

Bolsover District Council

Executive

30th March 2015

Pilot Bolsover Business Growth Fund

Report of Cllr Alan Tomlinson Portfolio Member for Regeneration

This report is public

Purpose of the Report

- To propose the establishment of the Bolsover Business Growth Fund, a grant scheme of £200,000 to be piloted over 24 months for areas ineligible for BNED LEADER funding, to be funded from the Transformation Reserves budget.

1 Report Details

- 1.1 Members will recall the joint Growth Strategy for Bolsover and North East Derbyshire District Council's was formally adopted in 2014. The strategy identifies three key priorities which will contribute to the districts growth:
- Supporting Enterprise: maintaining and growing the business base
 - Enabling Housing Growth: increasing the supply, quality and range of housing to meet the needs of the growing population and support economic growth
 - Unlocking Development Potential: unlocking the capacity of major employment sites
- 1.2 The strategy makes a clear case for supporting local economic growth and identifies examples how this can be achieved includes retention of National Non-Domestic Rates (NNDR) through modest investment.
- 1.3 Businesses have been eligible for the various funding streams operated by both Local Enterprise Partnerships (LEPs) SCR and D2N2 including:
- Regional Growth Fund (RGF) grants.
 - Unlocking Business Potential offering grants between £25,000 to £2,000,000 with a 20% intervention rate for the purposes of job creation
 - Global Derbyshire Small Business Support grants offering between £4,000 to £75,000 with a 30% intervention rate to enable projects
 - Unlocking Investment Growth offering £50,000 and £500,000 with a 25% intervention rate for key sectors of Medical/Bio-Science, transport equipment and low carbon
- 1.4 Although more funding will be made available through both LEPs (through their Growth Deal and European Infrastructure funds allocations) it is not yet known in what form this will take and when businesses will be able to access it.

- 1.5 In addition, both LEPs intermittently offer larger grants through the main RGF funding programme, although there is no bidding round currently planned. This funding has a minimum grant to businesses of £1million, with job creation again a key output.
- 1.6 Further to the LEP funding becoming available, DEFRA announced on 27th February 2015 that the BNED LEADER Approach has been allocated €1.713m for the 2014-2020 programme, which equates to £1.25m using the exchange rate at the time of writing. Of the total allocation, around £1m will be available for grants to local businesses (the NEDDC will utilise the remaining funding to administrate the scheme).

The larger towns of Shirebrook, South Normanton and Bolsover (with the exception of smaller localised areas) have not been included within the LEADER area boundary as these settlements are classified as urban built-up. To support the assessment of eligibility DEFRA have produced a tool to assess eligibility area therefore each application will be assessed to determine LEADER eligibility.

- 1.7 The Council is aware that approximately 80% of businesses in Bolsover are micro businesses i.e. they employ less than 10 people. Anecdotal feedback on LEP loans and grants is that for the vast majority of businesses the threshold is too high for the size of the business.
- 1.8 Consideration has been given by the Economic Development Team (EDT) and the Chief Executive's and Partnership Team (CEPT) how best to deliver the Growth Strategy action plan in areas not eligible for BNED LEADER funding, to ensure full coverage. Both teams have significant experience in the engagement and support to local businesses, including funding scheme management, and are best placed to develop and deliver the proposed Bolsover Business Growth Fund.
- 1.9 It is felt a Bolsover Business Growth Fund should be piloted for two years in order to assess local demand and the impact such a scheme could make. £200,000 over two years should provide sufficient funding from which to be able to effectively evaluate this impact. The focus of the grant would be businesses in which the Council were confident would achieve growth. Businesses which request funding to address decreases in trade would not be eligible as it is unlikely that the modest investment from funding would enable a long term change to their decline; such businesses would be signposted to business support services to look at how they operate.
- 1.10 The BNED LEADER approach will provide an application and approval process which can be implemented for a local scheme. It is recommended that the pilot Bolsover Business Growth Fund commences in tandem with BNED LEADER to maximise the impact of publicity and have time to train staff and integrate the new grant operating systems. DEFRA is currently considering whether to develop a simplified application form for small grants and this may be a more appropriate system to adopt than the full form. Although more operational detail will be known upon receipt of the LEADER Operations Handbook, key issues relating to the proposed delivery process are identified in Appendix 1 and 2. As this is yet to be finalised it is recommended the decision on the operation and staff resource requirements are delegated to the CEO and Leader of the council.

- 1.11 The Council would not be tied to the LEADER priorities and could either remain generalist as suggested (enabling any business to apply) or set their own priority themes) whilst retaining the right to refocus the priorities should it so wish. Focusing on Job Creation and Growth and monitoring various measures of success such as new jobs, turnover and NNDR would ensure that Growth Strategy priorities would be addressed and the impact of the Fund maximised.
- 1.12 It is felt appropriate to pilot the grant scheme for support up to £10,000 per business, with a minimum of £1000. The minimum threshold is based upon consideration of the level of resources which could be reasonably expected to be spent on administering the grant (in terms of the application, approval, payment and monitoring processes). Match funding will be expected from the businesses, to show their own commitment to the project.
- 1.13 The ongoing monitoring with the business will be collated and reviewed as part of an end-of-pilot evaluation to allow the Council to reflect on its experiences from operating the Fund. At that point the Council can consider a range of options which will likely include whether to end the Fund, continue to operate the Fund in restricted areas, roll it out to other communities, amend the operating process and increase the available funding.

2 Conclusions and Reasons for Recommendation

- 2.1 Operating the proposed Bolsover Business Growth Fund in non-BNED LEADER areas would show the Council's commitment to economic growth and enable full geographical coverage of small grants to businesses across the District.
- 2.2 The experience of increases in NNDR through the 2007-2013 BNED LEADER approach Business Rates shows the long-term benefits of providing grants to private sector recipients to develop their businesses, with the Council able to maintain its service delivery with the additional revenues.

3 Consultation and Equality Impact

- 3.1 The EDT regularly engages with businesses across the District to identify their needs, aspirations and any barriers to their growth. CEPT has similar experience in its role through delivering work related programmes, business briefings and strategy development and delivery.
- 3.2 A grant fund providing support to businesses in areas ineligible for BNED LEADER funding would ensure equitable access to grant support across the District.
- 3.3 Before officially launching the Fund, an Equalities Impact Assessment will be undertaken to ensure that the promotion of the Fund is as open and accessible as possible.

4 Alternative Options and Reasons for Rejection

- 4.1 Running the Bolsover Business Growth Fund as a pilot in non-LEADER areas reduces the risk to the Council in terms of long-term commitment whilst the impact can be assessed and reduces the need for significant cash commitment which would be required if the Fund covered all of the District.

- 4.2 Discussions were held with Newark & Sherwood District Council (N&SDC) who operate a business loan scheme. The main advantage of a loan fund is that it is replenished through repayment. However, it was felt that the costs were too high in terms of buying into N&SDC's scheme whilst establishing a BDC loan scheme was not appropriate. It would take too much time to establish a process which mitigated the legal risks to the Council and be too expensive in terms of buying in external expert advice on risk finance and management.
- 4.3 Although grants are not recyclable, they are significantly less costly to administer than a loan fund. The advantage of a grants scheme is that the BNED LEADER processes can be utilised, reducing the resource burden of establishing a new system, and the two schemes can be publicised across the district in tandem.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 It is proposed that £200,000 from the Transformational Reserve Budget is utilised over 24 months in order to operate the pilot. Funding will only be granted to businesses following a robust appraisal process with legal contracts outlining the expectations upon the funding.
- 5.1.2 The appraisal and approval process would ascertain on a case by case basis, based upon a risk analysis, whether to pay the grant in arrears or in advance of activity to ensure that the business can cashflow their project (as it could be questioned whether businesses who could do this actually required a grant). The monitoring process would ensure that the expenditure had been made on eligible and expected activities.
- 5.1.3 The Fund will primarily be publicised electronically and through face to face contact with Council staff. Where printed materials or events are required such costs will be kept to a minimum and paid for from the overall budget.

5.2 Legal Implications including Data Protection

- 5.2.1 Contracts will be established between the Council and successful applicants prior to funding being paid, to mitigate risk.

5.3 Human Resources Implications

- 5.3.1 Consideration will need to be given to the additional workload created in administering the fund for both the CEPT and EDT. It may be necessary to utilise some of the funding to pay for additional staff resource, but consideration will first be given to whether it can be effectively managed in house.
- 5.3.2 The CEPT will be responsible for administering the applications, contracting with successful applicants, assessing and processing claims, making payments and updating websites and producing press releases.

5.3.3 Collectively the Teams will undertake project appraisals, with colleagues from other departments (primarily within the Growth Directorate) encouraged to support the appraisal process and promotion.

6 **Recommendations**

6.1.1 That Executive approve the establishment of a pilot Bolsover Business Growth Fund, a grant scheme of £200,000 to be piloted over 24 months for areas ineligible for BNED LEADER funding, to be launched in conjunction with the BNED LEADER Approach

6.1.2 That Executive receives regular progress updates regarding the Pilot Fund and a project evaluation towards the end of the scheme.

6.2 Delegated authority is given to the CEO and Leader of the Council to agree the operational process of the scheme in conjunction with CEPT and EDT.

7 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
District Wards Affected	Non-BNED LEADER Approach areas
Links to Corporate Plan priorities or Policy Framework	Sustainable Community Strategy Growth Strategy Economic Development and Housing Strategy

8 **Document Information**

Appendix No	Title
1	Proposed Bolsover Business Growth Fund Operating Process
2	Skeleton Outline Process for Suggested Programme Delivery
Background Papers	
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