

# Report

## Cabinet Member for Regeneration and Housing

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### Part 1

Date: 27 June 2018

**Subject** Allocation of £60k Business Development Fund

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

**Author** Economic Development Officer

**Ward** All Wards

**Summary** The Friars Walk Scheme has rejuvenated the City Centre. Whilst this has attracted new retailers in to the new shopping scheme and in some cases into Commercial Street, there still remains a high level of vacant commercial floorspace. It has been identified that business support and rents in Newport may be prohibitive to new and expanding businesses and this has been addressed by a Business Development Fund which allows the Council to assist new and expanding businesses within Newport to receive financial support in order to reduce vacancy rates and increase footfall in key commercial areas. In addition it enabled the Council to continue to provide advice, support and training to new start-ups and established businesses. Many businesses have benefitted from the schemes provided by this fund and it is intended to continue this support.

**Proposal** **The £60,000 Business Development Fund will be used to assist new and expanding businesses. This report includes examples of the range of projects that will be provided through this fund. Such projects include a third Pop Up Business School event to support, advise and encourage new start-up businesses. Grants will also be available to new and expanding businesses and will be targeted at the city centre area. The focus will be on bringing vacant commercial floor space back into use or creating more jobs within existing businesses.**

**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 2017-18 the Business Development Fund was used effectively to support the opening and /or expansion of a number of businesses in the city centre including Le Public Space, Hi-Coffee and Tatra Consultancy. We also co-ordinated and sponsored the provision of a Pop Up Business School event which helped over 75 individuals with Start-up business advice and resulted in 27 new businesses being started. The Fund enables us to continue our COBWEB subscription which allows us to give important regulatory advice and support to a wide range of new businesses. It is felt that the Business Development Fund delivered a great deal of positive support for businesses with a limited amount of funding and we are keen to continue this positive momentum in the following way:-

To continue to provide a Vacant Commercial Floor Space Grant which will target the City Centre. The aim is to decrease empty units and other commercial floor space thereby increasing footfall in the city centre and the city in general. Up to £6,000 would be available per business (for independent businesses or franchisees only) and would be used towards the rent of new or additional floor space for a minimum of 12 months (unless otherwise agreed).

To continue the General Business Development Grant to assist existing Newport SME's (minimum of 12 months trading) with (1) rent for new larger or additional floor space, (2) plant and equipment (3) ICT equipment, providing it is linked to the creation of at least one full-time job. Up to 50% of the relevant cost would be funded up to a maximum of £1,500 per area of support and the total to be claimed by any one business is £4,500.

Up to £17,000 to be allocated for further Pop Up Business School events.

Continuing with the COBWEB business information sheets subscription in order to provide detailed advice and guidance to business enquiries. Cost £2,495

The approval of all grants will be subject to compliance with set terms and conditions and will be approved by the Economic Regeneration Team.

Enhancing the promotion and marketing of Newport, including promoting retail, hotel and office space and investment opportunities.

## Financial Summary

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
<b>Costs</b>	<b>£17,000 (Pop-Up Business School)</b>				
	<b>£2,495 (COBWEB Subscription)</b>				
	<b>£40,505 (Business Grants and marketing)</b>				
<b>(Income) Net Costs (Savings)</b>					

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
<b>Net Impact on Budget</b>	<b>£60,000</b>				<b>It is intended that the grant will be spent in full, together with any money repaid in default of Terms and Conditions.</b>

## 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?
The business fails to trade for the full 12 month period or does not employ additional staff	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 minimum lease of one year, and/or the number of additional staff to be employed. 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).	Economic Development Officers
Business Pop Up School events do not take place	L	L	The events in 2017 were a success and appropriated agreements will be in place to secure delivery.	Development and Regeneration Manager

\* Taking account of proposed mitigation measures

## Links to Council Policies and Priorities

The Business Development Fund has the potential to add value to the Council's strategic Priorities and Policies for the continued regeneration of the City Centre. 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 draft 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 draft 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.

## **Comments of Chief Financial Officer**

The £60k budget has already been agreed as part of the council's 2018/19 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 2016/17 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 general marketing activity 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 rent assistance in relation to empty commercial properties and the proposed financial assistance for new SME's will provide 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 and, therefore, this should not infringe state aid rules.

## **Comments of Head of People and Business Change**

In common with many other UK cities Newport experiences high rates of vacant commercial premises in central areas and also some 'district' areas. There has been a significant improvement in public perception of the city in the last five years which has coincided with the regeneration of the city centre, however vacancy levels and the associated decline in the condition of premises outside of Friars Walk have also been noted in responses to public engagement exercises and potentially pose a risk to the perceived success of the regeneration programme. Making funding available to promote business locating in vacant city centre and district units would help stimulate economic activity whilst also reducing the wider environmental, social and economic impacts associated with long term empties. Focussing the grant support on independent retailers would also help to boost entrepreneurship, attract more diverse trade and also provide balance against the trend for major retailers to move to out of town locations.

Business start-up rates have increased in recent years in Newport. The proposed fund is intended to continue to stimulate entrepreneurship and tackle Newport's historical reliance on a relatively small number of major employers.

This proposed fund fully considers the sustainable development principle as set out in the Wellbeing of Future Generations Act 2015 and will support the implementation of the Newport Well-being Plan.

From an HR perspective there are no staffing implications arising directly from this report.

## **Comments of Cabinet Member**

Cabinet Member has been briefed on 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 the City Centre to encourage new business and footfall, the physical environment of the city centre 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 centre are 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 centre 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 Vacant Commercial Floor Space Grant will enable new businesses to fill empty spaces and prevent further decline of the City Centre. 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: We work closely 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 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.

## **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 in the city centre 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 centre.

## **Consultation**

Not applicable.

## **Background Papers**

None.

Dated: 27 June 2018