

Report



Cabinet Member for Regeneration & Housing

**THIS IS FOR MEMBER CONSULTATION PURPOSES – RESPONSES BY 4PM
7 MAY 2019**

Part 1

Date: 29 April 2019

Subject Allocation of £60k Business Development Fund 2019-2020

Purpose To seek approval from the Cabinet Member for Regeneration and Investment regarding the use of the above funds to support economic growth in Newport.

Author Team Manager Regeneration

Ward All Wards

Summary The Business Development Fund was created in 2015/16 to support the economic development of Newport, primarily through offering support to new or existing SMEs. Whilst start-up rates are high across the city many businesses require support within the crucial first months of trading, or as they go through the risk period associated with an expansion or relocation. The requirement for support is particularly acute within the city centre, where the retail landscape continues to contract creating weaknesses around vacant property and footfall yet also providing opportunity for those wishing to diversify the city centre offer. The Business Development Fund has been successful, and allows the Council to assist these new and expanding businesses with direct financial support as well as enabling the Council to widen its provision of advice, support and training. Many businesses have benefitted from the schemes provided by this fund and it is intended to continue this support into the Financial Year 2019/20, for the purposes outlined below.

Proposal **The £60,000 Business Development Fund will be used to continue to assist new and expanding businesses across the city, but retain a particular focus on assisting businesses in the city centre. This report includes examples of the range of projects that will be provided through this fund, including a fourth Pop Up Business School event as well as a continuation of the Newport City Business Grant.**

Action by Head of Regeneration, Investment and Housing

Timetable Immediate

This report was prepared after consultation with:

- Strategic Director - Place
- Head of Finance – Chief Finance Officer
- Head of Law and Regulations – Monitoring Officer
- Head of People and Business Change

Signed

Background

In 2018-19, the Business Development Fund was used effectively to support the opening and /or expansion of a number of diverse independent businesses in the city centre, including The POD, Tibetan Dawn, The Jewellery Repair Shop, Underhive Games and The Holiday Shack. The fund was also utilised to co-ordinate and sponsor the provision of a Pop Up Business School event, attended by 113 individuals, which enabled them to receive advice on starting their own business. The Fund also enabled the Council to continue its COBWEB subscription, which supports the provision of statutory and regulatory advice and support to a wide range of businesses. Clearly, the Business Development Fund has been a positive influence on business and economic growth, and it is intended that this momentum is continued in 2019/20 for the benefit of the city's economy.

The core uses of the Business Development Fund are to support the provision of advice and training alongside small packages of grant assistance towards the financial costs of starting or expanding a business. The Fund terms and conditions were amended in 2018/19 in consultation with the Cabinet Member, to provide greater security to the Council as well as offer tailored support in response to business feedback, and this ongoing process of engagement is reflected in the proposed uses of the Fund for 2019/20:

Firstly, it is proposed to continue to provide the Newport City Council Business Grant to assist both new and expanding businesses. A key change to the existing Business Grant, however, will be to lower the maximum level of the grant assistance available per business; both to reflect analysis of the actual average financial request from businesses, as well as to widen the number of businesses supported.

Again, the focus on the city centre and its particularly challenging trading environment will be retained, and the 2019/20 Business Grant is therefore proposed to be reduced to a maximum of £3,000 within the city centre boundary and £1,500 for the rest of Newport. The grant would be available on a per business basis, (for independent businesses or franchisees only) to be used towards:

- (1) rent for new, larger or additional floor space,
- (2) plant and equipment
- (3) ICT equipment,
- (4) Non-Statutory Training and/or professional fees

Up to 50% of the relevant cost would be funded up to the relevant maximum eligible amount. As with previous years, funding must be linked to the creation of at least one full-time job, and it is to be awarded retrospectively upon substantiation of up-front costs being paid by the business. The approval of all grants will be subject to compliance with set terms and conditions and will be approved by the Economic Regeneration Team.

Secondly, it is proposed to deliver a further Pop Up Business School event. Following feedback from businesses, the format of this year's event is to be changed to place emphasis on helping businesses already in existence, or people who are already producing something to order to either grow their established business or expand in to premises for the first time. The aim will be to deliver a week-long series of one-day training courses that 'trouble-shoot' a particular area of challenge for local SMEs based on feedback received; examples include taxation or advanced social media techniques. As the event in this format can be delivered over the course of one week, there are benefits both in terms of the comparative cost in previous years as well as the commitment required by business owners to attend.

Thirdly, there are a number of ancillary costs to providing the ongoing level of service which it is proposed to continue for 2019/20. Support for this year's South Wales Business Awards event, will be the largest single ancillary commitments within the coming financial year. It is anticipated that ad-hoc opportunities to enhance the promotion and marketing of Newport, including promoting retail, hotel and office space and investment opportunities will also occur over the course of the financial year. Whilst any cost relating to these activities cannot be detailed at this stage should such opportunities arise the recourse to utilise the Business Development Fund would allow the RIH service an effective avenue to respond within the coming financial year, subject to briefing of the Cabinet Member in advance.

Financial Summary

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs	£12,500 (Pop-Up Business School				It is intended that the budget will be spent in full, together with any money repaid in default of Terms and Conditions.
	£45,000 (Business Grants and marketing)				
	£3,000 (Newport Business Awards)				
(Income) Net Costs (Savings) Net Impact on Budget	£60,000				

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Breach of Grant Terms and Conditions	M	M	The Team will continue to review business plans and financial statements before awarding any grants to ensure the company has a viable business and therefore reasonable chance of success. The applicant will need to prove they have a commercial lease and the number of additional staff to be employed which can include themselves. Should the business not continue trading or not result in the creation of the additional jobs expected for the full year, part of the grant will need to be repaid (on a pro-rata basis). This year's Pop-Up Business School event will follow a 'trouble-shooting' format aimed at increasing business resilience and sustainability.	Regeneration Manager

Insufficient demand for grants	L	L	Newport is identifiably a good location to start a business as evidenced by the Fund being fully committed within the previous years. Economic Regeneration officers will promote the availability of grants via a range of events and social media as well as direct contact with businesses.	Regeneration Manager
Business Pop Up School events do not take place	L	L	The events in 2017 and 2018 were a success and appropriated agreements will be in place to secure delivery.	Regeneration Manager

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The Newport City Council Business Grant has the potential to add value to the Council's strategic Priorities and Policies for the continued regeneration of the City. City development and regeneration remains one of the Place priorities under the Improvement Plan. The Fund will potentially stimulate, reduce the number of long-term vacant shops in the city centre, and improve its economic performance. It will help maintain confidence in the city centre and encourage further investment to take place.

The Council's new Corporate Plan 2017-22 identifies investment into the City Centre as a key arc of its Thriving City objective. Reducing vacant premises and stimulating employment and further investment are resonant with this aim in particular and will also contribute to the wider aims of the Plan.

The fund will also support the aims of Newport City's Economic Growth Strategy, which sets out a ten year programme for delivering growth across the city through capital redevelopment, upskilling, training and business support.

Finally, the proposed uses of the Business Support Fund resonate well with the aims set forth within the Council's City Centre Masterplan. The Business Support Fund use will support Newport's perception as a 'Diverse City' and 'A City of Quality Places'.

Options Available and Considered

Spend the allocated grant as outlined above in order to support and promote businesses throughout Newport and to increase footfall in the city centre and district centres.

Not allocate the grant fund in the manner proposed.

Preferred Option and Why

The preferred option is to spend the money as outlined above in order to support and promote businesses throughout the city. The Fund purposes are targeted at assisting businesses in the vulnerable periods when starting-up or expanding and align fully with identified corporate priorities.

Comments of Chief Financial Officer

The £60k budget has already been agreed as part of the council's 2019/20 budget and the planned expenditure profile supports the Council's policies and priorities as outlined above. The various schemes that would be supported are similar in vein to those funded in 2018/19 which proved successful. Any grants issued will subject to strict terms and conditions and will be approved by the Economic Development Team.

Comments of Monitoring Officer

The proposed use of the Business Development Fund is in accordance with the Council's powers under Section 2 of the Local Government Act 2000 in terms of improving the social and economic well-being of the City. The stimulation of economic growth and investment within the City is a key element of the Council's Corporate and Improvement Plans and is also in accordance with the overriding objectives and goals of the Well-Being of Future Generations Act 2015. The general use of the Fund for Pop Up Business School events and for hosting or sponsoring business awards and trade events will not have any state aid implications, as no direct financial assistance is being provided to individual firms and businesses. The use of the Fund for the provision of direct grant funding for new and expanding businesses will involve targeted financial support for individual firms and businesses but the levels of funding being provided and the types of SME's being assisted should fall within de minimis and block exemptions (particularly as the maximum amounts of grant assistance will be reduced) and, therefore, this should not infringe state aid rules.

Comments of Head of People and Business Change

From an HR perspective, there are no staff implications to this report.

This report has fully considered the sustainable development principle of the Well-being of Future Generations (Wales) Act 2015. Full details of how the proposal meets the five ways of working (long-term, prevention, integration, collaboration and involvement) of the sustainable development principle is included in the appropriate section of the report.

Scrutiny Committees

Not applicable

Equalities Impact Assessment

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. The administration of the Business Development Fund will ensure that the support is available to all eligible users regardless of status or background and it is considered that the Fund uses will have a positive impact in this regard. As the funding will be targeted at commercial districts across the city to encourage new business and footfall, the physical environment of the city will be improved for all users, a further positive impact.

Children and Families (Wales) Measure

Whilst no consultation with younger age groups has been carried out specifically, the general comments above regarding the improvement of the city also apply to children and young people. It has been indicated that the age profile of users of Newport City Centre is younger than that of many other smaller cities, and it can thus be argued that improvements to the city will directly benefit younger people.

Wellbeing of Future Generations (Wales) Act 2015

The Well-being and Future Generations (Wales) Act seeks to improve the social, economic, environmental and cultural well-being of Wales. Public bodies should ensure that decision take into account the impact they could have on people living in Wales, in the future. The 5 main considerations are:

- Long term: Providing businesses with financial support in the short term will enable businesses to grow and sustain jobs in the longer-term, leading to a more prosperous and resilient Newport and a more prosperous Wales.
- Prevention: The Business Support Grant will enable new businesses to fill empty spaces and prevent further decline of the City. Job creation will help reduce unemployment rates leading to a more prosperous Wales

- **Integration:** Creating more businesses will improve the well-being of Newport's residents by providing more equal job prospects through both new companies and existing companies, helping to keep the unemployment level down and providing opportunities for school leavers.
- **Collaboration:** Close collaboration with other departments within the Council i.e. Planning, Environmental Health, Trading Standards etc and outside bodies such as Welsh Government, Business Wales and the Princes' Trust is critical to the team's work to sustain and grow businesses in Newport. This leads to a more prosperous and resilient Wales with more cohesive communities.
- **Involvement:** All the recommendations in this report fully support the findings of the recent Your Newport Survey in which emphasis on city centre employment, and more employment generally is highlighted. Business support is available for all types and scale of business and provides an opportunity to access advice and financial assistance. This helps develop a more prosperous, resilient Wales with sustainable and cohesive communities. Consultation has been carried out with businesses to shape the format of this year's Pop-Up Business School event.

Crime and Disorder Act 1998

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. Improving the economic environment of the city centre has been shown to reduce the impact and incidence of crime and anti-social behaviour. Vacant commercial properties across the city are targeted by trespassers, vandals, drug users and metal thieves, with more than one serious structural fire arising. Targeted assistance at reducing the incidence of vacant commercial property will therefore eliminate a focal point for crime and disorder and help improve public safety in the city.

Consultation

Not applicable.

Background Papers

None.

Dated: 29 April 2019