

By: Joel Cook – Scrutiny Research Officer

To: Scrutiny Committee – 5th December 2014

Subject: Call-in of Decision 14/00133 – Approval of Equity Investment from TIGER Fund

Summary: This report outlines the background of the decision, the reasons why this item has been called in to the Scrutiny Committee and details the supporting documentation provided, noting the presence of exempt materials.

1. Background

- 1.1 The call in relates to the 19th November decision taken by Mark Dance, Cabinet Member for Economic Development, to approve equity investment of £1.17million from the TIGER fund in a private company.
- 1.2 The purpose of the TIGER fund is to assist businesses in creating higher value employment through innovative projects. More information on the purpose of the TIGER programme is included in the Executive Decision covering report.
- 1.2 The decision to approve the equity investment was taken in accordance with statutory requirements for a key decision because the sum to be invested exceeded £1,000,000.
- 1.3 The proposed decision was published in the 6 October edition of the FED.
- 1.3 The proposed decision of the Cabinet Member for Economic Development to approve the investment was published on 3rd November 2014. The period for comments and questions was extended from 12th November to 19th
- 1.4 Prior to Mr Dance's decision, the application for TIGER funding was reviewed by the North Kent Approval Panel which received presentations from the applicant and a report from an independent assessor. The North Kent Approval Panel is an advisory group that makes formal recommendations to the Cabinet Member as per the Governance arrangements agreed by the Department for Business, Innovation and Skills. Details of the Panel's recommendation may be found in the exempt appendices.
- 1.5 The Cabinet Member's decision to approve the investment was taken on the 19th November and set for implementation on the 27th of November but the call-in has now placed the implementation on hold pending consideration by the Scrutiny Committee.

2. Scrutiny Interest

- 2.1 The Call-in request was submitted on the 25th November and accepted on the 26th after due consideration by the Head of Democratic Services.
- 2.2 The Key issues raised by members in the call-in request were;
- The adequacy and accuracy of documentation originally provided
 - The restricted access to supplementary documents
 - The influence of the TIGER panel and its links with applicants
 - The degree to which KCC has commissioned external opinions from qualified consultants
 - The degree to which the queries raised by the consultants have been addressed
 - The apparent discrepancy between the treatment of this award and future equity based awards proposals for Expansion East Kent (EEK) provided to the Governance and Audit Committee
- 2.3 The call-in relates to the recent approval of an investment from the fund and commercially sensitive information relevant to the company in question, which is exempt from publication. The call-in also references the general governance arrangements of the TIGER Fund. Information which relates to these concerns can be published. Examples that do not impinge on the exempt information of the recent applicant are;
- the membership of the TIGER Panels in light of their role in recommending decisions to the Cabinet Member,
 - how the North Kent Approval Panel considers Independent assessor risk assessments.
 - how the TIGER governance structure appears in comparison to other Regional Growth Fund models.
- 2.4 Provided for the Committee's consideration are an Executive Decision Covering Report recommending the approval of the equity investment, the formal Record of Decision and a number of detailed exempt appendices (commercially sensitive). Further information may be provided in the form of supplementary reports when they become available.
- 2.5 The committee should consider wider principles relating to the TIGER Fund and Regional growth Fund governance in relation to 14/00133 if it is necessary to determine whether it is satisfied that the decision has been properly taken.
- 2.5 Mark Dance, the Cabinet Member for Economic Development, has been invited to attend the Scrutiny Committee, supported by David Smith (Director of Economic Development) and Jacqui Ward (Regional Growth Fund Programme Manager)

3. Recommendation

3.1 The Committee must decide whether to;

- Make no comment
- Express comments but not require reconsideration of the decision
- Require implementation of the decision to be postponed pending reconsideration of the matter by the decision maker in the light of the Committee's comments
- Require implementation of the decision to be postponed pending reconsideration of the matter by the full Council (only if the decision is found to be contrary to the Policy Framework or Budget)