

This Report will be made public on 5 January 2017

**Folkestone**

Hythe & Romney Marsh  
Shepway District Council



[www.shepway.gov.uk](http://www.shepway.gov.uk)

Report number: **C/16/100**

**To:** Councillor John Collier, Cabinet Member for District Economy  
**Date:** 5 January 2017  
**Corporate Director:** Dr Susan Priest – Strategic Development

**SUBJECT:** Draft response from Shepway District Council to the Localis Research Project Call for Evidence on The Making of an Industrial Strategy.

**SUMMARY:**

This report sets out Shepway District Council's draft response to the Localis Research Project Call for Evidence on The Making of an industrial Strategy.

**REASONS FOR RECOMMENDATION:**

Localis Research, an "independent think-tank dedicated to issues related to politics, public service reform and localism", is undertaking a research project exploring the creation of a place-based Industrial Strategy, and is calling for evidence to support this work.

Responding to the call for evidence will allow the council to raise awareness of its current economic development activities and plans for economic growth.

**RECOMMENDATIONS:**

- 1. To receive and note the Report C/16/100.**
- 2. To approve the draft response from Shepway District Council.**

## **1. BACKGROUND**

- 1.1** Localis Research “an independent think-tank dedicated to issues related to politics, public service reform and localism”, is undertaking a research project exploring the creation of a place-based Industrial Strategy. The project is aimed at informing the government’s moves towards an Industrial Strategy, and Localis aim to reflect both the broad policy range of the Strategy and the importance of ‘place’ outlined by government. In addition to looking at policy areas such as infrastructure, skills and access to finance, the project will also consider areas such as regulation and fiscal devolution. The project report is expected to be completed in March 2017 and will be based in part on a call for evidence from national and local organisations (local authorities, LEPs, Chambers of Commerce, representative organisations, universities etc.)
- 1.2 Localis have asked for submissions to be made by 4<sup>th</sup> January 2017. This report sets out the council’s draft response.

## **2. CALL FOR EVIDENCE AND SDC RESPONSE**

- 2.1 The Call for Evidence is structured into two sections:
1. questions relating to current work and activity of organisations in supporting local industry
  2. an opportunity to contribute up to three ideas on future schemes, projects, programmes, and policy changes
- 2.2 Appendix 1 to this report provides a draft SDC response to the questions. The responses to Section 1 explain the policy context and range of actions that the council is working on to support industry. The responses to Section 2 put forward three ideas to support industry locally and these are based on:
- the council’s response to the government’s consultation on the use of business rates
  - Otterpool Park
  - more support for coastal areas

## **3. APPROVAL PROCESS FOR SDC RESPONSE**

- 3.1 The SDC response will be considered by the Cabinet Member for the District Economy, and as an Individual Member’s Decision This will be subject to a call-in period, but as the response needs to be submitted by the 4<sup>th</sup> January 2017 it is proposed that the response is submitted before call-in expires and any subsequent additions are submitted after the closing date as an addendum.

## **4. IMPLICATIONS**

- 4.1 Legal (DK):**  
There are no legal implications arising directly out of this report

4.2 **Finance (LH):**

There are financial implications arising directly from this report.

4.3 **Equalities: (DI)**

There are no equalities implications directly arising from this report.

4.4 **Communications: (ML)**

There are no communication implications directly arising from this report.

**CONTACT OFFICER AND BACKGROUND DOCUMENTS**

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Background Document: None

## **Appendix 1**

### **Shepway District Council draft response to the:**

### **Localis Research Project Call for Evidence on The Making of an Industrial Strategy.**

#### **Section 1: Your local area**

#### **1. What are the key industries in your local area? What is your organisation doing to help them develop and grow?**

This response is submitted by Shepway District Council. **Our** administrative area embraces an area of 140 sq. miles (35,700 hectares) in the south east of England and over 100,000 people live in the district. The coastal towns in the district are home to the majority of the district's residents. Folkestone is the main coastal town and encompasses 47% of the population, with 22% living in the other main coastal towns of Hythe and New Romney.

The district is located some 70 miles from London on East Kent's channel coast and is a key gateway to and from Europe. Infrastructure serving the area includes the M20, Channel Tunnel terminal, London Ashford Airport, and the High Speed 1 rail connection to and from London St Pancras.

#### **Key Industries in Shepway.**

- Financial Services (including insurance and pensions)
- Creative Industries (including digital media and IT)
- Business and Professional Services (including engineering-related scientific consultancy and R&D)
- Transport and Logistics
- Energy (Nuclear)
- Tourism, Culture, Retail and Recreation
- Advanced Manufacturing

#### **What we are doing to help them develop and grow.**

One of Shepway District Council's Corporate Plan five priorities is to "Boost the local economy and increase job opportunities".

To support this priority the Corporate Plan identifies the following actions:

- Increase the supply of business incubation units
- Provide an information service to support start up and small businesses
- Support the redevelopment of key Shepway sites (identified in the council's Core Strategy Local Plan)
- Continue to build stronger relationships with businesses
- Work with partners to support town centres across the district
- Provide an apprenticeship scheme
- Support further education provision in the district to create an educated workforce

The Shepway Economic Development Strategy (EDS) 2015 – 2020 identifies four priorities for action:

- Building on our current and emerging economic strengths.
- Boosting productivity and supporting business growth.
- Promoting further investment by maximising the value of our assets and stimulating confidence.
- Improving education and skills.

The council is working with private and public sector partners to take the EDS and its Action Plan forward.

Examples of the type of work which we are engaged include:

- Ensuring sufficient and appropriate allocation of employment land in development plans
- Development of our own land holdings for employment uses, including major recent purchases of land in Folkestone and at Otterpool Park Garden Village, letting of parts of our civic centre to small businesses, and letting of a small number of business units on Romney Marsh.
- Regular liaison with local businesses to discuss key issues and business assess needs through the Shepway Business Advisory Board.
- Development and management of the [www.Folkestone.works](http://www.Folkestone.works) website to promote Shepway as a place to invest and to highlight the support available to existing and new businesses
- Working to bring forward employment land through applying for Magnox socio-economic funds to contribute alongside our own funding to invest in masterplanning and feasibility work at Mountfield Road Industrial Estate, New Romney.
- Offering apprenticeship grants of up to £1,500 to local businesses to take on Shepway residents
- Implementation of a Shepway Discretionary Business Rates Relief scheme which has so far allocated £450,000 in grants to businesses expanding locally
- Funding of business support services including
  - One to ones for start-ups and pre-start-ups,
  - Workshops for business start-ups and follow-up one to ones for businesses attending Business Briefings.
  - 24/7 online business support chat line via [www.folkestone.works](http://www.folkestone.works)
  - A trial programme of group and mentoring support for independent retailers run in conjunction with four other east Kent authorities
- Business Rates Team – providing advice on reliefs available to businesses
- Support to two existing and two anticipated Coastal Community Teams
- Lead on developing a Destination Management Plan for the Tourism sector
- Invested in 1 GB Ultrafast Broadband connection for roll out across the district to businesses
- Work with skills and education providers to make links with businesses
- Leading on an application for a European funded Folkestone Community Led Local Development Programme for the 2017-2022 period.
- Participation in rural economic development programmes including the East Kent and the Kent Downs & Marshes LEADER programmes

Provision of financial support to increase business incubation space across the district

**2. What is your local area doing to attract new businesses and industries?  
What financial risks has your organisation taken to do this?**

Much of the work that we have outlined in 1 above also applies to our efforts to attract new businesses to the area. However, we are making specific efforts to attract inward investment including:-

- contracting with Locate in Kent (Kent's inward investment agency) to highlight available land and premises to potential investors, and to develop an understanding of businesses' locational requirements in order to tailor our offer effectively
- developing the [www.Folkestone.works](http://www.Folkestone.works) website to promote Shepway as an inward investment location by identifying its locational advantages, demonstrating success already achieved by businesses and setting out the support available to businesses wishing to invest locally
- using reserves to directly purchase land, and investing in the masterplanning of council owned sites to bring forward space for employment uses
- using £5.2 million from reserves to purchase 140 hectares of land at Otterpool Park for £5.2 million to develop a Garden Town, which will be built on previously developed land and public sector land and will deliver up to 12,000 new homes along with land for employment, schools and other essential facilities

**3. How is your local authority using the following levers to support industry and economic growth?**

- **The planning system**
- **Direct investment**
- **Other (please specify)**

**Planning System.**

In common with many other district councils we support economic growth through our planning policies. In particular these policies identify sites to provide an appropriate supply of land for employment uses, and which reflect our Corporate Plan and Economic Development Strategy's prioritisation of economic growth (as outlined in 1 above). Our allocation of employment sites is based on a thorough understanding of demand, supply, constraints and opportunities identified through Employment Land Reviews conducted as part of our planning policy reviews. Identification of sites and allocation of uses classes at these sites provides clear guidance and gives confidence to investors that proposals in line with these policies will be welcomed.

Our planning policies also offer support for the development of tourism, the rural economy (including farm diversification) and broadband improvements.

Development management takes place in the context of our growth positive planning policies, and we additionally provide free pre-application advice to businesses looking to expand or invest in the district. This support includes meetings and written responses as needed.

**Direct Investment**

The council has directly invested to support industry and the economy in a wide range of ways including:

- Otterpool Park – £5.2 million pound purchase of land to facilitate development of a new 12,000 home Garden Town with employment land and associated social and community infrastructure
- Shearway – the council has recently acquired land in Folkestone at Shearway and will develop this for mixed employment uses
- Incubator space – we have provided grant funding for incubator space in three locations across Shepway, including two centres in Folkestone and one in New Romney. The New Romney centre is located in council owned premises and in addition to grant funding we have provided the space at a peppercorn rent.
- Mountfield Road Industrial Estate, New Romney – the council owns land and premises at this estate including 6 hectares of undeveloped land. We have recently secured a £35k grant from Magnox which we will match to undertake masterplanning and other studies aimed at determining the best options for developing this land to provide additional employment space.
- Apprenticeship scheme – we have operated a grant scheme offering grants to businesses of up to £1,500 per apprentice since April 2012, and almost 240 apprenticeships have been supported in the first three years
- The council has piloted a Discretionary Business Rates Support scheme offering funding to businesses proposing to expand locally
- Business support – we currently contract with three companies to provide a range of business support including one-to-one sessions designed particularly for start-ups; business briefings and mentoring for more established businesses, online “chat” support, and a trial mentoring programme for independent retailers.
- [www.folkestone.works](http://www.folkestone.works) – the council has established and manages an economic development website to support businesses already located in Shepway and to promote the district as an inward investment location. The website includes information about the district’s geography, business demography, support available and also success stories provided by locally based businesses from a wide range of sectors.

#### **Other**

In addition to supporting industry through planning and direct investment the council:

- identifies business needs through the Shepway Business Advisory Board, by talking to individual businesses and through groups such as Town and Coastal Community Teams and the Romney Marsh Partnership
- seeks funding for infrastructure improvements from appropriate bodies such as the South East LEP’s Local Growth Fund and Network Rail
- seeks funding for other opportunities e.g. we are currently bidding for:
  - a £5 million, 5 year Community Led Local Development scheme in Folkestone
  - £500k Heritage Lottery Funding for a project to improve the Folkestone Coastal Park in support of heritage and tourism
  - supporting two bids for Coastal Community Team economic plans for Hythe and New Romney

#### **4. Does your local area have a strategic focus on growing a specific age demographic? If so, what is your organisation doing to support this?**

Shepway has a relatively low working age population and low employment rate. Therefore the aspiration to increase average wage levels and attract higher value

employment means that we need to retain and attract more younger people to Shepway, which influences our broader activities, including:

- Ensuring sufficient housing to meet future needs which is why the council has brought forward the Otterpool Park Garden Town proposal
- Ensuring sufficient good quality business space to attract new high value added businesses
- Working with East Kent College and the universities to ensure that residents have the skills which will attract new employment as well as ensure that local residents can benefit from the opportunities
- Investing in place to increase the attractiveness of the area as a place to live and for businesses to invest in.

## **5. Does your local area have a reputation that helps or hinders its economic growth?**

We can point to a number of examples to demonstrate that we have a reputation that helps economic growth including:

- As previously outlined Otterpool Park is a Garden Town proposal brought about by the council's purchase of land and which is supported by the government. The Garden Town is expected to accommodate up to 12,000 new homes over the next 30 years with its own businesses, schools and parks. This is a clear indication that Shepway welcomes growth.
- <http://folkestone.works/success-stories/> carries some 50 stories provided by businesses which explain the advantages of locating in Shepway. The businesses are from many sectors including manufacturing, food and drink, tourism, retail, creative industries and construction.
- The Shepway Business Advisory Board (SBAB) was established in 2013 as a business-chaired forum serviced by the council which meets frequently to discuss issues and opportunities. The SBAB membership has continued to grow and currently stands at about 30 businesses from across the district and from a wide range of sectors. There is a very positive relationship between the SBAB and the council.
- The Romney Marsh Partnership (RMP) was formed in 2012 to develop an economic strategy for the Marsh in the context of the decommissioning of the Magnox nuclear power station at Dungeness. The RMP includes representatives from the nuclear industry, business, education and training, the third sector and local government. RMP has produced a Delivery Plan which aims to provide a strong economy for the Marsh. RMP has been working to deliver key projects from the Delivery Plan one of which, the Marsh Million, has provided interest free loans to small businesses in the area. Again there is a very positive relationship between business and the private sector and the Marsh is seen as a place that welcomes growth.

Conversely, while Shepway's hosting of the Channel Tunnel and proximity to the Port of Dover offers locational advantages the district has also suffered severely when cross-Channel services are disrupted by strike action or poor weather. This has often meant the closure of the M20 and A20 through a process known as "Operation Stack" which first started in 2008. This can cause massive delays and diversions with adverse consequences for business nationally, and has given the

district and east Kent a poor reputation area as an area that can be “closed for business” at very short notice. As a consequence the government is proposing the development of a lorry park within the district to accommodate iro 3,600 vehicles. The council agrees that a solution is needed but that this is a national problem and that the concentrating all necessary lorry parking at this one location is unsound, will cause disruption, and will adversely impact on local employment opportunities.

**6. How would you describe your local area’s relationships with neighbouring towns and cities (politically, culturally and economically)? Both as a place and as an organisation, in what terms do you compete and in what terms do you collaborate?**

Shepway district has a long history of collaborating with its neighbours.

Examples of past collaboration include participation in:

- the Romney Marsh and Rye Rural Development Area (RDA) working with Rother district and East Sussex and Kent County Councils, and later the South East Kent RDA which included parts of Ashford and Dover districts
- two rounds of LEADER programmes working with Ashford, Maidstone, Swale, Canterbury, Dover and Thanet and Medway
- the Channel Corridor Area Investment Framework working with Ashford and Maidstone

Examples of current cross-boundary economic development partnerships include:

- the East Kent Regeneration Board working with Ashford, Canterbury, Dover, Thanet and Kent County Council. This has involved joint working on a review of East Kent Growth Plan with Ashford, Dover, Canterbury and Thanet districts and Kent County Council. As a result of this collaboration east Kent has secured significant investment from the Local Growth Fund
- the Romney Marsh Partnership working with Ashford and Rother districts, and Kent and East Sussex County Councils
- the East Kent and the Kent Marshes & Downs LEADER programme
- East Kent Housing 'arms length management organisation' (ALMO) controlled by Canterbury City Council, Dover District Council, Shepway District Council and Thanet District Council to manage the four council's housing services

The council is also working with east Kent authorities on a possible merger. The five councils share common issues related to our location, the need to build the local economy, jobs, housing and infrastructure, and better tackle deprivation.

One of the main purposes of the merger is identified as:

1. Deliver opportunity and prosperity for all in East Kent
  - Work together to enhance the economic competitiveness of East Kent with a shared focus on jobs and housing
  - Build on and market key sub-regional strengths such as a high-quality natural environment and a unique Europe-facing position
  - Achieve better strategic influence over infrastructure and transport decisions
  - Attract younger residents who are economically active

A business case is currently being developed and this may lead to merger during 2019.

**7. How does your local university(s) engage with local industry? What action(s) do you see your local university(s) taking to help support your local area develop (both economically and socially)?**

There are two universities “local” to Shepway:

- University of Kent at Canterbury
- Canterbury Christ Church University

The University of Kent at Canterbury offers businesses opportunities for:-

- Collaboration
- Consultancy
- Facilities
- Innovation Centre

Canterbury Christ Church University (CCCU) Business School develops collaborations with business partners in education, research, and knowledge exchange and offers:

- Academic Business Partnerships – enabling businesses to access the knowledge and expertise of the university. Projects could include (but are not restricted to) finding solutions to a problem, bringing new insights into the organisation, evaluating current services or developing new processes, services or systems. Projects typically involve the employment of a CCCU student, working with one of our experts to deliver the project over a 10 week period with 50% contribution towards the cost of the project through an ABP voucher. This initiative is designed to provide an opportunity for organisations to work with the university with a view to developing mutually beneficial partnerships
- Knowledge Transfer Partnerships – one of the main ways that the University facilitates the transfer of knowledge is through Knowledge Transfer Partnerships (KTP). Knowledge Transfer Partnerships (KTPs) are a national flagship government funded initiative helping companies with high growth potential to take advantage of university expertise.

CCU is also looking to develop an industry-led engineering, science and technology hub as part of its Campus redevelopment. We are actively encouraging the university to work with the nuclear industry at Dungeness (Magnox and EDF) to identify their skills needs and look at ways of working together to the benefit of the university, the industry (which is expected to develop a major shortfall of skilled works in the next 10 years) and businesses and residents of the Romney Marsh area.

The council also works closely with East Kent College (EKC), an FE provider with a Folkestone campus, and we have invested £500,000 from reserves to help support capital improvements at the campus. We also work with EKC on joint projects to help improve the skills of local residents through projects including:

- the restoration and conversion of a park lodge to provide a college-run cafe, offering direct experience to construction and catering students
- engaging EKC construction students in specialist conservation skills such as lime plaster and lead sheet work through the Folkestone Townscape Heritage Initiative

## **Section 2 Your Ideas.**

Please provide a brief description of the idea(s) that you believe the Government should support, outlining:

- What type of governmental action the idea requires (e.g. financial, political, regulatory, devolution of power, policy change, structural/governance reform etc.)
- Why the Government should prioritise its support for this idea
- What analysis you have done that evidences the beneficial impact (financial, economic, social etc.) of this idea

We have the following three ideas which we believe the government should support.

### **Idea 1. Business Rates.**

In July 2016 the Government consulted on proposals for local authorities and their preceptors to retain 100% of the business rates collected. In response the council considers that:-

- a) While not currently relevant to us, we believe that there should be a bespoke approach to Combined Authority pooled budgets according to local needs and circumstances. With the devolution agenda focused on investment in employment, skills and infrastructure, it would make sense for Combined Authorities to pool resources targeted at stimulating economic growth. Skills funding, LGF and transport grant would be wholly appropriate for pooling
- b) We favour prioritising meeting changing need rather than focussing solely on rewarding growth. However, where a local authority invests in skills and infrastructure and the housing to support that growth, then it should be entitled to some benefit from the increased taxation that this generates in order to provide improved services and opportunities for local people. Nevertheless, the system needs to recognise that not all geographical or administrative areas have the same natural advantages as others.
- c) Partial resets will ensure that an element of protection is retained in the system. The potential long term financial impacts for local authorities as a consequence of too infrequent resets would justify the costs of administration.
- d) The stated aim of allowing local government to retain business rate income is to encourage proactivity in generating business growth, thus benefitting the UK economy. However, sometimes an individual local authority can be affected by circumstances outside of its control, such as the decommissioning of power stations (as is taking place at Dungeness). A partial reset would provide a measure of protection for local authorities affected in this way. Also by resetting the system every five years, it should mean that the impact of resets would not be as dramatic as they would be if carried out every ten or twenty years.

## **Idea 2. Otterpool Park.**

The council's proposed Garden Town at Otterpool Park, working with its landowner partner Cozumel (owners of Folkestone Racecourse) will accommodate up to 12,000 homes and associated employment land and community facilities, with development taking place over 30 years.

Otterpool Park will provide much needed housing but will also generate significant long-term economic benefits through construction, provision of employment land, and by increasing local capacity to spend on goods and services.

The council has invested £5.2 million in purchasing land for the town and is supported by the government which is providing £750,000 to help develop the proposals, but we will require further support from Government including:

- Planning Freedoms
- Brokerage – government influence to secure early programming of utilities and infrastructure to release land for first development phases in 2020;
- Financial Flexibilities

Regarding Planning Freedoms we would welcome

- legislation and/or national planning policy to allow a streamlined approach to preparing planning policy for the settlement and option testing, thereby reducing plan-making timescales, cost and complexity
- flexibility on housing mix, type and tenure to meet community aspirations to create a mixed and balanced community, rather than being a fixed response to housing need data
- flexibility in working with the Planning Inspectorate to pilot a new approach to plan-making through staged sign off, and dedicated and consistent advice throughout the Local Plan review process
- flexibility in terms of maintaining housing land supply and being able to avoid appeals and decision time sanctions during the garden town's development lifetime, allowing resources to be focused on delivering long term sustainable housing growth

With regards to brokerage we would welcome:

- priority access and response times from statutory agencies and utility providers to work constructively with us at each key stage, including cross-departmental working to aid co-ordination and unlock blockages.

Regarding Financial Flexibilities the scale of up-front funding and the level of resource required in progressing the project at pace is challenging, and the following freedoms and flexibilities will help:

- Capital Support – Recognising the significant up front infrastructure and investment to achieve planning permission, the facility to raise early capital to support infrastructure costs either through grant or loans or loan guarantees with minimal revenue impact will support delivery

- Capital Switch – An extension to the ability to convert capital receipts to support the project's revenue funding elements. This will ease the revenue pressures in the development's early stages, particularly in relation to infrastructure
- Revenue Support – Investment to provide additional capacity support in programme set-up and delivery
- Revenue Streams – Investigation of ongoing revenue streams to support the embedding of the development e.g. the establishment of an endowment or Tax Increment Financing

### **Idea 3. Targeted Support for Coastal Areas.**

It is well recognised that while coastal areas can offer a good quality of life and opportunities for growth they can also face particularly severe socio-economic challenges. We and other east Kent authorities have been working hard over many years to address these issues through for example Single Regeneration Budget Programmes, direct investment in public and private realm and further education, and support for the development of tourism. We continue to work to address these problems and in central and eastern Folkestone, which has very high deprivation rates, we anticipate commencing a CLLD scheme in early 2017.

We are also involved in the Coastal Community Team programme with two teams in place - Folkestone and Dymchurch – and two potential CCTs - Hythe and New Romney. The initial funding for the CCT economic plans was very much welcomed, but the small scale of the budget of the associated Coastal Community Fund and the need for proposals to be very well developed, has been a disappointment, particularly for Folkestone.

We would welcome a more fully developed and long term programme of support for coastal areas.