

By: Mike Hill, Cabinet Member for Community Services and
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To: Growth, Economic Development and Communities Cabinet
Committee - 8 July 2014

Subject: Kent Big Society Fund: Annual Report to Kent County Council
from the Kent Community Foundation

Classification: Unrestricted

Past Pathway of Paper: None

Future Pathway of Paper: None

Electoral Divisions: All

Summary

Kent County Council has received the attached annual report on the Kent Big Society Fund from the Kent Community Foundation

Recommendation

The Cabinet Committee is asked to CONSIDER the report and NOTE the performance of the Fund.

1. Introduction

1.1 The Kent Big Society Fund (the Fund) was established in January 2012 by charitable donation from Kent County Council (KCC) to Kent Community Foundation (KCF). The Key Decision (11/01755) was taken by the Cabinet Member for Customer and Communities on 16th December 2011. The Fund operates principally as a social finance loan scheme and its main aims are to support growth in the social enterprise sector and to create and sustain new employment opportunities. Decisions to loan are considered by the Fund Investment Panel, chaired by KCF and with representation from KCC members and KCF trustees.

1.2 The governance arrangements require KCF to make an annual (calendar year) report to KCC on the operation of the Fund and the market conditions in which the Fund is operating. The second annual report is attached. Annual payment of the three phased donations from KCC to the Fund follows receipt of the annual report and KCC's budget decisions.

1.3 It is encouraging to note that the second full year of operation for the Fund has seen a steady growth in the numbers of enterprises supported, the numbers of loans made and the value of the loans. The Fund is designed to provide dedicated business support in the period between expression of interest and loan application. This means that there is a systemic time lag in the pipeline. It does mean, however, that very few full applications are refused by the Investment Panel and that the default rate on loans is

remarkably low. Applicants have also reported that they value the grant element in the loan package which provides a level of cash flow critical to growth. The grant to loan ratio offered by the Fund is a maximum of 20% or £10,000, whichever is the greater.

- 1.4 There is a growing recognition nationally of the importance of the social investment market in tackling and funding social issues and driving innovation. Confidence within the sector is also growing. Nationally, the Government, in its 2013 progress update on the report “Growing the Social Investment Market”, discusses the benefits of social investment models. These reflect the rationale of KCC’s original investment and are identified as: supporting economic growth, reforming public sector services and enabling social innovation.
- 1.5 The activity profile of the Fund initially mirrored that of other similar funds nationally. There is some, albeit anecdotal, evidence that in the second year, it has begun to out-perform other social loan schemes in terms of numbers of expressions of interest and the low level of default. For the period of the report, there were no defaults on the agreed repayment schedules.
- 1.6 The economic benefits of the Fund are discussed on page 10 of the annual report. 154 jobs have been created or sustained from the £600K drawn. This equates to a cost per job of £3,896. The enterprises assisted have also reported a high conversion rate of volunteering opportunities leading to 14 volunteers moving into employment. This is a compelling figure because social enterprises tend to support those furthest from the labour market including service users.
- 1.7 The Annual Report is presented to Growth, Economic Development and Communities Cabinet Committee for discussion.

2. Recommendation

The Cabinet Committee is asked to CONSIDER the report and NOTE the performance of the Fund.

Background Documents

- Key Decision 11/01755

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