

**TONBRIDGE & MALLING BOROUGH COUNCIL**  
**ECONOMIC REGENERATION ADVISORY BOARD**

**3 June 2014**

**Report of the Chief Executive**

**Part 1- Public**

**Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)**

**1 ESCALATE BUSINESS LOAN FUND – UPDATE**

**To provide an update on the Escalate loan fund scheme and the current level of take up.**

**1.1 Background**

1.1.1 Members will be aware that the Escalate Loan Fund was formally launched in December 2013 and the scheme is now open to applications. The fund provides 0% interest loans to local businesses with growth potential. The scheme covers the districts of Tonbridge and Malling, Sevenoaks, Tunbridge Wells and Maidstone in Kent, and Wealden, Rother and Hastings in East Sussex.

**1.2 Scheme Approval**

1.2.1 Originally, the application to Government for an Escalate Loan Fund covering West Kent/East Sussex was submitted as a stand-alone scheme that was intended to sit alongside the TIGER programme for North Kent and the Expansion East Kent scheme covering the east of the County. However, following further negotiations with Government at the application stage, it has now been agreed that the Escalate scheme will be funded as part of the TIGER scheme for north Kent with a combined fund totalling £20M. Each scheme will retain its own separate identity, application criteria and local approval board. In addition, the original total fund available to Escalate will remain as £5.5M.

1.2.2 The benefit of adopting a combined funding pot, however, means that there is greater flexibility over the loan funding available. Higher levels of demand for support from West Kent businesses can now be accommodated if there are underspends in north Kent. In addition, there will be a full, national review of funding for RGF schemes undertaken in September and there is scope via this process for additional loan funding to be secured if local demand can be demonstrated; this will be met from underspends in schemes elsewhere in the country. On this basis, if the Escalate programme performs above expectations

(as is likely), there is a very good chance that the current allocation of £5.5M will be augmented.

### **1.3 Progress to date**

- 1.3.1 Following the launch in December 2013, considerable publicity about the scheme has been generated to ensure local businesses are fully aware of the loan opportunities now available. For example, a flier about the Escalate scheme was included with the Council's business rates bills and this has generated a significant number of enquiries. Information about the scheme has also been made available on the Council's website. Where appropriate, businesses expressing an initial interest in the loan scheme have been signposted to agencies including High Growth Kent and the Kent Invicta Chamber of Commerce to enable them to obtain further, free advice and support to progress a formal application.
- 1.3.2 Since the launch, there has been very strong interest from local businesses with a number of full applications now submitted and a considerable 'pipeline' of additional applications being generated.
- 1.3.3 The Escalate Approval Board has now met three times (meetings are hosted by the Borough Council). The Board, chaired by Cllr Mark Dance of Kent County Council, is made up of both public and private sector representatives and Tonbridge and Malling is represented on the Board by Mr Steven Hale, Managing Director of Crofton Design, based in Hadlow. Applicants are invited to attend the Board meeting and make a presentation setting out further details of their loan application. Normally, the Board will then discuss the application in private and make a decision at the end of each meeting. On occasion, a decision is deferred pending the receipt of further information.
- 1.3.4 The first three meetings of the Board have resulted in approvals being granted in respect of 7 applications, 3 of which were from businesses located in Tonbridge and Malling and one from a further business shortly to relocate to the Borough. As the application process is confidential, the names of those businesses cannot be made public. The total value of those successful applications was approximately £675,000 with an estimated 31 new jobs being generated.

### **1.4 The Project Pipeline**

- 1.4.1 In addition to the above approvals, there are now a further 47 local businesses who are progressing to the full application stage. 7 of these are located in the Borough. Whilst all of these have yet to be formally approved, they have the potential to draw down a total of just over £2M in loan funding and generating 167 new jobs. A further Approval Board meeting will be held in late May and I will therefore update the Advisory Board on any changes to the above.
- 1.4.2 11 further businesses are at the active 'Expression of Interest' stage. Should these progress to successful full applications, a further £1.47M of loan funding will

be required generating 107 new jobs. A number of pre-applications are currently on hold pending the receipt of further information. These could collectively generate loan funding bids totalling £1.2M.

1.4.3 In total, therefore, there is already funding commitments and potential spend for the Escalate programme totalling well in excess of £7M. This confirms initial expectations that the demand for business loan funding from the West Kent/East Sussex area was likely to be high, given the number of successful, growing businesses in the locality. Both the volume of bids being generated and the speed at which these have come forward point to on-going demand for such financial support.

1.4.4 These early results suggest that a strong case could be made to increase funding to the Escalate programme when the Autumn review is undertaken. A further report on outcome of this review will be made to a future meeting of the Advisory Board.

## 1.5 Legal Implications

1.5.1 Assessed as part of the approval process.

## 1.6 Financial and Value for Money Considerations

1.6.1 As above

## 1.7 Risk Assessment

1.7.1 n/a

## 1.8 Equalities Impact Assessment

1.8.1 See 'Screening for equality impacts' table at end of report

## 1.9 Recommendations

1.9.1 That the strong initial demand for business Loan funding via the Escalate programme **BE NOTED**;

1.9.2 That work **BE UNDERTAKEN** with local partners to make a case for additional loan funding to be made available to the Escalate programme at the Autumn review.

The Chief Executive confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

Background papers:

contact: Mark Raymond

Nil

Julie Beilby

Chief Executive

<b>Screening for equality impacts:</b>		
<b>Question</b>	<b>Answer</b>	<b>Explanation of impacts</b>
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	The approval process does not seek to discriminate against any particular groups etc.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	n/a	
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		

*In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.*