

MAIDSTONE BOROUGH COUNCIL

**ECONOMIC AND COMMERCIAL DEVELOPMENT OVERVIEW &
SCRUTINY COMMITTEE**

MONDAY 21ST OCTOBER 2014

**REPORT OF DIRECTOR OF REGENERATION AND
COMMUNITIES**

Report prepared by Dawn Hudd

1. DRAFT ECONOMIC DEVELOPMENT STRATEGY 2014

1.1 Issue for Consideration

- 1.1.1 To consider the draft Economic Development Strategy for consultation purposes.

1.2 Recommendation of Head of Commercial and Economic Development

- 1.2.2 To consider recommending to Cabinet the approval of the draft Economic Development Strategy to go out to consultation.

1.3 Reasons for Recommendation

- 1.3.1 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).
- 1.3.2 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.
- 1.3.3 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.
- 1.3.4 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.

1.3.5 However Maidstone's direction of travel in terms of jobs and economic growth is declining and requires action to reverse the decline.

1.3.6 Background

1.3.7 Since the recession, economic output i.e. the level of productivity has fallen more in Maidstone than in Kent as a whole and nationally.

1.3.8 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.

1.3.9 Business growth has been below the Kent and national averages in recent years. Between 2008 and 2011, business deaths out numbered 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.

1.3.10 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.

1.3.11 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.

1.3.12 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.

1.3.13 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.

1.3.14 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 (Appendix 1) which sits alongside this strategy.

1.3.15 The views of the business community, key employers and stakeholders have also been considered in developing this strategy. Engagement has come via a number of different channels, including:

1. two workshops with the Maidstone Economic Business Partnership (MEBP) facilitated by Shared Intelligence held on 23rd May and 5th June 2014;
2. two workshops with Maidstone Borough Councillors - the Cabinet on 23rd July and the Overview and Scrutiny Committee on 29th July;
3. a programme of interviews conducted by Shared intelligence in May/June 2014 with 15 key businesses;
4. face to face and telephone interviews with 14 key stakeholders; and
5. the results of a business survey undertaken by Maidstone Borough Council in June 2014 with responses from 59 employers.

1.3.16 This is a key strategy 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. The Strategy is attached as Appendix 2.

1.3.17 Delivering the Strategy

1.3.18 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.

1.3.19 The draft strategy proposes the following three objectives:

By 2031 we aim to:

1. Enable the creation of 14,400 jobs in a range of sectors and occupations
2. Raise GVA per head to the level of the South East
3. Raise the skills profile of Maidstone to the South East average

1.3.20 The strategy identifies a series of priorities to capitalise on our assets and the opportunities to strengthen the economy and create the right conditions for economic growth. These five priorities are:

1. 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. 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.
3. 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.
4. Meeting the skills needs - We will ensure that residents are equipped with skills for work and that the skills' needs of businesses are being met. We will support the expansion of the Higher Education sector to increase the number of graduates in the workforce, supporting initiatives such as KIMS and Maidstone Medical Campus, as well as the UCA expansion at Maidstone Studios.
5. Improving the infrastructure - We will invest in infrastructure to drive economic growth – including the transport network and digital infrastructure.

1.3.21 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.

1.3.22 Critically achieving the higher rate of jobs growth largely depends on:

1. Delivering the vision for the Town Centre,
2. Maximising the opportunities presented by Maidstone Medical Campus.
3. Allocating land to fill the gap in our portfolio of employment sites to meet modern business needs.
4. A new plan for Eclipse Business Park.

1.3.23 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." The GVA report strongly advocates the allocation of a new employment site along the motorway corridor.

1.3.24 A more detailed draft action plan covering short, medium and longer term actions is included at the end of the Strategy and is set out in Appendix 3.

1.4 Alternative Action and why not Recommended

1.4.1 An alternative action could be not to produce an Economic Development Strategy. However the current Economic Development Strategy was published in 2008 and is in need of updating to ensure the work of the Council correctly reflects and meets the needs of the Borough.

1.5 Impact on Corporate Objectives

1.5.1 The Council's number one priority is for Maidstone to have a growing economy. "In essence, Maidstone will be a good place to work and do business. The economy will continue to grow with a wide range of employment and business opportunities". The Economic Development Strategy is at the heart of achieving this objective.

1.6 Risk Management

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Many actions require the support of partner organisations outside the Council's direct control and this may not be forthcoming	D	2	Partner organisations have a vested interest in seeing the local economy grow. However clear and frequent communication and engagement will help ensure trust and good decision making.
Investment decisions at the Kent and SELEP level may priorities other locations than Maidstone	C	2	Regular meetings between senior officers and Councillors with Kent County 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.
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(Likelihood: A = very high; B = high; C = significant; D = low; E = very low; F = almost impossible)

(Seriousness or Impact: 1= catastrophic; 2 = critical; 3 = marginal; 4 = negligible)

1.7 Other Implications

1.7.1

1.	Financial	X
2.	Staffing	
3.	Legal	
4.	Equality Impact Needs Assessment	X
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

1.7.2 Financial: Whilst many of the actions are achievable within existing budgets, some large scale projects and interventions will require separate reports setting out the case for the Council's investment.

1.7.3 Equality Impact Needs Assessment: The Strategy itself should not lead to any inequalities and careful consideration will be given to equality issues arising from the action plan.

1.8 Relevant Documents

1.8.1 Appendices

Appendix 1 State of the Economy Report

Appendix 2 Economic Development Strategy

Appendix 3 Action Plan

<u>IS THIS A KEY DECISION REPORT?</u>		<u>THIS BOX MUST BE COMPLETED</u>	
Yes	<input type="checkbox"/>	No	X
If yes, this is a Key Decision because:			
.....			
Wards/Parishes affected:			
.....			

1.8.2 Background Documents

Qualitative Employment Site Assessment, August 2014, GVA.