

From: Barbara Cooper
Director, Economic Development

To: Mark Dance
Cabinet Member for Regeneration and Economic Development

Subject: TIGER – THAMES GATEWAY INNOVATION, GROWTH AND ENTERPRISE

Classification: Unrestricted

Summary

This report provides background information on the TIGER – Thames Gateway Innovation, Growth and Enterprise programme and its proposed management arrangements. It sets out a proposed role for Kent County Council in acting as the accountable body for the programme and explains what this role will involve.

Recommendations

The Cabinet Member for Regeneration and Economic Development is recommended to agree that Kent County Council shall act as the accountable body for TIGER and shall accept the Government's offer of £20 million from the Regional Growth Fund to deliver the programme. Detailed recommendations are set out in Section 6.

1. Introduction

- 1.1. In June 2012, Kent County Council, on behalf of Thames Gateway Kent Partnership and with the support of Dartford, Gravesham, Medway, Swale and Thurrock Councils applied to the Government for Regional Growth Fund (RGF) grant to deliver a programme of financial support known as TIGER (Thames Gateway Innovation, Growth and Enterprise). This application was successful, and in October, the Government announced a provisional allocation of £20 million.
- 1.2. The TIGER programme will provide interest-free loan and (in some cases) grant support to businesses seeking to invest in projects in North Kent and Thurrock that will create higher-value employment through the development of new products, services and processes. Financial support will be offered as state aid and will require businesses receiving support through TIGER to secure additional private sector finance and demonstrate sustainable job creation as a result of TIGER funding.
- 1.3. The funding from the Regional Growth Fund must be distributed to beneficiary businesses by March 2015. However, as most funding will be made available on a repayable basis, TIGER will be able to recycle funds, enabling the programme to retain significant value to benefit business over the next decade. Over a ten year period, the funding allocation from Government requires the creation or safeguarding of at least 910 full time equivalent jobs.

2. Accountability, governance and management

Accountable body

- 2.1. The application to Government for Regional Growth Fund proposed that KCC shall act as the accountable body for TIGER. This will mean that KCC will receive the £20 million funding and will be responsible for issuing grant and loan agreements to individual businesses and for reporting on performance to Government. It will also be liable for any repayment of the RGF allocation in the event that outputs and conditions specified in the Government's grant agreement are not met. This role is essentially the same as the accountable body role that KCC currently performs in relation to the Expansion East Kent programme.

Governance arrangements

- 2.2. Thames Gateway Kent Partnership Board considered options for governance arrangements at its meeting on 30 November 2012. The following paragraphs summarise the proposed arrangements.
- 2.3. It is proposed that a TIGER Strategic Board is established to set the overall investment strategy for the programme and to monitor delivery. This will consist of the membership of Thames Gateway Kent Partnership Board (on which KCC is represented by the Cabinet Member for Regeneration and Economic Development) plus representation from Thurrock.
- 2.4. It is also proposed that two Approvals Panels should be established: one for North Kent and one for Thurrock. Both panels would consist of local authority and business representatives and would consider applications for loan support, once these applications have been independently appraised. The Approvals Panels would have the ability to approve or reject applications; however, KCC would reserve the right to refuse any applications that present an unacceptable level of risk to the Council as the accountable body.

Management arrangements and costs

- 2.5. There will be economies of scale in managing the TIGER programme alongside the existing Expansion East Kent scheme, which is also funded by the Regional Growth Fund. However, there will be a need for some additional staff resource (to be employed by KCC), as well as additional funding for project appraisals and marketing. As the RGF grant will go directly to business, these management costs will need to be borne by local partners.
- 2.6. Revenue funding of up to £720,000 has been approved from the KCC Regeneration Fund to contribute to the costs of managing TIGER. This will be supplemented by additional contributions from TGKP partners and from Thurrock.

3. Securing the Regional Growth Fund grant

- 3.1. Following the Government's announcement of funding for TIGER, KCC has been issued with a draft grant offer. The Department for Business, Innovation and Skills has also carried out due diligence to confirm that the Council has the appropriate systems in place to manage the programme effectively.

- 3.2. While the due diligence report has yet to be received, early indications are there are no outstanding issues. This should mean that we will shortly receive a final grant offer. This will form our contract with Government for the delivery of the programme and its outputs.

4. Risks

- 4.1. The main risk to KCC associated with its acceptance of a grant offer for TIGER is a failure to meet the jobs and leverage outputs associated with the programme, with the potential for grant to be clawed back by Government. This will be mitigated through the robustness of the appraisal and monitoring processes associated with each individual project and through close programme management.

5. Consultation

- 5.1. Consultation on the TIGER programme and on the governance arrangements associated with it has taken place with the Economic Development Cabinet Committee and with external partners. This has included regular discussion on the design of the programme by the Thames Gateway Kent Partnership Board (which includes the Cabinet Member for Regeneration and Economic Development as well as the Leaders of the other North Kent authorities), consultation with businesses in North Kent and a report to the Economic Development Cabinet Committee on the principles of the programme at the time of the bid.
- 5.2. In particular, the Cabinet Committee received a report on 8 November 2012 which resolved that the Cabinet Member for Regeneration and Economic Development should agree to the recommendations set out in Section 6 below.

6. Recommendations

- 6.1. It is recommended that the Cabinet Member for Regeneration and Economic Development takes the following decisions:

As Cabinet Member for Regeneration and Economic Development, I agree that:

- a) Kent County Council shall act as the accountable body for the TIGER (Thames Gateway Innovation, Growth and Enterprise) programme;
- b) Kent County Council shall accept the Government's offer of Regional Growth Fund grant in respect of the TIGER programme. This shall be subject to due diligence and the approval of the terms of the grant agreement by the Director of Economic Development in consultation with the Cabinet Member for Regeneration and Economic Development;
- c) Authority shall be delegated to the Director of Economic Development to sign the final grant agreement on behalf of Kent County Council.

7. Background documents

- 7.1. The following documents are available on request:

- Application to the Regional Growth Fund, June 2012
- TIGER General Principles document (setting out proposals for the operation of the programme), considered by Thames Gateway Kent Partnership Board, 30 November 2012.

8. Contact details

Ross Gill
Economic Strategy and Policy Manager
01622 221312 (7000 1312)
07837 872705
Ross.gill@kent.gov.uk

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