

MID SUFFOLK DISTRICT COUNCIL

TO: Cabinet	REPORT NUMBER: MCa/19/58
FROM: Cabinet Member for Economy	DATE OF MEETING: 04 May 2020
OFFICER: Fiona Duhamel Assistant Director Economic Development and Regeneration	KEY DECISION REF NO. CAB186

MID SUFFOLK BUSINESS GRANT PROGRAMME

1. PURPOSE OF REPORT

- 1.1 This report seeks agreement for a business grant programme that enables businesses to access a range of financial support, designed to meet their varied needs whilst delivering outcomes that meet the Council's priorities.
- 1.2 B&MSDCs' Joint Open for Business Strategy adopted in February 2018 expressed commitment to support the Small and Medium businesses of all sectors that make up 99.6% of our registered businesses.
- 1.3 The Vision for Prosperity is building this commitment into demonstrable work in local market towns and currently incorporates a Mid Suffolk only commercial grant that supports improvements to shop fronts and disabled access. As expected, the Vision for Prosperity work has identified additional need and opportunities to support businesses. The Council now recognises that the existing grant scheme doesn't go far enough, because for many types of businesses across its diverse rural area it is challenging to access support that enables growth and investment in their future delivery. This will be particularly important as the ongoing impacts of Covid 19 on local and regional/national economies are assessed.
- 1.4 In addition, the Local Industrial Strategy developed by the LEP and endorsed by Babergh and Mid Suffolk Councils and the Councils' own emerging Economic Growth Strategy, recognise that fast growing sectors in the local area, such as agri-tech, energy and environmental, health and care and more generally digital and artificial intelligence, require additional support to enable businesses to innovate, secure skilled staff and use new technology. The new grants programme reflects this growth and support required.
- 1.5 While this grant programme is not part of a package of emergency support related to Covid 19, because other nationally supported measures have been put in place to help businesses through this economic crisis, these small business grants will play an important role in supporting those businesses to grow and innovate in the future.
- 1.6 The same business grants scheme is simultaneously being proposed to Babergh Cabinet.

2. OPTIONS CONSIDERED

- 2.1 *Option 1 – Maintain the existing grants programme.* Despite the wide promotion of the Mid Suffolk shop fronts and disability access grants, take up has been poor and the scope proved too restrictive.
- 2.2 *Option 2 – Establish a broader programme of grant funding.* This would enable a wider range of businesses and sectors to access support from the Council and also to maximise opportunities for them to match this with grant funding from other local and regional agencies.

3. RECOMMENDATIONS

Members are recommended to:

- 3.1 Note the assessment of the current MSDC grant offer (Appendix 1).
- 3.2 Commute £157,500 of the balance remaining in the current Mid Suffolk Shop Front grant scheme at the end of the 2019/20 financial year to support the revised programme from the financial year commencing April 2020.
- 3.3 Agree that £150,000 of this commuted sum be allocated over a three year period to provide flexible capital funding to businesses. This would be utilised by them to deliver improvements and change that enable the following outcomes:
- Create and sustain jobs;
 - Enable the growth of innovation in local businesses;
 - Create and retain commercial floor space;
 - Access professional advice and training;
 - Access additional funding (both grants and loans);
 - Improve business frontage and town centre streetscapes (impacting on footfall and visitor satisfaction);
 - Encourage the development of technology-based business solutions;
 - Improve environmental outcomes and carbon efficiencies;
 - Improve disabled access; and
 - React and be resilient to changing business landscapes.
- 3.4 Note that the sum above of £157,500 includes a 5% sum to be allocated to provide administrative support for the management of the programme.
- 3.5 To agree that the Assistant Director for Economic Development and Regeneration, in consultation with the Cabinet Member for Economy should be granted delegated authority to agree details of the grant scheme and approval process.

REASON FOR DECISION

To provide a comprehensive business support grant programme that will enable sustainable and sustained innovation and economic growth consistent across both Mid Suffolk and Babergh Councils.

4. KEY INFORMATION

- 4.1 The local economic make up is very diverse with a significant number of SME independent businesses. However, many of these businesses have limited access to broader grant funding due to the sector that they operate in (e.g. retail, agriculture, health and social Care, finance, arts)
- 4.2 Grant support enables businesses to take a considered step forward with confidence as they do not have to support it entirely from their own resources.
- 4.3 Mid Suffolk are well placed to support businesses to succeed, however whilst the regulatory support for businesses is excellent there is very limited enabling financial support in place.
- 4.4 The emerging framework for economic growth across Suffolk and wider East Anglia supports sustainable and sustained growth with some focus on key sectors such as energy, agri-tech, digital, artificial intelligence and health and care, but with a particular focus on developing innovation in all local businesses.
- 4.5 The ability to grow aspiration and enterprise across businesses in the district will have a positive effect on our communities by raising wage levels, ambition and our skills base. Seed funding through an effective small grants programme can support this growth of ambition and bring about positive change in local businesses.
- 4.6 The revised small grants programme will have the ability to form match funding for wider capital bids, subject to any state aid restrictions. The diversity of size, type and sector of businesses within the district make an outcome-based grant scheme more appropriate than one restricted by sector or aspects of business delivery.
- 4.7 So far, there has been no information regarding successor programmes to EU business funding, such as LEADER (that several local businesses have benefitted from), therefore we have no clear picture of the gap this will create.
- 4.8 This grant programme is not part of a package of emergency support related to Covid 19 as other nationally supported measures have been put in place to help businesses through this economic crisis. However, the small business grants will play an important role in supporting those businesses who want to grow and innovate in the future.
- 4.9 In terms of considering alignment between these and the Council's other grant funds, the communities grants and Community Infrastructure Levy grants are both being reviewed simultaneously. All work streams will work together to take advantage of the opportunity this presents to develop an aligned approach to access, governance and evaluation.
- 4.10 Proposed Small Business Grant Programme

Mid Suffolk District Council will offer a range of new grant schemes designed specifically to support local independent businesses by encouraging stimulating innovation, economic growth, reducing carbon footprint, creating new jobs and increasing productivity.

There will be 4 new grants to provide support ranging from start-up to expansion. These are:

- **Growth and increased Productivity Fund:** For any business that can demonstrate it is aiming to increase productivity, increase commercial floorspace or create new jobs or apprenticeships. Max grant £2.5k per business.
- **Enterprise and Innovation Fund:** A grant of up to £5k towards helping new business to utilise innovative ideas, processes or products.
- **High Street Premises Enhancement Fund:** A grant towards improvements to the premises for any local independent business who owns or rents a shop or commercial premises in a town or village centre. Maximum grant £2.5k per business.
- **Environmental Sustainability Fund:** For businesses wanting to improve their environmental performance, reduce energy costs, use renewable energy and lower their carbon footprint. Grants up to £2.5k per business.

4.11 **Online Application Forms and Documentation;**

These are being developed to ensure a positive online digital access that is easy to navigate and will enable efficient storage and processing of information. This will also support better analysis and understanding of grant uptake and usage to provide for better monitoring of the programme.

The Economy and Business Team are working with the Customer Operations Team to scope the work and resources required to develop a digital form and a timeframe for delivery.

4.12 **Criteria and Eligibility:**

These are being developed to ensure equality of access and evaluation of application in line with strategic priorities

4.13 **Monitoring:**

The monitoring process and required outcomes will be agreed when the grant is awarded to each business and will be included in the Grants Agreement. These will be proportionate to the level of grant awarded.

5. **LINKS TO JOINT STRATEGIC PLAN**

5.1 The new Corporate Plan for B&MSDCs has 6 key strategic priorities, of which the economy is one. Whilst the Council is in the process of developing a new Economic Strategy a number of corporate priorities have been agreed which focus on the growth of businesses and delivery of new jobs over the next five years.

5.2 The proposed programme of new grants also meets existing priorities:

- Further develop local economy and market towns to thrive;
- Engage with and support businesses to thrive;
- Increased understanding of our local businesses and their needs; and
- Targeted grants and funding to support community capacity building.

6. FINANCIAL IMPLICATIONS

It is proposed that up to £157,500 of unspent funds from the shopfront and disabled access grant schemes will be reallocated to the new grant programmes to be spent over a three year period from launch of the grants. Of this figure, £7,500 (5%) will contribute to the set up and running costs of administering the grants programme.

The funds will be allocated over a three year period and year 1 will be closely monitored and reviewed to ensure take up and that the financial implications are fully understood. A report at the end of year 1 will be brought back to Cabinet for review.

Work is ongoing to develop an online application process to ensure a swift mechanism for assessing the financial aspects of any bids and also for making prompt transfer of funds to small businesses who have been successful in their applications. This work will be completed prior to the launch of the new programmes.

It is also proposed to review and resolve any state aid issues arising from the proposed grant programmes and in particular criteria related to match funding from businesses.

The ongoing Covid 19 financial implications for the Council are not yet fully understood and could impact on the future funding or delivery of the grants programme.

7. LEGAL IMPLICATIONS

7.1 The intervention rate, terms and conditions of the grant schemes will be developed in consultation with partners and agreed under delegated authority by the Assistant Director for Economic Development and Regeneration, in consultation with the Cabinet Member for Economy. The progress and outcomes of the grant scheme will be reported back to Cabinet as part of the broader performance reporting, in addition to the annual review outlined above.

7.2 Any loan schemes require authorisation by the Financial Conduct Authority, it is therefore proposed that the Council only administers grant schemes and that any loan schemes are delivered through FCA accredited partners.

7.3 Where a Local Authority provides financial support to an organisation which is involved in economic activity, it is necessary to consider whether it constitutes State Aid. State Aid can be defined as, 'Using taxpayer-funded resources to provide assistance to one or more organisations, in a way that gives an advantage over others, may be state aid'. EU state aid rules require prior notification of aid unless the aid is de minimis (does not exceed EUR 200,000 per undertaking over three fiscal years).

8. RISK MANAGEMENT

8.1 This report is most closely linked with the Council's Corporate / Significant Business Risk No. A202 - Economic Development functions not delivered in line with Cabinet agreed Strategy. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
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<p>If there is an imbalance of support for businesses between districts, this may impact on the Council's reputation.</p>	<p>4 Highly probable</p>	<p>2 Noticable</p>	<p>Provide the same grant scheme across both districts.</p>
<p>If the new grant scheme doesn't deliver desired outcomes, economic growth could be affected.</p>	<p>2 Unlikely</p>	<p>1 Minimal</p>	<p>Ensure adequate management, reporting, monitoring and evaluation measures are in place.</p>
<p>If the take up of grants is low, economic outcomes will not be achieved</p>	<p>3 Probable</p>	<p>1 Minimal</p>	<p>Develop effective marketing programme. Partnership working with business networks and New Anglia Growth Hub to ensure promotion.</p>
<p>Impact of Major Event (For Example Covid 19) on future availability of the fund.</p>	<p>4 Highly probable</p>	<p>3 Significant</p>	<p>Major events impacting on businesses will be supported through alternative national, regional and local channels. These will be delivered utilising effective partnership working, promotion and support to access those sources.</p>

9. CONSULTATIONS

9.1 Informal Consultation with the New Anglia Growth hub has identified that:

- Retail, Agriculture, the Health and Social Care sector, Finance and the Arts are all excluded from current New Anglia LEP grant programmes, however all are important to our diverse economy.

- There is the need for a broader retail / high street scheme designed to encourage both business growth and structural improvement that will support local independent businesses.
- Pubs, cafés, food establishments and mobile catering are all excluded from current grant programmes but are integral to successful high streets and sustainable communities.
- An early years grant i.e. within the first 2 years (but not pre-start) is needed that could support consultancy / professional advice, marketing and business planning, as these are all beneficial to business survival.
- Access to green grants that help businesses to take steps in improving environmental credentials are of benefit to businesses seeking to make changes.

9.2 Informal Consultation with MENTA, a local business support organisation has identified that:

- There is a need for low level grants (£500-£1,500) that are linked to receiving professional advice and guidance to support pre-start and early stage business growth.
- Sectors that find it difficult to access financial support include agriculture, retail, hospitality and creative industries.
- Growing businesses that are taking on staff, renting premises or investing in capital equipment for the first time, often need grant aid to encourage them to take that step.
- Loan schemes have high levels of administrative and support costs that can outweigh the benefits of pay-back.
- Businesses trading for 5 years or more with robust business plans are well supported by the financial sector.

9.3 Engagement with the internal Infrastructure Team and the Communities Team has identified that:

- They also manage and are reviewing grant programmes. All teams will work together and with the Customer Operations Team to ensure that processes, including the development of digital forms to support and manage grants, are joined up and shared

10. EQUALITY ANALYSIS

A funding programme to support business improvements should have no negative implications for protected characteristics.

Inclusion of an element that enables grant funding to support disabled access improvements for business premises will improve inclusiveness.

The future of the Shopmobility grant may have an impact on disabled access to Stowmarket town centre, however this would be mitigated by inclusion of a broader accessibility grant across the entire district.

11. ENVIRONMENTAL IMPLICATIONS

11.1 Inclusion of an element that enables grant funding to support environmental improvements for business premises and activities will have a positive environmental impact by reducing energy costs and CO2.

11.2 APPENDICES

Title	Location
(a) Summary of Current Grant Programme	Draft Docs\Appendix 1; Summary of current Grant Arrangements.xls.xlsx
(b) EU LEADER Grant Case Studies	https://www.suffolk.gov.uk/assets/Jobs-careers-and-business/funding-for-businesses-charities-and-projects/Wool-Towns-Case-Studies.pdf https://www.suffolk.gov.uk/assets/Jobs-careers-and-business/funding-for-businesses-charities-and-projects/heritage-coast-Case-Studies.pdf
(c) EQIA	Attached

12. BACKGROUND DOCUMENTS

12.1 None