

Expansion East Kent Programme

Background Information

The Expansion East Kent Programme was launched in December 2012. As at 30 September 2017, KCC had committed 160 investments totalling £36.3 million to 153 companies within the local authority areas of Ashford, Canterbury, Dover, Shepway and Thanet. The main programme was suspended on 1 February 2015 and is no longer open to new applicants. The Small Business Boost Programme, which was a subsidiary scheme of Expansion East Kent, was closed in January 2016.

This annex provides full details of the funding awarded to companies within the East Kent and Ashford area from the Expansion East Kent and Small Business Boost Programmes.

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).

Expansion East Kent & Small Business Boost Scheme	Funds Awarded £	Private Investment £	No of Companies	No of Jobs to be Created	Saved Posts	Total no of Jobs Created/ Safeguarded Posts
Ashford*	250,500	115,578	9	25	6	31
Canterbury	8,714,680	9,181,719	44	1,264	89	1,353
Dover	15,131,357	28,377,539	34	688	246	934
Shepway	6,263,468	10,075,900	25	487	130	617
Thanet	6,026,256	8,901,781	41	415	270	685
Total	£36,386,261	£56,652,517	153	2,879	741	3,620

Total Committed Funding	£36,386,261	£56,652,517	153	2,879	741	3,620
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* The Expansion East Kent geographical boundary was expanded on 1 July 2014 to allow Ashford based companies to apply for the funding. Therefore, the number of companies awarded funding is not as high as the other areas.

1.2 Within the Expansion East Kent scheme, there is:-

- (a) an equity programme whereby the Investment Advisory Board agreed to ring fence and commit £5 million. All the funds for equity investments have been committed;
- (b) a small loan scheme, Small Business Boost, whereby the Investment Advisory Board agreed to ring fence £1 million, from the original £35 million. All the original allocation for Small Business Boost has been committed and defrayed. An additional allocation (£602,648), from the accrued interest and recycled loan repayments, as directed by the Investment Advisory Board, has been made available. The total amount defrayed is £1,602,648.

2. Profile for Repayment of Funds

2.1 All repayments of loans and returns on Equity Investments will be reinvested into future financial support programmes for businesses. Sixteen companies have received equity investments. The table below provides details on the repayment profile for the loans. The total amount to be repaid is £19,648,641 by March 2021.

2.2 There are two loan repayment periods per financial year i.e. March and September. The cumulative estimated amount to be repaid by June 2019 was £17,852,609. The actual amount receipted to date is £15,064,365, which represents an achievement of 84%. 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.

2013/14 Target and Actual	2014/15 Target and Actual	2015/16 Target and Actual
Target = £335,294 Actual = £335,294	Target = £820,663 Actual = £820,667	Target = £2,330,152 Actual = £2,330,152
2016/17 Target and Actual	2017/18 Target and Actual	2018/19 Target and Actual
Target = £4,045,939 Actual = £3,605,935	Target = £3,924,407 Actual = £3,849,344	Target = £3,626,917 Actual = £2,974,574
TOTALS TO DATE Target = £17,852,609 Actual = £15,064,365 84%		
2019/20 Target	2020/21 Target	Total Repayment due by 2021
Target = £3,086,891	Target = £1,813,673	£19,648,641

3. Monitoring Returns (April 2019 to June 2019)

3.1 The monitoring returns for the Expansion East Kent programme for the period April 2019 to June 2019 have resulted in 54% 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 who received funds	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
152	46* 40 bad debt 36 loans repaid	17 (37%)	8 (17%)	21 (46%)
Combined Loan Value				
£36,213,820	£9,085,386	£2,994,263	£493,498	£5,597,625

* Figures exclude companies not in the monitoring cycle, which are the companies that have repaid their loans, have completed their monitoring cycle, are bad debt or are reported on as part of an equity portfolio.

It is important to note there are three categories with the **RED** status – see table below, which represents data from the current quarter (April 2019 to June 2019):

Breakdown of Red Risk Status 46%	Category A Non-Payment of Debt	Category B Nil Return of Monitoring Form	Category C Significant shortfall on milestones / targets
No of Companies	1	3	17
Combined Loan Value	£180,000	£222,500	£5,012,625
Actions to be Taken	Companies in administration or no longer trading	Follow up email	Companies under review

The action taken on companies in **RED** Status is as follows:-

Category A =	1 company
Action taken:	Repayment is being sought through legal channels.
Category B =	3 companies - nil return of monitoring form
Action taken:	The companies have received follow up emails and site visits have been undertaken, scheduled or planned.
Category C =	<p>17 companies - significant delays in the following areas:-</p> <p>7 companies:</p> <ul style="list-style-type: none"> • Job creation significantly behind, loss of staff/poor retention, and/or no employment contracts to sufficiently evidence job creation. <p>9 companies:</p> <ul style="list-style-type: none"> • Issues with loan repayments being met. <p>1 company:</p> <ul style="list-style-type: none"> • Issues with loan repayments being met and job creation significantly behind.
Action taken:	All 17 companies are being closely monitored with regard to achievement of outputs, site visits have been arranged and/or scheduled or contract variation discussions are taking place

This shows the cumulative position of bad debt companies: -

Cumulative Bad Debts	No of companies	Percentage number of companies supported	Loan value	Loan recovered	Overall defrayed funds: £36,386,261
Previously Reported	38	24.8%	£7,435,546	£1,178,777 **	Total unrecovered bad debt £7,619,546
Bad debt companies where full recovery achieved	2	5.3%	£950,000	£950,000	
Current Quarter Bad Debt	1	0.65%	£184,000	£248,741 *	Represents % of overall committed funds: 20.9%
Total Bad Debt	41	26.7%	£7,619,546	£1,427,518 **	

* additional funds recovered in this period from previous investments

** Includes full recovered £950,000

*** Based on unrecovered bad debt

3.2 The contracted targets for creating and safeguarding jobs have been verified from the monitoring returns covering the period April 2019 to June 2019. 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	2,866	2,102	73% (Green)
Jobs Safeguarded (includes Indirect Jobs)	744	672	90% (Green)