

Cabinet

Held at:	Council Chamber - Civic Centre Folkestone
Date	Wednesday, 14 June 2023
Present	Councillors Mike Blakemore, Polly Blakemore, Gary Fuller, Jim Martin (Chairman), Tim Prater (Vice-Chair), Stephen Scoffham, Rebecca Shoob and Jeremy Speakman
Apologies for Absence	Councillors Rich Holgate
Officers Present:	Ewan Green (Director of Place), Katharine Harvey (Economic Development Advisor), Amandeep Khroud (Assistant Director), Susan Priest (Chief Executive), Jemma West (Democratic Services Senior Specialist) and Kate Wilson (Programme Manager - Folkestone Community Works CLLD Programme)
Others Present:	Councillor McConville.

NOTE: All decisions are subject to call-in arrangements. The deadline for call-in is Friday 23 June at 5pm. Decisions not called in may be implemented on Monday 26 June 2023.

1. **Declarations of Interest**

There were no declarations of interest at the meeting.

2. **Minutes**

The minutes of the meeting held on 20 April 2023 were submitted, approved and signed by the Leader.

3. **Folkestone Community Works programme**

The report set out the performance, achievements and closure arrangements for the Folkestone Community Works Community-Led Local Development (CLLD) programme which will end 30 June 2023. The council has been the accountable body for this European-funded programme since 2017.

A member raised concerns that funding had been given to a dormant company. He advised on the response from officers, which is set out below:

Purpose of the SME Business Grant

In November 2020 an application for an SME business grant was received from the applicant during his receipt of 12 hours business support provided through Social Enterprise Kent's Enterprising Opportunities project which was also supported through the FCW CLLD programme.

The company sought a capital equipment grant to purchase a 'live demonstration' cooking unit that would enable the company and small/micro hospitality/catering clients to deliver professional food demonstrations, educational content and cookery classes. Other uses indicated that this would act as a central point of focus for pop-up restaurants, be a live kitchen for focus groups involved in recipe and concept creation and be a centrepiece for video and photography shoots suitable for digital content. This was to be a fully portable kitchen unit that could be transported easily and safely for corporate events.

Due diligence on Application

An assessment of the application was completed by the PMT assessor on 12 January 2021 and the recommendation was to approve the grant subject to satisfactory checks, which included, amongst other things, clarifying the relationship between the company and its holding company. There was concern that there might be a breach of the linked company rules for ERDF funding.

Subsequently the application was discussed at the Local Action Group (LAG) meeting on 20 January 2021 and it was agreed that for the LAG to make a recommendation for approval, the relationship between the company and holding company needed to be clarified and whether a dormant company with no trading activity (although with an Active status) was eligible for ERDF funding. Consequently, the LAG gave approval subject to the assessor's recommendations being met and these points being clarified.

In a subsequent conversation and email exchange with the ERDF contract manager in the Managing Authority, the Programme Manager raised questions about whether the relationship between the companies breached linked company rules, particularly because information on both was limited due to appearing dormant in relation to filing accounts, but nevertheless had 'Active' status. An email received from the ERDF contract manager indicated that after liaising with the Greater South East Growth Delivery Team's Compliance Team, their view was that there was no issue with eligibility.

Subsequently the company requested additional funding due to a cost increase to £8,850 for the equipment arising from a fall in the Pound: Euro exchange rate. This increase was approved by the LAG through email exchanges.

The Local Decision Panel considered the LAG's recommendation to approve the application at the meeting on 19th October 2021. The programme manager reported that the due diligence undertaken by the finance team suggested a moderate financial risk because trading appeared to be dormant. However, the

applicant had demonstrated the availability of the match funding required and the query over the eligibility of a company that appeared to be dormant had been clarified with the managing authority who agreed it was eligible for a grant. The application was unanimously supported.

Confidence of using the grant for the purpose

The only grant funding payable through the SME business grant scheme is for expenditure already incurred and evidenced by the applicant.

A claim for the grant funding was received from the company in April 2022 and checks of the evidence were made, including reviewing quotes to demonstrate value for money (in line with council & ESIF procurement requirements), invoices for the goods from the supplier and defrayal evidence to the supplier showing that payments have been made from the grantee's business account. On approval of the claim the applicant was paid a grant of £8,790.81 on 30 May 2022.

Feedback since grant was issued

The applicant registered the details of the capital equipment items acquired with the grant in the asset register, as required as part of the claims process, and this was completed satisfactorily. The project has since faced several difficulties in setting up the equipment as a live demonstration cooking unit due to problems associated with the COVID pandemic at that time, and then subsequently due to energy supply issues on site. Personal problems faced by the applicant since has meant that the aspirations for the equipment are yet to materialise, but there is no reason to doubt that this will still happen.

Proposed by Councillor J Martin,
Seconded by Councillor Prater; and

RESOLVED:

1. That report C/23/01 be received and noted.
2. That the expected final financial and performance position of the Folkestone Community Works Community-Led Local Development (CLLD) Programme and the arrangements for the closure of the programme be noted.

(Voting figures: 8 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

Folkestone & Hythe District Council is the accountable body for the Folkestone Community Works CLLD programme and the report provided Members with an oversight of the project outcomes.