

EscalateBackground Information

The Escalate Programme for West Kent and parts of East Sussex was launched in December 2013. As at 31st March 2015 KCC had committed £5,510,000 to 40 companies and the programme is no longer accepting any new applications.

This annex provides full details of the funding awarded to companies within the districts of West Kent and three districts of East Sussex from the Escalate programme.

1. Funding Awarded

1.1 The table below shows total funding committed, a breakdown per local authority, the number of jobs to be created and private sector investment (matched funding).

Escalate Programme	Funding per Local Authority £m	Private Investment £m	No of Companies	No of Jobs to be created	Saved Posts	Total number of Jobs
Maidstone	2,720,588	3,058,832	12	158.56	108.67	267.23
Rother	56,000	56,000	1	7	0	7
Sevenoaks	594,000	563,720	6	33.6	18.27	51.87
Tonbridge + Malling	698,510	685,863	7	55.37	18	73.37
Tunbridge Wells	1,158,250	1,397,250	11	151.11	21.26	172.37
Wealden	280,250	280,250	3	17.27	7	24.27
Total	**5,507,598	6,041,915	40	422.91	173.2	596.11

*Hastings Funding total is zero

**£10,000 uncommitted within Tiger and £2402 contribution to marketing

Total Funding Committed	£5,507,598	£6,041,915	40	423	173	596
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2. Defrayment of Funds

2.1 Each company applying to the programme provides a profile for the drawdown of funds. This drawdown would be dependent on the needs of the businesses and the companies' plans for growth. The profile for the defrayment of funds is as follows:

Funds defrayed as of close of programme March 2015	= £5,507,598
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3. Profile for Repayments of Funds (as at 15 June 2016)

3.1 All repayment of loans, and returns on Equity Investments, will be reinvested into future financial support programmes, for businesses. The table below provides details of the repayment profile. The total amount to be repaid is £5,137,600. One company was awarded equity investment in the sum of £250,000.

3.2 There are two loan repayment periods per financial year i.e. March and September. The cumulative estimated amount to be repaid by March 2016 was £1,056,561. The actual amount received to date is £1,004,611, which represented an achievement of 95%. The target figure is subject to change, due to contract variations and applicants deciding to repay their loan in full earlier than anticipated, to allow early release of KCC charges.

2014/15 Target and Actual	2015/16 Target and Actual		TOTAL TO DATE	
Target=£131,760 Actual=£131,760	Sep 15 Target=£473,630 Actual=£473,630	Mar 16 Target=£451,171 Actual=£399,221	Target=£1,056,561 Actual=£1,004,611 95%	
2016/17 Targets	2017/18 Targets	2018/19 Targets	2019/20 Targets	2020/21 Targets
£1,187,570.32	£1,166,820.32	£995,659.32	£534,915.82	£196,072.40
Total Repayment due by 2021: £5,137,600				

4. Monitoring Returns (Q3 October 2015 to January 2016)

4.1 The monitoring returns for the Escalate programme for the period October 2015 to January 2016, have resulted in 95% being allocated Green status (performance fully met as per loan agreement), or Amber status (slight slippage but in the main delivery of job outputs as per loan agreement), as follows:

No of companies awarded investment	No of companies in monitoring reporting cycle	No of companies reporting on	No of companies in Green Risk Status	No of Companies in Amber Risk Status	No of Companies in Red Risk Status
40* *includes 1 bad debt	39	39	28 (72%)	9 (23%)	2 (5%)
Combined Loan Value					
£5,507,598	£5,467,598	£5,467,598	£3,603,850	£1,783,748	£80,000

It is important to note there are three categories with the RED status – see table below.

Breakdown of Red Risk Status 5%	Category A Non Payment of Debt	Category B Nil Return of Monitoring Form	Category C Significant shortfall on milestones / targets
No of Companies	2	0	0
Combined Loan Value	£80,000		
Actions to be taken	£15,000 with KCC debt recovery £65,000 company ceased trading		

Previously reported Bad Debts in Red Category A:	No of Companies	Percentage number of companies supported	Loan Value	Percentage of overall defrayed funds £5,507,598
	1	2.5%	£40,000	
Current Bad Debt	2	5%	£80,000	2.18%
Total Bad Debt	3	7.5%	£120,000	

The action taken on 2 (5%) companies in Red Status is as follows:

Category A =	1 company: • Sent to KCC Debt Recovery. 1 company: • Company has ceased trading.
<i>Action taken:</i>	1 company: • Debt Recovery to advise as to whether it will be cost effective to try to recover £15,000 via the courts. Will then require Director sign-off. 1 company: • The company has ceased trading, and set up another company the next day with a totally different name (a 'phoenix company'). Initially the company agreed to a contract variation, under the new trading name. Unfortunately all attempts to progress this have failed, as the company will not engage at all.
Category B =	
<i>Action taken:</i>	
Category C =	
<i>Action taken:</i>	

4.2 The creating and safeguarding of contractual job targets have been verified from the monitoring returns covering the period October 2015 to January 2016. The evidence gathered includes employment contracts and payroll reports. The full details of jobs created and safeguarded are below:

Job Status	Target to Date	Actuals to Date	Percentage against target
Jobs Created	265	205	77% (Green)
Jobs Safeguarded	173	152	88% (Green)