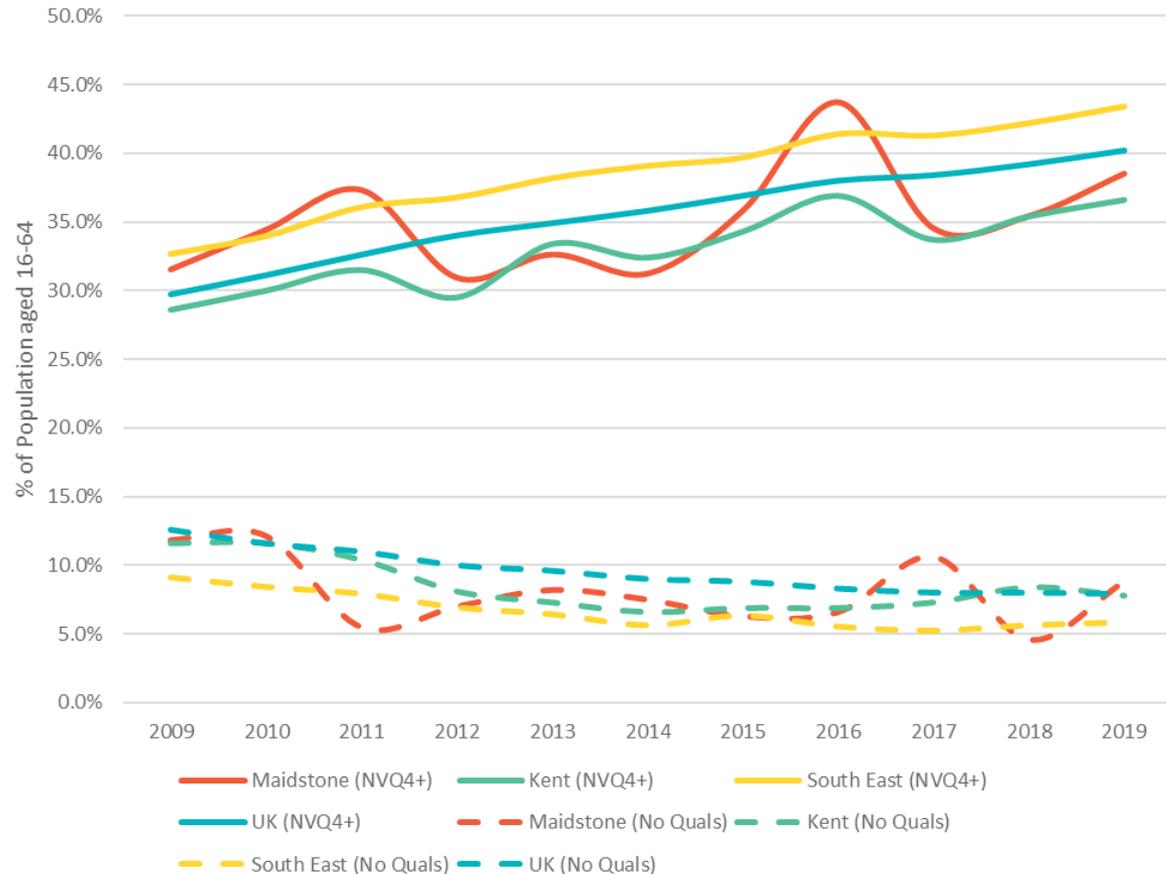
The Borough's resident skills profile has been improving over recent years, but not at quite the same rate as other parts of Kent, the South East and UK.

Resident skills

The proportion of working age residents in Maidstone with NVQ4+ level qualifications increased between 2009 and 2019 by a lower rate (7.0 percentage points) than the average for Kent (8.0 points), the South East (10.7 points) and the UK (10.5 points).

Similarly, the proportion of Maidstone's workforce with no qualifications decreased during this period but at a lower rate (3.0 percentage points) than the average for Kent (3.8 points), the South East (3.3 points) and the UK (4.7 points).

Figure 28: Change in resident qualifications (age 16-64)



Source: ONS Annual Population Survey / Lichfields analysis

5. Resident occupations

A high proportion of Maidstone residents are employed in the most highly-paid occupation groups, but with elementary occupations also over-represented.

Resident occupations

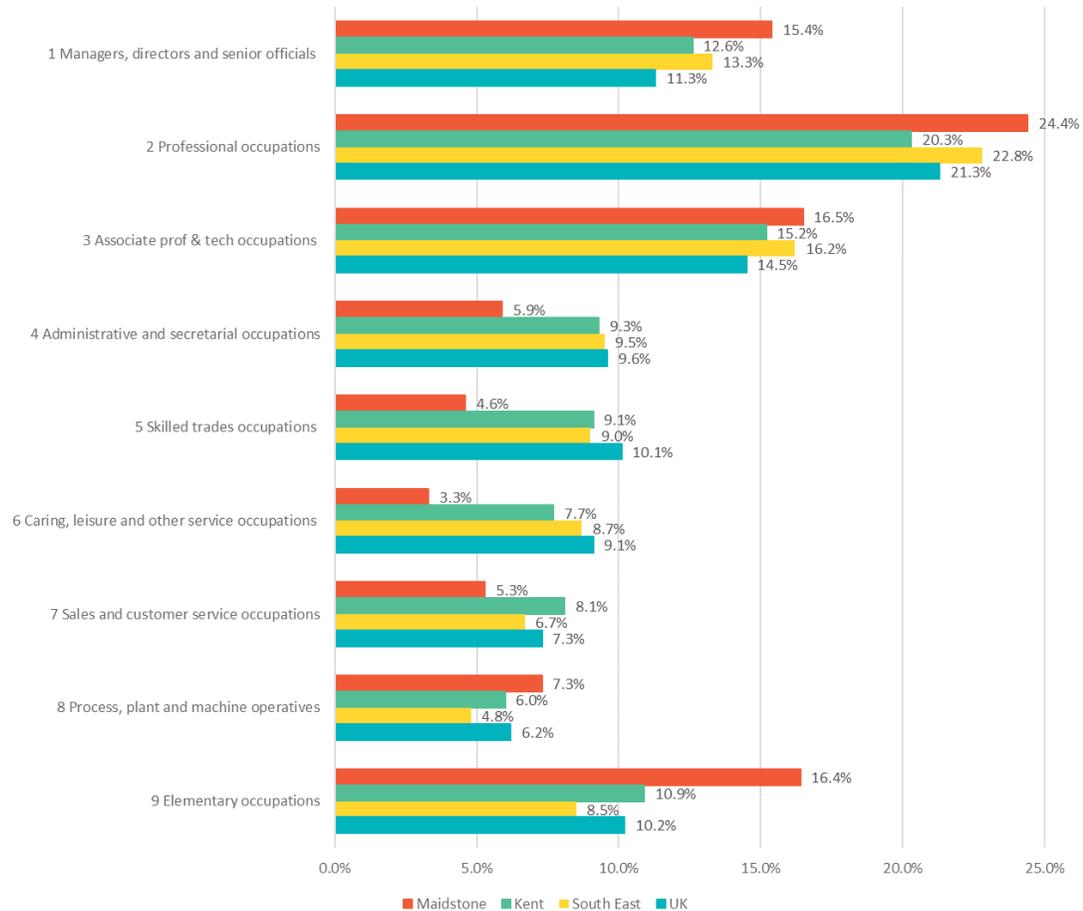
Compared with the regional and national averages, employed residents in Maidstone are more heavily represented in the highest three Standard Occupation (SOC) groups (managerial, professional and associate occupations) (56.3%) than the averages for Kent (48.1%), the South East (52.3%) and the UK (47.1%) (Figure 29).

At the same time, Maidstone residents are also significantly more represented in lower skilled elementary occupations (16.4%) than in Kent (10.9%), the South East (8.5%) and the UK (10.2%).

Meanwhile, mid tier occupation groups such as admin, customer service and caring occupations account for a much lower share of employed residents.

As shown in Figure 29, the occupational profile of Maidstone’s residents is less ‘balanced’ than other parts of the country.

Figure 29: Occupation of employed residents aged 16-64 (2019)



Source: ONS Annual Population Survey / Lichfields analysis

5. Earnings

Wage growth for employed Maidstone residents has not kept pace with earnings growth associated with workplace jobs based within the Borough.

Earnings

In 2019, average gross weekly earnings for Maidstone residents amounted to £579, which was 6% lower than the average for Kent, 8.9% lower than in the South East and 1% lower than the UK average (Figure 31). This figure has increased by 11.0% between 2009 and 2019, at a significantly lower rate than in Kent (18.9%), the South East (18.5%) and the UK (19.7%) over this time.

Meanwhile, average earnings for those working in Maidstone (£569) are also lower than regional and national averages, although the rate of increase over the last 10 years in Maidstone (27.8%) significantly outperformed the rate of increase across Kent as a whole (19.5%), the South East (19.5%) and the UK (19.7%).

Figure 30: Gross median weekly earnings (workers)

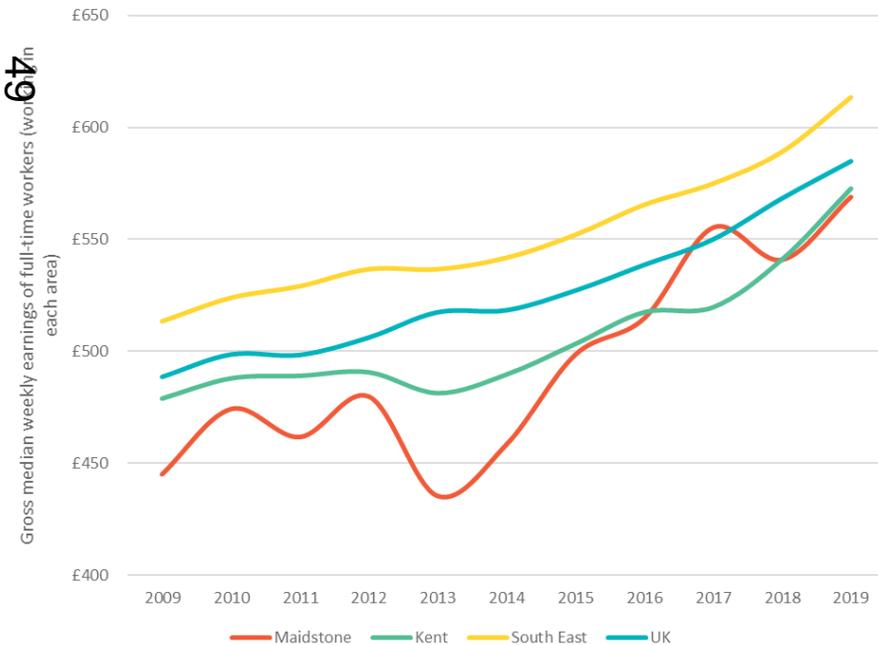
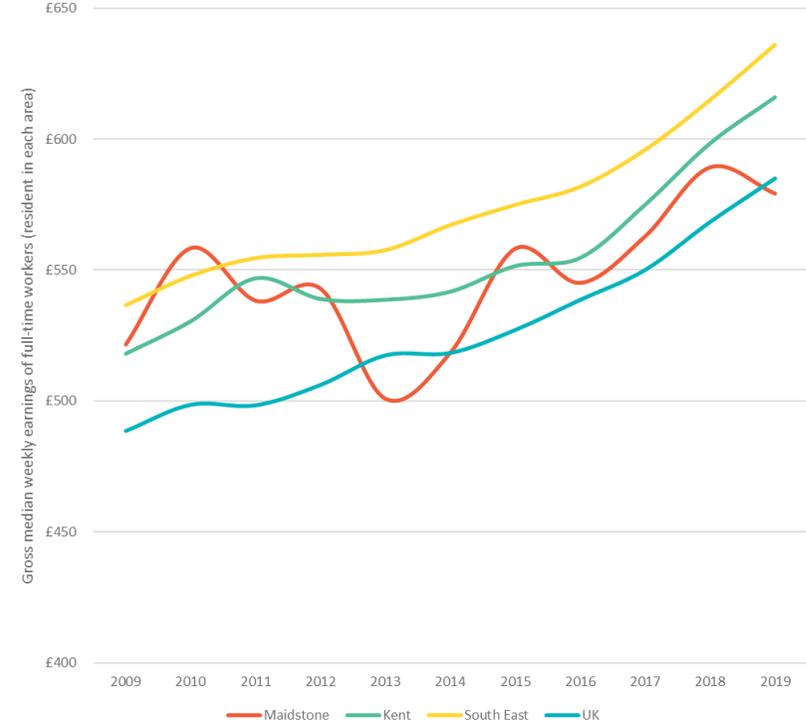


Figure 31: Gross median weekly earnings (residents)



Source: ONS Annual Survey of Hours and Earnings / Lichfields analysis

5. Commuting patterns

Maidstone's location at the heart of Kent means it shares strong labour market relationships with adjoining areas, in particular Tonbridge & Malling.

Travel-to-work flows

Whilst Maidstone Borough is relatively self-contained from a labour market point of view, it does share strong economic relationships with its neighbouring areas, including the 'Malling' part of Tonbridge and Malling and parts of Medway and Swale (see Figures 32 and 33). The Borough is characterised as a slight 'net exporter' of labour, with 1,180 more residents travelling out of the Borough for work than workers travelling in from other authority areas. The majority of in and out commuting flows are to/from the Borough's neighbouring areas of Tonbridge and Malling, Medway, Tunbridge Wells, Swale and Ashford, with London also accounting for a notable share of out-commuters.

Figure 32: Travel-To-Work Flows for Maidstone

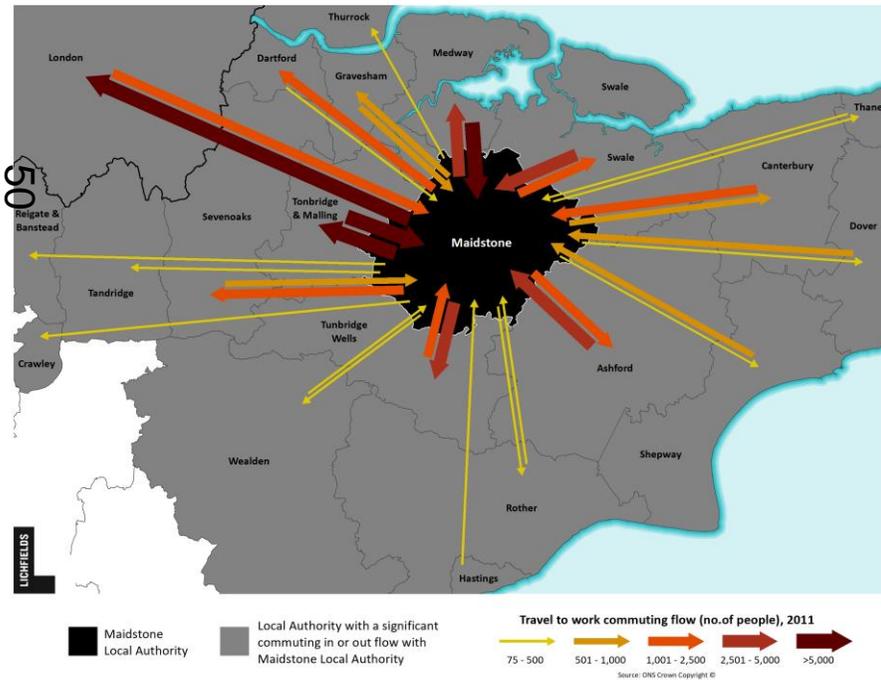
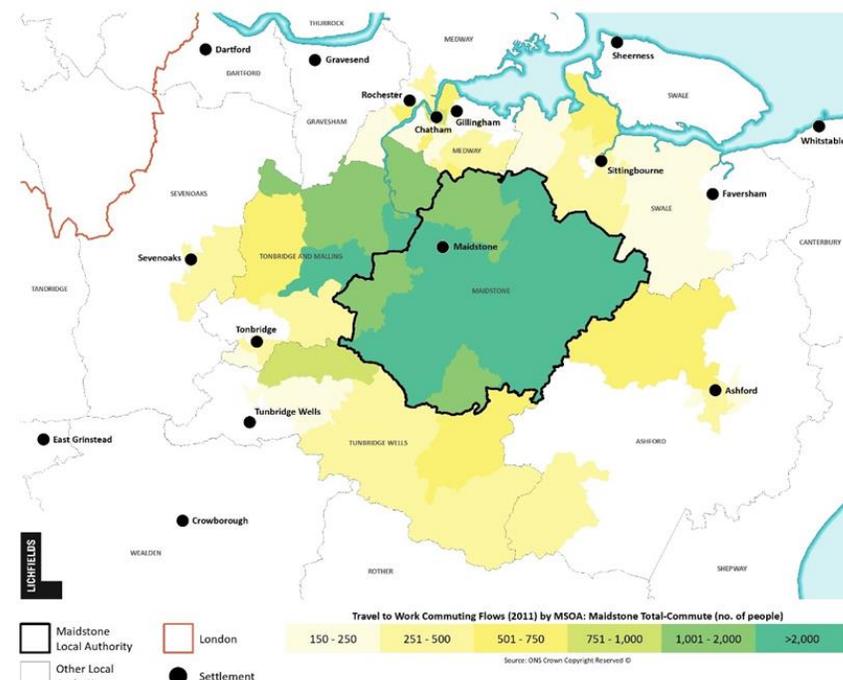


Figure 33: Local Travel to Work Area for Maidstone



Source: ONS (2011 Census) / Lichfields analysis

Source: ONS (2011 Census) / Lichfields analysis

Structure

51

- 1 Introduction
- 2 Employment
- 3 Business
- 4 Population
- 5 Labour market
- 6 Covid-19**

6. Implications of Covid-19

The outbreak of Covid-19 has already had a significant effect on the Borough's economy, with impacts still unfolding as the economic disruption continues.

Covid-19

Lichfields' earlier analysis from July 2020 brought together the latest real time data to begin to understand the significant impacts that the Covid-19 pandemic and associated economic disruption is having upon Maidstone's economy.

It provided a 'point-in-time' analysis that will need to be reviewed and updated on an ongoing basis to reflect the unfolding economic situation, emerging impacts locally, and the effects of national recovery policy and interventions.

Headline findings from the focused analysis are summarised below:

- 52
- a. The analysis emphasised the severity of disruption to day-to-day operations being experienced by the Borough's business base, as well as the negative impact that the pandemic is having on sales/revenues and future orders.
 - b. Initial survey feedback suggests that the majority of local businesses have seen a negative impact on sales and significant disruption to business operations. Two thirds of local business respondents have furloughed staff, with tourism, hospitality and retail jobs most affected in the short term.
 - c. Across the local economy overall, over a quarter of Maidstone's working residents have been furloughed through the Coronavirus Job Retention Scheme, and while local unemployment has risen sharply, it is likely to increase further later this month as this financial subsidy is withdrawn by government.
 - d. Visits to retail, recreation and workplace venues are still significantly lower than 'normal', posing economic challenges for the town centre in particular.

- e. We know that so far, the impact on individual sectors has varied significantly reflecting the extent to which lockdown measures forced some industries to temporarily 'shut down'. Around one quarter of Maidstone's local employment, output and business base fall within sectors at highest risk from short term economic harm from Covid-19; hospitality, recreation and retail have been amongst those sectors hardest hit, but have also driven much of the job growth recorded in the Borough over recent years and remain locally significant.
- f. Coming into the pandemic, the Borough had strong economic credentials but also some key challenges that are likely to be exacerbated by Covid-19 impacts. This includes workplace productivity which 'lags behind' regional and national averages, and the need to upskill the local resident base to more effectively capture high value growth opportunities and job growth in future.
- g. A number of scenarios continue to emerge to consider the potential short and longer term impacts of Covid-19 upon the economy and these should be treated with caution given the greater than usual uncertainty. Covid-19 forecasts from Experian (prepared in June 2020) imply a short term economic impact equivalent to £575 million and 4,000 jobs across the Borough during 2020, taking at least two years for the local economy to recover to pre Covid-19 levels of economic activity. Replicating the OBR's macro scenario would equate to a short term economic impact of £366m within the Borough during Q2 2020.

The 'real time' nature of the evolving economic situation emphasises the need to keep on top of data and intelligence as it emerges, to monitor impacts as they unfold, and use this to review the Economic Development Strategy response on a timely basis.

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Agenda Item 15

ECONOMIC REGENERATION & LEISURE COMMITTEE **12 November 2020**

2nd 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 September 2020 (Quarter 2). 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 2 for the services reporting to ERL is £630,000, compared to the approved budget of £506,000, representing a shortfall of £124,000.

Capital expenditure for the services reporting to ERL of £327,000 has been incurred against the approved budget of £3.901m. Forecast spend for the year is £1.311m.

Performance Monitoring

40% (2 of 5) targetable quarterly key performance indicators reportable to the Economic Regeneration & Leisure Committee achieved their Quarter 2 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 September 2020.

This report makes the following Recommendations to the Committee:

1. That the Revenue position as at the end of Quarter 2 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 2 be noted; and
3. That the Performance position as at Quarter 2 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	12 November 2020

2nd 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 2 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 September 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".
-

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The Quarter 2 Budget & Performance Monitoring reports are being considered by the relevant Service Committees during November and December 2020, including a full report to the Policy & Resources Committee on 25th November 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.
-

7. REPORT APPENDICES

- Appendix 1: Second Quarter Budget Monitoring 2020/21
 - Appendix 2: Second Quarter Performance Monitoring 2020/21
-

8. BACKGROUND PAPERS

None.

Second Quarter Financial Update 2020/21

Economic Regeneration & Leisure Committee
12th November 2020
Lead Officer: Mark Green
Report Authors: Ellie Dunnet/Paul Holland

Contents

Part A: Executive Summary & Overview Page 2

Part B: Revenue Budget Q2 2020/21

B1) Revenue Budget Page 5

Part C: Capital Budget Q2 2020/21

C1) Capital Budget Page 9

Part A

Executive Summary & Overview



This report provides members with a financial update for the second quarter of 2020/21, covering activity for both the Council as a whole and 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 £7.087m. 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	1,384
Income Reductions:	
Business Rates (MBC share)	703
Council Tax (MBC share)	855
Other Income	4,162
Total	7,087

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 do not correspond to the in year budget outturn projections. This is mainly due to the statutory accounting arrangements for council tax and business rates, which mean that these losses do not impact the general fund balance until next year. 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 such as underspends that have the effect of mitigating Covid-19 related losses.

To date, support totalling £2.5m has been announced by the government. The council has also submitted a claim for lost income from sales, fees and charges under the government's compensation scheme. The initial claim covers the period between April and July and we are currently awaiting the outcome of this. 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.

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

Part B: Revenue budget – Q2 2020/21

- Overall expenditure at the end Q1 for the services reporting to ERL is £0.630m, compared to the profiled approved budget of £0.506m, representing an overspend of £0.124m. The forecast year end outturn for ERL is a shortfall of £1.088m. It is likely that these forecasts may change in light of the four-week lockdown which, at the date of report publication, MPs are due to vote on.
- We are anticipating funding to mitigate the impact of losses from fees and charges income. A claim covering the first four months of this financial year was submitted in September and we are currently awaiting the outcome of this.

Part C: Capital budget – Q2 2020/21

- Capital expenditure for the services reporting to ERL of £0.327m has been incurred against the approved budget of £3.901m. Forecast spend for the year is £1.311m.

Part B

Second 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 2. 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 – Quarter 2

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 September 2020 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Cultural Development Arts	12	6	7	-1	12	0
Museum	12	7	18	-12	82	-71
Carriage Museum	4	1	2	-1	4	0
Museum-Grant Funded Activities	0	-3	-24	21	0	0
Hazlitt Arts Centre	284	151	105	46	426	-142
Festivals and Events	-31	-27	-1	-26	0	-31
Lettable Halls	-4	-2	-6	4	-4	0
Community Halls	75	41	32	8	75	0
Leisure Centre	-182	-111	-130	19	318	-500
Mote Park Adventure Zone	-107	-82	20	-102	7	-114
Cobtree Golf Course	-35	0	0	0	-17	-18
Mote Park Cafe	-56	-20	5	-24	12	-68
Tourism	27	14	10	3	43	-15
Museum Shop	-19	-9	-1	-9	17	-36
Maintenance of Closed Churchyards	3	1	3	-2	3	0
Sandling Road Site	24	12	12	-0	24	0
Business Support & Enterprise	5	5	5	0	5	0
Town Centre Management Sponsorship	7	7	7	-0	7	0
Business Terrace	77	70	94	-24	77	0
Business Terrace Expansion (Phase 3)	-13	-7	-11	5	-13	0
Market	-59	-16	50	-66	35	-93
Economic Dev - Promotion & Marketing	-134	-134	-135	1	-134	0
Leisure Services Section	55	50	51	-1	55	0
Cultural Services Section	544	270	257	13	544	0
Visitor Economy Section	117	58	56	2	117	0
Economic Development Section	281	148	121	27	281	0
Market Section	82	41	37	3	82	0
Head of Regeneration and Economic Development	101	51	43	8	101	0
Salary Slippage 4ERL	-32	-16	0	-16	-32	0
Totals	1,038	506	630	-124	2,126	-1,088

B1.2 The table shows that at the end of the second quarter overall net expenditure for the services reporting to ERL is £0.630m, compared to the approved budget of £0.506m, representing a shortfall of £0.124m. It should be noted that this forecast does not take into account further government support for income losses. 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 second 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 £1.088m, 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. At the date of drafting this report, MPs were due to vote on a 4-week lockdown from Thursday 5th November, and the position beyond this remains unclear. It is therefore likely that the forecasts included in this report may need to be revisited and updated to reflect the impact of this.

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Economic Regeneration & Leisure Committee	£000		
Museum – The museum was closed during the lockdown period, so there has been no opportunity for any income generating activities to take place.		-12	-71
Hazlitt Arts Centre – Although the theatre had remained closed throughout the first lockdown period, the Council has agreed to continue to honour the contractual payments for the first two quarters of the year. A separate report on the agenda for this meeting provides further detail on the future options regarding this contract.	46		-142
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 budgeted income for the year.		-102	-114
Mote Park Café – The café continues to be closed, so there is no income from it.		-24	-68

<p>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.</p>		-66	-93
<p>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. The projected variance may be mitigated if we are successful in bidding against the £100 million fund that the government has established to compensate leisure providers for loss of income during the pandemic.</p>			-500

Part C

Second 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 2 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 2)

Capital Programme Heading	Estimate 2020/21 £000	Actual to September 2020 £000	Budget Remaining £000	Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2021/22 £000
Economic Regeneration & Leisure							
Mote Park Visitor Centre	2,053	4	2,049	20	20	44	2,009
Mote Park Lake - Dam Works	1,723	322	1,401	442	377	1,141	582
Museum Development Plan	125		125		125	125	
Total	3,901	327	3,575	462	522	1,311	2,591

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 Lake – Dam Works – the project is now under way and should be completed by the end of the financial year.

Second Quarter Performance Monitoring 2020/21

Key to performance ratings

RAG Rating	
	Target not achieved
	Target slightly missed (within 10%)
	Target met
	Data Only

Direction	
	Performance has improved
	Performance has been sustained
	Performance has declined
N/A	No previous data to compare

Performance Summary

RAG Rating	Green	Amber	Red	N/A ¹	Total
KPIs	2	0	3	1	6
Direction	Up	No Change	Down	N/A	Total
Last Quarter	4	1	0	1	6
Last Year	0	0	5	1	6

- 40% (2) of (5) targetable quarterly key performance indicators (KPIs) reportable to the Economic Regeneration & Leisure Committee achieved their Quarter 2 (Q2) target¹.
- Compared to last quarter (Q1 2020/21), performance for 66.7% (4) of (6) KPIs has improved, and 16.7% (1) of (6) KPIs has been sustained¹.
- Compared to last year (Q2 2019/20), performance for 83.3% (5) of (6) KPIs has declined¹.

A Thriving Place

Performance Indicator	Q2 2020/21				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Customer satisfaction with the Hazlitt	-	75.00%	N/A	N/A	N/A
Number of visits per month to Visit-Maidstone.com	99,489	47,121			
Footfall in the Town Centre	2,274,557	1,923,958.75			
Number of students benefitting from the museums educational service	0	2,250			
Footfall at the Museum and Visitors Information Centre	3,200	7,373.55			
Number of users at the Leisure Centre	52,016	201,314			
Percentage of vacant retail units in the town centre	Annual KPI				
Business Rates income from the Town Centre	Annual KPI				

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

* Indicates data that has not been authorised

Performance Indicator	Q2 2020/21				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
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)
July 2020	5.3%				
August 2020	5.4%				
September 2020	5.3%				

The percentage of unemployed people in Maidstone in July, August and September 2019, were 1.8%, 1.8% and 1.9% respectively. This indicates that unemployment has risen since last year, for all three of these months.

Under 'A Thriving Place', two targetable KPIs achieved their quarterly targets, and three targetable KPIs missed these by more than 10%. One KPI is information-only, and is shown in the above table.

Please note, the '**Customer satisfaction with the Hazlitt**' figure for Q2 2020/21 is not available because the Hazlitt Theatre is closed, therefore no surveys were completed.

The '**Number of students benefitting from the museums educational service**' continued to be 0 in Q2 2020/21 against a target of 2,250. The team responsible for this KPI highlight that they have not yet been able to reopen the education service in a face-to-face format due to COVID-19 restrictions and the unwillingness of schools to travel under restrictions. However, during the closure, the Learning team worked full time to create online learning resources for families who were home-schooling. These appeared on the museum's website and also on YouTube.

The '**Footfall at the Museum and Visitors Information Centre**' KPI achieved a figure of 3,200 against a target of 7,373.55, comparable with 0 last quarter and 24,836 the same time last year. Maidstone Museum reopened to the public on 14 July 2020 under COVID-19 social distancing restrictions. While it was possible to offer one holiday activity per week during the summer break, it was not possible to reintroduce the schools or full events programme. Visitation has been slow, and it appears to be regular visitors and families with young children who are returning to the museum initially.

The '**Number of users at the Leisure Centre**' KPI achieved a figure of 52,016 in Q2 2020/21 against a target of 201,314, comparable with 0 last quarter and 203,900 last year. As the leisure centre recovers from the lockdown imposed by coronavirus (COVID-19), the number of site users has increased, and continues to rise slowly. It should be noted that the leisure centre is working at a lower capacity to enable social distancing and to allow for air exchange volumes to meet defined levels for a 'COVID managed environment'. In addition, opening times and allocated activity slot times have both been reduced to enable additional cleaning of facilities. Please note that from 2020/2021, this KPI will also include visitors to the Adventure Zone. The Adventure Zone opened on 11 July 2020 and the Q2 figure shown above also includes these visitors.

Please be aware that an error has been discovered in the Quarter 4 figures reported to this committee for the KPI: '**Footfall at the Museum and Visitors Information Centre**'. This

means that the annual outturn figure was also incorrect. Please see the correction in the below chart. The error in reporting came about when the system used to count visitors included the 2019 January - March visitors in the 2020 January - March figures. This correction also means that the KPI missed its target of 17,000 visitors, but within 10%. The team behind this KPI state that despite a busy February half term, the early effects of coronavirus (COVID-19), particularly on school visits, and an anticipated lockdown, meant that March 2020 saw 2,400 visitors before Maidstone Museum closed on 19 March 2020. In turn, this led to the target being missed in Q4 2019/20; the quarterly figure was expected to exceed its target under normal conditions.

Name of KPI	Data reported		Correct data		Difference/Error in reporting (ignoring direction)	
	Q4	2019/20	Q4	2019/20	Q4	2019/20
Footfall at the Museum and Visitors Information Centre	35,702	98,314	15,417	78,029	20,285	20,285

Agenda Item 16

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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