

**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).

<b>Expansion East Kent &amp; Small Business Boost Scheme</b>	<b>Funds Awarded £</b>	<b>Private Investment £</b>	<b>No of Companies</b>	<b>No of Jobs to be Created</b>	<b>Saved Posts</b>	<b>Total no of Jobs Created/ Safeguarded Posts</b>
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
<b>Total</b>	<b>£36,386,261</b>	<b>£56,652,517</b>	<b>153</b>	<b>2,879</b>	<b>741</b>	<b>3,620</b>

<b>Total Committed Funding</b>	<b>£36,386,261</b>	<b>£56,652,517</b>	<b>153</b>	<b>2,879</b>	<b>741</b>	<b>3,620</b>
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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. The table below provides details on the repayment profile. The total amount to be repaid is £19,648,641 by March 2021. Sixteen companies have been awarded equity investments.
- 2.2 There are two loan repayment periods per financial year i.e. March and September. The cumulative estimated amount to be repaid by March 2019 was £14,748,077. The actual amount receipted to date is £13,934,894, which represents an achievement of 94%. 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.

<b>2013/14 Target and Actual</b>	<b>2014/15 Target and Actual</b>	<b>2015/16 Target and Actual</b>
Target = £335,294 Actual = £335,294	Target = £820,663 Actual = £820,667	Target = £2,330,152 Actual = £2,330,152
<b>2016/17 Target and Actual</b>	<b>2017/18 Target and Actual</b>	<b>2018/19 Target and Actual</b>
Target = £4,045,939 Actual = £3,605,935	Target = £3,924,407 Actual = £3,849,344	Target = £3,626,917 Actual = £2,974,574
<b>TOTALS TO DATE</b> Target = £14,748,077 Actual = £13,934,894 94%		
<b>2019/20 Target</b>	<b>2020/21 Target</b>	<b>Total Repayment due by 2021</b>
Target = £3,086,891	Target = £1,813,673	<b>£19,648,641</b>

## 3. Monitoring Returns (January 2019 to March 2019)

- 3.1 The monitoring returns for the Expansion East Kent programme for the period January 2019 to March 2019 have resulted in 50% 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:-

<b>No of companies who received funds</b>	<b>No of companies reporting on</b>	<b>No of companies in Green Risk Status</b>	<b>No of Companies in Amber Risk Status</b>	<b>No of Companies in Red Risk Status</b>
152	42* 38 bad debt 29 loans repaid 43 monitoring cycle complete	10 (24%)	11 (26%)	21 (50%)
<b>Combined Loan Value</b>				
£36,213,820	£8,485,391	£1,424,625	£975,266	£6,061,500

\* 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 (January 2019 to March 2019):

<b>Breakdown of Red Risk Status</b> <b>59%</b>	<b>Category A</b> <b>Non-Payment of Debt</b>	<b>Category B</b> <b>Nil Return of Monitoring Form</b>	<b>Category C</b> <b>Significant shortfall on milestones / targets</b>
No of Companies	8	2	19
Combined Loan Value	£4,027,000	£82,500	£5,979,000
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:-

<b>Category A =</b>	8 companies
Action taken:	Repayment is being sought through legal channels.
<b>Category B =</b>	2 companies - nil return of monitoring form
Action taken:	The companies have received follow up emails and site visits have been undertaken, scheduled or planned.
<b>Category C =</b>	<p>19 companies - significant delays in the following areas:-</p> <p>8 companies:</p> <ul style="list-style-type: none"> <li>Job creation significantly behind, loss of staff/poor retention, and/or no employment contracts to sufficiently evidence job creation.</li> </ul> <p>8 companies:</p> <ul style="list-style-type: none"> <li>Issues with loan repayments being met.</li> </ul> <p>1 company:</p> <ul style="list-style-type: none"> <li>Issues with loan repayments being met and job creation significantly behind.</li> </ul> <p>2 companies:</p> <ul style="list-style-type: none"> <li>Delays in project delivery, contract variation could be required.</li> </ul>
Action taken:	Discussions and/or site visits have been undertaken and/or are scheduled to ascertain any business issues. Where necessary contract variations have been undertaken or will be.

This shows the cumulative position of bad debt companies: -

<b>Cumulative Bad Debts</b>	<b>No of companies</b>	<b>Percentage number of companies supported</b>	<b>Loan value</b>	<b>Loan recovered</b>	<b>Overall defrayed funds: £36,386,261</b>
Previously Reported	28	18.4%	£3,408,546	£1,178,777	Total unrecovered bad debt £7,024,805
Current Quarter Bad Debt	8	5.3%	£4,027,000	£181,964	
Bad debt companies where full recovery achieved	2	1.3%	£950,000	£950,000	Represents % of overall committed funds: 19.3%*
<b>Total Bad Debt</b>	38	24.8%	£7,435,546	£410,741	

\* 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 January 2019 to March 2019. The evidence gathered includes employment contracts and payroll reports. The full details of jobs created and safeguarded are below:-

<b>Job Status</b>	<b>Target to Date</b>	<b>Actuals to Date</b>	<b>Percentage against Target</b>
<b>Jobs Created</b>	2,878	2,066	72% (Green)
<b>Jobs Safeguarded (includes Indirect Jobs)</b>	744	673	90% (Green)