

Bolsover District Council

Executive

18th February 2019

Bolsover Business Growth Fund

Report of the Portfolio Holder for Partnerships and Transformation

This report is public

Purpose of the Report

- To provide an update on the current position with the Bolsover Business Growth Fund scheme and report on outcomes achieved to date
- To provide the local context and make recommendations for allocating additional resources to the scheme to extend it for a further two years.

Report Details

Background

- 1.1 In March 2015 Bolsover District Council Executive took the decision to establish a Bolsover Business Growth Fund (BGF) and allocated £200,000 from Transformational Reserves to pilot a scheme over 24 months for areas ineligible for BNED LEADER funding.
- 1.2 The BGF was officially launched in 2016 and initially targeted businesses in areas that were not eligible for LEADER funding, i.e. Shirebrook, South Normanton and Bolsover. However, following Executive approval in September 2017, eligibility for the fund was widened to include businesses from across the whole of the district.
- 1.3 BGF provides grants of between £1,000 and £10,000 and funds up to 90% of the total project cost. Funding can be used for a variety of projects including:
 - Extending and improving premises
 - Apprentice costs directly related to business development/diversification
 - Marketing and website developments to boost trade.
 - Business Growth expenditure (equipment, machinery)
 - Business start-up costs
- 1.4 Grants are awarded to businesses based upon their ability to achieve economic growth in terms of job creation and/or increases in turnover, and their overall contribution to the priorities of the Council.
- 1.5 Bolsover's Economic Development Team (EDT) work closely with the Partnership Team to ensure good governance of the BGF. The process involves

businesses having dialogue with a member of the EDT to ensure eligibility from the outset. The level of support from EDT has increased over the past 12 months and this has proved effective in increasing the quality of applications coming forward. A detailed appraisal of grant applications is then undertaken by a member of the Partnership Team with recommendations going to an approval panel consisting of the Chair of the Bolsover Skills and Employment Partnership, the Acting Joint Head of Service Economic Development and the Chief Executive's and Partnership Manager.

Drivers for the Creation of Business Growth Fund

- 1.6 The rationale and drivers for the BGF scheme which shaped delivery of the programme included:
- Alignment with the Council's Growth Strategy as part of the business support offer and business start-up acceleration
 - Economic Development and Housing Strategy priority to maintain and grow the district's business base
 - Sheffield City Region's Plan for growth through the creation of private sector jobs, increasing GVA and creating new businesses
 - D2N2 LEP's strategy to support private sector growth in the Construction, Food & Drink, Tourism and Creative Industries sectors
 - Contributing to the GVA increase forecast of 2.7% and employment growth forecast of 0.6% in Bolsover; both highest in the county and East Midlands
 - Contributing to the sectors which already make up 81% of the district's Gross Value Added (GVA) i.e. Manufacturing, Wholesale & Retail Trade, Repair of motor vehicles & motor cycles, Professional Scientific/ technical activities, Construction, Transport/ Storage.
 - A need for grant funding with lower match funding thresholds and smaller minimum grant levels to be more accessible to small medium enterprises (SMEs) within the district

Current Position

- 1.7 To date 24 businesses have been supported to generate 36 additional jobs (70% of target already achieved), and contribute to GVA growth by generating £3.5m increased turnover. The current cost per job achieved to date equates to £8,561, and this will reduce further as more jobs are created bearing in mind that some applications have only recently been approved and have therefore not achieved their job outcomes targets yet. These unit costs per job outcomes are significantly lower than the European funded LEADER programme benchmark of £25,000 per job created, thus demonstrating good value for money.
- 1.8 Appendix 1 provides details of the businesses that have been supported through the BGF scheme, what the funding has been used for and job outcomes to date.
- 1.9 The table below highlights the growth sectors identified by both D2N2 and Sheffield City Region LEPS and the business sectors which have been supported by the BGF; this demonstrates the wider strategic impact to overall growth that the scheme is having.

LEP Priority Sectors (Sheffield City Region and D2N2)	Manufacture	5
	Wholesale & Retail Trade	2
	Repair of motor vehicles & motor cycles	
	Professional Scientific & Technical Activities	3
	Construction	2
	Transport/ Storage	
	Food & Drink	4
	Tourism	1
	Creative Industries	7
Total		24

Social Return on Investment

1.10 The estimated return on investment of job outcomes to date is £270,917 (DCLG Tyler et al (2009) show average earnings for JSA claimants moving into work is £11,779). Based on grant paid out to date of £124,466, this equates to a SROI of £2.17 for every £1 invested.

1.11 Below are some quotes from business owners:

“Nicola and myself are really keen to grow our business and we spotted there was demand locally for MOT’s. The Bolsover Business Growth Fund has allowed us to bring forward our plans sooner and to recruit a new job to help the business grow”.

Robert Wain, Prospect Bodyshop, Clowne

“It’s been fantastic for the business – we’ve gone from just an outbuilding, an empty shell, to a fully valid business, and all on a small budget helped by the Bolsover Business Growth Fund. I now employ 2 local people part time, and this is just the beginning! I would advise other businesses to grab the money and go for it! I am so grateful to the Council for this opportunity.”

Sue Beswick, The Flower Bee, Creswell

“The Bolsover Growth Fund has given me a better work environment and tools, so I can make more and be more pro-active. Many Bolsover residents are calling into the courtyard and saying they didn’t know we were here, but now they do, they are calling back again. We are now putting together a summer programme of events with bands and food in the courtyard. I’m so thankful for the help – it’s helped my business make a good start”

Damian Smith, Ethos Upcycling, Bolsover

1.12 In addition to the business benefits clearly felt by local SMEs, the BGF has provided a gateway for the EDT to engage with businesses that they might otherwise not have been able to, thus opening up doors for conversations and increasing the profile of the council in a positive way.

2 Conclusions and Reasons for Recommendation

- 2.1 The BGF was designed by the Council to contribute to the Growth Strategy and to meet a gap in the market by providing relatively easy access to small grants for businesses showing potential for growth. In conclusion, this has been achieved with good outcomes to date with a cost per job created averaging around £8,561.
- 2.2 Having the fund has enabled the EDT to engage and work with businesses that otherwise they would have been unable to. It has provided a conduit for developing better relationships with businesses and enabling a greater insight and understanding of the types of businesses within the district and what their needs are.
- 2.3 Need and demand for grant funding still exists amongst SMEs within the district. Since the fund was closed to new applications in December 2018, the EDT have received enquiries from 5 businesses. It is recommended that Executive consider extending the BGF scheme in Bolsover by allocating additional resources as the current scheme is fully allocated.
- 2.4 Some refinement of the eligibility criteria is recommended to place greater emphasis on the priority sectors identified by the LEPs, along with some discretionary funding (up to 20% of the fund) for businesses not fitting this criteria but with potential for growth. In addition, some seed funding for business start-ups of up to £500 with a simple application process to enable a quick turnaround. Including job creation and productivity in equal measure is seen as important for inclusive growth, with productivity increases becoming more important in the face of Brexit and ave significant economic benefits.

3 Consultation and Equality Impact

- 3.1 The BGF is designed to meet the needs of businesses within the district by providing accessible funding for SMEs to support with their business growth. The focus for future funding would be to target businesses operating within growth/opportunity areas as identified by the SCR and D2N2 LEPs, alongside some discretionary funding/business start-up grants, so as not to disadvantage any businesses with growth potential.

4 Alternative Options and Reasons for Rejection

- 4.1 Do nothing – the Partnership Team and Economic Development Team would continue to monitor existing projects within the scheme but would not be able to offer any new financial support for businesses with growth potential.
- 4.2 Signpost to other funding – the majority of other grants either have a high minimum grant, or high match funding requirement (usually min 50% contribution). The most closely aligned alternative funding stream is the Derbyshire Business Support Grant Scheme, but this has a 50% intervention rate and is currently closed to new applications due to high demand, although is anticipated to open up for new applications soon.

5 Implications

5.1 Finance and Risk Implications

The identification and allocation of additional resources to the BGF scheme needs to be balanced with the overall financial position of the Council, especially competing demands for the Transformation Reserve.

There are risks with providing grant funding direct to businesses to support business growth mainly around two key risk areas:

1. Is the money being spent on the intended project and is best value being achieved? – This is an area of focus during the application process, in the funding agreement and in the monitoring of the project. Whilst this remains a risk, the process and monitoring significantly mitigates this risk.
2. The business or the business idea fails. The Economic Development Team work alongside the businesses to develop their projects to ensure the project is well considered and sustainable. However, as with any investment, there is a risk of project/business failure during the life of the project.

5.2 Legal Implications including Data Protection

This is taken account of during the administrative process of managing the BGF.

5.3 Human Resources Implications

The allocation of staff time from both the Partnership Team and the EDT to enable effective governance and processing arrangements.

6 Recommendations

- 6.1 Executive note the progress made with the Bolsover Business Growth Fund to date.
- 6.2 That Executive agree to a further Bolsover Business Growth Fund programme and request a further report detailing the proposed criteria, cost, forecast outcomes and timescales to ensure continuity from the existing scheme.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	Growth

8 Document Information

Appendix No	Title
1	Summary of Projects Supported by the Business Growth Fund Scheme
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Pam Brown, Chief Executives and Partnership Manager	01246 242499

Report Reference –

Summary of Projects Supported through the Bolsover Business Growth Fund

Business	Location	Grant	Approval Date	Purpose	Target	Jobs Created (to date)	Jobs Target	Status
Reality Communications 3	Pleasley	£5,400	Apr-16	Website and software developments	3	1.5	Partially achieved	Completed
Bladen Box	Pleasley	£10,000	May-16	Exhibition stands/signage	2	2	Achieved	Completed
JM Hill Building Services	Shirebrook	£9,213	Jun-16	ICT software	2	2	Achieved	Completed
John McMahon	Pleasley	£9,985	Jun-16	Expand and re-equip workshops	2	1.1	Partially achieved	Completed
Jaquest Redwood	Bolsover	£2,582	Sep-16	Water meter and website	0.5	0	Ceased trading	Completed
Cards and Things	Shirebrook	£9,000	Oct-16	Premises improvements & shop frontage	0.5	0	Created new job but not sustained	Completed
Sylvan Enterprises Ltd	Pleasley	£9,311	Dec-16	Spray booth	1	1	Achieved	Completed
Tiny Tots Day Nursery	Bolsover	£3,989	Feb-17	Equipment/refurbishment to expand and provide 25 extra nursery places	5	6.6	Achieved	Completed
Creative Five Ltd	Shirebrook	£9,225	Mar-17	Cut work table	1	1	Achieved	Completed
Carlton Wood Mill	Creswell	£9,000	Jan-18	Planer moulder	2	1	Partially achieved	Ongoing
Ohh Bee Hive	Clowne	£9,752	Mar-18	Beehive and colonies	4	0.5	Partially achieved	Ongoing
Heist Craft Ltd	Clowne	£10,000	Apr-18	Brewery equipment and installation	1	1	Achieved	Ongoing
Darwood House	Pleasley	£8,681	May-18	Sewing Equipment/machinery	1	1	Achieved	Ongoing

Wildsmith Photography	Clowne	£10,000	Jun-18	Studio build and photography equipment	1	0.5	Partially achieved	Ongoing
Chameleon School of Construction	South Normanton	£9,712	Jun-18	Learner online career playform, signage and equipment	2	2	Achieved	Completed
Flowerbee	Creswell	£9,288	Jun-18	Building works to shop	0.5	0.5	Achieved	Completed
Prospect Body Shop	Clowne	£10,000	Jun-18	Installation of a MOT bay in the existing garage	1	1	Achieved	Completed
Penny Hydraulics	Clowne	£8,496	Jun-18	ICT software	1	1	Achieved	Completed
Ethos Upcycling	Bolsover	£2,178	Jul-18	Equipment and electrical works for unit	0.7	0.7	Achieved	Ongoing
Real Doors Ltd	Shirebrook	£10,000	Jul-18	Website development and spindle moulder	1.5	1	Partially achieved	Ongoing
Raven House Farm	Tibshelf	£4,800	Aug-18	Improvements to property	0.25			Ongoing
Motion 5 Exhibitions	Shirebrook	£9,004	Dec-18	Purchase of equipment	1			Ongoing
The Polish Cafe	Shirebrook	£9,004	Dec-18	Improvements to property	1			Ongoing
The Woodworker	Pleasley	£10,000	Dec-18	Website and purchase of equipment	1			Ongoing
Total		£198,620			36	25.4		