

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Economic Development Strategy

Final Decision-Maker	Policy & Resources Committee
Lead Director or Head of Service	Director of Regeneration and Communities
Lead Officer and Report Author	Economic Development Manager
Classification	Non-exempt
Wards affected	All

This report makes the following recommendations to the final decision-maker:

1. That the changes to the Economic Development Strategy and Action Plan set out in Appendix 3 are agreed and that the draft Economic Development Strategy is adopted as the Council's Strategy to support economic growth and prosperity for the Borough.

This report relates to the following corporate priorities:

- Great People
- Great Place
- Great Opportunity

Timetable

<i>Meeting</i>	<i>Date</i>
Policy and Resources Committee	24/06/15
Council	N/A
Other Committee	N/A

Economic Development Strategy

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To consider the responses to the consultation on the draft Economic Development Strategy, consider the Council's response and whether to adopt the Economic Development Strategy and Action Plan, as amended in Appendix 3.
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2. INTRODUCTION AND BACKGROUND

- 2.1 The Economic Development Strategy is a key document for the Council and will impact on the economic, social and environmental wellbeing for the whole of the borough, businesses and residents and on the agendas of other public sector services such as Job centre Plus and Kent County Council.
- 2.2 Maidstone has the largest economy in Kent, i.e. Maidstone businesses generate £3.3bn worth of goods and services each year. Gross Value Added (GVA) measures how productive per worker an area is and at £21,200 per year, Maidstone has the 2nd highest GVA per head in the county, but this is below the national average (£21,900).
- 2.3 There were 68,300 people employed in the Maidstone economy in 2012 with a high proportion in the public sector, reflecting the town's status as Kent's County Town and administrative capital.
- 2.4 There were 6,760 registered businesses in Maidstone in 2012, equivalent to 43 businesses per 1,000 population, compared to 39 for England and an above average rate of self-employment.
- 2.5 Maidstone has a strong labour market with high employment and economic activity rates and relatively low levels of unemployment. In the year ending December 2013 76.8% of residents were estimated to be in employment, above both the national (71.7%) and Kent (72.6%) averages.
- 2.6 However Maidstone's direction of travel in terms of jobs and economic growth is declining and requires action to reverse the decline.
- 2.7 Since the recession, economic output i.e. the level of productivity has fallen more in Maidstone than in Kent as a whole and nationally.
- 2.8 Employment performance has been poor in recent years, with the number of jobs decreasing since 2009. This was largely due to high job losses in the public sector and this sector continues to be at risk from cuts in public sector spending.

- 2.9 Business growth has been below the Kent and national averages in recent years. Between 2008 and 2011, business deaths outnumbered business births. 2012 has seen a reversal of this trend. Maidstone has a low share of employment in knowledge economy jobs, such as high tech manufacturing, ICT and creative industries such as media and architecture, which are traditionally higher skilled and higher paid.
- 2.10 The qualifications profile of the adult population is poorer than the county and national average, with less than a third (32.6%) of residents qualified at NVQ Level 4 or above, compared to Kent (33.6%) and the national average for England (35%). While there has been some improvement over recent years, this has been less than for Kent and the nation as a whole.
- 2.11 Median earnings for Maidstone residents have been in decline since 2010 and now stand for the first time in over 10 years below both the GB and South East Averages. Maidstone resident earnings (2013) are the third lowest in Kent, and workplace earnings are the second lowest in Kent, just above Thanet.
- 2.12 Commuting patterns show that Maidstone has changed over the last decade from being a net importer to a net exporter of workers and is less important as a place of work for its residents. Commuters are now predominantly those in higher occupational groups whereas commuters into Maidstone are in lower status semi skilled and elementary occupations that are generally less well paid.
- 2.13 The council's previous Economic Development Strategy was produced prior to the recession in 2008. In order to take account of the changes in the economy both nationally and locally the council commissioned Shared Intelligence (Si) to help prepare the new economic development strategy. Their work included:
- reviewing the existing vision to ensure that this still meets current aspirations;
 - an assessment of the current state of the Maidstone economy to identify the opportunities and challenges we face - the strengths, opportunities, weaknesses and threats;
 - identifying priorities for how we will achieve our ambitions and the interventions to capitalise on Maidstone's economic assets; and
 - formulating a programme of actions to take forward the journey to deliver our vision by 2031.
- 2.14 To inform the development of the strategy, an analysis of the broader national and local economic trends was undertaken to provide the evidence base. The findings of this work are set out in a separate State of the Maidstone Economy report, which sits alongside this strategy.
- 2.15 In parallel to the work on the Strategy, work was carried out by GVA regarding the Qualitative Employment Land Supply which states that "for

the borough to realise it's economic potential, there is a need to provide new employment land to both accommodate the scale of growth forecast but, equally importantly, to diversify the portfolio to ensure different forms of demand and floorspace can be accommodated."

- 2.16 Forecasts indicate that total jobs growth in Maidstone could be between 7,800 and 14,400 jobs to 2031. The sectors forecast to see the greatest jobs growth are professional services, administrative & support services, education, health, and residential care & social work. It should be noted that Maidstone is one of a few authority areas in Kent which has seen employment growth in the manufacturing sector.
- 2.17 The strategy identifies a series of priority actions to capitalise on our assets and the opportunities to strengthen the economy and create the right conditions for economic growth. These five priorities are:
- 2.18 **Retaining and attracting investment** - We will support existing businesses to grow and also work to attract new employers to the borough, creating job opportunities for all residents across a range of sectors.
- 2.19 **Stimulating entrepreneurship** - We will create a more entrepreneurial and innovative economy, supporting new business start-ups and those with high growth potential to move up the value chain.
- 2.20 **Enhancing the town centre** - We will promote the regeneration of Maidstone town centre as a high quality retail and leisure destination, and as a place to live and work.
- 2.21 **Meeting the skills needs** - By working closely with our partners we will ensure that residents are equipped with skills for work and that the skills needs of businesses are being met. We will encourage better careers advice in schools and promote apprenticeships and work experience placements in the Council and with businesses. We will support the expansion of the Higher Education sector to increase the number of graduates in the workforce, supporting initiatives such as the Kent Institute of Medicine and Surgery (KIMS) and Kent Medical Campus (KMC) , as well as the University of the Creative Arts (UCA) expansion at Maidstone Studios.
- 2.22 **Improving the infrastructure** - We will invest in infrastructure to drive economic growth – including the transport network and digital infrastructure.
- 2.23 There are many partners involved in taking forward the opportunities identified and there is a clear leadership and enabling role for Maidstone Borough Council to play in coordinating, promoting and actively working with the business community to achieve the economic vision.
- 2.24 Critically achieving the higher rate of jobs growth largely depends on:
 - Delivering the vision for the Town Centre,

- Maximising the opportunities presented by Maidstone Medical Campus.
 - Filling the gap in our portfolio of employment sites to meet modern business needs.
 - Delivering a new masterplan for Eclipse Business Plan.
- 2.25 A more detailed Action Plan covering short, medium and longer term actions is included at the end of the Strategy. The Action Plan will be reviewed and refreshed annually to ensure it remains relevant.
- 2.26 At the joint Planning and Transport and Commercial and Economic Development Overview and Scrutiny Committee on the 21st October both committees recommended the draft strategy go out to public consultation. On the 12th November Cabinet approved the draft Strategy for consultation purposes. The Economic Development Strategy is an important document with Borough wide implications for both businesses and residents. The Council therefore undertook to use a number of methods to reach and engage with them.
- 2.27 Consultation on the draft Economic Development Strategy (EDS) took place between the 15th December and the 23rd January.
- 2.28 An online form, together with the relevant documents, was put on the consultation page of Maidstone Borough Council's website. Comment boxes after each question allowed more expansive responses and an open question asking for other comments allowed non directed responses to be captured.
- 2.29 A press release was issued to the media and the KM newspaper ran a half page story on it. Social media was used to raise awareness of the consultation. The KM also had a significant feature in their newspaper on the 19th December 2014.
- 2.30 The same on-line form was sent to around 1900 businesses across Maidstone borough and three prompts were sent to encourage their participation.
- 2.31 Two consultation events were also held, on 13 January 2015. A Parish and Communities event was attended by 33 people, and a business event was attended by 60 people. These events enabled attendees to ask direct questions of officers and members and to engage in a workshop style discussion to offer views and opinions on the Strategy and their own views on what needs to be done to make Maidstone more prosperous. All these views were captured and have been used to inform the final Economic Development Strategy.
- 2.32 A telephone survey was used to engage residents. This structured approach enabled the views of a large number of Maidstone residents to be gathered within a short timeframe – 1,518 interviews were conducted between January 5th and January 20th 2015 – and also allowed interviews to be targeted so the opinions of those participating would be as representative as possible across all residents in the Borough. Quotas were

set to ensure fair representation by age, gender and employment status. To allow results to be analysed at a ward level, at least 50 interviews were undertaken in each ward, with larger wards receiving more interviews. The survey lasted 10 minutes on average and consisted of 19 questions, including both multiple choice/ scale questions and those allowing an open /free response.

- 2.33 It should also be noted that the views of the business community, key employers and stakeholders were considered in the development of the draft Strategy, prior to the consultation period, this included:
- Two workshops with the Maidstone Economic Business Partnership (MEBP) facilitated by Shared Intelligence held on 23rd May and 5th June 2014;
 - Two workshops with Maidstone Borough Councillors - the Cabinet on 23rd July and the Overview and Scrutiny Committee on 29th July 2014;
 - A programme of interviews conducted by Shared intelligence in May/June 2014 with 15 key businesses;
 - Face to face and telephone interviews with 14 key stakeholders; and
 - The results of a business survey undertaken by Maidstone Borough Council in June 2014 with responses from 59 employers.
- 2.34 The report of the Joint Planning, Transport and Development and Economic and Commercial Development Overview and Scrutiny Committee in December 2014 stated that "concern was raised regarding the wording and strength of the delivery mechanisms for the action plan for the draft Economic Development Strategy. It was agreed there was a need for a higher priority and profile for tourism, leisure and the visitor economy and renewable and green energy in the strategy and it was felt the action plan needed to be written in more positive language." The report stated that these comments would be responded to as part of the public consultation.
- 2.35 The consultation process resulted in the following:
- 25 submissions were received from the online survey
 - 25 submissions were received from the business survey
 - 60 people attended the business event
 - 33 people attended the Parish and Communities event
 - 14 detailed submissions were received from residents, agents, developers and local businesses.

Summary of responses.

- 2.36 The online survey and the business survey resulted in a significant number of responses agreeing or strongly agreeing with the main thrust of the draft EDS. The questions in the survey are as follows:
- Q1: Do you agree that the challenges in our draft strategy are the right ones?
- Q2: Do you agree with the strengths, weaknesses, opportunities and threats in our draft strategy?

- Q3: Do you agree with our vision
 Q4: Do you agree with the three objectives in our draft strategy
 Q5: Do you agree with the five priorities in our draft strategy

2.37 Table 1 below sets out the range of responses to the survey:

Table 1

Questions	Number of respondents	Q1 Agreed or Strongly Agreed	Q2 Agreed or Strongly Agreed	Q3 Agreed or Strongly Agreed	Q4 Agreed or Strongly Agreed	Q5 Agreed or Strongly Agreed
Online Survey	25	88%	80%	92%	80%	88%
Business Survey	25	84%	84%	80%	88%	88%

2.38 The findings of both the on line and business surveys have been summarised by Facts International in their report in Appendix 1.

The Business and Parish and Communities events

2.39 The views and opinions expressed at these events are set out as a background document. The majority of the views and suggestions for action were already reflected in the draft Economic Development Strategy and will be developed further through the Town Centre master planning work, Destination Management Plan and Cultural Strategy. There was a view that more should be done to strengthen links between schools and businesses and the Action Plan has been changed to reflect this in Action D4. There was a great deal of support for the Leeds Langley Bypass or South East Maidstone Strategic Link Road. Whilst this point is noted, this issue has wider implications for the spatial distribution of development across the Borough and needs to be considered after traffic modelling work has been completed and the Integrated Transport Strategy agreed.

Key findings from the Residents Telephone Survey

2.40 An independent market research company was commissioned to undertake a survey of residents to seek their views on the Economic Development Strategy. The consultation survey suggests that the feelings and preferences of Maidstone residents are closely aligned with the priorities outlined in the Economic Development Strategy.

2.41 Whilst there are variations in the importance attached to different priorities by different types of residents, none of the priorities tested appears overly polarising and the lowest average importance rating given by any sub-group (a score of 5.2 given by residents of Boughton Monchelsea & Chart Sutton ward to 'Lobbying for better rail services to London from Maidstone East') sits above 5 out of 10.

2.42 When given the opportunity to suggest anything further that could be done to improve the local economy, residents tended to mention activities

linked to the key principles of the EDS, notably improving the town centre, enhancing the borough's infrastructure and creating high level jobs.

- 2.43 Local jobs and skills are of prime importance to residents. The "twin" priorities of 'Creating enough local jobs to meet the needs of the growing population' and 'Working with schools, the college and training organisations to ensure residents have the skills needed to get jobs locally' share joint first place as the most important to Maidstone citizens. These two areas are inextricably linked and this is highlighted in the comments made by residents and respondents to the open consultation and business survey as well as in the EDS itself.
- 2.44 A call to create more diverse, high quality local jobs, including mentions of apprenticeships, represents the third most common theme among spontaneous suggestions for additional activity to be undertaken by the Council.
- 2.45 The high importance attached to local job creation and skill development extends beyond those who would directly benefit from these initiatives to older, retired people. Older members of the community see these goals as worthwhile either because of the potential benefits for their own younger family members or out of concern for or pride in the borough as a whole.
- 2.46 The survey included a question regarding consideration of development proposals at Junction 8 M20 given the sensitive nature of the issue. While reactions to the idea of a new employment site at Junction 8 were mixed, over half of residents said they would support this, with a further 1 in 6 having no opinion. Those who would object represent less than a third of those interviewed and are most likely to live within neighbouring wards.
- 2.47 The importance of local employment creation to Maidstone residents is further demonstrated by the position of this consideration as the top reason to support a new employment site at Junction 8 of the M20, mentioned by more than half of those who would strongly support this development. This is also an important rationale for those who would "support somewhat". Comments made by this group suggest that some see the development as a "necessary evil", with the need for job creation outweighing other concerns around environmental impact or a preference for other priorities, such as town centre regeneration, that would more immediately affect their own quality of life.
- 2.48 The potential for infrastructure and "quality of life" improvements is particularly valued. At the same time, residents are keen that the Council takes action on infrastructure improvements, especially 'redeveloping derelict or unsightly property' and 'tackling congestion and improving roads', both of which receive almost universal agreement. The importance of infrastructure activity also comes through strongly in the comments made by residents when asked what else the Council could be doing to improve the local economy.
- 2.49 In reviewing the survey responses, a certain tension can be seen between economic goals, such as creating jobs, and quality of life factors like the

borough's unique rural environment, with many residents noting that a balance needs to be struck. This echoes the EDS commitment to achieving growth sustainably without sacrificing the environmental qualities that make Maidstone a special place.

- 2.50 Transport issues are a key concern. Maidstone's transport links emerge from the survey as a key area of concern for residents. This relates particularly to congestion, especially on the M20 and town centre roads, and to parking issues. However, there does also appear to be a strong interest in improved public transport and in encouraging other car-free options. Improvements to local public transport, for example bus links into the town centre, are prioritised well above lobbying for better rail links to London.
- 2.51 The survey supports the idea of an entrepreneurial borough. The survey findings support the idea that Maidstone is an entrepreneurial borough, identified as a key strength in the EDS. There appears to be particular support for the idea of trying to encourage growth from within, with helping to grow existing local businesses prioritised above attracting new businesses to the borough. A high level of importance is also attached to helping local residents who would like to start their own business and help and support for small businesses features as a key theme among spontaneous suggestions for action.
- 2.52 A summary report on the residents' survey has been produced by Facts International and this is set out in Appendix 2.

Other responses received by the Council

- 2.53 Detailed written submissions were received from 14 individuals and organisations. The relevant points made in each submission are set out in the background document to this report, together with the Council's response and any proposed changes recommended to the Strategy or Action Plan.

Summary

- 2.54 The vision, key aims and priorities of the EDS are largely supported as is the evidence supporting them. Following feedback from the consultation, some minor amendments have been made throughout the document to make its meaning clearer. The structure of the document has been amended to improve legibility and the action plan has been included with the main body of the Strategy. Monitoring indicators have been added as has a glossary of terms. A section on Agriculture, Horticulture and Forestry and the rural economy has been strengthened and the Visitor Economy sections have been updated and information regarding the Destination Management Plan and Cultural Strategy added.
- 2.55 The Locations for Growth section has been updated following a joint meeting of the Economic and Commercial Development and the Planning, Transport and Development Overview and Scrutiny Committee in October 2014 which resolved to support development for employment use at

Junction 8 of the M20 subject to the development of a planning policy by the Cabinet Member for Planning, Transport and Development to mitigate damage and to ensure appropriate constraints.

3 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The consultation on the draft Economic Development Strategy has led to some helpful comments from a range of organisations and residents that improve the document.
- 3.2 The Committee could choose not to adopt the Economic Development Strategy but not to do so would limit the effectiveness of the council to help deliver economic growth and prosperity for the benefit of the borough's residents and businesses.
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4 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 4.1 The outcome of the consultations with residents, businesses, key stakeholders and councillors and the feedback from the Overview and Scrutiny Committees are set out in the main body of the report. A list of all the changes made to the consultation version of the Economic Development Strategy is available as a background document to this report.
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5 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications
Impact on Corporate Priorities	The Economic Development Strategy is at the heart of achieving the Council's Strategic Plan 2015-2020 and supports both priorities of "Keeping Maidstone Borough an attractive place for all" and "Securing a successful economy for Maidstone Borough. Specifically it includes actions for "Enhancing the appeal of the town centre for everyone" and Promoting a range of employment opportunities and skills required across our Borough."
Risk Management	Many actions require the support of partner organisations outside the Council's direct control, clear and frequent communication and engagement will help ensure trust and good decision making. Investment decisions at the Kent and SELEP level may prioritise other locations than Maidstone. Regular meetings between senior officers and Councillors with Kent County

	<p>Council and Kent and Medway Economic Partnership is vital to ensure Maidstone's needs are fully understood and delivery of projects takes place in a timely fashion.</p> <p>Global and national changes to the economy over the life of the Strategy could impact on the local economy making the delivery of the Strategy more difficult. Indicators to monitor the health of the local economy will be established and reported to businesses and Councillors on a regular basis. The Strategy will be continuously under review and if necessary, changes will be proposed and consulted on. The Action Plan will be updated annually.</p>
<p>Financial</p>	<p>The proposed methods of funding are set out for each action in the Economic Development Strategy and Action Plan at Appendix 3. The methods include the use of the additional resources retained by the Council as a result of membership of the Kent Business Rates Pool.</p> <p>The action plan does not yet provide estimated costs but during 2014/15 Cabinet considered options for sources of funding to support the EDS and recognised that the premise on which the Business Rates Pool has been developed is to support additional business growth within the area covered by the pool. This objective links well with the objectives of the EDS and it was agreed that the Council's share of the additional business rates was to be used to support the action plan.</p> <p>At the time this was agreed by the Cabinet the share of the expected growth for 2014/15 that would be retained by the Council was approximately £92,000. In addition to that share an identical sum would be available through a growth fund that required agreement between this Council and Kent County Council as to its use. This fund had similar business growth objectives and it is likely that Kent County Council would not resist its use to deliver the actions within the EDS. This meant a maximum fund of £184,000 which would be available in 2015/16 after the business rates account has been finalized following the 31st March year end.</p> <p>Now that the final account is known for the business rates collected the Kent Business Rates Poll has enabled the Council to benefit directly by an additional £144,000 which is</p>

	£52,000 more than estimated. This sum is also available through the growth fund making the total resource £288,000. This is a significant sum and could be used to deliver on actions from the action plan but could ultimately be used as revenue funding for prudential borrowing of up to £5m to support the larger projects within the EDS.
Staffing	The council has approved the use of the growth in business rates arising from the business rates pool to support the delivery of the Economic Development Strategy. Many of the actions will be achievable within existing staff resources, whilst some will need additional funding for staffing. The council has already approved fixed term funding to appoint a Town Centre Programme Manager to deliver the actions relating the Town Centre vision work.
Legal	There are no direct legal implications arising from this report.
Equality Impact Needs Assessment	No issues arise from the Equality Impact Needs Assessment. EINA will be undertaken for specific actions as required.
Environmental/Sustainable Development	Environmental and sustainable development will form part of the considerations when delivering the action plan
Community Safety	N/A
Human Rights Act	N/A
Procurement	Any procurement arising from the delivery of Economic Development Strategy will be undertaken in accordance with the council's policies and procedures.
Asset Management	Any asset management considerations will be identified as part of the related business case.

6 REPORT APPENDICES

The following documents are to be published with and form part of the report:

- Appendix 1: Residents' Consultation Report
- Appendix 2: Summary of the Residents' Consultation Report
- Appendix 3: Economic Development Strategy

7 BACKGROUND PAPERS

- State of the Maidstone Economy report, August 2014, Shared Intelligence

- Business and Community Event Meeting Notes
- MBC Response to Written Representations
- List of changes made to the consultation version of the Economic Development Strategy