

By: Mark Dance, Cabinet Member Economic Development
Barbara Cooper, Director, Economic Development

To: Growth, Economic Development and Communities Committee –
8 July 2014

Subject: Update on Regional Growth Funds

- Expansion East Kent
- Tiger (North Kent and Thurrock)
- Escalate (West Kent and East Sussex)

Classification: Unrestricted

Past Pathway of Paper: None

Future Pathway of Paper: None

Electoral Divisions: All except Ashford

Summary and background information

In November 2011 KCC were awarded £35m of grant funding from the Department of Business, Innovation and Skills (BIS) for businesses in the East Kent area. The Expansion East Kent programme was launched in April 2012 and the funding is available until March 2016.

The Expansion East Kent programme offers 0% loans to SMEs wanting to start up or expand their businesses in Canterbury, Dover, Shepway and Thanet. The programme has a target of creating and safeguarding 5,000 jobs. The programme also has the opportunity to offer grant and equity investment to businesses in exceptional circumstances.

In March 2013 the Tiger Fund was launched after £20million was made available from BIS for North Kent and Thurrock businesses. The Tiger Programme offers 0% loans to SMEs to start up or expand their business in Dartford, Gravesham, Medway, Swale and Thurrock.

In December 2013 the Escalate Fund was launched and offers 0% loans to SMEs to start up or expand their business in Maidstone, Sevenoaks, Tonbridge & Malling, Tunbridge Wells and East Sussex districts of Hastings, Rother and Wealden. This fund offers up to £5.5million and is available until March 2015.

Recommendation

Members of Growth, Economic Development and Communities Cabinet are requested to consider this report and NOTE progress to date in delivering the three RGF schemes

1. Update on Expansion East Kent Fund

- 1.1. As of 13th June 2014, 65 companies have been awarded funding with a further 4 companies awaiting a decision by the Investment Advisory Board at its meeting on 23rd June 2014.
- 1.2. The 65 companies who have already been approved for funding will during the lifetime of their start up or expansion plans have received just over £21.4 million of RGF funding and will create nearly 1,700 jobs. In addition the companies will generate private sector leverage of over £51 million.
- 1.3. The Expansion East Kent programme has been operating for two years as a recyclable fund and companies have, as of September 2013, begun to make repayments to the programme. As of end of March 201 these repayments total £328,290.00.
- 1.4. There are currently 45 applications in the pipeline and these applications, if approved, total £16.4 million.
- 1.5. At the Investment Advisory Board (IAB) meeting held on 10th June it was agreed to include the district of Ashford and to set up two additional financial support products within the programme. These products are:-

Small Business Boost Fund - a loan scheme specifically to support small businesses and will cover Ashford, Canterbury, Dover, Shepway and Thanet. The scheme will offer 0% interest free loans of up to £50,000 to help start-ups, small businesses and social enterprises develop new or expand existing products or services. The loans must lead to providing employment.

The Discovery Park Incubator Scheme - an equity scheme to help attract new technology based companies to the Discovery Park Enterprise Zone with a particular focus on sustainable energy and life sciences businesses.

- 1.6. The launch of the new products will be held on 23rd July 2014.

2. Tiger Fund

- 2.1. As of 13th June 2014, 33 companies have been awarded funding with a further 4 companies awaiting a decision by the Approval Panel at its meeting on 3rd July 2014.
- 2.2. The 33 companies will during the lifetime of their start up or expansion plans have received just over £8.8 million of RGF funding and will create over 1,000 jobs. In addition the companies will generate private sector leverage of over £18.4 million.
- 2.3. There are 45 applications in the pipeline and these applications, if approved, total £14.5 million.

3. Escalate Fund

- 3.1 As of 13th June 2014, 5 companies have been awarded funding with a further 6 companies awaiting a decision by the Approval Panel at its meeting on 25th June 2014.
- 3.2 The 5 companies who have already been approved for funding will during the lifetime of their start up or expansion plans will receive just over £400k of RGF funding and will create over 27 jobs.
- 3.3 There are 36 applications in the pipeline and these applications, if approved, total £3.7 million.
- 3.4 As of 13th June there are two companies at full contract stage as follows:-

DotImpact Ltd Ms Amanda Robinson

*Total Escalate funding approved: 40000 Total Jobs: 4.5
Total Jobs Created; 3.5 (3 and 0.5 Part Time)
Total Jobs Safeguarded: 1 (1 Full Time and 0 Part Time)*

DotImpact are a digital marketing agency that work primarily with SMEs in Kent to accelerate commercial growth through the effective use of best practice digital practices. The Escalate Fund will be used to aid DotImpact Ltd to move to larger offices.

The Imaging Centre (South East) Ltd Mr Bob Short

*Total Escalate funding approved: 58500 Total Jobs: 2
Total Jobs Created; 2 (2 and 0 Part Time)*

The Imaging Centre (South East Ltd) specialise in printing short run greetings cards. The Escalate Fund will be used to buy a new piece of equipment.

- 3.5 There are 3 other companies at contract negotiation stage. Full details will be available once contracts have been signed.

4. Decision Making and Monitoring

- 4.1. There is common approach to decision making, management and monitoring of all RGF schemes operated by KCC.
- 4.2. An independent appraiser (PwC) has been appointed by KCC to work with KCC staff to assess the viability of applications, to raise questions with the applicant to clarify issues or request additional information across all RGF schemes.
- 4.3. Each RGF scheme has established an independent Board or Panel consisting of representatives of KCC, Districts and the private sector e.g. the Expansion East Kent Independent Advisory Board is chaired by the Leader Paul Carter. These boards make recommendations for funding decisions but the ultimate

accountability for the decision to approve funding lies with KCC. However, all decisions are made with the input from the private sector representatives who provide valuable insight, experience and expertise from a business prospective.

- 4.4. As part of the monitoring requirements for the RGF programmes a full and comprehensive MIS system provides details on funds committed, and defrayed, private sector leverage, both direct and indirect, and jobs created and safeguarded. See Appendices 1(a) and 1(b).
- 4.5. Further analysis is available from the MIS reports. These reports provide information on all proposals both those committed to and those in the pipeline, See Appendices 2(a) and 2(b) for information of investment at district level, number of jobs created and safeguarded and specific sectors.
- 4.6. As part of the legally binding contract each company will complete a quarterly monitoring return. In addition to the return the company must produce evidence of job created and expenditure as specified in their business plans.
- 4.7. As part of the contractual agreement with BIS, KCC is required to report and provide case studies on every company who have received funding. These can be viewed on the KCC or BIS website by potential applicants to the programme

Recommendations

Members of the Growth, Economic Development and Communities Cabinet
Members are requested to consider this report and NOTE the progress to date in delivering the three RGF schemes.

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EXPANSION EAST KENT – BIS OVERALL TARGETS

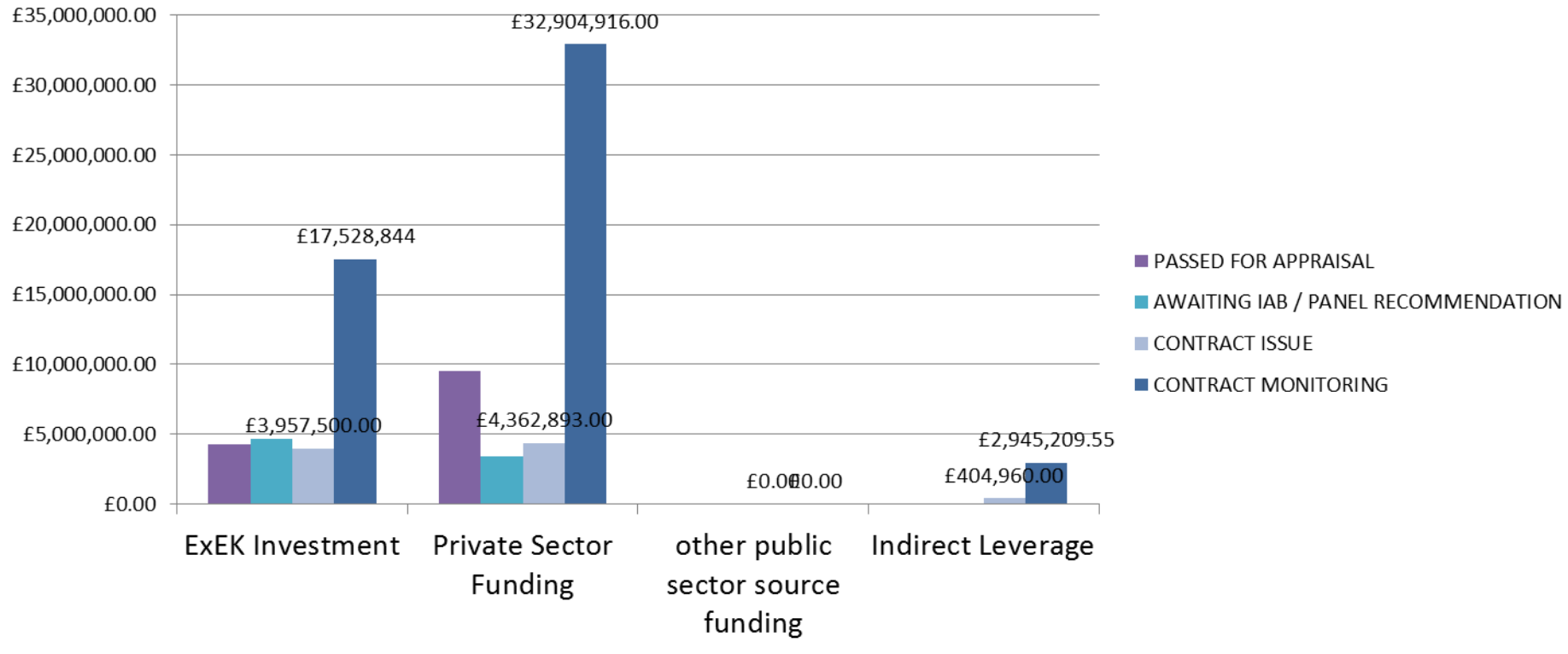
	ExEK Actual	Overall Proposals in the Pipeline up to 6/9/2014	Target – March 2014	Total Targets - March 2016
Funds Committed	£21.4m	£16.4m	£14.9m	£35m
Funds Defrayed	£14.8m	N/A	N/A	£35m
Private Sector Leverage (direct)	£46.3m	£23.6m	N/A	£70m
Private Sector Leverage (Indirect)	£3.3m	N/A	N/A	N/A
Jobs Created/Safeguarded	1,657 Created: 1,206 Safeguarded: 451	1,940	786 Created: 418 Safeguarded: 368	1,250

TIGER/ESCALATE – BIS OVERALL TARGETS

	Tiger Actual	Escalate Actual (2/6/2014)	Total (Actual)	Tiger Target – March 2014	Overall Proposals in the Pipeline up to 2/9/2014 (Tiger & Escalate)	Total Targets March 2015
Funds Committed	£8.8m	£1.06m	£9.8m	£2.7m	£15.6m	£20m
Funds Defrayed	£2.66m	£30k	£2.69m	N/A	N/A	£20m
Private Sector Leverage	£13.98m	£882k	£14.8m	N/A	£63m	£40m
Jobs Created/Safeguarded	1,020 Created: 646 Safeguarded: 374	60 Created: 41 Safeguarded: 17	1,080	224 Created: 64 Safeguarded: 160	1,502	910

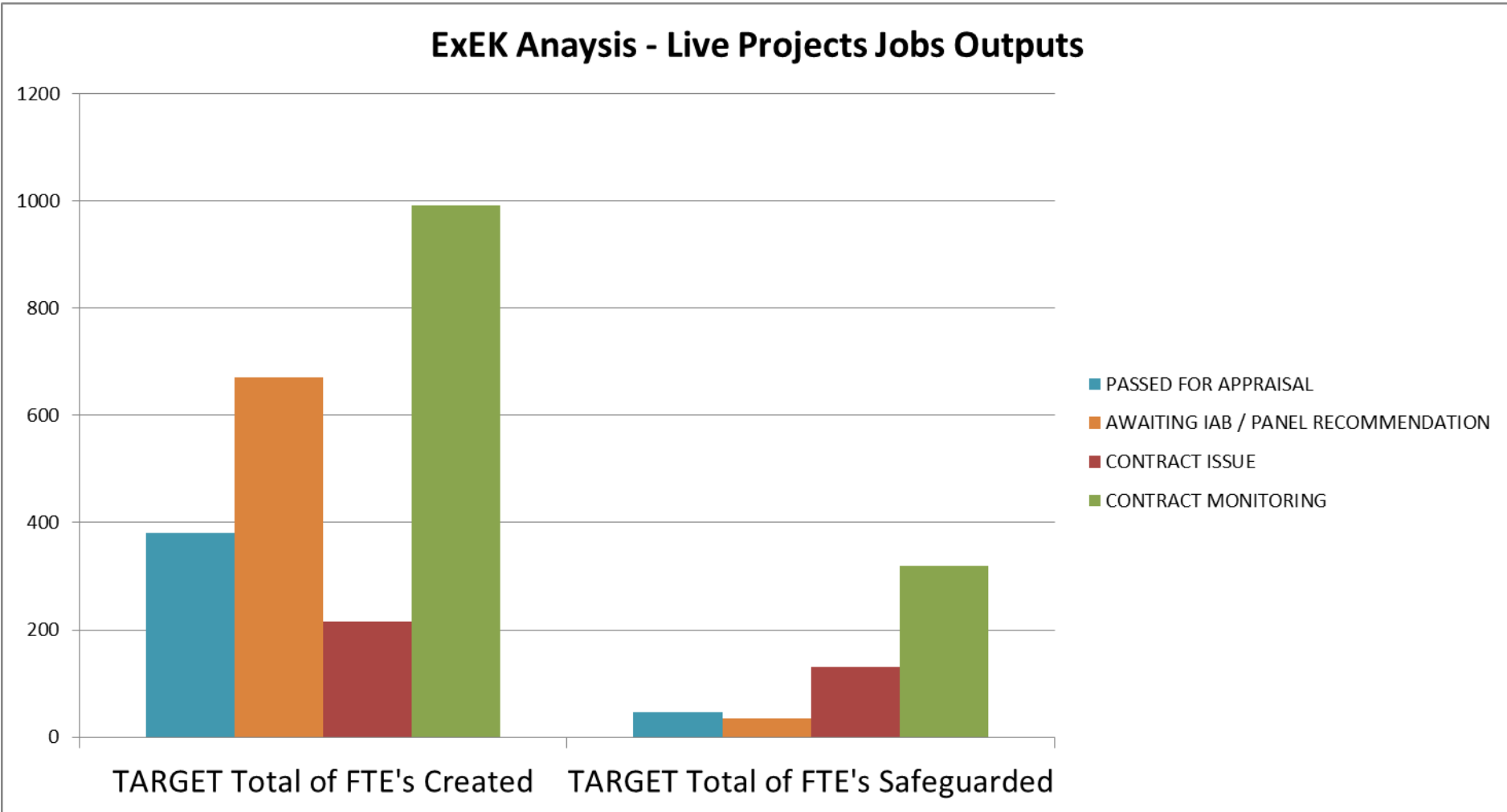
EXPANSION EAST KENT

ExEK - Live Projects Investment

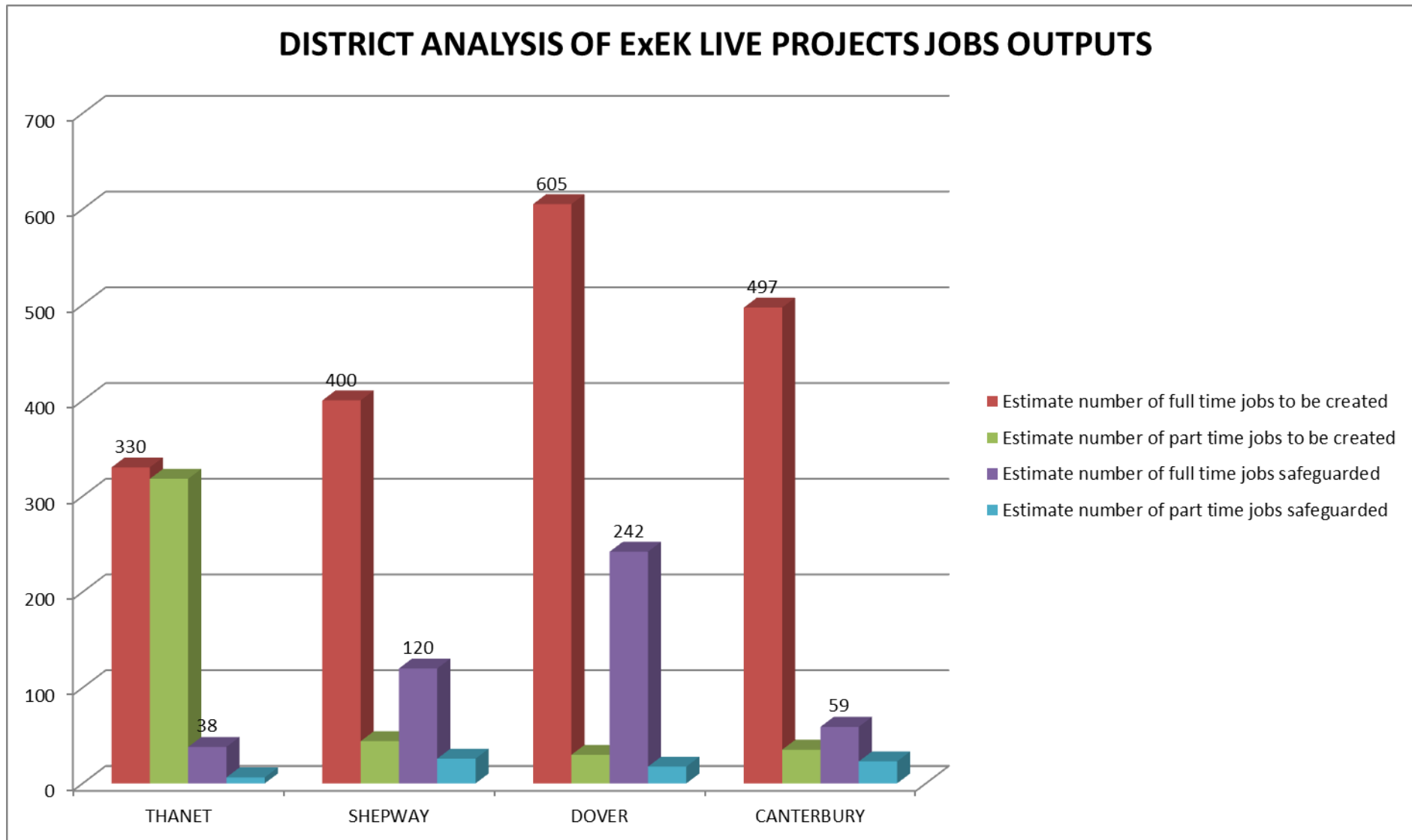


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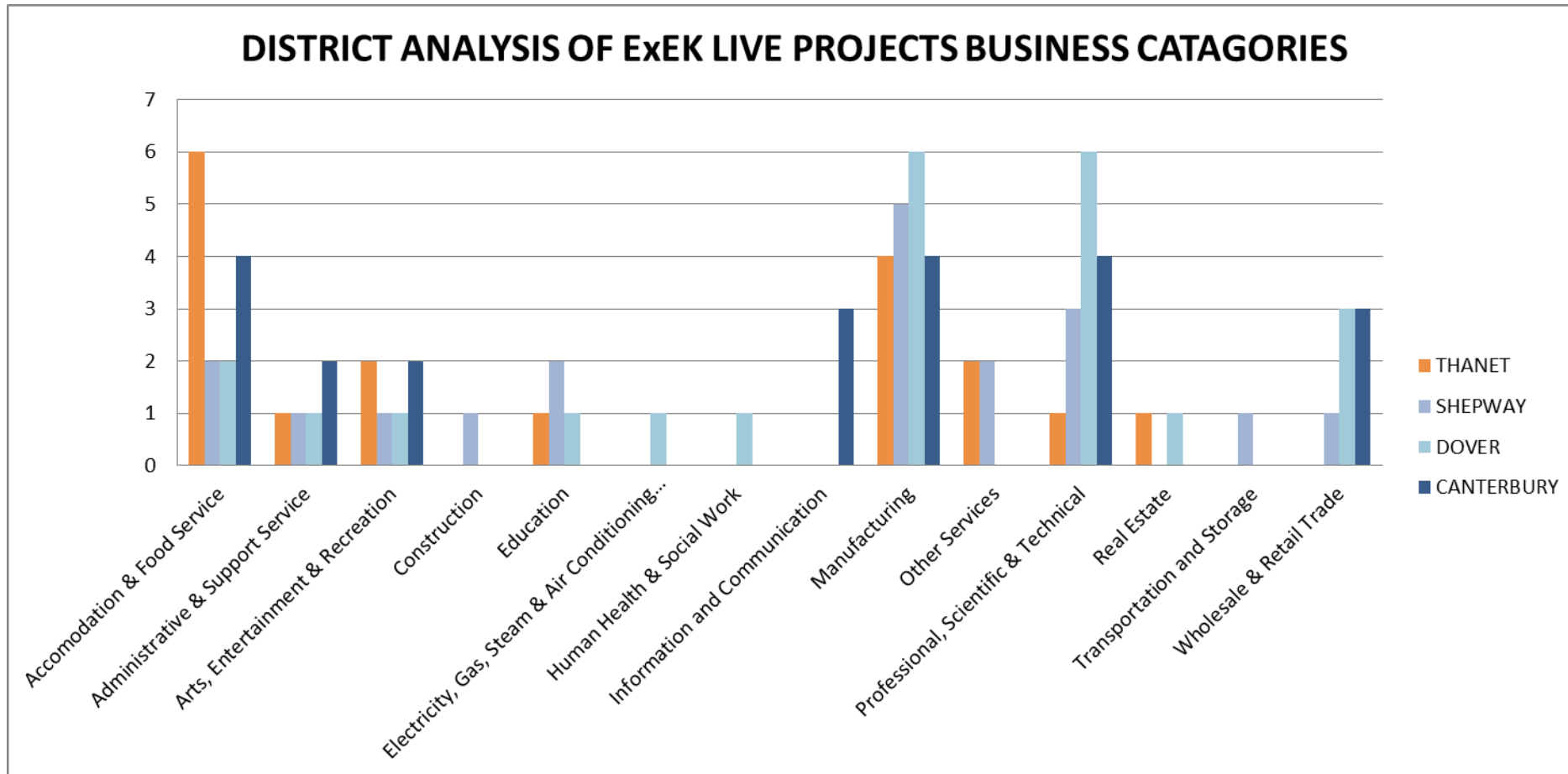
ExEK Anaysis - Live Projects Jobs Outputs



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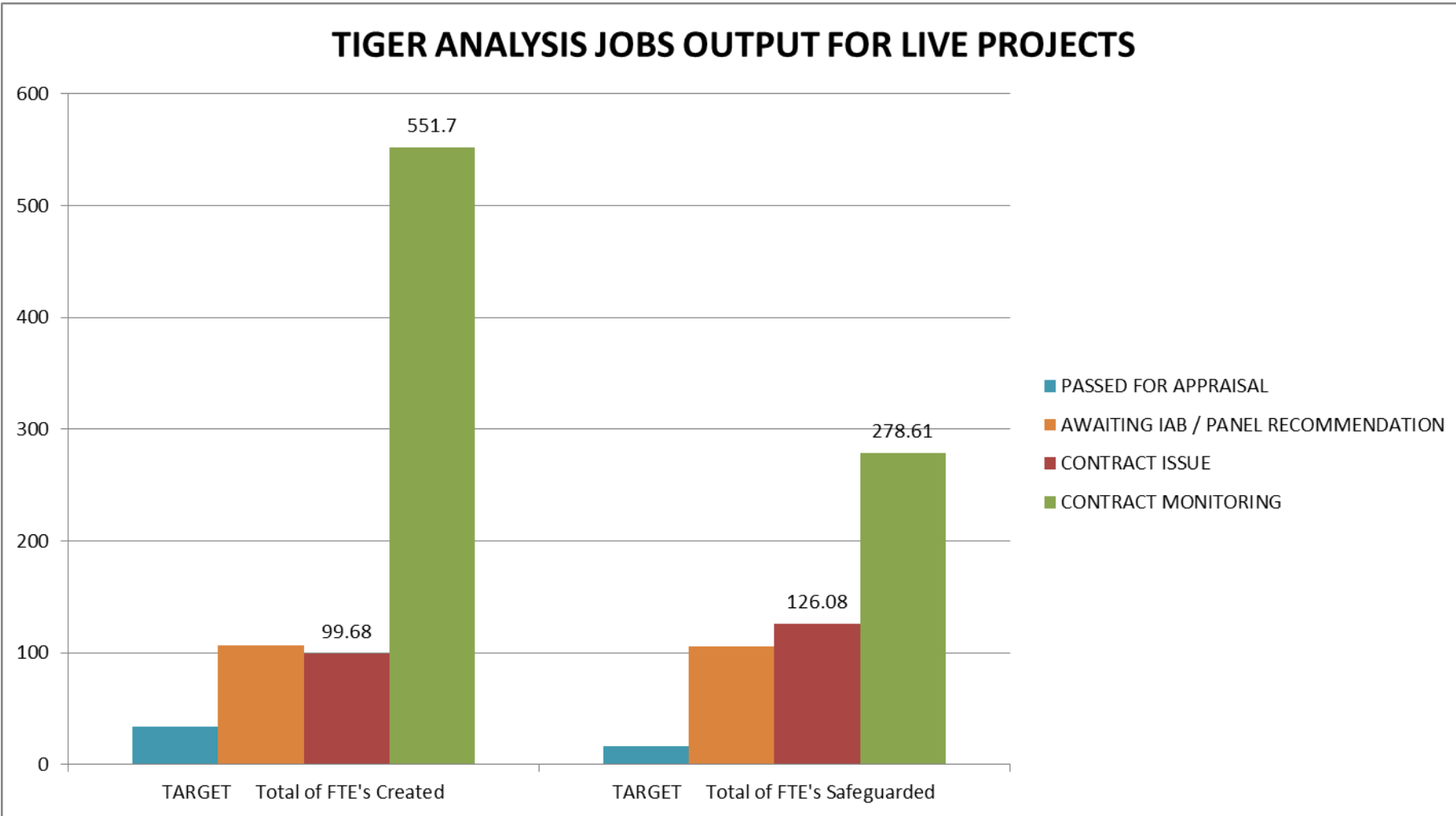


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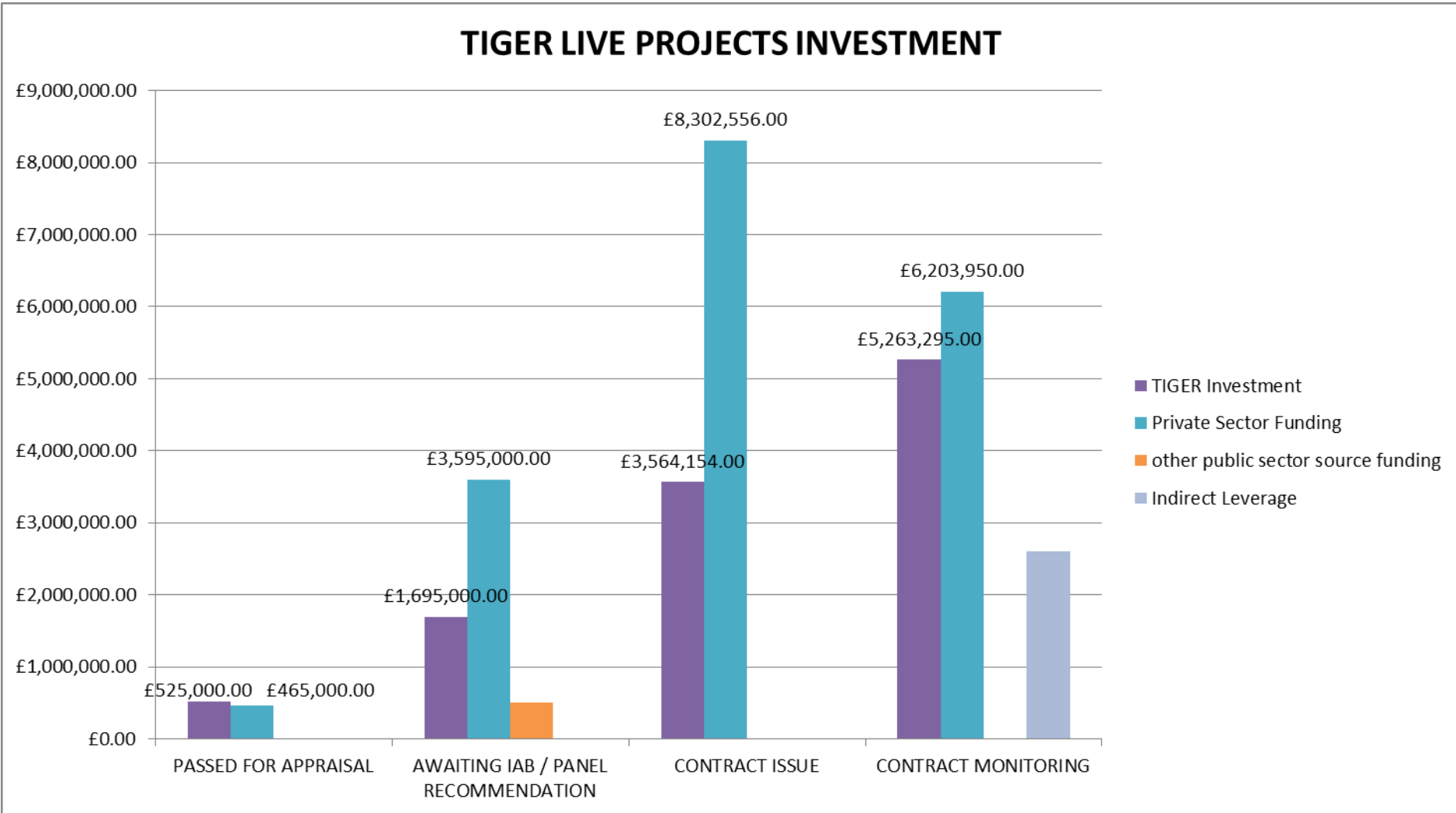
TIGER

TIGER ANALYSIS JOBS OUTPUT FOR LIVE PROJECTS

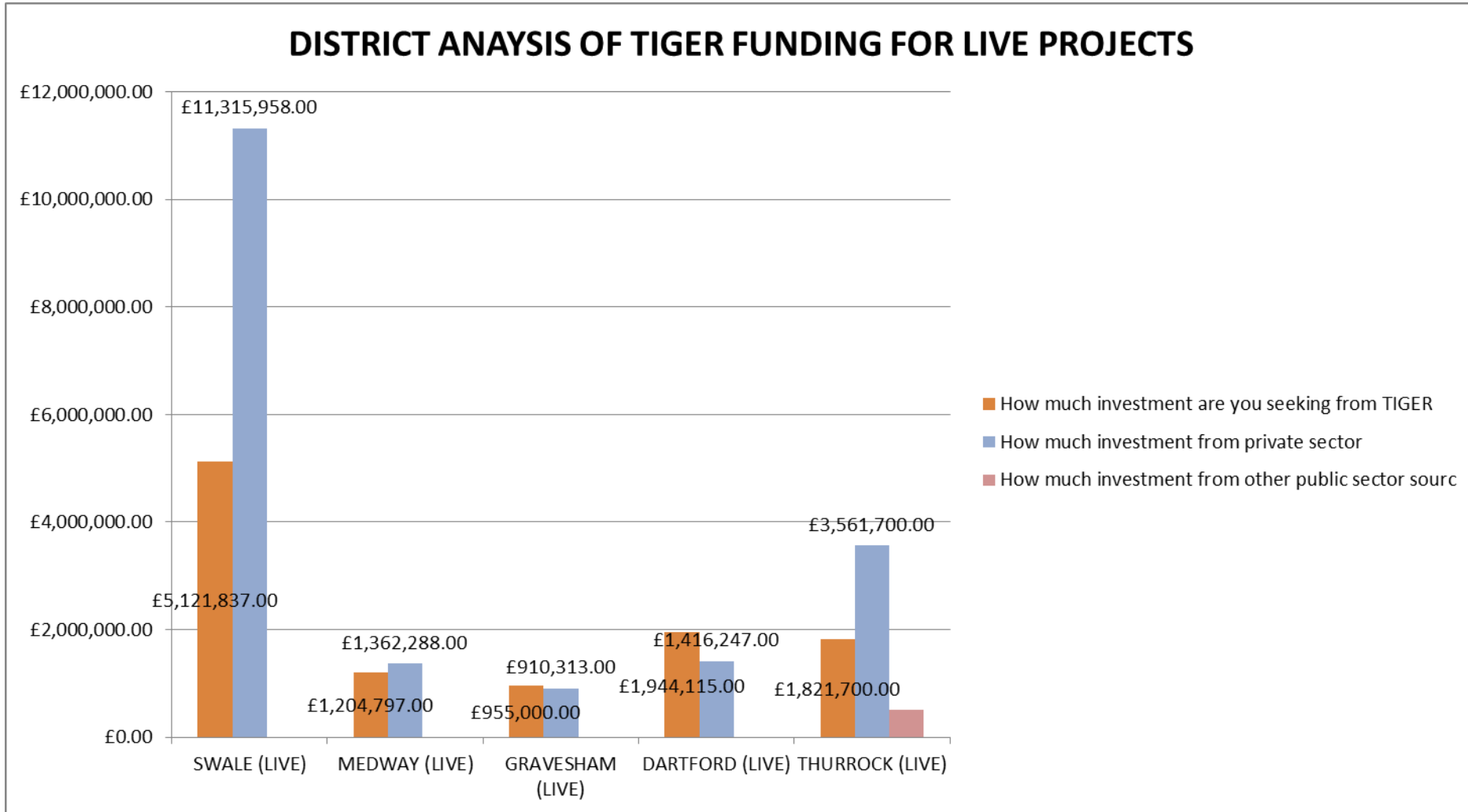


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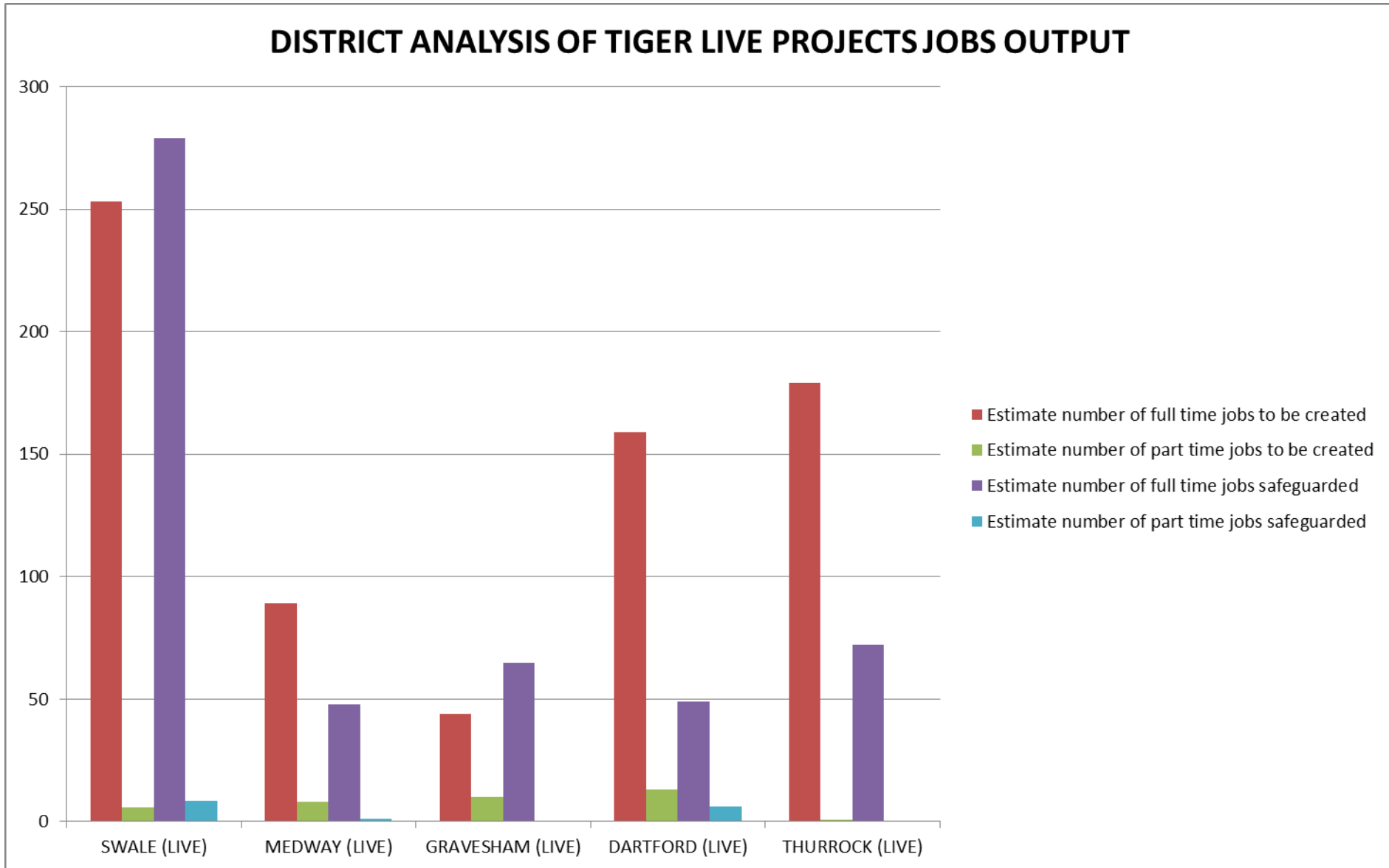
TIGER LIVE PROJECTS INVESTMENT



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