

This Report will be made public on 13 July 2021

Report Number **C/21/23**

**To:** Cabinet  
**Date:** 21<sup>st</sup> July 2021  
**Status:** Non-Key Decision  
**Head of Service:** Katharine Harvey, Chief Economic Development Officer  
**Cabinet Member:** Councillor Wimble – Cabinet Member for District Economy

**SUBJECT: ROMNEY MARSH BUSINESS HUB GRANT SCHEME**

**SUMMARY:** This report seeks agreement for Folkestone & Hythe District Council to make use of unallocated reserves from the Marsh Million Fund towards the development of a business grant scheme. This proposal will support the take-up of space within the Romney Marsh Business Hub and is to be launched in September 2021.

**REASONS FOR RECOMMENDATIONS:**

The completion of Romney Marsh Business Hub (RMBH) at Mountfield Road is due for completion in December 2021 and progress is going well. This will meet the needs of local businesses to help diversify the local economy and create new employment in New Romney. It is proposed that a business grant scheme is implemented to attract businesses to take-up space within the hub and also, potentially later with the stage 2 development of the site in due course.

**RECOMMENDATIONS:**

1. To receive and note report C/21/23.
2. To seek approval to use unallocated reserves from the Marsh Million Fund to implement a business grant scheme to encourage take-up of space within the RMBH and also potentially for the take-up of the stage 2 development.
3. To delegate decisions on applications for the RMBH grant scheme to a subgroup of the Romney Marsh Partnership Board which is chaired by the Folkestone & Hythe District Council Lead Cabinet Member for the Local Economy.

## **1. BACKGROUND**

- 1.1 Mountfield Road is located in close proximity to Dungeness where Magnox is de-commissioning Dungeness A and EDF has recently announced commencement of the defueling of Dungeness B nuclear power station. Over the long term this will potentially result in the eventual combined loss of many jobs from the nuclear sector.
- 1.2 The developing out of the remaining employment land allocated at Mountfield Road Industrial Estate was identified as a key priority in the Romney Marsh Economic Strategy 2014-20 to support the diversification of the local economy from its current reliance on the nuclear sector.
- 1.3 The development of Mountfield Road has been phased into two stages:
  - Stage 1 - Development of Romney Marsh Business Hub
  - Stage 2 - Infrastructure and road development to unlock remaining 10.7 acres of employment land
- 1.4 In September 2019 (C/19/22) Cabinet approved funding for the development of the RMBH through a joint venture with the East Kent Spatial Development Company (EKSDC). This business grant scheme is an extension of this decision which was to provide support to local businesses to grow and to attract new inward investment into the area.
- 1.5 The stage 1 development of the Romney Marsh Business Hub (RMBH) is making very good progress with completion due in December 2021. The stage 2 development of the new roadway and associated infrastructure is also underway and due for completion in January 2022. A strategy to dispose or develop the land unlocked through this new infrastructure is currently being developed.
- 1.6 It is proposed to introduce a new business grant scheme to support the take-up of the RMBH, which will comprise 12 permanent offices, and if funds remain, to make grants also available to support the take-up of space that comes forward through the stage 2 development of the Mountfield Road site.
- 1.7 The grant scheme will be launched on 1<sup>st</sup> September 2021 to coincide with the marketing of the RMBH and grant applications can be submitted at any time until the closure of the grant scheme. The scheme will run until 31<sup>st</sup> August 2022.

## **2. FUNDING FOR THE RMBH GRANT SCHEME**

- 2.1 The proposed business grant scheme will be funded from funds remaining from the Marsh Million Fund, which was a 1 million three-year economic growth fund established in 2014 with contributions from the Magnox socio-economic fund (£500k); KCC (£400k), Ashford BC (£50k) and FHDC (£50k). The majority of the Marsh Millions Fund provided 0% business loans to local businesses with some grants also made for initiatives across the Marsh.

- 2.2 Last year Kent County Council (KCC) indicated an intention to cease administering the Marsh Million Fund on behalf of partners and a desire to return the uncommitted and recovered loan funds to the original co-funders of the scheme (Magnox/NDA, KCC, Ashford Borough Council and Folkestone & Hythe District Council) on a pro-rata basis.
- 2.3 Currently there is a total of £213,656 available from unallocated funds and repaid loans, with a further £238,420 expected to be recouped from repaid loans in due course.
- 2.4 After discussion with partners, including the RMP Board, Magnox and KCC, it has been agreed that FHDC should receive both its share and Magnox's share of the remaining funds from KCC to use these to help ensure the success of Romney Marsh Business Hub. This amounts to 55% of the remaining funds (£117,510) and up to a further £131,131 once remaining outstanding loans are repaid.
- 2.5 It is proposed that the grant scheme, which is supported by Magnox, the Romney Marsh Partnership and EKSDC, will make funding available to businesses taking up space at the new Romney Marsh Business Hub and, if any funding remains, be used to support take-up the stage 2 Mountfield Road offer in the future.
- 2.6 It is estimated the RMBH will create some 220 jobs over a ten year period, through growth of businesses and turnover of tenancies that allows other growing enterprises to occupy the workspace. In addition, the stage 2 development is expected to unlock employment space for a further 480 jobs over the next 10-year period.

### **3. ROMNEY MARSH BUSINESS HUB GRANT SCHEME**

- 3.1 It is proposed that grants of £5,000-£10,000 are made available in this scheme for the following purposes including:
- 1) Meeting fit - out costs for a bespoke design tailored to business needs;
  - 2) Acquiring new furniture, office accessories and ICT equipment; and
  - 3) Off-setting up to a maximum of 3 months' rent and/or business rates (if payable) for a maximum of 12 months.
- 3.2 In general the grant will only be made available for purposes 1) and 2) above, but a business could be eligible for 3) in exceptional circumstances.
- 3.3 Where the grant is used to acquire moveable assets for the business, then the Grant Funding Agreement will stipulate the need to return these if the business vacates the premises within a specified timeframe. This will adhere to the requirement of Magnox to retain any assets funded through the programme for the area, as far as possible.
- 3.4 It is proposed that the grant scheme is available to any business signing a lease; this could be for a fixed term period or be for flexible terms with a two week notice period. However, where a tenant vacates the premises within 1 year, they may be required to pay back a proportion of the grant or

forfeit assets acquired with the grant, on a proportionate basis, depending on the circumstances.

- 3.5 The marketing of the RMBH is planned to commence in September 2021. Therefore it is anticipated that the launch of the grant scheme will be introduced at the same time, ahead of the expected completion of RMBH in December 2021.
- 3.6 The grant scheme will be advertised on the Folkestone & Hythe and Folkestone.works websites and an electronic application form will be made available for applications.
- 3.7 The grant scheme will be administered by the Economic Development Team who will be responsible for assessing applications against agreed criteria, including:
- size of grant requested;
  - proposed purpose of the grant;
  - number of jobs to be located in RMBH;
  - type of business; and
  - length of proposed lease.
- 3.8 It is recommended that grant application decisions are delegated to a subgroup of the Romney Marsh Partnership Board and chaired by the Folkestone & Hythe Lead Cabinet Member for the Local Economy. This subgroup will also include a representative from Magnox, which has provided a major financial contribution towards the scheme.
- 3.9 The timing of a decision on any application would be taken in principle ahead of signing of a lease agreement, and only be formally confirmed once a lease is in place. A Grant Funding Agreement with FHDC would specify the conditions of the award, including any potential forfeiture of the goods on departure from the premises.

#### 4. RISK MANAGEMENT ISSUES

- 4.1 There is risk management involved in this project.

Perceived risk	Seriousness	Likelihood	Preventative action
Lack of business interest	High	Low	Good communication and advertisement to ensure this opportunity is well promoted to relevant recipients.
Business vacating after grant is agreed and awarded	High	Medium	GFA stipulating the conditions of the funding, including potential forfeiture of funded assets if business vacates

			building within a specified timeframe.
Grant funding awarded to cover business rent or rates and business leaves after short term period	Medium	Low	Grant funding only awarded towards rent or rates costs on an exceptional basis and with due consideration given to this potential risk

## 5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

### 5.1 Legal Officer's Comments (NM)

There are no legal implications arising directly from this report.

### 5.2 Finance Officer's Comments (DH)

This is external funding and not from any FHDC reserves therefore no financial implications for the Council. KCC are currently administering the Marsh Million Fund and they intend to return the unallocated funds to the original scheme participants. Expected funds for FHDC as per point 2.4 are £248,641.00.

### 5.3 Climate Change Implications (AT) *[Pilot reporting period]*

No direct implications arising from this report. The report proposes the allocation of external funding to firms for the fit-out and equipping of premises at the Romney Marsh Business Hub, currently under construction. The firms awarded the grant funding and the stipulations of the grant will be a decision for the proposed sub-group of the Romney Marsh Partnership Board.

## 6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

Katharine Harvey (Chief Economic Development Specialist)

Jade Smyth (Economic Development Specialist)