

From: Barbara Cooper, Corporate Director for Growth, Environment and Transport

To: Mark Dance, Cabinet Member for Economic Development

Subject: **Regional Growth Fund – Transfer of Funds to Thurrock Council**

Key Decision: 19/00041

Summary: Kent County Council (KCC) administers the grant of loans to companies under the terms of the Regional Growth Fund (RGF) and receives the repayments of those loans. Under the “Tiger” RGF programme, companies in North Kent (Dartford, Gravesham and Swale districts), Medway and Thurrock were eligible to receive loans. The County Council is now proposing to transfer recovered Tiger loan repayments obtained from Thurrock companies to Thurrock Council (TC), which will then oversee the use of these funds to support local small and medium sized enterprises in its local authority area.

Recommendation: The Cabinet Member for Economic Development is asked to agree;

(a) that administration of and funding-decision authority for the monies previously recovered from companies based in Thurrock and handled via the Tiger Scheme, be transferred to Thurrock Council for management via their own new business loan scheme; and

(b) that authority be delegated to the Director of Economic Development to take appropriate actions, including but not limited to, entering into legal agreements as necessary to implement this decision.

The proposed record of decision is shown at Appendix A.

1. Background Information

1.1 The RGF funded Tiger Programme covered North Kent, Medway and Thurrock (Dartford, Gravesham, Medway, Swale and Thurrock local authority areas). The scheme was managed by the County Council and provided loans for companies with investment plans that would lead to job creation. All companies received 0% interest loans with repayment terms of between 5 and 7 years. Tiger was launched in March 2013 and was closed to applicants in March 2015. In total £14,490,000 was committed to 49 companies.

1.2 As part of this allocation, 4 Thurrock companies have received loans and equity investments worth a total of £1,241,700.

2. Update on Tiger Programme

2.1 Since the close of the Tiger programme, KCC has to date received £212,456 in loan repayments from Thurrock based loan recipients. One of the loans to Thurrock companies is designated as a bad debt, with the debt only partially

recovered. In addition, in the case of one Thurrock company, its loan repayments have been ring-fenced by the County Council pending on-going investigations.

Tiger Programme: Funding allocated in Thurrock					
	Funding per Local Authority £	Loan Repayments Recovered £	No of companies who have fully repaid loan	No of companies Bad Debts funds partially recovered	Loan Repayments Still to be Recovered £ (2)
Thurrock	1,121,700	212,456 (1)	2	1 (2)	100,290 (3)

(1) £139,710 loan repayments have been ring-fenced

(2) A further company has had their loan repayments ring-fenced by KCC

(3) £250,000 equity investment has yet to realise a positive return.

2.2 During the consultation and partnership engagement undertaken before KCC launched the new Kent and Medway Business Fund in January 2017, there was no demand expressed either by companies, or by KCC and Thurrock Council, to operate a joint KCC-managed loan fund operated outside the geographical boundaries of the Kent and Medway area. Through discussions with Thurrock Council, KCC officers established that the preferred and most practical option would be for the County Council to transfer the recovered loan repayments from Thurrock-based loan recipients to Thurrock Council to enable it to reinvest in local companies in its local authority area.

3. Proposal to transfer funds to Thurrock Council

3.1 KCC officers have sought agreement from the Department for Business, Energy and Industrial Strategy (BEIS), which oversees and monitors the former RGF programmes, to transfer to Thurrock Council the recovered loan funds. Subject to agreement by BEIS, KCC would then monitor Thurrock Council on its management of future expenditure and job outcomes in-line with our existing RGF rules and procedures.

3.2 Thurrock Council will distribute the recovered Tiger loan repayments via a new business loan scheme offering loans up to £20,000 to companies in the Thurrock area.

3.3 KCC will continue to have on-going responsibility for monitoring any future expenditure of the repatriated loan repayments by Thurrock Council. In addition, it would remain KCC's responsibility to recover the contracted loan repayments, as it does on an on-going basis with other existing loan recipients, and then transfer these funds bi-annually to Thurrock Council. Should these companies subsequently move into administration, the County Council would not be liable to Thurrock Council for any outstanding unrecovered loan repayments.

4. Financial Implications

4.1 Subject to agreement by BEIS, the County Council would transfer the value of loan repayments from Thurrock based recipients to Thurrock Council.

Responsibility for monitoring repayments and reporting to BEIS would remain with the County Council: this would incur minor staff costs.

5. Legal Implications

5.1 A legal agreement will need to be drawn up between the County Council and Thurrock Council to effect the transfer of funds. The County Council would retain responsibility to BEIS for monitoring repayments from Thurrock based businesses.

6. Equalities Implications

6.1 There are no equalities implications arising from the proposal to transfer funds to Thurrock Council.

7. Recommendation

Recommendation:

The Cabinet Member for Economic Development is asked to agree;

(a) that administration of and funding-decision authority for the monies previously recovered from companies based in Thurrock and handled via the Tiger Scheme, be transferred to Thurrock Council for management via their own new business loan scheme; and

(b) that authority be delegated to the Director of Economic Development to take appropriate actions, including but not limited to, entering into legal agreements as necessary to implement this decision.

The proposed record of decision is shown at Appendix A.

8. Contact details

Report Author: Martyn Riley
Programme Manager (Business Investment)
Tel: 03000 417161
martyn.riley@kent.gov.uk

Relevant Director: David Smith
Director of Economic Development
Tel: 03000 417176
david.smith2@kent.gov.uk