

Report

Cabinet Member for Regeneration and Investment

Part 1

Date: 7 July 2017

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. A business development fund will allow the Council to assist new and expanding businesses within the City Centre and District Centres to receive financial support in order to reduce vacancy rates and increase footfall in key commercial areas. It will also enable the Council to provide advice, support and training to new start ups.

Proposal **£60,000 has been allocated to a Business Development Fund which aims to assist new and expanding businesses. This report includes examples of the range of projects that will be provided through this new fund. Such projects include a second Pop Up Business School event to support, advise and encourage new start up businesses. Grants will also be available to new and expanding businesses within the City Centre and District Centres where they can demonstrate that they are bringing vacant commercial floor space back into use or creating more jobs within an existing business.**

Action by Head of Regeneration, Investment and Housing

Timetable Immediate

This report was prepared after consultation with:

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

Signed

1. Background

- 1.1 In 2016-17 £60,000 was allocated for a Business Development Fund and was used effectively to support the opening of a number of new businesses in the city centre including Kaspas, Pat's Thai Restaurant, Glossy Locks, and Nasser Travel. We also co-ordinated and sponsored the provision of a Pop Up Business School event which helped over 90 individuals with Start-up business advice and resulted in 37 new businesses being started. We held a bitesize business event giving free advice on Cyber Security to local firms and 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:-
- 1.2 To provide a Vacant Commercial Floor Space Grant which covers the City Centre and district shopping centres (as defined by the Local Development Plan but excluding retail parks). The aim is to decrease empty units and other commercial floor space thereby increasing footfall in the city centre and district centres. 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). A total fund allocation of up to £30,000 would provide support for a minimum of 5 new or expanding businesses.
- 1.3 To create a General Business Development Grant to assist SME's with rent for new or additional floor space, plant and equipment or ICT equipment, providing it is linked to the creation of jobs. The grant will not be restricted to businesses within the City Centre and District Centres. Up to 50% of the relevant cost would be funded up to a maximum of £1,500 and the total to be claimed by any one business is 50% up to a maximum of £4,500. A total fund allocation of up to £16,500 would be available and additional jobs will need to be secured for a minimum of one year.
- 1.4 Up to £10,000 to be allocated for further Pop Up Business School events.
- 1.5 Potential hosting or sponsorship of a Business Awards Event (if required) and a Business Trade event.
- 1.6 Continuing with the COBWEB business information sheets subscription in order to provide detailed advice and guidance to business enquiries.
- 1.7 The approval of all grants will be subject to compliance with set terms and conditions and will be approved by the Economic Development Team.

2. Financial Summary

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

3. 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 event in Feb/Mar 2017 was a success and appropriated agreements will be in place to secure the delivery of further events.	Development and Regeneration Manager

* Taking account of proposed mitigation measures

4. Links to Council Policies and Priorities

- Economic Growth Strategy 2015
- Corporate Plan 2012-2017
- Annual Improvement Plan 2016-2018
- Well-being objectives

5. Options Available

- 5.1 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.
- 5.2 Not allocate the grant fund in the manner proposed.

6. Preferred Option and Why

- 6.1 The preferred option is to spend the money as outlined above in order to support and promote businesses throughout the city and to increase footfall in the city centre and district centres.

7. Comments of Chief Financial Officer

- 7.1 The £60k budget has already been agreed as part of the council's 2017/18 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 be subject to strict terms and conditions and will be approved by the Economic Development Team.

8. Comments of Monitoring Officer

- 8.1 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 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.

9. Comments of Head of People and Business Change

- 9.1 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.
- 9.2 Data sources also indicate that business start-up rates are relatively low in Newport which suggests a limited culture of entrepreneurship. The funds allocated for business awards and the provision of business incubation units are intended to stimulate entrepreneurship and tackle Newport's historical reliance on a relatively small number of major employers. The proposed fund is considered to be consistent with sustainable development approaches as set out in the Wellbeing of Future Generations Act 2015.
- 9.3 In 2016/17 the Business Development Fund supported 37 business start-ups and many other existing businesses and it is considered that continuation of the funding would continue to play an important part in supporting business growth going forward.
- 9.4 There are no staffing implications arising directly from this report.

10. Comments of Cabinet Member

- 10.1 Cabinet Member has approved the report.

11. Scrutiny Committees

- 11.1 Not applicable

12. Equalities Impact Assessment

- 12.1 Not applicable.

13. Children and Families (Wales) Measure

13.1 Not applicable.

14. Wellbeing of Future Generations (Wales) Act 2015

14.1 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 and District Centre business areas. 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. The offer of grants to new businesses in District Centres will encourage more resilient and cohesive communities who are well served by local services and employment opportunities.
- 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.

14.2 The proposal is in line with the Council's well-being objectives published in March 2017. Specifically, these proposals contribute to the following well-being objective:

"Promote economic growth and regeneration whilst protecting the environment"

15. Crime and Disorder Act 1998

15.1 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. This report does not have any implications on Section 17(1) of the Crime and Disorder Act 1998.

14. Consultation

14.1 Not applicable.

15. Background Papers

15.1 None.

Dated: 7 July 2017